



ANNUAL REPORT 2015





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# LEADING PROVIDER OF LIVE CASINO SOLUTIONS

Evolution Gaming Group AB (publ) (“Evolution”) is a leading B2B provider of Live Casino solutions. The company’s core portfolio consists of six games – Live Roulette, Live Blackjack, Live Baccarat, Live Casino Hold’em, Live Three Card Poker and Live Caribbean Stud Poker – offering the operators’ end users an interactive experience that feels like playing in a real casino. Evolution has over 70 customers including the majority of Europe’s largest gaming operators. The Group has about 2,000 employees, most of whom are located in Latvia and Malta. Evolution’s vision is to be the leading Live Casino provider in the world.

## Milestones

- |                                                                                                                                                             |                                                                                                                                       |                                                                                                                                           |                                                                                                                                                                          |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>2006</b></p> <p>Evolution is established and launches the games Live Roulette, Live Blackjack and Live Baccarat from a production studio in Riga.</p> | <p><b>2007</b></p> <p>First licence agreement signed with Gala Coral, followed by Rank, Expekt, Victor Chandler and William Hill.</p> | <p><b>2009</b></p> <p>Larger production studio built in Riga to meet increased demand and expand opportunities to provide more games.</p> | <p><b>2010</b></p> <p>Evolution wins Live Casino supplier of the Year for the first time and is named Rising Star Software Provider at the EGR B2B Awards in London.</p> |
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## Live Casino

In Live Casino, a dealer runs the game from a casino table which is streamed in real time. End users, i.e. the players, make betting decisions on their devices (computers, smartphones, tablets, etc.) and are able to communicate with the dealer using a text chat function.

## Some of our customers



<p><b>2011</b></p> <p>Evolution becomes the first Live Casino provider to be certified in the newly-regulated Italian market. The company moves to a larger studio in Riga and begins broadcasting Live Casino in HD.</p>	<p><b>2012</b></p> <p>Evolution becomes the first Live Casino provider to be certified in the newly-regulated Danish market.</p>	<p><b>2013</b></p> <p>Launch of Live Casino for smartphones and tablets. Evolution is certified and begins to offer games from a land-based casino in the Spanish market.</p>	<p><b>2014</b></p> <p>Launch of the new core game Live Three Card Poker and opening of a new production studio in Malta. Immersive Roulette named EGR Game of the Year.</p>	<p><b>2015</b></p> <p>Evolution wins EGR Live Casino Supplier of the Year for the sixth consecutive year. The new core game Live Caribbean Stud Poker is launched. Satellite studio opened in Belgium.</p>
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# THE YEAR IN BRIEF

- Revenues amounted to EUR 76.4 million and adjusted EBITDA\* was EUR 31.0 million
- The adjusted EBITDA margin totalled 41 percent
- Earnings per share amounted to EUR 0.56
- The Board proposes a dividend of EUR 0.32 per share

## 2015 highlights

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### Successful IPO on First North

Evolution's shares were listed on the Nasdaq First North Premier growth market on 20 March 2015. The offer, which was directed at private individuals in Sweden, as well as Swedish and foreign institutions, was heavily oversubscribed and interest in the company continued for the remainder of the year. At the end of 2015, Evolution had 7,822 shareholders.

### EGR Live Casino Supplier of the Year for the sixth consecutive time

At the EGR B2B Awards in June, Evolution was named Live Casino Supplier of the Year for the sixth consecutive year. Evolution has won the award every year since it was first presented in 2010, which recognises the Live Casino provider that has provided outstanding customer service and innovative product development.

### Satellite studio in Belgium

In accordance with Belgium's gaming regulations, which require a local presence in the market, Evolution launched an on-premise studio at Casino de Spa in early July. The studio uses native speaking dealers to offer Live Casino for the majority of the country's operators with online casino licences. At the end of the year, Belgium was Evolution's second-largest regulated market in terms of revenues.

### Strategic agreement with Microgaming

In September, Evolution entered a strategic agreement with the gaming and platform provider Microgaming. The partnership entails Evolution becoming the preferred provider of

Live Casino services to Microgaming's Europe focused customers. The company envisages an ongoing migration in which its Live Casino services are gradually launched by many of Microgaming's customers over the coming years.

### Exclusive agreement with Genting

In August, Evolution entered an exclusive agreement with Genting Alderney, the online casino division of the Genting Group, to offer a full range of Live Casino services at [gentingcasino.com](http://gentingcasino.com). Genting is one of the largest operators in the global casino market and maintains more than 40 casino facilities in the UK alone. The agreement is a milestone for Evolution and is in line with the company's strategic focus on multi-channel solutions for land-based casinos.

### Launch of new games

Product innovation and development is a key area for Evolution. During the year, a new core game was launched, Live Caribbean Stud Poker, which is fully scalable and one of the world's most popular specialised table games. Another important launch was Live Baccarat Squeeze, a completely updated version of Evolution's Live Baccarat, which uses a new user interface and provides the most realistic gaming experience yet. Dual Play Roulette was also launched at Casino Dragonara in Malta. The product achieves convergence between online and land-based gaming by allowing players at the actual roulette table in the casino and online players to share the same game at the same table.

\* Adjusted for non-recurring IPO expenses of EUR 4.0 million in 2015 and EUR 0.7 million in 2014.

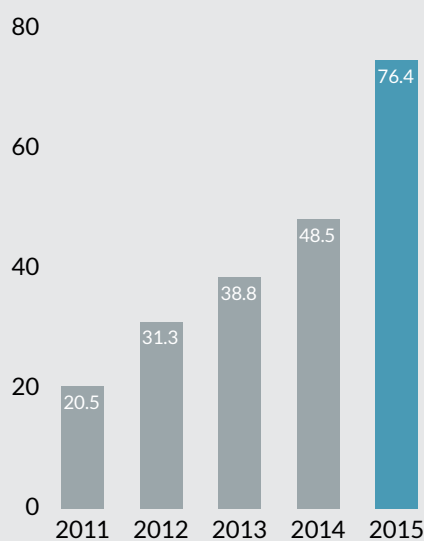
## The year in figures

## ADJUSTED EBITDA

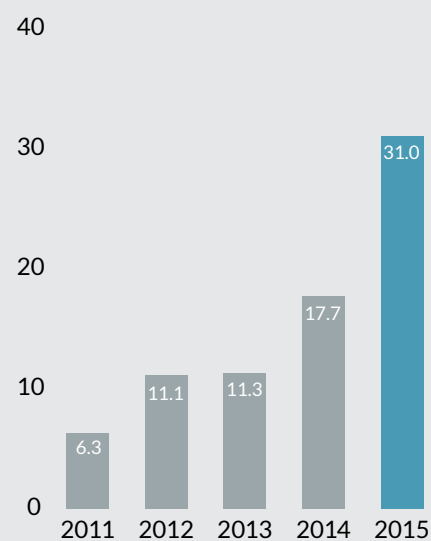
EUR  
31.0  
MILLION

+76%

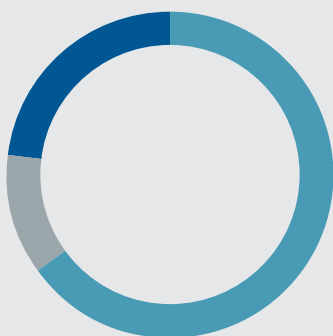
TOTAL OPERATING REVENUES (EUR MILLION)



EBITDA (EUR MILLION)



COST STRUCTURE (EXCL. IPO EXPENSES)



- Personnel costs 65%
- Depreciation, amortisation and impairment 12%
- Other operating expenses 23%

## KEY RATIOS

Group (EUR thousands)	2015	2014	%
Operating revenues	75,359	48,532	57%
Adjusted EBITDA	31,020	16,984	76%
Adjusted operating profit	25,075	13,091	82%
Profit for the period	20,028	12,097	66%
Revenue growth compared with previous year	57%	25%	-
Adjusted EBITDA margin	41%	36%	-
Adjusted operating margin	33%	28%	-
Return on shareholders' equity	59%	64%	-
Equity/assets ratio	73%	75%	-
Average number of full-time positions	1,156	859	35%

# 2015 – STRATEGIC BREAKTHROUGH FOR LIVE CASINO

Ten years have passed since I and my co-founders started Evolution Gaming and throughout that time, we have maintained a strong belief in Live Casino as a strategic tool for gaming operators to create loyal customers and meaningful brand differentiation. Many of our customers have shared that view for some years, but in 2015 we saw how it gained a foothold on a wider scale.

## Human interaction gives a new dimension online

Live Casino is undoubtedly the most personal way to reach out to and engage players online. In an increasingly digitised world, human interaction becomes a winning strategy – it provides a dynamic social experience and creates an additional level of confidence.

Not all that long ago, you could still see operators launching Live Casino without any real plan – it was just a way of expanding the product offering. That picture has changed considerably in recent years and particularly in 2015. A growing majority of operators are focusing increasingly on their live offering. They customise the content to reflect their brand and strive to deliver a unique experience that stands out from the crowd. This is evidenced by the significant increase in demand for dedicated tables and environments that we witnessed over the past year. This trend does not only apply to the major operators – even smaller players are demanding customised solutions to an increasing extent.

Apart from the increased need for studio space, this means that we at Evolution must do more for the operators than is normally expected of a provider. It is no longer a matter of simply supplying a product, we must also optimise it for each operator's individual needs and circumstances. Over the year we therefore devoted, and will over the upcoming years continue to devote, resources to

strengthening our business intelligence capabilities so that we can fully benefit from the unique structural capital that we have built up over the years. We also continue to invest resources into product innovation and development to meet the different needs of different operators, audiences and markets. As a market leader, offering a broad portfolio of gaming content is a basic requirement, and the fact that we have historically offered only five core games provides good potential for strengthening the offering and thus our position. During the year, we launched Caribbean Stud Poker as our sixth core game and, through agreements with Games Marketing and Scientific Games, we will launch additional content in 2016.

## Evolution's leading position strengthened

During the year, we signed a number of agreements that strengthen our leading position in the European Live Casino market. Perhaps the most notable was Microgaming, one of the world's leading gaming and platform providers, entailing Evolution being the preferred Live Casino provider for Microgaming's European customers. The agreement confirms that Live Casino is a highly complex product that imposes rigorous demands on the supplier, particularly in regulated markets. We have also signed agreements with platform providers SBTech and BetConstruct.

Another important agreement from 2015 was signed with Genting Alderney.

Through the deal, Evolution will become the exclusive supplier of Live Casino products to Genting, which is one of the world's largest and most well-known casino brands.

Last but not least, it is worth mentioning the agreement with Casino de Spa, the home of our new studio in Belgium. This studio has enabled us to establish strong relationships with the majority of Belgium's regulated casino operators and the country was our second-largest regulated market in terms of revenue at the end of the year. Evolution will continue to focus on regulated markets, benefiting from the advantages gained by early entry in new markets.

## Mobile growth

Mobile growth broke all records during the year. Gaming revenues via mobile devices increased by 239 percent and accounted for 27 percent of total gaming revenues generated through the Evolution platform. This can be compared with only 13 percent in 2014! We see a shift in gaming behaviour – previously, people played on their smartphones for short periods while on the move, now people play on mobile devices whether at home or on the move. To be successful in Live Casino, a perfected mobile experience is essential. Today, Evolution has the market's largest selection of tables accessible via mobile devices and all of its games are optimised for each device's screen size, connectivity and operating system.

## Land-based casinos are the next big opportunity

It is a known fact that land-based casinos are struggling with declining growth while the online segment is growing strongly. It is also a known fact that a land-based casino's two strongest assets are its VIP players and its brand. To say that Live Casino is the product that best capitalises on these assets is no understatement. Over the year we noted increased interest from land-based casinos to explore what

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*In an increasingly digitised world, human interaction is becoming a winning strategy – providing a dynamic social experience and establishing an additional level of security.*

opportunities are available online, and we expect this trend to grow stronger over the coming years.

Just as for online operators, it is important to be able to meet the land-based casinos' different needs. Some, like Casino Campione in Italy, want an on-premise studio with several tables and games. A slightly simpler version, and a gateway to an online presence, is our new Dual Play Roulette product, launched during the year, with Dragonara Casino in Malta being the first customer. The product erases the boundaries between land-based and online by allowing players from both worlds to game together. For the casino, it is simple maths: increased revenue at the same operating costs, and the opportunity to strengthen loyalty with key players.

#### **The path ahead**

Although 2015 was a record year in many ways, I regard it as a transitional year. Evolution still has much to accomplish and we will not rest until we have reached a position where no one else can catch up with us. We will continue to devote resources to our strategic focus areas, strengthening our team of skilled employees and constantly improving our existing offering. I would like to take this opportunity to thank all of our new shareholders – I hope you will continue with us on our journey.

*Best regards  
Jens*



# BUSINESS MODEL AND OBJECTIVES

With a scalable business model and an industry-leading offering, Evolution is leading the way for the development of the online casino segment in Europe.

## Business model

Evolution develops, produces, markets and licenses fully integrated Live Casino solutions to gaming operators. The gaming operators then market our products to their end users. Evolution's customers include the majority of the most prominent online gaming operators in Europe, as well as a number of land-based casinos that have expanded online. The five largest customers accounted for approximately 52 percent of revenues in 2015.



## Mission and vision

### Mission

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

### Vision

To be the leading Live Casino provider in the world.

## Medium to long-term objectives

### Revenue growth

To grow faster than the total European Live Casino market

✓ Outcome 2015: 57 percent compare with 19 percent for the market

### Profitability

Sustainable EBITDA margin of at least 35 percent

✓ Outcome 2015: 41 percent

### Dividend policy

To distribute a minimum dividend of 50 percent of net profit over time

✓ Outcome 2015: Proposal of 57 percent

### PROFITABILITY

35%

### DIVIDEND POLICY

50%





**Revenue model**

The agreements between Evolution and its customers are based on a selected service level and number of tables. The most basic agreements normally include access to, and broadcasting 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.

The majority of Evolution’s revenues consist of commission fees and fixed fees for dedicated tables, which are paid monthly by the operators.

Commission is calculated as a percentage of the operators’ winnings generated via the company’s Live Casino offering. Through commission, Evolution gains beneficial exposure to the general growth of the European Live Casino market.

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 Live Casino offering.

**Cost structure**

Evolution’s largest cost items are personnel costs and costs relating to facilities and production studios. Personnel costs are primarily related to staff and recruitment within operations, as well as IT and product development.

The cost of adding an additional gaming operator to the company’s Live Casino platform varies depending on the extent of the agreement. As a rule, Evolution is able to utilise existing studios and tables to keep the levied charge relatively low. Set-up fees cover some of the cost for new environments.

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



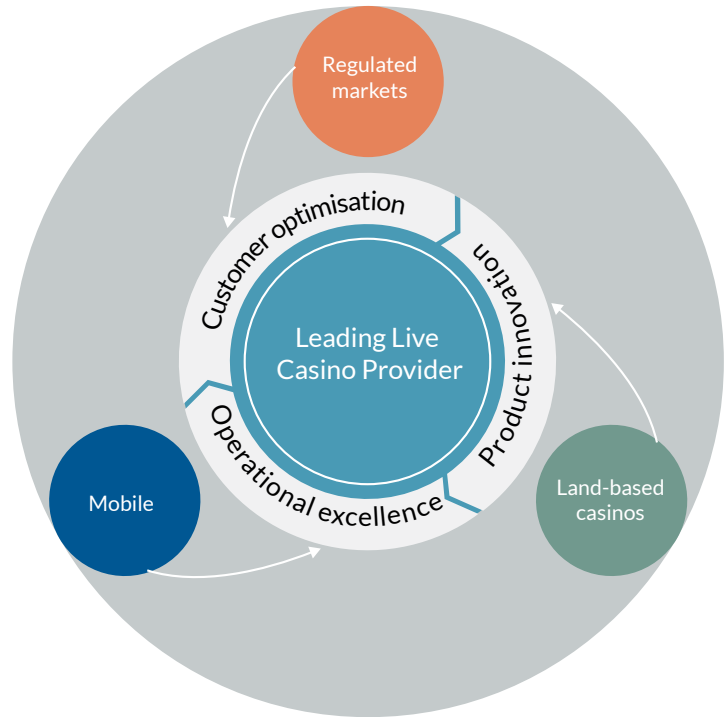
*Through commission, Evolution gains beneficial exposure to the general growth of the European Live Casino market.*

COST STRUCTURE (EXCL. IPO EXPENSES)



# STRATEGY FOR GROWTH

Evolution works according to a clear strategy to continue strengthening its market-leading position.



## Core areas

Evolution shall continue to strengthen its leading position in the European Live Casino market with a clear focus on activities that promote the operations and the offering. The company notes that the greatest growth derives from an increased 'Share of Live', i.e. the share of an operator's total revenue from casino services that stem from Live Casino, as operators invest increasing resources in their live offering.

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.

1

### Product innovation

Evolution strives to continuously improve its offering while, at the same time, developing the entire Live 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. Products launched in 2015 include Live Baccarat Squeeze, Dual Play Roulette and the new core product Live Caribbean Stud Poker. Launches planned for 2016 include Ultimate Texas Hold'em and Double Ball Roulette.



Read more about Live Baccarat Squeeze on page 16.

2

### Customer optimisation

Through its existing portfolio of customers, Evolution enjoys considerable opportunities to further develop, expand and refine each operator's Live Casino solution. Given the strong growth of the Live Casino market, an increasing number of operators are choosing to broaden their offerings and invest in dedicated environments. To strengthen its service to customers, Evolution expanded its Business Intelligence team in 2015, with the principle task of optimising each customer's offering to achieve the most successful arrangement possible. In the future, the company will be able to offer advanced software for the analysis of game data and an even higher degree of interactivity with end users to further strengthen the loyalty between operators and end users.

3

### Operational excellence

Evolution's market-leading position is mainly based on the competitive advantage that derives from the company's operational excellence in offering Live Casino solutions since 2006. 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 providers in Europe. The company has a sophisticated platform that simultaneously handles software, hardware, video, employees and user data. The continued development of the company's operational excellence is central to its continued growth and opportunities to further strengthen its market position.



## Focus areas in the coming years

Both the total online gaming market, as well as the market for Live Casino are constantly evolving. Evolution is continuously exploring new opportunities to grow and fulfil its vision of becoming the global leader in Live Casino. From a strategic perspective, it is considered particularly important to monitor and adapt to a number of trends over the coming years.

### Regulated markets

Several countries have regulated their gaming markets in recent years – a trend that is expected to continue. When a market is regulated, new end users explore different casino games and naturally tend to become aware of Live Casino, which is adapted to local markets, with dealers who communicate in end users' own languages. Consequently, for gaming operators, Live Casino is an important product in new markets. Evolution's stated strategy is to be the first Live Casino provider in regulated markets and it has successfully entered countries including Italy, Denmark, Spain and Belgium. The company's strong performance demonstrates the positive impact, in terms of earnings and growth, that establishing operations early entails. Evolution will continue to prioritise new markets in Europe, and potentially in other parts of the world over time.

### Land-based casinos

Traditional land-based casinos constitute a large part of the total casino market. These players often have strong brands and loyal customers, many of whom are high rollers. At the same time, growth for land-based casinos is low and an increasing number are seeking to migrate online to be able to grow their business. In cases like these, Live Casino can be seen as the natural bridge connecting land-based and online operations. Evolution aims to be the first-choice partner for land-based casinos seeking to expand online. Currently, the company has three on-premise studios at land-based casinos in Italy, Spain and Belgium. A Dual Play Roulette table is also offered at a land-based casino in Malta, where players online and at the casino can play together. In Evolution's assessment, demand from land-based casinos will increase over the coming years.

### Mobile

Gaming via smartphones grew sharply in popularity in 2015 and is expected to continue increasing over the next few years. All of Evolution's products are available in mobile versions. Mobile revenues are growing steadily and accounted for 27 percent of the total gaming revenues generated through Evolution's platform in 2015, and have to date not cannibalised revenues through other devices. Evolution will continue to invest in mobile development over the coming years, to benefit from the strong mobile trend and to be a leading provider of mobile Live Casino solutions.



Read more about Live Casino mobile on page 18.

# MARKET DEVELOPMENT

The European market for online casinos continued to grow sharply in 2015. This trend has been fuelled by several interacting factors, including increased internet penetration, improved broadband, payment solutions with improved security and more platforms. Evolution operates within Live Casino, the fastest growing segment within online casino.

## Gaming market in Europe

In 2015, the total European gaming market had an estimated value of EUR 95 billion, measured in gross gaming revenues. Roughly 82 percent of this figure comprised land-based gaming, primarily via monopolised state-owned lottery operations and land-based casinos.

The market for online gaming has grown significantly faster than the total gaming market in recent years. Between 2008 and 2015, online gaming achieved annual growth of around 13 percent compared with just 1 percent for the market as a whole.

This strong growth has been fuelled by underlying factors, which mainly include various kinds of technical advances. An increasing number of Europeans now have constant access to the internet, both via desktop computers and mobile devices, while there has been a substantial increase in data capacity. This has paved the way for higher-quality gaming experiences, which has attracted more players. Improved payment solutions and increased regulation have also boosted confidence and led to more players feeling secure about playing online.

Online casino has been one of the fastest growing segments in the market for online gaming, with annual growth of 15 percent between 2008 and 2015. Evolution operates within Live Casino, which in turn is the fastest growing segment within online casino, with an annual growth rate of 41 percent in the same period.

In 2015, the online gaming market grew by 8 percent and the total gaming market by 2 percent.

## Live Casino

The Live Casino market had an estimated value of EUR 972 million at the end of the year, representing growth of 19 percent compared with 2014.

Just like the total online gaming market, this development is underpinned by technological progress and new distribution channels –

particularly strong demand from gaming operators and their end users. Live Casino has traditionally been an add-on product in operators' online casino interface, but it has now become an integrated and strategically highly important product. Since online gaming can be perceived as relatively generic between different operators, Live Casino offers considerable opportunities to completely customise both the backdrop and content, providing a differentiated experience for both operators and end users.

The growth of Live Casino is also underpinned by new regulated markets. Live Casino has proven to be a product that is well suited to recently regulated markets, where interaction with people who speak your own language builds trust among end users. In 2015, new online regulations were introduced in Belgium for example.

The tendency among land-based casinos to expand their offering online has contributed to the strong growth of Live Casino.

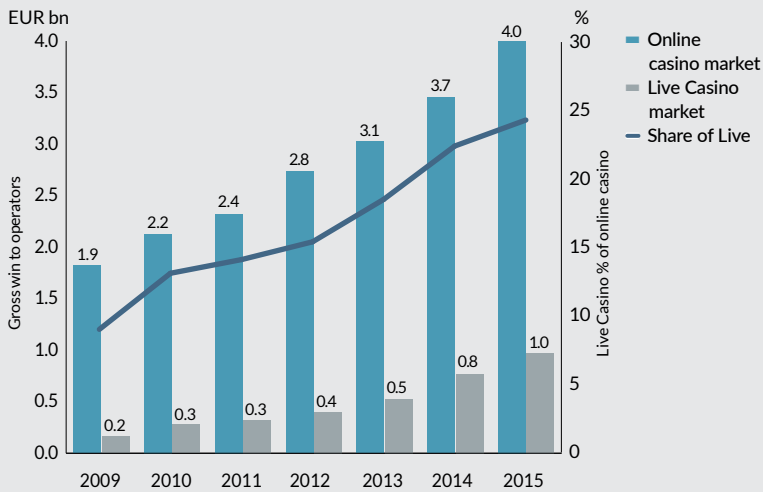
Evolution estimates its market share in Europe to be between 50 and 60 percent in 2015.

## Competition

The Live Casino market in Europe is fragmented, but its strong trend has encouraged more providers of online casino systems to develop Live Casino solutions. The barriers to entry are relatively low, while the barriers to success are much higher. Live Casino is a very complex product that, in addition to a technical solution, requires both a certain volume and outstanding operational excellence to perform satisfactorily. Evolution's market position and industry-leading platform mean that the company primarily encounters competitors offering operators an entire portfolio of casino products, of which Live Casino is only part of the offering. To date, Evolution has not lost a single customer to another niche provider of Live Casino.

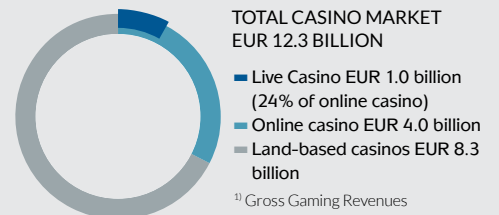
All market data in this section is based on information from H2GC.

EUROPEAN CASINO MARKET, GROWTH BY SEGMENT



Source: H2GC

EUROPEAN CASINO MARKET IN 2015<sup>1)</sup>



## Regulation

The gaming industry in Europe and within the EU is regulated at national level, and there is as yet no common European or international gaming legislation. This situation is not expected to change over the next few years. 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 EU country offer games in

other member states. An increasing number of European countries have therefore introduced national regulations in recent years. This means that gaming operators, and in some cases even providers, must apply for country-specific licences, pay local taxes and be subject to national monitoring. Regulation is an important factor in the growth of the Live 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 to affect the company indirectly.



BLACK JACK PAYS 3 TO 2  
must stand on 17 and must draw to  
INSURANCE PAYS 2 TO 1

# STRONG POSITION IN BELGIUM WITH SATELLITE STUDIO

In mid-2015, Evolution launched an on-premise studio at Casino de Spa in Belgium, while signing agreements with the majority of the operators licensed to provide online casino in the Belgian market.

The studio has been set up in the former ballroom of Casino de Spa, where the live tables are visible to visitors to the historic land-based casino, which originally opened in 1763. The studio meets the demands of Belgian gaming legislation, requiring a physical presence and dealers serving end users in Flemish and French. The studio is monitored by Evolution's Mission Control Room in Riga, which also provides games when the physical casino is closed.

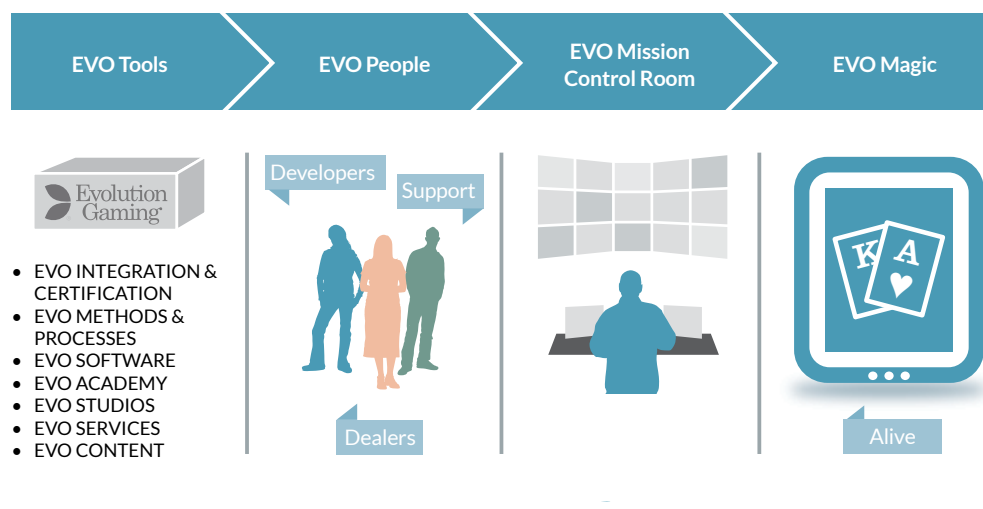
Prior to creating the studio, Evolution signed agreements with the majority of the operators permitted to provide online casino in Belgium, thereby achieving a dominant position in the Belgian Live Casino market.

Evolution maintains a strategic focus on regulated markets and delivers customised solutions that meet demand from both operators and legislators. Via the studio at Casino de Spa, operators are given the opportunity to enter the market using Evolution's industry-leading solutions and robust infrastructure at low cost. The location of the studio at a land-based casino provides additional marketing opportunities and a more realistic feel online – as real as it gets.

# OPERATIONS

Evolution offers an industry-leading Live Casino platform that simultaneously handles hardware, software, video, employees and user data, giving the end user a unique gaming experience.

## Evolution's platform – The EVO system



### From live to alive

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 dealers and other staff to content, streaming, production, supervision, customer services and follow-up. All operational activities are monitored by the company's Mission Control Room, which is based at the production studios in Latvia and Malta. For end users, a Live Casino game via Evolution's platform should feel like more than just a game on a computer or mobile device – it should be the most realistic gaming experience available online.

### 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 purpose of ensuring uninterrupted video streaming in HD, or whatever format best suits the end user's capacity. In 2015, system availability was 99.87 percent, excluding scheduled maintenance.



## Studios

Evolution has two production studios – one in Riga, Latvia, and one in Luqa, Malta. Most of the operations are conducted in Riga, with primarily English-speaking dealers serving both generic and dedicated tables. In Malta, there are mainly international dealer teams serving regulated markets such as Denmark and Italy. The studio in Riga has a floor space of just over 6,000 square metres, and the one in Malta is around 2,000 square metres. Together they provide over 150 tables for Evolution's customers.

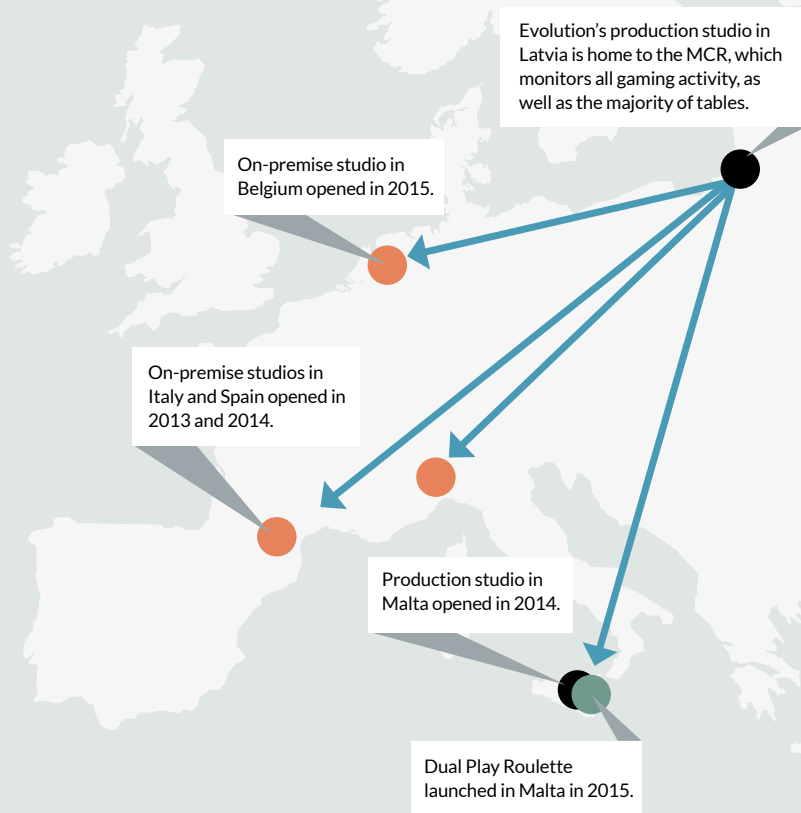
The studios have a modular design to enable a high level of flexibility and allow tables to be quickly re-arranged and used according to demand. This is particularly useful when operators upgrade from a generic to a dedicated environment, as it is easy for Evolution to isolate the new environment from the generic one. Since demand for dedicated tables has increased sharply, in 2015, Evolution decided to acquire the company that owns the studio property in Riga. The property has some 10,800 square metres of floor space and the acquisition thus ensures continued expansion and faster delivery.

In addition to the production studios, Evolution also runs three on-premise studios inside land-based casinos in Italy, Spain and Belgium.

The studios in Belgium and Spain have been built to meet the national gaming regulations requiring a land-based presence in each market. In Belgium, the studio is located at Casino de Spa and serves most of the country's operators with online casino licences. The dealers speak French and Flemish. In Spain, the studio has been built at Gran Casino Murcia and has one generic roulette table. Roulette is the only live game permitted in Spain.

The studio in Italy has been built for the Casinó Campione d'Italia as a strategic tool for expanding the casino's offering to also include online activities. The studio has been built inside the casino itself and can be seen by all visitors, but games take place via the casino's website, which has been integrated with Evolution's platform.

In 2015, a table for Dual Play Roulette also opened at Dragonara Casino, Malta. At this table, players online and at the casino can participate in the same game, providing the casino advantageous online exposure at the same ongoing cost as a solely land-based offering. Evolution expects that additional land-based casinos will seek this type of product in the coming years.



## Evolution Academy

Evolution Academy is located at the production studio in Latvia and is responsible for the recruitment and initial and ongoing training of all gaming personal – from dealers to card shufflers and customer service personnel. The Academy is set up just like a real Live Casino studio, to provide camera training that is as realistic as possible.

## Mission Control Room

Mission Control Room (MCR) is the heart of Evolution's operations. MCR is responsible for ensuring operating 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, dealers and gaming patterns – all with the aim of optimising security and providing protection against fraud. MCR's central hub is based at the production studio in Latvia. A secondary MCR has been built in Malta as part of the company's continuity planning. MCR ensures the scalability of Evolution's business, as all studios can be monitored from one place.

- Evolution Gaming production studio
- On-premise studio at our customer's facility
- Dual Play Roulette



## Product Portfolio



### Live ROULETTE

A classic that has been part of Evolution's offering right from the start. A dealer spins a ball against the rotational direction of the wheel and the end user bets on a number, colour or combination of both. In addition to the original game, Evolution offers several derivatives, that is, variations on the core game, such as Immersive Roulette. Roulette is Evolution's biggest game in terms of revenues generated.



### Live BLACKJACK

Another classic in which the end user tries to get a hand of cards that adds up closer to 21 than the dealer's hand. Blackjack is the only game in Evolution's selection that is not fully scalable in its original form, with a maximum of seven end users per table. Consequently, Evolution has launched Bet Behind, where additional end users can participate by betting on those sitting at the table. Blackjack is Evolution's second largest game in terms of revenues generated and is available in several derivative formats, including Blackjack Party.



### Live BACCARAT – Upgraded in 2015

Baccarat is the most popular card game at land-based casinos in Asia and is rapidly gaining popularity in Europe as well. End users bet on whether their own hand or the dealer's comes closest to 9, or if the outcome is a tie. In 2015, Evolution launched a completely upgraded version of Baccarat that brings the realism even closer to the experience of a land-based casino, with bean-shaped tables, dark cards, roads and squeeze.



### Live CASINO HOLD'EM

A fully scalable variant of the highly popular poker game Texas Hold'em, in which the end user plays against the dealer. The aim is to achieve the best possible five-card hand based on two of your own cards and five community cards. The game fits particularly well in the offering to gaming operators who wish to attract poker enthusiasts to their online casinos.



### Live THREE CARD POKER

A variation on poker, where the end users play against the dealer with just three cards each. Three Card Poker was launched at the beginning of 2014 as Evolution's fifth core game and has seen rapid growth in popularity. The game suits both novices and experts, owing to simple rules and an exciting tempo. There are a number of side bets to the game, including Six Card Bonus Bet, which gives end users the opportunity to win up to 1,000 to 1.



### Live CARIBBEAN STUD POKER – New in 2015

Caribbean Stud Poker was launched as Evolution's sixth core game in 2015. It is a specialty table game that is very popular at land-based casinos worldwide and, among major providers, Evolution is alone in being able to offer the live version in Europe. End users play against the dealer and the highest five-card hand wins. The game is fully scalable and a progressive jackpot will be launched in 2016 to further heighten the excitement.



### Customised services

The Live Casino vertical has risen in importance for operators in recent years and is becoming an increasingly important strategic tool for achieving brand differentiation. 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. Even smaller players, who have historically often used generic shared tables, have begun to seek more customised content to a greater extent. Among the major players, it is more the rule than the exception to sign a contract for a fully dedicated environment.

### Distribution channels

Evolution offers end users simple access to Live Casino games via all major platforms. Most end users play via their desktop, but mobile devices such as smartphones and tablets are gaining popularity. In 2015, about 27 percent of gaming revenues were generated via Evolution's platform through mobile devices. All mobile games are built in HTML5 to ensure smooth integration with the operator's mobile websites and apps.

## Live Baccarat Squeeze: A grand live experience

In December 2015, Evolution launched a completely upgraded Live Baccarat offering with Live Baccarat Squeeze as its flagship product. In Live Baccarat Squeeze, 17 HD cameras capture all of the activity and excitement of the game, which has also gained fame thanks to the character James Bond and which still is the most popular table game at casinos in Asia. The highlight of Evolution's version of the game is what is known as a squeeze, when the dealer bends up the cards of the hand with the highest bet, which is captured in a series of close-ups.

The game also includes additional side bets and the opportunity to see trends, so called roads – all to get as close as possible to the real casino experience. First to launch Live Baccarat was Evolution's long-standing customer William Hill, which has included the table as part of a new dedicated environment for its online brand Macau.

### Examples of adaptations to give the most unique Live Casino service possible

- Dedicated tables and teams
- Native speaking dealers
- Standard and VIP tables
- Operating hours
- Gaming limits
- Land-based environments, 3D-rendered backdrops and blue screen technology

# LIVE CASINO ON MOBILE DEVICES FORGES AHEAD

It was in 2015 that smartphones and tablets broke through in earnest as a platform for Live Casino. A whole 27 percent of gaming revenues generated through Evolution's services derived from mobile devices, compared to 13 percent in 2014. This strong shift towards mobile devices imposes substantial demands on having a product that manages to convey the same realistic feeling as it does to desktop, despite smaller screens and wireless connections.

”

*Mobile gaming was previously seen as something usually done on the go, but today gaming sessions via smartphones and tablets look almost the same as on a computer.*

Live Casino can be a grandiose experience on smaller screens and various mobile operating systems, as long as the games are suitably optimised. Evolution began customising its products for mobile platforms at an early stage and has, from the outset, applied the strategy that it should be possible to access all tables and game types using mobile devices. Previously, mobile gaming was considered to be an activity usually performed on the go, but today gaming sessions on smartphones and tablets look almost the same as on a computer.

For Evolution, a key factor in mobile development is focusing on customers rather than mobile devices. Naturally, mobile-specific aspects, such as the roll-out of 4G, lower costs for data traffic and smartphones with increasingly large screens, help to make gaming on mobile devices easier. However, the user experience

and the game experience are most important in attracting and retaining players.

A crucial aspect is ensuring that the player never loses contact with the game. Evolution works continuously to develop its user interface and video solutions, always adapting them to each specific operating system and device. In 2015, for example, a new video format for older smartphones was launched, doubling the quality of the video while using a quarter of the bandwidth.

With regard to supplementary functions, Evolution always makes an assessment – in some cases it is possible to integrate and enhance the experience, while in others, the small screen is an impediment and supplementary functions are de-selected. In that respect, the choice is simple – Evolution never compromises on the gaming experience.





# CUSTOMERS

Evolution's customer portfolio includes a majority of Europe's largest online operators and a number of land-based casinos. The main growth derives from the existing customer portfolio, since operators generally extend the scale of their live offerings. Evolution can also follow existing customers into new markets as more countries become regulated. New customers in 2015 include Genting Alderney, Marathonbet and Gamesys and new platform partnerships were established with Microgaming and SBTech.

## Some of our customers



### Customer portfolio

Evolution's customer portfolio comprises online operators and land-based casinos. The online operators can be divided up into sportsbook operators and online gaming operators.

Sportsbook operators focus primarily on games and betting on various sports, but they also offer casino products, where Live Casino has gained significance in recent years thanks to favourable conversion from live betting in particular. Sportsbook operators often run successful campaigns and specific activities in within the framework of their live offerings in connection with major sports events.

Online gaming operators often provide a broad portfolio of RNG games, such as slots, as well as casino games in which Live Casino comprises an important part to differentiate the offering.

Land-based casinos that decide to expand online are expected to increase in number over the next few years and Evolution aims to be the natural partner when this happens. At the end of 2015, Evolution's customer portfolio included four 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. Evolution is included among platforms at Microgaming, EveryMatrix, BetConstruct and SBTech.

### New customers in 2015

Evolution announces all new customers and partnerships classified as Tier 1, i.e. customers of strategic, financial or other particular significance. During 2015, agreements were signed with Microgaming, Genting Alderney, Marathonbet, Adjarabet, Casumo, Gamesys and SBTech, among others.

### Growth among existing customers

A key aspect of the company's strategy is to increase its 'Share of Live' among existing customers via new product launches, services and adaptations. Evolution also follows existing customers to new regulated markets. A growing number of the company's customers are investing

CUSTOMER DEPENDENCY (% OF REVENUES)

	2013	2014	2015
Top 1	13%	14%	14%
Top 1-3	32%	36%	35%
Top 1-5	46%	53%	52%

more resources in their Live Casino offering through a higher degree of customisation, such as dedicated tables and native speaking dealers. Explanations for this trend include the strong growth in Live Casino on the European market and an increased strategic focus on brand differentiation.

### Customer dependency

Most of Evolution's largest customers have strengthened their focus on Live Casino in recent years, although the company has managed to retain roughly the same dependency towards its five largest customers through add-on sales to other existing customers and new sales. Evolution's largest customer accounted for approximately 14 percent of revenues in 2015, and the five largest customers accounted for roughly 52 percent of revenues.

### Risk assessment for new customers

As a B2B provider, Evolution's revenues are generated via gaming operators. The company has numerous 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. Evolution therefore has a limited risk exposure to fraud and money laundering. To satisfy licence 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.



*A key aspect of the company's strategy is to increase its 'Share of Live' among existing customers via new product launches, services and adaptations. Evolution also follows existing customers to new regulated markets.*

# CUSTOMERS ABOUT EVOLUTION



“ Evolution provides us with an extremely flexible solution that allows us to deliver world-class Live Casino offerings that meet the needs of our Group’s different brands and audiences. For example, the dedicated tables for our Oranje brand, complete with native speaking Dutch dealers, are a precisely tailored solution for that brand’s marketplace. Also, as the full suite of Betsson Group tables are alongside each other in Evolution’s studios, our whole Live Casino operation is a natural extension of our own business.

*Christopher Hirst  
Head of Live Casino & Poker, Betsson*



“ We are a land-based casino with a rich tradition, but we are always open to innovative ideas. Convergence is therefore a key area for us, and we are delighted to be the first land-based casino in the world to offer Evolution’s Dual Play Roulette. The Dual Play table, located on our actual gaming floor, allows land-based customers and online customers to play together at the same table. Dual Play is already generating significant incremental revenue – from loyal local customers, from customers who previously played only when on holiday or on business in Malta, and from new customers too.

*Franco Degabriele  
Business Development Director,  
Dragonara Gaming*



“ After a thorough review we concluded that Evolution – with its clear focus on helping operators create meaningful differentiation for their brands – was the Live Casino provider best placed to meet our needs. As a result, Evolution now provides all of Genting’s Live Casino services, including a dedicated environment complete with dedicated team and a separate Salle Privée. We are very pleased with how Evolution has distinguished our brand and its various offerings to different audiences. Evolution is more than just a specialist in Live Casino; it’s a specialist in brand differentiation.

*Andrew Bentley  
Head of Gaming, Genting Alderney*



“ Our flagship B2C brands such as Sportingbet and bwin have relied on Evolution’s services for many years to deliver multi-device services to players worldwide. As a result, we understand very well the power of Evolution’s full range of Live Casino solutions, including dedicated environments and native speaking dealer tables. We see Evolution as a strategic partner – a partner that gives us maximum scope to deliver the best possible offering to players in all our markets, across the widest range of games, tables and devices.

*Kenny Alexander  
CEO, GVC*





# LICENSING, SECURITY AND GAMING RESPONSIBILITY

Evolution endeavours to be the most reliable and transparent Live Casino provider on the market and therefore holds all the licences and certifications that Evolution assesses are required to maintain the highest international standards in terms of regulatory compliance and security. Evolution also plays an active role in supporting the preventions of gambling-related problems.

## Licences

Evolution holds a Class 4 licence for B2B operations from the Malta Gaming Authority, as well as a Category 2 certificate from Alderney Gambling Control Commission. The company also holds a Remote Operating Licence issued by the UK Gambling Commission. Evolution is also certified in Italy, Denmark, Spain and Belgium, and has a transactional waiver for a licence in New Jersey, USA. The licensors perform regular reviews to ensure that Evolution complies with the licensing requirements.

In addition to licences and certifications with a direct impact on the company's capacity to offer its services, Evolution has, since 2015, also been part of the Latvian government's *In-Depth Cooperation Programme*. The programme is an initiative aimed at increasing cooperation between government and industry. To be included in the programme, a company must meet certain criteria on matters relating to financial position, number of employees, wage levels and tax payment history.

## Security

Gaming security is of the utmost importance for Evolution to maintain confidence in the market. Evolution holds an ISO 27001:2013 certification, the latest ISO standard for IT security. The certification process was carried out in Latvia, since most of the company's operations and its platform are based there, and is confirmation that Evolution has successfully organised its processes in a way that safeguards confidentiality, integrity and availability of information and data.

## Mission Control Room

All games, transactions, volumes and behaviour patterns are monitored in real time, 24 hours a day, all year round, via Evolution's Mission Control Room. This proactive approach allows the company to identify potential problems immediately and inform operators. This in turn allows operators to take immediate steps to prevent their service from being used for fraud or money laundering purposes, for example.

## Gaming responsibility

Although, as a B2B provider, Evolution does not have a direct relationship with the end user, the company works with its stakeholders to prevent gambling-related problems. The company wants Live Casino games to be associated with fun and entertainment, which is why detecting unhealthy gaming behaviours is crucial. Relevant categories of employees are trained in how to detect high-risk behaviour and other issues with the aim of raising awareness of gambling-related problems. Evolution can also provide technical support to help the operator offer gaming limits, in which end users can restrict how much money they play with, or introduce a limit as to how much they can lose. Evolution donates funds every year to the Responsible Gambling Trust in the UK, a support organisation to tackle gambling addiction. The company also wants to promote the responsible marketing of Live Casino games and supports the Code of Advertising Gaming and Gambling developed by the UK sector organisation CAP (Committee of Advertising Practice).

# A THRIVING CORPORATE CULTURE

Evolution’s successes are largely dependent on the company’s employees and the values that form the basis of operations. A strong corporate culture, with the customer and end user at the core, guarantees a unique Live Casino experience.

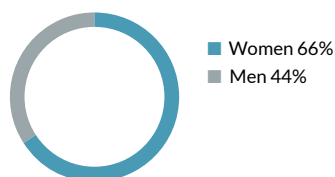
Evolution’s employees are based at the company’s studios and offices in Latvia, Malta, Belgium, the UK and Sweden. Evolution’s employees join an international environment with a wealth of career paths. The vast majority work within the operative gaming side of the business, with dealers comprising the largest group. Many employees, primarily in Latvia, are part-time students, but when they have completed their studies they can opt to continue as full-time employees within the company.

The company’s IT units attract highly qualified experts who are keen to work in an innovative environment with advanced and modern technology. Since product innovation is

a key element of Evolution’s strategy, creativity and fresh approaches are highly prized, while expertise within areas such as development, infrastructure and quality assurance are of the greatest importance.

Evolution strives to be an attractive employer offering competitive salaries and other incentives. The company aims to achieve a dynamic and equal working environment, in which all employees feel they have equal opportunities and are contributing towards the company’s success. Leadership is a central aspect of the company’s employer strategy and managers are given support and tools to enable them to fulfil their roles successfully.

GENDER DISTRIBUTION



DIVISION OF ROLES (FULL-TIME POSITIONS)



NUMBER OF EMPLOYEES

1,922

NUMBER OF FULL-TIME POSITIONS

1,338

## Our values



### Shared values

It is Evolution’s employees who determine the quality of the gaming experience for the end user and the operator’s perception of the company’s services. The company therefore has a strong corporate culture and shared set of values that encourage everyone to go the extra mile for the customer and end user, to make Evolution’s services as realistic as possible.

### Evolution Academy

Evolution Academics are located at the production studios in Latvia and Malta and are responsible for the recruitment and initial and ongoing training of all gaming personal – from dealers 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 dealer 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, legislation, money laundering and other areas of control form a key part of the training activities.



## WORLD'S BEST DEALERS

Human interaction is a vital part of the Live Casino experience – without the dealer's expertise and abilities the game would not be the same. Evolution places great emphasis on recruiting the best talent and training its employees to become the best in the business.

The secret recipe is to be found at the Evolution Academy, where all new dealers learn the basics of the profession. They are then trained continuously, developing their skills and their knowledge of the games and everything that goes with that. The company also focuses extensively on developing dealers' personal characteristics, including their confidence and integrity – strengths that are also valuable even outside work.

Many dealers combine work with studies and Evolution's employees include medical students and engineers. However, what they all share are strong social skills, bilingualism, a capacity for multi-tasking and a modern mindset.

Evolution offers competitive wages with a bonus system that provides additional incentive, flexible shifts that make it easy to combine work with other activities and personal development in a dynamic and fast-paced environment.

As time passes, a dealer just gets better and better. Evolution has many employees who could almost be referred to as superstars – probably some of the world's best dealers. As a young, entrepreneurial company, Evolution seeks to retain and develop talent and can offer exciting career paths within the group.





# THE EVOLUTION SHARE

## Initial Public Offering

The company's shares commenced trading on the Nasdaq First North Premier exchange on 20 March 2015. Further information about the listing is available in the prospectus, which is available at [www.evolutiongaming.com/investors](http://www.evolutiongaming.com/investors). The company intends to apply for listing on the main Nasdaq Stockholm list during 2016.

## Share capital

On 31 December 2015, the share capital amounted to EUR 539,555.655, divided between a total 35,970,377 shares, each with a nominal value of EUR 0.015. 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

The subscription price in connection with the initial public offering was SEK 80 per share. The closing price on the last trading day of the year, 30 December 2015, was SEK 306.50, corresponding to a market capitalisation of about SEK 11 billion. A total 33,656,719 shares were traded during the year, corresponding to a value of SEK 5.8 billion. The average number of shares traded per trading day was 170,846. At the close of trading on the final trading day of the year, the share price had risen by SEK 226.50 from the subscription price, corresponding to an increase of 283 percent. Over the period 20 March to 30 December, the First North as a whole rose by 37 percent.

## Shareholders

As of 31 December 2015, Evolution had 7,822 shareholders, compared with about 2,934 at the end of March, the month in which the initial public offering took place. The company's ten largest shareholders accounted for 64 percent of the share capital and votes. Shareholders based in Sweden accounted for 44 percent of the capital. Shareholders based in the UK accounted for 24 percent.

## Dividend

The company's Board of Directors proposes that the 2016 Annual General Meeting approve a dividend of EUR 0.32 per share for the 2015 financial year, representing a payout ratio of 57 percent. The company's dividend policy is to distribute at least 50 percent of the annual net profit over time.

## Investor relations

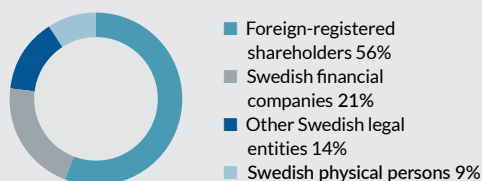
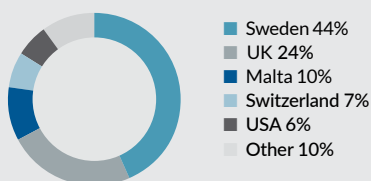
Evolution's financial communication shall be characterised by correct, clear and relevant information that facilitates the understanding of the company's business model, strategy and financial development. Evolution provides its shareholders and other stakeholders with identical information simultaneously 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 on [www.evolutiongaming.com/investors](http://www.evolutiongaming.com/investors).

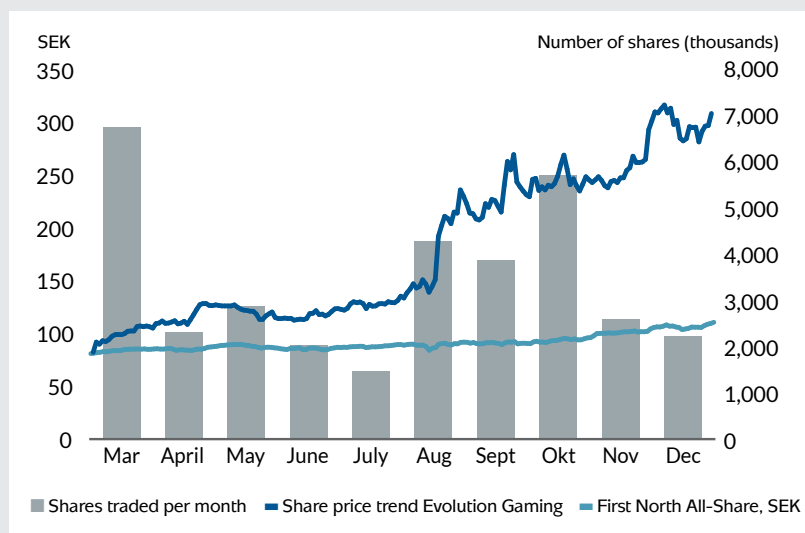
It is also possible to subscribe to send-outs via the website. The website also contains information on insider holdings of and transactions involving the company's shares, as well as a quarterly updated overview of the company's shareholder structure.

## FINANCIAL CALENDAR 2016

Annual General Meeting 2015	28 April 2016
<b>Interim reports</b>	
January-March	27 April 2016
January-June	17 August 2016
January-September	25 October 2016
Year-end report 2016	February 2017

SHAREHOLDER CATEGORIES,  
PROPORTION OF CAPITAL AND VOTESOWNERSHIP COUNTRIES,  
SHARE OF CAPITAL AND VOTES

## SHARE PRICE PERFORMANCE



## TEN LARGEST SHAREHOLDERS, 31 DECEMBER 2015 (GROUPED BY OWNER)

Shareholders	Holding	Capital/votes
Richard Livingstone	5,950,032	16.5%
FROS Ventures AB	3,619,906	10.1%
JOVB Investment AB	3,619,906	10.1%
Swedbank Robur fonder	3,034,686	8.4%
UBS Switzerland AG	2,121,051	5.9%
Livförsäkringsbolaget Skandia	1,179,073	3.3%
Handelsbanken Fonder	1,091,000	3.0%
Danica Pension	1,066,713	3.0%
Avanza Pension	703,735	2.0%
Skandrenting AB	625,000	1.7%
<b>Total, ten largest shareholders</b>	<b>23,011,102</b>	<b>64.0%</b>
<b>Other shareholders</b>	<b>12,959,275</b>	<b>36.0%</b>
<b>Total</b>	<b>35,970,377</b>	<b>100%</b>

## Share data

	2015
Earnings per share (EUR)	0.56
Dividend (EUR/share) <sup>1)</sup>	0.32
Payout ratio (%)	57%
Shares outstanding at the end of the year	35,970,377
Average number of shares outstanding	35,901,256
Share price on the closing date (SEK)	306.5
Yield <sup>2)</sup>	1.0%
Total return, Evolution shares	283%
Number of shares traded	33,656,719
Turnover rate	94%
Market capitalisation at year-end (SEKm)	11,025
Number of shareholders	7,822

1) Board proposal

2) Assuming an exchange rate of EUR/SEK 9.40

## ANALYSTS MONITORING EVOLUTION

Carnegie Investment Bank  
Mikael LaséenHandelsbanken  
Rasmus EngbergNordea  
Christian HellmanSEB  
Olof Larshammar

# DIRECTORS' REPORT

The Board of Directors and the Managing Director of Evolution Gaming Group AB (publ) 556994-5792 ("Evolution") hereby present the annual accounts for the group and the parent company for the 2015 financial year.

## Operations

Evolution develops, produces, markets and licenses fully integrated Live Casino solutions to gaming operators. In Live Casino, a dealer runs the game from a casino gaming table that is followed in real time via video streaming. End users, i.e. the players, make betting decisions on their devices (computers, smartphones, tablets, etc.) and are able to communicate with the dealer using a text chat function.

Evolution is a B2B provider and, at the end of 2015, had more than 70 customers, including the 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.

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 dealers 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's core games include Live Roulette, Live Blackjack, Live Baccarat, Live Casino Hold'em, Live Three Card Poker and Live Caribbean Stud Poker. 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, and Luqa, Malta, where the majority of the operations are conducted. The Company also runs a number of on-premise studios at land-based casinos in Belgium, Italy and Spain. The Parent Company of the group is located in Stockholm, Sweden. An additional office is located in London, United Kingdom.

Evolution's revenues consist of fixed and variable consideration from the company's customers. The 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 considerable 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. Evolution is purely an operating and development company; consequently, it does not conduct any gaming operations of its own.

## Business concept and target

Evolution's business concept is to offer gaming operators in regulated markets a flawless and localised Live Casino service for all digital platforms. In the medium to long term, the company

aims to grow faster than the total European Live Casino market while maintaining a sustainable EBITDA margin of at least 35 percent.

## Significant events in 2015

- Successful listing of the company's shares on the Nasdaq First North Premier growth market
- New on-premise studio in Belgium to meet new gaming regulations requiring a land-based presence in the market
- Launch of the new core game Live Caribbean Stud Poker, a new version of Live Baccarat, as well as the new product Dual Play Roulette for land-based casinos
- New agreements with Microgaming, Genting Alderney, Games Marketing, Gamesys and SBTech, as well as with a majority of Belgian licensed online casino operators, among others
- Decision to acquire the building in Riga that houses the company's largest production studio, finalised in February 2016
- The Board proposes a dividend of EUR 0.32 per share

## Market

The European Live Casino market developed strongly in 2015 and, according to independent institute H2 Gambling Capital, it had an estimated value of approximately EUR 972 million at year-end. Just like the total online gaming market, this development is underpinned by technological progress and new distribution channels – as well as strong demand from gaming operators and their end users. 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.

The growth of Live Casino is also underpinned by new regulated markets. As players in such markets are less used to online gaming, there is generally less confidence in games based on random number generators. Human dealers who speak the local language improve confidence. Live casino has therefore turned out to be a good entry-level product when gaming operators launch their brands in new markets. The tendency among land-based casinos to expand their offering online has contributed to the strong growth of Live Casino.

Evolution estimates that its market share among Live Casino operators in Europe is between 50 and 60 percent. 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 company notes that the greatest growth derives from an increased Share of Live, i.e. the share of an operator's total casino revenue that stems from Live Casino, since considerable potential remains for operators to develop and refine



their live offerings. The three 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

Evolution communicates all new agreements that are considered to be of strategic, financial or other material importance. In 2015, agreements were signed with Adjarabet, Casino de Spa, Casumo, Dragonara Casino, Gamesys, Genting Alderney, Marathonbet, Microgaming and SBTech, among others. Agreements were also concluded with a number of smaller operators and platforms, while existing agreements were expanded to cover additional services and tables.

### Revenues and profit

#### REVENUES

Evolution's total operating revenues amounted to EUR 76.4 million (48.5) in the financial year ending on 31 December 2015. The increase was driven primarily by a substantial increase in revenue through commission fees, primarily from existing clients. New customers also contributed to growth to a certain extent. The increase was also driven in part by an increase in fixed revenues in the form of fees for dedicated tables.

#### EXPENSES AND PROFIT

Total operating expenses amounted to EUR 55.3 million (35.4).

The company's personnel expenses rose to EUR 33.5 million (23.7), mainly driven by higher costs for personnel in connection with the launch of new tables, as well as recruitments in IT and product development and of key personnel in the company's areas of strategic focus.

Depreciation, amortisation and impairments amounted to EUR 5.9 million (3.9), an increase explained by the expansion and remodelling of the company's existing studios, the new studio in Belgium, as well as the completion of several development projects.

Other operating expenses rose to EUR 15.8 million (7.9), driven by expenses for premises, consumables and communications. Non-recurrent expenses of EUR 4.0 million (0.7) related to the company's IPO in March 2015 were also included in other operating expenses.

Operating profit for the year amounted to EUR 21.1 million (13.1) with an operating margin of 28 percent (27).

Financial items only had marginal impact on the profit and amounted to a EUR 0.0 million (positive: 0.01).

The Group's effective tax rate for the year amounted to 5.0 percent (7.7). The effective tax rate is chiefly affected by the countries in which Evolution conducts operations and generates profit, which may vary between reporting periods. In 2015, a greater share of the profit was taxed in Malta, which has a lower corporate tax rate than other jurisdictions. The tax rate was also impacted by the company's IPO, with the expenses for the IPO being booked in the Swedish parent company as missing revenue at the time the IPO took place. Accordingly, a deferred tax asset arose.

Profit for the year amounted to EUR 20.0 million (12.1).

### INVESTMENTS

The Group's investments in intangible assets amounted to EUR 7.2 million (4.3) in 2015. Investments in intangible assets refer to the development of new games for smartphones, tablets and computers and technical improvements of the platform, such as new functionality, higher capacity and adjustments for requirements on regulated markets. Development projects over the year included games for mobile devices, a new version of Live Baccarat and the new games Live Caribbean Stud Poker and Dual Play Roulette.

Investments in property, plant and equipment amounted to EUR 4.8 million (1.7). Investments in property, plant and equipment primarily comprised new studio space, new gaming tables, servers and other computer equipment to meet new technical requirements and maintain capacity and performance in connection with new platform launches. 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 23.9 million (14.2) over the year. The increase is primarily due to an improved profit. Cash flow from investing activities was negative in the amount of EUR 11.9 million (6.0). 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 0.3 million (negative: 5.5). Cash and cash equivalents amounted to EUR 19.9 million (8.3) at year-end.

### EMPLOYEES

As of 31 December 2015, Evolution employed 1,922 (1,278) people, corresponding to 1,338 (939) full-time equivalents. The average number of full-time equivalents for the full-year was 1,156 (859).

### PARENT COMPANY

The parent company is a holding company that was formed in December 2014. Operating revenues for the 2015 full-year amounted to EUR 1.9 million (-) and expenses to EUR 5.1 million (-). The operating loss amounted to EUR 3.3 million (-). Profit for the period amounted to EUR 7.4 million (-). The Parent Company's cash and cash equivalents amounted to EUR 5.2 million (-) at the end of the period and equity amounted to EUR 213.5 million (205.7). No significant investments were made in intangible or tangible assets. Over the 2015 full-year, shares in group companies increased by EUR 5.0 million following the acquisition of Evolution Core Holding Ltd's subsidiary Evolution Malta Holding Ltd., including its subsidiaries, for a value of EUR 5.0 million. In addition, impairment was recognised in the value of the Evolution Core Holding, bringing this down to equity, following the payment of dividends from that company.

### 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, 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 executive 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 20 Financial risk management.

#### **POLITICAL DECISIONS AND OTHER LEGAL ASPECTS**

Evolution generates a majority of its income through the licensing and supply of its software and technology to online 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.

Further, 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, data protection and privacy laws, 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 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.

**SERVICE DISRUPTIONS**

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-certified and the ability to monitor and ensure the quality and integrity of Evolution's products and services is continuously reviewed and evaluated.

**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 of a developer and facilitator of games. While such claims against Evolution are likely to be dismissed, they could give rise to costs 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 80 percent of the group's full-time employees working on tables as hosts and dealers. These employees possess language, dealer and other trade skills that are essential to 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 costs 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, some of whom founded the company. 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 2015, the five largest customers (in terms of revenue generated) contributed 52 percent of the revenue of Evolution. 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 costs 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.

**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.

**EXCHANGE RATE FLUCTUATIONS**

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 2015, 15.1 percent (13.6) of Evolution's total revenue was generated in GBP and 12.4 percent (10.5) in USD. Of the total expenses, 8.1 percent (11.4) were in GBP, 2.1 percent (3.2) in USD and 10.6 percent (-) in SEK. 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.

**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.

**Proposed appropriation of profits**

The Board of Directors proposes that the Annual General Meeting approve a dividend to shareholders of EUR 0.32 (-) per share, corresponding to a total of EUR 11,510,521 (-).

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

Retained earnings	205,473,625
Net profit for the year	7,440,127
<b>Total</b>	<b>212,913,752</b>

**The Board of Directors proposes the following appropriation**

Dividend to shareholders	
EUR 0.32 per share (35,970,377 x 0.32), totalling	11,510,521
To be retained	201,403,231
<b>Total</b>	<b>212,913,752</b>

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.

The group's and the parent company's positions as at 31 December 2015 and the profit of the operations for the 2015 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

Evolution Gaming Group AB (publ) ("Evolution") is a Swedish public company formed in December 2014 and listed on the Nasdaq First North Premier exchange ("First North Premier") since March 2015. Evolution applies the Swedish Companies Act and the rules that apply to companies listed on First North Premier. Effective from 1 January 2016, it is recommended that companies listed on First North Premier apply the Swedish Code of Corporate Governance (the "Code"). The company applied parts of the Code in 2015 and aims to apply it fully in 2016 and is continuously introducing processes to work towards that objective.

## Ownership and voting rights

At the end of 2015, the share capital in Evolution amounted to EUR 539,555.655, divided between a total 35,970,377 shares with a nominal value of EUR 0.015 each. All shares belong to the same class of shares, with equal voting rights and shares of the company's capital and profit. On 31 December 2015, there were 7,822 shareholders. At the same point in time, the company's largest shareholder was Richard Livingstone with 16.5 percent of the share capital and votes. The ten largest shareholders represented 64 percent of the share capital and votes.

## 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 their shares.

The company's Annual General Meeting is held in the spring. The date and venue are announced in connection with third interim report at the latest. Information on how shareholders can have a matter considered at the meeting, 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 CEO
- Election of the Board of Directors and auditors
- Determination of fees for the Board members and the auditors
- Nomination Committee

At the meeting, decisions are normally made by a simple majority of the votes cast. On certain decision matters, however, the 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 2015

The 2015 Annual General Meeting was held on 7 May in the Hitech Building in Stockholm. At the meeting, 40.1 percent of all shares and votes were represented. The majority of the members of the Board, the auditor and the CEO attended the meeting. During the meeting, decisions were made on the customary matters. The minutes of the meeting, as well as other documentation from the meeting, are available on the company's website.

## Annual General Meeting 2016

The 2016 Annual General Meeting will take place on 28 April 2016, at 3.00 p.m. at Strandvägen 7A in Stockholm. Notification of the meeting will be issued on the company's website, where requisite documents, such 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 2015 Annual General Meeting, it was decided that the Nomination Committee should consist of four members, including one representative for each of the three largest shareholders as per the last trading day in August wishing to participate in the Nomination Committee and the Chairman of the Board of the company.

The Nomination Committee ahead of the 2016 Annual General Meeting has been appointed based on the ownership structure as per 31 August 2015 and was presented in a press release in October. Ian Livingstone, representing Richard Livingstone, is the chairman of the committee. The other shareholder representatives are Fredrik Österberg, FROS Ventures AB, and Jens von Bahr, JOVB Investment AB. Joel Citron, Chairman of the Board of Evolution, is also a member of the Nomination Committee.

In preparation for the Annual General Meeting, the Nomination Committee is tasked with presenting proposals regarding:

- A Chairman for the meeting
- Number of Board members
- Board members and Chairman of the Board
- Board fees
- 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 AGM 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 2015 Annual General Meeting.

## Board of Directors

### RESPONSIBILITY 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 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.

### 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.

The 2015 Annual General Meeting elected the following members (attendance at Board meetings):

- Joel Citron, Chairman (9 out of 9)
- Jens von Bahr (8 out of 9)
- Jonas Engwall (8 out of 9)
- Ian Livingstone (9 out of 9)
- Fredrik Österberg (8 out of 9)

### INDEPENDENCE

The number of Board members who are independent in relation to the company is three (60 percent) and the number of Board members who are independent in relation to major shareholders is two (40 percent). Ian Livingstone is not independent in relation to major shareholders as he is closely related to the company's largest shareholder. Jens von Bahr and Fredrik Österberg are not independent in relation to major shareholders or the company since they are among the company's major shareholders and are part of the company's senior management.

One 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 are adopted by the Board in connection with the statutory Board meeting held directly after the Annual General Meeting and include instruction on topics such as Board meetings and their contents, responsibilities within the Board and disclosure to the Board.

### CHAIRMAN OF THE BOARD

The Chairman of the Board is appointed by the Annual General Meeting. Joel Citron was elected Chairman of the Board by the 2015 Annual General Meeting for the period until the end of the next Annual General Meeting.

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 2015

Prior to the company's listing on the Nasdaq First North Premier exchange, a new Board of Directors was elected for the company by an Extraordinary General Meeting in January 2015.

During 2015, the Board held nine meetings, of which two were statutory, three included the adoption of interim reports, one included the adoption of the year-end report, and one was held by correspondence. All meetings followed an agenda that at the relevant points dealt with documentation provided by members prior to the meetings.

The meetings are also attended by the company's Chief Legal Officer as secretary and the company's Chief Financial Officer. At each meeting, the CEO, who is also a Board member, updates the other Board members on the operational and financial development of the company. In addition, various senior executives and the auditor participate if necessary, to present various factual matters.

Principal points addressed by meetings in 2015 included matters regarding the company's listing on First North Premier, strategy and financial objectives, and approval of the business plan and budget, significant policies, the annual report, year-end report and interim reports.

Principal points at Board meetings in 2015:

- 28 January:
  - Extraordinary General Meeting and statutory Board meeting
  - Adoption of policies and guidelines
  - Decision to apply for listing on Nasdaq First North Premier
- 8 March:
  - Approval of prospectus for listing on First North
  - Adoption of policies and guidelines.
  - Approval of prospectus and investment agreements
- 13 April:
  - Approval of the 2014 Annual Report
- 5 May:
  - Approval of interim report January-March 2015
- 7 May:
  - Annual General Meeting and statutory Board meeting
  - Decision on signatories
  - Adoption of instructions to the Board of Directors
- 26 August:
  - Approval of interim report January-June 2015
- 22 September:
  - Decision regarding the acquisition of a property in Latvia
- 22 October:
  - Approval of interim report January-September 2015
- 22 December:
  - Decision on development of incentive programmes to present to the 2016 Annual General Meeting

**ENSURING 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 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 as a whole constitutes the Audit Committee and reviews key accounting principles applied by the group in its financial reporting, as well as significant changes in the reporting principles.

**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. The 2015 Annual General Meeting resolved that the remuneration to the Chairman should amount to EUR 15,000, and that the remuneration to each of the other Board Members who are not employees of the company should amount to EUR 10,000. Accordingly the total Board fees for 2015 amount to EUR 35,000.

**CEO AND GROUP MANAGEMENT**

Evolution's Group Management has extensive experience and work to achieve long-term profitable growth in line with the company's strategy and vision. All three of the company's founders are active in the company and are members of Group Management.

The CEO is appointed by, and receives instructions from, the Board of Directors. In turn, the 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. Group Management includes skills covering all key areas of the company's operations and strategy. Group Management also includes the President of Evolution's operating subsidiary Evolution Malta. The management team within Evolution Malta handles matters involving the operating activities, in which the company operates Live Casino studios.

**WORKING INSTRUCTIONS FOR THE CEO**

The Board of Directors has developed and adopted instructions covering the 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 CEO's instructions and other instructions issued by the Board, the CEO is responsible for overseeing the company's day-to-day operations. The CEO is also responsible for ensuring that the Board receive information regularly to be able to monitor the company's financial position, financial planning and development. Prior to each regular Board meeting, the 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.

**REVIEW AND INTERNAL CONTROL**

The Board of Directors bears the ultimate responsibility for an effective system of internal control and risk management being in place. The responsibility for maintaining an effective control environment is then delegated to the CEO.

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 CEO are determined, in which responsibilities and powers are further defined.

The full Board or two Board Members in unison may sign on behalf of the company. In accordance with the Companies Act, the CEO may sign alone on behalf of the company with regard to matters of ongoing administration.

Internal control is based on the control environment, consisting of shared reporting procedures and standards, as well as the group's corporate culture and business ethics.

Critical accounting issues and issues related to financial reporting are addressed by the Board. 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.

**RISK MANAGEMENT**

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 control systems for risk management, including the establishment of a Mission Control Room (MCR) in Riga and Malta. The MCR supervises transactions, volumes and patterns in real time to help discovering attempted money laundering and fraud by customers, end users, third parties and dealers as well as illicit collusion between operators and end users.

As certain jurisdictions have laws that explicitly consider the offering of and participation in gaming services a criminal offence, the group carries out regular precautionary measures, including requiring in its agreements that operators comply with the laws and regulations applicable to gaming services. These provisions in the agreements constitute a form of legal protection and prevent certain end users from accessing the group's products and services, as the group's customers screen and limit the end users' access to their online gaming platforms at the local level and in accordance with local laws and regulations. Also, the group has established technical systems and controls that prevent certain jurisdictions access to its Live Casino offering.

**AUDITORS**

Auditors are elected by the Annual General Meeting and examine the company's accounts and administration on behalf of the Meeting. In accordance with the Articles of Association, Evolution shall have one or two auditors. The Auditors' term of office shall expire at the end of the Annual General Meeting held during the fourth financial year after the auditor was appointed. PwC was appointed as the company's Auditor at the Extraordinary General Meeting in January 2015 for the period until the Annual General Meeting to be held in 2019. The auditor in charge is Niklas Renström, who was born in 1974 and is an authorised accountant.

# BOARD

## Joel Citron

Chairman of the Board

Based in the US. Elected 2015.

Joel is also the CEO of Tenth Avenue Holdings LLC and Chairman of the Board of Tenth Avenue Commerce LLC. Among other assignments, he is Chairman of the Board of a number of companies in the Avenue Capital Group.

Joel has broad experience from various management positions in investment and operating companies in Europe and the US.

As of 31 December 2015, Joel held 371,871 Evolution shares\*, equivalent to 1.0 percent of capital and votes.

## Jens von Bahr

Board Member

Based in Sweden. Elected 2015.

See under Group Management for further information.

## Fredrik Österberg

Board Member

Based in Sweden. Elected 2015.

See under Group Management for further information.

## Ian Livingstone

Board Member

Based in the UK. Elected 2015.

Ian is also the Executive Chairman of London & Regional Properties Limited. He also holds various board assignments within the London & Regional Properties Group.

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

As of 31 December 2015, Ian held 6,050,032\*\* Evolution shares, equivalent to 16.5 percent of capital and votes.

## Jonas Engwall

Board Member

Based in Sweden. Elected 2015.

Jonas is also the CEO of Knoxville AB. Among other assignments, he is also Chairman of the Board of ExOpen Systems, Occasion Euro Events AB and Takkei Trainingsystems AB.

Jonas was previously Chairman of the Board of Risenta AB. He has also founded several entrepreneurial companies, such as Skruf Snus AB.

As of 31 December 2015, Jonas held 61,926\* Evolution shares, equivalent to 0.2 percent of capital and votes.

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## The company's auditors

**ÖHRLINGS PRICEWATERHOUSECOOPERS AB**

Niklas Renström

Authorised Public Accountant

\* Total holdings, own and related parties' including legal entities.

\*\* Including Richard Livingstone's holdings.



# GROUP MANAGEMENT

## Jens von Bahr

President, CEO and co-founder of Evolution Gaming

Employed by the group since 2006.

Jens is also a Board Member of the parent company.

Before founding Evolution Jens was CEO of Oriflame Sri Lanka. He also started several entrepreneurial companies.

As of 31 December 2015, Jens held 3,719,906\* Evolution shares, equivalent to 10.3 percent of capital and votes.

## Fredrik Österberg

Chief Strategy Officer and co-founder of Evolution Gaming

Employed by the group since 2006.

Fredrik is also a Board Member of the parent company.

Before founding Evolution, Fredrik was CEO of Sportal.

As of 31 December 2015, Fredrik held 3,619,906\* Evolution shares, equivalent to 10.1 percent of capital and votes.

## Richard Hadida

Creative Director and co-founder of Evolution Gaming

Employed by the group since 2006.

Richard is also Chairman of the Board of Evolution's subsidiary SIA Evolution Latvia.

Richard was formerly Head of Tech and Media Investments for London & Regional Properties Limited.

As of 31 December 2015, Richard held 2,112,481\* Evolution shares, equivalent to 5.9 percent of capital and votes.

## Fredrik Svederman

Chief Financial Officer

Employed by the group since 2010.

Fredrik is also a Board Member of a number of Evolution's subsidiaries.

Fredrik has previously been CFO of Nordnet AB (publ) and board member of several companies in the Nordnet Group.

As of 31 December 2015, Fredrik had no direct shareholding in Evolution. He had an indirect shareholding of 296,759 shares through endowment and/or pension insurance plans, equivalent to 0.8 percent of capital and votes.

## Martin Carlesund

President, Evolution Malta

Employed by the group since 2015

Martin is also a Board Member of Highlight Media Group Ltd.

Martin has previously been the President of Eniro Sweden, Eniro Finland and 3L System AB.

As of 31 December 2015, Martin held 20,000\* Evolution shares, equivalent to 0.1 percent of capital and votes.

## Jesper von Bahr

Chief Legal Officer

Employed by the group since 2011.

Jesper is also a Board Member and company secretary in a number of the Evolution's subsidiaries. He is also a Board Member of Ventilation Holding Sweden AB and Deputy Board Member of Swedish Hasbeens AB.

Jesper was previously a lawyer at law firm Cederquist KB, lawyer/partner at law firm Lofalk Advokatbyrå AB, General Counsel for Rebtel Networks, a management consultant at McKinsey & Co.

As of 31 December 2015, Jesper had no direct shareholding in Evolution. He had an indirect shareholding of 275,103\* shares through endowment and/or pension insurance plans, equivalent to 0.8 percent of capital and votes.

## Svante Liljevall

Chief Operating Officer

Employed by the group since 2008.

Svante is also a Board Member of a number of Evolution's subsidiaries.

Svante has previously been CEO of 100 Plus AB and a consultant in risk management at PWC and KnowIT.

As of 31 December 2015, Svante held 389,643\* Evolution shares, equivalent to 1.1 percent of capital and votes.

## Maria Z Furenmo

Group Chief People Officer

Employed by the group since 2016.

Maria has previously been HR Director for NetEnt, Vice President HR at Outokumpu and HR Manager at Nordnet.

## David Craelius

Group Chief Technology Officer

Employed by the group since 2016.

David is also a Board Member of Gavagai and Avanza Pension.

David has previously been CTO at Klarna, Head of Banking at Avanza and CIO at Nordnet.

\* Total holdings, own and related parties', including legal entities.

# CONSOLIDATED INCOME STATEMENT

(EUR thousands)	NOTE	2015	2014
Revenues		76,359	48,528
Other revenues		0	3
<b>Total operating revenues</b>		<b>76,359</b>	<b>48,532</b>
Personnel expenses	4	-33,527	-23,689
Depreciation, amortisation and impairment	9, 10	-5,945	-3,893
Other operating expenses		-15,807	-7,859
<b>Total expenses</b>		<b>-55,279</b>	<b>-35,440</b>
<b>Operating profit</b>		<b>21,080</b>	<b>13,091</b>
Financial income	5	6	10
Financial expenses	6	-10	0
<b>Profit before tax</b>		<b>21,076</b>	<b>13,101</b>
Tax on profit for the period <sup>1)</sup>		-1,047	-1,003
<b>Profit for the period</b>		<b>20,028</b>	<b>12,097</b>
<i>Of which attributable to:</i>			
Shareholders of the Parent Company		20,028	12,097
Average number of shares before dilution		35,904,614	35,035,968
Earnings per share before dilution (EUR)		0.56	0.35
Average number of shares after dilution		35,904,614	35,035,968
Earnings per share after dilution (EUR)		0.56	0.35
Operating margin		27.6%	27.0%
<sup>1)</sup> Effective tax rate		5.0%	7.7%

(EUR thousands)	2015	2014
<b>Profit for the period</b>	<b>20,028</b>	<b>12,097</b>
<b>Other comprehensive income</b>		
<i>Items that may be reclassified to profit</i>		
Exchange differences arising from the translation of foreign operations	55	63
<b>Other comprehensive income, net after tax</b>	<b>55</b>	<b>63</b>
<b>Total comprehensive income for the period</b>	<b>20,083</b>	<b>12,160</b>

# CONSOLIDATED BALANCE SHEET

(EUR thousands)	NOTE	31 Dec 2015	31 Dec 2014
<b>Assets</b>			
Intangible assets	8	10,034	6,550
Property, plant and equipment	9	7,343	4,835
Other long-term receivables		320	45
Deferred tax receivables	6	617	-
<b>Total non-current assets</b>		<b>18,314</b>	<b>11,430</b>
Accounts receivable	11	12,087	8,003
Current tax receivable	13	6,150	2,929
Other receivables	13	1,666	402
Prepaid expenses and accrued income	12	1,465	740
Cash and cash equivalents	14	19,930	8,295
<b>Total current assets</b>		<b>41,299</b>	<b>20,370</b>
<b>TOTAL ASSETS</b>		<b>59,613</b>	<b>31,799</b>
<b>Equity and liabilities</b>			
Share capital		540	526
Other capital contributed		4,698	4,698
Reserves		169	115
Retained earnings including profit for the period		38,405	18,377
<b>Total equity</b>		<b>43,812</b>	<b>23,715</b>
Deferred tax liability	6	324	192
<b>Total long-term liabilities</b>		<b>324</b>	<b>192</b>
Accounts payable	15	2,293	608
Current tax liabilities	15	7,227	3,524
Other current liabilities	15	3,249	2,190
Accrued expenses and deferred income	16	2,708	1,570
<b>Total current liabilities</b>		<b>15,477</b>	<b>7,892</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>59,613</b>	<b>31,799</b>
Assets pledged		-	-
Commitments		-	-

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2015 (EUR thousands)	Share capital	Other capital contributed	Reserves	Retained earnings	Total equity
Opening equity 1 January 2015	526	4,698	114	18,377	23,715
Non-cash issue, 5 January 2015	1	-	-	-	1
New share issue, 27 January 2015	13	-	-	-	13
<b>Comprehensive income</b>					
Net profit for the year	-	-	-	20,028	20,028
<b>Other comprehensive income</b>					
Change in translation reserve	-	-	55	-	55
<b>Total comprehensive income</b>	-	-	55	20,028	20,083
<b>Transactions with shareholders</b>					
Dividend	-	-	-	-	-
<b>Closing equity 31 December 2015</b>	<b>540</b>	<b>4,698</b>	<b>169</b>	<b>38,406</b>	<b>43,812</b>

2014 (EUR thousands)	Share capital	Other capital contributed	Reserves	Retained earnings	Total equity
Opening equity 1 January 2013	3	4,698	51	9,302	14,054
Reorganisation of the group	-3	-	-	3	0
New Parent Company's share capital	526	-	-	-526	0
<b>Comprehensive income</b>					
Net profit for the year	-	-	-	12,097	12,097
<b>Other comprehensive income</b>					
Change in translation reserve	-	-	63	-	63
<b>Total comprehensive income</b>	-	-	63	12,097	12,160
<b>Transactions with shareholders</b>					
Dividend	-	-	-	-2,500	-2,500
<b>Closing equity 31 December 2014</b>	<b>526</b>	<b>4,698</b>	<b>114</b>	<b>18,377</b>	<b>23,715</b>

# CONSOLIDATED CASH FLOW STATEMENT

(EUR thousands)	NOTE	31 Dec 2015	31 Dec 2014
Operating profit		21,080	13,091
<i>Adjustment for items not included in cash flows:</i>			
Depreciation, amortisation and impairment	8, 9	5,945	3,893
Interest received	4	6	10
Interest paid	5	-10	0
Tax paid	6	-1,051	-724
<b>Cash flows from operating activities before changes in working capital</b>		<b>25,970</b>	<b>16,269</b>
Changes in working capital		-2,082	-2,051
<b>Cash flows from operating activities</b>		<b>23,888</b>	<b>14,218</b>
Acquisition of intangible assets	8	-7,156	-4,252
Acquisition of property, plant and equipment	9	-4,780	-1,715
<b>Cash flows from investing activities</b>		<b>-11,936</b>	<b>-5,967</b>
Long-term liabilities and receivables		-276	5
New share issue		13	-
Transfer to shareholders		-	-5,500
<b>Cash flows from financing activities</b>		<b>-262</b>	<b>-5,495</b>
<b>Cash flow for the period</b>		<b>11,690</b>	<b>2,756</b>
Cash and cash equivalents at start of period		8,295	5,602
Cash flow for the period		11,690	2,756
Exchange rate differences		-55	-63
<b>Cash and cash equivalents at end of period</b>	14	<b>19,930</b>	<b>8,295</b>

# INCOME STATEMENT – PARENT COMPANY

(EUR thousands)	NOTE	2015	2014
Operating revenues		1,853	-
Other operating expenses		-3,988	-
Personnel expenses	3	-1,125	-
Depreciation, amortisation and impairment	8-9	-4	-
<b>Operating profit</b>		<b>-3,264</b>	<b>-</b>
Financial items	4-5	10,087	-
<b>Profit before tax</b>		<b>6,823</b>	<b>-</b>
Deferred tax	7	617	-
<b>Profit for the period</b>		<b>7,440</b>	<b>-</b>
(EUR thousands)		2015	2014
<b>Profit for the period</b>		<b>7,440</b>	<b>-</b>
<i>Other comprehensive income</i>		-	-
<b>Other comprehensive income, net after tax</b>		<b>7,440</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>7,440</b>	<b>-</b>

# BALANCE SHEET – PARENT COMPANY

(EUR thousands)	NOTE	31 Dec 2015	31 Dec 2014
<b>Assets</b>			
Intangible assets	8	64	-
Property, plant and equipment	9	122	-
Participating interests in group companies	10	210,701	205,673
Deferred tax receivable	6	617	-
<b>Total non-current assets</b>		<b>211,504</b>	<b>205,673</b>
Receivables from group companies	11	10,567	-
Other current receivables	13	119	-
Prepaid expenses and accrued income	12	81	-
Cash and cash equivalents	14	5,186	-
<b>Total current assets</b>		<b>15,953</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>227,457</b>	<b>205,673</b>
<b>Equity and liabilities</b>			
Share capital		540	526
Retained earnings including profit for the period		212,914	205,147
<b>Total equity</b>		<b>213,453</b>	<b>205,673</b>
Accounts payable	15	42	-
Liabilities to group companies		13,719	-
Other liabilities	15	73	-
Accrued expenses and deferred income	16	170	-
<b>Total current liabilities</b>		<b>14,004</b>	<b>-</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>227,457</b>	<b>205,673</b>

# STATEMENT OF CHANGES IN EQUITY

## – PARENT COMPANY

2015 (EUR thousands)	Share capital	Other capital contributed	Reserves	Retained earnings	Total equity
Opening equity 1 January 2015	526	-	-	205,147	205,673
Non-cash issue, 5 January 2015	1	-	-	326	327
New share issue, 27 January 2015	13	-	-	-	13
<b>Comprehensive income</b>					
Net profit for the year	-	-	-	7,440	7,440
<b>Total comprehensive income</b>	-	-	0	7,440	7,440
<b>Closing equity 31 December 2015</b>	<b>540</b>	<b>0</b>	<b>0</b>	<b>212,914</b>	<b>213,453</b>

2014 (EUR thousands)	Share capital	Other capital contributed	Reserves	Retained earnings	Total equity
Opening equity 9 December 2014	526	-	-	205,147	205,673
<b>Comprehensive income</b>					
Net profit for the year	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	0	0	-
<b>Closing equity 31 December 2014</b>	<b>526</b>	<b>0</b>	<b>0</b>	<b>205,147</b>	<b>205,673</b>



# CASH FLOW STATEMENT

## – PARENT COMPANY

(EUR thousands)	NOTE	31 Dec 2015	31 Dec 2014
Operating profit		6,823	-
<i>Adjustment for items not included in cash flows:</i>			
Depreciation, amortisation and impairment		4	-
Interest received		-	-
Interest paid		-	-
Tax paid		-	-
<b>Cash flows from operating activities before changes in working capital</b>		<b>6,827</b>	-
Changes in working capital		-1,465	-
<b>Cash flows from operating activities</b>		<b>5,363</b>	-
Acquisition of intangible assets		-64	-
Acquisition of property, plant and equipment		-126	-
<b>Cash flows from investing activities</b>		<b>-190</b>	-
New share issue		13	-
<b>Cash flows from financing activities</b>		<b>13</b>	-
<b>Cash flow for the period</b>		<b>5,186</b>	-
Cash and cash equivalents at start of period		-	-
Cash flow for the period		5,186	-
<b>Cash and cash equivalents at end of period</b>		<b>5,186</b>	-

# 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 Casino systems. The company develops, produces, markets and licenses fully integrated Live Casino solutions to gaming operators. At the end of 2015, the Group had approximately 70 customers, including the 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 purely an 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 with its head office at Hamngatan 11 in Stockholm. The Parent Company has been listed on Nasdaq First North Premier since 20 March 2015 using the ticker EVO.

On 30 March 2016, this Annual Report was approved for publication by the Board of Directors. The income statements and balance sheets are to be adopted in the Annual General Meeting on 28 April 2016.

### ACCOUNTING POLICIES

On 9 December 2014, the Group was reorganised, through the establishment of a new parent company (Evolution Gaming Group AB). The reorganisation was carried out through a non-cash issue, where each share in the previous parent company (Evolution Core Holding Limited) was exchanged for a share in the newly established Swedish parent company, Evolution Gaming Group AB (publ).

IFRS 3 "Business Combinations" does not apply to the reorganisation of groups, as they are common control transactions. A generally acceptable accounting policy for common control transactions is predecessor basis accounting. This method means that the existing group's carrying amounts prior to the merger are transferred to the newly formed company's consolidated financial statements, as no significant financial change has occurred. Consequently, the consolidated financial statements for Evolution Gaming Group AB show the carrying amounts from the previous group, where Evolution Core Holding Limited was the parent company. Comparative information is presented for all periods included in the financial statements.

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.

#### 1.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations by the Financial Reporting Interpretations Committee (IFRIC) applicable to companies reporting under IFRS. The consolidated financial statements are based on historical cost, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through the income statement. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the executive 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.

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. Amounts are expressed in thousands of Euro (EUR) unless otherwise indicated. Amounts or figures in parentheses are comparisons for the year-earlier period. Assets and liabilities are reported at historical cost, with the exception of certain financial assets and liabilities, which are 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 "Parent Company's accounting principles" below.

#### New or amended accounting standards applicable in 2015

No new or amended standards were applicable for Evolution Gaming Group in 2015.

#### New or amended accounting standards applicable after 2015

New or revised standards that have been issued and that are applicable for Evolution Gaming Group after 2015 are presented below. None of the standards have yet been adopted by the EU.

#### IFRS 16 Leases

The standard entailed a major change in the accounting of leases and requires all leases to be recognised in the balance sheet. Accordingly, the application of IFRS 16 will result in operating leases being recognised in the balance sheet. Evolution Gaming Group has operating leases for office space and certain office equipment, for example. The Group has yet to assess the full impact of IFRS 16. The compulsory date from which the standard must be applied is 1 January 2019, with early application permitted even if IFRS 15 Revenue from contracts with customers is applied.

#### IFRS 15 Revenue from contracts with customers

The standard establishes a new framework for revenue recognition. The standard introduces a five-step model to be applied to all customer contracts to determine how and when revenue should be recognised. The new standard is not expected to have any material impact on the accounting of revenue for Evolution Gaming Group's type of operations, that is, mainly the sale of Live Casino services. In practice, revenues will be recognised at the same time as under current rules but based on a new accounting model. Evolution Gaming Group is examining the full impact of IFRS 15. During 2015, the compulsory date from which application is to commence was changed from 1 January 2017 to 1 January 2018, with early application permitted.

**IFRS 9 Financial instruments**

This standard addresses the classification, measurement, recognition, impairment and closing of the accounting for financial instruments. The standard also handles general rules for hedge accounting. Evolution Gaming Group has yet to assess the full impact of IFRS 9. The compulsory date from which application is to commence is 1 January 2018, with early application permitted.

**New interpretations of accounting standards**

The International Financial Reporting Standards Committee (IFRIC) has not issued any new interpretations applicable to Evolution Gaming Group.

**1.2 CONSOLIDATION**

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally due to a shareholding that confers a majority of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Group companies cease to be consolidated on the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets taken over, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition, which are recognised directly in the income statement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the purchase price is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised 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 are translated into the Group's presentation currency as follows:

- (a) Assets and liabilities for all statements of financial position are translated at the rate at 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 licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs 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 executive 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 are available.

Directly attributable costs that are capitalised as part of the software product primarily include software development employee costs.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

**Note 1. Accounting and valuation principles (cont.)**

Computer software development costs recognised as assets are amortised over an estimated useful life of three years. The cost of developing Core Gaming Platform is amortised over an estimated useful life of five years. Licences 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 other property, plant and equipment are initially measured at the acquisition cost and thereafter at the acquisition cost after deductions for depreciation and write-downs. The acquisition value includes costs that are directly related to the acquisition of the assets.

Subsequent costs 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 costs are charged to the income statement during the financial period in which they are incurred.

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

	%
<b>Office equipment, computers and technical equipment</b>	20–50%

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 costs 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 date.

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. As at 31 December, intangible assets that were not yet available for use amounted to EUR 0 (2014: 0).

**1.7 FINANCIAL ASSETS****1.7.1 Classification**

The Group classifies its financial assets as loans or receivables. The classification depends on the purpose for which the financial assets were acquired. The executive management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money or services directly to a debtor without the intention of selling an asset. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. In that case, they are classified as non-current assets. The Group's loans and accounts receivables comprise "Accounts receivables and other receivables" and "Cash and cash equivalents" in the balance sheet (see notes 1.8 and 1.9).

**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. Loans and receivables are initially recognised at fair value plus transaction costs. 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**

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. First, the Group determines whether there is objective evidence of an impairment loss. The following criteria are applied in the assessment:

- Significant financial difficulty of the issuer or debtor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The probability that the borrower will enter bankruptcy or other financial reorganisation.

For financial assets carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in the income statement. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the

impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

### 1.8 ACCOUNTS RECEIVABLES AND OTHER RECEIVABLES

Accounts receivables 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 receivables and other receivables are initially recognised at fair value and subsequently measured at amortised cost, with a deduction for doubtful receivables (Note 1.7.3). The recognised value of the asset is reduced by the use of an account for doubtful receivables, and the loss is recognised in the income statement. If a bad debt loss has been established, it is written off in the account for doubtful receivables. If a previously impaired receivable is collected, it will be credited in the income statement.

### 1.9 CASH AND CASH EQUIVALENTS

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

### 1.10 Share capital

Ordinary shares are classified as equity. Transaction costs directly attributable to the issue of new shares or options 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 are classified as financial liabilities not measured at fair value in the income statement (i.e. as "other liabilities") according to IAS 39.

Financial liabilities that have not been classified in the category financial liabilities measured at fair value in the income statement are initially measured at fair value, which is the fair value of the amount received less transaction costs directly related to the acquisition of 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 providers. 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 case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

**Note 1. Accounting and valuation principles (cont.)****1.16 REVENUE RECOGNITION**

The Group's revenues derive from fees from gaming operators that use the group's solutions for Live 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.

**(a) Gaming 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 Live 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 OPERATING LEASES****When the company is the lessee**

Leasing of assets in which a significant part of the risks and benefits of ownership in practice reside with the lessor is classified as operational leasing. Payments made in the period of the lease are charged to the income statement on a straight-line basis over the period of the lease.

**1.18 DIVIDENDS**

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period when there is an obligation to pay dividends.

**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 CEO of the group, who makes strategic decisions. The 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.

As the CEO does not monitor revenues from a geographic standpoint, the cost of preparing the information required for revenue to be reported by geographic area in these financial statements would be too high.

**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 costs.

**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 EMPLOYEE BENEFITS****Pension costs 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.

#### 1.24 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.

#### 1.25 CRITICAL ESTIMATES AND ASSESSMENTS

Estimates and assumptions 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. Except for the impairment testing of intangible assets described below,

the executive 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 programme are recognised as intangible assets in the balance sheet and Note 8 and amounted to EUR 7,061,000 (2014: 4,231,000). 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 determined that certain projects no longer generate any cash flow. Accordingly, the executive management has determined that these projects should be amortised (see Note 8 and Item 1.6). There is no objective evidence of impairment losses for other projects that involve gaming software.

## Note 2. Segment reporting

The Group's revenues derive primarily from commissions on Live Casino solutions. These operations represent the Group's only operating segment. Revenues from transactions with two customers (2014: two

customers) amounted to EUR 19,034,000 (12,995,000), which is more than 10 percent of the Group's total revenue.

Geographical breakdown (EUR thousands)	Sweden		Malta		Latvia		Other		Eliminations		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Revenues	1,853	0	82,836	51,275	37,947	26,792	13,303	10,467	-59,581	-40,002	76,359	48,532
Operating profit	-3,264	0	26,258	13,117	3,017	1,991	700	532	-5,631	-2,549	21,080	13,091
Non current assets	803	0	12,174	8,442	4,837	2,848	500	139	0	0	18,314	11,430

Non current assets exclude participating interests in group companies.

Revenues in Sweden and Latvia refer to intra-group revenues.

### Note 3. Employees

Average number of employees	2015		2014	
	Average number of employees	of which, women	Average number of employees	of which, women
Latvia	900	596	686	454
Malta	240	160	166	111
United Kingdom	8	3	7	3
Sweden	4	1	-	-
Belgium	5	1	-	-
<b>Total group</b>	<b>1,156</b>	<b>761</b>	<b>859</b>	<b>568</b>

Board fee (EUR thousands)	2015	2014
Joel Citron, Chairman of the Board	10	-
Jonas Engwall	7	-
Ian Livingstone	7	-
Jens von Bahr, CEO	-	-
Fredrik Österberg	-	-
<b>Total</b>	<b>24</b>	<b>-</b>

Salaries and social security costs	2015		2014	
	Salaries	Social security costs (of which, pension costs)	Salaries	Social security costs (of which, pension costs)
(EUR thousands)				
Board of Directors and CEO	371	72	247	2
		(-)		(-)
Other employees Latvia	19,189	4,352	14,074	3,231
		(-)		(-)
Other employees Malta	8,032	494	5,016	319
		(-)		(-)
Other employees Sweden	588	268		
		(116)		
Other employees, rest of markets	1,076	164	763	98
		(-)		(-)
<b>Total group</b>	<b>29,257</b>	<b>5,350</b>	<b>20,101</b>	<b>3,650</b>
		(116)		(-)

In 2015, remuneration to Group management amounted to EUR 1,665,000, social security contributions to EUR 215,000 and pension costs to EUR 58,000.

Number and proportion of women in management positions at year-end	2015			2014		
	No. of men	No. of women	Proportion of women	No. of men	No. of women	Proportion of women
Board of Directors	5	0	0%	1	0	0%
Other senior managers	7	0	0%	6	0	0%

### Note 4. Financial income

(EUR thousands)	GROUP		PARENT COMPANY	
	2015	2014	2015	2014
Interest income	6	10	-	-
Dividends from subsidiaries	-	-	211,387	-
<b>Total</b>	<b>6</b>	<b>10</b>	<b>211,387</b>	<b>-</b>

### Note 5. Financial expenses

(EUR thousands)	GROUP		PARENT COMPANY	
	2015	2014	2015	2014
Interest expenses	1	0	-	-
Impairment of shares in subsidiaries	-	-	201,299	-
Other	9	-	1	-
<b>Total</b>	<b>10</b>	<b>0</b>	<b>201,300</b>	<b>-</b>

### Note 6. Income tax

Income tax (EUR thousands)	GROUP		PARENT COMPANY	
	2015	2014	2015	2014
<b>Current tax</b>				
Sweden	-	-	-	-
Outside Sweden	1,564	986	-	-
<b>Total current tax</b>	<b>1,564</b>	<b>986</b>	<b>0</b>	<b>0</b>
<b>Deferred tax</b>				
Sweden	-617	-	-617	-
Outside Sweden	100	17	-	-
<b>Total deferred tax</b>	<b>-517</b>	<b>17</b>	<b>-617</b>	<b>0</b>
<b>Total tax expense</b>	<b>1,047</b>	<b>1,003</b>	<b>-617</b>	<b>0</b>



(EUR thousands)	GROUP		PARENT COMPANY	
	2015	2014	2015	2014
<i>The difference between the actual tax expense and tax expense based on current tax rate</i>				
Profit before tax	21,076	13,101	6,823	-
Tax calculated at domestic tax rates to profits in the respective countries	6,840	3,908	1,501	-
Tax effect of:				
Income not subject to tax	-6,242	-2,899	-46,505	-
Expenses not deductible for tax purposes	1,850	1,234	44,286	-
Income subject to reduced rates of tax	-	-132	-	-
Tax-loss carryforwards on accumulated losses	617	-	-	-
Other	-2,018	-1,108	101	-
<b>Total tax expense</b>	<b>1,047</b>	<b>1,003</b>	<b>-617</b>	<b>0</b>

### Deferred tax

Deferred tax assets and deferred tax liabilities refer to temporary differences and tax-loss carryforwards. Temporary differences occur in cases where the reported and fiscal tax-loss carryforwards for assets of liabilities, or other tax deductions are recognised only to the extent that it is probable that the deduction can be offset against future taxable profits.

Deferred tax assets and deferred tax liabilities refer to temporary differences and loss carry-forwards as follows:

(EUR thousands)	GROUP		PARENT COMPANY	
	2015	2014	2015	2014
<i>Deferred tax receivables</i>				
Tax-loss carryforwards	617	-	617	-
<b>Total deferred tax receivables</b>	<b>617</b>	<b>0</b>	<b>617</b>	<b>0</b>
<i>Deferred tax</i>				
Property, plant and equipment	324	192	-	-
<b>Total deferred tax</b>	<b>324</b>	<b>192</b>	<b>0</b>	<b>0</b>
<b>Deferred tax receivables and deferred tax liabilities, net</b>	<b>293</b>	<b>-192</b>	<b>617</b>	<b>0</b>

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

(EUR thousands)	GROUP		PARENT COMPANY	
	2015	2014	2015	2014
Opening balance	-192	-175	-	-
Recognised in the income statement	517	-17	617	-
<b>Closing balance</b>	<b>324</b>	<b>-192</b>	<b>617</b>	<b>0</b>

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

(EUR thousands)	GROUP		PARENT COMPANY	
	2015	2014	2015	2014
Deferred tax receivable that can be used early after 12 months	514	-	514	-
Deferred tax liability receivable that can be used early after 12 months	-192	-175	-	-

## Note 7. Earnings per share

(EUR thousands)	GROUP	
	2015	2014
Profit after tax attributable to parent company shareholders (EUR thousands)	20,028	12,097
Average number of shares before dilution (k)	35,905	35,036
Average number of shares after dilution (k)	35,905	35,036
Earnings per share before dilution (EUR)	0.56	0.35
Earnings per share after dilution (EUR)	0.56	0.35

## Note 8. Intangible assets

(EUR thousands)	GROUP		PARENT COMPANY	
	2015	2014	2015	2014
<i>Gaming software</i>				
Opening acquisition value	10,077	5,846		
Acquisitions for the year	7,061	4,231		
<b>Closing accumulated acquisition value</b>	<b>17,138</b>	<b>10,077</b>		
Opening depreciation	3,595	1,560		
Depreciation during the year	3,628	2,035		
<b>Closing accumulated depreciation</b>	<b>7,223</b>	<b>3,595</b>		
<b>Closing residual value according to plan</b>	<b>9,916</b>	<b>6,482</b>		
<i>Licences and patents</i>				
Opening acquisition value	352	329	-	-
Acquisitions for the year	94	21	64	-
Disposals	-1	-3	-	-
Translation difference	1	6	-	-
<b>Closing accumulated acquisition value</b>	<b>446</b>	<b>352</b>	<b>64</b>	-
Opening depreciation	283	216	-	-
Depreciation during the year	45	66	-	-
Disposals	-1	-3	-	-
Translation difference	2	5	-	-
<b>Closing accumulated depreciation</b>	<b>329</b>	<b>283</b>	<b>0</b>	-
<b>Closing residual value according to plan</b>	<b>118</b>	<b>69</b>	<b>64</b>	-
Total closing accumulated acquisition value	17,582	10,426	64	-
Total closing accumulated depreciation	7,548	3,879	0	-
<b>Total closing residual value according to plan</b>	<b>10,034</b>	<b>6,550</b>	<b>64</b>	-

## Note 9. Property, plant and equipment

(EUR thousands)	GROUP		PARENT COMPANY	
	2015	2014	2015	2014
<i>Leased property</i>				
Opening acquisition value	1,917	1,654	-	-
Acquisitions for the year	950	263	29	-
<b>Closing accumulated acquisition value</b>	<b>2,867</b>	<b>1,917</b>	<b>29</b>	-
Opening depreciation	668	307	-	-
Depreciation during the year	529	361	1	-
<b>Closing accumulated depreciation</b>	<b>1,197</b>	<b>668</b>	<b>1</b>	-
<b>Closing residual value according to plan</b>	<b>1,670</b>	<b>1,249</b>	<b>28</b>	-
<i>Office equipment, computers and technical equipment</i>				
Opening acquisition value	7,021	6,000	-	-
Acquisitions for the year	3,832	1,452	97	-
Disposals	-1,121	-509	-	-
Translation difference	84	78	-	-
<b>Closing accumulated acquisition value</b>	<b>9,815</b>	<b>7,021</b>	<b>97</b>	-
Opening depreciation	3,434	2,435	-	-
Depreciation during the year	1,740	1,430	3	-
Impairment of tangible assets	4	-	-	-
Disposals	-1,101	-507	-	-
Translation difference	64	75	-	-
<b>Closing accumulated depreciation</b>	<b>4,142</b>	<b>3,435</b>	<b>3</b>	-
<b>Closing residual value according to plan</b>	<b>5,673</b>	<b>3,586</b>	<b>95</b>	-
Total closing accumulated acquisition value	12,682	8,937	126	-
Total closing accumulated depreciation	5,339	4,103	4	-
<b>Total closing residual value according to plan</b>	<b>7,343</b>	<b>4,835</b>	<b>122</b>	-

## Note 10. Participations in group companies

	Corporate ID number	Main office	Ownership %	Number of shares	Carrying value 2015 (EUR thousands)	Carrying value 2014 (EUR thousands)
<b>Direct ownership</b>						
Evolution Malta Holding Ltd	C 48665	Portomaso, Malta	100	2,752,353	206,000	-
Evolution Core Holding Ltd	HE 177496	Nicosia, Cyprus	100	265,846	4,701	205,673
<b>Indirect ownership</b>						
Evolution Malta Holding Ltd	C 48665	Portomaso, Malta	100	-	-	2,601
Evolution Malta Ltd	C 48666	Portomaso, Malta	100	1,200	1	1
Evolution Gaming Malta Ltd	C 44213	Portomaso, Malta	100	40,000	3	3
Evolution Malta Ops Ltd	C 50583	Portomaso, Malta	100	100,000	100	100
SIA Evolution Latvia	40003815611	Riga, Latvia	100	100	3,977	3,977
Evolution Gaming Ltd	05944946	London, UK	100	100	863	863
Blue Chameleon Enterprises Ltd	1643054	British Virgin Islands	100	1	411	411
Evolution New Jersey LLC	5362945	Delaware, USA	100	0	-	-
SIA Evolution Latvia Properties	50103931761	Riga, Latvia	100	1	3	-
Evolution Belgium SPRL	0638.824.479	Brussels, Belgium	100	18,550	19	-

## Note 11. Accounts receivable

(EUR thousands)	GROUP	
	31 Dec 2015	31 Dec 2014
<i>Maturity analysis of past due but not impaired accounts receivable</i>		
1-30 days	3,254	1,980
31-90 days	1,076	388
91-180 days	25	27
More than 181 days	93	-
<b>Total</b>	<b>4,448</b>	<b>2,395</b>
<i>Provision for uncertain receivables</i>		
As at 1 January	-	-
Provision for bad debt	130	-
Customer losses in the income statement	-	-
<b>Closing reserves</b>	<b>130</b>	<b>-</b>

## Note 12. Prepaid expenses and accrued revenues

(EUR thousands)	GROUP		PARENT COMPANY	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Accrued revenues	28	96	-	-
Prepaid license fees, software and IT services	666	390	6	-
Prepaid rent	110	46	35	-
Prepaid marketing	271	91	-	-
Prepaid insurance	20	-	18	-
Other prepaid expenses	370	118	23	-
<b>Total</b>	<b>1,465</b>	<b>740</b>	<b>81</b>	<b>-</b>

## Note 13. Other receivables

(EUR thousands)	GROUP		PARENT COMPANY	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Tax receivables	6,150	2,929	41	-
VAT	695	327	78	-
Prepayments to vendors	901	54	-	-
Other	70	21	1	-
<b>Total</b>	<b>7,816</b>	<b>3,331</b>	<b>119</b>	<b>0</b>

**Note 14.** Cash and cash equivalents

(EUR thousands)	GROUP		PARENT COMPANY	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Cash and cash balances	19,930	8,295	5,186	-
<b>Total</b>	<b>19,930</b>	<b>8,295</b>	<b>5,186</b>	<b>-</b>

**Note 15.** Accounts payable and other liabilities

(EUR thousands)	GROUP		PARENT COMPANY	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Accounts payable	2,293	608	42	-
Employee related liabilities	3,248	2,190	73	-
Tax liabilities	7,227	3,523	-	-
Other liabilities	0	0	-	-
<b>Total</b>	<b>12,769</b>	<b>6,321</b>	<b>115</b>	<b>0</b>

**Note 16.** Accrued expenses and prepaid revenues

(EUR thousands)	GROUP		PARENT COMPANY	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Employee related expenses	1,368	757	98	-
Deferred income	711	330	-	-
Accrued Audit and consulting fees	145	78	44	-
Accrued Utilities	83	21	-	-
Other	401	384	28	-
<b>Total</b>	<b>2,708</b>	<b>1,570</b>	<b>170</b>	<b>0</b>

**Note 17.** Leasing

(EUR thousands)	GROUP		PARENT COMPANY	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Expenses lease payments and rental charges	1,322	840	60	-
<b>Total</b>	<b>1,322</b>	<b>840</b>	<b>60</b>	<b>-</b>

Future minimum lease payments under non-cancellable operating leases and rental agreements are estimated to fall due as follows:

(EUR thousands)	Group	Parent Company
Within 1 year	1,516	140
2-5 years	1,297	257
After 5 years	-	-
<b>Total</b>	<b>2,813</b>	<b>397</b>

**Note 18.** Auditor remuneration

(EUR thousands)	GROUP		PARENT COMPANY	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
<b>PWC</b>				
Auditing assignments	47	158	12	-
Audit-related services, in addition to auditing	149	53	134	-
Tax advice	81	170	74	-
Other services	1	43	1	-
<b>Total</b>	<b>278</b>	<b>423</b>	<b>221</b>	<b>0</b>

**Note 19.** Related party transactions

All intra-group transactions take place on general and commercial terms and at market price. No Board Member, senior officer 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.

**Note 20.** Financial risk management**21.1 FINANCIAL RISK FACTORS**

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest 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. A large part of the Group's revenues arise in Pounds Sterling (GBP) and US dollars (USD). In the previous year, the Group was also exposed to the Swedish krona (SEK).

The executive 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 reasonably possible exchange rate fluctuations at the end of the reporting period.

#### (ii) Fair value and cash flow interest rate risk

Except for cash and cash balances, the Group does not have any material interest-bearing assets and liabilities. As a principle, its revenues and operating cash flow are independent of interest rate fluctuations on the market. The executive management therefore does not consider that profit/loss would have been materially affected by the occurrence of reasonable interest rate fluctuations at the end of the reporting period.

#### (b) Credit risk

Credit risk is related to accounts receivables and other receivables, including outstanding receivables and implemented transactions, and cash and cash equivalents. The Group's exposure to credit risk at the end of the reporting period is stated below:

(EUR thousands)	2015	2014
<i>Loans and receivables</i>		
Accounts receivables and other receivables	21,369	12,074
Cash and cash equivalents	19,930	8,295
<b>Total</b>	<b>41,299</b>	<b>20,369</b>

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

As at 31 December 2015, accounts receivable amounted to kEUR 1,193 (2014: 415) (see Note 11) of which, provisions have been made for kEUR 130. These past due receivables include liabilities within the category more than 30 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 executive 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 executive 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.

Consolidated non-current receivables amount to kEUR 937, and non-current debt to kEUR 324. Current receivables and liabilities with a maturity of less than 12 months, consist primarily of trade receivables and payables.

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 the meeting of future obligations regarding its financial liabilities, which mostly comprise accounts payable and other liabilities (Note 15). Prudent risk management means having sufficient liquidity and credit facilities to ensure that the group has sufficient funding to meet its obligations.

The executive management monitors liquidity risk by reviewing expected cash flows and ensuring that no additional financing will be needed in the upcoming year.

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.

### 21.2 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 executive 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.

### 21.3 FAIR VALUE OF FINANCIAL INSTRUMENTS

The amounts recognised as bank deposits, receivables, liabilities and accrued expenses in the financial reports as at 31 December 2015 and 2014 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.

## Note 21. Events after the end of the financial year

On 12 February 2016, the property was acquired in which Evolution's operations in Riga, Latvia are conducted. The acquisition value of the property amounted to EUR 12.6 million.

# DECLARATION BY THE BOARD OF DIRECTORS

The Board of Directors and the CEO certify that the annual accounts 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 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.

Stockholm, 30 March 2016

**Joel Citron**  
Chairman of the Board

**Jens von Bahr**  
CEO,  
Board Member

**Ian Livingstone**  
Board Member

**Jonas Engwall**  
Board Member

**Fredrik Österberg**  
Board Member

As stated above, the annual and consolidated accounts were approved for publication by the Board of Directors on 30 March 2016.

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 28 April 2016.

Our audit report was issued on 30 March 2016.

Öhrlings PricewaterhouseCoopers AB

**Niklas Renström**  
Authorised Public Accountant

# AUDIT REPORT

**To the Annual General Meeting of Evolution Gaming Group AB (publ), Corp. ID No. 556994-5792**

## **REPORT ON THE ANNUAL AND CONSOLIDATED ACCOUNTS**

We have audited the annual and consolidated accounts of Evolution Gaming Group AB (publ) for the year 2015, with the exception of the Corporate Governance Report on pages 35–39. The company's annual accounts are included in the printed version of this document on pages 30–59.

### **The Board of Directors and the CEO are responsible for the annual and consolidated accounts**

The Board and the CEO are responsible for preparing annual accounts that give a true and fair view in accordance with the Annual Accounts Act and consolidated accounts that give a true and fair view in accordance with the International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the CEO deem necessary in preparing annual report and consolidated accounts that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the annual and consolidated accounts based on our audit. We have conducted our audit in accordance with the International Standards on Auditing and generally accepted auditing standards in Sweden. These standards require us to comply with ethical requirements and to plan and perform the audit to obtain reasonable assurance that the annual and consolidated accounts are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual and consolidated accounts. The auditor decides which actions to take, including assessing the risk of material misstatement in the annual and consolidated accounts, whether due to fraud or error. In this assessment of risk, the auditor takes into account the areas of internal control relevant to how the company has prepared its annual and consolidated accounts to give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the estimates made by the Board and CEO in the accounts, as well as evaluating the overall presentation of the annual and consolidated accounts.

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

### **Opinions**

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and give, in all material respects, true and fair view of the Parent Company's financial position on 31 December 2015 and of its financial performance and cash flows for the year according to Swedish law. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and give, in all material respects, a true and fair view of the group's financial position as of 31 December 2015 and of its financial performance and cash flows for the year in accordance with the International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the Corporate Governance Report on pages 35–39. The Directors' Report is consistent with the other parts of the annual and consolidated accounts.

We therefore recommend that the Annual General Meeting approve the income statements and balance sheets of the Parent Company and the Group.

## **REPORT ON OTHER REQUIREMENTS ACCORDING TO LAWS AND OTHER REGULATIONS**

In addition to our audit of the annual and consolidated accounts, we have performed an audit of the proposed appropriation of the company's profit or loss and the Board of Directors' and the CEO's administration of Evolution Gaming Group AB (publ) for 2015. We have also conducted a statutory review of the Corporate Governance Report.

### **Responsibility of the Board of Directors and the CEO**

The Board of Directors is responsible for the proposed appropriation of the Company's profit or loss, and the Board and CEO are responsible for the administration of the Company in accordance with the Companies Act and for the Corporate Governance Report on pages 35–39 being prepared in accordance with the Annual Accounts Act.

### **Auditor's responsibility**

Based on our audit, our responsibility is to express an opinion, with reasonable assurance, on the proposed appropriation of profit or loss and on the administration of the company. We conducted our audit in accordance with generally accepted auditing practices in Sweden. As a basis for our opinion on the Board's proposal for appropriation of the Company's profit or loss, we have examined the Board's reasoned opinion, as well as a selection of the evidence in order to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion on discharge from liability, we have, in addition to our audit of the annual and consolidated accounts examined significant decisions, measures and circumstances within the company to assess whether any Board Member or the CEO is liable to the company. We have also examined whether any Board Member or the CEO has acted in contravention of the Companies Act or the Articles of Association.

We believe that the audit evidence we have obtained, in accordance with the above, is sufficient and appropriate to provide a basis for our opinion.

In addition, we have read the Corporate Governance Report and, based on that reading and our knowledge of the Company and the Group, we believe that we have a sufficient basis for our opinion. This means that our statutory examination of the Corporate Governance Report has a different focus and is substantially less in scope compared to the focus and scope of an audit in accordance with the International Standards on Auditing and generally accepted auditing standards in Sweden.

### **Opinions**

We recommend that the Annual General Meeting appropriate the profit or loss of the company in accordance with the proposal in the Directors' Report and discharge the Board Members and the CEO from liability for the financial year.

A Corporate Governance Report has been prepared and its statutory content is consistent with the annual and consolidated accounts.

Stockholm, 30 March 2016

PricewaterhouseCoopers AB

Niklas Renström  
Authorised Public Accountant

# GLOSSARY

## FINANCIAL KEY RATIOS, ITEMS AND TERMS

<b>Return on shareholders' equity</b>	The period's earnings in relation to average equity in the past twelve months.
<b>EBITDA</b>	Operating profit before depreciation, amortisation and impairments.
<b>EBITDA margin</b>	EBITDA in relation to operating revenues.
<b>EUR, EURm, EUR 000</b>	EUR, EUR million, EUR thousands.
<b>Average number of full-time employees</b>	The average number of full-time employees during the period. Full-time equivalents include part-time positions.
<b>Average number of shares outstanding</b>	The average number of shares outstanding during the period.
<b>Operating profit</b>	Total operating revenues reduced by total operating expenses.
<b>Operating margin</b>	Operating profit in relation to operating revenues.
<b>Equity/assets ratio</b>	Equity at the end of period in relation to total assets at the end of period.

## OPERATIONAL AND OTHER TERMS

<b>B2B</b>	Refers to "Business-to-Business," i.e. business conducted between two companies with no private individuals involved.
<b>B2G</b>	Refers to "Business-to-Government," i.e. business conducted between a company and a government body with no private individuals involved.
<b>Gross Gaming Revenue</b>	Consists of the bet reduced by the winnings returned to the player.
<b>Derivative/game derivative</b>	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.
<b>Direct Game Launch</b>	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.
<b>H2GC</b>	Refers to the independent market analysis firm H2 Gambling Capital.
<b>HD</b>	Refers to "High Definition", i.e. a high resolution image.
<b>MCR</b>	Refers to "Mission Control Room," the control room that controls Evolution Gaming's operations in all Live Casino studios.
<b>RNG</b>	Refers to "Random Number Generator," i.e. games based on random number generated data.
<b>Share of Live</b>	Refers to the proportion of the revenue that stems from Live Casino in relation to the total gaming revenue.
<b>End users</b>	Refers to the gaming operator's customers, i.e. gamers.
<b>Tier 1</b>	Refers to customers of material strategic and/or financial importance. Evolution communicates all new Tier 1 customers via press releases and/or interim statements.







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