



Interim report | January–June 2020 | Evolution Gaming Group AB (publ)

Second quarter of 2020 (Q2 2019)

- Operating revenues increased by 50% to EUR 128,3 million (85,7)
- EBITDA increased by 90% to EUR 81,1 million (42,7), corresponding to a margin of 63,2% (49,8)
- Profit for the period amounted to EUR 70,4 million (34,5)
- Earnings per share amounted to EUR 0.39 (0.19)

January-June 2020 (1H 2019)

- Operating revenues increased by 48% to EUR 243,5 million (165,0)
- EBITDA increased by 85% to EUR 145,3 million (78,6), corresponding to a margin of 59.7% (47,7)
- Profit for the period amounted to EUR 124,6 million (63,1)
- Earnings per share amounted to EUR 0.69 (0.35)

Events during the second quarter of 2020

- Continued high demand generates a positive effect on margin development.
- Evolution Gaming announces a recommended public offer to the shareholders of NetEnt.
- Dividend of EUR 0.42 per share.
- Six new games launched during the second quarter.

Summary of the second quarter and first six months of 2020

Group (EUR thousands)	Apr-Jun 2020	Apr-Jun 2019	%	Jan-Jun 2020	Jan-Jun 2019	%	Jul 2019- Jun 2020	Jan-Dec 2019	%
Operating revenues	128 307	85 728	50%	243 456	165 025	48%	444 183	365 752	21%
EBITDA	81 143	42 730	90%	145 266	78 648	85%	249 566	182 948	36%
EBITDA margin	63,2%	49,8%	-	59,7%	47,7%	-	56,2%	50,0%	-
Operating profit	74 166	36 614	103%	131 291	66 803	97%	221 960	157 472	41%
Operating margin	57,8%	42,7%	-	53,9%	40,5%	-	50,0%	43,1%	-
Profit for the period	70 445	34 529	104%	124 641	63 105	98%	211 262	149 726	41%
Profit margin	54,9%	40,3%	-	51,2%	38,2%	-	47,6%	40,9%	-
Earnings per share before dilution (EUR)	0,39	0,19	102%	0,69	0,35	96%	1,16	0,83	40%
Equity per share (EUR)	1,78	1,01	76%	1,78	1,01	76%	1,78	1,55	15%
OCF per share before dilution (EUR)	0,52	0,20	163%	0,73	0,39	84%	1,30	0,97	34%
Average number of FTEs	4 211	4 845	-13%	4 848	4 656	4%	5 004	4 894	2%

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CEO's comments

The strong development for Evolution continued during the second quarter. The quarter has been eventful with several product launches and a very high demand, partly due to the lack of sports betting games through a large part of the period, but we also see strong underlying growth. At the end of June, we announced a recommended offer to the shareholders of NetEnt with the aim to expand Evolution's offering with market-leading slots and to continue towards our vision to become the global leading provider of online casino.

Revenues for the second quarter amounted to EUR 128.3 million (85.7), an increase of 50 percent compared to the corresponding period last year. EBITDA amounted to EUR 81.1 (42.7) with a margin of 63 percent. The margin has been positively affected by high demand and that we have operated fewer tables due to the pandemic. However, the lower number of tables has had a negative effect on revenue both through lower fees from our dedicated environments and through lower capacity than normal. For the January-June period, the margin was 60 percent, meaning we have a good distance to our previous prediction of improving the margin level this year compared to 2019.

Evolution's vision is to become the leading B2B provider in online casino. An acquisition of NetEnt means that we can accelerate the pace towards this vision. To add NetEnt's leading slots to Evolution's strong Live Casino offering will create a very strong market position significantly faster, especially in the USA, and together with clear synergies we believe this to be a strategic and highly attractive acquisition. A future Evolution with two verticals as the foundation will increase cash flow and reduce risk, while the growth potential increases. The bid process continues according to the previously announced time schedule.

During 2020, Evolution has continued and strengthened its focus on products and innovation. Our ability to develop new unique games while at the same time creating new variants of traditional games is important to further strengthen our leading position in Live Casino. So far, we have launched 8 out of the 12 games that we will launch this year. After the end of the quarter, we launched another one – Crazy Time – which is the most expensive and time-consuming game that we have developed to date. The reactions were instant, and we are overwhelmed by the positive reception among both players and operators.

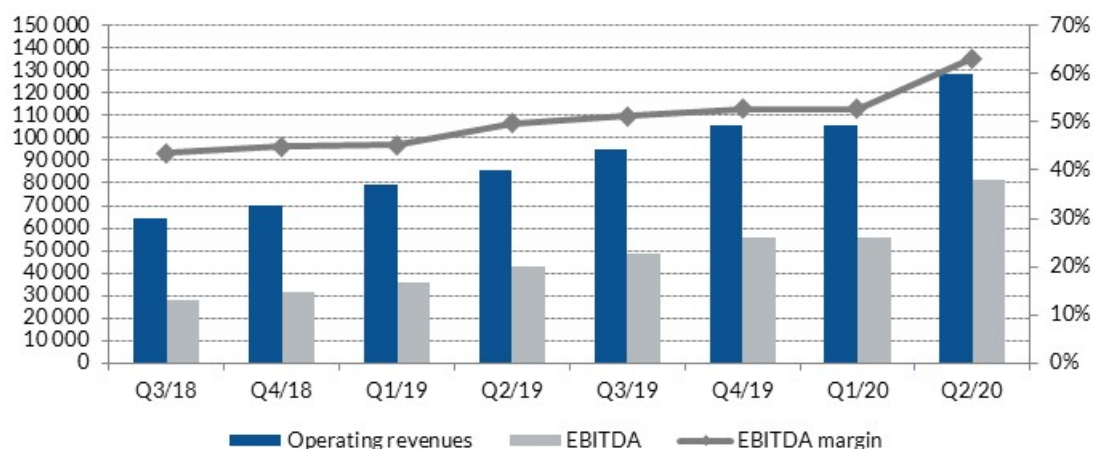
All new titles, especially in the Game Show category, contribute to a generally higher interest in Live Casino. To meet the increasing demand, it is vital that we continue to expand our studio capacity. Our Pennsylvania studio will be our 9th studio. Upcoming additions include a studio in Michigan and an English speaking studio in Lithuania.

During the quarter we signed an agreement with Golden Nugget that will see Evolution's US Live Casino services to be added to their existing online offering in New Jersey. The agreement consolidates Evolution's leading position in New Jersey, while also providing a strategic platform to explore additional opportunities together with Golden Nugget in other states as the regulation of online casino in the USA continues.

It has been an intense first half of the year impacted by Covid-19, which has entailed here-and-now problem solving. Since a few months back, we have a more stable virus situation and we have been able to devote more time to look forward while also preparing Evolution for a possible future second wave or similar pandemics. We are now working intensively with next year's product launches and how Evolution will play a role in the continued digitalisation of the casino industry. I believe that our focus on the best game experiences and a relentless approach to always improve as a company will continue to be important pieces as we move ahead. We shall become slightly better each day, and every day shall take Evolution another step forward.

Martin Carlesund, CEO

Quarterly results trend



Financial performance in the second quarter of 2020

Revenues

Revenues amounted to EUR 128,3 million (85,7) in the first quarter, equivalent to an increase of 50 percent compared with the corresponding period in 2019. The positive revenue development mainly derives from increased commission income from existing customers and, to a certain extent, from new customers. Demand for Live Casino games continues to grow, partly as a result of our continuous launch of successful new games and variations on traditional games. The number of bet spots from end users amounted to 11,9 billion (5.6).

Expenses

Operating expenses amounted to EUR 54.1 million (49.1). Personnel costs compared with the second quarter of 2019 are unchanged as a number of gaming tables were closed during the quarter due to COVID-19. The expansion in general has increased other operating expenses compared with the second quarter of 2019.

Profitability

Operating profit amounted to EUR 74,2 million (36,6), corresponding to an increase of 103 percent. The operating margin was 57,8 percent (42,7). The EBITDA margin was 63,2 percent (49,8).

Net financial items only had a marginal impact on profits and related mostly to the interest expense on loans for the studio property in Riga. The Group's effective tax rate for the quarter amounted to 4,9 percent (5,6). The tax rate is influenced by the countries in which earnings are generated, which may vary between reported periods. Profit for the period amounted to EUR 70,4 million (34,5). Earnings per share before dilution were EUR 0.39 (0.19).

Investments

Investments in intangible assets amounted to EUR 3,4 million (2.0) during the quarter and were mainly attributable to development of new games and technical improvements of the platform, such as new functionality.

Investments in property, plant and equipment amounted to EUR 4.9 million (3.9) and comprised new studio space, new gaming tables, servers and other computer equipment to meet new technical requirements and maintain capacity and performance in connection with new platform launches.

Cash and cash equivalents, financing and financial position

Cash flow from operating activities amounted to EUR 93,6 million (35,3) during the quarter. Cash flow from investing activities was negative in the amount of EUR 8,7 million (negative 6,0). Cash flow from financing activities was negative in the amount of EUR 77,4 million (negative 44,2) and included dividend to shareholders of EUR 76,1 million. Cash and cash equivalents amounted to EUR 212,0 million (88,7) at the end of the quarter.

First half of 2020 in brief

Revenues

For the January-June 2020 period, revenues amounted to EUR 243,5 million (165,0), corresponding to an increase of 48 percent compared with the same period in 2019. The positive revenue development mainly derives from increased commission income from both new and existing customers.

Expenses

Operating expenses amounted to EUR 112,2 million (98,2). Expenses were mainly driven by higher costs for personnel, connected to the launch of new tables and studios. The strong expansion has also increased other operating expenses compared with the previous year.

Profitability

Operating profit amounted to EUR 131,3 million (66,8) with an operating margin of 53,9 percent (40,5). The EBITDA margin was 59,7 percent (47,7).

Investments

Investments in intangible assets amounted to EUR 6,1 million (4,3) for the period. Investments in property, plant and equipment amounted to EUR 9,6 million (7,0). Investments in other financial assets amounted to EUR 0,5 million (0,1).

Cash and cash equivalents, financing and financial position

Cash flow from operating activities amounted to EUR 131,7 million (70,8) over the period. The increase is primarily due to improved profit. Cash flow from investing activities was negative in the amount of EUR 17,6 million (negative 21,8). Cash flow from financing activities was negative in the amount of EUR 84,2 million (negative 45,3) and included dividend to shareholders of EUR 76,1 million.

Market development

Live Casino market

In Europe, Live Casino has grown strongly in recent years and is expected to continue to be among the fastest-growing gaming segments in the coming years. Evolution's growth target is to grow faster than the total European Live Casino market. Market growth is influenced by several underlying factors, such as technological advances with, among other things, improved hardware and increased bandwidth, the migration of land-based casinos to online environments and market regulations. Increased use of mobile devices has been a growth driver for many years, and in the first quarter 67 percent (64,9) of the operators' GGR via Evolution's platform was generated by mobile devices. To a large extent, growth is also driven by Live Casino having grown in importance for most gaming operators, who consequently elect to expose and market their Live offerings to customers more extensively than before.

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. The table below 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. In the period April-June 2020 revenues not based on player activity effected revenue from regulated markets negatively.

Revenue per geographical region

Group (EUR millions)	Apr-Jun 2019	Jul-Sep 2019	Oct-Dec 2019	Jan-Mar 2020	Apr-Jun 2020
Nordics	6,0	6,1	6,1	6,2	6,7
UK	12,7	12,8	12,0	9,9	10,6
Rest Of Europe	43,8	46,5	53,3	59,8	62,4
Asia	10,0	13,9	17,7	20,8	28,2
North America	4,7	6,1	6,6	7,1	8,5
Other	8,5	9,3	10,2	11,4	12,1
Total operating revenues	85,7	94,7	106,0	115,1	128,5
Share of regulated markets	44%	42%	40%	38%	33%
Revenues, regulated markets ²	37,5	40,2	42,4	43,7	42,8

Other

Parent Company

The Parent Company is a holding company. Net sales for the second quarter of 2020 amounted to EUR 1,8 million (1.6) and expenses to EUR 1,9 million (1.5). Operating profit was negative in the amount of EUR 16 thousands (75). Result for the period was negative in the amount of EUR 18 thousands (negative 235). The Parent Company's cash and cash equivalents amounted to EUR 15,1 million (1,8) at the end of the period and equity amounted to EUR 262,2 million (232,1). No significant investments were made in intangible or tangible assets.

Employees

As of 30 June 2020, Evolution had 6,764 employees (6,892), corresponding to 4,060 (5,120) full-time positions. The average number of full-time equivalents for the quarter was 4,211 (4,845).

Significant risks and uncertainties

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

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

be supplied could be changed. Likewise, a favourable interpretation could have a positive impact on the Group.

One or more markets may be affected by events that may result in rapid changes in the business environment. Examples of this kind of events 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.

For further information about Evolution's risk exposure and handling, please see the Group's Annual Report for 2019, which is available on the company's website.

Acquisitions and cancelation of own shares

During the first quarter the Board of Directors decided to exercise its authorisation from the Annual General Meeting 2019 to repurchase own shares such that its holding of own shares does not exceed 10 per cent of the total number of shares in the company. In March 2020 a total of 338,000 own shares was acquired for EUR 9.854 thousands. After the end of the period the acquired shares were canceled.

Recommended public offer to the shareholders of NetEnt

Evolution Gaming has announced a 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. The Offer includes both the unlisted shares of series A and the shares of series B that are admitted to trading on Nasdaq Stockholm. For additional information see press release from 24 June, 2020.

Indicative timetable

- Estimated date for publication of the offer document: 14 August 2020
- Estimated acceptance period: 17 August–26 October 2020
- Estimated Extra General Meeting: September 2020
- Estimated settlement date: 2 November 2020

Comment on Covid-19

During the quarter, with a constant eye on the Covid-19 development, we have focused on being there for our customers and making the working environment for our employees safe. We have a continuous dialogue with our customers and have in various ways taken measures to support them when needed.

With the absence of sport events to bet on due to the Covid-19 pandemic Live Casino and Evolution Gaming have seen a positive impact on demand. However, as several sports leagues have resumed as well as Covid-19 lockdowns are being lifted that positive effect on demand will decrease.

Upcoming report dates

Interim report January-September 2020	22 October 2020
Year-end report 2020	10 February 2021

Review

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

Condensed consolidated income statements

Group (EUR thousands)	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul 2019- Jun 2020	Jan-Dec 2019
Total operating revenues	128 307	85 728	243 456	165 025	444 183	365 752
Personnel expenses	-30 316	-30 451	-63 626	-59 486	-130 559	-126 419
Depreciation, amortisation and impairments	-6 977	-6 116	-13 975	-11 845	-27 606	-25 476
Other operating expenses	-16 848	-12 547	-34 564	-26 891	-64 058	-56 385
Total operating expenses	-54 141	-49 114	-112 165	-98 222	-222 223	-208 280
Operating profit	74 166	36 614	131 291	66 803	221 960	157 472
Financial items	-79	-51	-159	-96	-263	-200
Profit before tax	74 087	36 563	131 132	66 707	221 697	157 272
Tax on profit for the period	-3 642	-2 034	-6 491	-3 602	-10 435	-7 546
Profit for the period	70 445	34 529	124 641	63 105	211 262	149 726
<i>Of which attributable to:</i>						
Shareholders of the Parent Company	70 445	34 529	124 641	63 105	211 262	149 726
Average number of shares before dilution	181 284 725	179 851 885	181 397 392	179 851 885	181 510 058	180 737 304
Earnings per share before dilution (EUR)	0,39	0,19	0,69	0,35	1,16	0,83
Average number of shares after dilution	187 046 005	183 387 343	185 825 338	183 390 677	184 604 672	183 387 341
Earnings per share after dilution (EUR)	0,38	0,19	0,67	0,34	1,14	0,82
Operating margin	57,8%	42,7%	53,9%	40,5%	50,0%	43,1%
Effective tax rate	4,9%	5,6%	4,9%	5,4%	4,7%	4,8%

Condensed comprehensive income statement

Group (EUR thousands)	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul 2019- Jun 2020	Jan-Dec 2019
Profit for the period	70 445	34 529	124 641	63 105	211 262	149 726
Other comprehensive income						
<i>Items that may be reclassified to profit</i>						
Exchange differences arising from the translation of foreign operations	-1 679	-241	-1 635	-177	-2 869	207
Other comprehensive income, net after tax	-1 679	-241	-1 635	-177	-2 869	207
Total comprehensive income for the period	68 766	34 288	123 006	62 928	208 393	149 933

Consolidated balance sheets

Group (EUR thousands)	30/06/2020	30/06/2019	31/12/2019
Assets			
Intangible assets	23 779	23 066	23 743
Goodwill	12 477	14 809	12 485
Buildings	11 834	12 055	11 991
Right of use assets	22 040	16 652	19 419
Property, plant and equipment	39 314	30 765	36 079
Other non-current receivables	1 479	1 242	1 118
Deferred tax assets	344	15	156
Total non-current assets	111 267	98 604	104 991
Accounts receivable	72 011	54 426	66 457
Other receivables	92 611	48 961	76 984
Prepaid expenses and accrued income	4 016	5 544	3 208
Cash and cash equivalents	212 049	88 680	182 520
Total current assets	380 687	197 611	329 169
TOTAL ASSETS	491 954	296 215	434 160
Equity and liabilities			
Share capital	545	540	545
Other capital contributed	22 009	5 715	17 430
Reserves	-1 536	-238	99
Retained earnings including profit for the period	301 774	176 101	262 823
Total equity	322 792	182 118	280 897
Deferred tax liabilities	74	144	69
Non-current lease liabilities	17 830	13 372	15 483
Non-current liabilities to credit institutions	-	5 143	-
Total non-current liabilities	17 904	18 659	15 552
Accounts payable	4 389	3 038	5 300
Current liabilities to credit institutions	5 145	950	5 619
Current tax liabilities	96 799	54 622	81 524
Other current liabilities	16 823	22 563	19 604
Current lease liabilities	4 209	3 281	3 936
Accrued expenses and prepaid income	23 893	10 984	21 728
Total current liabilities	151 258	95 438	137 711
TOTAL EQUITY AND LIABILITIES	491 954	296 215	434 160

Intangible assets comprise Game software EUR 14,934 thousand (14,431), Licenses and patents EUR 5,605 thousand (5,765) and Other EUR 3,240 thousand (2,870).

Consolidated changes in equity

Group, 2019 (EUR thousands)	Share Capital	Other capital contributed	Reserves	Retained earnings	Total equity
Opening equity 01/01/2019	540	5 867	-108	155 971	162 270
Dividend payout 08/05/2019	-	-	-	-43 164	-43 164
Warrants	-	-152	-	290	138
New share issue	5	11 715	-	-	11 720
Profit for the period	-	-	-	149 726	149 726
Other comprehensive income	-	-	207	-	207
Closing equity 31/12/2019	545	17 430	99	262 823	280 897

Group, 2020 (EUR thousands)	Share Capital	Other capital contributed	Reserves	Retained earnings	Total equity
Opening equity 01/01/2020	545	17 430	99	262 823	280 897
Dividend payout 29/06/2020	-	-	-	-76 140	-76 140
Warrants	-	4 579	-	304	4 883
Repurchase of own shares	-	-	-	-9 854	-9 854
Profit for the period	-	-	-	124 641	124 641
Other comprehensive income	-	-	-1 635	-	-1 635
Closing equity 30/06/2020	545	22 009	-1 536	301 774	322 792

Consolidated statement of cash flows

Group (EUR thousands)	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Operating profit	74 166	36 615	131 291	66 803	157 472
<i>Adjustment for items not included in cash flows:</i>					
Depreciation, amortisation and impairments	6 977	6 116	13 975	11 845	25 476
Other	-1 004	68	288	178	1 216
Interest received	10	0	22	0	23
Interest paid	-94	-51	-181	-96	-245
Tax paid	-403	-230	-5 606	-3 702	-5 293
Cash flows from operating activities before changes in working capital	79 652	42 518	139 789	75 028	178 649
Increase / Decrease in Accounts receivables	9 003	-6 509	-5 725	-6 803	-17 276
Increase / Decrease in Accounts payables	1 996	-473	-868	-152	1 358
Increase / Decrease in other working capital	2 972	-265	-1 493	2 771	13 055
Cash flows from operating activities	93 623	35 271	131 703	70 844	175 786
Acquisition of intangible assets	-3 408	-2 035	-6 107	-4 285	-11 158
Acquisition of property, plant and equipment	-4 876	-3 860	-9 585	-6 946	-18 950
Acquisition of subsidiary	-	-	-1 381	-10 460	-11 812
Increase / Decrease in other financial assets	-458	-56	-541	-134	-604
Cash flows from investing activities	-8 742	-5 951	-17 614	-21 825	-42 524
Repayment of debt to credit institutions	-239	-238	-478	-475	-950
Repayment of lease liability	-1 031	-809	-2 285	-1 467	-3 508
Repurchase of own shares	-	-	-9 854	-	-
Warrant premiums	-	-12	4 579	-152	-152
New share issue	-	-	-	-	11 720
Dividend	-76 140	-43 164	-76 140	-43 164	-43 164
Cash flows from financing activities	-77 410	-44 223	-84 178	-45 258	-36 054
Cash flow for the period	7 471	-14 903	29 911	3 761	97 208
Cash and cash equivalents at start of period	204 949	103 734	182 520	84 951	84 951
Exchange rate differences	-371	-151	-382	-32	361
Cash and cash equivalents at end of period	212 049	88 680	212 049	88 680	182 520

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

Consolidated key ratios

Group (EUR thousands)	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul 2019- Jun 2020	Jan-Dec 2019
Operating revenues (IFRS)	128 307	85 728	243 456	165 025	444 183	365 752
EBITDA margin	63,2%	49,8%	59,7%	47,7%	56,2%	50,0%
Operating margin	57,8%	42,7%	53,9%	40,5%	50,0%	43,1%
Profit margin	54,9%	40,3%	51,2%	38,2%	47,6%	40,9%
Equity/assets ratio	65,6%	61,5%	65,6%	61,5%	65,6%	64,7%
Cash and cash equivalents	212 049	88 680	212 049	88 680	212 049	182 520
Average number of full-time employees	4 211	4 845	4 848	4 656	5 004	4 894
Full-time employees at end of period	4 060	5 120	4 060	5 120	4 060	5 554
Earnings per share before dilution (EUR) (IFRS)	0,39	0,19	0,69	0,35	1,16	0,83
Equity per share (EUR)	1,78	1,01	1,78	1,01	1,78	1,55
Operating cash flow per share before dilution (EUR)	0,52	0,20	0,73	0,39	1,30	0,97
Average number of outstanding shares before dilution	181 284 725	179 851 885	181 397 392	179 851 885	181 510 058	180 737 304
Number of outstanding shares	181 284 725	179 851 885	181 284 725	179 851 885	181 284 725	181 622 725

Consolidated key ratios by quarter

Group (EUR thousands)	Q2/20	Q1/20	Q4/19	Q3/19	Q2/19	Q1/19	Q4/18	Q3/18
Operating revenues (IFRS)	128 307	115 149	105 998	94 729	85 728	79 297	70 226	64 346
EBITDA	81 143	64 123	55 830	48 470	42 730	35 918	31 568	27 992
EBITDA margin	63,2%	55,7%	52,7%	51,2%	49,8%	45,3%	45,0%	43,5%
Operating profit	74 166	57 125	48 674	41 995	36 614	30 189	26 734	23 225
Operating margin	57,8%	49,6%	45,9%	44,3%	42,7%	38,1%	38,1%	36,1%
Revenue growth vs prior year	49,7%	45,2%	50,9%	47,2%	44,7%	53,7%	38,5%	40,8%
Revenue growth vs prior quarter	11,4%	8,6%	11,9%	10,5%	8,1%	12,9%	9,1%	8,6%
Cash and cash equivalents	212 049	204 949	182 520	141 108	88 680	103 734	84 951	63 548

Reconciliation of selected key ratios not defined in accordance with IFRS

Group (EUR thousands)	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul 2019- Jun 2020	Jan-Dec 2019
Operating margin						
Profit before tax	74 087	36 563	131 132	66 707	221 697	157 272
Excluding net financial items	79	51	159	96	263	200
Operating profit (EBIT)	74 166	36 614	131 291	66 803	221 960	157 472
Divided by Total operating revenues	128 307	85 728	243 456	165 025	444 183	365 752
Operating (EBIT) margin	57,8%	42,7%	53,9%	40,5%	50,0%	43,1%
EBITDA and EBITDA margin						
Profit before tax	74 087	36 563	131 132	66 707	221 697	157 272
Net financial items	79	51	159	96	263	200
Depreciation/amortisation	6 977	6 116	13 975	11 845	27 606	25 476
EBITDA	81 143	42 730	145 266	78 648	249 566	182 948
Divided by Total operating revenues	128 307	85 728	243 456	165 025	444 183	365 752
EBITDA margin	63,2%	49,8%	59,7%	47,7%	56,2%	50,0%
Profit margin						
Profit for the period	70 445	34 529	124 641	63 105	211 262	149 726
Divided by Total operating revenues	128 307	85 728	243 456	165 025	444 183	365 752
Profit margin	54,9%	40,3%	51,2%	38,2%	47,6%	40,9%
Equity/Assets ratio						
Total equity	322 792	182 118	322 792	182 118	322 792	280 897
Divided by Total assets	491 954	296 215	491 954	296 215	491 954	434 160
Equity/Assets ratio	65,6%	61,5%	65,6%	61,5%	65,6%	64,7%

Condensed Parent Company income statements and other comprehensive income

Parent company (EUR thousands)	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul 2019- Jun 2020	Jan-Dec 2019
Net sales	1 848	1 587	4 033	3 024	8 129	7 120
Other external expenses	-1 864	-1 512	-3 989	-2 891	-7 983	-6 885
Operating profit	-16	75	44	133	146	235
Other interest income and similar income	-	-	-	-	100 124	100 124
Interest expenses and similar expenses	0	0	0	0	0	0
Profit before tax	-16	75	44	133	100 270	100 359
Tax on profit for the period	-2	-310	-32	-418	-518	-904
Profit for the period	-18	-235	12	-285	99 752	99 455
Profit for the period	-18	-235	12	-285	99 752	99 455
Other comprehensive income	-	-	-	-	-	-
Other comprehensive income, net after tax	-	-	-	-	-	-
Total comprehensive income for the period	-18	-235	12	-285	99 752	99 455

Condensed Parent Company balance sheets

Parent company (EUR thousands)	30/06/2020	30/06/2019	31/12/2019
Assets			
Intangible assets	864	667	828
Property, plant and equipment	52	28	65
Participating interest in Group companies	206 000	206 000	206 000
Other non-current receivables	40	32	40
Total non-current assets	206 956	206 727	206 933
Receivables from Group companies	40 735	24 213	137 451
Other current receivables	404	326	219
Prepaid expenses and accrued income	549	357	228
Cash and cash equivalents	15 123	1 785	1 112
Total current assets	56 811	26 681	139 010
TOTAL ASSETS	263 767	233 408	345 943
Equity and liabilities			
Share capital	545	540	545
Retained earnings including profit for the period	261 628	231 578	343 031
Total equity	262 173	232 118	343 576
Accounts payable	149	-	128
Current tax liabilities	982	896	1 399
Other current liabilities	210	169	173
Accrued expenses and prepaid income	253	225	667
Total current liabilities	1 594	1 290	2 367
TOTAL EQUITY AND LIABILITIES	263 767	233 408	345 943

Notes to the financial statements

Note 1. Accounting principles

Evolution prepares its financial statements in accordance with the International Financial Reporting Standards (IFRS) as approved by the European Union. The Group's interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. The 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.

Amounts are expressed in thousands of Euro (EUR) unless otherwise indicated. Amounts or figures in parentheses indicate comparative figures for the corresponding period last year. The accounting policies are unchanged from the 2019 annual report.

Note 2. Events following the balance sheet date

No significant events.

Note 3. Incentive programme

The company has two incentive programmes. Upon full exercise of the warrants within the programme 2018/2021 (adopted by the Annual General Meeting in 2018), the dilution effect will be approximately 0.97 percent. Upon full exercise of the warrants within the programme 2020/2023 (adopted by the Extra General Meeting on 16 January 2020), the dilution effect will be approximately 2.20 percent. More information about the programmes are available on the company's website.

Note 4. Seasonality

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

Stockholm, 17 July 2020

Martin Carlesund
CEO

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Presentation for investors, analysts and the media

CEO Martin Carlesund and CFO Jacob Kaplan will present the report and answer questions on Friday, 17 July 2020 at 09:00 a.m. CET via a telephone conference. The presentation will be in English and can also be followed online. Number for participation by telephone:

SE: +46 8 566 427 03

UK: +44 3333 00 92 60

US: +1 833 249 8406

Follow the presentation at: <https://tv.streamfabriken.com/evolution-gaming-group-q2-2020>

This information is such that Evolution Gaming Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication, under the agency of the contact person set out above, on 17 July 2020, at 7.30 am CET.

Definitions of key ratios

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