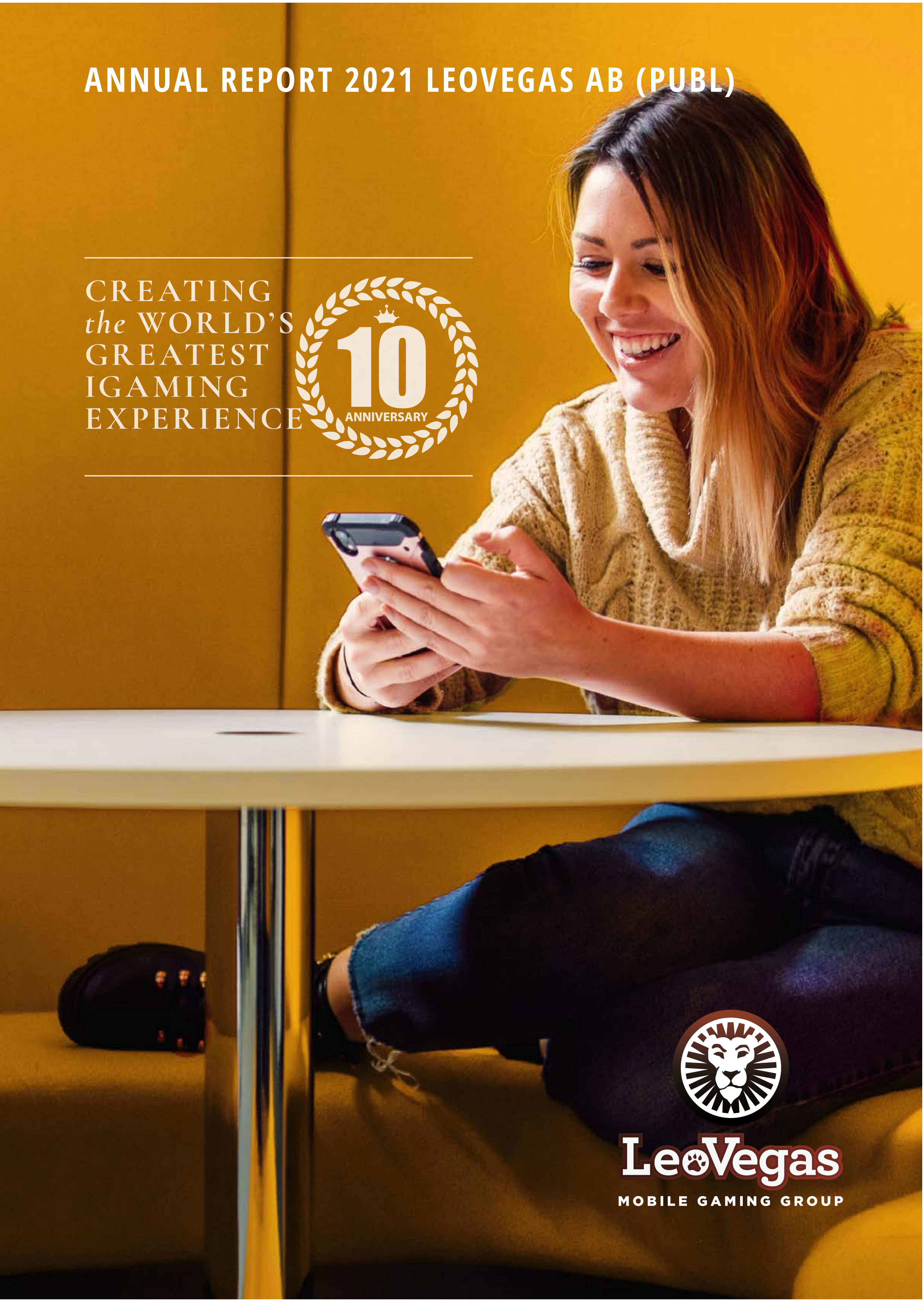
ANNUAL REPORT 2021 LEOVEGAS AB (PUBL)

CREATING *the* WORLD'S GREATEST IGAMING EXPERIENCE

10 ANNIVERSARY



LeoVegas

MOBILE GAMING GROUP

CONTENTS

INTRODUCTION AND BUSINESS

2 This is LeoVegas Group
4 CEO's message
6 Milestones
8 LeoVegas Group turns ten
10 Operations
12 Brands and portfolio companies
16 Markets
20 Strategy
22 Responsible gaming
26 Employer
28 LeoVegas Group on the stock market

SUSTAINABILITY REPORT

30 LeoVegas Group's sustainability report
32 New sustainability priorities for the Group
32 How sustainability links to our operations
33 New sustainability model
34 Diversity
35 Compliance
36 The integrity of sports betting
37 LeoVegas Group's frameworks
37 A secure, regulated and safe gaming environment
38 Responsible gaming
38 Contribution to research
39 Leoinitiative
40 Environment
43 Social responsibility
45 Corporate Governance
45 Auditor's opinion regarding the sustainability report

CORPORATE GOVERNANCE REPORT

47 Corporate Governance Report
54 Board of Directors
56 Group Management – 2021
57 Auditor's report on the corporate governance statement

58 Shares, shareholders and share capital

BOARD OF DIRECTORS' REPORT

61 Board of Directors' Report

FINANCIAL STATEMENTS

74 Consolidated financial statements
78 Parent Company financial statements
82 Notes
102 Board of Directors' and CEO's assurance
103 Auditor's report
107 Key performance indicators
108 Alternative Performance Measures and other definitions

THIS IS LEOVEGAS GROUP

LeoVegas Group is a global gaming operator listed on Nasdaq Stockholm. The company is a market leader in Europe in mobile casino. Focus is on offering an entertaining casino experience combined with strong brands, but the company also offers games through other products, such as sports betting. At the end of the year, LeoVegas Group had 864 full-time employees and eight gaming licences across eight countries.

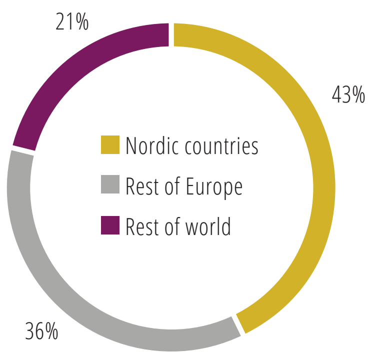
LeoVegas Group has several brands to attract various customer groups and segments. The company's operations include two significant and scalable brands – LeoVegas and Royal Panda – plus a number of local brands. For more information about these brands, refer to the "Brands and portfolio companies" section on page 12.

KEY PERFORMANCE INDICATORS 2021

FIVE-YEAR DATA

EUR M	2021	2020	2019	2018	2017
Revenue	391.2	387.5	356.0	327.8	217.0
EBITDA	43.4	51.9	49.5	41.6	25.9
Adjusted EBITDA	44.6	55.4	44.2	41.1	27.9
Adjusted EBITDA margin	11.4%	14.3%	12.4%	12.5%	12.9%
Adjusted EBIT	32.9	44.6	34.0	36.2	24.7
Adjusted EBIT margin	8.4%	11.5%	9.6%	11.0%	11.4%
Earnings per share before dilution (EUR)	0.11	0.18	0.10	0.22	0.02
Adjusted earnings per share before dilution (EUR)	0.27	0.40	0.30	0.22	0.24
Cash flow from operating activities	45.9	69.2	37.0	36.5	34.1
New Depositing Customers (NDC)	724,990	749,344	641,723	566,511	373,650
Returning Depositing Customers (RDC)	405,917	339,994	278,106	235,782	179,992

GEOGRAPHIC BREAKDOWN OF NET GAMING REVENUE (NGR), 2021



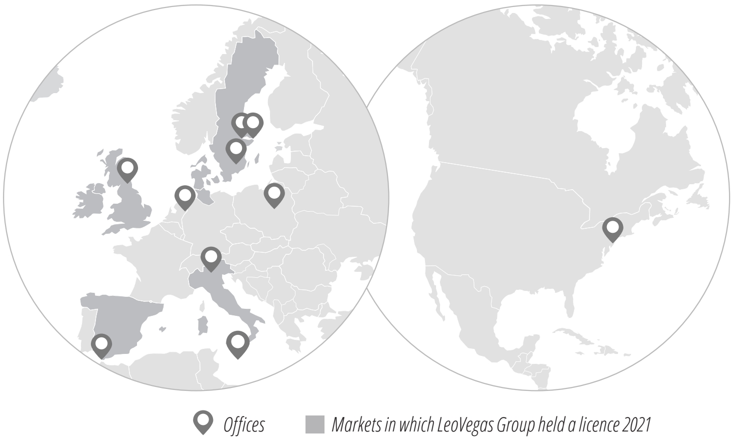
BUSINESS CONCEPT

To create the world's greatest mobile device-based iGaming experience. Through innovation in products, technology and marketing, to offer world-leading gaming entertainment.

PURPOSE

LeoVegas Group's purpose is *"Creating the world's greatest iGaming experience"* .

OFFICES AND LICENSED MARKETS



LONG-TERM FINANCIAL TARGETS

DIVIDEND

To pay a dividend, over time, of at least 50% of profit after tax.
Outcome 2021: *LeoVegas Group distributed the equivalent of 43% of profit (totalling SEK 1.60 per share, distributed over four occasions).*

LEVERAGE

For LeoVegas Group's leverage ratio (net debt in relation to adjusted EBITDA) to not exceed 1.0x in the long term. However, LeoVegas Group may, under certain circumstances, choose to exceed this level during short time periods in connection with, e.g., larger acquisitions or other strategic initiatives.
Outcome 2021: *LeoVegas Group's net debt excluding player liabilities in relation to adjusted EBITDA (rolling 12 months) was 0.3x.*

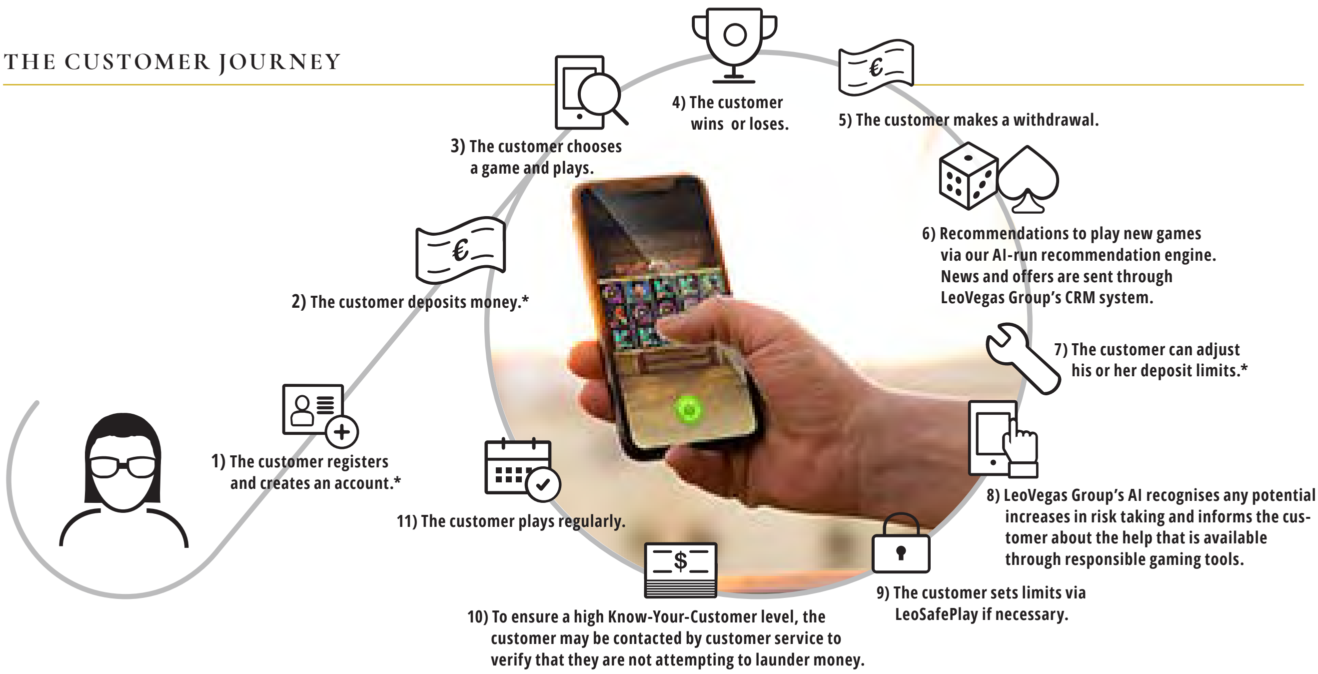
GROWTH

Long-term organic growth that outperforms the online gaming market.
Outcome 2021: *The online gaming market's growth amounted to 10% according to H2 Gambling Capital. LeoVegas Group recorded growth of 1%. Excluding Germany, growth amounted to 16%.*

PROFIT

To achieve a long-term EBITDA margin of at least 15% under the assumption that 100% of revenue will be generated in regulated markets subject to gaming tax.
Outcome 2021: *LeoVegas Group achieved an EBITDA margin of 11.4% for 2021.*

THE CUSTOMER JOURNEY



**Deposit limits are mandatory in certain markets and voluntary in others. In Sweden, for example, setting the deposit limit is part of the registration process, while customers in the UK are automatically assigned a deposit limit based on third-party data.*

WE PROVIDE THE GREATEST GAMING EXPERIENCE

The Rhino platform, open banking and artificial intelligence were three significant ingredients for an important year for our technical development. At the same time, the pandemic continued to have global implications, but thanks to the strength of LeoVegas Group's corporate culture and scalable business model, operations proceeded without major disruptions. I feel very gratified and proud that we have successfully continued to develop our product and platform to deliver the greatest gaming experience.

In early 2022, LeoVegas Group turned ten years old. We have quickly emerged from being a start-up with a visionary idea to having about 900 employees around the world who are all striving for the same goal: to be the greatest mobile casino. When Robin Ramm-Ericson and I founded the company, we had a shared vision that the future was mobile, which remains at the core of LeoVegas Group's DNA. Our vision is just as distinct and relevant today as when we launched LeoVegas at a time when there was a total of eight games tailored for mobile gaming.

Considering our short but eventful history, it was particularly pleasing that we acquired Expekt in the middle of the year, thereby increasing our focus on sports betting. Expekt is a historic brand that was leading in sports betting in northern Europe during the 2000s. The new launch of Expekt during Euro 2020 was a success, and the brand has returned to its former glory during the year. The acquisition of Expekt and LeoVegas Group's increased focus on sport was an additional step in our strategy to be a diverse gaming company that we adopted in 2018. Another important milestone both historically and strategically is that we have begun to develop our own games.

Following Russia's unacceptable invasion of Ukraine, we decided in March 2022 to cease offering betting on Russian and Belarusian national sport. Many of us in LeoVegas Group have worked with colleagues in Ukraine and are concerned. We are carefully following the course of events in Ukraine and have taken measures to support the country based on our best endeavours with, for example, relocation. LeoVegas Group has also donated to the Red Cross to support them in the important efforts in Ukraine and its surrounding area.

CONTINUED RE-REGULATION – A POSITIVE TREND

LeoVegas Group's strategy is to expand in locally regulated markets and markets that will be regulated in the near future. Considering this, it was welcome news in the autumn that we had been allocated renewed gaming licences in Denmark. LeoVegas Group has established itself as one of the leading gaming companies in the Danish market. The re-regulation of local gaming markets also continued across the world, which proved challenging at times considering vastly differing approaches.

In the Canadian province of Ontario, it was pleasing that authorities invited the gaming industry to partake in early dialogue. We were able to make comments and the authorities clearly demonstrated their desire to understand the gaming market to arrive at re-regulation that benefited all parties. This was in contrast to developments in the Netherlands and Germany, which were characterised by unexpected policy changes and conservative regulation with high tax pressure respectively. Unfortunately, these kinds of re-regulations lead to reduced channelisation and poorer consumer protection. Despite these developments, we have applied for a Dutch gaming licence and are convinced that the Netherlands and Germany offer major long-term opportunities. We continue to maintain close dialogue with authorities across the world to avoid, to as great extent as possible, regulation that counters its own purpose.

AN IMPORTANT YEAR FOR OUR TECHNOLOGICAL DEVELOPMENT

We have always invested heavily in technology and products to remain innovative and consistently at the forefront of our field. A clear example of this was the launch of our new payment solutions in the UK connected to open banking. Open banking involves quicker and more secure deposits and withdrawals, at the same time as transaction costs are reduced markedly. The transition to more efficient payment alternatives has improved the customer experience as well as our margins. In light of this, it is pleasing that 20–30% of players in the UK are now using open banking as a payment alternative. Open banking will be rolled out in more markets in 2022.

ADVANCEMENTS IN RESPONSIBLE GAMING AND CONSUMER PROTECTION

Responsible gaming and consumer protection are some of LeoVegas Group's most important priorities. We devote considerable energy into continually developing our solutions to combat unsound gaming behaviour. For example, we launched two new tools to support responsible gaming in the UK during the year. One of these tools uses AI-generated messages to inform customers about the responsible gaming tools that are available to them. The other automatically places personal deposit limits on the player from the moment of their first deposit based on an analysis of third-party data.

RHINO PROVIDING ECONOMIES OF SCALE

The successful migration of all of our wholly-owned brands during the year to our proprietary technical platform Rhino, which will be crucial for scalability and continued strong growth, was the culmination of comprehensive development efforts. This has provided us with increased efficiency in day-to-day development efforts. With a proprietary platform and in-house developed games, we can quickly and flexibly adapt our offering to the local markets' own prerequisites.

Our portfolio companies in LeoVentures – including Blue Guru Games and CasinoGrounds – will together with Rhino, adopt an increasingly important position moving forward. The companies have made major progress and we are looking forward to releasing new titles. For Blue Guru Games, the first title will be a milestone in the company's history. Pixel.bet and BeyondPlay are at the forefront of technology and are attracting a target group that value and appreciate social aspects in casino and e-sport ahead of traditional games and betting. LeoVentures developed positively and we are very satisfied with achievements to date to leverage the most recent trends and technological opportunities.

To be a leading iGaming company, LeoVegas Group most attract the best talents. It is no secret that it is challenging for tech companies in Sweden to find new employees. Competition among developers is fierce at the same time as the housing market is a prohibiting factor for all of those considering moving to Sweden. In light of this, we resolved to open a tech hub in Warsaw where we intend to employ over 60 new developers in 2022. It will be truly exciting to witness what we can accomplish together. I am looking forward to welcoming all new employees to the strong community that we call Team Leo.

LICENSING TO TAKE A STEP ACROSS THE ATLANTIC

During the year, our organisation and technical platforms made preparations ahead of an expansion in the US market, one of the most exciting globally. Re-regulations in US states have provided an opportune time for LeoVegas Group to enter new markets. We began a new historical chapter in December when we commenced recruitment of senior employees to our new office in New Jersey. New Jersey will act as our base in the US and is a bridgehead to other states in line with them opening up for online gambling. At the same time as we are preparing for a US launch, we can confirm that we already hold a leading position in Canada. The North American adventure has only just begun, and my vision of becoming the digital alternative to the pleasure metropolis of Las Vegas is beginning to take shape, which is incredibly exciting!

CONTINUED HEALTHY FINANCIAL POSITION

Our financial position ahead of the coming years remains healthy. We have stable profitability and shareholders have appreciated our quarterly dividend in combination with share repurchases. Through operational efficiency, effective marketing and our diversification strategy, we successfully managed to mitigate the effects of unexpected regulatory changes and were able to continue to grow in all of our markets.

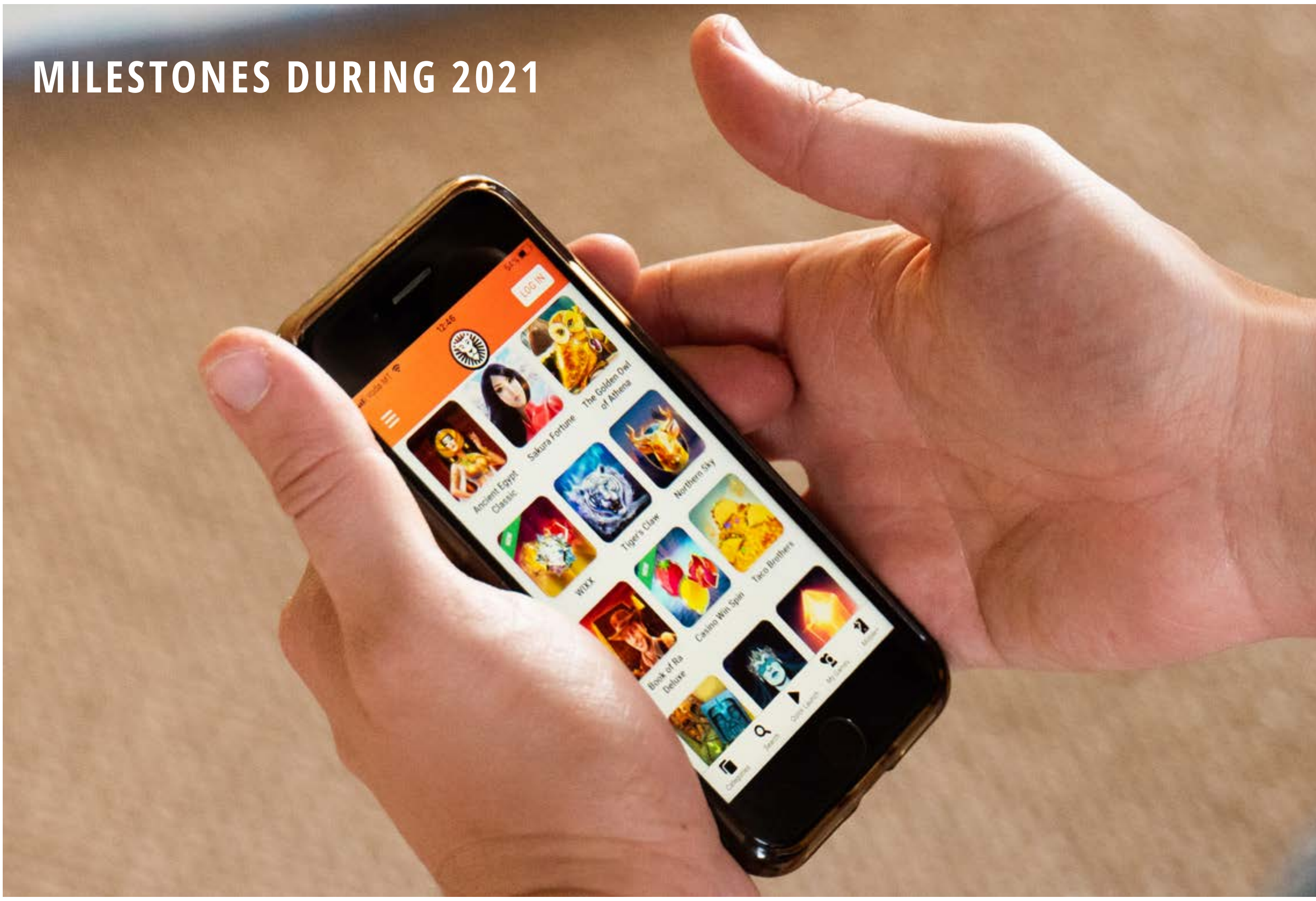
THE EXCITEMENT CONTINUES FOR ANOTHER DECADE

As I reflect on 2021 and the ten years that have passed since LeoVegas launched, I can't help being astonished by how much we have achieved. With that said, this is merely the beginning. We remain pioneers, with new technology in new markets, who work together to be one of Europe's primary leading gaming operators.

Thank you to all new and old colleagues in Team Leo and shareholders, for all of the energy you have jointly invested in creating the world's greatest gaming experience. With our pioneer spirit, we have our sights set on the next ten years. Who knows how much we can accomplish in this time?

Gustaf Hagman
Group CEO

MILESTONES DURING 2021



JANUARY–MARCH

- LeoVegas Group initiated the acquisition of Expekt, one of the most well-known sports betting brands in the Nordic countries. The acquisition strengthened LeoVegas Group's brand portfolio ahead of the intense sporting year of 2021–2022. The acquisition was completed in May.
- LeoVegas Group's shares were admitted to trading on OTCQX Markets in the US. This is a way for the company to meet the steadily growing interest from US investors.
- LeoVegas, through LeoVentures, invested EUR 1.1 m for 25% of the shares in BeyondPlay (formerly SharedPlay). BeyondPlay enables players to share their gaming experiences with one another through the industry's first multiplayer solution.

SUMMARY

	Q1 - 2021
Revenue, EUR m	96.7
Revenue growth, %	8
EBITDA, EUR m	10.4
EBITDA margin, %	10.8
EBIT, EUR m	3.7
EBIT margin, %	3.8
Total deposits, EUR m	295.8
Number of depositing customers	462,386

APRIL–JUNE

- The Royal Panda brand was migrated to LeoVegas Group's proprietary technical platform Rhino. All of the Group's wholly-owned brands are now operated on Rhino.
- LeoVegas Group started its own gaming studio, Blue Guru Games, to develop new innovative titles. The studio will develop exclusive games for the Group as well as games for other operators.
- The acquisition of Expekt was completed in May, with initial success leading to Expekt doubling its revenue and market shares in Sweden during the quarter.
- When the independent agency eCOGRA assessed LeoVegas Group's framework and routines to ensure responsible gaming, the Group lived up to all relevant recommendations and requirements that the European Commission has published.

SUMMARY

	Q2 - 2021
Revenue, EUR m	96.8
Revenue growth, %	-13
EBITDA, EUR m	9.8
EBITDA margin, %	10.1
EBIT, EUR m	2.8
EBIT margin, %	2.9
Total deposits, EUR m	304.5
Number of depositing customers	460,697

JULY–SEPTEMBER

- LeoVegas Group launched new AI-powered functionality to further scale-up its responsible gaming initiatives. Customers in the UK were the first to receive product-integrated and personalised messages based on their own behaviour and gaming history.
- Following policy changes in the Netherlands, LeoVegas Group decided to temporarily stop providing its services in the country. The Netherlands accounted for 6% of the Group's total revenue during the third quarter of 2021, with higher profitability than for the Group average.

OCTOBER–DECEMBER

- The Swedish government's restrictions* for online casino applied until 14 November 2021 and were discontinued thereafter.
- During the fourth quarter, LeoVegas had no revenue from the Netherlands given the policy changes and the decision to temporarily stop providing its services in the country.
- LeoVegas was granted renewed gaming licences by the Danish Gambling Authority. The five-year licences encompass online casino and sports betting.

SUMMARY

	Q3 - 2021
Revenue, EUR m	99.4
Revenue growth, %	12
EBITDA, EUR m	11.5
EBITDA margin, %	11.6
EBIT, EUR m	5.5
EBIT margin, %	5.5
Total deposits, EUR m	308.6
Number of depositing customers	469,721

SUMMARY

	Q4 - 2021
Revenue, EUR m	98.2
Revenue growth, %	0
EBITDA, EUR m	11.6
EBITDA margin, %	11.8
EBIT, EUR m	6.1
EBIT margin, %	6.2
Total deposits, EUR m	311.8
Number of depositing customers	456,063

** Between 2 July 2020 and 14 November 2021, regulations applied in Sweden that meant that:*
The deposit limit for an online casino gaming account was max. SEK 5,000 per week. A corresponding loss limit applied for all fixed odds betting terminals.
Players were required to set a limit for the amount of playing time in an online casino or on fixed odds betting machines. Bonuses offered to new customers had a maximum limit of SEK 100.

LEOVEGAS GROUP TURNS TEN

On 12 January 2022, exactly ten years after LeoVegas was first launched in Sweden, the ten-year anniversary was celebrated at all of LeoVegas Group's offices. A lot has happened since LeoVegas Group was founded in May 2011 by Gustaf Hagman and Robin Ramm-Ericson.

Two entrepreneurs saw at an early stage how mobile phones would change consumer behaviour. In only a few years, smartphones gave rise to entirely new types of behaviour and have become a channel for entertainment. The LeoVegas brand was launched through what was then the largest mobile advertising campaign ever carried out in Sweden, and has had strong growth since. LeoVegas Group aspires to be the most innovative, entrepreneurial and fastest growing company in the industry. Visit our website to watch our anniversary video!

TIMELINE

2011

- LeoVegas is founded by Gustaf Hagman and Robin Ramm-Ericson.

2012

- LeoVegas launches its offering in Sweden for mobile phones, tablets and PCs.

2013

- LeoVegas wins its first accolade: "Innovation in Casino" at the EGR Awards.

2014

- LeoVegas passes 100 employees.
- LeoVegas receives a gaming licence in the UK.

2015

- LeoVegas launches its proprietary technical platform Rhino.
- The number of employees passes 200.

2016

- LeoVegas is listed on Nasdaq First North Premier.
- Launch of LeoVegas Sport and LeoVegas Live Casino.
- LeoVegas Group receives a gaming licence in Denmark.

2017

- LeoVegas Group expands to Italy through the acquisition of Winga S.r.l.
- Over EUR 1 billion has been deposited since LeoVegas launched.
- LeoVegas Group acquires gaming operator Royal Panda.
- 51% of the streaming network CasinoGrounds is acquired.

2018

- LeoVegas Group acquires British Rocket X, which has a number of brands.
- 51% of Pixel.bet is acquired.
- LeoVegas Group carries out a change in listing to Nasdaq Stockholm.
- The company acquires World of Sportsbetting and thereby receives a gaming licence in Schleswig-Holstein, Germany.
- LeoVegas Group applies for a gaming licence in Spain.

2019

- LeoVegas Group launches Brands of Leo, creating its own multibrand platform.
- GoGoCasino launches as the first brand in Brands of Leo.
- LeoVegas Group receives a gaming licence in Sweden.
- LeoVegas launches operations in five new markets, including Spain and Japan.

2020

- All twelve brands at Rocket X migrate to LeoVegas Group's platform Rhino.
- Rocket X becomes LeoVegas UK, managing LeoVegas Group's existing 13 brands in the UK.
- LiveCasino.com launches and becomes the second brand in Brands of Leo.
- The Bingo segment launches on LeoVegas.

2021

- LeoVegas Group invests in BeyondPlay (formerly SharedPlay)
- LeoVegas Group acquires the gaming operator and brand Expekt.
- Blue Guru Games, LeoVegas Group's first in-house studio is launched.

OUR OPERATIONS

A strong product offering is one of the keys to achieving LeoVegas Group's ambition to be the premier global casino gaming company. Driven by innovation and a strong technological edge, the company continues to lead development in the gaming industry.

LeoVegas Group offers the most user-friendly mobile gaming experience along with one of the market's broadest selection of mobile games. The number of accolades that we have been awarded is confirmation of the strength of the Group's offering, including Casino Operator of the Year (SBC Awards and EGR Nordic Awards), Mobile Casino Product of the Year at the EGR Operator Awards 2021 and a Business Continuity Award at the Industry Community Awards for exceptionally positive action during the pandemic.

75%

CASINO CLASSIC *(75% OF GROSS GAMING REVENUE)*

The Casino Classic segment includes slots, where the player bets on a winning combination of symbols in a field that usually comprises three to five columns. In the old days these were often referred to as one-armed bandits as players inserted a coin and pulled a lever to make the wheels spin. Slots include a number of jackpots that players can play for. LeoVegas' jackpot games are a type of slot. What distinguishes jackpot games from regular slots is that they use progressive jackpots where the jackpot steadily increases until someone wins it. In 2020, LeoVegas launched its own, unique jackpot, under the name LeoJackpot, with a chance to win SEK 50 million.

LeoVegas today offers more than 2,500 games from more than 60 game providers. Most of these are part of the Casino Classic category.

15%

LIVE CASINO *(15% OF GROSS GAMING REVENUE)*

Live Casino includes traditional table games like blackjack and roulette, which are played against a croupier in real time via a live streaming video link. LeoVegas Group has the industry's broadest Live Casino offering, where the company also offers a solution with streaming from land-based casinos, in which customers can play together with other gamers. The Live Casino segment includes a new category of games called Game Shows. Game Shows are games that combine traditional games and wheels of fortune with an element of world famous TV shows and board games for an engaging and exciting gaming experience together with a croupier.

LeoVegas Group continues to invest in Live Casino, through initiatives including an improved experience via the exclusive Chambre Séparée table. LeoVegas also offers bigger, exclusive tables with local croupiers in specific markets. For example, Live Casino tables are available with Danish-speaking croupiers for Danish customers. This is a local adaptation that customers appreciate. The launch of the niche brand livecasino.com is a further example of the company's focus on Live Casino.

SPORTS BETTING *(10% OF GROSS GAMING REVENUE)*

To offer the ultimate mobile sports betting experience, LeoVegas Group uses the leading providers of software, risk management and odds-setting backed by LeoVegas' proprietary technical platform and mobile gaming experience.

LeoVegas Group launched sports betting back in 2016. With the company's passion for the ultimate mobile gaming experience, LeoVegas has new, exciting opportunities in this market. Even though Casino is LeoVegas Group's main focus, sports betting plays an important role and today accounts for approximately 10% of the Group's revenue. LeoVegas Group also works according to a multibrand strategy in the sports betting category, which helps promote niche brands. The brand portfolio includes, for example, the BetUK sports betting brand in the UK market and Expekt in the Swedish market.

BINGO

Bingo is a game where random numbers are drawn and marked on cards with pre-printed numbers on a matrix. The game entails achieving a certain pattern on your card. Wins are achieved in various ways, but usually it entails filling all of the numbers in a row: horizontally, diagonally, or in a column. Bingo is a social, easy and fun game that suits all target groups.

The potential for digitalisation of bingo is immense, and a considerable amount of bingo playing will be shifted to the digital realm. With a strongly growing customer database, and in light of increasing demand for entertaining games, LeoVegas Group launched Bingo across all its brands in 2020. The game was rolled out successively in all the company's markets.

ESPORTS BETTING

Esports is a collective term for competitions in computer and video games. A large share of esports focuses on games in which competitors compete with one another in teams in international tournaments. Esports is an international and fast-growing segment that engages millions of players and viewers every month. In some countries, such as South Korea, TV channels exist that solely focus on broadcasting esports. Tournaments are currently broadcast on the internet 24/7. Esports betting is also a strongly growing trend and a market still in its infancy. To expand in this captivating segment, LeoVegas Group operates pixel.bet, an esports betting operator.

BRANDS AND PORTFOLIO COMPANIES

LeoVegas is the company's most well-known brand. Since its inception the brand has established a position as the leading name in mobile casino. Owing to a clear and data-driven marketing strategy, LeoVegas has succeeded in establishing a distinctive brand with high recognition in the markets in which LeoVegas operates. In the Swedish online casino market, LeoVegas is "top of mind" according to the brand surveys conducted by Nepa, which signifies the highest brand recognition. By working in a data-driven manner, the company has also improved its long-term key performance indicators, such as brand preference. Positive and favourable results in brand recognition surveys have also been seen in other markets in which the company has invested and worked actively in brand-building marketing.

21.co.uk is a premium online casino that specialises in live casino games such as roulette and blackjack. The site also offers VIP tables. The brand is a leading local brand in the UK that focuses on remaining at the forefront technologically.

Slotboss.co.uk's mission is to offer the greatest selection of online games possible as well as the best bonuses. Similarly to Pink Casino and 21.co.uk, Slotboss.co.uk is a local British brand.

Pink Casino is a local brand in the UK whose offering includes live casino, bingo and slots. These British brands share a customer acquisition strategy focused on search engine optimisation (SEO) as well as many brand-adapted customer acquisition sites.

Expekt was acquired in May 2021. The brand strengthens LeoVegas Group's brand portfolio with an established position in sports betting and creates new strategic growth opportunities in the betting segment.

Royal Panda. Royal Panda has in a short period of time established a strong and recognised brand in the gaming community. Like LeoVegas, Royal Panda appeals to a broad target group. Royal Panda is a brand that is marketed with the help of inviting and entertaining communication, as well as through affiliate companies and SEO. The marketing mix therefore consists mainly of digital channels.


WE MAKE IT HAPPEN

BRANDS OF LEO

To further complement and diversify LeoVegas Group's brand platform, a proprietary multibrand platform was introduced in 2019. The aim is to launch new, customised brands under the collective name Brands of Leo. Brands of Leo is made possible by LeoVegas Group's proprietary, flexible and scalable technical platform Rhino. This presents a competitive advantage that enables new brands to benefit from LeoVegas Group's strong position in the industry.

Brands of Leo is run by an entrepreneurial team backed by the central and global functions within the Group. This is in line with LeoVegas Group's constant work on increasing scalability. The economies of scale from launching new brands organically are clear in the form of know-how, technology and staffing and are also crucial for creating a cost effective work approach that leads to profitable growth. To date, Brands of Leo has launched two brands with different orientations, which clearly shows how a successful multibrand strategy can be used to broaden the array of brands and reach more and broader target groups.

GoGoCasino combines the best functions of casino games with high user friendliness and a compelling design. The brand offers a new thinking and innovative product that features one of the industry's fastest and smoothest gaming experiences. For customers who value simplicity and speed, GoGoCasino is a reliable choice.

LiveCasino.com is a niche brand for Live Casino, the fastest growing product category of online gaming. The Live Casino category is dominated by traditional table games such as roulette and blackjack. LiveCasino.com has the ambition of growing globally and is aimed at the target group that is especially interested in playing live casino games.

LEOVENTURES AND PORTFOLIO COMPANIES

LeoVegas Group aspires to be the most innovative, entrepreneurial and fastest growing company in the industry. As such, the Group is investing in and building companies in other parts of the iGaming industry through LeoVentures. This presents opportunities where there is global potential, where it is strategically logical or where synergy effects are present with other parts of LeoVegas Group. LeoVentures combines the best of two worlds. Portfolio companies are able to retain their entrepreneurial identity and independence to drive growth and value creation. At the same time, they can accelerate their growth backed by the capital, know-how and strength of the entire LeoVegas Group. LeoVentures thereby has a unique capacity to invest, grow and over time realise value. The ambition is to be a majority owner in the companies, but divestment may take place in those cases where profit outweighs strategic ownership.

CasinoGrounds. The company operates the site casinogrounds.com, which is a casino streaming platform with an active social casino forum. CasinoGrounds cooperates both with operators and game manufacturers in the industry.

CasinoGrounds has created a forum where people who are interested in casino games watch others play casino games via YouTube and Twitch. The combination of proprietary content and video format is creating interesting opportunities going forward, where CasinoGrounds is the leading streaming network and community. LeoVegas Group owns 51% of the company.

Pixel.bet's vision is to win over the esports community by offering the ultimate esports betting experience and taking the position as the leading gaming, betting and casino operator for people with a passion for esports. Sweden and the Nordic countries are the initial focus markets, with a clear ambition to grow further internationally. LeoVegas Group currently owns 85% of the company.

BeyondPlay (formerly SharedPlay) is an exciting start-up which with new and proprietary technology will offer casino players an entirely new way to watch others playing slots. The product allows players to play slots together, which will drive a change in consumption patterns while elevating casino games to a more social context. The investment amounted to EUR 1.1 m for 25% of the company and was made during the first quarter of 2021. LeoVentures has the option to increase its ownership over time.

Blue Guru Games. In spring 2021, LeoVegas Group founded the Blue Guru Games gaming studio through LeoVentures. Ownership amounts to 85%. Blue Guru Games already had a team in place with over 20 years game development experience that could benefit from all of the experience and know-how present in LeoVegas Group. The studio will develop and offer games for the Group's own brands and for other gaming operators. The aim is to develop at least 20 titles through Blue Guru Games in the coming 24 months.

MARKETS

LeoVegas Group is firmly positioned as a leading player in the rapidly growing mobile gaming segment. The segment has grown faster than the gaming market in general and is expected to continue doing so.

THE GLOBAL GAMING MARKET

The total global gaming market, both online and land-based gaming, is estimated to be worth approximately EUR 358 bn in 2021 according to H2 Gambling Capital. About EUR 88 bn is estimated to be from online gaming. Owing to the pandemic, a significant decrease in land-based gaming is expected for the 2020–2022 period. Online gaming is estimated to have grown 51% from 2019 to 2021. With average annual growth of 8%, the global gaming market is expected to be worth about EUR 526 bn in 2026. This can be compared with other sections of the entertainment industry. As the music industry including streaming is today estimated to be worth EUR 22 bn, the market for online gaming has reached a value of EUR 101 bn*. Gaming and entertainment are vast industries, and given the digitalisation that is taking place, an increasing share of the total market will be moving online.

THE EU'S GAMING MARKET

Total sales in the European gaming market were estimated at EUR 97 bn in 2021, of which the online gaming market is estimated to have amounted to about EUR 41 bn. Most of the total market is thus made up of the traditional and land-based part of the gaming industry, including bingo, gaming machines, physical casino, sports betting, horse racing and lotteries. The total European gaming market is expected to grow at an average annual rate of 8% from 2021 to 2026.

THE ONLINE GAMING MARKET

The share of the total European market that includes online gaming such as casino, sports betting, lotteries and other games for money has undergone a structural transformation in recent years and has grown sharply. This has partly been impacted by the Covid-19 pandemic. In 2021, online gaming is estimated to have accounted for 42% (EUR 41 bn) of the total European gaming market. At the same time, online gaming is expected to make up more than a third of the total market and amount to EUR 61 bn in 2026. The online market is expected to account for the largest share of future growth. Between 2010 and 2021, the online market is estimated to have grown by an average annual rate of 14%. The forecast for the coming five years is that online gaming in Europe will grow annually by 8% to a market valued at EUR 61 bn in 2026.

*Source: all market data is from H2 Gambling Capital unless otherwise stated. *Statista, 2022.*

It is estimated that the global market for online gaming will total about EUR 153 bn by 2026.

GROWTH FROM MOBILE DEVICES

Growth for gaming on mobile devices remains strong. In 2010, only 13% of sales were generated online through mobile devices. In 2021, the corresponding figure is estimated to amount to 43%, and it continues to grow. By 2026, about 53% of online gaming sales are expected be generated by mobile devices. Growth moving forward in mobile devices is much stronger than land-based gaming and online gaming on desktop computers. Historically, LeoVegas Group has grown faster than the underlying market.

CASINO MARKET 2021

LeoVegas Group's ambition is to consolidate a position as a global market leader. The global casino market was assessed to be worth EUR 112 bn in 2021, and a structural shift is taking place towards more consumption online. It is clear that the shift from land-based gaming to the online environment is continuing.

COMPETITIVE SITUATION

The market for online casino is fragmented, and no single operator has a dominant position. The largest European gaming operators are locally based, and some operate under monopolies in their respective countries.

Competitors in the Nordic gaming market

In connection with the movement of consumption online, interest in online gaming has increased also in the Nordic countries, which has increased competition over time. Among the larger actors that offer a wide range of games, the state monopolies in Norway, Norsk Tiping, and Finland, Veeikaus, have strong positions. Sweden and Denmark have local licence systems, but there as well, the former monopolies – Svenska Spel and Danske Spil – remain strong. In Sweden, ATG, which is owned by the horse racing industry, has a prominent position especially for betting on horses, but the company also offers sport and casino games. In addition to these companies, a number of private companies founded by Swedish entrepreneurs, as well as foreign companies, have succeeded in creating good brand awareness. Since

Sweden's introduction of a local licence system in 2019, competition from smaller brands has decreased, and the established actors have instead taken market shares. The Nordic countries are markets with high internet penetration and mobile phone use. This is favourable for the gaming companies that focus on online gaming and have a global and scalable business model and technology.

Competitors in the global gaming market

The trend is that a growing share of gaming is moving online, where the regulatory and compliance requirements have increased significantly during the past year. To generate long-term sustainable growth, it is imperative to invest in compliance and have a deep understanding of regulated markets. In these markets, the requirements are stringent on responsible gaming, corporate governance and responsible marketing. This creates higher entry barriers and reflects the competitive situation globally, where the large actors are growing larger and increasing their market shares with the help of economies of scale. The British gaming companies have prominent roles, while the respective markets have strong, local companies that LeoVegas Group competes with.

OUR LICENSED MARKETS 2021

SPAIN

Total gaming market (EUR m)	7,087
Online gaming market (EUR m)	1,402
Expected annual average growth online 2021–2026 (%)	6.9
The online gaming market generated by mobile devices (%)	47.9

FACTS

In the Spanish market, live roulette and slots make up the most popular alternatives in the casino segment. In 2021, new legislation entered force regarding marketing, which forbid the welcome offer and involved more stringent regulations concerning TV advertising. Digital marketing was not affected.

IRELAND

Total gaming market (EUR m)	1,695
Online gaming market (EUR m)	883
Expected annual average growth online 2021–2026 (%)	9.3
The online gaming market generated by mobile devices (%)	37.4

FACTS

LeoVegas Group hold a license for sports betting in Ireland. The Irish authorities have been focusing on legislation regarding casino games, which will likely lead to new legislation in the future.

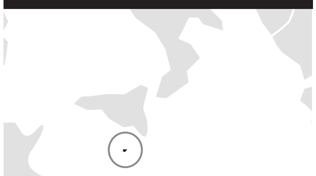
UNITED KINGDOM

Total gaming market (EUR m)	16,669
Online gaming market (EUR m)	10,841
Expected annual average growth online 2021–2026 (%)	5.6
The online gaming market generated by mobile devices (%)	67.5

FACTS

In the UK, casino games are the most popular alternative, followed by sports betting and bingo. During the pandemic, legislation, compliance and responsible gaming have been focus areas for the entire industry. In 2022, a review of British gaming legislation is expected to be conducted, which could lead to updated legislation in the future.

MALTA

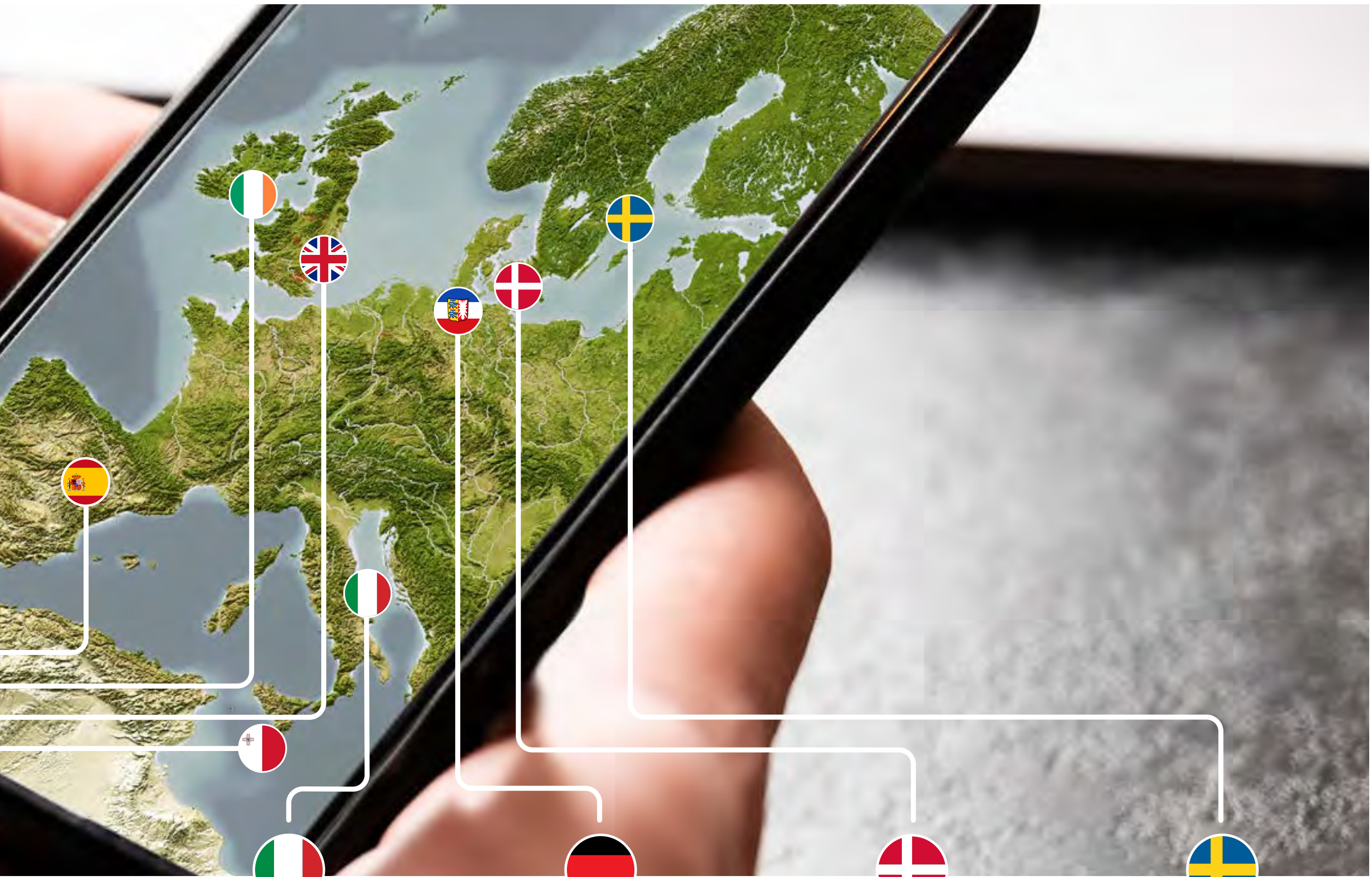


Total gaming market (EUR m)	177
Online gaming market (EUR m)	66
Expected annual average growth online 2021–2026 (%)	-2.5
The online gaming market generated by mobile devices (%)	41.4

FACTS

Malta is the prime hub for gaming in Europe, and a number of large gaming companies are domiciled in Malta. Many European countries have previously had state monopolies on gaming, including Sweden. Malta was out early in offering a European gaming licence, which meant that gaming companies could offer their services to countries within the EU entirely legally. This was the starting point and the main reason why companies established themselves in Malta.

Source: H2 Gambling Capital. All figures are estimates related to FY 2021.



ITALY

Total gaming market (EUR m)
14,492

Online gaming market (EUR m)
3,937

Expected annual average growth online 2021–2026 (%)
9.2

The online gaming market generated by mobile devices (%)
40.5

FACTS

The most popular segments in the Italian market are slots, live casino roulette and live casino blackjack. In 2022, we expect information from Italian authorities concerning renewal processes of existing gaming licences. It is currently not permitted to carry out marketing or sponsorship for casino and gaming activities in Italy.

GERMANY
(SCHLESWIG-HOLSTEIN)

Total gaming market (EUR m)
11,663

Online gaming market (EUR m)
3,169

Expected annual average growth online 2021–2026 (%)
12.0

The online gaming market generated by mobile devices (%)
47.7

FACTS

Traditional slots such as "Book of Dead" are popular with the average players in the state of Schleswig-Holstein. Since the market was regulated on 1 July 2021, only slots are permitted, but marketing for them is prohibited. Other types of online games such as live casino have been prohibited since 2020.

DENMARK

Total gaming market (EUR m)
1,411

Online gaming market (EUR m)
885

Expected annual average growth online 2021–2026 (%)
3.3

The online gaming market generated by mobile devices (%)
52.1

FACTS

Over the years, casino games have increased steadily in Denmark and the category is now greater than sports betting. Part of this can be attributed to the pandemic that greatly impacted sports events across the world. Gaming legislation is stable, and LeoVegas Group was granted renewed five-year licenses in 2021.

SWEDEN

Total gaming market (EUR m)
2,750

Online gaming market (EUR m)
1,835

Expected annual average growth online 2021–2026 (%)
5.8

The online gaming market generated by mobile devices (%)
56.5

FACTS

Sweden is one of the largest markets for LeoVegas Group. Slots is the most popular alternative of the Group's brands, but sports betting is on the increase in terms of its share of sales. The market has been regulated since 2019 and will be complemented with licenses for game providers. During the pandemic, temporary deposit limits were introduced (see details on page 7).

STRATEGIES

LeoVegas Group's strategy is divided into three sub-strategies with distinct focus: technology and products, marketing and brands, and expansion.

1) TECHNOLOGY AND PRODUCTS STRATEGY

LeoVegas Group aspires to be the most innovative and creative company in the iGaming industry. This is achieved through a continual focus on delivering the greatest gaming experience.

Being able to offer greatest best gaming experience requires advanced functionality, rapid and localised deposit and withdrawal methods, an entertaining game selection and interesting offers. To retain this, LeoVegas Group must continually invest in and further develop the latest technologies and products. The company manages this by focusing on three Ps: personalisation, payments and platform.

Personalisation means that our website is adapted to our visitors' personal preferences and individual gaming patterns. In LeoVegas Group's case, the experience is adapted several steps further than merely welcoming the player back or displaying recommended titles. Increased personalisation is accomplished by means of artificial intelligence and machine learning recognises new behaviour patterns. This new technology also makes it possible for automated systems for Know-Your-Customer and the prevention of money laundering.

Payments, meaning deposit and withdrawal alternatives, is one of the most important factors for creating and offering customers a good gaming experience. LeoVegas Group has high ambitions and strives to always offer the appropriate payment alternative at the right time.

A clear example of the company's investments in payment alternatives is the Open banking solutions which are now offered in the UK as the first step of a global launch. Open banking is made possible by the EU's Revised Payment Services Directive (PSD2), which allows third-party companies to use bank data. Concrete examples of other companies that are taking full or partial advantage of such bank data are Klarna and Tink. With customer and payment information directly from the bank, LeoVegas Group can lower transaction costs by sidestepping intermediaries such as card distributors and other suppliers of digital payment solutions. Customer relationships are thereby interwoven even closer to LeoVegas Group.

Open banking will also play an important long-term role in automatic Know-Your-Customer and automatic systems for responsible gaming. This is because it will provide LeoVegas Group with access to relevant, analysable bank customer data. The company will be able to set individual deposit limits at an early stage, which is already the case in the UK. Distinct synergy effects will arise through investments in personalisation and payment alternatives, which can be further developed in terms of responsible gaming.

Platform. Data and platform ownership is becoming increasingly important in the iGaming industry. For this reason, LeoVegas Group owns and further develops its own technical platform: Rhino. The platform is an important competitive advantage that enables customised, scalable and automated solutions for LeoVegas Group's different brands. The opportunity to control and own our own platform will lead in the long term to the company having control over its own technical destiny. It will be up to LeoVegas Group to decide exactly what is to be developed, prioritised and customised. A proprietary platform is therefore a powerful force for the new recruitment of talent. With good digital tools and an environment in which to develop in, the company can also focus on offering its developers the best possible workplace experience.

2) MARKETING AND BRAND STRATEGY

LeoVegas Group's objective with marketing and brand strategy is to offer world-leading mobile focused brands with a data-driven approach. The strategy of achieving this can be divided into seven focus areas:

Digital first. LeoVegas Group's offering is mobile focused. In light of this, marketing should also be digital in the long term. Moving forward, the company will continue to advertise on both TV and radio, but an increasing share of marketing will be digital.

In-house expertise. To achieve our objective, LeoVegas Group focuses on safeguarding internal expertise while recruiting proven new talent. The company already has a competitive department that efficiently cuts down on the use of external consultants and bureaus. A creative, skilful and innovative in-house marketing team is necessary for LeoVegas Group to achieve its objective of offering world-leading brands.

Data-driven decisions. The increased share of digital marketing also enables data-driven decisions given that all campaign results are measurable. This is in sharp contrast to traditional marketing campaigns, which can be controlled based on an individual's opinion and taste or gut feeling. In this way, LeoVegas Group's digital operations and focus will provide additional leverage for achieving our precision-focused strategical objectives.

Brand positioning. The consumer brand LeoVegas is well-known and well-positioned. In order to continue LeoVegas Group's growth journey, the Group's other brands are continually analysed. This ensures that brands stand out from the crows, are correctly positioned and are marketed efficiently.

High operational pace. LeoVegas Group operates in a highly dynamic and quickly changing industry. To be able to take note of new market data, changed consumer behaviour or, for example, new legislation, it is important to maintain a high operational pace. This means that the company keeps itself continually updated and that the marketing department are able to make decisions quickly.

Clarity and consequence. Efficient marketing is simple and repeats distinct messages. For example, LeoVegas' Swedish slogan is "Sweden's mobile casino", while in Denmark, it is "Denmark's mobile casino". Clarity makes it easy for customers to understand and select the offering.

Adaptability and collaboration. For our marketing and brand strategy to be successful, the company's departments must collaborate cross-functionally. LeoVegas Group invests heavily in increased collaboration between different teams and departments. Synergy effects arise when different expertise collaborates across team and department borders. This also means that the company's employees adapt their way of working to achieve LeoVegas Group's overriding operational objectives more efficiently.

3) EXPANSION STRATEGY

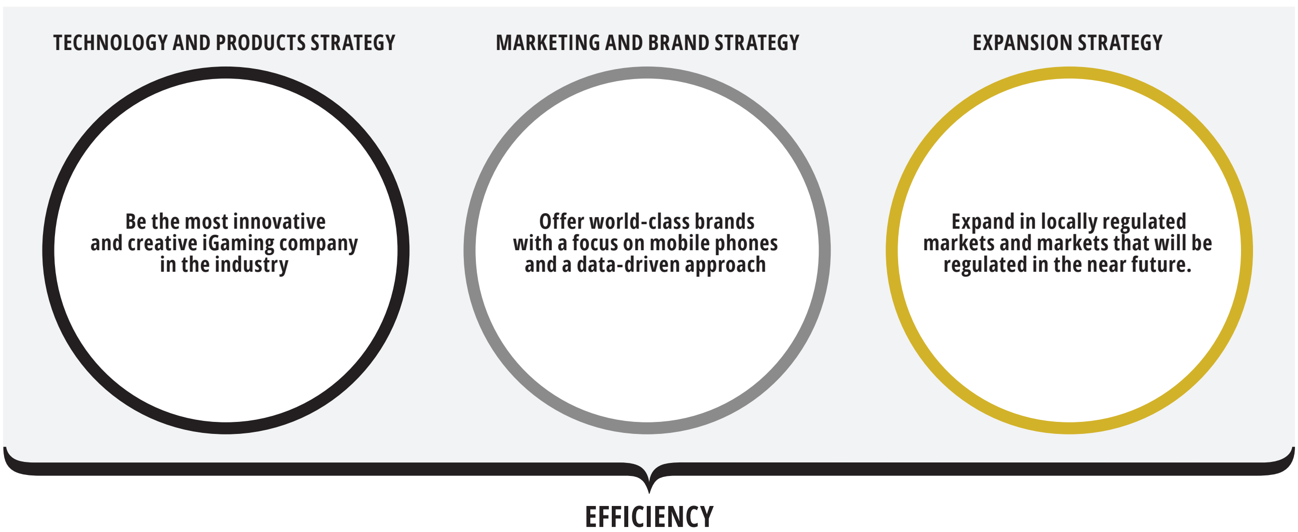
LeoVegas Group's expansion strategy is directed toward regulated markets and markets that will be regulated in the near future. Concrete example of this are Spain and the state of New Jersey in the US, as well as the Netherlands and the province of Ontario in Canada. Expansion is taking place primarily through new or already established brands.

Another way of expanding is through strategic and complementary company acquisitions. When the company Expekt was acquired, it completed LeoVegas Group's existing offering while also increasing its Swedish market share. Italian Winga is an example of a strategic acquisition that opened the door to the Italian market for LeoVegas Group. Other acquisitions include Royal Panda, Rocket X and pixel.bet. These acquisitions have also enabled expansion to new markets and provided LeoVentures with a more diversified portfolio.

As such, the Group strives to diversify its revenue stream, reducing revenue volatility, minimising risk and making LeoVegas Group less vulnerable to market changes.

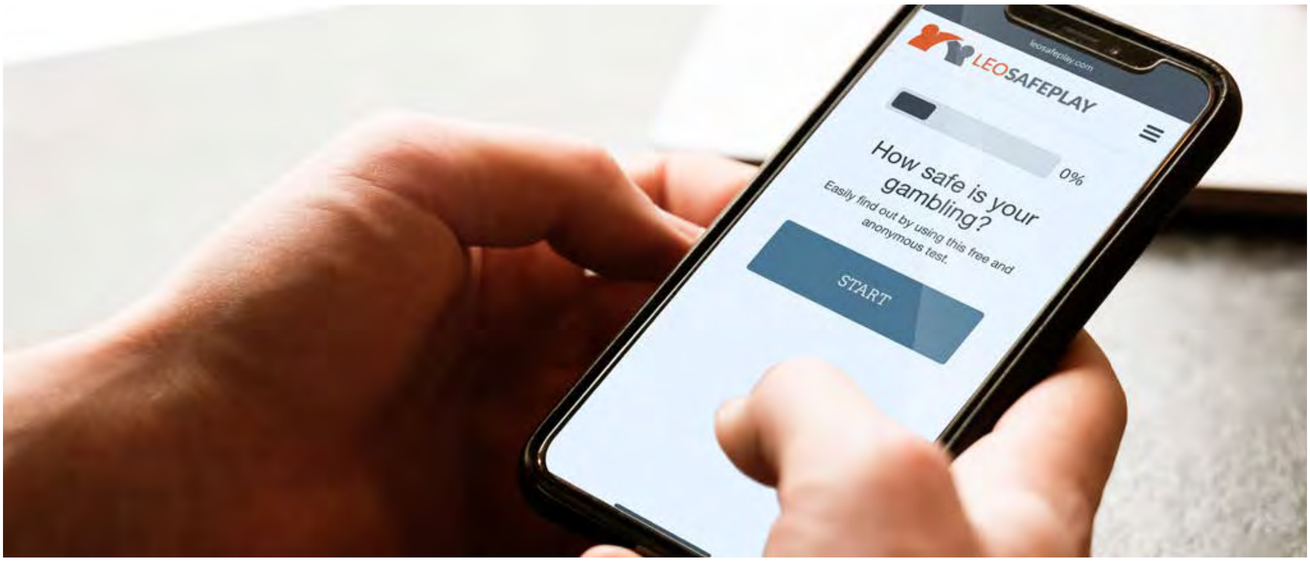
Efficiency. LeoVegas Group's three strategies lead to a considerable increase in Group efficiency. By having a collective technical platform for all of the Group's brands, internal technical support is simplified while operational teams can focus on additional development. Since all development takes place in-house, our dependency on third-party suppliers is also reduced. All investments carried out are essentially entirely for the purpose of improvement and development measures. The overall results for the Group are increased efficiency and synergy effects – two important factors for scalable and profitable growth.

STRATEGY EFFICIENCY



RESPONSIBLE GAMING

Promoting sound gaming behaviour and having as watchful eye over where wagers come from have top priority at LeoVegas Group. The function that monitors and addresses customers' gaming is called Responsible Gaming, and the function that works on countering money laundering is called Anti-Money Laundering (AML).



RESPONSIBLE GAMING

Responsible gaming is a central pillar of LeoVegas' business. More and more countries are introducing local regulations with varying requirements on how gaming companies are to address responsible gaming. Regulations create security for players as they reduce the risks for unsound gaming.

LeoVegas Group's Responsible Gaming department receives continuous information from all departments that have customer contact, such as customer support and the risk department. Responsible Gaming reviews and investigates customer accounts to determine if there is a need to intervene and limit a customer's gaming. The starting point can be a customer's level of activity or gaming behaviour, for example, or information that LeoVegas Group has learned through its personal contacts with a player.

With the help of artificial intelligence (AI), a proactive and digital review is also conducted of customer behaviour and trends in customers' transactions. In this way, LeoVegas Group is able to detect possible events or patterns that would prompt action. Following a thorough analysis, a decision is made on any measures. Examples of measures taken by LeoVegas Group may include educating or informing a customer about unsound gaming, contacting the customer by phone, setting a limit for deposits or time spent logged in, blocking a customer's account and other forms of correspondence.

LeoVegas Group also has a dedicated website, separate from the main gaming site, called LeoSafePlay. Here, customers can find additional information about responsible gaming as well as detailed information and descriptions of the tools that are available that can help individuals with a current or potential problem. LeoSafePlay is also aimed at family members of players with or at risk of developing unsound gaming behaviour.

Various rules and regulations coupled to responsible gaming apply in the many countries and markets in which LeoVegas Group is active. Often these require players to set limits for how much they can deposit or how long they can play. Extensive requirements are also put on gaming companies to protect players from excessive gaming and to help them reduce their gaming when there is a reason to do so. Many countries have national blocking registers through which players can block their access to gaming sites for varying lengths of time.

AT THE FOREFRONT OF RESPONSIBLE GAMING

LeoVegas Group uses machine learning and AI to identify at-risk individuals and help them keep their gaming under control. The internal algorithms draw from the expertise of LeoVegas Group's team of analysts who are trained in responsible gaming. Knowledge of gaming behaviour is applied across the entire customer base, thereby enabling daily attention to everyone. In 2021, two tools to further develop responsible gaming were launched, initially in the UK market: AI-generated messages and individualised deposit limits.

The messages inform customers about responsible gaming tools and encourage them to set their own limits. The messages vary based on the customer's individual behaviour and gaming history. The tone of the messages is initially informative and encouraging, but turns more serious and firmer if required. The individual deposit limits are set upon the customer's first deposit following an analysis of third-party data. The limits are then continually re-evaluated with updated data. Together with AI-generated messages, the quality and efficiency of interaction concerning responsible gaming is improved.

EFFICIENT ASSISTANCE IN THREE STEPS

- **1) Early identification of problem players**

  LeoVegas Group is at the forefront of using machine learning as a tool for early identification of at-risk individuals. Further development of the company's tools takes place on an ongoing basis, and in 2021, two new tools were launched in the British market, for example.

- **2) Algorithmic support for at-risk players**

  LeoVegas Group has developed a data-driven support system for responsible gaming designed to promote a safe and healthy strategy for gaming. This is achieved by training players directly so that they will continue to play in a sustainable manner. This support function enables LeoVegas Group to intervene at the right time without being intrusive. This is done on a large scale and serves as a preventive measure that is employed for everyone all the time.

- **3) Evaluation of effectiveness**

  LeoVegas Group has an internal solution for assessing the effectiveness of its communication with players for those in need of support to play responsibly. Following interaction with a customer, the effect is measured by comparing the customer's behaviour before and after the interaction via a carefully designed point system. If the measures prove to be ineffective, a follow-up customer assessment is conducted, followed by a second interaction.

THE LEOSAFEPLAY WEBSITE

LeoSafePlay is LeoVegas Group' Group-wide platform and approach for promoting responsible gaming. It is based on technology and technical solutions for responsible gaming as well as on how the operational activities work with these matters on a daily basis. LeoSafePlay also encompasses LeoSafePlay.com, that collects all information on LeoVegas Group's work with responsible gaming.

One of the most important technical solutions in LeoSafePlay is based on extensive data analytics to proactively create long-term relationships with customers and promote responsible and sound gaming over the long term. LeoSafePlay's offering includes a host of tools to help customers play in a responsible way.

THE LEOSAFEPLAY WEBSITE FOCUSES PRIMARILY ON FOUR TARGET GROUPS

- **1) Individuals who feel they have a gaming problem**

  At LeoSafePlay, individuals who feel they have a gaming problems can obtain information about measures they can take to limit their gaming. Examples include information on how to use blocking or self-exclusion tools, and contact information about various help organisations that work with gaming-related problems and debt elimination. Through an anonymous self-assessment, customers can find out if they are at risk of developing a gaming problem. LeoVegas Group is one of the few companies in the industry to offer the tool Gamban, through which customers can block themselves from visiting all gaming sites, and an insurance called LeoCare, which pays for the customer's first three visits to a therapist specialising in gaming problems. Both Gamban and LeoCare are offered to LeoVegas Group's customers free of charge.

- **2) Individuals who feel that they spend more money and/or time on gaming than they intend to**

  At LeoSafePlay customers learn about various forms of gaming problems and about which measures they can take to regulate their gaming and gain better control. A player who feels he or she is spending too much time gaming can set a time limit for gaming sessions or use any of LeoVegas Group's other preventive tools.

- **3) Friends and family members of someone with a gaming problem**

  For family members and others, LeoSafePlay provides information on the warning signs one should be aware of, on how to contact LeoVegas Group and other gaming companies, and information on how to block gaming sites. Contact information is also provided for organisations that work with gaming related issues.

- **4) People who know an underage person who they suspect is gaming online**

  LeoVegas Group works with age restrictions and ID verification when logging in and registration via, for example, Bank-ID in Sweden. LeoSafePlay contains information about how parents or family members can contact LeoVegas Group if they suspect that a minor is gaming. Information is also provided about software that can be installed for enhanced parental control.

LEOCARE

Unfortunately, some people develop unsound gaming behaviour, and in certain cases professional help is the best way to come to grips with the problem. LeoVegas Group wants to be a part of the solution, and has therefore launched the LeoCare initiative. Through LeoCare, individuals that have developed problem gaming may receive

TOOLS IN LEOSAFEPLAY

Deposit Limit
This tool allows customers to set a limit for how much can be deposited into their account during a set period of time.

Self-Exclusion
Customers are always free to take a break from gaming with LeoVegas. When an account has been paused, the customer cannot access it.

Player History
A clear summary of a customer's gaming transactions is available to the customer. The summary includes, among other things, a record of deposits, withdrawals, wagers and results.

Time Alert
The Time Alert function helps customers keep track of how much time they have spent gaming. Customers are periodically reminded about the length of their gaming sessions.

Session Limit
The Session Limit function enables customers to specify how long they want to be able to be logged in. The customer is notified before the session limit is reached with a popup and is then automatically logged out.

professional psychological help. Provided that the customer has an account with LeoVegas Group, the company can help the customer get started with treatment by paying for the first three therapy sessions. LeoVegas Group also cooperates with Gambling Therapy, a global service that offers practical advice and emotional support free of charge to anyone struggling with gaming problems.

BLOCKING TOOLS

Several locally regulated markets have a national self-exclusion register through which customers can block their access to all licensed gaming companies, including LeoVegas Group. LeoVegas Group offers the Gamban service free of charge to customers in need of a blocking tool.

LEADER IN AI-BASED RESPONSIBLE GAMING

LeoSafePlay uses machine learning to help identify problem gamers. If a customer changes their gaming behaviour and, for example, begins playing for bigger wagers, during longer sessions, or begins playing at odd hours of the day, they are contacted by LeoVegas Group and is offered help and informed about how they can change or limit their gaming. If necessary, the customer's account is closed. The combination of state-of-the-art technology and care for customers is the best way to achieve long-term and sound customer relationships. LeoVegas Group cannot fight gaming problems on its own. The company is therefore eager to share its experiences and know-how with other operators, authorities and other actors.

INTERNAL FURTHER TRAINING

All new employees participate in mandatory training in responsible gaming when they start working for LeoVegas Group. On top of this, customer service representatives receive in-depth training in order to be able to better identify and support customers in need of help. LeoVegas Group aspires to offer its customers the greatest gaming experience. Responsible gaming is a crucial and central part of this experience.

Wagering Limit
This tool enables customers to limit the amount of money they are able to wager during a set period of time. Once the amount reaches the limit, the customer will not be able to continue playing.

Loss Limit
With the Loss Limit tool, customers can limit how much they are able to lose during a set period of time. When the customer has reached the specified limit, they cannot continue playing.

Self-Assessment/ Self-Test
Our self-test provides customers with a clearer image of their gaming, gaming patterns and activity. The assessment is made up of a series of statements, and the customer

Cont.

is presented with a summary describing which areas of their life could be negatively affected by their gaming. The customer also receives suggestions for which LeoVegas Group tools that may be useful for their specific case.

Cont.

All these measures are provided to help customers find the right level of their gaming. A customer may also be recommended to close their account.

SAFER GAMBLING WEEK

Safter Gambling Week is an annual, industry-wide initiative to promote responsible gaming in the UK and Ireland. The campaign aims to increase awareness and knowledge about responsible gaming and spark a conversation on the topic among customers and the general public. Internally at LeoVegas Group, it is also an opportunity to specifically highlight responsible gaming.

ACTIVITIES FOR PREVENTING MONEY LAUNDERING (AML) AND THE FINANCING OF TERRORISM

AML is a regulatory regime that banks, financial companies and other companies must adhere to as part of efforts to prevent financial crime. LeoVegas Group has routines and systems in place to identify and track customers who violate the rules. LeoVegas Group's AML department works closely with other relevant departments within the organisation to ensure compliance with the requirements on gaming companies. LeoVegas Group applies a risk-based approach employing system-generated warnings, algorithms that monitor transactions and specialist-trained employees. This is complemented by mandatory training for all employees. AML-related measures have high priority and are initiated as soon as a customer registers with LeoVegas.

LEOVEGAS GROUP AS AN EMPLOYER

ORGANISATION AND EMPLOYEES

LeoVegas Group is a global group with offices in several European countries. Operations for the gaming activities are conducted in Malta, while the headquarters for LeoVegas AB (publ) are in Stockholm. The company's technology development is conducted mainly in Sweden, at offices in Stockholm, Västerås and Växjö. Technology development also takes place in the Netherlands and Poland. LeoVegas UK is based in Newcastle in the UK, and the company also has an office in Milan, Italy. In 2022, LeoVegas Group will also open an office in the US state of New Jersey.

LeoVegas AB (publ) is the Parent Company of a number of subsidiaries that conduct gaming activities and technology development. All of the Group's subsidiaries are wholly owned with the exception of companies in LeoVentures: Pixel Holding Group Ltd (Pixel.bet) and GameGrounds United (CasinoGrounds), Blue Guru Games and BeyondPlay.

LeoVegas Group is a young company, both with respect to how long the company has been established and in terms of the age of employees. A strong element of innovation and technology and focus on providing a high level of service is something that attracts young talent. The average employee age at LeoVegas Group is 33. During the year, 62% of employees, including consultants, were men and 38% were women. The Group's board of directors has seven members, of whom five are men and two are women.

LEOVEGAS GROUP'S EMPLOYEES

LeoVegas Group offers a dynamic and modern environment. As opposed to a traditional hierarchical corporate culture, self-driven employees are encouraged to develop to make decisions for their own specialist areas. In parallel with a high tempo and winning mindset, the company is permeated by a strong team spirit, which goes by the banner "Team Leo." Regardless of what country you are working in or what you are working on, you are joining a strong team when you come to LeoVegas Group as an employee.

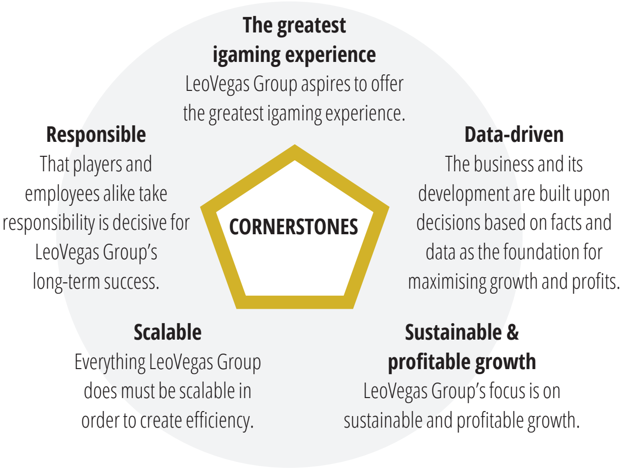
Naturally, there is good potential to develop for all employees in a continually changing environment, which is important for attracting, retaining and developing talent. Growth is possible in terms of specialist areas and in leadership within the company. Many employees also take the chance to learn about an entirely new area. It is not necessary to change employer to take the next step in your career. Some employees are even allured by the opportunity to pack up and switch work locations for a shorter or longer time – perhaps even relocate from Sweden to Malta, or vice versa. All of this contributes to a long-term and engaging relationship between LeoVegas Group as an employer and individual employees.

FACILITATING GROWTH THROUGH SHARED ATTITUDES AND CORNERSTONES

LeoVegas Group is a rapidly growing company with many young employees from diverse backgrounds. The company operates in a highly competitive and dynamic market. For example, over 100 million transactions take place per month at LeoVegas Group. The nature of the industry puts high demands on flexibility and that everyone always focuses on the most important matters.

Achieving success requires a culture with clear goals and values that facilitate collaboration and performance. Shared values and attitudes are crucial, particularly in an organisation with offices in many locations and employees from 57 countries.

BROAD EXPERTISE AMONG LEOVEGAS GROUP'S EMPLOYEES (INCLUDING CONSULTANTS)



LeoVegas Group has summarised the company's attitudes in five key concepts:

- **We are Team Leo**

  LeoVegas Group wins when we work together as a team. In a global company with people from many different countries, internal collaboration is built upon trust and respect – regardless of geography, culture, or the department one works in.

- **Simplicity rules**

  Why make something more complicated than necessary? Unwieldy processes and bureaucracy often make companies less successful. LeoVegas Group is and will continue to be an agile organisation that strives for simplicity. There are always opportunities to develop, simplify and improve.

- **We chase betterness**

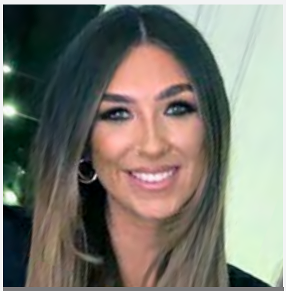
  LeoVegas Group always aspires for improvement and aims to be a better company tomorrow than it is today. This applies regardless of area and employee – the potential for improvement is everywhere. As an agile company, LeoVegas Group is in a constant test, learn and grow process.

- **We make it happen**

  Courage and the capacity to act are central components of LeoVegas Group's culture. Employees are encouraged to say what they think and to do what is needed to make it happen. LeoVegas Group does not believe in hierarchical structures. Instead, every individual plays a significant role in the company and can take their own initiative.

- **Trust and accountability counts**

  Maintaining high growth and the capacity for improvement requires trust and responsibility. The entire company's business and existence are based on this. If LeoVegas Group falls short on these points, it will be hard to conduct a successful business, even internally. Every individual is to take great personal responsibility, keep their promises, and communicate clearly.


Haley Barclay, Designer at LeoVegas UK

Facts

I have been here at LeoVegas in Newcastle since spring 2020. My background is in illustration and design, and painting has always been close to my heart. After some years as a graphic designer, I wanted to take a step into the digital world, and the iGaming industry was a very exciting alternative. At LeoVegas, I am awarded the creative freedom that I need and I can apply this to a very fast moving industry in which we are continuously testing new ways to communicate visually. At times, we have intense projects, but we always manage to maintain a structured approach and the creative process is very exciting! To continue to develop at LeoVegas, I have also been awarded the opportunity to further develop myself, which is great.

One of the most fun aspects of working at a major company like LeoVegas is all of the international and social contact. I work regularly with a team in Malta, and when we travel there to collaborate with colleagues, fun team events are always organised. It may sound like a cliché, but I have really made true friends.


Vasja Çollaku, Java Engineer in the Responsible gaming team

Facts

I have an education in computer technology and ended up in Sweden in conjunction with a study exchange in software development. What attracted me to LeoVegas Group some years ago was the culture and the work environment, the lively office is far from a traditional, quiet workplace. LeoVegas is personal, agile and open-minded in every way. Diversity is something that permeates the office, both in terms of colleagues and work tasks. I am regularly put to the test, and have many internal contacts across all of Europe.

Regardless of where we come from, it feels like we work efficiently as a team, which has been especially important during the pandemic. I believe that sharing information and expertise is key for development. As such, it is fantastic to be able to collaborate with individuals who come from countless other industries. I have really grown during my time at LeoVegas. On the other hand, we cannot forget that we are a technology company at our core, which means that there is considerable new technology to try out and learn about. This is fantastic for a technologically interested person like me!


Ryan Martinelli, Second Line Senior Specialist (Customer service)

Facts

Originally, I was studying IT, but I noticed that my interests were elsewhere during my education. After talking to LeoVegas employees here in Malta, I realised that the company and the iGaming industry had what I was looking for: a place where I could grow occupationally and where driven commitment was rewarded. It is simply an exciting place to build a career.

In my profession, I help customers and customer service employees with day-to-day questions, hold internal training courses and drive customer service development projects. My position employs me to be solution-oriented and able to work in a group, something I really think we succeed at here at LeoVegas Group. We are able to trust each other and expect to receive all the necessary support to be able to do a good job together. During the past year, we welcomed many new customers, which naturally lead to more questions. Our way of handling this during the pandemic truly demonstrated the force of the camaraderie that we have here. I am looking forward to continuing my career at LeoVegas Group!

LEOVEGAS GROUP ON THE STOCK MARKET

FACTS

Ticker: **LEO**
Marketplace: **Nasdaq Stockholm**
Market cap (31 Dec 2021): **SEK 3.56 bn**
No. shareholders (31 Dec 2021): **17,897**
No. shares: **101,652,970**
Stock market listing: **17 March 2016, First North Premier**
Listing change: **5 February 2018, Nasdaq Stockholm**

More detailed share information can be found on pages 58–59.

ANALYST MONITORING

LeoVegas Group is monitored by the following banks and analysts:

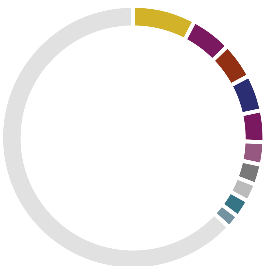
- **Carnegie** – Oscar Erixon
- **DNB** – Martin Arnell
- **Pareto Securities** – Marlon Värnik
- **Erik Penser Bank*** – Rikard Engberg

**The analysis performed by Erik Penser Bank is a commissioned analysis, and LeoVegas Group regards it as a service for its shareholders. LeoVegas has a growing shareholder base and believes it is important that information and analyses are available for private savers and the general public. To read analyses and other published information, see Erik Penser Bank's website.*

DIVIDEND

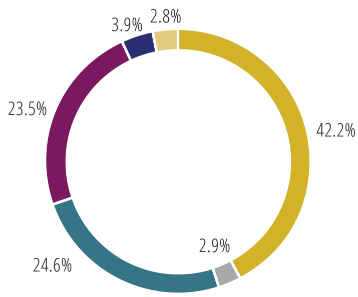
LeoVegas Group's dividend policy is to pay a dividend, over time, of at least 50% of profit after tax. LeoVegas Group pays on four occasions per year and distributed SEK 1.60 per share for 2020. This involved SEK 0.40 per occasion and payment. The Board's proposed dividend for 2021 is SEK 1.68.

TEN LARGEST SHAREHOLDERS, 31 DECEMBER 2021

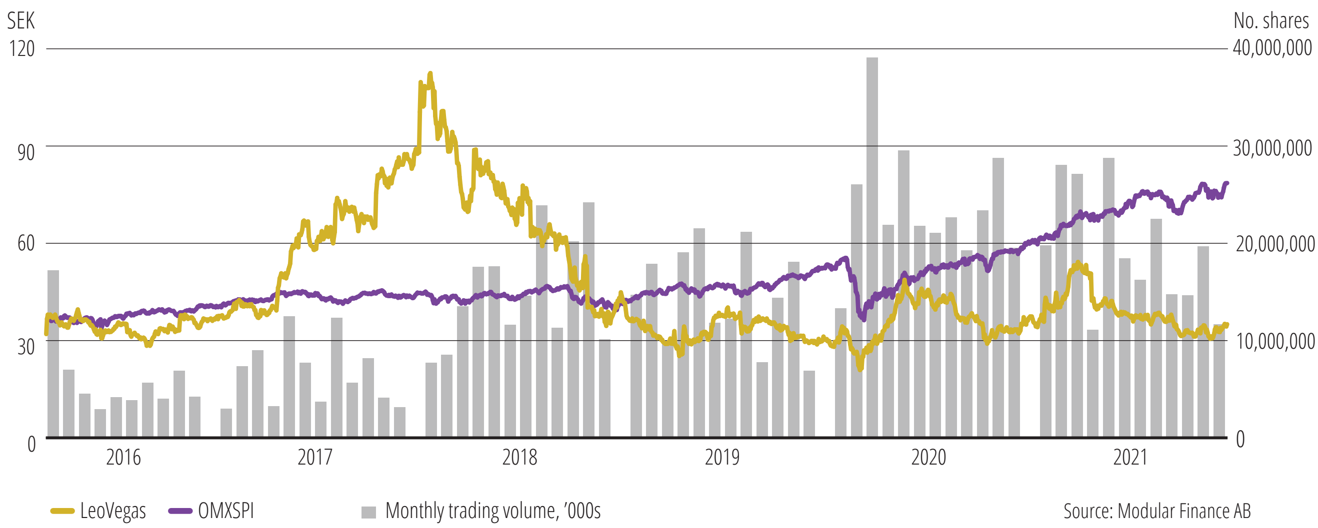


Shareholder (incl. related parties)	No. shares	Share of ownership, (%)
Gustaf Hagman	8,050,000	7.9%
Avanza Pension	5,090,393	5.0%
LOYS AG	4,559,281	4.5%
Torsten Söderberg with family	4,533,861	4.5%
LeoVegas AB (publ)	4,000,000	3.9%
Erlinghundra AB	2,840,736	2.8%
Lombard Odier Asset Management	2,320,000	2.3%
Pontus Hagnö	2,250,000	2.2%
Robin Ramm-Ericson	2,250,000	2.2%
Man FRM	1,900,951	1.9%
Total, 10 largest shareholders	**37,795,222**	**37.2%**
Other shareholders	63,857,748	62.8%
Total	**101,652,970**	**100%**

SHAREHOLDER BY CATEGORY



SHARE PRICE DEVELOPMENT, 17 MARCH 2016 – 31 DEC 2021



LEOVEGAS GROUP'S SUSTAINABILITY REPORT

LeoVegas Group's Sustainability Report pertains to the 2021 financial year. In accordance with Ch. 6 §10 of the Swedish Annual Accounts Act, the company has opted to prepare the Sustainability Report as an integrated, expanded part of the Annual Report. The Sustainability Report has also been published as a separate document on the company's website and was submitted to the company's auditor at the same time as the Annual Report. The report covers the Parent Company, LeoVegas AB (publ.) (corporate identity number 556830-4033) and its subsidiaries (see Note 16). In connection with its signing of the Annual Report, the Board of Directors of LeoVegas AB (publ.) also approved the Sustainability Report.

INTRODUCTION

In 2021, LeoVegas Group commenced efforts to further develop the company's sustainability strategy and to integrate sustainability activities in other operations. During the year, new documentation and new material were developed with the aim of forming the foundation of new sustainability priorities.

For the company, it has been crucial to focus sustainability efforts on the areas that affect operations and where LeoVegas Group has the greatest impact. The company's Board of Directors has resolved on new priorities that are presented below and tasked the company's management with producing a new strategy and new key performance indicators for 2022.

BUSINESS ENVIRONMENT ANALYSIS

International demand for digital entertainment is increasing considerably. Today, betting and iGaming are global industries valued in the billions. Entertainment is becoming more personally tailored, social, exciting and accessible in a digital context. This rapid growth forces the company to increasingly raise industry standards to ensure a safe and sustainable customer experience.

As a responsible societal player, LeoVegas Group contributes to a sustainable gaming industry by proactively and positively impacting society and the industry. Our ultimate tools are our data-driven business strategy and our responsible approach combined with our proprietary technical platform.

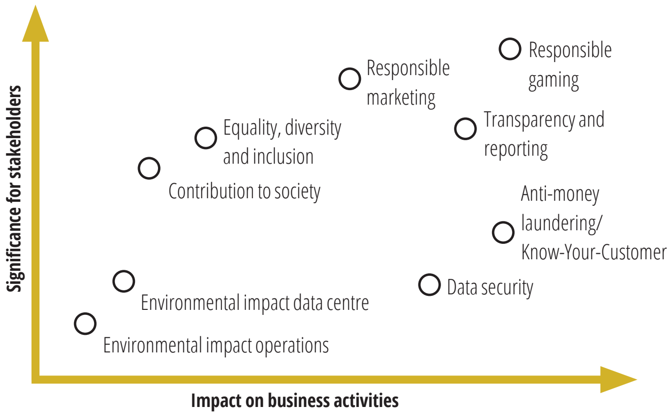
STAKEHOLDER DIALOGUE AND MATERIALITY ANALYSIS

To better understand how the company's most important stakeholders view sustainability and which issues they believe that the company needs to develop and prioritise, LeoVegas Group completed its first stakeholder dialogue in 2021. This included:

- In-depth interviews conducted with external stakeholders – politicians, industry experts and business partners.
- In-depth interviews conducted with several owners, members of the company's Board of Directors and the company's management team.
- Internal workshops conducted with employees in senior positions. *and*
- A comprehensive survey conducted of customers in Sweden, Denmark, the UK and Italy.

In conclusion, the dialogue demonstrates that the industry as a whole is not doing enough when it comes to responsible gaming, which, over time, has led to a decline in reputation for all gaming operators. Even if LeoVegas Group conducts comprehensive efforts to minimise unsound gaming, our activities are not always communicated as openly and transparently as they could be. Both the LeoVegas Group and the entire gaming industry would benefit from more collaboration as well as shared industry standards and key performance indicators to follow up on.

MATERIALITY MATRIX



THE DIFFERENT STAKEHOLDER GROUPS CHOOSE TO PRIORITISE VARIOUS SUSTAINABILITY TOPICS ACCORDING TO THE FOLLOWING:

Employees:
Responsible gaming
Anti-money laundering/ Know-Your-Customer
Social responsibility and duty of care

Shareholders and analysts:
Transparency
Compliance
Employee well-being

External stakeholders:
Responsible gaming
Transparency
Compliance

Customers:
Responsible gaming
Responsible marketing
Data integrity

Board of Directors:
Responsible gaming
Responsible marketing
Transparency

IDENTIFIED ESG RISKS

Environmental aspects	Social aspects	Governance and control aspects
• Energy management	• Responsible gaming and gamer protection	• Regulatory stability
• Waste management	• Responsible marketing	• Revenue from licenced markets
• Business trips	• Match fixing	• Money laundering
• Carbon footprint	• Transparency	• Corruption
	• Employee commitment	• Financial stability
	• Diversity and equality	• Tax transparency
		• Cybersecurity
		• Customer data protection
		• Sustainability and compliance efforts of subcontractors and partners

NEW SUSTAINABILITY PRIORITIES FOR THE GROUP

With the new documentation as a basis, the Board of Directors resolved on new sustainability priorities for LeoVegas Group, and that these are to form the basis of a new sustainability strategy that will apply until 2025. In 2022, the company's management will present the new sustainability strategy that will focus on the new priorities and resolve on key performance indicators to measure and be followed up on with the aim of allowing external parties to follow how activities develop.

LeoVegas Group's new sustainability priorities are based on the company's promise to offer the greatest gaming experience. The promise means different things to different stakeholders, but through stakeholder dialogue and the materiality analysis, the company has been able to prioritise and will focus its sustainability efforts in the areas we believe will have the greatest impact. To take the next step in terms of sustainability, the company will reposition itself by:

- Creating the world's greatest, and most sustainable, gaming experience.
- Use technology to promote responsible gaming.
- Ensuring sustainable and profitable growth over time.

HOW SUSTAINABILITY LINKS TO OUR OPERATIONS

LICENCE TO OPERATE
- Regulated operations
- Compliance
- Transparency

CUSTOMERS
- Sustainable customer relationships over time
- Monitoring of all customers' gaming
- Measures taken for risky behaviour

MARKETING
- Responsible marketing

TECHNOLOGY AND DATA
- Technology is used to ensure safer and more sustainable gaming
- Data and experience is shared externally to increase knowledge and contribute to research

OPERATIONS
- Well-being, equal personnel characterised by diversity
- Minimised climate impact

LeoVegas

NEW SUSTAINABILITY MODEL

LeoVegas Group's new sustainability model focuses on responding to the expectations of three groups: the company's customers, the company's employees and external stakeholders.

TAKING RESPONSIBILITY AT ITS CORE

Strategic priorities until 2025:

- **1)** Focus the company's initiatives to prevent and change risk-filled or unsound customer gaming behaviour.
- **2)** Be a driving force to establish joint industry initiatives in responsible gaming, increased transparency and how knowledge and data can be shared.
- **3)** Continue to develop technology to identify risk-filled and unsound gaming behaviour.
- **4)** Increase focus on entertainment and safe gambling in marketing.
- **5)** Build and maintain sustainable customer relationships.

TRANSPARENCY AND COMPLIANCE

Strategic priorities until 2025:

- **1)** Focus on increasing gaming revenue from locally regulated markets.
- **2)** Conduct operations at the highest professional and responsible level in accordance with the rules and norms that apply in each market.
- **3)** Communicate openly on responsible gaming measures and sharing successful examples, collaborate with authorities, industry organisations and partners to create sustainable gaming regulations and ensuring a safe and sound gaming market.
- **4)** Communicate openly on targets and ambitions and how these develop over time.

SUSTAINABLE OPERATIONS

Strategic priorities until 2025:

- **1)** Strive to lead the gaming industry in diversity, inclusion and diversity.
- **2)** Offer employees ongoing training in sustainability with a focus on responsible gaming.
- **3)** Encourage a culture of well-being, transparency and compliance.
- **4)** Strive for sustainable operations with the aim of minimising the company's environmental impact, including from data centres, and encouraging subcontractors to do the same.

DIVERSITY

DIVERSITY, ANTI-DISCRIMINATION AND HUMAN RIGHTS

Diversity is an important part of the company's culture, and LeoVegas Group works actively to bring in new talents and to retain its existing employees. LeoVegas Group promotes a work environment that rewards initiative and innovation in which employees can work with exciting and challenging work duties. This is managed by individual development plans, leadership training, and by clear expectations for employees.

As a global company with people from many different countries, cultures and origins, internal collaboration is based on trust and respect. Some 60 nationalities are represented among the company's employees. This broad diversity has contributed to the company developing positively.

In the Swedish offices, there remains an over representation of men. The offices in the UK and Malta have a more even gender balance.

LeoVegas Group's standpoint is to offer equal pay for equal work, and the company continues to work strategically to increase interest among women searching for positions in LeoVegas Group. The company's statutory Swedish compensation survey revealed an Equal Pay Index of 93.4, with a result of 100 indicating entirely equal wage distribution between men and women.

LeoVegas Group's position on diversity is specified in the company's Human Resources policy, which stipulates that no person may be discriminated against due to gender, faith, origin or sexual orientation, which ensures that human rights are respected. LeoVegas Group respects and values human rights by working against all forms of discrimination within the organisation. LeoVegas Group's Human Resources Policy is required reading for all employees and is accessible in the company's internal training system.

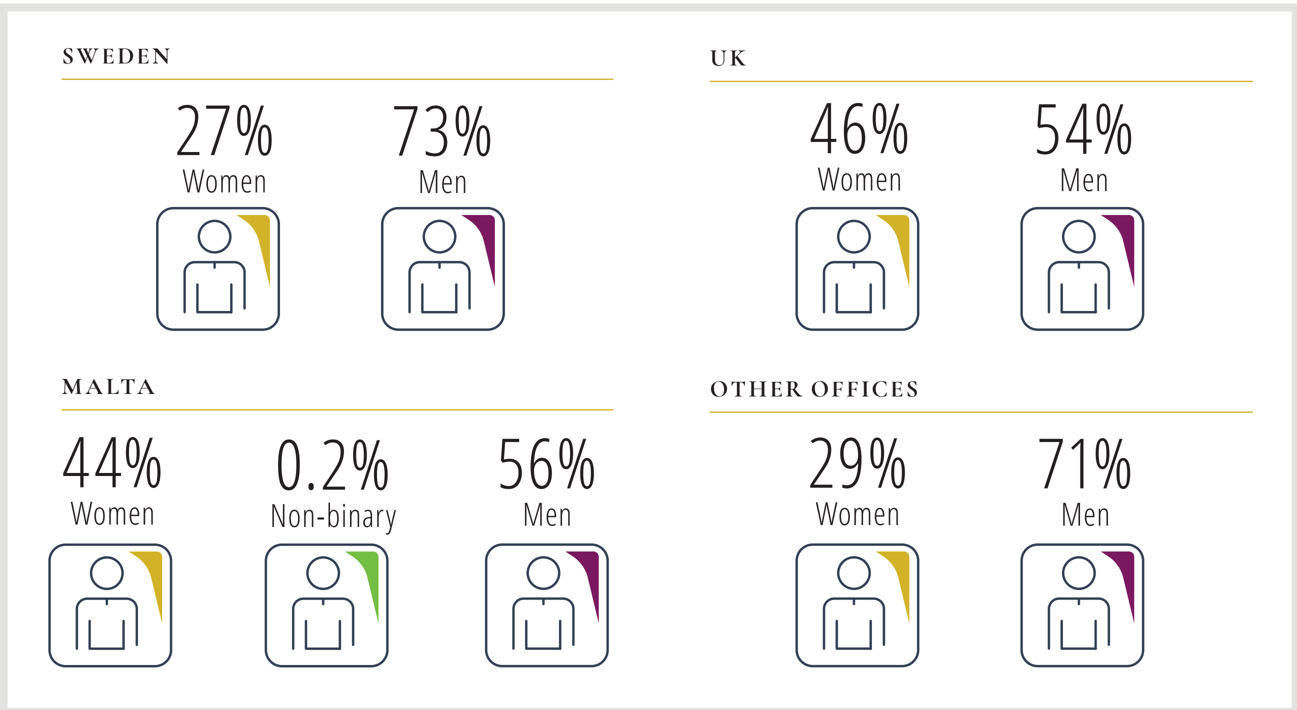
BOARD OF DIRECTORS

In 2021, LeoVegas Group's Board of Directors was made up of two women and five men, which entails a composition of 29% women. Sustainability is always one of the fundamental perspectives that is taken into account when LeoVegas Group's Board of Directors and Group Management are to decide on a matter pertaining to the company.

MANAGEMENT

LeoVegas Group's management team consists of the CEO, CFO, COO, CPTO and CMO. During the year, the COO and CMO left the management team and were replaced by an interim COO and interim CMO. At the start of the year, five of a total of five people in the management team were men. At the end of the year, this figure was four of five.

Management below the management team is made up of employees with the titles of Directors and Heads of. The gender breakdown of this category is 30% women and 70% men.



COMPLIANCE

LeoVegas Group holds licences and is under local supervision in Denmark, Italy, Ireland, Malta, the UK, Sweden, Spain, and in the German federal state of Schleswig-Holstein. 67% of LeoVegas Group's revenue is generated from markets with local licences or local taxation. This figure is expected to increase in 2022 as the company announces more new licence applications.

COMPLIANCE AT LEOVEGAS

Operators are facing growing requirements for responsible gaming and compliance. The legal landscape and compliance environment have undergone considerable changes in recent years with clear decisions from supervisory authorities and political decision-makers. LeoVegas Group has adapted its offering and services to meet the requirements and to future-proof operations for additional regulated markets. LeoVegas Group's compliance department reports on a regular basis to the management team and the Board of Directors. The Group COO has ultimate responsibility for compliance.

LeoVegas Group maintains a consistent high level of compliance across all of its markets. Common to all markets are licence systems that are characterised by strong consumer protection.

The company's existing experience of regulated markets has facilitated the expansion into other regulated markets. Operations are already adapted to many of the requirements that are in place in other regulated markets.

CODE OF CONDUCT

LeoVegas Group's Code of Conduct is the foundation for providing employees with guidance on the company's ethical standards. It also lays out LeoVegas Group's responsibility to offer a safe and healthy workplace as well as to promote and respect human rights based on international generally accepted rules and norms.

WHISTLEBLOWER FUNCTION

To ensure that all employees will feel secure in reporting any departures from the company's policies and rules, a whistleblower function has been established in which employees can confidentially and effectively report potential problems.

ANTI-MONEY LAUNDERING (AML)

LeoVegas Group conducts a transaction-intensive business. Gaming companies face a challenge similar to that of banks, as gaming companies also handle large sums of money daily in their systems. Combating money-laundering is facilitated by the fact that the business is conducted digitally and all transactions are traceable. LeoVegas Group regularly evaluates the integrity of its existing business partnerships. The company's internal and external procedures and efforts to combat money laundering and the financing of terrorism are in line with the EU's fourth anti-money laundering directive as well as local regulations and licencing criteria.

BRIBERY, CORRUPTION AND FRAUD

LeoVegas Group has zero tolerance for bribery and corruption, and the company acts in accordance with relevant anti-corruption laws in the countries in which LeoVegas Group has a presence. All internal actions in LeoVegas Group's back office system are documented and monitored. The company also performs controls on a regular basis of the marketing partners that LeoVegas Group works with. The company works proactively with these issues, and risks are managed on a continuing basis through the internal control process, where routines and processes are followed up on.

TAXES

LeoVegas Group works at a global level and is active in a number of regulated markets, which means that several different tax regulations apply for the company's operations. The Group shall adhere to all local tax laws in the countries in which LeoVegas Group is active. In addition to company taxes, the Group's various companies also pay payroll taxes, applicable local taxes, gaming taxes and VAT related to its services.

SUSTAINABLE MARKETING

LeoVegas Group mainly works with data-driven and digital marketing, the efficiency of which is measured and evaluated on an ongoing basis. LeoVegas Group applies its Code of Conduct as the core values for the company's relations and collaboration with marketing partners. Through regular controls, the company works actively to prevent partners from marketing themselves in a way that is contrary to applicable marketing and licencing requirements in respective markets. LeoVegas Group also uses the services of globally recognised players in its marketing, such as Facebook and Google, where Facebook, for example, ensures that our marketing does not reach minors.

THE INTEGRITY OF SPORTS AND THE FIGHT AGAINST ILLEGAL MANIPULATION OF SPORTS

Impacting the outcome of sport, known as match fixing, is considered to be one of the greatest threats to the integrity of competitive sports.

Preventing, detecting and prosecuting match fixing requires collaboration between sport, gaming companies and law enforcement authorities. The sporting world is educating its participants in the dangers and risks of participating in rigged matches. Many sports also prohibit their participants from betting on matches, events or tournaments in which they are personally participating. Sport associations also have special investigators who, upon suspicion, help analyse sport performances. Gaming companies have a responsibility to monitor all transactions surrounding the matches they offer gambling on in order to identify deviations or unexplainable outcomes.

In the digital gaming industry, companies have the opportunity in real time to analyse wagers, player behaviour and odds movements. When needed, matches and events can be removed as playable objects, and disbursements can be frozen during the time suspicions are investigated. Suspicious matches and games are reported, depending on the jurisdiction, to the pertinent authorities and relevant sport bodies. Match fixing is combated successfully when gaming companies, authorities and sport associations collaborate. In Sweden, LeoVegas Group and several other gaming companies have signed a memorandum of understanding with the Swedish Sports Confederation to collaborate and coordinate efforts to combat match fixing.

LeoVegas Group works closely with the supplier Kambi to manage risks associated with betting. If employees of Kambi or LeoVegas Group detect inexplicable deviations, the company can remove the game offering in question and freeze disbursements pending further investigation. Kambi analyses all transactions and odds movements in the international gaming market, while LeoVegas Group is responsible for Know-Your-Customer routines and handling wagers and payment of winnings.

international betting integrity association

LeoVegas Group has been a member of the International Betting Integrity Association (IBIA, formerly ESSA) since 2019. IBIA works with a monitoring and warning platform to, in real time, identify and report suspicious activity. In the event of suspicion, more than 60 gaming companies across the world are informed immediately. The IBIA is also engaged in direct information-sharing with organisations such as FIFA, UEFA, the Tennis Integrity Unit, the International Olympic Committee and numerous national authorities.

In 2021, IBIA issued 236 suspicious warnings spread across 13 sports and 49 countries. The most exposed sports are tennis (80 warnings), football (66 warnings), table tennis (40 warnings) and esports (30 warnings). The total number of warnings was lower than previous years, with the number of cases in tennis declining somewhat while the number of warnings in football has increased.

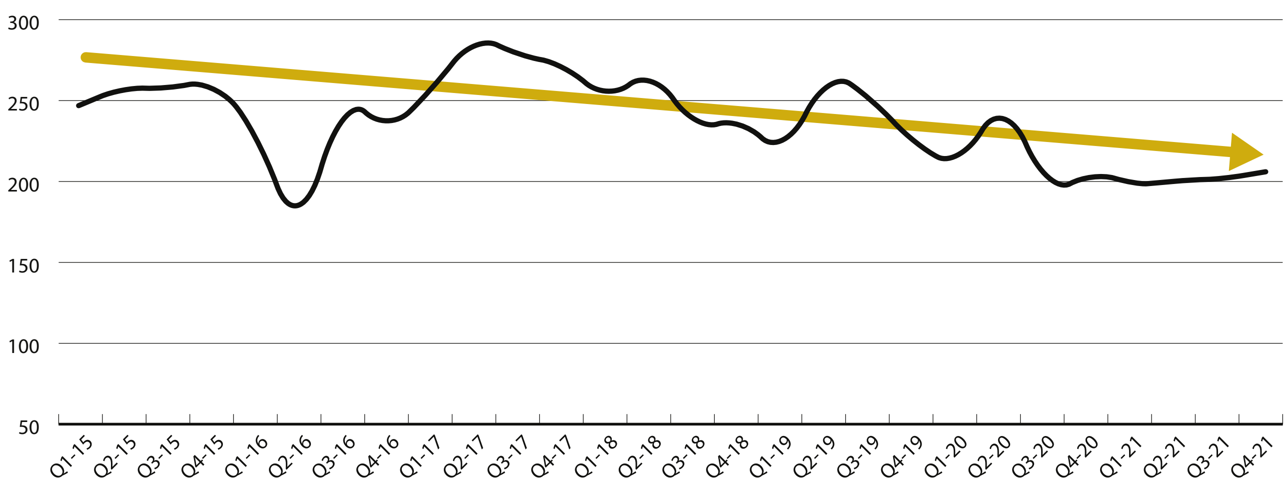
LEOVEGAS GROUP'S FRAMEWORK FOR RESPONSIBLE GAMING REVIEWED AND ASSESSED BY A THIRD PARTY

As part of the efforts to evaluate and ensure a safe gaming experience, LeoVegas Group has taken the initiative to allow a third party to externally review the company's framework and procedures for ensuring responsible gaming. In the spring of 2021, a review was conducted by the independent, industry-leading British agency eCOGRA, which specialises in testing, certifying and assessing the gaming sector. eCOGRA performed tests and conducted interviews to assess if LeoVegas Group's gaming services live up to the EU Commission's recommendations 2014/478/EU on principles for the protection of consumers and players of online gambling services and for the prevention of minors from gambling online. The review demonstrated that LeoVegas Group conformed with all relevant recommendations, and no other remarks were made.

RELAXATION AND ENTERTAINMENT IN A SECURE, REGULATED AND SAFE GAMING ENVIRONMENT

By being a data-driven company that knows what drives the customer experience, LeoVegas Group is capturing market shares from competitors and establishing sustainable and profitable growth. LeoVegas Group strives to retain customers over a long period and build up sustainable relationships with them. This leads to stability in the average revenue per customer over time along with a growing number of active customers who view their gaming as entertainment. LeoVegas Group is thus growing by increasing its customer base rather than by increasing the value per customer. This is a sustainable and responsible growth strategy for LeoVegas Group.

AVERAGE REVENUE PER CUSTOMER (EUR)



RESPONSIBLE GAMING

For most people, gaming is a form of entertainment and relaxation. The vast majority keep their limits in mind and know how to stop playing in a controlled manner. They accept that they can lose money, and don't play to recoup their losses. But for certain individuals, gaming can lead to problems. These customers need help to control their gaming or to stop playing entirely.

It is LeoVegas Group's obligation as an operator to give its customers tools and information to ensure that they do not adopt unsound gaming behaviour. LeoVegas Group directs its offering to people who view gaming as a form of entertainment and does its utmost to identify people with or who are at risk of developing a gaming problem at an early stage. If a customer shows tendencies toward unsound gaming, contact is made with the customer. Customers identified as problem gamers have their accounts closed for an indefinite period of time. This is documented and reviewed so that LeoVegas Group can follow up its contact with customers and evaluate how the process can be further improved.

CONTRIBUTION TO RESEARCH

LeoVegas Group works continually to examine, but also to contribute to, new research. In the past few years, the Data and Analytics team have worked closely with several universities and research institutes. One of the most significant ways that the company can contribute is through customer data that researchers do not have access to. In the past few years, the company has collaborated and contributed with customer data to universities, authorities and researchers across Europe. LeoVegas Group want to contribute by supplying more facts and research-based conclusions when the industry's toughest questions are discussed.

LeoVegas Group is now conducting dialogue with a prestigious university to discover more far-reaching and long-term research projects in which the company can assist both with data and financially. The plan is for this to take place during 2022.

LEOINITIATIVE

At LeoVegas Group's five-year celebration in 2017, the Leoinitiative was founded, a charity project of the LeoVegas Group focused on making a difference for lions. The initiative aims to give back to the globally threatened lion populations. During the last decade, the world's lion population has become severely decimated, and is today only a fifth of what it was a hundred years ago.

To contribute to an increased lion population and to improve the situation for lions across the world, Leoinitiative is supporting Stichting Leeuw (The Lions Foundation). Stichting Leeuw operates a rescue centre in Landgoed Hoenderdaell in the Netherlands to help large cats. Many lions and tigers come from circuses or private homes where they have been kept as pets.

Collaboration between Leoinitiative and Stichting Leeuw have allowed two lions – Bruno and Omar – to be adopted from captivity in Europe and transported to The Lions Foundation in Schrikkloof Private Nature Reserve in South Africa, where they now live together with other lions. Their new home is more in line with their natural habitat and stretches across over 700 hectares in the Waterberg area. The area is home to buffalos, giraffes, zebras, antelopes, waterbucks and many more animals.

Bruno and Omar were born in a circus in Slovakia. When the circus no longer had use for the animals, they were sold to different private individuals who kept them as pets. Finally, Bruno and Omar were reunited at The Lions Foundation and in 2017, they were able to be relocated to South Africa, where they are now living healthy lives.

STICHTING LEEUW

Bruno

Omar

ENVIRONMENT

In 2021, the global pandemic continued to impact the company's operations, and the majority of employees have been periodically working from home. As a result, business trips have reduced in scope compared with before the pandemic. With closed offices and a decline in travel, focus on employee well-being and the work environment has become more important compared with trying to impact the climate impact of offices and the company. As the company is reopening offices and business trips are becoming possible, environmental issues are once again in focus and a high priority.

LeoVegas Group's largest environmental impact typically comes from business trips. LeoVegas Group's travel policy urges employees to book trips based on the most cost-effective and environment-friendly alternative. In 2020 and 2021, in the wake of the pandemic, travel has been lower than in previous years. It is important to monitor the return to more normal conditions to ensure that travel continues to be limited to when it is required and that routine travel is avoided. In the past few years, a considerable number of digital tools have been introduced to make it easier for employees to meet, convene and take part in conferences remotely.

Recycling of office material, food waste, plastics and other waste is standard practice at all offices. Disposable material is no longer offered.

TECHNOLOGY

LeoVegas Group offers its customers a digital service with limited emissions and environmental impact. However, operations are dependent on datacentres. On a global level, datacentres account for 1% of all consumed energy. Given this, it goes without saying for LeoVegas Group to choose an efficient and sustainable approach to operate its technical infrastructure. LeoVegas Group's technical platform is operated via Google Cloud, and other internal infrastructure is also with Google. In 2020, LeoVegas Group's technical platform was migrated from a traditional datacentre to Google Cloud. By choosing Google, LeoVegas Group is 100% climate-neutral in this area. Google climate compensates all its operations through carbon offsets and has chosen to do this retroactively since its founding. Google has the climate issue high on its agenda, and as an example, its datacentres achieve 30% energy savings through the use

of smart cooling systems that use artificial intelligence to optimise energy consumption. In general, Google Cloud is twice as energy-efficient as a traditional datacentre.

LeoVegas Group achieved significant energy savings through its migration and remains at zero (0) net carbon emissions for everything that is run through Google Cloud. The choice of Google as a service provider is also future-proofed from an environmental perspective, as Google's datacentres, by 2030, will only operate on clean and renewable energy, 24 hours a day and at all sites.

REPORTING IN LINE WITH THE EU TAXONOMY REGULATION

LeoVegas Group evaluated its activities with the aim to identity potential activities eligible under the reporting obligation of the EU Taxonomy Regulation. LeoVegas Group's assessment is that the EU Taxonomy is currently targeting sectors in which LeoVegas Group does not operate. Based on the evaluation performed, 0 percent of LeoVegas Group's turnover is considered to be associated with Taxonomy eligible economic activities. Given that LeoVegas Group has not identified any of the economic activities within the Group to be eligible, no capital expenditures ("CAPEX") or operational expenditures ("OPEX") can be associated with such activities.

ENVIRONMENT

AMBITION – 2021	• LeoVegas Group's climate and environmental impacts will be sustainable.
TARGET	**ACHIEVEMENT**
LeoVegas Group's operations shall strive to be climate-neutral.	The company's greatest climate impact comes from procured datacentres. In conjunction with the procurement of Google Cloud, the company now has zero carbon net emissions from datacentres. Improvements remain possible for other operations, such as business trips and in offices.
LeoVegas Group's climate and environmental work is to be evaluated by a third party.	Not commenced. In light of the pandemic, 2020 and 2021 have not been representative due to closed offices and a decline in travel.
Ahead of 2022, to formulate improvement targets based on mapping conducted in 2021.	Not commenced. In light of the pandemic, 2020 and 2021 have not been representative due to closed offices and a decline in travel.

AMBITION – 2021	• All of LeoVegas Group's offices and employees will take responsibility and, based on their own preconditions, act as role models and work in a sustainable and conscious manner.
TARGET	**ACHIEVEMENT**
LeoVegas Group's employees will feel that they can perform their work in an environmentally conscious and sustainable manner.	Not calculated during the year since the majority of employees have worked from home in 2020 and 2021.

SOCIAL RESPONSIBILITY

AMBITION – 2021	• LeoVegas Group is to be one of the leading companies in responsible gaming. LeoSafePlay will be the most innovative and data-driven service for gaming monitoring
TARGET	**ACHIEVEMENT**
Work with responsible gaming is to be evaluated annually by a third party.	Achieved. The company's framework has been reviewed by the industry-leading certification company eCOGRA that has ensured that LeoVegas Group lives up to all of the relevant recommendations that the EU Commission have published on online gaming.
Customers who are alerted by LeoSafePlay will adopt more sound gaming behaviour. The goal is that nine of ten customers contacted will change their behaviour.	During the year, 87% of customers contacted adopted more sound gaming behaviour.
All employees are to participate in continuous training in responsible gaming and about the risks of gaming with money.	Ongoing. Employees undergo compulsory training and are offered voluntary training in the subject.

AMBITION – 2021	• LeoVegas Group's customers are to feel safe when playing with us.
TARGET	**ACHIEVEMENT**
Customers are to be aware of and understand the benefit of the company's tools for responsible gaming.	Ongoing. The company has introduced AI-generated messaging on its gaming pages that encourages and informs customers about the company's responsible gaming tools.
The company is to communicate responsible gaming in external communication.	Achieved. During the year, new advertising campaigns were developed on the theme. Efforts also commenced for new web pages that focus on the theme.
Customers are to know where they can turn for concerns about their gaming.	Ongoing. The company's marketing and all gaming pages contain information about where you can turn to receive help.
Customers are to be of the opinion that the company takes responsible gaming issues seriously and promotes safe gaming.	Ongoing. 62% of the customers asked in a customer survey, of which 74% in Sweden, 69% in Denmark, 54% in the UK and 56% in Italy stated that they are happy with how the company takes responsibility when it comes to gaming responsibility issues.

AMBITION – 2021	• LeoVegas Group's customers are to feel safe when playing with us.
TARGET	**ACHIEVEMENT**
The company is to actively assist the academic world and researchers to raise the level of knowledge about measures that promote responsible gaming and minimise adverse effects of gaming.	Ongoing. The company is to work continually with contributing to research and intends to initiate new long-term collaborations soon.
The company is to increase its collaboration with sport and other actors to counter threats to the integrity of sport, such as match fixing.	Ongoing. The company collaborates, for example, within the framework of the IBIA and the Swedish Sports Confederation with other sport associations to combat match fixing.

SOCIAL RESPONSIBILITY

AMBITION – 2021	• Backed by resources, measures and commitment, LeoVegas Group will support local communities.
TARGET	**ACHIEVEMENT**
Measure and set targets for the KPI Engagement at work.	Achieved. Employee commitment is measured on a monthly basis and the target is set at 8.0 (out of 10). In December 2021, the figure was measured at 8.1.

AMBITION – 2021	• LeoVegas Group is to be a company where all employees feel welcome and have opportunities to develop and pursue a career – regardless of gender, gender identity or expression, ethnic origin, faith, functional disability, sexual orientation or age.
TARGET	**ACHIEVEMENT**
All employees are to feel that LeoVegas Group is an inclusive workplace.	Ongoing. Employee understanding of whether or not they believe LeoVegas Group to be an inclusive workplace is measured on a monthly basis. In December, the figure was measured at 8.7 (out of 10).
Increase share of female representatives in the company.	Ongoing. At the start of 2021, the management team consisted of five men. At the end of the year, the management team consisted of one woman and four men. Even in the Heads of and Directors segment, the share of women increased to 30%.

AMBITION – 2021	• LeoVegas Group is to be the first choice employer in the industry with corporate culture as its greatest strength.
TARGET	**ACHIEVEMENT**
Reduce employee turnover to 18%. Employee turnover is measured as employees who have given notice to leave the company on their own accord and thus does not include employees whose employment ended due to a decision by LeoVegas Group. Employee turnover varies from office to office. For example, employee turnover is higher in Malta, where more short-term positions are offered, such as in customer service.	Not achieved. In 2021, employee turnover was 30%.
Introduce a target that measures employee engagement in their work.	Achieved. Employee commitment is measured on a monthly basis and the target is set at 8.0 (out of 10). In December, the figure was measured at 8.1.

CORPORATE GOVERNANCE

AMBITION – 2021	• LeoVegas Group is to conduct its business in accordance with both ethical and professional principles. • LeoVegas Group is to use compliance as a competitive advantage and manage operations in accordance with established routines, control systems and active risk management. • LeoVegas Group is to grow in regulated markets and markets that will soon be regulated.
TARGET	**ACHIEVEMENT**
Actively advocate for a long-term sustainable gaming industry with a high level of channelisation in regulated markets.	Ongoing. The company is an active negotiating partner and present player in the regulated markets where we operate, in part independently but also through national industry organisations.
Improve the Group's risk management.	Ongoing. The company has introduced a new risk management framework improving the company's identification and management of risk.
Build up knowledge within the Board and management about how equality and diversity strengthen the business.	The Board of Directors and management have built up their knowledge in the area by taking part in training arranged by Nasdaq and the Allbright Foundation.

AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

To the general meeting of the shareholders in LeoVegas AB (publ), corporate identity number 556830-4033.

ENGAGEMENT AND RESPONSIBILITY

It is the board of directors who is responsible for the statutory sustainability report for the year 2021 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

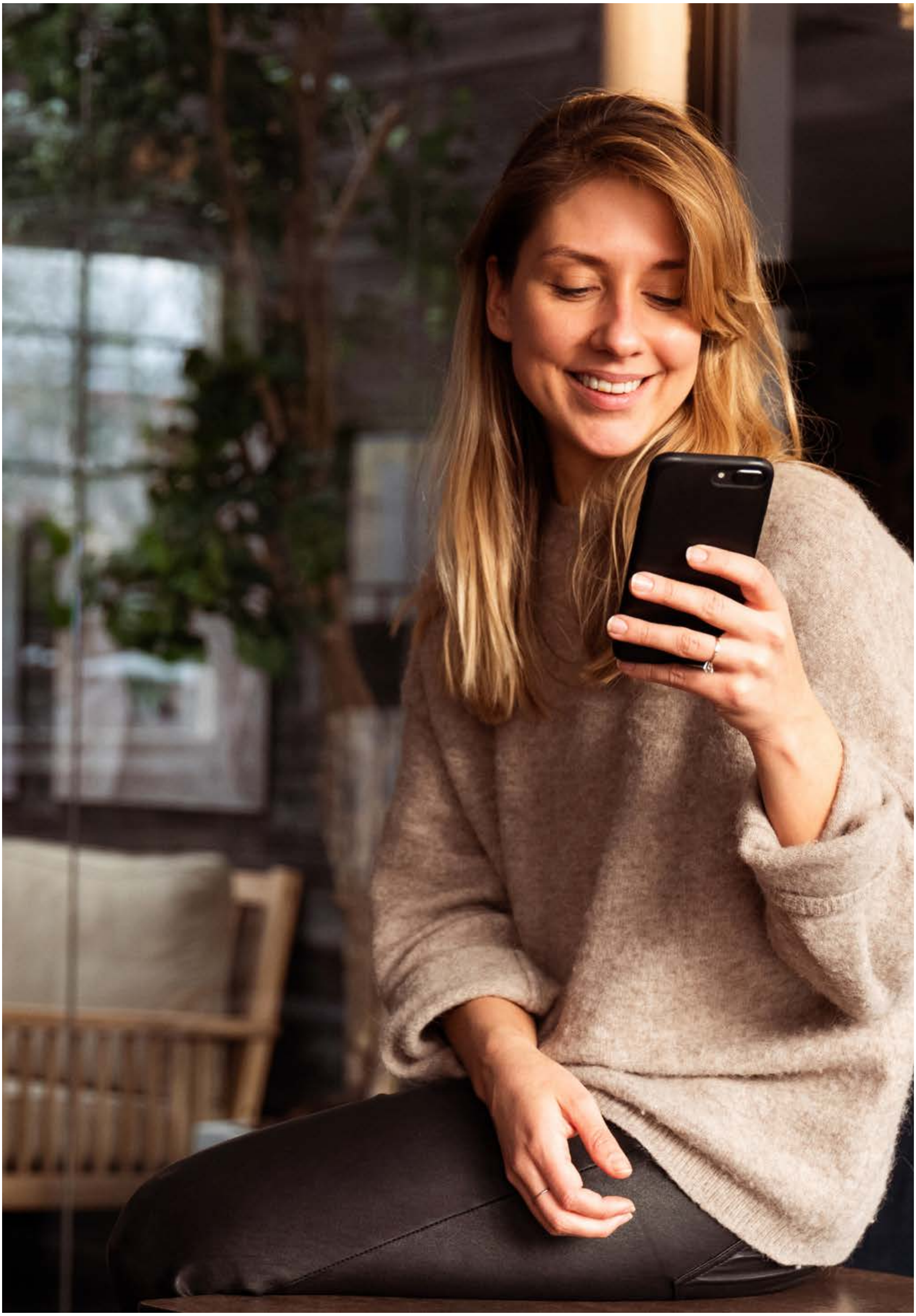
Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

OPINION

A statutory sustainability report has been prepared.

Stockholm, April 8, 2022
PricewaterhouseCoopers AB

Aleksander Lyckow
Authorised Public Accountant



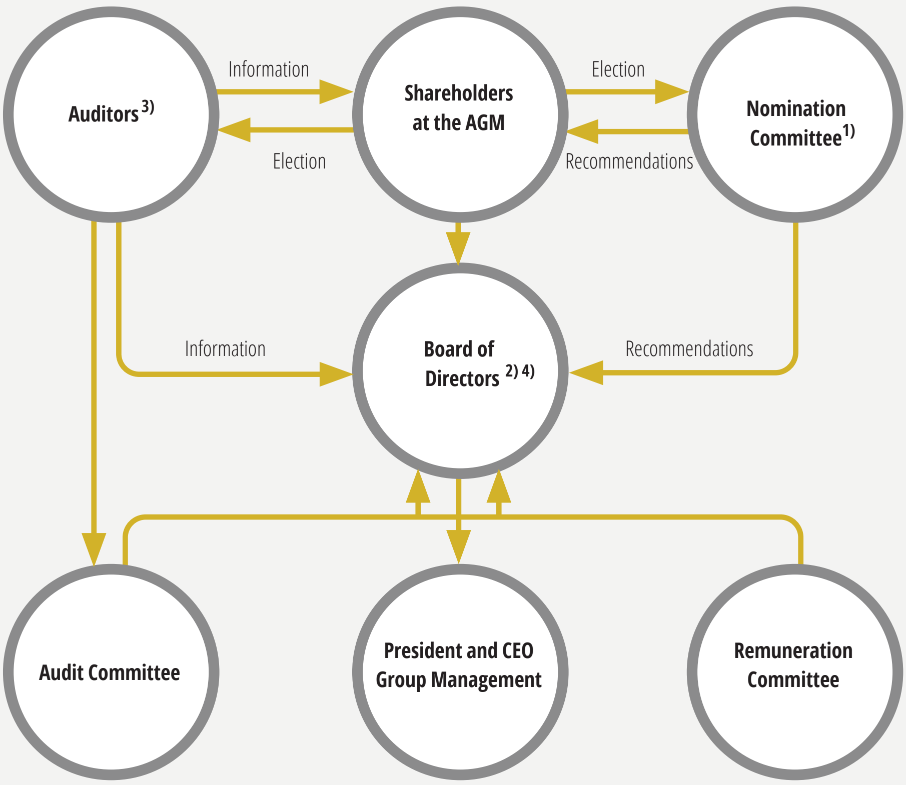
CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE AT LEOVEGAS GROUP

This corporate governance report has been prepared in accordance with Ch. 6 § 6 of the Swedish Annual Accounts Act and the Swedish Corporate Governance Code (the “Code”). The Board of Directors is responsible for the Corporate Governance Report. The Corporate Governance Report for the financial year has been reviewed by the company’s auditor, as described in the “Auditor’s report on the corporate governance statement”.

LeoVegas AB (publ) is a Swedish, public limited liability company whose shares are listed for trading on Nasdaq Stockholm’s Main Market list. Governance of LeoVegas is grounded in the company’s Articles of Association, the Swedish Companies Act, the Nasdaq Rulebook for Issuers, other applicable Swedish and foreign laws and regulations, and the company’s internal rules and guidelines. These internal rules and guidelines include primarily the Board’s Rules of Procedure, the CEO’s instructions, the instructions and policies for financial reporting and internal control, and risk management. In addition, LeoVegas has a number of policy documents and manuals that provide guidance in the company’s operations and for its employees. These include the Code of Conduct, the Corporate Governance Policy, the Insider Policy, the Information and Communication Policy, the Sustainability Policy as well as other internal rules and recommendations. The above-mentioned governance documents are evaluated and adopted yearly by the Board of Directors.

As a listed company, LeoVegas AB (publ) is required to adhere to the Swedish Corporate Governance Code (the “Code”). The Code is based on the “comply or explain” principle, entailing that companies



CORPORATE GOVERNANCE

The figure at left describes how corporate governance is organised. LeoVegas is a Swedish public limited liability company whose shareholders ultimately decide on the company’s governance by electing the company’s board of directors at the Annual General Meeting. The Board, in turn, has the responsibility for ensuring that corporate governance of the company is in compliance with laws and other rules and regulations.

INTERNAL GUIDELINES

Mission and goals, Articles of Association, the Board’s Rules of Procedure, the CEO’s instructions, the financial manual, strategies and policies, and processes for internal control and governance.

EXTERNAL GOVERNANCE INSTRUMENTS

The Companies Act, the Annual Accounts Act, other relevant laws and the Code.

1) The Nomination Committee’s main duty is to propose resolutions ahead of the AGM regarding issues concerning election of directors and fees, and the procedures for nomination.

2) The Board establishes its committees and determines which of its members are to serve on the respective committees.

3) The Group’s statutory auditor is elected by the AGM to audit the Group’s annual report and accounting practices as well as the Board’s and CEO’s administration, and the company’s internal control environment.

4) The Audit Committee and the Remuneration Committee report to the Board of Directors.

that apply the Code may depart from individual rules as long as they provide an explanation for such departure.

SHAREHOLDERS

As per 31 December 2021, LeoVegas AB (publ) had 17,897 shareholders. The ten largest shareholders as per 31 December 2021 had ownership corresponding to 37.2% (31.1%) of the votes and share capital. No single shareholder holds, directly or indirectly, more than 10% of the shares or votes in the company.

TEN LARGEST SHAREHOLDERS AS PER 31 DEC 2021

Owner	No. shares	Capital and votes, %
Gustaf Hagman	8,050,000	7.9
Avanza Pension	5,090,393	5.0
LOYS AG	4,559,281	4.5
Torsten Söderberg with family	4,533,861	4.5
LeoVegas AB (publ)	4,000,000	3.9
Erlinghundra AB	2,840,736	2.8
Lombard Odier Asset Management	2,320,000	2.3
Pontus Hagnö	2,250,000	2.2
Robin Ramm-Ericson	2,250,000	2.2
Man FRM	1,900,951	1.9

SHARE CAPITAL AND VOTING RIGHTS

According to the Articles of Association in effect at the end of the financial year, the share capital shall be at least EUR 1,100,000 and no more than EUR 4,400,000. The company's registered share capital as per 31 December 2021 was EUR 1,219,835, divided among 101,652,970 shares and the number of shares outstanding adjusted for share repurchases amounted to 97,652,970. In euros (EUR), the shares have a share quota value of EUR 0.012. Each share carries entitlement to 1 vote. Every person entitled to vote at general meetings of shareholders may vote for the full number of shares owned and represented by him or her without restriction in voting rights.

GENERAL MEETING – 2020 FINANCIAL YEAR

The Annual General Meeting (AGM) for the 2020 financial year was held on 11 May 2021. Attorney Carl Svernlöv was elected to serve as AGM Chairman.

The AGM resolved the following:

- *To adopt the income statement and balance sheet for LeoVegas AB and the consolidated income statement and consolidated balance sheet.*
- *That a dividend of SEK 1.60 per share shall be distributed to the shareholders, for a total sum of SEK 160,290,602. The dividend shall be distributed on four occasions in the amount of SEK 0.40 per share.*
- *To discharge the board members and the CEO from liability.*
- *That directors' fees shall be paid, in accordance with the Nomination Committee's recommendation, to the members of the Board of Directors and members of the Board's committees in the following amounts:*
- *SEK 325,000 for each non-executive director and SEK 650,000 for the Chairman, provided that he is not an employee of the company.*
- *SEK 50,000 for each member of the Remuneration Committee who is not an employee of the company, and SEK 100,000 for the Remuneration Committee Chairman, provided that he or she is not an employee of the company.*
- *SEK 50,000 for each member of the Audit Committee who is not an employee of the company, and SEK 100,000 for the Audit Committee Chairman, provided that he or she is not an employee of the company;*
- *Remuneration to the Board is calculated based on the assumption that the directors' assignments continue for the entire period until the 2022 AGM.*
- *Payment of the auditor's fees in accordance with an approved invoice.*
- *That Per Norman, Anna Frick, Fredrik Rüden, Mathias Hallberg, Carl Larsson, Torsten Söderberg and Hélène Westholm be re-elected as board members. Per Norman was re-elected as Chairman of the Board.*
- *That PricewaterhouseCoopers AB be re-elected as the company's auditor for the period until the end of the next Annual General Meeting, with Authorised Public Accountant Aleksander Lyckow as auditor-in-charge.*
- *To adopt the principles for appointment of the Nomination Committee in accordance with the Nomination Committee's recommendation.*
- *To adopt the guidelines for remuneration of senior executives in accordance with the Board's recommendation.*
- *An issue of a maximum of 1,000,000 warrants to implement an incentive programme for the Group's employees. The purpose of the incentive programme is to establish conditions to retain and increase the motivation of senior executives, other employees and other key persons in the company and the Group. The maximum dilution effect of the incentive programme amounts to a maximum of approximately 1% of the total number of shares and votes in the company, assuming full subscription, acquisition and exercise of all offered warrants. The warrants carry entitlement to subscribe for new shares in the company. For further information, see Note 6 and Note 21.*
- *In accordance with the Board's proposal, to authorise the Board to resolve on the repurchase of the company's own shares. The authorisation may be utilised at one or more occasions prior to the 2022 AGM. A maximum number of own shares may be acquired so that the company's holding of treasury shares does not exceed 10% of all shares in the company.*
- *In accordance with the Board's proposal, to authorise the Board to, on one or more occasions until the next AGM, resolve to increase the company's share capital through the new issue of shares to the extent that it corresponds to a dilution of the number of shares outstanding at the time of the AGM amounting to a maximum of 10%.*

GENERAL MEETING – 2021 FINANCIAL YEAR

LeoVegas AB (publ) Annual General Meeting for the 2021 financial year will be held on 19 May 2022 in Stockholm. Further information is provided at www.leovegasgroup.com under the tab Corporate Governance. In connection with the year-end report for 2021, the Board proposed raising the dividend to SEK 1.68 per share (1.60), to be distributed over four occasions.

NOMINATION COMMITTEE

LeoVegas AB (publ) Nomination Committee, which is made up of representatives of the largest shareholders, has been formed in accordance with the guidelines approved by the 2021 AGM. The Nomination Committee is tasked with submitting recommendations for the Chairman of the Board and other board members, directors' fees and other fees for directors' work on the Board, election of the auditor and auditor's fees, and with evaluating the Board's work. It is the responsibility of the Nomination Committee to safeguard the interests of all shareholders. In the course of its work the Nomination Committee applied Rule 4.1 of the Code as the Board's diversity policy. Diversity is an important factor in the Nomination Committee's nomination work. The Nomination Committee continuously strives to maintain an even gender balance and diversity regarding the competence, experience and background of the Board's members, which is also reflected in the Board's current composition. The Nominating Committee's recommendations are reported in the AGM notice. LeoVegas Group's Nomination Committee shall be composed of five members, of whom four shall represent the company's largest shareholders, and the fifth shall be the Chairman of the Board.

The members of the Nomination Committee are appointed in a procedure whereby the Chairman of the Board – as soon as possible after the end of the third quarter – contacts the four largest shareholders at this point in time.

The Chairman of the Board shall never serve as Chairman of the Nomination Committee. The composition of the Nomination Committee is publicly announced through a press release as soon as the members have been appointed, but not later than six months prior to the AGM.

Based on the above, the Nomination Committee ahead of the 2022 AGM was appointed and consists of the following persons, who together represent approximately 17% of the number of votes and shares in the company as per 30 September 2021:

- *Anders Fast (Chairman), appointed by Gustaf Hagman*
- *Malcolm Lilliehöök, appointed by Torsten Söderberg*
- *Pontus Hagnö.*
- *Robin Ramm-Ericson*
- *Per Norman, Chairman of the Board*

BOARD COMPOSITION AND DIRECTORS' INDEPENDENCE

According to LeoVegas AB (publ) Articles of Association, the Board shall be composed of three to ten members. In other respects, there are no rules in the Articles of Association regarding the appointment or dismissal of board members. The Board currently comprises seven members elected by the AGM. Gustaf Hagman, Group CEO, participates at board meetings to report on development of the operations. Stefan Nelson, CFO, participates at board meetings and reports on the company's financial development. Other LeoVegas Group executives participate at board meetings in a reporting role on specific matters. According to the Code, a majority of the directors shall be independent in relation to the Group and its management, which LeoVegas meets.

RESPONSIBILITIES AND WORK OF THE BOARD

The Board's duties are regulated by the Swedish Companies Act, LeoVegas AB (publ) Articles of Association, other laws and statutes, and the Code. In addition, the Board's work is regulated by the Rules of Procedure adopted by the Board. The Rules of Procedure regulate, inter alia, the division of duties and responsibilities between the board members, the Chairman of the Board and the CEO, and lay out routines for financial reporting. The Board follows an annually set schedule for its work, which is adopted at the statutory board meeting each year. The Board also adopts instructions for the Board's committees. The Board's duties include adoption of strategies, business plans, budgets and forecasts, interim reports, the year-end book-closing, and policies and guidelines. The Board is also responsible for monitoring the company's financial performance, ensuring the quality of financial reporting and internal control, and evaluating the business against the objectives, business plan and company strategy established by the Board. Finally, the Board decides on substantial investments and changes in the Group's organisation and operations. The Chairman of the Board and CEO shall monitor the company's performance, and conduct preparatory work for and lead board meetings. The Chairman of the Board is also responsible for ensuring that the board members evaluate their work every year and that they continuously receive the information required for them to perform their work effectively. The Chairman of the Board represents LeoVegas vis-à-vis its shareholders. During the year, the Board held 12 meetings. The Board's work during the year was focused particularly on the company's strategy, business diversification, financing, and profitable expansion and growth. The focus of the technical platform as well as the development and impact of more stringent compliance requirements were also addressed.

Committees

The Board of LeoVegas has established two committees – an audit committee and a remuneration committee.

Audit Committee

The Audit Committee is tasked with providing a special forum for the work with financial reporting, internal control, risk management and auditing. The Committee advises the Board of Directors in these areas. The members of the Audit Committee are Mathias Hallberg, Carl Larsson, Hélène Westholm and Fredrik Rüden, who is also committee chair. The Chairman is Fredrik Rüden. The main duties of the Audit Committee, which works according to a work plan set by the Board of Directors, is to monitor the Group's financial reporting and to oversee the effectiveness of the company's internal controls and risk management. The Audit Committee maintains contact with LeoVegas' auditor in order to establish an ongoing exchange of information between the Board and the auditor on auditing issues. The Audit Committee held four meetings in 2021.

Remuneration Committee

The members of the Remuneration Committee are Anna Frick, Torsten Söderberg and Per Norman. The Chairman is Per Norman. The Remuneration Committee has an advisory and a drafting function, and works according to a work plan set by the Board of Directors. The Committee operates in accordance with Rules of Procedure adopted by the Board. Its main duties are to conduct preparatory work for the Board's decisions on matters concerning remuneration principles, remuneration and other terms of employment for members of Group Management and monitoring and evaluating the application of the guidelines to senior executives. The Remuneration Committee held seven meetings in 2021.

Evaluation of the Board's work

The Board's work is evaluated yearly through a systematic, structured process that aims among other things to produce constructive documentation for improvements in the Board's work. The evaluation is conducted both individually and through discussions at board meetings. The evaluation aims to give the Chairman of the Board information on how the board members perceive the Board's effectiveness and collective competence as well as on whether there are any needs for changes on the Board. The evaluation of the Chairman is conducted by the other board members. The Chairman of the Board informs the Nomination Committee about the results of the evaluations.

SUSTAINABILITY

The Board has adopted guidelines for the Group's sustainability for the purpose of its long-term capacity to create value. The company's report and sustainability targets for 2022 are presented in the section "Sustainability Report."

INTERNAL CONTROL AND RISK MANAGEMENT

The following description has been prepared in accordance with the Annual Accounts Act and covers the most important parts of the company's system for internal control and risk management in connection with the financial reporting.

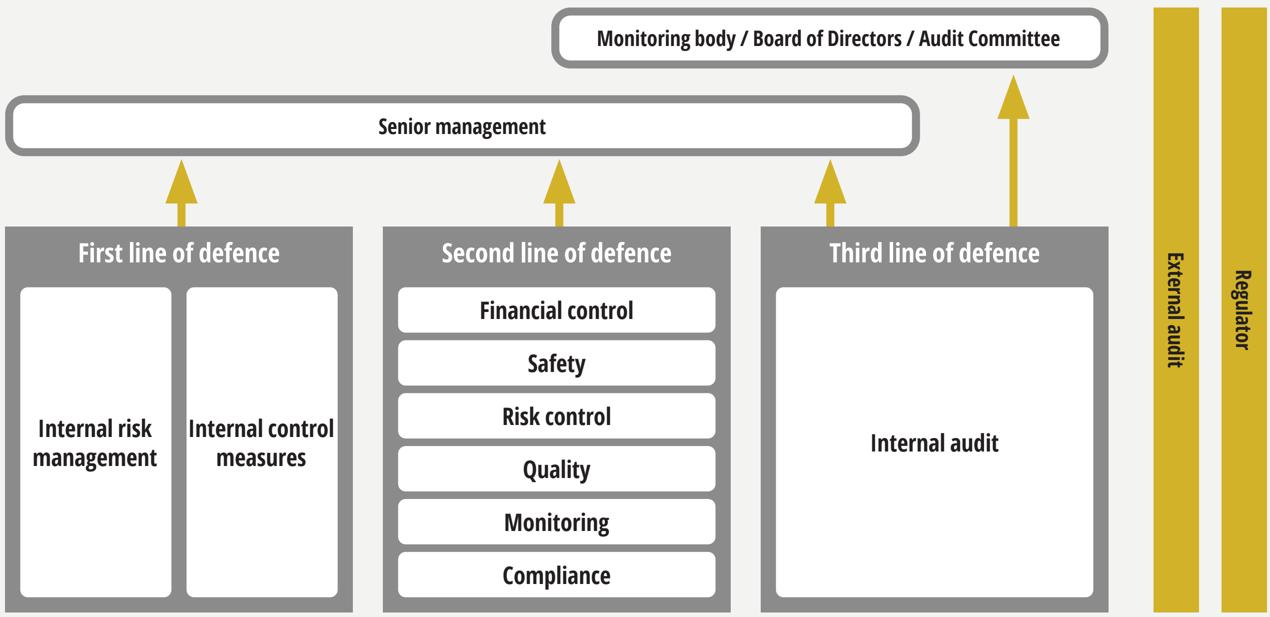
Risk management and internal control are generally defined as a determined process, conducted by an organisation's board, management and other staff with the aim of providing shareholder value over time.

This is conducted to provide a reasonable assurance that goals are met in the following categories:

- *Effectiveness and productivity of operations*
- *Reliability of financial reporting*

Compliance with applicable laws and regulations LeoVegas Group works according to an established framework for internal control issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). COSO is a framework for evaluating a company's internal control over the financial reporting. This

THREE LINES OF DEFENCE



Approved pursuant to ECCIA/FERMA guidance on the eighth EU Company Law Directive, article 41 framework covers five main areas: control environment, risk assessment, control activities, monitoring activities, and information & communication.

LeoVegas Group works comprehensively with risk management and follows up according to three lines of defence:

- *First line of defence – Functions that own and manage risks.*
- *Second line of defence – Functions that monitor risks.*
- *Third line of defence – Independent functions that control and ensure compliance.*

A risk and control matrix is used to identify and document the risks that are noted and followed up on in operations. Risk identification and updating existing risks is conducting on an ongoing basis by every department manager (first line of defence) to ensure that procedures, risks and controls are relevant for operations. The Group also has a unit with special responsibility for compliance with industry-specific regulations issued by gaming authorities in each country.

The risk-management function (second line of defence) conducts additional risk assessments within a three-year cycle, which supplements the first line of defence in the following ways:

- *The design and implementation of checks to mitigate the risks identified by the first line of defence. The risk-management function (second line of defence) assists in designing checks, identifying deficiencies and controlling existing risks.*

Self-assessments of the efficiency of the checks are conducted by the first and second lines of defence. The internal audit (third line of defence) evaluates the work described above. From 2021, the internal audit is conducted in its entirety by the independent internal audit division. The work of the internal revision comprises the following:

- *Reporting of results of the abovementioned steps to the Audit Committee and the Board on two occasions per year.*
- *Reporting comprises follow ups to ensure that identified areas for improvement that have been reported to the Audit Committee and the Board are addressed.*

In addition to the above, the company's external auditor, in turn, regularly reviews selected control processes within the framework of the audit process.

Control environment

The control environment in LeoVegas Group is the foundation for other components for corporate governance and control. The Board has the overarching responsibility for determining a direction in the area, the company's risk appetite and to prepare and maintain an efficient system of internal control.

A good control environment entails that LeoVegas Group has orderly processes and structure, integrity, ethical values and the right competence in the company. Equally important components include the company's leadership and how management delegates responsibility and authority, and organises and develops the employees.

The control environment is maintained through LeoVegas Groups' policies and routines, and with the assistance of the company's organisational structure, with a clear division of responsibilities and authority that is based on shared values. The control environment is built upon:

- *A strong company culture with values that permeate all of LeoVegas Group.*
- *Documented guidelines in ethics and morals.*
- *A clear organisation with defined roles and areas of responsibility.*
- *Governance documents.*
- *Identified and defined key processes.*

The control environment is maintained through LeoVegas Group's policies and processes, and with the help of the company's organisational structure, with
a distinct division of responsibility and authority based on shared values and targets.

Risk assessment

Every year LeoVegas Group performs a structured risk assessment to identify risks affecting the company. The Board addresses the outcome of the company's risk assessment and risk management process to ensure that it covers all significant areas and identifies necessary measures where needed.

The "Significant risks and uncertainties" section in the Board of Directors' Report specifies some of the most significant business and industry related risks that could impact the company's financial position and earnings.

Risk assessments include, but are not limited to, risks related to financial reporting, compliance with regulations, legal, IT, cybersecurity and fraud.

As mentioned above, every unit manager within the Group (first line of defence) is responsible for clearly defining and evaluating the specific risks that exist in their respective area of responsibility. Risks must be clearly defined together with a description of how each risk is controlled and the responsible party's opinion on how efficient the control activities are. In the event that no defined controls are in place for an identified risk, an action plan, that is also to be followed up on, ensures that relevant controls are implemented in operations. Follow-ups take place through self-assessments, which are in turn reviewed and verified.

Control activities

LeoVegas Groups' control systems have been designed to ensure that the company follows applicable laws and requirements, reporting standards and other requirements for listed companies. The main responsibility for ensuring internal control rests with the Parent Company, which is where reporting to the company's board is also conducted.

Control activities are the guidelines and routines used in the entire company – at all levels and in all functions – that ensure that management's directives are carried out. They contribute to ensuring that necessary measures are taken to manage risks and achieve the company's targets.

Well-structured internal control creates not only the conditions for reliability in the financial reporting, but also contributes to a sound and sustainable business with higher profitability as a result.

Control activities are documented and contain both overarching and more detailed controls designed to prevent, discover or correct errors and deviations. The controls consist of a number of types of activities such as approvals, attestations, reconciliations, reviews of the results of operations, assurance of assets, performance analyses, and budget and forecast follow-ups.

The annual risk-assessment efforts evaluate all control activities to ensure that they are designed and conducted in the right manner. Measures are taken to ensure that control activities are designed to reduce or eliminate risks. The efficiency of the controls is tested consistently during the year according to a set yearly planning wheel.

Control activities for the financial reporting cover everything from review and follow-up of earnings to specific account reconciliations. Internal governance documents for financial reporting consist primarily of the Group's treasury policy, the financial manual and purchasing and authorisation policies.

General IT controls are established for the systems that support the processes that affect internal control. IT controls are designed in accordance with relevant standards and regulations issued by gaming authorities such as the Malta Gaming Authority (MGA), UK Gambling Commission (UKGC), the Swedish Gambling Authority (SGA) and by external reviews in connection with licensing and certifications of the company's operations and technology. Reviews in the IT area are in part conducted by independent parties for certification pursuant to requirements from the authorities, in part by the company's external auditors and in part by the company's internal audit.

In addition, the company has established policies that cover trading of the company's shares, communication and other governing documents.

LeoVegas Group works continuously with development and improvement of internal control, an aspect that has central significance for a rapidly growing company like LeoVegas Group.

Monitoring activities

Internal governance and control systems need to be monitored, followed up and evaluated. Therefore, continuous monitoring activities and follow-ups are conducted. LeoVegas Groups' most important financial information processes are reviewed at least once a year. These reviews can also take place ahead of and in connection with changes in rules and standards that could affect the company's financial information. Monitoring of control activities is conducted continuously to ensure that risks have been taken into account and addressed in a satisfactory manner. Monitoring includes both formal and informal routines that are conducted within the company. These routines encompass a follow-up of earnings against the budget, analyses, and KPIs. The Board continuously evaluates the information provided by Group Management.

The company's policies and instructions are evaluated and updated with respect to suitability and functionality, where needed. Follow-up of LeoVegas' work with internal governance and control is documented after reviewing the company's activities and processes for ensuring good internal control and monitoring. Compilations and the status of identified measures are reported to the Audit Committee and the Board of Directors.

Information & communication

Relevant information must be available and conveyed so that the company's employees can perform their duties under the right conditions. Business systems generate reports that contain business and financial information and details about compliance that make it possible to conduct and govern the company's business. The reports concern not only internally generated data, but also information about external events, activities and conditions that are necessary for well-grounded business decisions and external reporting. The employees must understand their own roles in the internal governance and control system, and how individual activities affect others' work.

LeoVegas Groups' communication and information channels enable information to be quickly and efficiently communicated internally to pertinent employees. The company's communication tools and information meetings are the primary channels. Major changes in the guidelines and processes are also updated in policies. In addition to the written communication that takes place, new developments, risks, outcomes of controls, etc., are communicated and discussed on a regular basis at meetings.

Significant guidelines and manuals for the financial reporting are updated and communicated to pertinent employees in connection with new employee orientation and to all pertinent, existing employees in the event of any changes. For external communication, the company has an Information and Communication Policy that aims to ensure that the company meets the applicable requirements for providing accurate information to the market. The policy documents adopted by the Board each year include documentation for the company which among other things stipulates guidelines for external communication.

In connection with new employee orientation, the employees are informed about the laws and guidelines that the company follows with respect to, for example, the handling of inside information and trading in the company's shares. In addition, prior to every quarterly report reminders are sent to all employees about the trading windows and rules for trading in the company's shares. All employees must follow the rules regarding the company's trading windows. This means that no employee may trade in LeoVegas AB (publ) shares 45 days prior to the publication of a financial report.

CEO AND SENIOR EXECUTIVES

The CEO is responsible for the day-to-day administration of LeoVegas Group in accordance with applicable laws and regulations, and the instructions and strategies established by the Board of Directors. The CEO ensures that the Board receives the information required for the Board to be able to make well-grounded decisions, and monitors compliance with the goals, policies and strategic plans for LeoVegas Group that are set by the Board of Directors. The CEO is also responsible for ensuring that the Board is provided with satisfactory information about LeoVegas Groups' development between regular board meetings. The CEO leads the work of the Group's management, which is responsible for the overarching business development. In addition to the CEO, the management team included four senior executives as per 31 December 2021: the Chief Financial Officer, the Chief Operating Officer, the Chief Product & Technology Officer and the Chief Marketing Officer.

Remuneration of the CEO and senior executives

Remuneration of the CEO and other senior executives may consist of a fixed salary, possible variable remuneration, other customary benefits and pension. All members of the management team are also part of the Group's warrant programme, more information of which can be found in the "Share capital and warrants" section. The combined yearly cash remuneration shall be in line with the going rate in the market and competitive in the labour market and geographic area in which the executive is stationed, and shall be commensurate with the individual's qualifications and experience. Other senior executives refers to the four persons who together with the CEO make up the Group Management. The Remuneration Committee has drawn up recommendations for guidelines for remuneration of senior executives to be put to the 2022 AGM for approval. See the Board of Directors' Report (the Board's proposed guidelines for remuneration of senior executives). These guidelines include, among other things, principles for the relationship between fixed salary, pension benefits, and limitations regarding severance pay and fixed salary during notice periods. Individual remuneration of the CEO and the individual remuneration of other senior executives are approved by the Board of Directors after approval by the Remuneration Committee. For paid remuneration in 2021, see Note 6.

AUDITOR

According to the Articles of Association, LeoVegas AB (publ) shall have a maximum of two auditors with or without a maximum of two deputy auditors, or a chartered accounting firm. The Annual General Meeting on 11 May 2021 resolved to elect the chartered accounting firm PricewaterhouseCoopers AB as auditor of the company for a term until the end of the next AGM on 19 May 2022. Authorised Public Accountant Alexander Lyckow was appointed as auditor-in-charge. Alexander Lyckow is a member of FAR.

EXTERNAL AUDIT

The external audit of the accounts of LeoVegas AB (publ) and all subsidiaries, including the Board of Directors' and Group Management's administration, is performed in accordance with International Standards on Auditing and generally accepted auditing practice in Sweden. The external auditor attends all meetings of the Audit Committee and at least one board meeting each year, at which the auditors report on their observations from the audit and their opinion on internal control. During the financial year, in addition to its audit assignment, PricewaterhouseCoopers performed services related primarily to tax consulting.

BOARD OF DIRECTORS

Per Norman

Assignments and year elected
Born 1964. Chairman of the Board since 2020. Chairman of the Remuneration Committee.

Education
M.Sc., Royal Institute of Technology (KTH) in Stockholm, MBA, Uppsala University.

Other current assignments
Senior advisor and Chairman of the Board of Red Jade AB, Chairman of Learnster AB, Chairman of Stockholm Security Holding AB, director of GLHF Group AB and Sveriges Television Aktiebolag (SVT).

Professional experience and previous assignments
Per has previously held many executive positions, including as CEO of Mr Green & Co AB (publ.), CEO of Boxer TV Access AB, Deputy CEO of MTG AB as well as directorships for several companies, including Mr Green AB.

Special areas of expertise
Gaming industry, e-commerce B2C and organisational.

Director's fee (yearly, SEK)
650,000

Fee for committee work (SEK)
100,000

Total remuneration (SEK)
750,000

Independent in relation to the company and Group Management
Yes

Independent in relation to the major shareholders
Yes

Own and related parties' share-holdings as per 31 December 2021
70,600

Attendance at board meetings
12 of 12 possible.

Attendance at Remuneration Committee meetings
7 of 7 possible.

Hélène Westholm

Assignments and year elected
Born 1971. Director since 2020. Member of Audit Committee.

Education
MBA in Business Administration, Uppsala University.

Other current assignments
Partner, Korp Kommunikation.

Professional experience and previous assignments
Hélène has many years of experience in the financial sector, including from Erik Penser's Corporate Finance department. She also has served as Investment Director in the Swedish Government Offices and has held directorships with Svenska Spel, Bilprovningen and Svensk Exportkredit, and had company responsibility for SAS. Aside from her directorship with LeoVegas, Hélène is currently a partner and part-owner of Korp Kommunikation with focus on investor relations.

Special areas of expertise
Investor relations, communication, gaming industry.

Director's fee (yearly, SEK)
325,000

Fee for committee work (SEK)
50,000

Total remuneration (SEK)
375,000

Independent in relation to the company and Group Management
Yes

Independent in relation to the major shareholders
Yes

Own and related parties' share-holdings as per 31 December 2021
2,500

Attendance at board meetings
12 of 12 possible.

Attendance at Remuneration Committee meetings
4 of 4 possible.

Fredrik Rüdén

Assignments and year elected
Born 1970. Director since 2019. Chairman of the Audit Committee.

Education
M.Sc. Business Administration, Bachelor of Laws, Mälardalen University.

Other current assignments
In addition to his assignments with LeoVegas, Fredrik is a director of Scout Gaming.

Professional experience and previous assignments
Fredrik's career has progressed through numerous senior positions with listed companies with an emphasis in finance, including Cambio (CFO), Betsson AB (CFO), Teligent AB (CFO), Hallvard Leröy AS (CFO) and Investment AB Kinnevik.

Special areas of expertise
Economics, gaming industry, management, equity market.

Director's fee (yearly, SEK)
325,000

Fee for committee work (SEK)
50,000

Total remuneration (SEK)
375,000

Independent in relation to the company and Group Management
Yes

Independent in relation to the major shareholders
Yes

Own and related parties' share-holdings as per 31 December 2021
20,000

Attendance at board meetings
12 of 12 possible.

Attendance at Remuneration Committee meetings
4 of 4 possible.

Torsten Söderberg

Assignments and year elected
Born 1949. Director since May 2020. Member of Remuneration Committee.

Education
M.Sc. Econ., DIHR.

Other current assignments
Director of Tastsinn AB with subsidiaries, 4evergreen AB, Impulse Radar AB, Buir AB, Dox Sweden AB, AB Syoto with subsidiaries, and SARSYS-ASFT AB (publ).

Professional experience and previous assignments
Torsten's main occupation is board directorships. He has previous experience as a self-employed business owner in various industries and as Chairman of Cherryföretagen and Stingbet, among other companies.

Special areas of expertise
Professional board member, gaming industry.

Director's fee (yearly, SEK)
325,000

Fee for committee work (SEK)
50,000

Total remuneration (SEK)
375,000

Independent in relation to the company and Group Management
Yes

Independent in relation to the major shareholders
Yes

Own and related parties' shareholdings as per 31 December 2021
4,533,861

Attendance at board meetings
12 of 12 possible.

Attendance at Remuneration Committee meetings
7 of 7 possible.

Anna Frick

Assignments and year elected
Born 1968. Director since 2015. Member of Remuneration Committee.

Education
M.Sc. Finance and Marketing, Stockholm School of Economics.

Other current assignments
Director of Cell Impact AB (publ), Fortnox AB (publ), Lohilo Foods AB (publ), Svea Ekonomi AB, Zinzino AB (publ), MedHelp Care AB (publ) and Transfer Group AB (publ).

Professional experience and previous assignments
Anna previously served as a director of Nordnet AB, A3 Allmänna IT- och Telekomaktiebolaget, Frisq AB, Odd Molly International AB (publ) and Above Agency AB, Vice President of Garbergs Reklambyrå AB and CEO of Oakwood Creative AB.

Special areas of expertise
Communication, digital transformation and organisation.

Director's fee (yearly, SEK)
325,000

Fee for committee work (SEK)
50,000

Total remuneration (SEK)
375,000

Independent in relation to the company and Group Management
Yes

Independent in relation to the major shareholders
Yes

Own and related parties' shareholdings as per 31 December 2021
3,700

Attendance at board meetings
11 of 12 possible.

Attendance at Remuneration Committee meetings
7 of 7 possible.

Carl Larsson

Assignments and year elected
Born 1974. Director since 2020. Member of Audit Committee.

Education
B.A. Computer and System Science, Stockholm University, MBA, Stockholm School of Economics.

Other current assignments
Director of Strukturinvest Fondkommission (FK) AB.

Professional experience and previous assignments
Carl has extensive experience from the financial sector, where he has worked on large development projects for IT systems for banks. Carl is also the co-founder of DigitalRoute and is self-employed in the IT industry.

Special areas of expertise
Technology.

Director's fee (yearly, SEK)
325,000

Fee for committee work (SEK)
50,000

Total remuneration (SEK)
375,000

Independent in relation to the company and Group Management
Yes

Independent in relation to the major shareholders
Yes

Own and related parties' shareholdings as per 31 December 2021
10,000

Attendance at board meetings
12 of 12 possible.

Attendance at Remuneration Committee meetings
4 of 4 possible.

Mathias Hallberg

Assignments and year elected
Born 1971. Director since 2020. Member of Audit Committee.

Education
M.Sc. in Biology and Chemistry from Lund University. Ph.D. in Pharmacology in and Assistant Professor of Pharmacology at Uppsala University.

Other current assignments
Professor of Molecular Dependency Research at Uppsala University, Department of Pharmaceutical Biosciences.

Professional experience and previous assignments
Mathias has extensive experience in research, neuroscience, further education and skills development.

Special areas of expertise
Professor of Molecular Dependency Research.

Director's fee (yearly, SEK)
325,000

Fee for committee work (SEK)
50,000

Total remuneration (SEK)
375,000

Independent in relation to the company and Group Management
Yes

Independent in relation to the major shareholders
Yes

Own and related parties' shareholdings as per 31 December 2021
0

Attendance at board meetings
11 of 12 possible.

Attendance at Remuneration Committee meetings
4 of 4 possible.

GROUP MANAGEMENT – 2021

Gustaf Hagman, Group CEO

Background
Born 1974. Co-founder of LeoVegas in 2011.

Education
Economics studies at Stockholm University and Södertörn University.

Other current assignments
–

Professional experience and previous assignments
More than 20 years of experience in entrepreneurship and in the online gaming industry. Former CEO and director of Net Gaming Europe AB.

Special areas of expertise
Gaming industry, organisation, entrepreneur.

Own and related parties' shareholdings as per 31 December 2021
8,050,000 shares and 220,000 warrants.

Mattias Wedar, CPTO

Background
Born 1973. LeoVegas employee since 2019.

Education
Bachelor of Social Science in Informatics, Lund University.

Other current assignments
Director of PE Accounting.

Professional experience and previous assignments
Mattias has more than 15 years of experience in digital product and technology development for both B2B and B2C in tech-intensive industries. He has a broad base of experience from the gaming industry from his time as CEO of Mr Green Technology in the MRG Group. Prior to this he held executive positions in the search company Eniro and served as a manager for Accenture with focus on the media sector and digital transformations.

Special areas of expertise
Technology and product development.

Own and related parties' shareholdings as per 31 December 2021
21,200 shares and 300,000 warrants.

Mårten Forste, COO

Mårten Forste has, after a long time in the company, first as Chairman of the Board and later as COO in the management team, announced that he is leaving LeoVegas. Mårten relinquishes his position to Hanna Lerenius, who has previously held the role as Deputy COO.

Background
Born 1971. Began role as COO in 2020 and was, prior to that, a director on LeoVegas' board since 2012.

Education
Master of Laws, Lund University.

Other current assignments
Director of MD International AB, Padstow AB, Docly. Chairman of the Board of Match.com Nordic AB.

Professional experience and previous assignments
Mårten has an extensive and broad base of experience from the online and e-commerce industry. Among other positions he has served as country manager for the gaming company Expekt and COO of Meetic/Match.com Europe.

Special areas of expertise
Gaming industry, e-commerce B2C.

Own and related parties' shareholdings as per 31 December 2021
265,000 shares and 185,000 warrants.

Stefan Nelson, CFO

Background
Born 1977. LeoVegas employee since 2018.

Education
B.Sc. Econ., Stockholm University.

Other current assignments
Director of Esportal AB.

Professional experience and previous assignments
Equity analyst at SEB Enskilda, Standard & Poor's and Redeye. Director for SEB Corporate Finance with sector responsibility for gaming, media and retail.

Special areas of expertise
Economics, M&A, equity market.

Own and related parties' shareholdings as per 31 December 2021
45,000 shares and 320,000 warrants.

Niklas Lindahl, interim CMO

Niklas replaced Dersim Sylwan who left LeoVegas in the second quarter of 2021.

Background:
Born 1981. LeoVegas employee since 2018.

Education
Studies in business economics and marketing, IHM Business School.

Other current assignments
–

Professional experience and previous assignments
Over 14 years of experience in digital marketing. Managed successful consultancy bureaus in digital marketing that have assisted companies in southern Europe to transition from traditional to measurable performance marketing. Worked at LeoVegas since 2018, initially as Country Manager for Italy and then as Head of MGA. Niklas replaced Dersim Sylwan who left the company. Niklas subsequently became General Manager and is now CMO.

Special areas of expertise
Gaming industry, digital marketing.

Own and related parties' shareholdings as per 31 December 2021
23,000 shares and 24,000 warrants.

Hanna Lerenius, interim COO

Hanna replaces Mårten Forste as COO.

Background:
Born 1988. LeoVegas employee since 2017.

Education
M.Sc. Industrial Engineering and Management, Lund University.

Other current assignments
–

Professional experience and previous assignments
Five years experience in the gaming industry in a number of positions in LeoVegas, mainly with a focus on business development, marketing and operational leadership. Hanna was previously Management Consultant at Triathlon Group.

Special areas of expertise
Gaming industry, business and organisational development.

Own and related parties' shareholdings as per 31 December 2021
8,791 shares and 55,000 warrants.

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

To the general meeting of the shareholders in LeoVegas AB (publ), corporate identity number 556830-4033

ENGAGEMENT AND RESPONSIBILITY

It is the board of directors who is responsible for the corporate governance statement for the financial year 2021 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

Our examination has been conducted in accordance with FAR's auditing standard RevR 16 *The auditor's examination of the corporate governance statement*. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

OPINIONS

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, 8 April 2022
PricewaterhouseCoopers AB

Aleksander Lyckow
Authorised Public Accountant

SHARES, SHAREHOLDERS AND SHARE CAPITAL

GENERAL INFORMATION

LeoVegas AB (publ) was listed on Nasdaq First North in March 2016. Since 5 February 2018, LeoVegas AB (publ) has been listed on Nasdaq Stockholm. According to the company's Articles of Association, the share capital shall be at least EUR 1,100,000 and no more than EUR 4,400,000, and the number of shares shall be at least 60,000,000 and no more than 240,000,000. The company's share capital amounts to EUR 1,219,835.652184, divided among 101,652,970 shares. The shares are denominated in euro (EUR), and each share has a quota value of approximately EUR 0.012. The company's shares have been issued in accordance with Swedish law. All issued shares are fully paid and freely transferable. The company's shares are listed on the regulated market Nasdaq Stockholm, and the ISIN for LeoVegas AB (Publ) shares is SE0008091904. The company's shares are not the subject of any offer arising from a mandatory bid, redemption right or redemption obligation. Nor has any public takeover offer been made for the shares during the current or preceding financial years.

Share repurchases

The Board of Directors of LeoVegas decided during the year to exercise the authorisation granted to it at the company's Annual General Meeting on 11 May 2021 to repurchase shares in the company. In total, the granted mandate allows LeoVegas AB (Publ) to repurchase shares for an amount of up to EUR 10,000,000 on one or more occasions until the Annual General Meeting on 19 May 2022. As per the balance sheet date, LeoVegas AB (Publ) share capital amounted to EUR 1,219,835.65. The number of shares outstanding before repurchases was 101,652,970. A total of 4,000,000 shares have been repurchased, corresponding to 3.9% of the total number of shares outstanding, of which 2,528,656 shares were repurchased during the year. The cost for the year amounted to SEK 96,913,627 (49,997,441). The average price of the repurchased shares in 2021 was SEK 38.2 (33.8). As per the balance sheet date, the number of shares outstanding is 97,652,970.

Certain rights associated with the shares

The company's shares are of the same class. The rights associated with shares issued by the company, including those pursuant to the Articles of Association, may only be amended in accordance with the procedures stated in the Swedish Companies Act (Aktiebolagslagen (2005:551).

Voting rights

Each share entitles the holder to vote at general meetings, and each shareholder is entitled to a number of votes corresponding to the shareholder's total holding of shares in the company.

Preferential rights to new shares

Should the company issue new shares, warrants or convertible debentures through a cash or set-off issue, according to the main rule under the Companies Act, the shareholders will have preferential rights to subscribe for such securities in relation to the number of shares they held prior to the issue.

DIVIDEND AND DIVIDEND POLICY

General

All shares carry equal entitlement to a share in the company's profits and to the company's assets and any surpluses in the event of liquidation. Resolutions regarding dividends in limited liability companies are made by a general meeting of shareholders. Entitlement to dividends accrues to those who, on the record date are registered in the shareholder register maintained by Euroclear Sweden as holders of shares. Dividends are normally distributed to the shareholders as a cash amount per share through Euroclear Sweden. Shareholders who are not tax residents in Sweden are usually required to pay Swedish withholding tax.

Dividend policy

LeoVegas AB (Publ) dividend policy is to pay a dividend, over time, of at least 50% of profit after tax. For 2021, the Board of Directors proposes a dividend of SEK 1.68 per share, representing a total dividend of SEK 164,056,990, corresponding to EUR 15,938,695. As a basis for its proposed distribution of profit, pursuant to Ch. 17 §3 paragraphs 2–3 of the Companies Act, the Board of Directors has assessed the Parent Company's and Group's liquidity and financial position in general, as well as their ability over time to meet their obligations. The dividend for 2021 will be distributed over four occasions during the year.

CENTRAL SECURITIES DEPOSITORY

LeoVegas AB (Publ) shares are registered in an electronic VPC register in accordance with the Central Securities Depositories and Swedish Financial Instruments Accounts Act (SE: Lagen (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument). No share certificates have been issued for the company's shares. The account operator is Euroclear Sweden.

CONVERTIBLES, WARRANTS, AUTHORISATIONS TO ISSUE SECURITIES, ETC.

Incentive programmes

The company has three current share-based incentive programmes based on warrants. The aim of the programmes is to create conditions to retain and increase motivation of senior executives, and other key persons in LeoVegas Group. The Board of Directors believes that it is in the interest of all shareholders that senior executives, and key persons have a long-term interest in good growth in the value of the company's shares. A long-term owner engagement is expected to stimulate greater interest in the business and its earnings performance overall and enhance motivation among the participants, and aims to achieve a greater foundation for shared interests between the programmes' participants and the company's shareholders.

Summary of warrant programmes	Programme 1	Programme 2	Programme 3
Adopted at the AGM	Extraordinary General Meeting 28 August 2019	8 May 2020	11 May 2021
Subscription period	1–30 Sep 2022	1–30 Jun 2023	1–30 Jun 2024
Exercise price per share	SEK 50	SEK 48.45	SEK 53.09
No. of warrants outstanding	648,150	826,900	858,500
Maximum No. of warrants	1,000,000	1,000,000	1,000,000
Relation	1 warrant = 1 share	1 warrant = 1 share	1 warrant = 1 share

In 2021, a previous warrant programme expired. The warrant programme had an exercise price of SEK 115.77 per share. As a result, the warrants were rendered worthless and have therefore not been redeemed and do not impact the number of shares. For all of the Group's warrant programmes, the right to subscribe for the warrants was conferred only to the company's wholly owned subsidiary Gears of Leo AB, with the right and obligation for the subsidiary to transfer the warrants to senior executives, other employees and key persons, who are or will become employed by the company or within the Group, at a price that is not less than the fair market value of the warrant according to the Black & Scholes valuation model and otherwise on the same terms and conditions as for the issue.

GROWTH IN SHARE CAPITAL

Since its formation the company has decided on new share issues on five occasions, in 2011, 2012, 2013, 2014 and 2016. In 2018, the number of shares and votes increased through the conversion of warrants. The table of the number of shares and registered share capital shows registrations (where applicable, divided into sub-registrations with the Swedish Companies Registration Office) related to the historical development of these new share issues and other events pertaining to the company's share capital.

OWNERSHIP STRUCTURE

The table below shows LeoVegas AB (Publ) largest shareholders as per 31 December 2021. The company had 17,897 shareholders on 31December 2021.

Shareholder agreements

To the best of the knowledge of LeoVegas AB (Publ) Board of Directors, there are no shareholder agreements or other agreements between the company's shareholders that are intended to influence the company. Nor is the company's Board aware of any agreements or similar undertakings that could lead to changes in control over the company.

GROWTH IN SHARE CAPITAL

		Number of shares		Share capital (EUR)	
Registration date	Event	Change	Total	Change	Total
29 June 2018	Redemption of warrants – incentive programme	1,957,500	101,652,970	EUR 23,490.01	EUR 1,219,835.65
23 March 2016	New share issue	5,843,750	99,695,470	EUR 70,125.00	EUR 1,196,345.64
12 February 2016	1:4 share split	70,388,790	93,851,720	–	EUR 1,126,220.64
12 February 2016	Bonus issue	–	–	EUR 1,069,309.28	EUR 1,126,220.64
10 July 2015	Warrants	788,000	23,462,930	EUR 1,911.36	EUR 56,911.36
22 June 2015	1:10 share split	20,407,437	22,674,930	–	EUR 55,000.00
22 June 2015	Bonus issue	–	–	EUR 29,603.17	EUR 55,000.00
30 May 2015	Warrants	20,000	2,267,493	EUR 224.01	EUR 25,396.83
1 April 2015	Warrants	3,200	2,247,493	EUR 35.84	EUR 25,172.82
3 February 2015	Warrants	60,000	2,244,293	EUR 672.02	EUR 25,136.98
3 February 2015	Warrants	60,000	2,184,293	EUR 672.02	EUR 24,464.96
21 January 2015	New share issue	15,705	2,124,293	EUR 175.90	EUR 23,792.93
19 December 2014	New share issue	293,685	2,108,588	EUR 3,289.39	EUR 23,617.03
7 January 2014	Currency conversion			EUR 20,327.64	EUR 20,327.64

BOARD OF DIRECTORS' REPORT

The Board of Directors and CEO of LeoVegas AB (publ), corporate identity number 556830-4033, which is a public company with registered office in Stockholm, herewith submits the Annual Report and consolidated financial statements for the financial year 1 January–31 December 2021. The results of operations during the year and Parent Company's and Group's financial position are described in the Board of Directors' Report and following income statements, balance sheets, statements of cash flows, statements of changes in equity and notes, with accompanying comments. The Parent Company's and Group's reporting currency is euro (EUR).

OPERATIONS

LeoVegas Group is a leading global mobile casino gaming operator. LeoVegas Group's product portfolio includes primarily slots, jackpot games, roulette and other table games, live casino, bingo and sports betting. Since 2018, LeoVegas Group also offers esports betting, which was made possible through the acquisition of Pixel.bet, and live streaming of casino games, through the acquisition of CasinoGrounds.

LeoVegas Group's business concept is to create the world's greatest mobile device-based iGaming experience. Through innovation in products, technology and marketing, to offer world-leading gaming entertainment. With innovation in products, technology and marketing, LeoVegas Group will offer world-leading gaming entertainment. LeoVegas Group has a leading position in mobile casino games backed by award-winning innovation and strong growth. With a foundation in a superior gaming experience, long-term customer relationships and the establishment of a strong brand, LeoVegas Group has attracted a steadily growing customer base. The Group's operations are based in Malta, while technology development is conducted primarily in Sweden. The Group's Parent Company, LeoVegas AB (publ), is based in Stockholm. The Parent Company invests in companies that offer games played on smartphones, tablets and desktop computers, and in companies that develop related technology. Gaming services are offered to end customers via subsidiaries. The Parent Company does not conduct any gaming activities.

MARKET DEVELOPMENT

The online gaming market continues to experience strong growth. Regardless of whether customers play via smartphones, tablets or PCs, the internet is the distribution channel for LeoVegas Group's products. The shift to online gaming during the past few years has accelerated with the increase in digitalisation. Games are played via websites, mobile apps and other wireless devices. Mobile gaming is the strongest growing segment, and the assessment is that the mobile channel will continue to grow. LeoVegas Group, which focuses on mobile gaming, will benefit from this strong growth. LeoVegas Group's net sales are affected primarily by the following external market drivers:

- *Continued migration of the gaming market from offline to online*
- *Continued growth in appeal to new customers of gaming on mobile devices*
- *Continued technological development and innovation in the gaming market*
- *Regulation of the gaming market in Europe and globally*

IMPORTANT EVENTS DURING THE YEAR

In the first quarter of 2021, LeoVegas Group acquired Expekt from Betclic Group for EUR 5.0 m on a cash and debt-free basis. Expekt is one of the best sports betting brands in Sweden and the rest of the Nordic countries, strengthening LeoVegas Group's brand portfolio. The acquisition of Expekt was completed in May 2021 and is now fully integrated. The acquisition was a major success and Expekt's revenue and market shares have almost doubled in Sweden.

In the first quarter, LeoVegas Group acquired 25% of the shares in SharedPlay for a purchase price of EUR 1.1 m. SharedPlay is a company that enables players to share their gaming experiences with each other through the industry's first multiplayer solution.

LeoVegas AB's (publ) shares were also admitted to trading in USD on OTCQX Markets in the US. This is a way for the company to meet the steadily growing interest from US investors.

In the second quarter, the migration of Royal Panda was completed to the Group's technical platform, Rhino. As a result, all of LeoVegas Group's wholly-owned brands are now run on Rhino.

In the second quarter, LeoVegas Group started its own gaming studio, Blue Guru Games, to develop new innovative titles. The studio will enrich the gaming experience at LeoVegas Group by developing exclusive games for the company, but will also develop games for other operators.

LeoVegas AB's (publ) Annual General Meeting in May 2021 re-elected Anna Frick, Fredrik Rüden, Per Norman, Mathias Hallberg, Carl Larsson, Torsten Söderberg and Hélène Westholm as directors. Per Norman was re-elected as Chairman of the Board.

In the third quarter, LeoVegas Group decided to cease provision of service in the Netherlands following local policy changes. LeoVegas Group ceased provision of service as of 30 September, which significantly reduced revenue from the Netherlands in the fourth quarter. After the fourth quarter, LeoVegas Group applied for a licence in the Netherlands.

LeoVegas Group launched a new AI-powered functionality to strengthen the Group's efforts surrounding responsible gaming. The new functionality enables product-integrated, personalised messages based on the player's unique gaming history and behaviour.

In the third quarter, LeoVegas Group expanded its existing bond issue by SEK 200 m. The total bond loan amounts to SEK 700 m. With the bond loan as well as an available, unused bank credit facility (RCF of EUR 40 m), the Group secured long-term and diversified financing.

In the fourth quarter, LeoVegas Group was granted renewed gaming licences by the Danish Gambling Authority. The five-year licences encompass sports betting and online casino.

In the fourth quarter, the temporary Covid restrictions for online casino that have applied in Sweden since their introduction in July 2020 were lifted.

In 2021, LeoVegas AB (publ) completed the repurchase of 2,528,656 shares at a cost of SEK 96,913,627 with the purpose of creating shareholder value and optimising the company's capital structure. At the end of the year, LeoVegas AB (publ) held 4,000,000 repurchased shares, corresponding to 3.9% of the total number of shares outstanding. The number of shares outstanding amounted to 97,652,970 as per the balance sheet date.

YEAR IN REVIEW

Consolidated revenue grew 1% in 2021. 2021 was a year largely dominated by adaptations to the ongoing regulatory changes and increased complexity in our regulated markets. Underlying customer activity remains healthy and focus will remain on expanding in locally regulated markets and markets with plans for or in the process of implementing local regulation. In 2021, LeoVegas Group focused on expansion and entry in the US and on diversifying its offering. The acquisition of Expekt is an example of increased diversification and expanded focus on sport. Additional focus has been on driving scalability for the continued growth journey. During the year the Group increased its work force from 837 employees to 864 at year end. With focus on technology, product innovation and a more diversified offering, LeoVegas Group is poised for further expansion and the entry to new markets, and to solidifying its positions in existing markets.

GROUP REVENUE AND EARNINGS

LeoVegas Group's net sales are derived from revenue from its gaming operations and consist of total cash wagers less customer wins and costs for external jackpot wins and bonuses. Net sales also include adjustments for changes in provisions for local jackpots and bonuses. LeoVegas Group also had revenue during the year coupled to affiliate business.

Since LeoVegas' launch in Sweden in January 2012, the Group has maintained a high growth rate in pace with LeoVegas Group's international expansion. Revenue for the year grew 1% to EUR 391.2 m (387.5). LeoVegas Group's largest markets in terms of revenue are currently the Nordic countries and Rest of Europe, which together accounted for 81% (84) of revenue in 2021. Since its start, LeoVegas Group has focused on the mobile gaming experience, which has benefited from the continued digitalisation of the market.

Gross profit declined slightly to EUR 261.5 m (262.3) during the year, corresponding to a 0.3% decline. The gross margin for the year was 66.8% (67.7). Other operating expenses increased in relative terms and amounted to 9.4% (9.1) of revenue. During the year, LeoVegas Group continued to reinvest a large share of net sales in marketing to support sales growth. Marketing costs as a share of revenue amounted to 36.8% (34.2), and remains at a high level compared with the industry average. Despite the relatively high rate of reinvestment in marketing and a higher share of gaming taxes, the Group continued to deliver strong earnings. EBITDA amounted to EUR 43.4 m (51.9), corresponding to an EBITDA margin of 11.1% (13.4). EBITDA included in items affecting comparability totalled EUR 1.3 m. Expenses pertaining to provisions for gaming taxes and a sanction fee of SEK 2.0 m were imposed by the Swedish Gambling Authority. EBITDA in the preceding year included an effect of EUR 3.5 m in items affecting comparability pertaining to a provision for gaming tax in Denmark. Adjusted for items affecting comparability, EBITDA amounted to EUR 44.6 m (55.4), corresponding to an EBITDA margin of 11.4% (14.3).

Operating profit (EBIT) amounted to EUR 18.0 m (22.8), corresponding to an operating margin of 4.6% (5.9). EBIT adjusted for items affecting comparability amounted to EUR 32.9 m (44.6), corresponding to a margin of 8.4% (11.5).

The Group's depreciation and amortisation excluding acquisition-related depreciation and amortisation totalled EUR 11.7 m (10.8). Amortisation related to acquired intangible assets totalled EUR 12.8 m (16.3). During the year, Royal Panda's acquired customer database became fully amortised, which is the main reason for the year-on-year decline. In the preceding year, an impairment loss of EUR 1.9 m was also recognised related to the migration of Royal Panda to LeoVegas Group's technical platform Rhino.

Net financial items for the year totalled EUR -3.9 m (-1.9) and was mainly driven by the company's bonds. In the third quarter of the year, LeoVegas Group expanded the bond subscribed for in 2020 with a further tranche of SEK 200 m. At the end of the year, total bonds issued amounted to SEK 700 m (500). At the end of the year, the bond was valued at EUR 67.8 m (48.9). In addition, LeoVegas Group had an unutilised credit facility of EUR 40 m (40) on the balance sheet date. Remeasurement effects of the bond have been hedged with a currency derivative ("OTC derivative") Net financial items include ongoing remeasurement of the bond in SEK and the change in value of the currency derivative, which are reported net.

During the year, the Group settled the liability outstanding of EUR 5.3 m related to the earn-out payment connected to the acquisition of Royal Panda. See further information in Note 25.

The company's tax on profit for the year was EUR -2.3 m (-2.2). Net profit for the year amounted to EUR 11.8 m (19.3). Net profit for the year adjusted for items affecting comparability amounted to EUR 26.6 m (40.4).

FINANCIAL POSITION, CASH FLOW, INVESTMENTS AND ACQUISITIONS

Balance sheet and financing

The Group's shareholders' equity amounted to EUR 84.2 m (98.2) on the balance sheet date. Cash and cash equivalents amounted to EUR 75.2 m (63.3). Balances held on behalf of customers are included in cash and cash equivalents, but are segregated from the Group's assets, and their use is restricted. Customer balances at year end amounted to EUR 19.9 m (15.8). Cash and cash equivalents, excluding player funds, amounted to EUR 55.2 m (47.5). The Group has an available revolving credit facility (RCF) of EUR 40 m, which was unutilised as per the end of the reporting period. The Group has issued a bond of SEK 700 m, which has been valued at EUR 67.8 m. Total assets amounted to EUR 257.3 m (249.3). The equity/assets ratio was 33% (39).

Cash flow

Cash flow from operating activities totalled EUR 45.9 m (69.2). The difference was primarily attributable to the change in working capital. Paid income tax also affected cash flow by EUR -4.9 m (-1.7).

Cash flow from investing activities was affected by non-current assets in an amount of EUR 0.9 m (0.4). Investments in intangible assets totalled EUR 15.8 m (10.5) and consisted mainly of capitalised development costs. During the year, cash flow from investing activities were impacted by the acquisition of Expekt by EUR 5.1 m (0.0) and final settlement if the conditional purchase prices (earn-out) of Royal Panda through the payment of EUR 5.3 m. During the year, the Group also invested EUR 1.1 m for 25% of the shares in SharedPlay, now called BeyondPlay. There was no sales of subsidiaries or intangible assets during the year. The preceding year included a positive effect of EUR 2.9 m attributable to the sale of the former subsidiary Authentic Gaming.

Cash flow from financing activities totalled EUR -5.2 m (-44.0). Negative cash flow during the period was mainly the result of the company's repurchase of shares corresponding to EUR 9.5 m (4.9) and the dividend to the Parent Company's shareholders of EUR 12.7 m (14.2). Cash flow was positively affected by EUR 19.9 m as a result of the expansion of the bond by SEK 200 m. Amortisation of the lease liability, i.e., rent paid for the Group's leased assets, affected cash flow by EUR 3.0 m (3.2). The proceeds from the issue of the company's option programme to employees had a positive cash flow effect of EUR 0.2 m (0.4).

SEVERAL-YEAR OVERVIEW

EUR 000s	2021	2020	2019	2018	2017
Condensed consolidated income statement					
Revenue	391,171	387,464	356,039	327,817	217,014
Gross profit	261,451	262,311	237,114	235,543	162,675
Operating profit before depreciation, amortisation and impairment (EBITDA)	43,351	51,865	49,531	41,605	25,947
Operating profit after depreciation, amortisation and impairment (EBIT)	18,043	22,776	12,672	19,175	19,914
Profit before tax	14,123	21,548	10,273	44,461	18,804
Net profit for the year	11,813	19,333	9,543	43,240	18,128
Consolidated balance sheet, condensed					
Assets					
Intangible assets	143,676	142,845	156,618	178,457	105,570
Lease assets (right of use assets)	5,836	8,878	8,222	–	–
Other non-current assets	5,487	5,583	6,029	7,116	4,411
Trade and other receivables	21,824	23,160	35,307	29,268	15,178
Prepaid expenses and accrued income	5,311	5,480	5,329	7,768	7,074
Cash and cash equivalents	75,161	63,340	50,738	56,738	52,758
Total assets	**257,295**	**249,287**	**262,243**	**279,347**	**184,991**
Shareholders' equity and liabilities, condensed					
Shareholders' equity	84,151	98,181	98,152	99,930	58,906
Non-current liabilities	72,783	55,595	46,181	73,368	23,811
Current liabilities	100,361	95,511	117,910	106,049	102,274
Total shareholders' equity and liabilities	**257,295**	**249,287**	**262,243**	**279,347**	**184,991**
Group cash flow, condensed					
Cash flow from operating activities	45,856	69,240	37,024	36,494	34,075
Cash flow from investing activities	-28,244	-11,609	1,953	-103,293	-50,102
Cash flow from financing activities	-5,173	-43,977	-44,523	71,638	9,937
Cash flow for the year	**12,439**	**13,654**	**-5,546**	**4,839**	**-6,090**

FACTORS THAT AFFECT LEOVEGAS' EARNINGS

LeoVegas Group believes that the company's operating profit is affected primarily by the following factors:

- *Capacity to continue to attract new and retain existing customers*
- *Product and technological innovation*
- *The level of marketing investments*
- *Operational efficiency*
- *Market growth*
- *Regulation of new and existing markets*

FOUR CENTRAL KPIS

LeoVegas Group has defined four central key performance indicators (KPIs) that it uses to manage its operations. These are:

- *Number of new customers*
- *Number of returning customers*
- *Deposits*
- *Net Gaming Revenue (NGR).*

Number of new customers

A new customer is a customer who makes his or her first deposit. LeoVegas Group has had a strong increase in the number new customers since the start of its operations, largely owing to an effective marketing strategy combined with an entertaining gaming service with a consistent mobile focus. In 2021, 724,990 new customers (749,344) joined LeoVegas Group, a reduction of 3% as a result of the temporary exit from the Dutch market during the fourth quarter.

The level of marketing investments and marketing effectiveness are the most important factors in attracting new customers.

Number of returning customers

A returning customer is defined as a customer who makes a deposit during a given period after making his or her first deposit during a previous period. The number of returning customers increased during the year. LeoVegas Group's growth is a function of the number of new customers and the number of returning customers. LeoVegas Group's high customer loyalty can be credited primarily to effective customer management and an attractive gaming experience. At year end, the number of depositing customers was 456,063 (461,983). The number of returning depositing customers in 2021 amounted to 405,917 (339,994). Returning customers is an important KPI that shows the steadiest trend during the year.

Deposits

Deposits are defined as the total amount in EUR deposited by new and returning customers in a given period.Deposits are largely a function of the number of new and returning customers, as average deposits for these groups are relatively stable over time. Deposits made in 2021 amounted to EUR 1,221 m (1,251).

Net Gaming Revenue (NGR)

Net Gaming Revenue (NGR) is defined as the sum of cash wagers less all customer wins after bonus costs and jackpot contributions. NGR can also be referred to as the gaming surplus. NGR in 2021 amounted to 31% (30) of total deposits. The relationship between NGR and total deposits is called "hold". Hold is closely correlated to the game margin. For LeoVegas Group, NGR differs marginally from net sales. The gaming surplus for the year was EUR 379.1 m (379.0).

SEASONAL EFFECTS

LeoVegas Group experiences a certain level of seasonal effects, where months in which people are off work generally show stronger performance. December, during which the Christmas holidays fall, is such a month, while the summer months of June, July and August also often show strong results. One reason for this is that customers have more free time and use their smartphones to a higher degree for entertainment. January, February and September, on the other hand, are months that tend to show slightly weaker performance. The growing share of sports betting as a portion of total revenue may lead to variations in sales, as periods with a large number of sporting events will periodically drive higher customer activity.

EXCHANGE RATE FLUCTUATIONS

LeoVegas Group's largest markets are the Nordic countries and the UK. The Group's earnings are thus affected by currency translation effects of our Nordic currencies and the British pound against the euro. See also Note 30 for a description of the Group's exposure to currency effects.

ANTICIPATED FUTURE DEVELOPMENT

LeoVegas Group believes that the online gaming market will continue to develop strongly. The number of internet users is growing steadily, which is a primary driver of growth in the industry. In regions with internet access, confidence is growing in the internet as a trading place, and growing numbers of people are using the internet for banking, equity trading, insurance and other commerce. This behaviour and growing confidence in e-commerce are important for the market's development. Growing demand for mobile consumer solutions is contributing to sharp growth in games played on mobile devices and tablets. LeoVegas Group sees continued strong demand for gaming services and believes that the opportunities for continued expansion in existing and new markets are favourable. The structural trend alone – consisting of a growing share of consumer-oriented services being provided online – points to favourable growth going forward. Development of an increasing amount of markets ahead of local regulation is increasing the entry barriers and favours companies like LeoVegas Group that have a scalable organisation, strong brands and an attractive customer offering.

LeoVegas Group does not provide future forecasts, but has the following long-term financial targets:

- *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 will be generated in regulated markets subject to gaming tax*
- *The leverage ratio (net debt in relation to adjusted EBITDA) shall not exceed 1.0x. However, LeoVegas Group 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.*

RESEARCH AND DEVELOPMENT

Costs for development of gaming platforms, development of LeoVegas Group's proprietary technology platform, Rhino, and integration of gaming and payment solutions are capitalised to the extent it is judged that they will provide future economic benefit and that they meet other criteria for capitalisation. Further information about what the Group recognises as capitalised development costs is provided under the section "Intangible non-current assets, excluding goodwill".

ENVIRONMENT AND SUSTAINABILITY

LeoVegas Group does not conduct any operations that are subject to a permit or notification requirement pursuant to the Environmental Code. LeoVegas Group works according to a sustainability policy, which stipulates among other things that the Group shall strive for limited environmental impact in its use of resources and creation of shareholder value. LeoVegas Group's goal in this respect is to avoid wasting resources, with special focus on limiting climate-affecting emissions. Starting with the 2017 financial year, LeoVegas Group publishes a Sustainability Report. In addition to what is presented in the Board of Directors' Report, the Sustainability Report is to include disclosures needed to gain an understanding of "consequences of operations." Specific disclosures should be provided with respect to the environment, social and employee-related issues, respect for human rights, and efforts to counter corruption. Disclosures are provided about the most material issues, i.e., issues where there is a risk that the company's operations will result in serious consequences for the environment, employees, etc. For further information, see the LeoVegas Group Sustainability Report.

EMPLOYEES

The number of employees at year end (full-time equivalents) was 864 (837), of whom 49 (41) are in LeoVentures. LeoVegas Group was using the services of 52 (31) full-time consultants at year end. During the year, the Group's total work force increased in number, and the share of highly qualified employees also increased. This is to be able to meet the growing demands in technology, innovation and compliance, and to be able to continue delivering scalable, long-term growth.

SIGNIFICANT RISKS AND UNCERTAINTIES

LeoVegas Group's operations are subject to numerous risks that could affect the Group's financial position and results of operations. Some of the business and industry-related risks that may be of significance for LeoVegas Group's future development are outlined below. LeoVegas Group can affect or mitigate certain risks in its operating activities, while other risks may arise randomly or be completely or partly outside of the company's control. In addition to these are risks coupled to significant estimations and assessments in the financial reporting. See also Note 3.

LEGAL RISKS

General legal status and maintenance of licences

The main risk and uncertainty that LeoVegas Group faces is the general legal status of online gaming. Rulings and changes in laws and regulations could affect LeoVegas Group's business activities and expansion opportunities. In most national markets, gaming is regulated by law, and all gaming activities are in principle subject to a licence. The Group is dependent on maintaining its licences, permits and certifications in several countries in order to conduct its business. Regulatory decisions may change the ability to conduct business in certain countries. LeoVegas AB's (publ) subsidiary LeoVegas Gaming Plc is based in Malta and is licenced and regulated by the Malta Gaming Authority. In addition to its licence in Malta, LeoVegas Gaming Plc has gaming licences in Sweden, Spain, the UK, Denmark, Italy and Spain, and a sports betting licence in Ireland. In addition, LeoVegas Group has a sports betting licence and a casino licence in the German federal state of Schleswig-Holstein. For the Swedish market, LeoVegas Group also has licences through its subsidiaries Expekt Nordics Ltd and Pixel Digital Ltd. At present, largely under its Maltese licence, LeoVegas Group can offer and market gaming within the EU without country-specific licences as long as the jurisdictions in question do not have any regulations that require local licences, as in the UK and Sweden. The Group's compliance is evaluated regularly by the regulatory bodies, and each of the licencing authorities requires that LeoVegas Group continuously meets certain requirements, such as that the Group's operations maintain detailed verification processes with respect to its customers, and that the Group conducts activities to counter gaming addiction, corruption, money laundering and other unlawful activity. If it turns out that interpretations and measures that the company has taken to be in compliance with the licencing authorities' requirements are insufficient, it could lead to costs for the company in the form of fines or other sanctions. Regulations and requirements are constantly changing, which in turn puts greater demands on the company's internal routines, processes and systems. Developments in the legal area are monitored and assesses on a regular basis within LeoVegas Group, and the company cooperates with the authorities in licenced markets. If a gaming authority that issues licences were to find that LeoVegas Group no longer meets the licencing requirement, the authority could revoke the licence. It is thus imperative that licences can be maintained and that new licences, permits and/or certification can be received. An essential part of LeoVegas Group's strategy is to continue to establish operations in additional, locally regulated markets by obtaining local licences. Should LeoVegas Group not be able to maintain its licences, the Group's earnings and financial position would be significantly negatively affected. LeoVegas Group believes that regulated markets help mitigate risk as a result of greater predictability and greater opportunities for targeted marketing, and benefit companies such as LeoVegas Group that have a strong brand and extensive experience in regulated markets.

Lack of an international regulatory framework or EU directives for online gaming

LeoVegas Group is dependent on the legal status of the gaming industry, especially in the EU, where the majority of the company's customers are located. The legal situation for online gaming is changing continuously within the EU, but also in individual geographic markets outside of the EU. LeoVegas Group's expansion strategy is to work in locally regulated markets or markets that are in the process of or moving towards local regulation. Many countries in the EU have implemented or are engaged in discussions to implement so-called local regulation. Examples of countries that have implemented local regulation include the UK, Denmark, Italy and Sweden. This trend is also spreading outside of the EU, and discussions are taking place about the regulation of several markets in Latin and North America. In the US, where gaming is regulated on a state-by-state basis, New Jersey and Pennsylvania are two examples of states that 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.

The authorities in the UK are currently conducting a review of existing gaming laws. The results of this analysis have not yet been compiled, but it may lead to more stringent regulation for the licenced operators, such as for greater consumer protection and stricter requirements concerning customers' financial positions.

In the Netherlands, a local licencing system was introduced on 1 October 2021 shortly following new policies that led to LeoVegas Group exiting the market. LeoVegas Group applied for a new licence in the first quarter of 2022.

Canada's most populated province, Ontario, will be regulated, and the market is expected to be launched in the second quarter of 2022. LeoVegas Group applied for a licence in early 2022, and was informed by AGCO in the first quarter that the Group has been registered as a gaming operator. The final step is to enter into an operating contract with iGaming Ontario.

In Germany, the states have agreed on a new licencing system for casino games, which was implemented in July 2021 as a complement to the previous sports betting licences. The new licencing system includes a number of limitations such as a ban on live casino online (Blackjack, Baccarat and Roulette), deposit limits for casino and poker are limited to EUR 1,000 per month and a compulsory maximum limit of EUR 1 per spin. Moreover, the tax on online poker and casino products is 5.3% of turnover, which represents the highest tax in Europe on gaming. LeoVegas Group has applied for a licence. In January 2023, new shared regulation is expected to replace the existing regulations.

On 2 July 2020, a temporary restriction was introduced in Sweden involving responsible gaming measures in response to the spread of the Covid-19 virus. The restriction entailed limits for welcome bonus offers, a deposit limit of a maximum of SEK 5,000 per week and a compulsory limit for gaming time. The restriction expired in November 2021. In January 2022, the government submitted a proposal to the Council on Legislation (Lagrådet) proposing measures to exclude unlicenced gaming from the Swedish market by introducing requirements for a licence for gaming software and a ban on promoting unlicenced gaming and expanding the advertising ban on unlicenced gaming. Moreover, an adjusted requirement for moderation in regard to the marketing of games and an expanded requirements for licensees were proposed with the aim of increasing opportunities to monitor developments in the gaming market. Most of these changes are proposed to enter force on 1 January 2023.

The Rest of World region includes markets with unclear gaming and tax laws, which over time could affect LeoVegas Group's revenue, earnings and expansion opportunities, depending on what legal changes may take place. Overall, future developments and their consequences for the online gaming market are uncertain. LeoVegas Group's assessment is that both re-regulation and the introduction of legislation, both within and outside the EU, or changes in national legislation regarding wager levels, marketing, and restrictions regarding online gaming or taxes, etc., could entail a significant adverse impact on LeoVegas Group's operations, financial position and earnings. However, regulated markets such as Sweden and the UK have many positive aspects, such as opportunities to grow in a market with high transparency and security, which LeoVegas Group looks very favourably upon. Developments in the legal area are monitored and assessed on a continuous basis within LeoVegas Group.

Problem gaming

LeoVegas Group's aim is to offer customers entertainment in a safe and wise way. LeoVegas Group strives for long-term and sustainable relationships with its customers, and thus it is important that customers view their gaming as entertainment and play in a sound and responsible manner. However, some people are at risk of developing problems with their gaming. LeoVegas Group takes this with utmost seriousness, and responsible gaming is a fundamental principle in the design of its offerings and customer contacts. LeoVegas Group has employees whose dedicated role is to promote responsible gaming and who work solely with responsible gaming issues. LeoVegas Group has implemented a number of functions and tools to help customers and works continuously using its commitment and knowledge to promote a positive and safe gaming experience. In late 2017, LeoSafePlay.com was launched, which is a website dedicated to promoting responsible gaming. LeoVegas Group is at the forefront of the industry with respect to responsible gaming, both with respect to protecting customers and working proactively, and providing support for individuals who develop unsound gaming behaviour. LeoVegas Group has invested heavily in technology and in the development of algorithms that detect early signs among players that can indicate a risk for unsound gaming. Within the framework of LeoSafePlay the company has launched a tool based on machine learning and algorithms that help in the creation of risk profiles for customers who are at risk of developing a gaming problem. In 2021, LeoVegas Group's frameworks and procedures for ensuring responsible gaming were assessed by eCOGRA. The independent, industry-leading British agency eCOGRA, which specialises in testing, certifying and assessing the gaming sector, conducted tests and interviews to assess LeoVegas Group's product during the year. This external review demonstrated that LeoVegas Group conformed with all relevant requirements and recommendations for responsible gaming. The ambition in responsible gaming is to be best in the industry and to use state-of-the-art technology to build the next generation system for responsible gaming. Despite all efforts, persons with gaming addictions may bring legal action against companies in the Group for their involvement in the customers' problem gaming. Even though such claims would likely be dismissed, they could give rise to costs, but above all to diminished trust in LeoVegas Group, which by extension could lead to lower revenues and thereby affect the Group's financial results and position.

Affiliate partnerships

One part of LeoVegas Group's marketing involves collaboration with affiliates, or advertising networks. Affiliates serve as comparison sites between various online casino alternatives and in other product segments, and receive payment for the new customers they generate for gaming operators through two main methods. One is revenue-sharing, where the operator pays a percentage share of the revenue the customer generates, and the other is a fixed fee for each new customer. In connection with this it may happen that LeoVegas Group's brand is exposed in contexts that are not desirable. Due to the complexity and volume of traffic sources, it is not possible for LeoVegas Group to verify each and every one of these traffic sources. However, in the event of violations of the company's partnership terms, LeoVegas Group has the opportunity to withhold payment and terminate the collaboration with the source in question. If an affiliate that LeoVegas Group works with were to contribute to LeoVegas Group's brand being exposed in a manner that is unfavourable for the company, it could adversely impact on the Group's brand and image, which in turn could have a significantly negative effect on the Group's operations, financial position and earnings. LeoVegas Group 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.

Processing of personal information and data

When registering new customers and in connection with deposits and payments, LeoVegas Group processes personal data. In the course of this processing it is highly important that registration and processing of personal data are conducted in compliance with applicable personal data legislation. For example, a strict requirement is that the customer is informed about the processing of personal data and that this processing is conducted in a way that is compatible with the purpose for which the personal data was obtained. In the event LeoVegas Group is deficient in its processing of personal data or if LeoVegas Group were to be exposed to a data breach or cyberattack, or in some other way involuntarily breaches the law, LeoVegas Group would be at risk of enforcement actions from the data protection authorities and claims for damages for the harm and breach that such processing resulted in. The EU General Data Protection Regulation (EU 2016/679) (the "GDPR"), which was adopted by the EU and took effect on 25 May 2018, is an example of a regulation that affects LeoVegas Group's work and processing of personal data. The GDPR applies throughout the EU and thus supersedes national personal data laws. The GDPR is also supplemented by a number of national laws, which require or allow national implementation of the GDPR. The GDPR covers principles that already existed in the scope of legislation of the EU and its member states, but the GDPR entails more stringent regulations and sanctions for parties who do not comply with regulation. In this respect the supervisory authorities have the right, if certain rules are not followed, to issue administrative fines of up to the higher of EUR 20 m or 4% of a company or Group's annual global sales. In the course of its operations, LeoVegas Group processes a large volume of personal data on a regular basis, mainly in connection with customers registering and opening accounts on the company's website, but also in connection with the processing of employee information, such as for payroll routines and other matters involving the Group's employees. There is a risk that the interpretations and measures that LeoVegas Group has taken to ensure and maintain confidentiality and integrity with respect to personal data prove to be insufficient in the interpretation of the directive or in some other respect are not in compliance with applicable laws in the jurisdictions in which LeoVegas Group conducts its operations. If it turns out that interpretations and measures that LeoVegas Group has taken to ensure its compliance with the GDPR are insufficient, it could result in costs for the company in the form of fines. There is also a risk that relevant supervisory authorities, pursuant to the GDPR, will apply or interpret the GDPR requirements differently, which may make it hard for LeoVegas Group to formulate principles for the processing of personal data in a uniform manner for the entire Group, which in return could result in higher costs and require more resources from company management. If LeoVegas Group does not interpret and thereby meet the GDPR's requirements in a way that is in compliance with applicable requirements for the processing of personal data in the jurisdictions that LeoVegas Group operates in, it could have a negative effect on the Group's operations, financial position and earnings, and could also harm the Group's reputation.

Legal processes and investigations

LeoVegas Group could be negatively affected by judicial rulings, settlements and costs associated with legal processes and investigations, and disputes with, e.g., business partners, bodies that oversee marketing methods, lawsuits from third parties, regulatory processes and other regulatory disputes. LeoVegas Group may also in the future become party to legal action due to customers' problem gaming. If LeoVegas Group were to be unsuccessful in such legal processes and investigations, the company could incur costs for damages and compensation.

Income tax

LeoVegas Group 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 Group evaluates and makes continual assessments concerning the company's tax positions. LeoVegas Group 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 Group 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 a tax audit of subsidiaries in the Group. Investigations are ongoing and the evaluation is not yet complete. The Group intends to oppose all requirements that have been presented on these estimated grounds since the Group does not believe that it is obligated to pay the tax that has arisen. Discussions are still at an early stage. Even if the Group does not assess that any tax needs be paid, it cannot rule out a negative outcome of these discussions may lead to a substantially negative impact on the Group's financial performance and earnings. Based on external legal advice, there is currently no reasonable ground to predict the outcome, and as such, no provision is recognised in this report.

In other respects, there are no other claims for damages that materially affect the Group's financial position or earnings.

INDUSTRY AND MARKET-RELATED RISKS

Greater competition in markets undergoing regulation

LeoVegas Group's growth rate, strategy and future revenue may be affected by market regulation. LeoVegas Group has a positive view of regulation, as it is conducive to greater interest from end users at the same time that it instils an acceptance for the gaming market as well as greater transparency and security. The introduction of regulation entails a cost in the form of gaming taxes, but at the same time it leads to higher entry barriers, which changes the competitive picture and also benefits companies like LeoVegas Group.

A fast-growing and competitive industry with high demands on technological development

LeoVegas Group's competitors can be divided into two categories: national monopolies and international gaming companies that operate in the same markets as LeoVegas Group. The Group faces considerable competition-related risks since the market is made up of a number of actors, and the barriers for establishment in certain markets are not significant. The Group is also moderately affected by seasonal and cyclical variations. Seasonal variations can affect the company's operations during periods with lower gaming activity and shifting outcomes of various sport events. Cyclical fluctuations have thus far not affected business to any significant extent. The market for online and mobile gaming is experiencing strong growth at the same time that the requirements for a high pace of innovation are growing. The requirements are rising since LeoVegas Group must be able to continue to attract customers through its offering and retain its existing customers. If the company fails to hold its own against the competition, it could have a negative impact on the Group's operations, financial position and earnings. In addition, the Group needs to ensure that it continuously works with product innovation and new functions, and makes upgrades to its technical platform in order to not lose its position as a technical leader in the industry.

BUSINESS-RELATED RISKS

Dependence on external parties to conduct operations

In the course of its business, LeoVegas Group is dependent on suppliers of technical solutions, game developers and game providers, internet service providers, payment solution providers and providers of IT services to be able to conduct its operations and ensure that the company offers uninterrupted and high quality service to its customers. For its sports betting offering, LeoVegas Group is also dependent on third-party vendors for the setting of odds and other betting-related services. If one or more of these external parties were to fail to meet its obligations to the company, LeoVegas Group's online operations or its mobile gaming platforms could be impacted, which could harm LeoVegas Group's brand, the company's reputation in the market, result in a loss of revenue, affect customer loyalty long term, and by extension also the Group's operations, financial position and earnings.

The price level of online advertising space may change

For LeoVegas Group, digital marketing is an important channel for building its brand and for reaching out to new, potential customers. Greater competition for advertising space in local marketing channels that are important for the company could give rise to a higher cost and impede its opportunities to acquire new customers. A lower pace of new customer acquisition could have a negative impact on the Group's revenue.

LeoVegas Group's brands

LeoVegas Group's success is partly dependent on upholding the strength of its brands. The company has established, reliable and well-known brands (such as LeoVegas, Expekt and Royal Panda), which together with a good reputation in the online gaming market present a competitive advantage. Both the development of new and existing customer relationships and future success will be dependent on LeoVegas Group's ability to uphold and further build its brands. There is a risk that the company's efforts, or any other measures that LeoVegas Group has taken to uphold and strengthen the brands, are unsuccessful or that the brands are harmed by a third party acting in a way that impacts negatively upon LeoVegas Group. If the company does not succeed in upholding or strengthening its brands, it is possible that this would hurt the company's ability to retain and widen its customer base, and this could have a significantly negative impact on the Group's operations, financial position and earnings.

Dependence on functioning and secure external payment solutions

An important precondition for LeoVegas Group's operations is that the company is able to provide external payment solutions that meet customers' preferences. In order for the Group's service to work smoothly for the user, speed of registration, deposits and withdrawals are central factors that contribute to customers' sense of security and user experience. Payment solutions and customer preferences differ between markets, which requires that LeoVegas Group's IT platform is adapted to various technical solutions. If LeoVegas Group were to fail to offer the payment solutions and withdrawal opportunities preferred by potential customers, this could have a negative impact on the Group's operations, financial position and earnings.

Risks associated with IT systems

LeoVegas Group is exposed to certain risks associated with the company's IT systems and technical platform. The company's proprietary technical platform is made up of a number of advanced sub-systems which together handle the operation of online games, revenue optimisation, payments and management of the loyalty programme. This technology requires maintenance and supervision at the same time that developments in this area are unfolding rapidly, which entails a need for continuous innovation and development. The other obvious IT risks that the company is exposed to include access to online or mobile platforms, risks related to hacker attacks, viruses and distributed denial-of-service (DDoS) attacks, disruptions in the company's service, and diverse risks associated with the collection, collation, storage and transmission of sensitive information. In the event of an operational disruption, the company's products would be fully or partly inaccessible for users, which would have a negative impact on revenue. An operational disruption or technical problem with the company's servers could thus result in lost revenue, a loss of trust in the company and possible claims for damages. The company is working continuously to minimise the risk for operational disruptions, such as by ensuring high technical security in systems and constant monitoring.

Competence and ability to attract talent

The company conducts extensive technical development on a regular basis of its proprietary technical platform and regularly releases new, innovative functions for the service. LeoVegas Group's success is dependent in large part on its ability to recruit employees with a high level of technical competence and experience from the online gaming industry, and to retain people with extensive knowledge of related technology. In addition, LeoVegas Group and its subsidiaries are dependent on certain key persons at the management level. LeoVegas Group works actively to bring in and retain engaged and loyal employees through training and by providing opportunities for advancement within the organisation. If LeoVegas Group were to lose key persons in the organisation, it could have a negative impact on the Group's operations, earnings and financial position. The Group works actively to promote a pleasant and stimulating company culture, and to invest in engaged and loyal employees.

FINANCIAL RISKS

Financing and liquidity risks

To pay for investments in technical development, business acquisitions or other investments, financing is needed. Access to financing is dependent on the overall market conditions and the company's credit rating and earnings capacity. A negative development in the company's sales or profitability could affect its need of liquidity. The Group's finance activities are conducted on the basis of a treasury policy that has been adopted by the Board of Directors, which is distinguished by an ambition to minimise the level of risk. Liquidity risk is monitored at the Group level by ensuring that sufficient funds are available for every subsidiary within the Group. Following is a presentation of identified financial risks that could affect the Group's financial position and earnings.

Interest rate risk

The Group's revenue and cash flows from operations have largely been independent of changes in interest rates in the market. During the year, new, long-term and diversified financing was secured through a combination of a bank credit facility (RCF of EUR 40 m) and a bond issue of SEK 700 m under a total framework of SEK 800 m. The interest rate for the credit facility is 2.5%, while the bond carries a floating interest rate of STIBOR three months plus 5.5%. However, moderate changes in interest rates in the market are not expected to have any material impact on the Group's financial position and earnings. Most of the Group's liquid assets are held in transaction accounts to provide the liquidity required to finance the Group's operations.

Currency risk

LeoVegas Group's multinational operations entail that the company is exposed to currency risks, particularly related to EUR, SEK and GBP. In connection with the bond issue in SEK, a currency derivative ("OTC derivative") was contracted. In other respects, LeoVegas Group does not take out forward exchange contracts or options to hedge against currency fluctuations, which means that currency movements could have a negative impact on the Group's financial position and earnings.

Credit risk

Credit risk entails the risk of LeoVegas Group's customers and counterparties being unable to pay their debts and thereby causing loss to LeoVegas Group. LeoVegas Group has very limited credit risk, since the Group's external customers for casino and sports betting are private persons, and payment for LeoVegas Group's online gaming services is made through customer deposits in advance. There are thus no outstanding receivables for the Group's external customer base. However, the Group has credit risk with companies that provide payment services. To mitigate this credit risk LeoVegas Group works with well-established vendors in the business. Other credit risks that the company is exposed to include the risk of fraudulent transactions and repayments to customers by banks or other payment service providers. In addition, the Group's cash and cash equivalents are managed by banks with high credit ratings. LeoVegas Group's Swedish bank, SEB, has a credit rating of AA- (FITCH), while its Maltese bank, Bank of Valetta, has a credit rating of BBB (FITCH). In the UK, LeoVegas Group uses the bank Barclays, which has a credit rating of A (FITCH).

Management of capital structure

The goal of LeoVegas Group's capital management is to ensure the Group's ability to uphold continuous operations and thereby generate a return for the shareholders and benefits for stakeholders. The goal is also to maintain an optimal capital structure that both reduces the cost of capital and provides sufficient financing for expansion. To uphold or modify the capital structure, the Group can adjust the amount of dividends paid to shareholders, return capital to the shareholders, issue new shares or sell assets. During the year, it was decided to exercise the authorisation granted at the 2021 Annual General Meeting to repurchase shares. The purpose of the repurchases is to optimise the company's capital structure and create shareholder value by reducing the number of shares outstanding. A total of 4,000,000 shares have been repurchased (3.9% of the total number of shares outstanding) of which 2,528,656 shares were repurchased during the year. The year's share repurchases amounted to a cost of SEK 96,913,627 (49,997,441). For further information about financial risk management, see Note 30.

OTHER RISKS

The spread and effects of the pandemic

The long-term risks of the pandemic are hard to assess, and the conditions are changing. Even if the pandemic has been a factor of uncertainty, it has had an overall smaller impact on online businesses and has led to an accelerated structural shift from offline to online. This has benefited LeoVegas Group with its strong online position. Future effects cannot be predicted, but the assessment is that the pandemic has and will have an overall limited effect on the Group as whole.

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

Events after the balance sheet date refer to significant events that have occurred between the balance sheet date and the date on which the financial statements were signed by LeoVegas AB's (publ) Board of Directors.

LeoVegas Group applies for gaming licences

In the first quarter, LeoVegas Group applied for gaming licences in the Netherlands and the Canadian province of Ontario. The Alcohol and Gaming Commission of Ontario has also informed LeoVegas Group that the Group has been registered as a gaming operator. This is an important step in the licence process for the province, and the next final step involves an operating contract with iGaming Ontario (iGO). This will be possible when the necessary onboarding process with iGO has taken place. In January 2022, Canada represented 13% of the Group's revenue, and about 35% of Canadian revenue is generated in Ontario.

LeoVegas Group establishes in the US

LeoVegas Group's establishment in New Jersey in the US is proceeding according to plan. At the start of 2022, LeoVegas Group has begun to establish itself at a local office and commenced the establishment of a local team.

The invasion in Ukraine

As a result of the invasion in Ukraine, LeoVegas Group has resolved not to offer any betting on Russian and Belarusian national sport. LeoVegas Group does not offer its services to, and has not previously offered its services to, customers from Russia or Belarus. Having said this, LeoVegas Group does not want to legitimise these leagues and competitions internationally. LeoVegas Group has not been impacted by any substantial revenue loss from this, and views the impact as limited.

LeoVegas Group has about 40 consultants in Ukraine, and their wellbeing and safety is of the utmost priority. These consultants' work efforts are significant, but LeoVegas Group has not noted any substantial impact on the company's financial performance and earnings. LeoVegas Group is ready to adopt measures to support these consultants through, for example, relocation or other assistance.

LeoVegas Group has therefore donated SEK 500,000 to the Red Cross to support their vital efforts. The outcome of events remains uncertain and LeoVegas Group is following development closely.

DECISION ON GUIDELINES FOR REMUNERATION OF SENIOR EXECUTIVES

For a description of guidelines for salaries and other remuneration of senior executives that were decided on by the 2021 Annual General Meeting, see Note 6.

BOARD OF DIRECTORS' PROPOSED GUIDELINES FOR REMUNERATION OF SENIOR EXECUTIVES

The Board of Directors of LeoVegas AB (publ) recommends that the 2022 Annual General Meeting vote in favour of the following guidelines for remuneration of senior executives:

By senior executives is meant the CEO and other members of Group Management. Remuneration may consist of a fixed cash salary, possible variable cash remuneration, other customary benefits and pension. The combined yearly cash remuneration, including pension benefits, shall be in line with the going rate in the market and competitive in the labour market and geographic area in which the executive is stationed, and shall be commensurate with the individual's qualifications and experience, and outstanding performance shall be reflected in the overall level of remuneration. The fixed cash salary and variable cash remuneration shall be commensurate with the executive's responsibility and authority. The fixed cash salary shall be reviewed annually. Fulfilment of criteria for payment of variable cash remuneration shall be measurable during a period of one year. The variable cash remuneration may amount to a maximum of 50% of the executive's combined fixed cash salary during the measurement period for such criteria. Additional, variable cash remuneration may be payable for extraordinary circumstances under the condition that such arrangements are limited in time and only made at the individual level. The aim of such arrangements must be to recruit or retain executives, or as remuneration for extraordinary work efforts above and beyond the person's normal work duties. Such remuneration may not exceed an amount corresponding to 25% of the executive's fixed annual cash salary and may not be paid out more than once per year and per individual. Decisions on such remuneration shall be made by the Board of Directors based on a recommendation by the Remuneration Committee. For the CEO, pension benefits (including disability insurance) shall be according to a defined contribution solution. Variable cash remuneration shall not be pensionable. Defined contribution pension premiums may amount to a maximum of 45% of the fixed annual cash salary. For other senior executives, pension benefits (including disability insurance) shall be according to a defined contribution solution unless the executive is covered by a defined benefit pension under the compulsory stipulations of a collective agreement. Variable cash remuneration shall be pensionable to the extent stipulated under compulsory collective agreements that are applicable for the executive. Defined contribution pension premiums may amount to a maximum of 45% of the fixed annual cash salary. Employees also have the right to enrol in salary sacrifice programmes (i.e., receive a portion of their salary as a pension contribution; the salary sacrifice shall be cost-neutral for the employer). Other benefits may include, among other things, life insurance, private health insurance and in certain cases a car benefit. Such benefits may amount to a maximum of 10% of the employee's fixed annual cash salary. For employees who are stationed in another country than their home country, additional remuneration and other benefits may be payable to a reasonable extent, taking into account the special circumstances associated with such a foreign stationing, whereby the overall aims of these guidelines shall be met as far as possible. Such benefits may together amount to a maximum of 15% of the fixed annual cash salary.

If a Board member performs work on behalf of the company in addition to his or her Board work, a consulting fee and other remuneration for such work may be payable after a specific decision by the Board, based on a recommendation by the Remuneration Committee. Such remuneration shall be structured in accordance with these guidelines. The notice period for termination of employment may be a maximum of six months. Fixed cash salary during the notice period and severance pay may together not exceed an amount corresponding to one year's fixed cash salary. For notice given by the employee, the notice period shall be a maximum of six months. Variable cash remuneration shall be based on and coupled to outcomes in relation to pre-determined and measurable concrete goals based on the company's business strategy and the long-term business plan approved by the Board of Directors. The goals may include financial targets – either at the Group or unit level – operating targets and targets for sustainability and social responsibility, employee engagement or customer satisfaction, and individually adapted quantitative or qualitative targets. These targets shall be set and documented yearly to promote the employee's long-term development. The company has set financial targets and KPIs based on strategic and business-critical initiatives and projects that ensure achievement in accordance with the business plan and business strategy for sustainable, continued operations and safeguarding of the company's long-term interests. The terms of variable cash remuneration should be formulated so that the Board – in the event of particularly strained economic conditions – has the opportunity to limit or withhold the payment of variable remuneration if such payment is determined to be unreasonable and incompatible with the company's responsibility in general to the shareholders. For yearly bonuses, the possibility should exist to limit or withhold payment of variable remuneration if the Board determines that it is justified for other reasons. The company shall have the opportunity, pursuant to law or agreement and with the limitations that may follow from such, to fully or partly rescind rewards of variable cash remuneration. When the measurement period for fulfilment of criteria for payment of variable cash remuneration has ended, a determination shall be made of the extent to which the criteria have been met. The Board, after preparatory work conducted by the Remuneration Committee, is responsible for the determination of variable cash remuneration for the CEO, and the CEO is responsible for the determination of variable cash remuneration for other executives. With respect to financial targets, the determination shall be based on most recently published financial information from the company. In the preparatory work for the Board's proposed guidelines, salary and terms of employment for the company's employees are taken into account in such manner that information about the employees' total remuneration, the remuneration components, and the remuneration's growth and rate of growth over time make up part of the Remuneration Committee's and Board's decision-data in evaluating the fairness of the guidelines and the limitations that follow from these. The company's Board of Directors shall strive to ensure that all subsidiaries in the Group apply these principles. Matters concerning cash salary and variable cash remuneration for the CEO and other senior executives are addressed by the Remuneration Committee and decided on by the Board and, where applicable, by the CEO. The Board has the right to depart from the guidelines outlined above if it determines in individual cases that there are special, justifiable reasons and a departure is necessary to safeguard the company's long-term interests and sustainability or to safeguard the company's financial soundness. Such departures shall also be approved by the Remuneration Committee.

PARENT COMPANY

LeoVegas AB (publ), the Group's Parent Company, invests in companies that offer games via smartphones, tablets and desktop computers, as well as in companies that develop related technology. Gaming services are offered to end consumers through subsidiaries. The Parent Company's revenue for the year totalled EUR 0.8 m (0.7), and net profit for the year was EUR 23.9 m (16.7). To strengthen the Parent Company's liquidity ahead of the proposed dividend to the Parent Company's shareholders, a dividend of EUR 30.0 m (20.0) was made from subsidiaries. Apart from dividends from subsidiaries, the Parent Company's earnings are steered in all essential respects by invoiced management services and other operating expenses. The Parent Company does not make investments in intangible assets. Technological development is conducted primarily in the Swedish subsidiary Gears of Leo AB, which develops the gaming portal and technical platform. Cash and cash equivalents amounted to EUR 7.1 m (1.4).

SHARE CAPITAL AND OWNERS

During the year, LeoVegas AB (publ) carried out a repurchase of 2,528,656 (1,471,344) shares. As per the balance sheet date the number of shares and votes was 97,652,970 and the registered share capital amounted to EUR 1,219,835.65. The shares have a quota value of EUR 0.012 per share (0.012). As per 31 December 2021, the company had 17,897 shareholders. The five largest shareholders were Gustaf Hagman, with 7.9%; Avanza Pension, with 5.0%; LOYS AG, with 4.5%; Torsten Söderberg and family, with 4.5%; and LeoVegas AB (publ), with 3.9%. All shares in the company are of the same class and carry equal entitlement to profit distribution, except for those held by LeoVegas AB (publ).

At the Extraordinary General Meeting on 28 August 2019, it was resolved to add 1,000,000 new warrants directed at key persons in the company. Of these, 788,150 warrants were subscribed, of which 140,000 warrants have been repurchased. As per the balance sheet date, 351,850 were held by the subsidiary Gears of Leo AB.

At the Annual General Meeting on 8 May 2020, it was resolved to issue a maximum of 1,000,000 warrants with deviation from the shareholders' preferential rights. A total of 931,900 warrants were transferred from Gears of Leo to the persons entitled to subscribe. Since the issue, 105,000 warrants have been repurchased. As per the balance sheet date, 173,100 warrants were held by the subsidiary Gears of Leo AB.

At the Annual General Meeting on 11 May 2021, it was resolved to issue a maximum of 1,000,000 warrants with deviation from the shareholders' preferential rights. A total of 858,500 warrants were transferred from Gears of Leo to the persons entitled to subscribe. At the end of the reporting period, a total of 141,500 warrants were held by the subsidiary Gears of Leo AB. As far as the company's Board is aware, there are no shareholder agreements or other agreements between the company's shareholders that aim to jointly affect the company. Nor is the company's Board aware of any agreements or similar undertakings that could lead to changes in control over the company.

DIVIDEND AND PROPOSED DISTRIBUTION OF PROFIT

LeoVegas Group's dividend policy is to pay a dividend, over time, of at least 50% of the company's profit after tax. The following funds are at the shareholders' disposal as per 31 December 2021.

PROPOSED DISTRIBUTION OF PROFIT

The following unrestricted shareholders' equity in the Parent Company is at the disposal of the Annual General Meeting (EUR)

Share premium reserve	27,840,547
Profit brought forward	-17,606,029
Net profit for the year	23,877,165
Total	**34,111,683**
Dividend distributed to the shareholders (97,652,970 shares x EUR 0.16)	-15,938,695
Profit brought forward	**18,172,988**

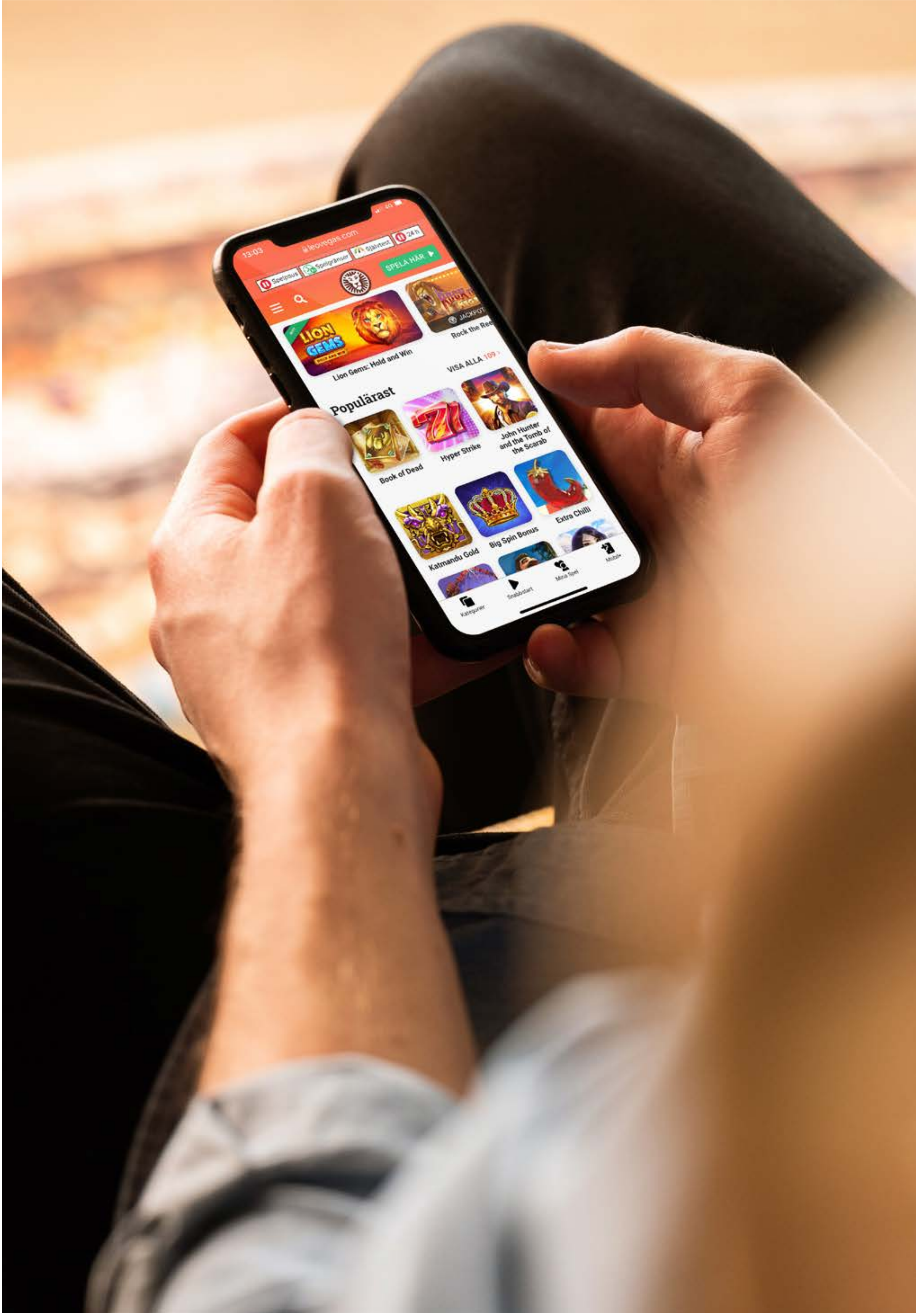
The Board of Directors proposes a dividend of SEK 1.68 per share (1.60), corresponding to EUR 0.16 (0.16) per share. The total proposed dividend to the Parent Company's shareholders for FY 2021 amounts to SEK 164,056,990
(160,290,602), corresponding to EUR 15,938,695 (15,943,602). The dividend in EUR has been calculated at the exchange rate in effect on 31 December 2021. The remainder of retained profit and unrestricted reserves shall be carried forward. The dividend will be distributed over four occasions. The final amount in EUR may vary, depending on the exchange rate in effect on the payment date.

BOARD OF DIRECTORS' STATEMENT PURSUANT TO CH. 18 § 4 OF THE SWEDISH COMPANIES ACT

In reference to the Board's proposed distribution of profit, the Board has issued the following statement:

Distributable profits of EUR 34,111,683 are at the disposal of the Annual General Meeting. If the Annual General Meeting resolves in favour of the proposal, EUR 18,172,988 will be carried forward. Full coverage exists for the company's restricted equity after the proposed dividend. The Parent Company's equity/assets ratio, after the proposed dividend, amounts to 18% (24). The Group's equity/assets ratio, after the proposed dividend, amounts to 27% (33). The company's and Group's need for a strong balance sheet and liquidity have been taken into consideration through a comprehensive assessment of the financial position and – in relation to the industry in which the company and Group operate – opportunities in the short and long term to fulfil their obligations. In addition to this, consideration has been given to all other known conditions that could be of importance for the company's and the Group's financial positions.

In view of the above, the Board of Directors is of the opinion that the dividend is justifiable in view of the requirements that the nature, scope and risks of the business put on the size of the company's equity and the company's and the Group's need to maintain a strong balance sheet, liquidity and position in general.


SPELA HÄR
Lion Gems: Hold and Win
VISA ALLA 109
Populärast
Book of Dead
Hyper Strike
John Hunter and the Tomb of the Scarab
Katmandu Gold
Big Spin Bonus
Extra Chilli

FINANCIAL STATEMENTS

Consolidated financial statements

74	Consolidated income statement
75	Consolidated balance sheet
76	Consolidated statement of changes in equity
77	Consolidated statement of cash flows

Parent Company financial statements

78	Parent Company income statement
79	Parent Company balance sheet
80	Parent Company statement of changes in equity
81	Parent Company statement of cash flows

Notes

82	NOTE 1	Reporting entity
82	NOTE 2	Significant accounting and valuation policies
86	NOTE 3	Significant estimates and assessments in the accounting
87	NOTE 4	Segment reporting
87	NOTE 5	Revenue
88	NOTE 6	Employee remuneration
90	NOTE 7	Leases
90	NOTE 8	Auditors' fees
90	NOTE 9	Other income and expenses
91	NOTE 10	Financial items
91	NOTE 11	Income tax
92	NOTE 12	Items affecting comparability
92	NOTE 13	Earnings per share
93	NOTE 14	Property, plant and equipment
93	NOTE 15	Intangible non-current assets
95	NOTE 16	Participations in Group companies
96	NOTE 17	Receivables from Group companies
96	NOTE 18	Trade and other receivables
96	NOTE 19	Prepaid expenses and accrued income
96	NOTE 20	Cash and cash equivalents
96	NOTE 21	Share capital and warrants
97	NOTE 22	Non-current liabilities
98	NOTE 23	Trade and other payables
98	NOTE 24	Accrued expenses and deferred income
98	NOTE 25	Liability for earn-out payment for acquisition
98	NOTE 26	Pledged assets
98	NOTE 27	Contingent liabilities
98	NOTE 28	Transactions with related parties
98	NOTE 29	Financial assets and financial liabilities
99	NOTE 30	Management of financial risks and financial instruments
101	NOTE 31	Business combinations
101	NOTE 32	Proposed appropriation of profits
101	NOTE 33	Significant events after the end of the financial year
102	The Board of Directors' and CEO's assurance	
103	Auditor's report	
107	Key metrics	
108	Alternative Performance Measures and other definitions	

CONSOLIDATED INCOME STATEMENT

Amounts in EUR 000s	Note	2021	2020
Revenue	4, 5	391,171	387,464
Cost of sales		-65,719	-67,871
Gaming taxes		-64,001	-57,282
Gross profit		**261,451**	**262,311**
Personnel costs	6	-53,184	-50,548
Capitalised work performed by the company for its own use		15,269	10,504
Other operating expenses	7, 8, 12	-36,739	-35,441
Marketing costs		-143,763	-132,552
Other income and expenses	9	318	-2,409
EBITDA		**43,351**	**51,865**
Depreciation and amortisation	7, 14, 15	-11,746	-10,789
Amortisation of acquired surplus value and impairment of assets incl. goodwill	15	-13,562	-18,300
Operating profit (EBIT)		**18,043**	**22,776**
Financial income		–	983
Financial expenses		-3,968	-2,911
Financial liability fair value gains/losses		–	700
Share of profit after tax from associates reported using the equity method		47	–
Financial items – net	**10**	**-3,921**	**-1,228**
Profit before tax		**14,123**	**21,548**
Income tax	11	-2,310	-2,215
Net profit for the year		**11,813**	**19,333**
Net profit for year attributable to owners of the Parent Company		10,999	18,512
Net profit for the year attributable to non-controlling interests		814	821
Other comprehensive income			
Items that may be transferred to profit for the year:			
Exchange differences on translation of foreign operations		-13	-12
Other comprehensive income for the year, after tax		**-13**	**-12**
Total comprehensive income for the year		**11,800**	**19,321**
Comprehensive income for the year attributable to owners of the Parent Company		10,986	18,500
Comprehensive income for the year attributable to non-controlling interests		814	821
Earnings per share, EUR			
- Before dilution	13	0.11	0.18
- After dilution	13	0.11	0.18

CONSOLIDATED BALANCE SHEET

Amounts in EUR 000s	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Property, plant and equipment	14	2,157	2,393
Lease assets (right of use assets)	7	5,836	8,878
Intangible non-current assets	15	28,449	19,494
Intangible assets related to surplus value from acquisitions	15	19,493	28,694
Goodwill	15	95,734	94,657
Financial assets	29	–	314
Deferred tax assets	11	2,162	2,876
Investments in associates accounted for using the equity method		1,168	–
Total non-current assets		**154,999**	**157,306**
Current assets			
Trade and other receivables	18	21,824	23,160
Prepaid expenses and accrued income	19	5,311	5,480
Cash and cash equivalents	20	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	21	1,220	1,220
Additional paid-in capital		26,776	36,115
Translation reserve		623	421
Retained earnings including profit for the year		49,368	55,075
Equity attributable to owners of the Parent Company		**77,987**	**92,831**
Non-controlling interests		6,164	5,350
Total equity		**84,151**	**98,181**
LIABILITIES			
Non-current liabilities			
Bond issue	22	67,815	48,860
Lease liabilities	7	3,029	5,300
Financial liabilities	29	848	–
Deferred tax liability	11	1,091	1,435
Total non-current liabilities		**72,783**	**55,595**
Current liabilities			
Trade and other payables	23	23,437	20,287
Player liabilities	23	19,945	15,801
Tax liability		4,334	5,948
Accrued expenses and deferred income	24	49,696	45,082
Current lease liabilities	7	2,949	3,093
Liability for earn-out payment for acquisition	25	–	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 CHANGES IN EQUITY

Amounts in EUR 000s	Share capital	Additional paid-in share capital	Other reserves	Retained earnings, incl. profit for the year	Equity attributable to owners of the Parent Company	Non-controlling interests	Total equity
Balance on 1 January 2020	**1,220**	**40,615**	**830**	**50,683**	**93,348**	**4,804**	**98,152**
Profit for the year	–	–	–	18,512	18,512	821	19,333
Other comprehensive income (Exchange differences on translation of foreign operations)	–	–	-39	27	-12	–	-12
Total comprehensive income for the year	**–**	**–**	**-39**	**18,539**	**18,500**	**821**	**19,321**
Transactions with shareholders in their capacity as owners:							
Dividends	–	–	-66	-14,147	-14,213	–	-14,213
Warrant premiums	–	391	–	–	391	–	391
Share repurchases	–	-4,891	–	–	-4,891	–	-4,891
Transactions with non-controlling interests:							
Acquisitions of non-controlling interests	–	–	-304	–	-304	-275	-579
Balance on 31 December 2020	**1,220**	**36,115**	**421**	**55,075**	**92,831**	**5,350**	**98,181**
Balance on 1 January 2021	**1,220**	**36,115**	**421**	**55,075**	**92,831**	**5,350**	**98,181**
Profit for the year	–	–	–	10,999	10,999	814	11,813
Other comprehensive income (Exchange differences on translation of foreign operations)	–	–	-13	–	-13	–	-13
Total comprehensive income for the year	**–**	**–**	**-13**	**10,999**	**10,986**	**814**	**11,800**
Transactions with shareholders in their capacity as owners:							
Dividends	–	–	215	-16,706	-16,491	–	-16,491
Warrant premiums	–	199	–	–	199	–	199
Share repurchases	–	-9,538	–	–	-9,538	–	-9,538
Transactions with non-controlling interests:							
Acquisitions of non-controlling interests	–	–	–	–	–	–	–
Balance on 31 December 2021	**1,220**	**26,776**	**623**	**49,368**	**77,987**	**6,164**	**84,151**

The Board's proposed dividend and proposed distribution of profit are presented in Note 32 and in the Board of Directors' Report.

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in EUR 000s	Note	2021	2020
Cash flow from operating activities			
Operating profit		18,043	22,776
Adjustments for non-cash items:			
Depreciation, amortisation and impairment losses	7, 14, 15	24,689	29,089
Other non-cash items		2,492	963
Net income taxes paid		-4,916	-1,695
Interest received		1	–
Interest paid		-3,399	-1,206
Cash flow from operating activities before changes in working capital		**36,910**	**49,927**
Cash flow from changes in working capital			
Increase/decrease in operating receivables		4,188	8,720
Increase in operating payables		4,758	10,593
Cash flow from operating activities		**45,856**	**69,240**
Cash flow from investing activities			
Acquisitions of property, plant and equipment	14	-901	-399
Acquisitions of intangible assets	15	-15,831	-10,492
Acquisitions of subsidiaries	15	-10,391	-3,579
Equity accounted investments in associates		-1,121	–
Proceeds from sales of subsidiaries and intangible assets	15	–	2,861
Cash flow from investing activities		**-28,244**	**-11,609**
Cash flow from financing activities			
Lending from credit institutions	22	–	-70,343
Bond issue	22	19,897	48,298
Share repurchases	21	-9,538	-4,891
Lease liabilities	7	-3,037	-3,244
Proceeds from issue of equity instruments	21	200	416
Cash dividends paid out to shareholders	21	-12,695	-14,213
Cash flow from financing activities		**-5,173**	**-43,977**
Cash flow for the year		**12,439**	**13,654**
Cash and cash equivalents at start of the year		63,340	50,738
Currency effects on cash and cash equivalents		-618	-1,052
Cash and cash equivalents at end of the year	20	**75,161**	**63,340**
Of which, restricted cash (player funds)		19,945	15,801

PARENT COMPANY INCOME STATEMENT

Amounts in EUR 000s	Note	2021	2020
Net sales	5	849	669
Other operating expenses	7, 8	-1,698	-1,601
Personnel costs	6	-3,168	-2,235
EBITDA		**-4,017**	**-3,167**
Depreciation, amortisation and impairment losses		-619	-1
Operating loss (EBIT)		**-4,636**	**-3,168**
Result from participations in Group companies		30,000	20,000
Other interest income and similar income		2,577	1,245
Other interest expenses and similar expenses		-3,230	-1,548
Total financial items	10	**29,347**	**19,697**
Profit before tax		**24,711**	**16,529**
Appropriations		–	–
Tax on profit for the year	11	-834	193
Net profit for the year[1)]		**23,877**	**16,722**

1) Profit for the year corresponds to comprehensive income for the year.

PARENT COMPANY BALANCE SHEET

Amounts in EUR 000s	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Property, plant and equipment	14	1	2
Participations in Group companies	16	236	236
Receivables from Group companies (non-current)	17	43,732	48,810
Deferred tax assets	11	2,061	2,895
Total non-current assets		**46,031**	**51,944**
Current assets			
Receivables from Group companies	17	54,899	31,948
Other receivables	18	54	143
Prepaid expenses and accrued income	19	528	550
Cash and cash equivalents	20	7,122	1,419
Total current assets		**62,603**	**34,060**
TOTAL ASSETS		**108,634**	**86,004**
EQUITY			
Restricted equity			
Share capital	21	1,220	1,220
		1,220	**1,220**
Unrestricted equity			
Share premium reserve		27,841	41,960
Retained earnings including profit for the year	32	6,271	-2,096
		34,112	**34,974**
Total equity		**35,332**	**36,193**
LIABILITIES			
Non-current liabilities			
Bond issue	22	67,815	48,860
Financial liabilities	29	848	–
Total non-current liabilities		**68,663**	**48,860**
Current liabilities			
Trade and other payables	23	3,953	200
Accrued expenses and deferred income	24	686	740
Liabilities to Group companies	23	–	11
Total current liabilities		**4,639**	**951**
Total liabilities		**73,302**	**49,811**
TOTAL EQUITY AND LIABILITIES		**108,634**	**86,004**

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Restricted equity	Unrestricted equity		
Amounts in EUR 000s	**Share capital**	**Share premium reserve**	**Retained earnings, incl. profit for the year**	**Total equity**
Balance on 1 January 2020	**1,220**	**41,511**	**-5,194**	**37,537**
Net profit for the year[1]	–	–	16,722	16,722
Total comprehensive income for the year	**–**	**–**	**16,722**	**16,722**
Transactions with shareholders in their capacity as owners				
Dividend incl. translation reserve, currency effect	–	–	-13,624	-13,624
Share repurchases	–	-4,891	–	-4,891
Effects of warrant programme	–	449	–	449
	–	**-4,442**	**-13,624**	**-18,066**
Balance on 31 December 2020	**1,220**	**37,069**	**-2,096**	**36,193**
Balance on 1 January 2021	**1,220**	**37,069**	**-2,096**	**36,193**
Net profit for the year[1]	–	–	23,877	23,877
Total comprehensive income for the year	**–**	**–**	**23,877**	**23,877**
Transactions with shareholders in their capacity as owners				
Dividend incl. translation reserve, currency effect	–	–	-15,509	-15,509
Share repurchases	–	-9,538	–	-9,538
Effects of warrant programme	–	309	–	309
	–	**-9,229**	**-15,509**	**-24,738**
Balance on 31 December 2021	**1,220**	**27,841**	**6,271**	**35,332**

1) Profit for the year corresponds to comprehensive income for the year.

The Board's proposed dividend and proposed distribution of profit are presented in Note 32 and in the Board of Directors' Report.

PARENT COMPANY STATEMENT OF CASH FLOWS

Amounts in EUR 000s	Note	2021	2020
Cash flow from operating activities			
Operating loss		-4,636	-3,168
Interest received		1,353	128
Interest paid		-3,399	-438
Net income taxes paid		-9	-7
Adjustments for non-cash items:			
Unrealised exchange rate differences		-71	236
Depreciation and amortisation		1	1
Cash flow from operating activities before changes in working capital		**-6,762**	**-3,248**
Cash flow from changes in working capital			
Increase/decrease in operating receivables		-197	-472
Increase/decrease in operating liabilities		-90	39
Cash flow from operating activities		**-7,048**	**-3,681**
Cash flow from investing activities			
Acquisitions of property, plant and equipment		–	–
Cash flow from investing activities		**–**	**–**
Cash flow from financing activities			
Cash dividends paid out to shareholders	21	-11,715	-13,624
Share repurchases	21	-9,538	-4,891
Dividends received from subsidiaries		7,436	18,887
Repayment of loans from subsidiaries		14,350	3,153
Lending from credit institutions	22	–	-10,000
Bond issue	22	19,897	48,298
Loans to subsidiaries		-7,972	-37,025
Cash flow from financing activities		**12,459**	**4,549**
Cash flow for the period		5,411	1,117
Cash and cash equivalents at start of the year		1,419	372
Currency effects on cash and cash equivalents		292	-70
Cash and cash equivalents at end of the year	20	**7,122**	**1,419**

NOTE 1 Reporting entity

LeoVegas AB (publ) (the "Parent Company" or the "Company"), corporate identity number 556830-4033, is a public limited liability company registered in Sweden and domiciled in Stockholm. The Company's head offices are located at Luntmarkargatan 18, SE-111 37, Stockholm, Sweden. LeoVegas Group's financial statements pertain to the Company and its subsidiaries (together referred to as the "Group").

About the LeoVegas Group

The global LeoVegas 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.

The consolidated financial statements were approved for issuance by the Board of Directors on 8 April 2022.

NOTE 2 Significant accounting and valuation policies

This note describes significant accounting and valuation policies used in the preparation of the consolidated and Parent Company financial statements. These policies have been applied consistently for all years presented, unless stated otherwise.

Basis of preparation

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IAS/IFRS as endorsed by the European Union) issued by the International Accounting Standards Board as well as the interpretation statements of the International Financial Reporting Interpretations Committee (IFRIC), the Swedish Annual Accounts Act, and the Swedish Financial Reporting Board's Recommendation RFR 1 "Supplementary Accounting Rules for Groups."

Preparation of the financial statements in conformity with IFRS requires the use of certain estimates and assessments, which requires the Board of Directors to exercise their judgement in the process of applying the Company's accounting policies (see also Note 3 – Significant estimates and assessments in the accounting).

The Company prepares its annual financial statements in accordance with the Swedish Annual Accounts Act (Årsredovisningslagen 1995:1554) and RFR 2 "Accounting for Legal Entities." RFR 2 requires the Parent Company to apply all EU-approved IFRSs and statements to the extent possible within the bounds of the Swedish Annual Accounts Act and with due consideration for the relationship between accounting and taxation. The difference between the Parent Company's financial statements and the consolidated financial statements is the presentation of the statement of comprehensive income and statement of financial position as set out by the Swedish Annual Accounts Act. The accounting policies for the Parent Company are described below in the section "Parent Company accounting policies."

The amounts presented in the financial statements and notes are rounded to the nearest thousand euros (EUR), unless indicated otherwise.

Alternative Performance Measures and items affecting comparability

Reference is made in the annual report to key metrics that the Company and other stakeholders use to assess the Group's performance, which are not expressly defined in IFRS. All key metrics that are not defined in IFRS (i.e., key metrics on sales, earnings per share and profit for the year) constitute Alternative Performance Measures (APMs). These measures provide management and investors with meaningful information to analyse trends in the Company's business operations. The APMs are conceived to complement, not replace, financial measures presented in accordance with IFRS. For definitions of the Group's APMs, please refer to the definitions in the section "Alternative Performance Measures and other definitions." Items affecting comparability have been reported for the year. These are presented and described in more detail in Note 12.

New and amended standards and interpretations applied by the Group

During the financial year, no new or amended standards or interpretations were applied by the Group that entailed any material impact on the book-closing concluded in 2021. The accounting policies used in the published book-closing for the year ended 31 December 2021 have been applied in consistent manner, unless indicated otherwise. Where applicable, certain other information has been reported in accordance with requirements from Nasdaq Stockholm.

New standards and interpretations that have not yet been adopted by the Group

A number of new standards and interpretations took effect for financial years beginning on or after 1 January 2021. These new standards and interpretations are not expected to have any material effect on the consolidated financial statements for current or future periods, nor on future transactions.

Principles of consolidation

The consolidated financial statements include the Parent Company and companies in which the Parent Company directly or indirectly holds more than 50% of the votes, or in some other way has control. Control is achieved when the Company has influence over an entity and is exposed to, or is entitled to, a variable return from the investment in the entity and can exercise its control to influence the return. The consolidated financial statements are prepared in accordance with the acquisition method, which entails that the Group's equity includes only the share of subsidiaries' equity that arises after the acquisition. In addition, it entails that in a case where a subsidiary is divested, the subsidiary's earnings are included in the consolidated income statement only from the point of acquisition to the point of divestment. The consolidated cost of participations in subsidiaries consists of the sum of the fair value of what is paid for in cash at the time of acquisition, via the takeover of liabilities to former owners or own issued shares, the value of non-controlling interests in the acquired subsidiary, and the fair value of the previously owned interest. Contingent considerations are included in the cost and are stated at fair value at the time of acquisition. Subsequent effects of remeasurements of contingent considerations are recognised through profit or loss. Acquired, identified assets and liabilities taken over are initially stated at their fair value at the time of acquisition. Any goodwill that arises is tested annually for impairment. Acquisition-related costs (transaction costs) are recognised in the period in which they arise.

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed to, or is entitled to, a variable return from its investment in the entity and has the ability to influence this return through its control over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary. Any resulting gain or loss is recognised through profit or loss. Intercompany transactions, balance sheet items and unrealised gains on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currency translation

(a) Functional currency and reporting currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in euros (EUR), which is the Group's reporting currency. Amounts in functional currency are translated to the reporting currency.

(b) Transactions and balance sheet items

Transactions in foreign currency are translated using the exchange rates in effect on the transaction date or the date on which the items were remeasured. Assets and liabilities for each balance sheet are translated at the rate in effect on the balance sheet date. Revenue and expenses for each of the income statements are translated at the rate on the transaction date.

Foreign exchange gains and losses that arise through recalculation of monetary assets and liabilities in foreign currency to the rate in effect on the balance sheet date are recognised through profit or loss. Exceptions for foreign exchange gains or losses that are directly attributable to dividends to the Parent Company's shareholders are recognised directly in equity in accordance with IFRIC 17. Foreign exchange differences pertaining to operating receivables and operating liabilities are recognised in operating profit. Foreign exchange gains and losses attributable to loans and liquid assets are recognised through profit or loss as financial income and expenses.

Any difference in the exchange rate between the functional currency and the reporting currency is recognised as a translation difference in other comprehensive income.

Goodwill and adjustments of fair value that arise in connection with an acquisition of a foreign business are treated as assets and liabilities in such business and are translated at the exchange rate in effect on the balance sheet date.

Segment reporting

Segments are reported in accordance with IFRS 8 Operating Segments. Segmental information is reported in the same way that it is analysed and studied internally by the chief operating decision makers – mainly the CEO, Group Management and the Board of Directors.

The CEO, Group Management and the Board of Directors analyse and monitor operating profit based on the total operations. The Group offers online gaming, including the products Casino, Live Casino, Bingo and Sports Betting. No monitoring is done of operating profit per product or geographic area. The business is monitored at an overall level, of which no complete allocation is made of expenses. Note 4, Segment reporting, describes the Group's revenue from gaming activities broken down into geographic area and per product.

Revenue recognition

Revenue consists of the fair value of consideration received or receivable for services provided in the ordinary course of the Group's activities. Revenue includes revenue from the Group's gaming activities. In addition to this, the Group has insignificant revenue from affiliate activities (B2B). The Parent Company receives revenue from consulting and management fees, and interest income on loans to subsidiaries. For more information, refer to Note 5. Revenue is recognised when the customer gains control over the sold product or service and has the opportunity to benefit from the product or service. Revenue from sold services is recognised exclusive of VAT and discounts, and after elimination of intra-Group sales. The Group's gaming revenue generated by the gaming activities consists of a net amount that is based on players' wagers less players' winnings, less bonus costs and jackpot contributions to external parties. The net of this amount is commonly referred to in the industry as Net Gaming Revenue (NGR). Revenue from the gaming activities is recognised at the time the wager was made and arises during the period in which the player chooses to wager deposited funds. Control is transferred at the same point that the service (the gaming experience) is delivered. NGR together with the Group's other deductions for adjustments, changes in provisions for local jackpots and provisions for bonuses that have not yet been converted is referred to in the income statement as "Revenue." Any resulting increases or decreases in estimated revenues and expenses are reflected in the income statement in the period in which the circumstances that gave rise to the revision became known. Provisions for unconverted bonuses are based on historical outcomes and are evaluated on a continuous basis. Provisions for bonuses reduced NGR during the period. The Group's other revenue pertains to revenue from affiliate activities (B2B), and is recognised when the customer gains control over the sold service and has the opportunity to use and benefit from the service.

Capitalised work performed by the Company for its own use

Capitalised work performed by the Company for its own use refers to direct costs for salaries, other personnel-related costs, purchased services and indirect expenses that can be and have been carried as an asset on the balance sheet. Depreciation is begun in the period in which the asset is put in operation and is based on the expected useful life.

Cost of sales

Cost of sales consists of variable costs in the Group's gaming activities. These costs include fees and royalties for contracted game providers, fees to payment service providers, and costs for fraud.

Gaming taxes

Gaming taxes pertain to costs for gaming activities in a regulated market, such as Sweden, Denmark or the UK. In certain cases it also pertains to a cost for VAT on revenue generated in regulated markets.

Marketing costs

Marketing costs include external production costs and costs for distribution of marketing material for the Group, and costs associated with brand ambassadors and affiliate partnerships. Affiliate partnerships are aimed at driving traffic to LeoVegas Group through advertising networks and websites. The cost for these partnerships is based on a profit share or fixed fee per new customer, or by a hybrid mix of these models.

Employee remuneration

Remuneration of senior executives in the Parent Company shall consist of a base salary, possible variable remuneration, and other customary benefits. The CEO and other employees are entitled to a defined contribution pension. Accordingly, the Company has no legal or formal obligation once the premiums have been paid. Payments to defined contribution pension plans are expensed during the period that the employee provides the services that the premiums pertain to. Accordingly, no provision for pensions is made in the consolidated balance sheet.

The Group has incentive programmes that are settled with warrants that can be converted to shares upon exercise. A premium paid in connection with the grant of warrants corresponds to the fair value of the warrants on the grant date, and the paid-in premium is recognised as an increase in additional paid-in capital. For all warrants the payment made by employees is based on a market price that has been determined using the Black & Scholes valuation model. Thus no benefit or remuneration is payable to the employees, and therefore no personnel cost is recognised in the income statement in accordance with IFRS 2. Upon the exercise of warrants, payments received are recognised after deducting any directly attributable transaction costs under share capital (share quota value) and additional paid-in capital.

Financial income and expenses

Financial income and expenses include interest expenses on loans raised, bond issues, bank charges and similar items. Exchange rate movements that have been hedged with a financial derivative (OTC derivative) and recognised at fair value through profit or loss are also reported under financial items in the consolidated income statement. This is when no hedge accounting is applied. The Group reports the earnings effect of fair value when measuring and discounting the remaining liability for payment of acquired businesses, under financial income and expenses.

Income tax

Expensed income tax consists of the sum of current tax and deferred tax. Current tax is based on taxable profit for the year. Taxable profit differs from the profit reported in the income statement, since it is adjusted for non-taxable revenue and non-deductible expenses. Income tax is adjusted for changes in deferred tax assets and tax liabilities attributable to temporary differences and unutilised loss-carryforwards. This also includes adjustments of current tax attributable to earlier periods. Current and deferred tax are recognised through profit or loss, except to the extent that they pertain to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income and directly in equity, respectively.

Current tax

Current income tax is calculated on the basis of tax laws that have been decided on or essentially decided on at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable earnings. Management regularly evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Where suitable, provisions are reported on the basis of amounts that are expected to be paid to the tax authorities.

Deferred tax

Deferred tax is calculated in accordance with the balance sheet method with a starting point in temporary differences between reported and taxable values of assets and liabilities. Measurement of tax liabilities and tax assets is done at nominal amounts and in accordance with the tax rules and tax rates that have been decided on or have been notified as per the balance sheet date and which are expected to apply when the deferred tax asset in question is realised, or when the deferred tax liabilities are settled. Temporary differences are not included in Group goodwill, nor in differences attributable to participations in subsidiaries and associates that are not expected to be taxed in the foreseeable future. Deferred tax assets pertaining to deductible temporary differences and loss-carryforwards are reported only to the extent that it is probable that they will be utilised against future taxable earnings. In connection with recognised losses, an assessment is made to determine if compelling factors exist that suggest that there will be sufficient future profits that the deficits can be offset against.

Deferred tax assets and deferred tax liabilities are offset when there is a legal right to offset. The right to offset arises when the deferred tax assets and tax liabilities pertain to income taxes that are charged by one and the same tax authority or pertain either to the same taxable entity or different taxable entities where there is an intention to settle the balances through net payments.

Management continuously updates its assessments for deferred tax. Valuation of deferred tax assets is based on expectations of future earnings and market conditions, which by their nature are subjective. The actual outcome may deviate from assessments made, among other things due to currently unknown future changes in business conditions, unknown changes in tax laws or interpretations, or as a result of tax authorities' or courts' final reviews of submitted tax returns.

Earnings per share

Earnings per share before 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.

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 options with a dilutive effect.

Options granted to employees are considered to be potential common shares. They are included in the calculation of earnings per share after dilution if the performance conditions tied to the options (total shareholder return) would have been achieved based on the Company's performance up until the balance sheet date, and to the extent they give rise to a dilutive effect. Options are not included in the calculation of earnings per share before dilution.

Earnings per share before and after dilution are adjusted for repurchases of common shares, since the number of shares outstanding changes after a repurchase.

Property, plant and equipment

Property, plant and equipment is reported as an asset on the balance sheet if it is probable that the Company will receive future economic benefit and the cost of the asset can be calculated in a reliable manner. Property, plant and equipment are carried at cost after deducting accumulated depreciation and any impairment. Cost includes costs directly attributable to the acquisition. For obsolete equipment, the carrying amount is derecognised from the balance sheet. Repairs and maintenance are recognised as costs in the period in which they are incurred.

Property, plant and equipment include leasehold improvements, equipment, furniture, fixtures and fittings. Depreciation is based on historical cost less an estimated residual value, taking into account any recognised impairment losses. Depreciation is calculated on a straight line basis over the asset's estimated useful life. The following useful lives are used:

• Leasehold improvements	3–5 years
• Fixtures, furniture and fittings	3–5 years
• Equipment	3 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date and adjusted where necessary. Tangible assets are written down to their recoverable amount if this is lower than the carrying amount. The recoverable amount is the higher of the net realisable value and value in use. The result of a sale of property, plant and equipment is calculated as the difference between the sales price adjusted for selling costs and the booked residual value at the time of sale.

Lease assets (right of use assets)

The Group reports leases in accordance with IFRS 16. Leasing consists essentially of rents for the Group's office premises. Assets and liabilities that arise out of leases are initially recognised at present value. Lease payments that will be made for reasonably certain extension options are also included in valuation of the liability. When a lease's duration is determined, management takes into account all available information that provides an economic incentive to exercise an extension option or to not exercise an option to cancel a lease. Opportunities to extend a lease are included in the lease's duration only if it is reasonably certain that the lease will be extended (or not cancelled). The lease payments are discounted using the lease's implicit rate. If this interest rate cannot be easily determined, the incremental borrowing rate shall be used, which is the interest rate that the individual lessee would pay to borrow the necessary funds to purchase an asset of similar value that the right of use in a similar economic environment with similar terms and security would entail. Lease payments are broken down into payments on principal and interest. The interest is recognised through profit or loss over the lease term in a way that entails a fixed interest rate for the recognised lease liability during the respective periods. An exception is made to the above for short-term leases and for leases with a low value. Short-term leases are leases with a term of 12 months or less. Leases with a low value (<USD 5,000) include IT equipment and kitchen equipment. These are expensed on a straight-line basis in the income statement.

Intangible non-current assets, excluding assets and goodwill from acquisitions

Intangible assets consist mainly of internally developed assets. The Group has capitalised costs for the gaming portal and development of its proprietary technical platform that enables technical innovation and high flexibility for continued expansion in new markets. With a proprietary technical platform it is possible to control product development and choice of technology as well as the development areas and game and payment solution providers that will be used and integrated without having to adapt to external vendors. Development and integration of the gaming portal enables an innovative gaming and user experience.

On the balance sheet, development costs are carried at cost less accumulated amortisation and any impairment losses. The value of an internally developed intangible asset is carried at cost only if the following criteria are met:

a. An identifiable asset is created (such as a database) and it is technical possible to complete it so that it can be used
b. Company management intends to complete the development for use or sale
c. Conditions are in place to use the asset or sell it
d. It is probable, and can be shown, that the created asset will generate future economic benefit
e. There are adequate technical, economic and other resources to complete the development
f. The development cost for the asset can be calculated in a reliable manner

Research and development costs that do not meet the criteria above are expensed as they arise. The Company's intangible assets have finite useful lives and are normally amortised over a period of five years on a straight-line basis. Costs to continuously maintain the assets are recognised as they are incurred. Development costs that have been expensed in previous periods are not reported as an asset in subsequent periods. Measurement of projects' revenue generation capacity is conducted continuously to identify any need to recognise impairment.

Capitalised development costs

Capitalised development costs pertain to internally developed assets for the gaming portal and the technical platform. They are recognised at cost including salaries and other personnel-related costs that may be attributed to the asset in a reasonable and consistent manner, less accumulated amortisation and any impairment. Capitalised development costs have a finite useful life and are amortised on a straight-line basis over their useful life of five years. Development costs that are directly attributable to design and testing of identifiable and unique development controlled by the Group are recognised as intangible non-current assets when they meet the criteria for classification as an intangible asset above (a–f). All other costs are recognised through profit or loss when they are incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Software

Software consists of capitalised development costs for acquired software coupled to the technical platform and business system if they meet the requirement for reporting of an intangible asset. Software is recognised at cost less accumulated amortisation and any impairment. The reported values are considered to have a finite useful life of five years and are amortised on a straight line basis.

Impairment of tangible and intangible assets, excluding goodwill

In connection with every book-closing the Group reviews the carrying amounts of its tangible and intangible assets to determine if there are any indications that the assets have decreased in value.

If any such indications exist, the recoverable amount of the asset is set to determine the need to recognise impairment (if such exists). If it is not possible to calculate the recoverable amount for a certain asset, the Group shall calculate the recoverable amount of the cash-generating unit that the asset belongs to. The recoverable amount is the higher of the fair value less selling costs and value in use. When calculating value in use, future cash flows are discounted to present value using a discount rate before tax, which reflects the present market valuation. If the recoverable amount of an asset (or cash-generating unit) is determined to be lower than its carrying amount, the carrying amount of the asset is lowered and a cost is recognised in the income statement.

Intangible assets that are not ready for use (capitalised costs for development work) are not amortised, but are tested annually for impairment.

Intangible non-current assets and goodwill in connection with acquisitions

Intangible assets related to surplus values from acquisitions

Acquisitions of companies or businesses are reported in accordance with the acquisition method. Identifiable acquired assets and liabilities and contingent liabilities assumed in a business combination are, with a few exceptions, measured initially at their fair value at the acquisition date in accordance with IAS 38. When an intangible asset arises in connection with an acquisition of a foreign company, it is treated as the acquired company's asset and is translated using the exchange rate in effect on the date of acquisition. Identified assets in connection with the acquisition are amortised over their finite useful life. In the event of an indefinite useful life, the identified values shall instead be tested yearly for impairment.

Goodwill

The difference between the cost of the shares and the fair value of the identifiable assets at the time of acquisition is reported as Group goodwill. Goodwill is considered to have indefinite useful life and is not subject to annual amortisation. Its value remains as long as the expected, discounted net inflow from the intangible asset corresponds at a minimum to its carrying amount. Goodwill is carried at cost less accumulated impairment losses. The cost of the participations in the acquired company consists of the cash consideration paid or the fair value on the transaction date that corresponds to another form of consideration. If the cost is less than the fair value of identifiable net assets in the acquired subsidiary, the difference is recognised directly through profit or loss as a bargain purchase. Gains and losses on the sale of a unit include the carrying amount of goodwill associated with the sold unit.

Acquisition-related costs are expensed as incurred. Where settlement of any part of cash consideration is deferred, the amount payable in the future is discounted to its present value on the transaction date. The effect of discounting to fair value has been charged against profit for the year. The Group classifies the effect of the discounting as a financial expense.

Impairment testing of goodwill

Each year, or more often if there is an indication of a decline in value, impairment testing is conducted to identify any need to recognise impairment of goodwill. Goodwill is allocated to cash-generating units to test any need for impairment. The allocation is made to the cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. If the recoverable amount of an asset (or cash-generating unit) is estimated to be lower than the asset's carrying amount, an impairment loss shall be recognised. The recoverable amount of cash-generating units has been determined by calculating value in use, which requires making certain assumptions. Internal and external factors are taken into account in the calculations. The calculations are based on cash flow projections in budgets approved by management for the next five years. Any impairment of goodwill is not reversed. Information on calculations of the Group's impairment testing and additional disclosures about measurement are provided in Note 15.

Financial instruments

The Group applies IFRS 9 for reporting financial assets and liabilities.

Initial recognition, financial instruments

Financial instruments are recognised when the Group becomes party to the instrument's contractual terms. Purchases and sales of financial assets and liabilities are recognised on the transaction date, which is the date on which the Group commits itself to buying or selling the asset. Financial instruments are reported on initial recognition at fair value plus – for an asset or financial liability that is not recognised at fair value through profit or loss – transaction costs that are directly attributable to the acquisition or issue of a financial asset or financial liability, such as fees and commissions. Transaction costs for financial assets and liabilities recognised at fair value through profit or loss are expensed in net financial items.

According to IFRS 13, management must identify a three-level hierarchy of financial assets and liabilities at fair value. The different levels are defined as follows:

- Listed prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Other observable data for the assets or liabilities than listed prices included in level 1, either direct (i.e., price quotations) or indirect (i.e., stemming from price quotations) (Level 2)
- Data for the asset or liability that is not based on observable market data (Level 3)

Financial assets

Classification

The Group classifies its financial assets according to the following categories:
- Fair value through profit or loss
- Amortised cost

The classification depends on the purpose for which the financial asset was acquired. The Group determines the classification of its financial assets on initial recognition.

Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss pertain to derivative instruments used for hedging purposes. The currency derivative (OTC derivative), which is used for hedging purposes, is measured according to Level 2 of the fair value hierarchy. The fair value of financial instruments that are not traded in an active market is determined with the help of valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates. All significant input data needed for the fair value measurement of an instrument is observable. Financial instruments recognised at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement under financial items. When only 12 months are remaining until the derivative's expiration, it is reported as a short-term instrument.

Financial assets measured at amortised cost

Assets held for collection of contractual cash flows (Hold to collect) and where these cash flows consist solely of payments of principal and interest are measured at amortised cost. The carrying amount of these assets is adjusted for any expected credit losses that are recognised (see impairment below). Interest income from these financial assets is recognised in accordance with the effective interest method and is included in financial income. The Group's financial assets that are measured at amortised cost consist of the items trade receivables and other receivables. For trade receivables and other receivables with a short due date, measurement is at the nominal value less any amounts that are not expected to be received.

Cash and cash equivalents

Cash and cash equivalents are reported at nominal value in the statement of financial position. Cash and cash equivalents consist of bank balances and liquid assets with financial intermediaries. Balances held on behalf of customers (player funds) are included in cash and cash equivalents but are segregated from the Group's assets, and their use is restricted, in accordance with the gaming authorities' regulations. Cash and cash equivalents are held in order to be able to be used to meet short-term obligations, they are readily available in known amounts, and they are subject to insignificant risk for value fluctuations. When the Group has a bank guarantee, it is defined as cash and cash equivalents since it can be converted to cash in a known amount within a short period of time without risk for value fluctuation. For more detailed information about this segregation, see Note 20.

Derecognition of financial assets

Financial assets or parts thereof are derecognised from the balance sheet when the contractual rights to receive cash flows from the assets have expired or have been transferred and either (i) the Group transfers all significant risks and benefits associated with ownership, or (ii) the Group does not transfer or retain all significant risks and benefits associated with ownership, and the Group has not retained control over the asset.

Impairment of financial assets recognised at amortised cost

The Group assesses the future expected credit losses associated with assets recognised at amortised cost. The Group reports a credit reserve for such expected credit losses on each reporting date. For trade receivables, the Group applies the simplified credit reserve approach, i.e., the reserve will correspond to the expected loss over the trade receivable's entire useful life. To measure the expected credit losses, trade receivables have been grouped together based on the distributed credit risk characteristics and days past due. The Group uses forward looking variables for expected credit losses. Expected credit losses are recognised in the consolidated income statement in operating expenses. The Group does not have any significant trade receivables, as revenues for gaming activities are paid in advance by customers.

Financial liabilities

Classification

The Group determines the classification of its financial liabilities upon initial recognition, and they can be classified as follows:
- Financial liabilities at fair value through profit or loss are carried on the balance sheet at fair value, with profits or losses recognised in the income statement
- Financial liabilities at amortised cost are initially measured at fair value and are thereafter carried at amortised cost using the effective interest method

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss pertain to derivative instruments used for hedging purposes. The currency derivative (OTC derivative), which is used for hedging purposes, is measured according to Level 2 of the fair value hierarchy. For more information, refer to the section "Financial assets measured at fair value through profit or loss" for accounting policies.

Non-current liabilities related to borrowing

Borrowing is initially recognised at fair value, net after transaction costs. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid for credit facilities are recognised as transaction costs for borrowing to the extent it is likely that part or all of the credit facility will be drawn down. In such case, the fee is recognised when the drawn down occurs. When there is no evidence that it is likely that part or all of the credit facility will be drawn down, the fee is recognised as an advance payment for financial services and is allocated over the term of the loan commitment in question. Loans are classified at a non-current liability if the obligation falls due more than 12 months after the balance sheet date.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been received in operating activities from vendors. The amounts are usually paid within 30 days. Trade and other payables are classified as current liabilities if they fall due within one year or earlier (or during a normal business cycle if this is longer). Payables that fall due after longer than one year are classified as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The fair value of trade payables and other current liabilities corresponds to their carrying amounts, since by nature they are current.

Derecognition of financial liabilities

Financial liabilities are derecognised from the balance sheet when the obligations have been settled, cancelled or cease in some other way. The difference between the carrying amount of a financial liability (or part of a financial liability) that has been extinguished or transferred to another party and the consideration paid, including transferred assets that are not cash or assumed liabilities, is recognised in the income statement. When the terms of a financial liability are renegotiated and not derecognised from the balance sheet, a profit or loss is recognised in the income statement. The profit or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted to the original effective interest rate.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and reported in a net amount in the statement of financial position when the Group has a legal right to offset the reported amounts and intends to settle the items on a net basis or to simultaneously realise the asset and settle the liability.

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.

Lease liabilities

The Group presents leases in accordance with IFRS 16. Excluded from IFRS 16 are leases with a term shorter than 12 months and leases with a low value (<USD 5,000). The portion of the lease liability recognised on the balance sheet as a current liability pertains to the liability that falls due within 12 months. The remaining portion of the lease liability is recognised as a non-current liability, i.e., when the term exceeds 12 months. Amortisation of the lease liability pertains to payment of rents, which essentially consists of rental contracts for the Group office premises.

Provisions

A provision is reported in the balance sheet when the Group has a current legal or constructive obligation as a result of past events and it is probable (more likely than not) that an outflow of economic resources will be required to settle the obligation and when a reliable estimate of the amount can be made. If there are a number of similar obligations, the likelihood that an outflow will be required upon settlement is determined by considering the class of obligations as a whole.

For provisions where the effect of when in time payment will be made is significant, the provision is taken into account by discounting the expected future cash flow using an interest rate before tax that reflects the current market assessment of the time value of money and the risks associated with the liability. A discount rate before tax is used to reflect a current market assessment of the time-dependent value of money and the risks associated with the provision. The change in the provision due to the passage of time is recognised as a financial expense or financial income.

A provision for restructuring is recognised when the Group has adopted a detailed and formal restructuring plan and the restructuring has either been started or been publicly communicated. No provisions are made for future operating expenses.

Equity and additional paid-in capital

Premium for warrants

A premium paid in connection with the grant of warrants corresponds to the fair value of the warrants on the grant date, and the paid-in premium is recognised as an increase in additional paid-in capital.

Share repurchases

Treasury shares are carried at cost in unrestricted equity. When a repurchase is made of the Parent Company's own shares, the price paid, including an indirectly attributable transactions costs, reduces shareholders' equity. The Group recognises the repurchase as additional paid-in capital. Treasury shares are initially and subsequently measured and carried at cost in unrestricted equity. If these common shares are subsequently sold, the amount received (net after any directly attributable transaction costs and tax effects) is included in equity.

Dividends or transfers to shareholders

Dividends paid to shareholders are recognised on the consolidated balance sheet when the decision on the dividend has been made and it is probable that economic benefits will flow out and that the expense can be measured in a reliable manner. For dividends in another currency than the reporting currency (EUR), a currency effect arises. This is because the payment date, and thus the exchange rate, differs from the date on which the dividend was initially calculated. The currency effect is recognised directly against equity, since the effect is not attributable to operating activities.

Pledged assets and contingent liabilities

Pledged assets and contingent liabilities pertain to potential obligations that stem from past events, the occurrence of which is confirmed only by one or more uncertain future events that are not entirely out of the Company's control of occurring or not occurring, or obligations that stem from events that have occurred but that are not recognised as a liability or provision on account of the fact that it is not likely that an outflow of resources will be necessary to settle the obligation or the size of the obligation cannot be calculated with sufficient reliability. As of the balance sheet date, the Parent Company has issued to Group companies a debt coverage guarantee for its intra-Group receivables. For more information, refer to Note 26.

Statement of cash flows

The statement of cash flows is prepared in accordance with the indirect method and shows cash flows from operating activities, investing activities and financing activities as well as the opening and closing balance of cash and cash equivalents.

Cash flows from acquisitions and divestments of businesses are shown separately under "Cash flow from investing activities." Cash flows from acquired companies are included in the statement of cash flows from the point in time of the acquisition, and cash flows from divested businesses are included in the statement of cash flows up until the point in time of the divestment. "Cash flow from operating activities" is calculated as operating profit adjusted for non-cash items, the increase or decrease in working capital, and the change in the Company's tax position. "Cash flow from investing activities" includes payments in connection with acquisitions and divestments of businesses as well as from purchases and sales of intangible assets and of property, plant and equipment. "Cash flow from financing activities" includes changes in the size or composition of the Group's issued equity and related expenses as well as loans raised, amortisation of lease liabilities, amortisation of interest-bearing liabilities, payment of dividends and share repurchases. Cash flows in foreign currencies, including cash flows in foreign subsidiaries, are translated to the Group's reporting currency.

Parent Company's accounting policies

The Parent Company applies the same policies as the Group, with the exception that the Parent Company's financial statements are presented in accordance with RFR 2, "Accounting for Legal Entities" and statements issued by the Swedish Financial Reporting Board. This entails certain differences owing to requirements in the Swedish Annual Accounts Act or tax considerations. The differences in the accounting policies arise since RFR 2, which is applied by the Parent Company, requires the Parent Company to apply all EU-approved IFRS standards to the extent possible within the bounds of the Annual Accounts Act, while the consolidated financial statements apply IFRS to its full extent.

Group contributions and shareholder contributions

Shareholder contributions are applied directly to equity of the recipient and are capitalised in shares and participations of the rendering party to the extent recognition of impairment is not necessary. Group contributions are reported in accordance with the so-called Main Rule. Group contributions that the Parent Company receives from subsidiaries are reported as financial income. Group contributions rendered by the Parent Company are reported as an increase in participations in Group companies.

Group companies

Participations in Group companies are reported in the Parent Company at cost less any impairment. The value of subsidiaries is tested for impairment when there is an indication of a decline in value. Dividends received from subsidiaries are recognised as financial income. Transaction costs in connection with company acquisitions are reported as part of the acquisition cost. Contingent considerations are reported as the portion of the acquisition cost that will likely be paid. If it turns out in subsequent periods that the initial assessment needs to be revised, the acquisition cost shall be adjusted.

Breakdown of restricted and unrestricted equity

In the Parent Company's statement of financial position, equity is broken down into restricted and unrestricted equity, in accordance with the Annual Accounts Act.

Parent Company's application of the exemption from IFRS 9 provided by RFR 2

The Parent Company applies the exemption in RFR 2 from application of IFRS 9 Financial Instruments. The amendments pertaining to IFRS 9 in RFR 2 shall be applied by legal entities at the same point in time that IFRS 9 became effective in the consolidated reporting (1 January 2018). This entails that the principles for impairment testing and loss risk provisions in IFRS 9 are applied for legal entities. According to the Annual Accounts Act, current assets are to be measured at the lower of cost or the net realisable value. For these assets, RFR 2 requires that the principles in IFRS 9 for impairment testing and loss risk provisions are applied in calculating the receivables' net realisable value. With respect to non-current assets, RFR 2 draws from the rules in the Annual Accounts Act, which stipulate that these shall initially be stated at cost. The Annual Accounts Act also requires that, in cases where a non-current asset has a lower value on the balance sheet date than its cost, the asset shall be written down to the lower value if it can be assumed that the decline in value is permanent. A financial fixed asset may be written down even if it cannot be assumed that the decline in value is permanent. RFR 2 stipulates that, when assessing and calculating a need to recognise impairment of financial assets, a company shall apply the principles in IFRS 9 for impairment testing and loss provisions "when possible." The Company's interpretation is that the application area for IFRS 9, with a model for loss reserves in connection with impairment testing, should be applied also for intra-Group receivables, even in cases where the counterparty is not an external entity.

Parent Company's application of the exemption from IFRS 16 provided by RFR 2

The Parent Company applies RFR 2, for which the exemption for IFRS 16 is applied. All leases are thereby reported as operating leases.

NOTE 3 Significant estimates and assessments in the accounting

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 based on historical experience and other assumptions, resulting in decisions on the value of an asset or liability that cannot be determined in another way. The actual outcome may deviate from these estimations and assessments. Estimations and assessments are evaluated on a continuous basis and are based on historical experience and other factors, including expectations for future events that are judged to be reasonable under the circumstances. Following are the most significant estimations and assessments that are used in preparation of the consolidated financial statements.

Income taxes

The Group 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 the Group evaluates and makes continual assessments concerning the company's tax positions. LeoVegas Group 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 Group 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 a tax audit of subsidiaries in the Group. Investigations are ongoing and the evaluation is not yet complete. The Group intends to oppose all claims that have been presented on these estimated grounds since the Group does not believe that it is obligated to pay the tax that has arisen. Discussions are at an early stage and need time to develop. Based on external legal advice, there is currently no reasonable ground for these claims, and as such, no provision is recognised in this report.

Impairment testing of goodwill

In calculations of cash-generating units' recoverable amount for the Group's assessment of any need to recognise impairment for goodwill, assumptions of future conditions and estimations of certain key parameters are made. Such assessments always entail a certain level of uncertainty. Should the actual outcome deviate from the expected outcome for a specific period in the impairment testing, expected future cash flows may need to be reassessed, which could lead to a need to recognise impairment.

Valuation of intangible assets in connection with acquisitions

The Group estimates the fair value of acquired intangible assets from business acquisitions based on best analyses. Such assets include trademarks, domain names, customer databases and licences, which are amortised according to their estimated useful life. These assessments are based on recognised valuation techniques, such as the relief from royalty method for trademarks and recognised comparative information from the industry as well as the Group's industry experience and knowledge. The valuations are presented in a purchase price allocation (PPA) analysis, which is preliminary until it is finalised. A preliminary purchase price allocation analysis is finalised as soon as necessary information about assets and liabilities is received, but not later than a year from the date of acquisition. Should the fair value need to be reconsidered within a 12-month period, this could result in fair value deviating from the initial value and the amortisation schedule that was initially reported.

Valuation of intangible non-current assets with finite useful lives
In cases where the recoverable amount is less than the carrying amount, a need for impairment arises. On every reporting occasion a number of factors are analysed to determine if there is any indication of a need for impairment. If such an indication exists, an impairment test is performed, based on management's assessment of future cash flows, including the discount factor used.

Valuation of deferred tax assets
Calculations of deferred tax take into account temporary differences and unutilised loss-carryforwards. Deferred tax assets are reported only for deductible temporary differences and loss-carryforwards to the extent it is determined to be likely that it will be possible to use these against future taxable surpluses. Management continuously updates the assessments it has made. Valuation of deferred tax assets is based on expectations of future earnings and market conditions, which by their nature are subjective. The actual outcome may deviate from previous assessments, partly due to currently unknown future changes in business conditions, unknown changes in tax laws or interpretations, or as a result of tax authorities' or courts' final reviews of submitted tax returns.

Legal processes
Compliance with laws and stipulations in the online gaming industry has become increasingly complicated since regulations, laws and tax systems are country-specific and continue to evolve. The Group is active in a large number of regulated markets, and the Group's compliance is reviewed on a regular basis by the regulatory bodies. If it turns out that interpretations and measures that the company has taken to ensure compliance with the licencing authorities' requirements are insufficient, it could lead to costs for the Company in the form of fines or other sanctions. The regulations and requirements are changing continuously, which in turn puts higher demands on the Company's internal routines, processes and systems. The Group continuously makes assessments of any possible consequences of such risks. See further under "Legal risks" in the Board of Directors' report.

Uncertainty about the impacts of the pandemic
The long-term risks of the global pandemic are hard to assess, and the conditions are changing. Even if the pandemic has been a factor of uncertainty, it has had an overall smaller impact on online businesses and has led to an accelerated structural shift from offline to online. This has benefited the Company with its strong online position. Future effects cannot be predicted, but the assessment is that the pandemic has and will have an overall limited effect on the Group as whole.

NOTE 4 Segment reporting

In accordance with the definition of operating segment in IFRS 8, the Group reports one operating segment. The segmental information is reported in the same way that it is analysed internally by the chief operating decision maker, i.e., the CEO, but also by the other decision-makers, such as Group Management and the Board of Directors. Online gaming is the primary business within the Group that generates external revenue. Within online gaming are the main products casino games and sports betting. LeoVegas Group also offers live casino, which is part of the casino games concept, and bingo. The products are provided in various geographic markets. No monitoring is done of operating profit per product or geographic area. The business is monitored at an overall level. Since management does not monitor any operating profit per product or geographic area, the Group analyses the business based on an integrated business model. The Group thus does not allocate any central business costs or operating expenses per product or geographic area, since such allocation would be arbitrary. No effects of depreciation, amortisation, impairment or financial income and expenses are allocated. The integrated business model also entails that the Group does not allocate any assets and liabilities per product category or geographic area in its internal reporting.

Company management monitors the business based on the measure revenue, which is followed up per geographic area. Management regards revenue generation from a geographic perspective, since the regional handling is an important part of continued growth. The breakdown of revenue in the Group per services is shown in Note 5. The Parent Company, LeoVegas AB (publ), which is domiciled in Sweden, has no external revenue. The Group reports the following geographic areas: Nordic countries, Rest of Europe and Rest of World. The principle for which revenue is allocated is based on each individual country in which the customer is located. The table below presents how revenue is distributed between various geographical markets. In 2020, revenue of EUR 12 thousand was not allocated to a geographic area. This revenue consisted of items for which it was not practically possible to allocate to a specific geographic area. These items can consist of changes in provisions for local jackpots, changes in provisions for bonuses that have not been fully utilised, and adjustments in customers' accounts in cases where the customer has acted in contravention of user terms and conditions.

EUR 000s	2021	2020
Revenue per geographic area		
Nordic countries	168,739	143,140
Rest of Europe	145,705	184,141
Rest of World	76,727	60,171
Unallocated sales per country	–	12
Total	**391,171**	**387,464**

A breakdown of revenue per product is presented in the table below. Other products include revenue from affiliate activities. Revenue that is not allocated per product consists of revenue from casino games or sports betting where it is not practically possible to fully allocate it per product. In cases where it pertains to a negative effect on revenue, it pertains primarily to bonus costs that cannot be allocated to a specific product.

EUR 000s	2021	2020
Revenue per product		
Casino games	346,565	357,426
Sports betting	38,441	24,851
Other products	4,657	5,727
Not allocated per product	1,508	-540
Total	**391,171**	**387,464**

Non-current assets consist of property, plant and equipment and intangible non-current assets.

EUR 000s	2021	2021	2021	2021	2021
Non-current assets in the Group 2021	Sweden	UK	Malta	Italy	The Netherlands
Property, plant and equipment	322	417	1,245	90	83
Intangible non-current assets	28,676	21	112,671	2,306	2
Total per geographic area	**28,998**	**438**	**113,916**	**2,396**	**85**

EUR 000s	2020	2020	2020	2020	2020
Non-current assets in the Group 2020	Sweden	UK	Malta	Italy	The Netherlands
Property, plant and equipment	571	454	1,148	102	118
Intangible non-current assets	21,378	19	117,222	4,206	21
Total per geographic area	**21,949**	**473**	**118,370**	**4,308**	**139**

NOTE 5 Revenue

In the Group, intra-Group services are reported and priced as if the transaction took place between two independent parties, and the revenue is eliminated in the consolidated accounting. The Group's external revenue is derived from the gaming activities, which is generated by the subsidiaries. The Parent Company has no external revenue. Revenue from affiliate activities is attributable to the acquisition of CasinoGrounds. The Group reports the following revenue per service area.

EUR 000s	2021	2020
Group		
Revenue from gaming operations	386,501	382,998
Affiliate revenue	4,304	4,466
Other revenue	367	–
Total revenue from continuing operations	**391,171**	**387,464**

EUR 000s	2021	2020
Parent Company		
Further invoicing to subsidiaries	–	–
Management fees	849	669
Total revenue from continuing operations	**849**	**669**

NOTE 6 Employee remuneration

Average number of employees	2021	Men	Women	2020	Men	Women
Parent Company						
Sweden	11	7	4	9	6	3
Subsidiaries						
Malta	453	258	195	459	251	208
Sweden	211	156	55	213	165	48
Other Group companies	166	96	70	156	98	58
Total, Group	**841**	**517**	**324**	**837**	**520**	**317**

Number of persons in executive positions	2021	Men	Women	2020	Men	Women
Parent Company						
Board of Directors	7	5	2	7	5	2
Senior executives[1]	2	2	–	2	2	–
Subsidiaries						
Senior executives[1]	3	3	–	3	3	–
Total, Group	**12**	**10**	**2**	**12**	**10**	**2**

1) At the end of the reporting period, senior executives in the Group were: the Group CEO, the Group CFO, the Group CPTO, the Group COO and the Group CMO.

Senior executives hold the following warrants:

	31 Dec 2021	31 Dec 2020
Management		
Gustaf Hagman, Group CEO	220,000	95,000
Stefan Nelson, Group CFO	320,000	255,000
Mattias Wedar, Group CPTO	300,000	175,000
Dersim Sylwan, Group CMO*	–	155,000
Mårten Forste, Group COO*	185,000	95,000
Niklas Lindahl, interim CMO*	24,000	24,000
Hanna Lerenius, interim COO*	55,000	50,000

*Dersim Sylwan left LeoVegas Group on 30 June 2021. Niklas Lindahl took on the role of interim CMO as per 15 July 2021.
*Mårten Forste stepped down from his position as COO on 13 December 2021. Hanna Lerenius took on the role as interim COO as per 13 December 2021.

	2021		2020	
	Average exercise price (SEK)	Number of warrants (thousands)	Average exercise price (SEK)	Number of warrants (thousands)
Per 1 January*	**54.56**	**849,000**	**63.95**	**330,000**
Granted	53.09	480,000	48.45	519,000
Forfeited	49.05	-155,000	–	–
Exercised	–	–	–	–
Expired	115.77	-70,000	–	–
Per 31 December	**50.80**	**1,104,000**	**54.56**	**849,000**

*Adjustments have been made to the 2020 values as the result of Niklas Lindahl and Hanna Lerenius, who already held warrants, joining Group Management in 2021. Adjustments have been made to the opening value in 2020, the number of warrants allocated in 2020 and the average exercise prices.

Further information on the Group's warrants is provided in Note 21.

Salaries, other remuneration and social security costs	2021		2020	
EUR 000S	Salaries and other remuneration	Social security costs	Salaries and other remuneration	Social security costs
Parent Company				
Salaries and other remuneration	1,886	671	1,299	478
Pension costs	266	65	133	32
Total, Parent Company	**2,152**	**736**	**1,432**	**510**
Subsidiaries				
Salaries and other remuneration	41,139	6,642	38,847	6,611
Pension costs	1,648	317	1,303	206
Total, subsidiaries	**42,787**	**6,959**	**40,150**	**6,817**
Total, Group	**44,939**	**7,695**	**41,582**	**7,327**

Salaries and remuneration broken down among Board members, other senior executives and other employees (incl. pension costs)

	2021			2020		
EUR 000S	Parent Company	Subsidiaries	Total	Parent Company	Subsidiaries	Total
Board of Directors	286	–	286	233	–	233
Other senior executives	829	1,110	1,939	760	924	1,684
Other employees	1,322	41,677	42,999	672	39,226	39,898
Total	**2,437**	**42,787**	**45,224**	**1,665**	**40,150**	**41,815**

Remuneration and other benefits for the Board of Directors	2021			2020		
EUR 000S	Directors' fees	Base salary	Other benefits	Directors' fees	Base salary	Other benefits
Robin Ramm-Ericson, director (through May 2020)	–	–	–	12	–	–
Mårten Forste, director (employee)* (through May 2020)	–	–	–	6	252	–
Anna Frick, director (from May 2015)	35	–	–	37	–	–
Per Norman, Chairman of the Board (from May 2020)	71	–	–	41	–	–
Tuva Palm, director (through May 2020)	–	–	–	17	–	–
Hélène Westholm, director (from May 2020)	35	–	–	20	–	–
Mathias Hallberg, director (from May 2020)	35	–	–	20	–	–
Carl Larsson, director (from May 2020)	35	–	–	20	–	–
Torsten Söderberg, director (from May 2020)	35	–	–	20	–	–
Fredrik Rüden, director (from May 2019)	40	–	–	40	–	–
Total	**286**	**–**	**–**	**233**	**252**	**–**

*Mårten Forste became an employee of LeoVegas Gaming Plc as COO effective 1 February 2020.

Salaries and other remuneration for senior executives	2021			2020		
EUR 000S	Base salary	Pension costs	Other benefits	Base salary	Pension costs	Other benefits
Gustaf Hagman, Group CEO	420	21	10	364	17	10
Other senior executives (4)	1,423	31	34	1,226	41	26
Total	**1,843**	**52**	**44**	**1,590**	**58**	**36**

LeoVegas AB (publ) has a remuneration committee chaired by Per Norman and including Anna Frick and Torsten Söderberg as the other members. The Remuneration Committee drafts recommendations to the Board of Directors regarding principles for remuneration for the CEO and other executives in the Group Management and includes the following information:

a) The relationship between fixed and variable remuneration and the connection between performance and remuneration
b) The main terms for bonuses and incentive programmes
c) The main terms of non-monetary remuneration, pensions, notice periods and severance pay
d) The group of executives covered

In 2021, certain senior executives were paid variable remuneration or bonuses, all in accordance with principles set by the Remuneration Committee.

Decision-making and drafting process

The Chairman and directors are paid fees in accordance with a resolution by the Annual General Meeting, except for if a director is employed by the Company, in which case such executive director receives salary and no extra fee for the board duties.

Guidelines for remuneration of senior executives

Senior executives in the Group include the Group CEO, the Group CFO, the Group COO, the Group CMO and the Group CPTO.

Remuneration of senior executives is in line with the going rate in the market and competitive in order to attract and retain talented people. The CEO's remuneration consists of a base salary, pension entitlement, and disability and health insurance. A mutual notice period of six months applies. In the event the Company serves notice, the Group CEO is entitled to severance pay of four months' salary, excluding the salary received during the notice period. If the CEO is required to leave due to gross negligence, the CEO is not entitled to severance pay.

Remuneration of other senior executives consists of a base salary, in certain cases pension benefits, and in certain cases other benefits such as compensation for school tuition and a housing subsidy if the individual is required to relocate. For all other senior executives the mutual notice period varies between three and six months.

Bonuses

Senior executives in the LeoVegas Group may in certain cases be entitled to bonuses in accordance with the Remuneration Committee's principles.

Pension

The retirement age for senior executives is 65. The monthly pension premium is specified in the employment contract and is paid to the individual's pension insurance of choice. Senior executives based in Sweden have the opportunity to exchange payments of salary for pension contributions provided that it is cost-neutral for the Company.

Severance pay

In the event the Company serves notice, the Group CEO is entitled severance pay equivalent to four months' salary. The CEO is entitled severance pay in addition to salary received during the notice period. In the event the CEO gives notice, the notice period is six months. Employees are not entitled to severance pay for termination of employment initiated by themselves. No other senior executives are entitled to severance pay.

Other benefits

Other benefits pertain to a company car benefit and compensation for higher cost of living in connection with service abroad.

NOTE 7 Leases

The Group's leases consist primarily rents for office premises, but also of IT and office equipment and kitchen equipment with a low value. The Group also has car leases. The Group's leases typically have a term of three to five years with an extension option. The leases are renegotiated in connection with contract renewal to reflect market rents. Certain leases allow for additional rental costs based on changes in local price indices. Present value discounting of future, contracted cash flows has been done using an incremental borrowing rate. This is because the implicit rate has not been available. The right of use asset is depreciated on a straight-line basis over the term of the lease.

Amounts recognised in the balance sheet

The following are reported on the balance sheet:

Right-of-use assets:

EUR 000s	2021	2020
Group		
Real estate	5,815	8,835
Vehicles	21	43
Other	–	–
Total	**5,836**	**8,878**

Additional right-of-use assets in 2021 amounted to EUR 397 thousand (net) (656).

Lease liabilities:

EUR 000s	2021	2020
Group		
Current	2,949	3,093
Non-current	3,029	5,300
Total	**5,978**	**8,393**

Amounts recognised in profit or loss:

The income statement includes depreciation attributable to right-of-use assets and interest expenses as follows:

EUR 000s	2021	2020
Group		
Depreciation of real estate	3,658	3,380
Depreciation of vehicles	33	39
Depreciation of other assets	–	–
Total	**3,691**	**3,419**

EUR 000s	2021	2020
Group		
Interest expenses, leases (financial expenses)	318	313
Total	**318**	**313**

Payments and expenses for short-term leases and leases with low value amounted to EUR 354 thousand (352) and are included in other operating expenses.

Reported cash flow:

The total cash flow for leases (including short-term leases and leases with a low value) amounted to:

EUR 000s	2021	2020
Group		
Cash flow for short-term leases and leases with low value, operating activities	354	352
Cash flow for leases recognised in the balance sheet, operating activities	318	313
Cash flow for leases recognised in the balance sheet, financing activities	3,037	3,244
Total	**3,709**	**3,909**

Parent Company leases:

The Parent Company applies RFR 2, for which the exemption for IFRS 16 is applied. All leases are thereby reported as operating leases. The leases consist of rents for leased cars.

EUR 000s	2021	2020
Parent Company		
Within one year	14	7
Between two and five years	19	–
Later than five years	–	–
Total	**33**	**7**

EUR 000s	2021	2020
Parent Company		
Lease payments	22	24
Total	**22**	**24**

NOTE 8 Auditors' fees

PricewaterhouseCoopers AB (PwC) has been elected as auditor of LeoVegas AB (publ) and its subsidiaries. Fees have been paid to the auditors and to accounting firms for the Company's audit and other statutory reviews as well as for consulting and other services in relation to observations from the audit.

EUR 000S	2021	2020
Group		
PwC		
Audit assignment	389	380
Audit services in addition to the audit assignment	5	17
Tax consulting	78	43
Other services	4	1
Total	**476**	**441**

EUR 000S	2021	2020
Parent Company		
PwC		
Audit assignment	150	153
Audit services in addition to the audit assignment	5	17
Tax consulting	13	37
Other services	4	–
Total	**172**	**207**

Of the total fees of EUR 476 thousand (441) paid by the Group, EUR 150 thousand (153) pertains to amounts invoiced by the Parent Company's auditor for the statutory audit of the Parent Company. Of other fees, the Group's auditor invoiced a total of EUR 87 thousand (61), of which EUR 22 thousand (54) has been invoiced to the Parent Company. These fees pertain primarily to tax consulting.

NOTE 9 Other income and expenses

EUR 000S	2021	2020
Group		
Withdrawal fees	–	2
Other items recognised as a profit or loss	318	-2,411
Total	**318**	**-2,409**

The item Other income and expenses mainly consists of revenue related to second-hand leases of premises of EUR 261 thousand. In 2020, the item mainly consisted of expenses related to items affecting comparability pertaining to a provision for gaming taxes in Denmark of EUR 3.5 m. For further information about these items affecting comparability, see Note 12.

EUR 000S	2021	2020
Parent Company		
Other items recognised as a profit or loss	–	–
Total	**–**	**–**

NOTE 10 Financial items

Financial items include remeasurement effects, income from associates, interest expenses, interest income and transaction and other related expenses linked to financing.

In the third quarter, the existing bond issue was expanded by SEK 200 m. The total bond issue amounted to SEK 700 m (500) as of the balance sheet date. The bond issue is valued at EUR 67.8 m (48.9). No bank loans remained as of the balance sheet date. Changes in exchange rates for the bond in SEK have been hedged with a financial instrument (OTC derivative). Within financial expenses, remeasurement of the bond in SEK and the change in fair value of the currency derivative, including its interest flows, are reported net. Financial expenses amounted to EUR 4.0 m (2.9) and are mainly coupled to the company's bond issues. In 2020, the earn-out payment for Royal Panda was finalised, giving rise to a positive effect in the Group of EUR 0.7 m. In 2021, no remeasurement of the earn-out payment took place.

EUR 000S	2021	2020
Group		
Financial income	–	983
Share of profit after tax from associates reported using the equity method	47	–
Financial income	**47**	**983**
Financial expenses, financing/loans	-3,650	-2,598
Financial expenses, interest expenses on lease liabilities	-318	-313
Financial expenses	**-3,968**	**-2,911**
Financial liability measurement gains/losses	–	700
Financial liability measurement gains/losses	**–**	**700**
Total financial items – net	**-3,921**	**-1,228**

Financial items in the Parent Company are steered by dividends from subsidiaries, interest income from lending to subsidiaries, interest expenses for credit facilities and transaction costs and other costs related to the company's financing.

Financial income in the form of dividends from subsidiaries amounted to EUR 30.0 m (20.0). Interest income from lending to subsidiaries amounted to EUR 2.6 m (1.2). Financial expenses amounted to EUR 3.2 m (1.5) and are mainly coupled to the company's bond issues.

EUR 000S	2021	2020
Parent Company		
Profit from participations in Group companies, dividends	30,000	20,000
Interest income	2,577	1,245
Financial income	**32,577**	**21,245**
Financial expenses, financing/loans	-3,230	-1,548
Financial expenses	**-3,230**	**-1,548**
Total financial items – net	**29,347**	**19,697**

NOTE 11 Income tax

This note describes the Group's income tax. Expensed income tax consists of the sum of current tax and deferred tax. Current tax is based on taxable profit for the year. Deferred tax is attributable to unutilised loss-carryforwards. Deferred tax assets are recognised only if it is probable that future taxable surpluses will be available, against which deductible temporary differences can be utilised in the foreseeable future.

Tax expense

EUR 000S	2021	2020
Group		
Current tax on profit for the year	- 1,596	-2,408
Total current tax	**- 1,596**	**-2,408**
Deferred tax		
Increase/decrease in deferred tax assets, loss-carryforwards	-714	193
Total deferred tax	**-714**	**193**
Total reported income tax	**-2,310**	**-2,215**

The following is recognised in the consolidated balance sheet

EUR 000S	2021	2020
Group, deferred tax assets		
Deferred tax asset (as per 1 January)	2,876	2,682
Increase through business combinations	505	–
Recognised through profit or loss (divestment of subsidiary)	–	–
Recognised through profit or loss (deferred tax asset, loss-carryforward)	-1,220	193
Recognised in Other comprehensive income	–	–
Exchange rate differences (upon translation to EUR)	–	–
Total deferred tax	**2,162**	**2,876**

As per 31 December 2021 the Group had loss-carryforwards amounting to EUR 9.2 m (2.9), which were not taken into account in calculating deferred tax assets. The loss-carryforwards have no expiration date.

As of the balance sheet date, the Group had deferred tax liabilities of EUR 1.1 m (1.4) related to consolidated surplus value from acquisitions. During the year, the Group dissolved EUR 444 thousand (665) in the income statement related to this. In addition to this, an increase of EUR 18 thousand (12) pertaining to deferred tax was recognised through profit or loss coupled to leasing. In total, a net effect of EUR -462 thousand (-653) was been recognised. See below for a presentation of opening and closing balances for the deferred tax liability.

EUR 000S	2021	2020
Group, deferred tax liabilities		
Deferred tax liability (as per 1 January)	1,435	2,088
Increase through business combinations	118	–
Recognised through profit or loss	-462	-653
Recognised in Other comprehensive income	–	–
Exchange rate differences (upon translation to EUR)	–	–
Total deferred tax liability	**1,091**	**1,435**

Tax expense

EUR 000S	2021	2020
Parent Company		
Current tax on profit for the year	–	–
Total current tax	**–**	**–**
Deferred tax		
Increase/decrease in deferred tax assets	-834	193
Total deferred tax	**-834**	**193**
Total reported income tax	**-834**	**193**

cont. Note 11

The following is reported on the Parent Company balance sheet

EUR 000S	2021	2020
Parent Company		
Deferred tax assets, accumulated loss-carryforwards (1 January)	2,895	2,702
Deferred tax assets, loss-carryforwards in current year	-834	193
Total deferred tax	**2,061**	**2,895**

The Parent Company has accumulated loss-carryforwards. It has been determined that these can be used within the foreseeable future against taxable surpluses that exist in the subsidiary Gears of Leo AB. Rights to Group contributions exist between the Swedish companies. A deferred tax asset of EUR 2,061 thousand (2,895) has been reported in the Parent Company. The tax deficits have no expiration date.

Reconciliation of theoretical tax expense and reported tax

Tax on the Group's pre-tax profit differs from the theoretical amount that would arise using a weighted average tax rate applied to subsidiaries' profits in the consolidated companies. Taxable profit differs from the profit reported in the income statement, since it is adjusted for non-taxable revenue and non-deductible expenses. The tax expense for the year can be reconciled against profit according to the income statement below.

	2021	2020
Group		
Profit before tax	14,123	21,548
Tax at Swedish tax rate, 20.6% (21.4)	-2,909	-4,611
Tax effect of:		
Difference in tax rates in foreign operations	-14,077	- 7,504
Non-taxable income	20,801	8,409
Non-deductible expenses	-3,579	- 4,362
Impairment of goodwill (non-deductible)	–	–
Confirmed deduction from previous year	–	1,575
Other	1,063	4,283
Adjustment of taxes for previous years	- 2,083	629
Utilisation of previously unreported loss-carryforwards	360	25
Loss-carryforwards for which no deferred tax assets have been reported	-1,886	-659
Tax on profit for the year	**-2,310**	**- 2,215**

EUR 000S	2021	2020
Parent Company		
Profit before tax	24,711	16,529
Tax at Swedish tax rate, 20.6% (21.4)	-5,090	-3,537
Tax effect of:		
Non-taxable income	6,180	4,280
Non-deductible expenses	-15	-12
Other	-30	14
Adjustment of taxes for previous years	–	–
Utilisation of previously unreported loss-carryforwards	–	–
Loss-carryforwards for which no deferred tax assets have been reported	- 1,879	-552
Tax on profit for the year	**-834**	**193**

NOTE 12 Items affecting comparability

LeoVegas Group 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. Adjusted items in 2021 include expenses pertaining to provisions of EUR 1.3 m related to gaming taxes in Denmark and a sanction fee of SEK 2 m imposed by the Swedish Gambling Authority. EBITDA in the preceding year included an effect of EUR 3.5 m in items affecting comparability pertaining to a provision for gaming tax in Denmark.

Amortisation costs related to acquired intangible assets are also stripped away as an item affecting comparability and affect "adjusted EBIT." "Adjusted EBITDA" and "adjusted EBIT" for the Group are presented below.

EUR 000s	2021	2020
EBITDA	**43,351**	**51,865**
Profit on sales of subsidiaries and assets	–	–
Restructuring costs	–	–
Other items affecting comparability	1,263	3,500
Adjusted EBITDA	**44,614**	**55,365**
Depreciation and amortisation	-11,746	-10,789
Adjusted EBIT	**32,868**	**44,576**
Net financial items	-3,968	-1,928
Share of profit after tax from associates reported using the equity method	47	–
Tax	-2,310	-2,215
Adjusted profit	**26,637**	**40,433**
Adjusted EBITDA margin, %	11.4	14.3
Adjusted EBIT margin, %	8.4	11.5
Adjusted net margin, %	6.8	10.4

NOTE 13 Earnings per share

EUR	2021	2020
Pertaining to owners of common stock in the Parent Company:		
Net profit for the year attributable to owners of the Parent Company	10,984,898	18,499,767
Number of shares at year end, before dilution	97,652,970	100,181,626
Weighted average number of shares outstanding, before dilution	98,793,843	101,285,134
Effect of outstanding warrants, weighted average	–	–
Weighted average number of shares outstanding, after dilution	**98,793,843**	**101,285,134**
Earnings per share attributable to owners of common stock in the Parent Company		
- Before dilution	0.11	0.18
- After dilution	0.11	0.18

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 during the period.

The Board of Directors of LeoVegas AB (publ) decided during the year to exercise the authorisation granted to it at the company's Annual General Meeting on 11 May 2021 to repurchase shares in the company. In total, the granted mandate allows LeoVegas to repurchase shares for an amount of up to EUR 10,000,000 on one or more occasions until the Annual General Meeting on 19 May 2022. 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.

As per the balance sheet date, the company's share capital amounted to EUR 1,219,835.65. The number of shares outstanding before repurchases in 2021 was 100,181,626 (101,652,970). During the year, a total of 2,528,656 shares were repurchased at a cost of SEK 96,913,627. The corresponding amount of shares repurchased in 2020 was 1,471,344 at a cost of SEK 49,997,441. The cost for the year corresponds to EUR 9,537,799 (4,891,042). The average price of the repurchased shares was SEK 38.2 (33.8). A total of 3.9% of the shares outstanding have been repurchased, of which the number of shares outstanding on the balance sheet date was 97,652,970. The quota value amounts to EUR 0.012 per share.

NOTE 14 Property, plant and equipment

EUR 000S	Leasehold improvements	Equipment, fixtures and fittings	Equipment	Total
Financial year 2020				
Opening carrying amount	732	997	1,618	3,347
Purchases	96	136	256	488
Disposals	–	-22	-12	-34
Depreciation	-133	-426	-849	-1,408
Closing carrying amount	**695**	**685**	**1,013**	**2,393**
31 December 2020				
Cost (net)	1,146	1,982	5,311	8,439
Accumulated depreciation	-451	-1,297	-4,298	-6,046
Carrying amount	**695**	**685**	**1,013**	**2,393**
Financial year 2021				
Opening carrying amount	695	685	1,013	2,393
Purchases	130	98	790	1,018
Disposals	-7	-43	-69	-119
Depreciation and amortisation	-166	-386	-584	-1,136
Closing carrying amount	**652**	**354**	**1,149**	**2,157**
31 December 2021				
Cost (net)	1,269	2,037	6,032	9,338
Accumulated depreciation	-617	-1,683	-4,882	-7,182
Carrying amount	**652**	**354**	**1,150**	**2,157**

NOTE 15 Intangible non-current assets

EUR 000S	Goodwill	Acquired surplus value: Trademarks and domain names/customer database/ licences/technical platform	Capitalised development costs for software	Capitalised development costs	Capitalised costs for domain names	Total
Financial year 2020						
Opening carrying amount	94,657	45,018	443	15,542	958	156,618
Acquisitions	–	–	622	652	–	1,274
Purchases/cost	–	–	9	9,813	–	9,822
Disposals	–	–	–	-579	-29	-608
Amortisation	–	-16,324	-328	-5,632	–	-22,285
Impairment losses	–	–	-604	-1,372	–	-1,976
Closing carrying amount	**94,657**	**28,694**	**142**	**18,423**	**929**	**142,845**
31 December 2020						
Cost (net)	104,893	82,201	3,347	35,393	932	226,766
Accumulated amortisation and impairment losses	-10,236	-53,507	-3,205	-16,970	-3	-83,921
Carrying amount	**94,657**	**28,694**	**142**	**18,423**	**929**	**142,845**
Financial year 2021						
Opening carrying amount	94,657	28,694	142	18,423	929	142,845
Acquisitions	1,077	3,742	30	952	–	6,613
Purchases/cost	–	–	1,008	14,522	1	14,719
Disposals	–	–	-6	–	–	-6
Amortisation	–	-12,943	-169	-6,764	–	-19,876
Impairment losses	–	–	-619	–	–	-619
Closing carrying amount	**95,734**	**19,493**	**386**	**27,133**	**930**	**143,676**
31 December 2021						
Cost (net)	105,971	85,943	4,379	50,867	933	248,093
Accumulated amortisation and impairment losses	-10,236	-66,450	-3,993	-23,734	-3	- 104,417
Carrying amount	**95,734**	**19,493**	**386**	**27,133**	**930**	**143,676**

Goodwill

Goodwill arises in connection with company acquisitions. Allocation is made to the cash-generating units or groups of cash-generating units that are expected to benefit from the acquisition. Goodwill of EUR 1,077 thousand arose in 2021 related to the acquisition of Expekt.

Goodwill is allocated to cash-generating units to allow a review of any need to recognise impairment. In connection with the close of the reporting period an impairment test was performed for these cash-generating units. If the recoverable amount of an asset (or cash-generating unit) is estimated to be lower than the asset's carrying amount, an impairment loss shall be recognised. The recoverable amount for cash-generating units is determined by calculating value in use, which requires certain assumptions.

In total, the Group's goodwill at year end amounted to EUR 95.7 m (94.7), in accordance with the table below. No need to recognise impairment was identified during the year, see further under "Impairment testing of goodwill."

Cash-generating units

A cash-generating unit is the smallest group of assets that independently generates cash flows and whose cash flows are largely independent of the cash flows generated by other assets. The table below shows the cash-generating units for which the Group has conducted impairment testing of goodwill. Starting in 2019, "Rocket X" is no longer regarded as a cash-generating unit, since it is part of the LeoVegas Group brand in the UK and is dependent on cash flows from LeoVegas Group. Rocket X is now a fully integrated service unit for customer and marketing services for LeoVegas Group. Similarly, the company "Winga", which was acquired in 2017, is a fully integrated service unit primarily for marketing the LeoVegas brand in Italy. As of 31 December 2021, "Royal Panda" is no longer a cash-generating unit. Royal Panda was acquired in November 2017, and a decision was taken in December 2020 that Royal Panda was to be fully migrated to LeoVegas Group's technical platform and that an integration with LeoVegas Group's organisation would gradually be completed in 2021. Royal Panda has, as of the balance sheet date, been fully integrated with LeoVegas Group and is no longer identified as a cash-generating unit. Royal Panda has been part of LeoVegas Group's cash-generating units from 2021. Goodwill is broken down according to the following cash-generating units:

EUR 000S	2021	2020
LeoVegas	90,631	57,452
- of which, goodwill from the acquisition of "Rocket X", LeoVegas UK*	54,149	54,149
- of which, goodwill from the acquisition of "Winga", LeoVegas Italy*	3,303	3,303
- of which, goodwill from the acquisition of "Royal Panda"*	33,179	33,179
CasinoGrounds	2,907	2,907
Pixel.bet	1,118	1,118
Expekt	1,077	
Goodwill, Group	**95,734**	**94,657**

*Rocket X, Winga and Royal Panda make up part of LeoVegas Group's cash-generating units.

Impairment testing of goodwill

Calculation of the recoverable amount of the Group's cash-generating units requires that certain assumptions are made. Calculation of the recoverable amount of the cash-generating units has been done based on an average growth rate over a five-year forecast. The average growth rate for each cash-generating unit is constructed based on a forecasting model. The forecasting model includes a detailed plan and forecast for the driving forces that govern development in the form of revenue, expenses and expected cash flow based on the most important key factors in operations:

- *Sales volume:* based on an average growth rate over a five-year forecast, based on historical outcomes and management's assessment of the market's development.
- *Pricing:* based on an average growth rate over a five-year forecast, current industry trends and management's other assumptions for the specific unit.
- *Gross margin:* based on a weighted balance of historical outcomes, external analysis documentation for the relevant market, and management's experience and assessment.
- *Marketing costs:* a budget is allocated for each country, which is based on historical data and each country manager's assessment in conjunction with the assessment of management. The share of investment in marketing is an important driving force for the expected growth of each country and is a major factor for the growth that is ultimately quantified.
- *Other operating expenses:* it has been assumed that fixed costs normally do not vary significantly with sales volumes or prices. Fixed costs, such as licence costs, are recorded as annual fees, while other operating expenses are judged to increase gradually, since certain businesses will be in a growth phase in the coming five years. Future cash flows have been estimated with a starting point from the asset's existing condition. No annual outlays for investments have been identified as per the acquisition date, which is based on management's plans for the cash-generating unit. No future restructuring or cost-cutting measures are taken into account.
- *Annual investments:* no annual outlays for investments have been identified as per the acquisition date. Annual outlays for investments that pertain to improvement costs that can be assumed to arise, which are based on management's previous experience and plans for improvements that are required to conduct operations.
- *Long-term growth rate:* The long-term growth rate that is used to extrapolate forecast cash flow beyond the period covered by the most recently set forecast is 2%, which is in line with the inflation target (also for the preceding year's calculation).
- *Discount rate:* reflects specific risks in the relevant segments and in the countries they are active in (see also below).

Discount rate

The discount rate is calculated as the Group's weighted average cost of capital including a risk premium after tax (WACC). The discount rate reflects the market estimations of the time value of money and the specific risks associated with the asset. The risk premium differs between the cash-generating units, as they work in different markets, are in different phases of growth, and the certainty of the forecasts varies. During the year, the Group reviewed the WACC so that it corresponds to current risk assessments.

Discount rate (WACC), %	2021	2020
LeoVegas*	12	12
CasinoGrounds	15	15
Pixel.bet	15	15
Expekt	13	–

*Rocket X, Winga and Royal Panda make up part of LeoVegas Group's cash-generating units.

Impairment

At year end, no need to recognise impairment was identified.

Sensitivity analysis

In a sensitivity analysis of all units, management has not identified any need to recognise impairment. Company management has conducted impairment testing for the cash-generating units and made the determination that a reasonable and possible change in the critical variables below would not have a material effect that they – separately or on aggregate – would decrease the recoverable amount to a value that is lower than the carrying amount for other cash-generating units.

Assumptions	2021
Sales volume (% annual growth rate)	-1.0
EBITDA margin %	-5.0
Long-term growth rate, (%)	-1.0
Risk premium after tax, WACC %	+3.0

Acquired, identified surplus value

During the year, surplus value from acquisitions of EUR 3.7 m (0.0) was identified from the acquisition of Expekt. Trademarks and domain names related to all acquisitions have a carrying amount of EUR 14.5 m (16.3). In addition to this are customer databases with a carrying amount of EUR 1.0 m (8.3), licences with a carrying amount of EUR 3.9 m (3.9), and a technical platform with a carrying amount of EUR 0.1 m (0.2), for a total carrying amount of EUR 19.5 m (28.7).

Amortisation rates

The Group's identified surplus value is amortised at the following rates:

- Trademarks and domain names (2–8 years)
- Customer databases (2–4 years)
- Licences (indefinite useful life)
- Technical platforms (5 years)

Capitalised development costs

Capitalised development costs consist mainly of internally developed assets from Gears of Leo AB, the Swedish technology company that develops Rhino, the Group's gaming portal and technical platform. Accounting is done at cost less accumulated amortisation and any impairment losses. The capitalised development costs have a finite useful life and are amortised on a straight-line basis over a period of five years. The Group determines at the end of every accounting period if there is any indication of a need to recognise impairment. Capitalised development costs that are not yet completed and that are judged to have an unknown useful life are not amortised, but are tested annually for impairment, regardless of whether there is an indication of this or not. Total impairment in the Group for the year was EUR 0.0 m (1.9). In the preceding year, the Royal Panda brand was migrated to the Group's proprietary technical platform, Rhino, which gave rise to the recognition of an impairment loss of Royal Panda's technical platform.

NOTE 16 Participations in Group companies

The Parent Company's participations in Group companies are shown below.

EUR 000S	2021	2020
As per 31 December		
Opening carrying amount	236	236
Acquisitions	–	–
Shareholder contributions	–	–
Closing carrying amount	**236**	**236**

Information on the Group's subsidiaries is provided in the following table:

Company name	Domicile	Corporate identity number	% of shares and votes	Number of shares	Carrying amount, EUR	Carrying amount, EUR
			2021	2021	2021	2020
Subsidiaries of LeoVegas AB (publ)						
LeoVegas International Ltd	Malta	C 53595	100	1,200	221,224	221,224
LeoVentures Ltd	Malta	C 72884	100	15,000	15,000	15,000
Subsidiaries of LeoVegas International Limited						
LeoVegas Gaming Plc	Malta	C 59314	100	240,000		
Gears of Leo AB	Sweden	556939-6459	100	50,000		
Expekt Nordics Limited	Malta	C 86968	100	1,200		
Gaming Momentum Ltd	Malta	C 77934	100	1,200		
LVSports Limited	Malta	C 94854	100	1,200		
Winga S.r.l	Italy	MI-1951718	100	10,000		
LeoVegas UK Ltd	UK	11035852	100	112		
World of Sportsbetting Ltd	Malta	C 55188	100	100,000		
LeoVegas US Inc.	USA	4873676	100	1,000		
PLF HippoGo Solutions Ltd	Cyprus	590026	100	1,000		
Web Investments Ltd	Malta	C 58145	100	1,200		
GameTech Marketing Limited	Gibraltar	GICO.119354-51	100	100		
Subsidiaries of Web Investment Limited						
Royal Panda Ltd	Malta	C 58222	100	240,000		
i-Promotions Ltd	Malta	C 47508	100	1,200		
Dynamic Web Marketing B.V	The Netherlands	820721384	100	18,000		
Royal Panda Marketing Services Ltd	British Virgin Islands	1778553	100	383		
Subsidiaries of LeoVentures Limited						
21 Heads UP Ltd	Malta	C 74428	100	1,200		
GameGrounds United AB	Sweden	559122-5460	51	6,342		
Pixel Holding Group Ltd	Malta	C 87545	85	2,084		
SharedPlay Limited	UK	12909248	25	250,000		
LeoStudios Limited	Malta	C 98918	100	1,200		
Subsidiaries of GameGrounds United AB						
Performance Pack Ltd	Malta	C83002	100	1,852,400		
Performance Media Ltd	Malta	C82999	100	1,851,200		
Game Grounds America LLC	USA	72856813	100	–		
Subsidiaries of Pixel Holding Group Ltd						
Pixel Digital Ltd	Malta	C87546	100	1,200		
Pixel Gaming Group B.V	Curacao	142249	100	347,463		
Subsidiaries of LeoVegas US Inc.						
LeoVegas NJ LLC	USA	0450635825	100	–		
Subsidiaries of PLF HippoGo Solutions Ltd						
HippoGo Services Limited	Malta	C 100490	100	1,500		

NOTE 17 Receivables from Group companies

EUR 000s	2021	2020
Current receivables		
Receivables falling due within one year	54,899	31,948
Non-current receivables		
Receivables falling due between two and five years	43,732	48,810
Total	**98,631**	**80,758**

EUR 000s	2021	2020
Receivables from Group companies		
LeoVegas International Limited	88,439	60,350
LeoVegas Gaming Limited	5,826	11,835
Winga S.r.l	–	–
LeoVentures Limited	967	935
Gears of Leo AB	3,353	7,639
LeoVegas US Inc.	44	–
LeoVegas NJ LLC	3	–
Total	**98,631**	**80,758**

The Parent Company LeoVegas AB (publ) has issued a debt coverage guarantee to Group companies for its intra-Group receivables, see Note 26.

NOTE 18 Trade and other receivables

EUR 000S	2021	2020
Group		
Receivables from payment service providers	12,821	16,155
Other receivables, incl. trade receivables	9,003	7,005
Total	**21,824**	**23,160**

EUR 000S	2021	2020
Parent Company		
Other receivables	54	143
Total	**54**	**143**

Trade and other receivables with short due dates are valued at their nominal amounts. At every balance sheet date an assessment is made of expected credit losses in accordance with the expected loss model, whereby a credit loss provision may also be made for potential, expected losses. Any impairment losses are reported among operating expenses.

Total receivables from payment service providers amounted to EUR 12.8 m (16.2), of which EUR 127 thousand pertained to cash-in-transit as per the balance sheet date. This does not therefore mean that these are past-due receivables, but pertain to payments currently in process. The Group works with well-established payment service providers and conducts frequent settlement of these receivables. In cases where a payment service provider shows difficulties in making payments, the Group can shut down the provider and thereby mitigate future credit risk. Against the background of the above, the provision for expected credit losses is assessed to be near zero, as the credit risk is judged to be very limited for receivables from payment service providers. Other receivables including trade receivables amount to EUR 9.0 m (7.0) and consist primarily of VAT receivables, trade receivables (B2B) and other receivables.

In total, as per the balance sheet date, the Group has EUR 367 thousand in receivables that are past-due, including cash-in-transit, of which EUR 88 thousand pertains to payments under collection and EUR 278 thousand pertains to trade receivables in the Group's B2B (affiliate activities). The Group has established a credit reserve of EUR 29 thousand in accordance with IFRS 9 and the expected loss model related to these B2B receivables. The Group has not pledged any assets as security for these receivables.

EUR 000S	2021	2020
Group		
<30 days	127	464
30–60 days	24	42
61–90 days	101	23
>90 days	115	78
Total	**367**	**607**

Further information about the Group's financial risks is provided in Note 30.

NOTE 19 Prepaid expenses and accrued income

EUR 000S	2021	2020
Group		
Prepaid expenses	3,446	3,103
Prepaid marketing costs	1,487	1,986
Accrued income	378	391
Total	**5,311**	**5,480**

EUR 000S	2021	2020
Parent Company		
Prepaid expenses	528	550
Total	**528**	**550**

NOTE 20 Cash and cash equivalents

EUR 000S	2021	2020
Group		
Cash and cash equivalents	75,161	63,340
Less: bank guarantee	–	-4,000
Less: restricted funds (player funds)	-19,945	-15,801
Cash and cash equivalents, net after restricted funds	**55,216**	**43,539**

EUR 000S	2021	2020
Parent Company		
Cash and cash equivalents	7,122	1,419
Cash and cash equivalents	**7,122**	**1,419**

The Group's cash and cash equivalents include restricted customer balances of EUR 19,945 thousand (15,801). In 2020, a bank guarantee of EUR 4,000 thousand was also included for the Spanish gaming licence. In its capacity as a manager of player funds, the Group holds restricted liquid funds that belong to players. The corresponding amount for customer balances is thereby also classified as a current liability, see Note 23.

NOTE 21 Share capital and warrants

	2021	2020
Shares		
Number of common shares		
Fully paid*	101,652,970	101,652,970
Unregistered	–	–
Total	**101,652,970**	**101,652,970**

EUR	2021	2020
Fully paid	1,219,836	1,219,836
Share quota value	0.012	0.012

**LeoVegas AB (publ) has completed the repurchase of shares, which has impacted the amount of shares outstanding. The number of shares outstanding after the repurchase was 97,652,970 as of the balance sheet date. However, the total number of shares has not changed since they are held as treasury shares by LeoVegas AB (publ). For more information, see the section "Shares and shareholders."*

Ongoing incentive programmes

In 2019, 2020 and 2021, new incentive programmes for the company's employees were created and approved by the respective years' AGMs. Under these incentive programmes, there are an additional 2,333,550 warrants outstanding that carry entitlement to subscribe for shares and which expire in September 2022, June 2023 and June 2024, respectively.

The right to subscribe for the warrants was conferred only to the company's wholly owned subsidiary Gears of Leo AB, with the right and obligation for the subsidiary to transfer the warrants to senior executives, other employees and key persons, who are or will become employed by the Company or within the Group, at a price that is not less than the fair market value of the warrant according to the Black & Scholes valuation model and otherwise on the same terms as in the share issue. No benefit or remuneration was received by the employees, and therefore no personnel costs are recognised in the income statement, in accordance with IFRS 2. In connection with the transfer, each warrant holder has signed a warrant agreement containing standard terms and conditions for this type of agreement including provisions on repurchase rights, first refusal rights and duty of confidentiality.

Incentive programme 2019/2022
At an Extraordinary General Meeting on 28 August 2019 it was resolved to issue a maximum of 1,000,000 warrants with deviation from the shareholders' preferential rights. Each warrant carries entitlement to subscribe for one new share in the Company during September 2022 at a subscription price of SEK 50.00 per share. A total of 788,150 warrants have been transferred from Gears of Leo AB to the persons entitled to subscribe, including persons in Group Management, which also corresponds to fair market value according to the Black & Scholes valuation model. Total additional paid-in capital in the Group increased by EUR 206 thousand through premiums for the warrants. Since the issuance, 140,000 warrants have been repurchased. As per the balance sheet date, the remaining portion (351,850 warrants) was held by the wholly owned subsidiary Gears of Leo AB.

Incentive programme 2020/2023
At the Annual General Meeting on 8 May 2020, it was resolved to issue a maximum of 1,000,000 warrants with deviation from the shareholders' preferential rights. Each warrant carries entitlement to subscribe for one new share in the Company during the period 1 June–30 June 2023 at a subscription price of SEK 48.45 per share. A total of 931,900 warrants have been transferred from Gears of Leo AB to the persons entitled to subscribe, including persons in Group Management, which also corresponds to fair market value according to the Black & Scholes valuation model. Total additional paid-in capital in the Group increased by EUR 419 thousand, net after completed repurchases of EUR 319 thousand, through premiums for the warrants. Since the issuance, 105,000 warrants have been repurchased. As per the balance sheet date, the remaining portion (173,100 warrants) was held by the wholly owned subsidiary Gears of Leo AB.

Incentive programme 2021/2024
At the Annual General Meeting on 11 May 2021, it was resolved to issue a maximum of 1,000,000 warrants with deviation from the shareholders' preferential rights. Each warrant carries entitlement to subscribe for one new share in the Company during the period 1 June–30 June 2024 at a subscription price of SEK 53.09 per share. A total of 858,500 warrants have been transferred from Gears of Leo AB to the persons entitled to subscribe, including persons in Group Management, which also corresponds to fair market value according to the Black & Scholes valuation model. Total additional paid-in capital in the Group increased by EUR 199 thousand. As per the balance sheet date, the remaining portion (141,500 warrants) was held by the wholly owned subsidiary Gears of Leo AB.

Warrants held by the Company
A total of 666,450 warrants were held by the Company at the end of the reporting period.

Dividend
The Board of Directors proposes a dividend of SEK 1.68 per share (1.60), corresponding to EUR 0.16 (0.16) per share. The total proposed dividend to the Parent Company's shareholders for FY 2021 amounts to SEK 164,056,990 (160,290,602), corresponding to EUR 15,938,695 (15,943,602). The dividend in euros for FY 2021 has been calculated based on the exchange rate on 31 December 2021 (see also Note 31).

NOTE 22 Non-current liabilities

EUR 000S	2021	2020
Group		
Bond issue	67,815	48,860
Lease liabilities	3,029	5,300
Deferred tax liability	1,091	1,435
Financial liabilities	848	–
Total	**72,783**	**55,595**

EUR 000S	2021	2020
Parent Company		
Non-current liabilities to credit institutions	–	–
Bond issue	67,815	48,860
Total	**67,815**	**48,860**

Borrowing and interest
In December 2020, LeoVegas AB (publ) issued a senior unsecured bond of SEK 500 m under a framework totalling SEK 800 m. In the third quarter of 2021, the Parent Company expanded the existing bond issue by SEK 200 m. The bond is valued at EUR 67.8 m (48.9). The bond has a tenor of three years and a floating interest rate of STIBOR three months plus 550 basis points and will mature on 10 December 2023. The Group secured a new three-year revolving credit facility (RCF) of EUR 40 m, which carries interest of EURIBOR three months plus 250 basis points. The bank credit facility was unutilised as per the balance sheet date. The fair value of the Group's borrowings is assessed in all essential respects to correspond to the carrying amount, as the loans carry variable, market rates of interest for long-term borrowing, and the discounting effect is negligible for short-term borrowing. The reported amounts of the Group's loans are issued in the original currencies shown below. The bond issued in SEK has been valued at the exchange rate in effect on the balance sheet date.

EUR 000S	2021	2020
Total loan liabilities		
Original currency, EUR	–	–
Original currency, SEK	67,815	48,860
Total	**67,815**	**48,860**

Conditions and covenants for borrowing
The loan is subject to customary borrowing terms and is unsecured. The Parent Company guarantees all of the Group companies' loan obligations and may not pledge any assets to another party. The loan agreement includes financial covenants, mainly related to the leverage ratio and other customary conventions. The Group was in compliance with these covenants as per 31 December 2021. The Group expects to continue to be in full compliance and that the credit facility will be repaid in accordance with the contractual terms at such point.

Market value of the bond
The bond, which was issued in the amount of SEK 700,000,000, had a market value of SEK 717,500,000 on the balance sheet date.

Other non-current liabilities
In addition to the non-current liabilities reported above, the Group reported a lease liability of EUR 3.0 m (5.3). The deferred tax liability of EUR 1.1 m (1.4) is related to Group surplus value from acquisitions, see also Note 11. In conjunction with the issuance of the initial bond, a currency derivative (OTC derivative) was contracted, which is valued at fair value and corresponded to a liability of EUR 0.8 m (0.3) on the balance sheet date.

				Non-cash items			
Liabilities from financing activities	**1 Jan 2020**	Cash inflow (loans raised)	Cash outflow (payment of credit/debt)	Transaction and borrowing costs	Plus contract/ periods	Exchange rate differences	**31 Dec 2020**
Non-current liabilities to credit institutions	39,924	–	-39,924	–	–	–	–
Current liabilities to credit institutions	30,000		-30,419	419	–		–
Non-current bond issue	–	48,298	–	120	–	443	48,860
Lease liabilities	7,575	–	-3,244	–	4,062	–	8,393
Total	**77,499**	**48,298**	**-73,587**	**539**	**4,062**	**443**	**57,253**

				Non-cash items			
Liabilities from financing activities	**1 Jan 2021**	Cash inflow (loans raised)	Cash outflow (payment of credit/debt)	Transaction and borrowing costs	Plus contract/ periods	Exchange rate differences	**31 Dec 2021**
Non-current liabilities to credit institutions	–	5,000	- 5,000	–	–	–	–
Non-current bond issue	48,860	19,897	–	377	–	-1,319	67,815
Lease liabilities	8,393	–	-3,037	–	623	–	5,978
Total	**57,253**	**24,897**	**-8,037**	**377**	**623**	**-1,319**	**73,793**

NOTE 23 Trade and other payables

EUR 000s	2021	2020
Group		
Trade payables	1,817	7,402
Payroll tax and other statutory liabilities	1,656	1,416
Other payables	16,169	11,469
Player liabilities	19,945	15,801
Uncollected dividends to the Parent Company shareholders*	3,795	–
Total	**43,382**	**36,088**

EUR 000s	2021	2020
Parent Company		
Payable to Group companies	–	11
Trade payables	21	91
Other payables	5	10
Payroll tax and other statutory liabilities	132	99
Uncollected dividends to the Parent Company shareholders*	3,795	–
Total	**3,953**	**211**

**The dividend for 2020 was distributed over four occasions. The fourth payment was made on 4 January 2022.*

NOTE 24 Accrued expenses and deferred income

EUR 000s	2021	2020
Group		
Accrued gaming expenses	4,250	4,249
Accrued marketing costs	12,797	11,962
Accrued payroll and remuneration costs	2,192	2,058
Auditors' fees	281	216
Consulting and legal fees	1,172	1,580
Other accrued expenses	28,932	24,711
Deferred income	72	306
Total	**49,696**	**45,082**

EUR 000s	2021	2020
Parent Company		
Accrued payroll and remuneration costs	302	258
Auditors' fees	70	57
Consulting and legal fees	43	82
Other accrued expenses	271	343
Total	**686**	**740**

NOTE 25 Liability for earn-out payment for acquisition

In the preceding year, the Group had an outstanding liability related to the acquisition of Royal Panda for a conditional earn-out payment, which was settled during the year. As per the balance sheet date the liability was EUR 0.0 m (5.3). The matter was settled in the beginning of 2020, entailing a positive earnings effect of EUR 0.7 m in net financial items for the company that year.

EUR 000s	2021	2020
Group		
Liability for earn-out payment for acquisition	–	5,300
Total	**–**	**5,300**
Of which, to be settled within 12 months	–	5,300
Of which, to be settled after more than 12 months	–	–

NOTE 26 Pledged assets

The Group has no pledged assets for borrowings. The Parent Company LeoVegas AB (publ) has a loan agreement for a revolving credit facility (RCF) that was unutilised as per the end of the balance sheet date. Under the terms of this loan agreement, LeoVegas AB (publ) shall guarantee all Group companies' loan obligations to the bank that may arise when the credit is used. The Parent Company has issued a debt coverage guarantee to all Group companies for its intra-Group receivables (see Note 17).

NOTE 27 Contingent liabilities

The Group does not have any guarantee obligations, financial obligations or contingent liabilities that are not recognised in the balance sheet.

NOTE 28 Transactions with related parties

The Parent Company has a related party relationship with its subsidiaries, mainly pertaining to lending of cash and cash equivalents and performance of management services. Transactions with related parties are priced on an arm's length basis.

Up until the third quarter of the year, there was a related party relationship for rents of company apartments to companies owned by the Lidfeldt family, since their part-owners were determined to have a related party relationship with the CEO of the Parent Company LeoVegas AB (publ). Payments and expenses for these apartments were made with a value of EUR 27 thousand (34). The balance at year end was EUR 0.0 thousand (0.0).

EUR 000s	2021	2020
Parent Company		
Sales of services to Group companies	849	669
Result of participations in Group companies	30,000	20,000
Interest income from Group companies	2,577	580
Interest expenses to Group companies	–	–
Total	**33,426**	**21,249**
Receivables from Group companies	98,631	80,758
Accumulated impairment losses, receivables from Group companies	–	–
Carrying amount of receivables from Group companies	**98,631**	**80,758**
Liabilities to Group companies	–	11
Accumulated impairment losses, liabilities to Group companies	–	–
Carrying amount of liabilities to Group companies	**–**	**11**

The Annual General Meeting in May 2021 resolved in favour of a new warrant programme for employees and key persons. For remuneration of senior executives, see Note 6. For information on the Board of Directors' ownership, see the Corporate Governance Report.

NOTE 29 Financial assets and financial liabilities

The Group classifies and measures its financial assets in the categories "Financial assets measured at amortised cost" and "Financial assets at fair value through profit or loss (FVTPL)." Financial assets measured at amortised cost are included in a business model where the goal is to collect contractual cash flows ("Hold to collect"), and at specific points in time the contractual terms give rise to cash flows that only consist of payments of principal and interest on the principal outstanding.

Financial liabilities are recognised as "Financial liabilities at fair value through profit or loss" and are recognised in the balance sheet with gains or losses recognised in profit or loss, or "Financial liabilities measured at amortised cost", which are initially recognised at fair value and are thereafter measured at amortised cost using the effective-interest method.

Financial assets or liabilities measured at FVTPL that pertain to currency derivatives (OTC derivatives) are measured to fair value with any gains or losses recognised in the consolidated income statement. Financial assets and liabilities in the form of derivatives are recognised at FVTPL in cases where hedge accounting is not applied. Hedge accounting has not been applied for the Group's current currency derivative.

Financial instruments recognised at FVTPL are initially recognised at fair value, and transaction costs are expensed in the income statement. See Note 30 for further information on fair value measurement.

Financial assets	Classification/measurement
Trade and other receivables	Financial assets measured at amortised cost
Cash and cash equivalents	Financial assets measured at amortised cost
Financial fixed assets (OTC derivatives)	Financial assets measured at fair value through profit or loss

The Group classifies and measures its financial liabilities in the categories "Financial liabilities measured at amortised cost" and "Financial liabilities measured at fair value through profit or loss (FVTPL)."

For financial liabilities that are to be measured at amortised cost, measurement is done initially at fair value and thereafter at amortised cost using the effective interest method.

Financial liabilities	Classification/measurement
Liabilities to credit institutions	Financial liabilities measured at amortised cost
Bond issue	Financial liabilities measured at amortised cost
Trade and other payables	Financial liabilities measured at amortised cost
Player liabilities	Financial liabilities measured at amortised cost
Liability for purchase price related to acquisitions	Financial liabilities measured at fair value through profit or loss
Financial liabilities (OTC derivatives)	Financial liabilities measured at fair value through profit or loss

In addition to the financial instruments shown in the tables above, the Group has financial liabilities in the form of lease liabilities, which are reported in accordance with IFRS 16.

The Group's exposure to various risks associated with the financial instruments are described in Note 30. The maximum exposure for credit risk as per the balance sheet date corresponds to the reported amount for each category of financial assets and liabilities mentioned.

EUR 000s	Note	2021	2020
Group			
Financial assets			
Trade and other receivables	18	21,824	23,160
Cash and cash equivalents	20	75,161	63,340
Financial assets		–	314
Total		**96,985**	**86,814**
Financial liabilities			
Trade and other payables	23	23,437	20,287
Player liabilities	23	19,945	15,801
Bond issue	22	67,815	48,860
Financial liabilities	22	848	–
Liability for earn-out payment for acquisition	25	–	5,300
Total		**112,045**	**90,248**

EUR 000s	Note	2021	2020
Parent Company			
Financial assets			
Receivables from Group companies	17	98,631	80,759
Other receivables	18	54	143
Cash and cash equivalents	20	7,122	1,419
Total		**105,807**	**82,321**
Financial liabilities			
Bond issue	22	67,815	48,860
Financial liabilities	22	848	–
Trade and other payables	23	3,953	200
Total		**72,616**	**49,060**

NOTE 30 Management of financial risks and financial instruments

The Group's financial activities are conducted in accordance with a Treasury policy adopted by the Board of Directors that is characterised by an ambition to minimise the Group's risk level. This note describes the Group's exposure to financial risks and how these may affect the Group's financial position in the future. The Group's financial risk exposure includes market risk (currency and interest rate risks), credit risk and liquidity risk. Financial risk management is coordinated via the Parent Company. Subsidiary financing is conducted mainly via the Parent Company. The wholly owned operating subsidiaries are independently responsible for managing their financial risks within the Treasury policy set by the Board of Directors after coordination with the Parent Company.

Market risk

Currency risk

The Group operates internationally in several markets and is exposed to currency risks arising in connection with various currency exposures, mainly pertaining to transactions in Swedish kronor (SEK) and British pounds (GBP).

Currency risks can arise through the Group's daily operations as well as those related to material assets and liabilities. Operational transaction risks arise between the exchange rate on the transaction date and the exchange rate on the payment date, or balance sheet date, and the difference is recognised in the income statement as income or an expense.

The Group strives to minimise the effects in the income statement, and as far as possible, every operating subsidiary in the Group shall strive to match incoming and outgoing payment flows in the same currency. The Group's cash flow from operating activities is a natural protection against currency risks since deposits and withdrawals by customers in different regions take place in the same currency.

For exposure of material assets and liabilities, such as the Group's bond issue in SEK, currency fluctuation against EUR has been secured with a currency derivative (OTC derivative). All transactions related to the remeasurement of bond issues and the currency derivative are reported under financial items in the consolidated income statement. No hedge accounting has been applied. There is also a translation risk that arises when subsidiaries are translated from their functional currency to the Group's reporting currency. This risk is limited in the Group, since it is only operational subsidiaries that have another functional currency (GBP) than the Group's reporting currency. The table below provides a summary of the Group's exposure to currency risks based on the following nominal assets and liabilities:

31 December 2021	Net exposure
SEK	20,299
GBP	10,082
Other currencies	5,400

31 December 2020	Net exposure
SEK	10,097
GBP	11,015
Other currencies	7,721

The following significant exchange rates were applied during the year:

	2021		2020	
	Average rate	Spot rate	Average rate	Spot rate
SEK	10.15	10.25	10.48	10.03
GBP	0.86	0.84	0.89	0.90

Sensitivity analysis

The Group has performed a sensitivity analysis of how earnings and equity would have been affected by exchange rate fluctuations during the year. Two analyses were performed.

A sensitivity analysis of the year's income and expenses in the Group shows that a 5% increase or decrease in the value of EUR against other currencies would affect the Group's EBITDA by approximately EUR 4.3 m (4.5). In this calculation, the average exchange rate for the year has been applied as the starting point for translation of income and expenses per local currency. Assuming a 5% increase or decrease in the value of EUR against all other currencies in the Group, the effect would be approximately EUR 9.4 m (8.8) of total net sales. The analysis is based on the assumption that all currencies would fluctuate against EUR and does not take into account the correlation between these currencies.

A sensitivity analysis of assets and liabilities as per the balance sheet date at the end of the reporting period shows that a 5% strengthening of EUR against SEK and GBP would have impacted the Group's profit or loss (and equity) by EUR 1.0 m (0.5) for SEK and by EUR 0.5 m (0.6) for GBP.

Interest rate risk

The Group's revenue and cash flows from operations are affected by changes in interest rates in the market. In the fourth quarter of 2020, new long-term financing was secured consisting of a combination of a bank loan (an RCF amounting to EUR 40 m) and a LeoVegas AB (publ) issued senior unsecured bond. The initial bond tranche of SEK 500 m was issued under a framework of SEK 800 m. During the year, this has been expanded by SEK 200 m and amounted to SEK 700 m (500) as of the balance sheet date. The bond is valued at EUR 67.8 m (48.9). The bond has a tenor of three years and a floating interest rate of STIBOR three months plus 550 basis points and will mature on 10 December 2023. The Parent Company's revolving credit facility (RCF) of EUR 40 m carries interest of EURIBOR three months plus 250 basis points. The bank credit facility was unutilised as per the balance sheet date. Since the Group has expanded its financing substantially, changes in interest rates in the market could have a material impact on the Group's financial position and earnings.

Credit risk

Credit risk in the Group arises from liquid assets and trade receivables. LeoVegas Group's credit risk is limited since the Group's external customers in the gaming activities are private persons, and payments for online gaming services are made in advance through customer deposits. There are thus no outstanding receivables for the Group's external customer base related to the gaming activities. However, the Group has credit risk with companies that provide payment services. To mitigate this credit risk, LeoVegas Group works with well-established vendors in the industry and settles outstanding receivables with short intervals (within one month). LeoVegas Group also has the opportunity to quickly discontinue partnerships with payment service providers that do not settle their receivables on time and thereby significantly reduce this credit exposure.

Other credit risks that the company is exposed to include the risk of fraudulent transactions and repayments to customers by banks or other payment service providers. Losses arising from these transactions are called chargebacks. Costs for all types of chargebacks amount to approximately 1% of total revenue, of which fraudulent transactions are a sub-component of this cost. The Group has a dedicated department that monitors and checks attempted fraud and follows up chargebacks to reduce credit risk.

The Group's cash and cash equivalents are managed by banks with high credit ratings. LeoVegas Groups' Swedish bank, SEB, has a credit rating of AA- (FITCH), while its Maltese bank, Bank of Valetta, has a credit rating of BBB (FITCH), and its British bank, Barclays, has a credit rating of A (FITCH).

The maximum exposure to credit risks as per the balance sheet date with respect to financial assets is reported below. The Group does not hold any collateral as security in this respect. The Group believes that at present it has taken sufficient measures to reasonably protect itself from credit risks and that there were no material credit risks at the end of the reporting period.

EUR 000s	Note	2021	2020
Group			
Receivables from payment service providers	18	12,821	16,155
Other receivables	18	9,003	7,005
Cash and cash equivalents	20	75,161	63,340
Total loans and cash and cash equivalents		**96,985**	**86,500**

EUR 000s	Note	2021	2020
Parent Company			
Other receivables	18	54	143
Cash and cash equivalents	20	7,122	1,419
Total loans and cash and cash equivalents		**7,176**	**1,562**

Liquidity risk

Prudent liquidity risk management entails that the Company has sufficient liquid assets and financing opportunities for its operations. Liquidity risk is monitored at the Group level by ensuring that sufficient funds are available for every subsidiary in the Group. The Group ensures sufficient liquidity through continuous cash flow forecasts, the Board of Directors' decisions on material investments and transactions and the Board of Directors' decisions on the Group's financing structure and credit facilities. The Company is exposed to liquidity risks associated with meeting future obligations. In conjunction with the expanded financing in the Group, long-term financing has been secured. As of the balance sheet date, the Group had a total of EUR 108 m in available borrowing scope, of which EUR 68 m (49) had been utilised by the end of the year. 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 also monitors the compliance of agreements for financing to ensure that the financial covenants, mainly related to the leverage ratio and other customary conventions, are complied with.

In addition, the Group always maintains a balance of cash and cash equivalents that is higher than customers' balances (player liabilities). The Company's liquidity risk is considered to be immaterial with respect to the matching of inflows and outflows of liquid funds from expected maturities of financial instruments.

The table below shows the Group's financial liabilities and their respective due dates.

Contractual maturities of financial liabilities at 31 December 2021

EUR 000s	Carrying amount 2021	Less than 1 year
Trade and other payables	23,437	23,437
Player liabilities	19,945	19,945
Current lease liability	2,949	2,949
Financial liabilities (OTC derivatives)	848	–
Total	**47,179**	**46,331**

EUR 000s	Carrying amount 2021	Due within 2–5 years	Due later than five years
Bond issue	67,815	67,815	–
Non-current lease liabilities	3,029	3,029	–
Financial liabilities (OTC derivatives)	848	848	–
Total	**71,692**	**71,692**	**–**

Contractual maturities of financial liabilities at 31 December 2020

EUR 000s	Carrying amount 2020	Less than 1 year
Trade and other payables	20,287	20,287
Player liabilities	15,801	15,801
Current lease liability	3,093	3,093
Liability for earn-out payment for acquisition	5,300	5,300
Total	**44,480**	**44,480**

EUR 000s	Carrying amount 2020	Due within 2–5 years	Due later than five years
Bond issue	48,860	48,860	–
Non-current lease liabilities	5,300	5,300	–
Total	**54,160**	**54,160**	**–**

Management of capital risks

The Group's capital structure consists of liquid funds, lending and total equity attributable to shareholders. The goal of LeoVegas' capital management is to ensure the Group's ability to uphold continuous operations and thereby generate a return for the shareholders and benefits for other stakeholders. The goal is also to maintain an optimal capital structure that both reduces the cost of capital and provides sufficient financing for expansion of the business.

The Group has historically met its need of liquidity through its cash flow from operations and external financing. To uphold or modify the capital structure, the Group may adjust the amount of dividends paid to the shareholders, return capital to the shareholders, issue new shares, or sell assets. The Board of Directors makes all of the relevant decisions on investment opportunities and whether or not external financing is to take place.

A long-term financial target for LeoVegas Group is that the leverage ratio (net debt in relation to adjusted EBITDA) shall not exceed 1.0x. Under certain circumstances, this level can be exceeded during short time periods in connection with, e.g., larger acquisitions or other strategic initiatives. The Group measures and monitors its borrowing and, during the year, fully complied with all undertakings within the framework of loan agreements and expects to continue to comply with these undertakings during the entire lending period.

Risks associated with calculation of the fair value of financial instruments

The carrying amount less provisions for impairment of trade and other receivables and trade and other payables is assumed to correspond their fair values. The fair value of financial liabilities for accounting purposes is estimated by discounting future contractual cash flows using the prevailing market interest rate that is available for the Group for similar financial instruments. According to IFRS 13, management must identify a hierarchy with three levels for measurement of financial assets and liabilities at fair value.

The Group has reported an OTC derivative (a financial instrument), which is recognised at fair value through profit or loss. The fair value of financial assets that are not traded on an active market (for example, an OTC derivative) is determined with the help of valuation techniques that as far as possible are based on market information, while company-specific information is used as little as possible. All significant input data needed for the fair value measurement of an instrument is observable. This corresponds to Level 2 of the fair value hierarchy. No transfers were made between different levels of the fair value hierarchy during the year.

In 2021, fair value of the OTC derivative corresponded to a financial liability of EUR 0.8 m, which differs from the preceding year when fair value corresponded to a financial fixed asset of EUR 0.3 m.

The following table shows the Group's financial instruments measured at fair value as per 31 December 2021.

2021	Level 1	Level 2	Level 3
Financial instruments measured at fair value through profit or loss:			
Financial assets	–	–	–
Total financial assets (CB)	**–**	**–**	**–**

2021	Level 1	Level 2	Level 3
Financial instruments measured at fair value through profit or loss:			
Financial liabilities	–	848	–
Total financial liabilities (CB)	**–**	**848**	**–**

The following table shows the Group's financial instruments measured at fair value as per 31 December 2020.

2020	Level 1	Level 2	Level 3
Financial instruments measured at fair value through profit or loss:			
Financial assets	–	314	–
Total financial assets (CB)	**–**	**314**	**–**

	Level 1	Level 2	Level 3
Financial instruments measured at fair value through profit or loss:			
Financial liabilities	–	–	–
Total financial liabilities (CB)	**–**	**–**	**–**

NOTE 31 Business combinations

Acquisition of Expekt

On 19 May 2021, through its wholly owned subsidiary LeoVegas International Ltd, LeoVegas Group 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 Group's 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 below 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 charged to the Group's earnings on a straight-line schedule of 5–8 years. Amortisation of the acquired customer database is charged to 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:	**19 May 2021**
Property, plant and equipment	–
Intangible non-current 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 acquisition date	1,500
Expected earn-out payment (contingent consideration)	4,556
Total Purchase price	**6,056**
Identified surplus values	
Trademarks and domains	2,608
Customer database	1,134
Total identified surplus values	**3,742**

NOTE 32 Proposed distribution of profit

LeoVegas Group's dividend policy is to distribute a dividend, over time, of at least 50% of the company's profit after tax.

The following funds are at the shareholders' disposal as per 31 December 2021.

Share premium reserve	27,840,547
Profit brought forward	-17,606,029
Net profit for the year	23,877,165
Total	**34,111,683**
Dividend distributed to the shareholders (97,652,970 shares x EUR 0.16)	-15,938,695
Profit brought forward	**18,172,988**

The following unrestricted shareholders' equity in the Parent Company is at the disposal of the Annual General Meeting (EUR)

The Board of Directors proposes a dividend of SEK 1.68 per share (1.60), corresponding to EUR 0.16 (0.16) per share. The total proposed dividend to the Parent Company's shareholders for FY 2021 amounts to SEK 164,056,990 (160,290,602), corresponding to EUR 15,938,695 (15,943,602). The dividend in EUR for the FY 2021 has been calculated at the exchange rate in effect on 31 December 2021. The remainder of retained profit and unrestricted reserves shall be carried forward. The final amount in EUR may vary, depending on the exchange rate in effect on the payment date. In reference to the Board's proposed distribution of profit, disposable profits of EUR 34,111,683 are at the disposal of the Annual General Meeting. If the Annual General Meeting resolves in favour of the proposal, EUR 18,172,988 will be carried forward. The dividend will be distributed over four occasions during the year.

NOTE 33 Significant events after the end of the financial year

Events after the balance sheet date refer to significant events that have occurred between the balance sheet date and the date on which the financial statements were signed by the Board of Directors of LeoVegas AB (publ).

LeoVegas Group applies for gaming licences

In the first quarter, LeoVegas Group applied for gaming licences in the Netherlands and the Canadian province of Ontario. The Alcohol and Gaming Commission of Ontario has also informed LeoVegas Group that the Group has been registered as a gaming operator. This is an important step in the licence process for the province, and the next final step involves an operating contract with iGaming Ontario (iGO). This will be possible when the necessary onboarding process with iGO has taken place. In January 2022, Canada represented 13% of the Group's revenue, and about 35% of Canadian revenue is generated in Ontario.

LeoVegas Group establishes in the US

LeoVegas Group's establishment in New Jersey in the US is proceeding according to plan. At the start of 2022, LeoVegas Group has begun to establish itself at a local office and commenced the establishment of a local team.

The invasion in Ukraine

As a result of the invasion in Ukraine, LeoVegas Group has resolved not to offer any betting on Russian and Belarusian national sport. LeoVegas Group does not offer its services to, and has not previously offered its services to, customers from Russia or Belarus. Having said this, LeoVegas Group does not want to legitimise these leagues and competitions internationally. LeoVegas Group has not been impacted by any substantial revenue loss from this, and views the impact as limited.

LeoVegas Group has about 40 consultants in Ukraine, and their well-being and safety is of the utmost priority. These consultants' work efforts are significant, but LeoVegas Group has not noted any substantial impact on the company's financial performance and earnings. LeoVegas Group is ready to adopt measures to support these consultants through, for example, relocation or other assistance. LeoVegas Group has therefore donated SEK 500,000 to the Red Cross to support them in their vital efforts. The outcome of events remains uncertain and LeoVegas Group is following the course of events closely.

THE BOARD OF DIRECTORS' AND CEO'S ASSURANCE

The Board of Directors and CEO certify that the Annual Report has been prepared in accordance with generally accepted accounting principles in Sweden and that the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards referred to in European Parliament and Council of Europe Regulation (EC) No. 1606/2002 of 19 July 2002 on application of International Financial Reporting Standards. The Annual Report and consolidated financial statements give a true and fair view of the Parent Company's and Group's financial position and results of operations. The Board of Directors' Report for the Parent Company and Group provides a fair review of the Parent Company's and Group's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

The Annual Report and consolidated financial statements were approved by the Board of Directors for publication on 8 April 2022. The consolidated income statement and balance sheet and the Parent Company income statement and balance sheet will be taken up for adoption at the Annual General Meeting on 19 May 2022.

Stockholm, 8 April 2022

Per Norman
Chairman of the Board

Hélène Westholm
Director

Carl Larsson
Director

Fredrik Rüdén
Director

Anna Frick
Director

Mathias Hallberg
Director

Torsten Söderberg
Director

Gustaf Hagman
Group CEO

Our audit report was submitted on 8 April 2022
PricewaterhouseCoopers AB

Aleksander Lyckow
Authorised Public Accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of LeoVegas AB (publ), corporate identity number 556830-4033

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of LeoVegas AB (publ) for the year 2021.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Audit scope

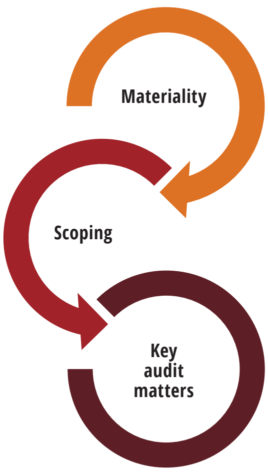
We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.



OUR AUDIT APPROACH

Overview

- Overall materiality: 3,9 million euro, which is equivalent to 1 % of the group's revenue.

- Our group audit of 2021 has included units that represent approximately 94 % of the group's revenue.
- Compliance of laws and regulations in the market of online casinos.
- Valuation of goodwill.

OVERALL GROUP MATERIALITY
3,9 million euro (3,8 million euro)

HOW WE DETERMINED THIS
1 % of group revenue

MOTIVATION
LeoVegas has a growth strategy where revenue is deemed more relevant than profitability in cases where the company assesses that return on invested marketing is good. Revenue is therefore considered as a relevant threshold for our materiality assessment.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above 390 KEUR as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters
Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

PARTICULARLY IMPORTAND AREA	HOW WE TOOK THE IMPORTANT AREAS INTO CONSIDERATION IN OUR AUDIT
COMPLIANCE WITH NATIONAL LAWS AND REGULATIONS IN ONLINE CASINOS ***LeoVegas's description and information regarding the above mentioned areas can be found in the statutory administration report on pages 60-71.*** In the online gaming market there is a varying degree of regulation and the legal situation is under development. It is thus difficult to have an idea of how changes in regulations can affect the conditions for LeoVegas and other online gaming operators. LeoVegas acts primarily based on its international license from Malta and fundamental principles of free movement within the EU. The potential risk in the area concerns litigation, withdrawal of licenses, evidence or such, which could have a material adverse effect on LeoVegas' accounts. LeoVegas follows and assesses the ongoing development and legal situation in this area.	The most significant audit efforts we conducted in this area include: • We have evaluated the business processes and controls regarding compliance with laws and regulations in the various national markets in which LeoVegas operates. • We have obtained statements from LeoVegas' external legal advisors in order to ensure that no unknown significant regulatory audits/requirements exist. • We have reviewed the company's accounting assessments in this area.
VALUATION OF GOODWILL ***LeoVegas's description and information regarding goodwill can be found in note 15.*** In LeoVegas's balance sheet 96 MEUR is reported as goodwill associated to acquisitions. This amount corresponds to 37 % of total assets. Valuation of goodwill is dependent on the assumptions made by management. Management yearly performs an impairment test of goodwill. This test shows if an impairment is needed (if accounted value exceeds fair value) or not. Assumptions and estimates partly relates to the future and refer to revenue and operating margin's development, investment needs and applied discount rate. If the future development differs from made assumptions and estimates an impairment might occur even if that was not the case of the closing date. The impairment test made by LeoVegas shows no need for an impairment to be made.	The most significant audit efforts we conducted in this area include: • Obtained and audited LeoVegas's calculation for the impairment test to estimate the model's mathematical accuracy and the plausibility in assumptions made. • Performed sample testing to verify that data included in the impairment test reconciles with the company's long-term plans per cash flow generating unit. • Verified the plausibility in the applied discount rate. • Performed sensitivity analysis where the effects of changes in assumptions and estimates has been analyzed to identify such. • Audited the annual report to make sure that disclosures according to IAS 36 Impairment has been provided in the annual report.

Other Information than the annual accounts and consolidated accounts
This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-57 and 107-108. The remuneration report for the year 2021 also constitutes other information.The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of LeoVegas AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

THE AUDITOR'S EXAMINATION OF THE ESEF REPORT

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for LeoVegas AB (publ) for the financial year 2021.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report #[checksum] has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for Opinions

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of LeoVegas AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for ensuring that the Esef report has been prepared in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to form an opinion with reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The audit firm applies *ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The reasonable assurance engagement involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The reasonable assurance engagement also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, statement of financial position, statement of changes in equity and the statement of cash flow.

PricewaterhouseCoopers AB, Stockholm, was appointed auditor of LeoVegas AB (publ) by the general meeting of the shareholders on the May 11, 2021 and has been the company's auditor since the May 28, 2015.

Stockholm, 8 April 2022
PricewaterhouseCoopers AB

Aleksander Lyckow
Authorised Public Accountant

KEY METRICS

EUR 000s (unless specified otherwise)	2021	2020	2019	2018	2017
Revenue	391,171	387,464	356,039	327,817	217,014
Revenue growth (%)	1.0	8.8	8.6	51.1	53.5
Organic growth (%)	-2	11	7	20	46
Gross profit	261,451	262,311	237,114	235,543	162,675
Gross profit margin (%)	66.8	67.7	66.6	71.9	75.0
EBITDA	43,351	51,865	49,531	41,605	25,947
EBITDA margin (%)	11.1	13.4	13.9	12.7	12.0
Adjusted EBITDA	44,614	55,365	44,193	41,086	27,894
Adjusted EBITDA margin (%)	11.4	14.3	12.4	12.5	12.9
EBIT	18,043	22,776	12,672	19,175	19,914
EBIT margin (%)	4.6	5.9	3.6	5.8	9.2
Working capital*	-80,416	-74,410	-65,558	-18,091	-22,900
Working capital as % of net sales	-13.6	-11.8	-7.0	-5.5	-10.6
Capital expenditures	-28,244	-14,470	-9,197	-103,293	-50,102
Capital expenditures as % of net sales	-7.2	-3.7	-2.6	-31.5	-23.1
Operating cash flow	45,856	69,240	37,024	36,494	34,075
Return on equity (%)	12.9	19.7	9.6	54.4	33.0
Equity/assets ratio (%)	32.7	39.4	37.4	35.8	31.8
Number of shares outstanding at end of period	97,652,970	101,652,970	101,652,970	101,652,970	99,695,470
Earnings per share (EUR)	0.11	0.18	0.09	0.43	0.18

*Working capital is calculated as the net of current liabilities (excluding player liabilities and credit institutions) and current assets (excluding cash and cash equivalents). Reclassification of non-current liabilities to current liabilities has entailed a recalculation of working capital for 2017.

EUR 000s	2021	2020	2019	2018	2017
EBITDA	**43,351**	**51,865**	**49,531**	**41,605**	**25,947**
Costs attributable to listing	–	–	–	62	594
Costs attributable to consulting for acquisitions	–	–	–	466	1,353
Provision for fine in the UK from UKGC	–	–	–	453	–
Profit on sale of asset	–	–	-11,403	-1,500	–
Restructuring costs	1,263	3,500	6,065	–	–
Adjusted EBITDA	**44,614**	**55,365**	**44,193**	**41,086**	**27,894**

ALTERNATIVE PERFORMANCE MEASURES AND OTHER DEFINITIONS

Active customers
The number of customers who have played on any of LeoVegas Groups' brands, including customers who have only used a bonus offer.

Adjusted EBIT
EBIT adjusted for items affecting comparability.

Adjusted EBITDA
EBITDA adjusted for items affecting comparability.

Average number of full-time employees
Average number of employees (full-time equivalents) during the entire period.

Cash and cash equivalents
Balances in bank accounts plus e-wallets.

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 measure is based per platform, it entails 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 during the period.

Dividend per share
The proposed or paid dividend divided by the number of shares outstanding.

Earnings per share
Total comprehensive income attributable to owners of the Parent Company, divided by a weighted average number of shares outstanding during the period.

Earnings per share after dilution
Total comprehensive income attributable to owners of the Parent Company divided by a weighted average number of shares outstanding during the period, adjusted for additional shares for warrants with a dilutive effect.

EBIT (Earnings before interest and taxes)
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.

Equity/assets ratio, %
Shareholders' equity at the end of the period in relation to total assets at the end of the period.

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

Gross profit
Revenue less direct, variable costs, which including costs for third-party gaming vendors, fees paid to payment service providers, and gaming taxes.

Gross Gaming Revenue (GGR)
Total wagers (cash and bonuses) less all winnings payable to customers.

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

Items affecting comparability
Pertains to amortisation of acquired intangible assets and remeasurement of earn-out payments 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.

Locally regulated markets
Markets that have regulated online gaming and that have issued licences that operators can apply for.

Locally taxed revenue
Revenue from locally regulated markets and markets where the company pays gaming tax.

Mobile devices
Smartphones and tablets.

Net debt excluding player liabilities
The Company's interest-bearing liabilities less cash and cash equivalents excluding player balances.

Net Gaming Revenue (NGR)
Total cash wagers less all winnings payable to customers after bonus costs and external jackpot contributions.

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.

Operating profit (EBIT)
Profit before financial items and tax.

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

Profit margin
Profit after financial items in relation to revenue for the period.

Returning depositing customer
A customer who has made a cash deposit during the period but made his or her first deposit in an earlier period.

Revenue
Net Gaming Revenue (NGR) plus adjustments for corrections, changes in provisions for local jackpots and unconverted provisions for bonuses.

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.

Working capital
Working capital is calculated as the net of current liabilities (excl. player liabilities and credit institutions) and current assets (excl. cash and cash equivalents).

LeoVegas AB (publ)
+46 8 410 367 66
Luntmakargatan 18
SE-111 37 Stockholm, Sweden
www.leovegasgroup.com
Corporate identity number: 556830-4033