



MAG INTERACTIVE

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**INVITATION TO ACQUIRE SHARES IN  
MAG INTERACTIVE AB (PUBL)**

**GLOBAL COORDINATOR AND BOOKRUNNER**

**Danske Bank**

## IMPORTANT INFORMATION

### INFORMATION FOR INVESTORS

This prospectus (the "Prospectus") has been prepared in connection with the offering to the general public in Sweden and the application for admission to trading on Nasdaq First North Premier of the shares in MAG Interactive AB (publ) (a Swedish public limited liability company) (the "Offer"). "MAG Interactive", the "Company" or the "Group" refers, depending on the context, to MAG Interactive AB (publ), the group of which MAG Interactive AB (publ) is the parent company or a subsidiary of the Group. The term "Selling Shareholders" refers to all shareholders selling shares in the offer, including current and previous members of the board of directors and executive management of the Company. "Global Coordinator and Bookrunner" refers to Danske Bank A/S, Danmark, Sverige Filial ("Danske Bank"). "Certified Adviser" refers to Avanza Bank AB. For more defined terms, please refer to the section "Definitions".

Figures reported in the Prospectus have in some cases been rounded and therefore the tables do not necessarily always add up exactly. All financial figures are presented in Swedish kronor ("SEK") unless otherwise specified.

The Offer is not intended for the public in countries other than Sweden and such other jurisdictions in the European Economic Area in which the Company, at its own discretion, may resolve to take necessary actions in order to make a public offer permitted. Nor is the Offer intended for persons whose participation requires additional prospectuses, registrations or other measures other than those required by Swedish law. The Prospectus, the application form and/or other documents connected to the Offer may not be distributed in any country where the Offer requires measures as described above or contravenes the rules in these countries. No measure has been nor will be taken in any jurisdiction besides Sweden that would allow an offering of shares to the public, holdings of shares, distribution of the Prospectus or other information relating to the Offer, the Company or the shares in any such jurisdiction. Applications to acquire shares in violation of the above may be deemed invalid. Persons receiving copies of the Prospectus are required, by the Company and the Global Coordinator and Bookrunner, to inform themselves about, and comply with, such restrictions. Neither the Company, the Selling Shareholders nor the Global Coordinator and Bookrunner assumes any legal responsibility for any violations of such restrictions, irrespective of whether such violations are made by a potential investor or anyone else.

The shares included in the Offer have not been recommended by any United States federal or state authority. Moreover, no such authority has confirmed the correctness, or reviewed the suitability, of the Prospectus. Any representation to the contrary is a criminal offence in the United States. The shares in the Offer have not been registered and will not be registered under the United States Securities Act of 1933, as amended, (the "Securities Act"), or under any U.S. state securities laws.

The Offer and the Prospectus are regulated by Swedish law. Disputes arising from the Offer or the Prospectus shall be settled exclusively by Swedish courts.

The Swedish language version of the Prospectus has been approved and registered by the Swedish Financial Supervisory Authority in accordance with the regulations in Sections 25 and 26 Chapter 2 of the Swedish Financial Instruments Trading Act (*Sw. lagen (1991:980) om handel med finansiella instrument*). Approval and registration does not imply that the Swedish Financial Supervisory Authority guarantees that the factual information in the Prospectus is correct or complete.

The Prospectus has been prepared in Swedish and English language versions. In the event of discrepancies between the versions, the Swedish version shall prevail.

### STABILISATION

In connection with the Offer, the Global Coordinator and Bookrunner may participate in transactions with a purpose to support the price of the shares at a higher level than that which might otherwise prevail and maintain an orderly market of the shares. Such stabilisation transactions may be made on Nasdaq First North Premier, the OTC-market or in other ways, and may be made at any time during the period starting from the first day of trading in the shares on Nasdaq First North Premier and ending at the latest 30 calendar days thereafter. The Global Coordinator and Bookrunner has no obligation to carry out any stabilisation and there is no guarantee that stabilisation will be carried out. Any stabilisation measures must be carried out in accordance with applicable laws and regulations.

Stabilisation, if initiated, may be discontinued at any time without prior notice. Under no circumstances will transactions be made at a price that is higher than the price in the Offer. Within one week after the end of the period of stabilisation, it will be published whether stabilisation was carried out, the date when stabilisation was initiated, the date when stabilisation was last made and the price range within which the stabilisation was made for each of the dates when stabilisation measures were taken.

### PRESENTATION OF FINANCIAL INFORMATION

Unless otherwise stated herein, no financial information in the Prospectus has been audited or reviewed by the Company's auditor. Financial information relating to the Company in the Prospectus and which is not a part of the information that has been audited or reviewed by the Company's auditor in accordance with what is stated herein, has been collected from the Company's internal accounting and reporting system.

### FORWARD-LOOKING INFORMATION

The Prospectus contains forward-looking statements. Forward-looking information refers to all statements in the Prospectus which do not refer to historical facts and events, and statements which are attributable to the future, such as expressions as "deem", "assess", "expect", "await", "judge", "assume", "predict", "can", "will", "shall", "should or ought to", "according to estimates", "consider", "may", "plan", "potential", "calculate", "as far as is known" or similar expressions suitable for identifying information that refers to future events. This applies in particular to statements in the Prospectus referring to future results, financial position, cash flow, plans and expectations for MAG Interactive's business and management, future growth and profitability and general economic and regulatory environment and other circumstances which affect MAG Interactive.

Forward-looking statements are based on current estimates and assumptions, which are based on the Company's current intelligence. Such forward looking statements are subject to risks, uncertainties and other factors which may result in actual results, including MAG Interactive's financial position, cash flow and profitability, deviating considerably from the results which expressly or indirectly form the basis of, or are described in the statements, or may result in the expectations which, expressly or indirectly, form the basis of or are described in statements not being met or turning out to be less advantageous compared to the results, which expressly or indirectly formed the basis of or were described in the statements.

MAG Interactive's business is exposed to a number of risks and uncertainties which may result in forward-looking statements being inaccurate or an estimate or calculation being incorrect. Therefore, potential investors should not place undue reliance on the forward-looking statements herein, and potential investors are strongly advised to read the following sections in the Prospectus: "Summary", "Risk factors", "Market overview", "Business overview", "Selected financial information" and "Operating and financial review", which include a more detailed description of factors which have an effect on MAG Interactive's business and the market in which MAG Interactive operates. The Company, the Selling Shareholders and the Global Coordinator and Bookrunner cannot in any way guarantee the correctness of the statements about future events made herein or as concerns the actual outcome of any predicted development.

In view of these risks, uncertainties and assumptions there is a possibility that future events mentioned in the Prospectus may not occur. Moreover, forward-looking statements and forecasts stemming from surveys made by external parties may prove to be erroneous. Actual results, performance or events may deviate considerably from those in such statements.

The Company expressly disclaims any obligation or undertaking to update these forward-looking statements to reflect any change in its expectations or any change of events, conditions or circumstances on which such statements are based, unless required to do so by applicable law or the Nasdaq First North - Rulebook. All subsequent forward-looking statements, written and oral, attributable to the Company or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in the Prospectus, including those set forth under the section "Risk factors".

### SECTOR AND MARKET INFORMATION

The Prospectus contains information from third parties in the form of sector and market information as well as statistics and calculations obtained from sector reports and studies, market surveys, publicly available information and commercial publications. Such statements can be identified by reference to their respective sources.

Certain information about market shares and other statements in the Prospectus, including information relating to the sector in which the Company operates and the Company's position compared to its competitors, is not based on published statistics or information from independent third parties, and therefore lacks source references. Information and statements of this kind reflect the Company's best estimates based on the information obtained from customers, authorities, trade and business associations and other contacts in the sector where the Company competes as well as information which has been published by the Company's competitors. The Company believes that such information and such statements are useful in helping investors understand the sector in which the Company operates and the Company's position in the sector. However, the Company has no access to the facts and assumptions behind the figures, market information and other information retrieved from publicly available sources. Nor has the Company independently verified the information about the market provided by third parties or the sector, or generally available publications. Even if the Company believes that these internal analyses are reliable, they have not been verified by any independent source and the Company cannot guarantee their correctness.

The Global Coordinator and Bookrunner does not assume any liability for the correctness of any market share or sector information in the Prospectus. The Company confirms that the information provided by third parties has been correctly reproduced and that as far as the Company is aware, and can ascertain through comparison with other information published by such third parties, no information has been omitted which might result in the information reproduced being inaccurate or misleading.

### IMPORTANT INFORMATION RELATING TO SALE OF SHARES

Allotment is expected to occur on 8 December 2017. Shortly thereafter, transfer notes will be sent to those that have received allotment in the Offer. After payment for the allotted shares has been administered by Danske Bank, properly paid-up shares will be transferred to the securities account, service account, securities depository account or investment savings account designated by the purchaser. Due to the time required for the distribution of transfer notes, the transfer of payment and delivery of acquired shares to such purchasers, the acquired shares will not be available to the purchasers on the designated securities account, designated service account, designated securities depository account or designated investment savings account before, about, 12 December 2017 or a few days later.

It is expected that trading in the Company's shares on Nasdaq First North Premier will commence on or about 8 December 2017. The fact that the shares in some cases will not be available on the purchaser's securities account, service account, securities depository account or investment savings account prior to, at earliest, 12 December 2017, could mean that the purchaser will not have the opportunity to sell the shares via Nasdaq First North Premier commencing on the day on which trading in the shares begins but, rather, only when the shares have been made available on the securities account, service account, securities depository account or investment savings account. Purchasers may receive notification of allotment from Danske Bank.

## IMPORTANT INFORMATION REGARDING NASDAQ FIRST NORTH PREMIER

Nasdaq First North Premier is an alternative marketplace operated by the exchanges within the Nasdaq group. Companies on Nasdaq First North Premier are not subject to the same rules as companies listed on the regulated main market. Instead they are subject to a less extensive set of rules and regulations adjusted to smaller growth companies. The risk of investing in a Company on Nasdaq First North Premier may therefore be higher than investing in a company listed on a regulated market. All companies with shares traded on Nasdaq First North have a Certified Adviser who monitors that the rules are followed. The Exchange (Nasdaq Stockholm) approves the application for admission to trading.

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## THE OFFER IN BRIEF

### INDICATIVE TIMETABLE

Application period (for the general public in Sweden):	28 November – 6 December 2017
Application period (institutional offer):	28 November – 7 December 2017
Listing on Nasdaq First North Premier:	8 December 2017
Settlement date:	12 December 2017

### MISCELLANEOUS

ISIN:	SE0010520908
Trading symbol at Nasdaq First North Premier:	MAGI

### NUMBER OF SHARES OFFERED

The Offer comprises 11,345,461 shares. The Selling Shareholders intend to issue an option to the Global Coordinator and Bookrunner to acquire no more than 1,701,819 shares from the Selling Shareholders to cover any possible over-allotment in the Offer.

### OFFER PRICE

The price in the Offer has been set to SEK 44 per share (the "Offer Price") by the board of directors of MAG Interactive and the Selling Shareholders in consultation with the Global Coordinator and Bookrunner, based on the estimated interest from institutional investors and undertakings from Didner & Gerge Fonder AB, Handelsbanken Fonder AB on behalf of managed funds, RAM ONE AB on behalf of managed funds, Chalex i Göteborg AB, and Swedbank Robur Fonder AB on behalf of managed funds (the "Cornerstone Investors").

### FINANCIAL CALENDER

MAG Interactive expects to publish the following financial reports, in accordance with the timetable below:

Report September–November:	17 January 2018
Report December–February:	18 April 2018
Report March–May:	4 July 2018
Report June–August:	17 October 2018

# SUMMARY

The summary is made up of disclosure requirements known as elements ("Elements"). These Elements are numbered in sections A–E (A.1–E.7).

This summary contains all the Elements required to be included in a summary for these type of securities and issuer. Since some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be included in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In such case a short description of the Element is included in the summary with the mention of "not applicable".

## SECTION A – INTRODUCTION AND WARNINGS

<b>A.1</b>	<b>Introduction and warnings</b>	This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on the investor's consideration of the Prospectus as a whole. Where a claim relating to the information contained in the Prospectus is brought to a court, the plaintiff investor might, under the national legislation of the member states, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability are only attached to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or does not provide, when read together with the other parts of the Prospectus, key information in order to help investors when considering whether to invest in such securities.
<b>A.2</b>	<b>Financial intermediaries</b>	Not applicable. Financial intermediaries are not entitled to utilise the Prospectus for subsequent trading or final placement of shares.

## SECTION B – ISSUER

<b>B.1</b>	<b>Legal and commercial name</b>	MAG Interactive AB (publ), reg. no 556804-3524. The trading symbol at Nasdaq First North Premier is MAGI.
<b>B.2</b>	<b>Domicile, legal form, legislation and country of incorporation</b>	The issuer is a Swedish public limited liability company with its domicile in Stockholm, founded in Sweden under Swedish law and operating under Swedish law. The Company's form of association is governed by the Swedish Companies Act (2005:551).
<b>B.3</b>	<b>Current operations and principal activities</b>	Founded in 2010 in Stockholm, MAG Interactive is a developer and publisher of casual mobile games. The Company, headquartered in Stockholm, employed 55 persons on average during 2016/2017, working at one of the strategically located studios in Stockholm, Sweden or Brighton, United Kingdom. The Company develops and publishes free-to-play games for mobile devices, in which the players make in app purchases of virtual items or gameplay benefits. The US, together with the United Kingdom and Germany, constitutes the most important geographical markets for the Company.

<b>B.4A</b>	<i>Recent trends in the industry</i>	<p>Mobile applications are becoming the primary interface to consume digital media while at the same time driving user engagement and brand loyalty. Further, apps are expected to become even more important as the smartphone adoption is expected to increase, presenting significant opportunities for companies to target and attract potential new audiences.</p> <p>Since 2008, gaming has claimed an increasingly large share of the total spend on entertainment. In 2008, 35 per cent of the total consumer spending on entertainment was attributable to gaming, whereas movies and music corresponded to 44 per cent and 21 per cent, respectively. In 2015, 53 per cent of the total consumer spending on entertainment was attributable to gaming, a 54 per cent increase from the level in 2008. The trend is expected to continue, with the share of spending on gaming predicted to increase to 55 per cent of all spending on entertainment in 2019.</p> <p>The mobile gaming industry has traditionally been considered to be characterised by low barriers to entry. However, developing and publishing successful mobile games is challenging and only a handful of games generate what can be thought of as significant revenue. In 2015, 1,436 mobile games generated gross revenue in excess of USD one million each, corresponding to 0.2 per cent of all games worldwide, by volume. Considering that there were approximately 650,000 games available in the App Store for iOS in 2016, this means that the success rate is very low due to economies of scale.</p>
<b>B.5</b>	<i>Group structure</i>	<p>MAG Interactive AB (publ) is the parent company of the Group, which consists of MAG Interactive AB (publ) and one wholly owned subsidiary in the United Kingdom, with the company name MAG Games Limited, and one wholly owned subsidiary in Sweden, with the company name FEO Media AB.</p>
<b>B.6</b>	<i>Notifiable interests, different voting rights and controlling interests</i>	<p>As per the day of the Prospectus, the company has 12 shareholders. The following shareholders hold more than five per cent of the shares or votes in the Company as of the day of the Prospectus:</p> <ul style="list-style-type: none"> <li>● NGP III SPV (8.9 per cent).</li> <li>● Daniel Hasselberg, through the fully owned company NMO Invest AB (19.1 per cent).</li> <li>● Kaj Nygren, through the fully owned company Playful Days AB (19.1 per cent).</li> <li>● Roger Skagerwall AB (12.3 per cent).</li> <li>● Fredrik Stenh (8.7 per cent).</li> <li>● Anders Larsson (8.7 per cent).</li> <li>● Johan Persson (8.7 per cent).</li> <li>● Swedbank Robur Fonder AB, for Swedbank Robur Ny Teknik and Swedbank Robur Microcap (8.6 per cent).</li> </ul> <p>Members of the board of directors of the Company and its executive management together hold 47.1 per cent of the shares as of the day of the Prospectus.</p> <p>As per the day of the Prospectus there are no other physical persons or legal entities holding five per cent or more of the shares or the votes.</p>

<b>B.7</b>	<b>Selected financial information</b>	<p>Unless otherwise stated, the selected financial and performance information presented below has been derived from MAG Interactive's audited consolidated financial statements as of and for the financial years ended 31 August 2015, 2016, and 2017, respectively. They have been prepared in accordance with IFRS, and audited by MAG Interactive's independent auditors.</p> <p><b>CONSOLIDATED INCOME STATEMENT IN BRIEF</b></p> <p>The following table shows selected financial information from MAG Interactive's consolidated statement of comprehensive income for the financial years ended 31 August 2015, 31 August 2016 and 31 August 2017.</p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="3" style="text-align: center;">For the financial year ended 31 August</th> </tr> <tr> <th style="text-align: center;">2016/2017</th> <th style="text-align: center;">2015/2016</th> <th style="text-align: center;">2014/2015</th> </tr> </thead> <tbody> <tr> <td style="text-align: left;"><b>(SEK million)</b></td> <td colspan="3" style="text-align: center;"><i>(audited)</i></td> </tr> <tr> <td colspan="4"><b>Operating income</b></td> </tr> <tr> <td>Net sales</td> <td style="text-align: right;">260.4</td> <td style="text-align: right;">264.0</td> <td style="text-align: right;">153.0</td> </tr> <tr> <td>Own work capitalised</td> <td style="text-align: right;">20.2</td> <td style="text-align: right;">18.1</td> <td style="text-align: right;">11.5</td> </tr> <tr> <td>Other operating income</td> <td style="text-align: right;">2.8</td> <td style="text-align: right;">1.3</td> <td style="text-align: right;">1.8</td> </tr> <tr> <td><b>Total operating income</b></td> <td style="text-align: right;"><b>283.4</b></td> <td style="text-align: right;"><b>283.4</b></td> <td style="text-align: right;"><b>166.2</b></td> </tr> <tr> <td colspan="4"><b>Operating expenses</b></td> </tr> <tr> <td>Sales related costs</td> <td style="text-align: right;">-79.0</td> <td style="text-align: right;">-78.1</td> <td style="text-align: right;">-40.5</td> </tr> <tr> <td><i>Share of sales, %</i></td> <td style="text-align: right;">30%</td> <td style="text-align: right;">30%</td> <td style="text-align: right;">26%</td> </tr> <tr> <td>Performance based marketing</td> 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<i>Share of sales, %</i>	16%	14%	20%																																																																																																																						
<b>Total operating expenses (excluding depreciation and impairments of tangible and intangible non-current assets)</b>	<b>-256.3</b>	<b>-231.4</b>	<b>-116.3</b>																																																																																																																						
<b>EBITDA</b>	<b>27.1</b>	<b>52.0</b>	<b>49.9</b>																																																																																																																						
<i>EBITDA margin, %</i>	10%	20%	33%																																																																																																																						
Depreciation and impairments of tangible and intangible non-current assets	-23.0	-15.0	-4.7																																																																																																																						
<b>Total operating expenses</b>	<b>-279.3</b>	<b>-246.4</b>	<b>-121.0</b>																																																																																																																						
<b>Operating profit/loss (EBIT)</b>	<b>4.1</b>	<b>37.0</b>	<b>45.2</b>																																																																																																																						
<i>EBIT margin, %</i>	2%	14%	30%																																																																																																																						
Financial income	0.1	0.6	5.9																																																																																																																						
Financial expenses	-0.7	-0.0	-0.0																																																																																																																						
<b>Net financial income</b>	<b>-0.5</b>	<b>0.6</b>	<b>5.9</b>																																																																																																																						
<b>Profit/loss before tax</b>	<b>3.6</b>	<b>37.6</b>	<b>51.1</b>																																																																																																																						
Income tax	-3.0	-8.3	-12.1																																																																																																																						
<b>Profit/loss for the year</b>	<b>0.6</b>	<b>29.3</b>	<b>39.0</b>																																																																																																																						

<b>B.7</b>	<i>Selected financial information, cont.</i>	<b>CONSOLIDATED BALANCE SHEET IN BRIEF</b>								
		The following table shows selected financial information from MAG Interactive's consolidated balance sheet for the financial year ended 31 August 2015, 31 August 2016 and 31 August 2017.								
		<b>For the financial year ended 31 August</b>								
		<table border="1"> <thead> <tr> <th></th> <th style="text-align: center;">2016/2017</th> <th style="text-align: center;">2015/2016</th> <th style="text-align: center;">2014/2015</th> </tr> </thead> <tbody> <tr> <td></td> <td colspan="3" style="text-align: center;"><i>(audited)</i></td> </tr> </tbody> </table>		2016/2017	2015/2016	2014/2015		<i>(audited)</i>		
	2016/2017	2015/2016	2014/2015							
	<i>(audited)</i>									
		<b>(SEK million)</b>								
		<b>ASSETS</b>								
		<b>Non-current assets</b>								
		<b>Intangible assets</b>								
	Goodwill	8.0	8.7	10.1						
	Other intangible assets	31.0	33.2	27.1						
	<b>Total intangible assets</b>	<b>39.0</b>	<b>41.9</b>	<b>37.2</b>						
		<b>Tangible assets</b>								
	Equipment, tools, fixtures and fittings	2.7	0.4	0.7						
	<b>Total tangible assets</b>	<b>2.7</b>	<b>0.4</b>	<b>0.7</b>						
		<b>Financial non-current assets</b>								
	Other long-term receivables	1.8	1.8	0.0						
	Deferred tax assets	1.3	1.6	1.9						
	<b>Total financial non-current assets</b>	<b>3.1</b>	<b>3.5</b>	<b>1.9</b>						
	<b>Total non-current assets</b>	<b>44.8</b>	<b>45.8</b>	<b>39.7</b>						
		<b>Current assets</b>								
		<b>Current receivables</b>								
	Trade and other receivables	13.6	13.5	15.8						
	Current tax assets	1.3	4.0	1.2						
	Other current receivables	1.2	2.3	1.5						
	Prepaid expenses and accrued income	19.7	12.8	18.4						
	Other short-term securities	19.0	16.5	16.9						
	Cash and cash equivalents	40.6	51.9	33.4						
	<b>Total current receivables</b>	<b>95.4</b>	<b>100.9</b>	<b>87.1</b>						
	<b>Total current assets</b>	<b>95.4</b>	<b>100.9</b>	<b>87.1</b>						
	<b>TOTAL ASSETS</b>	<b>140.1</b>	<b>146.7</b>	<b>126.8</b>						

*The table continues on next page*

B.7	Selected financial information, cont.	<b>CONSOLIDATED BALANCE SHEET IN BRIEF cont.</b>		
		For the financial year ended 31 August		
		2016/2017	2015/2016	2014/2015
	(SEK million)	<i>(audited)</i>		
	<b>EQUITY AND LIABILITIES</b>			
	<b>Equity that can be attributed to the parent company's shareholders</b>			
	Share capital	0.1	0.1	0.1
	Reserves	-3.8	-2.5	0.0
	Retained earnings incl. comprehensive income for the year	102.7	115.8	94.0
	<b>Total equity</b>	<b>98.9</b>	<b>113.4</b>	<b>94.1</b>
	<b>LIABILITIES</b>			
	<b>Long-term liabilities</b>			
	Deferred tax liabilities	14.7	13.2	9.3
	Other long-term liabilities	0.0	0.0	1.2
	<b>Total long-term liabilities</b>	<b>14.7</b>	<b>13.2</b>	<b>10.5</b>
	<b>Current liabilities</b>			
	Trade and other payables	13.3	7.7	3.0
	Current tax liabilities	0.0	0.0	0.0
	Other current liabilities	2.3	2.9	5.0
	Accrued expenses and prepaid income	11.0	9.5	14.3
	<b>Total current liabilities</b>	<b>26.6</b>	<b>20.1</b>	<b>22.2</b>
	<b>Total liabilities</b>	<b>41.2</b>	<b>33.3</b>	<b>32.8</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>140.1</b>	<b>146.7</b>	<b>126.8</b>

<b>B.7</b>	<i>Selected financial information, cont.</i>	<b>CONSOLIDATED CASH FLOW IN BRIEF</b>		
		The following table shows selected financial information from MAG Interactive's consolidated statement of cash flows for the financial years ended 31 August 2015, 31 August 2016 and 31 August 2017.		
		<b>For the financial year ended 31 August</b>		
		<b>2016/2017      2015/2016      2014/2015</b>		
		<i>(audited)</i>		
	<b>(SEK million)</b>			
	<b>Cash flow from operating activities</b>			
	Profit/loss before financial items	4.1	37.0	45.2
	Adjustment for items not included in cash flow	3.5	-5.4	-6.8
	Interest received	0.1	0.5	0.8
	Interest paid	-0.0	-0.0	-0.0
	Income tax paid	-1.7	-7.4	-8.5
	<b>Cash flow from operating activities before change in working capital</b>	<b>6.0</b>	<b>24.6</b>	<b>30.7</b>
	Change in current operating receivables	-3.4	6.5	-24.0
	Change in current operating liabilities	6.5	-3.4	5.7
	<b>Total change in working capital</b>	<b>3.1</b>	<b>3.1</b>	<b>-18.3</b>
	<b>Cash flow from operating activities</b>	<b>9.1</b>	<b>27.7</b>	<b>12.4</b>
	<b>Cash flow from investing activities</b>			
	Investments in tangible non-current assets	-3.1	0.0	-0.2
	Investments in intangible assets	0.0	0.0	-5.0
	Acquisition of subsidiary, after deduction of cash and cash equivalents acquired	0.0	0.0	-11.9
	Change in securities	-3.0	-0.0	-4.0
	Change in long-term receivables	0.0	-1.8	0.0
	<b>Cash flow from investing activities</b>	<b>-6.1</b>	<b>-1.9</b>	<b>-21.2</b>
	<b>Cash flow from financing activities</b>			
	Dividend	-14.9	0.0	0.0
	Redemption of shares	0.0	-7.5	0.0
	Option scheme	1.2	0.0	0.0
	<b>Cash flow from financing activities</b>	<b>-13.7</b>	<b>-7.5</b>	<b>0.0</b>
	<b>Reduction/increase in cash and cash equivalents</b>			
	Cash flow for the year	-10.7	18.4	-8.8
	Exchange rate difference in cash and cash equivalents	-0.6	0.1	5.6
	Opening cash and cash equivalents	51.9	33.4	36.6
	<b>Closing cash and cash equivalents</b>	<b>40.6</b>	<b>51.9</b>	<b>33.4</b>

<p><b>B.7</b></p>	<p><i>Selected financial information, cont.</i></p>	<p><b>Definitions of key performance indicators not defined in accordance with IFRS</b></p> <p>The table below provides definitions for the alternative performance measures used in the Prospectus, as well as sets out the reason for the use of the respective measures.</p> <table border="1"> <thead> <tr> <th data-bbox="470 369 694 421">NON-IFRS FINANCIAL MEASURE</th> <th data-bbox="694 369 1045 421">DEFINITION</th> <th data-bbox="1045 369 1423 421">REASON FOR USE OF THE MEASURE</th> </tr> </thead> <tbody> <tr> <td data-bbox="470 436 694 548"><b>Net sales growth, %</b></td> <td data-bbox="694 436 1045 548">Annual global net sales growth, calculated in comparison with previous financial year, expressed as a percentage.</td> <td data-bbox="1045 436 1423 548">This measure allows the Company to compare its growth rate between different periods and against the overall market and competitors.</td> </tr> <tr> <td data-bbox="470 560 694 638"><b>Game contribution</b></td> <td data-bbox="694 560 1045 638">Net sales less platform fees and performance based marketing.</td> <td data-bbox="1045 560 1423 638">Game contribution provides a measure for the profit contribution from the game portfolio as a whole.</td> </tr> <tr> <td data-bbox="470 649 694 761"><b>Game contribution margin, %</b></td> <td data-bbox="694 649 1045 761">Net sales less platform fees and performance based marketing, divided by net sales, expressed as a percentage.</td> <td data-bbox="1045 649 1423 761">Allows for relative comparison of game contribution across periods.</td> </tr> <tr> <td data-bbox="470 772 694 896"><b>EBITDA</b></td> <td data-bbox="694 772 1045 896">Earnings before interest, tax, depreciation and amortisation.</td> <td data-bbox="1045 772 1423 896">EBITDA provides a general picture of the profit or loss generated by the operating activities before depreciation and amortisation.</td> </tr> <tr> <td data-bbox="470 907 694 974"><b>EBITDA margin, %</b></td> <td data-bbox="694 907 1045 974">EBITDA divided by net sales, expressed as a percentage.</td> <td data-bbox="1045 907 1423 974">EBITDA margin is used for the analysis of value creation.</td> </tr> <tr> <td data-bbox="470 985 694 1064"><b>EBIT margin, %</b></td> <td data-bbox="694 985 1045 1064">Operating profit/loss (EBIT) divided by net sales, expressed as a percentage.</td> <td data-bbox="1045 985 1423 1064">EBIT margin provides an understanding of the profit or loss generated by the operating activities.</td> </tr> <tr> <td data-bbox="470 1075 694 1164"><b>Dividend paid</b></td> <td data-bbox="694 1075 1045 1164">Dividend paid to the shareholders during the financial year.</td> <td data-bbox="1045 1075 1423 1164">Allows for analysis of the Company's ability to generate returns to its shareholders.</td> </tr> <tr> <td data-bbox="470 1176 694 1265"><b>Dividend per share</b></td> <td data-bbox="694 1176 1045 1265">Dividend paid divided by the number of shares outstanding at the end of the financial year.</td> <td data-bbox="1045 1176 1423 1265">Dividend per share illustrates the Company's dividend yield to shareholders.</td> </tr> <tr> <td data-bbox="470 1276 694 1388"><b>Free cash flow</b></td> <td data-bbox="694 1276 1045 1388">EBITDA less capitalised work for own account, change in net working capital and capital expenditures.</td> <td data-bbox="1045 1276 1423 1388">Free cash flow is used by management to evaluate cash flows generated by operating activities and investments.</td> </tr> <tr> <td data-bbox="470 1400 694 1489"><b>Cash conversion</b></td> <td data-bbox="694 1400 1045 1489">Free cash flow divided by EBITDA, expressed as a percentage.</td> <td data-bbox="1045 1400 1423 1489">Cash conversion provides a measure of the Company's ability to convert profits into cash.</td> </tr> <tr> <td data-bbox="470 1500 694 1568"><b>Number of shares outstanding</b></td> <td data-bbox="694 1500 1045 1568">Number of shares outstanding at the end of the financial year.</td> <td data-bbox="1045 1500 1423 1568">The number of outstanding shares is used in calculating other metrics.</td> </tr> <tr> <td data-bbox="470 1579 694 1691"><b>Average number of FTEs</b></td> <td data-bbox="694 1579 1045 1691">Average number of full-time equivalent employees. 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B.7	Selected financial information, cont.	<p><b>MATERIAL EVENTS AFTER 31 AUGUST 2017</b></p> <p>On 27 September 2017 the board of MAG Interactive resolved, with authorisation from the extraordinary general meeting held on 28 February 2017, to issue 144,375 warrants to some of the sellers of the shares in Delinquent.</p> <p>On 9 October 2017 Swedbank Robur Fonder AB, for Swedbank Robur Ny Teknik and Swedbank Robur Microcap, committed, through a subscription letter to the Company and the other Existing Shareholders, to subscribe and pay for up to 1,811,764 ordinary shares in MAG Interactive, for a price per share amounting to SEK 44.1558, subject to MAG Interactive fulfilling certain conditions within 28 days from the date of the letter. The shares were issued and paid for on 3 November 2017, and the share capital increase in MAG Interactive was registered with the Swedish Companies Registration Office on 7 November 2017. The new issue of shares was conducted in order to finance the acquisition of FEO Media, as described further below.</p> <p>On 18 October 2017 the Company entered into an agreement with the former owners of FEO Media to acquire all shares in FEO Media. The acquisition was closed on 7 November 2017.</p> <p>On 18 October 2017, in connection with and in order to finance the acquisition of all shares in FEO Media, the Company entered into an agreement with Danske Bank pursuant to which Danske Bank shall provide the Company with a loan amounting to SEK 35,000,000.</p>																																																																																																																														
B.8	Selected pro forma financial information	<p><b>INCOME STATEMENT 1 SEPTEMBER 2016–31 AUGUST 2017</b></p> <p>The consolidated pro forma income statement for the period 1 September 2016–31 August 2017 has been prepared as if the acquisition of FEO Media AB and the directed share issue registered with the Swedish Companies Registration Office on 7 November 2017 had taken place on 1 September 2016.</p> <table border="1" data-bbox="470 1003 1441 1989"> <thead> <tr> <th></th> <th style="text-align: center;">Audited</th> <th style="text-align: center;">Unaudited</th> <th colspan="2"></th> <th style="text-align: center;">Pro forma</th> </tr> <tr> <th style="text-align: left;">MSEK</th> <th style="text-align: center;">MAG Interactive</th> <th style="text-align: center;">FEO Media</th> <th style="text-align: center;">Adjustments</th> <th style="text-align: center;">Note</th> <th style="text-align: center;">MAG Group</th> </tr> </thead> <tbody> <tr> <td>Net sales</td> <td style="text-align: right;">260.4</td> <td style="text-align: right;">75.0</td> <td></td> <td></td> <td style="text-align: right;">335.4</td> </tr> <tr> <td>Capitalised work for another's account</td> <td style="text-align: right;">20.2</td> <td style="text-align: right;">15.8</td> <td></td> <td></td> <td style="text-align: right;">36.0</td> </tr> <tr> <td>Other operating income</td> <td style="text-align: right;">2.8</td> <td style="text-align: right;">1.2</td> <td></td> <td></td> <td style="text-align: right;">4.0</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>283.4</b></td> <td style="text-align: right;"><b>92.0</b></td> <td></td> <td></td> <td style="text-align: right;"><b>375.4</b></td> </tr> <tr> <td>Sales related costs</td> <td style="text-align: right;">-79.0</td> <td style="text-align: right;">-17.3</td> <td></td> <td></td> <td style="text-align: right;">-96.3</td> </tr> <tr> <td>Performance based marketing</td> <td style="text-align: right;">-111.1</td> <td style="text-align: right;">-4.5</td> <td></td> <td></td> <td style="text-align: right;">-115.6</td> </tr> <tr> <td>Other external expenses</td> <td style="text-align: right;">-23.7</td> <td style="text-align: right;">-8.2</td> <td></td> <td></td> <td style="text-align: right;">-31.9</td> </tr> <tr> <td>Personnel costs</td> <td style="text-align: right;">-42.5</td> <td style="text-align: right;">-30.8</td> <td></td> <td></td> <td style="text-align: right;">-73.3</td> </tr> <tr> <td><b>Total operating expenses excluding depreciation, amortisation and impairments</b></td> <td style="text-align: right;"><b>-256.3</b></td> <td style="text-align: right;"><b>-60.8</b></td> <td></td> <td></td> <td style="text-align: right;"><b>-317.1</b></td> </tr> <tr> <td><b>EBITDA</b></td> <td style="text-align: right;"><b>27.1</b></td> <td style="text-align: right;"><b>31.2</b></td> <td></td> <td></td> <td style="text-align: right;"><b>58.3</b></td> </tr> <tr> <td>Depreciation/amortisation and impairments 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center;">1, 2</td> <td style="text-align: right;">-1.6</td> </tr> <tr> <td><b>Financial items – net</b></td> <td style="text-align: right;"><b>-0.5</b></td> <td style="text-align: right;"><b>0.0</b></td> <td style="text-align: right;"><b>-1.0</b></td> <td></td> <td style="text-align: right;"><b>-1.5</b></td> </tr> <tr> <td><b>Profit/loss before tax</b></td> <td style="text-align: right;"><b>3.6</b></td> <td style="text-align: right;"><b>21.0</b></td> <td style="text-align: right;"><b>-1.0</b></td> <td></td> <td style="text-align: right;"><b>23.6</b></td> </tr> <tr> <td>Income tax</td> <td style="text-align: right;">-3.0</td> <td style="text-align: right;">-4.7</td> <td style="text-align: right;">+0.2</td> <td style="text-align: center;">1, 2</td> <td style="text-align: right;">-7.5</td> </tr> <tr> <td><b>Net income</b></td> <td style="text-align: right;"><b>0.6</b></td> <td style="text-align: right;"><b>16.3</b></td> <td style="text-align: right;"><b>-0.8</b></td> <td></td> <td 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impairments</b>	<b>-256.3</b>	<b>-60.8</b>			<b>-317.1</b>	<b>EBITDA</b>	<b>27.1</b>	<b>31.2</b>			<b>58.3</b>	Depreciation/amortisation and impairments of tangible and intangible non-current assets	-23.0	-10.2			-33.2	<b>Total operating expenses</b>	<b>-279.3</b>	<b>-71.0</b>			<b>350.3</b>	<b>Operating profit/loss</b>	<b>4.1</b>	<b>21.0</b>			<b>25.1</b>	Financial income	0.1	0.0			0.1	Financial expenses	-0.6	0.0	-1.0	1, 2	-1.6	<b>Financial items – net</b>	<b>-0.5</b>	<b>0.0</b>	<b>-1.0</b>		<b>-1.5</b>	<b>Profit/loss before tax</b>	<b>3.6</b>	<b>21.0</b>	<b>-1.0</b>		<b>23.6</b>	Income tax	-3.0	-4.7	+0.2	1, 2	-7.5	<b>Net income</b>	<b>0.6</b>	<b>16.3</b>	<b>-0.8</b>		<b>16.1</b>
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<b>B.8</b>	<i>Selected pro forma financial information, cont.</i>	<p><b>PRO FORMA BALANCE SHEET 31 AUGUST 2017</b></p> <p>The abbreviated consolidated pro forma balance sheet was prepared as if the acquisition of FEO Media AB and the directed share issue registered with the Swedish Companies Registration Office on 7 November 2017 had taken place on 31 August 2017.</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: center;">Audited</th> <th style="text-align: center;">Unaudited</th> <th colspan="2"></th> <th style="text-align: center;">Pro forma</th> </tr> <tr> <th style="text-align: left;"><b>MSEK</b></th> <th style="text-align: center;"><b>MAG</b></th> <th style="text-align: center;"><b>FEO Adjustments</b></th> <th style="text-align: center;"><b>Note</b></th> <th></th> <th style="text-align: center;"><b>MAG Group</b></th> </tr> </thead> <tbody> <tr> <td>Goodwill</td> <td style="text-align: right;">8.0</td> <td style="text-align: center;">–</td> <td></td> <td></td> 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In addition to this, MAG Interactive has used MSEK 7.5 of its own cash and cash equivalents to carry out the acquisition.</p>		Audited	Unaudited			Pro forma	<b>MSEK</b>	<b>MAG</b>	<b>FEO Adjustments</b>	<b>Note</b>		<b>MAG Group</b>	Goodwill	8.0	–			8.0	Surplus value, unallocated	–	–	65.3	3	65.3	Other intangible assets	31.0	21.1			52.1	<b>Total intangible assets</b>	<b>39.0</b>	<b>21.1</b>	<b>65.3</b>		<b>125.4</b>	Equipment, tools, fixtures and fittings	2.7	0.3			3.0	<b>Total tangible assets</b>	<b>2.7</b>	<b>0.3</b>			<b>3.0</b>	Other long-term receivables	1.8	2.4			4.2	Deferred tax assets	1.3	–			1.3	<b>Total financial non-current assets</b>	<b>3.1</b>	<b>2.4</b>			<b>5.5</b>	<b>Total non-current assets</b>	<b>44.8</b>	<b>23.8</b>	<b>65.3</b>		<b>133.9</b>	Trade receivables	13.6	2.0			15.6	Current tax assets	1.3	6.4			7.7	Other current receivables	1.2	8.2			9.4	Prepaid expenses and accrued income	19.7	5.6			25.3	Other short-term securities	19.0	–			19.0	Cash and cash equivalents	40.6	21.8	–7.5	3, 4, 5	54.9	<b>Total current assets</b>	<b>95.4</b>	<b>44.0</b>	<b>–7.5</b>		<b>131.9</b>	<b>Total assets</b>	<b>140.2</b>	<b>67.8</b>	<b>57.8</b>		<b>265.8</b>	Share capital	0.1	0.1	–0.1	3	0.1	Reserves	–3.8	–			–3.8	Retained earnings incl. comprehensive income for the year	102.6	56.4	23.6	3, 5	182.6	<b>Total equity</b>	<b>98.9</b>	<b>56.5</b>	<b>23.5</b>		<b>178.9</b>	Deferred tax liabilities	14.7	6.7			21.4	Other long-term liabilities	–	–	34.3	4	34.3	<b>Total long-term liabilities</b>	<b>14.7</b>	<b>6.7</b>	<b>34.3</b>		<b>55.7</b>	Trade payables	13.3	1.0			14.3	Other current liabilities	2.3	1.2			3.5	Accrued expenses and prepaid income	11.0	2.4			13.4	<b>Total current liabilities</b>	<b>26.6</b>	<b>4.6</b>			<b>31.2</b>	<b>Total equity and liabilities</b>	<b>140.2</b>	<b>67.8</b>	<b>57.8</b>		<b>265.8</b>
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Other current liabilities	2.3	1.2			3.5																																																																																																																																																																																													
Accrued expenses and prepaid income	11.0	2.4			13.4																																																																																																																																																																																													
<b>Total current liabilities</b>	<b>26.6</b>	<b>4.6</b>			<b>31.2</b>																																																																																																																																																																																													
<b>Total equity and liabilities</b>	<b>140.2</b>	<b>67.8</b>	<b>57.8</b>		<b>265.8</b>																																																																																																																																																																																													
<b>B.9</b>	<i>Profit forecasts</i>	Not applicable. The Company has not presented any profit/loss forecast.																																																																																																																																																																																																
<b>B.10</b>	<i>Audit report qualifications</i>	Not applicable. There are no remarks in the audit reports.																																																																																																																																																																																																
<b>B.11</b>	<i>Working capital</i>	Not applicable. It is MAG Interactive's opinion that the current working capital is sufficient to cover the needs for the coming twelve months.																																																																																																																																																																																																

## SECTION C – SECURITIES

<b>C.1</b>	<i>Securities being offered</i>	The Offer will comprise of both the sale of existing shares and newly issued shares of MAG Interactive AB (publ) (ISIN SE0010520908).
<b>C.2</b>	<i>Currency</i>	The shares are denominated in Swedish kronor (SEK).
<b>C.3</b>	<i>Number of issued shares and quota (par) value</i>	As of the date of the Prospectus there are 21,061,764 shares in the Company with a quota (par) value of SEK 0.025974025974. There will be 21,775,939 shares in the Company with a quota (par) value of SEK 0.025974025974 immediately prior to the Offer. There will be 26,321,393 shares with a quota (par) value of SEK 0.025974025974 immediately following the Offer.
<b>C.4</b>	<i>Rights attached to the securities</i>	Each share in the Company carries one (1) vote at general meetings. At the time of the Offer all shares have equal rights to the Company's assets in case of liquidation and dividends. The shares carry the right of dividend for the first time on the record date for dividend that occurs next after the listing. The right of dividend accrues to persons registered as owners in the share register operated by Euroclear on the record date resolved upon by the general meeting.
<b>C.5</b>	<i>Transferability restrictions</i>	Not applicable. At the time of the Offer the shares are not subject to any restrictions on transferability.
<b>C.6</b>	<i>Admission to trading on a regulated market</i>	Not applicable. MAG Interactive has applied for listing of the Company's shares on Nasdaq First North Premier, which is a MTF (Multilateral Trading Facility). Companies listed on Nasdaq First North Premier are regulated by Nasdaq First North Premier's rules and not the legal requirements for trading on a regulated market. Provided that the listing application is approved by Nasdaq Stockholm, the expected first day of trading is 8 December 2017. A condition for approval is that the distribution requirement for the Company's shares is met on the first day of trading. The Company's shares will be traded on Nasdaq First North Premier under the ticker symbol (ticker) MAGI.
<b>C.7</b>	<i>Dividend policy</i>	MAG Interactive operates in a rapidly growing market, and in order to capitalise on this, the Company intends to prioritise growth activities, such as game development and marketing going forward. Any dividend paid will be subject to the Company's overall financial position, growth prospects, profitability, acquisition opportunities and cash flow.

## SECTION D – RISKS

<b>D.1</b>	<i>Key risks specific to the issuer and its industry</i>	<p>Key risks relating to the Company and its business include:</p> <p><b>The Company is exposed to competition from companies engaged in the provision of other forms of entertainment and leisure than mobile gaming.</b></p> <p>The Company is exposed to competition both from other mobile gaming companies as well as from companies engaged in the provision of other forms of entertainment and leisure. Competition within the broader entertainment industry is intense and the Company's existing and potential customers may be attracted to competing forms of entertainment, such as other forms of online games, social media applications, music and video streaming services, as well as offline activities such as traditional board games, reading, watching television, and shopping. These other forms of entertainment compete for the discretionary time and income of the Company's customers. If the Company is unable to sustain sufficient interest in the Company's mobile games in comparison with other forms of entertainment, including new forms of entertainment, it could have a material adverse effect on the Company's business, financial position and results of operation.</p>
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<p><b>0.1</b></p>	<p><i>Key risks specific to the issuer and its industry, cont.</i></p>	<p><b>The Company relies on virtual app stores to distribute the Company's games.</b>  The Company relies on distributing the Company's games through virtual app stores, with the dominant app stores being Google's Google Play for Android and Apple's App Store for iOS.  The Company is subject to the distributors' standard terms and conditions for application developers, which govern the promotion, distribution and operation of games on the relevant appstore. The Company's business could be harmed if a distributor discontinues or limits the access to its respective platform, modifies its terms of service or other policies, including the provisions on share of net sales. The distributors have broad discretion to unilaterally change its standard terms and conditions and any such changes may be unfavourable for the Company, and have a material adverse effect on the Company's business, financial position and results of operation.  The Company's business could also be harmed should the virtual app stores be unavailable for players or should players experience issues with these platforms or their in-app purchasing functionality.</p> <p><b>The Company is largely dependent on attracting and retaining key employees.</b>  The Company's success largely depends on the Company's key employees, including the chief executive officer and other members of the executive management, and on the continued ability to identify, attract, hire, train and retain qualified executives, game designers, product managers, engineers and other key employees. The Company's ability to attract, hire and retain qualified employees depends on a number of factors, some of which are beyond the Company's control, including the competitive environment on the local employment markets in which the Company operates. The loss of a key employee due to, for example, such employee quitting in order to work for a competitor, may result in loss of important know-how and may significantly delay or prevent the achievement of development objectives or the implementation of the Company's business strategy. If the Company is unable to attract, hire and retain key employees, it could have a material adverse effect on the Company's business, financial position and results of operation.</p> <p><b>Business acquisitions and integrating acquired operations may involve uncertainties and hidden obligations and could divert the attention of the Company's management and otherwise disrupt the Company's operations.</b>  As a part of the Company's strategy, the Company may in the future explore, and have in the past carried out, acquisitions to target new intellectual property, strengthen the Company's market position in selected game genres, and grow the Company's game development talent. There is a risk that the Company fails to generate the expected benefits. There is also a risk connected to tax liabilities or other hidden obligations related to effected or any future business acquisitions, or that the Company will otherwise face disputes related to its acquisitions. In addition, the acquired companies may have engaged in unfavorable practices that were unknown to the Company before the business acquisition was effected, and which may make it more difficult to integrate the operations, create liabilities or cause other problems. Furthermore, the Company's estimates and assumptions of effected and planned business acquisitions and their benefits may not prove to be correct.  The Company could fail to integrate the operations, systems, technologies, products and personnel of each acquired company. The inefficiencies, lack of control and potential delay that may result if such integration is not implemented, as well as unforeseen difficulties and expenditures that may arise in connection with integration, could have an adverse effect on the Company's business. Such acquisitions and integration processes could divert the Company's management's attention from other business concerns and also lead to the use of resources that are needed in other parts of the Company's business.  Any of the above could have a material adverse effect on the Company's business, financial position and results of operation.</p>
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0.1	<i>Key risks specific to the issuer and its industry, cont.</i>	<p><b>The Company is dependent on its intellectual property rights and the Company could be subject to allegations of intellectual property rights infringements.</b></p> <p>Intellectual property rights are an essential element in the Company's business. The Company relies on a combination of different intellectual property rights such as trademarks, copyright, design rights, protection for compilations, and trade secrets. Despite the Company's efforts to protect its intellectual property rights, unauthorised parties may attempt to copy or otherwise attempt to obtain and use the Company's technology, games or brands. There is a risk that the actions taken by the Company will not be sufficient to protect its intellectual property rights. Should the Company fail to protect and retain its intellectual property rights, it could have a material adverse effect on the Company's business, financial position and results of operation.</p> <p>There is a risk that the Company may be regarded as infringing intellectual property rights of other parties. Intellectual property litigation may be protracted and expensive and the results are difficult to predict. As a result of any court judgment or settlement the Company may be obligated to cancel the launch of a new game, stop offering certain features, pay royalties or settlement costs, purchase licenses or modify its games and features. Should the Company be regarded as infringing intellectual property rights of other parties, it could have a material adverse effect on the Company's business, financial position and results of operation.</p>
0.3	<i>Key risks specific to the securities</i>	<p>All investments in securities involve risks. Any such risks could cause the trading price of MAG Interactive's shares to decline significantly and investors could lose all or part of their investment. Risk related to the Company's shares include:</p> <p><b>Investors are subject to risks relating to share price, liquidity and volatility.</b></p> <p>Prior to the Offer, there has been no public market for the Company's shares. The Company cannot predict the extent to which investor interest for the Company will lead to the development of a trading market on Nasdaq First North Premier or how liquid that market may become. If an active trading market does not develop, investors may have difficulty selling any of the Company's shares that they purchase. The price of the Company's shares in the Offer has been determined by the Company's board of directors and the Selling Shareholders after consultation with the Global Coordinator and Bookrunner and the price may not be indicative of prices that will prevail following the completion of this Offer. The market price of the Company's shares may decline below the final price in the Offer, and investors may not be able to resell their shares at or above the final price in the Offer.</p> <p>The trading price of the Company's shares is likely to be volatile and subject to wide price fluctuations in response to various factors, including, but not limited to:</p> <ul style="list-style-type: none"> <li>● market conditions in the broader stock market in general, or in the industry in which the Company operates in particular;</li> <li>● actual or anticipated fluctuations in the Company's quarterly financial and operating results;</li> <li>● introduction of new products and services by the Company or the Company's competitors;</li> <li>● issuance of new or changed research analysts' reports or recommendations;</li> <li>● sales of large blocks of its shares;</li> <li>● additions or departures of key personnel;</li> <li>● regulatory developments;</li> <li>● litigation and governmental investigations; and</li> <li>● economic and political conditions or events.</li> </ul>

<b>D.3</b>	<b>Key risks specific to the securities, cont.</b>	<p>These and other factors may cause the market price and demand for the Company's shares to fluctuate, which may limit or prevent investors from readily selling their shares and may otherwise adversely affect the liquidity of the Company's shares.</p> <p>The trading market for the Company's shares could also be influenced by the research and reports that industry or research analysts publish about the Company or the Company's business. If one or more of these analysts' coverage of the Company ceases or if the analysts fail to publish research reports regularly, investors could lose visibility in the Company's expected financial performance, which in turn could cause its share price or trading volume to decline. Moreover, if one or more of the analysts who cover the Company downgrade the Company's shares, or if the Company's results of operations do not meet their expectations, the Company's share price could decline.</p> <p><b>Inability to pay dividends.</b></p> <p>The Company's dividend policy is subject to e.g. the Company's performance and financial condition, possible future acquisitions, expected future results of operation, investments, cash flows, terms of the Company's indebtedness, other means of distribution, and other factors. Holders of the shares in the Offer may be entitled to receive future dividends resolved upon following the Offer, including any dividends declared in respect of the financial year 2017/2018 and in respect of any subsequent period. In addition, Swedish law limits the Company's ability to propose and declare dividends to certain funds legally available for that purpose. As the amount of future dividend payments the Company may make, if any, will depend upon the Company's future earnings, financial condition, cash flows, working capital requirements, the terms of the Company's outstanding indebtedness and other factors, there can be no certainty whether a dividend will be proposed or declared for any given year, or whether a dividend made a certain year will be maintained the following year.</p>
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## SECTION E – OFFER

<b>E.1</b>	<b>Net proceeds and expenses</b>	MAG Interactive expects to obtain net proceeds of SEK 184 million following the Company's issue of new shares, after deduction for costs associated with the Offer, including commission and fees (ordinary and discretionary) which the Company shall pay to advisors amounting to approximately SEK 16 million.
<b>E.2A</b>	<b>Reasons for the Offer and use of proceeds</b>	<p>The board of directors and the management of MAG Interactive, together with the Selling Shareholders, believe that it is now an appropriate time to broaden the Company's shareholder base and to apply for a listing of the shares on Nasdaq First North Premier. The Offer and the listing is expected to support future growth, provide MAG Interactive with access to the capital markets and establish a diversified base of new Swedish and international shareholders. MAG Interactive also expects that the listing on Nasdaq First North Premier will promote broader awareness of the Company among gamers as well as potential employees worldwide.</p> <p>MAG Interactive intends to primarily use the net proceeds to fund the continued long-term future growth of the Company. The Company anticipates that the funding of the continued long-term growth might include, but will not necessarily be limited to, costs associated with the development of new games, development of existing games following launch, and marketing costs associated with building a stable player base, in each case in furtherance of the strategy for continued growth. In addition, the Company intends to use the net proceeds to finance extraordinary growth events such as potential acquisitions if the right situation arises. The Company has not made any resolution regarding the distribution of the net proceeds between these areas, but it will be controlled by needs. MAG Interactive will not receive any proceeds from any sale of existing shares.</p>
<b>E.3</b>	<b>Terms and conditions of the Offer</b>	N/A

<b>E.4</b>	<i>Interests material to the Offer</i>	The Global Coordinator and Bookrunner provides financial advice and other services to MAG Interactive and the Selling Shareholders in connection with the Offer, for which they will receive customary remuneration. The total compensation will be dependent on the success of the Offer. The Global Coordinator and Bookrunner have, from time to time, provided, and may in the future provide, the Selling Shareholders and parties related to the Selling Shareholders, services within the scope of the daily operations in connection with other transactions. In connection with the Offer, the Company's and the Selling Shareholders' legal advisors will receive customary compensation for the advice given. The legal advisors have also, from time to time, provided, and may in the future provide, the Company, the Selling Shareholders and parties related to the Selling Shareholders with legal advice within the scope of the daily operations in connection with other transactions.
<b>E.5</b>	<i>Seller of the security and lock-up agreements</i>	<p>The Selling Shareholders will sell shares in connection with the Offer.</p> <p>Under the agreement regarding placing of shares that is expected to be entered into on or about 7 December 2017 (the "Placing Agreement"), some of the Selling Shareholders will undertake not to sell their respective holdings during a certain period of time after the first day of trading on Nasdaq First North Premier. These commitments do not apply to shares sold in the Offer.</p> <p>The lock-up period for the Selling Shareholders, which are also members of the board of directors or members of the executive management, will be 360 days. The lock-up period for other Selling Shareholders will be 180 days, except for employees with 16,200 shares or less in the Company after the Offer, which will not be subject to lock-up. After the end of the lock-up period the shares may be offered for sale, which could have an impact on the market price of the shares.</p> <p>Under the Placing Agreement, the Company further undertakes not to (i) offer, pledge, allocate, issue, sell, undertake to sell, sell options or forward contracts, acquire put options, issue subscription rights or warrants or otherwise transfer or divest, directly or indirectly, any shares in the Company or any other securities which are convertible to or can be exercised or exchanged for such shares, or (ii) enter into swap agreements or other arrangements which fully or partly assign financial risks associated with ownership of the Company to another party prior to 360 days at the earliest after the date when trading starts on Nasdaq First North Premier. The Global Coordinator and Bookrunner may, however, grant exemptions from these limitations.</p>
<b>E.6</b>	<i>Dilution</i>	The issue of new shares in connection with the Offer will result in the total number of shares in the Company amounting to 26,321,393, which corresponds to a total dilution of 17.3 per cent.
<b>E.7</b>	<i>Expenses charged to the investor</i>	Not applicable. No commission is payable.

# RISK FACTORS

*An investment in MAG Interactive's shares involves a number of risks. Investors should carefully consider each of the risks described below and all of the other information set forth in the Prospectus before deciding to invest in the shares in the Offer. The risks described below are not the only risks attributable to the Company and the Offer. If any of the risks described below or any other risk not described herein actually occurs, the Company's business, financial position and results of operation could be adversely affected. In such case the trading price of the shares in the Offer could decline and investors may lose all or part of their investment. Additional risks that are not presently known to the Company, or, based on its regular risk assessment, the Company currently considers to be immaterial, may also impair the Company's business operations and may have a material adverse effect on its business, financial position and results of operation. The order in which the individual risks are presented does not provide an indication of the likelihood of their occurrence nor of their severity or relative significance.*

*The Prospectus also contains forward-looking statements that are based on assumptions and estimates and are subject to risks and uncertainties. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including, but not limited to, the risks described below and elsewhere in the Prospectus.*

## **RISKS RELATED TO THE MARKET AND THE COMPANY'S OPERATIONS**

### **THE COMPANY DEPENDS ON FAVOURABLE MARKET CONDITIONS**

The global mobile gaming market, from which the Company derives substantially all of its net sales, is a rapidly evolving market. The growth of the global mobile gaming market and the level of demand and market acceptance of the Company's games are subject to a high degree of uncertainty. The Company's future operating results will depend on numerous factors affecting the global mobile gaming market, many of which are beyond the Company's control, including changes in consumer demographics and public tastes and preferences, the availability and popularity of other forms of entertainment, the worldwide growth of sales of smartphones, tablets and other connected mobile devices, and the rate of any such growth and general economic conditions, particularly economic conditions adversely affecting the possibility for consumer spending.

The ability to plan for game development, distribution and promotional activities could be significantly affected by the Company's ability to anticipate and adapt to relatively rapid changes in the tastes and preferences of the Company's current and potential players. New and different forms of entertainment may increase in popularity at the expense of mobile gaming. A decline in the popularity of mobile gaming in general, or the Company's games in particular, could have a material adverse effect on the Company's business, financial position and results of operation.

### **THE COMPANY IS DEPENDENT ON CONSUMER PREFERENCES**

The Company develops games within the casual mobile gaming category. As the mobile gaming market is a relatively new market which is moving rapidly, it is possible that players could lose interest in the casual gaming category and its style of playing mobile games. New formats could be developed, which the players could find more rewarding and engaging. If large numbers of players lose interest in the casual games that the Company offers, it could have a material adverse effect on the Company's business, financial position and results of operation.

### **THE COMPANY IS EXPOSED TO COMPETITION FROM OTHER GAME DEVELOPERS**

The gaming industry is generally considered to be highly competitive. The Company is experiencing, and is likely to experience in the future, competition from other developers and publishers in the casual gaming category. The market of developing mobile games is generally considered to have relatively low entry barriers. However, experience shows that publishing games and making them profitable can be challenging for smaller companies, and as a consequence, there are signs of an ongoing consolidation taking place in the mobile gaming industry.

Major gaming companies, such as e.g. Nintendo and Activision Blizzard, have acquired and could in the future acquire one or more of the Company's competitors and/or develop their own casual mobile games. These companies

have significant experience within the gaming industry, and substantial resources at their disposal. Should the Company experience increased competition in the future as a result of low barriers of initial entry into the market, and future consolidation and rapid development within the industry, it could have a material adverse effect on the Company's business, financial position and results of operation.

**THE COMPANY IS EXPOSED TO COMPETITION FROM COMPANIES ENGAGED IN THE PROVISION OF OTHER FORMS OF ENTERTAINMENT AND LEISURE THAN MOBILE GAMING**

The Company is exposed to competition both from other mobile gaming companies as well as from companies engaged in the provision of other forms of entertainment and leisure. Competition within the broader entertainment industry is intense and the Company's existing and potential customers may be attracted to competing forms of entertainment, such as other forms of online games, social media applications, music and video streaming services, as well as offline activities such as traditional board games, reading, watching television, and shopping. These other forms of entertainment compete for the discretionary time and income of the Company's customers. If the Company is unable to sustain sufficient interest in the Company's mobile games in comparison with other forms of entertainment, including new forms of entertainment, it could have a material adverse effect on the Company's business, financial position and results of operation.

**THE COMPANY IS DEPENDENT ON THE USE OF MOBILE DEVICES AS GAMING PLATFORMS**

While the number of people using mobile Internet-enabled devices, such as smartphones and handheld tablets, has increased dramatically in the past few years, the mobile market, particularly the market for mobile games, is still emerging, and it may not grow as anticipated. The Company's future success is dependent upon the continued growth of the use of mobile devices for gaming. The increasing use of mobile devices may not continue to develop at historical rates and consumers may not continue to use mobile Internet-enabled devices as a platform for games. A decline in the usage of mobile devices for games could have a material adverse effect on the Company's business, financial position and results of operation.

**THE COMPANY IS DEPENDENT ON SUCCESSFULLY DEVELOPING NEW GAMES AND ENHANCING THE COMPANY'S CURRENT GAMES**

The Company's continued growth depends on the Company's ability to regularly develop new games. In addition to creating new games that are attractive to players, the Company must extend the life of the Company's current games.

The Company's ability to successfully develop new games and enhance existing games, and the Company's ability to achieve commercial success, are subject to a number of challenges, including:

- the Company's need to continually anticipate and respond to changes in the mobile gaming industry;
- the Company's ability to compete successfully against other industry participants;
- the Company's ability to develop and launch new games on time and on budget;
- the Company's ability to develop new game formats which drive engagement and monetisation;
- the Company's ability to adapt to changing player preferences;
- the Company's ability to enhance existing games by adding features and functionality that will encourage continued engagement with the game;
- the Company's ability to hire and retain skilled employees, as the Company seeks to expand the Company's development capabilities;
- the Company's ability to achieve a positive return on the Company's advertising investments and continued success with organic viral growth; and
- the need to minimise and quickly resolve bugs or outages.

If the Company is not able to successfully develop new games or enhance, expand or upgrade its current games, it could have a material adverse effect on the Company's business, financial position and results of operation.

**THE COMPANY RELIES ON A LIMITED NUMBER OF GAMES TO GENERATE A SUBSTANTIAL PART OF THE COMPANY'S NET SALES**

A substantial part of the Company's net sales is generated by in-app purchases and sales of advertisement from the games Ruzzle, WordBrain, WordBrain 2, Wordalot and QuizDuel. If the Company is unable to diversify its portfolio in the long run, and increase the popularity and improve the monetisation of other existing games or games to be developed in the future, it could have a material adverse effect on the Company's business, financial position and results of operation.

**THE COMPANY IS VULNERABLE TO DELAY IN THE DEVELOPMENT OF NEW GAMES**

The total process of developing a game, from idea generation to production, is generally expected to take up to twelve months. Delay in the process of developing games could have a material adverse effect on the Company's business, financial position and results of operation.

**THE COMPANY RELIES ON VIRTUAL APP STORES TO DISTRIBUTE THE COMPANY'S GAMES**

The Company relies on distributing the Company's games through virtual app stores, with the dominant app stores being Google's Google Play for Android and Apple's App Store for iOS.

The Company is subject to the distributors' standard terms and conditions for application developers, which govern the promotion, distribution and operation of games on the relevant appstore. The Company's business could be harmed if a distributor discontinues or limits the access to its respective platform, modifies its terms of service or other policies, including the provisions on share of net sales. The distributors have broad discretion to unilaterally change its standard terms and conditions and any such changes may be unfavourable for the Company, and have a material adverse effect on the Company's business, financial position and results of operation.

The Company's business could also be harmed should the virtual app stores be unavailable for players or should players experience issues with these platforms or their in-app purchasing functionality.

**THE COMPANY IS DEPENDENT ON THE SUCCESSFUL ANTICIPATION OF NEW TECHNOLOGIES, DEVICES AND PLATFORMS FOR CASUAL GAMING**

The casual category of gaming is subject to rapid technological changes. New technologies, devices, platforms etc. may force the Company to adapt, and develop games that are suitable to such changes. It could entail adverse costs for the Company to make such adaptations, whilst the lack of such adaptations could mean a competitive disadvantage against the Company's competitors. Should the Company fail to adapt to new technology, devices or platforms it could have a material adverse effect on the Company's business, financial position and results of operation.

**THE COMPANY RELIES ON IN-APP PURCHASES**

A substantial portion of the Company's net sales derives from in-app purchases, but a relatively small portion of the players make in-app purchases while playing the Company's games. In-app purchases made in the Company's games can be either consumables, such as coins, hints or clues, or permanent, e.g. removal of ads. If the players that make in-app purchases would stop playing the Company's games, or if the Company fails to offer attractive purchases, or if the virtual app stores make it more difficult or expensive for players to make in-app purchases, it could have a material adverse effect on the Company's business, financial position and results of operation.

**THE COMPANY RELIES ON SALES OF ADVERTISEMENT AND MARKETING THROUGH ADVERTISEMENT. ADVERTISEMENTS WITHIN THE COMPANY'S GAMES COULD BE INAPPROPRIATE AND HARM THE COMPANY'S REPUTATION**

A portion of the Company's net sales derives from advertisements within the games. A decrease in the appeal of advertising through Ruzzle, other games that the Company has produced, or through mobile games in general, could have a material adverse effect on the Company's business, financial position and results of operation.

It has previously occurred, and there is a risk for the occurrence of, failure of advertisers that advertise through the Company's games to secure the content of the advertisements, which could lead to the Company's reputation being harmed. Should the Company's reputation be harmed due to inappropriate content in the advertisements within the Company's games, it could have a material adverse effect on the Company's business, financial position and results of operation.

The Company uses advertisements, especially through marketing channels such as Facebook, as part of its marketing strategy. Should the Company be unable to advertise through Facebook or other marketing channels, for example as a result of amended terms for advertising, it could have a material adverse effect on the Company's business, financial position and results of operation.

**UNFORESEEN BUGS, ERRORS IN THE GAMES OR SERVER DOWN-TIME COULD HARM THE COMPANY'S REPUTATION**

The Company's games has previously, and may in the future, contain bugs or errors that are not detected until after they are released to a wide audience. Any such errors could harm the overall game playing experience for the Company's players, which could result in players reducing their playing time or their in-app purchases, ceasing to play the Company's games altogether, or not recommending the Company's games. Such errors could also result in the games being non-compliant with applicable laws. The players could also experience difficulties in playing the Company's games

should the servers on which the Company's games are available be subject to down-time. Resolving such errors could also disrupt the Company's operations, cause the Company to divert resources from other projects, or harm the Company's operating results, hence unforeseen bugs, errors in the Company's games or server down-time could have a material adverse effect on the Company's business, financial position and results of operation.

**THE COMPANY RELIES ON THE CONTINUED FUNCTION OF THE COMPANY'S IT AND COMMUNICATION SYSTEMS, SOME OF WHICH ARE PROVIDED BY A SMALL NUMBER OF THIRD-PARTY INTERNET, DATA CENTER AND CLOUD SERVICE PROVIDERS, AND ANY MATERIAL FAILURE OR SIGNIFICANT INTERRUPTION IN IT AND COMMUNICATION SYSTEMS COULD IMPACT THE COMPANY'S OPERATIONS**

The Company relies on the continued function of its IT and communication systems, including services provided by a small number of third-party internet, data center and cloud service providers. If the Company experiences material disruptions in the Company's IT and communication systems, including due to its third-party service providers experiencing connectivity or capacity problems, or disruptions in the Company's communication networks, this could adversely affect the game experience for the players of the Company's games. Furthermore, the Company's service providers could limit, or cease providing, services and connections to the Company without adequate notice, for example due to financial difficulties and bankruptcy. If a particular game is unavailable when players attempt to access it, or if navigation through a game is slower than players expect or the gameplay is otherwise adversely affected, players may stop playing the game and it may be less likely that they return to the game as often, or at all. Interruptions in the Company's services could reduce the Company's revenues, subject the Company to potential liability in customers wanting their money back, or adversely affect the Company's ability to acquire and retain users. The Company's systems and operations are vulnerable to damage from, or interruption resulting from, natural disasters, power losses, telecommunication failures, cyber-attacks, terrorist attacks, acts of war, human errors, break-ins and similar events.

In the occurrence of a catastrophic event, the Company may be unable to continue the Company's operations, and may endure system interruptions, reputational harm, delays in the application development, lengthy interruptions in the Company's services, breaches of data security and loss of critical data such as player, customer and billing data as well as intellectual property rights, software versions or other relevant data regarding operations, which could have a material adverse effect on the Company's business, financial position and results of operation.

**THE COMPANY PROVIDES COMMUNICATION SERVICES WHICH COULD BE USED FOR UNAUTHORISED PURPOSES**

Some of the applications the Company produces provide the possibility for players to communicate with other players through a chat function. There is a risk that the chat function could be used for unauthorised purposes such as criminal acts. Any such usage of the Company's chat service could damage the Company's reputation, and it could also mean that the Company and its data might become a subject of interest to law enforcement agencies. Any such process can be costly, and should the Company's reputation be damaged it could have a material adverse effect on the Company's business, financial position and results of operation.

**THE COMPANY IS LARGELY DEPENDENT ON ATTRACTING AND RETAINING KEY EMPLOYEES**

The Company's success largely depends on the Company's key employees, including the chief executive officer and other members of the executive management, and on the continued ability to identify, attract, hire, train and retain qualified executives, game designers, product managers, engineers and other key employees. The Company's ability to attract, hire and retain qualified employees depends on a number of factors, some of which are beyond the Company's control, including the competitive environment on the local employment markets in which the Company operates. The loss of a key employee due to, for example, such employee quitting in order to work for a competitor, may result in loss of important know-how and may significantly delay or prevent the achievement of development objectives or the implementation of the Company's business strategy. If the Company is unable to attract, hire and retain key employees, it could have a material adverse effect on the Company's business, financial position and results of operation.

**BUSINESS ACQUISITIONS AND INTEGRATING ACQUIRED OPERATIONS MAY INVOLVE UNCERTAINTIES AND HIDDEN OBLIGATIONS AND COULD DIVERT THE ATTENTION OF THE COMPANY'S MANAGEMENT AND OTHERWISE DISRUPT THE COMPANY'S OPERATIONS**

As a part of the Company's strategy, the Company may in the future explore, and have in the past carried out, acquisitions to target new intellectual property, strengthen the Company's market position in selected game genres, and grow the Company's game development talent. There is a risk that the Company fails to generate the expected benefits. There is also a risk connected to tax liabilities or other hidden obligations related to effected or any future business acquisitions, or that the Company will otherwise face disputes related to its acquisitions. In addition, the acquired companies may have engaged in unfavorable practices that were unknown to the Company before the

business acquisition was effected, and which may make it more difficult to integrate the operations, create liabilities or cause other problems. Furthermore, the Company's estimates and assumptions of effected and planned business acquisitions and their benefits may not prove to be correct.

The Company could fail to integrate the operations, systems, technologies, products and personnel of each acquired company. The inefficiencies, lack of control and potential delay that may result if such integration is not implemented, as well as unforeseen difficulties and expenditures that may arise in connection with integration, could have an adverse effect on the Company's business. Such acquisitions and integration processes could divert the Company's management's attention from other business concerns and also lead to the use of resources that are needed in other parts of the Company's business.

Any of the above could have a material adverse effect on the Company's business, financial position and results of operation.

**THE COMPANY IS DEPENDENT ON ITS INTELLECTUAL PROPERTY RIGHTS AND THE COMPANY COULD BE SUBJECT TO ALLEGATIONS OF INTELLECTUAL PROPERTY RIGHTS INFRINGEMENTS**

Intellectual property rights are an essential element in the Company's business. The Company relies on a combination of different intellectual property rights such as trademarks, copyright, design rights, protection for compilations, and trade secrets. Despite the Company's efforts to protect its intellectual property rights, unauthorised parties may attempt to copy or otherwise attempt to obtain and use the Company's technology, games or brands. There is a risk that the actions taken by the Company will not be sufficient to protect the Company's intellectual property rights. Should the Company fail to protect and retain its intellectual property rights, it could have a material adverse effect on the Company's business, financial position and results of operation.

There is a risk that the Company may be regarded as infringing intellectual property rights of other parties. Intellectual property litigation may be protracted and expensive, and the results are difficult to predict. As a result of any court judgment or settlement the Company may be obligated to cancel the launch of a new game, stop offering certain features, pay royalties or settlement costs, purchase licenses or modify its games and features. Should the Company be regarded as infringing intellectual property rights of other parties, it could have a material adverse effect on the Company's business, financial position and results of operation.

**THE COMPANY IS DEPENDENT ON USING OPEN SOURCE SOFTWARE IN ITS GAMES**

The Company uses open source software in the Company's game development. Some open source software licenses require developers who distribute open source software programs to publicly disclose all or part of the source code to such software, or make available any derivative works of the open source code, on unfavourable terms or free of charge. The terms of various open source licenses have not been interpreted by courts, and there is a risk that such licenses could be construed in a manner that imposes unanticipated conditions or restrictions on the Company's ability to market its games. Should the open source software be used in a manner that would require the Company to disclose its open source code, or result in a breach of the terms of an open source agreement, the Company may be obligated to pay damages for breach of contract, re-engineer its games, discontinue distribution in the event re-engineering cannot be accomplished on a timely basis, or take other remedial action that may divert resources away from the Company's game development efforts, any of which could harm the Company's reputation, result in player losses, increase the Company's costs or otherwise have a material adverse effect on the Company's business, financial position and results of operation.

**THE COMPANY MUST COMPLY WITH DATA PRIVACY REGULATIONS AND SUCH REGULATIONS WILL CHANGE**

The Company processes personal information and other data in order to develop new games and to analyse the effectiveness of the Company's marketing channels.

Since the data privacy laws and data privacy regulations in the markets in which the Company operates will change in May 2018, with the new EU Regulation 2016/679 ("GDPR") entering into force, costs associated with compliance with such data privacy regulations may increase. This could also lead to the Company being prevented from sufficiently analysing behavioural and monetisation patterns of the Company's players, which could affect the Company's ability to develop new games or measure the effectiveness of the Company's marketing channels, which could have a material adverse effect on the Company's business, financial position and results of operation.

Failure, or perceived failure, to comply with data privacy laws and regulations could harm the Company's reputation and lead to sanctions from supervisory authorities or claims for damages from data subjects and contracting parties, which could have a material adverse effect on the Company's business, financial position and results of operation.

**THE COMPANY COULD BE SUBJECT TO SECURITY BREACHES**

Security breaches have become more prevalent within the technology and gaming industries. There is a risk that the Company becomes subject to inadvertent or unauthorised data access or use. The Company may in the future experience attempts to disable the Company's systems or to breach the security of the Company's systems. Techniques used to obtain unauthorised access to personal information, confidential information and/or the systems on which such information is stored and/or to sabotage systems change frequently and are generally not recognised until launched against a target. As a result, the Company may be unable to anticipate these techniques or to implement adequate preventive measures, which could have a material adverse effect on the Company's business, financial position and results of operation.

If an actual or perceived security breach occurs, the market perception of the Company's security measures could be harmed, and the Company could lose players and/or suffer other negative consequences. A security breach could adversely affect the game playing experience and cause loss or corruption of data, which could harm the Company's business, financial position and results of operation. Any failure to maintain the security of the Company's infrastructure could result in loss of personal information and/or other confidential information, loss of players, damage to the Company's reputation, early termination of contracts, indemnification of the Company's customers, financial penalties, litigation, regulatory investigations and other significant liabilities, which could have a material adverse effect on the Company's business, financial position and results of operation. In the event of a major third-party security incident, the Company may incur losses in excess of the third party's insurance coverage. Further, certain incidents that the Company may experience may not be covered by the Company's insurances.

Furthermore, if a high profile security breach occurs with respect of the Company or another digital entertainment company, the players of the Company's games, and potential players, may lose trust in the security of the Company's business model generally, which could have a material adverse effect on the Company's business, financial position and results of operation.

**THE COMPANY IS SUBJECT TO LAWS AND REGULATIONS IN A NUMBER OF JURISDICTIONS**

The Company operates in a number of jurisdictions and is subject to the laws, rules and regulations applying within each of the jurisdictions where the Company operates. Change in laws, rules and regulations may increase the Company's costs associated with compliance, which could have a material adverse effect on the Company's business, financial position and results of operation.

**THE COMPANY MAY BECOME INVOLVED IN DISPUTES**

The Company may, in the ordinary course of business, become involved in disputes and may become subject to claims. Disputes can be time consuming, disrupt normal operations and result in considerable costs. Furthermore, it can be difficult to predict the outcome of complex disputes. Should the Company become involved in disputes, it could have a material adverse effect on the Company's business, financial position and results of operation.

**THE COMPANY IS SUBJECT TO TAX RELATED RISKS**

The Company manages its operations through companies in both Sweden and the United Kingdom. Operations are conducted in accordance with the Company's interpretation of applicable tax laws, tax treaties and regulations in the relevant countries and the requirements of the relevant tax authorities. Should the Company's interpretation of applicable laws, tax treaties and regulations, e.g. regarding how indirect taxation on sales in some jurisdictions outside of the EU should be handled, turn out to be incorrect, or if the relevant authorities make different interpretations or decisions, possibly with retroactive effect, it could change the Company's tax situation, which could have a material adverse effect on the Company's business, financial position and results of operation.

Some of the Company's employees, in Sweden and in the United Kingdom, have acquired, or entered into an agreement to acquire, shares, warrants and/or call options at a time when there was no public market for the Company's shares. If the tax authorities would deem that the consideration was below the market price for such investments, there is a risk that the Company may become liable to pay additional tax based on the difference between the tax authority's view on the market value and the consideration paid at the time of the investment.

**THE COMPANY IS SUBJECT TO CURRENCY RISKS**

The Company operates on an international level, and is exposed to currency risks arising from various currency exposures, in particular in respect of the US dollar. Currency risks arise through future business transactions, recorded assets and liabilities, and net investments in foreign businesses. Currency risks also arises when future business transactions are expressed in a currency that is not the Company's functional currency. The Company is also subject to currency risks related to the net assets of the Company's subsidiary in the United Kingdom. Should any currency risk materialise, it could have a material adverse effect on the Company's business, financial position and results of operation.

**THE COMPANY IS SUBJECT TO CREDIT RISK**

Credit risk arises through cash and cash equivalents and bank balances, as well as credit exposure to customers. The Company is subject to commercial credit risks in the Company's relationship with customers. If a substantial amount of the Company's customers fail to perform their obligations or if any other credit risk would materialise it could have a material adverse effect on the Company's business, financial position and results of operation.

**THE COMPANY IS SUBJECT TO LIQUIDITY RISK**

The Company is subject to the risk of not being able to adequately cover the operating cash needs of the business in the medium and long term. Operating cash is needed in order to pay rent, salaries and other costs related to the day-to-day business of the Company. Should the Company not be able to cover the operating cash needs, it could have a material adverse effect on the Company's business, financial position and results of operation.

**RISKS RELATED TO THE COMPANY'S SHARES AND THE OFFER****INVESTORS ARE SUBJECT TO RISKS RELATING TO SHARE PRICE, LIQUIDITY AND VOLATILITY**

Prior to the Offer, there has been no public market for the Company's shares. The Company cannot predict the extent to which investor interest for the Company will lead to the development of a trading market on Nasdaq First North Premier or how liquid that market may become. If an active trading market does not develop, investors may have difficulty selling any of the Company's shares that they purchase. The price of the Company's shares in the Offer has been determined by the Company's board of directors and the Selling Shareholders after consultation with the Global Coordinator and Bookrunner, and the price may not be indicative of prices that will prevail following the completion of this Offer. The market price of the Company's shares may decline below the final price in the Offer, and investors may not be able to resell their shares at or above the final price in the Offer.

The trading price of the Company's shares is likely to be volatile and subject to wide price fluctuations in response to various factors, including, but not limited to:

- market conditions in the broader stock market in general, or in the industry in which the Company operates in particular;
- actual or anticipated fluctuations in the Company's quarterly financial and operating results;
- introduction of new products and services by the Company or the Company's competitors;

- issuance of new or changed research analysts' reports or recommendations;
- sales of large blocks of its shares;
- additions or departures of key personnel;
- regulatory developments;
- litigation and governmental investigations; and
- economic and political conditions or events.

These and other factors may cause the market price and demand for the Company's shares to fluctuate, which may limit or prevent investors from readily selling their shares and may otherwise adversely affect the liquidity of the Company's shares.

The trading market for the Company's shares could also be influenced by the research and reports that industry or research analysts publish about the Company or the Company's business. If one or more of these analysts' coverage of the Company ceases or if the analysts fail to publish research reports regularly, investors could lose visibility in the Company's expected financial performance, which in turn could cause its share price or trading volume to decline. Moreover, if one or more of the analysts who cover the Company downgrade the Company's shares, or if the Company's results of operations do not meet their expectations, the Company's share price could decline.

**THE COMPANY AND INVESTORS ARE SUBJECT TO RISKS RELATING TO SHAREHOLDERS WITH SIGNIFICANT INFLUENCE**

After completion of the Offer, the Selling Shareholders will own between approximately 50.4 per cent and 56.9 per cent of the shares in the Company, depending on if the Offer is fully subscribed for, and if the Over-allotment Option is exercised. Thus, the Selling Shareholders are likely to continue to have a significant influence over the outcome of matters submitted to the Company's shareholders for approval, including the election of directors and other decisions such as issues of new shares, mergers and liquidation. In addition, the Selling Shareholders will continue to have significant influence over the Company's management and affairs. Accordingly, this concentration of ownership could have an adverse effect on the market price of the Company's shares by, among others: delaying, deferring or preventing a change in control; impeding a merger, consolidation, takeover or other business combination involving the Company; or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of the Company. It should also be noted that some directly and indirectly Selling Shareholders are members of both the Company's board of directors and management team, which further enhances their influence.

The interests of the Selling Shareholders may differ significantly from or compete with the Company's interests or those of the other shareholders, and the Selling Shareholders could exercise influence over the Company in such a manner that is contrary to the interests of the other shareholders. For example, there could be a conflict between the interests of the Selling Shareholders on the one hand, and the Company's interests or the interests of its other shareholders on the other hand with respect to distribution of dividends. Such conflicts could have an adverse effect on the Company's business, financial condition and results of operation. If a substantial number of shares become available for sale and are sold in a short period of time, the market price of the Company's shares could decline.

#### **THE INVESTORS ARE SUBJECT TO RISKS RELATING TO DISPOSAL OF SHARES BY MAJOR SHAREHOLDERS, DIRECTORS OR EXECUTIVE MANAGEMENT**

The market price of the Company's shares could decline if there are substantial sales of the Company's shares, particularly sales by its large shareholders, directors or executive management, or otherwise when a large number of shares are sold.

The Selling Shareholders, with certain exceptions, have agreed, subject to certain exceptions, for a certain period of time, not to sell their respective holdings or enter into transactions with a similar effect without the prior written consent of the Global Coordinator and Bookrunner. After the expiry of the relevant lock-up period, the persons subject to lock-up will be free to sell their financial instruments in the Company, as well as after consent from the Global Coordinator and Bookrunner, during the lock-up period. Any sales of substantial amounts of the Company's shares by large shareholders, or the perception that such sales might occur, could cause the market price of the Company's shares to decline.

#### **FOREIGN EXCHANGE RISKS WHEN INVESTING IN THE OFFER**

The Company's equity capital is denominated in SEK, and dividends on the shares will be paid by the Company in SEK. Investors whose reference currency is a currency other than SEK may be adversely affected by any decline in the value of SEK relative to the respective investor's reference currency. In addition, such investors could incur additional transaction costs in converting SEK into another currency.

#### **SUBSCRIPTION UNDERTAKINGS**

Didner & Gerge Fonder AB, Handelsbanken AB on behalf of managed funds, RAM ONE AB on behalf of managed funds, Chalex i Göteborg AB and Swedbank Robur Fonder AB on behalf of managed funds, have undertaken to acquire shares, at the final price in the Offer, a number of shares equivalent to 6.5, 4.7, 3.5, 3.5 and 1.7, respectively, per cent of the shares in the Company after completion of the Offer. The undertakings of the Cornerstone Investors are subject to certain conditions. If these conditions are not fulfilled, the Cornerstone Investors will not be under the obligation to acquire shares in the Offer. Furthermore, the undertakings of the Cornerstone Investors have not been secured by a bank guarantee, pledge of securities, or any similar arrangements. Therefore, there is a risk that payment of the purchase price and allotment of the Cornerstone Investors' shares will not be made at completion of the Offer as expected, which could have a negative impact on the completion of the Offer. Furthermore, the Cornerstone Investors will not be subject to any formal lock-up arrangements, which means that it is possible for the Cornerstone Investors to, at any time, dispose whole or parts of their holdings. Each sale of a substantial amount of shares in the Company could cause the market price of the Company's shares to decline.

#### **RISKS RELATING TO POTENTIAL FUTURE NEW ISSUE OF SHARES**

If the Company resolves on a new issue of shares, shareholders shall, as a general rule, have preferential rights to subscribe for new shares proportionally to the number of shares held prior to the new issue of shares. Shareholders in certain other countries may, however, be subject to limitations that prevent them from participating in such new issues of shares, or that otherwise make participation difficult or limited. For example, shareholders, if any, in the United States may be unable to exercise any such rights to subscribe for new shares unless a registration statement under the Securities Act is effective in respect of such subscription rights and shares, or an exemption from the registration requirements under the Securities Act is available. Shareholders in other jurisdictions outside Sweden may be similarly affected if the securities and new shares being offered have not been registered with, or approved by, the relevant authorities in such jurisdiction. The Company is under no obligation to file a registration statement under the Securities Act or seek similar approvals under the laws of any other jurisdiction outside Sweden in respect of any subscription rights and shares, and doing so in the future may be impractical and costly. To the extent that shareholders in jurisdictions outside Sweden are not able to exercise their rights to subscribe for new shares in any future rights offerings, their ownership in the Company may be diluted or reduced.

### **INABILITY TO PAY DIVIDENDS**

The Company's dividend policy is subject to e.g. the Company's performance and financial condition, possible future acquisitions, expected future results of operation, investments, cash flows, terms of the Company's indebtedness, other means of distribution, and other factors. Holders of the shares in the Offer may be entitled to receive future dividends resolved upon following the Offer, including any dividends declared in respect of the financial year 2017/2018 and in respect of any subsequent period. In addition, Swedish law limits the Company's ability to propose and declare dividends to certain funds legally available for that purpose. As the amount of future dividend payments the Company may make, if any, will depend upon the Company's future earnings, financial condition, cash flows, working capital requirements, the terms of the Company's outstanding indebtedness and other factors, there can be no certainty whether a dividend will be proposed or declared for any given year, or whether a dividend made a certain year will be maintained the following year.

### **INCREASED REGULATORY COSTS**

As a company listed on Nasdaq First North Premier, the Company must comply with certain laws, rules and regulations and requirements which the Company did not need to comply with before the listing.

As a result, the Company will incur costs, e.g. for legal advice and accounting, which the Company did not have as an unlisted company, and certain activities will be more difficult, require more time and/or become more expensive, and the demands imposed on the Company's systems and resources will increase. In addition, the board of directors and executive management may need to devote a considerable amount of time and effort to ensure compliance with these laws, rules, regulations and requirements, which may entail that less time and effort can be devoted to other aspects of the business. This may have an adverse effect on the Company's business, results of operation, financial position and prospects.

# INVITATION TO ACQUIRE SHARES IN MAG INTERACTIVE

In order to facilitate MAG Interactive's continued profitable growth and development, MAG Interactive and the Selling Shareholders (which refers to all shareholders selling shares in the Offer, including current and previous members of the board of directors and executive management of the Company) have resolved to diversify the ownership of the shares. MAG Interactive's board of directors has therefore applied for listing of the Company's shares on Nasdaq First North Premier.

Nasdaq Stockholm is expected to, on 27 November 2017, decide to admit MAG Interactive's shares to trading on Nasdaq First North Premier subject to certain conditions, including that customary conditions regarding distribution of shares are met not later than by the first day of trading, which is expected to be 8 December 2017.

Pursuant to the terms and conditions set forth in the Prospectus, investors are hereby offered to acquire 11,345,461 shares, of which the Company offers 4,545,454 newly issued shares and the Selling Shareholders offer 6,800,007 existing shares.

The price in the Offer has been set to SEK 44 per share (the "Offer Price") by the board of directors of MAG Interactive and the Selling Shareholders in consultation with the Global Coordinator and Bookrunner, based on the experienced interest from institutional investors and the undertakings made by the Cornerstone Investors. Didner & Gerge Fonder AB, Handelsbanken Fonder AB, RAM ONE AB, Chalex through Chalex i Göteborg AB and Swedbank Robur Fonder AB have committed, subject to certain conditions, to acquire shares corresponding to approximately 19.9 per cent of the total number of shares outstanding in the Company following the Offer.

The board of directors intends to, by authorisation granted by an extraordinary general meeting held on 27 November 2017, resolve on the final terms of the new issue of shares, which is expected to provide MAG Interactive with gross proceeds of approximately SEK 200 million before issue costs. The issue of shares will encompass 4,545,454 newly issued shares based on the Offer Price. Based on the full subscription of the Offer and the Offer Price, SEK 44, the Company's share capital (following the Offer) will amount to SEK 683,673 divided into 26,321,393 shares, of which the newly issued shares in the Offer represent approximately 17.3 per cent.

The Selling Shareholders will issue an option to the Global Coordinator and Bookrunner, which can be utilised in whole or in part for 30 days from the first day of trading in the shares on Nasdaq First North Premier, to acquire additional existing shares from the Selling Shareholders, equal to 15 per cent of the number of shares encompassed by the Offer at the Offer Price, to cover any over-allotment in connection with the Offer (the "Over-allotment Option"). Provided that the Over-allotment Option is exercised in full, the Offer encompasses a maximum of 13,047,280 shares, which represents approximately 49.6 per cent of the shares and votes in the Company.

The total value of the Offer, based on the Offer Price of SEK 44 amounts to approximately SEK 574 million, if the Over-allotment Option is exercised in full. The market value of the Company after completion of the Offer will be approximately SEK 1,158 million.

Stockholm, 27 November 2017

## **MAG Interactive AB (publ)**

*The board of directors*

## **Selling Shareholders**

*The board of directors of MAG Interactive AB (publ) is responsible for the content of the Prospectus. The board of directors hereby declares that, having taken all reasonable care to ensure that such is the case, the information in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.*

*The board of directors of MAG Interactive AB (publ) alone is responsible for the content of the Prospectus in accordance with what is set out herein. However, the selling shareholders confirm their commitment to the terms and conditions of the Offer in accordance with what is set forth in the section "Terms and instructions" (Sw. Villkor och anvisningar) in the Swedish language version of the Prospectus.*

# BACKGROUND AND REASONS

MAG Interactive is a leading developer and publisher of casual mobile games for a global audience.

The Company's game portfolio consists of ten<sup>1)</sup> successful games, nine of which have been downloaded in excess of one million times each.<sup>2)</sup> Combined, the Company's ten games have been downloaded in excess of 200 million times, a milestone reached in conjunction with the acquisition of FEO Media AB ("FEO Media") in November 2017. MAG Interactive attracts a global audience with net sales spread out across the globe. As of 31 August 2017, the Company had 1.6 million Daily Active Users and 7.4 million Monthly Active Users playing MAG Interactive's games. If FEO Media's players for the corresponding period were to be included, Daily Active Users would increase to 3.2 million and Monthly Active Users would increase to 12.8 million.

MAG Interactive was founded in Stockholm in 2010, at which point the Company focused on app development for third parties. In 2011, the Company decided on building and developing their own applications instead. The Company launched its first game, Ruzzle, the following year. Since then, MAG Interactive has grown from comprising only the six founders to the 55 employees that were employed by the Company on average during the financial year 2016/2017. The Company has continuously grown net sales to reach SEK 335 million in the financial year 2016/2017 on a pro forma-basis<sup>3)</sup> and has remained profitable every year since incorporation.

The board of directors and the management of MAG Interactive, together with the Selling Shareholders (which refers to all shareholders selling shares in the Offer, including current and previous members of the board of directors and executive management of the Company), believe that it is now an appropriate time to broaden the Company's shareholder base and to apply for a listing of the shares on Nasdaq First North Premier. The Offer and the listing is expected to support future growth, provide MAG Interactive with access to the capital markets and establish a diversified base of new Swedish and international shareholders. MAG Interactive also expects that the listing on Nasdaq First North Premier will promote broader awareness of the Company among gamers as well as potential employees worldwide.

The Offer will comprise of the sale of both existing shares and newly issued shares. MAG Interactive expects to receive proceeds of SEK 200 million, before deduction of approximately SEK 16 million in costs to be paid by the Company in relation to the Offer. Consequently, MAG Interactive expects to obtain net proceeds of approximately SEK 184 million. MAG Interactive intends to primarily use the net proceeds to fund the continued long-term future growth of the Company. The Company anticipates that the funding of the continued long-term growth might include, but will not necessarily be limited to, costs associated with the development of new games, development of existing games following launch, and marketing costs associated with building a stable player base, in each case in furtherance of the strategy for continued growth. In addition, the Company intends to use the net proceeds to finance extraordinary growth events such as potential acquisitions if the right situation arises. The Company has not made any resolution regarding the distribution of the net proceeds between these areas, but it will be controlled by needs. MAG Interactive will not receive any proceeds from any sale of existing shares.

*In other respects, reference should be made to the Prospectus, which has been prepared by the board of directors of MAG Interactive in connection with the application for listing of the shares on Nasdaq First North Premier and the Offer made in connection with the listing.*

1) Refers to all games where MAG Interactive acts as a publisher.

2) The tenth game, Backpacker, was launched in October 2017 and has therefore not reached one million downloads as of yet.

3) Further information regarding pro forma is available in the section "Pro forma".

# MARKET OVERVIEW

*The information about market growth, market size and MAG Interactive's market position compared to its competitors as specified in this Prospectus, is MAG Interactive's overall assessment based on both internal and external sources. These sources include information from independent sources, e.g. Newzoo. Unless otherwise stated, the information and assessments provided in this section are the Company's own. MAG Interactive has endeavoured to accurately reproduce information from these sources in the Prospectus, although it has not itself verified the information from these sources. The information has been reproduced correctly, and to the best of MAG Interactive's knowledge and evaluation abilities, and as far as MAG Interactive is aware, and as far as MAG Interactive can ensure through comparison with other information published by relevant sources, no information has been omitted which would lead to the reproduced information being incorrect or misleading. Readers should note that macroeconomic forecasts and sentiments change. MAG Interactive has strived to use the latest available information from relevant sources. There are, however, often long periods of time between publications of data, which could negatively affect the relevance.*

## INTRODUCTION TO MAG INTERACTIVE'S MARKET

MAG Interactive operates in the global games market as developer and publisher of casual mobile games. The majority of its users are located in North America, Europe and Oceania. Some key aspects of the market, according to MAG Interactive, are summarised below and will subsequently be explained in more detail throughout the section.

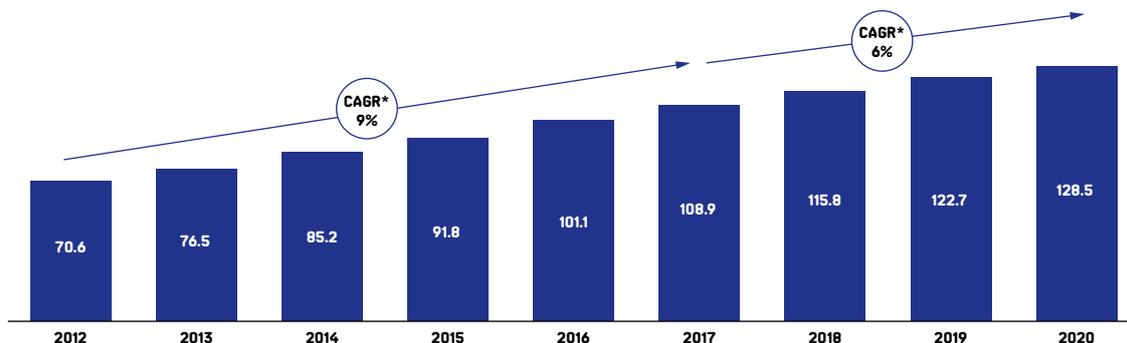
- In 2016, the size of the global gaming market was estimated to be worth USD 101 billion, out of which USD 39 billion was attributable to mobile gaming.
  - The global mobile gaming market is estimated to grow 12 per cent annually between 2017 and 2020 and is expected to represent 51 per cent of the total global gaming market in 2020.
  - Gaming is taking an increasingly large share of the global consumer spend on entertainment, increasing from 35 per cent in 2008 to 53 per cent in 2015.
- MAG Interactive's core geographic markets (North America, Europe and Oceania) together make up 35 per cent of the global mobile gaming market.
  - MAG Interactive focuses on the casual gaming niche which, as an example, represents 20 per cent of the North American mobile gaming market.

## THE GLOBAL GAMING MARKET

The global gaming market has grown rapidly in recent years. Between 2012 and 2016 the market grew from USD 70.6 billion to USD 101.1 billion, corresponding to a compounded annual growth rate of 9 per cent. The market is estimated to have an annual turnover of USD 108.9 billion in 2017 and to grow at an annual average rate of 6 per cent from 2017 until 2020, at which point the market is estimated to be worth USD 128.5 billion.<sup>1)</sup>

1) Newzoo global games report, Q2 2017.

SIZE OF THE GLOBAL GAMING MARKET 2012-2020 (USD BILLION)

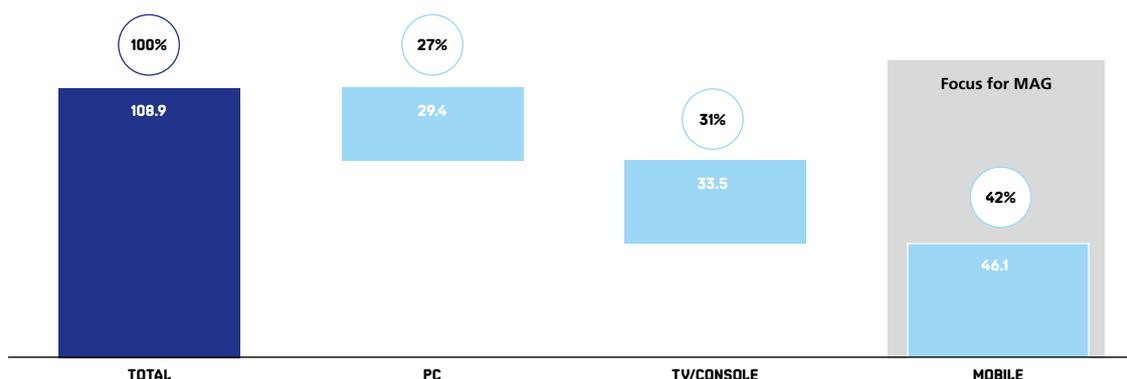


\* Compound annual growth rate.

Source: Newzoo global games report 2016, Newzoo global games report, Q2 2017.

The market is divided into sub-segments based on the platform used for consuming the games. The three main sub-segments are; PC, TV/Console and mobile.<sup>1)</sup> The respective size of the three sub-segments is presented in the graph below.

GLOBAL GAMING MARKET BY SEGMENT 2017 (USD BILLION)



Source: Newzoo global games report, Q2 2017.

The PC segment is estimated to be worth USD 29.4 billion in 2017, out of which USD 24.8 billion is attributable to PC games and USD 4.5 billion to casual PC web games. The PC segment is thus expected to represent 27 per cent of the global gaming market in 2017.

The TV/Console segment is estimated to be worth USD 33.5 billion in 2017, corresponding to 31 per cent of the total gaming market. Games for TV/console are sold for, and consumed through, gaming platforms such as Xbox, PlayStation and Nintendo Wii. An ongoing trend within the TV/Console segment is that the distribution has shifted from physical copies to digital games which can be downloaded

through online stores on the corresponding gaming platform.

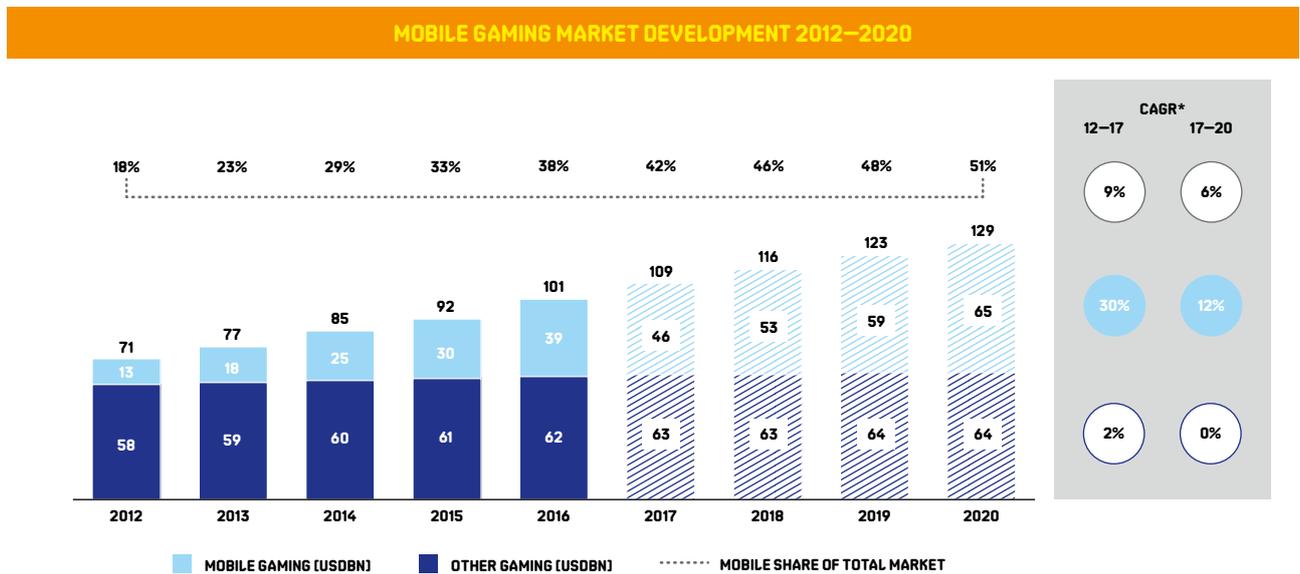
Mobile is expected to be the largest segment in 2017 with an estimated value of USD 46.1 billion, corresponding to 42 per cent of the global gaming market. The segment consists of games for mobile phones and tablets with a size of USD 35.3 billion and USD 10.8 billion respectively in 2017. The mobile gaming market is expected to grow annually with 12 per cent from 2017 until 2020.<sup>2)</sup> The mobile segment, being MAG Interactive's focus segment, will be presented in greater detail in the following section.

1) PC includes PC gaming and casual PC web gaming; TV/Console includes TV/Console gaming and handheld gaming; Mobile includes smartphone and tablet.

2) Newzoo global games report, Q2 2017.

### THE MOBILE GAMING MARKET'S SIZE AND GROWTH

Mobile gaming has been the fastest growing segment in the global gaming market with an average annual growth rate of 30 per cent between 2012 and 2017. Growth is expected to continue albeit at a lower rate. Newzoo estimates that the mobile gaming market will grow at a compounded annual growth rate of 12 per cent between 2017 and 2020. Other segments (PC and TV/Console gaming) grew with an average annual growth rate of 2 per cent between 2012 and 2017. Between 2017 and 2020, the other gaming segments are expected to grow 0 per cent annually.

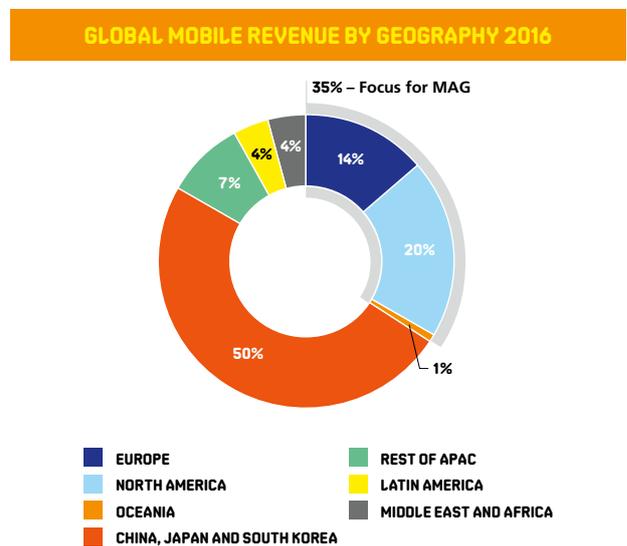


\* Compound annual growth rate.  
Source: Newzoo global games report, Q2 2017.

In 2012 the mobile gaming market value amounted to USD 12.5 billion which corresponded to 18 per cent of the global gaming market. Since then, the mobile gaming market has grown to a turnover of USD 46.1 billion in 2017. The mobile gaming market is projected to become increasingly dominant over the coming years with an estimated compounded annual growth rate of approximately 12 per cent from 2017 until 2020. The segment is consequently expected to grow from USD 46.1 billion in 2017 to USD 64.9 billion in 2020, at which point the segment will represent 51 per cent of the global gaming market.<sup>1)</sup>

### THE GLOBAL MOBILE GAMING MARKET BY GEOGRAPHY

Within the mobile gaming market there are differences between geographical regions. MAG Interactive's games are primarily aimed at players in North America, Europe and Oceania. These regions are considered to share certain aspects, e.g. a common alphabet and consumer preferences, making them favourable to target compared to other large markets, e.g. China, Japan and South Korea.



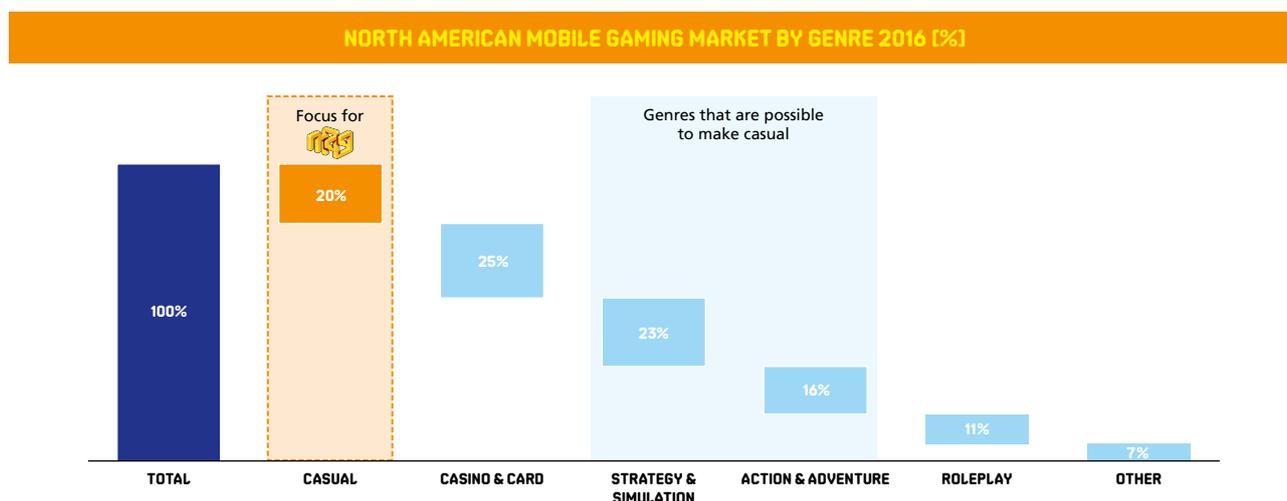
Source: Newzoo Casual games report, 2016.

1) Newzoo global games report, Q2 2017.

MAG Interactive's focus geographic markets, North America, Europe and Oceania together comprised 35 per cent of the global mobile gaming market in 2016. China, Japan and South Korea together made up 50 per cent of the mobile gaming market in 2016. The rest of the world, comprising markets such as Asia-Pacific (excluding China, Japan and South Korea), Latin America, Middle East and Africa made up the remaining 15 per cent in 2016.

**MOBILE GAMES GENRES**

Mobile gaming consists of several game genres, together making up the global gaming market. The chart below illustrates the five largest genres within the mobile gaming market in North America in 2016, illustrated as percentage of the total market value in North America.



Source: Newzoo Casual games report 2016.

MAG Interactive focuses on the casual gaming genre which represented 20 per cent of the North American mobile gaming market in 2016. Casual games typically attract a broad audience, have accessible core mechanics, can be played in short sessions, lack finality and are re-playable. MAG Interactive considers Ruzzle by MAG Interactive, and Candy Crush Saga by KING to be two examples of casual mobile games.

Mobile gambling platforms and casino oriented games such as poker, black jack and roulette are categorised under the Casino and Card genre. The Casino and Card genre was the largest genre in the North American market in 2016, with a market share of 25 per cent. MAG Interactive considers Zynga Poker by Zynga, and Slotomania by Playtika to be two examples of Casino and Card games.

The Strategy and Simulation genre comprises games focusing on tactical thinking and strategic planning. Its share of the North American market in 2016 was 23 per cent. MAG Interactive considers that the Strategy and Simulation genre borders the casual genre, meaning that it is possible to make casual Strategy and Simulation games. Minecraft by Mojang, and Clash of Clans by Supercell, are two examples of Strategy and Simulation games according to MAG Interactive.

The Action and Adventure genre comprises games characterised by high-paced gaming, challenging the players' coordination. MAG Interactive believes that the Action and Adventure genre borders the casual genre, meaning that it is possible to make casual Action and Adventure games. Games such as Super Mario Run by Nintendo, and Subway Surfers by Kiloo, are examples of Action and Adventure games according to MAG Interactive. The segment corresponded to 16 per cent of the mobile gaming revenue in North America in 2016.

The Roleplay genre comprises games where players control a fictional character which undertakes quests in an imaginary world. MAG Interactive considers The Walking Dead by Next Games, and Assassin's Creed by Ubisoft Entertainment to be two examples of games in this genre. The genre generated 11 per cent of the market value in North America in 2016.

Other genres made up the remaining 7 per cent of the North American mobile gaming market in 2016. These comprise genres such as arcade, racing and education.

## MARKET DRIVERS AND TRENDS

The mobile gaming market is growing at a fast pace, supported by a number of market drivers and trends. The following sections are meant to present the mobile gaming market's main drivers and trends according to MAG Interactive.

### MARKET DRIVERS

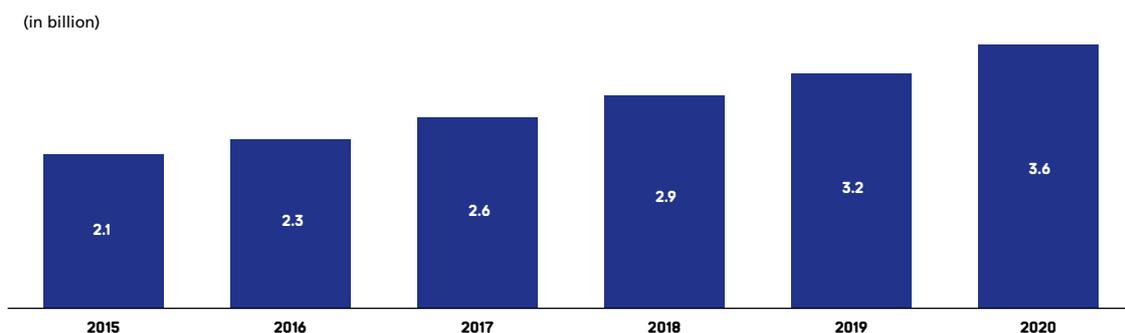
Growth in the mobile gaming market is driven by a number of important factors.

- The share of people owning a smartphone is increasing
- Growth in smartphone users playing games on mobile devices
- Increasing inclination to make in app purchases among gamers

### *Increasing smartphone penetration*

The global smartphone penetration increased from 22 per cent in 2014 to 28 per cent in 2016, and is expected to increase even further to 31 per cent in 2017, meaning that it is expected that 31 per cent of the world's population will have access to a smartphone in 2017. The following chart highlights the growing number of smartphone users worldwide. According to Newzoo, it is estimated that there will be an additional 1.3 billion new smartphones in use in 2020 compared to 2016. Through the proliferation of mobile platforms, there is and will continue to be, a growing audience accessing interactive entertainment.

### GLOBAL SMARTPHONE USERS 2015–2020



Source: Newzoo 2017.

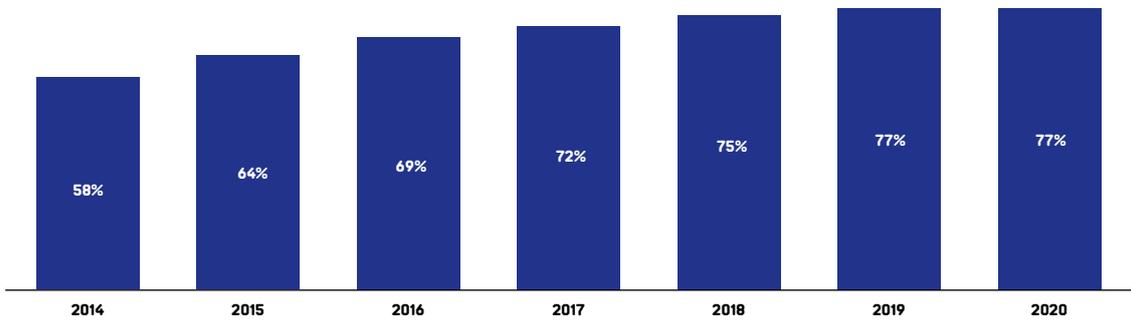
### *An increasing amount of smartphone users play mobile games*

In addition to an increasing smartphone penetration, an increasingly large share of mobile phone users are playing games on their devices. The chart below shows the mobile gaming audience as a percentage of the mobile phone users in the United States.<sup>1)</sup> In 2014, 58 per cent of smartphone users played games on their mobile at least monthly. The United States mobile gaming penetration has increased to 69 per cent in 2016 and is expected to increase even further to 77 per cent in 2020.<sup>2)</sup>

1) Mobile users are classified as mobile gamers when a mobile game is played at least once per month.

2) eMarketer.

**MOBILE GAMER PENETRATION AS PER CENT OF SMART PHONE USERS IN THE UNITED STATES 2014–2020**



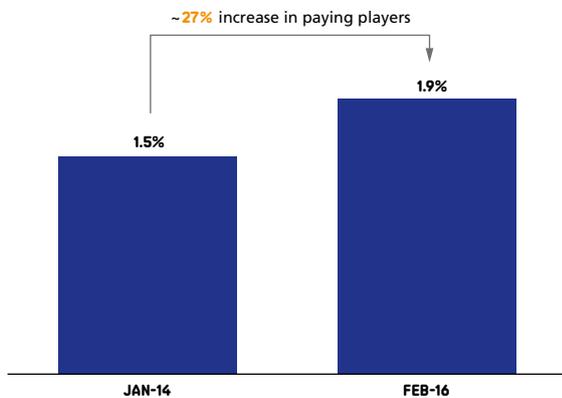
Source: eMarketer (Gamer penetration in the United States) 2016.

**Increasing inclination to pay in-game**

The revenue potential for mobile gaming companies has increased significantly through the emergence of free-to-play games. Within free-to-play games, users make in app purchases of virtual goods according to their preference and at their sole discretion throughout the gaming experience, rather than making a one-time upfront purchase for the game itself.

**INCREASING INCLINATION TO PAY IN GAME**

Global share of players that made an in app purchase (%), Jan 2014 vs Feb 2016



Source: Swrve monetization report 2016.

The global share of players who made an in app purchase increased by 27 per cent from 1.5 per cent in January 2014 to 1.9 per cent in February 2016.<sup>1)</sup>

**REVENUE MODELS**

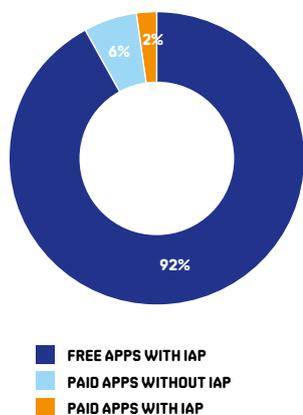
Mobile games can be divided into two main categories based on their respective monetisation schemes. Paid games are purchased upfront by users. They are typically not restricted by any means, and it is generally not possible to purchase virtual items or aids while playing. The monetisation thus happens when the actual purchase occurs. Free-to-play games are free to download and are instead monetised through in app purchases of virtual goods that enhance gaming and user experience, or increase the speed of progression in the game. Monetisation for the developer occurs when users purchase such items within the game.

The key to success in free-to-play games is to provide users with tempting virtual goods that allow them to experience an appropriate level of stimulation throughout the gaming experience. Successful free-to-play games can thus generate higher revenue per user than paid games, as well as maintain high retention rates over longer periods of time, as evidenced by the fact that free apps with in app purchases during 2014 generated 92 per cent of the total revenue in the mobile gaming industry.

The chart below shows the main revenue models as a share of total revenue in the Apple App Store for iPhone in 2014. Free apps with in app purchases has emerged as the predominant revenue model within the mobile gaming industry. Free apps with in app purchases generated 92 per cent of the total revenue in the Apple App Store in 2014, while paid apps without in app purchases and paid apps with in app purchases generated the remaining 6 per cent and 2 per cent respectively.

1) Swrve monetization report 2016.

**BUSINESS MODEL IN THE GAMING INDUSTRY (GLOBALLY)**



Note: Share of revenue in the Apple App Store for iPhone 2014.  
Source: Distimo 2014.

Games built with the free-to-play model in mind, typically relies on two important revenue components, being in app purchases and advertising.

**In app purchases**

In app purchases typically allow users to unlock certain features in the game through paying a relatively small amount. In app purchases are either consumables or permanent. Examples of consumables are coins, hints or clues that the player consume to progress within the game, whereas permanents are purchased once to provide a permanent benefit such as paying to remove ads or unlocking additional features.

**Advertising**

Games with advertisements displayed during the game offer advertisers the possibility to reach out to users through mobile games. Advertisements during games can either be incentivised or interstitial. Incentivised ads, typically videos, give players a bonus or benefit for watching the entire ad whereas interstitial ads, either static or short videos, pop up on the game screen and can be closed down by the players.

**MARKET TRENDS**

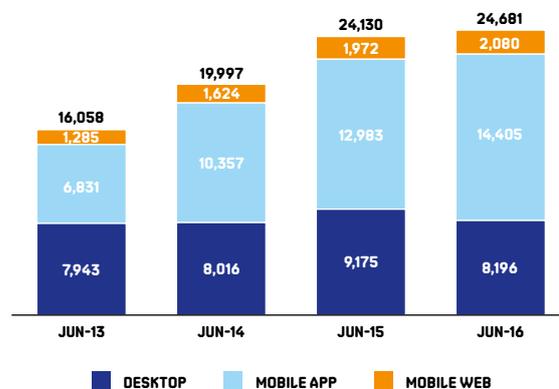
There are certain important market trends, presented in subsequent sections, that MAG Interactive believes have impacted the market and that are likely to continue to impact the market in the future.

**Apps are becoming the primary interface to consume digital media**

Mobile applications are becoming the primary interface to consume digital media while at the same time driving user engagement and brand loyalty. Further, apps are expected to become even more important as the smartphone adoption is expected to increase, presenting significant opportunities for companies to target and attract potential new audiences.<sup>1)</sup>

The following figure illustrates the growth in digital media time spent in the United States, from June 2013 until June 2016. Platforms included in the analysis are digital media time spent on desktop, mobile<sup>2)</sup> applications, and mobile web. Digital media time spent is measured in million hours.

**GROWTH IN DIGITAL MEDIA TIME SPENT IN THE UNITED STATES, MILLION HOURS**



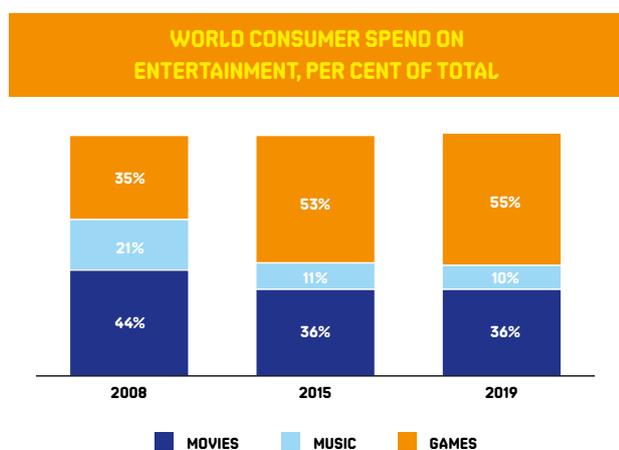
Source: Comscore mobile app report 2016.

During June 2013 until June 2016, time spent on digital media in the United States has increased by 54 per cent, from 16,058 million hours to 24,681 million hours. The increase, with a growth of 111 per cent during the period, was primarily driven by mobile applications.<sup>3)</sup> MAG Interactive believes that innovation around mobile apps and the convenience of mobile devices are important drivers of the shift in digital media usage.

1) App Annie mobile app forecast, 2016.  
2) Mobile as a combination of smartphone and tablet.  
3) Comscore mobile app report 2016.

**Gaming is taking up an increasing part of entertainment spending**

Since 2008, gaming has claimed an increasingly large share of the total spend on entertainment. In 2008, 35 per cent of the total consumer spending on entertainment was attributable to gaming, whereas movies and music corresponded to 44 per cent and 21 per cent, respectively. In 2015, 53 per cent of the total consumer spending on entertainment was attributable to gaming, a 54 per cent increase from the level in 2008. The trend is expected to continue, with the share of spending on gaming predicted to increase to 55 per cent of all spending on entertainment in 2019.



Source: IHS Technology report 2015.

MAG Interactive believes that the growth in gaming, at the expense of music and movies, is driven by an increasing number of non-traditional gamers. Furthermore, increasing smartphone penetration acts to support growth, as it makes gaming available at all times to more people worldwide.

**Economies of scale associated with developing games is driving consolidation in the market**

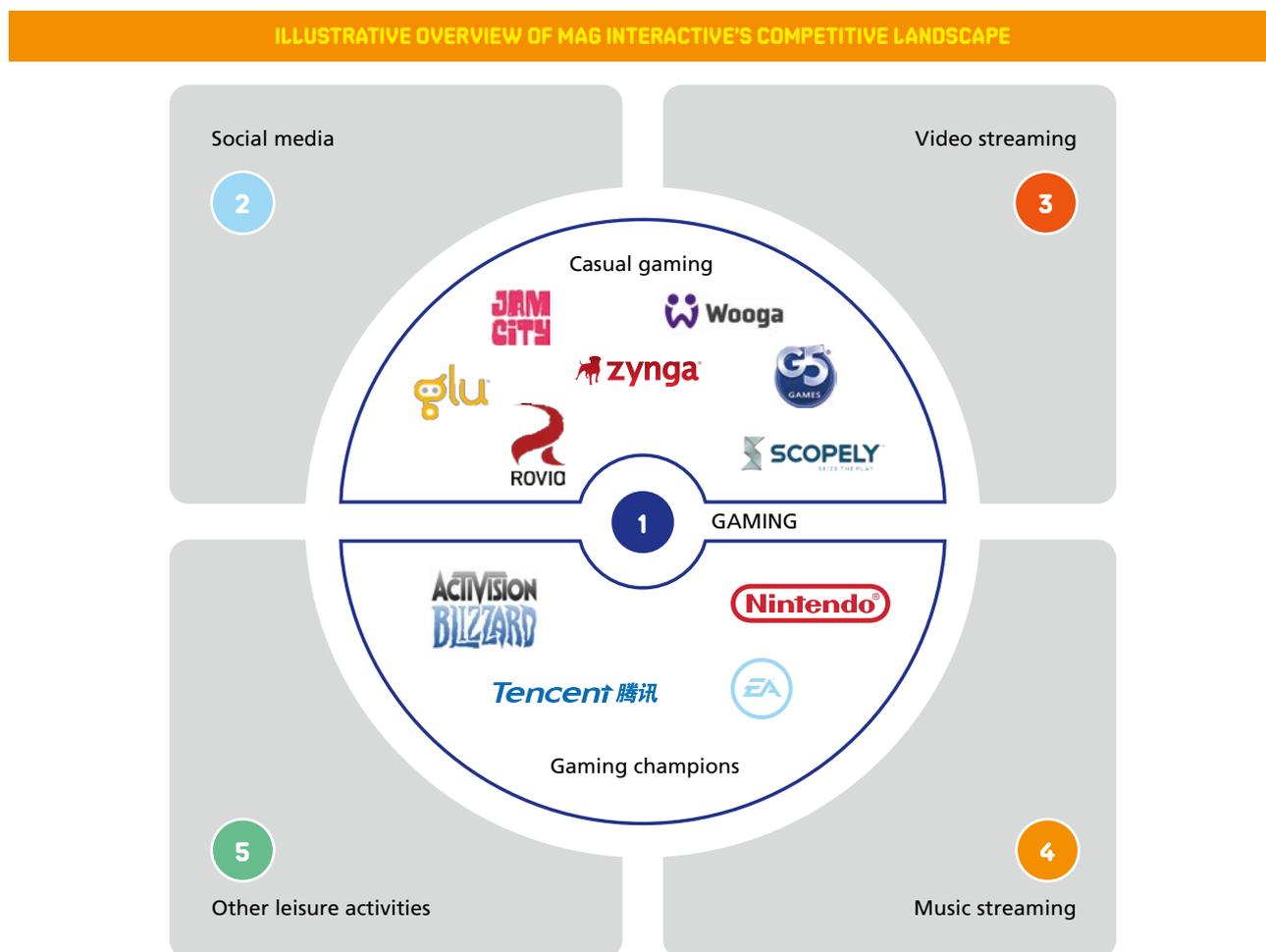
The mobile gaming industry has traditionally been considered to be characterised by low barriers to entry. However, developing and publishing successful mobile games is challenging, and only a handful of games generate what can be thought of as significant revenue. In 2015, 1,436 mobile games generated gross revenue in excess of USD one million each, corresponding to 0.2 per cent of all games worldwide, by volume. Considering that there were approximately 650,000 games available in the App Store for iOS in 2016, this means that the success rate is very low due to economies of scale.

MAG Interactive believes that the publishing stage is particularly challenging for smaller companies, as it requires scale in order to be successful. Knowledge regarding, and experience of, efficient marketing and data analysis are two challenging areas for smaller companies, making these possible areas for economies of scale. As a consequence of economies of scale, there is an ongoing consolidation taking place in the mobile gaming industry, where small developers and publishers are being acquired by larger developers and publishers. MAG Interactive's acquisition of Delinquent Interactive Limited (now called MAG Games Limited) ("Delinquent") would be one such example. In addition, the market has seen several large acquisitions taken place over the past years such as Activision Blizzard acquiring King (February 2016), Tencent acquiring Supercell (June 2016) and Zynga acquiring Harpan Solitaire (March 2017).

## COMPETITIVE ENVIRONMENT

MAG Interactive is exposed to competition both from other mobile gaming companies, as well as companies engaged in the provision of other forms of entertainment and leisure. The Company primarily competes for the user’s time and attention, suggesting that the competitive landscape cannot be limited to other mobile gaming companies.

The following illustration presents an overview of MAG Interactive’s competitive environment.



Source: MAG Interactive.

MAG Interactive’s primary competitors are other companies engaged in the development and publishing of casual mobile games. There are two main competitor groups competing with MAG Interactive in this capacity. These are mobile gaming companies niched to focus on casual gaming, e.g. Zynga, Glu and G5 Entertainment, as well as large gaming champions that are active in all verticals within the gaming space, e.g. Activision Blizzard and Nintendo.

Furthermore, MAG Interactive competes with various companies focusing on providing entertainment content,

over the users’ time. Social media applications such as Facebook, Instagram and Snapchat are examples of activities that casual gamers could prioritise over gaming, making them competitors to MAG Interactive. In addition, MAG Interactive is competing against music streaming services such as Spotify, Apple Music and SoundCloud, as well as video streaming services such as HBO, Netflix and Youtube. Other competing leisure activities can include a broad range of activities such as reading, watching TV, traditional board games and shopping.

## THE MOBILE GAMING MARKET'S VALUE CHAIN

The mobile gaming market's value chain can be split into five different stages. MAG Interactive is present in all parts of the value chain where it is meaningful for MAG Interactive to be present, i.e. in the development, publishing as well as marketing and re-engagement of players.



Source: MAG Interactive.

The following section describes the five different stages in the value chain.

### DEVELOPMENT

The first stage in the value chain is game development. The development stage comprises the creation and development of the game's central concepts, e.g. idea and story creation, concept design and writing the underlying code. Development is typically conducted by teams that vary in size from a single individual to a large scale operation. Development within established game studios typically occur in-house by teams organised in different functions, such as design, programming, testing and sound engineering. Another approach that is common for game studios is to rely on external development studios, thus only acting as publisher for the games. That type of specialisation benefits productivity and efficiency, while it reduces the cost for the entire process.

MAG Interactive divides the development stage into five phases being; idea generation, prototyping, pre-production, alpha and production. These phases are described in further detail in "*Business overview – Business model – Game development*".

### PUBLISHING

The next step in the value chain is the publishing process. Within the mobile gaming community, games are generally published by the developer of the game. There are, however, certain companies who publish games developed by external development studios.

The publishing process is typically initiated when the game development is far along in the process and can comprise of planning the launch, marketing activities, distribution of the game, quality assurance, customer support, post-launch development and monetisation. There are however publishers who participate from early on in the development process, financing the entire development process and offer support throughout the process while the developer focuses on the development process.

The main goal for publishers of mobile games is to bring their games to the market, maximising the user base to increase value of the game experience and enable potential revenue streams. MAG Interactive believes that there are significant scale benefits associated with the publishing process, as it is generally a time and resource consuming process that requires a certain amount of time for potential benefits to be maximised. Possession of a large player base and a strong brand are two examples where large distributors generally are favoured over small.

**DISTRIBUTION**

Mobile games are distributed through virtual app stores, primarily Google Play (Android) and App Store (iOS). These digital distribution platforms offer mobile game developers and publishers a worldwide reach of digital content with minimal effort. The distributors, providing app stores, charge a fee for billing, hosting and distribution. Integrated purchase systems on these platforms enable users to pay for the digital content.

**PLAYERS**

The next phase in the value chain is the players. Newzoo estimated that there were approximately 1.5 billion mobile gamers in 2014 worldwide. Developers and distributors compete against each other over the players' time and money alongside other entertainment activities, as specified above.

**MARKETING AND RE-ENGAGEMENT**

The final phase, marketing and re-engagement, is a recurring and iterative process rather than a finite stage in the value chain. Focus within this stage lies in acquiring users organically or through paid user acquisition. Targeted marketing, modern systems and sophisticated data analytics enable the developer and publisher to pursue efficient user acquisition, with significant visibility on the return of money spent.

# BUSINESS OVERVIEW

*This section describes MAG Interactive's operations. During November 2017, the Company acquired FEO Media. In order to provide a deeper understanding of MAG Interactive, information regarding the financial year 2016/2017 has been updated to include FEO Media, unless otherwise specified. To simplify for the reader, all games in the QuizDuel franchise are treated as one game in the Prospectus.*

## INTRODUCTION TO MAG INTERACTIVE

Founded in 2010 in Stockholm, MAG Interactive is a developer and publisher of casual mobile games. The Company, headquartered in Stockholm, employed 55 persons on average during 2016/2017, working at one of the strategically located studios in Stockholm, Sweden or Brighton, United Kingdom. The Company develops and publishes free-to-play games for mobile devices, in which the players make in app purchases of virtual items or gameplay benefits. As a result of the acquisition of FEO Media, completed in November 2017, another 50 FTEs joined MAG Interactive. Further, another studio was added to MAG Interactive's business.

MAG Interactive started out within the word game niche, with the game Ruzzle as its first product. Today, the

current focus is the broader casual mobile gaming category. Over the years, MAG Interactive has developed an analytics driven and repeatable game development process, based on a scientific approach to ensure quality and frequency of all productions. The current portfolio contains ten games, of which five are word games, one is a puzzle game and four are trivia games. Nine of MAG Interactive's ten games have been downloaded in excess of one million times,<sup>1)</sup> a strong track record primarily due to the proven in-house process for developing games. In total, the Company's games have been downloaded more than 200 million times, a milestone reached in November 2017 in conjunction with the acquisition of FEO Media.

### MAG INTERACTIVE'S GAMES



Source: MAG Interactive.

MAG Interactive's games are distributed through virtual app stores, allowing for global reach with minimum effort, of which the largest are Google Play and App Store, for operating systems Android and iOS respectively. Partly due

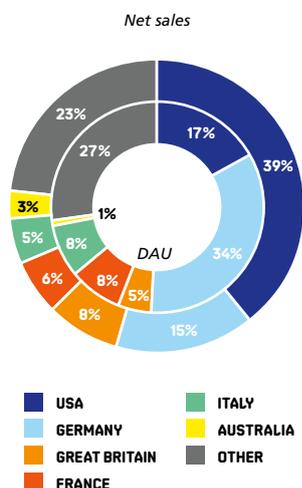
to the high quality and rankings of its games, the Company enjoys strong relationships with the main distributors, which facilitates and improves the Company's publishing and marketing activities.

1) The tenth game, Backpacker, was launched during October 2017, and has therefore not reached one million downloads as of yet.

OVERVIEW OF MAG INTERACTIVE

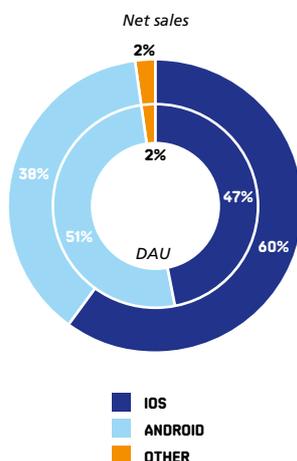
Global player base

Approximation of net sales and DAU by geography 2016/2017



Even distribution between platforms

Approximation of net sales and DAU by distribution platform 2016/2017



Brief facts and statistics

- 740** #1 positions globally within the word game niche
- 7 OF 7** consecutive games exceeding one million downloads
- 3** new games in the autumn 2017
- +200** million downloads, with approximately 13 million monthly active users
- ~30%** of the Swedish population has played a MAG Interactive game
- >0%** EBITDA margin every year since the first year of operations

Source: MAG Interactive. The breakdowns are unaudited.

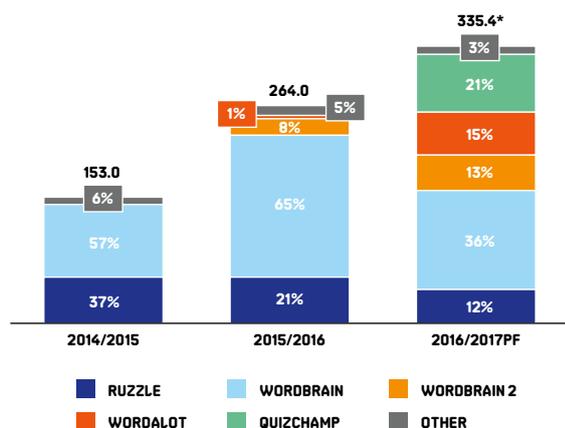
MAG Interactive recorded net sales of SEK 335 million on a pro forma-basis and EBITDA<sup>1)</sup> of SEK 58 million on a pro forma-basis in 2016/2017. Since 2014/2015, net sales have shown a strong growth with a CAGR of 48 per cent. For 2016/2017, net sales was relatively evenly distributed

between the two dominating distribution platforms, Google Play and App Store. Geographically, the United States together with Germany and the United Kingdom accounted for 62 per cent of net sales during the same period.

NET SALES AND EBITDA (2014/2015–2016/2017PF)

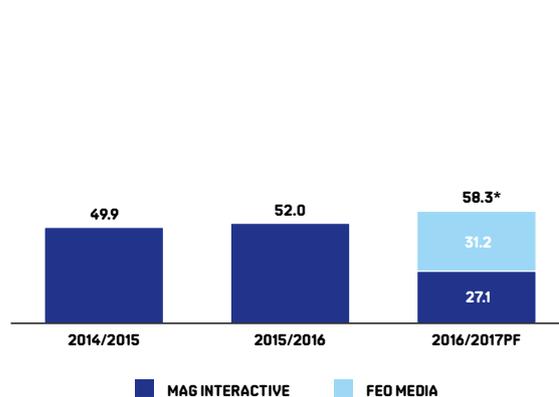
Net sales per game

SEK million



EBITDA

SEK million



\* More information regarding pro forma is available in the section "Pro forma".

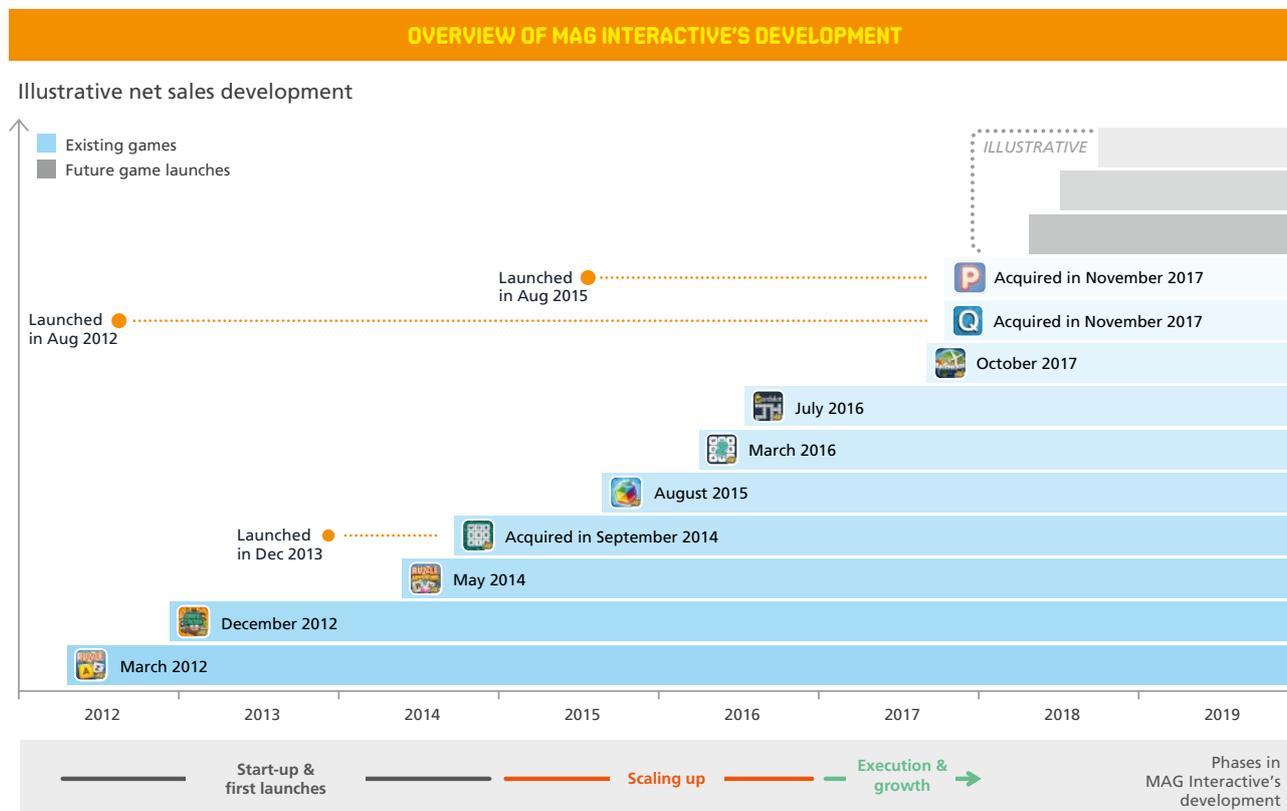
Note: In 2014/2015 the Company had other net sales amounting to SEK 1.4 million which is not displayed in the graph.

Source: MAG Interactive. Net sales and EBITDA are audited on an aggregated level, and the disintegrations are unaudited.

1) EBITDA is an alternative performance measure. See section "Selected financial information – Key performance indicators – Alternative performance measures – Reconciliation tables for alternative performance measures" and "Selected financial information – Key performance indicators – Alternative performance measures – Definitions of key performance indicators not defined in accordance with IFRS".

## HISTORY

Profitable since its inception, MAG Interactive has successfully established a strong platform for further growth, through an attractive game portfolio with a well-invested pipeline. Along the journey, the Company has expanded significantly, from the original founding group of six persons, to the 55 people employed as on average during 2016/2017.



Source: MAG Interactive.

### START-UP AND FIRST LAUNCHES

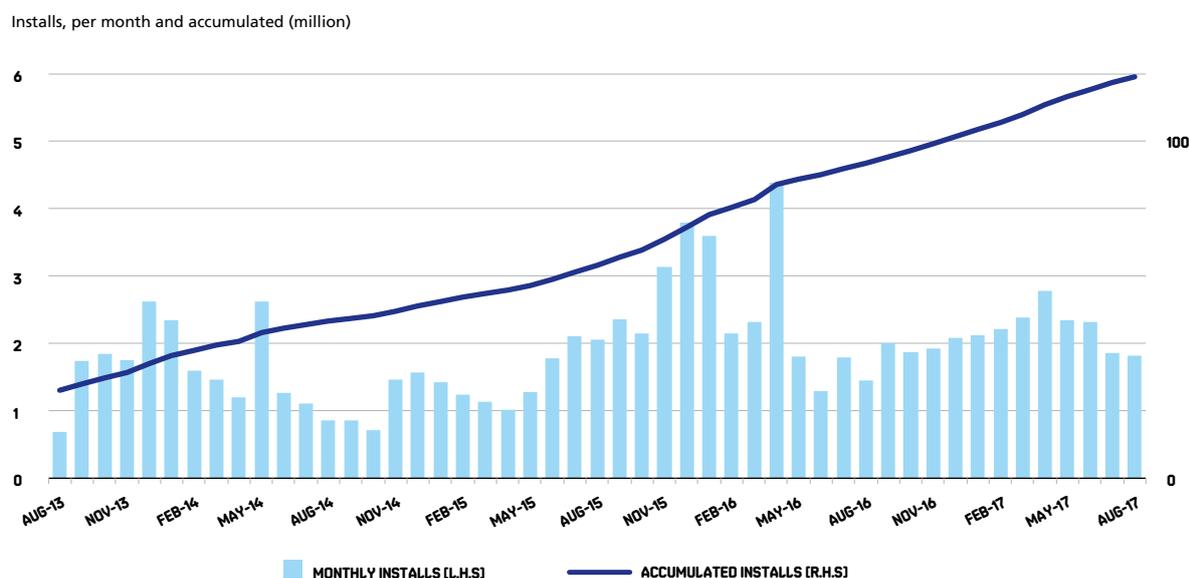
MAG Interactive was founded in Stockholm in 2010. During the first 18 months, the Company primarily acted as a developer of apps for third parties. In 2011, MAG Interactive decided to redirect its efforts to instead purely focus on development of own apps. The launch of Ruzzle in early 2012 provided proof of concept of the new strategic direction. 2012 can thus be said to mark the year when MAG Interactive assumed the shape in which the Company is known today.

Ruzzle immediately became a success in the Nordics and the Netherlands. The game, a fast-paced word game with strong social components, attracted one million players

during the first month and over 20 million players within a year after launch. Ruzzle did not only prove that the Company was able to create successful games, it also put MAG Interactive on the map as one of Sweden's foremost mobile gaming developers. Ruzzle went viral in the United States in December 2012 and within the first 18 months, the game had been installed 45 million times, and achieved top ten rankings in 148 countries around the world on a broad range of mobile platforms.

Since the launch of Ruzzle, MAG Interactive's user base has gradually grown with, on average, two million installs per month. In December 2016, MAG Interactive reached a milestone with 100 million total installs.

## NUMBER OF INSTALLS, PER MONTH AND ACCUMULATED



Note: The information in the figure relates to MAG Interactive and has not been updated to include FEO Media.

Source: MAG Interactive.

### SCALING UP

In November 2013, Nokia Growth Partners (“NGP”) invested in MAG Interactive, constituting the first institutional investor to join the Company. The global venture capital firm focusing on growth-stage investing has several mobile consumer services investments. The investment by NGP supported MAG Interactive, leveraging external investor experience, to further develop its portfolio.

Between 2014 and 2016, MAG Interactive added five additional games to the portfolio as well as a new development studio through the acquisition of Delinquent in 2015. Delinquent was founded in 2014 by an executive team with significant industry experience from companies such as Activision Blizzard, Relentless and Mind Candy. Shortly after the acquisition, Potion Pop (developed by Delinquent), was released. Since then, Wordalot has been developed in this studio. At the time of the acquisition, Delinquent had twelve employees who became part of MAG Interactive, increasing the Company’s total number of employees to approximately 50 at the time.

Another acquisition heavily impacting MAG Interactive’s development is that of WordBrain, originally launched in December 2013. When the Company acquired WordBrain in 2014 the game had been downloaded approximately one

million times. Since then, MAG Interactive accelerated growth of the game resulting in an additional 39 million downloads. The game is one of the most successful word games ever in the United States mobile gaming market, as it spent 298 consecutive days as the highest grossing word game in the United States<sup>1)</sup>.

The gaming landscape is continuously evolving with new gaming platforms, such as smartphone messenger gaming, being available to the users. MAG Interactive considers it important to be responsive to trends in the market and has therefore conducted two recent experiments within messenger gaming. In December 2016, MAG Interactive acted as launch partner for Facebook’s Instant Games. Wordalot Express was one of the 17 games that were available at launch. Created specifically for Instant Games, Wordalot Express is a lighter version of the original Wordalot. In January 2017, the Company launched Chat Battle, a game for iMessage. Chat Battle is downloaded through the App Store and allows players to battle each other in a rock, paper, scissors style game through iMessage. The key takeaways from these experiments are that the messenger platform is not yet finished, but indicates great potential for the future.

1) Top grossing word game in App Store from 1 February 2015 to 25 November 2015.

### FOCUS ON EXECUTION AND GROWTH

During 2016 and 2017, MAG Interactive has taken significant steps in the Company's development leading to a situation where the Company is ready to focus on execution and growth. The organisation has been strengthened by forming a live operations team based in Brighton, tasked with management of games post-launch. The live operations team will be responsible for all games once they are considered feature complete, allowing the original development teams to focus on new ideas and games in development, rather than management of existing games. The goal is to ensure that growing games are updated on a regular basis, in order to keep player engagement alive.

The live operations team consists of a product manager, two engineers, a content manager and a localisation manager. MAG Interactive believes that there are several benefits associated with the live operations team, such as but not limited to;

- Shared tool-set for content development, sales and events which improve scalability
- Enables the development teams to focus on new ideas and games
- A dedicated team focusing solely on live operations fuel efficiency throughout the organisation, as a consequence of a higher degree of specialisation, both within live operations and game development

### THE ACQUISITION OF FEO MEDIA

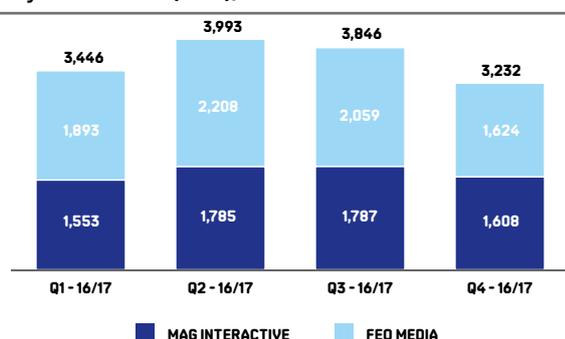
The future growth of MAG Interactive is expected to partly be generated by acquisitions. FEO Media was acquired in November 2017, highlighting MAG Interactive's possibilities to complement the Company's current portfolio. The Company aims to utilize their internal knowledge and infrastructure to find strong scalable opportunities, as well as optimise acquired games. The integration of FEO Media has begun and is expected to continue during the financial year 2017/2018.

FEO Media's audience is closely related to that of MAG Interactive, both in terms of demography and type of players. QuizDuel, FEO Media's largest and most well-known game, targets the same group of casual gamers as MAG Interactive's games. The acquisition also creates geographical opportunities in markets where MAG Interactive historically has had a limited presence, with two examples being Germany and Russia. These markets will be important for MAG Interactive going forward, combined with a strengthened presence in the Nordics, France and Italy.

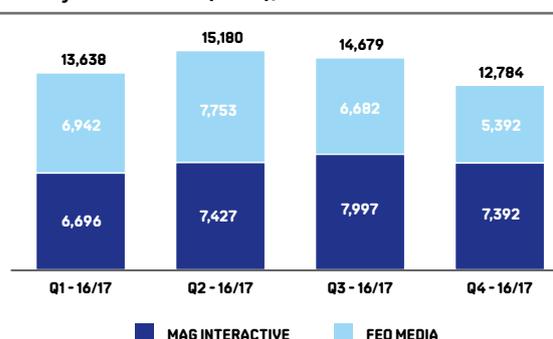
The monetisation of the average FEO Media player is significantly lower than that of MAG Interactive's average player. FEO Media's MUP illustrates this fact, and it is apparent that only a small share of the players make in-app purchases. Additionally, ARPDAU for FEO Media is significantly lower than that of MAG Interactive. The Company will thus work to improve the monetisation of the acquired gamers, in order for them to reach the same level as MAG Interactive's current player base. Through active optimisation of the acquired games, MAG Interactive believes that this can be achieved given the Company's experiences and infrastructure. MAG Interactive has previously been able to successfully carry through such changes, and as described in the section "*Business overview – Business model – Publishing – Portfolio optimisation*", the Company has managed to improve the monetisation of Ruzzle with similar efforts.

## KEY PERFORMANCE INDICATORS PER QUARTER 2016/2017

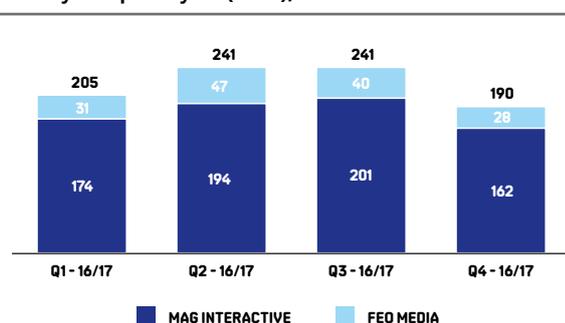
Daily Active Users (DAU), thousands\*



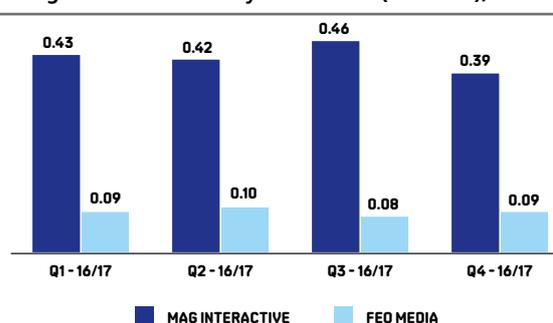
Monthly Active Users (MAU), thousands\*



Monthly Unique Payers (MUP), thousands\*



Average Revenue Per Daily Active User (ARPPU), SEK\*



\* See section "Operating and financial review – Key operational metrics" for information on key performance indicators.

Source: MAG Interactive. The key performance indicators has not been audited.

In addition to working with the monetisation, the acquisition also gives the Company an opportunity to use cross-promotion between new games and old MAG Interactive games. MAG Interactive's portfolio previously contained two games within the trivia gaming space, QuizCross and Backpacker, which creates great opportunities for cross-promotion within the same category.

In conclusion, the Company sees great potential in the player base and products the Company receives access to as a result of the acquisition. Following the acquisition, the size of the current Monthly Active Users exceeds twelve million, and the number of Daily Active Users exceeds three million.

### MISSION, VISION AND VALUE PROPOSITION

MAG Interactive's mission is to create long lasting, quality time experiences to long for. The Company's vision is to enrich people's lives.

The value proposition of MAG Interactive lies within its goal to be "The good times factory", a dual-based statement. The good times factory should provide guilt-free, social entertainment gamers are proud to play, whilst the other aspect of the statement is that the game development

process should work like a factory: structured, repeatable and predictable. The Company aims to establish its position as a leading mobile game developer and publisher on a global scale, whilst building world class brands for both products and the Company itself. It is important for the Company that employees are proud of all aspects of its operations, but also to create games that the players are proud of playing. Games produced by MAG Interactive should be free to play, casual and available for playing anytime and anywhere.

In order to become "The good times factory", MAG Interactive's foundation rests on three building blocks: the team, the games and the players, described more in detail below.

Focusing on the team means that MAG Interactive considers it critical to have a harmonised, stimulating work culture in order to be able to develop successful games. The studio locations in Stockholm and Brighton are areas with a history of growing multiple gaming companies. In addition to attracting global talent, MAG Interactive has the advantage of tapping into two distinct labour markets when looking for talent in a competitive environment. In addition,

the Company strives to have an empowering and flexible company culture with focus on trust, transparency and letting teams work autonomously, further described in the section "*Business overview – Organisation – The culture*". The inclusive environment allows for a shared culture of creativity, trust and autonomy, leading to a bilateral exchange of knowledge and experience among employees and across studios.

The games are an essential part of MAG Interactive's value proposition. With millions of downloads, all games share a common DNA. The DNA can be said to consist of three parts: the user experience, the actual game dynamics and the relationship with the user. The games should be inclusively designed for everyone, and have longevity meaning that users can play the games during long periods of time. Playing a MAG Interactive game should be considered quality time entertainment, generating a positive feeling for players, resulting in trusting relationships between MAG Interactive and the users.

The third and final building block is the players. It is MAG Interactive's prospect that all players should feel engaged in the games and be able to play them wherever they are. Combined with other factors, MAG Interactive's

player focus when developing games has resulted in a loyal player base, supported by the fact that 75 per cent of active Ruzzle players are players that first started playing the game more than six months ago. MAG Interactive strives to create games for everyone, and the Company has a well-balanced gender split with a slight bias towards females as approximately 60 per cent of MAG Interactive's players are female. The Company intends to build social games, as network effects with a large player base leads to higher value in the game.

## ORGANISATION

### THE TEAM

During the financial year ending 31 August 2017, MAG Interactive employed on average 55 people, of which 14 were located in Brighton and the remaining 41 in Stockholm. The previous year, the average number of employees was 47, eleven in Brighton and 36 in Stockholm. The majority of MAG Interactive's employees work directly with game development, marketing or business intelligence. The following table shows full-time employees per function at the end of each financial year.

(Number of FTEs)	As per financial year end		
	31 August 2017	31 August 2016	31 August 2015
Business Intelligence	5	4	3
Creatives / graphics	8	5	5
Developer	16	17	16
Finance	2	2	1
Game design	3	3	3
User Acquisition*, growth and marketing	10	8	5
HR	1	1	1
Live operations	5	–	–
Management	5	4	5
Office	1	1	1
Quality assurance	–	3	2
Sound	1	–	–
<b>Total number of FTEs</b>	<b>57</b>	<b>48</b>	<b>42</b>

\* User acquisition refers to costs related to Direct Response Marketing.

Note: The information relates to MAG Interactive and has not been updated to include FEO Media.

Source: MAG Interactive.

Although the Company is headquartered in Stockholm, there are and will continue to be several cross-border projects between the Company's studios, making them highly integrated sharing one culture and knowledge base. The acquisition of FEO Media resulted in the addition of another studio, located in Stockholm, as well as around 50 employees.

Since its inception, MAG Interactive has focused on creating a scalable game development process, which going

forward will enable the Company to grow key business metrics without increasing its staff in a similar growth pace. Furthermore, MAG Interactive has recently worked to streamline several in-house business processes, such as post-launch game development and optimisation, which is expected to further improve the scalability of operations going forward.

**THE CULTURE**

At MAG interactive, the corporate culture is a key factor in the company “DNA”. The Company aims to create and maintain a work environment based on trust, with clear focus on value creation. The value generated from such a culture for MAG Interactive is to be able to not only attract talent, but also to drive employee loyalty and to grow talent within the Company. In addition, maintaining a healthy set of culture guidelines mitigates the risk of finding the right talent becoming an obstacle in the future. The MAG Interactive culture is based on the following principles:

- **Trust and transparency** are guiding principles in everything MAG Interactive does
- Failure is a **natural** step to success
- Pursuit of greatest possible independence for the teams
- Focusing on **why/what** rather than how
- Working in small, focused and **passionate teams**

**BUSINESS MODEL**

MAG Interactive’s business model can be divided into two parts, which could be referred to as development and publishing. These are briefly summarised below, and then explained more in detail later in the section. Development, the first part, contains all activities related to the development of new games. MAG Interactive’s development process has a proven track record of the ability to generate successful games.<sup>1)</sup> Publishing, the second part of the business model, concerns activities taking place from the launch of a game and onwards. It includes relationship building with distributors, marketing and continuous post-launch game optimisation.

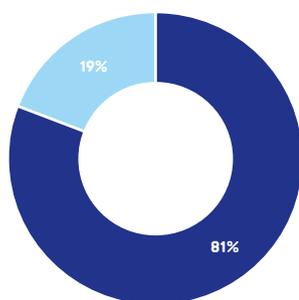
During 2017, the Company entered into its first publishing deal, agreeing to publish the game Backpacker, originally developed by a company called WeAreQiiwi Interactive AB (“WeAreQiiwi Interactive”). Acting as a publisher for games developed by other developers adds another dimension to MAG Interactive’s offering, and the publisher model is described further in the section “Business overview – Business model – Publishing”.

MAG Interactive’s games are free to play, and primarily monetised with in app purchases, the exception being Ruzzle, QuizDuel and Pixduel, primarily monetised through advertising. Purchases made in the Company’s games are either consumables, such as coins, hints or clues, or permanent, such as removing ads permanently. The largest share of MAG Interactive’s net sales stem from in app purchases, amounting to 81 per cent of 2016/2017 net sales. The rest, 19 per cent was generated by advertising sales.<sup>2)</sup> MAG Interactive utilises both interstitial and incentivised ads. Incentivised ads are typically videos that generate a bonus or benefit if a player chooses to watch the ad in its entirety. Interstitial ads are typically static ads or short videos that the player can choose to end should they want to.

The acquisition of FEO Media implies a change in the distribution between in app purchases and advertising, as a consequence of QuizDuel and Pixduel mainly being monetised through advertisements. The illustration below shows the distribution between in app purchases and advertisement in 2016/2017, for MAG Interactive, as well as for MAG Interactive and FEO Media combined. In 2016/2017, 65 per cent of the combined net sales of MAG Interactive and FEO Media would have been attributed to in app purchases, while the remaining 35 per cent would have been attributed to advertisements sales.

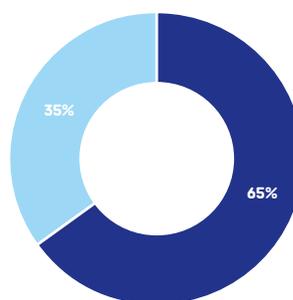
**SHARE OF NET SALES FOR IN APP PURCHASES AND ADVERTISING SALES, 2016/2017**

**MAG Interactive**



■ IN APP PURCHASES    ■ IN APP ADVERTISING

**MAG Interactive including FEO Media**



■ IN APP PURCHASES    ■ IN APP ADVERTISING

Source: MAG Interactive. The breakdown for MAG Interactive has been audited, while the breakdown for MAG Interactive including FEO Media has not been unaudited.

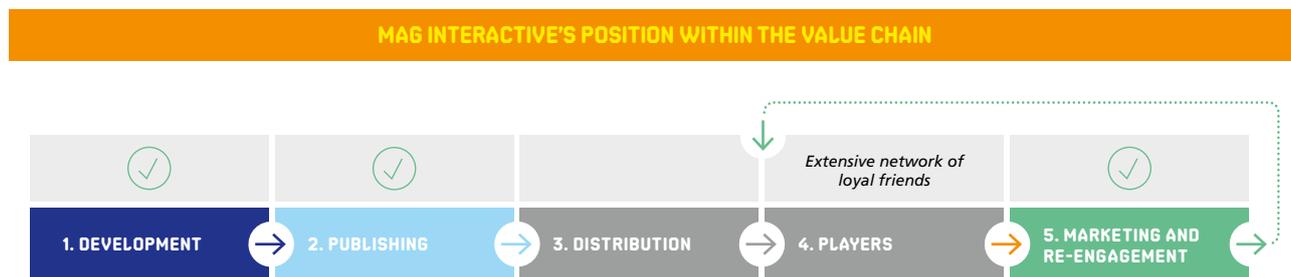
1) A MAG Interactive game should be downloaded in excess of 1,000,000 times for the Company to consider it a success.  
 2) The information relates to MAG Interactive and has not been updated to include FEO Media.

A common trait for MAG Interactive's games is that they should be easy to learn but hard to master, driving user engagement. Due to the easily accessible, casual nature of the games, they are typically played on buses, trains, over coffee or study breaks, while watching TV or waiting to meet a friend. No individual game session should take more than a few minutes, which in combination with other game characteristics translates into an active, engaged and loyal player base.

According to MAG Interactive, the key strengths of the business model are:

- Dual-phased game development process with proven ability to generate successful games
- Efficient market strategy which drives user acquisition to the Company's games
- Performance based marketing enabling optimisation and scaling of existing assets
- Continuous development of games following release to drive re-engagement and loyalty

**MAG INTERACTIVE'S POSITION WITHIN THE VALUE CHAIN**



Source: MAG Interactive.

MAG Interactive acts as both a developer and publisher of mobile games. The publishing phase includes the marketing and sale of games, as well as the user engagement and monetisation parameters. Close relationships with important distributors, such as Apple and Google, enable MAG Interactive's games to reach players through virtual app stores. Following the launch of a game, the Company continues with activities to optimise monetisation and user engagement, through for instance user acquisition or in-game campaigns. It is important to the Company to continuously update the gaming experience according to new techniques, trends or ideas.

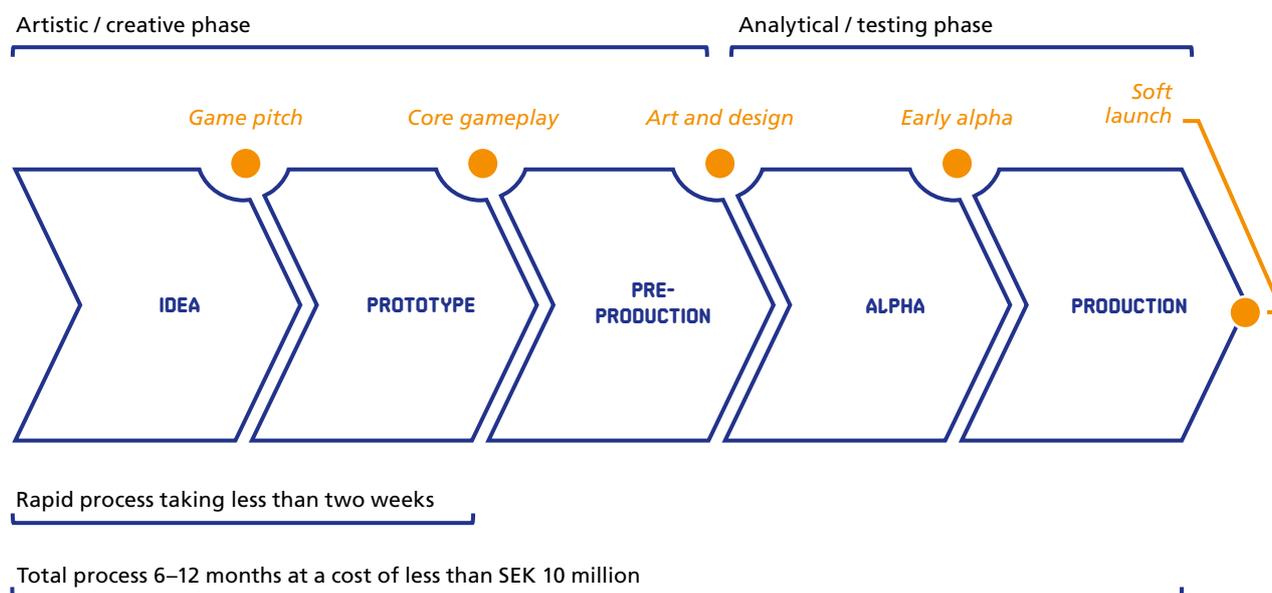
**GAME DEVELOPMENT**

MAG Interactive develops games through a repeatable and analytics-driven game development process. The development process consists of five phases, of which the first three

are considered to have a creative focus, and the last two assuming more of an analytical nature with emphasis on testing and performance validation. The clearly structured process aims to limit the risks associated with future game launches, since games go through significant testing during the development process in order for the decision to launch the game to be taken. All aspects, either regarding aesthetics, monetisation or core gameplay, are evaluated repeatedly and hence thoroughly tested ahead of launch.

Small teams work autonomously on the development of each game, which decreases costs whilst increasing flexibility and control. The total development process for a new game typically takes around six to twelve months at a cost of less than SEK 10 million. Thus far, the process has proven successful, based on the fact that MAG Interactive has launched seven consecutive games reaching more than one million downloads each.

## MAG INTERACTIVE'S GAME DEVELOPMENT PROCESS



Source: MAG Interactive.

### Creative phase

The creative phase consists of three stages: idea generation, prototyping and pre-production. Together, these form an innovative phase, where focus lies on assessing the preliminary potential of a game, followed by setting and enhancing its graphical aspects. The main goal of this phase is to verify product performance and appearance at an early stage and at low cost.

#### Idea generation

The majority of game ideas spring from regularly held game jams, referred to as MAG Hacks, where people get together to work on new things outside of their day-to-day development tasks. Such events are held about ten times per year and each event typically result in a number of new game prototypes or concepts. Typically no code is written during the idea generation stage, instead tangible aids are used to visualise the gameplay.

#### Prototyping

Once decided that an idea generated during the previous process stage should be prototyped, a dedicated prototype team is formed. The team will spend a short period of time developing the initial game prototype. In this stage, the team will typically start coding the core gameplay aspects in order for the prototype to be testable. However, the code is simple and the main focus of this stage is to attain testable game prototypes. Testing in the prototype stage is conducted either externally, through small, simple focus groups or internally, through a random selection of players that could

be co-workers, friends or family. In prototype testing, initial gameplay scores are collected and analysed.

MAG Interactive builds approximately 15 prototypes per year. Prototypes that succeeded in triggering initial curiosity and hence received strong scores move into the next phase of the game development phase.

#### Pre-production

The pre-production phase can be described as a bridge between the prototype and alpha phases. In the pre-production phase, the initial prototype is developed, tweaked and integrated in order to prepare the game for the alpha phase.

Once the gameplay and its surrounding aspects have been further developed to reach a satisfactory level, focus is shifted to the design aspects of the game. Important factors to decide upon include, but are not limited to, the colour scheme, typography, animations, effects, icons, symbols and name. The pre-production phase is the last step in the creative phase of the development of a game. The Company has typically spent one to two months developing the game at the end of this stage.

#### Analytical phase

The analytical phase consists of two stages: alpha and production. Both stages are data driven, with rigorous testing being key in order to validate the performance. The goal of the analytical phase is to limit any downside risk while maximising marketing impact ahead of the game launch.

### Alpha testing

The alpha phase is the first of the two data driven analytical stages in the game development process. MAG Interactive develops approximately four to eight alphas during an average year.

The first part of the alpha phase is the development of the Minimum Viable Product ("MVP"). A MVP is a product with just enough core features to be able to validate its performance through testing. When developing the MVP, non-crucial aspects are not extensively developed, enabling the Company to decrease the amount of both time and money spent on attaining a testable product. Nevertheless, the core functions of the MVP still enables the Company to gather valuable insights from testing with minimal resources and engineering hours spent.

The alpha testing provides MAG Interactive with highly qualitative testing data, since the players, their behaviour and gaming patterns are real-time events. The primary objective of the collected data during this phase is to measure and analyse retention rates. During the alpha phase, MAG Interactive typically involves focus groups, but in a more comprehensive way compared to the prototyping phase. The testing is done under a different brand to protect the MAG Interactive brand. Further, the different brand excludes favouritism that comes from existing brand affiliation, which the Company intends to remove at this stage in order to receive as unfiltered feedback as possible.

The entire alpha phase typically lasts two to four months, out of which the alpha testing period usually lasts a couple of weeks.

### Production

The production phase is the second step in the analytical phase, and the last in the entire game development process, during which a featurecomplete product is finalised. As the longest and most rigorous phase, production usually lasts two to six months, and ends with the full game launch. Going forward, the Company aims to have two to four games reaching the later stage of the production phase, soft launch, each year.

The first activity in the production phase is to collect and analyse the data obtained from the alpha launch and the focus group feedback. As in the previous phase, focus lies on retention rates. The game is continuously updated, and final tweaks are performed in order to prepare the game for soft launch. In soft launch, the game is released in its final version, albeit in a selected geography. As opposed to the alpha launch, the soft launch contains the MAG Interactive brand. The soft launch is a way to test the game in its

natural habitat ahead of the full, global, game launch. The Company therefore performs rigorous analysis of the data obtained from the soft launch, and uses it to prepare for the global launch.

Up to the production phase, the involved team has been limited to the dedicated game development team. Now, once the soft launch has started and the Company starts to receive qualitative data from it, marketing work is commenced. This means that the involved team is expanded and starts to prepare for game launch. The marketing teams investigate what type of marketing strategy should be used, calibrating for example various user acquisition scenarios. If the data, and hence the results, from the soft launch are satisfactory, the game is launched globally, combined with extensive market campaigns to ignite user interest directly from the start. The games are continuously tweaked and updated post-launch to optimise monetisation and user engagement, which will be further described in the next section.

### PUBLISHING

In addition to game development, MAG Interactive's business model includes publishing. Key publishing activities include sales and marketing, as well as live operations of the games, in order to optimise monetisation and retention. The developer commonly acts as both publisher and developer within the mobile gaming space. The two stages are highly integrated due to the need of post-launch updates. However, there are exceptions, and Backpacker is an exception for MAG Interactive.

Backpacker was developed by WeAreQiiwi Interactive and MAG Interactive only acts as a publisher of the game, whereas WeAreQiiwi Interactive takes responsibility for the development of the game (both before and after launch) while MAG Interactive advises on game design and is responsible for publishing the game, including contacts with distributors, marketing and data analysis. In terms of the investment, WeAreQiiwi Interactive has invested in the development of the game, whereas MAG Interactive invests its time from soft launch and onwards.

The Company believes that acting as a publisher for games developed by others will be valuable for the Company going forward, and according to MAG Interactive there are several benefits associated with the publishing of externally developed games, illustrated in the figure below. The expectation from both parties is that the setup will yield profitable synergies, and capture excess value that the developer would not have attained on its own.

## BENEFITS ASSOCIATED WITH THE PUBLISHING OF EXTERNALLY DEVELOPED GAMES

### DEVELOPER

- Receives a strong partner with significant scale in terms of publishing
- Possibility to tap into MAG Interactive's game council
- Benefits from work done by MAG Interactive's growth team



### MAG INTERACTIVE

- Limited risk as a consequence of the set up with no up-front investment
- Scalable game with proven player engagement
- Additional players to MAG Interactive's existing player base

Source: MAG Interactive.

### **Distribution**

Games are distributed through virtual app stores, with the dominant app stores being Google's Google Play for Android and Apple's App Store for iOS. Other distributors include Facebook and Amazon. Within these online market places, users browse, search for and download apps for their mobile devices through integrated search tools, top lists and other features. It is thus very important to maintain strong relationships with the distributors, specifically Apple and Google, since they decide on what games are highlighted and featured within their respective app store.

All purchases made in relation to a downloaded game are made through the app stores' integrated payment solutions. Distributors have advanced payment infrastructure and are typically viewed as trustworthy partners by smartphone users. These factors increase the simplicity and flexibility for players when making in app purchases, enabling MAG Interactive (and other developers) to purely focus on monetisation improvement while leaving payment technologies outside of its offering. Distributors generally retain 30 per cent of all purchases made within their respective app stores, with the rest appropriated to the publisher of the game.

MAG Interactive considers the Company to have long-standing, well-founded relationships with the key distributors Google and Apple, the dominating actors within the distribution space. During WWDC 2014, an annual convention held by Apple, MAG Interactive was highlighted in a keynote as an example of great user experience design through innovative user interfaces. In addition, game developers can receive stamps of quality within app stores, such as Google play's "Top developer", an accolade MAG Interactive has received and which is shown next to the MAG Interactive logo in all Google Play settings. Additionally, the Company has established relationships with other distributors and partners, such as Facebook, Amazon and Twitter.

In addition to receiving significant exposure in the app stores through highlights and features, there are several other benefits from having good relationships with distributors. These include receiving early access to new platform features and a bilateral exchange of knowledge and experience between publisher and distributor. This can be illustrated through the fact that MAG Interactive has been approached by both Facebook and Apple, who wanted the Company to develop games for the two distributors' respective messenger platform. MAG Interactive went on to act as launch partner to Facebook's Instant Games with the messenger game Wordalot Express, followed by the release of Chat Battle for Apple's iMessage platform.

### **Marketing capabilities**

MAG Interactive has managed to implement an efficient go-to-market strategy for its games, with 66 per cent organic installs and 34 per cent of installs coming directly from user acquisition activities during the financial year 2016/2017.<sup>1)</sup> Games are marketed through various marketing channels, including both traditional media, such as TV and news, and digital channels such as social media, primarily Facebook, Twitter and Instagram. The Company has, through its marketing department created a setup that allows for organic downloads both directly from active marketing as well as indirectly from contagion effects. In addition, whilst marketing activities are designed to maximise the inflow of new players, the outflow of players is minimised through MAG Interactive's ability to cross promote within its network of existing players.

In traditional media, such as TV, the Company publishes its own advertisements in targeted geographies. Moreover, due to the easily understandable gameplay, MAG Interactive's games have, at a number of occasions, been featured indirectly in traditional media as well. For example, Ruzzle received substantial coverage following its massive breakthrough. In social media, the games' social components

1) The information relates to MAG Interactive and has not been updated to include FEO Media.

facilitate user generated content spreading rapidly. There have been several instances of high profile influencers mentioning the Company's games on e.g. Twitter, driving organic traffic. The acquisition of FEO Media gives the Company another marketing channel in traditional media, as the game QuizDuel has been used as the concept in a tv-show in Germany.

In addition to the high share of organic downloads, MAG Interactive utilises performance based marketing ("PBM") to acquire users to the Company's games. During the first live period for a new game, the Company invests significantly in user acquisition, with typically a large share of the game's net sales allocated to PBM. Performance based marketing, or user acquisition, is primarily handled through social media and advertisement networks. In order for MAG Interactive to be able to optimally utilise user acquisition, the Company has developed significant in-house skills in measuring and analysing such results. In this type of marketing, the purchaser of PBM only pays for certain actions. Pricing models include Cost Per Thousand Impressions or Cost Per Install. Used correctly, PBM can be a powerful and highly reliable tool when acquiring users to the Company's games. During the last financial year 2016/2017 the Company had an average cost per install (CPI) around USD 1.4<sup>1)</sup>. MAG Interactive believes that CPI levels within casual gaming are below the ones within categories such as strategy, role-playing games, simulation and casino.

MAG Interactive's in-house marketing team continuously analyse which performance based marketing results are optimal, providing insight into when a campaign can be deemed successful. Such knowledge is key in excelling in PBM. The main metric used to measure marketing impact is return on investment ("ROI"). The Company's marketing budget is in consequence, in the Company's opinion, distributed in order to maximise the total ROI generated from all marketing activities. User acquisition spend is therefore augmented when MAG Interactive identifies an opportunity to acquire users cheaper than the users' expected lifetime value (LTV > CPI). The Company bases its investments in user acquisition on a ROI period of six to nine months.

### **Portfolio optimisation**

In order to maximise user retention and optimise MAG Interactive's games following launch, games are continuously updated and tweaked. MAG Interactive has a business intelligence team working with analysing gameplay feedback, user behaviour and buying patterns. The games' in app dynamics are in consequence actively managed by the business intelligence team, in order to improve game penetration, retention and revenue per gamer. MAG Interactive's current games lie within the retention rate<sup>2)</sup> intervals listed below;

- Day 1 retention: 45–55 per cent
- Day 7 retention: 20–30 per cent
- Day 30 retention: 8–15 per cent

Following the release of a game, feedback from the players is continuously collected and analysed. Feedback can either come directly from interacting with users, registering their opinions, or indirectly from analysing player behaviour. Through the Company's advanced business intelligence system, MAG Interactive can monitor how users behave and what could be critical issues for a game's success. For instance, the analysis can show that an unusual amount of players in a certain geography exit the game at a specific level, which could imply that the difficulty of the level needs to be adjusted in order for players to continue playing, hence maintaining retention levels.

Naturally, game updates can be made purely with the intention of improving game dynamics, typically with the aim of improving user engagement. One illustrative example concerns the Ruzzle 2.0 version, launched in February 2015, containing several new features and functions. The update included a new feature called Weekly Tournaments, in which players can compete against each other in a fast-paced setting to win a weeklong tournament. The purpose of the tournament feature was to improve user engagement among Ruzzle players. MAG Interactive succeeded in its ambition, with 59 per cent more rounds played on average per player and day the year following the update, compared to the previous year. In March 2017, a new update was introduced, Ruzzle Team Play. The update increased the payer conversion rate with 57 per cent in the months following the update.

1) The information relates to MAG Interactive and has not been updated to include FEO Media.

2) Retention rate gives an overview of the number of players returning to a game, a given number of days after they started playing the game. Hence, day 30 retention rate of 10 per cent does not mean that only 10 per cent of the gamers continue to play the game beyond 30 days.

Furthermore, MAG Interactive works actively with strategic and dynamic tools to drive monetisation. These include dynamic pricing, flash sales and campaigns. When utilising dynamic pricing, different prices are applied and shown to players based on previous user behaviour and payment history. Flash sales are in app campaigns entailing volume discounts, where a larger amount of an item for sale is offered for the same price. Finally, MAG Interactive regularly uses campaigns to improve game penetration, in which the Company for instances capitalises on milestones and events, or launches seasonal game updates, e.g. Halloween.

MAG Interactive has during 2017 formed a live operations team tasked with managing all of the Company's games following launch. The team will handle all regular game updates and typically recurring tweaks. The Company sees several benefits with the new set-up. Since the team will work solely with continuous game updates, significant know-how will be concentrated and collected, allowing for optimisation of day-to-day routines. In addition, the processes for several of the typically recurring updates and tweaks will be automated, which boosts efficiency in the whole organisation.

### GAME PORTFOLIO AND PIPELINE

MAG Interactive's game portfolio currently consists of ten games, all within the casual gaming space primarily monetised through in app purchases and secondarily through advertising. The games are created for mobile devices, and are distributed through virtual app stores, such as App Store, Google Play and Amazon App Store. The proliferation of mobile devices and the free to play business model enables MAG Interactive to reach a broad audience. Users are able to explore entertainment without being forced to make upfront payments to download the game. Instead, users can purchase virtual goods during the game experience at their sole discretion.

In addition to the games developed for mobile devices, the Company is exploring new gaming platforms, e.g. Facebook's Messenger and Apple's iMessage. MAG Interactive has developed two games for these platforms after having been approached by both Facebook and Apple.

The Company has succeeded in creating a strong game portfolio, providing a stable base for operations. In order to maintain and develop its base, the Company is investing in marketing activities and strives to actively improve the current portfolio with new content and new features added by updating the games on a regular basis. In addition, new game launches diversify the game portfolio, making the business less and less dependent on a single game.

### ILLUSTRATIVE OVERVIEW OF MAG INTERACTIVE'S GAME PORTFOLIO

#### MAG Interactive's market position within mobile

	INTERESTING	PRESENCE	MARKET LEADER
WORDS	✓	✓	✓
TRIVIA	✓	✓	✓
PUZZLE	✓	✓	
ADVENTURE	✓		
ARCADE	✓		
RACING	✓		
SIMULATION	✓		

Source: MAG Interactive.

#### Illustrative overview of the casual gaming space



#### Not interesting



MAG Interactive's ambition is to develop games within the casual gaming space. However, instead of focusing on a specific sub-genre of games, e.g. word or trivia games, MAG Interactive has adopted the approach to focus on its audience and develop games that the current MAG Interactive players would appreciate. This means that future game launches could be within different sub-genres, but targeting the same type of audience as the Company's current games.

MAG Interactive's portfolio is characterised by gaming entertainment where user engagement is driven by challenging tasks and progressivity. Games are typically played in short sessions, lack finality and are replayable. Games should be highly accessible and played anywhere and at any time whilst being easy to learn but difficult to master.

Today, the Company enjoys an attractive position within the casual mobile gaming space. In addition, with its games Ruzzle, Ruzzle Adventure, WordBrain, WordBrain 2 and Wordalot, the Company is a global leader within the word game niche. MAG Interactive's development in their niche provides proof of concept for expansion to adjacent game categories within casual gaming. Besides word games, the Company has one puzzle game called Potion Pop, as well as four trivia games called QuizDuel, Pixduel, QuizCross and Backpacker in its portfolio. As a result of the acquisition of FEO Media, MAG Interactive is a leader within the trivia category as well. QuizDuel and Pixduel have been downloaded over 100 million times in total. QuizDuel has been highly successful on a global basis and ranked as number one on App Store's Top Grossing list in 65 countries.

**CURRENT GAME PORTFOLIO**

MAG Interactive's game portfolio consists of ten games. Information about each game is found in the figure provided below.

OVERVIEW OF MAG INTERACTIVE'S GAMES				
Game	Key facts			
	Launch year	Downloads	Languages available	Game description
	2012	63 million	SV, EN, DA, DE, NL, EL, FR, NO, IT, PT-BR, ES, TR, RU	<ul style="list-style-type: none"> <li>• Challenge friends or random players in this fast paced word game</li> <li>• Finding as many words as possible in two minutes</li> <li>• Creating words by swiping adjacent letter tiles on a 4x4 board</li> <li>• Games are played in three rounds</li> </ul>
	2014	6 million	SE, EN, FR, IT, DE, ES, NL, DA, NO, PT-BR, RU, TR	<ul style="list-style-type: none"> <li>• Same signature "finger-swiping" mechanism as Ruzzle</li> <li>• Exciting adventure in magical worlds</li> <li>• Hundreds of levels played in a limited amount of time or in turns</li> <li>• Single player game where one decides when to play, with many social components</li> </ul>
	2013	40 million	SE, EN, FR, IT, DE, NL, DA, NO, FI, RU, ES, PT-BR, RU, TR, PL, EL	<ul style="list-style-type: none"> <li>• Find and swipe the hidden words</li> <li>• The order of the tiles and words chosen will determine if the puzzle is solvable or not</li> <li>• Advance through stages and unlock hints and bigger boards</li> <li>• 580 challenging levels</li> </ul>

## OVERVIEW OF MAG INTERACTIVE'S GAMES

Game	Key facts			
	Launch year	Downloads	Languages available	Game description
	2016	9 million	SE, EN, FR, IT, DE, ES, NL, DA, NO	<ul style="list-style-type: none"> <li>• Takes WordBrain's winning formula to another level</li> <li>• Finding words both long and short each organised into categories</li> <li>• Increasing level of difficulty with themes ranging from food to space</li> <li>• 77 unique themes corresponding to 570 brain twisting levels</li> </ul>
	2015	2 million	EN, DE, FR, IT, PT, RU, ES, TR, JA, KO, ZH	<ul style="list-style-type: none"> <li>• Matching and swaping potions with explosive results</li> <li>• Ground breaking colour combinations and different challenging modes</li> <li>• Use different combinations to break different materials and protect the potions</li> <li>• Over 200 levels, with new levels released on a regular basis</li> </ul>
	2012	5 million	SV, EN, DA, DE, NL, FR, NO, IT, ES	<ul style="list-style-type: none"> <li>• Tic-tac-toe where every square is protected by three trivia questions</li> <li>• One wins by solving three tiles in a row</li> <li>• Possible to steal squares from your opponent</li> <li>• Playing board with nine category tiles</li> </ul>
	2016	8 million	SE, EN, FR, IT, DE, ES	<ul style="list-style-type: none"> <li>• Using detective skills in order to match the right words from the pictures to solve the crossword</li> <li>• Single player game</li> <li>• Hints are available if the levels are too difficult</li> <li>• Hundreds of different levels</li> </ul>

Source: MAG Interactive.

## NEWLY LAUNCHED OR ACQUIRED GAMES

Game	Key facts			
	Launch year	Downloads	Languages available	Game description
	2017	n.a.	DA, EN, GE, NO, SE	<ul style="list-style-type: none"> <li>• Saving up enough money to continue travels by going on various missions</li> <li>• Collecting job diplomas and earn cash for traveling</li> <li>• Stamping your passport in each city and help strangers around the world for secret rewards</li> <li>• Available in Swedish, English, Danish and Norwegian</li> </ul>
	2012*	96 million	AR, DA, NL, EN, FI, FR, GE, ID, IT, JA, KO, MS, NO, PO, PT, RU, ES, SE, TH, ZH, TK, VI	<ul style="list-style-type: none"> <li>• Social quizgame with multiple choice questions</li> <li>• Comparing knowledge against other players in a high number of categories</li> <li>• With over 42,000 questions</li> </ul>
	2015*	9 million	EN	<ul style="list-style-type: none"> <li>• Social quizgame with multiple choice questions within pop culture</li> <li>• Categories include for example food, drinks, sports, movies etc.</li> <li>• Thousands of questions to pictures in high quality</li> </ul>

\* Acquired by MAG Interactive in November 2017.  
Source: MAG Interactive.

**DEVELOPMENT PIPELINE**

The Company's game development process typically ensures that MAG Interactive constantly have games in all the various stages of the game pipeline. It is MAG Interactive's aim to discontinue development of non-viable prototypes as early as possible, which explains the usually short lifetime of games in the early stages of the process. At any given time, there are approximately five to ten games in early stages of the development process. Given the flexibility within the Company, the number of games in different stages of the game development process can change rapidly. It could

therefore be appropriate to view the number of games in the Company's pipeline as dynamic and not static, and not always reflecting the absolute development capacity of the Company at a given time.

As of 2016/2017, MAG Interactive had around ten games in early stages of development and as of now, the Company has one game in soft launch. If proven successful and thus launched globally, the game could have positive impact on MAG Interactive's financials during the 2017/2018 financial year.

### Games in soft launch

MAG Interactive currently has one game in soft launch, which has been developed internally by MAG Interactive. Information about the game is found in the figure provided below.

#### OVERVIEW OF GAMES IN SOFT LAUNCH

##### Game



##### Game description

- Fast paced and addictive real-time scrabble game
- No more waiting for the opponent to make a move, see what is being played on the board while you plan the next move
- Collect boosters that can help you progress in the game. In total there are 45 different boosters
- Available in English

Source: MAG Interactive.

### TECHNICAL INFRASTRUCTURE

MAG Interactive has created a stable, scalable and flexible technical environment for all game infrastructure. The Company has developed its technical environment to be able to support growth, focusing on creating a scalable setup that uses resources in a highly efficient way.

The main components in the technical infrastructure are third party services and products from suppliers such as Google and Unity, which are combined with in-house developed systems. MAG Interactive has strong relationships with its suppliers, particularly with Google, with which the Company has worked since 2012. Initially a pure customer-supplier relationship, the two companies today enjoy a bilateral exchange of input and knowledge. For instance, MAG Interactive regularly provides Google with feedback, allowing the Company to impact product development. As further evidence to the strong relationship, MAG Interactive is regularly invited by Google to give lectures on technology and infrastructure for mobile gaming companies.

MAG Interactive develops its games on the Unity game engine, supplied by Unity Technologies. The game engine facilitates efficient game development to multiple operating systems and mobile platforms. The Unity platform allows for easy portability of games between operating systems and devices. This means that MAG Interactive can develop games in one place, significantly facilitating for changes and updates, whilst the Unity game engine then adapts the code for the end user platform.

With the exception of Unity, all components in MAG Interactive's technical infrastructure are cloud based. Having a cloud based system allows for scalability and thus cost efficiency, since the Company only pays for the data or capacity needed at a given moment. The Company does not

own any servers or other hardware for games and analytics. Instead, MAG Interactive uses the Google Cloud Platform for server infrastructure, data storage, cyber security and data analysis. In addition, MAG Interactive buys services from providers such as Pagerduty, for incident reporting, and Tableau Software, for illustrating and treating vast amounts of data. Marketing wise, the Company partners with more than 20 ad networks, and uses their services related to activities within user acquisition to enable attribution tracking.

MAG Interactive has built a highly stable and reliable setup. The service providers usually guarantee functioning operations at all times, at a server uptime rate of 99.95 per cent. However the actual server uptime has been 99.995 per cent for the past five years, corresponding to merely two hours of downtime since the launch of Ruzzle, the Company's first game.

Operating a cloud based system furthermore implies that few employees are required for operations, yielding a low fixed cost base related to its infrastructure. The high reliability of the system in addition means that MAG Interactive very rarely is faced with costs related to technical issues or errors.

Flexibility is another benefit with the current set up. The Company utilises modular data platforms with separated process phases. Such a system allows for phases to be provided by different suppliers, and switched without any increased complexity. Following the same logic, process phases can also be brought in-house should it prove necessary or beneficial.

The server architecture is carefully planned for MAG Interactive to be able to continue its expansion. The expandable infrastructure together with the Company's

analytical capabilities are important to support further game launches and growth. In addition, the Company actively works at implementing automated user acquisition tools to improve internal resource spending and drive user attribution, which will be a key feature in the technical infrastructure going forward. The Company has also ensured to adopt a proactive approach towards coming regulatory statutes.

### **CORE STRENGTHS AND COMPETITIVE ADVANTAGES**

MAG Interactive has shown strong growth over the last three years. The Company believes that its success has stemmed from a number of factors, described below. It is MAG Interactive's belief that the Company will continue to benefit from these factors in the future, and combined with the Company's growth strategy described in section "*Business overview – Growth strategy and financial targets – Growth strategies*", it forms the foundation for achieving profitability and growth going forward.

#### **PRESENT IN AN ATTRACTIVE AND FAST-GROWING SEGMENT OF THE MARKET**

The global mobile games market is expected to be worth USD 46 billion in 2017. The mobile games market is expected to continue exhibiting strong growth with a compound annual growth rate of twelve per cent from 2017 to 2020. MAG Interactive primarily focuses on Europe, North America and Oceania, together making up 35 per cent of the global market. The Company develops and publishes games in the casual gaming space. Casual games have accessible core mechanics that makes them playable by everyone, in all ages.

#### **PROVEN GAME DEVELOPMENT PROCESS**

MAG Interactive's game development process rests on two main phases, being the innovative phase and the analytical phase. The innovative phase focuses on creative aspects and performance verification early and at low cost. The analytical phase aims at limiting the down-side risk remaining at launch through extensive testing of games ahead of launch. MAG Interactive believes that the development process will continue to provide the Company with a continuous stream of new games, making it central to the Company's future growth and profitability. MAG Interactive develops its games in the Company's development studios, located in Stockholm, Sweden and Brighton, United Kingdom.

#### **COMPETENT EMPLOYEES AND A POSITIVE BUSINESS CULTURE**

Since inception, MAG Interactive has focused both time and resources to build a competent team and a positive, stimulating business culture. The Company employed 55

persons on average during 2016/2017, a number which increased by 50 persons as a result of the acquisition of FEO Media. The culture is based on trust, with a clear focus on value creating activities. A positive and stimulating culture is positive from the perspective of an employer, while at the same time, employees has an option to grow within the company.

#### **PROVEN ABILITY TO COMPLEMENT THE CURRENT BUSINESS WITH ACQUISITIONS**

The three acquisitions completed by the Company have all had significant impact on the Company's development, and MAG Interactive expects acquisitions to be an important component going forward. One example to show the way in which the Company works with acquired assets, is WordBrain. When acquired, the game had been downloaded one million times and since then, MAG Interactive has actively worked with marketing of the game to enhance the game, which has led to WordBrain reaching a level of 40 million downloads.

#### **STRONG GAME PORTFOLIO WITH A WELL-INVESTED PIPELINE**

The Company has a strong game portfolio consisting of ten titles with the following strengths, among others. Nine of the ten games launched by MAG Interactive to date have all been downloaded in excess of one million times each.<sup>1)</sup> MAG Interactive has one of the globally leading game portfolios in the word game niche with 740 number one positions as of 31 August 2017. As a result of the acquisition of FEO Media, the Company has positioned themselves as a leader within the trivia category. Finally, the game portfolio is becoming increasingly diversified with every new launch, meaning that the dependency on any one single game is reduced as the Company continues to launch new games.

The structured game development process provides the Company with a solid foundation for new game development, and the aim is to always have games present throughout the various stages of the development process. MAG Interactive's pipeline currently contains one game in soft launch. In addition, the Company has approximately ten games in early stages of the game development process.

#### **SIGNIFICANT DISTRIBUTION CAPACITY AND AN EFFICIENT GO-TO-MARKET APPROACH**

MAG Interactive has developed close relationships with the key distributors in the mobile gaming space, Apple and Google. MAG Interactive's games have on three occasions been on Apple's and Google's annual "Best-of" lists. The Company believes that having close relationships with these distributors is a key differentiator in the system with three

1) The tenth game, Backpacker, was launched during October 2017, and has therefore not reached one million downloads as of yet.

main benefits, namely; highlighted exposure in app stores, early access to new platform features, as well as a bilateral exchange of knowledge.

The Company has an efficient marketing strategy driving organic downloads and installs in many ways. During the financial year 2016/2017 66 per cent of all downloads were organic while 34 per cent were associated to user acquisition.<sup>1)</sup> The Company relies on word of mouth, social media as well as traditional media when it comes to generating organic downloads. The Company believes that the games' accessible core mechanic as well as the integrated social components are key aspects and catalysts of organic downloads and installs as these aspects makes the games easy to share with friends.

#### **DATA DRIVEN APPROACH TO USER ACQUISITION, ENGAGEMENT AND RETENTION**

MAG Interactive utilises an analytics and data driven approach to optimise user acquisition, engagement and retention. The large amount of data available to the Company provides MAG Interactive with a potent tool-set, that allows the Company to both accurately allocate marketing budget in order to generate sufficient ROI (Return on investment) on marketing spend as well as to develop and tweak the games and in-game experience following launch, to stimulate user engagement and retention.

#### **SCALABLE AND STABLE TECHNICAL INFRASTRUCTURE**

The Company relies on a cloud based technical infrastructure, that utilises a selection of well-known cloud systems. The set-up enables MAG Interactive to scale operations and resources in an efficient way, allowing the Company to increase capacity without having to invest in physical hardware. The technical infrastructure has had two hours of downtime over the last five years, corresponding to 99.995 per cent of server uptime.

When Ruzzle went viral in the United States and Italy in December 2012, MAG Interactive went from having to manage approximately 30,000 downloads per day to almost one million downloads per day within a few weeks. The technical infrastructure scaled more or less seamlessly, meaning that the Company could fully capitalise on the opportunity, something that was integral to the strong development of the Company during the early years.

#### **TRACK RECORD OF PROFITABLE GROWTH**

MAG Interactive has managed to be profitable every year since inception.<sup>2)</sup> During the last three years, the Company has grown net sales from SEK 153 million in 2014/2015 to SEK 335 million in 2016/2017 on a pro forma-basis<sup>3)</sup>, corresponding to a compound annual growth rate of 48 per cent.

#### **GROWTH STRATEGY AND FINANCIAL TARGETS** **GROWTH STRATEGIES**

MAG Interactive has since 2010 established a strong platform, from which the Company can accelerate its growth and profitability going forward. This will further be supported by the listing of the Company's shares on Nasdaq First North Premier and the Offer in connection therewith. The board of directors' of MAG Interactive has identified the following strategic priorities, all deemed of central importance for the Company's growth going forward.

- Optimisation of current game portfolio
- New game launches
- Continuous improvement of the MAG Interactive brand
- Identify and pursue value accretive external opportunities

#### ***Optimisation of current game portfolio***

Continuously working to optimise the Company's current games is an important strategic priority going forward, as it is a cost-efficient way of growing the business. The costs associated with maintaining existing games is limited compared to developing new games, and the risk is limited as the launched games are already proven to be successful. The Company is working to strengthen this part of the business going forward, and has during 2017 formed a live operations team that is responsible for all management of existing games. MAG Interactive focuses on two main aspects of portfolio optimisation; geographical expansion and continuous game updates.

Geographical expansion is important in order to strengthen the Company's position in markets where the current reach is limited. Performance based marketing efforts is an important tool in order to improve the reach in new markets.

1) The information relates to MAG Interactive and has not been updated to include FEO Media.

2) The Company has had an EBITDA margin above 0 per cent every year since inception. EBITDA margin is an alternative performance measure, reconciled and defined in the section "Selected financial information – Key performance indicators – Alternative performance measures – Reconciliation tables for alternative performance measures" and "Selected financial information – Key performance indicators – Alternative performance measures – Definitions of key performance indicators not defined in accordance with IFRS".

3) More information regarding pro forma is available in the section "Pro forma".

Continuous game updates are important to stimulate user engagement and retention. The Company actively works to develop its games after launch. Furthermore, MAG Interactive works actively with cross-promotion between games, i.e. the movement of gamers who display signs indicating that they are about to stop playing the game, from one game to another.

### **New game launches**

Launching new games in the casual gaming space is a core focus for MAG Interactive going forward. The Company's game development process provides the Company with a steady flow of games throughout the various stages of the development process. The current status of the Company's pipeline is described previously in the section "*Business overview – Game portfolio and pipeline – Development pipeline*".

### **Continuous improvement of the MAG Interactive brand**

Building a strong publisher brand is a strategic priority going forward. The Company believes that brand recognition improves both the likelihood for a user to install a game, as well as the likelihood for a user to buy in-game. A strong brand will further be beneficial from an employer branding point of view. As the MAG Interactive brand becomes more visible, the Company's corporate values will be known, simplifying talent acquisition. Building a strong publisher brand provides the Company with additional credibility among developers to partner with the Company, including in-bound M&A opportunities.

### **Identify and pursue value accretive external opportunities**

External opportunities, e.g. game development based on licensed IP, strategic acquisitions as well as additional publishing agreements is another core focus going forward. MAG Interactive has a steady inflow of in-bound proposals, complemented by internal sourcing of potential opportunities, yielding a continuously evolving list of opportunities for the Company to consider.

MAG Interactive has since 2010 made three acquisitions that provides proof of concept of the Company's ability to successfully integrate both externally developed IP, as well as entire game development studios, into the existing business. In September 2014, the Company acquired the game WordBrain. WordBrain was improved using MAG Interactive's game development process, increasing the number of downloads from one million downloads to 40 million downloads in approximately two and a half years. In July 2015, the game development studio Delinquent, based in

Brighton, United Kingdom, was acquired. Potion Pop was launched shortly after the acquisition, and the Brighton-based studio has since then developed Chat Battle and Wordalot using the MAG Interactive game development process. In November 2017, MAG Interactive acquired FEO Media. The acquisition is described in greater detail in section "*Business overview – History – The acquisition of FEO Media*".

During 2017, the Company entered into its first publishing deal, agreeing to publish the game Backpacker, originally developed by a company called WeAreQiiwi Interactive. Acting as a publisher for games developed by other developers adds another dimension to MAG Interactive's offering, and the Company expects it to be an important part of the business going forward.

### **FINANCIAL TARGETS**

*MAG Interactive's financial targets constitute forward-looking information that is subject to considerable uncertainty. The financial targets are based upon a number of assumptions relating to, among others, the development of MAG Interactive's industry, business, results of operations and financial condition, and the development of the industry and the macroeconomic environment in which MAG Interactive operates, may differ materially from, and be more negative than those assumed by MAG Interactive when preparing the financial targets set out in this section. As a result, the Company's ability to reach these financial targets is subject to uncertainties and contingencies, some of which are beyond its control, and no assurance can be given that MAG Interactive will be able to reach these targets or that the Company's financial condition or results of operations will not be materially different from these financial targets.*

### **Growth**

MAG Interactive's goal is to on average achieve annual growth significantly above the growth of the global gaming market over a business cycle. MAG Interactive's net sales development is a function of two main aspects, being:

- Pipeline of new games
- Development of existing games

MAG Interactive has decided not to communicate a growth target expressed as a percentage or in absolute figures as a consequence of a number of factors, among others being; it is difficult to predict future net sales from new games, it is difficult to predict development costs and launch dates, the rate of development and innovation in the mobile gaming industry is high.

***Profitability***

MAG Interactive has decided not to communicate a profitability target expressed as a percentage or in absolute figures. Profitability may vary from period-to-period depending on a number of factors, including timing of game launches, investments in growth activities and acquisitions.

***Dividend policy***

MAG Interactive operates in a rapidly growing market, and in order to capitalise on this, the Company intends to prioritise growth activities, such as game development and marketing going forward. Any dividend paid will be subject to the Company's overall financial position, growth prospects, profitability, acquisition opportunities and cash flow.

# PRO FORMA

## PURPOSE OF PRO FORMA INFORMATION

MAG Interactive's acquisition of FEO Media, which was carried out on 7 November 2017, is deemed to have a material impact on MAG Interactive's financial position and performance, partly through the acquired corporate group, and partly through the financing through both bank loans and a share issue with a deviation from the shareholders' preferential rights.

According to a proposal by the Board of Directors of MAG Interactive, an extraordinary general meeting in the Company held on 2 November 2017 decided to conduct a share issue with a deviation from the shareholders' preferential rights amounting to MSEK 80, (adjusted for arrangement fees of MSEK -0.1). The share issue will also affect MAG Interactive's financial position, and the pro forma information is based on the assumption that the share issue is subscribed in full.

The purpose of the consolidated pro forma information below is to present the hypothetical effect that the acquisition, loan financing and share issue with deviation from the shareholders preferential rights would have had on MAG Interactive's consolidated income statement for the period 1 September 2016–31 August 2017, if the transactions took place on 1 September 2016, and the consolidated balance sheet at 31 August 2017.

The sole purpose of the pro forma information is to provide information and shed light on facts. The pro forma information is by nature intended to describe a hypothetical situation, and accordingly does not serve to describe MAG Interactive's actual financial position and performance. In addition, the pro forma information is not representative for what the results of operations will look like in the future. Investors should accordingly be cautious about assigning too much importance to the pro forma information.

## GROUNDINGS FOR THE PRO FORMA INFORMATION

### ACCOUNTING PRINCIPLES

The pro forma information has been based on the accounting principles, International Financial Reporting Standards ("IFRS"), as adopted by the European Union.

The pro forma information for the period 1 September 2016 – 31 August 2017 has been prepared based on the audited financial statements from MAG Interactive for the period, and FEO Media's internal accounts for the period 1 September 2016 – 31 August 2017, which are unaudited.

The pro forma balance sheet was prepared as of 31 August and is based on MAG Interactive's financial statements for the period 1 September 2016 – 31 August 2017, which were subject to audit, and FEO Media's internal

accounts for the period 1 September 2016 – 31 August 2017, which are unaudited. The financial information of FEO Media has been established in accordance with the standards BFNR 2012:1 (K3) of the Swedish Accounting Standards Board. The differences in accounting principles has not resulted in any adjustments with regards to the pro forma.

## PRO FORMA ADJUSTMENTS

The pro forma adjustments are described in detail below and in the notes to the pro forma statements. Unless otherwise stated, the adjustments are recurring.

### ACQUISITION ANALYSIS

The preliminary acquisition analysis and other pro forma information are based on the following assumptions:

- MAG Interactive has acquired all outstanding shares in FEO Media for a total cash purchase consideration of MSEK -121.8.
- In the preliminary acquisition analysis, the carrying amounts of the identifiable assets and liabilities were assumed to correspond to the fair values.
- The preliminary acquisition analysis indicates an unallocated surplus value of MSEK 65.3. Because it was not possible to conduct a complete acquisition analysis, and no surplus values were allocated to other assets, surplus value has in its entirety been recognised as unallocated surplus value in the pro forma balance sheet.
- In the acquisition analysis, which will be prepared as of the acquisition date, identifiable assets and liabilities will be measured at fair value. This may mean that recognised assets and liabilities are assigned new fair values and that new intangible assets are identified, which will also mean that depreciation and amortisation of these assets may in the future be charged to profit or loss.

### BORROWINGS AND INTEREST EXPENSES

Pro forma adjustments have been made in the balance sheet as of 31 August 2017 to reflect the impact of the higher borrowings in the form of bank loans of MSEK 35 that are raised in connection with the acquisition, adjusted for arrangement fees amounting to MSEK -0.7.

The interest expenses that accrue on the higher borrowings negatively affect the income statement. No instalments on the bank loan are due in the first eight months, after which payments shall be made by straight-line instalments over the subsequent eight quarters, in accordance with the

terms of the agreement, which entail quarterly repayments of MSEK 3.9. The bank loan carries variable interest based on the development of 3 month's STIBOR during 2017 with a surcharge of 200 points in accordance with the terms of the bank agreement. Furthermore, the interest according to the agreement cannot go below two per cent. In total, the interest expenses are estimated to amount to MSEK -0.7 for the period 1 September 2016 – 31 August 2017.

In addition to this, MAG Interactive has used MSEK 7.5 from its own cash and cash equivalents to carry out the acquisition, which could have generated interest income, but since the interest rates are relatively low, this does not affect the pro forma information.

#### TAX

The pro forma interest expenses of MSEK -0.7 with regard to the new financing of the acquisition entail a positive impact on the tax expense in the pro forma income statement equivalent to MSEK +0.2 for the period 1 September

2016 – 31 August 2017 based on 22 per cent, which is the applicable tax rate in Sweden where MAG Interactive's new financing is raised.

#### TRANSACTION AND ISSUE EXPENSES

The total estimated expenses in connection with the acquisition and the new share issue consist of issue expenses and transaction expenses, such as fees to financial and legal advisers and auditors. They are estimated to total approximately MSEK -0.3 and are not charged to the pro forma income statement, since the issue expenses are recognised in equity, and transaction expenses, which would have been charged to profit or loss, are recognised in the period before the acquisition occurs.

The estimated issue and transaction expenses have, however, been taken into account in the pro forma balance sheet as a reduction of equity and cash and cash equivalents. This pro forma adjustment is of a non-recurring nature and is therefore not recurring.

### PRO FORMA INFORMATION 1 SEPTEMBER 2016 – 31 AUGUST 2017

#### INCOME STATEMENT 1 SEPTEMBER 2016 – 31 AUGUST 2017

The consolidated pro forma income statement for the period 1 September 2016 – 31 August 2017 has been prepared as if the acquisition of FEO Media AB and the directed share issue registered with the Swedish Companies Registration Office on 7 November 2017 had taken place on 1 September 2016.

MSEK	Audited	Unaudited			Pro forma
	MAG Interactive	FEO Media	Adjustments	Note	MAG Group
Net sales	260.4	75.0			335.4
Capitalised work for another's account	20.2	15.8			36.0
Other operating income	2.8	1.2			4.0
<b>Total</b>	<b>283.4</b>	<b>92.0</b>			<b>375.4</b>
Sales related costs	-79.0	-17.3			-96.3
Performance based marketing	-111.1	-4.5			-115.6
Other external expenses	-23.7	-8.2			-31.9
Personnel costs	-42.5	-30.8			-73.3
<b>Total operating expenses excluding depreciation, amortisation and impairments</b>	<b>-256.3</b>	<b>-60.8</b>			<b>-317.1</b>
<b>EBITDA</b>	<b>27.1</b>	<b>31.2</b>			<b>58.3</b>
Depreciation/amortisation and impairments of tangible and intangible non-current assets	-23.0	-10.2			-33.2
<b>Total operating expenses</b>	<b>-279.3</b>	<b>-71.0</b>			<b>350.3</b>
<b>Operating profit/loss</b>	<b>4.1</b>	<b>21.0</b>			<b>25.1</b>
Financial income	0.1	0.0			0.1
Financial expenses	-0.6	0.0	-1.0	1, 2	-1.6
<b>Financial items – net</b>	<b>-0.5</b>	<b>0.0</b>	<b>-1.0</b>		<b>-1.5</b>
<b>Profit/loss before tax</b>	<b>3.6</b>	<b>21.0</b>	<b>-1.0</b>		<b>23.6</b>
Income tax	-3.0	-4.7	+0.2	1, 2	-7.5
<b>Net income</b>	<b>0.6</b>	<b>16.3</b>	<b>-0.8</b>		<b>16.1</b>

1) Refers to interest expenses for the new loan financing in MAG Interactive of MSEK -0.7, which is linked to the acquisition of FEO Media including a tax effect of MSEK +0.2.

2) Pertains to pro forma adjustments for loan arrangement fees of MSEK -0.3 linked to MAG Interactive's new financing solution.

**PRO FORMA BALANCE SHEET 31 AUGUST 2017**

The abbreviated consolidated pro forma balance sheet was prepared as if the acquisition of FEO Media AB and the directed share issue registered with the Swedish Companies Registration Office on 7 November 2017 had taken place on 31 August 2017.

MSEK	Audited	Unaudited			Pro forma
	MAG	FEO	Adjustments	Note	MAG Group
Goodwill	8.0	–			8.0
Surplus value, unallocated	–	–	65.3	3	65.3
Other intangible assets	31.0	21.1			52.1
<b>Total intangible assets</b>	<b>39.0</b>	<b>21.1</b>	<b>65.3</b>		<b>125.4</b>
Equipment, tools, fixtures and fittings	2.7	0.3			3.0
<b>Total tangible assets</b>	<b>2.7</b>	<b>0.3</b>			<b>3.0</b>
Other long-term receivables	1.8	2.4			4.2
Deferred tax assets	1.3	–			1.3
<b>Total financial non-current assets</b>	<b>3.1</b>	<b>2.4</b>			<b>5.5</b>
<b>Total non-current assets</b>	<b>44.8</b>	<b>23.8</b>	<b>65.3</b>		<b>133.9</b>
Trade receivables	13.6	2.0			15.6
Current tax assets	1.3	6.4			7.7
Other current receivables	1.2	8.2			9.4
Prepaid expenses and accrued income	19.7	5.6			25.3
Other short-term securities	19.0	–			19.0
Cash and cash equivalents	40.6	21.8	–7.5	3, 4, 5	54.9
<b>Total current assets</b>	<b>95.4</b>	<b>44.0</b>	<b>–7.5</b>		<b>131.9</b>
<b>Total assets</b>	<b>140.2</b>	<b>67.8</b>	<b>57.8</b>		<b>265.8</b>
Share capital	0.1	0.1	–0.1	3	0.1
Reserves	–3.8	–			–3.8
Retained earnings incl. comprehensive income for the year	102.6	56.4	23.6	3, 5	182.6
<b>Total equity</b>	<b>98.9</b>	<b>56.5</b>	<b>23.5</b>		<b>178.9</b>
Deferred tax liabilities	14.7	6.7			21.4
Other long-term liabilities	–	–	34.3	4	34.3
<b>Total long-term liabilities</b>	<b>14.7</b>	<b>6.7</b>	<b>34.3</b>		<b>55.7</b>
Trade payables	13.3	1.0			14.3
Other current liabilities	2.3	1.2			3.5
Accrued expenses and prepaid income	11.0	2.4			13.4
<b>Total current liabilities</b>	<b>26.6</b>	<b>4.6</b>			<b>31.2</b>
<b>Total equity and liabilities</b>	<b>140.2</b>	<b>67.8</b>	<b>57.8</b>		<b>265.8</b>

3) Refers to a preliminary acquisition analysis where the difference compared with the recognised net assets is presented as an unallocated surplus value in FEO Media AB.

4) Refers to MAG Interactive's new loan financing and adjustment for borrowing expenses.

5) Refers to the assessed effects of the acquisition and the new share issue. In addition to this, MAG Interactive has used MSEK 7.5 of its own cash and cash equivalents to carry out the acquisition.

## AUDITOR'S REPORT REGARDING PRO FORMA FINANCIAL INFORMATION

To the Board of Directors of MAG Interactive AB (publ) (reg. no 556804-3524)

### THE AUDITOR'S REPORT REGARDING PRO FORMA FINANCIAL INFORMATION

We have audited the pro forma financial information set out on pages 60–62 in MAG Interactive's prospectus dated 27 November 2017.

The pro forma financial information has been prepared for illustrative purposes only to provide information about how the acquisition of the shares in FEO Media AB ("FEO") might have affected the consolidated income statement for the period 2016-09-01–2017-08-31, and the consolidated balance sheet as of 2017-08-31.

#### *The Board of Directors' responsibility*

It is the Board of Directors' and the Managing Director's responsibility to prepare the pro forma financial information in accordance with the requirements of the Commission Regulation (EC) No 809/2004.

#### *The auditor's responsibility*

It is our responsibility to provide an opinion required by Annex II item 7 of Prospectus Regulation 809/2004/EC. We are not responsible for expressing any other opinion on the pro forma financial information or of any of its constituent elements. In particular, we do not accept any responsibility for any financial information used in the compilation of the pro forma financial information beyond that responsibility we have for auditor's reports regarding historical financial information issued in the past.

#### *Work performed*

We conducted our work in accordance with FAR's Recommendation RevR 5 Examination of Financial information in Prospectuses. This recommendation requires that we comply with ethical requirements and have planned and performed the audit to obtain reasonable assurance that the financial statements are free from material misstatements. The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of MAG Interactive AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

Our work, which involved no independent review or audit of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, assessing the evidence supporting the pro forma adjustments and discussing the pro forma financial information with the management of the company.

We planned and performed our work so as to obtain the information and explanations that we considered necessary in order to obtain reasonable assurance that the pro forma financial information has been compiled on the basis stated on pages 60–62, and that such basis is consistent with the accounting of the company.

#### *Opinion*

In our opinion the pro forma financial information has been properly compiled on the basis stated on pages 60–62 and in accordance with the accounting principles applied by the company.

Stockholm, 27 November 2017

**Öhrlings PricewaterhouseCoopers AB**

Niklas Renström  
*Authorised Public Accountant*

# SELECTED FINANCIAL INFORMATION

The selected financial information should be read in conjunction with the sections "Operating and financial review", "Capitalisation, indebtedness and other financial information", "Pro forma" and the financial statements contained in the section "Historical financial information". Figures recognised in this section have in some cases been rounded, and therefore the tables do not necessarily always add up exactly.

Financial information regarding the recently acquired FEO Media is available in "Pro forma" and "Historical Financial Information".

## PRESENTATION OF SELECTED FINANCIAL INFORMATION AND PERFORMANCE INDICATORS

Unless otherwise stated, the selected financial and performance information presented below has been derived from MAG Interactive's audited consolidated financial statements as of and for the financial years ended 31 August 2015, 2016, and 2017, respectively. They have been prepared in accordance with International Financial Reporting Standards, as adopted by the EU ("IFRS"), and has been audited by MAG Interactive's independent auditors.

Where financial data in the following tables is labelled "audited", this means that the data has been taken from the audited financial statements mentioned above. The label "unaudited" is used in the following tables to indicate financial data that has not been taken from the audited financial statements mentioned above, but rather was taken from MAG Interactive's internal reporting system, or has been calculated based on such information. All of the financial data presented in the text and tables below are shown in millions of SEK, except as otherwise stated. Certain financial data (including percentages) in the following tables have been rounded according to established commercial standards, whereby aggregate amounts (sum totals, subtotals, differences or amounts put in relation) are calculated based on the underlying unrounded amounts. As a result, the aggregate amounts in the following tables may not correspond in all cases to the corresponding rounded amounts contained in the following tables. In those tables, these rounded figures may not add up exactly to the totals contained in those tables. Financial information presented with a minus sign before the number denotes the negative of such number presented. In respect of financial data set out in this Prospectus, a dash ("–") signifies that the relevant figure does not exist, while a ("0.0") signifies that the relevant figure is available but has been rounded off or is equal to zero. The following selected financial and performance information should be read together with the section "Operating and Financial Review", the consolidated financial statements including the related

notes, and additional financial information contained elsewhere in the Prospectus. MAG Interactive's historical results are not necessarily indicative of the results that should be expected in the future.

The Prospectus presents certain financial measures that are not measures defined under IFRS, including certain measures such as "Game contribution" and "EBITDA". See section "Selected financial information – Key performance indicators – Alternative performance measures – Definitions of key performance indicators not defined in accordance with IFRS" for a description of these items. The Company believes these non-IFRS financial measures provide a better understanding of the trends in financial performance. A non-IFRS financial measure is defined as one that measures historical or future financial performance, financial position or cash flows but which excludes or includes amounts that would not be so adjusted in the most comparable IFRS measure. These non-IFRS financial measures are unaudited and should not be considered in isolation or as an alternative to performance measures derived in accordance with IFRS. In addition, such measures, as defined by the Company, may not be comparable to other similar measures used by other companies, because the abovementioned non-IFRS measures are not uniformly defined and other companies may calculate them in a different manner than MAG Interactive does, limiting their usefulness as comparative measures.

The selected key performance indicators set forth below, in section "Selected financial information – Key performance indicators", have been derived from MAG Interactive's regularly maintained records and accounting and support systems. See section "Selected financial information – Key performance indicators – Alternative performance measures – Definitions of key performance indicators not defined in accordance with IFRS" for definitions and concepts of certain terms set out in the tables below.

**CONSOLIDATED INCOME STATEMENT IN BRIEF**

The following table shows selected financial information from MAG Interactive's consolidated statement of comprehensive income for the financial years ended 31 August 2015, 31 August 2016 and 31 August 2017.

(SEK million)	For the financial year ended 31 August		
	2016/2017	2015/2016	2014/2015
	<i>(audited)</i>		
<b>Operating income</b>			
Net sales	260.4	264.0	153.0
Own work capitalised	20.2	18.1	11.5
Other operating income	2.8	1.3	1.8
<b>Total operating income</b>	<b>283.4</b>	<b>283.4</b>	<b>166.2</b>
<b>Operating expenses</b>			
Sales related costs	-79.0	-78.1	-40.5
<i>Share of sales, %</i>	30%	30%	26%
Performance based marketing	-111.1	-94.6	-31.3
<i>Share of sales, %</i>	43%	36%	20%
Other external expenses	-23.7	-20.8	-13.7
<i>Share of sales, %</i>	9%	8%	9%
Personnel costs	-42.4	-37.8	-30.9
<i>Share of sales, %</i>	16%	14%	20%
<b>Total operating expenses (excluding depreciation and impairments of tangible and intangible non-current assets)</b>	<b>-256.3</b>	<b>-231.4</b>	<b>-116.3</b>
<b>EBITDA</b>	<b>27.1</b>	<b>52.0</b>	<b>49.9</b>
<i>EBITDA margin, %</i>	10%	20%	33%
Depreciation and impairments of tangible and intangible non-current assets	-23.0	-15.0	-4.7
<b>Total operating expenses</b>	<b>-279.3</b>	<b>-246.4</b>	<b>-121.0</b>
<b>Operating profit/loss (EBIT)</b>	<b>4.1</b>	<b>37.0</b>	<b>45.2</b>
<i>EBIT margin, %</i>	2%	14%	30%
Financial income	0.1	0.6	5.9
Financial expenses	-0.7	-0.0	-0.0
<b>Net financial income</b>	<b>-0.5</b>	<b>0.6</b>	<b>5.9</b>
<b>Profit/loss before tax</b>	<b>3.6</b>	<b>37.6</b>	<b>51.1</b>
Income tax	-3.0	-8.3	-12.1
<b>Profit/loss for the year</b>	<b>0.6</b>	<b>29.3</b>	<b>39.0</b>

**CONSOLIDATED BALANCE SHEET IN BRIEF**

The following table shows selected financial information from MAG Interactive's consolidated balance sheet for the financial year ended 31 August 2015, 31 August 2016 and 31 August 2017.

(SEK million)	For the financial year ended 31 August		
	2016/2017	2015/2016	2014/2015
	<i>(audited)</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Goodwill	8.0	8.7	10.1
Other intangible assets	31.0	33.2	27.1
<b>Total intangible assets</b>	<b>39.0</b>	<b>41.9</b>	<b>37.2</b>
<b>Tangible assets</b>			
Equipment, tools, fixtures and fittings	2.7	0.4	0.7
<b>Total tangible assets</b>	<b>2.7</b>	<b>0.4</b>	<b>0.7</b>
<b>Financial non-current assets</b>			
Other long-term receivables	1.8	1.8	0.0
Deferred tax assets	1.3	1.6	1.9
<b>Total financial non-current assets</b>	<b>3.1</b>	<b>3.5</b>	<b>1.9</b>
<b>Total non-current assets</b>	<b>44.8</b>	<b>45.8</b>	<b>39.7</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Trade and other receivables	13.6	13.5	15.8
Current tax assets	1.3	4.0	1.2
Other current receivables	1.2	2.3	1.5
Prepaid expenses and accrued income	19.7	12.8	18.4
Other short-term securities	19.0	16.5	16.9
Cash and cash equivalents	40.6	51.9	33.4
<b>Total current receivables</b>	<b>95.4</b>	<b>100.9</b>	<b>87.1</b>
<b>Total current assets</b>	<b>95.4</b>	<b>100.9</b>	<b>87.1</b>
<b>TOTAL ASSETS</b>	<b>140.1</b>	<b>146.7</b>	<b>126.8</b>

(SEK million)	For the financial year ended 31 August		
	2016/2017	2015/2016	2014/2015
	<i>(audited)</i>		
<b>EQUITY AND LIABILITIES</b>			
<b>Equity that can be attributed to the parent company's shareholders</b>			
Share capital	0.1	0.1	0.1
Reserves	-3.8	-2.5	0.0
Retained earnings incl. comprehensive income for the year	102.7	115.8	94.0
<b>Total equity</b>	<b>98.9</b>	<b>113.4</b>	<b>94.1</b>
<b>LIABILITIES</b>			
<b>Long-term liabilities</b>			
Deferred tax liabilities	14.7	13.2	9.3
Other long-term liabilities	0.0	0.0	1.2
<b>Total long-term liabilities</b>	<b>14.7</b>	<b>13.2</b>	<b>10.5</b>
<b>Current liabilities</b>			
Trade and other payables	13.3	7.7	3.0
Current tax liabilities	0.0	0.0	0.0
Other current liabilities	2.3	2.9	5.0
Accrued expenses and prepaid income	11.0	9.5	14.3
<b>Total current liabilities</b>	<b>26.6</b>	<b>20.1</b>	<b>22.2</b>
<b>Total liabilities</b>	<b>41.2</b>	<b>33.3</b>	<b>32.8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>140.1</b>	<b>146.7</b>	<b>126.8</b>

**CONSOLIDATED CASH FLOW IN BRIEF**

The following table shows selected financial information from MAG Interactive's consolidated statement of cash flows for the financial years ended 31 August 2015, 31 August 2016 and 31 August 2017.

(SEK million)	For the financial year ended 31 August		
	2016/2017	2015/2016	2014/2015
	<i>(audited)</i>		
<b>Cash flow from operating activities</b>			
Profit/loss before financial items	4.1	37.0	45.2
Adjustment for items not included in cash flow	3.5	-5.4	-6.8
Interest received	0.1	0.5	0.8
Interest paid	-0.0	-0.0	-0.0
Income tax paid	-1.7	-7.4	-8.5
<b>Cash flow from operating activities before change in working capital</b>	<b>6.0</b>	<b>24.6</b>	<b>30.7</b>
Change in current operating receivables	-3.4	6.5	-24.0
Change in current operating liabilities	6.5	-3.4	5.7
<b>Total change in working capital</b>	<b>3.1</b>	<b>3.1</b>	<b>-18.3</b>
<b>Cash flow from operating activities</b>	<b>9.1</b>	<b>27.7</b>	<b>12.4</b>
<b>Cash flow from investing activities</b>			
Investments in tangible non-current assets	-3.1	0.0	-0.2
Investments in intangible assets	0.0	0.0	-5.0
Acquisition of subsidiary, after deduction of cash and cash equivalents acquired	0.0	0.0	-11.9
Change in securities	-3.0	-0.0	-4.0
Change in long-term receivables	0.0	-1.8	0.0
<b>Cash flow from investing activities</b>	<b>-6.1</b>	<b>-1.9</b>	<b>-21.2</b>
<b>Cash flow from financing activities</b>			
Dividend	-14.9	0.0	0.0
Redemption of shares	0.0	-7.5	0.0
Option scheme	1.2	0.0	0.0
<b>Cash flow from financing activities</b>	<b>-13.7</b>	<b>-7.5</b>	<b>0.0</b>
<b>Reduction/increase in cash and cash equivalents</b>			
Cash flow for the year	-10.7	18.4	-8.8
Exchange rate difference in cash and cash equivalents	-0.6	0.1	5.6
Opening cash and cash equivalents	51.9	33.4	36.6
<b>Closing cash and cash equivalents</b>	<b>40.6</b>	<b>51.9</b>	<b>33.4</b>

## SELECTED SEGMENTAL INFORMATION

MAG Interactive divides its operations into one segment as defined by IFRS. To provide a better understanding of the Company's business, MAG Interactive divides net sales into two sub-groups; net sales from advertising and net sales from in app purchases.

The following table shows net sales from advertising and in app purchases for the financial years ended 31 August 2015, 31 August 2016 and 31 August 2017.

(SEK million)	For the financial year ended 31 August		
	2016/2017	2015/2016	2014/2015
	<i>(audited)</i>		
Advertising	49.5	45.0	45.8
In app purchases	210.9	218.9	105.8
<b>Total net sales</b>	<b>260.4</b>	<b>264.0</b>	<b>153.0</b>

## KEY PERFORMANCE INDICATORS

Some of the key performance indicators presented below are non-IFRS financial measures, i.e. financial and non-financial measures that are not measures defined under IFRS. For a description of the calculation of the non-IFRS financial measures and the reason for their use, see sections "Selected financial information – Key performance indicators – Alternative performance measures", "Selected financial information – Key performance indicators – Alternative performance measures – Reconciliation tables for alternative performance measures" and "Selected financial information – Key performance indicators – Alternative performance measures – Definitions of key performance indicators not defined in accordance with IFRS".

## PERFORMANCE MEASURES DEFINED OR SPECIFIED BY IFRS

The following table shows selected key performance indicators, defined or specified by IFRS, for the financial years ended 31 August 2015, 31 August 2016 and 31 August 2017. These key performance indicators are based on the Company's audited annual reports.

	For the financial year ended 31 August		
	2016/2017	2015/2016	2014/2015
	<i>(audited)</i>		
Net sales, SEK million	260.4	264.0	153.0
Operating profit/loss (EBIT), SEK million	4.1	37.0	45.2
Profit/loss for the year, SEK million	0.6	29.3	39.0
Earnings per share, SEK*	0.03	1.52	2.03

\* Earnings per share is calculated as profit/loss for the year divided by the number of shares outstanding at the end of each fiscal year.

**ALTERNATIVE PERFORMANCE MEASURES**

The following table shows selected alternative performance measures, not defined or specified by IFRS, for the financial years ended 31 August 2015, 31 August 2016 and 31 August 2017. These have been derived from MAG Interactive's financial and operating systems, including the Company's audited consolidated financial statements and notes as of and for the periods presented below and included in the Prospectus. The alternative performance measures have not been audited by the Company's independent auditor.

(SEK million)	For the financial year ended 31 August		
	2016/2017	2015/2016	2014/2015
	<i>(unaudited)</i>		
Net sales growth, %	-1.3%	72.6%	-
Game contribution	86.0	103.7	89.7
Game contribution margin, %	33.0%	39.3%	58.6%
EBITDA	27.1	52.0	49.9
EBITDA margin, %	10.4%	19.7%	32.6%
EBIT margin, %	1.6%	14.0%	29.6%
Dividend paid, SEK thousand	14,919	-	-
Dividend per share, SEK	0.78	-	-
Free cash flow	9.3	40.8	21.9
Cash conversion, %	34.3%	78.5%	43.8%
Number of shares outstanding*	19,250,000	962,500	1,000,000
Average number of FTEs	55	47	34

\* A share split (1:20) was conducted during the financial year 2016/2017, resulting in a higher amount of shares compared to previous years.

**Reconciliation tables for alternative performance measures**

The following section presents reconciliations of the alternative performance measures presented in section "Selected financial information – Key performance indicators – Alternative performance measures". For further information on these measures, including definitions and rationale for their use, see section "Selected financial information – Key performance indicators – Alternative performance measures – Definitions of key performance indicators not defined in accordance with IFRS". All figures presented below have been audited unless otherwise stated.

**Net sales growth**

(SEK million)	For the financial year ended 31 August		
	2016/2017	2015/2016	2014/2015
Net sales	260.4	264.0	153.0
<b>Net sales growth*</b>	<b>-1.3%</b>	<b>72.6%</b>	<b>-</b>

\* Unaudited

**Game contribution and game contribution margin**

(SEK million)	For the financial year ended 31 August		
	2016/2017	2015/2016	2014/2015
Net sales	260.4	264.0	153.0
Platform fees*	-63.3	-65.7	-32.1
Performance based marketing*	-111.1	-94.6	-31.3
<b>Game contribution*</b>	<b>86.0</b>	<b>103.7</b>	<b>89.7</b>
Game contribution margin, %*	33.0%	39.3%	58.6%

\* Unaudited

## EBITDA and EBITDA margin

(SEK million)	For the financial year ended 31 August		
	2016/2017	2015/2016	2014/2015
Operating profit/loss (EBIT)	4.1	37.0	45.2
Depreciation and impairments of tangible and intangible fixed assets*	-23.0	15.0	4.7
<b>EBITDA*</b>	<b>27.1</b>	<b>52.0</b>	<b>49.9</b>
<i>EBITDA margin, %*</i>	10.4%	19.7%	32.6%

\* Unaudited

## EBIT margin

(SEK million)	For the financial year ended 31 August		
	2016/2017	2015/2016	2014/2015
Net sales	260.4	264.0	153.0
<b>Operating profit/loss (EBIT)</b>	<b>4.1</b>	<b>37.0</b>	<b>45.2</b>
<i>EBIT margin, %*</i>	1.6%	14.0%	29.6%

\* Unaudited

## Dividend paid

(SEK thousand)	For the financial year ended 31 August		
	2016/2017	2015/2016	2014/2015
<b>Dividend paid*</b>	<b>14,919</b>	-	-

\* Unaudited

## Dividend per share

	For the financial year ended 31 August		
	2016/2017	2015/2016	2014/2015
Dividend paid (SEK thousand)*	14,919	-	-
Number of shares outstanding*	19,250,000	962,500	1,000,000
<b>Dividend per share* (SEK)</b>	<b>0.78</b>	<b>0.0</b>	<b>0.0</b>

\* Unaudited

## Free cash flow and cash conversion

(SEK million)	For the financial year ended 31 August		
	2016/2017	2015/2016	2014/2015
EBITDA*	27.1	52.0	49.9
Capitalised work for own account*	20.2	18.1	11.5
Change in net working capital*.**	5.5	7.0	-11.4
Capital expenditures*	3.1	0.0	5.2
<b>Free cash flow*</b>	<b>9.3</b>	<b>40.8</b>	<b>21.9</b>
<i>Cash conversion, % (FCF / EBITDA)*</i>	34.3%	78.5%	43.8%

\* Unaudited

\*\* Net working capital defined as accounts receivables less accounts payables

## Number of shares outstanding

	For the financial year ended 31 August		
	2016/2017	2015/2016	2014/2015
<b>Number of shares outstanding*</b>	<b>19,250,000</b>	<b>962,500</b>	<b>1,000,000</b>

\* Unaudited

## Average number of FTEs

	For the financial year ended 31 August		
	2016/2017	2015/2016	2014/2015
<b>Average number of FTEs*</b>	<b>55</b>	<b>47</b>	<b>34</b>

\* Unaudited

**Definitions of key performance indicators not defined in accordance with IFRS**

The table below provides definitions for the alternative performance measures used in the Prospectus, as well as sets out the reason for the use of the respective measures.

NON-IFRS FINANCIAL MEASURE	DEFINITION	REASON FOR USE OF THE MEASURE
<b>Net sales growth, %</b>	Annual global net sales growth, calculated in comparison with previous financial year, expressed as a percentage.	This measure allows the Company to compare its growth rate between different periods and against the overall market and competitors.
<b>Game contribution</b>	Net sales less platform fees and performance based marketing.	Game contribution provides a measure for the profit contribution from the game portfolio as a whole.
<b>Game contribution margin, %</b>	Net sales less platform fees and performance based marketing, divided by net sales, expressed as a percentage.	Allows for relative comparison of game contribution across periods.
<b>EBITDA</b>	Earnings before interest, tax, depreciation and amortisation.	EBITDA provides a general picture of the profit or loss generated by the operating activities before depreciation and amortisation.
<b>EBITDA margin, %</b>	EBITDA divided by net sales, expressed as a percentage.	EBITDA margin is used for the analysis of value creation.
<b>EBIT margin, %</b>	Operating profit/loss (EBIT) divided by net sales, expressed as a percentage.	EBIT margin provides an understanding of the profit or loss generated by the operating activities.
<b>Dividend paid</b>	Dividend paid to the shareholders during the financial year.	Allows for analysis of the Company's ability to generate returns to its shareholders.
<b>Dividend per share</b>	Dividend paid divided by the number of shares outstanding at the end of the financial year.	Dividend per share illustrates the Company's dividend yield to shareholders.
<b>Free cash flow</b>	EBITDA less capitalised work for own account, change in net working capital and capital expenditures.	Free cash flow is used by management to evaluate cash flows generated by operating activities and investments.
<b>Cash conversion</b>	Free cash flow divided by EBITDA, expressed as a percentage.	Cash conversion provides a measure of the Company's ability to convert profits into cash.
<b>Number of shares outstanding</b>	Number of shares outstanding at the end of the financial year.	The number of outstanding shares is used in calculating other metrics.
<b>Average number of FTEs</b>	Average number of full-time equivalent employees. One FTE is equivalent to one employee working full-time.	Average number of FTEs per financial year reveals a measure on the amount of full-time employees involved in the business.

# OPERATING AND FINANCIAL REVIEW

The following discussion and analysis is based on, and should be read in conjunction with the sections “Selected financial information”, “Capitalisation, indebtedness and other financial information”, “Pro forma”, and the Company’s financial information, with associated notes, incorporated in the section “Historical Financial Information”, and prepared in accordance with IFRS. References to the years 2016/2017, 2015/2016 and 2014/2015 refer to MAG Interactive’s results as of and for the financial years ended 31 August 2017, 31 August 2016 and 31 August 2015 respectively.

Certain information in the discussion and analysis set forth below and elsewhere in the Prospectus includes forward looking statements that involve risks and uncertainties. See section “Risk factors” for a discussion of important factors that could cause actual results to differ materially from the results described in the forward-looking statements contained in this Prospectus.

## INTRODUCTION TO MAG INTERACTIVE

Founded in 2010 in Stockholm, MAG Interactive is a developer and publisher of casual mobile games. The Company, headquartered in Stockholm, employed 55 persons on average during 2016/2017, working at either one of the Company’s strategically located studios in Stockholm, Sweden or Brighton, United Kingdom. The Company develops and publish free-to-play games for mobile devices, in which the players make in app purchases of virtual items or gameplay benefits. As a result of the acquisition of FEO Media in November 2017, the Company obtained another development studio and some 50 FTEs joined MAG Interactive.

MAG Interactive started out within the word game niche with the game Ruzzle as the Company’s first product. Today,

the current focus is the broader casual mobile gaming category. Over the years, MAG Interactive has developed an analytics driven and repeatable game development process, based on a scientific approach to ensure the quality and frequency of all productions. The current portfolio contains ten games, of which five are word games, one is a puzzle game and four are trivia games. Nine of MAG Interactive’s games have been downloaded in excess of one million times,<sup>1)</sup> a strong track record primarily due to the Company’s proven in-house process for developing games. In total, the Company’s games have been downloaded more than 200 million times, a milestone which was reached in November 2017 in conjunction with the acquisition of FEO Media.

### MAG INTERACTIVE’S GAMES



Source: MAG Interactive.

1) The tenth game, Backpacker, was launched during October 2017, and has therefore not reached one million downloads as of yet.

MAG Interactive's games are distributed through virtual app stores allowing for global reach with minimum effort, of which the largest are Google Play and App Store, for operating systems Android and iOS respectively. Partly due to the high quality and rankings of its games, the Company enjoys strong relationships with the main distributors, which facilitates and improves the Company's publishing and marketing activities.

MAG Interactive recorded net sales of SEK 335 million in 2016/2017<sup>1)</sup>. Since 2014/2015, net sales have shown a strong growth with a CAGR of 48 per cent. For 2016/2017, net sales was relatively evenly distributed between the two dominating distribution platforms, Google Play and App Store. Geographically, the US together with Germany and the United Kingdom accounted for 62 per cent of net sales during the same period.

### FACTORS AFFECTING MAG INTERACTIVE'S OPERATING RESULTS AND FINANCIAL POSITION

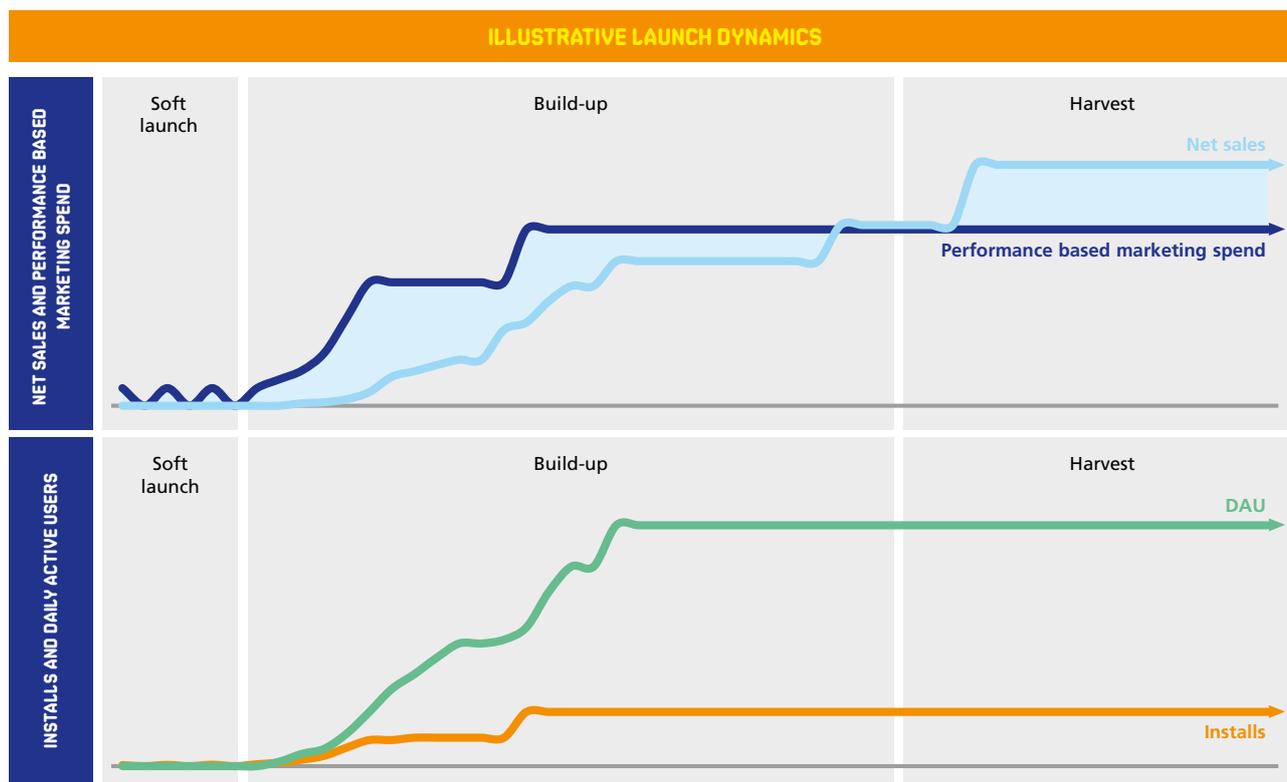
The results of MAG Interactive's operations have been, and will continue to be, influenced by a number of internal and external factors, many of which are beyond its control. As some of these factors have historically been volatile, it is

difficult to predict MAG Interactive's future performance, and MAG Interactive's historical performance will not necessarily be indicative of the Company's future performance. Some of these key factors that have had, or may have, an effect on the results of MAG Interactive's operations are set forth below.

#### NEW GAME LAUNCHES WITHIN THE CASUAL GAMING SPACE

MAG Interactive's financial performance has been driven by successful game launches and their continuous performance. MAG Interactive's future performance is dependent on the Company's ability to continue to efficiently develop and launch high-quality game titles that become and remain popular. However, the success and timing of launching new games may vary over time, and thus future financial performance may not be consistent on a quarterly or annual basis.

MAG Interactive divides a game launch into three stages, each with its own dynamics and impact on both the financial position of the Company, as well as the player base. The figure below aims to illustrate how various metrics generally develop following launch.



Note: The graph is illustrative and the development of actual games may vary from the description above.  
Source: MAG Interactive.

1) Pro forma. MAG Interactive including FEO Media.

**Soft launch**

During soft launch, the new game is launched in selected geographies in order to collect data ahead of the full launch. The player base is typically limited in order to keep the performance based marketing spend low. The visibility on future net sales and profitability is limited throughout the soft launch phase.

**Build-up**

Once the game is launched on a full scale, the game enters the build-up phase. During build-up, MAG Interactive aims to match the spending on performance based marketing with the net sales less platform fees generated from the game, meaning that the game contribution will be kept close to zero. As a result, net sales will increase while EBITDA will be kept stable and hence, EBITDA margin will decrease. During build-up, the user base is grown with the ambition to maximise the potential going into the harvest phase.

**Harvest**

The harvest phase commences when it is no longer possible to increase the spending on performance based marketing while staying ROI positive. The performance based marketing spend flattens out while net sales continuous to grow, resulting in positive game contribution from the launched game. During the harvest phase, the user base is at full potential, and the main focus is maintaining it at a constant level. The ambition is to have the harvest period last as long as possible.

**Status of current game portfolio and pipeline**

The table below presents MAG Interactive's current game portfolio according to the phases presented above. The classifications are based on MAG Interactive's subjective judgement.

<b>Game</b>	<b>Phase</b>
Word Domination	Soft launch
Backpacker	Build-up
WordBrain 2	Build-up
Wordalot	Build-up
Ruzzle	Harvest
Ruzzle Adventure	Harvest
WordBrain	Harvest
Potion Pop	Harvest
QuizCross	Harvest
Pixduel	Harvest
QuizDuel	Harvest

Source: MAG Interactive.

**DELIVERING PLAYER ENGAGEMENT AND RETENTION**

The ability of MAG Interactive's games to engage and maintain the interest of players, and encourage repeated play on a regular basis, is important for building a dynamic network of players that demand virtual goods purchased in the games. To achieve this, the Company works with tools such as campaigns, promotions, and in-game events. All these tools are aimed at making the game feel alive for the audience.

MAG Interactive believes that the social components built into many of the Company's games contribute to player engagement and retention. MAG Interactive believes that its target audience is loyal, contributing to increased retention. Casual gamers in general typically play a down-loaded game over a long period of time, and generally have only a few games installed on their device.

**CONTINUOUS DEVELOPMENT OF EXISTING GAMES**

MAG Interactive's current portfolio consists of ten successful games, all reaching multi-million player audiences. As described in the section "*Business overview – Business model*" MAG Interactive strives to continuously create new content for its existing games. The Company has during 2017 implemented a live operations team, based in Brighton, United Kingdom, dedicated to working with the development of existing games. MAG Interactive believes that having a dedicated live operations team will enable the Company to reap scale benefits. The live operations team will e.g. be able to manage the game portfolio, increasing the overall efficiency of the business. In addition, the team will be responsible for all regular game updates and recurring tweaks, meaning that the development teams can direct its entire focus to the development of new games.

**BUILDING AND SUSTAINING THE PLAYER BASE**

MAG Interactive has managed to build a large player base of 7.4 million Monthly Active Users and 1.6 million Daily Active Users as of 31 August 2017<sup>1)</sup>. The ten games in the Company's portfolio have altogether been downloaded in excess of 200 million times. Building and sustaining a large and loyal player base is vital to MAG Interactive's future success, as the size of the player base determines the maximum potential audience for the in app purchases of virtual goods that drive net sales.

The Company's efforts in relation to the player base consist of both maximising the inflow of new players as well as minimising the outflow of existing players. MAG Interactive strives to maximise the inflow of new players through various marketing activities, which include both traditional marketing such as TV commercials and sponsored news

1) The information relates to MAG Interactive and has not been updated to include FEO Media.

stories, as well as modern methods such as online ad networks. The Company adopts a ROI based approach to paid user acquisition, meaning the spending is increased when there is an opportunity to acquire users cheaper than the users' expected life-time value. In relation to minimising the outflow from the player base, MAG Interactive utilises cross promotion tools that allows the Company to move players from one game to another within the network when the players exhibit signs of decreasing engagement.

### IN GAME MONETISATION AND ADVERTISING

During the financial year 2016/2017, 81 per cent of MAG Interactive's net sales of SEK 260.4 million was attributable to in app purchases while the remaining 19 per cent came from advertising, indicating that the Company's future financial performance is dependent on continued successful monetisation, both from in app purchases and from advertising. Seven out of MAG Interactive's ten games are mainly monetized through in app purchases while Ruzzle, QuizDuel and Pixduel mainly relies on advertising.

Future success in game monetisation depends on the quality of the games that MAG Interactive develops and publishes, and the Company's ability to convert and retain users as paying customers. During the fourth quarter of 2016/2017, MAG Interactive had 162 thousand Monthly Unique Payers on average. The Company's ARPDau<sup>1)</sup> has been stable, amounting to SEK 0.39 both in Q4 2016/2017 as well as in Q4 2015/2016.<sup>2)</sup>

### AVAILABILITY OF ACQUISITION TARGETS AND DEVELOPMENT PARTNERS

MAG Interactive has a proven track-record of acquiring externally developed IP (WordBrain), acquiring entire game studios (Delinquent and FEO Media) and entering into publishing deals (Backpacker). Pursuing external opportunities, such as strategic acquisitions and additional publishing deals, will continue to be an important aspect of the Company's business model, meaning that the availability of suitable acquisition targets as well as development partners will impact the Company's financial performance going forward.

The agreement to publish Backpacker marks MAG Interactive's entry into a new part of the gaming value chain, as a publisher of externally developed games. The Company believes that this new business model will be important for MAG Interactive going forward. Published games impact the Company's financial performance in a similar way as internally developed games, with one important difference. Published games are associated with an additional cost, paid

by the publisher to the developer, meaning that solely published games are less profitable, all else equal, compared to internally developed games.

### COSTS ASSOCIATED WITH THE BUSINESS

MAG Interactive's historical and future financial position is highly dependent on the costs associated with the business. The largest cost items within MAG Interactive are sales related costs, performance based marketing, and personnel expenses.

Sales related costs are variable and mainly consists of platform fees paid to Apple and Google. The platform fees correspond to 30 per cent of all in app purchases in the games.

Performance based marketing costs mainly consist of paid user acquisition costs and is crucial for the Company's ability to achieve future growth. As described in section *"Operating and financial review – Factors affecting MAG Interactive's operating results and financial position – New game launches within the casual gaming space"*, newly launched games typically drive increasing performance based marketing costs, as the Company works to build a large player base for the game. Mature games on the other hand typically do not drive any significant performance based marketing costs since these games already have stable player bases.

Personnel costs are fixed in nature, and are mainly driven by the number of employees in the Company. The number of employees has increased during the last years, primarily through the acquisition of Delinquent, providing the Company with a second studio, based in Brighton, United Kingdom. As a result of the acquisition of FEO Media, MAG Interactive's employee base increased with approximately 50 FTEs.

### KEY ITEMS IN THE INCOME STATEMENT

#### NET SALES

Net sales in MAG Interactive is derived from two sources, in app purchases and advertisements. In app purchases are either consumables or permanent. Consumables are usually coins, hints or clues that the player spends in the game, whereas permanents are purchased once to provide a permanent benefit, such as paying to remove ads. Advertisement revenue is divided into incentivised ads and interstitial ads. Incentivised ads, typically videos, give players a bonus or benefit for watching the ad whereby interstitial ads are typically static ads or short videos on the screen that the players can choose to end should they want to.

1) Average Revenue Per Daily Active User.

2) The information relates to MAG Interactive and has not been updated to include FEO Media.

**CAPITALISED WORK FOR OWN ACCOUNT**

Development expenses that are directly attributable to the development and testing of games for mobile platforms that are controlled by MAG Interactive are recorded as intangible assets. Such costs are capitalised from the soft launch phase until the game is handed over by the development team to the live operations team. Costs of maintenance of games for mobile platforms are recorded as they arise.

**OTHER OPERATING INCOME**

Other operating income mainly corresponds to exchange rate gains and other non-product sales activities.

**SALES RELATED COSTS**

Sales related costs mainly consists of platform fees paid to Apple and Google for App Store and Google Play. The platform fee is approximately 30 per cent of all in app purchases. Other costs included in sales related costs relates to publishing fees, server costs and Business Intelligence costs.

**PERFORMANCE BASED MARKETING**

Performance based marketing relates to paid user acquisition. Performance based marketing is closely connected to the games and provides measurable results for the Company. Performance based marketing consists of both cost for marketing in traditional media channels such as TV as well as in online channels such as Facebook, Google and other advertising networks.

**OTHER EXTERNAL EXPENSES**

Other external expenses consist mainly of rent, consultancy fees and public relation costs.

**PERSONNEL COSTS**

Personnel costs are costs associated with employees of MAG Interactive, such as salaries. Employees are mainly full time employees, with usage of external resources as necessary.

**DEPRECIATION AND AMORTISATION**

MAG Interactive applies straight-line depreciation over the estimated useful asset life. The residual values and useful life of assets are reviewed at the end of each reporting period and adjusted as required. Equipment is depreciated on a straight line basis over five years. Acquired intellectual property rights to games for mobile platforms have a definable useful life, and depreciation is performed on a straight-line basis over one to three years. Costs of maintenance of games for mobile platforms are recorded as expenses as they arise. Capitalised development costs are depreciated over their estimated useful life – not exceeding three years. Depreciation of such assets start as soon as the cost is capitalised.

**FINANCIAL INCOME**

Financial income comprises mainly exchange rate gains from current receivables and interest income on cash and cash equivalents, as well as other long-term securities.

**FINANCIAL EXPENSES**

Financial expenses consist mainly of exchange rate losses from current payables.

**INCOME TAX**

Income tax includes any current income taxes paid as well as deferred income taxes.

**INVESTMENTS**

MAG Interactive's investments during the last three financial years has mainly been of acquisitive nature. During 2014/2015, the acquisitions of WordBrain and Delinquent impacted the Company's financial position, as evidenced by the table below. In addition to acquisitions, MAG Interactive's historical investments has also included changes in receivables as well as financial securities. There are no ongoing or future investments decided that are of significant importance for the business.

The following table presents MAG Interactive's investments for each financial year for the period covered by the historical financial information in the Prospectus.

(SEK million)	For the financial year ended 31 August		
	2016/2017	2015/2016	2014/2015
Investments in tangible non-current assets	3.1	–	0.2
Investments in intangible assets	–	–	5.0
Acquisition of subsidiary*	–	–	11.9
Change in securities	3.0	0.0	4.0
Change in long-term receivables	–	1.8	0.0
<b>Total investments</b>	<b>6.1</b>	<b>1.9</b>	<b>21.2</b>

\* After deduction of cash and cash equivalents acquired.

Source: MAG Interactive.

## KEY OPERATIONAL METRICS

In order to continuously assess the current player network, MAG Interactive tracks various metrics on an ongoing basis. These metrics enable MAG Interactive to measure its performance, as well as to evaluate trends and growth opportunities. The Company has decided to track and show the following operational metrics since they are believed to be most relevant for understanding MAG Interactive: Daily Active Users ("DAU"), Monthly Active Users ("MAU"), Monthly Unique Payers ("MUP") and Average Revenue Per Daily Active User ("ARPDau"). These metrics are presented on a quarterly basis and will be reported as such going forward. The following sections presents these metrics and provides the respective development since the first quarter 2015/2016. The operational metrics shown in the Prospectus are obtained from the Company's internal systems and have thus not been audited.

### Daily Active Users

(In thousands)	For the financial year ended 31 August		
	2016/2017	2015/2016	2014/2015
Q1	1,553	1,730	1,449
Q2	1,785	2,097	1,584
Q3	1,787	1,890	1,488
Q4	1,608	1,415	1,526

Source: MAG Interactive.

DAU represents a particularly important metric for the Company, due to its need to be able to measure and evaluate user engagement and retention rates. Even though DAU is not identical to monetisation, it is the most fundamental driver of monetisation and hence one of the most important operational metrics for MAG Interactive. DAU is also the primary source of evidence for evaluating marketing initiatives. During the second quarter of 2015/2016 the Company saw a large quarter-on-quarter increase of 331,000 Daily Active Users, mainly attributable to extensive marketing activities in relation to WordBrain during that period. During such marketing-intensive periods, DAU levels are elevated for a period of time, and then typically return to normal levels after the marketing has decreased. Such intense inflows of new players have a positive effect on net

### Monthly Active Users

(In thousands)	For the financial year ended 31 August		
	2016/2017	2015/2016	2014/2015
Q1	6,696	7,265	5,271
Q2	7,427	9,353	6,025
Q3	7,997	8,784	5,282
Q4	7,392	6,672	6,221

Source: MAG Interactive.

### DAILY ACTIVE USERS (DAU) AND MONTHLY ACTIVE USERS (MAU)

DAU refers to the average number of Daily Active Users playing each of the games in MAG Interactive's portfolio. The metric is calculated as a unique number of user IDs per day and game, regardless of platform. Total DAU for MAG Interactive is the sum of DAU for all the games. The Company is therefore able to display the number of users who have played one of MAG Interactive's games on any particular day, and users playing more than one game within any given day is counted once for each game. Average DAU is calculated as the sum of Daily Active Users for each day during the quarter divided by the number of days in the corresponding financial quarter. The historical development of the Company's DAU is shown below.

sales and profitability during subsequent months and quarters.

MAU is defined as Monthly Active Users playing each game during a 30-day period. The total MAU for MAG Interactive is the sum of MAU for all the games. MAG Interactive tracks its Monthly Active Users in order to measure regular user engagement and overall trends in the player network. As with the DAU metric, MAU is calculated as unique number of user IDs per respective month and game regardless of platform. To represent averages for a specific period, MAUs are calculated by calculating the average MAU over the months in the period. The following table displays the historical development of MAG Interactive's MAU for the past twelve quarters.

**MONTHLY UNIQUE PAYERS (MUP)**

MUP represents Monthly Unique Payers, a figure calculated as the total number of unique players during a given month that have spent money in each of MAG Interactive's games. Total MUP is the sum of MUP for all the games. In contrast to the MAU metric, MUP provides a direct perspective of the monetisation aspect as well. Measuring and analysing how many players in the MAG Interactive network who make payments is valuable as a metric in order to assess the monetisation of the player base. In addition, MUP is closely

linked to the Company's ability to increase conversion, i.e. converting users to paying players. When calculating an average over a given period, MUPs are computed by calculating the average of MUP for the months in the period. For MAG Interactive, the development pattern of MUP largely follows that of MAU and DAU, which can be observed in the following table below. Positive MUP development during the period follows a similar pattern as that of MAU and DAU.

**Monthly Unique Payers**

(In thousands)	For the financial year ended 31 August		
	2016/2017	2015/2016	2014/2015
Q1	174	170	7
Q2	194	221	13
Q3	201	208	17
Q4	162	161	49

Source: MAG Interactive.

**AVERAGE REVENUE PER DAILY ACTIVE USER (ARPD AU)**

ARPD AU is defined as the Average Revenue Per Daily Active User, which for MAG Interactive is calculated by dividing the daily net sales with DAU for a given day. When presenting ARPD AU as an average during a longer period, the Company divides its average net sales during the period with the average DAU for the same period. The ARPD AU measure is a valuable metric for MAG Interactive to be able to assess overall monetisation across its player network on a daily basis.

Growth in ARPD AU is mainly attributable to three factors; increase in conversion, meaning a larger share of

players that choose to make purchases, an increase in the average purchase size, meaning that paying players pay more on average, and enhanced efficiency for increased net sales of advertisement. While DAU, MAU and MUP typically increase during periods of heavy performance based marketing cost spending, the same pattern is not as predictable for ARPD AU. This is largely due to the fact that all kinds of players are attracted during periods of intense marketing, with an increased number of players that download the game out of curiosity rather than players that download the game to keep playing it.

**Average Revenue Per Daily Active User**

(In SEK)	For the financial year ended 31 August		
	2016/2017	2015/2016	2014/2015
Q1	0.43	0.44	0.15
Q2	0.42	0.40	0.22
Q3	0.46	0.39	0.30
Q4	0.39	0.39	0.42

Note: In 2014/2015 the Company had other sales of SEK 1.4 million which is not included in the ARPD AU calculation.

Source: MAG Interactive.

## COMPARISON BETWEEN PERIODS

### COMPARISON BETWEEN FY2016/2017 AND FY2015/2016

#### **Net sales**

MAG Interactive's net sales decreased by SEK 3.6 million from SEK 264.0 million in 2015/2016 to SEK 260.4 million in 2016/2017. In app purchases decreased by SEK 8.0 million, from SEK 218.9 million in 2015/2016 to SEK 210.9 million in 2016/2017, while advertising revenues increased between 2015/2016 and 2016/2017 with SEK 4.4 million, from SEK 45.0 million to SEK 49.4 million. In 2015/2016 only two games, Ruzzle and Wordbrain, contributed to significant net sales, while in 2016/2017 the contribution came from four games. No new games were launched during the financial year. MAG Interactive has instead focused on preparing their current games for live operations, including rewriting the code as well as the systemisation and creation of tools. As a result, revenue growth has decreased compared to previous years.

#### **Game contribution**

Game contribution decreased between 2015/2016 and 2016/2017, from SEK 103.7 million to SEK 86.0 million. The game contribution margin dropped from 39.3 per cent to 33.0 per cent between 2015/2016 and 2016/2017 as a consequence of the decrease in net sales, as mentioned above, but also of an increase in performance based marketing from SEK 94.6 million in 2015/2016 to SEK 111.1 million in 2016/2017. Lower net sales combined with performance based marketing remaining at the same level as the previous year resulted in a lower game contribution in total. Platform fees decreased from SEK 65.7 million in 2015/2016 to SEK 63.3 million in 2016/2017, as a consequence of decreased in app purchases.

#### **Operating profit**

Operating profit decreased by SEK 32.9 million, from SEK 37.0 million in 2015/2016 to SEK 4.1 million in 2016/2017. The reason primarily being increased operating expenses, with an increase in performance based marketing (as described above) and in personnel costs, as well as an increase in depreciation and impairments of tangible and intangible fixed assets.

Personnel costs increased by SEK 4.6 million, from SEK 37.8 million in 2015/2016 to SEK 42.4 million in 2016/2017. The increase relates to the increase in FTEs as a result of the implementation of MAG Interactive's live operations team, as well as functions such as analysis and marketing. Employees have been recruited for positions including server

development, marketing, content, localisation and game development within the live operations team. The total number of FTEs increased from 47 on average in 2015/2016 to 55 on average in 2016/2017.

Depreciation and impairments of tangible and intangible non-current assets increased by SEK 8.0 million, from SEK 15.0 million in 2015/2016 to SEK 23.0 million in 2016/2017. The increase was primarily driven by increased purchases of tangible non-current assets, as well as an increase in depreciation and impairments of capitalised development costs.

#### **Profit before tax**

The information specified above combined with a decrease in financial income while financial expenses increased, meant that profit before tax decreased by SEK 34.0 million, from SEK 37.6 million in 2015/2016 to SEK 3.6 million in 2016/2017. Financial income decreased from SEK 0.6 million in 2015/2016 to SEK 0.1 million in 2016/2017 while financial expenses increased from SEK 0.0 million to SEK 0.7 million, primarily due to less favourable exchange rates.

#### **Profit for the year**

As a result of the decrease in profit before tax, profit for the year decreased from SEK 29.3 million in 2015/2016 to SEK 0.6 million in 2016/2017.

#### **Cash flow from operating activities**

Cash flow from operating activities decreased between 2015/2016 and 2016/2017 from SEK 27.7 million to SEK 9.1 million. The decrease was mainly driven by the change in operating profit, which decreased from SEK 37.0 million in 2015/2016 to SEK 4.1 million in 2016/2017. The change is primarily explained by increased operating expenses, described above.

#### **Cash flow from investing activities**

Cash flow from investing activities decreased from SEK -1.9 million in 2015/2016 to SEK -6.1 million in 2016/2017. The decrease mainly relates to investments in in the new Stockholm office, as well as change in securities.

#### **Cash flow from financing activities**

Cash flow from financing activities decreased from SEK -7.5 million in 2015/2016 to SEK -13.7 million in 2016/2017. The decrease is primarily attributable to the dividend of SEK 14.9 million paid in 2016/2017 to the shareholders of MAG Interactive, while no new shares were bought.

**COMPARISON BETWEEN FY2015/2016 AND FY2014/2015****Net sales**

MAG Interactive's net sales increased by SEK 111.0 million from SEK 153.0 million in 2014/2015 to SEK 264.0 million in 2015/2016, corresponding to 72.5 per cent annual growth. The increase was primarily an effect of strong growth in WordBrain. In addition, two acquisitions were made during the financial year. In September 2014, MAG Interactive acquired the game WordBrain, and in July 2015 the game studio Delinquent was acquired. Since the acquisition of WordBrain, the game's number of downloads have grown from one million to 40 million downloads as of August 2017, also increasing the number of DAU for MAG Interactive. The increase in net sales was primarily driven by the games monetised through in app purchases, with net sales from in app purchases growing from SEK 105.8 million to SEK 218.9 million between 2014/2015 and 2015/2016.

**Game contribution**

Game contribution increased between 2014/2015 and 2015/2016, from SEK 89.7 million to SEK 103.7 million. The game contribution margin dropped from 58.6 per cent to 39.3 per cent between 2014/2015 and 2015/2016 as a consequence of significant performance based marketing costs relating to WordBrain's growth.

Performance based marketing increased from SEK 31.3 million in 2014/2015 to SEK 94.6 million in 2015/2016 which is primarily attributable to WordBrain. In addition to WordBrain, the Company launched Wordalot and WordBrain 2 during the second half of 2015/2016, something which also contributed to the increase in performance based marketing during 2015/2016 compared with 2014/2015.

**Operating profit**

Operating profit decreased by SEK 8.2 million from SEK 45.2 million in 2014/2015 to SEK 37.0 million in 2015/2016. The decrease is explained by three main factors, being: increasing performance based marketing costs (as described above), increasing personnel costs and increasing depreciation and impairment of tangible and intangible non-current assets.

Personnel costs increased from SEK 30.9 million in 2014/2015 to SEK 37.8 million in 2015/2016. The increase is closely correlated with the increase in number of FTEs, from 34 on average during 2014/2015 to 47 on average during 2015/2016.

Depreciation and impairments of tangible and intangible non-current assets increased from SEK 4.7 million in 2014/2015 to SEK 15.0 million in 2015/2016. The increase primarily relates to depreciation of acquired intellectual property rights and depreciation of capitalised development costs.

**Profit before tax**

Profit before tax decreased between the financial years, from SEK 51.1 million in 2014/2015 to SEK 37.6 million in 2015/2016. The decrease is, in addition to the information provided above, attributable to lower financial income in 2015/2016 compared to the previous period as an effect of less favourable exchange rate effects.

**Profit for the year**

As a result of the decrease in profit before tax, profit for the year decreased from SEK 39.0 million in 2014/2015 to SEK 29.3 million in 2015/2016.

**Cash flow from operating activities**

Cash flow from operating activities more than doubled between 2014/2015 and 2015/2016 from SEK 12.4 million in 2014/2015 to SEK 27.7 million in 2015/2016. The increase was mainly driven by change in working capital, which in turn can be explained by lower prepaid expenses, primarily related to performance based marketing and lower accrued income, as well as lower personnel related liabilities.

**Cash flow from investing activities**

Cash flow from investing activities increased from SEK -21.2 million in 2014/2015 to SEK -1.9 million in 2015/2016. The increase mainly relates to the acquisition of WordBrain and Delinquent Interactive.

**Cash flow from financing activities**

Cash flow from financing activities decreased from SEK 0.0 million in 2014/2015 to SEK -7.5 million in 2015/2016. The decrease is primarily attributable to a redemption of 37,500 shares which were owned by Roger Skagerwall AB.

# CAPITALISATION, INDEBTEDNESS AND OTHER FINANCIAL INFORMATION

The tables in this section describe MAG Interactive's capitalisation and net indebtedness as of 31 August 2017, i.e. the last day of reporting before the Offer. All information in the tables below consists of unaudited financial information. The information presented below should be read in conjunction with the section "Operating and financial review" and the Company's consolidated financial statements and the notes related thereto included elsewhere in the Prospectus.

## CAPITALISATION

Amount in TSEK	
<b>Current debt</b>	
Guaranteed	0
Secured	0
Unguaranteed/unsecured	26,552
<b>Total current debt</b>	<b>26,552</b>
<b>Non-current debt</b>	
Guaranteed	0
Secured	0
Unguaranteed/unsecured	14,652
<b>Total non-current debt</b>	<b>14,652</b>
<b>Shareholders' equity</b>	
Share capital	50
Other paid in capital	-3,840
Retained earnings	102,697
<b>Total shareholders' equity</b>	<b>98,907</b>

## PENSION LIABILITIES

The Group has commission pension plans. A commission pension plan is a pension plan according to which the Group pays a fixed amount of commission to a separate legal entity. The Group does not have any legal or informal obligations to pay an additional amount of commission, should this entity not have enough assets to pay all compensation to employees connected with the employees work during current or previous periods. The commissions are reported as personnel costs when they are due for payment. Pre-paid commissions are reported as an asset to the extent that repayment in cash or a decrease of future payments are to the benefit of the Group.

## NET INDEBTEDNESS

Amount in TSEK	
A. Cash	40,561
B. Cash equivalents	0
C. Trading securities	19,018
<b>D. Liquidity (A) + (B) + (C)</b>	<b>59,579</b>
E. Current financial receivables	0
F. Current bank debt	0
G. Current portion of non-current debt	0
H. Other current financial debt	0
<b>I. Current financial debt (F) + (G) + (H)</b>	<b>0</b>
<b>J. Net current financial indebtedness (I) – (E) – (D)</b>	<b>-59,579</b>
K. Non-current bank debt	0
L. Bonds issued	0
M. Other non-current debt	0
<b>N. Non-current financial indebtedness (K) + (L) + (M)</b>	<b>0</b>
<b>O. Net financial indebtedness (J) + (N)</b>	<b>-59,579</b>

## MATERIAL EVENTS AFTER 31 AUGUST 2017

The tables above do not reflect events having taken place after 31 August 2017. Therefore, please find below a description of events material to the Company and which have taken place after 31 August 2017.

On 27 September 2017 the board of MAG Interactive resolved, with authorisation from the extraordinary general meeting held on 28 February 2017, to issue 144,375 warrants to some of the sellers of the shares in Delinquent. For further information on the issue of warrants, see section "Corporate governance – Remuneration for members of the board of directors and executive management – Remuneration for the CEO and executive management – Warrants programme – Warrants to the sellers of the shares in Delinquent".

On 9 October 2017 Swedbank Robur Fonder AB, for Swedbank Robur Ny Teknik and Swedbank Robur Microcap, committed, through a subscription letter to the Company and the other shareholders in the Company as of the date of the Prospectus (together the "Existing Shareholders"), to subscribe and pay for up to 1,811,764 ordinary shares in MAG Interactive, for a price per share amounting to SEK 44.1558, subject to MAG Interactive fulfilling certain conditions within 28 days from the date of the letter. The shares were issued and paid for on 3 November 2017, and the share capital increase in MAG Interactive was registered with the Swedish Companies Registration Office on 7 November 2017. The issue of new shares was conducted in order to finance the acquisition of FEO Media, as described further below.

On 18 October 2017 the Company entered into an agreement with the former owners of FEO Media to acquire all shares in FEO Media. The acquisition was closed on 7 November 2017. For further information on the share transfer, see section "*Legal considerations and supplementary information – Material agreements – Share Purchase Agreement with the former owners of FEO Media AB*".

On 18 October 2017, in connection with and in order to finance the acquisition of all shares in FEO Media, the Company entered into an agreement with Danske Bank pursuant to which Danske Bank shall provide the Company with a loan amounting to SEK 35,000,000. For further information, see section "*Capitalisation, indebtedness and other financial information – Capital structure following the Offer*".

### TANGIBLE ASSETS

As of 31 August 2017, the Company reported tangible assets to a value of SEK 2,699,000, primarily comprising inventories, equipment and installations. SEK 3,093,000 was invested in tangible assets and SEK 802,000 of the Company's tangible assets was depreciated during the financial year ending on 31 August 2017.

### INTANGIBLE ASSETS

As of 31 August 2017, the Company had intangible assets with a recognized value of SEK 38,952,000, and primarily comprised capitalised expenditure for development work with a book value of SEK 26,481,000, goodwill of SEK 7,976,000 and acquired intellectual property of SEK 4,495,000.

### CAPITAL STRUCTURE FOLLOWING THE OFFER

On 18 October 2017, in connection with the acquisition of all shares in FEO Media, the Company entered into an agreement with Danske Bank pursuant to which Danske Bank shall provide the Company with a loan amounting to SEK 35,000,000 (the "Loan"). The Loan was made available to the Company on 13 November 2017. The loan will be repaid quarterly during eight quarters, starting the third quarter 2018 with the final repayment due in the second quarter 2020. The loan carries an interest of two per cent. Apart from the Loan from Danske Bank, the Company does not have any external financing in place in connection with the Offer.

### WORKING CAPITAL

In the Company's opinion, the Company's working capital is sufficient for the Company's requirements for at least the 12-month period following the date of the Prospectus. Working capital in this regard is considered as the Company's ability to access cash and cash equivalents in order to meet its liabilities as they fall due.

### CONTRACTUAL OBLIGATIONS

The Company rents its premises and office equipment and are bound by non-terminable operational leasing agreements. The leasing terms vary between one and five years and several of the leasing agreements may be prolonged by payment of a marketable charge.

# BOARD OF DIRECTORS, EXECUTIVE MANAGEMENT AND AUDITORS

## BOARD OF DIRECTORS

According to MAG Interactive's articles of association, the board of directors shall consist of five to ten members appointed by the general meeting, without deputy members. MAG Interactive's board of directors currently consists of six members appointed by the general meeting for the period until the end of the annual general meeting to be held in 2018 for the financial year 2017/2018<sup>1)</sup>.

### The board of directors of MAG Interactive

Name	Position	Year of birth	Appointed	Independent of	
				The Company	The Company's larger shareholders
Walter Masalin	Chairman	1982	2014 <sup>1)</sup>	Yes	Yes
Daniel Hasselberg	Member	1973	2014	No	No
Kaj Nygren	Member	1970	2010	No	No
Johan Persson	Member	1981	2010	No	Yes
Teemu Huuhtanen	Member	1971	2013	Yes	Yes
Michael Hjorth	Member	1963	2017	Yes	Yes

1) Board member since 2013.

#### WALTER MASALIN (born 1982)

Walter Masalin is the chairman of the board of directors of MAG Interactive since 2014.

Walter Masalin is also the chairman of the board of directors of Evarasto Solutions Oy, a member of the board of directors of Biowink GmbH and Lifesum AB, as well as a partner at Nokia Growth Partners.

In the past five years, Walter Masalin has been, but is no longer, a member of the board of directors of Cronvall Oy and Cron-Tek Oy.

Walter Masalin holds a M.Sc. in Engineering Physics from Helsinki University of Technology and a M.Sc. in Economics from University of Helsinki, and he has also studied Economics and Psychology at Harvard University.

Walter Masalin does not hold any shares in the Company.

#### DANIEL HASSELBERG (born 1973)

Daniel Hasselberg is a member of the board of directors of MAG Interactive since 2014 and the CEO of MAG Interactive since 2013. Daniel Hasselberg was also the chairman of the board of directors of MAG Interactive between the years 2010 and 2013. For further information, see the section "Board of directors, executive management and auditors – Executive management – Daniel Hasselberg" below.

1) The Company's financial year is between 1 September and 31 August.

#### KAJ NYGREN (born 1970)

Kaj Nygren is a member of the board of directors of MAG Interactive since 2010 and the Chief Technology Officer of MAG Interactive since 2010. For further information, see the section "Board of directors, executive management and auditors – Executive management – Kaj Nygren" below.

#### JOHAN PERSSON (born 1981)

Johan Persson is a member of the board of directors of MAG Interactive since 2010 and the Vice President of Products of MAG Interactive since 2010. For further information, see the section "Board of directors, executive management and auditors – Executive management – Johan Persson" below.

**TEEMU HUUHTANEN (born 1971)**

Teemu Huuhtanen is a member of the board of directors of MAG Interactive since 2013.

Teemu Huuhtanen is also the CEO of Next Games Oyj, a member of the board of directors of Armada Interactive Oy, Pilke Helsinki Oy, Rabbit Films Oy, and Vaah Holdings Oy, as well as a deputy member of the board of directors of Dark May Oy and Helsinki GameWorks Oy.

In the past five years, Teemu Huuhtanen has been, but is no longer, Vice President Mergers & Acquisitions for Rovio Entertainment Oyj, as well as Executive Vice President Marketing and Business Development for Sulake Corporation Oy.

Teemu Huuhtanen holds a BBA from Preston University.

Teemu Huuhtanen holds 200,000 call options in the Company, which are issued by Mobile Access Group Sweden AB. For more information regarding the call options, see section "*Share capital and ownership – Exercise of call options*".

**MICHAEL HJORTH (born 1963)**

Michael Hjorth is a member of the board of directors of MAG Interactive since 2017.

Michael Hjorth is also chairman of the board of directors of Mäklarappen Sverige AB and Starbreeze AB, as well as a member of the board of directors of Ftrack AB, Indian Nation Aktiebolag, Starbreeze Production AB, Starbreeze Publishing AB, Starbreeze Studios AB, Starbreeze Ventures AB, and Starbreeze VR AB.

In the past five years, Michael Hjorth has been, but is no longer, the chairman of the board of directors of Starbreeze Production AB, Starbreeze Publishing AB, and Starbreeze Studios AB, the chairman and a member of the board of directors of Tre Vänner Film AB, a member of the board of directors of Sensori AB (publ), SF Studios Production AB, Starbreeze AB, and Tre Vänner Aktiebolag, as well as a deputy member of the board of directors of DigiStrat AB and Fifi Holding AB.

Michael Hjorth holds a Bachelor of Liberal Arts from Bard College, New York, USA.

Michael Hjorth holds 40,000 shares in the Company through Indian Nation Aktiebolag, a company fully owned by Michael Hjorth.

**EXECUTIVE MANAGEMENT**

The table below lists the name, position, year of birth and the year from when the position is held for the members of MAG Interactive's executive management.

**Executive management of MAG Interactive**

Name	Position	Year of birth	Held position since
Daniel Hasselberg	Chief Executive Officer	1973	2013 <sup>1)</sup>
Magnus Wiklander	Chief Financial Officer	1973	2017
Kaj Nygren	Chief Technology Officer	1970	2010
Johan Persson	Vice President of Product	1981	2010
David Amor	Head of studio in the UK	1972	2015 <sup>2)</sup>

1) Part of the executive management since 2010. Daniel Hasselberg has previously been product manager.

2) Employed at Delinquent since 2014.

**DANIEL HASSELBERG (born 1973)**

Daniel Hasselberg is the Chief Executive Officer of MAG Interactive since 2013.

Daniel Hasselberg is also a member of the board of directors of MAG Games Limited, MAG Interactive, Mobile Access Group Sweden AB and NMO Invest AB.

In the past five years, Daniel Hasselberg has been, but is no longer, a deputy member of the board of directors of Gaming on the Tail AB.

Daniel Hasselberg holds a M.Sc. in Engineering Physics from Uppsala University.

Daniel Hasselberg holds 4,015,195 shares in the Company through the fully owned company NMO Invest

AB. NMO Invest AB also holds 37.8 per cent of the shares in Mobile Access Group Sweden AB, which in turn holds 600,720 shares<sup>1)</sup> in the Company.

**MAGNUS WIKLANDER (born 1973)**

Magnus Wiklander is the Chief Financial Officer of MAG Interactive since 2017.

Magnus Wiklander is also a deputy member of the board of directors of Widespace Holding AB.

In the past five years, Magnus Wiklander has been, but is no longer, a member of the board of directors of M Wiklander AB, as well as Chief Financial Officer of Widespace AB.

1) The shares held by Mobile Access Group Sweden AB will be used for the exercise of call options held by, amongst others, key personnel and other employees of the Group. For more information regarding the call options, see section "*Share capital and ownership – Exercise of call options*".

Magnus Wiklander holds a M.Sc. in Engineering Physics from Chalmers Institute of Technology, as well as a M.Sc. in Advanced Communication from Imperial College.

Magnus Wiklander holds 30,000 call options in the Company, which are issued by Mobile Access Group Sweden AB. For more information regarding the call options, see section "*Share capital and ownership – Exercise of call options*". Magnus Wiklander also holds 163,175 warrants in the Company.

#### **KAJ NYGREN (born 1970)**

Kaj Nygren is the Chief Technology Officer of MAG Interactive since 2010.

Kaj Nygren is also a member of the board of directors of MAG Games Limited, MAG Interactive, Mobile Access Group Sweden AB, and Playful Days AB.

Kaj Nygren holds a M.Sc. in Computer Science from the Royal Institute of Technology (KTH).

Kaj Nygren holds 4,027,252 shares in the Company through the fully owned subsidiary Playful Days AB. Playful Days AB also holds 37.9 per cent of the shares in Mobile Access Group Sweden AB, which in turn holds 600,720 shares<sup>1)</sup> in the Company.

#### **JOHAN PERSSON (born 1981)**

Johan Persson is Vice President of Product of MAG Interactive since 2010.

Johan Persson is also the chairman of the board of directors of Gumbler AB, as well as a member of the board of directors of MAG Interactive and Johan Persson Holding AB.

Johan Persson has studied the master program of Computer Science at Uppsala University.

Johan Persson holds 1,826,080 shares in the Company.

#### **DAVID AMOR (born 1972)**

David Amor is Head of studio in the UK of MAG Interactive since 2015.

David Amor is also a member of the board of directors of 126 Marine Parade (Brighton) Limited, Picnic Games Limited, Sabre Studios Limited, and Sentinel Studios Limited.

In the past five years, David Amor has been, but is no longer, a member of the board of directors of Delinquent Interactive Limited (now MAG Games Limited), Futurlab Meta Limited, Hall Get Involved Limited, Innocent Interactive Limited, Relentless Software Limited and Relentless Studios Limited.

David Amor has studied mathematics, business and computer studies at Haywards Heath Sixth Form College.

David Amor holds 57,750 warrants in the Company.

#### **AUDITORS**

Öhrlings PricewaterhouseCoopers AB, with the address Torsgatan 21, 113 97 Stockholm, is the auditor of the Company since the annual general meeting held on 11 December 2013. The authorised public accountant Niklas Renström, who is a member of FAR (professional institute for authorised public accountants) is the auditor-in-charge.

#### **FURTHER INFORMATION ON THE MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT**

There are no family ties between any of the members of the board of directors or executive management.

There are no conflicts of interest or potential conflicts of interest between the obligations of the members of the board of directors and executive management of MAG Interactive towards the Company and their private interests and/or other undertakings. Several members of the board of directors and of the executive management, have undertaken, with certain exceptions, not to sell their respective holdings for a certain period after the trading on Nasdaq First North Premier has commenced, see the section "*Share capital and ownership – Undertaking to refrain from selling shares*".

During the past five years, no members of the board of directors or executive management described above have (i) been convicted in any fraud-related offences, (ii) represented a company which has been declared bankrupt or filed for involuntary liquidation, (iii) been the subject of sanctions or accusations by authorities or bodies acting for particular professional groups under public law, or (iv) been subject to injunctions against carrying out business.

The board members are not entitled to any benefits when they retire from the board. For information on the members of the executive management's right to severance pay if their position with the Company is terminated, see the section "*Corporate Governance – Remuneration for members of the board of directors and executive management – Remuneration for the CEO and executive management*".

All members of the board of directors and executive management are available at the Company's domicile at Drottninggatan 95A, 113 60 Stockholm.

1) The shares held by Mobile Access Group Sweden AB will be used for the exercise of call options held by, amongst others, key personnel and other employees of the Group. For more information regarding the call options, see section "*Share capital and ownership – Exercise of call options*".

# CORPORATE GOVERNANCE

MAG Interactive is a Swedish public limited liability company. Prior to the listing on Nasdaq First North Premier, corporate governance in the Company was mainly based on Swedish laws and regulations, e.g. the Swedish Companies Act (Sw. *Aktiebolagslagen (2005:551)*) and the Swedish Annual Accounts Act (Sw. *Årsredovisningslagen (1995:1554)*), the Company's articles of association and internal rules and instructions. As a Company listed on Nasdaq First North Premier, the Company will apply Swedish laws and regulations, the Company's articles of association, internal rules and instructions, and the Nasdaq First North - Rulebook, as well as other Swedish and foreign laws and regulations, as applicable. The Company will also apply the Swedish Corporate Governance Code (the "Code").

The Code applies to all Swedish companies whose shares are listed on a regulated market in Sweden, and companies listed on Nasdaq First North Premier are not bound to apply the Code, but are recommended to do so. The Code defines a norm for good corporate governance on a higher level of ambition than the Swedish Companies Act and other regulations' minimum requirements. The Code is based on the principle "comply or explain". This means that the Company is not required to apply every rule of the Code at all occasions, but may choose alternative solutions deemed to better respond to particular circumstances, provided that the Company openly discloses all such deviations, describes the alternative solution and states the reason for the deviation.

The Company will, after listing of the Company's shares on Nasdaq First North Premier, comply with the Code, with the exception of the board not meeting the Code's requirements on board independence, see further in the section "*Board of directors, executive management and auditors*". All deviations from the Code will be described in the Company's corporate governance report, which will be included for the first time in the 2017/2018 annual report.

## THE GENERAL MEETING

According to the Swedish Companies Act, the general meeting is a company's highest decision-making body. The general meeting may resolve upon every issue for the company, which is not specifically reserved for another company body's exclusive competence. At the annual general meeting, which shall be held within six months from the end of the financial year, shareholders exercise their voting rights on issues, such as adoption of income statements and balance sheets, appropriation of the company's profits or losses, discharge of liability for the board of directors and the CEO for the financial year, the appointment of members of the board of directors and auditor, and remuneration for the board of directors and the auditor.

Besides the annual general meeting, extraordinary general meetings may be convened. In accordance with the Company's articles of association, all general meetings shall be convened through announcements in the Swedish Official Gazette (Sw. *Post- och Inrikes Tidningar*) and by posting the notice to the meeting on the Company's website. An announcement shall simultaneously be placed in Svenska Dagbladet with information that the meeting has been convened.

## RIGHT TO ATTEND GENERAL MEETINGS

All shareholders who are directly registered in the share register kept by Euroclear Sweden AB ("Euroclear"), five weekdays prior to the general meeting, and who has notified the Company of their intention to attend the general meeting at the latest by the date specified in the notice convening the meeting, shall be entitled to attend the general meeting and vote according to the number of shares they hold. Shareholders may attend general meetings in person or through a proxy, and may also be accompanied by not more than two assistants.

## SHAREHOLDER INITIATIVES

Shareholders who wish to have a matter discussed at the general meeting must submit a written request in that regard to the board of directors. Requests must normally be received by the board of directors at least seven weeks prior to the general meeting.

## NOMINATION COMMITTEE

The annual general meeting held on 15 November 2017 resolved to adopt an instruction for the nomination committee. According to the instruction for the nomination committee, the main rule is that the nomination committee shall consist of five members, whereof four members are appointed by the four largest shareholders in the Company as of the last banking day in April the financial year before the annual general meeting, and one is the chairman of the board of directors. The instruction for the nomination committee complies with the Code with respect to the appointment of committee members. The members of the nomination committee shall be announced not later than six months prior to the annual general meeting.

The nomination committee shall convene as often as is necessary in order to fulfil its duties and responsibilities. Scheduling of meetings shall be made with regard to the timing of the annual general meeting. The members of the nomination committee shall, in connection with their assignments, perform their duties in accordance with the Code. The nomination committee's main duties are to propose candidates for the positions as chairman and other members of the board of directors, as well as propose fees and other remuneration to each members of the board of directors. The nomination committee is also to make proposals on the election and remuneration of the auditor.

## THE BOARD OF DIRECTORS

The board of directors is the highest decision-making body after the general meeting, and is also the highest executive body. The board of directors' responsibility is regulated on various levels. The board of directors' responsibility is mainly regulated in the Swedish Companies Act. Pursuant to the Swedish Companies Act, the board of directors is responsible for the company's organisation and the administration of the company's affairs. Furthermore, the board of directors shall continuously assess the company's financial position, as well as ensure that the company's organisation is formed in a way that the accounting, asset management and the company's financial conditions are otherwise controlled in a secure manner.

The board of directors' responsibility is further regulated in the Company's articles of association, directions given by the general meeting and rules of procedure for the board of directors of the Company adopted by the board of directors.

The assignments of the board of directors include, *inter alia*, to set objectives and strategies, ensure that there are effective systems for follow-up and control of the Company's operations, and ensure that there is satisfactory control of the Company's compliance with legislation and other regulations applicable to the Company's operations. The board of directors decides on the Company's business

direction, strategy, business plan, resources and capital structure, organisation, acquisitions, major investments, divestments, annual and interim reports and other general issues of a strategic nature. In addition, the board of directors addresses issues and makes decisions regarding other matters considered to be outside the scope of the CEO's authority.

The board of directors shall also define appropriate guidelines to govern the Company's conduct in society, with the aim of ensuring the Company's long-term value creation capability, as well as ensure that the Company's disclosure of information is characterised by transparency and is accurate, reliable and relevant. In addition, the assignments of the board of directors include appointing, evaluating and if necessary removing the CEO.

Members of the board of directors are appointed annually by the annual general meeting for the period until the end of the next annual general meeting. According to the Company's articles of association, the members of the board of directors to be elected by the general meeting shall consist of a minimum of five members and a maximum of ten members, with no deputy board members. At the date of the Prospectus, the Company's board of directors consists of six members elected by the general meeting. The board members are presented in detail in the section "*Board of directors, executive management and auditors*". MAG Interactive's board of directors follows a written procedure, which has been adopted by the board of directors and is reviewed annually. Among other things, the procedure for the board of directors regulates the board of directors' role and responsibility, the board of directors' way of working and how the work is divided within the board of directors. The board of directors also adopts instructions for the CEO of the Company, including instructions for financial reporting.

## REMUNERATION COMMITTEE

The board of directors has internally established a remuneration committee. The remuneration committee consists of three members of the board of directors: Walter Masalin (chairman of the remuneration committee), Teemu Huuhtanen, and Michael Hjorth, all of which are independent of the Company and its management.

The remuneration committee's main tasks are to prepare the board of directors' decisions on issues concerning, among other things, terms of employment and remuneration to the executive management. Furthermore, the remuneration committee shall monitor and evaluate, both ongoing and finalised, programs for variable remuneration to the executive management and also follow and evaluate the application of the current principles for remuneration to MAG Interactive's executive management. The remunera-

tion committee shall also support and advise the board on matters related to the appointment of the CEO and other members of the executive management, as well as matters related to performance evaluation and succession planning for members of the executive management.

#### **AUDIT COMMITTEE**

Since First North Premier is not a regulated market there are no legal obligations to establish an audit committee. However, the board of directors of the Company intends to establish an audit committee consisting of the board members which are independent of the Company, in due time before the end of the current financial year.

#### **CEO AND EXECUTIVE MANAGEMENT**

The CEO's responsibilities are regulated at various levels. By legislation the CEO's responsibilities are mainly regulated in the Swedish Companies Act. According to the Swedish Companies Act, the CEO shall attend to the day-to-day management according to the guidelines and instructions set out by the board. In addition, the CEO shall take all measures necessary in order to maintain the Company's accounting according to applicable laws and regulations and to have an adequate asset management.

After the listing of the Company's shares on Nasdaq First North Premier, the CEO shall comply with the Code and Nasdaq First North - Rulebook, as well as other Swedish and foreign laws and regulations, as applicable.

The CEO must also adhere to the Company's articles of association, directions given by the general meeting, the instructions for the CEO, including instructions for financial reporting, and other internal directions and guidelines established by the board of directors. The division of work between the board of directors and the CEO is described in the instructions for the CEO, including instructions for financial reporting. The CEO reports to the board of directors and is responsible for the operational management of the Company and to execute the resolutions passed by the board of directors. The CEO shall control and monitor that the matters to be dealt with by the board of directors according to applicable legislation, the articles of association or internal instructions are presented to the board of directors, and shall continuously keep the chairman of the board of directors informed about the performance of the Company's operations, its earnings and financial position, as well as any other events, circumstances or conditions that cannot be assumed to be irrelevant to the board of directors or to the shareholders.

The CEO shall ensure that the Company has issued policies and/or instructions in all main areas of the Company's operations and that the policies and instructions are communicated and applied within the organisation. The

CEO shall also ensure that the Company has a current authorisation manual that is properly observed and that the Company's accounting is performed in a way that is compliant with applicable legislation.

The CEO and the other members of the executive management are presented in greater detail in the section "*Board of directors, executive management and auditors*".

#### **REMUNERATION FOR MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT**

##### **REMUNERATION TO MEMBERS OF THE BOARD OF DIRECTORS**

Fees and other remuneration for members of the board of directors, including the chairman of the board, are resolved upon by the general meeting. The annual general meeting held on 15 November 2017 resolved that the total amount of fees to the board members, until the next annual general meeting, will be SEK 400,000. SEK 200,000 will be distributed to Teemu Huuhtanen, and SEK 200,000 will be distributed to Michael Hjorth.

##### **REMUNERATION FOR THE CEO AND EXECUTIVE MANAGEMENT**

Salaries and other employment conditions are to be sufficient for MAG Interactive's ability to recruit and maintain highly competent members of the executive management. Remunerations within the Company shall be based on the employee's position, responsibilities and performance. Remuneration for the executive management constitutes a fixed salary, long term incentives and other benefits such as pensions and insurances. Such other benefits can be offered in accordance with the levels and practice which is applied in the country where the member of the executive management is employed and shall not constitute a material part of the total remuneration.

Furthermore, the annual general meeting may decide to offer long term incentive programmes such as share and share price related incentive programmes. These incentive programmes shall be intended to contribute to long term valuable growth and provide a common interest for value creation for shareholders and employees.

Neither the CEO, nor any of the members of the executive management team, have agreed on any severance pays in the event of termination of the employment.

#### **Warrants programme**

##### **Warrants to the CFO and other employees**

The extraordinary general meeting held on 28 February 2017 resolved to authorise the board of directors to issue up to 59,676 warrants (adjusted for the subsequent share split the authorisation amounts to 1,193,520 warrants). 324,871 warrants were issued on 1 June 2017 and subscribed for by 43 employees, including the Company's CFO. The warrants were issued for a price amounting to SEK 3.75 per warrant.

A warrant entitles the warrant holder to one share, and the exercise price is SEK 15 per warrant. The number of shares that each warrant entitles to may, under certain conditions, be recalculated. The exercise period for the warrants is 1 April 2020 to 30 June 2020.

If the maximum number of warrants to subscribe for new shares is exercised, this will result in a total dilution effect corresponding to 1.2 per cent of the total number of shares in the Company after completion of the Offer.

The warrant holder must offer the Company, or a person designated by the Company, to purchase all warrants in the warrant holder's possession that is not yet vested should the warrant holder, *inter alia*, commit a material breach of the warrant agreement or employment agreement or if the warrant holder's employment is terminated by the warrant holder or the employer on or prior to the date falling 36 months after the date of the warrant agreement.

#### Warrants to the sellers of the shares in Delinquent

The board of directors of MAG Interactive resolved, on a board meeting held on 27 September 2017, in accordance with the authorisation given by the extraordinary general meeting held on 28 February 2017, to issue 144,375 warrants to some of the sellers of the shares in Delinquent (David Bishop, David Amor and Chris Lee). David Amor and David Bishop are employed by Delinquent. The subscription period for the warrants is 1 July 2020 to 30 September 2020. Other terms and conditions are the same as for the warrants to employees as described above.

If the maximum number of warrants to subscribe for new shares are exercised, this will result in a total dilution effect of up to 0.5 per cent of the total number of shares in the Company after completion of the Offer.

#### REMUNERATION DURING THE FINANCIAL YEAR 2016/2017

Remuneration received by the board of directors and executive management during the financial year 2016/2017 is listed below.

	Fee (TSEK)	Fixed salary	Variable remunera- tion	Pension	Other benefits	Total
<b>Members of the board of directors</b>						
Walter Masalin	0	0	0	0	0	0
Daniel Hasselberg <sup>1)</sup>	0	0	0	0	0	0
Teemu Huuhtanen	0	0	0	0	0	0
Kaj Nygren <sup>1)</sup>	0	0	0	0	0	0
Johan Persson <sup>1)</sup>	0	0	0	0	0	0
Michael Hjorth	0	0	0	0	0	0
<b>CEO</b>	0	1,450	91	298	0	1,839
<b>Other members of the executive management<sup>2)</sup></b>	0	5,009	330	779	0	6,118

1) Refers to fees received in his capacity as board member.

2) Includes remuneration to Niklas Bergström who during the financial year 2016/2017 was, but no longer is, VP of Marketing and a member of the executive management of the Company.

#### INTERNAL CONTROL

The board of directors' and the CEO's responsibilities for internal control is governed by the Swedish Companies Act and the Code.

According to the Swedish Companies Act, the board of directors is responsible for the company's organisation and management of the company's affairs and shall ensure that the company's organisation is structured in such a way that accounting, asset management and the company's financial conditions are controlled in a satisfactory manner.

The CEO shall, according to the Swedish Companies Act, manage the day-to-day business according to the guidelines and instructions issued by the board of directors. Furthermore, the CEO shall take necessary measures to ensure that

the Company's bookkeeping is done in accordance with the law and that the asset management is handled in a satisfactory manner.

According to the Code, it is the responsibility of the board of directors to ensure that there are effective systems for follow-up and control of the company's operations.

Internal control is by practice defined as a process affected by the board of directors, the CEO, other members of the executive management and other employees and which is intended to provide a reasonable assurance that a company's goals are met, with respect to: appropriate and efficient operations, reliable reporting and compliance with applicable laws and regulations. The process for the Company's internal control is based on the control environ-

ment which provides the discipline and structure for the other four components of the process: risk assessment, control activities, information and communication, and monitoring.

Internal control over financial reporting is intended to provide reasonable assurances regarding the reliability of the external financial reporting in the form of quarterly and annual reports and financial statements as well as that the external financial reporting is prepared in accordance with applicable legislation and accounting standards and other requirements for listed companies. Ultimately, the responsibility for the internal control rests with the board of directors, which continuously evaluates the Company's risk management and internal control.

### AUDITING

The Company's statutory auditor is appointed by the annual general meeting. The auditor shall audit the Company's annual report and accounts, the consolidated accounts and the significant subsidiaries, as well as the management by the board of directors and the CEO. Following each financial year, the auditor shall submit an audit report to the annual general meeting.

According to the Company's articles of association, the Company shall have one to two auditors, with or without any deputy auditor(s), or a registered auditing company. MAG Interactive's auditor is Öhrlings PricewaterhouseCoopers AB, with Niklas Renström as auditor-in-charge. The Company's auditor is presented in more detail in the section "*Board of directors, executive management and auditors – Auditors*".

The total fee for the Company's auditor in the financial year 2016/2017 amounted to SEK 374,000. In addition, the Company paid SEK 536,000 to Öhrlings PricewaterhouseCoopers AB and SEK 74,000 to other accounting firms for services rendered in the financial year 2016/2017.

### COMMUNICATION POLICY AND INSIDER POLICY INCLUDING INSIDER LIST INSTRUCTIONS

The Company has prepared a communication policy and an insider policy including insider list instructions for the purpose of informing employees and others concerned within the Company of the laws and regulations applicable to the Company's dissemination of information and the special requirements imposed on persons who are active in a listed company with regard to, for example, inside information. In this context, the Company has established routines for appropriate handling and limiting of the dissemination of information.

# SHARE CAPITAL AND OWNERSHIP

MAG Interactive's share capital, as of the day of the Prospectus (i.e. before the issue of new shares to the former owners of Delinquent, in accordance with what is described in the section "Legal considerations and supplementary information – Transactions with related parties – Share Purchase Agreement with the former owners of Delinquent"), amounts to SEK 547,058.805195, divided into 21,061,764 shares. The share capital comprises two classes of shares; ordinary shares and preference shares. Ordinary shares and preference shares carry different rights to the Company's assets upon liquidation. The shares quota (par) value is SEK 0.025974025974. According to the articles of association as of the day of the Prospectus, the share capital shall be not less than SEK 500,000 and not more than SEK 2,000,000. The number of shares in the Company shall be not less than 19,000,000 and not more than 76,000,000. Each share carries one (1) vote at general meetings. All outstanding shares are fully paid.

Following completion of the Offer, MAG Interactive's share capital will amount to SEK 683,672.545455, divided into 26,321,393 shares, assuming that the issue of new shares to the former owners of Delinquent, in accordance with what is described in the section "Legal considerations and supplementary information – Transactions with related

parties – Share Purchase Agreement with the former owners of Delinquent" has been effected. This entails that 4,545,454 new shares will be issued in the Offer, corresponding to a dilution in terms of ownership of 17.3 per cent based on the number of shares outstanding in the Company after completion of the Offer. The shares' quota (par) value will be SEK 0.025974025974. There will only be one class of shares in the Company and all shares will have equal rights to the Company's assets upon liquidation and distribution of dividends. Each share will carry one (1) vote at general meetings.

The ISIN code for MAG Interactive's shares is SE0010520908. The Company's share capital is expressed in SEK and is distributed among the shares issued by the Company with a quota (par) value expressed in SEK. The Company's shares have been issued in accordance with Swedish law and the shareholders' rights may only be altered or modified in accordance with the Swedish Companies Act.

The Company's shares are registered with Euroclear, which is the central securities depository and clearing organisation for the shares in accordance with the Swedish Financial Instruments Accounts Act (*Sw. lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*).

## DEVELOPMENT OF THE SHARE CAPITAL

The table below sets forth the changes in the share capital of MAG Interactive since the incorporation of the Company and up to the registration of the shares issued pursuant to the Offer.

Date of registration with the SCRO*	Transaction	Change in number of shares	Total number of shares	Change in share capital (SEK)	Total share capital (SEK)	Quota (par) value (SEK)
9 April 2010	Incorporation	1,000	1,000	50,000	50,000	50
24 July 2013	Split of shares 1:1000	999,000	1,000,000	–	50,000	0.05
24 July 2013	Reclassification of shares <sup>1)</sup>	–	1,000,000	–	50,000	0.05
6 October 2015	Bonus issue	–	1,000,000	1,948.051948	51,948.051948	0.051948051948
6 October 2015	Decrease of share capital <sup>2)</sup>	–37,500	962,500	1,948.051948	50,000	0.051948051948
31 May 2017	Split of shares 1:20	18,287,500	19,250,000	–	50,000	0.002597402597
18 October 2017	Bonus issue	–	19,250,000	450,000	500,000	0.025974025974
7 November 2017	Directed issue of new shares <sup>3)</sup>	1,811,764	21,061,764	47,058.805195	547,058.805195	0.025974025974
8 December 2017 <sup>4)</sup>	Reclassification of preference shares to ordinary shares <sup>5)</sup>	–	21,061,764	–	547,058.805195	0.025974025974
11 December 2017 <sup>4)</sup>	Directed issue of new shares <sup>6)</sup>	714,175	21,775,939	18,550	565,608.805195	0.025974025974
12 December 2017 <sup>4)</sup>	Issue of new shares in the Offer <sup>7)</sup>	4,545,454	26,321,393	118,063.740260	683,672.545455	0.025974025974

\* Swedish Companies Registration Office

1) 86,957 ordinary shares were reclassified to preference shares.

2) –37,500 ordinary shares. The decrease of share capital is attributable to the withdrawal of 37,500 shares, which were owned by Roger Skagerwall AB.

3) 1,811,764 ordinary shares were issued to Swedbank Robur Fonder AB, for Swedbank Robur Ny Teknik and Swedbank Robur Microcap in a directed issue of new shares. The price per share was SEK 44.1558.

4) The expected date of registration.

5) All shares will be reclassified to one class of shares (ordinary shares) by the adoption of new articles of association allowing for only one class of shares.

6) 714,175 ordinary shares are expected to be issued to the sellers of Delinquent in a directed issue of new shares. The price per share is the quota (par) value of the share. For more information, see section "Legal considerations and supplementary information – Transactions with related parties – Share purchase agreement with the former owners of Delinquent".

7) The price per share is SEK 44.

## DILUTION IN TERMS OF SHAREHOLDING

The Company has as of the date of the Prospectus, except for the warrants described in the section “Corporate governance – Remuneration for members of the board of directors and executive management – Remuneration for the CEO and executive management – Warrants pro-

gramme”, no outstanding convertible debentures, warrants or other financial instruments, which would if they were exercised imply a dilutive effect for the shareholders of the Company.

## OWNERSHIP STRUCTURE PRIOR TO AND FOLLOWING THE OFFER

The table below sets forth the shareholding of the Company immediately before and after the Offer.

Shareholders	Before the Offer <sup>6)</sup>		After the Offer (assuming the Over-allotment Option is not exercised)		After the Offer (assuming the Over-allotment Option is exercised in full)	
	Number	%	Number	%	Number	%
NGP III SPV	1,866,860	8.6	653,401	2.5	414,047	1.6
NMO Invest AB <sup>1)</sup>	4,015,195	18.4	3,011,397	11.4	2,813,397	10.7
Playful Days AB <sup>2)</sup>	4,027,252	18.5	3,020,439	11.5	2,821,846	10.7
Roger Skagerwall AB	2,592,393	11.9	1,296,197	4.9	518,479	2.0
Johan Persson	1,826,080	8.4	1,369,560	5.2	1,279,512	4.9
Indian Nation Aktiebolag <sup>3)</sup>	40,000	0.2	40,000	0.2	40,000	0.2
Teemu Huuhtanen <sup>4)</sup>	200,000	0.9	0	0.0	0	0.0
Magnus Wiklander <sup>5)</sup>	30,000	0.1	0	0.0	0	0.0
David Amor	140,525	0.6	98,368	0.4	98,368	0.4
Fredrik Stenh	1,826,080	8.4	1,278,256	4.9	1,170,198	4.4
Anders Larsson	1,826,080	8.4	1,369,560	5.2	1,279,512	4.9
Swedbank Robur Ny Teknik	905,882	4.2	1,133,154	4.3	1,133,154	4.3
Swedbank Robur Microcap	905,882	4.2	1,133,155	4.3	1,133,155	4.3
Other Existing Shareholders	1,573,710	7.2	1,026,990	3.9	1,026,990	3.9
New shareholders	–	–	10,890,916	41.4	12,592,735	47.8
<b>Total</b>	<b>21,775,939</b>	<b>100.00%</b>	<b>26,321,393</b>	<b>100.00%</b>	<b>26,321,393</b>	<b>100.00%</b>

1) NMO Invest AB is fully owned by Daniel Hasselberg.

2) Playful Days AB is fully owned by Kaj Nygren.

3) Indian Nation Aktiebolag is fully owned by Michael Hjorth.

4) Teemu Huuhtanen will exercise call options, issued by Mobile Access Group Sweden AB, after the date of the Prospectus, but prior to the Offer.

5) Magnus Wiklander will exercise call options, issued by Mobile Access Group Sweden AB, after the date of the Prospectus but prior to the Offer.

6) Assuming that the call options are redeemed in accordance with the section “Share capital and ownership – Redemption of call options” and that the new issue of shares to the sellers of the shares in Delinquent is effected in accordance with the section “Legal considerations and supplementary information – Transactions with related parties – Share purchase agreement with the former owners of Delinquent”.

## CONVERSION OF PREVIOUS OWNERSHIP STRUCTURE

Prior to the Offer, the share capital in the Company is divided into shares of two share classes; ordinary shares and preference shares. Ordinary shares and preference shares carry different rights to the Company’s assets upon liquidation. Preference shares are held by NGP III SPV and SBH Group AB, who have agreed to convert all 1,739,140 preference shares into 1,739,140 ordinary shares (the only class of shares to be allowed in the Company) immediately prior to the Offer.

## EXERCISE OF CALL OPTIONS

Mobile Access Group Sweden AB has issued 600,720 call options to, amongst others, key individuals and other employees within the Group. Each call option entitles the holder to one share in the Company. Exercise of call options to shares is expected to take place after the date of the Prospectus, but prior to the Offer.

## UNDERTAKING TO REFRAIN FROM SELLING SHARES

Under the agreement regarding placing of shares that is expected to be entered into on or about 7 December 2017 (the “Placing Agreement”), some of the Selling Shareholders will undertake not to sell their respective holdings during a certain period of time after the first day of trading on

Nasdaq First North Premier. These commitments do not apply to shares sold in the Offer.

The Lock-up Period for the Selling Shareholders, which are also members of the board of directors or members of the executive management, will be 360 days. The lock-up period for other Selling Shareholders will be 180 days, except for employees with 16,200 shares or less in the Company after the Offer, which will not be subject to lock-up. After the end of the lock-up period the shares may be offered for sale, which could have an impact on the market price of the shares.

Under the Placing Agreement, the Company further undertakes not to (i) offer, pledge, allocate, issue, sell, undertake to sell, sell options or forward contracts, acquire put options, issue subscription rights or warrants or otherwise transfer or divest, directly or indirectly, any shares in the Company or any other securities which are convertible to or can be exercised or exchanged for such shares, or (ii) enter into swap agreements or other arrangements which fully or partly assign financial risks associated with ownership of the Company to another party prior to 360 days at the earliest after the date when trading starts on Nasdaq First North Premier. The Global Coordinator and Bookrunner may, however, grant exemptions from these limitations.

For more information, see the section "*Legal considerations and supplementary information – Material agreements – Placing agreement*".

### **SHAREHOLDERS' AGREEMENTS ETC.**

Upon completion of the Offer, there will be no shareholders' agreement between the shareholders, aiming at creating a common influence over the Company, or which may result in a change of control of the Company.

### **RESTRICTIONS ON THE DISPOSAL OF HOLDING OF THE COMPANY'S SHARES**

At the time of the listing, the shares in MAG Interactive will be freely transferable. The shares are not subject to any transfer restrictions in Sweden. Furthermore, the shares are not subject to any mandatory takeover bid, squeeze-out or sell-out process. No public takeover bid relating to the Company's shares has occurred since the Company was established.

# ARTICLES OF ASSOCIATION

*Articles of association of Mag Interactive AB (publ), reg. no. 556804-3524, adopted by the general meeting on 27 November 2017. The articles of association are expected to be registered on or about 8 December 2017.*

## § 1

The name of the company is MAG Interactive AB (publ).

## § 2

The registered office of the company is situated in Stockholm.

## § 3

The object of the company's business is, directly or indirectly through subsidiaries, to sell and develop software, own and manage real property and chattels, and any activities compatible therewith.

## § 4

The share capital shall be not less than SEK 500,000 and not more than SEK 2,000,000.

## § 5

The number of shares shall be not less than 19,000,000 and not more than 76,000,000.

## § 6

The board of directors elected by the shareholders' meeting shall comprise 5–10 members.

## § 7

The company shall have 1–2 auditors and not more than 2 deputy auditors or a registered accounting firm.

## § 8

Notice to attend general meetings shall be given by publishing in the Official Swedish Gazette (Post- och Inrikes Tidningar) as well as at the Company's website. At the time of the notice, an announcement with information that the notice has been issued shall be published in Svenska Dagbladet.

## § 9

Shareholders wishing to participate in the proceedings of the general meeting shall both be included in the print-out or other presentation of the full share register reflecting the circumstances five working days prior to the general meeting and shall give notice of their attendance to the company by the date specified in the notice convening the meeting. The latter day shall not be a Sunday, other public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve and shall not be more than five working days before the meeting.

At a general meeting shareholders may be accompanied by one or two assistants, although only if the shareholder has given notification of this as specified in the previous paragraph.

## § 10

The chairman of the board of directors or a person appointed by the board of directors for this purpose opens the general meeting and presides over the proceedings until a chairman of the meeting is elected.

## § 11

The annual general meeting is held each year within six months of the end of the financial year.

The following matters shall be addressed at the annual general meeting.

1. Election of a chairman of the meeting;
2. Preparation and approval of the voting register;
3. Approval of the agenda;
4. Election of one or two persons to attest the minutes;
5. Determination of whether the meeting was duly convened;
6. Presentation of the annual report and auditor's report and, where applicable, the consolidated financial statements and auditor's report for the group;
7. Resolutions regarding
  - a) adoption of the income statement and balance sheet and, where applicable, the consolidated income statement and consolidated balance sheet;
  - b) allocation of the company's profit or loss according to the adopted balance sheet;
  - c) discharge from liability for board members and the managing director;
8. Determination of fees for the board of directors and the auditors;
9. Determination of number of board members, auditors and, if applicable, deputy auditors;
10. Election of the board of directors and accounting firm or auditors;
11. Any other business incumbent on the meeting according to the Companies Act or the articles of association.

## § 12

The company's financial year shall comprise the period commencing 1 September up to and including 31 August.

## § 13

Shareholders or trustees which on the record date are entered in the shareholders' register and noted in a Record day Register, according to chapter 4 of the Swedish Central Securities Depositories and Financial Instrument Accounts Act (1998:1479) or noted on a Record day Account according to chapter 4 § 18 first paragraph 6-8 in the aforementioned law, shall be presumed to be authorised to exercise the rights in chapter 4 § 39 of the Swedish Companies Act (2005:551).

# LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION

## GENERAL CORPORATE INFORMATION AND LEGAL GROUP STRUCTURE

The Company's activities are carried out in accordance with the Swedish Companies Act (2005:551). The parent company MAG Interactive AB (publ), corporate registration number 556804-3524, is a Swedish public limited liability company (Sw. *publikt aktiebolag*) founded on 8 April 2010. The Company's current company name was registered on 13 October 2014. The Company has its registered office in the municipality of Stockholm, Sweden. The Company has one wholly owned subsidiary in the United Kingdom, with the company name MAG Games Limited, and one wholly owned subsidiary in Sweden, with the company name FEO Media AB.

## INTELLECTUAL PROPERTY RIGHTS

The Company holds a number of trademarks (figurative and word marks) and domain names related to its company name and games such as the trademarks and domain names relating to MAG Interactive, Potion Pop, Ruzzle, Ruzzle Adventures, Word Brain, Wordalot, Word Flow, QuizCross etc. For more information about the use of the Ruzzle trademark, see "*Legal considerations and supplementary information – Material Agreements – Co-existing Agreement*" below. The trademarks are primarily registered in the EU and USA but to some extent also in other countries.

Furthermore, as a result of the Company's acquisition of FEO Media, the Group also owns trademarks in relation to the games Pixduel and QuizDuel, e.g. EU-trademarks PIXDUEL, Quizduell (figurative) and Q (figurative). The visual score board layout of the game QuizDuel is also protected through a design registration in the EU. Furthermore, several domain name registrations are held in relation to the games Pixduel, QuizDuel and the name FEO Media.

## INFORMATION TECHNOLOGY

The Company has licenses and subscriptions to certain information technology systems such as open source software for various purposes, Google Cloud for running back-end IT infrastructure, and Unity which is used for developing games.

## DISPUTES

The Company is not, nor has it been during the past 12 months, a party to any significant legal proceedings or settlement proceedings that recently had or could have a material impact on the Company's financial position or profitability.

## INSURANCE

The Company engages insurance brokers to purchase insurances. The Company has the following insurance policies: General corporate insurance and directors and officers liability insurance.

In the Company's opinion, the insurance coverage is sufficient for the Group's operations and the insurance policies have been entered into on market terms.

## REAL ESTATE

The Group currently leases three business premises, two in Stockholm and one in Brighton. The initial term for the lease agreements for the properties located in Stockholm expires on 31 December 2021 and on 30 June 2019, respectively, and the initial term for the lease agreement for the property in Brighton expires on 11 May 2019. The lease agreements have in all material respects been entered into on customary terms in line with market practice in each jurisdiction.

## AGREEMENTS IN THE ORDINARY COURSE OF BUSINESS

In the ordinary course of business, the Company enters into, e.g. agreements with customers, advertising providers and advertising sellers. Apart from what is described in the section "*Legal considerations and supplementary information – Material agreements*" below, the Company does not consider any specific agreement to be of material importance to the Company's operations.

## MATERIAL AGREEMENTS

### SHARE PURCHASE AGREEMENT WITH THE FORMER OWNERS OF FEO MEDIA AB

On 18 October 2017, MAG Interactive entered into a share purchase agreement with the former owners of FEO Media, regarding a purchase of all shares in FEO Media. The acquisition was completed on 7 November 2017. The sellers have given customary representations and warranties under the share purchase agreement. The consideration amounted to SEK 100 million and was paid on a so called cash and debt free basis. The fact that the consideration will be paid on a so called cash and debt free basis means that the consideration will be adjusted with regards to the size of cash and cash equivalents 20 business days after closing of the transaction. The size of cash and cash equivalents is expected to be SEK 22 million, which means that SEK 22 million, in addition to SEK 100 million, will be paid to the sellers. SEK 85 million was paid by the Company to the sellers when the acquisition was completed, and SEK 15 million was transferred from

the Company to an escrow-account. The escrow amount is meant to cover any potential claims under the warranties and will, if no claims under the warranties have been made, be paid to the sellers on 30 June 2018.

The acquisition was financed through a directed issue of new shares to Swedbank Robur Fonder AB, for Swedbank Robur Ny Teknik and Swedbank Robur Microcap. 1,811,764 shares were issued for a price of SEK 44.1558 per share. The share capital increase in MAG Interactive was registered with the Swedish Companies Registration Office on 7 November 2017.

The acquisition was also financed through a loan from Danske Bank, amounting to SEK 35,000,000, provided to the Company on 13 November 2017. The loan was not a prerequisite for the completion of the acquisition of FEO Media.

For more information regarding the financing of the acquisition, see the section "*Capitalisation, indebtedness and other financial information – Material events after 31 August 2017*".

#### **PUBLISHING AGREEMENT WITH WEAREQIIWI INTERACTIVE AB**

On 27 April 2017, the Company entered into a publishing agreement with WeAreQiiwi Interactive (the "Publishing Agreement"). WeAreQiiwi Interactive has developed the casual mobile game Backpacker, and has distributed Backpacker on App Store and Google Play in Sweden since late 2016. According to the agreement, MAG Interactive shall publish Backpacker and globally be displayed as the publisher on App Store and Google Play. Both parties have exposure of their respective logotypes in Backpacker, MAG Interactive as publisher and WeAreQiiwi Interactive as developer. WeAreQiiwi Interactive owns all intellectual property rights such as copyright, trademarks and patents related to Backpacker.

As a part of the Publishing Agreement, the Company has undertaken to use its growth team to maximize the value of Backpacker. This includes marketing, app store optimisation, product management, business intelligence analysis, user acquisition strategies and analysis and optimization of user acquisition for maximum net sales. WeAreQiiwi Interactive has granted the Company an exclusive and world-wide license to publish, market, distribute, and sell Backpacker through relevant market places for e.g. iOS and Android. The term of the agreement is not fixed, but either party may terminate the Publishing Agreement in case the net profits are lower than a certain agreed sum.

#### **CO-EXISTING AGREEMENT**

The Company has entered into a co-existence agreement with Cartotecnica Rocchi S.n.c., Cesare Rocchi, and Renato Rocchi (all together referred to as "Rocchi") regarding the

trademark "Ruzzle". The Company must not interfere with Rocchi's manufacturing and sale of physical jigsaw puzzles, and the Company must not use the "Ruzzle" trademark in relation to physical jigsaw puzzles or discredit the "Ruzzle" trademark. Apart from the aforementioned, the co-existence agreement does not impose any material limitations on how the Company may use the trademark "Ruzzle". The co-existence agreement remains in force for as long as any of the parties are using the brand "Ruzzle" or holds an EU registration for the trademark "Ruzzle", unless terminated earlier because of a breach of the agreement.

#### **DISTRIBUTION AGREEMENTS**

The Company mainly distributes its games on platforms provided by Apple and Google. Maintaining a good relationship with these distributors is therefore vital for the Company's business. The Company's contractual relationship with these distributors are based on the distributors' standard terms and conditions, as amended from time to time. Google has a one-sided right to amend the agreement, and Apple has the right to terminate the agreement at any time. As compensation for their services, the distributors are generally entitled to commission amounting to 30 per cent of all prices payable by an end user.

#### **PLACING AGREEMENT**

According to the terms of the Placing Agreement between the Company, some of the Selling Shareholders (Mobile Access Group Sweden AB, NMO Invest AB, Playful Days AB, Roger Skagerwall AB, Johan Persson, Fredrik Stenh, Anders Larsson, Nokia Growth Partners III SPV and Louise Grandinson)<sup>1)</sup> and the Global Coordinator and Bookrunner, the Company and the Selling Shareholders undertake to divest approximately 43.1 per cent of the shares in the Company to purchasers indicated by the Global Coordinator and Bookrunner or, failing that, to the Global Coordinator and Bookrunner.

The selling shareholders mentioned above also intend to issue an Over-allotment Option, which entail commitment to, at the request of the Global Coordinator and Bookrunner, at the latest 30 days from the first day of trading in the Company's shares, divest an additional maximum of 15 per cent of the shares in the Offer. The Over-allotment Option may only be exercised in order to cover possible over-allotments in connection with the Offer.

Pursuant to the Placing Agreement, the Company makes customary representations and warranties to the Global Coordinator and Bookrunner, primarily in relation to the information in the Prospectus being correct, the Prospectus and the Offer fulfilling relevant requirements in laws and regulation and that there are no legal, or other hindrances, for the Company to enter into the Placing Agreement or of the completion of the Offer. Pursuant to the Placing

1) Other Selling Shareholders will enter into so called back-to-back agreements with some of the Selling Shareholders that enter into the Placing Agreement, regarding their sale of shares in the Offer.

Agreement, the Global Coordinator and Bookrunner's commitment to indicate purchasers to or, if failing to do so, themselves acquire the shares comprised by the Offer, is conditional upon, e.g., that the warranties made in the Placing Agreement are correct. In case the conditions under the Placing Agreement are not fulfilled neither delivery of nor payment for shares will be effected under the Offer. Under the Placing Agreement, the Company will, subject to customary qualifications, undertake to indemnify the Global Coordinator and Bookrunner against certain claims under certain circumstances.

Under the Placing Agreement the Selling Shareholders undertake not to sell their respective holdings during the lock-up period. These commitments do not apply to shares sold in the Offer. The lock-up period for Selling Shareholders who are also board members or members of the executive management will be 360 days. The lock-up period for other Selling Shareholders will be 180 days, except for employees with 16,200 shares or less in the Company after the Offer, which will not be subject to lock-up. Under the Placing Agreement, the Company further undertakes not to (i) offer, pledge, allocate, issue, sell, undertake to sell, sell options or forward contracts, acquire put options, issue subscription rights or warrants or otherwise transfer or divest, directly or indirectly, any shares in the Company or any other securities which are convertible to or can be exercised or exchanged for such shares, or (ii) enter into swap agreements or other arrangements which fully or partly assign financial risks associated with ownership of the Company to another party prior to 360 days at the earliest after the date when trading starts on Nasdaq First North Premier. The Global Coordinator and Bookrunner may, however, grant exemptions from these limitations.

### STABILISATION

In connection with the Offer and the listing on Nasdaq First North Premier, the Global Coordinator and Bookrunner may carry out transactions which could have the result of maintaining the share price at a higher level than what would otherwise be the case. The stabilising measures aimed at supporting the share price may be performed from the first day of trading in the shares on Nasdaq First North Premier, and for a maximum subsequent period of 30 calendar days. These stabilising transactions can be carried out by the Global Coordinator and Bookrunner at a selling price not exceeding the price set in the Offer. The stabilising measures may result in the market price of the shares reaching a level which is not sustainable in the long term and which exceeds the price that would otherwise prevail in the market. The fact that the Global Coordinator and Bookrunner may carry out stabilising measures does not necessarily mean that these measures will be carried out. Further, stabilising measures that have been initiated may be discontinued at any time. When the stabilising period (30 calendar days) has expired, it will be published whether

stabilising measures have been carried out, and in such case the dates when stabilisation measures were carried out, including the date when stabilisation measures were last made, and within which price range the stabilising measures were taken.

### TRANSACTIONS WITH RELATED PARTIES

The Group deems that internal prices between the various companies within the Group are based on the "arm's length principle", i.e. that the prices correspond to prices applicable between parties who are independent of each other, well informed and with an interest in the transactions. For more information on transactions with related parties, see note 33 of the section "*Historical financial information – Historical financial information for MAG Interactive AB*".

### SHARE PURCHASE AGREEMENT WITH THE FORMER OWNERS OF DELINQUENT

The Company acquired the subsidiary Delinquent in 2015. Because of commercial reasons, the consideration was divided into three parts, whereof a cash payment was made in June 2015. For more information about the consideration paid for the acquisition, see the section "*Historical financial information – Historical financial information for MAG Interactive AB – Notes – Note 32*". The consideration also consisted of two variable components. One of the components consisted of an additional consideration related to profits generated from the game that at the time of the acquisition was under development by Delinquent, as well as profits from a potential sequel to that game. As an effect of the two games, since the acquisition, not having generated sufficient net sales in order to trigger the additional consideration, the additional consideration has subsequently been valued to SEK 0. The other component consisted of an acquisition consideration which is triggered if 51 per cent or more of the shares in the Company are sold. The acquisition consideration entails a right to 8.1 per cent of the value of the Company at the time of the sale, divided between the sellers of the shares in Delinquent in relation to their previous ownership in Delinquent. Payment of both the additional consideration and the acquisition consideration is conditional upon the fulfilment of certain conditions, e.g. that sellers of the shares in Delinquent, that are also employed by Delinquent, remain as employees or otherwise are so called "good leavers". Both the additional consideration and the acquisition consideration expire at mid-year 2018 unless triggered before that.

The Company has, subsequently, because of the planned listing of the Company's shares on Nasdaq First North Premier, entered into an amendment agreement with the sellers of the shares in Delinquent, pursuant to which the provisions regarding additional consideration and acquisition consideration are amended. The amendment agreement, which entails that the sellers of the shares in Delinquent receive a lower total consideration compared to the outcome

should the amendment agreement not had been entered into, while at the same time in return now being certain, has been entered into based on, e.g., the fact that additional consideration has been valued to SEK 0, the parties estimate of the likelihood of the acquisition consideration being effected in the absence of a listing of the Company's shares, as well as the fact that the provision regarding acquisition consideration in the share purchase agreement is not clear on matters with respect to the outcome in case of a listing of the Company's shares, which in the absence of an amendment agreement would create uncertainty in connection with the listing. The amendment agreement has eliminated that risk.

According to the amendment agreement, entered into by the Company and the sellers of the shares in Delinquent on 21 November 2017, and provided that a listing of the Company's shares on a regulated market or a multilateral trading facility is completed before 30 June 2020, the Company's obligation to pay the additional consideration and acquisition consideration shall be deemed fulfilled by the general meeting in MAG Interactive resolving upon an issue of new shares against payment in cash to the sellers of the shares in Delinquent during the four weeks prior to the first day of trading in the Offer. In total, 714,175 shares (approximately 2.7 per cent of the total number of shares following the completion of the Offer), will be issued to 10 share subscribers. One of the share subscribers, David Amor, is part of the management team of the Company. Some of the other share subscribers are employed by Delinquent, but not by the Company. None of the other share subscribers are members of the board of directors of the Company, and none of the share subscribers are shareholders in the Company prior to allotment of shares in the issue of new shares. The payment for the shares will be the quota (par) value, which entails that the additional consideration and acquisition consideration amounts to SEK 31,405,150. As the issue of new shares will be treated as an additional consideration with respect to the acquisition of Delinquent in the Company's accounts, and this initially has been valued to SEK 0, it will result in a negative impact on the results, corresponding to the difference between the market value of the shares and the quota (par) value of the shares, going forward. This will be booked as other expenses in the profit and loss statement of the Group. The allocation of shares to the sellers of the shares in Delinquent has been decided by taking into account the allocation of shares in Delinquent prior to the sale of Delinquent to the Company. The decision of an issue of new shares was resolved upon by the extraordinary general meeting, with all shareholders represented, held on 27 November 2017 and registration of the share capital increase is expected to be made on 11 December 2017. If a listing on a regulated market or a multilateral trading facility is not completed before 30 June 2020, the Company has no obligation to issue shares to the sellers of Delinquent, and the Company's obligation to pay the

additional consideration and acquisition consideration in accordance with the share purchase agreement shall continue to be in force under the period during which additional consideration and acquisition consideration could be triggered pursuant to the share purchase agreement.

#### **SERVICE AGREEMENT WITH MAG GAMES LIMITED**

The Company has an agreement with its subsidiary MAG Games Limited (previously Delinquent Interactive Limited). MAG Games Limited provides development, analysis, and other services to the Company in respect of Potion Pop and other games. The services are provided on, as far as the Company can assess, arm's length basis. According to the service agreement, the Company shall receive all intellectual property rights to the games developed by MAG Games Limited under the service agreement's term. The service agreement will remain in force until it is terminated by the Company. In order for MAG Games Limited to be able to provide development services and other services under the service agreement, MAG Games Limited has been granted a license to use, copy, develop and modify Potion Pop and other games developed under the service agreement.

#### **INVOICING OF MOBILE ACCESS GROUP SWEDEN AB**

The Company invoices Mobile Access Group Sweden AB for accounting work performed by an employee of the Company, as well as for license costs for an accounting system used by both the Company and Mobile Access Group Sweden AB. For more information, see section "*Historical financial information – Historical financial information for MAG Interactive AB – Notes – Note 33*".

#### **ADVISORS**

The Global Coordinator and Bookrunner provides financial advice and other services to MAG Interactive and the Selling Shareholders in connection with the Offer, for which they will receive customary remuneration. The total compensation will be dependent on the success of the Offer. The Global Coordinator and Bookrunner have, from time to time, provided, and may in the future provide, the Selling Shareholders and parties related to the Selling Shareholders, services within the scope of the daily operations in connection with other transactions. In connection with the Offer, the Company's and the Selling Shareholders' legal advisors (see section "*Addresses*") will receive customary compensation for the advice given. The legal advisors have also, from time to time, provided, and may in the future provide, the Company, the Selling Shareholders and parties related to the Selling Shareholders with legal advice within the scope of the daily operations in connection with other transactions.

#### **THE SUBSCRIPTION UNDERTAKINGS**

Didner & Gerge Fonder AB ("Didner & Gerge"), Handelsbanken Fonder AB on behalf of managed funds ("Handelsbanken Fonder"), RAM ONE AB on behalf of managed

funds ("RAM ONE"), Chalex i Göteborg AB ("Chalex") and Swedbank Robur Fonder AB on behalf of managed funds ("Swedbank Robur Fonder"), have towards the Global Coordinator and Bookrunner and the Company undertaken to, in the Offer, substantially on the same terms as other investors, acquire shares corresponding to 6.5 per cent, 4.7 per cent, 3.5 per cent, 3.5 per cent, and 1.7 per cent, respectively, of the total number of shares in the Company following the Offer. The undertakings of the Cornerstone Investors amount to 5,227,270 shares, corresponding to 46.1 per cent of the total number of shares in the Offer (approximately 40.1 per cent of the total number of shares in the Offer assuming that the Over-allotment Option is

exercised in full). The undertakings are conditional upon that: (i) listing on Nasdaq First North Premier shall take place not later than 15 December 2017; (ii) the price in the Offer does not exceed SEK 44 per share; and (iii) the Cornerstone Investors receive full allotment in the Offer in relation to their respective undertakings. If these conditions are not fulfilled, the Cornerstone Investors are not obligated to acquire shares in the Offer.

The Cornerstone Investors will not receive any proceeds for their respective undertakings. The undertakings have however not been secured by a bank guarantee or any similar arrangements.

<b>Cornerstone Investors</b>	<b>Subscription undertaking (% of the total number of shares in the Offer)</b>	<b>Number of shares in the Company after the completion of the Offer</b>
Didner & Gerge	13.1	1,704,545
Handelsbanken Fonder	9.6	1,250,000
RAM ONE	7.0	909,090
Chalex	7.0	909,090
Swedbank Robur Fonder	3.5	2,266,309

#### **DIDNER & GERGE**

Didner & Gerge is a small, independent fund management firm which conducts active management with the goal to create good long-term return on investments. The philosophy of the fund company is to evaluate companies based on their future growth potential, and then be perseverant owners and not take short-term fluctuations on the stock market into account.

#### **HANDELSBANKEN FONDER**

Handelsbanken Fonder manages approximately SEK 400 billion through approximately 100 funds. Handelsbanken Fonder combines integrated analysis with thorough investigation following international norms in order to achieve responsible investments.

#### **RAM ONE**

RAM ONE AB is a partner owned Swedish asset manager authorised by the Swedish Financial Supervisory Authority. RAM was founded in 2002 when RAM ONE – a global long/short share hedge fund – was established. The UCITS-fund Rational Asset Management Equity Long/Short with the same management strategy was launched during 2015. The focus in management lies on fundamental analysis with the goal of generating maximum long-term return on investment with a balanced level of risk.

#### **CHALEX**

Chalex is a family office which, preferably, invests in companies active within the betting and gaming industry, listed as well as unlisted. Chalex has a long-term investment horizon and follows its holdings closely through continuous contact with the companies. Some of the companies that

Chalex has invested in during 2016 and 2017 are Catena Media, Aspire Global and THQ Nordic.

#### **SWEDBANK ROBUR FONDER**

Robur is one of the largest fund managers in Scandinavia and a wholly owned subsidiary of Swedbank. Robur offers savings products for private individuals and institutional clients through investment funds and discretionary investment management.

#### **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.

#### **TRANSACTION COSTS**

MAG Interactive's costs attributable to the Offer and the admission of its shares for trading on Nasdaq First North Premier, including payment to the issuing institute and other advisors, and other estimated transaction costs, are estimated to amount to approximately MSEK 16.

#### **DOCUMENTATION MADE AVAILABLE FOR INSPECTION**

MAG Interactive's (i) articles of association, and (ii) all such historical financial statements as referred to in this Prospectus, including auditors' reports, are made available for inspection during office hours at Drottninggatan 95A, 113 60 Stockholm, Sweden. These documents are also available in electronic form on MAG Interactive's website at [www.maginteractive.com](http://www.maginteractive.com).

# TAX CONSIDERATIONS IN SWEDEN

*Below is a summary of certain Swedish tax issues related to the Offering and the admission for trading of the shares in MAG Interactive AB on Nasdaq Stockholm's First North Premier market for private individuals and limited liability companies that are residents of Sweden for tax purposes, unless otherwise stated. The summary is based on current legislation and is intended to provide only general information regarding the shares in the MAG Interactive AB as from the admission for trading on First North Premier. The summary does not cover: situations where shares are held as current assets in business operations; situations where shares are held by a limited partnership or a partnership; situations where shares are held in an investment savings account (Sw. *investeringssparkonto*) and subject to taxation on a standardised basis; the special rules regarding tax-free capital gains (including non-deductible capital losses) and dividends that may be applicable when the investor holds shares in the Company that are deemed to be held for business purposes (for tax purposes); the special rules which in certain cases may be applicable to shares in companies which are or have been so-called close companies or to shares acquired by means of such shares; the special rules that may be applicable to private individuals who make or reverse a so-called investor deduction (Sw. *investeraravdrag*); foreign companies conducting business through a permanent establishment in Sweden; or foreign companies that have been Swedish companies.*

*Furthermore, special tax rules apply to certain categories of companies. The tax consequences for each individual shareholder depend on such shareholder's particular situations. Each shareholder is advised to consult an independent tax advisor as to the tax consequences that could arise from the Offering and the admission for trading of the shares in the MAG Interactive AB on First North Premier, including the applicability and effect of foreign tax legislation (including regulations) and tax treaties.*

## PRIVATE INDIVIDUALS

For private individuals resident in Sweden for tax purposes, capital income, such as interest income, dividends and capital gains, is taxed in the capital income category. The tax rate for the capital income category is 30 per cent.

The capital gain or the capital loss is computed as the difference between the consideration, less selling expenses, and the acquisition value. The acquisition value for all shares of the same class and type shall be added together and computed collectively in accordance with the so-called average method (Sw. *genomsnittsmetoden*). As an alternative, the so-called standard method (Sw. *schablonmetoden*) may be used at the disposal of listed shares. This method means that the acquisition value may be determined as 20 per cent of the consideration less selling expenses.

Capital losses on listed shares are fully deductible against taxable capital gains realized in the same year on shares, as well as on listed securities taxed as shares (however not

mutual funds (Sw. *värdepappersfonder*) or hedge funds (Sw. *specialfonder*) containing Swedish receivables only (Sw. *räntefonder*). 70 per cent of capital losses not absorbed by these set-off rules are deductible in the capital income category.

If there is a net loss in the capital income category, a reduction is granted of the tax on income from employment and business operations, as well as national and municipal property tax. This tax reduction is 30 per cent of the net loss that does not exceed SEK 100,000 and 21 per cent of any remaining net loss. A net loss cannot be carried forward to future tax years.

## TAXATION OF DIVIDENDS

For private individuals resident in Sweden for tax purposes, a preliminary tax of 30 per cent is withheld on dividends. The preliminary tax is normally withheld by Euroclear Sweden or, in respect of nominee-registered shares, by the nominee.

### LIMITED LIABILITY COMPANIES

For limited liability companies (Sw. *aktiebolag*) all income, including taxable capital gains and taxable dividends, is taxed as income from business operations at a rate of 22 per cent. Capital gains and capital losses are calculated in the same way as described for private individuals above in section “*Tax considerations in Sweden – Private individuals*”.

Deductible capital losses on shares may only offset taxable capital gains on shares and other securities taxed as shares. A net capital loss on shares that cannot be utilised during the year of the loss, may be carried forward (by the limited liability company that has suffered the loss) and offset taxable capital gains on shares and other securities taxed as shares in future years, without any limitation in time. If a capital loss cannot be deducted by the company that has suffered the loss, it may be deducted from another legal entity's taxable capital gains on shares and other securities taxed as shares, provided that the companies are entitled to tax consolidation (through so-called group contributions) and both companies request this treatment for a tax year having the same filing date for each company (or, if one of the companies' accounting liability ceases, would have had the same filing date). Special tax rules may apply to certain categories of companies or certain legal persons (e.g. investment companies).

### SHAREHOLDERS THAT ARE NOT TAX RESIDENT IN SWEDEN

For shareholders not resident in Sweden for tax purposes that receive dividends on shares of a Swedish limited liability company, Swedish withholding tax is normally withheld. The same withholding tax applies to certain other payments made by a Swedish limited liability company, such as payments as a result of redemption of shares and repurchase of shares through an offer directed to all shareholders or all holders of shares of a certain class. The withholding tax rate is 30 per cent. The tax rate is, however, generally reduced under an applicable tax treaty. In Sweden, withholding tax deductions are normally carried out by Euroclear Sweden or,

in respect of nominee-registered shares, by the nominee. The tax treaties Sweden has entered into generally enable the withholding tax deduction to be made in accordance with the tax rate stipulated in the treaty, provided that Euroclear Sweden or the nominee, as applicable, has the required information of the tax residency of the investor entitled to the dividend. Further, investors entitled to reduced tax rates under applicable tax treaties may seek a refund from the Swedish tax authorities if the full withholding tax rate at 30 per cent has been withheld.

Shareholders not resident in Sweden for tax purposes are normally not liable for capital gains taxation in Sweden upon disposals of shares. Shareholders may, however, be subject to taxation in their state of residence.

According to a special rule, private individuals not resident in Sweden for tax purposes are, however, subject to Swedish capital gains taxation upon disposals of shares in the MAG Interactive AB, if they have been residents of Sweden due to a habitual abode in Sweden or a stay in Sweden at any time during the calendar year of disposal or the ten calendar years preceding the year of disposal. In a number of cases though, the applicability of this rule is limited by tax treaties.

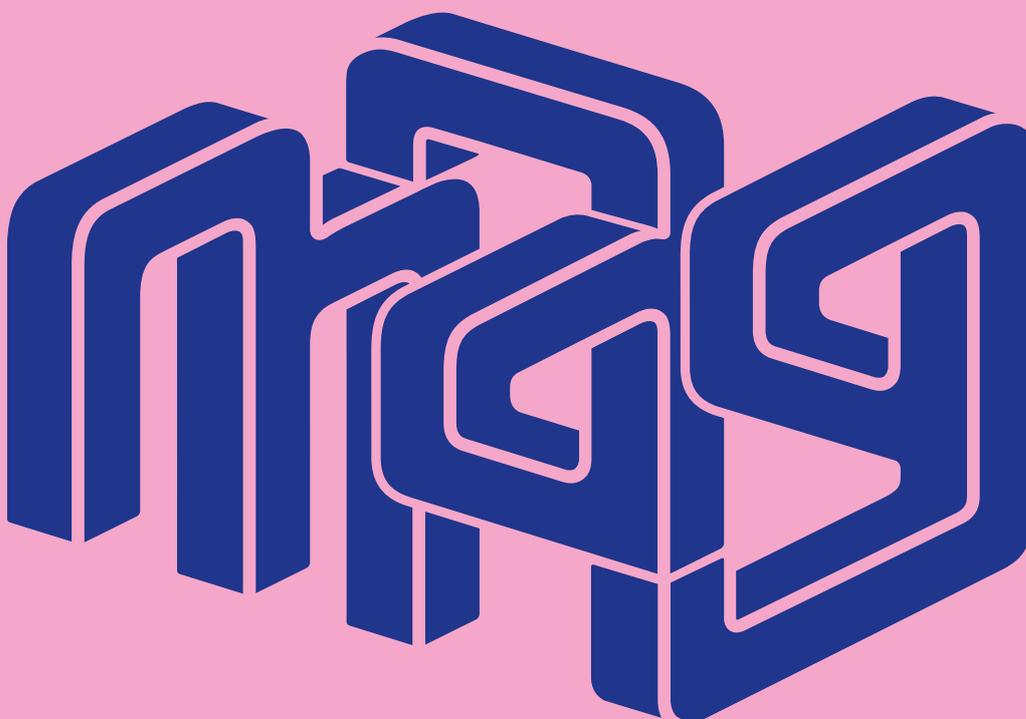
# HISTORICAL FINANCIAL INFORMATION

## HISTORICAL FINANCIAL INFORMATION FOR MAG INTERACTIVE AB

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## HISTORICAL FINANCIAL INFORMATION FOR MAG INTERACTIVE AB

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK ,000	Note	Financial year		
		2016/2017	2015/2016	2014/2015
<b>Operating income</b>				
Net sales	5	260,405	263,963	152,977
Own work capitalised	16	20,205	18,147	11,455
Other operating income	6,13	2,759	1,321	1,805
<b>Total</b>		<b>283,369</b>	<b>283,431</b>	<b>166,237</b>
<b>Operating expenses</b>				
Sales-related costs	7	-78,950	-78,148	-40,459
Performance-based marketing		-111,145	-94,631	-31,260
Other external expenses	9,13	-23,740	-20,807	-13,687
Personnel costs	8	-42,437	-37,811	-30,923
<b>Total operating expenses</b> (excluding depreciation and impairments of tangible and intangible non-current assets)		<b>-256,272</b>	<b>-231,397</b>	<b>-116,329</b>
<b>EBITDA</b>		<b>27,097</b>	<b>52,034</b>	<b>49,908</b>
Depreciation and impairments of tangible and intangible non-current assets	15,16	-23,015	-14,992	-4,660
<b>Total operating expenses</b>		<b>-279,287</b>	<b>-246,389</b>	<b>-120,989</b>
<b>Operating profit/loss</b>		<b>4,082</b>	<b>37,042</b>	<b>45,248</b>
Financial income	10,13	126	606	5,905
Financial expenses	10,13	-656	-13	-15
<b>Net financial items</b>		<b>-530</b>	<b>593</b>	<b>5,890</b>
<b>Profit/loss before tax</b>		<b>3,552</b>	<b>37,635</b>	<b>51,138</b>
Income tax	11	-2,979	-8,334	-12,099
<b>Profit/loss for the year</b>		<b>573</b>	<b>29,301</b>	<b>39,039</b>
<b>Other comprehensive income</b>				
<b>Items that can be cancelled later in</b>				
Exchange rate differences		-1,380	-2,465	5
<b>Other comprehensive income for the year, net after tax</b>		<b>-1,380</b>	<b>-2,465</b>	<b>5</b>
<b>Total comprehensive income for the year</b>		<b>-807</b>	<b>26,836</b>	<b>39,044</b>

The profit/loss and total comprehensive income for the year are attributable in full to the parent company's shareholders.

	Note	2016/2017	2015/2016	2014/2015
Earnings per share, calculated on basis of profit/loss attributable to the parent company's shareholders (expressed as SEK per share)	12	0.02975	1.52210	2.02797

**CONSOLIDATED BALANCE SHEET**

Amounts in SEK ,000	Note	31/08/2017	31/08/2016	31/08/2015
<b>ASSETS</b>				
<b>Non-current assets</b>				
<b>Intangible assets</b>				
Goodwill	16	7,976	8,674	10,103
Other intangible assets	16	30,976	33,228	27,086
<b>Total intangible assets</b>		<b>38,952</b>	<b>41,902</b>	<b>37,189</b>
<b>Tangible assets</b>				
Equipment, tools, fixtures and fittings	15	2,699	408	664
<b>Total tangible assets</b>		<b>2,699</b>	<b>408</b>	<b>664</b>
<b>Financial non-current assets</b>				
Other long-term receivables	19	1,836	1,841	0
Deferred tax asset	20	1,263	1,612	1,877
<b>Total financial non-current assets</b>		<b>3,099</b>	<b>3,453</b>	<b>1,877</b>
<b>Total non-current assets</b>		<b>44,750</b>	<b>45,763</b>	<b>39,730</b>
<b>Current assets</b>				
<b>Current receivables</b>				
Trade and other receivables	21	13,604	13,505	15,759
Current tax assets		1,295	4,027	1,182
Other current receivables	22	1,177	2,272	1,523
Prepaid expenses and accrued income	23	19,706	12,790	18,357
Other short-term securities	18	19,018	16,454	16,884
Cash and cash equivalents	24	40,561	51,898	33,402
<b>Total current receivables</b>		<b>95,361</b>	<b>100,946</b>	<b>87,107</b>
<b>Total current assets</b>		<b>95,361</b>	<b>100,946</b>	<b>87,107</b>
<b>TOTAL ASSETS</b>		<b>140,111</b>	<b>146,709</b>	<b>126,837</b>

*The table continues on the next page*

**CONSOLIDATED BALANCE SHEET** *cont.*

Amounts in SEK ,000	Note	31/08/2017	31/08/2016	31/08/2015
<b>EQUITY AND LIABILITIES</b>				
<b>Equity that can be attributed to the parent company's shareholders</b>				
Share capital	25	50	50	50
Reserves		-3,840	-2,460	5
Retained earnings incl. comprehensive income for the year		102,697	115,825	94,009
<b>Total equity</b>		<b>98,907</b>	<b>113,415</b>	<b>94,064</b>
<b>LIABILITIES</b>				
<b>Long-term liabilities</b>				
Deferred tax liabilities	26	14,652	13,229	9,336
Other long-term liabilities		0	0	1,198
<b>Total long-term liabilities</b>		<b>14,652</b>	<b>13,229</b>	<b>10,534</b>
<b>Current liabilities</b>				
Trade and other payables		13,265	7,673	2,970
Current tax liability		0	0	0
Other current liabilities	27	2,332	2,878	4,954
Accrued expenses and prepaid income	28	10,955	9,514	14,315
<b>Total current liabilities</b>		<b>26,552</b>	<b>20,065</b>	<b>22,239</b>
<b>Total liabilities</b>		<b>41,204</b>	<b>33,294</b>	<b>32,773</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>140,111</b>	<b>146,709</b>	<b>126,837</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

Amounts in SEK ,000	Note	Share capital	Reserves	Retained earnings and profit/loss for the year	Total equity
<b>Opening balance as of 01/09/2014</b>		<b>50</b>	<b>0</b>	<b>54,971</b>	<b>55,021</b>
Profit/loss for the period				39,039	39,039
Exchange rate differences			5		5
<b>Closing balance as of 31/08/2015</b>		<b>50</b>	<b>5</b>	<b>94,010</b>	<b>94,065</b>
<b>Opening balance as of 01/09/2015</b>		<b>50</b>	<b>5</b>	<b>94,010</b>	<b>94,065</b>
Profit/loss for the period				29,301	29,301
Redemption of shares	33			-7,486	-7,486
Exchange rate differences			-2,465		-2,465
<b>Closing balance as of 31/08/2016</b>		<b>50</b>	<b>-2,460</b>	<b>115,825</b>	<b>113,415</b>
<b>Closing balance as of 01/09/2016</b>		<b>50</b>	<b>-2,460</b>	<b>115,825</b>	<b>113,415</b>
Profit/loss for the period				573	573
Dividend	33			-14,919	-14,919
Personnel option scheme	25			1,218	1,218
Exchange rate differences			-1,380		-1,380
<b>Closing balance as of 31/08/2017</b>		<b>50</b>	<b>-3,840</b>	<b>102,697</b>	<b>98,907</b>

## CONSOLIDATED CASH FLOW STATEMENT

Amounts in SEK ,000	Note	31/08/2017	31/08/2016	31/08/2015
<b>Cash flow from operating activities</b>				
Profit/loss before financial items		4,082	37,042	45,248
Adjustment for items not included in cash flow	29	3,504	-5,434	-6,794
Interest received		127	472	760
Interest paid		-7	-13	-15
Income tax paid		-1,682	-7,443	-8,525
<b>Cash flow from operating activities before change in working capital</b>		<b>6,024</b>	<b>24,624</b>	<b>30,674</b>
Change in current operating receivables		-3,392	6,460	-24,048
Change in current operating liabilities		6,487	-3,372	5,731
<b>Total change in working capital</b>		<b>3,095</b>	<b>3,088</b>	<b>-18,317</b>
<b>Cash flow from operating activities</b>		<b>9,119</b>	<b>27,712</b>	<b>12,357</b>
<b>Cash flow from investing activities</b>				
Investments in tangible non-current assets	15	-3,104	0	-203
Investments in intangible assets	16	0	0	-5,000
Acquisition of subsidiary, after deduction of cash and cash equivalents acquired		0	0	-11,928
Change in securities		-3,003	-24	-4,036
Change in long-term receivables		0	-1,841	2
<b>Cash flow from investing activities</b>		<b>-6,107</b>	<b>-1,865</b>	<b>-21,165</b>
<b>Cash flow from financing activities</b>				
Dividend	33	-14,919	0	0
Redemption of shares	33	0	-7,485	0
Option scheme	25	1,218	0	0
<b>Cash flow from financing activities</b>		<b>-13,701</b>	<b>-7,485</b>	<b>0</b>
<b>Reduction/increase in cash and cash equivalents</b>				
Cash flow for the year		-10,689	18,362	-8,808
Exchange rate difference in cash and cash equivalents		-649	134	5,647
Opening cash and cash equivalents		51,898	33,402	36,563
<b>Closing cash and cash equivalents</b>		<b>40,560</b>	<b>51,898</b>	<b>33,402</b>

## NOTES

**NOTE 1 GENERAL INFORMATION**

The consolidated accounts cover the parent company MAG Interactive AB (parent company), corp. ID no. 556804-3524 and its subsidiary (the Group). The parent company is a limited liability company with its registered office in Stockholm. The address of the head office is Drottninggatan 95A, SE-113 60 Stockholm, Sweden. The parent company is approx. 58% owned by Mobile Access Group and the remaining shares are

owned by the founders and management, as well as Nokia Growth Partners and SBH Group.

MAG Interactive is a publisher of mobile games, aimed primarily at iOS and Android.

Unless otherwise stated, all amounts are in thousand SEK. Figures in brackets refer to the two comparative years.

**NOTE 2 SUMMARY OF IMPORTANT ACCOUNTING POLICIES**

The most important accounting policies applied in producing these consolidated accounts are described below. Unless otherwise specified, these policies have been applied consistently for all years presented.

**2.1 Basis on which the statements have been prepared**

These annual accounts contain MAG Interactive AB's consolidated accounts, and the accounting policies chosen to prepare them are the IFRS (International Financial Reporting Standards). The consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Complementary Accounting Rules for Groups as well as IFRS and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as adopted by the EU. They have been prepared in accordance with the acquisition value method, apart from financial assets valued at their fair value through the income statement.

The preparation of financial statements in accordance with IFRS requires the use of a number of important estimates for accounting purposes. Management is also required to make certain judgements when applying the Group's accounting policies. The areas that involve a high degree of assessment, that are complex and areas in which assumptions and estimates are of significant importance to the consolidated accounts are described in Note 4.

**Changes in accounting policies and disclosures*****New standards and interpretations that have not yet been applied by the Group***

A number of new standards and interpretations enter into force for financial years that start after 31 August 2017 and have not been applied in the preparation of this financial statement. None of these are expected to have any significant impact on the Group's financial statements, with the exception of those described below:

**IFRS 9 "Financial instruments"** deals with the classification, valuation and recording of financial assets and liabilities. It replaces those parts of IAS 39 that deal with the classification and valuation of financial instruments. IFRS 9 retains a mixed valuation approach, but simplifies this approach in certain respects. There will be three valuation categories for financial assets: accrued cost of acquisition, fair value through other

comprehensive income and fair value through the income statement. How an instrument is to be classified depends on the company's business model and the instrument's characteristics. Investments in equity instruments must be recorded at fair value through the income statement, although there is also a possibility to record instruments when first recorded at fair value through other comprehensive income. There will then be no reclassification to the income statement when the instrument is disposed of. For financial liabilities, the classification and valuation are not changed, unless a liability is recorded at fair value through the income statement based on the fair value alternative. The standard is to be applied for financial years that start as of 1 January 2018 (not yet adopted by the EU). The previous application is permitted. The Group has not yet evaluated the impact of the introduction of the standard.

**IFRS 15 "Revenue from contracts with customers"** regulates how the recording of income takes place. The principles on which IFRS 15 is based aim to provide users of financial statements with more useful information about the company's income. The extended duty of disclosure means that information must be provided about income type, date of settlement, uncertainties associated with the recording of income and cash flow attributable to the company's customer contracts. According to IFRS 15, an item of income must be recorded when the customer obtains control over the product or service sold and is able to use or obtain benefit from the product or service. IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts and related SIC and IFRIC. IFRS 15 enters into force on 1 January 2018. For the Group, this means application in the financial year that begins on 1 September 2018. Early application is permitted. The Group has not yet evaluated the impact of the introduction of the standard.

**IFRS 16 "Leases"**. In January 2016, the IASB published a new leasing standard that will replace IAS 17 Leases and associated interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires that assets and liabilities attributable to all leases, with a few exceptions, be recorded in the balance sheet. This recording standard is based on the view that the lessee has a right to use an asset over a specific period of time and at the same time an obligation to pay for this right. Recording for the lessor will essentially remain unchanged. The standard is

applicable for financial years that start on 1 January 2019 or later. For the Group, this means application in the financial year that begins on 1 September 2019. Early application is permitted. The Group has not yet evaluated the impact of IFRS 16.

None of the other IFRS or IFRIC interpretations that have not yet come into force are expected to have any significant effect on the Group.

## 2.2 Consolidated accounts

Subsidiaries are all companies over which the Group has a controlling influence. The Group controls a company when it is exposed to or has the right to a variable return on its holding in the company and is able to affect its return through its influence in the company. Subsidiaries are included in the consolidated accounts as from the date on which the controlling influence was transferred to the Group. They are excluded from the consolidated accounts as from the date on which the controlling influence ceases.

The acquisition method is used when recording the Group's business combinations. The purchase price of an acquisition of a subsidiary consists of the fair value of assets and liabilities transferred that the Group incurs to the former owners of the acquired company. The purchase price also includes the fair value of all liabilities that are the consequence of a contingent consideration agreement. Identifiable acquired assets and debts taken over in a business combination are initially valued at their fair value on the acquisition date.

Expenses relating to the acquisition are recorded as expenses when they arise.

Any contingent consideration to be transferred by the Group is recorded at the fair value on the acquisition date. Subsequent changes in the fair value of a contingent consideration that have been classified as a liability are recorded in accordance with IAS 39 in the income statement.

Goodwill is valued initially as the amount by which the total purchase price and any fair value of a holding without a controlling influence on the date of acquisition exceeds the fair value of identifiable acquired net assets. If the purchase price is lower than the fair value of the acquired company's net assets, the difference is recorded directly in the income statement.

Internal Group transactions, balance sheet items, income and expenses between Group companies are eliminated. Profits and losses resulting from internal Group transactions and recorded under assets are also eliminated. The accounting policies for subsidiaries have been changed as necessary in order to guarantee the consistent application of the Group's policies.

## 2.3 Translation of foreign currency

### (a) Functional currency and reporting currency

Items included in the financial statements for the various entities in the Group are valued in the currency used in the financial environment in which each company is primarily operational (functional currency). The consolidated accounts use Swedish kronor (SEK), which is the Group's reporting currency.

### (b) Transactions and balance sheet items

Transactions in foreign currencies are translated into the functional currency at the exchange rates prevailing on the transaction date or on the date when the items are revalued. Exchange rate gains and losses that arise when paying for such transactions and when translating monetary assets and liabilities in foreign currency at the exchange rate on the balance sheet date are recorded in the income statement.

Exchange rate gains and losses attributable to cash and cash equivalents are recorded in the income statement as financial income or expenses. All other exchange rate gains or losses are recorded in the item "Other operating income/Other operating expenses" in the income statement.

### (c) Group companies

The profit/loss and financial position of all Group companies with a functional currency that is different from the reporting currency are translated into the Group's reporting currency as follows:

- (a) assets and liabilities for each of the balance sheets are translated at the exchange rate on the balance sheet date;
- (b) income and expenses for each of the income statements are translated at the average exchange rate (unless this average exchange rate is not a reasonable approximation of the accumulated effect of the exchange rates in force on the transaction date, in which case income and expenses are translated at the exchange rate on the transaction date), and
- (c) all exchange rate differences that arise are recorded in other comprehensive income.

Accumulated profits and losses in equity are recorded in the income statement when the foreign business is disposed of, either fully or partly.

Goodwill and adjustments to fair value that arise from the acquisition of a foreign business are treated as assets and liabilities in that business and are translated at the exchange rate on the balance sheet date. Exchange rate differences are recorded in other comprehensive income.

## 2.4 Tangible assets

All tangible non-current assets are recorded at the cost of acquisition less deductions for depreciation. The cost of acquisition includes expenses that can be attributed directly to the acquisition of the asset.

Additional expenses are added to an asset's carrying amount or are recorded as a separate asset, depending on which is appropriate, only if it is likely that the future financial benefits associated with the asset will benefit the Group and the asset's cost of acquisition can be measured in a reliable way. The carrying amount of the part replaced is removed from the balance sheet. All other forms of repairs and maintenance are recorded as expenses in the income statement in the period when they arise.

Depreciation of assets in order to allocate their cost of acquisition down to the calculated residual value over the estimated useful life is performed on a straight-line basis as follows:

Equipment	5 years
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The residual values and useful life of assets are reviewed at the end of each reporting period and adjusted as required.

An asset's carrying amount is written down immediately to its recoverable value if the asset's carrying amount exceeds its estimated recoverable value (Note 2.6).

Profits and losses upon disposal are defined by means of a comparison between sales income and carrying amount, and are recorded net in the income statement under Other operating income/Other operating expenses.

## 2.5 Impairment of financial assets

### (a) Goodwill

Goodwill arises in connection with the acquisition of a subsidiary and refers to the amount by which the purchase price, any holding without a controlling influence in the acquired company and the fair value as of the date of acquisition of the previous equity share in the acquired company exceeds the fair value of identifiable acquired net assets.

In order to test the impairment requirement, goodwill acquired in a business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from synergies in the acquisition.

The impairment of goodwill is tested annually or more often if events or changes in conditions indicate a possible reduction in value. The carrying amount of the cash-generating unit to which goodwill has been assigned is compared with the recoverable amount, which is the higher of the value in use and the fair value minus sales-related costs. Any impairment is recorded immediately as an expense and is not cancelled.

### (b) Acquired intellectual rights to games for platforms

Intellectual rights to games for platforms that have been acquired separately are recorded at the cost of acquisition. Intellectual rights to games for platforms that have been acquired through a business combination are recorded at fair value on the acquisition date. Intellectual rights have a definable useful life and are recorded at the cost of acquisition minus accumulated depreciation. Depreciation is performed on a straight-line basis in order to allocate the cost of intellectual rights over their estimated useful life of 1–3 years.

### (c) Capitalised expenditure for development works in respect of games for platforms

Costs of maintenance of games for platforms are recorded as expenses as they arise. Development expenses that are directly attributable to the development and testing of identifiable and unique games for platforms that are controlled by the Group are recorded as intangible assets when the following criteria are met:

- it is technically possible to produce the game for platforms so that it can be used,
- MAG Interactive's intention is to produce the game for platforms and to use or sell it,
- the conditions exist to use or sell the game on platforms,
- it can be shown how the game for platforms generates probable future financial benefits,
- adequate technical, financial and other resources to complete development and to use or sell the game on platforms are available, and
- the expenses attributable to the game for platforms during its development can be calculated in a reliable way.

Directly attributable expenses that are capitalised as a part of a game for platforms include expenses for employees and a reasonable proportion of indirect expenses.

Other development expenses that do not meet these criteria are recorded as expenses when they arise. Development expenses that have previously been recorded as an expense are not recorded as an asset in the subsequent period.

Development expenses for games for platforms that are recorded as an asset are depreciated during their estimated useful life, which does not exceed three years.

## 2.6 Impairment of non-financial assets

Intangible assets that have an indeterminate useful life or intangible assets that are not ready for use are not depreciated, but are tested annually in respect of a possible impairment requirement. Assets that are depreciated are assessed with regard to any value reduction whenever events or changes in conditions indicate that the carrying amount may perhaps not be recoverable. An impairment is performed to the amount by which the asset's carrying amount exceeds its recoverable value. The recoverable value is the higher of an asset's fair value minus sales-related costs and the value in use. When assessing an impairment requirement, assets are grouped at the lowest levels where there are essentially identifiable cash flows (cash-generating units). For assets (other than goodwill) that have previously been impaired, a test is conducted as of each balance sheet date to determine whether cancellation should take place.

## 2.7 Impairment of financial assets

### *Classification*

The Group classifies its financial assets in the following categories: financial assets valued at fair value through the income statement, and loan receivables and trade and other receivables. The classification depends on the purpose for which the financial asset was acquired. Management confirms the classification of financial assets when they are recorded for the first time.

### *Financial assets and liabilities valued at fair value through the income statement*

Financial assets and liabilities valued at fair value through the income statement are financial instruments that when first recorded were identified as an item valued at fair value through the income statement. On the assets side, this item consists of other short-term securities (investment in a fund) and on the liabilities side this item consists of contingent additional considerations.

### *Loan receivables and trade and other receivables*

Loan receivables and trade and other receivables are financial assets that are not derivatives, that have defined or definable payments and that are not listed in an active market. They are included in current assets, with the exception of items with a due date more than 12 months after the balance sheet date, which are classified as non-current assets. The Group's loan receivables and trade and other receivables consist of the following items in the balance sheet: other long-term receivables, trade and other receivables (Note 2.10), cash and cash equivalents (Note 2.11) and other current receivables and prepaid expenses and accrued income to the extent that they relate to financial instruments.

### *Other financial liabilities*

The Group's other long-term liabilities, trade and other payables and the element of other current liabilities and interim liabilities that relates to financial instruments are classified as other financial liabilities.

### *Recording and valuation*

Purchases and sales of financial assets are recorded on the transaction date – the date on which the Group commits itself to buy or sell the asset. Financial instruments are recorded initially at the fair value plus transaction costs, which applies to all financial assets that are not valued at their fair value through the income statement. Financial assets valued at fair value through the income statement are recorded initially at fair value, while attributable transaction costs are recorded in the income statement. Financial assets are removed from the balance sheet when the right to receive cash flows from the instrument has expired or been transferred and the Group has essentially transferred all risks and benefits associated with the right of ownership. Loan receivables and trade and other receivables are recorded at the accrued cost of acquisition, applying the effective interest method.

Profits and losses resulting from changes in fair value in respect of the category financial assets valued at fair value through the income statement are recorded under the item other short-term securities in the income statement in the period when they arise and are included in the income statement item net financial income/expenses. For the item contingent additional considerations, changes in fair value are recorded as an adjustment to the cost of acquisition of the asset.

## 2.8 Offsetting of financial instruments

Financial assets and liabilities are offset and recorded as a net amount in the balance sheet only when there is a legal right to offset the recorded amounts and an intention to settle them with a net amount or to simultaneously realise the asset and settle the liability. This legal right may not be dependent on future events and it must be legally binding on the company and the counterparty, both in normal business operations and in the event of a cancellation of payments, insolvency or bankruptcy.

## 2.9 Impairment of financial assets

### *Assets recorded and accrued cost of acquisition*

As of the end of each reporting period, the Group assesses whether there is objective evidence of an impairment requirement for a financial asset or a group of financial assets. There is an impairment requirement for a financial asset or a group of financial assets and it is impaired only if there is objective evidence of an impairment requirement as a consequence of one or more events having occurred since the asset was first recorded (a "loss event") and this loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

For the category trade and other receivables, the impairment is calculated as the difference between the asset's carrying amount and the current value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate. The asset's carrying amount is impaired and the impairment amount is recorded in the consolidated income statement.

If the impairment requirement reduces in a subsequent period and this reduction can be attributed objectively to an event that has occurred since the impairment was recorded (e.g. an improvement in the debtor's credit rating), the cancellation of the previously recorded impairment is recorded in the consolidated income statement.

## 2.10 Trade and other receivables

Trade and other receivables are amounts that are to be paid by customers for games for platforms and advertisements in operating activities. Trade and other receivables are recorded initially at fair value and then at accrued cost of acquisition applying the effective interest method minus any reserve for value reduction.

### 2.11 Cash and cash equivalents

Cash and cash equivalents, in both the balance sheet and the cash flow statement, include cash, bank balances and other short-term investments with due dates within three months of the acquisition date.

### 2.12 Share capital

Ordinary shares are classified as equity. Preference shares issued are also classified as equity if they are not compulsorily callable. Transaction costs that can be attributed directly to the issue of new ordinary shares or options are recorded, net after tax, in equity as a deduction from the share issue fund.

### 2.13 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired from suppliers in operating activities. Trade and other payables are classified as current liabilities if they fall due within one year. If not, they are classified as long-term liabilities.

Trade and other payables are recorded initially at fair value and then at accrued cost of acquisition applying the effective interest method.

### 2.14 Current and deferred income tax

The tax expense for the period included current tax and deferred tax. Tax is recorded in the income statement, except when the tax relates to items recorded in other comprehensive income or directly in equity. In such cases, the tax is also recorded in other comprehensive income or equity.

The current tax expense is calculated on the basis of the tax rules adopted on the balance sheet date or adopted in practice in the country where the parent company and its subsidiaries operate and generate taxable income.

Deferred tax is recorded for all temporary differences that arise between the tax value of assets and liabilities and their carrying amounts in the consolidated accounts. A deferred tax liability is not, however, recorded if it arises as a consequence of the initial recording of goodwill. Nor is deferred tax recorded if it arises as a consequence of a transaction that constitutes the first recording of an asset or liability that is not a business combination and that, at the time of the transaction, affects neither the recorded profit/loss nor the profit/loss for tax purposes. Deferred income tax is calculated by applying the tax rates (and laws) that have been adopted or announced as of the balance sheet date and that are expected to apply when the relevant deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recorded to the extent that it is likely that future tax surpluses will be available against which the temporary differences can be utilised.

A deferred tax liability is calculated on taxable temporary differences that arise from participations in subsidiaries, except when the date of cancellation of the temporary difference can be controlled by the Group and it is likely that the temporary difference will not be cancelled within the foreseeable future. A deferred tax asset that is attributable to deductible temporary

differences in respect of holdings in subsidiaries is only recorded to the extent that it is likely that the temporary difference will be cancelled in future and there will be a taxable surplus against which the deduction can be utilised.

Deferred tax assets and liabilities are settled when there is a legal right to settle for the relevant tax receivables and tax liabilities, and when the deferred tax receivables and tax liabilities are attributable to taxed charged by one single tax authority and relate to either the same tax subject or different tax subjects where there is an intention to settle the balances by means of net payments.

### 2.15 Employee benefits

#### (a) Pension obligations

The Group has defined contribution pension plans. A defined contribution pension plan is a pension plan under which the Group pays fixed contributions to a separate legal entity. The Group has no legal or informal obligations to pay additional contributions if this legal entity does not have sufficient assets to pay all compensation to employees associated with the employees' service during the current or earlier periods. The contributions are recorded as personnel costs when they fall due for payment. Prepaid contributions are recorded as an asset to the extent that cash repayment or a reduction of future payments may be credited to the Group.

### 2.16 Recording income

Income is valued at the fair value of what has been received or will be received, and represents the amounts received for goods sold net of discounts, returns and Value Added Tax.

The Group records income when its amount can be measured reliably, it is probable that future economic benefits will accrue to the company and special criteria have been met as described below.

#### Sales of mobile games

The Group's income comes from in-app purchases on platforms, advertising income attributable to these games and a small element from royalties. Income is recorded when the income can be calculated in a reliable way and when essentially all risks and rights associated with ownership have been transferred to the buyer, which usually happens in connection with delivery.

In-app purchases take place on various platforms, and income is recorded when they are delivered to the customer. In-app purchases are also recorded as they take place and are delivered to the customer.

In connection with in-app purchases, the gross payment flows pass from the end user in all cases to the platform, which deducts its charge, which is 30% of the price paid by the end user, before the money reaches MAG Interactive. The assessment is that MAG Interactive shall record the full income gross and the platform's share of incomes shall be reported as an outgoing expense item, which represents the same net result as with income recorded net.

MAG Interactive also receives income from advertisements that are displayed in the company's games. This income is

recorded as the advertisements are displayed and the company receives compensation for these.

The Group also has some royalty income associated with the granting of rights to use the company's games in other contexts. MAG Interactive then receives a proportion of income from this, which is recorded as it arises.

### 2.18 Leases

Leases in which a significant element of the risks and benefits of ownership are retained by the lessor are classified as operational leases. Payments made during the term of the lease (after deductions for any incentives from the lessor) are recorded as expenses in the income statement on a straight-line basis over the term of the lease.

A lease agreement for non-current assets in which the Group essentially owns the financial risks and benefits associated with ownership is classified as a financial lease. A financial lease is recorded in the balance sheet at the beginning of the term of the lease at the lower of the lease object's fair value and the current value of the minimum lease charges.

## NOTE 3 FINANCIAL RISK MANAGEMENT

### 3.1 Financial risk factors

The Group is exposed to a number of different financial risks in its activities: market risk (currency risk), credit risk and liquidity risk. The Group has no significant credit risk as the Group has no borrowing and there are relatively few recorded assets and liabilities that are interest-bearing. The Group's general risk management policy focuses on the unpredictability of the financial markets and attempts to minimise potential unfavourable effects on the Group's financial results. The Group does not use derivative instruments to hedge its risk exposure.

Risk management is performed by Group Finance in accordance with policies adopted by the Board. The Board draws up written policies for general risk management and for specific areas such as currency risk, credit risk, the use of derivative instruments and financial instruments that are not derivatives, as well as the investing of excess liquidity.

#### (a) Market risk

##### (i) Currency risk

The Group operates on an international level and is exposed to currency risks arising from various currency exposures, in particular in respect of the US dollar (USD). Currency risk arises through future business transactions, recorded assets and liabilities, and net investments in foreign businesses.

Currency risks also arise when future business transactions are expressed in a currency that is not the entity's functional currency. The Group's product purchases takes place mainly in USD. In order to manage the currency risk of outflows in USD, the Group has USD bank accounts.

The Group has a holding in a foreign business in the UK, the net assets of which are exposed to currency risks.

If the Swedish krona had weakened by 10% in relation to the US dollar, with all other variables held constant, the

At present the MAG Interactive Group only has lease agreements that are classified as operating lease agreements.

### 2.19 Dividends

A dividend to the parent company's shareholders is recorded as a liability in the consolidated financial statements in the period when the dividend is approved by the parent company's shareholders.

### 2.20 EBITDA

EBITDA, profit/loss before financial items, taxes and depreciation.

### 2.21 Performance-based marketing

Direct marketing includes digital advertising, TV advertising and other advertising associated directly with the company's products, as well as services and charges directly attributable to direct marketing as well as the production of advertising material. General marketing of the company and brand is not included in the cost of direct marketing.

recalculated annual profit figure as of 31 August 2017 would have been SEK 40,000 higher, largely as a consequence of gains from the translation of trade and other receivables in USD.

#### (b) Credit risk

Credit risk is managed at Group level, with the exception of credit risk in respect of outstanding trade and other receivables. Each company in the Group is responsible for monitoring and analysing the credit risk for each new customer before offering standard terms of payment and delivery. Credit risk arises through cash and cash equivalents and bank balances, as well as credit exposure to customers. Only banks and financial institutions awarded a credit rating of at least "A" by an independent assessor are accepted. In cases where there is no credit assessment, a risk assessment is conducted of the customer's creditworthiness, taking into account the customer's financial position, as well as previous experiences and other factors. Individual risk limits are defined on the basis of internal or external credit assessments in accordance with the limits set by the Board. The use of credit limits is monitored on a regular basis.

No credit limits were exceeded during the reporting period and management does not expect any losses as a consequence of a failure to pay from these counterparties.

#### (c) Liquidity risk

Cash flow forecasts are drawn up by the Group's operational companies and are aggregated by Group Finance. Group Finance monitors rolling forecasts of the Group's liquidity reserve closely in order to make sure that the Group has sufficient cash funds to meet the need of operating activities.

Excess liquidity in the Group's operating companies, in excess

of the element required in order to meet working capital needs, is transferred to Group Finance. The Group invests excess liquidity in interest-bearing money market instruments and marketable securities, depending on which instrument has a suitable term or sufficient liquidity to satisfy the scope defined by the above forecasts. As of the balance sheet date on 31 August 2017, the Group had fixed income funds of TSEK 19,018 to manage liquidity risk. These are classified as other short-term securities in the balance sheet.

The table below analyses the Group's non-derivative financial liabilities broken down according to the time remaining on the balance sheet date until the contractual due date. The amounts quoted in the table are the contractual, non-discounted cash flows.

The table below analyses non-derivative financial liabilities broken down according to the time remaining on the balance sheet date until the contractual due date. The amounts quoted in the table are the contractual, discounted cash flows.

<b>As of 31 August 2017</b>	<b>Less than 3 months</b>	<b>Between 3 months and 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Other long-term liabilities	0	0	0	0	0	<b>0</b>
Trade and other payables	13,265	0	0	0	0	<b>13,265</b>
Other current liabilities	0	0	0	0	0	<b>0</b>
Accrued expenses and prepaid income	10,955	0	0	0	0	<b>10,955</b>

<b>As of 31 August 2016</b>	<b>Less than 3 months</b>	<b>Between 3 months and 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Other long-term liabilities	0	0	0	0	0	<b>0</b>
Trade and other payables	7,673	0	0	0	0	<b>7,673</b>
Other current liabilities	2,801	0	0	0	0	<b>2,801</b>
Accrued expenses and prepaid income	9,515	0	5,681	0	0	<b>15,196</b>

<b>As of 31 August 2015</b>	<b>Less than 3 months</b>	<b>Between 3 months and 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Other long-term liabilities	0	0	1,198	0	0	<b>1,198</b>
Trade and other payables	2,970	0	0	0	0	<b>2,970</b>
Other current liabilities	2,175	2,704	0	0	0	<b>4,879</b>
Accrued expenses and prepaid income	9,326	4,988	0	811	0	<b>15,125</b>

### 3.2 Managing capital

The Group's objective with regard to the capital structure is to secure the Group's ability to continue its activities so that it can continue to generate a return for shareholders and value for other stakeholders, and to maintain an optimal capital structure in order to keep down the costs of capital.

To maintain or adjust the capital structure, the Group can change the dividend paid to shareholders, repay capital to shareholders, issue new shares or sell assets in order to reduce liabilities.

### 3.3 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 valued at fair value on each balance sheet date:

	31/08/2017	31/08/2016	31/08/2015
<b>Assets</b>			
<b>Financial assets valued at fair value through the income statement</b>			
Other short-term securities (level 1)	19,018	16,454	16,884
<b>Total assets</b>	<b>19,018</b>	<b>16,454</b>	<b>16,884</b>
<b>Liabilities</b>			
<b>Financial liabilities valued at fair value through the income statement</b>			
Additional purchase price (level 3)	0	1,198	4,393
<b>Total liabilities</b>	<b>0</b>	<b>1,198</b>	<b>4,393</b>

#### NOTE 4 IMPORTANT ESTIMATES AND JUDGEMENTS FOR ACCOUNTING PURPOSES

Estimates and judgements are reviewed periodically and are based on historical experience and other factors, including expectations of future events considered reasonable under the prevailing circumstances.

##### 4.1 Important estimates and judgements for accounting purposes

The Group makes estimates and assumptions about the future. The estimates for accounting purposes that result from these will, by definition, seldom correspond with the actual outcome. The estimates and assumptions that involve a noteworthy risk of significant adjustments to carrying values of assets and liabilities during the next financial year are set out in general terms below.

##### *Impairment testing of goodwill*

Every year the Group investigates whether there is an impairment requirement for goodwill, in accordance with the accounting policy described in Note 2.6. The recoverable values of cash-generating units have been defined by means of calculating the value in use. Certain estimates must be made for these calculations (Note 28).

The carrying amount of goodwill totals TSEK 7,976 as of 31 August 2017 (31 August 2016: TSEK 8,674, 31 August 2015: TSEK 10,103).

##### *Valuation of tax loss carryforwards*

Deferred tax assets are only recorded for tax loss carryforwards for which it is likely that they can be utilised against future taxable surpluses and against taxable temporary differences.

Every year the Group investigates whether it is appropriate to capitalise new deferred tax receivables in respect of the year's or previous years' tax loss carryforwards.

##### *Retained expenses for development expenses*

The Group has retained expenses for development expenses in respect of mobile games that are recorded as intangible assets. After the initial recording, the impairment requirement is tested as soon as there are indications that the asset has reduced in value. The Group performs estimates of the useful life in connection with the initial recording. The useful life is tested every year and adjusted as required. The Group's retained expenses for development expenses are depreciated over three years.

As of 31 August 2017, retained expenses for development expenses totalled TSEK 26,485 (31 August 2016: TSEK 21,870, 31 August 2015: TSEK 11,302).

#### NOTE 5 DISTRIBUTION OF NET SALES

The Group divides its business into segments in accordance with the IFRS definition. In order to give a better understanding of the group's business, the net sales are divided into two main sources, net sales from advertising and net sales from in-app purchases.

	2016/2017	2015/2016	2014/2015
In-app purchases	210,941	218,930	105,807
Advertising income	49,460	45,033	45,799
Other	4	0	1,371
<b>Total</b>	<b>260,405</b>	<b>263,963</b>	<b>152,977</b>
<b>The Group's distribution by country</b>	<b>2016/2017</b>	<b>2015/2016</b>	<b>2014/2015</b>
Sweden	260,405	263,963	152,977
UK	0	0	0
<b>Total</b>	<b>260,405</b>	<b>263,963</b>	<b>152,977</b>

The Group's income distributed by registered office, all games developed within the Group are published by the parent company, with its registered office in Sweden.

**NOTE 6 OTHER OPERATING INCOME**

	2016/2017	2015/2016	2014/2015
Exchange rate gains	2,668	1,321	1,800
Other	91	0	5
<b>Total</b>	<b>2,759</b>	<b>1,321</b>	<b>1,805</b>

**NOTE 7 SALES-RELATED COSTS**

	2016/2017	2015/2016	2014/2015
Platform fee	63,283	65,679	32,050
Other sales charges	15,667	12,469	8,409
<b>Total sales-related costs</b>	<b>78,950</b>	<b>78,148</b>	<b>40,459</b>

**NOTE 8 PERSONNEL COSTS**

	2016/2017	2015/2016	2014/2015
<b>Costs of employee benefits</b>			
Salaries and remuneration	23,033	20,554	16,933
Social security contributions	6,879	5,884	5,287
Pension costs	1,630	1,490	1,314
	<b>31,542</b>	<b>27,928</b>	<b>23,534</b>
<b>Senior executives</b>			
CEO, Daniel Hasselberg			
Salaries and remuneration	1,339	1,247	1,179
Variable salary	33	91	127
Social security contributions	431	421	410
Pension costs	299	240	177
	<b>2,102</b>	<b>1,999</b>	<b>1,893</b>
<b>Other senior executives</b>			
Salaries and remuneration	4,793	4,376	2,508
Variable salary	107	249	381
Social security contributions	1,340	1,252	992
Pension costs	762	496	437
	<b>7,002</b>	<b>6,373</b>	<b>4,318</b>
<b>Fees to Board members</b>			
Chairman of the Board, Walter Masalin	0	0	0
Board member, Teemu Huhtanen	0	0	0
Board member, Mikael Hjort	66,500	0	0
	<b>66,500</b>	<b>0</b>	<b>0</b>

cont. NOTE 8 – Personnel costs

	2016/2017		2015/2016		2014/2015	
	Average number of employees	Of which male	Average number of employees	Of which male	Average number of employees	Of which male
Sweden	41	34	36	28	32	25
UK	14	12	11	8	2	1
	<b>55</b>	<b>46</b>	<b>47</b>	<b>36</b>	<b>34</b>	<b>26</b>

Gender distribution in the Group (incl. Subsidiaries) for Board members and other senior executives

	2016/2017		2015/2016		2014/2015	
	Number on balance sheet date	Of which male	Number on balance sheet date	Of which male	Number on balance sheet date	Of which male
Board members	6	6	5	5	6	5
CEO and other senior executives	6	6	5	5	6	5

There is a mutual period of notice of three months in force between the company and the CEO.

#### NOTE 9 REMUNERATION PAID TO AUDITORS

	2016/2017	2015/2016	2014/2015
<b>PwC</b>			
– The audit assignment	374	150	90
– Auditing activities in addition to the audit assignment	0	0	0
– Tax consultancy	0	0	0
– Other services	536	294	71
<b>Total</b>	<b>910</b>	<b>444</b>	<b>161</b>
<b>Other auditors</b>			
– The audit assignment	74	73	80
<b>Group total</b>	<b>984</b>	<b>517</b>	<b>241</b>

#### NOTE 10 FINANCIAL INCOME AND EXPENSES

	2016/2017	2015/2016	2014/2015
Interest expenses	–2	–2	–15
Exchange rate loss	–654	–3	0
Profit from sale of securities	0	–8	0
<b>Financial expenses</b>	<b>–656</b>	<b>–13</b>	<b>–15</b>
Interest income	7	18	24
Exchange rate gains from current receivables	38	135	5,647
Valuation at fair value, financial assets	14	453	0
Profit from sale of securities	67	0	234
<b>Financial income</b>	<b>126</b>	<b>606</b>	<b>5,905</b>
<b>Net financial items</b>	<b>–530</b>	<b>593</b>	<b>5,890</b>

**NOTE 11 INCOME TAX**

	2016/2017	2015/2016	2014/2015
Current tax on profit/loss for the year	-1,338	-4,341	-7,605
Deferred tax	-1,641	-3,993	-4,494
<b>Total current tax</b>	<b>-2,979</b>	<b>-8,334</b>	<b>-12,099</b>

Income tax on the Group's profit before taxation differs from the theoretical amount that would have arisen from the use of the Swedish tax rate for the consolidated companies as follows:

	2016/2017	2015/2016	2014/2015
<b>Profit/loss before tax</b>	<b>3,552</b>	<b>37,635</b>	<b>51,138</b>
Income tax calculated according to the tax rate in Sweden (22%)	781	8,280	11,250
<b>Tax effects of:</b>			
Non-taxable income	48	30	16
Non-deductible expenses	1,533	1,168	833
Tax effect, UK subsidiary	617	-1,144	0
<b>Tax expense</b>	<b>2,979</b>	<b>8,334</b>	<b>12,099</b>

**NOTE 12 EARNINGS PER SHARE**

Earnings per share are calculated by dividing the profit/loss attributable to the parent company's shareholders by the number of shares as of 31 August 2017 (19,250,000). Based on the nature of the preference shares, these have been treated the same way as ordinary shares and are therefore included in the calculation of earnings per share. See Note 25 for the number of shares. Previous years have been recalculated to provide better comparability.

**NOTE 13 NET EXCHANGE RATE DIFFERENCES**

Exchange rate differences have been recorded in the income statement as follows:

	2016/2017	2015/2016	2014/2015
Other operating income	2,668	1,333	1,800
Other operating expenses	-2,380	-1,543	-760
Net financial items	-616	131	5,647
<b>Total</b>	<b>-328</b>	<b>-79</b>	<b>6,687</b>

**NOTE 14 HOLDINGS AND INVESTMENTS IN SUBSIDIARIES**

Name	Country of registration and operation	Business activity	Proportion of ordinary shares owned directly by the parent company (%)
MAG Games Ltd (formerly Delinquent Interactive Ltd)	UK	Development	100

MAG Games Ltd is consolidated into the Group. The proportion of voting rights in MAG Games Ltd, which is owned directly by the parent company, does not differ from the proportion of ordinary shares owned.

**NOTE 15 TANGIBLE NON-CURRENT ASSETS**

	2016/2017	2015/2016	2014/2015
<b>Opening cost of acquisition</b>	<b>1,049</b>	<b>1,083</b>	<b>840</b>
Purchases	3,093	0	243
Sales/retirements	-243	-34	0
<b>Closing accumulated cost of acquisition</b>	<b>3,899</b>	<b>1,049</b>	<b>1,083</b>
Opening depreciation	-641	-420	-129
Depreciation for the year	559	-221	-290
<b>Closing accumulated depreciation</b>	<b>-1,200</b>	<b>-641</b>	<b>-419</b>
<b>Closing carrying amount</b>	<b>2,699</b>	<b>408</b>	<b>664</b>

**NOTE 16 INTANGIBLE ASSETS**

	Goodwill	Acquired intellectual property rights to games for platforms	Capitalised expenditure for development works in respect of games for platforms	Total
<b>Opening balance, 1 September 2014</b>	<b>0</b>	<b>0</b>	<b>2,374</b>	<b>2,374</b>
Additions	0	17,667	11,455	29,122
Acquisition of subsidiary	10,103	0	0	10,103
Exchange rate differences	0	0	0	0
Depreciation	0	-1,883	-2,527	-4,410
Impairments	0	0	0	0
<b>Closing balance, 31 August 2015</b>	<b>10,103</b>	<b>15,784</b>	<b>11,302</b>	<b>37,189</b>
<b>Opening balance, 1 September 2015</b>	<b>10,103</b>	<b>15,786</b>	<b>11,302</b>	<b>37,191</b>
Additions	0	3,281	18,147	21,428
Exchange rate differences	-1,429	0	0	-1,429
Depreciation	0	-7,709	-7,579	-15,288
Impairments	0	0	0	0
<b>Closing balance, 31 August 2016</b>	<b>8,674</b>	<b>11,358</b>	<b>21,870</b>	<b>41,902</b>
<b>Opening balance, 1 September 2016</b>	<b>8,674</b>	<b>11,358</b>	<b>21,870</b>	<b>41,902</b>
Additions	0	0	20,205	20,205
Exchange rate differences	-698	0	0	-698
Depreciation	0	-6,863	-13,194	-20,057
Impairments	0	0	-2,400	-2,400
<b>Closing balance, 31 August 2017</b>	<b>7,976</b>	<b>4,495</b>	<b>26,481</b>	<b>38,952</b>

**Impairment testing of goodwill**

Below is a summary of goodwill

	Opening carrying amount	Additions	Sale	Impairment	Translation difference	Closing carrying amount
<b>31/08/2017</b>	8,674	0	0	0	-698	<b>7,976</b>
<b>31/08/2016</b>	10,103	0	0	0	-1,429	<b>8,674</b>
<b>31/08/2015</b>	0	10,103	0	0	0	<b>10,103</b>

### Impairment testing of goodwill

Based on the fact that goodwill relates in its entirety to the acquisition of MAG Games Ltd (formerly Delinquent Interactive Ltd), which is fully integrated into MAG Interactive AB, which is the company that publishes all of the games developed within the Group, the MAG Group is considered to constitute the smallest cash-generating unit for which the valuation of goodwill can be performed.

The value of goodwill is tested annually against the estimated recoverable value, which is either the value in use or the fair value minus sales-related costs. Goodwill has been tested against the value in use as of 31/08/2017, and as of 31/08/2016 and 31/08/2015.

The value in use is based on estimated assessments of future cash flows before tax, which are based on reasonable and verifiable assumptions that represent the best estimates of the

economic conditions that are expected to prevail. The assessment of future cash flows is based on budgets and forecasts for the period of the next three years. Cash flows after the forecast period are estimated with an assumption of a long-term rate of growth after the forecast period of 2 per cent per annum for 31 August 2017 (31 August 2016: 2 per cent, 31 August 2015: 2 per cent).

Important assumptions in this estimate include the discount rate, sales growth and EBITDA margins.

The discount rate before tax is 13 per cent for 31 August 2017 (31 August 2016: 13 per cent, 31 August 2015: 13 per cent).

No reasonable possible change in important assumptions would cause the carrying amount to exceed the recoverable value.

### NOTE 17 FINANCIAL INSTRUMENTS BY CATEGORY

	Loan receivables and trade and other receivables	Assets valued at fair value through the income statement	Total
<b>Assets in the balance sheet</b>			
Other long-term receivables	0	0	0
Other short-term securities	0	16,884	16,884
Trade and other receivables	15,759	0	15,759
Other current receivables	1,114	0	1,114
Cash and cash equivalents	33,402	0	33,402
<b>Total 31/08/2015</b>	<b>50,275</b>	<b>16,884</b>	<b>67,159</b>
<b>Assets in the balance sheet</b>			
Other long-term receivables	1,841	0	1,841
Other short-term securities	0	16,454	16,454
Trade and other receivables	13,505	0	13,505
Other current receivables	2,195	0	2,195
Cash and cash equivalents	51,898	0	51,898
<b>Total 31/08/2016</b>	<b>69,439</b>	<b>16,454</b>	<b>85,893</b>
<b>Assets in the balance sheet</b>			
Other long-term receivables	1,836	0	1,836
Other short-term securities	0	19,018	19,018
Trade and other receivables	13,604	0	13,604
Other current receivables	0	0	0
Cash and cash equivalents	40,561	0	40,561
<b>Total 31/08/2017</b>	<b>56,001</b>	<b>19,018</b>	<b>75,019</b>

## cont. NOTE 17 – Financial instruments by category

	Other financial liabilities	Total
<b>Liabilities in the balance sheet</b>		
Other long-term liabilities	1,198	1,198
Trade and other payables	2,970	2,970
Other current liabilities	4,880	4,880
<b>Total 31/08/2015</b>	<b>9,048</b>	<b>9,048</b>
<b>Liabilities in the balance sheet</b>		
Other long-term liabilities	0	0
Trade and other payables	7,673	7,673
Other current liabilities	2,801	2,801
<b>Total 31/08/2016</b>	<b>10,474</b>	<b>10,474</b>
<b>Liabilities in the balance sheet</b>		
Other long-term liabilities	0	0
Trade and other payables	13,265	13,265
Other current liabilities	0	0
<b>Total 31/08/2017</b>	<b>13,265</b>	<b>13,265</b>

**NOTE 18 OTHER SHORT-TERM SECURITIES**

Other short-term securities relate to the investment in Handelsbanken's interest-bearing fund 'Flexibel ränta – MEGA'. The fund invests in both Swedish and global interest rate markets, in government bonds, corporate bonds and in growth markets. Based on the nature of this item and the company's views, there has been a reclassification in respect of this investment during the year from a long-term to a short-term receivable. Reclassification has also taken place for the comparative periods.

	31/08/2017	31/08/2016	31/08/2015
<b>Opening value</b>	<b>16,454</b>	<b>16,884</b>	<b>13,350</b>
Deposits	24,228	16,446	10,000
Withdrawals	-21,664	-16,876	-6,466
<b>Closing value</b>	<b>19,018</b>	<b>16,454</b>	<b>16,884</b>

**NOTE 19 OTHER LONG-TERM RECEIVABLES**

Other long-term receivables relate to deposits for office premises.

	31/08/2017	31/08/2016	31/08/2015
<b>Opening value</b>	<b>1,841</b>	<b>0</b>	<b>0</b>
Deposits	0	1,841	0
Currency effect	-5	0	0
<b>Closing value</b>	<b>1,836</b>	<b>1,841</b>	<b>0</b>

**NOTE 20 DEFERRED TAX ASSET**

The Group has recorded deferred tax assets in respect of the tax loss carryforwards in MAG Games Ltd. The tax loss carryforwards have been capitalised as the Group considers it likely that it will be possible to set off the remaining deficit against future taxable profits. There are no non-capitalised deficits in the Group.

	31/08/2017	31/08/2016	31/08/2015
<b>Opening value</b>	<b>1,612</b>	<b>1,877</b>	<b>0</b>
Additions in connection with acquisition	0	0	1,877
Currency difference	-130	-265	0
Tax effect, tax loss carryforwards utilised	-219	0	0
<b>Closing value</b>	<b>1,263</b>	<b>1,612</b>	<b>1,877</b>

**NOTE 21 TRADE AND OTHER RECEIVABLES**

	31/08/2017	31/08/2016	31/08/2015
Trade and other receivables	13,604	13,505	15,759
<b>Total</b>	<b>13,604</b>	<b>13,505</b>	<b>15,759</b>

The fair value of trade and other receivables corresponds to their carrying amount, as there is no significant discount effect.

As of 31 August 2017, confirmed trade and other receivables totalled TSEK 13,604 (31 August 2016: TSEK 13,505 31 August 2015: TSEK 15,759) for the Group.

As of 31 August 2017, trade and other receivables totalling TSEK 155 (31 August 2016: TSEK 156, 31 August 2015: TSEK 2,743) were due, without it being considered that an impairment requirement existed for the Group. The receivables due relate to a number of customers who have not previously experienced any payment difficulties. An age analysis of these trade and other receivables is shown below:

	31/08/2017	31/08/2016	31/08/2015
1–30 days	154	155	1,802
31–60 days	0	1	229
> 61 days	1	0	712
<b>Total trade and other receivables due</b>	<b>155</b>	<b>156</b>	<b>2,743</b>

Amounts recorded for each currency for the Group's trade and other receivables are as follows:

	31/08/2017	31/08/2016	31/08/2015
SEK	7,387	9,140	9,524
EUR	7	71	236
USD	6,210	4,294	5,999
<b>Total</b>	<b>13,604</b>	<b>13,505</b>	<b>15,759</b>

The maximum exposure to credit risk as of the balance sheet date is the carrying amount of trade and other receivables as set out above.

The Group has no mortgage as security.

**NOTE 22 OTHER CURRENT RECEIVABLES**

	31/08/2017	31/08/2016	31/08/2015
Current receivables, employees	14	48	33
VAT receivables	691	327	184
Other items	472	1,897	1,306
<b>Total</b>	<b>1,177</b>	<b>2,272</b>	<b>1,523</b>

**NOTE 23 PREPAID EXPENSES AND ACCRUED INCOME**

	31/08/2017	31/08/2016	31/08/2015
Accrued income	17,225	11,809	17,822
Prepaid expenses	2,481	981	535
<b>Total</b>	<b>19,706</b>	<b>12,790</b>	<b>18,357</b>

**NOTE 24 CASH AND CASH EQUIVALENTS**

	31/08/2017	31/08/2016	31/08/2015
Bank balances	40,561	51,898	33,402
<b>Total</b>	<b>40,561</b>	<b>51,898</b>	<b>33,402</b>

**NOTE 25 EQUITY**

	Number of shares	Share capital
Ordinary shares	913,043	45,652
Preference shares	86,957	4,348
<b>As of 31 August 2015</b>	<b>1,000,000</b>	<b>50,000</b>
Ordinary shares	875,543	45,483
Preference shares	86,957	4,517
<b>As of 31 August 2016</b>	<b>962,500</b>	<b>50,000</b>
Ordinary shares	17,510,860	45,483
Preference shares	1,739,140	4,517
<b>As of 31 August 2017</b>	<b>19,250,000</b>	<b>50,000</b>

Share capital as of 31 August 2017 consists of 19,250,000 shares, consisting of ordinary shares and preference shares each with a quota value of SEK 0,00259. The shares have a voting value of 1 vote/share. Preference shares carry one vote in the same way as the company's ordinary shares, and there are no repayment terms in respect of preference shares.

All shares issued by the parent company are fully paid.

As of the closing date of 31 August 2017, the company has an outstanding option scheme. All options were issued for a competitive premium. When all options, totalling 324,871, are utilised, the company's share capital will increase by a maximum of SEK 844 distributed across 324,871 shares. As of the closing date, 324,871 options were not utilised.

The company carried out a 1:20 share split during the financial year.

**NOTE 26 DEFERRED TAX LIABILITY**

The change in deferred tax liabilities during the year, not taking into account any offsets performed within the same tax jurisdiction, is described below:

Deferred tax liabilities	Untaxed reserves	Acquired intellectual rights to games for platforms	Capitalised expenditure for development works in respect of games for platforms	Total
<b>As of 1 September 2014</b>	<b>4,163</b>	<b>0</b>	<b>521</b>	<b>4,684</b>
Recorded in the income statement	2,529		1,965	4,494
Adjustment in acquisition analysis of business combination		158		158
<b>As of 31 August 2015</b>	<b>6,692</b>	<b>158</b>	<b>2,486</b>	<b>9,336</b>
<b>As of 1 September 2015</b>	<b>6,692</b>	<b>158</b>	<b>2,486</b>	<b>9,336</b>
Recorded in the income statement	1,826	-158	2,325	3,993
Adjustment in acquisition analysis of business combination	0	-100	0	-100
<b>As of 31 August 2016</b>	<b>8,518</b>	<b>-100</b>	<b>4,811</b>	<b>13,229</b>
<b>As of 1 September 2016</b>	<b>8,518</b>	<b>-100</b>	<b>4,811</b>	<b>13,229</b>
Recorded in the income statement	308	100	1,015	1,423
<b>As of 31 August 2017</b>	<b>17,344</b>	<b>0</b>	<b>10,637</b>	<b>14,652</b>

**NOTE 27 OTHER CURRENT LIABILITIES**

	31/08/2017	31/08/2016	31/08/2015
Personnel-related liabilities	2,332	1,680	1,332
VAT liability	0	0	0
Contingent additional considerations	0	1,198	3,195
Other items	0	0	427
<b>Total</b>	<b>2,332</b>	<b>2,878</b>	<b>4,954</b>

**NOTE 28 ACCRUED EXPENSES AND PREPAID INCOME**

	31/08/2017	31/08/2016	31/08/2015
Accrued holiday pay and bonuses	683	4,484	4,988
Accrued marketing expenses	4,203	3,214	7,704
Other accrued expenses	6,069	1,816	1,623
<b>Total</b>	<b>10,955</b>	<b>9,514</b>	<b>14,315</b>

**NOTE 29 ADJUSTMENT FOR ITEMS NOT INCLUDED IN CASH FLOW**

	31/08/2017	31/08/2016	31/08/2015
Depreciation of tangible non-current assets	813	256	251
Depreciation of intangible assets	22,457	15,284	4,410
Own work capitalised	-20,205	-21,428	-11,455
Change in fair value of financial assets recorded in income statement	439	454	0
<b>Total</b>	<b>3,504</b>	<b>-5,434</b>	<b>-6,794</b>

**NOTE 30 PLEDGED ASSETS**

	31/08/2017	31/08/2016	31/08/2015
Bank account	147	147	147
Rental deposit	1,836	1,841	0
<b>Total</b>	<b>1,983</b>	<b>1,988</b>	<b>147</b>

**NOTE 31 OPERATIONAL LEASES***Obligations in respect of operational leases*

The Group rents office premises in accordance with non-retractable operational lease agreements. The terms of the leases vary between three and five years, and most contracts can be extended at the end of the term of the lease at a charge that corresponds with a competitive charge.

Leasing expenses in respect of operational lease agreements totalling TSEK 3,676 (31/08/2016: TSEK 2,457, 31/08/2015: TSEK 1,797) are included in the income statement.

Future total minimum lease charges for non-retractable operational lease agreements are as follows:

	31/08/2017	31/08/2016	31/08/2015
Within 1 year	4,284	3,696	2,270
Between 1 and 5 years	16,284	15,036	2,700
More than 5 years	0	1,188	0
<b>Total</b>	<b>20,568</b>	<b>19,920</b>	<b>4,970</b>

**NOTE 32 BUSINESS COMBINATIONS**

The goodwill of TSEK 10,103 that arises through the acquisition of Delinquent Interactive Ltd is attributable to synergy effects through the potential to improve the financial results and adds competence to develop the business segment. Delinquent Interactive is a production and development studio with tremendous competence that is expected to contribute improvements to the MAG Group. Delinquent is not a cash-generating unit, as MAG publishes all games developed within the Group.

The acquisition of Delinquent Interactive Ltd was performed on 30 June 2015.

The table below summarises the purchase price received for Delinquent Interactive Ltd as well as the fair value of assets acquired and liabilities taken over, which were recorded on the acquisition date.

**Purchase price as of 30 June 2015**

Cash and cash equivalents	12,906
<b>Total purchase price</b>	<b>12,906</b>

**Recorded amount of identifiable assets acquired and liabilities taken over**

Share capital	1
Share premium reserve	9,646
Profit/loss attributable to acquisition	-9,280
Intangible assets	717
Deferred tax liability	-158
Tax loss carryforwards	1,877
<b>Total</b>	<b>2,803</b>
<b>Goodwill</b>	<b>10,103</b>

Acquisition-related expenses of TSEK 2,891 are included in other operating expenses in the consolidated income statement for the financial year 2014/2015.

In accordance with the contingent consideration agreement, the Group shall pay an additional purchase price based on the results from specific games during the period 1 July 2015 until 30 June 2018, on the condition that the sales representatives are still working in the Group. The additional purchase price is estimated at present at SEK 0. In view of the fact that the specific games give rise to the payment of an additional purchase payment in the future, they will be recorded as a personnel cost in the period when the income from the games was generated.

**NOTE 33 ASSOCIATED PARTIES**

Mobile Access Group owns 58% of the parent company's shares and has a controlling influence over the Group. Other owners include the founders and management, as well as Nokia Growth Partners and SBH Group.

**Dividend**

As decision was made at the extraordinary general meeting on 21/11/2016 on a dividend of 14,919; the dividend to associated parties is shown below.

Mobile Access Group	8,707
Johan Persson	1,415
	<b>10,122</b>

**Remuneration to senior executives**

For information regarding remuneration to senior executives, see note 8.

**Redemption of shares**

On 12 October 2015, 37,500 shares were redeemed by Roger Skagervall AB, 559019-2380, to a value of TSEK 7,485. Roger Skagervall AB is an associated party as the company's owner is one of the founders.

**Associated company**

	<b>Sales of goods/ services to associated party</b>	<b>Receivable from associated party as of 31/08/2017</b>
Mobile Access Group	116	116
	<b>116</b>	<b>116</b>

**NOTE 34 EVENTS SINCE THE END OF THE REPORTING PERIOD**

On September 27th, 2017 the MAG Interactive board determined, with the authorization from the Extraordinary General Meeting which took place on February 28th, 2017, to issue 144,375 warrants to the previous shareholders of MAG Games Limited.

On October 9th, 2017 Swedbank Robur Fonder AB undertook, through a subscription letter to the Company and the remaining Current Shareholders, to issue and pay for up to 1,811,764 ordinary shares in MAG Interactive, with a price per share of up to 44.1558 SEK, on the condition that MAG Interactive within 28 days from the date of the letter meet certain requirements. After the Extraordinary General Meeting on November 2nd, where the decision regarding the issue of ordinary shares notwithstanding preferential rights, all shares were issued. The issue was carried out in equal parts by Swedbank Robur Microcap and Swedbank Robur Ny teknik. The shares were issued and paid for on November 3rd, 2017 and the share capital increase in MAG Interactive and recorded by Bolagsverket on November 7th, 2017.

On October 18th, 2017 the Company entered into a contract with the former owners of FEO Media to acquire all shares in FEO Media AB. The acquisition was carried out on November 7th, 2017. On October 18th, in relation to the acquisition of shares in FEO Media, the Company entered into a contract with Danske Bank stating that Danske Bank will supply the Company with a loan up to 35,000,000 SEK.



*This is a literal translation of the Swedish original report included in RevR 5*

To the Board of Directors of MAG Interactive AB (publ), corporate identity number 556804-3524

### **The Auditor's Report on new historical financial statements**

We have audited the financial statements for MAG Interactive AB (publ) on pages F-2–F-24, which comprise of the consolidated balance sheets as of 31 August for the years 2015, 2016 and 2017 for the consolidated income statements, statement of comprehensive income, statements of cash flows, statements of changes in shareholders' equity for the period 1 September – 31 August for these years, and a summary of significant accounting policies and other explanatory notes.

### ***The Board of Directors' and the Managing Director's responsibility for the financial statements***

The Board of Directors and the Managing Director are responsible for the preparation and the fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU and the Annual Accounts Act and additional applicable framework. This responsibility includes designing, implementing and maintaining internal control relevant to preparing and appropriately presenting financial statements that are free from material misstatement, whether due to fraud or error. The Board is also responsible for the preparation and fair presentation in accordance with the requirements in the Commission Regulation (EC) No 809/2004.

### ***The auditor's responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with FAR's Recommendation RevR 5 *Examination of Prospectuses*. This recommendation requires that we comply with FAR's ethical requirements and have planned and performed the audit to obtain reasonable assurance that the financial statements are free from material misstatements. The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of MAG Interactive AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

An audit in accordance with FAR's Recommendation RevR 5 *Examination of Prospectuses* involves performing procedures to obtain audit evidence corroborating the amounts and disclosures in the financial statements. The audit procedures selected depend on my (our) assessment of the risks of material misstatements in the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the company's preparation and fair presentation of the financial statements as a basis for designing audit procedures that are applicable under those circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also involves evaluating the accounting policies applied and the reasonableness of the significant accounting estimates made by the Board of Directors and the Managing Director and evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Opinion***

In our opinion the financial statements give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU/Annual Accounts Act and additional applicable framework of the consolidated financial position of MAG Interactive AB (publ) as of 31 August for the years 2015, 2016 and 2017 and its consolidated financial performance and statements of comprehensive income, statements of changes in equity and cash flows for the period 1 September–31 August for these years.

Stockholm, 27 November 2017

### **Öhrlings PricewaterhouseCoopers AB**

Niklas Renström  
*Authorised Public Accountant*

## HISTORICAL FINANCIAL INFORMATION FOR FEO MEDIA AB

## INCOME STATEMENT

	Note	01/01/2016 31/12/2016	01/01/2015 31/12/2015
<b>Operating income, etc.</b>			
Net sales		92,740,207	128,779,059
Own work capitalised		14,329,296	12,553,448
Other operating income		1,421,270	1,164,428
		<b>108,490,773</b>	<b>142,496,935</b>
<b>Operating expenses</b>			
Raw materials and consumables		-20,474,891	-38,766,298
Other external expenses	2, 3, 4	-7,070,416	-3,003,841
Personnel costs	5	-25,857,998	-19,494,711
Depreciation and impairments of tangible and intangible non-current assets		-6,561,022	-2,222,721
Other operating expenses	4	-274,455	-70,935
		<b>-60,238,782</b>	<b>-63,558,506</b>
<b>Operating profit/loss</b>		<b>48,251,991</b>	<b>78,938,429</b>
<b>Profit/loss from financial items</b>			
Other interest income and similar income statement items	6	179,390	316,548
Interest expenses and similar income statement items	7	-161,712	-17,651
		<b>17,678</b>	<b>298,897</b>
<b>Profit/loss after financial items</b>		<b>48,269,669</b>	<b>79,237,326</b>
<b>Profit/loss before tax</b>		<b>48,269,669</b>	<b>79,237,326</b>
Tax on profit/loss for the year	8	-10,693,758	-17,455,424
<b>Profit/loss for the year</b>		<b>37,575,911</b>	<b>61,781,902</b>

**BALANCE SHEET**

	Note	31/12/2016	31/12/2015
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible non-current assets</b>			
Retained expenses for development works and similar works	9	18,151,981	10,339,727
		<b>18,151,981</b>	<b>10,339,727</b>
<b>Tangible assets</b>			
Equipment, tools, fixtures and fittings	10	377,827	72,000
		<b>377,827</b>	<b>72,000</b>
<b>Financial non-current assets</b>			
Other long-term receivables	12	2,450,000	0
		<b>2,450,000</b>	<b>0</b>
<b>Total non-current assets</b>		<b>20,979,808</b>	<b>10,411,727</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Trade and other receivables		2,558,697	4,858,550
Receivables from Group companies		0	11,050,000
Other receivables		6,821,131	903,227
Prepaid expenses and accrued income	13	14,138,466	35,949,399
		<b>23,518,294</b>	<b>52,761,176</b>
<b>Cash and bank balances</b>			
Cash and bank balances		21,412,801	37,130,349
<b>Total current assets</b>		<b>44,931,095</b>	<b>89,891,525</b>
<b>TOTAL ASSETS</b>		<b>65,910,903</b>	<b>100,303,252</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital		50,000	50,000
Fund for development expenses		11,996,737	0
		<b>12,046,737</b>	<b>50,000</b>
<b>Non-restricted equity</b>			
Retained earnings		766,696	4,881,404
Profit/loss for the year		37,575,911	61,781,902
		<b>38,342,607</b>	<b>66,663,306</b>
<b>Total equity</b>		<b>50,389,344</b>	<b>66,713,306</b>
<b>Long-term liabilities</b>			
Deferred tax liability	11	7,421,379	3,458,917
<b>Total long-term liabilities</b>		<b>7,421,379</b>	<b>3,458,917</b>
<b>Current liabilities</b>			
Bank overdraft facility		0	203,106
Trade and other payables		2,742,840	1,571,857
Current tax liability		356,975	20,764,588
Other liabilities		1,403,075	2,243,046
Accrued expenses and prepaid income	14	3,597,290	5,348,432
<b>Total current liabilities</b>		<b>8,100,180</b>	<b>30,131,029</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>65,910,903</b>	<b>100,303,252</b>

## CASH FLOW STATEMENT

	Note	01/01/2016 31/12/2016	01/01/2015 31/12/2015
<b>Operating activities</b>			
Operating profit/loss		48,251,991	78,938,429
Adjustments for items not included in cash flow		6,561,022	2,222,721
Interest received, etc.		179,390	316,548
Interest paid		-161,712	-17,651
Income tax paid		-27,138,909	-6,998,208
<b>Cash flow from operating activities before changes in working capital</b>		<b>27,691,782</b>	<b>74,461,839</b>
<b>Cash flow from changes in working capital</b>			
Reduction (+)/increase (-) in trade and other receivables		2,299,853	4,856,548
Reduction (+)/increase (-) in receivables		26,943,029	-40,821,702
Reduction (-)/increase (+) in trade and other payables		1,170,983	178,362
Reduction (-)/increase (+) in current liabilities	3	-2,591,113	5,338,969
<b>Cash flow from operating activities</b>	4	<b>55,514,534</b>	<b>44,014,016</b>
<b>Investing activities</b>			
Acquisition of retained expenses for development works and similar works	9	-14,329,296	-12,553,448
Acquisition of equipment, tools, fixtures and fittings	10	-349,807	0
Acquisition of financial assets	12	-2,450,000	46,750
<b>Cash flow from investing activities</b>		<b>-17,129,103</b>	<b>-12,506,698</b>
<b>Financing activities</b>			
Change in short-term financial liabilities		-203,106	0
Dividend paid		-53,899,873	-45,240,000
<b>Cash flow from financing activities</b>		<b>-54,102,979</b>	<b>-45,240,000</b>
<b>Change in cash and cash equivalents</b>		<b>-15,717,548</b>	<b>-13,732,682</b>
Opening cash and cash equivalents		37,130,349	50,863,031
<b>Closing cash and cash equivalents</b>	16	<b>21,412,801</b>	<b>37,130,349</b>

## NOTES

**NOTE 1 ACCOUNTING POLICIES**

These financial statements are from the financial years 2016 and 2015 and have been prepared in accordance with the Swedish Annual Accounts Act and BFAR 2012:1 Annual Accounts and Consolidated Accounts. These financial statements have been prepared for the specific purpose of forming part of the prospectus for MAG Interactive AB (publ).

In view of the possible impact of events after the balance sheet date, the principle has been chosen, in the financial statements, only to consider these possible events in the last period presented, i.e. the financial year 2016. The financial year 2015 is thus considered to be closed.

**Receivables**

Receivables have been entered at the amounts expected to be received.

**Other assets, provisions and liabilities**

Unless otherwise specified below, other assets, provisions and liabilities have been valued at the cost of acquisition.

**Recording income**

Income has been recorded at the fair value of what has been received or will be received, and is recorded to the extent that it is likely that the financial benefits will accrue to the company, and the income can be calculated in a reliable way.

Most of the income comes from the sale of games and advertising sales in our games. Recording of income takes place gross from the proportion of income that the mobile platform, on which sales take place, collects as a charge. This charge is recorded as an expense in the income statement.

**Tangible non-current assets**

Tangible non-current assets are recorded at the cost of acquisition with a deduction for accumulated depreciation and any impairments. The cost of acquisition includes not only the purchase price, but also expenses directly attributable to the acquisition. Depreciation is applied on a straight-line basis over the asset's estimated useful life, as this reflects the expected consumption of the asset's future financial benefits. Depreciation is recorded as an expense in the income statement. The following periods are applied for useful life:

	<b>Number of years</b>
Equipment, tools, fixtures and fittings	10

**Intangible non-current assets**

Intangible non-current assets are recorded at the cost of acquisition with a deduction for accumulated depreciation and any impairments. The assets are depreciated on a straight-line basis over their estimated useful life. The useful life is reviewed as of each balance sheet date. Ongoing projects are not depreciated, but are the subject of an annual impairment test. The following periods are applied for useful life:

	<b>Number of years</b>
Retained expenses for development works and similar works	3

**Capitalisation of internally developed intangible non-current assets***Capitalisation model*

All expenses that arise during the research phase are recorded as expenses when they arise. All expenses that arise during the development phase are capitalised when the following conditions are met: the company's intention is to produce the intangible asset and to use or sell it and the company has the conditions to use or sell the asset, it is technically feasible for the company to produce the intangible asset so that it can be used or sold and there are adequate technical, financial and other resources to complete the development and to use or sell the asset, it is probable that the intangible non-current asset will generate future financial benefits and the company can reliably calculate the expenses attributable to the asset during its development.

The cost of acquisition includes personnel costs incurred in work on development work together with an appropriate proportion of relevant expenses and borrowing costs.

**Leases***Operational leasing agreements*

Leasing charges in accordance with operational leasing agreements, including first increased rent but excluding expenses for services such as insurance and maintenance, are recorded as income on a straight-line basis over the term of the lease.

**Income tax**

Current tax is income tax for the current financial year that relates to the taxable profit/loss for the year and the element of income tax from previous years that has not yet been recorded.

Current tax is valued at the probable amount according to the tax rates and tax rules in force on the balance sheet date.

Deferred tax is income tax on the taxable profit/loss in respect of future financial years as a consequence of previous transactions or events.

Deferred tax is calculated on temporary differences.

A temporary difference exists when the carrying amount of an asset or liability differs from the tax value. Temporary differences are not taken into account in differences attributable to investments in subsidiaries, branches, associated companies or joint ventures if the company can control the time of reversal of the temporary differences and it is not evident that the temporary difference will be reversed within the foreseeable

future. Differences originating from the first recording of goodwill or the first recording of an asset or liability, unless the original transaction is a business combination or affects tax or the recorded profit/loss, do not constitute temporary differences either.

In the preparation of these financial statements, Appropriations/Untaxed reserves have been divided between the profit/loss for the year, equity and deferred tax based on the current tax rate.

**Receivables and liabilities in foreign currency**

Receivables and liabilities in foreign currency have been translated at the closing rate. Exchange rate differences in operating receivables and operating liabilities are included in the operating profit/loss, while differences in financial receivables and liabilities are recorded under financial items.

**DISCLOSURES ABOUT INDIVIDUAL ITEMS****NOTE 2 LEASING AGREEMENTS – OPERATIONAL LEASING LESSEE**

	2016	2015
The company's leasing charges during the year totalled	2,783,386	847,488
Future minimum leasing charges for non-retractable leasing agreements, fall due for payment as follows:		
Within 1 year	4,064,772	2,783,386
	<b>4,064,772</b>	<b>2,783,386</b>

**NOTE 3 REMUNERATION PAID TO AUDITORS**

	2016	2015
<b>Öhrlings PricewaterhouseCoopers AB</b>		
Audit assignments	177,250	238,110

**NOTE 4 OTHER OPERATING EXPENSES**

	2016	2015
Exchange rate losses on receivables/liabilities of an operating nature	274,455	70,935

**NOTE 5 PERSONNEL**

	2016	2015
<b>Average number of employees</b>		
The average number of employees was	45.00	44.00
of which male	24.00	28.00
<b>Salaries, remuneration, etc.</b>		
Salaries, remuneration, payroll overhead and pension expenses were paid to the following amounts:		
Board and CEO:		
Salaries and remuneration	3,597,219	3,037,000
	<b>3,597,219</b>	<b>3,037,000</b>
Other employees:		
Salaries and remuneration	14,098,460	10,771,650
Pension costs	1,130,998	535,936
	<b>15,229,458</b>	<b>11,307,586</b>
Payroll overhead	5,142,384	4,029,810
<b>Total Board and others</b>	<b>23,969,061</b>	<b>18,374,396</b>

**NOTE 6 INTEREST INCOME AND SIMILAR INCOME STATEMENT ITEMS**

	2016	2015
Interest income, Group companies	121,754	136,219
Interest income, others	57,636	180,329
	<b>179,390</b>	<b>316,548</b>

**NOTE 7 INTEREST EXPENSES AND SIMILAR INCOME STATEMENT ITEMS**

	2016	2015
Interest expenses, Group companies	0	0
Interest expenses, others	161,712	17,651
	<b>161,712</b>	<b>17,651</b>

**NOTE 8 TAX ON PROFIT/LOSS FOR THE YEAR**

	2016	2015
Current tax	-6,731,296	-15,180,684
Deferred tax	-3,962,462	-2,274,740
	<b>-10,693,758</b>	<b>-17,455,424</b>

**Reconciliation of effective tax**

Profit/loss before tax	48,269,669	79,237,326
Tax expense 22.00% (22.00%)	-10,619,327	-17,432,212
Tax effect of:		
Non-deductible expenses	-70,042	-72,671
Non-taxable income	1,176	2,446
Standard income, tax allocation reserve	-5,565	-34,987
Tax attributable to previous years	0	82,000
<b>Total</b>	<b>-10,693,758</b>	<b>-17,455,424</b>

**NOTE 9 RETAINED EXPENSES FOR DEVELOPMENT WORKS AND SIMILAR WORKS**

	31/12/2016	31/12/2015
Opening cost of acquisition	12,553,448	0
Purchases	14,329,296	12,553,448
<b>Closing accumulated cost of acquisition</b>	<b>26,882,744</b>	<b>12,553,448</b>
Opening depreciation	-2,213,721	0
Depreciation for the year	-6,517,042	-2,213,721
<b>Closing accumulated depreciation</b>	<b>-8,730,763</b>	<b>-2,213,721</b>
<b>Closing carrying amount</b>	<b>18,151,981</b>	<b>10,339,727</b>

**NOTE 10 EQUIPMENT, TOOLS, FIXTURES AND FITTINGS**

	31/12/2016	31/12/2015
Opening cost of acquisition	90,000	90,000
Purchases	349,807	0
<b>Closing accumulated cost of acquisition</b>	<b>439,807</b>	<b>90,000</b>
Opening depreciation	-18,000	-9,000
Depreciation for the year	-43,980	-9,000
<b>Closing accumulated depreciation</b>	<b>-61,980</b>	<b>-18,000</b>
<b>Closing carrying amount</b>	<b>377,827</b>	<b>72,000</b>

**NOTE 11 DEFERRED TAX**

	31/12/2016	
	Temporary difference	Deferred tax liability
Retained development expenses	18,151,981	3,993,436
Tax allocation reserves	15,581,558	3,427,943
		<b>7,421,379</b>
Retained development expenses	10,339,727	2,274,740
Tax allocation reserves	5,382,623	1,184,177
		<b>3,458,917</b>

**NOTE 12 OTHER LONG-TERM RECEIVABLES**

	31/12/2016	31/12/2015
Additional receivables – Rent guarantee	2,450,000	0

**NOTE 13 PREPAID EXPENSES AND ACCRUED INCOME**

	31/12/2016	31/12/2015
Prepaid rent	1,016,193	256,525
Prepaid insurance	9,449	0
Accrued interest income	0	136,219
Accrued income	13,042,232	35,485,403
Other items	70,592	71,252
	<b>14,138,466</b>	<b>35,949,399</b>

**NOTE 14 ACCRUED EXPENSES AND PREPAID INCOME**

	31/12/2016	31/12/2015
Accrued salaries, bonus and pension	2,516,950	1,097,242
Holiday pay	140,052	182,467
Accrued social security contributions	418,380	54,094
Prepaid income	225,746	0
Other items	296,163	4,014,629
	<b>3,597,290</b>	<b>5,348,432</b>

**NOTE 15 NUMBER OF SHARES AND QUOTA VALUE**

	31/12/2016	31/12/2015
Class A shares	1,000	1,000
	<b>1,000</b>	<b>1,000</b>

**NOTE 16 CASH AND CASH EQUIVALENTS**

	31/12/2016	31/12/2015
Cash and bank balances	21,412,801	37,130,349

The above items have been classified as cash and cash equivalents on the basis that:

- They have an insignificant risk of value fluctuations.
- They can easily be converted into cash funds.
- They have a term of no more than three months from the acquisition date.

**NOTE 17 ALLOCATION OF PROFIT OR LOSS**

	31/12/2016
Proposed allocation of the company's profit	
The AGM has at its disposal	
retained earnings	766,696
profit/loss for the year	37,575,911
	<b>38,342,607</b>
The Board proposes the following:	
dividend to shareholders of	8,000,000
carried forward to the new accounts	30,342,607
	<b>38,342,607</b>

**NOTE 20 CHANGE IN EQUITY**

	Share capital	Fund for dev. exp.	Retained earnings	Profit/loss for the year	Total
Amount at start of year 01/01/2015	50,000	0	5,303,682	44,817,722	50,171,404
Allocation of profit at AGM:			44,817,722	–44,817,722	0
Dividend to shareholders			–45,240,000		–45,240,000
Provision to fund for development expenses		0			
Profit for the year				61,781,902	61,781,902
<b>Amount at end of year 31/12/2015</b>	<b>50,000</b>	<b>0</b>	<b>4,881,404</b>	<b>61,781,902</b>	<b>66,713,306</b>
Amount at start of year 01/01/2016	50,000	0	4,881,404	61,781,902	66,713,306
Allocation of profit at AGM:			61,781,902	–61,781,902	0
Dividend to shareholders			–53,899,873		–53,899,873
Net provision to fund for development expenses		11,996,737	–11,996,737		0
Profit for the year				37,575,911	37,575,911
<b>Amount at end of year 31/12/2016</b>	<b>50,000</b>	<b>11,996,737</b>	<b>766,696</b>	<b>37,575,911</b>	<b>50,389,344</b>

**NOTE 18 GROUP RELATIONSHIPS**

The company is a fully owned subsidiary of FEO Media Holding AB, corp. ID no. 556993-2691 with a registered office in Stockholm.

**NOTE 19 DEFINITION OF KEY INDICATORS****Equity/assets ratio**

Adjusted equity as a percentage of balance sheet total

**Return on equity**

Profit/loss after financial items as a percentage of average adjusted equity

**Operating margin**

Operating profit/loss divided by Net sales

**Balance sheet total**

Total assets



*This is a literal translation of the Swedish original report included in RevR 5*

To the Board of Directors of FEO Media AB, corporate identity number 556888-6211

### **The Auditor's Report on new historical financial statements**

We have audited the financial statements for FEO Media AB on pages F-26–F-32, which comprise of the consolidated balance sheets as of 31 December for the years 2015 and 2016 for the consolidated income statements, statement of comprehensive income, statements of cash flows, statements of changes in shareholders' equity for these years and a summary of significant accounting policies and other explanatory notes.

#### ***The Board of Directors' and the Managing Director's responsibility for the financial statements***

The Board of Directors and the Managing Director are responsible for the preparation and the fair presentation of the financial statements. This responsibility includes designing, implementing and maintaining internal control relevant to preparing and appropriately presenting financial statements that are free from material misstatement, whether due to fraud or error. The Board is also responsible for the preparation and fair presentation in accordance with the requirements in the Commission Regulation (EC) No 809/2004.

#### ***The auditor's responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with FAR's Recommendation RevR 5 *Examination of Prospectuses*. This recommendation requires that we comply with FAR's ethical requirements and have planned and performed the audit to obtain reasonable assurance that the financial statements are free from material misstatements. The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of FEO Media AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

An audit in accordance with FAR's Recommendation RevR 5 *Examination of Prospectuses* involves performing procedures to obtain audit evidence corroborating the amounts and disclosures in the financial statements. The audit procedures selected depend on my (our) assessment of the risks of material misstatements in the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the company's preparation and fair presentation of the financial statements as a basis for designing audit procedures that are applicable under those circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also involves evaluating the accounting policies applied and the reasonableness of the significant accounting estimates made by the Board of Directors and the Managing Director and evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Opinion***

In our opinion the financial statements give a true and fair view in accordance with Annual Accounts Act and additional relevant local framework of the position of FEO Media AB as of 31 December for the years 2015 and 2016 and its consolidated financial performance and statements of comprehensive income, statements of changes in equity and cash flows for these years.

Stockholm, 27 November 2017

#### **Öhrlings PricewaterhouseCoopers AB**

Erik Bergh  
*Authorised Public Accountant*

# DEFINITIONS

**MAG Interactive, Company or Group** refers to, depending on the context, MAG Interactive AB (publ), corporate registration number 556804-3524, the group in which MAG Interactive AB (publ) is the parent company, or a subsidiary in the group.

**Certified Adviser** refers to Avanza Bank AB.

**Code** refers to the Swedish Corporate Governance Code.

**Cornerstone Investors** refers to Didner & Gerge Fonder AB, Handelsbanken AB on behalf of managed funds, RAM ONE AB on behalf of managed funds, Chalex i Göteborg AB, and Swedbank Robur Fonder AB on behalf of managed funds.

**Delinquent** refers to the Company's subsidiary MAG Games Limited, previously Delinquent Interactive Limited.

**Euroclear** refers to Euroclear Sweden AB.

**Existing Shareholders** refers to all shareholders in the Company as of the date of the Prospectus.

**FEO Media** refers to FEO Media AB, corporate registration number 556888-6211.

**Global Coordinator and Bookrunner** refers to Danske Bank A/S, Danmark, Sverige Filial.

**IFRS** refers to International Financial Reporting Standards, as adopted by the European Union.

**Nasdaq First North Premier** refers to the multilateral trading facility operated by Nasdaq Stockholm Aktiebolag.

**Offer** refers to the offer of shares described in the Prospectus.

**Over-allotment Option** refers to the over-allotment option described in the section "*Legal considerations and supplementary information – Material agreements – Placing agreement*".

**Placing Agreement** refers to the agreement regarding placing of shares in MAG Interactive that the Company, the Global Coordinator and Bookrunner and some of the Selling Shareholders intend to enter into on or about 7 December 2017, which is described in further detail in the section "*Legal considerations and supplementary information – Material agreements – Placing agreement*".

**Prospectus** refers to this prospectus which has been drawn up on the account of the Offer and the admission to trading of the Company's shares on Nasdaq First North Premier.

**SEK** refers to Swedish krona, **TSEK** refers to thousand Swedish kronor, and **MSEK** refers to million Swedish kronor.

**Selling Shareholders** refers to all shareholders selling shares in the Offer, including current and previous members of the board of directors and executive management of the Company.

**USD** refers to United States Dollar.

# ADDRESSES

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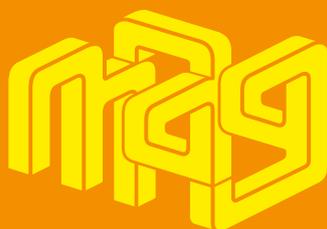
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