LeoVegas' vision is to create the ultimate mobile gaming experience and be number one in mobile gaming. The LeoVegas Mobile Gaming Group today has a leading position in mobile casino. The business is distinguished by award-winning innovation and strong growth. LeoVegas has attracted major international acclaim and has won numerous awards. LeoVegas' operations are based in Malta, while technical development is conducted in Sweden. The Parent Company LeoVegas AB (publ) invests in companies that offer gaming via mobile devices and computers, and companies that develop related technologies. The Group's head office is in Stockholm. LeoVegas AB is listed on Nasdaq First North Premier, and Avanza Bank AB is its Certified Advisor. *For more information about LeoVegas, visit www.leovegasgroup.com.*

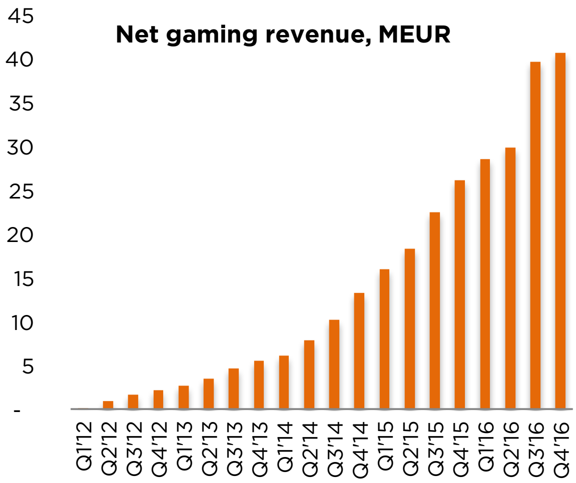
Record year with strong growth and profitability

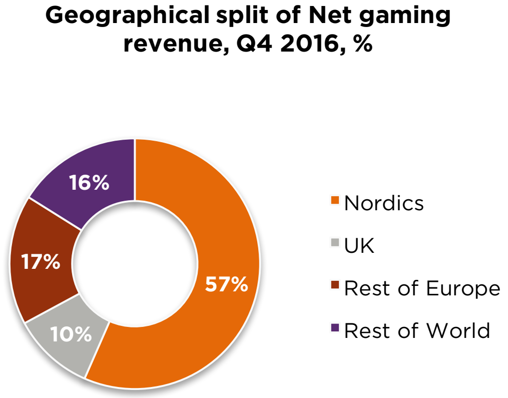
Fourth quarter: 1 October–31 December 2016*

- Revenue increased by 58% to EUR 41.2 m (26.0). Growth was entirely organic.
- Mobile deposits accounted for 67% (59%) of total deposits, which grew 87% to EUR 139.1 m (74.2).
- The number of depositing customers was 176,306 (100,852), an increase of 75%. The number of new depositing customers was 85,384 (46,690), an increase of 83%.
- The number of returning depositing customers was 90,922 (54,162), an increase of 68%.
- EBITDA amounted to EUR 10.0 m (0.4), corresponding to an EBITDA margin of 24.2% (1.5%).
- Operating profit (EBIT) was EUR 9.5 m (0.2).
- Earnings per share were EUR 0.10 (0.00) before and after dilution.

Full year 2016

- Revenue increased by 70% to EUR 141.4 m (83.0). The growth of EUR 58.5 m was entirely organic.
- EBITDA adjusted for items affecting comparability amounted to EUR 21.3 m (1.8), corresponding to an adjusted EBITDA margin of 15.1%. EBITDA amounted to EUR 16.0 m (1.2).
- Operating profit adjusted for items affecting comparability was EUR 19.9 m (1.1), corresponding to an adjusted EBIT margin of 14.1%. Operating profit (EBIT) was EUR 14.6 m (0.5).
- Earnings per share were EUR 0.14 before and after dilution.





Events during the quarter

- LeoVegas launched Casino and Live Casino in the Danish market.

Events after the end of the quarter

- The Czech Republic enacted new gaming legislation on 1 January 2017. LeoVegas has applied for a gaming licence, and pending completion of the licensing process the company has temporarily closed its business in the Czech Republic in accordance with the guidelines from the Czech authorities.
- Authentic Gaming, an independent company in the LeoVegas Group, launched live casino with streaming in real time from land-based casinos with several European gaming operators.
- LeoVegas was granted a gaming licence in the Irish market, for sportsbook.
- At the International Gaming Awards 2017 LeoVegas was named as Online Casino Operator of the Year, a title LeoVegas also received this year at the EGR Nordic Awards 2017.

* Throughout this report, figures in parentheses pertain to the same period a year earlier.

CEO commentary

"With a record year characterised by strong organic growth, innovation and high profitability in the fourth quarter, LeoVegas has taken yet another solid step toward our financial targets."

Full year 2016
During 2016 LeoVegas grew its revenue by more than EUR 58 m and thereby had what is likely the largest organic growth in the world of any listed gaming operator. At least within the online and mobile casino segment.

Revenue for the full year was EUR 141 m, and with an adjusted EBITDA margin of 15.1%, we can truly say that these figures have developed well towards our long-term targets of SEK 300 m in revenue and a 15% EBITDA margin in 2018.

Fourth quarter
During the final quarter of the year we launched in one more market – this time in Denmark, which is a regulated market. The launch has gone very well and has given us valuable experience ahead of future market launches.

Our two new gaming categories, LeoVegas Sport and LeoVegas Live Casino, have continued their strong development. New initiatives are being taken on a regular basis in these categories with new innovations designed to clearly differentiate LeoVegas' offering and continuously take the customer experience to new heights.

LeoVegas continues to develop according to our vision: to create the ultimate gaming experience and be number one in mobile gaming.

Revenue grew 58% to EUR 41.2 m (26.0). In the quarter we have had a lower gaming margin for casino and the sportsbook as well as lower marketing in relation to revenue compared historical averages. Underlying growth is strong, with 87% growth in deposits during the quarter compared with the same period a year ago.

EBITDA improved considerably to EUR 10.0 m (0.4), corresponding to an EBITDA margin of 24.2%. The continued high profitability is explained by relatively lower but very effective marketing during the third and fourth quarters. Our marketing investments drive profitability, which will continue to be volatile from quarter to quarter.

Products
LeoVegas has been named as Mobile and Online Casino Operator of the Year on repeated occasions – a title we now received again at both the EGR Nordic Awards and International Gaming Awards 2017. We continue to lead the gaming industry with our advanced technological platform. As the first mobile gaming operator LeoVegas now offers, for example, deposits while seated at a table at our live casino – that is, as a customer you don't have to interrupt your activity and go to the lobby to make a deposit. This might sound obvious, but it is a mobile web functionality that was developed first by LeoVegas.

Comments on first quarter 2017
In the Czech Republic, new gaming legislation took effect on 1 January of this year, and pending completion of the licensing process, like many other actors we have temporarily closed our business in the Czech Republic. This will affect our revenue for the first quarter. The Czech Republic accounted for 4% of revenues in the fourth quarter.

Net gaming revenue (NGR) in January totalled EUR 14.1 m, which represents growth of 40% compared with the same quarter in 2016. Marketing investments in Q1 will be significantly above Q4, and will by and large be determined by how strongly we choose to scale up our marketing in Denmark and the UK, among other countries, and for LeoVegas Sport. Most marketing investments that drive growth will be made in the later part of the first quarter. Overall we are very pleased with how the KPIs in the first quarter have opened up, which gives us confidence for a strong development for the year on our path towards our 2018 financial targets.

I also find it exciting that one of our companies in the Group, Authentic Gaming, has begun delivering its product to a number of new operators. This will be interesting to follow.

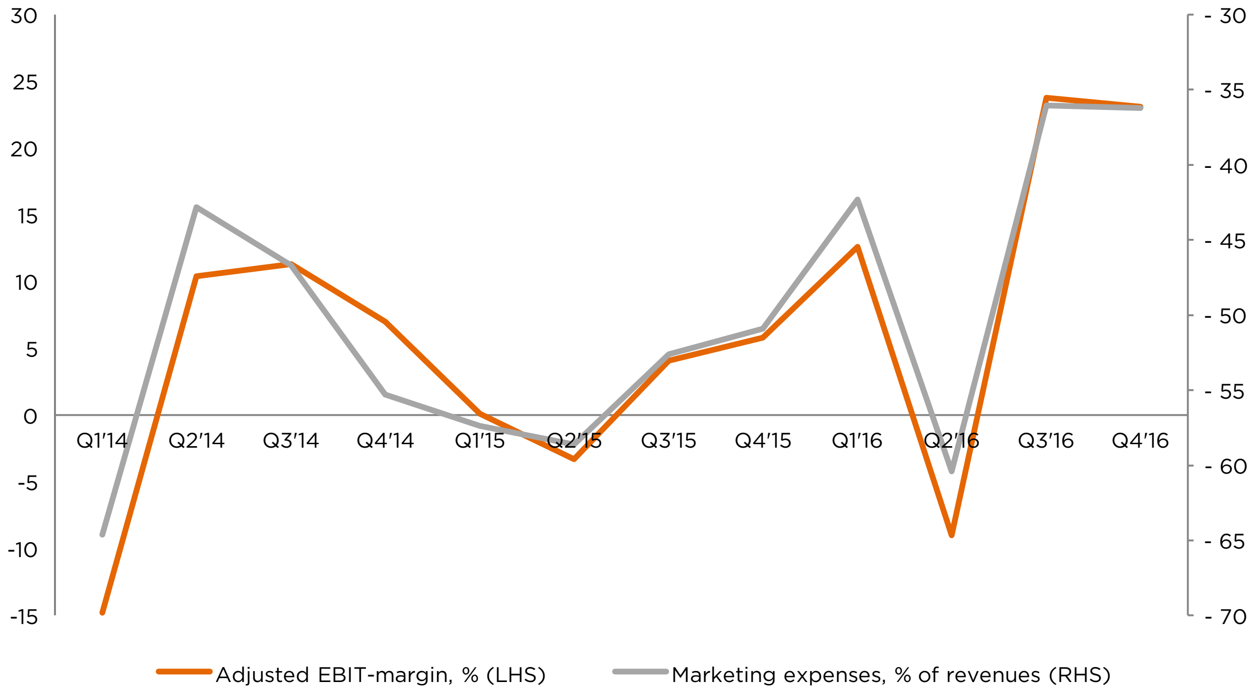
With a strong cash position of over EUR 55 m, LeoVegas is poised to capitalise on the great opportunities in the industry.

Gustaf Hagman, Group CEO and co-founder
LeoVegas AB, Stockholm 15 February 2017

Key quarterly performance figures

EUR'000s unless otherwise stated	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Number of depositing customers	**176 306**	**156 389**	**176 635**	**121 615**	**100 852**
Growth, y-y %	75%	77%	147%	87%	93%
Growth, q-q %	13%	-11%	45%	21%	14%
Deposits	**139 072**	**123 720**	**100 577**	**80 495**	**74 216**
Growth, y-y %	87%	87%	79%	73%	80%
Growth, q-q %	12%	23%	25%	8%	12%
Revenue	**41 165**	**39 713**	**30 980**	**29 541**	**26 041**
Growth, y-y %	58%	76%	67%	86%	100%
Growth, q-q %	4%	28%	5%	13%	15%
Adjusted EBITDA	**9 951**	**9 802**	**(2 454)**	**3 986**	**1 739**
Adjusted EBITDA margin, %	24.2%	24.7%	-7.9%	13.5%	6.7%
Adjusted EBIT	**9 517**	**9 436**	**(2 777)**	**3 712**	**1 508**
Adjusted EBIT margin, %	23.1%	23.8%	-9.0%	12.6%	5.8%
Marketing expenses	**14 912**	**14 317**	**18 708**	**12 510**	**13 250**
Marketing expenses as % of revenue	36%	36%	60%	42%	51%

The adjusted EBIT margin is a function of the marketing-to-revenue ratio



LeoVegas' EBIT margin is to a large extent a function of the amount spent on marketing in a given period. When investments in marketing as a percentage of revenue are higher (e.g,. Q1 14, Q1 15–Q3 15, Q2 16) the EBIT margin decreases, while when it is lower (e.g,. Q2 14–Q3 14, Q1 16, Q3 16-Q4 16) the EBIT margin increases. LeoVegas has historically had a higher marketing-to-revenue ratio than its industry peers. This is because the return on marketing investments has been high, which justifies a continued focus on investments in growth.

Group performance Q4

Revenue, deposits and number of depositing customers

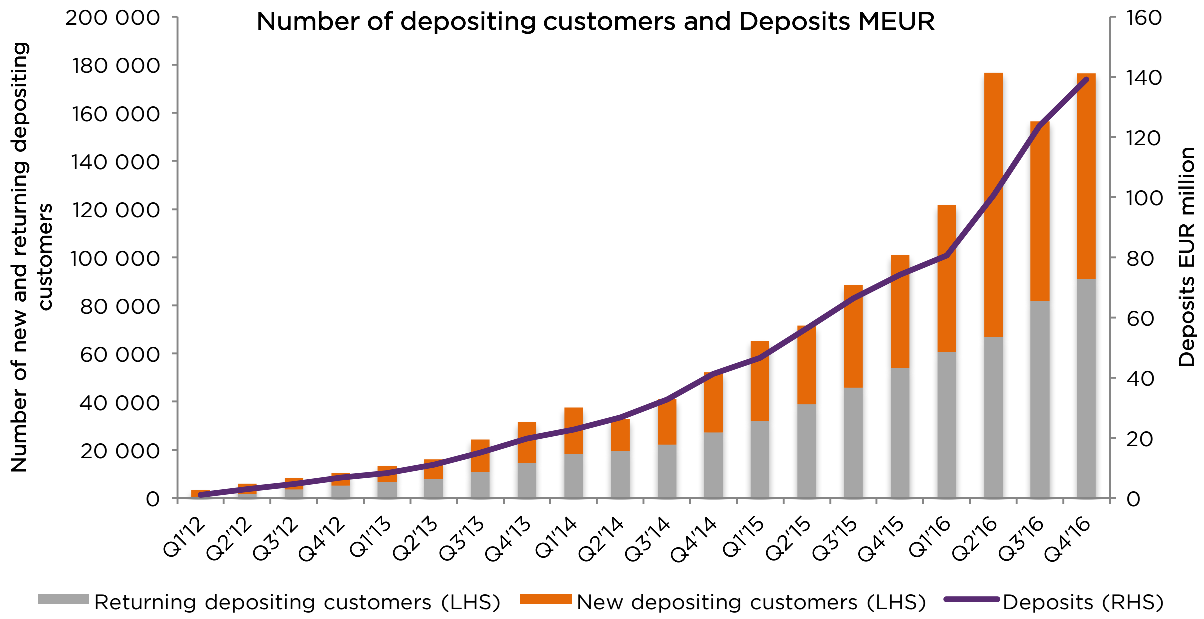
Revenue amounted to EUR 41.2 m (26.0) during the fourth quarter, an increase of 58%. Growth was entirely organic.

Deposits amounted to EUR 139.1 m (74.2) during the quarter, an increase of 87%. Annualised percentage growth during the fourth quarter was the highest of all quarters during the year. Sequential growth was 12%, which is the same as for the fourth quarter a year ago. Sequential growth in deposits followed growth of the customer base. Deposits from mobile devices accounted for 67% (59%) of total. In absolute figures, the Nordic countries and the UK together accounted for 57% of the increase in total deposits during the quarter. The smaller markets showed the highest percentage growth during the quarter. Deposits grew by 335% in Rest of Europe and by 235% in Rest of World. In the Nordic countries and the UK, deposits grew by 65% and 45%, respectively.

Net gaming revenue (NGR) increased by 3% from the third to the fourth quarters, while deposits increased by 12%. Roughly three-fourths of the difference in the rate of growth between these two key metrics is due to a lower margin both in the sportsbook and casino during the fourth quarter. The UK, in particular, was negatively affected by a low margin, especially in the sportsbook, which largely explains why the UK contributed 10.6% of NGR but only 15.3% of deposits. This low gaming margin in the sportsbook is attributable to the Premier League results, where an unusually large number of matches were won by favourites.

The number of depositing customers during the fourth quarter was 176,306 (100,852), an increase of 75%. Of the depositing customer base, the number of returning depositing customers was 90,922 (54,162), an increase of 68%. The number of new customers increased by 83% to 85,384 (46,690). The number of new customers during the fourth quarter grew in line with the historic growth trend.

The number of active customers during the quarter, which includes customers who only play using bonus money, was 404,773 (247,971), an increase of 63%.



Earnings

Gross profit for the quarter increased to EUR 31.9 m (20.4), corresponding to a gross margin of 77.5% (78.4%). The lower margin is due to a slightly higher cost of goods sold, as gaming taxes were 4.1% of revenue for the quarter, compared with 4.5% during the same period a year ago. The gross margin also decreased slightly compared with the third quarter due to higher gaming taxes.

Marketing in relation to revenue were 36.2%, compared with 36.1% in the third quarter, when they were at the lowest level in LeoVegas' history. Even though this is a historically low level for LeoVegas, it is still above the average for the industry among gaming operators, and in absolute terms marketing spend during the fourth quarter were the second-highest in LeoVegas' history, totalling EUR 14.9 m. The marketing mix during the fourth quarter was similar to the third quarter and was highly effective overall. The average cost per depositing customer was lower than during the third quarter.

Opportunities to make substantial marketing investments will vary over time, entailing that profitability may be volatile from quarter to quarter.

Personnel costs rose sequentially at a slightly slower pace than revenue during the quarter, which is in line with what was communicated in the preceding interim report. Personnel costs increased more during the first half of 2016 as a result of a large number of new hires ahead of and in conjunction with the launches of LeoVegas Sport and LeoVegas Live Casino. LeoVegas' focus on growth requires that the Group can recruit key talent at a rapid pace. Personnel costs during the quarter corresponded to 11.3% (11.7%) of revenue.

Operating expenses amounted to 7.8% of revenue (14.3%). The lower level of operating expenses in relation to revenue than in preceding quarters is due to the fact that costs for office premises, IT, travel and consulting have been historically low in relation to revenue as well as in relation to the number of employees. Operating expenses for the comparison period a year ago included costs for the IPO.

EBITDA for the fourth quarter increased to EUR 10.0 m (0.4), corresponding to an EBITDA margin of 24.2% (1.5%). Operating profit (EBIT) was EUR 9.5 m (0.2), corresponding to an EBIT margin of 23.1% (0.7%). Profit for the fourth quarter included no items affecting comparability. The EBITDA margin for the fourth quarter was similar to the margin in the third quarter, as most expense items were stable in relation to revenue.

Tax for the quarter was EUR 0.4 m (-0.0). Tax during the quarter was positive, as a deferred tax asset of EUR 834 thousand in the Parent Company was capitalised.

Net profit for the quarter was EUR 9.9 m (0.2), corresponding to a net margin of 24.0% (0.6%). Earnings per share were EUR 0.10 (0.00) before and after dilution.

Activities during the fourth quarter

During the fourth quarter, LeoVegas Casino and Live Casino were launched in Denmark.

Balance sheet and financing

At the end of December 2016, the Group's equity amounted to EUR 50.8 m (16.5 at 31 December 2015), or EUR 0.51 per share. The Group's financial position is strong, and LeoVegas has no interest-bearing loan liabilities to credit institutions. The equity/assets ratio was 65% (50%). Total assets as per 31 December 2016 were EUR 77.9 m (33.0).

The consolidated balance sheet includes customer deposits. Customer balances at the end of the fourth quarter amounted to EUR 4.1 m (3.2). Provisions for potential local jackpot wins and bonus costs amounted to EUR 2.7 m at the end of the quarter (3.1).

Cash and cash equivalents amounted to EUR 60.2 m (22.6). Cash and cash equivalents excluding customer balances amounted to EUR 56.2 m (19.4).

During the fourth quarter, several items within working capital increased resulting in increases in cash, compared both with the fourth quarter a year ago and the preceding quarter. This is an ordinary seasonal effect and is mainly attributable to higher marketing activity in December.

Cash flow and investments

Cash flow from operating activities during the quarter was EUR 12.9 m (4.4). The increase is attributable to operating profit and a positive development of working capital.

Investments in non-current assets amounted to EUR 0.3 m (0.3). Investments consisted primarily of IT hardware. Investments in intangible assets during the quarter amounted to EUR 0.7 m (0.6) and consisted primarily of capitalised development costs.

Group performance full year 2016

Revenue and profit

Group revenue amounted to EUR 141.4 m (57.0), an increase of 70%.

Deposits from mobile devices accounted for 65% (57%) of total deposits for the year.

Gross profit increased to EUR 109.2 m (64.0), an increase of 70%. The gross margin for the year was 77.2% (77.6%).

Marketing costs in relation to revenue decreased to 42.8% (54.3%), which is the result of a combination of a relatively lower level of marketing during the first, third and fourth quarters, and a higher level of marketing during the second quarter of 2016.

Operating expenses increased to EUR 17.9 m (9.8) compared with the same period a year ago, owing to growth and costs for the Initial Public Offering. Stripped of costs for the IPO, operating expenses in relation to revenue decreased to 8.9% (11.0%).

Personnel costs increased to EUR 17.8 m (9.2) and were 12.6% (11.1%) in relation to revenue. The increase in personnel costs in relation to revenue is mainly attributable to the increase during the first half of 2016 for new hires to develop and operate LeoVegas Sport.

EBITDA increased to EUR 16.0 m (1.2), and the EBITDA margin was 11.3% (1.4%). EBITDA adjusted for items affecting comparability was EUR 21.3 m (1.8), corresponding to an EBITDA margin of 15.1%.

Operating profit (EBIT) increased to EUR 14.6 m (0.5), with an operating margin of 10.3% (0.6%). The increase for the full year is attributable to the strong earnings during the second half of the year, despite the fact that the first quarter included EUR 5.3 m in non-recurring costs for the IPO, and that the second quarter included record-high marketing costs. Operating profit adjusted for items affecting comparability was EUR 19.9 m (1.1), corresponding to a margin of 14.1%.

Net profit for the year increased to EUR 14.4 m (0.4).

Earnings per share were EUR 0.14 (0.00) before and after dilution.

Cash flow and investments

Cash flow from operating activities increased during the year to EUR 27.2 m (6.4). The increase is attributable to the EBITDA result and changes in working capital.

Investments in non-current assets amounted to EUR 1.0 m (0.6). Investments consisted primarily of purchases of equipment and furnishings for office premises and IT hardware. Investments in intangible assets amounted to EUR 2.9 m (1.5) and consisted primarily of capitalised development costs.

Other information

Events after the end of the quarter

Gaming licences – Czech Republic and Ireland
The Czech Republic enacted new gaming legislation on 1 January 2017. LeoVegas has applied for a gaming licence, and pending completion of the licensing process the company has chosen to adhere to the guidelines issued by the Czech authorities. As a result, LeoVegas has temporarily closed its business in the Czech Republic pending the granting of a licence.

LeoVegas was granted a gaming licence for sportsbook in the Irish market. LeoVegas is already active in Ireland with casino, and now adding sportsbook will provide a more broad-based and attractive gaming experience.

Independent Mobile Productions (IMP)
Authentic Gaming, which is part of IMP and a subsidiary of the LeoVegas Group, launched its live casino with a leading European gaming operator.

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 EUR 142 thousand, where the movement against the Swedish krona was the most significant. For the full year, currency movements had a negative effect on revenue of EUR 3,477 thousand.

Seasonal variations

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

Personnel

The number of full-time employees at the end of the quarter was 365 (228). The average number of employees during the fourth quarter was 357 (204). In addition, LeoVegas used the services of 2 (7) full-time consultants at the end of the fourth quarter.

Related-party transactions

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 2015 Annual Report.

Shares and ownership structure

LeoVegas AB was listed on Nasdaq First North Premier on 17 March 2016. The total number of shares and votes in LeoVegas AB is 99,695,470. As per the end of December 2016 the company had 7,514 shareholders. The five largest shareholders were Gustaf Hagman, with 8.0%; Swedbank Robur, with 7.0%; Robin Ramm-Ericson, with 6.9%; SEB Life International, with 4.7%; and Handelsbanken Fonder, with 4.4% 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), as issued by the International Accounting Standards Board, interpretations issued by the IFRS Interpretation Committee (formerly IFRIC), the Swedish Annual Accounts Act and Swedish Financial Reporting Board (RFR) standard RFR 1 "Supplementary Accounting Rules for Groups". This interim report is prepared in accordance with IAS 34 Interim Financial Reporting. The most important accounting policies under IFRS, which are the accounting policies adhered to in the preparation of this interim report, are described in Note 2, pages 60-64, of the 2015 Annual Report. The Parent Company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act and recommendation RFR 2 "Accounting for Legal Entities".

In this interim report, reference is made to measures that LeoVegas AB and others use in the evaluation of LeoVegas Mobile Gaming Group's performance which 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 non-IFRS measures are designed to complement, not replace, financial measures that are presented in accordance with IFRS. For definitions of key ratios, see page 21.

Items affecting comparability pertain to costs associated with the company's stock market listing on Nasdaq First North. The cost in the first quarter of 2016 amounted to EUR 5.3 m and was recognised as an operating expense. IPO-related costs recognised during the fourth quarter of 2015 amounted to EUR 0.6 m. The total cost for the IPO was EUR 6.3 m, of which EUR 0.4 m is recognised against the proceeds in equity.

Long-term liabilities consist of a call option on the remaining shares in the subsidiary Authentic Gaming Ltd. The call option is classified as a financial liability and is consolidated to 100%, which is the reason why no minority interest is reported in the financial statements. The price is set at a pre-determined amount of EUR 1 m in 2020. The value of the liability consists of a pre-determined purchase price discounted to present value with an interest rate of 2% per year.

In this quarterly report, liabilities to players have been stripped away from the item trade and other receivables, in which it was included in the 2015 Annual Report. Customer balances are included in cash and cash equivalents, and in this report it has been clarified how much of cash and cash equivalents consist of customer balances, both on the balance sheet and in cash flow.

LeoVegas AB was listed on Nasdaq First North on 17 March 2016. In connection with the listing, an issue of EUR 20.2 m was made. The costs for the transaction were EUR 6.3 m, of which EUR 0.4 m was booked directly against equity. The net proceeds from the issue accrued to LeoVegas during the second quarter of 2016 and totalled EUR 15.4 m.

The number of shares after dilution has been changed in all historic periods in this report, as the number of shares after dilution is now calculated according to the Treasury Stock Method. The company has 500,000 subscription warrants outstanding which carry entitlement to subscribe for 2 million shares. The number of shares after dilution increases with the number of outstanding warrants and decreases with the number of shares that the proceeds from the exercise of the warrants can buy on the market for the average price during the period. Previously the number of shares after dilution was calculated as the number of shares outstanding before dilution plus the outstanding subscription warrants.

Legal update

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

In the Netherlands, the authorities have proposed the introduction of a gaming tax of 29% in 2017. This is the same tax rate paid by land-based operators. In Sweden, discussions are being carried out on how the Swedish model and gaming tax may look like after regulation. According to the timetable communicated by the authorities, a proposal for regulation in Sweden will be presented in March 2017. The Czech Republic introduced local regulation on 1 January 2017 with a gaming tax of 35%. However, the Czech authorities have not issued licences, and as a result, the Czech Republic as a market was closed in January. The Rest of World segment includes geographies with unclear gaming legislation, which over time may affect LeoVegas' revenue, earnings and expansion opportunities, depending on what legal changes may be made.

Risks and uncertainties

The main risk and uncertainty facing LeoVegas is the general legal status of online gaming. Decisions and changes in laws and rules may affect LeoVegas' business activities and expansion opportunities. An ongoing debate is focusing attention on the fact that EU Member States should adapt their local laws to EU law governing free movement of products and services. Since most of LeoVegas' customers are active in Europe, the legal status in the EU has most significance for the company's existing operations. However, developments outside the EU are also of interest, partly for parts of LeoVegas' existing operations, but primarily 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 collaborating with affiliates in advertising networks. In connection with this, it may happen that the LeoVegas brand is exposed in contexts that are not desirable. On account of the complexity and volume of traffic sources, it is not possible for LeoVegas to control each and every one of these traffic sources. In the event of a conflict with our affiliation terms, LeoVegas has the opportunity to withhold payment and terminate its collaboration with the affiliate in question. LeoVegas is working together with the Swedish Trade Association for Online Gambling (BOS) to address this problem together with BOS and its members.

LeoVegas' offering is based on gaming as a fun and attractive form of entertainment. However, some people are at risk of developing gaming-related problems. LeoVegas takes this very seriously, and responsible gaming is a fundamental principle in the company's product design and customer contacts. All employees, regardless of their function in the company, are required to obtain certification in responsible gaming. This training and certification is designed in cooperation with experts from the company Sustainable Interaction AB. LeoVegas has employees who work specifically with promoting responsible gaming and related issues. The company 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.

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 2015 Annual Report.

Parent Company

LeoVegas AB (publ), the Group's Parent Company, invests in companies that offer gaming via smartphones, tablets and desktop computers, as well as companies that develop related technology. Gaming services are offered to end consumers through subsidiaries. The Parent Company is not engaged in any gaming activities.

During the first year, revenue amounted to EUR 0.02 m (0.01), and profit after tax was EUR -4.5 m (-0.6). Cash and cash equivalents amounted to EUR 19.2 m (7.3).

Future outlook

LeoVegas does not issue future guidance, but has set long-term targets for the full year 2018:

- To reach EUR 300 m in revenue in 2018
- Long-term organic growth higher than the online gaming market
- To achieve an EBITDA margin of approximately 15% in 2018
- A long-term EBITDA margin of at least 15% with the assumption that 100% of revenue will be generated in regulated markets in which gaming taxes are in effect
- Over time to distribute at least 50% of profits

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

Board of Directors' and CEO'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.

This interim report has not been reviewed by the company's auditors.

The Board of Directors assures that the interim report for the fourth 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, 15 February 2017

Robin Ramm-Ericson
Chairman of the Board

Per Brilioth
Director

Barbara Canales Rivera
Director

Mårten Forste
Director

Anna Frick
Director

Patrik Rosén
Director

Gustaf Hagman
President and CEO

LeoVegas AB
Sveavägen 59, SE-113 59 Stockholm
Head offices: Stockholm
Corporate identity number: 556830-4033

All information in this report pertains to the Group companies that are ultimately owned by LeoVegas AB, also referred to as LeoVegas.

For further information, please contact:

Gustaf Hagman
Group CEO and Co-founder
+46 (0) 70 880 55 22,
gustaf.hagman@leovegas.com

Viktor Fritzén
CFO
+46 (0) 73 612 26 67,
viktor.fritzen@leovegas.com

Philip Doftvik
Investor Relations
+46 (0) 73 512 07 20,
philip.doftvik@leovegas.com

Financial calendar 2017/18

Interim report Jan.-March	3 May 2017
Interim report Jan.-June	16 Aug. 2017
Interim report Jan.-Sept.	25 Oct. 2017
Year-end report Jan.-Dec. 2017	7 Feb. 2018

Consolidated income statement

EUR'000s	Oct-Dec 2016	Oct-Dec 2015	2016	2015
Revenue	**41 165**	**26 041**	**141 398**	**83 018**
Cost of sales	(7 599)	(4 457)	(26 519)	(15 238)
Gaming Duties	(1 677)	(1 162)	(5 673)	(3 390)
Gross profit	**31 889**	**20 422**	**109 206**	**64 390**
Personnel costs	(4 636)	(3 047)	(17 782)	(9 183)
Capitalised development costs	733	675	2 808	1 433
Operating expenses	(3 197)	(3 722)	(17 914)	(9 776)
Marketing expenses	(14 912)	(13 250)	(60 448)	(45 106)
Other income and expenses	74	(678)	131	(565)
EBITDA	**9 951**	**401**	**16 001**	**1 193**
Depreciation and amortisation	(434)	(231)	(1 399)	(688)
Operating profit (EBIT)	**9 517**	**170**	**14 602**	**505**
Net financial income	5	6	17	7
Profit before tax	**9 522**	**176**	**14 619**	**512**
Income tax	368	(20)	(193)	(82)
Net profit for the period*	**9 890**	**156**	**14 426**	**429**
Earnings per share (EUR)	**0.10**	**0.00**	**0.14**	**0.00**
Earnings per share after dilution (EUR)	**0.10**	**0.00**	**0.14**	**0.00**
Number of shares outstanding adjusted for share split (million)	99.70	93.85	99.70	93.85
Number of diluted shares outstanding adjusted for share split (million)	100.74	94.85	100.71	94.85
Key ratios				
Cost of sales as a % of revenue	18.5%	17.1%	18.8%	18.4%
Gaming duties as a % of revenue	4.1%	4.5%	4.0%	4.1%
Gross margin, %	77.5%	78.4%	77.2%	77.6%
Personnel costs as % of revenue	11.3%	11.7%	12.6%	11.1%
Operating expenses as % of revenue	7.8%	14.3%	12.7%	11.8%
Marketing expenses as % of revenue	36.2%	50.9%	42.8%	54.3%
EBITDA margin %	24.2%	1.5%	11.3%	1.4%
EBIT margin %	23.1%	0.7%	10.3%	0.6%
Net margin, %	24.0%	0.6%	10.2%	0.5%

*Profit for the period is entirely attributable to shareholders of the Parent Company.

EUR'000s	Oct-Dec 2016	Oct-Dec 2015	2016	2015
EBITDA	**9 951**	**401**	**16 001**	**1 193**
Expenses related to IPO	0	635	5 283	635
Adjusted EBITDA	**9 951**	**1 036**	**21 284**	**1 828**
Depreciation and amortisation	(434)	(231)	(1 399)	(688)
Adjusted EBIT	**9 517**	**805**	**19 885**	**1 140**
Adjusted EBITDA margin %	24.2%	4.0%	15.1%	2.2%
Adjusted EBIT margin %	23.1%	3.1%	14.1%	1.4%

Consolidated balance sheet

EUR'000s	31 Dec 2016	31 Dec 2015
ASSETS		
Non-current assets		
Property, plant and equipment	1 194	694
Intangible assets	5 860	3 872
Deferred tax assets	837	7
Total non-current assets	**7 891**	**4 573**
Current assets		
Trade receivables	6 739	4 045
Other current receivables	3 098	1 813
Cash and cash equivalents	60 218	22 605
of which restricted cash (player funds)	*4 067*	*3 246*
Total current assets	**70 055**	**28 464**
TOTAL ASSETS	**77 946**	**33 036**
EQUITY AND LIABILITIES		
Share capital	1 196	57
Additional paid-in capital	36 411	17 689
Retained earnings /(Accumulated losses)	13 228	(1 198)
Equity attributable to owners of the Parent Company	**50 835**	**16 548**
Non-current liabilities	924	906
Total non-current liabilities	**924**	**906**
Current liabilities		
Trade and other payables	8 737	4 748
Player liabilities	4 067	3 246
Other liabilities	1 033	621
Accrued expenses	12 350	6 968
Total current liabilities	**26 187**	**15 583**
TOTAL EQUITY AND LIABILITIES	**77 946**	**33 036**

Consolidated statement of cash flows, condensed

EUR'000s	Oct-Dec 2016	Oct-Dec 2015	2016	2015
Operating profit	9 517	170	14 602	505
Adjustments for non-cash items	234	68	2 061	680
Cash flow from changes in working capital	3 149	4 133	10 488	5 206
Cash flow from operating activities	**12 900**	**4 372**	**27 151**	**6 393**
Acquisition of property, plant and equipment	(261)	(325)	(952)	(600)
Acquisition of intangible assets	(747)	(648)	(2 935)	(1 533)
Acquisition of subsidiaries	0	(156)	0	(156)
Cash flow from investing activities	**(1 008)**	**(1 129)**	**(3 887)**	**(2 289)**
Proceeds from share issue/other equity securities	0	127	15 353	1 004
Cash flow from financing activities	**0**	**127**	**15 353**	**1 004**
Net increase/(decrease) in cash and cash equivalents	11 892	3 369	38 617	5 107
Cash and cash equivalents at start of the period	48 088	19 065	22 605	17 483
Currency effects on cash and cash equivalents	238	170	(1 004)	15
Cash and cash equivalents at end of period	**60 218**	**22 605**	**60 218**	**22 605**
of which restricted cash (player funds)	*4 067*	*3 246*	*4 067*	*3 246*

Consolidated statement of changes in equity

EUR'000s	Share Capital	Share capital not yet registered	Other capital contribution	Retained earnings	Total equity
Balance at 1 January 2015	**24**	**1**	**16 683**	**(1 627)**	**15 081**
Profit for the period	-	-	-	429	429
Total comprehensive income for the period	-	-	-	429	429
Transactions with shareholders in their capacity as owners:					
New share issue	3	(1)	900	-	903
Bonus issue	30	-	(30)	-	-
Premium received for warrants	-	-	135	-	135
Balance at 31 December 2015	**57**	**-**	**17 689**	**(1 198)**	**16 548**
Balance at 1 January 2016	**57**	**-**	**17 689**	**(1 198)**	**16 548**
Profit for the period	-	-	-	14 426	14 426
Total comprehensive income for the period	-	-	-	14 426	14 426
Transactions with shareholders in their capacity as owners:					
New share issue including issue costs	70	-	19 791	-	19 861
Bonus issue	1 069	-	(1 069)	-	-
Balance at 31 December 2016	**1 196**	**-**	**36 411**	**13 228**	**50 835**

Parent Company income statement, condensed

EUR'000s	Oct-Dec 2016	Oct-Dec 2015	2016	2015
Revenue	**75**	**39**	**192**	**69**
Operating expenses	(489)	(646)	(7 600)	(1 135)
Other income and expenses	0	0	(99)	0
Operating profit (EBIT)	**(414)**	**(607)**	**(7 507)**	**(1 066)**
Net financial income	1 830	143	2 211	493
Tax cost	834	0	834	0
Profit / Loss for the period	**2 250**	**(464)**	**(4 462)**	**(573)**

Parent Company balance sheet

EUR'000s	31 Dec 2016	31 Dec 2015
ASSETS		
Total non-current assets	**9 731**	**8 318**
Current assets	3 425	1 584
Cash and cash equivalents	19 249	7 321
Total current assets	**22 674**	**8 905**
TOTAL ASSETS	**32 405**	**17 223**
EQUITY AND LIABILITIES		
Total equity	**32 137**	**16 738**
Total liabilities	**268**	**485**
TOTAL EQUITY AND LIABILITIES	**32 405**	**17 223**

KPIs per quarter

Amounts in EUR'000s unless otherwise stated	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Deposits	**139 072**	**123 720**	**100 577**	**80 495**	**74 216**
Growth, Deposits, y-y %	*87%*	*87%*	*79%*	*73%*	*80%*
Growth, Deposits, q-q %	*12%*	*23%*	*25%*	*8%*	*12%*
Deposits per geography					
Nordic region, % Deposits	60.0%	62.2%	62.5%	66.4%	68.3%
UK, % Deposits	15.3%	15.5%	18.6%	18.1%	19.8%
Rest of Europe, % Deposits	14.6%	*12.6%*	*10.9%*	*8.7%*	*6.3%*
Rest of the World, % Deposits	10.0%	*9.7%*	*8.1%*	*6.8%*	*5.6%*
Net Gaming Revenue (NGR)	**40 611**	**39 586**	**29 843**	**28 497**	**26 124**
Growth Net Gaming Revenue, y-y %	*55%*	*76%*	*63%*	*115%*	*97%*
Growth Net Gaming Revenue, q-q %	*3%*	*33%*	*5%*	*9%*	*16%*
Net Gaming Revenue (NGR) per geography					
Nordic region, % Net Gaming Revenue	56.6%	58.0%	62.1%	60.1%	64.4%
UK, % Net Gaming Revenue	10.6%	13.2%	12.8%	17.6%	22.1%
Rest of Europe, % Net Gaming Revenue	16.8%	*13.6%*	*12.7%*	*9.9%*	*7.4%*
Rest of the World, % Net Gaming Revenue	16.1%	*15.2%*	*12.5%*	*12.4%*	*6.1%*
Number of active customers	**404 773**	**338 861**	**540 276**	**480 320**	**247 971**
Growth active customers, y-y %	*63%*	*43%*	*193%*	*209%*	*130%*
Growth active customers, q-q %	*19%*	*-37%*	*12%*	*94%*	*5%*
Number of depositing customers	**176 306**	**156 389**	**176 635**	**121 615**	**100 852**
Growth depositing customers, y-y %	75%	77%	147%	87%	93%
Growth depositing customers, q-q %	*13%*	*-11%*	*45%*	*21%*	*14%*
Number of new depositing customers	**85 384**	**74 638**	**109 718**	**60 989**	**46 690**
Growth new depositing customers, y-y %	83%	76%	235%	84%	87%
Growth new depositing customers, q-q %	*14%*	*-32%*	*80%*	*31%*	*10%*
Number of returning depositing customers	**90 922**	**81 751**	**66 917**	**60 626**	**54 162**
Growth returning depositing customers, y-y %	68%	78%	72%	90%	99%
Growth returning depositing customers, q-q %	*11%*	*22%*	*10%*	*12%*	*18%*

Consolidated income statement per quarter

EUR'000s	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Revenue	**41 165**	**39 713**	**30 980**	**29 541**	**26 041**
Cost of sales	(7 599)	(7 222)	(6 210)	(5 488)	(4 457)
Gaming Duties	(1 677)	(1 409)	(1 207)	(1 380)	(1 162)
Gross profit	**31 889**	**31 082**	**23 563**	**22 673**	**20 422**
Personnel costs	(4 636)	(4 822)	(4 430)	(3 895)	(3 047)
Capitalised development costs	733	686	752	638	675
Operating expenses	(3 197)	(2 899)	(3 682)	(8 136)	(3 722)
Marketing expenses	(14 912)	(14 317)	(18 708)	(12 510)	(13 250)
Other income and expenses	74	73	51	(67)	(678)
EBITDA	**9 951**	**9 802**	**(2 454)**	**(1 297)**	**401**
Depreciation and amortisation	(434)	(366)	(323)	(274)	(231)
Operating profit (EBIT)	**9 517**	**9 436**	**(2 777)**	**(1 571)**	**170**
Net financial income	5	8	2	1	6
Profit before tax	**9 522**	**9 444**	**(2 775)**	**(1 570)** 0	**176**
Income tax	368	(450)	107	(219)	(20)
Net profit for the period*	**9 890**	**8 993**	**(2 668)**	**(1 789)**	**156**
Earnings per share (EUR)	**0.10**	**0.09**	**(0.03)**	**(0.02)**	**0.00**
Earnings per share after dilution (EUR)	**0.10**	**0.09**	**(0.03)**	**(0.02)**	**0.00**
Number of shares outstanding adjusted for share split (million)	99.70	99.70	99.70	99.70	93.85
Number of diluted shares outstanding adjusted for share split (million)	100.74	100.65	100.76	100.71	94.85
Key ratios					
Cost of sales as a % of revenue	18.5%	18.2%	20.0%	18.6%	17.1%
Gaming duties as a % of revenue	4.1%	3.5%	3.9%	4.7%	4.5%
Gross margin, %	77.5%	78.3%	76.1%	76.8%	78.4%
Personnel costs as % of revenue	11.3%	12.1%	14.3%	13.2%	11.7%
Operating expenses as % of revenue	7.8%	7.3%	11.9%	27.5%	14.3%
Marketing expenses as % of revenue	36.2%	36.1%	60.4%	42.3%	50.9%
EBITDA, margin %	24.2%	24.7%	(7.9%)	(4.4%)	1.5%
EBIT, margin %	23.1%	23.8%	(9.0%)	(5.3%)	0.7%
Net margin, %	24.0%	22.6%	(8.6%)	(6.1%)	0.6%

*Profit for the period is attributable to shareholders of the Parent Company.

EUR'000s	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
EBITDA	**9 951**	**9 802**	**(2 454)**	**(1 297)**	**401**
Expenses related to IPO	0	0	0	5 283	635
Adjusted EBITDA	**9 951**	**9 802**	**(2 454)**	**3 986**	**1 036**
Depreciation and amortisation	(434)	(366)	(323)	(274)	(231)
Adjusted EBIT	**9 517**	**9 436**	**(2 777)**	**3 712**	**805**
Adjusted EBITDA margin %	24.2%	24.7%	(7.9%)	13.5%	4.0%
Adjusted EBIT margin %	23.1%	23.8%	(9.0%)	12.6%	3.1%

Consolidated balance sheet per quarter

EUR'000s	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
ASSETS					
Non-current assets					
Property, plant and equipment	1 194	1 064	1 093	777	694
Intangible assets	5 860	5 418	4 872	4 333	3 872
Deferred tax assets	837	7	7	7	7
Total non-current assets	**7 891**	**6 489**	**5 972**	**5 117**	**4 573**
Current assets					
Trade receivables	6 739	6 617	4 893	19 667	4 045
Other current receivables	3 098	1 674	2 157	2 465	1 813
Cash and cash equivalents	60 218	48 088	39 220	30 176	22 605
of which restricted cash (player funds)	*4 067*	*3 085*	*3 270*	*2 879*	*3 246*
Total current assets	**70 055**	**56 379**	**46 270**	**52 308**	**28 464**
TOTAL ASSETS	**77 946**	**62 868**	**52 242**	**57 425**	**33 036**
EQUITY AND LIABILITIES					
Share capital	1 196	1 196	1 196	1 196	57
Additional paid-in capital	36 411	36 411	36 411	36 411	17 689
Retained earnings /(Accumulated losses)	13 228	3 338	(5 655)	(2 987)	(1 198)
Equity attributable to owners of the Parent Company	**50 835**	**40 945**	**31 952**	**34 620**	**16 548**
Non-current liabilities	924	920	915	906	906
Total non-current liabilities	**924**	**920**	**915**	**906**	**906**
Current liabilities					
Trade and other payables	8 737	5 408	5 748	10 400	4 748
Player liabilities	4 067	3 085	3 270	2 879	3 246
Other liabilities	1 033	416	0	446	621
Accrued expenses	12 350	12 094	10 357	8 174	6 968
Total current liabilities	**26 187**	**21 003**	**19 375**	**21 899**	**15 583**
TOTAL EQUITY AND LIABILITIES	**77 946**	**62 868**	**52 242**	**57 425**	**33 036**

Consolidated statement of cash flows per quarter, condensed

EUR'000s	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Operating profit	9 517	9 436	(2 777)	(1 571)	170
Adjustments for non-cash items	234	722	566	538	68
Cash flow from changes in working capital	3 149	177	(2 532)	9 693	4 133
Cash flow from operating activities	**12 900**	**10 335**	**(4 743)**	**8 660**	**4 372**
Acquisition of property, plant and equipment	(261)	(97)	(423)	(172)	(325)
Acquisition of intangible assets	(747)	(786)	(756)	(646)	(648)
Acquisition of subsidiaries	0	0	0	0	(156)
Cash flow from investing activities	**(1 008)**	**(883)**	**(1 179)**	**(818)**	**(1 129)**
Proceeds from share issue/other equity securities	0	0	15 353	0	127
Cash flow from financing activities	**0**	**0**	**15 353**	**0**	**127**
Net increase/(decrease) in cash and cash equivalents	11 892	9 452	9 431	7 842	3 369
Cash and cash equivalents at start of the period	48 088	39 220	30 176	22 605	19 065
Currency effects on cash and cash equivalents	238	(584)	(387)	(271)	170
Cash and cash equivalents at end of period	**60 218**	**48 088**	**39 220**	**30 176**	**22 605**
of which restricted cash (player funds)	*4 067*	*3 085*	*3 270*	*2 879*	*3 246*

Definitions

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

Adjusted EBIT
EBIT adjusted for non-recurring items affecting comparability

Adjusted EBITDA
EBITDA adjusted for non-recurring items affecting comparability

Average number of full-time employees
The average number of full-time employees over the entire period

Cash and cash equivalents
Balances in bank accounts plus e-wallet balances

Depositing customers
Customers who have made a cash deposit during the period

Deposits
Includes all cash that has been put into the casino from customers in a given period

Earnings per share
Profit for the period attributable to owners of the Parent Company, divided by the number of shares outstanding at the end of the period

EBIT
Operating profit before interest and tax

EBIT margin, %
EBIT in relation to operating revenue

EBITDA
Operating profit before interest, tax, depreciation, amortisation and impairment losses

EBITDA margin, %
EBITDA in relation to revenue

Equity/assets ratio, %
Shareholders' equity divided by total assets

Gross profit
Revenue less direct variable costs that include, but are not limited to, games suppliers, software costs, payment processing, and gambling taxes and duties

Items affecting comparability
Non-recurring items associated with costs for the Initial Public Offering

Locally regulated markets
Markets that have regulated online gaming and have issued licences that operators can apply for

Mobile devices
Smartphones and tablets

Net gaming revenue (NGR)
Total cash bets placed less all winnings payable to customers after bonus costs and pooled jackpot contribution

Net profit
Profit after all costs including interest and tax

New depositing customer (NDC)
A customer who has made his/her first cash deposit during the period

Operating cash flow after investments
Operating profit including change in depreciation, amortisation and impairment losses, working capital, and investments in other non-current assets (net)

Operating profit (EBIT)
Profit before interest and tax

Organic growth
Growth excluding acquisitions, currency effects are not excluded

Revenue
Net gaming revenue plus adjustments for corrections, changes in provisions for local jackpots and provisions for unconverted bonuses

Returning depositing customer (RDC)
A customer who has made a cash deposit during the period but made his/her first deposit in an earlier period

Shareholders' equity per common share
Shareholders' equity attributable to owners of the Parent Company divided by the number of shares at the end of the period after redemptions, repurchases and new issues