



## Year-end report | January–December 2020 | Evolution Gaming Group AB (publ)

### Fourth quarter of 2020 (Q4 2019)

- Operating revenues increased by 68% to EUR 177.7 million (106.0)
- EBITDA adjusted for non-recurring items amounted to EUR 115.6 million (55.8), an increase with 107%, for a margin of 65.1% (52.7%)
- Non-recurring acquisition and restructuring costs amounted to EUR 19.4 million
- EBITDA including non-recurring items increased by 72% to EUR 96.2 million (55.8), corresponding to a margin of 54.2% (52.7)
- Profit for the period amounted to EUR 80.6 million (46.8)
- Earnings per share amounted to EUR 0.42 (0.26)

### Full-year 2020 (2019)

- Operating revenues increased by 53% to EUR 561.1 million (365.8)
- EBITDA adjusted for non-recurring items amounted to EUR 351.6 million (182.9), an increase with 92%, for a margin of 62.7% (50.0)
- Non-recurring acquisition and restructuring costs amounted to EUR 19.4 million
- EBITDA increased by 82% to EUR 332.2 million (182.9), corresponding to a margin of 59.2% (50.0)
- Profit for the period amounted to EUR 284.6 million (149.7)
- Earnings per share amounted to EUR 1.55 (0.83)
- The Board proposes a dividend of EUR 0.68 per share (0.42)

### Events during the fourth quarter of 2020

- Rising demand and good leverage from investments made in 2020 generated a growth rate of 51% for Evolution Live in the quarter. Growth for NetEnt amounted to 5% for the full quarter compared to Q4-19.
- Acquisition of NetEnt completed 1 December, included in the P&L during December.
- The launch of the world's first ever online Live Craps game.

### Summary of the fourth quarter and the full-year 2020

Group (EUR thousands)	Oct-Dec 2020	Oct-Dec 2019	%	Jan-Dec 2020	Jan-Dec 2019	%
Operating revenues	177,658	105,998	68%	561,134	365,752	53%
EBITDA	96,219	55,830	72%	332,213	182,948	82%
EBITDA margin	54.2%	52.7%	-	59.2%	50.0%	-
EBITDA excluding items affecting comparability	115,605	55,830	107%	351,599	182,948	92%
Adjusted EBITDA-margin	65.1%	52.7%	-	62.7%	50.0%	-
Operating profit	84,837	48,674	74%	299,700	157,472	90%
Operating margin	47.8%	45.9%	-	53.4%	43.1%	-
Profit for the period	80,600	46,846	72%	284,622	149,726	90%
Profit margin	45.4%	44.2%	-	50.7%	40.9%	-
Earnings per share before dilution (EUR)	0.42	0.26	63%	1.55	0.83	87%
Equity per share (EUR)	12.84	1.55	730%	12.84	1.55	730%
OCF per share before dilution (EUR)	0.52	0.30	74%	1.72	0.97	77%
Average number of FTEs	5,731	5,419	6%	5,118	4,894	5%

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 9,500 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](http://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

We end an eventful 2020 on a high note with a quarter that marks a significant step forward for Evolution. Through the acquisition of NetEnt, we add a second vertical to our unrivalled Live Casino offer and two strong and fantastic new brands to our product portfolio. This makes us well-placed for our long-term ambition of taking a leading global position in online casino. With a strong market penetration in Live Casino and Slots across North America, Asia and Europe as our platform, we remain committed to creating the best gaming experience for every single user in both verticals. I am excited about what lies ahead for 2021 when we will continue to increase the gap to the competition.

Evolution Live had a strong fourth quarter with growth of 51% compared to the same period 2019. I am particularly pleased that we continue to see a positive momentum in player numbers and engagement levels. Games launched during 2020 have performed very well and recently we launched the first ever live version of Craps. We are now on our way with the roadmap for 2021, it is an intense time with releases being planned as I write this. During this year, we will further strengthen our Game Show-segment and increase the entertainment factor to attract and serve new player categories.

Our revenues during the quarter amounted to EUR 177.7 million, including EUR 17.8 million from NetEnt. The NetEnt acquisition was closed on the 1<sup>st</sup> of December 2020 so one full month of NetEnt is accounted for in the numbers. The underlying growth rate in the quarter compared to Evolution of Q419 was as stated above 51% and NetEnt had 5% growth for the full quarter compared to Q4 2019 reported figures. EBITDA in the quarter amounts to EUR 96.2 million which includes EUR 9.2 million from NetEnt in December and EUR 19.4 million in non-recurring restructuring related cost. EBITDA-margin is 54.2% in the quarter and adjusted for non-recurring items 65.1%. Currently, our outlook is to achieve the margin level of the fourth quarter 2020 also for full year 2021.

Since the day of the closure, I look at Evolution as one company with multiple strong products and brands. We acquired NetEnt because we believe that we together can create something great. To maximise the potential of this acquisition it was essential that we discarded existing structures and rapidly rebuild ourselves in a joint version. We were well prepared before the take-over and started the execution on day one. In the first month following the closure, we completed the planned integration. We will achieve approximately EUR 40 million of annual run-rate cost synergies which is 10 million more than earlier communicated. This effect will happen gradually during the two first quarters of 2021, about 6-9 months earlier compared to the pre-deal announcement.

In the years to come, we will continue to take advantage of the ongoing market regulation to strengthen our world-leading position in Live Casino and secure the continuous expansion of our Slots business into new markets while exploring additional product opportunities combining Live and RNG. With the competence and experience from both organisations now in one group, we will leverage our joint innovative capabilities and the common conviction that product innovation is the key to success.

Overall, there was good growth in all our regions during the latter part of 2020. Despite the effects that the pandemic has on society in general in the US, we have continued to expand in Pennsylvania and in early 2021 we also launched our NetEnt-brand slot games in Michigan. Our Live casino studio in Michigan is under construction and will be launched later this year. With several other states getting ready to regulate and our extended product offer - the US remains a high growth potential market for Evolution. This quarter also saw the launch of the newly regulated Colombian market. South America, as well as Africa, has a future potential for us as we continue to see demand on a global level.

The pandemic has continued to be a factor throughout the year. Our organic growth was solid already in the beginning of 2020, and I am pleased to see continued strong demand with many new players and high activity in the network throughout the year. Meanwhile, with the well-being of our teams in mind, the pandemic has

brought on significant changes and challenges to work routines and impacted the timelines for construction of new studios as well as the total operating capacity. North America has been among those markets where it has been most difficult to operate and expand but it has been a demanding year for all of our markets and locations. I am impressed with the hard work, resilience and ingenuity of our employees in handling this and how they have come together to take us through the ever-changing context of 2020 with such strong results. Simply great work from every single one on the EVO-Team, Thank you.

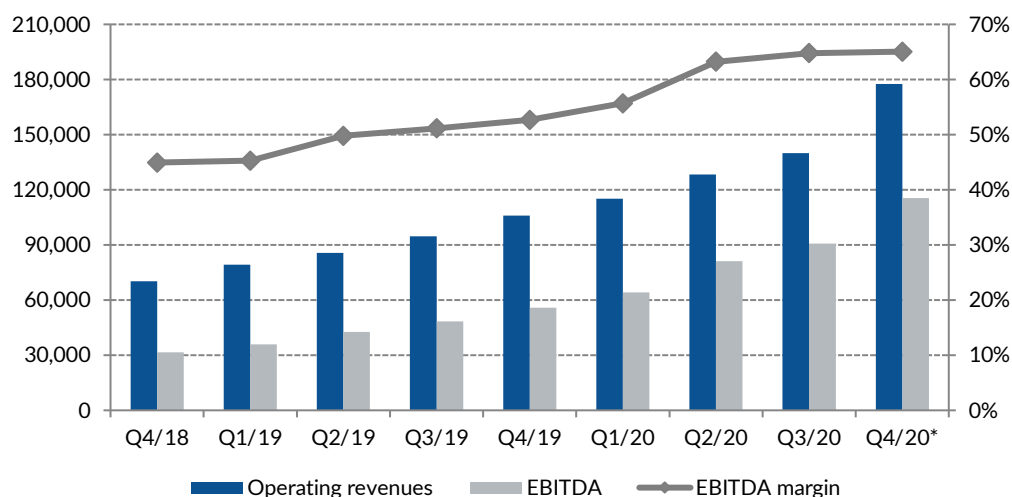
In this time of change and growth it is important to note that Evolution's focus will remain centered on the same idea that the company was once founded upon - innovation and pushing boundaries. We operate on the firm belief that it is the best products and the most thrilling experiences that will attract players and continuously increase the gap to the competition. We know that the future of gaming lies in engaging and entertaining and that, as a leading actor of this fast-moving industry, we are in a unique position to drive this development. For our people, it means that every individual should strive to be just a little bit better every day.

As we close the first year of this decade, the exact rate of global conversion from land-based to online gaming remains unpredictable. However, the overarching trends are clear and there is no doubt that online will continue to grow at a high rate, fuelled by the overall trends in increased access to high-speed internet and market regulation. We have our growth runway laid out to meet this growing demand, and we will continue to invest in studio capacity and keep our relentless focus on product innovation and a flawless delivery by our team and striving to do better every day.

There is much to look forward to in 2021. We enter the new year with an intense and successful 2020 behind us, a proven strong, competent and energetic team and tremendous business momentum. 2021 is off to a strong start and I am excited to soon share more news from the group on how we plan to work with operators to take product innovation and player experience to the next level.

**Martin Carlesund**  
CEO

### Quarterly results trend



\*Q420 adjusted for non-recurring items

## Financial performance in the fourth quarter of 2020

### Revenues

Revenues amounted to EUR 177.7 million (106.0) in the fourth quarter, equivalent to an increase of 68 percent compared with the corresponding period in 2019. NetEnt was consolidated as of 1 December and EUR 17.8 million of the revenue is derived from NetEnt-games. The positive revenue development within live casino 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 new games and variations on traditional games. The number of bet spots from end users amounted to 15.3 billion (7.1).

### Expenses

Operating expenses amounted to EUR 92.8 million (57.3). EUR 12.4 million of the increase compared with the previous period relates to NetEnt and includes depreciation and amortisation related to the acquisition. The quarter also includes 19.4 million in restructuring and acquisition costs related to the acquisition of NetEnt. These mainly consists of adaptation costs regarding personnel as well as unutilized lease agreements. The company's expansion in general has increased operating expenses compared with the fourth quarter of 2019.

### Profitability

EBITDA adjusted for non-recurring items amounted to EUR 115.6 million (55.8) corresponding to a margin of 65.1 percent (52.7). EBITDA including non-recurring items amounted to EUR 96.2 million corresponding to a margin of 54.2 percent (52.7). Operating profit amounted to EUR 84.8 million (48.7), corresponding to an increase of 74 percent. The operating margin was 47.8 percent (45.9).

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 4.1 percent (3.7). 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 80.6 million (46.8). Earnings per share before dilution were EUR 0.42 (0.26).

### **Investments**

Investments in intangible assets amounted to EUR 4.8 million (2.7) during the quarter and were mainly attributable to development of new games and technical improvements of the platform, such as new functionality. See Note 5 for information about acquisition of group companies.

Investments in property, plant and equipment amounted to EUR 6.2 million (6.9) 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 99.6 million (54.3) during the quarter. Cash flow from investing activities amounted to EUR 35.1 million (negative 11.2). Cash flow from financing activities was negative in the amount of EUR 194.4 million (negative 1.4) and includes the redemption of NetEnt's credit facilities of EUR 184.7 million. Cash and cash equivalents amounted to EUR 221.7 million (182.5) at the end of the quarter.

## **Full-year 2020 in brief**

### **Revenues**

For the January-December 2020 period, revenues amounted to EUR 561.1 million (365.8), corresponding to an increase of 53 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 261.4 million (208.3). Expenses were mainly driven by higher costs for the strong expansion, including the acquisition of NetEnt, which have increased other operating expenses by 69 percent (41) compared with the previous year. Expenses for personnel increased by 5.8 percent (29.4).

### **Profitability**

EBITDA adjusted for non-recurring items amounted to EUR 351.6 million (182.9) corresponding to a margin of 62.7 percent (50.0). EBITDA including non-recurring items amounted to EUR 332.2 million corresponding to a margin of 59.2 percent (50.0). Operating profit amounted to EUR 299.7 million (157.5) with an operating margin of 53.4 percent (43.1).

### **Investments**

Investments in intangible assets amounted to EUR 13.6 million (11.2) for the period. Investments in property, plant and equipment amounted to EUR 23.3 million (19.0). Investments in other financial assets amounted to EUR 2.4 million (0.6). See Note 5 for information about acquisition of group companies.

### **Cash and cash equivalents, financing and financial position**

Cash flow from operating activities amounted to EUR 316.1 million (175.8) over the period. The increase is primarily due to improved profit. Cash flow from investing activities amounted to EUR 6.8 million (negative 42.5). Cash flow from financing activities was negative in the amount of EUR 279.9 million (negative 36.1) and included dividend to shareholders of EUR 76.1 million (43.2) and the redemption of NetEnt's credit facilities of EUR 184.7 million.

## **Market development**

### **Online Casino market**

Evolution offer products within live casino and slots – two segments within online casino. The market for online casino has grown in recent years and is expected to continue to grow faster than the casino market as a whole. 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 fourth quarter 70 percent (69) 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)	Oct-Dec 2019	Jan-Mar 2020	Apr-Jun 2020	Jul-Sep 2020	Oct-Dec 2020
Nordics	6.1	6.2	6.7	5.8	11.1
UK	12.0	9.9	10.6	9.5	13.9
Rest Of Europe	53.3	59.8	62.4	65.6	81.1
Asia	17.7	20.8	28.2	34.8	41.9
North America	6.6	7.1	8.5	9.2	12.6
Other	10.2	11.4	12.1	15.1	17.1
<b>Total operating revenues</b>	<b>106.0</b>	<b>115.1</b>	<b>128.5</b>	<b>140.0</b>	<b>177.7</b>
Share of regulated markets	40%	38%	33%	32%	36% <sup>1</sup>
Revenues, regulated markets	42.4	43.7	42.8	45.2	64.3

## Other

### Parent Company

The Parent Company is a holding company. Net sales for the fourth quarter of 2020 amounted to EUR 2.8 million (2.3) and expenses to EUR 2.8 million (2.1). Operating profit amounted to EUR 0.0 million (negative 0.2). Result for the period amounted to EUR 200.2 million (100.1). The Parent Company's cash and cash equivalents amounted to EUR 34.4 million (1.1) at the end of the period and equity amounted to EUR 2,666.3 million (343.6). The acquisition of NetEnt has increased the participating interest in group companies with EUR 2,289.3 million and total equity has increased with EUR 2,204.0 million through the new issue of shares. No significant investments were made in intangible or tangible assets.

### Employees

As of 31 December 2020, Evolution had 9,506 employees (7,828), corresponding to 6,818 (5,554) full-time positions. The average number of full-time equivalents for the quarter was 5,954 (5,419).

### 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.

#### **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. Following the closing of the Offer, Evolution thus holds a total of 237,689,754 shares in NetEnt, corresponding to approximately 96.8 percent of the total number of shares and approximately 98.6 per cent of the total number of votes in NetEnt.

Evolution has initiated a compulsory buy-out procedure in accordance with the Swedish Companies Act (Sw. aktiebolagslagen (2005:551)) for the purpose of acquiring those shares not submitted in the Offer.

As of 1 December 2020, Evolution and NetEnt operates as one group under the name Evolution. Evolution has implemented a total reorganisation and integration of NetEnt. This reorganisation means, inter alia, that the management of Evolution assumes operational responsibility within NetEnt, but also a number of additional changes in reporting paths and structure.

The restructuring means a streamlining of the business within the development of slots games as well as the closure of NetEnt's Live offer. The streamlining measures will also have consequences within Business support units within the company. All measures are in line with the synergy goals which were previously communicated, in connection with the announcement of the offer, with annual cost savings of EUR 30 million compared to NetEnt's and Evolution's combined cost base as of the first quarter of 2020.

Evolution will continue to offer products under four brands Evolution, Ezugi, NetEnt and RedTiger. See Note 5 for additional information about the acquisition.

#### **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.

#### **Dividend**

The Board of Directors proposes that the Annual General Meeting resolve to transfer EUR 145.2 million (76.3) to shareholders, corresponding to EUR 0.68 per share (0.42) and 51 percent (51) of net profit respectively. Evolution has adopted a dividend policy according to which, 50 percent of the company's consolidated net profit is to be distributed over time, with a certain degree of flexibility in terms of the proportion distributed in dividends.

#### **Calendar**

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)	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
<b>Operating revenues</b>	<b>177,658</b>	<b>105,998</b>	<b>561,134</b>	<b>365,752</b>
Personnel expenses	-38,616	-33,263	-133,752	-126,419
Depreciation, amortisation and impairments	-11,382	-7,156	-32,513	-25,476
Other operating expenses	-42,823	-16,905	-95,169	-56,385
<b>Total operating expenses</b>	<b>-92,821</b>	<b>-57,324</b>	<b>-261,434</b>	<b>-208,280</b>
<b>Operating profit</b>	<b>84,837</b>	<b>48,674</b>	<b>299,700</b>	<b>157,472</b>
Financial items	-818	-40	-1,018	-200
<b>Profit before tax</b>	<b>84,019</b>	<b>48,634</b>	<b>298,682</b>	<b>157,272</b>
Tax on profit for the period	-3,419	-1,788	-14,060	-7,546
<b>Profit for the period</b>	<b>80,600</b>	<b>46,846</b>	<b>284,622</b>	<b>149,726</b>
<i>Of which attributable to:</i>				
Shareholders of the Parent Company	80,600	46,846	284,622	149,726
Average number of shares before dilution	191,632,153	181,622,725	183,927,915	180,737,305
Earnings per share before dilution (EUR)	0.42	0.26	1.55	0.83
Average number of shares after dilution	197,388,433	183,384,005	189,021,346	183,387,341
Earnings per share after dilution (EUR)	0.41	0.26	1.51	0.82
Operating margin	47.8%	45.9%	53.4%	43.1%
Effective tax rate	4.1%	3.7%	4.7%	4.8%

## Condensed comprehensive income statement

Group (EUR thousands)	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
<b>Profit for the period</b>	<b>80,600</b>	<b>46,846</b>	<b>284,622</b>	<b>149,726</b>
<b>Other comprehensive income</b>				
<i>Items that may be reclassified to profit</i>				
Exchange differences arising from the translation of foreign operations	41,898	-400	37,449	207
<b>Other comprehensive income, net after tax</b>	<b>41,898</b>	<b>-400</b>	<b>37,449</b>	<b>207</b>
<b>Total comprehensive income for the period</b>	<b>122,498</b>	<b>46,446</b>	<b>322,071</b>	<b>149,933</b>



## Consolidated balance sheets

Group (EUR thousands)	31/12/2020	31/12/2019
<b>Assets</b>		
Customer relationships	189,609	-
Game software	172,466	14,008
Brand	335,273	-
Goodwill	1,834,333	12,485
Other intangible assets	25,839	9,735
Buildings	11,629	11,991
Right of use assets	44,104	19,419
Property, plant and equipment	50,632	36,079
Other non-current receivables	3,302	1,118
Deferred tax assets	2,696	156
<b>Total non-current assets</b>	<b>2,669,883</b>	<b>104,991</b>
Accounts receivable	120,481	66,457
Other receivables	146,490	76,984
Prepaid expenses and accrued income	10,583	3,208
Cash and cash equivalents	221,675	182,520
<b>Total current assets</b>	<b>499,229</b>	<b>329,169</b>
<b>TOTAL ASSETS</b>	<b>3,169,112</b>	<b>434,160</b>
<b>Equity and liabilities</b>		
Share capital	638	545
Other capital contributed	2,225,817	17,430
Reserves	37,548	99
Retained earnings including profit for the period	462,168	262,823
<b>Total equity</b>	<b>2,726,171</b>	<b>280,897</b>
Deferred tax liabilities	36,666	69
Non-current lease liabilities	38,078	15,483
Non-current liabilities to credit institutions	-	-
<b>Total non-current liabilities</b>	<b>74,744</b>	<b>15,552</b>
Accounts payable	15,335	5,300
Current liabilities to credit institutions	0	5,619
Provisions	11,377	-
Current tax liabilities	164,082	81,524
Other current liabilities	128,502	19,604
Current lease liabilities	11,891	3,936
Accrued expenses and prepaid income	37,010	21,728
<b>Total current liabilities</b>	<b>368,197</b>	<b>137,711</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,169,112</b>	<b>434,160</b>

## Consolidated changes in equity

<b>Group, 2019</b> <b>(EUR thousands)</b>	<b>Share capital</b>	<b>Other capital contributed</b>	<b>Reserves</b>	<b>Retained earnings</b>	<b>Total equity</b>
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
<b>Closing equity 31/12/2019</b>	<b>545</b>	<b>17,430</b>	<b>99</b>	<b>262,823</b>	<b>280,897</b>

<b>Group, 2020</b> <b>(EUR thousands)</b>	<b>Share capital</b>	<b>Other capital contributed</b>	<b>Reserves</b>	<b>Retained earnings</b>	<b>Total equity</b>
Opening equity 01/01/2020	545	17,430	99	262,823	280,897
Dividend payout 29/06/2020	-	-	-	-76,140	-76,140
Warrants	-	4,504	-	717	5,221
Repurchase of own shares	-	-	-	-9,854	-9,854
New share issue	93	2,203,883	-	-	2,203,976
Profit for the period	-	-	-	284,622	284,622
Other comprehensive income	-	-	37,449	-	37,449
<b>Closing equity 31/12/2020</b>	<b>638</b>	<b>2,225,817</b>	<b>37,548</b>	<b>462,168</b>	<b>2,726,171</b>

## Consolidated statement of cash flows

Group (EUR thousands)	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Operating profit	84,838	48,674	299,700	157,472
<i>Adjustment for items not included in cash flows:</i>				
Depreciation, amortisation and impairments	11,382	7,156	32,513	25,476
Provisions	9,979	-	9,979	-
Other	11,388	977	13,866	1,216
Interest received	2,435	23	2,468	23
Interest paid	-786	-85	-1,065	-245
Tax paid	-346	-1,103	-6,517	-5,293
<b>Cash flows from operating activities before changes in working capital</b>	<b>118,890</b>	<b>55,642</b>	<b>350,944</b>	<b>178,649</b>
Increase / Decrease in Accounts receivable	-17,370	-12,190	-32,345	-17,276
Increase / Decrease in Accounts payable	1,197	1,305	-253	1,358
Increase / Decrease in other working capital	-3,093	9,498	-2,295	13,055
<b>Cash flows from operating activities</b>	<b>99,624</b>	<b>54,255</b>	<b>316,051</b>	<b>175,786</b>
Acquisition of intangible assets	-4,767	-2,747	-13,635	-11,158
Acquisition of property, plant and equipment	-6,155	-6,907	-23,251	-18,950
Acquisition of subsidiary	47,466	-1,352	46,085	-11,812
Increase / Decrease in other financial assets	-1,470	-504	-2,378	-604
<b>Cash flows from investing activities</b>	<b>35,074</b>	<b>-11,510</b>	<b>6,821</b>	<b>-42,524</b>
Repayment of debt to credit institutions	-189,633	-238	-190,351	-950
Repayment of lease liability	-1,666	-1,201	-5,059	-3,508
Repurchase of own shares	-	-	-9,854	-
Warrant premiums	-75	-	4,504	-152
New share issue	-3,010	0	-3,010	11,720
Dividend	-	-	-76,140	-43,164
<b>Cash flows from financing activities</b>	<b>-194,384</b>	<b>-1,439</b>	<b>-279,910</b>	<b>-36,054</b>
<b>Cash flow for the period</b>	<b>-59,686</b>	<b>41,306</b>	<b>42,962</b>	<b>97,208</b>
Cash and cash equivalents at start of period	283,203	141,108	182,520	84,951
Exchange rate differences	-1,842	106	-3,807	361
<b>Cash and cash equivalents at end of period</b>	<b>221,675</b>	<b>182,520</b>	<b>221,675</b>	<b>182,520</b>

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)	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Operating revenues (IFRS)	177,658	105,998	561,134	365,752
EBITDA margin	54.2%	52.7%	59.2%	50.0%
Operating margin	47.8%	45.9%	53.4%	43.1%
Profit margin	45.4%	44.2%	50.7%	40.9%
Equity/assets ratio	86.0%	64.7%	86.0%	64.7%
Cash and cash equivalents	221,675	182,520	221,675	182,520
Average number of full-time employees	5,731	5,419	5,118	4,894
Full-time employees at end of period	6,825	5,554	6,825	5,554
Earnings per share before dilution, EUR (IFRS)	0.42	0.26	1.55	0.83
Equity per share, EUR	12.84	1.55	12.84	1.55
Operating cash flow per share before dilution, EUR	0.52	0.30	1.72	0.97
Average number of outstanding shares before dilution	191,632,153	181,622,725	183,927,915	180,737,305
Number of outstanding shares	212,327,008	181,622,725	212,327,008	181,622,725

## Consolidated key ratios by quarter

Group (EUR thousands)	Q4/20	Q3/20	Q2/20	Q1/20	Q4/19	Q3/19	Q2/19	Q1/19	Q4/18
Operating revenues (IFRS)	177,658	140,020	128,307	115,149	105,998	94,729	85,728	79,297	70,226
EBITDA	96,219	90,728	81,143	64,123	55,830	48,470	42,730	35,918	31,568
EBITDA margin	54.2%	64.8%	63.2%	55.7%	52.7%	51.2%	49.8%	45.3%	45.0%
Operating profit	84,837	83,572	74,166	57,125	48,674	41,995	36,614	30,189	26,734
Operating margin	47.8%	59.7%	57.8%	49.6%	45.9%	44.3%	42.7%	38.1%	38.1%
Revenue growth vs prior year	67.6%	47.8%	49.7%	45.2%	50.9%	47.2%	44.7%	53.7%	38.5%
Revenue growth vs prior quarter	26.9%	9.1%	11.4%	8.6%	11.9%	10.5%	8.1%	12.9%	9.1%
Cash and cash equivalents	221,675	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)	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
<i>Operating margin</i>				
Profit before tax	84,019	48,634	298,682	157,272
Net financial items	818	40	1,018	200
<b>Operating profit (EBIT)</b>	<b>84,837</b>	<b>48,674</b>	<b>299,700</b>	<b>157,472</b>
Divided by Total operating revenues	177,658	105,998	561,134	365,752
<b>Operating (EBIT) margin</b>	<b>47.8%</b>	<b>45.9%</b>	<b>53.4%</b>	<b>43.1%</b>
<i>EBITDA and EBITDA margin</i>				
Profit before tax	84,019	48,634	298,682	157,272
Net financial items	818	40	1,018	200
Depreciation/amortisation	11,382	7,156	32,513	25,476
<b>EBITDA</b>	<b>96,219</b>	<b>55,830</b>	<b>332,213</b>	<b>182,949</b>
Divided by Total operating revenues	177,658	105,998	561,134	365,752
<b>EBITDA margin</b>	<b>54.2%</b>	<b>52.7%</b>	<b>59.2%</b>	<b>50.0%</b>
<i>Profit margin</i>				
<b>Profit for the period</b>	<b>80,600</b>	<b>46,846</b>	<b>284,622</b>	<b>149,726</b>
Divided by Total operating revenues	177,658	105,998	561,134	365,752
<b>Profit margin</b>	<b>45.4%</b>	<b>44.2%</b>	<b>50.7%</b>	<b>40.9%</b>
<i>Equity/Assets ratio</i>				
<b>Total equity</b>	<b>2,726,171</b>	<b>280,897</b>	<b>2,726,171</b>	<b>280,897</b>
Divided by Total assets	3,169,112	434,160	3,169,112	434,160
<b>Equity/Assets ratio</b>	<b>86.0%</b>	<b>64.7%</b>	<b>86.0%</b>	<b>64.7%</b>

## Condensed Parent Company income statements and other comprehensive income

Parent company (EUR thousands)	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net sales	2,847	2,342	9,405	7,120
Other external expenses	-2,798	-2,148	-9,220	-6,885
<b>Operating profit</b>	<b>49</b>	<b>194</b>	<b>185</b>	<b>235</b>
Interest income and similar income	200,136	100,124	200,136	100,124
Interest expenses and similar expenses	0	0	0	0
<b>Profit before tax</b>	<b>200,185</b>	<b>100,318</b>	<b>200,321</b>	<b>100,359</b>
Tax on profit for the period	-33	-237	-88	-904
<b>Profit for the period</b>	<b>200,152</b>	<b>100,081</b>	<b>200,233</b>	<b>99,455</b>

Parent company (EUR thousands)	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
<b>Profit for the period</b>	<b>200,152</b>	<b>100,081</b>	<b>200,233</b>	<b>99,455</b>
Other comprehensive income	-	-	-	-
<b>Other comprehensive income, net after tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>200,152</b>	<b>100,081</b>	<b>200,233</b>	<b>99,455</b>

## Condensed Parent Company balance sheets

Parent company (EUR thousands)	31/12/2020	31/12/2019
<b>Assets</b>		
Intangible assets	763	828
Property, plant and equipment	50	65
Participating interest in Group companies	2,495,279	206,000
Other non-current receivables	41	40
<b>Total non-current assets</b>	<b>2,496,133</b>	<b>206,933</b>
Receivables from Group companies	212,914	137,451
Other current receivables	751	219
Prepaid expenses and accrued income	368	228
Cash and cash equivalents	34,388	1,112
<b>Total current assets</b>	<b>248,421</b>	<b>139,010</b>
<b>TOTAL ASSETS</b>	<b>2,744,554</b>	<b>345,943</b>
<b>Equity and liabilities</b>		
Share capital	638	545
Retained earnings including profit for the period	2,665,657	343,031
<b>Total equity</b>	<b>2,666,295</b>	<b>343,576</b>
Accounts payable	2,620	128
Current tax liabilities	1,120	1,399
Other current liabilities	73,719	173
Accrued expenses and prepaid income	800	667
<b>Total current liabilities</b>	<b>78,259</b>	<b>2,367</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,744,554</b>	<b>345,943</b>

## 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. The accounting policies are unchanged from the 2019 annual report. There are no amendments to IFRS standards in 2020 that have had material impact on the Group's results of operations and financial position.

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.

### Note 2. Events following the balance sheet date

At the extraordinary general meeting in Evolution Gaming Group AB (publ) on 28 January 2021 it was resolved on the establishment of an incentive programme that involves a directed issue and transfer of warrants in the company. The resolution includes a directed issue of not more than 5,000,000 warrants to a wholly-owned subsidiary with a subsequent transfer to the participants in the incentive programme.

### 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 is 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.

### Note 5. Acquisition of group companies

The acceptance period for the public offer to the shareholders of NetEnt expired on 30 November, and 96.8 percent of NetEnt's shareholders accepted the offer. The acquisition of NetEnt was completed on 1 December and is included in the consolidated financial statements from that date. The acquisition took place through a non-cash issue where each share in NetEnt was replaced with 0.1306 shares in Evolution. Based on the share price in Evolution on 1 December, the purchase price amounted to EUR 2,280,204 thousand, of which EUR 73,219 thousand relates to debt for compulsory redemption of the remaining shares. In addition to the non-cash issue, outstanding warrants in NetEnt's existing warrant program have been redeemed for EUR 8,271 thousand. According to the preliminary acquisition analysis, a non-tax-deductible goodwill of EUR 1,793,537 thousand arose that is primarily attributable to the skills that NetEnt employees contribute and strengthened presence in important markets. The useful life for customer relationships, game portfolio and proprietary software is estimated to be ten years.

**Fair value acquired net assets NetEnt (kEUR)**

Customer relationships	188,179
Brand	329,971
Game portfolio	161,056
Proprietary software	4,508
Other intangible assets	6,996
Right of use assets	15,657
Property, plant and equipment	6,457
Long-term financial assets	357
Accounts receivable	25,198
Other short-term assets	20,534
Accrued income and prepaid expenses	9,043
Cash and cash equivalents	56,540
Deferred tax liability	-35,931
Provisions	-1,218
Leasing liability	-14,676
Accounts payable	-10,311
Short-term liabilities, interest bearing	-184,732
Other short-term liabilities	-82,690
<b>Total acquired net assets</b>	<b>494,938</b>

**Purchase consideration NetEnt (kEUR)**

Non-cash issue	2,206,985
Redemption outstanding w warrants NetEnt	8,271
Debt compulsory redemption shares NetEnt	73,219
<b>Total purchase consideration</b>	<b>2,288,475</b>
Fair value acquired net assets	-494,938
<b>Goodwill</b>	<b>1,793,537</b>

**Group (kEUR)**

<b>Investing activities</b>	<b>2020</b>
Additional purchase consideration Ezugi	-1,381
Redemption warrants NetEnt	-8,271
Expenses directly linked to the acquisition of NetEnt	-803
Cash and cash equivalents in acquired NetEnt entities	56,540
<b>Effect on consolidated cash and cash equivalents</b>	<b>46,085</b>

Expenses related to acquisitions are included in Other operating expenses in the income statement.

**Group (kEUR)**

<b>NetEnt's contribution</b>	<b>2020</b>
Operating revenue	17,819
Profit after tax for the year	-10,891

Profit for the year include acquisition and restructuring costs of 19,386 kEUR and amortisation of excess values of 2,730 kEUR.



Following table shows revenue and profit for the year as if the acquisition of NetEnt took place on 1 January

<b>Group (kEUR)</b>	<b>NetEnt</b>	<b>Evolution</b>	<b>Group</b>
Operating revenue	202,153	543,315	<b>745,468</b>
Profit after tax for the year	36,841	295,513	<b>332,354</b>

NetEnt profit for the year include acquisition and restructuring costs of 19,386 kEUR and amortisation of excess values of 32,902 kEUR.

Revenue NetEnt 2020

<b>NetEnt (kEUR)</b>	<b>Q120</b>	<b>Q220</b>	<b>Q320</b>	<b>Q420</b>	<b>2020</b>
Per quarter	49,009	54,220	49,330	49,595	<b>202,153</b>

Reported amounts in SEK are converted with SEK/EUR 10.56

Stockholm, 10 February 2021

Martin Carlesund  
CEO

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**Presentation for investors, analysts and the media**

CEO Martin Carlesund and CFO Jacob Kaplan will present the report and answer questions on Wednesday, 10 February 2021 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 8 505 583 65

UK: +44 333 300 90 30

US: +1 833 249 84 07

Follow the presentation at: <https://tv.streamfabriken.com/evolution-gaming-group-q4-2020>

*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 10 February 2021, at 07.30 am CET.*

*This report is published in Swedish and English. In case of any differences between the English version and the Swedish original text, the Swedish version shall apply. This report has not been subject to review by the company's independent auditor.*

## Definitions of key ratios

<b>Key ratios</b>	<b>Definition</b>	<b>Purpose</b>
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.
<b>Per share</b>		
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.