LeoVegas' vision and position is "King of Casino". The global LeoVegas Mobile Gaming Group offers casino, live casino, bingo and sports betting. The Parent Company LeoVegas AB (publ.) is domiciled in Sweden, and operations are based primarily in Malta. The company's shares are listed on Nasdaq Stockholm.

For more about LeoVegas, visit [www.leovegasgroup.com](http://www.leovegasgroup.com)

# QUARTERLY REPORT 1 OCTOBER–31 DECEMBER 2021

## FOURTH QUARTER 2021: 1 OCTOBER–31 DECEMBER

- Revenue amounted to EUR 98.2 m (98.4). Organic growth in local currencies was -4%. Excluding Germany and the Netherlands, revenues increased by 26%.
- The number of depositing customers was 456,063 (461,983), a decrease of 1%.
- Net Gaming Revenue (NGR) from regulated markets and markets in which the company pays local gaming taxes was 74% (67) of total NGR.
- Adjusted EBITDA was EUR 11.6 m (11.5), corresponding to an EBITDA margin of 11.8% (11.7).
- Adjusted EBIT was EUR 8.5 m (8.7), corresponding to an adjusted EBIT margin of 8.6% (8.9). Reported EBIT was EUR 6.1 m (-0.8).
- Earnings per share were EUR 0.04 (-0.02) before and after dilution, while adjusted earnings per share were EUR 0.07 (0.08).

| EUR'000s | Oct-Dec 2021 | Oct-Dec 2020 | Δ, % | 2021 | 2020 | Δ, % |
|---|---|---|---|---|---|---|
| **Revenue** | **98,228** | **98,356** | **0%** | **391,171** | **387,464** | **1%** |
| EBITDA | 11,592 | 7,971 | 45% | 43,351 | 51,865 | -16% |
| **Adjusted EBITDA** | **11,592** | **11,471** | **1%** | **44,614** | **55,365** | **-19%** |
| Adjusted EBITDA margin (%) | 11.8% | 11.7% | 1% | 11.4% | 14.3% | -20% |
| Adjusted EBIT | 8,477 | 8,719 | -3% | 32,868 | 44,576 | -26% |
| Adjusted EBIT margin (%) | 8.6% | 8.9% | -3% | 8.4% | 11.5% | -27% |
| Earnings per share before dilution (EUR) | 0.04 | (0.02) | -314% | 0.11 | 0.18 | -39% |
| **Adjusted earnings per share before dilution (EUR)** | **0.07** | **0.08** | **-11%** | **0.27** | **0.40** | **-32%** |
| **Cash flow from operating activities** | **7,467** | **20,837** | **-64%** | **45,856** | **69,240** | **-34%** |
| New Depositing Customers (NDC) | 172,756 | 181,592 | -5% | 724,990 | 749,344 | -3% |
| Returning Depositing Customers (RDC) | 283,307 | 280,391 | 1% | 405,917 | 339,994 | 19% |

## EVENTS DURING THE QUARTER

- LeoVegas repurchased shares for EUR 2.1 m and distributed the third dividend (EUR 3.9 m) of a total of four quarterly dividends to the Parent Company's shareholders.
- Following policy changes in the Netherlands, LeoVegas decided to stop providing its services in the country as from 30 September 2021. As such, the company had no revenue from the Netherlands in the fourth quarter (compared with 6% of the Group's total revenue during the third quarter). The company will apply for a licence during the first quarter.
- LeoVegas was granted renewed gaming licences by the Danish Gambling Authority. The five-year licences encompass online casino and sports betting.

## EVENTS AFTER THE END OF THE QUARTER

- Preliminary revenue in January amounted to EUR 35.5 m (32.5), corresponding to growth of 9%. Excluding Germany and the Netherlands, revenue increased by 24%.
- The Board of Directors proposes a raised dividend totalling SEK 1.68 per share (1.60), to be distributed on four occasions over the course of the next 12 months.
- LeoVegas applied for a gaming licence for the Canadian province of Ontario.
- The establishment in New Jersey in the US is proceeding according to plan and the recruitment of a local team has begun.
- In January, LeoVegas distributed the fourth dividend (EUR 3.8 m) of a total of four to the Parent Company's shareholders.

# CEO'S COMMENTS

*"Strong end to the year with many growth initiatives"*

### FOURTH QUARTER

I am proud of how we concluded 2021 and how we offset the revenue loss related to the ongoing regulatory changes in Germany and the Netherlands. In the fourth quarter, sales were unchanged compared with the preceding year. However, excluding the two abovementioned markets, growth was some 26%, which demonstrates our strong underlying growth.

Adjusted EBITDA improved somewhat year-on-year, despite ceasing to provide our services in the Netherlands while waiting for a gaming licence, which was previously one of our most profitable markets. At the same time, we have paid more gaming taxes than ever before during the quarter. The improved profit was achieved through good cost control and higher marketing efficiency.

During the quarter and the full-year 2021, we took several important steps as a company, which we expect to drive growth for many years to come. We increased our strategic focus on sport with the acquisition of the brand Expekt. The new launch of Expekt has been a major success, with sales increasing almost fourfold since the acquisition. We are now planning to expand into more markets. We have also commenced establishing operations in the US, where the online gaming market is still in its infancy. We are seeing significant potential for a smartphone-oriented casino expert like LeoVegas in North America, where we already hold a leading position in Canada. We also invested in our own gaming studio during the year. The first games are expected to be launched shortly and over 15 titles are planned for 2022. Our own contents provide us with a more unique gaming experience, greater customer loyalty and lower costs.

We demonstrate a high ability to adapt and continue to drive innovation even when faced with turbulent times. An increasing number of European countries are becoming regulated and some 74% of our revenue is currently regulated and/or taxed. The external market environment will remain erratic and turbulent in places, but we are well-positioned to manage this. Armed with all of our ongoing growth initiatives, I feel optimistic ahead of 2022.

### MARKETS

Our underlying customer activity and growth remain favourable. In general, we are growing faster than our competitors in the markets that are not affected by major external events and where equal conditions apply for all operators. A good example of this is Sweden, where we reached a new record level during the quarter. LeoVegas is currently the largest private operator in the Swedish market, something we have accomplished with strong brands, the best product and data-driven marketing. We continue to see favourable growth prospects in Sweden.

As previously mentioned, a re-regulation period is ongoing in the Netherlands and in the Canadian province of Ontario. In the Netherlands, we decided to stop providing services to gamers from 30 September 2021 pursuant to the latest regulations. At the start of 2022, we have applied for licenses in the Netherlands and Ontario we applied for a license in Ontario and will apply for a license in the Netherlands during the first quarter. Our ongoing expansion in the US, with New Jersey as the first state, is proceeding according to plan. We have commenced recruitment of a local team and completed much of the technical development as well as initiated the certification process of LeoVegas' proprietary technical platform (PAM, Player Account Management). We also began efforts for the expansion into additional US states.

### TEN YEARS

At the beginning of 2022, LeoVegas turned ten years old. The company, our product and the entire industry has developed enormously since my co-founder, Robin Ramm-Ericson, and I, started LeoVegas. Today, the industry is much more complex with more stringent requirements and tougher competition. At the same time, LeoVegas has taken tremendous strides and matured in many areas, making us stronger than ever before. We always aim to be at the forefront of customer focus, technology and data-driveness, but also continue to continually challenge ourselves to be better in all areas. I can affirm that LeoVegas with all its employees will continue to drive the industry forward with the mobile gaming experience in the spotlight. We are continually making progress as we stand on the starting line of ten more intense and exciting years!

### COMMENTS ON THE FIRST QUARTER

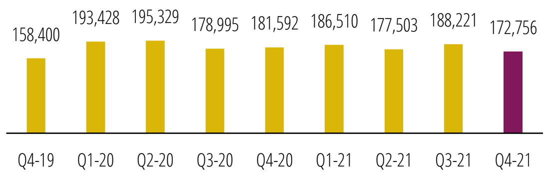
Revenue for January amounted to EUR 35.5 m (32.5), representing growth of 9%. Excluding Germany and the Netherlands, growth was 24%.

**Gustaf Hagman**, President and CEO, LeoVegas Mobile Gaming Group, Stockholm, 11 February 2022

# KEY PERFORMANCE INDICATORS

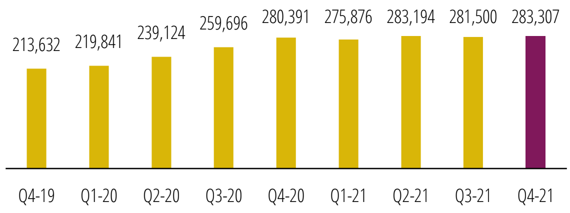
For more KPIs and comments, see the accompanying presentation file at LeoVegasgroup.com. See also the section "Definitions of Alternative Performance Measures."

### NEW DEPOSITING CUSTOMERS (NDCs)




NDCs declined 5% year-on-year and 8% sequentially compared with the third quarter.

### RETURNING DEPOSITING CUSTOMERS (RDCs)




The number of RDCs increased 1% year-on-year and 1% compared with the preceding quarter. The customer base (NDCs and RDCs) was mainly negatively impacted by the company ceasing to provide services in the Netherlands from the end of the third quarter.

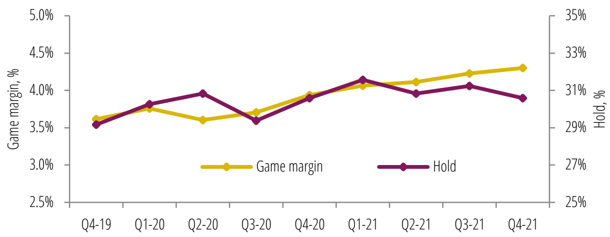
### NGR PER REGION, Q4 2021


The Nordic countries was the largest region during the fourth quarter and accounted for 50% of the Group's Net Gaming Revenue (NGR). Rest of Europe accounted for 29%, while Rest of World accounted for 21%. Rest of Europe's share was lower than in the preceding quarter, mainly due to the company ceasing to provide its services in the Netherlands.

### GGR PER PRODUCT, Q4 2021

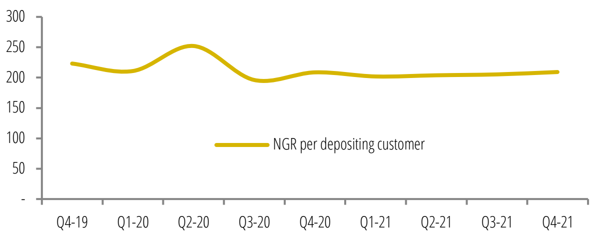

Casino accounted for 74% (75) of the Group's Gross Gaming Revenue (GGR), Live Casino for 14% (16), and the Sportsbook for 12% (9). The Sportsbook's increase compared with the same period last year was mainly driven by strong growth for the Expekt brand.

### GAME MARGIN AND HOLD




The relation between NGR and deposits ("Hold") decreased slightly compared with the preceding quarter to 31%, which is in line with the historic average. One factor that has had a strong bearing on hold is the game margin. The game margin increased somewhat compared with the preceding quarter and totalled 4.3%.

### PLAYER VALUE (EUR)




The average player value per depositing customer was EUR 209, which is an increase of 2% compared with the preceding quarter, but unchanged year-on-year. The change in player value over time reflects factors such as a larger share of players playing for fun and a changed geographic mix.

# GROUP PERFORMANCE Q4

### REVENUE, DEPOSITS AND NGR

Revenue totaled EUR 98.2 m (98.4) during the fourth quarter, which was a marginal decline year-on-year. Organic growth in local currencies was -4%. Excluding Germany and the Netherlands, revenues increased by 26%.

Deposits totalled EUR 311.8 m (315.1) during the quarter, a decrease of 1%. Deposits increased sequentially by 1% over the preceding quarter. Net Gaming Revenue (NGR) amounted to EUR 95.4 m (96.4) during the period, a year-on-year decrease of 1% and a sequential decrease of 1% over the third quarter. Owing to a slightly lower hold during the quarter, NGR grew somewhat slower than deposits compared with the preceding quarter.

In the Nordic region, NGR increased 36% year-on-year. Sweden had another good quarter and generated a new record level of sales for the period. The positive trend is a result of a record-high customer base for the LeoVegas' brand and strong growth for the Expekt brand since completion of the acquisition in May. During the quarter, the company was the largest commercial operator in the Swedish market.

In the Rest of Europe region, NGR decreased 39% year-on-year. Growth was favourable in most markets in the region. However, the changes implemented in Germany, coupled with the ongoing regulation process, continued to impact growth negatively in the region. NGR in Germany decreased 83% during the fourth quarter, and the market now accounts for only 2% of the Group's total revenue (compared with 15% during the year-earlier period). Following recent policy changes in the Netherlands, LeoVegas decided not to provide its services in the country as from 30 September 2021. The Netherlands accounted for 6% of the Group's total revenue during the third quarter.

In the Rest of World region, NGR increased 24% year-on-year. Performance was strong in most markets in the region. Canada is clearly the largest market in the region and recorded double-digit growth during the period.

For the Group as a whole, revenue from locally regulated markets and markets in which the Group pays local gaming taxes accounted for 74% (67) of total revenue during the fourth quarter. The share of regulated revenue increased significantly compared with the preceding quarter (66%), mainly driven by the strong performance in Sweden and the negative effect from the Netherlands.

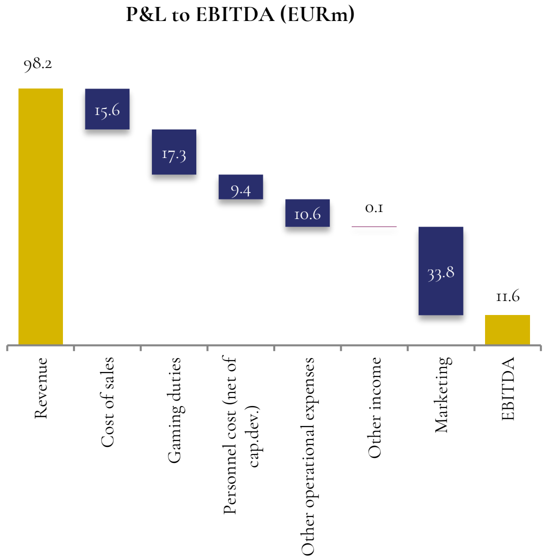
### EARNINGS

Gross profit for the fourth quarter was SEK 65.3 m (66.9), corresponding to a gross margin of 66.5% (68.0). Gaming taxes totalled EUR 17.3 m (14.3), corresponding to 17.6% of revenue (14.6). Cost of sales was 15.9% of revenue (17.4) and consisted mainly of costs for external game and payment service providers. Costs for currency conversions related to players' deposits and withdrawals have been reclassified starting with the second quarter of this year. These costs amounted to EUR 1.4 m during the fourth quarter and are presented under Cost of sales instead of under Other operating expenses.

Marketing expenses during the quarter totalled EUR 33.8 m (36.7). The company has maintained a high pace of investment in a number of markets in which there are favourable opportunities to scale up revenue with favourable returns, but has simultaneously cut down on investments in certain channels and markets. Marketing expenses in relation to revenue were 34.4% during the fourth quarter, which is lower than in the year-earlier period (37.3), and in the preceding quarter (36.5).

Personnel costs in relation to revenue increased compared with the year-earlier period to 14.2% (13.1). The total work force increased during the quarter, and the company has continued to increase the share of highly qualified employees in technology and product development.

Other operating expenses amounted to 10.8% of revenue (9.1), which is an increase in relation to revenue compared with the year-earlier period and compared with the preceding quarter (9.9). Costs were impacted during the quarter, inter alia, by consultancy costs connected to the ongoing US expansion and other strategic projects. Costs related to travel and office-related expenses also increased during the fourth quarter back to more normal levels.



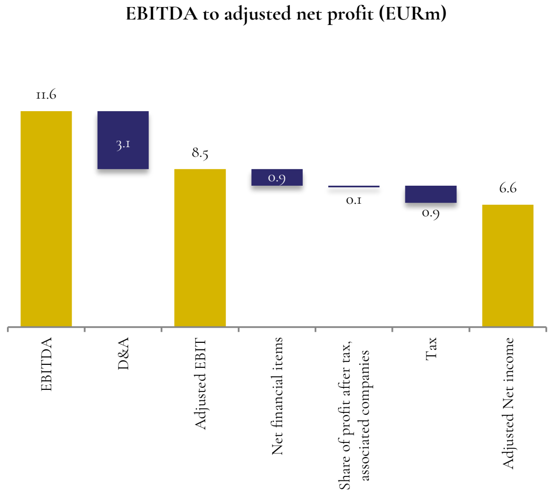

EBITDA for the fourth quarter was EUR 11.6 m (8.0), corresponding to an EBITDA margin of 11.8% (8.1). Adjusted EBITDA amounted to EUR 11.6 m (11.5) and corresponded to reported EBITDA since there were no items affecting comparability during the period.

The negative impact of EBITDA directly connected to the company's ongoing establishment in the US amounted to EUR 0.3 (0.0) in the fourth quarter. The impact on earnings is expected to be more significant in the coming quarters, in line with the company establishing a local organisation in New Jersey.

The Group's depreciation and amortisation excluding acquisition-related depreciation and amortisation totalled EUR 3.1 m (2.8). Amortisation related to acquired intangible assets totalled EUR 2.4 m (6.1). In the preceding quarter, Royal Panda's acquired customer database became fully amortised, which is the main reason for the year-on-year decline.

Operating profit (EBIT) for the quarter was EUR 6.1 m (-0.8), corresponding to an EBIT margin of 6.2% (-0.8). Adjusted EBIT for the quarter was EUR 8.5 m (8.7), corresponding to an adjusted EBIT margin of 8.6% (8.9). Adjusted EBIT gives a more accurate picture of the Group's underlying earnings during the period.

Net financial items amounted to EUR 0.9 m (0.6) and are mainly related to the company's bond issues. Within net financial items, ongoing remeasurement of the bond in SEK has affected the outcome as well as the change in value of the currency derivative that was contracted for the initial bond issue.




Income tax for the quarter totalled EUR 0.9 m (0.5).

The share of profit after tax from associated companies recognised in accordance with the equity method was EUR 0.1 m (0.0) and pertains to the company's minority stake in BeyondPlay (formerly SharedPlay).

Comprehensive income for the quarter was EUR 4.2 m (-1.9), corresponding to a net margin of 4.3% (-2.0). Earnings per share were EUR 0.04 (-0.02) before and after dilution. Adjusted earnings per share were EUR 0.07 (0.08).

### BALANCE SHEET AND FINANCING

Cash and cash equivalents at the end of the fourth quarter amounted to EUR 75.2 m (63.3). Cash and cash equivalents, excluding player funds, amounted to EUR 55.2 m (47.5). LeoVegas has a total of EUR 108 m in available borrowing scope, of which EUR 68 m (49) was utilised at the end of the fourth quarter. Overall, the Group's financial position is good. Net debt excluding player liabilities in relation to adjusted EBITDA (rolling 12 months) was 0.3x (0.0).

The Group had intangible assets worth EUR 28.5 m at the end of the quarter (19.5). Intangible assets attributable to identified surplus value from acquisitions amounted to EUR 19.5 m (28.7). Goodwill related to all acquisitions amounted to EUR 95.7 m (94.7).

At the end of the quarter, equity attributable to owners of the Parent Company amounted to EUR 84.2 m (98.2). Non-controlling interests made up EUR 6.2 m (5.4) of equity. Total assets at the end of the quarter amounted to EUR 257.3 m (249.3). The equity/assets ratio was 33% (39).

Total liabilities increased year-on-year, which is mainly explained by the financing structure and an increase in liabilities through bond loans.

### CASH FLOW AND INVESTMENTS

Cash flow from operating activities totalled EUR 7.5 m (20.8) during the quarter. Working capital declined during the period but may be volatile from quarter to quarter and is affected by factors such as jackpot provisions, incoming and outgoing payments between LeoVegas and product and payment service providers, and advance payments for licences and marketing. Working capital also includes deferred payment of gaming taxes in Austria, amounting to EUR 16.1 m (10.6) and provisions for the company's exclusive jackpots.

Investments in property, plant and equipment amounted EUR 0.3 m (0.1). Investments in intangible assets amounted to EUR 4.3 m (2.9) and pertain mainly to capitalised development costs.

Cash flow from financing activities was mainly affected by share repurchases of SEK 2.1 m (4.9) during the quarter and ordinary dividends to the Parent Company's shareholders, resulting in a cash flow charge of an additional EUR 3.9 m (7.0). Amortisation of the lease liability, i.e., rents paid for the Group's right of use assets, had an accounting effect on cash flow from financing activities of EUR 0.5 m (0.5).

## OTHER INFORMATION

### FINANCIAL TARGETS

LeoVegas' long-term financial targets are:

- *Long-term organic growth that outperforms the online gaming market.*
- *Long-term EBITDA margin of at least 15%, under the assumption that 100% of revenue is generated in locally regulated markets where gaming tax is paid*
- *The leverage ratio (net debt in relation to adjusted EBITDA) shall not exceed 1.0x. However, LeoVegas may, under certain circumstances, choose to exceed this level during short time periods in connection with e.g., larger acquisitions or other strategic initiatives*
- *To pay a dividend, over time, of at least 50% of profit after tax*

### PARENT COMPANY

LeoVegas AB (publ), the Group's Parent Company, invests in companies that offer gaming via smartphones, tablets and desktop computers, as well as companies that develop related technology. Gaming services are offered to end consumers through subsidiaries. The Parent Company is not engaged in any gaming activities. The Parent Company's revenue for the quarter totalled EUR 0.2 m (0.2). Profit after tax was EUR 27.1 m (18.7). Profit is steered by dividends from subsidiaries, interest expenses for credit facilities, income from lending to subsidiaries, invoiced management services and other operating expenses. Cash and cash equivalents amounted to EUR 7.1 m (1.4). The Parent Company has a bond issue of EUR 67.8 m (48.9). No bank loans remained as per the end of the balance sheet date. Borrowing is initially recognised at fair value, net after transaction costs, and thereafter at amortised cost in accordance with the effective interest method. In connection with the initial bond issue of SEK 500 m, a currency derivative was contracted. Financial items during the quarter were charged with EUR 0.7 m (0.6), net, interest expenses, transaction costs and other related costs coupled to the bond financing. Cash flow was charged with an interest payment of EUR 0.9 m (0.0) for the bond financing.

### CURRENCY SENSITIVITY

Sweden and the UK are a couple of LeoVegas' largest markets. The Group's earnings are thus affected by currency translation. During the quarter, changes in the euro exchange rate had a positive effect on revenue of approximately EUR 2.1 m compared with the year-earlier period and a positive effect of approximately EUR 0.8 m compared with the preceding quarter.

### SEASONAL VARIATIONS

Customers use LeoVegas' gaming services year-round, which means that seasonal variations tend to be relatively low. In general, activity is impacted by the customers' life patterns such as holidays and time off as well as the sporting events calendar.

### PERSONNEL

The number of full-time employees at the end of the quarter was 864 (837), of whom 49 are employed in LeoVentures (41). The average number of employees during the quarter was 863 (848). LeoVegas was using the services of 52 (31) full-time consultants at the end of the quarter.

### RELATED PARTY TRANSACTIONS

LeoVegas no longer has any related party relationship for rents of company apartments. In other respects, no transactions with related parties occurred during the quarter. For more information on previous years, please refer to the company's annual reports.

### SHARES AND OWNERSHIP STRUCTURE

LeoVegas AB is listed on Nasdaq Stockholm. As per 31 December 2021, LeoVegas had 17,897 shareholders. The five largest shareholders were:

- Gustaf Hagman – 7.9%
- Avanza Pension – 5.0%
- LOYS AG – 4.5%
- Torsten Söderberg and family – 4.5%
- LeoVegas AB (publ) – 3.9%

A total of 101,652,970 shares are in issue in LeoVegas AB. In connection with the share repurchase programme, LeoVegas owned 3.9% of the total number of shares as per the end of the quarter. The total number of shares outstanding, and votes amounted to 97,652,970 at the end of the balance sheet date.

## ACQUISITION OF EXPEKT

On 19 May 2021, through its wholly owned subsidiary LeoVegas International Ltd, LeoVegas carried out an acquisition of all of the shares in the Maltese company Expekt Nordics Ltd ("Expekt") and related assets from Mangas Gaming Ltd.

Expekt is a renowned sports betting brand in Sweden and the other Nordic countries. The acquisition strengthened LeoVegas brand portfolio with an established position in sports betting and expanded the company's strategic growth opportunities in the segment.

Transfer of possession and consolidation took place on 19 May 2021. The purchase price for all net assets and identified surplus value amounted to EUR 6.1 m and was paid in connection with signing (EUR 1.5 m) and on the acquisition date (EUR 4.6 m). The acquisition amount was EUR 5.0 m on a cash and debt-free basis. The acquisition was settled with own cash.

The table on the right shows a preliminary acquisition analysis and summarises the total purchase price as well as the fair value of acquired assets and accepted liabilities. Current receivables and liabilities do not include any derivatives, and fair value is the same as the carrying amount.

Identified surplus value pertains to intangible assets in the form of trademarks and domain names valued at EUR 2.6 m and an acquired customer database valued at EUR 1.1 m. The intangible assets are recognised at fair value on the acquisition date and are amortised over the projected useful life, corresponding to the estimated time they will generate cash flows. Continuing amortisation for the acquired trademarks and domain names are charging the Group's earnings on a straight-line schedule of 5–8 years. Amortisation of the acquired customer database is charging the Group's earnings using an amortisation schedule of 4 years.

Goodwill of EUR 1.1 m is attributable to future revenue synergies, which are based on the opportunity to regain the brand's former position as a leading sports betting brand. Through this the company can reach new customers and thereby grow its revenue. Goodwill is also attributable to human capital to some extent.

**Preliminary purchase price allocation, Expekt (EUR, '000s)**

| Amounts per the date of acquisition: | Measured at fair value |
|---|---|
| Property, plant and equipment | - |
| Intangible assets | 3 757 |
| Financial assets | - |
| Deferred tax assets | 505 |
| Trade and other receivables | 298 |
| Cash and cash equivalents | 966 |
| Trade and other payables | -429 |
| Deferred tax liabilities | -118 |
| **Total acquired, identifiable net assets** | **4 979** |
| **Goodwill** | **1 077** |
| **Purchase price** | **6 056** |

| Purchase Price: | |
|---|---|
| Consideration paid at signing 15 March 2021 (cash paid) | 1 500 |
| Consideration paid at acquisition date 19 May 2021 (cash paid) | 4 556 |
| **Total Purchase price** | **6 056** |

| Identified surplus values: | |
|---|---|
| Trademark and domains | 2 608 |
| Customer database | 1 134 |
| **Total identified surplus values** | **3 742** |

## ACCOUNTING POLICIES

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IAS/IFRS, as endorsed by the European Union) issued by the International Accounting Standards Board, interpretations issued by the IFRS Interpretation Committee (formerly IFRIC), the Swedish Annual Accounts Act, and Swedish Financial Reporting Board (RFR) standard RFR 1 "Supplementary Accounting Rules for Groups". This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The Parent Company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act and recommendation RFR 2 "Accounting for Legal Entities". Disclosures in accordance with IAS 34.16A are provided – in addition to in the financial statements – in other parts of the interim report.

The number of shares after dilution is calculated using the Treasury Stock method. At the end of the reporting period three warrant programmes were in effect, which expire in 2022, 2023 and 2024, respectively. These had no dilutive effect during the period, as the exercise price is higher than the price at which the shares were traded on average during the quarter.

Changes in exchange rates for the bond in SEK have been hedged with a financial instrument (OTC derivative). Financial assets and liabilities in the form of derivatives are reported at fair value through profit or loss. All transactions related to the currency derivative are reported under financial items in the consolidated income statement. No hedge accounting has been applied. The currency derivative, which is used for hedging purposes, is valued according to Level 2 of the fair value hierarchy. The fair value of financial assets that are not traded in an active market (e.g., the OTC derivative referred to above) is determined using valuation techniques that are based on market information as far as possible, while company-specific information is used as little as possible. All the essential input data required for fair value measurement of an instrument is observable. The bond had a market value of SEK 717,500,000 as per the end of the balance sheet date. The Parent Company applies the exemption permitted by RFR 2 from application of IFRS 9 Financial Instruments.

Within net financial items, remeasurement of the bond in SEK and the change in fair value of the currency derivative, including its interest flows, are reported net. The items have an equalising effect and are of the same character. Net recognition creates a clearer picture for readers of the cost of the financing.  Total net financial items amount to EUR -0.9 m (-1.6), of which EUR 0.6 m pertains to a positive remeasurement effect during the quarter, shown below.

| Financial items - net (EUR'000s) | Oct-Dec 2021 |
|---|---|
| Revaluation bond loan | 989 |
| Fair value valuation currency derivative | (714) |
| Change in value of interest rate flows from currency derivatives | 52 |
| **Total net reported financial items** | **326** |

The most important accounting policies under IFRS, which are the accounting policies applied in the preparation of this interim report, are described in Note 2, pages 123–127, of the 2020 Annual Report. All of the accounting policies are unchanged since the most recently published annual report for the 2020 financial year.

### SHARE REPURCHASES

During the quarter, the authorisation granted by the company's Annual General Meeting on 11 May 2021 to repurchase own shares was utilised. In total the authorisation pertains to share repurchases for an amount up to EUR 10.0 m. Shares may be repurchased for up to 10% of all shares in the company until the 2022 Annual General Meeting. This means that a maximum of 10,165,297 shares may be owned by the company. The purpose of the repurchases is to optimise the company's capital structure and create shareholder value by reducing the number of shares outstanding. Repurchased shares may also be used as payment for potential future acquisitions.

In the fourth quarter, a total of 672,030 shares were repurchased for an acquisition value of SEK 21.9 m. The acquisition value corresponds to EUR 2.1 m. The average price of the repurchased shares was SEK 32.59, and the prices varied between SEK 30.58 and SEK 33.97. A total of 101,652,970 shares in LeoVegas AB are in issue. The number of shares outstanding, and votes amounted to 97,652,970 as per the balance sheet date. After the share repurchases, LeoVegas AB owns 3.9% of the total number of shares.

### ALTERNATIVE PERFORMANCE MEASURES

In this interim report, reference is made to measures that LeoVegas AB and others use in the evaluation of LeoVegas Mobile Gaming Group's performance that are not explicitly defined in IFRS. These measures provide management and investors with important information to analyse trends in the company's business activities. These Alternative Performance Measures are intended to complement, not replace, financial measures that are presented in accordance with IFRS. For definitions, see the section "Definitions of Alternative Performance Measures."

### ADJUSTED PROFIT MEASURES

LeoVegas presents adjusted profit measures to provide a more fundamental picture to readers of reports by showing earnings that more closely reflect the Group's underlying earnings capacity. The adjusted profit measure is adjusted for items affecting comparability, which are defined in the section "Definitions of Alternative Performance Measures."

### FINANCIAL CALENDAR

- 5 May 2022: Q1-interim report
- 19 May 2022: Annual General Meeting
- 11 August 2022: Q2-interim report
- 10 November 2022: Q3- interim report

### LEGAL UPDATE

The legal situation for online gaming is changing continuously at the EU level as well as in geographic markets outside of the EU. LeoVegas' expansion strategy is to act in locally regulated markets and markets with plans for or in the process of implementing local regulation. Most countries in the EU have adopted or are engaged in discussions to introduce local regulation. Examples of countries that have implemented local regulation include the UK, Denmark, Italy, Spain and Sweden. This trend is also spreading outside of the EU, and most countries in Latin America, for example, are engaged in discussions to regulate their gaming markets. Colombia is an example of a country that has already taken the step into a regulated environment, and Brazil has begun the process of regulating betting. The same applies in the USA, where gaming is regulated by the individual states. States including New Jersey, Pennsylvania, and Michigan have introduced local regulation both for casino games and for sports betting. The trend in the USA is that more and more states are regulating their local gaming markets. New York state, for example, introduced regulations for the sports betting product category in January 2022.

The authorities in the UK are currently conducting a review of existing gaming laws. The results of this review have not yet been compiled, but it may lead to more demanding regulation for the licensed actors.

The province of Ontario, Canada, is in the final stage of regulating its gaming market. Ontario makes up approximately 40% of Canada's total population. LeoVegas is one of several operators that has participated in the discussions on how such regulation may be structured. According to the latest information from the authorities, the regulation will enter into force on the fourth of April 2022. The tax rate is expected to end up at 20%, calculated by GGR.

In the Netherlands, the authorities have adopted a local licence system, which took effect during the third quarter of 2021. In the re-regulation process, the authorities changed their policies at the end of September with short notice, entailing that all gaming operators that had not yet been granted a gaming licence were forced to stop providing their services in the country until they had obtained one. LeoVegas decided to stop providing its services as from 30 September 2021. In recent years, LeoVegas has taken measures to ensure full compliance with the Dutch prioritisation criteria and the policies published by KSA, the Dutch gaming regulator, to create favourable conditions ahead of the licensing process that is currently in progress. LeoVegas will apply for a licence in the Netherlands during the first quarter of 2022.

In Germany, a local licence system was implemented on 1 July 2021. Before this took effect, the operators that intended to apply for and receive a gaming licence were required to align themselves with a number of restrictions. The tax on online poker and casino products is 5.3% of turnover, which represents the highest tax in Europe on gaming.

In Sweden, on 2 July 2020 temporary restrictions were introduced for online casino in response to the pandemic. These included new restrictions of bonus offers, a weekly deposit cap of SEK 5,000 and an obligatory time restriction on gaming. The restrictions applied from 15 November 2021. In January 2022, the Swedish government proposed the reintroduction of the restrictions, but this time with a deposit cap of SEK 4,000 per week. However, the government chose not to pursue this based on the general development of the pandemic and that the restrictions would not fulfil their purpose of protecting public health and consumer protection.

On 27 January 2022, the Swedish government submitted its proposal for a law amendment to the Council on Legislation (Lagrådet). The proposal contained measures for excluding unlicensed gaming from the Swedish market and measures to reduce the hazards of gambling with such measures as adjusting the moderation requirements for the marketing of gaming. The Council on Legislation will now review the government's proposal.

Finland has updated its legislation concerning online gaming. The Finnish government has introduced a marketing restriction on all types of online gaming. There is also the potential for payment blocking for online casino operators that do not adhere to the new legislation, which is expected to enter force in January 2023.

The Rest of World region includes markets with unclear gaming and tax laws, which over time could affect LeoVegas' revenue, earnings and expansion opportunities, depending on what legal changes may take place.

### RISKS AND UNCERTAINTIES

The main risk and uncertainty facing LeoVegas is the general legal status of online gaming. Decisions and changes in laws and rules may affect LeoVegas' business activities and expansion opportunities. Since most of LeoVegas' customers are active in Europe, the legal status in EU-related jurisdictions has most significance for the company's existing operations. However, developments outside the EU are also of interest, partly because parts of LeoVegas' existing operations may be affected, but mainly as they may affect the company's expansion and future outlook.

LeoVegas is active in a large number of regulated markets, and the Group's compliance is reviewed on a regular basis by regulatory bodies, such as local gaming authorities. If it were to be shown that interpretations and measures taken by the company to ensure compliance with a licensing authority's requirements are insufficient, it could lead to costs for the company in the form of sanction fees or other punitive measures.

The regulations and requirements are changing continuously, which in turn puts greater demands on the company's internal routines, processes and systems. Higher demands are also being put on LeoVegas' business partners, such as third-party game vendors, payment service provides and marketing partners. LeoVegas conducts thorough due diligence of new partners be-fore a cooperation can begin. Existing partners are also reviewed on a regular basis. In the event of a violation of the Group's collaboration terms, LeoVegas has the opportunity to withhold payment and terminate its collaboration with the partner in question.

Developments in the legal area are monitored and assessed on a continuous basis within LeoVegas, and the Group cooperates with the authorities in the licensed markets.

LeoVegas' offering is based on gaming as a fun and attractive form of entertainment. Consumer protection is therefore an important part of the design of LeoVegas' offerings and in its customer contacts. LeoVegas has technical aids at its disposal and clear routines for countering unsound gaming. Responsible gaming is regulated in all gaming licences that LeoVegas conducts its gaming activities under. LeoVegas works together with local trade associations to promote sustainability and responsibility in the industry. These include, for example, the Swedish Trade Association for Online Gambling (BOS) in Sweden and The Norwegian Industry Association for Online Gaming (NBO) in Norway.

The long-term risks and impacts of the global pandemic are hard to assess, and the conditions are changing continuously. The pandemic has had a smaller impact on online businesses and has led to an accelerated structural shift from offline to online. This is beneficial for LeoVegas, with its strong online position, strong brands and proprietary technical platform that enables rapid development in an increasingly digital world.

In addition to the above are risks associated with significant estimates and assessments in the financial reporting. The consolidated financial statements are based partly on assumptions and estimations in connection with the preparation of the Group's accounting. Estimations and assessments are evaluated on a continuous basis and are based on historical experience and other factors, including expectations about future events that are deemed to be reasonable given the prevailing circumstances.

LeoVegas conducts operations across borders and complies with regulations such as corporation tax and indirect taxes in a number of jurisdictions. The tax environment is complex and LeoVegas evaluates and makes continual assessments concerning the company's tax positions. LeoVegas could be negatively affected by judicial rulings, settlements and costs associated with legal processes and investigations, and disputes, and could be the subject of legal action in the future. If LeoVegas were to be unsuccessful in such legal processes and investigations, the company could incur costs as a result. A determination of potential provisions for corporation tax and indirect taxes is subject to complexity and uncertainty, requiring extensive estimations and assessments.

A tax authority has initiated tax audits on subsidiaries within the Group. These investigations are ongoing, and the audit have not yet been finalized. The Group intends to contest all claims being made on an estimated basis as the Group does not consider such claims to be valid. Discussions are still in the early stages and need to mature. Although the Group believes that no additional tax liability is payable, it cannot be ruled out that the Group's assessment of the current situation will change and that an adverse outcome of these discussions may have a material adverse effect on the Group's financial position and earnings. Based on legal advice obtained, there is currently no reasonable basis to predict the conclusion of such discussions and therefore, no provision has been recognized in these financial statements.

Other risks that could affect LeoVegas include financial risks, such as currency and liquidity risks.

The 2020 Annual Report includes a detailed description of the company's risks as well as more information about the significant estimates and assessments used in the preparation of the Group's financial reports.

### SUSTAINABILITY – RESPONSIBLE GAMING

LeoVegas' goal is to offer entertainment in a safe and smart way. Part of the company's sustainability strategy is to strive for long-term and sustainable relationships with LeoVegas' customers and partners.

What's most important for the company is that the customers view their gaming as entertainment and that they play in a safe and responsible way. There is a risk for certain individuals that their gaming can go beyond entertainment to instead cause financial and/or social problems. LeoVegas takes this with utmost seriousness and dedicates extensive resources to responsible gaming, both when it comes to proactively protecting customers and providing support to individuals who develop unsound gaming behaviour.

Investing in and focusing on responsible gaming are imperative for the company to be able to act in accordance with its gaming licences. To proactively counter unsound gaming, the company has a proprietary, automated system that is based on machine learning and algorithms. This is an effective complement to the tools that help customers keep their gaming in check. Examples of such functions are Loss limits, Time limits, Time alerts, Pause account and Account closure. All responsible gaming measures are conducted through LeoSafePlay, which is the Group's platform for responsible gaming. The ambition for LeoSafePlay is to develop it into the most comprehensive tool for consumer protection as possible.

LeoVegas works continuously with engagement and knowledge to promote a positive and safe gaming experience for everyone. This work is part of the company culture that all employees adhere to.

During the year, LeoVegas' framework and procedures for ensuring responsible gaming have been assessed by an independent party. The independent, industry-leading British agency eCOGRA specialises in testing, certifying and assessing actors in the gaming sector. eCOGRA has performed tests and conducted interviews to assess LeoVegas' product. This external review has shown that LeoVegas is in conformity with all relevant recommendations and principles for responsible gaming.

Offering a safe and secure gaming experience has always been the company's top priority. It is therefore reassuring that LeoVegas' work in this respect has now been reviewed and assessed by an external, independent party, which has confirmed that LeoVegas is in conformity with the high requirements that have been set for gaming operators today.

### LEOVEGAS' SUSTAINABILITY TARGETS

Each year LeoVegas sets ambitions, targets and measures for sustainability in order to transparently, clearly and concretely show what the company aspires to achieve in building a sustainable company and advocating for a sustainable gaming industry.

LeoVegas has set sustainability targets in three areas: Environment, Social Responsibility and Corporate Governance. The responsible gaming targets are included under Social Responsibility. The targets are followed up and reported in LeoVegas' sustainability report on a yearly basis. Group Management and the Board of Directors are responsible for ensuring that the company works toward and achieves the set targets.

# BOARD OF DIRECTORS AND PRESIDENT'S ASSURANCE

The Board of Directors assures that the interim report for the fourth quarter gives a fair overview of the Parent Company's and Group's operations, position and result of operations, and describes the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

**Stockholm, 11 February 2022**

**Per Norman**
Chairman of the Board

**Hélène Westholm**
Director

**Carl Larsson**
Director

**Fredrik Rüden**
Director

**Anna Frick**
Director

**Mathias Hallberg**
Director

**Torsten Söderberg**
Director

**Gustaf Hagman**
President and CEO

*This report has not been reviewed by the company's auditor.*

LeoVegas AB, Luntmakargatan 18, SE-111 37 Stockholm
Main office: Stockholm, corporate identity number: 556830–4033
All information in this report belongs to the group companies that are ultimately owned by LeoVegas AB, also known as LeoVegas.

**FOR FURTHER INFORMATION, PLEASE CONTACT:**

Gustaf Hagman
President and CEO
+46 (0) 8 410 367 66
gustaf.hagman@leovegasgroup.com

Stefan Nelson
CFO
+356 993 942 68
stefan.nelson@leovegasgroup.com

Philip Doftvik
Director of Corporate Finance and Investor Relations
+46 (0) 73 512 07 20
philip.doftvik@leovegasgroup.com

# CONSOLIDATED INCOME STATEMENT

| EUR'000s | Oct-Dec 2021 | Oct-Dec 2020 | 2021 | 2020 |
|---|---|---|---|---|
| **Revenue** | **98,228** | **98,356** | **391,171** | **387,464** |
| Cost of sales | (15,599) | (17,135) | (65,719) | (67,871) |
| Gaming Duties | (17,325) | (14,336) | (64,001) | (57,282) |
| **Gross profit** | **65,304** | **66,885** | **261,451** | **262,311** |
| Personnel costs | (13,935) | (12,856) | (53,184) | (50,548) |
| Capitalised development costs | 4,580 | 2,926 | 15,269 | 10,504 |
| Other operating expenses | (10,626) | (8,965) | (36,739) | (35,441) |
| Marketing expenses | (33,789) | (36,730) | (143,763) | (132,552) |
| Other income and expenses | 59 | (3,289) | 318 | (2,409) |
| **EBITDA** | **11,592** | **7,971** | **43,351** | **51,865** |
| Depreciation and amortisation | (3,115) | (2,752) | (11,746) | (10,789) |
| Amortisation of acquired intangible assets and impairment of assets incl. goodwill | (2,367) | (6,052) | (13,562) | (18,300) |
| **Operating profit (EBIT)** | **6,110** | **(833)** | **18,043** | **22,776** |
| Financial income | - | 980 | - | 983 |
| Financial costs | (884) | (1,559) | (3,968) | (2,911) |
| Financial liability fair value gains/(losses) | - | - | - | 700 |
| Share of profit after tax from associated companies reported using the equity method | (91) | - | 47 | - |
| **Profit before tax** | **5,135** | **(1,412)** | **14,123** | **21,548** |
| Income tax | (926) | (534) | (2,310) | (2,215) |
| **Net profit for the period** | **4,210** | **(1,946)** | **11,813** | **19,333** |
| | | | | |
| Net profit attributable to owners of the parent company | 3,964 | (1,897) | 10,999 | 18,512 |
| Net profit attributable to non-controlling interests | 246 | (49) | 814 | 821 |
| | | | | |
| **Other comprehensive income** | | | | |
| Items that may be transferred to profit for the year: | | | | |
| Exchange differences on translation of foreign operations | (15) | - | (13) | (12) |
| **Other comprehensive income for the period, after tax** | **(15)** | **-** | **(13)** | **(12)** |
| | | | | |
| **Total comprehensive income for the period** | **4,195** | **(1,946)** | **11,800** | **19,321** |
| | | | | |
| Total comprehensive income attributable to owners of the parent company | 3,949 | (1,897) | 10,986 | 18,500 |
| Total comprehensive income attributable to non-controlling interests | 246 | (49) | 814 | 821 |
| | | | | |
| **Earnings per share before dilution (EUR)** | **0.04** | **(0.02)** | **0.11** | **0.18** |
| **Earnings per share after dilution (EUR)** | **0.04** | **(0.02)** | **0.11** | **0.18** |
| | | | | |
| Weighted average number of shares outstanding adj. for share split (millions) | 97.99 | 100.92 | 98.79 | 101.29 |
| Weighted average number of shares outstanding after dilution adj. for share split (millions) | 97.99 | 100.92 | 98.79 | 101.29 |
| | | | | |
| **Key ratios** | | | | |
| Cost of sales as a % of revenue | 15.9% | 17.4% | 16.8% | 17.5% |
| Gaming duties as a % of revenue | 17.6% | 14.6% | 16.4% | 14.8% |
| Gross margin, % | 66.5% | 68.0% | 66.8% | 67.7% |
| Personnel costs as % of revenue | 14.2% | 13.1% | 13.6% | 13.0% |
| Operating expenses as % of revenue | 10.8% | 9.1% | 9.4% | 9.1% |
| Marketing expenses as % of revenue | 34.4% | 37.3% | 36.8% | 34.2% |
| EBITDA margin % | 11.8% | 8.1% | 11.1% | 13.4% |
| EBIT margin % | 6.2% | (0.8%) | 4.6% | 5.9% |
| Net margin, % | 4.3% | (2.0%) | 3.0% | 5.0% |

| Adjusted profit measures EUR'000s | Oct-Dec 2021 | Oct-Dec 2020 | 2021 | 2020 |
|---|---|---|---|---|
| **EBITDA** | **11,592** | **7,971** | **43,351** | **51,865** |
| Gain on sale of subsidiaries and assets | - | - | - | - |
| Restructuring costs | - | - | - | - |
| Other items affecting comparability | - | 3,500 | 1,263 | 3,500 |
| **Adjusted EBITDA** | **11,592** | **11,471** | **44,614** | **55,365** |
| Depreciation and amortisation | (3,115) | (2,752) | (11,746) | (10,789) |
| **Adjusted EBIT** | **8,477** | **8,719** | **32,868** | **44,576** |
| Net financial items | (884) | (579) | (3,968) | (1,928) |
| Share of profit after tax from associated companies reported using the equity method | (91) | - | 47 | - |
| Tax | (926) | (534) | (2,310) | (2,215) |
| **Adjusted net income** | **6,576** | **7,606** | **26,637** | **40,433** |
| **Adjusted EPS** | **0.07** | **0.08** | **0.27** | **0.40** |
| | | | | |
| Adjusted EBITDA margin % | 11.8% | 11.7% | 11.4% | 14.3% |
| Adjusted EBIT margin % | 8.6% | 8.9% | 8.4% | 11.5% |
| Adjusted net margin % | 6.7% | 7.7% | 6.8% | 10.4% |

# CONSOLIDATED BALANCE SHEET, CONDENSED

| EUR'000s | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| **ASSETS** | | |
| **Non-current assets** | | |
| Property, plant and equipment | 2,157 | 2,394 |
| Lease assets (right of use assets) | 5,836 | 8,878 |
| Intangible assets | 28,449 | 19,493 |
| Intangible assets related to surplus values from acquisitions | 19,493 | 28,694 |
| Goodwill | 95,734 | 94,657 |
| Financial Fixed Asset | - | 314 |
| Deferred tax assets | 2,162 | 2,876 |
| Investments in associated accounted for using the equity method | 1,168 | - |
| **Total non-current assets** | **154,999** | **157,306** |
| **Current assets** | | |
| Trade receivables and other receivables | 21,824 | 23,160 |
| Prepaid expenses and other accrued income | 5,311 | 5,480 |
| Cash and cash equivalents | 75,161 | 63,340 |
| *of which restricted cash (player funds)* | *19,945* | *15,801* |
| **Total current assets** | **102,296** | **91,981** |
| **TOTAL ASSETS** | **257,295** | **249,287** |
| **EQUITY AND LIABILITIES** | | |
| Share capital | 1,220 | 1,220 |
| Additional paid-in capital | 26,776 | 36,115 |
| Other reserves | 623 | 421 |
| Retained earnings including profit for the period | 49,368 | 55,075 |
| **Equity attributable to owners of the Parent Company** | **77,987** | **92,831** |
| Non-controlling interest | 6,164 | 5,350 |
| **Total Equity** | **84,151** | **98,181** |
| Bank loan | - | - |
| Bond Loan | 67,815 | 48,860 |
| Lease liabilities | 3,029 | 5,300 |
| Financial liability | 848 | - |
| Deferred tax liability | 1,091 | 1,435 |
| **Total non-current liabilities** | **72,783** | **55,595** |
| **Current liabilities** | | |
| Trade and other payables | 23,437 | 20,287 |
| Player liabilities | 19,945 | 15,801 |
| Tax liability | 4,334 | 5,948 |
| Accrued expenses and deferred income | 49,696 | 45,082 |
| Short-term lease liabilities | 2,949 | 3,093 |
| Liability for conditional purchase price (earn-out) | - | 5,300 |
| **Total current liabilities** | **100,361** | **95,511** |
| **Total liabilities** | **173,144** | **151,106** |
| **TOTAL EQUITY AND LIABILITIES** | **257,295** | **249,287** |

# CONSOLIDATED STATEMENT OF CASH FLOWS, CONDENSED

| EUR'000s | Oct-Dec 2021 | Oct-Dec 2020 | 2021 | 2020 |
|---|---|---|---|---|
| Operating profit | 6,110 | (833) | 18,043 | 22,776 |
| Adjustments for non-cash items | 4,942 | 8,922 | 24,184 | 30,052 |
| Cash flow from changes in working capital | (3,585) | 6,279 | 8,545 | 18,107 |
| Net income taxes paid | - | 6,469 | (4,916) | (1,695) |
| **Cash flow from operating activities** | **7,467** | **20,837** | **45,856** | **69,240** |
| Acquisition of property, plant and equipment | (281) | (110) | (901) | (399) |
| Acquisition of intangible assets | (4,320) | (2,908) | (15,831) | (10,492) |
| Acquisition of subsidiaries | - | - | (10,391) | (3,579) |
| Investment of associate accounted for using the equity method | - | - | (1,121) | - |
| Proceeds on sale of subsidiaries and assets | - | - | - | 2,861 |
| **Cash flow from investing activities** | **(4,601)** | **(3,018)** | **(28,244)** | **(11,609)** |
| Bond financing | - | 48,298 | 19,897 | 48,298 |
| Loan financing | - | (50,343) | - | (70,343) |
| Lease liabilities | (532) | (539) | (3,037) | (3,244) |
| Share buyback | (2,134) | (4,891) | (9,538) | (4,891) |
| Proceeds from share issue/other equity securities | 7 | - | 200 | 416 |
| Cash dividends paid out to shareholders | (3,882) | (6,955) | (12,695) | (14,213) |
| **Cash flow from financing activities** | **(6,541)** | **(14,430)** | **(5,173)** | **(43,977)** |
| Net increase/(decrease) in cash and cash equivalents | (3,675) | 3,389 | 12,439 | 13,654 |
| Cash and cash equivalents at start of the period | 78,916 | 59,806 | 63,340 | 50,738 |
| Currency effects on cash and cash equivalents | (80) | 145 | (618) | (1,052) |
| **Cash and cash equivalents at end of period** | **75,161** | **63,340** | **75,161** | **63,340** |
| *of which restricted cash (player funds)* | *19,945* | *15,801* | *19,945* | *15,801* |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, CONDENSED

| EUR'000s | Share Capital | Capital contribution | Other reserves | Retained earnings | Equity attributable to owners of the parent company | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2020** | **1,220** | **40,615** | **830** | **50,683** | **93,348** | **4,804** | **98,152** |
| Profit for the period | - | - | - | 18,512 | 18,512 | 821 | 19,333 |
| Other comprehensive income items *(exchange differences of foreign operations)* | - | - | (39) | 27 | (12) | - | (12) |
| **Total comprehensive income for the period** | **-** | **-** | **(39)** | **18,539** | **18,500** | **821** | **19,321** |
| *Transactions with shareholders in their capacity as owners:* | | | | | | | |
| Dividends | - | - | (66) | (14,147) | (14,213) | - | (14,213) |
| Options Premium | - | 391 | - | - | 391 | - | 391 |
| Share buyback | - | (4,891) | - | - | (4,891) | - | (4,891) |
| *Transactions with shareholders in their capacity as owners:* | | | | | | | |
| Acquisition of NCI | - | - | (304) | - | (304) | (275) | (579) |
| **Balance at 31 December 2021** | **1,220** | **36,115** | **421** | **55,075** | **92,831** | **5,350** | **98,181** |
| **Balance at 1 January 2021** | **1,220** | **36,115** | **421** | **55,075** | **92,831** | **5,350** | **98,181** |
| Profit for the period | - | - | - | 10,999 | 10,999 | 814 | 11,813 |
| Other comprehensive income *(exchange differences of foreign operations)* | - | - | (13) | - | (13) | - | (13) |
| **Total comprehensive income for the period** | **-** | **-** | **(13)** | **10,999** | **10,986** | **814** | **11,800** |
| *Transactions with shareholders in their capacity as owners:* | | | | | | | |
| Dividends | - | - | 215 | (16,706) | (16,491) | - | (16,491) |
| Options Premium | - | 199 | - | - | 199 | - | 199 |
| Share buyback | - | (9,538) | - | - | (9,538) | - | (9,538) |
| **Balance at 31 December 2021** | **1,220** | **26,776** | **623** | **49,368** | **77,987** | **6,164** | **84,151** |

# PARENT COMPANY INCOME STATEMENT, CONDENSED

| EUR'000s | Oct - Dec 2021 | Oct - Dec 2020 | 2021 | 2020 |
|---|---|---|---|---|
| **Revenue** | **212** | **171** | **849** | **669** |
| Operating expenses | (1,423) | (1,160) | (4,866) | (3,837) |
| Other income and expenses | (619) | - | (619) | - |
| **Operating profit (EBIT)** | **(1,830)** | **(989)** | **(4,636)** | **(3,168)** |
| Net financial income | 29,777 | 19,529 | 29,347 | 19,697 |
| **Profit before tax** | **27,947** | **18,540** | **24,711** | **16,529** |
| Apportion | - | - | - | - |
| Tax cost | (834) | 193 | (834) | 193 |
| **Net Profit for the period*** | **27,113** | **18,733** | **23,877** | **16,722** |

* Profit for the period corresponds to comprehensive income for the period

# PARENT COMPANY BALANCE SHEET, CONDENSED

| EUR'000s | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| **ASSETS** | | |
| **Total non-current assets** | **46,031** | **51,944** |
| Current assets | 55,481 | 32,641 |
| Cash and cash equivalents | 7,122 | 1,419 |
| **Total current assets** | **62,603** | **34,060** |
| **TOTAL ASSETS** | **108,634** | **86,004** |
| **Total equity** | **35,332** | **36,193** |
| Bank Loan | - | - |
| Bond Loan | 67,815 | 48,860 |
| Financial liability | 848 | - |
| **Total long term liabilities** | **68,663** | **48,860** |
| Total current liabilities | 4,639 | 951 |
| **Total liabilities** | **73,302** | **49,811** |
| **TOTAL EQUITY AND LIABILITIES** | **108,634** | **86,004** |

# KPI'S PER QUARTER

| Amounts in EUR'000s unless otherwise stated | Q4 2021 | Q3 2021 | Q2 2021 | Q1 2021 | Q4 2020 |
|---|---|---|---|---|---|
| Deposits | 311 845 | 308 578 | 304 539 | 295 763 | 315 130 |
| Growth, Deposits, y-y % | -1% | 5% | -14% | 3% | 11% |
| Growth, Deposits, q-q % | 1% | 1% | 3% | -6% | 8% |
| Deposits per region | | | | | |
| Nordics, % Deposits | 56% | 49% | 46% | 43% | 44% |
| Rest of Europe, % Deposits | 29% | 36% | 40% | 43% | 45% |
| Rest of World, % Deposits | 15% | 15% | 14% | 14% | 11% |
| Net Gaming Revenue (NGR) | 95 397 | 96 424 | 93 899 | 93 354 | 96 383 |
| Growth Net Gaming Revenue, y-y % | -1% | 12% | -14% | 7% | 16% |
| Growth Net Gaming Revenue, q-q % | -1% | 3% | 1% | -3% | 12% |
| Net Gaming Revenue (NGR) per region | | | | | |
| Nordics, % Net Gaming Revenue | 50% | 44% | 41% | 38% | 36% |
| Rest of Europe, % Net Gaming Revenue | 29% | 34% | 39% | 42% | 47% |
| Rest of World, % Net Gaming Revenue | 21% | 22% | 20% | 20% | 17% |
| Growth in NGR per region | | | | | |
| Nordics, y-y % | 36% | 39% | 4% | -3% | -4% |
| Rest of Europe, y-y % | -39% | -19% | -35% | -1% | 28% |
| Rest of World, y-y % | 24% | 42% | 17% | 69% | 46% |
| Locally-taxed revenue as a % of total | 74% | 66% | 65% | 65% | 67% |
| Growth in locally-taxed revenues, y-y % | 10% | 8% | -26% | -6% | 7% |
| Growth in locally-taxed revenues, q-q % | 12% | 4% | 1% | -6% | 9% |
| Hold (NGR/Deposits) % | 30,6% | 31,2% | 30,8% | 31,6% | 30,6% |
| Game margin % | 4,30% | 4,23% | 4,12% | 4,06% | 3,94% |
| Number of active customers | 551 924 | 597 667 | 684 807 | 721 146 | 823 649 |
| Growth active customers, y-y % | -33% | -10% | 2% | 12% | 43% |
| Growth active customers, q-q % | -8% | -13% | -5% | -12% | 25% |
| Number of depositing customers | 456 063 | 469 721 | 460 697 | 462 386 | 461 983 |
| Growth depositing customers, y-y % | -1% | 7% | 6% | 12% | 24% |
| Growth depositing customers, q-q % | -3% | 2% | 0% | 0% | 5% |
| Number of new depositing customers | 172 756 | 188 221 | 177 503 | 186 510 | 181 592 |
| Growth new depositing customers, y-y % | -5% | 5% | -9% | -4% | 15% |
| Growth new depositing customers, q-q % | -8% | 6% | -5% | 3% | 1% |
| Number of returning depositing customers | 283 307 | 281 500 | 283 194 | 275 876 | 280 391 |
| Growth returning depositing customers, y-y % | 1% | 8% | 18% | 25% | 31% |
| Growth returning depositing customers, q-q % | 1% | -1% | 3% | -2% | 8% |

# CONSOLIDATED INCOME STATEMENT PER QUARTER

| EUR'000s | Q4 2021 | Q3 2021 | Q2 2021 | Q1 2021 | Q4 2020 |
|---|---|---|---|---|---|
| **Revenue** | **98,228** | **99,386** | **96,830** | **96,726** | **98,356** |
| Cost of sales | (15,599) | (17,111) | (16,963) | (16,045) | (17,135) |
| Gaming Duties | (17,325) | (15,930) | (15,469) | (15,277) | (14,336) |
| **Gross profit** | **65,304** | **66,345** | **64,398** | **65,404** | **66,885** |
| Personnel costs | (13,935) | (12,414) | (13,508) | (13,327) | (12,856) |
| Capitalised development costs | 4,580 | 3,630 | 3,878 | 3,181 | 2,926 |
| Other operating expenses | (10,626) | (9,876) | (7,488) | (8,749) | (8,965) |
| Marketing expenses | (33,789) | (36,242) | (37,594) | (36,138) | (36,730) |
| Other income and expenses | 59 | 67 | 124 | 68 | (3,289) |
| **EBITDA** | **11,592** | **11,510** | **9,810** | **10,439** | **7,971** |
| Depreciation and amortisation | (3,115) | (3,012) | (2,909) | (2,710) | (2,752) |
| Amortisation of acquired intangible assets and impairment of assets incl. goodwill | (2,367) | (2,984) | (4,135) | (4,076) | (6,052) |
| **Operating profit (EBIT)** | **6,110** | **5,514** | **2,766** | **3,653** | **(833)** |
| Financial income | - | - | - | - | 980 |
| Financial costs | (884) | (1,127) | (877) | (1,080) | (1,559) |
| Financial liability fair value gains/(losses) | - | - | - | - | - |
| Share of profit after tax from associated companies reported using the equity method | (91) | (58) | 196 | - | - |
| **Profit before tax** | **5,135** | **4,329** | **2,085** | **2,573** | **(1,412)** |
| Income tax | (926) | (204) | (1,002) | (178) | (534) |
| **Net profit for the period** | **4,210** | **4,125** | **1,083** | **2,395** | **(1,946)** |
| Net profit attributable to owners of the parent company | 3,964 | 4,054 | 824 | 2,157 | (1,897) |
| Net profit attributable to non-controlling interests | 246 | 71 | 259 | 238 | (49) |
| **Other comprehensive income** | | | | | |
| Items that may be transferred to profit for the year: | | | | | |
| Exchange differences on translation of foreign operations | (15) | (1) | - | 3 | - |
| **Other comprehensive income, after tax** | **(15)** | **(1)** | **-** | **3** | **-** |
| **Total comprehensive income for the period** | **4,195** | **4,124** | **1,083** | **2,398** | **(1,946)** |
| Total comprehensive income attributable to owners of the parent company | 3,949 | 4,053 | 824 | 2,160 | (1,897) |
| Total comprehensive income attributable to non-controlling interests | 246 | 71 | 259 | 238 | (49) |
| **Earnings per share (EUR)** | **0.04** | **0.04** | **0.01** | **0.02** | **(0.02)** |
| **Earnings per share after dilution (EUR)** | **0.04** | **0.04** | **0.01** | **0.02** | **(0.02)** |
| Weighted average number of shares outstanding adj. for share split (millions) | 97.99 | 98.67 | 99.60 | 100.18 | 100.92 |
| Weighted average number of shares outstanding after dilution adj. for share split (millions) | 97.99 | 98.67 | 99.60 | 100.18 | 100.92 |
| **Key ratios** | | | | | |
| Cost of sales as a % of revenue | 15.9% | 17.2% | 17.5% | 16.6% | 17.4% |
| Gaming duties as a % of revenue | 17.6% | 16.0% | 16.0% | 15.8% | 14.6% |
| Gross margin, % | 66.5% | 66.8% | 66.5% | 67.6% | 68.0% |
| Personnel costs as % of revenue | 14.2% | 12.5% | 14.0% | 13.8% | 13.1% |
| Operating expenses as % of revenue | 10.8% | 9.9% | 7.7% | 9.0% | 9.1% |
| Marketing expenses as % of revenue | 34.4% | 36.5% | 38.8% | 37.4% | 37.3% |
| EBITDA, margin % | 11.8% | 11.6% | 10.1% | 10.8% | 8.1% |
| EBIT, margin % | 6.2% | 5.5% | 2.9% | 3.8% | -0.8% |
| Net margin, % | 4.3% | 4.2% | 1.1% | 2.5% | -2.0% |

| Adjusted profit measures EUR'000s | Q4 2021 | Q3 2021 | Q2 2021 | Q1 2021 | Q4 2020 |
|---|---|---|---|---|---|
| **EBITDA** | **11,592** | **11,510** | **9,810** | **10,439** | **7,971** |
| Gain on sale of subsidiaries and assets | - | - | - | - | - |
| Restructuring costs | - | - | - | - | - |
| Other items affecting comparability | - | - | 756 | 507 | 3,500 |
| **Adjusted EBITDA** | **11,592** | **11,510** | **10,566** | **10,946** | **11,471** |
| Depreciation and amortisation | (3,115) | (3,012) | (2,909) | (2,710) | (2,752) |
| **Adjusted EBIT** | **8,477** | **8,498** | **7,657** | **8,236** | **8,719** |
| Net financial items | (884) | (1,127) | (877) | (1,080) | (579) |
| Share of profit after tax from associated companies reported using the equity method | (91) | (58) | 196 | - | - |
| Tax | (926) | (204) | (1,002) | (178) | (534) |
| **Adjusted net income** | **6,576** | **7,109** | **5,974** | **6,978** | **7,606** |
| **Adjusted EPS** | **0.07** | **0.07** | **0.06** | **0.07** | **0.08** |
| Adjusted EBITDA margin % | 11.8% | 11.6% | 10.9% | 11.3% | 11.7% |
| Adjusted EBIT margin % | 8.6% | 8.6% | 7.9% | 8.5% | 8.9% |
| Adjusted net margin % | 6.7% | 7.2% | 6.2% | 7.2% | 7.7% |

# CONSOLIDATED BALANCE SHEET PER QUARTER, CONDENSED

| EUR'000s | Q4 2021 | Q3 2021 | Q2 2021 | Q1 2021 | Q4 2020 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 2,157 | 2,177 | 2,137 | 2,255 | 2,394 |
| Lease assets (right of use assets) | 5,836 | 6,737 | 7,594 | 8,537 | 8,878 |
| Intangible assets | 28,449 | 26,032 | 24,194 | 21,353 | 19,493 |
| Intangible assets surplus values from acquisitions | 19,493 | 21,241 | 24,225 | 24,616 | 28,694 |
| Goodwill | 95,734 | 95,734 | 95,734 | 94,657 | 94,657 |
| Financial Fixed Asset | - | - | - | - | 314 |
| Deferred tax assets | 2,162 | 3,382 | 3,382 | 2,876 | 2,876 |
| Investments in associated accounted for using the equity method | 1,168 | 1,259 | 1,317 | 1,121 | - |
| **Total non-current assets** | **154,999** | **156,562** | **158,583** | **155,415** | **157,306** |
| **Current assets** | | | | | |
| Trade receivables and other receivables | 21,824 | 32,137 | 35,161 | 25,194 | 23,160 |
| Prepaid expenses and other accrued income | 5,311 | 5,983 | 5,423 | 6,044 | 5,480 |
| Cash and cash equivalents | 75,161 | 78,916 | 60,321 | 70,809 | 63,340 |
| *of which restricted cash (player funds)* | *19,945* | *18,249* | *16,542* | *16,564* | *15,801* |
| **Total current assets** | **102,296** | **117,036** | **100,905** | **102,047** | **91,981** |
| **TOTAL ASSETS** | **257,295** | **273,598** | **259,488** | **257,462** | **249,287** |
| **EQUITY AND LIABILITIES** | | | | | |
| Share capital | 1,220 | 1,220 | 1,220 | 1,220 | 1,220 |
| Additional paid-in capital | 26,776 | 28,905 | 31,415 | 36,115 | 36,115 |
| Other reserves | 623 | 518 | 467 | 424 | 421 |
| Retained earnings including profit for the period | 49,368 | 45,378 | 41,132 | 57,232 | 55,075 |
| **Equity attributable to owners of the Parent Company** | **77,987** | **76,021** | **74,234** | **94,991** | **92,831** |
| Non-controlling interest | 6,164 | 5,918 | 5,847 | 5,588 | 5,350 |
| **Total Equity** | **84,151** | **81,939** | **80,081** | **100,579** | **98,181** |
| Bank loan | | - | 4,776 | 4,748 | - |
| Bond loan | 67,815 | 68,734 | 48,625 | 48,051 | 48,860 |
| Lease liabilities | 3,029 | 3,131 | 4,119 | 4,614 | 5,300 |
| Financial liability | 848 | 134 | 95 | 721 | - |
| Deferred tax liability | 1,091 | 1,095 | 1,217 | 1,223 | 1,435 |
| **Total non-current liabilities** | **72,783** | **73,094** | **58,832** | **59,357** | **55,595** |
| **Current liabilities** | | | | | |
| Trade and other payables | 23,437 | 33,769 | 37,090 | 20,780 | 20,287 |
| Player liabilities | 19,945 | 18,249 | 16,542 | 16,564 | 15,801 |
| Tax liability | 4,334 | 9,953 | 8,380 | 5,947 | 5,948 |
| Accrued expenses and deferred income | 49,696 | 53,215 | 52,863 | 48,515 | 45,082 |
| Short-term lease liabilities | 2,949 | 3,379 | 3,400 | 3,420 | 3,093 |
| Liability for conditional purchase price (earn-out) | - | - | 2,300 | 2,300 | 5,300 |
| **Total current liabilities** | **100,361** | **118,565** | **120,575** | **97,526** | **95,511** |
| **Total liabilities** | **173,144** | **191,659** | **179,407** | **156,883** | **151,106** |
| **TOTAL EQUITY AND LIABILITIES** | **257,295** | **273,598** | **259,488** | **257,462** | **249,287** |

# CONSOLIDATED STATEMENT OF CASH FLOWS PER QUARTER, CONDENSED

| EUR'000s | Q4 2021 | Q3 2021 | Q2 2021 | Q1 2021 | Q4 2020 |
|---|---|---|---|---|---|
| Operating profit | 6,110 | 5,514 | 2,766 | 3,653 | (833) |
| Adjustments for non-cash items | 4,942 | 5,727 | 7,320 | 6,195 | 8,922 |
| Cash flow from changes in working capital | (3,585) | 778 | 8,456 | 2,896 | 6,279 |
| Net income taxes paid | - | 5,295 | (10,211) | - | 6,469 |
| **Cash flow from operating activities** | **7,467** | **17,314** | **8,331** | **12,744** | **20,837** |
| Acquisition of property, plant and equipment | (281) | (313) | (153) | (154) | (110) |
| Acquisition of intangible assets | (4,320) | (3,616) | (4,525) | (3,370) | (2,908) |
| Acquisition of subsidiaries | - | (2,300) | (3,591) | (4,500) | - |
| Investment of associate accounted for using the equity method | - | - | - | (1,121) | - |
| Proceeds on sale of subsidiaries and assets | - | - | - | - | - |
| **Cash flow from investing activities** | **(4,601)** | **(6,229)** | **(8,269)** | **(9,145)** | **(3,018)** |
| Bond financing | - | 19,897 | - | - | 48,298 |
| Loan financing | - | (5,000) | - | 5,000 | (50,343) |
| Lease liabilities | (532) | (1,099) | (516) | (890) | (539) |
| Share buyback | (2,134) | (2,462) | (4,942) | - | (4,891) |
| Proceeds from share issue/other equity securities | 7 | 193 | - | - | - |
| Cash dividends paid out to shareholders | (3,882) | (3,890) | (4,923) | - | (6,955) |
| **Cash flow from financing activities** | **(6,541)** | **7,639** | **(10,381)** | **4,110** | **(14,430)** |
| Net increase/(decrease) in cash and cash equivalents | (3,675) | 18,724 | (10,319) | 7,709 | 3,389 |
| Cash and cash equivalents at start of the period | 78,916 | 60,321 | 70,809 | 63,340 | 59,806 |
| Currency effects on cash and cash equivalents | (80) | (129) | (169) | (240) | 145 |
| **Cash and cash equivalents at end of period** | **75,161** | **78,916** | **60,321** | **70,809** | **63,340** |
| *of which restricted cash (player funds)* | *19,945* | *18,249* | *16,542* | *16,564* | *15,801* |

# DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES

### SHARES OUTSTANDING AFTER DILUTION
The number of shares outstanding before dilution plus the number of outstanding warrants, less the redemption sum for the warrants, divided by the average share price for the period.

### ACTIVE CUSTOMERS
The number of customers who have played on LeoVegas, including customers who have only used a bonus offer.

### HOLD
Net Gaming Revenue (NGR) divided by the sum of deposits.

### GROSS PROFIT
Revenue less direct, variable costs, including costs for third-party game vendors, fees paid to payment service providers, and gaming taxes.

### DEPOSITS
Includes all cash deposited for gaming by customers during a given period.

### DEPOSITING CUSTOMERS
Customers who have made cash deposits during the period per platform/brand. Since this is measured per platform, it means that a certain number of customers are counted more than once, such as a customer who has made a deposit with Royal Panda and LeoVegas. Starting with the second quarter of 2021, all of the wholly owned brands are run on the Group's proprietary technical platform, Rhino.

### EBIT
Operating profit.

### EBIT MARGIN, %
EBIT in relation to revenue.

### EBITDA
Operating profit before depreciation, amortisation and impairment losses.

### EBITDA MARGIN, %
EBITDA in relation to revenue.

### AVERAGE NUMBER OF FULL-TIME EMPLOYEES
Average number of employees (full-time equivalents) during the entire period.

### ADJUSTED EBITDA
EBITDA adjusted for items affecting comparability.

### ADJUSTED EBIT
EBIT adjusted for items affecting comparability.

### ADJUSTED EARNINGS PER SHARE
Earnings per share adjusted for items affecting comparability.

### ITEMS AFFECTING COMPARABILITY
Pertains to amortisation of acquired intangible assets and remeasurement of conditional purchase prices (earn-out) for acquisitions. Sales of subsidiaries and assets that affect earnings are also eliminated. Costs related to restructuring of the existing organisation are also defined as items affecting comparability. Gaming taxes that have arisen for historical periods following a revised assessment are also included in items affecting comparability.

### CASH AND CASH EQUIVALENTS
Balances in bank accounts plus e-wallets.

### NET DEBT EXCLUDING PLAYER LIABILITIES
The company's interest-bearing liabilities less cash and cash equivalents excluding player balances.

### NEW DEPOSITING CUSTOMER (NDC)
A customer who has made his or her first cash deposit during the period.

### ORGANIC GROWTH
Growth excluding acquisitions, adjusted for currency effects.

### EARNINGS PER SHARE
Total comprehensive income for the period attributable to owners of the Parent Company divided by the weighted average number of shares outstanding during the period.

### EARNINGS PER SHARE AFTER DILUTION
Total comprehensive income for the period attributable to owners of the Parent Company divided by the weighted average number of shares outstanding during the period, adjusted for additional shares for warrants with a dilutive effect.

### WORKING CAPITAL
Working capital is calculated as the net of current liabilities and current assets.

### OPERATING PROFIT (EBIT)
Profit before interest and tax.

### EQUITY/ASSETS RATIO, %
Equity divided by total assets.

### GROSS GAMING REVENUE (GGR)
The sum of all wagers less all wins payable to customers (referred to in the industry as GGR).

**NET GAMING REVENUE (NGR)**
Total cash wagers less all winnings payable to customers after bonus costs and external jackpot contributions (referred to in the industry as NGR).

**GAME MARGIN, %**
Customers' total wagers (including bonus money) less winnings, divided by customers' total wagers (including bonus money).

**DIVIDEND PER SHARE**
The dividend paid or proposed per share.

**PROFIT MARGIN, %**
Net profit divided by revenue.

**RETURNING DEPOSITING CUSTOMER (RDC)**
A customer who has made a cash deposit during the period but made his or her first deposit in an earlier period.

# OTHER DEFINITIONS

**REVENUE**
Net Gaming Revenue plus adjustments for corrections, changes in provisions for local jackpots and unconverted provisions for bonuses.

**LOCALLY TAXED REVENUE**
Revenue from locally regulated markets and markets where the company pays gaming tax.

**LOCALLY REGULATED MARKETS**
Markets that have regulated online gaming and that have issued licences that operators can apply for.

**MOBILE DEVICES**
Smartphones and tablets.

**NET PROFIT**
Profit less all expenses, including interest and tax.

**PLATFORM**
LeoVegas' technical platform, Rhino, on which the wholly owned brands are run, is controlled and further developed by the Group.

**GAMING TAXES**
A tax that is calculated on a measure of revenue that operators of gaming activities pay in a regulated market, such as in Denmark, Italy, the UK, Spain or Sweden. In certain markets it also pertains to the cost for VAT on revenue (e.g., Germany, Malta, Ireland).