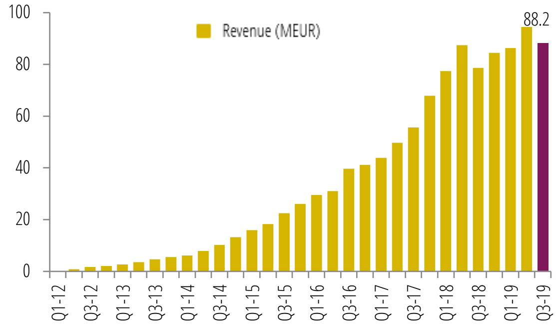
LeoVegas' passion is "Leading the way into the mobile future". LeoVegas is the premier GameTech company and is at the forefront of using state-of-the-art technology for mobile gaming. A large part of this success can be credited to an extreme product and technology focus coupled with effective, data-driven marketing. Technology development is conducted in Sweden, while operations are based in Malta. 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. LeoVegas is a global group in which LeoVegas AB (publ.) is the Parent Company. LeoVegas AB (publ.) does not conduct any gaming activities; the operational activities are conducted by subsidiaries within the Group. The company's shares are listed on Nasdaq Stockholm.

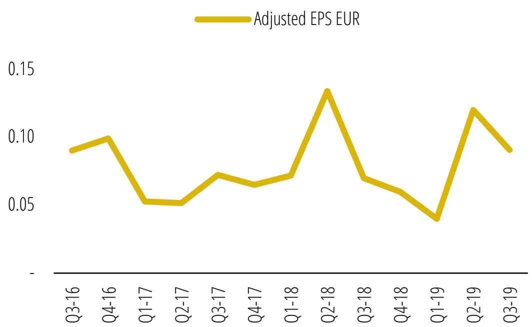
Mer om LeoVegas på www.leovegasgroup.com

QUARTERLY REPORT 1 JULY–30 SEPTEMBER 2019

THIRD QUARTER 2019: 1 JULY–30 SEPTEMBER 2019

- Revenue increased by 12% to EUR 88.2 m (78.6). Organic growth in local currencies was 13%.
- The number of depositing customers was 334,042 (318,189), an increase of 5%. The number of new depositing customers was 135,019 (140,552), a decrease of 4%. The number of returning depositing customers was 199,023 (177,637), an increase of 12%.
- Net Gaming Revenue (NGR) from locally regulated markets was 50% (35%) of total NGR.
- EBITDA was EUR 12.7 m (9.0), corresponding to an EBITDA margin of 14.4% (11.4%).
- Operating profit (EBIT) was EUR 6.0 m (3.5) while adjusted EBIT was EUR 10.2 m (7.7), corresponding to an adjusted EBIT margin of 11.5% (9.8%).
- Earnings per share were EUR 0.05 (0.13) before and after dilution.
- Adjusted earnings per share were EUR 0.09 (0.07).





THE PERIOD 1 JANUARY–30 SEPTEMBER 2019

- Revenue increased by 11% to EUR 269.0 m (243.3).
- EBITDA was EUR 35.0 m (33.5). Adjusted EBITDA was EUR 35.0 m (32.9), corresponding to an adjusted EBITDA margin of 13.0% (13.5%).
- Operating profit (EBIT) was EUR 15.2 m (16.6). Adjusted EBIT was EUR 27.5 m (29.4), corresponding to an adjusted EBIT margin of 10.2% (12.1%).
- Earnings per share before dilution were EUR 0.12 (0.21). Adjusted earnings per share were EUR 0.24 (0.27).

EVENTS DURING THE QUARTER

- LeoVegas was launched in Japan.
- LeoVegas opted to not apply for a gaming licence in the recently re-regulated Swiss market, and therefore the business was closed on 1 July.
- A key payment service provider has chosen to stop offering its service for certain gaming-related payments on the German market, which affected revenue and new customer acquisition during the quarter.

EVENTS AFTER THE END OF THE QUARTER

- Preliminary revenue of EUR 26.5 m (26.1) in October, representing growth of 1%. October was affected by an exceptionally low game margin. With a normalized game margin, revenues had amounted to approximately EUR 28.5 m and a growth rate of 9 percent.
- LeoVegas was initially granted a two-year gaming licence in Sweden – a decision that was appealed. The administrative court has now ruled in the company's favour, increasing the licence period from two to five years.
- LeoVegas has received a sanction by the Netherlands Gambling Authority. The decision is in line with the sanctions previously issued for other gaming companies.
- The LeoVegas Group's investment company LeoVentures has entered into an agreement to sell the subsidiary Authentic Gaming to Genting. The sales price is EUR 15 m on a debt-free basis.

CEO'S COMMENTS

"We delivered EBITDA growth of over 40%, which clearly shows that our efficiency efforts are generating positive results"

THIRD QUARTER 2019

We continued to show progress during the third quarter in a difficult-to-navigate environment and generated double-digit growth in both sales and operating profit. Greater regulatory complexity in several of our main markets has given rise to certain short-term challenges but is also raising the barriers to succeed in the sector which benefit established companies.

LeoVegas today has a much more even distribution of revenue across several markets and brands where half of our revenue is derived from locally regulated markets, which contributes to greater stability and lower business risk. Meanwhile, we continue our efforts to execute our strategy of innovation, expansion and profitability.

Revenue during the third quarter amounted to EUR 88.2 m (78.6), representing organic growth of 13%. Growth was favourable during the period in most of our markets, including Sweden where we are gaining market shares, but also in key markets such as Finland, Denmark and Italy. The UK is profitable at Group level but remains challenging, where Royal Panda in particular had poorer performance during the quarter. Excluding the UK, the Group's organic growth was 27%. In total we invested less than planned in marketing during the quarter, which is coupled to our data-driven and ROI-based marketing model. We chose to not apply for a licence in Switzerland, where we stopped accepting business on 1 July based on commercial rationale. Meanwhile in Germany we are facing challenges related to the elimination of a key payment solution, which is affecting both our revenue and new customer acquisition during the quarter.

EBITDA for the third quarter totalled EUR 12.7 m (9.0), corresponding to an EBITDA margin of 14.4% (11.4%). We grew EBITDA by more than 40% during the quarter despite a higher burden from gambling taxes and greater regulatory complexity compared with previous years. Our focus on efficiency and cost control continues to generate the desired results. As a concrete example of our efficiency enhancement, our staffing has remained essentially unchanged for the past year despite greater business complexity, adding more markets and more brands, while we continue to generate good underlying growth. We continue to renegotiate our supplier agreements in gaming, payments, marketing and technology. Through scalability and efficiency we are creating scope to invest in growth combined with improved profitability.

Sweden

LeoVegas was initially granted a two-year gaming licence in Sweden – a decision that was appealed. The Administrative Court has now ruled in our favour, entailing that the licence period has been changed from two to five years. At the same time, our returning customers in Sweden are at all-time-high, which is proof that our focus on the product and customer experience coupled with a commitment to responsible gaming is paying off in a regulated environment.

We estimate that channelisation of online casino in Sweden is far below the Swedish Gambling Authority's goal of 90%. We therefore look positively upon the fact that the Gambling Authority to a greater extent has begun prioritising measures to curb unlicensed actors. This is needed to ensure that the market's regulation is successful and results in greater consumer protection.

Markets

Thus far during the year LeoVegas has launched operations in five new markets, where Japan is the most recent addition. We want to especially highlight the launch in Spain, which so far has exceeded our expectations. The online growth in Spain is considerable, and we are highly confident that Spain can become one of our key markets.

During the quarter LeoVegas was issued a fine by the Netherlands Gambling Authority, in line with the fines that were previously issued to other gaming companies. The amount has been expensed in its entirely in the income statement. We are in compliance with the current regulations and will appeal this decision. We remain confident that we will be awarded a licence once the market is opened – mostly likely at the start of 2021.

LeoVentures

LeoVentures has entered into an agreement to sell the subsidiary Authentic Gaming for EUR 15 m on a debt-free basis. The buyer is Genting, one of the world's largest land-based operators. Authentic Gaming generated approximately EUR 1 m in revenue during the third quarter, while the effect on EBITDA was neutral. The transaction shows how we can successfully invest in, grow and realize value in our portfolio companies. In connection with this sale we have also concluded our strategic evaluation of LeoVentures and will continue to develop the remaining portfolio companies Pixel.Bet and Casinogrounds.

Comments on the fourth quarter

Revenue for the month of October totalled EUR 26.5 m (26.1), representing growth of 1%. The gaming margin in October was lower than normal, with a number of large winners, while Germany is remains affected by payment limitations. Underlying growth during October remained solid, which is confirmed by a positive start in November. With a normalized game margin in October, revenues had amounted to approximately EUR 28.5 m, with a growth rate of 9 percent.

Our current assessment is that marketing costs will increase during the fourth quarter over the third quarter, both in relation to revenue and in absolute figures. This is in line with the seasonal pattern, where LeoVegas normally invests the most in marketing during the fourth quarter.

Finally, I want to remind about the half-yearly dividend payment of SEK 0.60 per share to our shareholders on 6 December.

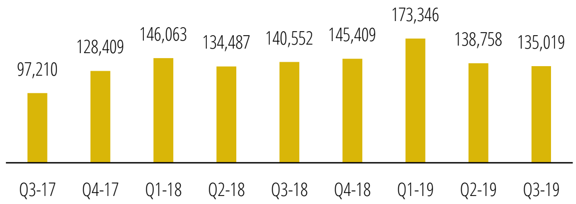
Gustaf Hagman, President and CEO
LeoVegas Mobile Gaming Group

Stockholm, 7 November 2019

KEY PERFORMANCE INDICATORS

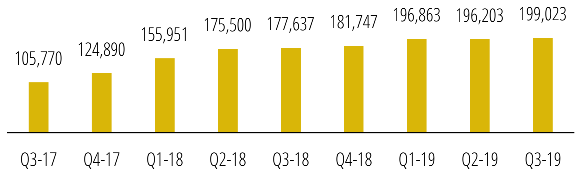
For more KPIs and comments, see the related presentation file at LeoVegasgroup.com. See also the section "Definitions of Alternative Performance Measures".

NEW DEPOSITING CUSTOMERS (NDC'S)



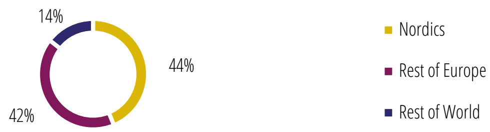
NDCs decreased by 4% compared with the same period a year ago and by 3% sequentially compared with the second quarter. New customer acquisition was negatively affected by LeoVegas' decision to stop accepting business from the Swiss market on 1 July this year.

RETURNING DEPOSITING CUSTOMERS (RDC'S)



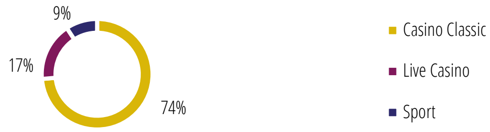
RDCs increased marginally compared with the second quarter and grew by 12% compared with the same period a year ago. The number of returning customers was negatively affected by LeoVegas' decision to stop accepting business from Switzerland.

NGR PER REGION, Q3 2019



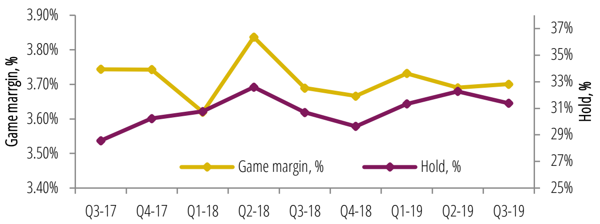
The Nordic countries was the largest region during the third quarter, accounting for 44% of the Group's NGR. Rest of Europe accounted for 42% and Rest of World accounted for 14%. The share of NGR for the Nordic countries and Rest of World increased sequentially compared with the second quarter.

GGR PER PRODUCT, Q3 2019



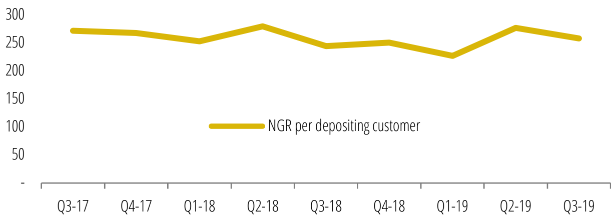
Casino accounted for 74% of the Group's GGR, Live Casino accounted for 17%, and the sports book accounted for 9%. Live Casino is currently the fastest growing product for the Group and increased its share of GGR during the quarter.

GAMING MARGIN AND HOLD



The relation between NGR and deposits (hold) decreased compared with the preceding quarter to 31.4%, which is in line with the historical average. One factor that has historically had a strong bearing on hold is the gaming margin. The gaming margin during the quarter was 3.70%, which is slightly below the historical average.

PLAYER VALUE (EUR)



The average player value per depositing customer was EUR 259, which is a decrease of 7% compared with the preceding quarter but an increase of 6% compared with the same period a year ago. The lower player value compared with the preceding quarter is mainly explained by a changed geographical mix in the player base.

GROUP PERFORMANCE Q3

REVENUE, DEPOSITS AND NGR

Revenue amounted to EUR 88.2 m (78.6) during the third quarter, an increase of 12%. Organic growth in local currencies was 13%. Excluding the British market, organic growth in local currencies was 27%.

Deposits totalled EUR 275.2 m (253.4) during the quarter, an increase of 9%. On a sequential basis, deposits decreased by 4% compared with the preceding quarter. Mobile deposits accounted for 75% (71%) of total deposits.

Net Gaming Revenue (NGR) increased by 11% over the same period a year ago but decreased sequentially by 7% compared with the second quarter. The change in NGR deviated somewhat compared with the increase in deposits, which is explained by fluctuations in the gaming margin and hold between the quarters.

In the Nordic region, NGR increased by 14% over the same period a year ago. Revenue in Sweden continued to develop in a positive direction since implementation of the new regulation in January this year. At the same time, currency movements had a negative effect on the level of reported NGR during the period.

For the Rest of Europe region, NGR decreased by 4% compared with the same period a year ago. Favourable development in most markets in the region was countered by a continued weak development in the UK. The decision to leave the Swiss market in July has also affected revenue for the region. Revenues from Switzerland totalled EUR 2.2 m during the second quarter. Germany was affected during the quarter by the elimination of a key payment service provider, which is expected to have a negative effect on NGR also during the fourth quarter.

The Rest of World region showed strong performance, with annualised growth of 80%.

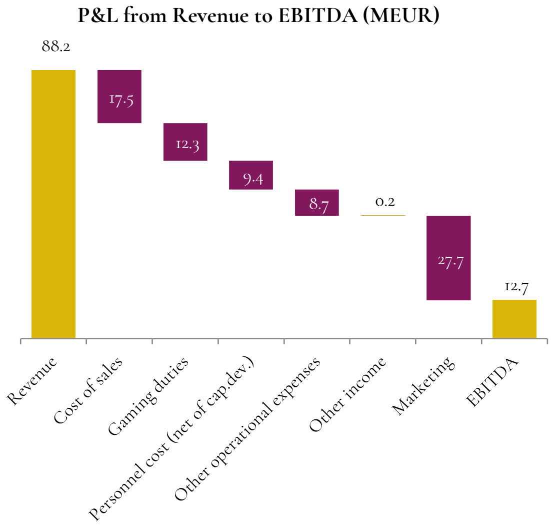
For the Group as a whole, revenue from locally regulated markets accounted for 50% (35%) of total revenue.

EARNINGS

Gross profit amounted to EUR 58.4 m (56.5) during the third quarter, corresponding to a gross margin of 66.2% (71.9%). Gambling taxes totalled EUR 12.3 m, corresponding to 13.9% of revenue, which is significantly higher than the same period last year, when they totalled EUR 7.3 m. The increase is explained by a considerably higher share of revenue from markets with gambling taxes, including Sweden. The cost of sales was 19.9% of revenue (18.7%) and consisted mainly of costs for external game and payment service providers. Cost of sales in relation to the Group's revenue increased during the third quarter compared with the second quarter, which is mainly attributable to temporary costs of slightly more than EUR 0.6 m associated with one of the company's payment service providers.

Marketing costs during the quarter totalled EUR 27.7 m (28.0). Marketing in relation to revenue was 31.4%, which represents a slight increase compared with the second quarter share of 29.7% but a decrease compared with the same period a year ago (35.6%). Costs during the quarter were lower than planned.

Personnel costs in relation to revenue decreased during the quarter compared with the preceding quarter and the same period a year ago, to 12.8% (13.4%). The Group's focus on optimising the organisation has led to a decrease in staffing in certain areas while it has also enabled investments in highly qualified personnel in strategically important areas such as compliance and in products and technology. The total workforce is essentially unchanged compared with a year ago.



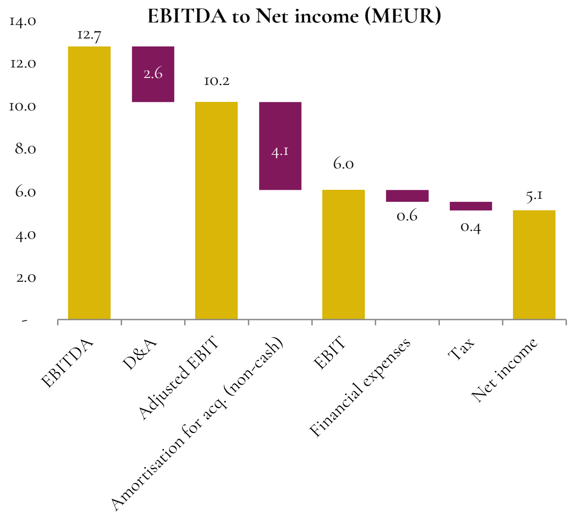
Other operating expenses amounted to 9.9% of revenue (12.9%), which is a slight decrease compared with the preceding quarter as well as the same period a year ago, both in absolute figures and in relation to revenue. The Group's focus on higher efficiency continued to have positive effects during the period. As a result of the implementation of IFRS 16, rental costs and other lease payments are no longer reported under other operating expenses. During the third quarter, the positive effect on EBITDA of implementation of IFRS 16 was EUR 0.9 m.

EBITDA for the third quarter was EUR 12.7 m (9.0), corresponding to an EBITDA margin of 14.4% (11.4%). Adjusted EBITDA was equal to EBITDA during the quarter, as there were no items affecting comparability.

Operating profit (EBIT) for the quarter was EUR 6.0 m (3.5), corresponding to an EBIT margin of 6.9% (4.5%). Adjusted EBIT was EUR 10.2 m (7.7), corresponding to an adjusted EBIT margin of 11.5% (9.8%). 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 any other items affecting comparability are excluded.

The Group's depreciation and amortisation excluding acquisition-related depreciation and amortisation amounted to EUR 2.6 m (1.3). Depreciation and amortisation related to the adoption of IFRS 16 totalled EUR 0.9 m (0.0) during the quarter. Amortisation related to acquired intangible assets totalled EUR 4.1 m (4.1).

Recurring financial expenses are mainly coupled to the company's bank loan facilities and amounted to EUR 0.6 m (0.4) during the quarter. The liability pertaining to Royal Panda's earn-out payment is measured in accordance with IFRS 3. Valuation of the earn-out has been done according to Level 3 of the fair value hierarchy. No transfers between fair value levels have been made during the year. During the quarter the liability was not remeasured, but remains at EUR 9.0 m. The matter will be determined in arbitration and is expected to be determined at the earliest in Q3 2020. Thus no earnings effect arose in net financial items as a result of this item during the period.



The tax cost for the quarter was EUR 0.4 m (0.4).

Net profit for the quarter was EUR 5.1 m (12.8), corresponding to a net margin of 5.8% (16.2%). Net profit for the same period a year ago was affected by a non-cash remeasurement item of EUR 10.1 m. Earnings per share were EUR 0.05 (0.13) before and after dilution.

Adjusted earnings per share were EUR 0.09 (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

The Group's financial position is good. Cash and cash equivalents at the end of the quarter amounted to EUR 53.7

m (47.6). Cash and cash equivalents excluding customer balances amounted to EUR 40.9 m (35.7). LeoVegas has total available credit facilities of EUR 120 m, of which EUR 80 m was utilised as per the end of the quarter.

The Group had intangible assets worth EUR 17.1 m at the end of the quarter (12.0). Intangible assets attributable to identified surplus value from acquisitions amounted to EUR 49.1 m (65.6). Goodwill related to all acquisitions amounted to EUR 103.0 m (103.0).

Total liabilities decreased during the third quarter, mainly owing to the Group's amortisation of EUR 10.0 m of its bank facilities. In other respects, non-current and current liabilities were relatively unchanged compared with the preceding quarter.

At the end of the quarter the Group's equity amounted to EUR 101.0 m (77.8). Non-controlling interests make up EUR 4.9 m (5.7) of equity. The equity/assets ratio was 37% (29%). Total assets at the end of the quarter amounted to EUR 276.1 m (265.8).

CASH FLOW AND INVESTMENTS

Cash flow from operating activities totalled EUR 17.2 m (0.9) during the quarter. Working capital improved by EUR 5.1 m 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 EUR 0.2 m (0.6). Investments in intangible non-current assets amounted to EUR 1.9 m (1.0) and pertain mainly to capitalised development costs.

Cash flow from financing activities during the quarter was affected by EUR -10.0 m in amortisation of the Group's loan facility during the period (0.0). Cash flow was also affected by amortisation of the lease liability, by EUR -0.8 m (0.0).

GROUP PERFORMANCE, FIRST NINE MONTHS OF 2019

REVENUE AND EARNINGS

Consolidated revenue amounted to EUR 268.9 m (243.3), an increase of 11%.

Gross profit grew 2% to EUR 180.1 m (175.8). The gross margin for the interim period was 66.9% (72.2%).

Marketing costs as a share of revenue decreased to 32.9% (36.5%).

EBITDA amounted to EUR 35.0 m (33.5), and the EBITDA margin was 13.0% (13.8%). EBITDA adjusted for items affecting comparability was EUR 35.0 m (32.9), corresponding to an EBITDA margin of 13.0% (13.5%).

Operating profit (EBIT) was EUR 15.2 m (16.6), for an operating margin of 5.6% (6.8%). Operating profit adjusted for items affecting comparability was EUR 27.5 m (29.4), corresponding to a margin of 10.2% (12.1%).

Profit for the interim period was EUR 12.5 m (21.1). Adjusted profit for the period was EUR 24.8 m (27.1), for an adjusted margin of 9.2% (11.1%).

CASH FLOW AND INVESTMENTS

Cash flow from operating activities increased during the interim period to EUR 32.5 m (28.6). The increase is mainly explained by higher EBITDA for the period and changes in working capital. Payment of income tax also affected cash flow during the period, by EUR -4.5 m (-1.0).

Investments in non-current assets amounted to EUR 0.9 m (2.1). Investments in intangible assets amounted to EUR 6.0 m (5.5) and consisted mainly of capitalised development costs. Cash flow related to acquisitions and sales of assets totalled EUR 0.0 m (92.2), as no acquisitions were carried out during the period.

Cash flow from financing activities amounted to EUR -27.9 m (66.9). The negative cash flow during the period is explained by amortisation of EUR -20.0 m of the company's loan facility during the period. In the preceding year the loan facility was instead utilised, resulting in a positive cash flow of EUR 74.7 m. Cash flow was also affected by payment of EUR 5.7 m (11.7) in dividends to the Parent Company's shareholders. This was the first of two bi-yearly dividend payments. The next dividend payment for the full-year 2018 will be made in December 2019. Amortisation of the lease liability affected cash flow by EUR -2.4 m. The proceeds from an issue of equity instruments had a positive effect on cash flow, by EUR 0.2 m (3.8).

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*
- *The revenue target includes organically generated growth as well as revenue from potential, future acquisitions*

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 gambling tax*
- *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 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 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. The Parent Company's revenue for the first nine months of 2019 amounted to EUR 0.5 m (0.8), and profit after tax was EUR 0.5 m (-2.6). During 2019 the Parent Company has received dividends of EUR 3.5 m (0.0) from subsidiaries. The result is steered essentially by invoiced management services and other operating expenses. Cash and cash equivalents amounted to EUR 0.8 m (0.1).

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 368 thousand compared with the same period a year ago and a negative effect of approximately EUR 346 thousand compared with the preceding quarter.

SEASONAL VARIATIONS

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

PERSONNEL

The number of full-time employees at the end of the quarter was 865 (855), of whom 80 are employed in LeoVentures. The average number of employees during the quarter was 856 (825). LeoVegas was using the services of 17 (28) full-time consultants at the end of the quarter.

RELATED-PARTY TRANSACTIONS

LeoVegas has related-party relationships for rents of company flats. In addition to these related-party relationships, Chairman of the Board Mårten Forste performed consulting services for the company for a total value of EUR 15 thousand (37) during the first nine months of 2019. In other respects, no material changes have taken place for the Group or Parent Company in relationships 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 30 September 2019 the company had 16,478 shareholders. The five largest shareholders were Gustaf Hagman, with 8.2%; Swedbank Robur, with 7.6%; Robin Ramm-Ericson, with 5.3%; Avanza Pension, with 4.9%; and Investment AB Öresund, with 4.4%.

ACCOUNTING POLICIES

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IAS/IFRS, as endorsed by the European Union) issued by the International Accounting Standards Board, interpretations issued by the IFRS Interpretation Committee (formerly IFRIC), the Swedish Annual Accounts Act, and Swedish Financial Reporting Board (RFR) standard RFR 1 "Supplementary Accounting Rules for Groups". This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting.

The Parent Company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act and recommendation RFR 2 "Accounting for Legal Entities". Disclosures in accordance with IAS 34.16A are provided – in addition to in the financial statements – in other parts of the interim report.

The number of shares after dilution is calculated using the Treasury Stock method. At the end of the reporting period three warrant programmes were in effect, which expire in 2020, 2021 and 2022, respectively. These had no dilutive effect during the period, as the subscription price is higher than the price at which the shares were traded during the quarter.

The most important accounting policies under IFRS, which are the accounting policies applied in the preparation of this interim report, are described in Note 2, pages 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.

IFRS 16 – effect on the financial reporting

IFRS 16 has introduced a "right-of-use model", which replaces the previous standard IAS 17 Leases. Since 1 January 2019 the Group has not reported 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 increased initially by EUR 10.9 m, which corresponds in all essential respects to the value of the lease liability at the start of the financial year. Leasing consists essentially of rents for the Group's office premises. Rental costs are paid in advance, which means that that lease liability was lower than the leased assets upon implementation. Present value discounting of future, contracted cash flows has been done using an incremental borrowing rate, since the implicit rate has not been available. The lease asset is depreciated on a linear basis over the lease term.

Earnings for the quarter have been charged with EUR 0.9 m in depreciation. At the end of the quarter lease assets amounted to EUR 8.6 m. The total lease liability amounted to EUR 7.9 m at the end of the quarter. Earnings for the period have been charged with an interest expense of EUR 0.1 m.

After implementation of IFRS 16, the Group's EBITDA margin percentage has been positively affected by approximately 1%. Remeasurement of the initially valued lease assets and liabilities may take place, and an addition has been made for new lease contracts, which could thus affect future periods. For further information about financial effects, please refer to the 2018 Annual Report, page 90.

The table below shows the difference between operating leases recognised in accordance with IAS 17 in 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 respective quarters, after implementation of IFRS 16, the effect on the balance sheet is as follows:

Balance sheet	Q1 2019	Q2 2019	Q3 2019
Right of use assets	10,0	9,5	8,6
Lease liabilities	9,1	8,7	7,9
Of which are current lease liabilities	3,4	3,5	3,4
Of which are non-current lease liabilities	5,7	5,2	4,5

To increase comparability, the following tables show the effect during the quarters in 2019 after implementation of IFRS 16.

MEUR	Q1 2019	Q2 2019	Q3 2019
EBITDA as previously disclosed (IAS 17)	**6,3**	**14,2**	**11,9**
Adjustment of leasing costs according to previous accounting principles (IAS 17)	0,9	0,9	0,9
EBITDA recalculated under IFRS 16	**7,2**	**15,1**	**12,7**

	Q1 2019	Q2 2019	Q3 2019
EBITDA margin % as previously disclosed (IAS 17)	**7,3%**	**15,0%**	**13,4%**
Adjustment of leasing costs according to previous accounting principles (IAS 17)	1,0%	1,0%	1,0%
EBITDA margin % recalculated under IFRS 16	**8,3%**	**16,0%**	**14,4%**

MEUR	Q1 2019	Q2 2019	Q3 2019
Cash flow from operating activities as previously disclosed (IAS 17)	**5,1**	**8,6**	**16,4**
Adjustment of leasing costs according to previous accounting principles (IAS 17)	0,8	0,8	0,8
Cash flow from operating activities recalculated under IFRS 16	**5,9**	**9,4**	**17,2**

ALTERNATIVE PERFORMANCE MEASURES

In this interim report, reference is made to measures that LeoVegas AB and others use in the evaluation of LeoVegas Mobile Gaming Group's performance that are not explicitly defined in IFRS. These measures provide management and investors with important information to analyse trends in the company's business activities. These Alternative Performance Measures are intended to complement, not replace, financial measures that are presented in accordance with IFRS. For definitions, see the section "Definitions of Alternative Performance Measures"

ADJUSTED PERFORMANCE MEASURES

LeoVegas presents adjusted performance measures to provide a more fundamental picture to readers of reports by showing earnings that more closely reflect the Group's underlying earnings capacity. Adjusted items include 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 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 2018.

FINANCIAL CALENDAR

LeoVegas' financial calendar is outlined below:

- 14 February 2020 – Year-end report
- 6 May 2020 – Q1 interim report
- 8 May 2020 – Annual General Meeting

LEGAL UPDATE

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

Sweden's new gambling 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 gambling tax rate is 18%, and the regulations include a number of measures to promote responsible gaming. Among other things, a central register has been created called Spelpaus ("pause play"), with the aim and purpose to enable people with gambling problems to block their accounts and registration from all licensed operators.

In the UK, the UK Gambling Commission (UKGC) is working to create a sustainable and uniform market where the same rules apply for all licensed operators. During the past two years the UKGC has implemented higher demands on gaming operators. For example, a more rigorous know-your-customer (KYC) process has been adopted, and guidelines have been established for marketing material and games that can be presumed to be targeted at minors, etc. In addition to its annual monitoring, the UKGC is working on following up all operators to ensure that they are in compliance with the stricter rules. This means that over time all operators will be working according to the same conditions, with customer welfare taking top priority.

In the Netherlands, the authorities have proposed the adoption of local regulation with a 29% gambling tax, which is the same tax rate paid by land-based operators. Based on currently available information, operators will be able to apply for a licence starting in the second half of 2020.

In July 2019 the new government in Italy introduced a new legislation to ban most advertising for gambling. Thus far LeoVegas has not been adversely affected by these advertising restrictions, and business in Italy is developing according to plan.

Switzerland recently re-regulated its gambling market. Applying for a licence requires in-depth cooperation with a land-based actor, and this is one of the reasons why LeoVegas has opted to not apply for a licence. As a result, LeoVegas is no longer accepting business from this market.

In Germany LeoVegas is active under its EU licence and has complementary gaming licences in the federal states of Schleswig-Holstein and Hessen. The situation in Germany is complex, with a number of federal states that have diverging views on what regulation for all of Germany should look like. Based on currently available information, the assessment is that preparations are being made for a regulated market, as a temporary, licence-based market for sports betting will take effect on 1 January 2020. Permanent market regulation may be implemented starting in July 2021.

In Canada, the authorities have initiated discussions on implementing local regulation in Ontario. LeoVegas has participated in roundtable discussions to contribute its experience from regulated markets in hopes of creating the best possible regulatory environment.

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

RISKS AND UNCERTAINTIES

The main risk and uncertainty facing LeoVegas is the general legal status of online gaming. Decisions and changes in laws and rules may affect LeoVegas' business activities and expansion opportunities. Since most of LeoVegas' customers are active in Europe, the legal status in the EU-related jurisdictions has most significance for the company's existing operations. However, developments outside the EU are also of interest, partly because parts of LeoVegas' existing operations may be affected, but mainly as they may affect the company's expansion and future plans. 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. LeoVegas conducts a thorough review of new partners before a cooperation can begin. In the event of a violation of our affiliation terms, LeoVegas has the opportunity to withhold payment and terminate its cooperation with the affiliate in question. In Sweden LeoVegas is working together with the Swedish Trade Association for Online Gambling (BOS) to address this problem.

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

In the addition to the above are risks associated with significant estimates and assessments in the financial reporting. The consolidated financial statements are based partly on assumptions and estimations in connection with the preparation of the Group's accounting. Estimations and assessments are based on historical experience and other factors, including expectations about future events that are deemed to be reasonable given the prevailing circumstances. If an initial assessment deviates from the final outcome, it could have a material effect on the Group's earnings. In the 2018 Annual Report, page 94, further information is provided about the significant estimates and assessments used in the preparation of the Group's financial reports.

Other risks that could affect LeoVegas are market-related risks and financial risks, such as currency and liquidity risks. Market risks and financial risks are monitored and followed up as a continuous part of operations. A detailed description of financial risks is provided in the 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 go beyond being a form of entertainment and instead give rise to financial and/or social problems. LeoVegas is at the forefront in the industry with respect to responsible gaming, 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 helps create risk profiles for customers at risk of developing a gaming problem. LeoVegas' ambition in responsible gaming is to be the best in the industry 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 trust will not survive in the long run. Investments and focus on sustainability are imperative for the ability to act in compliance with the company's 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 aspires to retain customers over a long period of time and build sustainable relationships with them. This leads to stability in the average revenue per customer over time while increasing the number of active customers who view their gaming as entertainment. This is a sustainable and responsible growth strategy for LeoVegas as a Group.

BOARD OF DIRECTORS' AND PRESIDENT'S ASSURANCE

This is a translation of the Swedish original. In the event of any discrepancies between the original Swedish version and the English translated version, the Swedish version shall govern.

The Board of Directors assures that the interim report for the third quarter gives a fair overview of the Parent Company's and Group's operations, position and result of operations, and describes the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, 7 November 2019

Mårten Forste Chairman of the Board	**Robin Ramm-Ericson** Director	**Tuva Palm** Director
Fredrik Rüdén Director	**Anna Frick** Director	**Gustaf Hagman** President and CEO

The interim report has been reviewed by the company's auditor.

LeoVegas AB, Luntmakargatan 18, SE-111 37 Stockholm
Main office: Stockholm, corporate identity number: 556830-4033
All information in this report belongs to the group companies that are ultimately owned by LeoVegas AB, also known as LeoVegas.

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AUDITOR'S REPORT

LeoVegas AB (publ) reg. no. 556830–4033

INTRODUCTION

We have reviewed the condensed interim financial information (interim report) of LeoVegas AB (publ) as of 30 September 2019 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 7 November 2019

PricewaterhouseCoopers AB

Aleksander Lyckow
Authorised Public Accountant

CONSOLIDATED INCOME STATEMENT

EUR'000s	Jul-Sep 2019	Jul - Sep 2018	Jan - Sep 2019	Jan - Sep 2018	2018
Revenue	**88 237**	**78 552**	**268 971**	**243 332**	**327 817**
Cost of sales	(17 525)	(14 720)	(52 390)	(45 040)	(62 588)
Gaming Duties	(12 293)	(7 338)	(36 515)	(22 487)	(29 686)
Gross profit	**58 419**	**56 494**	**180 066**	**175 805**	**235 543**
Personnel costs	(11 259)	(10 509)	(37 094)	(29 471)	(40 980)
Capitalised development costs	1 842	1 002	6 407	3 603	7 192
Other operating expenses	(8 711)	(10 118)	(26 418)	(29 612)	(41 204)
Marketing expenses	(27 696)	(27 991)	(88 588)	(88 733)	(120 752)
Other income and expenses	154	86	635	1 878	1 806
EBITDA	**12 749**	**8 964**	**35 008**	**33 470**	**41 605**
Depreciation and amortisation	(2 597)	(1 302)	(7 473)	(3 508)	(4 925)
Amortisation of acquired intangible assets	(4 106)	(4 125)	(12 345)	(13 378)	(17 505)
Operating profit (EBIT)	**6 046**	**3 537**	**15 190**	**16 584**	**19 175**
Financial income	3	-	3	8	10
Financial costs	(553)	(449)	(1 743)	(1 245)	(1 746)
Financial liability fair value gains/(losses)	-	10 109	-	6 859	27 022
Profit before tax	**5 496**	**13 197**	**13 450**	**22 206**	**44 461**
Income tax	(396)	(444)	(952)	(1 074)	(1 221)
Net profit for the period	**5 100**	**12 753**	**12 498**	**21 132**	**43 240**
Net profit attributable to owners of the parent company	5 419	12 817	13 259	21 078	43 150
Net profit attributable to non-controlling interests	(319)	(64)	(761)	54	90
Exchange differences on translation of foreign operations	6	-	10	-	(3)
Other comprehensive income	**6**	**-**	**10**	**-**	**(3)**
Total comprehensive income	**5 106**	**12 753**	**12 508**	**21 132**	**43 237**
Total comprehensive income attributable to owners of the parent company	5 425	12 817	13 269	21 078	43 147
Total comprehensive income attributable to non-controlling interests	(319)	(64)	(761)	54	90
Earnings per share (EUR)	**0,05**	**0,13**	**0,12**	**0,21**	**0,43**
Earnings per share after dilution (EUR)	**0,05**	**0,13**	**0,12**	**0,21**	**0,43**
No. of shares outstanding adj. for share split (millions)	101,65	101,65	101,65	101,65	101,65
No. of shares outstanding after dilution adj. for share split (millions)	101,65	101,65	101,65	101,65	101,65
Key ratios					
Cost of sales as a % of revenue	19,9%	18,7%	19,5%	18,5%	19,1%
Gaming duties as a % of revenue	13,9%	9,3%	13,6%	9,2%	9,1%
Gross margin, %	66,2%	71,9%	66,9%	72,2%	71,9%
Personnel costs as % of revenue	12,8%	13,4%	13,8%	12,1%	12,5%
Operating expenses as % of revenue	9,9%	12,9%	9,8%	12,2%	12,6%
Marketing expenses as % of revenue	31,4%	35,6%	32,9%	36,5%	36,8%
EBITDA margin %	14,4%	11,4%	13,0%	13,8%	12,7%
EBIT margin %	6,9%	4,5%	5,6%	6,8%	5,8%
Net margin, %	5,8%	16,2%	4,6%	8,7%	13,2%

Adjusted profit measures EUR'000s	Jul-Sep 2019	Jul - Sep 2018	Jan - Sep 2019	Jan - Sep 2018	2018
EBITDA	**12 749**	**8 964**	**35 008**	**33 470**	**41 605**
Costs pertaining to listing	-	-	-	62	62
Costs pertaining to acquisition-related consulting	-	-	-	464	466
Provision for fine from UKGC	-	-	-	453	453
Gain on sale of asset	-	-	-	(1 500)	(1 500)
Adjusted EBITDA	**12 749**	**8 964**	**35 008**	**32 949**	**41 086**
Depreciation and amortisation	(2 597)	(1 302)	(7 473)	(3 508)	(4 925)
Adjusted EBIT	**10 152**	**7 662**	**27 535**	**29 441**	**36 161**
Net financial items	(550)	(449)	(1 740)	(1 237)	(1 736)
Tax	(396)	(444)	(952)	(1 074)	(1 221)
Adjusted net income	**9 206**	**6 769**	**24 843**	**27 130**	**33 204**
Adjusted EPS	**0,09**	**0,07**	**0,24**	**0,27**	**0,33**
Adjusted EBITDA margin %	14,4%	11,4%	13,0%	13,5%	12,5%
Adjusted EBIT margin %	11,5%	9,8%	10,2%	12,1%	11,0%
Adjusted net margin %	10,4%	8,6%	9,2%	11,1%	10,1%

CONSOLIDATED BALANCE SHEET, CONDENSED

EUR'000s	30 Sep 2019	30 Sep 2018	31 Dec 2018	31 Dec 2017
ASSETS				
Non-current assets				
Property, plant and equipment	3 914	4 114	4 141	2 870
Lease assets (right of use assets)	8 642	-	-	-
Intangible assets	17 147	12 046	14 032	9 948
Intangible assets surplus values from acquisitions	49 124	65 585	61 467	51 018
Goodwill	102 958	102 958	102 958	44 604
Deferred tax assets	2 975	1 489	2 975	1 541
Total non-current assets	**184 760**	**186 192**	**185 573**	**109 981**
Current assets				
Trade receivables	30 985	22 973	29 268	15 178
Other current receivables	6 601	9 090	7 768	7 074
Cash and cash equivalents	53 710	47 555	56 738	52 758
of which restricted cash (player funds)	*12 841*	*11 849*	*11 922*	*7 097*
Total current assets	**91 296**	**79 618**	**93 774**	**75 010**
TOTAL ASSETS	**276 056**	**265 810**	**279 347**	**184 991**
EQUITY AND LIABILITIES				
Share capital	1 220	1 220	1 220	1 196
Additional paid-in capital	40 615	40 409	40 409	36 588
Translation reserve	705	488	485	-
Retained earnings including profit for the period	53 503	30 044	52 116	21 122
Equity attributable to owners of the Parent Company	**96 043**	**72 161**	**94 230**	**58 906**
Non-controlling interest	4 939	5 662	5 700	-
Total Equity	**100 982**	**77 823**	**99 930**	**58 906**
Bank loan	39 809	74 849	69 642	20 015
Other non-current liabilities	1 000	947	961	942
Lease liabilities	4 492	-	-	-
Deferred tax liability	2 254	2 945	2 765	2 854
Total non-current liabilities	**47 555**	**78 741**	**73 368**	**23 811**
Current liabilities				
Trade and other payables	25 398	14 116	18 022	14 818
Player liabilities	12 841	11 849	11 922	7 097
Tax liability	1 706	3 387	5 111	3 032
Accrued expenses and deferred income	35 144	30 563	31 994	27 302
Short-term liability in respect of acquisition	-	-	-	13 644
Bank loan	40 000	20 000	30 000	-
Short-term lease liabilities	3 430	-	-	-
Provision for conditional purchase price (earn-out)	9 000	29 331	9 000	36 381
Total current liabilities	**127 519**	**109 246**	**106 049**	**102 274**
Total liabilities	**175 074**	**187 987**	**179 417**	**126 085**
TOTAL EQUITY AND LIABILITIES	**276 056**	**265 810**	**279 347**	**184 991**

CONSOLIDATED STATEMENT OF CASH FLOWS, CONDENSED

EUR'000s	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	2018
Operating profit	6 046	3 537	15 190	16 584	19 175
Adjustments for non-cash items	6 059	3 916	17 848	15 511	20 193
Cash flow from changes in working capital	5 113	(5 492)	3 918	(2 416)	(1 796)
Net income taxes paid	-	(1 078)	(4 497)	(1 078)	(1 078)
Cash flow from operating activities	**17 218**	**883**	**32 459**	**28 601**	**36 494**
Acquisition of property, plant and equipment	(221)	(626)	(933)	(2 136)	(2 475)
Acquisition of intangible assets	(1 856)	(1 018)	(6 060)	(5 530)	(8 633)
Acquisition of subsidiaries	-	(1 409)	-	(20 187)	(20 213)
Transfer of assets on acquisition	-	-	-	(73 472)	(73 472)
Proceeds on sale of assets	-	-	-	1 500	1 500
Cash flow from investing activities	**(2 077)**	**(3 053)**	**(6 993)**	**(99 825)**	**(103 293)**
Loan financing	(10 000)	-	(20 000)	74 740	79 475
Lease liabilities	(806)	-	(2 400)	-	-
Proceeds from share issue/other equity securities	186	372	186	3 798	3 832
Cash dividends paid out to shareholders	-	-	(5 726)	(11 669)	(11 669)
Cash flow from financing activities	**(10 620)**	**372**	**(27 940)**	**66 869**	**71 638**
Net increase/(decrease) in cash and cash equivalents	4 521	(1 798)	(2 474)	(4 355)	4 839
Cash and cash equivalents at start of the period	49 290	49 377	56 738	52 758	52 758
Currency effects on cash and cash equivalents	(101)	(24)	(554)	(848)	(859)
Cash and cash equivalents at end of period	**53 710**	**47 555**	**53 710**	**47 555**	**56 738**
of which restricted cash (player funds)	*12 841*	*11 849*	*12 841*	*11 849*	*11 922*

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	-	-	-	21 078	21 078	54	21 132
Other comprehensive income (exchange differences of foreign operations)	-	-	-	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**-**	**21 078**	**21 078**	**54**	**21 132**
Transactions with shareholders in their capacity as owners:							
Share issue from options program	24	3 402	-	-	3 426	-	3 426
Dividends	-	-	488	(12 156)	(11 669)	-	(11 669)
Options Premium	-	419	-	-	419	-	419
Transactions with non-controlling interests:							
Acquisition of NCI	-	-	-	-	-	5 608	5 608
Balance at 30 September 2018	**1 220**	**40 409**	**488**	**30 044**	**72 161**	**5 662**	**77 823**
Balance at 1 January 2019	**1 220**	**40 409**	**485**	**52 116**	**94 230**	**5 700**	**99 930**
Profit for the period	-	-	-	13 259	13 259	(761)	12 498
Other comprehensive income *(exchange differences of foreign operations)*	-	-	10	-	10	-	10
Total comprehensive income for the period	**-**	**-**	**10**	**13 259**	**13 269**	**(761)**	**12 508**
Transactions with shareholders in their capacity as owners:							
New share issue including issue costs	-	-	-	-	-	-	-
Dividends	-	-	210	(11 872)	(11 662)	-	(11 662)
Options Premium	-	206	-	-	206	-	206
Balance at 30 September 2019	**1 220**	**40 615**	**705**	**53 503**	**96 043**	**4 939**	**100 982**

PARENT COMPANY INCOME STATEMENT, CONDENSED

EUR'000s	Jul - Sep 2019	Jul - Sep 2018	Jan-Sep 2019	Jan-Sep 2018	2018
Revenue	**94**	**117**	**456**	**842**	**988**
Operating expenses	(959)	(860)	(3 624)	(3 412)	(4 474)
Other income and expenses	-	-	-	-	-
Operating profit (EBIT)	**(866)**	**(743)**	**(3 168)**	**(2 570)**	**(3 486)**
Net financial income	47	118	3 630	30	8 144
Profit before tax	**(819)**	**(625)**	**462**	**(2 540)**	**4 658**
Tax cost	-	-	-	(53)	454
Profit / Loss for the period*	**(819)**	**(625)**	**462**	**(2 593)**	**5 111**

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

PARENT COMPANY BALANCE SHEET, CONDENSED

EUR'000s	30 Sep 2019	30 Sep 2018	31 Dec 2018
ASSETS			
Total non-current assets	**17 133**	**18 193**	**17 682**
Current assets	8 150	4 845	12 883
Cash and cash equivalents	772	125	326
Total current assets	**8 922**	**4 970**	**13 209**
TOTAL ASSETS	**26 055**	**23 163**	**30 891**
EQUITY AND LIABILITIES			
Total equity	**9 048**	**12 282**	**19 986**
Total long term liabilities	10 000	10 000	10 000
Total current liabilities	7 007	881	905
Total liabilities	**17 007**	**10 881**	**10 905**
TOTAL EQUITY AND LIABILITIES	**26 055**	**23 163**	**30 891**

KPI'S PER QUARTER

Amounts in EUR'000s unless otherwise stated	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Deposits	275 227	287 826	268 465	276 604	253 399
Growth, Deposits, y-y %	9%	8%	8%	23%	31%
Growth, Deposits, q-q %	-4%	7%	-3%	9%	-5%
Deposits per region					
Nordics, % Deposits	54%	51%	47%	54%	52%
Rest of Europe, % Deposits	38%	41%	45%	41%	43%
Rest of World, % Deposits	8%	8%	7%	6%	5%
Net Gaming Revenue (NGR)	86 374	92 906	84 103	81 992	77 781
Growth Net Gaming Revenue, y-y %	11%	7%	10%	21%	41%
Growth Net Gaming Revenue, q-q %	-7%	10%	3%	5%	-10%
Net Gaming Revenue (NGR) per region					
Nordics, % Net Gaming Revenue	44%	40%	39%	45%	43%
Rest of Europe, % Net Gaming Revenue	42%	47%	49%	45%	48%
Rest of World, % Net Gaming Revenue	14%	13%	12%	9%	9%
Growth in NGR per region					
Nordics, y-y %	14%	2%	-5%	-2%	1%
Rest of Europe, y-y %	-4%	1%	17%	42%	131%
Rest of World, y-y %	80%	63%	52%	93%	25%
Regulated revenue as a % of total	50%	48%	50%	33%	35%
Growth in regulated revenues, y-y %	58%	33%	55%	36%	102%
Growth in regulated revenues, q-q %	-3%	7%	57%	-3%	-18%
Hold (NGR/Deposits) %	31.4%	32.3%	31.3%	29.6%	30.7%
Game margin %	3.70%	3.69%	3.73%	3.67%	3.69%
Number of active customers	521 096	549 324	694 925	587 712	547 526
Growth active customers, y-y %	-5%	1%	27%	50%	83%
Growth active customers, q-q %	-5%	-21%	18%	7%	1%
Number of depositing customers	334 042	334 961	370 209	327 156	318 189
Growth depositing customers, y-y %	5%	8%	23%	29%	57%
Growth depositing customers, q-q %	0%	-10%	13%	3%	3%
Number of new depositing customers	135 019	138 758	173 346	145 409	140 552
Growth new depositing customers, y-y %	-4%	3%	19%	13%	45%
Growth new depositing customers, q-q %	-3%	-20%	19%	3%	5%
Number of returning depositing customers	199 023	196 203	196 863	181 747	177 637
Growth returning depositing customers, y-y %	12%	12%	26%	46%	68%
Growth returning depositing customers, q-q %	1%	0%	8%	2%	1%

CONSOLIDATED INCOME STATEMENT PER QUARTER

EUR'000s	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Revenue	**88 237**	**94 431**	**86 303**	**84 485**	**78 552**
Cost of sales	(17 525)	(17 909)	(16 956)	(17 548)	(14 720)
Gaming Duties	(12 293)	(12 765)	(11 457)	(7 199)	(7 338)
Gross profit	**58 419**	**63 757**	**57 890**	**59 738**	**56 494**
Personnel costs	(11 259)	(13 262)	(12 574)	(11 509)	(10 509)
Capitalised development costs	1 842	2 122	2 443	3 589	1 002
Other operating expenses	(8 711)	(9 600)	(8 107)	(11 592)	(10 118)
Marketing expenses	(27 696)	(28 093)	(32 799)	(32 019)	(27 991)
Other income and expenses	154	138	343	(72)	86
EBITDA	**12 749**	**15 062**	**7 196**	**8 135**	**8 964**
Depreciation and amortisation	(2 597)	(2 475)	(2 401)	(1 417)	(1 302)
Amortisation of acquired intangible assets	(4 106)	(4 093)	(4 146)	(4 127)	(4 125)
Operating profit (EBIT)	**6 046**	**8 494**	**649**	**2 591**	**3 537**
Financial income	3	-	-	3	-
Financial costs	(553)	(510)	(680)	(502)	(449)
Financial liability fair value gains/(losses)	-	-	-	20 163	10 109
Profit before tax	**5 496**	**7 984**	**(31)**	**22 255**	**13 197**
Income tax	(396)	(556)	-	(147)	(444)
Net profit for the period	**5 100**	**7 428**	**(31)**	**22 108**	**12 753**
Net profit attributable to owners of the parent company	5 419	7 710	129	22 071	12 817
Net profit attributable to non-controlling interests	(319)	(282)	(160)	37	(64)
Exchange differences on translation of foreign operations	6	(7)	11	(3)	-
Other comprehensive income	**6**	**(7)**	**11**	**(3)**	**-**
Total comprehensive income	**5 106**	**7 421**	**(20)**	**22 105**	**12 753**
Total comprehensive income attributable to owners of the parent company	5 425	7 703	140	22 068	12 817
Total comprehensive income attributable to non-controlling interests	(319)	(282)	(160)	37	(64)
Earnings per share (EUR)	**0,05**	**0,07**	**(0,00)**	**0,22**	**0,13**
Earnings per share after dilution (EUR)	**0,05**	**0,07**	**(0,00)**	**0,22**	**0,13**
No. of shares outstanding adj. for share split (millions)	101,65	101,65	101,65	101,65	101,65
No. of shares outstanding after dilution adj. for share split (millions)	101,65	101,65	101,65	101,65	101,65

Key ratios					
Cost of sales as a % of revenue	19,9%	19,0%	19,6%	20,8%	18,7%
Gaming duties as a % of revenue	13,9%	13,5%	13,3%	8,5%	9,3%
Gross margin, %	66,2%	67,5%	67,1%	70,7%	71,9%
Personnel costs as % of revenue	12,8%	14,0%	14,6%	13,6%	13,4%
Operating expenses as % of revenue	9,9%	10,2%	9,4%	13,7%	12,9%
Marketing expenses as % of revenue	31,4%	29,7%	38,0%	37,9%	35,6%
EBITDA, margin %	14,4%	16,0%	8,3%	9,6%	11,4%
EBIT, margin %	6,9%	9,0%	0,8%	3,1%	4,5%
Net margin, %	5,8%	7,9%	0,0%	26,2%	16,2%

Adjusted profit measures EUR'000s	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
EBITDA	**12 749**	**15 062**	**7 196**	**8 135**	**8 964**
Costs pertaining to listing	-	-	-	-	-
Costs pertaining to acquisition-related consulting	-	-	-	-	-
Provision for fine from UKGC	-	-	-	-	-
Gain on sale of asset	-	-	-	-	-
Adjusted EBITDA	**12 749**	**15 062**	**7 196**	**8 135**	**8 964**
Depreciation and amortisation	(2 597)	(2 475)	(2 401)	(1 417)	(1 302)
Adjusted EBIT	**10 152**	**12 587**	**4 795**	**6 718**	**7 662**
Net financial items	(550)	(510)	(680)	(499)	(449)
Tax	(396)	-	-	(147)	(444)
Adjusted net income	**9 206**	**12 077**	**4 115**	**6 072**	**6 769**
Adjusted EPS	**0,09**	**0,12**	**0,04**	**0,06**	**0,07**
Adjusted EBITDA margin %	14,4%	16,0%	8,3%	9,6%	11,4%
Adjusted EBIT margin %	11,5%	13,3%	5,6%	8,0%	9,8%
Adjusted net margin %	10,4%	12,8%	4,8%	7,2%	8,6%

CONSOLIDATED BALANCE SHEET PER QUARTER, CONDENSED

EUR'000s	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
ASSETS					
Non-current assets					
Property, plant and equipment	3 914	4 107	4 161	4 141	4 114
Lease assets (right of use assets)	8 642	9 484	9 963	-	-
Intangible assets	17 147	16 414	15 449	14 032	12 046
Intangible assets surplus values from acquisitions	49 124	53 228	57 321	61 467	65 585
Goodwill	102 958	102 958	102 958	102 958	102 958
Deferred tax assets	2 975	2 975	2 975	2 975	1 489
Total non-current assets	**184 760**	**189 166**	**192 827**	**185 573**	**186 192**
Current assets					
Trade receivables	30 985	31 009	30 332	29 268	22 973
Other current receivables	6 601	7 970	6 679	7 768	9 090
Cash and cash equivalents	53 710	49 290	59 251	56 738	47 555
of which restricted cash (player funds)	*12 841*	*10 691*	*10 566*	*11 922*	*11 849*
Total current assets	**91 296**	**88 269**	**96 262**	**93 774**	**79 618**
TOTAL ASSETS	**276 056**	**277 435**	**289 089**	**279 347**	**265 810**
EQUITY AND LIABILITIES					
Share capital	1 220	1 220	1 220	1 220	1 220
Additional paid-in capital	40 615	40 409	40 409	40 409	40 409
Translation reserve	705	699	496	485	488
Retained earnings including profit for the period	53 503	48 084	52 245	52 116	30 044
Equity attributable to owners of the Parent Company	**96 043**	**90 412**	**94 370**	**94 230**	**72 161**
Non-controlling interest	4 939	5 258	5 540	5 700	5 662
Total Equity	**100 982**	**95 670**	**99 910**	**99 930**	**77 823**
Bank loan	39 809	49 740	59 717	69 642	74 849
Other non-current liabilities	1 000	971	966	961	947
Lease liabilities	4 492	5 221	5 701	-	-
Deferred tax liability	2 254	2 414	2 583	2 765	2 945
Total non-current liabilities	**47 555**	**58 346**	**68 967**	**73 368**	**78 741**
Current liabilities					
Trade and other payables	25 398	23 295	18 330	18 022	14 116
Player liabilities	12 841	10 691	10 566	11 922	11 849
Tax liability	1 706	1 378	5 194	5 111	3 387
Accrued expenses and deferred income	35 144	35 575	33 679	31 994	30 563
Short-term liability in respect of acquisition	-	-	-	-	-
Bank loan	40 000	40 000	40 000	30 000	20 000
Short-term lease liabilities	3 430	3 480	3 443	-	-
Provision for conditional purchase price (earn-out)	9 000	9 000	9 000	9 000	29 331
Total current liabilities	**127 519**	**123 419**	**120 212**	**106 049**	**109 246**
Total liabilities	**175 074**	**181 765**	**189 179**	**179 417**	**187 987**
TOTAL EQUITY AND LIABILITIES	**276 056**	**277 435**	**289 089**	**279 347**	**265 810**

CONSOLIDATED STATEMENT OF CASH FLOWS PER QUARTER, CONDENSED

EUR'000s	**Q3 2019**	**Q2 2019**	**Q1 2019**	**Q4 2018**	**Q3 2018**
Operating profit	6 046	8 494	649	2 591	3 537
Adjustments for non-cash items	6 059	6 324	5 466	4 682	3 916
Cash flow from changes in working capital	5 113	(957)	(238)	621	(5 492)
Net income taxes paid	-	(4 497)	-	-	(1 078)
Cash flow from operating activities	**17 218**	**9 364**	**5 877**	**7 894**	**883**
Acquisition of property, plant and equipment	(221)	(316)	(396)	(339)	(626)
Acquisition of intangible assets	(1 856)	(2 018)	(2 186)	(3 129)	(1 018)
Acquisition of subsidiaries	-	-	-	-	(1 409)
Transfer of assets on acquisition	-	-	-	-	-
Proceeds on sale of assets	-	-	-	-	-
Cash flow from investing activities	**(2 077)**	**(2 334)**	**(2 582)**	**(3 468)**	**(3 053)**
Loan financing	(10 000)	(10 000)	-	4 735	-
Lease liabilities	(806)	(802)	(792)	-	-
Proceeds from share issue/other equity securities	186	-	-	34	372
Cash dividends paid out to shareholders	-	(5 726)	-	-	-
Cash flow from financing activities	**(10 620)**	**(16 528)**	**(792)**	**4 769**	**372**
Net increase/(decrease) in cash and cash equivalents	4 521	(9 498)	2 503	9 195	(1 798)
Cash and cash equivalents at start of the period	49 290	59 251	56 738	47 555	49 377
Currency effects on cash and cash equivalents	(101)	(463)	10	(12)	(24)
Cash and cash equivalents at end of period	**53 710**	**49 290**	**59 251**	**56 738**	**47 555**
of which restricted cash (player funds)	*12 841*	*10 691*	*10 566*	*11 922*	*11 849*

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 (cash and bonuses) less all wins payable 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 gambling taxes

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

GAMBLING TAX
A tax that is calculated on a measure of revenue that operators of gambling activities pay in a regulated market, such as in Denmark, Italy 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 gambling and that have issued licences that operators can apply for

MOBILE DEVICES
Smartphones and tablets

NET PROFIT
Profit less all expenses, including interest and tax

PLATFORM
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