

MAG INTERACTIVE

INTERIM REPORT SEP—MAY 2018/19

ABOUT

MAG INTERACTIVE AB [PUBL]

MAG INTERACTIVE IS A LEADING DEVELOPER AND PUBLISHER OF CASUAL MOBILE GAMES FOR A GLOBAL AUDIENCE. MAG INTERACTIVE REACHES MILLIONS OF ACTIVE PLAYERS EVERY DAY AND THE GAME PORTFOLIO CONSISTS OF TEN SUCCESSFUL GAMES WITH OVER 250 MILLION DOWNLOADS, INCLUDING SUCCESSFUL TITLES RUZZLE, WORD DOMINATION AND WORDBRAIN, ALL OF WHICH HAVE REACHED #1 SPOTS ON THE APP STORE AND GOOGLE PLAY. WITH OFFICES LOCATED IN STOCKHOLM AND BRIGHTON, MAG INTERACTIVE'S GAMES ARE DISTRIBUTED THROUGH VIRTUAL APP STORES ALLOWING FOR GLOBAL REACH WITH MINIMUM EFFORT. MAG INTERACTIVE IS LISTED ON NASDAQ FIRST NORTH PREMIER WITH TICKER MAGI. FNCA SWEDEN AB IS APPOINTED CERTIFIED ADVISER TO MAG INTERACTIVE. EMAIL: INFO@FNCA.SE. TELEPHONE: +46 (0)8-528 00 399. FOR MORE INFORMATION VISIT WWW.MAGINTERACTIVE.COM



SUMMARY OF THE PERIOD MARCH UNTIL MAY 2019

- The Group's Net sales for the period were 48,311 KSEK (51,202 KSEK), a decrease of 6% compared to the same period the previous year. Net sales have increased 18% compared to the second quarter of the financial year
- The Group's game contribution for the period was 27,463 KSEK (31,103 KSEK), a decrease of 12% compared to the same period the previous year
- ARPDau for the period was 2.6 US cents (2.3 US cents), an increase by 0.3 US cents. The biggest game QuizDuel increased its ARPDau compared to the same period last year by around 40%
- EBITDA for the period was 542 KSEK (5,417 KSEK)
- The result per share during the quarter was -0.14 SEK/share (0.02 SEK/share)
- The costs for Performance marketing in the period was 15,782 KSEK (11,149 KSEK)
- Daily and monthly active users (DAU and MAU) were 2.1 million and 7.3 million respectively during the quarter, a decrease of 25% and 25% compared to the same period last year
- Strategically important updates of QuizDuel and Word Domination were released during the quarter

SUMMARY OF THE PERIOD SEP 2018 UNTIL MAY 2019

- The Group's Net sales for the period were 129,844 KSEK (163,130 KSEK), a decrease of 20% compared to the same period the previous year
- The Group's game contribution for the period was 75,714 KSEK (82,799 KSEK), a decrease of 9% compared to the same period the previous year
- Adjusted EBITDA for the period was -1,037 KSEK (9,479 KSEK)
- EBITDA for the period was -1,037 KSEK (-39,547 KSEK)
- The result per share during the quarter was -0.52 SEK/share (-2.51 SEK/share)

SIGNIFICANT EVENTS DURING THE PERIOD SEP 2018 TO MAY 2019

- On November 1 the company announced that the game PaintHit had reached 20 million downloads
- On November 22 the company announced that the game QuizDuel is available on Amazon's platform Echo on the German market
- On December 18 the company held its annual general meeting for shareholders where resolutions relating to personnel incentive program of an equivalent number of warrants of 526,428 and mandate to issue shares corresponding to 10% of the share capital were made. During the period 490,000 employee stock options (corresponding to the same number of warrants) were subscribed for by employees in the Stockholm and the Brighton office



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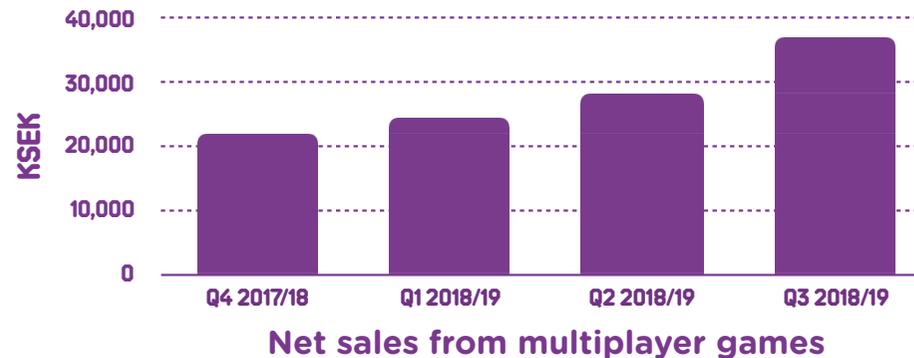
FROM THE CEO MULTIPLAYER GAMES DOMINATE REVENUE

2018/19

Shift in strategy makes an impression on the business

Our shift towards a strategic focus on multiplayer games continues to impact the business, as approximately 75% of the turnover is now attributable to multiplayer games. The trend in quarterly growth continues, with net revenues rising by 18% when compared to the previous quarter. As we're beginning to see positive results with this new strategy we will continue on this path that we believe have a lot more to give going forward.

The revenue generated from multiplayer games in Q4 2017/2018 (graph below) and onwards demonstrates that investments in the marketing and optimization of these products in the portfolio yields good results.



The goal for the multiplayer game strategy implemented in fall 2018 is to generate predictable long term cash flows from products that can be built systematically with performance based marketing, even though seasonal variations in ad revenue - like the generally weaker summer months - will also affect us.

QuizDuel continues steady development with planned updates

Further optimization of QuizDuel has yielded positive results. Both content and ad spaces were optimized during the reporting period, which resulted in an increase in average revenue per daily active user (ARPDau). During the summer a major update of the user interface is planned in QuizDuel and shortly thereafter we will introduce consumable in-app purchases to the game. The current QuizDuel revenue stream is more than 95% ad derived, while the remaining revenue comes from a single available ad-free purchase option. Going forward the introduction of items that can be consumed over time will contribute to a more robust and sustainable in-game economy.





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FROM THE CEO MULTIPLAYER GAMES DOMINATE REVENUE

2018/19

ARPDau improves in all multiplayer games

An important goal for our game teams is to continuously optimize engagement and monetization per user based on data derived from play to implement new features and game modes. It is gratifying to see that during the reporting period all of our multiplayer games have improved their ARPDau. The average ARPDau for the entire portfolio also improved both by quarter and year. After the significant improvements in Q2 and Q3 the ARPDau in QuizDuel is up over 40% compared to a year ago.

Strong profitability from evergreens

The infrastructure we use for marketing has been developed over the past five years using 100's of millions of SEK of profitable marketing investments as a base. Our classic evergreens - WordBrain, Ruzzle and QuizDuel - are all over five years old but continue to generate tens of millions of SEK in annual revenue per game. They also look to do so for a long while yet. Today's investments in the marketing of Word Domination are made with the ambition to create an additional evergreen in the gaming portfolio that generates equally steady cash flows in the long term.

New products in development

As previously communicated, we are currently developing a sequel to QuizDuel.

This new game is developed in a way that enables a more dynamic business model while simplifying the process of adding new game modes over time. A global launch of the game is planned later in the 2019 calendar year.

In addition to the investments we've made in the QuizDuel sequel, we are developing other projects in both our Brighton and Stockholm studios. During the summer we will begin the first user tests of two entirely new games in which we have high hopes. As per usual, the data collected from these tests will be crucial for determining the future of these products. Though it is still too early to tell, if the test results look promising we can expect to enter the soft launch stage, meaning a scaled-down release to further optimize and localize the games before a potential global launch.

MAG's investment strategy continues, validated by positive results

The road to achieving the higher profit margins we are striving for is through continued revenue growth based on sound investments in marketing and product development. Our investments in current and future multiplayer games continues therefore at an unchanged pace. We maintain the direction for the journey on which we have begun: with a focus on long-term growth and the creation of social multiplayer games that are ultimately more fun with friends.

DANIEL HASSELBERG, CEO



On 1st anniversary, Word Domination celebrates increased revenue

Word Domination is an exciting multiplayer word game with tactical elements. Players compete against each other in real time, attempting to earn the most points on the board by creating words over five rounds. The game has a unique combination of clever word-playing and tactical boosters, praised by players all over the world. Since the launch of Word Domination in May 2018, we've achieved an active base of 1 million players per month. As the game continues to grow and with new optimizations we can see positive development in both the ARPDau and overall revenue compared to the previous quarter.

Strategy for social gaming makes an impression

In April we launched the "play with friends" game mode where friends can play against one another without being online at the same time. This allows a player to engage in several games with multiple friends at their own pace increasing the sociability of the game, an important goal in the strategy set last fall. We can see that player interest in the new feature has been great, as 20% chose to use "play with friends" during the first month. This social strategy has also had a positive effect on long-term retention.

Subscriptions enhance the gaming experience and ARPDau

Subscriptions were introduced in Word Domination in April, offering a VIP package for a flat monthly cost. With the subscription, players receive ad-free gaming, a high capacity energy bar, as well as an exclusive tile rack. Over time, we also plan to give subscribers exclusive access to unique game content. The goal is to create added value for our most dedicated players, thus strengthening their loyalty and securing better long-term revenue. Our initial results are positive: the number of subscribers and renewals of subscriptions is growing steadily. Subscribers also have a significantly higher ARPDau than the average player.



Europe's largest mobile trivia game continues to develop

QuizDuel is the smart and social quiz game where you can challenge your friends and other players around the world in entertaining trivia games. With over one million players every day, QuizDuel is the largest trivia game for mobile platforms in Europe. Over the past quarter we've continued to invest in the game, updating both the question content and optimizing the BlitzQuiz game mode with data-derived insights.

ARPPDAU increases by 40% in one year

One of the important focal points of our corporate strategy is to develop and improve the economy in our games. Therefore it is gratifying to note that we see positive results from this strategy in QuizDuel. Compared to the same quarter in 2018, we can see a 40% increase in ARPPDAU directly due to the optimization of monetization in the game. We have therefore substantially increased ARPPDAU in QuizDuel, while at the same time significantly reducing the cost per daily player through the migration of the game into MAG's infrastructure after the acquisition.

Investments in product pave the way for new launch

With a successful quarter behind us, we now look with hope towards the future plans for QuizDuel. This summer, we'll release an updated user interface to modernize QuizDuel's appearance and enhance the gaming experience. Soon after we plan on introducing consumable in-app purchases, in order to further develop the in-game economy and increase revenue. The investments we make in the classic QuizDuel are the foundation for our future plans with the QuizDuel IP. As previously communicated, we're working on a sequel of QuizDuel, which we plan to release globally in 2019. It's therefore important that we've tested and optimized the game functions and new interface, to continue to be relevant to the existing player base.



Our classic word game

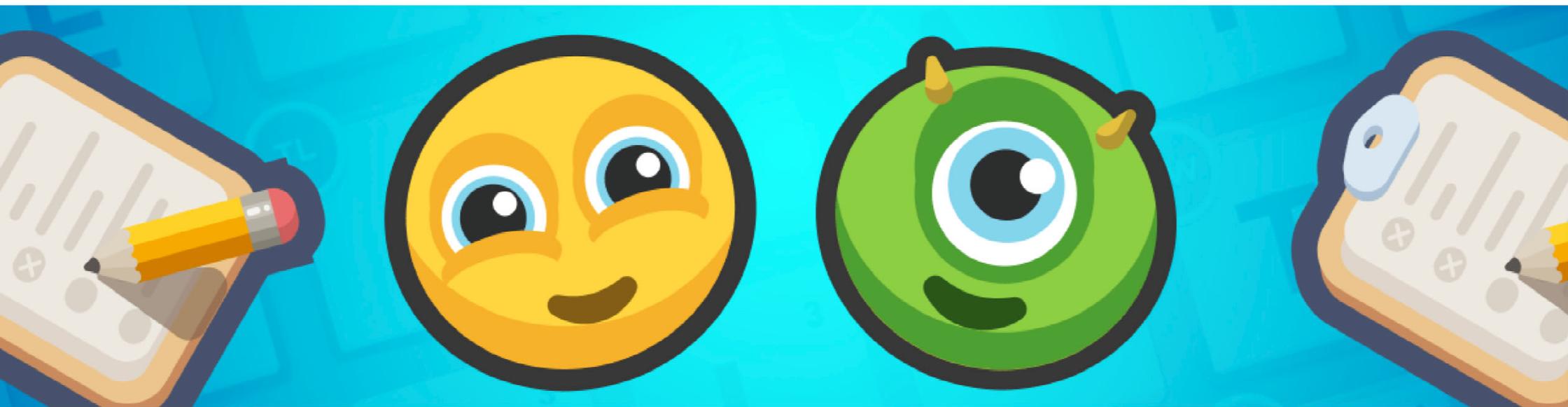
Released in 2012, Ruzzle was our first major success and is known as one of the world's classic mobile word games, downloaded by more than 60 million players to date. Ruzzle is played in 13 different languages and has reached the top ten list of word games in 148 countries on the App Store. In Ruzzle you are challenged to find as many words as possible in two minutes within a limited grid of letters.

The game's success and longevity in the market is a result of the engaging game mechanics and a multiplayer mode that lets you play against friends or random players around the world.

Investment in optimization yields long-term returns

During the quarter, we have continued to further invest time and resources into developing and improving Ruzzle, both in terms of content and monetization. Thanks to these optimizations we have seen both revenue growth and ARPDAU improvements when compared to the previous quarter.

Ruzzle continues to be one of our core products, and provides long-term stable dividends.



CONSOLIDATED PROFIT/LOSS AND CASHFLOW FOR THE PERIOD 2018/19

MARCH UNTIL MAY 2019

OPERATING INCOME

The Group's operating income for the period was 55,626 KSEK (57,655 KSEK), a decrease of 4% compared to the same period the previous year. The Group's Net sales for the period totalled 48,311 KSEK (51,202 KSEK), a decrease of 6%.

Own work capitalised totalled 6,835 KSEK (5,544 KSEK). See below for further details of capitalised expenses as well as depreciation of the same.

The group's Net sales was primarily attributable to the games QuizDuel, Word Domination, WordBrain, Ruzzle, Wordalot and WordBrain2.

OPERATING EXPENSES, EBITDA AND OPERATING PROFIT/LOSS

Operating expenses totalled 55,084 KSEK (52,238 KSEK). Of these, 11,138 KSEK (16,108 KSEK) were Sales related costs, primarily originating from fees to Apple App Store and Google Play, as well as server costs. In addition to this 15,782 KSEK (11,149 KSEK) were costs of Direct marketing and 10,552 KSEK (7,145 KSEK) were Other external operating expenses.

Direct marketing costs in the third quarter are mainly attributable to the game Word Domination.

Personnel expenses totalled 17,612 KSEK (17,835 KSEK) a decrease of 1%.

EBITDA for the period was 542 KSEK (5,417 KSEK).

Depreciation of tangible and intangible assets totalled 6,202 KSEK (5,927 KSEK), of which 4,806 KSEK (4,565 KSEK) was depreciation of capitalised development expenses. No amortizations were made in the period or the comparison period.

The Group's operating profit was -5,660 KSEK (-510 KSEK) and profit before tax -4,547 KSEK (1,415 KSEK).

ADJUSTED RESULT (NOTE 3)

Adjusted EBITDA for the period was 542 KSEK (5,417 KSEK)

Adjusted operating result for the period was -4,547 KSEK (1,415 KSEK)

PROFIT/LOSS AFTER TAX

Profit after tax totalled -3,576 KSEK (622 KSEK)

The profit after tax per share was -0.14 SEK/share (0.02 SEK/share) och the profit after tax per share fully diluted was -0.13 SEK/share (0.02 SEK/share)

The average number of share during the period was 26,321,393 (26,321,393) and the average number of shares fully diluted was 27,317,067 (26,790,639)

CASH FLOW FOR THE PERIOD – PERIODEN MARCH 2019 TILL MAY 2019

The Group's cash flow from operating activities during the quarter was -6,510 KSEK (3,454 KSEK). Cash flow from investing activities was -7,281 KSEK (8,400 KSEK). Cashflow from financing activities was -3,889 TSEK (0 TSEK)

CONSOLIDATED PROFIT/LOSS FOR THE PERIOD SEPTEMBER 2018 UNTIL MAY 2019

2018/19

OPERATING INCOME

The Group's operating income for the period was 149,260 KSEK (180,637 KSEK), a decrease of 17% compared to the same period the previous year. The Group's Net sales for the period totalled 129,844 KSEK (163,130 KSEK), a decrease of 20%.

Own work capitalised totalled 18,322 KSEK (15,793 KSEK). See below for further details of capitalised expenses as well as impairments and depreciation of the same.

The group's Net sales was primarily attributable to the games QuizDuel, Word Domination, WordBrain, Ruzzle, Wordalot, WordBrain2 and PaintHit.

OPERATING EXPENSES, EBITDA AND OPERATING PROFIT/LOSS

Operating expenses totalled 150,297 KSEK (220,184 KSEK). Of these, 31,667 KSEK (47,637 KSEK) were Sales-related costs, primarily originating from fees to Apple App Store and Google Play, as well as server costs. In addition to this 39,597 KSEK (48,618 KSEK) were costs of Direct marketing and 29,042 KSEK (68,448 KSEK) were Other external operating expenses.

Costs for Direct marketing are lower compared to the same period previous year due to lower volumes for Wordbrain 1 and 2 and Wordalot. Direct marketing costs in the second quarter are mainly attributable to the game Word Domination.

Personnel expenses totalled 49,990 KSEK (55,481 KSEK) a decrease of 10%. The average number of employees during the period was 72 (89) a decrease of 19%. The personel costs for the comparison period includes a restructuring cost of 3.7 MSEK.

EBITDA for the period was -1,037 KSEK (-39,547 KSEK).

Depreciation and impairments of tangible and intangible assets totalled 17,981 KSEK (18,353 KSEK), of which 14,114 KSEK (13,228 KSEK) was depreciation of capitalised development expenses and 1,880 KSEK (4,496 KSEK) was depreciation of intangible assets.

The Group's operating profit was -19,018 KSEK (-57,900 KSEK) and profit before tax -17,515 KSEK (-56,493 KSEK).

ADJUSTED RESULT [NOTE 3]

Adjusted EBITDA for the period was -1,037 KSEK (9,479 KSEK)

PROFIT/LOSS AFTER TAX

Profit after tax totalled -13,665 KSEK (-60,344 KSEK)

The profit after tax per share was -0.52 SEK/share (-2.51 SEK/share) och the profit after tax per share fully diluted was -0.51 SEK/share (-2.47 SEK/share)

The average number of share during the period was 26,321,393 (24,018,095) and the average number of shares fully diluted was 27,020,108 (24,447,678)



PARENT COMPANY PROFIT/LOSS FOR THE PERIOD MARCH UNTIL MAY 2019

2018/19

OPERATING INCOME

The parent company's Net sales for the period were 32,164 KSEK (35,108 KSEK), a decrease of 8% compared with the same period the previous year.

OPERATING EXPENSES AND OPERATING PROFIT/LOSS

Operating expenses totalled 52,937 KSEK (43,812 KSEK).

Of these 10,387 KSEK (11,758 KSEK) were Sales-related costs originating primarily from fees to Apple App Store and Google Play, costs of Performance based marketing were 15,775 KSEK (10,971 KSEK) and 10,262 KSEK (6,353 KSEK) was other external operating expenses.

Depreciation of tangible and intangible assets totalled 445 KSEK (1,347 KSEK), of which 0 KSEK (1,124 KSEK) was depreciation of intangible assets.

The parent company's operating profit for the period was -16,869 KSEK (-9,626 KSEK).

PROFIT AFTER TAX

Profit after tax totalled to -13,478 KSEK (-9,184 KSEK).



PARENT COMPANY PROFIT/LOSS FOR THE PERIOD SEPTEMBER 2018 UNTIL MAY 2019

2018/19

OPERATING INCOME

The parent company's Net sales for the period were 87,702 KSEK (123,614 KSEK), a decrease of 29% compared with the same period the previous year.

OPERATING EXPENSES AND OPERATING PROFIT/LOSS

Operating expenses totalled 142,528 KSEK (156,457 KSEK).

Of these 28,802 KSEK (39,876 KSEK) were Sales-related costs originating primarily from fees to Apple App Store and Google Play, costs of Performance based marketing were 39,318 KSEK (47,996 KSEK) and 28,123 KSEK (27,739 KSEK) was other external operating expenses.

Depreciation and impairments of tangible and intangible assets totalled 1,011 KSEK (5,073 KSEK), of which 0 KSEK (4,496 KSEK) was depreciation of intangible assets.

The parent company's operating profit for the period was -44,855 KSEK (-36,825 KSEK).

PROFIT AFTER TAX

Profit after tax totalled to -35,657 KSEK (-36,269 KSEK).



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

2018/19

Intangible non-current assets at the end of the period totalled 141,833 KSEK (136,212 KSEK), of which 77,574 KSEK (69,567 KSEK) relates to intellectual property and 64,259 KSEK (66,645 KSEK) to other intangible assets. The latter consists primarily of capitalised development expenses on own account and acquired IP.

Cash and cash equivalents at the end of the period totalled 187,555 KSEK (242,054 KSEK)

Equity at the end of the period totalled 330,982 KSEK (343,472 KSEK), corresponding to 12.6 SEK/share (13.0 SEK/share)

The equity/assets ratio at the same time was 84.9% (80.9%)

The group has interest bearing debt of 19,475 KSEK (35,000 KSEK)

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

Cash and cash equivalents at the end of the period totalled 134,001 KSEK (203,623 KSEK)

Equity at the end of the period totalled 314,297 KSEK (285,366 KSEK)



KEY INDICATORS FOR THE BUSINESS PERIOD MARCH UNTIL MAY 2019

2018/19

DISTRIBUTION OF REVENUES BY BUSINESS MODEL

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

The Group's Net sales from In-app purchases for the period were 16,886 KSEK (29,852 KSEK), a decrease of 43% compared to the same period the previous year.

The Group's Net sales from In-app advertising were 30,877 KSEK (21,103 KSEK), an increase of 46% compared with the same period the previous year.

GAME CONTRIBUTION

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

The Group's contribution from sales activities for the period was 27,463 KSEK (31,103 TSEK), a decrease of 12% compared to the same period the previous year.

COMMENTS ON THE DISTRIBUTION OF INCOME AND CONTRIBUTIONS FROM SALES ACTIVITIES

The split in Net sales between In-app purchases and In-app advertising is changing due to higher sales in the games mostly monetized by ads.



KEY INDICATORS FOR THE BUSINESS CONTO.

2018/19

OTHER KEY INDICATORS

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

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

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

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

THE BUSINESS'S KEY INDICATORS DURING THE PERIOD

DAU for the period 2.1 million (2.9 million), a decrease of 25% compared with the same period the previous year.

MAU for the period 7.3 million (9.7 million), a decrease of 25% compared with the same period the previous year.

MUP for the period 51 thousand (129 thousand), a decrease of 61% compared with the same period the previous year.

ARPDau for the period 2.6 US \$ cent (2.3 US \$ cent), an increase of 13% compared with the same period the previous year.

COMMENTS TO THE KPIS

The player base is decreasing following the lower marketing spend in the last year, primarily for Wordbrain. Number of paying users is decreasing as a consequence of lower marketing spend which leads to lower inflow of payers into the games.

SUMMARY OF THE BUSINESS' KEY PERFORMANCE INDICATORS

2018/19

Period		March-May 19	March-May 18
In-app purchases	KSEK	16,886	29,852
Advertising	KSEK	30,877	21,103
Other	KSEK	549	247
Net sales	KSEK	48,311	51,202
Average SEK/USD		9.400	8.454
<i>Share of Net sales</i>			
<i>In-app purchases</i>		35%	58%
<i>Advertising</i>		64%	41%
<i>Other</i>		1.1%	0.5%
Platform fee	KSEK	5,066	8,950
Direct marketing	KSEK	15,782	11,149
Game contribution	KSEK	27,463	31,103
<i>Share of Net sales</i>			
<i>Platform fee</i>		10%	17%
<i>Direct marketing</i>		33%	22%
Game contribution		57%	61%
EBITDA	KSEK	542	5,417
Adjusted EBITDA (note 3)	KSEK	542	5,417
DAU	Millions	2.1	2.9
MAU	Millions	7.3	9.7
MUP	Thousands	51	129
ARPPDAU	US \$ cent	2.6	2.3

PARENT COMPANY

The parent company MAG Interactive AB (publ), corporate ID number 556804-3524, has its registered office in Stockholm. A large part of the Group's business activity is in the parent company, with employees, agreements, intangible assets (incl. IP) and revenues. There are two fully owned subsidiaries in the group. MAG Games Ltd with around 20 employees has only Group internal invoicing and carries out development and other functions in the company's operations. FEO Media AB with its base in Stockholm and 7 employees operates the game QuizDuel.

ACCOUNTING PRINCIPLES

The consolidated accounts for the MAG Interactive AB Group ("MAG Interactive") have been drawn up in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU as well as RFR 1 Complementary Accounting Rules for Groups and the Swedish Annual Accounts Act. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting, the Swedish Annual Accounts Act and RFR 1 Complementary Accounting Rules for Groups. The parent company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Annual Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The application of RFR 2 means that the parent company, in the interim report for the legal entity, applies all of the EU-adopted IFRS and statements as far as is possible within the framework of the Swedish Annual Accounts Act, the Swedish Act on Safeguarding Pension Commitments and with due reference to the relationship between accounting and taxation. For a more detailed description of the accounting policies applied for the Group and the parent company in this interim report, see Note 2 for the Group and Note 2 for the parent company respectively in the annual accounts for 2017/2018.

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

IFRS 9, "Financial instruments" enters into force on 1 January 2018. For the Group this means application in the financial year that begins on 1 September 2018. The work of analyzing the affects of IFRS 9 has been completed. IFRS 9 will does have any material impact on the Groups financial statements.

Starting 2019 IFRS 16 enters into force; demanding that assets and liabilities attributable to all leasing agreements, with certain exceptions, are accounted for in the balance sheet. This way of accounting is based on the view that the lessee has the right to use an asset for a certain time period and at the same time has an obligation to pay for this right. The new standard is applicable for financial years starting January 1 2019 or later, the company will not apply this standard prior to the start of the financial year 2019/20, starting September 1 2019. The standard is adopted by the the EU. The standard will primarily effect the Group's accounting of operational leasing agreements, which mostly includes office rent costs. Leasing commitments will be accounted for to current value and will be reported as fixed asset with the corresponding interest bearing debt in the balance sheet. In the profits and loss the leasing cost will be replaced by depreciation and interest cost. The change will cause the assets and the operating result to increase which will effect some KPIs and the Group's Cash Flow Statement.

RISKS AND UNCERTAINTIES

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

CURRENCY EFFECTS

MAG Interactive is exposed to a large number of currencies based on the way that Google Play and Apple App Store operate. The most important market for the company is USA. In addition most of the advertising income is realized in USD, and the majority of the direct marketing is purchased in USD. The most important currency is thus USD and the average rate to SEK, wighted by the company's months Net sales. A Net sales adjusted for currency effects is presented in the report and is based on movements in the fifteen most important currencies, representing 99% of Net sales.

CERTIFIED ADVISER

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

PERSONNEL

The average number of employees during the quarter was 74, compared to 73 the same period previous year.

CONTACT

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

Or contact

Daniel Hasselberg, CEO, at daniel@maginteractive.se

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

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FURTHER REPORTING DATES

Interim report Q4 September-August 2018/2019 and year end report

23 October 2019

AGM Fiscal year 2018/19

14 January 2020

Interim report Q1 September-November 2019/2020

22 January 2020

AUDIT

This report has not been reviewed by auditors

TWITCH VIDEO CAST

On 26 June at 10:00 CET, CEO Daniel Hasselberg and CFO Magnus Wiklander

will hold a Twitch video cast call to present the interim report. Link to the Twitch feed www.twitch.com/maginteractive

More information is available at maginteractive.se/investors





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

ASSURANCE BY THE BOARD OF DIRECTORS

Stockholm 26 June 2019

BIRGITTA STYMNE GÖRANSSON

Chairman of the Board

DANIEL HASSELBERG
CEO, Board member

TAINA MALÉN
Board member

ANDRAS VAJLOK
Board member

TEEMU HUUHTANEN
Board member

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**2018/19**

Amounts in KSEK	Note	March-May 19	March-May 18	Sep-May 18/19	Sep-May 17/18	FY 17/18
Operating income						
Net sales	1	48,311	51,202	129,844	163,130	216,870
Own work capitalised		6,835	5,544	18,322	15,793	19,954
Other operating income		480	909	1,094	1,715	3,389
Total		55,626	57,655	149,260	180,637	240,213
Operating expenses						
Sales related costs	2	-11,138	-16,108	-31,667	-47,637	-61,744
Performance based marketing		-15,782	-11,149	-39,597	-48,618	-72,390
Other external expenses	5, 6	-10,552	-7,145	-29,042	-68,448	-77,046
Personnel costs	5	-17,612	-17,835	-49,990	-55,481	-69,377
Total operating expenses		-55,084	-52,238	-150,297	-220,184	-280,556
EBITDA		542	5,417	-1,037	-39,547	-40,343
Depreciation of tangible and intangible non-current assets		-6,202	-5,927	-17,981	-18,353	-26,539
Operating profit/loss (EBIT)		-5,660	-510	-19,018	-57,900	-66,883
Financial items						
Income from securities		0	84	0	407	407
Interest income and similar		1,593	1,887	2,195	1,977	2,832
Interest expense and similar		-480	-46	-692	-977	-1,587
Total financial items		1,113	1,926	1,503	1,407	1,652
Profit/loss after financial items		-4,547	1,415	-17,515	-56,493	-65,231
Taxes		971	-794	3,850	-3,852	5,434
Profit/loss for the period		-3,576	622	-13,665	-60,344	-59,797
Other comprehensive result						
Exchange rate differences		-282	248	341	1,770	1,897
Total comprehensive income for the period		-3,857	870	-13,324	-58,575	-57,900

The profit/loss and total comprehensive income for the year are attributable in full to the parent company's shareholders.

Earnings per share (based on average number of shares)	-0.14	0.02	-0.52	-2.51	-2.43
Earnings per share fully diluted (based on average number of shares)	-0.13	0.02	-0.51	-2.47	-2.39
Average number of shares during the period	26,321,393	26,321,393	26,321,393	24,018,095	24,598,653
Average number of shares during the period fully diluted	27,317,067	26,790,639	27,020,108	24,447,678	25,038,233
Number of shares at the end of the period	26,321,393	26,321,393	26,321,393	26,321,393	26,321,393
Number of shares at the end of the period fully diluted	27,317,067	26,790,639	27,317,067	26,790,639	26,790,639

**CONSOLIDATED BALANCE SHEET
ASSETS****2018/19**

Amounts in KSEK	Note	31/5 2019	31/5 2018	31/8 2018
ASSETS				
Goodwill	4	77,574	69,567	77,415
Other intangible assets		64,259	66,645	62,872
Total intangible assets		141,833	136,212	140,287
Equipment, tools, fixtures and fittings		6,090	3,041	2,823
Total tangible assets		6,090	3,041	2,823
Other long-term receivables		4,619	4,294	4,300
Total financial non-current assets		4,619	4,294	4,300
Deferred tax assets		11,475	1,379	1,699
Total non-current assets		164,017	144,926	149,109
Current assets				
Trade and other receivables		21,449	13,448	10,063
Current tax assets		10,643	725	5,990
Other current receivables		1,941	5,368	4,009
Prepaid expenses and accrued income		4,217	18,204	20,488
Cash and cash equivalent		187,555	242,054	228,083
Total current assets		225,805	279,798	268,632
TOTAL ASSETS		389,822	424,724	417,741

CONSOLIDATED BALANCE SHEET LIABILITIES AND EQUITY

2018/19

Amounts in KSEK	Not	31/5 2019	31/5 2018	31/8 2018
EQUITY AND LIABILITIES				
Equity				
Share capital		684	684	684
Other contributed capital		281,168	281,069	281,041
Reserves		-1,542	-2,064	-1,883
Retained earnings incl. comprehensive income for the period		50,673	63,783	64,338
Total equity		330,982	343,472	344,179
Deferred tax liabilities		18,097	19,414	17,925
Other long-term liabilities		3,919	35,000	15,556
Total long-term liabilities		22,016	54,414	33,481
Current liabilities				
Trade and other payables		8,420	10,836	5,047
Current tax liability		90	-3,990	1,041
Short term bank loans		15,556	0	15,556
Accrued expenses and prepaid income	5	8,606	16,009	15,483
Other current liabilities		4,152	3,982	2,954
Total current liabilities		36,824	26,838	40,081
TOTAL EQUITY AND LIABILITIES		389,822	424,724	417,741

CONSOLIDATED CASH FLOW STATEMENT**2018/19**

Amounts in KSEK	Notes	March-May 19	March-May 18	Sep-May 18/19	Sep-May 17/18	FY 17/18
Cash flow from operating activities						
Profit/loss before financial items		-5,660	-510	-19,018	-57,900	-66,883
Adjustments for items not part of cashflow		127	0	127	31,405	31,405
Depreciations		6,205	5,927	17,984	18,353	26,539
Interest received		346.94	1,972	347	2,384	3,239
Interest paid		-111	432	-381	353	-1,587
Income tax paid		-5,488	-578	-8,644	-3,813	-5,916
Cash flow from operating activities before change in working capital		-4,579	7,243	-9,585	-9,218	-13,202
Change in working capital		-1,931	-3,789	1,963	12,507	10,668
Cash flow from operating activities		-6,510	3,454	-7,621	3,290	-2,534
Cash flow from investing activities						
Investments in tangible non-current assets		-252	603	-4,318	382	-1,005
Capitalized work		-6,835	-5,544	-18,322	-15,793	-19,954
Investment in intangible assets		-199	0	0	0	0
Aquisition of subsidiary, after deduction of cash and cash equivalents acquired	4	0	0	0	-110,821	-110,821
Change in securities		0	13,341	0	18,783	19,018
Change in long-term receivables		5	0	0	0	0
Cash flow from investing activities		-7,281	8,400	-22,639	-107,449	-112,761
Cash flow from financing activities						
New share issue		0	0	0	271,735	271,707
Long-term loans		0	0	0	35,000	35,000
Amortized loans		-3,889	0	-11,667	0	-3,889
Cash flow from financing activities		-3,889	0	-11,667	306,735	302,818
Reduction/increase in cash and cash equivalents						
Cash flow for the period		-17,680	11,854	-41,927	202,576	187,523
Exchange rate differences in cash and cash equivalents		808	-230	1,399	-1,083	0
Opening cash and cash equivalents		204,426	230,430	228,083	40,561	40,561
Closing cash and cash equivalents		187,555	242,054	187,555	242,054	228,083

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2018/19

KSEK	Share capital	Other external capital	Reserves	Retained earnings	Total equity
Starting balance 1/9 2018	684	281,041	-1,883	64,338	344,179
Profit/loss for the period				-13,665	-13,665
Exchange rate differences			341		341
Total comprehensive income			341	-13,665	-13,324
Option program		127			127
Ending balance 31/5 2019	684	281,168	-1,542	50,673	330,982

KSEK	Share capital	Other external capital	Reserves	Retained earnings	Total equity
Starting balance 1/9 2017	50	1,234	-3,840	101,463	98,907
Profit/loss for the period				-28,946	-28,946
Result attributable to share issue				-31,405	-31,405
Exchange rate differences			1,776		1,776
Total comprehensive income			1,776	-60,351	-58,575
Increase share capital	450			-450	
IPO costs				-8,284	-8,284
Share issue	184	279,835			280,019
Delinquent share issue				31,405	31,405
Ending balance 31/5 2018	684	281,069	-2,064	63,783	343,472

PARENT COMPANY'S INCOME STATEMENT

2018/19

Amounts in KSEK	March-May 19	March-May 18	Sep-May 18/19	Sep-May 17/18	FY 17/18
Operating income					
Net sales	32,164	35,108	87,702	123,614	166,666
Other operating income	4,349	426	10,982	1,091	6,786
Total operating income	36,513	35,533	98,684	124,704	173,452
Operating expenses					
Sales related costs	-10,387	-11,758	-28,802	-39,876	-51,863
Performance based marketing	-15,775	-10,971	-39,318	-47,996	-71,617
Other external expenses	-10,262	-6,353	-28,123	-27,739	-35,832
Personnel costs	-16,514	-14,731	-46,285	-40,846	-53,869
Total operating expenses	-52,937	-43,812	-142,528	-156,457	-213,181
EBITDA	-16,424	-8,279	-43,844	-31,752	-39,729
Depreciation of tangible and intangible non-current assets	-445	-1,347	-1,011	-5,073	-813
Operating profit/loss	-16,869	-9,626	-44,855	-36,825	-45,038
Financial items					
Profit/loss from securities	0	334	0	421	421
Financial income	172	115	221	191	224
Financial expenses	-480	-7	-799	-56	-613
Total financial items	-308	442	-577	556	33
Profit/loss after financial items	-17,178	-9,184	-45,432	-36,269	-45,005
Tax allocation reserve	0	0	0	0	40,120
Taxes	3,699	0	9,776	0	1,699
Profit/loss for the period	-13,478	-9,184	-35,657	-36,269	-3,186

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

PARENT COMPANY'S BALANCE SHEET ASSETS

2018/19

Amounts in KSEK	31/5 2019	31/5 2018	31/8 2018
Equipment, tools, fixtures and fittings	2,052	2,536	2,358
Total tangible non-current assets	2,052	2,536	2,358
Participation in Group companies	181,983	150,528	181,933
Other long-term receivables	13,288	1,782	3,482
Total financial non-current assets	195,271	152,310	185,415
Total non-current assets	197,323	154,846	187,773
Current assets			
Trade and other receivables	15,166	8,653	18,332
Other receivables	1,721	879	1,224
Prepaid expenses and accrued income	3,810	13,283	15,343
Other long-term securities	0	0	0
Total current assets	20,697	22,815	34,899
Cash at bank	134,001	203,623	181,305
TOTAL ASSETS	352,021	381,284	403,977

PARENT COMPANY'S BALANCE SHEET LIABILITIES AND EQUITY

2018/19

Amounts in KSEK	31/5 2019	31/5 2018	31/8 2018
EQUITY AND LIABILITIES			
Restricted equity			
Share capital	684	684	684
Non-restricted equity			
Other contributed capital	312,557	281,053	312,430
Retained earnings incl. comprehensive income for the period	1,055	3,629	36,712
Total equity	314,297	285,366	349,826
Tax allocation reserve	0	40,120	0
Untaxed reserves	0	40,120	0
Other long-term liabilities	3,889	35,000	15,556
Total long-term liabilities	3,889	35,000	15,556
Current liabilities			
Trade and other payables	7,889	9,807	8,310
Liabilities to Group companies	1,441	1,410	2,589
Other liabilities	17,640	1,136	17,866
Accrued expenses and prepaid income	6,866	8,446	9,831
Total current liabilities	33,835	20,799	38,595
TOTAL EQUITY AND LIABILITIES	352,021	381,284	403,977

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

NOTES TO THE INTERIM REPORT**2018/19****NOTE 1: DISTRIBUTION OF NET SALES**

	March-May 19	March-May 18	Sep-May 18/19	Sep-May 17/18	Last FY
Amounts in KSEK					
In-app purchases	16,886	29,852	48,476	105,725	129,434
Advertising income	30,877	21,103	80,661	56,840	86,824
Other	549	247	707	565	612
Total	48,312	51,202	129,844	163,130	216,870

NOTE 2: SALES RELATED COSTS

Platform fee	-5,066	-8,950	-14,533	-31,713	-38,832
Server costs	-3,968	-5,867	-11,645	-11,849	-16,833
Other sales related costs	-2,104	-1,292	-5,488	-4,074	-6,078
Total sales related costs	-11,138	-16,109	-31,666	-47,636	-61,743

NOTE 3: ADJUSTED EBITDA AND PROFIT BEFORE TAX

EBITDA	542	5,417	-1,037	-39,547	-40,343
Acquisition cost Delinquent (note 6,7)	0	0	0	31,405	31,405
IPO cost	0	0	0	7,239	7,239
Acquisition cost Feo media AB	0	0	0	976	976
Restructuring cost	0	0	0	9,406	9,406
Adjusted EBITDA	542	5,417	-1,037	9,479	8,683
Profit/loss before tax	-4,547	1,415	-17,515	-56,493	-65,231
Acquisition cost Delinquent (note 6,7)	0	0	0	31,405	31,405
IPO cost	0	0	0	7,239	7,239
Acquisition cost Feo media AB	0	0	0	976	976
Restructuring cost	0	0	0	0	9,406
Adjusted profit/loss before tax	-4,547	1,415	-17,515	-16,873	-16,205

NOT 4: FEO MEDIA AB ACQUISITION

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

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

A acquisition analysis is presented below.

Amounts in KSEK	Final acquisition analysis
Paid as of 31 August 2018 (final)	
Cash consideration	133,755
Total paid cash	133,755
Reported amounts on acquired assets and debt	
Share capital	50
Result from acquisition	23,460
Acquired owners equity	12,154
Intangible fixed assets	37,600
Deferred tax	-7,746
Total	65,518
Goodwill	68,237

FEO Media has during the financial year 2017/18 contributed 51,298 KSEK to the Net sales and 10,267 KSEK to EBITDA since acquisition date. If FEO Media would have been included from the start of the year, from September 1 2017, the contribution to Net sales would have been 60,643 KSEK and the contribution to EBITDA would have been 12,628 KSEK. Transaction cost have contributed to the consolidated profit and loss during the period with 976 KSEK. Goodwill corresponding to 68,237 KSEK that arose in the transaction was the result of factors that are attributed to the synergies that the company expects to realise.

NOTE 5: RESTRUCTURING COST

Amounts in KSEK	March-May 19	March-May 18	Sep-May 18/19	Sep-May 17/18	FY 17/18
Rent	0	-5,659	0	-5,659	-5,659
Personnel costs	0	-3,747	0	-3,747	-3,747
Total Restructuring cost	0	-9,406	0	-9,406	-9,406

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

NOTE 6: OTHER EXTERNAL EXPENSES

KSEK	March-May 19	March-May 18	Sep-May 18/19	Sep-May 17/18	FY 17/18
Cost related to the acquisition of MAG Games Ltd	0	0	0	-31,405	-31,405
IPO costs	0	0	0	-7,239	-7,239
Cost related to the acquisition of FEO Media AB	0	0	0	-976	-976
Restructuring costs FEO Media AB	0	0	0	-5,659	-5,659
Other external expenses	-10,552	-7,145	-29,042	-23,169	-31,767
Total other external expenses	-10,552	-7,145	-29,042	-68,448	-77,046

NOT 7: TRANSACTIONS WITH CLOSELY RELATED

As final payment in the acquisition of MAG Games Ltd (formerly Delinquent Interactive Ltd), MAG issued 714 175 shares during November 2017. The new issue of shares was conducted at ratio value and the effect on the group result is accounted for in the profit and loss and the details are in note 6. One of the former owners of MAG Games Ltd, David Amor, is now part of the management team of MAG Interactive

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

GOOD TIMES