



 **Evolution**

ANNUAL REPORT 2020

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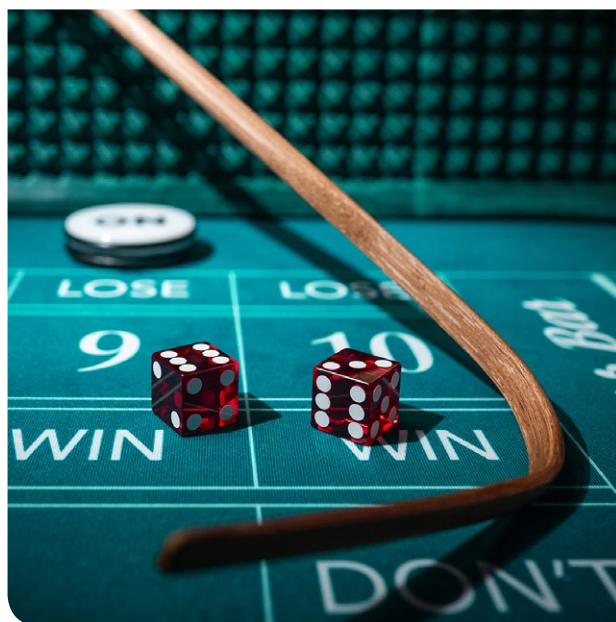
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The year in brief

A summary of another outstanding year in Evolution's history.

►► THE YEAR IN FIGURES

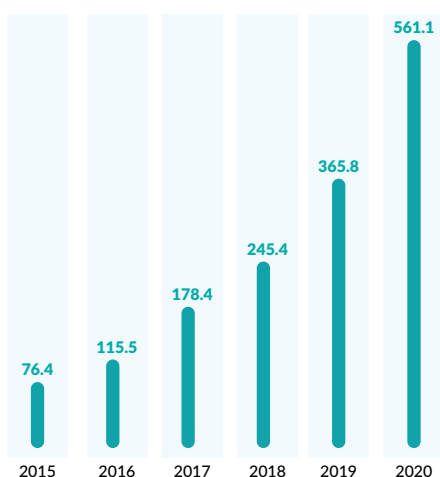
EBITDA **+82%** to
€332.2 million (182.9)
corresponding to a
margin of **59.2%** (50.0)

Profit **+90%**
to **€284.6 million**
(149.7)

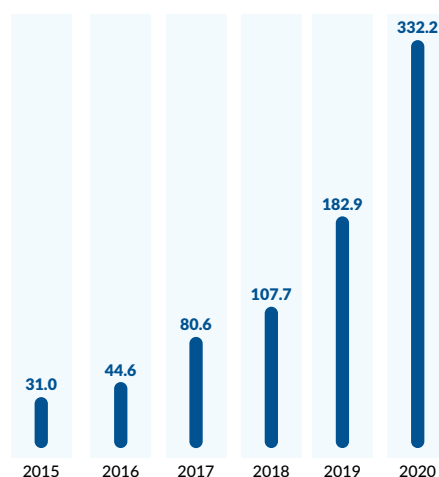
Earnings per
share amounted
to **€1.55** (0.83)

The Board proposes
a dividend of
€0.68 (0.42) per share

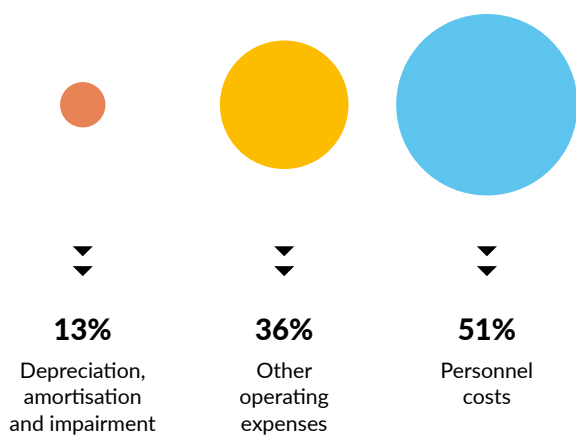
Operating Revenues (EUR MILLION)



EBITDA (EUR MILLION)



Cost Structure



Revenues



►► HIGHLIGHTS



12 new games & game show category growth

Evolution launched 12 new games in 2020 adding to its growing portfolio of casino classics, further diversifying with unique live casino firsts, bringing Craps online, as well as continuing to grow its First Person range of RNG games. The game shows category continued to go from strength to strength with the launch of Crazy Time and Mega Ball, which became instant player hits.



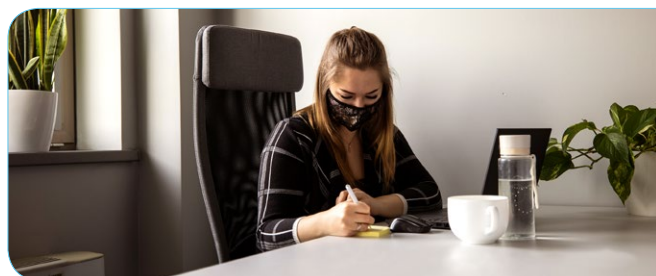
Acquisition of NetEnt

The acquisition of NetEnt, including Red Tiger, at the end of 2020 added an exceptional product portfolio of top performing slots into Evolution's offering. The acquisition significantly increased Evolution and NetEnt's joint market penetration and geographical footprint, not only in the home markets of Europe, but also in the high potential North American and Asian markets.



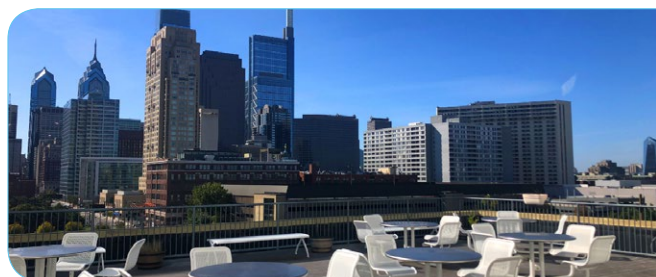
Rebrand to Evolution

In October, Evolution Gaming underwent a corporate rebrand to Evolution. This change was to better reflect the true breadth of what Evolution does and to better reflect the brand as it stands today. Evolution has the full production chain in-house, covering everything from product innovation, software development, video streaming, construction, sales, customer care and game presentation.



COVID-19 and its impact

Throughout the COVID-19 pandemic, Evolution's focus has been on creating and maintaining a safe workplace globally for all our employees, while keeping the business running at the highest possible capacity. Evolution services remained operational at all times during the pandemic. Key product launches went ahead as planned and demand for products from both licensees and players continued to be very strong.



Expansion in the USA

To further accelerate growth and meet the global demand for live casino, Evolution continued to invest in studio capacity during the year. Despite the global COVID-19 pandemic, the new studio in Pennsylvania, USA was successfully opened. A studio in Michigan is currently under construction and will go live during 2021, making this the third studio in the USA.

Group CEO comments

Innovation, global growth and aiming for even greater heights.



As I reflect on what has been an exceptionally exciting and challenging year it's particularly pleasing to conclude that we have not only been able to maintain our leading market position, we have also strengthened it. I am proud of Evolution's development in 2020, we have delivered twelve fantastic new games and we have seen growth in all geographic regions. We have also prepared the company for continued growth through the acquisition of NetEnt, making us a complete online casino provider.

The year has naturally been affected by the pandemic. Our focus throughout the year has been to create a safe workplace for employees in our studios and to maintain operations for our operators. Thanks to the extensive changes to working processes and routines, our operations have been able to continue without any large negative effects. However, in several of our studios, we have been forced to operate with fewer tables compared to normal. The pandemic has also had some positive effect on demand both short term – through increased online activity in general, and long-term – with many new players finding our games. It is worth pointing out that we had very good organic growth coming into 2020, so while the pandemic has increased demand it is not the main reason for our strong growth in 2020.

The acquisition of NetEnt marks a milestone for Evolution as we add slots to our product portfolio and become a complete online casino provider. We are convinced that the addition of slots makes us well-placed for our long-term ambition of being the global market leader in online casino. The new broader Evolution will take advantage of ongoing market regulation, increasing digitalisation and most of all continue to build products for the future.

We remain committed to creating the best gaming experience for every single user across both verticals, as well as in new products where we will combine the two verticals. It is important to point out that the key to our success is for us to continue to innovate and to substantially enhance and refine the playing experience.

The demand for our products is truly global and during 2020 we had good growth in all our geographic markets. Asia and North America stand out with high growth rates. We are still a small actor in Asia, and I expect to continue to build on that position. In North America, the long-term growth will depend on the pace of continued regulation of the USA. In 2021, we will continue to expand our existing offerings in New Jersey and Pennsylvania and also launch a new studio in Michigan.





Product innovation is central for Evolution's success and our ambition is to pave the way for the entire industry by launching new ground-breaking products. I am very excited about the upcoming game launches for 2021 and you can expect that we will continue our innovation efforts with the aim to take online casino to the next level, using the latest technology and adapting to more target audiences than ever before. In 2021, we will expand our range of immersive and engaging game shows, continue to build on the success of our First Person range and as always, we will also develop variants and unique twists on our classic games, Roulette, Blackjack and Baccarat. When we created the game show segment in online casino combining core live products with RNG elements it was groundbreaking. For us now to also add slots and explore what can be done when combining elements from both sides makes it very promising that we once again will revolutionise the online casino market, now with products that form a combination between live and slots.

Looking ahead, it is clear to me that the global conversion from land-based to online gaming will continue at a high rate. At Evolution, we will continue to create innovative games and products that always push the boundaries, in order to meet this growing demand. We will continue to invest in studio capacity and keep our relentless focus on product innovation and a flawless delivery by our team. We are always striving to do better every day and increase the gap to the competition.

Martin Carlesund,
Group CEO



STRATEGIC REPORT

Evolution offers a market-leading online casino platform that simultaneously handles hardware, software, video, employees and user data, giving operators a complete online casino offering and the end users a unique gaming experience.

**OUR BUSINESS MODEL, VISION
AND STRATEGY**

OUR STRATEGY FOR GROWTH

OUR MARKETPLACE

OUR OPERATIONS

OUR GLOBAL STUDIOS

ACQUISITION OF NETENT

LIVE GAME SHOWS

**OUR WORLD-LEADING ONLINE CASINO
GAMES PORTFOLIO**

OUR GROWING CUSTOMER BASE

**A UNIQUE RECORD OF INNOVATION
AND GROWTH**

THE EVOLUTION SHARE



Our business model, vision and strategy

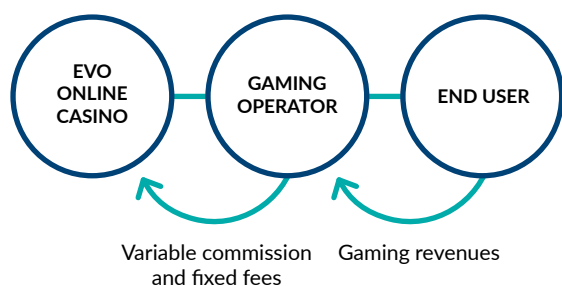
With a scalable business model and a market-leading offering, Evolution is leading the way for the development of the online casino segment on a global basis.

Mission

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

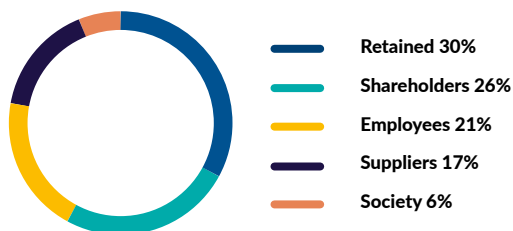
Vision

To be the leading online casino provider in the world.



Business model

Evolution develops, produces, markets and licenses fully integrated online casino solutions for gaming operators. The gaming operators then market and offer the products to their end users. Evolution's customers include the majority of the largest online gaming operators in Europe and North America, as well as a growing number of land-based casinos that have begun to offer games online.

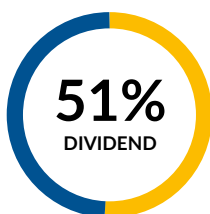


The chart shows the distribution of created economic value to employees in the form of salaries, suppliers for purchases of products and services, shareholders in the form of dividends and society in general by taxes and fees.

Value creation

Through its operations, Evolution creates economic value for its various stakeholders. The company's overarching aim is to create value for its shareholders by providing stable returns over time. In addition, Evolution contributes with value to the local communities where it has a presence, as well as to its employees — who are crucial to the company's success — across Europe and North America. Evolution also has close and long-term relations with its suppliers to ensure quality in the service offering.

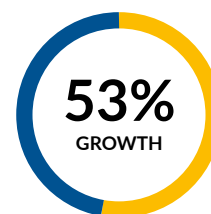
Medium to long-term objectives



Dividend

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

✓ Outcome 2020: Proposal of **51%**



Growth

To increase the gap to our competitors and grow faster than the global online casino market.

✓ Outcome 2020: **53%** compared with **23%*** for the total online casino market.

*Statistics from H2GC.



Revenue model

The majority of Evolution's revenues consist of commission fees for both live and RNG casino, which are paid monthly by operators. Commission is calculated as a percentage of the operators' winnings generated via the company's casino offering. Through commission, Evolution gains beneficial exposure to the general growth of the online casino market.

For live casino, the most basic agreements normally include access to, and streaming from generic tables, while more complex agreements can include dedicated tables and environments, VIP services, native speaking dealers and other customisations to produce a live casino experience that is as unique as possible for the end user and helps the operator to stand out from the crowd.

Dedicated table fees are monthly service charges to operators who have opted to provide dedicated tables for their end users. Dedicated tables are reserved and used exclusively by the operator and can be customised completely to the operator's requirements as regards studio environment, graphics, brand attributes and language. The fee varies from customer to customer depending on factors such as 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 in conjunction with the launch of their casino offering.

Cost structure

Evolution's largest cost items are personnel costs. Personnel costs are primarily related to staff and recruitment within operations, as well as IT and product development. Other costs include royalty fees, consultants and communication among others.

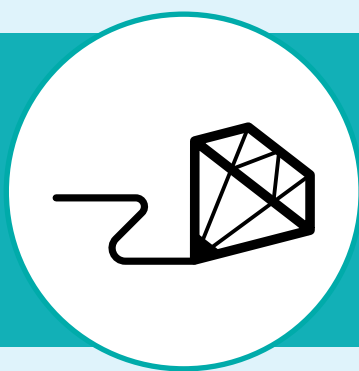
Product innovation and development also constitutes a material cost item, both directly in terms of operating expenses, and indirectly through depreciation of capitalised development costs.



Our strategy for growth

Evolution's perpetual mission is to increase the gap to the competition. Already today, Evolution has clear leadership in the online casino market and aims to keep up its growth momentum. The company has three core areas that are considered particularly important to further widening the lead over other providers in the market and laying a solid foundation for continued growth.

PRODUCT INNOVATION



Evolution strives to continuously improve its offering while, at the same time, developing the entire online casino market by means of cutting-edge product innovation.

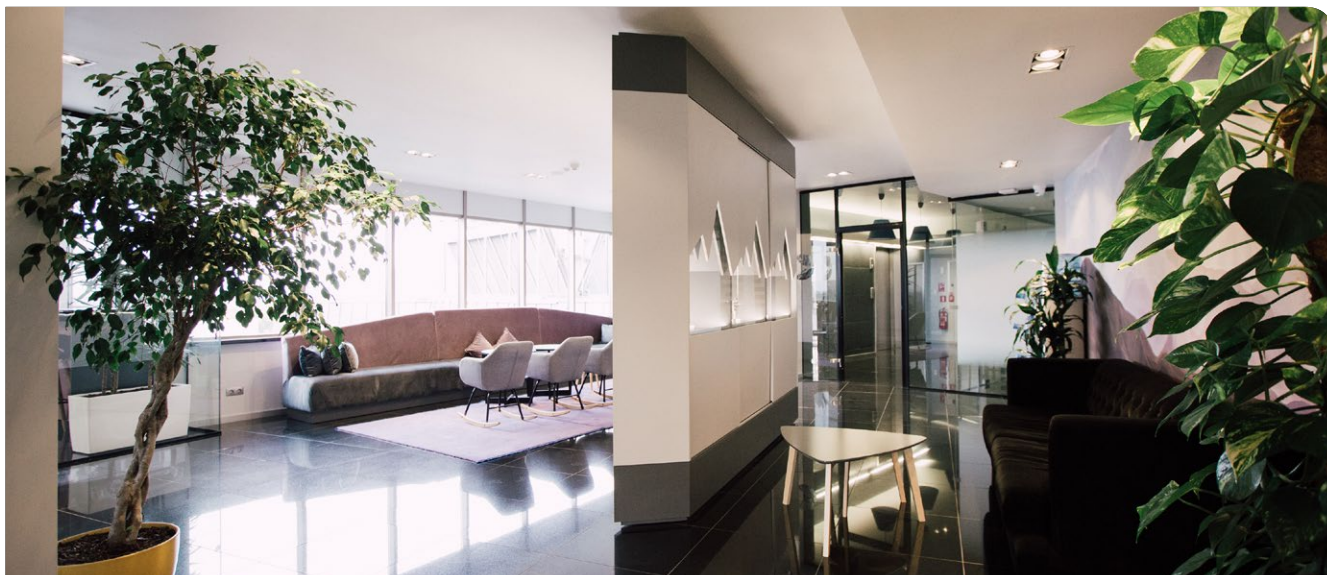
Since its inception, the company has successfully launched innovative games and solutions that are attractive both to operators and their end users. Over the past years, Evolution has manifested its innovation capabilities by introducing new game categories such as game shows, its Lightning range of games and its RNG offering First Person.

OPERATIONAL EXCELLENCE

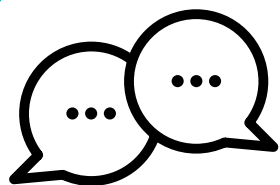


Live casino is a highly complex product and to function it requires effective collaboration between people and systems. Over its years in business, Evolution has been able to amass a collective body of experience that is unique among suppliers.

The company has 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. It also provides easy adaptation for new geographic markets.



CUSTOMER OPTIMISATION



Through its existing portfolio of customers, Evolution enjoys considerable opportunities to further develop, expand and refine each operator's online casino solution. Using the 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 end user engagement through an optimal user experience supported by cross-sales between different game segments.

ORGANIC GROWTH AND ACQUIRED GROWTH

Evolution is clearly focused on achieving organic growth through product innovation, operational excellence and customer optimisation.

In addition to organic growth, Evolution may selectively do strategic acquisitions. In early 2019, live dealer gaming provider Ezugi was acquired. In 2020, Evolution acquired NetEnt, including Red Tiger, both companies are global suppliers of online slot games for gaming operators.

The acquisition of NetEnt strengthened Evolution's position in existing markets, primarily the USA, and added slots as a second vertical to the offering, as well as resources in product development.



Our marketplace

Online casino continues its strong performance in the gaming market.

Gaming market

Evolution's services are available on a global scale and its products answer to a global demand.

According to market estimates from H2GC, the total global gaming market had an estimated value of EUR 298 billion (392) in 2020, measured in gross gaming revenues.

Roughly 80 percent (86) of this figure comprised land-based gaming, primarily via monopolised state-owned lottery operations and land-based casinos.

The global market for online gaming has grown significantly faster than the total gaming market in recent years. For the past five years (2016-2020), online gaming achieved a compound annual growth rate of around 12 percent compared with negative 4.3 percent for the market as a whole (however, compound annual growth rate for the total market 2015-2019 amounted to 3.2 percent).

This strong growth has been fuelled by underlying factors, which mainly include various kinds of technical advances. People now have constant access to the internet, while there has been a substantial increase in data capacity.

This has paved the way for higher-quality gaming experiences, which have attracted more players. Improved payment solutions and increased regulation have also boosted confidence and led to more players feeling secure about playing online.

Globally online casino has had an annual growth rate of 13.5 percent between 2016 and 2020.

Live casino has been the fastest growing segment within online casino, with an annual growth rate of 28 percent in the same period and the growth rate for RNG amounts to 9 percent.

Online casino

According to H2GC, the global online casino market had an estimated value of EUR 16.5 billion (13.4) at the end of 2020, representing a growth of 23 percent (11) compared with the year before. The live casino market had an estimated value of EUR 5.3 billion (4.5) at the end of 2020 and share of live, i.e. live casino's share of the total online casino market, was 32 percent (33). The RNG market had an estimated value of EUR 11.2 billion (9.0).

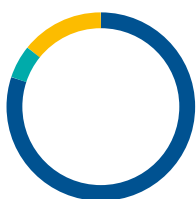
The North American Casino market had an estimated value of EUR 48.3 billion (63.3) at the end of 2020, online casino's share of the total market amounted to approximately 5.5 percent. Currently we offer both live games, as well as slots in the states of New Jersey and Pennsylvania. In Michigan and West Virginia, we are live with slots, however, during 2021, we will also expand with live games in Michigan with a new state-of-the-art studio. State by state regulation will dictate the pace of how the market expands.

Growth

The growth for live casino is underpinned by new regulated markets, technical progress and new distribution channels, but above all, strong demand from the gaming operators and their end users. Live casino is a product that allows the operators to differentiate themselves in the marketplace, since it offers considerable opportunities to completely customise both the backdrop and content. Thus, providing a unique experience for both operators and end users. Furthermore, live casino has proven to be a product that is in line with larger trends such as video entertainment where interaction with real people who speak your own language builds trust among end users.

GLOBAL CASINO MARKET

Global Casino Market 2020



- Land-based casino 80%
- Live casino 6%
- RNG 14%

Compound Annual Growth Rate 2016-2020

LIVE CASINO

▼
▼
+28.2%

RNG CASINO

▼
▼
+8.9%



Competition

The strong growth trend over recent years for live casino has encouraged more systems providers to develop live casino solutions. The barriers to entry are relatively low, while the barriers to success are considerably higher.

Live casino is a highly complex product that, in addition to a technical solution, requires both a certain volume and outstanding operational excellence to be profitable and perform satisfactorily. Our perpetual mission is to extend the gap to the competition and strengthen our market leadership. This is the common thread in our studio expansion as well as in product development, operational excellence and recruitment.

Regulation

The gaming industry is regulated at a national or a regional level. Many countries have regulations for land-based casinos that are not applied to online gaming. Some countries have a gaming monopoly, in which only one operator is permitted, while others have established systems in which several operators can be licensed to offer online games. In some cases, gaming operators that are licensed in one country offer games in other countries as well.

An increasing number of countries introduce national regulations. This means that gaming operators, and in some cases also providers, must apply for country-specific licences, pay local taxes and be subject to national monitoring.

Regulation is an important growth factor for the online casino market, because it brings more potential end users and gives operators greater opportunities to promote the product. Since Evolution is a provider, new legislation tends mainly to affect the company indirectly. See page 15 for a list of our licenses.



EXPANDING THE MARKET

Important aspects for expanding our market are partly the migration to online, and partly new games that attract new players. We are excited to play a role in digitalising the industry as more and more players experience online casino through our games. The rate at which land-based will convert to online over the years to come remains unpredictable, however we have our growth runway in place to capitalise on the development. In 2019, we revolutionised the live casino domain with the launch of the in-house developed game shows. This category of games has been acting as a powerful conversion tool to attract new player types to live casino, such as first-time live players and those who do not traditionally play live casino. The game shows with a unique mix of live casino and RNG with augmented reality technology have enabled us to expand to a much broader group of end users and consolidate Evolution's position as the leading innovator in the gaming industry.



Our live casino operations

Evolution offers a market-leading live casino platform that simultaneously handles hardware, software, video, employees and user data, giving the operators a complete live casino offering and the end users a unique gaming experience.



Technical platform

Evolution continually invests in the technical platform that forms the basis of the company's operations. Investments relate to servers and adapted hardware such as video recording devices, card scanners and dealer computers.

The company has a stable and reliable technical system that manages all data traffic and integration with the gaming operator's system. The technology is designed to be able to handle large amounts of data, while being scalable. Evolution has also built its own video coding solution with the aim of ensuring continuous video streaming in HD or the format that best fits the end users' capacity. In 2020, system availability was 99.87 (99.83) percent, excluding scheduled maintenance.

SYSTEM AVAILABILITY

▼
2020
99.87%

Game integrity

During the year, Evolution games have remained running in a fully compliant environment and at the same time meeting operational excellence and security standards, as well as ensuring the safety of our employees. In 2020, the Game Integrity and Risk department has continued to support new groundbreaking games by setting up innovative real-time game protection systems, most of which are based on advanced video recognition technology and complex hardware setups.

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

All active games at all studios run by the company are monitored and controlled 24 hours a day, in real time – often with thousands of simultaneous gamers. Key areas that are monitored include equipment, game presenters and gaming patterns – all with the aim of optimising security and providing protection against fraud. All major studios have their own MCR, which in turn can monitor studios at other locations, thus ensuring scalability in Evolution's business.

Customised services

The live casino product is a strategically important tool for operators who want to achieve brand differentiation and strengthen loyalty to their players.

Evolution has many years of experience of offering completely dedicated tables and environments, where virtually everything can be customised to the preferences of the individual operator.

Distribution channels

Evolution offers end users simple access to live casino games via all major platforms.

Over recent years, mobile gaming has increased significantly, and in 2020, 69 percent (67) of gaming revenues generated via Evolution's platform stemmed from mobile devices.

Mobile devices are expected to continue gaining in popularity. All mobile games are built in HTML5 to ensure smooth integration with the operator's mobile websites and apps.

Evolution Academy

Evolution Academy is located in the production studios and is responsible for the recruitment and initial and ongoing training of all gaming personnel — from game presenters to card shufflers and customer service personnel.

The Academy is set up just like a real live casino studio to provide training that is as realistic as possible. The normal training period for a new game presenter is roughly 100 hours, after which a three-month trainee period begins.

Each newly recruited employee is assigned a mentor and continues to undergo training after the trainee period has come to an end, in order to further develop their skills and minimise the risk of gaming mistakes. Throughout their employment, all personnel continue to undergo training based on their results, but also in conjunction with the launch of new games or other new technical features. Training in gambling addiction awareness, legislation, money laundering and other areas of control form a key part of the training activities.



LICENSES

Evolution endeavours to be the most reliable and transparent live casino provider in the market and therefore holds all the licenses and certifications Evolution considers to be necessary to maintain the highest international standards in terms of regulatory compliance and security.

Evolution is licensed and regulated in these jurisdictions:

- Alderney
- Belgium
- Canada: Alberta, British Columbia, Labrador, New Brunswick, Newfoundland, Nova Scotia, Prince Edward Island and Quebec
- Curacao
- Latvia
- Malta
- Romania
- South Africa
- United Kingdom
- United States: Michigan, New Jersey and Pennsylvania.

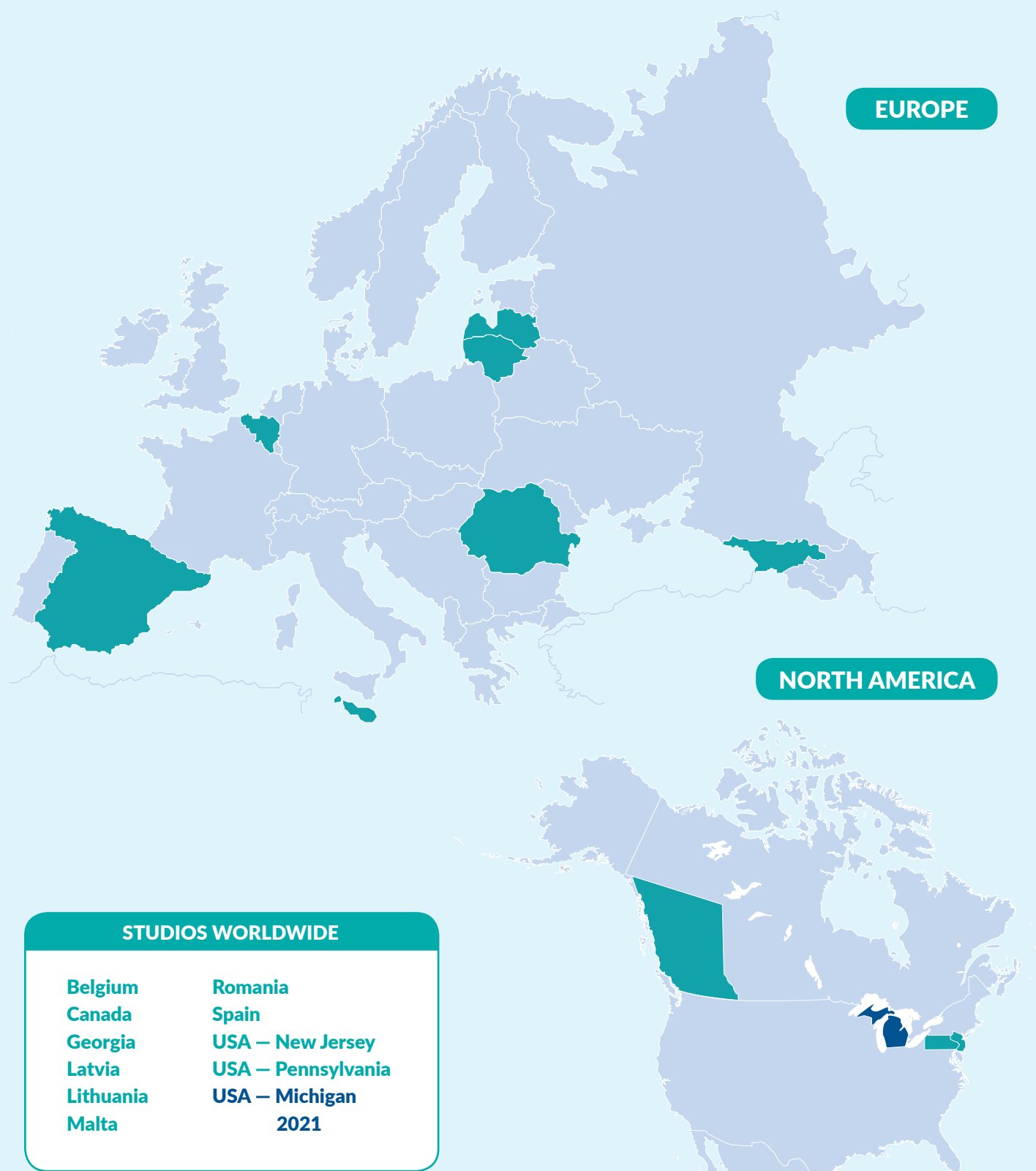
The licensors perform regular reviews to ensure that Evolution complies with the licensing requirements.

In addition, Evolution's products are certified in the following countries:

- Bulgaria
- Canada: Manitoba
- Colombia
- Denmark
- Estonia
- Hungary
- Isle of Man
- Italy
- Lithuania
- Portugal
- Serbia
- Spain
- Sweden
- Switzerland.

Our global studios

Evolution has studios across Europe, and in New Jersey, Pennsylvania and Canada. In 2021, a new studio will be built in Michigan, USA.





The art of studios

Evolution provides its services through live casino studios across Europe, Canada and the USA. Evolution has three main production studios, which serve as hubs for a clear majority of the markets where Evolution's games are offered. One is located in Riga, Latvia, one is in Fort Mriehel, Malta, and another one is located in Tbilisi, Georgia.

The production studio in Riga is Evolution's innovation hub where the company develops, tests and launches most of its new games. The operations in Riga are conducted with primarily English-speaking game presenters serving both generic and dedicated tables. In Malta, there are mainly international game presenter teams serving native language tables in regulated markets such as Denmark and Sweden. Tbilisi is Evolution's fastest growing hub, where a mix of English-speaking and international game presenter teams are working. Together they provide over 700 tables for Evolution's customers.

Besides the larger production studios, Evolution also operates studios in Belgium, Lithuania, Romania and Spain. Some of these have been built to meet the national gaming regulations requiring a physical presence in each market.

Evolution also operates three studios outside Europe, one in British Columbia, Canada and two in the USA, one in New Jersey and one in Pennsylvania. The studios have been built to cater for growth in North America.

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 in the United Kingdom, Malta, Romania and the USA.

EXPANSIONS AND LAUNCHES

Evolution's expansion in regulated markets

2011	Italy
2012	Denmark
2013	Spain
2014	Malta
2015	United Kingdom
2015	Belgium
2016	Bulgaria, Hungary, Romania
2017	Serbia
2018	Canada, Georgia, New Jersey, USA
2019	Estonia, Latvia, Sweden, Switzerland
2020	Colombia, Lithuania, Pennsylvania, USA

Evolution's game launches

2006-2016

- Live Roulette
- Auto Roulette
- Live Blackjack
- Live Baccarat
- Live Casino Hold'em
- Live Three Card Poker
- Live Caribbean Stud Poker
- Live Ultimate Texas Hold'em Poker

2017

- Dream Catcher
- Double Ball Roulette
- American Roulette
- Live Casino Hold'em Jumbo 7 Jackpot
- Live Caribbean Stud Poker Progressive Jackpot

2018

- Lightning Roulette
- Salon Privé range
- Dragon Tiger
- Infinite Blackjack
- Football Studio
- First Person Roulette
- First Person Blackjack
- Live Texas Hold'em Bonus Poker and First Five Jackpot

2019

- MONOPOLY Live
- Deal or No Deal Live
- Lightning Dice
- Super Sic Bo
- Free Bet Blackjack
- Side Bet City
- 2 Hand Casino Hold'em
- First Person Lightning Roulette
- First Person Dream Catcher

2020

- Crazy Time
- Mega Ball
- Craps
- Power Blackjack
- Instant Roulette
- Lightning Baccarat
- Speed Blackjack
- First Person Baccarat, Craps, Dragon Tiger, Football Studio and Mega Ball

Acquisition of NetEnt

In December 2020, the acquisition of NetEnt was completed. Through the acquisition, we add slots as a second vertical to our current live casino offer. As part of the acquisition of NetEnt, we also acquired the slots brand Red Tiger. By offering the market a broad portfolio comprising the best of live and slots as well as the ultimate product mix of the two, we will be in an even stronger position to capitalise on opportunities and market growth.



ONLINE SLOTS

Games for which the objective is to get the same symbol to come up on multiple rotating reels, which are started by pushing a button.

The games are based on a random number generator, which determines the outcome and thus the distribution of wins to players.

NETENT



RED TIGER

The acquisition marks a very important milestone for Evolution. We are convinced that a combination of the two companies offers great synergies and makes us well-placed for our long-term ambition of taking a leading global position in online casino. The combined product portfolio will include the world's most popular live casino and online slots games and generate 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 customers and the player experience as well as enable new collaborations between world-class development resources.

The merger of Evolution's leading position in live casino with NetEnt's strong position in online slots will create a best-in-class B2B provider with capacity to drive the digitalisation of the global gaming industry. 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.

There will be annual cost savings of approximately EUR 40 million, compared to the combined cost basis of NetEnt and Evolution as of the first quarter of 2020.

Business model

NetEnt has a similar business model to Evolution, delivering games and gaming systems for online casinos that are used by gaming operators around the world. NetEnt and its customers, the gaming operators, apply a partnership model, whereby NetEnt is responsible for operation and monitoring of the gaming transactions. Customers pay commissions to NetEnt based on a percentage of the gross gaming revenues generated by NetEnt's games.



Ensuring game security

NetEnt's games go through billions of automated, repeated tests to ensure game fairness and that the games are compliant with all applicable rules and regulations. This means that the games must meet a number of responsible gaming criteria before they are considered ready for market launch. The games are also tested and certified by independent accredited test facilities who verify that the products meet all the required criteria.

Joint innovation and product development

Moving forward, our focus will be on developing the new company without losing speed on any vertical. Through our shared emphasis on product innovation and the ultimate player experience, and by utilising the combined know-how from the new organisation, we aim to speed up our market penetration and increase the gap to the competition even further. We already have a number of joint projects under way to be able to deliver major improvements in our customer offering and player experience, and we will release several co-developed games in 2021.

LICENSES

NetEnt holds licenses in the following jurisdictions:

- Alderney
- Belgium
- Gibraltar
- Malta
- Romania
- Spain
- UK
- USA: Michigan, New Jersey, Pennsylvania, West Virginia.

In addition, the company's products are certified in the following countries:

- Croatia
- Czech Republic
- Denmark
- Estonia
- Finland
- Isle of Man
- Italy
- Latvia
- Lithuania
- Mexico
- Norway
- Portugal
- Serbia
- Sweden.

The live game shows category goes from strength to strength

In 2020, Evolution further extended its pioneering live game shows category with the launch of two more record-breaking new titles — Crazy Time and Mega Ball. Live game shows were pioneered by Evolution and put TV game show-style entertainment at the heart of the gaming experience. This growing range of exciting, innovative games delivers a style of gaming previously not available on live and continues to attract players who have never before played live casino.

HIGHLIGHTS



Pioneered by
Evolution



New style
of gaming



Cutting edge
technology



The Live game shows category was born with the intention to appeal to new players and those who had not played live casino before. The successful releases of Dream Catcher in 2017 and Lightning Roulette in 2018 paved the way for further innovations with the instantly recognisable games of MONOPOLY Live* and Deal or No Deal Live in 2019, which fully cemented the live game shows category on operator sites.

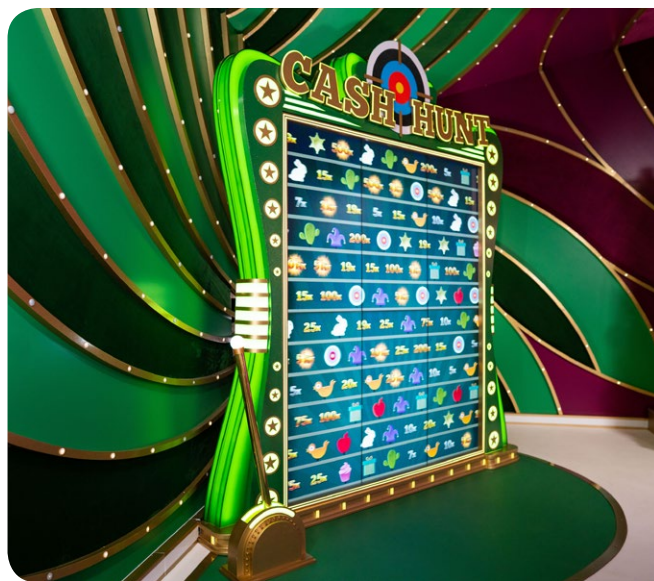
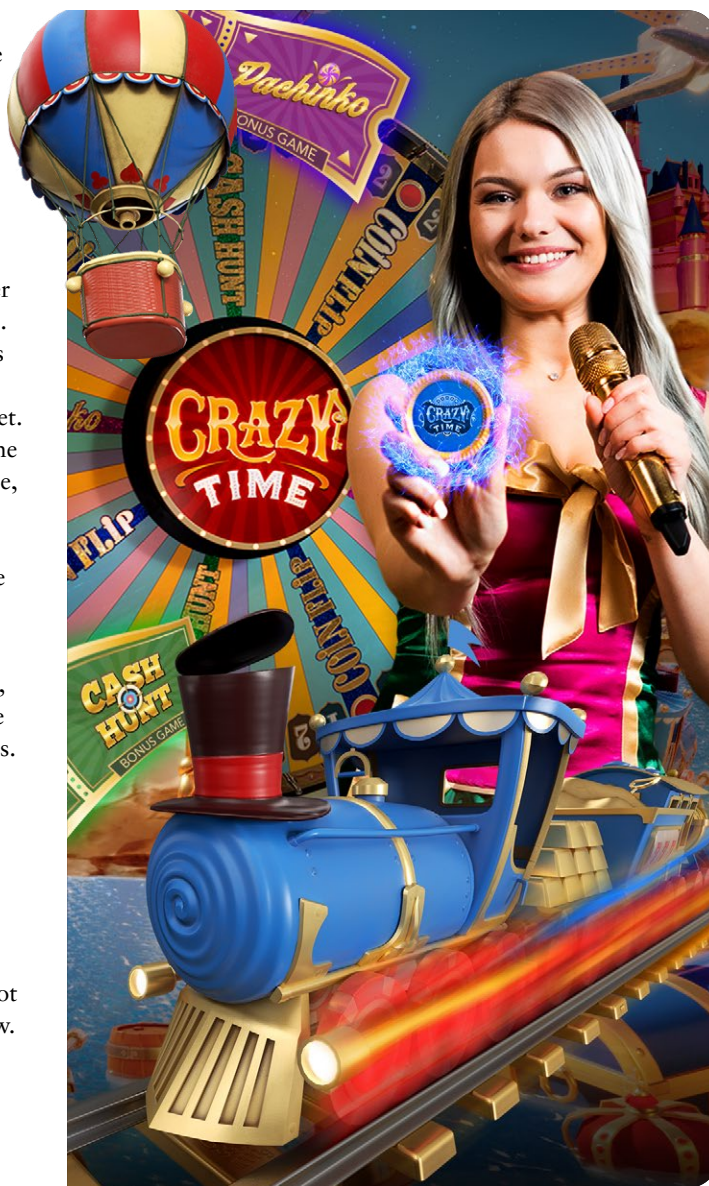
In 2020, Evolution's live game shows offering took a further leap forward with the release of Mega Ball and Crazy Time. Mega Ball is a unique, fast-paced game show that combines familiar bingo-style game mechanics with bouncing lottery balls and represented the first game of its kind on the market. The draw of the Mega Ball adds exciting multipliers with the chance for big, multiplied winnings. Crazy Time, meanwhile, is a bold, fun and unique money wheel game that includes four action-packed bonus games – more than we have ever had in a single game. Since launch, it quickly attracted huge interest, breaking all game records in Evolution for a single game launch.

The game show category focus is on fun and entertainment, with unique games presented by charismatic, TV-style game hosts and set in stunning studios akin to TV game show sets.

The live gameplay and entertainment are made even more exciting and visually arresting through cutting-edge technologies such as augmented reality, which also adds unique journeys for players while playing these games.

These new games continue to propel live casino into a new era of gaming, with entertainment standards so high that end users watch the progress of the game even if they are not active players in it, just as they would with a TV game show.

*Scientific Games holds rights to the MONOPOLY brand through a license agreement with Hasbro, Inc. (NASDAQ: HAS).



Making a great game that players love is as difficult as making a hit song that listeners love. Every game and song will find a certain audience that loves it, but appealing to a wide audience for a long time requires everything to come together perfectly. If any one element is off it can turn a song or game from a hit to a miss. All of the small things add up and must be balanced against each other.

TODD HAUSHALTER

Chief Product Officer and Games Operations,
Evolution

Our world-leading online casino games portfolio

The Evolution Group is a world-leading provider of online casino content offering an unrivalled product portfolio with the strongest live casino offering on the market and top performing slots from its NetEnt and Red Tiger brands.



Classic live table games

Evolution offers its customers and their players the widest selection of online live table games. These include Live Roulette, Blackjack, Baccarat, Super Sic Bo, Dragon Tiger, Craps, and the most popular Poker-based games such as Live Casino Hold'em, Three Card Poker, Ultimate Texas Hold'em and many more. Several of our Poker games come complete with Progressive Jackpots.

We offer exciting and engaging variants across all of these classic casino table games, as well as VIP and Salon Privé solutions and native speaking dealer options for numerous languages.

Moreover, we are committed to honouring the classics while taking full advantage of technology in all its forms. We constantly enrich each game through easy-to-play

features and also through further, often imperceptible, improvements that enhance the gaming experience while staying true to the original essence of each game.

Instant Roulette is an example of how we took Live Roulette for a completely new spin to meet the players' desire for near instant results while still being able to place bets at their own pace.

We also revolutionised scalable Blackjack with the introduction of our Infinite Blackjack family of games, providing unlimited seats at the table together with exciting side bets, which opened up the game for even more players.



Live game show games

Our game shows category is now firmly established in the live casino space following a stream of hugely successful launches.

All titles in our game shows category are developed in-house by Evolution's strong and talented team, and all are landmark specialty games that provide something completely new in the market.

Within the game shows category, our trailblazing Lightning family of games continues to stand apart by offering gaming experiences that are truly distinctive and different.

Titles such as MONOPOLY Live* and Deal or No Deal Live are based on powerhouse brands from Hasbro, Inc. (via sublicense from Scientific Games*) and Endemol Shine Group.

*Scientific Games holds rights to the MONOPOLY brand through a licence agreement with Hasbro, Inc. (NASDAQ: HAS).

Mega Ball and Crazy Time are the most recent additions to this category, both representing a number of live casino firsts and both offering something which was unavailable in the market previously.

Crazy Time further built on our learnings from our previous game show releases and the fact that players wanted more bonus rounds and excitement. It offers more bonus games than ever before, huge multipliers and more player participation than any other live online game. Crazy Time is the most successful game launch in Evolution's history, smashing all company records in terms of player numbers, wager, player count and GGR. Popularity from this game has grown from a sense of community that was built around the excitement of the bonus games and players sharing in each other's victories.



RNG table games & First Person games

Combining the best of the RNG (Random Number Generator) and live casino worlds, our First Person range continues its exciting growth as a key component of our overall game portfolio.

Extending the range in 2020 were First Person versions of our Baccarat, Dragon Tiger, Craps, Football Studio and Mega Ball games.

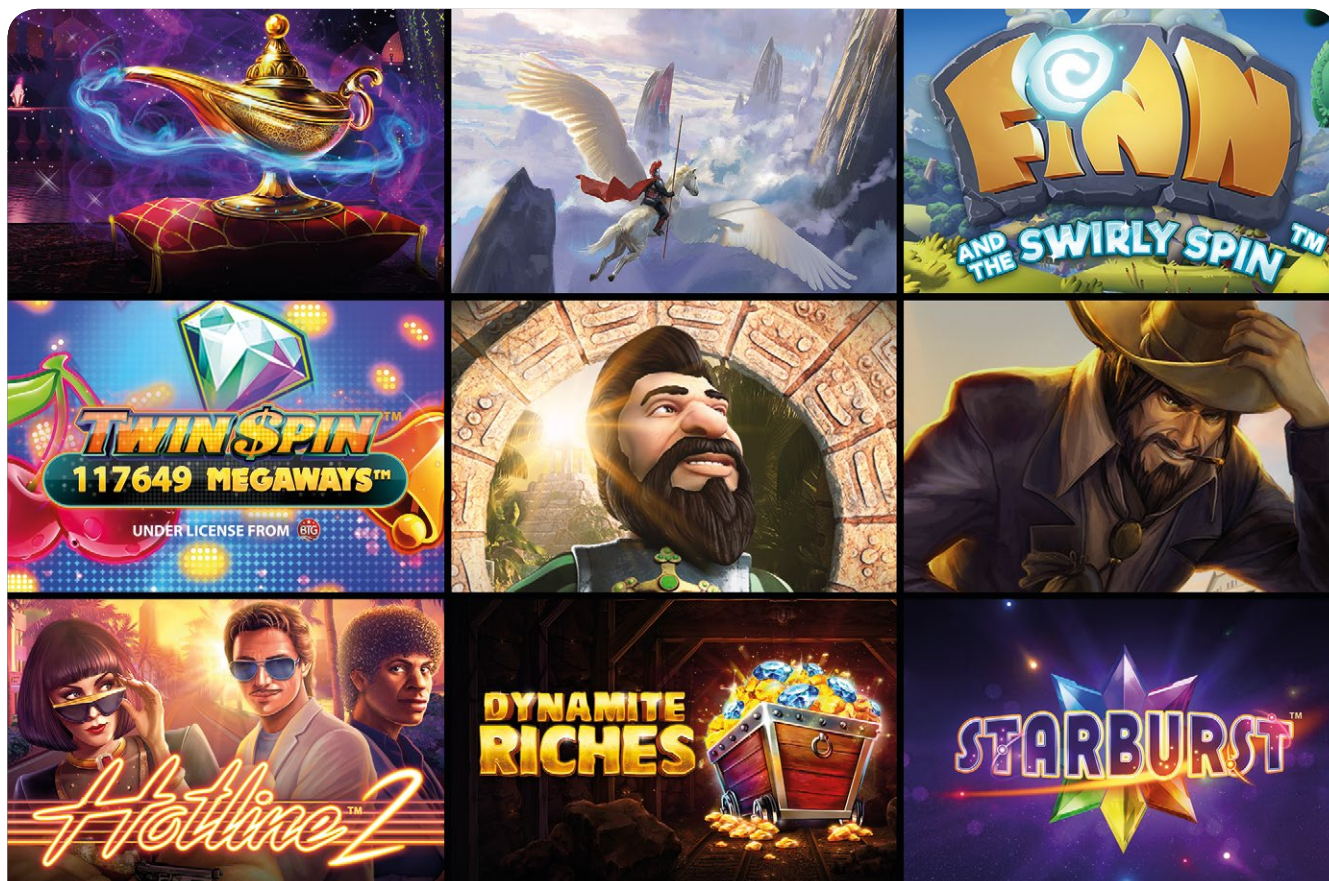
All our First Person games benefit from beautiful 3D rendered and animated gaming environments and gameplay, leveraging new technologies to deliver an authentic, true-to-life gaming experience.

All our First Person titles also feature our 'GO LIVE' button, which transports players through an in-game

portal to the live version of the same game. This offers a unique gaming experience and is a powerful, proven cross-selling tool for introducing RNG players to the thrilling world of live casino.

Evolution licensees continue to rapidly adopt our unique take on RNG gaming for all of these reasons, and also because all First Person games are fully customisable to match the look and feel of their respective brand.

RNG table games from NetEnt and Red Tiger complement our First Person games and offer even more options for players who prefer these games.



RNG slots games

In December 2020, we welcomed the successful NetEnt and Red Tiger brands into the Evolution Group, and with them 350-plus of the world's leading online slots titles.

As one of the industry's best-known brands, NetEnt has an enviable reputation for producing some of its most iconic and highest-performing online slots games, including Starburst™, Gonzo's Quest™, Divine Fortune™, Twin Spin™ Megaways™, Dead or Alive™ and many more.

The same is true of Red Tiger, a brand renowned for slots such as the Pirates Plenty series, Dragon's Fire series, Dynamite Riches, as well as its enormously successful Daily Drop Jackpots Network and its market-leading customer engagement tools.

With NetEnt as part of the Evolution Group, there is also huge scope to blend iconic NetEnt player favourites into the world of live casino to create a new wave of games to provide players with yet more truly unique entertainment experiences.

This approach has already paid dividends for NetEnt and Red Tiger, whose collaborations on Piggy Riches™ Megaways™ and Gonzo's Quest™ Megaways™ have resulted in massively successful slots titles.

Our growing customer base

Evolution's customer portfolio includes a large number of the major global online operators, platform providers and a growing number of land-based casinos. The main growth will derive from the existing customer portfolio, since operators generally extend the scale of their live offerings. Evolution can also follow existing customers into new markets.



Customer portfolio

Evolution's customer portfolio, including all brands, consisted of approximately 500 customers at the end of 2020 and comprises online operators and land-based casinos. The online operators typically offer a wide range of different gaming verticals including RNG games, such as slots, live casino, sportsbook, as well as poker and bingo.

Land-based casinos have begun to a greater extent to expand online and Evolution strives to be the natural partner in this transition. At the end of 2020, Evolution's customer portfolio included over 40 (30) land-based casinos.

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.

New customers in 2020

In 2020, agreements were signed with BetMGM, Caesars Entertainment, FanDuel Group, Grand Casino Luzern, Golden Nugget, Intralot, JVH Gaming & Entertainment Group, PointsBet, William Hill US and Wynn Sports Interactive.

Risk assessment for new customers

As a B2B provider, Evolution's revenues are generated via gaming operators and casinos. The company has stringent monitoring processes in place to detect attempts at fraud and money laundering, but it is the operators that handle all monetary transactions with their end users.

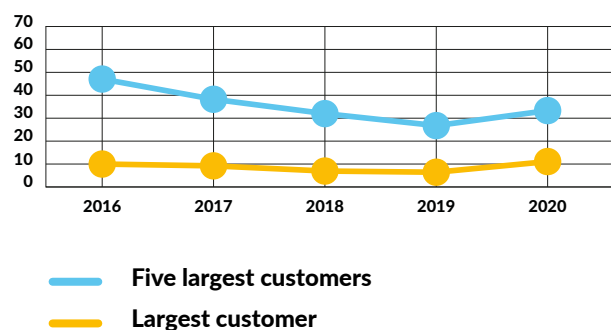
To satisfy regulatory requirements and further minimise the risks, the company has established due diligence processes for when new agreements are signed and to continually evaluate existing customers. Evolution is always able to discontinue its services to operators that fail to comply with the relevant regulations, or that in some other way jeopardise Evolution's market position and/or gaming licences.



Customer dependency

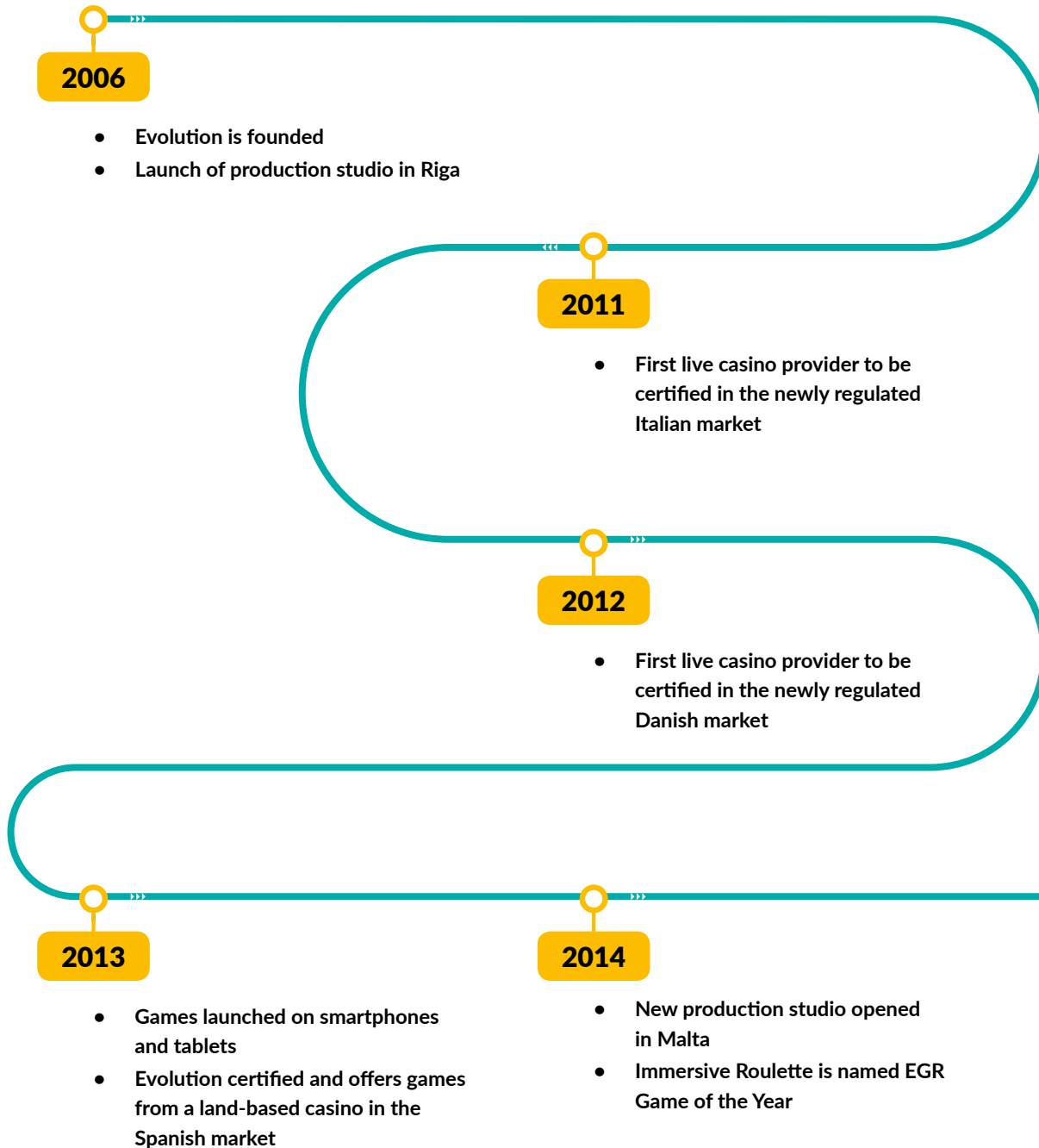
The majority of Evolution's largest customers have strengthened their focus on live casino in recent years. We partner with our customers and work closely with them in all aspects of their operations. Evolution's largest customer accounted for approximately 11 percent (6) of revenues in 2020, and the five largest customers accounted for roughly 33 percent (27) of revenues.

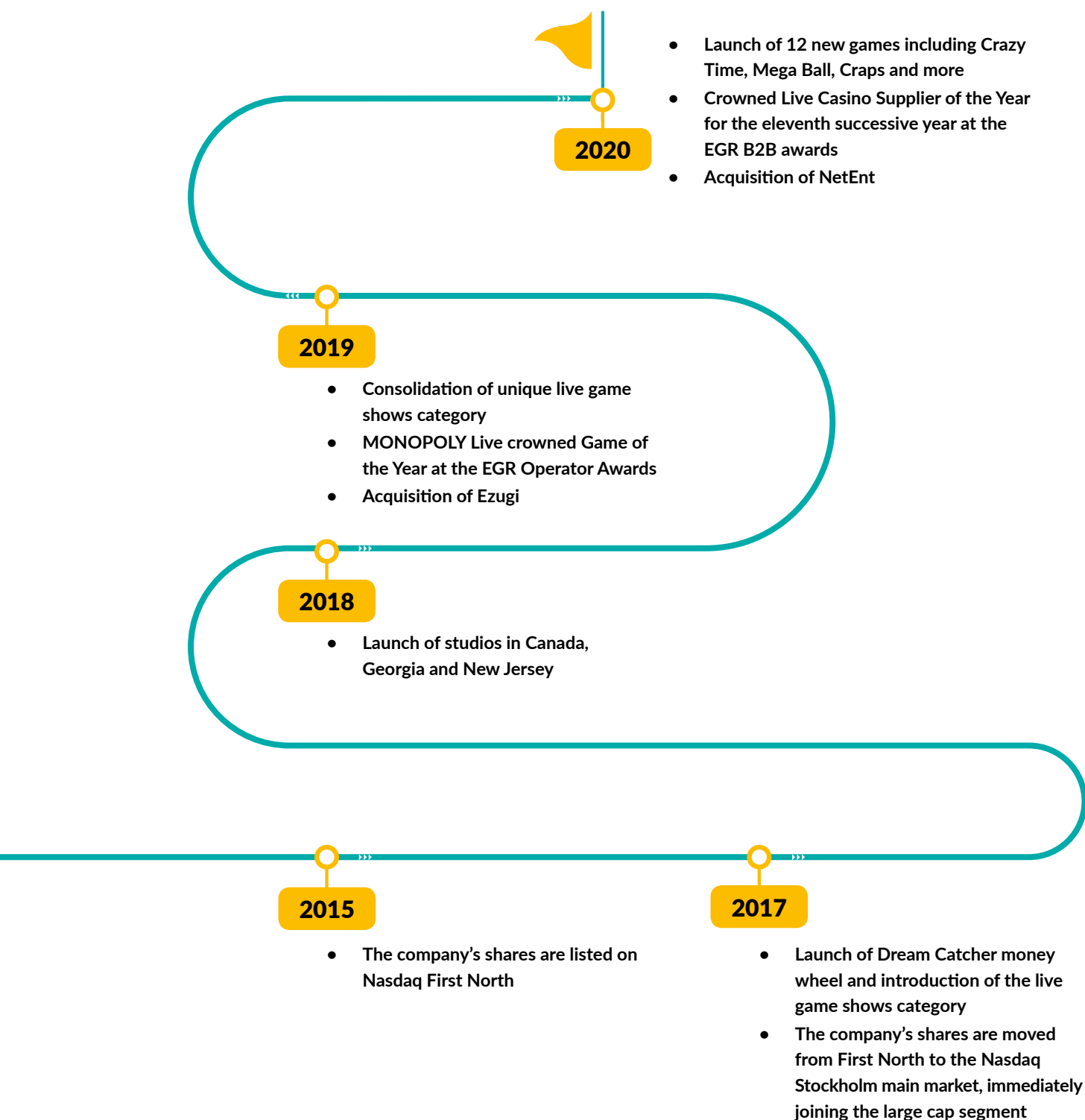
CUSTOMER DEPENDENCY (% OF REVENUES)



A unique record of innovation and growth

From a small studio with only a handful of co-workers in Riga in April 2006, Evolution has grown into a leading provider with the majority of European tier 1 operators as customers, 700 tables in studios and environments in ten countries and with game experiences for all types of end users — from high rollers to mass market.





The Evolution share

Evolution shares are quoted and traded on Nasdaq Stockholm in the large cap segment.

Listing

Evolution's shares commenced trading on the Nasdaq First North Premier exchange on 20 March 2015. The company was approved for listing on the main market of Nasdaq Stockholm in June 2017, with the first day of trading on 7 June 2017.

Share capital

On 31 December 2020, the share capital amounted to EUR 638,168.65, divided between a total 212,327,008 shares, each with a nominal value of EUR 0.003. All shares belong to the same class of shares, with equal voting rights and shares of the company's capital and profit.

Trade in the share

During the year, the share increased by 196 percent to SEK 834.80 on the last trading day of the year, corresponding to a market capitalisation of about SEK 177 billion. A total 263,680,295 shares were traded during the year, corresponding to a value of SEK 147 billion and a turnover velocity of 145 percent. The average number of shares traded per trading day was 1,046,350 and the volume weighted average price was SEK 559.22. Total return, share price performance including reinvested dividends, amounted to 197.1 percent based on the average EUR/SEK exchange rate for 2020*.

Analyst coverage

At year-end 2020, analysts from ABG, Bank of America, Carnegie, Citi, DnB, Kepler Cheuvreux, Morgan Stanley, Nordea, Pareto and SEB had an active coverage of the Evolution share.

Shareholders

On 31 December 2020, Evolution had 67,515 known shareholders, compared with 17,860 at the end of 2019. The company's ten largest shareholders accounted for 47.2 percent of the share capital and votes. Shareholders disclosed as based in Sweden accounted for 33.9 percent of the capital, a decrease from last year's 40 percent. The US and the UK account for the highest percentage of shareholders registered outside Sweden.

Dividend

At the Annual General Meeting, 17 June 2020, Evolution resolved on a dividend of EUR 0.42 per share for 2019. The Board of Directors proposes an increase in the dividend of 62 percent to EUR 0.68 (0.42) per share for the 2020 fiscal year, representing a payout ratio of 51 percent (51). The company's dividend policy is to distribute at least 50 percent of the annual consolidated net profit over time. The dividend represents a dividend yield of 0.85 percent, based on Evolution's share price at the end of the year and the EUR/SEK annual average exchange rate for 2020*.

Investor Relations

Evolution's financial communication shall be characterised by correct, clear and relevant information that facilitates the understanding of the company's business model, strategy and financial development. Evolution provides its shareholders and other stakeholders with identical information simultaneously in matters that may affect the valuation of the company's shares. The company publishes interim reports, annual reports and press releases that are available at: www.evolution.com/investors.

It is also possible to subscribe to news via the website.

2021 Financial Calendar

Annual General Meeting: 16 April 2021

Interim report January-March: 27 April 2021

Interim report January-June: 21 July 2021

Interim report January-September: 28 October 2021

Year-end report: February 2022

Ticker names

Nasdaq Stockholm: EVO

Bloomberg: EVO:SS

Reuters: EVOG.ST

*The Riksbank, Sweden's central bank, Euro annual average exchange rate for 2020 is SEK 10.4867.

SHARE PRICE PERFORMANCE 2020

Evolution Gaming Group

OMXSPI

OMXS30

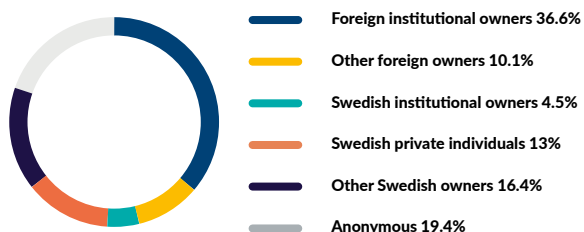
In 2020, the price of Evolution's share increased 196%. During the same period, the OMX Stockholm 30 Index rose 6% and the OMX Stockholm Price Index rose 13%.*

*OMXSPI includes all the shares listed on Nasdaq Stockholm Stock Exchange.

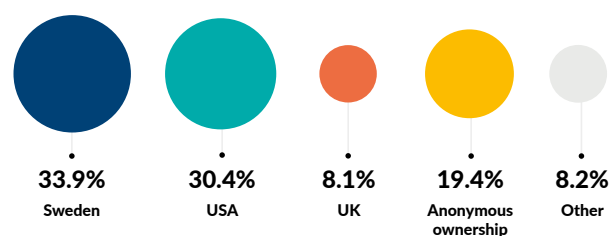
OMX Stockholm 30 consists of the 30 most actively traded stocks on Nasdaq Stockholm. Evolution was included into this index on 4 January 2021.



TYPE OF OWNERS



OWNERSHIP DISTRIBUTION BY COUNTRY



10 LARGEST SHAREHOLDERS AS OF 31 DECEMBER 2020

Shareholder	Number of shares	Capital and votes
Capital Group	32,726,601	15.4%
Österbahr Ventures AB	27,289,720	12.9%
Richard Livingstone	14,557,138	6.9%
BlackRock	5,024,244	2.4%
Cat Rock Capital	4,259,476	2.0%
Vanguard	4,036,351	1.9%
Norges Bank	3,524,470	1.7%
Avanza Pension	3,454,193	1.6%
Fidelity Investments (FMR)	2,805,193	1.3%
Futur Pension	2,485,732	1.1%
Total, 10 largest shareholders	100,163,118	47.2%
Other shareholders	112,163,890	52.8%
GRAND TOTAL	212,327,008	100%

SHARE DATA

Share data	2020	2019	2018
Earnings per share (EUR)	1.55	0.83	0.46
Dividend (EUR per share)	0.68	0.42	0.24
Payout ratio	51%	51%	52%
Shares outstanding at the end of the year	212,327,008	181,622,725	179,851,885
Average number of shares outstanding after dilution	189,021,346	183,387,341	182,625,245
Share price on the last closing day of the year	834.80	282.00	101.90
Dividend yield	0.85%	1.49%	2.36%
Total return	197.1%	179.2%	-10.6%
Number of shares traded	263,680,295	103,656,368	191,217,475
Market capitalisation at year-end (SEKm)	177,250	51,218	18,327
Number of shareholders	67,515	17,860	12,875

Source: Evolution and Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority (Finansinspektionen).





SUSTAINABILITY REPORT

SUSTAINABILITY REPORT

OUR PEOPLE

OUR SOCIETIES

OUR ENVIRONMENT

DIVERSITY

RESPONSIBLE GAMING

ETHICAL BUSINESS PRACTICES



Sustainability report

Evolution is committed to sustainable business practices, the continuous safeguarding and support of its team members as well as opting to have a positive impact on the societies in which the company operates. Evolution Gaming Group AB's sustainability reporting summarises sustainability work in 2020 and constitutes the Statutory Sustainability Report.

Business model

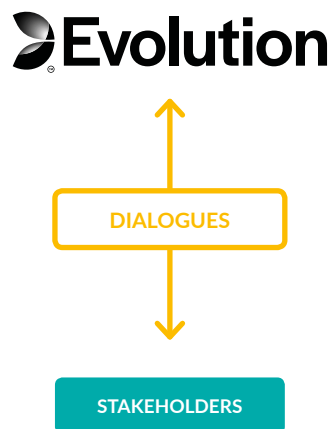
Evolution develops, produces, markets and licenses fully integrated online casino solutions for gaming operators. The gaming operators then market and offer the products to their end users. Evolution's customers include the majority of the largest online gaming operators in Europe and North America, as well as a growing number of land-based casinos that have begun to offer games online.

For a detailed description of the company's business model, please refer to page 8.



Stakeholder dialogue

Evolution continuously engages in dialogues with the company's stakeholders, primarily through meetings with customers, suppliers and shareholders.





Sustainability policies

Evolution has a group-wide Sustainability Policy and abides to sustainability in all corporate activities through the implementation of this policy and other governing documents including its Code of Conduct and Whistleblowing Procedure. Moreover, Evolution expects its customers, suppliers and business partners to adhere to standards similar to those reflected in the Evolution Sustainability Policy and Code of Conduct in the conduct of their own businesses.

Summary of Evolution's satisfaction of the reporting standards of the Swedish Annual Accounts Act:

- Business model, page 34
- Environment, page 42-43
- Human rights and social conditions, page 40-41 and 48-49
- Anti-bribery and anti-corruption, page 48-49
- Equal opportunities and prohibition of discrimination page 44-45
- Responsible gaming, page 46-47.

Both the Sustainability Policy and the Code of Conduct are available on the company's website. In addition, Evolution has the following group-wide policies covering sustainability related topics:

- Anti-bribery and Anti-corruption Policy
- Risk Management Policy
- Global HR Policy
- Data Protection & Privacy Policy
- Work Environment Policy
- Equality Plan
- Discrimination Policy
- Communication Policy.

The company's policies are implemented through reoccurring communication to team members and mandatory trainings. The policies are reviewed annually.

Sustainability risks

Evolution's operations are exposed to certain risks that are associated with the sustainability area. Specific risks can be found under each section as well as in the risk section on pages 56-59.

Sustainability at Evolution

Evolution's fast-paced and stable business growth relies on the company's winning combination of an innovative and long-term perspective on our product development, our operations and our people. Evolution is committed to sustainable business practices, continuous efforts promoting the well-being and development of our team members as well as our ambition to strive for a positive impact both on the immediate societies in which we operate and the environment at large. We apply a broad definition of the term 'sustainability', our ambitions are therefore rooted in our values and we consider this area an integral part of our corporate strategy and key to our business success.

Metrics and framework








Evolution uses a number of governing documents and metrics to keep its efforts related to sustainability focused and relevant. This framework consists of a combination of internal policies, such as the company's Code of Conduct, Sustainability Policy and policies supporting diversity and ethical business practices, as well as globally recognised principles and frameworks.

The overall responsibility for compliance with these policies and principles lies with the Board of Directors. However, we recognise that our goals can only be achieved when all team members collectively contribute. To ensure that the policies and principles are known to all team members and can be applied in their daily work, all new team members are introduced to these policies when joining the company and required to take training in key areas dependent on the scope of their role.

Evolution's Sustainability Development Goals focus

The UN's Sustainability Development Goals (SDG) are a blueprint for how various members of the global society can support a better and more sustainable future by 2030. They call on governments, civil society, businesses and the general public to act on the challenges that the world faces related to poverty, inequality, climate, environmental degradation, prosperity, as well as peace and justice. The goals are interconnected and each comprise of a number of targets and focus areas.

The matrix below shows the results of our evaluation of how Evolution's ambitions in regard to sustainability fits into the UN SDG structure.

PRIORITY AREAS					
OUR PEOPLE	OUR SOCIETIES	OUR ENVIRONMENT	DIVERSITY	RESPONSIBLE GAMBLING	ETHICAL BUSINESS PRACTICES
RELATED SUSTAINABILITY DEVELOPMENT GOALS					
 8 DECENT WORK AND ECONOMIC GROWTH	 4 QUALITY EDUCATION	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	 5 GENDER EQUALITY	 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
 3 GOOD HEALTH AND WELL-BEING		 13 CLIMATE ACTION		 3 GOOD HEALTH AND WELL-BEING	

Collaboration is critical

Evolution is a leader in its niche, and we know that our innovative nature puts us in a privileged position to also take the lead on sustainability matters. Meanwhile, we recognise that we cannot achieve our ambitions alone. This is particularly true for the areas where our B2B status means that we do not control the whole chain of events. We therefore engage with a diverse range of stakeholders to deliver progress on our sustainability strategy, and we continue to seek partnerships and collaborate with experts. Ongoing dialogue with our stakeholders is vital to our success.

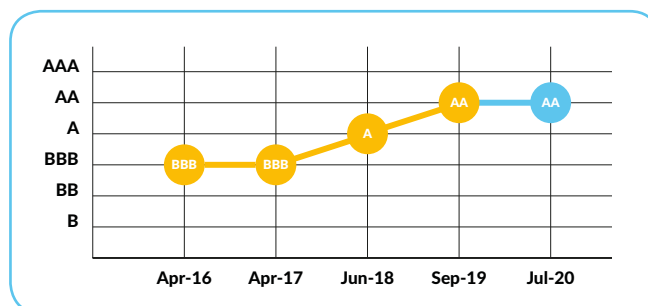
Aside from monitoring our progress, Evolution expects its customers, suppliers and business partners to adhere to standards similar to those reflected in our Sustainability Policy and Code of Conduct in the conduct of their own businesses.

Key highlights and achievements during 2020

The effects of the COVID-19 pandemic will be felt in both local and global economies for years to come. For Evolution, the pandemic meant a shift in the planned work relating to sustainability, primarily in relation to activities directed towards employees. Due to the impact of the pandemic, Evolution's focus turned to keeping the business running at the highest possible capacity, while introducing additional measures for a safe work environment for those who could not work from home and increased possibilities for remote work where possible.

ESG rating according to MSCI

Morgan Stanley Capital International (MSCI) uses a detailed method to review and rate companies on a scale from AAA to CCC, based on their exposure to industry specific ESG risks and their ability to manage these risks in comparison with similar companies. The review is updated annually, and Evolution's rating in 2020 was once again AA.



OUR PEOPLE	OUR SOCIETIES	OUR ENVIRONMENT	DIVERSITY	RESPONSIBLE GAMING	ETHICAL BUSINESS PRACTICES	EXTERNAL ACCREDITATIONS
<p>Employee turnover decreased for the 3rd year in a row.</p> <p>No cases of business ethics non-compliance, working environment deficiencies or corruption issues were revealed to the whistleblower system.</p>	<p>Funds, clothes, meal packages and books donated to charities.</p> <p>Project to help people made redundant because of COVID-19 to get back into employment.</p>	<p>kWh/table energy consumption decreased by 1.6% in our major studios.</p> <p>Project initiated to increase recycling of IT infrastructure and technical equipment.</p> <p>Create climate-smart premises, including actions in energy efficiency, indoor environments & material selection.</p>	<p>45% females in senior leadership.</p> <p>50/50 gender split in studio leads.</p> <p>16% of nationalities in the company represented in senior leadership.</p>	<p>63% of employees completed responsible gambling training.</p> <p>75% increase in the number of reports of suspected problem gambling vs 2019.</p>	<p>91% of relevant employees completed GDPR training.</p> <p>78% of relevant employees completed information security training.</p> <p>27 official market approvals to offer our games.</p>	<p>ISO 270001: 2013</p> <p>ISO 50001: 2018</p>

OUR PEOPLE



OUR PEOPLE

Evolution shall be a fair and admirable employer by actively working to promote a safe and healthy work environment which supports the professional and personal development of the employees.

Our employees' decisions and actions drive our business forward and it is a major risk if we fail to recruit, develop and retain employees with the right skills, that it may lead to underperformance of the company. To manage this, we work intensively with our core values and to create an open and transparent work environment, we have skills and leadership training, we conduct employee surveys and do analysis of employee turnover.

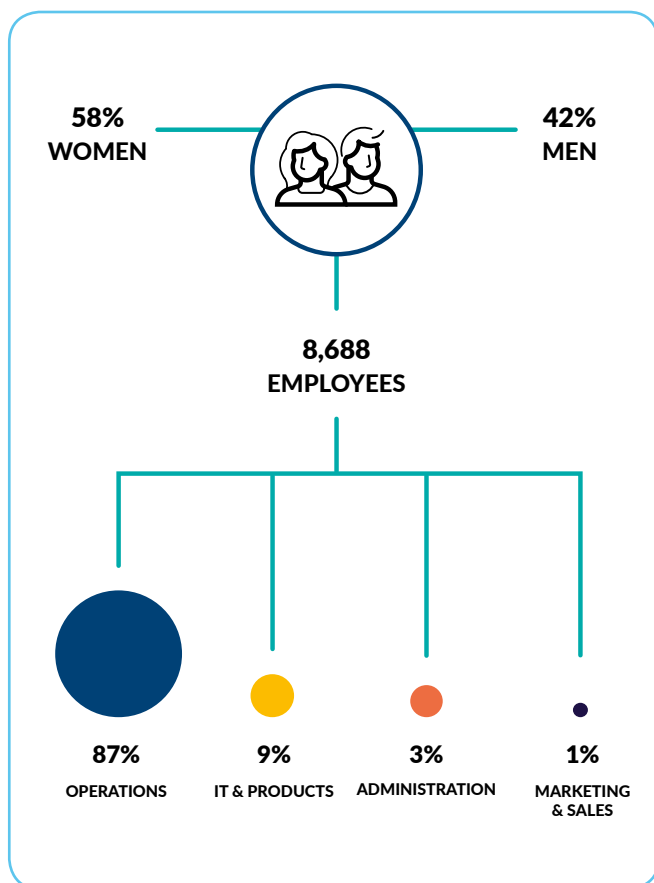
Highlights 2020:

- Employee turnover decreased for the 3rd year in a row
- No cases of business ethics non-compliance, working environments deficiencies or corruption issues were revealed to the whistleblower system
- Scholarships granted to employees for part-time study support.

It is essential to attract and retain the top talent in each market, therefore it is gratifying that employee turnover in 2020 decreased for the third year in a row. The company operates under the notion that a strong corporate culture, which promotes a positive and developing employee experience while keeping the needs of the customer and the end user at its core, is what ultimately brings the unique online casino experience that Evolution is known for. With our values ALIVE, do RIGHT and work TOGETHER at heart, we strive as a team to always go a little bit further every day.

The majority of our people work within the operative gaming side of the business, with Game Presenters comprising the largest group of employees. This group spends the bulk of their workday in front of the camera in one of our studios. Game Presenters are trained in dealing techniques to excel in their current role, but also in transferable skills such as presentation techniques.

Because of our innovative profiling, advanced pioneering technology and global distribution of our service and products, Evolution is also an attractive employer to software engineers.



Striving for people excellence

Evolution has a learning-on-the-job culture and many examples of successful careers built internally. Thanks to the company's rapid growth, there are multiple internal career paths, and the company offers several training programs to support this. This includes relocation, rotation and work-shadow programmes as well as more traditional leadership and soft-skill trainings. Evolution also collaborates with universities in selected markets and hosts engineering conferences and meet-ups with the aim of sharing knowledge and encouraging youth interest in technology. During 2020, we also piloted our first scholarship program targeting employees who study along-side working for us in Latvia. Evolution team members also take mandatory courses in Responsible Gambling, Information Security, GDPR as well as in the areas of Anti-Money Laundering, Counter Terrorist Financing, Anti-Corruption and Anti-Bribery.

In late 2020, the company launched a global People Excellence unit which is tasked to bring the efforts within people management and development under one global approach and toolbox. This is expected to materialise in its first stage during 2021 and then continue to be built upon in years to come.



HealthyEVO

In line with its sustainability ambition, Evolution is also keen to empower and encourage team members to make healthier choices for themselves by promoting a healthy and sound lifestyle. This effort was initiated on a small scale in 2019 and aimed to go company-wide in 2020, but then delayed as the pandemic prohibited larger gatherings. The efforts from the company in this area in 2020 were instead directed towards a safe workplace and a healthy mind. Once the restrictions are lifted, the original activity plan will be resumed.

What we did 2020

- Introduction of an online training for game presenters in Georgia as an alternative to live trainings
- Introduction of online version of HealthyEVO – comprising a combination of online training and sessions on mental well-being
- Pilot of employee scholarships program for part-time students
- Due to the pandemic and its restrictions, many of our planned employee activities for 2020 had to be postponed.

Next steps:

- Introduce a new digital tool for the measurement of employee satisfaction and support for development of leaders
- Relaunch the original HealthyEVO initiative to encourage employees to lead a healthy lifestyle
- Launch internal initiative promoting how our team members live our corporate values at work.

OUR SOCIETIES



OUR SOCIETIES

Evolution shall actively support a positive development of the societies in which it operates.

Highlights 2020:

- Donations of funds, clothes, meal packages and books to charitable organisations.

Evolution strives to be a good corporate citizen by giving back to the communities in which we operate. This work is primarily focused on various donation initiatives executed in collaboration with local community organisations.



Evolution — part of the local community

Our drive to contribute to a better society is based on social engagement in the places we operate in. We believe that the best results are achieved if the initiatives are planned locally, as closely as possible to the receivers. Therefore, we encourage and support our employees' initiatives to contribute to the local community. The societies where we operate look different and thus also the social needs and our engagement looks different in our markets.

In line with this, our efforts during 2020 included donations of funds, clothes, meal packages and books to different organisations. We also sponsored the basketball team of the University of Latvia where part of the funds goes to cover the tuition fees for selected players. Furthermore, we collected and supplied children from disadvantaged families in Latvia with a full kit of school supplies.

Another focus for supporting societies is promoting learning. As we encourage our employees to continuously learn and develop, we also want to help those outside of our organisation who struggle to access learning opportunities. Through our Engineering teams, we engage regularly in knowledge sharing initiatives for the industry and aspiring software engineers.

Impact from the pandemic

In 2020, the pandemic impacted our focus for community oriented activities. Due to restrictions, there was no possibility to gather teams to do initiatives which require gathering as a group, meanwhile the need for support to organisations which help the vulnerable in society, who were especially hard hit by COVID-19, increased.

In the wake of COVID-19, we also engaged in a project in Georgia specifically targeting those of large Georgian enterprises who had lost their job as a result of the pandemic. The initiative launched late in 2020 as the first of its kind in Georgia, and by the end of the year, we had 52 people at different stages of the hiring process as a consequence of this initiative.

What we did in 2020

- Donations of funds and goods targeting students and school children in two markets (Latvia, Georgia)
- Donation of clothes in three markets (Canada, USA, Georgia)
- Donation of funds for meal support in two markets (Canada, Malta).

Next steps:

- Evolution intends to gradually increase its positive impact on local societies through efforts in the areas of supporting access to learning and education, as well as supporting basic needs such as meals, clothes and blood donation.

SOME OF THE ORGANISATIONS EVOLUTION DONATED TO DURING 2020:

- Children's Clinical Hospital, Latvia
- Foodbank Lifeline Foundation, Malta
- Boffa Hospital, Malta
- Greater Vancouver Food Bank, Canada
- Big Brothers of Greater Vancouver, Canada
- The Atlantic City Rescue Mission in New Jersey, USA.



OUR ENVIRONMENT



OUR ENVIRONMENT

Evolution shall apply its innovative mindset and technical know-how to minimise its environmental impact.

Evolution is aware of the environmental risks related to climate change and contamination. To manage this, we work to reduce the environmental impact of our operations and have integrated environment and climate considerations into our business operations. Our direct environmental impact is limited, but we take action to reduce our negative impact and carbon footprint.

Results:

- kWh/table energy consumption decreased by 1.6 percent in our major studios
- Ongoing project to create climate-smart premises, including actions in energy efficiency, indoor environments & material selection
- ISO 50001:2018 accreditation for all major studios.

Sustainability through innovation

Through its digital business nature, Evolution's operations have a relatively limited environmental impact, with the main environmental footprint coming from energy use for our properties and technical equipment. However, in line with the principles for how we run our business, Evolution constantly strives to use its innovative capacity to increase its energy efficiency.

This comes into play in every aspect of the product delivery chain – spanning from how we use our facilities and build studio equipment to software and hardware innovations which means less power use without loss in product delivery or user experience. The work in this area spans from details such as innovative solutions and sensors that automatically switch off equipment that is not used 24/7, the use of low energy lighting to construction decisions that go into the selection of HVAC systems and external building construction. For major investments there is an 'energy efficiency' parameter included in the procurement process which supports favouring energy efficient options over less sustainable options. Evolution also has recycling processes in place for both office and studio hardware where it is either reused, donated, sold or passed onto official recycling centres.

Aiming to increase energy efficiency every year

All Evolution's major studios and owned buildings are ISO 50001:2018 certified. Evolution runs the smaller studios on the same principles for energy consumption. There are *smart meters* installed across all studios which allow remote monitoring of energy consumption.

Evolution tracks energy consumption based on total use for its major studios and in terms of energy use per table in each major studio. As both the Georgia and Malta studios increased in size in 2020, the total energy use during this time increased. Georgia's operational space increased by almost 50 percent during 2020. The energy consumption for 2020 should also be seen in the light of COVID-19, which meant significant increase in ventilation to keep the work environment safe for the teams.

Total kWh per year for the three largest studios:

2018	2019	2020
6,363,757*	8,452,225	9,738,355

*Our Georgian studio opened on March 30th, 2018 and our Malta studio was at this point significantly smaller and hosted in a shared property which means that base building electrical HVAC was included in our property lease fee and hence not part of this number.

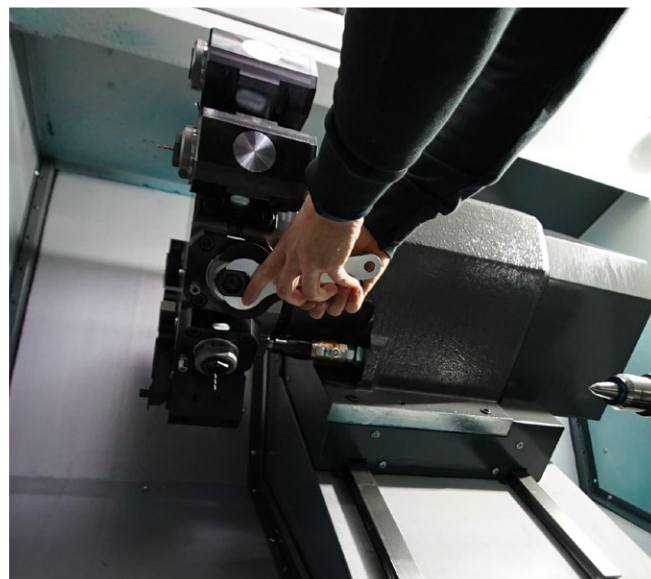
Average kWh/table energy consumption per month in major broadcasting studios 2020 vs 2019:

Location	2019	2020	Difference kWh/studio table	Difference %
Latvia, Riga	1,316	1,365	49	3.7%
Georgia, Tbilisi	1,124	1,053	-71	-6.3%
Malta, Fort Mriehel	1,515	1,472	-43	-2.8%

During 2020, the Latvian studio changed its table compilation. Several classic table games were replaced by game shows, which require significantly more space for one game (each of those is counted as one table). This is the reason why the energy consumption per table in Latvia increased during 2020 while the overall energy use for the studio is decreasing due to all implemented energy efficiency solutions.

More technology for less travel

In terms of desk-based employees, Evolution has video conferencing, chat and project management systems which allow most meetings and team interaction to take place virtually, requiring less business travel. This helps limit the number of employees (primarily the group management and the sales teams) who travel on a regular basis as part of their work duties.



During 2020, when the pandemic forced a larger part of desk-based employees to work from home, there has been further development of the technical infrastructure supporting virtual work across multiple locations, which will continue to be used also after the pandemic.

What we did in 2020

- ISO 50001 certification for the studio in Fort Mriehel, Malta and Tbilisi, Georgia
- Introduction of a more efficient audio system in new studios as well as the Latvian studio resulting in 30 percent less audio cabling and equipment. The remaining studios will be upgraded in 2021
- Increased efforts to refurbish and restore broken items for the gaming floor; 20 percent of all studio lights are made in-house by recycling worn out studio lightning, 34 percent of broken chairs for the gaming floors were restored and back to use. 240 used employee technical equipment items were sold for reuse in Latvia.

Next steps

- Continued innovative approach to technical equipment promoting energy efficiency
- Continued attention to recycling of IT equipment and studio interiors
- Go back to the original plan of at least one litter collection activity per major studio per year (pending relief of pandemic restrictions).

DIVERSITY



DIVERSITY

Evolution shall provide an inclusive and respectful workplace where diversity in all its forms is considered a competitive advantage and an asset.

The risk associated with diversity is that if we would fail in this aspect, we wouldn't take full advantage of the power of differences and not utilise the potential that comes with diversity. We manage this by striving for diversity across all dimensions of differences and experiences. We strongly believe that being a diverse company, characterised by inclusion and different perspectives, stimulates innovation and drives the development of the company.

Highlights:

- 45 percent females in senior management roles
- 80+ nationalities represented in our teams
- 50/50 gender split in terms of studio leads
- 16 percent of nationalities in the company are represented in senior management roles.

Diversity in the workplace is a prerequisite to Evolution's operational excellence. To successfully run a large operation across multiple cultures and countries, the management structure is required to have a breadth in both background and experience. Equality and diversity efforts are hence an integral part of day-to-day operations and a key component in the company's business success which is visible throughout the whole company. At Evolution, we consider diversity a strategic advantage and a key asset.

Diversity is a business advantage

Evolution offers an inclusive workplace where individuals are evaluated based on merit and qualification. The company is committed to supporting equal rights of all employees and to assure that all employee's capabilities are utilised and developed irrespective of age, disability, ethnicity, gender, transgender identity or expression, nationality, religion or other belief system or sexual orientation. This work is guided by the company's governing standards in this area, including its Code of Conduct, Work Environment Policy and Equality Plan.

Promotion and representation

At Evolution, the starting point for recruitment and promotion is that the individual who best meets the qualification requirements is to be employed or promoted. On a global level, at the end of 2020, Evolution had 45 percent (43) female leaders when combining the group management team and the employees reporting to this team, excluding assistant positions.

In terms of the broadcasting studio leads, there is a 50/50 (50/50 in 2019) gender division in 2020. During the year, two new studios were opened, where the studio lead was internally promoted, one of the new studios is led by a female and the other by a male. The local management teams for both new studios were initially confirmed to have a mix of employees from several countries, but the plans had to be revised following the limitations on travelling caused by COVID-19. The intention is to evaluate the plans again once the pandemic restrictions are not hindering employees from moving between our sites.

In terms of nationality representation, the group management team and the roles reporting to this group represent about 16 percent (15 percent in 2019) of the total amount of nationalities represented in the company at the end of 2020. The 10 studio leads, represent five different nationalities.

What we did in 2020

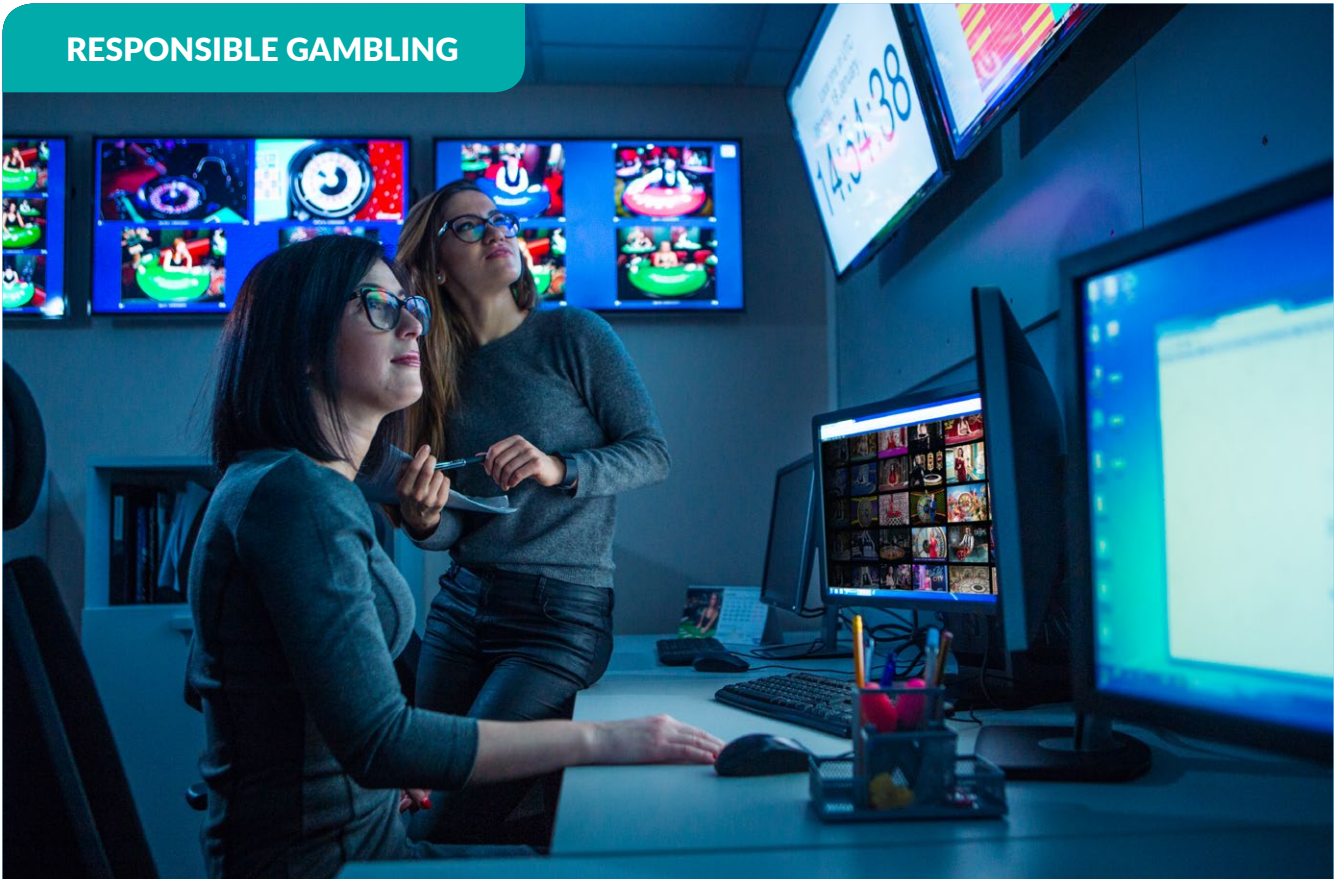
- Implementation of a guide for recruitments with a diversity aspect
- Two series of internal career stories published (one highlighting females and one highlighting males).

Next steps

- Continued attention and monitoring of gender and nationality representation in senior management
- Continued highlight of representative career opportunities and success stories to inspire and promote the company's focus on merit and capability over background.



RESPONSIBLE GAMBLING



RESPONSIBLE GAMBLING

Evolution is committed to responsible gambling practices, as well as actively promoting awareness and facilitating access to information and tools which can help stop problem gambling.

We recognise the risk that our products can be used in an unhealthy way and that there are people with a problematic behaviour related to gaming. We manage this by supporting our customers in their work for responsible gaming and we also have internal processes and training for identifying problem gaming.

2020 Highlights:

- 75 percent increase in number of reported cases of suspected problem gambling to operators vs 2019
- 63 percent* percent of employees complete training on responsible gambling
- Processes reviewed for 'BeGambleAware' message on all published product marketing materials.

*The calculator was reset in August 2020 due to a system change, and the completion rate for 2020 is calculated based on the completion rate August-December 2020 vs total number of newcomers for 2020.

Creating new and unexpected online experiences is central to Evolution's success. Meanwhile, Evolution also recognises its responsibility to help counteract any unhealthy use of its products. As a B2B provider with no business relationship with the end user, and hence no access to the information needed to track individual player's gambling behaviours, these efforts are largely focused on supporting the work of operators and relevant industry bodies as well as ensuring internal awareness and efficient reporting processes.

The work is split in four key areas:

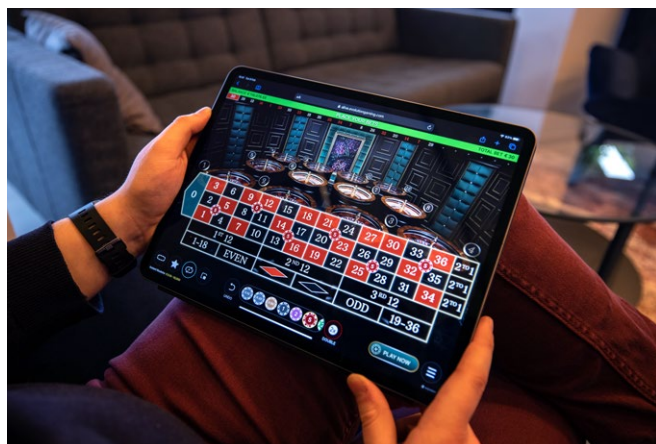
- Sponsorship and collaboration with industrial bodies that provide information, best practice and recommended action for addressing problem gambling
- Contractual requirements that all business partners adhere to responsible gambling practices and technical integration support to enable operators' gambling control systems, like play limits
- Efficient internal reporting systems through which any suspicious problem gambling is reported to the relevant operator for further action
- Education of personnel, primarily those who work at the tables and in Customer Service, on how to detect signals of problem gambling and the appropriate action.

Helping our customers do right

While Evolution does not engage in any direct marketing towards end users, we wish to promote responsible marketing practices in general and hence, we support the Code of Advertising Gaming and Gambling developed by the UK sector organisation CAP (Committee of Advertising Practice). In line with this, any product communications published by the company always carry the 'BeGambleAware' message with references for where one can find more information. Licensees using our materials to promote our product as part of their offer are required to use the same information of their own.

All official accounts on social media platforms, which offer age restrictions are behind an 18+ age gate and information about responsible gambling practices are included in the 'About' sections.

Our contracts also require that licensees adhere to the standards for responsible gambling as outlaid by the relevant industry bodies for their markets. Our games are delivered with the technical function that allow operators to implement player limits.



Equipping our teams on the frontline

We have significantly increased our focus on identifying problem gambling in recent years. This has involved several targeted efforts in terms of process and training of core teams and also in terms of control mechanisms.

Our Customer Service teams – who are responsible for reporting any concerns to operators for further investigation – undergo in-depth training as part of their introduction and are tested on response actions in this area before starting to work. The team also have step-by-step manuals for handling if a player voices concerns about their gambling.

Since September 2020, we also have an additional team of Chat Moderators that are dedicated to monitoring the in-game chat on our busiest tables. Identification of problem gambling cases is one of their main duties and we are pleased to see how the introduction of this team has increased the number of reports to our customers for further action.

Total number of suspected problem gambling cases identified and reported to customers per year:

2018	1,029
2019	5,759
2020	23,096

While not all employees deal with situations directly related to the use of our products in their work, we believe that anyone working in this industry should have the same basic awareness about how to promote responsible gambling. All newcomers are therefore assigned our responsible gambling training. In 2020, we initiated a revision of our mandatory training which will include making the training more accessible – as most of our employees do not sit by a computer at work – the first step in this was to reset the platform in August 2020, which meant that the completion rate for newcomers in 2020 is lower than normal. During 2021, we will move onto improving the actual training module.

What we did in 2020

- Instructions for all product marketing materials to carry the 'BeGambleAware' disclaimer in internal and external brand manual
- Introduction of additional in-game Chat Moderation team – assigned to monitor signs of problem gambling
- First step in revamp of responsible gambling training completed by reset of the training portal.

Next steps

- Investigate additional sponsorships and support for industry expert bodies promoting healthy use of online gambling products
- Highlight responsible gambling practices through the introduction of information modules on internal and external platforms
- Revamp and relaunch of training materials for team members on responsible gambling, work towards 100 percent completion within the first month of employment for newcomers.

ETHICAL BUSINESS PRACTICES



ETHICAL BUSINESS PRACTICES

Evolution is fully committed to its Code of Conduct and actively counteracts corruption in all forms, including bribes and extortion.

The risk of impropriety to Evolution can be found within the company, among suppliers and partners and could damage the company's finances, brand and employees' well-being as well as the trust for the company. We manage this by internal stable regulatory structures consisting of policies and guidelines as well as applying a Code of Conduct and a whistleblower function. Substantial resources are also invested in complying with local and national legislation in each country of operation.

2020 Highlights

- ISO 27001:2013 certification for all locations
- 27 official approvals to offer our games in market
- 78 percent* of relevant employees completed Information Security training
- 80+ team members working solely on Game Integrity & Risk.

*The calculator was reset in August 2020 due to a system change, and the completion rate for 2020 is calculated based on the completion rate August-December 2020 vs total number of relevant employees for 2020.

A fair business is a healthy business

Fair and just business practices are essential to Evolution's continued growth and thus a strategic priority. Activities in this area span background checks of business partners and a solid setup for information security and fair treatment of our workforce. With thousands of concurrent players and millions of bets each day, one of the most important strategic objectives is to offer a safe gaming environment without compromising the in-play experience.

The ultimate responsibility for this area lies with the Board of Directors and it is outlaid in our Code of Conduct. All business partners and employees are expected to adhere to this policy. It is presented to all newcomers upon joining the company and always readily available via both internal and public corporate channels. In addition to the Code of Conduct, the company has also adopted an Anti-Bribery and Anti-Corruption Policy as well as an Anti-Money Laundering Counter Terrorist Financing Policy which are supported by our established due diligence and procurement processes for customers and major suppliers.

Zero tolerance for violation of human rights

Evolution recognises the well-being of anyone working in connection to our products as business critical. We commit to full compliance with labour laws and rights, laws on fees and taxes and occupational health and safety laws. While we control most of the supply chain inhouse, the due diligence checks also help verify that the company is not co-operating with suppliers that violate human rights.

Working actively to counteract corruption and fraudulent behaviours

The company works actively to abstain from corruption in all its forms, including extortion and bribery and is committed to observing the standards of conduct set forth in the United Kingdom Bribery Act 2010, the United States Foreign Corrupt Practices Act and the applicable anti-bribery and anti-corruption laws and regulations of the countries in which the company operates.

As Evolution does not manage any monetary flows from end users, the practical anti-money laundering work primarily lies with the operators. Regardless, Evolution remains committed to the global effort to combat money laundering and the financing of terrorism and has established processes to prevent Evolution's products to be used for money laundering, as stated in the company's Anti-Money Laundering Counter Terrorist Financing Policy.

Evolution monitors all gaming activities through a combination of automatic and manual control systems. This work is led by Evolution's Game Integrity and Risk department which consists of around 80 people. All tables, games, transactions, volumes and behaviour patterns are monitored in real time, 24 hours a day, year-round. This proactive approach allows Evolution to identify potential irregular activities and inform the operators. This in turn allows operators to take immediate steps to prevent their service from being used for fraud or money laundering purposes. With the exception of a few roles that test the games live for the company for quality assurance, we also have an absolute no-use of product policy in place for all employees.

Data security is critical to our creditability

Gaming security is of the utmost importance for Evolution to maintain confidence in the market. Evolution holds an ISO 27001:2013 certification, the highest ISO standard for IT security. The certificate is a confirmation that Evolution has successfully organised its processes in a way that safeguards confidentiality, integrity and availability of information and data.

Evolution's operations demand a worldwide coordinated response to data protection and data privacy related issues. Evolution has implemented processes for compliance with Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on

the free movement of such data (GDPR) and other applicable local laws relating to data protection and data privacy. Evolution has appointed a Data Protection Specialist for ensuring compliance with applicable laws. During 2020, 9 (11 in 2019) incidents regarding data breaches were reported, of which 1 (2 in 2019) were reported to data authorities.

What we did in 2020

- Received the ISO 27001:2013 certification for information security management
- Revised procurement process launched.

Next steps

- Enhance our data governance framework to further improve data management processes
- Revamp and relaunch of training materials for team members on transparent business practices
- Revamp and relaunch of training materials for team members on GDPR.



AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

To the general meeting of the shareholders in Evolution Gaming Group AB, corporate identity number 556994-5792.

ENGAGEMENT AND RESPONSIBILITY

It is the Board of Directors who are responsible for the statutory sustainability report for the year 2020 on pages 34-49 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

OPINION

A statutory sustainability report has been prepared.

Stockholm, 26 March 2021

Öhrlings PricewaterhouseCoopers AB

Johan Engstam

Authorised Public Accountant





GOVERNANCE

DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

OUR BOARD OF DIRECTORS

OUR GROUP MANAGEMENT TEAM



Directors' report

The Board of Directors and the Group CEO of Evolution Gaming Group AB (publ) 556994-5792 ("Evolution") hereby present the annual accounts for the Group and the Parent Company for the 2020 financial year.

Operations

Evolution develops, produces, markets and licenses fully integrated live casino and slots solutions to gaming operators. In live casino, a game presenter, i.e. dealer, runs the game from a casino gaming table that is followed in real time via a video stream. End users, i.e. the players, make betting decisions on their devices (computers, smartphones, tablets, etc.).

Evolution is a B2B supplier and, at the end of 2020, the Group had approximately 500 customers, including a majority of the foremost online casino operators in Europe and the USA, as well as a number of land-based casinos. The operators market the products to the end users.

Evolution's live casino platform is unique in its kind and covers all aspects required by a gaming operator – from the recruitment and training of game presenters and other staff to streaming, production, supervision, customer services and follow-up. Operators are offered a fully customised solution with a high degree of adaptability such as standard and VIP tables, control of how the environment looks and dedicated dealer teams. The Company has a broad portfolio of core games including both classic table games and new innovative casino games. Various game derivatives are also available, i.e. variations of the core games with new technical solutions and new content.

Evolution has production studios in Riga, Latvia, Tbilisi, Georgia and Fort Mriehel, Malta, where a majority of the operations are conducted. In addition, the Company has studios in New Jersey and Pennsylvania, USA as well as Vancouver, Canada and Kaunas, Lithuania. The Company also runs on-premise studios at land-based casinos in Belgium, Romania, the UK and Spain. The Parent Company of the Group is located in Stockholm, Sweden.

Evolution's revenues consist of fixed and variable consideration from the Company's customers. A majority of the revenue derives from commission, which is calculated as a percentage of the customer's profit generated by the Company's live casino platform. Through commission, Evolution gains beneficial exposure to the general growth of the European live casino market. In addition to commission, a proportion of the Company's revenue derives from fees for dedicated tables. These are invoiced to customers who have chosen to offer their end users dedicated tables.

Business concept and vision

Evolution's business concept is to offer gaming operators in regulated markets an unparalleled, locally adapted live casino service for all digital platforms. Its mission is to make operators successful and provide an excellent gaming experience for their end users. Evolution's vision is to be the leading live casino provider in the world.

Significant events in 2020

- Launch of 12 new games, including titles in the unique game shows category
- Investments in studios throughout the year to meet global demand for live casino
- Agreements with several key new operators
- Acquisition of NetEnt, global supplier of online slot games
- The Board proposes a dividend of EUR 0.68 per share (0.42).

Market

The global online casino market (Live & RNG) developed strongly in 2020 and, according to the independent institute H2 Gambling Capital, it had an estimated value of EUR 16,511 million (13,436) at year-end. The North American online casino market had an estimated value of EUR 2,700 million (1,565) at year-end and the European EUR 10,323 (8,725). The development of online gaming is underpinned by technological progress and new distribution channels, as well as strong demand from gaming operators and their end users. RNG is the largest vertical with approximately 70 percent of the online casino market. Live casino has traditionally been an add-on product in operators' online casino interface, but it has now become an integrated and strategically important product since it provides opportunities for brand differentiation.

Evolution has a leading position among live casino operators in both Europe and North America. The Company intends to continue strengthening its leading position in the market by having a clear focus on activities that promote the business and the offering. The three strategic core areas — product innovation, customer optimisation and operational excellence — are considered to be of particular importance for a continued expansion of the advantage held compared to other players in the market and the creation of a stable foundation for continued growth.

New agreements and customers

In 2020, agreements were signed with BetMGM, Caesars Entertainment, FanDuel Group, Grand Casino Luzern, Golden Nugget, Parx Casino, Intralot, JVH Gaming & Entertainment Group, PointsBet, William Hill US and Wynn Sports Interactive. Agreements were also concluded with a number of smaller operators and platforms, while many existing agreements were expanded to cover additional services and tables.

Revenues and profit

Revenues

Evolution's total operating revenues amounted to EUR 561.1 million (365.7) in the financial year ending on 31 December 2020. 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 and profit

Total operating expenses amounted to EUR 261.4 million (208.3). The Company's personnel expenses rose to EUR 133.8 million (126.4), mainly driven by higher expenses for personnel in connection with the launch of new tables in the Company's studios.

Depreciation, amortisation and impairments amounted to EUR 32.5 million (25.5), an increase explained primarily by the expansion of the Company's studios. Other operating expenses rose to EUR 95.2 million (56.4), driven by expenses for premises, consumables and communications. Operating profit for the year amounted to EUR 299.7 million (157.5) with an operating margin of 53.4 percent (43.1).

Financial items only had a marginal impact on the profit and amounted to EUR -1.0 million (-0.2).

The Group's effective tax rate for the year amounted to 4.7 percent (4.8). The effective tax rate is chiefly affected by the countries in which Evolution conducts operations and generates profit, which may vary between reporting periods. Profit for the year amounted to EUR 284.6 million (149.7).

Investments

On 1 December 2020, Evolution acquired the business of online slot games provider NetEnt for a consideration of EUR 2,280,204 thousand based on the share price of Evolution on 1 December. See also Note 25.

The Group's investments in intangible assets amounted to EUR 13.6 million (11.2) in 2020. Investments in intangible assets refer to the development of new games and technical improvements of the platform, such as new functionality. Development projects during the year included the development of new games that will be launched in 2021, but also exclusive content rights.

Investments in property, plant and equipment amounted to EUR 23.3 million (19.0). Investments in property, plant and equipment primarily comprised new studio space and premises, new gaming tables, servers and other computer equipment to meet new technical requirements and maintain capacity and performance in connection with new platform launches.

Investments in computer equipment were also made to meet needs in connection with the organisation's expansion, as well as in studio equipment in the Company's production studio.

Cash and cash equivalents, financing and financial position

Cash flow from operating activities amounted to EUR 316.1 million (175.8) over the year. The increase is primarily due to an improved profit. Cash flow from investing activities amounted to EUR 6.8 million (negative 42.5). A description of the investing activities is provided in the Investments section above. Cash flow from financing activities was negative in the amount of EUR 279.9 million (negative 36.1) and included dividend to shareholders of EUR 76.1 million (43.2) and the redemption of NetEnt's credit facilities of EUR 184.7 million. Cash and cash equivalents amounted to EUR 221.7 million (182.5) at year-end.

Employees

As of 31 December 2020, Evolution employed 9,506 (7,828) people, corresponding to 6,818 (5,554) full-time equivalents. The average number of full-time equivalents for the full-year was 5,118 (4,894).

Sustainability

Evolution Gaming Group AB's sustainability report is prepared in accordance with the requirements of the Annual Accounts Act (chapter 6, paragraph 12) on sustainability reporting. The sustainability report is on pages 34-49.

Parent Company

The Parent Company is a holding company that was formed in December 2014. Operating revenues for the 2020 full-year amounted to EUR 9.4 million (7.1) and expenses to EUR 9.2 million (6.8). Operating profit amounted to EUR 0.2 million (0.2). Profit for the period amounted to EUR 200.2 million (99.5). The Parent Company's cash and cash equivalents amounted to EUR 34.4 million (1.1) at the end of the year and equity amounted to EUR 2,666.3 million (343.6). No significant investments were made in intangible or tangible assets. During the year, the Company received dividends from the Maltese subsidiary amounting to EUR 200 million (100).

Risk factors

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, sustainability and financial risks. When assessing the Company's future development, it is important to take into account the risk factors alongside any opportunities for profit growth. The risk factors are not set out in any particular order, importance or potential impact on the Group's revenue, profit or financial position.

Neither should these be seen as exhaustive, but rather as representing risks that are applicable to Evolution and that are monitored and evaluated by the Group management. In addition, the risks below are not the only risks to which the Group may be exposed. The Company may be unaware of certain risks. Financial risks are described in Note 23 Financial risk management.

Political decisions and other legal aspects

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

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

Furthermore, many jurisdictions have not updated their laws to address the supply of remote gaming services from other countries, and courts may interpret older legislation unfavourably or determine that the activities of the Group and/or its customers are illegal. For example, a court or regulator may order that certain equipment be located in

the jurisdiction in which products and services are offered, which could materially and adversely impact Evolution's operations and the business of its customers. Furthermore, several European countries have introduced, or are in the process of introducing, new online gaming regulations, which will require online gaming operators, and in some cases even providers, to hold, e.g., a country specific licence, pay gaming taxes, operate from a country domain and report gaming statistics in order to bring operators (and end users) under supervision. Although Evolution monitors the regulatory environment, legislation could be interpreted in an unfavourable or unanticipated manner. If regulatory or enforcement actions are brought against any of Evolution's customers, the Group's revenue streams from such customers may be frozen or traced by authorities, even if no Group entity is made a party to any legal proceedings against such customers. As a result, end users may face problems transferring funds in and out of certain jurisdictions, which may impact payments to gaming operators and hence Evolution.

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

Operations subject to official approval

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

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

Disruptions to operations and information security breaches

Evolution's ability to provide its software to gaming operators depends upon the integrity, reliability and operational performance of its systems. The functioning of the IT systems within the Group's operations, or that of its providers or partners, could be disrupted for reasons beyond its control. Furthermore, there may be technological challenges in rolling out new products and services.

Any such disruption or event may lead to customer claims against the Group or otherwise negatively impact the Group's ability to sell products and services to its customers due to reduced confidence. Any interruption in the systems could have a negative effect on the quality of products and services offered by Evolution and, as a result, on demand from customers and their end users. The Group's success depends, in part, on providing secure products and services to customers for use by their end users. Attempts to penetrate security measures may come from various combinations of customers, end users, employees and others. The Group's IT systems are ISO-27001:2013 certified and the ability to monitor and ensure the quality and integrity of Evolution's products and services is continuously reviewed and evaluated.

External anomalies

One or more markets may be affected by events that may result in rapid changes in the business environment. Examples of this kind of event which could lead up to production disruption are extreme weather events, social unrest, diseases (e.g. virus outbreaks) or other macroeconomic or geopolitical events affected by external influences. The spread of the Coronavirus is affecting societies and companies all over the world. Financial effects are still difficult to quantify. Evolution employs over 9,000 persons and most of our games require staff on site in the studio to operate the games. Risks for Evolution include shortage of staff due to increased sick-leave or government restrictions on travelling to and from the workplace. Due to the digital nature of our products, restrictions on physical movements in society do not affect how operators and players can access our products.

End users

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

Dependence on key personnel and skilled employees

The majority of Evolution's employees operate, organise and oversee operations at the gaming tables. Approximately 85 percent of the Group's full-time employees work on tables as hosts and dealers. These employees possess language, dealer and other trade skills that are essential in the day-to-day operations. Evolution aims to be an attractive employer and invests significantly in the training and development of its staff. In the ordinary course of operations, the Company experiences employee turnover with respect to employees working on tables, and such turnover can at times be significant. The loss of a significant number of its employees or any of its key employees, or any increased expenses that the Group may incur in order to retain any such employees or hire and train new employees, could have a material adverse effect on the Group's business, financial position and profit.

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

Dependence on major customers

In 2020, the top five customers (in terms of revenue generated) contributed 33 percent (27) of Evolution's revenue. The Group's revenue stream from these sources may be adversely impacted by any deterioration or decline in the business of these five customers, or if one or more of these customers opted to use a competitor of the Company for its live casino solutions. The reduction in revenue generated from, or loss of, one or more of these five customers could have a material adverse effect on the Group's business, financial position and profit.

Counterparty risk

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

Competition

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

Intellectual property rights

Evolution's ability to compete effectively depends, amongst other things, on its ability to protect, register and enforce its intellectual property rights. The Group also faces the risk that the use and exploitation of its intellectual property rights, including, in particular, rights relating to its software, may infringe the intellectual property rights of a third party. The expenses incurred in bringing or defending possible infringement actions may be substantial, regardless of the merits of the claim, and an unsuccessful outcome for the Company may result in royalties or damages being payable and/or the Company being required to cease using any infringing intellectual property or embodiments of any such intellectual property. The Group is also dependent on know-how and trade secrets, and it strives to protect such information by, for example, maintaining confidentiality agreements with employees, consultants and partners.

However, it is not possible to ensure total protection against unauthorised distribution of information and competitors, and others may gain access to such information, which may lead to the value of such information diminishing or competitors gaining an advantage, which in turn could have a material adverse effect on the Group's business, financial position and profit.

Shares and ownership

A detailed description of Evolution's shares and ownership can be found on pages 30-31.

The Company has, during the period 16 March 2020 – 17 March 2020, acquired a total of 338,000 own shares within the framework of the repurchase programme introduced by the Board of Directors to improve the capital structure of Evolution by reducing the capital, and thereby creating added shareholder value. During the third quarter the acquired shares were cancelled.

Risk management

Evolution is exposed to the risk of money laundering and fraudulent activities by its customers, end users and third parties, as well as the potential collusion by operators and end users. The Group has implemented internal control systems and established a primary mission control centre in Latvia that monitors transactions, volumes and patterns, but these systems may not always succeed in protecting the Group from money laundering and fraud. To the extent that the systems are not successful in protecting the Group from money laundering or fraud, or if Evolution fails to comply with applicable regulations, the Group and its directors could be subject to criminal sanctions or administrative and civil fines and could directly suffer loss, the revocation of concessions and licences, operational bans, or lose the confidence of the customer base, all of which could have a material adverse effect on the Group's business, financial position and profit. In addition, effective internal controls are necessary for Evolution to provide reliable financial information and effectively prevent fraud. While the Group applies procedures and a system of internal control whereby internal risks are assessed, and the Group's Risk Committee meets on a quarterly basis to discuss and address potential risks, it is possible that the Group will not successfully manage internal risks or identify areas requiring improvement in the internal controls.

Tax situation

Evolution primarily conducts its business through subsidiaries that are active in the geographic markets in which it operates. The business, including intra-Group transactions, is conducted in accordance with the Company's interpretation of applicable laws, tax treaties and other regulations concerning taxes and the practice of tax authorities in the relevant countries.

Evolution has obtained advice from independent tax advisors in this respect, but there is a risk that tax authorities in relevant countries may make decisions that deviate from the Group's interpretations and the advice received from independent tax advisors. In addition, the Group's interpretation of applicable laws, tax treaties, regulations and administrative practice may be incorrect and such rules may change, possibly with retroactive effect (in particular with regard to Maltese VAT legislation and the right of companies to deduct VAT). Furthermore, the Company has been advised that, to the extent that an individual ordinarily resident and domiciled in Malta acquires 5 percent or more of the Company, although the tax refunds in Malta should not be limited, certain Maltese withholding tax obligations

may be imposed in respect of dividends attributable to such individuals. Regulatory or legislative changes, or decisions by tax authorities, may impair the present, future or previous tax position of Evolution, which could have a material adverse effect on the Group's business, financial position and profit.

Expectations regarding future development

The company's future development is mainly dependent on the development of the online Casino market. Evolution's medium to long-term objective is to grow faster than the total global online casino market.

Proposed appropriation of profits

The Board of Directors proposes that the 2021 Annual General Meeting approve the transfer to shareholders of EUR 144,382,365 (76,139,585), corresponding to EUR 0.68 (0.42) per share.

The following earnings are at the disposal of the Annual General Meeting

Share premium reserve	2,426,591,462
Retained earnings	38,831,335
Profit for the year	200,237,502
Total	2,665,660,299

The Board of Directors proposes the following appropriation

Dividend to shareholders	
EUR 0.68 per share (212,327,008 x 0.68), totalling	144,382,365
Carried forward in share premium reserve	2,426,591,462
Carried forward in retained earnings	94,686,472
Total	2,665,660,299

Statement by the board of directors on the proposed allocation of profits

With reference to the above and to what has otherwise come to the Board of Directors' knowledge, the Board of Directors believes that a comprehensive assessment of the Parent Company and the consolidated financial position indicated that the dividend is justified taking into account the demands that scope and risks of the operations place on the scope of equity in the Parent Company and the Group and on the consolidation needs, liquidity and financial position in other regards of the Parent Company and the Group.

Events following the balance sheet date

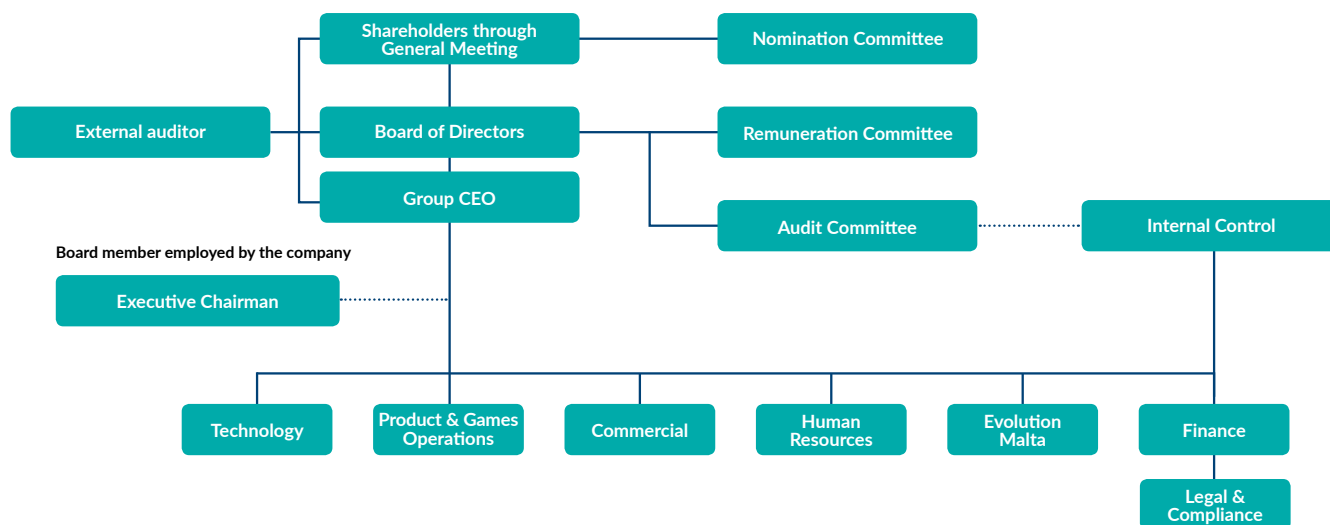
- Extra General Meeting was held on 28 January 2021 – resolved on the establishment of an incentive programme as well as on authorisation for the Board of Directors to resolve to issue shares, warrants and convertible debt. See also the Corporate governance report.

The Group's and the Parent Company's positions as of 31 December 2020 and the profit of the operations for the 2020 financial year are stated in the following income statements and balance sheets, cash flow statements, statements of changes in equity and notes to the financial statements.

Corporate governance report

Evolution Gaming Group AB (publ) ("Evolution") is a Swedish public limited company that was formed in December 2014 and that is listed on the Nasdaq Stockholm exchange. Evolution complies with all applicable statutes and regulations, including the Swedish Companies Act, EU Market Abuse Regulation, the Swedish Code of Corporate Governance (the "Code") and other regulations and Nasdaq Stockholm's Rule Book for Issuers. The current Code is available at the Swedish Corporate Governance Board's website www.bolagsstyrning.se.

Evolution's corporate governance model



Ownership and voting rights

At the end of 2020, the share capital in Evolution amounted to EUR 638,168.65, divided between a total 212,327,008 shares with a nominal value of EUR 0.003 each. All shares belong to the same class of shares, with equal voting rights (one vote per share) and shares of the company's capital and profit. On 31 December 2020, there were 67,515 shareholders. At the same point in time, the company's largest shareholders were Capital Group with 15.4 percent of the share capital and votes, and Jens von Bahr as well as Fredrik Österberg (through Österbahr Ventures AB) with 12.9 percent of the share capital and votes.

The ten largest shareholders represented 47.2 percent of the share capital and votes. Further information about the company's share and shareholders is presented under "The Evolution share" on page 30-31. and on the company's website.

General Meetings

The Annual General Meeting is Evolution's highest decision-making body, at which shareholders exercise their influence on the company. All shareholders registered in the company's CSD register who notify the company in time of their attendance are entitled to attend the General Meeting and vote for all of their shares. The company's Annual General Meeting is held in the spring. The date and venue are announced in connection with the third interim report at the latest.

Information on how shareholders can have a matter considered

at the Annual General Meeting in the following year, and when, at the latest, such a request must be received is detailed on the company's website in connection with the publication of the third interim report at the latest. Notice of the Annual General Meeting is published no later than four weeks prior to the meeting through an advertisement in Post- och Inrikes Tidningar (official Swedish gazette) and by posting the notice on the company's website. The company will place an advertisement in Swedish financial daily Dagens Industri that the notice has been issued.

The Annual General Meeting's mandatory duties include making decisions on:

- Adoption of the income statement and balance sheet
- Appropriation of profits and dividend
- Discharge from liability for the Board of Directors and the Group CEO
- Election of the Board of Directors and auditors
- Determination of fees for the Board members and the auditors
- Nomination Committee.

At the Annual General Meeting, decisions are normally made by a simple majority of the votes cast. On certain decision matters, however, the Swedish Companies Act requires a proposal to be approved by a larger proportion of the votes cast. Extraordinary General Meetings may be held when necessary.

Annual General Meeting 2020

The 2020 Annual General Meeting was held on 17 June 2020 at Strandvägen 7A in Stockholm. At the meeting, 35 percent of all shares and votes were represented.

At the annual general meeting income statements and balance sheets for 2019 for the company and the group were adopted and it was resolved on, among other things, a dividend of EUR 0.42 per share, discharge from liability for the board members and the managing director, re-election of the board members and the chairman of the board, authorisation for acquisition and transfer of own shares, reduction of the share capital through redemption of own shares and increase of the share capital through bonus issue as well as authorisation for the board of directors to issue shares, warrants and convertible debt. The minutes of the meeting, as well as other documentation from the meeting, are available on the company's website.

Annual General Meeting 2021

The 2021 Annual General Meeting will take place on 16 April 2020. Notification of the meeting will be issued on the company's website, where requisite documents, such as information providing the basis for decisions, will also be made available prior to the meeting.

Nomination Committee

The Annual General Meeting determines how the Nomination Committee should be appointed. At the 2020 Annual General Meeting, it was decided that the Chairman of the Board of Directors is to contact the three largest shareholders in terms of votes based on Euroclear Sweden AB's list of registered shareholders on the last business day of August. The three largest shareholders will be given the opportunity to elect one representative each to form the Nomination Committee along with one of the members of the Board of Directors who is independent in relation to the Company's management. If any of these shareholders chooses to waive their right to elect a representative, their right is transferred to the shareholder who, after these shareholders, has the largest share ownership. At her own request Cecilia Lager left the board of Evolution as of 31 December 2020 and thus also the Nomination Committee. She was replaced by Board Member Jonas Engwall. In preparation for the Annual General Meeting, the Nomination Committee is tasked with presenting proposals regarding:

- The chairman for the Annual General Meeting
- Number of Board members
- Board members and Chairman of the Board
- Board remuneration
- Possible remuneration for committee work
- Auditors and auditors' fees if such a decision is to be made
- Process for establishing the ensuing Nomination Committee.

The proposals of the Nomination Committee are presented in the notice of the Annual General Meeting and on the company's website. The Nomination Committee's mandate period runs until a new Nomination Committee has been appointed under the decision establishing the new Nomination Committee at the 2021 Annual General Meeting.

Member	Appointed by	Independent in relation to the company and its senior management	Share of votes as per 31 December 2020
Ian Livingstone	Richard Livingstone	Yes	6.9%
Peter Ihrfelt (Chairman)	Österbahr Ventures AB	Yes	12.9%
Alex Captain	Cat Rock Capital Management	Yes	2.4%
Cecilia Lager/ Jonas Engwall	Board of Directors of Evolution Gaming Group AB	Yes	—

Board of Directors

Responsibilities and duties of the Board of Directors

The Board of Directors bears the overall responsibility for the organisation of the company and the management of its affairs and is to work in the interests of the company and all of its shareholders. The mandatory tasks of the Board of Directors include determining the company's overall targets and strategies, evaluating the Group CEO, ensuring that there are systems in place for monitoring and controlling the operations and the risks associated with them, ensuring that there is satisfactory control of the company's regulatory compliance and ensuring that the information issued by the company is characterised by openness and is accurate, relevant and reliable.

Instructions and policies

The Board of Directors annually reviews and adopts the following corporate governance related instructions and policies among others:

- Rules of procedure of the Board of Directors
- Instructions for the Group CEO
- Rules of procedure of the Audit Committee
- Rules of procedure of the Remuneration Committee
- Code of Conduct
- Sustainability Policy.

Composition of the Board of Directors

The Board of Directors is appointed by the shareholders at the Annual General Meeting for the period until the end of the next Annual General Meeting and, in accordance with the Articles of Association, shall consist of at least three and at most eight members with no deputies. The Annual General Meeting determines the precise number of members.

At the 2020 Annual General Meeting, Jens von Bahr (Chairman), Joel Citron, Jonas Engwall, Cecilia Lager, Ian Livingstone and Fredrik Österberg were elected as members of the Board of Directors. At her own request Cecilia Lager left the board of Evolution as of 31 December. For further details of each Board Member, see page 70-71.

In addition to being a Board Member, Jens von Bahr is also employed by the company as the Executive Chairman. He is not a member of the company's senior management. Under the terms of his employment, Jens von Bahr shall, in addition to, and separately from, his duties as Chairman of the Board, focus on strategic issues and establish and implement the Group's future growth plans in cooperation with the management team, customers and shareholders. As one of the founders of the Group, Jens von Bahr has special insight into the operations and the live casino industry and the markets in which the Group operates or may operate in the

future. He also has long-term and valuable relationships with customers and business partners. Consequently, having access to this experience at both the Board level and in the ongoing operations benefits both the company and its shareholders.

As an employee, the Executive Chairman reports to the Group CEO. The division of responsibilities between the Group CEO and the Executive Chairman is well regulated in the Board's rules of procedure and the company's instructions for the Group CEO. Jens von Bahr does not receive any remuneration for his duties as a member of the company's Board of Directors. In accordance with what was communicated in connection with the listing of the company on Nasdaq Stockholm in June 2017, the company expects that Jens von Bahr's employment also will be re-considered in the future but that the intention is that Jens von Bahr's employment as executive chairman shall continue after the 2021 Annual General Meeting.

Fredrik Österberg was employed by the company as Group Chief Strategy Officer until April 2018.

Member	Fees and salaries ¹⁾			Independent ³⁾	Attendance ²⁾		
	Board fee	Committee fee	Salary		Board meetings	Audit Committee	Remuneration Committee
Jens von Bahr	N/A	N/A	SEK 4,200,000	No/No	17	N/A	N/A
Joel Citron	EUR 30,000	N/A	N/A	Yes/Yes	17	4	1
Jonas Engwall	EUR 30,000	N/A	N/A	Yes/Yes	17	4	1
Cecilia Lager	EUR 30,000	N/A	N/A	Yes/Yes	17	N/A	N/A
Ian Livingstone	EUR 30,000	N/A	N/A	Yes/No	17	N/A	1
Fredrik Österberg	EUR 30,000	N/A	N/A	No/No	17	4	N/A

¹⁾ Fees refer to the amounts approved by the 2020 Annual General Meeting. For Board Members who are employees, the stated figure refers to annual salary.

²⁾ Attendance refers to meetings during the 2020 financial year.

³⁾ Independent in relation to the company and the company's management/to the largest shareholders.

Independence

The number of Board members who are independent in relation to the company is four (67 percent) and the number of Board members who are independent in relation to major shareholders were three (50 percent) at the time the Board was constituted but rose to 67 percent at the end of the year. Ian Livingstone was not independent in relation to major shareholders as he is closely related to Richard Livingstone who at the time the Board was constituted owned approximately 16 percent of the shares and votes in the company but decreased his ownership to below 10 percent at the end of the year. Jens von Bahr and Fredrik Österberg together own approximately 12.9 percent of the shares and votes in the company (through Österbahr Ventures AB) and are therefore not independent in relation to major shareholders. Since Jens von Bahr is employed by the company as Executive Chairman and Fredrik Österberg has been employed by the company during the last three years they are also not independent in relation to the company or its senior management.

A Board member may not take part in decisions where a conflict of interest may exist. This comprises decisions regarding agreements between a Board member and the company, agreements between the company and third parties in which the Board member has a material interest that could constitute a conflict of interest for the company, as well as agreements between the company and the legal entity that the Board member represents.

Working procedures and meetings

In addition to laws and recommendations, the work of the Board of Directors is governed by its rules of procedure. The rules of procedure have been adopted by the Board of Directors and include instructions concerning, among other things, Board meetings and their contents, the division of duties within the Board and information to the Board.

Chairman of the Board in 2020

The Chairman of the Board is appointed by the Annual General Meeting. Jens von Bahr was elected Chairman of the Board by the 2020 Annual General Meeting for the period until the end of the next Annual General Meeting. Jens von Bahr is the Executive Chairman of the Board, meaning that he is employed by the company. See the Composition of the Board of Directors section on page 62 for further details of what this employment entails.

The Chairman's role is to organise the work of the Board so that it is run efficiently and generates conditions for optimum performance of the Board's commitments.

Work of the Board of Directors in 2020

The Board of Directors held 17 meetings in 2020, of which one was a statutory meeting, three to approve interim reports and one to approve the year-end report. The Board of Directors was in full attendance at all meetings. All meetings followed an agenda that, on relevant points, was addressed with documentation provided to members prior to the meetings. As a rule, the meetings are also attended by the company's chief legal counsel as secretary, the Group CEO and CFO.

At each meeting, the Group CEO updates the Board Members on the company's operational and financial development. In addition, various senior executives and the auditor participate if necessary, to present various factual matters. The principal points addressed by Board meetings in 2020 included matters regarding, as well as the approval of, the business plan and budget, Group policies, and annual, year-end and interim reports.

The matters addressed by the Board of Directors at the Board meetings in 2020 include:

- **February**
Adoption of interim report for the fourth quarter of 2019
- **March**
The company's auditor participated in part of the meeting without the presence of the Group CEO or any other member of company management
Approval of the annual accounts for 2019
Evaluation of the work of the Board of Directors and the Group CEO
Approval of the documentation for the 2020 Annual General Meeting
Evaluation of the company's need for a specific audit function (internal audit)
- **April**
Adoption of interim report for the first quarter of 2020
Statutory Board meeting
- **July**
Adoption of interim report for the second quarter of 2020
- **October**
Adoption of interim report for the third quarter of 2020
Adoption of various policies
- **December**
Approval of 2021 budget.

Assurance of quality in financial reporting

The formal work plan adopted annually by the Board includes detailed instructions about which financial statements and what financial information is to be provided to the Board. The Group CEO is responsible for the Board receiving, in addition to the year-end report, interim reports and annual accounts, regular information about the company's financial performance including its financial position and liquidity.

The Board of Directors also examines, primarily through its Audit Committee, the most significant accounting principles applied within the Group in respect to its financial reporting, as well as significant changes in the reporting principles. All Audit Committee meetings are recorded and the minutes kept available to all Board Members and the auditors.

Evaluation of the work of the Board of Directors

Through a systematic and structured process, the Board shall annually assess its work and the division of labour between individual members. The Chairman of the Board informs the Nomination Committee of the outcome of the evaluation. The Board continuously evaluates the work of the Group CEO and Group management. This evaluation shall be discussed at least once a year at a meeting of the Board without the Group CEO or any other member of Group Management being present.

Remuneration to the Board of Directors

Remuneration to the Board of Directors is proposed by the Nomination Committee, approved by the Annual General Meeting and paid to Board Members who are not employees of the company. At the 2020 Annual General Meeting, it was decided that a fee of EUR 30,000 should be paid to each Board Member not employed by the company. No specific compensation is paid to the members of the Board committees.

Jens von Bahr is employed by the company and does therefore not receive any Board fee. Jens von Bahr receives an annual salary of SEK 4,200,000 from the company (including applicable retirement benefits and without entitlement to variable compensation). The fee paid to Jens von Bahr for his position in the company was approved by an Extraordinary General Meeting on 24 January 2017.

Diversity policy

The company's Board of Directors has adopted a diversity policy applicable to its own composition. According to this policy, the Board of Directors shall, taking into account the company's operations, stage of development and circumstances, be appropriately composed and characterised by versatility and breadth in terms of the expertise, experience and background of the members elected by the Annual General Meeting. The objective is to seek an even gender distribution on the Board of Directors. Evolution considers diversity important in ensuring that Board Members' profiles provide the necessary range of perspectives, experience and skills required to achieve effective governance. In preparing its proposal for the composition of the Board of Directors, the Nomination Committee takes into account the Code and the Board's Diversity Policy, seeking to achieve diversity on the Board of Directors.

Board committees

The Board of Directors has established a Remuneration Committee and an Audit Committee.

Remuneration Committee

The Remuneration Committee consists of Joel Citron (chairman), Ian Livingstone and Jonas Engwall. The Remuneration Committee's duties include preparing the following matters for decision by the Board:

- Salary, other remunerations and pension benefits for the Group CEO
- Salary, other remuneration and pension benefits for the Executive Chairman
- The company's remuneration policy and other terms of employment for the company's senior management
- Share option programmes and similar arrangements, as well as other rewards or forms of compensation referred to, target a wider range of Group employees.

The Remuneration Committee shall also monitor and evaluate both current and completed variable remuneration programmes for the company's senior management. In addition, the Committee shall monitor and evaluate the application of guidelines for remuneration to senior executives, as well as current remuneration structures and levels in the company. During 2020, two meetings were held, at which all members attended.

Audit Committee

The Audit Committee consists of Joel Citron (chairman), Jonas Engwall, and Fredrik Österberg. The Audit Committee's tasks include:

- Preparing the Board's work with regard to quality in the financial reporting and processes for managing the business risks of the company and the Group
- Monitoring the company's financial reporting and assisting the Board in assuring the effectiveness of the company's internal control, internal audit and risk management
- Regularly meeting the company's auditors and being briefed on the statutory audit, focus and scope of the audit, as well as discussing the coordination between the external and internal audit as well as the view of the risks in the company
- Establishing guidelines for which services, beyond audit services, the company may purchase from the auditors, as well as evaluating and monitoring the independence of the company's auditors and, in connection with this, paying particular attention to whether the auditor provides additional services to the company beyond auditing
- Evaluating the audit and informing the company's Nomination Committee of the outcome of this evaluation.

The Audit Committee shall also organise a selection process to prepare recommendations of auditors to the Nomination Committee when so required by applicable rules and assisting the Nomination Committee in preparing its proposals on auditors and compensation for auditing. During 2020, four meetings were held with full plenary.

Division of labour between the Chairman of the Board and the Group CEO

The company has an Executive Chairman working mainly in the following areas: preparing long-term strategic issues beyond the Group CEO's strategic work within current business plans, ongoing evaluation of strategic partnerships and acquisitions, as well as assisting Group Management in strategic projects and in connection with the recruitment of key competencies. The Group CEO's instructions clarify that the duties of the Executive Chairman as an employee should not interfere with the duties of the Group CEO and that the Executive Chairman may not perform any ongoing management tasks. The Board of Directors' rules of procedure state that the work performed by the Chairman of the Board as an employee is separate from, and in addition to, his work as Chairman of the Board. In addition to duties explicitly in line with his employment contract and the Group CEO's instruction, he may not perform any assignments for the company that go beyond the work of the Chairman of the Board, unless approved by the Board of Directors.

Auditors

Auditors are elected by the Annual General Meeting. The auditor shall examine the company's annual report and accounts as well as the management by the Board of Directors and the Group CEO. The auditor shall also examine the group accounts, as well as the relationship inter se of group companies. In accordance with the Articles of Association, Evolution 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. The Annual General Meeting held in 2020 re-elected Öhrlings PricewaterhouseCoopers AB as the company's auditors up until the close of the Annual General Meeting held in 2021. The auditor in charge is Johan Engstam, who was born in 1966 and is an authorised accountant.

Group CEO and Group Management

Evolution's Group Management has extensive experience and works to achieve long-term profitable growth in line with the company's strategy and vision. The Group CEO is appointed by, and receives instructions from, the Board of Directors. In turn, the Group CEO appoints the other members of Group Management and is responsible for the ongoing administration of the Group in accordance with the Board's guidelines and instructions. The Group CEO reports to the Board of Directors, ensuring that it receives the information needed to make informed decisions. The Group CEO shall also ensure that matters to be addressed by the Board in accordance with applicable legislation, the Articles of Association and internal policies and guidelines are presented to the Board of Directors. The Group CEO attends, and reports to, all Board meetings, except on those occasions when

the Group CEO is evaluated by the Board as well as when the Board meets the company's auditor without management attending. Group Management embodies expertise covering all key areas of the company's business and strategy, including the CEO of Evolution's operating subsidiary Evolution Malta Limited. Evolution Malta Limited has a management team that addresses matters related to the operational activities.

Working instructions for the Group CEO

The Board of Directors has developed and adopted instructions covering the Group CEO's responsibilities and tasks, as well as entitlement to represent the company. Within the framework of applicable laws, the Articles of Association, the Board of Director's formal work plan, the Group CEO's instructions and other instructions issued by the Board, the Group CEO is responsible for overseeing the company's day-to-day operations. The Group CEO is also responsible for ensuring that the Board receives information regularly to be able to monitor the company's financial position, financial planning and development. Prior to each regular Board meeting, the Group CEO shall submit information as requested by the Board in assessing the company's financial situation, including reports, metrics, proposed business plan and budget, forecasts, interim reports, financial statements and annual reports.

Remuneration to senior executives

The 2020 Annual General Meeting established guidelines for senior executives for the period up until the Annual General Meeting held in 2021. Senior executives refer to the Group CEO and the Group management of Evolution. The guidelines should also apply to remuneration for members of the Board who are employed by the company, and what is stipulated in the guidelines regarding senior executives should when applicable also apply to members of the Board who are employed by the company. For information on the composition of the Group Management, see page 72-73.

The objective of the guidelines is to ensure that the company can attract, motivate and retain senior executives with the expertise and experience required to achieve company's operating goals. The remuneration shall be based on conditions that are market competitive and at the same time aligned with shareholders' interests. Remuneration to the senior executives shall consist of a fixed and, for some senior executives, variable salary. These components shall create a well-balanced remuneration reflecting individual competence, responsibility and performance, both short-term and long-term, as well as the company's overall performance.

Fixed salary

The senior executives' fixed salary shall be competitive and based on each senior executive's individual competences, responsibilities and performance. A review of the fixed salary shall be carried out on an annual basis for each calendar year.

Variable compensation

The senior executives (however not the board member employed by the company) may receive variable remuneration in addition to a fixed salary.

Annual variable remuneration is to be cash based and be based on predetermined and measurable performance criteria for the relevant senior executive aimed at promoting the company's long term value creation. The performance criteria are to be established and documented annually. Depending on the level of performance achieved, annual variable remuneration can vary from no variable payment up to fifty percent of the annual base salary (however, one senior executive is entitled to variable compensation up to a hundred percent of his annual base salary under his existing employment agreement).

Incentive programmes

The shareholders' meeting shall be able to decide on long-term share and share-price related incentive programmes directed to, among others, the senior executives (however not to board members who are employees of the company). Such incentive programmes are to be designed with the aim of achieving increased alignment between the interests of the participating individual and the company's shareholders and so that a personal holding of shares in the company is promoted.

Other benefits

The company provides other benefits to senior executives in accordance with local practice. Such other benefits can include, for example company health care. Occasionally, housing allowance, paid schooling for underage children or travel allowances could be granted.

Notice of termination and severance pay

The maximum notice period for senior executives during which salary is paid is 12 months. Severance compensation may be paid in an amount not greater than 12 months' fixed salary.

Deviations from guidelines

The Board of Directors may deviate from the above guidelines where a special cause exists in an individual case. In the event the Board of Directors deviates from the guidelines, it shall explain the reason for the deviation at the following Annual General Meeting.

Incentive programmes**2021/2024 programme**

The Extra General Meeting on 28 January 2021 resolved to issue a maximum of 5,000,000 warrants. Each warrant entitles the holder to subscribe for one new share in the company for SEK 1,113.80 during the period from and including 20 March 2024 (however not earlier than the day after the publication of the company's interim report for the period January–December 2023) up to and including the date that falls 30 calendar days thereafter.

The recipients of the warrants are key employees throughout the Group. Participants in the incentive programme have been offered to acquire warrants at market value, and for each warrant acquired at market value the participants have received an extra warrant. For warrants acquired at market value, the price (premium) has been determined based on Black & Scholes valuation model and the valuation has been done by Svalner Skatt & Transaktion KB. The program has been handled differently in different countries, due to local deviations in, among other things, legislation and applicable accounting rules.

2020/2023 programme: The Extra General Meeting on 16 January 2020 resolved to issue a maximum of 4,000,000 warrants. Each warrant entitles the holder to subscribe for one new share in the company for SEK 373.90 during the period from and including 31 March 2023 (however not earlier than the day after the publication of the company's year-end report for the period January–December 2022, the "First Exercise Date") up to and including the date that falls 30 calendar days thereafter.

In total 4,000,000 warrants were subscribed, of which 15,000 were bought back at the end of 2020. If all 3,985,000 warrants are exercised for subscription of 3,985,000 shares, the dilution effect will be approximately 1.9 percent.

The recipients of the warrants are key employees throughout the Group. Employees in Sweden have paid the market value for the warrants. Employees outside Sweden have paid the market value for one warrant, while receiving one without payment for each that had been paid for. For warrants acquired at market value, the price (warrant premium) has been determined using Black & Scholes valuation model, with the valuation being carried out by Svalner Skatt.

2018/2021 programme: The Annual General Meeting on 20 April 2018 resolved to issue a maximum of 3,088,510 warrants. Each warrant entitles the holder to subscribe for one new share in the company for SEK 141.06 during the period from the day after the publication of the interim report for the second quarter of 2021 until the date that follows 30 calendar days after the publication of the interim report for the second quarter 2021 (however not later than on 30 September 2021).

In total 1,880,030 warrants were subscribed. During 2019, a total number of 118,750 warrants have been bought back

by the Company. If all 1,761,280 warrants are exercised for subscription of 1,761,280 shares, the dilution effect will be approximately 0.8 percent.

The recipients of the warrants are key employees throughout the Group. Participants in the incentive programme have been offered to acquire warrants at market value, and for each warrant acquired at market value the participants have received an extra warrant. For warrants acquired at market value, the price (premium) has been determined based on Black & Scholes valuation model and the valuation has been done by EY. The program has been handled differently in different countries, due to local deviations in, among other things, legislation and applicable accounting rules.

	2020/2023	2018/2021
Exercise price, SEK	373.90	141.06
Grant date	27/02/2020	01/07/2018
Expiry date	30/04/2023	30/09/2021
Number of recipients	111	53
Total number of warrants subscribed	3,985,000	1,761,280

The number of warrants, shares and exercise price in programme 2018/2021 have been adjusted to reflect the 5x1 share split that took place in May 2019.

During July-August 2019, the incentive programme 2016/2019 adopted on the Annual General Meeting on 28 April 2016 exercised. In total 1,770,840 new shares were subscribed for by a number of key individuals in the Company. Total dilution amounted to 0.98 percent.

Risk management and internal control

Evolution's control system has been developed to ensure accurate, reliable financial reporting and accounting in accordance with applicable laws and rules, accounting standards and other requirements for listed companies. The foundation of the control environment is defined through policies, routines and manuals, and is upheld with the help of the company's organisational structure with clearly defined responsibilities.

Control environment

The Board of Directors bears the ultimate responsibility for an effective system of internal control and risk management being in place. Critical accounting issues and issues related to financial reporting are addressed by the Board and in the Board's Audit Committee. To ensure a well-functioning control environment, the Board of Directors has established a number of policies relevant to corporate governance and financial reporting. These include the Board's rules of procedure, Group CEO instructions and reporting instructions for financial reporting. The company also has a financial handbook, which includes principles, guidelines and process descriptions for accounting and financial reporting. At the statutory Board meeting following the Annual General Meeting, a formal work plan is established for the Board and instructions for the work of the Group CEO are determined, in which responsibilities and powers are further defined.

The Board has appointed an Audit Committee, tasked with preparing the Board's work with regard to quality in the financial reporting and processes for managing the business risks of the company and the group, as well as monitoring the company's financial reporting and assisting the Board in assuring the effectiveness of the company's internal control, internal audit and risk management.

The CFO regularly reports to the Audit Committee and works together with the company's finance function to develop and improve the internal control with regards to the Group's financial reporting, both proactively with a focus on the internal control environment, and by reviewing the effectiveness of internal control.

Responsibility for the daily work of maintaining the control environment rests primarily with the Group CEO. The Group CEO reports regularly to the company's Board of Directors.

The Board of Directors in its entirety or any one Board Member together with the Chairman of the Board may sign on behalf of the company. In addition, the company's CFO and CLO together are entitled to sign on behalf of the company.

In accordance with the Swedish Companies Act, the Group CEO may sign alone on behalf of the company regarding duties which the Group CEO is obliged to carry out pursuant to section 29 of the Swedish Companies Act.

Risk assessment

The Group has established a Risk Management Committee, in which representatives of various relevant parts of the organisation meet quarterly to assess, discuss and mitigate potential risks. The Group has also adopted procedures and established internal risk management control systems, including an annual risk analysis for all business areas within the Group, where the purpose is to identify, evaluate and manage risks threatening the Group's objectives and strategies. The risk analysis is divided into strategic, operational, compliance, legal and financial risks. To ensure a relevant level of control, each business area has established a number of control activities counteracting the most significant risks identified in the risk analysis. A self-assessment of these control activities is performed annually and reported to the Risk Management Committee, which compiles and evaluates the results and reports to the Audit Committee and the Board of Directors.

Risk assessment directly related to the provision of gaming services

As certain jurisdictions have laws that explicitly consider the offering of, and participation in, gaming services conditional on particular licences or a criminal offence, the Group continuously undertakes precautionary measures, including Know Your Customer (KYC) checks of licensees and requiring, in its agreements, that operators comply with the laws and regulations applicable to them.

These provisions in the agreements constitute a form of legal protection and prevent certain end users from accessing the Group's products and services. The Group's customers (i.e. the casino operators) are responsible for the end users' access to their online gaming platforms at the local level and in accordance with local laws and regulations.

Monitoring

Monitoring of control activities is conducted continuously to ensure that risks have been satisfactorily observed and addressed. This includes tracking of results in relation to budget and plans, analyses and key figures. The Board of Directors continuously evaluates the information provided by the company's management team. The process includes both reconciliation of monthly financial reports against budgets and goals and reporting at Board meetings. Through the Audit Committee, the Board of Directors reviews and assesses the internal control organisation and function. The company's policies and instructions are evaluated and updated annually at a minimum or when needed.

The company's CFO presents the results of internal control work as a standing agenda item at Audit Committee meetings.

The results of the Audit Committee's work in the form of observations, recommendations and proposals for decisions and measures are continuously reported to the Board of Directors.

Information and communication

The company has information and communication channels to promote the accuracy of the financial reporting and to facilitate reporting and feedback from the operations to the Board of Directors and the Group Management, for example by making governing documents such as internal policies, guidelines and instructions regarding the financial reporting available and known to the employees concerned.

The company is subject to the provisions of the EU Market Abuse Regulation No. 596/2014 (MAR). MAR sets out requirements on how inside information is to be published to the market, under which conditions the disclosure may be delayed and in what way the company is obliged to keep a list of persons working for the company and who has access to inside information. The company has assigned a digital and semi-automated tool to ensure that its handling of inside information meets the requirements of MAR and its insider policy. Only authorised persons in the company have access to the tool.

The company's financial reporting complies with Swedish laws and regulations and the local rules in each jurisdiction where operations are conducted. The company's information to shareholders and other stakeholders is provided through the interim reports, press releases and annual report according to the Group's Communication Policy.

Internal audit

The company has no separate review function (internal audit).

The Board does not consider there to be special circumstances in operations or other conditions that would warrant such a function.

Our Board of Directors

JENS VON BAHR **Chairman of the Board**

Born 1971. Elected 2015, Chairman since 1 November 2016.

Other assignments:

Jens is a Board member in JOvB Investment AB, Österbahr Ventures AB, Barnebys Group AB and Sitoo AB.

Experience:

Jens is co-founder of Evolution. Before founding the company, Jens was CEO of Oriflame Sri Lanka. He has also started several entrepreneurial companies. Jens holds a BSc in Business from Stockholm University and a MBA from the University of Western College.

Shareholding:

27,289,720 shares through Österbahr Ventures AB (jointly owned with Fredrik Österberg).

Not independent in relation to the company, the company's management or major shareholders of the company.

JOEL CITRON **Board member**

Born 1962. Elected 2015.

Other assignments:

Joel is CEO of Tenth Avenue Holdings LLC and Chairman of Tenth Avenue Commerce LLC.

Experience:

Joel has vast experience from various management positions in investment and operating companies in Europe and the USA. He holds a BSc Business Administration and MA. Economics from the University of Southern California.

Shareholding:

1,677,355 shares.

Independent in relation to the company, the company's management and major shareholders of the company.

JONAS ENGWALL **Board member**

Born 1970. Elected 2015.

Other assignments:

Jonas is owner and CEO of Knoxville AB. Among other assignments, he is Chairman of ExOpen Systems AB, Takkei Trainingsystems AB, Sitoo AB and DBT Capital AB, and board member PS Occasion and Ekoligens AB.

Experience:

Jonas was previously Chairman of Risenta AB. He has also founded several entrepreneurial companies, such as Skruf Snus AB. He holds a Master of Business Administration from Stockholm School of Economics.

Shareholding:

159,630 shares.

Independent in relation to the company, the company's management and major shareholders of the company.

CECILIA LAGER **Board member**

Born 1963. Elected 2017.

Cecilia left the board of Evolution as of 31 December 2020.

Other assignments:

Cecilia is Chairman of Navigera AB and Board member in Elanders AB, Greengold Group AB, Altor Fund Manager AB, Sveab Holding AB, Capacent Holding AB and Clemondo Group AB.

Experience:

Cecilia has vast experience from various senior executive positions in the financial sector. Among previous positions she has been Marketing Director of Alecta and CEO of SEB Fonder. She has studied Business Administration at Lund University.

Shareholding:

- Independent in relation to the company, the company's management and major shareholders of the company.

IAN LIVINGSTONE**Board member**

Born 1962. Elected 2015.

Other assignments:

Ian is Executive Chairman of London+Regional Properties Limited. He also holds various Board assignments within the London+Regional Properties group.

Experience:

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

Shareholding:

500,000 shares.

Independent in relation to the company, the company's management and major shareholders of the company.

FREDRIK ÖSTERBERG**Board member**

Born 1970. Elected 2015.

Other assignments:

Fredrik is a Board member in FROS Ventures AB, Österbahr Ventures AB and Hammarby Fotboll AB.

Experience:

Fredrik is cofounder of Evolution. Before founding the company, Fredrik was CEO of Sportal Nordic. He holds a BSc in Business Administration and Economics from Stockholm University.

Shareholding:

27,289,720 shares through Österbahr Ventures AB (jointly owned with Jens von Bahr).

Not independent in relation to the company, the company's management or major shareholders of the company.

The company's auditors**ÖHRLINGS PRICEWATERHOUSECOOPERS AB**

Johan Engstam

Authorised Public Accountant

Our group management team



MARTIN CARLESUND **Group CEO**

Born 1970. Employed by the group since 2015.

Shareholding: 266,147 shares through Carlesund Investment & Consulting AB.

Warrants:
Rights through warrant program 2018/2021: 175,000
Rights through warrant program 2020/2023: 1,000,000
Options with materially the same terms as warrant program 2020/2023: 1,000,000

Other assignments:
Martin is Chairman of Carlesund Investments & Consulting AB and Sandstjärna Holding.

Experience:
Martin has been CEO of Highlight Media Group, Eniro Sverige, Eniro Finland and 3L System AB. He holds a MSc in finance together with courses in computer science, law and mathematics at University of Borås, Gothenburg School of Economics and Linköping University.



DAVID CRAELIUS **Chief Technology Officer**

Born 1974. Employed by the group since 2016.

Shareholding: 5,000 shares through pension insurance.

Warrants:
Rights through warrant program 2018/2021: 20,000
Rights through warrant program 2020/2023: 28,000

Other assignments:
David is a board member of Stravito AB, Hivemind AB, Craelius & Hansson AB and Försäkringsbolaget Avanza Pension.

Experience:
David has been CTO of Klarna, Head of Banking at Avanza and CIO of Nordnet. He has studied at the Royal Institute of Technology in Stockholm.



TODD HAUSHALTER **Chief Product Officer and Games Operations**

Born 1978. Employed by the group since 2015.

Shareholding: 55,755 shares

Warrants:
Rights through warrant program 2018/2021: 92,500
Rights through warrant program 2020/2023: 120,000

Experience:
Todd has been Vice President of Gaming Operations at MGM Resorts International, Global Director of Product Development at Shuffle Master and Vice President of Business Strategy at Bally Technologies. He holds a MBS from University of Nevada, Las Vegas.



OLESYA IVANOVA **Chief Operating Officer Latvia & Romania**

Born 1983. Employed by the group since 2006.

Shareholding: 23,193 shares

Warrants:
Rights through warrant program 2018/2021: 75,000
Rights through warrant program 2020/2023: 120,000

Experience:
Olesya joined Evolution as a Game Presenter and has since then held several positions with managerial responsibilities at the Riga production studio. She holds an EMBA from the Stockholm School of Economics in Riga.



SEBASTIAN JOHANNISSON
Chief Strategy Officer

Born 1978. Employed by the group since 2008.

Shareholding: 800,000 shares through endowment insurance.

Warrants:
Rights through warrant program 2018/2021: 92,500
Rights through warrant program 2020/2023: 120,000

Experience:
Sebastian has been Head of Account Management at Evolution. He holds a Master of Business Administration from Uppsala University.



JACOB KAPLAN
Chief Financial Officer

Born 1973. Employed by the group since 2016.

Shareholding: 40,000 shares through pension insurance.

Warrants:
Rights through warrant program 2018/2021: 92,500
Rights through warrant program 2020/2023: 120,000

Experience:
Jacob has been CFO of Nordnet AB (publ) and Vice President, Finance Director at Nasdaq OMX Transaction Services Nordics. He holds a MSc in Industrial Engineering and Business Management from the Royal Institute of Technology in Stockholm and a BSc in Business Administration from Stockholm University.



JOHAN NORDSTROM
CEO Evolution Malta & Chief Commercial Officer

Born 1970. Employed by the group since 2016.

Shareholding: 100,000 shares

Warrants:
Rights through warrant program 2018/2021: 92,500
Rights through warrant program 2020/2023: 120,000

Experience:
Johan has held various leading positions in the EF group, including President Asia and European Director. He holds a BSc in Business Administration from Stockholm University.



LOUISE WIWEN-NILSSON
Chief Human Resources Officer

Born 1972. Employed by the group since 2016.

Shareholding: -

Warrants:
Rights through warrant program 2018/2021: 45,000
Rights through warrant program 2020/2023: 55,000

Other assignments:
Founder and owner of Strong Brands Sweden AB.

Experience:
Louise has held several leading HR positions within Viacom/MTV, Nike and Walt Disney. She has a degree in Social and Behavioural studies at Lund University.



FINANCIAL REPORTS

The Board of Directors and the Group CEO of Evolution Gaming Group AB (publ) 556994-5792 ("Evolution") hereby present the annual accounts for the Group and the Parent Company for the 2020 financial year.

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CASH FLOWS

INCOME STATEMENT – PARENT COMPANY

BALANCE SHEET – PARENT COMPANY

STATEMENT OF CHANGES IN EQUITY – PARENT COMPANY

CASH FLOW STATEMENT – PARENT COMPANY

NOTES



Consolidated income statement

	NOTE	2020	2019
Revenues	2	560,673	365,687
Other revenues	2	461	65
Total operating revenues		561,134	365,752
Personnel expenses	3	-133,752	-126,419
Depreciation, amortisation and impairment	8, 9	-32,513	-25,476
Other operating expenses	17, 18	-95,169	-56,385
Total operating expenses		-261,434	-208,280
Operating profit		299,700	157,472
Financial income	4	47	45
Financial expenses	5	-1,065	-245
Profit before tax		298,682	157,272
Tax on profit for the year	6	-14,060	-7,546
Profit for the year		284,622	149,726
<i>Of which attributable to:</i>			
Owners of the Parent Company		284,622	149,726
Average number of shares, basic	7	183,927,915	180,737,305
Earnings per share basic, EUR		1.55	0.83
Average number of shares, diluted		189,021,346	183,387,341
Earnings per share diluted, EUR		1.51	0.82

Consolidated statement of comprehensive income

	2020	2019
Profit for the year	284,622	149,726
Other comprehensive income		
<i>Items that may subsequently be reclassified to profit or loss for the year</i>		
Exchange differences arising from the translation of foreign operations	37,449	207
Other comprehensive income for the year	37,449	207
Comprehensive income for the year	322,071	149,933

Consolidated statement of financial position

	NOTE	31 December 2020	31 December 2019
Assets			
Customer relationships	8	191,257	2,343
Game software	8	172,466	14,008
Brand	8	335,534	261
Goodwill	8	1,834,333	12,485
Other intangible assets	8	23,930	7,131
Land and buildings	9	11,629	11,991
Right of use assets	9, 17	44,104	19,419
Other property, plant and equipment	9	50,632	36,079
Other non-current receivables		3,302	1,118
Deferred tax assets	6	2,696	156
Total non-current assets		2,669,883	104,991
Accounts receivable	11	120,481	66,457
Current tax receivables		137,735	69,726
Other current receivables	12	8,755	7,258
Prepaid expenses and accrued income	13	10,583	3,208
Cash and cash equivalents	14	221,675	182,520
Total current assets		499,229	329,169
TOTAL ASSETS		3,169,112	434,160
Equity and liabilities			
Share capital		638	545
Other capital contributed		2,225,817	17,430
Reserves		37,548	99
Retained earnings including profit for the year		462,168	262,823
Total equity		2,726,171	280,897
Deferred tax liabilities	6	36,666	69
Non-current lease liabilities	17	38,078	15,483
Total non-current liabilities		74,744	15,552
Accounts payable		15,335	5,300
Current liabilities to credit institutions	20	—	5,619
Provisions		11,377	—
Current tax liabilities		164,082	81,524
Other current liabilities	15	128,502	19,604
Current lease liabilities	17	11,891	3,936
Accrued expenses and prepaid income	16	37,010	21,728
Total current liabilities		368,197	137,711
TOTAL EQUITY AND LIABILITIES		3,169,112	434,160

Consolidated statement of changes in equity

2019	Share capital	Other capital contributed	Reserves	Retained earnings including profit for the year	Total equity
Opening equity 01/01/2019	540	5,867	-108	155,971	162,270
Profit for the year	—	—	—	149,726	149,726
Other comprehensive income	—	—	207	—	207
Transactions with shareholders					
Dividend	—	—	—	-43,164	-43,164
Warrants	—	-152	—	290	138
New share issue	5	11,715	—	—	11,720
Closing equity 31/12/2019	545	17,430	99	262,823	280,897

2020	Share capital	Other capital contributed	Reserves	Retained earnings including profit for the year	Total equity
Opening equity 01/01/2020	540	17,430	99	262,823	280,897
Profit for the year	—	—	—	284,622	284,622
Other comprehensive income	—	—	37,449	—	37,449
Transactions with shareholders					
Repurchase of own share	—	—	—	-9,854	-9,854
Dividend	—	—	—	-76,140	-76,140
Warrants	—	4,504	—	717	5,221
New share issue	93	2,203,883	—	—	2,203,976
Closing equity 31/12/2020	638	2,225,817	37,548	462,168	2,726,171

Consolidated statement of cash flows

	NOTE	2020	2019
Operating profit		299,700	157,472
<i>Adjustment for items not included in cash flow:</i>			
Depreciation, amortisation and impairment		32,513	25,476
Provisions		9,979	—
Other		13,866	1,216
Interest received		2,468	23
Interest paid		-1,065	-245
Tax paid		-6,517	-5,293
Cash flow from operating activities before changes in working capital		350,944	178,649
Increase/decrease in accounts receivable		-32,345	-17,276
Increase/decrease in accounts payable		-253	1,358
Increase/decrease in other working capital		-2,295	13,055
Cash flow from operating activities		316,051	175,786
Acquisition of intangible assets		-13,635	-11,158
Acquisition of property, plant and equipment		-23,251	-18,950
Acquisition of subsidiaries	25	46,085	-11,812
Increase/decrease in other financial assets		-2,378	-604
Cash flow from investing activities		6,821	-42,524
Repayment of debt to credit institutions		-190,351	-950
Repayment of lease liabilities		-5,059	-3,508
Repurchase of own shares		-9,854	—
Warrant premiums		4,504	-152
Dividends paid		-76,140	-43,164
New share issue		-3,010	11,720
Cash flow from financing activities		-279,910	-36,054
Cash flow for the year		42,962	97,208
Cash and cash equivalents at beginning of the year		182,520	84,951
Exchange rate differences		-3,807	361
Cash and cash equivalents at year-end	14	221,675	182,520

The item Other under Adjustment for items not included in cash flow mainly refers to unrealised foreign exchange differences, disposals of fixed assets and warrant programmes' personnel expenses reported in equity.

Income statement – Parent Company

	NOTE	2020	2019
Net sales	2	9,405	7,120
Other external expenses	18	-3,151	-2,763
Personnel expenses	3	-5,850	-4,054
Depreciation, amortisation and impairments	8, 9	-219	-68
Operating profit		185	235
Interest income and similar income items	4	200,141	100,124
Interest expenses and similar expense items	5	—	—
Profit before tax		200,326	100,359
Tax on profit for the year	6	-88	-904
Profit for the year		200,238	99,455

Profit for the year coincides with comprehensive income for the year.

Balance sheet — Parent Company

	NOTE	31 December 2020	31 December 2019
Assets			
Non-current assets			
Intangible assets	8	763	828
Property, plant and equipment	9	50	65
Participating interest in Group companies	10	2,495,279	206,000
Deposits		41	40
Total non-current assets		2,496,133	206,933
Current assets			
Receivables from Group companies		212,914	137,451
Other current receivables	12	751	219
Prepaid expenses and accrued income	13	368	228
Cash and cash equivalents	14	34,388	1,112
Total current assets		248,421	139,010
TOTAL ASSETS		2,744,554	345,943
Equity and liabilities			
Restricted equity			
Share capital		638	545
Unrestricted equity			
Share premium reserve		2,426,591	218,206
Retained earnings		38,831	25,370
Profit for the year		200,238	99,455
Total equity		2,666,298	343,576
Current liabilities			
Accounts payable		2,617	128
Current tax liabilities		1,120	1,399
Other current liabilities	15	73,719	173
Accrued expenses and prepaid income	16	800	667
Total current liabilities		78,256	2,367
TOTAL EQUITY AND LIABILITIES		2,744,554	345,943

Statement of changes in equity – Parent Company

	Restricted equity	Unrestricted equity		Total equity
	Share capital	Share premium reserve	Retained earnings	
2019				
Opening equity 01/01/2019	540	206,643	68,534	275,719
Profit for the year	—	—	99,455	99,455
Transactions with shareholders				
Dividend	—	—	-43,164	-43,164
Warrants	—	-154	—	-154
New share issue	5	11,715	—	11,720
Closing equity 31/12/2019	545	218,206	124,825	343,576

	Restricted equity	Unrestricted equity		Total equity
	Share capital	Share premium reserve	Retained earnings	
2020				
Opening equity 01/01/2020	545	218,206	124,825	343,576
Profit for the year	—	—	200,238	200,238
Transactions with shareholders				
Dividend	—	—	-76,140	-76,140
Warrants	—	4,504	—	4,504
Repurchase of own shares	—	—	-9,854	-9,854
New share issue	93	2,203,883	—	2,203,976
Closing equity 31/12/2020	638	2,426,591	239,069	2,666,298

2019	
Outstanding shares at year-end	181,622,725

2020	
Outstanding shares at year-end	212,327,008
The share quota value is 0.003 EUR	

Cash flow statement — Parent Company

	NOTE	2020	2019
Operating profit		185	235
<i>Adjustment for items not included in cash flow:</i>			
Depreciation, amortisation and impairment		219	68
Interest received		136	124
Tax paid		-282	-21
Cash flow from operating activities before changes in working capital		258	406
Increase/decrease in accounts payable		2,492	-32
Increase in intercompany receivables and liabilities, net		-76,220	-67,977
Increase/decrease in other working capital		458	297
Cash flow from operating activities		-73,012	-67,306
Acquisition of intangible assets		-125	-429
Acquisition of property, plant and equipment		-14	-53
Acquisition of subsidiary	25	-9,072	—
Deposition paid		-1	-6
Cash flow from investing activities		-9,212	-488
Repurchase of own share		-9,854	—
Warrants		4,504	-154
Dividend paid		-76,140	-43,164
Dividend received		200,000	100,000
New share issue		-3,010	11,720
Cash flow from financing activities		115,500	68,402
Cash flow for the year		33,276	608
Cash and cash equivalents at beginning of the year		1,112	504
Cash and cash equivalents at year-end	14	34,388	1,112

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Notes

Note 1. Accounting and valuation principles

GENERAL INFORMATION

Evolution Gaming Group AB (publ) (the “Parent Company”, 556994-5792) and its Subsidiaries (collectively, the “Group” or the “Company”) is a leading B2B provider of live and slots casino systems.

The Company develops, produces, markets and licenses fully integrated online casino systems to gaming operators. At the end of 2020, the Group had approximately 500 customers, including a majority of the foremost online casino operators in Europe, as well as a number of land-based casinos.

The operators market the products to the end users. Accordingly, Evolution is a pure operating and development company; it does not conduct any gaming operations of its own.

The Parent Company is a Swedish public limited company with registered office in Stockholm, Sweden and its head office at Hamngatan 11 in Stockholm. The Parent Company has been listed on Nasdaq Stockholm Large Cap since June 2017 using the ticker EVO.

On 24 March 2021, this Annual Report was approved for publication by the Board of Directors. The income statements and balance sheets are to be adopted by the Annual General Meeting on 16 April 2021.

1.1 BASIS OF PREPARATION

These consolidated financial statements were prepared in accordance with the Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Groups, and the International Financial Reporting Standards (IFRS) and interpretations of the IFRS Interpretations Committee (IFRIC) as adopted by the EU. The consolidated accounts have been prepared in accordance with the cost method. The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires the Group management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed under Accounting principles and in Note 24. The Parent Company’s functional currency, as well as the Parent Company’s and the Group’s presentation currency, is the Euro. Accordingly, the statements were prepared in Euro (EUR). Amounts are expressed in thousands of Euro (kEUR) unless otherwise indicated. Amounts or

figures in parentheses are comparisons for the year-earlier period. Assets and liabilities are recognised at historical cost, except certain financial instruments measured at fair value. The most important principles on which the consolidated financial statements have been based are described below. These accounting principles have been applied consistently for all years presented, unless otherwise stated.

The Parent Company uses the same accounting principles as the Group, with the addition of the Swedish Financial Reporting Board’s recommendation RFR 2 “Accounting for Legal Entities”. This gives rise to certain differences due to requirements in the Swedish Annual Accounts Act or the tax situation. The accounting principles of the Parent Company are described in the section 1.25 “Parent Company’s accounting principles”.

New or amended accounting standards applied in 2020

The following new, amended or improved accounting standards were applicable from 1 January 2020: IFRS 3 Business Combinations (endorsed by the EU 21 April 2020); IAS 1 and IAS 8: Definition of material (endorsed by the EU 29 November 2019); IFRS 16 Leases (endorsed by the EU 9 October 2020) and amendments to IFRS 9, IAS 39 and IFRS 7 under the Interest Rate Benchmark Reform (endorsed by the EU 15 January 2020). The new, amended or improved standards did not have any material impact on Evolution’s financial statements.

New or amended accounting standards to be applied after 2020

The following new, amended or improved accounting standards have been published but are not mandatory for 2020 and have not been early adopted by Evolution: IFRS 17 Insurance Contracts; IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current; IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; Annual Improvements 2018-2020; IFRS 4 Insurance Contracts – deferral of IFRS 9 (endorsed by the EU on December 15, 2020); Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (endorsed by the EU 13 January 2021). These new, amended or improved standards have not yet been endorsed by the EU unless specifically stated above and they are not expected to have any material impact on Evolution’s financial statements.

1.2 CONSOLIDATION

Subsidiaries are all companies over which the Group has a controlling interest. The Group has a controlling interest over a company when it is exposed to, or is entitled to, variable returns from its holding in that company and is able to influence the return through its interest in the Company. Subsidiaries are fully consolidated from the date on which controlling interest is transferred to the Group. They cease to be consolidated from the date on which that controlling interest ceases. The acquisition method of accounting is used to account for the acquisition of operations by the Group. The cost of acquiring a subsidiary is measured as the fair value of the assets taken over, liabilities incurred by the previous owner of the acquired company, plus the shares issued by the Group. In the cost of an acquisition, fair value of all liabilities is also included as a result of an agreement of a conditioned purchase price. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

For each acquisition, i.e. acquisition by acquisition, the Group determines whether the minority interest in the acquired company is to be recognised at fair value or at the proportional share of the holding in the reported value of the acquired company's identified net assets.

Expenses attributable to acquisitions are recognised as they are incurred. Goodwill is initially valued as the amount by which the total purchase consideration, and the fair value of any non-controlling interests on the acquisition date, exceeds the fair value of identifiable acquired net assets. If the purchase consideration is lower than the fair value of the acquired company's net assets, the difference is reported directly in the income statement.

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

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

1.3 TRANSLATION OF FOREIGN CURRENCY

(a) Functional currency and presentation currency

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

(b) Transactions and balances

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

(c) Group companies

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

a) Assets and liabilities in all balance sheets are translated at the rate on the balance sheet date

(b) Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions)

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

1.4 INTANGIBLE ASSETS

Acquired computer software licenses are capitalised based on the expenses incurred to acquire and bring to use the specific software. Expenses associated with maintaining computer software programs are recognised as an expense as incurred.

Development expenses that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

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

Directly attributable expenses that are capitalised as part of the software product primarily includes employee expenses for software development. Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Development expenses previously recognised as an expense are not recognised as an asset in a subsequent period. Computer software development expenses recognised as assets are amortised over an estimated useful life of three years.

The expense of developing the Core Gaming Platform is amortised over an estimated useful life of three years. Licenses recognised as assets are amortised over an estimated useful life of five years.

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

1.5 PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment are initially measured at cost and thereafter at cost less deductions for depreciation and impairment. The cost includes expenses that are directly related to the acquisition of the assets. Subsequent expenses are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The carrying amount of the replaced part is derecognised from the balance sheet. General repairs and maintenance expenses are charged to the income statement during the financial period in which they are incurred.

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

- Office equipment, computers and technical equipment 20–50%
- Property 2%.

Expenses for improvements to property owned by another are amortised based on the lease term or estimated useful life, whichever is shorter. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1.6).

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

1.6 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less expenses to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets other than goodwill that previously suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. Intangible assets that are not yet ready for use are also tested for impairment when events or changed circumstances indicate that the recognised value may not be recoverable.

1.7 FINANCIAL ASSETS

1.7.1 Classification

Financial assets that are subject to IFRS 9 Financial Instruments: Recognition and Measurement are classified according to the following categories:

- Financial assets and liabilities measured at amortised cost
- Financial assets and liabilities measured at fair value through profit or loss
- Financial assets and liabilities measured at fair value through other comprehensive income.

Financial assets and liabilities measured at amortised cost

This category refers to non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Examples of assets in this category include trade accounts receivable, cash and cash equivalents, trade

accounts payable and interest-bearing liabilities. These assets (and liabilities) are measured at amortised cost applying the effective-interest method. Rent receivables and other receivables are recognised at the amounts that are expected to be received, i.e. after deductions for doubtful receivables.

Financial assets and liabilities measured at fair value through profit or loss

Financial instruments in this category are measured on an ongoing basis at fair value with changes in value recognised through profit or loss. This category includes derivative instruments with a positive fair value. Evolution has no financial instruments in this category.

Financial assets and liabilities measured at fair value through other comprehensive income

Financial instruments in this category are measured on an ongoing basis at fair value with changes in value recognised through other comprehensive income. At present Evolution has no assets and liabilities in this category.

1.7.2 Recognition and measurement

The Group recognises financial assets in the balance sheet when it becomes a party to the instruments' contractual terms and conditions. Loan receivables and accounts receivable are initially recognised at fair value plus transaction expenses.

Loans and receivables are subsequently carried at amortised cost using the effective interest method. Amortised cost is the initial value after adjustments for differences between the amount reported initially and the amount due when using the effective interest method.

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

1.7.3 Impairment

Based on an analysis made by the Company, the Group is applying the 'simplified approach' to bad debts with a requirement to establish and recognise a lifetime expected loss allowance. The Company has adopted the presumption that a default does not occur later than when a financial asset is 90 days past due date unless an entity has reasonable information to demonstrate that a more lagging default criterion is more appropriate.

Because of continued low levels of historic credit losses and the lack of any negative concrete long-term macro-economic factors pointing towards an increased likelihood of credit losses, Evolution continues to have insufficient basis to build a model to calculate expected future credit losses.

(See Note 23 for information about credit loss reserve).

1.8 ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

Accounts receivable are amounts due from customers for services performed in the ordinary course of business. If payment is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets. Accounts receivable and other receivables are initially recognised at fair value and subsequently measured at amortised cost, with application of the effective interest method and a deduction for credit loss reserve (Note 1.7.3).

The recognised value of the asset is reduced by using an account for credit loss reserve, and the loss is recognised in the income statement under Other operating expenses. If a bad debt loss has been established, it is written off. If a previously impaired receivable is collected, it will be credited in the income statement.

1.9 CASH AND CASH EQUIVALENTS

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

1.10 SHARE CAPITAL

Ordinary shares are classified as equity. Transaction expenses directly attributable to the issue of new shares or warrants are shown in equity as a deduction, net of tax, from the proceeds.

1.11 CAPITAL CONTRIBUTIONS

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

1.12 FINANCIAL LIABILITIES

The Group recognises financial liabilities in the balance sheet when it becomes a party to the instruments' contractual terms and conditions. The Group's financial liabilities consist of current and non-current liabilities to credit institutions, lease liabilities and trade accounts payables. Financial liabilities are initially measured at fair value, which is the fair value of the amount received less transaction expenses directly related to the acquisition or issue of the financial liability. Thereafter, such liabilities are recognised at amortised cost. A financial liability is removed from the balance sheet when the Group's obligations according to the agreement have been met, cancelled or expired.

1.13 ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable are obligations to pay for services that have been acquired in the ordinary course of business from suppliers.

Accounts payable are classified as current liabilities if payment is due within one year (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Accounts payable and other liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

1.14 OFFSETTING FINANCIAL INSTRUMENTS

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

1.15 CURRENT AND DEFERRED TAX

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

The current tax charge is calculated based on the tax laws enacted or announced at the reporting date in the countries where the Group operates and generates taxable income.

The Group management regularly evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation. Where appropriate, it establishes provisions based on amounts expected to be paid to the tax authorities.

The Group's taxes are primarily affected by the allocation of profits between Malta and the other countries where the Group operates as well as the tax regulations in each country.

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

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if

it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or announced at the end of the reporting period and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset and when the deferred tax assets and liabilities relate to the same tax authority, regardless of whether they relate to the same or different taxable entities, but where there is an intent to settle the balances on a net basis.

1.16 REVENUE RECOGNITION

The Group's revenues derive from fees from gaming operators that use the Group's solutions for online casino and from other associated services. Revenue is reported excluding VAT and discounts and after the elimination of intra-Group sales. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and when specific criteria have been met, as described below.

Revenues, based on gain of the control by customer, should be recognised either over time or at a point of time. Nevertheless, set-up fees should be accounted at a point of time due to control gaining by the customer, similar to long term projects and recognised revenue as per progress. As it always takes less than a year to setup an environment for a customer, it is assumed to be low level of risk and immaterial volume of revenues. Splitting such a project would mean a big administrative effort over immaterial changes in group revenues (total set-up fees including new integrations amounts to approximately 3 percent of group revenues). That is why management has decided not to split the project by progress – revenue is recognised after go-live.

The set-up fees approach should be reviewed on a regular basis (at least once a year) if the arguments on the current approach are still valid and if materiality changes over time. The split of revenues by recognition period is disclosed in Note 2(a) and recognised liabilities related to contracts with customers in Note 2(b).

(a) Commission income and other fees

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

(b) Interest income

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

1.17 LEASING**When the Company is the lessee****Leased assets**

For any new contract entered into, the Group considers whether a contract is, or contains, a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Group assesses whether the contract meets three key criteria which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- The Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract the Group has the right to direct the use of the identified asset throughout the period of use
- The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including

in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

No right-of-use asset or lease liability is recognised for short-term leases and leases of low-value assets. Payments for these leases are recognised as an expense on a straight-line basis over the lease term. This also applies to variable lease expenses.

1.18 DIVIDENDS

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividend was approved by the Parent Company's shareholders.

1.19 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group CEO of the Group, who makes strategic decisions. The Group CEO of the Group considers the Group to consist of a single segment, i.e. the provision of solutions for live casino and associated services to gaming operators.

1.20 CASH FLOW STATEMENT

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

1.21 PROVISIONS

Provisions are recognised in the balance sheet when the Group has a legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimation of the amount can be made. When the discount effect is significant, provisions are determined by a present value computation of the expected value of future cash flows with a pre-tax discount rate that reflects the current market assessment of the time value of money and, in applicable cases, the risks specific to the obligation.

A provision for restructuring is made when the Group has adopted a detailed and formal restructuring plan, and the restructuring has either been started or published. No provisions are made for future operating expenses.

1.22 CONTINGENT LIABILITIES

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

1.23 CONTINGENT OBLIGATIONS

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

1.24 EMPLOYEE BENEFITS

Pension expenses and pension obligations

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

Post-employment benefits

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

Severance pay

Severance pay is paid when an employee is terminated by the Company before the time when the employment would normally cease or when an employee voluntarily leaves the Company in exchange for such benefits. The Group recognises severance pay as an expense when it demonstrably has an obligation to terminate employees according to a detailed, formal and definitive plan or to pay compensation for voluntary termination.

Bonus plans

The Group recognises a liability and an expense for bonuses based on various qualitative and quantitative measures.

The Group makes provision for bonuses earned where there is a legal or constructive obligation to do so based on past practices. Bonuses are paid to employees.

Share-related remuneration

The Group has incentive programmes, see Note 22 for detailed information. Fair value on the work that entitles employees to allocation of warrants is expensed. The total

amount expensed is based on fair value on the warrants, excluding the potential impact that the employee remains in the service of the Company during a specified period of time. The total amount expensed is reported evenly distributed over the period where all specified earnings conditions shall be met. The possible deviation from the original assessments that a re-assessment cause is reported in the income statement and the corresponding adjustments are made in equity. In addition to Note 22, see the Corporate Governance Report for more information.

1.25 THE PARENT COMPANY'S ACCOUNTING PRINCIPLES

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

The recommendation states which exceptions and additions should be made in relation to IFRS.

Formats

The income statements and balance sheets follow the formats specified in the Annual Accounts Act. The statement of changes in equity follows the Group's format but shall include the columns specified in the Annual Accounts Act. Furthermore, this entails differences in terms, compared to the consolidated statements, primarily for financial income and expenses and equity.

Participating interests in Group companies

Participating interests in Group companies are reported at cost after deduction for possible impairment. Expenses related to the acquisition and possible earn-out considerations are included in the cost. When there is an indication that the participating interests in Group companies have decreased, a calculation of recovery value is made. If this value is lower than the reported value, impairment is recognised. Impairments are reported in "Result from participating interests in Group companies".

Financial instruments

Due to the relationship between reporting and taxation, the rules for financial instruments and hedge accounting in IFRS 9 are not applied to the Parent Company as a legal entity. Financial instruments are valued at cost. Financial assets acquired with the purpose to be retained on a short-term basis are reported according to the lowest value principle at the lowest of cost and market value.

Equity-settled programs issued to employees in subsidiaries

The estimated value and carrying amount of equity-settled programs issued to employees of other companies in the Group are recognised in the Parent Company as capital injections to subsidiaries. When the Parent Company recognises an increase in equity, the value of investments in subsidiaries simultaneously increases. The costs related to employees in the companies concerned are billed onward to the respective subsidiary on an ongoing basis and are settled in cash, which neutralises the increase in investments in subsidiaries.

Anticipated dividends

Anticipated dividends from subsidiaries are recognised when the Parent Company has the unilateral right to determine the amount of the dividend and the Parent Company has decided the amount of the dividend before publishing its financial statements.

1.26 EXCHANGE RATES

The exchange rates were obtained from www.xe.com.

The Group's presentation currency is the Euro. Accordingly, the statements were prepared in Euro. Amounts are expressed in thousands of Euro (EUR) unless otherwise indicated.

Currency code	Ultimo	Average	Ultimo
	31 Dec 2020	Jan-Dec 2020	31 Dec 2019
AMD	0.001565	0.001739	0.001860
BGN	0.511292	0.511292	0.511292
BYN	0.313042	0.359377	0.423693
CAD	0.641196	0.653719	0.687165
GBP	1.117354	1.131367	1.181750
GEL	0.248808	0.281806	0.311366
ILS	0.254429	0.255339	0.257922
INR	0.011201	0.011836	0.012494
PLN	0.218927	0.224786	0.235109
RON	0.205477	0.206740	0.208967
SEK	0.099580	0.095550	0.095352
TWD	0.029115	0.029663	0.029746
UAH	0.028853	0.032548	0.037607
USD	0.817788	0.873927	0.890709
ZAR	0.055827	0.053724	0.063721

NOTE 2. REVENUES

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

The Group's revenue derives from fees from gaming operators that use the Group's solutions for live casino and from other associated services.

Revenue recognition at a point in time refers to dedicated environment set up fees, capital gains of fixed assets and other operating income.

Revenues recognised over time are mainly commission fees from contracted partners and dedicated table service fees.

2 (a) Disaggregation of revenue from contracts with customers per invoicing jurisdiction

	Sweden		Malta		Latvia		Georgia		North America		Other		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Total revenues	27,317	7,120	548,424	349,340	85,807	92,899	26,647	18,471	26,191	15,903	267,787	140,702	982,173	624,435
Of which Intercompany	27,024	7,120	223,637	105,732	85,807	89,685	21,686	18,468	21,875	14,627	41,010	23,051	421,039	258,683
Revenue from external customers	293	—	324,787	243,608	—	3,214	4,961	3	4,316	1,276	226,777	117,651	561,134	365,752
Timing of revenue recognition														
At a point in time	48	—	2,132	5,256	—	8	203	—	9	37	1,320	1,954	3,712	7,255
Over time	245	—	322,655	238,352	—	3,206	4,758	3	4,307	1,239	225,457	115,697	557,422	358,497
TOTAL	293	—	324,787	243,608	—	3,214	4,961	3	4,316	1,276	226,777	117,651	561,134	365,752

2 (b) Liabilities related to contracts with customers

Group	2020	2019
Opening balance	3,656	818
Revenues recognised from opening balance liabilities	-3,375	-807
Liabilities recognised	4,166	7,075
Revenues recognised	-2,660	-3,430
Translation difference	-65	—
Closing balance	1,722	3,656

2 (c) Revenue per geographical region

Group, EUR millions	2020	2019
Nordics	29.8	24.3
Great Britain	43.9	49.9
Rest of Europe	268.9	184.3
Asia	125.7	49.6
North America	37.4	22.0
Other	55.7	35.5
Total operating revenues	561.1	365.8
Revenues regulated markets	196.0	156.7
Regulated markets' share	35%	43%

As a B2B supplier, Evolution has customer relationships with gaming operators, who in turn own the relationships with the end users. Generally, the gaming operators are licensed in a limited number of jurisdictions while operating in a global market and allowing play from various geographic areas. Table 2 (c) shows the geographic markets from which Evolution's revenues originate.

Revenues based on player activity are allocated according to the end-users' location, while revenues not based on player activity are allocated to the operator's location. Great Britain includes the Crown Dependencies. Evolution Group has one customer (none in 2019) that singlehanded contributed 10 percent or more to the Group's revenue.

NOTE 3. EMPLOYEES

	2020			2019		
Personnel expenses	Senior executives	Other employees	Total	Senior executives	Other employees	Total
Salary and other remunerations	5,092	115,116	120,208	4,089	106,930	111,019
Pension expenses	83	781	864	88	449	537
Oth. soc. security expenses	1,061	16,106	17,167	748	15,919	16,667
Other personnel expenses			6,629			6,371
Own work capitalised			-11,116			-8,175
Total personnel expenses	6,236	132,003	133,752	4,925	123,298	126,419

Average number of employees	2020		2019	
	Average number of employees	of which women	Average number of employees	of which women
Latvia	2,959	1,443	3,456	1,853
Malta	864	411	665	351
Georgia	2,770	1,830	1,984	1,313
Romania	501	211	217	87
Canada	165	84	162	86
United States of America	283	179	141	100
Belgium	18	6	18	5
Estonia	14	3	18	2
Netherlands	25	4	23	4
Great Britain	10	7	9	7
Sweden	31	11	12	6
Other	211	85	289	107
Total Group	7,850	4,274	6,994	3,921

Remuneration and other benefits 2020	Base salary/ Board fee	Bonus	Other benefits	Pension costs	Other soc. security	Total
Chairman of the Board:						
Jens von Bahr*	406	—	—	—	128	534
Other members of the Board:						
Joel Citron	30	—	—	—	9	39
Fredrik Österberg	30	—	—	—	9	39
Ian Livingstone	30	—	—	—	9	39
Jonas Engwall	30	—	—	—	9	39
Cecilia Lager**	30	—	—	—	9	39
CEO: Martin Carlesund	1,362	—	22	—	435	1,819
Other senior executives (total of 7)	2,070	1,063	19	83	453	3,688
Total	3,988	1,063	41	83	1,061	6,236

Remuneration and other benefits 2019	Base salary/ Board fee	Bonus	Other benefits	Pension costs	Other soc. security	Total
Chairman of the Board:						
Jens von Bahr*	402	—	—	—	126	528
Other members of the Board:						
Joel Citron	23	—	—	—	7	30
Fredrik Österberg	23	—	—	—	7	30
Ian Livingstone	23	—	—	—	7	30
Jonas Engwall	23	—	—	—	7	30
Cecilia Lager	30	—	—	—	9	39
CEO: Martin Carlesund	753	—	7	—	239	999
Other senior executives (total of 7)	1,995	754	56	88	346	3,239
Total	3,272	754	63	88	748	4,925

*Jens von Bahr is employed by the Company.

**Cecilia Lager resigned 31 December 2020.

Terms for the Group CEO¹⁾

In his employment contract, Martin Carlesund has a term of notice of six months and severance pay for an additional six months, in case of termination by the Company otherwise than for breach of contract.

Terms for senior executives¹⁾

Remunerations to senior executives consist of a fixed salary part and a variable part. The annual variable part is to be cash based and be based on predetermined and measurable performance criteria. There are also Incentive programmes to senior executives, long-term share and share-price related programmes. Severance compensation may be paid in an amount not greater than 12 months, fixed salary. More details of remuneration to senior executives are described in the Corporate Governance Report on page 65 and in Note 1.24 Employee benefits.

Number and proportion of women in management positions at year-end	2020			2019		
	Number of men	Number of women	Proportion of women	Number of men	Number of women	Proportion of women
Board	5	1	17%	5	1	17%
Other senior executives	6	2	25%	6	2	25%

Senior executives 31 December 2020

Martin Carlesund	Group CEO Evolution Gaming Group AB (publ)
Johan Nordström	CEO Evolution Malta Limited
Jacob Kaplan	Chief Financial Officer
David Craelius	Chief Technology Officer
Todd Haushalter	Chief Product Officer
Sebastian Johannisson	Chief Commercial Officer
Louise Wiwen-Nilsson	Chief Human Resources Officer
Olesya Ivanova	Chief Operating Officer Latvia & Romania

¹⁾All senior executives are members of Group management.

NOTE 4. FINANCIAL INCOME

	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
Interest income	47	45	141	124
Dividends from subsidiaries	—	—	200,000	100,000
Total	47	45	200,141	100,124

NOTE 5. FINANCIAL EXPENSES

	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
Interest expenses	-258	-142	—	—
Interest expenses on lease liabilities	-807	-76	—	—
Other	—	-27	—	—
Total	-1,065	-245	—	—

NOTE 6. INCOME TAX AND DEFERRED TAX

	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
Income tax				
<i>Current tax</i>				
Sweden	-914	-904	-88	-904
Outside Sweden	-15,322	-6,624	—	—
Total current tax	-16,236	-7,528	-88	-904
<i>Deferred tax</i>				
Sweden	1,242	—	—	—
Outside Sweden	934	-18	—	—
Total deferred tax	2,176	-18	—	—
Total tax expense	-14,060	-7,546	-88	-904

	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
Tax reconciliation				
<i>The difference between the actual tax expense and tax expense based on current tax rate</i>				
Profit before tax	298,682	157,272	200,326	100,359
Income tax calculated according to domestic tax rates on profits in each country	-138,739	-29,102	-42,869	-21,476
Tax effect of:				
Income not subject to tax	124,591	20,634	42,800	20,625
Expenses not deductible for tax purposes	-1,975	-617	-19	-53
Tax-loss carry-forwards on accumulated losses	-38	—	—	—
Change in deferred tax	-37	-18	—	—
Other	2,138	1,557	—	—
Total tax expense	-14,060	-7,546	-88	-904

The effective tax rate for the Group amounted to 4.7 percent (2019: 4.8 percent).

Deferred tax

Deferred tax assets and deferred tax liability refer to temporary differences and loss carry-forwards. Temporary differences occur in cases where the carrying amount and tax values of assets and liabilities are different. Deferred tax assets arising from deductible temporary differences and loss carry-forwards are recognised only to the extent it is probable that the temporary differences will result in lower tax payments in the future. The consolidated tax loss carry-forward is fully capitalised and not limited in terms of time. Deferred tax assets and deferred tax liability refer to as follows:

	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
Deferred tax assets				
Loss carry-forwards	358	—	—	—
Other deferred tax assets	2,358	156	—	—
Total deferred tax assets	2,696	156	—	—
Deferred tax liability				
Intangible assets	-34,496	-69	—	—
Other deferred tax liability	-2,170	—	—	—
Total deferred tax liability	-36,666	-69	—	—
Deferred tax assets and deferred tax liability, net	-33,970	87	—	—

Over the year, the net amount of deferred tax assets and deferred tax liabilities has changed in accordance with the following:

	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
Opening balance	87	180	—	—
Through acquisition of subsidiary	-34,628	-75	—	—
Recognised in comprehensive income	2,176	-18	—	—
Translation difference	-1,605	—	—	—
Closing balance	-33,970	87	—	—

The amounts reported in the balance sheet include the following:

	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
Deferred tax assets used after 12 months	156	156	—	—
Deferred tax liability used after 12 months	34,949	69	—	—

NOTE 7. EARNINGS PER SHARE

	GROUP	
	2020	2019
Profit after tax attributable to owners of the Parent	284,622	149,726
Average number of shares basic	183,927,915	180,737,305
Earnings per share basic, EUR	1.55	0.83
Average number of shares diluted	189,021,346	183,387,341
Earnings per share diluted, EUR	1.51	0.82
Opening number of outstanding shares	180,737,305	179,851,885
Additional weighted average number of shares converted	3,190,610	885,420
Total weighted average number of outstanding shares basic	183,927,915	180,737,305
Opening number of outstanding shares	183,387,341	179,851,885
Additional weighted average number of shares converted	3,190,610	885,420
Additional weighted average number of shares in the case of full conversion	2,443,395	2,650,036
Total weighted average number of outstanding shares diluted	189,021,346	183,387,341

The additional weighted average number of shares in case of full conversion relates to warrant programs 2018/2021 and 2020/2023. Conditions for conversions of the warrant programs and dilution effects regarding subscription premiums can be found in Note 22. For more information about the incentive programme and warrants, see page 66 in the Corporate Governance Report.

NOTE 8. INTANGIBLE ASSETS

	Gaming programme	Licenses and patents	Goodwill	Customer relationships	Brand	Platform	Work in progress	Total
Group 2020								
Opening cost	55,678	8,985	12,485	2,868	261	—	—	80,277
Capitalised expenditure for the year	6,179	7,454	—	—	—	—	2	13,635
Through acquisition of subsidiaries	161,056	—	1,793,537	188,179	329,971	4,508	6,996	2,484,247
Reclassifications	—	1,402	—	—	—	—	-1,402	0
Disposals/retirements	—	-104	—	—	—	—	—	-104
Translation differences	2,312	-23	28,311	2,766	5,302	73	—	38,741
Closing accumulated cost	225,225	17,714	1,834,333	193,813	335,534	4,581	5,596	2,616,796
Opening amortisation	-41,670	-1,854	—	-525	—	—	—	-44,049
Amortisation for the year	-11,047	-2,180	—	-2,043	—	-37	—	-15,307
Through acquisitions of subsidiaries	—	—	—	—	—	—	—	—
Reclassifications	—	—	—	—	—	—	—	—
Disposals/retirements	—	238	—	—	—	—	—	238
Translation differences	-42	-127	—	12	—	-1	—	-158
Closing accumulated amortisation	-52,759	-3,923	—	-2,556	—	-38	—	-59,276
Closing residual value	172,466	13,791	1,834,333	191,257	335,534	4,543	5,596	2,557,520

	Gaming programme	Licenses and patents	Goodwill	Customer relationships	Brand	Total
Group 2019						
Opening cost	47,108	6,448	—	—	—	53,556
Capitalised expenditure for the year	8,574	2,599	—	—	—	11,173
Through acquisition of subsidiaries	—	—	12,438	2,875	261	15,313
Reclassifications	—	—	—	—	—	—
Disposals/retirements	-4	-38	—	—	—	-42
Translation differences	—	-24	47	-7	—	16
Closing accumulated cost	55,678	8,985	12,485	2,868	261	80,016
Opening amortisation	-31,518	-694	—	—	—	-32,212
Amortisation for the year	-10,153	-1,175	—	-525	—	-11,853
Through acquisition of subsidiaries	—	—	—	—	—	—
Reclassifications	—	—	—	—	—	—
Disposals/retirements	1	14	—	—	—	15
Translation differences	—	1	—	—	—	1
Closing accumulated amortisation	-41,670	-1,854	—	-525	—	-44,049
Closing residual value	14,008	7,131	12,485	2,343	261	35,967

PARENT COMPANY

Licenses and patents	2020	2019
Opening cost	932	502
Acquisition for the year	125	429
Disposals/retirements	—	1
Closing accumulated cost	1,057	932
Opening amortisation	-104	-64
Amortisation during the year	-190	-40
Disposals/retirements	—	—
Closing accumulated amortisation	-294	-104
Closing residual value	763	828

NOTE 9. PROPERTY, PLANT AND EQUIPMENT

	Land	Property	Right of use assets	Leasehold improvements	Computers, office & technical equipment	Work in progress	Total
Group 2020							
Opening cost	1,664	11,219	22,927	22,810	33,286	4,755	96,661
Acquisitions for the year	—	—	19,472	9,689	10,570	2,992	42,723
Through acquisition of subsidiaries	—	—	16,656	10,906	36,145	—	63,707
Reclassifications	—	—	—	2,923	1,045	-3,888	80
Disposals/retirements	—	—	-5,152	-1,035	-1,916	—	-8,103
Translation difference	—	—	-465	-975	-1,181	-549	-3,170
Closing accumulated cost	1,664	11,219	53,438	44,318	77,949	3,310	191,898
Opening depreciation	—	-892	-3,508	-6,904	-17,868	—	-29,172
Depreciation during the year	—	-362	-5,003	-4,145	-7,696	—	-17,206
Through acquisition of subsidiaries	—	—	-999	-6,952	-33,642	—	-41,593
Reclassifications	—	—	—	18	-98	—	-80
Disposals/retirements	—	—	—	695	1,302	—	1,997
Translation difference	—	—	176	77	268	—	521
Closing accumulated depreciation	—	-1,254	-9,334	-17,211	-57,734	—	-85,533
Closing residual value	1,664	9,965	44,104	27,107	20,215	3,310	106,365

	Land	Property	Right of use assets	Leasehold improvements	Computers, office & technical equipment	Work in progress	Total
Group 2019							
Opening cost	1,664	11,173	—	15,967	27,436	1,829	58,069
Adjustment on transition to IFRS 16	—	—	16,140	—	—	—	16,140
Acquisitions for the year	—	46	7,442	6,740	7,264	4,900	26,392
Reclassifications	—	—	—	1,339	513	-1,852	0
Disposals/retirements	—	—	-655	-1,308	-2,029	—	-3,992
Translation difference	—	—	—	72	102	-122	52
Closing accumulated cost	1,664	11,219	22,927	22,810	33,286	4,755	96,661
Opening depreciation	—	-669	—	-4,857	-12,929	—	-18,455
Depreciation during the year	—	-223	-3,508	-3,293	-6,600	—	-13,624
Disposals/retirements	—	—	—	1,259	1,748	—	3,007
Translation difference	—	—	—	-13	-87	—	-100
Closing accumulated depreciation	—	-892	-3,508	-6,904	-17,868	—	-29,172
Closing residual value	1,664	10,327	19,419	15,906	15,418	4,755	67,489

	PARENT COMPANY	
Computers, office & technical equipment	2020	2019
Opening cost	171	118
Acquisition for the year	14	53
Closing accumulated cost	185	171
Opening depreciation	-106	-78
Depreciation during the year	-29	-28
Closing accumulated depreciation	-135	-106
Closing residual value	50	65

NOTE 10. PARTICIPATIONS IN GROUP COMPANIES

	2020	2019
Opening acquisition cost	206,000	206,000
Acquisition of subsidiary	2,289,279	—
Closing book value	2,495,279	206,000

Name	Corporate ID	Registered office	% of equity and votes		Carrying value in Parent	
			31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Direct ownership						
Evolution Malta Holding Ltd	C48665	Sliema, Malta	100	100	206,000	206,000
NetEnt AB (publ)	556532-6443	Stockholm, Sweden	100*	—	2,289,279	—
Indirect ownership						
Evolution Malta Ltd	C48666	Malta	100	100	—	—
Evolution Gaming Malta Ltd	C44213	Malta	100	100	—	—
Evolution Malta Ops Ltd	C50583	Malta	100	100	—	—
Evolution Latvia SIA	40003815611	Latvia	100	100	—	—
Evolution Latvia Properties SIA	50103931761	Latvia	100	100	—	—
Evolution Gaming Ltd	05944946	Great Britain	100	100	—	—
Evolution Belgium BVBA	0638.824.479	Belgium	100	100	—	—
Evo Gaming Studios RO S.R.L.	36034853	Romania	100	100	—	—
Evolution New Jersey LLC	5362945	USA	100	100	—	—
EvoGame Estonia OU	14035717	Estonia	100	100	—	—
Evolution Netherlands B.V.	66682452	Netherlands	100	100	—	—
EG Overseas Services B.V.	135218	Curacao	100	100	—	—
Evolution Canada Gaming Inc	BC1114063	Canada	100	100	—	—
Evolution Georgia LLC	405209689	Georgia	100	100	—	—
Evolution Alderney Limited	1963	Alderney	100	100	—	—
Ezugi N.V.	126712	Curacao	100	100	—	—
Ezugi NJ LLC	600424206	USA	100	100	—	—
Rommemut Ruah (2003) Ltd	513411058	Israel	100	100	—	—
Ezugi RO SRL	J23/4106/2017	Romania	100	100	—	—
Ezugi Malta Limited	C83448	Malta	100	100	—	—
Evolution Development Co. Ltd	82919295	Taiwan	100	100	—	—
Evolution Services SA PTY Limited	2019/311298/07	South Africa	100	100	—	—
Evolution Pennsylvania LLC	7732917	USA	100	100	—	—
Evolution Studio AM LLC	2861101116835	USA	100	—	—	—
Evolution Michigan LLC	7857957	USA	100	—	—	—
Evolution Lithuania UAB	305561054	Lithuania	100	—	—	—
Evolution Canada Studio Ltd	BC1253510	Canada	100	—	—	—
Evolution Gibraltar Ltd	120192	Gibraltar	100	—	—	—
NetEnt Alderney Ltd	1790	Alderney	100	—	—	—
NetEnt Technology AB	556185-1758	Sweden	100	—	—	—
NetEnt Americas Holding Inc.	5627584	USA	100	—	—	—
NetEnt Americas LLC	400697458	USA	100	—	—	—
NetEnt Malta Holding Ltd	C37769	Malta	100	—	—	—
NetEnt Malta Ltd	C34838	Malta	100	—	—	—
NetEnt (Gibraltar) Ltd	97195	Gibraltar	100	—	—	—
NetEnt UK Ltd	12038243	Great Britain	100	—	—	—
NetEnt Emerging Markets IOM Ltd	O16618V	Isle of Man	100	—	—	—
NetEnt International Ltd	O17601V	Isle of Man	100	—	—	—
NetEnt Gaming Solutions PLC	C47277	Malta	100	—	—	—
NetEnt Software Ltd	C73758	Malta	100	—	—	—
NetEnt Product Services Ltd	C38803	Malta	100	—	—	—
NetEnt Poland Sp. Z o.o	363625687	Poland	100	—	—	—
NetEnt Ukraine LLC	380 906 40	Ukraine	100	—	—	—
Intropin Technology Pvt Ltd	U72900TG2020FTC140125	India	100	—	—	—
NetEnt Emerging Markets Ltd	C87995	Malta	100	—	—	—
Red Tiger Gaming Ltd	128396C	Isle of Man	100	—	—	—
Red Tiger International (IOM) Ltd	132871C	Isle of Man	100	—	—	—
Red Tiger Gaming (Malta) Ltd	C84904	Malta	100	—	—	—
Red Tiger International Ltd	C91142	Malta	100	—	—	—
Red Tiger Gaming (Gibraltar) Ltd	118413	Gibraltar	100	—	—	—
Red Tiger Gaming (Alderney) Ltd	132513C	Isle of Man	100	—	—	—
Wholesale Games Ltd	C91137	Malta	100	—	—	—
Dopamine EOOD	203270608	Bulgaria	100	—	—	—
Carrying amount in the parent company					2,495,279	206,000

*3.2 percent through compulsory redemption of outstanding shares.

NOTE 11. ACCOUNTS RECEIVABLE

	GROUP	
	2020	2019
Accounts receivable	123,189	69,076
Credit loss reserve	-2,708	-2,619
Total accounts receivable	120,481	66,457

Historically, the Group's customer losses have been low. The Group's customers operate in a growth market with strong balance sheets. Credit loss reserve is presented in Note 23.

NOTE 12. OTHER CURRENT RECEIVABLES

	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
Inventory	1,475	1,395	—	—
Prepayments to suppliers	1,061	708	—	—
VAT	6,142	4,759	219	231
Other	77	396	532	41
Total	8,755	7,258	751	272

NOTE 13. PREPAID EXPENSES AND ACCRUED INCOME

	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
Prepaid license fees, software and IT services	6,471	1,334	156	104
Other prepaid expenses	1,746	1,232	42	39
Accrued revenues	131	—	—	—
Prepaid rent	993	219	44	42
Prepaid marketing	107	355	—	—
Prepaid insurance	1,060	47	126	43
Prepaid maintenance expenses	75	21	—	—
Total	10,583	3,208	368	228

NOTE 14. CASH AND CASH EQUIVALENTS

	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
Cash and cash balances	221,675	182,520	34,388	1,112
Total	221,675	182,520	34,388	1,112

Cash and cash equivalents consist of cash and current accounts in banks. The Group has no short-term investments on the closing day, or on the previous year's closing day.

NOTE 15. OTHER CURRENT LIABILITIES

	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
Employee-related liabilities	12,380	10,077	383	173
Jackpot liabilities	14,606	4,391	—	—
Other liabilities	101,516	5,136	73,336	—
Total	128,502	19,604	73,719	173

Jackpot liabilities consist of several jackpots where the operators' players contribute to the accumulation of a jackpot. The amount is the entire jackpot that can be won and paid out to the winning operator. Debt for compulsory redemption of outstanding shares in NetEnt is included in other liabilities and amounts to EUR 73,219 thousand.

NOTE 16. ACCRUED EXPENSES AND DEFERRED INCOME

	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
Employee related expenses	18,349	7,004	702	523
Contract liabilities	6,332	3,656	—	—
Accrued audit and consulting fees	2,787	200	70	78
Accrued utilities	160	75	—	2
Deferred royalties	3,702	3,374	—	—
Other	5,680	7,419	28	64
Total	37,010	21,728	800	667

NOTE 17. LEASING - GROUP

IFRS 16 requires the lessees to recognise almost all leasing contracts on the balance sheet as assets and liabilities, except short-term leases and leases of low value assets. At the start of a lease, the lessee obtains the right to use the asset for a period of time and also has an obligation to pay for that right.

The right of use assets relates to lease of premises, offices, equipment and vehicles.

Lease term: The lease term corresponds to the non-cancellable duration of the contracts signed, except in cases where Evolution is reasonably certain of having an extension option or an early termination option in the contract.

The following assumptions have been made to calculate the value of the right of use assets and lease liabilities;

- If the agreement term is longer than 5 years, it is assumed as end term
- If the agreement term is shorter than 5 years but it is ongoing and with no intention to terminate, it is assumed that it will be prolonged to 5 years
- If there is 1 year or no term mentioned in the agreement, it is assumed to be 5 years, but if it is certain it will go on, it is assumed it will be 5 years
- Other short-term agreements, like apartment rent agreed for studio build, it is not assumed that it will be prolonged
- Discount rates taken into account to some extent different local conditions, depending on country.

5 years was a management decision assuming that 5 years is a reliable period of operations and no huge changes are expected within. A longer period though would involve too much uncertainty about group operations and each agreement.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions. Amounts discounted at local market long-term loan rate +2 percent.

Right of use assets additional information	01/01/2020	Additions	Depreciation	Impairment	Translation difference	31/12/2020
Office and premises buildings	17,563	35,044	-4,533	-5,152	-516	42,406
Equipment	1,852	85	-465	—	226	1,698
Vehicles	4	—	-5	—	1	0
Total	19,419	35,129	-5,003	-5,152	-289	44,104

Right of use assets additional information	01/01/2019	Additions	Depreciation	Impairment	Translation difference	31/12/2019
Office and premises buildings	14,413	5,788	-2,638	—	—	17,563
Equipment	1,718	1,001	-867	—	—	1,852
Vehicles	9	-2	-3	—	—	4
Total	16,140	6,787	-3,508	—	—	19,419

Lease liabilities	31 December 2020	31 December 2019
Current	11,891	3,936
Non-current	38,078	15,483
Total	49,969	19,419

Lease liabilities are secured by the related underlying assets. The undiscounted maturity of lease liabilities is as follows:

	Minimum lease payments due						
31 December 2020	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	TOTAL
Lease payments	13,496	12,111	7,437	5,334	4,739	12,960	56,277
Finance charges	1,605	1,349	1,033	794	601	926	6,308
Net present values	11,891	10,762	6,404	4,740	4,138	12,034	49,969

	Minimum lease payments due						
31 December 2019	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	TOTAL
Lease payments	4,138	3,729	3,231	3,024	2,919	7,279	24,320
Finance charges	244	401	532	646	745	2,333	4,902
Net present values	3,894	3,328	2,699	2,378	2,174	4,945	19,419

Operating expenses	2020	2019
Depreciation, right of use assets ¹⁾	-5,059	-3,508
Other costs	5,866	3,584
Interest expenses on lease liabilities ²⁾	-807	-76
Profit for the period	0	0

¹⁾ Costs attributable to lease agreements moved from other costs to depreciations

²⁾ Interest expenses included in Financial expenses

Lease payments not recognised as lease liability	2020	2019
Short-term leases	-40	-599
Leases of low-value assets	-73	-25
Total	-113	-624

Amounts recognised in the consolidated cash flow	2020	2019
Cash flow from operating activities		
Cost of short-term leases	-40	-599
Cost of low-value leases	-73	-25
Interest expenses, lease liabilities	-807	-76
Cash flow from financing activities		
Repayment of lease liabilities	-5,059	-3,508
Total cash outflow	-5,979	-4,208

NOTE 18. AUDITOR REMUNERATION

	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
PwC				
Auditing assignments	-546	-236	-291	-114
Audit-related services, in addition to auditing	-69	—	-68	—
Tax advisory services	-65	-92	—	-72
Other services	-84	-49	-68	-36
Total	-765	-377	-428	-222

Of the Group's remuneration to auditors, EUR 458 thousand (2019: SEK 2,070 thousand) pertains to Öhrlings PricewaterhouseCoopers AB. Fees to other audit firms amounts to EUR 96 thousand (1).

NOTE 19. PLEDGED ASSETS

	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
Pledged assets	—	13,020	—	13,020
Total	—	13,020	—	13,020

Assets pledged by the Group and the Parent Company were collateral in the Group's building in Riga, Latvia, for liabilities to credit institutions. The loan has been repaid during 2020.

NOTE 20. LIABILITIES TO CREDIT INSTITUTIONS

	GROUP			PARENT COMPANY		
	31 December 2020			31 December 2019		
	Current	Non-current	Total	Current	Non-current	Total
Covered						
Loan from credit institutions	—	—	—	5,619	—	5,619
Total	—	—	—	5,619	—	5,619

The Group secured a loan to finance the acquisition of a building in Riga, Latvia. The maturity date for the loan was 12 November 2020, the loan has been fully repaid. NetEnt AB, acquired 1 December 2020, had a bank loan of kEUR 184,732 that was due in December 2020 and has consequently been repaid.

NOTE 21. TRANSACTIONS WITH RELATED PARTIES

Related companies are defined as the subsidiaries in the Evolution Group and companies over which related physical persons have a controlling, joint controlling or significant influence. Related persons include board members, senior executives and close family members of the above.

No Board Member, senior executive or shareholder has:

- (i) been a party to a transaction with the Company on unusual terms or that was of an unusual nature, or
- (ii) that is of importance, or has been of importance, for the operations as a whole in the present or immediately preceding financial year, or in any previous financial year, and in any way may be considered outstanding in any way or incomplete.

Information about participation in Group companies can be found in Note 10.

The Group has transactions with related parties reported in Note 2 where intercompany revenues account for about 43 percent (41) of Total revenues. The Parent Company's revenue of EUR 9,405 thousands (2019: 7,120) entail allocation of centrally incurred administration costs.

Information about Remunerations and other benefits can be found in Note 3 and in the Corporate Governance Report. All intra-Group transactions take place on general and commercial terms and at market price.

NOTE 22. SHARE RELATED REMUNERATIONS

At the end of 2020, the Company has two incentive programmes: 2020/2023 and 2018/2021.

2020/2023 programme: The Extra General Meeting on 16 January 2020 resolved to issue a maximum of 4,000,000 warrants. Each warrant entitles the holder to subscribe for one new share in the company for SEK 373.90 during the period from and including 31 March 2023 (however not earlier than the day after the publication of the company's year-end report for the period January–December 2022, the "First Exercise Date") up to and including the date that falls 30 calendar days thereafter.

In total 4,000,000 warrants were subscribed, of which 15,000 were bought back at the end of 2020. If all 3,985,000 warrants are exercised for subscription of 3,985,000 shares, the dilution effect will be approximately 1.9 percent.

The recipients of the warrants are key employees throughout the Group. Employees in Sweden have paid the market value for the warrants. Employees outside Sweden have paid the market value for one warrant, while receiving one without payment for each that had been paid for. For warrants acquired at market value, the price (warrant premium) has been determined using Black & Scholes valuation model, with the valuation being carried out by Svalner Skatt.

2018/2021 programme: The Annual General Meeting on 20 April 2018 resolved to issue a maximum of 3,088,510 warrants. Each warrant entitles the holder to subscribe for one new share in the company for SEK 141.06 during the period from the day after the publication of the interim report for the second quarter of 2021 until the date that follows 30 calendar days after the publication of the interim report for the second quarter 2021 (however not later than on 30 September 2021).

In total 1,880,030 warrants were subscribed. During 2019, a total number of 118,750 warrants have been bought back by the Company. If all 1,761,280 warrants are exercised for subscription of 1,761,280 shares, the dilution effect will be approximately 0.8 percent.

The recipients of the warrants are key employees throughout the Group. Participants in the incentive programme have been offered to acquire warrants at market value, and for each warrant acquired at market value the participants have received an extra warrant. For warrants acquired at market

value, the price (premium) has been determined based on Black & Scholes valuation model and the valuation has been done by EY. The program has been handled differently in different countries, due to local deviations in, among other things, legislation and applicable accounting rules.

	2020/2023	2018/2021
Exercise price, SEK	373.90	141.06
Grant date	27/02/2020	01/07/2018
Expiry date	30/04/2023	30/09/2021
Number of recipients	111	53
Total number of warrants subscribed	3,985,000	1,761,280

The number of warrants, shares and exercise price in programme 2018/2021 have been adjusted to reflect the 5x1 share split that took place in May 2019.

During July-August 2019, the incentive programme 2016/2019 adopted on the Annual General Meeting on 28 April 2016 exercised. In total 1,770,840 new shares were subscribed for by a number of key individuals in the Company. Total dilution amounted to 0.98 percent.

NOTE 23. FINANCIAL RISK MANAGEMENT

23.1 Financial risk factors

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

(a) Market risk

(i) Currency risk

The currency risk is related to future commercial transactions and recognised assets and liabilities reported in a different currency from each entity's functional currency. Currency fluctuations may impact Evolution's financial performance. The Group's accounts are maintained in EUR, while revenues from customer agreements are partially in different local currencies, including GBP and USD. Certain expenses are also denominated in local currencies.

In 2020, 2.5 percent (3.2) of Evolution's total revenue was generated in GBP, 2.5 percent (1.9) in USD and 1.9 percent (2.1) in CAD. Of the total expenses, 7.3 percent (3.3) were in SEK, 3.5 percent (3.3) in CAD, 11.1 percent (9.4) in USD and 9.2 percent (8.3) in GEL. The exchange rates between the local currencies and EUR have fluctuated significantly and may in the future fluctuate significantly. While foreign exchange risk and exposure to currency fluctuations have not had a material impact on the Group's business, financial position or profit historically, the Company does not hedge its exposure to currency fluctuations. As a consequence, fluctuations in exchange rates and currencies could have a significant effect on the cash flows of the Company, which could impact the Group's financial results in ways unrelated to its operations and/or have a material adverse effect

on its business, financial position and profit. The Group management does not consider the Group to have such a significant exposure to currency risk that it is necessary to carry out a sensitivity analysis showing how the profit/loss and equity would be affected if there were reasonable possible exchange rate fluctuations at the end of the reporting period. In 2020, the Group reported a loss in the income statement for exchange rate differences of EUR 4,454 thousand (2019: 566).

(ii) Cash flow interest rate risk

Except for cash and cash balances, the Group does not have any material interest-bearing assets and liabilities. The acquisition of premises for the operations in Riga, Latvia, was partly financed by a EUR denominated loan from a credit institution. The interest rate for the loan was 6-month Euribor (but not less than 0) +2.2 percent margin. During 2019, the Euribor interest rate was been negative during the majority of the year, therefore the interest rate was 2.2 percent. A change of the interest rate of +1 percent or respectively of +2 percent would have given the additional interest expense of EUR 57 thousand respectively EUR 113 thousand, calculated after tax. The Group management therefore does not consider that profit/loss would have been materially affected by the occurrence of reasonable interest rate fluctuations. The loan was repaid in full in November 2020.

(b) Credit risk

Credit risk is related to accounts receivable and other receivables and cash and cash equivalents. The Group's exposure to credit risk at the end of the reporting period is stated in the following table:

Assets	2020	2019
Non-current receivables	3,302	1,118
Accounts receivable	120,481	66,457
Tax receivables	137,735	69,726
Other current receivables	8,755	7,258
Accrued revenues	131	—
Cash and cash equivalents	221,675	182,520
Total	492,079	327,079

	Not due	1-30 days due	31-90 days due	91-180 days due	More than 181 days due	Total
31 December 2020						
Accounts receivable	88,903	20,060	7,921	801	2,796	120,481
Credit loss reserve	—	-6	-98	76	-2,680	-2,708

	Not due	1-30 days due	31-90 days due	91-180 days due	More than 181 days due	Total
31 December 2019						
Accounts receivable	40,782	14,875	7,583	1,077	2,140	66,457
Credit loss reserve	—	-120	-954	-340	-1,205	-2,619

The maximum exposure to credit risk related to the financial assets above at the end of the reporting period is the same as their carrying value, as stated in each note to the financial statements.

The Group has no collateral for these assets. The Group only uses financial institutions that have high quality standards or high ratings. The Group has suitable policies in place to ensure that services are only sold to customers with a sufficient credit rating.

The Group regularly monitors how these receivables perform in order to discover bad debt losses, with previous experience of the collection of current receivables as the starting point.

The Group management considers the accounts receivable to be secure; the Group often conducts business with these counterparties, which are considered by the Group management to have a good credit rating, as they have hitherto managed their payments without remarks.

As per 31 December 2020, there were past-due accounts receivable for which provisions had not been made of EUR 28,870 thousand (23,056). The Group has past-due accounts receivable for which provisions have been made of EUR 2,708 thousand (2,619). These past due receivables include liabilities within the category more than 181 days, which refer to a number of independent customers that have not been in financial difficulties as of late. Even if a number of customers account for a certain proportion of the Group's past due receivables, the Group management does not believe the concentration of credit risk represents a material risk factor. The Group classifies past due receivables according to the applicable terms of credit and the credit arrangements that are de facto applied to manage the exposure to customers.

Due to the Group's operations and the market in which it operates, a limited number of customers account for a certain part of the Group's revenues. The Group management does not consider that any individual customer or group of interdependent customers constitute any material concentration of credit risk with regard to accounts receivables. The Group's financial assets amount to EUR 492.1 million (327.1). Current receivables with a maturity of less than 12 months, consist primarily of accounts receivable. No financial assets or liabilities are reported at a value that deviates significantly from fair value.

(c) Liquidity risk

The Group is exposed to liquidity risk as regards meeting of future obligations regarding its financial liabilities, which mostly comprise accounts payable, other liabilities and loans (Notes 15 and 20). Prudent risk management means having sufficient liquidity and credit facilities to ensure that the Group has sufficient funding to meet its obligations.

The Group management monitors liquidity risk by reviewing expected cash flows and ensuring that no additional financing will be needed in the upcoming year. Undiscounted liabilities are shown in the table below with an annual analysis of the Group's liabilities.

Maturity structure financial liabilities

	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
31 December 2020					
Liabilities to credit institutions	—	—	—	—	—
Earnout Ezugi	2,453	—	—	—	—
Debt compulsory redemption shares NetEnt	—	73,219	—	—	—
Lease liabilities	3,164	10,332	12,111	17,710	12,960
Jackpot liabilities	14,606	—	—	—	—
Accounts payable	15,335	—	—	—	—
Total	35,558	83,551	12,111	17,710	12,960
31 December 2019					
Liabilities to credit institutions	238	5,381	—	—	—
Earnout Ezugi	—	—	2,467	—	—
Lease liabilities	1,254	2,884	3,729	3,231	3,024
Jackpot liabilities	4,391	—	—	—	—
Accounts payable	5,300	—	—	—	—
Total	11,183	8,265	6,196	3,231	3,024

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

23.2 Capital risk management

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

The Group's capital consists of equity, as stated in the balance sheet. The Group maintains a capital level adapted to the financial liabilities and obligations that the business gives rise to. The Group management considers the capital to be of a suitable size at the end of the reporting period, considering the nature of the Group's operations. See Note 20 for liabilities to credit institutions.

23.3 Fair value of financial instruments

The amounts recognised as bank deposits and liabilities in the financial reports as of 31 December 2020 and 2019 are reasonable estimates of the fair values, with consideration for the nature of such instruments and the relatively short time period between their origination and expected realisation.

Reconciliation of liabilities attributable to financing activities

	Non-cash items			
	Opening balance 01/01/2020	Acquisitions	Cash flow	Closing balance 31/12/2020
Bank loan	5,619	184,732	-190,351	0
Lease liability	19,419	35,609	-5,059	49,969
Total	25,038	220,341	-195,410	49,969

	Non-cash items				
	Opening balance 01/01/2019	Transition to IFRS 16	Acquisitions	Cash flow	Closing balance 31/12/2019
Bank loan	6,570	—	—	-950	5,619
Lease liability	—	16,140	6,787	-3,508	19,419
Total	6,570	16,140	6,787	-4,458	25,038

NOTE 24. CRITICAL ESTIMATES AND ASSESSMENTS

The Group management and the Board of Directors have discussed the development, choice of disclosures on the Group's most important accounting principles and estimates, as well as the application of these.

Estimates and assessments are evaluated continually and are based on historic experience and other factors, including expectations for future events that are considered to be reasonable under current conditions.

Valuation of intangibles

Except for the impairment testing of intangible assets described below, the Group management does not consider that the estimates and assessments made in the preparation of these financial reports have entailed any difficulties or that they are subjective or complicated enough to merit a description as critical in accordance with the requirements in IAS 1.

The Group has made considerable investments in the development of its gaming platform. Assets related to the development of the Group's gaming software are recognised as intangible assets in the balance sheet and Note 8 and amounted to EUR 172.5 million (14.0) including the acquired NetEnt game portfolio.

Every year, these assets are tested for impairment in accordance with IAS 36, and it is determined whether there is objective evidence of an impairment loss. The Group has assessed the ability to generate revenue for each one of the projects that relate to the gaming software and no objective evidence of impairment has emerged.

On the acquisition of NetEnt Group in the end of 2020, a goodwill of EUR 1,793.5 million arose. Value at closing for goodwill including Ezugi amounts to EUR 1,834.3 million. The impairment requirement for the Group's goodwill arises through comparison of the recoverable value with the goodwill's carrying value. The recoverable value is produced by means of a current value calculation of forecast cash flows. The discounting rate before tax is used for the calculation and amounts to 10 percent, which is equivalent to the calculated required return. The future cash flows used are based on the Group's four-year forecast. Cash flows after forecast period are based on annual growth of 2 percent. The recoverable value exceeds the carrying value. An increase of discount rate to 15 percent or terminal growth reduced to 1 percent separately does not entail a need for impairment.

Accounting for acquisitions

The IFRS 3 financial reporting standard states that acquisitions are to be classified as business combinations or asset purchases. An individual assessment of the nature of the acquisition is required for each individual transaction. Evolution's acquisition of NetEnt Group is recorded as business combinations, meaning that Evolution has taken over personnel for management and operation of the acquired assets and liabilities.

A preliminary acquisition analysis has been prepared based on available information, review and assessment to ensure that Evolution's accounting principles are applied.

NOTE 25. ACQUISITIONS**2020**

On 24 June 2020, Evolution Gaming Group AB (publ) announced a recommended public offer to the shareholders of NetEnt AB (publ) to sell all their shares in NetEnt to Evolution in exchange for 0.1306 Evolution shares for each share in NetEnt. Following the closing of the offer on 30 November, Evolution holds a total of 237,689,754 shares in NetEnt, corresponding to approximately 96.8 percent of the total number of shares and 98.6 percent of the total number of votes in NetEnt. Evolution has initiated a compulsory buy-out procedure in accordance with the Swedish Companies Act (Sw: Aktiebolagslagen (2005:551)), for the purpose of acquiring the remaining shares not submitted in the offer. NetEnt is included in the consolidated financial statements from 1 December.

Based on the share price in Evolution on 1 December, the purchase price amounted to EUR 2,280,204 thousand, of which EUR 73,219 thousand is debt for the compulsory redemption of the remaining shares. In addition to the non-cash issue, outstanding warrants in NetEnt's existing warrant program have been redeemed for EUR 8,271 thousand. According to the preliminary acquisition analysis, a non-tax deductible goodwill of EUR 1,793,537 thousand arose that is primarily attributable to the skills that NetEnt employees contribute and strengthened presence in important markets. The useful life for customer relationships, game portfolio and proprietary software is estimated to be ten years. The underlying currency of goodwill and excess values is SEK.

Fair value acquired net assets NetEnt

Customer relationships	188,179
Brand	329,971
Game portfolio	161,056
Proprietary software	4,508
Other intangible assets	6,996
Right of use assets	15,657
Property, plant and equipment	6,457
Long-term financial assets	357
Accounts receivable	25,198
Other short-term assets	20,534
Accrued income and prepaid expenses	9,043
Cash and cash equivalents	56,540
Deferred tax liability	-35,931
Provisions	-1,218
Leasing liability	-14,676
Accounts payable	-10,311
Short-term liabilities, interest bearing	-184,732
Other short-term liabilities	-82,690
Total acquired net assets	494,938

Purchase consideration NetEnt

Non-cash issue	2,206,985
Redemption outstanding warrants NetEnt	8,271
Debt compulsory redemption shares NetEnt	73,219
Total purchase consideration	2,288,475
Fair value acquired net assets	-494,938
Goodwill	1,793,537

Investing activities

Additional purchase consideration Ezugi	-1,381
Redemption warrants NetEnt	-8,271
Expenses directly linked to the acquisition of NetEnt	-803
Cash and cash equivalents in acquired NetEnt entities	56,540
Effect on consolidated cash and cash equivalents	46,085

Expenses related to acquisitions are included in Other operating expenses in the income statement.

NetEnt's contribution 2020

Operating revenue	17,819
Profit after tax for the year	-10,891

Profit for the year include acquisition and restructuring costs of EUR 19,386 thousand and amortisation of excess values of EUR 2,730 thousand.

The following table shows revenue and profit for the year as if the acquisition of NetEnt took place on 1 January:

Group 2020	NetEnt	Evolution	Group
Operating revenue	202,153	543,315	745,468
Profit after tax for the year	36,841	295,513	332,354

Profit for the year include acquisition and restructuring costs of EUR 19,386 thousand and amortisation of excess values of EUR 32,902 thousand.

2019

On 9 January 2019, Evolution acquired the business of live dealer gaming provider Ezugi (consisting of five legal entities) for an initial consideration of USD 12 million and possible additional consideration of a maximum USD 6 million, in which USD 1.5 million has been paid during the fourth quarter 2019. The remaining earn out is accounted for in other current liabilities. The acquisition strengthens Evolution's position in existing markets, primarily the US, and adds further studio capacity as well as resources in product development. Ezugi has contributed to the Group's net revenues with EUR 11.9 thousand but has not had any significant impact on the Group's profit.

The acquisition was paid in cash. The goodwill item is not tax deductible and is attributable to expected profitability, employee know-how and expected synergy effects. The financial impact of this transaction is shown below.

Acquisition analysis of fair value adjustment of product rights, short-term receivables and short-term liabilities is final. The underlying currency of the Group goodwill is USD.

Fair value acquired net assets Ezugi

Brand	261
Customer relationships	2,875
Tangible assets	975
Other long-term assets	75
Short-term assets	1,496
Cash and cash equivalent	186
Total assets	5,868

Deferred tax liability	-157
Long-term liabilities	-228
Short-term liabilities	-1,952
Total liabilities	-2,337

Net identifiable assets and liabilities	3,531
Goodwill	12,438
Net assets	15,969

Investing activities

Purchase price	-11,993
Cash and cash equivalents in Ezugi	187
Net effect on consolidated cash and cash equivalent	-11,806

Additional purchase consideration	4,163
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5-YEAR SUMMARY

Condensed consolidated income statements	2020	2019	2018	2017	2016
Total operating revenues	561,134	365,752	245,418	178,385	115,461
Total operating expenses	-261,434	-208,280	-155,934	-111,504	-80,597
Operating profit	299,700	157,472	89,484	66,882	34,864
Financial items	-1,018	-200	-158	-217	-234
Profit before tax	298,682	157,272	89,326	66,664	34,630
Profit for the year	284,622	149,726	83,460	62,129	31,740
Condensed consolidated balance sheets	2020	2019	2018	2017	2016
Assets					
Total non-current assets	2,669,883	104,991	62,095	48,540	39,865
Current receivables	277,554	146,649	93,611	69,526	37,266
Cash and cash equivalents	221,675	182,520	84,951	49,272	26,188
Total current assets	499,229	329,169	178,562	118,798	63,454
TOTAL ASSETS	3,169,112	434,160	240,657	167,337	103,318
Equity and liabilities					
Total equity	2,726,171	280,897	162,270	109,881	63,896
Non-current liabilities	74,744	15,552	5,619	7,259	8,170
Current liabilities	368,197	137,711	72,768	50,198	31,251
Total liabilities	442,941	153,263	78,387	57,456	39,421
TOTAL EQUITY AND LIABILITIES	3,169,112	434,160	240,657	167,337	103,318
Condensed consolidated cash flow statements	2020	2019	2018	2017	2016
Cash flow from operating activities	316,051	175,786	100,036	62,484	41,232
Cash flow from investing activities	6,821	-42,524	-31,650	-22,387	-31,176
Cash flow from financing activities	-279,910	-36,054	-32,644	-16,935	-3,798
Cash flow for the year	42,962	97,208	35,742	23,163	6,258
Cash and cash equivalents at year-end	221,675	182,520	84,951	49,472	26,188
Key ratios	2020	2019	2018	2017	2016
EBITDA margin	59.2%	50.0%	43.9%	45.2%	38.6%
Operating margin	53.4%	43.1%	36.5%	37.5%	30.2%
Profit margin	50.7%	40.9%	34.0%	34.8%	27.5%
Equity/assets ratio	86.0%	64.7%	67.4%	65.7%	61.8%
Average number of full-time employees	5,118	4,894	3,529	2,639	1,859
Full-time employees at year-end	6,825	5,554	4,319	3,085	2,394
Earnings per share basic, EUR	1.55	0.83	0.46	0.34	0.17
Equity per share, EUR	12.84	1.55	0.90	0.60	0.35
Operating cash flow per share basic, EUR	1.72	0.97	0.56	0.35	0.23
Quota value per share, EUR	0.003	0.003	0.003	0.003	0.003
Average number of outstanding shares, basic	183,927,915	180,737,305	179,851,885	179,851,855	179,851,855
Average number of outstanding shares, diluted	189,021,346	183,387,341	182,625,245	181,685,230	181,685,230
Number of outstanding shares	212,327,008	181,622,725	179,851,885	179,851,855	179,851,885

KEY RATIOS NOT DEFINED IN ACCORDANCE WITH IFRS

The company presents certain financial measures in the interim report that are not defined under IFRS. These key ratios are common to use in our industry for benchmarking companies. One of the financial objectives in the IPO was >35% EBITDA margin. 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 Glossary and definitions page 116.

Reconciliation of key ratios not defined in accordance with IFRS

	GROUP	
	2020	2019
Operating margin		
Profit before tax	298,682	157,272
Excluding net financial items	1,018	200
Operating profit (EBIT)	299,700	157,472
Divided by Total operating revenues	561,134	365,752
Operating (EBIT) margin	53.4%	43.1%
EBITDA and EBITDA margin		
Profit before tax	298,682	157,272
Net financial items	1,018	200
Depreciation/amortisation	32,513	25,476
EBITDA	332,213	182,949
Divided by Total operating revenues	561,134	365,752
EBITDA margin	59.2%	50.0%
Profit margin		
Profit for the year	284,622	149,726
Divided by Total operating revenues	561,134	365,752
Profit margin	50.7%	40.9%
Equity/Assets ratio		
Total equity	2,726,171	280,897
Divided by Total assets	3,169,112	434,160
Equity/Assets ratio	86.0%	64.7%

Declaration by the Board of Directors

The Board of Directors and the Group CEO certify that the annual accounts and the sustainability report have been prepared in accordance with the Annual Accounts Act and RFR 2 "Accounting for Legal Entities" and give a true and fair view of the Company's financial position and earnings and that the Directors' Report gives a fair overview of the development of the Company's operations, position and earnings, and describes significant risks and uncertainties that the Company faces.

The Board of Directors and the Group CEO certify that the consolidated accounts, have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and give a true and fair view of the Group's financial position and earnings, and that the Directors' Report for the Group gives a fair overview of the development of the Group's operations, position and earnings and describes significant risks and uncertainties that the companies included in the Group face.

JENS VON BAHR
Chairman of the Board

JOEL CITRON
Board Member

JONAS ENGWALL
Board Member

FREDRIK ÖSTERBERG
Board Member

IAN LIVINGSTONE
Board Member

MARTIN CARLESUND
Group CEO

As stated above, the annual and consolidated accounts were approved for publication by the Board of Directors on 24 March 2021.

The consolidated income statement and balance sheet and the Parent Company's income statement and balance sheet are subject to approval by the Annual General Meeting on 16 April 2021.

Our audit report was issued on 26 March 2021.
Öhrlings PricewaterhouseCoopers AB

Johan Engstam
Authorised Public Accountant

Auditor's report

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



REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

OPINIONS

We have audited the annual accounts and consolidated accounts of Evolution Gaming Group AB (publ) for the year 2020 except for the corporate governance statement on pages 60-73. The annual accounts and consolidated accounts of the company are included on pages 54-110 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 60-73. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the income statement and statement of financial position for the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

BASIS FOR OPINIONS

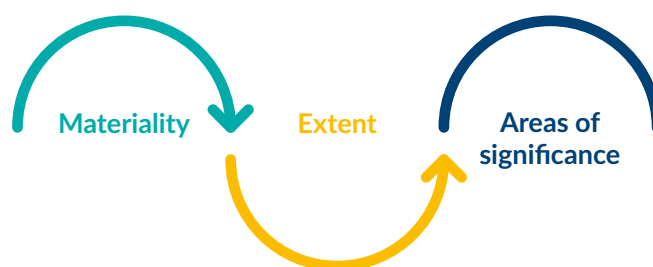
We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise

fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

OUR AUDIT APPROACH

Overview



- Overall materiality: € 13 million, which corresponds to about 5% of profit before tax
- Completeness and accuracy of revenues
- Valuations in connection with the acquisition of NetEnt AB

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Group materiality	€ 13 million
How it was determined	5% of profit before tax
Basis for selection	We selected profit before tax as a benchmark because we believe that this is the value that users most often compare the Group's results with and because it is a generally accepted benchmark. The 5% level is considered, in auditing standards, to be an acceptable quantitative materiality threshold.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above € 0,6 million as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

KEY AUDIT MATTERS

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matter	How the key audit matter was addressed in our audit
<p>Revenue</p> <p>Revenues total € 561 million and refer primarily to revenues from the provision of internally developed online live casino gaming. The company's customers pay commission fees based on the gaming surplus the products generate on behalf of the customers, and a fixed monthly fee. In addition, fees for services such as start-up fees for integration are also invoiced to the customers. The company's revenues are a significant item comprised of a large number of transactions and which are calculated according to the terms of condition of each agreement. There is a risk that all transactions are not captured and that transactions are priced incorrectly.</p> <p>Accounting principles are found in Note 1.16. Further description of the revenues is found in Note 2.</p>	<p>Based on the number of transactions and the customer specific contracts to which the revenues refer, in performing our audit we have primarily focused on the completeness and correctness of the reported revenues. The audit activities performed have implied that we have, amongst other things:</p> <ul style="list-style-type: none"> • Obtained an understanding of the significant transaction flows and critical IT systems, and as regards these we have examined important controls in order to manage the risk of misstatements in the financial reporting. In our audit, we have also utilised the expertise of IT specialists. • Evaluated to determine if changes in the company's application of accounting principles and/or assessment has impacted the reporting of revenues. • For a selection of individual revenue transactions, verified that these have been priced according to the customer contracts in place and that the revenues are reported in the correct period. • We have undertaken a follow-up of payments of outstanding accounts receivable and have also discussed matured receivables to assess whether the provisions have been reported correctly based on the assessed risk of bad debts. • We have also assessed if the accounting principles and disclosures in the annual report are correct and in accordance with IFRS.
<p>Acquisition of NetEnt AB</p> <p>The acquisition of NetEnt AB was finalised 1 December 2020. In connection with acquisitions, management prepares a purchase price allocation where all assets and liabilities acquired are valued at fair value. The difference between the purchase price and the fair value of assets and liabilities acquired represents goodwill. The valuation of assets and liabilities identified are dependent on management's judgements and estimates.</p> <p>There is a risk that management's valuations are based on incorrect or unreasonable judgements and estimates and that would result in undetected errors in the valuation of assets, liabilities or goodwill acquired.</p> <p>Accounting principles are found in Note 1.2. Further description of the acquisition is found in Note 25.</p>	<p>We have, during our audit, performed procedures on the companies purchase price allocation. The procedures include, amongst other things:</p> <ul style="list-style-type: none"> • Audited the company's valuation of assets and liabilities acquired and the methods used for these valuations. • Assessed management's judgements and estimates made in preparing these valuations. • We have also assessed whether the accounting principles and disclosures in the annual report are correct and in accordance with IFRS.

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 01-53, 60-73, 108-109 and 116-117. The information in Evolution Gaming Group AB (publ)'s Remuneration Report 2020, which is published on the company's website at the same time as this report also constitutes other information. The Board of Directors and the Group CEO are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE GROUP CEO

The Board of Directors and the Group CEO are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Group CEO are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Group CEO are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Group CEO intend to liquidate the company, to cease operations, or have no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Group CEO of Evolution Gaming Group AB (publ) for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Group CEO be discharged from liability for the financial year.

BASIS FOR OPINIONS

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

RESPONSIBILITIES OF THE BOARD OF DIRECTOR'S AND THE GROUP CEO

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Group CEO shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

AUDITOR'S RESPONSIBILITY

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Group CEO in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

THE AUDITOR'S EXAMINATION OF THE CORPORATE GOVERNANCE STATEMENT

The Board of Directors is responsible for that the corporate governance statement on pages 60-73 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Öhrlings PricewaterhouseCoopers AB was appointed auditor of Evolution Gaming Group AB (publ) by the general meeting of the shareholders on the 17 June 2020 and has been the company's auditor since 2014.

Stockholm 26 March 2021

Öhrlings PricewaterhouseCoopers AB

Johan Engstam

Authorized Public Accountant

Glossary and definitions

FINANCIAL KEY RATIOS, ITEMS AND TERMS

Operating profit, EBIT	Profit before tax excluding net financial items.
Operating profit, EBIT, margin	Operating profit in relation to total operating revenues.
EBITDA	Operating profit excluding depreciation, amortisation and impairments.
EBITDA margin	EBITDA in relation to operating revenues.
Profit margin	Profit for the year in relation to total operating revenues.
Equity/assets ratio	Equity at the end of the year in relation to total assets at the end of the year.
Cash and cash equivalents	Cash and bank assets.
Average number of full-time employees	The average number of full-time employees during the year. Full-time equivalents include part-time positions.
EUR, EURm, kEUR	EUR, EUR million, EUR thousands.
Per share	
Earnings per share basic, EUR	Profit for the year in relation to total average number of outstanding shares before dilution.
Earnings per share diluted, EUR	Profit for the year in relation to total average number of outstanding shares after dilution.
Equity per share, EUR	Equity at the end of the year in relation to total number of outstanding shares at the end of the year.
Operating cash flow per share, EUR	Cash flow from operating activities in relation to average number of outstanding shares before dilution.
Quota value per share, EUR	Share capital divided by total number of outstanding shares at the end of the year.
Average number of shares outstanding	The average number of shares outstanding during the year.
Number of shares outstanding	Number of shares outstanding at the end of the year.

OPERATIONAL AND OTHER TERMS

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

GAME LEGAL LINES

MONOPOLY Live	The MONOPOLY name and logo, the distinctive design of the game board, the four corner squares, the MR. MONOPOLY name and character as well as each of the distinctive elements of the board and the playing pieces are trademarks of Hasbro, Inc for its property trading game and game equipment. ©1935, 2021 Hasbro, Inc. All rights reserved. Used with permission.
Deal or No Deal Live	Based on the Endemol Shine television programme Deal or No Deal © 2003. Deal or No Deal Live Project © 2021 Endemol Shine IP B.V. Deal or No Deal is a registered trademark of Endemol Shine IP B.V. Used with permission. All rights reserved.



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