



Year-end report | January–December 2023 | Evolution AB (publ)

Fourth quarter of 2023 (Q4 2022)

- Operating revenues increased by 16.6% to EUR 475.3 million (407.5)
- EBITDA increased by 20.5% to EUR 337.0 million (279.5), corresponding to a margin of 70.9% (68.6)
- Profit for the period amounted to EUR 282.9 million (223.5)
- Earnings per share amounted to EUR 1.32 (1.05)

Full-year 2023 (2022)

- Operating revenues increased by 23.5% to EUR 1,798.6 million (1,456.7)
- EBITDA increased by 25.7% to EUR 1,267.4 million (1,008.4), corresponding to a margin of 70.5% (69.2)
- Profit for the year amounted to EUR 1,070.9 million (843.4)
- Earnings per share amounted to EUR 5.01 (3.95)
- The Board proposes a dividend of EUR 2.65 per share (2.00)

Events during the fourth quarter of 2023

- For 2024 we raise the guided EBITDA margin range to 69-71 percent.
- Initiation of a share repurchase programme. In the quarter a total of 1,126,899 own shares were acquired.
- Evolution reached +1,600 Live tables by the end of the period.

Summary of the fourth quarter and the full-year 2023

| Group, EUR thousands | Oct-Dec 2023 | Oct-Dec 2022 | % | Jan-Dec 2023 | Jan-Dec 2022 | % |
|---|-----------------|-----------------|-------|-----------------|-----------------|-------|
| Operating revenues | 475,310 | 407,480 | 16.6% | 1,798,601 | 1,456,737 | 23.5% |
| EBITDA | 336,963 | 279,529 | 20.5% | 1,267,413 | 1,008,440 | 25.7% |
| EBITDA margin | 70.9% | 68.6% | - | 70.5% | 69.2% | - |
| Operating profit | 302,598 | 250,004 | 21.0% | 1,142,730 | 908,062 | 25.8% |
| Operating margin | 63.7% | 61.4% | - | 63.5% | 62.3% | - |
| Profit for the period | 282,859 | 223,502 | 26.6% | 1,070,858 | 843,361 | 27.0% |
| Profit margin | 59.5% | 54.8% | - | 59.5% | 57.9% | - |
| Earnings per share before dilution, EUR | 1.32 | 1.05 | 26.4% | 5.01 | 3.95 | 26.8% |
| Equity per share, EUR | 18.83 | 16.23 | 16.0% | 18.83 | 16.23 | 16.0% |
| OCF per share before dilution, EUR | 1.47 | 1.22 | 20.5% | 5.47 | 4.11 | 33.0% |
| Average number of FTEs | 13,988 | 11,916 | 17.4% | 13,044 | 10,802 | 20.8% |

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www.evolution.com
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Evolution develops, produces, markets and licenses fully integrated B2B Online Casino solutions to gaming operators. Since its inception in 2006, Evolution has developed into a leading B2B provider with 800 operators among its customers. The group currently employs 19,200+ 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 license 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

In the fourth quarter 2023, Evolution reported revenue of EUR 475.3 million and EBITDA of EUR 337.0 million, corresponding to year-on-year revenue growth of 16.6 percent and an EBITDA margin of 70.9 percent. In addition to the strong financial results, we finished the year operationally very well. During 2023 we added 110 new exciting games to our portfolio, exceeding our target of 100 new games set at the beginning of the year. We also made significant progress towards a better supply balance of tables and simply accelerated expansion during the fourth quarter. Currency headwinds remain in the year-on-year comparison, revenue growth at constant currency is estimated to have been 25 percent in the fourth quarter.

EBITDA margin for the full year amounts to 70.5 percent, in the upper end of the communicated full year guidance of 68-71 percent. For 2024 we are raising the guided range to 69-71 percent - we will continue our strong focus on expansion and with expectation that the margin will be stronger in the second half of 2024. As we have stated many times before our top priority is growth and during 2024 we will increase the pace of our investment for future growth in line with that strategy.

Revenues in Live Casino increased to EUR 405.6 million in the fourth quarter. We are now clearly in a better balance between supply and demand than a quarter ago. The hard work to improve capacity and focus on expansion the past few quarters has paid off. During the quarter we also increased our studio network in Europe, as communicated in the third quarter, as we opened a new studio in Bulgaria also helping to end the year with over 1,600 live tables in total.

Revenues in RNG increased sequentially from the third quarter to EUR 69.8 million in Q4 but declined compared to the corresponding quarter in 2022. Our efforts to systematically improve operations, have continued in the second half of the year with positive effects. Every day we move one step forward and I am happy with the development in Q4. We aim for continued step-by-step improvements during 2024.

We see encouraging development in all the regions going into 2024. North America showed strong momentum in Q4 coming back to sequential growth. The quarter also included landmark game launches such as the launch of Crazy Time, a title which has been incredibly successful in other regions. We look forward to bringing US players the fun and entertaining experience this title can offer. Europe continued its good development from the previous quarter with close to 10 percent year-on-year growth rate for the second quarter in a row. There is still untapped potential in Europe and it remains a region with good potential for Evolution. Asia and LatAm are the fastest growing regions year-on-year at the moment. Brazil's announcement of an upcoming regulation of online casino came at the end of the period and is a sign of the rapid development of the market in this region. We will continue to invest in the LatAm region in the years to come.

We have increased the pace of our studio expansions in the fourth quarter and expect to continue into 2024. We launched a new studio in Bulgaria and have initiated the project to build a second studio in Colombia. Investments in 2023 amounted to EUR 94 million which was below our guidance of EUR 120 million from the beginning of 2023, as we did not manage to expand quite as fast as we had planned. For 2024 we will repeat the capex guidance of EUR 120 million. We see strong demand and aim to accelerate investments during 2024 for our Live Casino product across the globe and will invest in new game development as well as expand table capacity both in our existing network of studios and in new studios. We plan to add at least four new studios during 2024 in addition to expansion in existing locations.

Our pace of game releases increased during the past year and with the launches in the fourth quarter we managed to exceed our target of more than 100 new games across both RNG and Live, ending with 110 new fabulous games released. In Live casino we continued to develop our homegrown franchises built around Crazy Time and the Lightning-series with games like Red Door Roulette and Crazy Pachinko. We create exiting new player experiences in a style that players have grown to recognize and really enjoy. RNG has increased its release tempo in the second half of the year and kept the pace of the third quarter into the fourth.

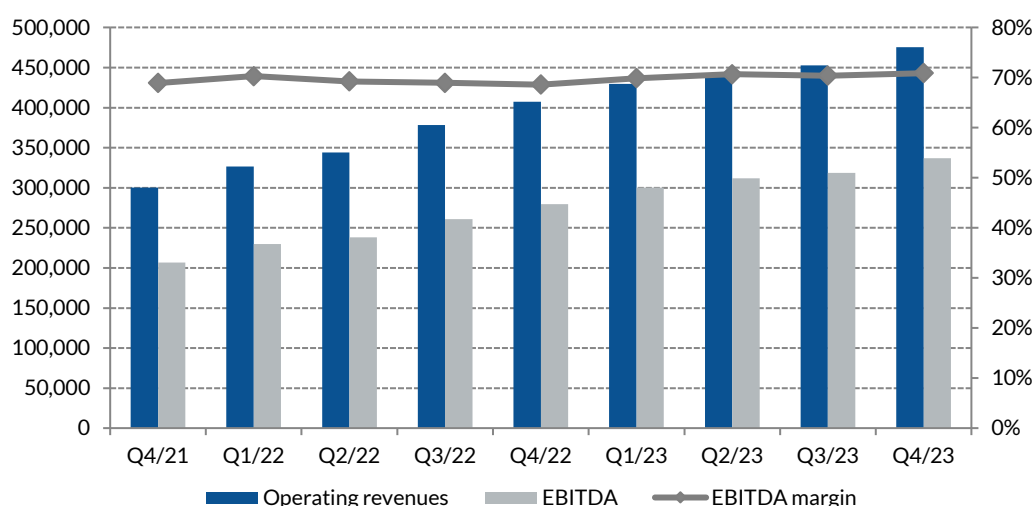
We closed 2023 and delivered on a great product roadmap. Many games were released during the second half or even towards the end of the year which means that we are just starting to see their contribution. I am proud of what we have brought to market, and I am proud of all team members working for Evolution constantly pushing boundaries delivering player experiences often beyond what many can dream of. But even with a successful 2023 we come into 2024-2025 with higher ambitions than ever. We want to do more - we want to create games that take the entertainment to the next level. We want to invent, we want to develop, we want to break new boundaries. 2024 -2025 we will do more for our product, more for our end-users, than ever. We are going to deliver more exciting games, we will explore new types of games that we do not have today and we will invest in unique games for specific markets. We will yet again increase the gap to the competition. I very much look forward to what I call “the Product Leap” years 2024-2025. What an exciting time in front of us!

During the quarter, the Board of Director’s introduced a share repurchase programme of EUR 400 million to further improve the capital structure of the company, a proof of our strong financial position and capital structure. The Board of directors proposes a dividend of EUR 2.65 (2.00) per share for 2023, in line with the dividend policy to distribute a dividend of 50 percent of net profit annually.

As a company, Evolution remains profitable, strong, and all-equity financed. As we look into 2024 and beyond, we do so with excitement, hunger and ambition. We will continue to invest, recruit and expand our operations in the whole world. 2023 was an intense year and I want to thank the amazing team at Evolution for all the great achievements and I am looking forward to an equally fantastic and hectic 2024 where we will relentlessly continue to strive to make Evolution a bit better every day!

Martin Carlesund, CEO

Quarterly results trend



Financial performance in the fourth quarter of 2023

Revenues

Revenues amounted to EUR 475.3 million (407.5) in the fourth quarter, equivalent to an increase of 16.6 percent compared with the corresponding period in 2022. Revenue growth adjusted for changes in foreign exchange rates is estimated to 25 percent compared with the same period the preceding year. EUR 405.6 million (334.9) of the revenue was derived from live-games. EUR 69.8 million (72.5) of the revenue was derived from RNG-games. The positive revenue development within live casino mainly derives from increased commission income from existing customers and, to a certain extent, from new customers. Demand for online casino games continues to grow, partly as a result of our continuous launch of new games and variations on traditional games.

Revenue by game type

| Group, EUR million | Oct-Dec 2022 | Jan-Mar 2023 | Apr-Jun 2023 | Jul-Sep 2023 | Oct-Dec 2023 |
|--------------------|--------------|--------------|--------------|--------------|--------------|
| Live | 334.9 | 360.1 | 371.8 | 385.8 | 405.6 |
| RNG | 72.5 | 69.5 | 69.3 | 66.8 | 69.8 |
| Total | 407.5 | 429.6 | 441.1 | 452.6 | 475.3 |

Expenses

Operating expenses amounted to EUR 172.7 million (157.5). Expenses were mainly driven by higher costs for personnel, connected to the launch of new tables in the company's studios and the expansion in general compared to the fourth quarter of 2022. The expansion has also increased other operating expenses compared with Q4 2022. Changes in foreign exchange rates affected operating expenses positively with EUR 2.8 million compared with the same period the preceding year.

Profitability

Operating profit amounted to EUR 302.6 million (250.0), corresponding to an increase of 21.0 percent. The operating margin was 63.7 percent (61.4). The EBITDA margin was 70.9 percent (68.6).

Net financial items amounted to EUR 0.4 million (negative 9.5) related to interest income, leasing interest expenses and currency exchange differences. The Group's effective tax rate for the quarter amounted to 6.7

percent (7.1). 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 282.9 million (223.5). Earnings per share before dilution were EUR 1.32 (1.05).

Investments

Investments in intangible assets amounted to EUR 18.2 million (10.0) during the quarter and were mainly attributable to development of new games and technical improvements of the platform, such as new functionality. See Note 5 for information about acquisition of group companies.

Investments in property, plant and equipment amounted to EUR 12.1 million (18.0) 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 314.4 million (260.6) during the quarter. Cash flow from investing activities was negative in the amount of EUR 29.2 million (negative 41.7). Cash flow from financing activities was negative in the amount of EUR 112.2 million (negative 2.3) and included repurchase of own shares of EUR 115.8 million (-). Cash and cash equivalents amounted to EUR 985.8 million (532.6) at the end of the quarter.

Full-year 2023 in brief

Revenues

For the January-December 2023 period, revenues amounted to EUR 1,798.6 million (1,456.7), corresponding to an increase of 23.5 percent compared with 2022. EUR 275.3 million (268.4) of the revenue was derived from RNG-games. The positive revenue development within live casino mainly derives from increased commission income from both new and existing customers.

Expenses

Operating expenses amounted to EUR 655.9 million (548.7). Expenses were mainly driven by higher costs for personnel, connected to the launch of new tables and studios. The strong expansion has also increased other operating expenses compared to the previous year.

Profitability

Operating profit amounted to EUR 1,142.7 million (908.1) with an operating margin of 63.5 percent (62.3). The EBITDA margin was 70.5 percent (69.2).

Investments

Investments in intangible assets amounted to EUR 52.0 million (36.3) for the year. Investments in property, plant and equipment amounted to EUR 42.2 million (60.7). Change in other financial assets amounted to EUR 2.4 million (negative 1.5). See Note 5 for information about acquisition of group companies.

Cash and cash equivalents, financing and financial position

Cash flow from operating activities amounted to EUR 1,168.4 million (877.5) over the period. The increase is primarily due to improved profit. Cash flow from investing activities was negative in the amount of EUR 139.4 million (negative 371.6) and included investment in subsidiaries of EUR 47.5 million (273.1). Cash flow from financing activities was negative in the amount of EUR 574.5 million (negative 394.2) and included dividend to shareholders of EUR 427.4 million (302.8) and repurchase of own shares of EUR 115.8 million (75.6).

Market development

Online Casino market

The global online casino market (Live & RNG) 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 global online 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 fourth quarter 69.0 percent (67.0) of the operators' GGR via Evolution's platform was generated by mobile devices. RNG is the largest vertical of the online casino market. However, to a large extent, growth is driven by Live Casino having grown in importance for most gaming operators and has become an integrated and strategically important product for them.

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. The UK includes the Crown Dependencies.

Revenue per geographical region

| Group, EUR million | Oct-Dec 2022 | Jan-Mar 2023 | Apr-Jun 2023 | Jul-Sep 2023 | Oct-Dec 2023 |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Europe | 170.0 | 173.7 | 175.2 | 175.1 | 185.8 |
| Asia | 136.2 | 154.0 | 164.5 | 172.1 | 181.7 |
| North America | 56.2 | 57.3 | 55.5 | 54.7 | 59.1 |
| LatAm | 26.9 | 30.0 | 31.3 | 34.4 | 32.1 |
| Other | 18.2 | 14.6 | 14.6 | 16.3 | 16.6 |
| Total operating revenue | 407.5 | 429.6 | 441.1 | 452.6 | 475.3 |
| Share of regulated markets | 40% | 40% | 40% | 40% | 40% |
| Revenue, regulated markets | 164.1 | 171.3 | 176.9 | 179.9 | 189.6 |

Customer dependency

Evolution's largest customer accounted for approximately 13 percent (14) of revenues in 2023, and the five largest customers accounted for roughly 41 percent (30) of revenues. At the end of the period the number of customers amounted to approximately 800 (700).

Customer dependency, % of revenue

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---------|------|------|------|------|------|
| Top 1-5 | 27% | 33% | 22% | 30% | 41% |
| Top 1 | 6% | 11% | 11% | 14% | 13% |

Other

Parent Company

The Parent Company is a holding company. Net sales for the fourth quarter of 2023 amounted to EUR 4.9 million (4.9) and expenses to EUR 5.4 million (5.5). Operating profit was negative in the amount of EUR 0.5 million (negative 0.6). Result for the period amounted to EUR 550.8 million (589.7) and include dividend income of EUR 550.0 million (590.0). The Parent Company's cash and cash equivalents amounted to EUR 53.1 million (6.3) at the end of the period and equity amounted to EUR 3,057.6 million (3,041.6). No significant investments were made in intangible or tangible assets.

Employees

As of 31 December 2023, Evolution had 19,221 employees (17,026), corresponding to 14,850 (12,144) full-time positions. The average number of full-time equivalents for the quarter was 13,988 (11,916).

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 2022, which is available on the company's website.

Pillar 2

The group is covered by the OECD's model rules for Pillar 2. Legislation on Pillar 2 has been adopted in Sweden, where Evolution AB (publ) is based, and will enter into force on 1 January 2024.

By law, the Group is required to pay an additional tax on the difference between the effective tax rate calculated under the GloBE rules for each jurisdiction and the minimum tax rate of 15 percent.

Due to the complexity of the application of the legislation and the calculation of GloBE revenues, the quantitative impact of the enacted or de facto legislation is not yet possible to estimate with reasonable certainty. The group assesses that the cost of corporation tax will increase from 1 January 2024 as a consequence of the introduction of the Pillar 2 regulations.

Dividend

The Board of Directors proposes that the Annual General Meeting resolve to transfer EUR 563.8 million (426.4) to shareholders, corresponding to EUR 2.65 (2.00) per share and 52.7 percent (50.6) of net profit respectively. The dividend is calculated by the number of shares 31 December 2023 with the deduction of Evolution's holding of own shares by the same date which amounted to 2,833,431 shares. Evolution has adopted a dividend policy according to which, 50 percent of the company's consolidated net profit is to be distributed over time, with a certain degree of flexibility in terms of the proportion distributed in dividends.

Acquisitions of own shares

The Board of Directors has introduced a repurchase programme that was announced on 23 November 2023. The Company has, during the period 27 November – 29 December 2023, acquired a total of 1,126,899 of its own shares within the framework of the repurchase programme. Evolution's holding of own shares amounted to 2,833,431 as of 31 December 2023. Since 27 November 2023 up to and including 26 January 2024, a total of 2,005,943 shares have been acquired within the scope of the programme. Evolution's holding of own shares amounted to 3,712,475 as of 26 January 2024.

Calendar

| | |
|---|------------|
| Annual report 2023 | 5 April |
| Interim report January – March 2024 | 24 April |
| Annual General Meeting | 26 April |
| Interim report January – June 2024 | 19 July |
| Interim report January – September 2024 | 24 October |

Stockholm, 1 February 2024

Martin Carlesund
CEO

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|-----------------------------|---|
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Presentation for investors, analysts and the media

CEO Martin Carlesund and CFO Jacob Kaplan will present the report and answer questions on Thursday, 1 February 2024 at 09:00 am CET via a telephone conference. The presentation will be in English and can also be followed online.

Number for participation by phone: <https://conference.financialhearings.com/teleconference/?id=5004328>

Follow the presentation at: <https://ir.financialhearings.com/evolution-q4-report-2023>

This information is such that Evolution 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 1 February 2024, at 07:30 am CET.

This report is published in Swedish and English. In case of any differences between the English version and the Swedish original text, the Swedish version shall apply. This report has not been subject to review by the company's independent auditor.

Condensed consolidated income statement

| Group, EUR thousands | Oct-Dec 2023 | Oct-Dec 2022 | Jan-Dec 2023 | Jan-Dec 2022 |
|--|-----------------|-----------------|------------------|------------------|
| Revenues - Live | 405,557 | 334,947 | 1,523,274 | 1,188,308 |
| Revenues - RNG | 69,753 | 72,533 | 275,327 | 268,429 |
| Total operating revenues | 475,310 | 407,480 | 1,798,601 | 1,456,737 |
| Personnel expenses | -93,860 | -81,538 | -355,300 | -289,598 |
| Depreciation, amortisation and impairments | -34,365 | -29,525 | -124,683 | -100,378 |
| Other operating expenses | -44,487 | -46,413 | -175,888 | -158,699 |
| Total operating expenses | -172,712 | -157,476 | -655,871 | -548,675 |
| Operating profit | 302,598 | 250,004 | 1,142,730 | 908,062 |
| Financial items | 449 | -9,534 | 5,877 | -1,469 |
| Profit before tax | 303,047 | 240,470 | 1,148,607 | 906,593 |
| Tax on profit for the period | -20,188 | -16,968 | -77,749 | -63,232 |
| Profit for the period | 282,859 | 223,502 | 1,070,858 | 843,361 |
| <i>Of which attributable to:</i> | | | | |
| Shareholders of the Parent Company | 282,859 | 223,502 | 1,070,858 | 843,361 |
| Average number of shares before dilution | 213,487,612 | 213,205,250 | 213,566,498 | 213,267,500 |
| Earnings per share before dilution, EUR | 1.32 | 1.05 | 5.01 | 3.95 |
| Average number of shares after dilution | 215,310,981 | 217,095,300 | 217,069,145 | 217,505,567 |
| Earnings per share after dilution, EUR | 1.31 | 1.03 | 4.93 | 3.88 |
| Operating margin | 63.7% | 61.4% | 63.5% | 62.3% |
| Effective tax rate | 6.7% | 7.1% | 6.8% | 7.0% |

Condensed comprehensive income statement

| Group, EUR thousands | Oct-Dec 2023 | Oct-Dec 2022 | Jan-Dec 2023 | Jan-Dec 2022 |
|---|-----------------|-----------------|------------------|-----------------|
| Profit for the period | 282,859 | 223,502 | 1,070,858 | 843,361 |
| Other comprehensive income | | | | |
| <i>Items that may be reclassified to profit</i> | | | | |
| Exchange differences arising from the translation of foreign operations | 78,991 | -70,077 | 8,326 | -196,992 |
| Other comprehensive income | 78,991 | -70,077 | 8,326 | -196,992 |
| Total comprehensive income for the period | 361,850 | 153,425 | 1,079,184 | 646,369 |

Consolidated balance sheet

| Group, EUR thousands | 31/12/2023 | 31/12/2022 |
|--|------------------|------------------|
| Assets | | |
| Goodwill | 2,324,005 | 2,315,332 |
| Other intangible assets | 714,509 | 742,928 |
| Buildings | 10,968 | 11,187 |
| Right of use assets | 70,382 | 67,900 |
| Property, plant and equipment | 121,106 | 110,996 |
| Other non-current receivables | 6,779 | 8,868 |
| Deferred tax assets | 3,471 | 2,785 |
| Total non-current assets | 3,251,220 | 3,259,996 |
| Accounts receivable | 348,420 | 277,012 |
| Other receivables | 342,066 | 262,346 |
| Prepaid expenses and accrued income | 46,022 | 37,463 |
| Cash and cash equivalents* | 985,756 | 532,554 |
| Total current assets | 1,722,264 | 1,109,375 |
| TOTAL ASSETS | 4,973,484 | 4,369,371 |
| Equity and liabilities | | |
| Share capital | 648 | 647 |
| Other capital contributed | 2,411,607 | 2,403,963 |
| Reserves | -206,952 | -215,278 |
| Retained earnings including profit for the period | 1,800,912 | 1,270,949 |
| Total equity | 4,006,215 | 3,460,281 |
| Deferred tax liabilities | 61,393 | 66,113 |
| Non-current lease liabilities | 65,534 | 65,158 |
| Other non-current liabilities | 279,019 | 351,926 |
| Total non-current liabilities | 405,946 | 483,197 |
| Accounts payable | 13,063 | 10,094 |
| Provisions | - | 380 |
| Current tax liabilities | 418,957 | 312,677 |
| Other current liabilities | 62,029 | 43,321 |
| Current lease liabilities | 13,923 | 14,395 |
| Accrued expenses and prepaid income | 53,351 | 45,026 |
| Total current liabilities | 561,323 | 425,893 |
| TOTAL EQUITY AND LIABILITIES | 4,973,484 | 4,369,371 |
| *Including restricted cash for jackpot liabilities | 13,298 | 20,602 |

Consolidated changes in equity

| Group 2022, EUR thousands | Share capital | Other capital contributed | Reserves | Retained earnings | Total equity |
|----------------------------------|---------------|---------------------------|-----------------|-------------------|------------------|
| Opening equity 01/01/2022 | 647 | 2,405,622 | -18,286 | 802,967 | 3,190,950 |
| Dividend | - | - | - | -302,751 | -302,751 |
| Warrants | - | -1,659 | - | 2,961 | 1,302 |
| Repurchase of own shares | - | - | - | -75,591 | -75,591 |
| Profit for the period | - | - | - | 843,361 | 843,361 |
| Other comprehensive income | - | - | -196,992 | - | -196,992 |
| Closing equity 31/12/2022 | 647 | 2,403,963 | -215,278 | 1,270,949 | 3,460,281 |

| Group 2023, EUR thousands | Share capital | Other capital contributed | Reserves | Retained earnings | Total equity |
|----------------------------------|---------------|---------------------------|-----------------|-------------------|------------------|
| Opening equity 01/01/2023 | 647 | 2,403,963 | -215,278 | 1,270,949 | 3,460,281 |
| Dividend | - | - | - | -427,398 | -427,398 |
| Warrants | - | -48,187 | - | 2,261 | -45,926 |
| Repurchase of own shares | - | - | - | -115,758 | -115,758 |
| New share issue | 1 | 35,748 | - | - | 35,749 |
| Non-cash issue | - | 20,083 | - | - | 20,083 |
| Profit for the period | - | - | - | 1,070,858 | 1,070,858 |
| Other comprehensive income | - | - | 8,326 | - | 8,326 |
| Closing equity 31/12/2023 | 648 | 2,411,607 | -206,952 | 1,800,912 | 4,006,215 |

Consolidated statement of cash flow

| Group, EUR thousands | Oct-Dec 2023 | Oct-Dec 2022 | Jan-Dec 2023 | Jan-Dec 2022 |
|--|-----------------|-----------------|------------------|-----------------|
| Operating profit | 302,598 | 250,004 | 1,142,730 | 908,062 |
| <i>Adjustment for items not included in cash flow:</i> | | | | |
| Depreciation/amortisation/impairments | 34,365 | 29,525 | 124,683 | 100,378 |
| Provisions | - | 9 | - | -1,401 |
| Other | -1,129 | -2,523 | 1,135 | -3,407 |
| Interest received | 7,372 | 220 | 14,308 | 357 |
| Interest paid | -23 | -106 | -39 | -1,299 |
| Tax paid | -4,063 | -5,562 | -49,772 | -47,100 |
| Cash flow from operating activities before changes in working capital | 339,120 | 271,567 | 1,233,045 | 955,590 |
| Increase/decrease accounts receivable | -22,456 | -12,684 | -72,370 | -72,075 |
| Increase/decrease accounts payable | 3,932 | -574 | 3,044 | 1,198 |
| Increase/decrease other working capital | -6,181 | 2,241 | 4,728 | -7,248 |
| Cash flow from operating activities | 314,415 | 260,550 | 1,168,447 | 877,465 |
| Acquisition of intangible assets | -18,169 | -9,959 | -51,973 | -36,278 |
| Acquisition of tangible assets | -12,141 | -17,983 | -42,219 | -60,661 |
| Acquisition of subsidiary | - | -14,322 | -47,536 | -273,136 |
| Increase/decrease other financial assets | 1,117 | 539 | 2,370 | -1,521 |
| Cash flow from investing activities | -29,193 | -41,725 | -139,358 | -371,596 |
| Repayment of lease liability | -6,094 | -1,964 | -18,907 | -14,145 |
| Repurchase of own shares | -115,758 | - | -115,758 | -75,591 |
| Warrants | 9,687 | -299 | -48,187 | -1,714 |
| New share issue | - | - | 35,749 | - |
| Dividend | - | - | -427,398 | -302,751 |
| Cash flow from financing activities | -112,165 | -2,263 | -574,501 | -394,201 |
| Cash flow for the period | 173,057 | 216,562 | 454,588 | 111,668 |
| Cash and cash equivalents at start of period | 813,320 | 319,666 | 532,554 | 421,432 |
| Exchange rate differences | -621 | -3,674 | -1,386 | -546 |
| Cash and cash equivalents at end of period | 985,756 | 532,554 | 985,756 | 532,554 |

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 | Oct-Dec 2023 | Oct-Dec 2022 | Jan-Dec 2023 | Jan-Dec 2022 |
|--|-----------------|-----------------|-----------------|-----------------|
| Operating revenues (IFRS) | 475,310 | 407,480 | 1,798,601 | 1,456,737 |
| EBITDA margin | 70.9% | 68.6% | 70.5% | 69.2% |
| Operating margin | 63.7% | 61.4% | 63.5% | 62.3% |
| Profit margin | 59.5% | 54.8% | 59.5% | 57.9% |
| Equity/assets ratio | 80.6% | 79.2% | 80.6% | 79.2% |
| Cash and cash equivalents | 985,756 | 532,554 | 985,756 | 532,554 |
| Average number of full-time employees | 13,988 | 11,916 | 13,044 | 10,802 |
| Full-time employees at end of period | 14,850 | 12,144 | 14,850 | 12,144 |
| Earnings per share before dilution, EUR (IFRS) | 1.32 | 1.05 | 5.01 | 3.95 |
| Equity per share, EUR | 18.83 | 16.23 | 18.83 | 16.23 |
| Operating cash flow per share before dilution, EUR | 1.47 | 1.22 | 5.47 | 4.11 |
| Average number of outstanding shares before dilution | 213,487,612 | 213,205,250 | 213,566,498 | 213,267,500 |
| Number of outstanding shares | 212,771,346 | 213,205,250 | 212,771,346 | 213,205,250 |

Consolidated key ratios by quarter

| Group, EUR thousands | Q4/23 | Q3/23 | Q2/23 | Q1/23 | Q4/22 | Q3/22 | Q2/22 | Q1/22 | Q4/21 |
|---------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Operating revenues (IFRS) | 475,310 | 452,642 | 441,075 | 429,574 | 407,480 | 378,532 | 343,958 | 326,767 | 300,233 |
| EBITDA | 336,963 | 318,599 | 311,693 | 300,158 | 279,529 | 261,015 | 238,218 | 229,678 | 206,915 |
| EBITDA margin | 70.9% | 70.4% | 70.7% | 69.9% | 68.6% | 69.0% | 69.3% | 70.3% | 68.9% |
| Operating profit | 302,598 | 287,137 | 281,515 | 271,480 | 250,004 | 236,393 | 214,580 | 207,085 | 184,541 |
| Operating margin | 63.7% | 63.4% | 63.8% | 63.2% | 61.4% | 62.4% | 62.4% | 63.4% | 61.5% |
| Revenue growth vs prior year | 16.6% | 19.6% | 28.2% | 31.5% | 35.7% | 37.1% | 34.0% | 38.6% | 69.0% |
| Revenue growth vs prior quarter | 5.0% | 2.6% | 2.7% | 5.4% | 7.6% | 10.1% | 5.3% | 8.8% | 8.8% |
| Cash and cash equivalents | 985,756 | 813,320 | 541,707 | 759,736 | 532,554 | 319,666 | 293,915 | 439,516 | 421,432 |

Reconciliation of selected key ratios not defined in accordance with IFRS

| Group, EUR thousands | Oct-Dec 2023 | Oct-Dec 2022 | Jan-Dec 2023 | Jan-Dec 2022 |
|-------------------------------------|-----------------|-----------------|------------------|------------------|
| Operating margin | | | | |
| Profit before tax | 303,047 | 240,470 | 1,148,607 | 906,593 |
| Net financial items | -449 | 9,534 | -5,877 | 1,469 |
| Operating profit (EBIT) | 302,598 | 250,004 | 1,142,730 | 908,062 |
| Divided by Total operating revenues | 475,310 | 407,480 | 1,798,601 | 1,456,737 |
| Operating (EBIT) margin | 63.7% | 61.4% | 63.5% | 62.3% |
| EBITDA and EBITDA margin | | | | |
| Profit before tax | 303,047 | 240,470 | 1,148,607 | 906,593 |
| Net financial items | -449 | 9,534 | -5,877 | 1,469 |
| Depreciation/amortisation | 34,365 | 29,525 | 124,683 | 100,378 |
| EBITDA | 336,963 | 279,529 | 1,267,413 | 1,008,440 |
| Divided by Total operating revenues | 475,310 | 407,480 | 1,798,601 | 1,456,737 |
| EBITDA margin | 70.9% | 68.6% | 70.5% | 69.2% |
| Profit margin | | | | |
| Profit for the period | 282,859 | 223,502 | 1,070,858 | 843,361 |
| Divided by Total operating revenues | 475,310 | 407,480 | 1,798,601 | 1,456,737 |
| Profit margin | 59.5% | 54.8% | 59.5% | 57.9% |
| Equity/Assets ratio | | | | |
| Total equity | 4,006,215 | 3,460,281 | 4,006,215 | 3,460,281 |
| Divided by Total assets | 4,973,484 | 4,369,371 | 4,973,484 | 4,369,371 |
| Equity/Assets ratio | 80.6% | 79.2% | 80.6% | 79.2% |

Revenue growth at constant currency is estimated by applying the GGR-to-Revenue ratio in the current quarter to the Gross Gaming Revenue ("GGR") converted to EUR using the exchange rates of the corresponding quarter of the previous year.

Operating expenses at constant currency are calculated by applying the exchange rates used in consolidation of the corresponding quarter of the previous year.

Condensed Parent Company income statement and other comprehensive income

| Parent company, EUR thousands | Oct-Dec 2023 | Oct-Dec 2022 | Jan-Dec 2023 | Jan-Dec 2022 |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|
| Net sales | 4,928 | 4,893 | 19,289 | 19,641 |
| Other external expenses | -5,381 | -5,512 | -19,415 | -19,538 |
| Operating profit | -453 | -619 | -126 | 103 |
| Financial income and expenses | 551,491 | 590,334 | 552,145 | 592,922 |
| Profit before tax | 551,038 | 589,715 | 552,019 | 593,025 |
| Tax on profit for the period | -253 | -5 | -509 | -710 |
| Profit for the period* | 550,785 | 589,710 | 551,510 | 592,315 |

*Profit for the period coincides with comprehensive income for the period.

Condensed Parent Company balance sheet

| Parent company, EUR thousands | 31/12/2023 | 31/12/2022 |
|---|------------------|------------------|
| Assets | | |
| Intangible assets | 185 | 432 |
| Property, plant and equipment | 342 | 70 |
| Participating interest in Group companies | 2,630,780 | 2,630,780 |
| Deferred tax asset | 1 | - |
| Other non-current receivables | 14 | 14 |
| Total non-current assets | 2,631,322 | 2,631,296 |
| Receivables from Group companies | 375,378 | 487,011 |
| Other current receivables | 5,496 | 1,386 |
| Prepaid expenses and accrued income | 9,843 | 6,517 |
| Cash and cash equivalents | 53,051 | 6,250 |
| Total current assets | 443,768 | 501,164 |
| TOTAL ASSETS | 3,075,090 | 3,132,460 |
| Equity and liabilities | | |
| Share capital | 648 | 647 |
| Retained earnings including profit for the year | 3,056,959 | 3,040,961 |
| Total equity | 3,057,607 | 3,041,608 |
| Accounts payable | 108 | 197 |
| Current tax liabilities | 607 | 763 |
| Liabilities to Group companies | 589 | 87,841 |
| Other current liabilities | 14,586 | 318 |
| Accrued expenses and prepaid income | 1,593 | 1,733 |
| Total current liabilities | 17,483 | 90,852 |
| TOTAL EQUITY AND LIABILITIES | 3,075,090 | 3,132,460 |

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.

Evolution has applied the temporary exception issued by the IASB from the accounting requirements for deferred taxes in IAS 12. Accordingly, Evolution neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar 2 income taxes. The other accounting policies are unchanged from the 2022 annual report. There are no other amendments to IFRS standards in 2023 that have had material impact on the Group's results of operations and financial position.

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.

Note 2. Events following the balance sheet date

No major events.

Note 3. Incentive programme

The company has two incentive programmes. Upon full exercise of the warrants within the programme 2021/2024 (adopted by the Extra General Meeting on 28 January 2021), the dilution effect will be approximately 1.6 percent. Upon full exercise of the warrants within the programme 2023/2026 (adopted by the Extra General Meeting on 9 November 2023), the dilution effect will be approximately 0.9 percent.

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 online casino traffic and commission income earned in the fourth quarter.

Note 5. Acquisition of group companies

During the third quarter, earn-out payment to the sellers of BTG was made. Total amount was EUR 67.6 million, EUR 47.5 million was paid in cash and EUR 20.1 million with 199,333 Evolution shares.

Definitions of key ratios

| Key ratios | Definition | Purpose |
|--|--|--|
| Operating profit (EBIT) | Profit before tax excluding net financial items. | Key ratio used by management to monitor the earnings trend in the Group. |
| Operating margin (EBIT)margin | Operating profit in relation to operating revenues. | Key ratio used by management to monitor the earnings trend in the Group. |
| EBITDA | Operating profit less depreciation. | Key ratio used by management to monitor the earnings trend in the Group. |
| EBITDA margin | Operating profit excluding depreciation and amortisation in relation to operating revenues. | Key ratio used by management to monitor the earnings trend in the Group. |
| Profit margin | Profit for the period in relation to operating revenues. | Key ratio 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. | Key ratio indicates 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. | Key ratio 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. | Key ratio 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. | Key ratio 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. | Key ratio 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. | Key ratio 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. | Key ratio 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. |