



## First quarter of 2018 (Q1 2017)

- Operating revenues increased by 30% to EUR 51.6 MEUR (39.7)
- EBITDA increased by 29% to EUR 22.0 million (17.0), corresponding to a margin of 42.6% (42.9)
- Profit for the period amounted to EUR 16.5 million (12.7)
- Earnings per share amounted to EUR 0.46 (0.35)

## Events during the first quarter of 2018

- Investments in studios and game innovation
- New production hub in Georgia completed
- Continued high demand for Live Casino in Europe and globally

## Summary of the first quarter of 2018

Group (EUR thousands)	Jan-Mar 2018	Jan-Mar 2017	Change %	Apr 2017-Mar 2018	Jan-Dec 2017	Change %
Operating revenues	51,594	39,688	30%	190,291	178,385	7%
EBITDA	21,959	17,027	29%	85,568	80,636	6%
EBITDA margin	42.6%	42.9%	-	45.0%	45.2%	-
Operating profit	17,842	13,955	28%	70,769	66,882	6%
Operating margin	34.6%	35.2%	-	37.2%	37.5%	-
Profit for the period	16,521	12,742	30%	65,909	62,129	6%
Profit margin	32.0%	32.1%	-	34.6%	34.8%	-
Earnings per share (EUR)	0.46	0.35	30%	1.83	1.73	6%
Equity per share (EUR)	3.52	2.13	65%	3.52	3.05	15%
OCF per share (EUR)	0.42	0.34	25%	1.82	1.74	5%
Average number of FTEs	3,094	2,334	33%	2,789	2,639	6%

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## CEO's comments

Overall, the first quarter of 2018 has been characterised by growth and profitability in line with our expectations, considering the ongoing investments in both new studios and games. We noted a clearly stronger performance at the end of the period, with good growth and earnings, compared with the beginning of the period. Revenues in the quarter amounted to EUR 51.6 million, corresponding to a 30 percent increase compared with the first quarter of 2017. EBITDA amounted to EUR 22.0 million, with a margin of 43 percent. For the full-year, we expect profitability to be in line with the level achieved in 2017, with some fluctuation, both up and down, from quarter to quarter.

During the quarter, we have continued our efforts in product innovation and providing an unparalleled end user experience, in combination with cost-efficient operational excellence, in order to further increase our lead over our competitors. Among other activities, we have launched Lightning Roulette and RNG Roulette. During its beta test period, Lightning Roulette has been widely appreciated by end users, and we have good expectations for its development as it is launched by an increasing number of operators during the year. In addition, we have started to roll out the RNG product, for which we also have high expectations for the long-term, despite the niche comprising a smaller share of the market. During ICE in February, we launched a total of seven new products that strengthen our leading position in the market.

In parallel with the strengthening of our product offering, we have worked intensively with the completion of our third European production hub in Tbilisi, Georgia. We went live with the first tables in the beginning of April. The new Live Casino studio is the most advanced we have built to date, offering state-of-the-art technology as well as extended possibilities for our customers to optimise their client offerings through dedicated solutions. The studio has the capacity to accommodate our growth for the next two to three years. I am very proud of how quickly and efficiently the organisation has delivered on this project.

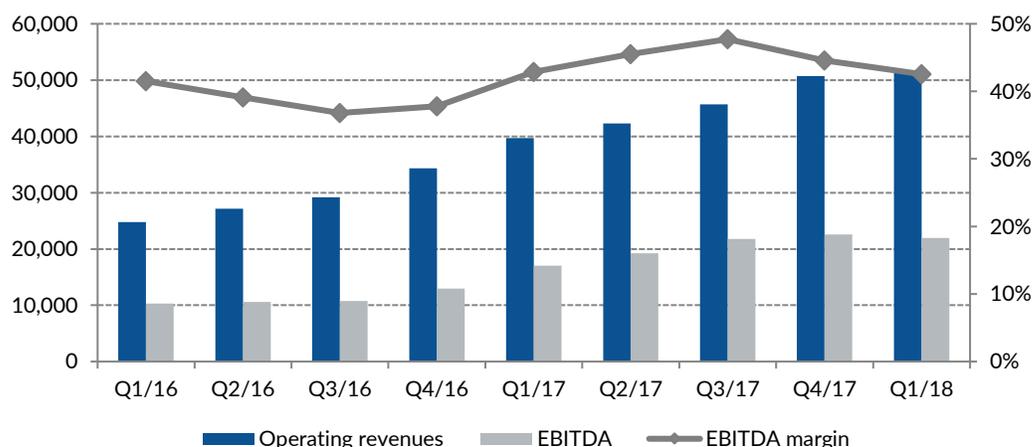
I would also like to highlight our new studio in Canada, which is also our first studio outside of Europe. Launched in February, it serves customers of the British Columbia Lottery Corporation with ten tables and five games. The studio is the first licensed Live Casino facility in the regulated Canadian market. We have seen a strong start for our offering, even though the target market of British Columbia comprises a relatively small part of Canada.

In terms of the general market development, we observe continued high demand for Live Casino both on the European level as well as globally. We are seeing a notably higher interest in the Asian markets among European licensed operators, which is positive and will become another growth driver going forward. As a B2B provider, our geographic exposure is primarily driven by which markets our customers choose to address, resulting in a high degree of geographical diversification. The United Kingdom is currently our largest market. The size of the market is mostly determined by a combination of population size and how different operators address the market. We rigorously ensure that all operators we add are properly licensed and comply with the requirements of each regulator.

In conclusion, we have experienced a good start to the second quarter with increasing activity among our customers, and preparations ahead of the FIFA World Cup 2018 are in full swing. We have a very intensive period ahead of us with many tables to be delivered and go live. With extended studio capacity and new and upcoming game launches, we are increasing our lead over our competitors. It is our assessment that we have further increased market share over the last 12 months, and we see good conditions for continuing to strengthen our market leadership.

**Martin Carlesund**  
CEO

### Quarterly results trend



## Financial performance in the first quarter of 2018

### Revenues

Revenues amounted to EUR 51.6 million (39.7) in the first quarter, corresponding to an increase of 30% compared with the corresponding period in 2017. The positive revenue development mainly derives from increased commission income from existing customers and, to a certain extent, from new customers. Demand for Live Casino games was generally high over the quarter and the number of bet spots from end users amounted to 3.1 billion (2.0). 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 33.8 million (25.7). Expenses were mainly driven by higher costs for personnel, connected to the launch of new tables in the company's studios, including the new studios in Georgia and Canada. At the end of the quarter, the number of employees amounted to 4,496 (3,780), corresponding to 3,243 (2,426) full-time positions. The strong expansion has also increased other operating expenses compared with preceding quarters.

### Profitability

Operating profit amounted to EUR 17.8 million (14.0), corresponding to an increase of 28 percent. The operating margin was 34.6 percent (35.2). The EBITDA margin was 42.6 percent (42.9).

Net financial items only had a marginal impact on profits and related to the interest expense on loans for the studio property in Riga. The Group's effective tax rate for the quarter amounted to 7.2 percent (8.1). 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 16.5 million (12.7). Earnings per share before dilution were EUR 0.46 (0.35).

### Investments

Investments in intangible assets amounted to EUR 2.9 million (2.5) during the quarter. The increase is primarily due to a higher pace of new game development in the quarter. Investments in property, plant and equipment amounted to EUR 6.5 million (1.5). The increase is attributable to expanded studio space at the production studio in Riga and the construction of new studios in Vancouver, Canada and Tbilisi, Georgia.

Investments in intangible assets refer to the development of new games 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 15.1 million (12.1) during the quarter. Cash flow from investing activities was negative in the amount of EUR 12.1 million (negative 4.2). Cash flow from financing activities was negative in the amount of EUR 0.2 million (0). Cash and cash equivalents amounted to EUR 52.1 million (34.1) at the end of the quarter.

## **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, increased use of mobile devices, the migration of land-based casinos to online environments and market regulations. 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. The next upcoming regulations are those anticipated in the Dutch and Swedish markets.

## **Other**

#### **Parent company**

The Parent Company is a holding company. Operating revenues for the first quarter of 2018 amounted to EUR 1.6 million (2.0) and expenses to EUR 1.5 million (1.8). Operating profit amounted to EUR 0.1 million (0.2). Profit for the period amounted to EUR 0.1 million (0.2). The Parent Company's cash and cash equivalents amounted to EUR 0.9 million (1.8) at the end of the period and equity amounted to EUR 232.2 million (196.8). No significant investments were made in intangible or tangible assets.

#### **Employees**

As of 31 March 2018, Evolution had 4,496 employees (3,780), corresponding to 3,243 full-time positions (2,426). The average number of full-time equivalents for the quarter was 3,094 (2,334).

#### **Significant risks and uncertainties**

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

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

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

### **Annual General Meeting 2018**

Evolution's Annual General Meeting will be held on 20 April at 2 p.m. CET at Strandvägen 7A in Stockholm.

### **Dividend**

The Board of Directors proposes that the Annual General Meeting resolve to transfer EUR 32.4 million (16.2) to shareholders, corresponding to EUR 0.90 per share (0.45) and 52 percent (51) of net profit. Evolution has adopted a dividend policy according to which, 50 percent of the company's consolidated net profit is to be distributed over time, with a certain degree of flexibility in terms of the proportion distributed in dividends.

### **Upcoming report dates**

Interim report January-June 2018	18 July 2018
Interim report January-September 2018	24 October 2018
Year-end report 2018	14 February 2019

### **Review**

This interim report has not been reviewed by the company's auditors

## Condensed consolidated income statements

Group (EUR thousands)	Jan-Mar 2018	Jan-Mar 2017	Apr 2017- Mar 2018	Jan-Dec 2017
Revenues	51,571	39,688	190,105	178,222
Other revenues	23	0	186	163
<b>Total operating revenues</b>	<b>51,594</b>	<b>39,688</b>	<b>190,291</b>	<b>178,385</b>
Personnel expenses	-20,851	-16,368	-76,605	-72,122
Depreciation, amortisation and impairments	-4,117	-3,072	-14,799	-13,754
Other operating expenses	-8,783	-6,293	-28,118	-25,628
<b>Total operating expenses</b>	<b>-33,751</b>	<b>-25,733</b>	<b>-119,522</b>	<b>-111,504</b>
<b>Operating profit</b>	<b>17,842</b>	<b>13,955</b>	<b>70,769</b>	<b>66,882</b>
Financial items	-43	-86	-175	-217
<b>Profit before tax</b>	<b>17,799</b>	<b>13,869</b>	<b>70,594</b>	<b>66,664</b>
Tax on profit for the period	-1,278	-1,127	-4,686	-4,535
<b>Profit for the period</b>	<b>16,521</b>	<b>12,742</b>	<b>65,909</b>	<b>62,129</b>
<i>Of which attributable to:</i>				
Shareholders of the Parent Company	16,521	12,742	65,909	62,129
Average number of shares before dilution	35,970,377	35,970,377	35,970,377	35,970,377
Earnings per share before dilution (EUR)	0.46	0.35	1.83	1.73
Average number of shares after dilution	36,337,046	36,244,190	36,337,046	36,337,046
Earnings per share after dilution (EUR)	0.45	0.35	1.81	1.71
Operating margin	34.6%	35.2%	37.2%	37.5%
Effective tax rate	7.2%	8.1%	6.6%	6.8%

## Condensed comprehensive income statement

Group (EUR thousands)	Jan-Mar 2018	Jan-Mar 2017	Apr 2017- Mar 2018	Jan-Dec 2017
<b>Profit for the period</b>	<b>16,521</b>	<b>12,742</b>	<b>31,740</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	64	0	-114	-178
<b>Other comprehensive income, net after tax</b>	<b>64</b>	<b>0</b>	<b>-178</b>	<b>-178</b>
<b>Total comprehensive income for the period</b>	<b>16,585</b>	<b>12,742</b>	<b>31,562</b>	<b>31,563</b>

## Consolidated balance sheets

Group (EUR thousands)	31/03/2018	31/03/2017	31/12/2017
<b>Assets</b>			
Intangible assets	16,979	15,046	16,567
Buildings	12,335	12,558	12,390
Property, plant and equipment	21,993	12,070	17,073
Other long-term receivables	5,105	498	2,397
Deferred tax assets	74	550	112
<b>Total non-current assets</b>	<b>56,486</b>	<b>40,722</b>	<b>48,540</b>
Accounts receivable	44,040	22,235	39,492
Other receivables	20,382	11,297	27,828
Prepaid expenses and accrued income	3,500	2,022	2,206
Cash and cash equivalents	52,076	34,119	49,272
<b>Total current assets</b>	<b>119,999</b>	<b>69,674</b>	<b>118,798</b>
<b>TOTAL ASSETS</b>	<b>176,484</b>	<b>110,396</b>	<b>167,337</b>
<b>Equity and liabilities</b>			
Share capital	540	540	540
Other capital contributed	4,698	4,698	4,698
Reserves	-22	-9	-86
Retained earnings including profit for the period	121,271	71,411	104,730
<b>Total equity</b>	<b>126,486</b>	<b>76,639</b>	<b>109,881</b>
Deferred tax liability	569	735	565
Long-term debt to credit institutions	6,466	7,159	6,693
<b>Total long-term liabilities</b>	<b>7,036</b>	<b>7,894</b>	<b>7,259</b>
Accounts payable	3,351	712	3,951
Short-term debt to credit institutions	950	1,130	950
Current tax liabilities	23,387	12,521	31,898
Other current liabilities	8,733	6,866	8,094
Accrued expenses and prepaid income	6,542	4,634	5,305
<b>Total current liabilities</b>	<b>42,962</b>	<b>25,863</b>	<b>50,198</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>176,484</b>	<b>110,396</b>	<b>167,337</b>

## Consolidated changes in equity

Group, 2017 (EUR thousands)	Share Capital	Other capital contributed	Reserves	Retained earnings	Total equity
Opening equity 01/01/2017	540	4,698	-9	58,667	63,896
Dividend payout 03/05/2017	-	-	-	-16,187	-16,187
Warrants	-	-	-	79	79
Total comprehensive income for Jan-Mar	-	-	-72	12,742	12,670
Total comprehensive income for Apr-Jun	-	-	-36	14,617	14,581
Total comprehensive income for Jul-Sep	-	-	67	16,777	16,844
Total comprehensive income for Oct-Dec	-	-	-37	18,034	17,998
<b>Closing equity 31/12/2017</b>	<b>540</b>	<b>4,698</b>	<b>-86</b>	<b>104,729</b>	<b>109,881</b>
Group, 2018 (EUR thousands)	Share Capital	Other capital contributed	Reserves	Retained earnings	Total equity
Opening equity 01/01/2018	540	4,698	-86	104,729	109,881
Warrants	-	-	-	20	20
Total comprehensive income for Jan-Mar	-	-	64	16,521	16,585
<b>Closing equity 31/3/2018</b>	<b>540</b>	<b>4,698</b>	<b>-22</b>	<b>121,270</b>	<b>126,486</b>

## Consolidated statement of cash flows

Group (EUR thousands)	Jan-Mar 2018	Jan-Mar 2017	Jan-Dec 2017
Operating profit	17,842	13,955	66,882
<i>Adjustment for items not included in cash flows:</i>			
Depreciation, amortisation and impairments	4,117	3,072	13,754
Other	-20	-	-79
Interest received	0	0	6
Interest paid	-43	-86	-224
Tax paid	-1,578	-1,397	-2,974
	<b>20,318</b>	<b>15,544</b>	<b>77,365</b>
<b>Cash flows from operating activities before changes in working capital</b>			
Increase / Decrease in Accounts receivables	-4,548	-3,196	-20,453
Increase / Decrease in Accounts payables	-600	-1,141	1,782
Increase / Decrease in other working capital	-107	878	3,791
<b>Cash flows from operating activities</b>	<b>15,063</b>	<b>12,085</b>	<b>62,484</b>
Acquisition of intangible assets	-2,888	-2,475	-10,558
Acquisition of property, plant and equipment	-6,505	-1,479	-10,191
Acquisition of building	-	-200	-200
Increase in other financial assets	-2,670	-	-1,438
<b>Cash flows from investing activities</b>	<b>-12,063</b>	<b>-4,154</b>	<b>-22,387</b>
Repayment of debt to credit institutions	-227	-	-748
Dividend	-	-	-16,187
<b>Cash flows from financing activities</b>	<b>-227</b>	<b>0</b>	<b>-16,935</b>
<b>Cash flow for the period</b>	<b>2,774</b>	<b>7,931</b>	<b>23,163</b>
Cash and cash equivalents at start of period	49,272	26,188	26,188
Cash flow for the period	2,774	7,931	23,163
Exchange rate differences	30	-	-78
<b>Cash and cash equivalents at end of period</b>	<b>52,076</b>	<b>34,119</b>	<b>49,272</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)	Jan-Mar 2018	Jan-Mar 2017	Apr 2017- Mar 2018	Jan-Dec 2017
Operating revenues (IFRS)	51,594	39,688	190,291	178,385
EBITDA margin	42.6%	42.9%	45.0%	45.2%
Operating margin	34.6%	35.2%	37.2%	37.5%
Profit margin	32.0%	32.1%	34.6%	34.8%
Equity/assets ratio	71.7%	61.8%	71.7%	65.7%
Cash and cash equivalents	52,076	26,188	52,076	49,272
Average number of full-time employees	3,094	2,334	2,835	2,639
Full-time employees at end of period	3,243	2,426	3,243	3,085
Earnings per share (EUR) (IFRS)	0.46	0.35	1.83	1.73
Equity per share (EUR)	3.52	3.05	3.52	3.05
Operating cash flow per share (EUR)	0.42	0.34	1.82	1.74
Average number of outstanding shares	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

## Consolidated key ratios by quarter

Group (EUR thousands)	Q1/18	Q4/17	Q3/17	Q2/17	Q1/17	Q4/16	Q3/16	Q2/16
Operating revenues (IFRS)	51,594	50,718	45,690	42,290	39,688	34,322	29,206	27,139
EBITDA	21,959	22,599	21,803	19,248	17,027	12,966	10,753	10,610
EBITDA margin	42.6%	44.6%	47.7%	45.5%	42.9%	37.8%	36.8%	39.1%
Operating profit	17,842	18,806	18,226	15,935	13,955	10,107	8,182	8,307
Operating margin	34.6%	37.1%	39.9%	37.7%	35.2%	29.4%	28.0%	30.6%
Revenue growth vs prior year	30.0%	47.8%	56.4%	55.8%	60.1%	53.1%	47.4%	49.8%
Revenue growth vs prior quarter	1.7%	11.0%	8.0%	6.6%	15.6%	17.5%	7.6%	9.5%
Cash and cash equivalents	52,076	49,272	38,798	28,347	34,119	26,188	17,804	14,778

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

Group (EUR thousands)	Jan-Mar 2018	Jan-Mar 2017	Apr 2017- Mar 2018	Jan-Dec 2017
<b>Operating margin</b>				
Profit before tax	17,800	13,869	70,594	66,664
Excluding net financial items	44	86	175	217
<b>Operating profit (EBIT)</b>	<b>17,843</b>	<b>13,955</b>	<b>70,769</b>	<b>66,882</b>
Divided by Total operating revenues	51,594	39,688	190,291	178,385
<b>Operating (EBIT) margin</b>	<b>34.6%</b>	<b>35.2%</b>	<b>37.2%</b>	<b>37.5%</b>
<b>EBITDA and EBITDA margin</b>				
Profit before tax	17,800	13,869	70,594	66,664
Net financial items	44	86	175	217
Depreciation/amortisation	4,117	3,072	14,800	13,754
<b>EBITDA</b>	<b>21,961</b>	<b>17,027</b>	<b>85,569</b>	<b>80,636</b>
Divided by Total operating revenues	51,594	39,688	190,291	178,385
<b>EBITDA margin</b>	<b>42.6%</b>	<b>42.9%</b>	<b>45.0%</b>	<b>45.2%</b>
<b>Profit margin</b>				
<b>Profit for the period</b>	<b>16,521</b>	<b>12,742</b>	<b>65,909</b>	<b>62,129</b>
Divided by Total operating revenues	51,594	39,688	190,291	178,385
<b>Profit margin</b>	<b>32.0%</b>	<b>32.1%</b>	<b>34.6%</b>	<b>34.8%</b>
<b>Equity/Assets ratio</b>				
<b>Total equity</b>	<b>126,486</b>	<b>63,896</b>	<b>126,486</b>	<b>109,881</b>
Divided by Total assets	176,484	103,318	176,484	167,337
<b>Equity/Assets ratio</b>	<b>71.7%</b>	<b>61.8%</b>	<b>71.7%</b>	<b>65.7%</b>

## Condensed Parent Company income statements and other comprehensive income

Parent company (EUR thousands)	Jan-Mar 2018	Jan-Mar 2017	Apr 2017- Mar 2018	Jan-Dec 2017
Operating revenues	1,597	1,998	5,793	6,194
Other external expenses	-1,494	-1,817	-5,690	-6,013
<b>Operating profit</b>	<b>103</b>	<b>182</b>	<b>102</b>	<b>181</b>
Dividend from group companies	-	-	50,000	50,000
Financial items	0	0	90	90
<b>Profit before taxes</b>	<b>103</b>	<b>181</b>	<b>50,193</b>	<b>50,271</b>
Tax on profit for the period	-23	0	-498	-476
<b>Result for the period</b>	<b>80</b>	<b>181</b>	<b>49,695</b>	<b>49,796</b>

Parent company (EUR thousands)	Jan-Mar 2018	Jan-Mar 2017	Apr 2017- Mar 2018	Jan-Dec 2017
<b>Profit for the period</b>	<b>80</b>	<b>181</b>	<b>49,695</b>	<b>49,796</b>
Other comprehensive income	-	-	-	-
<b>Other comprehensive income, net after tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>80</b>	<b>181</b>	<b>49,695</b>	<b>49,796</b>

## Condensed Parent Company balance sheets

Parent company (EUR thousands)	31/03/2018	31/03/2017	31/12/2017
<b>Assets</b>			
Intangible assets	119	37	66
Property, plant and equipment	78	126	90
Participating interest in Group companies	206,000	206,000	206,000
Other financial assets	32	36	34
Deferred tax receivables	74	550	78
<b>Total non-current assets</b>	<b>206,303</b>	<b>206,749</b>	<b>206,268</b>
Receivables from Group companies	25,420	6,240	25,222
Other current receivables	282	244	121
Prepaid expenses and accrued income	279	97	145
Cash and cash equivalents	866	1,836	951
<b>Total current assets</b>	<b>26,846</b>	<b>8,418</b>	<b>26,439</b>
<b>TOTAL ASSETS</b>	<b>233,150</b>	<b>215,166</b>	<b>232,707</b>
<b>Equity and liabilities</b>			
Share capital	540	540	540
Retained earnings including profit for the period	231,698	196,230	231,595
<b>Total equity</b>	<b>232,237</b>	<b>196,770</b>	<b>232,135</b>
Accounts payable	234	68	156
Liabilities to Group companies	-	17,304	-
Other current liabilities	193	259	40
Accrued expenses and prepaid revenues	486	766	376
<b>Total current liabilities</b>	<b>913</b>	<b>18,397</b>	<b>572</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>233,150</b>	<b>215,166</b>	<b>232,707</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.

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

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

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

The accounting policies are unchanged from the 2017 annual report.

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

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

### Note 3. 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 Board of Directors and the CEO affirm 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, 19 April 2018

Jens von Bahr Chairman of the Board	Joel Citron Board Member	Jonas Engwall Board Member	Cecilia Lager Board Member
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Ian Livingstone Board Member	Fredrik Österberg Board Member	Martin Carlesund CEO
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For further information, please contact CFO Jacob Kaplan, +46 708 62 33 94, [ir@evolutiongaming.com](mailto:ir@evolutiongaming.com).

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

CEO Martin Carlesund and CFO Jacob Kaplan will present the report and answer questions on Thursday, 19 April 2018 at 09:00 a.m. CET via a telephone conference. The presentation will be in English and can also be followed online. Number for participation by telephone: +46 8 566 42 662. Follow the presentation at <https://tv.streamfabriken.com/evolution-gaming-group-q1-2018>.

*This information is such that Evolution Gaming Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, under the agency of the contact person set out above, on 19 April 2018, at 7.30 am CET.*

## 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.