



## INVESTMENT CONSIDERATIONS

### Third Quarter Highlights

Net income grew 124% to \$1.3 million, or \$0.14 per basic and \$0.13 per diluted share, from \$593,000, or \$0.06 per basic and diluted share, in Q3 last year. It was the sixth consecutive profitable quarter and the most profitable Q3 since 2003. Non-GAAP net income grew 56% to \$1.7 million, or \$0.16 per diluted share, from \$1.1 million, or \$0.11 per diluted share. Adjusted EBITDA was \$2.2 million, up 39% from \$1.6 million in Q3 last year.

Revenue increased 10% to \$9.9 million from \$9.0 million in Q3 last year. Adjusted for foreign currency exchange rates, Q3 revenue increased 14%. The increase was attributable to growing demand for new products – DSA and iNT – as well as growth from emerging markets.

Operating income grew 95% to \$1.6 million from \$834,000 in Q3 last year – the 13th straight quarter of positive operating income.

### Nine-Month Highlights

Net income was up 202% to \$3.4 million, or \$0.35 per basic and \$0.34 per diluted share, vs. net income of \$1.1 million, or \$0.12 per basic and \$0.11 per diluted share, in the same period a year ago. Non-GAAP net income increased to \$4.4 million, or \$0.44 per diluted share, from \$2.7 million, or \$0.27 per diluted share. Adjusted EBITDA was \$6.5 million, up 44% from \$4.5 million year over year.

Revenue was up 2% to \$28.4 million from \$27.8 million in the same period a year ago. Constant currency revenue increased 10%.

Operating income grew 134% to \$4.8 million from \$2.1 million year over year.

### Bookings, Backlog & Balance Sheet

Q3 bookings were up 27% to \$7.4 million from \$5.8 million last year. Nine-month bookings increased to \$24.2 million from \$22.4 million in the same period last year.

The Company's DSA and iNT solutions combined for 36% of license fees and services bookings in Q3 and 56% year to date. Emerging markets customers accounted for 62% of license fees and services orders in Q3 and 74% through nine months.

Backlog at September 30 was \$16.8 million, up 23% over \$13.6 million at the same time last year. License fees and services backlog grew 44% year-over-year to \$9.3 million from \$6.4 million. Customer service backlog increased 4% to \$7.5 million from \$7.2 million.

"We are intensely focused on providing our customers with cost-effective, cutting edge solutions and excellent customer service. Dynamic SIM Allocation™ (DSA) and international NumeriTrack® (iNT) – our latest new product offerings – accounted for 36% of license and services orders in Q3 and 56% YTD. We achieved a 330% increase in new product revenue in Q3 and 180% growth YTD. Emerging markets revenue grew 100% in Q3 and 52% through 9 months."

- Thad Dupper, CEO

## STOCK DATA\*

Traded .....	Nasdaq-EVOL	Average Daily Volume (3 Mo.) .....	48,000
Recent Bid Price .....	\$6.70	IPO .....	May 1998, Goldman Sachs
Common Shares Outstanding .....	9.9 million	Industry.....	Telecom software & services
Approximate Float.....	8.9 million	Analysts .....	B. Riley & Co. Kaufman Bros.
Institutional Ownership.....	21%		Bathgate Capital Partners

\*Data as of November 2009

## OVERVIEW

Evolving Systems is a worldwide provider of software and services to telecommunications carriers, with more than 70 customers in over 40 countries. The Company's mission critical software solutions support many of the largest Tier 1 service providers in both established and emerging markets. These solutions help carriers drive growth while delivering an improved customer experience, shorter time-to-market and lower cost of rendering value-added services. Evolving Systems has R&D facilities on three continents – North America, Europe and Asia.

The Company's flagship Tertio™ and NumeriTrack® software platforms automate, synchronize and simplify service activation and the assignment and management of numbers and number-related resources for wireline, wireless and IP service providers. The newly introduced Dynamic SIM Allocation™ solution simplifies SIM management and inventory for wireless carriers. With a growing solutions portfolio, global sales and support, onshore/offshore development and an impressive order backlog, the Company is well positioned to extend its track record for growth and profitability.

Founded in 1985, the company has headquarters in Englewood, Colorado, with offices in the United States, United Kingdom, Germany, India and Malaysia. The Company derives its revenue from a combination of software license sales as well as software upgrade and maintenance agreements that typically represent long-term, recurring threads of revenue.

## REPRESENTATIVE CUSTOMERS

3 (Hutchison)	Indosat	Swisscom
ACS Alaska	Inmarsat	T-Mobile
ALLTEL Corporation	Leap Wireless	Tele2
AT&T	Maxis	Telefonica Moviles Mexico
Bulgarian Telecom	Millicom	Telenor Pakistan
Cable & Wireless	M-net Telecommunications	Time Warner Telecom
Cincinnati Bell	MTN	Unitymedia
Comcast	Oi	Verizon Communications
Cybercity	Qwest Communications	VIPNet
Deutsche Bahn	Safaricom	Virgin Media
Embarq	Shaw Communications	Vivo
FAL-Dete Telecommunications	Si.Mobil	Vodafone
Global Crossing	Sprint Nextel	

### CONTACT INFORMATION

**Evolving Systems, Inc.**  
9777 Pyramid Court  
Suite 100  
Englewood, CO 80112  
www.evolving.com

Brian Ervine  
Chief Financial Officer  
303-802-2412  
bervine@evolving.com

Jay Pfeiffer  
Pfeiffer High Investor Relations, Inc.  
303-393-7044  
jay@pfeifferhigh.com

### Consolidated Statements of Operations (In thousands except per share data) (Unaudited)

Revenue:				
License fees and services				
Customer support				
<b>Total revenue</b>				
Costs of revenue and operating expenses:				
Costs of license fees and services, excluding depreciation and amortization				
Costs of customer support, excluding depreciation and amortization				
Sales and marketing				
General and administrative				
Product development				
Depreciation				
Amortization				
<b>Total costs of revenue and operating expenses</b>				
Income from operations				
Other income (expense):				
Interest income				
Interest expense				
Loss on extinguishment of debt				
Foreign currency exchange gain (loss)				
Other income (expense), net				
Income before income taxes				
Income tax expense				
<b>Net income</b>				
Basic income per common share				
Diluted income per common share				
Adjusted EBITDA				
Non-GAAP net income				
Diluted Non-GAAP EPS				
Weighted average basic shares outstanding				
Weighted average diluted shares outstanding				

### Consolidated Statements of Operations

	Three months ended Sept 30,		Nine months ended Sept 30,	
	2009	2008	2009	2008
Revenue:				
License fees and services	\$ 5,836	\$ 4,539	\$ 15,940	\$ 14,713
Customer support	4,077	4,490	12,445	13,088
<b>Total revenue</b>	<b>9,913</b>	<b>9,029</b>	<b>28,385</b>	<b>27,801</b>
Costs of revenue and operating expenses:				
Costs of license fees and services, excluding depreciation and amortization	1,984	1,977	5,726	6,103
Costs of customer support, excluding depreciation and amortization	1,452	1,581	4,286	4,706
Sales and marketing	2,032	2,004	5,861	6,385
General and administrative	1,546	1,281	4,378	3,942
Product development	919	792	2,300	2,810
Depreciation	160	189	474	671
Amortization	194	371	548	1,130
<b>Total costs of revenue and operating expenses</b>	<b>8,287</b>	<b>8,195</b>	<b>23,573</b>	<b>25,747</b>
Income from operations	1,626	834	4,812	2,054
Other income (expense):				
Interest income	1	29	24	146
Interest expense	(145)	(278)	(563)	(897)
Loss on extinguishment of debt	-	-	-	(290)
Foreign currency exchange gain (loss)	226	130	(436)	272
Other income (expense), net	82	(119)	(975)	(769)
Income before income taxes	1,708	715	3,837	1,285
Income tax expense	380	122	438	161
<b>Net income</b>	<b>\$ 1,328</b>	<b>\$ 593</b>	<b>\$ 3,399</b>	<b>\$ 1,124</b>
Basic income per common share	\$ 0.14	\$ 0.06	\$ 0.35	\$ 0.12
Diluted income per common share	\$ 0.13	\$ 0.06	\$ 0.34	\$ 0.11
Adjusted EBITDA	\$ 2,203	\$ 1,583	\$ 6,483	\$ 4,500
Non-GAAP net income	\$ 1,678	\$ 1,079	\$ 4,405	\$ 2,668
Diluted Non-GAAP EPS	\$ 0.16	\$ 0.11	\$ 0.44	\$ 0.27
Weighted average basic shares outstanding	9,797	9,693	9,780	9,687
Weighted average diluted shares outstanding	10,249	9,873	10,024	9,904

### CAUTIONARY STATEMENT

This news release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, based on current expectations, estimates and projections that are subject to risk. Specifically, statements about the Company's growth and future profitability, future business, revenue and expense projections, the Company's continued ability to post quarterly or annual results that are similar to those described in this press release and the impact of new products and accounts on the Company's business are forward-looking statements. These statements are based on our expectations and are naturally subject to uncertainty and changes in circumstances. Readers should not place undue reliance on these forward-looking statements, and the Company may not undertake to update these statements. Actual results could vary materially from these expectations. For a more extensive discussion of Evolving Systems' business, and important factors that could cause actual results to differ materially from those contained in the forward-looking statements, please refer to the Company's Form 10-K filed with the SEC on March 11, 2009, as well as subsequently filed Forms 10-Q, 8-K and press releases.

### Consolidated Balance Sheets

(In thousands)	Sept 30, 2009	Dec. 31, 2008
	(unaudited)	
<b>ASSETS</b>		
Cash and cash equivalents	\$ 5,153	\$ 5,783
Total current assets	17,213	20,486
Total assets	\$ 42,987	\$ 45,411
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Total current liabilities	\$ 13,173	\$ 18,684
Long-term debt and other obligations	3,351	6,344
Deferred foreign income taxes	330	441
Total liabilities	16,854	25,469
Total stockholders' equity	26,133	19,942
Total liabilities and stockholders' equity	\$ 42,987	\$ 45,411