ANNUAL REPORT 2017

NORDIC LEISURE AB (publ)

556685-0755

NORDIC LEISURE

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The Board of Directors and CEO of Nordic Leisure AB (publ), corp. ID no. 556685-0755, hereby submit their annual report for the 2017 financial year.

OPERATIONS

Nordic Leisure owns and manages companies in the gaming and media segments.
Gaming segment is being consolidated within Lifland Gaming Group. This Group works with a clearly defined and diversified brand strategy. 183 persons are active within the business area and have offices in Tallinn, Riga, Vilnius, Malta and Marbella. The companies in the business area hold and operate under national gaming licences issued by licensing authorities in Estonia, Latvia, Lithuania, the UK, Malta and Curacao.
In the Media segment Nordic Leisure delivers sports results and conducts performance-based marketing. Operational entities within this segment are Score24, Comskill, Future Lead Generation and Kama Net. The business area's total holdings of domain names exceeds 2,000, about 800 of which are operational, including about 10 that are regarded as Prime Brands or Potential Future Prime Brands.
Nordic Leisure's shares are listed on Nasdaq OMX First North with Redeye AB as the Certified Advisor.

PRODUCTS

Within gaming, Group operates online casinos and land-based betting shops under the brands Optibet, GoldClubCasino and Best brands.
The most important products are casino, betting, poker and bingo.
Of the Group's combined gaming revenues in 2017, casino accounted for 48% and betting 44%, out of which 24.7% related to land-based betting shops. Poker accounted for 7% of gaming revenues. Mobile sales amounted to 44.7% of the business area's total sales during the year.
Media segment was enhanced by purchase of gaming affiliation companies Kama Net and Future Lead Group. Total media revenues in 2017 amounted to 2,745 thousand EUR.
In addition to this, the Group has other operating income which is primarily generated from to rental income, transaction fees, consulting and developing B2B sales segment.

MARKETS

Online gaming market is growing rapidly, a development that has been under way for many years. The Group's assessment is that the market for regulated online gaming will continue to grow in the Baltics, the EU and globally.

The Group expects that more markets in the EU will become regulated in coming years which will have an impact on the competition landscape.

We also see continued consolidation within the industry among gaming operators, vendors and affiliated operations. It is likely that this consolidation will continue to accelerate, especially in more mature markets.

Nordic Leisure AB's primary market, the Baltic countries, accounts for the majority of the Group's revenues. Here, we see a clear growth potential through the development of our product portfolio and customer relations. As evidenced by the statistical data published by gaming inspections from each of the Baltic countries, iGaming market during 2017 has grown 54% in Latvia, 45% in Lithuania and 39% in Estonia. Weighted average growth for the Baltics as a single market was 45% annually.

In the Group's assessment, emerging markets are attractive for introducing new and existing brands as we see the competitive environment in these markets as being less challenging and where establishment is judged to be manageable.

In addition, online games over mobile devices have grown explosively in recent years and we see no indications that this development will slow down. We define mobile devices as smart phones and tablets in this case. Continuing sales growth in mobile devices, improving technology and availability, and greater connectivity are driving factors in this trend. We also see customer experience and ease of handling improving quickly in a steady trend, which also impacts the growth potential. Customer behaviour and related changes have a significant general impact and are clearly apparent in younger generations. Taken together, these factors indicate that online gaming on mobile devices will continue to increase rapidly in coming years.

SIGNIFICANT EVENTS 2017

In July Group implemented acquisitions of Kama Net and Future Lead, two companies active within online gaming affiliation.
In September Baltic Bet UAB, a licensed Lithuanian gaming operator, became part of the Group, thus achieving a pan-Baltic presence. During the year Group continued investments in development of its in-house cutting edge technical platform.

REVENUE AND EARNINGS

The Group's consolidated revenue amounted to EUR 23.5 million in 2017, an increase of 2%, while after elimination of divested operations in 2016 and sales proceeds of thereof the annual growth amounts to 45% with gaming revenues growing 58% year over year.
Gross profit amounted to EUR 16.9 million (16.2), an increase of 4% or 39% if excluding the divestments compared with the previous year. The operating profit amounted to EUR 5.3 million (4.4 or 0.3 after exclusion of divested operations) and profit after tax amounted to a profit of EUR 4.5 million (3.9).
During Q3 2016 Betting Promotion Systems (BPS) AB (publ) was sold and excluded from the income statement accordingly. The net profit of the divestment amounted to EUR 4.0 million.
In the Q3 2017, the acquired companies Kama Net, Future Lead Group and Baltic Bet were included in the consolidated income statement from the respective acquisition months, which was July for the first two and September for the latest.

REVENUE AND EARNINGS PER QUARTER

Group in summary, EUR 000s	Q4	Q3	Q2	Q1
Revenue	7,687	6,464	4,906	4,449
Gross profit	5,871	4,773	3,344	2,872
Operating profit/loss	2,065	1,697	855	640
Profit/loss for the period	1,754	1,481	695	547

FINANCIAL POSITION AND LIQUIDITY

Operating cash flow for the period was EUR 6.2 million (0.7). Equity amounted to EUR 24.9 million (17.0), which corresponds to equity of EUR 0.44 per share (0.30). The equity ratio at the end of the period was 79 per cent (86). Cash and cash equivalents totalled EUR 7.3 million (10.3), of which EUR 0.8 million (0.9) were client funds. The corresponding amount of EUR 0.8 million (0.9) for client liabilities is included in other liabilities. Cash and cash equivalents for the Group were accordingly EUR 6.5 million (9.4). Total assets amounted to EUR 31.3 million (19.7).

PERSONNEL

The average number of employees was 163 (132).

INVESTMENTS

Investments for the Group amounted to EUR 12.6 million (2.3), out of which EUR 1.4 million relates to investments in Group's technical platforms, EUR 11.0 million were invested in acquisitions and EUR 0.2 million in hardware.

CUSTOMERS

During 2017 we had 62 151 unique active players (46 014), meaning players who made at least one bet with real deposited money. Total amount of deposits in 2017 reached EUR 55.5 million compared to 36.9 in 2016 showing a growth of 50%.

PARENT COMPANY

For the Parent Company, in which customary Group management functions are performed, revenue amounted to EUR 166 thousand (155). Of the Parent Company's income, 90% (100) relates to sales to Group companies. In the Parent Company, no purchases were made from Group companies. Loss after tax amounted to EUR 445 thousand (loss: 374).

PROPOSED DIVIDEND

The Board of Directors of Nordic Leisure AB (publ) proposes that no dividend (0.00) be paid for 2017 as earning will get reinvested in future growth.

DISTRIBUTION OF PROFIT

The following amounts are at the disposal of the Annual General Meeting based on Parent Company's result:

Share premium reserve	EUR 12,859 thousand
Profit brought forward	EUR 2,057 thousand
Loss for the year	EUR -445 thousand
Total:	**EUR 14,471 thousand**

The Board of Directors and CEO propose that the Parent's loss for the year of EUR 445 to be covered from prior period profits. Profit brought forward thereafter amounts to EUR 14,471 thousand.

DISPUTES

No legal actions or arbitration procedures are currently in progress which have or may be anticipated to have material financial impact on the company.

TRANSACTIONS WITH RELATED PARTIES

The Group company SIA Optibet paid premises rent during the year for a gaming store in Latvia. The landlord, BG Real Estate, is majority owned by Niklas Braathen, Chairman of the Board of Nordic Leisure AB (publ) and a member of the Board of SIA Optibet, and Aigars Zviedris, member of the Board of SIA Optibet. The rent amount was EUR 13 thousand (13) and is set at market price.

FINANCIAL RISKS

Through its operations the Group is subject to various financial risks, such as market risk (comprehensive foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group’s overall risk management policy is to strive for minimal unfavourable effects on financial position and performance.

MARKET RISK

Foreign exchange risk

Group’s functional currency is EUR and any foreign currency exposure is very limited.

Price risk

The Group is not currently subject to price risk comparable to financial assets.

Interest rate risk

Interest rate risk refers to the risk that movements in market interest rates could have a negative impact on the company’s net interest income and expenses. The Group has no interest-bearing liabilities.

CREDIT RISK

Credit risk refers to the risk that the counterparty in a transaction with a financial instrument cannot fulfil its commitment and thereby cause the company a loss. Maximum credit risk corresponds to the book value of the Group’s current assets, which on the balance sheet date amounted to EUR 10.6 million (12.5) of which EUR 6.5 million (9.4) comprised own cash and bank balances. The credit risk is deemed to be limited.

LIQUIDITY RISK

Liquidity risk is the risk that the company has difficulties obtaining money to meet its commitments. The liquidity risk at the closing date is deemed to be insignificant.

SUSTAINABILITY

The sustainability paragraphs contain the non-financial disclosures required to understand the company's development, position, results and the consequences of its operations.

Having vast majority of revenues coming from regulated markets the Group is dedicated to full compliance with local and international regulations and acts with integrity at it's core. Based on our business model we have identified four areas of focus: regulatory compliance, responsible gaming, social conditions and transparency of operations.

REGULATORY COMPLIANCE

Group companies hold national gaming licences issued by licensing authorities in Estonia, Latvia, Lithuania, the UK, Malta and Curacao. We operate in accordance to strict rules and limitations in these countries. Rules and requirements include a mix of various provisions, including, but not limited to, advertising restrictions, game certification, financial health requirements, regular reporting to gaming authorities and gaming tax compliance. We look at compliance as a prerequisite for doing the business and at taxation as a way to give back to the society. Regulatory compliance is reported regularly to the governing bodies of the countries where we have a licence. Our legal and compliance department together with finance department have designed a set of procedures to ensure constant and consistent execution of regulatory requirements across all our geographies. Our IT department ensures compliance with procedures related to protection and security of customer data.

RESPONSIBLE GAMING

We strive to provide our customers the fastest, safest and most entertaining gaming experiences. Safe and entertaining gaming experience means identification of gambling problems and providing tools to cure them. The Group uses both technical and live conversation factors to identify gambling addiction and to help users restrict their gambling habits or exclude themselves from gambling activities. The gambling habits can be restricted by customer options to set account-based limits for playing time, funds spending and bets placed. Users can exclude themselves on their accounts and customer service agents can exclude users if they indicate any gambling addiction. Various jurisdictions have set measures with which the Group complies. The Group has implemented internal procedures for employees how to act upon such situations. The Group has detected gaming addictions and has in such situations been acting in accordance with the prescribed procedures.

SOCIAL CONDITIONS

We pride ourselves on having a happy and dedicated workforce where every individual understands and loves their role. Group's success is largely dependent on the company's employees, corporate culture and instilled values. Values that we promote in the organisation are Love your customer, Create fantastic entertainment, Break the boundaries, Work smart and Get it done. We encourage diversity and treat all employees equally. As a testimony, at the year end the Group had 194 employees of eleven nationalities, based in offices in Tallinn, Riga, Vilnius, Malta, Marbella and Stockholm. 61% of employees are women and almost 50% of total are aged under 30. Group is committed to comply with local labor laws and rigts, labor taxation regulations and occupational health and safety laws.

TRANSPARENCY OF OPERATIONS

Being regulated puts on responsibility, but at the same time promotes trustworthiness. Through our compliance efforts and reporting to the gaming regulators we ensure clarity of our business.

As an online gaming operator, we face similar challenges as financial institutions. We process thousands of transactions on daily basis and each of these must be subject to strict anti-money laundering rules. The Group carries out proper customer due diligence measures and revises its internal routines, risk assessment and action plans on an ongoing basis. The Group has implemented technical systems to identify any triggers of risks for money laundering, in relation to money transfers and betting activities on users’ accounts. By the detection of an indication of a risk for money laundering, an in-depth investigation is carried out by designated officers, both on Group and individual company level. Suspicions of money laundering are reported by employees throughout the organisation and supporting documentation for any suspected account is kept in order to investigate and prosecute suspected money laundering. The Group’s employees are obliged to live by the internal procedures and policies in order to minimalise the risks for and identify any attempts of money laundering. The Group has not encountered money laundering attempts so far.

We operate with zero tolerance for corruption and bribery in our business. All supplier relations are subject to an Anti-Money Laundering review. No cases of corruption involving the Group were ever reported.

The Group has been preparing for General Data Protection Regulation implementation that takes force on May 25, 2018. We are conducting external audits to evaluate alignment with the coming rules of our internal platforms and customer-facing processes and policies.

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

On April 6, 2018 the board of directors announced the appointment of Robert Andersson as its new CEO and President. Robert joins the company from his role as CEO at Catena Media and replaces Peter Åström, who is switching to another role within the group with responsibility for business development. Robert Andersson has taken up his position as CEO and President at NLAB on April 16, 2018.

OUTLOOKS FOR 2018

Over the year we have divided the group up into two areas of business, executed three acquisitions and succeeded in integrating them. We have been able to maintain strong rate of growth under high margins at the same time making major investments in future technical development. As a consequence of this, the group is now facing something that has to be described as a paradigm shift. We are to go from being technology-driven to going the whole way and becoming market-oriented. Being able to do this with our own technology makes us feel very confident that there is now 'nothing behind us', and enables us to redirect our focus towards sales and marketing, without depending on third party suppliers, and hence maintain high margins in our business.

In 2018 we will continue working to strengthen our customer offering and to establish ourselves on new regulated markets. This is the basis for creating long-term revenue with low risk, which is not affected by political decisions or other factors of insecurity. Quite simply, what we define as sustainable revenue. We leave 2017 with a good result development within both our areas of business, a strong unencumbered balance sheet and with a conviction that 2018 will also be our best year so far.

INCOME STATEMENT

(Group in summary) EUR 000s	2017	2016	2015	2014	2013
Revenue					
Gaming revenue [1]	20,263	16,253	9,517	6,568	7,707
Media revenue	2,745	1,005	169	0	0
Other revenue	459	5,665	734	645	338
Total revenue	**23,467**	**22,923**	**10,420**	**7,213**	**8,045**
Operating costs in gaming activities	(6,534)	(6,720)	(3,442)	(1,843)	(1,698)
Gross profit/loss	**16,933**	**16,203**	**6,978**	**5,371**	**6,347**
Operating expenses	(10,195)	(10,707)	(7,624)	(5,288)	(5,647)
Operating income before depreciation, amortisation and impairment losses	**6,739**	**5,496**	**(646)**	**83**	**700**
Depreciation, amortisation and impairment	(1,481)	(1,083)	(457)	(496)	(428)
Operating profit/loss	**5,258**	**4,413**	**(1,103)**	**(413)**	**272**
Net financial items	23	(14)	0	499	5,398
Profit/loss after financial items	**5,281**	**4,399**	**(1,103)**	**86**	**5,670**
Income tax	(802)	(459)	(293)	(232)	37
Profit/loss for the period	**4,479**	**3,940**	**(1,396)**	**(146)**	**5,707**
Profit attributable to:					
Parent Company shareholders	4,478	3,739	(1,393)	(146)	5,707
Minority	1	201	(3)	0	0

KEY PERFORMANCE INDICATORS, GROUP

KPI	2017	2016	2015	2014	2013
Return on equity, % (1)	21	26	-8	-3	150
Return on assets, % (2)	18	22	-6	-3	72
Equity at period-end, EUR 000s	24,875	16,955	13,696	9,105	9,556
Equity ratio at period-end, % (3)	79	86	82	86	91
Number of full-time employees at period-end	194	126	200	130	120
Average number of employees	163	132	138	118	110
Number of shares at period-end, 000s	56,610	56,610	56,209	38,170	38,170
Average number of shares	56,610	56,309	39,673	38,170	35,170
Equity per share, EUR (4)	0.44	0.30	0.24	0.24	0.25
Earnings per share, EUR (5)	0.08	0.07	(0.02)	(0.00)	0.15
Dividend per share, EUR (6)	0.00	0.00	0.00	0.00	0.10
Cash flow for the period, EUR 000s	(2,952)	3,759	268	2,192	1,260
Cash flow from operating activities, EUR 000s	6,212	719	(1,360)	575	(2,559)

DEFINITIONS OF KEY PERFORMANCE INDICATORS

1.Return on equity (%)

Net profit as a percentage of average equity.

2.Return on assets (%)

Net profit as a percentage of average total assets.

3.Equity ratio (%)

Equity as percentage of balance sheet total.

4.Equity per share (EUR)

Equity at year-end divided by the total number of shares outstanding at period-end.

5.Earnings per share (EUR)

Net profit for the period divided by the average number of outstanding shares for the year.

6.Dividends per share (EUR)

Dividends for the period divided by the total number of outstanding shares at period-end.

[1] On 1 January 2017 the Group changed the definition of the term "gaming revenue". Gaming revenue is now defined as gaming bets minus gaming winnings, bonuses, jackpot contributions and costs of loyalty programs. Gaming revenue was previously reported before these costs, which were included in marketing costs. All data relating to previous years in the consolidated income statement on this page has been adjusted and is recognized in accordance with the new definition.

		Group		Parent Company	
EUR 000s	Note	**2017**	**2016**	**2017**	**2016**
Revenue					
Gaming revenue [1]		20,263	16,253	0	0
Media revenue		2,745	1,005	0	0
Other revenue		459	5,665	166	155
Revenue total	3	**23,467**	**22,923**	**166**	**155**
Operating costs					
Operating costs in gaming activities		(6,534)	(6,720)	0	0
Gross profit/loss		**16,993**	**16,203**	**166**	**155**
Operating costs					
Marketing expenses		(2,689)	(1,312)	0	0
Other external expenses	4	(3,178)	(3,927)	(361)	(265)
Staff expenses	5	(5,710)	(5,560)	(233)	(260)
Capitalised development costs		1,383	92	0	0
Operating income before depreciation and amortisation		**6,739**	**5,496**	**(428)**	**(370)**
Impairments and depreciation of property, plant and equipment and amortisation of intangible assets, including goodwill	7-10	(1,481)	(1,083)	(16)	(5)
Operating profit/loss		**5,258**	**4,413**	**(444)**	**(375)**
Profit/loss after financial items					
Profit participations from subsidiaries		0	0	0	0
Interest income and similar items		23	0	0	1
Interest expenses and similar items		0	(14)	0	0
Net financial items		**23**	**(14)**	**(444)**	**(374)**
Profit/loss after financial items		**5,281**	**4,399**	**(444)**	**(374)**
Tax on profit/loss for the period	6	(802)	(459)	0	0
Profit/loss for the year		**4,479**	**3,940**	**(444)**	**(374)**
Profit attributable to:					
Parent Company shareholders		4,478	3,379		
Minority		1	201		
Earnings per share, EUR		0.08	0.07		
Earnings per share, EUR after dilution		0.07	0.07		

[1] On 1 January 2017 the Group changed the definition of the term "gaming revenue". Gaming revenue is now defined as gaming bets minus gaming winnings, bonuses, jackpot contributions and costs of loyalty programs. Gaming revenue was previously reported before these costs, which were included in marketing costs. All data relating to previous years in the consolidated income statement on this page has been adjusted and is recognized in accordance with the new definition.

		Group		Parent Company	
EUR 000s	Note	**31/12/2017**	**31/12/2016**	**31/12/2017**	**31/12/2016**
ASSETS					
Non-current assets					
Intangible non-current assets					
Capitalised expenses and other intangible assets	7	3,005	2,320	0	0
Goodwill	8	15,371	2,342	0	0
Total intangible non-current assets		**18,376**	**4,662**	**0**	**0**
Property, plant and equipment					
Land and buildings	9	1,753	1,931	0	0
Equipment, tools, fixtures and fittings	10	426	532	27	41
Total property, plant and equipment		**2,179**	**2,463**	**27**	**41**
Financial assets					
Participations in Group companies	11	0	0	21,790	8,456
Deferred tax assets		4	4	0	0
Other non-current receivables		136	79	90	0
Total financial assets		**140**	**83**	**21,880**	**8,456**
Total non-current assets		**20,695**	**7,208**	**21,907**	**8,497**
Current assets					
Current receivables					
Other receivables	12	2,209	2,089	3	40
Receivables from Group companies		0	0	4,852	6,398
Prepaid expenses	13	1,119	174	16	20
Total current receivables		**3,328**	**2,263**	**4,871**	**6,458**
Cash and bank balances	14	**7,316**	**10,250**	**3,034**	**5,955**
Total current assets		**10,644**	**12,513**	**7,905**	**12,413**
TOTAL ASSETS		**31,339**	**19,721**	**29,812**	**20,910**

		Group		Parent Company	
EUR 000s	Note	**31/12/2017**	**31/12/2016**	**31/12/2017**	**31/12/2016**
EQUITY AND LIABILITIES					
Equity					
Group					
Share capital		1,311	1,183		
Profit/loss brought forward incl. profit/loss for the year		23,292	15,254		
Equity attributable to Parent Company shareholders		**24,603**	**16,437**		
Minority interest		272	518		
Total equity, Group		**24,875**	**16,955**		
Parent Company					
Share capital				1,311	1,183
Profit/loss brought forward incl. profit/loss for the year				14471	11,560
Total equity, Parent Company				**15,782**	**12,743**
Non-current liabilities		1,616	142	1,523	0
Total non-current liabilities		**1,616**	**142**	**1,523**	**0**
Current liabilities					
Accounts payables		767	369	89	48
Payables to Group Companies		0	0	11,653	8,101
Player deposits		768	903	0	0
Other liabilities	15	2,561	814	765	18
Accrued expenses and deferred income		752	538	0	0
Total current liabilities		**4,848**	**2,624**	**12,507**	**8,167**
TOTAL EQUITY AND LIABILITIES		**31,339**	**19,721**	**29,812**	**20,910**
Off balance sheet items					
Pledged assets		-	-	-	-
Contingent liabilities		-	-	-	-

EUR 000s	Group 2017	Group 2016	Parent Company 2017	Parent Company 2016
Operating activities				
Operating profit/loss	5,280	4,399	(445)	(377)
Non-cash items				
Depreciation, amortisation and impairment	1,481	1,083	16	5
Income tax paid	(802)	(436)	0	0
Capital gain or loss from sales of subsidiaries	0	(4,031)	0	0
Other non-cash items	(22)	(41)	0	0
Cash flows from operating activities before changes in working capital	**5,937**	**975**	**(429)**	**(372)**
Changes in working capital				
Changes in receivables	(1,065)	(620)	41	0
Changes in liabilities	1,340	364	23	0
Total operating cash flow after changes in working capital	**6,212**	**719**	**(365)**	**(372)**
Investing activities				
Investment in intangible non-current assets	(1,383)	(312)	0	0
Investment in property, plant, and equipment	(159)	(732)	(2)	(38)
Acquisition of subsidiaries	(11,081)	(1,212)	(11,081)	(1,212)
Sale of subsidiaries	0	5,283	0	0
Changes in non-current receivables	(57)	0	0	0
Cash flow from investing activities	**(12,680)**	**3,027**	**(11,083)**	**(1,250)**
Financing activities				
Loans received from/ (issued to) Group companies	0	0	5,012	5,152
Proceeds from share issue/other equity securities	3,515	0	3,515	0
Cash flow from financing activities	**3,515**	**0**	**8,527**	**5,152**
Cash flow for the period	**(2,952)**	**3,745**	**(2,921)**	**3,530**
Exchange-rate differences in cash and cash equivalents	18	(239)	0	0
Cash and cash equivalents at start of period	10,250	6,744	5,955	2,425
Cash and cash equivalents at period-end[1]	**7,316**	**10,250**	**3,034**	**5,955**

[1] The Group's cash and cash equivalents is comprised of client funds of EUR 768 thousand (903) and own funds EUR 6,547 thousand (9,346).

EQUITY

Group	Share capital	Profit brought forward	Minority	Total equity
Opening balance, 1 January 2016	1,231	12,235	312	13,778
Non-cash issue	8	239	0	247
Translation difference	(56)	(960)	5	(1,011)
Profit/loss for the year	0	3,740	201	3,941
Closing balance, 31 December 2016	**1,183**	**15,254**	**518**	**16,955**
New share issue[1]	122	3,393	0	3,515
Adjustment of opening balance for minority interest	0	247	(247)	0
Translation difference	6	(80)	0	(74)
Profit/loss for the year	0	4,478	1	4,479
Closing balance, 31 December 2017	**1,311**	**23,292**	**272**	**24,875**

Parent Company	Share capital	Share premium reserve	Profit brought forward	Profit/loss for the year	Total equity
Opening balance, 1 January 2016	1,175	9,503	2,585	(392)	12,871
Appropriation of previous year's profit/loss			(392)	392	0
Non-cash issue	8	316	(79)		245
Profit/loss for the year				(374)	(374)
Closing balance, 31 December 2016	**1,183**	**9,819**	**2,114**	**(374)**	**12,742**
Appropriation of previous year's profit/loss			(374)	374	0
New share issue[1]	122	3 076	317	0	3,515
Translation difference	6	(36)			(30)
Profit/loss for the year				(445)	(445)
Closing balance, 31 December 2017	**1,311**	**12,859**	**2,057**	**(445)**	**15,782**

[1] In December 2017 the Group's parent company concluded an incentive programme in accordance with a decision made by an extraordinary annual general meeting in January 2015. This programme will increase the number of shares in the parent company by 6,000,000 when it is registered with the Swedish Companies Registration Office and the shares are distributed by Euroclear. Cash settlement for the new shares was received prior to year-end.

1. ACCOUNTING POLICIES

Nordic Leisure AB, corp. ID no. 556685-0755, is a limited liability company registered in Sweden. The Parent Company's registered office is in Stockholm. The company's shares are listed on Nasdaq OMX First North.

The annual report and consolidated accounts have been prepared with the application of the Swedish Annual Accounts Act and the general recommendations of the Swedish Accounting Standards Board, BFNAR 2012:1 *Annual accounts and consolidated accounts* (K3).

Valuation principles
Assets, provisions and liabilities have been valued at cost unless otherwise stated below.

Receivables
Receivables have been recognised in the amounts expected to be received.

Receivables and liabilities in foreign currencies
Receivables and liabilities in foreign currencies have been translated at the closing day rate.

Consolidated accounts
Consolidated accounts comprise the Parent Company and companies in which the Parent Company directly or indirectly holds half of the votes or a controlling influence otherwise.

The consolidated accounts were prepared in accordance with the acquisition method. The acquisition method means that the Parent Company indirectly acquires the subsidiary's assets and assumes its liabilities. The difference between the cost of the shares and the fair value at the time of acquisition of acquired identifiable net assets constitutes the cost of goodwill, which is recognised as an asset in the balance sheet. If the difference is negative, the difference is recognised as income in the income statement.

The subsidiaries' income and expenses and assets and liabilities are included in the consolidated accounts as of the date that the controlling influence arises (acquisition date) and to the date that it ceases. Intra-Group receivables and liabilities and transactions between Group companies, as well as gains associated therewith are eliminated in their entirety.

Translation of foreign operations
Effective January 1, 2017 Group changed reporting currency to Euro as this is the functional currency.

Non-monetary items in integrated subsidiaries, whose functional currency is different than EUR, are translated at the investment rate while monetary items are translated at the closing day rate. Income and expenses in these operations are translated at the average exchange rate.

In independent subsidiaries, whose currency is different than EUR, the balance sheet is translated at the closing day rate while the income statement is translated at the average exchange rate. Exchange-rate differences that arise in the translation, translation differences, are booked directly against equity.

Income
The gaming revenues are recognised net of bets less the players' winnings, bonuses, and loyalty programmes.

Gaming transactions where the Group's income is comprised of a commission, fixed profit percentage or the like are recognised when the income can be reliably calculated and it is probable that the income will accrue to the Group.

Revenues from services sold are recognised excluding VAT and discounts and after elimination of intra-Group sales.

Other operating income
Other operating income is recognised as income from activities outside the direct gaming and media activities, such as income from transaction processing and rental income.

Taxes
Tax in the income statement comprises current and deferred tax. Current tax is tax that shall be paid or received with regard to the current year. Current tax may also be adjustments of current tax attributable to previous years. Deferred tax is calculated according to the balance sheet method on all material temporary differences. A temporary difference exists when the carrying amount of an asset or liability differs from the tax value. Such a difference can arise for example in an impairment or impairment reversal on an asset or when applied accounting policies differ between an individual Group company's accounts and the consolidated accounts.

Deferred tax assets are recognised to the extent that it is probable that future tax surpluses will be available, against which the temporary differences can be utilised.

Capitalised work for own account
Capitalised work for own account refers to the period's direct expenses for wages and other staff-related costs, which are attributed to development projects that are recognised as assets in the balance sheet.

Intangible non-current assets
Capitalised development costs
Development costs are capitalised as an asset in the balance sheet to the extent it is expected to provide future economic benefits. The asset is take up as of the date a decision is made to complete the respective project and there are conditions to do so. The carrying amount includes expenses for materials, purchased services, direct expenses for wages and indirect expenses attributable to the asset in a reasonable and consistent manner. Development costs are taken up at cost less accumulated amortisation and any impairment. Amortisation is applied systematically over the expected useful life which is deemed to be 3-5 years.

Other intangible assets
Other intangible asset class comprises domains, inhhouse developed software and acquired software licences. Carrying amount for other intangible assets is recognised at cost less accumulated amortisation and any impairments. Amortisation is systematically recognised over 3-5 years or licence duration whichever is more relevant.

Goodwill
Recognised goodwill represents the surplus value that arose in connection with business combinations and consists of synergy effects. Carrying amounts are recognised at cost less accumulated amortisation and any impairments. Amortisation is systematically recognised over the expected useful life. The company assesses that the surplus values acquired will be able to have a useful life of 10 years.

Property, plant and equipment
Buildings
Carrying amount for property, plant, and equipment in the form of properties is recognised at cost less accumulated depreciation and any impairments. Depreciation is applied as follows:

Buildings	
Structural systems	20 years
Façades, roofs, windows	20 years
Other	20 years

Equipment, tools, fixtures and fittings
Property, plant and equipment are valued at cost less accumulated depreciation. Depreciation is applied systematically over the assets' expected useful life which is deemed to be 3-5 years.

The assessment of the assets' potential residual value and useful life is done annually and adjusted as necessary.

Impairment
If there is an indication that assets in the Group have a book value that is too high, an analysis is done where the recoverable amount is calculated. The recoverable amount is the higher of net realisable value and value in use, where value in use is measured as expected future discounted cash flows. An impairment comprises the difference between book value and the recoverable amount.

Leasing
Leases where financial risks and benefits are essentially the same as in direct ownership of the asset are classified as finance leases. Other leases are classified as operating leases.

The leases that exist within the Group are recognised as operating leases. This means that no leased assets in the consolidated accounts are recognised as non-current assets. Instead, the leasing fee is expensed straight-line over the term of the lease.

Remuneration of employees
K3 has two different principles for recognition of defined-benefit plans in the consolidated accounts; the version of IAS 19 adopted by the EU in 2012 is applied or specific simplification rules described in K3 in items 28.18-28.22 are applied. The company applies the simplification rules.
According to item 28.22, corporate groups can recognise pension commitments in a foreign subsidiary in the same way as the pension commitments are recognised in the subsidiary. In the company's consolidated accounts, there are no pension plans covered by these simplification rules.

Short-term employee benefits
Short-term employee benefits in the Group is comprised of salary, social security contributions, paid holiday, paid sick leave, medical care and bonuses. Short-term employee benefits are recognised as an expense and a liability when there is a legal or constructive obligation to pay compensation.
Cash flow statement
The cash flow statement has been prepared using the indirect method. The reported cash flow includes only transactions involving inflows or outflows of cash.

Financial risks
Through its operations, the Group is subject to various financial risks, such as market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management policy is to strive for minimal unfavourable effects on financial position and performance.

2. JUDGEMENTS AND ESTIMATES

Preparing financial statements in accordance with K3 entails a use of significant accounting estimates. The Board and management are required to make certain judgements in connection with the application of the company's accounting policies. These judgements and assumptions are based on historical experiences and other factors deemed to be reasonable under prevailing circumstances. Actual outcomes can differ from these estimates if other assumptions are made or other circumstances exist. Principles for assumptions and judgements are reviewed regularly. Until the issue of this annual report, nothing has occurred that would give rise to any changes. The areas in which assumptions and judgements are of a material significance to the consolidated accounts in Nordic Leisure are capitalised development costs and goodwill.

3. SIMPLIFIED INCOME STATEMENTS AND BALANCE SHEETS BY PRODUCT AND GEOGRAPHIC MARKETS

Revenue per product	Casino	Betting	Poker	Other	Group
2017	9,710	8,890	1,516	3,351	23,467
2016	5,180	7,420	100	10,223	22,923
2015	3,711	5,806	0	903	10,420
2014	1,813	4,755	0	645	7,213
2013	3,835	3,313	560	338	8,045

Revenue by geographic market 2017	Sweden	Malta	Baltics	Other	Group
Gaming revenue	0	555	17,799	1,909	20,263
Media revenue	1,868	867	0	10	2,745
Other operating income	52	0	387	20	459
Total operating income	**1,920**	**1,422**	**18,186**	**1,939**	**23,467**

Revenue by geographic market 2016	Sweden	Malta	Baltics	Other	Group
Gaming revenue	0	667	11,661	3,925	16,253
Media revenue	1,005	0	0	0	1,005
Other operating income	324	211	554	545	1,634
Capital gain from selling BPS	0	0	0	4,031	4,031
Total operating income	**1,329**	**878**	**12,215**	**8,501**	**22,923**

As of the closing date, "Sweden" comprises Nordic Leisure AB (publ), Lifland Gaming AB, Score24 AB, Kama Net AB and Baltic Gaming AB.
As of the closing date, "Malta" comprises Future Lead group, West African Gaming Ltd and Best Bet Ltd.
As of the closing date, "Baltics" comprise SIA Optibet, SIA Darta, Baltic Bet UAB and Optiwin OÜ.
As of the closing date, "Other" comprises BVI and Curacao companies, eliminations and Group adjustments.

4. AUDIT FEES

Audit assignments refer to the auditors' work for the statutory audit and audit activities refers various kinds of quality assurance services. Other services are such that are not included in audit assignments, audit activities or tax consultancy.

	Group		Parent Company	
	2017	**2016**	**2017**	**2016**
Audit assignments				
PricewaterhouseCoopers	56	46	39	17
KPMG AB	0	6	0	6
3A Malta	0	18	0	0
Grant Thornton Rimess Baltic	0	11	0	0
Other	9	0	0	0
	65	**81**	**39**	**23**
Audit activities in addition to audit assignments				
PricewaterhouseCoopers	0	0	0	0
KPMG AB	0	6	0	6
	0	**6**	**0**	**6**
Tax consultancy				
PricewaterhouseCoopers	0	0	0	0
	0	**0**	**0**	**0**
Other services				
PricewaterhouseCoopers	0	9	0	9
KPMG AB	0	7	0	7
	0	**16**	**0**	**16**
Total	**65**	**103**	**39**	**45**

5. PERSONNEL

Average number of employees
The average number of employees is based on the hours in attendance paid by the company in relation to normal work hours.

	2017	of whom women	2016	of whom women
Parent Company				
Sweden	2	1	2	1
Total Parent Company	**2**	**1**	**2**	**1**
Subsidiaries				
Sweden	3.5	2.5	2.5	0
Malta	8	4	5.5	2
Lithuania	14	13	0	0
Estonia	15.5	2	6	1.5
Latvia	120	72	116	70
Subsidiaries total	**161**	**93.5**	**130**	**73.5**
Total, Group	**163**	**94.5**	**132**	**74.5**

Salaries, other benefits, etc.
Salaries, benefits, social security expenses and pension costs have been paid in the following amounts:

	Group		Parent Company	
	2017	**2016**	**2017**	**2016**
Board and CEO:				
Salaries and benefits	155	154	155	154
Pension expenses	0	0	0	0
	155	**154**	**155**	**154**
Other employees:				
Salaries and benefits	4,444	3,124	47	47
Pension expenses	0	0	0	0
	4,444	**3,124**	**47**	**47**
Social security expenses	1,111	637	31	59
Total Board CEO and others	**5,710**	**3,915**	**233**	**260**

Of which, salaries, benefits and pension expenses for the Board and CEO in:

Sweden	155	154
Total, Group	**155**	**154**

Of which, salaries, benefits and pension expenses for the other employees in:

Sweden	452	485
Malta	325	147
Lithuania	126	0
Estonia	828	284
Latvia	3,211	2,706
Other	768	293
Total, Group	**5,710**	**3,915**

A fixed monthly salary is paid to the CEO. No variable remuneration or pension benefits are additional.
Board fees are payable in an amount of EUR 12,973 (SEK 125,000) to the Chairman of the Board and EUR 7,784 (SEK 75,000) to the respective Board members.
The Company and CEO have a mutual termination notice of three months.

2017	Basic salary / Board fee	Pensions cost	Other benefits	Other remuneration
Chairman – Niklas Braathen	7	0	0	0
Board member and CEO – Peter Åström	125	0	0	0
Board member – Staffan Dahl	8	0	0	0
Board member – Ludwig Pettersson	8	0	0	0
Board member – Jörgen Andersson	4	0	0	0
Board member – Claes Hallen	3	0	0	0
	155	**0**	**0**	**0**

2016	Basic salary / Board fee	Pensions cost	Other benefits	Other remuneration
Chairman – Niklas Braathen	13	0	0	0
Board member – Jörgen Andersson	8	0	0	0
Board member and CEO – Peter Åström	125	0	0	0
Board member – Claes Hallen	8	0	0	0
	154	**0**	**0**	**0**

Amounts stated constitute what was paid or benefits used during the year. Paid Board fees in 2017 are attributable to the mandate year 2017/2018. i.e. the time until the 2018 General Meeting.

6. TAX ON PROFIT/LOSS FOR THE YEAR

	Group		Parent Company	
	2017	**2016**	**2017**	**2016**
Current tax	(845)	(436)	0	0
Deferred tax	43	(23)	0	0
	(802)	**(459)**	**0**	**0**

Reconciliation of effective tax
GROUP

	2017		2016	
	%	*Amount*	*%*	*Amount*
Profit/loss before tax		5,280		4,399
Tax according to current tax rate for the Parent Company	22.0	(1 162)	22.0	(968)
Increase/decrease in loss carry-forwards without corresponding capitalisation of deferred tax		0		509
Other		0		0
Effect of other tax rates		360		0
Reported effective tax, Group		**(802)**		**(459)**

7. CAPITALISED EXPENSES AND OTHER INTANGIBLE ASSETS

	Group	
	2017	**2016**
Cost		
Opening balance	2,547	1,477
Reclassification	(1,408)	774
Capitalised development costs*	1,383	295
Acquired via subsidiary purchase	903	0
Sales/disposals	0	0
Closing balance	**3,425**	**2,547**
Amortisation		
Opening balance	(227)	(153)
Reclassification*	0	0
Amortisation for the year	(193)	(74)
Impairment losses	0	0
Sales/disposals	0	0
Closing balance	**(420)**	**(227)**
Closing book value, net	**3,005**	**2,320**

*Capitalised development costs relate to the salaries of project team in relation to development of Group's inhouse gaming platform. Platform is expected to be launched in 2018.

8. GOODWILL

	2017	**2016**
Cost		
Opening balance	2,460	3,680
Acquisitions for the year*	12 512	1,393
Sales/disposals	0	(902)
Reclassification	1 408	(1,603)
Translation difference	0	(108)
Closing balance	**16,380**	**2,460**
Amortisation		
Opening balance	(118)	(902)
Sales/disposals	0	902
Amortisation for the year	(891)	(118)
Impairment losses for the year	0	0
Reclassification*	0	0
Translation difference	0	0
Closing balance	**(1,009)**	**(118)**
Closing book value, net	**15,371**	**2,342**

*The increase in goodwill during 2017 is related to acquisitions carried out during the year, Kama Net AB, Future Lead Group and Baltic Bet UAB, and a consequence of the expected outcome of the ongoing compulsory purchase process initiated by the company in respect of the buy-out of the minority owners of the company Baltic Gaming AB (formerly Betting Promotion AB). Related to the acquisitions carried out, there is, as at the date of the balance sheet, a possible future commitment to potential additional consideration based on the performance of acquired companies. There will also be a future payment for the compulsory purchase of minority shares. These estimated amounts are accounted for as goodwill and balance of payments and may be adjusted according to the results of the acquired activities and the decision and final outcome of the compulsory purchase process. The balance of payments is interest-free except for the part that relates to the compulsory purchase.

9. PROPERTIES

	2017	**2016**
Cost		
Opening balance	2,258	1,668
Acquisitions for the year	120	433
Translation difference	0	157
Closing balance	**2,378**	**2,258**
Depreciation		
Opening balance	(327)	(82)
Sales/disposals	0	0
Depreciation for the year	(268)	(56)
Translation difference	0	(189)
Closing balance	**(595)**	**(327)**
Closing book value, net	**1,753**	**1,931**

Majority of owned properties are located in Riga, Latvia and comprise of the office building with adjacent land and several independent buildings which are used as land-based offices in offline operations.

10. EQUIPMENT, TOOLS, FIXTURES AND FITTINGS

	Group		Parent Company	
	2017	**2016**	**2017**	**2016**
Cost				
Opening balance	1,358	1,485	49	11
Sales/disposals	(46)	(32)	0	0
Purchases for the year	159	270	2	38
Translation difference	0	(365)	0	0
Closing balance	**1,471**	**1,358**	**51**	**49**
Depreciation				
Opening balance	(826)	(491)	(8)	(3)
Sales/disposals	0	28		0
Depreciation for the year	(219)	(196)	(16)	(5)
Translation difference	0	(167)	0	0
Closing balance	**(1,045)**	**(826)**	**(24)**	**(8)**
Closing book value, net	**426**	**532**	**27**	**41**

11. PARTICIPATIONS IN GROUP COMPANIES

	Corp. ID no.	Registered office	Interest %	Participati	Book value,
Lifland Gaming AB	556771-2681	Sweden	100%	100,000	1,943
Subsidiaries Lifland Gaming AB:					
SIA Optibet	40003462947	Latvia	100%		
Optiwin OÜ	12418087	Estonia	100%		
Endomex OÜ	12503166	Estonia	100%		
Lifland Holding Ltd	C57507	Malta	99.99%		
Subsidiaries of Lifland Holding Ltd:					
BestBet Limited	C58101	Malta	100%		
Subsidiary of BestBet Limited:					
Best Global NV	133929(0)	Curacao	100%		
Subsidiary of SIA Optibet:					
SIA Darta	40003053300	Latvia	100%		
Score24 AB	556764-3977	Sweden	100%	1,000	47
Baltic Gaming AB	556466-8860	Sweden	96.85%	18,440,256	7,679
	556931-2530	Sweden	100%	500	5
	C80775	Malta	100%	1,165	1
Subsidiaries of West African Gaming Ltd:					
Evora International Ltd	C53225	Malta	100%		
Future Domain Lead Generation Ltd	C80776	Malta	100%		
West African Gaming Ltd	C43730	Malta	99.9%	1,199	0
Subsidiaries of West African Gaming Ltd:					
Comskill Ltd.	BVI1840910	Br. Virgin Islands	100%		
Messene Enterprise Ltd.	BVI1909474	Br. Virgin Islands	100%		
Nordic Leisure Incentive AB	559074-0576	Sweden	100%	50	5
					9,680

11. PARTICIPATIONS IN GROUP COMPANIES, CONT.

	Parent Company	
	2017	**2016**
Cost		
Opening balance	8,456	7,244
Acquisitions*	13,334	1 212
Closing balance	**21,790**	**8,456**
Impairment	0	0
Closing book value, net	**21,790**	**8,456**

*Related to the acquisitions carried out, there is a possible future commitment to potential additional consideration based on the performance of acquired companies. As at the balance sheet date this potential commitment for purchase of Kama Net AB is estimated to be EUR 2,253 thousand with EUR 731 thousand payable in 2018 and EUR 1,522 thousand payable in 2019. Both of these amounts are recognized in the Parent company's liabilities. The balance of payments is interest-free.

12. OTHER RECEIVABLES

	Group		Parent Company	
	2017	**2016**	**2017**	**2016**
Trade receivables and accrued income	419	199	0	0
Other receivables	1 790	1 890	3	40
Closing balance	**2 209**	**2 089**	**3**	**40**

13. PREPAID EXPENSES

	Group		Parent Company	
	2017	**2016**	**2016**	**2015**
Prepaid taxes	451	53	0	0
Prepaid licence fees	10	7	0	0
Other prepaid expenses	658	114	16	20
Closing balance	**1,119**	**174**	**16**	**20**

14. CASH AND BANK BALANCES

Cash and cash equivalents totalled EUR 7,316 thousand (10,250), of which EUR 768 thousand (903) was client funds. The corresponding amount of EUR 768 thousand (903) for client liabilities is included in player deposits liability.

15. OTHER LIABILITIES

	Group		Parent Company	
	2017	**2016**	**2017**	**2016**
Consideration for subsidiary acquisition (Note 11)	731	0	731	0
Taxes payable	1,174	495	0	0
Other items	656	319	34	18
Closing balance	**2,561**	**814**	**765**	**18**

Sigtuna, 27 April 2018

Niklas Braathen
Chairman of the Board

Peter Åström
Board Member

Ludwig Pettersson
Board Member

Staffan Dahl
Board Member

Robert Andersson
CEO

Our audit report was submitted on 27 April 2018

PricewaterhouseCoopers AB

Niklas Renström
Authorised Public Accountant

TO THE ANNUAL GENERAL MEETING OF NORDIC LEISURE AB (PUBL)
CORP. ID NO. 556685-0755

Report on the annual accounts and consolidated accounts

OPINIONS
We have audited the annual accounts and consolidated accounts of Nordic Leisure AB (publ) for the year 2017 except for the statutory sustainability report on pages 1-3.

In our opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2017 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. Our opinions do not cover the statutory sustainability report on pages 1-3. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

BASIS FOR OPINIONS
We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor’s Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS
This document also contains other information than the annual accounts and consolidated accounts and is found on pages 20-22. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR
The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITY
Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen’s website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

Report on other legal and regulatory requirements

OPINIONS
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Nordic Leisure AB (publ) for the year 2017 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial *year*.

BASIS FOR OPINIONS
We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company´s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. [The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.]

AUDITOR'S RESPONSIBILITY
Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

THE AUDITOR'S OPINION REGARDING THE STATUTORY SUSTAINABILITY REPORT
The Board of Directors is responsible for the statutory sustainability report on pages 1-3, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 The auditor´s opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

Stockholm, 27 April 2018
PricewaterhouseCoopers AB

Niklas Renström
Authorised Public Accountant

THE BOARD AND SENIOR EXECUTIVES

NIKLAS BRAATHEN
Born 1963, Board chair since May 2013. Previous board member from May 2011 to May 2013.

Niklas has long experience in the gaming industry having started his own operations as early as 1985. He has since operated from Riga, Latvia where in 1989, he founded Baltic Gaming group through which he operated a chain of licensed gaming halls and casinos mainly in Eastern Europe. In 2005, the Baltic operations of this corporate group merged with Olympic Entertainment Group (OEG) based in Estonia and the new group was listed on the Tallinn Stock Exchange in 2006. In 2007, Niklas sold the Latvian gaming business Optibet to Nordic Leisure AB (when it was Redbet Holding AB) to become the new company's largest shareholder. Niklas is Board chair in the wholly-owned subsidiary Lifland Gaming AB, which is the group's holding company for all gaming operations, and he is a board member in several of the overseas companies in the group. He also has several board assignments in foreign companies operating in banking, finance, real estate and gaming. Niklas is Chairman of Erlinghundra AB, which owns 12,506,349 shares in Nordic Leisure.

PETER ÅSTRÖM, CEO
Born 1966, Member board of directors since May 2013.

Peter has long experience in leading managerial positions, including CEO for Scanditoy AB, Alga AB, Entraction Holding AB. He also previously worked seven years in the Schibsted Media Group including as manager for Aftonbladet Nya Medier, Hierta Venture and Finnmer.

STAFFAN DAHL
Born 1974, Board member since May 2017.

Staffan is today CEO of Elias Software. He is also founder of Sportway AB and has held senior positions such as CEO of Miinto Sverige AB and sales and marketing director at Entraction Holding AB. Staffan also has more than 12 years of experience in the media and television industry.

LUDWIG PETTERSSON
Born 1991, Board member since May 2017.

Ludwig is a trained credit controller and has experience in leading companies in licensed environments. Ludwig is the CEO of the peer-to-peer company Savelend and has built that company from scratch with a clear focus on transparency and customer service. Ludwig owns 400,000 shares.

HB NORDSTRÖM, COO
Born 1976, Chief Operating Officer from January 2018.

HB has over 13 years of experience from the finance industry where he has had several leading positions. In his latest position as Head of Sales & Deputy Managing Director at Arvato Finance, part of the global group Bertelsmann, HB has had the responsibility to create a business-oriented environment with customer experience and digital development at focus, areas that are central to the future success of NLAB.

SHARE CAPITAL
Nordic Leisure AB has one class of shares. Each share entitles the holder to an equal right to a proportion of Nordic Leisure AB's assets and profits, an equal right to dividends and one vote at the Annual General Meeting. The shares are denominated in SEK and registered in a CSD register maintained by Euroclear. The share (NLAB) is traded on Nasdaq/OMX First North.

SHARE PRICE TREND
The Nordic Leisure share has been listed on Nasdaq/OMX First North since 14 July 2006. The share's ticker is NLAB. The share capital amounts to SEK 11,322,076 distributed over 56,610,381 shares with a quota value of SEK 0.20. The share price began at SEK 5.20 and ended at SEK 25.8 in 2017, the highest price paid was quoted on 1 December at SEK 27.1 and the lowest price paid was quoted on 8 March at SEK 4.6. The company's market value amounted to SEK 1,461 million (EUR 148.4 million) at year-end.

SHAREHOLDERS

Share capital in Nordic Leisure AB comprises 56,610,381 shares at a quota value of SEK 0.20. Every share entitles its holder to one vote and all shares carry an equal right to a share of the company's assets and profit. Nordic Leisure AB has around 4000 shareholders.

The largest shareholders as at December 2017*:

Shareholder	Number of shares	Participating interest, %
Erlinghundra AB	12,506,349	22.09
Catella Bank SA	11,093,979	19.60
Forsakringsaktiebolaget Avanza Pension	3,624,159	6.40
Anders Tangen	2,462,500	4.35
Eric Leijonhufvud	2,456,961	4.34
Vision Invest AB	2,000,000	3.53
Setune Asset AB	1,641,644	2.90
Filip Andersson	1,203,563	2.13
Others	19,621,226	34.66
	56,610,381	**100.0**

* Information on the shareholders is based on information from Euroclear, which means that custodians of shares may be included and at the actual shareholders are therefore not presented.

SHARE CAPITAL DEVELOPMENT

Year	Transaction	Increase in number of shares	Total number of shares	Increase in share capital	Total share capital, SEK	Quota value, SEK per share
2005	Company formation	-	100,000	-	100,000	1.00
2006	Non-cash issue	1,082,106	1,182,106	1,082,106	1,182,106	1.00
2006	Private placement	166,000	1,348,106	166,000	1,348,106	1.00
2006	New share issue	184,616	1,532,722	184,616	1,532,722	1.00
2007	Non-cash issue	238,000	1,770,722	238,000	1,770,722	1.00
2007	Non-cash issue	294,117	2,064,839	294,117	2,064,839	1.00
2008	-	-	2,064,839	-	2,064,839	1.00
2009	Split 5:1	8,259,356	10,324,195	-	2,064,839	0.20
2010	New share issue	15,486,292	25,810,487	3,097,258	5,162,097	0.20
2011	Non-cash issue	100,000	25,910,487	20,000	5,182,097	0.20
2012	Non-cash issue	1,293,757	27,204,244	258,751	5,440,849	0.20
2012	Offset issue	27,383	27,231,627	5,477	5,446,325	0.20
2012	Offset issue	588,235	27,819,862	117,647	5,563,972	0.20
2012	Non-cash issue	105,263	27,925,125	21,053	5,585,025	0.20
2013	Private placement	4,245,000	32,170,125	849,000	6,434,025	0.20
2013	Conversion convertible loan	6,000,000	38,170,125	1,200,000	7,634,025	0.20
2015	New share issue	18,039,328	56,209,453	3,607,866	11,241,891	0.20
2016	New share issue	400,928	56,610,381	80,185	11,322,076	0.20
2017	-	-	56,610,381	-	11,322,076	0.20

In December 2017 the Group's parent company concluded an incentive programme in accordance with a decision made by an extraordinary annual general meeting in January 2015. This programme will increase the number of shares in the parent company by 6,000,000 when it is registered with the Swedish Companies Registration Office and the shares are distributed by Euroclear. Cash settlement for the new shares was received prior to year-end. New share issuance was registered in February 2018. As at the publication date of the financial statements share capital consists of 62,610,381 shares.

CALENDAR

Interim report, First quarter, 2018	2 May 2018
Annual General Meeting 2018	4 May 2018
Interim report, Second quarter, 2018	1 August 2018
Interim report, Third quarter, 2018	31 October 2018
Year-end report, Jan.-Dec. 2018	27 February 2019

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