

The board of directors' of Evolution Gaming Group AB (publ) proposal regarding the resolution on an incentive programme by way of a directed issue of warrants with a subsequent transfer to the participants

Item 16: Resolution on an incentive programme by way of a directed issue of warrants with a subsequent transfer to the participants

The incentive programme in brief

The board of directors proposes the establishment of an incentive programme under which the company invites approximately 80–100 persons within the group to acquire warrants in the company. The right to acquire warrants shall be granted the CEO of the company, members of the group management, persons who report directly to the group management and other key specialists. The company's board members shall not be granted any warrants.

The board of directors' proposal means that the general meeting resolves on (i) the establishment of an incentive program, (ii) a directed issue of not more than 617,702 warrants and (iii) approving that the wholly-owned subsidiary that subscribed for the warrants transfer them to the participants in the incentive programme.

The conditions of the incentive programme essentially corresponds with the conditions applicable to the current incentive programme of 547,000 warrants 2016/2019 (of which 365,084 have been transferred to employees in the group) which was established at the annual general meeting 2016. A description of the current incentive programme is available at the company's website, www.evolutiongaming.com.

The rationale for the proposed incentive programme is to create conditions for retaining and recruiting competent personnel to the group, increase the motivation amongst the participants, increase their loyalty to the company and align their interest with that of the company's shareholders as well as promote a personal shareholding, and thereby promote shareholder value and the company's long-term value creation capability.

Issue of warrants 2018/2021

The board of directors proposes that the general meeting resolves on an issue of warrants on the following terms and conditions.

Number of warrants to be issued

The company shall issue a maximum of 617,702 warrants.

Right to subscription

The right to subscribe for warrants shall, with deviation of the shareholders' pre-emption rights, belong to a wholly-owned subsidiary of the company.

Reason for deviating from the shareholders' pre-emption rights

The reason for deviating from the shareholders' pre-emption rights is, by way of an incentive programme, to create conditions for retaining and recruiting competent personnel to the group, increase the motivation amongst the participants, increase their loyalty to the company and align their interest with that of the company's shareholders as well as promote a personal shareholding, and thereby promote shareholder value and the company's long-term value creation capability.

Subscription period

Subscription of the warrants shall take place on a separate subscription list no later than on 31 August 2018.

Over-subscription

Over-subscription is not allowed.

Issue price and payment

The warrants shall be issued without compensation and no payment shall be made.

Terms and conditions for the warrants

- (i) Each warrant shall entitle the holder to subscribe for one new share in the company.
- (ii) The subscription price for each new share shall be equal to 130 per cent of the volume-weighted average price of the company's share on Nasdaq Stockholm during the period from and including 23 April 2018 up to and including 7 May 2018. The subscription price calculated in accordance with the above shall be rounded to the nearest SEK 0.10, where SEK 0.05 shall be rounded down.
- (iii) The warrants may be exercised during the period from and including 1 July 2021 (however not earlier than the day after the publication of the company's interim report for the period January–June 2021) up to and including the date that falls 30 calendar days after the publication of the company's interim report for the period January–June 2021 (however not later than on 30 September 2021).
- (iv) The new shares shall carry rights to dividends for the first time on the record day for dividends that occurs directly after subscription has been executed.
- (v) The complete terms and conditions for the warrants will be published on the company's website www.evolutiongaming.com not later than on 30 March 2018. As set forth in the terms and conditions for the warrants, the subscription price and the number of shares that a warrant entitles subscription for, may be recalculated in certain cases.

Increase in share capital

The company's share capital may, upon exercise of all 617,702 warrants, increase by 9,265.53 euro (calculated on a quota value of 0.015 euro), subject to such recalculation of the number of shares that each warrant entitles subscription for that may be made in accordance with the complete terms and conditions of the warrants.

Authorisation

The board of directors shall be authorised to extend the subscription period.

The board of directors shall be authorised to make such minor adjustments in the resolution that may be required in connection with the registration of the warrants with the Swedish Companies Registration Office.

Approval of transfer of warrants to participants in the incentive programme

The board of directors proposes that the general meeting resolves to approve that the wholly-owned subsidiary transfers not more than 617,702 warrants 2018/2021 to the CEO of the company, members of the group management, persons who report directly to the group management and other key specialists within the group, or retains the warrants on the following terms and conditions.

Price and valuation

The warrants shall be transferred against cash payment. For warrants acquired at market value, the price (the warrant premium) shall be established in accordance with the Black & Scholes valuation model. The valuation of the warrants shall be made by EY.

A preliminary market price of the warrants has, in accordance with a valuation based on a market value on the underlying share corresponding to the volume-weighted average price of the company's share on Nasdaq Stockholm during the period 1–14 March 2018, been set to SEK 39.07 per warrant (assuming a subscription price of SEK 739.33 per share). EY has based its preliminary valuation on

the assumption of a risk-free interest rate of -0.33 per cent and a volatility of 31.6 per cent. EY has also reduced the value of each warrant by approximately SEK 49 to reflect the impact of expected dividends during the period until the warrant can be exercised and by an additional 30 per cent for the purpose of reflecting that the warrants will not be traded in a liquid market during this period.

For each warrant the participant acquires at market price, an additional warrant shall be transferred to the participant without compensation. Exercise of the warrants transferred without compensation can only occur if the warrants acquired at market price are held up to and including the first day on which the warrants can be exercised.

Allotment

The board of directors of the company shall decide on the allotment of warrants in accordance with the following principles.

- (i) The CEO of the company may be allotted up to 48,000 warrants, members of the group management may be allotted up to 24,000 warrants each, persons who report directly to the group management may be allotted up to 8,000 warrants each and other key specialists within the group may be allotted up to 4,000 warrants each (in each case including both warrants acquired at market price and warrants transferred without compensation). Members of the company's board of directors shall not be allotted any warrants.
- (ii) Warrants may be allotted on 31 August 2018 at the latest. Allotment may only take place to the extent that the total number of warrants allotted under the incentive programme does not exceed 617,702 warrants.
- (iii) If a person who has been allotted a right to acquire warrants does not wish to acquire his or her full share, the non-acquired part of his or her share shall be included in the number of unallotted warrants, which may be offered to other existing or newly recruited persons within the categories specified in item (i) above.

The company's right to repurchase warrants

In connection with the transfer of warrants to the participants, the company shall reserve the right to repurchase warrants if the participant's employment with the group is terminated or if the participant wishes to transfer his or her warrants.

Dilution effect

If all 617,702 warrants 2018/2021 are exercised for subscription of 617,702 shares, the dilution effect will be approximately 1.7 per cent (based on the total number of shares at time of this notice). Upon full exercise of these 617,702 warrants and the 365,084 warrants 2016/2019, which have been transferred to a number of key employees in the group in accordance with a resolution at the annual general meeting 2016 (*i.e.*, 982,786 warrants in total), the dilution effect will be approximately 2.7 per cent.

Costs

Warrants transferred to participants will be accounted for in accordance with IFRS 2 and will be recorded as a personnel expense in the income statement during the years 2018–2021.

Assuming a share price of SEK 568.72 (the volume-weighted average price of the company's share on Nasdaq Stockholm during the period 1–14 March 2018), a subscription price of SEK 739.33 and a maximum participation, the cost for the incentive programme, excluding social security costs, is estimated to be approximately EUR 1.2 million. This cost is based on the preliminary market value of the warrants as of 15 March 2018. The cost will be allocated over the years 2018–2021.

The estimated costs for social security will be recorded as a personnel expense in the income statement by current reservations. The social security costs are estimated to approximately EUR 110,000

subject to the assumptions set out above, *i.e.*, based on the preliminary market value of the warrants as of 15 March 2018 multiplied by the average of relevant social security tax rates.

The programme is estimated to entail only limited direct costs for the company. Therefore, no measures to secure the programme are planned to be made.

Effect on key ratios

If the incentive programme had been established in 2017, subject to the assumptions set out above, the impact on earnings per share would have been approximately EUR 0.036.

Subject to the assumptions set out above, the total cost of the incentive programme, including social security costs, is estimated to be approximately EUR 1.3 million over the years 2018–2021. This cost may be compared to the company's total salary costs, including social security costs, of EUR 77,193 thousands in 2017.

The estimated costs for the programme have been based on the preliminary market value of the warrants as of 15 March 2018. The preliminary market value for the warrants at the time of the establishment of the programme forms a better basis for the estimation of the future costs than to base the calculation on an estimated future market value for the company's shares at an estimated exercise date for the warrants.

Preparation of the proposal

The proposal has been prepared by the company's remuneration committee in consultation with the board of directors and external advisors. The proposal has been dealt with at board meetings during the end of 2017 and in the beginning of 2018.

Majority requirements

A resolution in accordance with the board of directors' proposal is valid only where supported by shareholders holding not less than nine-tenths of both the votes cast and the shares represented at the general meeting.

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Stockholm in March 2018
Evolution Gaming Group AB (publ)
The board of directors