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as it  
gets.

*Annual Report 2014*



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# Leading Provider of Live Casino Solutions

Evolution Gaming Group AB (publ) ("Evolution") is a leading B2B provider of Live Casino solutions. The company's core portfolio consists of five games – Live Roulette, Live Blackjack, Live Baccarat, Live Casino Hold'em and Live Three Card Poker – which offer the operators' end users an interactive experience that feels like playing in a real casino. Evolution has over 70 customers including the majority of Europe's Tier 1 operators. The Group currently employs 1,300 people, most of whom are based in Latvia and Malta. Evolution's vision is to be the leading Live Casino provider in the world.



## Milestones

### 2006

Evolution is established and launches the games Live Roulette, Live Blackjack and Live Baccarat from a production studio in Riga.

### 2007

First licence agreement signed with Gala Coral, followed by Rank, Expekt, Victor Chandler and William Hill.

### 2009

Larger production studio built in Riga to meet increased demand and expand opportunities to provide more games.

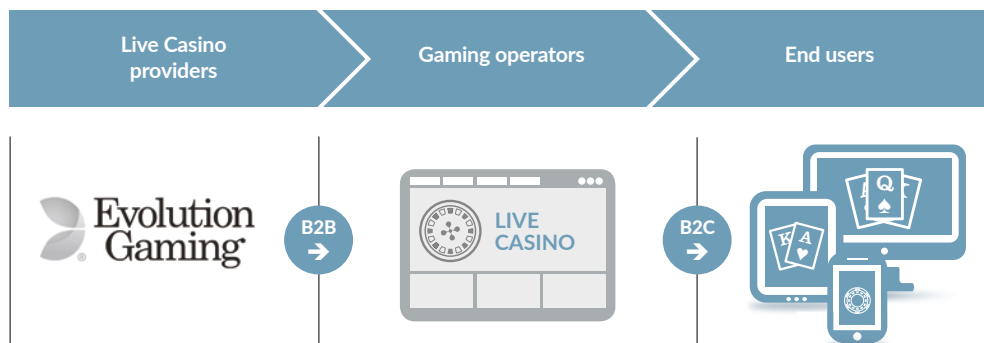
### 2010

Evolution wins *Live Casino Supplier of the Year* for the first time and is named *Rising Star Software Provider* at the EGR B2B Awards in London.

While every care has been taken in the translation of this report, readers are reminded that the original annual report, signed by the Board of Directors, is in Swedish.

## Live Casino

With Live Casino, a real dealer leads the game from a casino table, which is streamed in real time. The end users, i.e. the players, make gaming decisions using their device, such as a computer, smartphone or tablet, and can communicate with the dealer via a chat function. According to data from the independent research institute H2GC, Live Casino is now the fastest growing segment within online casino, with anticipated annual growth of 18 percent up until 2018.



## Selection of Customers



### 2011

Evolution becomes the first Live Casino provider to be certified in the newly-regulated Italian market. The company moves to a larger studio in Riga and begins broadcasting Live Casino in HD.

### 2012

Evolution becomes the first Live Casino provider to be certified in the newly-regulated Danish market.

### 2013

Launch of Live Casino for smartphones and tablets. Evolution becomes certified and starts to offer games from a land-based casino in the Spanish market.

### 2014

Launch of the new core game Three Card Poker and opening of a new production studio in Malta. Evolution wins EGR Live Casino Supplier of the Year for the fifth consecutive year and Immersive Roulette is named Game of the Year.

# Strong Development throughout the Year

- Revenues amounted to EUR 48.5 million and EBITDA was EUR 17.0 million.
- The EBITDA margin totalled 35.0%.
- Earnings per share amounted to EUR 0.35.

## 2014 Highlights

### Launch of Three Card Poker as a new core product

The start of the year saw the launch of the new product Live Three Card Poker, which was developed in cooperation with SHFL Entertainment. Three Card Poker is a highly popular table game offering a captivating gaming experience for both novices and experts alike. The game offers major opportunities for operators to reach large numbers of players, owing to multi-player scalability and Direct Games Launch.

### New production studio opens in Malta

February saw the opening of a new production studio in Malta. The new studio has been built as home to the international dealer teams, with native-speaking dealers for recently regulated markets, including Denmark. The studio also performs an important function as part of Evolution's continuity planning.

### Launch of Live Casino studio at Casinó Campione d'Italia

The second quarter saw the launch of an on-premise Live Casino studio at Casinó Campione d'Italia. Casinó Campione is Italy's leading land-based casino in terms of revenue, and one of Europe's most prominent hubs for casino games. The live studio comprises three Live Casino tables; Roulette, Blackjack and Baccarat.

### Agreements with several new Tier 1 operators

During the year, Evolution signed new agreements with a number of Tier 1 operators, including Danske Licens Spil and PokerStars. Danske Spil is Evolution's first state-owned customer, with a dedicated Live Casino environment and Danish-speaking dealers at Evolution's studio in Malta. PokerStars is the world's largest online poker operator and offers Live Casino via two dedicated environments in Riga and Malta, as well as an installation at Evolution's on-premise studio in Murcia, Spain.

### Win for Evolution and Immersive Roulette at EGR Awards

At the EGR B2B Awards in June, Evolution was once again named *Live Casino Supplier of the Year*, which means the company has won this title every year since the award was founded in 2010. Later in the year, Immersive Roulette was voted *Game of the Year* at the EGR Operator Awards. Immersive Roulette is an example of successful product innovation that has grown significantly since its launch last year, and is now available on all platforms.

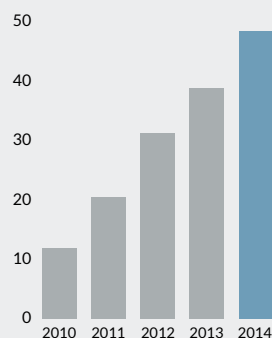


## The Year in Figures

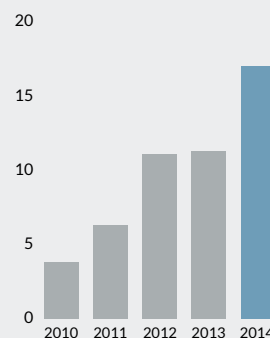
### EBITDA

EUR 17.0 m  
+50%

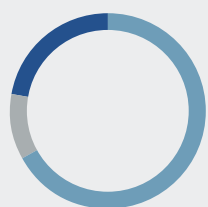
### TOTAL OPERATING REVENUES (EUR m)



### EBITDA (EUR m)



### COST STRUCTURE



- Personnel costs 67%
- Depreciation, amortisation and impairment 11%
- Other operating expenses 22%

### KEY RATIOS

Group (EUR thousands)	2014	2013	%
Operating revenues	48,532	38,770	25%
EBITDA	16,984	11,337	50%
Operating profit	13,091	7,869	66%
Profit for the period	12,097	7,168	69%
Revenue growth compared with previous year	25%	24%	-
EBITDA margin	35%	29%	-
Operating margin	27%	20%	-
Return on shareholders' equity	64%	52%	-
Equity/assets ratio	75%	61%	-
Average number of full-time employees	859	712	21%

# New Products, More Customers and Financial Growth

2014 was Evolution's most successful year to date since the company's launch almost 10 years ago. The year began in the best possible way with the launch of our new production studio in Malta, which was later followed by an on-premise studio at one of Italy's top casinos. By the end of the year we had a total of over 120 tables in operation, which makes us Europe's single largest Live Casino provider.

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*We hold leading positions within our core areas of product innovation, customer optimisation and operational excellence, and together they create a comprehensive offering that is unique to the industry.*

In addition to new tables, we also launched a large number of products in 2014 – from the new core game Live Three Card Poker, to our scalable Blackjack solution Bet Behind. Meanwhile we saw strong growth in our mobile offering. More and more end users are discovering the joy of being able to play using their smartphones or tablets, whatever their location. It is particularly positive to see that so far this trend has only led to increased use, rather than any cannibalisation of other products.

During 2014, Evolution was able to link up with several strategically significant customers, including Danske Spil, Full Tilt, win2day and PokerStars. Compared with several years ago, new customers are now making a larger initial investment, and therefore often go live with a dedicated environment from the start. It is a strategy that usually pays off for all concerned – Evolution consolidates its leading position, operators earn a quicker return on their investment and end users get a customised and unique gaming experience.

All of the above-mentioned factors, combined with promising underlying growth for the Live Casino segment, made 2014 another strong financial year for Evolution. Revenues totalled EUR 48.5 million, which is an increase

of 25 percent from the previous year. The EBITDA margin was 35 percent, compared with 29 percent the previous year.

## Focus on core business

Evolution's strategy means that we are focusing on what we do best, thereby laying a solid foundation for continued growth. It is a recipe that has worked well to date. We hold leading positions within our core areas of product innovation, customer optimisation and operational excellence, and together they create a comprehensive offering that is unique to the industry. Our comprehensive offering is also one of the main reasons why we are continuing to strengthen our leading position in Europe. In addition to our growing number of customers, our success is also reflected in the fact that we have been named EGR Live Casino Supplier of the Year every year since the award's inception in 2010. And this year, Immersive Roulette was voted Game of the Year by the operators at the EGR Operator Awards.

## A world of opportunities

Although 2014 was a successful year, there is still much to achieve. The Live Casino market is in a constant state of flux and Evolution

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*There are many advantages to listing a company's shares, chiefly on the business side. A transparent operation strengthens our brand in our relationships with the major land-based casinos and state gaming monopolies.*

intends to remain at the forefront of developments. We are equipped to take advantage of the strong mobile trend, but also plan to be the first choice for land-based casinos as they migrate online. Another key factor for growth is the continuing regulation of the gaming market, which creates new opportunities to reach more people with our Live Casino offering.

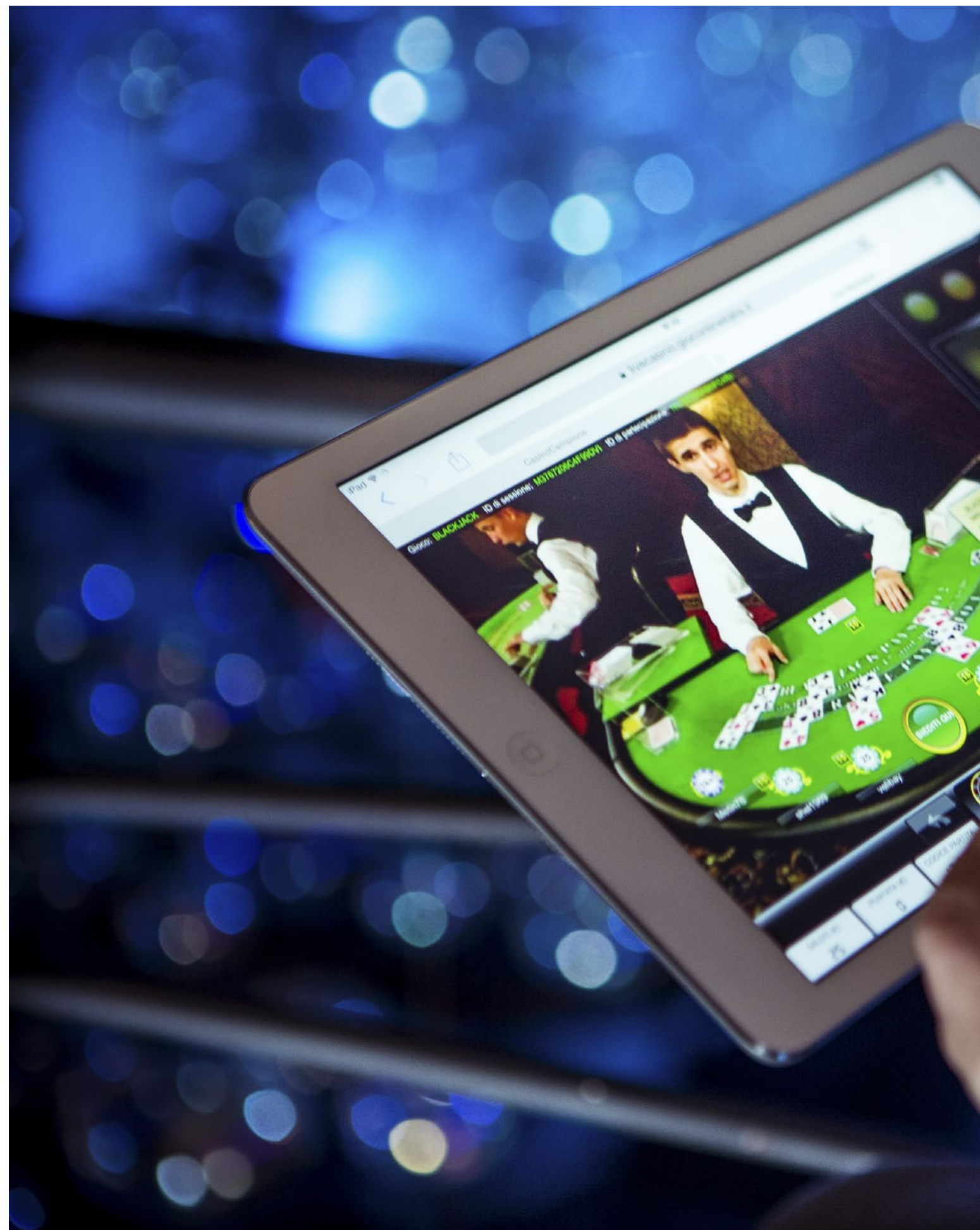
As a natural stage in our development, Evolution's Board decided to apply to list the company's shares on the Nasdaq First North Premier stock exchange at the end of Q1 2015. There are many advantages to listing a company's shares, chiefly on the business side. A transparent operation strengthens our brand in our relationships with the major operators, land-based casinos and state gaming monopolies. The listing also allows us greater flexibility to grow and adapt operations to continued developments within the gaming industry. The Board's ambition is for the company to take the next step and be listed on Nasdaq Stockholm's main list within a year.

To all of you who have chosen to become shareholders, my colleagues on the Board and management team, and I would like to extend a warm welcome to the Evolution family. I look forward to an exciting 2015 together!

*Jens von Bahr, CEO and co-founder*











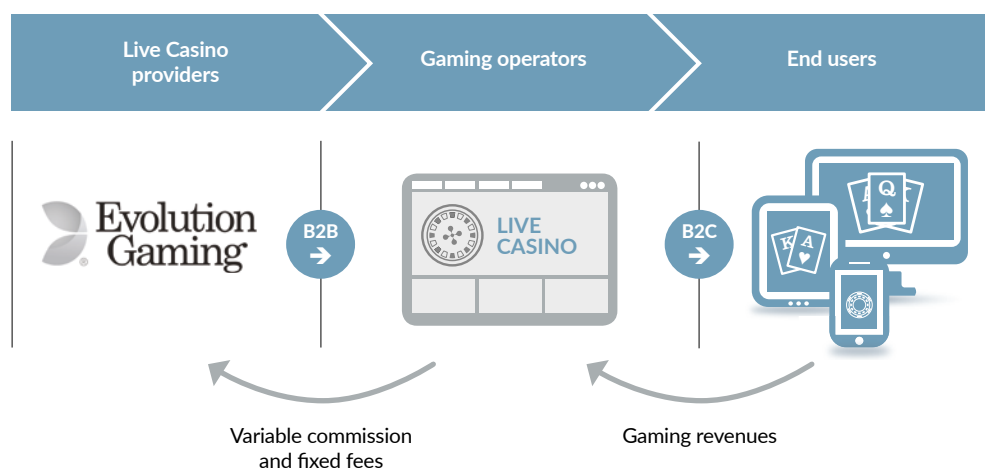
Europe's  
largest  
casino

# Leading Developments

With a scalable business model and an industry-leading offering, Evolution is leading the way for the development of the online casino segment in Europe.

## Business Model

Evolution develops, produces, markets and licenses fully integrated Live Casino solutions to gaming operators. The gaming operators then market the products to their end users. Evolution's customers include a majority of the most prominent online gaming operators in Europe, as well as a number of land-based casinos that have expanded online. The five largest customers accounted for approximately 53 percent of revenues in 2014.



## Mission and Vision

### Mission

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

### Vision

To be the leading Live Casino provider in the world.

## Financial Objectives

### Revenue growth

To grow faster than the total European Live Casino market.

### Profitability

To maintain a sustainable EBITDA margin of at least 35 percent.

### Dividend policy

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

### PROFITABILITY

35%

### DIVIDEND POLICY

50%



#### Revenue model

The agreements between Evolution and its customers are based on a selected service level and number of tables. The most basic agreements normally include access to, and broadcasting from generic tables, while more complex agreements can include dedicated tables and environments, VIP services, native-speaking dealers and other customisations to produce a Live Casino experience that is as unique as possible for the end user.

The majority of Evolution's revenues consist of commission fees and fixed fees for dedicated tables, which are paid monthly by the operators.

Commission is calculated as a percentage of the operators' winnings generated via the company's Live Casino offering. Commission offers Evolution advantageous exposure to the general growth of the European Live Casino market.

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

In addition to commission and dedicated table fees, there are other smaller sources of

income such as set-up fees, which are invoiced to new customers in conjunction with the launch of their Live Casino offering.

#### Cost structure

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

The cost of adding an additional gaming operator to the company's Live Casino platform varies depending on the extent of the agreement, but as a rule Evolution is able to utilise existing studios and tables to keep the charge that is levied relatively low.

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

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*Commission offers Evolution advantageous exposure to the general growth of the European Live Casino market.*

#### COST STRUCTURE

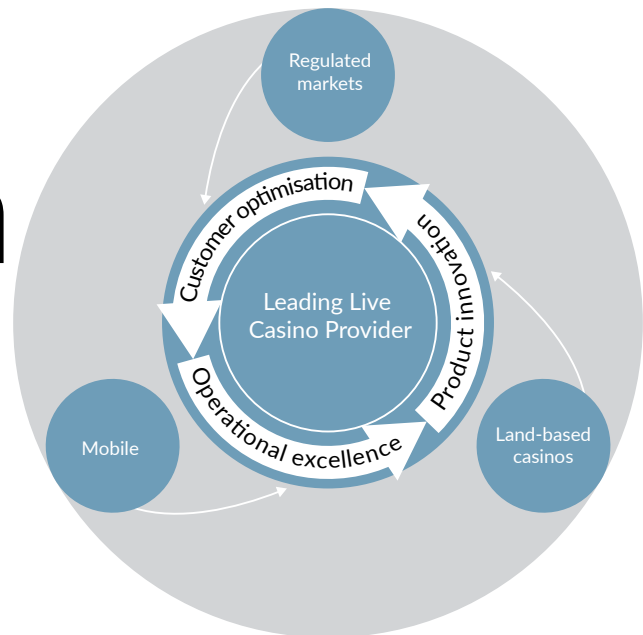


■ Personnel costs	67%
■ Depreciation, amortisation and impairment	11%
■ Other operating expenses	22%



# Strategy for Growth

It is with a clear strategy that the foundation for Evolution's continued growth is laid. The focus is on customer optimisation, product innovation and operational excellence.



## Core Areas

Evolution shall continue to strengthen its leading position in the European Live Casino market with a clear focus on activities that promote the operations and offering. The company predicts the greatest growth deriving from an increased Share of Live, that is, the proportion of Live Casino revenues among the operator's total casino revenue, with a majority of gaming operators currently lacking a complete offering. The company has three core areas that are considered particularly important in further widening the lead over other providers in the market and laying a solid foundation for continued growth.

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### Product innovation

Evolution strives to continuously improve its offering, while at the same time developing the entire Live Casino market by means of cutting-edge product innovation. Since its inception, the company has successfully launched innovative games and solutions that are attractive both to operators and their end users. The most recent launches include Immersive Roulette and Blackjack Bet Behind, which increases the scalability of the Blackjack tables. In 2014, the new core product, Three Card Poker, was also launched.



Find out more about Immersive Roulette on page 20.

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### Customer optimisation

Through its existing portfolio of operators, Evolution enjoys considerable opportunities to further develop, expand and refine each customer's Live Casino solution. The majority of operators still lack a complete offering, while demand from end users continues to increase. For those operators who have progressed further, Evolution helps optimise each table to derive the greatest possible success from the set-up. In the future, the company will be able to offer advanced software for the analysis of game data and an even higher degree of interactivity with end users to further strengthen loyalty between operators and end users.

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### Operational excellence

Evolution's market-leading position is mainly based on the competitive advantage that derives from the company's operational excellence in offering Live Casino solutions since 2006. Live Casino is a highly complex product and, to function, it requires effective collaboration between people and systems. Over its years in business, Evolution has been able to amass a collective body of experience that is unique among providers in Europe. The company has a sophisticated platform that simultaneously handles software, video, employees and user data. The continued development of the company's operational excellence is central to its continued growth and opportunities to further strengthen its market position.



## *Focus Areas over the Next Few Years*

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Both the total online gaming market and the market for Live Casino are constantly evolving. Evolution is continuously exploring new opportunities to grow and fulfil its vision of becoming the global leader in Live Casino. From a strategic perspective, it is considered particularly important to monitor and adapt to a number of trends over the coming years.

### **Regulated markets**

Several countries have regulated their gaming markets in recent years – a trend that is expected to continue. When a market is regulated, new end users explore different casino games and naturally tend to become aware of Live Casino, which is adapted to local markets, with dealers who communicate in the end users' own languages. Consequently, for gaming operators, Live Casino is an important product in new markets. Evolution's stated strategy is to be the first Live Casino provider in regulated markets and it has successfully entered countries such as Italy, Spain and Denmark. The company's strong performance demonstrates the positive impact, in terms of earnings and growth, that establishing operations early entails. Evolution will continue to prioritise new markets in Europe and, potentially, other parts of the world in the longer term.

### **Land-based casinos**

Traditional land-based casinos constitute a large part of the total casino market. These players often have strong brands and loyal customers, many of whom are high rollers. At the same time, growth for land-based casinos is low and many want to migrate online to be able to grow their business. In cases like these, Live Casino can be seen as the natural bridge connecting online and land-based operations. Evolution aims to be the natural partner for land-based casinos seeking to expand online. In 2014, the company was running two on-premise Live Casino studios that have been built inside land-based casinos in Spain and Italy.

### **Mobile**

Online casino gaming via mobile devices such as smartphones and tablets has grown sharply in recent years, and Evolution has placed great emphasis on adapting its products for mobile use. To date, all mobile product launches have been successful and mobile revenues have increased steadily without, for that matter, cannibalising revenue from gaming via other devices. Evolution will continue to invest in mobile development over the coming years, to benefit from the strong mobile trend and to be a leading provider of mobile Live Casino solutions.



# Strong Growth in the Live Casino Market

The European market for online casinos has seen considerable growth in recent years. This trend has been fuelled by several interacting factors, including increased internet penetration, improved broadband, payment solutions with improved security and more platforms. Evolution operates within Live Casino, the fastest growing segment within online casino.

## Gaming market in Europe

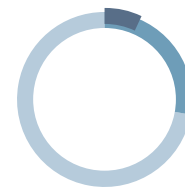
In 2014, the total European gaming market had an estimated value of EUR 92.8 billion, measured in gross gaming revenues. Roughly 85 percent of this figure comprised traditional gaming, primarily via monopolised state-owned lottery operations and land-based casinos.

The market for online gaming has grown significantly faster than the total gaming market in recent years. From 2008 up to 2014, online gaming had an annual growth rate of around 13.5 percent compared with just 1.2 percent for the market as a whole. This strong growth has been fuelled by underlying factors, which mainly include various kinds of technical advances. An increasing number of Europeans now have constant access to the internet, both via desktop computers and mobile devices, while there has been a substantial increase in data capacity. This has paved the way for higher-quality gaming experiences, which has attracted more players. Improved payment solutions have also

boosted confidence and led to more players feeling secure about playing online.

Online casino has been one of the fastest growing segments in the market for online gaming, with an annual growth rate of approx. 15.3 percent from 2008 up to 2014. Evolution operates within Live Casino, which in turn is the fastest growing segment within online casino, with an annual growth rate of approx. 43.8 percent in the same period.

EUROPEAN CASINO MARKET 2014<sup>1)</sup>



Total casino market  
EUR 11.7 bn

Live Casino EUR 0.8 bn  
(22% of online casino)

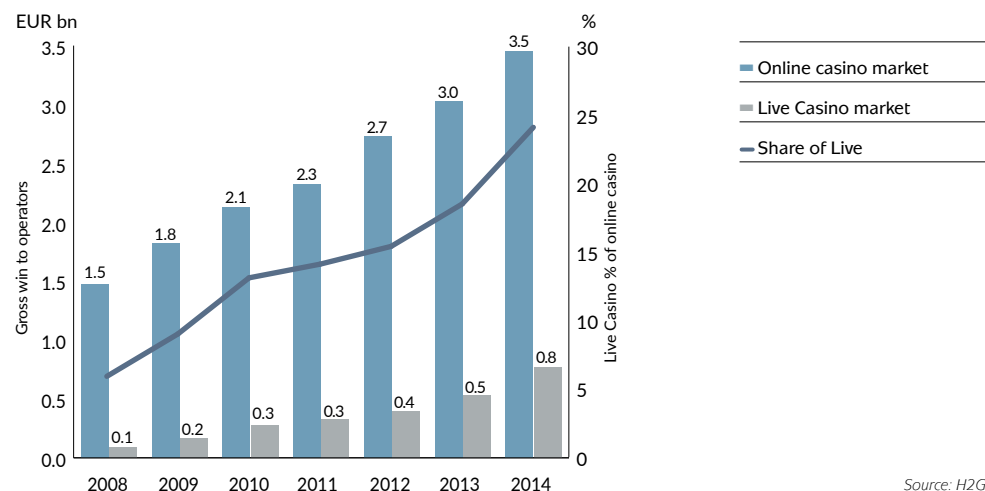
Online casino EUR 3.5 bn

Land-based casinos  
EUR 8.2 bn

Source: H2GC

<sup>1)</sup> Gross win to operators

EUROPEAN CASINO MARKET SEGMENT GROWTH



Source: H2GC

### Live Casino

The Live Casino market continued its strong performance in 2014 and had an estimated value of EUR 771 million by the end of the year. The upward trend, like the trend for the online gaming market as a whole, is due to technical advances and new distribution channels, but also a strong level of demand from gaming operators and their end users. Live Casino has traditionally been an add-on product in operators' online casino interface, but it has now become an integrated product that is gaining increasing importance. While games based on randomly generated data, known as RNG games, are relatively standardised, Live Casino offers considerable opportunities to completely customise both the gaming environment look and feel and content, providing uniqueness for both operators and end users.

New, regulated markets are also partly behind the growth experienced by Live Casino. Since the end users in these markets are less used to online gaming there is a general lower level of trust in RNG games. A real, native-speaking dealer boosts confidence,

and Live Casino has therefore proved to be an effective entry product as gaming operators launch their brand in new markets.

Land-based casinos expanding their offering online has also been a contributory factor to the strong growth for Live Casino.

### Competition

The Live Casino market in Europe is fragmented, but its strong trend has encouraged more providers of online casino systems to develop Live Casino solutions. The entry barriers are relatively low, but despite this few companies have achieved success. The reason is often that Live Casino demands a high level of operating capability, and a single technical solution is not sufficient to build a satisfactory offering. Evolution's industry-leading platform therefore means that the company primarily encounters competitors offering operators an entire portfolio of casino products, of which Live Casino is only part of the offering. To date, Evolution has not lost a single customer to another niche provider of Live Casino.

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*The Live Casino market continued to give a positive performance in 2014 and had an estimated value of EUR 771 million by the end of the year.*

## Regulation

The gaming industry in Europe and within the EU is regulated at a national level, and there is as yet no common European or international gaming legislation. This situation is not expected to change over the next few years. Many countries have regulations for land-based casinos that are not applied to online gaming. Some countries have a gaming monopoly, in which only one operator is permitted, while others have established systems in which several operators can be licensed to offer online games. In some cases, gaming operators that are licensed in one EU country offer games in other member states. An increasing

number of European countries have therefore recently introduced national regulation, and most are expected to follow suit over the next few years. This means that gaming operators, and in some cases even B2B providers, must apply for country-specific licences, pay local taxes and be subject to national monitoring.

Regulation is an important factor in the growth of the Live Casino market, because it brings more potential end users and gives operators greater opportunities to promote the product. Since Evolution is a B2B provider, new legislation tends to affect the company indirectly.

# From live to Alive



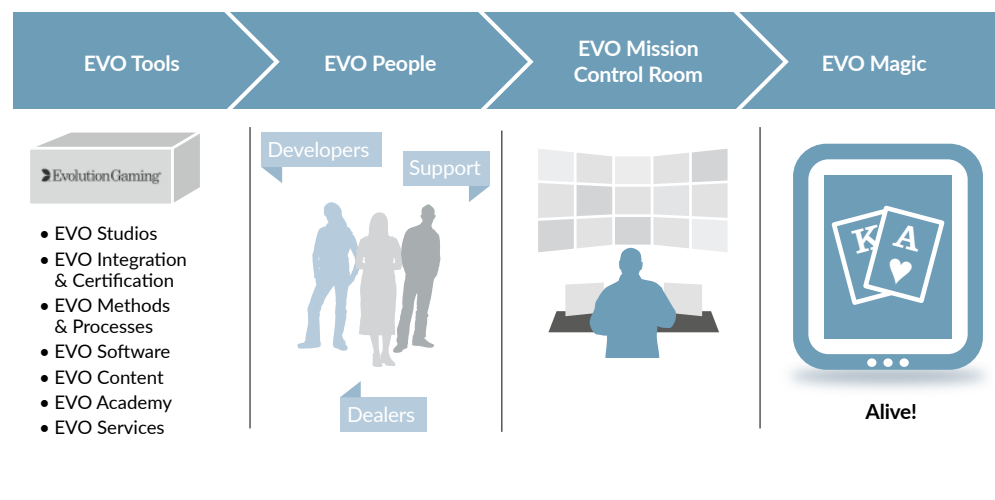




# A Unique Casino Experience

Evolution offers an industry-leading Live Casino platform that simultaneously handles software, video, employees and user data, giving the end user a unique gaming experience.

## *Evolution's Platform – the EVO System*



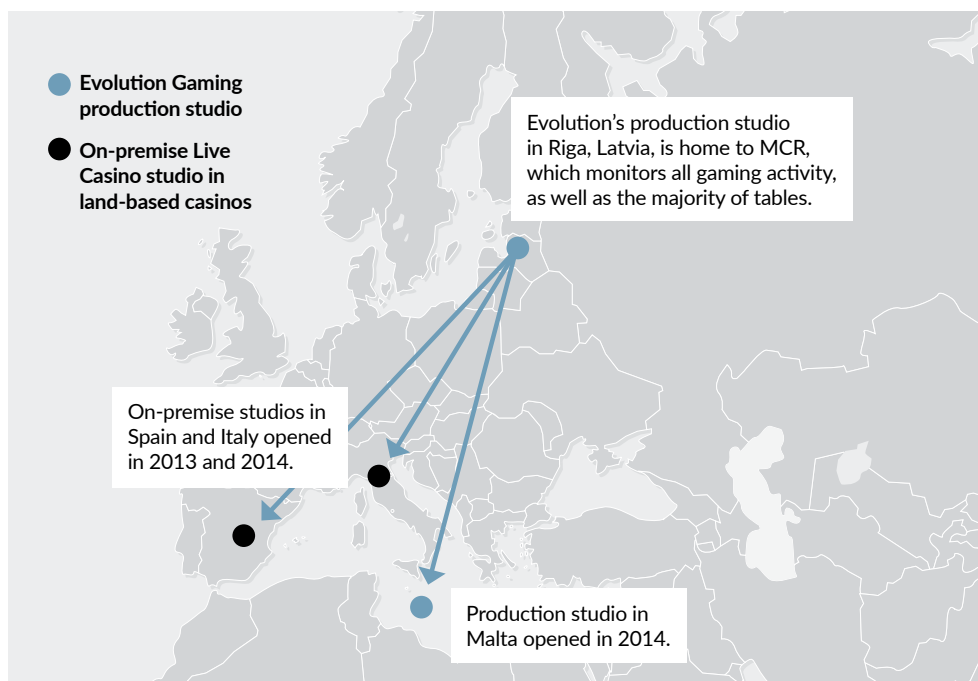
### **From live to alive**

Evolution's Live Casino platform is unique and covers all aspects that a gaming operator needs – from recruitment and training of dealers and other personnel, to broadcasting, production, monitoring, customer service and follow-up. All operational activities are monitored by the company's Mission Control Room, which is based at the production studios in Latvia and Malta. For end users, a Live Casino game via Evolution's platform should feel like more than just a game on a computer or mobile phone – it should feel like you are playing in a real casino.

### **Technical platform**

Evolution continually invests in the technical platform that forms the basis of the company's operations. Investments relate to servers and adapted hardware such as video recording devices, card scanners and dealer computers. The company has a stable and reliable technical system, which includes a large number of servers and manages all data traffic and integration with the gaming operator's system. The technology is designed to be able to handle large amounts of data, while being scalable. Evolution has also built its own video coding solution to ensure uninterrupted video streaming in HD, or whatever format best suits the end user's capacity. In 2014, system availability was 99.97 percent, excluding scheduled maintenance.





### Production studios

Evolution has two production studios – one in Riga, Latvia, and one in Luqa, Malta. The latter was opened in 2014 to provide high-quality tables with native-speaking dealers for regulated markets such as Denmark and Italy. The studio in Riga has a floor space of just over 4,000 square metres, and the one in Malta is around 1,250 square metres. Together they provide over 120 tables for Evolution's customers.

The studios have a modular design to enable a high level of flexibility and allow tables to be quickly rearranged and used according to demand. This is particularly useful when operators upgrade from a generic to a dedicated environment, as it is easy for Evolution to isolate the new environment from the generic one.

In addition to these studios, Evolution also runs two on-premise studios inside land-based casinos, one in Spain and one in Italy. The Italian Live Casino studio opened during the year at Casinó Campione d'Italia, as a strategically significant tool for extending the casino's offering to include online activities as well. The studio has been built inside the casino itself and can be seen by all visitors, but games take place via the casino's website, which has been integrated with Evolution's platform. In Spain, Evolution has a studio at a land-based casino as Spanish legislation requires companies to

have a physical presence in order to offer Live Casino products on the market.

### Evolution Academy

Evolution Academy is located at the production studio in Latvia and is responsible for the recruitment and initial and ongoing training of all gaming personnel – from dealers to card shufflers and customer service staff. The Academy is set up just like a real Live Casino studio, to provide camera training that is as realistic as possible.

### Mission Control Room

Mission Control Room (MCR) is the heart of Evolution's operations. MCR is responsible for ensuring operational excellence, system availability, security and regulatory compliance. All active games at all production studios run by the company are monitored and controlled 24 hours a day, in real time. Key areas that are monitored include equipment, dealers and gaming patterns – all with the aim of optimising security and providing protection against fraud. MCR's central hub is based at the production studio in Latvia. A secondary MCR has been built in Malta as part of the company's continuity planning. MCR makes Evolution's business even more scalable, as all studios, both existing and future ones, can be monitored from one place.

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



## Product Portfolio

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### Live ROULETTE

A casino classic that has been part of Evolution's offering right from the start. A dealer throws a ball in the opposite direction to the rotational direction of the wheel and the end user bets on a number, colour or combination of both. In addition to the original game, Evolution also offers several derivatives, such as Immersive Roulette and Sports Roulette. Roulette is Evolution's biggest game in terms of revenues generated.



### Live BLACKJACK

Another casino classic, where the end user tries to achieve a hand that is closer to 21 than the dealer's hand. Blackjack has a number of derivatives, including Perfect Pairs and 21+3. Blackjack is the only game in Evolution's selection that is not scalable in its original form, with a maximum of seven end users per table, which is why in 2014 the company launched Blackjack Bet Behind, in which end users can take part by betting on the players sitting at the table. Blackjack is Evolution's second biggest game in terms of revenues generated.



### Live BACCARAT

Baccarat is the most popular card game at casinos in Asia and is rapidly gaining popularity in Europe as well. End users play against the dealer, trying to achieve a hand as close to 9 as possible. Evolution offers special features, such as the opportunity for the end user to see opponents' moves.



### Live CASINO HOLD'EM

A variation on the highly popular Texas Hold'em, in which the end user plays against the dealer. The aim is to achieve the best possible five-card hand based on two of your own cards and five community cards. To make it more realistic, the end user can interact with both the dealer and other players during the course of the game.



### Live THREE CARD POKER – New for 2014

A variation on poker, where the end users play against the dealer with just three cards each. Three Card Poker was launched at the beginning of 2014 as Evolution's fifth core game and has seen rapid growth in popularity. The game is completely scalable and suits both novices and experts, owing to simple rules and an exciting tempo.



#### Customised services

Evolution offers gaming operators a completely customised service. For smaller operators, access to generic tables may be sufficient, while the larger operators tend to sign agreements for completely dedicated environments. Dedicated environments have the most opportunities to customise both standard and VIP tables, full control over the studio look and feel and a dedicated team of dealers.

#### Distribution channels

Evolution offers end users simple access to Live Casino games via a huge range of platforms. Most end users play via their desktop, but mobile devices such as smartphones and tablets are gaining popularity. In 2014, about 13 percent of gaming revenue generated on Evolution's platform derived from games on mobile devices. All mobile games are built in HTML5 to ensure smooth integration with the operator's mobile websites and apps.

#### Examples of adaptations to give the most comprehensive Live Casino service

- Dedicated tables and teams
- Native-speaking dealers
- Standard and VIP tables
- Operating hours
- Gaming limits
- Physical set-up, 3D-rendered backdrops and bluescreen technology.





*Immersive Roulette*

# Roulette With a Hollywood Feel

Immersive Roulette was launched at the end of 2013 and illustrates the company's ambition to offer the best and most innovative gaming experience on the European Live Casino market. In 2014, Immersive Roulette was voted Game of the Year at the EGR Operator Awards.



Immersive Roulette is a unique Live Casino game that uses advanced image technology and multi-camera systems to give the end user an experience that is as entertaining and real as possible. A large number of HD cameras capture every movement of the roulette ball in the wheel, from every conceivable angle. Close-ups are followed by slow-motion replays, so the end user can see the ball at all times, and never misses a second of the game.

Immersive Roulette was developed by Evolution's team of developers in Riga, with Hollywood productions as the main source of inspiration. The game is designed for both desktop and mobile devices and has achieved considerable commercial success since its launch. And in November 2014, Immersive Roulette was voted Game of the Year at the EGR Operator Awards, making it the game that has made the biggest impression during the year. Considerable emphasis was placed on

innovation, marketing value, product quality and scope.

Over the years, Evolution has built up a vast bank of expertise within product innovation, with committed employees and effective development processes. Besides the employees, the ideas often come from Evolution's extensive network of talented individuals – from TV and film producers, to world-leading gaming experts and, of course, the company's own customers and their end users.

Immersive Roulette offers a truly unique concept that has a real wow-factor for both novices and veteran roulette players. For gaming operators this has mainly resulted in both new and returning end users. Immersive Roulette has also proved to be an excellent marketing and cross-selling tool that, with its scalability offers considerable opportunities to generate a return for operators.



Immersive Roulette is offered on all platforms and has achieved great commercial success.





# Solid Brands

Evolution's customer portfolio includes a majority of Europe's largest online operators and a number of land-based casinos. In addition to new customers, there is potential for the existing customer portfolio to generate continued growth, since many operators do not as yet have a comprehensive Live Casino offering. Evolution can also follow existing customers into new markets as more countries become regulated.

## *Selection of Customers*



### Customer portfolio

Evolution's customer portfolio comprises online operators and land-based casinos. The online operators can be divided up into sportsbook operators and online gaming operators. Sportsbook operators focus primarily on games and betting on various sports, but they also offer casino products, and Live Casino has gained importance in recent years. Online gaming operators often provide a broad portfolio of RNG games, such as slots and casino games, with Live Casino comprising a significant share.

Land-based casinos that decide to expand online are expected to increase in number over the next few years and Evolution aims to be the natural partner when this happens. At the end of 2014, Evolution's customer portfolio included two land-based casinos.

### New customers in 2014

Evolution announces all new customers classified as Tier 1, i.e. customers of strategic, financial or other particular significance. In 2014, agreements were signed with Danske Spil, Full Tilt, PokerStars and win2day.

### Growth among existing customers

A key aspect of the company's strategy is to increase its Share of Live among existing customers via new product launches, services and adaptations. Evolution also follows existing customers into new regulated markets. A growing number of the company's operators are investing more resources into their Live Casino offering through a higher degree of customisation, such as dedicated tables and native-speaking dealers. The strong growth in Live Casino on the European market is one explanation for this trend.

CUSTOMER DEPENDENCY (% OF REVENUES)

	2012	2013	2014
Top 1	14%	13%	14%
Top 1-3	32%	32%	36%
Top 1-5	48%	46%	53%

### Customer dependency

Most of Evolution's largest customers have strengthened their focus on Live Casino in recent years, but the company has managed to retain roughly the same dependency towards its five largest customers by acquiring new customers and through add-on sales with other existing customers. Evolution's largest customer accounted for approximately 14 percent of revenues in 2014, and the five largest customers accounted for roughly 53 percent of revenues.

### Risk assessment for new customers

As a B2B provider, Evolution's revenues are generated via gaming operators. The company has sound monitoring processes in place to detect attempts at fraud and money laundering, but it is the operators that handle all monetary transactions with their end users. Evolution therefore has a limited risk exposure to fraud and money laundering. To satisfy licence requirements and further minimise the risks, the company has established due diligence processes for when new agreements are signed and to continually evaluate existing customers. Evolution is always able to discontinue its services to operators that fail to comply with the relevant regulations, or that in some other way jeopardise Evolution's market position.

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*A key aspect of the company's strategy is to increase its Share of Live among existing customers via new product launches, services and adaptations. Evolution also follows existing customers into new regulated markets.*

## Rank Group



”

*Rank Group has been working with Evolution Gaming since 2008 and was one of the first operators to opt for a dedicated environment.*

# Focus on Brand Values

Rank Group is a leading European gaming-based entertainment company, headquartered in the UK and listed on the London Stock Exchange. The Group's brands include Grosvenor Casinos and Mecca Bingo.

Rank Group has been working with Evolution Gaming since 2008 and was one of the first operators to opt for a dedicated environment. This dedicated environment was subsequently re-launched in an extended and rebranded form in November 2013 to reflect the look-and-feel of Grosvenor's land-based venues.

The new environment instantly doubled the capacity of Grosvenor Casinos' online Live Casino offer, while also allowing for future expansion. The Grosvenor dedicated environment includes four live tables including a VIP table, dedicated native-speaking English dealers on the Roulette table, a dedicat-

ed team dressed in Grosvenor Casinos' uniforms that match those worn by staff in the company's land-based casinos and six×60-inch plasma screens built into the Live Casino backdrop and used to communicate key messages, including highlighting land-based casinos in various locations, Facebook and special promotions.

Furthermore, Grosvenor enriches their offering further with Brand Ambassadors located in Evolution's studio in Riga who educate their dedicated team in terms of Grosvenor brand values and corporate messaging. They are also instrumental in maximising the opportunity to cross-sell promotions in-venue and drive increased visits to and revenue at the land-based venues.

Grosvenor now runs the same promotions in-club as online and has a single loyalty system that rewards both in-club and online play. Both developments remove the division between playing at a land-based venue and online and encourage complementary use of both channels to fit in with players' busy lifestyles.

Following the success of this major Grosvenor project, in 2014 Evolution Gaming also launched a Live Roulette for Rank Group's Mecca brand as part of its Mobile Bingo offering. According to Mecca, mobile is their fastest growing vertical with the majority of the brand's new player acquisitions coming from this channel.

“Evolution has been instrumental in enabling us to implement Grosvenor's successful ‘clubs online’ strategy, with its single loyalty system that rewards customers for both in-club and online play. In addition, we stream the Live Casino feed from our Evolution dedicated environment into one of our flagship casinos in Coventry. So now players can also use their mobile devices to continue to play live whilst in the bar, for example. As the UK's biggest and most progressive casino brand, Grosvenor is focused on delivering a great, easy to use service to players through multiple channels,” says Adam Joseph, Director at GrosvenorCasinos.com.

*Evolution's Operations in Figures 2014*

712

NUMBER OF DEALERS IN  
EVOLUTION'S STUDIOS

120+

NUMBER OF TABLES  
IN OPERATION

45

NUMBER OF TRAINING TABLES AT  
EVOLUTION ACADEMY IN RIGA

10

NUMBER OF LANGUAGES SPOKEN  
BY EVOLUTION'S LOCAL DEALERS

1,300

NUMBER OF CARD DECKS IN PLAY  
WHEN ALL TABLES ARE OPEN

244 million

THE APPROXIMATE NUMBER OF  
CARDS PLAYED EVERY YEAR

91 million

THE APPROXIMATE NUMBER  
OF VIRTUAL CHIPS PLAYED EVERY  
DAY BY END USERS

550

THE NUMBER OF TABLES REQUIRED  
AT A LAND-BASED CASINO TO COPE  
WITH EVOLUTION'S PEAK NUMBER  
OF END USERS

1,389,933

THE NUMBER OF ACTIVE END USERS AT EVOLUTION'S TABLES

# Secure Solutions and Responsible Gambling

Evolution endeavours to be the most reliable and transparent Live Casino provider on the market and therefore holds all the necessary licences and certifications required to maintain the highest international standards in terms of regulatory compliance and security. Evolution also plays an active role in preventing gambling-related problems.

## Licences

Evolution holds a class 4 license for B2B operations from the Malta Gaming Authority, as well as a category 2 certificate from Alderney Gambling Control Commission. The company also holds a Combined Remote Operating Licence issued by the UK Gambling Commission. Evolution is also certified in Denmark, Italy and Spain, and has a transactional waiver for a licence in New Jersey, USA. The licensors conduct regular reviews of Evolution's compliance with the licensing requirements.

## Security

Gaming security is of the utmost importance for Evolution to maintain confidence on the market. In 2014, Evolution was the first company in Latvia to receive ISO 27001:2013 certification, the latest ISO standard for IT security. The certification process was completed in Latvia, since most of the company's operations and its platform are based there, and is a confirmation that Evolution has successfully organised its processes in a system that safeguards confidentiality, integrity and availability of information and data.

## Mission Control Room

All games and transactions are monitored in real time, 24 hours a day, all year round, via Evolution's Mission Control Room. This proactive approach allows the company to identify potential problems immediately and inform operators. This in turn allows operators to take immediate steps to prevent their service from being used for money laundering purposes, for example.

## Gaming responsibility

Although as a B2B provider Evolution does not have a direct relationship with the end user, the company works with operators to prevent gambling-related problems. All dealers are trained to detect high-risk behaviour. End users displaying signs of having a gambling problem are encouraged to seek advice via the operator's support pages for gambling dependency, or to take a break from playing. Evolution can also provide technical support to help the operator offer gaming limits, in which end users can restrict how much money they play with, or introduce a limit as to how much they can lose.

Evolution donates funds every year to the Responsible Gambling Trust in the UK, a support organisation to minimise gambling-related harm.

In 2015, Evolution aims to develop a long-term sustainability strategy, involving clear objectives and activities.











As real  
as it gets



# A Thriving Corporate Culture

Evolution's successes are largely dependent on the company's employees and the values that form the basis of operations. A strong corporate culture, with the customer and end user at the core, guarantees a unique Live Casino experience.

Evolution's employees are located at the company's studios and offices in Latvia, Malta, the UK and Sweden. Evolution's employees join an international environment with a wealth of career paths. The vast majority work within the operative gaming side of the business, with dealers comprising the largest group. Many employees, primarily in Latvia, are part-time students, but when they have completed their studies they can opt to take on other challenges within the company.

The company's IT units attract highly qualified experts who are keen to work in an innovative environment with advanced and modern technology. Since product innovation is a key element of Evolution's strategy, creativity and fresh approaches are highly prized, while expertise within areas such as development,

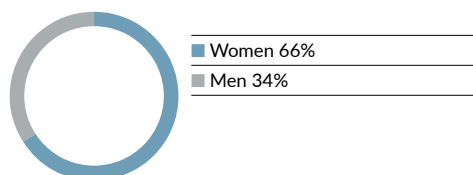
infrastructure and quality assurance are of the greatest importance.

Evolution strives to be an attractive employer offering competitive salaries and other incentives. The company aims to achieve a dynamic and equal working environment, in which all employees feel they have equal opportunities and are contributing towards the company's success. Leadership is a central aspect of the company's employer strategy and managers are given support and tools to enable them to fulfil their roles successfully.



Watch Evolution's careers film at [www.evolutiongaming.com/careers](http://www.evolutiongaming.com/careers)

GENDER DISTRIBUTION



NUMBER OF EMPLOYEES, 31/12/2014

1,278

DIVISION OF ROLES (FULL-TIME POSITIONS)



NUMBER OF FULL-TIME POSITIONS, 31/12/2014

939



Our Values

Integrity	We are transparent, honest and professional.
Innovation	We find solutions that set new standards and offer our customers competitive advantages.
Flexibility	We always maintain a flexible approach to customer preferences, we are open to change and contribute to a dynamic working environment.
Reliability	We provide a reliable and stable service that produces results.
Teamwork	We work together to provide the best Live Casino experience on the market.

**Alive**

We are proactive and responsive to the needs of customers and end users.

We go the extra mile to provide an exceptional service.

Shared values

It is Evolution’s employees who determine the quality of the gaming experience for the end user and the operator’s perception of the company’s services. The company therefore has a strong corporate culture and shared set of values that encourages everyone to go the extra mile for the customer and end user, to make Evolution’s services as realistic as possible.

Evolution Academy

Evolution Academy is located at the production studio in Latvia and is responsible for the recruitment and initial and ongoing training of all gaming personnel – from dealers to card shufflers and customer service staff. The Academy is set up just like a real Live Casino studio, to provide camera training that is as realistic as possible. The normal training period for a new dealer is roughly 100 hours, after which a three-month trainee period begins. Each newly recruited employee is assigned a mentor and continues to undergo training after the trainee period has come to an end, in order to further develop their skills and minimise the risk of gaming mistakes. Throughout their employment, all personnel continue to undergo training based on their results, but also in conjunction with the launch of new games or other new technical features.

In addition education in compliance, money laundering prevention and other control areas is an important part of the training activities.



# Evolution's Share

## Initial Public Offering

In 2014, Evolution's Board of Directors decided to apply for the company's shares to be listed on Nasdaq First North Premier. Trading in the company's shares began on 20 March 2015. The company's certified adviser is Avanza Bank AB. For further information about the IPO, please refer to Evolution's prospectus, which can be found at [www.evolutiongaming.com/investors](http://www.evolutiongaming.com/investors).

## Share capital

On 31 December 2014, the share capital amounted to EUR 525,539.52 allocated among a total of 35,035,968 shares with a quotient value of EUR 0.015. On 5 January 2015, the non-cash issue that had been initiated in December 2014 as part of the establishment of the new parent company Evolution Gaming Group AB was finalised. The number of shares was then 35,091,672.

On 27 January 2015, a directed new share issue of 878,705 shares was carried out. The share capital then amounted to EUR 539,555,655, allocated among a total of 35,970,377 shares with a quotient value of EUR 0.015. All shares are of the same type, with equal voting rights and rights to the company's capital and profit.

## Investor relations

Evolution will communicate accurate and relevant financial information clearly to facilitate understanding of the company's business model, strategy and financial performance. Evolution simultaneously communicates the same information to its shareholders and other stakeholders with regard to issues that may affect the share price. The company publishes interim

reports, annual reports and press releases, which can be found at [www.evolutiongaming.com/investors](http://www.evolutiongaming.com/investors). Mailings can also be subscribed to via the website. In addition, the website provides information on corporate insiders' holdings and transactions in Evolution's share, as well as a current overview of the company's shareholder structure.

## Dividend

The company's dividend policy is to distribute at least 50 percent of annual net profit over time. An interim dividend totalling EUR 2.5 million was paid in November for the 2014 financial year, corresponding to a dividend ratio of 21 percent of annual profit. No further dividend for the financial year has been proposed. The deviation from the policy is explained, among other things, by costs associated with the IPO, and provides no guidance regarding future dividends, which will be made on an annual basis.

## Financial Calendar 2015

Annual General Meeting	7 May 2015
<b>Interim reports</b>	
January–March	6 May 2015
January–June	27 August 2015
January–September	29 October 2015
Year-end report	February 2016

# Directors' Report

The Board of Directors and the CEO of Evolution Gaming Group AB (publ) 556994-5792 ("Evolution") hereby present the annual accounts for the 2014 financial year for the group and for the period 9 December 2014 to 31 December 2014 for the parent company.

## Operations

Evolution develops, produces, markets and licenses fully integrated Live Casino solutions to gaming operators. With Live Casino, a real dealer runs the game from a casino table, which is streamed in real time. The end users, i.e. the players, make gaming decisions using their device, such as a computer, smart-phone or tablet, and can communicate with the dealer via a chat function. Evolution is a B2B provider and had approximately 70 customers at the end of 2014, including a majority of Europe's most prominent online gaming operators and a number of land-based casinos. It is the gaming operators that market the products to their end users.

Evolution's Live Casino platform is unique and covers all aspects that a gaming operator needs – from recruitment and training of dealers and other personnel, to broadcasting, production, monitoring, customer service and follow-up. Operators are offered a fully customised solution with a high degree of adaptability such as standard and VIP tables, full control over the studio look and feel and a dedicated team of dealers. The company's core games include Live Roulette, Live Blackjack, Live Baccarat, Live Casino Hold'em and Live Three Card Poker. Various game derivatives are also available, i.e. variations of the core games with new technical solutions and new content. Evolution has production studios in Riga, Latvia, and Luqa, Malta, where a majority of the operations are conducted. The parent company of the group is located in Stockholm, Sweden. An additional office is located in London, United Kingdom.

Evolution's revenues consist of fixed and variable consideration from the company's customers. A majority of the revenue derives from commission, which is calculated as a percentage of the operators' winnings generated via the company's Live Casino offering. Commission offers Evolution advantageous exposure to the general growth of the European Live Casino market. In addition to commission, a considerable proportion of the company's revenue derives from fees for dedicated tables. These are monthly service charges to operators who have opted to have tables reserved for exclusive use by their end users. Evolution is a pure operating and development company; consequently, it does not conduct any gaming operations of its own.

## Business concept and objectives

Evolution's business concept is to offer gaming operators a flawless and localised Live Casino into regulated markets, on all digital platforms. The company aims to grow faster than the European Live Casino market while maintaining a sustainable EBITDA margin of at least 35 percent.

## Significant events in 2014

- A new core product Three Card Poker, a highly popular table game developed in cooperation with SHFL Entertainment, was launched;
- A new production studio opened in Malta, with the purpose of offering high-quality tables in newly regulated markets and strengthen Evolution's continuity planning;
- An on-premise Live Casino studio was launched at Casinó Campione d'Italia in Italy;
- New agreements were concluded with Tier 1 operators Danske Spil, Full Tilt, PokerStars and win2day;
- Evolution won the award Live Casino Supplier of the Year for the fifth time out of five, and the game derivative Immersive Roulette was voted Game of the Year.

## Market

The European Live Casino market continued its strong development in 2014 and, according to independent institute H2 Gambling Capital, it had an estimated value of approximately EUR 771 million at year-end. The upward trend, like the trend for the online gaming market as a whole, is due to technical advances and new distribution channels but also a strong level of demand from gaming operators and their end users. Live Casino has traditionally been an add-on product in operators' online casino interface, but it has now become an integrated product that is gaining increasing importance as it provides considerable opportunities to completely customise both the gaming environment look and feel and content, thus providing uniqueness for both operators and end users.

New, regulated markets are also partly behind the growth experienced by Live Casino. Since the end users in these markets are less used to online gaming there is a general lower level of trust in RNG games. A real, native-speaking dealer boosts confidence, and Live Casino has therefore proved to be an effective entry product as gaming operators launch their brand in new markets. Land-based casinos expanding their offering online has also been a contributory factor to the strong growth for Live Casino.

Evolution estimates that its market share among Live Casino providers in Europe is approximately 50 percent, which is the largest market share by far. The company intends to continue to strengthen its leading position in the market with a clear focus on activities that promote the operations and offering. The company predicts the greatest growth deriving from an increased share of live, that is, the proportion of Live Casino revenues among the operator's total casino revenue, with a majority of gaming operators currently lacking a complete offering. The company has three core areas – product innovation, customer optimisation and operational excellence – that are considered particularly important in further widening the lead over other providers in the market and laying a solid foundation for continued growth.

### New agreements and customers

Evolution communicates all new agreements with customers classified as Tier 1, i.e. customers that are of strategic, financial or other particular significance. In 2014, agreements were signed with Danske Spil, Full Tilt, PokerStars and win2day. Agreements were also concluded with a number of smaller operators, while existing agreements were expanded to cover additional services and tables.

### Revenues and profit

#### REVENUES

Evolution's total operating revenues amounted to EUR 48.5 million (38.8) in the financial year ending on 31 December 2014. The increase was mainly driven by a considerable increase in commission revenues and new revenue channels, such as an expansion of the company's mobile platform and the launch of new core games and gaming derivatives. Commission revenues increased as a result of signing new customers and a general increase in commission fees from existing customers. The increase was also driven in part by an increase in fixed revenues in the form of fees for dedicated tables. The increase in total operating revenues was offset by the loss of one of the company's five largest customers in the first half of 2014.

#### EXPENSES AND PROFIT

Total operating expenses amounted to EUR 35.4 million (30.9). The company's personnel expenses rose to EUR 23.7 million (21.7), mainly driven by higher costs for personnel in connection with the launch of new tables, as well as the opening of the new production studio in Malta. Additional employees were also recruited within IT and product development. Depreciation, amortisation and impairments amounted to EUR 3.9 million (3.5), an increase explained by the new studio in Malta as well as the completion of several major development projects. Other operating expenses rose to EUR 7.9 million (5.8), driven by expenses for premises, consumables and communications arising in connection with the new studio in Malta. Non-recurrent expenses of EUR 0.7 million (-) related to the company's IPO in March 2015 were also included in other operating expenses.

Operating profit for the year amounted to EUR 13.1 million (7.9) with an operating margin of 27 percent (20).

Financial items only had marginal impact on the profit and amounted to EUR 0.01 million (0.01). The company's financial income decreased as a result of reduced interest income from bank deposits. Financial expenses were reduced through the elimination of late penalty interest previously paid by the company.

The group's effective tax rate for the year amounted to 7.7 percent (9.0). The effective tax rate is chiefly affected by the countries in which the group conducts operations and generates profit, which may vary between reporting periods. In 2014, a

greater share of the profit was taxed in Malta, which has a lower corporate tax rate than other jurisdictions.

Profit for the year amounted to EUR 12.1 million (7.2).

#### INVESTMENTS

The group's investments in intangible assets amounted to EUR 4.3 million (3.2) in 2014. Investments in intangible assets refer to the development of new games for mobile phones, tablets and computers and technical improvements of the platform, such as new functionality, higher capacity and adjustments for requirements on regulated markets. A large proportion of the development projects in the year related to games for mobile devices. The group's investments in property, plant and equipment amounted to EUR 1.7 million (3.4). Investments in property, plant and equipment primarily comprised tables, servers and other computer equipment to meet new technical requirements and maintain capacity and performance in connection with new platform launches. Investments in computer equipment were also made to meet needs in connection with the organisation's expansion, as well as in studio equipment in the company's production studio.

#### CASH AND CASH EQUIVALENTS, FINANCING AND FINANCIAL POSITION

Cash flow from operating activities amounted to EUR 14.2 million (10.5) over the year. The increase is primarily due to an improved operating profit. Cash flow from investing activities was negative in the amount of EUR 6.0 million (negative: 6.6). A description of the investing activities is provided in the Investments section above. Cash flow from financing activities was negative in the amount of EUR 5.5 million (negative: 3.5) and primarily consisted of a transfer to the shareholders. Cash and cash equivalents amounted to EUR 8.3 million (5.6) at year-end.

#### EMPLOYEES

As of 31 December 2014, Evolution employed 1,278 (1,146) people, corresponding to 939 (779) full-time equivalents. The average number of full-time equivalents for the full year of 2014 was 859 (712).

#### PARENT COMPANY

On 9 December 2014, as a step in the preparations for the intended IPO on Nasdaq First North Premier in Sweden, the group initiated a reorganisation by establishing a new parent company: Evolution Gaming Group AB (publ). The reorganisation was carried out through a non-cash issue, where each share in the previous parent company, Evolution Core Holding Limited, was exchanged for a share in the newly established Swedish parent company. The process was finalised on 5 January 2015 when all shares had been exchanged. The newly formed parent company had no operations in 2014. Total assets amounted to EUR 205.7 million at the end of the year.



### Risk factors

Evolution's operations are exposed to certain risks that may have varying impact on earnings or financial position. These can be divided into industry, operational and financial risks. When assessing the company's future development, it is important to take into account the risk factors, alongside any opportunities for profit growth. The risk factors are not set out in any particular order, importance or potential impact on the group's revenue, profit or financial position. Neither should these be seen as exhaustive, but rather as representing risks that are applicable to Evolution and that are monitored and evaluated by the executive management. In addition, the risks below are not the only risks to which the group may be exposed. The company may be unaware of certain risks. Financial risks are described in Note 20 Financial risk management.

### POLITICAL DECISIONS AND OTHER LEGAL ASPECTS

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

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

Further, many jurisdictions have not updated their laws to address the supply of remote gaming services from other countries, and courts may interpret older legislation unfavourably or determine that the activities of the group and/or its customers are illegal. For example, a court or regulator may order that cer-

tain equipment be located in the jurisdiction in which products and services are offered, which could materially and adversely impact the group's operations and the business of its customers. Furthermore, several European countries have introduced, or are in the process of introducing, new online gaming regulations, which will require online gaming operators, and in some cases even suppliers, to hold, e.g., a country specific license, pay gaming taxes, operate from a country domain and report gaming statistics in order to bring operators (and end users) under supervision. Although Evolution monitors the regulatory environment, legislation could be interpreted in an unfavourable or unanticipated manner.

If regulatory or enforcement actions are brought against any of Evolution's customers, the group's revenue streams from such customers may be frozen or traced by authorities, even if no group entity is made a party to any legal proceedings against such customers. As a result, end users may face problems transferring funds in and out of certain jurisdictions, which may impact payments to gaming operators and hence Evolution.

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

### OPERATIONS SUBJECT TO OFFICIAL APPROVAL

Evolution has obtained and is obliged, given the nature of the software, services and technology it supplies, to maintain its licenses and certifications in a number of jurisdictions, and may in the future be required to obtain licenses and/or certifications in other jurisdictions. If any of these licenses or certifications are withdrawn or are not renewed on equivalent terms (e.g. where there is change in view as to what equipment needs to be located locally), the company may not be able to continue to operate and offer services in certain jurisdictions. Additionally, to the extent that Evolution is unable to obtain requisite licenses and/or certifications in jurisdictions, particularly with respect to jurisdictions that fall within or are comprised of newly regulated markets, the company may not be able to follow customers into these jurisdictions and newly regulated markets. In such event, customers may turn to competitors that are licensed and/or certified in the applicable jurisdiction, or that become licensed and/or certified before Evolution does. Any failure to renew or obtain any such license or certification could have a material adverse effect on the group's business, financial position and profit.

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

#### **SERVICE DISRUPTIONS**

Evolution's ability to provide its software to gaming operators depends upon the integrity, reliability and operational performance of its systems. The functioning of the IT systems within the group's operations, or that of its suppliers, contractors or partners, could be disrupted for reasons beyond its control. Furthermore, there may be technological challenges in rolling out new products and services. Any such disruption or event may lead to customer claims against the group or otherwise negatively impact the group's ability to sell products and services to its customers due to reduced confidence. Any interruption in the systems could have a negative effect on the quality of products and services offered by Evolution and, as a result, on demand from customers and their end users. The group's success depends, in part, on providing secure products and services to customers for use by their end users. Attempts to penetrate security measures may come from various combinations of customers, end users, employees and others. The group's IT systems are ISO-certified and the ability to monitor and ensure the quality and integrity of Evolution's products and services is continuously reviewed and enhanced.

#### **END USERS**

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

#### **DEPENDENCE ON KEY PERSONNEL AND SKILLED EMPLOYEES**

The majority of the group's employees operate, organise and oversee the Live Casino table operations, with approximately 75 percent of the group's full-time employees working on tables as hosts and dealers. These employees possess language, dealer and other trade skills that are essential to the day-to-day operations

of the Live Casino. Evolution aims to be an attractive employer and invests significantly in the training and development of its staff. In the ordinary course of operations, the group experiences employee turnover with respect to employees working on tables, and such turnover can at times be significant. The loss of a significant number of its employees or any of its key employees, or any increased costs that the group may incur in order to retain any such employees or hire and train new employees, could have a material adverse effect on the group's business, financial position and profit.

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

#### **DEPENDENCE ON MAJOR CUSTOMERS**

In 2014, the top five customers (in terms of revenue generated) contributed 53 percent of the revenue of Evolution. The group's revenue stream from these sources may be adversely impacted by any deterioration or decline in the business of these five customers, or if one or more of these customers opted to use a competitor of the company for its Live Casino solutions. The reduction in revenue generated from, or loss of, one or more of these five customers could have a material adverse effect on the group's business, financial position and profit.

#### **COMPETITION**

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

#### **INTELLECTUAL PROPERTY RIGHTS**

Evolution's ability to compete effectively depends, amongst other things, on its ability to protect, register and enforce its intellectual property rights. The group also faces the risk that the

use and exploitation of its intellectual property rights, including, in particular, rights relating to its software, may infringe the intellectual property rights of a third party. The possible costs incurred in bringing or defending any infringement actions may become substantial, regardless of the merits of the claim, and an unsuccessful outcome for the group may result in royalties or damages being payable and/or the group being required to cease using any infringing intellectual property or embodiments of any such intellectual property. Should Evolution not be able to effectively protect its intellectual property rights, or should an infringement claim be brought against the group, it could have a material adverse effect. The group is also dependent on know-how and trade secrets, and it strives to protect such information by, for example, maintaining confidentiality agreements with employees, consultants and partners. However, it is not possible to ensure total protection against unauthorised distribution of information and competitors, and others may gain access to such information, which may lead to the value of such information diminishing or competitors gaining an advantage, which in turn could have a material adverse effect on the group's business, financial position and profit.

#### RISK MANAGEMENT

Evolution is exposed to the risk of money laundering and fraudulent activities by its customers, end users and third parties, as well as the potential collusion by operators and end users. The group has implemented internal control systems and established a primary mission control centre in Latvia that monitors transactions, volumes and patterns, but these systems may not always succeed in protecting the group from money laundering and fraud. To the extent that the systems are not successful in protecting the group from money laundering or fraud, or if the group fails to comply with applicable regulations, the group and its directors could be subject to criminal sanctions or administrative and civil fines and could directly suffer loss, the revocation of concessions and licenses, operational bans, or lose the confidence of the group's customer base, all of which could have a material adverse effect on the group's business, financial position and profit.

In addition, effective internal controls are necessary for Evolution to provide reliable financial information and effectively prevent fraud. While the group has procedures and a system of internal control whereby internal risks are assessed, and the group's Risk Committee meets on a quarterly basis to discuss and address potential risks, it is possible that the group will not successfully manage internal risks or identify areas requiring improvement in the group's internal controls. Furthermore, the group's formal policies regarding risk management, procedures and internal controls were only recently introduced and adopted by the company, and there can be no assurances that the group will successfully integrate these policies and internal controls, that any measures taken to remediate any areas or controls in

need of improvement will be successful or that the group will maintain adequate controls over financial reporting, fraud and similar risks.

Furthermore, the company has not yet adopted any corporate governance procedures. The Swedish Corporate Governance Code is not applicable to entities listed on Nasdaq First North Premier, thus the company is not obliged to observe or comply with the Swedish Corporate Governance Code. If the group is unable to establish, maintain or implement appropriate and effective internal controls, procedures, processes and governance practices, it could subject Evolution to regulatory scrutiny or sanctions or cause investors to lose confidence in the group's ability to control and manage such risks, which could have a material adverse effect on the group's business, financial position and profit.

#### EXCHANGE RATE FLUCTUATIONS

Currency fluctuations may impact Evolution's financial performance. The group's accounts are maintained in EUR, while revenues from customer agreements are partially in different local currencies, including GBP and USD. Some expenses are also in different local currencies. In 2014, 13.6 percent of Evolution's total revenue was generated in GBP and 10.5 percent in USD. 11.4 percent of total expenses were generated in GBP and 3.2 percent in USD. The exchange rates between the local currencies and EUR have fluctuated significantly and may in the future fluctuate significantly. While foreign exchange risk and exposure to currency fluctuations have not had a material impact on the group's business, financial position or profit historically, the company does not hedge its exposure to currency fluctuations. As a consequence, fluctuations in exchange rates and currencies could have a significant effect on the cash flows of the company, which could impact the group's financial results in ways unrelated to its operations and/or have a material adverse effect on its business, financial position and profit.

#### TAX SITUATION

Evolution primarily conducts its business through subsidiaries that are active in the geographic markets in which it operates. The business, including intra-group transactions, is conducted in accordance with the company's interpretation of applicable laws, tax treaties and other regulations concerning taxes and the practice of tax authorities in the relevant countries. Evolution has obtained advice from independent tax advisors in this respect, but there is a risk that tax authorities in relevant countries may make decisions that deviate from the group's interpretations and the advice received from independent tax advisors. In addition, the group's interpretation of applicable laws, tax treaties, regulations and administrative practice may be incorrect and such rules may change, possibly with retroactive effect (in particular with regard to Maltese VAT legislation and the right of companies to deduct VAT). Furthermore, the company has

been advised that, to the extent that an individual ordinarily resident and domiciled in Malta acquires 5 percent or more of the company, although the tax refunds in Malta should not be limited, certain Maltese withholding tax obligations may be imposed in respect of dividends attributable to such individuals. Regulatory or legislative changes, or decisions by tax authorities, may impair the present, future or previous tax position of the group, which could have a material adverse effect on the group's business, financial position and profit.

#### COUNTERPARTY RISK

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

#### Proposed appropriation of profits

The following profits are at the disposal of the annual general meeting:

Retained earnings	205,147,459
Net profit for the year	-
<b>Total non-restricted equity</b>	<b>205,147,459</b>

The Board of Directors propose that the profit be appropriated as follows:

Balance to be carried forward	205,147,459
<b>Total</b>	<b>205,147,459</b>

The group's and the parent company's positions as at 31 December 2014 and the profit of the operations for the 2014 financial year are stated in the following income statements and balance sheets, cash flow statements, statements of changes in equity and notes to the financial statements.



# Corporate Governance

Under the Swedish Companies Act (2005:551), the Board of Directors is ultimately responsible for the organisation and management of the company. According to Evolution's Articles of Association, the Board of Directors is to be elected by the shareholders and consist of between three and eight directors, excluding deputies. The company was established in December 2014 and has adopted written rules of procedure for its work in 2015. The Swedish Corporate Governance Code is not applicable for companies listed on Nasdaq First North Premier. The Board of Directors intends to form a nomination committee at the company's next annual general meeting.

## Annual general meeting

Shareholders' right to make decisions regarding Evolution's affairs is exercised at the annual general meeting of shareholders, which is the company's highest decision-making body. All shareholders who are registered on the company's securities register and who have given timely notice of their intention to participate are entitled to take part in the AGM and vote based on all their shares. Compulsory tasks of the AGM include the adoption of the company's balance sheet and income statement, a decision regarding distribution of profit and on discharge from liability for the Board members and CEO.

## Nomination committee

The Board of Directors proposes that the 2015 AGM resolve to elect a nomination committee that will consist of four members: the Chairman of the Board and representatives of the company's three largest shareholders (based on known share ownership as per the last business day in August every year). The largest shareholders will only be represented on the nomination committee if they so wish. The nomination committee will appoint a chair from among its members. The Chairman of the Board will not chair the nomination committee. The mandate period of the nomination committee will extend up until the election

of a new nomination committee. No remuneration is proposed for the members of the committee. The duties of the nomination committee will include the presentation of proposals to the AGM regarding the election of the Board of Directors, Chairman of the Board and auditors. The nomination committee will also propose recommendations to the AGM regarding fees that are to be paid to the Board of Directors and auditors, as well as the principles governing the election of a new nomination committee.

## Internal control

The group has established a risk management committee, made up of representatives from the various relevant sections within the organisation, which meets every quarter to assess, discuss and address potential risks. The group has also set up procedures and created internal control systems for risk management, which include the establishment of the Mission Control Room (MCR) in Riga, Latvia. MCR monitors transactions, volumes and behaviour patterns, in order to help detect attempts at fraud and money laundering by customers, end users, third parties and dealers, and collusion between operators and end users.

Since some jurisdictions have laws that make the provision of, and participation in gaming services a punishable offence, the group continually takes precautions, including by stipulating in its agreements with operators that they must comply with the laws and regulations that apply for gaming services. These contractual provisions constitute a form of legal protection and prevent certain end users from gaining access to the group's products and services, since the group's customers analyse and limit end users' access to their online gaming platforms at local level and in accordance with local laws and regulations. Furthermore, the group has established technical systems and checks that mean certain jurisdictions are denied access to the group's Live Casino offering.

# Board of Directors

## Joel Citron

Chairman of the board

Based in the USA. Elected 2015.

Joel also is CEO of Tenth Avenue Holdings LLC and Chairman of the Board of Tenth Avenue Commerce LLC. In addition, among other assignments, he is Chairman of the Board of Oasmia Pharmaceutical AB and a number of companies within the Avenue Capital Group.

Joel has vast experience from various senior executive positions in investment and operating companies in Europe and the USA.

As per 10 april 2015, Joel holds 371,871\* shares in Evolution corresponding to 1.0% of the capital and votes.

## Jens von Bahr

Board Member

Based in Malta. Elected 2015. See management for additional information.

## Fredrik Österberg

Board Member

Based in Malta. Elected 2015. See management for additional information

## Ian Livingstone,

Board Member

Based in the UK. Elected 2015.

Ian also is the Executive Chairman of London+Regional Properties Limited. In addition, he holds various board positions at companies within the London+Regional Properties group.

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

As per 10 april 2015, Ian holds 5,950,032\*\* shares in Evolution corresponding to 16.5% of the capital and votes.

## Jonas Engwall,

Board Member

Based in Sweden. Elected 2015.

Jonas also is CEO of Knoxville AB. In addition, among other assignments, he is Chairman of the Board of ExOpen Systems AB, Occasion Euro Events AB and Takkei Trainingsystems AB.

Among previous assignments, Jonas has been Chairman of the Board of Risenta AB. He has also founded several entrepreneurial ventures in the past, including Skruf Snus AB.

As per 10 april 2015, Jonas holds 61,926 shares in Evolution corresponding to 0.2% of the capital and votes.

## The Company's auditors

### ÖHRLINGS PRICEWATERHOUSECOOPERS AB

Niklas Renström

Authorised Public Accountant

\*Total holdings, own and related parties including legal entities.

\*\* Includes Richard Livingstone's holding.

# Management



## Jens von Bahr

CEO and co-founder of Evolution Gaming

Employed in the group since 2006.

Jens also is a board member of the parent company.

Before founding Evolution, Jens held the position as Managing Director of Oriflame Sri Lanka. He has also founded several entrepreneurial ventures in the past.

As per 10 April 2015, Jens holds 3,719,906\* shares in Evolution, corresponding to 10.3% of the capital and the votes.

## Fredrik Österberg

CCO, deputy CEO and co-founder of Evolution Gaming

Employed in the group since 2006.

Fredrik also is a board member of the parent company.

Before founding Evolution, Fredrik held the position as CEO of Sportal.

As per 10 April 2015, Fredrik holds 3,619,906\* shares in Evolution, corresponding to 10.1% of the capital and the votes.

## Fredrik Svederman

Chief Financial Officer

Employed in the group since 2010.

Fredrik also is a board member in a number of Evolution's subsidiaries.

Among previous positions, Fredrik has been CFO of Nordnet AB (publ) and board member of several companies within the Nordnet group.

Fredrik has no direct shareholding in Evolution. He has an indirect holding of 296,759 shares through endowment and/or pension insurances.

## Jesper von Bahr

Chief Legal Officer

Employed in the group since 2011.

Jesper also is a board member and company secretary in a number of Evolution's subsidiaries. In addition, he is a board member of Ventilation Holding AB and deputy board member of Swedish Hasbeens AB.

Among previous positions, Jesper has been a lawyer at Advokatfirman Cederquist KB, lawyer/partner at Lofalk Advokatbyrå AB, General Counsel at Rebte Networks and a management consultant at McKinsey & Co.

As per 10 April 2015, Jesper holds 275,103\* shares in Evolution, corresponding to 0.8% of the capital and the votes.



## Svante Liljevall

Chief Operating Officer

Employed in the group since 2008.

Svante also is a board member in a number of Evolution's subsidiaries.

Among previous positions, Svante has been CEO of 100 Plus AB and a consultant within risk management at PWC and KnowIT.

As per 10 April 2015, Svante holds 389,643\* shares in Evolution, corresponding to 1.1% of the capital and the votes.

## Richard Hadida

Creative Director and co-founder of Evolution Gaming

Employed in the group since 2006.

Richard also is the Chairman of the Board of Evolution's subsidiary SIA Evolution Latvia.

Among previous positions, Richard has been Head of Tech and Media Investments at London & Regional Properties Limited.

As per 10 April 2015, Richard holds 2,112,481\* shares in Evolution, corresponding to 5.9% of the capital and the votes.

\*Total holding, own or held by closely related parties, including legal entities.

# Income Statement – Group

(EUR thousands)	NOTE	2014	2013
Revenues		48,528	38,770
Other revenues		3	0
<b>Total operating revenues</b>		<b>48,532</b>	<b>38,770</b>
Personnel expenses	3	-23,689	-21,666
Depreciation, amortisation and impairments	8, 9	-3,893	-3,467
Other operating expenses	17, 18	-7,859	-5,769
<b>Total operating expenses</b>		<b>-35,440</b>	<b>-30,901</b>
<b>Operating profit</b>		<b>13,091</b>	<b>7,869</b>
Financial income	4	10	19
Financial expenses	5	0	-11
<b>Profit before tax</b>		<b>13,101</b>	<b>7,877</b>
Tax on profit for the period <sup>1)</sup>		-1,003	-709
<b>Profit for the period</b>		<b>12,097</b>	<b>7,168</b>
<i>Of which attributable to:</i>			
Shareholders of the Parent Company		12,097	7,168
Average number of shares before dilution		35,035,968	265,846
Earnings per share before dilution (EUR)		0.35	26.96
Average number of shares after dilution		35,035,968	265,846
Earnings per share after dilution (EUR)		0.35	26.96
Operating margin		27.0%	20.3%
<sup>1)</sup> Effective tax rate		7.7%	9.0%
(EUR thousands)		2014	2013
<b>Profit for the period</b>		<b>12,097</b>	<b>7,168</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit</i>			
Exchange differences arising from the translation of foreign operations		63	-11
<b>Other comprehensive income, net after tax</b>		<b>63</b>	<b>-11</b>
<b>Total comprehensive income for the period</b>		<b>12,160</b>	<b>7,157</b>



# Balance Sheet – Group

(EUR thousands)	NOTE	31 December 2014	31 December 2013
<b>Assets</b>			
Intangible assets	8	6,550	4,399
Property, plant and equipment	9	4,835	4,912
Other long-term receivables		45	50
<b>Total non-current assets</b>		<b>11,430</b>	<b>9,361</b>
Accounts receivable	11	8,003	5,758
Current tax receivable	6,13	2,929	1,393
Other receivables	13	402	275
Prepaid expenses and accrued income	12	740	675
Cash and cash equivalents	14	8,295	5,602
<b>Total current assets</b>		<b>20,369</b>	<b>13,703</b>
<b>TOTAL ASSETS</b>		<b>31,799</b>	<b>23,064</b>
<b>Equity and liabilities</b>			
Share capital		526	3
Other capital contributed		4,698	4,698
Reserves		115	51
Retained earnings including profit for the period		18,377	9,302
<b>Total equity</b>		<b>23,715</b>	<b>14,054</b>
Deferred tax liability		192	175
<b>Total long-term liabilities</b>		<b>192</b>	<b>175</b>
Accounts payable	15	608	755
Current tax liabilities	6	3,524	1,726
Other current liabilities	15	2,190	4,972
Accrued expenses and prepaid income	16	1,570	1,382
<b>Total current liabilities</b>		<b>7,892</b>	<b>8,835</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>31,799</b>	<b>23,064</b>
Assets pledged		-	-
Commitments		-	-

# Changes in Equity – Group

2014 (EUR thousands)	Share Capital	Other capital contributed	Reserves	Retained earnings	Total equity
Opening equity, 1 January 2014	3	4,698	51	9,302	14,054
Reorganisation of the Group	-3	-	-	3	0
New Parent Company's Share Capital	526	-	-	-526	0
<b>Comprehensive income</b>					
Profit for the year	-	-	-	12,097	12,097
<b>Other comprehensive income</b>					
Change in translation reserve	-	-	63	-	63
<b>Total comprehensive income</b>	-	-	63	12,097	12,160
<b>Transactions with shareholders</b>					
Dividend	-	-	-	-2,500	-2,500
<b>Closing equity, 31 December 2014</b>	<b>526</b>	<b>4,698</b>	<b>114</b>	<b>18,377</b>	<b>23,715</b>

2013 (EUR thousands)	Share Capital	Other capital contributed	Reserves	Retained earnings	Total equity
Opening equity, 1 January 2013	3	4,698	62	8,634	13,397
<b>Comprehensive income</b>					
Profit for the year	-	-	-	7,168	7,168
<b>Other comprehensive income</b>					
Change in translation reserve	-	-	-11	-	-11
<b>Total comprehensive income</b>	-	-	-11	7,168	7,157
<b>Transactions with shareholders</b>					
Dividend	-	-	-	-6,500	-6,500
<b>Closing equity, 31 December 2013</b>	<b>3</b>	<b>4,698</b>	<b>51</b>	<b>9,302</b>	<b>14,054</b>

# Cash Flow Statements – Group

(EUR thousands)	NOTE	31 December 2014	31 December 2013
Operating profit		13,091	7,869
<i>Adjustment for items not included in cash flows:</i>			
Depreciation, amortisation and impairments	8, 9	3,893	3,468
Interest received	4	10	19
Interest paid	5	0	-12
Tax paid	6	-724	-906
<b>Cash flows from operating activities before changes in working capital</b>		<b>16,269</b>	<b>10,438</b>
Changes in working capital		-2,051	27
<b>Cash flows from operating activities</b>		<b>14,218</b>	<b>10,465</b>
Acquisition of intangible assets	8	-4,252	-3,244
Acquisition of property, plant and equipment	9	-1,715	-3,382
<b>Cash flows from investing activities</b>		<b>-5,967</b>	<b>-6,626</b>
Long-term liabilities and receivables		5	-14
Transfer to shareholders		-5,500	-3,500
<b>Cash flows from financing activities</b>		<b>-5,495</b>	<b>-3,514</b>
<b>Cash flow for the period</b>		<b>2,756</b>	<b>325</b>
Cash and cash equivalents at start of period		5,602	5,288
Cash flow for the period		2,756	325
Exchange rate differences		-63	-11
<b>Cash and cash equivalents at end of period</b>	14	<b>8,295</b>	<b>5,602</b>

# Balance Sheet – Parent Company

(EUR thousands)	NOTE	2014
<b>Assets</b>		
Participating interest in Group companies	10	205,673
<b>Total non-current assets</b>		<b>205,673</b>
<b>TOTAL ASSETS</b>		<b>205,673</b>
<b>Equity and liabilities</b>		
Share capital		526
Other capital contributed		205,147
Retained earnings including profit for the period		-
<b>Total equity</b>		<b>205,673</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>205,673</b>

# Changes in Equity – Parent Company

(EUR thousands)	Share Capital	Other capital contributed	Reserves	Retained earnings	Total equity
New entity 09/12/2014	526	-	-	205,147	205,673
<b>Comprehensive income</b>					
Profit of the year	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	0	0	0
<b>Closing equity 31/12/2014</b>	<b>526</b>	<b>0</b>	<b>0</b>	<b>205,147</b>	<b>205,673</b>

# Notes

## Note 1. Accounting and valuation principles

### GENERAL INFORMATION

Evolution Gaming Group AB (publ) (the "Parent Company", 556994-5792) and its Subsidiaries (collectively, the "Group" or the "Company") is a leading B2B provider of Live Casino systems. The Company develops, produces, markets and licenses fully integrated Live Casino solutions to gaming operators. At the end of 2014, the Group had approximately 70 customers, including a majority of the most prominent online gaming operators in Europe as well as a number of land-based casinos. The operators market the products to the end users. Accordingly, Evolution is a pure operating and development company; it does not conduct any gaming operations of its own.

The Parent Company is a Swedish public limited company with registered office in Stockholm, Sweden and its head office at Sveavägen 9 in Stockholm. The Parent Company has been listed on Nasdaq First North Premier since 20 March 2015 using the ticker EVO.

On 13 April 2015, this Annual Report was approved for publication by the Board of Directors. The income statements and balance sheets are to be adopted in the Annual General Meeting on 7 May 2014.

### ACCOUNTING PRINCIPLES

ON 9 December 2014, the Group was reorganised, through the establishment of a new Parent Company (Evolution Gaming Group AB). The reorganisation was carried out through a non-cash issue, where each share in the previous parent company (Evolution Core Holding Limited) was exchanged for a share in the newly established Swedish parent company, Evolution Gaming Group AB (publ).

IFRS 3 "Business Combinations" does not apply to the reorganisation of groups, as they are common control transactions. A generally acceptable accounting policy for common control transactions is predecessor basis accounting. This method means that the existing Group's carrying amounts prior to the merger are transferred to the newly formed company's consolidated financial statements, as no significant financial change has occurred. Consequently, the consolidated financial statements for Evolution Gaming Group AB show the carrying amounts from the previous Group, where Evolution Core Holding Limited was the parent company. Comparative information is presented for all periods included in the financial statements.

The most important principles that form the basis for the consolidated financial statements are described below. These accounting principles have been applied consistently for all years presented, unless otherwise stated.

#### 1.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations by the Financial Reporting Interpretations Committee (IFRIC) applicable to companies reporting under IFRS. The consolidated financial statements are based on historical cost, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through the income statement. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the executive management to

exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed under Accounting principles.

The Parent Company's functional currency, as well as the Parent Company's and the Group's presentation currency, is Euro. Accordingly, the statements were prepared in Euro. 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. Assets and liabilities are reported at historical cost, with the exception of certain financial assets and liabilities, which are measured at fair value. The most important principles on which the consolidated financial statements have been based are described below. These accounting principles have been applied consistently for all years presented, unless otherwise stated. The Parent Company uses the same accounting principles as the Group, with the addition of the Swedish Financial Reporting Board's recommendation RFR 2 "Accounting for Legal Entities." This gives rise to certain differences due to requirements in the Swedish Annual Accounts Act or the tax situation. The accounting principles of the Parent Company are described in the section "Parent company's accounting principles" below.

#### Standards, interpretations and changes to standards that came into force in 2014

The following standards have material impact on the Group and will be applied by the Group for the first time in the financial year starting 1 January 2014:

- Amendment to IAS 32 "Financial instruments: Presentation" regarding the offsetting of financial assets and financial Liabilities. This amendment clarifies that the right to offset must not be contingent on a future event. It must also be legally enforceable upon all counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy. The amendment also applies to settlement systems. The amendment has not had any material impact on the Group's financial statements. The Annual Report is affected to a lesser extent.
- Amendments to IAS 36 "Impairment of Assets" regarding recoverable amount disclosures for non-financial assets. The amendment removes the recoverable amount disclosures for cash-generating units required according to IFRS 13. The Annual Report is affected to a lesser extent.
- Amendments to IAS 39 "Financial instruments: Recognition and measurement" regarding the novation of derivatives and the continuation of hedge accounting. The amendment is made due to legislative changes related to OTC derivatives and the establishment of central counterparties. According to IAS 39, the novation of derivatives to central counterparties would result in the discontinuation of hedge accounting. According to this change, there is no need to discontinue hedge accounting if the novation of a hedging instrument meets certain criteria. The Group has applied the amendment, which has not entailed any material impact on its financial statements. The Annual Report is not affected.
- IFRIC 21 concerns the recognition of a liability to pay a levy included in IAS 37 "Provisions". The interpretation deals with the timing of obligating events. This has no material impact on the Group, as it is not currently subject to any material levies.



**Note 1. Accounting and valuation principles (cont.)**

Other standards, interpretations and amendments applicable to the financial year that started 1 January 2014 have no material impact on the Group.

**New standards, interpretations and amendments that have not yet been applied**

- IFRS 9 "Financial Instruments" deals with the classification, measurement and recognition of financial assets and liabilities. The Group does not believe that the Annual Report will be affected.
- IFRS 15 "Revenue from Contracts with Customers" concerns the recognition of revenue and establishes the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows. Revenue is to be recognised when a customer gains control of a product or service and, accordingly, may govern its use and derive benefit from it. The Group does not believe that the Annual Report will be affected.
- No other IFRS standards or IFRIC interpretations that have not yet entered into force are expected to have material impact on the Group.

**1.2 CONSOLIDATION**

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally due to a shareholding that confers a majority of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Group companies cease to be consolidated on the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition, recognised directly in the income statement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the purchase price is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

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

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

**1.3 TRANSLATION OF FOREIGN CURRENCY****(a) Functional currency and presentation currency**

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

**(b) Transactions and balances**

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

**(c) Group companies**

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

- Assets and liabilities for all statements of financial position are translated at the rate at the balance sheet date.
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).
- All resulting exchange differences are recognised in other comprehensive income.

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

**1.4 INTANGIBLE ASSETS**

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

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

**Note 1.** Accounting and valuation principles (cont.)

Directly attributable costs that are capitalised as part of the software product primarily include software development employee costs.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over an estimated useful life of three years. The cost of developing Core Gaming Platform is amortised over an estimated useful life of five years. Licences recognised as assets are amortised over an estimated useful life of five years.

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

**1.5 PROPERTY, PLANT AND EQUIPMENT**

All other property, plant and equipment are initially measured at the acquisition cost and thereafter at the acquisition cost after deductions for depreciation and write-downs. The acquisition value includes costs that are directly related to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised from the balance sheet. General repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

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

	%
Office equipment, computers and technical equipment	20–50%

Leasehold improvements on third-party property are depreciated based on the shortest period of the lease term and estimates time of utilisation.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

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

**1.6 IMPAIRMENT OF NON-FINANCIAL ASSETS**

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating

units). Non-financial assets other than goodwill that previously suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting date.

Intangible assets that are not yet ready for use are also tested for impairment when events or changed circumstances indicate that the recognised value may not be recoverable. As at 31 December, intangible assets that were not yet available for use amounted to EUR 0 (2013: EUR 156 thousands).

**1.7 FINANCIAL ASSETS****1.7.1 Classification**

The Group classifies its financial assets as loans or receivables. The classification depends on the purpose for which the financial assets were acquired. The executive management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money or services directly to a debtor without the intention of selling an asset. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. In that case, they are classified as non-current assets. The Group's loans and accounts receivables comprise "Accounts receivables and other receivables" and "Cash and cash equivalents" in the balance sheet (see notes 1.8 and 1.9).

**1.7.2 Recognition and measurement**

The Group recognises financial assets in the balance sheet when it becomes a party to the instruments' contractual terms and conditions. Loans and receivables are initially recognised at fair value plus transaction costs. Loans and receivables are subsequently carried at amortised cost using the effective interest method. Amortised cost is the initial value after adjustments for differences between the amount reported initially and the amount due when using the effective interest method.

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

**1.7.3 Impairment**

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. First, the Group determines whether there is objective evidence of an impairment loss. The following criteria are applied in the assessment:

- Significant financial difficulty of the issuer or debtor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The probability that the borrower will enter bankruptcy or other financial reorganisation.

**Note 1. Accounting and valuation principles (cont.)**

For financial assets carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in the income statement. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

**1.8 ACCOUNTS RECEIVABLES AND OTHER RECEIVABLES**

Accounts receivables are amounts due from customers for services performed in the ordinary course of business. If payment is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets.

Accounts receivables and other receivables are initially recognised at fair value and subsequently measured at amortised cost, with a deduction for doubtful receivables (1.7.3). The recognised value of the asset is reduced by the use of an account for doubtful receivables, and the loss is recognised in the income statement. If a bad debt loss has been established, it is written off in the account for doubtful receivables. If a previously impaired receivable is collected, it will be credited in the income statement.

**1.9 CASH AND CASH EQUIVALENTS**

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

**1.10 Share capital**

Ordinary shares are classified as equity. Transaction costs directly attributable to the issue of new shares or options are shown in

equity as a deduction, net of tax, from the proceeds.

**1.11 Capital contributions**

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

**1.12 Financial liabilities**

The Group recognises financial liabilities in the balance sheet when it becomes a party to the instruments' contractual terms and conditions. The Group's financial liabilities are classified as financial liabilities not measured at fair value in the income statement (i.e. as "other liabilities") according to IAS 39.

Financial liabilities that have not been classified in the category financial liabilities measured at fair value in the income statement are initially measured at fair value, which is the fair value of the amount received less transaction costs directly related to the acquisition of issue of the financial liability. Thereafter, such liabilities are recognised at amortised cost. A financial liability is removed from the balance sheet

when the Group's obligations according to the agreement have been met, cancelled or expired.

**1.13 Accounts payable and other liabilities**

Accounts payable are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Accounts payable and other liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

**1.14 Offsetting financial instruments**

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

**1.15 Current and deferred tax**

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

The current tax charge is calculated on the basis of the tax laws enacted or announced at the reporting date in the countries where the Group operates and generates taxable income. The executive management regularly evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation. Where appropriate, it establishes provisions based on amounts expected to be paid to the tax authorities.

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

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or announced at the end of the reporting

**Note 1.** Accounting and valuation principles (cont.)

period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset and when the deferred tax assets and liabilities relate to the same tax authority, regardless of whether they relate to the same or different taxable entities, but where there is an intent to settle the balances on a net basis.

**1.16 REVENUE RECOGNITION**

The Group's revenues derive from fees from gaming operators that use the Group's solutions for Live Casino games and from other associated services. Revenue is reported excluding VAT and discounts and after the elimination of intra-Group sales.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met, as described below.

**(a) Gaming fees**

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

**(b) Interest income**

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

**1.17 OPERATING LEASES****When the Company is the lessee**

Leasing of assets in which a significant part of the risks and benefits of ownership in practice reside with the lessor is classified as operational leasing. Payments made in the period of the lease are charged to the income statement on a straight-line basis over the period of the lease.

**1.18 DIVIDENDS**

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period when there is an obligation to pay dividends.

**1.19 SEGMENT REPORTING**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the CEO of the Group, who makes strategic deci-

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

As the CEO does not monitor revenues from a geographic standpoint, the cost of preparing the information required for revenue to be reported by geographic area in these financial statements would be too high.

**1.20 CASH FLOW STATEMENT**

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

**1.21 PROVISIONS**

Provisions are recognised in the balance sheet when the Group has a legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimation of the amount can be made. When the discount effect is significant, provisions are determined by a present value computation of the expected value of future cash flows with a pre-tax discount rate that reflects the current market assessment of the time value of money and, in applicable cases, the risks specific to the obligation. A provision for restructuring is made when the Group has adopted a detailed and formal restructuring plan, and the restructuring has either been started or published. No provisions are made for future operating costs.

**1.22 CONTINGENT LIABILITIES**

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

**1.23 EMPLOYEE BENEFITS****Pension costs and pension obligations**

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

**Post-employment benefits**

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

**Severance pay**

Severance pay is paid when an employee is terminated by the Company before the time when the employment would normally cease or when an employee voluntarily leaves the Company in exchange for such benefits. The Group recognises severance pay as an expense when it

**Note 1. Accounting and valuation principles (cont.)**

demonstrably has an obligation to terminate employees according to a detailed, formal and definitive plan or to pay compensation for voluntary termination.

**Bonus plans**

The Group recognises a liability and an expense for bonuses based on various qualitative and quantitative measures. The Group makes provision for bonuses earned where there is a legal or constructive obligation to do so based on past practices. Bonuses are paid to employees. Two members of the executive management have bonus clauses in their employment contracts. No bonuses were paid to those persons for the 2013 and 2014 financial years.

**1.24 THE PARENT COMPANY'S ACCOUNTING PRINCIPLES**

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

**1.25 CRITICAL ESTIMATES AND ASSESSMENTS**

Estimates and assumptions are evaluated continually and are based on historic experience and other factors, including expectations for future events that are considered to be reasonable under current conditions. Except for the impairment testing of intangible assets described below, the executive management does not consider that the estimates and assessments made in the preparation of these financial reports have entailed any difficulties or that they are subjective or complicated enough to merit a description as critical in accordance with the requirements in IAS 1.

The Group has made considerable investments in the development of its gaming platform. Assets related to the development of the Group's gaming programme are recognised as intangible assets in the balance sheet and Note 8 and amounted to EUR 6,481 (2013: 4,285) thousands. Every year, these assets are tested for impairment in accordance with IAS 36, and it is determined whether there is objective evidence of an impairment loss. The Group has assessed the ability to generate revenue for each one of the projects that relate to the gaming software and determined that certain projects no longer generate any cash flow. Accordingly, the executive management has determined that these projects should be amortised (see Note 8 and Item 1.6). There is no objective evidence of impairment losses for other projects that involve gaming software.

**Note 2. Segment reporting**

The Group's revenue was principally derived from the provision of Live Casino solutions, the operation of which constitutes the sole operating segment of the Group. Revenues from transactions with two customers (2013: one customer) amounted to EUR 12,995 thousand (2013: 4,849), of which each represents more than 10% of the Group's revenues.

(EUR thousands)	Sweden		Malta		Latvia		Other		Eliminations		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Revenues	0	0	51,275	40,763	26,792	28,239	10,467	8,238	-40,002	-38,470	48,532	38,770
Operating profits	0	0	13,117	6,720	1,991	2,103	532	257	-2,549	-1,211	13,091	7,869
Non current assets	0	0	8,261	6,185	3,016	3,011	108	115	0	0	11,385	9,311



### Note 3. Employee benefits

Average number of employees	2014		2013	
	Average number of employees	of which, women	Average number of employees	of which, women
Latvia	686	454	691	457
Malta	166	111	14	9
United Kingdom	7	3	7	3
<b>Total Group</b>	<b>859</b>	<b>568</b>	<b>712</b>	<b>469</b>

Salaries and social security costs	2014		2013	
	Salaries	Social security expenses (of which pension costs)	Salaries	Social security expenses (of which pension costs)
(EUR thousands)				
Board of Directors and CEO	247	2	243	2
		(-)		(-)
Other employees Latvia	14,074	3,231	15,055	3,895
		(-)		(-)
Other employees Malta	5,016	319	954	22
		(-)		(-)
Other employees, rest of markets	763	98	856	126
		(-)		(-)
<b>Total Group</b>	<b>20,101</b>	<b>3,650</b>	<b>17,108</b>	<b>4,045</b>
		(-)		(-)

The Board of Directors was elected in January 2015.

Former Board Members who served between the Company's registration and the election of the new Board of Directors have not received any remuneration.

Number and proportion of women in management positions at year-end	2014			2013		
	Number of men	Number of women	Proportion of women	Number of men	Number of women	Proportion of women
The Board	1	0	0%	4	1	20%
Other senior managers	6	0	0%	6	0	0%

The Board refers to Evolution Gaming Group AB for 2014 and Evolution Core Holding Limited for 2013. Other senior managers refer to the executive management of the Group.

### Note 4. Financial income

(EUR thousands)	GROUP	
	2014	2013
Interest income	10	19
<b>Total</b>	<b>10</b>	<b>19</b>

### Note 5. Financial expenses

(EUR thousands)	GROUP	
	2014	2013
Interest expenses	0	0
Other	0	11
<b>Total</b>	<b>0</b>	<b>11</b>

### Note 6. Income tax

(EUR thousands)	GROUP	
	2014	2013
<b>Current tax</b>		
Sweden	-	-
Outside Sweden	986	617
<b>Total current tax</b>	<b>986</b>	<b>617</b>
<b>Deferred tax</b>		
Sweden	-	-
Outside Sweden	17	92
<b>Total deferred tax</b>	<b>17</b>	<b>92</b>
<b>Total tax expense</b>	<b>1,003</b>	<b>709</b>

(EUR thousands)	GROUP	
	2014	2013
<b>Difference between actual tax expense and tax expense based on present tax rate</b>		
Recognised profit before tax	13,101	7,877
Tax calculated at domestic tax rates to profits in the respective countries	3,908	2,225
Tax effect of:		
Income not subject to tax	-2,899	-1,393
Expenses not deductible for tax purposes	1,234	1,031
Income subject to reduced rates of tax	-132	-109
Other	-1,108	-1,044
<b>Total tax expense</b>	<b>1,003</b>	<b>709</b>

### Note 7. Earnings per share

(EUR thousands)	GROUP	
	2014	2013
Profit after tax attributable to Parent Company shareholders	12,097	7,168
Average number of shares before dilution	35,035,968	265,849
Average number of shares after dilution	35,035,968	265,849
Earnings per share before dilution (thousand)	0.35	26.96
Earnings per share after dilution (thousand)	0.35	26.96

## Note 8. Intangible assets

(EUR thousands)	GROUP	
	2014	2013
<b>Gaming Software</b>		
Opening acquisition value	5,846	4,403
Acquisitions for the year	4,231	3,202
Disposals	-	-1,759
<b>Closing accumulated acquisition value</b>	<b>10,077</b>	<b>5,846</b>
Opening amortisation	1,560	1,117
Amortisation during the year	2,035	1,451
Impairment	-	751
Disposals	-	-1,759
<b>Closing accumulated depreciation</b>	<b>3,596</b>	<b>1,560</b>
<b>Closing residual value according to plan</b>	<b>6,481</b>	<b>4,285</b>
<b>Licenses</b>		
Opening acquisition value	329	292
Acquisitions for the year	21	45
Disposals	-3	-7
Translation differences	6	-
<b>Closing accumulated acquisition value</b>	<b>352</b>	<b>329</b>
Opening amortisation	216	128
Amortisation during the year	66	92
Disposals	-3	-4
Translation differences	5	-
<b>Closing accumulated amortisation</b>	<b>283</b>	<b>216</b>
<b>Closing residual value according to plan</b>	<b>69</b>	<b>114</b>
Total closing accumulated acquisition value	10,429	6,175
Total closing accumulated amortisation	3,879	1,776
<b>Total closing residual value according to plan</b>	<b>6,550</b>	<b>4,399</b>

## Note 9. Tangible assets

(EUR thousands)	GROUP	
	2014	2013
<b>Leasehold improvement</b>		
Opening acquisition value	1,654	708
Acquisitions for the year	263	945
<b>Closing accumulated acquisition value</b>	<b>1,917</b>	<b>1,654</b>
Opening depreciation	307	117
Depreciation during the year	361	189
<b>Closing accumulated depreciation</b>	<b>668</b>	<b>307</b>
<b>Closing residual value according to plan</b>	<b>1,249</b>	<b>1,347</b>
<b>Office, computer &amp; technical equipment</b>		
Opening acquisition value	6,000	3,696
Acquisitions for the year	1,452	2,437
Disposals	-509	-133
Translation difference	78	-
<b>Closing accumulated acquisition value</b>	<b>7,021</b>	<b>6,000</b>
Opening depreciation	2,435	1,585
Amortisation during the year	1,430	973
Impairment	-	10
Disposals	-507	-132
Translation difference	75	-
<b>Closing accumulated amortisation</b>	<b>3,435</b>	<b>2,435</b>
<b>Closing residual value according to plan</b>	<b>3,586</b>	<b>3,565</b>
Total closing accumulated acquisition value	8,937	7,654
Total closing accumulated amortisation	4,103	2,742
<b>Total closing residual value according to plan</b>	<b>4,835</b>	<b>4,912</b>

## Note 10. Participating interests in Group companies

	Corporate ID	Main office	Ownership %	No of shares	Carrying value 2014 (EUR thousands)	Carrying value 2013 (EUR thousands)
<b>Direct ownership</b>						
Evolution Gaming Core Ltd	HE 177496	Nicosia, Cyprus	100	265,846	205,673	-
<b>Indirect ownership</b>						
Evolution Holding Malta Ltd	C 48665	Portomaso, Malta	100	101,200	2,601	1
Evolution Malta Ltd	C 48666	Portomaso, Malta	100	1,200	1	1
Evolution Gaming Malta Ltd	C 44213	Portomaso, Malta	100	40,000	3	3
Evolution Malta Ops Ltd	C 50583	Portomaso, Malta	100	100,000	100	100
SIA Evolution Latvia	40003815611	Riga, Latvia	100	100	4,791	3
Evolution Gaming Ltd	05944946	London, United Kingdom	100	100	985	0
Blue Chameleon Enterprises Ltd	1643054	British Virgin Islands	100	1	411	0
Evolution New Jersey LLC	5362945	Delaware, USA	100	0	-	-

**Note 11.** Accounts receivable

(EUR thousands)	GROUP	
	31 Dec 2014	31 Dec 2013
<b>Maturity analysis of non-impaired accounts receivable</b>		
1-30 days	1,980	990
31-90 days	388	730
91-180 days	27	-
<b>Total</b>	<b>2,395</b>	<b>1,720</b>
<b>Provision for uncertain receivables</b>		
As at 1 January	-	-
Provision for bad debt	-	-
Customer losses in the income statement	-	-
<b>Closing reserves</b>	<b>-</b>	<b>-</b>

**Note 12.** Prepaid expenses and accrued income

(EUR thousands)	GROUP	
	31 Dec 2014	31 Dec 2013
Accrued revenues	96	-
Prepaid license fees, software and IT	390	251
Prepaid rent	46	101
Prepaid marketing	91	121
Other prepaid expenses	118	202
<b>Total</b>	<b>740</b>	<b>675</b>

**Note 13.** Other receivables

(EUR thousands)	GROUP	
	31 Dec 2014	31 Dec 2013
Tax receivables	2,929	1,393
VAT	327	229
Prepayments to suppliers	54	41
Other current receivables	21	6
<b>Total</b>	<b>3,331</b>	<b>1,668</b>

**Note 14.** Cash and cash equivalents

(EUR thousands)	GROUP	
	31 Dec 2014	31 Dec 2013
Cash and cash balances	8,295	5,602
<b>Total</b>	<b>8,295</b>	<b>5,602</b>

**Note 15.** Other current liabilities

(EUR thousands)	GROUP	
	31 Dec 2014	31 Dec 2013
Accounts payable	608	755
Employee related expenses	2,190	1,972
VAT	0	-
Tax liabilities	3,523	1,726
Loan from shareholders	-	3,000
Other current liabilities	0	0
<b>Total</b>	<b>6,321</b>	<b>7,453</b>

**Note 16.** Accrued expenses and deferred income

(EUR thousands)	GROUP	
	31 Dec 2014	31 Dec 2013
Employee related expenses	757	641
Deferred income	330	-
Accrued Audit and consulting fees	78	45
Accrued Utilities	21	-
Accrued expenses Studio	-	579
Other	384	117
<b>Total</b>	<b>1,570</b>	<b>1,382</b>

**Note 17.** Leases

(EUR thousands)	GROUP	
	31 Dec 2014	31 Dec 2013
Expenses lease payments and rental charges	840	568
<b>Total</b>	<b>840</b>	<b>568</b>

Future minimum lease charges for non-terminable operating leases and rental agreements are expected to be as follows:

	GROUP	PARENT COMPANY
Within 1 year	871	-
2-5 years	796	-
After 5 years	-	-
<b>Total</b>	<b>1,667</b>	<b>-</b>

## Note 18. Auditor remuneration

(EUR thousands)	GROUP		PARENT COMPANY	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
<b>PWC</b>				
Auditing assignments	158	37	–	–
Other assignments	53	–	–	–
Tax advice	170	0	–	–
Other services	43	–	–	–
<b>Total</b>	<b>423</b>	<b>37</b>	<b>0</b>	<b>0</b>

## Note 19. Related party transactions

All intra-Group transactions take place on general and commercial terms and at market price. Jonas Engwall has entered into an agreement with the Company regarding the provision of certain consultancy services regarding the development of the operations in Riga. The agreement has been concluded on market terms. Other than as stated above and in remuneration to Board Members and senior officers, no Board Member, senior officer or shareholder has (i) been a party to a transaction with the Company on unusual terms or that was of an unusual nature, or (ii) that is a of importance, or has been of importance, for the operations as a whole in the present or immediately preceding financial year, or in any previous financial year, and in any way may be considered outstanding in any way or incomplete.

## Note 20. Financial risk management

### 20.1 FINANCIAL RISK FACTORS

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

#### (a) Market risk

##### (i) Currency risk

The currency risk is related to future commercial transactions and recognised assets and liabilities reported in a different currency from each entity's functional currency. A large part of the Group's revenues arise in Pounds Sterling (GBP) and US dollars (USD). In the previous year, the Group was also exposed to the Swedish krona (SEK).

The executive management does not consider the Group to have such a significant exposure to currency risk that it is necessary to carry out a sensitivity analysis showing how the profit/loss and equity would be affected if there were reasonably possible exchange rate fluctuations at the end of the reporting period.

##### (ii) Fair value and cash flow interest rate risk

Except for cash and cash balances, the Group does not have any material interest-bearing assets and liabilities. As a principle, its revenues and operating cash flow are independent of interest rate fluctuations on the market. The executive management therefore does not consider that profit/loss would have been materially affected by the occurrence of reasonable interest rate fluctuations at the end of the reporting period.

##### (b) Credit risk

Credit risk is related to accounts receivables and other receivables, including outstanding receivables and implemented transactions, and cash and cash equivalents. The Group's exposure to credit risk at the end of the reporting period is stated below:

(EUR thousands)	2014	2013
<b>Loans and receivables</b>		
Accounts receivables and other receivables	12,074	8,101
Cash and cash equivalents	8,295	5,602
<b>Total</b>	<b>20,369</b>	<b>13,703</b>

The maximum exposure to credit risk related to the financial assets above at the end of the reporting period is the same as their carrying value, as stated in each note to the financial statements. These risks are not secured. The Group only uses financial institutions that have high quality standards or high ratings.

The Group has suitable policies in place to ensure that services are only sold to customers with sufficient credit rating. The Group regularly monitors how these receivables perform in order to discover bad debt losses, with previous experience of the collection of current receivables as the starting point. The executive management considers the accounts receivables to be secure; the Group often conducts business with these counterparties, which are considered by the executive management to have good credit rating, as they have hitherto managed their payments without remark.

As at 31 December 2014, accounts receivable amounted to EUR 415 (2013: 730) thousands see note 12, past due but not impaired. These past due receivables include liabilities within the category more than 30 days, which refer to a number of independent customers that have not been in financial difficulties as of late. Even if a number of customers account for a certain proportion of the Group's past due receivables, the executive management does not believe the concentration of credit risk constitutes a substantial risk factor. The Group classifies past due receivables according to the applicable terms of credit and the credit arrangements that are de facto applied to manage the exposure to customers.

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

The Group has no long-term receivables or liabilities. Current receivables or liabilities with maturity of less than 12 months mainly consist

of accounts receivable and accounts payable. No financial assets or liabilities are recognised at a value that differs materially from fair value.

### (c) Liquidity risk

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

The executive management monitors liquidity risk by reviewing expected cash flows and ensuring that no additional financing will be needed in the upcoming year.

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

## 20.2 CAPITAL RISK MANAGEMENT

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

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

## 20.3 FAIR VALUE OF FINANCIAL INSTRUMENTS

The amounts recognised as bank deposits, receivables, liabilities and accrued expenses in the financial reports as at 31 December 2014 and 2013 are reasonable estimates of the fair values, with consideration for the nature of such instruments and the relatively short time period between their origination and expected realisation.

## Note 21. Events after the end of the financial year

### BELGIUM

In 2015, Belgium is expected to introduce a new regulation of the online casino market that will require a local physical presence in Belgium as a condition for offering Live Casino products and services in Belgium. As a result of these expected rules, Evolution has entered into a partnership with operators in order to create a studio for the streaming and provision of Live Casino services in Belgium. The Company's investments in this studio will be made in partnership with the relevant operators, with the express goal of achieving a margin from the first day of operation. The Company expects this new studio to go live no later than 30 June 2015. The company therefore makes the assessment that this investment in Belgium will not affect the earnings or margin adversely in 2015.

### NEW VAT RULES

A new rule, introduced in Article 5 of the Council Directive 2008/8/EC (amending Article 58 of Directive 2006/112/EC) that entered into force on 1 January 2015 through the Council Implementing Regulation (EU) No 1042/2013, has changed the place of supply of services to consumers (the "consumer VAT rule") so that suppliers of electronic, radio and television broadcasting and telecommunication services in Europe must apply the VAT rate that applies in the country where the service is consumed. Electronically provided betting, lotteries and other gaming services are generally considered to constitute electronic services for purposes of the directive. Accordingly, providers of such services must now comply with the consumer VAT rule. As a B2B supplier, Evolution is not directly affected by the change in the directive, but the Company may be affected indirectly if the new VAT rules have an adverse effect on the Company's customers in certain markets.



# Declaration by the Board of Directors

The Board of Directors and the CEO hereby declare that the annual accounts were prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 "Accounting for Legal Entities" and give a fair presentation of the Company's financial position and performance, and that the Director's Report provides a fair view of the Company's operations, financial position and performance and describes material risks and uncertainties to which the Company is exposed.

The Board of Directors and the CEO hereby declare that the consolidated accounts were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and give a fair presentation of the Group's financial position and performance, and that the Director's Report for the Group provides a fair view of the Group's operations, financial position and performance and describes material risks and uncertainties to which the Group is exposed.

Stockholm, 13 April 2015

**Joel Citron**  
Chairman of the Board

**Jens von Bahr**  
CEO, Board Member

**Ian Livingstone**  
Board Member

**Jonas Engwall**  
Board Member

**Fredrik Österberg**  
Board Member

As stated above, the annual accounts and the consolidated accounts were adopted by the Board of Directors on 13 April 2015.

The consolidated income statement and balance sheet and the Parent Company's income statement and balance sheet are subject to adoption by the Annual General Meeting on 7 May 2015.

Our Audit Report was submitted on 13 April 2015.

Öhrlings PricewaterhouseCoopers AB

**Niklas Renström**  
Authorised Public Accountant

# Audit Report

**To the annual meeting of the shareholders of Evolution Gaming Group AB (publ), corporate identity number 556994-5792**

## REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of Evolution Gaming Group AB (publ) for the year 2014 regarding the group and the financial year 2014-12-09 – 2014-12-31 for the parent company. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 33–58.

### Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

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

### Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2014 for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with

the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the balance sheet for the parent company and the income statement and balance sheet for the group.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Evolution Gaming Group AB (publ) for the financial year 2014-12-09–2014-12-31.

Responsibilities of the Board of Directors and the Managing Director  
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

### Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

### Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year Stockholm, April 13 2015

Öhrlings PricewaterhouseCoopers AB

Niklas Renström  
Authorized Public Accountant

# Glossary

## FINANCIAL KEY RATIOS, ITEMS AND TERMS

<b>Return on equity</b>	The period's earnings in relation to average equity in the past twelve months.
<b>EBITDA</b>	Operating profit before depreciation, amortisation and impairments.
<b>EBITDA margin</b>	EBITDA in relation to operating revenues.
<b>EUR</b>	Euro
<b>Average number of full-time employees</b>	The average number of full-time employees during the period. Full-time equivalents include part-time positions.
<b>Average number of shares outstanding</b>	The average number of shares outstanding during the period.
<b>Operating profit</b>	Total operating revenues reduced by total operating expenses.
<b>Operating margin</b>	Operating profit in relation to operating revenues.
<b>Equity/assets ratio</b>	Equity at the end of period in relation to total assets at the end of period.

## OPERATIONAL AND OTHER TERMS

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







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