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Amortisation of acquired intangible assets

LeoVegas updates the amortisation schedules for intangible assets related to acquisitions. The amortisation rate for the customer database in Royal Panda changes to be in line with other acquisitions.

In connection with the acquisition of Royal Panda, a preliminary purchase price allocation ("PPA") was prepared, identifying a fair value of EUR 30.5 million for the customer database. Royal Panda was consolidated on November 1, 2017. The customer database in Royal Panda was initially amortised on a linear schedule of two years.

Upon acquisition of the assets of IPS (hereinafter "Rocket X"), a preliminary PPA was made, with surplus values of EUR 12.2 million identified for the customer database.

In connection with the preparation of the preliminary PPA for Rocket X, a deep analysis of customer behaviour for Rocket X was made all while LeoVegas continued to monitor customer behaviour at Royal Panda. The conclusion of this analysis is that the total useful life of a customer database extends over a period longer than two years, which the amortisation schedule should reflect.

The useful life period for the customer database in Rocket X is in total 45 months, where we apply a regressive model. In the first three months amortisation is higher, because the value initially decreases faster. Thereafter, the customer database is amortised with a linear rate corresponding to four years. Thus, the useful life of the Royal Panda customer database is changed from two years to be amortised according to the same principles as for the customer database in Rocket X. This reflects the forecasted useful life for how the acquired customer database will generate cash flow to the Group. A PPA is preliminary until it is finalised, but no later than one year from the date of acquisition.

Based on an exchange rate of GBP 1.133 / EUR, total amortisation related to acquired intangible assets in the Group will correspond to the below table. These figures include all identified surplus values for the LeoVegas Group acquisitions (Winga, Royal Panda, CasinoGrounds, Rocket X).

Total amortisation related to acquired intangible assets

	2018	2019	Q1'18	Q2'18	Q3'18	Q4'18
MEUR	17.5	16.4	4.6	4.6	4.1	4.1

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About the LeoVegas mobile gaming group

LeoVegas' passion is "Leading the way into the mobile future". LeoVegas is Sweden's premier GameTech company and is at the forefront of using state-of-the-art technology for mobile gaming. In 2017 the company passed the threshold for being classified as a unicorn, i.e., a start-up valued at more than USD 1 billion. 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 in Sweden, while operations are based in Malta. LeoVegas offers casino, live casino and sport gaming, and operates two global and scalable brands - LeoVegas and Royal Panda and a local multibrand business in the UK market called Rocket X. The company's shares are listed on Nasdaq Stockholm. For more about LeoVegas, visit www.leovegasgroup.com.