



LeoVegas

MOBILE GAMING GROUP

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

For more about LeoVegas, visit www.leovegasgroup.com.

QUARTERLY REPORT 1 JULY–30 SEPTEMBER 2021

THIRD QUARTER 2021: 1 JULY–30 SEPTEMBER

- Revenue increased by 12% to EUR 99.4 m (88.9). Organic growth in local currencies was 8%. Excluding Germany revenues increased by 31%.
- The number of depositing customers was 469,721 (438,691), an increase of 7%.
- Net Gaming Revenue (NGR) from regulated markets and markets in which the company pays local gaming taxes was 66% (68%) of total NGR.
- EBITDA was EUR 11.5 m (11.9), corresponding to an EBITDA margin of 11.6% (13.4%).
- Adjusted EBIT was EUR 8.5 m (9.2), corresponding to an adjusted EBIT margin of 8.6% (10.4%). Reported EBIT was EUR 5.5 m (5.1).
- Earnings per share were EUR 0.04 (0.04) before and after dilution, while adjusted earnings per share were EUR 0.07 (0.08).

EUR'000s	Jul-Sep 2021	Jul-Sep 2020	Δ, %	Jan-Sep 2021	Jan-Sep 2020	Δ, %	2020
Revenue	99,386	88,921	12%	292,943	289,108	1%	387,464
EBITDA	11,510	11,898	-3%	31,759	43,894	-28%	51,865
Adjusted EBITDA	11,510	11,898	-3%	33,022	43,894	-25%	55,365
Adjusted EBITDA margin (%)	11.6%	13.4%	-13%	11.3%	15.2%	-26%	14.3%
Adjusted EBIT	8,498	9,217	-8%	24,391	35,857	-32%	44,576
Adjusted EBIT margin (%)	8.6%	10.4%	-18%	8.3%	12.4%	-33%	11.5%
Earnings per share before dilution (EUR)	0.04	0.04	16%	0.07	0.20	-65%	0.18
Adjusted earnings per share before dilution (EUR)	0.07	0.08	-11%	0.20	0.32	-37%	0.40
Cash flow from operating activities	17,314	17,625	-2%	38,389	48,403	-21%	69,240
New Depositing Customers (NDC)	188,221	178,995	5%	552,234	567,752	-3%	749,344
Returning Depositing Customers (RDC)	281,500	259,696	8%	379,233	310,585	22%	339,994

EVENTS DURING THE QUARTER

- LeoVegas repurchased shares for EUR 2.5 m and paid out the second dividend (EUR 3.9 m) of a total of four quarterly dividends to the Parent Company's shareholders.
- LeoVegas expanded its existing bond issue by SEK 200 m.
- LeoVegas launched new AI-powered functionality to scale up the Group's efforts surrounding responsible gaming. Customers in the UK were the first to receive product-integrated and personalised messages based on their own behaviours and gaming history.
- Following recent policy changes in the Netherlands, LeoVegas decided to stop providing its services in the country as from 30 September 2021. The Netherlands accounted for 6% of the Group's total revenue during the third quarter, with higher profitability than for the Group average. LeoVegas will apply for a licence in the Netherlands during the fourth quarter.

EVENTS AFTER THE END OF THE QUARTER

- Preliminary revenue in October amounted to EUR 31.1 m (32.8), corresponding to negative growth of 5%. Excluding Germany and the Netherlands, revenue increased by 21%. The sportsbook margin was abnormally low in October, which had a negative impact on revenue, while underlying customer activity has remained strong.
- LeoVegas was granted renewed licences by the Danish Gambling Authority, Spillemyndigheden. With the renewed five-year licences, LeoVegas will continue to offer online casino and betting in Denmark until 2026.
- In October LeoVegas paid out the third dividend (EUR 3.9 m) of a total of four to the Parent Company's shareholders.
- The Swedish government has confirmed that the restrictions for online casino remain in effect through 14 November 2021 and will not be extended thereafter.

CEO'S COMMENTS

“Record quarter in Sweden!”

THIRD QUARTER

We are satisfied with our performance during the third quarter and increased our revenue by 12% compared with the same period a year ago. Excluding Germany, which has been dramatically affected by the ongoing re-regulation, consolidated revenue increased by 31%.

All key markets performed well during the quarter, where our home market in Sweden was the brightest star. The favourable revenue growth for the Group confirms that the strategy to simultaneously scale up a number of markets and relaunch the Expekt brand has been a success. The company today is more diversified than ever, and we have succeeded in compensating for the sharp drop in revenue in Germany.

During the quarter we delivered a stable operating profit compared with a year ago, despite a sharp increase in paid gaming taxes and higher marketing investments in relation to revenue compared with a year ago. In pace with growing revenue, the share of marketing investment is expected to gradually decrease from the current levels. At the same time, we have continued to invest in product and technology ahead of forthcoming market expansions, including the upcoming US launch. We are seeing some normalisation of office and travel-related costs as the pandemic is hopefully nearing its end, while general cost control in the Group continues to be good. All in all, we expect – through the economies of scale provided by a larger revenue base – to be able to deliver good earnings growth going forward.

MARKETS

Sweden had a good quarter in which both revenue and the customer base reached new, record levels. The acquisition of Expekt has exceeded our expectations, and the strong growth since its re-launch at the end of May confirms that the brand's sport profile is appreciated by customers. The LeoVegas brand has also performed well, which shows the power of well-known brands combined with a competitive product. It is positive that the company can show strong performance in one of the world's most competitive and strictly regulated gaming markets. Other markets that performed extra well during the quarter included Italy, Spain and Canada, all of which grew between 40% -70% during the third quarter.

REGULATION

It is an intensive re-regulation period with simultaneous implementation of local regulations in the Netherlands, Germany, and the Canadian province of Ontario. Internal preparation work is going full throttle to make us ready for the new regulations. In parallel we are conducting development work to adapt our proprietary technical platform ahead of our expansion to the USA next year.

Re-regulation processes can be turbulent and arbitrary. Such has been the case in the Netherlands, when the authorities changed their policies with short notice at the end of September, entailing that all gaming operators that had not yet been granted a gaming licence were forced to stop providing their services in the country. The company's sales and earnings will thus be negatively affected starting with the month of October. The Netherlands accounted for 6% of the Group's total revenue during the third quarter, with higher profitability than the Group's average. LeoVegas will apply for a licence in the Netherlands later this year.

Developments in the market, with numerous re-regulation processes in progress and a number of regulated markets that are implementing new laws and new interpretations of regulations, are creating a somewhat turbulent and difficult to navigate current situation in the gaming industry. However, as the conditions gradually clear, we have a firm positive view on the outlook, as regulated markets create a more sustainable environment to work in, while the long-term growth potential in the online segment of the industry is enormous. The new regulatory environment favours established and well-invested operators like LeoVegas with competitive products, well-known brands and focus on responsible gaming.

COMMENTS ON THE FOURTH QUARTER

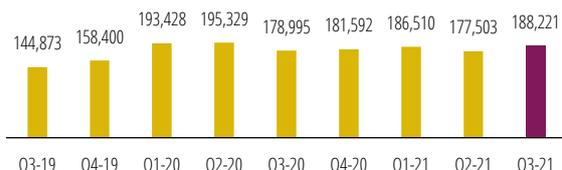
Revenue for the month of October amounted to EUR 31.1 m (32.8), representing negative growth of 5%. Excluding Germany and the Netherlands, revenue increased by 21%. The sportsbook margin was abnormally low in October, which had a negative impact on revenue, while underlying customer activity has remained solid.

Gustaf Hagman, President and CEO, LeoVegas Mobile Gaming Group, Stockholm, 11 November 2021

KEY PERFORMANCE INDICATORS

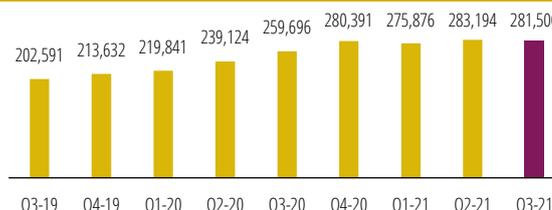
For more KPIs and comments, see the accompanying presentation file at LeoVegasgroup.com. See also the section “Definitions of Alternative Performance Measures”.

NEW DEPOSITING CUSTOMERS (NDCs)



NDCs increased by 5% compared with the same period a year ago and by 6% sequentially compared with the second quarter.

RETURNING DEPOSITING CUSTOMERS (RDCs)



The number of RDCs increased by 8% compared with the same period a year ago. Compared with the preceding quarter, RDCs decreased in number by 1%.

NGR PER REGION, Q3 2021



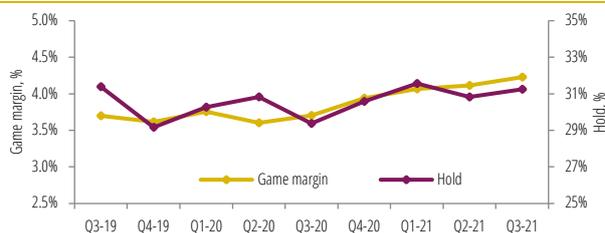
The Nordic countries was the largest region during the third quarter and accounted for 44% of the Group’s Net Gaming Revenue (NGR). Rest of Europe accounted for 34%, while Rest of World accounted for 22%. Rest of Europe’s share was lower than in the preceding quarter as well as the corresponding period a year ago, which is mainly due to the continued decrease in NGR in Germany during the period.

GGR PER PRODUCT, Q3 2021



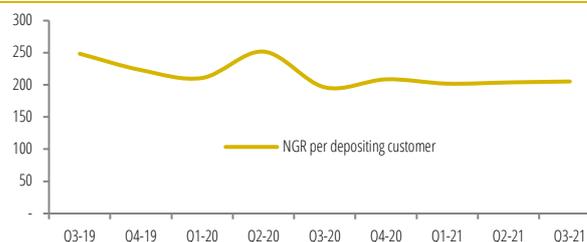
Casino accounted for 76% of the Group’s Gross Gaming Revenue, Live Casino for 14%, and the Sportsbook for 10%. The Sportsbook’s increase compared with previous quarters was mainly driven by the acquisition of Expekt.

GAME MARGIN AND HOLD



The relation between NGR and deposits (“Hold”) increased slightly compared with the preceding quarter to 31%, which is in line with the historic average. One factor that has historically had a strong bearing on hold is the game margin. The game margin increased over the preceding quarter to 4.2%, which is mainly due to the fact that the Sportsbook has grown in significance for the Group and normally has a higher game margin than the Casino segment.

PLAYER VALUE (EUR)



The average player value per depositing customer was EUR 205, which is an increase of 1% compared with the preceding quarter and of 5% compared with the same quarter a year ago. At the same time, the player value was lower than the historic average, which is mainly explained by a larger share of players playing for fun and a changed geographic mix, which is in line with the company’s growth strategy.

GROUP PERFORMANCE Q3

REVENUE, DEPOSITS AND NGR

Revenue totalled EUR 99.4 m (88.9) during the third quarter, an increase of 12%. Organic growth in local currencies was 8%. Excluding Germany revenues increased by 31%.

Deposits totalled EUR 308.6 m (292.9) during the quarter, an increase of 5%. Deposits increased sequentially by 1% over the preceding quarter. Net Gaming Revenue (NGR) amounted to EUR 96.4 m (86.0) during the period, an increase of 12% compared with the same period a year ago and a sequential increase of 3% over the second quarter. Owing to a slightly higher hold during the quarter, NGR grew faster than deposits compared with the preceding quarter.

In the Nordic region, NGR increased by 39% compared with the same period a year ago. Sweden had a good quarter and generated a new record level of sales for the quarter. The positive trend is a result of a record-high customer base for the LeoVegas' brand and strong growth for the Expekt brand since completion of the acquisition in May. The other Nordic markets also showed good growth during the third quarter.

In the Rest of Europe region, NGR decreased by 19% compared with the same period a year ago. Growth was favourable in most markets, with Spain and Italy as the fastest growing markets during the quarter. However, the changes implemented in Germany, coupled with the ongoing regulation process, continued to impact growth negatively in the region. NGR in Germany decreased by 83% during the quarter, and the market now accounts for only 3% of the Group's total revenue (compare with 17% during the same period a year ago).

In the Rest of World region, NGR increased by 42% compared with the same period a year ago. Development was strong in most markets in the region. Canada is clearly the largest market in the region and had high double-digit growth during the period.

For the Group as a whole, revenue from locally regulated markets and markets in which the Group pays local gaming taxes accounted for 66% (68%) of total revenue during the third quarter. The share of regulated revenue increased slightly compared with the preceding quarter (65%), driven by the strong performance in Sweden.

EARNINGS

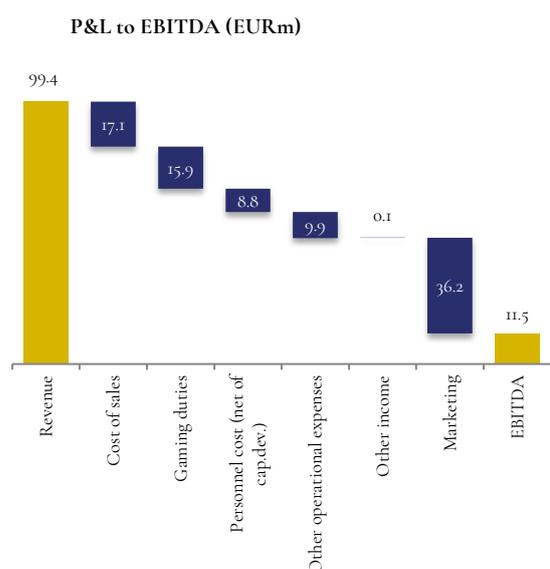
Gross profit for the third quarter was SEK 66.3 m (60.9), corresponding to a gross margin of 66.8% (68.4%).

Gaming taxes totalled EUR 15.9 m (12.4), corresponding to 16.0% of revenue (13.9%). Cost of sales was 17.2% of revenue (17.7%) and consisted mainly of costs for external game- and payment service providers. Costs for currency conversions related to players' deposits and withdrawals have been reclassified starting with the second quarter of this year. These costs amounted to EUR 1.7 m during the third quarter and are presented under Cost of sales instead of under Other operating expenses.

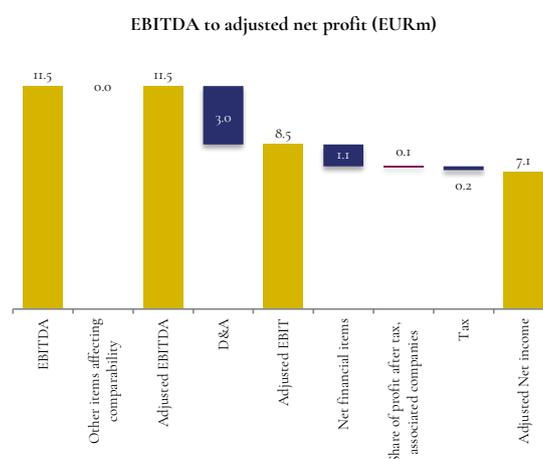
Marketing costs during the quarter totalled EUR 36.2 m (31.8). The company has maintained a high pace of investment in a number of markets in which there are favourable opportunities to scale up revenue with favourable returns. This, in turn, has contributed to greater diversification of the Group's revenue and countered the drop in revenue from Germany. Marketing costs in relation to revenue were 36.5% during the third quarter, which is higher than in the corresponding period a year ago (35.8%), but lower than in the preceding quarter (38.8%).

Personnel costs in relation to revenue decreased compared with the same period a year ago to 12.5% (14.0%). The total work force increased slightly during the quarter, and the company has continued to increase the share of highly qualified employees in technology and product development.

Other operating expenses amounted to 9.9% of revenue (8.3%), which is an increase in relation to revenue compared with the same period a year ago and compared with the preceding quarter (7.7%). Other costs during the quarter were higher than normal, including among other things consulting costs coupled to strategic projects, and are thus not expected to be of a recurring character. Costs coupled to travel and offices also increased during the third quarter, from lower levels during the pandemic.



During the quarter these net financial items had a negative effect on the outcome by EUR 0.1 m (0.0).



EBITDA for the third quarter was EUR 11.5 m (11.9), corresponding to an EBITDA margin of 11.6% (13.4%). Adjusted EBITDA corresponded to EBITDA during the quarter, since there were no items affecting comparability.

The Group's depreciation and amortisation excluding acquisition-related depreciation and amortisation amounted to EUR 3.0 m (2.7). Amortisation related to acquired intangible assets totalled EUR 3.0 m (4.1). During the quarter, Royal Panda's acquired customer database became fully amortised, which explains the difference from the preceding year.

Operating profit (EBIT) for the quarter was EUR 5.5 m (5.1), corresponding to an EBIT margin of 5.5% (5.8%). Adjusted EBIT for the quarter was EUR 8.5 m (9.2), corresponding to an adjusted EBIT margin of 8.6% (10.4%). Adjusted EBIT gives a more accurate picture of the Group's underlying earnings during the period.

Financial expenses amounted to EUR 1.1 m (0.4) and are mainly coupled to the company's bond issues. During the quarter the company expanded its bond issues by SEK 200 m. The initial bond of SEK 500 m was raised during the fourth quarter of 2020. The total amount of outstanding bonds within the company's existing framework is SEK 700 m at the end of the quarter. Within net financial items, remeasurement of the bond in SEK has affected the outcome as well as the change in value of the currency derivative that was contracted for the initial bond issue. Remeasurement of the bond and changes in the value of the currency derivative (including its interest flows) are reported net under financial expenses.

Income tax for the quarter totalled EUR 0.2 m (0.6).

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

Net profit after tax for the quarter was EUR 4.1 m (4.1), corresponding to a net margin of 4.2% (4.6%). Earnings per share were EUR 0.04 (0.04) before and after dilution. Adjusted earnings per share were EUR 0.07 (0.08).

BALANCE SHEET AND FINANCING

Cash and cash equivalents at the end of the quarter amounted to EUR 78.9 m (59.8). Cash and cash equivalents excluding customer balances amounted to EUR 60.7 m (46.3). During the quarter cash and cash equivalents were mainly affected by the expanded bond issue of SEK 200 m. The bond carries a floating interest rate of STIBOR 3 months plus 550 basis points. The bond was issued above par at a price of 103% of the nominal amount and matures in December 2023. The total amount of outstanding bonds in the company's existing framework was SEK 700 m at the end of the quarter. LeoVegas has a total of EUR 109 m in available borrowing scope, of which EUR 68.7 m (50.1) was utilised at the end of the third quarter. Overall, the Group's financial position is good. Net debt excluding player liabilities in relation to adjusted EBITDA (rolling 12 months) was 0.2x.

The Group had intangible assets worth EUR 26.0 m at the end of the quarter (20.3). Intangible assets attributable to identified surplus value from acquisitions amounted to EUR 21.2 m (32.8). Goodwill related to all acquisitions amounted to EUR 95.7 m (94.7).

At the end of the quarter, equity attributable to owners of the parent amounted to EUR 76.0 m (99.8). Non-controlling interests made up EUR 5.9 m (5.4) of equity. Total assets at the end of the quarter amounted to EUR 273.6 m (258.2). The equity/assets ratio was 30% (41%).

Total liabilities increased compared with the same quarter a year ago, which is mainly explained by the financing structure and an increase in liabilities through bond loans.

CASH FLOW AND INVESTMENTS

Cash flow from operating activities totalled EUR 17.3 m (17.6) during the quarter. Working capital improved during the period but may be volatile from quarter to quarter and is affected by factors such as jackpot provisions, incoming and outgoing payments between LeoVegas and product and payment service providers, and advance payments for licences and marketing. Working capital also includes deferred payment of gaming taxes in Austria, amounting to EUR 14.6 m (9.6). During the quarter the company received an income tax refund of EUR 5.3 m (3.2), which had a positive cash flow effect during the third quarter.

Investments in property, plant and equipment amounted EUR 0.3 m (0.1). Investments in intangible assets amounted to EUR 3.6 m (2.4) and pertain mainly to capitalised development costs. Cash flow from investing activities was affected by final payment of the earn-out coupled to the acquisition of Royal Panda, totalling EUR 2.3 m.

Cash flow from financing activities was mainly affected by the proceeds from the expanded bond of SEK 200 m, which corresponded to a payment of EUR 19.9 m (0.0). The expanded bond was issued above par at a price of 103% of the nominal amount. In connection with the issue of the bond, the utilised Revolving Credit Facility (RCF) of EUR 5.0 m (10.0) was repaid. Amortisation of the lease liability, i.e., rents paid for the Group's leased assets, had an accounting effect on cash flow from financing activities of EUR 1.1 m (1.1). Share repurchases amounted to EUR 2.5 m (0.0). During the quarter, a quarterly dividend was paid to the Parent Company's shareholders, resulting in a cash flow charge of EUR 3.9 m (0.0).

OTHER INFORMATION**FINANCIAL TARGETS**

LeoVegas' long-term financial targets are:

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

PARENT COMPANY

LeoVegas AB (publ.), the Group's Parent Company, invests in companies that offer gaming via smartphones, tablets and desktop computers as well as companies that develop related technology. Gaming services are offered to end consumers through subsidiaries. The Parent Company is not engaged in any gaming activities. The Parent Company's revenue for the quarter totalled EUR 0.2 m (0.1). Profit after tax was EUR -1.4 m (-0.7). Profit is steered by dividends from subsidiaries, interest expenses for credit facilities, income from lending to subsidiaries, invoiced management services and other operating expenses. Cash and cash equivalents amounted to EUR 17.9 m (0.3). Cash and cash equivalents increased after issuance of the bond of SEK 200 m during the quarter. The proceeds from the bond have been used to settle a previously utilised bank credit facility. No bank loans remained as per the end of the balance sheet date. The liability for the issued bond amounts to EUR 68.7 m (0.0). Borrowing is initially recognised at fair value, net after transaction costs, and thereafter at amortised cost in accordance with the effective interest method. In connection with the initial bond issue of SEK 500 m, a currency derivative was contracted. Financial items during the quarter were charged with EUR 0.9 m (0.0), net, interest expenses, transaction costs and other related costs coupled to the bond financing. Cash flow was charged with an interest payment of EUR 0.7 m (0.0) for the bond financing.

CURRENCY SENSITIVITY

Sweden and the UK are a couple of LeoVegas' largest markets. The Group's earnings are thus affected by currency translation. During the quarter, changes in the euro exchange rate had a positive effect on revenue of approximately EUR 1.7 m compared with the same period a year ago and a negative effect of approximately EUR 0.1 m compared with the preceding quarter.

SEASONAL VARIATIONS

Customers use LeoVegas' gaming services year-round, which means that seasonal variations tend to be relatively low. Activity during the summer period June–September is normally slightly lower than the rest of the year on account of vacations and fewer sporting events.

PERSONNEL

The number of full-time employees at the end of the quarter was 849 (867), of whom 43 are employed in LeoVentures (40). The average number of employees during the quarter was 839 (872). LeoVegas was using the services of 50 (40) full-time consultants at the end of the quarter.

MANAGEMENT

The company's COO, Mårten Forste, has after a long time in the company, first as chairman of the board and later as active in the management team, announced that he is leaving LeoVegas. Mårten will remain until the end of the first quarter of 2022 and will, until then, support the company's Deputy COO Hanna Lerenius, who will take over as Interim COO during the period.

RELATED PARTY TRANSACTIONS

LeoVegas has since previously had a related party relationship for rents of company apartments. In other respects, no transactions with related parties were conducted during the quarter. For more information on previous years, please refer to the company's annual reports.

SHARES AND OWNERSHIP STRUCTURE

LeoVegas AB is listed on Nasdaq Stockholm. As per 30 September 2021 the company had 18,498 shareholders. The five largest shareholders were:

- Gustaf Hagman and family – 8.3%
- Avanza Pension – 4.7%
- Torsten Söderberg and family – 4.5%

- LOYS AG – 3.8%
- LeoVegas AB (publ) – 3.3%

A total of 101,652,970 shares are in issue in LeoVegas AB. In connection with the share repurchase programme, LeoVegas owned 3.3% of the total number of shares as per the end of the quarter. The total number of shares outstanding and votes amounted to 98,325,000 at the end of the balance sheet date.

ACQUISITION OF EXPEKT

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

Expekt is a renowned sports betting brand in Sweden and the other Nordic countries. The acquisition strengthens LeoVegas’ brand portfolio with an established position in sports betting and expands 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 at right shows a preliminary acquisition analysis and summarises the total purchase price as well as the fair value of acquired assets and accepted liabilities. Current receivables and liabilities do not include any derivatives, and fair value is the same as the carrying amount.

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

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

Preliminary purchase price allocation, Expekt (EUR, '000s)	
Amounts per the date of acquisition:	Measured at fair value
Property, plant and equipment	-
Intangible assets	3 757
Financial assets	-
Deferred tax assets	505
Trade and other receivables	298
Cash and cash equivalents	966
Trade and other payables	- 429
Deferred tax liabilities	- 118
Total acquired, identifiable net assets	4 979
Goodwill	1 077
Purchase price	6 056
Purchase Price:	
Consideration paid at signing 15 March 2021 (cash paid)	1 500
Consideration paid at acquisition date 19 May 2021 (cash paid)	4 556
Total Purchase price	6 056
Identified surplus values:	
Trademark and domains	2 608
Customer database	1 134
Total identified surplus values	3 742

ACCOUNTING POLICIES

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

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

Changes in exchange rates for the bond in SEK have been hedged with a financial instrument (OTC derivative). Financial assets and liabilities in the form of derivatives are reported at fair value through profit or loss. All transactions related to the currency derivative are reported under financial items in the consolidated income statement. No hedge accounting has been applied. The currency derivative, which is used for hedging purposes, is valued according to Level 2 of the fair value hierarchy. The fair value of financial assets that are not traded in an active market (e.g., the OTC derivative referred to above) is determined using valuation techniques that are based on market information as far as possible, while company-specific information is used as little as possible. All the essential input data required for the actual valuation of an instrument is observable. The bond had a market value of SEK 721,000,000 as per the end of the balance sheet date. The Parent Company applies the exemption permitted by RFR 2 from application of IFRS 9 Financial Instruments

Within net financial items, remeasurement of the bond in SEK and the change in value of the currency derivative, including its interest flows, are reported net. The items have an equalising effect and are of the same character. Net recognition creates a clearer picture for readers of the cost of the financing. Total net financial items amount to EUR -1.1 m (-0.4), of which EUR -0.1 m pertains to a negative remeasurement effect during the quarter, shown below.

Financial items - net (EUR'000s)	Jul-Sep 2021
Revaluation bond loan	(74)
Fair value valuation currency derivative	(38)
Change in value of interest rate flows from currency derivatives	47
Total net reported financial items	(65)

The most important accounting policies under IFRS, which are the accounting policies applied in the preparation of this interim report, are described in Note 2, pages 123–127, of the

2020 Annual Report. All of the accounting policies are unchanged since the most recently published annual report for the 2020 financial year.

SHARE REPURCHASES

During the quarter, the authorisation granted by the company's Annual General Meeting on 11 May 2021 to repurchase own shares was utilised. In total the authorisation pertains to share repurchases for an amount up to EUR 10,000,000. Shares may be repurchased for up to 10% of all shares in the company until the 2022 Annual General Meeting. This means that a maximum of 10,165,297 shares may be owned by the company. The purpose of the repurchases is to optimise the company's capital structure and create shareholder value by reducing the number of shares outstanding. Repurchased shares can also be used as payment for future acquisitions. As per the balance sheet date, LeoVegas' share capital amounted to EUR 1,219,835.65. During the quarter, 690,777 shares were repurchased for an acquisition value of SEK 25,000,000, of which SEK 47,904 (0.2%) pertains to brokerage fees during the period. The acquisition value corresponds to EUR 2,461,699. The average price of the repurchased shares was SEK 36.12, and the prices varied between SEK 35.76 and SEK 36.89. A total of 101,652,970 shares in LeoVegas AB are in issue. The number of shares outstanding and votes amounted to 98,325,000 as per the end of the balance sheet date. After the share repurchases, LeoVegas AB owns 3.3% of the total number of shares.

ALTERNATIVE PERFORMANCE MEASURES

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

ADJUSTED PERFORMANCE MEASURES

LeoVegas presents adjusted performance measures to provide a more fundamental picture to readers of reports by

showing earnings that more closely reflect the Group's underlying earnings capacity. The adjusted earnings measure is adjusted for items affecting comparability, which are defined in the section "Definitions of Alternative Performance Measures".

FINANCIAL CALENDAR

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

LEGAL UPDATE

The legal situation for online gaming is changing continuously at the EU level as well as in individual geographic markets outside of the EU. LeoVegas' expansion strategy is to act in locally regulated markets or markets with plans for or in the process of implementing local regulation. Most countries in the EU have adopted or are engaged in discussions to introduce so-called local regulation. Examples of countries that have adopted local regulation include the UK, Denmark, Italy, Spain and Sweden. This trend is also spreading outside of the EU, and most markets in Latin America, for example, are engaged in discussions to regulate their gaming markets. Colombia is an example of a country that has already taken the step in to a regulated environment. The same applies in the USA, where gaming is regulated by the individual states. Among other states, New Jersey, Pennsylvania, and Michigan have introduced local regulation for both casino games and sports betting. The trend in the USA is that more and more 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 review have not yet been compiled, but it may lead to more demanding regulation for the licensed actors.

The province of Ontario, Canada, is conducting preparations to regulate its gaming market. Ontario makes up approximately 40% of Canada's total population. LeoVegas is one of several operators that is participating in the discussions on how such regulation may be structured. LeoVegas' assessment is that regulation will take effect at the start of next year.

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

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

In Sweden, on 2 July 2020 temporary restrictions were introduced for online casino in response to the pandemic. These include new restrictions of bonus offers, a weekly deposit cap of SEK 5,000 and an obligatory time restriction on gaming. The government has confirmed that the restrictions will remain in effect until 14 November 2021 and that they will not be extended thereafter.

The Swedish government has commissioned an investigation to strengthen work on countering unlicensed gaming and match fixing. The investigation has identified a number of obstacles and has suggested recommendations to enable more effective oversight of illegal gaming and match fixing. These recommendations include, for example, that unlicensed actors may not offer their services to Swedish customers, stricter requirements for payment service providers, and greater information sharing between operators on betting. The consideration period for the investigation continues until 14 January 2022, after which concrete changes are to be reported to the concerned parties.

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

RISKS AND UNCERTAINTIES

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

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

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

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

LeoVegas' offering is based on gaming as a fun and attractive form of entertainment. Consumer protection is therefore an important part of the design of LeoVegas' offerings and in its customer contacts. LeoVegas has technical aids at its disposal and clear routines for countering unsound gaming. Responsible gaming is regulated in all gaming licences that LeoVegas conducts its gaming activities under. LeoVegas works together with local trade associations to promote sustainability

and responsibility in the industry. These include, for example, the Swedish Trade Association for Online Gambling (BOS) in Sweden and The Norwegian Industry Association for Online Gaming (NBO) in Norway.

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

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

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

SUSTAINABILITY – RESPONSIBLE GAMING

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

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

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

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

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

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

LEOVEGAS' SUSTAINABILITY TARGETS

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

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

BOARD OF DIRECTORS AND PRESIDENT'S ASSURANCE

This is a translation of the Swedish original. In the event of any discrepancies between the original Swedish version and the English translated version, the Swedish version shall govern.

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

Stockholm, 11 November 2021

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
President and CEO

This report has been reviewed by the company's auditor.

LeoVegas AB, Luntmakargatan 18, SE-111 37 Stockholm

Main office: Stockholm, corporate identity number: 556830-4033

All information in this report belongs to the group companies that are ultimately owned by LeoVegas AB, also known as LeoVegas.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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AUDITOR'S REVIEW REPORT

LeoVegas AB (publ) reg. no. 556830-4033

INTRODUCTION

We have reviewed the condensed interim financial information (interim report) of LeoVegas AB (publ) as of 30 September 2021 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 11 November 2021

PricewaterhouseCoopers AB

Aleksander Lyckow
Authorised Public Accountant

CONSOLIDATED INCOME STATEMENT

EUR'000s	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	2020
Revenue	99,386	88,921	292,943	289,108	387,464
Cost of sales	(17,111)	(15,714)	(50,120)	(50,736)	(67,871)
Gaming Duties	(15,930)	(12,351)	(46,676)	(42,947)	(57,282)
Gross profit	66,345	60,856	196,147	195,425	262,311
Personnel costs	(12,414)	(12,439)	(39,249)	(37,692)	(50,548)
Capitalised development costs	3,630	2,408	10,689	7,578	10,504
Other operating expenses	(9,876)	(7,406)	(26,113)	(26,475)	(35,441)
Marketing expenses	(36,242)	(31,799)	(109,974)	(95,821)	(132,552)
Other income and expenses	67	279	259	880	(2,409)
EBITDA	11,510	11,898	31,759	43,894	51,865
Depreciation and amortisation	(3,012)	(2,681)	(8,631)	(8,037)	(10,789)
Amortisation of acquired intangible assets and impairment of assets incl. goodwill	(2,984)	(4,076)	(11,195)	(12,248)	(18,300)
Operating profit (EBIT)	5,514	5,141	11,933	23,609	22,776
Financial income	-	-	-	3	983
Financial costs	(1,127)	(422)	(3,084)	(1,352)	(2,911)
Financial liability fair value gains/(losses)	-	-	-	700	700
Share of profit after tax from associated companies reported using the equity method	(58)	-	138	-	-
Profit before tax	4,329	4,719	8,987	22,960	21,548
Income tax	(204)	(607)	(1,384)	(1,681)	(2,215)
Net profit for the period	4,125	4,112	7,603	21,279	19,333
Net profit attributable to owners of the parent company	4,054	3,593	7,035	20,409	18,512
Net profit attributable to non-controlling interests	71	519	568	870	821
Other comprehensive income					
Items that may be transferred to profit for the year:					
Exchange differences on translation of foreign operations	(1)	(1)	2	(12)	(12)
Other comprehensive income for the period, after tax	(1)	(1)	2	(12)	(12)
Total comprehensive income for the period	4,124	4,111	7,605	21,267	19,321
Total comprehensive income attributable to owners of the parent company	4,053	3,592	7,037	20,397	18,500
Total comprehensive income attributable to non-controlling interests	71	519	568	870	821
Earnings per share before dilution (EUR)	0.04	0.04	0.07	0.20	0.18
Earnings per share after dilution (EUR)	0.04	0.04	0.07	0.20	0.18
Weighted average number of shares outstanding adj. for share split (millions)	98.67	101.65	99.17	101.65	101.29
Weighted average number of shares outstanding after dilution adj. for share split (millions)	98.67	101.65	99.17	101.65	101.29
Key ratios					
Cost of sales as a % of revenue	17.2%	17.7%	17.1%	17.5%	17.5%
Gaming duties as a % of revenue	16.0%	13.9%	15.9%	14.9%	14.8%
Gross margin, %	66.8%	68.4%	67.0%	67.6%	67.7%
Personnel costs as % of revenue	12.5%	14.0%	13.4%	13.0%	13.0%
Operating expenses as % of revenue	9.9%	8.3%	8.9%	9.2%	9.1%
Marketing expenses as % of revenue	36.5%	35.8%	37.5%	33.1%	34.2%
EBITDA margin %	11.6%	13.4%	10.8%	15.2%	13.4%
EBIT margin %	5.5%	5.8%	4.1%	8.2%	5.9%
Net margin, %	4.2%	4.6%	2.6%	7.4%	5.0%
Adjusted profit measures EUR'000s	Jul-Sep 2021	Jul-Sep 2020	Jan - Sep 2021	Jan - Sep 2020	2020
EBITDA	11,510	11,898	31,759	43,894	51,865
Gain on sale of subsidiaries and assets	-	-	-	-	-
Restructuring costs	-	-	-	-	-
Other items affecting comparability	-	-	1,263	-	3,500
Adjusted EBITDA	11,510	11,898	33,022	43,894	55,365
Depreciation and amortisation	(3,012)	(2,681)	(8,631)	(8,037)	(10,789)
Adjusted EBIT	8,498	9,217	24,391	35,857	44,576
Net financial items	(1,127)	(422)	(3,084)	(1,349)	(1,928)
Share of profit after tax from associated companies reported using the equity method	(58)	-	138	-	-
Tax	(204)	(607)	(1,384)	(1,681)	(2,215)
Adjusted net income	7,109	8,188	20,061	32,827	40,433
Adjusted EPS	0.07	0.08	0.20	0.32	0.40
Adjusted EBITDA margin %	11.6%	13.4%	11.3%	15.2%	14.3%
Adjusted EBIT margin %	8.6%	10.4%	8.3%	12.4%	11.5%
Adjusted net margin %	7.2%	9.2%	6.8%	11.4%	10.4%

CONSOLIDATED BALANCE SHEET, CONDENSED

EUR'000s	30 Sep 2021	30 Sep 2020	31 Dec 2020	31 Dec 2019
ASSETS				
Non-current assets				
Property, plant and equipment	2,177	2,462	2,394	3,347
Lease assets (right of use assets)	6,737	9,205	8,878	8,222
Intangible assets	26,032	20,290	19,493	16,943
Intangible assets related to surplus values from acquisitions	21,241	32,770	28,694	45,018
Goodwill	95,734	94,657	94,657	94,657
Financial Fixed Asset	-	-	314	-
Deferred tax assets	3,382	2,682	2,876	2,682
Investments in associated accounted for using the equity method	1,259	-	-	-
Total non-current assets	156,562	162,065	157,306	170,869
Current assets				
Trade receivables and other receivables	32,137	32,077	23,160	35,307
Prepaid expenses and other accrued income	5,983	4,252	5,480	5,329
Cash and cash equivalents	78,916	59,806	63,340	50,738
<i>of which restricted cash (player funds)</i>	<i>18,249</i>	<i>13,491</i>	<i>15,801</i>	<i>13,352</i>
Total current assets	117,036	96,135	91,981	91,374
TOTAL ASSETS	273,598	258,200	249,287	262,243
EQUITY AND LIABILITIES				
Share capital	1,220	1,220	1,220	1,220
Additional paid-in capital	28,905	41,006	36,115	40,615
Other reserves	518	597	421	830
Retained earnings including profit for the period	45,378	56,972	55,075	50,683
Equity attributable to owners of the Parent Company	76,021	99,795	92,831	93,348
Non-controlling interest	5,918	5,399	5,350	4,804
Total Equity	81,939	105,194	98,181	98,152
Bank loan	-	50,104	-	39,924
Bond Loan	68,734	-	48,860	-
Lease liabilities	3,131	5,404	5,300	4,169
Financial liability	134	-	-	-
Deferred tax liability	1,095	1,578	1,435	2,088
Total non-current liabilities	73,094	57,086	55,595	46,181
Current liabilities				
Trade and other payables	33,769	28,182	20,287	21,344
Player liabilities	18,249	13,491	15,801	13,352
Tax liability	9,953	5,310	5,948	4,997
Accrued expenses and deferred income	53,215	40,627	45,082	35,811
Bank loan	-	-	-	30,000
Short-term lease liabilities	3,379	3,009	3,093	3,406
Liability for conditional purchase price (earn-out)	-	5,300	5,300	9,000
Total current liabilities	118,565	95,919	95,511	117,910
Total liabilities	191,659	153,005	151,106	164,091
TOTAL EQUITY AND LIABILITIES	273,598	258,200	249,287	262,243

CONSOLIDATED STATEMENT OF CASH FLOWS, CONDENSED

EUR'000s	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	2020
Operating profit	5,514	5,141	11,933	23,609	22,776
Adjustments for non-cash items	5,727	6,911	19,242	21,130	30,052
Cash flow from changes in working capital	778	2,359	12,130	11,828	18,107
Net income taxes paid	5,295	3,214	(4,916)	(8,164)	(1,695)
Cash flow from operating activities	17,314	17,625	38,389	48,403	69,240
Acquisition of property, plant and equipment	(313)	(96)	(620)	(289)	(399)
Acquisition of intangible assets	(3,616)	(2,408)	(11,511)	(7,584)	(10,492)
Acquisition of subsidiaries	(2,300)	(579)	(10,391)	(3,579)	(3,579)
Investment of associate accounted for using the equity method	-	-	(1,121)	-	-
Proceeds on sale of subsidiaries and assets	-	861	-	2,861	2,861
Cash flow from investing activities	(6,229)	(2,222)	(23,643)	(8,591)	(11,609)
Bond financing	19,897	-	19,897	-	48,298
Loan financing	(5,000)	(10,000)	-	(20,000)	(70,343)
Lease liabilities	(1,099)	(1,097)	(2,505)	(2,705)	(3,244)
Share buyback	(2,462)	-	(7,404)	-	(4,891)
Proceeds from share issue/other equity securities	193	416	193	416	416
Cash dividends paid out to shareholders	(3,890)	-	(8,813)	(7,258)	(14,213)
Cash flow from financing activities	7,639	(10,681)	1,368	(29,547)	(43,977)
Net increase/(decrease) in cash and cash equivalents	18,724	4,722	16,114	10,265	13,654
Cash and cash equivalents at start of the period	60,321	55,561	63,340	50,738	50,738
Currency effects on cash and cash equivalents	(129)	(477)	(538)	(1,197)	(1,052)
Cash and cash equivalents at end of period	78,916	59,806	78,916	59,806	63,340
<i>of which restricted cash (player funds)</i>	<i>18,249</i>	<i>13,491</i>	<i>18,249</i>	<i>13,491</i>	<i>15,801</i>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, CONDENSED

	Share Capital	Capital contribution	Other reserves	Retained earnings	Equity attributable to owners of the parent company	Non-controlling interest	Total equity
EUR'000s							
Balance at 1 January 2020	1,220	40,615	830	50,683	93,348	4,804	98,152
Profit for the period	-	-	-	20,409	20,409	870	21,279
Other comprehensive income items <i>(exchange differences of foreign operations)</i>	-	-	(38)	27	(12)	-	(12)
Total comprehensive income for the period	-	-	(38)	20,436	20,398	870	21,267
<i>Transactions with shareholders in their capacity as owners:</i>							
Dividends	-	-	109	(14,147)	(14,038)	-	(14,038)
Options Premium	-	391	-	-	391	-	391
<i>Transactions with shareholders in their capacity as owners:</i>							
Acquisition of NCI	-	-	(304)	-	(304)	(275)	(579)
Balance at 30 September 2020	1,220	41,006	597	56,972	99,795	5,399	105,194
Balance at 1 January 2021	1,220	36,115	421	55,075	92,831	5,350	98,181
Profit for the period	-	-	-	7,035	7,035	568	7,603
Other comprehensive income <i>(exchange differences of foreign operations)</i>	-	-	2	-	2	-	2
Total comprehensive income for the period	-	-	2	7,035	7,037	568	7,605
<i>Transactions with shareholders in their capacity as owners:</i>							
Dividends	-	-	95	(16,732)	(16,637)	-	(16,637)
Options Premium	-	194	-	-	194	-	194
Share buyback	-	(7,404)	-	-	(7,404)	-	(7,404)
Balance at 30 September 2021	1,220	28,905	518	45,378	76,021	5,918	81,939

PARENT COMPANY INCOME STATEMENT, CONDENSED

EUR'000s	Jul - Sep 2021	Jul - Sep 2020	Jan-Sep 2021	Jan-Sep 2020	2020
Revenue	207	130	637	498	669
Operating expenses	(1,196)	(849)	(3,443)	(2,677)	(3,837)
Other income and expenses	-	-	-	-	-
Operating profit (EBIT)	(989)	(719)	(2,806)	(2,179)	(3,168)
Net financial income	(398)	50	(430)	168	19,697
Profit before tax	(1,386)	(669)	(3,236)	(2,011)	16,529
Apportion	-	-	-	-	-
Tax cost	-	-	-	-	193
Net Profit for the period*	(1,386)	(669)	(3,236)	(2,011)	16,722

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

PARENT COMPANY BALANCE SHEET, CONDENSED

EUR'000s	30 Sep 2021	30 Sep 2020	31 Dec 2020
ASSETS			
Total non-current assets	45,048	15,026	51,944
Current assets	24,720	24,588	32,641
Cash and cash equivalents	17,945	306	1,419
Total current assets	42,665	24,894	34,060
TOTAL ASSETS	87,713	39,920	86,004
Total equity	10,206	22,527	36,193
Bank Loan	-	10,000	-
Bond Loan	68,734	-	48,860
Financial liability	134	-	-
Total long term liabilities	68,868	10,000	48,860
Total current liabilities	8,639	7,393	951
Total liabilities	77,507	17,393	49,811
TOTAL EQUITY AND LIABILITIES	87,713	39,920	86,004

KPI'S PER QUARTER

Amounts in EUR'000s unless otherwise stated	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Deposits	308 578	304 539	295 763	315 130	292 856
Growth, Deposits, y-y %	5%	-14%	3%	11%	6%
Growth, Deposits, q-q %	1%	3%	-6%	8%	-18%
Deposits per region					
Nordics, % Deposits	49%	46%	43%	44%	44%
Rest of Europe, % Deposits	36%	40%	43%	45%	44%
Rest of World, % Deposits	15%	14%	14%	11%	11%
Net Gaming Revenue (NGR)	96 424	93 899	93 354	96 383	86 047
Growth Net Gaming Revenue, y-y %	12%	-14%	7%	16%	0%
Growth Net Gaming Revenue, q-q %	3%	1%	-3%	12%	-21%
Net Gaming Revenue (NGR) per region					
Nordics, % Net Gaming Revenue	44%	41%	38%	36%	35%
Rest of Europe, % Net Gaming Revenue	34%	39%	42%	47%	47%
Rest of World, % Net Gaming Revenue	22%	20%	20%	17%	18%
Growth in NGR per region					
Nordics, y-y %	39%	4%	-3%	-4%	-20%
Rest of Europe, y-y %	-19%	-35%	-1%	28%	13%
Rest of World, y-y %	42%	17%	69%	46%	21%
Locally-taxed revenue as a % of total	66%	65%	65%	67%	68%
Growth in locally-taxed revenues, y-y %	8%	-26%	-6%	7%	0%
Growth in locally-taxed revenues, q-q %	4%	1%	-6%	9%	-29%
Hold (NGR/Deposits) %	31,2%	30,8%	31,6%	30,6%	29,4%
Game margin %	4,23%	4,12%	4,06%	3,94%	3,69%
Number of active customers	597 667	684 807	721 146	823 649	660 662
Growth active customers, y-y %	-10%	2%	12%	43%	15%
Growth active customers, q-q %	-13%	-5%	-12%	25%	-2%
Number of depositing customers	469 721	460 697	462 386	461 983	438 691
Growth depositing customers, y-y %	7%	6%	12%	24%	26%
Growth depositing customers, q-q %	2%	0%	0%	5%	1%
Number of new depositing customers	188 221	177 503	186 510	181 592	178 995
Growth new depositing customers, y-y %	5%	-9%	-4%	15%	24%
Growth new depositing customers, q-q %	6%	-5%	3%	1%	-8%
Number of returning depositing customers	281 500	283 194	275 876	280 391	259 696
Growth returning depositing customers, y-y %	8%	18%	25%	31%	28%
Growth returning depositing customers, q-q %	-1%	3%	-2%	8%	9%

CONSOLIDATED INCOME STATEMENT PER QUARTER

EUR'000s	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Revenue	99,386	96,830	96,726	98,356	88,921
Cost of sales	(17,111)	(16,963)	(16,045)	(17,135)	(15,714)
Gaming Duties	(15,930)	(15,469)	(15,277)	(14,336)	(12,351)
Gross profit	66,345	64,398	65,404	66,885	60,856
Personnel costs	(12,414)	(13,508)	(13,327)	(12,856)	(12,439)
Capitalised development costs	3,630	3,878	3,181	2,926	2,408
Other operating expenses	(9,876)	(7,488)	(8,749)	(8,965)	(7,406)
Marketing expenses	(36,242)	(37,594)	(36,138)	(36,730)	(31,799)
Other income and expenses	67	124	68	(3,289)	279
EBITDA	11,510	9,810	10,439	7,971	11,898
Depreciation and amortisation	(3,012)	(2,909)	(2,710)	(2,752)	(2,681)
Amortisation of acquired intangible assets and impairment of assets incl. goodwill	(2,984)	(4,135)	(4,076)	(6,052)	(4,076)
Operating profit (EBIT)	5,514	2,766	3,653	(833)	5,141
Financial income	-	-	-	980	-
Financial costs	(1,127)	(877)	(1,080)	(1,559)	(422)
Financial liability fair value gains/(losses)	-	-	-	-	-
Share of profit after tax from associated companies reported using the equity method	(58)	196	-	-	-
Profit before tax	4,329	2,085	2,573	(1,412)	4,719
Income tax	(204)	(1,002)	(178)	(534)	(607)
Net profit for the period	4,125	1,083	2,395	(1,946)	4,112
Net profit attributable to owners of the parent company	4,054	824	2,157	(1,897)	3,593
Net profit attributable to non-controlling interests	71	259	238	(49)	519
Other comprehensive income					
Items that may be transferred to profit for the year:					
Exchange differences on translation of foreign operations	(1)	-	3	-	(1)
Other comprehensive income, after tax	(1)	-	3	-	(1)
Total comprehensive income for the period	4,124	1,083	2,398	(1,946)	4,111
Total comprehensive income attributable to owners of the parent company	4,053	824	2,160	(1,897)	3,592
Total comprehensive income attributable to non-controlling interests	71	259	238	(49)	519
Earnings per share (EUR)	0.04	0.01	0.02	(0.02)	0.04
Earnings per share after dilution (EUR)	0.04	0.01	0.02	(0.02)	0.04
Weighted average number of shares outstanding adj. for share split (millions)	98.67	99.60	100.18	100.92	101.65
Weighted average number of shares outstanding after dilution adj. for share split (millions)	98.67	99.60	100.18	100.92	101.65
Key ratios					
Cost of sales as a % of revenue	17.2%	17.5%	16.6%	17.4%	17.7%
Gaming duties as a % of revenue	16.0%	16.0%	15.8%	14.6%	13.9%
Gross margin, %	66.8%	66.5%	67.6%	68.0%	68.4%
Personnel costs as % of revenue	12.5%	14.0%	13.8%	13.1%	14.0%
Operating expenses as % of revenue	9.9%	7.7%	9.0%	9.1%	8.3%
Marketing expenses as % of revenue	36.5%	38.8%	37.4%	37.3%	35.8%
EBITDA, margin %	11.6%	10.1%	10.8%	8.1%	13.4%
EBIT, margin %	5.5%	2.9%	3.8%	-0.8%	5.8%
Net margin, %	4.2%	1.1%	2.5%	-2.0%	4.6%
Adjusted profit measures EUR'000s	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
EBITDA	11,510	9,810	10,439	7,971	11,898
Gain on sale of subsidiaries and assets	-	-	-	-	-
Restructuring costs	-	-	-	-	-
Other items affecting comparability	-	756	507	3,500	-
Adjusted EBITDA	11,510	10,566	10,946	11,471	11,898
Depreciation and amortisation	(3,012)	(2,909)	(2,710)	(2,752)	(2,681)
Adjusted EBIT	8,498	7,657	8,236	8,719	9,217
Net financial items	(1,127)	(877)	(1,080)	(579)	(422)
Share of profit after tax from associated companies reported using the equity method	(58)	196	-	-	-
Tax	(204)	(1,002)	(178)	(534)	(607)
Adjusted net income	7,109	5,974	6,978	7,606	8,188
Adjusted EPS	0.07	0.06	0.07	0.08	0.08
Adjusted EBITDA margin %	11.6%	10.9%	11.3%	11.7%	13.4%
Adjusted EBIT margin %	8.6%	7.9%	8.5%	8.9%	10.4%
Adjusted net margin %	7.2%	6.2%	7.2%	7.7%	9.2%

CONSOLIDATED BALANCE SHEET PER QUARTER, CONDENSED

EUR'000s	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
ASSETS					
Non-current assets					
Property, plant and equipment	2,177	2,137	2,255	2,394	2,462
Lease assets (right of use assets)	6,737	7,594	8,537	8,878	9,205
Intangible assets	26,032	24,194	21,353	19,493	20,290
Intangible assets surplus values from acquisitions	21,241	24,225	24,616	28,694	32,770
Goodwill	95,734	95,734	94,657	94,657	94,657
Financial Fixed Asset	-	-	-	314	-
Deferred tax assets	3,382	3,382	2,876	2,876	2,682
Investments in associated accounted for using the equity method	1,259	1,317	1,121	-	-
Total non-current assets	156,562	158,583	155,415	157,306	162,065
Current assets					
Trade receivables and other receivables	32,137	35,161	25,194	23,160	32,077
Prepaid expenses and other accrued income	5,983	5,423	6,044	5,480	4,252
Cash and cash equivalents	78,916	60,321	70,809	63,340	59,806
<i>of which restricted cash (player funds)</i>	<i>18,249</i>	<i>16,542</i>	<i>16,564</i>	<i>15,801</i>	<i>13,491</i>
Total current assets	117,036	100,905	102,047	91,981	96,135
TOTAL ASSETS	273,598	259,488	257,462	249,287	258,200
EQUITY AND LIABILITIES					
Share capital	1,220	1,220	1,220	1,220	1,220
Additional paid-in capital	28,905	31,415	36,115	36,115	41,006
Other reserves	518	467	424	421	597
Retained earnings including profit for the period	45,378	41,132	57,232	55,075	56,972
Equity attributable to owners of the Parent Company	76,021	74,234	94,991	92,831	99,795
Non-controlling interest	5,918	5,847	5,588	5,350	5,399
Total Equity	81,939	80,081	100,579	98,181	105,194
Bank loan	-	4,776	4,748	-	50,104
Bond loan	68,734	48,625	48,051	48,860	-
Lease liabilities	3,131	4,119	4,614	5,300	5,404
Financial liability	134	95	721	-	-
Deferred tax liability	1,095	1,217	1,223	1,435	1,578
Total non-current liabilities	73,094	58,832	59,357	55,595	57,086
Current liabilities					
Trade and other payables	33,769	37,090	20,780	20,287	28,182
Player liabilities	18,249	16,542	16,564	15,801	13,491
Tax liability	9,953	8,380	5,947	5,948	5,310
Accrued expenses and deferred income	53,215	52,863	48,515	45,082	40,627
Bank loan	-	-	-	-	-
Short-term lease liabilities	3,379	3,400	3,420	3,093	3,009
Liability for conditional purchase price (earn-out)	-	2,300	2,300	5,300	5,300
Total current liabilities	118,565	120,575	97,526	95,511	95,919
Total liabilities	191,659	179,407	156,883	151,106	153,005
TOTAL EQUITY AND LIABILITIES	273,598	259,488	257,462	249,287	258,200

CONSOLIDATED STATEMENT OF CASH FLOWS PER QUARTER, CONDENSED

EUR'000s	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Operating profit	5,514	2,766	3,653	(833)	5,141
Adjustments for non-cash items	5,727	7,320	6,195	8,922	6,911
Cash flow from changes in working capital	778	8,456	2,896	6,279	2,359
Net income taxes paid	5,295	(10,211)	-	6,469	3,214
Cash flow from operating activities	17,314	8,331	12,744	20,837	17,625
Acquisition of property, plant and equipment	(313)	(153)	(154)	(110)	(96)
Acquisition of intangible assets	(3,616)	(4,525)	(3,370)	(2,908)	(2,408)
Acquisition of subsidiaries	(2,300)	(3,591)	(4,500)	-	(579)
Investment of associate accounted for using the equity method	-	-	(1,121)	-	-
Proceeds on sale of subsidiaries and assets	-	-	-	-	861
Cash flow from investing activities	(6,229)	(8,269)	(9,145)	(3,018)	(2,222)
Bond financing	19,897	-	-	48,298	-
Loan financing	(5,000)	-	5,000	(50,343)	(10,000)
Lease liabilities	(1,099)	(516)	(890)	(539)	(1,097)
Share buyback	(2,462)	(4,942)	-	(4,891)	-
Proceeds from share issue/other equity securities	193	-	-	-	416
Cash dividends paid out to shareholders	(3,890)	(4,923)	-	(6,955)	-
Cash flow from financing activities	7,639	(10,381)	4,110	(14,430)	(10,681)
Net increase/(decrease) in cash and cash equivalents	18,724	(10,319)	7,709	3,389	4,722
Cash and cash equivalents at start of the period	60,321	70,809	63,340	59,806	55,561
Currency effects on cash and cash equivalents	(129)	(169)	(240)	145	(477)
Cash and cash equivalents at end of period	78,916	60,321	70,809	63,340	59,806
<i>of which restricted cash (player funds)</i>	<i>18,249</i>	<i>16,542</i>	<i>16,564</i>	<i>15,801</i>	<i>13,491</i>

DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES

ACTIVE CUSTOMERS

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

ADJUSTED EARNINGS PER SHARE

Earnings per share adjusted for items affecting comparability.

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.

DEPOSITING CUSTOMERS

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

DEPOSITS

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

DIVIDEND PER SHARE

The dividend paid or proposed per share.

EARNINGS PER SHARE

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

EARNINGS PER SHARE AFTER DILUTION

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

EBIT

Operating profit.

EBIT MARGIN, %

EBIT in relation to revenue.

EBITDA

Operating profit before depreciation, amortisation and impairment losses.

EBITDA MARGIN, %

EBITDA in relation to revenue.

EQUITY/ASSETS RATIO, %

Shareholders' equity divided by total assets.

GAME MARGIN, %

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

GROSS GAMING REVENUE (GGR)

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

GROSS PROFIT

Revenue less direct, variable costs, which include, among others, costs for third-party game vendors, fees paid to payment service providers, and gaming taxes.

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 as well as one-off sanction fees are also included in items affecting comparability.

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 wins payable to customers after bonus costs and external jackpot contributions (referred to in the industry as NGR).

NEW DEPOSITING CUSTOMER (NDC)

A customer who has made his or her first cash deposit during the period.

OPERATING PROFIT (EBIT)

Profit before interest and tax.

ORGANIC GROWTH

Growth excluding acquisitions, adjusted for currency effects.

PROFIT MARGIN, %

Net profit divided by revenue.

RETURNING DEPOSITING CUSTOMER (RDC)

A customer who has made a cash deposit during the period but made his or her first deposit in an earlier period.

SHARES OUTSTANDING AFTER DILUTION

The number of shares outstanding before dilution plus the number 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 and current assets.

OTHER DEFINITIONS**GAMING TAX**

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

LOCALLY TAXED REVENUE

Revenue from locally regulated markets and markets where the company pays gaming tax.

LOCALLY REGULATED MARKETS

Markets that have regulated online gaming and that have issued licences that operators can apply for.

MOBILE DEVICES

Smartphones and tablets.

NET PROFIT

Profit less all expenses, including interest and tax.

PLATFORM

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

REVENUE

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