



LeoVegas

MOBILE GAMING GROUP

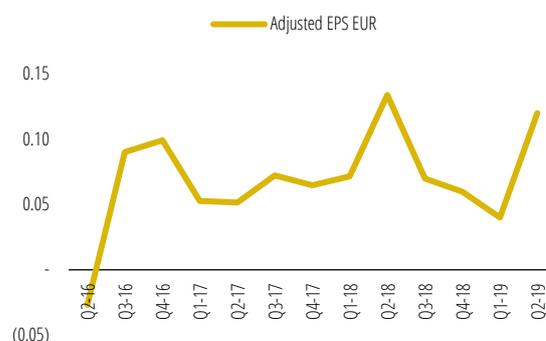
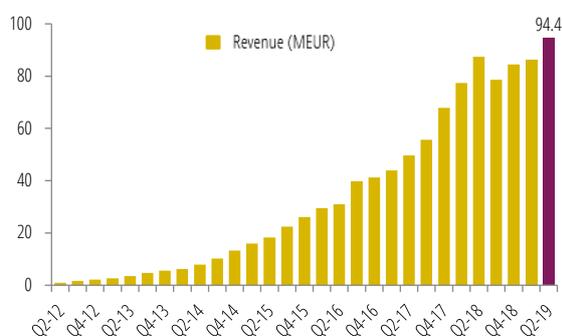
LeoVegas' passion is "Leading the way into the mobile future". LeoVegas is the premier GameTech company and is at the forefront of using state-of-the-art technology for mobile gaming. A large part of this success can be credited to an extreme product and technology focus coupled with effective, data-driven 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 in the UK. 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.

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

QUARTERLY REPORT 1 APRIL–30 JUNE 2019

SECOND QUARTER 2019: 1 APRIL–30 JUNE 2019

- Revenue increased by 8% to EUR 94.4 m (87.4). Organic growth in local currencies was 8%.
- The number of depositing customers was 334,961 (309,987), an increase of 8%. The number of new depositing customers was 138,758 (134,487), an increase of 3%. The number of returning depositing customers was 196,203 (175,500), an increase of 12%.
- Net Gaming Revenue (NGR) from locally regulated markets was 48% (39%) of total NGR.
- EBITDA was EUR 15.1 m (15.0), corresponding to an EBITDA margin of 16.0% (17.2%).
- Adjusted EBITDA was EUR 15.1 m (15.0), corresponding to an adjusted EBITDA margin of 16.0% (17.2%).
- Operating profit (EBIT) was EUR 8.5 m (9.3).
- Adjusted EBIT was EUR 12.6 m (13.9), corresponding to an adjusted EBIT margin of 13.3% (15.9%).
- Earnings per share were EUR 0.07 (0.07) before and after dilution.
- Adjusted earnings per share were EUR 0.12 (0.13).



PERIOD 1 JANUARY–30 JUNE 2019

- Revenue increased by 10% to EUR 180.7 m (164.8).
- EBITDA was EUR 22.3 m (24.5). Adjusted EBITDA was EUR 22.3 m (24.0), corresponding to an adjusted EBITDA margin of 12.3% (14.6).
- Operating profit (EBIT) was EUR 9.1 m (13.0). Adjusted EBIT was EUR 17.4 m (21.8), corresponding to an adjusted EBIT margin of 9.6% (13.2).
- Earnings per share before dilution were EUR 0.07 (0.08). Adjusted Earnings per share were 0.16 (0.20).

EVENTS DURING THE QUARTER

- LeoVegas was granted a gaming licence in Spain. Two weeks after the licence was granted, LeoVegas was launched in Spain.
- LeoVegas' technological infrastructure was migrated to Google Cloud.
- A number of product innovations were launched, including improved search functions, multiplayer on mobile devices and exclusive games.

EVENTS AFTER THE END OF THE QUARTER

- Preliminary revenue of EUR 29.7 m (27.1) in July, representing growth of 9%.
- LeoVegas has opted to not apply for a gaming licence in the recently re-regulated Swiss market. Switzerland accounted for EUR 2.2 m of revenue during the second quarter.
- Dersim Sylwan recruited as new Chief Marketing Officer and will assume his position by 1 January 2020 at the latest.
- Louise Nylén leaving as deputy CEO. Her role will not be replaced.
- Notice of Extraordinary General Meeting on August 28 regarding incentive program. The notice is posted on the company's website.

CEO'S COMMENTS

FIRST HALF OF 2019

During the first half of 2019 we generated good underlying growth and profitability despite a difficult-to-navigate external environment in several of our largest markets.

SECOND QUARTER RESULTS

Revenue during the second quarter amounted to EUR 94.4 m (87.4), an increase of 8%. Organic growth in local currencies was 8%. Growth was favourable during the period in most of our markets. However, the UK continued to be challenging. Excluding the UK, organic growth was 26%. At the same time, in Sweden we have found a new base to grow from following regulation of the market, and our revenue developed in a positive direction month-on-month during the quarter.

Compared with a year ago, LeoVegas has a more balanced geographic revenue mix. This means that we are not as sensitive to challenges that may arise in a specific market, which in turn means that we have lower business risk in the Group.

EBITDA totalled EUR 15.1 m (15.0) during the second quarter, corresponding to an EBITDA margin of 16.0% (17.2%). Greater focus on efficiency and cost control has had the intended effect, and we continue to review our external agreements and optimise our own organisation. This work is helping to create necessary economies of scale and is countering the effect of that we are paying more gambling taxes. As previously communicated, our marketing investments also decreased compared with the first quarter of the year. A contributing factor to this is more restrained marketing in Sweden during the quarter. In addition, the postponement of a few campaigns from the second to the third quarter has affected costs and contributed to operating profit, which will have a reverse effect during the third quarter.

To further benefit from the expertise that has been added through acquisitions and be more efficient, we have restructured the country organisations for the UK and Italy. We have moved country-specific functions into our central

“LeoVegas is delivering good growth with high profitability in a difficult-to-navigate environment. Q2 2019 was our best quarter ever, and we continue to take market shares.”

teams and eliminated roles that have become redundant as a result of acquisitions. This is one of many initiatives we have taken to increase efficiency and optimisation within the Group.

SWEDEN

Sweden has now been a regulated market for more than six months, and the development is beginning to indicate what kind of market we will have over the long term. We are satisfied with our performance in Sweden and believe that we are taking market shares. LeoVegas is today the single largest casino brand in Sweden. Our focus on product and customer experience, our knowledge about regulated markets and our strong brand position contribute to the positive development. On top of this, the launches of GoGoCasino and Pixel.bet have been successful, and the brands are appreciated by our Swedish customers.

As a large and long-term player both in Sweden and globally, we at LeoVegas want to participate in changing the perception of the industry. There is a strong need today to educate and inform the general public, opinion-shapers and politicians about our industry, what we stand for and the work we are doing – not least in responsible gaming and sustainability. This is important for ensuring that we work together to secure that the new regulation is a success with high participation in the licence system, i.e. that there is a high level of channelization, and with extensive consumer protections.

EXPANSION

Only two weeks after we received our licence in Spain, we went live as the first newly licensed operator. This shows the strength and speed of LeoVegas and further demonstrates that our experience from regulated markets benefits us. Spain is a step in our continued expansion, and we have also recently carried out launches in other Spanish-

speaking countries, such as Chile and Peru, as well as in Brazil.

TECHNOLOGY

During the quarter we migrated our technology to Google Cloud. The move will allow us to better scale our technical infrastructure environment without having to invest in hardware. Within the product innovation area we have, among other things, launched improved search functionality, multiplay on mobile devices and new, exclusive casino games for LeoVegas customers.

FINANCIAL TARGETS

We reiterate our ambitious financial targets to achieve EUR 600 m in revenue and EBITDA of EUR 100 m by 2021. We want to clarify that the targets are based primarily on organic growth, but also include revenue from potential future acquisitions.

COMMENTS ON THE THIRD QUARTER

Revenue for the month of July was EUR 29.7 m (27.1), representing growth of 9%.

LeoVegas has opted to not apply for a licence in the recently re-regulated Swiss market, and as a result we are no longer accepting business in that market. Switzerland accounted for EUR 2.2 m in revenue during the second quarter.

Our current assessment is that the Group's marketing costs will increase during the third quarter compared with the second quarter, both in relation to revenue and in absolute figures.

FINAL WORDS

We have once again presented a quarter with organic growth combined with good profitability. The investments made in 2018 and efficiency improvement work carried out thus far in 2019 are beginning to generate returns in the form of greater scalability of operations. Despite this, we are not content and are working continually to be even better. The external market environment in several key markets is currently more turbulent and difficult to predict than previously, which is creating new challenges and requirements, but at the same time it is presenting major opportunities for us to grow and take market shares. We continue to focus on becoming the global casino company number 1 – we are King of Casino!



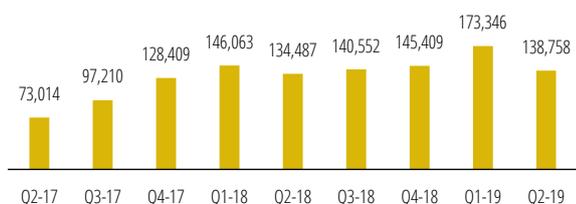
Gustaf Hagman, President and CEO, LeoVegas Mobile Gaming Group, Stockholm, 14 August 2019

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”.

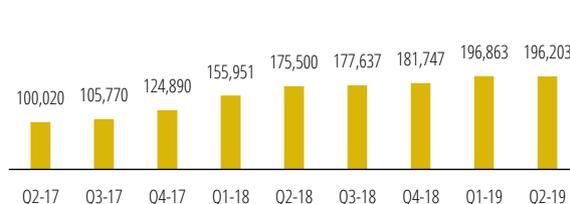
NEW DEPOSITING CUSTOMERS

(NDCS)



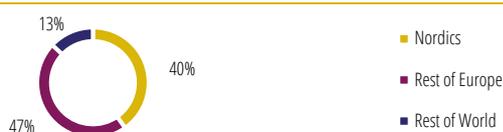
NDCs increased by 3% over the same period a year ago, but decreased by 20% sequentially compared with the record high level during the first quarter.

RETURNING DEPOSITING CUSTOMERS (RDCS)



RDCs decreased marginally compared with the record high level during the first quarter but at the same time increased by 12% compared with the same period a year ago.

NGR PER REGION, Q2 2019



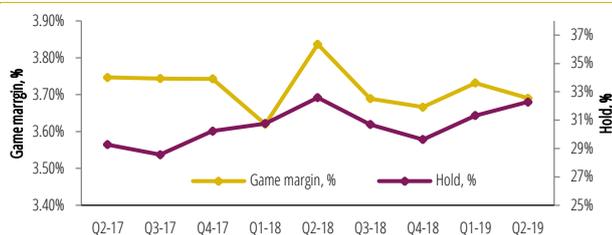
Rest of Europe was the largest region during the second quarter, accounting for 47% of the Group’s NGR. The Nordic countries accounted for 40% and Rest of World accounted for 13% of NGR. The balance changed slightly compared with the first quarter of 2019, as the share of NGR for the Nordic countries and Rest of World increased sequentially.

GGR PER PRODUCT, Q2 2019



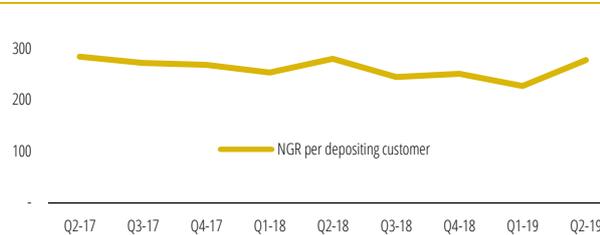
Casino accounted for 74% of the Group’s GGR, Live Casino accounted for 17%, and the sports book accounted for 9%. Live Casino and Sport grew proportionately during the quarter compared both with the first quarter of 2019 and the same period a year ago.

GAMING MARGIN AND HOLD



The relation between NGR and deposits (hold) increased slightly compared with the preceding quarter to 32%, which is above the historical average. One factor that has historically had a strong bearing on hold levels is the game margin. The game margin during the quarter was 3.69%, which is slightly below the historical average.

PLAYER VALUE (EUR)



The average player value per depositing customer was EUR 277, which is an increase of 22% over the preceding quarter but a decrease of 1% compared with the same period a year ago. The higher player value compared with the preceding quarter is explained primarily by a changed mix in the player base, with a higher share of RDCs and lower bonus payments, especially in Sweden.

GROUP PERFORMANCE Q2

REVENUE, DEPOSITS AND NGR

Revenue amounted to EUR 94.4 m (87.4) during the second quarter, an increase of 8%. Organic growth in local currencies was 8% during the quarter. Excluding the British market, organic growth in local currencies was 26%.

Deposits totalled EUR 287.8 m (266.3) during the quarter, an increase of 8%. On a sequential basis, deposits increased by 7% compared with the preceding quarter. Mobile deposits accounted for 73% (69%) of total deposits.

Net Gaming Revenue (NGR) increased by 7% compared with the same period a year ago and grew sequentially by 10% compared with the first quarter. The increase in NGR deviated slightly compared with the increase in deposits, which is explained by fluctuations in the game margin and hold level between the quarters.

In the Nordic region, NGR increased by 2% compared with the same period a year ago. Revenue in Sweden has gradually recovered since implementation of the new regulation in January this year, while the launch of the GoGoCasino brand made a positive contribution to revenue during the second quarter. At the same time, currency movements had a negative impact. For the Rest of Europe region, NGR grew 1% over the same period a year ago. Favourable development in most markets in the region was countered by continued weak development in the UK. The Rest of World region continued to develop well during the second quarter of the year, with annualised growth of 63%. For the Group as a whole, revenue from regulated markets accounted for 48% of total revenue.

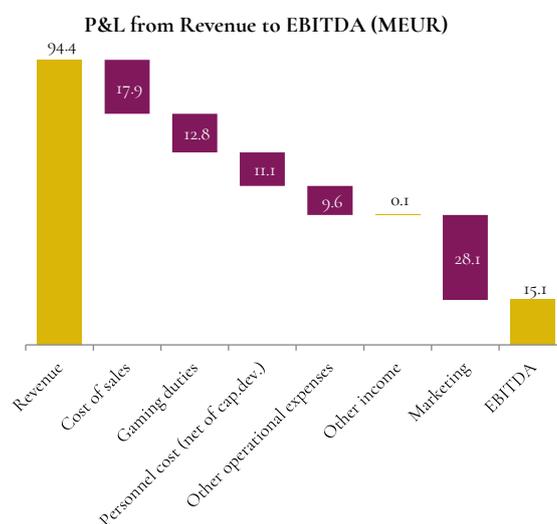
EARNINGS

Gross profit amounted to EUR 63.8 m (63.6) during the second quarter, corresponding to a gross margin of 67.5% (72.8%). Gambling taxes totalled EUR 12.8 m, corresponding to 13.5% of revenue, which is significantly higher than a year earlier, when they totalled EUR 8.1 m. The increase is explained by considerably higher share of revenue from markets with gambling taxes, including Sweden, where earnings became subject to gambling taxes on 1 January 2019. The cost of sales was 19.0% of revenue (18.0%) and consisted

mainly of costs for external game and payment service providers. The share of cost of sales decreased during the second quarter compared with the first quarter, which is mainly attributable to improved terms with a number of game and payment service providers.

Marketing costs during the quarter totalled EUR 28.1 m (30.5). Marketing in relation to revenue was 29.7%, which is a decrease from 38.0% during the first quarter as well as compared with the same period a year ago (34.9%). The current assessment is that the Group's total marketing costs in absolute figures as well as in relation to the Group's revenue will increase during the third quarter compared with the second quarter.

The average acquisition cost for a new depositing customer increased by 7% compared with the preceding quarter but decreased by 11% compared with the same period a year ago. The improvement over the preceding year reflects a higher level of effectiveness of the company's marketing, a strong ROI focus in renegotiated affiliate partner agreements, and gradually higher organic SEO-related traffic.



Personnel costs in relation to revenue decreased during the quarter compared with the preceding quarter but increased compared with the same period a year ago, to 14.0% (11.8%). The company continues to invest in personnel in the area of compliance as well as in products and technology. In addition, personnel costs are affected by newly added

brands, such as GoGoCasino and Pixel.bet. At the same time, the company continues to optimise the organisation, which has led to reduced staffing in certain areas. The company also moved parts of the Italian operations to Malta and restructured the UK organisation during the second quarter. All in all this has resulted in a decrease in the Group's total work force. Parallel with this, payroll costs have increased slightly on a sequential basis, owing to a competence shift to highly qualified people and certain costs coupled to optimisation of the organisation.

Other operating expenses amounted to 10.2% of revenue (10.8%), which entails a slight increase compared with the preceding quarter both in absolute figures and in relation to revenue. The company's focus on higher efficiency continues to have a positive effect, however, tangible improvements during the period were countered by certain costs of a temporary character, including organisational changes and higher legal costs. In addition, negative currency movements added to costs 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 second quarter, the positive effect on EBITDA from implementing IFRS 16 was EUR 0.9 m.

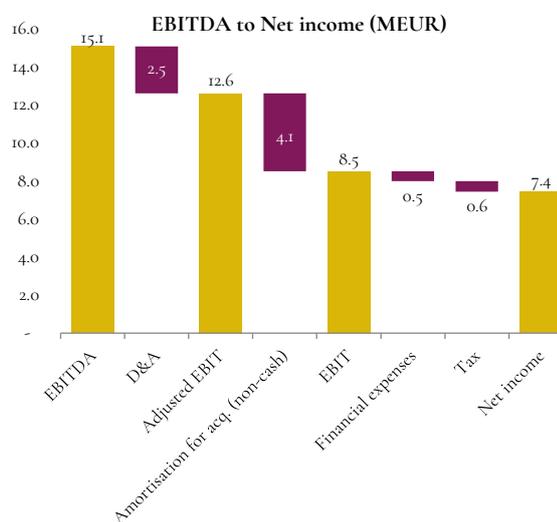
EBITDA for the second quarter was EUR 15.1 m (15.0), corresponding to an EBITDA margin of 16.0% (17.2%). Adjusted EBITDA was equal to EBITDA during the quarter, as there were no items affecting comparability.

Operating profit (EBIT) for the quarter was EUR 8.5 m (9.3), corresponding to an EBIT margin of 9.0% (10.6%). Adjusted EBIT was EUR 12.6 m (13.9), corresponding to an adjusted EBIT margin of 13.3% (15.9%). Adjusted EBIT more accurately reflects the Group's underlying earnings capacity, as items affecting comparability related to acquisitions, listing fees, 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 2.5 m (1.1). Depreciation and amortisation related to 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 (4.6).

Recurring financial expenses are mainly coupled to the bank loan facility that was secured in connection with previous acquisitions. Financial expenses amounted to EUR 0.5 m (0.5) during the quarter. The liability for the earn-out payment related to Royal Panda is reported according to IFRS 3. The valuation of the initial consideration has been made according to "level 3" in the fair value hierarchy. There have been no transfers between fair value levels during the year. The liability 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 tax cost for the quarter was EUR 0.6 m (0.5).

Net profit for the quarter was EUR 7.4 m (6.6), corresponding to a net margin of 7.9% (7.6%). Earnings per share were EUR 0.07 (0.07) before and after dilution.

Adjusted earnings per share were EUR 0.12 (0.13). 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 favourable. Cash and cash equivalents at the end of the quarter amounted to EUR 49.3 m (49.4). Cash and cash equivalents excluding customer balances amounted to EUR 38.6 m (37.7). LeoVegas has combined available credit facilities of EUR 130 m, of which EUR 90 m was utilised as per the end of the second quarter.

The Group had intangible assets worth EUR 16.4 m at the end of the quarter (11.6). Intangible assets attributable to identified surplus value from acquisitions amounted to EUR 53.2 m (69.3). Goodwill related to all acquisitions amounted to EUR 103.0 m (101.8).

Total liabilities decreased during the 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 95.7 m (63.5). Non-controlling interests make up EUR 5.3 m (4.3) of equity. The equity/assets ratio was 34.5% (23.7%). Total assets at the end of the quarter amounted to EUR 277.4 m (267.6).

CASH FLOW AND INVESTMENTS

Cash flow from operating activities totalled EUR 9.4 m (15.9) during the quarter. Working capital was relatively stable during the quarter, while a larger income tax payment had a negative effect on operating cash flow. Cash flow can be volatile from quarter to quarter and is affected by factors such as income tax payments, 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 0.3 m (0.5). Investments in intangible assets amounted to EUR 2.0 m (1.8) and mainly relates 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 (10.0) and payment of EUR 5.7 m (11.7) in dividends to the Parent Company's shareholders. Dividend per share for the full year 2018 amounts to a total of SEK 1.20 per share (1.20), of which half has been paid out during the period. The second part of the dividend will be paid out in December. At the same time, amortisation of the lease liability affected cash flow by EUR 0.8 m (0.0).

GROUP PERFORMANCE FIRST HALF OF 2019

REVENUE AND EARNINGS

Consolidated revenue amounted to EUR 180.7 m (164.8), an increase of 10%.

Gross profit grew 2% to EUR 121.6 m (119.3). The gross margin for the half-year period was 67.3% (72.4%).

Marketing costs as a share of revenue decreased to 33.7% (36.9%).

EBITDA amounted to EUR 22.3 m (24.5), and the EBITDA margin was 12.3% (14.9%). EBITDA adjusted for items affecting comparability was EUR 22.3 m (24.0), corresponding to an EBITDA margin of 12.3% (14.6%).

Operating profit (EBIT) was EUR 9.1 m (13.0), for an operating margin of 5.1% (7.9%). Operating profit adjusted for items affecting comparability was EUR 17.4 m (21.8), corresponding to a margin of 9.6% (13.2%).

Profit for the half-year was EUR 7.4 m (8.4). Adjusted profit for the period was EUR 16.2 m (20.4), corresponding to an adjusted margin of 9.0% (12.4%).

CASH FLOW AND INVESTMENTS

Cash flow from operating activities decreased during the first half of the year to EUR 15.2 m (27.7). The decrease is mainly explained by lower EBITDA for the period and changes in working capital. Payment of income tax also affected cash flow during the period with EUR 4.5 m (0.0).

Investments in non-current assets amounted to EUR 0.7 m (1.5). Investments in intangible assets amounted to EUR 4.2 m (4.5) and consisted mainly of capitalised development costs. Cash flow related to acquisitions of subsidiaries totalled EUR 0.0 m (92.3), as no acquisitions were carried out during the period.

Cash flow from financing activities amounted to EUR -17.3 m (66.5). The negative cash flow during the period is explained by amortisation of EUR 10.0 m of the company's loan facility during the period (0.0) and payment of EUR 5.7 m (11.7) in dividends to the Parent Company's shareholders. The dividend is the first of two payments. The next dividend payment for the full year 2018 will be made in December 2019.

OTHER INFORMATION

OUTLOOK AND FINANCIAL TARGETS

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

Growth and revenue:

- LeoVegas' target is to achieve EUR 600 m in revenue by 2021
- The target includes organically generated growth as well as revenue from potential future acquisitions

Profit:

- LeoVegas' target is to achieve 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.

During the second quarter of 2019 revenue amounted to EUR 0.1 m (0.1), and profit after tax was EUR 2.1 m (-1.4). The result is steered essentially by invoiced management services and other operating expenses. During the period the Parent Company received dividends of EUR

3.5 m (0.0) from subsidiaries. Cash and cash equivalents amounted to EUR 0.2 m (1.8).

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 73 thousand compared with the same period a year ago and a positive effect of EUR 481 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. 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 855 (794), of whom 72 are employed in LeoVentures. The average number of employees during the quarter was 877 (758). LeoVegas was using the services of 15 (28) 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 this related-party relationship, Chairman of the Board Mårten Forste performed consulting services for the company for a total value of EUR 1.5 (9.4) thousand during the second quarter. 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 30 June 2019 the company had 16,861 shareholders. The five largest shareholders were Swedbank Robur, with 8.6%; Gustaf Hagman, with 8.2%; Robin Ramm-Ericson, with 5.3%; Avanza Pension, with 4.1%; and Torsten Söderberg, with 3.7% of the shares and votes.

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 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.

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 – 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 has been 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 9.5 m. The lease liability amounted to EUR 8.7 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, and additional contract might be added, 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 quarters, after the introduction of IFRS 16, the balance sheet is presented as below:

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

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

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

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

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

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 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.

FINANCIAL CALENDAR

Following is LeoVegas' financial calendar for the Extraordinary General Meeting and next two interim reports.

- 28 August 2019 – Extraordinary General Meeting
- 7 November 2019 – Q3 interim report
- 14 February 2020 – Q4 interim report

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 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 gambling. Among other things, 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.

In the UK, the gambling tax for online casino is 21%, since 1 April 2019. The gambling tax for online sports betting is 15%. Previously the gambling tax for online casino was also 15%. The UK Gambling Commission is working to create a sustainable and uniform market where the same rules apply for all licensed operators. For example, an updated KYC process was introduced last year at the same time that the Commission is now working on following up all operators. 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 mid-2020.

In Italy the new government has introduced legislation that would ban most advertising for gambling starting in June 2019. Thus far LeoVegas has not been adversely affected by these advertising restrictions, and the Italian operation is developing according to plan. However, too little time has passed to assess the long-term effects of the new restrictions.

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 licences in the federal states of Schleswig-Holstein and Hessen. 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 by July 2021.

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 there are risks associated with 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 assumptions, resulting in decisions on the value of an asset or liability that cannot be determined in another way. If the initial assessment deviated from the final outcome, it may have a material effect on the Group's earnings. The Annual

Report 2018 on page 94 shows more information 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 also 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 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 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 is keen on retaining customers over a long period of time 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 second 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, 14 August 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 not been reviewed by the company's auditor.

LeoVegas AB, Luntmakargatan 18, SE-111 37 Stockholm
Main office: Stockholm, corporate identity number: 556830-4033

All information in this report belongs to the group companies that are ultimately owned by LeoVegas AB, also known as LeoVegas.

FOR FURTHER INFORMATION, PLEASE CONTACT:

Gustaf Hagman
President and CEO
+46 (0) 8 410 367 66,
gustaf.hagman@leovegasgroup.com

Stefan Nelson
CFO
+46 (0) 8 410 367 66,
stefan.nelson@leovegasgroup.com

Philip Doftvik
Director of Corporate Finance and
Investor Relations
+46 (0) 73 512 07 20,
philip.doftvik@leovegasgroup.com

CONSOLIDATED INCOME STATEMENT

EUR'000s	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	2018
Revenue	94 431	87 413	180 734	164 780	327 817
Cost of sales	(17 909)	(15 702)	(34 865)	(30 320)	(62 588)
Gaming Duties	(12 765)	(8 076)	(24 222)	(15 149)	(29 686)
Gross profit	63 757	63 635	121 647	119 311	235 543
Personnel costs	(13 262)	(10 354)	(25 835)	(18 962)	(40 980)
Capitalised development costs	2 122	1 560	4 565	2 601	7 192
Other operating expenses	(9 600)	(9 482)	(17 707)	(19 494)	(41 204)
Marketing expenses	(28 093)	(30 537)	(60 892)	(60 742)	(120 752)
Other income and expenses	138	177	481	1 792	1 806
EBITDA	15 062	14 999	22 259	24 506	41 605
Depreciation and amortisation	(2 475)	(1 100)	(4 876)	(2 206)	(4 925)
Amortisation of acquired intangible assets	(4 093)	(4 636)	(8 239)	(9 253)	(17 505)
Operating profit (EBIT)	8 494	9 263	9 144	13 047	19 175
Financial income	-	-	-	7	10
Financial costs	(510)	(491)	(1 190)	(795)	(1 746)
Financial liability fair value gains/(losses)	-	(1 634)	-	(3 250)	27 022
Profit before tax	7 984	7 138	7 954	9 009	44 461
Income tax	(556)	(499)	(556)	(630)	(1 221)
Net profit for the period	7 428	6 639	7 398	8 379	43 240
Net profit attributable to owners of the parent company	7 710	6 724	7 840	8 262	43 150
Net profit attributable to non-controlling interests	(282)	(85)	(442)	117	90
Exchange differences on translation of foreign operations	(7)	1	4	-	(3)
Other comprehensive income	(7)	1	4	-	(3)
Total comprehensive income	7 421	6 640	7 402	8 379	43 237
Total comprehensive income attributable to owners of the parent company	7 703	6 725	7 844	8 262	43 147
Total comprehensive income attributable to non-controlling interests	(282)	(85)	(442)	117	90
Earnings per share before dilution (EUR)	0,07	0,07	0,07	0,08	0,43
Earnings per share after dilution (EUR)	0,07	0,07	0,07	0,08	0,43
No. of shares outstanding adj. for share split (millions)	101,65	100,34	101,65	100,34	101,65
No. of shares after dilution adj. for share split (millions)	101,65	101,37	101,65	101,37	101,65
Key ratios					
Cost of sales as a % of revenue	19,0%	18,0%	19,3%	18,4%	19,1%
Gaming duties as a % of revenue	13,5%	9,2%	13,4%	9,2%	9,1%
Gross margin, %	67,5%	72,8%	67,3%	72,4%	71,9%
Personnel costs as % of revenue	14,0%	11,8%	14,3%	11,5%	12,5%
Operating expenses as % of revenue	10,2%	10,8%	9,8%	11,8%	12,6%
Marketing expenses as % of revenue	29,7%	34,9%	33,7%	36,9%	36,8%
EBITDA margin %	16,0%	17,2%	12,3%	14,9%	12,7%
EBIT margin %	9,0%	10,6%	5,1%	7,9%	5,8%
Net margin, %	7,9%	7,6%	4,1%	5,1%	13,2%
Adjusted profit measures EUR'000s	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	2018
EBITDA	15 062	14 999	22 259	24 506	41 605
Costs pertaining to listing	-	-	-	62	62
Costs pertaining to acquisition-related consulting	-	-	-	466	466
Provision for fine from UKGC	-	-	-	453	453
Gain on sale of asset	-	-	-	(1 500)	(1 500)
Adjusted EBITDA	15 062	14 999	22 259	23 987	41 086
Depreciation and amortisation	(2 475)	(1 100)	(4 876)	(2 206)	(4 925)
Adjusted EBIT	12 587	13 899	17 383	21 781	36 161
Net financial items	(510)	(491)	(1 190)	(788)	(1 736)
Tax	-	(499)	-	(630)	(1 221)
Adjusted net income	12 077	12 909	16 193	20 363	33 204
Adjusted EPS	0,12	0,13	0,16	0,20	0,33

CONSOLIDATED BALANCE SHEET, CONDENSED

EUR'000s	30 Jun 2019	30 Jun 2018	31 Dec 2018	31 Dec 2017
ASSETS				
Non-current assets				
Property, plant and equipment	4 107	3 851	4 141	2 870
Lease assets (right of use assets)	9 484	-	-	-
Intangible assets	16 414	11 630	14 032	9 948
Intangible assets surplus values from acquisitions	53 228	69 345	61 467	51 018
Goodwill	102 958	101 840	102 958	44 604
Deferred tax assets	2 975	1 488	2 975	1 541
Total non-current assets	189 166	188 154	185 573	109 981
Current assets				
Trade receivables	31 009	19 806	29 268	15 178
Other current receivables	7 970	10 232	7 768	7 074
Cash and cash equivalents	49 290	49 377	56 738	52 758
<i>of which restricted cash (player funds)</i>	<i>10 691</i>	<i>11 697</i>	<i>11 922</i>	<i>7 097</i>
Total current assets	88 269	79 415	93 774	75 010
TOTAL ASSETS	277 435	267 569	279 347	184 991
EQUITY AND LIABILITIES				
Share capital	1 220	1 220	1 220	1 196
Additional paid-in capital	40 409	40 289	40 409	36 588
Translation reserve	699	487	485	-
Retained earnings including profit for the period	48 084	17 228	52 116	21 122
Equity attributable to owners of the Parent Company	90 412	59 224	94 230	58 906
Non-controlling interest	5 258	4 285	5 700	-
Total Equity	95 670	63 509	99 930	58 906
Bank loan	49 740	94 803	69 642	20 015
Other non-current liabilities	971	952	961	942
Lease liabilities	5 221	-	-	-
Deferred tax liability	2 414	3 108	2 765	2 854
Total non-current liabilities	58 346	98 863	73 368	23 811
Current liabilities				
Trade and other payables	23 295	17 257	18 022	14 818
Player liabilities	10 691	11 697	11 922	7 097
Tax liability	1 378	3 867	5 111	3 032
Accrued expenses and deferred income	35 575	31 409	31 994	27 302
Short-term liability in respect of acquisition	-	168	-	13 644
Bank loan	40 000	-	30 000	-
Short-term lease liabilities	3 480	-	-	-
Provision for conditional purchase price (earn-out)	9 000	40 799	9 000	36 381
Total current liabilities	123 419	105 197	106 049	102 274
Total Liabilities	181 765	204 060	179 417	126 085
TOTAL EQUITY AND LIABILITIES	277 435	267 569	279 347	184 991

CONSOLIDATED STATEMENT OF CASH FLOWS, CONDENSED

EUR'000s	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	2018
Operating profit	8 494	9 263	9 143	13 047	19 175
Adjustments for non-cash items	6 324	5 962	11 790	11 595	20 193
Cash flow from changes in working capital	(957)	647	(1 195)	3 076	(1 796)
Net income taxes paid	(4 497)	-	(4 497)	-	(1 078)
Cash flow from operating activities	9 364	15 872	15 241	27 718	36 494
Acquisition of property, plant and equipment	(316)	(476)	(712)	(1 510)	(2 475)
Acquisition of intangible assets	(2 018)	(1 761)	(4 204)	(4 512)	(8 633)
Acquisition of subsidiaries	-	(10 092)	-	(18 778)	(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	(2 334)	(12 329)	(4 916)	(96 772)	(103 293)
Loan financing	(10 000)	10 000	(10 000)	74 740	79 475
Lease liabilities	(802)	-	(1 594)	-	-
Proceeds from share issue/other equity securities	-	3 426	-	3 426	3 832
Cash dividends paid out to shareholders	(5 726)	(11 669)	(5 726)	(11 669)	(11 669)
Cash flow from financing activities	(16 528)	1 757	(17 320)	66 497	71 638
Net increase/(decrease) in cash and cash equivalents	(9 498)	5 300	(6 995)	(2 557)	4 839
Cash and cash equivalents at start of the period	59 251	44 368	56 738	52 758	52 758
Currency effects on cash and cash equivalents	(463)	(291)	(453)	(824)	(859)
Cash and cash equivalents at end of period	49 290	49 377	49 290	49 377	56 738
<i>of which restricted cash (player funds)</i>	<i>10 691</i>	<i>11 697</i>	<i>10 691</i>	<i>11 697</i>	<i>11 922</i>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, CONDENSED

	Share Capital	Other capital contribution	Translation reserve	Retained earnings	Equity attributable to owners of the parent company	Non-controlling interest	Total equity
EUR'000s							
Balance at 1 January 2018	1 196	36 588	-	21 122	58 906	-	58 906
Profit for the period	-	-	-	8 262	8 262	117	8 379
Other comprehensive income (exchange differences of foreign operations)	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	8 262	8 262	117	8 379
<i>Transactions with shareholders in their capacity as owners:</i>							
Share issue from options program	24	3 402	-	-	3 426	-	3 426
Dividends	-	-	487	(12 156)	(11 669)	-	(11 669)
Options Premium	-	299	-	-	299	-	299
<i>Transactions with non-controlling interests:</i>							
Acquisition of NCI	-	-	-	-	-	4 168	4 168
Balance at 30 June 2018	1 220	40 289	487	17 228	59 224	4 285	63 509
Balance at 1 January 2019	1 220	40 409	485	52 116	94 230	5 700	99 930
Profit for the period	-	-	-	7 840	7 840	(442)	7 398
Other comprehensive income (exchange differences of foreign operations)	-	-	4	-	4	-	4
Total comprehensive income for the period	-	-	4	7 840	7 844	(442)	7 402
<i>Transactions with shareholders in their capacity as owners:</i>							
New share issue including issue costs	-	-	-	-	-	-	-
Dividends	-	-	210	(11 872)	(11 662)	-	(11 662)
Balance at 30 June 2019	1 220	40 409	699	48 084	90 412	5 258	95 670

PARENT COMPANY INCOME STATEMENT, CONDENSED

EUR'000s	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	31 Dec 2018
Revenue	143	147	362	725	988
Operating expenses	(1 525)	(1 362)	(2 664)	(2 551)	(4 474)
Other income and expenses	-	-	-	-	-
Operating profit (EBIT)	(1 382)	(1 215)	(2 302)	(1 826)	(3 486)
Net financial income	3 525	(101)	3 583	(88)	8 144
Tax cost	-	(53)	-	(53)	454
Profit / Loss for the period*	2 143	(1 369)	1 281	(1 967)	5 111

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

PARENT COMPANY BALANCE SHEET, CONDENSED

EUR'000s	30 Jun 2019	30 Jun 2018	31 Dec 2018
ASSETS			
Total non-current assets	16 283	16 389	17 682
Current assets	10 113	5 339	12 883
Cash and cash equivalents	199	1 775	326
Total current assets	10 312	7 114	13 209
TOTAL ASSETS	26 595	23 503	30 891
EQUITY AND LIABILITIES			
Total equity	9 605	12 908	19 986
Total long term liabilities	10 000	10 000	10 000
Total current liabilities	6 990	595	905
TOTAL EQUITY AND LIABILITIES	26 595	25 503	30 891

KPI'S PER QUARTER

Amounts in EUR'000s unless otherwise stated	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Deposits	287 826	268 465	276 604	253 399	266 259
Growth, Deposits, y-y %	8%	8%	23%	31%	59%
Growth, Deposits, q-q %	7%	-3%	9%	-5%	7%
Deposits per region					
Nordics, % Deposits	51%	47%	54%	52%	51%
Rest of Europe, % Deposits	39%	45%	41%	43%	44%
Rest of World, % Deposits	11%	7%	6%	5%	5%
Net Gaming Revenue (NGR)	92 906	84 103	81 992	77 781	86 782
Growth Net Gaming Revenue, y-y %	7%	10%	21%	41%	76%
Growth Net Gaming Revenue, q-q %	10%	3%	5%	-10%	13%
Net Gaming Revenue (NGR) per region					
Nordics, % Net Gaming Revenue	40%	39%	45%	43%	42%
Rest of Europe, % Net Gaming Revenue	47%	49%	45%	48%	49%
Rest of World, % Net Gaming Revenue	13%	12%	9%	9%	9%
Growth in NGR per region					
Nordics, y-y %	2%	-5%	-2%	1%	32%
Rest of Europe, y-y %	1%	17%	42%	131%	160%
Rest of World, y-y %	63%	52%	93%	25%	51%
Regulated revenue as a % of total	48%	50%	33%	35%	39%
Growth in regulated revenues, y-y %	33%	55%	36%	102%	173%
Growth in regulated revenues, q-q %	7%	57%	-3%	-18%	24%
Hold (NGR/Deposits) %	32.3%	31.3%	29.6%	30.7%	32.6%
Game margin %	3.69%	3.73%	3.67%	3.69%	3.84%
Number of active customers	549 324	694 925	587 712	547 526	544 013
Growth active customers, y-y %	1%	27%	50%	83%	91%
Growth active customers, q-q %	-21%	18%	7%	1%	-1%
Number of depositing customers	334 961	370 209	327 156	318 189	309 987
Growth depositing customers, y-y %	8%	23%	29%	57%	79%
Growth depositing customers, q-q %	-10%	13%	3%	3%	3%
Number of new depositing customers	138 758	173 346	145 409	140 552	134 487
Growth new depositing customers, y-y %	3%	19%	13%	45%	84%
Growth new depositing customers, q-q %	-20%	19%	3%	5%	-8%
Number of returning depositing customers	196 203	196 863	181 747	177 637	175 500
Growth returning depositing customers, y-y %	12%	26%	46%	68%	75%
Growth returning depositing customers, q-q %	0%	8%	2%	1%	13%

CONSOLIDATED INCOME STATEMENT PER QUARTER

EUR'000s	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Revenue	94 431	86 303	84 485	78 552	87 413
Cost of sales	(17 909)	(16 956)	(17 548)	(14 720)	(15 702)
Gaming Duties	(12 765)	(11 457)	(7 199)	(7 338)	(8 076)
Gross profit	63 757	57 890	59 738	56 494	63 635
Personnel costs	(13 262)	(12 574)	(11 509)	(10 509)	(10 354)
Capitalised development costs	2 122	2 443	3 589	1 002	1 560
Other operating expenses	(9 600)	(8 107)	(11 592)	(10 118)	(9 482)
Marketing expenses	(28 093)	(32 799)	(32 019)	(27 991)	(30 537)
Other income and expenses	138	343	(72)	86	177
EBITDA	15 062	7 196	8 135	8 964	14 999
Depreciation and amortisation	(2 475)	(2 401)	(1 417)	(1 302)	(1 100)
Amortisation of acquired intangible assets	(4 093)	(4 146)	(4 127)	(4 125)	(4 636)
Operating profit (EBIT)	8 494	649	2 591	3 537	9 263
Financial income	-	-	3	-	-
Financial costs	(510)	(680)	(502)	(449)	(491)
Financial liability fair value gains/(losses)	-	-	20 163	10 109	(1 634)
Profit before tax	7 984	(31)	22 255	13 197	7 138
Income tax	(556)	-	(147)	(444)	(499)
Net profit for the period	7 428	(31)	22 108	12 753	6 639
Net profit attributable to owners of the parent company	7 710	129	22 071	12 817	6 724
Net profit attributable to non-controlling interests	(282)	(160)	37	(64)	(85)
Exchange differences on translation of foreign operations	(7)	11	(3)	-	1
Other comprehensive income	(7)	11	(3)	-	1
Total comprehensive income	7 421	(20)	22 105	12 753	6 640
Total comprehensive income attributable to owners of the parent company	7 703	140	22 068	12 817	6 725
Total comprehensive income attributable to non-controlling interests	(282)	(160)	37	(64)	(85)
Earnings per share before dilution (EUR)	0,07	(0,00)	0,22	0,13	0,07
Earnings per share after dilution (EUR)	0,07	(0,00)	0,22	0,13	0,07
No. of shares outstanding adj. for share split (millions)	101,65	101,65	101,65	101,65	100,34
No. of shares after dilution adj. for share split (millions)	101,65	101,65	101,65	101,65	101,37
Key ratios					
Cost of sales as a % of revenue	19,0%	19,6%	20,8%	18,7%	18,0%
Gaming duties as a % of revenue	13,5%	13,3%	8,5%	9,3%	9,2%
Gross margin, %	67,5%	67,1%	70,7%	71,9%	72,8%
Personnel costs as % of revenue	14,0%	14,6%	13,6%	13,4%	11,8%
Operating expenses as % of revenue	10,2%	9,4%	13,7%	12,9%	10,8%
Marketing expenses as % of revenue	29,7%	38,0%	37,9%	35,6%	34,9%
EBITDA, margin %	16,0%	8,3%	9,6%	11,4%	17,2%
EBIT, margin %	9,0%	0,8%	3,1%	4,5%	10,6%
Net margin, %	7,9%	0,0%	26,2%	16,2%	7,6%
Adjusted profit measures EUR'000s	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
EBITDA	15 062	7 196	8 135	8 964	14 999
Costs pertaining to listing	-	-	-	-	-
Costs pertaining to acquisition-related consulting	-	-	-	-	-
Provision for fine from UKGC	-	-	-	-	-
Gain on sale of asset	-	-	-	-	-
Adjusted EBITDA	15 062	7 196	8 135	8 964	14 999
Depreciation and amortisation	(2 475)	(2 401)	(1 417)	(1 302)	(1 100)
Adjusted EBIT	12 587	4 795	6 718	7 662	13 899
Net financial items	(510)	(680)	(499)	(449)	(491)
Tax	-	-	(147)	(444)	(499)
Adjusted net income	12 077	4 115	6 072	6 769	12 909
Adjusted EPS	0,12	0,04	0,06	0,07	0,13
Adjusted EBITDA margin %	16,0%	8,3%	9,6%	11,4%	17,2%
Adjusted EBIT margin %	13,3%	5,6%	8,0%	9,8%	15,9%
Adjusted net margin %	12,8%	4,8%	7,2%	8,6%	14,8%

CONSOLIDATED BALANCE SHEET PER QUARTER, CONDENSED

EUR'000s	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
ASSETS					
Non-current assets					
Property, plant and equipment	4 107	4 161	4 141	4 114	3 851
Lease assets (right of use assets)	9 484	9 963	-	-	-
Intangible assets	16 414	15 449	14 032	12 046	11 630
Intangible assets surplus values from acquisitions	53 228	57 321	61 467	65 585	69 345
Goodwill	102 958	102 958	102 958	102 958	101 840
Deferred tax assets	2 975	2 975	2 975	1 489	1 488
Total non-current assets	189 166	192 827	185 573	186 192	188 154
Current assets					
Trade receivables	31 009	30 332	29 268	22 973	19 806
Other current receivables	7 970	6 679	7 768	9 090	10 232
Cash and cash equivalents	49 290	59 251	56 738	47 555	49 377
<i>of which restricted cash (player funds)</i>	10 691	10 566	11 922	11 849	11 697
Total current assets	88 269	96 262	93 774	79 618	79 415
TOTAL ASSETS	277 435	289 089	279 347	265 810	267 569
EQUITY AND LIABILITIES					
Share capital	1 220	1 220	1 220	1 220	1 220
Additional paid-in capital	40 409	40 409	40 409	40 409	40 289
Translation reserve	699	496	485	488	487
Retained earnings including profit for the period	48 084	52 245	52 116	30 044	17 228
Equity attributable to owners of the Parent Company	90 412	94 370	94 230	72 161	59 224
Non-controlling interest	5 258	5 540	5 700	5 662	4 285
Total Equity	95 670	99 910	99 930	77 823	63 509
Bank loan	49 740	59 717	69 642	74 849	94 803
Other non-current liabilities	971	966	961	947	952
Lease liabilities	5 221	5 701	-	-	-
Deferred tax liability	2 414	2 583	2 765	2 945	3 108
Total non-current liabilities	58 346	68 967	73 368	78 741	98 863
Current liabilities					
Trade and other payables	23 295	18 330	18 022	14 116	17 257
Player liabilities	10 691	10 566	11 922	11 849	11 697
Tax liability	1 378	5 194	5 111	3 387	3 867
Accrued expenses and deferred income	35 575	33 679	31 994	30 563	31 409
Short-term liability in respect of acquisition	-	-	-	-	168
Bank loan	40 000	40 000	30 000	20 000	-
Short-term lease liabilities	3 480	3 443	-	-	-
Provision for conditional purchase price (earn-out)	9 000	9 000	9 000	29 331	40 799
Total current liabilities	123 419	120 212	106 049	109 246	105 197
Total Liabilities	181 765	189 179	179 417	187 987	204 060
TOTAL EQUITY AND LIABILITIES	277 435	289 089	279 347	265 810	267 569

CONSOLIDATED STATEMENT OF CASH FLOWS PER QUARTER, CONDENSED

EUR'000s	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Operating profit	8 494	649	2 591	3 537	9 263
Adjustments for non-cash items	6 324	5 466	4 682	3 916	5 962
Cash flow from changes in working capital	(957)	(238)	621	(5 492)	647
Net income taxes paid	(4 497)	-	-	(1 078)	-
Cash flow from operating activities	9 364	5 877	7 894	883	15 872
Acquisition of property, plant and equipment	(316)	(396)	(339)	(626)	(476)
Acquisition of intangible assets	(2 018)	(2 186)	(3 129)	(1 018)	(1 761)
Acquisition of subsidiaries	-	-	-	(1 409)	(10 092)
Transfer of assets on acquisition	-	-	-	-	-
Proceeds on sale of assets	-	-	-	-	-
Cash flow from investing activities	(2 334)	(2 582)	(3 468)	(3 053)	(12 329)
Loan financing	(10 000)	-	4 735	-	10 000
Lease liabilities	(802)	(792)	-	-	-
Proceeds from share issue/other equity securities	-	-	34	372	3 426
Cash dividends paid out to shareholders	(5 726)	-	-	-	(11 669)
Cash flow from financing activities	(16 528)	(792)	4 769	372	1 757
Net increase/(decrease) in cash and cash equivalents	(9 498)	2 503	9 195	(1 798)	5 300
Cash and cash equivalents at start of the period	59 251	56 738	47 555	49 377	44 368
Currency effects on cash and cash equivalents	(463)	10	(12)	(24)	(291)
Cash and cash equivalents at end of period	49 290	59 251	56 738	47 555	49 377
<i>of which restricted cash (player funds)</i>	<i>10 691</i>	<i>10 566</i>	<i>11 922</i>	<i>11 849</i>	<i>11 697</i>

DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES

ACTIVE CUSTOMERS

The number of customers who have played on LeoVegas, including customers who have only used a bonus offer

ADJUSTED EARNINGS PER SHARE

Earnings per share adjusted for items 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 asset

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