

**Supplement to the offer document
in respect of the public offer to the
shareholders of NetEnt**

IMPORTANT INFORMATION

General

Evolution Gaming Group AB (publ) (“**Evolution**”) has made a public offer to the shareholders of NetEnt AB (publ) (“**NetEnt**”) on 24 June 2020 (the “**Offer**”).

Evolution has prepared an offer document in Swedish which has been approved and registered by the Swedish Financial Supervisory Authority (the “**SFSA**”) (Sw. *Finansinspektionen*) on 20 August 2020 (SFSA reg. no 20-17118) and published by Evolution on the same day (the “**Offer Document**”). A Swedish language supplement to the Offer Document was approved and registered by the SFSA in accordance with Chapter 2a, Section 11 of the Swedish Financial Instruments Trading Act (Sw. *lagen (1991:980) om handel med finansiella instrument*) (with further references to Articles 23.1 and 23.2 of Regulation (EU) 2017/1129 of the European Parliament and of the Council) on 23 October 2020 (the “**Supplement**”) and this is the English translation thereof. The SFSA’s approval and registration do not imply that the SFSA guarantees that the information in the Supplement is correct or complete. In the event of any discrepancy between the two language versions, the Swedish version of the Supplement shall prevail. The information in this Supplement purports to be accurate only as of the date of the Supplement. Evolution makes no representation that the information has been or will remain accurate as of any other date. Evolution provides the information in this Supplement solely for the purpose of the Offer, and the information may not be used for any other purpose. The information about NetEnt on pages 21–42 in this Supplement is based on information that has been made publicly available by NetEnt. Evolution makes no representation that the information about NetEnt in the Supplement is correct or complete and takes no responsibility for such information being correct or complete.

Applicable law and disputes

The Offer is governed by and construed in accordance with the laws of Sweden. Any disputes arising out of or in connection with the Offer shall be finally settled by Swedish courts and the City Court of Stockholm shall be the court of first instance. In addition, Nasdaq Stockholm’s Takeover Rules and the Swedish Securities Council’s (Sw. *Aktiemarknadsnämnden*) rulings regarding interpretation and application of Nasdaq Stockholm’s Takeover Rules and, where applicable, the Swedish Securities Council’s interpretations of the Swedish Industry and Commerce Stock Exchange Committee’s former rules on public offers, are applicable to the Offer.

Evolution has on 24 June 2020, in accordance with the Swedish Act on Public Takeovers on the Stock Market (Sw. *lagen (2006:451) om offentliga uppköpserbjudanden på aktiemarknaden*), undertaken towards Nasdaq Stockholm to comply with Nasdaq Stockholm’s Takeover Rules and the Swedish Securities Council’s rulings regarding interpretation and application of Nasdaq Stockholm’s Takeover Rules and, where applicable, the Swedish Securities Council’s interpretations of the Swedish Industry and Commerce Stock Exchange Committee’s former rules on public offers, as well as to submit to the sanctions that Nasdaq Stockholm may decide upon in the event of a breach of Nasdaq Stockholm’s Takeover Rules. Evolution informed the SFSA about the Offer and the undertaking towards Nasdaq Stockholm on 24 June 2020.

Forward-looking statements

Statements in this Supplement relating to any future status or circumstances, including statements regarding future performance, growth and other trend projections and other effects of the Offer, are forward-looking statements. These statements may generally, but not always, be identified by the use of words such as “anticipate”, “believe”, “expect”, “intend”, “plan”, “seek”, “will”, “would” or similar expressions. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and depend on circumstances that could occur in the future. There can be no assurance that actual results will not differ materially from those expressed or implied by these forward-looking statements due to several factors, many of which are outside Evolution’s control. Any forward-looking statements in this Supplement speak only as of the date on which the statements are made and Evolution has no obligation (and undertakes no obligation) to update or revise any of them, whether as a result of new information, future events or otherwise, except for when it is required by applicable laws and regulations.

Information to shareholders in NetEnt outside Sweden as well as to banks, brokers, dealers and nominees holding shares in NetEnt for persons outside Sweden

The Offer is not being made to (and acceptances will not be approved from or on behalf of) persons whose participation in the Offer requires that additional offer documents are prepared or registrations effected or that any other measures are taken in addition to those required under Swedish law (including Nasdaq Stockholm’s Takeover Rules), except where there is an applicable exemption. In particular, the Offer is not capable of being accepted by persons who are located or resident in the United States unless they are so-called qualified institutional buyers (“**QIBs**”) (as defined in Rule 144A under the U.S. Securities Act of 1933, as amended (the “**U.S. Securities Act**”)), and any purported acceptance of the Offer by persons located or resident in the United States other than QIBs or which, at the sole discretion of Evolution, appear to be made in respect of NetEnt shares beneficially held by persons located or resident in the United States other than QIBs will not be accepted. By accepting the Offer, NetEnt shareholders, unless participating pursuant to the exception for QIBs referred to above, will be deemed to represent and warrant, on behalf of themselves and any person on whose behalf they beneficially hold NetEnt shares, that they are not located or resident in the United States (see “*Notice for US shareholders*” below).

This Supplement and any other documentation related to the Offer (including copies thereof) must not be mailed or otherwise distributed, forwarded or sent in or into any jurisdiction (including without limitation Australia, Canada, Hong Kong, Japan, New Zealand, South Africa, Switzerland or the United States) in which the distribution of this Supplement, the Offer Document or the Offer or other documentation relating to the Offer would require any additional measures to be taken or would be in conflict with any law or regulation in any such jurisdiction. Persons who receive this Supplement (including without limitation banks, brokers, dealers, nominees, trustees and custodians) and are subject to the laws and regulations of any such jurisdiction will need to inform themselves about, and observe, any applicable restrictions and requirements. Any failure to do so may constitute a violation of the securities laws or regulations of any such jurisdiction. To the extent permitted by applicable law, Evolution disclaims any responsibility or liability for any violations of any such restrictions and Evolution reserves the right to disregard any purported acceptance of the Offer resulting directly or indirectly from a violation of any of these restrictions.

Notice for US shareholders

The Offer is not capable of being accepted by persons who are located or resident in the United States unless they are QIBs, and any purported acceptance of the Offer by persons located or resident in the United States other than QIBs or which, at the sole discretion of Evolution, appear to be made in respect of NetEnt shares beneficially held by persons located or resident in the United States other than QIBs will not be accepted.

This Supplement does not constitute an offer of securities for sale in the United States or an offer to acquire or exchange securities in the United States. The Offer is being conducted in accordance with Section 14(e) of the U.S. Securities Exchange Act of 1934, as amended (the “**U.S. Exchange Act**”), and the rules and regulations promulgated thereunder. Evolution will take the actions necessary to comply with the applicable requirements of Regulation 14E, including to ensure that any applicable procedural requirements of Rule 14e-1(b)–(d) are satisfied. Evolution shares may not be offered or sold in the United States absent registration or an exemption from registration. No public offer of Evolution shares will be made in the United States. The Evolution shares have not been, and will not be, registered under the U.S. Securities Act or under the relevant securities laws of any state or territory or other jurisdiction of the United States and will not be listed on any stock exchange in the United States. Accordingly, the Evolution shares may not be offered, sold or delivered, directly or indirectly, in, into or from the United States. Neither the U.S. Securities and Exchange Commission nor any U.S. state securities commission has approved or disapproved of the Evolution shares, or determined if this Supplement is accurate or complete. Any representation to the contrary is a criminal offence.

Evolution and NetEnt are public limited liability companies incorporated in Sweden and they are subject to Swedish procedural and disclosure requirements that are different from certain of those of the United States, including the US tender offer and proxy solicitation rules. Any financial statements or other financial information included in this Supplement may have been prepared in accordance with non-US accounting standards that may not be comparable to the financial statements of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

Table of contents

Supplement to the Offer Document..... 4
Evolution’s interim report for January–September 2020 5
NetEnt’s interim report for January–September 2020..... 21
Press release, 12 October 2020: Evolution Gaming extends the acceptance period for the recommended public offer to the shareholders of NetEnt to 20 November 2020 43
Addresses 46

The offer in brief

- Evolution offers 0.1306 Evolution shares for each share in NetEnt. Evolution will not increase the offered consideration.
- Shareholders who in total directly or indirectly control 29.60 per cent of all shares and 68.26 per cent of all votes in NetEnt have undertaken to accept the Offer.
- The board of directors of NetEnt unanimously recommends the shareholders of NetEnt to accept the Offer.
- On 12 October 2020, Evolution extended the acceptance period to 20 November 2020 and postponed the expected settlement date to 1 December 2020 (see Evolution’s press release which is included on pages 43–45 in this Supplement). Evolution reserves the right to further extend the acceptance period and postpone the settlement date.

Supplement to the Offer Document

On 24 June 2020, Evolution announced a public offer to the shareholders of NetEnt to sell all their shares in NetEnt to Evolution in exchange for 0.1306 Evolution shares for each share in NetEnt. The Offer includes both the unlisted shares of series A and the shares of series B that are admitted to trading on Nasdaq Stockholm.

The Supplement has been prepared by Evolution and is a supplement to the Offer Document which was approved and registered by the SFSA on 20 August 2020 (SFSA reg. no 20-17118) and published by Evolution on the same day. The Supplement forms a part of the Offer Document and must be read together with the Offer Document.

The Supplement has been prepared in accordance with Chapter 2a, Section 11 of the Swedish Financial Instruments Trading Act (with further references to Articles 23.1 and 23.2 of Regulation (EU) 2017/1129 of the European Parliament and of the Council) due to the following events:

- On 22 October 2020, Evolution published an interim report for the period January–September 2020.
- On 22 October 2020, NetEnt published an interim report for the period January–September 2020.

Evolution's and NetEnt's respective interim reports are included on pages 5–42 in this Supplement.

The Supplement was approved and registered by the SFSA on 23 October 2020 and published by Evolution on the same day. The Offer Document and the Supplement are available at Evolution's website (www.evolutiongaming.com) and Skandinaviska Enskilda Banken AB (publ)'s ("SEB") website (www.sebgroup.com/prospectuses). The Supplement (in Swedish) will also be available on the SFSA's website (www.fi.se).

Shareholders in NetEnt who have accepted the Offer prior to the publication of this Supplement have the right to withdraw their acceptances. To be valid, such withdrawal must be received in writing by SEB (address: SEB Emissioner AB03, SE-106 40 Stockholm, Sweden) not later than on 30 October 2020 at 5:00 p.m. CET (being the fifth business day after the publication of the Supplement).

Shareholders whose shares are registered in the name of a nominee that wish to withdraw their acceptances shall do so in accordance with instructions from the nominee.

Evolution's interim report for January–September 2020



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

Third quarter of 2020 (Q3 2019)

- Operating revenues increased by 48% to EUR 140.0 million (94.7)
- EBITDA increased by 87% to EUR 90.7 million (48.5), corresponding to a margin of 64.8% (51.2)
- Profit for the period amounted to EUR 79.4 million (39.8)
- Earnings per share amounted to EUR 0.44 (0.22)

January–September 2020 (9M 2019)

- Operating revenues increased by 48% to EUR 383.5 million (259.0)
- EBITDA increased by 86% to EUR 235.9 million (127.1), corresponding to a margin of 61.5% (48.9)
- Profit for the period amounted to EUR 204.0 million (102.9)
- Earnings per share amounted to EUR 1.12 (0.57)

Events during the third quarter of 2020

- Continued high demand generates a positive effect on margin development.
- Live Casino Supplier of the Year Award for the 11th year running at the EGR B2B Awards.
- Continued expansion in the US with several new customers as well as the opening of the studio in Pennsylvania (after the end of the period)

Summary of the third quarter and the first nine months of 2020

Group (EUR thousands)	Jul-Sep 2020	Jul-Sep 2019	%	Jan-Sep 2020	Jan-Sep 2019	%	Oct 2019-Sep 2020	Jan-Dec 2019	%
Operating revenues	140 020	94 729	48%	383 476	259 754	48%	489 474	365 752	34%
EBITDA	90 728	48 470	87%	235 994	127 118	86%	291 824	182 948	60%
EBITDA margin	64.8%	51.2%	-	61.5%	48.9%	-	59.6%	50.0%	-
Operating profit	83 572	41 995	99%	214 863	108 798	97%	263 537	157 472	67%
Operating margin	59.7%	44.3%	-	56.0%	41.9%	-	53.8%	43.1%	-
Profit for the period	79 381	39 775	100%	204 022	102 880	98%	250 868	149 726	68%
Profit margin	56.7%	42.0%	-	53.2%	39.6%	-	51.3%	40.9%	-
Earnings per share before dilution (EUR)	0.44	0.22	100%	1.12	0.57	97%	1.38	0.83	67%
Equity per share (EUR)	2.20	1.29	71%	2.20	1.29	71%	2.20	1.55	43%
OCF per share before dilution (EUR)	0.47	0.28	67%	1.19	0.67	77%	1.49	0.97	53%
Average number of FTEs	4 699	5 104	-8%	4 867	4 679	4%	4 973	4 894	2%

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www.evolution.com
www.twitter.com/EvolutionIR

Evolution develops, produces, markets and licenses fully integrated B2B Live Casino solutions to gaming operators. Since its inception in 2006, Evolution has developed into a leading B2B provider with 300+ operators among its customers. The group currently employs about 7 400 people in studios across Europe and in North America. The parent company is based in Sweden and listed on Nasdaq Stockholm with the ticker EVO. Visit www.evolution.com for more information.

Evolution is licensed and regulated by the Malta Gaming Authority under licence MGA/B2B/187/2010. Evolution is also licensed and regulated in many other jurisdictions such as the United Kingdom, Belgium, Canada, Romania, South Africa, and others.



CEO's comments

I'm happy to report strong results for the quarter. Revenue amounted to EUR 140 million, an increase of 48 percent compared with the third quarter of 2019. EBITDA amounted to EUR 91 million with a margin of 64.8 percent. The past quarter has also been a period of exceptionally high activity operationally within Evolution and after the end of the quarter we are live with our first tables in both Pennsylvania, USA and Kaunas, Lithuania. We are still dealing with the limitations imposed by Covid but we are slowly coming back towards pre-Covid levels in number of tables.

Our new game show style game - Crazy Time – was launched globally on July 1st and has been a great success. Players enjoy the groundbreaking game format and possibility of big wins. It is our most successful game launch to date. Instant Roulette was also launched during the quarter and coming up in Q4 is the launch of Craps. We continue to build our portfolio of unique innovative games both within traditional table games as well as game shows.

Germany is on its way to be the next regulated market in Europe. Licenses for Online Casino, which includes Live Casino, and Online Slots, are planned to be issued from July 2021. Until then a transition will take place where some operators will not offer Live Casino. Revenue related to German players make up 5-10% of our current total revenues. While we expect a negative effect on our German revenue during the transition the effect on the Evolution group as a whole is limited. Long-term we view the move towards regulation in Germany as positive for Evolution.

We continue to stay focused on further strengthening our North American footprint and it makes me proud to say that we now are live in Pennsylvania. Also important for the North America expansion is that we, during the third quarter, have signed several new customers for the US market and more are to come. Regardless of the timing for regulation in additional states we know that Evolution is well positioned and that the US market is a long-term project with very high potential.

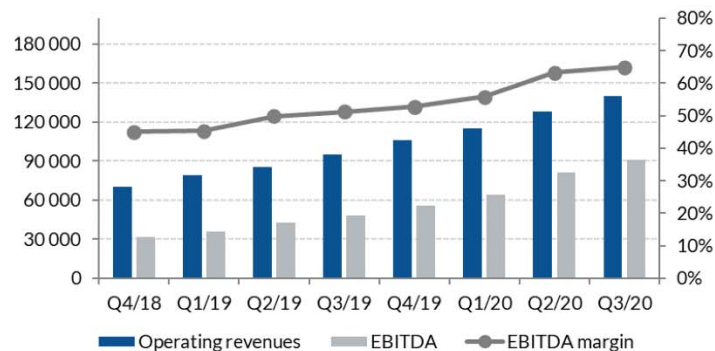
We experience high demand for our games all over the world and thus we continue to invest in additional studio capacity to meet the total demand. During this week we also launched the new medium sized Lithuanian studio. It has been our fastest and most efficient build so far. Together with the latest expansion in Tbilisi, the new build in Pennsylvania, expansion in Malta, expansion in New Jersey and the coming build in Michigan we look forward to a very hectic expansion in the coming period.

During the period we have also updated our corporate brand to **Evolution**. The new branding better reflects the diversity of our operations. In addition to our gaming offerings, we are also active within areas such as software development, technology innovation and state-of-the-art broadcast studio design.

With increased studio capacity together with a continuous development of the very best products and services, we are well positioned to increase our market leadership within Live Casino going forward. During the fourth quarter we look forward to close the deal with NetEnt. We see a fantastic potential in combining the two companies and continuing to deliver the best playing experiences for players across the globe. As I said in the beginning of this report we have a hectic Q3 behind us and now we look forward to an even more hectic Q4. We will continue to work relentlessly on all fronts to continue to better every single day.

Martin Carlesund, CEO

Quarterly results trend



Financial performance in the third quarter of 2020

Revenues

Revenues amounted to EUR 140.0 million (94.7) in the third quarter, equivalent to an increase of 48 percent compared with the corresponding period in 2019. The positive revenue development mainly derives from increased commission income from existing customers and, to a certain extent, from new customers. Demand for Live Casino games continues to grow, partly as a result of our continuous launch of successful new games and variations on traditional games. The number of bet spots from end users amounted to 12.9 billion (5.8).

Expenses

Operating expenses amounted to EUR 56.4 million (52.7). Personnel costs compared with the third quarter of 2019 decreased since a number of gaming tables were closed during the quarter due to Covid-19. The expansion in general has increased other operating expenses compared with the third quarter of 2019.

Profitability

Operating profit amounted to EUR 83.6 million (42.0), corresponding to an increase of 99 percent. The operating margin was 59.7 percent (44.3). The EBITDA margin was 64.8 percent (51.2).

Net financial items only had a marginal impact on profits and related mostly to the interest expense on loans for the studio property in Riga. The Group's effective tax rate for the quarter amounted to 5.0 percent (5.1). The tax rate is influenced by the countries in which earnings are generated, which may vary between reported periods. Profit for the quarter amounted to EUR 79.4 million (39.8). Earnings per share before dilution were EUR 0.44 (0.22).

Investments

Investments in intangible assets amounted to EUR 2.8 million (4.1) during the quarter and were mainly attributable to development of new games and technical improvements of the platform, such as new functionality.

Investments in property, plant and equipment amounted to EUR 7.5 million (5.1) and comprised new studio space, new gaming tables, servers and other computer equipment to meet new technical requirements and maintain capacity and performance in connection with new platform launches.

Cash and cash equivalents, financing and financial position

Cash flow from operating activities amounted to EUR 84.7 million (50.7) during the quarter. Cash flow from investing activities was negative in the amount of EUR 10.6 million (negative 9.2). Cash flow from financing activities was negative in the amount of EUR 1.3 million (10.6). Cash and cash equivalents amounted to EUR 283.2 million (141.1) at the end of the quarter.

First nine months of 2020 in brief**Revenues**

For the January-September 2020 period, revenues amounted to EUR 383.5 million (259.8), corresponding to an increase of 48 percent compared with the same period in 2019. The positive revenue development mainly derives from increased commission income from both new and existing customers.

Expenses

Operating expenses amounted to EUR 168.6 million (151.0). Expenses were mainly driven by higher costs for the strong expansion which have increased other operating expenses by over 30 percent compared with the previous year. Expenses for personnel increased by 2 percent.

Profitability

Operating profit amounted to EUR 214.9 million (108.8) with an operating margin of 56.0 percent (41.9). The EBITDA margin was 61.5 percent (48.9).

Investments

Investments in intangible assets amounted to EUR 8.9 million (8.4) for the period. Investments in property, plant and equipment amounted to EUR 17.1 million (12.0). Investments in other financial assets amounted to EUR 0.9 million (0.1).

Cash and cash equivalents, financing and financial position

Cash flow from operating activities amounted to EUR 216.4 million (121.5) over the period. The increase is primarily due to improved profit. Cash flow from investing activities was negative in the amount of EUR 28.3 million (negative 31.0). Cash flow from financing activities was negative in the amount of EUR 85.5 million (negative 34.6) and included dividend to shareholders of EUR 76.1 million (43.2).

Market development**Live Casino market**

In Europe, Live Casino has grown strongly in recent years and is expected to continue to be among the fastest-growing gaming segments in the coming years. Evolution's growth target is to grow faster than the total European Live Casino market. Market growth is influenced by several underlying factors, such as technological advances with, among other things, improved hardware and increased bandwidth, the migration of land-based casinos to online environments and market regulations. Increased use of mobile devices has been a growth driver for many years, and in the third quarter 69.7 percent (67.7) of the operators' GGR via Evolution's platform was generated by mobile devices. To a large extent, growth is also

driven by Live Casino having grown in importance for most gaming operators, who consequently elect to expose and market their Live offerings to customers more extensively than before.

As a B2B supplier, Evolution has customer relationships with gaming operators, who in turn own the relationships with the end users. Generally, the gaming operators are licensed in a limited number of jurisdictions while operating in a global market and allowing play from various geographic areas. The table below shows the geographic markets from which Evolution's revenues originate. Revenues based on player activity are allocated according to the end-users' location, while revenues not based on player activity are allocated to the operator's location.

Revenue per geographical region

Group (EUR millions)	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
	2019	2019	2020	2020	2020
Nordics	6,1	6,1	6,2	6,7	5,8
UK	12,8	12,0	9,9	10,6	9,5
Rest Of Europe	46,5	53,3	59,8	62,4	65,6
Asia	13,9	17,7	20,8	28,2	34,8
North America	6,1	6,6	7,1	8,5	9,2
Other	9,3	10,2	11,4	12,1	15,1
Total operating revenues	94,7	106,0	115,1	128,5	140,0
Share of regulated markets	42%	40%	38%	33%	32%
Revenues, regulated markets	40,2	42,4	43,7	42,8	45,2

Other

Parent Company

The Parent Company is a holding company. Net sales for the third quarter of 2020 amounted to EUR 2.5 million (1.8) and expenses to EUR 2.4 million (1.8). Operating profit amounted to EUR 0.1 million (negative 0.1). Result for the period amounted to EUR 0.1 million (negative 0.3). The Parent Company's cash and cash equivalents amounted to EUR 11.9 million (1.0) at the end of the period and equity amounted to EUR 262.2 million (243.5). No significant investments were made in intangible or tangible assets.

Employees

As of 30 September 2020, Evolution had 7,395 employees (7,342), corresponding to 5,054 (5,273) full-time positions. The average number of full-time equivalents for the quarter was 4,699 (5,104).

Significant risks and uncertainties

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

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

or unanticipated way, Evolution's conditions for growth, profitability, and the games that may be supplied could be changed. Likewise, a favourable interpretation could have a positive impact on the Group.

One or more markets may be affected by events that may result in rapid changes in the business environment. Examples of this kind of events which could lead up to production disruption are extreme weather events, social unrest, diseases (e.g. virus outbreaks) or other macroeconomic or geopolitical events affected by external influences.

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

Acquisitions and cancelation of own shares

During the first quarter the Board of Directors decided to exercise its authorisation from the Annual General Meeting 2019 to repurchase own shares such that its holding of own shares does not exceed 10 per cent of the total number of shares in the company. In March 2020 a total of 338,000 own shares was acquired for EUR 9,854 thousands. During the third quarter the acquired shares have been canceled.

Recommended public offer to the shareholders of NetEnt

On 24 June 2020, Evolution Gaming Group AB (publ) announced a recommended public offer to the shareholders of NetEnt AB (publ) to sell all their shares in NetEnt to Evolution in exchange for 0.1306 Evolution shares for each share in NetEnt. The Offer includes both the unlisted shares of series A and shares of series B that are admitted to trading on Nasdaq Stockholm. The initial acceptance period for the Offer, which commenced on 21 August 2020 and expires on 30 October 2020, is now extended up to and including 20 November 2020.

The Offer is conditional upon, *inter alia*, the receipt of all necessary approvals from relevant authorities. The Malta Competition and Consumer Affairs Authority (Office for Competition) has on 29 September 2020 announced its approval of Evolution's acquisition of NetEnt. The UK Competition and Markets Authority's process continues up to and including 16 November 2020, and, consequently, cannot be expected to be completed within the initial acceptance period which is the reason for the extended acceptance period.

Comment on Covid-19

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

Calendar

Year-end report 2020	10 February 2021
Annual general Meeting	16 April 2021
Interim report January – March 2021	27 April 2021
Interim report January – June 2021	21 July 2021
Interim report January – September 2021	28 October 2021

Condensed consolidated income statements

Group (EUR thousands)	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Oct 2019- Sep 2020	Jan-Dec 2019
Total operating revenues	140 020	94 729	383 476	259 754	489 474	365 752
Personnel expenses	-31 510	-33 670	-95 136	-93 156	-128 399	-126 419
Depreciation, amortisation and impairments	-7 156	-6 475	-21 131	-18 320	-28 287	-25 476
Other operating expenses	-17 782	-12 589	-52 346	-39 480	-69 251	-56 385
Total operating expenses	-56 448	-52 734	-168 613	-150 956	-225 937	-208 280
Operating profit	83 572	41 995	214 863	108 798	263 537	157 472
Financial Items	-41	-64	-200	-160	-240	-200
Profit before tax	83 531	41 931	214 663	108 638	263 297	157 272
Tax on profit for the period	-4 150	-2 156	-10 641	-5 758	-12 429	-7 546
Profit for the period	79 381	39 775	204 022	102 880	250 868	149 726
Of which attributable to:						
Shareholders of the Parent Company	79 381	39 775	204 022	102 880	250 868	149 726
Average number of shares before dilution	181 284 725	181 622 725	181 359 836	180 442 165	181 425 558	180 737 304
Earnings per share before dilution (EUR)	0,44	0,22	1,12	0,57	1,38	0,83
Average number of shares after dilution	187 046 005	183 384 005	186 232 231	183 388 453	185 520 174	183 387 341
Earnings per share after dilution (EUR)	0,42	0,22	1,10	0,56	1,35	0,82
Operating margin	59,7%	44,3%	56,0%	41,9%	53,8%	43,1%
Effective tax rate	5,0%	5,1%	5,0%	5,3%	4,7%	4,8%

Condensed comprehensive income statement

Group (EUR thousands)	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Oct 2019- Sep 2020	Jan-Dec 2019
Profit for the period	79 381	39 775	204 022	102 880	250 868	149 726
Other comprehensive income						
Items that may be reclassified to profit						
Exchange differences arising from the translation of foreign operations	-2 814	845	-4 449	607	-6 528	207
Other comprehensive income, net after tax	-2 814	845	-4 449	607	-6 528	207
Total comprehensive income for the period	76 567	40 620	199 573	103 487	244 340	149 933

Consolidated balance sheets

Group (EUR thousands)	30/09/2020	30/09/2019	31/12/2019
Assets			
Intangible assets	23 294	24 229	23 743
Goodwill	11 956	15 437	12 485
Buildings	11 719	12 045	11 991
Right of use assets	23 678	15 839	19 419
Property, plant and equipment	43 098	33 373	36 079
Other non-current receivables	1 602	1 052	1 118
Deferred tax assets	340	156	156
Total non-current assets	115 687	102 131	104 991
Accounts receivable	79 943	52 709	66 457
Other receivables	117 559	68 743	76 984
Prepaid expenses and accrued income	5 272	4 636	3 208
Cash and cash equivalents	283 203	141 108	182 520
Total current assets	485 977	267 196	329 169
TOTAL ASSETS	601 664	369 327	434 160
Equity and liabilities			
Share capital	545	545	545
Other capital contributed	22 009	17 430	17 430
Reserves	-4 350	499	99
Retained earnings including profit for the period	381 358	215 926	262 823
Total equity	399 562	234 400	280 897
Deferred tax liabilities	73	127	69
Non-current lease liabilities	19 259	12 601	15 483
Non-current liabilities to credit institutions	-	4 907	-
Total non-current liabilities	19 332	17 635	15 552
Accounts payable	3 756	3 244	5 300
Current liabilities to credit institutions	4 907	950	5 619
Current tax liabilities	125 611	71 650	81 524
Other current liabilities	19 017	23 518	19 604
Current lease liabilities	4 418	3 238	3 936
Accrued expenses and prepaid income	25 061	14 692	21 728
Total current liabilities	182 770	117 292	137 711
TOTAL EQUITY AND LIABILITIES	601 664	369 327	434 160

Intangible assets comprise Game software EUR 15,119 thousand (13,945), Licenses and patents EUR 5,202 thousand (6,730) and Other EUR 2,973 thousand (3,554).

Consolidated changes in equity

Group, 2019 (EUR thousands)	Share Capital	Other capital contributed	Reserves	Retained earnings	Total equity
Opening equity 01/01/2019	540	5 867	-108	155 971	162 270
Dividend payout 08/05/2019	-	-	-	-43 164	-43 164
Warrants	-	-152	-	290	138
New share issue	5	11 715	-	-	11 720
Profit for the period	-	-	-	149 726	149 726
Other comprehensive income	-	-	207	-	207
Closing equity 31/12/2019	545	17 430	99	262 823	280 897
Group, 2020 (EUR thousands)	Share Capital	Other capital contributed	Reserves	Retained earnings	Total equity
Opening equity 01/01/2020	545	17 430	99	262 823	280 897
Dividend payout 29/06/2020	-	-	-	-76 140	-76 140
Warrants	-	4 579	-	507	5 086
Repurchase of own shares	-	-	-	-9 854	-9 854
Profit for the period	-	-	-	204 022	204 022
Other comprehensive income	-	-	-4 449	-	-4 449
Closing equity 30/09/2020	545	22 009	-4 350	381 358	399 562

Consolidated statement of cash flows

Group (EUR thousands)	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Operating profit	83 571	41 995	214 862	108 798	157 472
<i>Adjustment for items not included in cash flows:</i>					
Depreciation, amortisation and impairments	7 156	6 475	21 131	18 320	25 476
Other	2 190	61	2 478	239	1 216
Interest received	11	0	33	0	23
Interest paid	-98	-64	-279	-160	-245
Tax paid	-565	-488	-6 171	-4 190	-5 293
Cash flows from operating activities before changes in working capital	92 265	47 979	232 054	123 007	178 649
Increase / Decrease in Accounts receivables	-9 250	1 717	-14 975	-5 086	-17 276
Increase / Decrease in Accounts payables	-582	205	-1 450	53	1 358
Increase / Decrease in other working capital	2 291	786	798	3 557	13 055
Cash flows from operating activities	84 724	50 687	216 427	121 531	175 786
Acquisition of intangible assets	-2 761	-4 126	-8 868	-8 411	-11 158
Acquisition of property, plant and equipment	-7 511	-5 097	-17 096	-12 043	-18 950
Acquisition of subsidiary	-	-	-1 381	-10 460	-11 812
Increase / Decrease in other financial assets	-367	34	-908	-100	-604
Cash flows from investing activities	-10 639	-9 189	-28 253	-31 014	-42 524
Repayment of debt to credit institutions	-240	-237	-718	-712	-950
Repayment of lease liability	-1 108	-841	-3 393	-2 307	-3 508
Repurchase of own shares	-	-	-9 854	-	-
Warrant premiums	-	-	4 579	-152	-152
New share issue	-	11 720	-	11 720	11 720
Dividend	-	-	-76 140	-43 164	-43 164
Cash flows from financing activities	-1 348	10 642	-85 526	-34 615	-36 054
Cash flow for the period	72 737	52 140	102 648	55 902	97 208
Cash and cash equivalents at start of period	212 049	88 680	182 520	84 951	84 951
Exchange rate differences	-1 583	287	-1 965	255	361
Cash and cash equivalents at end of period	283 203	141 108	283 203	141 108	182 520

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

Consolidated key ratios

Group (EUR thousands)	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Oct 2019- Sep 2020	Jan-Dec 2019
Operating revenues (IFRS)	140 020	94 729	383 476	259 754	489 474	365 752
EBITDA margin	64,8%	51,2%	61,5%	48,9%	59,6%	50,0%
Operating margin	59,7%	44,3%	56,0%	41,9%	53,8%	43,1%
Profit margin	56,7%	42,0%	53,2%	39,6%	51,3%	40,9%
Equity/assets ratio	66,4%	63,5%	66,4%	63,5%	66,4%	64,7%
Cash and cash equivalents	283 203	141 108	283 203	141 108	283 203	182 520
Average number of full-time employees	4 699	5 104	4 867	4 679	4 973	4 894
Full-time employees at end of period	5 054	5 278	5 054	5 278	5 054	5 554
Earnings per share before dilution (EUR) (IFRS)	0,44	0,22	1,12	0,57	1,38	0,83
Equity per share (EUR)	2,20	1,29	2,20	1,29	2,20	1,55
Operating cash flow per share before dilution (EUR)	0,47	0,28	1,19	0,67	1,49	0,97
Average number of outstanding shares before dilution	181 284 725	181 622 725	181 359 836	180 442 165	181 425 558	180 737 304
Number of outstanding shares	181 284 725	181 622 725	181 284 725	181 622 725	181 284 725	181 622 725

Consolidated key ratios by quarter

Group (EUR thousands)	Q3/20	Q2/20	Q1/20	Q4/19	Q3/19	Q2/19	Q1/19	Q4/18
Operating revenues (IFRS)	140 020	128 307	115 149	105 998	94 729	85 728	79 297	70 226
EBITDA	90 728	81 143	64 123	55 830	48 470	42 730	35 918	31 568
EBITDA margin	64,8%	63,2%	55,7%	52,7%	51,2%	49,8%	45,3%	45,0%
Operating profit	83 572	74 166	57 125	48 674	41 995	36 614	30 189	26 734
Operating margin	59,7%	57,8%	49,6%	45,9%	44,3%	42,7%	38,1%	38,1%
Revenue growth vs prior year	47,8%	49,7%	45,2%	50,9%	47,2%	44,7%	53,7%	38,5%
Revenue growth vs prior quarter	9,1%	11,4%	8,6%	11,9%	10,5%	8,1%	12,9%	9,1%
Cash and cash equivalents	283 203	212 049	204 949	182 520	141 108	88 680	103 734	84 951

Reconciliation of selected key ratios not defined in accordance with IFRS

Group (EUR thousands)	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Oct 2019- Sep 2020	Jan-Dec 2019
Operating margin						
Profit before tax	83 531	41 931	214 663	108 638	263 297	157 272
Excluding net financial items	41	64	200	160	240	200
Operating profit (EBIT)	83 572	41 995	214 863	108 798	263 537	157 472
Divided by Total operating revenues	140 020	94 729	383 476	259 754	489 474	365 752
Operating (EBIT) margin	59,7%	44,3%	56,0%	41,9%	53,8%	43,1%
EBITDA and EBITDA margin						
Profit before tax	83 531	41 931	214 663	108 638	263 297	157 272
Net financial items	41	64	200	160	240	200
Depreciation/amortisation	7 156	6 475	21 131	18 320	28 287	25 476
EBITDA	90 728	48 470	235 994	127 118	291 824	182 948
Divided by Total operating revenues	140 020	94 729	383 476	259 754	489 474	365 752
EBITDA margin	64,8%	51,2%	61,5%	48,9%	59,6%	50,0%
Profit margin						
Profit for the period	79 381	39 775	204 022	102 880	250 868	149 726
Divided by Total operating revenues	140 020	94 729	383 476	259 754	489 474	365 752
Profit margin	56,7%	42,0%	53,2%	39,6%	51,3%	40,9%
Equity/Assets ratio						
Total equity	399 562	234 400	399 562	234 400	399 562	280 897
Divided by Total assets	601 664	369 327	601 664	369 327	601 664	434 160
Equity/Assets ratio	66,4%	63,5%	66,4%	63,5%	66,4%	64,7%

Condensed Parent Company income statements and other comprehensive income

Parent company (EUR thousands)	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Oct 2019- Sep 2020	Jan-Dec 2019
Net sales	2 525	1 754	6 558	4 778	8 900	7 120
Other external expenses	-2 433	-1 846	-6 422	-4 737	-8 570	-6 885
Operating profit	92	-92	136	41	330	235
Other interest income and similar income	-	-	-	-	100 124	100 124
Interest expenses and similar expenses	0	0	0	0	0	0
Profit before tax	92	-92	136	41	100 454	100 359
Tax on profit for the period	-23	-249	-55	-667	-292	-904
Profit for the period	69	-341	81	-626	100 162	99 455
Parent company (EUR thousands)	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Oct 2019- Sep 2020	Jan-Dec 2019
Profit for the period	69	-341	81	-626	100 162	99 455
Other comprehensive income	-	-	-	-	-	-
Other comprehensive income, net after tax	-	-	-	-	-	-
Total comprehensive income for the period	69	-341	81	-626	100 162	99 455

Condensed Parent Company balance sheets

Parent company (EUR thousands)	30/09/2020	30/09/2019	31/12/2019
Assets			
Intangible assets	813	732	828
Property, plant and equipment	46	59	65
Participating interest in Group companies	206 000	206 000	206 000
Other non-current receivables	39	35	40
Total non-current assets	206 898	206 826	206 933
Receivables from Group companies	43 259	36 967	137 451
Other current receivables	734	293	219
Prepaid expenses and accrued income	1 406	217	228
Cash and cash equivalents	11 903	954	1 112
Total current assets	57 302	38 431	139 010
TOTAL ASSETS	264 200	245 257	345 943
Equity and liabilities			
Share capital	545	545	545
Retained earnings including profit for the period	261 697	242 951	343 031
Total equity	262 242	243 496	343 576
Accounts payable	385	154	128
Current tax liabilities	1 010	1 143	1 399
Other current liabilities	223	168	173
Accrued expenses and prepaid income	340	296	667
Total current liabilities	1 958	1 761	2 367
TOTAL EQUITY AND LIABILITIES	264 200	245 257	345 943

Notes to the financial statements

Note 1. Accounting principles

Evolution prepares its financial statements in accordance with the International Financial Reporting Standards (IFRS) as approved by the European Union. The Group's interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. The Parent Company uses the same accounting principles as the Group, with the addition of the Swedish Financial Reporting Board's recommendation; RFR 2, Accounting for Legal Entities.

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

Note 2. Events following the balance sheet date

No significant events.

Note 3. Incentive programme

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

Note 4. Seasonality

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

Stockholm, 22 October 2020

Martin Carlesund
CEO

For further information, please contact CFO Jacob Kaplan, +46 708 62 33 94, ir@evolution.com.

Evolution Gaming Group AB (publ)	e-mail: ir@evolution.com
Hamngatan 11	Website: www.evolution.com
SE-111 47 Stockholm, Sweden	Corporate ID number: 556994-5792

Presentation for investors, analysts and the media

CEO Martin Carlesund and CFO Jacob Kaplan will present the report and answer questions on Thursday, 22 October 2020 at 09:00 a.m. CET via a telephone conference. The presentation will be in English and can also be followed online. Number for participation by telephone:

SE: +46 8 566 426 93
UK: +44 33 330 092 65
US: +1 844 625 15 70

Follow the presentation at: <https://tv.streamfabriken.com/evolution-gaming-group-q3-2020>

This information is such that Evolution Gaming Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the contact person set out above on 22 October 2020, at 7.30 am CET.

Auditor's report

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

Introduction

We have reviewed the condensed interim financial information (interim report) of Evolution Gaming Group AB (publ) as of 30 September 2020 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

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

Conclusion

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

Stockholm, 22 October 2020

Öhrlings PricewaterhouseCoopers AB

Johan Engstam

Authorized Public Accountant

Definitions of key ratios

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

NetEnt's interim report for January–September 2020



Q3

INTERIM REPORT JANUARY–SEPTEMBER 2020

Third quarter 2020

- Revenues for the third quarter amounted to 521 (443) SEKm
- EBITDA* was 310 (196) SEKm, corresponding to a margin of 59.4 (44.3)%
- EBIT* was 204 (112) SEKm, corresponding to a margin of 39.2 (25.3)%
- Excluding non-recurring costs, EBITDA was 313 (221) SEKm and EBIT was 207 (137) SEKm
- Earnings after tax* amounted to 167 (76) SEKm, earnings per share was 0.68 (0.32) SEK after dilution

First nine months 2020

- Revenues for the first nine months amounted to 1,611 (1,281) SEKm
- EBITDA was 838 (594) SEKm, corresponding to a margin of 52.0 (46.4)%
- EBIT was 517 (368) SEKm, corresponding to a margin of 32.1 (28.7)%
- Excluding non-recurring costs, EBITDA was 880 (619) SEKm and EBIT was 559 (393) SEKm
- Earnings after tax amounted to 338 (316) SEKm, earnings per share was SEK 1.38 (1.32) after dilution

Important events in the third quarter

- Continued focus on integration with Red Tiger
- Several important customer contracts were signed with operators for the US market
- 16 new slot games were released, 5 from NetEnt and 11 from Red Tiger

Quote from Therese Hillman, Group CEO

"During the quarter we continued to invest in our strategic growth areas USA, Red Tiger and Live Casino, while driving cost and revenue synergies from the ongoing integration between NetEnt and Red Tiger. Underlying EBITDA amounted to SEK 313 (221) million, corresponding to a record margin of 60% (50%). Given our new lower cost base, the operating leverage of our business and our strong product pipeline, we expect continued strong growth in earnings and cash flow for the rest of the year and beyond."

Summary in figures (SEKm)	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Operating revenues	521	443	1,611	1,281	1,793
EBITDA*	310	196	838	594	855
EBITDA margin	59.4%	44.3%	52.0%	46.4%	47.7%
EBIT*	204	112	517	368	529
EBIT margin	39.2%	25.3%	32.1%	28.7%	29.5%
Earnings after tax*	167	76	338	316	429
Earnings per share (SEK), after dilution	0.68	0.32	1.38	1.32	1.79
Cash flow from operations	282	102	805	478	575
Net debt at end of period	1,940	2,465	1,940	2,465	2,418

*After non-recurring transaction costs of 3.0 SEKm in Q3 2020 related to Evolution Gaming's public tender offer.

Tables and calculations in the report do not always correspond exactly to the stated totals due to rounding.

Comments by Therese Hillman, Group CEO

Revenues for the third quarter of the year amounted to SEK 521 (443) million. On a proforma basis, including Red Tiger fully in the previous year's figures, the Group's total revenues increased organically by 9% Y/Y in euro compared to the same period in 2019. The return of sports betting and the general easing of lockdowns in key markets resulted in a normalization of revenue growth to pre Covid-19 levels. Our continued focus on costs started to have a notably positive effect on profitability in the quarter. Underlying earnings before interest, tax, depreciation and amortization (EBITDA) amounted to SEK 313 (221) million, corresponding to a record margin of 60% (50%).

Gross gaming revenues (GGR) from the US market increased by 313% Y/Y and accounted for more than 10% of total Group GGR in the quarter. We remain very excited about the US opportunity and have continued to expand our footprint by signing important customer deals with operators such as DraftKings, William Hill, Tipico, Wind Creek, BetMGM and The Cordish Companies.

Red Tiger had its best quarter ever with continued strong revenue growth and several great game releases. Of the 16 new slot titles released during the quarter for the Group, Gonzo's Quest Megaways™ stood out as an exceptionally strong game launch. Three months after its release, the game is by far the best performing new game ever launched for the NetEnt Group in terms of gross gaming revenues (GGR). Our second new game collaboration this year, Piggy Riches Megaways™, was recently recognized by Slot Catalog Awards as the most popular slot game in the UK so far in 2020.

Our continuous product improvements in Live Casino resulted in continued growth, albeit at a slower pace than in the second quarter, with GGR up 109% Y/Y. Growth with existing customers continued at a high pace, while we noticed a slowdown in new sales.

During the quarter we continued to invest in our strategic growth areas USA, Red Tiger and Live Casino, while driving cost and revenue synergies from the ongoing integration between NetEnt and Red Tiger. A number of important activities in the third quarter are expected to have a positive effect on earnings in Q4 and onwards, including:

- Market entry in West Virginia in October as the first third-party supplier.
- Expected early entry in Michigan when the market opens.
- Launching Red Tiger's games in Pennsylvania under NetEnt's license. Go-live is expected in November.
- Red Tiger's games are now available through NetEnt's platform at Veikkaus, further expanding Red Tiger's reach into regulated markets and Tier 1 customers.
- Launch in December of Roulette Max, an innovative high-volatility game version for Live Casino.
- Further expansion of our Live studio in Malta.

The revenue outlook for Q4 remains positive, supported by the list of actions mentioned above. Further, our product pipeline looks very promising with Megaways™ versions of such classic titles as Kulta Jaska, Twin Spin and Divine Fortune. Given our new lower cost base, the operating leverage of our business and our strong product pipeline, we expect continued strong growth in earnings and cash flow for the rest of the year and beyond.

Therese Hillman
Group CEO, NetEnt

Revenues and earnings in the third quarter

In the third quarter, total operating revenues amounted to 521 (443) SEKm and operating expenses amounted to 317 (331) SEKm. Earnings before interest, tax, depreciation and amortization (EBITDA) amounted to 310 (196) SEKm, corresponding to a margin of 59.4 (44.3)%. Earnings before interest and tax (EBIT) amounted to 204 (112) SEKm, which corresponded to a margin of 39.2 (25.3)%. Earnings were affected by non-recurring transaction costs of 3.0 SEKm in Q3 2020 related to Evolution Gaming's public tender offer. Excluding these non-recurring costs, EBITDA was 313 (221) SEKm and EBIT was 207 (137) SEKm.

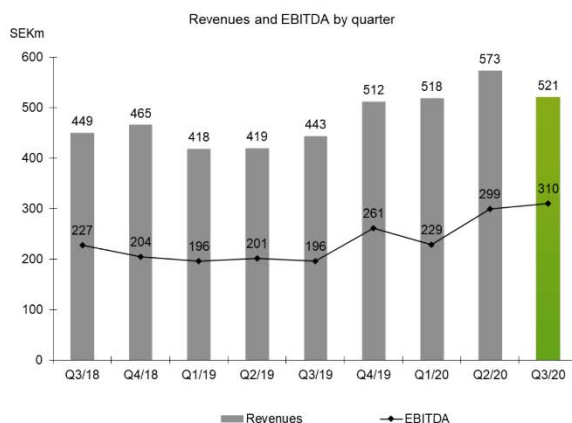
Nearly all of the company's revenues consist of software license fees, which are calculated and charged as a percentage of gaming revenues (player bets minus wins) generated by NetEnt's games for its customers.

Revenues are affected by the development of the Swedish krona in relation to other currencies, particularly euro and British pounds. The main part of revenues is invoiced and accounted for in euro, then translated and reported in Swedish krona. A weaker Swedish krona has a positive effect on reported revenues. During the third quarter of 2020, the Swedish krona strengthened by 2.8% against the euro compared to the same period in 2019. Against the British pound, the Swedish krona strengthened by 3.0% during the period.

Costs are also affected by the development of the Swedish krona against the euro, as a weaker Swedish krona leads to cost increases. For example, depreciation and amortization are affected by the development of the Swedish krona versus the euro as they are booked in euro and then translated to Swedish krona. The share of costs reported in other currencies represented approximately 58 (54)% in the third quarter of 2020.

Net financial items amounted to -20 (-28) SEKm for the period and mainly consisted of interest and amortized financing costs on bank loans.

Earnings after tax for the period amounted to 167 (76) SEKm, corresponding to fully diluted earnings per share (EPS) of 0.68 (0.32) SEK.



Breakdown of gross gaming revenues (GGR) in the third quarter

In the third quarter, locally regulated markets accounted for 52 (47)% of gross gaming revenues (GGR). The tables below illustrate the split by geographic region and product type.

NetEnt Group, GGR split by region	Q3-20	Q2-20	Q1-20	Q4-19*	Q3-19	Q2-19	Q1-19	Q4-18	Q3-18
United Kingdom	19%	21%	19%	19%	12%	14%	14%	13%	14%
Nordic region	17%	16%	18%	19%	25%	25%	26%	30%	31%
Other Europe	42%	41%	43%	43%	50%	50%	50%	48%	47%
United States	10%	10%	7%	5%	3%	2%	2%	1%	1%
Rest of world	12%	12%	13%	14%	10%	9%	8%	8%	7%

NetEnt Group, GGR split by product	Q3-20	Q2-20	Q1-20	Q4-19*	Q3-19	Q2-19	Q1-19	Q4-18	Q3-18
Slots	90%	89%	90%	94%	91%	92%	92%	92%	92%
Table games	10%	11%	10%	6%	9%	8%	8%	8%	8%

* Red Tiger has been included as of Q4 2019.

Investments in the third quarter

The Group's investments in intangible assets amounted to -40 (-49) SEKm and investments in tangible assets totaled -4 (-6) SEKm in the quarter.

Investments in intangible assets consist of development of new games, technical adjustments related to regulatory requirements and software licenses. Notable larger investments during the quarter were development projects related to new games, platform and Live Casino.

Investments in property, plant and equipment primarily consist of servers and other computer hardware to meet new technical standards and sustain capacity and performance as the business expands and new products are being introduced.

Cash flow in the third quarter

The Group's cash flow from operating activities before changes in working capital amounted to 273 (167) SEKm in the quarter. Cash flow from operating activities after changes in working capital amounted to 282 (102) SEKm. Cash flow from investing activities amounted to -44 (-2,278) SEKm in the quarter. Cash flow from financing activities amounted to -152 (2,282) SEKm and consisted mainly of amortization of bank loans and IFRS 16 lease liabilities.

At the end of the period, the Group's net financial debt amounted to 1,940 (2,465) SEKm. Net debt includes bank loans, net present value of the earn-out liability, and lease liabilities related to IFRS 16, net of cash and cash equivalents. Funds held on behalf of licensees was 130 (118) SEKm.

Summary of the first nine months of 2020

Revenues during the period of January–September 2020 amounted to 1,611 (1,281) SEKm. Earnings before interest, tax, depreciation and amortization (EBITDA) amounted to 838 (594) SEKm, corresponding to a margin of 52.0 (46.4)%. Earnings before interest and tax (EBIT) amounted to 517 (368) SEKm, which corresponded to a margin of 32.1 (28.7)%. Excluding non-recurring costs, EBITDA was 880 (619) SEKm and EBIT was 559 (393) SEKm in the period.

Earnings after tax for the period amounted to 338 (316) SEKm, corresponding to fully diluted earnings per share (EPS) of 1.38 (1.32) SEK after dilution.

The Group's cash flow from operating activities for the period amounted to 805 (478) SEKm. Cash flow from investing activities amounted to -161 (-2,377) SEKm. Cash flow from financing activities amounted to -566 (1,686) SEKm and consisted mainly of amortization of bank loans and payment of ordinary cash distribution to shareholders.

The Annual General Meeting on April 29, 2020, approved the Board's proposal to distribute 239 (540) SEKm to shareholders, which corresponds to SEK 1.00 (2.25) per share, by means of an automatic share redemption program. The cash was distributed to holders of redemption shares through Euroclear in June.

The Annual General Meeting also approved the nominating committee's proposal to re-elect Fredrik Erbing, Peter Hamberg, Pontus Lindwall, Maria Redin, Lisa Gunnarsson, Christoffer Lundström and Jonathan Pettemerides as members of the Board. Mathias Hedlund was elected as new Board member and new Chairman of the Board.

The Annual General Meeting further resolved to introduce a long-term incentive program intended for certain employees within the NetEnt Group. A total of 1,089,388 options were issued in June 2020, with the right to subscribe to an equal number of new shares in NetEnt AB. The options were issued at SEK 5.86 per option – the fair market value as calculated by external experts. The strike price was determined at SEK 49.60 and subscription of shares can be made during the period August 1 to September 20, 2023.

Since the acquisition of Red Tiger in September, the financial performance has exceeded the company's forecasts by a wide margin. In order to support the integration with NetEnt, in March 2020 NetEnt agreed with the sellers of Red Tiger on an addendum to the share purchase agreement (SPA). This means that the conditions for payment of the earn-out consideration are deemed to have been met. Half of the earn-out consideration was paid through a directed issue of new B-shares in the second quarter of 2020, and the rest will be paid as cash in the second quarter of 2021. The annual general meeting (AGM) of NetEnt approved a directed issue of 6,327,175 B-shares to the sellers of Red Tiger. The new shares were issued at a price of 21.34 SEK per share, which corresponded to the volume-weighted average price of NetEnt's B-shares on Nasdaq Stockholm during the period of February 24 – March 20, 2020.

Personnel and organization

At the end of the period, the number of employees was 898 (858). Including external resources such as dedicated staff with contract suppliers and subcontractors, the NetEnt Group employed 1,102 (1,069) persons.

Parent Company

Revenues in the Parent Company come from services provided to subsidiaries. Product development costs are not capitalized in the Parent Company as the development projects are ordered and owned by subsidiaries in Malta.

The Parent Company's revenues amounted to 144 (213) SEKm and EBIT was 12 (40) SEKm for the period. The margin was 8.2 (18.8)%. The margin is primarily affected by the proportion of the Parent Company's costs that are billed to other Group companies and the intercompany pricing applied. The price level is controlled by independent comparative studies of similar services and can vary over time if the general price level on the market has changed. Financial items include currency effects on inter-company balances and dividends. Earnings after tax amounted to 6 (18) SEKm for the quarter.

Investments in property, plant and equipment for the Parent Company amounted to 1 (1) SEKm and investments in intangible assets were 0 (3) SEKm for the period. Cash and cash equivalents in the Parent Company amounted to 68 (49) SEKm at the end of the period.

Recommended public offer by Evolution Gaming to the shareholders of NetEnt

On June 24, 2020, Evolution Gaming Group AB (publ) announced a public offer to the shareholders of NetEnt AB (publ). Evolution offers 0.1306 Evolution shares for each share in NetEnt. NetEnt's Board of Directors has unanimously recommended shareholders to accept the offer. The acceptance period for the offer has been extended to November 20, 2020.

About NetEnt

NetEnt AB (publ) is a global gaming company, providing premium gaming solutions to the world's most successful online casino operators. The product portfolio includes the NetEnt and Red Tiger brands. Since the start in 1996, NetEnt has been a true pioneer in driving the market with innovative games powered by a cutting-edge platform. NetEnt is committed to creating the future of gaming and employs around 1,100 people in Malta, Stockholm, Sofia, Kiev, Krakow, Gothenburg, Gibraltar, Isle of Man, London and New Jersey. The NetEnt share is listed on Nasdaq Stockholm (NET-B). For more information, please visit www.netent.com.

Risks and uncertainties

NetEnt'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. The management's general view of the risks that may affect operations has not changed compared to the description given in the most recently published annual report. For a detailed description of risks, see NetEnt's 2019 annual report, pages 24-27 and pages 80-83.

Presentation of report

On Thursday, 22 October 2020, at 10:30 a.m. (CET) the report will be presented by CEO Therese Hillman live via an audiocast and telephone conference. The audiocast can be followed in real-time on NetEnt's website, the link is: <https://tv.streamfabriken.com/netent-q3-2020>

Dial-in numbers for participants are the following:

Sweden: +46 8 566 42707. UK: +44 3333 009 263. USA: +1 833 249 8404

Financial calendar

Earnings report and report for the fourth quarter 2020 February 12, 2021

Financial reports, press releases, and other information are available from the date of publication on NetEnt's website www.netent.com.

The Board of Directors and the CEO certify that the report gives a true and fair view of the operations, position, and results of the Group and Parent Company and describes principal risks and uncertainties facing NetEnt and its group companies.

Stockholm, October 21st, 2020

Mathias Hedlund Chairman of the Board	Christoffer Lundström Board Member	Lisa Gunnarsson Board Member	Fredrik Erbing Board Member
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Jonathan Pettemerides Board Member	Pontus Lindwall Board Member	Maria Redin Board Member	Peter Hamberg Board Member
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Therese Hillman
Group CEO

Questions may be directed to:

Therese Hillman
Group CEO
Phone: +46 8 5785 4500
therese.hillman@netent.com

This report has not been subject to special review by the Company's auditor.

Publication

This information is information that NetEnt AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation (MAR). The information was submitted for publication, through the agency of the contact person set out above, at 7:30 CET on October 22, 2020.

Legal disclaimer

Certain statements in this report are forward-looking and the actual outcomes may be materially different. In addition to the factors discussed, other factors could have an impact on actual outcomes. Such factors include developments for customers, competitors, the impact of economic and market conditions, national and international legislation and regulations, fiscal regulations, the effectiveness of copyright for computer systems, technological developments, exchange rates fluctuations and interest rates and political risks.

Condensed consolidated income statement and statement of total income for the Group (kSEK)

INCOME STATEMENT	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Revenues	510,440	437,427	1,576,080	1,262,145	1,766,732
Other revenues	10,479	6,011	34,929	18,764	26,183
Total operating revenues	520,920	443,439	1,611,009	1,280,909	1,792,915
Personnel expenses	-99,721	-120,423	-367,991	-368,913	-491,112
Depreciation and amortization	-105,685	-84,310	-320,973	-225,629	-326,345
Other operating expenses	-111,527	-126,701	-405,398	-318,246	-446,732
Total operating expenses	-316,932	-331,434	-1,094,361	-912,788	-1,264,189
Operating profit	203,988	112,005	516,647	368,122	528,726
Financial income	22,291	26,193	102,432	59,248	72,961
Financial expense	-42,235	-53,740	-248,141	-81,140	-128,481
Financial items	-19,944	-27,547	-145,709	-21,892	-55,520
Profit before tax	184,044	84,458	370,939	346,230	473,206
Tax on the period's profit	-16,938	-8,374	-33,384	-29,966	-44,337
Profit for the period	167,106	76,084	337,554	316,264	428,870
<i>Earnings per share before dilution (SEK)</i>	<i>0.68</i>	<i>0.32</i>	<i>1.39</i>	<i>1.32</i>	<i>1.79</i>
<i>Earnings per share after dilution (SEK)</i>	<i>0.68</i>	<i>0.32</i>	<i>1.38</i>	<i>1.32</i>	<i>1.79</i>
Average number of shares outstanding					
- before dilution	245,458,035	239,130,860	242,645,957	239,579,199	239,469,216
- after dilution	247,253,152	239,130,860	244,441,074	239,579,199	239,469,216
Profit for the period attributable to Parent Company shareholder	167,106	76,084	337,554	316,264	428,870
STATEMENT OF TOTAL INCOME					
Profit for the period	167,106	76,084	337,554	316,264	428,870
Other total income					
Other total income items that may be reclassified to net income					
Exchange rate differences from the translation of foreign operations	275	45,955	-185,250	56,666	138,038
Sum of other total income for the period, net after tax	275	45,955	-185,250	56,666	138,038
Total income for the period attributable to Parent Company shareholders	167,381	122,039	152,304	372,930	566,908

Condensed consolidated balance sheets (kSEK)

	Sep 30 2020	Sep 30 2019	Dec 31 2019
ASSETS			
Intangible assets	2,783,315	3,012,147	3,009,880
Property, plant, and equipment	71,409	101,527	94,710
Access right value assets	177,230	258,051	228,829
Deferred tax receivable	4,368	5,007	4,740
Other long-term receivables	1,369	28,585	26,106
Total non-current assets	3,037,692	3,405,317	3,364,265
Account receivables ¹⁾	232,454	151,753	219,920
Other receivables	14,679	41,231	55,664
Prepaid expenses and accrued revenues	95,554	183,076	200,957
Funds held on behalf of licensees	130,400	118,134	51,138
Cash and cash equivalents	337,309	300,208	265,458
Total current assets	810,396	794,402	793,137
TOTAL ASSETS	3,848,088	4,199,719	4,157,402
EQUITY AND LIABILITIES			
Share capital	1,236	1,205	1,205
Other capital contributed	307,207	95,962	95,962
Reserves	-14,954	88,924	170,297
Retained earnings including profit for the period	787,638	576,610	689,215
Total equity	1,081,128	762,701	956,678
Prepayments from customers	4,337	17,181	12,412
Bank loans	1,749,806	2,057,228	2,000,643
Other long term liabilities	66,523	281,723	300,352
Lease liabilities	102,952	178,859	152,379
Deferred tax liability	57,930	68,400	66,578
Total long-term liabilities	1,981,547	2,603,390	2,532,363
Accounts payable	39,547	39,168	36,945
Current tax liabilities	30,321	38,296	56,054
Lease liabilities	59,306	70,406	63,165
Bank loans	243,607	252,603	237,608
Other liabilities	284,166	193,001	139,067
Accrued expenses and prepaid revenues	128,465	240,154	135,522
Total current liabilities	785,413	833,629	668,361
TOTAL EQUITY AND LIABILITIES	3,848,088	4,199,719	4,157,402

¹⁾ From March 2020 NetEnt is invoicing the monthly license fees in the current month. Historically the invoices have been issued in the beginning of the next month.

Condensed consolidated cash flow statements (kSEK)

(kSEK)	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Operating profit	203,988	112,005	516,647	368,122	528,726
<i>Adjustment for items not included in cash flows:</i>					
Depreciation, amortization and impairments	105,685	84,310	320,973	225,629	326,345
Other	-2,138	-24,599	-3,098	-15,965	-20,016
Interest paid	-24,293	-774	-51,723	-2,830	-8,811
Income tax paid	-10,674	-3,657	-64,315	-16,091	-22,016
Cash flow from operating activities before changes in working capital	272,567	167,286	718,484	558,865	804,227
Changes in working capital	9,100	-65,670	86,815	-81,171	-229,356
Cash flow from operating activities	281,667	101,616	805,299	477,694	574,871
Acquisition subsidiaries	-	-2,223,923	-	-2,223,923	-2,281,378
Acquisition of intangible assets	-39,990	-48,502	-149,994	-140,142	-188,688
Acquisition of property, plant, and equipment	-4,246	-5,531	-10,572	-12,840	-18,942
Cash flow from investing activities	-44,236	-2,277,955	-160,566	-2,376,904	-2,489,008
New bank loan	-	2,296,397	-	2,296,397	2,296,397
Amortization of bank loan	-136,458	-	-279,154	-	-
Amortization of lease liability	-16,295	-14,597	-53,285	-44,275	-61,071
Received premium for share option rights	261	-	6,243	2,150	2,150
Repurchase of share options	-	-	-283	-	-
Repurchase of own shares	-	-	-	-30,355	-30,355
Transfer to shareholders	-	-	-239,131	-538,044	-538,044
Cash flow from financing activities	-152,492	2,281,800	-565,610	1,685,872	1,669,076
Cash flow for the period	84,938	105,461	79,123	-213,336	-245,061
Cash and cash equivalents at beginning of period	254,342	193,031	265,458	500,844	500,844
FX differences in cash and cash equivalents	-1,970	1,716	-7,272	12,700	9,676
Cash and cash equivalents at end of period	337,309	300,208	337,309	300,208	265,458

Condensed consolidated changes in equity (kSEK)

	2019	Share capital	Other capital contributed	Reserves	Retained earnings	Total equity
Opening equity Jan. 1, 2019		1,205	93,812	32,258	828,745	956,020
Cash distribution to shareholders		-	-	-	-538,044	-538,044
Repurchase of own shares		-	-	-	-30,355	-30,355
Received premium for share option		-	2,150	-	-	2,150
Total income for the period Jan-Dec		-	-	138,038	428,870	566,908
Closing equity Dec. 31, 2019		1,205	95,962	170,297	689,215	956,678

	2020	Share capital	Other capital contributed	Reserves	Retained earnings	Total equity
Opening equity Jan. 1, 2020		1,205	95,962	170,297	689,215	956,678
Issue of new shares		32	205,285	-	-	205,317
Cash distribution to shareholders		-	-	-	-239,131	-239,131
Repurchase of own shares		-	-	-	-	-
Received premium for share option rights Total		-	6,243	-	-	6,243
Repurchase of share options		-	-283	-	-	-283
Total income for the period Jan-Sep		-	-	-185,250	337,554	152,304
Closing equity Sep. 30, 2020		1,236	307,207	-14,954	787,638	1,081,128

There is no minority interest in the Group. Thus, all equity is attributed to the Parent Company's shareholders.

Condensed Parent Company income statement (kSEK)

INCOME STATEMENT	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Operating revenues	143,619	212,645	541,783	597,456	728,738
Other external expenses	-59,530	-68,895	-209,228	-201,991	-273,084
Personnel expenses	-67,422	-99,418	-266,594	-305,164	-392,814
Depreciation and amortization	-4,926	-4,391	-15,340	-14,539	-19,373
Operating profit	11,742	39,942	50,621	75,762	43,467
Financial items	1,836	-17,076	-11,469	-2,012	310,339
Transfer to untaxed reserves	-	-	-	-	7,658
Profit before tax	13,578	22,866	39,152	73,750	361,464
Tax on the period's profit	-7,595	-5,087	-8,614	-18,406	-15,329
Profit for the period	5,983	17,779	30,539	55,344	346,134

STATEMENT OF TOTAL INCOME

Profit for the period	5,983	17,779	30,539	55,344	346,134
Other total income	-	-	-	-	-
Sum of other total income for the period. net after tax	-	-	-	-	-
Total income for the period	5,983	17,779	30,539	55,344	346,134

Condensed Parent Company balance sheet (kSEK)

	Sep 30 2020	Sep 30 2019	Dec 31 2019
ASSETS			
Intangible assets	8,621	8,157	10,747
Tangible assets	31,850	43,639	41,725
Long term internal receivables	2,045,496	2,057,228	2,000,643
Other long term assets	4,327	8,007	7,785
Total non-current assets	2,090,293	2,117,031	2,060,901
Account receivables	3,346	5,652	-
Receivables from group companies	506,363	393,684	755,143
Current tax receivables	46,580	939	-
Other receivables	6,700	9,289	15,791
Prepaid expenses and accrued revenues	39,885	37,184	42,764
Cash and cash equivalents	67,663	48,704	41,250
Total current assets	670,537	495,452	854,948
TOTAL ASSETS	2,760,830	2,612,483	2,915,849
	Sep 30 2020	Sep 30 2019	Dec 31 2019
EQUITY AND LIABILITIES			
Share capital	1,236	1,205	1,205
Statutory reserve	38	38	38
Share premium reserve	272,281	61,035	61,035
Retained earnings	129,107	59,676	22,111
Profit for the period	30,539	17,779	346,134
Total equity	433,201	139,733	430,523
Bank loans	1,749,806	2,057,228	2,000,643
Total long-term liabilities	1,749,806	2,057,228	2,000,643
Untaxed reserves	11,816	19,474	11,816
Accounts payable	16,193	21,845	22,979
Bank loans	243,607	252,603	237,608
Liabilities to group companies	193,893	-	114,900
Tax liabilities	22,235	-	277
Other liabilities	8,655	6,943	7,175
Accrued expenses and prepaid revenues	81,425	114,657	89,929
Total current liabilities	566,008	396,048	472,868
TOTAL EQUITY AND LIABILITIES	2,760,830	2,612,483	2,915,849

Key data and KPI's

The Company presents some financial measures in this report, which are not defined by IFRS. The Company believes that these measures provide valuable additional information to investors and management for evaluating the Company's financial performance and financial position. It should be noted that these measures, as defined, may not be comparable to similarly titled measures used by other companies. These non-IFRS measures should not be considered as substitutes to financial reporting measures prepared in accordance with IFRS. The tables below show some measures that are not defined by IFRS.

Consolidated key data and figures for the Group

	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Financial measures defined by IFRS:					
Operating revenues (kSEK)	520,920	443,439	1,611,009	1,280,909	1,792,915
Earnings per share before dilutions (SEK)	0.68	0.32	1.39	1.32	1.79
Earnings per share after dilutions (SEK)	0.68	0.32	1.38	1.32	1.79
Average number of outstanding shares before dilution	245,458,035	239,130,860	242,645,957	239,579,199	239,469,216
Average number of outstanding shares after dilution	247,253,152	239,130,860	244,441,074	239,579,199	239,469,216
Number of outstanding share at period's end before dilution	245,458,035	239,130,860	245,458,035	239,130,860	239,130,860
Number of outstanding share at period's end after dilution	247,253,152	239,130,860	247,253,152	239,130,860	239,130,860
Alternative Performance Measures:					
Operating revenues (KEUR)	50,344	41,585	152,606	121,234	169,316
Operating margin (percent)	39.2	25.3	32.1	28.7	29.5
EBITDA margin (percent)	59.4	44.3	52.0	46.4	47.7
Effective tax rate (percent)	9.2	9.9	9.0	8.7	9.4
Return on equity, rolling 12 months (percent)	46.2	52.6	46.2	52.6	49.8
Equity/assets ratio (percent)	28.1	18.2	28.1	18.2	23.0
Quick ratio (percent)	103.2	95.3	103.2	95.3	118.7
Net interest-bearing liabilities (SEKm) ⁽¹⁾	1,940	2,465	1,940	2,465	2,418
Net debt/equity ratio (multiple)	1.8	3.2	1.8	3.2	2.5
Equity per share before dilution (SEK)	4.40	3.19	4.40	3.19	3.99
Equity per share after dilution (SEK)	4.37	3.19	4.37	3.19	3.99
Average number of employees	886	746	888	757	779
Employees at period's end	898	858	898	858	862
Employees and external resources at period's end	1,102	1,069	1,102	1,069	1,062

¹⁾ A negative figure means that the Group has a net cash position (cash in excess of interest-bearing liabilities).

Consolidated key data and figures by quarter for the Group

	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3
Financial measures defined by IFRS:									
Operating revenues (SEKm)	520.9	572.6	517.5	512.0	443.4	419.4	418.1	465.4	449.3
Cash and cash equivalents (SEKm) ⁽²⁾	337.3	254.3	266.8	265.5	300.2	193.0	596.6	500.8	362.3
Funds held on behalf of licensees (SEKm)	130.4	107.3	82.9	51.1	118.1	97.8	46.4	29.5	110.3
Alternative Performance Measures:									
Operating revenues (EURm)	50.3	53.7	48.5	48.1	41.6	39.5	40.1	45.1	43.1
Operating profit (SEKm)	204.0	193.5	119.1	160.6	112.0	130.0	126.1	146.2	172.0
Operating margin (percent)	39.2	33.8	23.0	31.4	25.3	31.0	30.2	31.4	38.3
EBITDA margin (percent)	59.4	52.3	44.2	51.0	44.3	48.0	47.0	43.9	50.6
Growth in SEK vs prior year (percent)	17.5	36.5	23.8	10.0	-1.3	-4.1	-2.8	9.5	11.0
Growth in EUR vs prior year (percent)	21.1	36.0	20.9	6.6	-3.6	-6.6	-7.0	3.9	1.8
Growth in SEK vs prior quarter (percent)	-9.0	10.6	1.1	15.5	5.7	0.3	-10.2	3.6	2.8
Growth in EUR vs prior quarter (percent)	-6.3	10.7	0.9	15.6	5.2	-1.6	-11.0	4.5	1.9
Equity/assets ratio (percent)	28.1	23.7	22.1	23.0	18.2	47.7	63.2	70.7	63.5
Return on equity rolling 12 months (percent)	46.2	40.2	47.4	49.8	52.6	60.7	62.2	65.3	68.2
Net debt/equity ratio (multiple)	1.8	2.4	2.4	2.5	3.2	0.1	-0.3	-0.5	-0.4
Share price at end of period (SEK)	76.5	71.2	24.75	25.85	30.35	29.75	33.75	36.55	36.04
Earnings per share after dilution (SEK)	0.68	0.36	0.34	0.47	0.32	0.50	0.50	0.57	0.65
Book equity per share before dilution (SEK)	4.40	3.74	3.93	4.00	3.19	2.68	4.51	3.98	3.45
Cash flow from operations per share (SEK)	1.15	1.31	0.86	0.42	0.42	0.94	0.56	0.78	0.88
Average number of employees	886	895	883	858	746	730	783	808	802

Reconciliation to IFRS

(SEKm)	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3
EBITDA									
Profit for the period	167.1	88.5	82.0	112.6	76.1	119.9	120.2	136.6	155.4
Tax on profit for the period	16.9	10.0	6.5	14.4	8.4	10.9	10.7	5.4	15.0
Financial items	19.9	95.1	30.7	33.6	27.5	-0.8	-4.9	4.1	1.6
Depreciation & Amortization	105.7	105.8	109.5	100.7	84.3	71.1	70.2	58.1	55.5
EBITDA	309.7	299.3	228.6	261.3	196.3	201.1	196.3	204.3	227.5
Net interest-bearing liabilities									
Bank loan	1,993.4	2,116.7	2,239.0	2,238.3	2,300.3	-	-	-	-
Lease liability	162.3	178.6	199.2	215.5	249.3	258.2	243.6	-	-
Earn-out (net asset value)	121.2	116.8	124.1	229.8	215.6	-	-	-	-
Cash and cash equivalents ⁽²⁾	-337.3	-254.3	-266.8	-265.5	-300.2	-193.0	-596.6	-500.8	-362.3
Net interest-bearing liabilities ⁽¹⁾	1,939.5	2,157.7	2,295.5	2,418.1	2,465.0	65.2	-353.0	-500.8	-362.3
Quick ratio									
Total current assets	810.4	766.0	870.5	793.1	794.4	600.1	955.9	857.7	809.7
Total current liabilities	785.4	826.7	1,035.0	668.4	833.6	489.7	400.0	378.3	443.6
Quick ratio (percent)	103.2	92.7	84.1	118.7	95.3	122.5	239.0	226.7	182.5

(1) A negative figure means that the Group has a net cash position (cash in excess of interest-bearing liabilities).

(2) Excluding funds held on behalf of licensees.

Note 1 – Accounting Principles

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the interpretations issued by the IFRS Interpretations Committee (IFRIC) as adopted for application in the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups has also been applied. This consolidated report has been prepared in accordance with the Swedish Annual Accounts Act (ÅRL) and IAS 34 Interim Financial Reporting. The accounts for the Parent Company have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The accounting standards applied for the Group and the Parent Company are the same as those applied in preparation of the most recent annual report, with the exceptions described below.

For further information on the accounting standards, please see the most recent annual report at www.netent.com.

Amounts are expressed in KSEK (thousands of Swedish kronor) unless otherwise indicated. Amounts or figures in parentheses indicate comparative figures for the corresponding period last year. SEKm stands for millions of Swedish kronor.

Note 2 – Specification of revenues (kSEK)

Type of revenue	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Licenses	503,512	424,060	1,549,696	1,218,149	1,710,520
Setup fees	6,929	13,368	26,384	43,996	56,212
Other revenues	10,479	6,011	34,929	18,764	26,183
Total	520,920	443,439	1,611,009	1,280,909	1,792,915

Timing for revenue recognition	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Performance commitment fulfilled at a certain time	513,991	430,071	1,584,624	1,236,913	1,736,703
Performance commitment fulfilled over a period of time	6,929	13,368	26,384	43,996	56,212
Total	520,920	443,439	1,611,009	1,280,909	1,792,915

Geographic allocation	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Malta	29.9%	35.7%	30.1%	35.6%	34.8%
Sweden	1.7%	-	1.7%	-	1.8%
Other countries	68.4%	64.3%	68.2%	64.4%	63.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

The geographic split shown above is based on where the customers are located.

Note 3 – Acquisition of subsidiary

In September, 2019, Red Tiger was acquired for a total purchase amount of SEK 2,552 million. Red Tiger was consolidated from the beginning of September 2019, which resulted in an increase in net assets of SEK 1,108 million, of which brand represented SEK 399 million, customer relations SEK 444 million, technology SEK 45 million, and games including daily jackpots represented SEK 244 million. The rest of the purchase price consisted of goodwill amounting to SEK 1,447 million, mainly attributable to the unique competence in games development and production, as well as the strong market position that Red Tiger contributes with.

New credit facilities related to the acquisition of Red Tiger amount to EUR 243 million, of which EUR 217.5 million have been utilized. This amount consists of two credit facilities. The first facility amounts to EUR 103.0 and will be amortized over the term of the loan until September 2023. The first amortization of EUR 12.9 million was made in March 2020.

The second facility amounts to EUR 114.5 million and is due in September 2023 with a bullet repayment. The outstanding financial debt related to these two facilities amounted to EUR 191.8 million at the end of the reporting period. The interest rates and other terms of the credit facilities are in line with overall market conditions. The terms of the credit facilities require NetEnt to meet a number of covenants.

In conjunction with the acquisition, it was announced that an additional consideration amounting to maximum GBP 23.2 million could become payable in 2022 on an earn-out basis, subject to Red Tiger's financial performance over the coming two years. Since the acquisition, Red Tiger's financial performance has exceeded the company's forecasts by a wide margin. In order to support the integration of the companies, in March 2020 NetEnt agreed with the sellers of Red Tiger on an addendum to the share purchase agreement (SPA). This means that the conditions for payment of the earn-out consideration are deemed to have been met. Half of the earn-out consideration was paid through a directed issue of new B-shares in the second quarter of 2020, and the rest is to be paid out as cash in the second quarter of 2021.

On April 29, the annual general meeting (AGM) of NetEnt approved a directed issue of 6,327,175 B-shares to the sellers of Red Tiger. The new shares were issued at a price of 21.34 SEK per share, which corresponded to the volume-weighted average price of NetEnt's B-shares on Nasdaq Stockholm during the period of February 24 – March 20, 2020.

As a result of the new share issue, the share capital of NetEnt increased by approximately 31,762 SEK to 1,237,219 SEK. The total number of shares outstanding after the share issue amounts to 245,458,035, split between 33,660,000 A-shares and 211,798,035 B-shares. These numbers are adjusted for previously repurchased shares amounting to 1,000,000 B-shares. Consequently, the share issue lead to a dilution of 2.6 percent of total shares and 1.2 percent of total votes of the company on a fully-diluted basis (i.e. based on the total number of shares and votes outstanding after the share issue).

The sellers of Red Tiger have committed not to sell the newly issued shares during a lock-up period until March 2022. One of the sellers is Gavin Hamilton, CEO of Red Tiger and Chief Operating Officer of NetEnt Group.

Definitions

Operating profit

Operating revenues minus operating costs. Measures the Company's operating result before interest and taxes. Commonly used by investors, analysts and management to evaluate the profitability of the Company.

Operating margin

Operating profit in relation to operating revenues. This is a measure of profitability commonly used by investors, analysts and management to evaluate the profitability of the Company.

EBITDA-margin

Operating profit excluding depreciation and amortization in relation to operating revenues. This is a measure of profitability commonly used by investors, analysts and management to evaluate the profitability of the Company.

Growth in SEK compared to prior year

Percentage change of operating revenues in SEK, compared to the previous year. Commonly used by investors, analysts and management to evaluate the growth of the Company.

Growth in EUR compared to prior year

Percentage change of operating revenues in EUR, compared to the previous year. Commonly used by investors, analysts and management to evaluate the growth of the Company. The Company aims to grow faster than the market.

Growth in SEK compared to prior quarter

Percentage change of operating revenues in SEK, compared to the previous quarter. Commonly used by investors, analysts and management to evaluate the growth of the Company.

Growth in EUR compared to prior quarter

Percentage change of operating revenues in EUR, compared to the previous quarter. Commonly used by investors, analysts and management to evaluate the growth of the Company.

Average shareholders' equity

Calculated as shareholders' equity at the start of the year plus outgoing equity at the end of the year divided by two.

Return on equity

Period's profit/loss (rolling twelve months) in relation to average shareholder equity for last twelve months. This is a measure of capital returns that is commonly used by investors, analysts and management to evaluate the Company's ability to generate returns on the capital provided by its shareholders.

Financial items

Calculated as financial income minus financial expenses, adjusted for currency effects.

Equity/assets ratio

Equity at the end of period as a percentage of total assets at the end of period. This is a measure commonly used by investors, analysts and management to evaluate the capital structure of the Company and its ability to meet its short- and long-term obligations.

Quick ratio

Current assets in relation to current liabilities. This is a measure commonly used by investors, analysts and management to evaluate the short-term liquidity of the Company.

Net interest-bearing liabilities

Net of interest-bearing provisions and liabilities less financial assets and cash and cash equivalents. This is a measure commonly used by investors, analysts and management to evaluate the financial position of the Company and its ability to return cash to shareholders.

Net debt/equity ratio (multiple)

Net of interest-bearing earnings and liabilities minus financial assets and cash and cash equivalents, divided by shareholder's equity. This is a measure commonly used by investors, analysts and management to evaluate the financial position of the Company and its ability to return cash to shareholders.

Average number of employees

The average number of employees during the period defined as full-time equivalents.

Number of employees at end of period

The number of employees at the end of the period defined as full-time equivalents.

Number of employees and external resources at end of period

The number of employees and external resources such as dedicated persons with contracted suppliers and subcontractors at the end of the period defined as full-time equivalents.

Earnings per share before dilution

Profit for the period divided by the average number of shares outstanding during the period before dilution from options.

Earnings per share after dilution

Profit for the period divided by the average number of shares outstanding during the period after dilution from options.

Equity per share

Shareholders' equity divided by the number of shares outstanding at the end of the period.

Cash flow from operating activities per share

Cash flow from operating activities divided by the average number of shares outstanding after dilution for the period. This is a measure used by investors, analysts and management to evaluate the financial development of the Company and its ability to generate a positive cash flow.

Average number of shares outstanding

The average number of shares outstanding during the period adjusted for bonus issue and share split.

Number of shares outstanding

The number of shares outstanding adjusted for bonus issue and share split.

Gross gaming revenues (GGR)

Gaming industry term stating gaming revenues for gaming operators. Calculated as players bets minus player wins and bonuses. NetEnt's revenues consist mainly of license fees based on a percentage share of gaming revenues in NetEnt's games with its customers (gaming operators).

NetEnt's business idea

NetEnt operates in the digital entertainment industry and its business idea is to develop premium games and system solutions that enable online casino operators to offer their players the ultimate gaming experience.

NetEnt's business model

NetEnt is a B2B company developing and distributing premium software (games and gaming solutions) to online casino operators globally. Revenues are generated according to a licensing model based on revenue-sharing with customers. The gaming operators pay a monthly license fee to NetEnt, which is based on a certain percentage share of the gross game win that is generated in the customers' online casinos. NetEnt takes responsibility for all technical operations such as monitoring gaming transactions for its customers, known as hosting, so that the operators can focus on their core operations. NetEnt also plays an active part in the integration work for new customers.

NetEnt's strategies

NetEnt continuously develops its offering to be at the forefront in terms of technology, innovation and quality. The Company shall be a close business partner for its customers and the growth strategy is based on growth through both existing and new customers, new products, services and new markets. NetEnt shall participate in the re-regulation of the gaming market and expand globally on prioritized markets. Europe is top priority, followed by Americas and Asia. NetEnt constantly aims to optimize efficiency in all parts of the operations and shall attract, preserve and develop core expertise. The Company strives to have a corporate culture that supports growth and should be ready to invest in new business opportunities.

NetEnt's products

NetEnt offers a comprehensive gaming system comprising a full suite of world-class casino games and a powerful technological platform. The games are of high quality and provide players with an ultimate gaming experience, while the platform manages several billion transactions per month. The product also includes an advanced administration tool that enables the operator to develop successful casino operations. The gaming system is tailored to each licensee so the games form a natural, integral part of the operator's gaming site. NetEnt's game portfolio comprises a wide range of games in categories such as slot games, table games, video poker and other games. The games are offered in various channels such as desktop, tablets and mobile phones.



Press release, 12 October 2020: Evolution Gaming extends the acceptance period for the recommended public offer to the shareholders of NetEnt to 20 November 2020



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Press release 2020-10-12

Evolution Gaming extends the acceptance period for the recommended public offer to the shareholders of NetEnt to 20 November 2020

On 24 June 2020, Evolution Gaming Group AB (publ) ("**Evolution**") announced a recommended public offer to the shareholders of NetEnt AB (publ) ("**NetEnt**") to sell all their shares in NetEnt to Evolution in exchange for 0.1306 Evolution shares for each share in NetEnt (the "**Offer**"). The Offer includes both the unlisted shares of series A and shares of series B that are admitted to trading on Nasdaq Stockholm. The initial acceptance period for the Offer, which commenced on 21 August 2020 and expires on 30 October 2020, is now extended up to and including 20 November 2020.

The Offer is conditional upon, *inter alia*, the receipt of all necessary approvals from relevant authorities (including competition authorities), among others the Malta Competition and Consumer Affairs Authority (Office for Competition) and the UK Competition and Markets Authority (the "**CMA**").

The Malta Competition and Consumer Affairs Authority (Office for Competition) has on 29 September 2020 announced its approval of Evolution's acquisition of NetEnt.

The process at the CMA is still ongoing. Following customary pre-notification discussions with the authority (which were initiated shortly after the announcement of the Offer), the CMA's formal procedure was initiated on 22 September 2020. CMA's process continues up to and including 16 November 2020 (the so-called phase 1), and, consequently, cannot be expected to be completed within the initial acceptance period for the Offer.

As a result of the timing for the CMA process, the board of directors of Evolution has resolved to extend the acceptance period for the Offer up to and including 20 November 2020. Other than the extension of the acceptance period, the terms and conditions of the Offer remain unchanged.

Assuming that the Offer is declared unconditional no later than around 23 November 2020, settlement is expected to commence around 1 December 2020. Evolution reserves the right to further extend the acceptance period for the Offer and to postpone the settlement date.

Extension of undertakings to accept the Offer

By reason of the extended acceptance period, certain members of the Hamberg, Knutsson, Lindwall, Kling and Wattin families, who in total directly or indirectly control 21,727,000 shares of series A and 30,087,360 shares of series B in NetEnt (corresponding to 21.02 per cent of all shares and 45.02 per cent of all votes in NetEnt), have extended their respective undertakings to accept the Offer up to and including 20 November 2020. Other than the extension of the undertakings, the terms and conditions of the undertakings remain unchanged.¹

Shareholding board members in NetEnt that intend to extend their undertakings to accept the Offer

Pontus Lindwall, Peter Hamberg and Christoffer Lundström, who are members of the board of directors of NetEnt and in total directly or indirectly control 11,837,285 shares of series A and 9,299,264 shares of

¹ Hamberg family: 7,291,000 shares of series A and 3,660,628 shares of series B. Knutsson family: 6,000,000 shares of series A and 8,900,000 shares of series B. Lindwall family: 3,624,000 shares of series A and 735,570 shares of series B. Kling family: 2,052,000 shares of series A and 6,791,489 shares of series B. Wattin family: 2,760,000 shares of series A and 9,999,673 shares of series B.



series B in NetEnt (corresponding to approximately 8.58 per cent of all shares and 23.24 per cent of all votes in NetEnt), are, as a result of NetEnt being in a so-called closed period up until the publication of the company's interim report for the period January–September 2020, under applicable rules on market abuse prevented from extending their respective undertakings to accept the Offer. However, Pontus Lindwall, Peter Hamberg and Christoffer Lundström (also on behalf of Novobis AB and StrategiQ Capital AB) have informed Evolution that they intend to extend their respective undertakings to accept the Offer immediately following NetEnt publishing the interim report, which is planned to take place on 22 October 2020.

Advisers

Evolution has engaged SEB Corporate Finance as financial adviser and Gernandt & Danielsson Advokatbyrå as legal adviser in connection with the Offer.

For further information, please contact:

Jacob Kaplan, CFO, ir@evolution.com.

This press release was submitted for publication on 12 October 2020 at 08:30 CEST.

For more information about the Offer, please visit www.b2bonlinecasino.com.

Important information

The Offer is not being made to (and acceptances will not be approved from or on behalf of) persons whose participation in the Offer requires that additional offer documents are prepared or registrations effected or that any other measures are taken in addition to those required under Swedish law (including Nasdaq Stockholm's Takeover Rules), except where there is an applicable exemption. In particular, the Offer is not capable of being accepted by persons who are located or resident in the United States unless they are so-called qualified institutional buyers ("QIBs") (as defined in Rule 144A under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act")), and any purported acceptance of the Offer by persons located or resident in the United States other than QIBs or which, at the sole discretion of Evolution, appear to be made in respect of NetEnt shares beneficially held by persons located or resident in the United States other than QIBs will not be accepted. By accepting the Offer, NetEnt shareholders, unless participating pursuant to the exception for QIBs referred to above, will be deemed to represent and warrant, on behalf of themselves and any person on whose behalf they beneficially hold NetEnt shares, that they are not located or resident in the United States (see "Notice for US shareholders" below).

This press release, the Offer Document and any other documentation related to the Offer (including copies thereof) must not be mailed or otherwise distributed, forwarded or sent in or into any jurisdiction (including without limitation Australia, Canada, Hong Kong, Japan, New Zealand, South Africa, Switzerland or the United States) in which the distribution of this press release, the Offer Document or the Offer would require any additional measures to be taken or would be in conflict with any law or regulation in any such jurisdiction. Persons who receive this press release or the Offer Document (including without limitation banks, brokers, dealers, nominees, trustees and custodians) and are subject to the laws and regulations of any such jurisdiction will need to inform themselves about, and observe, any applicable restrictions and requirements. Any failure to do so may constitute a violation of the securities laws or regulations of any such jurisdiction. To the extent permitted by applicable law, Evolution disclaims any responsibility or liability for any violations of any such restrictions and Evolution reserves the right to disregard any purported acceptance of the Offer resulting directly or indirectly from a violation of any of these restrictions.

Statements in this press release relating to any future status or circumstances, including statements regarding future performance, growth and other trend projections and other effects of the Offer, are



forward-looking statements. These statements may generally, but not always, be identified by the use of words such as "anticipate", "believe", "expect", "intend", "plan", "seek", "will", "would" or similar expressions. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that could occur in the future. There can be no assurance that actual results will not differ materially from those expressed or implied by these forward-looking statements due to several factors, many of which are outside Evolution's control. Any forward-looking statements in this press release speak only as of the date on which the statements are made and Evolution has no obligation (and undertakes no obligation) to update or revise any of them, whether as a result of new information, future events or otherwise.

This press release has been published in English and Swedish. In the event of any discrepancy between the two language versions, the Swedish version shall prevail.

Notice for US shareholders

The Offer is not capable of being accepted by persons who are located or resident in the United States unless they are QIBs, and any purported acceptance of the Offer by persons located or resident in the United States other than QIBs or which, at the sole discretion of Evolution, appear to be made in respect of NetEnt shares beneficially held by persons located or resident in the United States other than QIBs will not be accepted.

This press release does not constitute an offer of securities for sale in the United States or an offer to acquire or exchange securities in the United States. The Offer is being conducted in accordance with Section 14(e) of the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder. Evolution will take the actions necessary to comply with the applicable requirements of Regulation 14E, including to ensure that the procedural requirements of Rule 14e-1(b)-(d) are satisfied. Evolution shares may not be offered or sold in the United States absent registration or an exemption from registration. No public offer of Evolution shares will be made in the United States. The Evolution shares have not been, and will not be, registered under the U.S. Securities Act or under the relevant securities laws of any state or territory or other jurisdiction of the United States and will not be listed on any stock exchange in the United States. Accordingly, the Evolution shares may not be offered, sold or delivered, directly or indirectly, in, into or from the United States. Neither the U.S. Securities and Exchange Commission nor any U.S. state securities commission has approved or disapproved of the Evolution shares, or determined if this press release is accurate or complete. Any representation to the contrary is a criminal offence.

Evolution and NetEnt are public limited liability companies incorporated in Sweden and they are subject to Swedish procedural and disclosure requirements that are different from certain of those of the United States, including the US tender offer and proxy solicitation rules. Any financial statements or other financial information included in this press release may have been prepared in accordance with non-US accounting standards that may not be comparable to the financial statements of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

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