



# LeoVegas

## MOBILE GAMING GROUP

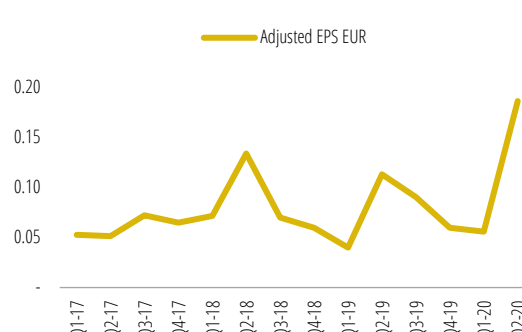
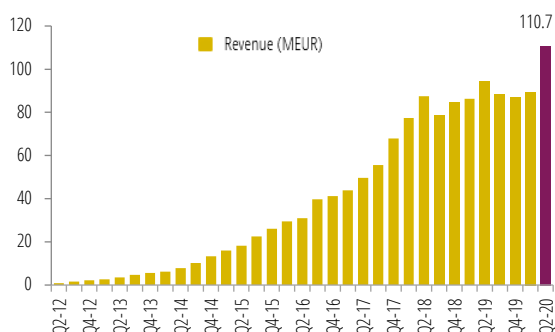
LeoVegas' vision and position is "King of Casino". The global LeoVegas Mobile Gaming Group offers casino, live casino and sports betting games. The Parent Company LeoVegas AB (publ.) is domiciled in Sweden, and operations are based primarily in Malta. The company's shares are listed on Nasdaq Stockholm.

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

## QUARTERLY REPORT 1 APRIL–30 JUNE 2020

### SECOND QUARTER 2020: 1 APRIL–30 JUNE

- Revenue increased by 17% to EUR 110.7 m (94.4). Organic growth in local currencies was 19%.
- The number of depositing customers was 434,453 (350,298), an increase of 24%.
- Net Gaming Revenue (NGR) from locally regulated markets was 51% (48%) of total NGR.
- EBITDA was EUR 23.0 million (15.1), corresponding to an EBITDA margin of 20.8% (16.0%).
- Operating profit (EBIT) was EUR 16.3 m (8.5), while adjusted EBIT was EUR 20.3 m (12.6), corresponding to an adjusted EBIT margin of 18.4% (13.3%).
- Earnings per share were EUR 0.14 (0.08) before and after dilution, while adjusted earnings per share were EUR 0.19 (0.11).



### 1 JANUARY–30 JUNE 2020

- Revenue increased by 11% to EUR 200.2 m (180.7).
- EBITDA was EUR 32.0 m (22.3), corresponding to an EBITDA margin of 16.0% (12.3%).
- Operating profit (EBIT) was EUR 18.5 m (9.1). Adjusted EBIT was EUR 26.6 m (17.4), corresponding to an adjusted EBIT margin of 13.3% (9.6%).
- Earnings per share before dilution were EUR 0.17 (0.08). Adjusted earnings per share were EUR 0.24 (0.15).

### EVENTS DURING THE QUARTER

- LeoVegas completed the migration of 12 brands in the UK to the Group’s proprietary technical platform.
- The LiveCasino.com brand was launched in a number of English-speaking countries.
- At LeoVegas’ Annual General Meeting on 8 May, Anna Frick and Fredrik Rüdén were re-elected as board members. Hélène Westholm, Mathias Hallberg, Carl Larsson, Per Norman and Torsten Söderberg were elected as new board members. Per Norman was elected as Chairman of the Board.

### EVENTS AFTER THE END OF THE QUARTER

- Preliminary revenue in July amounted to EUR 30.7 m (29.3), representing growth of 5%. The temporary restrictions introduced in Sweden starting on 2 July have had a negative impact on revenue.
- GoGoCasino was launched in Finland. An international rollout of the brand is now continuing.
- LeoVegas has increased its ownership in the e-sports betting operator Pixel.bet to 85%, from 51% previously.

## CEO'S COMMENTS

### SECOND QUARTER 2020

LeoVegas has delivered continued solid growth and profitability during a period of exceptional circumstances in the world around us. Supported by the record-large customer base that we entered the quarter with, together with our ability to quickly adapt to new conditions, the positive trend from the first quarter is continuing.

Revenue during the second quarter amounted to EUR 110.7 m (94.4), representing organic growth of 19%. Net Gaming Revenue (NGR) for casino grew 24% during the period, while for sports betting it decreased by 53% compared with the same period a year ago.

EBITDA amounted to EUR 23.0 m (15.1), corresponding to a margin of 20.8% (16.0%). We thus grew EBITDA by 53%, which shows the scalability in our business model from higher revenue. The sharply improved operating profit has been achieved despite a continued high pace of expansion and increased investments in technology and products.

### COVID-19

I am very satisfied with how we at LeoVegas are handling the COVID-19 situation so that we can conduct our business without noticeable disruptions, despite challenges such as not being able to meet in our daily work. Our industry, like many other sectors, is experiencing a structural shift from offline to online. Owing to LeoVegas' online position, appreciated brands and proprietary technical platform, we stand strong in an increasingly digital world.

### MARKETS

We had favourable development in most of our markets during the second quarter. Growth has been driven primarily by a record-large depositing customer base, which grew 24% compared with a year ago. The Rest of Europe region experienced exceptionally high growth, with Italy posting record-strong performance. The effects related to COVID-19 are judged overall to have had a positive impact on NGR during April and May, mainly in the markets that were entirely shut down during the period. In these markets, LeoVegas has taken market shares from the land-based gambling industry. However, the effect on revenue related to

*“The strong EBITDA growth clearly illustrates the scalability of our business model”*

COVID-19 is judged to have been negative in Sweden during the quarter.

### RESPONSIBLE GAMING

During the quarter, several countries implemented measures to reduce the risk for problem gaming in connection with COVID-19. Spain, for example, introduced a temporary ban on gambling advertising. On top of these restrictions, LeoVegas has chosen to implement its own proactive measures to strengthen player protection. Most of the temporary restrictions throughout Europe ended in June, and Spain and the UK, among other countries, have reverted to normal regulations once their respective societies opened up again.

It is therefore remarkable that Sweden, despite massive criticism from most areas, has moved in the opposite direction and introduced new, temporary restrictions, effective 2 July, focused particularly on online casino. There is a large risk that these restrictions, implemented entirely without supporting factual data, are undermining the Swedish regulation system and driving players to companies without Swedish licences, where player protection is non-existent. These restrictions therefore risk being counter-productive and instead contribute to an increase in problem gaming in Sweden.

The independent research consultancy Copenhagen Economics has noted that one consequence of the new restrictions is that the unregulated market for online casino may increase to as much as 50%, which is far from the authorities' stated goal to limit the unregulated market to 10% at most.

We advocate for balanced and clear regulations for achieving long-term sustainable licensing systems. LeoVegas wants to contribute to this through a broader dialogue and collaboration with the authorities in the countries we are active in.

**MULTIBRAND STRATEGY**

During the quarter we launched the new LiveCasino.com brand in a number of English-speaking countries. We see great potential for the brand. The start has been promising, and additional markets are to be expected.

Following the successful launch of GoGoCasino in Sweden last year, an international rollout of the brand is now under way. Finland was the second market to launch, at the start of July.

The successful launches of new brands are in line with the company's multibrand strategy and show our ability to create new revenue streams while at the same time drawing benefit from the Group's economies of scale.

**COMMENTS ON THIRD QUARTER**

Revenue for the month of July amounted to EUR 30.7 m (29.3), representing a growth rate of 5%.

Our assessment is that the gaming market has returned to a more normal environment in July, with a natural player shift from casino back to sports betting now that the major sports leagues have restarted. At the same time, the temporary restrictions introduced in Sweden starting on 2 July are having a negative impact on revenue.

The positive trend in our customer base is continuing into the third quarter, and the number of depositing customers increased by 34% in July compared with the same period a year ago, to a new record level for a single month. We will maintain a continued high rate of investment during the third quarter, partly linked to the launch of new brands and market establishments. Our current assessment is therefore that marketing costs will be in line with – or slightly higher than – the level during the second quarter.

We continue to focus on delivering sustainable and profitable growth for our shareholders and on offering an entertaining and safe gaming experience for our customers around the world. LeoVegas' long-term vision is to be "King of Casino".

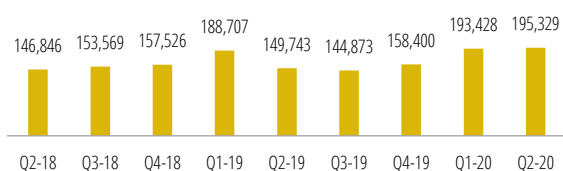


**Gustaf Hagman**, President and CEO, LeoVegas Mobile Gaming Group, Stockholm, 13 August 2020

## KEY PERFORMANCE INDICATORS

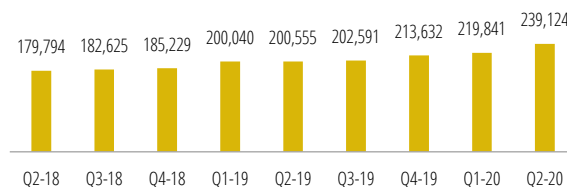
For more KPIs and comments, see the accompanying presentation file at [LeoVegasgroup.com](http://LeoVegasgroup.com). See also the section “Definitions of Alternative Performance Measures”.

### NEW DEPOSITING CUSTOMERS (NDCs)



NDCs increased by 30% compared with the same period a year ago and by 1% sequentially over the first quarter. The number of NDCs reached a new record level during the second quarter.

### RETURNING DEPOSITING CUSTOMERS (RDCs)



The number of RDCs reached a new record level during the second quarter. Growth was 19% compared with the same period a year ago and 9% compared with the first quarter.

### NGR PER REGION, Q2 2020



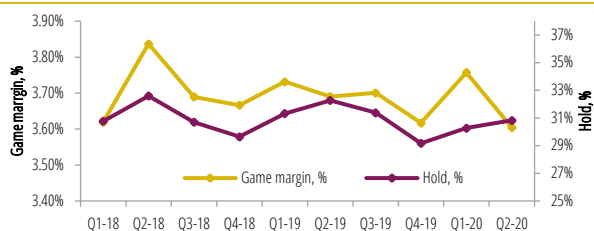
Rest of Europe was the largest region during the second quarter and accounted for 51% of the Group’s Net Gaming Revenue (NGR). The Nordic countries accounted for 34%, and Rest of World for 15%. Rest of Europe increased sequentially compared with the first quarter.

### GGR PER PRODUKT, Q2 2020



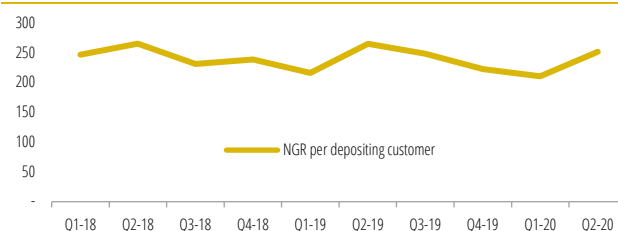
Casino accounted for 78% of the Group’s Gross Gaming Revenue (GGR), Live Casino accounted for 18%, and the sports book accounted for 4%. The sports book was negatively affected during the quarter by the COVID-19 crisis and absence of sporting events. The impact was greatest during the months of April and May.

### GAMING MARGIN AND HOLD



The relation between NGR and deposits (“Hold”) increased slightly over the preceding quarter, to 31%, which is in line with the historical average. One factor that has historically had a strong bearing on hold is the gaming margin. The gaming margin during the quarter was 3.6%, which is below the historical average.

### PLAYER VALUE (EUR)



The average player value per depositing customer was EUR 252, which is an increase of 19% compared with the preceding quarter and a decrease of 5% compared with the same quarter a year ago. The higher player value compared with the preceding quarter is mainly explained by a lower share of sport players, a changed geographical mix and a higher share of returning depositing customers.

## GROUP PERFORMANCE Q2

### REVENUE, DEPOSITS AND NGR

Revenue totalled EUR 110.7 m during the second quarter (94.4), an increase of 17%. Organic growth was 19%.

Deposits totalled EUR 355.0 m (287.8) during the quarter, representing growth of 23%. Deposits grew sequentially by 23% over the preceding quarter. Mobile deposits accounted for 74% (73%) of total.

Net Gaming Revenue (NGR) amounted to EUR 109.4 m (92.9) during the period, an increase of 18% over the same period a year ago and 26% sequentially compared with the first quarter. The increase in NGR was slightly lower than the increase in deposits, which is explained by a lower gaming margin than in the preceding quarter.

In the Nordics region, NGR decreased by 2% compared with the same period a year ago. A decrease in sports betting during the quarter had a negative impact on revenue during the quarter and was offset only partly by an increase in casino. In the Rest of Europe region, NGR increased by 30% over the same period a year ago. The markets in which society was partly shut down in response to the COVID-19 crisis showed the strongest growth in April and May, while figures for June indicated a return to more normal player behaviour. In the Rest of World region, NGR grew 35% over the same period a year ago, with positive development in most markets. The new LiveCasino.com brand was launched during the period in a number of English-speaking markets but had only a limited impact on NGR during the second quarter. For the Group as a whole, revenue from locally regulated markets accounted for 51% (48%) of total revenue.

### EARNINGS

Gross profit amounted to EUR 74.7 m (63.8) during the second quarter, corresponding to a gross margin of 67.5% (67.5%).

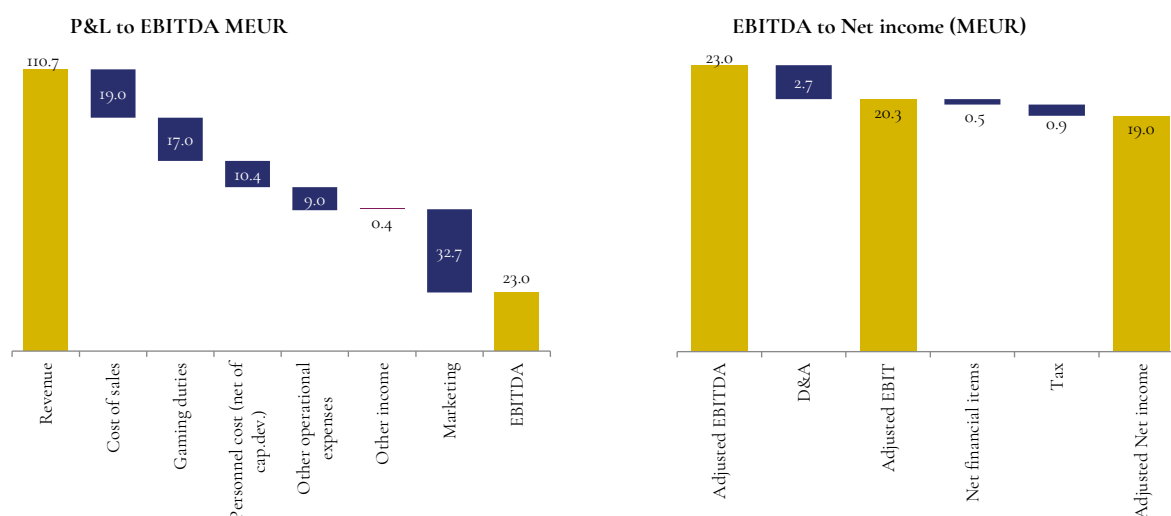
Gambling taxes totalled EUR 17.0 m (12.8), corresponding to 15.4% of revenue (13.5). Gambling taxes has in absolute numbers increased by 33% over the corresponding period a year ago. The increase is explained by a higher share of revenue from markets with local gambling taxes and an increase in other excise taxes. The cost of sales was 17.1% of revenue (19.0%) and consisted mainly of costs for external game and payment service providers.

Cost of sales in relation to the Group's revenue decreased during the second quarter compared with the same period a year ago and the preceding quarter. The decrease is explained by improved vendor agreements and temporarily lower costs due to fewer sporting events during the period.

Marketing costs during the quarter totalled EUR 32.7 m (28.1). Marketing costs in relation to revenue were 29.6%, which is a decrease compared with the first quarter share of 35.0% but in line with the same period a year ago (29.7%).

Personnel costs in relation to revenue decreased compared with the same period a year ago, to 11.9% (14.0%). The company increased its staffing during the quarter, mainly in products and technology, and in customer service. No employees were furloughed as a result of COVID-19.

Other operating expenses amounted to 8.1% of revenue (10.2%), which is a decrease compared with the same period a year ago, both in absolute figures and in relation to revenue. The Group's focus on higher efficiency continued to have a positive impact during the period. At the same time, COVID-19-related effects, such as a decrease in travel and lower personnel and office-related overheads, contributed to a temporary decrease in operating expenses, which are gradually expected to return to more normal levels during the third quarter.



EBITDA for the second quarter was EUR 23.0 m (15.1), corresponding to an EBITDA margin of 20.8% (16.0%). Adjusted EBITDA was the same as EBITDA during the quarter, as there were no items affecting comparability.

The Group's depreciation and amortisation excluding acquisition-related depreciation and amortisation amounted to EUR 2.7 m (2.5). Amortisation related to acquired intangible assets totalled EUR 4.1 m (4.1).

Operating profit (EBIT) for the quarter was EUR 16.3 m (8.5), corresponding to an EBIT margin of 14.7% (9.0%). Adjusted EBIT for the quarter was EUR 20.3 m (12.6), corresponding to an adjusted EBIT margin of 18.4% (13.3%). Adjusted EBIT more accurately reflects the Group's underlying earnings capacity, as it excludes items affecting comparability. During the year, EBIT has been affected only by amortisation of acquired intangible assets as an item affecting comparability.

Recurring financial expenses are mainly related to the company's bank loan facilities and amounted to EUR 0.5 m (0.5) during the quarter.

Income tax for the quarter totalled EUR 0.9 m (0.6).

Net profit for the quarter was EUR 14.9 m (7.4), corresponding to a net margin of 13.4% (7.9%). Earnings per share were EUR 0.14 (0.08) before and after dilution.

Adjusted earnings per share were EUR 0.19 (0.11). Adjusted earnings per share reflect the Group's underlying earnings capacity, as items affecting comparability are excluded. Items affecting comparability during the period pertained to amortisation of acquired intangible assets.

**BALANCE SHEET AND FINANCING**

The Group's financial position is good. Cash and cash equivalents at the end of the quarter amounted to EUR 55.6 m (49.3). Cash and cash equivalents excluding customer balances amounted to EUR 40.3 m (38.6). LeoVegas has available credit facilities of EUR 90 m, of which EUR 60 m was utilised as per the end of the quarter.

The Group had intangible assets worth EUR 19.3 m at the end of the quarter (16.4). Intangible assets attributable to identified surplus value from acquisitions amounted to EUR 36.8 m (53.2). Goodwill related to all acquisitions amounted to EUR 94.7 m (103.0).

Total liabilities decreased compared with the corresponding quarter last year, which is mainly attributable to the Group's amortisations of the bank credit facilities.

At the end of the quarter the Group's equity amounted to EUR 101.7 m (95.7). Non-controlling interests make up EUR 5.2 m (5.3) of equity. The equity/assets ratio was 38.2% (34.5%). Total assets at the end of the quarter amounted to EUR 266.3 m (277.4).

**CASH FLOW AND INVESTMENTS**

Cash flow from operating activities totalled EUR 22.3 m (9.4) during the quarter. Working capital improved during the period but can 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. Cash flow during the period was also charged with payment of EUR 11.4 m (4.5) in income tax. The difference in paid income tax is explained by the fact that the company, as per the end of the quarter, was awaiting the annual tax refund for the Maltese companies. The refund is expected to be received after the second quarter, and thereby have a positive cash flow effect during the third quarter.

Investments in property, plant and equipment amounted EUR 0.1 m (0.3). Investments in intangible non-current assets amounted to EUR 3.0 m (2.0) and pertain mainly to capitalised development costs. Cash flow from financing activities was affected by amortisation of EUR 10.0 m of the company's credit facility during the period (10.0) and a bi-yearly dividend payment of EUR 7.3 m (5.7) to the Parent Company's shareholders. Amortisation of the lease liability, i.e., rents for the Group's leased assets, affected cash flow from financing activities by EUR 0.8 m (0.8).



## GROUP PERFORMANCE FIRST HALF OF 2020

### REVENUE AND EARNINGS

Consolidated revenue amounted to EUR 200.2 m (180.7), an increase of 11%.

Gross profit increased by 11% to EUR 134.6 m (121.6). The gross margin for the half-year period was 67.2% (67.3%).

Marketing costs as a share of revenue decreased to 32.0% (33.7%).

EBITDA amounted to EUR 32.0 m (22.3), and the EBITDA margin was 16.0% (12.3%). No items affecting comparability has impacted EBITDA during the period.

Operating profit (EBIT) was EUR 18.5 m (9.1), with an operating profit margin of 9.2% (5.1%). Operating profit adjusted for items affecting comparability was EUR 26.6 m (17.4), corresponding to a margin of 13.3% (9.6%).

Net profit for the half-year period increased to EUR 17.2 m (7.4). Adjusted net profit for the period was EUR 24.6 m (15.6), with an adjusted margin of 12.3% (8.7%).

### CASH FLOW AND INVESTMENTS

Cash flow from operating activities increased during the first half of the year to EUR 32.8 m (15.2). The increase is mainly explained by higher EBITDA for the period and changes in working capital. Cash flow during the period was also charged with payment of EUR 11.4 m (4.5) in income tax. The difference in paid income tax is explained by the fact that the company, as per the end of the second quarter, was awaiting the annual tax refund for the Maltese companies. The refund is expected to be received after the second quarter, and thereby have a positive cash flow effect during the third quarter.

Investments in property, plant and equipment amounted EUR 0.2 m (0.7). Investments in intangible non-current assets amounted to EUR 5.2 m (4.2) and pertain mainly to capitalised development costs. Cash flow from investing activities was also affected by a partial payment of the earn-out to Royal Panda, of EUR 3.0 m (0.0).

Cash flow from financing activities was EUR -18.9 m (-17.3). The negative cash flow during the period is mainly attributable to amortisation of EUR 10.0 m of the company's credit facility during the period (10.0) and the bi-yearly dividend payment of EUR 7.3 m (5.7) to the Parent Company's shareholders.

## OTHER INFORMATION

### OUTLOOK AND FINANCIAL TARGETS

LeoVegas' long-term financial targets are:

#### *Long-term financial targets:*

- *Long-term organic growth that outperforms the online gaming market*
- *Long-term EBITDA margin of no less than 15% assuming that 100% of revenue will be generated in locally regulated markets subject to gambling tax*
- *To pay a dividend, over time, of at least 50% of profit after tax*

The total market for offline and online gaming is estimated to be worth approximately EUR 458 bn and is expected to grow by an average of 7.6% per year by 2025. Globally the online gaming market is expected to be worth EUR 56 bn this year and grow by an average of 8.9% during the coming four years (source: H2GC, July 2020).

LeoVegas 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, with more and more consumer-oriented services being provided online, bodes for favourable growth going forward. In the wake of COVID-19 there is the possibility that the shift from land-based gambling to the online environment will take place at a faster pace. Online gaming in LeoVegas' main market, Europe, today accounts for 32% of the total market and is expected to increase to 33% by 2025 (source: H2GC, July 2020).

The trend in which more and more markets are adopting local regulation is increasing the entry barriers and favours companies like LeoVegas, which has a scalable organisation, strong brands and an attractive customer offering with a high level of responsible gaming.

### 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 second quarter totalled EUR 0.2 m (0.1), and profit after tax EUR -0.5 m (2.1). Apart from dividends from subsidiaries, the result is steered essentially by invoiced management services and other operating expenses. Cash and cash equivalents amounted to EUR 0.3 m (0.2).

### CURRENCY SENSITIVITY

LeoVegas' largest markets are the Nordic countries and the UK. The Group's earnings are thus affected by currency translation effects. During the quarter, changes in the euro exchange rate had a negative effect on revenue of approximately EUR 1.1 m compared with the same period a year ago and a negative effect of approximately EUR 0.9 m compared with the preceding quarter.

### SEASONAL VARIATIONS

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

### PERSONNEL

The number of full-time employees at the end of the quarter was 881 (855), of whom 36 are employed in LeoVentures. The average number of employees during the quarter was 863 (877). LeoVegas was using the services of 32 (15) full-time consultants at the end of the quarter.

### MANAGEMENT AND BOARD OF DIRECTORS

At LeoVegas' Annual General Meeting on 8 May, Anna Frick and Fredrik Rüdén were re-elected as board members. Hélène Westholm, Mathias Hallberg, Carl Larsson, Per Norman and Torsten Söderberg were elected as new board members. Per Norman was elected as Chairman of the Board. More information about the new board is available at [www.leovegasgroup.com](http://www.leovegasgroup.com).

Avshalom Lazar, Chief Compliance and Legal Officer, has decided to seek new challenges outside of LeoVegas. His role has been assumed by the compliance and legal team.

### RELATED-PARTY TRANSACTIONS

LeoVegas has related-party relationships for rents of company flats. In other respects, no related-party transactions were conducted during the quarter. For more

information about preceding years, please refer to the company's annual reports.

#### SHARES AND OWNERSHIP STRUCTURE

LeoVegas AB is listed on Nasdaq Stockholm. The total number of shares outstanding and votes in LeoVegas AB is 101,652,970. As per 30 June 2020 the company had 16,780 shareholders. The five largest shareholders were Gustaf Hagman, with 8.3%; Avanza Pension, with 6.4%; Torsten Söderberg and family, with 4.4%; Investment AB Öresund, with 3.4%; and Robin Ramm-Ericson, with 3.3%.

#### 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 four warrant programmes were in effect, which expire in 2020, 2021, 2022 and 2023, 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 quarter.

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 108–112, of the 2019 Annual Report. The accounting policies are unchanged

since the most recently published annual report for the 2019 financial year.

#### 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. Adjusted items include amortisation of acquired intangible assets and remeasurement of an earn-out (with no cash flow effect). The measures are also adjusted to exclude sales of subsidiaries and assets as well as costs for restructuring of the existing organisation.

#### FINANCIAL CALENDAR

LeoVegas' financial calendar is outlined below:

- 5 Nov. 2020 – Q3 interim report
- 11 Feb. 2021 – Q4 interim report

## LEGAL UPDATE

The legal situation for online gaming is changing continuously at the EU level as well as in individual geographic markets. Countries within the EU are under pressure to adapt their respective national legislation to applicable EU laws, especially regarding the free movement of products and services. LeoVegas' expansion strategy is primarily to work in locally regulated markets or markets that are in the process of implementing local regulation. Most countries in the EU have adopted or are holding discussions to introduce so-called local regulation in order to adapt to the prevailing market climate. Examples of countries that have adopted local regulation include the UK, Denmark and Italy. Since 2019 Sweden also has local regulation. 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 that step.

In April 2020 the UK Gambling Commission (UKGC) banned the use of credit cards as a form of payment for gaming. The ban applies for all product categories except for national lotteries. In the UK, the House of Lords recently published a report with recommendations for changes to laws governing gambling in the UK. They point to the need for greater gambler protection and more stringent affordability checks as well as recommendations for restrictions in gambling mechanisms. Most of the recommendations may lead to more stringent regulations for licensed operators.

In the Netherlands the authorities have decided to introduce a local licensing system, which is planned to take effect at the start of 2022. The gambling tax has been set at 29%, which is the same as for land-based operators.

In Germany the federal states have agreed to adopt national regulation, which is expected to be implemented during the second half of 2021. A number of details still need to be decided on before an evaluation can be made of how this will specifically affect LeoVegas. In general, regulation is positive from a long-term perspective. However, there are certain elements and restrictions in the German regulations that could have a negative impact on customer value and risk leading to low channelization in the market. Over time this may be compensated by lower competition within the

regulated market and offer greater access to local payment opportunities and marketing channels.

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

The current crisis resulting from the COVID-19 pandemic has given rise to societal concerns over the risk for an increase in unsound gaming under the current circumstances. Even though it is not possible to confirm this with reliable statistics, authorities in a few countries have introduced various types of temporary restrictions. The market is now on its way to returning to a more normal status, and most authorities have lifted these restrictions. Even in markets where the authorities have not introduced any restrictions, LeoVegas has maintained a more restrained level in its marketing and conducted its own proactive measures to strengthen player protections. LeoVegas sees no increase in unsound gaming attributable to COVID-19 in its customer data.

In Sweden, on 2 July temporary restrictions were introduced for online casino. These include new restrictions of bonus offers, a weekly deposit cap of SEK 5,000 and a mandatory time restriction on gaming. LeoVegas sees a risk that further restrictions set forth by the regulations will hamper sustainability and long-term objectives in the Swedish gaming market, as more and more people are being driven to the unregulated market, where consumer protection is non-existent.

In all markets that are of interest for LeoVegas, the company is closely monitoring developments and is working actively to share its experiences from other regulated markets, all in an effort to contribute to a sound and sustainable gaming market with a high level of consumer protection.

## 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 the 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 plans. Developments in the legal area are monitored and assessed on a continuous basis within LeoVegas.

Part of LeoVegas' marketing entails cooperating with partners in advertising networks, so-called affiliates. In connection with this, it may happen that the LeoVegas brand is exposed in undesirable contexts. On account of the complexity and volume of traffic sources, it is not possible for LeoVegas to control each and every one of these traffic sources. LeoVegas conducts a thorough review of new partners before a cooperation can begin. In the event of a violation of our affiliation terms, LeoVegas has the opportunity to withhold payment and terminate its cooperation with the affiliate in question. In Sweden LeoVegas is working together with the Swedish Trade Association for Online Gambling (BOS) to ensure sustainability and a serious approach in the industry.

LeoVegas' offering is based on gaming as a fun and attractive form of entertainment. However, certain people are at risk of developing gaming-related problems. LeoVegas takes this very seriously, and responsible gaming is a fundamental principle in the company's offering and customer contacts. All LeoVegas employees, regardless of their position, must be certified in responsible gaming. LeoVegas has employees who work exclusively with promoting responsible gaming and related issues. LeoVegas has implemented a number of functions designed to identify and help potential problem gamers. These include tools for helping customers control their gaming, including Loss limits, Time limits, Time alerts, Pause account and Account closure. In addition, a Self Assessment is offered to enable early identification if a customer's gaming is at risk of becoming a problem. In addition to these tools for customers and internal training for employees, LeoVegas works internally with responsible gaming as part of its company culture. LeoVegas works with commitment and knowledge to continuously promote a positive and sound gaming experience for everyone. Another Group-wide platform for responsible gaming is LeoSafePlay. The ambition for LeoSafePlay is that it will develop to

become one of the industry's most comprehensive tools for player protection.

The risks and impacts of COVID-19 are hard to assess, and the conditions are changing continuously. The current crisis is having a minor impact on operations online, as the services are consumed in the home, where most people are currently spending most of their time. Online gaming is part of the entertainment industry, and when people cannot go to a cinema, restaurant or similar to the same extent, they are spending more of their leisure budget on other entertainment, such as games. LeoVegas has likely taken market shares in casino from the land-based industry. LeoVegas' assessment is that the COVID-19 crisis thus far has had a positive effect on the Group's business as a whole. However, there are markets where the effect has been negative – Sweden is one such market. A prolonged economic recession will likely have a negative impact on business over time.

In the 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. The 2019 Annual Report provides more detailed information about the significant estimates and assessments used in the preparation of the Group's financial reports.

Other risks that could affect LeoVegas are market-related risks and financial risks, such as currency and liquidity risks. Market risks and financial risks are monitored and followed up as a continuous part of operations. A detailed description of financial risks is provided in the 2019 Annual Report.

#### **SUSTAINABILITY – RESPONSIBLE GAMING**

LeoVegas' goal is to offer entertainment in a safe and secure way. Part of the company's sustainability strategy is to strive for long-term and sustainable relationships with the company's customers and partners. What's most important for the company is that the customers view their gaming as entertainment and that they play in a safe and responsible

way. There is a risk for certain individuals that their gaming can go beyond entertainment to instead cause financial and/or social problems. LeoVegas takes this with utmost seriousness and dedicates extensive resources to responsible gaming, both when it comes to proactively protecting customers and providing support to individuals who develop unsound gaming behaviour. To counter the risk of unsound gaming, within the framework of LeoSafePlay the company has launched a tool based on machine learning and internally developed algorithms. This helps create risk profiles for customers who may show signs of gambling addiction. These algorithms can detect at an early stage if a certain customer behavior could potentially indicate signs of a future addiction. Through this proprietary technology LeoVegas can act early and quickly to mitigate any problems that could arise if the behaviours were to continue. The company's ambition is to be best in the industry at responsible gaming and to use state-of-the-art technology to build the next generation system of responsible gaming.

LeoVegas is active in an industry in which companies that cannot create and offer sustainable and long-term customer value, good service, fair pricing, overarching responsible gaming and high trust will not survive in the long run. Investments and focus on sustainability are imperative for the ability to act in compliance with the company's gambling licences in the various markets. Today the bigger and serious gaming operators have implemented tools for responsible gaming. Online gaming operators have also learned to meet strict compliance requirements that often differ from one market to the next. LeoVegas is also seeing greater interest from many investors in sustainability issues as awareness of the gaming industry increases. All this strengthens the company's focus on being a reliable operator. LeoVegas welcomes this development, as it creates opportunities for professional and innovative companies to make changes for the better both for society and for customers. LeoVegas is taking market shares from competitors by being a data-driven company that knows what drives the customer experience. LeoVegas aspires to retain customers over a long period of time and build sustainable relationships with them. This leads to stability in the average revenue per customer

over time while increasing the number of active customers who view their gaming as entertainment. This is a sustainable and responsible growth strategy for LeoVegas as a Group.

#### LEOVEGAS' SUSTAINABILITY TARGETS

LeoVegas has decided to set ambitions, targets and measures for sustainability to transparently, clearly and concretely show what LeoVegas is trying to achieve in its work on building a sustainable company and advocate for a sustainable gaming industry. Sustainability is often discussed in terms of Environmental, Social and Governance (ESG) factors. It is within these three pillars that LeoVegas has set concrete targets. It is in the area of responsible gaming where the company can make the greatest difference, and it is also in this area where the greatest efforts are focused. 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 with and achieves the set targets. Today approximately 10% of LeoVegas' employees work specifically in roles coupled to compliance and responsible gaming. A complete account of the targets is provided in the company's 2019 Sustainability Report. The company's overarching vision in sustainability is:

*"LeoVegas advocates for a sustainable gaming industry, responsible gaming and positive social development"*

## 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 second 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, 13 August 2020

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

LeoVegas AB, Luntmakargatan 18, SE-111 37 Stockholm

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

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

### FOR FURTHER INFORMATION, PLEASE CONTACT:

Gustaf Hagman  
President and CEO

+46 (0)8 410 367 66

[gustaf.hagman@leovegasgroup.com](mailto:gustaf.hagman@leovegasgroup.com)

Stefan Nelson

CFO

+356 993 942 68

[stefan.nelson@leovegasgroup.com](mailto:stefan.nelson@leovegasgroup.com)

Philip Dofvik

Director of Corporate Finance and  
Investor Relations

+46 (0)73 512 07 20

[philip.doftvik@leovegasgroup.com](mailto:philip.doftvik@leovegasgroup.com)



## CONSOLIDATED INCOME STATEMENT

EUR'000s	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	2019
<b>Revenue</b>	<b>110 739</b>	<b>94 431</b>	<b>200 187</b>	<b>180 734</b>	<b>356 039</b>
Cost of sales	(18 976)	(17 909)	(35 022)	(34 865)	(69 225)
Gaming Duties	(17 018)	(12 765)	(30 595)	(24 222)	(49 700)
<b>Gross profit</b>	<b>74 745</b>	<b>63 757</b>	<b>134 570</b>	<b>121 647</b>	<b>237 114</b>
Personnel costs	(13 168)	(13 262)	(25 253)	(25 835)	(49 359)
Capitalised development costs	2 812	2 122	5 170	4 565	8 654
Other operating expenses	(8 970)	(9 600)	(19 069)	(17 707)	(34 496)
Marketing expenses	(32 742)	(28 093)	(64 023)	(60 892)	(118 517)
Other income and expenses	366	138	601	481	6 135
<b>EBITDA</b>	<b>23 043</b>	<b>15 062</b>	<b>31 996</b>	<b>22 259</b>	<b>49 531</b>
Depreciation and amortisation	(2 713)	(2 475)	(5 356)	(4 876)	(10 152)
Amortisation and impairment of acquired intangible assets incl. goodwill	(4 076)	(4 093)	(8 172)	(8 239)	(26 707)
<b>Operating profit (EBIT)</b>	<b>16 254</b>	<b>8 494</b>	<b>18 468</b>	<b>9 144</b>	<b>12 672</b>
Financial income	-	-	3	-	6
Financial costs	(460)	(510)	(930)	(1 190)	(2 405)
Financial liability fair value gains/(losses)	-	-	700	-	-
<b>Profit before tax</b>	<b>15 794</b>	<b>7 984</b>	<b>18 241</b>	<b>7 954</b>	<b>10 273</b>
Income tax	(903)	(556)	(1 074)	(556)	(730)
<b>Net profit for the period</b>	<b>14 891</b>	<b>7 428</b>	<b>17 167</b>	<b>7 398</b>	<b>9 543</b>
Net profit attributable to owners of the parent company	14 693	7 710	16 816	7 840	10 439
Net profit attributable to non-controlling interests	198	(282)	351	(442)	(896)
Exchange differences on translation of foreign operations	(7)	(7)	(11)	4	7
<b>Other comprehensive income</b>	<b>(7)</b>	<b>(7)</b>	<b>(11)</b>	<b>4</b>	<b>7</b>
<b>Total comprehensive income</b>	<b>14 884</b>	<b>7 421</b>	<b>17 156</b>	<b>7 402</b>	<b>9 550</b>
Total comprehensive income attributable to owners of the parent company	14 686	7 703	16 805	7 844	10 446
Total comprehensive income attributable to non-controlling interests	198	(282)	351	(442)	(896)
<b>Earnings per share (EUR)</b>	<b>0,14</b>	<b>0,08</b>	<b>0,17</b>	<b>0,08</b>	<b>0,10</b>
<b>Earnings per share after dilution (EUR)</b>	<b>0,14</b>	<b>0,08</b>	<b>0,17</b>	<b>0,08</b>	<b>0,10</b>
No. of shares outstanding adj. for share split (millions)	101,65	101,65	101,65	101,65	101,65
No. of shares outstanding after dilution adj. for share split (millions)	101,65	101,65	101,65	101,65	101,65
<b>Key ratios</b>					
Cost of sales as a % of revenue	17,1%	19,0%	17,5%	19,3%	19,4%
Gaming duties as a % of revenue	15,4%	13,5%	15,3%	13,4%	14,0%
Gross margin, %	67,5%	67,5%	67,2%	67,3%	66,6%
Personnel costs as % of revenue	11,9%	14,0%	12,6%	14,3%	13,9%
Operating expenses as % of revenue	8,1%	10,2%	9,5%	9,8%	9,7%
Marketing expenses as % of revenue	29,6%	29,7%	32,0%	33,7%	33,3%
EBITDA margin %	20,8%	16,0%	16,0%	12,3%	13,9%
EBIT margin %	14,7%	9,0%	9,2%	5,1%	3,6%
Net margin, %	13,4%	7,9%	8,6%	4,1%	2,7%
<b>Adjusted profit measures EUR'000s</b>	<b>Apr-Jun 2020</b>	<b>Apr-Jun 2019</b>	<b>Jan-Jun 2020</b>	<b>Jan-Jun 2019</b>	<b>2019</b>
<b>EBITDA</b>	<b>23 043</b>	<b>15 062</b>	<b>31 996</b>	<b>22 259</b>	<b>49 531</b>
Gain on sale of subsidiaries and assets	-	-	-	-	(11 403)
Restructuring costs	-	-	-	-	6 065
<b>Adjusted EBITDA</b>	<b>23 043</b>	<b>15 062</b>	<b>31 996</b>	<b>22 259</b>	<b>44 193</b>
Depreciation and amortisation	(2 713)	(2 475)	(5 356)	(4 876)	(10 152)
<b>Adjusted EBIT</b>	<b>20 330</b>	<b>12 587</b>	<b>26 640</b>	<b>17 383</b>	<b>34 041</b>
Net financial items	(460)	(510)	(927)	(1 190)	(2 399)
Tax	(903)	(556)	(1 074)	(556)	(730)
<b>Adjusted net income</b>	<b>18 967</b>	<b>11 521</b>	<b>24 639</b>	<b>15 637</b>	<b>30 912</b>
<b>Adjusted EPS</b>	<b>0,19</b>	<b>0,11</b>	<b>0,24</b>	<b>0,15</b>	<b>0,30</b>
Adjusted EBITDA margin %	20,8%	16,0%	16,0%	12,3%	12,4%
Adjusted EBIT margin %	18,4%	13,3%	13,3%	9,6%	9,6%
Adjusted net margin %	17,1%	12,2%	12,3%	8,7%	8,7%



## CONSOLIDATED BALANCE SHEET, CONDENSED

EUR'000s	30 Jun 2020	30 Jun 2019	31 Dec 2019	31 Dec 2018
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	2 745	4 107	3 347	4 141
Lease assets (right of use assets)	10 054	9 484	8 222	-
Intangible assets	19 331	16 414	16 943	14 032
Intangible assets related to surplus values from acquisitions	36 846	53 228	45 018	61 467
Goodwill	94 657	102 958	94 657	102 958
Deferred tax assets	2 682	2 975	2 682	2 975
<b>Total non-current assets</b>	<b>166 315</b>	<b>189 166</b>	<b>170 869</b>	<b>185 573</b>
<b>Current assets</b>				
Trade receivables and other receivables	39 405	31 009	35 307	29 268
Prepaid expenses and accrued income	5 048	7 970	5 329	7 768
Cash and cash equivalents	55 561	49 290	50 738	56 738
<i>of which restricted cash (player funds)</i>	<i>15 265</i>	<i>10 691</i>	<i>13 352</i>	<i>11 922</i>
<b>Total current assets</b>	<b>100 014</b>	<b>88 269</b>	<b>91 374</b>	<b>93 774</b>
<b>TOTAL ASSETS</b>	<b>266 329</b>	<b>277 435</b>	<b>262 243</b>	<b>279 347</b>
<b>EQUITY AND LIABILITIES</b>				
Share capital	1 220	1 220	1 220	1 220
Additional paid-in capital	41 006	40 409	40 615	40 409
Translation reserve	902	699	830	485
Retained earnings including profit for the period	53 379	48 084	50 683	52 116
<b>Equity attributable to owners of the Parent Company</b>	<b>96 507</b>	<b>90 412</b>	<b>93 348</b>	<b>94 230</b>
Non-controlling interest	5 155	5 258	4 804	5 700
<b>Total Equity</b>	<b>101 662</b>	<b>95 670</b>	<b>98 152</b>	<b>99 930</b>
Bank loan	50 008	49 740	39 924	69 642
Other non-current liabilities	-	971	-	961
Lease liabilities	6 371	5 221	4 169	-
Deferred tax liability	1 761	2 414	2 088	2 765
<b>Total non-current liabilities</b>	<b>58 140</b>	<b>58 346</b>	<b>46 181</b>	<b>73 368</b>
<b>Current liabilities</b>				
Trade and other payables	26 262	23 295	21 344	18 022
Player liabilities	15 265	10 691	13 352	11 922
Tax liability	4 649	1 378	4 997	5 111
Accrued expenses and deferred income	41 911	35 575	35 811	31 994
Bank loan	10 000	40 000	30 000	30 000
Short-term lease liabilities	3 140	3 480	3 406	-
Provision for conditional purchase price (earn-out)	5 300	9 000	9 000	9 000
<b>Total current liabilities</b>	<b>106 527</b>	<b>123 419</b>	<b>117 910</b>	<b>106 049</b>
<b>Total liabilities</b>	<b>164 667</b>	<b>181 765</b>	<b>164 091</b>	<b>179 417</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>266 329</b>	<b>277 435</b>	<b>262 243</b>	<b>279 347</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS, CONDENSED

EUR'000s	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	2019
Operating profit	16 254	8 494	18 468	9 143	12 672
Adjustments for non-cash items	7 080	6 324	14 219	11 790	30 761
Cash flow from changes in working capital	10 350	(957)	11 469	(1 195)	(1 871)
Net income taxes paid	(11 378)	(4 497)	(11 378)	(4 497)	(4 538)
<b>Cash flow from operating activities</b>	<b>22 306</b>	<b>9 364</b>	<b>32 778</b>	<b>15 241</b>	<b>37 024</b>
Acquisition of property, plant and equipment	(92)	(316)	(194)	(712)	(1 117)
Acquisition of intangible assets	(3 013)	(2 018)	(5 176)	(4 204)	(8 080)
Acquisition of subsidiaries	-	-	(3 000)	-	-
Proceeds on sale of subsidiaries and assets	-	-	-	-	11 150
<b>Cash flow from investing activities</b>	<b>(3 105)</b>	<b>(2 334)</b>	<b>(8 370)</b>	<b>(4 916)</b>	<b>1 953</b>
Loan financing	(10 000)	(10 000)	(10 000)	(10 000)	(30 000)
Lease liabilities	(807)	(802)	(1 607)	(1 594)	(3 175)
Proceeds from share issue/other equity securities	-	-	-	-	186
Cash dividends paid out to shareholders	(7 258)	(5 726)	(7 258)	(5 726)	(11 534)
<b>Cash flow from financing activities</b>	<b>(18 065)</b>	<b>(16 528)</b>	<b>(18 865)</b>	<b>(17 320)</b>	<b>(44 523)</b>
Net increase/(decrease) in cash and cash equivalents	1 136	(9 498)	5 543	(6 995)	(5 546)
Cash and cash equivalents at start of the period	54 326	59 251	50 738	56 738	56 738
Currency effects on cash and cash equivalents	99	(463)	(720)	(453)	(454)
<b>Cash and cash equivalents at end of period</b>	<b>55 561</b>	<b>49 290</b>	<b>55 561</b>	<b>49 290</b>	<b>50 738</b>
<i>of which restricted cash (player funds)</i>	<i>15 265</i>	<i>10 691</i>	<i>15 265</i>	<i>10 691</i>	<i>13 352</i>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, CONDENSED

	Share Capital	Other capital contribution	Translation reserve	Retained earnings	Equity attributable to owners of the parent company	Non-controlling interest	Total equity
<b>EUR'000s</b>							
<b>Balance at 1 January 2019</b>	<b>1 220</b>	<b>40 409</b>	<b>485</b>	<b>52 116</b>	<b>94 230</b>	<b>5 700</b>	<b>99 930</b>
Profit for the period	-	-	-	7 840	7 840	(442)	7 398
Other comprehensive income <i>(exchange differences of foreign operations)</i>	-	-	4	-	4	-	4
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>7 840</b>	<b>7 844</b>	<b>(442)</b>	<b>7 402</b>
<i>Transactions with shareholders in their capacity as owners:</i>							
Dividends	-	-	210	(11 872)	(11 662)	-	(11 662)
Options Premium	-	-	-	-	-	-	-
<i>Transactions with non-controlling interests:</i>							
Acquisition of NCI	-	-	-	-	-	-	-
<b>Balance at 31 June 2019</b>	<b>1 220</b>	<b>40 409</b>	<b>699</b>	<b>48 084</b>	<b>90 412</b>	<b>5 258</b>	<b>95 670</b>
<b>Balance at 1 January 2020</b>	<b>1 220</b>	<b>40 615</b>	<b>830</b>	<b>50 683</b>	<b>93 348</b>	<b>4 804</b>	<b>98 152</b>
Profit for the period	-	-	-	16 816	16 816	351	17 167
Other comprehensive income <i>(exchange differences of foreign operations)</i>	-	-	(38)	27	(11)	-	(11)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(38)</b>	<b>16 843</b>	<b>16 806</b>	<b>351</b>	<b>17 157</b>
<i>Transactions with shareholders in their capacity as owners:</i>							
Dividends	-	-	109	(14 147)	(14 038)	-	(14 038)
Options Premium	-	391	-	-	391	-	391
<b>Balance at 30 June 2020</b>	<b>1 220</b>	<b>41 006</b>	<b>902</b>	<b>53 379</b>	<b>96 507</b>	<b>5 155</b>	<b>101 662</b>

## PARENT COMPANY INCOME STATEMENT, CONDENSED

EUR'000s	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	2019
<b>Revenue</b>	<b>211</b>	<b>143</b>	<b>368</b>	<b>362</b>	<b>555</b>
Operating expenses	(758)	(1 525)	(1 828)	(2 664)	(4 586)
Other income and expenses	-	-	-	-	-
<b>Operating profit (EBIT)</b>	<b>(547)</b>	<b>(1 382)</b>	<b>(1 461)</b>	<b>(2 302)</b>	<b>(4 031)</b>
Net financial income	59	3 525	119	3 583	32 075
<b>Profit before tax</b>	<b>(488)</b>	<b>2 143</b>	<b>(1 342)</b>	<b>1 281</b>	<b>28 044</b>
Apportion	-	-	-	-	33
Tax cost	-	-	-	-	746
<b>Net Profit for the period*</b>	<b>(488)</b>	<b>2 143</b>	<b>(1 342)</b>	<b>1 281</b>	<b>28 823</b>

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

## PARENT COMPANY BALANCE SHEET, CONDENSED

EUR'000s	30 Jun 2020	30 Jun 2019	31 Dec 2019
<b>ASSETS</b>			
<b>Total non-current assets</b>	<b>15 902</b>	<b>16 283</b>	<b>17 879</b>
Current assets	24 736	10 113	30 399
Cash and cash equivalents	280	199	372
<b>Total current assets</b>	<b>25 016</b>	<b>10 312</b>	<b>30 771</b>
<b>TOTAL ASSETS</b>	<b>40 918</b>	<b>26 595</b>	<b>48 650</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Total equity</b>	<b>23 196</b>	<b>9 605</b>	<b>37 537</b>
Total long term liabilities	7 722	10 000	10 000
Total current liabilities	10 000	6 990	1 113
<b>Total liabilities</b>	<b>17 722</b>	<b>16 990</b>	<b>11 113</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>40 918</b>	<b>26 595</b>	<b>48 650</b>

## KPI'S PER QUARTER

Amounts in EUR'000s unless otherwise stated	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
<b>Deposits</b>	<b>354 997</b>	<b>287 824</b>	<b>284 528</b>	<b>275 227</b>	<b>287 826</b>
Growth, Deposits, y-y %	23%	7%	3%	9%	8%
Growth, Deposits, q-q %	23%	1%	3%	-4%	7%
<b>Deposits per region</b>					
Nordics, % Deposits	44%	51%	53%	54%	51%
Rest of Europe, % Deposits	46%	40%	39%	38%	41%
Rest of World, % Deposits	10%	8%	8%	8%	8%
<b>Net Gaming Revenue (NGR)</b>	<b>109 449</b>	<b>87 117</b>	<b>82 989</b>	<b>86 374</b>	<b>92 906</b>
Growth Net Gaming Revenue, y-y %	18%	4%	1%	11%	7%
Growth Net Gaming Revenue, q-q %	26%	5%	-4%	-7%	10%
<b>Net Gaming Revenue (NGR) per region</b>					
Nordics, % Net Gaming Revenue	34%	41%	45%	44%	40%
Rest of Europe, % Net Gaming Revenue	51%	46%	42%	42%	47%
Rest of World, % Net Gaming Revenue	15%	13%	13%	14%	13%
<b>Growth in NGR per region</b>					
Nordics, y-y %	-2%	10%	-1%	14%	2%
Rest of Europe, y-y %	30%	-3%	-6%	-4%	1%
Rest of World, y-y %	35%	12%	43%	80%	63%
<b>Regulated revenue as a % of total</b>	<b>51%</b>	<b>53%</b>	<b>55%</b>	<b>50%</b>	<b>48%</b>
Growth in regulated revenues, y-y %	25%	11%	70%	58%	33%
Growth in regulated revenues, q-q %	13%	2%	5%	-3%	7%
<b>Hold (NGR/Deposits) %</b>	<b>30.8%</b>	<b>30.3%</b>	<b>29.2%</b>	<b>31.4%</b>	<b>32.3%</b>
<b>Game margin %</b>	<b>3.59%</b>	<b>3.76%</b>	<b>3.62%</b>	<b>3.70%</b>	<b>3.69%</b>
<b>Number of active customers*</b>	<b>671 253</b>	<b>643 896</b>	<b>575 475</b>	<b>575 445</b>	<b>608 337</b>
Growth active customers, y-y %	10%	-27%	-17%	-8%	-5%
Growth active customers, q-q %	4%	12%	0%	-5%	-31%
<b>Number of depositing customers*</b>	<b>434 453</b>	<b>413 269</b>	<b>372 032</b>	<b>347 464</b>	<b>350 298</b>
Growth depositing customers, y-y %	24%	6%	9%	3%	7%
Growth depositing customers, q-q %	5%	11%	7%	-1%	-10%
<b>Number of new depositing customers*</b>	<b>195 329</b>	<b>193 428</b>	<b>158 400</b>	<b>144 873</b>	<b>149 743</b>
Growth new depositing customers, y-y %	30%	3%	1%	-6%	2%
Growth new depositing customers, q-q %	1%	22%	9%	-3%	-21%
<b>Number of returning depositing customers*</b>	<b>239 124</b>	<b>219 841</b>	<b>213 632</b>	<b>202 591</b>	<b>200 555</b>
Growth returning depositing customers, y-y %	19%	10%	15%	11%	12%
Growth returning depositing customers, q-q %	9%	3%	5%	1%	0%

\* Historical periods have been restated to adapt all brands in the Group to a uniform reporting methodology.

## CONSOLIDATED INCOME STATEMENT PER QUARTER

EUR'000s	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
<b>Revenue</b>	<b>110 739</b>	<b>89 448</b>	<b>87 068</b>	<b>88 237</b>	<b>94 431</b>
Cost of sales	(18 976)	(16 046)	(16 835)	(17 525)	(17 909)
Gaming Duties	(17 018)	(13 577)	(13 185)	(12 293)	(12 765)
<b>Gross profit</b>	<b>74 745</b>	<b>59 825</b>	<b>57 048</b>	<b>58 419</b>	<b>63 757</b>
Personnel costs	(13 168)	(12 085)	(12 265)	(11 259)	(13 262)
Capitalised development costs	2 812	2 358	2 247	1 842	2 122
Other operating expenses	(8 970)	(10 099)	(8 078)	(8 711)	(9 600)
Marketing expenses	(32 742)	(31 281)	(29 929)	(27 696)	(28 093)
Other income and expenses	366	235	5 500	154	138
<b>EBITDA</b>	<b>23 043</b>	<b>8 953</b>	<b>14 523</b>	<b>12 749</b>	<b>15 062</b>
Depreciation and amortisation	(2 713)	(2 643)	(2 679)	(2 597)	(2 475)
Amortisation of acquired intangible assets	(4 076)	(4 096)	(14 362)	(4 106)	(4 093)
<b>Operating profit (EBIT)</b>	<b>16 254</b>	<b>2 214</b>	<b>(2 518)</b>	<b>6 046</b>	<b>8 494</b>
Financial income	-	3	3	3	-
Financial costs	(460)	(470)	(662)	(553)	(510)
Financial liability fair value gains/(losses)	-	700	-	-	-
<b>Profit before tax</b>	<b>15 794</b>	<b>2 447</b>	<b>(3 177)</b>	<b>5 496</b>	<b>7 984</b>
Income tax	(903)	(171)	222	(396)	(556)
<b>Net profit for the period</b>	<b>14 891</b>	<b>2 276</b>	<b>(2 955)</b>	<b>5 100</b>	<b>7 428</b>
Net profit attributable to owners of the parent company	14 693	2 123	(2 820)	5 419	7 710
Net profit attributable to non-controlling interests	198	153	(135)	(319)	(282)
Exchange differences on translation of foreign operations	(7)	(4)	(3)	6	(7)
<b>Other comprehensive income</b>	<b>(7)</b>	<b>(4)</b>	<b>(3)</b>	<b>6</b>	<b>(7)</b>
<b>Total comprehensive income</b>	<b>14 884</b>	<b>2 272</b>	<b>(2 958)</b>	<b>5 106</b>	<b>7 421</b>
Total comprehensive income attributable to owners of the parent company	14 686	2 119	(2 823)	5 425	7 703
Total comprehensive income attributable to non-controlling interests	198	153	(135)	(319)	(282)
<b>Earnings per share (EUR)</b>	<b>0,14</b>	<b>0,02</b>	<b>(0,03)</b>	<b>0,05</b>	<b>0,08</b>
<b>Earnings per share after dilution (EUR)</b>	<b>0,14</b>	<b>0,02</b>	<b>(0,03)</b>	<b>0,05</b>	<b>0,08</b>
No. of shares outstanding adj. for share split (millions)	101,65	101,65	101,65	101,65	101,65
No. of shares outstanding after dilution adj. for share split (millions)	101,65	101,65	101,65	101,65	101,65
<b>Key ratios</b>					
Cost of sales as a % of revenue	17,1%	17,9%	19,3%	19,9%	19,0%
Gaming duties as a % of revenue	15,4%	15,2%	15,1%	13,9%	13,5%
Gross margin, %	67,5%	66,9%	65,5%	66,2%	67,5%
Personnel costs as % of revenue	11,9%	13,5%	14,1%	12,8%	14,0%
Operating expenses as % of revenue	8,1%	11,3%	9,3%	9,9%	10,2%
Marketing expenses as % of revenue	29,6%	35,0%	34,4%	31,4%	29,7%
EBITDA, margin %	20,8%	10,0%	16,7%	14,4%	16,0%
EBIT, margin %	14,7%	2,5%	-2,9%	6,9%	9,0%
Net margin, %	13,4%	2,5%	-3,4%	5,8%	7,9%
<b>Adjusted profit measures EUR'000s</b>	<b>Q2 2020</b>	<b>Q1 2020</b>	<b>Q4 2019</b>	<b>Q3 2019</b>	<b>Q2 2019</b>
<b>EBITDA</b>	<b>23 043</b>	<b>8 953</b>	<b>14 523</b>	<b>12 749</b>	<b>15 062</b>
Gain on sale of subsidiaries and assets	-	-	(11 403)	-	-
Restructuring costs	-	-	6 084	-	-
<b>Adjusted EBITDA</b>	<b>23 043</b>	<b>8 953</b>	<b>9 204</b>	<b>12 749</b>	<b>15 062</b>
Depreciation and amortisation	(2 713)	(2 643)	(2 679)	(2 597)	(2 475)
<b>Adjusted EBIT</b>	<b>20 330</b>	<b>6 310</b>	<b>6 525</b>	<b>10 152</b>	<b>12 587</b>
Net financial items	(460)	(467)	(659)	(550)	(510)
Tax	(903)	(171)	222	(396)	(556)
<b>Adjusted net income</b>	<b>18 967</b>	<b>5 672</b>	<b>6 088</b>	<b>9 206</b>	<b>11 521</b>
<b>Adjusted EPS</b>	<b>0,19</b>	<b>0,06</b>	<b>0,06</b>	<b>0,09</b>	<b>0,11</b>
Adjusted EBITDA margin %	20,8%	10,0%	10,6%	14,4%	16,0%
Adjusted EBIT margin %	18,4%	7,1%	7,5%	11,5%	13,3%
Adjusted net margin %	17,1%	6,3%	7,0%	10,4%	12,2%

## CONSOLIDATED BALANCE SHEET PER QUARTER, CONDENSED

EUR'000s	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	2 745	3 041	3 347	3 914	4 107
Lease assets (right of use assets)	10 054	7 377	8 222	8 642	9 484
Intangible assets	19 331	17 974	16 943	17 147	16 414
Intangible assets surplus values from acquisitions	36 846	40 922	45 018	49 124	53 228
Goodwill	94 657	94 657	94 657	102 958	102 958
Deferred tax assets	2 682	2 682	2 682	2 975	2 975
<b>Total non-current assets</b>	<b>166 315</b>	<b>166 653</b>	<b>170 869</b>	<b>184 760</b>	<b>189 166</b>
<b>Current assets</b>					
Trade receivables and other receivables	39 405	29 851	35 307	30 985	31 009
Prepaid expenses and accrued income	5 048	7 010	5 329	6 601	7 970
Cash and cash equivalents	55 561	54 326	50 738	53 710	49 290
<i>of which restricted cash (player funds)</i>	<i>15 265</i>	<i>12 120</i>	<i>13 352</i>	<i>12 841</i>	<i>10 691</i>
<b>Total current assets</b>	<b>100 014</b>	<b>91 187</b>	<b>91 374</b>	<b>91 296</b>	<b>88 269</b>
<b>TOTAL ASSETS</b>	<b>266 329</b>	<b>257 840</b>	<b>262 243</b>	<b>276 056</b>	<b>277 435</b>
<b>EQUITY AND LIABILITIES</b>					
Share capital	1 220	1 220	1 220	1 220	1 220
Additional paid-in capital	41 006	40 615	40 615	40 615	40 409
Translation reserve	902	799	830	705	699
Retained earnings including profit for the period	53 379	52 833	50 683	53 503	48 084
<b>Equity attributable to owners of the Parent Company</b>	<b>96 507</b>	<b>95 467</b>	<b>93 348</b>	<b>96 043</b>	<b>90 412</b>
Non-controlling interest	5 155	4 956	4 804	4 939	5 258
<b>Total Equity</b>	<b>101 662</b>	<b>100 423</b>	<b>98 152</b>	<b>100 982</b>	<b>95 670</b>
Bank loan	50 008	49 962	39 924	39 809	49 740
Other non-current liabilities	-	-	-	1 000	971
Lease liabilities	6 371	3 498	4 169	4 492	5 221
Deferred tax liability	1 761	1 918	2 088	2 254	2 414
<b>Total non-current liabilities</b>	<b>58 140</b>	<b>55 378</b>	<b>46 181</b>	<b>47 555</b>	<b>58 346</b>
<b>Current liabilities</b>					
Trade and other payables	26 262	19 738	21 344	25 398	23 295
Player liabilities	15 265	12 120	13 352	12 841	10 691
Tax liability	4 649	5 159	4 997	1 706	1 378
Accrued expenses and deferred income	41 911	36 443	35 811	35 144	35 575
Bank loan	10 000	20 000	30 000	40 000	40 000
Short-term lease liabilities	3 140	3 279	3 406	3 430	3 480
Provision for conditional purchase price (earn-out)	5 300	5 300	9 000	9 000	9 000
<b>Total current liabilities</b>	<b>106 527</b>	<b>102 039</b>	<b>117 910</b>	<b>127 519</b>	<b>123 419</b>
<b>Total liabilities</b>	<b>164 667</b>	<b>157 417</b>	<b>164 091</b>	<b>175 074</b>	<b>181 765</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>266 329</b>	<b>257 840</b>	<b>262 243</b>	<b>276 056</b>	<b>277 435</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS PER QUARTER, CONDENSED

EUR'000s	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Operating profit	16 254	2 214	(2 518)	6 046	8 494
Adjustments for non-cash items	7 080	7 139	12 913	6 059	6 324
Cash flow from changes in working capital	10 350	1 119	(5 789)	5 113	(957)
Net income taxes paid	(11 378)	-	(41)	-	(4 497)
<b>Cash flow from operating activities</b>	<b>22 306</b>	<b>10 472</b>	<b>4 565</b>	<b>17 218</b>	<b>9 364</b>
Acquisition of property, plant and equipment	(92)	(102)	(184)	(221)	(316)
Acquisition of intangible assets	(3 013)	(2 163)	(2 020)	(1 856)	(2 018)
Acquisition of subsidiaries	-	(3 000)	-	-	-
Proceeds on sale of subsidiaries and assets	-	-	11 150	-	-
<b>Cash flow from investing activities</b>	<b>(3 105)</b>	<b>(5 265)</b>	<b>8 946</b>	<b>(2 077)</b>	<b>(2 334)</b>
Loan financing	(10 000)	-	(10 000)	(10 000)	(10 000)
Lease liabilities	(807)	(800)	(775)	(806)	(802)
Proceeds from share issue/other equity securities	-	-	-	186	-
Cash dividends paid out to shareholders	(7 258)	-	(5 808)	-	(5 726)
<b>Cash flow from financing activities</b>	<b>(18 065)</b>	<b>(800)</b>	<b>(16 583)</b>	<b>(10 620)</b>	<b>(16 528)</b>
Net increase/(decrease) in cash and cash equivalents	1 136	4 407	(3 072)	4 521	(9 498)
Cash and cash equivalents at start of the period	54 326	50 738	53 710	49 290	59 251
Currency effects on cash and cash equivalents	99	(819)	100	(101)	(463)
<b>Cash and cash equivalents at end of period</b>	<b>55 561</b>	<b>54 326</b>	<b>50 738</b>	<b>53 710</b>	<b>49 290</b>
<i>of which restricted cash (player funds)</i>	<i>15 265</i>	<i>12 120</i>	<i>13 352</i>	<i>12 841</i>	<i>10 691</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 during the period

### 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 divided by the weighted average number of shares outstanding during the period

### EARNINGS PER SHARE AFTER DILUTION

Profit after tax 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

### GAMING 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 (cash and bonuses) less all wins payable to customers (referred to as GGR in the industry)

### GROSS PROFIT

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

### NET GAMING REVENUE (NGR)

Total cash deposits less all wins payable to customers after bonus costs and external jackpot contributions (referred to as NGR in the industry)

### NEW DEPOSITING CUSTOMER

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**

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

**SHAREHOLDERS' EQUITY PER COMMON SHARE**

Shareholders' equity attributable to owners of the Parent Company divided by the number of shares outstanding at the end of the period after redemptions, repurchases and new issues

**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****GAMBLING TAX**

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

**LOCALLY REGULATED MARKETS**

Markets that have regulated online gambling 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 has two technology platforms for its wholly owned brands, both of which are owned, controlled and further developed by the Group

**REGULATED REVENUE**

Revenue from locally regulated markets

**REVENUE**

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