



LeoVegas

MOBILE GAMING GROUP

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.lovegasgroup.com

QUARTERLY REPORT 1 APRIL–30 JUNE 2022

SECOND QUARTER 2022: 1 APRIL–30 JUNE

- Revenue increased 1% to EUR 98.0 m (96.8). Organic growth in local currencies was 1%. Excluding the Netherlands, revenue increased 9%.
- The number of depositing customers was 442,647 (460,697), a decrease of 4%.
- Net Gaming Revenue (NGR) from regulated markets and markets in which the company pays local gaming taxes was 79% (65) of total NGR.
- Adjusted EBITDA was EUR 9.0 m (10.6), corresponding to an EBITDA margin of 9.2% (10.9). Expenses related to the US expansion totalled EUR 1.0 m (0.0). Reported EBITDA was EUR 5.4 m (9.8) and included items affecting comparability of EUR 3.6 m (0.8), which was primarily attributable to the ongoing public takeover bid of the company's shares.
- Adjusted EBIT was EUR 5.5 m (7.7), corresponding to an adjusted EBIT margin of 5.6% (7.9). Reported EBIT was EUR 0.6 m (2.8).
- Earnings per share were EUR -0.01 (0.01) before and after dilution, while adjusted earnings per share were EUR 0.05 (0.06).

EUR'000s	Apr-Jun 2022	Apr-Jun 2021	Δ, %	Jan-Jun 2022	Jan-Jun 2021	Δ, %	2021
Revenue	97,954	96,830	1%	196,464	193,556	2%	391,171
EBITDA	5,376	9,810	-45%	19,521	20,249	-4%	43,351
Adjusted EBITDA	9,020	10,566	-15%	23,165	21,512	8%	44,614
Adjusted EBITDA margin (%)	9.2%	10.9%	-16%	11.8%	11.1%	6%	11.4%
Adjusted EBIT	5,452	7,657	-29%	16,322	15,893	3%	32,868
Adjusted EBIT margin (%)	5.6%	7.9%	-30%	8.3%	8.2%	1%	8.4%
Earnings per share before dilution (EUR)	(0.01)	0.01	-187%	(0.08)	0.03	-367%	0.11
Adjusted earnings per share before dilution (EUR)	0.05	0.06	-24%	0.14	0.13	7%	0.27
Cash flow from operating activities	(98)	8,331	-101%	15,034	21,075	-29%	45,856
New Depositing Customers (NDC)	158,149	177,503	-11%	332,900	364,013	-9%	724,990
Returning Depositing Customers (RDC)	284,498	283,194	0%	349,084	341,749	2%	405,917

EVENTS DURING THE QUARTER

- The process concerning MGM Resorts International's public takeover bid is proceeding and the acceptance period expires on 30 August.
- On 4 April, the gaming market was re-regulated in Ontario, Canada. LeoVegas was one of the first operators to relaunch its offer on the regulated market.
- LeoVegas has chosen to pause its expansion to New Jersey as a result of the bid from MGM. If the bid is not accepted, LeoVegas can resume the project with a short start-up period.
- LeoVegas' AGM was carried out on 19 May 2022 where the proposed resolutions were approved.
- LeoVegas won the award "Online Casino of the Year" at the Global Gaming Awards and "Online Gaming Operator of the Year" at the International Gaming Awards.

EVENTS AFTER THE END OF THE QUARTER

- Preliminary revenue for July amounted to EUR 32.8 m (32.8), representing unchanged growth of 0% and 8% excluding the Netherlands.
- The Gambling Commission in the UK (UKGC) issued a sanction fee of GBP 1.3 m (EUR 1.6 m) to LeoVegas relating to deficiencies in procedures during the period from October 2019 to October 2020. At the time of the assessment, LeoVegas had already taken actions to improve and update procedures and processes. A provision was made as a result of the sanction fee, which was charged to EBITDA in the second quarter.

“Record sports betting revenue during the quarter”

CEO'S COMMENTS

SECOND QUARTER

It was an eventful quarter for the LeoVegas Group. LeoVegas was launched as one of the first operators on the newly regulated market in Ontario, Canada, and we released our first proprietary games through the gaming studio Blue Guru Games. We implemented major efficiency improvements through the automation of our CRM activities, which will also create a more individually tailored gaming experience. In the beginning of May, the US company MGM announced a takeover bid for all shares in LeoVegas. It seems likely that the bid will be accepted, which would lead to the company's shares being delisted from Nasdaq Stockholm later in the year. Regardless of the outcome of the bid, business remains as usual and we are continuing to work relentlessly to create the industry's premium gaming experience for our customers.

During the second quarter, the Group's revenue grew 1%. Excluding the Netherlands, growth was 9%. During the period, 79% of our revenue was locally regulated and/or taxed. Growth of the proportion of regulated revenue is in line with our strategy and demonstrates our strength in operating in regulated markets with complex and locally adapted regulations. Adjusted EBITDA was EUR 9.0 m, which was charged during the period by items affecting comparability that were primarily attributable to the bidding process with MGM. Expenses related to the US expansion were charged to EBITDA with EUR 1.0 m. As we wrote in our previous report, we have increased marketing investments mainly connected to the re-regulation in Ontario. We also intensified initiatives in some other markets in which we noted good returns on our marketing. Our operating expenses increased during the quarter, partly driven by new recruitments in our technology organisation with the opening of two new tech hubs in Warsaw and Malaga, and partly by expenses connected to the expansion project in the US market.

SPORTS BETTING

We are continuing to increase our strategic focus on sport and our sportsbook-led brands Expekt and BetUK recorded

record revenue during the quarter. Sports betting as a whole also recorded record revenue. We intend to enter into several football sponsorship in the near future. This is expected to provide us with a global reach to a relevant and partly new target group, and we are able to produce unique content with the clubs and their players, which should attract new customers and increase loyalty among existing customers.

MARKETS

Most of the main markets continue to develop well and we cannot see any signs to date that the current macro situation with high inflation and rising interest rates is impacting the habits of our players. Once again, Sweden stuck out during the quarter with strong performances for the LeoVegas and Expekt brands.

The expansion project in the US and New Jersey was paused at the end of the quarter due to the ongoing bid and the initiatives and obligations that MGM already has in the US market. The assessment is therefore that the most responsible course of action is to pause the expansion until we know whether the bid on LeoVegas will be accepted. If a launch is made possible in the future, we will be able to resume the US expansion with a short start-up period.

In April, the gaming market was re-regulated in Ontario and we relaunched the LeoVegas and Royal Panda brands. We are looking positively towards the future and have the prerequisites in place to be one of the market leaders. LeoVegas has also applied for a licence in the Netherlands and preparations are proceeding with a planned launch in the autumn.

COMMENTS ON THE THIRD QUARTER

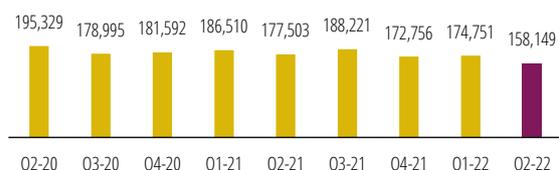
Preliminary revenue for July amounted to EUR 32.8 m (32.8), representing unchanged growth and 8% excluding the Netherlands.

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

KEY PERFORMANCE INDICATORS

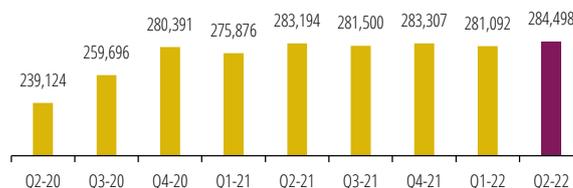
For more KPIs and comments, see the accompanying presentation file at LeoVegasgroup.com. See also the section “Definitions of Alternative Performance Measures”.

NEW DEPOSITING CUSTOMERS (NDCs)



NDCs declined 11% year-on-year and 10% sequentially compared with the preceding quarter. The decline was mainly the result of a change of focus to high quality customer acquisition channels in Latin America and due to new legislation in Finland.

RETURNING DEPOSITING CUSTOMERS (RDCs)



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

NGR PER REGION, Q2 2022



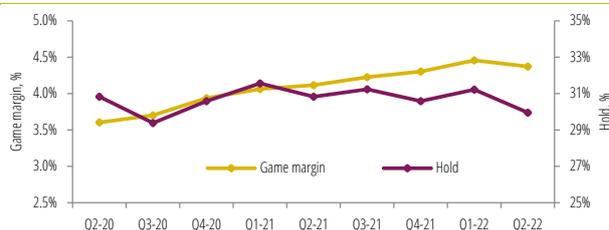
The Nordic countries comprised the largest region during the quarter and accounted for 53% of the Group’s Net Gaming Revenue (NGR). Rest of Europe accounted for 26%, while Rest of World accounted for 21%. Rest of Europe’s share was lower than in the preceding year, mainly due to the company ceasing to provide its services in the Netherlands and a continued loss of revenue in Germany.

GGR PER PRODUCT, Q2 2022



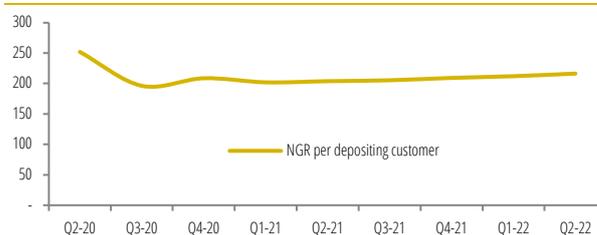
Casino accounted for 73% (74) of the Group’s Gross Gaming Revenue (GGR), Live Casino for 15% (15), and the Sportsbook for 12% (11). The Sportsbook’s year-on-year increase was mainly driven by strong growth for the Expekt brand.

GAME MARGIN AND HOLD



The relation between NGR and deposits (“Hold”) decreased compared with the preceding quarter to 30%, which was lower than the historical average. One factor that has had a strong bearing on hold is the game margin. The game margin declined compared with the preceding quarter and totalled 4.4%.

PLAYER VALUE (EUR)



The average player value per depositing customer was EUR 216, which is an increase of 2% compared with the preceding quarter, and 6% year-on-year.

GROUP PERFORMANCE Q2

REVENUE, DEPOSITS AND NGRS

Revenue totalled EUR 98.0 m (96.8) during the second quarter, corresponding to an increase of 1% compared with the preceding year. Organic growth in local currencies was 1%. Excluding the Netherlands, revenue increased 9%.

Deposits totalled EUR 319.6 m (304.5) during the quarter, an increase of 5%. Deposits increased sequentially by 3% over the preceding quarter. Net Gaming Revenue (NGR) amounted to EUR 95.7 m (93.9) during the period, an increase of 2% year-on-year and a sequential decline of 1% compared with the first quarter. Owing to a slightly lower game margin, NGR grew slower than deposits compared with the preceding quarter.

In the Nordic countries, NGR increased 33% compared with the year-earlier period. Sweden had another good quarter and generated a new record level of revenues for the period. During the quarter, the company was once again one of the largest commercial operators in the Swedish market and continued to capture market shares. Finland declined substantially due to a change in legislation from the beginning of the year.

In the Rest of Europe region, NGR decreased 31% compared with the year-earlier period. The Netherlands continued to slow the region's development. LeoVegas ceased to provide its services in the country as from 30 September 2021. The market accounted for 7% of the Group's total revenue and for 18% of the region's revenue during the year-earlier period. Germany also continued to impact the region's sales negatively, although from lower levels compared with the preceding quarter.

In the Rest of World region, NGR increased 2% year-on-year. The trend was favourable in most markets in the region, but the region's growth was impacted in the short term by the new regulation in Ontario, Canada.

For the Group as a whole, revenue from locally regulated markets and markets in which the Group pays local gaming taxes accounted for 79% (65) of total revenue during the second quarter.

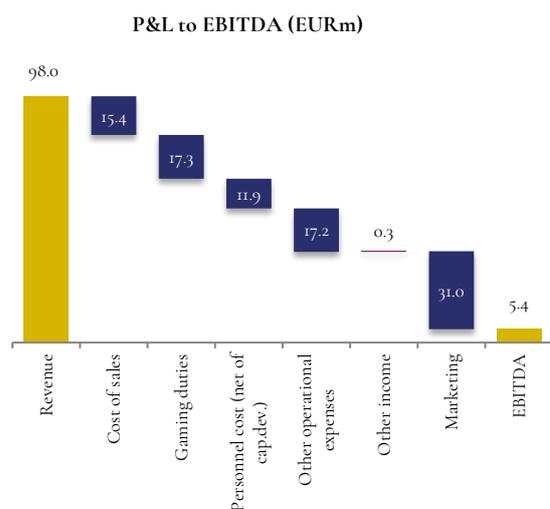
EARNINGS

Gross profit for the second quarter was EUR 65.2 m (64.4), corresponding to a gross margin of 66.6% (66.5). Gaming taxes totalled EUR 17.3 m (15.5), corresponding to 17.7% of revenue (16.0). Cost of sales was 15.7% of revenue (17.5) and consisted mainly of costs for external game and payment service providers.

Marketing costs during the quarter totalled EUR 31.0 m (37.6). The increase compared with the preceding quarter (29.9) was mainly the result of investments connected to the new launch in Ontario as well as an increased focus on sports betting. Marketing expenses in relation to revenue were 31.7% during the second quarter, which is higher than the preceding quarter (30.3) but considerably lower than in the year-earlier period (38.8).

Personnel costs in relation to revenue increased compared with the year-earlier period to 16.5% (14.0). 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. The company also commenced the establishment of and new recruitments for the new tech hubs in Warsaw and Malaga.

Other operating expenses amounted to 17.6% (7.7) of revenue, which was abnormally high. The quarter included items affecting comparability of EUR 3.6 m (0.8) mainly attributable to the ongoing takeover bid but also a provision for a regulatory fine in the UK. Ordinary expenses during the quarter were impacted by the US expansion by EUR 1.0 m (0.0). The US-related expenses are expected to be lower during the third quarter. Unfavourable currency fluctuations and increased travel also contributed to higher operating expenses during the period compared with the year-earlier period.



Adjusted EBITDA for the second quarter was EUR 9.0 m (10.6), corresponding to an EBITDA margin of 9.2% (10.9).

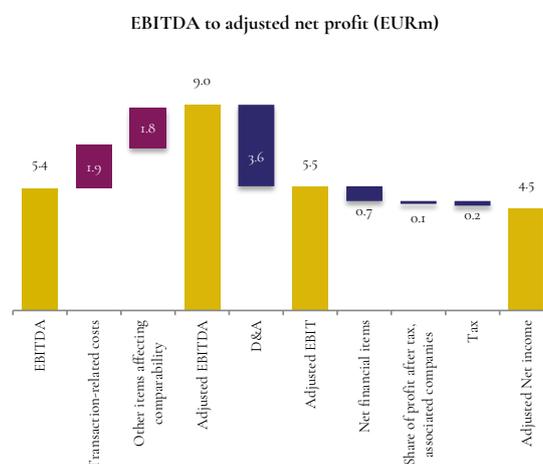
Reported EBITDA was EUR 5.4 m (9.8) during the period and included a number of items affecting comparability totalling EUR 3.6 m (0.8), which was primarily attributable to the ongoing public takeover bid of the company's shares. The negative impact of EBITDA directly connected to the company's US expansion amounted to EUR 1.0 m (0.0) in the second quarter. The impact on earnings is expected to be lower during the third quarter since LeoVegas has paused the project while waiting for the outcome of the ongoing bid.

The Group's depreciation and amortisation excluding acquisition-related depreciation and amortisation totalled EUR 3.6 m (2.9). Amortisation related to acquired intangible assets totalled EUR 1.2 m (4.1). In the third quarter of the preceding year, Royal Panda's acquired customer database became fully amortised, which is the main reason for the year-on-year decline. From 2022, the customer database related to the acquisition of LeoVegas UK's Rocket X is also fully amortised.

Operating profit (EBIT) for the quarter was EUR 0.6 m (2.8), corresponding to an EBIT margin of 0.6% (2.9). Adjusted EBIT for the quarter was EUR 5.5 m (7.7), corresponding to an adjusted EBIT margin of 5.6% (7.9). Adjusted EBIT gives a more accurate picture of the Group's underlying earnings during the period.

Financial items amounted to EUR 0.7 m (0.9) and 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 0.2 m (1.0).

The share of profit after tax from associated companies recognised in accordance with the equity method was EUR -0.1 m (0.2) and pertains to the company's minority stake in BeyondPlay.

Net profit for the quarter was EUR -0.4 m (1.0), corresponding to a net margin of -0.4% (1.0). Adjusted net profit for the quarter totalled EUR 4.5 m (6.0). Earnings per share were EUR -0.01 (0.01) before and after dilution. Adjusted earnings per share were EUR 0.05 (0.06).

BALANCE SHEET AND FINANCING

Cash and cash equivalents at the end of the second quarter amounted to EUR 83.0 m (60.3). Cash and cash equivalents, excluding player funds, amounted to EUR 62.7 m (43.8). LeoVegas has a total of about EUR 105 m in available borrowing scope, of which EUR 80 m (53) was utilised at the end of the second quarter. Overall, the Group's financial position is good. Net debt excluding player liabilities in relation to adjusted EBITDA (rolling 12 months) was 0.4x (0.2).

The Group had intangible assets worth EUR 33.2 m at the end of the quarter (24.2). Intangible assets attributable to identified surplus value from acquisitions amounted to EUR 17.0 m (24.2). Goodwill related to all acquisitions amounted to EUR 95.7 m (95.7).

At the end of the quarter, equity attributable to owners of the Parent Company amounted to EUR 67.6 m (74.2). Other reserves declined during the period as a result of the increased ownership of CasinoGrounds from 51% to 80%. The purchase price was EUR 5.2 m. Non-controlling interests thus declined during the quarter and totalled EUR 2.7 m (5.8) as of the balance sheet date. Total assets amounted to EUR 278.7 m (259.5). The equity/assets ratio was 25% (31).

Total liabilities increased compared with the year-on-year quarter, mainly as the result of an increase in the company's issued bonds and the utilisation of the company's RCF. The company also has a tax liability concerning income tax from previous years that will be regulated before the end of the year.

CASH FLOW AND INVESTMENTS

Cash flow from operating activities totalled EUR -0.1 m (8.3) during the quarter. Paid income tax charged cash flow during the period by EUR 11.9 m (10.2). The change in paid income tax is a result of the company at the end of the quarter waiting for the annual tax refund for the Group's Maltese subsidiary. The tax refund is expected after the end of the second quarter and will thus have a positive impact on cash flow during the third quarter. Working capital improved 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 17.6 m (12.4) and provisions for the company's exclusive jackpots.

Cash flow from investing activities totalled EUR -10.2 m (-8.3) and was mainly impacted by the increased ownership of CasinoGrounds by EUR 5.2 m. Investments in property, plant and equipment amounted EUR 0.3 m (0.2). Investments in intangible assets amounted to EUR 4.7 m (4.5) and pertain mainly to capitalised development costs.

Cash flow from financing activities totalled EUR 13.5 m (-10.4) and was mainly impacted by the company's utilisation of the RCF during the period of EUR 15.0 m (0.0). No dividends were paid to the Parent Company's shareholders during the period. However, a dividend of EUR 1.0 m was paid to the minority owners of the subsidiary CasinoGrounds. 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 0.6 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 0.9 m (0.2). Profit after tax was EUR -2.2 m (-1.0). 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 2.2 m (0.4). The Parent Company has one bond issue of EUR 65.4 m (48.6). An RCF was utilised as of the balance sheet date amounting to EUR 14.9m (4.8). 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. The value of currency derivatives was a liability on the balance sheet date and amounted to EUR 2.9 m (0.1). Financial items during the quarter were charged with EUR 0.6 m (0.6), net, by interest expenses, transaction costs and other related costs coupled to financing. Cash flow was charged with an interest payment of EUR 0.9 m (0.7) 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 negative effect on revenue of approximately EUR 0.3 m compared with the year-earlier period and a positive effect of approximately EUR 0.3 m compared with the preceding quarter.

LEOVENTURES

In the second quarter, LeoVegas, through LeoVentures, chose to exercise its option to increase its ownership in CasinoGrounds from 51% to 80%. The purchase price was EUR 5.2 m.

The portfolio company and gaming studio Blue Guru Games launched its first game in April 2022 and released one additional game in the second quarter. The studio will continue to launch games on an ongoing basis during the year and has a promising gaming portfolio.

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 960 (844), of whom 61 are employed in LeoVentures (42). The average number of employees during the quarter was 953 (841). LeoVegas was using the services of 81 (45) full-time consultants at the end of the quarter.

RELATED PARTY TRANSACTIONS

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. At the end of the quarter, the company had 10,918 shareholders. The five largest shareholders were:

- MGM Resorts International – 20%
- Gustaf Hagman – 7.9%

- Magnetar Financial LLC – 5.0%
- Alta Fox Capital – 5.0%
- Torsten Söderberg and family – 4.5%

A total of 101,652,970 shares are in issue in LeoVegas AB. Following the share repurchase programme, LeoVegas holds treasury shares amounting to 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 as of the balance sheet date.

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. During the period from May to June, some dilution has occurred in terms of the number of shares since the average trading price of the share exceeded the subscription price. This was as a result of the bid from MGM.

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 bond had a market value of SEK 697,249,000 as 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.

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 82–86, of the 2021 Annual Report. All of the accounting policies are unchanged since the most recently published annual report for the 2021 financial year.

ALTERNATIVE PERFORMANCE MEASURES

In this interim report, reference is made to measures that LeoVegas AB and others use in the evaluation of the 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

- 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, with the Canadian province of Ontario, for example, having introduced local regulation in April 2022. Discussions are also ongoing in Latin America to regulate 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 sports betting. The same applies in the US, 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 US is that an increasing amount of states are regulating their local gaming markets. New York state, for example, regulated betting in January 2022, and is now reviewing including the casino product category.

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 licenced operators. The ongoing political turbulence taking place in the UK, where Boris Johnson has recently resigned, has resulted in the responsible minister for the gaming investigation also resigning. As a result, it is likely that the investigation will face further delays.

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 2021, 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 stopped 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 pub-

lished by KSA, the Dutch gaming regulator, to create favourable conditions ahead of the ongoing licencing process. LeoVegas applied for a licence in the Netherlands during the first quarter of 2022. Discussions are ongoing in the Netherlands about marketing regulations including a marketing ban on the casino product category on TV, radio and outdoor advertising as well as the sponsorship of local sports clubs. The Netherlands Online Gambling Association (NOGA) is representing the gaming industry in these discussions with authorities in which LeoVegas holds the Chairman position. Established customer bases predating the reregulation of the gaming market will not be able to be used for commercial purposes.

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

Sweden introduced its local regulation in 2019 and has, since then, faced challenges in limiting gaming among unlicensed operators. This has been highlighted by the authorities and, 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.

On 1 January 2022, Finland updated its legislation concerning online gaming. The Finnish government introduced marketing restrictions 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. LeoVegas has adapted to the new regulations.

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 that LeoVegas faces is the general legal status of online gaming. Decisions and changes in laws and regulations 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 licencing 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 providers and marketing partners. LeoVegas conducts thorough due diligence of new partners before 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 licenced 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 have been and 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.

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

The 2021 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 control their gaming. 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 is to develop LeoSafePlay 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.

To ensure LeoVegas' framework and routines in responsible gaming, these are assessed annually by an independent party. The independent, industry-leading British agency eCOGRA specialises in testing, certifying and assessing the gaming sector. eCOGRA performs tests and interviews to assess LeoVegas' product each year. 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 has now been reviewed and assessed by an external, independent party, which has also confirmed that LeoVegas complies with the high standards that have been set for gaming operators today.

LEOVEGAS' SUSTAINABILITY TARGETS

LeoVegas sets ambitions, targets and measures for sustainability. This is performed to show in a transparent, clear and concrete way what LeoVegas aims 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 an annual 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 second quarter presents a fair overview of the Parent Company's and Group's operations, position and performance, and describes the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, 11 August 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.

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Director of Corporate Finance and Investor
Relations

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CONSOLIDATED INCOME STATEMENT

EUR'000s	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	2021
Revenue	97,954	96,830	196,464	193,556	391,171
Cost of sales	(15,392)	(16,963)	(31,035)	(33,008)	(65,719)
Gaming Duties	(17,333)	(15,469)	(33,663)	(30,746)	(64,001)
Gross profit	65,229	64,398	131,766	129,802	261,451
Personnel costs	(16,155)	(13,508)	(31,076)	(26,835)	(53,184)
Capitalised development costs	4,261	3,878	8,511	7,059	15,269
Other operating expenses	(17,245)	(7,488)	(29,345)	(16,237)	(36,739)
Marketing expenses	(31,020)	(37,594)	(60,896)	(73,732)	(143,763)
Other income and expenses	306	124	561	192	318
EBITDA	5,376	9,810	19,521	20,249	43,351
Depreciation and amortisation	(3,568)	(2,909)	(6,843)	(5,619)	(11,746)
Amortisation of acquired intangible assets and impairment of assets incl. goodwill	(1,238)	(4,135)	(2,477)	(8,211)	(13,562)
Operating profit (EBIT)	570	2,766	10,201	6,419	18,043
Financial income	-	-	-	-	-
Financial costs	(652)	(877)	(1,795)	(1,957)	(3,968)
Financial liability fair value gains/(losses)	-	-	-	-	-
Share of profit after tax from associated companies reported using the equity method	(121)	196	(183)	196	47
Profit before tax	(203)	2,085	8,223	4,658	14,123
Income tax	(204)	(1,002)	(15,629)	(1,180)	(2,310)
Net profit for the period	(407)	1,083	(7,406)	3,478	11,813
Net profit attributable to owners of the parent company	(531)	824	(7,644)	2,981	10,999
Net profit attributable to non-controlling interests	124	259	238	497	814
Other comprehensive income					
Items that may be transferred to profit for the year:					
Exchange differences on translation of foreign operations	(170)	-	(163)	3	(13)
Other comprehensive income for the period, after tax	(170)	-	(163)	3	(13)
Total comprehensive income for the period	(577)	1,083	(7,569)	3,481	11,800
Total comprehensive income attributable to owners of the parent company	(701)	824	(7,807)	2,984	10,986
Total comprehensive income attributable to non-controlling interests	124	259	238	497	814
Earnings per share before dilution (EUR)	(0.01)	0.01	(0.08)	0.03	0.11
Earnings per share after dilution (EUR)	(0.01)	0.01	(0.08)	0.03	0.11
Weighted average number of shares outstanding adj. for share split (millions)	97.65	99.60	97.65	99.60	98.79
Weighted average number of shares outstanding after dilution adj. for share split (millions)	97.80	99.60	97.65	99.60	98.79
Key ratios					
Cost of sales as a % of revenue	15.7%	17.5%	15.8%	17.1%	16.8%
Gaming duties as a % of revenue	17.7%	16.0%	17.1%	15.9%	16.4%
Gross margin, %	66.6%	66.5%	67.1%	67.1%	66.8%
Personnel costs as % of revenue	16.5%	14.0%	15.8%	13.9%	13.6%
Operating expenses as % of revenue	17.6%	7.7%	14.9%	8.4%	9.4%
Marketing expenses as % of revenue	31.7%	38.8%	31.0%	38.1%	36.8%
EBITDA margin %	5.5%	10.1%	9.9%	10.5%	11.1%
EBIT margin %	0.6%	2.9%	5.2%	3.3%	4.6%
Net margin, %	(0.4%)	1.1%	(3.8%)	1.8%	3.0%
Adjusted profit measures EUR'000s	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	2021
EBITDA	5,376	9,810	19,521	20,249	43,351
Transaction-related costs	1,894	-	1,894	-	-
Other items affecting comparability	1,750	756	1,750	1,263	1,263
Adjusted EBITDA	9,020	10,566	23,165	21,512	44,614
Depreciation and amortisation	(3,568)	(2,909)	(6,843)	(5,619)	(11,746)
Adjusted EBIT	5,452	7,657	16,322	15,893	32,868
Net financial items	(652)	(877)	(1,795)	(1,957)	(3,968)
Share of profit after tax from associated companies reported using the equity method	(121)	196	(183)	196	47
Tax	(204)	(1,002)	(729)	(1,180)	(2,310)
Adjusted net income	4,475	5,974	13,615	12,952	26,637
Adjusted EPS	0.05	0.06	0.14	0.13	0.27
Adjusted EBITDA margin %	9.2%	10.9%	11.8%	11.1%	11.4%
Adjusted EBIT margin %	5.6%	7.9%	8.3%	8.2%	8.4%
Adjusted net margin %	4.6%	6.2%	6.9%	6.7%	6.8%

CONSOLIDATED BALANCE SHEET, CONDENSED

EUR'000s	30 Jun 2022	30 Jun 2021	31 Dec 2021	31 Dec 2020
ASSETS				
Non-current assets				
Property, plant and equipment	2,286	2,137	2,157	2,394
Lease assets (right of use assets)	8,342	7,594	5,836	8,878
Intangible assets	33,214	24,194	28,449	19,493
Intangible assets related to surplus values from acquisitions	17,015	24,225	19,493	28,694
Goodwill	95,734	95,734	95,734	94,657
Financial Fixed Asset	-	-	-	314
Deferred tax assets	2,338	3,382	2,162	2,876
Investments in associated accounted for using the equity method	984	1,317	1,168	-
Total non-current assets	159,913	158,583	154,999	157,306
Current assets				
Trade receivables and other receivables	28,801	35,161	21,824	23,160
Prepaid expenses and other accrued income	6,980	5,423	5,311	5,480
Cash and cash equivalents	83,043	60,321	75,161	63,340
<i>of which restricted cash (player funds)</i>	<i>20,358</i>	<i>16,542</i>	<i>19,945</i>	<i>15,801</i>
Total current assets	118,824	100,905	102,296	91,981
TOTAL ASSETS	278,737	259,488	257,295	249,287
Share capital	1,220	1,220	1,220	1,220
Additional paid-in capital	26,774	31,415	26,776	36,115
Other reserves	(1,157)	467	623	421
Retained earnings including profit for the period	40,744	41,132	49,368	55,075
Equity attributable to owners of the Parent Company	67,581	74,234	77,987	92,831
Non-controlling interest	2,653	5,847	6,164	5,350
Total Equity	70,234	80,081	84,151	98,181
Bank loan	14,899	4,776	-	-
Bond Loan	65,391	48,625	67,815	48,860
Lease liabilities	5,263	4,119	3,029	5,300
Financial liability	2,893	95	848	-
Deferred tax liability	963	1,217	1,091	1,435
Total non-current liabilities	89,409	58,832	72,783	55,595
Current liabilities				
Trade and other payables	35,221	37,090	23,437	20,287
Player liabilities	20,358	16,542	19,945	15,801
Tax liability	8,641	8,380	4,334	5,948
Accrued expenses and deferred income	51,634	52,863	49,696	45,082
Short-term lease liabilities	3,240	3,400	2,949	3,093
Liability for conditional purchase price (earn-out)	-	2,300	-	5,300
Total current liabilities	119,094	120,575	100,361	95,511
Total liabilities	208,503	179,407	173,144	151,106
TOTAL EQUITY AND LIABILITIES	278,737	259,488	257,295	249,287

CONSOLIDATED STATEMENT OF CASH FLOWS, CONDENSED

EUR '000s	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	2021
Operating profit	570	2,766	10,201	6,419	18,043
Adjustments for non-cash items	6,934	7,320	11,284	13,515	24,184
Cash flow from changes in working capital	4,263	8,456	5,414	11,352	8,545
Net income taxes paid	(11,865)	(10,211)	(11,865)	(10,211)	(4,916)
Cash flow from operating activities	(98)	8,331	15,034	21,075	45,856
Acquisition of property, plant and equipment	(325)	(153)	(678)	(307)	(901)
Acquisition of intangible assets	(4,729)	(4,525)	(9,314)	(7,895)	(15,831)
Acquisition of subsidiaries	(5,180)	(3,591)	(5,356)	(8,091)	(10,391)
Investment of associate accounted for using the equity method	-	-	-	(1,121)	(1,121)
Proceeds on sale of subsidiaries and assets	-	-	-	-	-
Cash flow from investing activities	(10,234)	(8,269)	(15,348)	(17,414)	(28,244)
Bond financing	-	-	-	-	19,897
Loan financing	15,000	-	15,000	5,000	-
Lease liabilities	(551)	(516)	(1,680)	(1,406)	(3,037)
Share buyback	-	(4,942)	-	(4,942)	(9,538)
Proceeds from share issue/other equity securities	-	-	(2)	-	200
Cash dividends paid out to shareholders	(980)	(4,923)	(4,785)	(4,923)	(12,695)
Cash flow from financing activities	13,469	(10,381)	8,533	(6,271)	(5,173)
Net increase/(decrease) in cash and cash equivalents	3,137	(10,319)	8,219	(2,610)	12,439
Cash and cash equivalents at start of the period	80,266	70,809	75,161	63,340	63,340
Currency effects on cash and cash equivalents	(360)	(169)	(337)	(409)	(618)
Cash and cash equivalents at end of period	83,043	60,321	83,043	60,321	75,161
<i>of which restricted cash (player funds)</i>	<i>20,358</i>	<i>16,542</i>	<i>20,358</i>	<i>16,542</i>	<i>19,945</i>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, CONDENSED

	Share Capital	Capital contribution	Other reserves	Retained earnings	Equity attributable to owners of the parent company	Non-controlling interest	Total equity
EUR'000s							
Balance at 1 January 2021	1,220	36,115	421	55,075	92,831	5,350	98,181
Profit for the period	-	-	-	2,981	2,981	497	3,478
Other comprehensive income items <i>(exchange differences of foreign operations)</i>	-	-	3	-	3	-	3
Total comprehensive income for the period	-	-	3	2,981	2,984	497	3,481
<i>Transactions with shareholders in their capacity as owners:</i>							
Dividends	-	-	43	(16,924)	(16,881)	-	(16,881)
Options Premium	-	242	-	-	242	-	242
Share buyback	-	(4,942)	-	-	(4,942)	-	(4,942)
<i>Transactions with shareholders in their capacity as owners:</i>							
Acquisition of NCI	-	-	-	-	-	-	-
Balance at 30 June 2021	1,220	31,415	467	41,132	74,234	5,847	80,081
Balance at 1 January 2022	1,220	26,776	623	49,368	77,987	6,164	84,151
Profit for the period	-	-	-	(7,644)	(7,644)	238	(7,406)
Other comprehensive income <i>(exchange differences of foreign operations)</i>	-	-	(163)	-	(163)	-	(163)
Total comprehensive income for the period	-	-	(163)	(7,644)	(7,807)	238	(7,569)
<i>Transactions with shareholders in their capacity as owners:</i>							
Dividends	-	-	(10)	(980)	(990)	-	(990)
Options Premium	-	(2)	-	-	(2)	-	(2)
Acquisition of NCI	-	-	(1,607)	-	(1,607)	(3,749)	(5,356)
Share buyback	-	-	-	-	-	-	-
Balance at 30 June 2022	1,220	26,774	(1,157)	40,744	67,581	2,653	70,234

PARENT COMPANY INCOME STATEMENT, CONDENSED

EUR'000s	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	2021
Revenue	925	230	1,741	430	849
Operating expenses	(2,546)	(1,201)	(3,933)	(2,247)	(4,866)
Other income and expenses	-	-	-	-	(619)
Operating profit (EBIT)	(1,622)	(971)	(2,192)	(1,817)	(4,636)
Net financial income	(557)	(47)	(1,624)	(32)	29,347
Profit before tax	(2,179)	(1,018)	(3,817)	(1,850)	24,711
Apportion	-	-	-	-	-
Tax cost	-	-	-	-	(834)
Net Profit for the period*	(2,179)	(1,018)	(3,817)	(1,850)	23,877

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

PARENT COMPANY BALANCE SHEET, CONDENSED

EUR'000s	30 Jun 2022	30 Jun 2021	31 Dec 2021
ASSETS			
Total non-current assets	59,792	53,274	46,031
Current assets	54,352	26,541	55,481
Cash and cash equivalents	2,191	381	7,122
Total current assets	56,543	26,922	62,603
TOTAL ASSETS	116,335	80,196	108,634
Total equity	31,505	13,810	35,332
Bank Loan	14,899	4,776	-
Bond Loan	65,391	48,626	67,815
Financial liability	2,893	95	848
Total long term liabilities	83,182	53,497	68,663
Total current liabilities	1,648	12,889	4,639
Total liabilities	84,830	66,386	73,302
TOTAL EQUITY AND LIABILITIES	116,335	80,196	108,634

KPI'S PER QUARTER

Amounts in EUR'000s unless otherwise stated	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Deposits	319,612	309,527	311,845	308,578	304,539
Growth, Deposits, y-y %	5%	5%	-1%	5%	-14%
Growth, Deposits, q-q %	3%	-1%	1%	1%	3%
Deposits per region					
Nordics, % Deposits	59%	56%	56%	49%	46%
Rest of Europe, % Deposits	26%	28%	29%	36%	40%
Rest of World, % Deposits	15%	16%	15%	15%	14%
Net Gaming Revenue (NGR)	95,742	96,639	95,397	96,424	93,899
Growth Net Gaming Revenue, y-y %	2%	4%	-1%	12%	-14%
Growth Net Gaming Revenue, q-q %	-1%	1%	-1%	3%	1%
Net Gaming Revenue (NGR) per region					
Nordics, % Net Gaming Revenue	53%	51%	50%	44%	41%
Rest of Europe, % Net Gaming Revenue	26%	26%	29%	34%	39%
Rest of World, % Net Gaming Revenue	21%	23%	21%	22%	20%
Growth in NGR per region					
Nordics, y-y %	33%	39%	36%	39%	4%
Rest of Europe, y-y %	-31%	-36%	-39%	-19%	-35%
Rest of World, y-y %	2%	19%	24%	42%	17%
Locally-taxed revenue as a % of total	79%	71%	74%	66%	65%
Growth in locally-taxed revenues, y-y %	25%	15%	10%	8%	-26%
Growth in locally-taxed revenues, q-q %	9%	-3%	12%	4%	1%
Hold (NGR/Deposits) %	30.0%	31.2%	30.6%	31.2%	30.8%
Game margin %	4.37%	4.46%	4.30%	4.23%	4.12%
Number of active customers	550,170	555,604	551,924	597,667	684,807
Growth active customers, y-y %	-20%	-23%	-33%	-10%	2%
Growth active customers, q-q %	-1%	1%	-8%	-13%	-5%
Number of depositing customers	442,647	455,843	456,063	469,721	460,697
Growth depositing customers, y-y %	-4%	-1%	-1%	7%	6%
Growth depositing customers, q-q %	-3%	0%	-3%	2%	0%
Number of new depositing customers	158,149	174,751	172,756	188,221	177,503
Growth new depositing customers, y-y %	-11%	-6%	-5%	5%	-9%
Growth new depositing customers, q-q %	-10%	1%	-8%	6%	-5%
Number of returning depositing customers	284,498	281,092	283,307	281,500	283,194
Growth returning depositing customers, y-y %	0%	2%	1%	8%	18%
Growth returning depositing customers, q-q %	1%	-1%	1%	-1%	3%

CONSOLIDATED INCOME STATEMENT PER QUARTER

EUR'000s	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Revenue	97,954	98,510	98,228	99,386	96,830
Cost of sales	(15,392)	(15,643)	(15,599)	(17,111)	(16,963)
Gaming Duties	(17,333)	(16,330)	(17,325)	(15,930)	(15,469)
Gross profit	65,229	66,537	65,304	66,345	64,398
Personnel costs	(16,155)	(14,921)	(13,935)	(12,414)	(13,508)
Capitalised development costs	4,261	4,249	4,580	3,630	3,878
Other operating expenses	(17,245)	(12,100)	(10,626)	(9,876)	(7,488)
Marketing expenses	(31,020)	(29,875)	(33,789)	(36,242)	(37,594)
Other income and expenses	306	254	59	67	124
EBITDA	5,376	14,144	11,592	11,510	9,810
Depreciation and amortisation	(3,568)	(3,274)	(3,115)	(3,012)	(2,909)
Amortisation of acquired intangible assets and impairment of assets incl. goodwill	(1,238)	(1,239)	(2,367)	(2,984)	(4,135)
Operating profit (EBIT)	570	9,631	6,110	5,514	2,766
Financial income	-	-	-	-	-
Financial costs	(652)	(1,143)	(884)	(1,127)	(877)
Financial liability fair value gains/(losses)	-	-	-	-	-
Share of profit after tax from associated companies reported using the equity method	(121)	(62)	(91)	(58)	196
Profit before tax	(203)	8,426	5,135	4,329	2,085
Income tax	(204)	(15,425)	(926)	(204)	(1,002)
Net profit for the period	(407)	(6,999)	4,210	4,125	1,083
Net profit attributable to owners of the parent company	(531)	(7,113)	3,964	4,054	824
Net profit attributable to non-controlling interests	124	114	246	71	259
Other comprehensive income					
Items that may be transferred to profit for the year:					
Exchange differences on translation of foreign operations	(170)	7	(15)	(1)	-
Other comprehensive income, after tax	(170)	7	(15)	(1)	-
Total comprehensive income for the period	(577)	(6,992)	4,195	4,124	1,083
Total comprehensive income attributable to owners of the parent company	(701)	(7,106)	3,949	4,053	824
Total comprehensive income attributable to non-controlling interests	124	114	246	71	259
Earnings per share (EUR)	(0.01)	(0.07)	0.04	0.04	0.01
Earnings per share after dilution (EUR)	(0.01)	(0.07)	0.04	0.04	0.01
Weighted average number of shares outstanding adj. for share split (millions)	97.65	97.65	97.99	98.67	99.60
Weighted average number of shares outstanding after dilution adj. for share split (millions)	97.80	97.65	97.99	98.67	99.60
Key ratios					
Cost of sales as a % of revenue	15.7%	15.9%	15.9%	17.2%	17.5%
Gaming duties as a % of revenue	17.7%	16.6%	17.6%	16.0%	16.0%
Gross margin, %	66.6%	67.5%	66.5%	66.8%	66.5%
Personnel costs as % of revenue	16.5%	15.1%	14.2%	12.5%	14.0%
Operating expenses as % of revenue	17.6%	12.3%	10.8%	9.9%	7.7%
Marketing expenses as % of revenue	31.7%	30.3%	34.4%	36.5%	38.8%
EBITDA, margin %	5.5%	14.4%	11.8%	11.6%	10.1%
EBIT, margin %	0.6%	9.8%	6.2%	5.5%	2.9%
Net margin, %	-0.4%	-7.1%	4.3%	4.2%	1.1%
Adjusted profit measures EUR'000s	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
EBITDA	5,376	14,144	11,592	11,510	9,810
Transaction-related costs	1,894	-	-	-	-
Other items affecting comparability	1,750	-	-	-	756
Adjusted EBITDA	9,020	14,144	11,592	11,510	10,566
Depreciation and amortisation	(3,568)	(3,274)	(3,115)	(3,012)	(2,909)
Adjusted EBIT	5,452	10,870	8,477	8,498	7,657
Net financial items	(652)	(1,143)	(884)	(1,127)	(877)
Share of profit after tax from associated companies reported using the equity method	(121)	(62)	(91)	(58)	196
Tax	(204)	(525)	(926)	(204)	(1,002)
Adjusted net income	4,475	9,140	6,576	7,109	5,974
Adjusted EPS	0.05	0.09	0.07	0.07	0.06
Adjusted EBITDA margin %	9.2%	14.4%	11.8%	11.6%	10.9%
Adjusted EBIT margin %	5.6%	11.0%	8.6%	8.6%	7.9%
Adjusted net margin %	4.6%	9.3%	6.7%	7.2%	6.2%

CONSOLIDATED BALANCE SHEET PER QUARTER, CONDENSED

EUR'000s	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
ASSETS					
Non-current assets					
Property, plant and equipment	2,286	2,251	2,157	2,177	2,137
Lease assets (right of use assets)	8,342	9,203	5,836	6,737	7,594
Intangible assets	33,214	30,885	28,449	26,032	24,194
Intangible assets surplus values from acquisitions	17,015	18,254	19,493	21,241	24,225
Goodwill	95,734	95,734	95,734	95,734	95,734
Financial Fixed Asset	-	-	-	-	-
Deferred tax assets	2,338	2,237	2,162	3,382	3,382
Investments in associated accounted for using the equity method	984	1,106	1,168	1,259	1,317
Total non-current assets	159,913	159,670	154,999	156,562	158,583
Current assets					
Trade receivables and other receivables	28,801	26,763	21,824	32,137	35,161
Prepaid expenses and other accrued income	6,980	5,852	5,311	5,983	5,423
Cash and cash equivalents	83,043	80,266	75,161	78,916	60,321
<i>of which restricted cash (player funds)</i>	<i>20,358</i>	<i>19,218</i>	<i>19,945</i>	<i>18,249</i>	<i>16,542</i>
Total current assets	118,824	112,881	102,296	117,036	100,905
TOTAL ASSETS	278,737	272,551	257,295	273,598	259,488
EQUITY AND LIABILITIES					
Share capital	1,220	1,220	1,220	1,220	1,220
Additional paid-in capital	26,774	26,774	26,776	28,905	31,415
Other reserves	(1,157)	461	623	518	467
Retained earnings including profit for the period	40,744	42,255	49,368	45,378	41,132
Equity attributable to owners of the Parent Company	67,581	70,710	77,987	76,021	74,234
Non-controlling interest	2,653	6,261	6,164	5,918	5,847
Total Equity	70,234	76,971	84,151	81,939	80,081
Bank loan	14,899	-	-	-	4,776
Bond loan	65,391	67,649	67,815	68,734	48,625
Lease liabilities	5,263	5,652	3,029	3,131	4,119
Financial liability	2,893	1,102	848	134	95
Deferred tax liability	963	1,031	1,091	1,095	1,217
Total non-current liabilities	89,409	75,434	72,783	73,094	58,832
Current liabilities					
Trade and other payables	35,221	30,536	23,437	33,769	37,090
Player liabilities	20,358	19,218	19,945	18,249	16,542
Tax liability	8,641	18,495	4,334	9,953	8,380
Accrued expenses and deferred income	51,634	48,495	49,696	53,215	52,863
Short-term lease liabilities	3,240	3,402	2,949	3,379	3,400
Liability for conditional purchase price (earn-out)	-	-	-	-	2,300
Total current liabilities	119,094	120,146	100,361	118,565	120,575
Total liabilities	208,503	195,580	173,144	191,659	179,407
TOTAL EQUITY AND LIABILITIES	278,737	272,551	257,295	273,598	259,488

CONSOLIDATED STATEMENT OF CASH FLOWS PER QUARTER, CONDENSED

EUR'000s	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Operating profit	570	9,631	6,110	5,514	2,766
Adjustments for non-cash items	6,934	4,350	4,942	5,727	7,320
Cash flow from changes in working capital	4,263	1,151	(3,585)	778	8,456
Net income taxes paid	(11,865)	-	-	5,295	(10,211)
Cash flow from operating activities	(98)	15,132	7,467	17,314	8,331
Acquisition of property, plant and equipment	(325)	(353)	(281)	(313)	(153)
Acquisition of intangible assets	(4,729)	(4,585)	(4,320)	(3,616)	(4,525)
Acquisition of subsidiaries	(5,180)	(176)	-	(2,300)	(3,591)
Investment of associate accounted for using the equity method	-	-	-	-	-
Proceeds on sale of subsidiaries and assets	-	-	-	-	-
Cash flow from investing activities	(10,234)	(5,114)	(4,601)	(6,229)	(8,269)
Bond financing	-	-	-	19,897	-
Loan financing	15,000	-	-	(5,000)	-
Lease liabilities	(551)	(1,129)	(532)	(1,099)	(516)
Share buyback	-	-	(2,134)	(2,462)	(4,942)
Proceeds from share issue/other equity securities	-	(2)	7	193	-
Cash dividends paid out to shareholders	(980)	(3,805)	(3,882)	(3,890)	(4,923)
Cash flow from financing activities	13,469	(4,936)	(6,541)	7,639	(10,381)
Net increase/(decrease) in cash and cash equivalents	3,137	5,082	(3,675)	18,724	(10,319)
Cash and cash equivalents at start of the period	80,266	75,161	78,916	60,321	70,809
Currency effects on cash and cash equivalents	(360)	23	(80)	(129)	(169)
Cash and cash equivalents at end of period	83,043	80,266	75,161	78,916	60,321
<i>of which restricted cash (player funds)</i>	<i>20,358</i>	<i>19,218</i>	<i>19,945</i>	<i>18,249</i>	<i>16,542</i>

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 in the Group's proprietary technical platform.

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 as a result of acquisitions, gaming taxes and company taxes that have arisen after a new assessment for historical periods and transaction-driven expenses that have arisen in conjunction with MGM's public offer for the company's shares. During the period, a fine from the UKGC was also recognised as an item 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 their 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 TAX

A tax that is calculated on a measure of revenue that gaming operators pay in a regulated market. Denmark, Italy, the UK, Spain and Sweden are examples of markets that include gaming taxes. In certain markets it also pertains to the cost for VAT on revenue (e.g., Germany, Malta, Ireland).