

STOCKHOLM, 31 JANUARY 2020

LEOVEGAS CARRIES OUT STRATEGIC MEASURES IN THE UK AND RELATED COST INITIATIVES

LeoVegas is carrying out strategic changes coupled to the UK market and the Group's organisation. During the first quarter the brands Rocket X provide managed services for will be migrated to the Group's own technical platform, while the Royal Panda brand will leave the UK to instead focus on fast-growing markets in Europe and the Rest of the world. This will result in a more focused and efficient operation that fully uses economies of scale in technology, product and organisation. As a result of the company's efficiency improvement work, a planned relocation to new offices in Malta is being called off. These various initiatives will lead to annual cost savings of approximately EUR 3.7 m. One-off restructuring costs of EUR 6.1 m will be charged against operating profit for the fourth quarter. LeoVegas is also recognising an impairment loss of approximately EUR 10 m on its investment in Royal Panda.

The UK market for online gaming has changed dramatically in recent years, such as with respect to stricter demands on compliance and higher gambling taxes. At the same time, since the trade and assets of IPS (Rocket X managed brands) and Royal Panda, LeoVegas has conducted its operations in the UK on three separate technical platforms and with three slightly separate organisations, which has resulted in internal complexity. As a result, in 2019 the marketing organisations for LeoVegas UK and Rocket X were integrated into a single unit. The Group is now taking the next step by migrating the Rocket X managed brand portfolio from a third-party solution to the Group's own multibrand platform Rhino, where all technology is owned and run by LeoVegas. Parallel with this, Royal Panda is leaving the UK market, which entails that all operations coupled to the UK going forward will be driven on the same technical platform and with a joint organisation for technology, products, customer service, marketing and compliance.

The strategic initiatives were begun during the fourth quarter of 2019 and are expected to be largely completed during the first quarter of this year. The measures are expected to generate cost synergies in areas such as marketing, products, payments and customer service, and will result in reduced complexity in compliance. The annual savings relating to the UK are estimated to be approximately EUR 2.0 m after the migration has been completed and consist mainly of lower platform and product costs and a more efficient organisation.

During the fourth quarter Royal Panda had sales of approximately EUR 1.1 m in the UK with negative profitability and is not expected to generate significant revenue during the first quarter of 2020. Revenue for the remaining operations in the UK, consisting of 13 brands including LeoVegas, 21.co.uk and BetUK, grew 15% during the fourth quarter over the third quarter and showed good profitability.

LeoVegas' focus on efficiency and cost control during the past year, including the now-communicated measures in the UK, have contributed to a much more optimised organisation with improved processes. The number of full-time equivalent employees in the Group has decreased from just under 900 to around 800 during the past year. The Group has therefore decided to cancel its contract for new, larger premises in

Malta in 2021 and will instead stay in its existing facilities during the coming five-year period. The annual cost savings compared with the previously planned move will amount to EUR 1.7 m per year.

The initiatives will give rise to total restructuring costs of EUR 6.1 m, which will be charged against operating profit (EBIT) for the fourth quarter. The costs are mainly related to early cancellations of third-party agreements on platforms and products, penalties for cancellation of the new lease in Malta, discontinuation costs for Royal Panda's operations in the UK, and impairment of LeoVegas Gaming's intangible assets coupled to Rocket X's previous technological development. In addition to this, LeoVegas is recognising an impairment loss of approximately EUR 10 m for its investment in Royal Panda. All of the cited costs will be reported as items affecting comparability in the fourth quarter interim report. The operating profit in the fourth quarter will also include a capital gain of EUR 11.4 m from the previously communicated sale of the subsidiary Authentic Gaming, which will also be reported under items affecting comparability.

“The strategic initiatives we are now carrying out will create optimal conditions to be successful in the large, but at the same time complex, UK market,” comments Gustaf Hagman, Group CEO. *“The consolidation of brands into one and the same platform will contribute to large economies of scale in the Group – both by allowing us to fully utilise our multibrand technology and through a more efficient organisation. Already during the second half of last year, the LeoVegas and Rocket X managed brands in the UK began to perform favourably, and the new structure gives us a good starting point to increase both growth and profitability in the UK market during 2020. At the same time, Royal Panda – which has struggled with weak performance in the UK but has performed well in other markets – can now focus fully on growth outside of the UK and also launch the brand in a couple of new markets in and outside of Europe.”*

LeoVegas will publish its interim report for the fourth quarter of 2019 at 8 a.m. CET on 14 February.

This information is such that LeoVegas AB (publ) is obligated to disclose pursuant to the EU Market Abuse Regulation 596/2014. The information was submitted for publication, through the agency of the contact person below, at 8 a.m. CET on 31 January 2020.

FOR FURTHER INFORMATION, PLEASE CONTACT:

Gustaf Hagman, Group CEO

+46 (0) 8 410 367 66, gustaf.hagman@leovegasgroup.com

Stefan Nelson, Group CFO

+356 993 942 68, stefan.nelson@leovegasgroup.com

Philip Doftvik, Director of Investor Relations and Corporate Finance

+46 73 512 07 20, philip.doftvik@leovegasgroup.com

LeoVegas' vision and passion is to be "King of Casino". 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 and 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 operations; rather, operating 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.