



Interim report | January–September 2024 | Evolution AB (publ)

Third quarter of 2024 (Q3 2023)

- Total operating revenues increased by 27.9% to EUR 579.0 million (452.6)
- EBITDA increased by 30.3% to EUR 415.3 million (318.6), corresponding to a margin of 71.7% (70.4)
- Profit for the period amounted to EUR 328.6 million (272.8)
- Earnings per share amounted to EUR 1.57 (1.28)

Third quarter of 2024 (Q3 2023), excluding other operating revenues*

- Net revenues increased by 14.7% to EUR 519.4 million (452.6)
- Adjusted EBITDA (excluding Other operating revenues) increased by 11.6% to EUR 355.6 million (318.6), corresponding to a margin of 68.5% (70.4)

January–September 2024 (9M 2023)

- Total operating revenues increased by 20.1% to EUR 1,588.9 million (1,323.3)
- EBITDA increased by 19.0% to EUR 1,106.8 million (930.5), corresponding to a margin of 69.7% (70.3)
- Profit for the period amounted to EUR 866.9 million (788.0)
- Earnings per share amounted to EUR 4.12 (3.69)

January–September 2024 (9M 2023), excluding Other operating revenues*

- Net revenues increased by 15.6% to EUR 1,529.2 million (1,323.3)
- Adjusted EBITDA (excluding Other operating revenues) increased by 12.5% to EUR 1,047.2 million (930.5), corresponding to a margin of 68.5% (70.3)

*Other operating revenues are related to reduced earn-out liability

Events during the third quarter of 2024

- New studios in Colombia and Czech Republic launched
- Other operating revenues of EUR 59.7 million from reduction of earn-out liability
- Downsizing of Georgian studio due to sabotage activities

Summary of the third quarter and the first nine months of 2024

Group, EUR thousands	Jul-Sep 2024	Jul-Sep 2023	%	Jan-Sep 2024	Jan-Sep 2023	%	Oct 2023- Sep 2024	Jan-Dec 2023	%
Net revenues	519,379	452,642	14.7%	1,529,240	1,323,291	15.6%	2,004,550	1,798,601	11.5%
Other operating revenues	59,650	-	-	59,650	-	-	59,650	-	-
Total operating revenues	579,029	452,642	27.9%	1,588,890	1,323,291	20.1%	2,064,200	1,798,601	14.8%
EBITDA	415,257	318,599	30.3%	1,106,810	930,450	19.0%	1,443,773	1,267,413	13.9%
EBITDA margin	71.7%	70.4%	-	69.7%	70.3%	-	69.9%	70.5%	-
Adjusted EBITDA excluding Other operating revenues	355,607	318,599	11.6%	1,047,160	930,450	12.5%	1,384,123	1,267,413	9.2%
Adjusted EBITDA margin excluding Other operating revenues	68.5%	70.4%	-	68.5%	70.3%	-	69.0%	70.5%	-
Profit for the period	328,611	272,760	20.5%	866,911	787,999	10.0%	1,149,770	1,070,858	7.4%
Profit margin	56.8%	60.3%	-	54.6%	59.5%	-	55.7%	59.5%	-
Earnings per share before dilution, EUR	1.57	1.28	23.0%	4.12	3.69	11.6%	5.44	5.01	8.5%

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 20,800 people in studios across Europe, North America and Latin 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

For the third quarter of 2024 Evolution reports net revenues of EUR 519.4 million corresponding to a year-on-year growth of 14.7 percent and an adjusted EBITDA margin of 68.5 percent. Net revenue growth at constant currency is estimated to 19 percent for the quarter. In addition to net revenues the quarter also includes non-recurring other operating revenues of EUR 59.7 million related to reduced earn-out liability.

During the third quarter our operational development has continued at a high pace with very successful launches of new products and the opening of two new live casino studios. We are step-by-step continuing to build Evolution to capitalize on the great opportunity that online casino constitutes in the years to come. However, the quarter also presented near-term challenges and two exogenous factors that have had a negative impact on the quarter.

Our EBITDA margin (excluding non-recurring other revenue) for Q3 comes in at 68.5 percent, which is slightly lower than anticipated three months ago. We expect margins to remain around the same level for the final quarter of the year and therefore we expect to complete the year slightly below our expectation from the beginning of 2024, of full year EBITDA margin in the 69-71 percent range.

During the summer we have faced a difficult situation in Georgia when union negotiations came to a halt after two years of dialogue. A strike was initiated in mid-July, the strike encompassed around 550 employees and had limited effect on our operational capacity. It's important to state that Evolution fully supports the right of individuals to participate in unions and other organizations of their choice and to take part in collective bargaining. However, on August 1st a small number of union affiliated activists began to illegally block entrances, vandalize buildings, take violent actions and harass working employees, actions that disrupted our operations and forced us to down-size capacity in Georgia. The union affiliated activists have also actively spread lies and disinformation about Evolution. We are taking all legal actions available against this defamation. Currently we are operating at about 60 percent of original capacity in the studio, which is a level we will try to maintain. With a network of over 20 studios, we are able to offset lost capacity using other studios to limit the impact on our customers but overall the disruption has had a negative effect. Currently, the situation in Georgia is stable and we will continue to rebuild and increase capacity in other locations in the network over the coming quarters to be able to support future growth.

During the quarter there was also a significant increase in advanced cyber-attacks against our Asian video distribution thereby impacting our Asian revenue negatively. Evolution has successfully deployed measures to counteract these intrusions, but it has negatively impacted the third quarter. We continue to see attacks and we will continue to aggressively scale up counter measures.

On a positive note, we are beginning to see the results of our incremental improvements in the RNG offering. For the quarter year-on-year growth is 8.5 percent. We will maintain a high release pace of new exciting games across all four brands for the remainder of 2024. We also see how the benefits of OSS keeps growing for our operators with new features such as BetWithStreamer, SpinGifts and AI Slot Recommender all rolling out to the network during the coming quarters.

In the third quarter our Live Casino offering is continuing to show strong performance, although it is impacted by the events mentioned above. Growth is 16 percent year-on-year. I am happy to see how players are taking on new games like Lightning Storm and Lightning Dragon Tiger, both great additions to our home-grown Lightning-series of games. Lightning Storm is our most ambitious and advanced Game Show to date - technical ingenuity and innovative game design come together to create a fantastic playing experience. During the quarter we launched the first tables in our new studio in Colombia and in early October we opened the first tables in the Czech Republic studio. Investment in new studios will continue into 2025. Right now we are launching new studio projects in Brazil and the Philippines.

North America performs well in the quarter resulting in a year-on-year growth of 18 percent. Live Casino has developed very well throughout the year and continues to increase across all states. In RNG we have lost revenue and market share in the region during this year, but Q3 is the first quarter in which we see an increase in RNG revenue from previous year. In Europe we continue to see sound and steady performance, resulting in 11 percent growth for the quarter. Asia is impacted by the aforementioned cyber-attacks and we see a small increase in revenue compared to the previous quarter. The region continues to have vast potential for us and we are actively addressing the current issues. We anticipate an improved situation gradually during 2025. Latin America shows 9

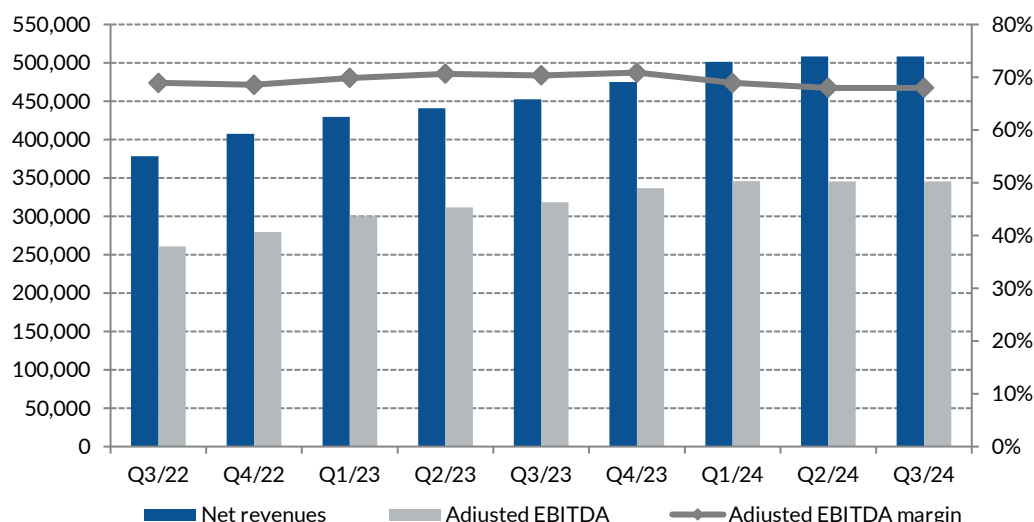
percent growth in the third quarter. It is a region with great promise over the coming years, with Brazil regulating as a key event in 2025.

Evolution is made up of over 20,000 fantastic persons coming to work every day, ensuring that we can remain market leaders and continue to be the innovators in our space. Our aim is, and has always been, to provide a workplace that offers all our people with varied experience and background a ticket to a future career. We are proud of the workplace we offer. We have had challenges over the last period but I am very happy with how we have responded and the way in which we pushed through this quarter. We have made progress in several key projects that makes us stronger for the future. Evolution is a growing, strong, highly profitable, all-equity funded company – and our solid financial position enables us to remain focused on growth, and to invest for the future. In times when we face challenges we will work harder, find smarter solutions, and most important of all – never settle but always strive to be better every single day.

I look forward to the final months of 2024 and onwards into next year.

Martin Carlesund
CEO

Quarterly results trend



Financial performance in the third quarter of 2024

Net revenues

Net revenues amounted to EUR 519.4 million (452.6) in the third quarter, equivalent to an increase of 14.7 percent compared with the corresponding period in 2023. Revenue growth adjusted for changes in foreign exchange rates is estimated to 19 percent compared with the same period the preceding year. EUR 446.9 million (385.8) of the revenue was derived from live-games and EUR 72.5 million (66.8) 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.

Net revenues by game type

Group, EUR million	Jul-Sep 2023	Oct-Dec 2023	Jan-Mar 2024	Apr-Jun 2024	Jul-Sep 2024
Live	385.8	405.6	431.3	438.1	446.9
RNG	66.8	69.8	70.1	70.3	72.5
Net revenues	452.6	475.3	501.5	508.4	519.4

Expenses

Operating expenses amounted to EUR 199.9 million (165.5). 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 third quarter of 2023. The expansion has also increased other operating expenses compared with Q3 2023. Changes in foreign exchange rates affected operating expenses positively with EUR 3.1 million compared with the same period the preceding year.

Profitability

Operating profit amounted to EUR 379.2 million (287.1), corresponding to an increase of 32.1 percent. The operating margin was 65.5 percent (63.4). The EBITDA margin was 71.7 percent (70.4). Adjusted EBITDA excluding other operating revenues of EUR 59.7 million related to reduction of earn-out liability for BTG amounted to EUR 355.6 million (318.6). Adjusted EBITDA margin was 68.5 percent (70.4).

Net financial items amounted to negative EUR 1.0 million (5.4) related to interest income, leasing interest expenses and currency exchange differences. The Group's effective tax rate for the quarter amounted to 13.1 percent (6.7), the increase is related to estimated top-up tax regarding Pillar II. 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 328.6 million (272.8). Earnings per share before dilution were EUR 1.57 (1.28).

Investments

Investments in intangible assets amounted to EUR 17.9 million (11.0) 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 14.3 million (8.0) 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 356.9 million (342.9) during the quarter. Cash flow from investing activities was negative in the amount of EUR 132.4 million (negative 66.7) and included investment in bonds of EUR 100 million (-), 2023 included earn-out payment for BTG of EUR 47.5 million. Cash flow from financing activities was negative in the amount of EUR 248.4 million (negative 5.3) and included repurchase of own shares of EUR 243.6 million (-). Cash and cash equivalents amounted to EUR 663.7 million (813.3) at the end of the quarter.

First nine months of 2024 in brief

Net revenues

For the January-September 2024 period, net revenues amounted to EUR 1,529.2 million (1,323.3), corresponding to an increase of 15.6 percent compared with the same period in 2023. EUR 1,316.3 million (1,117.7) of the revenue was derived from live-games and EUR 213.0 million (205.6) 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 587.0 million (483.2). Expenses were mainly driven by higher costs for personnel, connected to the launch of new tables and studios. The strong expansion has also increased other operating expenses compared with the previous year.

Profitability

Operating profit amounted to EUR 1,001.9 million (840.1) with an operating margin of 63.1 percent (63.5). The EBITDA margin was 69.7 percent (70.3). The adjusted EBITDA margin was 68.5 percent (70.3).

Investments

Investments in intangible assets amounted to EUR 51.4 million (33.8) for the period. Investments in building, property, plant and equipment amounted to EUR 49.8 million (30.1). Change in other financial assets amounted to negative EUR 104.9 million (1.3).

Cash and cash equivalents, financing and financial position

Cash flow from operating activities amounted to EUR 971.5 million (854.0) over the period. The increase is primarily due to improved profit. Cash flow from investing activities was negative in the amount of EUR 210.5 million (negative 110.2) and included investment in bonds of EUR 100 million and investment in subsidiaries of EUR 4.3 million, 2023 included earn-out payment for BTG of EUR 47.5 million. Cash flow from financing activities was negative in the amount of EUR 1,082.0 million (negative 462.3) and included dividend to shareholders of EUR 559.3 million (427.4) and repurchase of own shares of EUR 527.6 million (-).

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 third quarter 71.0 percent (68.4) 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.

Net revenues per geographical region

Group, EUR million	Jul-Sep 2023	Oct-Dec 2023	Jan-Mar 2024	Apr-Jun 2024	Jul-Sep 2024
Europe	175.1	185.8	191.0	191.3	194.9
Asia	172.1	181.7	197.6	200.7	202.2
North America	54.7	59.1	62.1	60.2	64.8
LatAm	34.4	32.1	33.0	36.6	37.4
Other	16.3	16.6	17.8	19.6	20.2
Net revenues	452.6	475.3	501.5	508.4	519.4
Share of regulated markets	40%	40%	39%	39%	39%
Revenue, regulated markets	179.9	189.6	195.4	199.4	204.4

Other

Parent Company

The Parent Company is a holding company. Net sales for the third quarter of 2024 amounted to EUR 4.0 million (4.4) and expenses to EUR 4.5 million (4.4). Operating profit amounted to negative EUR 0.5 million (0.1). Result for the period amounted to negative EUR 34.4 million (0.0) due to the estimated top-up tax related to Pillar II. The Parent Company's cash and cash equivalents amounted to EUR 114.9 million (16.3) at the end of the period and equity amounted to EUR 1,894.4 million (2,612.9). No significant investments were made in intangible or tangible assets.

Employees

As of 30 September 2024, Evolution had 20,772 employees (17,823), corresponding to 14,676 full-time positions (13,366). The average number of full-time equivalents for the quarter was 14,366 (12,972).

Acquisitions of own shares

The Board of Directors has introduced a repurchase programme that was announced on 18 July 2024. The Company has since 19 July up to and including 30 September 2024, acquired a total of 2,762,522 of its own shares within the framework of the repurchase programme. Evolution's holding of own shares amounted to 3,551,798 as of 30 September 2024.

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 2023, which is available on the company's website.

Calendar

Year-end report 2024	30 January 2025
Interim report January – March 2025	30 April 2025
Annual General Meeting	5 May 2025
Interim report January – June 2025	17 July 2025
Interim report January – September 2025	23 October 2025

Stockholm, 24 October 2024

Martin Carlesund
CEO

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Presentation for investors, analysts and the media

CEO Martin Carlesund and CFO Jacob Kaplan will present the report and answer questions on Thursday, 24 October 2024 at 09:00 a.m. CEST via a telephone conference. The presentation will be in English and can also be followed online.

Webcast: <https://ir.financialhearings.com/evolution-q3-report-2024/register>

Teleconference: <https://conference.financialhearings.com/teleconference/?id=50048476>

Dial-in number to the teleconference will be received by registering on the link above. After the registration you will be provided phone numbers and a conference/user ID to access the conference.

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 24 October 2024, at 07:30 am CET.

Condensed consolidated income statement

Group, EUR thousands	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Oct 2023- Sep 2024	Jan-Dec 2023
Revenues - Live	446,878	385,813	1,316,287	1,117,717	1,721,844	1,523,274
Revenues - RNG	72,501	66,829	212,953	205,574	282,706	275,327
Net revenues	519,379	452,642	1,529,240	1,323,291	2,004,550	1,798,601
Other operating revenues*	59,650	-	59,650	-	59,650	-
Total operating revenues	579,029	452,642	1,588,890	1,323,291	2,064,200	1,798,601
Personnel expenses	-110,593	-91,037	-328,789	-261,440	-422,649	-355,300
Depreciation, amortisation and impairments	-36,078	-31,462	-104,891	-90,318	-139,256	-124,683
Other operating expenses	-53,179	-43,006	-153,291	-131,401	-197,778	-175,888
Total operating expenses	-199,850	-165,505	-586,971	-483,159	-759,683	-655,871
Operating profit	379,179	287,137	1,001,919	840,132	1,304,517	1,142,730
Financial items	-1,009	5,360	11,660	5,428	12,109	5,877
Profit before tax	378,170	292,497	1,013,579	845,560	1,316,626	1,148,607
Tax on profit for the period	-49,559	-19,737	-146,668	-57,561	-166,856	-77,749
Profit for the period	328,611	272,760	866,911	787,999	1,149,770	1,070,858
Of which attributable to:						
Shareholders of the Parent Company	328,611	272,760	866,911	787,999	1,149,770	1,070,858
Average number of shares before dilution	209,319,036	213,765,359	210,562,921	213,592,796	211,294,094	213,566,498
Earnings per share before dilution, EUR	1.57	1.28	4.12	3.69	5.44	5.01
Average number of shares after dilution	209,319,036	216,120,505	211,777,111	217,655,201	212,660,579	217,069,145
Earnings per share after dilution, EUR	1.57	1.26	4.09	3.62	5.41	4.93
Operating margin	65.5%	63.4%	63.1%	63.5%	63.2%	63.5%
Effective tax rate	13.1%	6.7%	14.5%	6.8%	12.7%	6.8%

*Other operating revenues is reduction of earn-out liability, see Note 5.

Condensed comprehensive income statement

Group, EUR thousands	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Oct 2023- Sep 2024	Jan-Dec 2023
Profit for the period	328,611	272,760	866,911	787,999	1,149,770	1,070,858
Other comprehensive income						
Items that may be reclassified to profit						
Exchange differences arising from the translation of foreign operations	4,198	39,529	-36,864	-70,665	42,127	8,326
Other comprehensive income	4,198	39,529	-36,864	-70,665	42,127	8,326
Total comprehensive income for the period	332,809	312,289	830,047	717,334	1,191,897	1,079,184

Consolidated balance sheet

Group, EUR thousands	30/09/2024	30/09/2023	31/12/2023
<i>Assets</i>			
Goodwill	2,297,994	2,262,373	2,324,005
Other intangible assets	699,925	698,825	714,509
Buildings	19,865	11,023	10,968
Right of use assets	72,058	69,753	70,382
Property, plant and equipment	135,821	121,056	121,106
Other non-current receivables	110,362	7,531	6,779
Deferred tax assets	10,255	3,794	3,471
Total non-current assets	3,346,280	3,174,355	3,251,220
Accounts receivable	353,685	326,560	348,420
Current tax receivables	552,364	306,302	314,239
Other receivables	32,983	22,238	27,827
Prepaid expenses and accrued income	39,078	32,396	46,022
Cash and cash equivalents*	663,730	813,320	985,756
Total current assets	1,641,840	1,500,816	1,722,264
TOTAL ASSETS	4,988,120	4,675,171	4,973,484
<i>Equity and liabilities</i>			
Share capital	650	648	648
Other capital contributed	2,429,077	2,401,920	2,411,607
Reserves	-243,816	-285,943	-206,952
Retained earnings including profit for the period	1,582,302	1,633,170	1,800,912
Total equity	3,768,213	3,749,795	4,006,215
Deferred tax liabilities	62,041	60,845	61,393
Non-current lease liabilities	67,577	65,705	65,534
Provision for pensions	1,609	-	-
Other non-current liabilities	232,970	285,549	279,019
Total non-current liabilities	364,197	412,099	405,946
Accounts payable	13,906	9,215	13,063
Provisions	-	91	-
Current tax liabilities	736,234	394,739	418,957
Other current liabilities	40,739	36,869	62,029
Current lease liabilities	14,499	14,423	13,923
Accrued expenses and prepaid income	50,332	57,940	53,351
Total current liabilities	855,710	513,277	561,323
TOTAL EQUITY AND LIABILITIES	4,988,120	4,675,171	4,973,484
*Including restricted cash for jackpot liabilities	12,573	12,133	13,298

Consolidated changes in equity

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

Group 2024, EUR thousands	Share capital	Other capital contributed	Reserves	Retained earnings	Total equity
Opening equity 01/01/2024	648	2,411,607	-206,952	1,800,912	4,006,215
Dividend	-	-	-	-559,266	-559,266
Warrants	-	-59,535	-	1,377	-58,158
Repurchase of own shares	-	-	-	-527,632	-527,632
New share issue	2	77,005	-	-	77,007
Profit for the period	-	-	-	866,911	866,911
Other comprehensive income	-	-	-36,864	-	-36,864
Closing equity 30/09/2024	650	2,429,077	-243,816	1,582,302	3,768,213

Consolidated statement of cash flow

Group, EUR thousands	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Oct 2023- Sep 2024	Jan-Dec 2023
Operating profit	379,179	287,137	1,001,919	840,132	1,304,517	1,142,730
<i>Adjustment for non-cash items:</i>						
Depreciation/amortisation/impairments	36,078	31,462	104,891	90,318	139,256	124,683
Other	-60,749	2,297	-60,049	2,264	-61,178	1,135
Interest received	3,738	4,452	17,065	6,936	24,437	14,308
Interest paid	-67	432	-210	-16	-233	-39
Tax paid	-5,719	25,447	-74,846	-45,709	-78,909	-49,772
Cash flow from operating activities before changes in working capital	352,460	351,227	988,770	893,925	1,327,890	1,233,045
Increase/decrease accounts receivable	4,214	-10,283	-5,140	-49,914	-27,596	-72,370
Increase/decrease accounts payable	-2,024	-3,441	895	-888	4,827	3,044
Increase/decrease other working capital	2,260	5,373	-13,028	10,909	-19,209	4,728
Cash flow from operating activities	356,910	342,876	971,497	854,032	1,285,912	1,168,447
Acquisition of intangible assets	-17,939	-10,991	-51,411	-33,804	-69,580	-51,973
Acquisition of tangible assets	-14,326	-7,972	-49,824	-30,078	-61,965	-42,219
Acquisition of subsidiary	-1	-47,536	-4,329	-47,536	-4,329	-47,536
Increase/decrease other financial assets	-100,127	-195	-104,910	1,253	-103,793	2,370
Cash flow from investing activities	-132,393	-66,694	-210,474	-110,165	-239,667	-139,358
Repayment of lease liability	-4,711	-5,076	-12,526	-12,813	-18,620	-18,907
Repurchase of own shares	-243,599	-	-527,632	-	-643,390	-115,758
Warrants	-90	-241	-59,535	-57,874	-49,848	-48,187
New share issue	-	-	77,007	35,749	77,007	35,749
Dividend	-	-	-559,266	-427,398	-559,266	-427,398
Cash flow from financing activities	-248,400	-5,317	-1,081,952	-462,336	-1,194,117	-574,501
Cash flow for the period	-23,883	270,865	-320,929	281,531	-147,872	454,588
Cash and cash equivalents at start of period	688,687	541,707	985,756	532,554	813,320	532,554
Exchange rate differences	-1,074	748	-1,097	-765	-1,718	-1,386
Cash and cash equivalents at end of period	663,730	813,320	663,730	813,320	663,730	985,756

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 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Oct 2023- Sep 2024	Jan-Dec 2023
Net revenues	519,379	452,642	1,529,240	1,323,291	2,004,550	1,798,601
Adjusted EBITDA margin	68.5%	70.4%	68.5%	70.3%	69.0%	70.5%
EBITDA margin	71.7%	70.4%	69.7%	70.3%	69.9%	70.5%
Operating margin	65.5%	63.4%	63.1%	63.5%	63.2%	63.5%
Profit margin	56.8%	60.3%	54.6%	59.5%	55.7%	59.5%
Equity/assets ratio	75.5%	80.2%	75.5%	80.2%	75.5%	80.6%
Cash and cash equivalents	663,730	813,320	663,730	813,320	663,730	985,756
Average number of full-time employees	14,366	12,972	14,887	12,761	14,662	13,044
Full-time employees at end of period	14,676	13,366	14,676	13,366	14,676	14,850
Earnings per share before dilution, EUR (IFRS)	1.57	1.28	4.12	3.69	5.44	5.02
Equity per share, EUR	18.09	17.53	18.09	17.53	18.09	18.83
Op. cash flow per share before dilution, EUR	1.71	1.60	4.61	4.00	6.09	5.47
Average number of outstanding shares before dilution	209,319,036	213,765,359	210,562,921	213,592,796	211,294,094	213,566,498
Number of outstanding shares	208,327,719	213,898,248	208,327,719	213,898,248	208,327,719	212,771,346

Consolidated key ratios by quarter

Group, EUR thousands	Q3/24	Q2/24	Q1/24	Q4/23	Q3/23	Q2/23	Q1/23	Q4/22	Q3/22
Net revenues	519,379	508,410	501,451	475,310	452,642	441,075	429,574	407,480	378,532
Adjusted EBITDA	355,607	345,767	345,786	336,963	318,599	311,693	300,158	279,529	261,015
Adjusted EBITDA margin	68.5%	68.0%	69.0%	70.9%	70.4%	70.7%	69.9%	68.6%	69.0%
EBITDA	415,257	345,767	345,786	336,963	318,599	311,693	300,158	279,529	261,015
EBITDA margin	71.7%	68.0%	69.0%	70.9%	70.4%	70.7%	69.9%	68.6%	69.0%
Operating profit	379,179	311,129	311,611	302,598	287,137	281,515	271,480	250,004	236,393
Operating margin	65.5%	61.2%	62.1%	63.7%	63.4%	63.8%	63.2%	61.4%	62.4%
Revenue growth vs prior year	14.7%	15.3%	16.7%	16.6%	19.6%	28.2%	31.5%	35.7%	37.1%
Revenue growth vs prior quarter	2.2%	1.4%	5.5%	5.0%	2.6%	2.7%	5.4%	7.6%	10.1%
Cash and cash equivalents	663,730	688,687	974,125	985,756	813,320	541,707	759,736	532,554	319,666

Reconciliation of selected key ratios not defined in accordance with IFRS

Group, EUR thousands	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Oct 2023- Sep 2024	Jan-Dec 2023
<i>Net revenues</i>						
Total operating revenues	579,029	452,642	1,588,890	1,323,291	2,064,200	1,798,601
Other operating revenues	-59,650	-	-59,650	-	-59,650	-
Net revenues	519,379	452,642	1,529,240	1,323,291	2,004,550	1,798,601
<i>Operating margin</i>						
Profit before tax	378,170	292,497	1,013,579	845,560	1,316,626	1,148,607
Net financial items	1,009	-5,360	-11,660	-5,428	-12,109	-5,877
Operating profit (EBIT)	379,179	287,137	1,001,919	840,132	1,304,517	1,142,730
Divided by Total operating revenues	579,029	452,642	1,588,890	1,323,291	2,064,200	1,798,601
Operating (EBIT) margin	65.5%	63.4%	63.1%	63.5%	63.2%	63.5%
<i>Adjusted EBITDA and adjusted EBITDA margin</i>						
Profit before tax	378,170	292,497	1,013,579	845,560	1,316,626	1,148,607
Net financial items	1,009	-5,360	-11,660	-5,428	-12,109	-5,877
Depreciation/amortisation	36,078	31,462	104,891	90,318	139,256	124,683
Other operating revenues	-59,650	-	-59,650	-	-59,650	-
Adjusted EBITDA	355,607	318,599	1,047,160	930,450	1,384,123	1,267,413
Divided by Net revenues	519,379	452,642	1,529,240	1,323,291	2,004,550	1,798,601
Adjusted EBITDA margin	68.5%	70.4%	68.5%	70.3%	69.0%	70.5%
<i>EBITDA and EBITDA margin</i>						
Profit before tax	378,170	292,497	1,013,579	845,560	1,316,626	1,148,607
Net financial items	1,009	-5,360	-11,660	-5,428	-12,109	-5,877
Depreciation/amortisation	36,078	31,462	104,891	90,318	139,256	124,683
EBITDA	415,257	318,599	1,106,810	930,450	1,443,773	1,267,413
Divided by Total operating revenues	579,029	452,642	1,588,890	1,323,291	2,064,200	1,798,601
EBITDA margin	71.7%	70.4%	69.7%	70.3%	69.9%	70.5%
<i>Profit margin</i>						
Profit for the period	328,611	272,760	866,911	787,999	1,149,770	1,070,858
Divided by Total operating revenues	579,029	452,642	1,588,890	1,323,291	2,064,200	1,798,601
Profit margin	56.8%	60.3%	54.6%	59.5%	55.7%	59.5%
<i>Equity/Assets ratio</i>						
Total equity	3,768,213	3,749,795	3,768,213	3,749,795	3,768,213	4,006,215
Divided by Total assets	4,988,120	4,675,171	4,988,120	4,675,171	4,988,120	4,973,484
Equity/Assets ratio	75.5%	80.2%	75.5%	80.2%	75.5%	80.6%

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	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Oct 2023- Sep 2024	Jan-Dec 2023
Net sales	4,009	4,426	13,445	14,361	18,373	19,289
Other external expenses	-4,511	-4,360	-14,243	-14,034	-19,624	-19,415
Operating profit	-502	66	-798	327	-1,251	-126
Financial income and expenses	1,262	-47	-516	654	550,975	552,145
Profit before tax	760	19	-1,314	981	549,724	552,019
Tax on profit for the period	-35,197	-24	-92,466	-256	-92,719	-509
Profit for the period*	-34,437	-5	-93,780	725	457,005	551,510

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

Condensed Parent Company balance sheet

Parent Company, EUR thousands	30/09/2024	30/09/2023	31/12/2023
<i>Assets</i>			
Intangible assets	6	247	185
Property, plant and equipment	298	361	342
Participating interest in Group companies	2,630,780	2,630,780	2,630,780
Deferred tax assets	228	-	1
Other non-current receivables	518	14	14
Total non-current assets	2,631,830	2,631,402	2,631,322
Receivables from Group companies	3,956	51,304	375,378
Other current receivables	1,736	1,632	5,496
Prepaid expenses and accrued income	7,118	3,043	9,843
Cash and cash equivalents	114,938	16,281	53,051
Total current assets	127,748	72,260	443,768
TOTAL ASSETS	2,759,578	2,703,662	3,075,090
<i>Equity and liabilities</i>			
Share capital	650	648	648
Retained earnings including profit for the period	1,893,751	2,612,245	3,056,959
Total equity	1,894,401	2,612,893	3,057,607
Accounts payable	223	40	108
Current tax liabilities	94,087	1,068	607
Liabilities to Group companies	769,333	88,250	589
Other current liabilities	359	342	14,586
Accrued expenses and prepaid income	1,175	1,069	1,593
Total current liabilities	865,177	90,769	17,483
TOTAL EQUITY AND LIABILITIES	2,759,578	2,703,662	3,075,090

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. The accounting policies are unchanged from the 2023 annual report. There are no amendments to IFRS standards in 2024 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 significant events.

Note 3. Incentive programme

The company has one incentive programme. 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. More information about the programme is available in the 2023 annual report.

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

Evolution has acquired 100 percent of the share capital in Livespins Holdings Limited, a B2B social streaming game provider that enables operators to offer their players the opportunity to bet behind their favourite streamers, brand ambassadors and influencers. The up-front cash consideration was EUR 4.3 million net on a cash and debt free basis. In addition, Evolution may pay an earn-out based on Livespins' performance in 2026. Livespins is included in the consolidated accounts, the effect on Evolution Group's results of operations and financial position is not material.

Evolution has entered into an agreement to acquire Galaxy Gaming, Inc. for a total equity value of approximately USD 85 million, payable in cash. Closing is expected in mid-2025, Galaxy Gaming Inc. is therefore not yet included in the consolidated accounts.

Evolution has decided to extend the earn-out period related to the purchase of BTG until 2026. The earn-out liability has been reduced with EUR 59.7 million which is recorded as other operating revenues. Remaining earn-out with net present value of EUR 102.7 million may be paid at the latest in 2026.

Definitions of key ratios

Key ratios	Definition	Purpose
Net revenues	Total operating revenues less other operating revenues.	Key ratio used by management to monitor the revenue trend in the Group.
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 total 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	EBITDA in relation to total operating revenues.	Key ratio used by management to monitor the earnings trend in the Group.
Adjusted EBITDA	EBITDA less other operating revenues.	Key ratio used by management to monitor the earnings trend in the Group.
Adjusted EBITDA margin	Adjusted EBITDA in relation to net revenues.	Key ratio used by management to monitor the earnings trend in the Group.
Profit margin	Profit for the period in relation to total 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	Net revenues for the period divided by net 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	Net revenues for the period divided by net 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.



Auditor's report

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

Unofficial translation of the original auditor's report written in Swedish

Introduction

We have reviewed the condensed interim financial information (interim report) of Evolution AB (publ) as of 30 September 2024 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, 24 October 2024

Öhrlings PricewaterhouseCoopers AB

Johan Engstam

Authorized Public Accountant