



**LeoVegas**

**MOBILE GAMING GROUP**

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

## QUARTERLY REPORT 1 JULY–30 SEPTEMBER 2022

### THIRD QUARTER 2022: 1 JULY–30 SEPTEMBER

- Revenue declined 1% and amounted to EUR 98.7 m (99.4). Organic growth in local currencies was unchanged.
- Reported EBITDA was EUR -2.6 m (11.5) and included items affecting comparability of EUR 9.7 m (0.0). Items affecting comparability were primarily attributable to transaction-related costs in conjunction with the public offer for the company's shares as well as a provision for gaming tax.
- Adjusted EBITDA was EUR 7.1 m (11.5), corresponding to an EBITDA margin of 7.2% (11.6).
- Reported EBIT totalled EUR -9.3 m (5.5) and included items affecting comparability, which in addition to transaction-related costs and a gaming tax provision pertained an impairment of the company's technical platform following the decision to stop the launch in New Jersey in the US.
- Adjusted EBIT was EUR 3.4 m (8.5), corresponding to an adjusted EBIT margin of 3.4% (8.6).

### EVENTS DURING THE QUARTER

- As of 7 September, the public offer by MGM Casino Next Lion, LLC, a subsidiary of MGM Resorts International, had been accepted by the shareholders and around 96% of the company's shares have been acquired. An additional 2% of the company's shares were acquired during the extended tender offer acceptance period that ended 22 September.
- As a result of the acquisition, the company's shares have been delisted from Nasdaq Stockholm, with effect from 22 September.
- The change in ownership and delisting of the company's shares constitute a change of control event, which under the terms and conditions of the company's issued bonds outstanding entail a right (but no obligation) for the bondholders to request redemption within a period of 60 days.
- LeoVegas announced a partnership with the Premier League champions Manchester City. The partnership will strengthen the Group's offering and profile in sports betting at the same time as it provides LeoVegas' customers with unique experiences connected to the club's matches.
- LeoVegas has started a global partnership with the classic Serie A club Inter for the 2022/2023 season. The partnership is another step in strengthening LeoVegas' global brand in sports betting.
- The Extraordinary General Meeting on 27 September elected Gary Fritz, William Hornbuckle and Gustaf Hagman as new Board members. Gary Fritz takes over the role as Chairman of the Board until the end of the next annual general meeting.

### EVENTS AFTER THE END OF THE QUARTER

- No significant events took place after the end of the quarter.

## GROUP PERFORMANCE Q3

### REVENUE, DEPOSITS AND NGR

Revenue totalled EUR 98.7 m (99.4) during the third quarter, corresponding to a decrease of 1% compared with the preceding year. Organic growth in local currencies was unchanged.

In the Nordic countries, NGR increased 20% year-on-year. Sweden posted another good quarter driven by new all-time highs for the brand Expekt. Finland declined substantially due to a change in legislation from the beginning of the year.

In the Rest of Europe region, NGR decreased 19% compared with the year-earlier period. The Netherlands continued to slow the region's development. LeoVegas ceased to provide its services in the country as from 30 September 2021. Germany also continued to negatively impact the region's sales.

In the Rest of World region, NGR decreased 10% year-on-year. The trend was favourable in most markets in the region, but was adversely impacted in the short term by the new regulation in Ontario, Canada as well as by the company closing a couple of smaller markets in the region during the quarter.

### EARNINGS

Gross profit for the third quarter was EUR 64.0 m (66.3), corresponding to a gross margin of 64.8% (66.8). Gaming taxes totalled EUR 19.3 m (15.9), corresponding to 19.5% of revenue (16.0) and included an item affecting comparability of EUR 1.3 m. Cost of sales was 15.7% of revenue (17.2) and consisted mainly of costs for external game and payment service providers.

Marketing costs during the quarter totalled EUR 37.8 m (36.2) and included an item affecting comparability of EUR 3.0 m pertaining to prepaid marketing in now closed markets in the Rest of World region. Marketing expenses in relation to revenue were 38.3% for the third quarter, which was higher compared to previous year (36.5%). Excluding items affecting comparability, marketing costs amounted to 35.2% of revenue.

Personnel costs in relation to revenue increased compared with the year-earlier period to 16.5% (12.5). The quarter was impacted by non-recurring, transaction-related personnel costs.

Other operating expenses amounted to 17.3% (9.9) of revenue. The increase was due to the inclusion of items affecting comparability in the quarter of EUR 4.0 m. These primarily comprised transaction-related costs and costs linked to the decision to stop the launch in New Jersey in the US.

Adjusted EBITDA for the third quarter was EUR 7.1 m (11.5), corresponding to an EBITDA margin of 7.2% (11.6).

Reported EBITDA was EUR -2.6 m (11.5) during the period and included, as mentioned above, a number of items affecting comparability totalling EUR 9.7 m (0.0), which were primarily attributable to transaction-related costs for the recently completed acquisition of the company's shares.

The Group's depreciation and amortisation excluding acquisition-related depreciation and amortisation totalled EUR 3.7 m (3.0). Amortisation related to acquired intangible assets totalled EUR 1.2 m (3.0). In the third quarter of the preceding year, Royal Panda's acquired customer database became fully amortised, which is the main reason for the year-on-year decline. From 2022, the customer database related to the acquisition of LeoVegas UK's Rocket X is also fully amortised. The item "amortisation of acquired surplus value and impairment of assets incl. goodwill" includes items affecting comparability of EUR 1.7 m (0.0), which pertained primarily to impairment of the company's technical platform following the decision to stop the launch in New Jersey in the US.

Operating profit (EBIT) for the quarter was EUR -9.3 m (5.5), corresponding to an EBIT margin of -9.4% (5.5). Adjusted EBIT for the quarter was EUR 3.4 m (8.5), corresponding to an adjusted EBIT margin of 3.4% (8.6). Adjusted EBIT gives a more accurate picture of the Group's underlying earnings during the period.

Net financial items amounted to EUR 1.0 m (1.1) and mainly related to interest on the company's bond issues. Within net financial items, ongoing remeasurement of the bond in SEK has affected the outcome as well as the change in value of the currency derivative that was contracted for the initial bond issue.

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

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

Net profit for the quarter was EUR -10.7 m (4.1), corresponding to a net margin of -10.8% (4.2). Adjusted net profit for the quarter totalled EUR 2.0 m (7.1).

#### BALANCE SHEET AND FINANCING

Cash and cash equivalents at the end of the third quarter amounted to EUR 81.6 m (78.9). Cash and cash equivalents, excluding player funds, amounted to EUR 60.9 m.

LeoVegas has a total of EUR 103 m in available loan facilities, which were fully utilised at the end of the quarter. The company will repay the revolving credit facility of EUR 40 m in the fourth quarter. As a result of the change of control event, bondholders have the right to redeem bonds outstanding at a price corresponding to 101.00% of the nominal amount and including any accrued interest. The redemption offer expires in November. As a result of the redemption offer, the company no longer has the unconditional right to settle the debt at least 12 months after the end of the reporting period, and accordingly, the bond issues are classified as current. The company's currency derivatives (OTC derivatives) are classified as non-current. This is due to it being likely that the bond will be settled in full when it matures, which is in December 2023. The bond had a market value of SEK 697,522,000 as per the end of the balance sheet date. Net debt excluding player liabilities in relation to adjusted EBITDA (rolling 12 months) was 1.4x (0.2).

During the quarter, the company's provision for player jackpots was reclassified from trade "Trade and other payables" to "Accrued expenses and deferred income". Historical periods were also reclassified to provide better comparative figures.

At the end of the quarter, equity attributable to owners of the Parent Company amounted to EUR 56.5 m (76.0). Non-controlling interests thus declined during the quarter and totalled EUR 2.9 m (5.9) as of the balance sheet date. Total assets amounted to EUR 288.4 m (273.6).

Total liabilities increased year-on-year, mainly as the result of an increase in the utilisation of the company's RCF.

#### CASH FLOW AND INVESTMENTS

Cash flow from operating activities totalled EUR -19.7 m (17.3) for the quarter. Paid income tax was charged cash flow in the period in an amount of EUR -14.9 m (5.3) and was attributable to an agreement with the tax authorities in the Netherlands for the 2015–2018 period. Working capital declined during the period but may be volatile from quarter to quarter and is affected by factors such as jackpot provisions, incoming and outgoing payments between LeoVegas and product and payment service providers, and advance payments for licences and marketing. Working capital also includes deferred payment of gaming taxes in Austria, amounting to EUR 19.7 m (14.6), and provisions for the company's exclusive jackpots.

Cash flow from investing activities totalled EUR -4.9 m (-6.2) and pertained primarily to capitalised development costs.

Cash flow from financing activities totalled EUR 23.8 m (7.6) and was mainly impacted by the company's increased financing through the utilisation of the RCF during the period of EUR 25.0 m (-5.0). Amortisation of the lease liability, i.e., rents paid for the Group's right of use assets, had an accounting effect on cash flow from financing activities of EUR 1.2 m (1.1).

#### 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 1.2 m (0.2). Profit after tax was EUR -5.6 m (-1.4). Profit is steered by dividends from subsidiaries, interest expenses for credit facilities, interest income from

lending to subsidiaries, invoiced management services and other operating expenses.

Cash and cash equivalents amounted to EUR 0.5 m (17.9). The Parent Company has one bond issue of EUR 63.6 m (68.7). An RCF was utilised as of the balance sheet date amounting to EUR 39.9 m (0.0). In connection with the initial bond issue of SEK 500 m, a currency derivative was contracted. The value of currency derivatives was a liability on the balance sheet date and amounted to EUR 4.1 m (0.1). Financial items during the quarter were charged with EUR 0.7 m (0.9), net, by interest expenses, transaction costs and other related costs coupled to financing. Cash flow was charged with an interest payment of EUR 1.0 m (0.7) for the bond financing.

#### SEASONAL VARIATIONS

Customers use LeoVegas' gaming services year-round, which means that seasonal variations tend to be relatively low. In general, activity is impacted by the customers' life patterns such as holidays and time off as well as the sporting events calendar.

#### RELATED PARTY TRANSACTIONS

No transactions with related parties occurred during the quarter. For more information on previous years, please refer to the company's annual reports.

#### 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 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 82–86, of the 2021 Annual Report. All the accounting policies are unchanged since the most recently published annual report for the 2021 financial year.

#### ALTERNATIVE PERFORMANCE MEASURES

In this interim report, reference is made to measures that LeoVegas AB and others use in the evaluation of the 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 PROFIT MEASURES

LeoVegas presents adjusted profit measures to provide a more fundamental picture to readers of reports by showing earnings that more closely reflect the Group's underlying earnings capacity. The adjusted profit measure is adjusted for items affecting comparability, which are defined in the section "Definitions of Alternative Performance Measures."

#### RISKS AND UNCERTAINTIES

The main risk and uncertainty that LeoVegas faces is the general legal status of online gaming. Decisions and changes in laws and regulations 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 outlook.

LeoVegas is active in a large number of regulated markets, and the Group's compliance is reviewed on a regular basis by regulatory bodies, such as local gaming authorities. If it were to be shown that interpretations and measures taken by the company to ensure compliance with a licencing authority's

requirements are insufficient, it could lead to costs for the company in the form of sanction fees or other punitive measures.

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

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

LeoVegas' offering is based on gaming as a fun and attractive form of entertainment. Consumer protection is therefore an important part of the design of LeoVegas' offerings and in its customer contacts. LeoVegas has technical aids at its disposal and clear routines for countering unsound gaming. Responsible gaming is regulated in all gaming licences that LeoVegas conducts its gaming activities under. LeoVegas works together with local trade associations to promote sustainability and responsibility in the industry. These include, for example, the Swedish Trade Association for Online Gambling (BOS) in Sweden and the Norwegian Industry Association for Online Gaming (NBO) in Norway.

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

In addition to the above are risks associated with significant estimates and assessments in the financial reporting. The consolidated financial statements are based partly on as-

sumptions 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.

LeoVegas conducts operations across borders and complies with regulations such as corporation tax and indirect taxes in a number of jurisdictions. The tax environment is complex and LeoVegas evaluates and makes continual assessments concerning the company's tax positions. LeoVegas could be negatively affected by judicial rulings, settlements and costs associated with legal processes and investigations, and disputes, and could be the subject of legal action in the future. If LeoVegas were to be unsuccessful in such legal processes and investigations, the company could incur costs as a result. A determination of potential provisions for corporation tax and indirect taxes is subject to complexity and uncertainty, requiring extensive estimations and assessments.

Other risks that could affect LeoVegas include financial risks, such as currency and liquidity risks.

The 2021 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.

#### **OTHER**

*This report has not been audited.*

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## CONSOLIDATED INCOME STATEMENT

EUR'000s	Jul-Sep 2022	Jul-Sep 2021	Jan - Sep 2022	Jan - Sep 2021	2021
<b>Revenue</b>	<b>98,743</b>	<b>99,386</b>	<b>295,208</b>	<b>292,943</b>	<b>391,171</b>
Cost of sales	(15,478)	(17,111)	(46,513)	(50,120)	(65,719)
Gaming Duties	(19,264)	(15,930)	(52,928)	(46,676)	(64,001)
<b>Gross profit</b>	<b>64,001</b>	<b>66,345</b>	<b>195,767</b>	<b>196,147</b>	<b>261,451</b>
Personnel costs	(16,305)	(12,414)	(47,380)	(39,249)	(53,184)
Capitalised development costs	4,267	3,630	12,778	10,689	15,269
Other operating expenses	(17,042)	(9,876)	(46,384)	(26,113)	(36,739)
Marketing expenses	(37,795)	(36,242)	(98,691)	(109,974)	(143,763)
Other income and expenses	247	67	808	259	318
<b>EBITDA</b>	<b>(2,627)</b>	<b>11,510</b>	<b>16,898</b>	<b>31,759</b>	<b>43,351</b>
Depreciation and amortisation	(3,747)	(3,012)	(10,593)	(8,631)	(11,746)
Amortisation of acquired intangible assets and impairment of assets incl. goodwill	(2,930)	(2,984)	(5,407)	(11,195)	(13,562)
<b>Operating profit (EBIT)</b>	<b>(9,304)</b>	<b>5,514</b>	<b>897</b>	<b>11,933</b>	<b>18,043</b>
Financial income	-	-	-	-	-
Financial costs	(982)	(1,127)	(2,777)	(3,084)	(3,968)
Foreign currency gains/losses	(563)	-	(563)	-	-
Financial liability fair value gains/(losses)	-	-	-	-	-
Share of profit after tax from associated companies reported using the equity method	30	(58)	(153)	138	47
<b>Profit before tax</b>	<b>(10,819)</b>	<b>4,329</b>	<b>(2,596)</b>	<b>8,987</b>	<b>14,123</b>
Income tax	169	(204)	(15,460)	(1,384)	(2,310)
<b>Net profit for the period</b>	<b>(10,650)</b>	<b>4,125</b>	<b>(18,056)</b>	<b>7,603</b>	<b>11,813</b>
Net profit attributable to owners of the parent company	(10,690)	4,054	(18,334)	7,035	10,999
Net profit attributable to non-controlling interests	40	71	278	568	814
<b>Other comprehensive income</b>					
Items that may be transferred to profit for the year:					
Exchange differences on translation of foreign operations	(172)	(1)	(335)	2	(13)
<b>Other comprehensive income for the period, after tax</b>	<b>(172)</b>	<b>(1)</b>	<b>(335)</b>	<b>2</b>	<b>(13)</b>
<b>Total comprehensive income for the period</b>	<b>(10,822)</b>	<b>4,124</b>	<b>(18,391)</b>	<b>7,605</b>	<b>11,800</b>
Total comprehensive income attributable to owners of the parent company	(10,862)	4,053	(18,669)	7,037	10,986
Total comprehensive income attributable to non-controlling interests	40	71	278	568	814
<b>Key ratios</b>					
Cost of sales as a % of revenue	15.7%	17.2%	15.8%	17.1%	16.8%
Gaming duties as a % of revenue	19.5%	16.0%	17.9%	15.9%	16.4%
Gross margin, %	64.8%	66.8%	66.3%	67.0%	66.8%
Personnel costs as % of revenue	16.5%	12.5%	16.0%	13.4%	13.6%
Operating expenses as % of revenue	17.3%	9.9%	15.7%	8.9%	9.4%
Marketing expenses as % of revenue	38.3%	36.5%	33.4%	37.5%	36.8%
EBITDA margin %	(2.7%)	11.6%	5.7%	10.8%	11.1%
EBIT margin %	(9.4%)	5.5%	0.3%	4.1%	4.6%
Net margin, %	(10.8%)	4.2%	(6.1%)	2.6%	3.0%
<b>Adjusted profit measures EUR'000s</b>	<b>Jul-Sep 2022</b>	<b>Jul-Sep 2021</b>	<b>Jan - Sep 2022</b>	<b>Jan - Sep 2021</b>	<b>2021</b>
<b>EBITDA</b>	<b>(2,627)</b>	<b>11,510</b>	<b>16,898</b>	<b>31,759</b>	<b>43,351</b>
Transaction-related costs	8,455	-	10,349	-	-
Other items affecting comparability	1,271	-	3,021	1,263	1,263
<b>Adjusted EBITDA</b>	<b>7,099</b>	<b>11,510</b>	<b>30,268</b>	<b>33,022</b>	<b>44,614</b>
Depreciation and amortisation	(3,747)	(3,012)	(10,593)	(8,631)	(11,746)
<b>Adjusted EBIT</b>	<b>3,352</b>	<b>8,498</b>	<b>19,675</b>	<b>24,391</b>	<b>32,868</b>
Net financial items	(982)	(1,127)	(2,777)	(3,084)	(3,968)
Foreign currency gains/losses	(563)	-	(563)	-	-
Share of profit after tax from associated companies reported using the equity method	30	(58)	(153)	138	47
Tax	169	(204)	(560)	(1,384)	(2,310)
<b>Adjusted net income</b>	<b>2,006</b>	<b>7,109</b>	<b>15,622</b>	<b>20,061</b>	<b>26,637</b>
Adjusted EBITDA margin %	7.2%	11.6%	10.3%	11.3%	11.4%
Adjusted EBIT margin %	3.4%	8.6%	6.7%	8.3%	8.4%
Adjusted net margin %	2.0%	7.2%	5.3%	6.8%	6.8%

## CONSOLIDATED BALANCE SHEET, CONDENSED

EUR'000s	30 Sep 2022	30 Sep 2021	31 Dec 2021	31 Dec 2020
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	2,319	2,177	2,157	2,394
Lease assets (right of use assets)	7,837	6,737	5,836	8,878
Intangible assets	33,484	26,032	28,449	19,493
Intangible assets related to surplus values from acquisitions	15,775	21,241	19,493	28,694
Goodwill	95,734	95,734	95,734	94,657
Financial Fixed Asset	-	-	-	314
Deferred tax assets	2,418	3,382	2,162	2,876
Other non-current assets	4,626	-	-	-
Investments in associated accounted for using the equity method	1,014	1,259	1,168	-
<b>Total non-current assets</b>	<b>163,208</b>	<b>156,562</b>	<b>154,999</b>	<b>157,306</b>
<b>Current assets</b>				
Trade receivables and other receivables	34,307	32,137	21,824	23,160
Prepaid expenses and other accrued income	9,265	5,983	5,311	5,480
Cash and cash equivalents	81,643	78,916	75,161	63,340
<i>of which restricted cash (player funds)</i>	<i>20,707</i>	<i>18,249</i>	<i>19,945</i>	<i>15,801</i>
<b>Total current assets</b>	<b>125,215</b>	<b>117,036</b>	<b>102,296</b>	<b>91,981</b>
<b>TOTAL ASSETS</b>	<b>288,423</b>	<b>273,598</b>	<b>257,295</b>	<b>249,287</b>
Share capital	1,220	1,220	1,220	1,220
Additional paid-in capital	26,774	28,905	26,776	36,115
Other reserves	(1,537)	518	623	421
Retained earnings including profit for the period	30,054	45,378	49,368	55,075
<b>Equity attributable to owners of the Parent Company</b>	<b>56,511</b>	<b>76,021</b>	<b>77,987</b>	<b>92,831</b>
Non-controlling interest	2,900	5,918	6,164	5,350
<b>Total Equity</b>	<b>59,411</b>	<b>81,939</b>	<b>84,151</b>	<b>98,181</b>
Bank loan	-	-	-	-
Bond Loan	-	68,734	67,815	48,860
Lease liabilities	4,503	3,131	3,029	5,300
Financial liability	4,132	134	848	-
Deferred tax liability	903	1,095	1,091	1,435
<b>Total non-current liabilities</b>	<b>9,538</b>	<b>73,094</b>	<b>72,783</b>	<b>55,595</b>
<b>Current liabilities</b>				
Trade and other payables	17,174	19,886	7,997	10,838
Player liabilities	20,707	18,249	19,945	15,801
Tax liability	2,078	9,953	4,334	5,948
Accrued expenses and deferred income	72,835	67,098	65,136	54,531
Current bond loan	63,601	-	-	-
Short-term liabilities to credit institutions	39,875	-	-	-
Short-term lease liabilities	3,203	3,379	2,949	3,093
Liability for conditional purchase price (earn-out)	-	-	-	5,300
<b>Total current liabilities</b>	<b>219,473</b>	<b>118,565</b>	<b>100,361</b>	<b>95,511</b>
<b>Total liabilities</b>	<b>229,011</b>	<b>191,659</b>	<b>173,144</b>	<b>151,106</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>288,423</b>	<b>273,598</b>	<b>257,295</b>	<b>249,287</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS, CONDENSED

EUR'000s	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	2021
Operating profit	(9,304)	5,514	897	11,933	18,043
Adjustments for non-cash items	6,185	5,727	17,469	19,242	24,184
Cash flow from changes in working capital	(1,659)	778	3,755	12,130	8,545
Net income taxes paid	(14,900)	5,295	(26,765)	(4,916)	(4,916)
<b>Cash flow from operating activities</b>	<b>(19,678)</b>	<b>17,314</b>	<b>(4,644)</b>	<b>38,389</b>	<b>45,856</b>
Acquisition of property, plant and equipment	(411)	(313)	(1,089)	(620)	(901)
Acquisition of intangible assets	(4,518)	(3,616)	(13,832)	(11,511)	(15,831)
Acquisition of subsidiaries	-	(2,300)	(5,356)	(10,391)	(10,391)
Investment of associate accounted for using the equity method	-	-	-	(1,121)	(1,121)
Proceeds on sale of subsidiaries and assets	-	-	-	-	-
<b>Cash flow from investing activities</b>	<b>(4,929)</b>	<b>(6,229)</b>	<b>(20,277)</b>	<b>(23,643)</b>	<b>(28,244)</b>
Bond financing	-	19,897	-	19,897	19,897
Loan financing	25,000	(5,000)	40,000	-	-
Lease liabilities	(1,153)	(1,099)	(2,833)	(2,505)	(3,037)
Share buyback	-	(2,462)	-	(7,404)	(9,538)
Proceeds from share issue/other equity securities	-	193	(2)	193	200
Cash dividends paid out to shareholders	-	(3,890)	(4,785)	(8,813)	(12,695)
<b>Cash flow from financing activities</b>	<b>23,847</b>	<b>7,639</b>	<b>32,380</b>	<b>1,368</b>	<b>(5,173)</b>
Net increase/(decrease) in cash and cash equivalents	(760)	18,724	7,459	16,114	12,439
Cash and cash equivalents at start of the period	83,043	60,321	75,161	63,340	63,340
Currency effects on cash and cash equivalents	(640)	(129)	(977)	(538)	(618)
<b>Cash and cash equivalents at end of period</b>	<b>81,643</b>	<b>78,916</b>	<b>81,643</b>	<b>78,916</b>	<b>75,161</b>
<i>of which restricted cash (player funds)</i>	<i>20,707</i>	<i>18,249</i>	<i>20,707</i>	<i>18,249</i>	<i>19,945</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 2021</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>
Profit for the period	-	-	-	7,035	7,035	568	7,603
Other comprehensive income items (exchange differences of foreign operations)	-	-	2	-	2	-	2
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>7,035</b>	<b>7,037</b>	<b>568</b>	<b>7,605</b>
<i>Transactions with shareholders in their capacity as owners:</i>							
Dividends	-	-	95	(16,732)	(16,637)	-	(16,637)
Options Premium	-	194	-	-	194	-	194
Share buyback	-	(7,404)	-	-	(7,404)	-	(7,404)
<i>Transactions with shareholders in their capacity as owners:</i>							
Acquisition of NCI	-	-	-	-	-	-	-
<b>Balance at 30 September 2021</b>	<b>1,220</b>	<b>28,905</b>	<b>518</b>	<b>45,378</b>	<b>76,021</b>	<b>5,918</b>	<b>81,939</b>
<b>Balance at 1 January 2022</b>	<b>1,220</b>	<b>26,776</b>	<b>623</b>	<b>49,368</b>	<b>77,987</b>	<b>6,164</b>	<b>84,151</b>
Profit for the period	-	-	-	(18,334)	(18,334)	278	(18,056)
Other comprehensive income (exchange differences of foreign operations)	-	-	(335)	-	(335)	-	(335)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(335)</b>	<b>(18,334)</b>	<b>(18,669)</b>	<b>278</b>	<b>(18,391)</b>
<i>Transactions with shareholders in their capacity as owners:</i>							
Dividends	-	-	(10)	(980)	(990)	-	(990)
Options Premium	-	(2)	-	-	(2)	-	(2)
Acquisition of NCI	-	-	(1,815)	-	(1,815)	(3,542)	(5,357)
Share buyback	-	-	-	-	-	-	-
<b>Balance at 30 September 2022</b>	<b>1,220</b>	<b>26,774</b>	<b>(1,537)</b>	<b>30,054</b>	<b>56,511</b>	<b>2,900</b>	<b>59,411</b>

## PARENT COMPANY INCOME STATEMENT, CONDENSED

EUR'000s	Jul - Sep 2022	Jul - Sep 2021	Jan-Sep 2022	Jan-Sep 2021	2021
<b>Revenue</b>	<b>1,225</b>	<b>207</b>	<b>2,966</b>	<b>637</b>	<b>849</b>
Operating expenses	(5,889)	(1,196)	(9,822)	(3,443)	(4,866)
Other income and expenses	-	-	-	-	(619)
<b>Operating profit (EBIT)</b>	<b>(4,664)</b>	<b>(989)</b>	<b>(6,857)</b>	<b>(2,806)</b>	<b>(4,636)</b>
Net financial income	(897)	(398)	(2,521)	(430)	29,347
<b>Profit before tax</b>	<b>(5,561)</b>	<b>(1,386)</b>	<b>(9,378)</b>	<b>(3,236)</b>	<b>24,711</b>
Apportionment	-	-	-	-	-
Tax cost	-	-	-	-	(834)
<b>Net Profit for the period*</b>	<b>(5,561)</b>	<b>(1,386)</b>	<b>(9,378)</b>	<b>(3,236)</b>	<b>23,877</b>

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

## PARENT COMPANY BALANCE SHEET, CONDENSED

EUR'000s	30 Sep 2022	30 Sep 2021	31 Dec 2021
<b>ASSETS</b>			
<b>Total non-current assets</b>	<b>80,233</b>	<b>45,048</b>	<b>46,031</b>
Current assets	55,683	24,720	55,481
Cash and cash equivalents	450	17,945	7,122
<b>Total current assets</b>	<b>56,133</b>	<b>42,665</b>	<b>62,603</b>
<b>TOTAL ASSETS</b>	<b>136,366</b>	<b>87,713</b>	<b>108,634</b>
<b>Total equity</b>	<b>25,944</b>	<b>10,206</b>	<b>35,332</b>
Bond Loan	-	68,734	67,815
Financial liability	4,132	134	848
<b>Total long term liabilities</b>	<b>4,132</b>	<b>68,868</b>	<b>68,663</b>
Current liabilities	2,814	8,639	4,639
Current Bond loan	63,601	-	-
Current Bank loan	39,875	-	-
<b>Total current liabilities</b>	<b>106,290</b>	<b>8,639</b>	<b>4,639</b>
<b>Total liabilities</b>	<b>110,421</b>	<b>77,507</b>	<b>73,302</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>136,366</b>	<b>87,713</b>	<b>108,634</b>

## 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.

### HOLD

Net Gaming Revenue (NGR) divided by the sum of deposits.

### GROSS PROFIT

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

### DEPOSITS

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

### DEPOSITING CUSTOMERS

Customers who have made cash deposits during the period in the Group's proprietary technical platform.

### 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.

### AVERAGE NUMBER OF FULL-TIME EMPLOYEES

Average number of employees (full-time equivalents) during the entire period.

### ADJUSTED EBITDA

EBITDA adjusted for items affecting comparability.

### ADJUSTED EBIT

EBIT adjusted for items affecting comparability.

### ITEMS AFFECTING COMPARABILITY

Pertains to amortisation of acquired intangible assets as a result of acquisitions, gaming taxes and company taxes that have arisen after a new assessment for historical periods and transaction-driven expenses that have arisen in conjunction with MGM's public offer for the company's shares. During the period, a fine from the UKGC was also recognised as an item affecting comparability.

### CASH AND CASH EQUIVALENTS

Balances in bank accounts plus e-wallets.

### NET DEBT EXCLUDING PLAYER LIABILITIES

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

### NEW DEPOSITING CUSTOMER (NDC)

A customer who has made their first cash deposit during the period.

### ORGANIC GROWTH

Growth excluding acquisitions, adjusted for currency effects.

### WORKING CAPITAL

Working capital is calculated as the net of current liabilities and current assets.

### OPERATING PROFIT (EBIT)

Profit before interest and tax.

### EQUITY/ASSETS RATIO, %

Equity divided by total assets.

### GROSS GAMING REVENUE (GGR)

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

### NET GAMING REVENUE (NGR)

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

### GAME MARGIN, %

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

### 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.

## OTHER DEFINITIONS

### REVENUE

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

### LOCALLY TAXED REVENUE

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

**LOCALLY REGULATED MARKETS**

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

**MOBILE DEVICES**

Smartphones and tablets.

**NET PROFIT**

Profit less all expenses, including interest and tax.

**PLATFORM**

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

**GAMING TAX**

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