



Interim report | January–September 2019 | Evolution Gaming Group AB (publ)

Third quarter of 2019 (Q3 2018)

- Operating revenues increased by 47% to EUR 94.7 million (64.3)
- EBITDA increased by 73% to EUR 48.5 million (28.0), corresponding to a margin of 51.2% (43.5)
- Profit for the period amounted to EUR 39.8 million (21.2)
- Earnings per share amounted to EUR 0.22 (0.12)

January–September 2019 (9M 2018)

- Operating revenues increased by 48% to EUR 259.8 million (175.2)
- EBITDA increased by 67% to EUR 127.1 million (76.1), corresponding to a margin of 48.9% (43.4)
- Profit for the period amounted to EUR 102.9 million (57.9)
- Earnings per share amounted to EUR 0.57 (0.32)

Events during the third quarter of 2019

- Positive effects from investments in games and studio capacity
- All geographic markets contribute to the high growth
- Pennsylvania Gaming Control Board license received

Summary of the third quarter and first nine months of 2019

Group (EUR thousands)	Jul-Sep 2019	Jul-Sep 2018	%	Jan-Sep 2019	Jan-Sep 2018	%	Oct 2018- Sep 2019	Jan-Dec 2018	%
Operating revenues	94,729	64,346	47%	259,754	175,192	48%	329,980	245,418	34%
EBITDA	48,470	27,992	73%	127,118	76,113	67%	158,686	107,681	47%
EBITDA margin	51.2%	43.5%	-	48.9%	43.4%	-	48.1%	43.9%	-
Operating profit	41,995	23,225	81%	108,798	62,750	73%	135,532	89,484	51%
Operating margin	44.3%	36.1%	-	41.9%	35.8%	-	41.1%	36.5%	-
Profit for the period	39,775	21,242	87%	102,880	57,925	78%	128,415	83,460	54%
Profit margin	42.0%	33.0%	-	39.6%	33.1%	-	38.9%	34.0%	-
Earnings per share (EUR)	0.22	0.12	85%	0.57	0.32	77%	0.71	0.46	53%
Equity per share (EUR)	1.29	0.76	70%	1.29	0.76	70%	1.29	0.90	43%
OCF per share (EUR)	0.28	0.18	56%	0.67	0.41	66%	0.82	0.56	48%
Average number of FTEs	5,104	3,692	38%	4,679	3,383	38%	4,500	3,529	28%

For more information, please contact:
Jacob Kaplan, CFO
ir@evolutiongaming.com

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CEO's comments

I am very satisfied to report consistently strong results for the third quarter. Our investments in new games and studios are having an increasingly strong impact, which is reflected in both the high growth as well as stronger margins. We have also seen a further increased demand for Evolution's products globally. In addition, we now see clearly that we are reaching completely new player types, who to a large extent are playing Live games for the first time. These new players are being converted from other game categories, such as slots, which is very encouraging to see. Through our expansion and construction of studio capacity, together with the 10 new games launched during the first half of 2019, we are also favourably positioned to take advantage of the growing general demand for Live.

Revenues in the third quarter amounted to EUR 94.7 million, an increase of 47 percent compared to last year. EBITDA amounted to EUR 48.5 million, with a margin of 51.2 percent. For the nine-month period, the EBITDA margin was 48.9 percent. Based on this outcome, we will end up slightly above the previously communicated margin range of 47-49 percent for the 2019 full year.

Evolution's products experience high demand all over the world, which can be seen in our growth which is truly global. To increase the understanding of our geographical reach, starting in this report we will break down our revenues per region. We are growing together with our customers in all regions, with the highest growth in Asia and North America. We expect this development to continue and it reflects the operators' focus on new growth markets. In some regulated markets in Europe, online casino has entered a more mature phase, but Live Casino as a vertical continues to grow its share of the total market.

As previously communicated, we continue to invest in additional studio capacity to meet the total demand for Live. Our all-new studio in Malta is now operational, and we are also continuing to expand our existing studios in both Georgia and New Jersey. In Georgia, we have now doubled the capacity since the launch of the studio in April 2018. By the end of the year, we will also have doubled the capacity in New Jersey in order to add more games from our portfolio and to allow additional space for dedicated customer environments. Currently, we offer 9 out of 21 game titles from our portfolio to operators in the state.

During the quarter, we received an Interactive Gaming Manufacturer licence from the Pennsylvania Gaming Control Board, which is a prerequisite to be able to offer our services in Pennsylvania. Based on our experience in New Jersey, we see great opportunities to attract both online operators and land-based casinos with our offering. Planning for the studio is in full swing with launch during 2020.

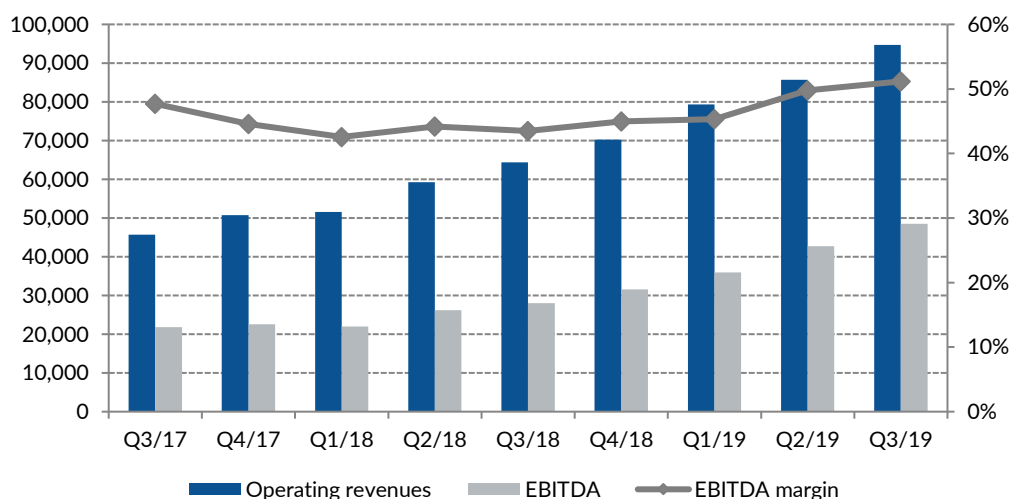
After the end of the quarter we have signed an agreement with Flutter Entertainment and its successful brands Paddy Power and Betfair. The deal is the result of a dialogue that has been going on for many years, and which has been intensified thanks to our latest innovations. We look forward to developing this partnership over time.

For us, 2019 has been a year of products and innovation. We have further strengthened our development capabilities and going forward, we will keep up the pace in the development of new games. Behind the scenes, the work to develop our core games while also expanding the Live vertical with new innovations is always ongoing. When we publish the 2019 year-end report in February, ICE 2020 will have just ended. As in previous years, our ambition is to pave the way for the entire industry by launching new ground-breaking products.

The absolute core of Evolution is built on innovation with a focus to meet the demand for Live and to constantly increase the gap to the competition. I have a confident view of what the future will bring.

Martin Carlesund, CEO

Quarterly results trend



Financial performance in the third quarter of 2019

Revenues

Revenues amounted to EUR 94.7 million (64.3) in the third quarter, equivalent to an increase of 47 percent compared with the corresponding period in 2018. The positive revenue development mainly derives from increased commission income from existing customers and, to a certain extent, from new customers. Demand for Live Casino games continues to grow, partly as a result of several successful game launches earlier in 2019, and the number of bet spots from end users amounted to 5.8 billion (3.9). Revenues from dedicated tables and environments also contributed to the increase as a result of additional customers launching or extending their customised Live Casino environments.

Expenses

Operating expenses amounted to EUR 52.7 million (41.1). Expenses were mainly driven by higher costs for personnel, connected to the launch of new tables in the company's studios. The expansion has also increased other operating expenses compared with preceding quarters.

Profitability

Operating profit amounted to EUR 42.0 million (23.2), corresponding to an increase of 81 percent. The operating margin was 44.3 percent (36.1). The EBITDA margin was 51.2 percent (43.5). The EBITDA margin has to some extent been affected by the new lease standard IFRS 16, which is reported in note 4.

Net financial items only had a marginal impact on profits and related mostly to the interest expense on loans for the studio property in Riga. The Group's effective tax rate for the quarter amounted to 5.1 percent (8.4). The tax rate is influenced by the countries in which earnings are generated, which may vary between reported periods. Profit for the period amounted to EUR 39.8 million (21.2). Earnings per share before dilution were EUR 0.22 (0.12).

Investments

Investments in intangible assets amounted to EUR 4.1 million (3.1) during the quarter and were mainly attributable to development of new games and technical improvements of the platform, such as new functionality.

Investments in property, plant and equipment amounted to EUR 5.1 million (2.7) and comprised new studio space, new gaming tables, servers and other computer equipment to meet new technical requirements and maintain capacity and performance in connection with new platform launches.

Cash and cash equivalents, financing and financial position

Cash flow from operating activities amounted to EUR 50.7 million (32.2) during the quarter. Cash flow from investing activities was negative in the amount of EUR 9.2 million (negative 6.3). Cash flow from financing activities amounted to EUR 10.6 million (0.6). Cash and cash equivalents amounted to EUR 141.1 million (63.5) at the end of the quarter.

First nine months of 2019 in brief

Revenues

For the January-September 2019 period, revenues amounted to EUR 259.8 million (175.2), corresponding to an increase of 48 percent compared with the same period in 2018. The positive revenue development mainly derives from increased commission income from both new and existing customers. Revenues from dedicated tables and environments also contributed to the increase as a result of additional customers launching or extending their customised Live Casino environments.

Expenses

Operating expenses amounted to EUR 151.0 million (112.4). Expenses were mainly driven by higher costs for personnel, connected to the launch of new tables and studios. The strong expansion has also increased other operating expenses compared with the previous year.

Profitability

Operating profit amounted to EUR 108.8 million (62.8) with an operating margin of 41.9 percent (35.8). The EBITDA margin was 48.9 percent (43.4).

Investments

Investments in intangible assets amounted to EUR 8.4 million (8.7) for the period. Investments in property, plant and equipment amounted to EUR 12.0 million (14.7). Acquisitions of subsidiary amounted to EUR 10.5 (-). Investments in other financial assets amounted to EUR 0.1 million (3.4).

Cash and cash equivalents, financing and financial position

Cash flow from operating activities amounted to EUR 121.5 million (73.2) over the period. The increase is primarily due to improved profit. Cash flow from investing activities was negative in the amount of EUR 31.0 million (negative 26.8). Cash flow from financing activities was negative in the amount of EUR 34.6 million (negative 32.0).

Market development

Live Casino market

In Europe, Live Casino has grown strongly in recent years and is expected to continue to be among the fastest-growing gaming segments in the coming years. Evolution's growth target is to grow faster than the total European Live Casino market. Market growth is influenced by several underlying factors, such as technological advances with, among other things, improved hardware and increased bandwidth, the migration of land-based casinos to online environments and market regulations. Increased use of mobile devices has been a growth driver for many years, and in the third quarter 74 percent (60) of the operators' GGR via Evolution's platform was generated by mobile devices. To a large extent, growth is also driven by Live Casino having grown in importance for most gaming operators, who consequently elect to expose and market their Live offerings to customers more extensively than before.

As a B2B supplier, Evolution has customer relationships to the gaming operators, who in turn own the relationships with the end users. Generally, the gaming operators are licensed in a limited number of jurisdictions while operating in a global market and allowing play from various geographic areas. The table below shows the geographic markets from which Evolution's revenues originate. Revenues based on GGR are allocated by end-user locations, while revenues not related to GGR are allocated by operator locations. The UK includes the Crown dependencies.

Revenue per geographical region

Group (EUR millions)	Jul-Sep 2019	Jul-Sep 2018	%
Nordics	6.1	4.7	30%
UK	12.7	11.4	12%
Rest Of Europe	46.5	32.7	42%
Asia	13.9	6.5	115%
North America	6.1	2.9	107%
Other	9.3	6.1	54%
Total operating revenues	94.7	64.3	47%
Share of regulated markets	42%	46%	-

Other

Parent Company

The Parent Company is a holding company. Net sales for the third quarter of 2019 amounted to EUR 1.8 million (1.7) and expenses to EUR 1.8 million (1.5). Operating loss amounted to EUR 0.1 million (profit 0.2). Result for the period was negative in the amount of EUR 0.3 million (profit 0.1). The Parent Company's cash and cash equivalents amounted to EUR 1.0 million (0.4) at the end of the period and equity amounted to EUR 243.5 million (200.9). No significant investments were made in intangible or tangible assets.

Employees

As of 30 September 2019, Evolution had 7,342 employees (5,257), corresponding to 5,273 (3,970) full-time positions. The average number of full-time equivalents for the quarter was 5,104 (3,692).

Significant risks and uncertainties

Evolution's operations are exposed to certain risks that could have a varying impact on earnings or financial position. These can be divided into industry, operational, and financial risks. When assessing the Group's future development, it is important to take into account the risk factors, alongside any opportunities for profit growth.

The development of laws and regulations relating to the supply of gaming services that Evolution provides is a central risk factor for the Group's future earnings. Since most of Evolution's licensees are active in Europe, the legal situation in the EU is of particular interest and is continuously monitored and managed by the Group. Despite this, there remains a risk that, in the event of legislation being interpreted in an unfavourable or unanticipated way, Evolution's conditions for growth, profitability, and the games that may be supplied could be changed. Likewise, a favourable interpretation could have a positive impact on the Group.

For further information about Evolution's risk exposure and handling, please see the Group's Annual Report for 2018, which is available on the company's website.

2020 Annual General Meeting

The Annual General Meeting will be held in Stockholm, Sweden on 24 April 2020.

Upcoming report dates

Year-end report 2019	12 February 2020
Interim report January-March 2020	23 April 2020
Interim report January-June 2020	17 July 2020
Interim report January-September 2020	22 October 2020

Condensed consolidated income statements

Group (EUR thousands)	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Oct 2018- Sep 2019	Jan-Dec 2018
Revenues	94,711	64,335	259,699	175,117	329,932	245,350
Other revenues	18	11	55	75	48	68
Total operating revenues	94,729	64,346	259,754	175,192	329,980	245,418
Personnel expenses	-33,670	-25,615	-93,156	-70,710	-120,120	-97,674
Depreciation, amortisation and impairments	-6,475	-4,767	-18,320	-13,363	-23,154	-18,197
Other operating expenses	-12,589	-10,739	-39,480	-28,369	-51,174	-40,063
Total operating expenses	-52,734	-41,121	-150,956	-112,442	-194,448	-155,934
Operating profit	41,995	23,225	108,798	62,750	135,532	89,484
Financial items	-64	-42	-160	-128	-190	-158
Profit before tax	41,931	23,183	108,638	62,622	135,342	89,326
Tax on profit for the period	-2,156	-1,941	-5,758	-4,697	-6,927	-5,866
Profit for the period	39,775	21,242	102,880	57,925	128,415	83,460
<i>Of which attributable to:</i>						
Shareholders of the Parent Company	39,775	21,242	102,880	57,925	128,415	83,460
Average number of shares before dilution	181,622,725	179,851,885	180,442,165	179,851,885	180,294,595	179,851,885
Earnings per share before dilution (EUR)	0.22	0.12	0.57	0.32	0.71	0.46
Average number of shares after dilution	183,384,005	183,565,260	183,388,453	182,311,907	183,432,655	182,625,245
Earnings per share after dilution (EUR)	0.22	0.12	0.56	0.32	0.70	0.46
Operating margin	44.3%	36.1%	41.9%	35.8%	41.1%	36.5%
Effective tax rate	5.1%	8.4%	5.3%	7.5%	5.1%	6.6%

The income statements have been affected by the new lease standard IFRS 16, which is reported in note 4.

Condensed comprehensive income statement

Group (EUR thousands)	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Okt 2018- Sep 2019	Jan-Dec 2018
Profit for the period	39,775	21,242	102,880	57,925	128,415	83,460
Other comprehensive income						
<i>Items that may be reclassified to profit</i>						
Exchange differences arising from the translation of foreign operations	845	-65	607	-39	646	-63
Other comprehensive income, net after tax	845	-65	607	-39	-350	-63
Total comprehensive income for the period	40,620	21,177	103,487	57,886	128,065	83,397

Consolidated balance sheets

Group (EUR thousands)	30/09/2019	30/09/2018	31/12/2018
Assets			
Intangible assets	24,229	17,483	21,344
Goodwill	15,437	-	-
Buildings	12,045	12,078	12,167
Right of use assets	15,839	-	-
Property, plant and equipment	33,373	26,557	27,452
Other non-current receivables	1,052	5,903	952
Deferred tax assets	156	34	180
Total non-current assets	102,131	62,055	62,095
Accounts receivable	52,709	39,934	47,622
Other receivables	68,743	20,908	42,771
Prepaid expenses and accrued income	4,636	3,294	3,218
Cash and cash equivalents	141,108	63,548	84,951
Total current assets	267,196	127,684	178,562
TOTAL ASSETS	369,327	189,739	240,657
Equity and liabilities			
Share capital	545	540	540
Other capital contributed	17,430	5,501	5,867
Reserves	499	-93	-108
Retained earnings including profit for the period	215,926	130,636	155,971
Total equity	234,400	136,584	162,270
Deferred tax liabilities	127	578	-
Non-current lease liabilities	12,601	-	-
Non-current liabilities to credit institutions	4,907	5,992	5,619
Total non-current liabilities	17,635	6,570	5,619
Accounts payable	3,244	2,926	3,190
Current liabilities to credit institutions	950	950	950
Current tax liabilities	71,650	26,228	49,939
Other current liabilities	23,518	10,108	11,521
Current lease liabilities	3,238	-	-
Accrued expenses and prepaid income	14,692	6,373	7,168
Total current liabilities	117,292	46,585	72,768
TOTAL EQUITY AND LIABILITIES	369,327	189,739	240,657

Intangible assets comprise Game software EUR 13,945 thousand (16,049 as of 30/9/2018 and 15,590 as of 31/12/2018), Licenses and patents EUR 10,284 thousand (1,434; 5,754), Customer agreements EUR 2,599 thousand (0; 0) and Trademark EUR 232 thousand (0; 0).

The balance sheets have been affected by the new lease standard IFRS 16, as reflected by the items Right of use assets, Non-current lease liabilities and Current lease liabilities above.

Consolidated changes in equity

Group, 2018 (EUR thousands)	Share Capital	Other capital contributed	Reserves	Retained earnings	Total equity
Opening equity 01/01/2018	540	4,698	-45	104,688	109,881
Dividend payout 02/05/2018	-	-	-	-32,373	-32,373
Warrants	-	1,169	-	195	1,364
Other comprehensive income	-	-	-63	83,461	16,586
Closing equity 31/12/2018	540	5,867	-108	155,971	162,270

Group, 2019 (EUR thousands)	Share Capital	Other capital contributed	Reserves	Retained earnings	Total equity
Opening equity 01/01/2019	540	5,867	-108	155,971	162,270
Dividend payout 08/05/2019	-	-	-	-43,164	-43,164
Warrants	-	-152	-	239	87
New share issue	5	11,715	-	-	11,720
Other comprehensive income for Jan-Sep	-	-	607	102,880	103,487
Closing equity 30/9/2019	545	17,430	499	215,926	234,400

Consolidated statement of cash flows

Group (EUR thousands)	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
Operating profit	41,995	23,225	108,798	62,750	89,484
<i>Adjustment for items not included in cash flows:</i>					
Depreciation, amortisation and impairments	6,475	4,767	18,320	13,363	18,197
Other	61	109	239	148	561
Interest received	0	0	0	0	13
Interest paid	-64	-42	-160	-128	-171
Tax paid	-488	-377	-4,190	-2,601	-2,912
Cash flows from operating activities before changes in working capital	47,979	27,682	123,007	73,532	105,172
Increase / Decrease in Accounts receivables	1,717	3,745	-5,086	-441	-8,129
Increase / Decrease in Accounts payables	205	572	53	-1,024	-761
Increase / Decrease in other working capital	786	209	3,557	1,122	3,754
Cash flows from operating activities	50,687	32,208	121,531	73,189	100,036
Acquisition of intangible assets	-4,126	-3,118	-8,411	-8,686	-15,262
Acquisition of property, plant and equipment	-5,097	-2,740	-12,043	-14,727	-17,868
Acquisition of subsidiary	-	-	-10,460	-	-
Increase / Decrease in other financial assets	34	-410	-100	-3,427	1,480
Cash flows from investing activities	-9,189	-6,268	-31,014	-26,840	-31,650
Repayment of debt to credit institutions	-237	-238	-712	-702	-1,074
Repayment of lease liability	-841	-	-2,307	-	-
Warrant premiums	-	803	-152	803	803
New share issue	11,720	-	11,720	-	-
Dividend	-	-	-43,164	-32,135	-32,373
Cash flows from financing activities	10,642	565	-34,615	-32,034	-32,644
Cash flow for the period	52,140	26,505	55,902	14,315	35,742
Cash and cash equivalents at start of period	88,681	37,161	84,951	49,272	49,272
Exchange rate differences	287	-118	255	-39	-63
Cash and cash equivalents at end of period	141,108	63,548	141,108	63,548	84,951

The company presents certain financial measures in the interim report that are not defined under IFRS. The company believes that these measures provide useful supplemental information to investors and the company's management as they permit the evaluation of the company's financial performance and position. Since not all companies calculate financial measures in the same way, these are not always comparable to the measures used by other companies. Consequently, these financial measures should not be seen as a substitute for measures defined under IFRS. The tables below include measurements that are not defined in accordance with IFRS, unless otherwise stated. For definitions and purposes, see also the last page of the report.

Consolidated key ratios

Group (EUR thousands)	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Oct 2018- Sep 2019	Jan-Dec 2018
Operating revenues (IFRS)	94,729	64,346	259,754	175,192	329,980	245,418
EBITDA margin	51.2%	43.5%	48.9%	43.4%	48.1%	43.9%
Operating margin	44.3%	36.1%	41.9%	35.8%	41.1%	36.5%
Profit margin	42.0%	33.0%	39.6%	33.1%	38.9%	34.0%
Equity/assets ratio	63.5%	72.0%	63.5%	72.0%	63.5%	67.4%
Cash and cash equivalents	141,108	63,548	141,108	63,548	141,108	84,951
Average number of full-time employees	5,104	3,692	4,679	3,383	4,500	3,529
Full-time employees at end of period	5,278	3,970	5,278	3,970	5,278	4,319
Earnings per share (EUR) (IFRS)	0.22	0.12	0.57	0.32	0.71	0.46
Equity per share (EUR)	1.29	0.76	1.29	0.76	1.29	0.90
Operating cash flow per share (EUR)	0.28	0.18	0.67	0.41	0.82	0.56
Average number of outstanding shares	181,622,725	179,851,885	180,442,165	179,851,885	180,294,595	179,851,885
Number of outstanding shares	181,622,725	179,851,885	181,622,725	179,851,885	181,622,725	179,851,885

Consolidated key ratios by quarter

Group (EUR thousands)	Q3/19	Q2/19	Q1/19	Q4/18	Q3/18	Q2/18	Q1/18	Q4/17
Operating revenues (IFRS)	94,729	85,728	79,297	70,226	64,346	59,252	51,594	50,718
EBITDA	48,470	42,730	35,918	31,568	27,992	26,168	21,959	22,599
EBITDA margin	51.2%	49.8%	45.3%	45.0%	43.5%	44.2%	42.6%	44.6%
Operating profit	41,995	36,614	30,189	26,734	23,225	21,688	17,842	18,806
Operating margin	44.3%	42.7%	38.1%	38.1%	36.1%	36.6%	34.6%	37.1%
Revenue growth vs prior year	47.2%	44.7%	53.7%	38.5%	40.8%	40.1%	30.0%	47.8%
Revenue growth vs prior quarter	10.5%	8.1%	12.9%	9.1%	8.6%	14.8%	1.7%	11.0%
Cash and cash equivalents	141,108	88,680	103,734	84,951	63,548	37,163	52,076	49,272

Reconciliation of selected key ratios not defined in accordance with IFRS

Group (EUR thousands)	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Oct 2018- Sep 2019	Jan-Dec 2018
Operating margin						
Profit before tax	41,931	23,183	108,638	62,622	135,342	89,326
Excluding net financial items	64	42	160	128	190	158
Operating profit (EBIT)	41,995	23,225	108,798	62,750	135,532	89,484
Divided by Total operating revenues	94,729	64,346	259,754	175,192	329,980	245,418
Operating (EBIT) margin	44.3%	36.1%	41.9%	35.8%	41.1%	36.5%
EBITDA and EBITDA margin						
Profit before tax	41,931	23,183	108,638	62,622	135,342	89,326
Net financial items	64	42	160	128	190	158
Depreciation/amortisation	6,475	4,767	18,320	13,363	23,154	18,197
EBITDA	48,470	27,992	127,119	76,113	158,686	107,681
Divided by Total operating revenues	94,729	64,346	259,754	175,192	329,980	245,418
EBITDA margin	51.2%	43.5%	48.9%	43.4%	48.1%	43.9%
Profit margin						
Profit for the period	39,775	21,242	102,880	57,925	128,415	83,460
Divided by Total operating revenues	94,729	64,346	259,754	175,192	329,980	245,418
Profit margin	42.0%	33.0%	39.6%	33.1%	38.9%	34.0%
Equity/Assets ratio						
Total equity	234,400	136,584	234,400	136,584	234,400	162,270
Divided by Total assets	369,327	189,739	369,327	189,739	369,327	240,657
Equity/Assets ratio	63.5%	72.0%	63.5%	72.0%	63.5%	67.4%

EBITDA has been affected by the new lease standard IFRS 16, which is reported in note 4.

Condensed Parent Company income statements and other comprehensive income

Parent company (EUR thousands)	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Oct 2018- Sep 2019	Jan-Dec 2018
Net sales	1,754	1,708	4,778	4,712	6,261	6,195
Other external expenses	-1,846	-1,540	-4,737	-4,551	-6,182	-5,996
Operating profit	-92	168	41	161	79	199
Dividend from group companies	-	-	-	-	75,000	75,000
Financial items	0	0	0	-1	105	104
Profit before tax	-92	168	41	160	75,184	75,303
Tax on profit for the period	-249	-38	-667	-38	-1,144	-515
Profit for the period	-341	130	-626	122	74,040	74,788

Parent company (EUR thousands)	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Oct 2018- Sep 2019	Jan-Dec 2018
Profit for the period	-341	130	-626	122	74,040	74,788
Other comprehensive income	-	-	-	-	-	-
Other comprehensive income, net after tax	-	-	-	-	-	-
Total comprehensive income for the period	-341	130	-626	122	74,040	74,788

Condensed Parent Company balance sheets

Parent company (EUR thousands)	30/09/2019	30/09/2018	31/12/2018
Assets			
Intangible assets	732	283	438
Property, plant and equipment	59	55	40
Participating interest in Group companies	206,000	206,000	206,000
Other non-current receivables	35	33	33
Deferred tax assets	-	34	-
Total non-current assets	206,826	206,405	206,511
Receivables from Group companies	36,967	5,666	69,539
Other current receivables	293	124	272
Prepaid expenses and accrued income	217	176	76
Cash and cash equivalents	954	401	504
Total current assets	38,431	6,367	70,391
TOTAL ASSETS	245,257	212,772	276,902
Equity and liabilities			
Share capital	545	540	540
Retained earnings including profit for the period	242,951	200,385	275,179
Total equity	243,496	200,925	275,719
Accounts payable	154	31	160
Liabilities to Group companies	-	11,581	-
Current tax liabilities	1,143	-	479
Other current liabilities	168	35	158
Accrued expenses and prepaid income	296	200	386
Total current liabilities	1,761	11,847	1,183
TOTAL EQUITY AND LIABILITIES	245,257	212,772	276,902

Notes to the financial statements

Note 1. Accounting principles

Evolution prepares its financial statements in accordance with the International Financial Reporting Standards (IFRS) as approved by the European Union. The Group's interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. The Parent Company uses the same accounting principles as the Group, with the addition of the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities.

Amounts are expressed in thousands of Euro (EUR) unless otherwise indicated. Amounts or figures in parentheses indicate comparative figures for the corresponding period last year. The accounting policies are unchanged from the 2018 annual report with the exception of den new lease standard IFRS 16 that has replaced IAS 17 and is applied from 1 January 2019. Evolution has chosen a simplified retrospective method upon transition to IFRS 16, which means that amounts for the comparative year 2018 have not been re-measured. The IFRS 16 effect on the balance sheets have been reported directly in the balance sheets on page 7. The effect on the income statements are reported in note 4.

Note 2. Events following the balance sheet date

No significant events have occurred after the end of the reporting period.

Note 3. Incentive programme

The company has one incentive programmes adopted by the Annual General Meetings in 2018. Upon full exercise of the warrants within the programme, the dilution effect will be approximately 0.97 percent. More information about the programme is available on the company's website.

Note 4. IFRS 16 effects in the financial reports

Amounts recognised in the income statement

The Income statement shows the following amounts related to leasing:

Group (EUR thousands)	Actual Jan-Sep 2019	Actual Jan-Sep 2018
Operating expenses		
Depreciations, right of use assets ¹⁾	-2,307	-
Other costs	2,344	-
Financial expenses in respect of right of use assets ²⁾	-37	-
Profit for the period	0	-

¹⁾ Costs attributable to lease agreements moved from other costs to depreciations

²⁾ Interest expenses included in Financial Items

Key ratios

Group (%)	Actual Jan-Sep 2019	Actual Jan-Sep 2018
EBITDA margin including IFRS 16	48.9%	-
EBITDA margin excluding IFRS 16	48.0%	-

Note 5. Acquisition of Ezugi

On 9 January 2019, Evolution acquired the business of live dealer gaming provider Ezugi (consisting of five legal entities) for an initial consideration of USD 12 million and possible additional consideration of a maximum of USD 6 million. The acquisition is expected to add 2-4 percent to 2019 revenues and be slightly accretive to Evolution earnings per share during 2019. The acquisition strengthens Evolution's position in

existing markets, primarily the US, and adds further studio capacity as well as resources in product development.

The acquisition is fully paid in cash. The goodwill item is not tax deductible and is expected to be attributable to expected profitability, employee know-how and expected synergy effects. The financial impact of this transaction is shown below. Acquisition analysis of fair value adjustment of product rights, short-term receivables and short-term liabilities is preliminary up to twelve months after acquisition date. The underlying currency of the Group Goodwill is USD.

Group (EUR thousands)	Fair value reported in the group
Trademark	257
Customer agreements	2,875
Tangible fixed assets	975
Other long-term receivables	75
Current receivables	1,484
Liquid funds	186
Deferred tax liability	-157
Long-term liabilities	-228
Current liabilities	-3,991
Net identifiable assets and liabilities	1,475
Group Goodwill	14,937
Consolidated acquisition value/price	16,412

Acquisition cost amounted to EUR 0.5 million, included in other operating expenses in Q4 2018 and Q1 2019.

In the third quarter 2019 and in the January-September 2019 period, Ezugi has contributed to the Group's net revenues with EUR 2,820 thousand and EUR 8,245 thousand respectively but has not had any significant impact on the Group's profit.

Note 6. Seasonality

Evolution's operations are, to a certain extent, influenced by seasonal patterns in end-user activity. The Group's customers generally notice increased end-user activity and an increased volume of operations in the fourth quarter of each year, which is consistent with the Group's experience of increased Live Casino traffic and commission income earned in the fourth quarter.

Stockholm, 24 October 2019

Martin Carlesund
CEO

For further information, please contact CFO Jacob Kaplan, +46 708 62 33 94, ir@evolutiongaming.com.

Evolution Gaming Group AB (publ)
Hamngatan 11
SE-111 47 Stockholm, Sweden

e-mail: ir@evolutiongaming.com
Website: www.evolutiongaming.com
Corporate ID number: 556994-5792

Presentation for investors, analysts and the media

CEO Martin Carlesund and CFO Jacob Kaplan will present the report and answer questions on Thursday, 24 October 2019 at 09:00 a.m. CET via a telephone conference. The presentation will be in English and can also be followed online. Number for participation by telephone: +46 8 566 42 705 / +44 3333 00 90 30 / +1 833 526 8397. Follow the presentation at <https://tv.streamfabriken.com/evolution-gaming-group-q3-2019>

This information is such that Evolution Gaming Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, under the agency of the contact person set out above, on 24 October 2019, at 7.30 am CET.

Auditor's report

Evolution Gaming Group AB (publ), reg. no. 556994-5792

Introduction

We have reviewed the condensed interim financial information (interim report) of Evolution Gaming Group AB (publ) as of 30 September 2019 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 24 October 2019

PricewaterhouseCoopers AB

Niklas Renström

Authorized Public Accountant

Definitions of key ratios not defined in accordance with IFRS

Key ratios	Definition	Purpose
Operating profit	Profit before tax excluding net financial items.	This key ratio is used by management to monitor the earnings trend in the Group.
Operating margin	Operating profit in relation to operating revenues.	This key ratio is used by management to monitor the earnings trend in the Group.
EBITDA	Operating profit less depreciation.	This key ratio is used by management to monitor the earnings trend in the Group.
EBITDA margin	Operating profit excluding depreciation and amortisation in relation to operating revenues.	This key ratio is used by management to monitor the earnings trend in the Group.
Profit margin	Profit for the period in relation to operating revenues.	This key ratio is used by management to monitor the earnings trend in the Group.
Equity per share	Shareholders' equity divided by the number of shares outstanding at the end of the period.	This key ratio is used by management to monitor the earnings trend in the Group.
Operational cash flow per share	Cash flow from operating activities in relation to the average number of shares outstanding during the period.	This key ratio is used by management to monitor the cash flow trend in the Group.
Average number of shares outstanding	The average number of shares outstanding during the period.	Used to calculate key ratios in relation to the number of shares during the period.
Number of shares outstanding	Number of shares outstanding at the end of the period.	Used to calculate key ratios in relation to the number of shares at the end of the period.
Equity/assets ratio	Equity at the end of period in relation to total assets at the end of period.	This key ratio indicated the Group's long-term payment capacity.
Cash and cash equivalents	Cash and bank assets.	Used by management to monitor the Group's short-term payment capacity.
Revenue growth compared with the previous year	Operating revenues for the period divided by operating revenues in the same period last year.	This key ratio is used by management to monitor the Group's revenue growth.
Revenue growth compared with the preceding quarter	Operating revenues for the period divided by operating revenues for the preceding quarter.	This key ratio is used by management to monitor the Group's revenue growth.