



## Interim report | January–September 2023 | Evolution AB (publ)

### Third quarter of 2023 (Q3 2022)

- Operating revenues increased by 19.6% to EUR 452.6 million (378.5)
- EBITDA increased by 22.1% to EUR 318.6 million (261.0), corresponding to a margin of 70.4% (69.0)
- Profit for the period amounted to EUR 272.8 million (221.3)
- Earnings per share amounted to EUR 1.28 (1.04)

### January–September 2023 (9M 2022)

- Operating revenues increased by 26.1% to EUR 1,323.3 million (1,049.3)
- EBITDA increased by 27.6% to EUR 930.5 million (728.9), corresponding to a margin of 70.3% (69.5)
- Profit for the period amounted to EUR 788.0 million (619.9)
- Earnings per share amounted to EUR 3.69 (2.91)

### Events during the third quarter of 2023

- High demand and cost efficiency generated an EBITDA margin of 70.4%.
- Second studio in LatAm launched.
- On track to exceed our plan of more than 100 games released in 2023.

### Summary of the third quarter and the first nine months of 2023

Group, EUR thousands	Jul-Sep 2023	Jul-Sep 2022	%	Jan-Sep 2023	Jan-Sep 2022	%	Oct 2022- Sep 2023	Jan-Dec 2022	%
Operating revenues	452,642	378,532	19.6%	1,323,291	1,049,257	26.1%	1,730,771	1,456,737	18.8%
EBITDA	318,599	261,015	22.1%	930,450	728,911	27.6%	1,209,979	1,008,440	20.0%
EBITDA margin	70.4%	69.0%	-	70.3%	69.5%	-	69.9%	69.2%	-
Operating profit	287,137	236,393	21.5%	840,132	658,058	27.7%	1,090,136	908,062	20.1%
Operating margin	63.4%	62.4%	-	63.5%	62.7%	-	63.0%	62.3%	-
Profit for the period	272,760	221,297	23.3%	787,999	619,859	27.1%	1,011,501	843,361	19.9%
Profit margin	60.3%	58.5%	-	59.5%	59.1%	-	58.4%	57.9%	-
Earnings per share before dilution, EUR	1.28	1.04	22.9%	3.69	2.91	26.9%	4.74	3.95	19.8%
Equity per share, EUR	17.53	15.51	13.0%	17.53	15.51	13.0%	17.53	16.23	8.0%
OCF per share before dilution, EUR	1.60	1.11	44.3%	4.00	2.89	38.2%	5.22	4.11	26.9%
Average number of FTEs	12,972	10,960	18.4%	12,761	10,365	23.1%	12,548	10,802	16.2%

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[www.evolution.com](http://www.evolution.com)  
[www.twitter.com/EvolutionIR](https://www.twitter.com/EvolutionIR)

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 700+ operators among its customers. The group currently employs 17,800 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](http://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 third quarter, Evolution reports revenue of EUR 452.6 million and EBITDA amounting to EUR 318.6 million, corresponding to almost 20 percent top-line growth and 70.4 percent EBITDA margin. This is a good financial performance and the underlying growth drivers for the business remains solid. During the third quarter we released more games than during any earlier quarter. A strong development that I am pleased with as entertaining games and a flawless player experience are the absolute most important factors for our long-term success.

Our Live Casino revenue grew to EUR 385.8 million for the quarter and we see a higher demand for our product than what we currently can deliver. That is a measure of the phenomenal traction our games have. However, it also means we are not expanding our studios at the right pace. We have faced delays, and in some cases not executed fully, in several of our planned studio projects for this year but even more importantly we need to increase the pace of recruitment both in existing studios as well as to support new studios. We are working hard to get back on track in our existing locations and we will continue to invest in our network of studios and add new locations. We opened a smaller studio in Colombia just after the end of the third quarter. We plan to open one new studio in Europe later this year and 3-4 next year in Europe, North America and LatAm.

RNG revenues amounted to EUR 66.8 million and declined 1.9 percent compared to the corresponding quarter last year. Despite the step back in year-on-year growth it was a quarter when we made progress in our RNG operations. Our release pace is now where we want it to be and all new games are from the third quarter on OSS (One Stop Shop). We are methodically and systematically moving our RNG business forward. Our earlier communicated goal for RNG growth remains but at the moment we focus on showing step-by-step improvements.

We are focused on factors that are within our control when explaining our financial result. However, this quarter the impact from external factors such as currency effects are more significant than ever. The strengthening of the Euro against most currencies has affected our top line growth negatively during this year. Players deposit and play in many different currencies with our operators, the resulting GGR is converted to Euro which is the base for our invoicing. In the third quarter we estimate 6-8 percentage points negative headwind on revenue growth from currency effects when comparing revenues to the same quarter last year.

The group EBITDA margin is 70.4 percent during the third quarter. We maintain our guidance of 68-71 percent EBITDA margin for the year. Coming into the final quarter of the year I do expect us to be in the upper end of that interval even with a full focus on expansion.

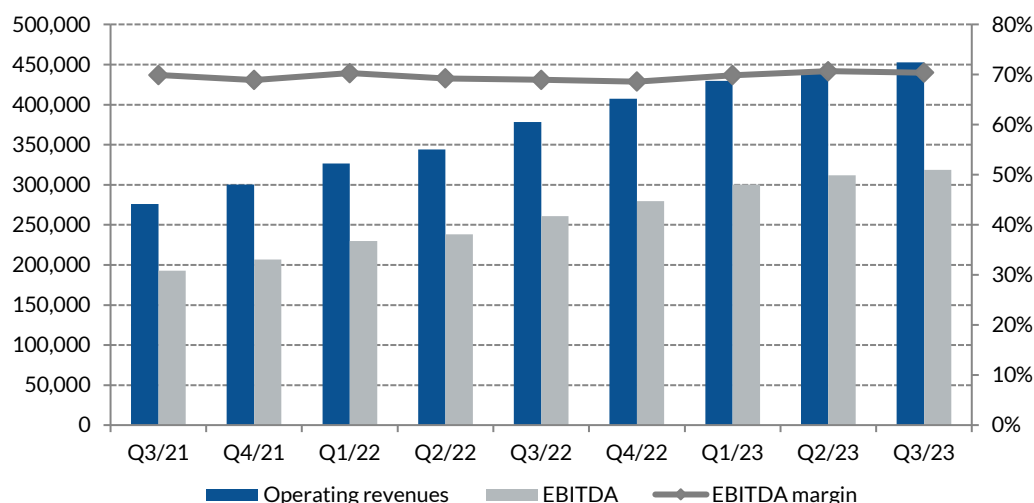
Our ability to deliver new and exciting player experiences is one of our main competitive advantages and I am pleased to say that we are on track to exceed our plan of more than 100 games released in 2023. In the third quarter we released 28 RNG titles and 8 Live games. We have had a continued strong development of our disco themed Funky Time which launched this spring, adding new dimensions to our popular Game Show portfolio. At the G2E show earlier in October we presented two new releases: Red Door Roulette — an innovative mash-up of Crazy Time and Lightning Roulette — and Video Poker, a Live Casino game offering the ultimate fusion of nostalgia and player-focused modern gaming technology. We also released many new and exciting slots, some of my personal favorites this quarter are The Crypt from Nolimit City and Max Megaways 2 from BTG. As stated, 2023 will be backend loaded in terms of releases both for Live and RNG and I am excited about what the last months of this year will bring from a product perspective.

North America is a region that we expect to develop over many years as more US states regulate. The online casino market is still in an early stage of development. We continue to see growth for our Live product quarter to quarter in the existing states, while we in the past quarter take a step back in our RNG revenue compared to the second quarter. Together this results in a 9 percent growth in North America compared to same period last year but a slightly lower revenue in the third quarter compared to the second quarter. Asia and Latin America both grow 35 and 39 percent respectively from last year and Europe shows a steady 10 percent increase. The growth compared to third quarter of last year is organic in all regions as the latest acquisitions were included in the group then.

In summary, the underlying growth drivers remain unchanged. We face a tougher macro climate today than one year ago and we are underserving the market at the moment, but we will continue to invest, optimize recruitment and, as always, push for growth through focus on product innovation. Our financial strength will continue to serve us well as we can continue to invest without interruption and grow. We remain committed to delivering new thrilling experiences to new and existing players and continue to strive to be just a little better every day. I look forward to the final months of the year and onwards into 2024.

**Martin Carlesund**  
**CEO**

### Quarterly results trend



## Financial performance in the third quarter of 2023

### Revenues

Revenues amounted to EUR 452.6 million (378.5) in the third quarter, equivalent to an increase of 19.6 percent compared with the corresponding period in 2022. EUR 66.8 million (68.1) 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	Jul-Sep 2022	Oct-Dec 2022	Jan-Mar 2023	Apr-Jun 2023	Jul-Sep 2023
Live	310.4	334.9	360.1	371.8	385.8
RNG	68.1	72.9	69.5	69.3	66.8
<b>Total</b>	<b>378.5</b>	<b>407.5</b>	<b>429.6</b>	<b>441.1</b>	<b>452.6</b>

### Expenses

Operating expenses amounted to EUR 165.5 million (142.1). 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 2022. The expansion has also increased other operating expenses compared with Q3 2022.

### Profitability

Operating profit amounted to EUR 287.1 million (236.4), corresponding to an increase of 21.5 percent. The operating margin was 63.4 percent (62.4). The EBITDA margin was 70.4 percent (69.0). Changes in foreign exchange rates affected EBITDA by EUR 4.2 million compared with the same period the preceding year, this amount does not include the indirect effect to revenues from the conversion of GGR from playing currencies to invoicing currency.

Net financial items amounted to EUR 5.4 million (1.3) 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 (6.9). 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 272.8 million (221.3). Earnings per share before dilution were EUR 1.28 (1.04).

#### **Investments**

Investments in intangible assets amounted to EUR 11.0 million (9.6) during the quarter and were mainly attributable to development of new games and technical improvements of the platform, such as new functionality.

Investments in property, plant and equipment amounted to EUR 8.0 million (13.9) 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 342.9 million (237.0) during the quarter. Cash flow from investing activities was negative in the amount of EUR 66.7 million (negative 206.9) and included earn-out payment for BTG of EUR 47.5 million, 2022 included investment in subsidiaries of EUR 184.7 million. Cash flow from financing activities was negative in the amount of EUR 5.3 million (negative 5.1). Cash and cash equivalents amounted to EUR 813.3 million (319.7) at the end of the quarter.

## **First nine months of 2023 in brief**

#### **Revenues**

For the January-September 2023 period, revenues amounted to EUR 1,323.3 million (1,049.3), corresponding to an increase of 26.1 percent compared with the same period in 2022. EUR 205.6 million (195.9) 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 483.2 million (391.2). 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 840.1 million (658.1) with an operating margin of 63.5 percent (62.7). The EBITDA margin was 70.3 percent (69.5).

#### **Investments**

Investments in intangible assets amounted to EUR 33.8 million (26.3) for the period. Investments in property, plant and equipment amounted to EUR 30.1 million (42.7). Change in other financial assets amounted to EUR 1.3 million (negative 2.1).

#### **Cash and cash equivalents, financing and financial position**

Cash flow from operating activities amounted to EUR 854.0 million (616.9) over the period. The increase is primarily due to improved profit. Cash flow from investing activities was negative in the amount of EUR 110.2 million (negative 329.9) and includes earn-out payment for BTG of EUR 47.5 million, 2022 included investment in subsidiaries of EUR 258.8 million. Cash flow from financing activities was negative in the amount of EUR 462.3 million (negative 391.9) and included dividend to shareholders of EUR 427.4 million (302.8), 2022 also included repurchase of own shares of EUR 75.6 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 68.4 percent (67.5) 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.

#### *Revenue per geographical region*

Group, EUR million	Jul-Sep 2022	Oct-Dec 2022	Jan-Mar 2023	Apr-Jun 2023	Jul-Sep 2023
Europe	159.2	170.0	173.7	175.2	175.1
Asia	127.8	136.2	154.0	164.5	172.1
North America	50.2	56.2	57.3	55.5	54.7
LatAm	24.8	26.9	30.0	31.3	34.4
Other	16.5	18.2	14.6	14.6	16.3
<b>Total operating revenue</b>	<b>378.5</b>	<b>407.5</b>	<b>429.6</b>	<b>441.1</b>	<b>452.6</b>
Share of regulated markets	41%	40%	40%	40%	40%
Revenue, regulated markets	156.4	164.1	171.3	176.9	179.9

## Other

### Parent Company

The Parent Company is a holding company. Net sales for the third quarter of 2023 amounted to EUR 4.4 million (4.6) and expenses to EUR 4.4 million (4.5). Operating profit amounted to EUR 0.1 million (0.1). Result for the period amounted to EUR 0 million (0.7). The Parent Company's cash and cash equivalents amounted to EUR 16.3 million (5.2) at the end of the period and equity amounted to EUR 2,612.9 million (2,452.1). No significant investments were made in intangible or tangible assets.

### Employees

As of 30 September 2023, Evolution had 17,823 employees (15,917), corresponding to 13,366 full-time positions (11,207). The average number of full-time equivalents for the quarter was 12,972 (10,960).

### Events following the balance sheet date

No significant events.

### 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.

**Calendar**

Year-end report 2023	1 February 2024
Interim report January – March 2024	24 April 2024
Annual General Meeting	26 April 2024
Interim report January – June 2024	19 July 2024
Interim report January – September 2024	24 October 2024

**Stockholm, 26 October 2023**

**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, 26 October 2023 at 09:00 a.m. CET via a telephone conference. The presentation will be in English and can also be followed online.

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

<https://conference.financialhearings.com/teleconference/?id=5008323>

**Follow the presentation at:** <https://ir.financialhearings.com/evolution-q3-2023>

*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 26 October 2023, at 07:30 am CET.*



## Condensed consolidated income statement

Group, EUR thousands	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Oct 2022- Sep 2023	Jan-Dec 2022
Revenues - Live	385,813	310,392	1,117,717	853,361	1,452,664	1,188,308
Revenues - RNG	66,829	68,140	205,574	195,896	278,107	268,429
<b>Total operating revenues</b>	<b>452,642</b>	<b>378,532</b>	<b>1,323,291</b>	<b>1,049,257</b>	<b>1,730,771</b>	<b>1,456,737</b>
Personnel expenses	-91,037	-76,255	-261,440	-208,060	-342,978	-289,598
Depreciation, amortisation and impairments	-31,462	-24,622	-90,318	-70,853	-119,843	-100,378
Other operating expenses	-43,006	-41,262	-131,401	-112,286	-177,814	-158,699
<b>Total operating expenses</b>	<b>-165,505</b>	<b>-142,139</b>	<b>-483,159</b>	<b>-391,199</b>	<b>-640,635</b>	<b>-548,675</b>
<b>Operating profit</b>	<b>287,137</b>	<b>236,393</b>	<b>840,132</b>	<b>658,058</b>	<b>1,090,136</b>	<b>908,062</b>
Financial items	5,360	1,341	5,428	8,065	-4,106	-1,469
<b>Profit before tax</b>	<b>292,497</b>	<b>237,734</b>	<b>845,560</b>	<b>666,123</b>	<b>1,086,030</b>	<b>906,593</b>
Tax on profit for the period	-19,737	-16,437	-57,561	-46,264	-74,529	-63,232
<b>Profit for the period</b>	<b>272,760</b>	<b>221,297</b>	<b>787,999</b>	<b>619,859</b>	<b>1,011,501</b>	<b>843,361</b>
<i>Of which attributable to:</i>						
Shareholders of the Parent Company	272,760	221,297	787,999	619,859	1,011,501	843,361
Average number of shares before dilution	213,765,359	213,205,250	213,592,796	213,288,250	213,495,909	213,267,500
Earnings per share before dilution, EUR	1.28	1.04	3.69	2.91	4.74	3.95
Average number of shares after dilution	216,120,505	217,125,300	217,655,201	217,642,323	217,515,226	217,505,567
Earnings per share after dilution, EUR	1.26	1.02	3.62	2.85	4.65	3.88
Operating margin	63.4%	62.4%	63.5%	62.7%	63.0%	62.3%
Effective tax rate	6.7%	6.9%	6.8%	6.9%	6.9%	7.0%

## Condensed comprehensive income statement

Group, EUR thousands	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Oct 2022- Sep 2023	Jan-Dec 2022
<b>Profit for the period</b>	<b>272,760</b>	<b>221,297</b>	<b>787,999</b>	<b>619,859</b>	<b>1,011,501</b>	<b>843,361</b>
<b>Other comprehensive income</b>						
<i>Items that may be reclassified to profit</i>						
Exchange differences arising from the translation of foreign operations	39,529	-32,809	-70,665	-126,915	-140,742	-196,992
<b>Other comprehensive income</b>	<b>39,529</b>	<b>-32,809</b>	<b>-70,665</b>	<b>-126,915</b>	<b>-140,742</b>	<b>-196,992</b>
<b>Total comprehensive income for the period</b>	<b>312,289</b>	<b>188,488</b>	<b>717,334</b>	<b>492,944</b>	<b>870,759</b>	<b>646,369</b>

## Consolidated balance sheet

Group, EUR thousands	30/09/2023	30/09/2022	31/12/2022
<b>Assets</b>			
Goodwill	2,262,373	2,361,411	2,315,332
Other intangible assets	698,825	766,198	742,928
Buildings	11,023	11,242	11,187
Right of use assets	69,753	59,518	67,900
Property, plant and equipment	121,056	105,373	110,996
Other non-current receivables	7,531	9,654	8,868
Deferred tax assets	3,794	2,718	2,785
<b>Total non-current assets</b>	<b>3,174,355</b>	<b>3,316,114</b>	<b>3,259,996</b>
Accounts receivable	326,560	265,419	277,012
Other receivables	328,540	262,350	262,346
Prepaid expenses and accrued income	32,396	38,672	37,463
Cash and cash equivalents*	813,320	319,666	532,554
<b>Total current assets</b>	<b>1,500,816</b>	<b>886,107</b>	<b>1,109,375</b>
<b>TOTAL ASSETS</b>	<b>4,675,171</b>	<b>4,202,221</b>	<b>4,369,371</b>
<b>Equity and liabilities</b>			
Share capital	648	647	647
Other capital contributed	2,401,920	2,404,207	2,403,963
Reserves	-285,943	-145,201	-215,278
Retained earnings including profit for the period	1,633,170	1,046,674	1,270,949
<b>Total equity</b>	<b>3,749,795</b>	<b>3,306,327</b>	<b>3,460,281</b>
Deferred tax liabilities	60,845	59,914	66,113
Non-current lease liabilities	65,705	52,036	65,158
Other non-current liabilities	285,549	365,835	351,926
<b>Total non-current liabilities</b>	<b>412,099</b>	<b>477,785</b>	<b>483,197</b>
Accounts payable	9,215	10,871	10,094
Provisions	91	488	380
Current tax liabilities	394,739	302,036	312,677
Other current liabilities	36,869	43,184	43,321
Current lease liabilities	14,423	17,173	14,395
Accrued expenses and prepaid income	57,940	44,357	45,026
<b>Total current liabilities</b>	<b>513,277</b>	<b>418,109</b>	<b>425,893</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,675,171</b>	<b>4,202,221</b>	<b>4,369,371</b>
*Including restricted cash for jackpot liabilities	12,133	19,001	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
<b>Closing equity 31/12/2022</b>	<b>647</b>	<b>2,403,963</b>	<b>-215,278</b>	<b>1,270,949</b>	<b>3,460,281</b>

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	-	-57,874	-	1,620	-56,254
Non cash issue	-	20,083	-	-	20,083
New share issue	1	35,748	-	-	35,749
Profit for the period	-	-	-	787,999	787,999
Other comprehensive income	-	-	-70,665	-	-70,665
<b>Closing equity 30/09/2023</b>	<b>648</b>	<b>2,401,920</b>	<b>-285,943</b>	<b>1,633,170</b>	<b>3,749,795</b>

## Consolidated statement of cash flow

Group, EUR thousands	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Oct 2022- Sep 2023	Jan-Dec 2022
Operating profit	287,137	236,393	840,132	658,058	1,090,136	908,062
<i>Adjustment for non-cash items:</i>						
Depreciation/amortisation/impairments	31,462	24,622	90,318	70,853	119,843	100,378
Provisions	-	9	-	-1,410	9	-1,401
Other	2,297	-1,113	2,264	-884	-259	-3,407
Interest received	4,452	42	6,936	137	7,156	357
Interest paid	432	-271	-16	-1,193	-122	-1,299
Tax paid	25,447	-4,088	-45,709	-41,538	-51,271	-47,100
<b>Cash flow from operating activities before changes in working capital</b>	<b>351,227</b>	<b>255,594</b>	<b>893,925</b>	<b>684,023</b>	<b>1,165,492</b>	<b>955,590</b>
Increase/decrease accounts receivable	-10,283	-15,655	-49,914	-59,391	-62,598	-72,075
Increase/decrease accounts payable	-3,441	-7,120	-888	1,772	-1,462	1,198
Increase/decrease other working capital	5,373	4,219	10,909	-9,489	13,150	-7,248
<b>Cash flow from operating activities</b>	<b>342,876</b>	<b>237,038</b>	<b>854,032</b>	<b>616,915</b>	<b>1,114,582</b>	<b>877,465</b>
Acquisition of intangible assets	-10,991	-9,555	-33,804	-26,319	-43,763	-36,278
Acquisition of tangible assets	-7,972	-13,866	-30,078	-42,678	-48,061	-60,661
Acquisition of subsidiary	-47,536	-184,729	-47,536	-258,814	-61,858	-273,136
Increase/decrease other financial assets	-195	1,263	1,253	-2,060	1,792	-1,521
<b>Cash flow from investing activities</b>	<b>-66,694</b>	<b>-206,887</b>	<b>-110,165</b>	<b>-329,871</b>	<b>-151,890</b>	<b>-371,596</b>
Repayment of lease liability	-5,076	-4,980	-12,813	-12,181	-14,777	-14,145
Repurchase of own shares	-	-	-	-75,591	-	-75,591
Warrants	-241	-166	-57,874	-1,415	-58,173	-1,714
New share issue	-	-	35,749	-	35,749	-
Dividend	-	-	-427,398	-302,751	-427,398	-302,751
<b>Cash flow from financing activities</b>	<b>-5,317</b>	<b>-5,146</b>	<b>-462,336</b>	<b>-391,938</b>	<b>-464,599</b>	<b>-394,201</b>
<b>Cash flow for the period</b>	<b>270,865</b>	<b>25,005</b>	<b>281,531</b>	<b>-104,894</b>	<b>498,093</b>	<b>111,668</b>
Cash and cash equivalents at start of period	541,707	293,915	532,554	421,432	319,666	421,432
Exchange rate differences	748	746	-765	3,128	-4,439	-546
<b>Cash and cash equivalents at end of period</b>	<b>813,320</b>	<b>319,666</b>	<b>813,320</b>	<b>319,666</b>	<b>813,320</b>	<b>532,554</b>

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 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Oct 2022- Sep 2023	Jan-Dec 2022
Operating revenues (IFRS)	452,642	378,532	1,323,291	1,049,257	1,730,771	1,456,737
EBITDA margin	70.4%	69.0%	70.3%	69.5%	69.9%	69.2%
Operating margin	63.4%	62.4%	63.5%	62.7%	63.0%	62.3%
Profit margin	60.3%	58.5%	59.5%	59.1%	58.4%	57.9%
Equity/assets ratio	80.2%	78.7%	80.2%	78.7%	80.2%	79.2%
Cash and cash equivalents	813,320	319,666	813,320	319,666	813,320	532,554
Average number of full-time employees	12,972	10,960	12,761	10,365	12,548	10,802
Full-time employees at end of period	13,366	11,207	13,366	11,207	13,366	12,144
Earnings per share before dilution, EUR (IFRS)	1.28	1.04	3.69	2.91	4.74	3.95
Equity per share, EUR	17.53	15.51	17.53	15.51	17.53	16.23
Op. cash flow per share before dilution, EUR	1.60	1.11	4.00	2.89	5.22	4.11
Average number of outstanding shares before dilution	213,765,359	213,205,250	213,592,796	213,288,250	213,495,909	213,267,500
Number of outstanding shares	213,898,248	213,205,250	213,898,248	213,205,250	213,898,248	213,205,250

## Consolidated key ratios by quarter

Group, EUR thousands	Q3/23	Q2/23	Q1/23	Q4/22	Q3/22	Q2/22	Q1/22	Q4/21	Q3/21
Operating revenues (IFRS)	452,642	441,075	429,574	407,480	378,532	343,958	326,767	300,233	276,016
EBITDA	318,599	311,693	300,158	279,529	261,015	238,218	229,678	206,915	192,942
EBITDA margin	70.4%	70.7%	69.9%	68.6%	69.0%	69.3%	70.3%	68.9%	69.9%
Operating profit	287,137	281,515	271,480	250,004	236,393	214,580	207,085	184,541	171,963
Operating margin	63.4%	63.8%	63.2%	61.4%	62.4%	62.4%	63.4%	61.5%	62.3%
Revenue growth vs prior year	19.6%	28.2%	31.5%	35.7%	37.1%	34.0%	38.6%	69.0%	97.1%
Revenue growth vs prior quarter	2.6%	2.7%	5.4%	7.6%	10.1%	5.3%	8.8%	8.8%	7.5%
Cash and cash equivalents	813,320	541,707	759,736	532,554	319,666	293,915	439,516	421,432	391,931

## Reconciliation of selected key ratios not defined in accordance with IFRS

Group, EUR thousands	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Oct 2022- Sep 2023	Jan-Dec 2022
<b>Operating margin</b>						
Profit before tax	292,497	237,734	845,560	666,123	1,086,030	906,593
Net financial items	-5,360	-1,341	-5,428	-8,065	4,106	1,469
<b>Operating profit (EBIT)</b>	<b>287,137</b>	<b>236,393</b>	<b>840,132</b>	<b>658,058</b>	<b>1,090,136</b>	<b>908,062</b>
Divided by Total operating revenues	452,642	378,532	1,323,291	1,049,257	1,730,771	1,456,737
<b>Operating (EBIT) margin</b>	<b>63.4%</b>	<b>62.4%</b>	<b>63.5%</b>	<b>62.7%</b>	<b>63.0%</b>	<b>62.3%</b>
<b>EBITDA and EBITDA margin</b>						
Profit before tax	292,497	237,734	845,560	666,123	1,086,030	906,593
Net financial items	-5,360	-1,341	-5,428	-8,065	4,106	1,469
Depreciation/amortisation	31,462	24,622	90,318	70,853	119,843	100,378
<b>EBITDA</b>	<b>318,599</b>	<b>261,015</b>	<b>930,450</b>	<b>728,911</b>	<b>1,209,979</b>	<b>1,008,440</b>
Divided by Total operating revenues	452,642	378,532	1,323,291	1,049,257	1,730,771	1,456,737
<b>EBITDA margin</b>	<b>70.4%</b>	<b>69.0%</b>	<b>70.3%</b>	<b>69.5%</b>	<b>69.9%</b>	<b>69.2%</b>
<b>Profit margin</b>						
Profit for the period	272,760	221,297	787,999	619,859	1,011,501	843,361
Divided by Total operating revenues	452,642	378,532	1,323,291	1,049,257	1,730,771	1,456,737
<b>Profit margin</b>	<b>60.3%</b>	<b>58.5%</b>	<b>59.5%</b>	<b>59.1%</b>	<b>58.4%</b>	<b>57.9%</b>
<b>Equity/Assets ratio</b>						
Total equity	3,749,795	3,306,327	3,749,795	3,306,327	3,749,795	3,460,281
Divided by Total assets	4,675,171	4,202,221	4,675,171	4,202,221	4,675,171	4,369,371
<b>Equity/Assets ratio</b>	<b>80.2%</b>	<b>78.7%</b>	<b>80.2%</b>	<b>78.7%</b>	<b>80.2%</b>	<b>79.2%</b>

## Condensed Parent Company income statement and other comprehensive income

Parent Company, EUR thousands	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Oct 2022- Sep 2023	Jan-Dec 2022
Net sales	4,426	4,559	14,361	14,748	19,254	19,641
Other external expenses	-4,360	-4,450	-14,034	-14,026	-19,546	-19,538
<b>Operating profit</b>	<b>66</b>	<b>109</b>	<b>327</b>	<b>722</b>	<b>-292</b>	<b>103</b>
Financial income and expenses	-47	764	654	2,588	590,988	592,922
<b>Profit before tax</b>	<b>19</b>	<b>873</b>	<b>981</b>	<b>3,310</b>	<b>590,696</b>	<b>593,025</b>
Tax on profit for the period	-24	-193	-256	-705	-261	-710
<b>Profit for the period*</b>	<b>-5</b>	<b>680</b>	<b>725</b>	<b>2,605</b>	<b>590,435</b>	<b>592,315</b>

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

## Condensed Parent Company balance sheet

Parent Company, EUR thousands	30/09/2023	30/09/2022	31/12/2022
<b>Assets</b>			
Intangible assets	247	494	432
Property, plant and equipment	361	16	70
Participating interest in Group companies	2,630,780	2,630,780	2,630,780
Other non-current receivables	14	14	14
<b>Total non-current assets</b>	<b>2,631,402</b>	<b>2,631,304</b>	<b>2,631,296</b>
Receivables from Group companies	51,304	8,537	487,011
Other current receivables	1,632	1,777	1,386
Prepaid expenses and accrued income	3,043	7,941	6,517
Cash and cash equivalents	16,281	5,178	6,250
<b>Total current assets</b>	<b>72,260</b>	<b>23,433</b>	<b>501,164</b>
<b>TOTAL ASSETS</b>	<b>2,703,662</b>	<b>2,654,737</b>	<b>3,132,460</b>
<b>Equity and liabilities</b>			
Share capital	648	647	647
Retained earnings including profit for the period	2,612,245	2,451,495	3,040,961
<b>Total equity</b>	<b>2,612,893</b>	<b>2,452,142</b>	<b>3,041,608</b>
Accounts payable	40	17	197
Current tax liabilities	1,068	1,147	763
Liabilities to Group companies	88,250	200,170	87,841
Other current liabilities	342	299	318
Accrued expenses and prepaid income	1,069	962	1,733
<b>Total current liabilities</b>	<b>90,769</b>	<b>202,595</b>	<b>90,852</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,703,662</b>	<b>2,654,737</b>	<b>3,132,460</b>

## 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 2022 annual report. There are no 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 significant events.

### Note 3. Incentive programme

The company has one incentive programme. 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. More information about the programmes is available in the 2022 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

During the third quarter, earn-out payment to the sellers of BTG has been 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.

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## 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.
<b>Per share</b>		
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

### Introduction

We have reviewed the condensed interim financial information (interim report) of Evolution AB (publ) as of 30 September 2023 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, 26 October 2023

Öhrlings PricewaterhouseCoopers AB

Johan Engstam

Authorized Public Accountant