



Interim Report | January – September 2017 | Evolution Gaming Group AB (publ)

### Third quarter of 2017 (Q3 2016)

- Operating revenues increased by 56% to EUR 45.7 million (29.2)
- EBITDA increased by 103% to EUR 21.8 million (10.8), corresponding to a margin of 47.7% (36.8)
- Profit for the period amounted to EUR 16.8 million (7.4)
- Earnings per share amounted to EUR 0.47 (0.21)

### January-September 2017 (9m 2016)

- Operating revenues increased by 57% to EUR 127.7 million (81.1)
- EBITDA increased by 83% to EUR 58.0 million (31.7), corresponding to a margin of 45.5% (39.0)
- Profit for the period amounted to EUR 44.1 million (22.7)
- Earnings per share amounted to EUR 1.23 (0.63)

### Events during the third quarter of 2017

- Continued high growth and margin
- Investments in new studios in Georgia and Canada
- Positive development for Dream Catcher – Awarded Digital Product of the Year in October

### Summary of the third quarter and first nine months of 2017

Group (EUR thousands)	Jul-Sep 2017	Jul-Sep 2016	Change %	Jan-Sep 2017	Jan-Sep 2016	Change %	Oct 2016-Sep 2017	Jan-Dec 2016
Operating revenues	45,690	29,206	56%	127,668	81,139	57%	161,990	115,461
EBITDA	21,803	10,753	103%	58,037	31,658	83%	71,003	44,624
EBITDA margin	47.7%	36.8%	-	45.5%	39.0%	-	43.8%	38.6%
Operating profit	18,226	8,182	123%	48,075	24,757	94%	58,182	34,864
Operating margin	39.9%	28.0%	-	37.7%	30.5%	-	35.9%	30.2%
Profit for the period	16,777	7,435	126%	44,096	22,692	94%	53,144	31,740
Profit margin	36.7%	25.5%	-	34.5%	28.0%	-	32.8%	27.5%
Earnings per share (EUR)	0.47	0.21	126%	1.23	0.63	35%	1.48	0.88
Equity per share (EUR)	2.55	1.52	68%	2.55	1.52	68%	2.55	1.78
OCF per share (EUR)	0.47	0.23	104%	1.24	0.75	65%	1.60	1.12
Average number of FTEs	2,701	1,949	39%	2,544	1,726	47%	2,233	1,859

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## CEO's comments

Once again, I can summarise a strong quarter for Evolution Gaming, driven, among other things, by a high level of activity among our customers in the summer months. Revenues amounted to EUR 45.7 million, corresponding to an increase of 56 percent compared with the third quarter of 2016. EBITDA amounted to EUR 21.8 million with a margin of 47.7 percent – the highest margin ever for a single quarter. We have seen continued high growth in existing studios, as several of our customers are extending their dedicated environments. This expansion intensified during the latter part of the quarter, which meant that the cost increase was somewhat lower than expected for the full period. By the end of the year, we expect to have about 400 tables in operation at all of our studios, making Evolution Gaming Europe's largest casino by a good margin in terms of the number of tables.

During the quarter, a generally high level of growth was noted in all of our products. We are focusing heavily on meeting this growth, which is best expressed by the investments in our upcoming studios in Georgia and Canada. Work is continuing as planned and we expect to open the studio in Canada in early 2018, followed by Georgia during the second quarter. Combined, they entail a significant expansion of Evolution's delivery capacity – with the new studio in Tbilisi as a primary hub, we will have prepared the company for continued expansion for 2-3 years. At the same time, the studio in Canada marks our first land-based establishment in a market outside Europe.

We are focusing on product innovation, regulated markets and land-based casinos – three key elements of our growth strategy. I am therefore pleased to note progress in all of these areas both during and after the quarter.

Dream Catcher, the latest addition to our game portfolio, continues to gain ground as a popular new game format for a target audience that has not traditionally played Live Casino. We are very pleased with how this has been received and, as an additional achievement, the game was recently named as Digital Product of the Year at the G2E Global Gaming Expo in Las Vegas. Dream Catcher certainly has delivered beyond our expectations.

Another product that continues to attract interest is Dual Play Roulette, which we offer to land-based casinos seeking to expand their brands digitally. During and after the quarter, we launched new Dual Play tables at Genting's Resorts World in Birmingham and at the popular London casino, The Vic, for our customer Rank Group.

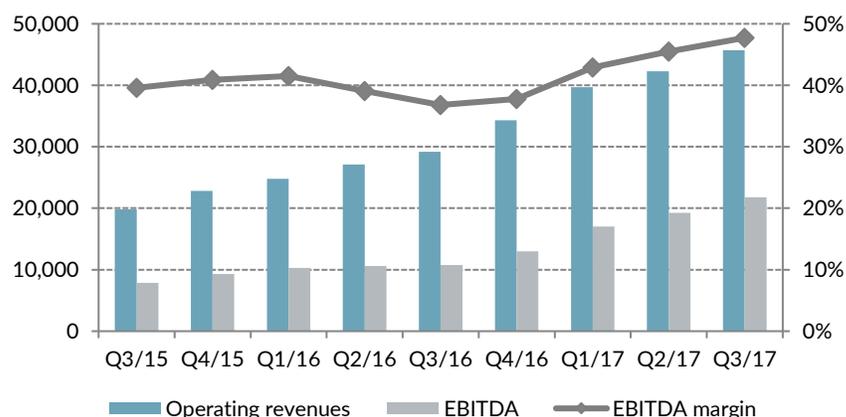
Lastly, we are proud of our agreement with Bulgaria's largest regulated operator National Lottery AD, signed shortly after the end of the quarter. The operator will launch a complete Live Casino service later this year.

As announced in a press release, the Latvian parliament has decided to introduce, as of next year, a fee for each Live Casino table provided from that country. It is not entirely clear how the decision will be implemented, but it is assessed to not entail any material financial impact for Evolution. We also have good opportunities to focus growth in new tables to our other studios in the future.

We currently perceive a favourable market situation, with good opportunities to continue growing. Next year, the FIFA World Cup will take place, and this has historically entailed a high level of activity among our customers. We continue to work according to our ambition to continually increase our lead on competitors and, with two new studios on the cards, I am convinced that we will progress further along that path.

**Martin Carlesund**  
**President and CEO**

### Quarterly results trend



## Financial performance in the third quarter of 2017

### Revenues

Revenues amounted to EUR 45.7 million (29.2) in the third quarter, corresponding to an increase of 56 percent compared with the equivalent period in 2016. The positive revenue development mainly derives from increased commission income from existing customers and, to a certain extent, from new customers. Demand for Live Casino games was generally high over the quarter and the number of bet spots from end users amounted to 2.4 billion (1.3). Revenues from dedicated tables and environments also contributed to the increase as a result of additional customers launching or extending their customised Live Casino environments.

### Expenses

Operating expenses amounted to EUR 27.5 million (21.0). Expenses were mainly driven by higher costs for personnel, connected to the launch of new tables in the company's studios. At the end of the quarter, the number of employees amounted to 3,827 (2,985), corresponding to 2,740 (2,027) full-time positions. The strong expansion has also increased other operating expenses compared with preceding quarters.

### Profitability

Operating profit amounted to EUR 18.2 million (8.2), corresponding to an increase of 123 percent. The operating margin was 39.9 percent (28.0). The EBITDA margin was 47.7 percent (36.8).

Net financial items only had a marginal impact on profits and related to the interest expense on loans for the property acquired in Riga. The Group's effective tax rate for the quarter amounted to 7.7 percent (8.6). The tax rate is influenced by the countries in which earnings are generated, which may vary between reported periods. Profit for the period amounted to EUR 16.9 million (7.4). Earnings per share were EUR 0.47 (0.21).

### Investments

Investments in intangible assets amounted to EUR 2.5 million (2.5) during the quarter. Investments in property, plant and equipment amounted to EUR 3.6 million (2.6). The increase is attributable to expanded studio space at the production studios in Riga and Bucharest and the construction of a new studio in Vancouver, Canada.

Investments in intangible assets refer to the development of new games for and technical improvements of the platform, such as new functionality.

Investments in property, plant and equipment primarily comprised new studio space, new gaming tables, servers and other computer equipment to meet new technical requirements and maintain capacity and performance in connection with new platform launches.

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

Cash flow from operating activities amounted to EUR 17.1 million (8.4) during the quarter. Cash flow from investing activities was negative in the amount of EUR 6.4 million (negative 5.1). Cash flow from financing activities was negative in the amount of EUR 0.2 million (negative 0.3). Cash and cash equivalents amounted to EUR 38.8 million (17.8) at the end of the quarter.

## Summary of the first nine months of the year

#### **Revenues**

For the period January-September 2017, revenues amounted to EUR 127.7 million (81.1), corresponding to an increase of 57 percent compared with the equivalent period in 2016. The positive revenue development mainly derives from increased commission income from both new and existing customers. Revenues from dedicated tables and environments also contributed to the increase as a result of additional customers launching or extending their customised Live Casino environments.

#### **Expenses**

Operating expenses amounted to EUR 79.6 million (56.4). Expenses were mainly driven by higher costs for personnel, connected to the launch of new tables and studios.

#### **Profitability**

Operating profit amounted to EUR 48.1 million (24.8) with an operating margin of 37.7 percent (30.5). The EBITDA margin was 45.5 percent (39.0).

#### **Investments**

Investments in intangible assets amounted to EUR 7.4 million (7.7) during the period. Investments in property, plant and equipment amounted to EUR 6.9 million (6.0). Investment in property amounted to EUR 0.2 million (12.6). Investments in other financial assets amounted to EUR 0.5 million (-).

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

Cash flow from operating activities amounted to EUR 44.5 million (27.0) over the year. The increase is primarily due to an improved profit. Cash flow from investing activities was negative in the amount of EUR 15.0 million (negative 26.3). Cash flow from financing activities was negative in the amount of EUR 16.9 million (negative 2.9).

## Market development

#### **The Live Casino market**

Live Casino in Europe has grown strongly in recent years and is expected to continue to be among the fastest growing gaming segments in the coming years. Evolution's growth target is to grow faster than the total European Live Casino market. Market growth is influenced by several underlying factors, such as technological advances with, among other things, improved hardware and increased bandwidth, the migration of land-based casinos to online environments and market regulations. Increased use of mobile phones is another important growth factor. In the third quarter, 56 percent (43) of the operators' gaming revenues via the Evolution platform were generated by mobile devices. Growth is also driven to a large extent by Live Casino having grown in importance for most gaming operators, who consequently elect to expose and market their Live offerings to customers more extensively than before.

In the absence of EU-wide or international legislation, an increasing number of European countries are introducing national regulations for online gaming. This means that the gaming operators and, in some cases, B2B suppliers, such as Evolution, must apply for country-specific licenses, conform to national laws and pay local taxes. Regulation is an important growth factor for Live Casino, because it brings more potential end-users and gives operators greater opportunities to promote the product. At the same time, new regulations can entail increased costs and other requirements that affect operations to a varying extent. Since Evolution is a provider, new legislation tends to affect the company indirectly. New regulations are expected next in the Dutch and Swedish markets. In addition, the Latvian parliament has resolved to introduce a fee on the provision of Live Casino tables from that market. The fee is not expected to significantly affect Evolution's position.

## Other

### Parent Company

The Parent Company is a holding company. Operating revenues for the third quarter of 2017 amounted to EUR 1.0 million (0.7) and expenses to EUR 1.3 million (0.7). The operating loss amounted to EUR 0.3 million (0). Profit for the period amounted to a negative EUR 0.5 million (0). The Parent Company's cash and cash equivalents amounted to EUR 0.9 million (0.8) at the end of the period and equity amounted to EUR 181.9 million (200.0). No significant investments were made in intangible or tangible assets.

### Employee benefits

On 30 September 2017, Evolution had 3,827 employees (2,985), corresponding to 2,740 full-time positions (2,027). The average number of full-time equivalents for the quarter was 2,701 (1,949).

### Significant risks and uncertainties

Evolution's operations are exposed to certain risks that could have a varying impact on earnings or financial position. These can be divided into industry, operational, and financial risks. When assessing the Group's future development, it is important to take into account the risk factors, alongside any opportunities for profit growth.

The development of laws and regulations relating to the supply of gaming services that Evolution provides is a central risk factor for the Group's future earnings. Since most of Evolution's licensees are active in Europe, the legal situation in the EU is of particular interest and is continuously monitored and managed by the Group. Despite this, there remains a risk that, in the event of legislation being interpreted in an unfavourable or unanticipated way, Evolution's conditions for growth, profitability, and the games that may be supplied could be changed. Likewise, a favourable interpretation could have a positive impact on the Group.

For further information about Evolution's risk exposure and handling, please see the Group's Annual Report for 2016, which is available on the company's website.

### Nomination Committee in preparation for the 2018 Annual General Meeting

The members of the Nomination Committee ahead of Evolution's Annual General Meeting 2018 have been appointed and are presented on the company's website. The Annual General Meeting will be held at Strandvägen 7A in Stockholm, Sweden on 20 April 2018.

### Upcoming report dates

Year-end report 2017	15 February 2018
Interim report January-March 2018	19 April 2018
Annual General Meeting 2018	20 April 2018
Interim report January-June 2018	18 July 2018
Interim report January-September 2018	24 October 2018

## Condensed consolidated income statements

Group (EUR thousands)	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Oct 2016- Sep 2017	Jan-Dec 2016
Revenues	45,664	29,183	127,560	80,801	161,806	115,046
Other revenues	26	22	107	338	184	415
<b>Total operating revenues</b>	<b>45,690</b>	<b>29,206</b>	<b>127,668</b>	<b>81,139</b>	<b>161,990</b>	<b>115,461</b>
Personnel expenses	-18,109	-13,574	-52,083	-37,222	-68,080	-53,218
Depreciation, amortisation and impairments	-3,577	-2,571	-9,962	-6,901	-12,821	-9,760
Other operating expenses	-5,779	-4,879	-17,547	-12,259	-22,907	-17,619
<b>Total operating expenses</b>	<b>-27,465</b>	<b>-21,023</b>	<b>-79,592</b>	<b>-56,382</b>	<b>-103,808</b>	<b>-80,597</b>
<b>Operating profit</b>	<b>18,226</b>	<b>8,182</b>	<b>48,075</b>	<b>24,757</b>	<b>58,182</b>	<b>34,864</b>
Financial items	-48	-50	-180	-119	-295	-234
<b>Profit before tax</b>	<b>18,177</b>	<b>8,132</b>	<b>47,895</b>	<b>24,638</b>	<b>57,887</b>	<b>34,630</b>
Tax on profit for the period	-1,401	-697	-3,800	-1,946	-4,744	-2,890
<b>Profit for the period</b>	<b>16,777</b>	<b>7,435</b>	<b>44,096</b>	<b>22,692</b>	<b>53,144</b>	<b>31,740</b>
<i>Of which attributable to:</i>						
Shareholders of the Parent Company	16,777	7,435	44,096	22,692	53,144	31,740
Average number of shares before dilution	35,970,377	35,970,377	35,970,377	35,970,377	35,970,377	35,970,377
Earnings per share before dilution (EUR)	0.47	0.21	1.23	0.63	1.48	0.88
Average number of shares after dilution	36,337,046	36,178,211	36,337,046	36,039,655	36,264,029	36,178,211
Earnings per share after dilution (EUR)	0.46	0.21	1.21	0.63	1.47	0.88
Operating margin	39.9%	28.0%	37.7%	30.5%	35.9%	30.2%
Effective tax rate	7.7%	8.6%	7.9%	7.9%	8.2%	8.3%

## Condensed comprehensive income statement

Group (EUR thousands)	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Oct 2016- Sep 2017	Jan-Dec 2016
<b>Profit for the period</b>	<b>16,777</b>	<b>7,435</b>	<b>44,096</b>	<b>22,692</b>	<b>53,144</b>	<b>31,740</b>
<b>Other comprehensive income</b>						
<i>Items that may be reclassified to profit</i>						
Exchange differences arising from the translation of foreign operations	67	-39	-41	-191	-28	-178
<b>Other comprehensive income, net after tax</b>	<b>67</b>	<b>-39</b>	<b>-41</b>	<b>-191</b>	<b>-28</b>	<b>-178</b>
<b>Total comprehensive income for the period</b>	<b>16,844</b>	<b>7,396</b>	<b>44,055</b>	<b>22,500</b>	<b>53,116</b>	<b>31,563</b>

## Consolidated balance sheets

Group (EUR thousands)	30/09/2017	30/09/2016	31/12/2016
<b>Assets</b>			
Intangible assets	15,668	13,589	14,453
Buildings	12,446	12,452	12,397
Property, plant and equipment	14,995	10,698	11,943
Other long-term receivables	1,378	480	522
Deferred tax assets	209	617	550
<b>Total non-current assets</b>	<b>44,696</b>	<b>37,837</b>	<b>39,865</b>
Accounts receivable	31,699	17,403	19,039
Other receivables	24,792	7,783	16,864
Prepaid expenses and accrued income	2,069	1,817	1,363
Cash and cash equivalents	38,798	17,804	26,188
<b>Total current assets</b>	<b>97,358</b>	<b>44,807</b>	<b>63,454</b>
<b>TOTAL ASSETS</b>	<b>142,053</b>	<b>82,644</b>	<b>103,318</b>
<b>Equity and liabilities</b>			
Share capital	540	540	540
Other capital contributed	4,698	4,698	4,698
Reserves	-50	-22	-9
Retained earnings including profit for the period	86,675	49,586	58,667
<b>Total equity</b>	<b>91,862</b>	<b>54,802</b>	<b>63,896</b>
Deferred tax liability	113	753	729
Long-term debt to credit institutions	6,751	7,841	7,441
<b>Total long-term liabilities</b>	<b>6,864</b>	<b>8,594</b>	<b>8,170</b>
Accounts payable	1,152	2,053	2,169
Short-term debt to credit institutions	1,130	930	1,130
Current tax liabilities	29,029	8,144	18,695
Other current liabilities	6,999	5,089	5,709
Accrued expenses and prepaid income	5,017	3,031	3,549
<b>Total current liabilities</b>	<b>43,327</b>	<b>19,247</b>	<b>31,251</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>142,053</b>	<b>82,644</b>	<b>103,318</b>

## Consolidated changes in equity

Group, 2016 (EUR thousands)	Share Capital	Other capital contributed	Reserves	Retained earnings	Total equity
Opening equity 01/01/2016	540	4,698	169	38,405	43,812
Dividend payout 10/05/2016	-	-	-	-11,510	-11,510
Warrants	-	-	-	32	32
Total comprehensive income for Jan-Mar	-	-	-89	7,640	7,552
Total comprehensive income for Apr-Jun	-	-	-64	7,617	7,553
Total comprehensive income for Jul-Sep	-	-	-39	7,435	7,396
Total comprehensive income for Oct-Dec	-	-	13	9,048	9,062
<b>Closing equity 31/12/2016</b>	<b>540</b>	<b>4,698</b>	<b>-9</b>	<b>58,667</b>	<b>63,896</b>
Group, 2017 (EUR thousands)	Share Capital	Other capital contributed	Reserves	Retained earnings	Total equity
Opening equity 01/01/2017	540	4,698	-9	58,667	63,896
Dividend payout 03/05/2017	-	-	-	-16,187	-16,187
Warrants	-	-	-	59	59
Total comprehensive income for Jan-Mar	-	-	-72	12,742	12,670
Total comprehensive income for Apr-Jun	-	-	-36	14,617	14,581
Total comprehensive income for Jul-Sep	-	-	67	16,777	16,844
<b>Closing equity 30/9/2017</b>	<b>540</b>	<b>4,698</b>	<b>-50</b>	<b>86,675</b>	<b>91,862</b>

## Consolidated statement of cash flows

Group (EUR thousands)	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
Operating profit	18,226	8,182	48,075	24,757	34,864
<i>Adjustment for items not included in cash flows:</i>					
Depreciation, amortisation and impairments	3,577	2,571	9,962	6,901	9,760
Other	-20	-	-59	-	32
Interest received	0	-	0	-	10
Interest paid	-49	-50	-180	-119	-244
Tax paid	-159	-154	-1,935	-442	-560
<b>Cash flows from operating activities before changes in working capital</b>	<b>21,575</b>	<b>10,549</b>	<b>55,862</b>	<b>31,097</b>	<b>43,862</b>
Increase / Decrease in Accounts receivables	-4,902	-3,249	-12,660	-5,316	-6,952
Increase / Decrease in Accounts payables	-424	748	-1,017	-240	-124
Increase / Decrease in other working capital	815	302	2,297	1,496	3,419
<b>Cash flows from operating activities</b>	<b>17,065</b>	<b>8,350</b>	<b>44,482</b>	<b>27,037</b>	<b>40,205</b>
Acquisition of intangible assets	-2,540	-2,501	-7,388	-7,669	-10,209
Acquisition of property, plant and equipment	-3,595	-2,573	-6,890	-5,985	-8,353
Acquisition of building	-	-	-200	-12,610	-12,620
Increase in other financial assets	-266	-	-516	-	-202
<b>Cash flows from investing activities</b>	<b>-6,400</b>	<b>-5,074</b>	<b>-14,994</b>	<b>-26,264</b>	<b>-31,384</b>
Increase of debt due to credit institutions	-	-	-	9,300	9,300
Repayment of debt to credit institutions	-213	-250	-691	-689	-729
Dividend	-	-	-16,187	-11,510	-11,510
Issuing of warrants	-	-	-	-	376
<b>Cash flows from financing activities</b>	<b>-213</b>	<b>-250</b>	<b>-16,878</b>	<b>-2,899</b>	<b>-2,563</b>
<b>Cash flow for the period</b>	<b>10,452</b>	<b>3,026</b>	<b>12,611</b>	<b>-2,126</b>	<b>6,258</b>
Cash and cash equivalents at start of period	28,347	14,778	26,188	19,930	19,930
Cash flow for the period	10,452	3,026	12,611	-2,126	6,258
<b>Cash and cash equivalents at end of period</b>	<b>38,798</b>	<b>17,804</b>	<b>38,798</b>	<b>17,804</b>	<b>26,188</b>

The company presents certain financial measures in the interim report that are not defined under IFRS. The company believes that these measures provide useful supplemental information to investors and the company's management as they permit the evaluation of the company's financial performance and position. Since not all companies calculate financial measures in the same way, these are not always comparable to the measures used by other companies. Consequently, these financial measures should not be seen as a substitute for measures defined under IFRS. The tables below include measurements that are not defined in accordance with IFRS, unless otherwise stated. For definitions and purposes, see also the last page of the report.

## Consolidated key ratios

Group (EUR thousands)	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Oct 2016- Sep 2017	Jan-Dec 2016
Operating revenues (IFRS)	45,690	29,206	127,668	81,139	161,990	115,461
EBITDA margin	47.7%	36.8%	45.5%	39.0%	43.9%	38.6%
Operating margin	39.9%	28.0%	37.7%	30.5%	35.9%	30.2%
Profit margin	36.7%	25.5%	34.5%	28.0%	32.8%	27.5%
Equity/assets ratio	64.7%	66.3%	64.7%	66.3%	64.7%	61.8%
Cash and cash equivalents	38,798	17,804	38,798	17,804	38,798	26,188
Average number of full-time employees	2,701	1,949	2,544	1,726	2,233	1,859
Full-time employees at end of period	2,740	2,027	2,740	2,027	2,740	2,394
Earnings per share (EUR) (IFRS)	0.47	0.21	1.23	0.63	1.48	0.88
Equity per share (EUR)	2.55	1.52	2.55	1.52	2.55	1.78
Operating cash flow per share (EUR)	0.47	0.23	1.24	0.75	1.60	1.12
Average number of outstanding shares	35,970,377	35,970,377	35,970,377	35,970,377	35,970,377	35,970,377
Number of outstanding shares	35,970,377	35,970,377	35,970,377	35,970,377	35,970,377	35,970,377

## Consolidated key ratios by quarter

Group (EUR thousands)	Q3/17	Q2/17	Q1/17	Q4/16	Q3/16	Q2/16	Q1/16	Q4/15
Operating revenues (IFRS)	45,690	42,290	39,688	34,322	29,206	27,139	24,794	22,802
EBITDA	21,803	19,248	17,027	12,966	10,753	10,610	10,294	9,326
EBITDA margin	47.7%	45.5%	42.9%	37.8%	36.8%	39.1%	41.5%	40.9%
Operating profit	18,226	15,935	13,955	10,107	8,182	8,307	8,267	7,510
Operating margin	39.9%	37.7%	35.2%	29.4%	28.0%	30.6%	33.3%	32.9%
Revenue growth vs prior year	56.4%	55.8%	60.1%	50.5%	47.4%	49.8%	58.7%	62.5%
Revenue growth vs prior quarter	8.0%	6.6%	15.6%	17.5%	7.6%	9.5%	8.7%	15.1%
Cash and cash equivalents	38,798	28,347	34,119	26,188	17,804	14,778	19,922	19,930

## Reconciliation of selected key ratios not defined in accordance with IFRS

Group (EUR thousands)	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Oct 2016- Sep 2017	Jan-Dec 2016
<b>Operating margin</b>						
Profit before tax	18,178	8,132	47,896	24,638	57,887	34,630
Excluding net financial items	49	50	181	119	295	234
<b>Operating profit (EBIT)</b>	<b>18,226</b>	<b>8,182</b>	<b>48,076</b>	<b>24,757</b>	<b>58,182</b>	<b>34,864</b>
Divided by Total operating revenues	45,690	29,206	127,668	81,139	161,990	115,461
<b>Operating (EBIT) margin</b>	<b>39.9%</b>	<b>28.0%</b>	<b>37.7%</b>	<b>30.5%</b>	<b>35.9%</b>	<b>30.2%</b>
<b>EBITDA and EBITDA margin</b>						
Profit before tax	18,178	8,132	47,896	24,638	57,887	34,630
Net financial items	49	50	181	119	295	234
Depreciation/amortisation	3,577	2,571	9,962	6,901	12,821	9,760
<b>EBITDA</b>	<b>21,804</b>	<b>10,753</b>	<b>58,038</b>	<b>31,658</b>	<b>71,004</b>	<b>44,624</b>
Divided by Total operating revenues	45,690	29,206	127,668	81,139	161,990	115,461
<b>EBITDA margin</b>	<b>47.7%</b>	<b>36.8%</b>	<b>45.5%</b>	<b>39.0%</b>	<b>43.8%</b>	<b>38.6%</b>
<b>Profit margin</b>						
<b>Profit for the period</b>	<b>16,777</b>	<b>7,435</b>	<b>44,096</b>	<b>22,692</b>	<b>53,144</b>	<b>31,740</b>
Divided by Total operating revenues	45,690	29,206	127,668	81,139	161,990	115,461
<b>Profit margin</b>	<b>36.7%</b>	<b>25.5%</b>	<b>34.5%</b>	<b>28.0%</b>	<b>32.8%</b>	<b>27.5%</b>
<b>Equity/Assets ratio</b>						
<b>Total equity</b>	<b>91,862</b>	<b>54,802</b>	<b>91,862</b>	<b>54,802</b>	<b>91,862</b>	<b>63,896</b>
Divided by Total assets	142,053	82,644	142,053	82,644	142,053	103,318
<b>Equity/Assets ratio</b>	<b>64.7%</b>	<b>66.3%</b>	<b>64.7%</b>	<b>66.3%</b>	<b>64.7%</b>	<b>61.8%</b>

## Condensed Parent Company income statements and other comprehensive income

Parent company (EUR thousands)	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Oct 2016- Sep 2017	Jan-Dec 2016
Operating revenues	1,006	700	4,242	2,693	4,750	4,443
Other external expenses	-1,315	-678	-4,349	-2,635	-4,802	-4,165
<b>Operating profit</b>	<b>-309</b>	<b>23</b>	<b>-107</b>	<b>57</b>	<b>-53</b>	<b>278</b>
Financial items	-1	0	-2	0	-3,568	-3,567
<b>Profit before taxes</b>	<b>-310</b>	<b>23</b>	<b>-109</b>	<b>57</b>	<b>-3,622</b>	<b>-3,288</b>
Tax on profit for the period	-148	-5	-380	-13	-210	-67
<b>Result for the period</b>	<b>-458</b>	<b>18</b>	<b>-489</b>	<b>45</b>	<b>-3,832</b>	<b>-3,356</b>

Parent company (EUR thousands)	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Oct 2016- Sep 2017	Jan-Dec 2016
<b>Profit for the period</b>	<b>-458</b>	<b>18</b>	<b>-489</b>	<b>45</b>	<b>-3,832</b>	<b>-3,356</b>
Other comprehensive income	-	-	-	-	-	-
<b>Other comprehensive income, net after tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>-458</b>	<b>18</b>	<b>-489</b>	<b>45</b>	<b>-3,832</b>	<b>-3,356</b>

## Condensed Parent Company balance sheets

Parent company (EUR thousands)	30/09/2017	30/09/2016	31/12/2016
<b>Assets</b>			
Intangible assets	27	48	43
Property, plant and equipment	101	112	124
Participating interest in Group companies	206,000	210,701	206,000
Other financial assets	36	35	36
Deferred tax receivables	173	617	550
<b>Total non-current assets</b>	<b>206,337</b>	<b>211,513</b>	<b>206,753</b>
Receivables from Group companies	5,311	12,567	9,290
Other current receivables	75	179	47
Prepaid expenses and accrued income	217	341	92
Cash and cash equivalents	865	827	381
<b>Total current assets</b>	<b>6,468</b>	<b>13,914</b>	<b>9,810</b>
<b>TOTAL ASSETS</b>	<b>212,806</b>	<b>225,427</b>	<b>216,562</b>
<b>Equity and liabilities</b>			
Share capital	540	540	540
Retained earnings including profit for the period	181,402	199,468	198,047
<b>Total equity</b>	<b>181,942</b>	<b>200,007</b>	<b>198,587</b>
Accounts payable	32	138	118
Liabilities to Group companies	30,632	25,018	17,303
Other current liabilities	61	96	51
Accrued expenses and prepaid revenues	139	167	502
<b>Total current liabilities</b>	<b>30,864</b>	<b>25,419</b>	<b>17,975</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>212,806</b>	<b>225,426</b>	<b>216,562</b>

## Notes to the financial statements

### Note 1. Accounting policies

Evolution prepares its financial statements in accordance with the International Financial Reporting Standards (IFRS) as approved by the European Union. The Group's interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. The new and revised standards, IAS 1 Presentation of Financial Statements and IFRS 13 Fair Value Measurement, have not affected the financial statements other than expanded disclosure requirements. The Parent Company uses the same accounting principles as the Group, with the addition of the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities.

New Standards, which come into force on 1 January 2018, relate to IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" that govern how revenue is to be reported. Items of income must be reported in accordance with IFRS 15 when the customer obtains control of the sold item or service and is able to use and receive the benefit from the goods or services. The Group is evaluating the effects of the standard and will disclose conclusions in the fourth quarter.

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

The accounting policies are unchanged from the 2016 annual report and previous quarterly reports in 2017.

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

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

### Note 3. Incentive programme

The Annual General Meeting on 28 April 2016 resolved to issue a maximum of 547,000 warrants. Each warrant entitles the holder to subscribe for one new share in the company for SEK 354.20 during the period from the day after the publication of the interim report for the second quarter of 2019 until 30 September 2019.

The company's subsidiary, Evolution Malta Ltd. has subscribed for 547,000 warrants, and Evolution Malta Ltd has, in turn, transferred 366,668 of the warrants to a number of key individuals (including consultants) in the company's management and organization. For warrants acquired at market value, the price (option premium) has been determined using the Black & Scholes valuation model, with the valuation being carried out by PwC.

In 2017 no new allocations, forfeitures, utilizations or maturities have occurred.

### Note 4. Seasonality

Evolution's operations are, to a certain extent, influenced by seasonal patterns in end-user activity. The Group's customers generally notice increased end-user activity and an increased volume of operations in the fourth quarter of each year, which is consistent with the Group's experience of increased Live Casino traffic and commission income earned in the fourth quarter.

## Assurance

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

Stockholm, 25 October 2017

Martin Carlesund  
CEO

For further information, please contact CFO Jacob Kaplan, +46 708 62 33 94, [ir@evolutiongaming.com](mailto:ir@evolutiongaming.com).

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Corporate ID number: 556994-5792

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

CEO Martin Carlesund and CFO Jacob Kaplan will present the report and answer questions on Wednesday, 25 October 2017 at 9:00 a.m. CET via a telephone conference. The presentation will be in English and can also be followed online. Number for participation by telephone: +46 8 566 42 690. Follow the presentation at <https://tv.streamfabriken.com/evolution-gaming-group-q3-2017>.

*This information is such that Evolution Gaming Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, under the agency of the contact person set out above, on 25 October 2017, at 8.00 am CET.*

## Auditor's report

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

### Introduction

We have reviewed the condensed interim financial information (interim report) of Evolution Gaming Group AB (publ) as of 30 September 2017 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of Review

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

### Conclusion

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

Stockholm, 24 October 2017

PricewaterhouseCoopers AB

Niklas Renström

Authorized Public Accountant

## Definitions of key ratios not defined in accordance with IFRS

Key ratios	Definition	Purpose
Operating profit	Profit before tax excluding net financial items.	This key ratio is used by management to monitor the earnings trend in the Group.
Operating margin	Operating profit in relation to operating revenues.	This key ratio is used by management to monitor the earnings trend in the Group.
EBITDA	Operating profit less depreciation.	This key ratio is used by management to monitor the earnings trend in the Group.
EBITDA margin	Operating profit excluding depreciation and amortisation in relation to operating revenues.	This key ratio is used by management to monitor the earnings trend in the Group.
Profit margin	Profit for the period in relation to operating revenues.	This key ratio is used by management to monitor the earnings trend in the Group.
Equity per share	Shareholders' equity divided by the number of shares outstanding at the end of the period.	This key ratio is used by management to monitor the earnings trend in the Group.
Operational cash flow per share	Cash flow from operating activities in relation to the average number of shares outstanding during the period.	This key ratio is used by management to monitor the cash flow trend in the Group.
Average number of shares outstanding	The average number of shares outstanding during the period.	Used to calculate key ratios in relation to the number of shares during the period.
Number of shares outstanding	Number of shares outstanding at the end of the period.	Used to calculate key ratios in relation to the number of shares at the end of the period.
Equity/assets ratio	Equity at the end of period in relation to total assets at the end of period.	This key ratio indicated the Group's long-term payment capacity.
Cash and cash equivalents	Cash and bank assets.	Used by management to monitor the Group's short-term payment capacity.
Revenue growth compared with the previous year	Operating revenues for the period divided by operating revenues in the same period last year.	This key ratio is used by management to monitor the Group's revenue growth.
Revenue growth compared with the preceding quarter	Operating revenues for the period divided by operating revenues for the preceding quarter.	This key ratio is used by management to monitor the Group's revenue growth.