



LeoVegas

MOBILE GAMING GROUP

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

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

QUARTERLY REPORT 1 JULY–30 SEPTEMBER 2020

THIRD QUARTER 2020: 1 JULY–30 SEPTEMBER

- Revenue increased by 1% to EUR 88.9 m (88.2). Organic growth in local currencies was 2%.
- The number of depositing customers was 438,691 (347,464), an increase of 26%.
- Net Gaming Revenue (NGR) from locally regulated markets was 44% (50%) of total NGR.
- EBITDA was EUR 11.9 m (12.7), corresponding to an EBITDA margin of 13.4% (14.4%).
- Operating profit (EBIT) was EUR 5.1 million (6.0), while adjusted EBIT was EUR 9.2 m (10.2), corresponding to an adjusted EBIT margin of 10.4% (11.5%).
- Earnings per share were EUR 0.04 (0.05) before and after dilution, while adjusted earnings per share were EUR 0.08 (0.09).

EUR '000s	Jul-Sep 2020	Jul-Sep 2019	Δ, %	Jan-Sep 2020	Jan-Sep 2019	Δ, %	Jan-Dec 2019
Revenue	88 921	88 237	1%	289 108	268 971	7%	356 039
EBITDA	11 898	12 749	(7%)	43 894	35 008	25%	49 531
EBITDA margin (%)	13,4%	14,4%	-	15,2%	13,0%	-	13,9%
Adjusted EBIT	9 217	10 152	(9%)	35 857	27 535	30%	34 041
Adjusted EBIT margin (%)	10,4%	11,5%	-	12,4%	10,2%	-	9,6%
Earnings per share before dilution (EUR)	0,04	0,05	(20%)	0,20	0,13	54%	0,10
Adjusted earnings per share before dilution (EUR)	0,08	0,09	(11%)	0,32	0,24	33%	0,30
Cash flow from operating activities	17 625	17 218	2%	48 403	32 459	49%	37 024
New Depositing Customers (NDC)	178 995	144 873	24%	567 752	447 123	27%	590 754
Returning Depositing Customers (RDC)	259 696	202 591	28%	485 742	397 837	22%	473 546

EVENTS DURING THE QUARTER

- GoGoCasino and Livecasino.com launched in Finland. An international launch of both brands is in progress.
- Operations in Sweden have been affected by the temporary restrictions that were introduced on 2 July as a result of Covid-19.
- LeoVegas increased its ownership in the e-sports betting operator Pixel.bet to 85% from 51% previously.
- Operating profit for the quarter includes costs of EUR 0.5 m in organisational streamlining and optimisation measures. Yearly net savings from these measures is expected to total EUR 1.5 m starting next year.

EVENTS AFTER THE END OF THE QUARTER

- Preliminary revenue in October amounted to EUR 33.0 m (26.0), representing growth of 27%.
- Royal Panda has relaunched in Finland on the Group's proprietary technical platform.
- LeoVegas has launched Bingo as new product category.
- Ahead of the forthcoming regulation of the German market, effective 15 October a number of changes have been made that affect the customer offering. This had a slight negative impact on revenue in October. LeoVegas expects to receive nationwide licences for the German market once they are available.

CEO'S COMMENTS

THIRD QUARTER 2020

Once again, we have shown our ability to quickly adapt to new, external circumstances, such as those related to the continuing pandemic and the constant regulatory changes in our various markets. During the third quarter we maintained a high pace of innovation and investment, which is strengthening our long-term position and growth prospects.

During the quarter our customer base again reached a new record level. The number of depositing customers grew 26% compared with the same period a year ago, which confirms the strong development of our business. This is partly attributable to the ongoing structural shift from land-based gaming to online, but above all to our focus on creating the best product and experience for our customers.

We continue to optimise scalability and reduce complexity in the organisation. During the quarter, among other measures we realised synergies from previous acquisitions and instituted a clearer organisational and Group structure. This has led to a slight level of staff redundancy, and operating profit was charged with EUR 0.5 m for measures coupled to this. At the same time, we estimate that yearly net savings from these measures will amount to roughly EUR 1.5 m starting with next year. Our efficiency improvement work equips us for continued profitable growth and makes us – combined with greater diversification of the revenue base – more resilient to rapid fluctuations in individual markets.

MARKETS

We had a favourable development in most of our markets during the quarter, with our growing customer base as the main driver. Many markets had double-digit growth compared with the same period a year ago.

In Sweden we are seeing a troubling development in which the unlicensed market continues to grow unhindered. A growing number of operators without licences are actively targeting Swedish players, including those who have been barred by the self-exclusion tool Spelpaus. This has been confirmed by, among others, several organisations that provide help to people with a gambling problem. These organisations have noted that the majority of those seeking help are playing with the unlicensed operators. The problem

“Record-large customer base and strong start to Q4”

is big and is shaking the foundation of the entire Swedish licence system. Quick and strong measures are now needed by Swedish politicians and authorities to ensure a well-functioning Swedish gaming market.

In Germany the federal states have agreed to introduce a licence system for gaming, which is expected to be implemented during the second half of 2021. We are looking forward with confidence to Europe's largest market finally being regulated. Ahead of implementation of the licence system, it is expected that operators will carry out certain limitations in their respective customer offerings in advance. LeoVegas has already begun implementing such limitations, which will initially have a negative impact on revenue. Details on regulation of the German market are provided in the Legal update section in this report. LeoVegas today has a licence in the German state of Schleswig-Holstein and expects to receive nationwide licences once they are available. Germany generated approximately 17% of the Group's total revenue during the third quarter.

TECHNOLOGY AND PRODUCTS

The quarter was intense for our technology and product organisation, with the completion of a number of major projects. For example, we implemented the German regulatory requirements on short notice and launched the GoGoCasino and Royal Panda brands in Finland on our proprietary platform. We also are seeing higher demand for broader entertainment games among our players and therefore recently launched our Bingo product.

COMMENTS ON FOURTH QUARTER

Preliminary revenue for the month of October amounted to EUR 33.0 m (26.0), corresponding to annual growth of 27%. The changes introduced in the German market on 15 October have had a slightly negative impact on revenue.

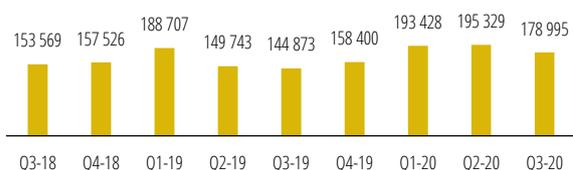
With a positive start to the fourth quarter, a record-large customer base and many exciting initiatives I am looking forward to a strong end to the full year.

Gustaf Hagman, President and CEO, LeoVegas Mobile Gaming Group, Stockholm, 5 November 2020

KEY PERFORMANCE INDICATORS

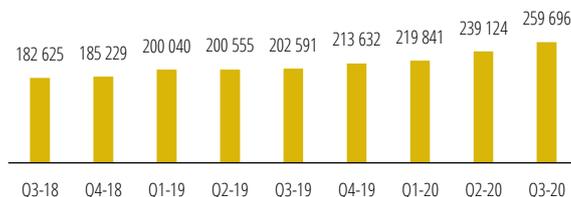
For more KPIs and comments, see the accompanying presentation file at LeoVegasgroup.com. See also the section “Definitions of Alternative Performance Measures”.

NEW DEPOSITING CUSTOMERS (NDCs)



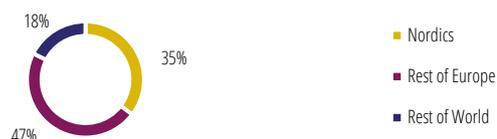
NDCs increased by 24% compared with the same period a year ago, but decreased by 8% sequentially compared with the record level during the second quarter.

RETURNING DEPOSITING CUSTOMERS (RDCs)



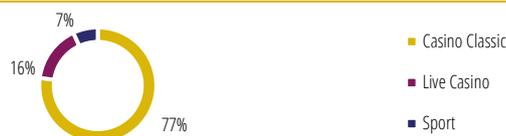
The number of RDCs reached a new record level during the third quarter. Growth was 28% compared with the same period a year ago and 9% compared with the second quarter.

NGR PER REGION, Q3 2020



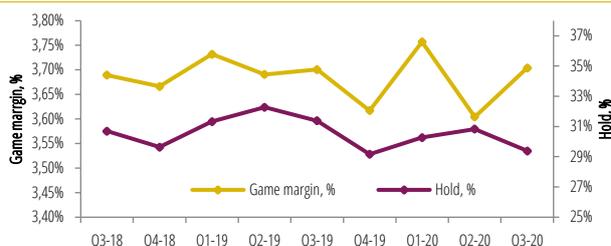
Rest of Europe was the largest region during the third quarter and accounted for 47% of the Group’s Net Gaming Revenue (NGR). The Nordic countries accounted for 35%, and Rest of World for 18%. Rest of World increased sequentially compared with the second quarter.

GGR PER PRODUCT, Q3 2020



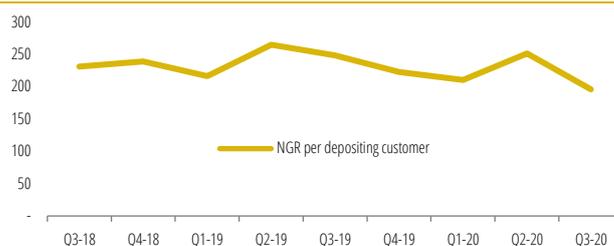
Casino accounted for 77% of the Group’s Gross Gaming Revenue (GGR), Live Casino accounted for 16%, and the sports book accounted for 7%. The sports book thereby recovered during the quarter as a result of an increase in sporting events during the period.

GAME MARGIN AND HOLD



The relation between NGR and deposits (“Hold”) decreased compared with the preceding quarter to 29%, which is below the historical average. One factor that has historically had a strong bearing on hold is the game margin. The game margin during the quarter was 3.7%, which is level with the historical average.

PLAYER VALUE (EUR)



The average player value per depositing customer was EUR 196, which is a decrease of 22% compared with the preceding quarter and a decrease of 21% compared with the same quarter a year. The lower player value compared with the preceding quarter is partly explained by the temporary restrictions in Sweden that were implemented in July and by a changed geographical mix during the quarter.

GROUP PERFORMANCE Q3

REVENUE, DEPOSITS AND NGR

Revenue totalled EUR 88.9 m (88.2) during the third quarter, an increase of 1%. Organic growth was 2%.

Deposits totalled EUR 292.9 m (275.2) during the quarter, an increase of 6%. Sequentially deposits decreased by 18% compared with the preceding quarter. Mobile deposits accounted for 71% (75%) of total.

Net Gaming Revenue (NGR) amounted to EUR 86.0 m (86.4) during the period, which is unchanged compared with the same period a year ago and a decrease sequentially compared with the second quarter. Owing to a lower hold during the quarter, deposits developed more strongly than NGR compared with a year ago.

In the Nordics region, NGR decreased by 20% compared with the same period a year ago. The temporary restrictions implemented in Sweden in July, including new deposit limits, have had a negative effect on revenues for the region. In the Rest of Europe region, NGR increased by 13% compared with the same period a year ago. The quarter entailed a return to more normal player behaviour following the special conditions that prevailed during the second quarter, where societies in Europe were periodically entirely shut down in response to Covid-19. In the Rest of World region, NGR increased by 21% over the same period a year ago, with positive development in most markets. For the Group as a whole, revenue from locally regulated markets accounted for 44% (50%) of total revenue during the third quarter. The decrease is attributable to performance for the company's Swedish business, which has been affected for the time being by the temporary restrictions that were implemented on 2 July.

EARNINGS

Gross profit amounted to EUR 60.9 m (58.4) during the third quarter, corresponding to a gross margin of 68.4% (66.2%).

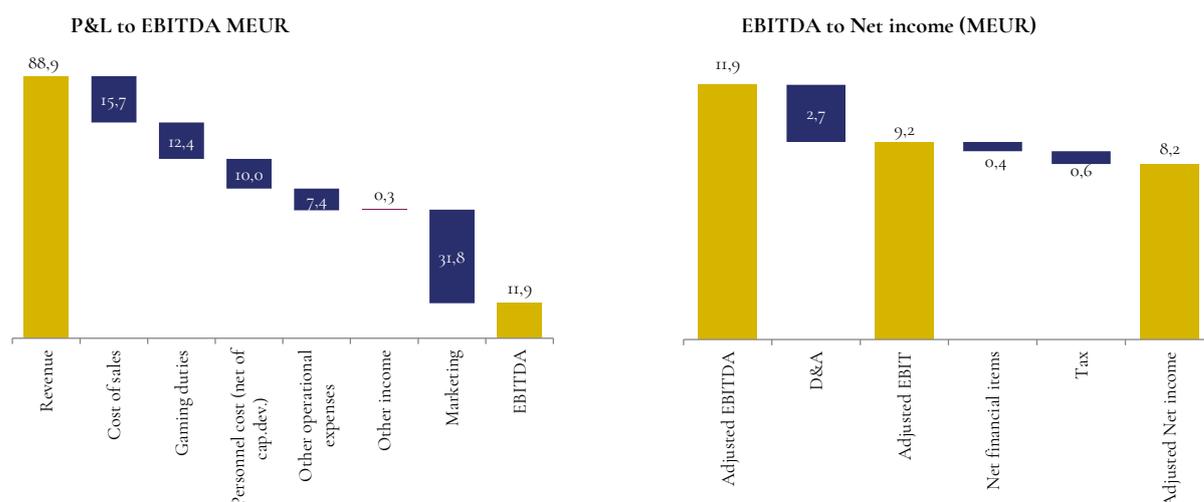
Gaming taxes totalled EUR 12.4 m (12.3), corresponding to 13.9% (13.9%) of revenue. A decrease in paid gaming taxes in Sweden and Denmark compared with the same period a year ago was countered by an increase in other regulated markets. The cost of sales was 17.7% of revenue (19.9%) and consisted mainly of costs for external game and payment service

providers. Cost of sales in relation to the Group's revenue decreased compared with the same period a year ago, but increased compared with the preceding quarter. The sequential increase is explained by a higher share of sales coupled to sports betting during the period.

Marketing costs during the quarter totalled EUR 31.8 m (27.7). The figure represents a slight decrease from the level during the second quarter and was slightly lower than planned, which is mainly due to the timing of new campaigns and launches of new brands. Marketing costs in relation to revenue were 35.8% during the third quarter, which is an increase compared with the second quarter share of 29.6% and the corresponding period a year ago (31.4%).

Personnel costs in relation to revenue increased compared with the same period a year ago, to 14.0% (12.8%). At the end of the quarter an efficiency improvement programme was initiated, which will lead to a slight decrease in the work force. Provisions for this programme totalling EUR 0.5 m are included in personnel costs and other operating expenses for the third quarter. The measures are expected to lead to yearly net savings of EUR 1.5 m starting next year.

Other operating expenses amounted to 8.3% of revenue (9.9%), 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 efficiency improvement continued to have a positive effect during the period. At the same time, Covid-19-related subsequent effects, such as a decrease in travel and office-related overheads, contributed to a temporary cost reduction during the period.



EBITDA for the third quarter was EUR 11.9 m (12.7), corresponding to an EBITDA margin of 13.4% (14.4%). 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 (2.6). Amortisation of acquired intangible assets totalled EUR 4.1 m (4.1).

Operating profit (EBIT) for the quarter was EUR 5.1 m (6.0), corresponding to an EBIT margin of 5.8% (6.9%). Adjusted EBIT for the quarter was EUR 9.2 m (10.2), corresponding to an adjusted EBIT margin of 10.4% (11.5%). During the year, adjusted EBIT has been affected only by amortisation of acquired intangible assets as an item affecting comparability.

Recurring financial expenses are mainly coupled to the company's bank loan facilities and amounted to EUR 0.4 m (0.6) during the quarter.

Income tax for the quarter totalled EUR 0.6 m (0.4).

Net profit for the quarter was EUR 4.1 m (5.1), corresponding to a net margin of 4.6% (5.8%). Earnings per share were EUR 0.04 (0.05) before and after dilution. Adjusted earnings per share were EUR 0.08 (0.09).

BALANCE SHEET AND FINANCING

Cash and cash equivalents at the end of the quarter amounted to EUR 59.8 m (53.7). Cash and cash equivalents excluding customer balances amounted to EUR 46.3 m (40.9). LeoVegas has combined, available credit facilities of EUR 80 m, of which EUR 50 m was utilised as per the end of the quarter. Overall the Group's financial position is good.

The Group had intangible assets worth EUR 20.3 m at the end of the quarter (17.1). Intangible assets attributable to identified surplus value from acquisitions amounted to EUR 32.8 m (49.1). Goodwill related to all acquisitions amounted to EUR 94.7 m (103.0).

Total liabilities have decreased compared with the same quarter a year ago, mainly owing to the Group's continuing amortisation of the company's bank credit facilities.

At the end of the quarter the Group's equity amounted to EUR 105.2 m (101.0). Non-controlling interests make up EUR 5.4 m (4.9) of equity. During the period LeoVegas increased its ownership in Pixel.bet from 51% to 85%, which is reported in equity as an acquisition of non-controlling interests. The purchase price for the increased ownership was EUR 0.6 m. Total assets at the end of the quarter amounted to EUR 258.2 m (276.1). The equity/assets ratio was 41% (37%).

CASH FLOW AND INVESTMENTS

Cash flow from operating activities totalled EUR 17.6 m (17.2) 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 payment service providers, and advance payments for licences and marketing. A refund of previously paid income tax affected cash flow from operating activities for the period by EUR 3.2 m.

Investments in property, plant and equipment amounted EUR 0.1 m (0.2). Investments in intangible non-current assets amounted to EUR 2.4 m (1.9) and pertain mainly to capitalised development costs. During the period the Group increased its ownership in Pixel.bet and received final payment for the previous divestment of Authentic Gaming, which combined had a positive cash flow effect of EUR 0.3 m.

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). Amortisation of the lease liability, i.e., rents for the Group's leased assets, affected cash flow from financing activities by EUR 1.1 m (0.8).

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 no less than 15% assuming that 100% of revenue will be generated in locally regulated markets subject to gaming tax*
- *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 0.1 m (0.1), and profit after tax was EUR -0.7 m (-0.8). 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 (0.8).

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 0.7 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 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 867 (865), of whom 40 are employed in LeoVentures (80). The average number of employees during the quarter was 872 (856). LeoVegas was using the services of 40 (17) full-time consultants at the end of the quarter.

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 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 September 2020 the company had 17,382 shareholders. The five largest shareholders were Gustaf Hagman, with 8.3%; Avanza Pension, with 4.9%; Torsten Söderberg and family, with 4.4%; Investment AB Öresund, with 3.2%; and Lombard Odlar AM, with 2.7%.

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 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.

A reclassification from operating activities to investing activities has taken place with respect to the previous quarter. This is to better reflect the meaning of a partial payment regarding the transaction attributable to Authentic Gaming.

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. The adjusted earnings measure is adjusted for items affecting comparability, which are defined in the section "Definitions of Alternative Performance Measures".

FINANCIAL CALENDAR

LeoVegas' financial calendar is outlined below:

- 11 Feb. 2021 – Q4 interim report
- 6 May 2021 – Q1 interim report
- 11 May 2021 – Annual General Meeting
- 12 August 2021 – Q2 interim report
- 27 October 2021 – 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. 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 to work 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 in order to adapt to the prevailing market climate. Examples of countries that have adopted local regulation include the UK, Denmark, Italy 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 and Pennsylvania have introduced local regulation for both casino games and sports betting.

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

In the Netherlands the authorities have decided to introduce a local licensing system, which is expected to take effect at the start of 2022. The gaming tax has been set at 29% plus an additional 2% fee, which is the same as for land-based operators.

In Germany the federal states have agreed to introduce a licence system, which is expected to be implemented during the second half of 2021. Before this takes effect the operators that intend to apply for and receive a gaming licence must align themselves with a number of restrictions starting on 15 October. The changes include, among other things:

- A ban on live casino online (Blackjack, Baccarat and Roulette)

- A monthly deposit limit of EUR 1,000 for casino and poker games. There may be opportunities to raise this limit once full-fledged licences have been issued
- Expanded consumer protections, where the consumers themselves are to set their own time and wager limits
- All games must be offered in the German language
- It will not be allowed to refer to the word “casino” in marketing

Effective 15 December 2020, a mandatory maximum limit of a EUR 1 wager per spin and a five-second rule between spins on slots will be introduced.

LeoVegas expects to receive nationwide licences once they are available.

In general, regulation is positive from a long-term perspective. However, there are certain elements and limitations in the German regulations that will affect customer value negatively and also risk leading to low channelisation. Over time this may be compensated by lower competition within the regulated market and greater access to local payment opportunities and marketing channels.

Covid-19 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. To address this in a responsible manner, LeoVegas has exercised restraint in its marketing and has 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 in response to the Covid-19 situation. These include new restrictions of bonus offers, a weekly deposit cap of SEK 5,000 and an obligatory time restriction on gaming. The temporary restrictions remain in effect through 31 December 2020.

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 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.

LeoVegas aligns itself with various licence systems and regulatory regimes. The Group's compliance is reviewed on a regular basis by external supervisory bodies. If shortcomings were to be discovered in any of the companies' operations, it could result in certain sanctions. The regulations and requirements are changing continuously, which in turn puts greater demands on the company's internal routines, processes and systems. 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.

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. LeoVegas conducts 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 affiliation terms, LeoVegas has the opportunity to withhold payment and terminate its cooperation with the affiliate in question. 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.

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. LeoVegas has numerous technical aids at its disposal and clear routines for countering unsound gaming. Responsible

gaming is regulated in all gaming licences that LeoVegas conducts is gaming activities under.

The risks and impacts of Covid-19 are hard to assess, and the conditions are changing continuously. The continuing 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 or other digital amusement. LeoVegas' assessment is that, thus far, Covid-19 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 example. A potential prolonged economic recession will likely have a negative impact on the Group's 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. Other risks that could affect LeoVegas include financial risks, such as currency and liquidity risks.

The 2019 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 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.

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 employs machine learning and algorithms. This helps create risk profiles for customers who may develop a gaming problem. The algorithms can detect at an early stage if a certain customer behaviour could indicate potential signs of a future addiction. Aided by its proprietary technology LeoVegas can act early and quickly to mitigate any problems that could arise if the behaviours were to continue.

In addition to the company's proprietary system, all LeoVegas employees, regardless of their position, are certified in responsible gaming. LeoVegas has employees who work exclusively with promoting responsible gaming and related issues. LeoVegas has 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.

LeoVegas is taking market shares from competitors by being a data-driven company that knows what drives the customer experience. LeoVegas retains customers for a long period of time by building sustainable relationships with them. As a result, the average revenue per customer is stable over time at the same time that the number of active customers who view their gaming as entertainment is increasing. This is a sustainable and responsible growth strategy for LeoVegas as a group. LeoVegas works with commitment and knowledge to continuously promote a positive and sound gaming experience for everyone. This work is part of the company culture that all employees adhere to. LeoSafePlay is the Group's platform for responsible gaming. The ambition for LeoSafePlay is that it will develop to become one of the industry's most comprehensive tools for consumer protection.

SUSTAINABILITY TARGETS

LeoVegas has decided to set ambitions, targets and measures for sustainability in order to clearly show what LeoVegas is trying to achieve in its work on building a sustainable company and advocate for a sustainable gaming industry. The company has set its sustainability targets in three areas: the Environment, Social Responsibility and Corporate Governance. 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 made. 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. Today approximately 10% of LeoVegas' employees work in dedicated roles coupled to compliance and responsible gaming. The company's overarching vision in sustainability is:

“LeoVegas advocates for a sustainable gaming industry, responsible gaming and positive societal 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 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, 5 November 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

LeoVegas AB, Luntmakargatan 18, SE-111 37 Stockholm

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

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

FOR FURTHER INFORMATION, PLEASE CONTACT:

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

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

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

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 2020 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, 5 November 2020

PricewaterhouseCoopers AB

Aleksander Lyckow

Authorised Public Accountant

CONSOLIDATED INCOME STATEMENT

EUR'000s	Jul-Sep 2020	Jul-Sep 2019	Jan - Sep 2020	Jan - Sep 2019	2019
Revenue	88 921	88 237	289 108	268 971	356 039
Cost of sales	(15 714)	(17 525)	(50 736)	(52 390)	(69 225)
Gaming Duties	(12 351)	(12 293)	(42 947)	(36 515)	(49 700)
Gross profit	60 856	58 419	195 425	180 066	237 114
Personnel costs	(12 439)	(11 259)	(37 692)	(37 094)	(49 359)
Capitalised development costs	2 408	1 842	7 578	6 407	8 654
Other operating expenses	(7 406)	(8 711)	(26 475)	(26 418)	(34 496)
Marketing expenses	(31 799)	(27 696)	(95 821)	(88 588)	(118 517)
Other income and expenses	279	154	880	635	6 135
EBITDA	11 898	12 749	43 894	35 008	49 531
Depreciation and amortisation	(2 681)	(2 597)	(8 037)	(7 473)	(10 152)
Amortisation and Impairment of acquired intangible assets incl. goodwill	(4 076)	(4 106)	(12 248)	(12 345)	(26 707)
Operating profit (EBIT)	5 141	6 046	23 609	15 190	12 672
Financial income	-	3	3	3	6
Financial costs	(422)	(553)	(1 352)	(1 743)	(2 405)
Financial liability fair value gains/(losses)	-	-	700	-	-
Profit before tax	4 719	5 496	22 960	13 450	10 273
Income tax	(607)	(396)	(1 681)	(952)	(730)
Net profit for the period	4 112	5 100	21 279	12 498	9 543
Net profit attributable to owners of the parent company	3 593	5 419	20 409	13 259	10 439
Net profit attributable to non-controlling interests	519	(319)	870	(761)	(896)
Exchange differences on translation of foreign operations	(1)	6	(12)	10	7
Other comprehensive income	(1)	6	(12)	10	7
Total comprehensive income	4 111	5 106	21 267	12 508	9 550
Total comprehensive income attributable to owners of the parent company	3 592	5 425	20 397	13 269	10 446
Total comprehensive income attributable to non-controlling interests	519	(319)	870	(761)	(896)
Earnings per share (EUR)	0,04	0,05	0,20	0,13	0,10
Earnings per share after dilution (EUR)	0,04	0,05	0,20	0,13	0,10
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
Key ratios					
Cost of sales as a % of revenue	17,7%	19,9%	17,5%	19,5%	19,4%
Gaming duties as a % of revenue	13,9%	13,9%	14,9%	13,6%	14,0%
Gross margin, %	68,4%	66,2%	67,6%	66,9%	66,6%
Personnel costs as % of revenue	14,0%	12,8%	13,0%	13,8%	13,9%
Operating expenses as % of revenue	8,3%	9,9%	9,2%	9,8%	9,7%
Marketing expenses as % of revenue	35,8%	31,4%	33,1%	32,9%	33,3%
EBITDA margin %	13,4%	14,4%	15,2%	13,0%	13,9%
EBIT margin %	5,8%	6,9%	8,2%	5,6%	3,6%
Net margin, %	4,6%	5,8%	7,4%	4,6%	2,7%
Adjusted profit measures EUR'000s	Jul-Sep 2020	Jul-Sep 2019	Jan - Sep 2020	Jan - Sep 2019	2019
EBITDA	11 898	12 749	43 894	35 008	49 531
Gain on sale of subsidiaries and assets	-	-	-	-	(11 403)
Restructuring costs	-	-	-	-	6 065
Adjusted EBITDA	11 898	12 749	43 894	35 008	44 193
Depreciation and amortisation	(2 681)	(2 597)	(8 037)	(7 473)	(10 152)
Adjusted EBIT	9 217	10 152	35 857	27 535	34 041
Net financial items	(422)	(550)	(1 349)	(1 740)	(2 399)
Tax	(607)	(396)	(1 681)	(952)	(730)
Adjusted net income	8 188	9 206	32 827	24 843	30 912
Adjusted EPS	0,08	0,09	0,32	0,24	0,30
Adjusted EBITDA margin %	13,4%	14,4%	15,2%	13,0%	12,4%
Adjusted EBIT margin %	10,4%	11,5%	12,4%	10,2%	9,6%
Adjusted net margin %	9,2%	10,4%	11,4%	9,2%	8,7%

CONSOLIDATED BALANCE SHEET, CONDENSED

EUR'000s	30 Sep 2020	30 Sep 2019	31 Dec 2019	31 Dec 2018
ASSETS				
Non-current assets				
Property, plant and equipment	2 462	3 914	3 347	4 141
Lease assets (right of use assets)	9 205	8 642	8 222	-
Intangible assets	20 290	17 147	16 943	14 032
Intangible assets related to surplus values from acquisitions	32 770	49 124	45 018	61 467
Goodwill	94 657	102 958	94 657	102 958
Deferred tax assets	2 682	2 975	2 682	2 975
Total non-current assets	162 065	184 760	170 869	185 573
Current assets				
Trade receivables and other receivables	32 077	30 985	35 307	29 268
Prepaid expenses and other accrued income	4 252	6 601	5 329	7 768
Cash and cash equivalents	59 806	53 710	50 738	56 738
<i>of which restricted cash (player funds)</i>	<i>13 491</i>	<i>12 841</i>	<i>13 352</i>	<i>11 922</i>
Total current assets	96 135	91 296	91 374	93 774
TOTAL ASSETS	258 200	276 056	262 243	279 347
EQUITY AND LIABILITIES				
Share capital	1 220	1 220	1 220	1 220
Additional paid-in capital	41 006	40 615	40 615	40 409
Other reserves	597	705	830	485
Retained earnings including profit for the period	56 972	53 503	50 683	52 116
Equity attributable to owners of the Parent Company	99 795	96 043	93 348	94 230
Non-controlling interest	5 399	4 939	4 804	5 700
Total Equity	105 194	100 982	98 152	99 930
Bank loan	50 104	39 809	39 924	69 642
Other non-current liabilities	-	1 000	-	961
Lease liabilities	5 404	4 492	4 169	-
Deferred tax liability	1 578	2 254	2 088	2 765
Total non-current liabilities	57 086	47 555	46 181	73 368
Current liabilities				
Trade and other payables	28 182	25 398	21 344	18 022
Player liabilities	13 491	12 841	13 352	11 922
Tax liability	5 310	1 706	4 997	5 111
Accrued expenses and deferred income	40 627	35 144	35 811	31 994
Bank loan	-	40 000	30 000	30 000
Short-term lease liabilities	3 009	3 430	3 406	-
Provision for conditional purchase price (earn-out)	5 300	9 000	9 000	9 000
Total current liabilities	95 919	127 519	117 910	106 049
Total liabilities	153 005	175 074	164 091	179 417
TOTAL EQUITY AND LIABILITIES	258 200	276 056	262 243	279 347

CONSOLIDATED STATEMENT OF CASH FLOWS, CONDENSED

EUR'000s	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	2019
Operating profit	5 141	6 046	23 609	15 189	12 672
Adjustments for non-cash items	6 911	6 059	21 130	17 848	30 761
Cash flow from changes in working capital	2 359	5 113	11 828	3 918	(1 871)
Net income taxes paid	3 214	-	(8 164)	(4 497)	(4 538)
Cash flow from operating activities	17 625	17 218	48 403	32 459	37 024
Acquisition of property, plant and equipment	(96)	(221)	(289)	(933)	(1 117)
Acquisition of intangible assets	(2 408)	(1 856)	(7 584)	(6 060)	(8 080)
Acquisition of subsidiaries	(579)	-	(3 579)	-	-
Proceeds on sale of subsidiaries and assets	861	-	2 861	-	11 150
Cash flow from investing activities	(2 222)	(2 077)	(8 591)	(6 993)	1 953
Loan financing	(10 000)	(10 000)	(20 000)	(20 000)	(30 000)
Lease liabilities	(1 097)	(806)	(2 705)	(2 400)	(3 175)
Proceeds from share issue/other equity securities	416	186	416	186	186
Cash dividends paid out to shareholders	-	-	(7 258)	(5 726)	(11 534)
Cash flow from financing activities	(10 681)	(10 620)	(29 547)	(27 940)	(44 523)
Net increase/(decrease) in cash and cash equivalents	4 722	4 521	10 265	(2 474)	(5 546)
Cash and cash equivalents at start of the period	55 561	49 290	50 738	56 738	56 738
Currency effects on cash and cash equivalents	(477)	(101)	(1 197)	(554)	(454)
Cash and cash equivalents at end of period	59 806	53 710	59 806	53 710	50 738
<i>of which restricted cash (player funds)</i>	<i>13 491</i>	<i>12 841</i>	<i>13 491</i>	<i>12 841</i>	<i>13 352</i>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, CONDENSED

	Share Capital	Other 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 2019	1 220	40 409	485	52 116	94 230	5 700	99 930
Profit for the period	-	-	-	13 259	13 259	(761)	12 498
Other comprehensive income items <i>(exchange differences of foreign operations)</i>	-	-	10	-	10	-	10
Total comprehensive income for the period	-	-	10	13 259	13 269	(761)	12 508
<i>Transactions with shareholders in their capacity as owners:</i>							
Dividends	-	-	210	(11 872)	(11 662)	-	(11 662)
Options Premium	-	206	-	-	206	-	206
<i>Transactions with non-controlling interests:</i>							
Acquisition of NCI	-	-	-	-	-	-	-
Balance at 30 September 2019	1 220	40 615	705	53 503	96 043	4 939	100 982
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 <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 non-controlling interests:</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

PARENT COMPANY INCOME STATEMENT, CONDENSED

EUR'000s	Jul - Sep 2020	Jul - Sep 2019	Jan-Sep 2020	Jan-Sep 2019	2019
Revenue	130	94	498	456	555
Operating expenses	(849)	(959)	(2 677)	(3 624)	(4 586)
Other income and expenses	-	-	-	-	-
Operating profit (EBIT)	(719)	(866)	(2 179)	(3 168)	(4 031)
Net financial income	50	47	168	3 630	32 075
Profit before tax	(669)	(819)	(2 011)	462	28 044
Apportion	-	-	-	-	33
Tax cost	-	-	-	-	746
Net Profit for the period*	(669)	(819)	(2 011)	462	28 823

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

PARENT COMPANY BALANCE SHEET, CONDENSED

EUR'000s	30 Sep 2020	30 Sep 2019	31 Dec 2019
ASSETS			
Total non-current assets	15 026	17 133	17 879
Current assets	24 588	8 150	30 399
Cash and cash equivalents	306	772	372
Total current assets	24 894	8 922	30 771
TOTAL ASSETS	39 920	26 055	48 650
EQUITY AND LIABILITIES			
Total equity	22 527	9 048	37 537
Total long term liabilities	10 000	10 000	10 000
Total current liabilities	7 393	7 007	1 113
Total liabilities	17 393	17 007	11 113
TOTAL EQUITY AND LIABILITIES	39 920	26 055	48 650

KPI'S PER QUARTER

Amounts in EUR'000s unless otherwise stated	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Deposits	292 856	354 997	287 824	284 528	275 227
Growth, Deposits, y-y %	6%	23%	7%	3%	9%
Growth, Deposits, q-q %	-18%	23%	1%	3%	-4%
Deposits per region					
Nordics, % Deposits	44%	44%	51%	53%	54%
Rest of Europe, % Deposits	44%	46%	40%	39%	38%
Rest of World, % Deposits	11%	10%	8%	8%	8%
Net Gaming Revenue (NGR)	86 047	109 449	87 117	82 989	86 374
Growth Net Gaming Revenue, y-y %	0%	18%	4%	1%	11%
Growth Net Gaming Revenue, q-q %	-21%	26%	5%	-4%	-7%
Net Gaming Revenue (NGR) per region					
Nordics, % Net Gaming Revenue	35%	34%	41%	45%	44%
Rest of Europe, % Net Gaming Revenue	47%	51%	46%	42%	42%
Rest of World, % Net Gaming Revenue	18%	15%	13%	13%	14%
Growth in NGR per region					
Nordics, y-y %	-20%	-2%	10%	-1%	14%
Rest of Europe, y-y %	13%	30%	-3%	-6%	-4%
Rest of World, y-y %	21%	35%	12%	43%	80%
Regulated revenue as a % of total	44%	51%	53%	55%	50%
Growth in regulated revenues, y-y %	-13%	25%	11%	70%	58%
Growth in regulated revenues, q-q %	-33%	13%	2%	5%	-3%
Hold (NGR/Deposits) %	29.4%	30.8%	30.3%	29.2%	31.4%
Game margin %	3.69%	3.59%	3.76%	3.62%	3.70%
Number of active customers*	660 662	671 253	643 896	575 475	575 445
Growth active customers, y-y %	15%	10%	-27%	-17%	-8%
Growth active customers, q-q %	-2%	4%	12%	0%	-5%
Number of depositing customers*	438 691	434 453	413 269	372 032	347 464
Growth depositing customers, y-y %	26%	24%	6%	9%	3%
Growth depositing customers, q-q %	1%	5%	11%	7%	-1%
Number of new depositing customers*	178 995	195 329	193 428	158 400	144 873
Growth new depositing customers, y-y %	24%	30%	3%	1%	-6%
Growth new depositing customers, q-q %	-8%	1%	22%	9%	-3%
Number of returning depositing customers*	259 696	239 124	219 841	213 632	202 591
Growth returning depositing customers, y-y %	28%	19%	10%	15%	11%
Growth returning depositing customers, q-q %	9%	9%	3%	5%	1%

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

CONSOLIDATED INCOME STATEMENT PER QUARTER

EUR'000s	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Revenue	88 921	110 739	89 448	87 068	88 237
Cost of sales	(15 714)	(18 976)	(16 046)	(16 835)	(17 525)
Gaming Duties	(12 351)	(17 018)	(13 577)	(13 185)	(12 293)
Gross profit	60 856	74 745	59 825	57 048	58 419
Personnel costs	(12 439)	(13 168)	(12 085)	(12 265)	(11 259)
Capitalised development costs	2 408	2 812	2 358	2 247	1 842
Other operating expenses	(7 406)	(8 970)	(10 099)	(8 078)	(8 711)
Marketing expenses	(31 799)	(32 742)	(31 281)	(29 929)	(27 696)
Other income and expenses	279	366	235	5 500	154
EBITDA	11 898	23 043	8 953	14 523	12 749
Depreciation and amortisation	(2 681)	(2 713)	(2 643)	(2 679)	(2 597)
Amortisation of acquired intangible assets	(4 076)	(4 076)	(4 096)	(14 362)	(4 106)
Operating profit (EBIT)	5 141	16 254	2 214	(2 518)	6 046
Financial income	-	-	3	3	3
Financial costs	(422)	(460)	(470)	(662)	(553)
Financial liability fair value gains/(losses)	-	-	700	-	-
Profit before tax	4 719	15 794	2 447	(3 177)	5 496
Income tax	(607)	(903)	(171)	222	(396)
Net profit for the period	4 112	14 891	2 276	(2 955)	5 100
Net profit attributable to owners of the parent company	3 593	14 693	2 123	(2 820)	5 419
Net profit attributable to non-controlling interests	519	198	153	(135)	(319)
Exchange differences on translation of foreign operations	(1)	(7)	(4)	(3)	6
Other comprehensive income	(1)	(7)	(4)	(3)	6
Total comprehensive income	4 111	14 884	2 272	(2 958)	5 106
Total comprehensive income attributable to owners of the parent company	3 592	14 686	2 119	(2 823)	5 425
Total comprehensive income attributable to non-controlling interests	519	198	153	(135)	(319)
Earnings per share (EUR)	0,04	0,14	0,02	(0,03)	0,05
Earnings per share after dilution (EUR)	0,04	0,14	0,02	(0,03)	0,05
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
Key ratios					
Cost of sales as a % of revenue	17,7%	17,1%	17,9%	19,3%	19,9%
Gaming duties as a % of revenue	13,9%	15,4%	15,2%	15,1%	13,9%
Gross margin, %	68,4%	67,5%	66,9%	65,5%	66,2%
Personnel costs as % of revenue	14,0%	11,9%	13,5%	14,1%	12,8%
Operating expenses as % of revenue	8,3%	8,1%	11,3%	9,3%	9,9%
Marketing expenses as % of revenue	35,8%	29,6%	35,0%	34,4%	31,4%
EBITDA, margin %	13,4%	20,8%	10,0%	16,7%	14,4%
EBIT, margin %	5,8%	14,7%	2,5%	-2,9%	6,9%
Net margin, %	4,6%	13,4%	2,5%	-3,4%	5,8%
Adjusted profit measures EUR'000s	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
EBITDA	11 898	23 043	8 953	14 523	12 749
Gain on sale of subsidiaries and assets	-	-	-	(11 403)	-
Restructuring costs	-	-	-	6 084	-
Adjusted EBITDA	11 898	23 043	8 953	9 204	12 749
Depreciation and amortisation	(2 681)	(2 713)	(2 643)	(2 679)	(2 597)
Adjusted EBIT	9 217	20 330	6 310	6 525	10 152
Net financial items	(422)	(460)	(467)	(659)	(550)
Tax	(607)	(903)	(171)	222	(396)
Adjusted net income	8 188	18 967	5 672	6 088	9 206
Adjusted EPS	0,08	0,19	0,06	0,06	0,09
Adjusted EBITDA margin %	13,4%	20,8%	10,0%	10,6%	14,4%
Adjusted EBIT margin %	10,4%	18,4%	7,1%	7,5%	11,5%
Adjusted net margin %	9,2%	17,1%	6,3%	7,0%	10,4%

CONSOLIDATED BALANCE SHEET PER QUARTER, CONDENSED

EUR'000s	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
ASSETS					
Non-current assets					
Property, plant and equipment	2 462	2 745	3 041	3 347	3 914
Lease assets (right of use assets)	9 205	10 054	7 377	8 222	8 642
Intangible assets	20 290	19 331	17 974	16 943	17 147
Intangible assets surplus values from acquisitions	32 770	36 846	40 922	45 018	49 124
Goodwill	94 657	94 657	94 657	94 657	102 958
Deferred tax assets	2 682	2 682	2 682	2 682	2 975
Total non-current assets	162 065	166 315	166 653	170 869	184 760
Current assets					
Trade receivables and other receivables	32 077	39 405	29 851	35 307	30 985
Prepaid expenses and other accrued income	4 252	5 048	7 010	5 329	6 601
Cash and cash equivalents	59 806	55 561	54 326	50 738	53 710
<i>of which restricted cash (player funds)</i>	<i>13 491</i>	<i>15 265</i>	<i>12 120</i>	<i>13 352</i>	<i>12 841</i>
Total current assets	96 135	100 014	91 187	91 374	91 296
TOTAL ASSETS	258 200	266 329	257 840	262 243	276 056
EQUITY AND LIABILITIES					
Share capital	1 220	1 220	1 220	1 220	1 220
Additional paid-in capital	41 006	41 006	40 615	40 615	40 615
Other reserves	597	902	799	830	705
Retained earnings including profit for the period	56 972	53 379	52 833	50 683	53 503
Equity attributable to owners of the Parent Company	99 795	96 507	95 467	93 348	96 043
Non-controlling interest	5 399	5 155	4 956	4 804	4 939
Total Equity	105 194	101 662	100 423	98 152	100 982
Bank loan	50 104	50 008	49 962	39 924	39 809
Other non-current liabilities	-	-	-	-	1 000
Lease liabilities	5 404	6 371	3 498	4 169	4 492
Deferred tax liability	1 578	1 761	1 918	2 088	2 254
Total non-current liabilities	57 086	58 140	55 378	46 181	47 555
Current liabilities					
Trade and other payables	28 182	26 262	19 738	21 344	25 398
Player liabilities	13 491	15 265	12 120	13 352	12 841
Tax liability	5 310	4 649	5 159	4 997	1 706
Accrued expenses and deferred income	40 627	41 911	36 443	35 811	35 144
Bank loan	-	10 000	20 000	30 000	40 000
Short-term lease liabilities	3 009	3 140	3 279	3 406	3 430
Provision for conditional purchase price (earn-out)	5 300	5 300	5 300	9 000	9 000
Total current liabilities	95 919	106 527	102 039	117 910	127 519
Total liabilities	153 005	164 667	157 417	164 091	175 074
TOTAL EQUITY AND LIABILITIES	258 200	266 329	257 840	262 243	276 056

CONSOLIDATED STATEMENT OF CASH FLOWS PER QUARTER, CONDENSED

EUR'000s	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Operating profit	5 141	16 254	2 214	(2 518)	6 046
Adjustments for non-cash items	6 911	7 080	7 139	12 913	6 059
Cash flow from changes in working capital	2 359	8 350	1 119	(5 789)	5 113
Net income taxes paid	3 214	(11 378)	-	(41)	-
Cash flow from operating activities	17 625	20 306	10 472	4 565	17 218
Acquisition of property, plant and equipment	(96)	(92)	(102)	(184)	(221)
Acquisition of intangible assets	(2 408)	(3 013)	(2 163)	(2 020)	(1 856)
Acquisition of subsidiaries	(579)	-	(3 000)	-	-
Proceeds on sale of subsidiaries and assets	861	2 000	-	11 150	-
Cash flow from investing activities	(2 222)	(1 105)	(5 265)	8 946	(2 077)
Loan financing	(10 000)	(10 000)	-	(10 000)	(10 000)
Lease liabilities	(1 097)	(807)	(800)	(775)	(806)
Proceeds from share issue/other equity securities	416	-	-	-	186
Cash dividends paid out to shareholders	-	(7 258)	-	(5 808)	-
Cash flow from financing activities	(10 681)	(18 065)	(800)	(16 583)	(10 620)
Net increase/(decrease) in cash and cash equivalents	4 722	1 136	4 407	(3 072)	4 521
Cash and cash equivalents at start of the period	55 561	54 326	50 738	53 710	49 290
Currency effects on cash and cash equivalents	(477)	99	(819)	100	(101)
Cash and cash equivalents at end of period	59 806	55 561	54 326	50 738	53 710
<i>of which restricted cash (player funds)</i>	<i>13 491</i>	<i>15 265</i>	<i>12 120</i>	<i>13 352</i>	<i>12 841</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, 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

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 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

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 (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 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 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 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