



Interim report | January–September 2020 | Evolution Gaming Group AB (publ)

Third quarter of 2020 (Q3 2019)

- Operating revenues increased by 48% to EUR 140.0 million (94.7)
- EBITDA increased by 87% to EUR 90.7 million (48.5), corresponding to a margin of 64.8% (51.2)
- Profit for the period amounted to EUR 79.4 million (39.8)
- Earnings per share amounted to EUR 0.44 (0.22)

January–September 2020 (9M 2019)

- Operating revenues increased by 48% to EUR 383.5 million (259.0)
- EBITDA increased by 86% to EUR 235.9 million (127.1), corresponding to a margin of 61.5% (48.9)
- Profit for the period amounted to EUR 204.0 million (102.9)
- Earnings per share amounted to EUR 1.12 (0.57)

Events during the third quarter of 2020

- Continued high demand generates a positive effect on margin development.
- Live Casino Supplier of the Year Award for the 11th year running at the EGR B2B Awards.
- Continued expansion in the US with several new customers as well as the opening of the studio in Pennsylvania (after the end of the period)

Summary of the third quarter and the first nine months of 2020

Group (EUR thousands)	Jul-Sep 2020	Jul-Sep 2019	%	Jan-Sep 2020	Jan-Sep 2019	%	Oct 2019-Sep 2020	Jan-Dec 2019	%
Operating revenues	140 020	94 729	48%	383 476	259 754	48%	489 474	365 752	34%
EBITDA	90 728	48 470	87%	235 994	127 118	86%	291 824	182 948	60%
EBITDA margin	64,8%	51,2%	-	61,5%	48,9%	-	59,6%	50,0%	-
Operating profit	83 572	41 995	99%	214 863	108 798	97%	263 537	157 472	67%
Operating margin	59,7%	44,3%	-	56,0%	41,9%	-	53,8%	43,1%	-
Profit for the period	79 381	39 775	100%	204 022	102 880	98%	250 868	149 726	68%
Profit margin	56,7%	42,0%	-	53,2%	39,6%	-	51,3%	40,9%	-
Earnings per share before dilution (EUR)	0,44	0,22	100%	1,12	0,57	97%	1,38	0,83	67%
Equity per share (EUR)	2,20	1,29	71%	2,20	1,29	71%	2,20	1,55	43%
OCF per share before dilution (EUR)	0,47	0,28	67%	1,19	0,67	77%	1,49	0,97	53%
Average number of FTEs	4 699	5 104	-8%	4 867	4 679	4%	4 973	4 894	2%

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Evolution develops, produces, markets and licenses fully integrated B2B Live Casino solutions to gaming operators. Since its inception in 2006, Evolution has developed into a leading B2B provider with 300+ operators among its customers. The group currently employs about 7 400 people in studios across Europe and in North America. The parent company is based in Sweden and listed on Nasdaq Stockholm with the ticker EVO. Visit www.evolution.com for more information.

Evolution is licensed and regulated by the Malta Gaming Authority under licence MGA/B2B/187/2010. Evolution is also licensed and regulated in many other jurisdictions such as the United Kingdom, Belgium, Canada, Romania, South Africa, and others.

CEO's comments


I'm happy to report strong results for the quarter. Revenue amounted to EUR 140 million, an increase of 48 percent compared with the third quarter of 2019. EBITDA amounted to EUR 91 million with a margin of 64.8 percent. The past quarter has also been a period of exceptionally high activity operationally within Evolution and after the end of the quarter we are live with our first tables in both Pennsylvania, USA and Kaunas, Lithuania. We are still dealing with the limitations imposed by Covid but we are slowly coming back towards pre-Covid levels in number of tables.

Our new game show style game - Crazy Time – was launched globally on July 1st and has been a great success. Players enjoy the groundbreaking game format and possibility of big wins. It is our most successful game launch to date. Instant Roulette was also launched during the quarter and coming up in Q4 is the launch of Craps. We continue to build our portfolio of unique innovative games both within traditional table games as well as game shows.

Germany is on its way to be the next regulated market in Europe. Licenses for Online Casino, which includes Live Casino, and Online Slots, are planned to be issued from July 2021. Until then a transition will take place where some operators will not offer Live Casino. Revenue related to German players make up 5-10% of our current total revenues. While we expect a negative effect on our German revenue during the transition the effect on the Evolution group as a whole is limited. Long-term we view the move towards regulation in Germany as positive for Evolution.

We continue to stay focused on further strengthening our North American footprint and it makes me proud to say that we now are live in Pennsylvania. Also important for the North America expansion is that we, during the third quarter, have signed several new customers for the US market and more are to come. Regardless of the timing for regulation in additional states we know that Evolution is well positioned and that the US market is a long-term project with very high potential.

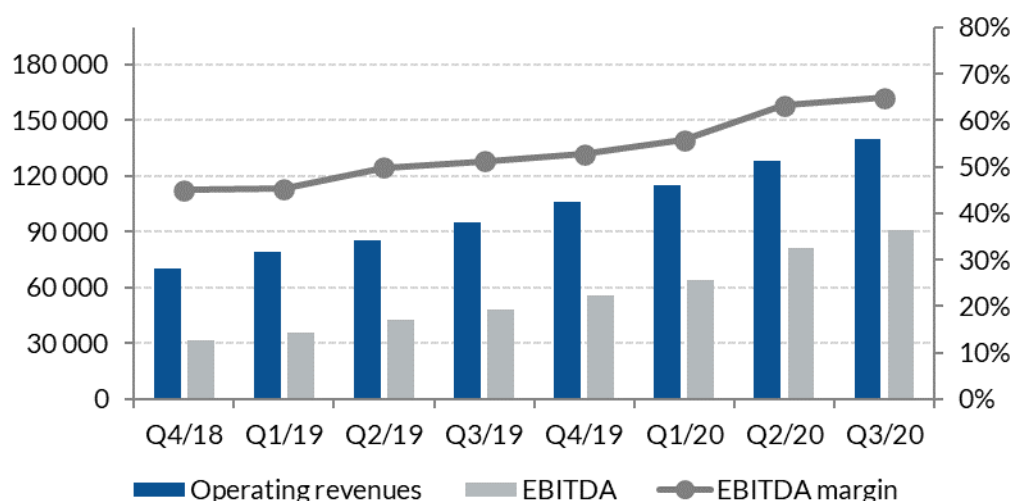
We experience high demand for our games all over the world and thus we continue to invest in additional studio capacity to meet the total demand. During this week we also launched the new medium sized Lithuanian studio. It has been our fastest and most efficient build so far. Together with the latest expansion in Tbilisi, the new build in Pennsylvania, expansion in Malta, expansion in New Jersey and the coming build in Michigan we look forward to a very hectic expansion in the coming period.

During the period we have also updated our corporate brand to  Evolution. The new branding better reflects the diversity of our operations. In addition to our gaming offerings, we are also active within areas such as software development, technology innovation and state-of-the art broadcast studio design.

With increased studio capacity together with a continuous development of the very best products and services, we are well positioned to increase our market leadership within Live Casino going forward. During the fourth quarter we look forward to close the deal with NetEnt. We see a fantastic potential in combining the two companies and continuing to deliver the best playing experiences for players across the globe. As I said in the beginning of this report we have a hectic Q3 behind us and now we look forward to an even more hectic Q4. We will continue to work relentlessly on all fronts to continue to better every single day.

Martin Carlesund, CEO

Quarterly results trend



Financial performance in the third quarter of 2020

Revenues

Revenues amounted to EUR 140.0 million (94.7) in the third quarter, equivalent to an increase of 48 percent compared with the corresponding period in 2019. The positive revenue development mainly derives from increased commission income from existing customers and, to a certain extent, from new customers. Demand for Live Casino games continues to grow, partly as a result of our continuous launch of successful new games and variations on traditional games. The number of bet spots from end users amounted to 12.9 billion (5.8).

Expenses

Operating expenses amounted to EUR 56.4 million (52.7). Personnel costs compared with the third quarter of 2019 decreased since a number of gaming tables were closed during the quarter due to Covid-19. The expansion in general has increased other operating expenses compared with the third quarter of 2019.

Profitability

Operating profit amounted to EUR 83.6 million (42.0), corresponding to an increase of 99 percent. The operating margin was 59.7 percent (44.3). The EBITDA margin was 64.8 percent (51.2).

Net financial items only had a marginal impact on profits and related mostly to the interest expense on loans for the studio property in Riga. The Group's effective tax rate for the quarter amounted to 5.0 percent (5.1). The tax rate is influenced by the countries in which earnings are generated, which may vary between reported periods. Profit for the quarter amounted to EUR 79.4 million (39.8). Earnings per share before dilution were EUR 0.44 (0.22).

Investments

Investments in intangible assets amounted to EUR 2.8 million (4.1) during the quarter and were mainly attributable to development of new games and technical improvements of the platform, such as new functionality.

Investments in property, plant and equipment amounted to EUR 7.5 million (5.1) and comprised new studio space, new gaming tables, servers and other computer equipment to meet new technical requirements and maintain capacity and performance in connection with new platform launches.

Cash and cash equivalents, financing and financial position

Cash flow from operating activities amounted to EUR 84.7 million (50.7) during the quarter. Cash flow from investing activities was negative in the amount of EUR 10.6 million (negative 9.2). Cash flow from financing activities was negative in the amount of EUR 1.3 million (10.6). Cash and cash equivalents amounted to EUR 283.2 million (141.1) at the end of the quarter.

First nine months of 2020 in brief

Revenues

For the January-September 2020 period, revenues amounted to EUR 383.5 million (259.8), corresponding to an increase of 48 percent compared with the same period in 2019. The positive revenue development mainly derives from increased commission income from both new and existing customers.

Expenses

Operating expenses amounted to EUR 168.6 million (151.0). Expenses were mainly driven by higher costs for the strong expansion which have increased other operating expenses by over 30 percent compared with the previous year. Expenses for personnel increased by 2 percent.

Profitability

Operating profit amounted to EUR 214.9 million (108.8) with an operating margin of 56.0 percent (41.9). The EBITDA margin was 61.5 percent (48.9).

Investments

Investments in intangible assets amounted to EUR 8.9 million (8.4) for the period. Investments in property, plant and equipment amounted to EUR 17.1 million (12.0). Investments in other financial assets amounted to EUR 0.9 million (0.1).

Cash and cash equivalents, financing and financial position

Cash flow from operating activities amounted to EUR 216.4 million (121.5) over the period. The increase is primarily due to improved profit. Cash flow from investing activities was negative in the amount of EUR 28.3 million (negative 31.0). Cash flow from financing activities was negative in the amount of EUR 85.5 million (negative 34.6) and included dividend to shareholders of EUR 76.1 million (43.2).

Market development

Live Casino market

In Europe, Live Casino has grown strongly in recent years and is expected to continue to be among the fastest-growing gaming segments in the coming years. Evolution's growth target is to grow faster than the total European Live Casino market. Market growth is influenced by several underlying factors, such as technological advances with, among other things, improved hardware and increased bandwidth, the migration of land-based casinos to online environments and market regulations. Increased use of mobile devices has been a growth driver for many years, and in the third quarter 69.7 percent (67.7) of the operators' GGR via Evolution's platform was generated by mobile devices. To a large extent, growth is also

driven by Live Casino having grown in importance for most gaming operators, who consequently elect to expose and market their Live offerings to customers more extensively than before.

As a B2B supplier, Evolution has customer relationships 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 below 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.

Revenue per geographical region

Group (EUR millions)	Jul-Sep 2019	Oct-Dec 2019	Jan-Mar 2020	Apr-Jun 2020	Jul-Sep 2020
Nordics	6,1	6,1	6,2	6,7	5,8
UK	12,8	12,0	9,9	10,6	9,5
Rest Of Europe	46,5	53,3	59,8	62,4	65,6
Asia	13,9	17,7	20,8	28,2	34,8
North America	6,1	6,6	7,1	8,5	9,2
Other	9,3	10,2	11,4	12,1	15,1
Total operating revenues	94,7	106,0	115,1	128,5	140,0
Share of regulated markets	42%	40%	38%	33%	32%
Revenues, regulated markets	40,2	42,4	43,7	42,8	45,2

Other

Parent Company

The Parent Company is a holding company. Net sales for the third quarter of 2020 amounted to EUR 2.5 million (1.8) and expenses to EUR 2.4 million (1.8). Operating profit amounted to EUR 0.1 million (negative 0.1). Result for the period amounted to EUR 0.1 million (negative 0.3). The Parent Company's cash and cash equivalents amounted to EUR 11.9 million (1.0) at the end of the period and equity amounted to EUR 262.2 million (243.5). No significant investments were made in intangible or tangible assets.

Employees

As of 30 September 2020, Evolution had 7,395 employees (7,342), corresponding to 5,054 (5,273) full-time positions. The average number of full-time equivalents for the quarter was 4,699 (5,104).

Significant risks and uncertainties

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

The development of laws and regulations relating to the supply of gaming services that Evolution provides is a central risk factor for the Group's future earnings. Since most of Evolution's licensees are active in Europe, the legal situation in the EU is of particular interest and is continuously monitored and managed by the Group. Despite this, there remains a risk that, in the event of legislation being interpreted in an unfavourable

or unanticipated way, Evolution's conditions for growth, profitability, and the games that may be supplied could be changed. Likewise, a favourable interpretation could have a positive impact on the Group.

One or more markets may be affected by events that may result in rapid changes in the business environment. Examples of this kind of events which could lead up to production disruption are extreme weather events, social unrest, diseases (e.g. virus outbreaks) or other macroeconomic or geopolitical events affected by external influences.

For further information about Evolution's risk exposure and handling, please see the Group's Annual Report for 2019, which is available on the company's website.

Acquisitions and cancelation of own shares

During the first quarter the Board of Directors decided to exercise its authorisation from the Annual General Meeting 2019 to repurchase own shares such that its holding of own shares does not exceed 10 per cent of the total number of shares in the company. In March 2020 a total of 338,000 own shares was acquired for EUR 9,854 thousands. During the third quarter the acquired shares have been canceled.

Recommended public offer to the shareholders of NetEnt

On 24 June 2020, Evolution Gaming Group AB (publ) announced a recommended public offer to the shareholders of NetEnt AB (publ) to sell all their shares in NetEnt to Evolution in exchange for 0.1306 Evolution shares for each share in NetEnt. The Offer includes both the unlisted shares of series A and shares of series B that are admitted to trading on Nasdaq Stockholm. The initial acceptance period for the Offer, which commenced on 21 August 2020 and expires on 30 October 2020, is now extended up to and including 20 November 2020.

The Offer is conditional upon, *inter alia*, the receipt of all necessary approvals from relevant authorities. The Malta Competition and Consumer Affairs Authority (Office for Competition) has on 29 September 2020 announced its approval of Evolution's acquisition of NetEnt. The UK Competition and Markets Authority's process continues up to and including 16 November 2020, and, consequently, cannot be expected to be completed within the initial acceptance period which is the reason for the extended acceptance period.

Comment on Covid-19

During the quarter, with a constant eye on the Covid-19 development, we have focused on being there for our customers and making the working environment for our employees safe. We have a continuous dialogue with our customers and have in various ways taken measures to support them when needed.

Calendar

Year-end report 2020	10 February 2021
Annual general Meeting	16 April 2021
Interim report January – March 2021	27 April 2021
Interim report January – June 2021	21 July 2021
Interim report January – September 2021	28 October 2021

Condensed consolidated income statements

Group (EUR thousands)	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Oct 2019- Sep 2020	Jan-Dec 2019
Total operating revenues	140 020	94 729	383 476	259 754	489 474	365 752
Personnel expenses	-31 510	-33 670	-95 136	-93 156	-128 399	-126 419
Depreciation, amortisation and impairments	-7 156	-6 475	-21 131	-18 320	-28 287	-25 476
Other operating expenses	-17 782	-12 589	-52 346	-39 480	-69 251	-56 385
Total operating expenses	-56 448	-52 734	-168 613	-150 956	-225 937	-208 280
Operating profit	83 572	41 995	214 863	108 798	263 537	157 472
Financial items	-41	-64	-200	-160	-240	-200
Profit before tax	83 531	41 931	214 663	108 638	263 297	157 272
Tax on profit for the period	-4 150	-2 156	-10 641	-5 758	-12 429	-7 546
Profit for the period	79 381	39 775	204 022	102 880	250 868	149 726
<i>Of which attributable to:</i>						
Shareholders of the Parent Company	79 381	39 775	204 022	102 880	250 868	149 726
Average number of shares before dilution	181 284 725	181 622 725	181 359 836	180 442 165	181 425 558	180 737 304
Earnings per share before dilution (EUR)	0,44	0,22	1,12	0,57	1,38	0,83
Average number of shares after dilution	187 046 005	183 384 005	186 232 231	183 388 453	185 520 174	183 387 341
Earnings per share after dilution (EUR)	0,42	0,22	1,10	0,56	1,35	0,82
Operating margin	59,7%	44,3%	56,0%	41,9%	53,8%	43,1%
Effective tax rate	5,0%	5,1%	5,0%	5,3%	4,7%	4,8%

Condensed comprehensive income statement

Group (EUR thousands)	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Oct 2019- Sep 2020	Jan-Dec 2019
Profit for the period	79 381	39 775	204 022	102 880	250 868	149 726
Other comprehensive income						
<i>Items that may be reclassified to profit</i>						
Exchange differences arising from the translation of foreign operations	-2 814	845	-4 449	607	-6 528	207
Other comprehensive income, net after tax	-2 814	845	-4 449	607	-6 528	207
Total comprehensive income for the period	76 567	40 620	199 573	103 487	244 340	149 933

Consolidated balance sheets

Group (EUR thousands)	30/09/2020	30/09/2019	31/12/2019
Assets			
Intangible assets	23 294	24 229	23 743
Goodwill	11 956	15 437	12 485
Buildings	11 719	12 045	11 991
Right of use assets	23 678	15 839	19 419
Property, plant and equipment	43 098	33 373	36 079
Other non-current receivables	1 602	1 052	1 118
Deferred tax assets	340	156	156
Total non-current assets	115 687	102 131	104 991
Accounts receivable	79 943	52 709	66 457
Other receivables	117 559	68 743	76 984
Prepaid expenses and accrued income	5 272	4 636	3 208
Cash and cash equivalents	283 203	141 108	182 520
Total current assets	485 977	267 196	329 169
TOTAL ASSETS	601 664	369 327	434 160
Equity and liabilities			
Share capital	545	545	545
Other capital contributed	22 009	17 430	17 430
Reserves	-4 350	499	99
Retained earnings including profit for the period	381 358	215 926	262 823
Total equity	399 562	234 400	280 897
Deferred tax liabilities	73	127	69
Non-current lease liabilities	19 259	12 601	15 483
Non-current liabilities to credit institutions	-	4 907	-
Total non-current liabilities	19 332	17 635	15 552
Accounts payable	3 756	3 244	5 300
Current liabilities to credit institutions	4 907	950	5 619
Current tax liabilities	125 611	71 650	81 524
Other current liabilities	19 017	23 518	19 604
Current lease liabilities	4 418	3 238	3 936
Accrued expenses and prepaid income	25 061	14 692	21 728
Total current liabilities	182 770	117 292	137 711
TOTAL EQUITY AND LIABILITIES	601 664	369 327	434 160

Intangible assets comprise Game software EUR 15,119 thousand (13,945), Licenses and patents EUR 5,202 thousand (6,730) and Other EUR 2,973 thousand (3,554).

Consolidated changes in equity

Group, 2019 (EUR thousands)	Share Capital	Other capital contributed	Reserves	Retained earnings	Total equity
Opening equity 01/01/2019	540	5 867	-108	155 971	162 270
Dividend payout 08/05/2019	-	-	-	-43 164	-43 164
Warrants	-	-152	-	290	138
New share issue	5	11 715	-	-	11 720
Profit for the period	-	-	-	149 726	149 726
Other comprehensive income	-	-	207	-	207
Closing equity 31/12/2019	545	17 430	99	262 823	280 897

Group, 2020 (EUR thousands)	Share Capital	Other capital contributed	Reserves	Retained earnings	Total equity
Opening equity 01/01/2020	545	17 430	99	262 823	280 897
Dividend payout 29/06/2020	-	-	-	-76 140	-76 140
Warrants	-	4 579	-	507	5 086
Repurchase of own shares	-	-	-	-9 854	-9 854
Profit for the period	-	-	-	204 022	204 022
Other comprehensive income	-	-	-4 449	-	-4 449
Closing equity 30/09/2020	545	22 009	-4 350	381 358	399 562

Consolidated statement of cash flows

Group (EUR thousands)	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Operating profit	83 571	41 995	214 862	108 798	157 472
<i>Adjustment for items not included in cash flows:</i>					
Depreciation, amortisation and impairments	7 156	6 475	21 131	18 320	25 476
Other	2 190	61	2 478	239	1 216
Interest received	11	0	33	0	23
Interest paid	-98	-64	-279	-160	-245
Tax paid	-565	-488	-6 171	-4 190	-5 293
Cash flows from operating activities before changes in working capital	92 265	47 979	232 054	123 007	178 649
Increase / Decrease in Accounts receivables	-9 250	1 717	-14 975	-5 086	-17 276
Increase / Decrease in Accounts payables	-582	205	-1 450	53	1 358
Increase / Decrease in other working capital	2 291	786	798	3 557	13 055
Cash flows from operating activities	84 724	50 687	216 427	121 531	175 786
Acquisition of intangible assets	-2 761	-4 126	-8 868	-8 411	-11 158
Acquisition of property, plant and equipment	-7 511	-5 097	-17 096	-12 043	-18 950
Acquisition of subsidiary	-	-	-1 381	-10 460	-11 812
Increase / Decrease in other financial assets	-367	34	-908	-100	-604
Cash flows from investing activities	-10 639	-9 189	-28 253	-31 014	-42 524
Repayment of debt to credit institutions	-240	-237	-718	-712	-950
Repayment of lease liability	-1 108	-841	-3 393	-2 307	-3 508
Repurchase of own shares	-	-	-9 854	-	-
Warrant premiums	-	-	4 579	-152	-152
New share issue	-	11 720	-	11 720	11 720
Dividend	-	-	-76 140	-43 164	-43 164
Cash flows from financing activities	-1 348	10 642	-85 526	-34 615	-36 054
Cash flow for the period	72 737	52 140	102 648	55 902	97 208
Cash and cash equivalents at start of period	212 049	88 680	182 520	84 951	84 951
Exchange rate differences	-1 583	287	-1 965	255	361
Cash and cash equivalents at end of period	283 203	141 108	283 203	141 108	182 520

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

Consolidated key ratios

Group (EUR thousands)	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Oct 2019- Sep 2020	Jan-Dec 2019
Operating revenues (IFRS)	140 020	94 729	383 476	259 754	489 474	365 752
EBITDA margin	64,8%	51,2%	61,5%	48,9%	59,6%	50,0%
Operating margin	59,7%	44,3%	56,0%	41,9%	53,8%	43,1%
Profit margin	56,7%	42,0%	53,2%	39,6%	51,3%	40,9%
Equity/assets ratio	66,4%	63,5%	66,4%	63,5%	66,4%	64,7%
Cash and cash equivalents	283 203	141 108	283 203	141 108	283 203	182 520
Average number of full-time employees	4 699	5 104	4 867	4 679	4 973	4 894
Full-time employees at end of period	5 054	5 278	5 054	5 278	5 054	5 554
Earnings per share before dilution (EUR) (IFRS)	0,44	0,22	1,12	0,57	1,38	0,83
Equity per share (EUR)	2,20	1,29	2,20	1,29	2,20	1,55
Operating cash flow per share before dilution (EUR)	0,47	0,28	1,19	0,67	1,49	0,97
Average number of outstanding shares before dilution	181 284 725	181 622 725	181 359 836	180 442 165	181 425 558	180 737 304
Number of outstanding shares	181 284 725	181 622 725	181 284 725	181 622 725	181 284 725	181 622 725

Consolidated key ratios by quarter

Group (EUR thousands)	Q3/20	Q2/20	Q1/20	Q4/19	Q3/19	Q2/19	Q1/19	Q4/18
Operating revenues (IFRS)	140 020	128 307	115 149	105 998	94 729	85 728	79 297	70 226
EBITDA	90 728	81 143	64 123	55 830	48 470	42 730	35 918	31 568
EBITDA margin	64,8%	63,2%	55,7%	52,7%	51,2%	49,8%	45,3%	45,0%
Operating profit	83 572	74 166	57 125	48 674	41 995	36 614	30 189	26 734
Operating margin	59,7%	57,8%	49,6%	45,9%	44,3%	42,7%	38,1%	38,1%
Revenue growth vs prior year	47,8%	49,7%	45,2%	50,9%	47,2%	44,7%	53,7%	38,5%
Revenue growth vs prior quarter	9,1%	11,4%	8,6%	11,9%	10,5%	8,1%	12,9%	9,1%
Cash and cash equivalents	283 203	212 049	204 949	182 520	141 108	88 680	103 734	84 951

Reconciliation of selected key ratios not defined in accordance with IFRS

Group (EUR thousands)	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Oct 2019- Sep 2020	Jan-Dec 2019
Operating margin						
Profit before tax	83 531	41 931	214 663	108 638	263 297	157 272
Excluding net financial items	41	64	200	160	240	200
Operating profit (EBIT)	83 572	41 995	214 863	108 798	263 537	157 472
Divided by Total operating revenues	140 020	94 729	383 476	259 754	489 474	365 752
Operating (EBIT) margin	59,7%	44,3%	56,0%	41,9%	53,8%	43,1%
EBITDA and EBITDA margin						
Profit before tax	83 531	41 931	214 663	108 638	263 297	157 272
Net financial items	41	64	200	160	240	200
Depreciation/amortisation	7 156	6 475	21 131	18 320	28 287	25 476
EBITDA	90 728	48 470	235 994	127 118	291 824	182 948
Divided by Total operating revenues	140 020	94 729	383 476	259 754	489 474	365 752
EBITDA margin	64,8%	51,2%	61,5%	48,9%	59,6%	50,0%
Profit margin						
Profit for the period	79 381	39 775	204 022	102 880	250 868	149 726
Divided by Total operating revenues	140 020	94 729	383 476	259 754	489 474	365 752
Profit margin	56,7%	42,0%	53,2%	39,6%	51,3%	40,9%
Equity/Assets ratio						
Total equity	399 562	234 400	399 562	234 400	399 562	280 897
Divided by Total assets	601 664	369 327	601 664	369 327	601 664	434 160
Equity/Assets ratio	66,4%	63,5%	66,4%	63,5%	66,4%	64,7%

Condensed Parent Company income statements and other comprehensive income

Parent company (EUR thousands)	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Oct 2019- Sep 2020	Jan-Dec 2019
Net sales	2 525	1 754	6 558	4 778	8 900	7 120
Other external expenses	-2 433	-1 846	-6 422	-4 737	-8 570	-6 885
Operating profit	92	-92	136	41	330	235
Other interest income and similar income	-	-	-	-	100 124	100 124
Interest expenses and similar expenses	0	0	0	0	0	0
Profit before tax	92	-92	136	41	100 454	100 359
Tax on profit for the period	-23	-249	-55	-667	-292	-904
Profit for the period	69	-341	81	-626	100 162	99 455

Parent company (EUR thousands)	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Oct 2019- Sep 2020	Jan-Dec 2019
Profit for the period	69	-341	81	-626	100 162	99 455
Other comprehensive income	-	-	-	-	-	-
Other comprehensive income, net after tax	-	-	-	-	-	-
Total comprehensive income for the period	69	-341	81	-626	100 162	99 455

Condensed Parent Company balance sheets

Parent company (EUR thousands)	30/09/2020	30/09/2019	31/12/2019
Assets			
Intangible assets	813	732	828
Property, plant and equipment	46	59	65
Participating interest in Group companies	206 000	206 000	206 000
Other non-current receivables	39	35	40
Total non-current assets	206 898	206 826	206 933
Receivables from Group companies	43 259	36 967	137 451
Other current receivables	734	293	219
Prepaid expenses and accrued income	1 406	217	228
Cash and cash equivalents	11 903	954	1 112
Total current assets	57 302	38 431	139 010
TOTAL ASSETS	264 200	245 257	345 943
Equity and liabilities			
Share capital	545	545	545
Retained earnings including profit for the period	261 697	242 951	343 031
Total equity	262 242	243 496	343 576
Accounts payable	385	154	128
Current tax liabilities	1 010	1 143	1 399
Other current liabilities	223	168	173
Accrued expenses and prepaid income	340	296	667
Total current liabilities	1 958	1 761	2 367
TOTAL EQUITY AND LIABILITIES	264 200	245 257	345 943

Notes to the financial statements

Note 1. Accounting principles

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

Amounts are expressed in thousands of Euro (EUR) unless otherwise indicated. Amounts or figures in parentheses indicate comparative figures for the corresponding period last year. The accounting policies are unchanged from the 2019 annual report.

Note 2. Events following the balance sheet date

No significant events.

Note 3. Incentive programme

The company has two incentive programmes. Upon full exercise of the warrants within the programme 2018/2021 (adopted by the Annual General Meeting in 2018), the dilution effect will be approximately 0.97 percent. Upon full exercise of the warrants within the programme 2020/2023 (adopted by the Extra General Meeting on 16 January 2020), the dilution effect will be approximately 2.20 percent. More information about the programmes are available on the company's website.

Note 4. Seasonality

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

Stockholm, 22 October 2020

Martin Carlesund
CEO

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

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Corporate ID number: 556994-5792

Presentation for investors, analysts and the media

CEO Martin Carlesund and CFO Jacob Kaplan will present the report and answer questions on Thursday, 22 October 2020 at 09:00 a.m. CET via a telephone conference. The presentation will be in English and can also be followed online. Number for participation by telephone:

SE: +46 8 566 426 93

UK: +44 33 330 092 65

US: +1 844 625 15 70

Follow the presentation at: <https://tv.streamfabriken.com/evolution-gaming-group-q3-2020>

This information is such that Evolution Gaming Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the contact person set out above on 22 October 2020, at 7.30 am CET.

Auditor's report

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

Introduction

We have reviewed the condensed interim financial information (interim report) of Evolution Gaming Group AB (publ) as of 30 September 2020 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

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

Conclusion

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

Stockholm, 22 October 2020

Öhrlings PricewaterhouseCoopers AB

Johan Engstam

Authorized Public Accountant

Definitions of key ratios

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