

Stockholm, 24 October 2017

LeoVegas enters into agreement to acquire gaming operator Royal Panda, obtains debt financing of EUR 100 million and adjusts financial targets

LeoVegas AB (publ) ("LeoVegas" or "Company") has, through its wholly owned subsidiary LeoVegas International Ltd, entered into an agreement to acquire all of the shares in the Maltese company Web Investments Limited, whose group holds the Royal Panda trademark ("Royal Panda"). The acquisition is being made for a purchase price of EUR 60 m with a possible earn-out payment of an additional EUR 60 m. Due to the acquisition and in order to act on future acquisition opportunities, the LeoVegas Group has obtained debt financing of EUR 100 million, of which EUR 40 million constitutes a revolving credit facility. Completion of the acquisition is expected to be transferred on 1st of December 2017. Due to the acquisition, LeoVegas Board of Directors has adjusted the Company's financial targets.

About the acquisition

The acquisition of Royal Panda strengthens LeoVegas' expansion in regulated gaming markets, especially in the UK, and adds a strong and exciting brand to the LeoVegas Group. If certain financial milestones are met within 12 months after the date of completion, Royal Panda is entitled to a maximum earn-out payment of EUR 60 m. The total purchase consideration can thus amount to a maximum of EUR 120 m.

In order for Royal Panda to be entitled to the maximum earn-out, the company must achieve at least EUR 50 m in Net Gaming Revenue (NGR) and EBITDA of at least EUR 15 m, at least EUR 34 m of NGR must be derived from the UK, and EBITDA from the UK must amount to at least EUR 5 m. The acquisition of Royal Panda is in line with LeoVegas strategy to continue growing on regulated markets.

LeoVegas has a strong cash position that has been used for the initial purchase price. In addition, LeoVegas has obtained a debt financing of EUR 100 m in order to act on future acquisition opportunities. Out of the EUR 100 m, EUR 40 m consists of a Revolving Credit Facility (RCF). The financing has a term of three years, and amortisation will commence in the second quarter of 2019 in the amount of EUR 10 m quarterly. The interest rate on financing is approximately 2 percent.

About Royal Panda

Royal Panda has a proprietary technical platform focused on online casino, and the company recently launched a sportsbook. The launch looks promising and LeoVegas believes that the Royal Panda brand also works well with sport customers. The company today has approximately 60 employees, and its head office is located in Malta.

Royal Panda's main market is the UK, which in the third quarter of 2017 accounted for 50% of revenue. During the same quarter, gaming on mobile devices accounted for 65% of revenue. During the third quarter of 2017 Royal Panda's total revenue grew 61% to EUR 9.8 m, with estimated¹ EBITDA of EUR 3.2 m.

"Royal Panda has in a short time built up an efficient business with an exciting and strong brand. This is a major acquisition that we are carrying out following a carefully executed process. With the help of the strong symbolic value in the panda, the company has built a premium brand among gamers, and we will complement LeoVegas with Royal Panda. This gives us two great brands with global appeal, which makes the scalability in the continued growth strong while strengthening our position in the UK," comments Gustaf Hagman, Group CEO, LeoVegas.

Financial targets

With the acquisition of Royal Panda, LeoVegas can now leave the short-term financial targets for 2018 since the targets were set without taking any major acquisitions into account.

LeoVegas does not provide any future forecasts, but still has the following long-term targets:

- Long-term organic growth above online gaming market
- Long-term at least 15% EBITDA margin assuming 100% regulated markets
- LeoVegas dividend policy is to distribute a minimum of 50% of net profit over time

¹ Certain costs for the month of September are approximate figures in order to calculate estimated EBITDA.

Presentation

Presentation of the acquisition will be given in conjunction with the presentation of LeoVegas' third quarter, which takes place 25th October at 9:00 (CET) and will be reached via the link:

- <https://edge.media-server.com/m6/p/4pk3b55e>

The information in this release is such that LeoVegas AB (publ) is required to make public in accordance with the EU Market Abuse Regulation (596/2014). The information was submitted, by the agency of the contact persons below, for publication at 21:45 CET on 24th of October 2017.

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About the LeoVegas mobile gaming group

LeoVegas' passion is "Leading the way into the mobile future". The business is distinguished by award-winning innovation and strong growth. LeoVegas' technical development is conducted in Sweden, while operations are based in Malta. The Swedish parent company LeoVegas AB (publ) invests in companies that offer gaming via mobile devices and desktop computers along with companies that develop related technologies. LeoVegas has attracted major international acclaim and has won numerous awards, including "Nordic Operator of the year", "Mobile Marketing Campaign of the Year" and "Innovation in Mobile and Tablet of the Year" at the international EGR Awards. LeoVegas bases its development on "Mobile First" and is at the forefront of using state-of-the-art technology in the mobile gaming market. With a foundation in a great gaming experience, long-term customer relationships and establishment of a strong brand, the company has attracted a steadily growing customer base through innovative, effective and data-driven marketing. Since its start, the mobile gaming company LeoVegas has shown strong quarter-on-quarter growth. LeoVegas' shares are listed on Nasdaq First North Premier. Avanza Bank AB is the company's Certified Adviser. For more about LeoVegas, visit www.leovegasgroup.com or www.leovegas.com.