



# LeoVegas

## MOBILE GAMING GROUP

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

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

## YEAR-END REPORT 2020

### FOURTH QUARTER 2020: 1 OCTOBER–31 DECEMBER

- Revenue increased by 13% to EUR 98.4 m (87.1). Organic growth in local currencies was 14%.
- The number of depositing customers was 461,983 (372,032), an increase of 24%.
- Net Gaming Revenue (NGR) from locally regulated markets was 45% (55%) of total NGR.
- Adjusted EBITDA was EUR 11.5 m (9.2), corresponding to an adjusted EBITDA margin of 11.7% (10.6%). Reported EBITDA was EUR 8.0 m (14.5), corresponding to an EBITDA margin of 8.1% (16.7%), and includes EUR -3.5 m (5.3) in items affecting comparability.
- Operating profit (EBIT) was EUR -0.8 million (-2.5), while adjusted EBIT was EUR 8.7 m (6.5), corresponding to an adjusted EBIT margin of 8.9% (7.5%).
- Earnings per share were EUR -0.02 (-0.03) before and after dilution, while adjusted earnings per share were EUR 0.08 (0.06).

KEUR	Oct-Dec 2020	Oct-Dec 2019	Δ, %	FY 2020	FY 2019	Δ, %
Revenue	98 356	87 068	13%	387 464	356 039	9%
EBITDA	7 971	14 523	(-45) %	51 865	49 531	5%
Adjusted EBITDA	11 471	9 204	25%	55 365	44 193	25%
Adjusted EBITDA margin (%)	11.7%	10.6%	-	14.3%	12.4%	-
Adjusted EBIT	8 719	6 525	34%	44 576	34 041	31%
Adjusted EBIT margin (%)	8.9%	7.5%	-	11.5%	9.6%	-
Earnings per share before dilution (EUR)	(0.02)	(0.03)	33%	0.18	0.10	80%
Adjusted earnings per share before dilution (EUR)	0.08	0.06	33%	0.40	0.30	33%
Cash flow from operating activities	20 837	4 565	356%	69 240	37 024	87%
New Depositing Customers (NDC)	181 592	158 400	15%	749 344	641 723	17%
Returning Depositing Customers (RDC)	280 391	213 632	31%	339 994	278 106	22%

### EVENTS DURING THE QUARTER

- LeoVegas launched a number of product improvements and innovations during the quarter. Bingo was launched as a new product category. LeoVegas was the first company in the gaming industry to offer payments via Open Banking. During the quarter the Group's unique and record-large jackpot was launched under the name LeoJackPot.
- The PinkCasino brand was launched in Canada, and Royal Panda was re-launched in Finland.
- LeoVegas secured long-term and diversified financing through a combination of a bank credit facility (RCF of EUR 40 m) and a bond issue of SEK 500 m under a total framework of SEK 800 m.
- LeoVegas decided to exercise the authorisation to repurchase own shares.
- Ahead of the forthcoming regulation in Germany, a number of changes were implemented, such as obligatory deposit limits, changed gaming mechanisms, and that live casino is no longer offered. This led to lower revenue during the quarter, with the greatest effect during the month of December. LeoVegas expects to receive nationwide gaming licences for the German market once these are made available.
- LeoVegas has changed its interpretation of the calculation of gaming taxes in Denmark for earlier periods. This resulted in a self-correction, and a one-off cost of EUR 3.5 m has been charged against EBITDA.
- Decision has been taken to migrate the Royal Panda brand to the Group's proprietary technical platform, resulting in an impairment loss of EUR 1.9 m for all intangible assets coupled to Royal Panda's platform.

### EVENTS AFTER THE END OF THE QUARTER

- Preliminary revenue in January amounted to EUR 32.5 m (29.9), representing growth of 9%.
- The Board of Directors proposes a raised dividend totalling SEK 1.60 per share (1.40), an increase of 14%, to be paid out on four occasions during the year.

## CEO'S COMMENTS

### STRONG CLOSE TO 2020

LeoVegas concluded the record year 2020 with its strongest fourth quarter ever. And we did this despite frequent changes to the gaming requirements in our markets in addition to finding ourselves in the midst of a global pandemic. I am proud of our ability to quickly adapt to changed conditions through a high capacity for innovation at the same time as we are building an increasingly solid and diversified business. It is a demonstration of strength that LeoVegas delivered adjusted EBITDA growth of 25% for the full year while the operating cash flow increased almost 90 %. This was achieved despite maintaining a high investment pace with launches of new brands, new markets and product improvements.

During the fourth quarter we increased our revenue organically by 14%. Growth was mainly driven by a continued rise in depositing customers, which grew 24% to a new record level. Adjusted EBITDA increased by 25% during the quarter to EUR 11.5 m. Reported EBITDA was charged with a one-off provision of EUR 3.5 m related to a changed interpretation of the calculation of gaming taxes in Denmark for earlier periods.

### MARKETS

With the exceptions of Sweden and the UK, our core markets showed high double-digit growth during the quarter. Above all I want to highlight Italy, which has now become one of our five biggest markets. During the quarter we launched the Pink Casino brand in Canada. The launch is part of our multibrand strategy, where we are utilising existing resources and our technical platform to expand through scale.

In the German market, LeoVegas has implemented a number of changes ahead of the forthcoming licence system in July 2021. As expected, this affected revenue during the period. Operators in the market are acting differently with respect to the new restrictions, and at present necessary clarity is lacking in the ongoing transitional period, which unfortunately has led to a skewed competitive situation until the licence system has been fully implemented.

### TECHNOLOGY AND PRODUCTS

During the quarter we carried out and launched several major projects and innovations. In particular I want to highlight

*“Yet another record year for LeoVegas with a strong close”*

our new exclusive jackpot – LeoJackpot – where our customers can win over SEK 50 m directly from their smartphones. We were also first in the industry to offer payments via Open Banking. This will benefit LeoVegas and our customers in many ways, including through more secure and faster payments and lower transaction costs.

During the quarter we began the migration of Royal Panda to our joint technical platform. As a result, in 2021 all brands will be operated on the same platform. The migration will lead to cost synergies such as lower platform and product costs and a more efficient organisation. The decision has also resulted in impairment of intangible assets attributable to Royal Panda's platform, which was charged against EBIT in the amount of EUR 1.9 m.

### FINANCING AND INVESTMENTS

At the end of the year we secured the Group's long-term financing needs through the combination of a renewed bank credit facility of EUR 40 m and a newly issued corporate bond of SEK 500 m.

Stable financing combined with a strong balance sheet gives us a solid base for continued expansion, both through organic initiatives and potential acquisitions. During the fourth quarter we carried out share repurchases for approximately EUR 5 m. In addition, the Board of Directors proposes an increase in the dividend to SEK 1.60 per share.

### COMMENTS ON FOURTH QUARTER

Revenue for the month of January amounted to EUR 32.5 m (29.9), corresponding to annual growth of 9%. In January revenue was fully impacted by the changes carried out in Germany ahead of the forthcoming regulation.

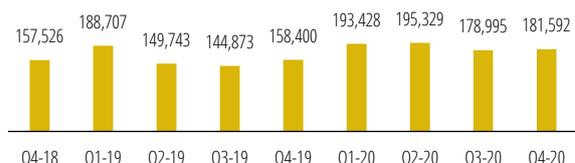
On the tailwinds of a strong 2020 we are now looking forward to a year with many exciting growth initiatives and an even stronger customer offering.

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

## KEY PERFORMANCE INDICATORS

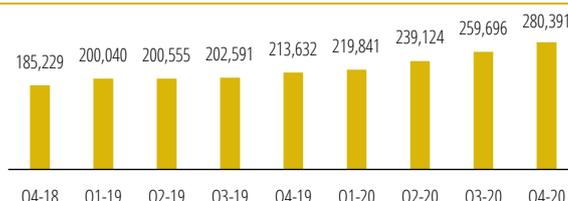
For more KPIs and comments, see the accompanying presentation file at [LeoVegasgroup.com](http://LeoVegasgroup.com). See also the section “Definitions of Alternative Performance Measures”.

### NEW DEPOSITING CUSTOMERS (NDCs)



NDCs increased by 15% compared with the same period a year ago and by 1% sequentially compared with the third quarter.

### RETURNING DEPOSITING CUSTOMERS (RDCs)



The number of RDCs reached a new record level during the fourth quarter. Growth was 31% compared with the same period a year ago and 8% compared with the third quarter.

### NGR PER REGION, Q4 2020



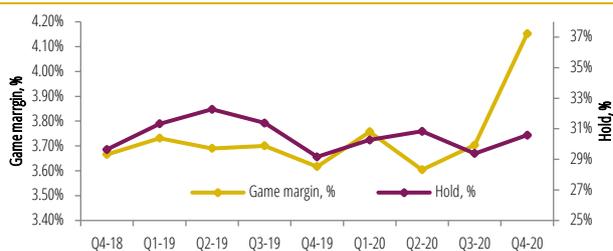
Rest of Europe was the largest region during the fourth quarter and accounted for 47% of the Group’s Net Gaming Revenue (NGR). The Nordic countries accounted for 36%, and Rest of World for 17%. Rest of World showed a slight sequential decrease compared with the third quarter.

### GGR PER PRODUCT, Q4 2020



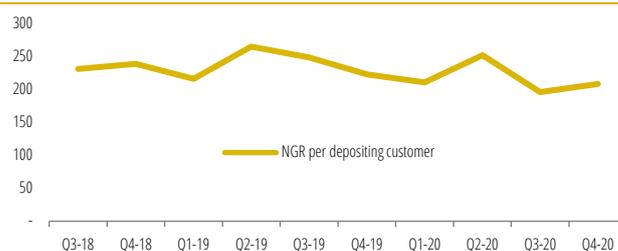
Casino accounted for 75% of the Group’s Gross Gaming Revenue (GGR), Live Casino accounted for 16%, and the sports book accounted for 9%. The sports book continued to recover during the quarter to a corresponding share of the Group’s GGR as before the global pandemic.

### GAMING MARGIN AND HOLD



The relation between NGR and deposits (“Hold”) increased compared with the preceding quarter to 30.6%, 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 3.9%, which is higher than the historical average.

### PLAYER VALUE (EUR)



The average player value per depositing customer was EUR 209, which is an increase of 6% compared with the preceding quarter and a decrease of 6% compared with the same quarter last year. The lower player value compared with a year ago is partly explained by the temporary restrictions in Sweden as well as by a lower share of high-value players and a changed geographic mix.

## GROUP PERFORMANCE Q4

### REVENUE, DEPOSITS AND NGR

Revenue totalled EUR 98.4 m (87.1) during the fourth quarter, an increase of 13%. Organic growth was 14%.

Deposits totalled EUR 315.1 m (284.5) during the quarter, an increase of 11%. Sequentially deposits increased by 8% compared with the preceding quarter. Net Gaming Revenue (NGR) amounted to EUR 96.4 m (83.0) during the period, an increase of 16% compared with the same period a year ago and of 12% sequentially compared with the third quarter. Owing to a higher hold during the quarter, NGR grew faster than deposits compared with a year ago.

In the Nordics region, NGR decreased by 4% compared with the same period a year ago. The temporary restrictions implemented in Sweden in July, including new deposit limits among other measures, had a negative effect on revenues for the region during the second half of the year, but with a gradual recovery during the fourth quarter. In the Rest of Europe region, NGR increased by 28% compared with the same period a year ago. Growth was favourable in most markets, where Italy, in particular, had a very strong development. NGR in Germany was negatively affected by the changes and limitations introduced during the period coupled to the forthcoming market regulation, where the greatest effect was noted in December. In the Rest of World region, NGR increased by 46% 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 45% (55%) of total revenue during the fourth quarter, representing an increase compared with the third quarter (44%).

### EARNINGS

Gross profit amounted to EUR 66.9 m (57.0) during the fourth quarter, corresponding to a gross margin of 68.0% (65.5%).

Gaming taxes totalled EUR 14.3 m (13.2), corresponding to 14.6% (15.1%) of revenue. The cost of sales was 17.4% of revenue (19.3%) 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

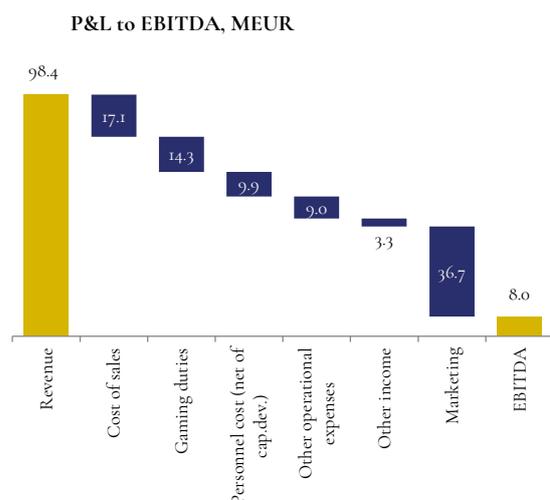
year ago and the preceding quarter, and is explained by continuous work on improving the Group's terms for vendors.

Marketing costs during the quarter totalled EUR 36.7 m (29.9), which is the highest level ever. This higher level is attributable to media campaigns in key markets in December, certain timing effects and launches of new brands. Marketing costs in relation to revenue were 37.3% during the fourth quarter, which is an increase compared with the third quarter share of 35.8% and the corresponding period a year ago (34.4%). Investments in marketing are believed to have had a good effect, which is reflected in the record-large customer base at the end of the quarter.

Personnel costs in relation to revenue decreased compared with the same period a year ago to 13.1% (14.1%). During the quarter an efficiency improvement programme was carried out, which led to a slight decrease in the work force. Costs associated with the efficiency improvements were charged against third quarter earnings.

Other operating expenses amounted to 9.1% of revenue (9.3%), which is a decrease compared with the same period a year ago. The Group continues to work steadily with efficiency improvements and cost control at the same time that subsequent effects of the ongoing pandemic, such as less travel and lower office-related expenditures, continue to contribute to temporarily lower costs.

The item "Other income and expenses" includes a one-off cost of EUR 3.5 m during the quarter, which pertains to a provision for gaming taxes in Denmark for earlier periods. The company has performed an internal review of gaming taxes in various markets, and as a result of this changed its estimation of the tax calculation in Denmark. The provision is reported as an item affecting comparability. Approximately EUR 0.6 m of the one-off cost pertains to the first three quarters of 2020 and normally would have been included in the expense line "Gaming taxes".



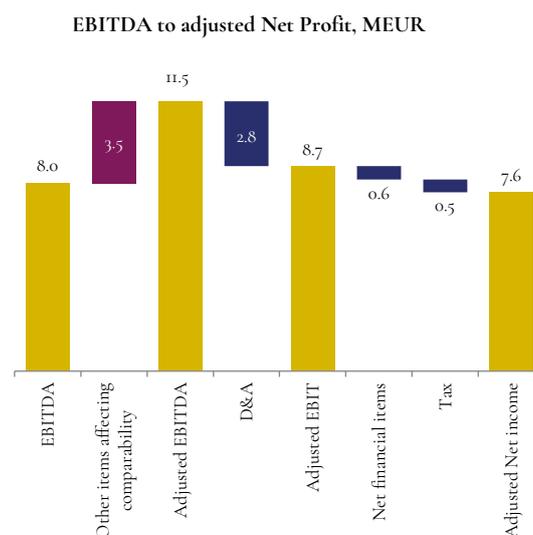
EBITDA for the fourth quarter was EUR 8.0 m (14.5), corresponding to an EBITDA margin of 8.1% (16.7%). EBITDA includes a cost of EUR -3.5 m in items affecting comparability pertaining to the provision for gaming taxes in Denmark. EBITDA for the same period a year ago also included items affecting comparability totalling EUR +5.3 m, which were mainly related to sales of subsidiaries and restructuring costs.

Adjusted EBITDA for the fourth quarter, excluding these items affecting comparability, was EUR 11.5 m (9.2), corresponding to an adjusted EBITDA margin of 11.7% (10.6%), which is an increase of 25% compared with the same period a year ago. Adjusted EBITDA gives a more accurate picture of the Group's underlying profit for the period.

The Group's depreciation and amortisation excluding acquisition-related depreciation and amortisation amounted to EUR 2.8 m (2.7). Amortisation related to acquired intangible assets totalled EUR 4.1 m (4.1). In addition, an impairment of EUR 1.9 m occurred during the quarter (0.0). The impairment is related to the remaining intangible assets coupled to Royal Panda's technical platform. The impairment has taken place as Royal Panda is being migrated to LeoVegas' technology platform. The preceding year included an impairment loss of EUR 10.2 m for goodwill.

Operating profit (EBIT) for the quarter was EUR -0.8 m (-2.5), corresponding to an EBIT margin of -0.8% (-2.9%). Adjusted EBIT for the quarter was EUR 8.7 m (6.5), corresponding to an adjusted EBIT margin of 8.9% (7.5%).

Financial expenses are mainly coupled to the company's credit facilities and amounted to EUR 0.6 m (0.7). In December, the company renewed its bank credit facility and issued a bond of SEK 500 m. A currency derivative in SEK was contracted for the transaction. Transaction and other related costs of EUR 0.3 m coupled to the new financing were charged against financial net during the quarter.



Income tax for the quarter totalled EUR -0.5 m (0.2).

Net profit for the quarter was EUR -1.9 m (-3.0), corresponding to a net margin of -2.0% (-3.4%). Earnings per share were EUR -0.02 (-0.03) before and after dilution. Adjusted earnings per share were EUR 0.08 (0.06). Adjusted earnings per share better reflect the Group's underlying earnings capacity stripped of items affecting comparability.

**BALANCE SHEET AND FINANCING**

Cash and cash equivalents at the end of the quarter amounted to SEK 63.3 m (50.7). Cash and cash equivalents excluding customer balances amounted to EUR 47.5 m (37.4). In December LeoVegas issued a senior unsecured bond of SEK 500 m (approx. EUR 49 m) under a framework of SEK 800 m. The bond has a tenor of three years and a floating interest rate of STIBOR three months plus 550 basis points and matures on 10 December 2023. In addition to this, LeoVegas also entered into a new three-year revolving credit facility (RCF) of EUR 40 m. The bond and RCF replace the company's previous credit facilities. The RCF is currently unutilised. LeoVegas thereby has combined, available credit facilities of EUR 89 m, of which EUR 49 m (70) was utilised as per the end of the fourth quarter. Overall, the Group's financial position is very good. Net debt excluding player liabilities in relation to adjusted EBITDA (rolling 12 months) was 0.0x (zero times).

The Group had intangible assets worth EUR 19.5 m at the end of the quarter (16.9). Intangible assets attributable to identified surplus value from acquisitions amounted to EUR 28.7 m (45.0). Goodwill related to all acquisitions amounted to EUR 94.7 m (94.7).

Total liabilities decreased compared with the same quarter a year ago, mainly owing to a reduction in the Group's utilised borrowing.

At the end of the quarter the Group's equity amounted to EUR 98.2 m (98.2). Non-controlling interests make up EUR 5.4 m (4.8) of equity. Total assets at the end of the quarter amounted to EUR 249.3 m (262.2). The equity/assets ratio was 39% (37%).

**CASH FLOW AND INVESTMENTS**

Cash flow from operating activities totalled EUR 20.8 m (4.6) during the quarter. Working capital improved during the period but may be volatile from quarter to quarter and is affected by factors such as jackpot provisions, incoming and outgoing payments between LeoVegas and payment service providers, and advance payments for licences and marketing. Working capital movements also includes deferred payment of gaming taxes in Austria and the fourth quarter provision for gaming taxes in Denmark.

Investments in property, plant and equipment amounted to EUR -0.1 m (-0.2). Investments in intangible non-current assets amounted to EUR -2.9 m (-2.0) and pertain mainly to capitalised development costs.

Cash flow from financing activities was affected in a net amount of EUR -2.0 m (-10.0) after repayment of the bank credit facility that was previously utilised and receipt of proceeds from the bond issue. Share repurchases affected cash flow by EUR -4.9 m (0.0). During the quarter cash flow was affected by EUR -7.0 m (-5.8) in payment of dividends to owners of the Parent Company. Amortisation of the lease liability, i.e., prepayment of rents for the Group's leased assets, had an accounting effect on cash flow from financing activities of EUR -0.5 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 at least 15%, under the assumption that 100% of revenue is generated in locally regulated markets where gaming tax is paid*
- *The leverage ratio (net debt in relation to adjusted EBITDA) shall not exceed 1.0x. However, LeoVegas may, under certain circumstances, choose to exceed this level during short time periods in connection with e.g. larger acquisitions or other strategic initiatives*
- *To pay a dividend, over time, of at least 50% of profit after tax*

### PARENT COMPANY

LeoVegas AB (publ.), the Group's Parent Company, invests in companies that offer gaming via smartphones, tablets and desktop computers as well as companies that develop related technology. Gaming services are offered to end consumers through subsidiaries. The Parent Company is not engaged in any gaming activities.

The Parent Company's revenue for the quarter totalled EUR 0.2 m (0.1), and profit after tax was EUR 18.7 m (28.4). Apart from dividends from subsidiaries, profit is steered essentially by invoiced management services and other operating expenses. Cash and cash equivalents amounted to EUR 1.4 m (0.4). In December, the Parent Company issued a bond of SEK 500 m that carries a floating interest rate of STIBOR three months plus 550 basis points. The bond is recognised at amortised cost in accordance with the effective interest method. As per the balance sheet date the liability amounts to EUR 48.9 m. In connection with the issuance of the bond, a currency derivative was contracted. Transaction and other related costs of EUR 0.6 m were charged against financial expenses during the quarter.

### 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 0.9 m compared with the same period a year ago and a positive effect of approximately EUR 0.3 m compared with the preceding quarter.

### SEASONAL VARIATIONS

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

### PERSONNEL

The number of full-time employees at the end of the quarter was 837 (794), of whom 41 are employed in LeoVentures (34). The average number of employees during the quarter was 848 (823). LeoVegas was using the services of 31 (25) full-time consultants at the end of the quarter.

### RELATED-PARTY TRANSACTIONS

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

### SHARES AND OWNERSHIP STRUCTURE

LeoVegas AB is listed on Nasdaq Stockholm. The total number of outstanding shares and votes in LeoVegas AB, before share repurchases, was 101,652,970. As per the end of December 2020 the company had 17,284 shareholders. The five largest shareholders were:

- Gustaf Hagman – 8.3%
- Avanza Pension – 4.5%
- Torsten Söderberg and family – 4.4%
- TT International – 2.4%
- Lombard Odier AM – 2.3%

In connection with the ongoing share repurchase programme, LeoVegas owns 1.4% of the total number of shares. The total number of outstanding shares and votes thus amounts to 100,181,626 at the end of the balance sheet date.

## ACCOUNTING POLICIES

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

The number of shares after dilution is calculated using the Treasury Stock method. At the end of the reporting period three warrant programmes were in effect, which expire in 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.

Changes in exchange rates for the bond in SEK have been hedged with a financial instrument (OTC derivative). Financial assets and liabilities in the form of derivatives are reported at fair value via the income statement. All transactions related to the currency swap are reported under financial items in the consolidated income statement. No hedge accounting has been applied. The currency derivative used for hedging purposes is valued according to fair value hierarchy 2. The fair value of financial assets that are not traded on an active market (e.g. OTC derivatives as mentioned above) is determined using valuation techniques that to such an extent as possible based on market information, while company-specific information is used as little as possible. All the essential input data required for the actual valuation of an instrument are observable. The bond, which was issued for SEK 500.000.000, has a market value of SEK 501.875.000 as of the balance sheet date. The Parent Company applies the exemption permitted by RFR 2 from application of IFRS 9 Financial Instruments.

LeoVegas’ launch of LeoJackpot during the quarter did not entail any changes from previous accounting policies. A provision for LeoJackpot, which can amount to a maximum of EUR 5 m, has been calculated based on the probability that it will be payable in accordance with IAS 37. The progressive jackpot portion (which is financed by players) is reported in accordance with the previous policy for progressive jackpots.

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. Apart from the description of the currency derivative above, the accounting policies are unchanged since the most recently published annual report for the 2019 financial year.

## SHARE REPURCHASES

The Board of Directors of LeoVegas decided during the quarter to exercise the authorisation granted to it at the company’s Annual General Meeting on 8 May 2020 to repurchase shares in the company. In total the granted mandate allows LeoVegas to repurchase shares for an amount of up to EUR 10.000.000. Repurchases may take place on one or more occasions until the Annual General Meeting on 11 May 2021. The purpose of the repurchases is to optimise the company’s capital structure and create shareholder value by reducing the number of shares outstanding. Repurchased shares may also be used as payment for potential future acquisitions. As per the balance sheet date, LeoVegas’ share capital amounted to EUR 1,219,835.65. The number of shares outstanding before repurchases was 101,652,970. A total of 1,471,344 shares have been repurchased at a cost of SEK 49.997.441, of which SEK 248.743 (0.5%) pertains to brokerage fees. The cost corresponds to EUR 4.891.042. The average price of the repurchased shares was SEK 33.8. A total of 1.4% of the shares outstanding have been repurchased, of which the number of shares outstanding on the balance sheet date was 100,181,626. The share quota price before the repurchases was EUR 0.012.

## 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:

- 6 May 2021 – Q1 interim report
- 11 May 2021 – Annual General Meeting
- 12 August 2021 – Q2 interim report
- 27 October 2021 – Q3 interim report
- 11 February 2022 – Year-end report

#### LEGAL UPDATE

The legal situation for online gaming is changing continuously at the EU level as well as in individual geographic markets outside of the EU. LeoVegas' expansion strategy is to 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. Examples of countries that have adopted local regulation include the UK, Denmark, Italy, Spain and Sweden. This trend is also spreading outside of the EU, and most markets in Latin America, for example, are engaged in discussions to regulate their gaming markets. Colombia is an example of a country that has already taken the step in to a regulated environment. The same applies in the USA, where gaming is regulated by the individual states. Among other states, New Jersey and Pennsylvania have introduced local regulation for both casino games and sports betting. The trend in the USA is that more and more states are regulating their local gaming markets.

The authorities in the UK are currently conducting a review of the current gaming laws. The results of this analysis have

not yet been compiled, but it may lead to more demanding regulation for the licensed operators, 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 end of 2021, but most operators will be launching their services in 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. 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 protection, 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
- A mandatory maximum limit of a EUR 1 wager per spin
- A five-second rule between spins on slots

LeoVegas expects to receive nationwide licences once they have been made 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.

The global pandemic has given rise to societal concerns over the risk for an increase in unsound gaming under the current circumstances, as people are spending more time in their

homes. There are no reliable statistics indicating that unsound gaming has increased, and LeoVegas has not seen any increase attributable to the pandemic in its customer data. Given that this situation is unique, LeoVegas is dealing with it in a responsible manner and has, among other actions, implemented proactive measures to strengthen player protection.

In Sweden, on 2 July 2020 temporary restrictions were introduced for online casino in response to the pandemic 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 have been extended through 30 June 2021.

During the fourth quarter the Swedish government commissioned an investigation to strengthen work on countering unlicensed gaming and match fixing. The purpose of the investigation is to identify obstacles and recommend solutions to enabling more effective oversight of illegal gaming. The assignment also includes investigating how the work on countering match fixing can be strengthened.

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

#### RISKS AND UNCERTAINTIES

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

LeoVegas operates in many regulated markets and is regularly reviewed by various regulatory bodies. If it turns out that interpretations and measures the company has taken to ensure compliance with the licensing authority's requirements are insufficient, it can lead to costs for the company in

the form of fines or other sanctions. The regulations and requirements are changing continuously, which in turn puts 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. Consumer protection is therefore an important part of the design of LeoVegas' offerings and in its 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 its gaming activities under.

The risks and impacts of the global pandemic are hard to assess, and the situation is changing continuously. The continuing crisis is having a minor impact on online businesses. 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 and other digital amusement. This is accelerating the shift from land-based to online gaming.

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

Investing in and focusing on responsible gaming are imperative for the company to be able to act in accordance with its gaming licences. To proactively counter unsound gaming, the company has a system that enables it to identify abnormal gaming patterns at an early stage. The system enables early interventions in cases where unsound gaming has been detected.

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 and tools that help

customers keep their gaming in check. Examples of such functions are Loss limits, Time limits, Time alerts, Pause account and Account closure. LeoVegas works continuously with engagement and knowledge to promote a positive and safe gaming experience for everyone. This work is part of the company culture that all employees adhere to. LeoSafePlay is the Group's platform for responsible gaming.

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.

#### 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. LeoVegas has set 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 fourth quarter gives a fair overview of the Parent Company's and Group's operations, position and result of operations, and describes the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, 11 February 2021

**Per Norman**  
Chairman of the Board

**Hélène Westholm**  
Director

**Carl Larsson**  
Director

**Fredrik Rüdén**  
Director

**Anna Frick**  
Director

**Mathias Hallberg**  
Director

**Torsten Söderberg**  
Director

**Gustaf Hagman**  
President and CEO

*This report has 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 Dofivik  
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	Oct-Dec 2020	Oct-Dec 2019	2020	2019
<b>Revenue</b>	<b>98 356</b>	<b>87 068</b>	<b>387 464</b>	<b>356 039</b>
Cost of sales	(17 135)	(16 835)	(67 871)	(69 225)
Gaming Duties	(14 336)	(13 185)	(57 282)	(49 700)
<b>Gross profit</b>	<b>66 885</b>	<b>57 048</b>	<b>262 311</b>	<b>237 114</b>
Personnel costs	(12 856)	(12 265)	(50 548)	(49 359)
Capitalised development costs	2 926	2 247	10 504	8 654
Other operating expenses	(8 965)	(8 078)	(35 441)	(34 496)
Marketing expenses	(36 730)	(29 929)	(132 552)	(118 517)
Other income and expenses	(3 289)	5 500	(2 409)	6 135
<b>EBITDA</b>	<b>7 971</b>	<b>14 523</b>	<b>51 865</b>	<b>49 531</b>
Depreciation and amortisation	(2 752)	(2 679)	(10 789)	(10 152)
Amortisation of acquired intangible assets and impairment of assets incl. goodwill	(6 052)	(14 362)	(18 300)	(26 707)
<b>Operating profit (EBIT)</b>	<b>(833)</b>	<b>(2 518)</b>	<b>22 776</b>	<b>12 672</b>
Financial income	980	3	983	6
Financial costs	(1 559)	(662)	(2 911)	(2 405)
Financial liability fair value gains/(losses)	-	-	700	-
<b>Profit before tax</b>	<b>(1 412)</b>	<b>(3 177)</b>	<b>21 548</b>	<b>10 273</b>
Income tax	(534)	222	(2 215)	(730)
<b>Net profit for the period</b>	<b>(1 946)</b>	<b>(2 955)</b>	<b>19 333</b>	<b>9 543</b>
Net profit attributable to owners of the parent company	(1 897)	(2 820)	18 512	10 439
Net profit attributable to non-controlling interests	(49)	(135)	821	(896)
Exchange differences on translation of foreign operations	-	(3)	(12)	7
<b>Other comprehensive income</b>	<b>-</b>	<b>(3)</b>	<b>(12)</b>	<b>7</b>
<b>Total comprehensive income</b>	<b>(1 946)</b>	<b>(2 958)</b>	<b>19 321</b>	<b>9 550</b>
Total comprehensive income attributable to owners of the parent company	(1 897)	(2 823)	18 500	10 446
Total comprehensive income attributable to non-controlling interests	(49)	(135)	821	(896)
<b>Earnings per share (EUR)</b>	<b>(0,02)</b>	<b>(0,03)</b>	<b>0,18</b>	<b>0,10</b>
<b>Earnings per share after dilution (EUR)</b>	<b>(0,02)</b>	<b>(0,03)</b>	<b>0,18</b>	<b>0,10</b>
No. of shares outstanding adj. for share split (millions)	100,92	101,65	100,92	101,65
No. of shares outstanding after dilution adj. for share split (millions)	100,92	101,65	100,92	101,65
<b>Key ratios</b>				
Cost of sales as a % of revenue	17,4%	19,3%	17,5%	19,4%
Gaming duties as a % of revenue	14,6%	15,1%	14,8%	14,0%
Gross margin, %	68,0%	65,5%	67,7%	66,6%
Personnel costs as % of revenue	13,1%	14,1%	13,0%	13,9%
Operating expenses as % of revenue	9,1%	9,3%	9,1%	9,7%
Marketing expenses as % of revenue	37,3%	34,4%	34,2%	33,3%
EBITDA margin %	8,1%	16,7%	13,4%	13,9%
EBIT margin %	(0,8%)	(2,9%)	5,9%	3,6%
Net margin, %	(2,0%)	(3,4%)	5,0%	2,7%
<b>Adjusted profit measures EUR'000s</b>	<b>Oct-Dec 2020</b>	<b>Oct-Dec 2019</b>	<b>2020</b>	<b>2019</b>
<b>EBITDA</b>	<b>7 971</b>	<b>14 523</b>	<b>51 865</b>	<b>49 531</b>
Gain on sale of subsidiaries and assets	-	(11 403)	-	(11 403)
Restructuring costs	-	6 084	-	6 065
Other items affecting comparability	3 500	-	3 500	-
<b>Adjusted EBITDA</b>	<b>11 471</b>	<b>9 204</b>	<b>55 365</b>	<b>44 193</b>
Depreciation and amortisation	(2 752)	(2 679)	(10 789)	(10 152)
<b>Adjusted EBIT</b>	<b>8 719</b>	<b>6 525</b>	<b>44 576</b>	<b>34 041</b>
Net financial items	(579)	(659)	(1 928)	(2 399)
Tax	(534)	222	(2 215)	(730)
<b>Adjusted net income</b>	<b>7 606</b>	<b>6 088</b>	<b>40 433</b>	<b>30 912</b>
<b>Adjusted EPS</b>	<b>0,08</b>	<b>0,06</b>	<b>0,40</b>	<b>0,30</b>
Adjusted EBITDA margin %	11,7%	10,6%	14,3%	12,4%
Adjusted EBIT margin %	8,9%	7,5%	11,5%	9,6%
Adjusted net margin %	7,7%	7,0%	10,4%	8,7%

## CONSOLIDATED BALANCE SHEET, CONDENSED

EUR'000s	31 Dec 2020	31 Dec 2019
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	2 394	3 347
Lease assets (right of use assets)	8 878	8 222
Intangible assets	19 493	16 943
Intangible assets related to surplus values from acquisitions	28 694	45 018
Goodwill	94 657	94 657
Financial Fixed Asset	314	-
Deferred tax assets	2 876	2 682
<b>Total non-current assets</b>	<b>157 306</b>	<b>170 869</b>
<b>Current assets</b>		
Trade receivables and other receivables	23 160	35 307
Prepaid expenses and other accrued income	5 480	5 329
Cash and cash equivalents	63 340	50 738
<i>of which restricted cash (player funds)</i>	15 801	13 352
<b>Total current assets</b>	<b>91 981</b>	<b>91 374</b>
<b>TOTAL ASSETS</b>	<b>249 287</b>	<b>262 243</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	1 220	1 220
Additional paid-in capital	36 115	40 615
Other reserves	421	830
Retained earnings including profit for the period	55 075	50 683
<b>Equity attributable to owners of the Parent Company</b>	<b>92 831</b>	<b>93 348</b>
Non-controlling interest	5 350	4 804
<b>Total Equity</b>	<b>98 181</b>	<b>98 152</b>
Bank loan	-	39 924
Bond Loan	48 860	-
Lease liabilities	5 300	4 169
Deferred tax liability	1 435	2 088
<b>Total non-current liabilities</b>	<b>55 595</b>	<b>46 181</b>
<b>Current liabilities</b>		
Trade and other payables	20 287	21 344
Player liabilities	15 801	13 352
Tax liability	5 948	4 997
Accrued expenses and deferred income	45 082	35 811
Bank loan	-	30 000
Short-term lease liabilities	3 093	3 406
Provision for conditional purchase price (earn-out)	5 300	9 000
<b>Total current liabilities</b>	<b>95 511</b>	<b>117 910</b>
<b>Total liabilities</b>	<b>151 106</b>	<b>164 091</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>249 287</b>	<b>262 243</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS, CONDENSED

EUR'000s	Oct-Dec 2020	Oct-Dec 2019	2020	2019
Operating profit	(833)	(2 518)	22 776	12 672
Adjustments for non-cash items	8 922	12 913	30 052	30 761
Cash flow from changes in working capital	6 279	(5 789)	18 107	(1 871)
Net income taxes paid	6 469	(41)	(1 695)	(4 538)
<b>Cash flow from operating activities</b>	<b>20 837</b>	<b>4 565</b>	<b>69 240</b>	<b>37 024</b>
Acquisition of property, plant and equipment	(110)	(184)	(399)	(1 117)
Acquisition of intangible assets	(2 908)	(2 020)	(10 492)	(8 080)
Acquisition of subsidiaries	-	-	(3 579)	-
Proceeds on sale of subsidiaries and assets	-	11 150	2 861	11 150
<b>Cash flow from investing activities</b>	<b>(3 018)</b>	<b>8 946</b>	<b>(11 609)</b>	<b>1 953</b>
Bond financing	48 298	-	48 298	-
Loan financing	(50 343)	(10 000)	(70 343)	(30 000)
Lease liabilities	(539)	(775)	(3 244)	(3 175)
Share buyback	(4 891)	-	(4 891)	-
Proceeds from share issue/other equity securities	-	-	416	186
Cash dividends paid out to shareholders	(6 955)	(5 808)	(14 213)	(11 534)
<b>Cash flow from financing activities</b>	<b>(14 430)</b>	<b>(16 583)</b>	<b>(43 977)</b>	<b>(44 523)</b>
Net increase/(decrease) in cash and cash equivalents	3 389	(3 072)	13 654	(5 546)
Cash and cash equivalents at start of the period	59 806	53 710	50 738	56 738
Currency effects on cash and cash equivalents	145	100	(1 052)	(454)
<b>Cash and cash equivalents at end of period</b>	<b>63 340</b>	<b>50 738</b>	<b>63 340</b>	<b>50 738</b>
<i>of which restricted cash (player funds)</i>	<i>15 801</i>	<i>13 352</i>	<i>15 801</i>	<i>13 352</i>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, CONDENSED

	Share Capital	Capital contribution	Other reserves	Retained earnings	Equity attributable to owners of the parent company	Non-controlling interest	Total equity
<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	-	-	-	10 439	10 439	(896)	9 543
Other comprehensive income items <i>(exchange differences of foreign operations)</i>	-	-	7	-	7	-	7
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>10 439</b>	<b>10 446</b>	<b>(896)</b>	<b>9 550</b>
<i>Transactions with shareholders in their capacity as owners:</i>							
Dividends	-	-	338	(11 872)	(11 534)	-	(11 534)
Options Premium	-	206	-	-	206	-	206
<i>Transactions with non-controlling interests:</i>							
Acquisition of NCI	-	-	-	-	-	-	-
<b>Balance at 31 December 2019</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>
<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	-	-	-	18 512	18 512	821	19 333
Other comprehensive income <i>(exchange differences of foreign operations)</i>	-	-	(39)	27	(12)	-	(12)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(39)</b>	<b>18 539</b>	<b>18 500</b>	<b>821</b>	<b>19 321</b>
<i>Transactions with shareholders in their capacity as owners:</i>							
Dividends	-	-	(66)	(14 147)	(14 213)	-	(14 213)
Options Premium	-	391	-	-	391	-	391
Share buyback	-	(4 891)	-	-	(4 891)	-	(4 891)
<i>Transactions with non-controlling interests:</i>							
Acquisition of NCI	-	-	(304)	-	(304)	(275)	(579)
<b>Balance at 31 December 2020</b>	<b>1 220</b>	<b>36 115</b>	<b>421</b>	<b>55 075</b>	<b>92 831</b>	<b>5 350</b>	<b>98 181</b>

## PARENT COMPANY INCOME STATEMENT, CONDENSED

EUR'000s	Oct - Dec 2020	Oct - Dec 2019	2020	2019
<b>Revenue</b>	<b>171</b>	<b>100</b>	<b>669</b>	<b>555</b>
Operating expenses	(1 160)	(962)	(3 837)	(4 586)
Other income and expenses	-	-	-	-
<b>Operating profit (EBIT)</b>	<b>(989)</b>	<b>(862)</b>	<b>(3 168)</b>	<b>(4 031)</b>
Net financial income	19 529	28 445	19 697	32 075
<b>Profit before tax</b>	<b>18 540</b>	<b>27 583</b>	<b>16 529</b>	<b>28 044</b>
Apportion	-	33	-	33
Tax cost	193	746	193	746
<b>Net Profit for the period*</b>	<b>18 733</b>	<b>28 362</b>	<b>16 722</b>	<b>28 823</b>

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

## PARENT COMPANY BALANCE SHEET, CONDENSED

EUR'000s	31 Dec 2020	31 Dec 2019
<b>ASSETS</b>		
<b>Total non-current assets</b>	<b>51 944</b>	<b>17 879</b>
Current assets	32 641	30 399
Cash and cash equivalents	1 419	372
<b>Total current assets</b>	<b>34 060</b>	<b>30 771</b>
<b>TOTAL ASSETS</b>	<b>86 004</b>	<b>48 650</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Total equity</b>	<b>36 193</b>	<b>37 537</b>
Bank Loan	-	10 000
Bond Loan	48 860	-
<b>Total long term liabilities</b>	<b>48 860</b>	<b>10 000</b>
Total current liabilities	951	1 113
<b>Total liabilities</b>	<b>49 811</b>	<b>11 113</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>86 004</b>	<b>48 650</b>

## KPI'S PER QUARTER

Amounts in EUR'000s unless otherwise stated	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
<b>Deposits</b>	<b>315 130</b>	<b>292 856</b>	<b>354 997</b>	<b>287 824</b>	<b>284 528</b>
Growth, Deposits, y-y %	11%	6%	23%	7%	3%
Growth, Deposits, q-q %	8%	-18%	23%	1%	3%
<b>Deposits per region</b>					
Nordics, % Deposits	44%	44%	44%	51%	53%
Rest of Europe, % Deposits	45%	44%	46%	40%	39%
Rest of World, % Deposits	11%	11%	10%	8%	8%
<b>Net Gaming Revenue (NGR)</b>	<b>96 383</b>	<b>86 047</b>	<b>109 449</b>	<b>87 117</b>	<b>82 989</b>
Growth Net Gaming Revenue, y-y %	16%	0%	18%	4%	1%
Growth Net Gaming Revenue, q-q %	12%	-21%	26%	5%	-4%
<b>Net Gaming Revenue (NGR) per region</b>					
Nordics, % Net Gaming Revenue	36%	35%	34%	41%	45%
Rest of Europe, % Net Gaming Revenue	47%	47%	51%	46%	42%
Rest of World, % Net Gaming Revenue	17%	18%	15%	13%	13%
<b>Growth in NGR per region</b>					
Nordics, y-y %	-4%	-20%	-2%	10%	-1%
Rest of Europe, y-y %	28%	13%	30%	-3%	-6%
Rest of World, y-y %	46%	21%	35%	12%	43%
<b>Regulated revenue as a % of total</b>	<b>45%</b>	<b>44%</b>	<b>51%</b>	<b>53%</b>	<b>55%</b>
Growth in regulated revenues, y-y %	-5%	-13%	25%	11%	70%
Growth in regulated revenues, q-q %	15%	-33%	13%	2%	5%
<b>Hold (NGR/Deposits) %</b>	<b>30.6%</b>	<b>29.4%</b>	<b>30.8%</b>	<b>30.3%</b>	<b>29.2%</b>
<b>Game margin %</b>	<b>3.94%</b>	<b>3.69%</b>	<b>3.59%</b>	<b>3.76%</b>	<b>3.62%</b>
<b>Number of active customers*</b>	<b>823 649</b>	<b>660 662</b>	<b>671 253</b>	<b>643 896</b>	<b>575 475</b>
Growth active customers, y-y %	43%	15%	10%	-27%	-17%
Growth active customers, q-q %	25%	-2%	4%	12%	0%
<b>Number of depositing customers*</b>	<b>461 983</b>	<b>438 691</b>	<b>434 453</b>	<b>413 269</b>	<b>372 032</b>
Growth depositing customers, y-y %	24%	26%	24%	6%	9%
Growth depositing customers, q-q %	5%	1%	5%	11%	7%
<b>Number of new depositing customers*</b>	<b>181 592</b>	<b>178 995</b>	<b>195 329</b>	<b>193 428</b>	<b>158 400</b>
Growth new depositing customers, y-y %	15%	24%	30%	3%	1%
Growth new depositing customers, q-q %	1%	-8%	1%	22%	9%
<b>Number of returning depositing customers*</b>	<b>280 391</b>	<b>259 696</b>	<b>239 124</b>	<b>219 841</b>	<b>213 632</b>
Growth returning depositing customers, y-y %	31%	28%	19%	10%	15%
Growth returning depositing customers, q-q %	8%	9%	9%	3%	5%

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

## CONSOLIDATED INCOME STATEMENT PER QUARTER

EUR'000s	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
<b>Revenue</b>	<b>98 356</b>	<b>88 921</b>	<b>110 739</b>	<b>89 448</b>	<b>87 068</b>
Cost of sales	(17 135)	(15 714)	(18 976)	(16 046)	(16 835)
Gaming Duties	(14 336)	(12 351)	(17 018)	(13 577)	(13 185)
<b>Gross profit</b>	<b>66 885</b>	<b>60 856</b>	<b>74 745</b>	<b>59 825</b>	<b>57 048</b>
Personnel costs	(12 856)	(12 439)	(13 168)	(12 085)	(12 265)
Capitalised development costs	2 926	2 408	2 812	2 358	2 247
Other operating expenses	(8 965)	(7 406)	(8 970)	(10 099)	(8 078)
Marketing expenses	(36 730)	(31 799)	(32 742)	(31 281)	(29 929)
Other income and expenses	(3 289)	279	366	235	5 500
<b>EBITDA</b>	<b>7 971</b>	<b>11 898</b>	<b>23 043</b>	<b>8 953</b>	<b>14 523</b>
Depreciation and amortisation	(2 752)	(2 681)	(2 713)	(2 643)	(2 679)
Amortisation of acquired intangible assets and impairment of assets incl. goodwill	(6 052)	(4 076)	(4 076)	(4 096)	(14 362)
<b>Operating profit (EBIT)</b>	<b>(833)</b>	<b>5 141</b>	<b>16 254</b>	<b>2 214</b>	<b>(2 518)</b>
Financial income	980	-	-	3	3
Financial costs	(1 559)	(422)	(460)	(470)	(662)
Financial liability fair value gains/(losses)	-	-	-	700	-
<b>Profit before tax</b>	<b>(1 412)</b>	<b>4 719</b>	<b>15 794</b>	<b>2 447</b>	<b>(3 177)</b>
Income tax	(534)	(607)	(903)	(171)	222
<b>Net profit for the period</b>	<b>(1 946)</b>	<b>4 112</b>	<b>14 891</b>	<b>2 276</b>	<b>(2 955)</b>
Net profit attributable to owners of the parent company	(1 897)	3 593	14 693	2 123	(2 820)
Net profit attributable to non-controlling interests	(49)	519	198	153	(135)
Exchange differences on translation of foreign operations	-	(1)	(7)	(4)	(3)
<b>Other comprehensive income</b>	<b>-</b>	<b>(1)</b>	<b>(7)</b>	<b>(4)</b>	<b>(3)</b>
<b>Total comprehensive income</b>	<b>(1 946)</b>	<b>4 111</b>	<b>14 884</b>	<b>2 272</b>	<b>(2 958)</b>
Total comprehensive income attributable to owners of the parent company	(1 897)	3 592	14 686	2 119	(2 823)
Total comprehensive income attributable to non-controlling interests	(49)	519	198	153	(135)
<b>Earnings per share (EUR)</b>	<b>(0,02)</b>	<b>0,04</b>	<b>0,14</b>	<b>0,02</b>	<b>(0,03)</b>
<b>Earnings per share after dilution (EUR)</b>	<b>(0,02)</b>	<b>0,04</b>	<b>0,14</b>	<b>0,02</b>	<b>(0,03)</b>
No. of shares outstanding adj. for share split (millions)	100,92	101,65	101,65	101,65	101,65
No. of shares outstanding after dilution adj. for share split (millions)	100,92	101,65	101,65	101,65	101,65
<b>Key ratios</b>					
Cost of sales as a % of revenue	17,4%	17,7%	17,1%	17,9%	19,3%
Gaming duties as a % of revenue	14,6%	13,9%	15,4%	15,2%	15,1%
Gross margin, %	68,0%	68,4%	67,5%	66,9%	65,5%
Personnel costs as % of revenue	13,1%	14,0%	11,9%	13,5%	14,1%
Operating expenses as % of revenue	9,1%	8,3%	8,1%	11,3%	9,3%
Marketing expenses as % of revenue	37,3%	35,8%	29,6%	35,0%	34,4%
EBITDA, margin %	8,1%	13,4%	20,8%	10,0%	16,7%
EBIT, margin %	-0,8%	5,8%	14,7%	2,5%	-2,9%
Net margin, %	-2,0%	4,6%	13,4%	2,5%	-3,4%
<b>Adjusted profit measures EUR'000s</b>	<b>Q4 2020</b>	<b>Q3 2020</b>	<b>Q2 2020</b>	<b>Q1 2020</b>	<b>Q4 2019</b>
<b>EBITDA</b>	<b>7 971</b>	<b>11 898</b>	<b>23 043</b>	<b>8 953</b>	<b>14 523</b>
Gain on sale of subsidiaries and assets	-	-	-	-	(11 403)
Restructuring costs	-	-	-	-	6 084
Other items affecting comparability	3 500	-	-	-	-
<b>Adjusted EBITDA</b>	<b>11 471</b>	<b>11 898</b>	<b>23 043</b>	<b>8 953</b>	<b>9 204</b>
Depreciation and amortisation	(2 752)	(2 681)	(2 713)	(2 643)	(2 679)
<b>Adjusted EBIT</b>	<b>8 719</b>	<b>9 217</b>	<b>20 330</b>	<b>6 310</b>	<b>6 525</b>
Net financial items	(579)	(422)	(460)	(467)	(659)
Tax	(534)	(607)	(903)	(171)	222
<b>Adjusted net income</b>	<b>7 606</b>	<b>8 188</b>	<b>18 967</b>	<b>5 672</b>	<b>6 088</b>
<b>Adjusted EPS</b>	<b>0,08</b>	<b>0,08</b>	<b>0,19</b>	<b>0,06</b>	<b>0,06</b>
Adjusted EBITDA margin %	11,7%	13,4%	20,8%	10,0%	10,6%
Adjusted EBIT margin %	8,9%	10,4%	18,4%	7,1%	7,5%
Adjusted net margin %	7,7%	9,2%	17,1%	6,3%	7,0%

## CONSOLIDATED BALANCE SHEET PER QUARTER, CONDENSED

EUR'000s	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	2 394	2 462	2 745	3 041	3 347
Lease assets (right of use assets)	8 878	9 205	10 054	7 377	8 222
Intangible assets	19 493	20 290	19 331	17 974	16 943
Intangible assets surplus values from acquisitions	28 694	32 770	36 846	40 922	45 018
Goodwill	94 657	94 657	94 657	94 657	94 657
Financial Fixed Asset	314	-	-	-	-
Deferred tax assets	2 876	2 682	2 682	2 682	2 682
<b>Total non-current assets</b>	<b>157 306</b>	<b>162 065</b>	<b>166 315</b>	<b>166 653</b>	<b>170 869</b>
<b>Current assets</b>					
Trade receivables and other receivables	23 160	32 077	39 405	29 851	35 307
Prepaid expenses and other accrued income	5 480	4 252	5 048	7 010	5 329
Cash and cash equivalents	63 340	59 806	55 561	54 326	50 738
<i>of which restricted cash (player funds)</i>	<i>15 801</i>	<i>13 491</i>	<i>15 265</i>	<i>12 120</i>	<i>13 352</i>
<b>Total current assets</b>	<b>91 981</b>	<b>96 135</b>	<b>100 014</b>	<b>91 187</b>	<b>91 374</b>
<b>TOTAL ASSETS</b>	<b>249 287</b>	<b>258 200</b>	<b>266 329</b>	<b>257 840</b>	<b>262 243</b>
<b>EQUITY AND LIABILITIES</b>					
Share capital	1 220	1 220	1 220	1 220	1 220
Additional paid-in capital	36 115	41 006	41 006	40 615	40 615
Other reserves	421	597	902	799	830
Retained earnings including profit for the period	55 075	56 972	53 379	52 833	50 683
<b>Equity attributable to owners of the Parent Company</b>	<b>92 831</b>	<b>99 795</b>	<b>96 507</b>	<b>95 467</b>	<b>93 348</b>
Non-controlling interest	5 350	5 399	5 155	4 956	4 804
<b>Total Equity</b>	<b>98 181</b>	<b>105 194</b>	<b>101 662</b>	<b>100 423</b>	<b>98 152</b>
Bank loan	-	50 104	50 008	49 962	39 924
Bond loan	48 860	-	-	-	-
Lease liabilities	5 300	5 404	6 371	3 498	4 169
Deferred tax liability	1 435	1 578	1 761	1 918	2 088
<b>Total non-current liabilities</b>	<b>55 595</b>	<b>57 086</b>	<b>58 140</b>	<b>55 378</b>	<b>46 181</b>
<b>Current liabilities</b>					
Trade and other payables	20 287	28 182	26 262	19 738	21 344
Player liabilities	15 801	13 491	15 265	12 120	13 352
Tax liability	5 948	5 310	4 649	5 159	4 997
Accrued expenses and deferred income	45 082	40 627	41 911	36 443	35 811
Bank loan	-	-	10 000	20 000	30 000
Short-term lease liabilities	3 093	3 009	3 140	3 279	3 406
Provision for conditional purchase price (earn-out)	5 300	5 300	5 300	5 300	9 000
<b>Total current liabilities</b>	<b>95 511</b>	<b>95 919</b>	<b>106 527</b>	<b>102 039</b>	<b>117 910</b>
<b>Total liabilities</b>	<b>151 106</b>	<b>153 005</b>	<b>164 667</b>	<b>157 417</b>	<b>164 091</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>249 287</b>	<b>258 200</b>	<b>266 329</b>	<b>257 840</b>	<b>262 243</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS PER QUARTER, CONDENSED

EUR'000s	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Operating profit	(833)	5 141	16 254	2 214	(2 518)
Adjustments for non-cash items	8 922	6 911	7 080	7 139	12 913
Cash flow from changes in working capital	6 279	2 359	8 350	1 119	(5 789)
Net income taxes paid	6 469	3 214	(11 378)	-	(41)
<b>Cash flow from operating activities</b>	<b>20 837</b>	<b>17 625</b>	<b>20 306</b>	<b>10 472</b>	<b>4 565</b>
Acquisition of property, plant and equipment	(110)	(96)	(92)	(102)	(184)
Acquisition of intangible assets	(2 908)	(2 408)	(3 013)	(2 163)	(2 020)
Acquisition of subsidiaries	-	(579)	-	(3 000)	-
Proceeds on sale of subsidiaries and assets	-	861	2 000	-	11 150
<b>Cash flow from investing activities</b>	<b>(3 018)</b>	<b>(2 222)</b>	<b>(1 105)</b>	<b>(5 265)</b>	<b>8 946</b>
Bond financing	48 298	-	-	-	-
Loan financing	(50 343)	(10 000)	(10 000)	-	(10 000)
Lease liabilities	(539)	(1 097)	(807)	(800)	(775)
Share buyback	(4 891)	-	-	-	-
Proceeds from share issue/other equity securities	-	416	-	-	-
Cash dividends paid out to shareholders	(6 955)	-	(7 258)	-	(5 808)
<b>Cash flow from financing activities</b>	<b>(14 430)</b>	<b>(10 681)</b>	<b>(18 065)</b>	<b>(800)</b>	<b>(16 583)</b>
Net increase/(decrease) in cash and cash equivalents	3 389	4 722	1 136	4 407	(3 072)
Cash and cash equivalents at start of the period	59 806	55 561	54 326	50 738	53 710
Currency effects on cash and cash equivalents	145	(477)	99	(819)	100
<b>Cash and cash equivalents at end of period</b>	<b>63 340</b>	<b>59 806</b>	<b>55 561</b>	<b>54 326</b>	<b>50 738</b>
<i>of which restricted cash (player funds)</i>	<i>15 801</i>	<i>13 491</i>	<i>15 265</i>	<i>12 120</i>	<i>13 352</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. Gaming taxes that have arisen for historical periods following a revised assessment are also included in items affecting comparability

### NET DEBT EXCLUDING PLAYER LIABILITIES

The company's interest-bearing liabilities less cash and cash equivalents excluding player balances

### NET GAMING REVENUE (NGR)

Total cash 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, Spain 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 technical 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