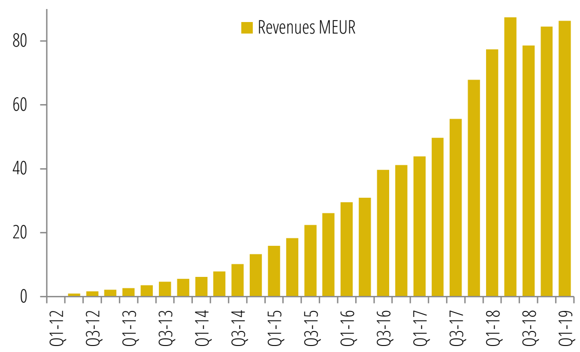
LeoVegas' passion is "Leading the way into the mobile future". LeoVegas is a leading GameTech company and is at the forefront of using state-of-the-art technology for mobile gaming. A large part of this success can be credited to an extreme product and technology focus coupled with effective and data-driven marketing. Technology development is conducted primarily in Sweden, while operations are based in Malta and several other locations. LeoVegas offers casino, live casino and sports betting, and operates two global and scalable brands – LeoVegas and Royal Panda – as well as a number of local brands in the UK. LeoVegas is a global corporate group in which LeoVegas AB (publ.) is the parent company. LeoVegas AB (publ.) doesn't conduct any gaming operations. The operational work is carried out in the subsidiaries within the Group. The company's shares are listed on Nasdaq Stockholm.

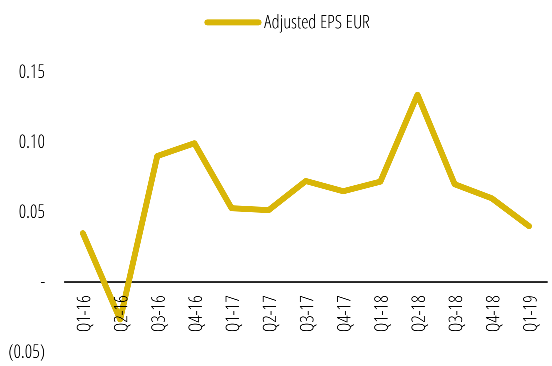
For more about LeoVegas, visit www.leovegasgroup.com.

QUARTERLY REPORT 1 JANUARY–31 MARCH 2019

FIRST QUARTER 2019: JANUARY–MARCH

- Revenue increased by 12% to EUR 86.3 m (77.4). Organic growth in local currencies was 4%. Organic growth in local currencies excluding the UK was 19%.
- The number of depositing customers was 370,209 (302,014), an increase of 23%. The number of new depositing customers was 173,346 (146,063), an increase of 19%. The number of returning depositing customers was 196,863 (155,951), an increase of 26%.
- Net Gaming Revenue (NGR) from regulated markets was 50% (35%) of total NGR.
- EBITDA was EUR 7.2 m (9.5), corresponding to an EBITDA margin of 8.3% (12.3%). Application of IFRS 16 as from 1 January 2019 had an effect on EBITDA of EUR 0.9 m during the first quarter.
- Adjusted EBITDA was EUR 7.2 m (9.0), corresponding to an adjusted EBITDA margin of 8.3% (11.6%).
- Operating profit (EBIT) was EUR 0.6 m (3.8).
- Adjusted EBIT was EUR 4.8 m (7.9), corresponding to an adjusted EBIT margin of 5.6% (10.2%).
- Earnings per share were EUR 0.00 (0.02) before and after dilution.
- Adjusted earnings per share were EUR 0.04 (0.07).





EVENTS DURING THE QUARTER

- Sweden launched as a regulated market and the assessment is that LeoVegas is taking market shares.
- The Group's Pixel.bet brand was granted a five-year licence for casino and sports betting in Sweden.
- The Group is seeing positive effects of a pronounced internal focus on efficiency and cost control.
- LeoVegas launched its proprietary multibrand platform to further complement its brand portfolio.
- The new GoGoCasino brand was launched in the end of March and has been well-received.
- Strategic evaluation of LeoVentures continues. The portfolio company Authentic Gaming is growing strongly and achieved a positive result for the first time in March and is expected to continue generating profits.

EVENTS AFTER THE END OF THE QUARTER

- Preliminary revenue in April amounted to EUR 30.5 m (29.1), representing growth of 5%.
- Richard Woodbridge, COO, and Avshalom Lazar, CCLO, has started their employment with the Group, while Mattias Wedar, CPTO, will assume his position during the second quarter. The new Group Management team is thereby complete.
- LeoVegas' 2018 Annual Report published on www.leovegasgroup.com.
- LeoVegas Annual General Meeting to be held on 29 May 2019.
- Nomination Committee has presented its recommendation for the new Board of Directors. Per Brilioth, Barbara Canales Rivera and Patrik Rosén have declined re-election, while Fredrik Rüden has been nominated to be elected as a new director.
- 14 August 2019 set as new date for the second quarter interim report.

CEO'S COMMENTS

"LeoVegas has had a good start to the year – customer loyalty and the inflow of new customers has never been better!"

POSITIVE START TO 2019

During the first quarter we once again delivered sequential growth and posted record performance on a number of key performance indicators. This, combined with the fact that our customer base is growing in a sound and sustainable way, has given us a good start to 2019. We are maintaining a high pace of expansion and innovation at the same time as we are focusing on cost efficiency and scalability in the Group. This makes us well positioned for a year of continued profitable growth.

FIRST QUARTER RESULTS

Revenue during the first quarter amounted to EUR 86.3 m (77.4), an increase of 12%. Organic growth in local currencies was 4%. Growth during the first quarter continued to be affected by the regulatory tightening that took place in the UK last year. Excluding the UK, organic growth for the Group was 19%, which reflects stable underlying growth in general for the Group. In March we posted the highest revenue and in February the lowest revenue for the period.

EBITDA totalled EUR 7.2 m (9.5), corresponding to an EBITDA margin of 8.3% (12.3%). Our marketing investments remained at a high level during the first quarter, among other reasons to secure our leading position in Sweden. Royal Panda increased its pace of investment following a very low level of marketing during the preceding quarter. We paid EUR 11.5 m in gaming duties during the first quarter, which is an increase of EUR 4.3 m compared with the preceding quarter, which affected the operating margin for the period.

We are seeing positive effects from our highlighted focus on efficiency and cost control within the Group. We continue to work on renegotiating supplier agreements in gaming, payments and marketing, among other areas, where we are benefiting from our size and position as one of Europe's leading casino operators. At the same time, we are continuously reviewing our internal operating costs and processes. The effects of this work are expected to begin showing gradually in 2019 in the form of increased scalability on a growing revenue base.

SWEDEN

Sweden has now been regulated for a quarter. We are generally satisfied with our performance during the period, where we had record-high customer activity and believe to have taken market shares. Our organic revenue decreased by 16% during the first quarter, adjusted for currency movements, partly owing to short-term effects of the market's regulation in January. At the same time our depositing customer base grew 23% compared with the same period a year ago. Revenue in Sweden during the quarter has been growing month on month, and this trend has continued into the second quarter.

The new regulation in Sweden entailed a number of changes for our customers and for the industry, resulting in short- as well as long-term effects. I'm referring in particular to changes in the customer experience, competition, gaming duties, and new marketing channels and payment solutions. As is always the case when a market becomes regulated, it will take some time for the industry and customers to adapt, and thereafter we expect a more stable and predictable market.

Regulation has sparked an intensive debate on the amount of marketing. We also agree that the volume right now is too high, which at the same time is natural in a recently regulated market in which new players, such as the state-run companies, are launching new products. Therefor we are working to diversify our marketing mix to other channels than commercial radio and TV, and we are conveying the responsible gaming message more in our advertising.

Over time, a regulated market tends to lead to fewer operators. We have already begun to see this trend, as smaller operators are now leaving or reducing their focus in Sweden. This means that the amount of marketing is gradually expected to decrease.

What makes it difficult for the industry to self-regulate is when the government urges operators to apply for licences only to shortly after consider major changes in the terms as soon as the licence system is in place. In this case it applies to marketing. We are now awaiting the findings of a study into how marketing is to be handled. The study is expected to be ready by October 2020, and we are looking forward to clearer guidelines. One should keep in mind that it is in the state's interest to protect the licence system and its channelisation. The greatest benefit for licensed operators, who pay local taxes and adhere to local rules, is the ability to market themselves. A restriction of marketing opportunities would make it challenging to protect the channelisation.

UK

The UK market remains challenging in the near term, but we are gradually making progress, and our customer acquisition is growing at Group level compared with the preceding quarter. In particular, the brands we have gathered under Rocket X are showing clear improvements, with sequential revenue growth paired with good profitability. Royal Panda, on the other hand, had a weaker quarter in the UK, partly coupled to the lower level of marketing in earlier quarters as well as necessary regulatory adaptations in line with the rest of the Group.

Our acquisitions in the UK have generally resulted in greater complexity coupled to synchronisation of databases, routines and processes between the different Group brands. To manage this in the best way and comply with the regulatory requirements, LeoVegas has an action plan that was initiated last year. LeoVegas takes compliance with the utmost seriousness and is working consistently to ensure a safe experience for our customers in all markets, all to uphold our position as a credible, long-term and reliable operator.

SCALE-UP MARKETS

One market that stuck out during the first quarter is Germany, where we expect to be granted extended gaming licences in Schleswig-Holstein, which gives us a competitive advantage. Finland, Denmark and Canada also delivered good quarters, and in Italy we are taking market shares.

LEOVENTURES

LeoVentures' portfolio companies developed well during the period. The companies are in various phases of rapid growth and investment, but despite this, together they succeeded in making a positive contribution to EBITDA for the Group during the month of March. For the first time, the portfolio company Authentic Gaming also achieved a positive result in March, and it is expected to continue generating profits. In line with previous communication, we are continuing with our strategic evaluation of LeoVentures.

NEW BRAND ON PROPRIETARY MULTIBRAND PLATFORM

During the quarter we launched our proprietary multibrand platform. Owing to our multibrand functionality, we can now flexibly launch and scale up new brands. The first such brand that was launched is called GoGoCasino. The start and customer response have been positive and are proof of how we are successfully capitalising on the Group's strengths, experience and economies of scale. During the year we expect to launch GoGoCasino in more markets.

COMMENTS ON THE SECOND QUARTER

The month of April has developed well with preliminary revenue of EUR 30.5 m (29.1), representing a growth of 5%. Our current estimate is that marketing costs in relation to revenue will decrease during the second quarter compared with the first quarter.

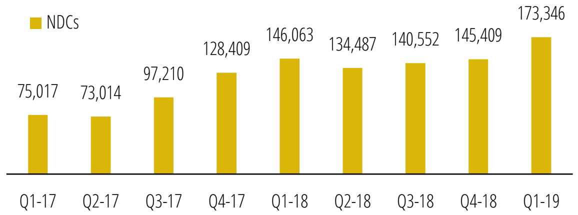
LeoVegas has entered the second quarter with full focus on sustainable, profitable growth.

Gustaf Hagman, President and CEO, LeoVegas Mobile Gaming Group, Stockholm, 2 May 2019

KEY PERFORMANCE INDICATORS

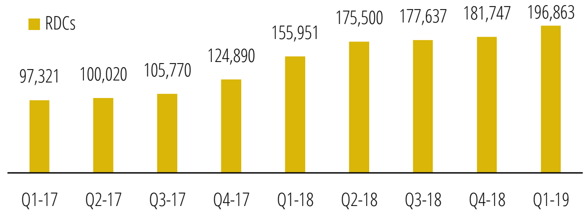
For more KPIs and comments, see the accompanying presentation file on LeoVegasgroup.com. See also the section “Definitions of Alternative Performance Measures”.

NEW DEPOSITING CUSTOMERS (NDCS)



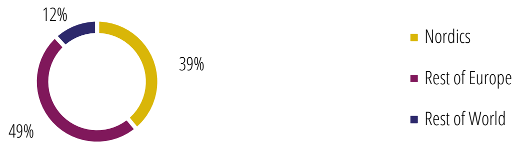
NDCs reached a new record high level during the quarter and increased by 19% over the same period a year ago as well as over the preceding quarter.

RETURNING DEPOSITING CUSTOMERS (RDCS)



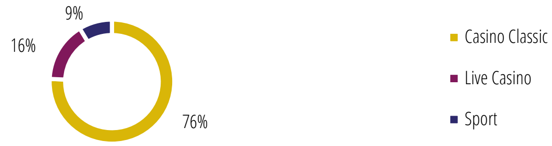
RDCs reached a new record high during the quarter, rising 26% over the same period a year ago and 8% over the preceding quarter.

NGR PER REGION Q1 2019



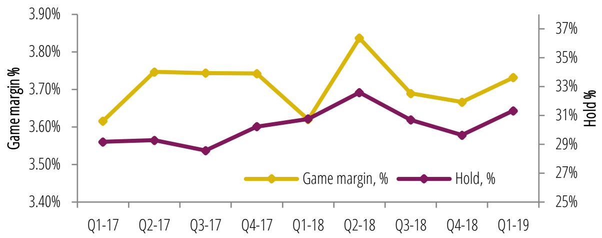
The Nordic countries made up the largest region and accounted for 39% of the Group’s NGR during the first quarter. The Rest of Europe contributed 49%, while Rest of World contributed 12% to the Group’s total NGR. The balance is slightly changed compared with the fourth quarter of 2018, when the Nordic countries and the Rest of Europe accounted for roughly equal shares of total NGR.

GGR PER PRODUCT Q1 2019



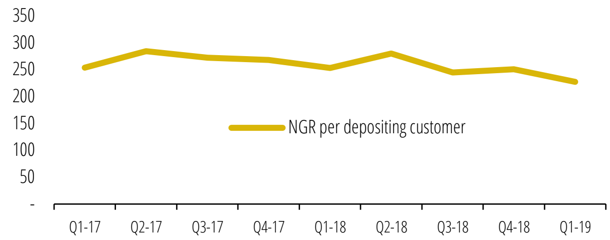
Casino contributed 76% to GGR, Live Casino contributed 16%, and the sports book contributed 9%. The relation between casino and sport was relatively stable compared with the fourth quarter of 2018.

GAMING MARGIN AND HOLD



The relation between NGR and deposits (hold) increased slightly compared with the preceding quarter, to 31%. One factor that has historically had a strong bearing on hold is the gaming margin. The gaming margin during the first quarter was 3.73%, which is slightly above the historical average.

PLAYER VALUE (EUR)



The average player value per depositing customer was EUR 227, which is a decrease of 9% compared with the preceding quarter and 10% compared with the same period a year ago. The lower player value compared with the historical average is explained by a changed player base mix and short-term effects in Sweden in connection with the new regulation.

GROUP PERFORMANCE Q1

REVENUE, DEPOSITS AND NGR

Revenue amounted to EUR 86.3 m (77.4) during the first quarter, an increase of 12%. Organic growth in local currency was 4% during the first quarter. Excluding the British market, organic growth in local currency was 19%. Revenue during the quarter was highest in March and lowest in February.

Deposits totalled EUR 268.5 m (248.6) during the quarter, an increase of 8%. On a sequential basis, deposits decreased by 3% compared with the preceding quarter. Mobile deposits accounted for 72% (69%) of the total, which together with the preceding quarter is the highest mobile share ever.

Net Gaming Revenue (NGR) increased by 10% compared with the same period a year ago and grew sequentially by 3% compared with the fourth quarter. The increase in NGR was slightly higher than for deposits, which is explained by a slightly higher hold and gaming margin than during the comparison periods.

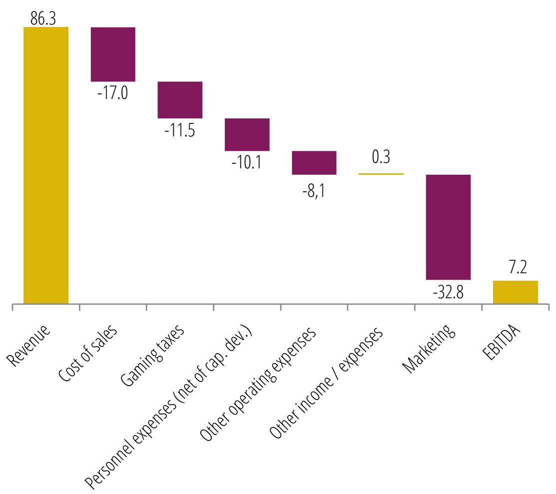
In the Nordic region, NGR decreased by 5% compared with the same period a year ago. In Sweden, the new regulatory regime was implemented in January, which entailed, among other things, a large share of welcome bonuses, which had a negative impact on January NGR, while the average player value remained below the historical level during the entire quarter. Revenues in Sweden were also adversely affected by currency movements compared with the same period last year. All other Nordic markets showed higher NGR during the quarter compared with a year ago. The Rest of Europe region showed a 17% increase in NGR compared with the same period a year ago. A continued weak development in the UK was more than offset by favourable development in other markets in the region. The Rest of World region continued to perform well during the first quarter of the year, with annual growth of 52%. For the Group as a whole, revenue from regulated markets accounted for 50% of total revenue.

EARNINGS

Gross profit amounted to EUR 57.9 m (55.7), corresponding to a gross margin of 67.1% (72.0%). Gaming duties totalled EUR 11.5 m, which is significantly higher than a year ago (7.1) and the prior quarter (7.2). The increase is explained by a higher share of revenue from markets with gaming duties, including Sweden, where the company is paying gaming duties as from 1 January 2019. The cost of sales was 19.6% of revenue (18.9%) and consisted mainly of costs for external game and payment service providers. The share of cost of sales decreased during the first quarter compared with the same period a year ago, which is attributable to higher costs for payment solutions.

Marketing costs during the quarter totalled EUR 32.8 m (30.2). Marketing in relation to revenue was 38.0%, entailing a marginal increase over the fourth quarter, when it was 37.9%. During the first quarter investments in direct marketing of the LeoVegas brand increased in Sweden in connection with implementation of the new gaming regulation. The investments are believed to have had their desired effect. Marketing of the Royal Panda brand also increased following an abnormally low level during the preceding quarter. The current assessment is that the Group's total marketing costs in relation to revenue will decrease during the second quarter compared with the first quarter, mainly owing to a lower level of investment in Sweden and a number of renegotiations with affiliates at better terms.

The average acquisition cost for a new depositing customer decreased by 14% compared with the preceding quarter and by 9% compared with the same period a year ago, which reflects a gradually higher level of effectiveness of the company's marketing, with an increase in organic SEO-related traffic.



Personnel costs in relation to revenue increased during the first quarter compared with the preceding quarter and the same quarter a year ago to 14.6% (11.1%). The increase is mainly attributable to the company's work with compliance during the past year and an increase in products and technology, where the company continues to transition away from external consultants to its own personnel. In addition, the annual salary review for the Group's employees was conducted in January. Personnel costs have also been affected by the newly added brands, such as GoGoCasino and Pixel.bet. The company now believes that no further staffing increases are needed to secure continued revenue growth in the quarters immediately ahead. Focus is on streamlining work methods and investing in automation in the operations.

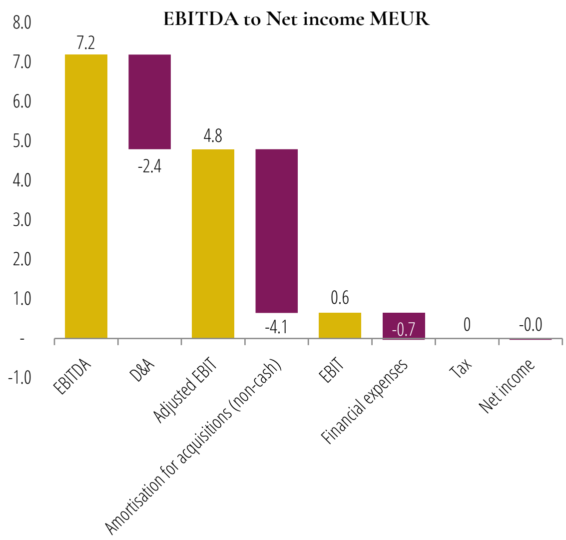
Other operating expenses amounted to 9.4% of revenue (12.9%), which is a decrease compared with the preceding quarter, both in absolute numbers and in relation to revenue. The decrease is mainly attributable to the company's focus on higher efficiency, including a number of renegotiated supplier agreements and a smaller number of one-off costs than in the preceding quarter. As a result of the implementation of IFRS 16, rental costs and other lease payments are no longer reported under other operating expenses, which gave rise to a positive EBITDA effect of EUR 0.9 m, corresponding to 1.0% of revenue.

EBITDA for the first quarter was EUR 7.2 m (9.5), corresponding to an EBITDA margin of 8.3% (12.3%). EBITDA based on the previous accounting of rental costs and other lease payments would have totalled EUR 6.3 m. Adjusted EBITDA was the same as EBITDA during the quarter, since there were no items affecting comparability. The LeoVegas, Rocket X and Royal Panda brands were all profitable during the period. LeoVentures remained unprofitable during the first quarter but posted positive EBITDA for the first time in March, which is mainly attributable to a significant earnings improvement for Authentic Gaming.

Operating profit (EBIT) for the quarter was EUR 0.6 m (3.8), corresponding to an EBIT margin of 0.8% (4.9%). Adjusted EBIT was EUR 4.8 m (7.9), corresponding to an adjusted EBIT margin of 5.6% (10.2%). Adjusted EBIT more accurately reflects the Group's underlying earnings capacity, as items affecting comparability related to acquisitions, the listings, amortisation of acquired intangible assets and other items affecting comparability are excluded.

The Group's depreciation and amortisation excluding acquisition-related depreciation and amortisation amounted to EUR 2.4 m (1.1). Depreciation and amortisation related to adoption of IFRS 16 is included and totalled to EUR 0.9 m (0.0) during the quarter. Amortisation related to acquired intangible assets totalled EUR 4.1 m (4.6).

Recurring financial expenses are mainly coupled to the bank loan facility that was secured in connection with previous acquisitions. During the quarter, financial expenses amounted to EUR 0.7 m (0.3). Adoption of the new accounting standard IFRS 16 gave rise to an increase in interest expenses by EUR 0.1 m. The liability for the earn-out payment related to Royal Panda, according to IFRS 3, was not remeasured during the quarter and still amounts to EUR 9.0 m. No earnings effect has therefore arisen in net financial items. The measurement period for the earn-out ended on 1 December, and discussions are currently being conducted to determine the final payment amount.



The tax cost for the quarter was EUR 0.0 m (0.1).

Net profit for the first quarter was EUR -0.0 m (1.7), corresponding to a net margin of -0.0% (2.2%). Earnings per share were EUR -0.00 (0.02) before and after dilution.

Adjusted earnings per share were EUR 0.04 (0.07). Adjusted earnings per share reflect the Group's underlying earnings capacity, as items affecting comparability related to acquisitions, divestments, the listings, provisions and amortisation of acquired intangible assets are excluded. The remeasurement and discounting effects of earn-out payments are also excluded, as these do not affect cash flow.

BALANCE SHEET AND FINANCING

At the end of the quarter the Group's equity amounted to EUR 99.9 m (64.8), or EUR 0.98 per share. Non-controlling interests make up EUR 5.5 m (4.4) of equity. Non-controlling interests pertain to CasinoGrounds, in which 51% of the shares were acquired in January 2018, and to Pixel.bet, in which 51% of the shares were acquired in September 2018. Non-controlling interests are thus reported on the consolidated balance sheet and consolidated income statement.

The Group's financial position is good. Cash and cash equivalents amounted to EUR 59.3 m (44.4). Cash and cash equivalents excluding customer balances amounted to EUR 48.7 m (33.7). LeoVegas has an interest-bearing bank loan and available credit facilities of EUR 140 m in total, of which EUR 100 m was utilised as per the end of the first quarter.

The equity/assets ratio was 34.6% (24.2%). Total assets at the end of the quarter amounted to EUR 289.1 m (267.4).

The Group had intangible assets worth EUR 15.4 m at the end of the quarter (12.4). Intangible assets attributable to identified surplus value from acquisitions amounted to EUR 57.3 m (72.0). Goodwill related to all acquisitions amounted to EUR 103.0 m (101.8).

Non-current liabilities decreased during the quarter, reflecting that the Group's bank facility is to be amortised within 12 months and is thereby reported as a current liability EUR 40.0 m (0.0). In other respects, current liabilities were unchanged compared with the preceding quarter, except for the current lease liability that arose in connection with adoption of IFRS 16. The item in current liabilities that changed significantly compared with the same quarter a year ago pertains to the earn-out payment for Royal Panda.

CASH FLOW AND INVESTMENTS

Cash flow from operating activities totalled EUR 5.9 m (11.8) during the quarter. Working capital was relatively stable during the quarter but can be volatile from quarter to quarter and is affected by factors such as jackpot provisions, incoming and outgoing payments between LeoVegas and various product and payment service providers, and advance payments for licences. Investments in property, plant and equipment amounted to EUR 0.4 m (1.0). Investments in intangible non-current assets amounted to SEK 2.2 m (2.8) and mainly pertain capitalised development costs. During the quarter, amortisation of the lease liability affected cash flow from financing activities by EUR 0.8 m (0.0).

OTHER INFORMATION

OUTLOOK AND FINANCIAL TARGETS

The company's long-term financial targets are as follows:

Growth and revenue:

- *LeoVegas' target is to achieve at least EUR 600 m in revenue by 2021*

Profit:

- *LeoVegas' target is to achieve at least EUR 100 m in EBITDA by 2021*

Long-term financial targets:

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

The company sees continued strong demand for gaming services and believes that the opportunities for continued expansion in existing and new markets are very favourable. External market forecasts indicate that mobile gaming will continue to grow faster than the traditional gaming market. Mobile penetration and the use of smartphones continue to rise around the world, and smartphones are being used to an ever-greater extent for entertainment and gaming. LeoVegas will continue to invest in growth and believes that the growth potential in the company's core markets is very favourable.

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.

During the first quarter of 2019 revenue amounted to EUR 0.2 m (0.6), and profit after tax was EUR -0.9 m (-0.6). The result is steered essentially by invoiced management services and other operating expenses. Cash and cash equivalents amounted to EUR 0.1 m (0.7).

ACQUISITION – PIXEL.BET

The LeoVegas Group, through its wholly owned investment company LeoVentures Ltd, acquired Pixel Holding Group Ltd, which runs the esports betting operator Pixel.bet. The investment in Pixel.bet gives the LeoVegas Group unique insight into a new and fast-growing segment. In its next phase Pixel.bet is gearing up for a broader launch of its business. Sweden and the Nordics are initial focus markets, with clear potential to grow further internationally. Pixel.bet's vision is to offer the greatest esports betting experience via www.pixel.bet.

The investment amounted to EUR 1.5 m for 51% of the company and was carried out through a new share issue. Transfer of possession and consolidation took place on 5 September 2018.

Preliminary purchase price allocation, Pixel.bet (EUR, '000s)

Amounts per the date of acquisition	Measured at fair value
Property, plant and equipment	-
Intangible assets	372
Financial assets	-
Trade and other receivables	1 505
Cash and cash equivalents	9
Trade and other payables	-45
Deferred tax liabilities	-19
Total acquired, identifiable net assets at fair value	**1 823**
Goodwill	**1 118**
Purchase price, adjusted for non-controlling interest (100%)	**2 941**
Purchase price	
Purchase price 51 %	1 500
Purchase price, adjusted 100 %	**2 941**
Identified surplus values	
Technical platform	372
Total identified surplus values	**372**

Accounting effects

The table above shows a preliminary purchase price allocation and the total purchase price (adjusted for non-controlling interest) of EUR 2.9 m measured at fair value as well as the fair value of acquired assets and liabilities taken over. Identified surplus value pertains to intangible assets in the form of a technical platform, valued at EUR 0.4 m. The intangible assets are measured at fair value as per the date of acquisition and are amortised over the estimated useful life, which corresponds to the estimated time they will generate cash flow. Amortisation of the technical platform will be charged against consolidated profit at an amortisation rate of five years. Goodwill is attributable to future revenue synergies, which are based on the potential to use existing knowledge to scale up the acquired business and thereby achieve expansion. Goodwill is also attributable to human capital. The acquisition is not expected to have any material effect on the Group's EBITDA or earnings per share.

CURRENCY SENSITIVITY

LeoVegas' largest markets are the Nordic countries and the UK. The Group's earnings are thus affected by currency translation effects. During the quarter, changes in the euro exchange rate had a negative effect on revenue of approximately EUR 0.7 m compared with the same period a year ago and a positive effect of EUR 0.4 m compared with the preceding quarter.

SEASONAL VARIATIONS

Customers use LeoVegas' gaming services year-round, which means that seasonal variations tend to be rather low. In addition, owing to the company's fast growth, any seasonal variations in gaming activity are less apparent.

PERSONNEL

The number of full-time employees at the end of the quarter was 902 (721), of whom 66 are employed in LeoVentures. The average number of employees during the quarter was 901 (644). LeoVegas was using the services of 17 (24) full-time consultants at the end of the quarter.

RELATED-PARTY TRANSACTIONS

LeoVegas currently has a related-party relationship for rents of company flats. In addition to the related-party relationship above, Chairman of the Board Mårten Forste performed consulting services for the company for a total value of EUR 13.8 thousand during the first quarter of 2019. In other respects, no material changes have taken place for the Group or Parent Company in relations or transactions with related parties compared with the description provided in the 2018 Annual Report.

SHARES AND OWNERSHIP STRUCTURE

LeoVegas AB was listed on Nasdaq Stockholm on 5 February 2018 (and prior to this was listed on Nasdaq First North since 17 March 2016). The total number of shares and votes in LeoVegas AB is 101,652,970. As per 31 March 2019 the company had 17,425 shareholders. The five largest shareholders were Swedbank Robur, with 8.6%; Gustaf Hagman, with 8.2%; Skandia Mutual Life Insurance Company, with 5.5%; Robin Ramm-Ericson, with 5.3%; and Avanza Pension, with 4.1% of the shares and votes.

ADJUSTED PERFORMANCE MEASURES

LeoVegas presents adjusted performance measures to provide a more fundamental picture to readers of reports by showing earnings that more closely reflect the Group's underlying earnings capacity. Adjusted items include costs associated with the listings on Nasdaq First North Premier and Nasdaq Stockholm, costs related to consulting for acquisitions, sales of assets that affect earnings, amortisation of intangible assets related to acquisitions, and remeasurement and discounting of earn-out payments for acquisitions (which do not have a cash flow effect). Earnings-related items affecting comparability have entailed the recalculation of the performance measure adjusted EBIT and the adjusted EBIT margin for earlier historical periods. This is because amortisation of acquired intangible assets is included as an item affecting comparability since the first quarter of 2018.

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 is prepared in accordance with IAS 34 Interim Financial Reporting. 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 89–94, of the 2018 Annual Report. The accounting policies are unchanged since the most recently published annual report for the 2018 financial year, except for with respect to IFRS 16, which the Group began applying for the first time on 1 January 2019.

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". In addition to the financial statements, disclosures in accordance with IAS 34 paragraph 16A are provided in other parts of the interim report.

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".

The number of shares after dilution is calculated using the Treasury Stock method. At the end of the reporting period two warrant programmes were in effect, which expire in 2020 and 2021, respectively. These have no dilutive effect, as the subscription price is higher than the price at which the shares were traded during the quarter.

IFRS 16 – effects on the financial reporting

IFRS 16 has introduced a "right-of-use model", which replaces the current standard IAS 17 Leases. Effective 1 January 2019, the Group does report any operating leases, which means that rental costs and other lease payments are recognised on the balance sheet, corresponding to a finance lease. The simplified transitional method has been used for the transition, entailing that no adjustments for comparative figures are presented. Excluded from IFRS 16 are leases that are shorter than 12 months and leases with a low value (USD <5,000).

Upon implementation of IFRS 16, the Group's assets initially increased by EUR 10.9 m, which in all essential respects corresponds to the value of the Group's lease liabilities at the start of the financial year. Leases consist essentially of rents for the Group's office premises. Rental costs are paid in advance, which means that the liability was lower than the lease assets at the time of adoption. The present value discounting of future, contracted cash flows has been done using the Group's incremental borrowing rate. This is because the implicit rate has not been available. The lease assets are depreciated on a straight-line basis over the term of the lease contract. Earnings for the quarter have been charged with depreciation of EUR 0.9 m. At the end of the quarter, the lease assets amounted to EUR 10.0 m. Earnings were charged with an interest expense of EUR 0.1 m during the period. After implementation of IFRS 16, the Group's EBITDA margin has been positively affected by 1%.

Remeasurement of the lease assets and liabilities may take place, which could affect the future outcome. For further information about financial effects, see the 2018 Annual Report, page 90. The table below shows the difference between operating leases according to the 2018 Annual Report and lease liabilities as per 1 January 2019 recognised in accordance with IFRS 16.

IFRS 16 reconciliation ingoing balances	MEUR
Commitment for operational leases as disclosed December 31, 2018	**10.7**
Discounting with the Group's incremental borrowing rate	0.2
Deduct: Adjustment of prepaid rent	- 0.9
Deduct: Leases for which the asset is of low value and expensed	- 0.1
Lease liabilities reported as of January 1, 2019	**9.9**
Of which are current lease liabilities 1 Jan 2019	3.5
Of which are non-current lease liabilities 1 Jan 2019	6.4

The change after implementation of IFRS 16 has affected the opening balance as per 1 January 2019 as follows:

IFRS 16 impact on the balance sheet January 1, 2019	MEUR
Right of use assets (+)	10.9
Prepayments (-)	- 1.0
Lease liabilities reported as of January 1, 2019	**9.9**

As per the end of the quarter, the balance sheet looks like the following:

Balance sheet 31 March 2019	MEUR
Right of use assets	10.0
Lease liabilities	9.1
Of which are current lease liabilities 31 March 2019	3.4
Of which are non-current lease liabilities 31 March 2019	5.7

To increase comparability, the following tables show the effect during the quarter after implementation of IFRS 16.

MEUR	Q1 2019
EBITDA as previously disclosed (IAS 17)	**6.3**
Adjustment of leasing costs according to previous accounting principles (IAS 17)	0.9
EBITDA recalculated under IFRS 16	**7.2**

MEUR	Q1 2019
EBITDA margin % as previously disclosed (IAS 17)	**7.3%**
Adjustment of leasing costs according to previous accounting principles (IAS 17)	1.0%
EBITDA margin % recalculated under IFRS 16	**8.3%**

MEUR	Q1 2019
Cash flow from operating activities as previously disclosed (IAS 17)	**5.1**
Adjustment of leasing costs according to previous accounting principles (IAS 17)	0.8
Cash flow from operating activities recalculated under IFRS 16	**5.9**

LEGAL UPDATE

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

Sweden's new gaming law took effect on 1 January 2019. LeoVegas was one of the first companies to receive a licence for online gaming and betting at the time the law came into force. The gaming duty rate is 18%, and the regulations include a number of measures to promote responsible gaming. A central register has been created called Spelpaus ("pause play"), the aim and purpose of which is to enable customers, by signing up with the register, to block their accounts from all licensed operators. According to the Swedish Gambling Authority, as per 19 March approximately 28,000 persons had registered with Spelpaus. Denmark has a similar system called Rofus, with which approximately 17,000 persons are currently registered.

In the UK, the gaming duty for online casino is 21%, since 1 April 2019. The gaming duty for online sports betting is 15%. Previously the gaming duty for online casino was also 15%. The background to the tax increase is that the UK Gambling Commission has cut the maximum stake on Fixed Odds Betting Terminals (FOBTs) from GBP 100 to GBP 2. This has resulted in a loss of tax revenue from FOBTs, which the authorities have compensated for through an increase in the tax on online gaming. Discussions on a tax increase were in progress for quite some time and are something that LeoVegas had been prepared for. At the same time, the UK Gambling Commission acts to create a sustainable and equitable market where the same rules apply to all operators who are licensed. For example, an updated KYC process was introduced last year at the same time as the Commission is now working on following up on the compliance status for all operators. This means that over time everyone will be playing according to the same conditions with customer care at the top of the agenda.

In the Netherlands, the authorities have proposed the adoption of local regulation with a 29% gaming duty, which is the same tax rate paid by land-based operators. Implementation of this will likely not take place until the second half of 2020. According to information available today, operators will be able to apply for a licence in mid-2020.

In Italy the government has previously introduced legislation which would prohibit all marketing as of July 2019. LeoVegas considers marketing bans as very unfortunate as it benefits unlicensed operators and weakens the consumer protection as the operators that do not follow the regulation will be more visible than the licensed operators. Recently, the Italian government has presented guidelines regarding the marketing restrictions. The new guidelines are quite open for interpretation and no details have yet been communicated, but it is clear that the new guidelines open up for certain forms of communication and marketing. LeoVegas sees this new development as positive in comparison to the previous outlook. The current assessment is that operators can continue to work with search engine optimization (SEO) and affiliates, and that communication regarding responsible gaming is included within the guidelines. LeoVegas is positive about the most recent development and will continue to offer an award-winning gaming experience to the Italian market. An experience where responsible gaming is an absolute priority to ensure a safe experience for the company's customers.

The Rest of World geographic area includes geographies with unclear gaming 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. An ongoing debate is focusing attention on the fact that EU Member States should adapt their local laws to EU law governing free movement of products and services. Since most of LeoVegas' customers are active in Europe, the legal status in the EU has most significance for the company's existing operations. However, developments outside the EU are also of interest, partly because parts of LeoVegas' existing operations may be affected, but mainly as they may affect the company's expansion and future plans. Developments in the legal area are monitored and addressed on a continuous basis within LeoVegas.

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

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

Other risks that could affect LeoVegas are market-related risks and financial risks, such as currency and liquidity risks. Market risks and financial risks are monitored and followed up as a continuous part of operations. A detailed description of financial risks is provided in the 2018 Annual Report.

SUSTAINABILITY – RESPONSIBLE GAMING

LeoVegas' mission is to offer customers entertainment in a safe and secure manner. LeoVegas strives for long-term and sustainable relationships with customers. What's most important is that customers view their gaming as entertainment and play in a sound and responsible manner. However, for certain individuals, gaming may evolve from a form of entertainment to instead causing financial and/or social problems. LeoVegas is at the forefront of the industry with respect to gaming responsibility, both with respect to protecting customers and working proactively to support individuals who develop unsound gaming behaviours. LeoVegas has invested heavily in technology and development of algorithms that detect early signs of players that could indicate a risk for unsound gaming. Within the framework of LeoSafePlay, the company has launched a tool based on machine learning and algorithms that help create risk profiles for customers at risk of developing a gaming problem. LeoVegas' ambition in responsible gaming is to be the best in the business and to use state-of-the-art technology to build the next generation system for responsible gaming.

LeoVegas is active in an industry in which companies that cannot create and offer sustainable and long-term customer value, good service, fair pricing and high credibility will not survive in the long run. Investments and focus on sustainability are imperative for the ability to act in compliance with the company's gaming licences in the various markets. Today the bigger and serious gaming operators have implemented tools for responsible gaming. Online gaming operators have also learned to accommodate strict compliance requirements that often differ from one market to the next. LeoVegas is also seeing greater interest from many investors in sustainability issues as awareness of the gaming industry increases. All this strengthens the company's focus on being a reliable operator. LeoVegas welcomes this development, as it creates opportunities for professional and innovative companies to make changes for the better both for society and for customers.

LeoVegas is taking market shares from competitors by being a data-driven company that knows what drives the customer experience. LeoVegas is keen on retaining customers over a long period and building sustainable relationships with them. This leads to stability in the average revenue per customer over time while increasing the number of active customers who view their gaming as entertainment. This is a sustainable and responsible growth strategy for LeoVegas as a Group.

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 first 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, 2 May 2019

Mårten Forste
Chairman of the Board

Robin Ramm-Ericson
Director

Barbara Canales Rivera
Director

Per Brilioth
Director

Anna Frick
Director

Patrik Rosén
Director

Tuva Palm
Director

Gustaf Hagman
President and CEO

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

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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.

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CONSOLIDATED INCOME STATEMENT

EUR'000s	Jan-Mar 2019	Jan-Mar 2018	2018	2017
Revenue	**86 303**	**77 367**	**327 817**	**217 014**
Cost of sales	(16 956)	(14 618)	(62 588)	(39 195)
Gaming Duties	(11 457)	(7 073)	(29 686)	(15 144)
Gross profit	**57 890**	**55 676**	**235 543**	**162 675**
Personnel costs	(12 574)	(8 608)	(40 980)	(26 402)
Capitalised development costs	2 443	1 041	7 192	3 713
Other operating expenses	(8 107)	(10 012)	(41 204)	(22 878)
Marketing expenses	(32 799)	(30 205)	(120 752)	(91 727)
Other income and expenses	343	1 615	1 806	566
EBITDA	**7 196**	**9 507**	**41 605**	**25 947**
Depreciation and amortisation	(2 401)	(1 106)	(4 925)	(3 165)
Amortisation of acquired intangible assets	(4 146)	(4 617)	(17 505)	(2 868)
Operating profit (EBIT)	**649**	**3 784**	**19 175**	**19 914**
Financial income	-	7	10	13
Financial costs	(680)	(304)	(1 746)	(130)
Financial liability fair value gains/(losses)	-	(1 616)	27 022	(993)
Profit before tax	**(31)**	**1 871**	**44 461**	**18 804**
Income tax	-	(131)	(1 221)	(676)
Net profit for the period	**(31)**	**1 740**	**43 240**	**18 128**
Net profit attributable to owners of the parent company	129	1 538	43 150	18 128
Net profit attributable to non-controlling interests	(160)	202	90	-
Exchange differences on translation of foreign operations	11	(1)	(3)	-
Other comprehensive income	**11**	**(1)**	**(3)**	**-**
Total comprehensive income	**(20)**	**1 739**	**43 237**	**18 128**
Total comprehensive income attributable to owners of the parent company	140	1 537	43 147	18 128
Total comprehensive income attributable to non-controlling interests	(160)	202	90	-
Earnings per share (EUR)	**(0,00)**	**0,02**	**0,43**	**0,18**
Earnings per share after dilution (EUR)	**(0,00)**	**0,02**	**0,43**	**0,18**
No. of shares outstanding adj. for share split (millions)	101,65	99,70	101,65	99,70
No. of shares after dilution adj. for share split (millions)	101,65	101,33	101,65	101,25

Key ratios				
Cost of sales as a % of revenue	19,6%	18,9%	19,1%	18,1%
Gaming duties as a % of revenue	13,3%	9,1%	9,1%	7,0%
Gross margin, %	67,1%	72,0%	71,9%	75,0%
Personnel costs as % of revenue	14,6%	11,1%	12,5%	12,2%
Operating expenses as % of revenue	9,4%	12,9%	12,6%	10,5%
Marketing expenses as % of revenue	38,0%	39,0%	36,8%	42,3%
EBITDA margin %	8,3%	12,3%	12,7%	12,0%
EBIT margin %	0,8%	4,9%	5,8%	9,2%
Net margin, %	(0,0%)	2,2%	13,2%	8,4%

Adjusted profit measures EUR'000s	Jan-Mar 2019	Jan-Mar 2018	2018	2017
EBITDA	**7 196**	**9 507**	**41 605**	**25 947**
Costs pertaining to listing	-	62	62	594
Costs pertaining to acquisition-related consulting	-	466	466	1 353
Provision for fine from UKGC	-	453	453	-
Gain on sale of asset	-	(1 500)	(1 500)	-
Adjusted EBITDA	**7 196**	**8 988**	**41 086**	**27 894**
Depreciation and amortisation	(2 401)	(1 106)	(4 925)	(3 165)
Adjusted EBIT	**4 795**	**7 882**	**36 161**	**24 729**
Net financial items	(680)	(297)	(1 736)	(117)
Tax	-	(131)	(1 221)	(676)
Adjusted net income	**4 115**	**7 454**	**33 204**	**23 936**
Adjusted EPS	**0,04**	**0,07**	**0,33**	**0,24**
Adjusted EBITDA margin %	8,3%	11,6%	12,5%	12,9%
Adjusted EBIT margin %	5,6%	10,2%	11,0%	11,4%
Adjusted net margin %	4,8%	9,6%	10,1%	11,0%

CONSOLIDATED BALANCE SHEET, CONDENSED

EUR'000s	31 Mar 2019	31 Mar 2018	31 Dec 2018	31 Dec 2017
ASSETS				
Non-current assets				
Property, plant and equipment	4 161	3 714	4 141	2 870
Lease assets (rightof use assets)	9 963	-	-	-
Intangible assets	15 449	12 410	14 032	9 948
Intangible assets surplus values from acquisitions	57 321	72 035	61 467	51 018
Goodwill	102 958	101 840	102 958	44 604
Deferred tax assets	2 975	1 541	2 975	1 541
Total non-current assets	**192 827**	**191 540**	**185 573**	**109 981**
Current assets				
Trade receivables	30 332	23 796	29 268	15 178
Other current receivables	6 679	7 706	7 768	7 074
Cash and cash equivalents	59 251	44 368	56 738	52 758
of which restricted cash (player funds)	*10 566*	*10 662*	*11 922*	*7 097*
Total current assets	**96 262**	**75 870**	**93 774**	**75 010**
TOTAL ASSETS	**289 089**	**267 410**	**279 347**	**184 991**
EQUITY AND LIABILITIES				
Share capital	1 220	1 196	1 220	1 196
Additional paid-in capital	40 409	36 588	40 409	36 588
Translation reserve	496	(1)	485	-
Retained earnings including profit for the period	52 245	22 660	52 116	21 122
Equity attributable to owners of the Parent Company	**94 370**	**60 443**	**94 230**	**58 906**
Non-controlling interest	5 540	4 370	5 700	-
Total Equity	**99 910**	**64 813**	**99 930**	**58 906**
Bank loan	59 717	84 761	69 642	20 015
Other non-current liabilities	966	951	961	942
Lease liabilities	5 701	-	-	-
Deferred tax liability	2 583	3 284	2 765	2 854
Total non-current liabilities	**68 967**	**88 996**	**73 368**	**23 811**
Current liabilities				
Trade and other payables	18 330	17 920	18 022	14 818
Player liabilities	10 566	10 662	11 922	7 097
Tax liability	5 194	3 341	5 111	3 032
Accrued expenses and deferred income	33 679	32 357	31 994	27 302
Short-term liability in respect of acquisition	-	10 131	-	13 644
Bank loan	40 000	-	30 000	-
Short-term lease liabilities	3 443	-	-	-
Provision for conditional purchase price (earn-out)	9 000	39 190	9 000	36 381
Total current liabilities	**120 212**	**113 601**	**106 049**	**102 274**
TOTAL EQUITY AND LIABILITIES	**289 089**	**267 410**	**279 347**	**184 991**

CONSOLIDATED STATEMENT OF CASH FLOWS, CONDENSED

EUR'000s	Jan-Mar 2019	Jan-Mar 2018	2018	2017
Operating profit	649	3 784	19 175	19 914
Adjustments for non-cash items	5 466	5 633	20 193	6 135
Cash flow from changes in working capital	(238)	2 429	(2 874)	8 026
Cash flow from operating activities	**5 877**	**11 846**	**36 494**	**34 075**
Acquisition of property, plant and equipment	(396)	(1 034)	(2 475)	(1 855)
Acquisition of intangible assets	(2 186)	(2 751)	(8 633)	(4 312)
Acquisition of subsidiaries	-	(8 686)	(20 213)	(43 935)
Transfer of assets on acquisition	-	(73 472)	(73 472)	-
Proceeds on sale of assets	-	1 500	1 500	-
Cash flow from investing activities	**(2 582)**	**(84 443)**	**(103 293)**	**(50 102)**
Loan financing	-	64 740	79 475	20 000
Lease liabilities	(792)	-	-	-
Proceeds from share issue/other equity securities	-	-	3 832	170
Cash dividends paid out to shareholders	-	-	(11 669)	(10 233)
Cash flow from financing activities	**(792)**	**64 740**	**71 638**	**9 937**
Net increase/(decrease) in cash and cash equivalents	2 503	(7 857)	4 839	(6 090)
Cash and cash equivalents at start of the period	56 738	52 758	52 758	60 218
Currency effects on cash and cash equivalents	10	(532)	(859)	(1 370)
Cash and cash equivalents at end of period	**59 251**	**44 368**	**56 738**	**52 758**
of which restricted cash (player funds)	10 566	10 662	11 922	7 097

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, CONDENSED

EUR'000s	Share Capital	Other capital contribution	Translation reserve	Retained earnings	Equity attributable to owners of the parent company	Non-controlling interest	Total equity
Balance at 1 January 2018	**1 196**	**36 588**	**-**	**21 122**	**58 906**	**-**	**58 906**
Profit for the period	-	-	-	1 538	1 538	202	1 740
Other comprehensive income (exchange differences of foreign operations)	-	-	(1)	-	(1)	-	(1)
Total comprehensive income for the period	**-**	**-**	**(1)**	**1 538**	**1 537**	**202**	**1 739**
Transactions with non-controlling interests:							
Acquisition of NCI	-	-	-	-	-	4 168	4 168
Balance at 31 March 2018	**1 196**	**36 588**	**(1)**	**22 660**	**60 443**	**4 370**	**64 813**
Balance at 1 January 2019	**1 220**	**40 409**	**485**	**52 116**	**94 230**	**5 700**	**99 930**
Profit for the period	-	-	-	129	129	(160)	(31)
Other comprehensive income (exchange differences of foreign operations)	-	-	11	-	11	-	11
Total comprehensive income for the period	**-**	**-**	**11**	**129**	**140**	**(160)**	**(20)**
Transactions with shareholders in their capacity as owners:							
Share issue from options program	-	-	-	-	-	-	-
Balance at 31 March 2019	**1 220**	**40 409**	**496**	**52 245**	**94 370**	**5 540**	**99 910**

PARENT COMPANY INCOME STATEMENT, CONDENSED

EUR'000s	Jan-Mar 2019	Jan-Mar 2018	2018	2017
Revenue	**219**	**578**	**988**	**1 411**
Operating expenses	(1 139)	(1 190)	(4 474)	(4 374)
Other income and expenses	-	-	-	-
Operating profit (EBIT)	**(920)**	**(612)**	**(3 486)**	**(2 963)**
Net financial income	58	14	8 144	2 073
Tax cost	-	-	454	668
Profit / Loss for the period*	**(862)**	**(598)**	**5 111**	**(222)**

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

PARENT COMPANY BALANCE SHEET, CONDENSED

EUR'000s	31 Mar 2019	31 Mar 2018	31 Dec 2018	31 Dec 2017
ASSETS				
Total non-current assets	**17 011**	**15 475**	**17 682**	**14 275**
Current assets	13 011	5 950	12 883	5 830
Cash and cash equivalents	116	661	326	2 975
Total current assets	**13 127**	**6 611**	**13 209**	**8 805**
TOTAL ASSETS	**30 138**	**22 086**	**30 891**	**23 080**
EQUITY AND LIABILITIES				
Total equity	**19 124**	**21 626**	**19 986**	**22 225**
Total long term liabilities	**10 000**	**-**	**10 000**	**-**
Total current liabilities	**1 014**	**460**	**905**	**855**
TOTAL EQUITY AND LIABILITIES	**30 138**	**22 086**	**30 891**	**23 080**

KPI'S PER QUARTER

Amounts in EUR'000s unless otherwise stated	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Deposits	268 465	276 604	253 399	266 259	248 567
Growth, Deposits, y-y %	8%	23%	31%	59%	66%
Growth, Deposits, q-q %	-3%	9%	-5%	7%	11%
Deposits per region					
Nordics, % Deposits	47%	54%	52%	51%	53%
Rest of Europe, % Deposits	45%	41%	43%	44%	42%
Rest of World, % Deposits	7%	6%	5%	5%	5%
Net Gaming Revenue (NGR)	84 103	81 992	77 781	86 782	76 467
Growth Net Gaming Revenue, y-y %	10%	21%	41%	76%	75%
Growth Net Gaming Revenue, q-q %	3%	5%	-10%	13%	13%
Net Gaming Revenue (NGR) per region					
Nordics, % Net Gaming Revenue	39%	45%	43%	42%	45%
Rest of Europe, % Net Gaming Revenue	49%	45%	48%	49%	46%
Rest of World, % Net Gaming Revenue	12%	9%	9%	9%	9%
Growth in NGR per region					
Nordics, y-y %	-5%	-2%	1%	32%	41%
Rest of Europe, y-y %	17%	42%	131%	160%	161%
Rest of World, y-y %	52%	93%	25%	51%	16%
Regulated revenue as a % of total	50%	33%	35%	39%	35%
Growth in regulated revenues, y-y %	55%	36%	102%	173%	238%
Growth in regulated revenues, q-q %	57%	-3%	-18%	24%	38%
Hold (NGR/Deposits) %	31.3%	29.6%	30.7%	32.6%	30.8%
Game margin %	3.73%	3.67%	3.69%	3.84%	3.62%
Number of active customers	694 925	587 712	547 526	544 013	547 959
Growth active customers, y-y %	27%	50%	83%	91%	72%
Growth active customers, q-q %	18%	7%	1%	-1%	40%
Number of depositing customers	370 209	327 156	318 189	309 987	302 014
Growth depositing customers, y-y %	23%	29%	57%	79%	75%
Growth depositing customers, q-q %	13%	3%	3%	3%	19%
Number of new depositing customers	173 346	145 409	140 552	134 487	146 063
Growth new depositing customers, y-y %	19%	13%	45%	84%	95%
Growth new depositing customers, q-q %	19%	3%	5%	-8%	14%
Number of returning depositing customers	196 863	181 747	177 637	175 500	155 951
Growth returning depositing customers, y-y %	26%	46%	68%	75%	60%
Growth returning depositing customers, q-q %	8%	2%	1%	13%	25%

CONSOLIDATED INCOME STATEMENT PER QUARTER

EUR'000s	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Revenue	**86 303**	**84 485**	**78 552**	**87 413**	**77 367**
Cost of sales	(16 956)	(17 548)	(14 720)	(15 702)	(14 618)
Gaming Duties	(11 457)	(7 199)	(7 338)	(8 076)	(7 073)
Gross profit	**57 890**	**59 738**	**56 494**	**63 635**	**55 676**
Personnel costs	(12 574)	(11 509)	(10 509)	(10 354)	(8 608)
Capitalised development costs	2 443	3 589	1 002	1 560	1 041
Other operating expenses	(8 107)	(11 592)	(10 118)	(9 482)	(10 012)
Marketing expenses	(32 799)	(32 019)	(27 991)	(30 537)	(30 205)
Other income and expenses	343	(72)	86	177	1 615
EBITDA	**7 196**	**8 135**	**8 964**	**14 999**	**9 507**
Depreciation and amortisation	(2 401)	(1 417)	(1 302)	(1 100)	(1 106)
Amortisation of acquired intangible assets	(4 146)	(4 127)	(4 125)	(4 636)	(4 617)
Operating profit (EBIT)	**649**	**2 591**	**3 537**	**9 263**	**3 784**
Financial income	-	3	-	-	7
Financial costs	(680)	(502)	(449)	(491)	(304)
Financial liability fair value gains/(losses)	-	20 163	10 109	(1 634)	(1 616)
Profit before tax	**(31)**	**22 255**	**13 197**	**7 138**	**1 871**
Income tax	-	(147)	(444)	(499)	(131)
Net profit for the period	**(31)**	**22 108**	**12 753**	**6 639**	**1 740**
Net profit attributable to owners of the parent company	129	22 071	12 817	6 724	1 538
Net profit attributable to non-controlling interests	(160)	37	(64)	(85)	202
Exchange differences on translation of foreign operations	11	(3)	-	1	(1)
Other comprehensive income	**11**	**(3)**	**-**	**1**	**(1)**
Total comprehensive income	**(20)**	**22 105**	**12 753**	**6 640**	**1 739**
Total comprehensive income attributable to owners of the parent company	140	22 068	12 817	6 725	1 537
Total comprehensive income attributable to non-controlling interests	(160)	37	(64)	(85)	202
Earnings per share (EUR)	**(0,00)**	**0,22**	**0,13**	**0,07**	**0,02**
Earnings per share after dilution (EUR)	**(0,00)**	**0,22**	**0,13**	**0,07**	**0,02**
No. of shares outstanding adj. for share split (millions)	101,65	101,65	101,65	100,34	99,70
No. of shares after dilution adj. for share split (millions)	101,65	101,65	101,65	101,37	101,33
Key ratios					
Cost of sales as a % of revenue	19,6%	20,8%	18,7%	18,0%	18,9%
Gaming duties as a % of revenue	13,3%	8,5%	9,3%	9,2%	9,1%
Gross margin, %	67,1%	70,7%	71,9%	72,8%	72,0%
Personnel costs as % of revenue	14,6%	13,6%	13,4%	11,8%	11,1%
Operating expenses as % of revenue	9,4%	13,7%	12,9%	10,8%	12,9%
Marketing expenses as % of revenue	38,0%	37,9%	35,6%	34,9%	39,0%
EBITDA, margin %	8,3%	9,6%	11,4%	17,2%	12,3%
EBIT, margin %	0,8%	3,1%	4,5%	10,6%	4,9%
Net margin, %	0,0%	26,2%	16,2%	7,6%	2,2%

EUR'000s	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
EBITDA	**7 196**	**8 135**	**8 964**	**14 999**	**9 507**
Costs pertaining to listing	-	-	-	-	62
Costs pertaining to acquisition-related consulting	-	-	-	-	466
Provision for fine from UKGC	-	-	-	-	453
Gain on sale of asset	-	-	-	-	(1 500)
Adjusted EBITDA	**7 196**	**8 135**	**8 964**	**14 999**	**8 988**
Depreciation and amortisation	(2 401)	(1 417)	(1 302)	(1 100)	(1 106)
Adjusted EBIT	**4 795**	**6 718**	**7 662**	**13 899**	**7 882**
Net financial items	(680)	(499)	(449)	(491)	(297)
Tax	-	(147)	(444)	(499)	(131)
Adjusted net income	**4 115**	**6 072**	**6 769**	**12 909**	**7 454**
Adjusted EPS	**0,04**	**0,06**	**0,07**	**0,13**	**0,07**
Adjusted EBITDA margin %	8,3%	9,6%	11,4%	17,2%	11,6%
Adjusted EBIT margin %	5,6%	8,0%	9,8%	15,9%	10,2%
Adjusted net margin %	4,8%	7,2%	8,6%	14,8%	9,6%

CONSOLIDATED BALANCE SHEET PER QUARTER, CONDENSED

EUR'000s	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
ASSETS					
Non-current assets					
Property, plant and equipment	4 161	4 141	4 114	3 851	3 714
Lease assets (right of use assets)	9 963	-	-	-	-
Intangible assets	15 449	14 032	12 046	11 630	12 410
Intangible assets surplus values from acquisitions	57 321	61 467	65 585	69 345	72 035
Goodwill	102 958	102 958	102 958	101 840	101 840
Deferred tax assets	2 975	2 975	1 489	1 488	1 541
Total non-current assets	**192 827**	**185 573**	**186 192**	**188 154**	**191 540**
Current assets					
Trade receivables	30 332	29 268	22 973	19 806	23 796
Other current receivables	6 679	7 768	9 090	10 232	7 706
Cash and cash equivalents	59 251	56 738	47 555	49 377	44 368
of which restricted cash (player funds)	10 566	11 922	11 849	11 697	10 662
Total current assets	**96 262**	**93 774**	**79 618**	**79 415**	**75 870**
		-			
TOTAL ASSETS	**289 089**	**279 347**	**265 810**	**267 569**	**267 410**
EQUITY AND LIABILITIES					
Share capital	1 220	1 220	1 220	1 220	1 196
Additional paid-in capital	40 409	40 409	40 409	40 289	36 588
Translation reserve	496	485	488	487	(1)
Retained earnings including profit for the period	52 245	52 116	30 044	17 228	22 660
Equity attributable to owners of the Parent Company	**94 370**	**94 230**	**72 161**	**59 224**	**60 443**
		-			
Non-controlling interest	5 540	5 700	5 662	4 285	4 370
Total Equity	**99 910**	**99 930**	**77 823**	**63 509**	**64 813**
		-			
Bank loan	59 717	69 642	74 849	94 803	84 761
Other non-current liabilities	966	961	947	952	951
Lease liabilities	5 701	-	-	-	-
Deferred tax liability	2 583	2 765	2 945	3 108	3 284
Total non-current liabilities	**68 967**	**73 368**	**78 741**	**98 863**	**88 996**
Current liabilities					
Trade and other payables	18 330	18 022	14 116	17 257	17 920
Player liabilities	10 566	11 922	11 849	11 697	10 662
Tax liability	5 194	5 111	3 387	3 867	3 341
Accrued expenses and deferred income	33 679	31 994	30 563	31 409	32 357
Short-term liability in respect of acquisition	-	-	-	168	10 131
Bank loan	40 000	30 000	20 000	-	-
Short-term lease liabilities	3 443	-	-	-	-
Provision for conditional purchase price (earn-out)	9 000	9 000	29 331	40 799	39 190
Total current liabilities	**120 212**	**106 049**	**109 246**	**105 197**	**113 601**
		-			
TOTAL EQUITY AND LIABILITIES	**289 089**	**279 347**	**265 810**	**267 569**	**267 410**

CONSOLIDATED STATEMENT OF CASH FLOWS PER QUARTER, CONDENSED

EUR'000s	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Operating profit	649	2 591	3 537	9 263	3 784
Adjustments for non-cash items	5 466	4 682	3 916	5 962	5 633
Cash flow from changes in working capital	(238)	621	(6 570)	647	2 429
Cash flow from operating activities	**5 877**	**7 894**	**883**	**15 872**	**11 846**
Acquisition of property, plant and equipment	(396)	(339)	(626)	(476)	(1 034)
Acquisition of intangible assets	(2 186)	(3 129)	(1 018)	(1 761)	(2 751)
Acquisition of subsidiaries	-	-	(1 409)	(10 092)	(8 686)
Transfer of assets on acquisition	-	-	-	-	(73 472)
Proceeds on sale of assets	-	-	-	-	1 500
Cash flow from investing activities	**(2 582)**	**(3 468)**	**(3 053)**	**(12 329)**	**(84 443)**
Loan financing	-	4 735	-	10 000	64 740
Lease liabilities	(792)	-	-	-	-
Proceeds from share issue/other equity securities	-	34	372	3 426	-
Cash dividends paid out to shareholders	-	-	-	(11 669)	-
Cash flow from financing activities	**(792)**	**4 769**	**372**	**1 757**	**64 740**
Net increase/(decrease) in cash and cash equivalents	2 503	9 195	(1 798)	5 300	(7 857)
Cash and cash equivalents at start of the period	56 738	47 555	49 377	44 368	52 758
Currency effects on cash and cash equivalents	10	(12)	(24)	(291)	(532)
Cash and cash equivalents at end of period	**59 251**	**56 738**	**47 555**	**49 377**	**44 368**
of which restricted cash (player funds)	*10 566*	*11 922*	*11 849*	*11 697*	*10 662*

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 associated with the listings on Nasdaq First North Premier and Nasdaq Stockholm, costs pertaining to acquisition-related consulting, sales of assets that affect earnings, amortisation of intangible assets related to acquisitions, and remeasurement of earn-out payments for acquisitions

ADJUSTED EBIT
EBIT adjusted for items associated with the listings on Nasdaq First North Premier and Nasdaq Stockholm, costs pertaining to acquisition-related consulting, sales of assets that affect earnings, and amortisation of intangible assets related to acquisitions

ADJUSTED EBITDA
EBITDA adjusted for items associated with the listings on Nasdaq First North Premier and Nasdaq Stockholm, costs pertaining to acquisition-related consulting, and sales of assets that affect earnings

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 for more than once, such as for a customer who has made a deposit with Royal Panda and LeoVegas during the period

DEPOSITS
Includes all cash deposited in the casino by customers during a given period

DIVIDEND PER SHARE
The dividend paid or proposed per share

EARNINGS PER SHARE
Total comprehensive income for the period divided by the average number of shares outstanding during the period

EARNINGS PER SHARE AFTER DILUTION
Profit after tax divided by a weighted average number of shares outstanding during the period, adjusted for additional shares for warrants with a dilutive effect

EBIT
Operating profit before interest and tax

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 less all payables to customers (referred to as GGR in the industry)

GROSS PROFIT
Revenue less direct, variable costs, which including costs for third-party gaming vendors, software costs, fees paid to payment service providers, and gaming duties

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

ITEMS AFFECTING COMPARABILITY
Items pertaining to costs for the listings on Nasdaq First North Premier and Nasdaq Stockholm, and costs pertaining to acquisition-related consulting. No costs related to integration or restructuring are included. Sales of assets that affect earnings are eliminated by adjustment. This also includes amortisation related to acquired intangible assets and remeasurement of earn-out payments for acquisitions

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

NEW DEPOSITING CUSTOMER
A customer who has made his or her first cash deposit during the period

OPERATING PROFIT (EBIT)
Profit before interest and tax

ORGANIC GROWTH
Growth excluding acquisitions, adjusted for currency effects

PROFIT MARGIN
Net profit divided by revenue

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

SHAREHOLDERS' EQUITY PER COMMON SHARE
Shareholders' equity attributable to owners of the Parent Company divided by the weighted average number of shares outstanding during the period after redemptions, repurchases and new issues

SHARES OUTSTANDING AFTER DILUTION
The number of shares outstanding before dilution plus the number outstanding warrants, less the redemption sum for the warrants, divided by the average share price for the period

WORKING CAPITAL
Working capital is calculated as the net of current liabilities (excl. amounts payable to players) and current assets

OTHER DEFINITIONS

GAMING DUTIES
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 or the UK. 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
The LeoVegas Group has three platforms: LeoVegas, Royal Panda and Rocket X. LeoVegas and Royal Panda have only one brand on their respective platforms, while Rocket X has several

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