



Third quarter of 2021 (Q3 2020)

- Operating revenues increased by 97% to EUR 276.0 million (140.0)
- EBITDA increased by 113% to EUR 192.9 million (90.7), corresponding to a margin of 69.9% (64.8)
- Profit for the period amounted to EUR 157.4 million (79.4)
- Earnings per share amounted to EUR 0.73 (0.44)

January-September 2021 (9M 2020)

- Operating revenues increased by 100% to EUR 768.5 million (383.5)
- EBITDA increased by 124% to EUR 527.7 million (236.0), corresponding to a margin of 68.7% (61.5)
- Profit for the period amounted to EUR 433.9 million (204.0)
- Earnings per share amounted to EUR 2.03 (1.12)

Events during the third quarter of 2021

- High demand for Live Casino generates a +53% growth YoY
- RNG revenue growth 7.9% compared to pro-forma Q3 2020
- Continued expansion in the US with opening of a new live casino studio in Michigan. After the end of the period launch of RNG-games in Connecticut with live games to follow.

Summary of the third quarter and the first nine months of 2021

| Group, EUR thousands | Jul-Sep 2021 | Jul-Sep 2020 | % | Jan-Sep 2021 | Jan-Sep 2020 | % | Oct 2020-Sep 2021 | Jan-Dec 2020 | % |
|--|--------------|--------------|------|--------------|--------------|------|-------------------|--------------|-----|
| Operating revenues | 276,016 | 140,020 | 97% | 768,544 | 383,476 | 100% | 946,202 | 561,134 | 69% |
| EBITDA | 192,942 | 90,728 | 113% | 527,735 | 235,994 | 124% | 623,954 | 332,213 | 88% |
| EBITDA margin | 69.9% | 64.8% | - | 68.7% | 61.5% | - | 65.9% | 59.2% | - |
| EBITDA excluding items affecting comparability | 192,942 | 90,728 | 113% | 527,735 | 235,994 | 124% | 643,340 | 351,599 | 83% |
| Adjusted EBITDA-margin | 69.9% | 64.8% | - | 68.7% | 61.5% | - | 68.0% | 62.7% | - |
| Operating profit | 171,963 | 83,572 | 106% | 469,463 | 214,863 | 118% | 554,300 | 299,700 | 85% |
| Operating margin | 62.3% | 59.7% | - | 61.1% | 56.0% | - | 58.6% | 53.4% | - |
| Profit for the period | 157,434 | 79,381 | 98% | 433,878 | 204,022 | 113% | 514,478 | 284,622 | 81% |
| Profit margin | 57.0% | 56.7% | - | 56.5% | 53.2% | - | 54.4% | 50.7% | - |
| Earnings per share before dilution, EUR | 0.73 | 0.44 | 67% | 2.03 | 1.12 | 81% | 2.47 | 1.55 | 60% |
| Equity per share, EUR | 14.76 | 2.20 | 570% | 14.76 | 2.20 | 570% | 14.76 | 12.84 | 15% |
| OCF per share before dilution, EUR | 0.90 | 0.47 | 92% | 1.97 | 1.19 | 65% | 2.50 | 1.72 | 46% |
| Average number of FTEs | 8,013 | 4,699 | 71% | 7,587 | 4,867 | 56% | 6,997 | 5,118 | 37% |

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Evolution develops, produces, markets and licenses fully integrated B2B Online Casino solutions to gaming operators. Since its inception in 2006, Evolution has developed into a leading B2B provider with 500+ operators among its customers. The group currently employs 12,000+ 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 license 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

The third quarter this year has been another quarter of extremely high activity within Evolution. The expansion of our business at the current speed is simply put - hard work - and I want to start these comments by thanking everyone in Evolution for great work during this period, without your effort and commitment the achieved financial results would not be possible.

The result for the third quarter 2021 has once again proven that our strategy to focus on the entertainment of the end-users and seamless and flawless experience is successful. Revenues in the third quarter increased by 97 percent to EUR 276 million, while the EBITDA increased to EUR 192.9 million. The EBITDA corresponds to a margin of 69.9 percent, exceeding our guidance for 2021.

Top-line growth is driven by very strong global demand for Live Casino but also impacted positively from our increased RNG business. Live Casino revenue growth was 53.2 percent compared to Q3 2020, which is higher than the pre-pandemic growth rate levels, showing that many of our newer players are staying in the network. RNG growth was 7.9 percent compared to pro-forma figures of Q3 2020 for NetEnt and BTG. Big Time Gaming, which was fully consolidated into our results in the third quarter, contributed with EUR 10.6 million in revenue. BTG stand-alone is growing at a rate of over 30 percent in the quarter, compared to their corresponding quarter in 2020. Our NetEnt and Red Tiger brands show growth of about 3 percent compared to the same quarter 2020 and while this development is in line with our expectations, our ambition for our NetEnt and Red Tiger brands is to deliver stronger growth moving into 2022.

As I have mentioned earlier this year, we are in the process of reshaping our RNG business. This year we have both re-structured the product roadmap and also re-built the complete technical platform for NetEnt. We are right now rolling out our updated integration for casino, One Stop Shop (OSS), towards customers which enables operators to reach all our existing content from one single integration and ensures that access to future Evolution content will go seamless and fast world-wide. This is a major step for both us and our customers but even more so for all our end users who will get more fantastic Evolution content. One side-effect of this total technical make-over has been fewer new game releases in 2021.

As always, we continue to develop our portfolio of games. While our game shows, including successful wheel-based games such as Monopoly Live and Crazy Time, continue to attract players, we continue to broaden the audience for the game show category. Our new bouncing ball game - Cash or Crash - adds strategic and decision-making features in a game show style game. This game is all about player choice and the ability for the player to control the outcome. We also launched Fan Tan - a fresh twist on the beautiful traditional Asian bead game.

Besides adding new unique games, it's absolutely crucial to constantly enhance the end-user experience and entertainment value through enhanced and innovative user interfaces. Reduce all small bottlenecks and make it seamless. During the quarter, we launched an improved user interface to our traditional Blackjack game, through a new zooming feature in portrait mode. This clearly improves the gaming experience further.

The aim with all our offerings is to excite and entertain players with the best possible choice of world-class gaming. We are committed to creating the most immersive and exciting gaming experiences available.

The North American online casino market continues to develop rapidly in both US and Canada. In Michigan, where we introduced our portfolio of NetEnt games in the beginning of the year, we launched our live casino in the beginning of the quarter. The studio is off to a very good start and this best-in-class offering is yet another enabler of growth in the US market. After the end of the period we were first to the market with our slot games in Connecticut. We expect Live games to follow soon, Connecticut will be the 4th studio we operate in the US. Also after the end of the period we launched our live and RNG games with the Ontario Lottery and Gaming Corporation, it will be the 4th province in Canada to go live from our Canadian studio.

Ongoing studio projects include new studios in Madrid and Yerevan. This quarter, a lot of business focus has been centred around investing and establishing new studios. As always, expansion potential lies in existing markets, as well as new geographies and we will, as a natural part of our business, continue to expand and invest in existing studios both in North America and other regions at the same level as earlier.

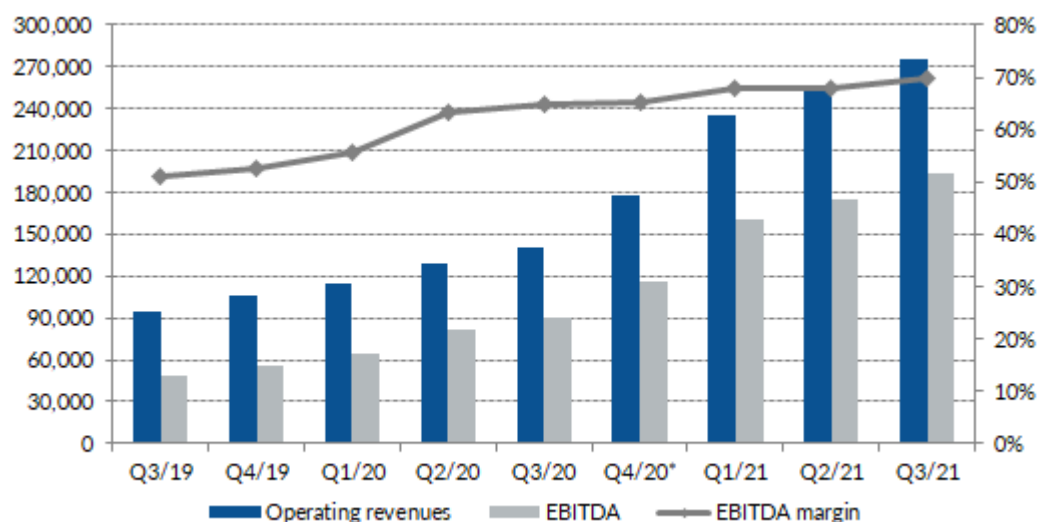
Also, during the past quarter, we signed an agreement to acquire DigiWheel in an all-cash deal. DigiWheel's technology is exciting, innovative and unique and will be blended into our online Live Casino games and game shows. The ambition is to launch new games in 2022 using this technology.

As stated, our ambition is to continue to strengthen our leading position in the online casino market. One of the corner stones which allows us to increase the gap to our competitors even further is through product innovation. In February, as things are getting back to normal, it is once again time for ICE in London. I am already now very excited about presenting our 2022 road-map.

We are now well on our way into an exciting and very hectic last quarter and we have had strong start to the fourth quarter so far. New games to release, new studios to build, OSS to be rolled out and great new Evolutioneers to recruit at the same time as all of us already here need to focus hard on what we can do better, what we can do to make Evolution a little bit better every day.

Martin Carlesund
CEO

Quarterly results trend



*Q4/20 adjusted for non-recurring items

Financial performance in the third quarter of 2021

Revenues

Revenues amounted to EUR 276.0 million (140.0) in the third quarter, equivalent to an increase of 97 percent compared with the corresponding period in 2020. EUR 61.5 million (-) of the revenue was derived from RNG-games. The positive revenue development within online casino mainly derives from increased commission income from existing customers and, to a certain extent, from new customers. Demand for online 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 18.1 billion (12.9).

Revenue by game type

| Group, EUR million | Jul-Sep 2020 | Oct-Dec 2020 | Jan-Mar 2021 | Apr-Jun 2021 | Jul-Sep 2021 |
|---------------------------|--------------|--------------|--------------|--------------|--------------|
| Live | 140.0 | 159.9 | 183.7 | 203.7 | 214.5 |
| RNG, as reported | - | 17.8 | 52.2 | 53.0 | 61.5 |
| Total | 140.0 | 177.7 | 235.8 | 256.7 | 276.0 |
| RNG NetEnt/BTG, pro-forma | 57.0 | 57.5 | 61.2 | 61.7 | - |

NetEnt and Big Time Gaming are included in the consolidated financial statements from 1 December 2020 and 1 July 2021 respectively. The RNG revenue for July-September 2020 is the equivalent to the reported revenue for NetEnt for the third quarter during 2020 with the addition of the BTG-revenue for that quarter. The reported revenues October-December 2020 for Evolution amounted to EUR 177.7 million, including EUR 17.8 million from NetEnt. NetEnt reported amounts in SEK are converted with SEK/EUR 10.56.

Expenses

Operating expenses amounted to EUR 104.1 million (56.4). Expenses were mainly driven by higher costs for personnel, connected to the launch of new tables in the company's studios and the expansion in general compared to the third quarter of 2020. The expansion has also increased other operating expenses compared with Q3 2020.

Profitability

Operating profit amounted to EUR 172.0 million (83.6), corresponding to an increase of 106 percent. The operating margin was 62.3 percent (59.7). The EBITDA margin was 69.9 percent (64.8).

Net financial items only had small impact on profits and related mostly to leasing interest expenses and currency exchange differences. The Group's effective tax rate for the quarter amounted to 7.1 percent (5.0). 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 157.4 million (79.4). Earnings per share before dilution were EUR 0.73 (0.44).

Investments

Investments in intangible assets amounted to EUR 5.3 million (2.8) 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 7.3 million (7.5) 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 193.4 million (84.7) during the quarter. Cash flow from investing activities was negative in the amount of EUR 9.8 million (negative 10.6). Cash flow from financing activities amounted to EUR 6.9 million (negative 1.3) and included cash received in new share issue related to incentive programmes of EUR 23.2 million. Cash and cash equivalents amounted to EUR 391.9 million (283.2) at the end of the quarter.

First nine months of 2021 in brief

Revenues

For the January-September 2021 period, revenues amounted to EUR 768.5 million (383.5), corresponding to an increase of 100 percent compared with the same period in 2020. EUR 166.7 million (-) of the revenue was derived from RNG-games. The positive revenue development within online casino mainly derives from increased commission income from both new and existing customers.

Expenses

Operating expenses amounted to EUR 299.1 million (168.6). Expenses were mainly driven by higher costs for personnel, connected to the launch of new tables and studios. The strong expansion has also increased other operating expenses compared with the previous year.

Profitability

Operating profit amounted to EUR 469.5 million (214.9) with an operating margin of 61.1 percent (56.0). The EBITDA margin was 68.7 percent (61.5).

Investments

Investments in intangible assets amounted to EUR 19.9 million (8.9) for the period. Investments in property, plant and equipment amounted to EUR 19.5 million (17.1). Investments in other financial assets amounted to EUR 1.2 million (0.9).

Cash and cash equivalents, financing and financial position

Cash flow from operating activities amounted to EUR 420.5 million (216.4) over the period. The increase is primarily due to improved profit. Cash flow from investing activities was negative in the amount of EUR 132.7 million (negative 28.3) and included investment in subsidiaries of EUR 92.2 million (1.4). Cash flow from financing activities was negative in the amount of EUR 120.7 million (negative 85.5) and included dividend to shareholders of EUR 144.4 million (76.1).

Market development

Online Casino market

The global online casino market (Live & RNG) 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 global online 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 (69.7) of the operators' GGR via Evolution's platform was generated by mobile devices. RNG is the largest vertical of the online casino market. However, to a large extent, growth is driven by Live Casino having grown in importance for most gaming operators and has become an integrated and strategically important product for them.

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. The UK includes the Crown Dependencies.

Revenue per geographical region

| Group, EUR million | Jul-Sep 2020 | Oct-Dec 2020 | Jan-Mar 2021 | Apr-Jun 2021 | Jul-Sep 2021 |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|
| Nordics | 5.8 | 11.1 | 16.4 | 16.4 | 19.5 |
| UK | 9.5 | 13.9 | 21.4 | 19.8 | 19.1 |
| Rest of Europe | 65.6 | 81.1 | 104.1 | 104.0 | 103.2 |
| Asia | 34.8 | 41.9 | 53.2 | 65.7 | 76.7 |
| North America | 9.2 | 12.6 | 21.6 | 27.2 | 31.9 |
| Other | 15.1 | 17.1 | 19.1 | 23.5 | 25.6 |
| Total operating revenue | 140.0 | 177.7 | 235.8 | 256.7 | 276.0 |
| Share of regulated markets | 32% | 36% | 40% | 40% | 38% |
| Revenue, regulated markets | 45.2 | 64.3 | 93.9 | 102.9 | 103.8 |

Other

Parent Company

The Parent Company is a holding company. Net sales for the third quarter of 2021 amounted to EUR 4.8 million (2.5) and expenses to EUR 4.2 million (2.4). Operating profit amounted to EUR 0.6 million (0.1). Result for the period amounted to EUR 0.5 million (0.1). The Parent Company's cash and cash equivalents amounted to EUR 25.2 million (11.9) at the end of the period and equity amounted to EUR 2,703.2 million (262.2). No significant investments were made in intangible or tangible assets.

Employees

As of 30 September 2021, Evolution had 12,289 employees (7,395), corresponding to 8,091 full-time positions (5,054). The average number of full-time equivalents for the quarter was 8,013 (4,699).

Events following the balance sheet date

As of 1st October, the Netherlands opened its regulated online gambling market. Initially ten operators were awarded a license from the Dutch Gaming Authority. Evolution has launched its live casino and RNG games with several of the licensed operators including Nederlandse Loterij. We expect several of our current customers in other markets to also receive licenses in the Netherlands during 2022. Due to the limited number of licenses initially awarded, we expect a negative effect of less than 1 percent on group revenue in the fourth quarter compared to the third quarter. The market is off to a very good start and in the long-term we see potential for continued growth in the Netherlands.

In October, Evolution, with its NetEnt and Red Tiger slot games, was the first provider to launch in the newly opened market in Connecticut. We are currently building our fourth US studio in Connecticut and live casino games will be added to the offering as soon as possible.

After the end of the period we launched in Ontario, Canada in partnership with Ontario Lottery and Gaming Corporation (OLG). OLG is the fourth Canadian province to partner with Evolution, joining British Columbia, Alberta and Québec in streaming live games from Evolution's Vancouver studio. The Ontario market is planned to open for other commercial licensees later this year.

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 2020, which is available on the company's website.

Calendar

| | |
|---|-----------------|
| Year-end report 2021 | 9 February 2022 |
| Annual General Meeting | 8 April 2022 |
| Interim report January – March 2022 | 28 April 2022 |
| Interim report January – June 2022 | 21 July 2022 |
| Interim report January – September 2022 | 27 October 2022 |

Stockholm, 28 October 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 Thursday, 28 October 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 56

UK: +44 33 330 092 71

US: +1 646 722 49 56

Follow the presentation at: <https://tv.streamfabriken.com/evolution-gaming-group-q3-2021>

This information is such that Evolution 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 28 October 2021, at 07:30 am CET.

Condensed consolidated income statement

| Group, EUR thousands | Jul-Sep 2021 | Jul-Sep 2020 | Jan-Sep 2021 | Jan-Sep 2020 | Oct 2020- Sep 2021 | Jan-Dec 2020 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------------|-----------------|
| Revenues - Live | 214,531 | 140,020 | 601,883 | 383,476 | 761,722 | 543,315 |
| Revenues - RNG | 61,485 | - | 166,661 | - | 184,480 | 17,819 |
| Total operating revenues | 276,016 | 140,020 | 768,544 | 383,476 | 946,202 | 561,134 |
| Personnel expenses | -51,549 | -31,510 | -151,913 | -95,136 | -190,529 | -133,752 |
| Depreciation, amortisation and impairments | -20,979 | -7,156 | -58,272 | -21,131 | -69,654 | -32,513 |
| Other operating expenses | -31,525 | -17,782 | -88,896 | -52,346 | -131,719 | -95,169 |
| Total operating expenses | -104,053 | -56,448 | -299,081 | -168,613 | -391,902 | -261,434 |
| Operating profit | 171,963 | 83,572 | 469,463 | 214,863 | 554,300 | 299,700 |
| Financial items | -2,533 | -41 | -6,221 | -200 | -7,039 | -1,018 |
| Profit before tax | 169,430 | 83,531 | 463,242 | 214,663 | 547,261 | 298,682 |
| Tax on profit for the period | -11,996 | -4,150 | -29,364 | -10,641 | -32,783 | -14,060 |
| Profit for the period | 157,434 | 79,381 | 433,878 | 204,022 | 514,478 | 284,622 |
| <i>Of which attributable to:</i> | | | | | | |
| Shareholders of the Parent Company | 157,434 | 79,381 | 433,878 | 204,022 | 514,478 | 284,622 |
| Average number of shares before dilution | 215,111,115 | 181,284,725 | 213,377,825 | 181,359,836 | 207,941,407 | 183,927,915 |
| Earnings per share before dilution, EUR | 0.73 | 0.44 | 2.03 | 1.12 | 2.47 | 1.55 |
| Average number of shares after dilution | 222,980,433 | 187,046,005 | 221,570,284 | 186,232,231 | 215,524,822 | 189,021,346 |
| Earnings per share after dilution, EUR | 0.71 | 0.42 | 1.96 | 1.10 | 2.39 | 1.51 |
| Operating margin | 62.3% | 59.7% | 61.1% | 56.0% | 58.6% | 53.4% |
| Effective tax rate | 7.1% | 5.0% | 6.3% | 5.0% | 6.0% | 4.7% |

Condensed comprehensive income statement

| Group, EUR thousands | Jul-Sep 2021 | Jul-Sep 2020 | Jan-Sep 2021 | Jan-Sep 2020 | Oct 2020- Sep 2021 | Jan-Dec 2020 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------------|-----------------|
| Profit for the period | 157,434 | 79,381 | 433,878 | 204,022 | 514,478 | 284,622 |
| Other comprehensive income | | | | | | |
| <i>Items that may be reclassified to profit</i> | | | | | | |
| Exchange differences arising from the translation of foreign operations | 12,005 | -2,814 | -23,680 | -4,449 | -54,916 | 37,449 |
| Other comprehensive income | 12,005 | -2,814 | -23,680 | -4,449 | -54,916 | 37,449 |
| Total comprehensive income for the period | 169,439 | 76,567 | 410,198 | 199,573 | 459,562 | 322,071 |

Consolidated balance sheet

| Group, EUR thousands | 30/09/2021 | 30/09/2020 | 31/12/2020 |
|---|------------------|----------------|------------------|
| Assets | | | |
| Goodwill | 2,217,651 | 11,956 | 1,834,333 |
| Other intangible assets | 763,630 | 23,294 | 723,187 |
| Buildings | 11,464 | 11,719 | 11,629 |
| Right of use assets | 56,523 | 23,678 | 44,104 |
| Property, plant and equipment | 59,255 | 43,098 | 50,632 |
| Other non-current receivables | 11,868 | 1,602 | 3,302 |
| Deferred tax assets | 1,849 | 340 | 2,696 |
| Total non-current assets | 3,122,240 | 115,687 | 2,669,883 |
| Accounts receivable | 180,180 | 79,943 | 120,481 |
| Other receivables | 219,500 | 117,559 | 146,490 |
| Prepaid expenses and accrued income | 32,863 | 5,272 | 10,583 |
| Cash and cash equivalents | 391,931 | 283,203 | 221,675 |
| Total current assets | 824,474 | 485,977 | 499,229 |
| TOTAL ASSETS | 3,946,714 | 601,664 | 3,169,112 |
| Equity and liabilities | | | |
| Share capital | 647 | 545 | 638 |
| Other capital contributed | 2,406,346 | 22,009 | 2,225,817 |
| Reserves | 13,868 | -4,350 | 37,548 |
| Retained earnings including profit for the period | 753,587 | 381,358 | 462,168 |
| Total equity | 3,174,448 | 399,562 | 2,726,171 |
| Deferred tax liabilities | 55,410 | 73 | 36,666 |
| Non-current lease liabilities | 58,191 | 19,259 | 38,078 |
| Other non-current liabilities | 230,000 | - | - |
| Total non-current liabilities | 343,601 | 19,332 | 74,744 |
| Accounts payable | 7,824 | 3,756 | 15,335 |
| Current liabilities to credit institutions | - | 4,907 | - |
| Provisions | 3,541 | - | 11,377 |
| Current tax liabilities | 247,888 | 125,611 | 164,082 |
| Other current liabilities | 112,197 | 19,017 | 128,502 |
| Current lease liabilities | 11,918 | 4,418 | 11,891 |
| Accrued expenses and prepaid income | 45,297 | 25,061 | 37,010 |
| Total current liabilities | 428,665 | 182,770 | 368,197 |
| TOTAL EQUITY AND LIABILITIES | 3,946,714 | 601,664 | 3,169,112 |

Consolidated changes in equity

| 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 | - | - | - | -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 |
| Closing equity 31/12/2020 | 638 | 2,225,817 | 37,548 | 462,168 | 2,726,171 |

| Group 2021, EUR thousands | Share capital | Other capital contributed | Reserves | Retained earnings | Total equity |
|----------------------------------|----------------------|----------------------------------|-----------------|--------------------------|---------------------|
| Opening equity 01/01/2021 | 638 | 2,225,817 | 37,548 | 462,168 | 2,726,171 |
| Dividend | - | - | - | -144,382 | -144,382 |
| Warrants | - | 9,550 | - | 1,923 | 11,473 |
| Non cash issue | 3 | 147,801 | - | - | 147,804 |
| New share issue | 6 | 23,178 | - | - | 23,184 |
| Profit for the period | - | - | - | 433,878 | 433,878 |
| Other comprehensive income | - | - | -23,680 | - | -23,680 |
| Closing equity 30/09/2021 | 647 | 2,406,346 | 13,868 | 753,587 | 3,174,448 |

Consolidated statement of cash flow

| Group, EUR thousands | Jul-Sep 2021 | Jul-Sep 2020 | Jan-Sep 2021 | Jan-Sep 2020 | Oct 2020- Sep 2021 | Jan-Dec 2020 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------------|-----------------|
| Operating profit | 171,963 | 83,572 | 469,463 | 214,863 | 554,300 | 299,700 |
| <i>Adjustment for non-cash items:</i> | | | | | | |
| Depreciation/amortisation/impairments | 20,979 | 7,156 | 58,272 | 21,131 | 69,654 | 32,513 |
| Provisions | -677 | - | -6,682 | - | 3,297 | 9,979 |
| Other | -133 | 2,189 | -2,561 | 2,477 | 8,828 | 13,866 |
| Interest received | 76 | 11 | 182 | 33 | 2,617 | 2,468 |
| Interest paid | -969 | -98 | -2,516 | -279 | -3,302 | -1,065 |
| Tax paid | 13,028 | -565 | -20,088 | -6,171 | -20,434 | -6,517 |
| Cash flow from operating activities before changes in working capital | 204,267 | 92,265 | 496,070 | 232,054 | 614,960 | 350,944 |
| Increase/decrease in accounts receivable | -4,377 | -9,250 | -52,834 | -14,975 | -70,204 | -32,345 |
| Increase/decrease in accounts payable | 440 | -582 | -7,840 | -1,450 | -6,643 | -253 |
| Increase/decrease in other working capital | -6,925 | 2,291 | -14,937 | 798 | -18,030 | -2,295 |
| Cash flow from operating activities | 193,405 | 84,724 | 420,459 | 216,427 | 520,083 | 316,051 |
| Acquisition of intangible assets | -5,265 | -2,761 | -19,853 | -8,868 | -24,620 | -13,635 |
| Acquisition of tangible assets | -7,328 | -7,511 | -19,452 | -17,096 | -25,607 | -23,251 |
| Acquisition of subsidiary | 4,288 | - | -92,230 | -1,381 | -44,764 | 46,085 |
| Increase/decrease in other financial assets | -1,451 | -367 | -1,150 | -908 | -2,620 | -2,378 |
| Cash flow from investing activities | -9,756 | -10,639 | -132,685 | -28,253 | -97,611 | 6,821 |
| Repayment of debt to credit institutions | - | -240 | - | -718 | -189,633 | -190,351 |
| Repayment of lease liability | -3,840 | -1,108 | -9,013 | -3,393 | -10,679 | -5,059 |
| Repurchase of own shares | - | - | - | -9,854 | - | -9,854 |
| Warrant premiums | -12,423 | - | 9,550 | 4,579 | 9,475 | 4,504 |
| New share issue | 23,189 | - | 23,189 | - | 20,179 | -3,010 |
| Dividend | - | - | -144,382 | -76,140 | -144,382 | -76,140 |
| Cash flow from financing activities | 6,926 | -1,348 | -120,656 | -85,526 | -315,040 | -279,910 |
| Cash flow for the period | 190,575 | 72,737 | 167,118 | 102,648 | 107,432 | 42,962 |
| Cash and cash equivalents at start of period | 200,392 | 212,049 | 221,675 | 182,520 | 283,203 | 182,520 |
| Exchange rate differences | 964 | -1,583 | 3,138 | -1,965 | 1,296 | -3,807 |
| Cash and cash equivalents at end of period | 391,931 | 283,203 | 391,931 | 283,203 | 391,391 | 221,675 |

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 2021 | Jul-Sep 2020 | Jan-Sep 2021 | Jan-Sep 2020 | Oct 2020- Sep 2021 | Jan-Dec 2020 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------------|-----------------|
| Operating revenues (IFRS) | 276,016 | 140,020 | 768,544 | 383,476 | 946,202 | 561,134 |
| EBITDA margin | 69.9% | 64.8% | 68.7% | 61.5% | 65.9% | 59.2% |
| Operating margin | 62.3% | 59.7% | 61.1% | 56.0% | 58.6% | 53.4% |
| Profit margin | 57.0% | 56.7% | 56.5% | 53.2% | 54.4% | 50.7% |
| Equity/assets ratio | 80.4% | 66.4% | 80.4% | 66.4% | 80.4% | 86.0% |
| Cash and cash equivalents | 391,931 | 283,203 | 391,931 | 283,203 | 391,931 | 221,675 |
| Average number of full-time employees | 8,013 | 4,699 | 7,587 | 4,867 | 6,997 | 5,118 |
| Full-time employees at end of period | 8,091 | 5,054 | 8,091 | 5,054 | 8,091 | 6,825 |
| Earnings per share before dilution, EUR (IFRS) | 0.73 | 0.44 | 2.03 | 1.12 | 2.47 | 1.55 |
| Equity per share, EUR | 14.76 | 2.20 | 14.76 | 2.20 | 14.76 | 12.84 |
| Op. cash flow per share before dilution, EUR | 0.90 | 0.47 | 1.97 | 1.19 | 2.50 | 1.72 |
| Average number of outstanding shares before dilution | 215,111,115 | 181,284,725 | 213,377,825 | 181,359,836 | 207,941,407 | 183,927,915 |
| Number of outstanding shares | 215,111,115 | 181,284,725 | 215,111,115 | 181,284,725 | 215,111,115 | 212,327,008 |

Consolidated key ratios by quarter

| Group, EUR thousands | Q3/21 | Q2/21 | Q1/21 | Q4/20 | Q3/20 | Q2/20 | Q1/20 | Q4/19 | Q3/19 |
|---------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Operating revenues (IFRS) | 276,016 | 256,687 | 235,841 | 177,658 | 140,020 | 128,307 | 115,149 | 105,998 | 94,729 |
| EBITDA | 192,942 | 174,668 | 160,125 | 96,219 | 90,728 | 81,143 | 64,123 | 55,830 | 48,470 |
| EBITDA margin | 69.9% | 68.0% | 67.9% | 54.2% | 64.8% | 63.2% | 55.7% | 52.7% | 51.2% |
| Operating profit | 171,963 | 155,852 | 141,648 | 84,837 | 83,572 | 74,166 | 57,125 | 48,674 | 41,995 |
| Operating margin | 62.3% | 60.7% | 60.1% | 47.8% | 59.7% | 57.8% | 49.6% | 45.9% | 44.3% |
| Revenue growth vs prior year | 97.1% | 100.1% | 104.8% | 67.6% | 47.8% | 49.7% | 45.2% | 50.9% | 47.2% |
| Revenue growth vs prior quarter | 7.5% | 8.8% | 32.8% | 26.9% | 9.1% | 11.4% | 8.6% | 11.9% | 10.5% |
| Cash and cash equivalents | 391,931 | 200,392 | 326,041 | 221,675 | 283,203 | 212,049 | 204,949 | 182,520 | 141,108 |

Reconciliation of selected key ratios not defined in accordance with IFRS

| Group, EUR thousands | Jul-Sep 2021 | Jul-Sep 2020 | Jan-Sep 2021 | Jan-Sep 2020 | Oct 2020- Sep 2021 | Jan-Dec 2020 |
|-------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------------|-----------------|
| Operating margin | | | | | | |
| Profit before tax | 169,430 | 83,531 | 463,242 | 214,663 | 547,261 | 298,682 |
| Net financial items | 2,533 | 41 | 6,221 | 200 | 7,039 | 1,018 |
| Operating profit (EBIT) | 171,963 | 83,572 | 469,463 | 214,863 | 554,300 | 299,700 |
| Divided by Total operating revenues | 276,016 | 140,020 | 768,544 | 383,476 | 946,202 | 561,134 |
| Operating (EBIT) margin | 62.3% | 59.7% | 61.1% | 56.0% | 58.6% | 53.4% |
| EBITDA and EBITDA margin | | | | | | |
| Profit before tax | 169,430 | 83,531 | 463,242 | 214,663 | 547,261 | 298,682 |
| Net financial items | 2,533 | 41 | 6,221 | 200 | 7,039 | 1,018 |
| Depreciation/amortisation | 20,979 | 7,156 | 58,272 | 21,131 | 69,654 | 32,513 |
| EBITDA | 192,942 | 90,728 | 527,735 | 235,994 | 623,954 | 332,213 |
| Divided by Total operating revenues | 276,016 | 140,020 | 768,544 | 383,476 | 946,202 | 561,134 |
| EBITDA margin | 69.9% | 64.8% | 68.7% | 61.5% | 65.9% | 59.2% |
| Profit margin | | | | | | |
| Profit for the period | 157,434 | 79,381 | 433,878 | 204,022 | 514,478 | 284,622 |
| Divided by Total operating revenues | 276,016 | 140,020 | 768,544 | 383,476 | 946,202 | 561,134 |
| Profit margin | 57.0% | 56.7% | 56.5% | 53.2% | 54.4% | 50.7% |
| Equity/Assets ratio | | | | | | |
| Total equity | 3,174,448 | 399,562 | 3,174,448 | 399,562 | 3,174,448 | 2,726,171 |
| Divided by Total assets | 3,946,714 | 601,664 | 3,946,714 | 601,664 | 3,946,714 | 3,169,112 |
| Equity/Assets ratio | 80.4% | 66.4% | 80.4% | 66.4% | 80.4% | 86.0% |

Condensed Parent Company income statement and other comprehensive income

| Parent Company, EUR thousands | Jul-Sep 2021 | Jul-Sep 2020 | Jan-Sep 2021 | Jan-Sep 2020 | Oct 2020- Sep 2021 | Jan-Dec 2020 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------------|-----------------|
| Net sales | 4,799 | 2,525 | 14,312 | 6,558 | 17,159 | 9,405 |
| Other external expenses | -4,249 | -2,433 | -13,316 | -6,422 | -16,114 | -9,220 |
| Operating profit | 550 | 92 | 996 | 136 | 1,045 | 185 |
| Interest income and similar income | -14 | - | 24 | - | 200,160 | 200,136 |
| Interest expenses and similar expenses | - | - | - | - | - | - |
| Profit before tax | 536 | 92 | 1,020 | 136 | 201,205 | 200,321 |
| Tax on profit for the period | -27 | -23 | -313 | -55 | -346 | -88 |
| Profit for the period* | 509 | 69 | 707 | 81 | 200,859 | 200,233 |

*Profit for the period coincides with comprehensive income for the period.

Condensed Parent Company balance sheet

| Parent Company, EUR thousands | 30/09/2021 | 30/09/2020 | 31/12/2020 |
|---|------------------|----------------|------------------|
| Assets | | | |
| Intangible assets | 743 | 813 | 763 |
| Property, plant and equipment | 50 | 46 | 50 |
| Participating interest in Group companies | 2,635,756 | 206,000 | 2,495,279 |
| Other non-current receivables | 18 | 39 | 41 |
| Total non-current assets | 2,636,567 | 206,898 | 2,496,133 |
| Receivables from Group companies | 115,500 | 43,259 | 212,914 |
| Other current receivables | 1,564 | 734 | 751 |
| Prepaid expenses and accrued income | 12,925 | 1,406 | 368 |
| Cash and cash equivalents | 25,202 | 11,903 | 34,388 |
| Total current assets | 155,191 | 57,302 | 248,421 |
| TOTAL ASSETS | 2,791,758 | 264,200 | 2,744,554 |
| Equity and liabilities | | | |
| Share capital | 647 | 545 | 638 |
| Retained earnings including profit for the period | 2,702,511 | 261,697 | 2,665,657 |
| Total equity | 2,703,158 | 262,242 | 2,666,295 |
| Accounts payable | 89 | 385 | 2,620 |
| Current tax liabilities | 510 | 1,010 | 1,120 |
| Other current liabilities | 87,554 | 223 | 73,719 |
| Accrued expenses and prepaid income | 447 | 340 | 800 |
| Total current liabilities | 88,600 | 1,958 | 78,259 |
| TOTAL EQUITY AND LIABILITIES | 2,791,758 | 264,200 | 2,744,554 |

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 2020 annual report. There are no amendments to IFRS standards in 2021 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

See page 7.

Note 3. Incentive programme

The company has two incentive programmes. 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 0.43 percent. Upon full exercise of the warrants within the programme 2021/2024 (adopted by the Extra General Meeting on 28 January 2021), the dilution effect will be approximately 1.86 percent. More information about the programmes is available in the 2020 annual report.

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

During the first quarter, the remaining additional purchase consideration regarding Ezugi of EUR 2,356 thousand was paid. During the second quarter, the remaining additional purchase consideration regarding Red Tiger of EUR 12,913 thousand was paid.

Big Time Gaming

Evolution has entered into an agreement to acquire 100 percent of the share capital in Big Time Gaming Pty Ltd (BTG). The transaction was closed on 30 June and BTG is included in the consolidated accounts from 1 July. The up-front consideration was paid in cash and Evolution shares, corresponding to EUR 80 million and EUR 147.8 million respectively. In addition, Evolution will pay earn-outs, based on BTG's EBITDA for the years 2022/23 and 2023/24. Maximum earn-out is EUR 230 million, payable in 2023 and 2024, of which 70 percent in cash and 30 percent in Evolution shares. According to the preliminary acquisition analysis, a non-tax-deductible goodwill of EUR 398.5 million arose that is primarily attributable to the skills that BTG's employees contribute and strengthened presence in important markets. The useful life for customer relationships and game portfolio is estimated to be ten years.

DigiWheel

Evolution has entered into an agreement to acquire 100 percent of the share capital in Transigo Ltd (DigiWheel), which is included in the consolidated accounts from 1 September. The up-front consideration of EUR 1 million was paid in cash. In addition, Evolution may pay an earn-out, five times DigiWheel's profit for year 2024 or a maximum of EUR 250 million. According to the preliminary acquisition analysis, a non-tax-deductible goodwill of EUR 517 thousands arose that is primarily attributable to the skills that DigiWheel's employees contribute. The useful life for proprietary software is estimated to be ten years.

| Fair value acquired net assets, EUR thousands | BTG | DigiWheel |
|--|---------------|------------------|
| Customer relationships | 1,100 | - |
| Brand | 2,400 | - |
| Game portfolio | 66,200 | - |
| Other intangible assets | 1,021 | 359 |
| Right of use assets | 161 | - |
| Property, plant and equipment | 109 | 2 |
| Deferred tax assets | 126 | - |
| Accounts receivable | 5,556 | 0 |
| Other short-term assets | 35 | 200 |
| Accrued income and prepaid expenses | 2,497 | 1 |
| Cash and cash equivalents | 5,285 | 3 |
| Deferred tax liability | -20,910 | -45 |
| Long-term liabilities | -539 | - |
| Leasing liability | -212 | - |
| Short-term liabilities, interest bearing | - | - |
| Accounts payable | -239 | -1 |
| Tax liability | -2,829 | - |
| Other short-term liabilities | -440 | -36 |
| Total acquired net assets | 59,321 | 483 |

| Purchase consideration, EUR thousands | BTG | DigiWheel |
|--|----------------|------------------|
| Consideration paid, cash | 79,970 | 1,000 |
| Consideration paid, own shares | 147,804 | - |
| Contingent purchase consideration, debt | 230,000 | - |
| Total purchase consideration | 457,774 | 1,000 |
| Fair value acquired net assets | -59,321 | -483 |
| Goodwill | 398,453 | 517 |

Group, EUR thousands

| Investing activities | 2021 |
|---|----------------|
| Additional purchase consideration Ezugi | -2,356 |
| Additional purchase consideration Red Tiger | -12,913 |
| Redemption warrants NetEnt | -447 |
| Consideration paid Big Time Gaming | -79,970 |
| Consideration paid DigiWheel | -1,000 |
| Cash in acquired companies | 5,288 |
| Expenses directly linked to acquisitions | -831 |
| Effect on consolidated cash and cash equivalents | -92,230 |

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

Group, EUR thousands

| Big Time Gaming's contribution | 2021 |
|---------------------------------------|-------------|
| Operating revenue | 10,602 |
| Amortisation of excess values | -1,682 |
| Profit after tax for the year | 5,631 |

Acquisition costs of 831 kEUR is included in BTG's profit for the year. DigiWheel had no effect on revenue and only marginal effect on net profit.

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

| Group, EUR thousands | BTG | Evolution | Group |
|-------------------------------|------------|------------------|----------------|
| Operating revenue | 29,047 | 757,942 | 786,989 |
| Profit after tax for the year | 12,368 | 428,247 | 440,615 |

Big Time Gaming profit for the year include acquisition costs of 831 kEUR and amortisation of excess values of 6,728 kEUR. DigiWheel would have had no effect on revenue and only marginal effect on net profit.

| BTG, EUR thousands | Jul-Sep 2020 | Okt-Dec 2020 | Jan-Mar 2021 | Apr-Jun 2021 | Jul-Sep 2021 |
|---------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Operating revenue | 7,731 | 7,843 | 8,995 | 9,450 | 10,602 |

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 excluding depreciation and amortisation. | 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. |

Auditor's report

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

Introduction

We have reviewed the condensed interim financial information (interim report) of Evolution AB (publ) as of 30 September 2021 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, 28 October 2021

Öhrlings PricewaterhouseCoopers AB

Johan Engstam

Authorized Public Accountant