



EGR LIVE CASINO SUPPLIER OF THE YEAR
NINE TIME WINNER 2010-2018

EGR MULTI-CHANNEL SUPPLIER
OF THE YEAR 2018

Interim report | January–September 2018 | Evolution Gaming Group AB (publ)

Third quarter of 2018 (Q3 2017)

- Operating revenues increased by 41% to EUR 64.3 million (45.7)
- EBITDA increased by 28% to EUR 28.0 million (21.8), corresponding to a margin of 43.5% (47.7)
- Profit for the period amounted to EUR 21.2 million (16.8)
- Earnings per share amounted to EUR 0.59 (0.47)

January–September 2018 (9m 2017)

- Operating revenues increased by 37% to EUR 175.2 million (127.7)
- EBITDA increased by 31% to EUR 76.1 million (58.0), corresponding to a margin of 43.4% (45.5)
- Profit for the period amounted to EUR 57.9 million (44.1)
- Earnings per share amounted to EUR 1.61 (1.23)

Events during the third quarter of 2018

- Higher than expected growth in number of tables
- Launch of new studio in New Jersey
- Expansion in Malta during 2019

Summary of the third quarter and the first nine months of 2018

Group (EUR thousands)	Jul-Sep 2018	Jul-Sep 2017	%	Jan-Sep 2018	Jan-Sep 2017	%	Oct 2017-Sep 2018	Jan-Dec 2017
Operating revenues	64,346	45,690	41%	175,192	127,668	37%	225,910	178,385
EBITDA	27,992	21,803	28%	76,113	58,037	31%	98,712	80,636
EBITDA margin	43.5%	47.7%	-	43.4%	45.5%	-	43.7%	45.2%
Operating profit	23,225	18,226	27%	62,750	48,075	31%	81,556	66,882
Operating margin	36.1%	39.9%	-	35.8%	37.7%	-	36.1%	37.5%
Profit for the period	21,242	16,777	27%	57,925	44,096	31%	75,959	62,129
Profit margin	33.0%	36.7%	-	33.1%	34.5%	-	33.6%	34.8%
Earnings per share (EUR)	0.59	0.47	27%	1.61	1.23	35%	2.11	1.73
Equity per share (EUR)	3.80	2.55	49%	3.80	2.55	49%	3.80	3.05
OCF per share (EUR)	0.90	0.47	89%	2.03	1.24	65%	2.54	1.74
Average number of FTEs	3,692	2,701	37%	3,383	2,544	33%	3,274	2,639

For more information, please contact:
Jacob Kaplan, CFO
ir@evolutiongaming.com

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CEO's comments

The third quarter of the year exhibited continued high demand and good growth. Revenue amounted to EUR 64.3 million, corresponding to an increase of 41 percent compared with the third quarter of 2017. EBITDA amounted to EUR 28.0 million with a margin of 43.5 percent. The margin was impacted by a faster-than-expected growth in the number of tables. We had approximately 500 tables live at the end of the quarter and we expect continued high expansion going forward. We further expect the margin to improve somewhat in the fourth quarter, while the full year number will be in the lower end of our earlier expectations.

The main milestone of the quarter was without doubt the launch of our state-of-the-art studio in Atlantic City, New Jersey; our tenth studio globally. Already from start, the studio serves several strong brands in the market with a broad portfolio of games and services. The response has been positive throughout, and the development of the offering has exceeded our expectations during the initial phase, which provides confidence for the future. However, the US market remains a long-term project, where New Jersey marks the start of a longer journey. The timetable for regulation in additional states is hard to predict; according to reports, Pennsylvania is next during 2019. Regardless of the timing, Evolution is now very well positioned to grasp the opportunities that will open up.

For our newly-opened studio in Georgia, we continue to see positive development with fast growth and a good pace in recruitment. Just as in New Jersey, we are only in the starting blocks and a lot remains to be accomplished. All in all, we can conclude that we have a year of high investment pace behind us, manifested by the said studios as well as our new studio in Canada. When we look upon 2019, we turn our focus to Malta where we evaluate the possibilities for further expansion, potentially via a new studio. All our international teams are located in Malta, and we see that demand for native-language services is increasing as more markets become regulated. In absolute numbers, the investment levels in 2019 will remain approximately on par with this year.

Looking at our markets in the quarter, we note that the Nordics and Rest of Europe continue to grow at the same pace as before. At the same time, the UK has developed slower as a consequence of operators still being in the process of adapting themselves to the latest regulatory requirements. Rest of World continues to exhibit high growth, and we believe it is very positive that our products appeal to players across the globe.

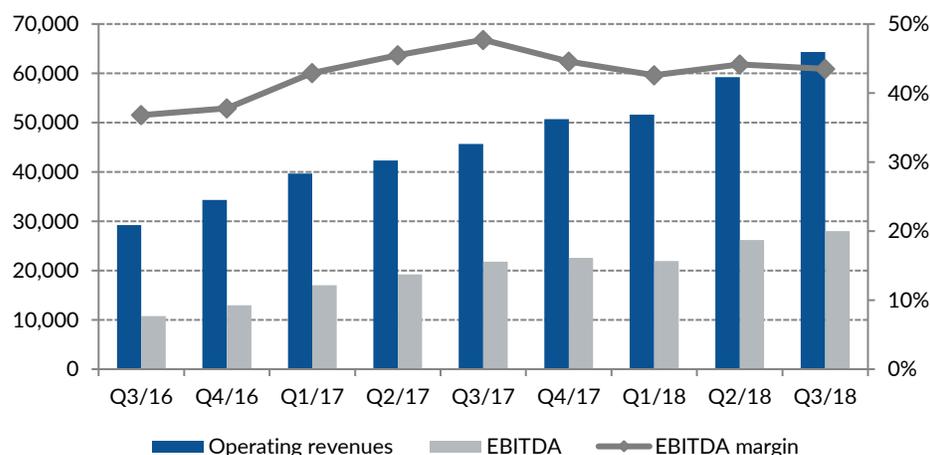
On the product side during the quarter, we have prepared for two new launches that will take place before year-end; a revised RNG suite and Infinite Blackjack, which is a Blackjack game with an unlimited number of players. To expand our portfolio and create new games that go beyond the expected remains a priority, and an important key to continue expanding our leadership in the market. After the end of the quarter, we gained additional proof of our products being in the absolute forefront, as our newly launched and very popular Lightning Roulette was awarded Product Innovation of the Year at the G2E exhibition in Las Vegas. It feels particularly good that the award targeted the best innovation in both the online and land-based categories.

With little more than 2 months of 2018 remaining, we can soon look back at a year that in many ways will be historic for Evolution; not least thanks to our expansion outside Europe. This year, we have also passed the 5,000-employee mark in the group, which is a great achievement. To find the right talents requires time and resources, and I am very proud of all the efforts that are being made in this area.

With all the above being said, Evolution continues on its course to strengthen its leadership in the market by providing the very best products and services that one may find. I, together with all our employees, look forward to our continued progress with confidence.

Martin Carlesund, CEO

Quarterly results trend



Financial performance in the third quarter of 2018

Revenues

Revenues amounted to EUR 64.3 million (45.7) in the third quarter, corresponding to an increase of 41% compared with the corresponding period in 2017. The positive revenue development mainly derives from increased commission income from existing customers and, to a certain extent, from new customers. Demand for Live Casino games was generally high over the quarter and the number of bet spots from end users amounted to 3.9 billion (2.4). Revenues from dedicated tables and environments also contributed to the increase as a result of additional customers launching or extending their customised Live Casino environments.

Expenses

Operating expenses amounted to EUR 41.1 million (27.5). Expenses were mainly driven by higher costs for personnel, connected to the launch of new tables in the company's studios. At the end of the quarter, the number of employees amounted to 5,247 (3,827), corresponding to 3,970 (2,740) full-time positions. The strong expansion has also increased other operating expenses compared with preceding quarters.

Profitability

Operating profit amounted to EUR 23.2 million (18.2), corresponding to an increase of 27 percent. The operating margin was 36.1 percent (39.9). The EBITDA margin was 43.5 percent (47.7).

Net financial items only had a marginal impact on profits and related to the interest expense on loans for the studio property in Riga. The Group's effective tax rate for the quarter amounted to 8.4 percent (7.7). The tax rate is influenced by the countries in which earnings are generated, which may vary between reported periods. Profit for the period amounted to EUR 21.2 million (16.8). Earnings per share before dilution were EUR 0.59 (0.47).

Investments

Investments in intangible assets amounted to EUR 3.1 million (2.5) 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 2.7 million (3.6) 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. In the quarter, the investments were primarily attributable to the construction of new studios in Tbilisi, Georgia and New Jersey, USA.

Cash and cash equivalents, financing and financial position

Cash flow from operating activities amounted to EUR 32.2 million (17.1) during the quarter. Cash flow from investing activities was negative in the amount of EUR 6.3 million (negative 6.4). Cash flow from financing activities amounted to EUR 0.6 million (negative 0.2). Cash and cash equivalents amounted to EUR 63.5 million (38.8) at the end of the quarter.

First nine months of 2018 in brief

Revenues

For the 2018 January-September period, revenues amounted to EUR 175.2 million (127.7), corresponding to an increase of 37 percent compared with the equivalent period in 2017. The positive revenue development mainly derives from increased commission income from both new and existing customers. Revenues from dedicated tables and environments also contributed to the increase as a result of additional customers launching or extending their customised Live Casino environments.

Expenses

Operating expenses amounted to EUR 112.4 million (79.6). 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 period.

Profitability

Operating profit amounted to EUR 62.8 million (48.1) with an operating margin of 35.8 percent (37.7). The EBITDA margin was 43.4 percent (45.5).

Investments

Investments in intangible assets amounted to EUR 8.7 million (7.4) for the period. Investments in property, plant and equipment amounted to EUR 14.7 million (6.8). Investments in other financial assets amounted to EUR 3.4 million (0.5).

Cash and cash equivalents, financing and financial position

Cash flow from operating activities amounted to EUR 73.2 million (44.5) over the year. The increase is primarily due to improved profit. Cash flow from investing activities was negative in the amount of EUR 26.8 million (negative 15.0). Cash flow from financing activities was negative in the amount of EUR 32.0 million (negative 16.9).

Market development

Live Casino market

In Europe, Live Casino has grown strongly in recent years and is expected to continue to be among the fastest-growing gaming segments in the coming years. Evolution's growth target is to grow faster than the total European Live Casino market. Market growth is influenced by several underlying factors, such as technological advances with, among other things, improved hardware and increased bandwidth, increased use of mobile devices, the migration of land-based casinos to online environments and market regulations. 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 to the 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 end-users originate, and the share of mobile play, based on the operators' gross gaming revenues (GGR) via Evolution's platform.

End user data based on generated GGR for the gaming operators via Evolution's platform

Group	Q3/18	Q2/18	Q1/18	Q4/17	Q3/17
Nordics	9%	9%	9%	9%	10%
United Kingdom	14%	16%	17%	18%	18%
Rest of Europe	49%	50%	52%	53%	54%
Rest of World	28%	25%	22%	20%	18%
Total	100%	100%	100%	100%	100%
Regulated markets	29%	31%	33%	35%	33%
Mobile	60%	58%	59%	56%	56%

Other

Parent Company

The Parent Company is a holding company. Operating revenues for the third quarter of 2018 amounted to EUR 1.7 million (1.0) and expenses to EUR 1.5 million (1.3). Operating profit amounted to EUR 0.2 million (loss 0.3). Profit for the period amounted to EUR 0.1 million (loss 0.5). The Parent Company's cash and cash equivalents amounted to EUR 0.4 million (0.9) at the end of the period and equity amounted to EUR 200.9 million (181.9). No significant investments were made in intangible or tangible assets.

Employees

As of 30 September 2018, Evolution had 5,257 employees (3,827), corresponding to 3,970 full-time positions (2,740). The average number of full-time equivalents for the quarter was 3,692 (2,701).

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.

For further information about Evolution's risk exposure and handling, please see the Group's Annual Report for 2017, which is available on the company's website.

2019 Annual General Meeting

The Annual General Meeting will be held in Stockholm, Sweden on 26 April 2019.

Upcoming report dates

Year-end report 2018	14 February 2019
Interim report January-March 2019	25 April 2019
Interim report January-June 2019	19 July 2019
Interim report January-September 2018	24 October 2019
Year-end report 2019	February 2020

Condensed consolidated income statements

Group (EUR thousands)	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Oct 2017- Sep 2018	Jan-Dec 2017
Revenues	64,335	45,664	175,117	127,560	225,779	178,222
Other revenues	11	26	75	107	131	163
Total operating revenues	64,346	45,690	175,192	127,668	225,910	178,385
Personnel expenses	-25,615	-18,109	-70,710	-52,083	-90,749	-72,122
Depreciation, amortisation and impairments	-4,767	-3,577	-13,363	-9,962	-17,155	-13,754
Other operating expenses	-10,739	-5,779	-28,369	-17,547	-36,450	-25,628
Total operating expenses	-41,121	-27,465	-112,442	-79,592	-144,353	-111,504
Operating profit	23,225	18,226	62,750	48,075	81,556	66,882
Financial items	-42	-48	-128	-180	-165	-217
Profit before tax	23,183	18,177	62,622	47,895	81,391	66,664
Tax on profit for the period	-1,941	-1,401	-4,697	-3,800	-5,432	-4,535
Profit for the period	21,242	16,777	57,925	44,096	75,959	62,129
<i>Of which attributable to:</i>						
Shareholders of the Parent Company	21,242	16,777	57,925	44,096	75,959	62,129
Average number of shares before dilution	35,970,377	35,970,377	35,970,377	35,970,377	35,970,377	35,970,377
Earnings per share before dilution (EUR)	0.59	0.47	1.61	1.23	2.11	1.73
Average number of shares after dilution	36,713,052	36,337,046	36,462,381	36,337,046	36,431,048	36,337,046
Earnings per share after dilution (EUR)	0.58	0.46	1.59	1.21	2.09	1.71
Operating margin	36.1%	39.9%	35.8%	37.7%	36.1%	37.5%
Effective tax rate	8.4%	7.7%	7.5%	7.9%	6.7%	6.8%

Condensed comprehensive income statement

Group (EUR thousands)	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Oct 2017- Sep 2018	Jan-Dec 2017
Profit for the period	21,242	16,777	57,925	44,096	75,958	62,129
Other comprehensive income						
<i>Items that may be reclassified to profit</i>						
Exchange differences arising from the translation of foreign operations	-65	67	-39	-41	-35	-37
Other comprehensive income, net after tax	-65	67	-39	-41	-35	-37
Total comprehensive income for the period	21,177	16,844	57,886	44,055	75,923	62,092

Consolidated balance sheets

Group (EUR thousands)	30/09/2018	30/09/2017	31/12/2017
Assets			
Intangible assets	17,483	15,668	16,567
Buildings	12,078	12,446	12,390
Property, plant and equipment	26,557	14,995	17,073
Other long-term receivables	5,903	1,378	2,431
Deferred tax assets	34	209	78
Total non-current assets	62,055	44,696	48,540
Accounts receivable	39,934	31,699	39,492
Other receivables	20,908	24,792	27,828
Prepaid expenses and accrued income	3,294	2,069	2,206
Cash and cash equivalents	63,548	38,798	49,272
Total current assets	127,684	97,358	118,798
TOTAL ASSETS	189,739	142,053	167,337
Equity and liabilities			
Share capital	540	540	540
Other capital contributed	5,501	4,698	4,698
Reserves	-93	-50	-45
Retained earnings including profit for the period	130,636	86,675	104,688
Total equity	136,584	91,862	109,881
Deferred tax liability	578	113	565
Long-term debt to credit institutions	5,992	6,751	6,693
Total long-term liabilities	6,570	6,864	7,259
Accounts payable	2,926	1,152	3,951
Short-term debt to credit institutions	950	1,130	950
Current tax liabilities	26,228	29,029	31,898
Other current liabilities	10,108	6,999	8,094
Accrued expenses and prepaid income	6,373	5,017	5,305
Total current liabilities	46,585	43,327	50,198
TOTAL EQUITY AND LIABILITIES	189,739	142,053	167,337

Consolidated changes in equity

Group, 2017 (EUR thousands)	Share Capital	Other capital contributed	Reserves	Retained earnings	Total equity
Opening equity 01/01/2017	540	4,698	-9	58,667	63,896
Dividend payout 03/05/2017	-	-	-	-16,187	-16,187
Warrants	-	-	-	79	79
Total comprehensive income for Jan-Mar	-	-	-72	12,742	12,670
Total comprehensive income for Apr-Jun	-	-	-36	14,617	14,581
Total comprehensive income for Jul-Sep	-	-	67	16,777	16,844
Total comprehensive income for Oct-Dec	-	-	-37	18,034	17,998
Closing equity 31/12/2017	540	4,698	-86	104,729	109,881

Group, 2018 (EUR thousands)	Share Capital	Other capital contributed	Reserves	Retained earnings	Total equity
Opening equity 01/01/2018	540	4,698	-45	104,688	109,881
Dividend payout 02/05/2018	-	-	-	-32,135	-32,135
Warrants	-	-	-	148	148
Total comprehensive income for Jan-Mar	-	-	-31	16,616	16,585
Total comprehensive income for Apr-Jun	-	-	48	20,076	20,124
Total comprehensive income for Jul-Sep	-	803	-65	21,242	21,980
Closing equity 30/9/2018	540	5,501	-93	130,636	136,584

Consolidated statement of cash flows

Group (EUR thousands)	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Jan-Dec 2017
Operating profit	23,225	18,226	62,750	48,075	66,882
<i>Adjustment for items not included in cash flows:</i>					
Depreciation, amortisation and impairments	4,767	3,577	13,363	9,962	13,754
Other	109	-20	148	-59	79
Interest received	0	0	0	0	6
Interest paid	-42	-49	-128	-180	-224
Tax paid	-377	-159	-2,601	-1,935	-2,974
Cash flows from operating activities before changes in working capital	27,682	21,575	73,532	55,862	77,524
Increase / Decrease in Accounts receivables	3,745	-4,902	-441	-12,660	-20,453
Increase / Decrease in Accounts payables	572	-424	-1,024	-1,017	1,782
Increase / Decrease in other working capital	209	815	1,122	2,297	3,632
Cash flows from operating activities	32,208	17,065	73,189	44,482	62,484
Acquisition of intangible assets	-3,118	-2,540	-8,686	-7,388	-10,558
Acquisition of property, plant and equipment	-2,740	-3,595	-14,727	-6,890	-10,191
Acquisition of building	-	-	-	-200	-200
Increase in other financial assets	-410	-266	-3,427	-516	-1,438
Cash flows from investing activities	-6,268	-6,400	-26,840	-14,994	-22,387
Repayment of debt to credit institutions	-238	-213	-702	-691	-748
Warrant premiums	803	-	803	-	-
Dividend	-	-	-32,135	-16,187	-16,187
Cash flows from financing activities	565	-213	-32,034	-16,878	-16,935
Cash flow for the period	26,505	10,452	14,315	12,611	23,163
Cash and cash equivalents at start of period	37,161	28,347	49,272	26,188	26,188
Cash flow for the period	26,505	10,452	14,315	12,611	23,163
Exchange rate differences	-118	-11	-39	-41	-78
Cash and cash equivalents at end of period	63,548	38,787	63,548	38,757	49,272

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 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Oct 2017- Sep 2018	Jan-Dec 2017
Operating revenues (IFRS)	64,346	45,690	175,192	127,668	225,910	178,385
EBITDA margin	43.5%	47.7%	43.4%	45.5%	43.7%	45.2%
Operating margin	36.1%	39.9%	35.8%	37.7%	36.1%	37.5%
Profit margin	33.0%	36.7%	33.1%	34.5%	33.6%	34.8%
Equity/assets ratio	72.0%	64.7%	72.0%	64.7%	72.0%	65.7%
Cash and cash equivalents	63,548	38,798	63,548	38,798	63,548	49,272
Average number of full-time employees	3,692	2,701	3,383	2,544	3,274	2,639
Full-time employees at end of period	3,970	2,740	3,970	2,740	3,970	3,085
Earnings per share (EUR) (IFRS)	0.59	0.47	1.61	1.23	2.11	1.73
Equity per share (EUR)	3.80	2.55	3.80	2.55	3.80	3.05
Operating cash flow per share (EUR)	0.90	0.47	2.03	1.24	2.54	1.74
Average number of outstanding shares	35,970,377	35,970,377	35,970,377	35,970,377	35,970,377	35,970,377
Number of outstanding shares	35,970,377	35,970,377	35,970,377	35,970,377	35,970,377	35,970,377

Consolidated key ratios by quarter

Group (EUR thousands)	Q3/18	Q2/18	Q1/18	Q4/17	Q3/17	Q2/17	Q1/17	Q4/16
Operating revenues (IFRS)	64,346	59,252	51,594	50,718	45,690	42,290	39,688	34,322
EBITDA	27,992	26,168	21,959	22,599	21,803	19,248	17,027	12,966
EBITDA margin	43.5%	44.2%	42.6%	44.6%	47.7%	45.5%	42.9%	37.8%
Operating profit	23,225	21,688	17,842	18,806	18,226	15,935	13,955	10,107
Operating margin	36.1%	36.6%	34.6%	37.1%	39.9%	37.7%	35.2%	29.4%
Revenue growth vs prior year	40.8%	40.1%	30.0%	47.8%	56.4%	55.8%	60.1%	53.1%
Revenue growth vs prior quarter	8.6%	14.8%	1.7%	11.0%	8.0%	6.6%	15.6%	17.5%
Cash and cash equivalents	63,548	37,163	52,076	49,272	38,798	28,347	34,119	26,188

Reconciliation of selected key ratios not defined in accordance with IFRS

Group (EUR thousands)	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Oct 2017- Sep 2018	Jan-Dec 2017
Operating margin						
Profit before tax	23,183	18,177	62,622	47,895	81,391	66,664
Excluding net financial items	42	48	128	180	165	217
Operating profit (EBIT)	23,226	18,226	62,751	48,075	81,556	66,882
Divided by Total operating revenues	64,346	45,690	175,192	127,668	225,910	178,385
Operating (EBIT) margin	36.1%	39.9%	35.8%	37.7%	36.1%	37.5%
EBITDA and EBITDA margin						
Profit before tax	23,184	18,177	62,622	47,895	81,391	66,664
Net financial items	42	48	128	180	165	217
Depreciation/amortisation	4,767	3,577	13,363	9,962	17,155	13,754
EBITDA	27,994	21,803	76,114	58,037	98,712	80,636
Divided by Total operating revenues	64,346	45,690	175,192	127,668	225,910	178,385
EBITDA margin	43.5%	47.7%	43.4%	45.5%	43.7%	45.2%
Profit margin						
Profit for the period	21,242	16,777	57,925	44,096	75,959	62,129
Divided by Total operating revenues	64,346	45,690	175,192	127,668	225,910	178,385
Profit margin	33.0%	36.7%	33.1%	34.5%	33.6%	34.8%
Equity/Assets ratio						
Total equity	136,584	91,862	136,584	91,862	136,584	109,881
Divided by Total assets	189,739	142,053	189,739	142,053	189,739	167,337
Equity/Assets ratio	72.0%	64.7%	72.0%	64.7%	72.0%	65.7%

Condensed Parent Company income statements and other comprehensive income

Parent company (EUR thousands)	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Oct 2017- Sep 2018	Jan-Dec 2017
Operating revenues	1,708	1,006	4,712	4,242	6,664	6,194
Other external expenses	-1,540	-1,315	-4,551	-4,349	-6,279	-6,077
Operating profit	168	-309	161	-107	386	118
Dividend from group companies	-	-	-	-	50,000	50,000
Financial items	0	-1	-1	-2	91	90
Profit before taxes	168	-310	160	-109	50,477	50,208
Tax on profit for the period	-38	-148	-38	-380	-130	-472
Result for the period	130	-458	122	-489	50,407	49,796

Parent company (EUR thousands)	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Oct 2017- Sep 2018	Jan-Dec 2017
Profit for the period	130	-458	122	-489	50,407	49,796
Other comprehensive income	-	-	-	-	-	-
Other comprehensive income, net after tax	-	-	-	-	-	-
Total comprehensive income for the period	130	-458	122	-489	50,407	49,796

Condensed Parent Company balance sheets

Parent company (EUR thousands)	30/09/2018	30/09/2017	31/12/2017
Assets			
Intangible assets	283	27	66
Property, plant and equipment	55	101	90
Participating interest in Group companies	206,000	206,000	206,000
Other financial assets	33	36	34
Deferred tax receivables	34	173	78
Total non-current assets	206,405	206,337	206,268
Receivables from Group companies	5,666	5,311	25,222
Other current receivables	124	75	272
Prepaid expenses and accrued income	176	217	145
Cash and cash equivalents	401	865	951
Total current assets	6,367	6,468	26,590
TOTAL ASSETS	212,772	212,806	232,858
Equity and liabilities			
Share capital	540	540	540
Retained earnings including profit for the period	200,385	181,402	231,595
Total equity	200,925	181,942	232,135
Accounts payable	31	32	156
Liabilities to Group companies	11,581	30,632	-
Other current liabilities	35	61	192
Accrued expenses and prepaid revenues	200	139	376
Total current liabilities	11,847	30,864	724
TOTAL EQUITY AND LIABILITIES	212,772	212,806	232,858

Notes to the financial statements

Note 1. Accounting policies

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 new and revised standards, IAS 1 Presentation of Financial Statements and IFRS 13 Fair Value Measurement, have not affected the financial statements other than expanded disclosure requirements. 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.

On 1 January 2018, new standards came into effect; IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers, governing how revenue is to be reported. In accordance with IFRS 15, revenue shall be reported when the customer gains control of the goods or services sold and is able to use and benefit from those goods or services. The standards will not impact the result of the Group.

A new standard will come into effect on 1 January 2019; IFRS 16 Leases, which will replace the current IAS 17 standard. The standard primarily comprises changes for the lessee while the accounting for the lessor largely remains unchanged. The Group is evaluating the effects of the standard.

Amounts are expressed in thousands of Euro (EUR) unless otherwise indicated. Amounts or figures in parentheses indicate comparative figures for the corresponding period last year.

The accounting policies are unchanged from the 2017 annual report.

Note 2. Events following the balance sheet date

No events of a material nature have occurred after the balance sheet date.

Note 3. Incentive programme

The Annual General Meeting on 20 April 2018 resolved to issue a maximum of 617,702 warrants. Each warrant entitles the holder to subscribe for one new share in the company for SEK 705.30 during the period from the day after the publication of the interim report for the second quarter of 2021 until the date that follows 30 calendar days after the publication of the interim report for the second quarter 2021 (however not later than on 30 September 2021).

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

If all 376,006 warrants 2018/2021 are exercised for subscription of 376,006 shares, the dilution effect will be approximately 1.0 percent. Upon full exercise of these 376,006 warrants and the 366,669 warrants 2016/2019, which have been transferred to a number of key employees in the group in accordance with a resolution at the 2016 Annual General Meeting (i.e. 742,675 warrants in total), the dilution effect will be approximately 2.0 percent.

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.

Assurance

The CEO affirms that this interim report provides an accurate overview of the operations, financial position and performance of the Parent Company and the Group, and describes the significant risks and uncertainties faced by the Parent Company and the companies in the Group.

Stockholm, 23 October 2018

Martin Carlesund
CEO

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

Evolution Gaming Group AB (publ)
Hamngatan 11
SE-111 47 Stockholm, Sweden

e-mail: ir@evolutiongaming.com
Website: www.evolutiongaming.com
Corporate ID number: 556994-5792

Presentation for investors, analysts and the media

CEO Martin Carlesund and CFO Jacob Kaplan will present the report and answer questions on Wednesday, 24 October 2018 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: +46 8 566 19 353 / +44 203 00 89 804. Follow the presentation at <https://tv.streamfabriken.com/evolution-gaming-group-q3-2018>.

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, under the agency of the contact person set out above, on 24 October 2018, at 7.30 am CET.

Auditor's report

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

Introduction

We have reviewed the condensed interim financial information (interim report) of Evolution Gaming Group AB (publ) as of 30 September 2018 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, 23 October 2018

PricewaterhouseCoopers AB

Niklas Renström

Authorized Public Accountant

Definitions of key ratios not defined in accordance with IFRS

Key ratios	Definition	Purpose
Operating profit	Profit before tax excluding net financial items.	This key ratio is used by management to monitor the earnings trend in the Group.
Operating 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 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	Cash flow from operating activities in relation to the average number of shares outstanding 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 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.
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.