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The year in brief

A summary of another outstanding year in Evolution's history.

►► THE YEAR IN FIGURES

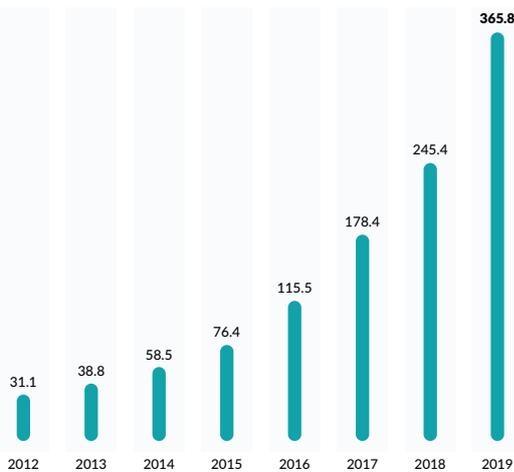
Revenues amounted to €365.8 million and EBITDA was €182.9 million

The EBITDA margin was 50%

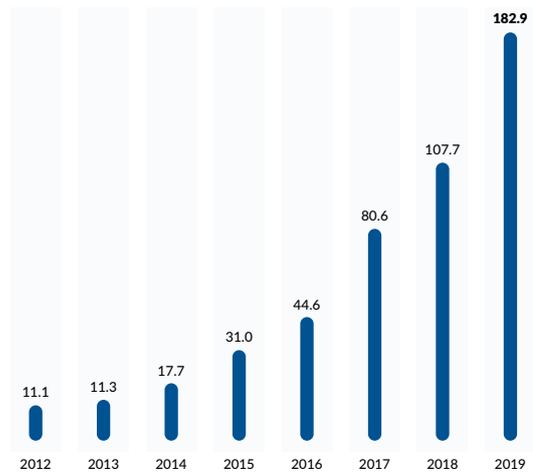
Earnings per share amounted to €0.83

The Board proposes a dividend of €0.42 per share

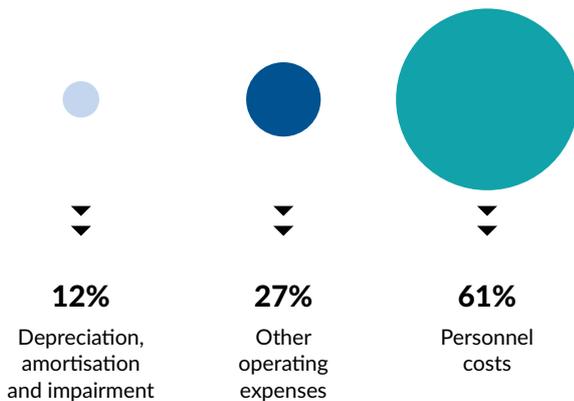
Total Operating Revenues (EUR MILLION)



EBITDA (EUR MILLION)



Cost Structure



EBITDA



INCREASE: ►► **+70%**

▶▶ HIGHLIGHTS



Game Shows

2019 saw Evolution firmly consolidate its Game Shows category into the Live Casino space with the successful launches of MONOPOLY Live and Deal or No Deal Live to name but a few. This category, created by Evolution, puts entertainment at the core of the games, offering a style of games that was not available on Live previously and has seen significant success in attracting first-time players.



Launch of 10 New Games

Throughout the course of 2019, Evolution released an unprecedented number of new games and accelerated its product development cycle. These releases included new innovations within classic table games, Game Shows, exclusive branded games released in partnership with other powerhouse brands and an expanded range of RNG titles in its First Person range of games.



Awards recognition

In June, Evolution was crowned Live Casino Supplier of the Year at the EGR B2B Awards for a tenth year in an unbeaten run of wins since the inception of the award. Awards across Italy, the Nordics and North America were also received for outstanding localised content and product offering for those markets. MONOPOLY Live was crowned EGR Game of the Year, voted for by operators in the industry.



New deals and extended partnerships

During the year, Evolution entered agreements with several more key operators globally including deals with Flutter Entertainment's brands Paddy Power and Betfair, Stoiximan/Betano Group, DraftKings and Penn National in the US, as well as extending its relationship with Scientific Games.



Continued investments in studios

To further accelerate growth and meet the global demand for Live Casino, Evolution continued to invest in studio capacity during the year. The studios in Georgia and New Jersey have both doubled their capacity, whereas a completely new studio was built in Malta. In 2020, a new studio will be built in Pennsylvania, USA.

Group CEO comments

Innovation, global growth and aiming for even greater heights.



In last year's annual report, I concluded my CEO comments by stating that we should not slow down our pace. I said that we should aim for continuous growth, continue to create new gaming experiences and continue to strengthen our global presence. As I now summarise the year 2019, I can proudly say that we reached all of this – and more – in what cannot be described in any other way than another outstanding year in Evolution's history.

2019 was a year of products and innovation for Evolution and during the year we introduced no less than 10 new games. Our ambition is not only to create new experiences for returning casino players, but also games that attract completely new player types and that expand the live vertical in new segments. The most visible proof of this has been the great success for our games in the Game Show category, where titles such as MONOPOLY Live and Lightning Roulette are finding new players every day. The focus for all our Game Shows is to be entertaining, where the boundaries between games and shows fade.

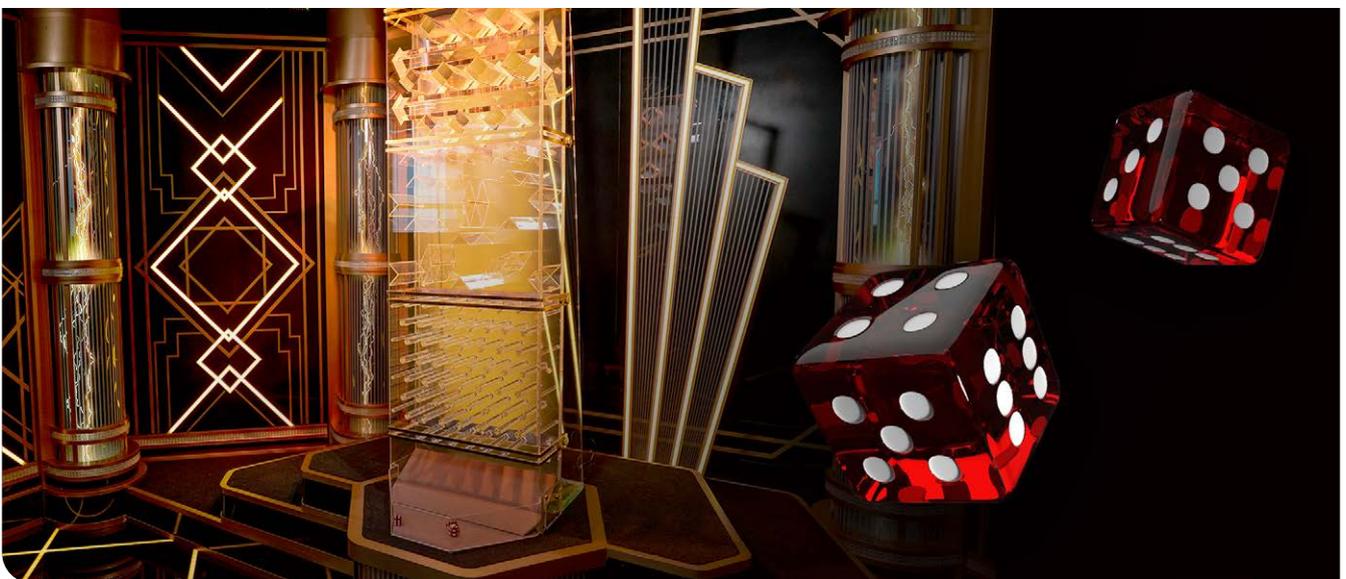
As we introduced games for new audiences, we continue to develop our offering for traditional live players. During the year, we have released several new poker games, dice games and new versions of Blackjack. We are constantly striving to further strengthen Evolution's leading position in these gaming categories.

As a result of the gaming successes, Evolution received the Live Casino Supplier of the Year Award for the 10th consecutive year at the EGR B2B Awards. It is a great achievement that can be attributed to all employees — to whom I sincerely want to thank for the past year.

Evolution's products show high demand around the world, and our growth is truly global. The US market is developing as more states regulate Live Casino. Our products are also gaining ground in the already established Live Casino market in Asia. And in our European markets, Live Casino continues to take market shares of the total online casino market.

We are working hard to meet the demand, and during the year we expanded our studios in Georgia and New Jersey while building a brand-new studio in Malta. The capacity in New Jersey doubled during the year. At the end of 2019, we had in total over 700 active tables in our studios, serving over 300 customers globally. The number of employees in our studios amounts to 8,000!

The largest part of our growth can be explained by the expansion of the live offering in mature and new markets by our existing customers. Simultaneously, Evolution continues to win new customers and in 2019, several agreements were entered that we believe have great opportunity to contribute to our continued growth in the upcoming years.





One example is Flutter Entertainment's brands Paddy Power and Betfair, which now offer the entire collection of Evolution's Live Casino games.

We have also continuously entered into agreements with new customers in New Jersey and Canada, as well as our first customers in Pennsylvania, Parx Casino and Penn National Gaming. Based on our experience from New Jersey, we see great opportunities to build a strong position when our new studio goes live in the state in 2020.

As we are about to publish this annual report the world is going through an uncertain time with the Coronavirus spreading throughout the world. I regularly return to the paranoid attitude that characterises Evolution as a company. Our drive to adapt and develop the company will truly be tested also this coming year. However, we enter the coming year with a very strong financial position as well as an underlying growth in demand for our products.

During 2020 we not only want to maintain our leading market position; we also want to strengthen it – and we will do it by constantly challenging both ourselves and the entire industry. In 2020, we will launch 12 new games, featuring both innovations in the classic table games category, expanding our line of First Person RNG games, as well as new titles in the Game Show category. We also continue to invest in our studio capacity to ensure that we meet the global demand for our services.

Our eternal mission to increase the gap to our competitors has never been more relevant. Evolution's employees continue to aim for new heights, and I hope that you as a shareholder, customer and end user will join us on this journey!

Martin Carlesund,
Group CEO



MENU

NO CARD

100
1/50 F-- +0.7 ISO 250

STRATEGIC REPORT

Evolution offers a market-leading Live Casino platform that simultaneously handles hardware, software, video, employees and user data, giving the operators a complete Live Casino offering and the end users a unique gaming experience.

**OUR BUSINESS MODEL, VISION
AND STRATEGY**

OUR STRATEGY FOR GROWTH

OUR MARKETPLACE

OUR OPERATIONS

OUR GLOBAL STUDIOS

CASE STUDIES

**OUR WORLD-LEADING LIVE CASINO
GAMES PORTFOLIO**

OUR GROWING CUSTOMER BASE

**A UNIQUE RECORD OF INNOVATION
AND GROWTH**

THE EVOLUTION SHARE



Our business model, vision and strategy

With a scalable business model and a market-leading offering, Evolution is leading the way for the development of the Live Casino segment on a global basis.

Mission

To make operators successful and provide an excellent gaming experience for their end users.

Vision

To be the leading Live Casino provider in the world.



Business model

Evolution develops, produces, markets and licenses fully integrated Live Casino solutions for gaming operators. The gaming operators then market and offer the products to their end users. Evolution’s customers include the majority of the largest online gaming operators in Europe and the USA, as well as a growing number of land-based casinos that have begun to offer games online.



The chart shows the distribution of created economic value to employees in the form of salaries, suppliers for purchases of products and services, shareholders in the form of dividends and society in general by taxes and fees.

Value creation

Through its operations, Evolution creates economic value for its various stakeholders. The company’s overarching aim is to create value for its shareholders by providing stable returns over time. In addition, Evolution contributes with value to the local communities where it has a presence, as well as to its employees — who are crucial to the company’s success — across Europe and North America. Evolution also has close and long-term relations with its suppliers to ensure quality in the service offering.

Medium to long-term objectives



Dividend

To distribute a minimum dividend of 50% of net profit over time.

✓ Outcome 2019: Proposal of **51%**



Growth

To grow faster than the total European Live Casino market.

✓ Outcome 2019: **49%** compared with **39%*** for the market, margin of **50%**

*Statistics from H2GC.



Revenue model

The most basic agreements normally include access to, and streaming from generic tables, while more complex agreements can include dedicated tables and environments, VIP services, native speaking dealers and other customisations to produce a Live Casino experience that is as unique as possible for the end user and helps the operator stand out from the crowd.

The majority of Evolution's revenues consist of commission fees and fixed fees for dedicated tables, which are paid monthly by operators. Commission is calculated as a percentage of the operators' winnings generated via the company's Live Casino offering. Through commission, Evolution gains beneficial exposure to the general growth of the Live Casino market.

Dedicated table fees are monthly service charges to operators who have opted to provide dedicated tables for their end users. Dedicated tables are reserved and used exclusively by the operator, and can be customised completely to the operator's requirements as regards studio environment, graphics, brand attributes and language. The fee varies from customer to customer depending on factors such as the type of game, number of tables and active hours.

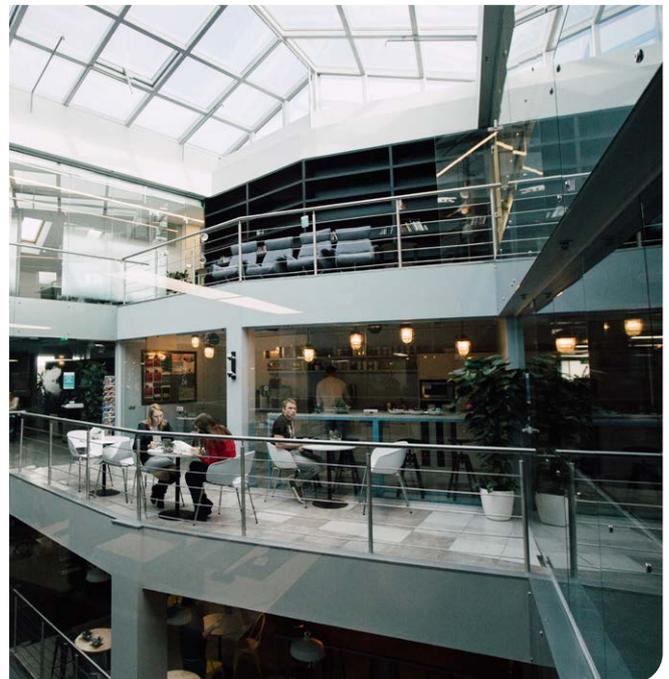
In addition to commission and dedicated table fees, there are other smaller sources of income such as set-up fees, which are invoiced to new customers in conjunction with the launch of their Live Casino offering.

Cost structure

Evolution's largest cost items are personnel costs and costs relating to facilities and production studios. Personnel costs are primarily related to staff and recruitment within operations, as well as IT and product development.

The cost of adding an additional gaming operator to the company's Live Casino platform or expanding an existing customer's offering varies depending on the extent of the agreement. Set-up fees cover some of the cost for new studios and environments.

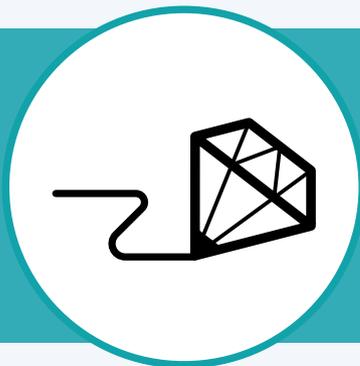
Product innovation and development also constitutes a material cost item, both directly in terms of operating expenses, and indirectly, through depreciation of capitalised development costs.



Our strategy for growth

Evolution's perpetual mission is to increase the gap to the competition. Already today, Evolution has clear leadership in the Live Casino market and aims to keep its growth momentum. The company has three core areas that are considered particularly important to further widening the lead over other providers in the market and laying a solid foundation for continued growth.

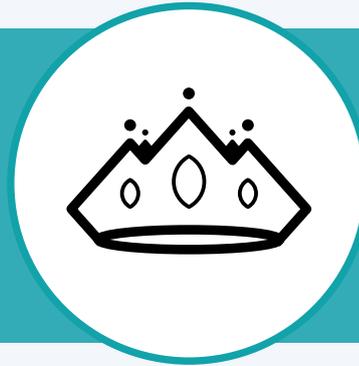
PRODUCT INNOVATION



Evolution strives to continuously improve its offering while, at the same time, developing the entire Live Casino market by means of cutting-edge product innovation.

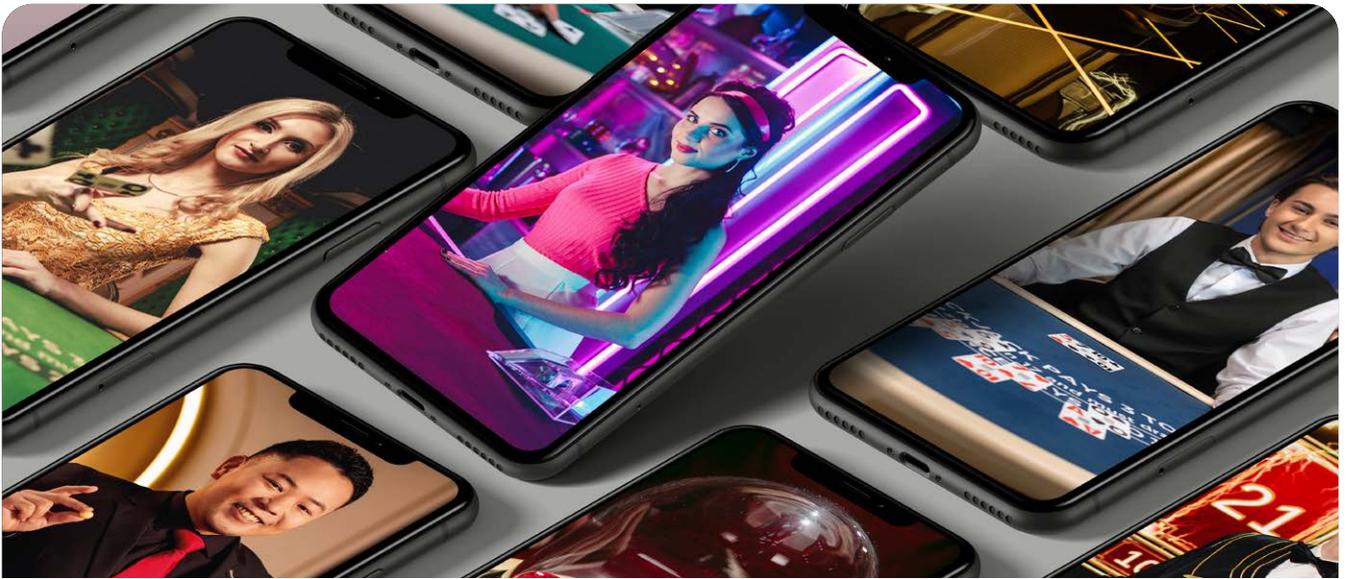
Since its inception, the company has successfully launched innovative games and solutions that are attractive both to operators and their end users. Over the past years, Evolution has manifested its innovation capabilities by introducing new game categories such as Game Shows, its Lightning range of games and its RNG offering First Person.

OPERATIONAL EXCELLENCE



Live Casino is a highly complex product and to function it requires effective collaboration between people and systems. Over its years in business, Evolution has been able to amass a collective body of experience that is unique among suppliers.

The company has a sophisticated platform that simultaneously handles software, hardware, video, employees and user data. The platform provides scalability and allows Evolution to expand with new studios without having to replicate software locally. It also provides easy adaption for new geographic markets.



CUSTOMER OPTIMISATION



Through its existing portfolio of customers, Evolution enjoys considerable opportunities to further develop, expand and refine each operator's Live Casino solution. Using the analysis of game data, Evolution optimises each individual environment to that specific customer's conditions and needs with the aim of strengthening the loyalty between the operator and the end user.

With its technical expertise, Evolution also develops solutions that strengthen end user engagement through an optimal user experience supported by cross sales between different game segments.

ORGANIC GROWTH AND ACQUIRED GROWTH

Evolution is clearly focused on achieving organic growth through product innovation, operational excellence and customer optimisation.

In addition to organic growth, Evolution may selectively do strategic acquisitions. In early 2019, live dealer gaming provider Ezugi was acquired.

The acquisition strengthened Evolution's position in existing markets, primarily the USA, and added further studio capacity as well as resources in product development.



Our marketplace

Live Casino continues its strong performance in the online gaming market.

Gaming market

Evolution's services are available on a global scale, but its revenues mainly stem from the European market.

According to market estimates from H2GC, the total European gaming market had an estimated value of EUR 107 billion (106) in 2019, measured in gross gaming revenues.

Roughly 75 percent (77) of this figure comprised land-based gaming, primarily via monopolised state-owned lottery operations and land-based casinos.

The market for online gaming has grown significantly faster than the total gaming market in recent years. For the past five years (2015-2019), online gaming achieved a compound annual growth rate of around 11 percent compared with just 3 percent for the market as a whole.

This strong growth has been fuelled by underlying factors, which mainly include various kinds of technical advances. People now have constant access to the internet, while there has been a substantial increase in data capacity.

This has paved the way for higher-quality gaming experiences, which has attracted more players. Improved payment solutions and increased regulation have also boosted confidence and led to more players feeling secure about playing online.

Online casino has been one of the fastest growing segments in the market for online gaming, with an annual growth rate of 12 percent between 2015 and 2019.

Evolution operates within Live Casino, which in turn is the fastest growing segment within online casino, with an annual growth rate of 38 percent in the same period. In 2019, the online gaming market grew by 11 percent (10) and the total gaming market by 1 percent (3).

Live Casino

According to H2GC, the European Live Casino market had an estimated value of EUR 2,159 million (1,557) at the end of 2019, representing growth of 39 percent (24) compared with the year before. Share of Live, i.e. Live Casino's share of the total online casino market, was 24 percent (20).

As for the overall online gaming market, technical progress and new distribution channels, but above all, strong demand from the gaming operators and their end users were behind this growth. Live Casino is today seen as a highly strategic, important product for operators who want to differentiate themselves in the highly competitive marketplace. Since online gaming can be perceived as relatively generic between different operators, Live Casino offers considerable opportunities to completely customise both the backdrop and content, providing a unique experience for both operators and end users.

The growth of Live Casino is also underpinned by new regulated markets. Live Casino has proven to be a product that is well suited to recently regulated markets, where interaction with real people who speak your own language builds trust among end users. The development among land-based casinos to expand their offering online also contributed to the strong growth for Live Casino. Evolution estimates its market share in Europe to be more than 50 percent and growing.

Evolution also provides its services in Canada and the USA. The North American Live Casino market had an estimated value of EUR 180 (127) million at the end of 2019. New Jersey and Pennsylvania are currently the only US states allowing Live Casino, and in Canada only a few of the provincial Crown corporation operators include Live Casino in their offering to the end users.

Live Casino market 2019 (EUR million)

EUROPEAN LIVE CASINO
MARKET VALUE:

€ 2,159M

▲
+39%

NORTH AMERICAN LIVE
CASINO MARKET VALUE:

€ 180M

▲
+42%



Competition

The Live Casino market in Europe is fragmented, but its strong trend over recent years has encouraged more systems providers to develop Live Casino solutions. The barriers to entry are relatively low, while the barriers to success are considerably higher.

Live Casino is a highly complex product that, in addition to a technical solution, requires both a certain volume and outstanding operational excellence to be profitable and perform satisfactorily.

Evolution's market position and industry-leading platform therefore mean that the company primarily encounters competitors offering operators an entire portfolio of casino products, of which Live Casino is only part of the offering. To date, Evolution has not lost any customers to another niche provider of Live Casino.

Regulation

The gaming industry in Europe and within the EU is regulated at a national level, and there is yet no common European or international gaming legislation. This situation is not expected to change over the next few years.

Many countries have regulations for land-based casinos that are not applied to online gaming. Some countries have a gaming monopoly, in which only one operator is permitted, while others have established systems in which several operators can be licensed to offer online games. In some cases, gaming operators that are licensed in one EU country offer games in other member states.

An increasing number of countries have therefore introduced national regulations. This means that gaming operators, and in some cases also providers, must apply for country-specific licences, pay local taxes and be subject to national monitoring.

Regulation is an important growth factor for the Live Casino market, because it brings more potential end users and gives operators greater opportunities to promote the product. Since Evolution is a provider, new legislation tends to affect the company indirectly. In 2019, the Swiss and Swedish markets have introduced new regulations.

In addition, the US states of New Jersey and Pennsylvania have regulated their markets for online gaming products. Additional states are assessed to open their markets in the coming years.

OFFLINE TO ONLINE

Traditional land-based casinos constitute a large part of the total casino market. These operators often have strong brands and loyal customers. At the same time, growth for land-based casinos is low and an increasing number are seeking to migrate online to be able to grow their business. In cases like these, Live Casino can be seen as the natural bridge connecting land-based and online operations. Evolution aims to be the self-evident partner for land-based casinos seeking to expand online. Currently, the company has land-based casino customers in Spain, Belgium, Malta, the UK, the USA and Romania. Demand from land-based casinos is expected to continue to increase over the coming years.



Our operations

Evolution offers a market-leading Live Casino platform that simultaneously handles hardware, software, video, employees and user data, giving the operators a complete Live Casino offering and the end users a unique gaming experience.



Technical platform

Evolution continually invests in the technical platform that forms the basis of the company’s operations. Investments relate to servers and adapted hardware such as video recording devices, card scanners and dealer computers.

The company has a stable and reliable technical system that manages all data traffic and integration with the gaming operator’s system. The technology is designed to be able to handle large amounts of data, while being scalable. Evolution has also built its own video coding solution with the aim of ensuring continuous video streaming in HD or the format that best fits the end users’ capacity. In 2019, system availability was 99.83 (99.92) percent, excluding scheduled maintenance.



Mission Control Room

Mission Control Room (MCR) is the heart of Evolution’s operations. MCR is responsible for ensuring operational excellence, system availability, security and regulatory compliance.

All active games at all studios run by the company are monitored and controlled 24 hours a day, in real time – often with thousands of simultaneous gamers. Key areas that are monitored include equipment, game presenters and gaming patterns – all with the aim of optimising security and providing protection against fraud. All major studios have their own MCR who in turn can monitor studios at other locations, thus ensuring scalability in Evolution’s business.

Customised services

The Live Casino product is a strategically important tool for operators who want to achieve brand differentiation and strengthen loyalty to their players.

Evolution has many years of experience of offering completely dedicated tables and environments, where virtually everything can be customised to the preferences of the individual operator.

Distribution channels

Evolution offers end users simple access to Live Casino games via all major platforms.

Over recent years, mobile gaming has increased significantly, and in 2019, 67 (61) percent of gaming revenues generated via Evolution's platform stemmed from mobile devices.

Mobile devices are expected to continue gaining in popularity. All mobile games are built in HTML5 to ensure smooth integration with the operator's mobile websites and apps.

Evolution Academy

Evolution Academy is located in the production studios and is responsible for the recruitment and initial and ongoing training of all gaming personnel — from game presenters to card shufflers and customer service personnel.

The Academy is set up just like a real Live Casino studio, to provide training that is as realistic as possible. The normal training period for a new game presenter is roughly 100 hours, after which a three-month trainee period begins.

Each newly recruited employee is assigned a mentor and continues to undergo training after the trainee period has come to an end, in order to further develop their skills and minimise the risk of gaming mistakes. Throughout their employment, all personnel continue to undergo training based on their results, but also in conjunction with the launch of new games or other new technical features. Training in gambling addiction awareness, legislation, money laundering and other areas of control form a key part of the training activities.



LICENSES

Evolution endeavours to be the most reliable and transparent Live Casino provider in the market and therefore holds all the licenses and certifications Evolution considers to be necessary to maintain the highest international standards in terms of regulatory compliance and security.

Evolution is licensed and regulated by:

- Malta Gaming Authority — Critical Gaming Supply License
- Alderney Gambling Control Commission — Category 2 eGambling License
- Alderney Gambling Control Commission — Core Services Associate Certificate
- UK Gambling Commission — Remote Operating License (to operate a casino)
- UK Gambling Commission — Remote Gambling Software License (to manufacture, supply, install or adapt gambling software)
- Division of Gaming Enforcement, State of New Jersey, USA — Transactional waiver for Evolution Gaming's CSIE license application in New Jersey, USA
- Kansspel Commissie (Belgium Gaming Commission) — Vergunning klasse E (Class E License)
- Romania National Gambling Office – Class II License
- Gaming Policy and Enforcement Branch (British Columbia, Canada) — Gaming Services Provider (Class B Supplier)
- The Lotteries and Gambling Supervisory Inspection of Latvia — License for rendering gambling services.

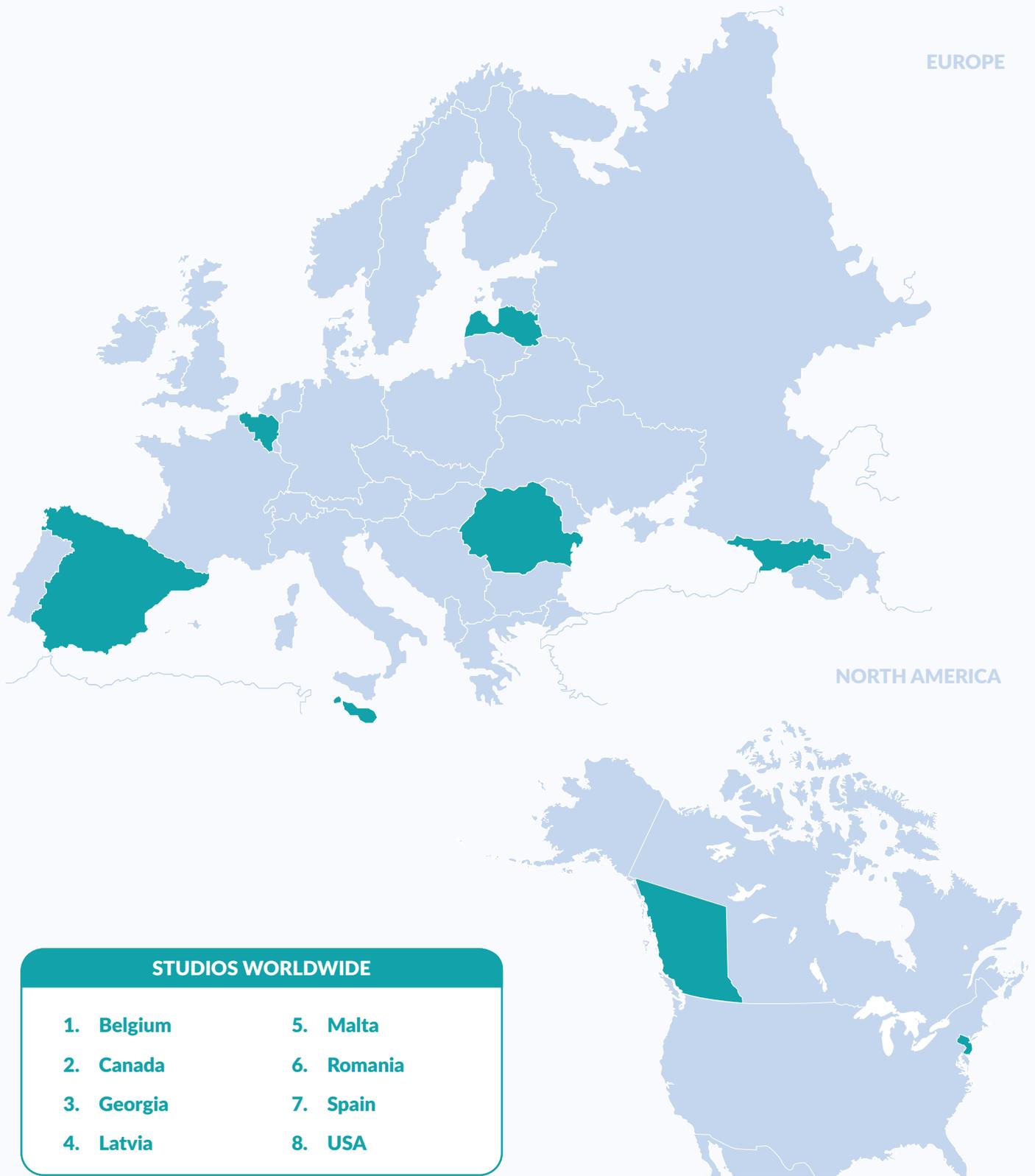
The licensors perform regular reviews to ensure that Evolution complies with the licensing requirements.

In addition, Evolution is certified by ADM (L'Agenzia delle Dogane e dei Monopoli) in Italy, SKAT (the Danish tax authority) and DGA (Danish Gaming Authority) in Denmark, and DGOJ (Dirección General de Ordenación del Juego) in Murcia, Spain.

In addition to licenses and certifications with a direct impact on the company's capacity to offer its services, Evolution has, since 2015, also been part of the Latvian government's In-Depth Cooperation Programme and is ranked as Gold level (out of Gold, Silver and Bronze). The programme is an initiative aimed at increasing cooperation between the government and industry. To be included in the programme, a company must meet certain criteria on matters relating to financial position, number of employees, wage levels and tax payment history.

Our global studios

Evolution has studios across Europe and in New Jersey and Canada. In 2020, a new studio will be built in Pennsylvania.





The art of studios

Evolution provides its services through Live Casino studios across Europe, Canada and the USA. Evolution has three main production studios, which serve as hubs for a clear majority of the markets where Evolution's games are offered. One is located in Riga, Latvia, one is in Fort Mriehel, Malta, and another one is located in Tbilisi, Georgia.

The production studio in Riga is Evolution's innovation hub where the company develops, tests and launches most of the new games. The operations in Riga are conducted with primarily English-speaking game presenters serving both generic and dedicated tables. In Malta, there are mainly international game presenter teams serving native language tables in regulated markets such as Denmark and Sweden. Tbilisi is Evolution's fastest growing hub where a mix of English-speaking and international game presenter teams are working. Together they provide over 700 tables for Evolution's customers.

Besides the larger production studios, Evolution also operates studios in Belgium, Romania and Spain. They have been built to meet the national gaming regulations requiring a land-based presence in each market.

Evolution also operates two studios outside Europe, one in British Columbia, Canada and one in New Jersey, USA. The studios have been built to cater for growth in North America.

Evolution also operates on-premise dedicated studios for customers in Belgium, as well as Dual Play tables built at the premises of land-based casinos in the United Kingdom, Malta, Romania and the USA.

EXPANSIONS AND LAUNCHES

Evolution's expansion in regulated markets

2011	Italy
2012	Denmark
2013	Spain
2014	Malta
2015	United Kingdom
2015	Belgium
2016	Bulgaria, Hungary, Romania
2017	Serbia
2018	Canada, Georgia, USA (New Jersey)
2019	Estonia, Latvia, Sweden, Switzerland

Evolution's game launches

2012

- Live Roulette
- Live Blackjack
- Live Baccarat
- Live Casino Hold'em

2014

- Live Three Card Poker

2015

- Live Caribbean Stud Poker

2016

- Live Ultimate Texas Hold'em

2017

- Dream Catcher
- Live Casino Hold'em Jumbo 7 Jackpot
- Live Caribbean Stud Poker Progressive Jackpot

2018

- Lightning Roulette
- Salon Privé range
- Dragon Tiger
- Infinite Blackjck
- Football Studio
- First Person Roulette
- First Person Blackjack
- Live Texas Hold'em Bonus Poker and First Five Jackpot

2019

- MONOPOLY Live
- Deal or No Deal Live
- Lightning Dice
- Super Sic Bo
- Free Bet Blackjack
- Side Bet City
- 2 Hand Casino Hold'em
- First Person Lightning Roulette
- First Person Dream Catcher

Case study: Game Integrity & Risk

Cutting edge game protection

The need to optimise both the product and end user experience without jeopardising game integrity is one of the most critical factors when developing new products. Cooperation established between the Products and Game Integrity and Risk functions plays a vital role in developing market-leading Live Casino games, ensuring that Evolution maintains its 'As Real As It Gets' user experience edge, while keeping the game protection shield on.

HIGHLIGHTS



Cutting edge
game protection



Patented
operational
integrity tools



24/7
monitoring





Game integrity is a vital building block of Evolution's success in the Live Casino space. Since inception, the company has built a reputation of offering state-of-the-art monitoring systems.

In 2019, Evolution Gaming revolutionised the Live Casino domain by introducing a new genre of Game Shows. The same approach of innovative creativity that Evolution uses when designing a game must also be applied to the monitoring systems and tools protecting it. Evolution has invested in both financial and human resources to design a state-of-the-art analytical system to guarantee fairness of new games to all its clients and their end users.

To increase the efficiency of the card handling operations on a daily basis and add yet another layer of control and protection to the cards checks, Evolution's Game Integrity and Risk department has designed, engineered and physically built a proprietary hardware product to further continue ensuring the fairness of all cards shoes that are being brought to the gaming floor every day in each location. This unit not only substitutes a previously manually executed approach allowing to have a minimal increase in staffing but it also performs all necessary checks on each shoe completion in the most secure way. The machine has been tested and approved by multiple international regulatory bodies.



All Evolution's carried-out activities are designed to make sure that the playing experience across all games comes from a safe and secure gaming environment, as well as meeting the Evolution standard for trust, quality and operational excellence.

TANIA JOHANNISSON

Director of Game Integrity & Risk,
Evolution Gaming

Case study: Live Game Shows

Pioneering an all-new, unique Live Game Shows category

During 2019, Evolution pushed the boundaries of innovation and carved out a whole new segment for Live Casino with the creation of its Live Game Shows category. The Game Shows category is unique to Evolution and puts entertainment at the core of the games, offering a style of gaming that was not available on Live previously and has seen significant success in attracting first-time players and those who did not hitherto play Live Casino.

HIGHLIGHTS



Brand-new unique category



New style of gaming



Cutting edge technology





The Live Game Shows category was born with the releases of Dream Catcher in 2017 and Lightning Roulette in 2018, where focus shifted from traditional table games to ones that offered end users engaging, immersive gaming experiences. The focus was on fun and entertainment, with charismatic, TV-style game hosts and highly stylised studios akin to a TV game show set.

2019 saw Evolution firmly consolidate its Game Shows category into the Live Casino space with the successful launches of one-of-a-kind, in-house innovations not available anywhere else, such as MONOPOLY Live, Deal or No Deal Live, Lightning Dice and Side Bet City. These games, using powerhouse brands from Endemol Shine Group and Hasbro, Inc. (via sublicense from Scientific Games*), represent landmark specialty games that were developed in-house by Evolution's strong and talented team. They also leverage some of the most advanced technology available, uniquely mixing Live Casino, RNG and augmented reality technology providing something completely new in the market.

These new games have opened the Live Casino space into a new era of gaming, where the intention was to reach an entertainment standard so high that end users would want to watch the progress of the game even if they were not players in it, just as they would watch a TV show.

Games in this category have achieved huge commercial success, acting as powerful conversion tools to attract new player types to Live Casino, specifically slots players, first-time Live players and those who do not traditionally play Live Casino.

*Scientific Games holds rights to the MONOPOLY brand through a license agreement with Hasbro, Inc. (NASDAQ: HAS).



We wanted to deliver truly unique games that not only engage today's players but also provide new levels of entertainment and immersion.

TODD HAUSHALTER

Chief Product Officer and Games Operations,
Evolution Gaming

Our world-leading Live Casino games portfolio

Every Evolution Live Casino game is 'as real as it gets', offering end users an online live gaming experience that's just like playing in a real casino.



►► NEW GAME SHOW 2019

MONOPOLY Live

MONOPOLY Live, created via sublicense from Scientific Games*, is a completely new and unique Game Show style game, exclusive to Evolution and not available elsewhere in the online casino world.

This special edition of Dream Catcher delivers a whole new player experience where the world's most popular board game meets Live Casino, complete with a live TV-style host, augmented reality 3D Bonus rounds built around the adventures of MR. MONOPOLY, and with the chance of big multiplier wins. It's a multi-level game that redefined Live Casino.

A live game host spins the super-sized, vertically mounted wheel and players predict the segment the wheel is going

to stop at after the spin, while the virtual MR. MONOPOLY sits alongside ready to spring into action if the wheel lands on the '2 ROLLS' or '4 ROLLS' segments. Once it does, MR. MONOPOLY springs to life and we follow him onto the captivating MONOPOLY board, where he steps around the 3D MONOPOLY board collecting prizes, multipliers and more.

All the familiar MONOPOLY board elements are here from GO, Chance and Community Chest, houses and hotels as well as Jail and Super Tax.

*Scientific Games holds rights to the MONOPOLY brand through a license agreement with Hasbro, Inc. (NASDAQ: HAS).



▶▶ NEW GAME SHOW 2019

Deal or No Deal Live

Created in partnership with Endemol Shine Group, Deal or No Deal Live is an exclusive online live version of the hit TV game show, available exclusively from Evolution.

It is a multi-layered live game that allows an unlimited number of online players to play and deal for a top cash prize.

Players spin a three-reel bank vault through the RNG-based qualifying round, each spin sets the amount of money in the biggest prize briefcase by 75x-500x.

Once qualified, players enter the prize top-up round in which random multipliers between 5x-50x increase the prize money in one or more of the 16 briefcases of their choice.

Then it's straight into the live hosted Deal or No Deal game show — a high energy contest of nerves, luck and raw intuition with the familiar, globally recognisable look and feel of the hit TV game show. The objective is to predict whether the amount of money in the remaining briefcases will be higher than the Banker's offer.



▶▶ NEW DICE GAME 2019

Super Sic Bo

Super Sic Bo is a highly engaging edition of the ancient dice game where players predict the outcome of the shake of three standard dice by placing their bets on one or more result combinations shown on the game's betting table in the User Interface. Random multipliers are applied to between zero and several bet spots in every game round, meaning that if the player's bet is placed on a bet spot with a selected multiplier, the payout is multiplied accordingly.



▶▶ NEW DICE GAME 2019

Lightning Dice

A first-of-its-kind game developed in-house further extends the Lightning brand and dice games offering. Three standard dice are dropped into the transparent 'Lightning Tower' by the game presenter and camera close-ups allow players to follow the dice as they tumble down through the tower's maze-like sections. Players simply bet on what the total of the three dice will be when they come to rest at the tower's base. In every round, random multipliers of up to 1000x strike.



▶▶ **NEW GAME SHOW 2019**

Side Bet City

Side Bet City is an 80s-themed poker variant set in a bright neon Las Vegas-themed poker room. Each player simply bets on a win for a 3-Card Hand, a 5-Card Hand, a 7-Card Hand or 'All Lose'. Game rounds are fast and fun, and there are no decisions required by the player after they have placed their initial bets.



▶▶ **NEW GAME 2019**

Free Bet Blackjack

The latest addition to the 'Infinite' family of games, Free Bet Blackjack, in partnership with Scientific Games, is based on the most popular variety of Blackjack played in land-based casinos. It offers unlimited seats and automatic Free Double Down and Split Bets on qualifying hands.



▶▶ **NEW GAME 2019**

2 Hand Casino Hold'em

An extension of the classic Casino Hold'em game, 2 Hand Casino Hold'em offers players the choice of playing one or two hands, plus an optional Bonus Bet that can be played on either or both hands.



▶▶ **NEW RNG GAMES 2019**

First Person Lightning Roulette and Dream Catcher

Two new RNG games were launched to further extend the First Person range with RNG variants of the player favourites Lightning Roulette and Dream Catcher. As in all First Person games, the unique 'GO LIVE' button takes players through the in-game portal to the live dealer version of the game.

▶▶ EVOLUTION GAMING INNOVATIONS

2020 releases

A whole host of new games are scheduled for rollout during 2020, including an expansion of our Game Shows, classic table games and First Person range.





▶▶ GAME VARIANTS

Live Roulette

A classic that has been part of Evolution’s offering since inception. A dealer throws a ball against the rotational direction of the wheel and the end user bets on a number, colour or combination of both. In addition to the original game, Evolution offers several derivatives:

- LIGHTNING ROULETTE
- SLINGSHOT AUTO ROULETTE
- IMMERSIVE ROULETTE
- SPEED ROULETTE
- IMMERSIVE LITE
- AMERICAN ROULETTE
- SALON PRIVÉ ROULETTE
- 10+ NATIVE SPEAKING ROULETTES
- DOUBLE BALL ROULETTE
- MINI LIVE ROULETTE



▶▶ GAME VARIANTS

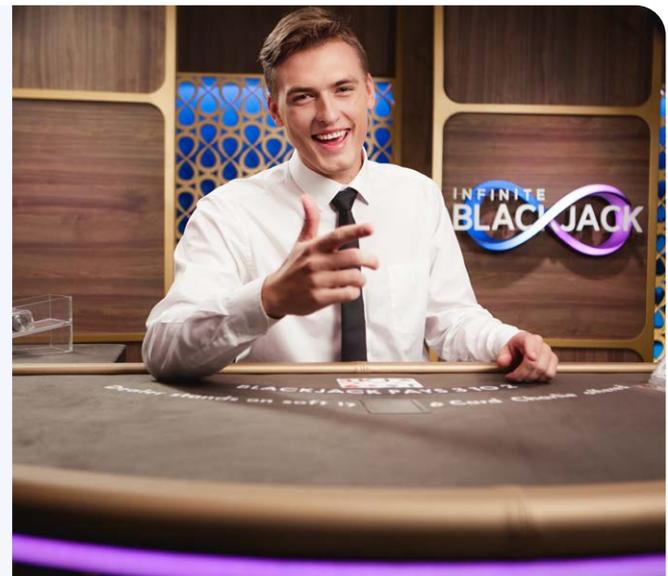
Live Blackjack

Another classic in which the end user tries to get a hand of cards that adds up closer to 21 than the dealer’s hand.

Infinite Blackjack is a totally scalable Blackjack variant, where a limitless number of players are dealt the same initial two-card hand, but thereafter each player can make their own betting decisions and end with a different hand. This is achieved through advanced software which combines the live dealing of both physical and virtual cards to each individual player.

Evolution’s Bet Behind allows additional end users to participate by betting on those sitting at the table. Available in several derivative formats, including:

- INFINITE BLACKJACK
- MULTIPLE VIP VARIANTS
- FREE BET BLACKJACK
- NEW JERSEY BLACKJACK
- SALON PRIVÉ BLACKJACK
- BLACKJACK PARTY



▶▶ GAME VARIANTS

Live Baccarat

Evolution offers the market’s most casino-realistic Baccarat experience with bean-shaped tables, dark cards, roads and the squeeze — which can be controlled by the end users themselves. Dragon Tiger complements the Baccarat offering and is a scalable, fast and simple two-card game with a visually rich studio design.

- BACCARAT SQUEEZE
- SALON PRIVÉ BACCARAT
- BACCARAT CONTROL SQUEEZE
- NO COMMISSION BACCARAT
- SPEED BACCARAT
- DRAGON TIGER



▶▶ GAME VARIANTS

Poker Suite

With a wide range of Poker variants, including exclusive titles not available from any other Live Casino provider through partnerships with Scientific Games and Games Marketing, Evolution’s Poker portfolio offers players the ultimate Poker selection.

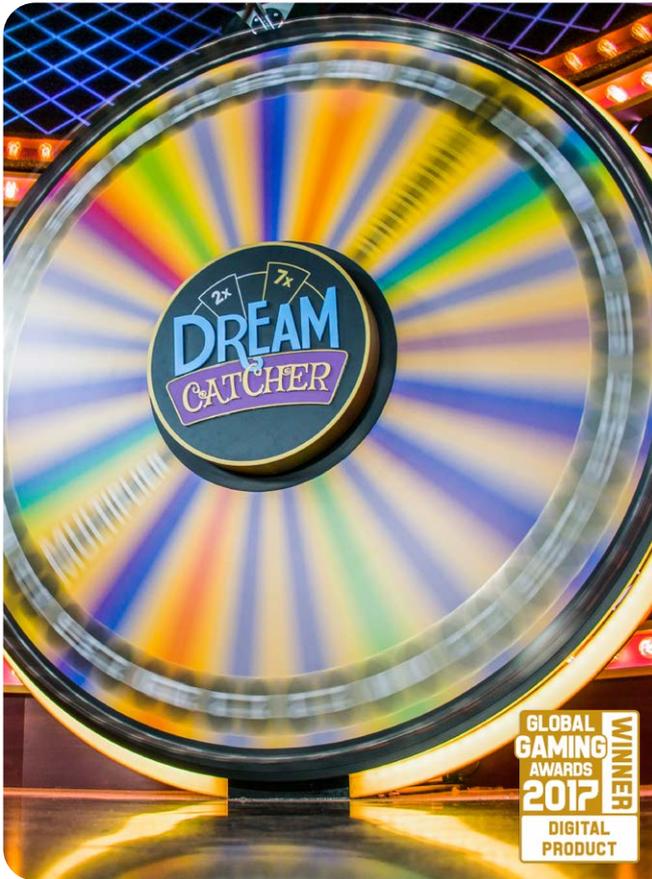
- LIVE CASINO HOLD’EM
- LIVE TEXAS HOLD’EM BONUS POKER
- LIVE THREE CARD POKER
- 2 HAND CASINO HOLD’EM
- LIVE CARIBBEAN STUD POKER
- SIDE BET CITY
- LIVE ULTIMATE TEXAS HOLD’EM



Progressive Jackpots

Three unique shared Progressive Jackpots are available — Jumbo 7 Jackpot on Live Casino Hold’em, a Progressive Jackpot on Live Caribbean Stud Poker and the First Five Jackpot on Live Texas Hold’em Bonus Poker.

The Progressive Jackpots on each table offer players extra chances to win with progressively increasing top prizes and no cap on prize values, as well as lower-level fixed prizes on offer in every game round.



►► **MONEY WHEEL**

Dream Catcher

The vertically mounted, super-sized wheel includes unique 2x and 7x multiplier segments with the potential for the multipliers to keep hitting sequentially, giving players the opportunity to win thousands of times their initial bet, just like in slots.

This game is targeted at enabling operators to cross-sell live into other player verticals. It also fits into Evolution's Game Show category of games, with engaging hosts providing a unique gaming experience for players, where they can enjoy playing along at home.

- [DREAM CATCHER](#)
- [MONOPOLY LIVE](#)



►► **GAME SHOW**

Football Studio

Football Studio is a simple two-card game set in a live football-themed studio with a video-animated backdrop. Game presenters host the game in a sports commentator style and discuss live football fixtures in real-time.



►► **VIP OFFERING**

Salon Privé

Salon Privé is a collection of single-player Roulette, Blackjack and Baccarat games dedicated to super VIP players. Entry is subject to minimum bankroll requirement with players receiving the highest levels of personal one-to-one service. The unique enhanced player control at the tables, allows players to request a new dealer or a new shuffle and determine when the deal/spin happens, so they can play at their own pace.

▶▶ RNG RANGE

First Person

The First Person range of games are Evolution’s first RNG (Random Number Generator) product offering and combine the best of the RNG and Live Casino worlds. Each First Person game features a ‘GO LIVE’ button that allows players to go directly to an Evolution Live Casino game with a consistent UI and rules across the First Person and Live games.

The games blend superior 3D rendering and animation to deliver an immersive RNG gaming experience. There are also significant opportunities for operators to fully customise these games to their own brand’s look-and-feel.

FIRST PERSON ROULETTE

FIRST PERSON LIGHTNING ROULETTE

FIRST PERSON BLACKJACK

FIRST PERSON DREAM CATCHER



▶▶ LAND-BASED OFFERING

Dual Play

Streaming live games from a live studio in a land-based casino is another exciting way to harness the power of Evolution’s world-leading live games. Such a solution extends the gaming floor and provides the basis for a seamless service (including a single loyalty and bonusing system) that brings together and co-promotes the traditional club and online services.

Our Dual Play installations include:

- LIVE AT DRAGONARA CASINO, PORTOMASO, MALTA
- LIVE AT THE HIPPODROME CASINO, LONDON, UK 2 TABLES
- LIVE AT GRAND CASINO, BUCHAREST, ROMANIA
- LIVE AT GENTING CASINO, VARIOUS LOCATIONS, UK 5 TABLES
- LIVE AT GROSVENOR VICTORIA CASINO, LONDON, UK 2 TABLES
- LIVE AT CASINO MALTA, ST. JULIAN’S, MALTA
- LIVE AT LES AMBASSADEURS CLUB, LONDON, UK 2 TABLES
- LIVE AT RESORTS CASINO HOTEL, ATLANTIC CITY, NEW JERSEY
- LIVE AT HARD ROCK HOTEL & CASINO ATLANTIC CITY, NEW JERSEY



Our growing customer base

Evolution's customer portfolio includes a large amount of online operators, platform providers and a growing number of land-based casinos. The main growth will derive from the existing customer portfolio, since operators generally extend the scale of their live offerings. Evolution can also follow existing customers into new markets.



Customer portfolio

Evolution's customer portfolio, including Ezugi, consisted of over 300 customers at the end of 2019 and comprises online operators and land-based casinos. The online operators can be divided into sportsbook operators and online gaming operators. Sportsbook operators focus primarily on games and betting on various sports, but they also offer casino products, where the conversion between Live Casino and live betting is high. Sportsbook operators often run successful campaigns and specific activities within the framework of their live offerings in connection with major sports events.

Online gaming operators often provide a broad portfolio of RNG games, such as slots, as well as casino games with Live Casino comprising a crucial role to differentiate the offering from other operators.

The land-based casinos have begun to a greater extent to expand online and Evolution strives to be the natural partner in this transition. At the end of 2019, Evolution's customer portfolio included over 30 (12) land-based casinos.

In addition to customers for whom Evolution provides direct integration, there are also several platform partnerships in which the company's Live Casino product forms part of a total solution with several product verticals.

New customers in 2019

Evolution announces all new customers classified as Tier 1, i.e. customers of strategic, financial or other significance.

In 2019, agreements were signed with Lotoquebec.com, DraftKings, Grand Casino Baden, Planetwin365, Greentube, Stoiximan/Betano Group, Penn National Gaming, and Flutter Entertainment brands Paddy Power and Betfair.

Growth among existing customers

A key aspect of the company's strategy is to increase its Live Casino share of online casino among existing customers via new product launches, services and adaptations. Evolution also follows existing customers to new regulated markets, such as the USA. 2019 was yet another record-breaking year in terms of the number of dedicated tables and environments, and many customers chose to expand with more environments with different content and themes.



Customer dependency

Although a majority of Evolution’s largest customers have strengthened their focus on Live Casino in recent years, the company has managed to decrease its dependency towards its largest customers through add-on sales to other existing customers and new sales. Evolution’s largest customer accounted for approximately 6 (7) percent of revenues in 2019, and the five largest customers accounted for roughly 27 (32) percent of revenues.

Customer dependency (% of revenues)

Year	2017	2018	2019
Top 1-5	38%	32%	27%

Risk assessment for new customers

As a B2B provider, Evolution’s revenues are generated via gaming operators and casinos. The company has stringent monitoring processes in place to detect attempts at fraud and money laundering, but it is the operators that handle all monetary transactions with their end users.

To satisfy regulatory requirements and further minimise the risks, the company has established due diligence processes for when new agreements are signed and to continually evaluate existing customers. Evolution is always able to discontinue its services to operators that fail to comply with the relevant regulations, or that in some other way jeopardise Evolution’s market position and/or gaming licences.

A unique record of innovation and growth

From a small studio with only a handful of co-workers in Riga in April 2006, Evolution has grown into a leading provider with the majority of European tier 1 operators as customers, 700 tables in studios and environments in eight countries and with game experiences for all types of end users — from high rollers to mass market.

2006

- Evolution is founded
- Launch of production studio in Riga
- Launch of Live Roulette, Blackjack and Baccarat

2007

- First licence agreements with Gala Coral, Rank, Expekt, Victor Chandler and William Hill

2012

- First Live Casino provider to be certified in the newly regulated Danish market
- Fourth core game Live Casino Hold'em is launched

2013

- Games launched on smartphones and tablets
- Evolution certified and offers games from a land-based casino in the Spanish market

2016

- Launch of Live Ultimate Texas Hold'em
- Satellite studio opened in Romania
- Launch of Dual Play Roulette solution
- Evolution has more than 100 customers and 300 live tables

2017

- Dream Catcher money wheel launched with instant success
- Build of a third European central studio in Georgia
- Start of construction of a studio in Canada, its first outside Europe
- The company's shares are moved from First North to the Nasdaq Stockholm main market, immediately joining the large cap segment

2009

- An operator moves Live Casino to its website's top navigation
- Popularity among end users increases quickly
- A larger production studio is built in Riga to meet growing demand

2010

-  Named Live Casino Supplier of the Year for the first time and Rising Star Software Provider at the EGR B2B Awards in London

2011

- First Live Casino provider to be certified in the newly regulated Italian market
-  Moved to a larger studio in Riga
- Started streaming in HD quality

2014

- Launch of Live Three Card Poker
-  New production studio opened in Malta
-  Immersive Roulette is named EGR Game of the Year

2015

- Launch of Live Caribbean Stud Poker
- Dual Play Roulette became a key product in the marketing to land-based casinos
-  Satellite studio opened in Belgium
- The company's shares are listed on Nasdaq First North

2018

- Launch of studios in Canada, Georgia and New Jersey
-  Crowned Live Casino Supplier of the Year and awarded Multi-Channel Supplier of the Year for the first time at the EGR B2B Awards
- Launch of Lightning Roulette and Infinite Blackjack
-  Lightning Roulette wins three Game of the Year awards at the EGR Operator Awards, Global Gaming Awards and Sports Betting Community Awards
- Acquisition of Ezugi

2019

- Launch of 10 new games including MONOPOLY Live, Deal or No Deal Live, Lightning Dice and more
- Consolidation of unique Live Game Shows category
-  Crowned Live Casino Supplier of the Year for the tenth successive year at the EGR B2B awards
- MONOPOLY Live crowned Game of the Year, voted for by operators, at the EGR Operator Awards

The Evolution share

Evolution Gaming is listed on Nasdaq Stockholm in the large cap segment with the ticker EVO.

Listing

Evolution's shares commenced trading on the Nasdaq First North Premier exchange on 20 March 2015. The company was approved for listing on the main market of Nasdaq Stockholm in June 2017, with the first day of trading on 7 June 2017.

Share split

With the purpose to facilitate the trade in the company's shares at Nasdaq Stockholm, a division of the company's shares (share split) was carried out in the second quarter of 2019. Each existing share in Evolution has been divided into five shares (5:1).

Share capital

On 31 December 2019, the share capital amounted to EUR 544,868.175, divided between a total 181,622,725 shares, each with a nominal value of EUR 0.003. All shares belong to the same class of shares, with equal voting rights and shares of the company's capital and profit.

Trade in the share

The closing price on the last trading day of the year, 30 December 2019, was SEK 282.00, corresponding to a market capitalisation of about SEK 51.2 billion. A total 103,656,368 shares were traded during the year, corresponding to a value of SEK 18.6 billion. The average number of shares traded per trading day was 431,902. At the close of trading on the last trading day 2019, the share price had increased by SEK 177,8 since the start of the first trading day 2019, corresponding to an increase of 171 percent. Total return amounted to positive 173 percent based on EUR exchange rate of SEK 10.00.

Analyst coverage

At year-end 2019, analysts from ABG, Carnegie, DnB, Kepler Cheuvreux, Nordea, Pareto and SEB had an active coverage of the Evolution share.

Shareholders

On 31 December 2019, Evolution had 17,860 known shareholders, compared with 12,875 at the end of 2018. The company's ten largest shareholders accounted for 54 percent of the share capital and votes. Shareholders disclosed as based in Sweden accounted for 40 percent of the capital.

Dividend

The company's Board of Directors proposes that the 2020 Annual General Meeting approve a dividend of EUR 0.42 (0.24) per share for the 2019 financial year, representing a payout ratio of 51 percent (52). The company's dividend policy is to distribute at least 50 percent of the annual consolidated net profit over time.

Investor Relations

Evolution's financial communication shall be characterised by correct, clear and relevant information that facilitates the understanding of the company's business model, strategy and financial development. Evolution provides its shareholders and other stakeholders with identical information simultaneously in matters that may affect the valuation of the company's shares. The company publishes interim reports, annual reports and press releases that are available on: www.evolutiongaming.com/investors. It is also possible to subscribe to news via the website.

2020 Financial Calendar

Interim report January-March: 23 April 2020

Annual General Meeting: 24 April 2020

Interim report January-June: 17 July 2020

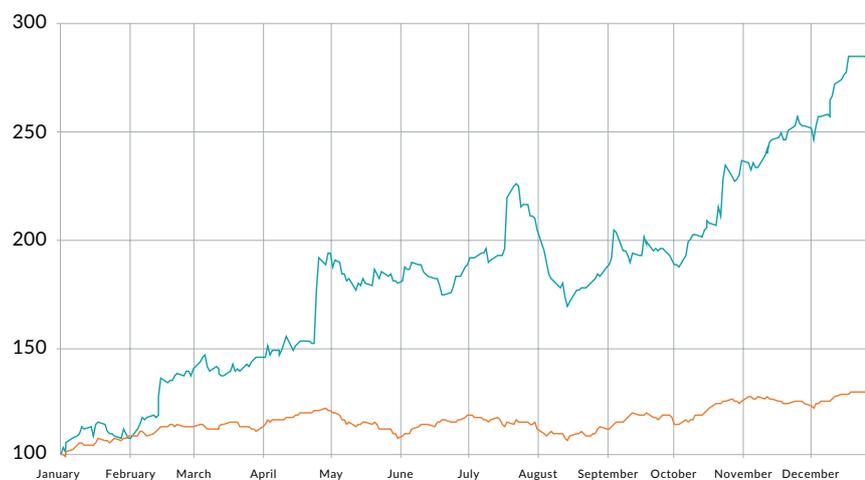
Interim report January-September: 22 October 2020

Year-end report: February 2021

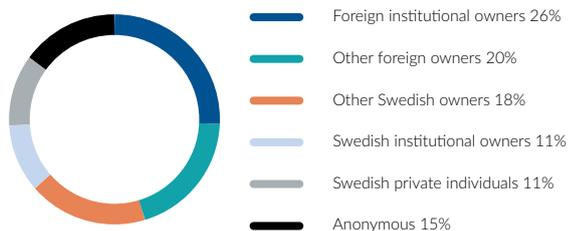
SHARE PRICE PERFORMANCE 2019

Evolution Gaming Group

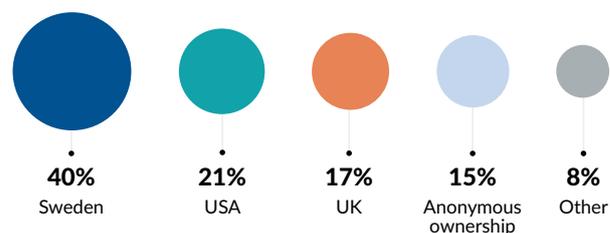
OMXS



TYPE OF OWNERS



OWNERSHIP DISTRIBUTION BY COUNTRY



10 LARGEST SHAREHOLDERS AS OF 31 DECEMBER 2019

Shareholder	Number of shares	Capital and votes
Richard Livingstone	29,750,160	16.4%
Österbahr Ventures AB	27,289,720	15.0%
Capital Group	14,972,145	8.2%
Swedbank Robur Funds	9,477,940	5.2%
Vanguard	3,450,796	1.9%
Fidelity Investments (FMR)	3,276,532	1.8%
Norges Bank	3,147,150	1.7%
Avanza Pension	2,558,633	1.4%
Life Insurance Skandia	2,441,359	1.3%
1832 Asset Management	2,426,950	1.3%
Total, 10 largest shareholders	98,791,385	54%
Other shareholders	82,831,340	46%
GRAND TOTAL	181,622,725	100%

SHARE DATA

Share data	2019	2018	2017
Earnings per share (EUR)	0.83	0.46	0.35
Dividend (EUR per share)	0.42	0.24	0.18
Payout ratio	51%	52%	52%
Shares outstanding at the end of the year	181,622,725	179,851,885	179,851,885
Average number of shares outstanding after dilution	183,387,341	182,625,245	181,685,230
Share price on the last closing day of the year	282.00	101.90	116.10
Dividend yield	1.49%	2.36%	1.55%
Total return	172.9%	-10.7%	125.4%
Number of shares traded	103,656,368	191,217,475	118,833,370
Market capitalisation at year-end	51,218	18,327	20,881
Number of shareholders	17,860	12,875	14,310

Source: Evolution Gaming and Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority (Finansinspektionen).



SUSTAINABILITY REPORT

SUSTAINABILITY REPORT

SUSTAINABILITY ASPECTS IN EVOLUTION'S OPERATIONS

OUR PEOPLE

OUR SOCIETIES

ENVIRONMENT

DIVERSITY

RESPONSIBLE GAMING

ETHICAL BUSINESS PRACTICES



Sustainability report

Evolution Gaming is committed to sustainable business practices, the continuous safeguarding and support of its team members as well as opting to have a positive impact on the societies in which the company operates. The company has adopted several policies and other governing documents within the sustainability area.

For 2020, Evolution has developed a comprehensive sustainability programme which clarifies the company's future ambition in this area further. It is focused on the areas that are the most crucial to its business operations and employees.

Business model

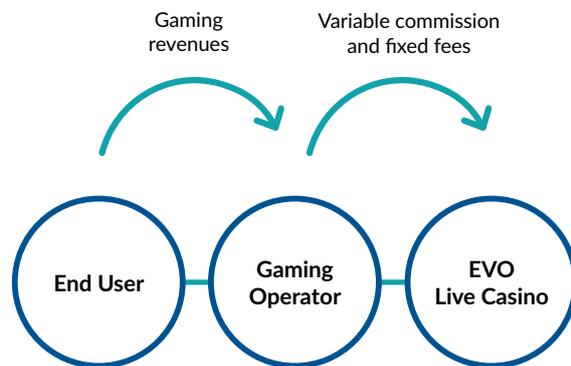
Evolution develops, produces, markets and licenses fully integrated Live Casino solutions for gaming operators. The gaming operators then market and offer the products to their end users.

For a detailed description of the company's business model, please refer to page 8.

Stakeholder dialogue

Evolution continuously engages in dialogues with the company's stakeholders, primarily through meetings with customers, suppliers and shareholders.

Internally, a yearly employee survey is carried out to identify strengths and improvement areas.





Sustainability policies

In 2019, Evolution's Board of Directors implemented a group-wide Sustainability Policy. Evolution abides to sustainability in all corporate activities through implementation of this policy and other governing documents including its Code of Conduct and Whistleblowing Procedure. Moreover, Evolution expects its customers, suppliers and business partners to adhere to standards similar to those reflected in the Evolution Sustainability Policy and Code of Conduct in the conduct of their own businesses.

The Sustainability Policy includes guidance in the following areas:

- Protection of human rights and labour rights
- Equal opportunities and prohibition of discrimination
- Responsible gaming
- Anti-bribery and anti-corruption
- Environmental responsibility.

Both the Sustainability Policy and the Code of Conduct are available on the company's website. In addition, Evolution has the following group-wide policies covering sustainability related topics:

- Anti-bribery and Anti-corruption Policy
- Risk Management Policy
- Global HR Policy

- Data Protection & Privacy Policy
- Work Environment Policy
- Equality Plan
- Discrimination Policy
- Communication Policy.

The company's policies are implemented through reoccurring communication to team members and mandatory trainings. The policies are reviewed annually.

Sustainability risks

Evolution's operations are exposed to certain risks that are associated with the sustainability area. These risks are:

- Political decisions and other legal aspects
- End users
- Dependence on key personnel and skilled employees
- Risk management
- Tax situation.

For a detailed description, please refer to page 52.

Sustainability aspects in Evolution's operations

In 2019, Evolution developed a new sustainability programme based on a two-layer approach. The first layer outlines the base for what is required for the company to conduct its business in a healthy and sustainable manner, whereas the second layer highlights areas that are based on the company's values and which are important contributing factors to the internal and external brand.

Through clearly stated ambitions and commitments for each area that spans over time, Evolution strives to further strengthen its leadership in the Live Casino market as well as its attraction among existing and future employees. The programme will be further developed during 2020 and more information on this development will be provided on the company's website and official social media platforms during the coming year.



OUR PEOPLE

We invest in our people



OUR SOCIETIES

We give back to the community



OUR ENVIRONMENT

We care about the future of our planet



DIVERSITY



RESPONSIBLE GAMING



ETHICAL BUSINESS PRACTICES

OUR PEOPLE

AMBITION

Evolution shall be a fair and admirable employer by actively working to promote a safe, healthy and pleasant work environment which supports the professional and personal development of talent.

COMMITMENTS 2020

- Year-on-year increase in employees who are 'Proud to work for Evolution' (EES/EPS)
- 50 percent of employees complete some type of supplementary training on an annual basis
- Year-on-year increase in participants of employee workshops directed to support employee well-being or soft skills
- Year-on-year increase in participants of company sponsored activities directed to healthy living
- Year-on-year decrease of sick leave percentage
- Zero workplace related accidents.

Evolution strives to be an attractive employer by offering competitive salaries and benefits programmes, a challenging, sound and social working environment and considerable development opportunities. The company operates under the notion that a strong corporate culture, which promotes both a positive employee experience while always keeping the customer and the end user delivery at its core, is what ultimately brings the unique Live Casino experience that Evolution offers.

Evolution handles everything from product innovation, software development and technical delivery, sales and marketing of our games, monitoring of fair play and building of our studio environments from scratch inhouse. We control every aspect of the product development and delivery chain. From a business perspective, it means that we can apply our innovative mindset and quality control in every step of the process and from a talent perspective, it means that we can offer a fast-paced international environment with a wealth of career paths.

The vast majority of our people work within the operative gaming side of the business, with game presenters comprising the largest group of employees. This group spends the bulk of their day in front of the camera in one of our state-of-the-art studios and learns not only dealing techniques but also valuable skills in presentation and attention to detail through constant multitasking at work. Evolution is also an attractive employer

for software engineers thanks to the company's innovative profiling, advanced pioneer technology and global distribution of its service and products. The company's engineering units, of about 400 people, comprised of highly skilled experts who have earned industry recognition across multiple software and technology fields for their work.

Various development opportunities for all employee categories have always been a core part of Evolution's people management strategy. Thanks to the company's rapid growth, there are multiple internal career paths and the company offers several internal training programs to support this. In 2019, we launched the first edition of our employee rotation programme, which will build over time with the ambition of providing high performers with the opportunity for additional international work exposure. In addition, Evolution collaborates with universities in selected markets as well as partakes and hosts engineering conferences and meet-ups with the aim of sharing knowledge and encouraging youth interest in technology.

As part of Evolution's sustainability programme, the company will expand the work on supporting the teams in 2020. The company will strive to empower and encourage team members to make healthier choices for themselves by introducing a programme which will span all locations and include various initiatives within sports, mindfulness and healthy eating habits. To promote a healthy and prosperous work environment, the company will also introduce an initiative designed to highlight and educate staff on how each team member can contribute to a safe and sound work environment with a work culture categorised by respect and care for fellow team members.

ACTIVITIES 2019

- Establishment of development programmes across all major sites
- Introduction of workshops directed to employee well-being or soft skills in selected sites
- Workshops on well-being related to work topics
- Educational programme on detecting mental illness and substance abuse
- Introduction of company sponsored activities directed to encourage healthy living in selected sites
- Sponsorship of participation in marathons and runs
- Sponsorship of health insurance after a certain amount of service to the company
- Free access to the gym in all major studios.

OUR SOCIETIES

AMBITION

Evolution shall actively support a positive development of the societies in which it operates.

COMMITMENTS 2020

The activities in 2020 will be evaluated based on the number of impacted people of the societies in which Evolution operates.

Evolution strives to be a good corporate citizen by giving back to the communities in which it operates. This work is primarily focused on various donation initiatives and is set to benefit the immediate geographical surroundings of the partaking studio or office. Several of the studios have a tradition of engaging in this type of activity, including blood donations, clothes donations and toy donations, and Evolution knows that, aside from the positive impact of those it helps, it is a key motivational factor for its people.

In 2019, Evolution engaged in one clothes donation, two blood donations and one school equipment donation in Latvia, one clothes donation in Canada and one clothes and toy donation activity in Georgia. In addition, the Georgian staff partook in the local Wings for Life run, which is a global initiative in support of people with disabilities.

In 2020, and as part of the sustainability programme, engagement in this area will expand further to encompass additional activities and additional sites. Evolution will not set specific commitments for this type of engagement as it believes it should be up to the employees to determine the level of contribution and that the company's core task in this is to provide the platform and opportunity to engage. Evolution will, however, change the evaluation model to make the effects of the efforts measurable and start presenting the number of people the company has managed to impact through actions rather than just the number of activities that Evolution has engaged in.



ACTIVITIES 2019

- Establishment of donation programmes for all studios with more than 100 employees. Each studio has completed a minimum of two donation activities in the areas of:
 - Clothes donation
 - Toy donation
 - Book donation
 - Blood donation.

ENVIRONMENT

AMBITION

Evolution shall apply its innovative mindset and technical know-how to minimise its environmental impact.

COMMITMENTS 2020

- ISO 50001 certification for studio in Fort Mriehel, Malta by 2021
- Always favour energy efficient options over less sustainable options for major construction investments (implemented through an ‘energy efficiency’ parameter in the procurement process)
- Minimum 80 percent reuse or recycling of office related IT equipment
- Minimum 80 percent recycling or donation of old studio interiors
- Year-on-year increase in amount of litter collected through Evolution sponsored activities
- Year-on-year increase of percent of total energy consumption coming from green energy.

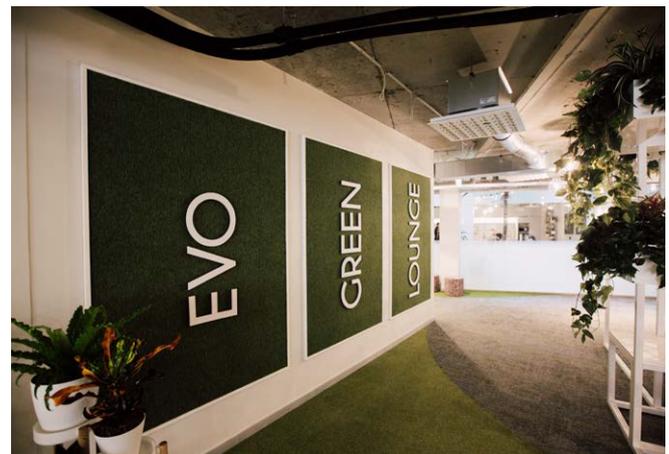
Through its digital nature, Evolution’s operations have a relatively limited environmental impact, with the main environmental footprint coming from the energy use in our studios and servers. However, in line with the company’s general principles for how it runs its business, Evolution constantly strives to use its innovative capacity to increase its energy efficiency.

This comes in to play in every aspect of the product delivery chain – spanning from how the company constructs its facilities and builds studio equipment to software and hardware innovations which means less power use without loss in product delivery or user experience. The work in this area spans from details such as innovative solutions and sensors that automatically switches off equipment which is not used 24/7 to major construction decisions that go into the selection of HVAC systems. Evolution also has recycling processes in place for both office and studio hardware where it is either reused for new interiors, donated or passed on to official recycling centres.

Evolution’s studio in Riga, Latvia is ISO 50001 certified. Amongst other things, the certification requires a minimum of 1% of relative energy savings year-on-year. For the last two years, the company has been tracking above 3% in terms of annual relative energy savings yearly for its Latvian building

in the audits executed for the certification. As part of the sustainability programme, Evolution also plans to certify its other major studios. The certification of the new studio in Fort Mriehel, Malta which opened in early 2020, is expected by 2021. The studio in Tbilisi, Georgia, which remains under construction, is expected to be certified once it is complete. The company has smart meters installed across all studios which allows it to monitor energy consumption remotely. Furthermore, Evolution runs the smaller studios on the same principles for energy consumption as it uses for the major sites.

In terms of desk-based employees, Evolution has video conferencing systems which allow most meetings to take place virtually, requiring less business travel. This helps limit the amount of employees (primarily the group management and the sales teams) who travel on a regular basis as part of their work duties.



ACTIVITIES 2019

- Application of ISO 50001 in Latvia focusing on:
 - Maximising energy savings in envelope of building
 - Optimising energy consumption of HVAC
 - Optimising energy consumption of production
 - Optimising energy consumption of office space
 - Improved power metering
- Continued efficiency optimisation of studio interiors through design and technical innovation
- Refinement of the recycling process for technical equipment.

DIVERSITY

AMBITION

Evolution shall provide an inclusive and respectful workplace where diversity in all its forms is considered a competitive advantage and an asset. We believe that competence, commitment and achievements are what counts.

COMMITMENTS 2020

On-going monitoring of diversity in the top layers of the organisation.

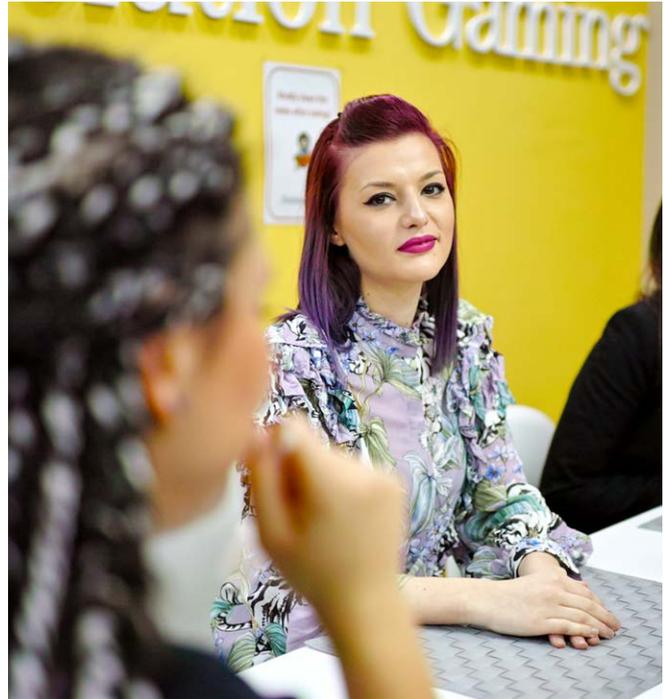
Diversity in the work place is a prerequisite to Evolution's operational excellence. The company's customers demand different languages and presentation of different cultural contexts as part of the delivery to end users. Furthermore, to successfully run large operations across multiple cultures and countries requires both breadth in background and experience from its leaders. Equality and diversity efforts are hence an integral part of day-to-day operations and a key component in the company's business success which is visible throughout all aspects of employment at Evolution. For Evolution, diversity is a strategic advantage and a key asset.

Evolution offers an inclusive workplace where every individual is evaluated based on their merits and qualifications. The company is committed to support equal rights of all employees and to assure that all employee's resources are utilised and developed irrespective of age, disability, ethnicity, gender, transgender identity or expression, nationality, religion or other belief system or sexual orientation. At Evolution, the starting point for recruitment and promotion is that the individual who best meets the qualification requirements is to be employed or promoted.

The efforts to create a workplace that promotes equal opportunities and diversity are based upon knowledge sharing. The company is committed to taking active measures in order to change attitudes and behaviours as well as to develop and maintain a work environment which reflects awareness and sensitivity to individual abilities and appreciation of cultural differences. This work is guided by the company's governing standards in this area, including its Code of Conduct, Work Environment Policy and Equality Plan.

On a global level, at the end of 2019, Evolution had 43% female leaders when combining C-level and the roles reporting to C-level positions, excluding assistant positions.

In terms of the studio leads, there is a 50/50 split. In terms of nationality representation, C-level and roles reporting to C-level positions represent about 15% of the total amount of nationalities represented in the company at the end of 2019.



ACTIVITIES 2019

- The shortlist of candidates for roles reporting to C-Level positions included more than one gender and nationality
- Promotion of internal career development cases
- Inclusion of corporate values in evaluation of Quarterly Business Reviews and business plans.

RESPONSIBLE GAMING

AMBITION

Evolution is committed to responsible gambling practices, as well as actively promoting awareness and facilitating access to information and tools which can help stop problem gambling.

COMMITMENTS 2020

- 100 percent of employees complete training on Responsible Gambling within the first month of their employment
- 100 percent of relevant employee teams, such as Customer Support complete bi-annual re-training on problem gambling detection and practices
- Year-on-year increase of reports of suspected problem gambling to operators through implementation of more advanced surveillance systems (manual and automatic).

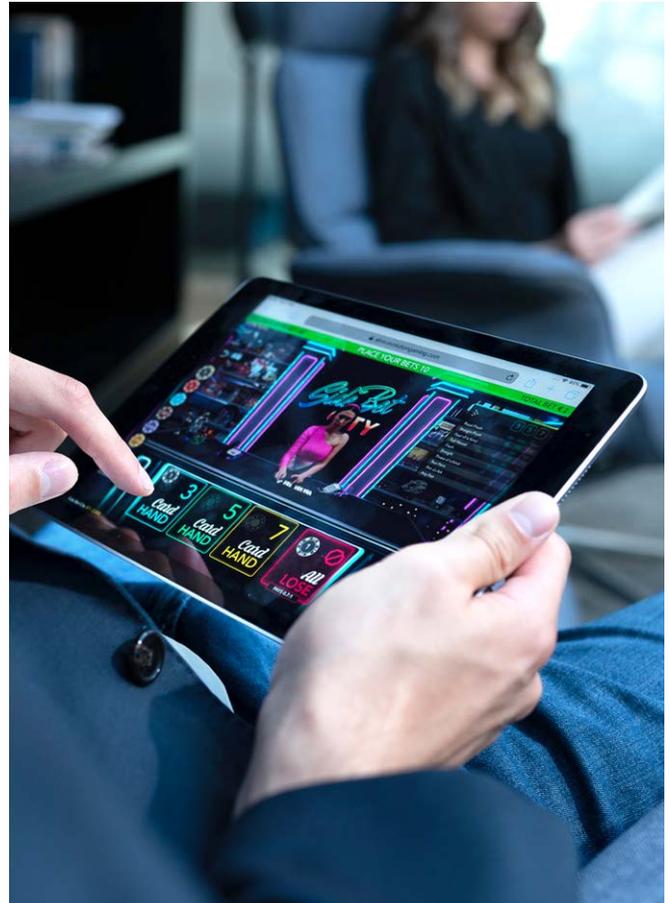
Evolution is committed to promoting responsible gaming practices as well as highlighting the awareness of gambling problems, and the company has extensive experience from working together with regulatory bodies when entering regulated markets, where the issue often is of high priority.

Even though Evolution as a B2B provider does not have a direct business relationship with the end users, the company wants the end users to have a positive experience with its products, while being aware of the social and financial risks that can be associated with gambling-related problems.

Evolution requires its licensees to adhere to responsible gaming practices through its agreements, and also provides training for all relevant categories of employees on how to detect high-risk behaviour and other issues related to responsible gaming. Evolution can also provide technical support to help the operator offer gaming limits, in which end users can restrict how much money they play for, or set a limit as to how much they can lose.

Evolution's Game Integrity and Risk department consists of around 80 people. All tables, games, transactions, volumes and behaviour patterns are monitored in real time, 24 hours a day. With thousands of concurrent players and millions of bets each day, heavy requirements are put on Evolution's internal systems and processes. One of the most important strategic objectives is to offer a safe gaming environment without compromising the in-play experience.

Evolution donates funds every year to the Responsible Gambling Trust, a support organisation to tackle gambling dependency in the UK, which is the company's largest market measured in gaming revenues. The company also wants to promote the responsible marketing of Live Casino games and supports the Code of Advertising Gaming and Gambling developed by the UK sector organisation CAP (Committee of Advertising Practice).



ACTIVITIES 2019

- Introduction of moderators for selected games
- Introduction of automatic monitoring systems for the chat function on selected games
- Annual financial contribution to the Responsible Gaming Trust
- Full compliance with the applicable advertising gambling code.

ETHICAL BUSINESS PRACTICES

AMBITION

Evolution is fully committed to its Code of Conduct and actively counteracts corruption in all forms, including bribes and extortion.

COMMITMENTS 2020

- No violation of Code of Conduct
- No violation of Anti-Corruption or Anti-Bribery Policy
- 100 percent completed due diligence checks on customers and major suppliers
- 100 percent of employees complete training on the Evolution Code of Conduct within the first month of their employment
- 100 percent of desk-based employees complete Information Security training within the first month of their employment with Evolution
- 100 percent of relevant employee teams (such as Commercial, Legal and Finance) complete retraining on anti-bribery and anti-corruption annually.

Evolution supports and respects the protection of human rights. Through appropriate due diligence checks, the company secures that it is not co-operating with parties that violate human rights. Evolution further commits to full compliance with labour laws and rights, laws on fees and taxes and occupational health and safety laws.

The company works actively to abstain from corruption in all its forms, including extortion and bribery and is committed to observing the standards of conduct set forth in the United Kingdom Bribery Act 2010, the United States Foreign Corrupt Practices Act and the applicable anti-bribery and anti-corruption laws and regulations of the countries in which the company operates.

As Evolution does not manage any monetary flows from end users, the practical anti-money laundering work primarily lies with the operators. Regardless, Evolution remains committed to the global effort to combat money laundering and the financing of terrorism and has established processes to prevent Evolution's products to be used for money laundering. The company monitors all game activities around the clock. This proactive approach allows Evolution to identify potential irregular activities and inform the operators.

This in turn allows operators to take immediate steps to prevent their service from being used for fraud or money laundering purposes.

Gaming security is of the utmost importance for Evolution to maintain confidence in the market. Evolution holds an ISO 27001:2013 certification, the highest ISO standard for IT security. The audit process was carried out in Latvia, since most of the company's operations and its platform are based there, and is a confirmation that Evolution has successfully organised its processes in a way that safeguards confidentiality, integrity and availability of information and data.

Evolution's operations demand a worldwide coordinated response to data protection and data privacy related issues. Evolution has implemented processes for compliance with Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (GDPR) and other applicable local laws relating to data protection and data privacy. Evolution has appointed a Data Protection Specialist for ensuring compliance with applicable laws. During 2019, 11 incidents regarding data breaches were reported, of which 2 were reported to data authorities.

ACTIVITIES 2019

- Adaption of Anti-Money Laundering & Counter-Terrorist Financing Policy for the Group
- Systematic surveillance of all games to detect suspected unfair gambling, using unique solutions which combine automatic and manual efforts
- Group-wide application of Evolution's standardised procurement process with a multi-layered approval requirement for purchases.



AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

To the general meeting of the shareholders in Evolution Gaming Group AB, corporate identity number 556994-5792.

ENGAGEMENT AND RESPONSIBILITY

It is the Board of Directors who are responsible for the statutory sustainability report for the year 2019 on pages 37-46 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

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 substantially different and 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.

OPINION

A statutory sustainability report has been prepared.

Stockholm, 24 March 2020

Öhrlings PricewaterhouseCoopers AB

Niklas Renström

Authorised Public Accountant



GOVERNANCE

DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

OUR BOARD OF DIRECTORS

OUR GROUP MANAGEMENT TEAM



Directors' report

The Board of Directors and the Group CEO of Evolution Gaming Group AB (publ) 556994-5792 ("Evolution") hereby present the annual accounts for the Group and the Parent Company for the 2019 financial year.

Operations

Evolution develops, produces, markets and licenses fully integrated Live Casino solutions to gaming operators. In Live Casino, a game presenter, i.e. dealer, runs the game from a casino gaming table that is followed in real time via a video stream. End users, i.e. the players, make betting decisions on their devices (computers, smartphones, tablets, etc.).

Evolution is a B2B supplier and, at the end of 2019, the Group had approximately 300 customers, including a majority of the foremost online casino operators in Europe and the USA as well as a number of land-based casinos. The operators market the products to the end users.

Evolution's Live Casino platform is unique in its kind and covers all aspects required by a gaming operator – from the recruitment and training of game presenters and other staff to streaming, production, supervision, customer services and follow-up. Operators are offered a fully customised solution with a high degree of adaptability such as standard and VIP tables, control of how the environment looks and dedicated dealer teams. The Company has a broad portfolio of core games including both classic table games and new innovative casino games. Various game derivatives are also available, i.e. variations of the core games with new technical solutions and new content.

Evolution has production studios in Riga, Latvia, Tbilisi, Georgia and Fort Mriehel, Malta, where a majority of the operations are conducted. In addition, the Company has studios in Atlantic City, USA and Vancouver, Canada. The Company also runs on-premise studios at land-based casinos in Belgium, Romania, the UK and Spain. The Parent Company of the Group is located in Stockholm, Sweden.

Evolution's revenues consist of fixed and variable consideration from the Company's customers. A majority of the revenue derives from commission, which is calculated as a percentage of the customer's profit generated by the Company's Live Casino platform. Through commission, Evolution gains beneficial exposure to the general growth of the European Live Casino market. In addition to commission, a proportion of the Company's revenue derives from fees for dedicated tables. These are invoiced to customers who have chosen to offer their end users dedicated tables.

Business concept and vision

Evolution's business concept is to offer gaming operators in regulated markets an unparalleled, locally adapted Live Casino service for all digital platforms. Its mission is to make operators successful and provide an excellent gaming experience for their end users. Evolution's vision is to be the leading Live Casino provider in the world.

Significant events in 2019

- Launch of 10 new games, including titles in the unique Game Shows category
- Investments in studios throughout the year to meet global demand for Live Casino
- Agreements with several new key operators globally including deals with Flutter Entertainment's brands Paddy Power and Betfair, Intralot, Stoiximan/Betano Group and Penn National in the USA
- Acquisition of the Live Casino operations of Ezugi
- The Board proposes a dividend of EUR 0.42 per share (0.24).

Market

The European Live Casino market developed strongly in 2019 and, according to independent institute H2 Gambling Capital, it had an estimated value of EUR 2,159 (1,557) million at year-end. The North American Live Casino market had an estimated value of EUR 179.5 (126.9) million at year-end. Just like the total online gaming market, this development is underpinned by technological progress and new distribution channels, as well as strong demand from gaming operators and their end users. Live Casino has traditionally been an add-on product in operators' online casino interface, but it has now become an integrated and strategically important product since it provides opportunities for brand differentiation.

The growth of Live Casino is also underpinned by new regulated markets. As players in such markets are less used to online gaming, there is generally less confidence in games based on random number generators. Human game presenters who speak the local language improve confidence. Live Casino has therefore turned out to be a good entry-level product when gaming operators launch their brands in new markets.

The tendency among land-based casinos to expand their offering online has contributed to the strong growth of Live Casino.

Evolution has a leading position among Live Casino operators in Europe. The Company intends to continue strengthening its leading position in the market by having a clear focus on activities that promote the business and the offering. The Company envisages the greatest growth coming from an increased proportion of Live Casino revenue from the operators' total casino revenues. The three strategic core areas — product innovation, customer optimisation and operational excellence — are considered to be of particular importance for a continued expansion of the advantage held compared to other players in the market and the creation of a stable foundation for continued growth.

New agreements and customers

In 2019, agreements were signed with, for example, Flutter Entertainment's brands Paddy Power and Betfair, Intralot, Stoiximan/Betano Group and Penn National in the USA. Agreements were also concluded with a number of smaller operators and platforms, while many existing agreements were expanded to cover additional services and tables.

Revenues and profit

Revenues

Evolution's total operating revenues amounted to EUR 365.8 million (245.4) in the financial year ending on 31 December 2019. 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 and profit

Total operating expenses amounted to EUR 208.3 million (155.9). The Company's personnel expenses rose to EUR 126.4 million (97.7), mainly driven by higher expenses for personnel in connection with the launch of new tables in the Company's studios.

Depreciation, amortisation and impairments amounted to EUR 25.5 million (18.2), an increase explained primarily by the expansion of the Company's studios. Other operating expenses rose to EUR 56.4 million (40.1), driven by expenses for premises, consumables and communications. Operating profit for the year amounted to EUR 157.5 million (89.5) with an operating margin of 43.1 percent (36.5).

Financial items only had marginal impact on the profit and amounted to EUR -0.2 million (-0.2).

The Group's effective tax rate for the year amounted to 4.8 percent (6.6). The effective tax rate is chiefly affected by the countries in which Evolution conducts operations and generates profit, which may vary between reporting periods. Profit for the year amounted to EUR 149.7 million (83.5).

Investments

On 9 January 2019, Evolution acquired the business of live dealer gaming provider Ezugi (consisting of five legal entities) for a consideration of USD 12 million and possible additional consideration of a maximum of USD 6 million. See also Note 25.

The Group's investments in intangible assets amounted to EUR 11.2 million (15.3) in 2019. Investments in intangible assets refer to the development of new games and technical improvements of the platform, such as new functionality. Development projects during the year included the development of new games that will be launched in 2020, but also exclusive content rights.

Investments in property, plant and equipment amounted to EUR 19.0 million (17.9). Investments in property, plant and equipment primarily comprised new studio space and premises, new gaming tables, servers and other computer equipment to meet new technical requirements and maintain capacity and performance in connection with new platform launches.

Investments in computer equipment were also made to meet needs in connection with the organisation's expansion, as well as in studio equipment in the Company's production studio.

Cash and cash equivalents, financing and financial position

Cash flow from operating activities amounted to EUR 175.8 million (100.0) over the year. The increase is primarily due to an improved profit. Cash flow from investing activities was negative in the amount of EUR 42.5 million (negative 31.6). A description of the investing activities is provided in the Investments section above. Cash flow from financing activities was negative in the amount of EUR 36.1 million (negative 32.6) and primarily consisted of a transfer to the shareholders. Cash and cash equivalents amounted to EUR 182.5 million (85.0) at year-end.

Employees

As of 31 December 2019, Evolution employed 7,828 (5,847) people, corresponding to 5,554 (4,319) full-time equivalents. The average number of full-time equivalents for the full-year was 4,894 (3,529).

Employees and sustainability

Evolution's sustainability work is described in detail on page 37-46.

Guidelines for remuneration and other employment terms for the Group management team

The total remuneration for senior executives is to be in line with market norms and competitive in order to attract, motivate and retain key individuals.

Parent Company

The Parent Company is a holding company that was formed in December 2014. Operating revenues for the 2019 full-year amounted to EUR 7.1 million (6.2) and expenses to EUR 6.8 million (6.0). Operating profit amounted to EUR 0.2 million (0.2). Profit for the period amounted to EUR 99.5 million

(74.8). The Parent Company's cash and cash equivalents amounted to EUR 1.1 million (0.5) at the end of the year and equity amounted to EUR 343.6 million (275.7). No significant investments were made in intangible or tangible assets. During the year, the Company received dividends from the Maltese subsidiary amounting to EUR 100.0 million (75.0).

Risk factors

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, sustainability and financial risks. When assessing the Company's future development, it is important to take into account the risk factors alongside any opportunities for profit growth. The risk factors are not set out in any particular order, importance or potential impact on the Group's revenue, profit or financial position.

Neither should these be seen as exhaustive, but rather as representing risks that are applicable to Evolution and that are monitored and evaluated by the Group management. In addition, the risks below are not the only risks to which the Group may be exposed. The Company may be unaware of certain risks. Financial risks are described in Note 23 Financial risk management.

Political decisions and other legal aspects

Evolution generates a majority of its income through the licensing and supply of its software and technology to gaming operators. The Group's business is therefore strongly dependent on the laws and regulations relating to the supply of gaming services. These laws and regulations are complex and inconsistent across jurisdictions and are subject to change as various jurisdictions regulate, deregulate and/or re-regulate the gaming industry. Direct enforcement actions may be taken against a member of the Group or any of its officers or directors, particularly in instances where the provision of the Group's services to a gaming operator is critical to the underlying gaming transactions. Should any of these events occur, the impact could have a material adverse effect on Evolution's business, financial position and profit.

Although the gambling laws and regulations of many jurisdictions do not specifically apply to the supply of services by licensors of gaming software, certain jurisdictions have sought to regulate or prohibit the supply of such services. While Evolution currently holds all licences and certifications deemed necessary to carry out its business, national gambling laws are under review and changing in European countries. The Company may be subject to such laws, directly or indirectly, insofar as it supplies services to customers that are subject to such laws. Changes in the regulatory frameworks of different jurisdictions could impact the Group's business in that such changes may lead to an increase in the number of market participants and competitors, result in customers losing their licences and permits to operate in such jurisdictions or break up monopolistic gaming operators, which could impact the Group's underlying contractual relationships.

Further, many jurisdictions have not updated their laws to address the supply of remote gaming services from other countries, and courts may interpret older legislation unfavourably or determine that the activities of the Group and/or its customers are illegal. For example, a court or regulator may order that certain equipment be located in the jurisdiction in which products and services are offered, which could materially and adversely impact Evolution's operations and the business of its customers. Furthermore, several European countries have introduced, or are in the process of introducing, new online gaming regulations, which will require online gaming operators, and in some cases even providers, to hold, e.g., a country specific licence, pay gaming taxes, operate from a country domain and report gaming statistics in order to bring operators (and end users) under supervision. Although Evolution monitors the regulatory environment, legislation could be interpreted in an unfavourable or unanticipated manner. If regulatory or enforcement actions are brought against any of Evolution's customers, the Group's revenue streams from such customers may be frozen or traced by authorities, even if no Group entity is made a party to any legal proceedings against such customers. As a result, end users may face problems transferring funds in and out of certain jurisdictions, which may impact payments to gaming operators and hence Evolution.

In addition to gaming laws and regulations, Evolution is subject to a wide variety of laws and regulatory requirements. For example, the Group must comply with anti-money laundering regulations, market abuse regulations, data protection and privacy regulations (including GDPR), and is required to share bet and other transactional data with local regulators in certain markets. Compliance with all such laws and regulations is complex and expensive. The Company's non-compliance or deemed non-compliance with any of these other laws and regulatory requirements could result in sanctions. Any failure by Evolution to comply with these other laws and regulatory requirements could have a material adverse effect on the Group's business, financial position and profit.

Operations subject to official approval

Evolution has obtained and is obliged, given the nature of the software, services and technology it supplies, to maintain its licences and certifications in a number of jurisdictions, and may in the future be required to obtain licences and/or certifications in other jurisdictions. If any of these are withdrawn or are not renewed on equivalent terms (e.g. where there is a change in view as to what equipment needs to be located locally), the Company may not be able to continue to operate and offer services in certain jurisdictions. Additionally, to the extent that Evolution is unable to obtain requisite licences and/or certifications in jurisdictions, particularly with respect to jurisdictions that fall within or are comprised of newly regulated markets, the Company may not be able to follow customers into these jurisdictions and newly regulated markets. In such an event, customers may turn to competitors

that are licensed and/or certified in the applicable jurisdiction, or that become licensed and/or certified before Evolution does. Any failure to renew or obtain any such licence or certification could have a material adverse effect on the Group's business, financial position and profit.

Evolution's customers operate in a regulated industry, the laws and regulations of which are in a constant state of change. Various jurisdictions have implemented changes to their markets by introducing regulatory frameworks and licensing requirements. In addition to complying with local laws governing general business operations, the Company's customers may be required to adapt to new licensing regimes and conditions, such as the requirement to establish real-time data interfaces with the local regulator or pay retrospective taxes as a condition for the granting of a licence to operate in a particular jurisdiction. If the Company's customers refrain from entering newly regulated markets, or decide to exit markets in which they currently operate, due to changes in the local regulatory or licensing framework thereof, the Company's growth strategy and customer base could be adversely impacted.

Disruptions to operations and information security breaches

Evolution's ability to provide its software to gaming operators depends upon the integrity, reliability and operational performance of its systems. The functioning of the IT systems within the Group's operations, or that of its providers or partners, could be disrupted for reasons beyond its control. Furthermore, there may be technological challenges in rolling out new products and services.

Any such disruption or event may lead to customer claims against the Group or otherwise negatively impact the Group's ability to sell products and services to its customers due to reduced confidence. Any interruption in the systems could have a negative effect on the quality of products and services offered by Evolution and, as a result, on demand from customers and their end users. The Group's success depends, in part, on providing secure products and services to customers for use by their end users. Attempts to penetrate security measures may come from various combinations of customers, end users, employees and others. The Group's IT systems are ISO-27001:2013 certified and the ability to monitor and ensure the quality and integrity of Evolution's products and services is continuously reviewed and evaluated.

End users

Although Evolution does not provide its services directly to end users, people who play Live Casino games with an operator via the Company's platform could sue the Company in its capacity of a developer and facilitator of games. While such claims against Evolution are likely to be dismissed, they could give rise to expenses and reduce confidence in the Group or impact its customers.

Dependence on key personnel and skilled employees

The majority of Evolution's employees operate, organise and oversee operations at the gaming tables. Approximately 80 percent of the Group's full-time employees work on tables as hosts and dealers. These employees possess language, dealer and other trade skills that are essential to the day-to-day operations. Evolution aims to be an attractive employer and invests significantly in the training and development of its staff. In the ordinary course of operations, the Company experiences employee turnover with respect to employees working on tables, and such turnover can at times be significant. The loss of a significant number of its employees or any of its key employees, or any increased expenses that the Group may incur in order to retain any such employees or hire and train new employees, could have a material adverse effect on the Group's business, financial position and profit.

In addition, Evolution's business is dependent on a number of key individuals, senior executives and persons with specialist skills. These key individuals have established good relationships with market participants and have a thorough understanding of the complex environment in which the Group operates. Accordingly, these key individuals are central to the successful development of Evolution's business. If any of these individuals terminate their relationships with the Group, or materially change or reduce their roles within the Group, Evolution may not be able to replace them or their services on a timely basis with other professionals capable of making comparable contributions to operations.

Dependence on major customers

In 2019, the top five customers (in terms of revenue generated) contributed 27 percent of Evolution's revenue.

The Group's revenue stream from these sources may be adversely impacted by any deterioration or decline in the business of these five customers, or if one or more of these customers opted to use a competitor of the Company for its Live Casino solutions. The reduction in revenue generated from, or loss of, one or more of these five customers could have a material adverse effect on the Group's business, financial position and profit.

Counterparty risk

Evolution is subject to counterparty risks, primarily the risk of payment default by operators. Although the Group conducts credit checks for new customers and has historically experienced low levels of payment default by its customers, the rate of customer default may rise or increase in the future. In particular, such risk may increase if Evolution were to expand into new markets where customers are less financially stable. Any payment defaults by operators could have a material adverse effect on the Group's business, financial position and profit.

Competition

Evolution operates in a competitive industry. Competition is expected to continue to intensify as new Live Casino providers enter the market and existing providers improve and expand their product and service offerings. If Evolution fails to compete effectively, it may result in a loss of customers and an inability to attract new customers, which could have a material adverse effect on the Group's business, financial position and profit. The Company's objective is to strengthen its leading market position and retain existing and attract new customers by developing its successful Live Casino platform further while focusing on a number of areas considered to be of strategic importance for continued growth.

Intellectual property rights

Evolution's ability to compete effectively depends, amongst other things, on its ability to protect, register and enforce its intellectual property rights. The Group also faces the risk that the use and exploitation of its intellectual property rights, including, in particular, rights relating to its software, may infringe the intellectual property rights of a third party. The expenses incurred in bringing or defending possible infringement actions may be substantial, regardless of the merits of the claim, and an unsuccessful outcome for the Company may result in royalties or damages being payable and/or the Company being required to cease using any infringing intellectual property or embodiments of any such intellectual property. The Group is also dependent on know-how and trade secrets, and it strives to protect such information by, for example, maintaining confidentiality agreements with employees, consultants and partners.

However, it is not possible to ensure total protection against unauthorised distribution of information and competitors, and others may gain access to such information, which may lead to the value of such information diminishing or competitors gaining an advantage, which in turn could have a material adverse effect on the Group's business, financial position and profit.

Shares and ownership

A detailed description of Evolution's shares and ownership can be found on page 35.

Risk management

Evolution is exposed to the risk of money laundering and fraudulent activities by its customers, end users and third parties, as well as the potential collusion by operators and end users. The Group has implemented internal control systems and established a primary mission control centre in Latvia that monitors transactions, volumes and patterns, but these systems may not always succeed in protecting the Group from money laundering and fraud. To the extent that the systems are not successful in protecting the Group from money laundering or fraud, or if Evolution fails to comply with applicable regulations, the Group and its directors could be subject to criminal sanctions or administrative and civil fines

and could directly suffer loss, the revocation of concessions and licences, operational bans, or lose the confidence of the customer base, all of which could have a material adverse effect on the Group's business, financial position and profit. In addition, effective internal controls are necessary for Evolution to provide reliable financial information and effectively prevent fraud. While the Group applies procedures and a system of internal control whereby internal risks are assessed, and the Group's Risk Committee meets on a quarterly basis to discuss and address potential risks, it is possible that the Group will not successfully manage internal risks or identify areas requiring improvement in the internal controls.

Tax situation

Evolution primarily conducts its business through subsidiaries that are active in the geographic markets in which it operates. The business, including intra-Group transactions, is conducted in accordance with the Company's interpretation of applicable laws, tax treaties and other regulations concerning taxes and the practice of tax authorities in the relevant countries.

Evolution has obtained advice from independent tax advisors in this respect, but there is a risk that tax authorities in relevant countries may make decisions that deviate from the Group's interpretations and the advice received from independent tax advisors. In addition, the Group's interpretation of applicable laws, tax treaties, regulations and administrative practice may be incorrect and such rules may change, possibly with retroactive effect (in particular with regard to Maltese VAT legislation and the right of companies to deduct VAT). Furthermore, the Company has been advised that, to the extent that an individual ordinarily resident and domiciled in Malta acquires 5 percent or more of the Company, although the tax refunds in Malta should not be limited, certain Maltese withholding tax obligations may be imposed in respect of dividends attributable to such individuals. Regulatory or legislative changes, or decisions by tax authorities, may impair the present, future or previous tax position of Evolution, which could have a material adverse effect on the Group's business, financial position and profit.

Expectations regarding future development

The company's future development is mainly dependent on the development of the Live Casino market. Evolution's medium to long-term objective is to grow faster than the total European Live Casino market.

Proposed appropriation of profits

The Board of Directors proposes that the 2020 Annual General Meeting approve the transfer to shareholders of EUR 76,139,585 (43,164,452), corresponding to EUR 0.42 (0.24) per share.

The following earnings are at the disposal of the Annual General Meeting

Statutory reserve	243,577,075
Profit for the year	99,453,475
Total	343,030,550

The Board of Directors proposes the following appropriation

Dividend to shareholders	
EUR 0.42 per share (181,284,725 x 0.42), totalling*	76,139,585
To be retained	266,890,966
Total	343,030,550

*Deducted the 338,000 shares held by the company itself.

- The Company has, during the period 16 March 2020 – 17 March 2020, acquired a total of 338,000 own shares within the framework of the repurchase programme introduced by the Board of Directors to improve the capital structure of Evolution by reducing the capital, and thereby creating added shareholder value.

Statement by the board of directors on the proposed allocation of profits

With reference to the above and to what has otherwise come to the Board of Directors' knowledge, the Board of Directors believes that a comprehensive assessment of the Parent Company and the consolidated financial position indicated that the dividend is justified taking into account the demands that scope and risks of the operations place on the scope of equity in the Parent Company and the Group and on the consolidation needs, liquidity and financial position in other regards of the Parent Company and the Group.

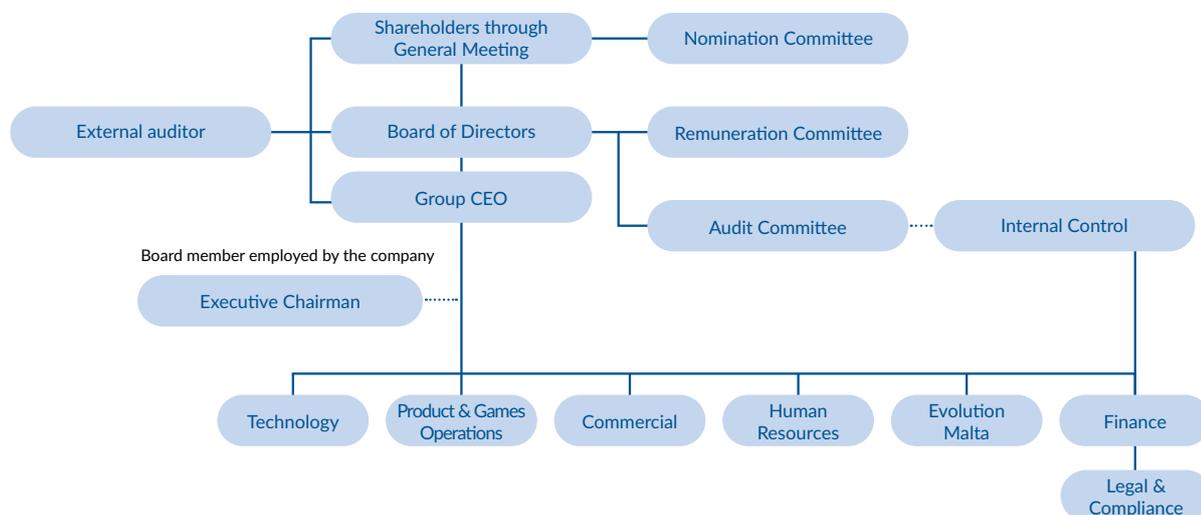
Events following the balance sheet date

- 12 new game titles launched at ICE London (International Casino Exhibition) Gaming Fair 2020
- Extra General Meeting was held on 16 January 2020 – resolved on the establishment of an incentive programme as well as on authorisation for the Board of Directors to resolve to issue shares, warrants and convertible debt. See also Note 22 and the Corporate governance report
- The Group's and the Parent Company's positions as of 31 December 2019 and the profit of the operations for the 2019 financial year are stated in the following income statements and balance sheets, cash flow statements, statements of changes in equity and notes to the financial statements
- The spread of the Coronavirus is effecting societies and companies all over the world. Financial effects are difficult to quantify at this early stage. Evolution employs over 8,000 persons and most of our games require staff on site in the studio to operate the game. Risks for Evolution include, shortage of staff due to increased sick-leave or government restrictions on traveling to and from the workplace. Due to the digital nature of our products restrictions on physical movements in society do not effect how operators and players can access our products

Corporate governance report

Evolution Gaming Group AB (publ) ("Evolution") is a Swedish public limited company that was formed in December 2014 and that is listed on the Nasdaq Stockholm exchange. Evolution complies with all applicable statutes and regulations, including the Swedish Companies Act, EU Market Abuse Regulation, the Swedish Code of Corporate Governance (the "Code") and other regulations and Nasdaq Stockholm's Rule Book for Issuers. The current Code is available at the Swedish Corporate Governance Board's website www.bolagsstyrning.se.

Evolution's corporate governance model



Ownership and voting rights

At the end of 2019, the share capital in Evolution amounted to EUR 544,868.175, divided between a total 181,622,725 shares with a nominal value of EUR 0.003 each. All shares belong to the same class of shares, with equal voting rights (one vote per share) and shares of the company's capital and profit. On 31 December 2019, there were 17,860 shareholders. At the same point in time, the company's largest shareholders were Richard Livingstone with 16.4 percent of the share capital and votes, and Jens von Bahr as well as Fredrik Österberg (through Österbahr Ventures AB) with 15 percent of the share capital and votes.

The ten largest shareholders represented 54.2 percent of the share capital and votes. Further information about the company's share and shareholders is presented under "The Evolution share" on page 34 and on the company's website.

General Meetings

The Annual General Meeting is Evolution's highest decision-making body, at which shareholders exercise their influence on the company. All shareholders registered in the company's CSD register who notify the company in time of their attendance are entitled to attend the General Meeting and vote for all of their shares. The company's Annual General Meeting is held in the spring. The date and venue are announced in connection with the third interim report at the latest.

Information on how shareholders can have a matter considered at the Annual General Meeting in the following year, and when, at the latest, such a request must be received is detailed on the company's website in connection with the publication of the third interim report at the latest. Notice of the Annual General Meeting is published no later than four weeks prior to the meeting through an advertisement in *Post-och Inrikes Tidningar* (official Swedish gazette) and by posting the notice on the company's website. The company will place an advertisement in Swedish financial daily *Dagens Industri* that the notice has been issued.

The Annual General Meeting's mandatory duties include making decisions on:

- Adoption of the income statement and balance sheet
- Appropriation of profits and dividend
- Discharge from liability for the Board of Directors and the Group CEO
- Election of the Board of Directors and auditors
- Determination of fees for the Board members and the auditors
- Nomination Committee.

At the Annual General Meeting, decisions are normally made by a simple majority of the votes cast. On certain decision matters, however, the Swedish Companies Act requires a proposal to be approved by a larger proportion of the votes cast.

Extraordinary General Meetings may be held when necessary.

Annual General Meeting 2019

The 2019 Annual General Meeting was held on 26 April 2019 at Strandvägen 7A in Stockholm. At the meeting, 63.57 percent of all shares and votes were represented. A majority of the members of the Board, the auditor and the Group CEO attended the meeting. Chairman of the Board, Jens von Bahr, was prevented from attending the 2019 Annual General Meeting, which is declared as a deviation from rule 1.2 in the Code.

In addition to customary matters, the Annual General Meeting resolved to authorise the Board of Directors to decree on buybacks and transfer of the company's own shares in accordance with stipulated terms. Further, the Annual General Meeting resolved on a share split of each incumbent share into five shares (5:1) and, as a consequence, amendment to the article of association with regards to the delimitation of number of shares in the company. The minutes of the meeting, as well as other documentation from the meeting, are available on the company's website.

Annual General Meeting 2020

The 2020 Annual General Meeting will take place on 24 April 2020, at 2 p.m. at Strandvägen 7A in Stockholm. Notification of the meeting will be issued on the company's website, where requisite documents, such as information providing the basis for decisions, will also be made available prior to the meeting.

Nomination Committee

The Annual General Meeting determines how the Nomination Committee should be appointed. At the 2019 Annual General Meeting, it was decided that the Chairman of the Board of Directors is to contact the three largest shareholders in terms of votes based on Euroclear Sweden AB's list of registered shareholders on the last business day of August. The three largest shareholders will be given the opportunity to elect one representative each to form the Nomination Committee along with one of the members of the Board of Directors who is independent in relation to the Company's management. If any of these shareholders chooses to waive their right to elect a representative, their right is transferred to the shareholder who, after these shareholders, has the largest share ownership. In preparation for the Annual General Meeting, the Nomination Committee is tasked with presenting proposals regarding:

- The chairman for the Annual General Meeting
- Number of Board members
- Board members and Chairman of the Board
- Board remuneration
- Possible remuneration for committee work
- Auditors and auditors' fees if such a decision is to be made

- Process for establishing the ensuing Nomination Committee.

The proposals of the Nomination Committee are presented in the notice of the Annual General Meeting and on the company's website. The Nomination Committee's mandate period runs until a new Nomination Committee has been appointed under the decision establishing the new Nomination Committee at the 2020 Annual General Meeting.

Member	Appointed by	Independent in relation to the company and its senior management	Share of votes as per 31 December 2019
Ian Livingstone	Richard Livingstone	Yes	16.4%
Peter Ihrfelt (Chairman)	Österbahr Ventures AB	Yes	15.0%
Mats Holmer	Joel Citron	Yes	1%
Cecilia Lager	Board of Directors of Evolution Gaming Group AB	Yes	—

Board of Directors

Responsibilities and duties of the Board of Directors

The Board of Directors bears the overall responsibility for the organisation of the company and the management of its affairs and is to work in the interests of the company and all of its shareholders. The mandatory tasks of the Board of Directors include determining the company's overall targets and strategies, evaluating the Group CEO, ensuring that there are systems in place for monitoring and controlling the operations and the risks associated with them, ensuring that there is satisfactory control of the company's regulatory compliance and ensuring that the information issued by the company is characterised by openness and is accurate, relevant and reliable.

Instructions and policies

The Board of Directors annually reviews and adopts the following corporate governance related instructions and policies among others:

- Rules of procedure of the Board of Directors
- Instructions for the Group CEO
- Rules of procedure of the Audit Committee
- Rules of procedure of the Remuneration Committee
- Code of Conduct
- Sustainability Policy.

Composition of the Board of Directors

The Board of Directors is appointed by the shareholders at the Annual General Meeting for the period until the end of the next Annual General Meeting and, in accordance with the Articles of Association, shall consist of at least three and at most eight members with no deputies. The Annual General Meeting determines the precise number of members.

At the 2019 Annual General Meeting, Jens von Bahr (Chairman), Joel Citron, Jonas Engwall, Cecilia Lager, Ian Livingstone and Fredrik Österberg were elected as members of the Board of Directors. For further details of each Board Member, see page 66.

In addition to being a Board Member, Jens von Bahr is also employed by the company as the Executive Chairman. He is not a member of the company's senior management. Under the terms of his employment, Jens von Bahr shall, in addition to, and separately from, his duties as Chairman of the Board, focus on strategic issues and establish and implement the Group's future growth plans in cooperation with the management team, customers and shareholders. As one of the founders of the Group, Jens von Bahr has special insight into the operations and the Live Casino industry and the markets in which the Group operates or may operate in the future. He also has long-term and valuable relationships with

customers and business partners. Consequently, having access to this experience at both the Board level and in the ongoing operations benefits both the company and its shareholders.

As an employee, the Executive Chairman reports to the Group CEO. The division of responsibilities between the Group CEO and the Executive Chairman is well regulated in the Board's rules of procedure and the company's instructions for the Group CEO. Jens von Bahr does not receive any remuneration for his duties as a member of the company's Board of Directors. In accordance with what was communicated in connection with the listing of the company on Nasdaq Stockholm in June 2017, the company expects that Jens von Bahr's employment also will be re-considered in the future but that the intention is that Jens von Bahr's employment as executive chairman shall continue after the 2020 Annual General Meeting.

Fredrik Österberg was employed by the company as Group Chief Strategy Officer until April 2018.

Member	Fees and salaries ¹⁾			Independent ³⁾	Attendance ²⁾		
	Board fee	Committee fee	Salary		Board meetings	Audit Committee	Remuneration Committee
Jens von Bahr	N/A	N/A	SEK 4,200,000	No/No	12	N/A	N/A
Joel Citron	EUR 30,000	N/A	N/A	Yes/Yes	13	4	2
Jonas Engwall	EUR 30,000	N/A	N/A	Yes/Yes	13	4	2
Cecilia Lager	EUR 30,000	N/A	N/A	Yes/Yes	12	N/A	N/A
Ian Livingstone	EUR 30,000	N/A	N/A	Yes/No	14	N/A	2
Fredrik Österberg	EUR 30,000	N/A	N/A	No/No	14	3	N/A

1. Fees refer to the amounts approved by the 2019 Annual General Meeting. For Board Members who are or have been employees, the stated figure refers to annual salary.
2. Attendance refers to meetings during the 2019 financial year.
3. Independent in relation to the company and the company's management/to the largest shareholders.

Independence

The number of Board members who are independent in relation to the company is four (67 per cent) and the number of Board members who are independent in relation to major shareholders is three (50 per cent). Ian Livingstone is not independent in relation to major shareholders as he is closely related to the company's largest shareholder Richard Livingstone who owns approximately 16.4 per cent of the shares and votes in the company. Jens von Bahr and Fredrik Österberg together own approximately 15.2 per cent of the shares and votes in the company (through Österbahr Ventures AB) and are therefore not independent in relation to major shareholders. Since Jens von Bahr is employed by the company as Executive Chairman and Fredrik Österberg has been employed by the company during the last three years they are also not independent in relation to the company or its senior management.

A Board member may not take part in decisions where a conflict of interest may exist. This comprises decisions regarding agreements between a Board member and the company, agreements between the company and third parties in which the Board member has a material interest that could constitute a conflict of interest for the company, as well as agreements between the company and the legal entity that the Board member represents.

Working procedures and meetings

In addition to laws and recommendations, the work of the Board of Directors is governed by its rules of procedure. The rules of procedure have been adopted by the Board of Directors and include instructions concerning, among other things, Board meetings and their contents, the division of duties within the Board and information to the Board.

Chairman of the Board in 2019

The Chairman of the Board is appointed by the Annual General Meeting. Jens von Bahr was elected Chairman of the Board by the 2019 Annual General Meeting for the period until the end of the next Annual General Meeting. Jens von Bahr is the Executive Chairman of the Board, meaning that he is employed by the company. See the Composition of the Board of Directors section on page 58 for further details of what this employment entails.

The Chairman's role is to organise the work of the Board so that it is run efficiently and generates conditions for optimum performance of the Board's commitments.

Work of the Board of Directors in 2019

The Board of Directors held 14 meetings in 2019, of which one was a statutory meeting, three to approve interim reports and one to approve the year-end report. The Board of Directors was in full attendance at all meetings except four, for further information see table on page 58. All meetings

followed an agenda that, on relevant points, was addressed with documentation provided to members prior to the meetings. As a rule, the meetings are also attended by the company's chief legal counsel as secretary, the Group CEO and CFO.

At each meeting, the Group CEO updates the Board Members on the company's operational and financial development. In addition, various senior executives and the auditor participate if necessary, to present various factual matters. The principal points addressed by Board meetings in 2019 included matters regarding, as well as the approval of, the business plan and budget, Group policies, and annual, year-end and interim reports.

The matters addressed by the Board of Directors at the Board meetings in 2019 include:

- **February**
Adoption of interim report for the fourth quarter of 2018
- **March**
The company's auditor participated in part of the meeting without the presence of the Group CEO or any other member of company management
Approval of the annual accounts for 2018
Evaluation of the work of the Board of Directors and the Group CEO
Approval of the documentation for the 2019 Annual General Meeting
Evaluation of the company's need of a specific audit function (internal audit)
- **April**
Adoption of interim report for the first quarter of 2019
Statutory Board meeting
- **May**
Decision on settlement of record date for share split of the company's shares, in accordance with the Annual General Meeting's resolution
- **July**
Adoption of interim report for the second quarter of 2019
- **October**
Adoption of interim report for the third quarter of 2019
Adoption of various policies
- **December**
Approval of 2020 budget.

Assurance of quality in financial reporting

The formal work plan adopted annually by the Board includes detailed instructions about which financial statements and what financial information is to be provided to the Board. The Group CEO is responsible for the Board receiving, in addition to the year-end report, interim reports and annual accounts, regular information about the company's financial performance including its financial position and liquidity.

The Board of Directors also examines, primarily through its Audit Committee, the most significant accounting principles applied within the Group in respect of its financial reporting, as well as significant changes in the reporting principles.

All Audit Committee meetings are recorded and the minutes kept available to all Board Members and the auditors.

Evaluation of the work of the Board of Directors

Through a systematic and structured process, the Board shall annually assess its work and the division of labour between individual members. The Chairman of the Board informs the Nomination Committee of the outcome of the evaluation.

The Board continuously evaluates the work of the Group CEO and Group management. This evaluation shall be discussed at least once a year at a meeting of the Board without the Group CEO or any other member of Group Management being present.

Remuneration to the Board of Directors

Remuneration to the Board of Directors is proposed by the Nomination Committee, approved by the Annual General Meeting and paid to Board Members who are not employees of the company. At the 2019 Annual General Meeting, it was decided that a fee of EUR 30,000 should be paid to each Board Member not employed by the company.

No specific compensation is paid to the members of the Board committees.

Jens von Bahr is employed by the company and does therefore not receive any Board fee. Jens von Bahr receives an annual salary of SEK 4,200,000 from the company (including applicable retirement benefits and without entitlement to variable compensation). The fee paid to Jens von Bahr for his position in the company was approved by an Extraordinary General Meeting on 24 January 2017.

Diversity policy

The company's Board of Directors has adopted a diversity policy applicable to its own composition. According to this policy, the Board of Directors shall, taking into account the company's operations, stage of development and circumstances, be appropriately composed and characterised by versatility and breadth in terms of the expertise, experience and background of the members elected by the Annual General Meeting. The objective is to seek an even gender distribution on the Board of Directors. Evolution considers diversity important in ensuring that Board Members' profiles provide the necessary range of perspectives, experience and skills required to achieve effective governance. In preparing its proposal for the composition of the Board of Directors, the Nomination Committee takes into account the Code and the Board's Diversity Policy, seeking to achieve diversity on the Board of Directors.

Board committees

The Board of Directors has established a Remuneration Committee and an Audit Committee.

Remuneration Committee

The Remuneration Committee consists of Joel Citron (chairman), Ian Livingstone and Jonas Engwall. The Remuneration Committee's duties include preparing the following matters for decision by the Board:

- Salary, other remunerations and pension benefits for the Group CEO
- Salary, other remuneration and pension benefits for the Executive Chairman
- The company's remuneration policy and other terms of employment for the company's senior management
- Share option programmes and similar arrangements, as well as other rewards or forms of compensation referred to, target a wider range of Group employees.

The Remuneration Committee shall also monitor and evaluate both current and completed variable remuneration programmes for the company's senior management. In addition, the Committee shall monitor and evaluate the application of guidelines for remuneration to senior executives, as well as current remuneration structures and levels in the company. During 2019, two meetings were held, at which all members attended.

Audit Committee

The Audit Committee consists of Joel Citron (chairman), Jonas Engwall, and Fredrik Österberg. The Audit Committee's tasks include:

- Preparing the Board's work with regard to quality in the financial reporting and processes for managing the business risks of the company and the Group
- Monitoring the company's financial reporting and assisting the Board in assuring the effectiveness of the company's internal control, internal audit and risk management
- Regularly meeting the company's auditors and being briefed on the statutory audit, focus and scope of the audit, as well as discussing the coordination between the external and internal audit as well as the view of the risks in the company
- Establishing guidelines for which services, beyond audit services, the company may purchase from the auditors, as well as evaluating and monitoring the independence of the company's auditors and, in connection with this, paying particular attention to whether the auditor provides additional services to the company beyond auditing
- Evaluating the audit and informing the company's Nomination Committee of the outcome of this evaluation.

The Audit Committee shall also organise a selection process to prepare recommendations of auditors to the Nomination

Committee when so required by applicable rules and assisting the Nomination Committee in preparing its proposals on auditors and compensation for auditing. During 2019, four meetings were held with full plenary (one meeting was held before Fredrik Österberg was appointed as a new member of the Audit Committee in April 2019).

Division of labour between the Chairman of the Board and the Group CEO

The company has an Executive Chairman working mainly in the following areas: preparing long-term strategic issues beyond the Group CEO's strategic work within current business plans, ongoing evaluation of strategic partnerships and acquisitions, as well as assisting Group Management in strategic projects and in connection with the recruitment of key competencies. The Group CEO's instructions clarify that the duties of the Executive Chairman as an employee should not interfere with the duties of the Group CEO and that the Executive Chairman may not perform any ongoing management tasks. The Board of Directors' rules of procedure state that the work performed by the Chairman of the Board as an employee is separate from, and in addition to, his work as Chairman of the Board. In addition to duties explicitly in line with his employment contract and the Group CEO's instruction, he may not perform any assignments for the company that go beyond the work of the Chairman of the Board, unless approved by the Board of Directors.

Auditors

Auditors are elected by the Annual General Meeting. The auditor shall examine the company's annual report and accounts as well as the management by the Board of Directors and the Group CEO. The auditor shall also examine the group accounts, as well as the relationship inter se of group companies. In accordance with the Articles of Association, Evolution shall have one or two auditors. The auditors shall be appointed for the time period until the end of an annual general meeting held not later than during the fourth financial year after the election. The Annual General Meeting held in 2019 re-elected Öhrlings PricewaterhouseCoopers AB as the company's auditors up until the close of the Annual General Meeting held in 2020. The auditor in charge is Niklas Renström, who was born in 1974 and is an authorised accountant.

Group CEO and Group Management

Evolution's Group Management has extensive experience and works to achieve long-term profitable growth in line with the company's strategy and vision. The Group CEO is appointed by, and receives instructions from, the Board of Directors. In turn, the Group CEO appoints the other members of Group Management and is responsible for the ongoing administration of the Group in accordance with the Board's guidelines and instructions. The Group CEO

reports to the Board of Directors, ensuring that it receives the information needed to make informed decisions. The Group CEO shall also ensure that matters to be addressed by the Board in accordance with applicable legislation, the Articles of Association and internal policies and guidelines are presented to the Board of Directors. The Group CEO attends, and reports to, all Board meetings, except on those occasions when the Group CEO is evaluated by the Board as well as when the Board meets the company's auditor without management attending. Group Management embodies expertise covering all key areas of the company's business and strategy, including the CEO of Evolution's operating subsidiary Evolution Malta Limited. Evolution Malta Limited has a management team that addresses matters related to the operational activities.

Working instructions for the Group CEO

The Board of Directors has developed and adopted instructions covering the Group CEO's responsibilities and tasks, as well as entitlement to represent the company. Within the framework of applicable laws, the Articles of Association, the Board of Director's formal work plan, the Group CEO's instructions and other instructions issued by the Board, the Group CEO is responsible for overseeing the company's day-to-day operations. The Group CEO is also responsible for ensuring that the Board receives information regularly to be able to monitor the company's financial position, financial planning and development. Prior to each regular Board meeting, the Group CEO shall submit information as requested by the Board in assessing the company's financial situation, including reports, metrics, proposed business plan and budget, forecasts, interim reports, financial statements and annual reports.

Remuneration to senior executives

The 2019 Annual General Meeting established guidelines for senior executives for the period up until the Annual General Meeting held in 2020. Senior executives refer to the Group CEO and the Group management of Evolution. The guidelines should also apply to remuneration for members of the Board who are employed by the company, and what is stipulated in the guidelines regarding senior executives should when applicable also apply to members of the Board who are employed by the company. For information on the composition of the Group Management, see page 68.

The objective of the guidelines is to ensure that the company can attract, motivate and retain senior executives with the expertise and experience required to achieve company's operating goals. The remuneration shall be based on conditions that are market competitive and at the same time aligned with shareholders' interests. Remuneration to the senior executives shall consist of a fixed and, for some senior executives, variable salary. These components shall create a well-balanced remuneration reflecting individual competence, responsibility and performance, both short-term and long-term, as well as the company's overall performance.

Fixed salary

The senior executives' fixed salary shall be competitive and based on each senior executive's individual competences, responsibilities and performance. A review of the fixed salary shall be carried out on an annual basis for each calendar year.

Variable compensation

The senior executives (however not the board member employed by the company) may receive variable remuneration in addition to a fixed salary.

Annual variable remuneration is to be cash based and be based on predetermined and measurable performance criteria for the relevant senior executive aimed at promoting the company's long term value creation. The performance criteria are to be established and documented annually. Depending on the level of performance achieved, annual variable remuneration can vary from no variable payment up to fifty percent of the annual base salary (however, one senior executive is entitled to variable compensation up to a hundred percent of his annual base salary under his existing employment agreement).

Incentive programmes

The shareholders' meeting shall be able to decide on long-term share and share-price related incentive programmes directed to, among others, the senior executives (however not to board members who are employees of the company). Such incentive programmes are to be designed with the aim of achieving increased alignment between the interests of the participating individual and the company's shareholders and so that a personal holding of shares in the company is promoted. For further information on existing incentive programmes, see page 62.

Other benefits

The company provides other benefits to senior executives in accordance with local practice. Such other benefits can include, for example company health care. Occasionally, housing allowance, paid schooling for underage children or travel allowances could be granted.

Notice of termination and severance pay

The maximum notice period for senior executives during which salary is paid is 12 months. Severance compensation may be paid in an amount not greater than 12 months' fixed salary.

Deviations from guidelines

The Board of Directors may deviate from the above guidelines where a special cause exists in an individual case. In the event the Board of Directors deviates from the guidelines, it shall explain the reason for the deviation at the following Annual General Meeting.

Incentive programmes**2020/2023 programme**

The Extra General Meeting on 16 January 2020 resolved to issue a maximum of 4,000,000 warrants. Each warrant entitles the holder to subscribe for one new share in the company for SEK 373.90 during the period from and including 31 March 2023 (however not earlier than the day after the publication of the company's interim report for the period January–December 2022, the "First Exercise Date") up to and including the date that falls 30 calendar days thereafter.

In total 4,000,000 warrants were subscribed. If all 4,000,000 warrants are exercised for subscription of 4,000,000 shares, the dilution effect will be approximately 2.2 percent. The recipients of the warrants are key employees throughout the Group. Employees in Sweden have paid the market value for the warrants. Employees outside Sweden have paid the market value for 1 warrant, while receiving 1 without payment for each that had been paid for. For warrants acquired at market value, the price (option premium) has been determined using Black & Scholes valuation model, with the valuation being carried out by Svalner Skatt.

2018/2021 programme

The Annual General Meeting on 20 April 2018 resolved to issue a maximum of 617,702 warrants. Each warrant entitles the holder to subscribe for five new shares in the company (following the share split 5:1 that was resolved by the 2019 Annual General Meeting) for SEK 141.06 per share during the period from the day after the publication of the interim report for the second quarter of 2021 until the date that follows 30 calendar days after the publication of the interim report for the second quarter 2021 (however not later than on 30 September 2021).

The company's subsidiary, Evolution Malta Ltd, has subscribed for 617,702 warrants, and Evolution Malta Ltd has, in turn, transferred 376,006 warrants to a number of key individuals in the company's management team and organisation. For warrants acquired at market value, the price (option premium) has been determined using the Black & Scholes valuation model, with the valuation being carried out by EY.

If all 376,006 warrants 2018/2021 are exercised for subscription of 1,880,030 shares, the dilution effect will be approximately 1.0 percent.

2016/2019 programme

The Annual General Meeting on 28 April 2016 resolved to issue a maximum of 547,000 warrants. Each warrant entitled the holder to subscribe for five new shares in the company (following the share split 5:1 that was resolved by the 2019 Annual General Meeting) for SEK 70.84 per share during the period from the day after the publication of the interim report for the second quarter of 2019 until 30 September 2019.

In connection with the allotment of shares within the incentive programme, a number of key individuals subscribed for a total of 1,770,840 new shares in the company in accordance with the framework of the warrant programme. The total dilution effect amounted to approximately 1.0 percent.

Risk management and internal control

Evolution's control system has been developed to ensure accurate, reliable financial reporting and accounting in accordance with applicable laws and rules, accounting standards and other requirements for listed companies. The foundation of the control environment is defined through policies, routines and manuals, and is upheld with the help of the company's organisational structure with clearly defined responsibilities.

Control environment

The Board of Directors bears the ultimate responsibility for an effective system of internal control and risk management being in place. Critical accounting issues and issues related to financial reporting are addressed by the Board and in the Board's Audit Committee. To ensure a well-functioning control environment, the Board of Directors has established a number of policies relevant to corporate governance and financial reporting. These include the Board's rules of procedure, Group CEO instructions and reporting instructions for financial reporting. The company also has a financial handbook, which includes principles, guidelines and process descriptions for accounting and financial reporting. At the statutory Board meeting following the Annual General Meeting, a formal work plan is established for the Board and instructions for the work of the Group CEO are determined, in which responsibilities and powers are further defined.

The Board has appointed an Audit Committee, tasked with preparing the Board's work with regard to quality in the financial reporting and processes for managing the business risks of the company and the group, as well as monitoring the company's financial reporting and assisting the Board in assuring the effectiveness of the company's internal control, internal audit and risk management.

The CFO regularly reports to the Audit Committee and works together with the company's finance function to develop and improve the internal control with regards to the Group's financial reporting, both proactively with a focus on the internal control environment, and by reviewing the effectiveness of internal control.

Responsibility for the daily work of maintaining the control environment rests primarily with the Group CEO. The Group CEO reports regularly to the company's Board of Directors.

The Board of Directors in its entirety or any one Board Member together with the Chairman of the Board may sign on behalf of the company. In addition, the company's CFO and CLO together are entitled to sign on behalf of the company.

In accordance with the Swedish Companies Act, the Group CEO may sign alone on behalf of the company regarding duties which the Group CEO is obliged to carry out pursuant to section 29 of the Swedish Companies Act.

Risk assessment

The Group has established a Risk Management Committee, in which representatives of various relevant parts of the organisation meet quarterly to assess, discuss and mitigate potential risks. The Group has also adopted procedures and established internal risk management control systems, including an annual risk analysis for all business areas within the Group, where the purpose is to identify, evaluate and manage risks threatening the Group's objectives and strategies. The risk analysis is divided into strategic, operational, compliance, legal and financial risks. To ensure a relevant level of control, each business area has established a number of control activities counteracting the most significant risks identified in the risk analysis. A self-assessment of these control activities is performed annually and reported to the Risk Management Committee, which compiles and evaluates the results and reports to the Audit Committee and the Board of Directors.

Risk assessment directly related to the provision of gaming services

As certain jurisdictions have laws that explicitly consider the offering of, and participation in, gaming services conditional on particular licences or a criminal offence, the Group continuously undertakes precautionary measures, including Know Your Customer (KYC) checks of licensees and requiring, in its agreements, that operators comply with the laws and regulations applicable to them.

These provisions in the agreements constitute a form of legal protection and prevent certain end users from accessing the Group's products and services. The Group's customers (i.e. the casino operators) are responsible for the end users' access to their online gaming platforms at the local level and in accordance with local laws and regulations.

Monitoring

Monitoring of control activities is conducted continuously to ensure that risks have been satisfactorily observed and addressed. This includes tracking of results in relation to budget and plans, analyses and key figures. The Board of Directors continuously evaluates the information provided by the company's management team. The process includes both reconciliation of monthly financial reports against budgets and goals and reporting at Board meetings. Through the Audit Committee, the Board of Directors reviews and assesses the internal control organisation and function. The company's policies and instructions are evaluated and updated annually at a minimum or when needed.

The company's CFO presents the results of internal control work as a standing agenda item at Audit Committee meetings.

The results of the Audit Committee's work in the form of observations, recommendations and proposals for decisions and measures are continuously reported to the Board of Directors.

Information and communication

The company has information and communication channels to promote the accuracy of the financial reporting and to facilitate reporting and feedback from the operations to the Board of Directors and the Group Management, for example by making governing documents such as internal policies, guidelines and instructions regarding the financial reporting available and known to the employees concerned.

The company is subject to the provisions of the EU Market Abuse Regulation No. 596/2014 (MAR). MAR sets out requirements on how inside information is to be published to the market, under which conditions the disclosure may be delayed and in what way the company is obliged to keep a list of persons working for the company and who has access to inside information. The company has assigned a digital and semi-automated tool to ensure that its handling of inside information meets the requirements of MAR and its insider policy. Only authorised persons in the company have access to the tool.

The company's financial reporting complies with Swedish laws and regulations and the local rules in each jurisdiction where operations are conducted. The company's information to shareholders and other stakeholders is provided through the interim reports, press releases and annual report according to the Group's Communication Policy.

Internal audit

The company has no separate review function (internal audit). The Board does not consider there to be special circumstances in operations or other conditions that would warrant such a function.

Our Board of Directors

JENS VON BAHR

Chairman of the Board

Born 1971. Elected 2015, Chairman since 1 November 2016.

Other assignments:

Jens is a Board member in JOvB Investment AB, Österbahr Ventures AB, Barnebys Group AB and Sitoo AB.

Experience:

Jens is co-founder of Evolution Gaming. Before founding the company, Jens was CEO of Oriflame Sri Lanka. He has also started several entrepreneurial companies. Jens holds a BSc in Business from Stockholm University and an MBA from University of Western College.

Shareholding:

27,289,720 shares through Österbahr Ventures AB (jointly owned with Fredrik Österberg).

Not independent in relation to the company, the company's management or major shareholders of the company.

JOEL CITRON

Board member

Born 1962. Elected 2015.

Other assignments:

Joel is CEO of Tenth Avenue Holdings LLC and Chairman of Tenth Avenue Commerce LLC.

Experience:

Joel has vast experience from various management positions in investment and operating companies in Europe and the USA. He holds a B.Sc Business Administration and M.A. Economics from University of Southern California.

Shareholding:

1,678,105 shares.

Independent in relation to the company, the company's management and major shareholders of the company.

JONAS ENGWALL

Board member

Born 1970. Elected 2015.

Other assignments:

Jonas is CEO of Knoxville AB. Among other assignments, he is Chairman of ExOpen Systems AB, Occasion AB, Takkei Trainingsystems AB, Telefonshoppen Norden AB, Knoxville, Sitoo and DBT Capital, and Board member in E. Svenssons i Lammhult AB, Loccasion Property Development AB and PS Occasion.

Experience:

Jonas was previously Chairman of Risenta AB. He has also founded several entrepreneurial companies, such as Skruf Snus AB. He holds a Master of Business Administration from Stockholm School of Economics.

Shareholding:

309,630 shares.

Independent in relation to the company, the company's management and major shareholders of the company.

CECILIA LAGER

Board member

Born 1963. Elected 2017.

Other assignments:

Cecilia is Chairman of Navigera AB and Board member in Elanders AB, Greengold Group AB, Altor Fund Manager AB, Sveab Holding AB, Capacent Holding AB and Clemondo Group AB.

Experience:

Cecilia has vast experience from various senior executive positions in the financial sector. Among previous positions she has been Marketing Director of Alecta and CEO of SEB Fonder. She has studied Business Administration at Lund University.

Shareholding: -

Independent in relation to the company, the company's management and major shareholders of the company.

IAN LIVINGSTONE**Board member**

Born 1962. Elected 2015.

Other assignments:

Ian is Executive Chairman of London+Regional Properties Limited. He also holds various Board assignments within the London+Regional Properties group.

Experience:

Ian has vast experience from various senior positions in property development and retail.

Shareholding:

500,000 shares.

Ian is a close relative to the largest shareholder in the company and not independent in relation to the major shareholders of the company, but independent in relation to the company and the company's management.

FREDRIK ÖSTERBERG**Board member**

Born 1970. Elected 2015.

Other assignments:

Fredrik is a Board member in FROS Ventures AB, Österbahr Ventures AB and Hammarby Fotboll AB.

Experience:

Fredrik is cofounder of Evolution Gaming. Before founding the company, Fredrik was CEO of Sportal Nordic. He holds a BSc in Business Administration and Economics from Stockholm University.

Shareholding:

27,289,720 shares through Österbahr Ventures AB (jointly owned with Jens von Bahr).

Not independent in relation to the company, the company's management or major shareholders of the company.

The company's auditors**ÖHRLINGS PRICEWATERHOUSECOOPERS AB**

Niklas Renström

Authorised Public Accountant

Our group management team



MARTIN CARLESUND
Group CEO

Born 1970. Employed by the group since 2015.

Shareholding: 266,147 shares through Carlesund Investment & Consulting AB.

Warrants: 175,000

Other assignments:

Martin is Chairman of Carlesund Investments & Consulting AB and Sandstjärna Holding.

Experience:

Martin has been CEO of Highlight Media Group, Eniro Sverige, Eniro Finland and 3L System AB. He holds an MSc in finance together with courses in computer science, law and mathematics at University of Borås, Gothenburg School of Economics and Linköping University.



DAVID CRAELIUS
Chief Technology Officer

Born 1974.
Employed by the group since 2016.

Shareholding: 5,000 shares through pension insurance.

Warrants: 20,000

Other assignments:

David is a board member of Stravito AB, Hivemind AB, Craelius & Hansson AB and Försäkringsbolaget Avanza Pension.

Experience:

David has been CTO of Klarna, Head of Banking at Avanza and CIO of Nordnet. He has studied at Royal Institute of Technology in Stockholm.



TODD HAUSHALTER
Chief Product Officer and Games Operations

Born 1978.
Employed by the group since 2015.

Shareholding: 55,755

Warrants: 92,500

Experience:

Todd has been Vice President of Gaming Operations at MGM Resorts International, Global Director of Product Development at Shuffle Master and Vice President of Business Strategy at Bally Technologies.

He holds a MBS from University of Nevada, Las Vegas.



OLESYA IVANOVA
Chief Operating Officer Latvia & Romania

Born 1983.
Employed by the group since 2006.

Shareholding: 26,308 shares

Warrants: 75,000

Experience:

Olesya joined Evolution Gaming as a Game Presenter and has since then held several positions with managerial responsibilities at the Riga production studio.

She holds an EMBA from the Stockholm School of Economics in Riga.



SEBASTIAN JOHANNISSON
Chief Commercial Officer

Born 1978. Employed by the group since 2008.

Shareholding: 1,000,000 shares through endowment insurance.

Warrants: 92,500

Experience:

Sebastian has been Head of Account Management at Evolution Gaming. He holds a Master of Business Administration from Uppsala University.



JACOB KAPLAN
Chief Financial Officer

Born 1973. Employed by the group since 2016.

Shareholding: 40,000 shares through pension insurance.

Warrants: 92,500

Experience:

Jacob has been CFO of Nordnet AB (publ) and Vice President, Finance Director at Nasdaq OMX Transaction Services Nordics. He holds a MSc in Industrial Engineering and Business Management from the Royal Institute of Technology in Stockholm and a BSc in Business Administration from Stockholm University.



JOHAN NORDSTROM
CEO Evolution Malta

Born 1970. Employed by the group since 2016.

Shareholding: 94,143 shares together with closely-related persons.

Warrants: 92,500

Experience:

Johan has held various leading positions in the EF group, including President Asia and European Director. He holds a BSc in Business Administration from Stockholm University.



LOUISE WIWEN-NILSSON
Chief Human Resources Officer

Born 1972. Employed by the group since 2016.

Shareholding: -

Warrants: 45,000

Other assignments:

Founder and owner of Strong Brands Sweden AB.

Experience:

Louise has held several leading HR positions within Viacom/MTV, Nike and Walt Disney. She has a degree in Social and Behavioural studies at Lund University.

25M

QUEEN

8 OF SPADES

6 OF SPADES

2 OF SPADES

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...

FINANCIAL REPORTS

The Board of Directors and the Group CEO of Evolution Gaming Group AB (publ) 556994-5792 ("Evolution") hereby present the annual accounts for the Group and the Parent Company for the 2019 financial year.

CONSOLIDATED INCOME STATEMENT

COMPREHENSIVE INCOME STATEMENT

CONSOLIDATED BALANCE SHEET

**CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY**

CONSOLIDATED CASH FLOW STATEMENT

INCOME STATEMENT – PARENT COMPANY

BALANCE SHEET – PARENT COMPANY

**STATEMENT OF CHANGES IN EQUITY –
PARENT COMPANY**

**CASH FLOW STATEMENT –
PARENT COMPANY**

NOTES



Consolidated income statement

(EUR thousands)	NOTE	2019	2018
Revenues	2	365,687	245,350
Other revenues	2	65	68
Total operating revenues		365,752	245,418
Personnel expenses	3	-126,419	-97,674
Depreciation, amortisation and impairment	8, 9	-25,476	-18,197
Other operating expenses	17, 18	-56,385	-40,063
Total operating expenses		-208,280	-155,934
Operating profit		157,472	89,484
Financial income	4	45	13
Financial expenses	5	-245	-171
Profit before tax		157,272	89,326
Tax on profit for the year	6	-7,546	-5,866
Profit for the year		149,726	83,460
<i>Of which attributable to:</i>			
Shareholders of the Parent Company		149,726	83,460
Average number of shares before dilution	7	180,737,305	179,851,885
Earnings per share before dilution (EUR)		0.83	0.46
Average number of shares after dilution		183,387,341	182,625,245
Earnings per share after dilution (EUR)		0.82	0.46

Comprehensive income statement

(EUR thousands)	2019	2018
Profit for the year	149,726	83,460
Other comprehensive income		
<i>Items that may be reclassified to profit</i>		
Exchange differences arising from the translation of foreign operations	207	-63
Other comprehensive income, net after tax	207	-63
Total comprehensive income for the year	149,933	83,397

Consolidated balance sheet

(EUR thousands)	NOTE	31 December 2019	31 December 2018
Assets			
Intangible assets	8	23,743	21,344
Goodwill	8	12,485	–
Land and buildings	9	11,991	12,167
Right of use assets	9, 17	19,419	–
Other property, plant and equipment	9	36,079	27,452
Other non-current receivables		1,118	952
Deferred tax assets	6	156	180
Total non-current assets		104,991	62,095
Accounts receivable	11	66,457	47,622
Current tax assets	12	69,810	41,042
Other receivables	12	7,174	1,729
Prepaid expenses and accrued income	13	3,208	3,218
Cash and cash equivalents	14	182,520	84,951
Total current assets		329,169	178,562
TOTAL ASSETS		434,160	240,657
Equity and liabilities			
Share capital		545	540
Other capital contributed		17,430	5,867
Reserves		99	-108
Retained earnings including profit for the year		262,823	155,971
Total equity		280,897	162,270
Deferred tax liabilities	6	69	–
Non-current lease liabilities	17	15,483	–
Non-current liabilities to credit institutions	20	–	5,619
Total non-current liabilities		15,552	5,619
Accounts payable		5,300	3,190
Current liabilities to credit institutions	20	5,619	950
Current tax liabilities		81,524	49,939
Other current liabilities	15	19,604	11,521
Current lease liabilities	17	3,936	–
Accrued expenses and prepaid income	16	21,728	7,168
Total current liabilities		137,711	72,768
TOTAL EQUITY AND LIABILITIES		434,160	240,657

Consolidated statement of changes in equity

2018 (EUR thousands)	Share Capital	Other capital contributed	Reserves	Retained earnings including profit for the year	Total equity
Opening equity 01/01/2018	540	4,698	-45	104,689	109,882
Profit for the year	—	—	—	83,460	83,460
Other comprehensive income	—	—	-63	—	-63
Transactions with shareholders					
Dividend	—	—	—	-32,373	-32,373
Warrants	—	1,169	—	195	1,364
Closing equity 31/12/2018	540	5,867	-108	155,971	162,270
2019 (EUR thousands)	Share capital	Other capital contributed	Reserves	Retained earnings including profit for the year	Total equity
Opening equity 01/01/2019	540	5,867	-108	155,971	162,270
Profit for the year	—	—	—	149,726	149,726
Other comprehensive income	—	—	207	—	207
Transactions with shareholders					
Dividend	—	—	—	-43,164	-43,164
Warrants	—	-152	—	290	138
New share issue	5	11,715	—	—	11,720
Closing equity 31/12/2019	545	17,430	99	262,823	280,897

Consolidated cash flow statement

(EUR thousands)	NOTE	2019	2018
Operating profit		157,472	89,484
<i>Adjustment for items not included in cash flows:</i>			
Depreciation, amortisation and impairment	8, 9	25,476	18,197
Other		1,216	561
Interest received	4	23	13
Interest paid	5	-245	-171
Tax paid	6	-5,293	-2,912
Cash flows from operating activities before changes in working capital		178,649	105,172
Increase/Decrease in accounts receivables	11	-17,276	-8,129
Increase/Decrease in accounts payables	15	1,358	-761
Increase/Decrease in other working capital		13,055	3,754
Cash flows from operating activities		175,786	100,036
Acquisition of intangible assets	8	-11,158	-15,262
Acquisition of property, plant and equipment	9	-18,950	-17,868
Acquisition of subsidiaries	25	-11,812	—
Increase/Decrease of other financial assets		-604	1,480
Cash flows from investing activities		-42,524	-31,650
Repayment of debt to credit institution	20	-950	-1,074
Repayment of lease liabilities	17	-3,508	—
Warrant premiums		-152	803
Dividends paid		-43,164	-32,373
New share issue		11,720	—
Cash flows from financing activities		-36,054	-32,644
Cash flow for the year		97,208	35,742
Cash and cash equivalents at beginning of the year		84,951	49,272
Exchange rate differences		361	-63
Cash and cash equivalents at year-end	14	182,520	84,951

The item Other under Adjustment for items not included in cash flows refers to the option programme adopted by the 2016 & 2018 Annual General Meetings and disposals of fixed assets.

Income statement – Parent Company

(EUR thousands)	NOTE	2019	2018
Net sales	2	7,120	6,195
Other external expenses	18	-2,763	-2,132
Personnel expenses	3	-4,054	-3,793
Depreciation, amortisation and impairment of intangible fixed assets and property, plant and equipment	8, 9	-68	-71
Operating profit		235	199
Other interest income and similar income	4	100,124	75,105
Interest expenses and similar expenses	5	–	-1
Profit before tax		100,359	75,303
Tax on profit for the year	6	-904	-515
Profit for the year		99,455	74,788

Profit for the year agrees with Total comprehensive income for the year.

Balance sheet – Parent Company

Parent company (EUR thousands)	NOTE	31 December 2019	31 December 2018
Assets			
Non-current assets			
Intangible assets	8	828	438
Total intangible assets		828	438
Property, plant and equipment	9	65	40
Total property, plant and equipment		65	40
Financial assets			
Participating interest in Group companies	10	206,000	206,000
Deposits		40	33
Total financial assets		206,040	206,033
Total non-current assets		206,933	206,511
Current assets			
Receivables from Group companies		137,451	69,539
Other current receivables	12	219	272
Prepaid expenses and accrued income	13	228	76
Cash and cash equivalents	14	1,112	504
Total current assets		139,010	70,391
TOTAL ASSETS		345,943	276,902
Equity and liabilities			
Restricted equity			
Share capital		545	540
Unrestricted equity			
Retained earnings and profit for the year		343,031	275,179
Total equity		343,576	275,719
Current liabilities			
Accounts payable		128	160
Current tax liabilities		1,399	479
Other current liabilities	15	173	158
Accrued expenses and prepaid income	16	667	386
Total current liabilities		2,367	1,183
TOTAL EQUITY AND LIABILITIES		345,943	276,902

Statement of changes in equity – Parent Company

2018 (EUR thousands)	Restricted capital	Unrestricted equity	Total equity
	Shareholders capital	Retained earnings and profit for the year	
Opening equity 01/01/2018	540	231,595	232,135
Profit for the year	–	74,788	74,788
Transactions with the owners			
Dividend	–	-32,373	-32,373
Warrants	–	1,169	1,169
Closing equity 31/12/2018	540	275,179	275,719

2019 (EUR thousands)	Restricted equity	Unrestricted equity	Total equity
	Shareholders capital	Retained earnings and profit for the year	
Opening equity 01/01/2019	540	275,179	275,719
Profit for the year	–	99,455	99,455
Transactions with the owners			
Dividend	–	-43,164	-43,164
Warrants	–	-154	-154
New share issue	5	11,715	11,720
Closing equity 31/12/2019	545	343,031	343,576

2018

Outstanding shares at year-end	179,851,885
--------------------------------	-------------

2019

Outstanding shares at year-end	181,622,725
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The share quota value is 0.003 (EUR)

Cash flow statement – Parent Company

(EUR thousands)	NOTE	2019	2018
Operating profit		235	199
<i>Adjustment for items not included in cash flows:</i>			
Depreciation, amortisation and impairment	8, 9	68	71
Interest received	4	124	105
Other	4	100,000	75,000
Tax paid		-21	–
Cash flows from operating activities before changes in working capital		100,406	75,375
Increase/Decrease in accounts payable		-32	4
Increase in intra-Group receivables and liabilities, net		-67,977	-43,838
Increase/Decrease in other working capital		297	-391
Cash flows from operating activities		32,694	31,150
Acquisition of intangible assets	8	-429	-393
Acquisition of property, plant and equipment	9	-53	–
Cash flows from investing activities		-482	-393
Deposition paid		-6	–
Warrant premiums		-154	1,169
Dividends paid		-43,164	-32,373
New share issue		11,720	–
Cash flows from financing activities		-31,604	-31,204
Cash flow for the year		608	-447
Cash and cash equivalents at beginning of the year		504	951
Cash and cash equivalents at year-end		1,112	504

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Notes

Note 1. Accounting and valuation principles

GENERAL INFORMATION

Evolution Gaming Group AB (publ) (the “Parent Company”, 556994-5792) and its Subsidiaries (collectively, the “Group” or the “Company”) is a leading B2B provider of Live Casino systems.

The Company develops, produces, markets and licenses fully integrated Live Casino solutions to gaming operators. At the end of 2019, the Group had approximately 300 customers, including a majority of the foremost online casino operators in Europe as well as a number of land-based casinos.

The operators market the products to the end users. Accordingly, Evolution is a pure operating and development company; it does not conduct any gaming operations of its own.

The Parent Company is a Swedish public limited company with registered office in Stockholm, Sweden and its head office at Hamngatan 11 in Stockholm. The Parent Company has been listed on Nasdaq Nordic Large Cap since 5 June 2017 using the ticker EVO.

On 24 March 2020, this Annual Report was approved for publication by the Board of Directors. The income statements and balance sheets are to be adopted by the Annual General Meeting on 24 April 2020.

1.1 BASIS OF PREPARATION

These consolidated financial statements were prepared in accordance with the Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Groups, and the International Financial Reporting Standards (IFRS) and interpretations of the IFRS Interpretations Committee (IFRS IC) as adopted by the EU. The consolidated accounts have been prepared in accordance with the cost method. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Group management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed under Accounting principles and in Note 24. The Parent Company’s functional currency, as well as the Parent Company’s and the Group’s presentation currency, is the Euro. Accordingly, the statements were prepared in Euro. Amounts are expressed in thousands of Euro (EUR) unless otherwise indicated. Amounts or figures in parentheses are comparisons for the year-earlier

period. Assets and liabilities are reported at historical cost. The most important principles on which the consolidated financial statements have been based are described below. These accounting principles have been applied consistently for all years presented, unless otherwise stated. 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.”

This gives rise to certain differences due to requirements in the Swedish Annual Accounts Act or the tax situation. The accounting principles of the Parent Company are described in the section 1.25 “Parent Company’s accounting principles”.

New or amended accounting standards applicable in 2019
New or revised standards that have been issued and that are applicable for Evolution Gaming Group in 2019 are presented below.

IFRS 16 Leases

IFRS 16 replaces IAS 17 “Leases” along with three interpretations (IFRIC 4 ‘Determining whether an Arrangement contains a Lease’, SIC 15 ‘Operating Leases-Incentives’ and SIC 27 ‘Evaluating the Substance of Transactions Involving the Legal Form of a Lease’). The standard requires that assets and liabilities attributable to all leases, with some exceptions, be recognised in the balance sheet. The adoption of this new Standard has resulted in the Group recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application. The new Standard has been applied from the 1 January 2019 using a simplified retrospective method upon transition of IFRS 16, which means that amounts for the comparative year 2018 have not been re-measured. On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straightline basis over the remaining lease term. The IFRS 16 effects on the balance sheets have been reported directly in the balance sheets on page 73. The effects on the income statements and the balance sheets are also reported in Note 17.

New or amended accounting standards applicable after 2019
New or amended standards are applicable for Evolution Gaming Group.

Amendments to IFRS 3 Business combinations

IASB has adopted amendments to the definition of a Business combination. The amendments will clarify the definition of Business combinations to help the companies to analyse if an acquisition is a Business combination or an acquisition of an asset. The two different classifications give rise to major differences in the accounting. The changes expected to result in fewer acquisitions being classified as Business combinations. The companies can choose to perform a concentration test which enables a simplified assessment whether or not an acquisition is considered as an asset. Evolution estimates that the change will not affect the company's way of accounting an acquisition.

Amendments to IAS 1 and IAS 8: Definition of Materiality

The amendment intends to harmonise the definitions of materiality between different IFRS standards and clarify the meaning of the concept. In IAS 1 there will be only one definition consistent with the Conceptual Framework for Financial Reporting. The amendment clarifies if the information is material to the nature or extent of information or grace together. Evolution estimates that the change will not affect the company's way of accounting.

New interpretations of accounting standards

The International Financial Reporting Standards Committee (IFRIC) has not issued any new interpretations applicable to Evolution Gaming Group.

1.2 CONSOLIDATION

Subsidiaries are all companies over which the Group has a controlling influence. The Group has a controlling influence over a company when it is exposed to, or is entitled to, variable returns from its holding in that company and is able to influence the return through its influence in the Company. Subsidiaries are fully consolidated from the date on which controlling influence is transferred to the Group. They cease to be consolidated from the date on which that controlling influence ceases. The acquisition method of accounting is used to account for the acquisition of operations by the Group. The cost of acquiring a subsidiary is measured as the fair value of the assets taken over, liabilities incurred by the previous owner of the acquired company, plus the shares issued by the Group. In the cost of an acquisition, fair value of all liabilities is also included as a result of an agreement of a conditioned purchase price. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

For each acquisition, i.e. acquisition by acquisition, the Group determines whether the minority interest in the acquired company is to be recognised at fair value or at the proportional share of the holding in the reported value of the acquired company's identified net assets.

Expenses attributable to acquisitions are recognised as they are incurred. Goodwill is initially valued as the amount by

which the total purchase consideration, and the fair value of any non-controlling interests on the acquisition date, exceeds the fair value of identifiable acquired net assets. If the purchase consideration is lower than the fair value of the acquired company's net assets, the difference is reported directly in the income statement.

Intra-Group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated, unless the loss corresponds to an impairment loss. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

If the Group ceases to have control, any remaining holdings are measured at fair value at the time when control ceases, which is recognised as a change in value in the income statement. Fair value is used initially and forms the basis for the continued accounting of the remaining holding as an associated company, a joint venture and/or a financial asset. In addition, amounts are recognised for companies that were previously included in other comprehensive income, if the Group divested the related assets or liabilities directly. This may mean that amounts that were previously recognised in total comprehensive income have been reclassified to the income statement.

1.3 TRANSLATION OF FOREIGN CURRENCY

(a) Functional currency and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated accounts are presented in Euro.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency for each Group company, using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange differences resulting from such transactions and from the translation of exchange rates of monetary assets and liabilities denominated in foreign currencies on the balance sheet date are recognised in the income statement.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency is translated into the Group's presentation currency as follows:

- a) Assets and liabilities in all balance sheets are translated at the rate on the balance sheet date

(b) Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions)

(c) All resulting exchange differences are recognised in other comprehensive income. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. All resulting exchange differences are recognised in other comprehensive income.

1.4 INTANGIBLE ASSETS

Acquired computer software licenses are capitalised based on the expenses incurred to acquire and bring to use the specific software. Expenses associated with maintaining computer software programs are recognised as an expense as incurred.

Development expenses that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use
- The Group management intends to complete the software product and use it
- There is an ability to use or sell the software product
- It can be demonstrated how the software product will generate probable future economic benefits
- The expenditure attributable to the software product during its development can be reliably measured
- Adequate technical, financial and other resources to complete the development and to use or sell the software product is available.

Directly attributable expenses that are capitalised as part of the software product primarily includes employee expenses for software development. Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Development expenses previously recognised as an expense are not recognised as an asset in a subsequent period. Computer software development expenses recognised as assets are amortised over an estimated useful life of three years.

The expense of developing the Core Gaming Platform is amortised over an estimated useful life of three years. Licenses recognised as assets are amortised over an estimated useful life of five years.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1.6).

1.5 PROPERTY, PLANT AND EQUIPMENT

All other property, plant and equipment are initially measured at cost and thereafter at cost less deductions for depreciation and impairment. The cost includes expenses that are directly related to the acquisition of the assets. Subsequent expenses are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The carrying amount of the replaced part is derecognised from the balance sheet. General repairs and maintenance expenses are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method and the expenses are allocated to their residual value over the estimated useful lives, according to the following percentages:

- Office equipment, computers and technical equipment 20–50%
- Property 2%.

Expenses for improvements to property owned by another are amortised based on the lease term or estimated useful life, whichever is shorter. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1.6).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

1.6 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less expenses to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets other than goodwill that previously suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. Intangible assets that are not yet ready for use are also tested for impairment when events or changed circumstances indicate that the recognised value may not be recoverable. As of 31 December 2019, intangible assets that were not yet available for use amounted to EUR 1,182 thousand (2018: 1,077).

1.7 FINANCIAL ASSETS

1.7.1 Classification

Financial assets that are subject to IFRS 9 (IAS 39) Financial Instruments: Recognition and Measurement are classified according to the following categories:

- Financial assets/liabilities measured at amortised cost
- Financial assets/liabilities measured at fair value through profit or loss
- Financial assets/liabilities measured at fair value through other comprehensive Income.

Financial assets (and liabilities) measured at amortised cost

This category refers to non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Examples of assets in this category include trade accounts receivable, cash and cash equivalents, trade accounts payable and interest-bearing liabilities. These assets (and liabilities) are measured at amortised cost applying the effective-interest method. Rent receivables and other receivables are recognised at the amounts that are expected to be received, i.e. after deductions for doubtful receivables.

Financial assets (and liabilities) measured at fair value through profit or loss

Financial instruments in this category are measured on an ongoing basis at fair value with changes in value recognised through profit or loss. This category includes derivative instruments with a positive fair value. Evolution has no financial instruments in this category.

Financial assets (and liabilities) measured at fair value through other comprehensive income

Financial instruments in this category are measured on an ongoing basis at fair value with changes in value recognised through other comprehensive income. At present Evolution has no assets and liabilities in this category.

1.7.2 Recognition and measurement

The Group recognises financial assets in the balance sheet when it becomes a party to the instruments' contractual terms and conditions. Loan receivables and accounts receivable are initially recognised at fair value plus transaction expenses.

Loans and receivables are subsequently carried at amortised cost using the effective interest method. Amortised cost is the initial value after adjustments for differences between the amount reported initially and the amount due when using the effective interest method.

Financial assets are derecognised from the balance sheet when the right to receive cash flows from them has expired or been transferred and the Group has transferred nearly all risk and benefits associated with the ownership or is no longer in control of the assets.

1.7.3 Impairment

Based on an analysis made by Company, the Group is applying the 'simplified approach' to bad debts with a requirement to establish and recognise a lifetime expected loss allowance. Company has adopted the presumption that a default does not occur later than when a financial asset is 90 days past due date unless an entity has reasonable information to demonstrate that a more lagging default criterion is more appropriate.

Because of continued low levels of historic credit losses and the lack of any negative concrete long-term macro-economic factors pointing towards an increased likelihood of credit losses, Evolution continues to have insufficient basis to build a model to calculate expected future credit losses.

(See Note 23 for bad debt information during the year 2019).

1.8 ACCOUNTS RECEIVABLES AND OTHER RECEIVABLES

Accounts receivables are amounts due from customers for services performed in the ordinary course of business. If payment is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets. Accounts receivables and other receivables are initially recognised at fair value and subsequently measured at amortised cost, with application of the effective interest method and a deduction for doubtful receivables (Note 1.7.3).

The recognised value of the asset is reduced by the use of an account for doubtful receivables, and the loss is recognised in the income statement under Other operating expenses. If a bad debt loss has been established, it is written off in the account for doubtful receivables. If a previously impaired receivable is collected, it will be credited in the income statement under Other operating expenses. (see Note 23 "Loss allowance").

1.9 CASH AND CASH EQUIVALENTS

Cash and cash are recognised a nominal value in the balance sheet. In the cash flow statement and balance sheet, cash and cash equivalents include cash and current accounts in banks.

1.10 SHARE CAPITAL

Ordinary shares are classified as equity. Transaction expenses directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.11 CAPITAL CONTRIBUTIONS

Capital contributions received in addition to the original share capital are interest-free and will only be repaid at the discretion of the Group. They are therefore regarded as capital and classified in equity.

1.12 FINANCIAL LIABILITIES

The Group recognises financial liabilities in the balance sheet when it becomes a party to the instruments' contractual terms and conditions. The Group's financial liabilities consist of current and non-current liabilities to credit institutions, lease liabilities and trade accounts payables. Financial liabilities initially measured at fair value, which is the fair value of the amount received less transaction expenses directly related to the acquisition or issue of the financial liability. Thereafter, such liabilities are recognised at amortised cost. A financial liability is removed from the balance sheet when the Group's obligations according to the agreement have been met, cancelled or expired.

1.13 ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable are obligations to pay for services that have been acquired in the ordinary course of business from suppliers.

Accounts payable are classified as current liabilities if payment is due within one year (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Accounts payable and other liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

1.14 OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset, and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

1.15 CURRENT AND DEFERRED TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In such cases,

the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current tax charge is calculated based on the tax laws enacted or announced at the reporting date in the countries where the Group operates and generates taxable income.

The Group management regularly evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation. Where appropriate, it establishes provisions based on amounts expected to be paid to the tax authorities.

The Group's taxes are primarily affected by the allocation of profits between Malta and the other countries where the Group operates as well as the tax regulations in each country.

Significant judgement is required in determining the provisions for income taxes. For many transactions and calculations in the current operations, the ultimate tax determination is uncertain when the transactions take place or calculations are made. To ensure that taxes are handled correctly, the Company made an assessment, assisted by legal experts, of how tax regulations may affect the business. This assessment also covers indirect taxes. The Company reports the tax amounts that it believes to be correct and pays these to the tax authorities. However, these amounts may turn out to be insufficient, if the tax authorities make an interpretation of the regulations that is more restrictive than the Company's interpretation, which the Company considers to be correct.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or announced at the end of the reporting period and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset and when the deferred tax assets and liabilities relate to the same tax authority, regardless of whether they relate to the same or different taxable entities, but where there is an intent to settle the balances on a net basis.

1.16 REVENUE RECOGNITION

The Group's revenues derive from fees from gaming operators that use the Group's solutions for Live Casino and from other associated services. Revenue is reported excluding VAT and discounts and after the elimination of intra-Group sales. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits

will flow to the Group and when specific criteria have been met, as described below.

Revenues, based on gain of the control by customer, should be recognised either over the time or at a point of the time. Nevertheless, set-up fees should be accounted at a point of the time due to control gaining by customer, similar to long term projects and recognised revenue as per progress, it always takes less than a year to setup an environment for a customer, it is assumed to be low level of risk and immaterial volume of revenues. Splitting such a project would mean a big administrative effort over immaterial changes in group revenues (total set-up fees including new integrations amounting to approximately 3% of group revenues). That is why Management has decided not to split project by progress – revenue is recognised after go-live.

The set-up fees approach should be reviewed on a regular basis (at least once a year) if the arguments on the current approach are still valid and if materiality changes over time. The split of revenues by recognition period is disclosed at Note 2(a). Recognised liabilities related to contracts with customers – Note 2(b).

(a) Commission income and other fees

The Group receives gaming fees from its contracted partners. These include a percentage of the gaming operators' revenue from using the Group's solution for Live Casino. These gaming fees are calculated according to the terms and conditions of each agreement and reported in the period when the gaming transactions are conducted. Fees from other closely related services, such as start-up fees for integration of Live Casino solutions, are reported when the services have been provided.

(b) Interest income

Interest income arising from interest-bearing instruments is recognised in the income statement when they arise, distributed over the time they refer to using the effective interest method, unless they are considered to constitute doubtful receivables.

1.17 LEASING, IFRS 16

When the Company is the lessee

Leased assets

For any new contracts entered into on or after 1 January 2019, the Group considers whether a contract is, or contains, a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group

- The Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract the Group has the right to direct the use of the identified asset throughout the period of use
- The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term. On the consolidated balance sheet, right-of-use assets have been included in "Total non-current assets" and lease liabilities have been included in "Total non current liabilities" and "Total current liabilities".

1.18 DIVIDENDS

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividend was approved by the Parent Company's shareholders.

1.19 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group CEO of the Group, who makes strategic decisions. The Group CEO of the Group considers the Group to consist of a single segment, i.e. the provision of solutions for Live Casino and associated services to gaming operators.

1.20 CASH FLOW STATEMENT

Cash flow is reported using the indirect method. The reported cash flow only covers transactions involving cash receipts and cash payments. This means that there may be deviations related to changes of individual items in the balance sheet.

1.21 PROVISIONS

Provisions are recognised in the balance sheet when the Group has a legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimation of the amount can be made. When the discount effect is significant, provisions are determined by a present value computation of the expected value of future cash flows with a pre-tax discount rate that reflects the current market assessment of the time value of money and, in applicable cases, the risks specific to the obligation.

A provision for restructuring is made when the Group has adopted a detailed and formal restructuring plan, and the restructuring has either been started or published. No provisions are made for future operating expenses.

1.22 CONTINGENT LIABILITIES

A contingent liability is recognised when there is a possible obligation arising from past events and the existence of which is substantiated only by one or more uncertain future events, or when there is an obligation that is not recognised as a liability or provision because it is not likely that an outflow of resources will be required.

1.23 CONTINGENT OBLIGATIONS

A contingent obligation is recognised when there is a possible obligation arising from past events and the existence of which is substantiated only by one or more uncertain future events, or when there is an obligation that is not recognised as a

liability or provision because it is not likely that an outflow of resources will be required.

1.24 EMPLOYEE BENEFITS

Pension expenses and pension obligations

The Group has different pension schemes in different countries. These are funded by payments by each Group company, and in some cases, by the employees. As all pension schemes are defined contribution schemes, the Group has no legal or constructive obligations aside from the payment of contributions. The Group's outgoing payments for defined contribution plans are carried as expenses in the period when the employees carried out the services to which the contributions are related.

Post-employment benefits

The Group has no obligations towards the employees after they have retired or otherwise ended their employment with the Company.

Severance pay

Severance pay is paid when an employee is terminated by the Company before the time when the employment would normally cease or when an employee voluntarily leaves the Company in exchange for such benefits. The Group recognises severance pay as an expense when it demonstrably has an obligation to terminate employees according to a detailed, formal and definitive plan or to pay compensation for voluntary termination.

Bonus plans

The Group recognises a liability and an expense for bonuses based on various qualitative and quantitative measures.

The Group makes provision for bonuses earned where there is a legal or constructive obligation to do so based on past practices. Bonuses are paid to employees.

Share-related remuneration

The Group has two warrant programs. The 2018/2021 program was decided upon the 2018 Annual General Meeting. The 2020/2023 program was decided upon the Extra General Meeting on 16 January 2020.

Fair value on the work that entitles employees to allocation of warrants is expensed. The total amount expensed is based on fair value on the warrants, excluding the potential impact that the employee remains in the service of the Company during a specified period of time. The total amount expensed is reported evenly distributed over the period where all specified earnings conditions shall be met. The possible deviation from the original assessments that a re-assessment cause is reported in the income statement and the corresponding adjustments are made in equity. See also Note 22 and the Corporate governance report.

1.25 THE PARENT COMPANY'S ACCOUNTING PRINCIPLES

The Parent Company has prepared its financial statements in accordance with the Swedish Annual Accounts Act, the Swedish Financial Reporting Board's recommendation RFR 2 "Accounting for Legal Entities" and applicable statements by the Swedish Financial Reporting Board. According to RFR 2, the Parent Company shall in the annual report for the legal entity apply all EU-approved IFRS standards and statements as far as possible within the framework of the Annual Accounts Act, the Pension Obligations Vesting Act (SWE: Tryggandelagen) and taking into consideration the relationship between accounting and taxation.

The recommendation states which exceptions and additions should be made in relation to IFRS.

Formats

The income statements and balance sheets follow the formats specified in the Annual Accounts Act. The statement of changes in equity also follows the Group's format but shall include the columns specified in the Annual Accounts Act. Furthermore, this entails differences in terms, compared to the consolidated statements, primarily for financial income and expenses and equity.

Participating interests in Group companies

Participating interests in Group companies are reported at cost after deduction for possible impairment. In the cost, expenses related to the acquisition and possible earn-out considerations are included. When there is an indication that the participating interests in Group companies have decreased, a calculation of recovery value is made. If this value is lower than the reported value, impairment is recognised. Impairments are reported in "Result from participating interests in Group companies".

Financial instruments

Due to the connection between reporting and taxation, the rules for financial instruments and hedge accounting in IFRS 9 are not applied to the Parent Company as a legal entity. Financial instruments are valued at cost. Financial assets acquired with the purpose to be retained on a short-term basis are reported according to the lowest value principle at the lowest of cost and market value.

1.26 EXCHANGE RATES

The exchange rates were obtained from www.xe.com.

The Group's presentation currency, is the Euro. Accordingly, the statements were prepared in Euro. Amounts are expressed in thousands of Euro (EUR) unless otherwise indicated.

Currency code	Ultimo	Average	Ultimo
	31 Dec 2019	Jan-Dec 2019	31 Dec 2018
BYN	0.423693	0.429496	0.405000
CAD	0.687165	0.673165	0.639783
GBP	1.181750	1.142238	1.113896
GEL	0.311366	0.316566	0.325766
ILS	0.257922	0.250207	0.214911
RON	0.208967	0.210822	0.872945
TWD	0.029746	0.028835	0.028500
USD	0.890709	0.892662	0.879450
ZAR	0.063721	0.060370	0.062500

NOTE 2. REVENUES

The Group CEO considers the Group to consist of a single segment, i.e. the provision of solutions for Live Casino and associated services to gaming operators.

The Group's revenue derives from fees from gaming operators that use the Group's solutions for Live Casino and from other associated services.

Revenue recognition at a point of time refers to dedicated environment set up fees, capital gains of fixed assets and other operating income.

Revenues over time are mainly referring to commission fees from the contracted partners and dedicated table service fees.

2 (a) Disaggregation of revenue from contracts with customers per invoicing jurisdiction

	Sweden		Malta		Latvia		Georgia		North America		Other		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
(EUR thousands)														
Total revenues	7,120	6,195	349,340	244,528	92,899	92,631	18,471	6,266	15,903	6,786	140,702	58,407	624,435	414,813
Intercompany revenues	7,120	-6,195	-105,732	-44,419	-89,685	-92,614	-18,468	-6,195	-14,627	-6,785	-23,051	-13,187	-258,683	-169,395
Revenue from external customers	0	0	243,608	200,109	3,214	17	3	71	1,276	1	117,651	45,220	365,752	245,418
Timing of revenue recognition														
At a point of time	0	0	5,256	6,026	8	9	0	65	37	1	1,954	1,006	7,255	7,107
Over time	0	0	238,352	194,083	3,206	8	3	6	1,239	0	115,697	44,214	358,497	238,311
TOTAL	0	0	243,608	200,109	3,214	17	3	71	1,276	1	117,651	45,220	365,752	245,418

2 (b) Liabilities related to contracts with customers

	Sweden		Malta		Latvia		Georgia		North America		Other		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
(EUR thousands)														
Opening balance	0	0	511	1,182	17	6	0	0	0	0	290	20	818	1,208
Revenues recognised from opening balance liabilities	0	0	-511	-1,182	-6	0	0	0	0	0	-290	-21	-807	-1,203
Liabilities recognised	0	0	5,866	7,746	0	11	0	0	0	0	1,209	2,242	7,075	9,999
Revenues recognised	0	0	-2,521	-7,235	0	0	0	0	0	0	-909	-1,951	-3,430	-9,186
Closing balance	0	0	3,345	511	11	17	0	0	0	0	300	290	3,656	818

2 (c) Revenue per geographical region

Group (EUR millions)	Jan-Dec 2019
Nordics	24.3
UK	49.9
Rest of Europe	184.3
Asia	49.6
North America	22.0
Other	35.5
Total operating revenues	365.6
Share of regulated markets	43%
Revenues, regulated markets	156.7

As a B2B supplier, Evolution has customer relationships with 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 to the left shows the geographic markets from which Evolution's revenues originate. Revenues based on player activity are allocated according to the end-users' location, while revenues not based on player activity are allocated to the operator's location. The UK includes the Crown Dependencies.

NOTE 3. EMPLOYEES

Personnel expenses (EUR thousands)	2019	2018
Salary and other remunerations	111,019	85,899
Social security expenses	17,204	15,111
Other personnel expenses	6,371	3,437
Own work capitalised	-8,175	-8,791
Total personnel expenses	126,419	97,674

Average number of employees	2019		2018	
	Average number of employees	of which, women	Average number of employees	of which, women
Latvia	3,456	1,853	3,562	1,928
Malta	665	351	664	325
Georgia	1,984	1,313	413	246
Romania	217	87	316	124
Canada	162	86	92	43
United States of America	141	100	52	37
Belgium	18	5	23	8
Estonia	18	2	22	4
Netherlands	23	4	20	2
United Kingdom	9	7	11	7
Sweden	12	6	10	3
Other	289	107	2	2
Total Group	6,994	3,921	5,187	2,729

Remuneration and other benefits 2019 (EUR thousands)	Basic salary/ Board fee	Bonus	Other benefits	Pension costs	Total
Chairman of the Board:					
Jens von Bahr *	402	–	–	–	402
Other members of the Board:					
Joel Citron	23	–	–	–	23
Fredrik Österberg	23	–	–	–	23
Ian Livingstone	23	–	–	–	23
Jonas Engwall	23	–	–	–	23
Cecilia Lager	30	–	–	–	30
CEO: Martin Carlesund	753	–	7	–	760
Other senior executives (total of 7)	1,995	754	56	88	2,893
Total	3,272	754	63	88	4,177

Remuneration and other benefits 2018 (EUR thousands)	Basic salary/ Board fee	Bonus	Other benefits	Pension costs	Total
Chairman of the Board:					
Jens von Bahr*	414	–	–	–	414
Other members of the Board:					
Joel Citron	10	–	–	–	10
Fredrik Österberg*	113	–	–	14	127
Ian Livingstone	10	–	–	–	10
Jonas Engwall	10	–	–	–	10
Cecilia Lager	30	–	–	–	30
CEO: Martin Carlesund	628	–	188	–	816
Other senior executives (total of 8)	1,893	634	309	81	2,918
Total	3,108	634	497	95	4,335

*Jens von Bahr is employed by the Company. Fredrik Österberg was employed by the Company until April 2018.

Salaries and other remunerations and social security expenses (EUR thousands)	2019		2018	
	Salary and other remunerations	Social security expenses (of which pension expenses)	Salary and other remunerations	Social security expenses (of which pension expenses)
Board, CEO and other Group management (pension)	4,177	750	4,335	849
Other employees Latvia (pension)	52,177	12,179	49,337	11,923
Other employees Malta (pension)	17,566	1,520	19,025	1,251
Other employees Sweden (pension)	681	379	208	61
Other employees other markets (pension)	34,613	2,376	12,995	1,027
Total Group	109,215	17,204	85,899	15,111
		(-537)		(-168)

*The Group CEO and the senior executives are all members of Group management.

Terms for the Group CEO

In his employment contract, Martin Carlesund has a term of notice of six months and severance pay for an additional six months, in case of termination by the Company otherwise than for breach of contract.

Terms for senior executives¹

Remunerations to senior executives consist of a fixed salary part and a variable salary part. The annual variable part is to be cash based and be based on predetermined and measurable performance criteria. There are also Incentive programmes to senior executives, long term share and share-price related programmes. Severance compensation may be paid in an amount not greater than 12 months, fixed salary. More details of senior executives are described in the Corporate governance report on page 61 and in Note 1.24 Employee benefits.

Number and proportion of women in management positions at year-end	2019			2018		
	Number of men	Number of women	Proportion of women	Number of men	Number of women	Proportion of women
Board	5	1	17%	5	1	17%
Other senior executives	6	2	25%	7	2	22%

Senior executives as per 31 December, 2019

Martin Carlesund	Group CEO Evolution Gaming Group AB
Johan Nordström	CEO Evolution Malta Limited
Jacob Kaplan	Chief Financial Officer
David Craelius	Chief Technology Officer
Todd Haushalter	Chief Product Officer
Sebastian Johannisson	Chief Commercial Officer
Jesper von Bahr*	Chief Legal and Risk Officer
Louise Wiwen-Nilsson	Chief Human Resources Officer
Olesya Ivanova	Chief Operating Officer Latvia & Romania

*From 31st of December 2019 Jesper von Bahr has resigned from the Group management, his new role is Director of Mergers & Acquisitions.

¹All senior executives are members of Group management.

NOTE 4. FINANCIAL INCOME

(EUR thousands)	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Interest income	45	13	124	105
Dividends from subsidiaries	—	—	100,000	75,000
Total	45	13	100,124	75,105

NOTE 5. FINANCIAL EXPENSES

(EUR thousands)	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Interest expenses	142	159	—	—
Interest expenses on lease liabilities	76	—	—	—
Other	27	12	—	1
Total	245	171	—	1

NOTE 6. INCOME TAX AND DEFERRED TAX

Income tax (EUR thousands)	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
<i>Current tax</i>				
Sweden	904	438	904	438
Outside Sweden	6,624	6,114	—	—
Total current tax	7,528	6,552	904	438
<i>Deferred tax</i>				
Sweden	—	77	—	77
Outside Sweden	18	-763	—	—
Total deferred tax	18	-686	—	77
Total tax expense	7,546	5,866	904	515

(EUR thousands)	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
<i>The difference between the actual tax expense and tax expense based on current tax rate</i>				
Profit before tax	157,272	89,326	100,359	75,303
Income tax calculated according to domestic tax rates on profits in each country	29,102	26,358	21,476	16,567
Tax effect of:				
Income not subject to tax	-20,634	-16,486	-20,625	-16,500
Expenses not deductible for tax purposes	617	1,041	23	17
Tax-loss carryforwards on accumulated losses	—	—	—	—
Change in deferred tax	18	-763	—	77
Other	-1,557	-4,284	—	354
Total tax expense	7,546	5,866	904	515

The effective tax rate for the Group amounted to 4.8% for the year (2018: 6.6%).

Deferred tax

Deferred tax assets and deferred tax liabilities refer to temporary differences and tax-loss carryforwards. Temporary differences occur in cases where the reported and fiscal tax-loss carryforwards for assets of liabilities, or other tax deductions are recognised only to the extent that it is probable that the deduction can be offset against future taxable profits. Deferred tax assets and deferred tax liabilities refer to temporary differences and loss carry-forwards as follows:

(EUR thousands)	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
<i>Deferred tax assets</i>				
Tax-loss carryforwards	—	—	—	—
Other deferred tax assets	156	180	—	—
Total deferred tax assets	156	180	—	—
<i>Deferred tax liabilities</i>				
Other deferred tax liabilities	69	—	—	—
Total deferred tax	69	—	—	—
Deferred tax assets and deferred tax liabilities, net	87	180	—	—

Over the year, the net amount of deferred tax assets and deferred tax liabilities has changed in accordance with the following:

(EUR thousands)	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Opening balance	180	-487	—	78
Recognised in the balance sheet	-75	—	—	—
Recognised in the income statement	-18	667	—	-78
Closing balance	87	180	—	0

The amounts reported in the balance sheet include the following:

(EUR thousands)	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Deferred tax assets that can be used early after 12 months	156	180	—	—
Deferred tax liability that can be used early after 12 months	69	—	—	—

NOTE 7. EARNINGS PER SHARE

(EUR thousands)	GROUP	
	2019	2018
Profit after tax attributable to Parent Company (EUR thousands)	149,726	83,460
Average number of shares before dilution	180,737,305	179,851,885
Earnings per share before dilution (EUR)	0.83	0.46
Average number of shares after dilution	183,387,341	182,625,245
Earnings per share after dilution (EUR)	0.82	0.46
Number of outstanding shares at beginning of the year	179,851,885	179,851,885
Additional weighted average number of shares converted	885,420	-
Total weighted average number of outstanding shares before dilution	180,737,305	179,851,885
Number of outstanding shares at beginning of the year	179,851,885	179,851,885
Additional weighted average number of shares converted	885,420	-
Additional weighted average number of shares in the case of full conversion	2,650,036	2,773,360
Total weighted average number of outstanding shares after dilution	183,387,341	182,625,245

The additional weighted average number of shares in case of full conversion relates to warrant programs 2016/2021 and 2018/2021. Conditions for conversions of the warrant programs and dilution effects regarding subscription premiums can be found in note 22. For more information about the Incentive program and warrants see page 62 in the Corporate governance report.

NOTE 8. INTANGIBLE ASSETS

(EUR thousands)	GROUP	
	2019	2018
Gaming programme		
Opening cost	47,108	37,753
Capitalisations for the year	8,574	9,355
Disposals	-4	-
Closing accumulated cost	55,678	47,108
Opening depreciation	31,518	21,544
Depreciation during the year	10,153	9,974
Disposals	-1	-
Closing accumulated depreciation	41,670	31,518
Closing residual value according to plan	14,008	15,590

(EUR thousands)	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Licences and patents				
Opening cost	6,448	765	502	108
Acquisitions for the year	5,735	5,701	429	394
Disposals	-38	-17	1	-
Translation difference	-31	-1	-	-
Closing accumulated cost	12,114	6,448	932	502
Opening depreciation	694	407	64	42
Depreciation during the year	1,700	304	40	22
Disposals	-14	-16	-	-
Translation difference	-1	-1	-	-
Closing accumulated depreciation	2,379	694	104	64
Closing residual value according to plan	9,735	5,754	828	438

(EUR thousands)	GROUP	
	2019	2018
Goodwill		
Acquisition for the year	12,512	-
Translation difference	-27	-
Closing accumulated cost	12,485	-

(EUR thousands)	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Total closing accumulated cost	80,277	53,556	932	502
Total closing accumulated depreciation	44,049	32,212	104	64
Total closing residual value according to plan	36,228	21,344	828	438

NOTE 9. PROPERTY, PLANT AND EQUIPMENT

(EUR thousands)	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Improvements to property owned by another				
Opening cost	18,326	8,328	0	40
Acquisitions for the year	6,740	10,513	—	—
Disposals	-2,328	-515	—	-40
Translation difference	72	—	—	—
Closing accumulated cost	22,810	18,326	0	0
Opening depreciation	4,858	2,917	0	26
Depreciation during the year	3,293	2,271	—	14
Disposals	-1,234	-330	—	-40
Translation difference	-13	—	—	—
Closing accumulated depreciation	6,904	4,858	0	0
Closing residual value according to plan	15,906	13,468	0	0

(EUR thousands)	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Office, computer & technical equipment				
Opening cost	26,911	20,708	118	135
Acquisitions for the year	12,164	7,824	53	—
Disposals	-1,023	-1,566	—	-17
Translation difference	-11	-55	—	—
Closing accumulated cost	38,041	26,911	171	118
Opening depreciation	12,927	9,047	78	59
Depreciation during the year	6,599	5,086	28	36
Disposals	-1,583	-1,195	—	-17
Translation difference	-75	-11	—	—
Closing accumulated depreciation	17,868	12,927	106	78
Closing residual value according to plan	20,173	13,984	65	40

(EUR thousands)	GROUP	
	2019	2018
Property		
Opening cost	11,173	11,173
Acquisition for the year	46	—
Closing accumulated cost	11,219	11,173
Opening depreciation	670	446
Depreciation during the year	222	224
Closing accumulated depreciation	892	670
Closing residual value according to plan	10,327	10,503

(EUR thousands)	GROUP	
	2019	2018
Right of use assets		
Opening cost	—	—
Adjustments on transitions to IFRS 16	16,140	—
Acquisitions for the year	7,442	—
Disposals	-655	—
Closing accumulated cost	22,927	—
Opening depreciation	—	—
Depreciation on transitions to IFRS 16	—	—
Depreciations during the year IFRS 16	3,508	—
Disposals	—	—
Closing accumulated depreciation	3,508	—
Closing residual value according to plan	19,419	—

(EUR thousands)	GROUP	
	2019	2018
Land		
Opening cost	1,664	1,664
Acquisitions for the year	—	—
Closing accumulated cost	1,664	1,664

(EUR thousands)	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Total closing accumulated cost	96,661	58,074	171	118
Total closing accumulated depreciation	29,172	18,455	106	78
Total closing residual value according to plan	67,489	39,619	65	40

NOTE 10. PARTICIPATIONS IN GROUP COMPANIES

(EUR thousands)	2019	2018
<i>Changes in participation in Group companies</i>		
Opening acquisition cost	206,000	206,000
Closing book value	206,000	206,000

Name	Corporate ID number	Main office	Ownership %	Number of shares	Carrying value 2019 (EUR thousands)	Carrying value 2018 (EUR thousands)
Direct ownership						
Evolution Malta Holding Ltd	C 48665	Sliema, Malta	100	2,752,353	206,000	206,000
Indirect ownership						
Evolution Malta Ltd	C 48666	Sliema, Malta	100	1,200	1	1
Evolution Gaming Malta Ltd	C 44213	Sliema, Malta	100	40,000	40	40
Evolution Malta Ops Ltd	C 50583	Sliema, Malta	100	100,000	100	100
Evolution Latvia SIA	40003815611	Riga, Latvia	100	100	3,977	3,977
Evolution Gaming Ltd	05944946	London, Great Britain	100	100	863	863
Evolution New Jersey LLC	5362945	Atlantic City, USA	100	–	–	–
Evolution Latvia Properties SIA	50103931761	Riga, Latvia	100	1	3	3
Evolution Belgium BVBA	0638.824.479	Brussels, Belgium	100	18,550	19	19
EvoGame Estonia OU	14035717	Tallinn, Estonia	100	1	3	3
Evolution Netherlands B.V.	66682452	Hilversum, Netherlands	100	1	0	0
Evo Gaming Studios RO S.R.L.	36034853	Bucharest, Romania	100	1,000	1	1
EG Overseas Services B.V.	135218	Curacao	100	3,000	3	3
Evolution Georgia LLC	405209689	Tbilisi, Georgia	100	1	–	–
Evolution Alderney Ltd	1963	Inchalla, Le Val, Alderney	100	1	–	–
Evolution Canada Gaming Inc	BC1114063	Vancouver, Canada	100	1	–	–
Ezugi N.V.	126712	Curacao	100	18,983	11,993	–
Ezugi NJ LLC	600424206	Atlantic City, USA	100	–	–	–
Rommemut Ruah (2003) Ltd	513411058	Tel Aviv, Israel	100	2,000	–	–
Ezugi RO SRL	J23/4106/2017	Volontari, Romania	100	200	–	–
Ezugi Malta Limited	C 83448	Swatar, Malta	100	40,000	–	–
Evolution Development Co.Ltd	82919295	Taiwan	100	500	144	–
Evolution Products Development LLC	193224142	Minsk, Belarus	100	2,500	1	–
Evolution Services SA PTY Limited	2019/311298/07	Cape Town, South Africa	100	100	–	–
Evolution Pennsylvania LLC	7732917	Delaware, USA	100	–	–	–

NOTE 11. ACCOUNTS RECEIVABLE

(EUR thousands)	GROUP	
	2019	2018
Accounts receivables	69,076	48,463
Provision for uncertain receivables	-2,619	-841
Total accounts receivables	66,457	47,622

Historically, the Group's customer losses have been low. The Group's customers operate in a growth market with strong balance sheets. Uncertain receivables are presented in Note 23.

NOTE 12. OTHER RECEIVABLES

(EUR thousands)	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Tax receivables	69,832	41,042	85	48
Stock	1,395	845	—	—
Prepayments to providers	708	445	—	—
VAT	4,737	416	134	224
Other	312	23	—	—
Total	76,984	42,771	219	272

NOTE 13. PREPAID EXPENSES AND ACCRUED INCOME

(EUR thousands)	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Prepaid licence fees, software and IT services	1,334	1,876	104	19
Other prepaid expenses	1,232	575	39	—
Accrued revenues	—	433	—	—
Prepaid rent	219	142	42	—
Prepaid marketing	355	129	—	—
Prepaid insurance	47	53	43	44
Prepaid maintenance expenses	21	10	—	13
Total	3,208	3,218	228	76

NOTE 14. CASH AND CASH EQUIVALENTS

(EUR thousands)	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Cash and cash balances	182,520	84,951	1,112	504
Total	182,520	84,951	1,112	504

Cash and cash equivalents consist of cash and current accounts in banks. The Group has no short-term investments on the closing day, or on the previous year's closing day.

NOTE 15. OTHER CURRENT LIABILITIES

(EUR thousands)	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Employee-related liabilities	10,077	8,609	173	158
Jackpot liabilities*	4,391	2,849	—	—
Other liabilities	5,136	63	—	—
Total	19,604	11,521	173	158

*The Jackpot liabilities consist of several jackpots where operator's player contribute to the accumulation of a jackpot. The amount is the entire jackpot that can be won and paid out to the winning operator.

NOTE 16. ACCRUED EXPENSES AND DEFERRED INCOME

(EUR thousands)	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Employee related expenses	7,004	3,569	523	313
Contract liabilities	3,656	818	—	—
Accrued audit and consulting fees	200	134	78	66
Accrued utilities	75	121	2	—
Deferred royalties	3,374	—	—	—
Other	7,419	2,526	64	7
Total	21,728	7,168	667	386

NOTE 17. LEASING, IFRS 16

The new Standard IFRS 16 has been applied from the 1 January 2019 using a simplified retrospective method upon transition IFRS 16, which means that amounts for the comparative year 2018 have not been re-measured.

The standard requires the lessee to recognise almost all leasing contracts on the balance sheet as assets and liabilities, except for short-term leases and leases of low value assets. At the start of a lease the lessee obtains the right to use the asset for a period of time and also has an obligation to pay for that right. The right of use assets are connected to the lease of premises and offices, equipment and cars.

Lease term: The lease term corresponds to the non-cancellable duration of the contracts signed, except in cases where Evolution is reasonably certain of having an extension option or an early termination option in the contract.

The following assumptions have been made to calculate the value of the right of use assets and lease liabilities:

- If the agreement term is longer than 5 years it is assumed as end term
- If the agreement term is shorter than 5 years but it is ongoing and with no intention to terminate, it is assumed that it will be prolonged to 5 years
- If there is 1 year or no term mentioned in agreement it is assumed to be 5 years, but if it is sure it will go on it is assumed it will be 5 years
- Other short term agreements, like apartment rent agreed for studio build, is not assumed that it will be prolonged
- Discount rates take into account to some extent different local conditions depending on country.

5 years was a management decision assuming that 5 years is a reliable period of operations and no huge changes are expected within. A longer period though would involve too much uncertainty about group operations and each definite agreement.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. Amounts are discounted at local market long-term loan rate + 2%.

The following is a reconciliation of total operating lease commitments at 31 December 2018 (as disclosed in the financial statements to 31 December 2018) to the lease liabilities recognised at 1 January 2019:

Total operating lease commitments disclosed at 31 December 2018	19,525
Discounted using the lessee's incremental borrowing rate of at the date of initial application	-2,952
Add: finance lease liabilities recognised as at 31 December 2018	—
(Less): short-term leases not recognised as a liability	-368
(Less): low value leases not recognised as a liability	-65
Add/(less): contracts reassessed as lease contracts	—
Add/(less): adjustments as a result of a different treatment of extension and termination options	—
Add/(less): adjustments relating to changes in the index or rate affecting variable payments	—
Total lease liabilities recognised under IFRS 16 at 1 January 2019	16,140
Of which are:	
Current lease liabilities	2,786
Non-current lease liabilities	13,354
	16,140

Group leasing activity by right of use asset 2019

Right of use assets	No of right of use assets leased	Range of remaining term	Average remaining lease terms
Office and premises buildings	31	1-10 years	4 years
Equipment	8	1-10 years	3 years
Vehicles	1	2 years	2 years

Right of use assets additional information	Assets 31 December 2019	Carrying amount 1 January 2019	Additions	Depreciation	Impairment
Office and premises buildings	17,563	14,413	5,788	-2,638	0
Equipment	1,852	1,718	1,001	-867	0
Vehicles	4	9	-2	-3	0
Total	19,419	16,140	6,787	-3,508	0

LEASE LIABILITIES

Lease liabilities are presented in the statement of financial position as follows:

	31 December 2019
Right of use assets additional information	
Current	3,936
Non-current	15,583
	19,419

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities on 31 December 2019 is as follows:

31 December 2019	Minimum lease payment due						TOTAL
	Within a year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	
Lease payments	4,138	3,729	3,231	3,024	2,919	7,279	24,320
Finance charges	244	401	532	646	745	2,333	4,901
Net present values	3,894	3,328	2,699	2,378	2,174	4,946	19,419

Depreciation expense and finance expenses in the Consolidated income statement

Group (EUR thousands)	Jan-Dec 2019
Operating expenses	
Depreciations, right of use assets ¹	-3,508
Other costs	3,584
Interest expenses on lease liabilities ²	-76
Profit for the year	0

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

² Interest expenses included in Financial Items

Lease payments not recognised as a liability	Jan-Dec 2019
Short-term leases	-599
Leases of low value assets	-25
Total	-624

Amount recognised in the Consolidated cash flow statement

Group (EUR thousands)	Jan-Dec 2019
Cash flow from operating activities	
Interest payment	-76
Cash flow from financing activities	
Repayment of lease liabilities	-3,508

Amount recognised in Key ratios

Group %	Jan-Dec 2019
EBITDA margin including IFRS 16	50.0%
EBITDA margin excluding IFRS 16	49.1%

NOTE 18. AUDITOR REMUNERATION

(EUR thousands)	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
PwC				
Auditing assignments	236	210	114	91
Audit-related services, in addition to auditing	—	6	—	—
Tax advisory services	92	55	72	52
Other services	49	29	36	1
Total	377	300	222	144

Of the Group's remuneration to auditors, SEK 2,070 thousand (2018:840) pertains to Öhrlings PricewaterhouseCoopers AB.

NOTE 19. PLEDGED ASSETS

(EUR thousands)	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Pledged assets	13,020	13,020	13,020	13,020
Total	13,020	13,020	13,020	13,020

Assets pledged by the Group and the Parent Company involve collateral in the Group's building in Riga, Latvia, for liabilities to credit institutions.

NOTE 20. LIABILITIES TO CREDIT INSTITUTIONS

(EUR thousands)	GROUP					
	2019			2018		
	Current	Non-current	Total	Current	Non-current	Total
Covered						
Loan from credit institution	5,619	—	5,619	950	5,619	6,569
Total	5,619	—	5,619	950	5,619	6,569

The Group secured the loan to finance the acquisition of the building in Riga, Latvia. The maturity date for the loan is 12 November 2020, with amortisation amounting to EUR 130,000 per year up until the maturity date. The loan runs at a floating rate. The loan agreement contains covenants regarding, for example, the equity/assets ratio, liabilities/EBITDA ratio for the past 12 months, as well as the debt/property value ratio. The Group did not violate these covenants during the year. The calculations are made using consolidated values for the two Latvian companies in the Group. The fair value of the liability is not estimated to deviate from the carrying value and is included in level 2 of the fair value hierarchy.

NOTE 21. TRANSACTIONS WITH RELATED PARTIES

Related companies are defined as the subsidiaries in the Evolution Gaming Group and companies over which related physical persons have a controlling, joint controlling or significant influence.

Related persons include board members, senior executives and close family members of the above.

No Board Member, senior officer or shareholder has:

- (i) been a party to a transaction with the Company on unusual terms or that was of an unusual nature, or
- (ii) that is of importance, or has been of importance, for the operations as a whole in the present or immediately preceding financial year, or in any previous financial year, and in any way may be considered outstanding in any way or incomplete.

Information about participation in Group companies can be found in Note 10.

The Group has transactions with related parties reported in Note 2 where intercompany revenues account for about 40 percent of Total revenues as presented in the note. The Parent Company's revenue of 7,120 EUR thousands (2018:6,195) mainly entail allocation of centrally incurred administration costs.

Information about Remunerations and other benefits can be found in Note 3 and in the Corporate governance report.

All intra-Group transactions take place on general and commercial terms and at market price.

NOTE 22. SHARE RELATED REMUNERATIONS

The Company has two incentive programmes, 2020/2023 and 2018/2021. Programme 2020/2023, adopted on the Extra General Meeting on 16 January 2020, where it was resolved to issue a maximum of 4,000,000 warrants. Each warrant entitles the holder to subscribe for one new share in the company for SEK 373.90 during the period from and including 28 February 2023 (however not earlier than the day after the publication of the company's interim report for the period January–December 2022, the "First Exercise Date") up to and including the date that falls 30 calendar days thereafter.

In total 4,000,000 warrants were subscribed. If all 4,000,000 warrants are exercised for subscription of 4,000,000 shares, the dilution effect will be approximately 2.2 percent. The recipients of the warrants are the CEO, members of the Group management, persons who report directly to the Group management and other key specialists. For each warrant an employee acquires at market price, an additional warrant is transferred to the employee without compensation. This does not apply to employees in jurisdictions where such a transfer would be subject to income tax such as Sweden and Georgia, where the employee has paid market price for all warrants. For warrants acquired at market value, the price (option premium) has been determined using Black & Scholes valuation model, with the valuation being carried out by Svalner Skatt.

Programme 2018/2021, adopted on the Annual General Meeting on 20 April 2018, where it was resolved to issue a maximum of 3,088,510 warrants. Each warrant entitles the holder to subscribe for one new share in the company for SEK 141.06 during the period from the day after the publication of the interim report for the second quarter of 2021 until the date that follows 30 calendar days after the publication of the interim report for the second quarter 2021 (however not later than on 30 September 2021).

In total 1,880,030 warrants were subscribed. During January–December 2019 a total number of 118,750 warrants have been bought back by the Company reducing the total number of subscribed warrants to 1,761,280.

If all 1,761,280 warrants are exercised for subscription of 1,761,280 shares, the dilution effect will be approximately 0.96 percent.

The recipients of the warrants are key employees throughout the Group. Employees in Sweden have paid the market value for 1 warrant and been taxed for the benefit of receiving 1 warrant for free. Employees outside Sweden have paid the market value for 1 warrant, while receiving 1 without payment for each that had been paid for. For warrants acquired at market value, the price (option premium) has been determined using Black & Scholes valuation model, with the valuation being carried out by EY.

	2020/2023	2018/2021
Exercise price, SEK	373.90	141.06
Grant date	27/02/2020	01/07/2018
Expiry date	31/03/2023	30/09/2021
Number of recipients	112	53
Total number of warrants subscribed	4,000,000	1,761,280

The number of warrants, shares and exercise price in programme 2018/2021 have been adjusted to reflect the 5x1 share split that took place in May 2019.

During July–August 2019 the incentive programme 2016/2019 that was adopted on the Annual General Meeting on 28 April 2016 exercised.

In total 1,770,840 new shares were subscribed for by a number of key individuals in the Company. The total dilution amounted to approximately 0.98 percent.

NOTE 23. FINANCIAL RISK MANAGEMENT**23.1 Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest risk), credit risk and liquidity risk. The risk management is coordinated at Group level for all companies that have Evolution Gaming Group AB (publ) as the ultimate Parent Company. The Group has not used derivative instruments to hedge any risk exposure in present or previous periods.

(a) Market risk**(i) Currency risk**

The currency risk is related to future commercial transactions and recognised assets and liabilities reported in a different currency from each entity's functional currency. Currency fluctuations may impact Evolution's financial performance. The Group's accounts are maintained in EUR, while revenues from customer agreements are partially in different local currencies, including GBP and USD. Certain expenses are also denominated in local currencies. In 2019, 3.2 percent (2.7) of Evolution's total revenue was generated in GBP and 1.9 percent (0.1) in USD and 2.1 percent (1.4) in CAD. Of the total expenses, 1.5 percent (7.9) were in GBP, 3.3 percent (2.2) in CAD, 9.4 percent (17.8) in USD and 8.3 percent (1.9) in GEL. The exchange rates between the local currencies and EUR have fluctuated significantly and may in the future fluctuate significantly. While foreign exchange risk and exposure to currency fluctuations have not had a material impact on the Group's business, financial position or profit historically, the Company does not hedge its exposure to currency fluctuations. As a consequence, fluctuations in exchange rates and currencies could have a significant effect on the cash flows of the Company, which could impact the Group's financial results in ways unrelated to its operations and/or have a material adverse effect on its business, financial position and profit. The Group management does not consider the Group to have such a significant exposure to currency risk that it is necessary to carry out a sensitivity analysis showing how the profit/loss and equity would be affected if there were reasonable possible exchange rate fluctuations at the end of the reporting period. In 2019, the Group reported a loss in the income statement for exchange rate differences of EUR 566 thousand (2018: 396).

(ii) Cash flow interest rate risk

Except for cash and cash balances, the Group does not have any material interest-bearing assets and liabilities. In the acquisition, of the premises where the operations are in Riga, Latvia, it was partly financed by a Euro denominated loan from a credit institution. The interest rate for the loan is 6-month Euribor (but not less than 0) + 2.2 percent margin. During 2019, the Euribor interest rate has been negative during the majority of the year, therefore the interest rate has been 2.2 percent. A change of the interest rate of +1 percent or respectively of +2 percent would give the additional interest expense of EUR 57 thousand respectively EUR 113 thousand, calculated after tax. The Group management therefore does not consider that profit/loss would have been materially affected by the occurrence of reasonable interest rate fluctuations at the end of the reporting period.

(b) Credit risk

Credit risk is related to accounts receivables and other receivables and cash and cash equivalents. The Group's exposure to credit risk at the end of the reporting period is stated in the following table:

(EUR thousands)	2019	2018
Assets		
Non-current receivables	1,118	952
Accounts receivables and other receivables	145,510	93,611
Cash and cash equivalents	182,520	84,951
Total	329,048	179,514

**31 December 2019
(EUR thousands)**

	Non due	1-30 days due	31-90 days due	90-180 days due	More than 181 days due	Total
Loss allowance						
Accounts receivables	40,782	14,875	7,583	1,077	2,140	66,457
Loss allowance		120	954	340	1,205	2,619

**31 December 2018
(EUR thousands)**

	Non due	1-30 days due	31-90 days due	90-180 days due	More than 181 days due	Total
Loss allowance						
Accounts receivables	25,496	15,014	5,512	1,600	–	47,622
Loss allowance		39	306	496	–	841

The maximum exposure to credit risk related to the financial assets above at the end of the reporting period is the same as their carrying value, as stated in each note to the financial statements.

The Group has no collateral for these risks. The Group only uses financial institutions that have high quality standards or high ratings. The Group has suitable policies in place to ensure that services are only sold to customers with a sufficient credit rating. The Group regularly monitors how these receivables perform in order to discover bad debt losses, with previous experience of the collection of current receivables as the starting point. The Group management considers the accounts receivables to be secure; the Group often conducts business with these counterparties, which are considered by the Group management to have a good credit rating, as they have hitherto managed their payments without remarks.

As per 31 December 2019, there were past-due accounts receivable for which provisions had not been made of EUR 23,056 thousand (2018: 21,285) (see Note 11). The Group has past-due accounts receivable for which provisions have been made of EUR 2,619 thousand. These past due receivables include liabilities within the category more than 181 days, which refer to a number of independent customers that have not been in financial difficulties as of late. Even if a number of customers account for a certain proportion of the Group's past due receivables, the Group management does not believe the concentration of credit risk represents a material risk factor. The Group classifies past due receivables according to the applicable terms of credit and the credit arrangements that are de facto applied to manage the exposure to customers.

Due to the Group's operations and the market in which it operates, a limited number of customers account for a certain part of the Group's revenues. The Group management does not consider that any individual customer or group of interdependent customers constitute any material

concentration of credit risk with regard to accounts receivables. The Group's financial assets amount to 250,1 MEUR (2018: 133,5). Current receivables with a maturity of less than 12 months, consist primarily of accounts receivable. No financial assets or liabilities are reported at a value that deviates significantly from fair value.

(c) Liquidity risk

The Group is exposed to liquidity risk as regards the meeting of future obligations regarding its financial liabilities, which mostly comprise accounts payable, other liabilities and loans (Notes 15 and 20). Prudent risk management means having sufficient liquidity and credit facilities to ensure that the Group has sufficient funding to meet its obligations.

The Group management monitors liquidity risk by reviewing expected cash flows and ensuring that no additional financing will be needed in the upcoming year. Undiscounted liabilities are shown in the table below with an annual analysis of the Group's liabilities.

Liquidity risk

As per 31 December 2019	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Liabilities to credit institutions	238	5,381	–	–	–
Accounts payable	5,300	–	–	–	–
Total	5,538	5,381	–	–	–

As per 31 December 2018	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Liabilities to credit institutions	238	713	950	4,669	–
Accounts payable	3,190	–	–	–	–
Total	3,428	713	950	4,669	0

Considering the inflow and outflow of cash that occur at the maturity of financial instruments, the Group's liquidity risk is not considered to be material. The value of the Group's assets and liabilities as measured at the end of the reporting period is analysed per category, based on the remaining time to agreed maturity, in the relevant notes to the financial statements.

23.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group's capital consists of equity, as stated in the balance sheet. The Group maintains a capital level adapted to the financial liabilities and obligations that the business gives rise to. The Group management considers the capital to be of a suitable size at the end of the reporting period, considering the nature of the Group's operations. See Note 20 for loans from credit institutions.

23.3 Fair value of financial instruments

The amounts recognised as bank deposits and liabilities in the financial reports as at 31 December 2019 and 2018 are reasonable estimates of the fair values, with consideration for the nature of such instruments and the relatively short time period between their origination and expected realisation.

Net debt	2019	2018
Cash and cash equivalents	182,520	84,951
Loan liabilities – maturing within one year	-5,619	-950
Leasing liabilities – maturing within one year	-3,936	–
Loan liabilities – maturing after one year	–	-5,619
Leasing liabilities – maturing after one year	-15,483	–
Net debt	157,482	78,382

Net Debt

	Other assets		Liabilities attributable to financing activities		
	Cash and cash equivalents	Loan liabilities – maturing within one year	Leasing liabilities – maturing within one year	Loan liabilities – maturing after one year	Leasing liabilities – maturing after one year
Net debt as per 1 January 2018	49,272	-950	–	-6,693	–
Cash flow	16,984	1,074	–	–	–
Exchange rate differences	-63	–	–	–	–
Other items not affecting cash flow	18,758	-1,074	–	1,074	–
As per 31 December 2018	84,951	-950	–	-5,619	–
Cash flow	70,670	950	–	–	–
Exchange rate differences	207	–	–	–	–
Other items not affecting cash flow	26,692	-5,619	-3,936	5,619	-15,483
Net debt as per 31 December 2019	182,520	-5,619	-3,936	0	-15,483

NOTE 24. CRITICAL ESTIMATES AND ASSESSMENTS

The Group management and the Board of Directors have discussed the development, choice of disclosures on the Group's most important accounting principles and estimates, as well as the application of these.

Estimates and assessments are evaluated continually and are based on historic experience and other factors, including expectations for future events that are considered to be reasonable under current conditions.

Valuation of intangibles

Except for the impairment testing of intangible assets described below, the Group management does not consider that the estimates and assessments made in the preparation of these financial reports have entailed any difficulties or that they are subjective or complicated enough to merit a description as critical in accordance with the requirements in IAS 1.

The Group has made considerable investments in the development of its gaming platform. Assets related to the development of the Group's gaming software are recognised as intangible assets in the balance sheet and Note 8 and amounted to EUR 14,008 thousand (2018: 15,590). Every year, these assets are tested for impairment in accordance with IAS 36, and it is determined whether there is objective evidence of an impairment loss. The Group has assessed the ability to generate revenue for each one of the projects that relate to the gaming software and no objective evidence of impairment has emerged.

On the acquisition of Ezugi group in the beginning of 2019 a goodwill item of 12.5 MEUR arose. The impairment requirement for the Group's goodwill arises through comparison of the utility value with the goodwill's residual value. Ezugi is fully integrated into the Group. The Group is a cash-generating unit and the utility value is produced by means of a current value calculation of forecast cash flows.

Accounting for acquisitions

The IFRS 3 financial reporting standard states that acquisitions are to be classified as business combinations or asset purchases. An individual assessment of the nature of the acquisition is required for each individual transaction. Evolution's acquisition of the Ezugi companies are recorded as business combinations, meaning that Evolution has taken over personnel for management and operation of the acquired assets and liabilities. A final settlement has been drawn up and the accounts that consolidate acquired assets and liabilities are prepared based on available information, review and assessment to ensure that Evolution's accounting principles are applied.

NOTE 25. ACQUIRED BUSINESS AND SPECIFICATIONS TO THE CONSOLIDATED CASH FLOW STATEMENT

Acquisition of assets and liabilities

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 in which USD 1.5 million been paid out during the fourth quarter. The remaining earn out is accounted for in other current liabilities. The acquisition strengthens Evolution's position in existing markets, primarily the US, and adds further studio capacity as well as resources in product development. Ezugi has contributed to the Group's net revenues with EUR 11.9 thousand but has not had any significant impact on the Group's profit.

The acquisition is to be 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 final. The underlying currency of the Group Goodwill is USD.

(EUR thousands)	GROUP	
	2019	2018
Trademark	261	—
Customer agreement	2,875	—
Tangible fixed assets	975	—
Other non-current receivables	75	—
Current receivables	1,496	—
Liquid funds	186	—
Total assets	5,868	—
Deferred tax liability	157	—
Non-current liabilities	228	—
Current liabilities	1,952	—
Total liabilities	2,337	—
Net identifiable assets and liabilities	3,531	—
Goodwill	12,438	—
Consolidated acquisition value	15,969	—
Purchase consideration		
Purchase consideration paid	11,993	—
Less: Cash and cash equivalents in the acquired operations	-187	—
Effect on cash and cash equivalents	11,806	—
Consolidated acquisition value	15,969	—
Earn out	4,163	—

5-YEAR SUMMARY

Condensed consolidated income statements (EUR thousands)					
	2019	2018	2017	2016	2015
Total operating revenues	365,752	245,418	178,385	115,461	76,359
Total operating expenses	-208,280	-155,934	-111,504	-80,597	-55,279
Operating profit	157,472	89,484	66,882	34,864	21,080
Financial items	-200	-158	-217	-234	-4
Profit before tax	157,272	89,326	66,664	34,630	21,076
Profit for the year	149,726	83,460	62,129	31,740	20,028
Condensed consolidated balance sheets (EUR thousands)					
	2019	2018	2017	2016	2015
Assets					
Total non-current assets	104,991	62,095	48,540	39,865	18,314
Current receivables	146,649	93,611	69,526	37,266	21,369
Cash and cash equivalents	182,520	84,951	49,272	26,188	19,930
Total current assets	329,169	178,562	118,798	63,454	41,299
TOTAL ASSETS	434,160	240,657	167,337	103,318	59,613
Equity and liabilities					
Total equity	280,897	162,270	109,881	63,896	43,812
Non-current liabilities	15,552	5,619	7,259	8,170	324
Current liabilities	137,711	72,768	50,198	31,251	15,477
Total liabilities	153,263	78,387	57,456	39,421	15,801
TOTAL EQUITY AND LIABILITIES	434,160	240,657	167,337	103,318	59,613
Condensed consolidated cash flow statements (EUR thousands)					
	2019	2018	2017	2016	2015
Cash flows from operating activities	175,786	100,036	62,484	41,232	23,833
Cash flows from investing activities	-42,524	-31,650	-22,387	-31,176	-11,936
Cash flows from financing activities	-36,054	-32,644	-16,935	-3,798	-262
Cash flow for the year	97,208	35,742	23,163	6,258	11,635
Cash and cash equivalents at year-end	182,520	84,951	49,472	26,188	19,930
Key ratios					
	2019	2018	2017	2016	2015
EBITDA margin	50.0%	43.9%	45.2%	38.6%	35.9%
Operating margin	43.1%	36.5%	37.5%	30.2%	27.6%
Profit margin	40.9%	34.0%	34.8%	27.5%	26.2%
Equity/assets ratio	64.7%	67.4%	65.7%	61.8%	73.5%
Average number of full-time employees	4,894	3,529	2,639	1,859	1,156
Full-time employees at year-end	5,554	4,319	3,085	2,394	1,338
Earnings per share (EUR)	0.83	0.46	0.34	0.17	0.11
Equity per share (EUR)	1.55	0.90	0.60	0.35	0.24
Operating cash flow per share (EUR)	0.97	0.56	0.35	0.23	0.13
Quota value per share	0.003	0.003	0.003	0.003	0.003
Average number of outstanding shares before dilution	180,737,305	179,851,885	179,851,855	179,851,855	179,524,840
Average number of outstanding shares after dilution	183,387,341	182,625,245	181,685,230	181,685,230	179,524,840
Number of outstanding shares	181,622,725	179,851,885	179,851,855	179,851,885	179,524,840

KEY RATIOS NOT DEFINED IN ACCORDANCE WITH IFRS

The company presents certain financial measures in the interim report that are not defined under IFRS. These key ratios are common to use in our industry for benchmarking companies. One of the financial objectives in the IPO was >35% EBITDA margin. 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 Glossary and definitions p.110.

Reconciliation of key ratios not defined in accordance with IFRS

(EUR thousands)	GROUP	
	2019	2018
Operating margin		
Profit before tax	157,272	89,326
Excluding net financial items	200	158
Operating profit (EBIT)	157,472	89,484
Divided by Total operating revenues	365,752	245,418
Operating (EBIT) margin	43.1%	36.5%
EBITDA and EBITDA margin		
Profit before tax	157,272	89,326
Net financial items	200	158
Depreciation/amortisation	25,476	18,197
EBITDA	182,949	107,682
Divided by Total operating revenues	365,752	245,418
EBITDA margin	50.0%	43.9%
Profit margin		
Profit for the year	149,726	83,460
Divided by Total operating revenues	365,752	245,418
Profit margin	40.9%	34.0%
Equity/Assets ratio		
Total equity	280,897	162,270
Divided by Total assets	434,160	240,657
Equity/Assets ratio	64.7%	67.4%

Declaration by the Board of Directors

The Board of Directors and the Group CEO certify that the annual accounts have been prepared in accordance with the Annual Accounts Act and RFR 2 “Accounting for Legal Entities” and give a true and fair view of the Company’s financial position and earnings and that the Directors’ Report gives a fair overview of the development of the Company’s operations, position and earnings, and describes significant risks and uncertainties that the Company faces.

The Board of Directors and the Group CEO certify that the consolidated accounts, have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and give a true and fair view of the Group’s financial position and earnings, and that the Directors’ Report for the Group gives a fair overview of the development of the Group’s operations, position and earnings and describes significant risks and uncertainties that the companies included in the Group face.

JENS VON BAHR

Chairman of the Board

JONAS ENGWALL

Board Member

IAN LIVINGSTONE

Board Member

JOEL CITRON

Board Member

CECILIA LAGER

Board Member

FREDRIK ÖSTERBERG

Board Member

MARTIN CARLESUND

Group CEO

As stated above, the annual and consolidated accounts were approved for publication by the Board of Directors on 24 March 2020.

The consolidated income statement and balance sheet and the Parent Company’s income statement and balance sheet are subject to approval by the Annual General Meeting on 24 April 2020.

Our audit report was issued on 24 March 2020.
Öhrlings PricewaterhouseCoopers AB

Niklas Renström
Authorised Public Accountant

Auditor's report

To the meeting of shareholders in Evolution Gaming Group AB, Corporate Identity Number 556994-5792.



REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Evolution Gaming Group AB (publ) for the financial year 2019 with the exception of the Corporate Governance Report on pages 56-64. The annual accounts and consolidated accounts of the company are included on pages 50-105 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2019 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2019 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the Corporate Governance Report on pages 56-64. 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.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the supplementary report which have has been presented to the parent company's and group's Audit Committee in accordance with the Auditors Ordinance (537/2014), Article 11.

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. This includes, based on our best knowledge and conviction, the provision of no prohibited services as stipulated in the Auditors Ordinance (537/2014) Article 5.1 to the audited companies or, as applicable, to the parent company or its controlled companies located within the EU.

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

Our audit activities

Overview

The focus and scope of the audit

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where the Goup CEO and Board of Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of the Board of Directors' and Group CEO's override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the

nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were most significant in our

audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matter	How the key audit matter was addressed in our audit
<p>Revenue</p> <p>Revenues total 366 million EUR and refer primarily to revenues from the provision of internally developed online live casino gaming. The company's customers pay commission fees based on the gaming surplus the products generate on behalf of the customers, and a fixed monthly fee. In addition, fees for services such as start-up fees for integration is also invoiced to the customers.</p> <p>The company's revenues are a significant item comprised of a large number of transactions and which is calculated according to the terms of condition of each agreement. There is a risk that all transactions are not captured and that transactions are priced incorrectly. In addition, accounts receivables as of 31 December 2019 amounting to 66 million EUR needs also to be evaluated for potential bad debt.</p> <p>The accounting principles and a further description of the revenues are found in Note 1.16.</p>	<p>Based on the number of transactions and the customer-specific contracts to which the revenues refer, in performing our audit we have primarily focused on the completeness and correctness of the reported revenues. The audit activities performed have implied that we have, amongst other things:</p> <ul style="list-style-type: none"> • Obtained an understanding of the significant transaction flows and critical IT systems, and as regards these we have examined important controls in order to manage the risk of misstatements in the financial reporting. In our audit, we have also utilised the expertise of IT specialists. • Evaluated to determine if changes in the company's application of accounting principles and/or assessment has impacted the reporting of revenues. • For a selection of individual revenue transactions, verified that these have been priced according to the customer contracts in place and that the revenues are reported in the correct period. • We have undertaken a follow-up of payments of outstanding accounts receivable and have also discussed matured receivables to assess whether the provisions have been reported correctly based on the assessed risk of bad debts.

Other information than the annual accounts and consolidated accounts

This document also contains information other than the annual accounts and consolidated accounts and this information is found on pages 02-35.

The other information includes the sustainability report and our auditor's statement regarding this report. It is the Board of Directors and the Group CEO who 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 Group CEO

The Board of Directors and the Group CEO 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 and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Group CEO 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 Group CEO

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 Group CEO intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee of the Board of Directors shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

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 report and consolidated financial statements is available on the website of the Swedish Inspectorate of Auditors: www.revisorsinspektionen.se/revisornsansvar. This description constitutes a 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 Group CEO of Evolution Gaming Group AB (publ) for the financial year 2019 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 Group CEO 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 Group CEO

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's 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 Group CEO shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil 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 Group CEO 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 management audit is available on the website of the Swedish Inspectorate of Auditors: www.revisorsinspektionen.se/revisornsansvar. This description constitutes a part of the auditor's report.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 56-65 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement 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 opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Öhrlings PricewaterhouseCoopers AB were appointed as auditors of Evolution Gaming Group AB (publ) by the shareholders' meeting held on 26 April 2019 for a period of 1 year.

Stockholm, 24 March 2020

Öhrlings PricewaterhouseCoopers AB

Niklas Renström

Authorised Public Accountant

Glossary and definitions

FINANCIAL KEY RATIOS, ITEMS AND TERMS

Operating profit (EBIT)	Profit before tax excluding net financial items.
Operating (EBIT) margin	Operating profit in relation to total operating revenues.
EBITDA	Operating profit excluding depreciation, amortisation and impairments.
EBITDA margin	EBITDA in relation to operating revenues.
Profit margin	Profit for the year in relation to total operating revenues.
Equity/assets ratio	Equity at the end of year in relation to total assets at the end of year.
Cash and cash equivalents	Cash and bank assets.
Average number of full-time employees	The average number of full-time employees during the year. Full-time equivalents include part-time positions.
EUR, EURm, EUR 000	EUR, EUR million, EUR thousands.
Per share	
Earnings per share before dilution (EUR)	Profit for the year in relation to total average numbers of outstanding shares before dilution.
Earnings per share after dilution (EUR)	Profit for the year in relation to total average numbers of outstanding shares after dilution.
Equity per share (EUR)	Equity at the end of the year in relation to total numbers of outstanding shares at the end of the year.
Operating cash flow per share (EUR)	Cash flow from operating activities in relation to average numbers of outstanding shares before dilution.
Quota value per share (EUR)	Share capital divided by total numbers of outstanding shares at the end of the year.
Average number of shares outstanding	The average number of shares outstanding during the year.
Number of shares outstanding	Number of shares outstanding at the end of the year.

GAME LEGAL LINES

MONOPOLY Live	The MONOPOLY name and logo, the distinctive design of the game board, the four corner squares, the MR. MONOPOLY name and character as well as each of the distinctive elements of the board and the playing pieces are trademarks of Hasbro, Inc for its property trading game and game equipment. ©1935, 2020 Hasbro, Inc. All rights reserved. Used with permission.
Deal or No Deal Live	Based on the Endemol Shine television programme Deal or No Deal © 2003. Deal or No Deal Live Project © 2020 Endemol Shine IP B.V. Deal or No Deal is a registered trademark of Endemol Shine IP B.V. Used with permission. All rights reserved.

OPERATIONAL AND OTHER TERMS

B2B	Refers to "Business-to-Business," i.e. business conducted between two companies with no private individuals involved.
B2G	Refers to "Business-to-Government," i.e. business conducted between a company and a government body with no private individuals involved.
Gross Gaming Revenue	Consists of the bet reduced by the winnings returned to the player.
Derivative/game derivative	Refers to further developments of Evolution's core games. They may be subject to special rules or have other characteristics that are not found in the original game.
Direct Game Launch	Refers to add-on functionality in Evolution's offering which allows the operator to place links that open a Live Casino game directly when the end user clicks on them.
H2GC	Refers to the independent market analysis firm H2 Gambling Capital.
HD	Refers to "High Definition", i.e. a high resolution image.
MCR	Refers to "Mission Control Room," the control room that controls Evolution Gaming's operations in all Live Casino studios.
RNG	Refers to "Random Number Generated," i.e. games based on random number generated data.
Share of live	Refers to the proportion of the revenue that stems from Live Casino in relation to the total gaming revenue.
Slots	A game about getting three symbols in a row on a row of rotating reels.
End users	Refers to the gaming operators' customers, i.e. gamers.
Streaming	Refers to the English term for playing audio and video files on the recipient's unit at the same time as they are transferred via a network, such as the Internet.
Tier 1	Refers to customers of materially strategic and/or financial importance. Evolution communicates all new Tier 1 customers via press releases and/or interim statements.

