

**Public offer to the shareholders of
NetEnt**

IMPORTANT INFORMATION

General

Evolution Gaming Group AB (publ) (“**Evolution**”) has made a public offer to the shareholders of NetEnt AB (publ) (“**NetEnt**”) in accordance with the terms and conditions set out in this offer document (the “**Offer**”).

In connection with the Offer, Evolution has prepared an offer document in Swedish which has been approved and registered by the Swedish Financial Supervisory Authority (the “**SFSA**”) (Sw. *Finansinspektionen*) in accordance with Chapter 2 of the Swedish Act on Public Takeovers on the Stock Market (Sw. *lagen (2006:451) om offentliga uppköpserbjudanden på aktiemarknaden*) and Chapter 2 a of the Swedish Financial Instruments Trading Act (Sw. *lagen (1991:980) om handel med finansiella instrument*) (the “**Offer Document**”) and this is the English translation thereof. In addition, the SFSA, after review in accordance with Chapter 2, Section 5 of the Swedish Act on Supplementary Provisions to the EU Prospectus Regulation (Sw. *lagen (2019:414) med kompletterande bestämmelser till EU:s prospektförordning*) (with further references to Article 1.4(f) of Regulation (EU) 2017/1129 of the European Parliament and of the Council), has not found reason to decide that Evolution shall be required to prepare and publish a prospectus in respect of the Offer. The SFSA’s decision do not imply that the SFSA guarantees that the information in the Offer Document is correct or complete. In the event of any discrepancy between the two language versions, the Swedish version of the Offer Document shall prevail. The information in this Offer Document purports to be accurate only as of the date of the Offer Document. Evolution makes no representation that the information has been or will remain accurate as of any other date. Evolution disclaims any responsibility to prepare and publish any supplements to the Offer Document, except for in the event that Evolution is obliged to prepare and publish any such supplement pursuant to applicable laws and regulations. Evolution provides the information in this Offer Document solely for the purpose of the Offer, and the information may not be used for any other purpose. The information about NetEnt on pages 90–132 in this Offer Document is based on information that has been made publicly available by NetEnt and has been reviewed by the board of directors of NetEnt. Evolution makes no representation that the information about NetEnt in the Offer Document is correct or complete and takes no responsibility for such information being correct or complete.

Skandinaviska Enskilda Banken AB (publ) (“**SEB**”) is acting as financial adviser to Evolution in relation to the Offer and will not be responsible for providing advice to any other party. In connection herewith, SEB, SEB’s closely related parties, or SEB’s or SEB’s closely related parties’ board members, executives, employees or other representatives, will not regard any other party as their client, nor be responsible to any other party for providing the protections afforded to their clients or for providing advice in respect of the Offer or any other matters referred to in this Offer Document.

Applicable law and disputes

The Offer is governed by and construed in accordance with the laws of Sweden. Any disputes arising out of or in connection with the Offer shall be finally settled by Swedish courts and the City Court of Stockholm shall be the court of first instance. In addition, Nasdaq Stockholm’s Takeover Rules and the Swedish Securities Council’s (Sw. *Aktiemarknadsnämnden*) rulings regarding interpretation and application of Nasdaq Stockholm’s Takeover Rules and, where applicable, the Swedish Securities Council’s interpretations of the Swedish Industry and Commerce Stock Exchange Committee’s former rules on public offers, are applicable to the Offer.

Evolution has on 24 June 2020, in accordance with the Swedish Act on Public Takeovers on the Stock Market, undertaken towards Nasdaq Stockholm to comply with Nasdaq Stockholm’s Takeover Rules and the Swedish Securities Council’s rulings regarding interpretation and application of Nasdaq Stockholm’s Takeover Rules and, where applicable, the Swedish Securities Council’s interpretations of the Swedish Industry and Commerce Stock Exchange Committee’s former rules on public offers, as well as to submit to the sanctions that Nasdaq Stockholm may decide upon in the event of a breach of Nasdaq Stockholm’s Takeover Rules. Evolution informed the SFSA about the Offer and the undertaking towards Nasdaq Stockholm on 24 June 2020.

Forward-looking statements

Statements in this Offer Document relating to any future status or circumstances, including statements regarding future performance, growth and other trend projections and other effects of the Offer, are forward-looking statements. These statements may generally, but not always, be identified by the use of words such as “anticipate”, “believe”, “expect”, “intend”, “plan”, “seek”, “will”, “would” or similar expressions. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and depend on circumstances that could occur in the future. There can be no assurance that actual results will not differ materially from those expressed or implied by these forward-looking statements due to several factors, many of which are outside Evolution’s control. Any forward-looking statements in this Offer Document speak only as of the date on which the statements are made and Evolution has no obligation (and undertakes no obligation) to update or revise any of them, whether as a result of new information, future events or otherwise, except for when it is required by applicable laws and regulations.

Information to shareholders in NetEnt outside Sweden as well as to banks, brokers, dealers and nominees holding shares in NetEnt for persons outside Sweden

The Offer is not being made to (and acceptances will not be approved from or on behalf of) persons whose participation in the Offer requires that additional offer documents are prepared or registrations effected or that any other measures are taken in addition to those required under Swedish law (including Nasdaq Stockholm’s Takeover Rules), except where there is an applicable exemption. In particular, the Offer is not capable of being accepted by persons who are located or resident in the United States unless they are so-called qualified institutional buyers (“**QIBs**”) (as defined in Rule 144A under the U.S. Securities Act of 1933, as amended (the “**U.S. Securities Act**”)), and any purported acceptance of the Offer by persons located or resident in the United States other than QIBs or which, at the sole discretion of Evolution, appear to be made in respect of NetEnt shares beneficially held by persons located or resident in the United States other than QIBs will not be accepted. By accepting the Offer, NetEnt shareholders, unless participating pursuant to the exception for QIBs referred to above, will be deemed to represent and warrant, on behalf of themselves and any person on whose behalf they beneficially hold NetEnt shares, that they are not located or resident in the United States (see “*–Notice for US shareholders*” below).

This Offer Document and any other documentation related to the Offer (including copies thereof) must not be mailed or otherwise distributed, forwarded or sent in or into any jurisdiction (including without limitation Australia, Canada, Hong Kong, Japan, New Zealand, South Africa, Switzerland or the United States) in which the distribution of this Offer Document or the Offer would require any additional measures to be taken or would be in conflict with any law or regulation in any such jurisdiction. Persons who receive this Offer Document (including without limitation banks, brokers, dealers, nominees, trustees and custodians) and are subject to the laws and regulations of any such jurisdiction will need to inform themselves about, and observe, any applicable restrictions and requirements. Any failure to do so may constitute a violation of the securities laws or regulations of any such jurisdiction. To the extent permitted by applicable law, Evolution disclaims any responsibility or liability for any violations of any such restrictions and Evolution reserves the right to disregard any purported acceptance of the Offer resulting directly or indirectly from a violation of any of these restrictions.

Notice for US shareholders

The Offer is not capable of being accepted by persons who are located or resident in the United States unless they are QIBs, and any purported acceptance of the Offer by persons located or resident in the United States other than QIBs or which, at the sole discretion of Evolution, appear to be made in respect of NetEnt shares beneficially held by persons located or resident in the United States other than QIBs will not be accepted.

This Offer Document does not constitute an offer of securities for sale in the United States or an offer to acquire or exchange securities in the United States. The Offer is being conducted in accordance with Section 14(c) of the U.S. Securities Exchange Act of 1934, as amended (the “**U.S. Exchange Act**”), and the rules and regulations promulgated thereunder. Evolution will take the actions necessary to comply with the applicable requirements of Regulation 14E, including to ensure that any applicable procedural requirements of Rule 14e-1(b)–(d) are satisfied. Evolution shares may not be offered or sold in the United States absent registration or an exemption from registration. No public offer of Evolution shares will be made in the United States. The Evolution shares have not been, and will not be, registered under the U.S. Securities Act or under the relevant securities laws of any state or territory or other jurisdiction of the United States and will not be listed on any stock exchange in the United States. Accordingly, the Evolution shares may not be offered, sold or delivered, directly or indirectly, in, into or from the United States. Neither the U.S. Securities and Exchange Commission nor any U.S. state securities commission has approved or disapproved of the Evolution shares, or determined if this Offer Document is accurate or complete. Any representation to the contrary is a criminal offence.

Evolution and NetEnt are public limited liability companies incorporated in Sweden and they are subject to Swedish procedural and disclosure requirements that are different from certain of those of the United States, including the US tender offer and proxy solicitation rules. Any financial statements or other financial information included in this Offer Document may have been prepared in accordance with non-US accounting standards that may not be comparable to the financial statements of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

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The offer in brief

- Evolution offers 0.1306 Evolution shares for each share in NetEnt. Evolution will not increase the offered consideration.
- Shareholders who in total directly or indirectly control 29.60 per cent of all shares and 68.26 per cent of all votes in NetEnt have undertaken to accept the Offer.
- The board of directors of NetEnt unanimously recommends the shareholders of NetEnt to accept the Offer.
- The acceptance period of the Offer will commence on 21 August 2020 and expire on 30 October 2020. The settlement date is 6 November 2020. Evolution reserves the right to extend the acceptance period as well as to postpone the settlement date.
- Acceptance forms and postage-paid return envelopes will be sent to shareholders in NetEnt whose shares are registered in their own names (*i.e.* directly registered) with Euroclear on 20 August 2020. Shareholders whose shares are directly registered with Euroclear and who wish to accept the Offer shall, during the acceptance period (up to and including 30 October 2020 at 5:00 p.m. CET), sign and submit a duly filled in acceptance form to SEB at the address stated on the acceptance form. If shares to be tendered in the Offer are pledged in Euroclear's system, both the shareholder and the pledgee must sign the acceptance form and confirm that the pledge will be terminated if the Offer is completed. Shareholders in NetEnt whose shares are registered in the name of a nominee will not receive pre-printed acceptance forms nor postage-paid return envelopes. Acceptances by such shareholders should instead be made in accordance with instructions from their respective nominees. For further information about acceptances and settlement of the Offer, see the section "*Terms and instructions*".

Risk factors

*This section contains descriptions of the risks that Evolution considers to be material to Evolution's business and future development. The risks are related to Evolution's operations, industry and market, legal and regulatory conditions as well as Evolution's shares and the Offer. The assessment of the materiality of each risk is based on the probability that the risk will be realised and the expected magnitude of negative effects as a result of the risk being realised. In accordance with Regulation (EU) 2017/1129 of the European Parliament and of the Council (the "**Prospectus Regulation**"), the risks described by Evolution in this section are limited to risks which are specific to Evolution or Evolution's shares and which are material for making an informed investment decision. The descriptions in this section are based on information available as of the date of this Offer Document. The risks which Evolution currently considers to be the most material are presented first in each category. The subsequent risks are not presented in any particular order.*

Risks related to Evolution's business, industry and markets

Evolution's business is dependent on Evolution's studios being open and staffed as well as Evolution being able to conduct the casino operations in the studios without disturbances and disruptions

Evolution's operations consist of developing, producing and licensing fully-integrated casino solutions to gaming operators. Evolution's revenues of EUR 243.5 million during the first half of 2020 were mainly attributable to commission fees and fixed fees from gaming operators, to whom Evolution provides Live Casino services. A significant part of Evolution's Live Casino offering includes games where a croupier runs the game from a casino gaming table located in one of Evolution's studios. Accordingly, Evolution's ability to provide Live Casino to gaming operators is strongly dependent on Evolution's studios being open and staffed as well as that the casino operations can be conducted without disturbances and disruptions. Disturbances regarding access to electricity or similar basic social services, extreme weather, diseases (e.g. virus outbreaks), security issues, system failures, labour market measures or that Evolution's suppliers do not perform their services in accordance with agreed terms may result in Evolution being required to close a studio, employees not being able to go to the studio and perform their work or Evolution not being able to, wholly or partly, conduct casino operations in a studio in the way that Evolution has undertaken to do towards the gaming operators. One example hereof is the temporary shutdown of Evolution's studio in Tbilisi in late March and early April 2020, at the request of Georgian authorities for measures to prevent the spread of covid-19. Another example is a water damage in Evolution's studio in Riga, resulting in Evolution having to close parts of the studio temporarily.

Although Evolution operates studios in several locations in different countries, it is not certain that Evolution's routines for redundancy and continuity in the Live Casino operations mean that Evolution can compensate for a decline in operations in one studio with an increased activity in another. This may be due to the fact that the other studios do not have the capacity to operate additional casino gaming tables or that the closed studio provides so-called private casino gaming tables with a customised solution for a specific gaming operator (e.g. with customised themes or language requirements) that cannot be provided by other studios. A decline in operations that cannot be compensated will result in reduced revenues for Evolution. Further, Evolution generally has capacity

and uptime commitments in its customer agreements. Accordingly, disturbances or disruptions such as the ones mentioned above may result in Evolution's customers not paying agreed fees to Evolution or that they pursue legal actions against Evolution, with reduced revenues or increased costs for Evolution as a result. Such disturbances or disruptions in Evolution's studio operations may also damage Evolution's reputation as a reliable supplier of Live Casino services. In the long term, this can affect the demand for Evolution's Live Casino services, and accordingly Evolution's ability to sell these services to both existing and new customers as well as Evolution's ability to meet its objective to grow faster than the Live Casino segment of the total European market (see the section "*Business description—Financial targets*"). If one or several of Evolution's studios must close, in whole or in part, or are not fully staffed, or if there are disturbances or disruptions in the casino operations conducted in the studios, it may result in a material adverse effect on Evolution's revenues.

Evolution is subject to risks related to incorrect or fraudulent behaviour by Evolution's employees

A significant part of Evolution's Live Casino offering includes a croupier running the game from a casino gaming table, which the end users follow in real-time or close to real-time through video streaming. If Evolution's employees act incorrectly, by mistake or fraudulently in collusion with players, e.g. by not properly shuffling playing cards, placing playing cards in a certain predetermined order, affecting roulette wheels or other physical random number generators or otherwise collaborating with players, there is a risk that individual players will gain incorrect gaming odds and thereby increasing their chances of winning. If such mistakes or attempts to manipulate the games provided by Evolution occur, the gaming operators affected may demand that Evolution reimburses the winnings paid to players. Although there may be restrictions in respect of any right to such compensation pursuant to agreements between Evolution and the gaming operators, the reputation risk may result in Evolution deciding to pay compensation in excess of what Evolution strictly is obligated to pay. Fraudulent behaviour or considerable misconduct by Evolution's employees, or suspicions that such events have occurred or will occur, may also result in a loss of confidence for both the affected gaming operator (which in turn may lead to players switching to competing gaming operators who are not customers of Evolution) and Evolution (which in turn may affect the demand for Evolution's Live Casino services as well as, in the long run, Evolution's ability to sell these services to existing and new customers and, accordingly, Evolution's ability to meet its growth targets). Misconduct and fraudulent behaviour by Evolution's employees may consequently have a material adverse effect on Evolution's revenues and operating costs.

Evolution is subject to risks related to hacking, DDOS attacks and other IT related sabotages

Evolution provides its services through advanced IT systems. The players' experiences of, and confidence in, Evolution's Live Casino games are dependent on that the services provided by Evolution in real-time or close to real-time from its studios work without disturbances and disruptions. Evolution is continuously exposed to so-called DDOS attacks, attempted intrusions in its IT system and other IT related sabotage attempts. Should such attempts be successful, it may result in players gaining access to information which can affect gaming odds as well as in disturbances and disruptions in the broadcasts from Evolution's studios. If the security measures implemented by Evolution cannot efficiently stop attacks of the kind mentioned above, it may result in players losing confidence in Evolution's games and completely or partially stop playing games provided by Evolution. Since

Evolution's revenues to a large extent is attributable to commission fees, this would result in Evolution's revenues decreasing.

Evolution is subject to risks related to future product innovation

The online gaming industry is generally characterised by a rapid development of new products, services and technology as well as increased end user demands on the products, services and technology. In addition, online casino services have historically been sensitive to consumer trends. Evolution has therefore identified product innovation as a particularly important key area for establishing a solid foundation for continued growth. If Evolution's competitors are more successful in improving or expanding their product offerings than Evolution, it may result in end users no longer wanting to play Evolution's games. In view of this, Evolution launched ten new games in 2019. Evolution also intends to launch twelve new games in 2020, including not only innovations within Live Casino but also an expansion of Evolution's so-called First Person RNG games and new titles in the Game Show category. There is always a risk that the demand for new games will be lower than Evolution has hoped for, and that investments in product innovation will not be profitable. This risk has increased, and will continue to increase, as Evolution expands its product offering outside the classic table games category, for which an established player pool already exists, since it is more difficult to predict to what extent there will be a demand for new game types from existing or new players. During the financial year 2019, Evolution's investments in intellectual property rights, which mainly concerned development of new games and technical improvements, amounted to EUR 11.2 million. There is a risk that future investments will not result in new revenues to the same extent that they have historically. Accordingly, Evolution cannot rule out that an increased investment rate may be necessary in the future. Should Evolution's product innovation not result in the growth expected by Evolution, it may accordingly have a negative effect on Evolution's revenues, operating costs and intangible assets.

Evolution is subject to risks related to licence agreements with third parties

Some of the games that Evolution has developed and provides to its customers contain content which is licensed from third parties. Such content includes, *inter alia*, gaming concepts (such as "Deal or No Deal") and brands (such as "Monopoly"). The demand for such games may be dependent on Evolution being able to retain such licences and that the licence agreements allow Evolution to, with certain regularity, further develop the games. If the games that contain licensed content are not successful, it may result in Evolution not being able to cover its licence costs or investments for developing such games. Further, the licence agreements may be terminated, which would result in games containing licensed content no longer being possible to provide to Evolution's customers. The licence agreements may also contain provisions that restrict Evolution's possibilities to further develop the games in line with customer demands. If games containing licensed content are not successful, if new content cannot be licensed on acceptable terms and conditions or if existing licence agreements are terminated, this may have a negative effect on Evolution's revenues, operating costs and intangible assets.

Evolution is subject to risks related to unlawful disposal of source code to Evolution's platform and games

Evolution invests significant amounts in the development of its existing and new games and in its platform for providing its services. During the financial years 2017–2019, Evolution's investments in *e.g.* intangible assets amounted to EUR 37.0 million. It is not possible for Evolution to obtain a

complete protection of the know-how, different trade secrets and source code that such investments result in from being disclosed or otherwise distributed to unauthorised parties. If, for example, employees with relevant knowledge and access to information unlawfully distribute code or other information regarding Evolution's system and know how, there is a risk that Evolution's competitors or others will gain access to confidential information that can be used in a way that is negative for Evolution. Should this occurs, there is a risk that Evolution's investments will not generate the expected benefits, or that Evolution's competitors or others will gain benefits at Evolution's expense, which in turn may have a negative effect on Evolution's revenues.

Evolution is subject to risks related to the ability to retain and recruit persons with certain industry specific qualifications

Evolution's growth ambitions are dependent on Evolution being able to create new experiences for existing casino players as well as new games that attract new types of players and that expand Evolution's business. Consequently, Evolution's business and future success are highly dependent on a number of key persons, in particular leading experts within certain technical areas, gaming development and operational casino business. For example, Evolution has previously communicated an intention to launch twelve new games in 2020. If any of the persons who currently have significant roles within Evolution's gaming development fail to or stop providing Evolution their expertise, there is a risk that Evolution may not be able to launch new games, or to further develop games, at the pace deemed necessary to meet the competition on the market. If Evolution fails to retain or recruit persons with relevant specialist qualifications, it may result in disturbances or disruptions in Evolution's growth.

Evolution is subject to risks related to the access to personnel in the locations where Evolution has studios

Evolution currently has studios in Latvia, Malta, Georgia, Canada, Romania, Belgium, Spain and the United States. The majority of Evolution's approximately 8,000 employees (as of the end of 2019) operates, organises and monitors Evolution's operations with Live Casino gaming tables in these studios. The employees possess knowledge and skills that are fundamental to the day-to-day operations, such as language and gaming skills. Many of those who work in Evolution's studios, in particular those who work at the casino gaming tables, are often young people having one of their first jobs or working part-time alongside their university studies. A natural consequence of such a composition of personnel is that the staff turnover can be high from time to time. If the staff turnover at a specific studio would suddenly increase faster than Evolution expected, or if Evolution fails to recruit and successfully train new personnel on terms acceptable for Evolution, there is a risk that Evolution's studios cannot be satisfactory staffed. This may result in Evolution not being able to meet the demand for active Live Casino gaming tables, and/or to fulfil capacity commitments towards the company's customers. If one or several of Evolution's studios are not fully staffed due to a lack of access to (or a lack of ability to recruit) personnel in relevant locations, it may have a material adverse effect on Evolution's revenues and operating costs.

Evolution is subject to the risk that gaming operators do not pay their fees to Evolution

Evolution currently has over 300 customers. As of 31 December 2019, Evolution's accounts receivable amounted to EUR 66.5 million, of which accounts receivable of EUR 25.7 million were due for payment (of which EUR 2.6 million were reserved). Evolution does not generally take any

collateral for its accounts receivable and Evolution has historically had low customer losses. As Evolution grows and expands its operations to new geographic markets outside Europe, Evolution estimates that the periods of payment will be longer and that the credit risks will increase. This may in turn have a negative impact on Evolution's revenues, cash flow, liquidity and financing costs.

Evolution is subject to risks related to macroeconomic factors that affect the end users' disposable income and gambling behaviour

Evolution derives a significant portion of its revenues from variable sources of revenue, such as commission fees, which derive from gaming operators' profits from players' bets on Evolution's games. Accordingly, Evolution's revenues are to a large extent affected by the gaming activity at Evolution's customers, which in turn is affected by, *inter alia*, the end users' disposable income. Evolution operates in a global environment and is consequently affected by the general economic, financial and political development at both international and local level, as well as by macroeconomic factors. Such factors include, for example, recessions, inflation or deflation and a general decline in purchasing power. If economic circumstances or other macroeconomic factors are unfavourable, there is a risk that the end users' disposable income will decrease. This may subsequently lead to a decrease in the number of end users of Evolution's Live Casino games, or lead to end users generally betting lower amounts on single games or during entire gaming sessions. Should any of these events occur, it may have a material adverse effect on Evolution's revenues.

Evolution is subject to risks related to future acquisitions

Evolution expects that the group, after the acquisition of NetEnt, will be a leading online gaming provider, with a strong platform for international growth and expansion, both organic and through additional acquisitions. In order for any future acquisitions to be successful, Evolution must identify suitable companies or assets to acquire, conduct adequate due diligence, negotiate favourable terms for each transaction, obtain necessary permits and integrate acquired businesses into existing operations. If Evolution progresses with acquisitions, there is a risk that the profitability or cash flow which the acquisitions are expected to achieve will not be generated, or that advantages, including growth or expected synergies, will not be realised. Evolution's assessment of, and assumptions regarding, acquired businesses may prove to be inaccurate and actual development may differ significantly from such expectations. In addition, acquisitions may also lead to Evolution becoming subject or exposed to unknown or unexpected liabilities and result in expenses related to, for example, customers, employees, authorities or other parties. There is also a risk that Evolution fails to integrate acquired businesses, that the integration process requires more resources than expected or that the integration process for completed or future acquisitions interferes in other ways with Evolution's operations, for example due to unforeseen issues of a legal, contractual or other nature, issues with the realisation of operational synergies or failure to maintain a good quality of service. Further, acquisitions may divert the management's attention away from the day-to-day operations. If any of the risks described above materialise, it may have a material adverse effect on Evolution's revenues, operating costs and goodwill.

Evolution is subject to risks related to potential expansions to new geographic markets

In the future, Evolution may try to expand into new geographic markets that Evolution has no or only limited experience of, and in which Evolution does not have an established or well-known brand. An offering of products and services on new geographic markets, such as the ongoing expansion in the

United States, may require significant resources, investments and time. There is a risk that Evolution will not succeed as expected in new geographic markets, and Evolution may not succeed in recovering the investments made in connection with such expansion attempts. There is also a risk that Evolution fails to adapt its products, services, marketing and pricing models to such new markets. Future expansions to new geographic markets may also result in Evolution becoming subject to risks related to staffing and management of cross-border activities. If any of the risks described above materialises it may have a material adverse effect on Evolution's growth.

Legal and regulatory risks

Evolution is subject to risks related to licence and certification requirements

Evolution endeavours to be the most reliable and transparent Live Casino provider. Evolution holds the licences and certifications that the company deems necessary to maintain a high international standard in respect of compliance and safety. Several of these licences and certifications set requirements for the operations and actions of Evolution as well as of Evolution's board members and senior executives. Evolution's licences may be revoked if, for example, Evolution conducts operations which are not compatible with the licence terms or if there are errors or deficiencies in Evolution's security systems. In general, there are also certain notification obligations towards competent authorities in the event of changes of ownership in Evolution of approximately 3–10 per cent (depending on jurisdiction), meaning that Evolution's possibilities to obtain new and retain existing licences and certifications may also be affected by circumstances beyond Evolution's control. Evolution is also exposed to the risk that the terms of Evolution's licences and certifications may change if laws and regulations regarding the provision of gaming services are being implemented or amended. Evolution's compliance work can therefore often be both time-consuming and complicated. If Evolution's licences or certifications are revoked or not renewed to the extent required, there is a risk that Evolution may not be allowed to operate or to offer its services in one or several jurisdictions. Should this occur, there is a risk that Evolution loses customers and, as a consequence, revenues.

Evolution is subject to risks related to laws and regulations in different jurisdictions

The provision of gaming services, such as Live Casino, is subject to extensive regulations which are complicated and vary between different jurisdictions.

Laws and regulations regarding the provision of gaming services indirectly affect Evolution since gaming operators must have permits or licences and comply with extensive requirements. This may result in gaming operators placing additional demands on Evolution (with increased costs for Evolution as a result) as well as gaming operators becoming subject to supervisory measures or sanctions (including permits or licences being revoked), which may have a negative effect on the gaming operators abilities to make payments to Evolution. One example of such an incident is the Swedish Gambling Authority's (Sw. *Spelinspektionen*) revocation of one of Goba Gaming AB's subsidiary's (which operated Ninja Casino) Swedish licences for commercial online gaming and betting in 2019. Evolution cannot rule out that similar incidents will occur in Sweden or other jurisdictions in the future.

Laws and regulations regarding the provision of gaming services may also directly affect Evolution, for example if they require that Evolution, in its capacity as a provider of gaming equipment, is physically present in the jurisdictions in which the gaming operators offer Evolution's Live Casino

games to the players, that only certain games may be provided in a jurisdiction or if they impose betting caps or limits. Such requirements for physical presence, which apply on Evolution in, *inter alia*, Romania, Spain, Belgium and the United States, limit Evolution's possibilities to further increase the existing studio capacity in, *e.g.* Riga, Malta or Tbilisi. This may in turn give rise to costs for, *inter alia*, building new studios and hiring personnel in new locations.

Evolution is also exposed to risks related to the relatively high gaming legislation rate, in terms of both the implementation of new laws and amendments of existing legislation. Although a high legislation rate often is driven by fair political ambitions, such as to decrease gambling addiction, minors' gambling or otherwise dealing with undesirable related risks, it leads to less predictability and sometimes to legislation not effectively achieving its objectives. Further, legislation may lead to a reduced channelling, *i.e.* that players move from licensed gaming operators who comply with applicable regulations, to gaming operators who do not comply with applicable regulations (and who are not customers of Evolution). If these risks materialise, it may have a material adverse effect on Evolution's revenues.

Evolution is subject to risks related to changes in taxation or the interpretation and application of taxation laws

Evolution's operational activities are conducted by subsidiaries in several jurisdictions. Consequently, Evolution is taxable in Sweden as well as in several other jurisdictions. During the financial years 2017–2019, Evolution's tax expenses (which are charged to the profit for the period) amounted to EUR 4.5 million, EUR 5.9 million and EUR 7.5 million, respectively, and the effective tax rate amounted to 6.8 per cent, 6.6 per cent and 4.8 per cent, respectively. Evolution's tax position, both for previous and present years, may change as a result of local tax authorities' decisions or as a result of amendments of laws and regulations (including applicable tax rates in the jurisdictions where Evolution operates).

In addition to the tax laws that are directly applicable to Evolution, Evolution believes that there is an ongoing legislation trend that includes, *inter alia*, changes in the taxation of the businesses of Evolution's customers. This trend exists both specifically for the online gaming market, in terms of direct gaming taxes, and generally in terms of taxation of services provided online. Regulations have been implemented in, *inter alia*, Sweden and the United Kingdom, and may for example stipulate that gaming revenues attributable to players in a certain jurisdiction are subject to taxation in that jurisdiction, regardless of where the gaming operator is located. Evolution expects that this form of taxation may increase as additional markets become regulated. Even if such gaming or consumption site taxes are not directly applicable to Evolution but to the gaming operators, there is a risk that increased tax expenses for Evolution's customers affect Evolution if customers try to, in whole or in part, pass the economic impact of the taxes on to their suppliers (including Evolution).

Decisions or changes of the kinds described above, which may also have a retroactive effect, may have a material adverse effect on Evolution's revenues and tax expenses.

Financial risks

Evolution is subject to currency exchange risks

Evolution's accounting currency is EUR. However, Evolution conducts operations through subsidiaries located in several countries. Revenues and costs are consequently generated in different

currencies (including SEK, EUR, CAD, GEL and USD). Evolution's exposure to currency fluctuations primarily arises from commission fees in practise being calculated on the basis of the underlying currency used by the operators (regardless of the currency in which the operator then pays Evolution). Further, Evolution is subject to transaction and translation exposure to foreign currencies. Transaction exposure refers to both the exposure attributable to commercial flows, that is, sales and purchases across international borders and the exposure from financial flows. Translation exposure refers to translation effects when consolidating Evolution's foreign subsidiaries' assets and liabilities. During the first half of 2020, Evolution's exchange rate differences from translation of foreign operations amounted to EUR -1,635 thousand (which can be compared to the profit from the period of EUR 124,641 thousand).

Evolution currently does not hedge currency exposures with financial derivatives. However, as Evolution grows and expands its businesses to new geographic markets, Evolution's exposure to exchange rate differences increases. Consequently, exchange rate fluctuations between EUR and other currencies used in other jurisdictions in which Evolution operates, may have a material adverse effect on Evolution's results.

Risks relating to the shares

The future price of Evolution's shares cannot be predicted and the share price may fluctuate

Investors must be aware that an investment in Evolution's shares is associated with risks. During the three-month period 1 May–31 July 2020, the share price for Evolution's share on Nasdaq Stockholm amounted to a minimum of SEK 427.30 (4 May 2020) and a maximum of SEK 701.00 (13 July 2020). Accordingly, the share price is highly volatile. The development of the share price may depend on several factors, some of which are company-specific while others are related to the stock market in general. Evolution's share price may, among other things, be negatively affected by a decrease in demand, variations in actual or expected results, inability to meet analysts' expectations, failure to achieve financial or operational targets, changes in general economic and regulatory conditions and other factors. There is also a risk that there will not be an active and liquid market for trading in the Evolution shares. One or more of these factors may result in the share price of the Evolution share falling and that investors will not be able to sell their shares in Evolution at, or for more than, the share price at which the shares were acquired.

Shareholders' selling of shares may affect the price of Evolution's shares

If all shareholders in NetEnt accept the Offer, they will in total control a maximum of approximately 15 per cent of all shares and votes in Evolution after the Offer. The shareholders in NetEnt will be free to transfer the Evolution shares that they receive in exchange for their shares in NetEnt in connection with the Offer. Substantial sales of Evolution shares, or the perception that such sales may occur, by, for example, current shareholders in NetEnt or by Evolution's current shareholders, board members or senior executives, may cause a decline in the share price of the Evolution shares.

Evolution's ability to pay dividends in the future may be limited and is dependent on several factors

The board of directors of Evolution has adopted a dividend policy stating that 50 per cent of Evolution's consolidated net profit, with certain flexibility regarding the pay-out ratio, shall be paid in dividends over time (see the section "*Dividends and dividend policy–Dividend policy*"). During the

financial years 2017–2019, Evolution has distributed dividends in an amount corresponding to 52 per cent, 52 per cent and 51 per cent, respectively, of the consolidated net profit.

When submitting a dividend proposal to the general meeting, the board of directors of Evolution shall take into consideration a number of factors, including the demands with respect to the size of the company's and the group's equity which are imposed by the nature, scope and risks associated with the operations as well as the company's and the group's need to strengthen the balance sheet, liquidity and position. Accordingly, Evolution's ability to pay dividends in the future, as well as the size of such potential dividends, are dependent upon Evolution's future earnings, financial condition, cash flow, net working capital requirements, capital expenditures and other factors. Further, pursuant to Swedish law, dividends may only be distributed to the extent that there will be full coverage for the company's restricted equity (Sw. *bundet eget kapital*) after the dividend distribution. In addition, there is a risk that Evolution resolves to reinvest any future profit in the business, that a general meeting in Evolution resolves not to pay dividends in the future or that Evolution will not have sufficient funds to pay any dividends.

Investors with a reference currency that is not EUR are exposed to certain currency risks if they invest in the shares

Evolution's share is admitted to trading on Nasdaq Stockholm in SEK. However, Evolution's accounting currency is EUR, and any dividend on Evolution's shares is primarily paid in EUR (provided that EUR can be received on the shareholder's account). If that is not possible, payment of dividends will be made in SEK after currency exchange by Euroclear or Evolution. As a result of this, investors whose reference currency is not EUR may be affected by a fall in the value of EUR in relation to the respective investor's reference currency. If the value of EUR falls in relation to any such currency, the value of the share investment or dividend will decline in relation to the foreign currency and if the value of EUR increases, the value of the share investment or dividend will increase in relation to the foreign currency. In addition, these investors may be affected by additional transaction costs upon conversion of EUR to another currency. Investors whose reference currency is not EUR are therefore encouraged to seek financial advice regarding investments in Evolution shares.

Evolution may be or become a passive foreign investment company, which could result in materially adverse U.S. tax consequences to U.S. investors

A non-U.S. corporation will be a passive foreign investment company (a "PFIC") if, in any particular year, either (i) 75 per cent or more of its gross income for the year consists of "passive" income or (ii) 50 per cent or more of the value of its assets (generally determined on the basis of a quarterly average) is attributable to assets that produce or are held for the production of passive income. Based on the current and anticipated nature and amount of Evolution's income, assets, and activities, Evolution does not believe that it was a PFIC for its most recent taxable year and does not expect to be a PFIC for the current taxable year or in the foreseeable future. However, since the PFIC tests must be applied each year and the composition and amount of Evolution's income and assets may change, there can be no assurance that Evolution will not be classified as a PFIC for any particular taxable year. In particular, because the value of Evolution's assets may be determined for these purposes by reference to the market value of Evolution's shares, fluctuations in the market value of the shares may cause Evolution to become a PFIC.

If an investor that is subject to U.S. federal income taxation on a net income basis in respect of Evolution's shares holds such shares during any taxable year in which Evolution is classified as a PFIC, such investor may be subject to materially adverse U.S. federal income tax consequences, including potentially burdensome reporting requirements and significantly increased taxes on any gains and "excess distributions" recognised in respect of the shares. U.S. investors are therefore urged to consult tax advisors regarding the potential application of these rules to their acquisition, ownership, and disposition of Evolution's shares.

Risks related to the Offer

The conditions for completion of the Offer may not be fulfilled within a time period acceptable to Evolution or on terms acceptable to Evolution

Evolution has set a number of conditions for the completion of the Offer, including that the Offer is accepted to such an extent that Evolution will become the owner of more than 90 per cent of the shares in NetEnt (on a fully diluted basis) and that Evolution receive all necessary approvals from authorities on terms that are acceptable to Evolution (see the section "*Terms and instructions–Conditions to completion of the Offer*"). Due to these conditions being outside Evolution's control, there is a risk that Evolution will not complete the Offer, and consequently not complete the acquisition of NetEnt. The uncertainty related to the completion of the Offer may have a negative effect on the price of Evolution's shares.

Evolution may fail to materialise the expected benefits from the acquisition of NetEnt as well as to integrate Evolution's and NetEnt's respective businesses in the way or within the time table that Evolution currently expects

If Evolution completes the Offer, NetEnt will become a part of Evolution's business. The integration work with Evolution's and NetEnt's respective businesses includes risks and uncertainties, and it is not possible to guarantee that Evolution will succeed to integrate the businesses in the way or within the time table that Evolution currently expects. The integration work may also divert resources from Evolution's and NetEnt's respective day-to-day operations.

Evolution estimates that it can achieve certain revenue synergies and cost savings through the acquisition of NetEnt (see the section "*The combined group–Synergies*"). There is no certainty that Evolution will achieve any of these expected benefits from the acquisition of NetEnt, including any growth opportunities, cost savings, increased profitability or other synergies described in other places in this Offer Document, within the time table as Evolution currently expects or at all. The expected revenue synergies, cost savings and other benefits that are expected as a result of the acquisition of NetEnt and the integration of Evolution's and NetEnt's respective businesses, as well as the costs related to the implementation of these measures, are based on Evolution's estimates. The estimations included in this Offer Document are uncertain. They are based on several assumptions which are based on the information available to Evolution, and are Evolution's senior management's assessment of such information, including information related to NetEnt's operations, results and financial position. The underlying assumptions for the estimated revenue synergies and cost savings are uncertain. Further, the assumptions are subject to several significant factors regarding the operations and the competition situation, economic factors as well as risks and uncertainties which may result in the actual results deviating significantly from the ones resulting from estimated synergy effects and cost savings.

If Evolution completes the Offer, Evolution may report goodwill which over time might turn out to be misleading and/or need to be subject to write-downs

In connection with the Offer and the acquisition of NetEnt, Evolution prepares an acquisition analysis, in which NetEnt's identifiable assets and liabilities are valued at fair value. If there is a difference between this value and the value of the purchase price that Evolution pays for the acquisition of NetEnt, Evolution will report the difference as goodwill. Depending on Evolution's (including NetEnt's) future result, Evolution may need to make write-downs of the value of such goodwill. Evolution tests goodwill on an annual basis or more frequently if events or changed circumstances indicate a possible decrease in value. If Evolution makes a write-down of goodwill, this may be reported as costs in the income statement.

Offer to the shareholders of NetEnt

The Offer

THE OFFERED CONSIDERATION AND THE VALUE OF THE OFFER

Evolution offers 0.1306 Evolution shares for each share in NetEnt. Evolution will not increase the offered consideration.

The Offer includes both the unlisted shares of series A and the shares of series B that are admitted to trading on Nasdaq Stockholm. Based on the closing price of the Evolution share on Nasdaq Stockholm the day prior to the announcement of the Offer, the Offer values each share in NetEnt to SEK 79.93 and all shares in NetEnt to approximately SEK 19.6 billion.¹ Based on the closing price of the Evolution share on Nasdaq Stockholm on the day prior to the announcement of the Offer Document, the Offer values each share in NetEnt to SEK 80.66 and all shares in NetEnt to approximately SEK 19.8 billion.²

Evolution will only pay full (and not fractions of) Evolution shares to shareholders of NetEnt that accept the Offer. If a shareholder of NetEnt tenders such a number of shares in the Offer that the share consideration that is to be paid by Evolution for such NetEnt shares does not amount to an even number of new Evolution shares, consideration for excess fractions of shares will be paid in cash.

No commission will be charged in connection with the Offer.

PREMIUM

The offered consideration represents a premium of:

- 43 per cent compared to the closing price of the NetEnt share of series B on Nasdaq Stockholm on 23 June 2020 (which was the last trading day prior to the announcement of the Offer);
- 72 per cent compared to the volume weighted average price per NetEnt share of series B on Nasdaq Stockholm during the 30 latest trading days up to and including 23 June 2020; and
- 173 per cent compared to the volume weighted average price per NetEnt share of series B on Nasdaq Stockholm during the 180 latest trading days up to and including 23 June 2020.

POTENTIAL ADJUSTMENT OF THE OFFERED CONSIDERATION

If NetEnt pays any dividend or makes any other value transfer prior to the settlement of the Offer, Evolution will reduce the offered consideration accordingly.

¹ The value per NetEnt share of SEK 79.93 and the total value of the Offer of approximately SEK 19.6 billion are based on (i) the closing price of the Evolution share of SEK 612.00 on Nasdaq Stockholm on 23 June 2020 (which was the last trading day prior to the announcement of the Offer) and (ii) 33,660,000 shares of series A and 211,798,035 shares of series B in NetEnt (*i.e.*, the total number of shares in NetEnt, excluding the 1,000,000 shares of series B that are held by NetEnt).

² The value per NetEnt share of SEK 80.66 and the total value of the Offer of approximately SEK 19.8 billion are based on (i) the closing price of the Evolution share of SEK 617.60 on Nasdaq Stockholm on 19 August 2020 (which was the last trading day prior to the announcement of the Offer Document) and (ii) 33,660,000 shares of series A and 211,798,035 shares of series B in NetEnt (*i.e.*, the total number of shares in NetEnt, excluding the 1,000,000 shares of series B that are held by NetEnt).

Rights under NetEnt's incentive programs

The Offer does not include any rights granted by NetEnt to its employees under any incentive programs. Accordingly, the Offer does not include the warrants of series 2017/2020, series 2019/2022 or series 2020/2023 that certain employees of NetEnt hold under the long-term share-related incentive programs that were established by the annual general meetings of the company in 2017, 2019 and 2020, respectively. Evolution intends to procure that the holders of the warrants are afforded a reasonable treatment in connection with the Offer.

Recommendation by the board of directors of NetEnt

The board of directors of NetEnt unanimously recommends that the shareholders of NetEnt accept the Offer.

Undertakings to accept the Offer

Certain members of the Hamberg (including Hamberg Förvaltning Aktiebolag), Knutsson, Lindwall, Lundström (including Novibis AB and StrategiQ Capital AB), Kling and Wattin families, who in total directly or indirectly control 33,564,285 shares of series A and 39,386,624 shares of series B in NetEnt (corresponding to 29.60 per cent of all shares and 68.26 per cent of all votes in NetEnt), have undertaken to accept the Offer.³

The undertakings to accept the Offer terminate if (i) Evolution withdraws the Offer, (ii) Evolution does not declare the Offer unconditional by 31 October 2020, (iii) a third party makes a competing public offer at a value (calculated at the time of the announcement of the competing offer) exceeding the value of the Offer (based on the volume weighted average price per Evolution share on Nasdaq Stockholm during fifteen consecutive trading days preceding the day of the announcement of the competing offer) by more than 5.0 per cent, or (iv) the value of the Offer (calculated at the time of the announcement of the Offer) has decreased by more than 2.5 per cent *and* the Evolution share has underperformed the Nasdaq Stockholm Large Cap index by more than 10 per cent during the period from the date of the announcement of the Offer until the date falling six days prior to the expiry of the initial acceptance period of the Offer, based on the volume weighted average price per Evolution share on Nasdaq Stockholm during such period.

Approvals from authorities

Pursuant to applicable rules and regulations, in particular regarding so-called merger control, Evolution's acquisition of NetEnt requires clearance from certain authorities, including competition authorities. In case the competition authorities, or other relevant authorities, need more time for their respective analyses than Evolution expected when Evolution determined the initial acceptance period, Evolution may extend the acceptance period.

³ Hamberg family (including Hamberg Förvaltning Aktiebolag): 10,200,000 shares of series A and 7,491,872 shares of series B. Knutsson family: 6,000,000 shares of series A and 8,900,000 shares of series B. Lindwall family: 5,733,000 shares of series A and 5,688,390 shares of series B. Lundström family (including Novibis AB and StrategiQ Capital AB): 6,819,285 shares of series A and 515,200 shares of series B. Kling family: 2,052,000 shares of series A and 6,791,489 shares of series B. Wattin family: 2,760,000 shares of series A and 9,999,673 shares of series B.

Financing of the Offer

The consideration in the Offer consists of new shares in Evolution (see “–the Offer” above). Payment of the share consideration requires that an extraordinary general meeting in Evolution resolves to authorise the board of directors to resolve on the issuance of the number of shares in Evolution that Evolution shall pay as consideration to the shareholders in NetEnt that accept the Offer. Accordingly, Evolution’s completion of the Offer is conditional upon such a resolution being passed by the general meeting.

If a shareholder of NetEnt tenders such a number of shares in the Offer that the share consideration that is to be paid by Evolution for such NetEnt shares does not amount to an even number of new Evolution shares, consideration for excess fractions of shares will be paid in cash. Evolution will finance any such cash consideration through own funds and available credit facilities.

Extraordinary general meeting in Evolution

The board of directors of Evolution has proposed that an extraordinary general meeting in the company on 24 September 2020 resolves to authorise the board of directors to resolve on the issuance of the number of shares in Evolution that Evolution shall pay as consideration to the shareholders of NetEnt that accept the Offer. The notice of the extraordinary general meeting is available on Evolution’s website (www.evolutiongaming.com).

Richard Livingstone, Österbahr Ventures AB, Joel Citron and Jonas Engwall, that in total control approximately 27.73 per cent of all shares and votes in Evolution, have expressed that they are positive to the Offer and that they intend to vote in favour of the board of directors’ proposal for an authorisation to issue shares.

Evolution’s ownership in NetEnt

Neither Evolution nor any party closely related to Evolution holds or controls any shares in NetEnt or any other financial instruments which give a financial exposure equivalent to a holding of shares in NetEnt. Neither Evolution nor any party closely related to Evolution has acquired any shares in NetEnt on more favourable terms than the terms of the Offer during the last six months prior to the announcement of the Offer.

To the extent permissible under applicable laws, rules and regulations (including Rule 14e-5 under the U.S. Exchange Act), Evolution, SEB Corporate Finance and their respective affiliates, any advisor to any such persons, and any person acting, directly or indirectly, in concert with any such persons, may from time to time make purchases of, or arrangements to purchase, shares in NetEnt other than pursuant to the Offer (before or during the acceptance period), including acquisitions on the market at prevailing prices or acquisitions in private transactions at negotiated prices. Any such acquisitions will be carried out and announced in accordance with applicable laws, rules and regulations.

Statement from the Swedish Securities Council

The Swedish Securities Council has in its ruling AMN 2020:26 granted Evolution an exemption from the obligation to direct the Offer to shareholders that are domiciled in the United States. AMN 2020:26 is available in its entirety (in Swedish) on the Swedish Securities Council’s website (www.aktiemarknadsnamnden.se).

Due diligence review

Evolution has, in connection with the preparations of the Offer, conducted a limited due diligence review of NetEnt (and NetEnt has conducted a limited due diligence review of Evolution). NetEnt has confirmed that Evolution has not obtained any inside information regarding NetEnt in connection with the due diligence review.

Applicable law and disputes

The Offer is governed by and construed in accordance with the laws of Sweden. Any dispute, controversy or claim arising out of or in connection with the Offer shall be finally settled by Swedish courts and the City Court of Stockholm shall be the court of first instance. In addition, Nasdaq Stockholm's Takeover Rules and the Swedish Securities Council's rulings regarding interpretation and application of Nasdaq Stockholm's Takeover Rules and, where applicable, the Swedish Securities Council's interpretations of the Swedish Industry and Commerce Stock Exchange Committee's former rules on public offers, are applicable to the Offer.

Evolution has, on 24 June 2020, in accordance with the Swedish Act on Public Takeovers on the Stock Market, undertaken towards Nasdaq Stockholm to comply with Nasdaq Stockholm's Takeover Rules and the Swedish Securities Council's rulings regarding interpretation and application of Nasdaq Stockholm's Takeover Rules and, where applicable, the Swedish Securities Council's interpretations of the Swedish Industry and Commerce Stock Exchange Committee's former rules on public offers, as well as to submit to the sanctions that Nasdaq Stockholm may decide upon in the event of a breach of Nasdaq Stockholm's Takeover Rules. Evolution informed the SFSA about the Offer and the undertaking towards Nasdaq Stockholm on 24 June 2020.

Advisers

Evolution has engaged SEB as financial adviser and Gernandt & Danielsson Advokatbyrå as legal adviser in connection with the Offer.

Background and reasons

Evolution was founded in 2006 and has since then developed into a leading B2B provider of Live Casino with more than 300 operators as customers. NetEnt is a supplier within digital entertainment, which develops games and system solutions to the world's most successful gaming operators and has since its inception in 1996 provided innovative games powered by a cutting-edge platform.

Evolution has for a long time had the vision "to be the leading Live Casino provider in the world". The company considers this to be a good time to expand the vision and become a global leading provider in the online gaming industry. The combination of Evolution's leading position in Live Casino with NetEnt's strong position in online Slots will create a first-class B2B provider with capacity to drive the digitalisation of the global gaming industry (90 per cent of the global casino industry is still land-based).

Evolution believes that the US market has the potential to become the company's largest market over time, as individual states introduces regulations permitting online casino gaming. The combination of Evolution's existing Live Casino offering, through the existing New Jersey studio as well as the planned studios in Pennsylvania and Michigan, with NetEnt's strong presence in online Slots will accelerate this development and the combined company's entrance into the US online gaming market.

The combined product portfolio will include some of the world's most popular Live Casino and online Slots games and generate substantial revenue upsides through cross-selling and improved distribution via both companies' customer bases, with closer customer partnerships and additional geographical spread of the companies' products as a result. The range of the combined offer will provide significant upsides to the gaming operators and end users, as well as enable new collaborations between product developers in Live Casino and online Slots.

In addition, the combination is expected to result in annual cost savings of approximately EUR 30 million, compared to the combined cost basis of NetEnt and Evolution as of the first quarter of 2020. This includes the cost savings of approximately SEK 150 million which NetEnt has already disclosed.

The combined company will become a leading online gaming provider with a strong platform for international growth and expansion, both organic and through additional acquisitions.

For further information, please refer to the information in this Offer Document.

The Offer Document has been prepared by the board of directors of Evolution in relation to the Offer. The board of directors is responsible for the information contained in the Offer Document. To the best of the board's knowledge, the information is in accordance with the facts and the Offer Document makes no omission likely to affect its import. The board of directors of NetEnt has been involved in preparing the description of NetEnt on pages 90–132 and has reviewed this information in accordance with its statement on page 133.

* * *

Stockholm on 20 August 2020
Evolution Gaming Group AB (publ)
The board of directors

Recommendation from the board of directors of NetEnt



PRESS RELEASE
Regulatory news
Stockholm, 24 June 2020

Statement by the board of directors of NetEnt in relation to the public offer from Evolution Gaming

The board of directors unanimously recommends the shareholders of NetEnt to accept the offer from Evolution Gaming.

This statement is made by the board of directors¹ of NetEnt AB (publ) ("**NetEnt**" or the "**Company**") pursuant to Rule II.19 of the Nasdaq Stockholm Takeover Rules (the "**Takeover Rules**").

The Offer

On 24 June 2020, Evolution Gaming Group AB (publ) ("**Evolution Gaming**") announced an offer of 0.1306 Evolution Gaming shares for each share in NetEnt (the "**Offer**"). The Offer values each share in NetEnt to SEK 79.93 and all shares in NetEnt to approximately SEK 19.6 billion based on closing prices on 23 June 2020 and 33,660,000 shares of series A and 212,798,035 shares of series B in NetEnt, less 1,000,000 B-shares owned by the Company.

The offered consideration per share in NetEnt represents a premium of 43 per cent compared to the closing price of the NetEnt share of series B on Nasdaq Stockholm on 23 June 2020 (the last trading day prior to the announcement of the Offer), a premium of 72 per cent compared to the volume weighted average price per NetEnt share of series B on Nasdaq Stockholm during the 30 latest trading days up to and including 23 June 2020 and a premium of 161 per cent compared to the volume weighted average price per NetEnt share of series B on Nasdaq Stockholm during the 90 latest trading days up to and including 23 June 2020.

Evolution Gaming has stated that it will not increase the Offer. Accordingly, the price in the Offer is final under the Takeover Rules.

The acceptance period for the Offer is expected to commence on or around 17 August 2020 and expire on or around 26 October 2020, subject to any extensions. Completion of the Offer is subject to customary conditions, including regulatory clearances being obtained and the Offer being accepted to such extent that Evolution Gaming becomes the owner of shares representing more than 90 per cent of the total number of outstanding shares in NetEnt (on a fully diluted basis). Evolution Gaming has reserved the right to waive one or several of the conditions, including to complete the Offer at a lower level of acceptance.

The process undertaken by the board of directors to evaluate the Offer

In its evaluation of the Offer, the board of directors has taken a number of factors into account which it deems relevant, including, but not limited to, the Company's present strategic and financial position, prevailing market conditions and operational opportunities and challenges, the Company's expected future development and opportunities and risks related thereto, and valuation methods normally used in evaluating public offers for listed companies, including the Offer's valuation of NetEnt relative to comparable listed companies and comparable transactions, premiums in previous public offers on Nasdaq Stockholm, the stock market's expectations in respect of the Company and the board's view on the Company's value based on its expected dividend and cash flow generation. The board of directors has specifically evaluated the Offer in light of the fact that the consideration offered is in Evolution Gaming shares.

The board of directors, as part of its process to evaluate the Offer and in line with its fiduciary duties, has investigated other opportunities in light of the approach by Evolution Gaming, but the combination with Evolution Gaming is in the view of the board the best current option.

In its evaluation of the Offer, the board has also taken into account that NetEnt's largest long-term family shareholders representing 68.22 per cent of the votes and 29.50 per cent of the capital, have signed irrevocable undertakings to accept the Offer, subject to certain conditions, or stated that they intend to sign such irrevocable undertakings.

Upon written request by Evolution Gaming, the board of directors has permitted Evolution Gaming to review limited information for confirmatory purposes in connection with the preparations for the Offer. NetEnt has conducted a reciprocal due diligence review of Evolution Gaming. No inside information has been exchanged in connection with these reviews.

The board of directors has engaged Lazard as financial advisor and Vinge as legal advisor in relation to the Offer.

The recommendation of the board of directors

In the board's opinion, NetEnt has a proven and well-defined strategy going forward. However, the board views a combination of NetEnt and Evolution Gaming as positive and believes it to be strategically sound, and the share consideration allows the Company's shareholders to take part of the combined accelerated growth story and combination benefits.

The combination of NetEnt and Evolution Gaming would create a leading B2B provider in online casino.

The board believes there are a number of strategic benefits to NetEnt from combining its operations with Evolution Gaming, including:

- The combination will provide substantially increased scale and create a leading supplier of online casino products within Live and slots
- As part of Evolution Gaming, NetEnt will be able to leverage Evolution Gaming's strong market position in the Live segment to further strengthen its market position in the slots segment
- The combination will have significant capabilities to leverage its strong position within the US states that have opened up for online casino
- The enlarged entity will provide enhanced client and products diversification to better address a changing market environment
- Combining two world class technology organizations will provide a robust basis for new and innovative products to the benefit of customers and end-users

The Offer represents a significant premium to the prevailing NetEnt share price before announcement of the Offer and the Offer price is also well above the consensus target price of research analysts before announcement of the Offer.

The board of directors unanimously recommends the shareholders of NetEnt to accept the Offer.

Effects on NetEnt and its employees

Under the Takeover Rules, the board of directors is required to present its opinion on the effects the implementation of the Offer may have on NetEnt, especially employment, and its view on Evolution Gaming's strategic plans for NetEnt and the impact these could be expected to have on employment and on the locations where NetEnt conducts its business. In its press release announcing the Offer, Evolution Gaming states:

"Evolution is confident that it will be able to build a strong group together with NetEnt's senior management and employees. Evolution recognises the value of NetEnt's senior management and other employees and appreciates that their talent and dedication have been, and will continue to be, integral to NetEnt's and the combined group's success. Evolution does not currently foresee that the combination of the companies will have any material impact on Evolution's or NetEnt's respective employees, including their terms of employment or the locations where the companies currently operate. Following the completion of the Offer, Evolution intends to carry out a careful review of the combined business in order to evaluate how Evolution can organise and develop the group in the best possible way."

The board of directors assumes that the above statements made by Evolution Gaming are correct and has no reason to take a different view.

This statement by the board of directors of NetEnt shall be governed by and construed in accordance with substantive Swedish law. Disputes arising from this statement shall be settled exclusively by Swedish courts.

Stockholm, 24 June 2020

The board of directors of NetEnt AB (publ)

For further information, please contact:
Mathias Hedlund, tel +46 70 666 37 58

This is information that NetEnt AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08:15 CEST on 24 June 2020.

In case of any discrepancies between the Swedish and English language versions of this statement the Swedish version shall prevail.

¹ Board members Peter Hamberg, Pontus Lindwall and Christoffer Lundström have not due to conflict of interest participated in the board's evaluation of the Offer nor in resolutions concerning the Offer.

NetEnt AB (publ) is a leading digital entertainment company, providing premium gaming solutions to the world's most successful online casino operators. Since its inception in 1996, NetEnt has been a true pioneer in driving the market with thrilling games powered by a cutting-edge platform. NetEnt is committed to helping customers stay ahead of the competition, is listed on NASDAQ Stockholm (NET-B) and employs around 1,100 people in Malta, Stockholm, Sofia, Kiev, Krakow, Gothenburg, Gibraltar and New Jersey. www.netent.com

Terms and instructions

The Offer

Evolution offers 0.1306 Evolution shares for each share in NetEnt. Evolution will not increase the offered consideration.

The Offer includes both the unlisted shares of series A and the shares of series B that are admitted to trading on Nasdaq Stockholm. Based on the closing price of the Evolution share on Nasdaq Stockholm on the day prior to the announcement of the Offer, the Offer values each share in NetEnt to SEK 79.93 and all shares in NetEnt to approximately SEK 19.6 billion.⁴ Based on the closing price of the Evolution share on Nasdaq Stockholm on the day prior to the announcement of the Offer Document, the Offer values each share in NetEnt to SEK 80.66 and all shares in NetEnt to approximately SEK 19.8 billion.⁵

If NetEnt pays any dividend or makes any other value transfer prior to the settlement of the Offer, Evolution will reduce the offered consideration accordingly.

No commission will be charged in connection with the Offer.

Right to dividends on the consideration shares

The shares in Evolution issued as consideration in the Offer will carry the right to dividends from the first record date for dividends that fall after the registration of the newly issued shares with the Swedish Companies Registration Office (Sw. *Bolagsverket*) (the “SCRO”).

Conditions for completion of the Offer

The completion of the Offer is conditional upon:

1. the Offer being accepted to such an extent that Evolution becomes the owner of more than 90 per cent of the shares in NetEnt (on a fully diluted basis);
2. with respect to the Offer and the acquisition of NetEnt, the receipt of all necessary regulatory, governmental or similar clearances, approvals and decisions (including from competition authorities), in each case on terms that are acceptable to Evolution;
3. no other party announcing an offer to acquire shares in NetEnt on terms that are more favourable to the shareholders of NetEnt than the terms of the Offer;
4. neither the Offer nor the acquisition of NetEnt being rendered wholly or partially impossible or significantly impeded as a result of legislation or other regulation, any decision of a court or public authority, or any similar circumstance;

⁴ The value per NetEnt share of SEK 79.93 and the total value of the Offer of approximately SEK 19.6 billion are based on (i) the closing price of the Evolution share of SEK 612.00 on Nasdaq Stockholm on 23 June 2020 (which was the last trading day prior to the announcement of the Offer) and (ii) 33,660,000 shares of series A and 211,798,035 shares of series B in NetEnt (*i.e.*, the total number of shares in NetEnt, excluding the 1,000,000 shares of series B that are held by NetEnt).

⁵ The value per NetEnt share of SEK 80.66 and the total value of the Offer of approximately SEK 19.8 billion are based on (i) the closing price of the Evolution share of SEK 617.60 on Nasdaq Stockholm on 19 August 2020 (which was the last trading day prior to the announcement of the Offer Document) and (ii) 33,660,000 shares of series A and 211,798,035 shares of series B in NetEnt (*i.e.*, the total number of shares in NetEnt, excluding the 1,000,000 shares of series B that are held by NetEnt).

5. no circumstances having occurred that have a material adverse effect, or could reasonably be expected to have a material adverse effect, on NetEnt's sales, results, liquidity, equity ratio, equity or assets;
6. no information made public by NetEnt, or disclosed by NetEnt to Evolution, being inaccurate, incomplete or misleading, and NetEnt having made public all information that should have been made public by NetEnt;
7. NetEnt not taking any action that typically is intended to impair the prerequisites for making or completing the Offer; and
8. an extraordinary general meeting in Evolution resolving, with requisite majority, to authorise the board of directors to resolve on the issuance of the number of shares in Evolution that Evolution shall pay as consideration to the shareholders of NetEnt that accept the Offer.

Evolution reserves the right to withdraw the Offer in the event that it is clear that any of the above conditions is not satisfied or cannot be satisfied. However, with regard to the conditions set out in items 2–8, the Offer may only be withdrawn where the non-satisfaction of such condition is of material importance to Evolution's acquisition of NetEnt or if otherwise approved by the Swedish Securities Council.

Evolution reserves the right to waive, in whole or in part, one or more of the conditions set out above, including, with respect to the condition set out in item 1, to complete the Offer at a lower acceptance level.

Acceptance

DIRECTLY REGISTERED HOLDINGS

Shareholders of NetEnt whose shares are registered with Euroclear and who wish to accept the Offer shall, during the period 21 August 2020 up until 30 October 2020 at 17.00 CET, sign and submit a correctly completed acceptance form to Skandinaviska Enskilda Banken AB (publ) at the address stated on the acceptance form.

The acceptance form must be physically submitted or sent by post, preferably with the enclosed postage-paid return envelope, and received by SEB no later than 17.00 CET on 30 October 2020.

Acceptance forms and postage-paid return envelopes will be sent to shareholders whose ownership in NetEnt is registered in their own name with Euroclear on 20 August 2020. The securities account and details on the shareholding in question will be found on the pre-printed acceptance form. The person who fills in and submits the acceptance form is responsible for ensuring that the pre-printed information on the acceptance form is correct.

Please note that an acceptance form that is missing mandatory information or is faulty may be left without consideration.

Shareholders in NetEnt that accept the Offer authorise and instruct SEB to subscribe for new shares in Evolution on their behalf and to deliver their shares in NetEnt to Evolution in exchange for shares in Evolution (and, where applicable, cash consideration upon sale of excess NetEnt shares, see “–*Settlement of cash consideration for excess shares*” below), in accordance with the terms and conditions for the Offer.

NOMINEE REGISTERED HOLDINGS

Shareholders of NetEnt whose shares are registered in the name of a nominee will not receive a pre-printed acceptance form nor a postage-paid return envelope. Any acceptances of the Offer should be made in accordance with instructions from their respective nominees.

PLEDGED SHARES

If shares in NetEnt are pledged in Euroclear's system, both the shareholder and the pledgee must duly complete and sign the acceptance form and confirm that the pledge will be terminated if the Offer is completed. Those who are included in the list of pledgees and trustees will not receive an acceptance form but will be notified separately.

Acceptance period

The acceptance period commences on 21 August 2020 and expires on 30 October 2020. Evolution reserves the right to extend the acceptance period as well as to postpone the settlement date. Any extensions of the acceptance period or postponements of the settlement date will be announced by Evolution by way of a press release in accordance with applicable laws and regulations (including Nasdaq Stockholm's Takeover Rules).

Right to withdraw acceptance

Shareholders of NetEnt have the right to withdraw their acceptance of the Offer. To be valid, such withdrawal must have been received in writing by SEB before Evolution announces that the conditions of the Offer have been satisfied or, if such announcement is not made during the acceptance period, not later than 17.00 CET on the last day of the acceptance period. If the Offer remains conditional upon certain conditions that Evolution has reserved the right to waive during any extension of the Offer and if Evolution has not waived such conditions, the right to withdraw an acceptance will apply in the same manner throughout any such extension of the Offer.

Shareholders in NetEnt whose shares are registered in the name of a nominee and who wish to withdraw their acceptance shall do so in accordance with instructions from the nominee.

Acknowledgement of acceptances and transfer of shares in NetEnt to blocked securities accounts

After SEB has received and registered a duly completed and signed acceptance form, the shares in NetEnt will be transferred to a new blocked securities account (Sw. *apportkonto*) in each respective shareholder's name. In connection with this, Euroclear will send a statement (Sw. *VP-avi*) showing the number of shares of series A and shares of series B in NetEnt that have been withdrawn from the original securities account and a statement showing the number shares of series A and shares of series B in NetEnt that have been entered into the newly opened blocked securities account.

Settlement

SETTLEMENT OF SHARE CONSIDERATION

Settlement is expected to commence as soon as Evolution has announced that the conditions for the Offer have been satisfied or otherwise decided to complete the Offer. Assuming that the Offer is declared unconditional no later than around 30 October 2020, settlement is expected to commence

around 6 November 2020. In connection with the settlement, the shares of series A and shares of series B in NetEnt will be withdrawn from the blocked securities account, which is then closed. No statement will be sent in connection with the withdrawal.

The payment of newly issued shares in Evolution will be effected by entering such shares into the securities accounts where the shares of series A and shares of series B in NetEnt, respectively, previously were registered.

If the shares are nominee registered, settlement will be effected through the respective nominee.

SETTLEMENT OF CASH CONSIDERATION FOR EXCESS FRACTIONS

Evolution will only pay full (and not fractions of) Evolution shares to shareholders of NetEnt that accept the Offer. If a shareholder of NetEnt tenders such a number of shares in the Offer that the share consideration that is to be paid by Evolution for such NetEnt shares does not amount to an even number of new Evolution shares, consideration for excess fractions of shares will be paid in cash. Payment of such cash consideration shall take place no later than ten banking days after the sale of excess fractions. If the shareholding in NetEnt is nominee registered, settlement of consideration for excess fractions will be effected through the respective nominee.

Trading in the consideration shares

Evolution's shares are admitted to trading on Nasdaq Stockholm. Trading in the shares issued as consideration in the Offer is expected to commence on Nasdaq Stockholm around 6 November 2020.

Compulsory buy-out and delisting

In the event that Evolution, whether in connection with the Offer or otherwise, becomes the owner of shares representing more than 90 per cent of the outstanding shares in NetEnt, Evolution intends to commence a compulsory buy-out procedure in accordance with the Swedish Companies Act (Sw. *Aktiebolagslagen (2005:551)*) in order to acquire all remaining shares in NetEnt. In connection with such a compulsory buy-out procedure, Evolution intends to promote a delisting of the shares of series B in NetEnt from Nasdaq Stockholm.

Important information regarding NID and LEI

Pursuant to Directive 2014/65/EU of the European parliament and of the council (MiFID II), all investors are from 3 January 2018 required to have a global identity code. This requirement means that legal persons must apply for registration of a legal entity identifier (LEI) and natural persons must present their national client identifier (NCI) in order to be able to accept the Offer. Please note that SEB may be prevented from completing a transaction if no LEI or NCI (as applicable) is presented by the person in question.

Information about handling of personal information

Personal data that is submitted to SEB, for example, contact information and personal identification number, or which is otherwise registered in connection with the preparation or administration of the Offer, will be processed by SEB (in its capacity as the controller of the personal data) for the administration and execution of the assignment. Personal data is also processed in order to enable SEB to fulfil its legal obligations.

Personal data may, for the stated purposes and in observance of applicable banking secrecy rules, be disclosed to other companies within the SEB group or to companies which SEB cooperates with, within as well as outside the EU/EEA, in accordance with the European Union's approved and appropriate protective measures. In certain cases, SEB has a legal obligation to provide information, for example to the SFSA and the Swedish Tax Agency (Sw. *Skatteverket*).

The Swedish Securities Markets Act (Sw. *lagen (2007:528) om värdepappersmarknaden*) as well as the Swedish Banking and Financing Business Act (Sw. *lagen (2004:297) om bank- och finansieringsrörelse*) contain confidentiality provisions according to which all of SEB's employees are bound by a duty of confidentiality with regards to clients of SEB and other parties to whom services are provided. The duty of confidentiality also applies between and within the various companies in the SEB group.

Information regarding what personal data is processed by SEB, deletion of personal data, limitation on the processing of personal data, data portability or the rectification of personal data may be requested from SEB's data protection officer. It is also possible to contact the data protection officer to obtain further information about how SEB processes personal data. In case a person whose personal data is processed, wishes to make a complaint regarding the processing of personal data, such person may turn to the Swedish Data Protection Authority (Sw. *Datainspektionen*) in its capacity as supervisory authority.

Personal data shall be deleted if it is no longer needed for the purposes for which it was originally collected or otherwise processed, provided that SEB has no legal obligation to preserve the personal data. The normal storage time for personal data is ten years.

ADDRESS TO SEB'S DATA PROTECTION OFFICER:

SEB
Dataskyddsombud
SE-106 40 Stockholm, Sweden

Offer Document and acceptance form

The Offer Document and an acceptance form will be available at Evolution's webpage (www.evolutiongaming.com) and SEB's webpage (www.sebgroup.se/prospekt). The Offer Document (in Swedish) will also be available at the SFSA's webpage (www.fi.se).

Other information

SEB is acting as receiving agent in respect of the Offer, meaning that SEB performs certain administrative services in conjunction with the Offer. This does not, in itself, mean that a person accepting the Offer (the "**Participant**") will be regarded as a customer of SEB. Upon acceptance of the Offer, the Participant will be regarded as a customer of SEB only if SEB has provided advice to the Participant, or has otherwise contacted the Participant individually, regarding the Offer. If a Participant is not regarded as a customer, the investor protection rules set forth in the Swedish Securities Market Act will not apply to such Participant's acceptance. This means, *inter alia*, that neither a so-called customer categorisation nor a suitability assessment will be carried out in conjunction with the Offer. Accordingly, the Participant is personally responsible for ensuring that he

or she possesses sufficient experience and knowledge to understand the risks associated with the Offer.

Questions regarding the Offer

For further information regarding the Offer, see Evolution's webpage (www.evolutiongaming.com) and SEB's webpage (www.seb.se/prospekt). For administrative questions regarding the Offer, please contact your bank if your shares are registered in the name of a nominee, otherwise please contact SEB per telephone (+46 (0)8 639 27 50).

Presentation of financial information

Historical financial information

The Offer Document contains information from Evolution's and NetEnt's respective consolidated financial statements for the financial years 2017–2019, which have been prepared in accordance with the *International Financial Reporting Standards*, as adopted by the European Union (“IFRS”). The consolidated financial statements for the financial years 2017–2019 have been audited by the companies' respective auditors. The Offer Document also contains financial interim information from Evolution's and NetEnt's respective interim reports for the period 1 January–30 June 2020, which have been prepared in accordance with IFRS. The financial interim information for the period 1 January–30 June 2020 has been reviewed by the companies' respective auditors. No other financial information in the Offer Document has been audited or reviewed by Evolution's or NetEnt's respective auditor. The selected financial information presented in this Offer Document shall be read together with the information set out in the sections “*Risk factors*”, “*Commentary on the financial development*” and “*Equity, indebtedness and other financial information*” as well as Evolution's and NetEnt's respective consolidated financial statements for the financial years 2017–2019, including the related notes, and interim reports for the period 1 January–30 June 2020.

Evolution's financial statements are presented in EUR and NetEnt's financial statements are presented in SEK. In the section “*Pro forma financial statements*”, NetEnt's financial statements have been converted to EUR based on the exchange rate specified therein.

Alternative performance measures

Certain key ratios included in the Offer Document are not measures of financial performance or liquidity in accordance with IFRS (so-called alternative performance measures). These alternative performance measures are measures that the management of Evolution and NetEnt, respectively, uses to monitor the underlying performance of the business and operations. Alternative performance measures should not be viewed as substitutes for income statement, balance sheet or cash flow items computed in accordance with IFRS. The alternative performance measures do not necessarily indicate whether the cash flow will be sufficient or available to meet the cash requirements. Alternative performance measures do not necessarily indicate historical results and are not meant to be predictive of future results.

Evolution and NetEnt present alternative performance measures because they believe that such measures constitute important and complementary measures on the companies' respective performances and to a large extent are being used by investors that compare performances with other companies. Since all companies do not compute alternative performance measures in the same way, it is possible that the alternative performance measures presented in this Offer Document are not comparable with similar measures presented by other companies.

For more information on the financial measures included in this Offer Document, see the section “*Selected financial information–Definitions of key ratios*”.

Roundings

Certain financial and other information included in the Offer Document have been rounded off. Accordingly, it may be that certain numbers do not sum. In respect of financial data set out in this Offer Document, a dash (“–”) signifies that the relevant figure does not exist and 0.0 signifies that the relevant figure exists but has been rounded to or equals zero.

Currency

In the Offer Document, references to “SEK” is to the lawful currency of Sweden and “EUR” to the single currency of the member states of the European Union participating in the European Monetary Union and having adopted euro as their lawful currency.

Documents incorporated by reference

The following documents are incorporated by reference and are a part of this Offer Document:

- Evolution’s audited financial statements for the financial year 2019. The reference only refers to the income statement on page 72, the balance sheet on page 73, the statement of changes in equity on page 74, the cash flow statement on page 75, the notes on pages 82–105 and the auditor’s report on pages 107–110.
- Evolution’s audited financial statements for the financial year 2018. The reference only refers to the income statement on page 70, the balance sheet on page 71, the statement of changes in equity on page 72, the cash flow statement on page 73, the notes on pages 78–95 and the auditor’s report on pages 97–100.
- Evolution’s audited financial statements for the financial year 2017. The reference only refers to the income statement on page 48, the balance sheet on page 49, the statement of changes in equity on page 50, the cash flow statement on page 51, the notes on pages 56–70 and the auditor’s report on pages 72–74.
- Evolution’s interim report for the period 1 January–30 June 2020. The reference only refers to the condensed income statement on page 7, the balance sheet on page 8, the statement of changes in equity on page 8, the cash flow statement on page 9 and the notes on page 13.
- The auditor’s report on review of Evolution’s financial interim information for the period 1 January–30 June 2020.

The documents that are incorporated by reference are available on Evolution’s website (www.evolutiongaming.com). Other information on Evolution’s website has not been incorporated by reference and is not a part of this Offer Document.

Documents available for inspection

Copies of the following documents are available for inspection on Evolution’s office at Hamngatan 11, SE-111 47 Stockholm, Sweden during regular office hours on weekdays:

- Evolution’s articles of association and certificate of registration.
- Evolution’s historical financial information for the financial years 2017–2019.

The documents referred to above are also available in electronic form on Evolution’s website (www.evolutiongaming.com).

The combined group

Evolution in brief

Evolution develops, produces, markets and licenses fully-integrated Live Casino solutions to gaming operators. Since the company's inception in 2006, Evolution has developed into a leading B2B provider with more than 300 operators as customers. At the end of 2019, the group employed about 8,000 people in Europe and North America. The parent company is based in Sweden and its shares are listed on Nasdaq Stockholm with the ticker EVO.

NetEnt in brief

NetEnt is a supplier within digital entertainment, which develops games and system solutions to the world's most successful gaming operators. Since its inception in 1996, NetEnt has been providing thrilling games powered by a cutting-edge platform. The company employs around 1,100 people in Malta, Stockholm, Gothenburg, Kiev, Krakow, Sofia, Gibraltar and New Jersey. The shares of series B in NetEnt are listed on Nasdaq Stockholm with the ticker NET-B.

The combined group

A combination of Evolution and NetEnt, through Evolution acquiring NetEnt, forms an attractive opportunity to combine the companies' respective offerings. The combination creates a larger customer base, a more comprehensive product portfolio and stronger operational capabilities, which enable an accelerated growth, a stronger and more service-oriented offering as well as higher profitability.

SYNERGIES

The combination is expected to result in annual cost savings of approximately EUR 30 million, compared to the combined cost basis of NetEnt and Evolution as of the first quarter of 2020. This includes the cost savings of approximately SEK 150 million which NetEnt already has disclosed. The cost savings are expected to be fully realised during 2021. The primary value is, however, expected to be realised through the significant revenue synergies generated through the combination. The transaction is expected to have a positive effect on Evolution's earnings per share in 2021.

COMPLEMENTARY ABILITIES

Evolution offers a leading product portfolio of Live Casino solutions to gaming operators and NetEnt offers a leading product portfolio of online Slots, which has been supplemented by Live Casino solutions in recent years. A combination of Evolution and NetEnt would enable the combined group to, with a more comprehensive product portfolio, better serve its customers and create economies of scale through cross-selling of Evolution's and NetEnt's respective offerings to the companies' respective customer bases. Accordingly, the companies' joint strengths provide good opportunities for:

- accelerated international expansion;
- wider offering in growth markets;
- decreased dependence on individual markets; and
- economies of scale in development and IT/operating costs.

SENIOR MANAGEMENT AND EMPLOYEES

Evolution is confident that it will be able to build a strong group together with NetEnt's senior management and employees. Evolution recognises the value of NetEnt's senior management and other employees and appreciates that their talent and dedication have been, and will continue to be, integral to NetEnt's and the combined group's success. Evolution does not currently foresee that the combination of the companies will have any material impact on Evolution's or NetEnt's respective employees, including their terms of employment or the locations where the companies currently operate. Following the completion of the Offer, Evolution intends to carry out a careful review of the combined business in order to evaluate how Evolution can organise and develop the group in the best possible way.

Pro forma financial statements

Evolution's acquisition of NetEnt is considered to have a material impact on Evolution's financial position and results. The purpose of the consolidated pro forma information in this section is to present the hypothetical effect that the acquisition would have had on Evolution's consolidated income statement for the period 1 January–30 June 2020 if the transaction had been completed on 1 January 2020 and on the consolidated balance sheet as of 30 June 2020 if the transaction had been completed on the same day. The pro forma information is only presented for illustrative purposes. The hypothetical financial position and the hypothetical results presented in the pro forma information is not intended to describe, and may deviate from, Evolution's actual financial position or results. The pro forma information is not indicative of Evolution's future financial position or future results. Investors should therefore not put undue reliance on the pro forma information.

The pro forma information should be read together with the other information presented in the Offer Document.

Background

On 24 June 2020, Evolution announced a public offer to the shareholders of NetEnt to sell all their shares in NetEnt to Evolution in exchange for 0.1306 Evolution shares for each share in NetEnt. The Offer includes both the unlisted shares of series A and the shares of series B that are admitted to trading on Nasdaq Stockholm. There are no agreements on any additional purchase consideration. The consideration in the Offer consists of new shares in Evolution. If shareholders of NetEnt tenders such a number of shares in the Offer that the share consideration that is to be paid by Evolution for such NetEnt shares does not amount to an even number of new Evolution shares, consideration for excess fractions of shares will be paid in cash. Evolution will finance any such cash consideration through own funds and available credit facilities.

Evolution's acquisition of NetEnt is intended to be accounted for as an acquisition in accordance with IFRS 3.

Assumptions and assessments

The pro forma information has been prepared under the assumption that the Offer will be completed and that all shareholders in NetEnt will accept the Offer. The shares in NetEnt will, if Evolution completes the Offer, be contributed to Evolution through an issue in kind of not more than 32,056,819 shares, amounting to a value of EUR 1,834.7 million divided on Share capital (EUR 0.1 million) and Other capital contributed (EUR 1,834.6 million).

Objectives of the pro forma information

ACCOUNTING PRINCIPLES

The pro forma financial statements have been prepared in accordance with Evolution's accounting principles under IFRS, as described in Evolution's annual report for 2019. NetEnt also apply IFRS, and when preparing the pro forma financial statements, an analysis of differences in Evolution's and NetEnt's respective application of IFRS was carried out. No significant differences were noted in the analysis.

SUPPORTING INFORMATION

The pro forma information for the period 1 January–30 June 2020 and the balance sheet date as of 30 June 2020 has been prepared on the basis of Evolution's and NetEnt's unaudited interim information for the period 1 January–30 June 2020.

NetEnt's accounting currency is SEK. NetEnt's interim information for the period 1 January–30 June 2020, which forms the basis for the corresponding part of the pro forma information, has as regards the income statement been converted to EUR based on the monthly accumulated average exchange rate SEK/EUR of 10.61792 and as regards the balance sheet been converted to EUR based on the exchange rate on the balance sheet date SEK/EUR of 10.46148.

All exchange rates used for conversion to EUR are based on the corresponding exchange rates in Evolution's accounts for the relevant periods.

OTHER

Unless otherwise stated, no pro forma adjustments have been considered regarding synergy effects, transaction costs or integration costs.

Pro forma adjustments

The pro forma adjustments are described in detail below and in the notes to the pro forma statements. Unless otherwise stated, the adjustments are recurring.

ACQUISITION ANALYSIS

The preliminary acquisition analysis and the pro forma information in general are based on the following assumptions:

- In the preliminary acquisition analysis, the presented values of identifiable assets and liabilities have been assumed to correspond to the fair values as of 30 June 2020.
- The preliminary acquisition analysis has identified goodwill at a value of EUR +1,441.4 million, trademarks of EUR +275.9 million, customer relationships of EUR +206.5 million, a game portfolio of EUR +80.5 million and deferred tax liabilities of EUR -28.2 million.
- In the acquisition analysis that will be prepared at the time of the acquisition, identifiable assets and liabilities will be valued at fair value. This may mean that reported assets and liabilities are assigned new fair values and that new intangible assets are identified, which will also mean that the future result may be charged by, for example, amortisation of these assets.

AMORTISATIONS

- The customer relationships identified in connection with the acquisition of NetEnt and the game portfolio are both estimated to have a useful life of ten years and are amortised on a straight-line basis over the estimated economic life. Amortisations (based on fair value) of EUR -10.2 million and EUR -4.0 million, respectively, for the first half of 2020 have been taken into consideration when preparing the pro forma information. Correspondingly, reported amortisations (based on book value) of EUR +5.3 million for the first half of 2020 are eliminated. The net effect in the pro forma for the first half of 2020 is EUR -8.9 million.
- Identified goodwill and trademarks are estimated to have an indefinite useful life and, consequently, no amortisations are made according to plan.

TAX

- The tax effect on, *inter alia*, amortisations is calculated with the Maltese tax rate for foreign owned companies (five per cent) given that the assets and liabilities are deemed to be located in Malta for tax purposes.
- The pro forma amortisations of acquired assets (the customer relationships and the game portfolio), which together resulted in an increased cost for the first half of 2020 of EUR -8.9 million, entail a positive effect on the tax costs in the pro forma income statement corresponding to EUR +0.4 million for the first half of 2020.

OTHER

- The Offer does not include any rights granted by NetEnt to its employees under any incentive programs. However, Evolution intends to procure that the holders of the warrants are afforded a reasonable treatment in connection with the Offer. This has been estimated to affect Other current liabilities and Other capital contributed in the pro forma balance sheet by EUR 7.7 million. This adjustment is of a non-recurring nature.

Pro forma balance sheet as of 30 June 2020

The consolidated pro forma balance sheet has been prepared as if the acquisition of NetEnt had been completed on 30 June 2020.

(EUR thousand)	30 June 2020	30 June 2020	Pro forma adjustments <i>Unaudited</i>	Note	30 June 2020
	Evolution <i>Unaudited</i>	NetEnt <i>Unaudited</i>			Pro forma Evolution <i>Unaudited</i>
Assets					
Intangible assets	23,779	130,069	467,373	1	621,222
Goodwill	12,477	138,492	1,302,874	1	1,453,843
Buildings	11,834	0	0		11,834
Right of use assets	22,040	18,465	0		40,505
Property, plant and equipment	39,314	7,344	0		46,658
Other non-current receivables	1,479	1,754	0		3,233
Deferred tax assets	344	424	0		768
Total non-current assets	111,267	296,549	1,770,247		2,178,063
Accounts receivable	72,011	31,234	0		103,245
Other receivables	92,611	1,098	0		93,709
Funds held on behalf of licensees	0	10,259	0		10,259
Prepaid expenses and accrued income	4,016	6,323	0		10,339
Cash and cash equivalents	212,049	24,312	0		236,361
Total current assets	380,687	73,225	0		453,912
TOTAL ASSETS	491,954	369,774	1,770,247		2,631,976
Equity and liabilities					
Share capital	545	118	-22		641
Other capital contributed	22,009	29,341	1,797,558		1,848,907
Reserves	-1,536	-1,073	1,073		-1,536
Retained earnings including profit for the period	301,774	59,316	-59,316		301,774
Total equity	322,792	87,701	1,739,293	2, 3	2,149,786
Deferred tax liabilities	74	5,619	23,211	1	28,904
Non-current lease liabilities	17,830	11,221	0		29,051
Advance payment from customers	–	0	0		0

Other long term liabilities	0	7,010	0	7,010
Non-current liabilities to credit institutions	0	179,199	0	179,199
Total non-current liabilities	17,904	203,049	23,211	244,164
Accounts payable	4,389	5,492	0	9,881
Current liabilities to credit institutions	5,145	23,136	0	28,281
Current tax liabilities	96,799	2,190	0	98,989
Other current liabilities	16,823	26,079	7,743	3 50,645
Current lease liabilities	4,209	5,847	0	10,056
Accrued expenses and prepaid income	23,893	16,281	0	40,174
Total current liabilities	151,258	79,024	7,743	238,025
TOTAL EQUITY AND LIABILITIES	491,954	369,774	1,770,247	2,631,976

NOTES TO THE PRO FORMA BALANCE SHEET

- The difference compared to reported net assets is estimated to consist of goodwill to a value of EUR +1,302.8 million, other intangible assets of EUR +467.4 million consisting of trademarks, customer relationships and a game portfolio as well as a related difference on deferred tax liabilities of EUR +23.2 million.
- The change in equity of EUR +1,739.3 million is explained by three effects: (a) that NetEnt's equity of a total of EUR +87.7 million has been eliminated in its entirety, (b) that the shares in NetEnt will be contributed to Evolution through an issue in kind, which will contribute Evolution with EUR +1,834.7 million divided on Share capital (EUR +0.1 million) and Other capital contributed (EUR +1,834.6 million) and (c) the equity effect from the treatment of the warrants of EUR -7.7 million, see note 3.
- The Offer does not include any rights granted by NetEnt to its employees under any incentive programs. However, Evolution intends to procure that the holders of the warrants are afforded a reasonable treatment in connection with the Offer. This has been estimated to affect Other current liabilities and Other capital contributed in the pro forma balance sheet by EUR 7.7 million.

Pro forma income statement for the period 1 January–30 June 2020

The consolidated pro forma income statement for the period January–June 2020 has been prepared as if the acquisition of NetEnt had been completed on 1 January 2020.

(EUR thousand)	H1 2020	H1 2020	Pro forma adjustments	Note	H1 2020
	Evolution	NetEnt			Pro forma Evolution
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>		<i>Unaudited</i>
Total operating revenues	243,456	102,665	0		346,121
Personnel expenses	-63,626	-25,266	0		-88,892
Depreciation, amortisation and impairment	-13,975	-20,276	-8,851	4	-43,102
Other operating expenses	-34,564	-27,677	0		-62,241
Total operating expenses	-112,165	-73,219	-8,851		-194,235
Operating profit	131,291	29,446	-8,851		151,886
Financial items	-159	-11,845	0		-12,004
Profit before tax	131,132	17,602	-8,851		139,882
Tax on profit for the period	-6,491	-1,549	443	5	-7,597

Profit for the period	124,641	16,053	-8,409	132,285
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NOTES TO THE PRO FORMA INCOME STATEMENT

4. Refers to reversal of amortisations on customer relationships reported in NetEnt with EUR +2.0 million as well as on gaming products, gaming systems and gaming platforms with EUR +3.3 million. In addition hereto, Evolution has estimated new amortisations on corresponding customer relationships of EUR -10.2 million and on the game portfolio of EUR -4.0 million for the corresponding period.
5. The amount of EUR +0.4 million is the sum of the total tax effect of the reversal of reported amortisations (EUR -0.1 million related to customer relationships and EUR -0.2 million related to gaming products, gaming systems and gaming platforms) and the total tax effect of estimated new amortisations (EUR +0.5 million related to customer relationships and EUR +0.2 million related to the game portfolio) calculated with the Maltese tax rate for foreign owned companies of five per cent (given that the assets are deemed to be located in Malta for tax purposes).

Auditors' report on the pro forma financial statements



(This is a literal translation of the Swedish original report)

Independent Auditor's Assurance Engagements to Report on the Compilation of Pro Forma Financial Information included in an Offer Document

Evolution Gaming Group AB (publ), corporate identity number 556994-5792

Report on the Compilation of Pro Forma Financial Information Included in an Offer document

We have completed our assurance engagement to report on the compilation of pro forma financial information of Evolution Gaming Group AB (publ) ("Company"). The pro forma financial information consists of the pro forma balance statement as at 30 June 2020 and the pro forma income statement for the six month period ended 30 June 2020 and related notes as set out on pages 35–37 of the offer document issued by the Company. The applicable criteria on the basis of which the Board of Directors has compiled the pro forma financial information are specified in the Commission Delegated Regulation (EC) 2019/980 and described on pages 33–35.

The pro forma financial information has been compiled by the Board of Directors to illustrate the impact of the proposed acquisition of NetEnt AB on the company's financial position as at specific 30 June 2020 and the Company's financial performance for the six month period ended 30 June 2020 as if the proposed acquisition of NetEnt AB had taken place at 30 June 2020 and 1 January 2020 respectively.

As part of this process, information about the Company's financial position and financial performance has been extracted by the Board of Directors from the Company's financial statements for the period ended 30 June 2020, on which a review report has been published.

As part of this process, information about the NetEnt's financial position and financial performance has been extracted by the Board of Directors from NetEnt's financial statements for the period ended 30 June 2020, on which a review report has been published.

The Board of Directors Responsibility for the Pro Forma Financial Information

The Board of Directors is responsible for compiling the pro forma financial information on the basis of the Commission Delegated Regulation (EC) 2019/980.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements in Sweden, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding



compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibilities

Our responsibility is to express an opinion about whether the pro forma financial information has been compiled correctly, in all material respects, by the Board of Directors on the basis of the Commission Delegated Regulation (EC) 2019/980, on the bases given and that these bases are consistent with the company's accounting principles.

We conducted my (our) engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the International Auditing and Assurance Standards Board. This standard requires that the Auditor plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the pro forma financial information on the basis of the Commission Delegated Regulation (EC) 2019/980.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an offer document is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed acquisition of NetEnt AB at 2020-06-30 and 2020-01-01 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The pro forma adjustments have been compiled correctly on the basis of the applicable criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.
- The basis of the applicable criteria are in accordance with the company's accounting principles.

The procedures selected depend on the practitioner's judgment, having regard to the practitioner's understanding of the nature of the company, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

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



Opinion

In our opinion, the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria stated on pages 33–35 and are in accordance with the company's accounting principles.

Stockholm 20 August 2020
Öhrlings PricewaterhouseCoopers AB

Johan Engstam
Authorized Public Accountant

Information about Evolution

Market overview

This section contains certain information relating to the markets and the industry in which Evolution operates. Certain such market and industry related information is based on information from third parties (such as H2 Gambling Capital (“H2GC”)), e.g. statistics and information from industry publications and reports as well as other publicly available information. Industry publications and reports usually point out that the information comes from reliable sources, but that it is not possible to guarantee that the information is correct and complete. To Evolution’s knowledge and to the extent Evolution is able to ascertain from the information in the industry publications and reports published by third parties, no facts have been omitted that would make the information reproduced incorrect or misleading. However, Evolution has not independently verified such information and cannot guarantee that it is correct or complete.

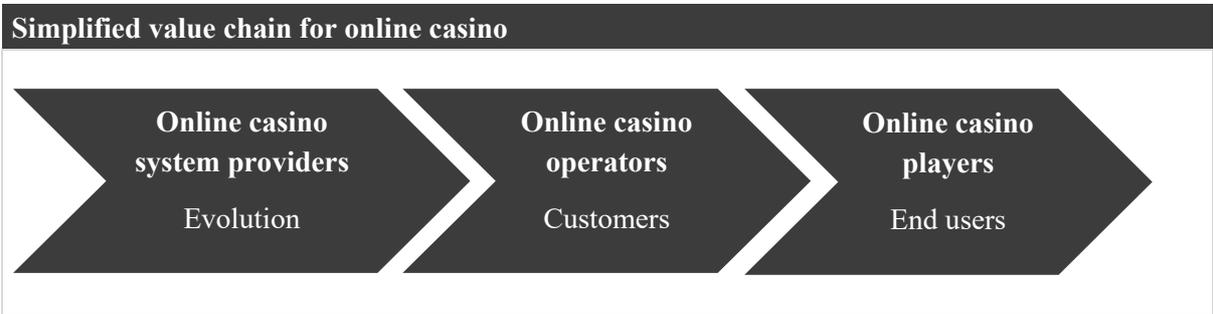
Online casino

INTRODUCTION

Evolution is primarily active in the Live Casino segment of online casino, and to a limited extent in the segment of Random Number Generator-based online casino (“RNG”). Live Casino is an interactive casino gaming experience, hosted by professional croupiers, where the outcome of the game is determined by physical casino equipment, for example a roulette wheel. Live Casino is provided to end users via live streaming and the end users play via the gaming operators’ online gaming platforms. Within RNG-based online casino, the main game category is digital Slot machines (so-called Slots), which involves getting several of the same symbol on a series of rotating wheels. For Slots, RNG determine the outcome of the game and thus the distribution of winnings to the players. As for Live Casino, RNG based games are provided to the end users via the gaming operators’ gaming platforms. The boundaries between Live Casino and RNG based online casino have recently started to blur, given the introduction of new games that include both RNG and Live Casino elements.

VALUE CHAIN

The participants within online casino are typically divided into three categories: system providers, operators and end users. Evolution is a system provider focusing on providing fully-integrated online casino solutions to operators, with a primary focus on Live Casino.



CUSTOMER SEGMENTS

Evolution provides Live Casino systems to three main categories of operators: online sportsbook operators, operators focused on providing online casino and land-based casino operators.

Online sportsbook operators

Online sportsbook operators offer end users online gambling products, with sportsbook games as their largest and most important product. Online casino and poker are also common.

Online casino operators

Online casino operators focus on casino and offer different types of gaming products to end users, including Live Casino games and various RNG games, such as Slots.

Land-based casino operators

In recent years, several land-based casinos have expanded their operations with online offerings to further take advantage of their extensive offline player customer bases. Given that the Live Casino products and services provide a natural bridge for land-based casinos, Live Casino can be an important component of these casinos' online migration. This is done by offering current offline players a casino environment that they recognise, video streamed via an online interface. Evolution also offers its customers Dual Play, which is a combined solution that enables the land-based casino's offline customers to play at the land-based casino's roulette gaming table along with a virtually unlimited number of online players. The land-based casino thus gets an additional online exposure without increasing the running costs for roulette gaming tables and personnel, given that the existing land-based roulette gaming table is being used.

MARKET SIZE AND GROWTH FACTORS

Evolution's services are globally available, but the company's revenues mainly stem from the European market. Estimates of the size of the gaming market are very uncertain. One company that continuously provides market size estimates is H2GC. According to H2GC, the total European gaming market had an estimated value of EUR 106 billion in 2019, measured in gross gaming revenues. Approximately 74 per cent of this figure comprised land-based 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. During the period 2015-2019, the online gaming market had a compound annual growth rate of 13 per cent compared to 3 per cent for the total gaming market.

This strong growth for online gaming is driven by various underlying factors, which mainly include various kinds of technical advances. Many people now have constant access to the internet and there has also been a substantial increase in data capacity. This has paved the way for higher-quality gaming experiences and resulted in an increased number of players. Improved payment solutions and further regulation have resulted in more players feeling secure when playing online.

The gaming market – Europe (gross gaming revenues, EUR billion)					
106					
Betting (sports/horses)		Casino		Other (bingo, poker, lottery etc.)	
22		45		39	
Land-based	Online	Land-based	Online	Land-based	Online
10	12	36	9	33	7

Source: H2GC

Evolution currently operates primarily within Live Casino, which is the fastest growing segment within online casino. H2GC estimates that the Live Casino segment accounts for approximately 6 per cent of the total casino market in Europe and approximately 30 per cent of the online casino market. Today, NetEnt is mainly active in Slot Games, which make up the remaining part of the online casino market.

Estimates of the size of the global casino market are subject to even more uncertainty. H2GC estimates that the value of the entire global gaming market in 2019 amounted to EUR 223 billion, with a geographical distribution according to the table below.

Global casino market 2019 (gross gaming revenue, EUR billion)							
223							
North America		Europe		Asia		Other	
81		45		78		18	
Land-based	Online	Land-based	Online	Land-based	Online	Land-based	Online
80	2	36	9	76	2	17	1

Source: H2GC

Evolution believes that there are very good conditions for continued growth in online casino, e.g. as a result of continued changes in consumption patterns, technology development and continued regulation of online gaming in an increasing number of markets (e.g. in North America).

COMPETITION

In Europe, there are over 300 providers of online casino products on the market, which is highly competitive. Most of these providers mainly offer Slots. However, the strong growth in the Live Casino segment has contributed to an increasing number of providers starting to develop Live Casino solutions as well. The entry barriers for providing online casino products are relatively low, while barriers to success are significantly higher seeing that providers compete for end users primarily by offering the best gaming experience.

Given Evolution's strong position and platform, the company mainly meets competitors who offer the operators a whole portfolio of casino products, in which Live Casino is only one part of the offering.

Regulation

The gaming industry in Europe is regulated at national level and there is no common European or international gaming legislation.

Many countries have regulations for land-based casinos that are not applicable to online gaming. Some countries have a gaming monopoly, in which only one operator is permitted to operate, while other countries have established systems in which several operators can be licensed to offer online games. This means that gaming operators, and in some cases also providers who like Evolution operate in

several countries, must apply for country-specific licences, pay local taxes and become subject to national monitoring.

Given that Evolution is a provider, new legislation tends to affect the company indirectly. However, Evolution believes that regulation benefits the company and is an important growth factor for Live Casino, seeing that it contributes to a larger number of potential end users and results in greater opportunities for operators to promote their products.

See also the sections *“Risk factors–Evolution is subject to risks related to laws and regulations in different jurisdictions”* and *“Risk factors–Evolution is subject to risks related to changes in taxation or interpretation and application of tax laws”*.

Business description

Introduction to Evolution

Evolution develops, produces, markets and licenses fully-integrated casino solutions for gaming operators, with a main focus on Live Casino solutions. In Live Casino, a croupier operates the game from a casino gaming table that is followed in real-time, or close to real-time, via video streaming. The end users, *i.e.* the players, make betting decisions on their devices, *e.g.* computers, smartphones or tablets. In recent years, Evolution has also launched games that include RNG elements in several table games as well as pure RNG games. Evolution is a B2B provider and the company has approximately 300 customers, including several of the foremost online casino operators in Europe and the United States, as well as a number of land-based casinos. The operators then market Evolution's games to their end users.

Evolution's Live Casino platform covers all aspects required by a gaming operator to supply Live Casino games to the end users, *i.e.* from the recruitment and training of croupiers and other personnel to streaming, production, supervision, customer service and review. Evolution offers the operators a customised solution with a high degree of adaptability, for example through generic and dedicated tables, control of the environment design and dedicated croupier teams. Evolution has a portfolio of core games, including both classic table games and new casino games. Various game derivatives are also available, *i.e.* variations of the classic casino games with new technical solutions and new content.

Evolution has production studios in Latvia, Georgia and Malta, where the majority of the operations are conducted. In addition, the company has studios in the United States and Canada. The company also runs on-premise studios at land-based casinos, for example in Belgium, Romania, Spain and the United States. The parent company of the group is located in Sweden.

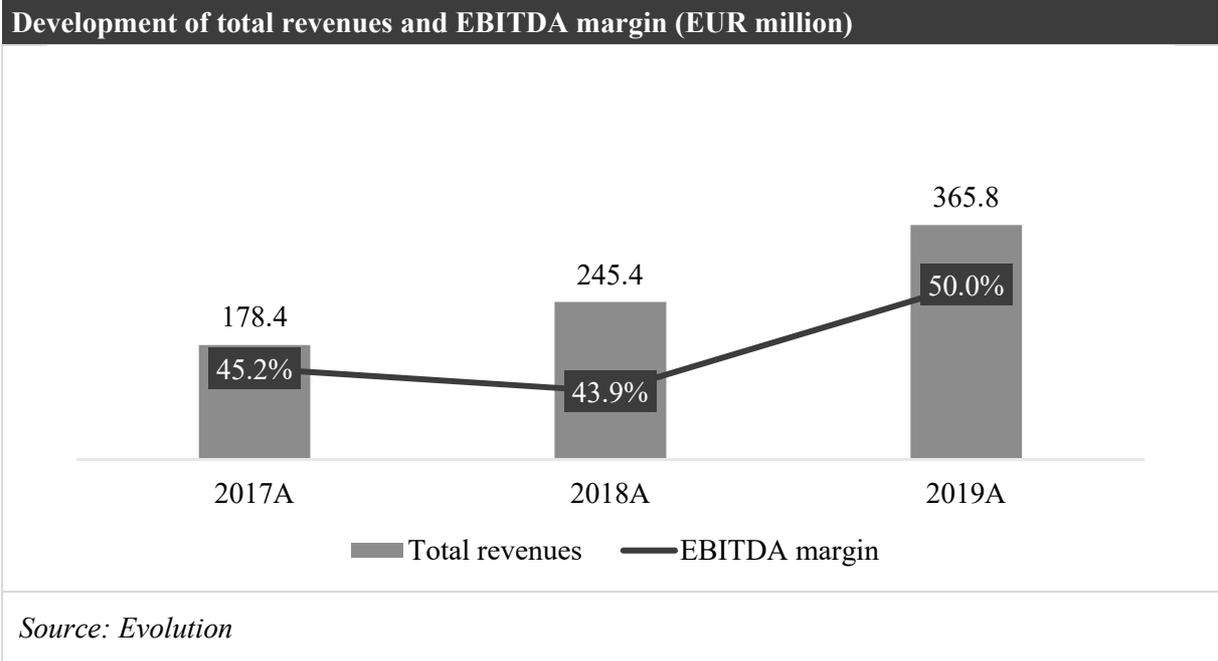
Evolution's revenues consist of both fixed and variable consideration from the company's customers. A majority of the revenues derives from commissions, which are calculated as a percentage of the customer's profits generated by Evolution's platform. In addition to commission, a significant proportion of the company's revenues derives from fees for dedicated tables to specific gaming operators.

In the financial year 2019, Evolution's total operating revenues amounted to EUR 365.8 million and EBITDA to EUR 182.9 million, corresponding to an EBITDA margin of 50 per cent. As of the end of 2019, the company employed 7,828 people (corresponding to 5,554 full-time equivalents), of which approximately 3,500 employees in Latvia, 2,000 employees in Georgia and 700 employees in Malta. The majority of Evolution's full-time employees are employed within the company's operating gaming operations.

History

2006: Evolution is founded and launches the games Live Roulette, Live Blackjack and Live Baccarat from a production studio in Riga. **2011:** The company moves to a larger studio in Riga and starts streaming Live Casino in HD quality. **2015:** The company's shares are listed on Nasdaq First North Premier. **2017:** A third European production studio is built in Georgia. Evolution begins construction of a studio in Canada, the company's first studio outside of Europe. The company's shares are transferred to the Nasdaq Stockholm main market, joining the Large Cap segment. **2018:** Evolution

opens studios in Canada, Georgia and New Jersey. The company acquires Ezugi, a Live Casino provider that is expected to accelerate Evolution’s growth through an increase in market shares as well as an increase in Evolution’s product development and operational capabilities in existing markets, such as Romania and the United States. Evolution is awarded *Live Casino Supplier of the Year* for the ninth year in a row and *Multi-Channel Supplier of the Year* for the first time at the EGR B2B Awards. **2019:** Evolution launches ten new games, including Monopoly Live, Deal or No Deal Live and Lightning Dice as well as consolidates the unique Game Shows category. Monopoly Live is named *Game of the Year* by operators at the EGR Operator Awards. Evolution is named *Live Casino Supplier of the Year* for the tenth successive year at the EGR B2B Awards. **2020:** Evolution launches twelve new games including Mega Ball, the company’s first game in the lottery category.



Mission and vision

MISSION

To make operators successful and provide the greatest gaming experience for their end users.

VISION

To be the leading online casino provider in the world.

Financial objectives

In relation to its strategy, Evolution has formulated the medium- to long-term financial objectives presented below. The financial objectives in this section are forward-looking statements and are based on a number of assumptions. Such statements do not constitute guarantees of actual future results. Evolution’s actual results may differ materially from these forward-looking statements due to several factors, some of which are outside the company’s control. In addition, unexpected events may have a negative impact on the actual results that the company achieves in future periods, regardless of whether these assumptions prove to be correct or not.

- **Growth:** To grow faster than the total European market within the Live Casino segment.

- **Dividend:** To distribute a minimum of 50% of net profit over time.

Evolution has based its medium- to long-term financial objectives on the following assumptions:

- The company is able to continue to develop its Live Casino offering by increasing its product and service offering and is able to continue to enhance the quality of its current offering in line with the both the company's and the market's historical development as well as with the company's customers' expectations and demands.
- The company is able to continue to manage its costs and expenses (including personnel expenses) and is able to manage the impact of the company's entrance into regulated markets (including the introduction or applicability of new taxes, further investments and expansion of the Live Casino offering and the continued growth and development of the group's operations).
- The company is able to maintain its current customer base, particularly with respect to its large "Tier 1" customers, and that existing customers continue to invest in their respective Live Casino offering.
- The company is able to continue to attract new customers.
- The company is able to maintain its market share in each of the jurisdictions in which it operates, and if newly regulated markets open up, the company is able to establish itself as a leading provider of Live Casino solutions in such markets.
- The company is able to maintain the permits/licences and other regulatory approvals and authorisations required to operate in the jurisdiction in which the group operates.
- The company is able to maintain control over the cost development, even in a strong expansion phase.

When preparing the medium- to long-term financial objectives, Evolution has assumed that no major adverse effects shall be forthcoming from significant changes, including without limitation, within the following areas:

- The regulatory environment, rules and regulations (including accounting) applicable to the company, the Live Casino segment, the company's customers and the market for online casino.
- The strategies of the group's major customers in sourcing products and services, including their use of third-party providers, and renewing contracts covering services for their Live Casino currently provided by the group.
- The competitive landscape in the online gambling industry, including competitive pricing pressure, technological changes and developments in the market or in individual competitors, and the company's ability to continue to successfully deliver its products and services online.
- The existing political, fiscal, market or economic conditions, and the administrative, regulatory or tax-related treatment of the group.

Strengths and competitive advantages in online casino

The company considers itself to be well positioned to take advantage of the expected future growth of online casino in Europe, particularly in the focus area of Live Casino. A summary of the competitive strength and advantages of the company is presented below.

LEADING WITHIN THE FASTEST GROWING SEGMENT OF THE EUROPEAN ONLINE CASINO MARKET AND POSITIONED FOR STRONG INTERNATIONAL GROWTH

Evolution was one of the first providers of Live Casino solutions to attract “Tier 1” operators of online casino and gambling sites in Europe. Continuous investments in operations have since then improved the quality of the company’s offerings. According to H2GC, the European Live Casino segment has outgrown both the entire online casino market and the overall online gambling market. Evolution estimates that this growth trend will continue in the coming years.

As individual states in the United States are implementing regulations, the US market has potential to eventually become Evolution’s single largest market. Evolution’s Live Casino offering, through its current studio in New Jersey and the planned studios in Pennsylvania and Michigan, positions Evolution well for a strong international growth in the US online gaming market. Further information can be found in the section “*Market overview–Market size and growth factors*”.

HIGHLY REPUTED B2B SERVICE PROVIDER

Evolution is a B2B provider that is solely focused on providing casino solutions to operators. This means that the company has no direct business relationship with the end users and that the company does not make any direct value transfers in relation to the end users. By focusing on B2B operations, the company can gather its development resources and avoid certain demanding processes associated with B2C operations. Evolution considers itself to have a good reputation as a leading and innovative B2B provider of Live Casino solutions, with a strong focus on security as well as fraud and risk management.

LARGE CUSTOMER BASE THAT FORMS AN ATTRACTIVE DISTRIBUTION NETWORK

Evolution has over 300 customers, including several of the foremost internet-based operators in Europe and the United States, as well as a growing number of land-based casinos that have begun offering online games. Evolution believes that its large customer base, within both online casino and land-based casinos, is a proof of the company’s high-quality Live Casino solutions and the company’s leading position in the European market. The company has historically been successful in increasing its products and services offering. For example, the company has developed certain customer relationships from a basic offering comprised of streaming from generic roulette gaming tables, to a complete offering, comprised of various table games with dedicated croupiers in dedicated environments. The company’s broad customer base constitutes an attractive distribution network to which the company can market additional products from its existing product portfolio as well as to offer new and improved product and services.

Strategy

Evolution intends to further strengthen its market position in the European market within the Live Casino segment and to grow faster than its competitors. The company’s primary strategy in accomplishing these objectives is to continue to focus on the principal activities that contribute to its operations and the product offering. The company believes that this is important in respect of future growth. The principal areas that are considered to be of particular importance to drive the company’s operations and product offering are product innovation, customer optimisation and operational excellence.



- Product innovation.** Evolution strives to continuously improve its offering while developing the entire Live Casino segment by means of cutting-edge product innovation. Since its inception, the company has successfully launched innovative games and solutions that are attractive both to the operators and the operators' end users. In recent years, Evolution has proven its innovative ability by introducing new game categories such as Game Shows, Lightning games and its RNG offering First Person Gaming. See also "*Products and services*" below.
- Customer optimisation.** Through its existing portfolio of customers, Evolution enjoys considerable opportunities to further develop, expand and refine each operator's Live Casino solution. By using, *inter alia*, analysis of game data, Evolution optimises each individual environment to that specific customer's conditions and needs with the aim of strengthening the loyalty between the operator and the end user. With its technical expertise, Evolution also develops solutions that strengthen the end user engagement through an optimal user experience supported by cross-sales between different game segments.
- Operational excellence.** Live Casino is a complex product and to function it requires effective collaboration between people and systems. Evolution has extensive experience in Live Casino and a sophisticated platform that simultaneously handles software, hardware, video, employees and user data. The platform provides scalability and allows Evolution to expand with new studios without having to replicate software locally. The platform also provides easy adaption for new geographical markets.

Trends

The strategic acquisition of NetEnt is an important part of Evolution's long-term vision to become the market leader in the global online gaming industry. Evolution believes that the trends below, together with the information in the section "*Commentary on the financial development—Comparison between the period 1 January–30 June 2020 and the period 1 January–30 June 2019*", have been the most significant trends in relation to production, sales, costs and sales prices during the period from and including the end of the financial year 2019 up to and including the date of this Offer Document. Evolution also anticipates that these trends will continue to be of a particularly strategic importance

for the company in the coming years. The company will consequently strive to adapt to these trends in order to continue to implement its business plan and strategy in the best possible way.

- **Regulated markets.** Many countries have regulated or re-regulated their gaming markets in recent years, which is a trend that is expected to continue. When a market is regulated, new end users are able to explore different casino games, including Live Casino. Consequently, for gaming operators, Live Casino is an important product in new markets. Evolution's strategy is to be the first Live Casino provider in new regulated markets and the company has successfully established itself in countries such as Italy, Denmark, Spain, Belgium and Romania. In 2018, the company also entered regulated markets in Canada and the United States. The company's strong performance demonstrates the positive impact, in terms of earnings and growth, that establishing operations early entails.
- **Land-based casinos.** Traditional land-based casinos constitute a large part of the total casino market. These operators often have strong brands and loyal customers, many of whom are so-called high rollers. At the same time, the growth for land-based casinos is low and an increasing number are seeking to migrate online to be able to grow their revenues. In cases like these, Live Casino can be seen as the natural bridge connecting land-based operations and an online offering. Evolution aims to be the natural partner for land-based casinos seeking to expand online. Currently, Evolution has land-based casino as customers in Spain, Belgium, Malta, the United Kingdom, the United States and Romania. Evolution believes that the demand from land-based casinos will continue to increase over the coming years.
- **Increase the gap.** As Live Casino has grown in popularity, more providers have launched Live Casino products. Evolution focuses on keeping its growth momentum and continuing to expand its leading position within Live Casino. This is done through a clear collaboration between the company's different units, where product development, sales and marketing as well as the operational departments work closely together to offer the best possible product. Evolution believes that the company has strengthened its market shares during recent years and sees possibilities to continue to increase the gap to the competitors in the coming years, *e.g.* by launching several new games and studios as well as through strategic acquisitions.

In addition to the above trends and the information in the section "*Risk factors*", there are no trends, uncertainties, requirements, commitments or events that are likely to have a material effect on Evolution's prospects for the remainder of the financial year 2020.

Business model

Evolution develops, produces, markets and licenses fully-integrated Live Casino solutions and RNG based online casino solutions for gaming operators. The gaming operators then market and offer the products to their respective end users.



REVENUE MODEL

The agreements between Evolution and its customers are based on, *inter alia*, the chosen service level and the number of gaming tables. The most basic agreements normally include access to, and streaming from, generic tables while more complex agreements may also include dedicated tables and environments, VIP services, local croupiers and other customisations to produce a Live Casino experience that is as unique as possible for the end user, which in turn enables the operator to stand out from the crowd.

The majority of Evolution's revenues derives from commission fees and fixed fees for dedicated tables. Commission is calculated as a percentage of the operators' profits generated via Evolution's Live Casino offering. Dedicated table fees consist of fixed monthly fees that are invoiced to the operators who have chosen to provide dedicated tables to their end users. Dedicated tables are reserved and used exclusively by the individual operator. These gaming tables can also be completely customised to the operator's demands with regards to, for example, studio environment, graphics, brand attributes and language. The fee varies from customer to customer depending on factors such as the type of game, number of tables and active 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.

COST STRUCTURE

Evolution's largest cost items are personnel costs and costs relating to facilities and production studios. Personnel costs are primarily related to personnel 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 or expanding an existing customer's offering varies depending on the scope of the agreement. Set-up fees cover some of the cost for new studios and environments. 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.

Live Casino platform

Evolution's Live Casino solutions are made available through the company's technical platform, which can be fully integrated into the operators' platforms for websites and mobile applications. This platform gives access to multiple Live Casino table games, which are operated from the company's production studios and distributed online via real-time video streaming (or close to real-time). The company has developed its own Live Casino operating platform to provide a reliable gambling experience. The Live Casino platform encompasses the entire Live Casino gambling experience that is visible to the end user, *i.e.* from the croupier spinning the roulette wheel to the interface interacting with the end user. At no point, however, is Evolution responsible for the actual debit and credit of end user accounts, as all end user bets, winnings and losses are administrated through servers that are owned and operated by the gaming operators. The Live Casino platform is a combination of hardware systems, software systems and production studios, and is a sophisticated system that simultaneously operates and monitors software, video and people in real-time.

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 croupier computers.

The company has a stable and reliable technical system that manages all data traffic as well as integration with the gaming operators' systems. 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 with the aim of ensuring continuous video streaming in HD or the format that best fits the end users' capacity. In 2019, system availability amounted to more than 99.5 per cent, excluding scheduled maintenance.

DISTRIBUTION CHANNELS

Evolution offers end users simple access to Live Casino games via all major platforms. In recent years, mobile gaming has increased significantly, and in 2019, over 65 per cent of the gaming revenues generated via Evolution's platform stemmed from mobile devices. Mobile devices are also expected to continue gaining popularity. All mobile games are built in HTML5 to ensure a smooth integration with the operators' mobile websites and applications.

PRODUCTION STUDIOS

Evolution provides its services through studios across Europe and North America. Evolution has three main production studios, which serve as hubs for a majority of the markets where Evolution's games are offered. These are located in Latvia, Malta and Georgia.

The production studio in Latvia is Evolution's innovation hub where the company develops, tests and launches most of the new games. The operations in Latvia are conducted with primarily English-speaking croupiers serving both generic and dedicated tables. In Malta, there are mainly international croupier teams serving country-specific gaming tables in regulated markets, such as in Denmark and Sweden. Georgia is Evolution's fastest growing studio where a mix of English-speaking and international croupier teams are working. Together, these studios operate over 700 gaming tables for Evolution's customers.

Besides the larger production studios, Evolution also operates studios in Belgium, Romania, Spain, Canada and the United States. These have been built to meet national gaming regulations requiring a physical presence in each market.

Evolution also operates on-premise dedicated studios for customers in Belgium, as well as Dual Play tables built at the premises of land-based casinos, for example in the United Kingdom, Malta, Romania and the United States.

Products and services

PRODUCT PORTFOLIO

Evolution has a comprehensive Live Casino offering, focused on the core table games Roulette, Blackjack and Baccarat. Based on these three core games, Evolution has launched several new games. Evolution’s comprehensive offering includes both generic tables and dedicated tables and the company offers multilingual croupiers. Evolution’s customers, the gaming operators, also have great earnings potential given that Evolution’s games are scalable. In 2016, Evolution upgraded all existing games to an improved user interface and launched several new games/derivative games, including Caribbean Stud Poker, Baccarat Squeeze and Ultimate Texas Hold’em. During the first quarter of 2017, Evolution launched the possibility for its customers to offer the end users a progressive jackpot on certain games. In the spring of 2017, the game Dream Catcher was also launched, which was Evolution’s first game that was not a traditional casino game. In 2018, Evolution launched the game Lightning Roulette, which has paved the way for future similar innovations that include RNG elements in more table games. In 2018, Evolution also launched a first product line of pure RNG games, First Person. In 2019, Evolution’s Game Show category was established through launches of Monopoly Live and Deal or No Deal Live, amongst others.

Overview of selected games	
Live Roulette	<p>A classic that has been part of Evolution’s offering from the start. A croupier hits a ball against the direction of rotation of the wheel and the end user bets on a number, colour or a combination of both. In addition to the original game, Evolution offers various derivatives, <i>i.e.</i> variations of the core game.</p> <ul style="list-style-type: none"> • LIGHTNING ROULETTE • IMMERSIVE ROULETTE • IMMERSIVE LITE • SALON PRIVÉ ROULETTE • DOUBLE BALL ROULETTE • SLINGSHOT AUTO ROULETTE • SPEED ROULETTE • AMERICAN ROULETTE • 13 NATIVE SPEAKING ROULETTES • MINI LIVE ROULETTE
Live Blackjack	<p>Another classic where the end user tries to achieve a hand that is closer to a total of 21 than the croupier’s hand.</p> <p>Infinite Blackjack is a scalable Blackjack variant, where an unlimited number of players get the same initial two-card hand. Subsequently, each player can make their own decisions about bets and end up with a different hand. This by using an advanced software that combines live management of both physical and virtual cards for each individual player.</p> <p>Evolution’s Bet Behind gives additional end users the opportunity to participate by betting on the people sitting at the gaming table. Available in several derivatives, <i>e.g.</i>:</p> <ul style="list-style-type: none"> • INFINITE BLACKJACK • MULTIPLE VIP VARIANTS

	<ul style="list-style-type: none"> • FREE BET BLACKJACK • SALON PRIVÉ BLACKJACK • NEW JERSEY BLACKJACK • BLACKJACK PARTY
Live Baccarat	<p>Evolution offers a realistic Baccarat experience with bean-shaped tables, dark cards, roads and squeezes – which can be controlled by the end users themselves. Dragon Tiger complements the Baccarat range and is a scalable, fast and easy two-card game with a visual studio design.</p> <ul style="list-style-type: none"> • BACCARAT SQUEEZE • BACCARAT CONTROL SQUEEZE • SPEED BACCARAT • SALON PRIVÉ BACCARAT • NO COMMISSION BACCARAT • DRAGON TIGER
Poker	<p>Evolution offers a comprehensive range of poker games, including exclusive titles which are not available from any other Live Casino provider, through partnerships with Scientific Games and Games Marketing.</p> <ul style="list-style-type: none"> • LIVE CASINO HOLD’EM • LIVE THREE CARD POKER • LIVE CARIBBEAN STUD POKER • LIVE ULTIMATE TEXAS HOLD’EM • SIDE BET CITY • 2 HAND CASINO HOLD’EM • LIVE TEXAS HOLD’EM BONUS POKER
Dream Catcher	<p>The vertically suspended wheel includes 2x and 7x multiplier bonus segments with potential for the multipliers to continue consecutive hitting, allowing players to win thousands of times their first bet, just like in Slots.</p> <p>These games is targeted to enable operators to cross-sell live games to other gaming verticals. The games are also part of Evolution’s Game Show category, with dedicated croupiers delivering a unique gaming experience for players who can participate in the games from home.</p> <ul style="list-style-type: none"> • DREAM CATCHER • MONOPOLY LIVE
Football Studio	<p>Football Studio is a simple two-card game in a football-themed studio with a video-animated background screen. The croupier operates the game similar to sports commentators and discuss football results in real-time.</p>
RNG	<p>The RNG series with First Person Games is Evolution’s first product offering in RNG and combines the best of both RNG and Live Casino. Each First Person game has a “Go LIVE” button that allows players to be directly transferred to a Live Casino game with the same user interface and rules in both First Person and live games. The games mix advanced 3D rendering and animations to deliver an immersive RNG gaming experience. There are also opportunities for operators to fully adapt the games to the characteristics of their own brands.</p> <ul style="list-style-type: none"> • FIRST PERSON ROULETTE • FIRST PERSON BLACKJACK • FIRST PERSON DREAM CATCHER • FIRST PERSON LIGHTNING ROULETTE

Sales and customers

SALES PROCESS

Evolution’s sales strategy is based on the following three pillars:

- Marketing to existing customers through releases of new products, services, add-on systems and customisation options.
- Follow existing customers to regulated markets and new markets.

- Generate new sales to online operators and land-based casino operators.

The length of the sales process varies and is mainly dependent on the individual client, the legal framework in the relevant market and the type of integration required. The initial stages of the sales process consist of technical analysis and planning, and then transitions into a commercial phase where Evolution and the prospect customer agree upon the terms of the contract, commercial conditions and service level.

CUSTOMERS

Evolution's customer portfolio consists of over 300 customers and comprises both online operators and land-based casinos (at the end of 2019, Evolution had over 30 land-based casinos in its customer portfolio).

In addition to customers for whom Evolution provides direct integration, there are also several platform partnerships in which the company's Live Casino product forms part of a total solution with several product verticals.

GROWTH AMONG EXISTING CUSTOMERS

In addition to growth through sales to new customers, a key aspect of Evolution's strategy is to increase the Live Casino share of online casino among existing customers via new product launches, services and adaptations. Evolution also follows existing customers to new regulated markets, such as the United States.

CUSTOMER DEPENDENCY

Although a majority of Evolution's largest customers have strengthened their focus on Live Casino in recent years, the company has managed to decrease its dependency towards its largest customers through add-on sales to other existing customers and new sales. In 2019, Evolution's largest customer accounted for approximately 6 per cent of the revenues, and the five largest customers accounted for approximately 27 per cent of the revenues.

Risk management

PROCESSES AND RISKS

As a B2B provider, Evolution's revenues are generated via gaming operators and casinos, and not directly from end users. The company has monitoring processes in place to detect attempts at fraud and money laundering, but it is the operators that handle all monetary transactions with the end users.

To satisfy regulatory requirements and further minimise the risks, the company has established KYC processes for when new agreements are signed and to continually evaluate existing customers. Evolution is 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 and/or the company's licences.

Evolution has also established routines to identify and assess risks within the group, *e.g.* through implementing a risk committee, with representatives from different areas of business within the organisation. The committee meet on a quarterly basis to discuss and address various types of risks.

LICENCES AND CERTIFICATES

Evolution strives to be the most reliable and transparent Live Casino provider. Evolution holds all licences and certifications that the company considers to be necessary to maintain a high international standard in terms of compliance and security.

Evolution has, and/or has applied for, permits and/or licenses for its operations in the following jurisdictions: Alderney, Belgium, Curacao, Canada, Latvia, Malta, Romania, the United Kingdom, South Africa and the United States (New Jersey and Pennsylvania). In addition to Evolution's permits and licenses, the company is certified by ADM (L'Agenzia delle Dogane e dei Monopoli) in Italy, SKAT (the Danish Tax Agency) and DGA (Danish Gaming Authority) in Denmark and DGOJ (Dirección General de Ordenación del Juego) in Murcia, Spain.

See also the sections "Legal considerations and supplementary information–Licences and reporting requirements" and "Risk factor–Evolution is subject to risks related to licence and certification requirements".

Employees

At the end of 2019, Evolution had 7,828 employees (corresponding to approximately 5,554 full-time employees), of which approximately 3,500 employees in Latvia, 2,000 employees in Georgia and 700 employees in Malta. During the financial year 2019, the average number of full-time employees amounted to 4,894.

	1 January–31 December		
	2019A	2018A	2017A
Average number of employees	6,994	5,187	3,676
Number of employees at period-end	7,828	5,847	4,014
Average number of full-time employees	4,894	3,529	2,638
Full-time employees at period-end	5,554	4,319	3,085

Average number of employees	1 January–31 December		
	2019A	2018A	2017A
Latvia	3,456	3,562	2,870
Malta	665	664	537
Georgia	1,984	413	4
Romania	217	316	197
Canada	162	92	11
United States	141	52	0
Belgium	18	23	12
Estonia	18	22	20
Netherlands	23	20	8
United Kingdom	9	11	8
Sweden	12	10	9
Other	289	2	0
Group total	6,994	5,187	3,676

INVESTMENTS IN RESEARCH AND DEVELOPMENT

The development of existing and new innovative Live Casino games, RNG based online casino games, systems, platforms and services is central to Evolution's operations. The company maintains strong

and long-lasting customer relationships by having a comprehensive offering with high-quality online casino products and services, which to a high extent are customised to each customer's specific needs and requests.

Evolution believes that its ability to develop new and improve existing products, systems, platforms and services has had a positive impact on the company's results. This has in turn facilitated for the company to transition from periods of large investments during the development and industrialisation phase, to a phase of scalable growth that enables the company to use its existing offers and systems to further increase the sales growth. The company strives to continuously launch new products and services and it allocates significant resources to product innovation, research and development.

Evolution also invests in improving its distribution channels. One example hereof is further investments on mobile research and mobile development, which have resulted in the mobile platform increasingly contributing to the company's total operating revenues.

Selected financial information

The financial information presented in this section has been derived from Evolution's consolidated financial statements for the financial years 2017–2019 as well as from Evolution's interim report for the period 1 January–30 June 2020. The consolidated financial statements for the financial years 2017–2019, which have been prepared in accordance with IFRS, have been audited by Evolution's auditor. The financial interim information for the periods 1 January–30 June 2019 and 1 January–30 June 2020 has been prepared in accordance with IFRS. The financial interim information for the period 1 January–30 June 2020 has been reviewed by Evolution's auditor.

The selected financial information in this section must be read together with the sections "Risk factors", "Commentary on the financial development" and "Equity, indebtedness and other financial information" as well as with Evolution's consolidated financial statements for the financial years 2017–2019, including the related notes, and interim reports for the periods 1 January–30 June 2019 and 1 January–30 June 2020.

Consolidated income statement

(EUR million)	1 January–30 June		1 January–31 December		
	2020A Unaudited	2019A Unaudited	2019A Audited	2018A Audited	2017A Audited
Revenues	243.5	165.0	365.7	245.4	178.2
Other revenues	–	0.0	0.1	0.1	0.2
Total operating revenues	243.5	165.0	365.8	245.4	178.4
Personnel expenses	-63.6	-59.5	-126.4	-97.7	-72.1
Depreciation, amortisation and impairment	-14.0	-11.8	-25.5	-18.2	-13.8
Other operating expenses	-34.6	-26.9	-56.4	-40.1	-25.6
Total operating expenses	-112.2	-98.2	-208.3	-155.9	-111.5
Operating profit	131.3	66.8	157.5	89.5	66.9
Financial items	-0.2	-0.1	-0.2	-0.2	-0.2
Profit before tax	131.1	66.7	157.3	89.3	66.7
Tax on profit for the period	-6.5	-3.6	-7.5	-5.9	-4.5
Profit for the period	124.6	63.1	149.7	83.5	62.1
<i>Of which attributable to:</i>					
Shareholders of the parent company	124.6	63.1	149.7	83.5	62.1
Average number of shares before dilution	181,397,392	179,851,885	180,737,305	179,851,885	179,851,885
Earnings per share before dilution (EUR)	0.69	0.35	0.83	0.46	0.35
Average number of shares after dilution	185,825,338	183,390,677	183,387,341	182,625,245	181,685,230
Earnings per share after dilution (EUR)	0.67	0.34	0.82	0.46	0.34

Consolidated balance sheet

(EUR million)	30 June		31 December		
	2020A <i>Unaudited</i>	2019A <i>Unaudited</i>	2019A <i>Audited</i>	2018A <i>Audited</i>	2017A <i>Audited</i>
<i>Assets</i>					
Intangible assets	23.8	23.1	23.7	21.3	16.6
Goodwill	12.5	14.8	12.5	–	–
Land and buildings	11.8	12.1	12.0	12.2	12.4
Right of use assets	22.0	16.7	19.4	–	–
Other property, plant and equipment	39.3	30.8	36.1	27.5	17.1
Other non-current receivables	1.5	1.2	1.1	1.0	2.4
Deferred tax assets	0.3	0.0	0.2	0.2	0.1
Total non-current assets	111.3	98.6	105.0	62.1	48.5
Accounts receivable	72.0	54.4	66.5	47.6	39.5
Other receivables	92.6	49.0	77.0	42.8	27.8
Prepaid expenses and accrued income	4.0	5.5	3.2	3.2	2.2
Cash and cash equivalents	212.0	88.7	182.5	85.0	49.3
Total current assets	380.7	197.6	329.2	178.6	118.8
TOTAL ASSETS	492.0	296.2	434.2	240.7	167.3
<i>Equity and liabilities</i>					
Share capital	0.5	0.5	0.5	0.5	0.5
Other capital contributed	22.0	5.7	17.4	5.9	4.7
Reserves	-1.5	-0.2	0.1	-0.1	-0.0
Retained earnings including profit for the period	301.8	176.1	262.8	156.0	104.7
Total equity	322.8	182.1	280.9	162.3	109.9
Deferred tax liability	0.1	0.1	0.1	–	0.6
Non-current lease liabilities	17.8	13.4	15.5	–	–
Non-current liabilities to credit institutions	–	5.1	–	5.6	6.7
Total non-current liabilities	17.9	18.7	15.6	5.6	7.3
Accounts payable	4.4	3.0	5.3	3.2	4.0
Current liabilities to credit institutions	5.1	1.0	5.6	1.0	1.0
Current tax liabilities	96.8	54.6	81.5	49.9	31.9
Other current liabilities	16.8	22.6	19.6	11.5	8.1
Current lease liabilities	4.2	3.3	3.9	–	–
Accrued expenses and prepaid income	23.9	11.0	21.7	7.2	5.3
Total current liabilities	151.3	95.4	137.7	72.8	50.2
TOTAL EQUITY AND LIABILITIES	492.0	296.2	434.2	240.7	167.3

Consolidated cash flow statement

(EUR million)	1 January–30 June		1 January–31 December		
	2020A <i>Unaudited</i>	2019A <i>Unaudited</i>	2019A <i>Audited</i>	2018A <i>Audited</i>	2017A <i>Audited</i>
Operating profit	131.3	66.8	157.5	89.5	66.9
<i>Adjustment for items not included in cash flows:</i>					
Depreciation, amortisation and impairment	14.0	11.8	25.5	18.2	13.8
Other	0.3	0.2	1.2	0.6	0.1
Interest received	0.0	0.0	0.0	0.0	0.0
Interest paid	-0.2	-0.1	-0.2	-0.2	-0.2
Tax paid	-5.6	-3.7	-5.3	-2.9	-3.0
Cash flows from operating activities before changes in working capital	139.8	75.0	178.6	105.2	77.5
Increase/Decrease in accounts receivables	-5.7	-6.8	-17.3	-8.1	-20.5
Increase/Decrease in accounts payables	-0.9	-0.2	1.4	-0.8	1.8
Increase/Decrease in other working capital	-1.5	2.8	13.1	3.8	3.6
Cash flows from operating activities	131.7	70.8	175.8	100.0	62.5
Acquisition of intangible assets	-6.1	-4.3	-11.2	-15.3	-10.6
Acquisition of property, plant and equipment	-9.6	-6.9	-19.0	-17.9	-10.4
Acquisition of subsidiaries	-1.4	-10.5	-11.8	–	–
Increase/Decrease of other financial assets	-0.5	-0.1	-0.6	1.5	-1.4
Cash flows from investing activities	-17.6	-21.8	-42.5	-31.7	-22.4
Issuance of debt due to credit institutions	–	–	–	–	–
Repayment of debt to credit institution	-0.5	-0.5	-1.0	-1.1	-0.7
Repayment of lease liabilities	-2.3	-1.5	-3.5	–	–
Repurchase of own shares	-9.9	–	–	–	–
Warrant premiums	4.6	-0.2	-0.2	0.8	–
Dividends paid	-76.1	-43.2	-43.2	-32.4	-16.2
New share issue	–	–	11.7	–	–
Cash flows from financing activities	-84.2	-45.3	-36.1	-32.6	-16.9
Cash flow for the period	29.9	3.8	97.2	35.7	23.2
Cash and cash equivalents at beginning of the period	182.5	85.0	85.0	49.3	26.2
Exchange rate differences	-0.4	0.0	0.4	-0.1	-0.1
Cash and cash equivalents at end of period	212.0	88.7	182.5	85.0	49.3

Selected key ratios

In the section below, Evolution presents certain key ratios. The key ratios have been derived from Evolution's consolidated financial statements and notes as of the dates and periods set out below. Some of the key ratios are so-called alternative performance measures, i.e. financial key ratios not defined in accordance with IFRS. Evolution uses these alternative performance measures to monitor the underlying performance of Evolution's business and operations and believes that they help investors understand Evolution's development from period to period and that they facilitate a comparison to similar companies. Since not all companies calculate these alternative performance measures in the same way, the way in which Evolution has chosen to calculate the alternative performance measures presented in this Offer Document may mean that these key ratios are not comparable with similar measures used by other companies. Consequently, alternative performance measures should not be considered as substitutes for items in the income statement, balance sheet or statement of cash flows that have been calculated in accordance with IFRS.

(EUR million)	1 January–30 June		1 January–31 December		
	2020A	2019A	2019A	2018A	2017A
Total operating revenues	243.5	165.0	365.8	245.4	178.4
Total operating revenues growth, %	47.5%	48.9%	49.0%	37.6%	54.5%
EBITDA	145.3	78.6	182.9	107.7	80.6
EBITDA margin, %	59.7%	47.7%	50.0%	43.9%	45.2%
Operating profit (EBIT)	131.3	66.8	157.5	89.5	66.9
Operating margin, %	53.9%	40.5%	43.1%	36.5%	37.5%
Profit for the period	124.6	63.1	149.7	83.5	62.1
Profit margin, %	51.2%	38.2%	40.9%	34.0%	34.8%
Equity / assets ratio, %	65.6%	61.5%	64.7%	67.4%	65.7%

Reconciliations

(EUR million)	1 January–30 June		1 January–31 December		
	2020A	2019A	2019A	2018A	2017A
Operating margin					
(A) Profit before tax	131.1	66.7	157.3	89.3	66.7
(B) Net financial items	0.2	0.1	0.2	0.2	0.2
(C) Operating profit (EBIT) (A) + (B)	131.3	66.8	157.5	89.5	66.9
(D) Total operating revenues	243.5	165.0	365.8	245.4	178.4
(E) Operating margin (C) / (D)	53.9%	40.5%	43.1%	36.5%	37.5%
EBITDA and EBITDA margin					
(A) Profit before tax	131.1	66.7	157.3	89.3	66.7
(B) Net financial items	0.2	0.1	0.2	0.2	0.2
(F) Depreciation / amortisation	14.0	11.8	25.5	18.2	13.8
(G) EBITDA (A) + (B) + (F)	145.3	78.6	182.9	107.7	80.6
(D) Total operating revenues	243.5	165.0	365.8	245.4	178.4
(H) EBITDA margin (G) / (D)	59.7%	47.7%	50.0%	43.9%	45.2%
Profit margin					
(I) Profit for the period	124.6	63.1	149.7	83.5	62.1
(D) Total operating revenues	243.5	165.0	365.8	245.4	178.4
(J) Profit margin (I) / (D)	51.2%	38.2%	40.9%	34.0%	34.8%
Equity / assets ratio					
(K) Total equity	322.8	182.1	280.9	162.3	109.9

(L) Total assets	492.0	296.2	434.2	240.7	167.3
(M) Equity / assets ratio (K) / (L)	65.6%	61.5%	64.7%	67.4%	65.7%

Definitions of key ratios

Key ratio	Definition	Purpose
Revenue growth compared to the previous period	Operating revenues for the period divided by operating revenues in the same period last year.	This key ratio is used by the management to monitor the group's revenue growth.
EBITDA	Operating profit excluding depreciation and amortisation.	This key ratio is used by the management to monitor the earnings trend in the group.
EBITDA margin	Operating profit excluding depreciation and amortisation in relation to operating revenues.	This key ratio is used by the management to monitor the earnings trend in the group.
Operating profit (EBIT)	Profit before tax excluding net financial items.	This key ratio is used by the management to monitor the earnings trend in the group.
Operating margin (EBIT margin)	Operating profit in relation to operating revenues.	This key ratio is used by the management to monitor the earnings trend in the group.
Profit margin	Profit for the period in relation to operating revenues.	This key ratio is used by the management to monitor the earnings trend in the group.
Equity / assets ratio	Equity at the end of period in relation to total assets at the end of period.	This key ratio indicates the group's long-term payment capacity.

Commentary on the financial development

The comments on the financial development presented in this section should be read together with the section “Selected financial information” as well as Evolution’s consolidated financial statements for the financial years 2017–2019, including related notes, and interim report for the period 1 January–30 June 2020.

Comparison between periods

COMPARISON BETWEEN THE PERIOD 1 JANUARY–30 JUNE 2020 AND THE PERIOD 1 JANUARY–30 JUNE 2019

Revenues

Revenues amounted to EUR 243.5 million (165.0) during the first two quarters, which is an increase of 48 per cent compared to the corresponding period in 2019. The positive revenue development is mainly explained by increased commission income from existing customers, and to some extent from new customers. Demand for Live Casino continues to increase, e.g. as a result of Evolution continuously launching successful new games as well as variations on traditional games. Revenues for dedicated tables and environments have also contributed to the increase as a result of more customers launching new or expanding their existing customised Live Casino environments.

Expenses

Operating expenses amounted to EUR 112.2 million (98.2). Costs during the first quarter were primarily driven by higher expenses for personnel in connection with the launch of new gaming tables in the company’s studios compared to the same period in 2019. During the second quarter of 2020, personnel costs were unchanged compared to the second quarter of 2019, as several gaming tables were closed during the quarter due to Covid-19. The expansion has overall increased other operating expenses compared to the first two quarters of 2019.

Profitability

Operating profit amounted to EUR 131.3 million (66.8), which corresponds to an increase of 97 per cent. The operating margin was 53.9 per cent (40.5). The EBITDA margin was 59.7 per cent (47.7).

Net financial items had only a marginal effect on earnings and concerned mainly the interest expense on loans for the studio property in Riga. The group’s effective tax rate during the period was 4.9 per cent (5.4). The tax rate is affected by the countries in which the profit is generated, which can vary between reported periods. Profit for the period amounted to EUR 124.6 million (63.1). Earnings per share before dilution were EUR 0.69 (0.35).

Investments

Investments in intangible assets amounted to EUR 6.1 million (4.3) during the period and mainly consisted of development of new games and technical improvements to the platform, such as new functionality.

Investments in tangible fixed assets amounted to EUR 9.6 million (7.0), and consisted of new studio space, new gaming tables, servers and other computer equipment in order to be able to meet new technical requirements and maintain capacity and performance in connection with new platform launches.

Cash and cash equivalents, financing and financial position

Cash flow from operating activities amounted to EUR 131.7 million (70.8) during the first two quarters. Cash flow from investing activities amounted to EUR -17.6 million (-21.8). Cash flow from financing activities amounted to EUR -84.2 million (-45.3). Cash and cash equivalents amounted to EUR 212.0 million (88.7) at the end of the period.

COMPARISON BETWEEN THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 AND THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Revenues

Evolution's total operating revenues amounted to EUR 365.8 million (245.4) during the financial year ended 31 December 2019. The positive revenue development is mainly explained by increased commission income from both new and existing customers. Revenues from fees for dedicated tables and environments have also contributed to the increase as a result of more customers launching or expanding customised Live Casino environments.

Expenses

Total operating expenses amounted to EUR 208.3 million (155.9). The company's personnel costs increased to EUR 126.4 million (97.7) and were primarily driven by higher expenses for personnel in connection with the launch of new gaming tables in the company's studios.

Depreciation and amortisation amounted to EUR 25.5 million (18.2), where the increase is mainly explained by the expansion of the company's studios. Other operating expenses increased to EUR 56.4 million (40.1) and were driven by costs for premises, consumables and communications.

Profitability

The operating profit for the year amounted to EUR 157.5 million (89.5), with an operating margin of 43.1 per cent (36.5).

Net financial items had only a marginal impact on earnings and amounted to EUR -0.2 million (-0.2).

The group's effective tax rate for the year was 4.8 per cent (6.6). The effective tax rate is affected by the countries in which the profit is generated, which can vary between reported periods. Profit for the year amounted to EUR 149.7 million (83.5).

Investments

On 9 January 2019, Evolution acquired the Live Casino provider Ezugi's operations (consisting of five legal entities) for a purchase price of USD 12 million, with a possible additional purchase price of a maximum of USD 6 million.

In 2019, the group's investments in intangible assets amounted to EUR 11.2 million (15.3). Investments in intangible assets refer to development of new games and technical improvements in the platform, such as new functionality. The development projects during the year included development of new games to be launched in 2020 and content rights.

Investments in tangible fixed assets amounted to EUR 19.0 million (17.9). Investments in tangible fixed assets mainly consist of new studio space and studio premises, new gaming tables, servers and

other computer equipment to be able to meet new technical requirements and maintain capacity and performance in connection with new platform launches.

Investments have also been made in computer equipment to meet the organisational expansion and in studio equipment for the company's production studios.

Cash and cash equivalents, financing and financial position

Cash flow from operating activities amounted to EUR 175.8 million (100.0) during the year. The increase is mainly due to improved profit. Cash flow from investing activities amounted to EUR -42.5 million (-31.7). An outline of the investment activities can be found in “*Investments*” above. Cash flow from financing activities amounted to EUR -36.1 million (-32.6) and mainly consisted of value transfers to the shareholders. Cash and cash equivalents amounted to EUR 182.5 million (85.0) at the end of the year.

COMPARISON BETWEEN THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 AND THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Revenues

Evolution's total operating revenues amounted to EUR 245.4 million (178.4) during the financial year ended 31 December 2018. The positive revenue development is mainly explained by increased commission income, from both new and existing customers. Revenues from fees for dedicated tables and environments have also contributed to the increase as a result of more customers launching or expanding customised Live Casino environments.

Expenses

Total operating expenses amounted to EUR 155.9 million (111.5). The company's personnel costs increased to EUR 97.7 million (72.1) and were primarily driven by higher expenses for personnel in connection with the launch of new gaming tables in the company's studios.

Depreciation and amortisation amounted to EUR 18.2 million (13.8), where the increase is mainly explained by the expansion of the company's studios. Other operating expenses increased to EUR 40.1 million (25.6) and were driven by costs for premises, consumables and communications.

Profitability

The operating profit for the year amounted to EUR 89.5 million (66.9), with an operating margin of 36.5 per cent (37.5). Net financial items had only a marginal impact on earnings and amounted to EUR -0.2 million (-0.2).

The group's effective tax rate for the year was 6.6 per cent (6.8). The effective tax rate is mainly affected by in which of the jurisdictions where Evolution conducts its operations that the profit is generated, which may vary between reported periods.

Profit for the year amounted to EUR 83.5 million (62.1).

Investments

The group's investments in intangible assets amounted to EUR 15.3 million (10.6) in 2018. Investments in intangible assets refer to development of new games and technical improvements in the

platform, such as new functionality. The development projects during the year included development of new games launched in 2019 and content rights.

Investments in tangible fixed assets amounted to EUR 17.9 million (10.2). Investments in tangible fixed assets mainly consist of new studio space and studio premises, new gaming tables, servers and other computer equipment in order to be able to meet new technical requirements and maintain capacity and performance in connection with new platform launches.

Investments have also been made in computer equipment to meet the organisational expansion and studio equipment in the company's production studios.

Cash and cash equivalents, financing and financial position

Cash flow from operating activities amounted to EUR 100.0 million (62.5) during the year. The increase is mainly due to improved profit. Cash flow from investing activities amounted to EUR -31.7 million (-22.4). An outline of the investment activities can be found in “*Investments*” above. Cash flow from financing activities amounted to EUR -32.6 million (-16.9) and mainly consisted of value transfers to the shareholders. Cash and cash equivalents amounted to EUR 85.0 million (49.3) at the end of the year.

Equity, indebtedness and other financial information

Equity and liabilities

The table below summarises Evolution's capital structure as of 30 June 2020.

Capitalisation	30 June
(EUR million)	2020A
Current debt	
Guaranteed	–
Secured	5.1
Unguaranteed/unsecured	146.2
Total current debt	151.3
Non-current debt	
Guaranteed	–
Secured	–
Unguaranteed/unsecured	17.9
Total non-current debt	17.9
Total current and non-current debt	169.2
Shareholders' equity	
Share capital	0.5
Legal reserve	-1.5
Other reserves	323.8
Total shareholders' equity	322.8

Net indebtedness

The table below summarises Evolution's net indebtedness as of 30 June 2020.

Net indebtedness	30 June
(EUR million)	2020A
(A) Cash	–
(B) Cash equivalents	212.0
(C) Trading securities	–
(D) Liquidity (A) + (B) + (C)	212.0
(E) Current financial receivables	164.6
(F) Current bank debt	5.1
(G) Current portion of non-current debt	–
(H) Other current financial debt	4.2
(I) Current financial debt (F) + (G) + (H)	9.4
(J) Net current financial indebtedness (I) - (E) - (D)	-367.3
(K) Non-current bank loans	–
(L) Bond issued	–
(M) Other non-current loans	17.8
(N) Non-current financial indebtedness (K) + (L) + (M)	17.8
(O) Net financial indebtedness (J) + (N)	-349.5

Credit facilities

(EUR thousands)	31 December 2019			31 December 2018		
	Current	Non-current	Total	Current	Non-current	Total
Secured						
Loans from financial institutions	5,619	–	5,619	950	5,619	6,569
Total	5,619	–	5,619	950	5,619	6,569

The group has a loan for financing the acquisition of the studio building in Riga. The maturity date for the loan is 12 November 2020, with amortisations amounting to EUR 130 thousand per year up until the maturity date. The loan has a variable interest rate. The loan agreement contains certain conditions that the group must meet, including pre-determined key ratios (such as Equity/Total assets,

Liabilities/EBITDA for the past twelve months and Liabilities/Building value). During the financial year 2019, the group has not violated these covenants.

Working capital statement

Evolution is of the opinion that the present working capital and liquid assets are sufficient to meet the company's requirements for the twelve months following the date of this Offer Document.

Investments

Investments in intangible assets consist of the development of games and technical improvements in the platform, such as new functionality and higher capacity. Investments in tangible fixed assets mainly consist of new office space, new studio space and gaming tables as well as computer equipment in connection with new platform launches. The investments mainly refer to operations in Latvia, Georgia and Malta. Investments have also been made in studio equipment for the company's production studios.

Investments (EUR million)	1 January–30 June		1 January–31 December		
	2020A	2019A	2019A	2018A	2017A
Acquisition of intangible assets	6.1	4.3	11.2	15.3	10.6
Acquisition of property, plant and equipment	9.6	6.9	19.0	17.9	10.4
Acquisition of subsidiary	1.4	10.5	11.8	–	–
Increase/decrease of other financial assets	0.5	0.1	0.6	-1.5	1.4
Investments	17.6	21.8	42.5	31.7	22.4

On-going and future investments

On-going and future investments in intangible assets are expected to mainly consist of new development of games and technical improvements in the platform, such as new functionality and higher capacity. Investments in tangible fixed assets, e.g. due to the company's establishment in new markets, is mainly expected to consist of new office space, new studio space and gaming tables as well as computer equipment in connection with new platform launches. Investments in real estate are not expected to return. The current plan is for all investments to be financed with generated profits.

Fixed assets

Fixed assets mainly consist of studio space, gaming tables and computer equipment. The company also owns the studio property in Riga.

Provided collateral

As of 30 June 2020, Evolution had provided collateral according to the table below.

Provided collateral (EUR thousand)	30 June 2020A
Provided collateral	13,020

The collateral provided by the group and the parent company refers to collateral in the group's building in Riga for liabilities to financial institutions.

Off-balance sheet arrangements

Evolution is not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the company's financial position, revenues or expenses, operating results, liquidity, capital expenditures or capital resources.

Financial risk management

The group's operations may expose the group to a variety of financial risks, such as market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk. The risk management is coordinated at a group level in respect of all companies of which Evolution Gaming Group AB (publ) is the ultimate parent company. The group does not make use of derivative financial instruments to hedge certain risk exposure.

Significant changes after 30 June 2020

No significant changes have occurred regarding Evolution's financial result or financial position since 30 June 2020.

Board of directors, senior executives and auditor

Board of directors

THE MEMBERS OF THE BOARD OF DIRECTORS

The board of directors currently comprises the following board members, elected by the annual general meeting on 17 June 2020 for the period until the close of the annual general meeting 2021.

Jens von Bahr

Working chairman since 2016 (board member since 2015). Co-founder of Evolution.

Shareholding in Evolution: 13,628,230 shares through Österbahr Ventures AB (jointly owned with Fredrik Österberg).

Born: 1971.

Education: BSc, Business, Stockholm University. MBA, University of Western College.

Other current positions: Board member in Sitoo AB, Barnebys Group AB, JOvB Investment AB, Österbahr Ventures AB and Living at Campus Karlstad AB as well as deputy board member in FROS Ventures AB.

Previous positions (last five years): Chief Executive Officer of Evolution.

Independence: Not independent in relation to Evolution, the senior management or Evolution's major shareholders.

Joel Citron

Board member since 2015. Chairman of the audit committee and the remuneration committee.

Shareholding in Evolution: 1,678,105 shares.

Born: 1962.

Education: BSc, Business Administration, University of Southern California. MA, Economics, University of Southern California.

Other current positions: Chairman of the board of Bambuser AB and Chief Executive Officer of Tenth Avenue Holdings, LLC.

Previous positions (last five years): Chairman of the board of Evolution and board member in Attivio, Inc.

Independence: Independent in relation to Evolution and the senior management as well as Evolution's major shareholders.

Fredrik Österberg

Board member since 2015. Member of the audit committee. Co-founder of Evolution.

Shareholding in Evolution: 13,628,230 shares through Österbahr Ventures AB (jointly owned with Jens von Bahr).

Born: 1970.

Education: BSc, Business Administration and Science, Stockholm University.

Other current positions: Chairman of the board of Österbahr Ventures AB, board member in Hammarby Fotboll AB and FROS Ventures AB as well as deputy board member in JOvB Investment AB.

Previous positions (last five years): Chief Strategy Officer of Evolution.

Independence: Independent in relation to Evolution and the senior management. Not independent in relation to Evolution's major shareholders.

Ian Livingstone

Board member since 2015. Member of the remuneration committee.

Shareholding in Evolution: 500,000 shares.

Born: 1962.

Education: –

Other current positions: Working chairman of the board of London+Regional Properties Limited and various board assignments within the London+Regional Properties group.

Previous positions (last five years): Comprehensive experiences from different senior positions within the property development and retail industry.

Independence: Independent in relation to Evolution and the senior management. Not independent in relation to Evolution's major shareholders.

Jonas Engwall

Board member since 2015. Member of the audit committee and the remuneration committee.

Shareholding in Evolution: 159,630 shares.

Born: 1971.

Education: MBA, Stockholm School of Economics.

Other current positions: Chairman of the board of ExOpen Systems Aktiebolag, Sitoo AB, Ekoligens AB, Telefonshoppen Norden AB, Takkei Trainingsystems AB, DBT CAPITAL AB, Knoxville AB (previously board member) and DBT CAPITAL INV AB (previously board member), board member in PS Group AB, PS Occasion AB (previously chairman), PS Communication Sweden AB, Härjarö Gård AB, DBT CAPITAL HY AB and ExOpen Intressenter AB, deputy board member in Bostadsrättsföreningen Poppel 2 (previously board member) as well as board member and Chief Executive Officer of Jonas Engwall Invest AB.

Previous positions (last five years): Chairman of the board of MyNumbers AB, board member in E. Svenssons i Lammhult Aktiebolag, E. Svenssons i Lammhult Holding Aktiebolag, Jonas Engwall Förvaltning AB, Art Of Systems Sweden AB and Sequity AB as well as deputy board member in Mattias Trotzig Investment AB.

Independence: Independent in relation to Evolution and the senior management as well as Evolution's major shareholders.

Cecilia Lager

Board member since 2017.

Shareholding in Evolution: –

Born: 1963.

Education: Studies in Business Administration, Lund University.

Other current positions: Chairman of the board of Navigera AB, board member in Elanders AB, Svartinge Golf Aktiebolag, Kvinvest AB, Sveab Holding AB, Clemondo Group AB (publ), Capacent Holding AB (publ), Dreams AB, Altor Fund Manager AB and Good To Great Tennis Properties AB (previously chairman) as well as board member and Chief Executive Officer of Sherpani Advisors AB.

Previous positions (last five years): Board member in Kungl. Tennishallen AB, Rolling Optics Holding AB, Binero Group AB (publ), Knowit Aktiebolag (publ), Cinnober Financial Technology Aktiebolag, Collector AB, Eniro AB, GreenGold Group AB and Collector Bank AB as well as deputy board member in Ringsvets Aktiebolag and Ringsvets Intressenter AB.

Independence: Independent in relation to Evolution and the senior management as well as Evolution's major shareholders.

COMMITTEES OF THE BOARD OF DIRECTORS

Evolution's board of directors has established a remuneration committee and an audit committee.

The remuneration committee

The remuneration committee comprises Joel Citron (chairman), Ian Livingstone and Jonas Engwall.

The remuneration committee's main tasks are to:

- prepare the board of directors' decisions on issues concerning principles for remuneration, remunerations and other terms of employment for the senior management;
- monitor and evaluate programs for variable remuneration, both ongoing and those that have ended during the year, for the senior management;
- monitor and evaluate the application of the guidelines for remuneration for the senior executives that the annual general meeting is legally obliged to establish, as well as the current remuneration structures and levels in the company; and
- if the company implements incentive programs for the employees of the company, ensure that the incentive programs are annually evaluated.

The audit committee

The audit committee comprises Joel Citron (chairman), Jonas Engwall and Fredrik Österberg.

The audit committee's main tasks are to:

- monitor the company's financial reporting and provide recommendations and proposals to ensure the reliability of the reporting;
- in respect of the financial reporting, monitor the effectiveness of the company's internal control, internal audit and risk management;
- keep itself informed about the audit of the annual report and the consolidated annual report as well as regarding the conclusions of the Swedish Inspectorate of Auditors' (Sw. *Revisorsinspektionen*) quality control;
- inform the board of directors of the result of the audit and the way in which the audit contributed to the reliability of the financial reporting, as well as the function filled by the audit committee;
- review and monitor the impartiality and independence of the external auditor and, in conjunction therewith, pay special attention to whether the external auditor provides the company with services other than auditing services; and
- assist the nomination committee in conjunction with its preparation of proposals to the general meeting's resolution regarding election of external auditor.

REMUNERATION TO THE MEMBERS OF THE BOARD OF DIRECTORS

The following table presents the remunerations received by the members of the board of directors during the financial year 2019.

(EUR thousand)	Basic salary/ board fee	Bonus	Other benefits	Pension costs	Total
Jens von Bahr ¹⁾	402	–	–	–	402
Joel Citron	23	–	–	–	23
Jonas Engwall	23	–	–	–	23
Cecilia Lager	30	–	–	–	30
Ian Livingstone	23	–	–	–	23
Fredrik Österberg	23	–	–	–	23
Total	524	–	–	–	524

¹⁾ Jens von Bahr is employed and receives salary from Evolution.

The annual general meeting 2020 resolved that fees for the members of the board of directors for the period until the end of the annual general meeting 2021 shall amount to not more than EUR 150,000, of which EUR 30,000 shall be paid to each of the members of the board of directors elected by the annual general meeting and not employed by Evolution.

Evolution has not entered into any agreements with the members of the board of directors regarding benefits upon termination of employment.

Senior executives

THE SENIOR EXECUTIVES

Evolution's senior management comprises the following senior executives.

Martin Carlesund

Chief Executive Officer. Employed since 2015.

Shareholding, holding of warrants and call options in Evolution: 266,147 shares as well as 1,175,000 warrants (175,000 of series 2018/2021 and 1,000,000 of series 2020/2023) and 1,000,000 call options (see the section “*Shares, share capital and ownership structure–Warrants and call options–Call options for Evolution’s CEO*”).

Born: 1970.

Education: BSc, Business and Economics, University of Borås.

Other current positions: Board member in Carlesund Investments & Consulting AB and deputy board member in Sandstjärna Holding AB.

Previous positions (last five years): Chairman of the board of Relevant Traffic Sweden AB and Web Guide Partner Scandinavia AB, deputy board member in Vox Hotel AB as well as CEO of Evolution Gaming Malta Ltd.

Jacob Kaplan

Chief Financial Officer. Employed since 2016.

Shareholding and holding of warrants in Evolution: 40,000 shares and 212,500 warrants (92,500 of series 2018/2021 and 120,000 of series 2020/2023).

Born: 1973.

Education: MSc, Industrial Engineering and Business Management, Royal Institute of Technology in Stockholm. BSc, Business Administration, Stockholm University.

Other current positions: Board member in Bostadsföreningen Freja utan personlig ansvarighet.

Previous positions (last five years): Chairman of the board of VCW, Internet Services AB, Nordnet Ventures AB, Deriva Financial Services AB, Shareville AB and Evolutionera AB, board member in Nordnet Pensionsförsäkring AB as well as deputy board member in Information & Registerservice i Sverige AB.

David Craelius

Chief Technology Officer. Employed since 2016.

Shareholding and holding of warrants in Evolution: 5,000 shares and 48,000 warrants (20,000 of series 2018/2021 and 28,000 of series 2020/2023).

Born: 1974.

Education: Studies at Royal Institute of Technology in Stockholm.

Other current positions: Board member in Hivemind AB, Craelius & Hansson AB, Linksec AB, Försäkringsaktiebolaget Avanza Pension and Simployer AG.

Previous positions (last five years): Chairman of the board of Gavagai AB, board member in Insicon AB, Advokat Pia Engström Lindgren AB, Gavagai Intressenter AB and Stravito AB as well as Head of Banking of Avanza Bank AB.

Johan Nordström

VD Evolution Malta. Employed since 2016.

Shareholding and holding of warrants in Evolution: 100,000 shares and 212,500 warrants (92,500 of series 2018/2021 and 120,000 of series 2020/2023).

Born: 1970.

Education: BSc, Stockholm University.

Other current positions: –

Previous positions (last five years): President Asia of EF Education First.

Sebastian Johannisson

Chief Commercial Officer. Employed since 2008.

Shareholding and holding of warrants in Evolution: 800,000 shares and 212,500 warrants (92,500 of series 2018/2021 and 120,000 of series 2020/2023).

Born: 1978.

Education: MBA, Uppsala University.

Other current positions: –

Previous positions (last five years): Head of Account Management of Evolution.

Todd Haushalter

Chief Product Officer. Employed since 2015.

Shareholding and holding of warrants in Evolution: 55,800 shares and 212,500 warrants (92,500 of series 2018/2021 and 120,000 of series 2020/2023).

Born: 1978.

Education: MBA, University of Nevada Las Vegas. MSc, Hospitality Administration, University of

Nevada Las Vegas. BSc, Finance, Long Beach State University.

Other current positions: –

Previous positions (last five years): –

Louise Wiwen-Nilsson

Chief Human Resources Officer. Employed since 2016.

Shareholding and holding of warrants in Evolution: 100,000 warrants (45,000 of series 2018/2021 and 55,000 of series 2020/2023).

Born: 1972.

Education: BA, Lund University.

Other current positions: Board member in Strong Brands Sweden AB.

Previous positions (last five years): Interim Head of HR of Walt Disney, Nordics and Head of HR of Nike Nordics..

Olesya Ivanova

Chief Operating Officer – Latvia, Romania, Malta, Belgium and Spain. Employed since 2006.

Shareholding and holding of warrants in Evolution: 23,193 shares and 195,000 warrants (75,000 of series 2018/2021 and 120,000 of series 2020/2023).

Born: 1983.

Education: Executive MBA, Stockholm School of Economics in Riga.

Other current positions: –

Previous positions (last five years): Head of Operations Riga of Evolution.

REMUNERATION TO THE SENIOR EXECUTIVES

The following table presents the remunerations received by the Chief Executive Officer and the other senior executives during the financial year 2019.

(EUR thousand)	Basic salary	Bonus	Other benefits	Pension costs	Total
Martin Carlesund	753	–	7	–	760
Other senior executives (total of 7 persons)	1,995	754	56	88	2,893
Total	2,748	754	63	88	3,653

Evolution has not entered into any agreements with the senior executives regarding benefits upon termination of employment.

Additional information regarding the board of directors and senior executives

All members of the board of directors and senior executives can be reached at Evolution’s address: c/o Evolution Gaming Group AB (publ), Hamngatan 11, SE-111 47 Stockholm, Sweden.

There are no family ties between any of the board members and the senior executives. No board member nor any senior executive has any private or other interests that may conflict with Evolution’s

interests. However, some board members own shares in Evolution and some senior executives own shares and/or hold warrants and/or call options in Evolution. There are no arrangements between Evolution and major shareholders, customers, suppliers or other parties pursuant to which any board member has been elected to the board of directors or any senior executives have been appointed as senior executives.

During the past five years, none of the board members or the senior executives have been convicted for fraudulent offences, involved in or represented any company which has been declared bankrupt or filed for compulsory liquidation or disqualified by a court from acting as a member of the administrative, management or supervisory body of a company or from acting in the management or conduct the affairs of a company. Neither has any statutory or regulatory authority (including designated professional bodies), during the past five years, publically incriminated, and/or sanctioned, any board member or senior executive for a crime.

Auditor

Öhrlings PricewaterhouseCoopers AB has been Evolution's auditor since 2014. Johan Engstam, an authorised public accountant and member of FAR (the Institute for the Accountancy Profession in Sweden), is the auditor in charge since the annual general meeting 2020. Niklas Renström, an authorised public accountant and member of FAR, was the auditor in charge from 2014 up until the annual general meeting 2020. Öhrlings PricewaterhouseCoopers AB's office address is Torsgatan 21, SE-113 97, Stockholm, Sweden.

Shares, share capital and ownership structure

Shares and share capital

Pursuant to the articles of association of Evolution, the share capital shall be not less than EUR 450,000 and not more than EUR 1,800,000, divided among not less than 175,000,000 and not more than 700,000,000 shares. As of the date of this Offer Document, the registered share capital of Evolution amounts to EUR 544,868.175 divided among 181,284,725 shares. Each share has a quota value of EUR 0.003006. All shares have been issued in accordance with Swedish law and are denominated in EUR.

CSD affiliation

The company's shares are registered in a central securities depository (CSD) register in accordance with the Swedish Central Securities Depositories and Financial Instruments Accounts Act (*Sw. lagen (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*). The CSD register is operated by Euroclear Sweden (Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, Sweden). The ISIN code for the shares is SE001267326.

Trading on Nasdaq Stockholm

The shares in Evolution are admitted to trading on Nasdaq Stockholm.

Certain rights attached to the shares

VOTING RIGHTS AT GENERAL MEETINGS

Each share in Evolution entitles to one vote at general meetings. Every shareholder is entitled to vote for the full number of shares in Evolution which the shareholder holds. Shares held by Evolution itself may not be represented at general meetings.

PREFERENTIAL RIGHTS TO NEW SHARES

If Evolution issues new shares, warrants or convertibles in a cash issue or a set-off issue (*Sw. kvittningsemission*), the shareholders will in general have preferential rights to subscribe for such securities in proportion to the percentage of Evolution's capital held by them prior to the issue. However, the articles of association do not contain any provisions that restrict Evolution from issuing new shares, warrants or convertibles with deviation from the shareholders' preferential rights in accordance with the Swedish Companies Act.

RIGHT TO DIVIDENDS AND SURPLUS IN THE EVENT OF LIQUIDATION

All shares in Evolution carry equal rights to dividends as well as to Evolution's assets and any surplus in the event of dissolution of the company. See also the section "*Dividends and dividend policy*".

TRANSFERABILITY OF THE SHARES

The shares in Evolution are freely transferable. The articles of association of Evolution do not contain any restrictions regarding the transferability of the shares.

Share capital development

The table below summarises the historic development of Evolution's share capital during the period covered by the historical financial information in this Offer Document (*i.e.* from 2017 and up to and including the date of this Offer Document) as well as the changes in the number of shares and the share capital that are intended to be made in connection with the Offer.

Date	Event	Change in number of shares	Total number of shares	Change in share capital (EUR)	Share capital (EUR)	Quota value (EUR)
2019-05-08	Share split ¹⁾	143,881,508	179,851,885	–	539,555.655	0.003
2019-07-29	Subscription of shares ²⁾	1,770,840	181,622,725	5,312.520	544,868.175	0.003
2020-07-01	Reduction of share capital ³⁾	-338,000	181,284,725	-1,014.000	543,854.175	0.003
2020-07-01	Bonus issue ⁴⁾	–	181,284,725	1,014.000	544,868.175	0.003006
2020	Issue in kind ⁵⁾	32,056,819	213,341,544	96,349.764	641,217.939	0.003006

¹⁾ Share split (5:1).

²⁾ Share subscription through exercise of warrants. The subscription price was SEK 70.84 per share.

³⁾ Reduction of share capital for allocation to unrestricted shareholders' equity with retirement of shares. After the share retirement of shares, Evolution holds no treasury shares.

⁴⁾ Bonus issue without issuance of new shares in order to restore the share capital in connection with the reduction of the share capital with retirement of the 338,000 treasury shares that were repurchased by Evolution during the period 16–17 March 2020.

⁵⁾ The information is based on the assumption that all shares in NetEnt (excluding the 1,000,000 shares of series B that are held by NetEnt) are tendered in the Offer.

Changes in the capital structure in conjunction with the Offer

The board of directors has proposed that an extraordinary general meeting on 24 September 2020 resolves to authorise the board of directors to, on one or several occasions prior to the next annual general meeting, resolve on an increase of the share capital of the company by way of the issuance of the number of new shares that the company shall pay as consideration to the shareholders of NetEnt that accept the Offer. The right to subscribe for the shares shall rest with the shareholders of NetEnt that accept the Offer. Subscribed shares shall be paid through contribution in kind consisting of shares in NetEnt.

If all shareholders in NetEnt accept the Offer, the number of shares in Evolution will increase from 181,284,725 shares to not more than 213,341,544 shares, corresponding to an increase of approximately 17.7 per cent of the total number of shares and votes in Evolution as well as a dilution effect of approximately 15.0 per cent (calculated as the maximum number of shares that may be issued divided by the maximum total number of shares in Evolution after the Offer).

Warrants and call options

WARRANT PROGRAM 2020/2023

The extraordinary general meeting on 16 January 2020 resolved to issue a maximum of 4,000,000 warrants. All 4,000,000 warrants were subscribed for by key individuals in the Evolution group. Each warrant entitles to subscription for one new share in Evolution for SEK 373.90 during the period from and including 31 March 2023 (however, not earlier than the day after the publication of Evolution's interim report for the period January–December 2023) up to and including the date that falls 30 calendar days thereafter.

WARRANT PROGRAM 2018/2021

The annual general meeting on 20 April 2018 resolved to issue a maximum of 617,702 warrants. All 617,702 warrants were subscribed for by the subsidiary Evolution Malta Ltd, which has, in turn, transferred 376,006 warrants to a number of key individuals in the Evolution group. Each warrant entitles to subscription for five new shares in Evolution (following a so-called share split 5:1, which was resolved upon by the annual general meeting 2019) for SEK 141.06 per share during the period from and including the day after the publication of the interim report for the period January–June 2021 up to and including the date that falls 30 calendar days thereafter (however not later than on 30 September 2021).

CALL OPTIONS FOR THE CEO OF EVOLUTION

On 12 February 2020, Richard Livingstone, Österbahr Ventures AB, Joel Citron and Jonas Engwall, that in total control approximately 27.73 per cent of all shares and votes in Evolution, issued call options that entitles the Chief Executive Officer of Evolution, Martin Carlesund, to acquire 1,000,000 shares in Evolution from the issuers of the call options on the same terms, *inter alia*, regarding timing for exercise and strike price, as Evolution's warrants of series 2020/2023. Evolution did not participate in connection with the shareholders' issuance of the call options. Provided that the call options entitle to acquisitions of existing shares in Evolution, there will be no dilution effect for the other shareholders in Evolution if Martin Carlesund decides to exercise the call options.

Authorisations for the board of directors to resolve on issuances of new shares as well as acquisitions and transfers of treasury shares

The annual general meeting on 17 June 2020 authorised the board of directors to, within the scope of the articles of association, with or without deviation from the shareholders' preferential rights, on one or several occasions up until the annual general meeting 2021, resolve to increase the company's share capital by issuing new shares, warrants or convertible debt in the company. The authorisation is limited in the way that the board of directors may not resolve to issue shares, warrants and convertible debt that involve the issue of, or conversion into, shares corresponding to more than ten per cent of the shares in the company at the time of the annual general meeting. The issues shall be made on market terms and payment may, apart from payment in cash, be made in kind or by set-off or otherwise with conditions. The purpose of the authorisation and the reason for any deviation from the shareholders' preferential rights are to enable the completion and financing of acquisitions of businesses and assets.

The annual general meeting on 17 June 2020 authorised the board of directors to resolve on repurchases of the company's own shares on one or several occasions before the annual general meeting 2021. Repurchases of own shares may be made on Nasdaq Stockholm. Repurchases may be made by a maximum of so many shares that the company's holding of own shares at any given time amounts to a maximum of ten per cent of all the shares in the company. Repurchases of the company's own shares on Nasdaq Stockholm may only be made within the price interval registered at any given time, *i.e.* the interval between the highest bid price and the lowest selling price. The board of directors shall have the right to decide on other terms and conditions for repurchases of own shares in accordance with the authorisation.

The annual general meeting on 17 June 2020 also resolved to authorise the board of directors to resolve on transfers of the company's own shares, with or without deviation from the shareholders'

preferential rights, on one or several occasions before the annual general meeting 2021. Transfers may be made on or outside of Nasdaq Stockholm. Transfers may be made of such number of shares that the company holds from time to time. Transfer of own shares on Nasdaq Stockholm may only be made within the price interval registered at any given time. Transfers of own shares outside of Nasdaq Stockholm may be made against payment in cash, in kind or by way of set-off. The price shall be determined so that the transfer is made on market terms. The board of directors shall have the right to decide on other terms and conditions for transfers of own shares in accordance with the authorisation.

Ownership structure

The following table presents the ten largest shareholders of Evolution as of 30 June 2020 (adjusted for the reduction of the share capital with retirement of 338,000 shares, which the annual general meeting 2020 resolved upon and which was registered with the SCRO on 1 July 2020 as well as thereafter known changes). As of the date of this Offer Document, as far as Evolution is aware, there are no persons or legal entities that own five per cent or more of all shares and votes in Evolution, except as stated below. As of 30 June 2020, the number of shareholders in Evolution amounted to 32,661.

Shareholder	Number of shares	Percentage of share capital/votes
Capital Group	28,637,323	15.8%
Österbahr Ventures AB	27,289,720	15.0%
Richard Livingstone	21,139,453	11.6%
Swedbank Robur Fonder	4,394,955	2.4%
Cat Rock Capital	4,167,582	2.3%
Vanguard	3,612,729	2.0%
Fidelity Investments (FMR)	3,377,700	1.9%
BlackRock	2,843,258	1.6%
Henrik Wiman	2,430,000	1.3%
Avanza Pension	2,368,494	1.3%
Ten largest shareholders	100,261,214	55.3%
Other shareholders	81,023,511	44.7%
Total	181,284,725	100%

Shareholders' agreements

As far as Evolution is aware, there are no shareholders' agreements or other arrangements between the shareholders of Evolution for purposes of gaining joint control over Evolution, nor is the board of directors of Evolution aware of any arrangements or similar which may result in a change in control of Evolution.

Information regarding public offers, mandatory public offers and compulsory buy-out

For public offers regarding the shares in Evolution, the Swedish Act on Public Takeovers on the Stock Market (the "Swedish Takeover Act"), Nasdaq Stockholm's Takeover Rules and the Swedish Securities Council's rulings regarding interpretation and application of Nasdaq Stockholm's Takeover

Rules and, where applicable, the Swedish Securities Council's interpretations of the Swedish Industry and Commerce Stock Exchange Committee's former rules on public offers, are applicable.

In accordance with the Swedish Takeover Act, a party who holds no shares or holds shares representing less than three-tenths of the voting rights of all shares in Evolution and who, through acquisition of shares in Evolution, alone or together with another closely related party pursuant to the Swedish Takeover Act, achieves a shareholding representing at least three-tenths of the voting rights of all shares in Evolution shall (i) immediately announce the size of his or her shareholding in Evolution and (ii) within four weeks from the announcement, submit a public offer in respect of the remaining shares in Evolution (a so-called mandatory public offer).

Pursuant to the Swedish Companies Act, a shareholder who holds more than nine-tenths of the shares in a Swedish limited liability company is entitled to buy-out the remaining shares of the other shareholders in the company. Any person whose shares may be bought out is entitled to compel the majority shareholder to purchase its shares.

The shares in Evolution are not subject to any mandatory public offer nor any offers due to buy-out rights or sell-out obligations. No public offer has occurred in respect of Evolution's shares during the current or last financial year.

Dividends and dividend policy

Dividends during the last three years

During the financial years 2017–2019, dividends have been paid in accordance with the table below.

Financial year	Dividend per share (EUR) ¹⁾	Total amount paid (EUR)	Pay-out ratio (%)
2017	0.18	32,373,339	52
2018	0.24	43,164,452	52
2019	0.42	76,139,585	51

¹⁾ The dividend paid per share as regards the financial years 2017–2018 have been recalculated for the purpose of this table due to the share split of the company's shares (5:1), which was registered with the SCRO on 8 May 2019.

Dividend policy

The board of directors of Evolution has adopted a dividend policy stating that 50 per cent of Evolution's consolidated net profit, with certain flexibility regarding the pay-out ratio, shall be paid in dividends over time. The board of directors shall take into account a number of factors when recommending that Evolution shall pay dividends, including Evolution future profits, investment needs, liquidity and development opportunities as well as general economic and business conditions.

Dividends under Swedish law

Resolutions regarding dividends are passed by the general meeting. Dividends may only be distributed to the extent that there will be full coverage for the company's restricted equity after the dividend distribution and only to the extent that such declaration is prudent, taking into consideration the demands with respect to the size of the equity which are imposed by the nature, scope and risks associated with the operations of the company and the group as well as the need to strengthen the statement of financial position, liquidity and financial position of the company and the group. The general meeting may, as a general rule, not resolve upon dividends in an amount higher than what has been proposed or approved by the board of directors.

Pursuant to the Swedish Companies Act, minority shareholders that together represent at least ten per cent of all outstanding shares of the company have the right to request a payment of dividend (to all shareholders) from the company's profits. Following such a request, the annual general meeting is required to resolve to distribute 50 per cent of the remaining profit for the relevant year as reported on the statement of financial position adopted at the annual general meeting, after deductions made for: (i) losses carried forward that exceed unrestricted reserves (Sw. *fria fonder*); (ii) amounts which, by law or the articles of association, must be transferred to restricted equity; and (iii) amounts which, pursuant to the articles of association, are to be used for any purpose other than distribution to the shareholders. However, the general meeting is not obliged to declare dividends in excess of five per cent of the company's shareholders' equity. Moreover, the dividend must comply with the rules set out in Chapter 17, Section 3 of the Swedish Companies Act.

Payment of dividends

Evolution declares dividends in EUR. Payment of dividends will therefore be made in EUR, provided that EUR can be received on the shareholder's account. If not, payment of dividends will be made in SEK after currency exchange by Euroclear or by the company. Shareholders with nominee-registered shareholdings should contact their respective nominees with respect to the dividend payment currency.

All holders of ordinary shares in the company that are registered as shareholders in the share register maintained by Euroclear Sweden on the record date determined by the general meeting are entitled to receive dividends. Dividends are normally distributed to shareholders as a cash payment per share through Euroclear Sweden, but may also be paid in other than cash (a so-called dividend in kind). If a shareholder cannot be reached through Euroclear Sweden, such shareholder still retains its claim on the company to the dividend amount, subject to a statutory limitation of ten years. Upon the expiry of the limitation period, the dividend amount shall pass to the company.

Neither the Swedish Companies Act nor the company's articles of association contain any restrictions as regards the right to dividends for shareholders domiciled outside Sweden. For information on potential dividend taxation, see the section "*Certain tax considerations*".

Articles of association

§ 1 Registered name

The registered name of the company is Evolution Gaming Group AB (publ).

§ 2 Registered office

The company's registered office is in the municipality of Stockholm.

§ 3 Operations

The company shall own and manage moveable property and provide strategic and administrative services to the companies of the group and carry out operations consistent therewith.

§ 4 Share capital

The share capital shall be not less than EUR 450,000 and not more than EUR 1,800,000.

§ 5 Number of shares

The number of shares shall be not less than 175,000,000 and not more than 700,000,000.

§ 6 The board of directors

The company's board of directors shall consist of 3–8 directors without deputy directors.

§ 7 The auditor

The company shall have one or two auditors. The auditors shall be appointed for the time period until the end of an annual general meeting held not later than during the fourth financial year after the election.

§ 8 Notice

Notice of a general meeting of shareholders shall be made by an announcement in the Swedish Official Gazette (*Sw. Post- och Inrikes Tidningar*) and by making the notice available on the company's website. The company shall advertise in Dagens Industri that notice has been made.

A shareholder that would like to participate in a general meeting shall give notice thereof to the company not later than the day set out in the notice of the general meeting. This day may not be a Sunday, other public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve and must not be earlier than the fifth weekday prior to the general meeting.

Shareholders may be accompanied at a general meeting by a maximum of two assistants, but only if the shareholder notifies the company of the number of assistants in the manner stated in the preceding paragraph.

§ 9 The Annual General Meeting

At the annual general meeting, the following matters shall be addressed:

- (1) Election of a chairman of the meeting;
- (2) Preparation and approval of the voting list;
- (3) Approval of the agenda;

- (4) Election of one or two persons to verify the minutes;
- (5) Determination whether the meeting has been duly convened;
- (6) Resolutions:
 - (i) on adoption of the income statement and balance sheet and, if applicable, the consolidated income statement and the consolidated balance sheet
 - (ii) on the disposition of the company's profit or loss as shown in the adopted balance sheet
 - (iii) on discharge of liability of members of the board and the managing director
- (7) Determination of the number of members of the board of directors to be elected;
- (8) Determination of the fees to be paid to the board of directors and the auditors;
- (9) Election of the board of directors and, if applicable, auditor;
- (10) Resolution on nomination committee;
- (11) Other matters that may be brought before the meeting pursuant to the Swedish Companies Act.

§ 10 Financial year

The company's financial year shall be 1 January–31 December.

§ 11 Central securities depository registration

The company's shares shall be registered in a central securities depository register pursuant to the Swedish Central Securities Depositories and Financial Instruments Accounts Act (SFS 1998:1479).

§ 12 Collection of proxies

The board of directors may collect proxies in accordance with the procedure described in Chapter 7, Section 4, second paragraph of the Swedish Companies Act (SFS 2005:551).

§ 13 Accounting currency

The company's accounting currency shall be euro. The company's share capital shall be determined in euro.

* * *

Legal considerations and supplementary information

General corporate information

Evolution Gaming Group AB (publ) is a Swedish public limited liability company which was incorporated on 14 November 2014 and registered with the SCRO on 9 December 2014. Prior to that, a Cyprus group company was the parent company of the group, which was established in 2006.

Evolution's corporate registration number is 556994-5792 and its LEI number is 549300SUH6ZR1RF6TA88. The company's phone number is +46 (0)8-440 46 60.

Evolution's operations are conducted in accordance with the Swedish Companies Act. The board of directors' registered office is in Stockholm, Sweden.

Corporate governance

Evolution's corporate governance is mainly based on Swedish law (primarily the Swedish Companies Act), the articles of association as well as internal rules, including policies and instructions. Evolution also applies, *inter alia*, Nasdaq Stockholm's Rule book for Issuers and the Swedish Corporate Governance Code (the "Code"). The Code applies to all Swedish companies whose shares are admitted to trading on a regulated market in Sweden. The Code sets a higher standard for good corporate governance than the minimum standards of the Swedish Companies Act and other rules. Evolution is not required to comply with all rules in the Code. Evolution may decide on alternative solutions which are deemed more suitable for the specific circumstances, provided that any such deviations and the by the company chosen alternative solutions are described and the reasons therefore are explained by Evolution in the corporate governance report (according to the "comply or explain" principle). Currently, Evolution does not deviate from any of the rules of the Code.

Group structure

The company is currently parent and holding company for 29 subsidiaries. All entities set forth in the table below are wholly-owned, directly or indirectly, by Evolution.

Company	Main office
Evolution Malta Holding Ltd	Sliema, Malta
Evolution Malta Ltd	Sliema, Malta
Evolution Gaming Malta Ltd	Sliema, Malta
Evolution Malta Ops Ltd	Sliema, Malta
Evolution Latvia SIA	Riga, Latvia
Evolution Gaming Ltd	London, the United Kingdom
Evolution New Jersey LLC	Atlantic City, the United States
Evolution Latvia Properties SIA	Riga, Latvia
Evolution Belgium BVBA	Brussels, Belgium
EvoGame Estonia OU	Tallinn, Estonia
Evolution Netherlands B.V.	Hilversum, the Netherlands
Evo Gaming Studios RO S.R.L.	Bucharest, Romania
EG Overseas Services B.V.	Curacao
Evolution Georgia LLC	Tbilisi, Georgia
Evolution Alderney Ltd	Inchalla, Le Val, Alderney
Evolution Canada Gaming Limited	Vancouver, Canada
Ezugi N.V.	Curacao
Ezugi NJ LLC	Atlantic City, the United States

Rommemut Ruah (2003) Ltd	Tel Aviv, Israel
Ezugi RO SRL	Voluntari, Romania
Ezugi Malta Limited	Swatar, Malta
Evolution Development Co.Ltd	Taipei, Taiwan
Evolution Products Development LLC	Minsk, Belarus
Evolution Services SA PTY Limited	Cape Town, South Africa
Evolution Pennsylvania LLC	Delaware, the United States
Evolution Michigan LLC	Delaware, the United States
Evolution Studio AM LLC	Yerevan, Armenia
Evolution Lithuania UAB	Vilnius, Lithuania
Evolution Canada Studio Ltd	Vancouver, Canada

Licences and reporting requirements

PERMITS AND LICENCES

Evolution has, and/or has applied for, permits and/or licences for its operations in the following jurisdictions: Alderney, Belgium, Curacao, Canada, Latvia, Malta, Romania, South Africa, the United Kingdom and the United States (New Jersey and Pennsylvania). These licences are subject to conditions and reporting obligations that are triggered by certain changes in ownership. Pursuant to such conditions and reporting obligations, Evolution is obliged to, within a given period of time, inform or receive an approval by the relevant authority in the event of a change in ownership that exceeds certain specified thresholds. The company continuously monitors changes in ownership by reviewing shareholders' registers provided by Euroclear, and have routines in place for reporting any changes in ownership which exceed any applicable thresholds. However, it should be noted that share registers from Euroclear do not always provide a complete picture of the ownership in the company. Any failure to comply with obligations and reporting requirements in respect of these permits and/or licences may result in the respective authority revoke or withdraw such permits and/or licences. A licence-granting authority may also require that a new shareholder whose shareholding in the company exceeds a certain level cooperates with the authority in different ways. See also the sections "*Risk factors—Evolution is subject to risk related to requirements in respect of licences and certifications*" and "*Risk factors—Evolution is subject to risk related to laws and regulations in different jurisdictions*".

Business related agreements

CUSTOMER AGREEMENTS WITH GAMING OPERATORS

Evolution is a party to approximately 300 customer agreements with gaming operators and gaming platforms, of which a majority is based in Europe. The majority of the customer agreements are based on Evolution's standard template agreement.

Under the customer agreements, Evolution provides casino games and other casino services to the gaming operators. In turn, the gaming operators are entitled to provide such games and services to their end users as well as to market the games and services. Evolution also undertakes to provide a certain level of service (for example, to rectify any faults within a certain time and to have a minimum operating time).

Normally, both parties can terminate the agreement with immediate effect if the services provided by Evolution will be subject to investigation by any regulatory authority or if they are likely to violate

any applicable regulations. Evolution's liability under the agreements is generally limited to a maximum agreed amount.

Evolution's revenues mainly consist of variable remuneration, such as commissions, as well as fixed fees on a monthly basis for dedicated tables and other services. The commission is usually calculated as a certain percentage of the operator's profits which are generated by Evolution's games, on basis of the operators' net or gross gaming revenues.

The customer agreements also includes obligations of the gaming operators to not provide Evolution's services to users in certain territories.

COOPERATION AGREEMENTS WITH LAND-BASED CASINOS

Evolution is a party to a number of cooperation agreements with land-based casinos and has, for purposes of providing Live Casino services to the respective market or partner, built studios for live streaming in the casino premises owned by the respective partners, see further the section "*Business description—Production studios*".

Normally, both parties can terminate the agreement with immediate effect if the services provided will be subject to investigation by any regulatory authority or if they are likely to violate any applicable regulations. Evolution's liability under the agreements is generally limited to a maximum agreed amount.

DISTRIBUTION AGREEMENTS WITH LICENSERS

Evolution is a party to a number of distribution agreements with licensors who own, or have the right to sublicense, certain intellectual property rights that Evolution uses for its games. Under the agreements, Evolution is entitled to use the licensors' rights as well as to market and make agreed games available for Evolution's customers (and thereby also for the customers' end users) in the agreed format and, in conjunction therewith, provide Evolution's services. Evolution also undertakes to further develop software for the games subject to the licensor's approval. Territorial restrictions apply pursuant to the agreements, and any possibility of sublicensing is further regulated in the respective agreement. Evolution pays both fixed licence fees and percentage variable fees, which are based on either gross or net profit.

RENTAL AGREEMENTS

In addition to the operations conducted in the group-owned property in Latvia, Evolution conducts its operations in leased premises. Evolution also rents spaces for servers and other technical equipment in different parts of the world (these locations vary from time to time). Evolution considers the rental terms and rental fees to be customary and in line with market practices in the markets relevant to Evolution. As of the date for this Offer Document, no material rental agreements have been terminated and no rental agreements are subject to renegotiation. Besides from the rental agreements regarding studios in Georgia and Malta, Evolution does not consider the company to be dependent on any individual rental agreement. It is the opinion of Evolution that the company, if such need arises, would be able to find new premises to lease during the respective notice period.

Agreements related to the Offer

Certain major shareholders in NetEnt have, subject to certain conditions, undertaken towards Evolution to accept the Offer, see the section “*Offer to the shareholders of NetEnt–Undertakings to accept the Offer*”.

Legal proceedings and arbitration proceedings

During the last twelve months, Evolution has not been a party in any legal or arbitration proceedings (including any such proceedings which are pending or threatening of which Evolution is aware) which have had, or may have, significant effects on the company’s or the group’s financial position or profitability.

Insurances

Evolution’s insurance policies include certain customary business insurances and liability insurances for the board member and the Chief Executive Officer. Evolution considers its insurance coverage to be sufficient and in line with market practice.

Transactions with closely related parties

See note 21 (with further reference to note 3) in Evolution’s financial statements for the financial years 2017–2019 for a description of Evolution’s transactions with closely related parties during these financial years. The notes are incorporated by reference in this Offer Document and are a part of the Offer Document (see the section “*Presentation of financial information–Documents incorporated by reference*”).

Advisers’ interests

SEB provides financial advice to Evolution in connection with the Offer and will receive a pre-agreed advisory fee.

Costs attributable to the Offer

Evolution expects that the costs attributable to the Offer will amount to approximately EUR 2–3 million.

Competent authority and approval of the Offer Document

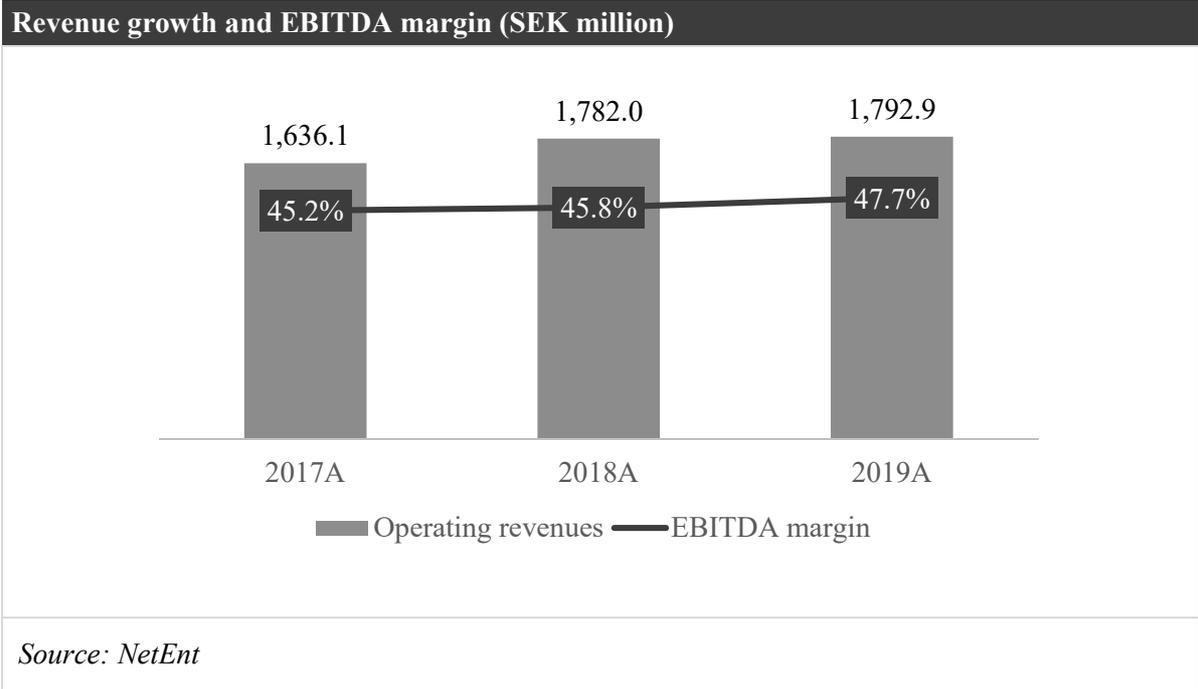
This Offer Document (in Swedish) has been approved and registered by the SFSA in accordance with Chapter 2 of the Swedish Act on Public Takeovers on the Stock Market and Chapter 2 a of the Swedish Financial Instruments Trading Act. In addition, the SFSA, after review in accordance with Chapter 2, Section 5 of the Swedish Act on Supplementary Provisions to the EU Prospectus Regulation (with further references to Article 1.4(f) of the Prospectus Regulation), has not found reason to decide that Evolution shall be required to prepare and publish a prospectus in respect of the Offer. The SFSA’s decision does not imply that the SFSA guarantees that the information in the Offer Document is correct or complete. The visiting address of the SFSA is Brunnsgatan 3, SE-111 38 Stockholm, Sweden. The phone number of the SFSA is +46 (0)8-408 980 00 and its website is www.fi.se.

Information about NetEnt

Business overview

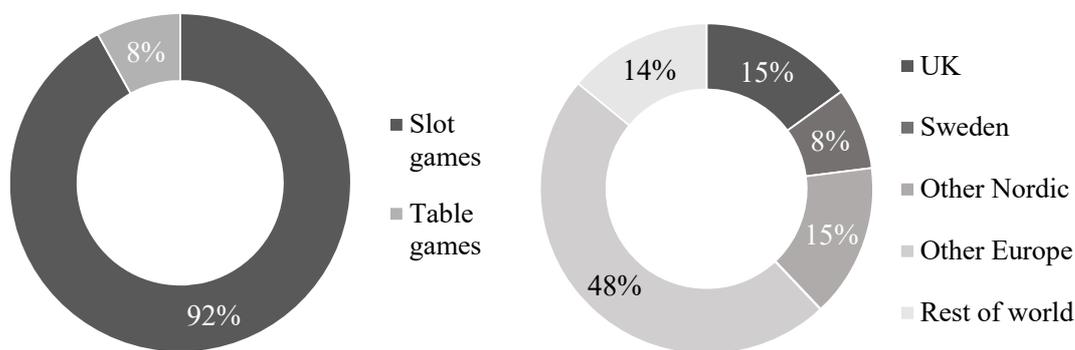
Introduction to NetEnt

NetEnt is a leading supplier of digitally distributed gaming systems that are used by a number of the largest gaming operators in the world. The operators are provided with a customised system solution that is quickly and easily integrated, ensuring cost-efficient operations and minimising installation-to-operation times. Given that the company is a B2B supplier, the company does not conduct any B2C gaming operations of its own.



The company’s revenues and operating profits have shown positive growth over the past five years. The company’s revenues for 2019 amounted to SEK 1,793 million, corresponding to an increase of 0.6 per cent compared to 2018.

Gross gaming revenues by game type and regions



Source: NetEnt

The Slot games category represented around 92 per cent of the gross gaming revenues in the company's games in 2019, and the remainder derived from the table games category.

The group's parent company, NetEnt AB (publ), is based in Stockholm, Sweden, where group-wide administration and some development and technical coordination take place. Everything relating to the group's business-critical functions, such as product management, sales, operations, customer support and marketing is operated and decided upon through the subsidiaries on Malta. Product development takes place at the company's offices in Stockholm, Gothenburg, Kiev, Krakow, Sofia, and through a sub-contractor in India. The company also has sales offices in Gibraltar, London and New Jersey as well as operating activities in Alderney. The group employed 1,062 people at the end of 2019, including external resources.

Since 2009, NetEnt's shares of series B are listed on Nasdaq Stockholm under the ticker NET-B.

History

1996: The company is founded by Pontus Lindwall in association with Cherry and Kinnevik. **2005:** The company obtains a gaming licence in Malta. **2007:** NetEnt is subject to a spin-off from Cherry and its shares of series B are listed on NGM Equity. **2009:** The company moves to the main list of the Stockholm Stock Exchange (Nasdaq Stockholm). **2013–2014:** Several key customers agreements are signed in the United Kingdom and Live Casino is launched. **2015:** The company launches games at several leading operators in New Jersey (the United States). **2019:** The company acquires Red Tiger Gaming for GBP 200 million. The company launches 33 games, compared to 21 in the previous year, despite fewer employees. Games are launched in the newly regulated market Pennsylvania (the United States). **2020:** A reorganisation that involves full integration with Red Tiger is being implemented to strengthen the profitability. The company gains market shares in the fast-growing markets in the United States (New Jersey and Pennsylvania).

Mission and vision

MISSION

We love and understand players, and we always strive to deliver the best entertainment. We are humble yet confident in our pursuit of creating extraordinary experiences for players, operators and suppliers – now and for the future.

VISION

To create the future of gaming.

Strategy

- **Geographic expansion and regulated markets.** Geographic expansion into prioritised markets is a key part of the company’s strategy. Europe is top priority, followed by the United States and Asia. The focus for growth is on locally-regulated markets, although the company continues to operate on markets which are not, but are expected to eventually become, locally-regulated.
- **Innovation and quality for a premium product.** The company’s products and operations shall be characterised by innovation and an ambition to always deliver the highest quality. The customer offering shall be the foremost on the market under the “Better Gaming” motto, with a high entertainment value for the player.
- **Partnership with gaming operators.** The company’s strategy is to be a close partner to, and to grow alongside, new and existing customers. “Better Gaming” means better business for both the customers and the company.
- **Focus on players.** The player shall be the focus of the company’s operations and an understanding of what the players are looking for shall permeate the production development as well as the marketing. The ambition is to continue to deliver world-class gaming experiences through new, innovative games and functions.
- **An attractive employer with a strong corporate culture.** The company shall be a first choice for persons qualified in gaming technology and the corporate culture shall promote growth. The company strives for an open, innovative and result-oriented culture based on shared values.

Business model

NetEnt is a B2B company developing and distributing software (gaming and system solutions) to online casino operators around the world. The company takes responsibility for hosting, *i.e.* all technical operations and the monitoring of gaming transactions, so that the company’s customers, the gaming operators, can focus on their core operations. The company also plays an active part in the integration work for new customers.

The company’s revenues mainly consist of monthly licence revenues, which are calculated as a percentage of the gross gaming revenues (player bets less player wins) that are generated by the company’s games at the customers. When signing new customer agreements, the customers are also invoiced for set-up fees.

PRODUCTS

The company's gaming system features around 200 titles that can be played on computers, tablets, mobiles, and in some cases, physical gaming machines. The game portfolio comprises premium games for a variety of player preferences in terms of theme, graphics, audio and mathematics.

Overview of the product offering	
Video-Slots	Video-Slots accounted for 92 per cent of the company's gross gaming revenues in 2019. The diverse portfolio comprises a range of well-known popular games, for example Starbust™, Gonzo's Quest™ and Twin Spin™. NetEnt also collaborates in order to develop games based on well-known brands, so-called branded games. In the latter category, the games Narcos and Ozzy Osbourne were launched in 2019.
Live Casino	Live Casino is broadcasted in real-time by video link from a studio in Malta. The product is available for gaming on both computers and mobile devices. As a result of product improvements, the company continued to strengthen its offering within Live Casino in 2019.
Social Casino	The company has begun developing an application that would enable games to be distributed via Facebook, which are not based on player bets and wins in the traditional sense.
Other games	The company also offers lottery games, scratch cards and mini games.

CUSTOMERS

NetEnt has a large customer base of gaming operators, most of which are based in Europe. Through a close collaboration with its customers, the company generates added value and develops market leading products. An understanding of what makes good entertainment in a secure environment is a key part of the company's success. The operations and all products comply with applicable regulations set forth by gaming authorities around the world, with consumer protection, responsible gaming, anti-money laundering and anti-corruption being areas of key importance.

The company has conducted operations in New Jersey since 2015 and in Pennsylvania since 2019, two states that have implemented legislation allowing for online casino. The company is monitoring the re-regulation development in North America for a possible further expansion in the future. In 2019, the European market was the company's largest market, accounting for in total 86 per cent of the company's total gross gaming revenues, of which the United Kingdom accounted for 15 per cent, Sweden 8 per cent, the rest of the Nordic region 15 per cent and the rest of Europe 48 per cent. The rest of the world accounted for the remaining 14 per cent in 2019.

In 2019, no customer accounted for more than 5 per cent of the group's total revenues, with the three largest customers accounted for 13 per cent of the group's total revenues.

TECHNOLOGY

The company is responsible for all technical operations and the monitoring of gaming transactions on behalf of its customers using a back office tool. The operations function constantly monitors the systems and provides technical support. Regular system upgrades ensure that the operators can always deliver good service, as well as the availability of the latest operating systems.

The development work is driven by the high demands of the operators and the players with regard to quality, renewal, user-friendliness and availability. The gaming development takes place at the company's offices in Stockholm, Gothenburg, Sofia, Kiev and Krakow, and through a partner in India.

Employees

At the end of 2019, the number of employees in the group amounted to 862 full-time equivalents (FTEs) (2018: 804). Including external resources, such as dedicated personnel at sub-contractors and consultants, the company employed 1,062 persons (2018: 990) at the end of the year, defined as the corresponding number of FTEs. The figures for 2019 include Red Tiger Gaming's employees. The company's employees are based in the company's offices in Sweden, Malta, Bulgaria, Ukraine, Poland, the United Kingdom, Gibraltar and the United States.

Licences and certifications

NetEnt holds licences in the following jurisdictions: Malta, Gibraltar, Alderney, Belgium, the United Kingdom, Spain, the United States (New Jersey and Pennsylvania) and Romania. In addition, the company's products are certified in the following jurisdictions: Sweden, Denmark, Finland, Norway, Italy, Switzerland, Estonia, Latvia, Lithuania, Portugal, Serbia, Croatia, Czech Republic, Slovakia, Hungary, Mexico, Colombia, Isle of Man and Curacao.

Sustainability

Sustainability is a key condition for NetEnt's long-term growth, and the company is committed to working towards a sustainable development in society. The company maintains an ongoing dialogue with its stakeholders to determine which sustainability areas within the company's operations that are considered to be of a material importance.

The company is a member of the Swedish Online Gambling Association (Sw. *Branschföreningen för Onlinespel*), which advocates a healthy and safe gambling market in Sweden featuring good consumer protection and equal conditions for all actors on the market. The company is also a member of the Remote Gambling Association (RGA), a European industry trade organisation that works toward a responsible and fair regulated gambling market in Europe. The company has been a member of the World Lottery Association (WLA) since 2016, an international trade organisation for state-run gaming operators and their suppliers. In the United Kingdom, NetEnt cooperates with support organisations, such as Gamble Aware and Gam Care.

Selected financial information

The following section presents selected financial information that has been derived from NetEnt's consolidated financial statements for the financial years 2017–2019 as well as from NetEnt's interim report for the period 1 January–30 June 2020.⁶ The consolidated financial statements for the financial years 2017–2019 have been prepared in accordance with IFRS and have been audited by NetEnt's auditor for the relevant years, Deloitte AB. The financial interim information for the periods 1 January–30 June 2019 and 1 January–30 June 2020 has been prepared in accordance with IFRS. The financial interim information for the period 1 January–30 June 2020 have been reviewed by NetEnt's current auditor.

The selected financial information in this section must be read together with NetEnt's consolidated financial statements for the financial years 2017–2019 and NetEnt's interim report for the period 1 January–30 June 2020, included in its entirety in the section "NetEnt's interim report for January–June 2020".

Consolidated income statement

	1 January–30 June		1 January–31 December		
	2020A <i>Unaudited</i>	2019A <i>Unaudited</i>	2019A <i>Audited</i>	2018A <i>Audited</i>	2017A ⁶ <i>Audited</i>
(SEK million)					
Revenues	1,065.6	824.7	1,766.7	1,778.2	1,630.6
Other revenues	24.4	12.8	26.2	3.8	5.5
Total operating revenues	1,090.1	837.5	1,792.9	1,782.0	1,636.1
Operating expenses					
Personnel expenses	-268.3	-248.5	-491.1	-535.9	-458.0
Depreciation, amortisation and impairment	-215.3	-141.3	-326.3	-215.0	-158.0
Other operating expenses	-293.9	-191.5	-446.7	-430.0	-438.4
Total operating expenses	-777.4	-581.4	-1,264.2	-1,180.9	-1,054.4
Operating profit	312.7	256.1	528.7	601.1	581.6
Financial items					
Financial income	80.1	33.1	73.0	62.1	18.9
Financial expense	-205.9	-27.4	-128.5	-41.0	-20.6
Total financial items	-125.8	5.7	-55.5	21.1	-1.7
Profit before tax	186.9	261.8	473.2	622.2	579.9
Tax on profit for the period	-16.4	-21.6	-44.3	-45.0	-32.7
Profit for the period	170.4	240.2	428.9	577.2	547.2

⁶ The items for the financial year 2017 are presented as they are presented in the consolidated financial statements for the financial year 2018, where the items for the financial year 2017 have been subsequently adjusted for IFRS 15.

Consolidated balance sheet

(SEK million)	30 June		31 December		
	2020A <i>Unaudited</i>	2019A <i>Unaudited</i>	2019A <i>Audited</i>	2018A <i>Audited</i>	2017A <i>Audited</i>
<i>Assets</i>					
Non-current assets					
Intangible fixed assets	2,809.5	351.8	3,009.9	334.8	318.2
Property, plant and equipment	76.8	104.8	94.7	123.0	151.3
Right-of-use assets	193.2	252.7	228.8	–	–
Deferred tax receivable	4.4	5.3	4.7	6.0	5.3
Other assets	18.3	27.8	26.1	30.3	31.8
Total non-current assets	3,102.3	742.5	3,364.3	494.1	506.7
Current assets					
Accounts receivable ⁷	326.8	82.6	219.9	64.4	55.8
Other receivables	11.5	46.2	55.7	51.9	74.8
Prepaid expenses and accrued income	66.1	180.5	201.0	211.0	210.4
Funds held on behalf of licensees	107.3	97.8	51.1	29.5	82.5
Cash and cash equivalents	254.3	193.0	265.5	500.8	387.0
Total current assets	766.0	600.1	793.1	857.7	810.6
TOTAL ASSETS	3,868.4	1,342.5	4,157.4	1,351.8	1,317.3
<i>Equity and liabilities</i>					
Equity					
Share capital	1.2	1.2	1.2	1.2	1.2
Other capital contributed	306.9	96.0	96.0	93.8	93.8
Reserves	-11.2	43.0	170.3	32.3	24.6
Retained earnings incl. profit for the year	620.5	500.5	689.2	828.7	791.8
Total equity	917.5	640.7	956.7	956.0	911.4
Non-current liabilities					
Advance payments from customers	7.1	21.7	12.4	7.3	52.3
Bank loans	1,874.7	–	2,000.6	–	–
Other non-current liabilities	66.3	–	300.4	–	–
Leases	117.4	179.9	152.4	–	–
Deferred tax liability	58.8	10.6	66.6	10.2	11.3
Total non-current liabilities	2,124.2	212.2	2,532.4	17.5	63.6
Current liabilities					
Accounts payable	57.5	29.6	36.9	30.8	44.4
Current tax liabilities	22.9	32.0	56.1	24.4	25.6
Leases	61.2	63.8	63.2	–	–
Bank loans	242.0	–	237.6	–	–
Other liabilities	272.8	205.0	139.1	138.9	145.8
Accrued expenses and deferred income	170.3	159.3	135.5	184.2	126.4
Total current liabilities	826.7	489.7	668.4	378.3	342.2
TOTAL EQUITY AND LIABILITIES	3,868.4	1,342.5	4,157.4	1,351.8	1,317.3

⁷ From and including March 2020, NetEnt is invoicing its monthly revenues in the current month. Historically, the invoices have been issued in the beginning of the next month.

Consolidated cash flow statement

(SEK million)	1 January–30 June		1 January–31 December		
	2020A <i>Unaudited</i>	2019A <i>Unaudited</i>	2019A <i>Audited</i>	2018A <i>Audited</i>	2017A <i>Audited</i>
Operating activities					
Operating profit	312.7	256.1	528.7	601.1	581.6
<i>Adjustments for non-cash items</i>					
Depreciation, amortisation and impairment	215.3	141.3	326.3	215.0	158.0
Other	-1.0	8.6	-20.0	0.3	-4.7
Interest received	–	–	–	–	0.0
Interest paid	-27.4	-2.1	-8.8	-2.0	-1.3
Income tax paid	-53.6	-12.4	-22.0	-48.4	-40.9
Cash flows from operating activities before changes in working capital	445.9	391.6	804.2	766.0	692.8
Change in working capital	77.7	-15.5	-229.4	61.9	-26.8
Cash flows from operating activities	523.6	376.1	574.9	827.9	666.1
Investing activities					
Acquisition of subsidiaries	–	–	-2,281.4	–	–
Investment in intangible fixed assets	-110.0	-91.6	-188.7	-147.5	-156.4
Investment in property, plant and equipment	-6.3	-7.3	-18.9	-38.6	-86.9
Cash flows from investing activities	-116.3	-98.9	-2,489.0	-186.1	-243.3
Financing activities					
Bank loans raised	–	–	2,296.4	–	–
Amortisation of bank loan	-142.7	–	–	–	–
Amortisation of lease liability	-37.0	-29.7	-61.1	–	–
Repurchase of own shares	–	-30.4	-30.4	–	–
Distribution to shareholders / dividend	-239.1	-538.0	-538.0	-540.3	-540.3
Premium received for stock options	6.1	2.2	2.2	–	3.6
Repurchase of share options	-0.4	–	–	–	-0.1
Cash flows from financing activities	-413.1	-595.9	1,669.1	-540.3	-536.7
Cash flow for the period	-5.8	-318.8	-245.1	101.5	-113.9
Opening cash and cash equivalents	265.5	500.8	500.8	387.0	494.5
Exchange rate difference in cash and cash equivalents	-5.3	11.0	9.7	12.3	6.4
Closing cash and cash equivalents	254.3	193.0	265.5	500.8	387.0

Selected key ratios

(SEK million)	1 January–30 June		1 January–31 December		
	2020A <i>Unaudited</i>	2019A <i>Unaudited</i>	2019A <i>Audited</i>	2018A <i>Audited</i>	2017A <i>Audited</i>
Financial measures according to IFRS					
Operating revenues	1,090.1	837.5	1,792.9	1,782.0	1,636.1
Operating profit	312.7	256.1	528.7	601.1	581.6
Earnings per share, basic (SEK)	0.71	1.00	1.79	2.40	2.28
Earnings per share, diluted (SEK)	0.70	1.00	1.79	2.40	2.28
Average number of shares outstanding, diluted	243,035,035	239,813,180	239,469,216	240,130,860	240,130,860
Number of outstanding shares at end of period, basic	245,458,035	239,130,860	239,130,860	240,130,860	240,130,860

Number of outstanding shares at end of period, diluted	247,253,152	239,130,860	239,130,860	240,130,860	240,130,860
Effective tax rate, %	8.8%	8.2%	9.4%	7.2%	5.6%

Alternative key figures

Revenue growth, %	30.2%	-3.4%	0.6%	8.9%	12.4%
EBITDA	527.9	397.4	855.1	816.1	739.7
EBITDA margin, %	48.4%	47.5%	47.7%	45.8%	45.2%
EBIT margin, %	28.7%	30.6%	29.5%	33.7%	35.6%
Return on equity rolling 12 months, %	40.2%	60.7%	44.8%	60.4%	60.0%
Equity/assets ratio, %	23.7%	47.7%	23.0%	70.7%	69.2%
Net interest-bearing liabilities	2,157.7	65.2	2,418.1	-500.8	-387.0
Book equity per share (SEK)	3.74	2.67	3.99	3.98	3.80
Distribution to shareholders per share (SEK) ¹	–	–	1.00	2.25	2.25

Operational key figures

Average number of employees	889	757	779	800	748
Employees at end of period	863	720	862	804	791
Employees and consultants at end of period	1,067	939	1,062	990	994

¹ Distribution to shareholders for each period is made in practice the following full financial year.

Reconciliations

(SEK million)	1 January–30 June		1 January–31 December		
	2020A ¹ <i>Unaudited</i>	2019A ¹ <i>Unaudited</i>	2019A <i>Audited</i>	2018A <i>Audited</i>	2017A <i>Audited</i>
EBITDA					
(A) Profit for the period	170.4	240.2	428.9	577.2	547.2
(B) Tax on profit for the period	16.4	21.6	44.3	44.9	32.7
(C) Net financial items	125.8	-5.7	55.5	-21.1	1.7
(D) Depreciation / amortisation	215.3	141.3	326.3	215.0	158.0
(E) EBITDA (A) + (B) + (C) + (D)	527.9	397.4	855.1	816.1	739.7
Net interest-bearing liabilities					
(A) Interest-bearing provisions	–	–	–	–	–
(B) Bank loans	2,116.7	–	2,238.3	–	–
(C) Lease liability	178.6	258.2	215.5	–	–
(D) Net present value of earn-out consideration	116.8	–	229.8	–	–
(E) Cash and cash equivalents	254.3	193.0	265.5	500.8	387.0
(F) Net interest-bearing liabilities (A) + (B) + (C) + (D) - (E)	2,157.7	65.2	2,418.1	-500.8	-387.0

¹ Figures for EBITDA produced through derivation of key ratios in interim reports by summing up the quarters January–March and April–June for each year.

Definitions of key ratios

Ratio	Definition	Purpose
Revenue growth	Percentage increase of operating revenues compared to the corresponding period for the preceding year.	A measure used to assess the company's growth.
EBITDA margin	Operating revenue excluding depreciation/amortisation divided by operating revenue.	A measure used to assess the company's profitability.
Operating margin	Operating profit divided by operating revenue.	A measure used to assess the company's profitability.

Return on equity	Net profit for the period as a percentage of average equity.	A measure used to assess the company's ability to earn a return on the capital that its shareholders made available.
Equity/assets ratio	Calculated as equity divided by total assets at the end of period.	A measure used to assess the company's payment capacity in the long and short term and the capital structure of the company.
Net interest-bearing liabilities	Net interest-bearing provisions and liabilities minus financial assets and cash and cash equivalents.	A measure used to assess the company's financial position and the possibility of distributing money to shareholders.
Cash flow from operating activities per share	Cash flow from operating activities divided by the average number of outstanding shares during the period after dilution.	A measure used to assess the company's financial performance and ability to generate positive cash flow.
Average number of employees	Average number of employees restated as full-time equivalents.	
Number of employees at end of period	Number of employees at end of period restated as full-time equivalents.	
Number of people employed at end of period	The number of employees and external resources such as dedicated persons at sub-contractors and consultants at end of period, restated to full-time equivalents.	
Earnings per share	Profit after tax divided by the average number of outstanding shares during the period.	
Equity per share	Equity divided by the number of outstanding shares at the end of period.	
Dividend per share	Sent/proposed dividend. Dividend here refers also to distribution to shareholders.	
Average number of outstanding shares	Weighted average of the number of outstanding shares during the period, adjusted for bonus issues and share splits.	
Total number of outstanding shares	The number of the outstanding shares at end of period, adjusted for bonus issues and share splits.	

Board of directors, senior executives and auditor

Board of directors

NetEnt's board of directors currently comprises the following board members, elected by the annual general meeting on 29 April 2020 for the period until the close of the annual general meeting 2021.

Mathias Hedlund

Chairman since 2020.

Shareholding in NetEnt: 30,000 shares of series B.

Born: 1970.

Education: MSc, Business Administration, Stockholm University.

Other current positions: CEO of Etraveli Group, where he has been since 2014.

Previous positions: Board member of Betsson and chairman of the board of Euroflorist. Senior executive roles at Klarna, Eniro and Svenska Spel.

Independence: Independent in relation to NetEnt and the senior management as well as NetEnt's major shareholders.

Fredrik Erbing

Board member since 2008.

Shareholding in NetEnt: 240,000 of series B (of which 120,000 shares of series B in endowment insurance).

Born: 1967.

Education: MSc, Engineering, Royal Institute of Technology in Stockholm.

Other current positions: Vice President CGI (prev. Acando) where he has been operative since 2000.

Previous positions: Operative within Accenture during eight years.

Independence: Independent in relation to NetEnt and the senior management as well as NetEnt's major shareholders.

Peter Hamberg

Board member since 2009.

Shareholding in NetEnt: 1,691,000 shares of series A and 3,462,844 shares of series B.

Born: 1973.

Education: BSc, International Business Administration, San Francisco State University.

Other current positions: CEO and board member of Hamberg Förvaltnings AB, where he has been operative since 2005. Board member of C-RAD AB, Sensavis, Ctrl Print and Solporten Fastighets AB.

Previous positions: –

Independence: Independent in relation to NetEnt and the senior management. Not independent in relation to NetEnt's major shareholders.

Pontus Lindwall

Board member since 2011. Founder of NetEnt.

Shareholding in NetEnt: 2,109,000 shares of series A and 4,982,920 shares of series B (of which 842,920 shares of series B in endowment insurance).

Born: 1965.

Education: MSc, Engineering, Royal Institute of Technology in Stockholm.

Other current positions: CEO of Betsson AB (publ) as well as board member of Mostphotos AB and Solporten Fastighets AB.

Previous positions: Operative within the Betsson and Cherry group since 1991.

Independence: Independent in relation to NetEnt and the senior management as well as NetEnt's major shareholders.

Maria Redin

Board member since 2012.

Shareholding in NetEnt: 11,880 shares of series B.

Born: 1978.

Education: MSc, Business Administration, University of Gothenburg.

Other current positions: Chief Financial Officer in MTG.

Previous positions: A number of senior positions within MTG since 2004.

Independence: Independent in relation to NetEnt and the senior management as well as NetEnt's major shareholders.

Lisa Gunnarsson

Board member since 2019.

Shareholding in NetEnt: 10,900 shares of series B.

Born: 1978.

Education: Degree in business administration and marketing, IHM Business School.

Other current positions: Head of Nordics, LinkedIn as well as board member of Stockholm Chamber of Commerce and Speqta AB (publ).

Previous positions: Active in senior roles at CEB and SuperOffice.

Independence: Independent in relation to NetEnt and the senior management as well as NetEnt's major shareholders.

Christoffer Lundström

Board member since 2019.

Shareholding in NetEnt: 515,200 shares of series B (of which 154,000 shares of series B in endowment insurance).

Born: 1973.

Education: BA, Webster University. Hotel Management Diploma, HOSTA.

Other current positions: Owner and CEO of investment company RCL Holding AB. Board assignments in Collector AB, Feelgood Svenska AB, Harrys Pubar AB, Future Pawnbroker in Scandinavia AB, Tableflip Entertainment AB, AM Brands AB and KL Capital AB as well as in a number of boards within the Provobis sphere.

Previous positions: Board assignment in Scandic Hotel AB.

Independence: Independent in relation to NetEnt and the senior management. Not independent in relation to NetEnt's major shareholders.

Jonathan Petteimerides

Board member since 2019.

Shareholding in NetEnt: –

Born: 1980.

Education: BSc, St. Mary's University College.

Other current positions: Omnichannel Director, Rank Group plc.

Previous positions: CEO of Brix Interactive Gaming and Group Business Development Director TCS John Huxley.

Independence: Independent in relation to NetEnt and the senior management as well as NetEnt's major shareholders.

Senior executives

NetEnt's senior management comprises the following senior executives.

Therese Hillman

Group CEO. Employed since 2017.

Shareholding and holding of warrants in NetEnt: 69,965 shares of series B and 240,000 warrants.

Born: 1980.

Education: MSc, Business Administration, Stockholm School of Economics.

Other current positions: Board member of Actic Group AB.

Previous positions: Operative within e-commerce for ten years. CEO of Gymgrossisten and before that operative as COO and CFO, respectively, for Gymgrossisten.

Gavin Hamilton

Chief Operating Officer (COO) and CEO Red Tiger. Employed since 2017 (Red Tiger).

Shareholding and holding of warrants in NetEnt: 189,815 shares of series B and 100,000 warrants.

Born: 1981.

Education: BA, Accounting and Finance, Dublin City University. MSc, Accounting, Dublin City University. Fellow of Chartered Accountants, Ireland.

Previous positions: Experiences from senior positions within the gaming industry at Paddy Power Betfair, most recent as Director of Gaming and before then within private equity, corporate finance and auditing.

Henrik Fagerlund

Managing Director NetEnt Malta Holding Ltd. Employed since 2014.

Shareholding and holding of warrants in NetEnt: 53,100 shares of series B and 118,464 warrants.

Born: 1970.

Education: MSc, Engineering, Uppsala University.

Previous positions: Many years of experience from senior positions within the gaming industry, e.g. at Paf och Boss Media (now GTECH).

Lara Falzon

Operational Chief Financial Officer (CFO). Employed since 2018 (Red Tiger).

Shareholding and holding of warrants in NetEnt: 50,000 warrants.

Born: 1985.

Education: BA, Commerce, University of Malta. Chartered Certified Accountant (ACCA).

Previous positions: Group CFO, Red Tiger Gaming and Group CFO, Evoke Gaming as well as Group Financial Controller, King.com.

Carl Ejlertsson

Director Games. Employed since 2016 (Red Tiger).

Shareholding and holding of warrants in NetEnt: 12,150 shares of series B and 50,000 warrants.

Born: 1994.

Education: Technical high school education, Framtidsskolan, Ängelholm.

Previous positions: Many years of experience from the gaming industry, most recent as Head of Business Development, Red Tiger and before that Casino Insight Lead, Betsson.

Andy Whitworth

Managing Director NetEnt UK & Chief Commercial Officer. Employed since 2019.

Shareholding and holding of warrants in NetEnt: 73,464 warrants.

Born: 1981.

Education: BA, Business Studies, University of Derby.

Previous positions: Many years of experience from senior positions within the gaming industry, most recent as Director of Commercial Management, GVC Group.

Rob Fell

Deputy COO. Employed since 2019.

Shareholding and holding of warrants in NetEnt: 48,464 warrants.

Born: 1983.

Education: BA, Leadership and Management, The Open University. MBA, Technology Management, The Open University.

Previous positions: Many years of experience from senior positions within the gaming industry, most recently as Director of Product, GVC Group.

Tobias Palmberg

Chief Technology Officer. Employed since 2018.

Shareholding and holding of warrants in NetEnt: 48,464 warrants.

Born: 1978.

Education: MSc, Informatics, Mid Sweden University.

Previous positions: Many years of experience from system and product development in online environments in gaming, finance and consulting services, e.g. at Klarna, Electrolux and Kindred.

Andres Rengifo

Director Live Casino. Employed since 2019.

Shareholding and holding of warrants in NetEnt: 98,464 warrants.

Born: 1982.

Education: BSc, Computer Science, Kingston University.

Previous positions: Many years of experience from the gaming industry, most recent as Head of International Operations at Evolution.

Auditor

The annual general meeting on 29 April 2020 appointed the registered public accounting firm Öhrlings PricewaterhouseCoopers AB as the new auditor of NetEnt for the period until the end of the annual general meeting 2021. Niklas Renström, an authorised public accountant and member of FAR, is the auditor in charge. Öhrlings PricewaterhouseCoopers AB's office address is Torsgatan 21, SE-113 97, Stockholm, Sweden.

Deloitte AB was NetEnt's auditor during the financial years 2008–2019 (Erik Olin, an authorised public accountant and member of FAR, was the auditor in charge during the financial years 2015–2019).

Shares, share capital and ownership structure

Shares and share capital

Pursuant to the articles of association of NetEnt, the share capital shall amount to not less than SEK 500,000 and not more than SEK 2,000,000, divided among not less than 180,000,000 shares and not more than 720,000,000 shares (of which not more than 90,000,000 shares of series A and not more than 630,000,000 shares of series B). As of the date of this Offer Document, the registered share capital amounts to SEK 1,237,219.3357, divided among 33,660,000 shares of series A and 212,798,035 shares of series B). Each share has a quota value of SEK 0.00502.

The shares of series A in NetEnt carry ten votes for each share and the shares of series B carry one vote for each share. The shares of series A and the shares of series B carry equal rights to NetEnt's assets and dividends.

All shares in NetEnt have been issued in accordance with Swedish law and denominated in SEK. The shares are freely transferrable and the articles of association of NetEnt contain no restrictions regarding the transferability of the shares.

Holding of treasury shares

As of the date of this Offer Document, NetEnt holds 1,000,000 treasury shares of series B.

CSD affiliation

NetEnt's shares are registered in a CSD register in accordance with the Swedish Central Securities Depositories and Financial Instruments Accounts Act. The CSD register is operated by Euroclear Sweden (Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, Sweden). The ISIN code for the shares of series A is SE0012455509 and the ISIN code for the shares of series B is SE0012455525.

Trading on Nasdaq Stockholm

The shares of series A in NetEnt are not admitted to trading on any market. The shares of series B in NetEnt are admitted to trading on Nasdaq Stockholm.

Share related incentive programs

NetEnt currently has three long-term share related incentive programs for employees in the company.

- The annual general meeting on 21 April 2017 resolved to establish a long-term incentive program for all employees within the NetEnt group. A total of 625,000 warrants are outstanding, with the right to subscribe for an equal amount of new shares in NetEnt. The warrants were issued at the market price SEK 5.05 per warrant (warrant premium) in accordance with a valuation based on Black-Scholes. The strike price for the warrants was determined to SEK 92.40 and subscription for shares can be made during the period 1 August–1 October 2020.
- The annual general meeting on 10 May 2019 resolved to establish a long-term incentive program for certain employees within the NetEnt group. A total of 705,729 warrants are outstanding, with the right to subscribe for an equal amount of new shares in NetEnt. The warrants were issued at the market price SEK 2.15 per warrant (warrant premium) in accordance with a valuation based on Black-Scholes. The strike price for the warrants was determined to SEK 35.60 and subscription for shares can be made during the period 1 August–1 October 2022.

- The annual general meeting on 29 April 2020 resolved to establish a long-term incentive program for certain employees within the NetEnt group. A total of 1,089,388 warrants are outstanding, with the right to subscribe for an equal amount of new shares in NetEnt. The warrants were issued at the market price SEK 5.86 per warrant (warrant premium) in accordance with a valuation based on Black-Scholes. The strike price for the warrants was determined to SEK 49.60 and subscription for shares can be made during the period 1 August–20 September 2023.

In the event of full exercise of the warrants, 2,420,117 new shares of series B would be issued, which would correspond to a dilution effect of approximately 0.44 per cent of the number of votes and 0.98 per cent of the number of shares in the company. The dilution effect has been calculated as the maximum number of shares and votes that may be issued divided with the total number of shares and votes, respectively, in the company after such an issuance.

The company's warrants are not admitted to trading on any market.

The Offer does not include the warrants. Evolution intends to procure that the holders of the warrants are afforded a reasonable treatment in connection with the Offer.

Ownership structure

As of 30 June 2020, the number of shareholders in NetEnt amounted to 16,031. The following table presents the ten largest shareholders in NetEnt as of 30 June 2020.

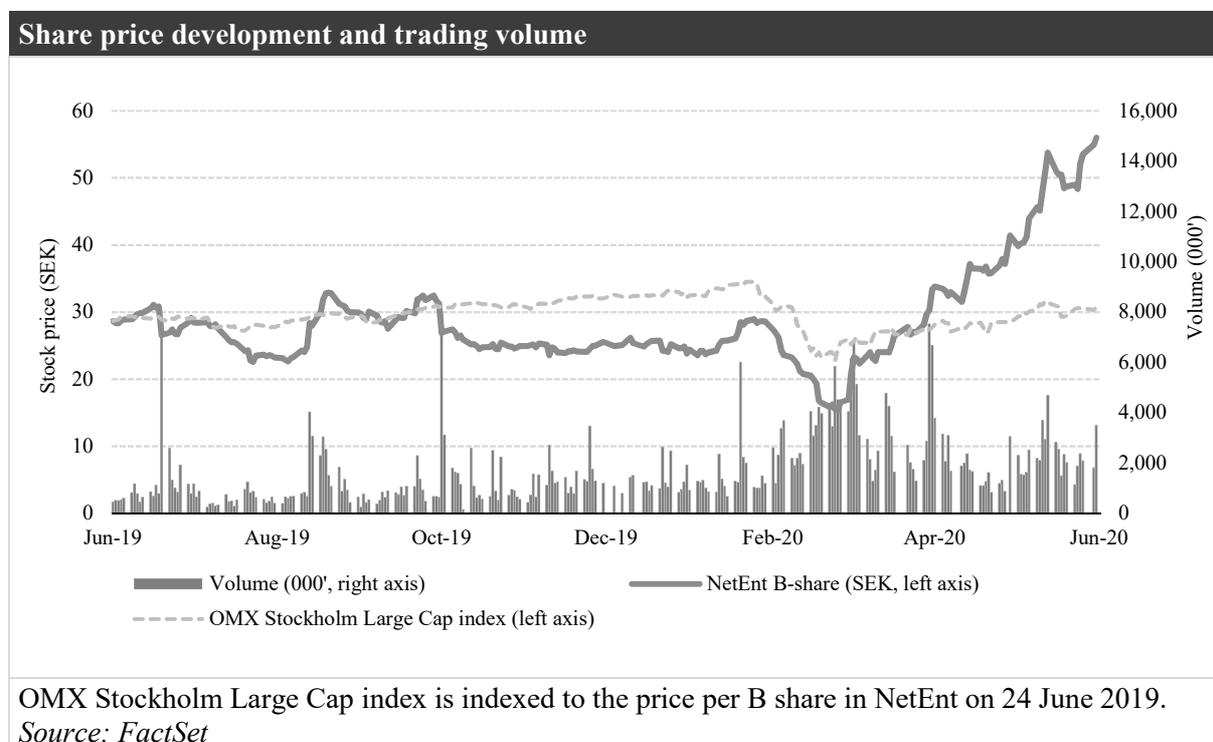
Shareholder	Number of shares of series A	Number of shares of series B	Percentage of share capital	Percentage of votes
Knutsson Holdings AB	6,000,000	7,600,000	5.5%	12.3%
Novobis AB	4,920,000	–	2.0%	9.0%
Berit Lindwall	3,624,000	793,570	1.8%	6.8%
Svenska Handelsbanken AB For PB	2,760,000	8,882,992	4.7%	6.7%
Danske Bank International S.A.	2,052,000	6,788,207	3.6%	5.0%
Union Bancaire Privee, UBP SA	2,109,000	–	0.9%	3.8%
Gactan Boyer	2,000,000	76,090	0.8%	3.7%
Adriana Hamberg	2,000,000	–	0.8%	3.6%
Peter Hamberg	1,691,000	3,462,844	2.1%	3.7%
Pernilla Boyer	1,691,000	3,060,164	1.9%	3.6%
Ten largest shareholders	28,847,000	30,663,867	24.2%	58.2%
Other shareholders	4,813,000	181,134,168	75.8%	41.8%
Total	33,660,000	211,798,035	100%	100%

The number of shares in the table has been adjusted for 1,000,000 repurchased shares of series B that are held by NetEnt.

Source: NetEnt's website (www.netent.com)

Share price development and trading volume

The chart below presents the share price development and trading volume for NetEnt's B share during the twelve latest months up to the announcement of the Offer (*i.e.* 24 June 2019–23 June 2020) compared to Nasdaq Stockholm's Large Cap index during the same period.



Authorisations

The annual general meeting on 29 April 2020 authorised the board of directors of NetEnt to acquire and transfer treasure shares of series B shares, on one or several occasions, during the period until the next annual general meeting. The board of directors was also authorised to, on one or several occasions for the period until the next annual general meeting, resolve on an increase of the company's share capital through the issuance of new shares of series B in the company.

Shareholders' agreements between major shareholders

As far as the board of directors of NetEnt is aware, there are no shareholders' agreements between major shareholders in NetEnt.

Material agreements with major shareholders

In addition to certain shareholders' undertakings to accept the Offer towards Evolution (see the section "*Offer to the shareholders in NetEnt–Undertakings to accept the Offer*"), there are no material agreements between Evolution and NetEnt's major shareholders.

As far as the board of directors of NetEnt is aware, there are no material agreements between NetEnt and its major shareholders.

Dividends and dividend policy

NetEnt's target is for ordinary dividend to amount to at least 60 per cent of profit after tax, subject to the company's long-term capital needs.

The annual general meeting on 29 April 2020 resolved that no dividend was to be paid for the financial year 2019. However, the annual general meeting resolved on a share split and a compulsory redemption program, resulting in a value transfer to the shareholders of SEK 1.00 per share, corresponding to a total amount of SEK 239 million. The redemption was registered with the SCRO on 11 May 2020.

Articles of association

§ 1

The registered name of the company is NetEnt AB (publ).

§ 2

The object of the company's operations is to develop and market commercial services for distribution via Internet and other media and compatible operations.

§ 3

The registered office of the company is in Stockholm, Sweden.

§ 4

The share capital shall be a minimum of SEK 500,000 and a maximum of SEK 2,000,000.

§ 5

The number of shares in the company shall be a minimum of 180,000,000 and a maximum of 720,000,000.

The shares shall be issued in two series, designated Series A and Series B. Series A shares may be issued in a maximum number of 90,000,000 and series B shares in a maximum number of 630,000,000. Each Series A share entitles the holder to ten voting rights and each Series B share to one voting right.

At the request of owners of Series A shares, it shall be possible for Series A shares to be converted into Series B shares, in the sequence outlined below:

A written request for conversion shall be submitted to the company's board of directors. The request shall stipulate the number of shares to be converted and if the request does not pertain to the shareholder's entire holding of Series A shares, the shareholder must specify which of the shares are to be converted. The company's board of directors is obligated to address the matter of conversion at the board meeting immediately following receipt of the request. Conversion shall be reported to the Swedish Companies Registration Office for registration without delay and conversion shall become effective when conversion has been registered in the register of limited liability companies and has been noted in the central securities register.

In the event that the company decides to issue new Series A or Series B shares by means of a cash issue or through an issue offsetting debt, owners of Series A and Series B shares shall have preferential rights to subscription for new shares of the same type in relation to the number of shares already held (primary preferential rights). Shares not subscribed for on the basis of primary preferential rights shall be offered for subscription to all shareholders (subsidiary preferential rights). If the number of shares offered in this manner is insufficient for subscription based on subsidiary preferential rights, the shares shall be distributed in relation to the number of shares already held and, when this is not possible, by lottery.

In the event that the company decides that new shares of either Series A or Series B alone shall be issued through a cash issue or through an issue of offsetting debt, all shareholders, irrespective of

whether they own Series A or Series B shares, shall have preferential rights to the subscription of new shares in relation to the number of shares already held.

In the event that the company decides to issue warrants or convertible debentures through a cash issue or through an issue of offsetting debt, all shareholders will have preferential rights for subscription of warrants as if the issue pertained to those shares that could be issued on the basis of the warrants or will have preferential rights for subscription for convertible debentures as if the issue pertained to these shares for which the convertible debentures could be exchanged.

The aforementioned stipulation shall not constitute any infringement on the possibility to pass a resolution regarding a cash issue or an offset issue that departs from the preferential rights of shareholders.

§ 6

The board of directors shall consist of no fewer than three and no more than nine members.

§ 7

The company shall have no fewer than one auditor and no more than two auditors, with or without deputies.

§ 8

The company's fiscal year shall be the calendar year.

§ 9

Notice of a general meeting shall be made by an announcement in the Swedish Official Gazette (Sw. *Post- och Inrikes Tidningar*) and by making the notice available on the company's website. The company shall advertise in *Dagens Industri* that notice has been made.

§ 10

To be entitled to participate in the business of a general meeting, shareholders shall, firstly, be registered in the transcript or other presentation of the entire share register, as stipulated in Chapter 7, Section 28, third paragraph of the Swedish companies Act (2005:551) pertaining to conditions prevailing five days prior to the meeting and secondly, notify the company of their intention to attend the meeting not later than the day stipulated in the notice convening the meeting. The latter mentioned day may not be a Sunday, any other public holiday, a Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and must not be more than five weekdays before the meeting.

§ 11

Those persons or nominees registered in the share register and the control register specified in Chapter 4 of the Financial Instruments Act (1998:1479), or those who are registered in the control account specified in Chapter 4, Section 18, first paragraph 6-8 of the aforementioned law on the stipulated record date shall be deemed to be entitled to exercise those rights specified in Chapter 4, Section 39 of the Swedish Companies Act (2005:551).

* * *

NetEnt's interim report for January–June 2020



Q2

INTERIM REPORT JANUARY–JUNE 2020

Second quarter 2020

- Revenues for the second quarter amounted to 573 (419) SEKm
- EBITDA was 299 (201) SEKm, corresponding to a margin of 52.3 (48.0)%
- EBIT was 194 (130) SEKm, corresponding to a margin of 33.8 (31.0)%
- Excluding 13 SEKm of transaction costs related to the public offering from Evolution Gaming, EBITDA was 312 (201) SEKm and EBIT was 207 (130) SEKm, corresponding to adjusted EBITDA margin of 54.6 (48.0)% and adjusted EBIT margin of 36.1 (31.0)%
- Earnings after tax amounted to 88 (120) SEKm and fully diluted earnings per share was SEK 0.36 (0.50)
- Excluding non-recurring items ⁽¹⁾, earnings after tax was 157 (120) SEKm and fully diluted earnings per share was SEK 0.64 (0.50)

First half-year 2020

- Revenues for the first half year amounted to 1,090 (837) SEKm
- EBITDA was 528 (397) SEKm, corresponding to a margin of 48.4 (47.5)%
- EBIT was 313 (256) SEKm, corresponding to a margin of 28.7 (30.6)%
- Excluding non-recurring items, EBITDA was 567 (397) SEKm and EBIT was 352 (256) SEKm, corresponding to adjusted EBITDA margin of 52.0 (47.5)% and adjusted EBIT margin of 32.3 (30.6)%
- Earnings after tax amounted to 170 (240) SEKm and fully diluted earnings per share was SEK 0.70 (1.00)
- Excluding non-recurring items, earnings after tax was 264 (240) SEKm and fully diluted earnings per share was SEK 1.09 (1.00)

Important events in the second quarter

- On June 24, 2020, Evolution Gaming announced a public offer to the shareholders of NetEnt. The Board of NetEnt has unanimously recommended shareholders to accept the offer
- A record of 19 new slot games were released, 9 from NetEnt and 10 from Red Tiger
- NetEnt entered new regulated markets in Switzerland, Croatia and Colombia

Quote from Therese Hillman, Group CEO

"Overall, the second quarter was strong for both NetEnt and Red Tiger, resulting in record revenues, earnings and cash flow for the Group. On a proforma basis, the Group's total revenues increased by 15% in euro compared to the same period in 2019. Supported by revenues from the US market, NetEnt (excluding Red Tiger) returned to solid organic growth in the quarter. The US accounted for 10% of total Group gross gaming revenue (GGR), with GGR growth in New Jersey at 148% Y/Y and in Pennsylvania at +100% Q/Q. The underlying EBITDA margin was 54.6% and important steps were taken to fully integrate Red Tiger and to support profitability going forward."

Summary in figures (SEKm)	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Operating revenues	573	419	1,090	837	1,793
EBITDA	299	201	528	397	855
EBITDA margin	52.3%	48.0%	48.4%	47.5%	47.7%
EBIT	194	130	313	256	529
EBIT margin	33.8%	31.0%	28.7%	30.6%	29.5%
Cash flow from operating activities	318	226	524	376	575
Net debt at end of period	2,158	65	2,158	65	2,418

⁽¹⁾ In addition to transaction costs, net financial items were negatively impacted by 63 SEKm due to the changed earn-out structure and subsequent equity issue related to the Red Tiger acquisition, 54 SEKm due to the equity issue and 9 SEKm due to the change in the remaining earn-out liability. A corresponding positive effect was reported for total equity.

Comments by Therese Hillman, Group CEO

On June 24th, 2020, Evolution Gaming announced a public offer to the shareholders of NetEnt. NetEnt's Board of Directors has unanimously recommended shareholders to accept the offer. I share the view that there are significant synergies in combining the two businesses to create a best-in-class B2B provider that can drive the digitalization of the gaming industry worldwide.

The coronavirus pandemic continues to impact people and companies around the world. There are signs that the rapid changes in consumer behavior caused by the pandemic will further speed up the digitalization of a number of industries, including entertainment such as gaming. Just like in other online industries, the major lockdowns in some of our big markets (UK, US, Italy and Germany) led to a positive effect on revenues in April and May, followed by a more normal pattern in June as those economies gradually opened up.

Revenues for the second quarter of the year increased by 37% Y/Y to SEK 573 (419) million. On a proforma basis, including Red Tiger in the previous year's figures, the Group's total revenues increased by 15% in euro compared to the same period in 2019. Most European markets performed well except for the Nordic countries, which continued to underperform for the Group as a whole.

Supported by revenues from the US market, NetEnt (excluding Red Tiger) returned to solid organic growth in the quarter. The US accounted for 10% of total Group gross gaming revenue (GGR), with GGR growth in New Jersey at 148% Y/Y and in Pennsylvania at +100% Q/Q. We now see a greater likelihood that more US states will introduce online casino legislation in the coming years. Importantly, we expect to launch our games in both Michigan and West Virginia as the online casino markets in those states are expected to open in the second half of this year, which is earlier than previously expected. During the quarter, NetEnt also continued to strengthen its regulated markets footprint by entering three regulated markets in Switzerland, Croatia and Colombia.

Red Tiger continued to grow at a very fast pace in the quarter and delivered several successful game releases such as Reel Keeper, Bounty Raid and The Wild Hatter. Red Tiger's daily jackpots are loved by players in all markets and I am excited about our upcoming release in July of Gonzo's Quest Megaways with daily jackpot functionality. Further, I am convinced that Red Tiger's games will be much appreciated by players in the US, and we are focusing to secure market entry into the US for Red Tiger later on this year.

Excluding transaction costs, earnings before interest, tax, depreciation and amortization (EBITDA) amounted to SEK 312 (201) million in the quarter, corresponding to a margin of 54.6% (48.0%). Overall, reported EBITDA, EBIT and operating cash flow were the highest ever in a single quarter for NetEnt. I am pleased to see that we managed to deliver such record earnings and more games content than ever, while at the same time executing a major restructuring and integration with Red Tiger. We remain on track to lower our annual cost base by 150 SEKm starting in 2021 and expect 50 SEKm of cost savings in the second half of this year compared to the run-rate this year to date. The integration with Red Tiger has clearly served as a catalyst to transform NetEnt into a more productive and fast-paced company than before.

Within Live Casino we continued to strengthen our product and gain traction with operators and players as GGR increased by 230% Y/Y in the quarter. Soon we will be expanding our offering of physical tables in our Malta studio and we also expect to roll out the *Network Branded Casino* product to more operators.

Hard work and transformational steps taken in the past year are now starting to create value. We remain fully committed to continue on this path and with growth engines such as USA, Red Tiger and Live Casino, I feel that we are well positioned to continue delivering profitable growth and strong cash flows for the rest of this year and onwards.

Therese Hillman
Group CEO, NetEnt

Revenues and earnings in the second quarter

In the second quarter, total revenues amounted to 573 (419) SEKm and operating expenses amounted to 379 (289) SEKm. The operating expenses include 13 SEKm of transaction costs related to the public offer by Evolution Gaming to the shareholders of NetEnt. Earnings before interest, tax, depreciation and amortization (EBITDA) amounted to 299 (201) SEKm, corresponding to a margin of 52.3 (48.0)%. Earnings before interest and tax (EBIT) amounted to 194 (130) SEKm, which corresponded to a margin of 33.8 (31.0)%. Excluding transaction costs, EBITDA was 312 (201) SEKm and EBIT was 207 (130) SEKm, corresponding to an adjusted EBITDA margin of 54.6 (48.0)% and an adjusted EBIT margin of 36.1 (31.0)%.

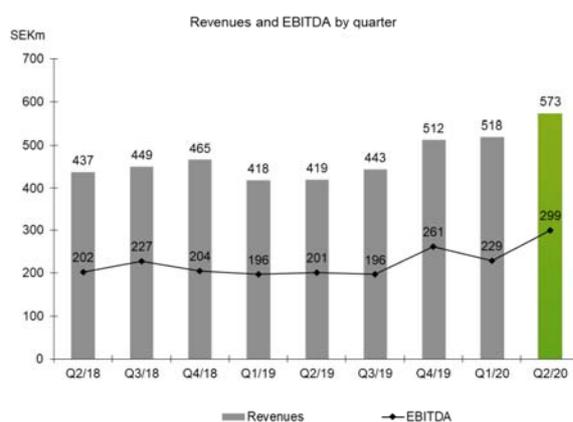
Nearly all of the company's revenues consist of software license fees, which are calculated and charged as a percentage of gaming revenues (player bets minus wins) generated by NetEnt's games for its customers.

Revenues are affected by the development of the Swedish krona in relation to other currencies, particularly euro and British pounds. The main part of revenues is invoiced and accounted for in euro, then translated and reported in Swedish krona. A weaker Swedish krona has a positive effect on reported revenues. During the second quarter of 2020, the Swedish krona weakened by 0.3% against the euro compared to the same period in 2019. Against the British pound, the Swedish krona strengthened by 1.1% during the period.

Costs are also affected by the development of the Swedish krona against the euro, as a weaker Swedish krona leads to cost increases. For example, depreciation and amortization are affected by the development of the Swedish krona versus the euro as they are booked in euro and then translated to Swedish krona. The share of costs reported in other currencies represented approximately 57 (50)% in the second quarter of 2020.

The AGM on April 29, 2020, approved the Board's proposal to issue 6,327,175 new B-shares to the sellers of Red Tiger, thereby paying half of the earn-out consideration. The new shares were issued at a price of 21.34 SEK per share, which corresponded to the volume-weighted average price of NetEnt's B-shares on Nasdaq Stockholm during the period of February 24 – March 20, 2020. The rest of the earn-out consideration is to be paid out as cash in the second quarter of 2021. Accounting for the equity issue to the sellers of Red Tiger and the change in the remaining earn-out liability resulted in negative financial items of 63 SEKm. In total, net financial items amounted to -95 (1) SEKm for the period, also consisting of interest and amortized financing costs on bank loans.

Earnings after tax for the period amounted to 88 (120) SEKm, corresponding to fully diluted earnings per share (EPS) of 0.36 (0.50) SEK. Excluding non-recurring items, earnings after tax was 157 (120) SEKm and fully diluted earnings per share was SEK 0.64 (0.50)



Breakdown of gross gaming revenues (GGR) in the second quarter

In the second quarter, locally regulated markets accounted for 53 (49)% of gross gaming revenues (GGR). The tables below illustrate the split by geographic region and product type.

NetEnt Group, GGR split by region	Q2-20	Q1-20	Q4-19	Q3-19*	Q2-19	Q1-19	Q4-18	Q3-18	Q2-18
United Kingdom	21%	19%	19%	12%	15%	14%	13%	14%	14%
Nordic region	16%	18%	19%	25%	30%	26%	29%	31%	34%
Other Europe	41%	43%	43%	50%	46%	50%	49%	47%	42%
United States	10%	7%	5%	3%	2%	2%	1%	1%	1%
Rest of world	12%	13%	14%	10%	7%	8%	8%	7%	9%

NetEnt Group, GGR split by product	Q2-20	Q1-20	Q4-19	Q3-19*	Q2-19	Q1-19	Q4-18	Q3-18	Q2-18
Slots	89%	90%	94%	92%	92%	92%	92%	92%	91%
Table games	11%	10%	6%	8%	8%	8%	8%	8%	9%

* Red Tiger was consolidated in September, 2019

Investments in the second quarter

The Group's investments in intangible assets amounted to 57 (50) SEKm and investments in tangible assets totaled 3 (4) SEKm in the quarter. The increase was mainly due to the inclusion of Red Tiger's capitalized development costs.

Investments in intangible assets consist of development of new games, technical adjustments related to regulatory requirements and software licenses. Notable larger investments during the quarter were development projects related to new games, platform and Live Casino.

Investments in property, plant and equipment primarily consist of servers and other computer hardware to meet new technical standards and sustain capacity and performance as the business expands and new products are being introduced.

Cash flow in the second quarter

The Group's cash flow from operating activities before changes in working capital amounted to 251 (185) SEKm in the quarter. Cash flow from operating activities after changes in working capital amounted to 318 (226) SEKm. Cash flow from investing activities amounted to -60 (-54) SEKm in the quarter. Cash flow from financing activities amounted to -254 (-581) SEKm and consisted mainly of ordinary cash distribution to shareholders through a share redemption program and amortization of the leasing liability related to IFRS 16.

At the end of the period, the Group's net financial debt amounted to 2,158 (65) SEKm. Net debt includes bank loans, the net present value of the earn-out liability, lease liabilities related to IFRS 16, net of cash and cash equivalents. Funds held on behalf of licensees was 107 (98) SEKm.

Equity increased by 205 SEKm during the period due to the equity issue.

Summary of the first six months of 2020

Revenues during the period of January-June 2020 amounted to 1,090 (837) SEKm. Earnings before interest, tax, depreciation and amortization (EBITDA) amounted to 528 (397) SEKm, corresponding to a margin of 48.4 (47.5)%. Earnings before interest and tax (EBIT) amounted to 313 (256) SEKm, which corresponded to a margin of 28.7 (30.6)%.

Excluding non-recurring items, EBITDA was 567 (397) SEKm and EBIT was 352 (256) SEKm, corresponding to an adjusted EBITDA margin of 52.0 (47.5)% and an adjusted EBIT margin of 32.3 (30.6)%.

Earnings after tax for the period amounted to 170 (240) SEKm, corresponding to fully diluted earnings per share (EPS) of 0.70 (1.00) SEK after dilution. Excluding non-recurring items, earnings after tax was 264 (240) SEKm and fully diluted earnings per share was SEK 1.09 (1.00).

The Group's cash flow from operating activities for the first six months amounted to 446 (392) SEKm. Investments in intangible assets amounted to 110 (92) SEKm for the first six months and investments in property, plant, and equipment amounted to 6 (7) SEKm.

Cash flow from financing activities amounted to -413 (-596) SEKm and consisted mainly of ordinary cash distribution to shareholders and amortization of bank loans and leasing liabilities related to IFRS 16.

Important events after the reporting period

At the beginning of July, the Pennsylvania Gaming Control Board decided to issue an Interactive Gaming Manufacturer License for NetEnt Americas LLC, a subsidiary of NetEnt AB (publ). Since July 2019, NetEnt has been delivering games to the regulated online casino market in Pennsylvania based on a conditional license.

Personnel and organization

At the end of the period, the number of employees was 863 (720). Including external resources such as dedicated staff with contract suppliers and subcontractors, NetEnt employed 1,067 (939) persons. The figures are defined as full-time employee equivalents for the period. Red Tiger's employees are not included in the comparative figures for the previous year.

Parent Company

Revenues in the Parent Company come from services provided to subsidiaries. Product development costs are not capitalized in the Parent Company as the development projects are ordered and owned by subsidiaries in Malta.

The Parent Company's revenues amounted to 171 (163) SEKm and EBIT was 8 (-2) SEKm for the period. The margin was 4.9 (-1.4)%. The margin is primarily affected by the proportion of the Parent Company's costs that are billed to other Group companies and the intercompany pricing applied. The price level is controlled by independent comparative studies of similar services and can vary over time if the general price level on the market has changed. Financial items include currency effects on inter-company balances and dividends. Earnings after tax amounted to -9 (-1) SEKm for the quarter.

Investments in property, plant and equipment for the Parent Company amounted to 0 (2) SEKm and investments in intangible assets were 0 (3) SEKm for the period. Cash and cash equivalents in the Parent Company amounted to 250 (41) SEKm at the end of the period.

Recommended public offer by Evolution Gaming to the shareholders of NetEnt

On June 24, 2020, Evolution Gaming Group AB (publ) announced a public offer to the shareholders of NetEnt AB (publ). Evolution offers 0.1306 Evolution shares for each share in NetEnt. NetEnt's Board of Directors has unanimously recommended shareholders to accept the offer.

Cash distribution to shareholders through share redemption program

The Annual General Meeting on April 29, 2020, approved the Board's proposal to distribute 239 (540) SEKm to shareholders, which corresponds to SEK 1.00 (2.25) per share, by means of an automatic share redemption program. The cash was distributed to holders of redemption shares through Euroclear in June.

New Board of Directors

The Annual General Meeting on April 29, 2020, approved the nominating committee's proposal to re-elect Fredrik Erbing, Peter Hamberg, Pontus Lindwall, Maria Redin, Lisa Gunnarsson, Christoffer Lundström and Jonathan Petteimerides as members of the Board. Mathias Hedlund was elected as new Board member and new Chairman of the Board.

Option program 2020-2023

The Annual General Meeting on April 29, 2020, resolved to introduce a long-term incentive program intended for certain employees within the NetEnt Group. A total of 1,089,388 options were issued in June 2020, with the right to subscribe to an equal number of new shares in NetEnt AB. The options were issued at SEK 5.86 per option – the fair market value as calculated by external experts. The strike price was determined at SEK 49.60 and subscription of shares can be made during the period August 1 to September 20, 2023.

About NetEnt

NetEnt AB (publ) is a global gaming company, providing premium gaming solutions to the world's most successful online casino operators. The product portfolio includes the NetEnt and Red Tiger brands. Since the start in 1996, NetEnt has been a true pioneer in driving the market with innovative games powered by a cutting-edge platform. NetEnt is committed to creating the future of gaming and employs around 1,100 people in Malta, Stockholm, Sofia, Kiev, Krakow, Gothenburg, Gibraltar, Isle of Man, London and New Jersey. The NetEnt share is listed on Nasdaq Stockholm (NET-B). For more information, please visit www.netent.com.

Risks and uncertainties

NetEnt's operations are exposed to certain risks that could have a varying impact on earnings or financial position. These can be divided into industry, operational, and financial risks. The management's general view of the risks that may affect operations has not changed compared to the description given in the most recently published annual report. For a detailed description of risks, see NetEnt's 2019 annual report, pages 24-27 and pages 80-83.

Presentation of report

On Friday, 17 July 2020, at 11:00 a.m. (CET) the report will be presented by CEO Therese Hillman live via an audiocast and telephone conference. The audiocast can be followed in real-time on NetEnt's website, the link is: <https://tv.streamfabriken.com/netent-q2-2020>

Dial-in numbers for participants are the following:

Sweden: +46 8 50558351. UK: +44 3333 009 266. USA: +1 8335 268 395.

Financial calendar

Interim report January – September 2020

October 21, 2020

Earnings report and report for the fourth quarter 2020

February 12, 2021

Financial reports, press releases, and other information are available from the date of publication on NetEnt's website www.netent.com.

The Board of Directors and the CEO certify that the report gives a true and fair view of the operations, position, and results of the Group and Parent Company and describes principal risks and uncertainties facing NetEnt and its group companies.

Stockholm, July 16th, 2020

Mathias Hedlund Chairman of the Board	Christoffer Lundström Board Member	Lisa Gunnarsson Board Member	Fredrik Erbing Board Member
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Jonathan Petteimerides Board Member	Pontus Lindwall Board Member	Maria Redin Board Member	Peter Hamberg Board Member
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Therese Hillman
Group CEO

Questions may be directed to:

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Group CEO
Phone: +46 8 5785 4500
therese.hillman@netent.com

This report has not been subject to special review by the Company's auditor.

Publication

This information is information that NetEnt AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation (MAR) and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 7:30 CET on July 17, 2020.

Legal disclaimer

Certain statements in this report are forward-looking and the actual outcomes may be materially different. In addition to the factors discussed, other factors could have an impact on actual outcomes. Such factors include developments for customers, competitors, the impact of economic and market conditions, national and international legislation and regulations, fiscal regulations, the effectiveness of copyright for computer systems, technological developments, exchange rates fluctuations and interest rates and political risks.

Condensed consolidated income statement and statement of total income for the Group (kSEK)

INCOME STATEMENT	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Revenues	558,452	409,753	1,065,640	824,718	1,766,732
Other revenues	14,105	9,605	24,449	12,752	26,183
Total operating revenues	572,557	419,359	1,090,089	837,471	1,792,915
Personnel expenses	-127,976	-121,387	-268,271	-248,490	-491,112
Depreciation and amortization	-105,776	-71,088	-215,288	-141,319	-326,345
Other operating expenses	-145,269	-96,841	-293,871	-191,545	-446,732
Total operating expenses	-379,021	-289,316	-777,430	-581,354	-1,264,189
Operating profit	193,536	130,042	312,659	256,117	528,726
Financial income	21,137	16,033	80,141	33,055	72,961
Financial expense	-116,248	-15,241	-205,905	-27,400	-128,481
Financial items	-95,111	792	-125,765	5,655	-55,520
Profit before tax	98,425	130,834	186,895	261,772	473,206
Tax on the period's profit	-9,973	-10,885	-16,447	-21,591	-44,337
Profit for the period	88,452	119,949	170,448	240,180	428,870
<i>Earnings per share before dilution (SEK)</i>	<i>0.36</i>	<i>0.50</i>	<i>0.71</i>	<i>1.00</i>	<i>1.79</i>
<i>Earnings per share after dilution (SEK)</i>	<i>0.36</i>	<i>0.50</i>	<i>0.70</i>	<i>1.00</i>	<i>1.79</i>
Average number of shares outstanding					
- before dilution	243,348,977	239,498,992	241,239,918	239,813,180	239,469,216
- after dilution	245,144,094	239,498,992	243,035,035	239,813,180	239,469,216
Profit for the period attributable to Parent Company shareholder	88,452	119,949	170,448	240,180	428,870
STATEMENT OF TOTAL INCOME					
Profit for the period	88,452	119,949	170,448	240,180	428,870
Other total income					
Other total income items that may be reclassified to net income					
Exchange rate differences from the translation of foreign operations	-82,852	4,154	-181,525	10,711	138,038
Sum of other total income for the period, net after tax	-82,852	4,154	-181,525	10,711	138,038
Total income for the period attributable to Parent Company shareholders	5,600	124,103	-11,077	250,891	566,908

Condensed consolidated balance sheets (kSEK)

	June 30 2020	June 30 2019	Dec 31 2019
ASSETS			
Intangible assets	2,809,548	351,814	3,009,880
Property, plant, and equipment	76,834	104,826	94,710
Access right value assets	193,176	252,722	228,829
Deferred tax receivable	4,438	5,296	4,740
Other long-term receivables	18,346	27,809	26,106
Total non-current assets	3,102,342	742,468	3,364,265
Account receivables ¹⁾	326,753	82,551	219,920
Other receivables	11,483	46,222	55,664
Prepaid expenses and accrued revenues	66,148	180,470	200,957
Funds held on behalf of licensees	107,321	97,780	51,138
Cash and cash equivalents	254,342	193,031	265,458
Total current assets	766,045	600,054	793,137
TOTAL ASSETS	3,868,387	1,342,522	4,157,402
EQUITY AND LIABILITIES			
	June 30 2020	June 30 2019	Dec 31 2019
Share capital	1,236	1,205	1,205
Other capital contributed	306,946	95,962	95,962
Reserves	-11,229	42,969	170,297
Retained earnings including profit for the period	620,532	500,526	689,215
Total equity	917,486	640,662	956,678
Prepayments from customers	7,082	21,748	12,412
Bank loans	1,874,682	-	2,000,643
Other long term liabilities	66,258	-	300,352
Lease liabilities	117,389	179,870	152,379
Deferred tax liability	58,779	10,567	66,578
Total long-term liabilities	2,124,189	212,185	2,532,363
Accounts payable	57,452	29,571	36,945
Current tax liabilities	22,908	31,999	56,054
Lease liabilities	61,164	63,752	63,165
Bank loans	242,036	-	237,608
Other liabilities	272,828	205,030	139,067
Accrued expenses and prepaid revenues	170,323	159,323	135,522
Total current liabilities	826,712	489,675	668,361
TOTAL EQUITY AND LIABILITIES	3,868,387	1,342,522	4,157,402

1) From March 2020 NetEnt is invoicing the monthly license fees in the current month. Historically the invoices have been issued in the beginning of the next month.

Condensed consolidated cash flow statements (kSEK)

(kSEK)	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Operating profit	193,536	130,042	312,659	256,117	528,726
<i>Adjustment for items not included in cash flows:</i>					
Depreciation, amortization and impairments	105,776	71,088	215,288	141,319	326,345
Other	3,950	-8,188	-960	8,634	-20,016
Interest paid	-13,617	-1,004	-27,429	-2,056	-8,811
Income tax paid	-38,860	-6,894	-53,641	-12,435	-22,016
Cash flow from operating activities before changes in working capital	250,785	185,045	445,917	391,579	804,227
Changes in working capital	67,490	40,545	77,715	-15,502	-229,356
Cash flow from operating activities	318,275	225,590	523,632	376,078	574,871
Acquisition of subsidiaries	-	-	-	-	-2,281,378
Acquisition of intangible assets	-57,008	-49,894	-110,003	-91,640	-188,688
Acquisition of property, plant, and equipment	-3,200	-4,085	-6,326	-7,309	-18,942
Cash flow from investing activities	-60,208	-53,979	-116,330	-98,949	-2,489,008
New bank loan	-	-	-	-	2,296,397
Amortization of bank loan	-	-	-142,696	-	-
Amortization of lease liability	-20,643	-14,584	-36,990	-29,678	-61,071
Received premium for share option rights	6,094	2,150	6,094	2,150	2,150
Repurchase of share options	-144	-	-395	-	-
Repurchase of own shares	-	-30,355	-	-30,355	-30,355
Transfer to shareholders	-239,131	-538,044	-239,131	-538,044	-538,044
Cash flow from financing activities	-253,824	-580,834	-413,118	-595,928	1,669,076
Cash flow for the period	4,243	-409,223	-5,815	-318,800	-245,061
Cash and cash equivalents at beginning of period	266,757	596,636	265,458	500,844	500,844
FX differences in cash and cash equivalents	-16,659	5,618	-5,302	10,987	9,676
Cash and cash equivalents at end of period	254,342	193,031	254,342	193,031	265,458

Condensed consolidated changes in equity (kSEK)

	2019	Share capital	Other capital contributed	Reserves	Retained earnings	Total equity
Opening equity Jan. 1, 2019		1,205	93,812	32,258	828,745	956,020
Cash distribution to shareholders		-	-	-	-538,044	-538,044
Repurchase of own shares		-	-	-	-30,355	-30,355
Received premium for share option		-	2,150	-	-	2,150
Total income for the period Jan-Dec		-	-	138,038	428,870	566,908
Closing equity Dec. 31, 2019		1,205	95,962	170,297	689,215	956,678

	2020	Share capital	Other capital contributed	Reserves	Retained earnings	Total equity
Opening equity Jan. 1, 2020		1,205	95,962	170,297	689,215	956,678
Issue of new shares		32	205,285	-	-	205,317
Cash distribution to shareholders		-	-	-	-239,131	-239,131
Repurchase of own shares		-	-	-	-	-
Received premium for share option rights		-	6,094	-	-	6,094
Total		-	-395	-	-	-395
Repurchase of share options		-	-	-181,525	170,448	-11,077
Total income for the period Jan-Jun		-	-	-181,525	170,448	-11,077
Closing equity Jun. 30, 2020		1,236	306,946	-11,229	620,015	917,486

There is no minority interest in the Group. Thus, all equity is attributed to the Parent Company's shareholders.

Condensed Parent Company income statement (kSEK)

INCOME STATEMENT	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Operating revenues	170,969	162,811	380,380	384,811	728,738
Other external expenses	-72,686	-70,601	-149,698	-133,096	-273,084
Personnel expenses	-84,782	-89,868	-199,172	-205,746	-392,814
Depreciation and amortization	-5,185	-4,691	-10,414	-10,149	-19,373
Operating profit	8,316	-2,350	21,097	35,820	43,467
Financial items	-21,087	3,774	-13,305	15,064	310,339
Transfer to untaxed reserves	-	-	-	-	7,658
Profit before tax	-12,771	1,425	7,792	50,884	361,464
Tax on the period's profit	3,531	-2,434	-1,019	-13,320	-15,329
Profit for the period	-9,240	-1,009	6,773	37,565	346,134

STATEMENT OF TOTAL INCOME

Profit for the period	-9,240	-1,009	6,773	37,565	346,134
Other total income	-	-	-	-	-
Sum of other total income for the period, net after tax	-	-	-	-	-
Total income for the period	-9,240	-1,009	6,773	37,565	346,134

Condensed Parent Company balance sheet (kSEK)

	Jun 30 2020	Jun 30 2019	Dec 31 2019
ASSETS			
Intangible assets	9,724	5,385	10,747
Tangible assets	34,907	46,401	41,725
Long term internal receivables	2,382,000	-	2,000,643
Other long term assets	4,327	18,384	7,785
Total non-current assets	2,430,957	70,170	2,060,901
Account receivables	2,553	3,145	-
Receivables from group companies	138,027	111,636	755,143
Current tax receivables	38,164	101	-
Other receivables	10,770	11,105	15,791
Prepaid expenses and accrued revenues	44,462	45,777	42,764
Cash and cash equivalents	250,264	41,172	41,250
Total current assets	484,240	212,936	854,948
TOTAL ASSETS	2,915,197	283,106	2,915,849
EQUITY AND LIABILITIES			
Share capital	1,236	1,205	1,205
Statutory reserve	38	38	38
Share premium reserve	272,020	61,035	61,035
Retained earnings	129,107	22,110	22,111
Profit for the period	6,773	37,565	346,134
Total equity	409,174	121,953	430,523
Bank loans	1,874,682	-	2,000,643
Total long-term liabilities	1,874,682	-	2,000,643
Untaxed reserves	11,816	19,474	11,816
Accounts payable	36,555	24,099	22,979
Bank loans	239,661	-	237,608
Liabilities to group companies	191,796	-	114,900
Tax liabilities	14,640	-	277
Other liabilities	6,827	7,313	7,175
Accrued expenses and prepaid revenues	130,047	110,266	89,929
Total current liabilities	619,526	141,878	472,868
TOTAL EQUITY AND LIABILITIES	2,915,197	283,106	2,915,849

Key data and KPI's

The Company presents some financial measures in this report, which are not defined by IFRS. The Company believes that these measures provide valuable additional information to investors and management for evaluating the Company's financial performance and financial position. It should be noted that these measures, as defined, may not be comparable to similarly titled measures used by other companies. These non-IFRS measures should not be considered as substitutes to financial reporting measures prepared in accordance with IFRS. The tables below show some measures that are not defined by IFRS.

Consolidated key data and figures for the Group

	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Financial measures defined by IFRS:					
Operating revenues (kSEK)	572,557	419,359	1,090,089	837,471	1,792,915
Earnings per share before dilutions (SEK)	0.36	0.50	0.71	1.00	1.79
Earnings per share after dilutions (SEK)	0.36	0.50	0.70	1.00	1.79
Average number of outstanding shares before dilution	243,348,977	239,498,992	241,239,918	239,813,180	239,469,216
Average number of outstanding shares after dilution	245,144,094	239,498,992	243,035,035	239,813,180	239,469,216
Number of outstanding share at period's end before dilution	245,458,035	239,130,860	245,458,035	239,130,860	239,130,860
Number of outstanding share at period's end after dilution	247,253,152	239,130,860	247,253,152	239,130,860	239,130,860
Alternative Performance Measures:					
Operating revenues (kEUR)	53,734	39,513	93,870	79,649	169,316
Operating margin (percent)	33.8	31.0	28.7	30.6	29.5
EBITDA margin (percent)	52.3	48.0	48.4	47.5	47.7
Effective tax rate (percent)	10.1	8.3	8.8	8.2	9.4
Return on equity, rolling 12 months (percent)	40.2	60.7	40.2	60.7	49.8
Equity/assets ratio (percent)	23.7	47.7	23.7	47.7	23.0
Quick ratio (percent)	92.7	122.5	92.7	122.5	118.7
Net interest-bearing liabilities (SEKm) ⁽¹⁾	2,158	65	2,158	65	2,418
Net debt/equity ratio (multiple)	2.4	-0.3	2.4	-0.3	2.5
Equity per share before dilution (SEK)	3.74	2.68	3.74	2.67	3.99
Equity per share after dilution (SEK)	3.71	2.68	3.71	2.67	3.99
Average number of employees	895	730	889	757	779
Employees at period's end	863	720	863	720	862
Employees and external resources at period's end	1,067	939	1,067	939	1,062

¹⁾ A negative figure means that the Group has a net cash position (cash in excess of interest-bearing liabilities).

Consolidated key data and figures by quarter for the Group

	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2
Financial measures defined by IFRS:									
Operating revenues (SEKm)	572.6	517.5	512.0	443.4	419.4	418.1	465.4	449.3	437.2
Cash and cash equivalents (SEKm) ⁽²⁾	254.3	266.8	265.5	300.2	193.0	596.6	500.8	362.3	195.5
Funds held on behalf of licensees (SEKm)	107.3	82.9	51.1	118.1	97.8	46.4	29.5	110.3	56.4
Alternative Performance Measures:									
Operating revenues (EURm)	53.7	48.5	48.1	41.6	39.5	40.1	45.1	43.1	42.3
Operating profit (SEKm)	193.5	119.1	160.6	112.0	130.0	126.1	146.2	172.0	148.8
Operating margin (percent)	33.8	23.0	31.4	25.3	31.0	30.2	31.4	38.3	34.0
EBITDA margin (percent)	52.3	44.2	51.0	44.3	48.0	47.0	43.9	50.6	46.3
Growth in SEK vs prior year (percent)	36.5	23.8	10.0	-1.3	-4.1	-2.8	9.5	11.0	5.9
Growth in EUR vs prior year (percent)	36.0	20.9	6.6	-3.6	-6.6	-7.0	3.9	1.8	-0.8
Growth in SEK vs prior quarter (percent)	10.6	1.1	15.5	5.7	0.3	-10.2	3.6	2.8	1.7
Growth in EUR vs prior quarter (percent)	10.7	0.9	15.6	5.2	-1.6	-11.0	4.5	1.9	-1.9
Equity/assets ratio (percent)	23.7	22.1	23.0	18.2	47.7	63.2	70.7	63.5	60.7
Return on equity rolling 12 months (percent)	40.2	47.4	49.8	52.6	60.7	62.2	65.3	68.2	68.3
Net debt/equity ratio (multiple)	2.4	2.4	2.5	3.2	0.1	-0.3	-0.5	-0.4	-0.3
Share price at end of period (SEK)	71.20	24.75	25.85	30.35	29.75	33.75	36.55	36.04	47.90
Earnings per share after dilution (SEK)	0.36	0.34	0.47	0.32	0.50	0.50	0.57	0.65	0.58
Book equity per share before dilution (SEK)	3.74	3.93	4.00	3.19	2.68	4.51	3.98	3.45	2.83
Cash flow from operations per share (SEK)	1.31	0.86	0.42	0.42	0.94	0.56	0.78	0.88	0.93
Average number of employees	895	883	858	746	730	783	808	802	802

Reconciliation to IFRS

(SEKm)	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2
EBITDA									
Profit for the period	88.5	82.0	112.6	76.1	119.9	120.2	136.6	155.4	139.3
Tax on profit for the period	10.0	6.5	14.4	8.4	10.9	10.7	5.4	15.0	12.6
Financial items	95.1	30.7	33.6	27.5	-0.8	-4.9	4.1	1.6	-3.1
Depreciation & Amortization	105.8	109.5	100.7	84.3	71.1	70.2	58.1	55.5	53.5
EBITDA	299.3	228.6	261.3	196.3	201.1	196.3	204.3	227.5	202.3
Net interest-bearing liabilities									
Bank loan	2,116.7	2,239.0	2,238.3	2,300.3	-	-	-	-	-
Lease liability	178.6	199.2	215.5	249.8	258.2	243.6	-	-	-
Earn-out (net asset value)	116.8	124.1	229.8	215.6	-	-	-	-	-
Cash and cash equivalents ⁽²⁾	-254.3	-266.8	-265.5	-300.2	-193.0	-596.6	-500.8	-362.3	-195.5
Net interest-bearing liabilities ⁽¹⁾	2,157.7	2,295.5	2,418.1	2,465.0	65.2	-353.0	-500.8	-362.3	-195.5
Quick ratio									
Total current assets	766.0	870.5	793.1	794.4	600.1	955.9	857.7	809.7	607.5
Total current liabilities	826.7	1,035.0	668.4	833.6	489.7	400.0	378.3	443.6	402.3
Quick ratio (percent)	92.7	84.1	118.7	95.3	122.5	239.0	226.7	182.5	151.0

⁽¹⁾ A negative figure means that the Group has a net cash position (cash in excess of interest-bearing liabilities).

⁽²⁾ Excluding funds held on behalf of licensees.

Note 1 – Accounting Principles

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the interpretations issued by the IFRS Interpretations Committee (IFRIC) as adopted for application in the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups has also been applied. This consolidated report has been prepared in accordance with the Swedish Annual Accounts Act (ARL) and IAS 34 Interim Financial Reporting. The accounts for the Parent Company have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The accounting standards applied for the Group and the Parent Company are the same as those applied in preparation of the most recent annual report, with the exceptions described below.

For further information on the accounting standards, please see the most recent annual report at www.netent.com.

Amounts are expressed in KSEK (thousands of Swedish kronor) unless otherwise indicated. Amounts or figures in parentheses indicate comparative figures for the corresponding period last year. SEKm stands for millions of Swedish kronor.

Note 2 – Specification of revenues (kSEK)

Type of revenue	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Licenses	549,770	393,720	1,046,184	794,091	1,710,520
Setup fees	8,682	16,034	19,456	30,628	56,212
Other revenues	14,105	9,605	24,449	12,752	26,183
Total	572,557	419,359	1,090,089	837,471	1,792,915

Timing for revenue recognition	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Performance commitment fulfilled at a certain time	563,876	403,325	1,070,634	806,843	1,736,703
Performance commitment fulfilled over a period of time	8,682	16,034	19,456	30,628	56,212
Total	572,557	419,359	1,090,089	837,471	1,792,915

Geographic allocation	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Malta	30.9%	34.1%	30.2%	34.3%	34.8%
Sweden	1.8%		1.8%		1.8%
Other countries	67.3%	65.9%	68.0%	65.7%	63.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

The geographic split shown above is based on where the customers are located.

Note 3 – Acquisition of subsidiary

The total purchase for Red Tiger amounted to SEK 2,552 million. Red Tiger was consolidated from the beginning of September 2019, which resulted in an increase in net assets of SEK 1,108 million, of which brand represented SEK 399 million, customer relations SEK 444 million, technology SEK 45 million, and games including daily jackpots represented SEK 244 million. The rest of the purchase price consisted of goodwill amounting to SEK 1,447 million, mainly attributable to the unique competence in games development and production, as well as the strong market position that Red Tiger contributes with.

New credit facilities related to the acquisition of Red Tiger amount to EUR 243 million, of which EUR 217.5 million have been utilized. This amount consists of two credit facilities. The first facility amounts to EUR 103.0 and will be amortized over the term of the loan until September 2023. The first amortization of EUR 12.9 million was made in March 2020.

The second facility amounts to EUR 114.5 million and is due in September 2023 with a bullet repayment. The outstanding financial debt related to these two facilities amounted to EUR 204.6 million at the end of the reporting period. The interest rates and other terms of the credit facilities are in line with overall market conditions. The terms of the credit facilities require NetEnt to meet a number of covenants.

In conjunction with the acquisition, it was announced that an additional consideration amounting to maximum GBP 23.2 million could become payable in 2022 on an earn-out basis, subject to Red Tiger's financial performance over the coming two years. Since the acquisition, Red Tiger's financial performance has exceeded the company's forecasts by a wide margin. In order to support the integration of the companies, in March 2020 NetEnt agreed with the sellers of Red Tiger on an addendum to the share purchase agreement (SPA). This means that the conditions for payment of the earn-out consideration are deemed to have been met. Half of the earn-out consideration was paid through a directed issue of new B-shares in the second quarter of 2020, and the rest as cash in the second quarter of 2021.

On April 29, the annual general meeting (AGM) of NetEnt approved a directed issue of 6,327,175 B-shares to the sellers of Red Tiger. The new shares were issued at a price of 21.34 SEK per share, which corresponded to the volume-weighted average price of NetEnt's B-shares on Nasdaq Stockholm during the period of February 24 – March 20, 2020.

As a result of the new share issue, the share capital of NetEnt increased by approximately 31,762 SEK to 1,237,219 SEK. The total number of shares outstanding after the share issue amounts to 245,458,035, split between 33,660,000 A-shares and 211,798,035 B-shares. These numbers are adjusted for previously repurchased shares amounting to 1,000,000 B-shares. Consequently, the share issue lead to a dilution of 2.6 percent of total shares and 1.2 percent of total votes of the company on a fully-diluted basis (i.e. based on the total number of shares and votes outstanding after the share issue).

The sellers of Red Tiger have committed not to sell the newly issued shares during a lock-up period until March 2022. One of the sellers is Gavin Hamilton, CEO of Red Tiger and recently appointed Chief Operating Officer of NetEnt.

Definitions

Operating profit

Operating revenues minus operating costs. Measures the Company's operating result before interest and taxes. Commonly used by investors, analysts and management to evaluate the profitability of the Company.

Operating margin

Operating profit in relation to operating revenues. This is a measure of profitability commonly used by investors, analysts and management to evaluate the profitability of the Company.

EBITDA-margin

Operating profit excluding depreciation and amortization in relation to operating revenues. This is a measure of profitability commonly used by investors, analysts and management to evaluate the profitability of the Company.

Growth in SEK compared to prior year

Percentage change of operating revenues in SEK, compared to the previous year. Commonly used by investors, analysts and management to evaluate the growth of the Company.

Growth in EUR compared to prior year

Percentage change of operating revenues in EUR, compared to the previous year. Commonly used by investors, analysts and management to evaluate the growth of the Company. The Company aims to grow faster than the market.

Growth in SEK compared to prior quarter

Percentage change of operating revenues in SEK, compared to the previous quarter. Commonly used by investors, analysts and management to evaluate the growth of the Company.

Growth in EUR compared to prior quarter

Percentage change of operating revenues in EUR, compared to the previous quarter. Commonly used by investors, analysts and management to evaluate the growth of the Company.

Average shareholders' equity

Calculated as shareholders' equity at the start of the year plus outgoing equity at the end of the year divided by two.

Return on equity

Period's profit/loss (rolling twelve months) in relation to average shareholder equity for last twelve months. This is a measure of capital returns that is commonly used by investors, analysts and management to evaluate the Company's ability to generate returns on the capital provided by its shareholders.

Financial items

Calculated as financial income minus financial expenses, adjusted for currency effects.

Equity/assets ratio

Equity at the end of period as a percentage of total assets at the end of period. This is a measure commonly used by investors, analysts and management to evaluate the capital structure of the Company and its ability to meet its short- and long-term obligations.

Quick ratio

Current assets in relation to current liabilities. This is a measure commonly used by investors, analysts and management to evaluate the short-term liquidity of the Company.

Net interest-bearing liabilities

Net of interest-bearing provisions and liabilities less financial assets and cash and cash equivalents. This is a measure commonly used by investors, analysts and management to evaluate the financial position of the Company and its ability to return cash to shareholders.

Net debt/equity ratio (multiple)

Net of interest-bearing earnings and liabilities minus financial assets and cash and cash equivalents, divided by shareholder's equity. This is a measure commonly used by investors, analysts and management to evaluate the financial position of the Company and its ability to return cash to shareholders.

Average number of employees

The average number of employees during the period defined as full-time equivalents.

Number of employees at end of period

The number of employees at the end of the period defined as full-time equivalents.

Number of employees and external resources at end of period

The number of employees and external resources such as dedicated persons with contracted suppliers and subcontractors at the end of the period defined as full-time equivalents.

Earnings per share before dilution

Profit for the period divided by the average number of shares outstanding during the period before dilution from options.

Earnings per share after dilution

Profit for the period divided by the average number of shares outstanding during the period after dilution from options.

Equity per share

Shareholders' equity divided by the number of shares outstanding at the end of the period.

Cash flow from operating activities per share

Cash flow from operating activities divided by the average number of shares outstanding after dilution for the period. This is a measure used by investors, analysts and management to evaluate the financial development of the Company and its ability to generate a positive cash flow.

Average number of shares outstanding

The average number of shares outstanding during the period adjusted for bonus issue and share split.

Number of shares outstanding

The number of shares outstanding adjusted for bonus issue and share split.

Gross gaming revenues (GGR)

Gaming industry term stating gaming revenues for gaming operators. Calculated as players bets minus player wins and bonuses. NetEnt's revenues consist mainly of license fees based on a percentage share of gaming revenues in NetEnt's games with its customers (gaming operators).

NetEnt's business idea

NetEnt operates in the digital entertainment industry and its business idea is to develop premium games and system solutions that enable online casino operators to offer their players the ultimate gaming experience.

NetEnt's business model

NetEnt is a B2B company developing and distributing premium software (games and gaming solutions) to online casino operators globally. Revenues are generated according to a licensing model based on revenue-sharing with customers. The gaming operators pay a monthly license fee to NetEnt, which is based on a certain percentage share of the gross game win that is generated in the customers' online casinos. NetEnt takes responsibility for all technical operations such as monitoring gaming transactions for its customers, known as hosting, so that the operators can focus on their core operations. NetEnt also plays an active part in the integration work for new customers.

NetEnt's strategies

NetEnt continuously develops its offering to be at the forefront in terms of technology, innovation and quality. The Company shall be a close business partner for its customers and the growth strategy is based on growth through both existing and new customers, new products, services and new markets. NetEnt shall participate in the re-regulation of the gaming market and expand globally on prioritized markets. Europe is top priority, followed by Americas and Asia. NetEnt constantly aims to optimize efficiency in all parts of the operations and shall attract, preserve and develop core expertise. The Company strives to have a corporate culture that supports growth and should be ready to invest in new business opportunities.

NetEnt's products

NetEnt offers a comprehensive gaming system comprising a full suite of world-class casino games and a powerful technological platform. The games are of high quality and provide players with an ultimate gaming experience, while the platform manages several billion transactions per month. The product also includes an advanced administration tool that enables the operator to develop successful casino operations. The gaming system is tailored to each licensee so the games form a natural, integral part of the operator's gaming site. NetEnt's game portfolio comprises a wide range of games in categories such as slot games, table games, video poker and other games. The games are offered in various channels such as desktop, tablets and mobile phones.



The auditor's report on review of NetEnt's financial interim information for the period 1 January–30 June 2020



English translation of the Swedish original

Independent Auditor's report

NetEnt AB (publ), corp id 556532-6443

Introduction

We have reviewed the condensed interim financial information (comprising of income statement and comprehensive income statement for the period January-June 2020, balance sheet as of 30 June 2020, changes to equity for the period January-June 2020, statement of cash flows for the period January-June 2020 and corresponding notes on page 8-11 and 17-18 in the Swedish interim report for the second quarter 2020) of NetEnt AB as of 30 June 2020 and the six-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

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

Conclusion

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

Stockholm, 20 August 2020

Öhrlings PricewaterhouseCoopers AB

Niklas Renström

Authorized Public Accountant

Statement by the board of directors of NetEnt

The information on the pages 90–132 in this Offer Document has been reviewed by the board of directors of NetEnt. The board of directors is of the opinion that this brief description of NetEnt provides an accurate and fair, although not complete, picture of NetEnt.

* * *

Stockholm on 20 August 2020

NetEnt AB (publ)

The board of directors

Certain tax considerations

The tax legislation of the shareholders' countries of residence and of Sweden may affect any incomes received from shares in Evolution.

Below is a summary of certain Swedish tax issues relating to the Offer for private individuals and limited liability companies that hold shares in NetEnt and that are resident in Sweden for tax purposes, if not otherwise stated. The summary is based on current Swedish tax legislation and is intended only as general information.

The summary does not address:

- *situations where shares are held as current assets (i.e. stock) in business operations;*
- *situations where shares are owned by partnerships or limited partnerships;*
- *situations where shares are held in a so-called investment savings account (Sw. investeringssparkonto), through endowment insurance (Sw. kapitalförsäkring) or similar;*
- *specific rules that may apply to shares in companies that are or have been closely held companies or to shares that have been acquired by means of such shares;*
- *specific rules that may apply to private individuals who make or reverse so-called investor deductions (Sw. investeraravdrag);*
- *foreign companies conducting business from a permanent establishment in Sweden; or*
- *foreign companies that have been Swedish companies.*

Specific tax rules also apply to certain categories of companies. The tax consequences will depend on the circumstances applicable to each individual shareholder. Shareholders are advised to consult a tax adviser regarding the specific tax consequences that may arise as a result of the Offer, including the applicability and effect of foreign tax rules, tax treaties and other rules, as well as the effect of exchange rate fluctuations for the currencies concerned.

Swedish taxes relating to the Offer

PRIVATE INDIVIDUALS

Private individuals resident in Sweden for tax purposes receiving new shares in Evolution, in exchange for shares in NetEnt, will be considered to have disposed their shares in NetEnt. Any capital gain will however not be subject to immediate taxation under the rules on postponed taxation on share for share exchanges (Sw. *framskjuten beskattning vid andelsbyte*). Based on that the sale of the shares in NetEnt to Evolution is carried out at fair market value, and assuming that Evolution at the end of the calendar year 2020 will hold shares in NetEnt representing more than 50 per cent of the votes for all shares, these rules are applicable. Accordingly, private individuals resident in Sweden for tax purposes will be deemed to have acquired the shares in Evolution for a consideration equal to the acquisition cost for tax purposes for the shares in NetEnt. Any cash consideration will however be taxable as capital gains without deduction for the corresponding part of the cost amount, for the fiscal year in which the share for share exchange takes place.

If a private individual ceases to be resident or permanently stay within the EEA area, and the rules on postponed taxation on share for share exchanges have been applied, a capital gain attributable to the share for share exchange becomes taxable. The capital gain or loss in such a situation is calculated as

the difference between the fair market value of shares in Evolution received at the time of the sale and the cost amount for the sold shares in NetEnt. Evolution intends to file for a request with the Swedish Tax Agency to determine the fair market value of the shares in Evolution at the time of the sale. Information regarding the value will be provided on Evolution's and the Swedish Tax Agency's respective websites.

LIMITED LIABILITY COMPANIES

Swedish limited liability companies receiving new shares in Evolution, in exchange for shares in NetEnt, will be considered to have disposed their shares in NetEnt. For limited liability companies, taxation is dependent on whether the divested shares are subject to the participation exemption rules. Capital gains on shares subject to the participation exemption rules are tax exempt and capital losses are not deductible.

Unlisted shares in Swedish limited liability companies, such as shares of series A in NetEnt, are subject to the participation exemption rules if the shares are capital assets (*i.e.* not stock). Listed shares in Swedish limited liability companies, such as shares of series B in NetEnt, are subject to the participation exemption rules if the shares are capital assets (*i.e.* not current assets/stock) and the shareholding company's holding of shares represents at least ten per cent of the votes of all shares or if the shareholding is conditioned by, *inter alia*, the shareholder's business ("ownership requirement"). Further, in the case of listed shares, the shares must also have been held for a continuous period of at least one year at the time of disposal ("holding period requirement") in order to be subject to the participation exemption rules.

Swedish limited liability companies holding less than ten per cent of the voting rights in NetEnt, or at the time meeting the ownership requirement but not the holding period requirement for the divested shares of series B in NetEnt, may postpone taxation of any taxable capital gain on shares of series B in NetEnt based on that the sale of the shares in NetEnt to Evolution is carried out at fair market value and assuming that Evolution at the end of the calendar year 2020 will hold shares in NetEnt representing more than 50 per cent of the votes for all shares.

Swedish limited liability companies that wish to postpone taxation of a taxable capital gain must report the gain in the tax return and make a request for postponed taxation. Any cash consideration will however be taxable as capital gain without deduction for the corresponding part of the cost amount in the fiscal year in which the share for share exchange takes place. Evolution intends to make a request to the Swedish Tax Agency to determine the market value of the shares in Evolution at the time of the sale. Information regarding the value will be provided on Evolution's and the Swedish Tax Agency's respective websites.

If a Swedish limited liability company has requested for postponed taxation on capital gain attributable to divested shares in NetEnt, such capital gain will be taxed at the latest when the shares received in Evolution are disposed of or cease to exist. If the company already owned shares in Evolution of the same series before accepting the Offer or acquires such shares in Evolution after accepting the Offer, a special order of precedence applies. Shares in Evolution shall be deemed to have been sold in the following order.

1. Shares acquired before the Offer.
2. Shares acquired through the Offer.

3. Shares acquired after the Offer.

Taxation of shareholders in Evolution after the completion of the Offer

PRIVATE INDIVIDUALS

Dividends

Private individuals that are resident in Sweden for tax purposes are taxed for capital income, including dividends, a tax rate of 30 per cent. Preliminary tax of 30 per cent is withheld as withholding tax on the dividend amount. The preliminary tax deduction is normally made by Euroclear or, in the case of nominee-registered shares, by the nominee.

Capital gains

Private individuals that are resident in Sweden for tax purposes are taxed for capital income, including capital gains, a tax rate of 30 per cent.

Capital gain and capital loss, respectively, are calculated as the difference between the sales proceeds, after deduction of sales costs, and the cost amount. The cost amount for all shares of the same series is aggregated and calculated jointly by applying an average cost method. In the case of a divestment of listed shares, the so-called standard method may be used. This method means that the cost amount may be determined at 20 per cent of the sales proceeds after deduction of sales costs.

Capital losses on listed shares can be fully deducted against taxable capital gains that arise in the same year on shares and other listed securities that are taxed as shares (however, not shares in mutual funds or special funds that contain only Swedish receivables, so-called Swedish fixed income funds). For capital losses on listed shares that have not been offset against taxable capital gains, a deduction of 70 per cent of the loss is allowed against other capital income.

In case of a net capital loss, such loss may be used as a reduction on tax on earned income from employment and business operations as well as central government and municipal property taxes. Tax reduction is granted with 30 per cent of the net capital loss up to SEK 100,000 and 21 per cent of any loss exceeding SEK 100,000. An excess net loss cannot be carried forward to future fiscal years.

LIMITED LIABILITY COMPANIES

Dividends

Swedish limited liability companies are taxed on capital income, including dividends, as income from business activities at a tax rate of 21.4 per cent tax (20.6 per cent for financial years beginning on 1 January 2021 at the earliest).

Dividends on listed shares in Swedish limited liability companies are tax exempt if the shareholding company's holding of shares represents at least ten per cent of the votes of all shares or if the shareholding is conditioned by, *inter alia*, the shareholder's business ("ownership requirement"). The dividend tax exemption is conditional upon that the shares have been held for a continuous period of at least one year from the day the ownership requirement was met ("holding period requirement"). The shares must, however, not have been held for one year at the time of dividend. Taxation will, however, be triggered if the shares are sold (or otherwise no longer satisfy the criteria for) before the holding

period requirement is met. The shares must also not be held as current assets/stock for tax exemption to apply.

Capital gains

Swedish limited liability companies are taxed on capital income, including capital gains, as income from business activities at a tax rate of 21.4 per cent (20.6 per cent for financial years beginning on 1 January 2021 at the earliest). Capital gains and losses, respectively, are calculated in the same manner as for private individuals in accordance with what has been described above under “–*Taxation of shareholders in Evolution after the completion of the Offer–Private individuals–Capital gains*”. Deductible capital losses from the sale of shares and other securities that are taxed as shares can only be offset against taxable capital gains on such shares and other securities that are taxed as shares. Such capital losses may also, if certain conditions are met, be offset against taxable capital gains in another company within the same group, provided that the companies are able to exchange group contributions and both companies request it for a fiscal year that has the same tax assessment date (or, if one of the companies’ accounting liability ceases, would have had). A capital loss on shares may, to the extent it is not deductible one year, be carried forward by the company incurring the loss and shall be used to offset taxable capital gains on shares and other securities taxed as shares in subsequent fiscal years without any limitation in time.

Capital gains on listed shares in Swedish limited liability companies are tax exempt provided that the shareholding company’s holding of shares represents at least ten per cent or if the shareholding is conditioned by, *inter alia*, the shareholder’s business (“ownership requirement”). Further, the shares must have been held for a continuous period of at least one year prior to the time of disposal (“holding period requirement”). The shares must also not be held as current assets/stock for tax exemption to apply.

Special tax rules may apply to certain categories of companies or certain legal entities, such as investment companies and life insurance companies.

SHAREHOLDERS NOT RESIDENT IN SWEDEN FOR TAX PURPOSES

Dividends

Dividends on shares in a Swedish limited liability company that are paid to a shareholder not resident in Sweden for tax purposes are subject to withholding tax. Withholding tax is also levied on certain other payments from a Swedish limited liability company, for example in the case of repayment to shareholders in the event of a reduction of the share capital or in the case of a repurchase of shares directed to all shareholders or all shareholders of shares of a certain series. The tax rate is 30 per cent. The tax rate for withholding tax is, however, generally reduced through tax treaties. Withholding tax is normally withheld by Euroclear or, in the case of nominee-registered shares, the nominee. Sweden’s tax treaties generally allow a reduction of the withholding tax in accordance with treaty’s tax rate directly at the time of dividend, provided that Euroclear or the nominee has received the required information about the person entitled to the dividend. Shareholders entitled to a reduced tax rate pursuant to a tax treaty can request a refund from the Swedish Tax Agency if withholding tax has been withheld with a higher tax rate.

In the event that the shares are subject to the rules on participation exemption, withholding tax do not apply if the foreign company is equivalent to a Swedish limited liability company that can receive

dividends tax exempt and if the dividend in the same situation would have been tax exempt for a Swedish limited liability company. The taxation of the foreign company must be considered to be similar to the taxation that applies to Swedish limited liability companies, or, alternatively, the foreign company must be covered by a tax treaty entered into between Sweden and the country in which the foreign company is resident.

For shareholders who are legal entities resident within the EU/EEA, there are also rules that, subject to certain conditions, allow for a withholding tax exemption if the shareholder holds ten per cent or more of the share capital in the company paying the dividend.

Capital gains

Private individuals and legal entities not resident in Sweden for tax purposes are normally not taxed in Sweden on capital gains from a divestment of shares. The shareholder may, however, be subject to taxation in its state of residence.

A shareholder who is a private individual not resident in Sweden for tax purposes may, however, be liable to tax in Sweden for capital gains if the person during the year of the disposal, or the ten calendar years preceding the year of the disposal, has been resident or permanently stayed in Sweden. In practice, however, the applicability of this rule is often limited by applicable treaties for the avoidance of double taxation.

Definitions, explanations and glossary

B2B	refers to “business-to-business”.
Gross Gaming Revenue	refers to the bets less end user winnings.
Dedicated tables	refer to gaming tables dedicated to a certain operator with greater opportunities for individual customisation, <i>inter alia</i> with local-speaking croupiers, VIP services, branded tables/accessories and blue-screen studios.
Dedicated croupiers	refer to profiled croupiers for specific operators. An opportunity for the operator to choose its own team of croupiers, with the possibility of profiling the croupiers’ uniforms with the operators brand etc.
Dedicated environments	refer to the complete individual customisation, comprising a dedicated studio environment with the operator’s branding, multiple dedicated tables and other marketing materials.
Dual Play	refers to a solution that enables online gaming on physical gaming tables in a land-based casino.
EUR	refers to the common currency of the European Union member states who are members of the European Economic and Monetary Union and have adopted Euro as their legal currency.
Euroclear	refers to Euroclear Sweden AB.
Evolution	refers to Evolution Gaming Group AB (publ).
IFRS	refers to the International Financial Reporting Standards, as adopted by the European Union.
GC	refers to the Gambling Commission.
H2GC	refers to the independent market research firm H2 Gambling Capital.
Core games	refer to the basic signature games that Evolution mainly focuses on. Based on these games, new so-called derivative games can be developed.
Land-based casino	refers to traditional physical casinos.
Live Casino	refers to an interactive casino gaming experience which is brought to the end user through video streaming via the gaming operators’ online gaming platforms. The market for Live Casino is a sub-segment under the broader online casino area.
NetEnt	refers to NetEnt AB (publ).
Offline players	refer to the custom base of land-based casinos, <i>i.e.</i> players who do not play online.
Online casino	refers to online casino games, as opposed to games at traditional land-based casinos.
Online sportsbook	refers to internet sports games and internet sports betting.
RNG	refers to Random Number Generated, meaning numbers generated by a computer in a random order.
SEK	refers to the legal currency in Sweden.
Slots	refer to games where the objective is to get multiple of the same symbol on a row of rotating reels.
End users	refer to the gaming operators’ customers, <i>i.e.</i> players.

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