



Evolution

ANNUAL REPORT 2023

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The year in brief

A summary of another outstanding year in Evolution's history.

THE YEAR IN FIGURES

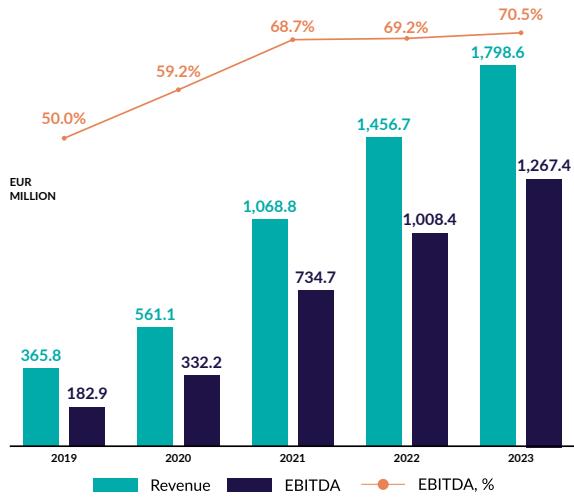
EBITDA **+25.7%** to
€1,267.4 million (1,008.4)
 EBITDA margin
70.5% (69.2)

Profit **+27.0%**
 to **€1,070.9 million**
 (843.4)

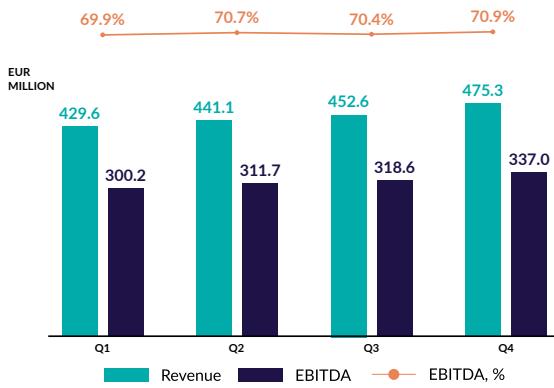
Earnings per
 share **€5.01** (3.95)

The Board proposes
 a dividend of
€2.65 (2.00) per share

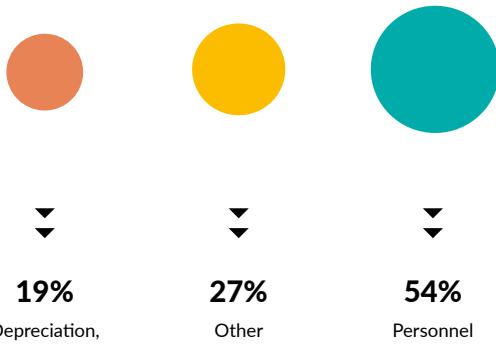
5-year Financial Development



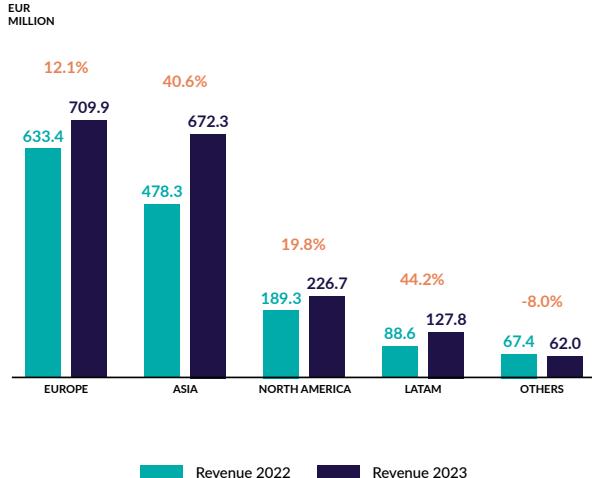
Financial Development 2023



Cost Structure



Geographic Growth 2023



►► HIGHLIGHTS



110 new games and major game show growth

The number of new games launched during the year amounted to 110 new titles under the group's various brands.

Two of the strongest brands in our portfolio are the "Lightning" and "Crazy Time" families of games. In 2023, we continued to develop these brands with spin-offs, including titles such as Crazy Pachinko, Red Door Roulette and Lightning Lotto. We also launched the biggest and most spectacular game show we've ever developed, Funky Time, a retro disco-themed game.



Further studio and market expansion

In North America, the American game portfolio was significantly broadened at the end of the year with the launch of Crazy Time, Crazy Coin Flip and Super Sic Bo in the USA. In Latin America, studios were launched in Colombia and Argentina during the year. Our European studio presence grew with a new studio in Bulgaria.



More tables and a growing workforce

At the end of the year, Evolution had over 1,600 active tables, which meant an increase of over 300 tables during the year. The growth in tables was a combination of expansion in existing studios as well as the opening of new ones. The number of employees increased by 2,195 people during the year, which corresponds to an increase of 13 percent. Evolution's employees represent approximately 120 different nationalities.

Group CEO comments

Innovation, global growth and aiming for even greater heights.



The year of 2023 was a difficult year in the world around us, affected by global concerns regarding the economy as well as geopolitical developments. Despite this difficult environment, Evolution remained focused and delivered a solid year both financially and operationally.

Revenues in 2023 increased by 23.5 percent to EUR 1,798.6 million (1,456.7). EBITDA increased by 25.7 percent to EUR 1,267.4 million (1,008.4) corresponding to a margin of 70.5 percent (69.2), well in line with our 2023 guidance of 68-71 percent.

From an operational point of view, we picked up the pace during the latter part of the year and entered 2024 with good momentum. We have a strong focus on expanding our delivery capacity in 2024. Our margin guidance is 69-71 percent for 2024 (as communicated in the year-end report).

Revenues in live casino increased to EUR 1,523 million in 2023. During the first half of the year we did not fully execute our expansion plans and undersupplied the market for live casino. We took action and improved, and for the full year we increased the number of tables by approximately 300 to more than 1,600 at year end.

Revenues in RNG amounted to EUR 275 million in 2023. Our systematic approach to improve game development operations paid off in 2023, and we now have a tempo of game releases that is competitive from all brands. During the year we launched 110 games across both RNG and live casino, exceeding our target of more than 100 games for the year.

Our focus has always been on products and creating exciting new player experiences, and over the next two years we will scale up our ambitions, having the power to focus even more on creativity and innovation.

I call the next two years our “Product Leap” years - where we will test new types of games, explore uncharted waters and develop even more innovative games, thereby expanding the gap to our competitors even further.

During 2023 we continued to develop our One Stop Shop (OSS) platform which, besides being an integration enabler of our games for casino operators, also works as a foundation for our future product expansion. From the third quarter of 2023, all of our new games are now on OSS. Going forward, and with OSS coming into a more mature phase, our aim is to add functionality to the platform and increase the value of the platform for our customers even more.

Our revenues are truly global. All regions performed well in 2023, with good progress in North America, still in the early stages of market development, and Europe, a more mature market, but still with untapped potential. In terms of reporting, fast-growing LatAm was broken out as a separate region in 2023, and the Nordics and UK were grouped into Europe. Asia also continues with good development from previous years.

In 2023, investments amounted to EUR 94 million, which was lower than the guided EUR 120 million. However, as we increased the pace of adding studio capacity at the end of 2023 and expect this trend to continue into 2024, we keep our guidance of EUR 120 million for 2024 as already communicated. We see continued strong global demand for Evolution online casino, and therefore we are committed to continue to invest in table capacity in our existing locations, as well as in new studios. We are planning for at least four new studios in 2024.



We have a strong capital structure and financial position. For 2023, the Board of Directors proposes a dividend of EUR 2.65 (2.00) per share, in line with the company's dividend policy to distribute a dividend of 50 percent of net profit annually. In combination with the share buyback programme of EUR 400 million, which was launched in the fourth quarter of 2023, an estimated 90 percent of 2023 net profits will in fact be shifted back to our investors.

Going into 2024, growth is, as always, the top priority for us at Evolution, and I am truly looking forward to the year. I also want to express my gratitude to all employees for their contributions during 2023 and their endeavor to do a bit better every day. Thank you!

Martin Carlesund,
Group CEO





STRATEGIC REPORT

**OUR BUSINESS MODEL, VISION AND
STRATEGY**

OUR MARKETPLACE

OUR GLOBAL STUDIOS

OUR ONLINE CASINO OPERATIONS

**OUR WORLD-LEADING ONLINE CASINO
GAMES PORTFOLIO**

THE EVOLUTION SHARE

Our business model, vision and strategy

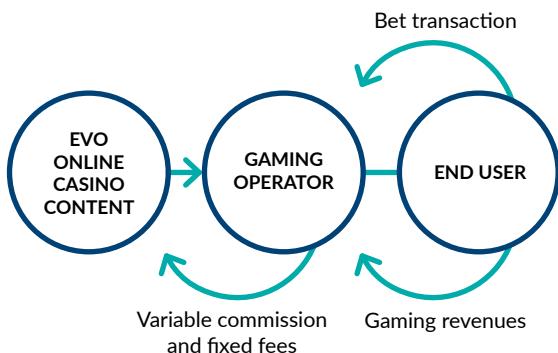
With a scalable business model and a market-leading offering, Evolution is paving the way for the development of the online casino segment on a global basis.

Mission

To make operators successful and provide an excellent gaming experience for their end users.

Vision

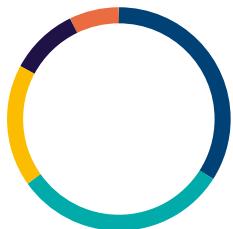
To be the leading online casino provider in the world.



Business model

Evolution innovates, develops, and produces content for online casino on a B2B basis. Our content can only be played through the interface of an operator who adds important aspects of the gaming experience e.g. authentication of the player, player account management and user interface.

The gaming operators then market and offer the products to their end users. Evolution's customers include the majority of the largest online gaming operators in Europe and North America, as well as a growing number of land-based casinos that have begun to offer games online.



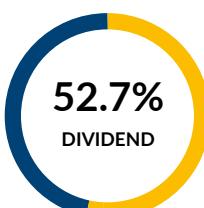
- Retained 34%
- Shareholders 31%
- Employees 18%
- Suppliers 10%
- Society 7%

The chart shows the distribution of created economic value to employees in the form of salaries, suppliers for purchases of products and services, shareholders in the form of dividends and society in general by taxes and fees.

Value creation

Through its operations, Evolution creates economic value for its various stakeholders. The company's overarching aim is to create value for its shareholders by providing stable returns over time. In addition, Evolution contributes with value to the local communities where it has a presence, as well as to its employees, who are crucial to the company's success. Evolution also has close and long-term relations with its suppliers to ensure quality in the service offering.

Medium to long-term objectives



Dividend

To distribute a minimum dividend of 50% of net profit over time.

✓ Outcome 2023: Proposal of **52.7%**



Growth

To increase the gap with our competitors and grow faster than the global online casino market.

✓ Outcome 2023: **23.5%** compared with **15.0%** for the total online casino market (according to H2GC)

Revenue model

The majority of Evolution's revenues consist of commission fees for both live and RNG casino. Commission is calculated as a percentage of the operators' winnings generated via the company's casino offering.

For live casino, the most basic agreements normally include access to, and streaming from generic tables, while more complex agreements can include dedicated tables and environments, VIP services, native-speaking dealers and other customisations to produce a live casino experience that is unique for the end user and helps the operator to stand out from the crowd.

Dedicated table fees are monthly service charges to operators who have opted to provide dedicated tables for their end users. Dedicated tables are reserved and used exclusively by the operator and can be customised completely to the operator's requirements as regards to studio environment, graphics, brand attributes and language. The fee varies from customer to customer depending on factors such as the type of game, number of tables and active hours.

In addition to commission and dedicated table fees, there are other smaller sources of income such as set-up fees, which are invoiced to new customers in conjunction with the launch of their casino offering.

Cost structure

Evolution's largest cost items are personnel costs. Personnel costs are primarily related to staff and recruitment within operations, as well as IT and product development. Other costs include royalty fees, consultants and communication among others.

Product innovation and development also constitutes a material cost item, both directly in terms of operating expenses, and indirectly through depreciation of capitalised development costs.



Employee lounge area in Riga, Latvia.



Game host presenting in our speakeasy-themed Craps studio.

Growth through product innovation

Evolution always strives to increase the gap to the competition. Already today, Evolution has clear leadership in the online casino market and aims to keep its growth momentum. As a group, we are committed to creating the best gaming experience for every player in both live and slots. The most important growth factor is to create games with the highest player entertainment value delivered in an exceptional and flawless way. Since its inception, the company has successfully launched innovative games and solutions that are attractive to both operators and their end users.

The core of our offering is traditional table games - Roulette, Blackjack and Baccarat, the demand for these games remains high, and we will also continue to develop variants and unique twists on these player favourites. We will also continue to expand our range of game shows, utilising the newest technological and live casino studio innovations to appeal to an even broader spectrum of players.

With the broadening of our product offering through the expansion into slots, Evolution has become a powerhouse that now offers solutions for operators and their players across live casino, including game shows, RNG table games and slots.

It is the players that are key to achieving our success. In order to earn their attention and excitement we need to be responsive to new player preferences. With technical innovations coming rapidly, it is also important for us to be at the forefront of new technology and digital trends in order to stay relevant among players.

In addition to new titles, an important part of our product development is to constantly improve the gaming experience in our existing games – securing long-term quality through continuous improvements and enhancement of user interfaces.

We have rebuilt our back-end structure and can now offer our partners our games through one integration – the One Stop Shop solution. It is a way for us to better serve our new and existing partners and facilitates the launch of new games.

Our marketplace

Online casino continues its strong performance in the gaming market.

Total global gaming market

Evolution's services are available on a global scale and its products answer to a global demand.

According to market estimates from H2GC*, the total global gaming market, land-based and online, had an estimated value of EUR 489 billion (433) in 2023, measured in gross gaming revenues.

Roughly 75 percent (75) of this figure comprised land-based gaming, primarily via monopolised state-owned lottery operations, land-based casinos and gaming machines etc.

The global market for all types of online gaming has grown significantly faster than the total gaming market in recent years. For the past five years (2019-2023), online gaming achieved a compound annual growth rate of close to 20 percent compared with 4.6 percent for the market as a whole, including all types of gaming/gambling.

Online casino five year growth

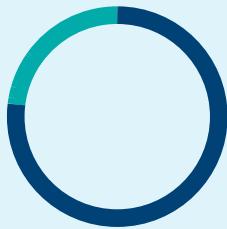
Globally online casino (live, RNG-tables and slots) has had an annual growth rate of 21 percent between 2019 and 2023. Live casino has been the fastest growing segment within online casino, with an annual growth rate of 24 percent in the same period.

Online casino 2023

According to H2GC, the global online casino market (live, RNG & slots) had in 2023 an estimated growth of 15 percent compared with the year before. The live casino market had an estimated growth of close to 17 percent from 2022. The share of online amounted to 22 percent of the total casino market in 2023. The share of live, i.e. live casino's share of the total online casino market, was 21 percent in 2023.

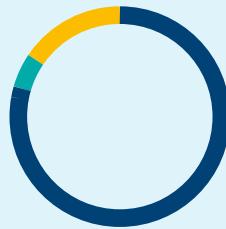
*H2 Gambling Capital: Detailed Global Summary Data (€), 15th February 2024.

Total gaming market in 2023



Land-based 75%
Online 25%

Global Casino Market 2023



Land-based casino 78%
Live casino 5%
RNG 17%

Compound Annual Growth Rate 2019-2023

LIVE
CASINO
▼
+23.9%

RNG
CASINO
▼
+20.8%

LAND-BASED
CASINO
▼
+0.3%



Growth

The growth for online casino is underpinned by new regulated markets, technical progress and new distribution channels, but above all, strong demand from the gaming operators and their end users. Live casino is a product that allows the operators to differentiate themselves in the marketplace, since it offers considerable opportunities to completely customise both the backdrop and content. Thus, providing a unique experience for both operators and end users. Furthermore, live casino has proven to be a product that is in line with larger trends such as video entertainment where interaction with real people who speak your own language builds trust among end users.

Competition

The strong growth trend over recent years for live casino has encouraged more systems providers to develop live casino solutions. The barriers to entry are relatively low, while the barriers to success are considerably higher.

Live casino is a highly complex product that, in addition to a technical solution, requires both a certain volume and outstanding operational excellence to be profitable and perform satisfactorily. Our perpetual mission is to extend the gap with the competition and strengthen our market leadership. This is the common thread in our studio expansion as well as in product development, operational excellence and recruitment.

We have a leading position in RNG, offering an award-winning portfolio of games. The market is more fragmented than live casino with many other suppliers in the marketplace.

EXPANDING THE MARKET

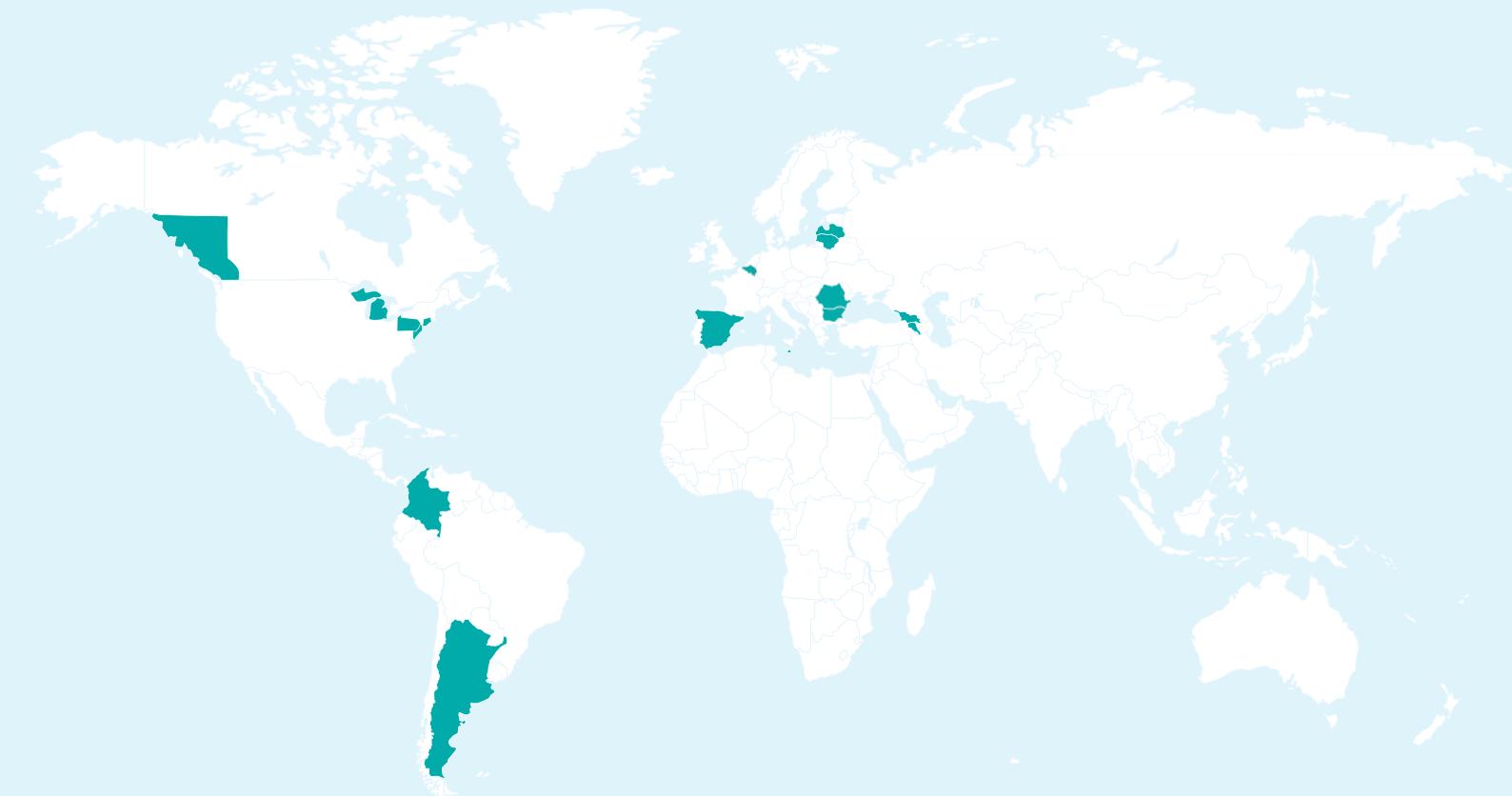
Important aspects for expanding our market are partly the migration to online, and partly new games that attract new players. We are excited to play a role in digitalising the industry as more and more players experience online casino through our games. The rate at which land-based will convert to online over the years to come remains unpredictable, however we have our growth runway in place to capitalise on the development.

In 2017, we revolutionised the live casino domain with the launch of in-house developed game shows. This category of games has been acting as a powerful conversion tool to attract new player types to live casino, such as first-time live players and those who do not traditionally play live casino. These game shows, with a unique mix of live casino and RNG with augmented reality technology, have enabled us to expand to a much broader group of end users and consolidate Evolution's position as the leading innovator in the gaming industry.



Our global studios

Evolution has 11 studios in Europe, 7 in North America and 2 in South America.



Evolution • Ezugi •

EUROPE

- Armenia •
- Belgium •
- Bulgaria •
- Georgia •
- Latvia •
- Lithuania •
- Malta x2 •
- Romania •
- Spain x2 •
- Canada – British Columbia x2 •
- USA – Connecticut •
- USA – Michigan •
- USA – New Jersey x2 •
- USA – Pennsylvania •

NORTH AMERICA

SOUTH AMERICA

- Argentina •
- Colombia •

Regulation

The gaming industry is regulated at a national or a regional level. Many countries have regulations for land-based casinos that are not applied to online gaming. Some countries have a gaming monopoly, in which only one operator is permitted, while others have established systems in which several operators can be licensed to offer online games. In some cases, gaming operators that are licensed in one country offer games in other countries as well.

An increasing number of countries introduce national regulations. This means that gaming operators, and in some cases also providers, must apply for country-specific licences, pay local taxes and be subject to national monitoring.

Regulation is an important growth factor for the online casino market, because it brings more potential end users and gives operators greater opportunities to promote the product. Since Evolution is a provider, new legislation tends mainly to affect the company indirectly.

LICENSES

Evolution endeavours to be the most reliable live casino provider in the market and holds all the licenses and certifications where available. Evolution aims to maintain the highest international standards in terms of regulatory compliance and security.

One or more brands within the Evolution Group is licensed and regulated in these jurisdictions:

Alderney
Argentina
Bahamas
Belgium
Curaçao
Georgia
Gibraltar
Greece
Isle of Man
Canada
Latvia
Malta
Panama

Peru
Romania
Spain
United Kingdom
Sweden
South Africa
Uganda
USA - Connecticut
USA - Michigan
USA - New Jersey
USA - Oklahoma
USA - Pennsylvania
USA - West Virginia

GAMES OFFERED WITHIN THE BELOW REGULATED MARKETS

Evolution's products are offered in the following regulated markets:

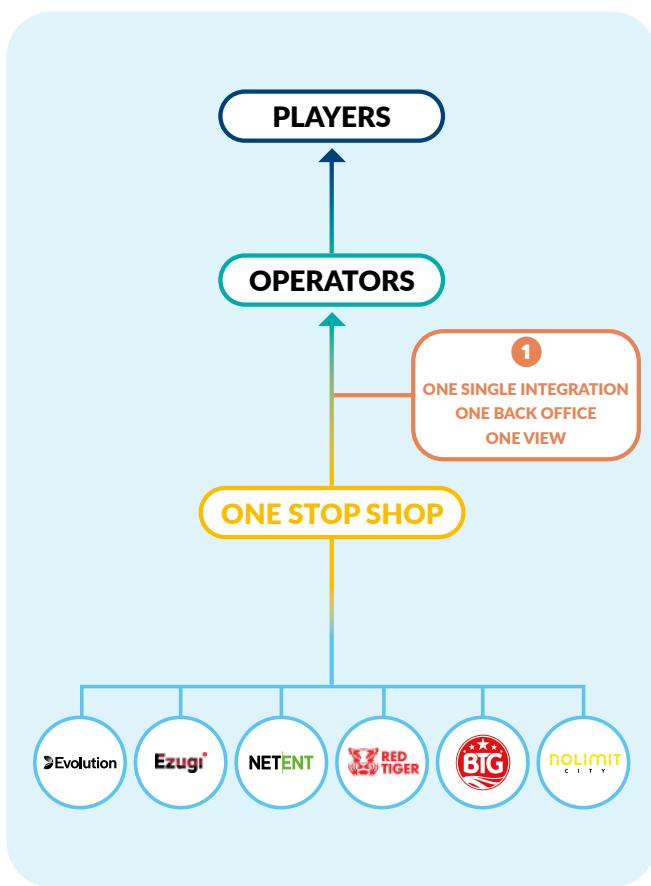
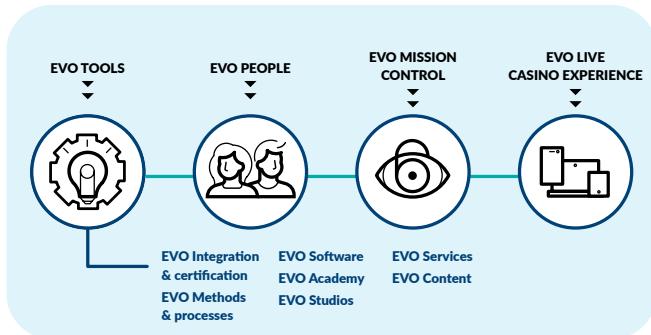
Alderney	Malta
Armenia	Mexico
Argentina	Netherlands
Bahamas	North Macedonia
Belgium	Norway
Belarus	Paraguay
Bosnia	Portugal
Bulgaria	Romania
Colombia	Switzerland
Curaçao	Serbia
Denmark	Slovakia
Dominican Republic	Spain
Estonia	United Kingdom
Philippines	Sweden
Finland	South Africa
Georgia	Czech Republic
Gibraltar	Germany
Greece	Uganda
Croatia	Hungary
Ireland	USA - Connecticut
Isle of Man	USA - Delaware
Italy	USA - Michigan
Canada	USA - New Jersey
Congo	USA - Pennsylvania
Lesotho	USA - West Virginia
Latvia	Venezuela
Lithuania	Austria



Evolution Group stand at the International Casino Exhibition (ICE) in London, UK.

Our online casino operations

Evolution offers a market-leading live casino platform that simultaneously handles hardware, software, video, employees and user data, giving the operators a complete live casino offering and the end users a unique gaming experience.



One Stop Shop

One Stop Shop (OSS) is Evolution Group's single platform that enables casino operators to achieve simple, fast and unified integration of Evolution, NetEnt, Red Tiger, Big Time Gaming, Ezugi and Nolimit City games.

Our OSS platform makes integration faster and simpler today while providing the foundation for future Evolution Group product expansion – all through a single technical touchpoint for operators. A single integration gives easy access to the extensive, exciting range of Evolution Group games and products, providing a shorter time to market and reduced effort to launch new casinos with a unified and optimised approach to new markets and changes in regulated markets. OSS also gives casino operators access to one unified Back Office with a 360-degree view of their players across all Evolution Group brands, as well as a unified set of promotional tools and the option to set up joint cross-Evolution brand promotional campaigns.

OSS is an extended, enhanced version of the established Evolution integration. Until 2020, OSS was simply known as Evolution integration and was used for Evolution live and First Person games. In 2021, OSS was extended to deliver NetEnt and Red Tiger games, and in 2022, we added Big Time Gaming and Nolimit City. Ezugi joined the OSS portfolio in 2023.

We are constantly improving the platform to be robust, horizontally scalable, and strong in various disciplines such as regulated markets coverage, concurrent user support, and a diversity of features that can be used to boost, enhance and elevate the products.

The company has a stable and reliable technical system that integrates with the gaming operator's system. The technology is designed to be able to handle large amounts of data, while being scalable. Evolution has also built its own video coding solution with the aim of ensuring continuous video streaming in HD or the format that best fits the end users' capacity. In 2023, system availability was 99.93 (99.88) percent, excluding scheduled maintenance.

SYSTEM
AVAILABILITY

► 2023: 99.93%

Game integrity

During the year, Evolution games have remained running in a fully compliant environment and at the same time meeting operational excellence and security standards, as well as ensuring the safety of our employees. In 2023, the Game Integrity and Risk department has continued to support new ground-breaking games by setting up innovative real-time game protection systems, most of which are based on advanced video recognition technology and complex hardware setups.

Mission Control Room (MCR) is the heart of Evolution's operations. MCR is responsible for ensuring operational excellence, system availability, security and regulatory compliance.

As a means to protect game integrity and detect attempts of fraudulent behaviour, Evolution monitors all gaming activities on our gaming floors in real time, 24 hours a day, year-round. Tables, games, volumes, and behaviour patterns are monitored through a combination of automatic and manual control systems - all with the aim of optimising security and providing protection against fraud. This work is led by Evolution's Game Integrity and Risk department. All major studios have their own MCR, which in turn can monitor studios at other locations, thus ensuring scalability in Evolution's business.

Customised services

The live casino product is a strategically important tool for operators who want to achieve brand differentiation and strengthen loyalty to their players.

Evolution has many years of experience of offering completely dedicated tables and environments, where virtually everything can be customised to the preferences of the individual operator.

Distribution channels

Evolution offers end users simple access to live casino games via all major platforms. All mobile games are built in HTML5 to ensure smooth integration with the operator's mobile websites and apps. The share of mobile revenue for Evolution represented 68 percent (68) in 2023.

Customer portfolio

Evolution's customer portfolio, including all brands, consisted of approximately 800 customers at the end of 2023 and comprises of online operators and land-based casinos. The online operators typically offer a wide range of different gaming verticals including RNG games, such as slots, live casino, sportsbook, as well as poker and bingo.

New customers in 2023

In 2023, agreements were signed with, among others, Sky Betting & Gaming, part of Flutter, for the provision of Evolution's complete live casino services in the UK. Agreements were also signed with several regional operators like Island Luck for the Bahamas market, Apostila for the Paraguay market as well as Bplay and Betwarrior for the Argentinian market. Agreements were also concluded with a number of smaller operators and platforms, while many existing agreements were expanded to cover additional services and tables.

Risk assessment for new customers

As a B2B provider, Evolution's revenues are generated via gaming operators and casinos. The company has stringent monitoring processes in place to detect attempts at fraud and money laundering, but it is the operators that handle all monetary transactions with their end users.

The company has established due diligence processes for when new agreements are signed and to continually evaluate existing customers. Evolution is always able to discontinue its services to operators that fail to comply with the relevant regulations, or that in some other way jeopardise Evolution's market position and/or gaming licences.

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.

Customer dependency, % of revenues

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



Game host presenting our new game show Funky Time in Kaunas, Lithuania.

The art of studios

Evolution provides its services through live casino studios across Europe, North America and LatAm. Evolution has three main production studios, which serve as hubs for a clear majority of the markets where Evolution's games are offered. One is located in Riga, Latvia, one in Mrieħel, Malta, and another one is located in Tbilisi, Georgia.

The production studio in Riga is Evolution's innovation hub where the company develops, tests and launches most of its new games. The operations in Riga are conducted with primarily English-speaking game presenters serving both generic and dedicated tables. In Malta, there are mainly international game presenter teams serving native language tables in regulated markets such as Denmark and Sweden. Tbilisi is Evolution's largest hub, where a mix of English-speaking and international game presenter teams are working.

Besides the larger production studios, Evolution also operates studios in Belgium, Lithuania, Romania, Armenia, Spain and Bulgaria. Some of these have been built to meet the national gaming regulations requiring a physical presence in each market. Evolution also operates studios outside Europe, in Argentina, Colombia, British Columbia, Canada and the USA, in Pennsylvania, Michigan, Connecticut and New Jersey. Altogether Evolution operates over 1,600 tables for Evolution's customers.

Evolution also operates Dual Play tables built on the premises of land-based casinos in the United Kingdom, Malta, Romania and the USA.

Evolution Job Shop

The Evolution Job Shop is our boutique, in-house manufacturing facility in Riga. Producing items that often no-one else in the world can supply, it epitomises the Evolution ethos of innovation and is continually pushing the boundaries of what is possible.



Overview of the workshop in Riga, Latvia.

Doing things extremely well

'If you want a thing done well, do it yourself' is a well-known saying. Those words sum up the inspiration for the Job Shop.

The Job Shop is both a mechanical workshop and a unique creative production resource. It was established in 2020 as part of our technical operations to make possible the rapid, high-quality prototyping and production of devices designed primarily by our R&D team.

The Job Shop grew out of the need to produce devices for our games and studios that were difficult to source from external vendors. In some cases, the device or part we wanted proved too expensive to procure; or it took too long to produce; or it was impossible to find a manufacturer able to supply the envisaged item.

High quality at speed

In the three years since it opened, the Job Shop has grown into a full-fledged small batch producer of our in-house designed gaming and studio equipment.

A key benefit is the speed at which devices and parts can be made. Often, the Job Shop's ability to produce equipment in a few days saves the day, enabling a studio and game to meet a demanding launch schedule. Another benefit is assured quality and consistency.

The main equipment in the Job Shop workshop consists of metalworking CNC (Computerised Numerical Control) machines.

CNC machinery is vital in the world of modern manufacturing, with pre-programmed software code controlling the movement of the equipment and enabling extremely precise cutting and shaping. There is also a lot of other kit too, such as lathes, axis mills, welding and painting equipment, to make the full production cycle possible.

The workshop team consists of skilled machinists/fabricators; print operators, who produce table layouts for most of our European studios; and the workshop manager, who oversees daily operations and ensures material and tool availability for an uninterrupted operation.

Unique productions

The list of what the team produces is long and varied. Examples include kit for gaming tables equipped with our advanced scalable Blackjack technology, Sic Bo and Bac Bo automatic dice shakers, the Craps dice launcher, and the coin flip machine in our Crazy Coin Flip live game show.

Another key product category produced by the Job Shop is the gaming table layouts, which are subject to high usage. Availability and speed of replacements are critical, while having production in-house gives us the option to iterate quickly through different layouts in the design phase.

The smart design and vast experience of the Evolution R&D team and the precision of the Job Shop's output means that internally produced equipment delivers better and more consistent results. For example, our automatic dice shaker exhibits 80 percent fewer 'dice on edge' errors than comparable products from known brands.

The Job Shop is another innovative Evolution success story and its value is undeniable. This in-house facility means shorter product-to-market time and full control over production; the capability to manufacture products that simply don't exist outside of our imagination; and the agility to respond rapidly to the challenges posed by every new and unique studio build.



Working in the Job Shop in Riga, Latvia.

Our world-leading online casino portfolio

Evolution is a world-leading provider of online casino content. Our unrivalled portfolio offers the strongest live casino and live game show offering on the market, as well as Random Number Generated (RNG) First Person table games and slots titles. The games are delivered through our technical platform One Stop Shop (OSS).

►► HIGHLIGHTS

LIVE CASINO TABLES:

+1,600

NEW LIVE CASINO GAMES:

15*

*12 Evolution games, 3 Ezugi games

110

NEW GAMES IN 2023

2023 was the year of ‘more of everything’ for Evolution’s product portfolio. We delivered over 100 games, and significantly increased the output rate of NetEnt slots, while improving the quality of our other slot brands. We delivered a live product roadmap that brought players new game innovations in Blackjack, Roulette, Baccarat, game shows, and live slots.

Our product strategy can be summarised in a simple way - we aim to make games we think players will love, games that could possibly even become the next Blackjack or Roulette. We iterate on classics like Lightning Roulette and we try bold new ideas like Mega Ball, and in doing so we have created some wonderful game brands that have become mainstays in the industry. Historically players loved Evolution because it just worked every time with solid video, had minimal mistakes, and it was available in desktop and mobile. Today that is still true, but also, players love Evolution for its content, just as they may prefer Netflix or Disney+ over other streaming services.

The game show category is now our biggest by player count, surpassing Roulette, Blackjack and Baccarat. While game shows lead in player counts, they don’t yet lead in revenue, but we like to say that today’s player counts are tomorrow’s revenue. Game shows bring players into the Evolution ecosystem where they can discover a world of other games they will enjoy.

Crazy Time, which launched in 2020 to huge success, continued its increase during 2023. This occurred in a year where we launched additional game show titles such as Funky Time, and two ‘spin-offs’ of Crazy Time – Red Door Roulette and Crazy Pachinko.

An another example of these brand extensions can be seen in our efforts to combine the worlds of live casino and slots. We did this last year with Crazy Coin Flip and this year we added two more – Extra Chilli Epic Spins and Crazy Pachinko. We are learning a lot, building a nice base of players on these games and will continue pushing new live slot concepts in 2024.

In 2023, we innovated a lot of core casino games within Blackjack and Baccarat, for example, launching six new variations for players to enjoy. We are please to say that all six are hits with players, including the remake of Gold Bar Roulette to Gold Vault Roulette, where the remake of the game has increased the player volume and revenue by over 5 times.

All projects are not as successful. The remake of Gonzo’s Treasure Hunt, which despite our feeling that it is a much better game now, has seen little change in performance. We learn from these mistakes, but they still hurt as this project took the place of other ideas on the roadmap. That is ok, live casino is a tough business, and we like it that way.



New live casino games often get all the attention, but we spend a significant amount of our time and energy on projects behind the scenes making sure we offer a flawless playing experience across all games. A great playing experience is a religion in Evolution and to deliver this requires incredible effort. For example, we have a team in Products who plays our games on all the top 50+ devices to spot any problems on older phones, or operating systems, so teams can fix those issues immediately. This is where the Evolution scale is powerful. If we spot a big problem on an early model iPhone we can justify fixing it immediately as that device generates several million Euros in business for us and an order of magnitude more for our clients, so finding and fixing all issues is something that can only be financially justified at a significant scale, and all those obscure devices, browsers, and problems could add up if not addressed.

Artificial intelligence (AI) has developed rapidly over the past few years and, at Evolution, we are putting it to use increasingly more. We have been using it for years in risk and fraud detection, and more recently we have employed it in our lobby to help players find exactly what they are looking for and to discover new games. We also use AI to detect harmful chat messages, optical recognition, and even a little bit in game development in both slots and live. We are excited to embrace AI even more as it evolves, but we are still a long way from it being a big contributor in game development. It is so very easy to mess up a game and to get it just right is balancing a series of trade-offs and making every element perfectly harmonious just like a great song or movie. These are small details that add up that current AI tools don't quite handle well enough.

In slots, it has been a year of transition. Mainly that transition is taking place as clients move their integration with NetEnt, Red Tiger, Nolimit City, and Big Time Gaming over to our One Stop Shop (OSS). These transitions increase distribution as clients will add another of our slot brands and/or the slots are exposed to new markets.

On the other hand, sometimes the new integration means the algorithms break and slots can no longer be found in certain categories such as players' 'recently played' or 'favourite' game categories and they need to go searching for it before it will appear there again. In other words, we have taken the difficult part of a platform change and not yet seen the full benefit, which is coming in 2024 with the addition of tools such as Spin Gifts, AI driven slot recommendations to players, the ability to play slots while playing live casino on desktop, and even playing slots along with a streamer. None of these were available in 2023 and they are all soon available on OSS. In terms of the quality of the games we are making, we are very pleased and very much look forward to 2024.

2024 will be another year with tons of great new live content. Lightning Storm is the biggest and most expensive game we have ever made. This game has it all! It takes game shows off in a bold new direction while maintaining a familiarity that will give players both comfort and excitement. This is now our 5th generation of big wheel game shows since the world's first casino game show – Dream Catcher, and we have applied all of our learnings into Lightning Storm. We have come a long way, and the knowledge and dedication to the game making process is what makes these games great!

2023 was a great year and we are seeing a tremendous output from the games we released. Ideas flow like water within Evolution and the games you see are the work of hundreds of people who agonise over every fine detail of the game with the hope that we will delight players and our partners.

Our games portfolio

Evolution is a world-leading provider of online casino content offering an unrivalled product portfolio with the strongest live casino offering on the market through its Evolution and Ezugi brands, and top-performing slots from its NetEnt, Red Tiger, Big Time Gaming (BTG) and Nolimit City brands.



Live games: Traditional table games and 'new takes'

Established in 2006, the cornerstone of Evolution's game offering has always been the timeless casino classics like Roulette, Blackjack and Baccarat, along with the most popular Poker variants.

Throughout our journey, we have enhanced our primary portfolio by introducing numerous innovative reinterpretations and variations of these classic games. Additionally, we have expanded our range to include regional favourites like Teen Patti and Super Andar Bahar, traditional dice games such as Craps and Sic Bo, and captivating money wheel games like Dream Catcher. The overwhelming success of Dream Catcher led to the creation of a novel category of industry-altering live game shows from Evolution.

New releases in 2023 continued Evolution's fine tradition of presenting the most exciting and engaging core games line-up in the live casino marketplace.

XXXtreme Lightning Baccarat, another super-charged variant of classic Baccarat — complete with dramatic Lightning effects and the chance of more Lightning cards, bigger multipliers and bigger winnings than ever before.

Prosperity Tree Baccarat is a unique multiplier variation of the classic Baccarat game with eight randomly generated Prosperity Cards generated each game round, featuring multipliers of 2x or 3x.

Speed Super Sic Bo, which builds on the huge success of Super Sic Bo but offers a faster game with less time to place the bet.

Video Poker, a beautifully rendered retro favourite for the digital age — with a live dealer, a choice of five paytables and the opportunity to purchase up to 100 hands per game round to increase the chances of hitting the best Poker combinations.



Live games: Uniquely entertaining game shows

Inspired by the success of our Dream Catcher money wheel game, we simultaneously invented the live game show category and redefined the live casino space back in 2018 with the launch of the multi-award winning Lightning Roulette.

Since then our live game shows range has continued to go from strength to strength, with a regular stream of new titles entertaining players old and new in uniquely innovative ways. It has been a fantastic global success story, so much so that our top game show titles are now also being made available as native-speaking shows.

Our new live game show releases for 2023 included a host of new games connected to our most popular titles. The eagerly awaited US debuts of Crazy Time, our world #1 ranked online live game show, and its successful spin-off title, Crazy Coin Flip. Funky Time, a '70s disco-themed extravaganza, and our biggest new game show development since Crazy Time, featuring our own DigiWheel.

Red Door Roulette, the ultimate game show mash-up — combining the acclaimed Lightning Roulette concept with Crazy Time's most exciting live bonus round.

Crazy Pachinko, a unique online slot game culminating in Crazy Time's famous Pachinko live bonus.

Lightning Lotto, an electrifying twist on the hugely popular and universally loved Lotto game that is high on live entertainment value.

In the past year, Ezugi has made significant strides, launching its first live game show, Ultimate Roulette. Set in a captivating circus-themed environment, this multiplier Roulette game offers players the opportunity for multiplied payouts. Furthermore, Ezugi introduced an advanced Poker studio, enhancing its game offering. The brand also debuted a stunning new Baccarat studio, complete with an innovative user interface designed to deliver an authentic gaming experience.



RNG games: Table games and game shows

Our comprehensive First Person range (RNG-based versions of our live casino and game show titles) continues to perform exceptionally well.

2023 saw six new First Person titles launched: First Person XXXtreme Lightning Roulette, First Person XXXtreme Lightning Baccarat, First Person Prosperity Tree Baccarat, First Person Lightning Lotto, First Person Video Poker, and First Person Super Sic Bo.

Hallmarks of our distinctive First Person games include the premium-quality 3D rendered and animated gaming environments, plus our unique 'GO LIVE' button.

Players enjoy each game in its own right, but the opportunities go further. A click of the 'GO LIVE' button takes them through an in-game portal to the live version of the same game or game show. This offers a unique gaming experience and is a powerful, proven cross-selling tool for introducing RNG players to the thrilling world of Evolution live gaming.

Most First Person games are fully customisable, too, allowing customers to have their own-brand versions. RNG table games from NetEnt and Red Tiger complement our First Person games and offer even more RNG game options for operators and their players.



RNG games: Slots

Distinguished by its unique creativity and IP — and spearheaded by our top-performing games such as Starburst, Gonzo's Quest Megaways, Bonanza and more — our online slots portfolio again offered something new, engaging and different for all player types.

2023 was a very productive year with numerous new releases from our four slot brands. NetEnt leveraged successful IP in Finn & The Candy Spin, while also expanding the audience for its own high-volatility XXXtreme slot family with the new releases Taco Fury XXXtreme, Milkshake XXXtreme and Twin Spin XXXtreme.

Red Tiger built on the IP of its successful Blood Suckers slot, launching Blood Suckers Megaways, with an exciting pick-and-choose bonus round offering multiple opportunities of wilds and multipliers. Bounty Raid 2 and Vault Cracker Megaways also extended choice by building on existing, highly successful brand properties.

Nolimit City continued to expand its influence with attention-grabbing themes and gameplay. The Crypt brings back the world's late, great rock legends for one last gig, while offering a large potential maximum win using Nolimit City's famous xWays and xNudge mechanics, Resurrection spins and more. Kiss My Chainsaw and True Kult mined the same vein of macabre, tongue-in-cheek fun.

Big Time Gaming maintained its commitment to pushing the limits of innovation and pioneering fresh ideas. Over The Moon took off with stellar entertainment experiences, including rocket multipliers, and the ground-breaking Megaways mechanic with 117,649 ways to win. Max Megaways 2 deployed the renowned spy on another clandestine operation featuring the unique Megascatter Enhanced Free Spins.

The Evolution share

Evolution shares are quoted and traded on Nasdaq Stockholm in the large cap segment.

Listing

Evolution's shares commenced trading on the Nasdaq First North Premier exchange on 20 March 2015. The company was approved for listing on the main market of Nasdaq Stockholm in June 2017, with the first day of trading on 7 June 2017.

Share capital

On 31 December 2023, the share capital amounted to EUR 648,020.30, divided between a total 215,604,777 shares, each with a nominal value of EUR 0.003. All shares belong to the same class of shares, with equal voting rights and shares of the company's capital and profit.

Trade in the share

During the year, the share price increased by 18.4 percent to SEK 1,202.20 on the last trading day of the year, corresponding to a market capitalisation of about SEK 259 billion. At Nasdaq Stockholm a total 115,495,931 shares were traded during the year, corresponding to a total turnover of SEK 141 billion and a turnover velocity of 53 percent. The average number of shares traded per trading day was 460,143 and the volume weighted average price was SEK 1,221.17. Total return, share price performance including reinvested dividends, amounted to 20.6 percent.

Analyst coverage

Analysts from ABG, Bank of America, Barclays, Berenberg, BNP Paribas Exane, Carnegie, Citi, Deutsche Bank, DnB, Goldman Sachs, Jefferies, JP Morgan, Kepler Cheuvreux, Morgan Stanley, Nordea, Pareto and Redburn have active coverage of the Evolution share.

Shareholders

On 31 December 2023, Evolution had 93,676 known shareholders, compared with 101,203 at the end of 2022. The company's ten largest shareholders accounted for 47.6 percent of the share capital and votes. Shareholders disclosed as based in Sweden accounted for 28.9 percent (30.4) of the capital. The US and the UK account for the highest percentage of shareholders registered outside Sweden.

Dividend

The Annual General Meeting, 4 April 2023, resolved on a dividend of EUR 2.00 per share for 2022. The Board of Directors proposes that the Annual General Meeting 2024 resolve to transfer EUR 563.8 million (427.3) 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.

Investor Relations

Evolution's financial communication shall be characterised by correct, clear and relevant information that facilitates the understanding of the company's business model, strategy and financial development. Evolution provides its shareholders and other stakeholders with identical information simultaneously in matters that may affect the valuation of the company's shares. The company publishes interim reports, annual reports and press releases that are available at: www.evolution.com/investors.

2024 Financial Calendar

Interim report January-March: 24 April 2024

Annual General Meeting: 26 April 2024

Interim report January-June: 19 July 2024

Interim report January-September: 24 October 2024

Ticker names

Nasdaq Stockholm: EVO

Bloomberg: EVO:SS

Reuters: EVOG.ST

SHARE PRICE PERFORMANCE 2023

Evolution

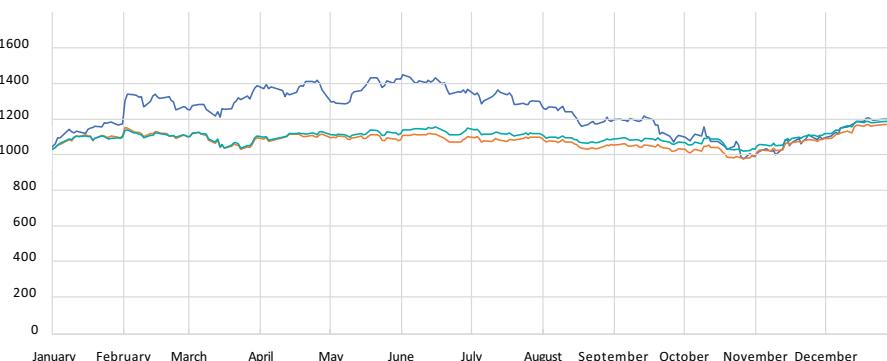
OMXSPI

OMXS30

In 2023, the price of Evolution's share increased by 18.4%. During the same period, the OMX Stockholm 30 Index grew 17.3% and the OMX Stockholm Price Index grew 15.5%.*

*OMXSPI includes all the shares listed on Nasdaq Stockholm Stock Exchange.

OMX Stockholm 30 consists of the 30 most actively traded stocks on Nasdaq Stockholm. Evolution was included into this index on 4 January 2021.

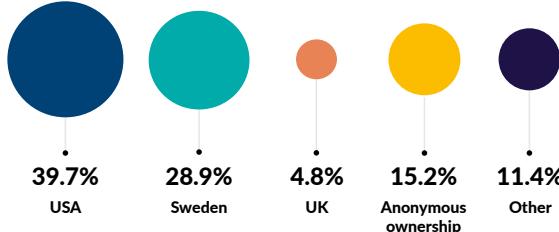


TYPE OF OWNERS



- Foreign institutional owners 51.2%
- Other foreign owners 4.7%
- Swedish institutional owners 4.3%
- Swedish private individuals 10.5%
- Other Swedish owners 12.8%
- Holding of own shares 1.3%
- Anonymous 15.2%

OWNERSHIP DISTRIBUTION BY COUNTRY



10 LARGEST SHAREHOLDERS AS OF 31 DECEMBER 2023

Shareholder	Number of shares	Capital and votes
Capital Group	35,558,591	16.49%
Österbahr Ventures AB	22,400,140	10.39%
WCM Investment Management	10,976,711	5.10%
BlackRock	10,582,965	4.91%
Vanguard	6,820,806	3.16%
Norges Bank	4,870,239	2.26%
Richard Livingstone	4,056,678	1.88%
Avanza Pension	3,014,660	1.40%
Henric Wiman	2,281,200	1.06%
Svenska Handelsbanken AB for PB	2,135,848	0.99%
Total, 10 largest shareholders	102,697,838	47.63%
Holding of own shares	2,833,431	1.31%
Other Shareholders	110,073,508	51.05%
Grand Total	215,604,777	100%

SHARE DATA

Share data	2023	2022	2021
Earnings per share, EUR	5.01	3.95	2.83
Dividend, EUR per share	2.65	2.00	1.42
Payout ratio	52.7%	50.6%	50.0%
Shares outstanding at the end of the year	215,604,777	215,111,115	215,111,115
Average number of shares outstanding after dilution	217,069,145	217,505,567	221,818,828
Share price last closing day of the year, SEK	1,202.20	1,015.40	1,286.20
Total return	20.6%	-19.9%	54.7%
Number of shares traded	115,495,931	237,658,521	261,209,174
Market capitalisation at year-end, SEKm	259,200	218,424	276,675
Number of known shareholders	93,676	101,203	110,648

Source: Evolution and Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority (Finansinspektionen).





SUSTAINABILITY REPORT

RESPONSIBLE BUSINESS

RESPONSIBLE GAMBLING

OUR EMPLOYEES

IT AND CYBER SECURITY

CLIMATE

TAXONOMY

Sustainability report

Sustainability work

Evolution's business model is regulated by extensive legislation. Besides the legal and regulatory requirements, we apply our own ambitious expectations and demands derived from various stakeholders in the markets where we operate. To protect end-users and contribute to positive gaming experiences based on ethical values and the responsibilities we assume, establishing a safe and stimulating work environment for our employees, while also countering all forms of corruption and money laundering, are highly prioritised matters that are deeply integrated into our strategy and ongoing operations. We also support the Paris Agreement, aiming to reduce our greenhouse gas emissions over time. We are affiliated with the United Nations' Global Compact and adhere to the OECD's guidelines for multinational companies, with our work against discrimination being based on the ILO's definitions and guidelines.

Global Compact

In early 2023, we joined the Global Compact - the UN's initiative for responsible business. We thereby undertake to support ten basic principles in the areas of the environment, labour law, anti-corruption and human rights. We will report our progress in these areas to the Global Compact during 2024.

Connections with the UN's global goals

The UN's 17 global goals for sustainable development form the foundation of the global community's aspiration to achieve a better and more sustainable future by 2030. They call on governments, civil society, businesses and the general public to act on the challenges that the world faces related to poverty, inequality, climate, environmental degradation, prosperity, as well as peace and justice. The goals are interconnected and comprise of a number of intermediate targets and areas of focus. We have chosen to focus predominantly on two principal targets and three subordinate targets. Learn more about our approach to these in the relevant sections.

Responsible business	Responsible gambling	Our employees	IT and cybersecurity	Climate
16.5 Substantially reduce corruption and bribery.	3 Good health is a basic condition for people's capacity to reach their full potential and contribute to the development of society. People's health is affected by economic, ecological and social factors and target 3 includes all dimensions and people of all ages.	8.6 Foster employment and practical work experience among young people. 5.5 Safeguard full participation for women in leadership and decision-making.	16.5 Substantially reduce corruption and bribery in all their forms.	13 We take our responsibility for reducing greenhouse gas emissions in our operations.
		  		



Employees on their lunch break in Riga, Latvia.

Sustainability Report

Evolution AB's sustainability reporting summarises the work performed in 2023 and constitutes the Statutory Sustainability Report. It was prepared in accordance with the requirements set out with regard to sustainability reporting in Ch. 6, par. 12 of the Annual Accounts Act. The Sustainability Report covers the entire group and all subsidiaries are included.

Guidance – legally required disclosures

This is how the accounting requirements in accordance with the Annual Accounts Act are met:

- Business model, page 32
- Our policies, page 31
- Risk section in the Directors' report, pages 50-54
- Responsible gambling, pages 35-36
- Human rights and social responsibility, pages 29, 33, 37
- Anti-bribery and anti-corruption, pages 33-34
- Diversity and prohibition of discrimination, page 39
- Environment, pages 42-43.

Our five areas of focus

We have chosen to focus our sustainability work on five areas, which have been developed in dialogue with our stakeholders. Within these areas, we have identified material issues where we believe we have considerable opportunities to exert an influence and assume responsibility from both a social and environmental perspective.

- **Responsible business** – governance and responsibility, and actively combating all forms of corruption
- **Responsible gambling** – promoting positive gaming experiences and increasing awareness of, and preventing, negative consequences of gambling addiction problems
- **Our employees** - promoting an attractive and inspiring work environment based on diversity and inclusion, as well as contributing to our employees' professional development
- **IT and cybersecurity** - ensuring far-reaching data protection and integrity and counteracting all forms of corruption and money laundering
- **Climate** - actively contributing to limiting the environmental impacts of our operations and value chain.

Governance

Evolution's Board of Directors bears the overall responsibility for sustainability work. The Board's Compliance Committee is responsible for strategy and review with regard to regulatory compliance and matters of sustainability. The executive management team bears the operational responsibility and reports to the Board of Directors.

Group Management is supported in these efforts by the Extended Group Management (EGM), which comprises a total of 16 senior managers from key areas within the Group.

To ensure that everyone within the Group is familiar with the policies and guidelines, employees receive information as part of their on-boarding process.

The policies are implemented through recurring information and training efforts for various employee groups. Details regarding updates are also available from the intranet. The Code of Conduct is available from the external website. The rules and guidelines cover all employees at all levels throughout the operations.

In addition to the Code of Conduct – as well as globally recognised principles and frameworks – we maintain Group-wide policies for the following areas, which are connected to the area of sustainability:

POLICY	PURPOSE	RESPONSIBILITY
Sustainability Policy	Overarching positions held by the company in its sustainability work.	Group Management
Anti-bribery and Anti-corruption Policy	To establish the company's commitment to maintaining the highest standards of professionalism and ethical behaviour in contacts with customers and suppliers.	Group Management
Anti-money Laundering and Counter-terrorist Financing Policy	To detail the measures that the company must implement to prevent the operations from being used for money laundering or for financing terrorism.	Group Management
Communication Policy	Policy for external and internal communication that safeguards regulatory compliance for listed companies and well informed employees.	Group Management
Global HR Policy	Policy on management and internal collaboration serving to contribute to uniform governance and working methods based on current regulations.	HR
Work Environment Policy	Policy to build a favourable physical and psychological work environment and to establish contingencies for possible incidents.	HR
Equality policy	To increase awareness of gender equality issues and to strive for an open attitude and equal treatment throughout the company.	HR
Discrimination Policy	To safeguard equal treatment of all employees and to avoid and prevent abusive treatment.	HR
Data Protection and Privacy Policy	To protect employees, customers and the company from damage resulting from breaches of personal data.	Data Security Department
Data Security Policy	To protect employees, customers and the company against data breaches and cyber attacks.	Data Security Department

Our value chain and stakeholder dialogue

The impact of our value chain on people and the environment occurs predominantly downstream. Although we exert substantial control over our own operations and employees, we have no direct contact with individual end users. Although we are not aware of who they are, we are able to work preventively to contribute to a positive gaming experience and to ensure that individual players with possible issues receive help through effective processes and close cooperation with our customers.



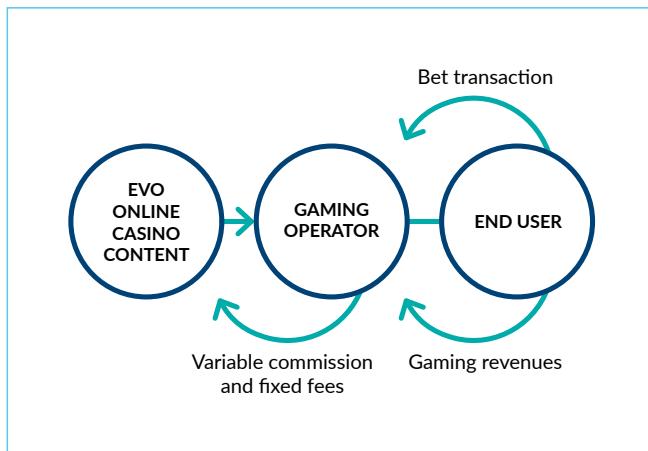
Game presenter during a photoshoot in the Video Poker studio, New Jersey, USA.

Our business model

Clear roles and shared responsibilities in the value chain contribute to long-term competitiveness and value creation in our industry. Our agreements set out clear roles and responsibilities between Evolution, our customers and gaming operators, addressing issues including ethics and responsible gambling.

Our work and responsibilities are linked to our game development, content production and building robust and highly secure systems, including systems for flagging suspected gambling issues. The gaming operators retain all data regarding the identities of each player. Close collaboration and shared visions regarding responsible gambling are extremely important parts in the efforts to protect vulnerable consumers and contribute to pleasant gaming experiences for many.

Our customers receive regular reports on suspected gambling problems on which they are expected to act. Discussions in this regard occur on an ongoing basis. Not dealing with suspected gambling problems represents a risk for our industry and, through our knowledge and size, we seek to help the industry develop in positive spirit.



Stakeholder dialogue

Our product and business model presupposes a close dialogue with our stakeholders and we strive for transparency, openness, shared ethical values and creation of value. To maintain our position as a leading developer, close collaborations are needed, that we are continuously updated on regulations in all of our markets and that we attract the most talented people and afford them favourable conditions in which to develop both themselves and the operations.

Our customers – the operators – represent an important stakeholder group that makes the product available to players. The relevant regulatory authorities, who monitor compliance with licences and permits in a particular market, are another. Legislators, trade associations and local authorities are also groups that we follow closely and that influence our sustainability work.

We have a large number of employees, who are distributed globally. Accordingly, dialogue formats, processes and tools are centralised. We are ambitious in our endeavour to create a working environment in which our employees can develop and experience beneficial leadership. Diversity and equal treatment are part of our DNA and we are proud to have more than 120 nationalities working together at Evolution.

We cooperate with our stakeholders to strengthen our operations and develop our sustainability work. Examples of cooperation and dialogue are supervisory audits, operators' sustainability audits, licence and permit applications and other controls. These contacts enable the refinement of our own processes, the implementation of best practices and they help keep the industry healthy and transparent while safeguarding the well-being of our employees and expertise on these matters.

STAKEHOLDER	IALOGUE FORMAT	MATERIAL ISSUES
Customers - the operators	<ul style="list-style-type: none"> Agreements on responsible gambling Continuous business risk assessments Contacts from our customer service to the operator in cases of suspected gambling problems Information requests regarding licences from customers with B2B licenses for new contracts. 	<ul style="list-style-type: none"> Responsible gambling Cybersecurity Responsible advertising Background checks of beneficial owners as well as of their licences Counteracting money laundering.
Supervisory authorities	<ul style="list-style-type: none"> Permits New regulations. 	<ul style="list-style-type: none"> Supervisory audits Keeping the industry healthy and transparent Anti-corruption.
Employees	<ul style="list-style-type: none"> Daily contacts Development calls Large-scale meetings Trade union cooperation Employee surveys. 	<ul style="list-style-type: none"> Health and safety Inclusion and diversity Equality Ethics and anti-corruption Responsible gambling.
Suppliers	<ul style="list-style-type: none"> Code of Conduct in connection with signing of contracts Continuous risk assessments in connection with purchasing. 	<ul style="list-style-type: none"> Due Diligence process regarding human rights Renewable energy Climate impact of travel.
Investors	<ul style="list-style-type: none"> Stakeholder dialogue/ investor meetings ESG surveys Financial statements. 	<ul style="list-style-type: none"> Long-term sustainable development of financial value Risk management.

RESPONSIBLE BUSINESS

Evolution fosters sound and fair business practices in which respect for customers, employees, cooperation partners and human rights is fundamental. To ensure that the operations are pervaded by ethical business practices, we maintain detailed internal regulatory systems. To help us, we also have our Code of Conduct and Evolution's whistle-blower system, which can be accessed via our external website. We actively combat all forms of corruption.

Our values

In addition to policies and guidelines, our operations build on Group-wide values. These values, which are directly connected to several of Evolution's five areas of sustainability - are communicated regularly to all employees, as well as in connection with recruitment. Through our values, we build a culture that strengthens us as a company and that guides us in our day-to-day efforts.

- **ALIVE** – We are entrepreneurial, innovative and always on our toes, eager to capture the next opportunity. We challenge ourselves to do what no one has done before, and we deliver a unique end-user experience and first-class customer service, simply because we try harder. We look at our customers' business as our business and opt to always be ahead of the game
- **do RIGHT** - We are committed to responsible gambling practices and to promoting a professional work environment which rewards integrity and high standards. We honour the trust that our customers put in us and recognise that our ability to deliver a reliable high-quality user experience is essential to our success. We strive to be an admirable employer and we believe in giving back to the communities in which we operate
- **work TOGETHER** – We recognise our diversity as a key strength. We promote an honest, inclusive and open work environment where we respect and support each other. Our pioneering ambition is dependent on our ability to work and develop together. At Evolution, every part of the chain counts.

Our Code of Conduct and regulatory compliance

Healthy and ethical operations are crucial for Evolution's continued growth. The Board of Directors bears the ultimate responsibility for this being achieved. Our most important ethical principles are set out in our Code of Conduct. The Code applies to all employees, regardless of their role in the company or the country in which they work.

The Code of Conduct is presented to all new employees in connection with their introductory training and is available via the intranet and our external website.

In addition to the Code of Conduct, Evolution has also adopted an Anti-bribery and Anti-corruption Policy, and an Anti-money Laundering and Terrorism Financing Policy. These guidelines support our established due diligence and purchasing processes for customers and major suppliers. The principles in these areas - and the sustainability aspects in general - are detailed in our Sustainability Policy.

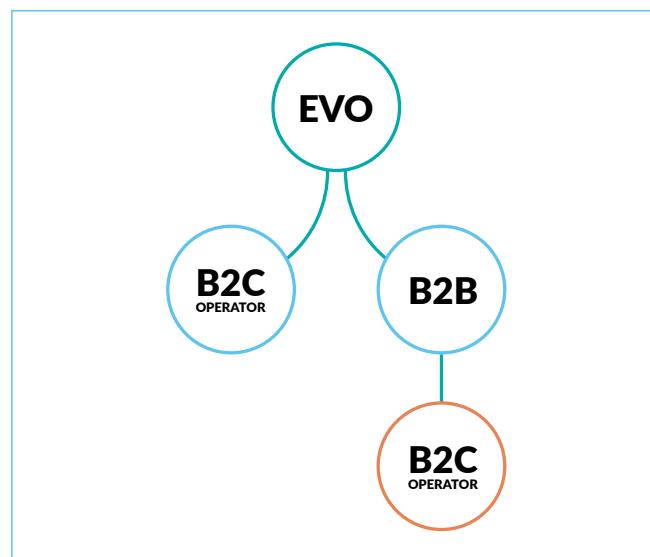
We invest considerable resources in complying with local and national laws in each country where we maintain operations. A resource in this work is Evolution's legal team - which comprises some 120 individuals who work daily with regulatory compliance.

Due Diligence Process

Evolution develops and produces content for online casino on a B2B basis - that is, our customers are companies rather than individuals. Our content can only be played through the interface of an operator who adds important aspects of the gaming experience, such as player authentication, player account management and user interface.

Like other regulated industries, it is within the regulatory authority's mandate to issue licenses and monitor compliance. Due diligence is determined by the regulatory authority of the relevant jurisdiction.

Evolution only provides its products to customers with a valid online casino license granted by a country or state (jurisdiction) and which is monitored for compliance by the relevant regulatory body. Evolution supplies both licensed B2C casino operators (casinos targeting private individuals), which then offer the games to players and to licensed B2B actors (addressing other companies), who then offer the games to their B2C licensed operators who, in turn, offer them to the end customer.



Evolution screens all direct contracting parties thoroughly (KYC - Know Your Customer process). We also demand, in turn, that all B2B operators perform a thorough KYC on their B2C customers (our sub-licensees) and Evolution also performs an abbreviated due diligence on these sub-licensees before approving them.

Before Evolution accepts a new customer, a due diligence process is performed, including:

- Presentation of governance structure - including beneficial owner background checks
- That the customer is licensed for its target markets
- For customers with B2B licenses, Evolution requires that the customer reports each new operator and reports their operator's licenses
- We repeat due diligence annually
- As part of our KYC, a business risk assessment is also carried out in which each customer is assessed against a risk matrix.

We also maintain a continuous dialogue with all relevant regulatory authorities and are regularly audited by them. All of the ways identified for refining our processes are implemented accordingly.

In the annual due diligence reviews of existing customers, any suspected irregularities are investigated thoroughly by Evolution. If a customer does not meet the conditions or requirements in the agreement, Evolution reserves the right to terminate the agreement. If a regulatory authority suspects non-compliance in relation to Evolution's products, Evolution will cooperate with the supervisory authority to investigate the situation and take appropriate measures. In the event of a regulatory authority withdrawing a customer's license, Evolution will terminate the customer relationship.

Curbing corruption

We work actively to curb all forms of corruption and to follow the Codes of Conduct established in the UK Bribery Act 2010, the US Foreign Corrupt Practices Act and applicable laws and regulations against corruption and bribery in the countries where we maintain operations. We conduct extensive investigations of new customers, including among other things, a background check of beneficial owners, as well as their licences. Customers holding a B2B license must, under their terms of contract, report all new operators to whom they provide our products. In this way, we can also perform due diligence on our customers' customers.

Evolution does not handle cash flows from end users. The practical work of preventing money laundering lies with the operators. However, we participate in global efforts to combat money laundering and financing of terrorism. Among other things, we achieve this by means of the internal processes designed to prevent our products from being misused. In 2023, no cases of corruption or deviations in business ethics were reported via our whistle-blower function.

Sound gaming activities

Evolution works hard to protect game integrity. We have no information about the identity of the players as this information remains with the gaming operators, who is our customer. We can, however, detect irregularities in gaming patterns. By means of information provided by us, operators have opportunities to take measures preventing their services from being used for fraud or money laundering.

All gaming activities are monitored through a combination of automatic and manual control systems. This work is led by our gaming integrity and risk department, and all tables, games, transactions, volumes and gaming patterns are monitored in real time, year round.

Our systems are continuously being refined, among other things with the help of artificial intelligence (AI) to verify staff behaviour at the table. This too is done in real time and matched against established internal processes, meaning that deviations can be detected automatically and increase the security of the game.

Whistle-blower system

Our whistle-blower system makes it possible to anonymously report suspicions of serious misconduct, such as irregularities or inappropriate actions affecting Evolution's vital interests. Employees and external stakeholders alike are encouraged to report any suspicions and reports are handled by our Chief Legal and Compliance Officer and Chief Human Resources Officer. Although six notifications were received in 2023, none of these qualified under the criteria for whistle-blowing. One case led further to an internal investigation of the complaint within the HR function. Links and additional information about whistle-blowing is available from the website. The system complements other internal reporting channels.

Development and outlook

- Further development of AI models for report optimisation, helping our customers more quickly detect suspected gambling problems or highlighting potential risks for money laundering
- Consistently raising the importance of knowledge surrounding ethical business practices, with a particular focus on the teams that regularly meet with external customers and work with agreements.



RESPONSIBLE GAMBLING

Evolution works to promote responsible and positive gambling experiences and to increase awareness regarding those with suspected gambling problems. We believe it is our responsibility to offer a safe gaming environment without compromising the experience of our customers' end users. We provide information and tools based on our role in the value chain and help detect and prevent unsound gambling.

Demands on gaming operators

All gaming using our products is based on each player first setting up an account with a gaming operator that is an Evolution customer. We obtain a code name for each player from the operators. All personal data that makes it possible to determine the identity of a player remains with the operator. It is also the operator who approves whether or not a player may play our games through them and who handles all bets, including limits. In its license agreements, Evolution requires that licensees adhere to responsible gambling practices and provide training for all relevant categories of employees on how to detect high-risk behaviours and on other aspects of responsible gambling. The well-being of the value chain's end customers is a prerequisite for continued success.

It is only in live casino contexts - where the player, in dialogue with the game host, expresses something that can be associated with gambling problems - that Evolution is able to act directly. This is achieved by the game host reporting the incident to Evolution's customer service unit, which, in turn, contacts the operator. After that, the operator - who is able to identify the individual behind the account - is responsible for making direct contact with the player.

Code of Advertising Gaming and Gambling

Evolution cooperates preventively with operators. Partly through internal training in responsible gambling, and partly by our game hosts (in those cases where operators offer this) receiving training in responsible gambling from an operator. We have also chosen to label all product materials used by gaming operators in accordance with the Code of Advertising Gaming and Gambling. This is an industry code developed by the Committee of Advertising Practice (CAP), a UK industrial organisation.

About responsible gambling at Evolution

- Our Code of Conduct takes a clear position on responsible gambling. It is updated by Group Management and adopted by the Board of Directors
- The number of cases of suspected gambling problems reported to operators increased by 56 percent compared with the preceding year. We are not aware of the extent to which these suspicions reflect verified problems as it is our customers who have contact with players and suspends them where necessary
- Training in responsible gambling has been provided for 60 (72) percent of the employees in relevant departments.

Mission Control Room (MCR) - the heart of our operations

Over the year, Evolution's games continued to be operated in an environment characterised by full regulatory compliance and meeting the demands on operational capacity and security. Our Integrity and Risk department, maintains gambling protection systems that are connected in real time, where most are based on advanced video recognition technology and complex hardware installations. Our Mission Control Rooms safeguard operational excellence, system accessibility, safety and regulatory compliance. As a means of protecting the game's integrity and detecting fraudulent behaviour attempts, Evolution monitors all gaming activities on our gaming floors in real time, 24 hours a day, year round. Tables, games, volumes and behaviour patterns are monitored through a combination of automatic and manual control systems – all to optimise security and protect against fraud. All central studios have their own MCR and can, in turn, monitor studios in other locations - safeguarding the scalability of Evolution's operations.

If an incident occurs on a live Casino gaming floor, regardless of whether this involves a technical fault, human error or any other improper action potentially interrupting the flow of a game, the MCR and our Support Specialist team are alerted. They have access to numerous tools allowing almost all individual incidents to be resolved in about a minute (the average time in 2023 was 62 seconds). Once the incident has been resolved, the MCR registers all the details of the event, ensuring full traceability for later review. Such details may include, but are not limited to, screen shots and video recordings of the table up to and during the incident and the actions taken, as well as the back office event and its resolution.

The information is then available to our customer support teams if any player enquiries are received relating to the event, while also providing a comprehensive audit log to meet regulatory requirements.

Increasing awareness

We work continuously to develop the industry and support our licensed operators and trade associations on significant matters, which are divided into four principal areas:

- Sponsorship and collaboration with industrial bodies that provide information, best practice and recommendations for addressing problem gambling
- Contractual requirements that all business partners shall adhere to with regard to responsible gambling practices and technical integration support to enable operators' gambling control systems, like play limits
- Effective internal reporting systems through which suspected gambling problems are reported to the operator for further action
- Staff training - mainly for those working at the casino tables and in customer service - about what signs of suspected gambling problems can look like and how they can be reported on to the operator.

Helping customers do the right thing

Licenses are often associated with restrictions in regard to the operator's offering to players in a specific market. Our contracts specify that operators adhere to the standards for responsible gambling as set out by the relevant industry bodies for their markets. Our gaming products support the limits set in a gaming operator's system by the operator or the player.

We do not market our products directly to end users but foster responsible marketing practices. This is why we support the Code of Advertising Gaming and Gambling, which maintains a recognised high international class. Accordingly, Evolution has chosen to apply the Code in all markets where we conduct operations. In line with this, we provide advice and support to limit the effects of problem gambling in all of our product communications regarding the non-profit operation 'BeGambleAware'.

Licensees who use our materials to market the products in their offering must use the same information. All official accounts on social media platforms used to promote products - and that offer age restrictions - are subject to an 18-year age limit.

More efficient tools

In recent years, the work to identify suspected gambling problems has been further developed. As a consequence of extended procedures, additional training and more effective aids, reporting to operators has increased. One such aid are chat moderators who analyse and pick up on warning signals in the many chats around the tables. This work includes the following measures:

- Training by our customer service teams who are responsible for reporting any issues to the operators for further investigation
- Digital aids in which AI verifies staff behaviour at the table in real time against our internal processes. By means of this aid, deviations can be identified in a faster and more efficient way, which increases security in the game
- The teams working the tables are tested for response measures before they start working and can raise an alarm if a player expresses concern about their gaming. This type of information is compiled by our customer service unit, which reports it on to the operator in accordance with a step-by-step method
- Chat moderators who monitor the game chats on our most popular tables to pick up on any red flags. After this control function was introduced, the number of reports to the operators has increased.

Total number of suspected problem gambling cases identified and reported to gaming operators:

	2023	2022	2021	2020
Number of reported cases	148,250	95,202	68,002	23,096
Share of turnover	0.008%	0.007%	0.006%	0.004%

The number of reported cases increased by approximately 56 percent. The increase, adjusted for Evolution's growth, was 11 percent. The fact that the number of cases increased is associated with increasingly sophisticated AI-based analysis tools, as well as an internal focus on early detection of suspected cases of gambling addiction.

Internal courses

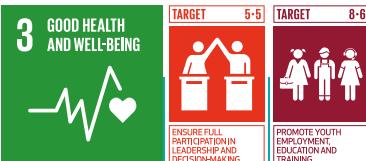
As part of the induction, all new employees undergo training in responsible gambling. This is provided through the Evolution Academy. The course includes relevant guidelines, as well as Evolution's Code of Conduct, and all teams are expected to complete the course each year. Each relevant manager ensures that this actually occurs. The internal demands for responsible gambling also include employees not being allowed to play Evolution's own games.

Developments and outlook

Throughout 2023, we continued to fine-tune our AI tool that helps us identify suspected cases of gambling problems by analysing player chats. Improvements were made to reduce the delay between a player typing messages and the AI tool flagging any issues - the process has been speeded up significantly and now functions in close to real time. We have continued to work closely with many operators to understand the changing requirements for detecting gambling problems and have continuously worked to improve all processes and procedures.

The AI tool reported about 22 percent of the reported cases of suspected gambling problems. The rest were identified by our game presenters or our team moderating the online chats.

The chat moderator team grew to more than 30 people towards the end of 2023 and the total size of Evolution's customer support grew to approximately 230.



OUR EMPLOYEES

We must offer an attractive working environment that contributes to employees professional and personal development. Fostering our employees' well-being and growth – both in their professional roles and as individuals - is one of our most important sustainability issues. Our DNA also encompasses an understanding of people's equal value and of fostering diversity and inclusion at all levels.

Responsibilities and policies

Evolution's Chief Human Resources Officer, who is a member of Group Management and reports to the CEO, is responsible for the company's overarching policies and guidelines in the area of HR. The policies are adopted by the Board of Directors and the overarching governance documents are the Global HR Policy, the Work Environment Policy, The Equality Policy and the Discrimination Policy. Our Code of Conduct and policies underscore the importance of the employees' freedom of association, the right to collective bargaining and respect for human rights in accordance with the UN Global Compact. The process of on-boarding new employees includes a review of policies and guidelines, as well as ongoing training through our Evolution Academy portal.

Company employees

Evolution has over 19,200 employees, representing more than 120 nationalities. We are growing rapidly and the number of employees increased by nearly 2,200 people - or 13 percent - in 2023. We have many young employees in the company, at the start of their professional careers. More than 85 percent of all employees connected to the gaming operations, where the average age is 25 years with croupiers/game presenters being the largest individual professional group. For many employees, their work with us is their first contact with a company or a industry and we consider it our task to cultivate a favourable start to their working lives by providing an exemplary introduction and training, as well as beneficial leadership.

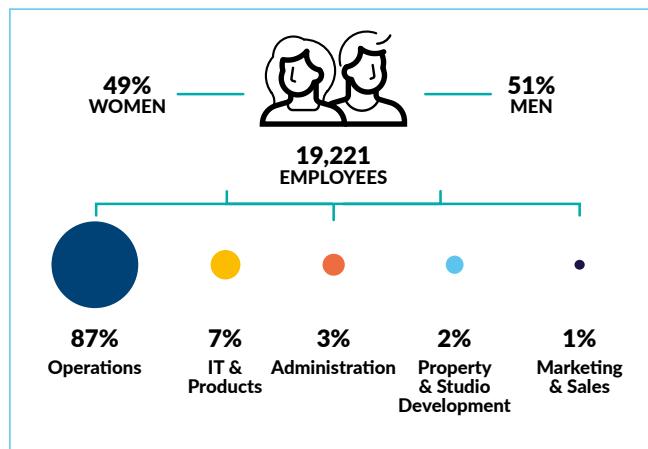
Employees by gender and nationality

	TOTAL NUMBER	GENDER DISTRIBUTION		NUMBER OF NATIONALITIES
		WOMEN	MEN	
Board	6	33%	67%	2
Group Management	5	20%	80%	2
Management	16	25%	75%	7
Reporting to management	144	42%	58%	29
Other employees	19,056	49%	51%	120
Total number of employees	19,221	49%	51%	120

Employees, geographic location and gender

	NUMBER	DISTRIBUTION	WOMEN	MEN	BLANK
Europe	15,593	81%	48%	52%	
North America	3,349	17%	51%	48%	1%
South America	118	1%	56%	29%	15%
Asia	158	1%	48%	50%	2%
Other	3	0%	33%	67%	
Total	19,221	100%	49%	51%	

Employees by function



EVO Game Changers Programme

In 2023, Evolution rolled all of its ESG components into a single framework, EVO Game Changers Programme. By collating our best local activities and managing our activities centrally, we are positioning ourselves better to register, track and communicate the local results as part of Evolution's global ESG plan, which makes it more meaningful and effective.

By fostering a culture of inclusion, fairness and empowerment, Evolution aims to increase employee satisfaction, drive innovation, safeguard diversity in the workforce, fair compensation, skills development and, by extension, to retain employees over time. The EVO Game Changers Programme aims to both develop efforts in the area of sustainability and to create a sense of community and pride within Evolution.

The Game Changers Programme is structured around four main pillars: education, culture and health, the environment and society. Each pillar reflects our holistic ESG view, including both external initiatives aimed at engaging the local community, as well as internal initiatives focused on strengthening our employees.

Culture and health

We encourage our employees to make healthier choices by promoting a healthy lifestyle.

We recognise the connection between physical and mental well-being with overall productivity and satisfaction. Internally, we invest in wellness programmes for employees, nurture a balance between work and people's private lives, as well as supportive and inclusive professional culture that prioritises diversity and inclusion. This work is conducted under the collective label HealthyEVO and is group-wide, all use the same tools in their assessments, which are conducted semi-annually.

In 2023, Movember was one of many initiatives held globally. The initiative was launched in order to raise the discussion about the importance of recognising the signs of prostate cancer. Along with a workshop about how to prevent and detect prostate disease which was streamed worldwide, we supported local Associations related to Cancer Prevention.

Employee survey

Employee engagement is critical to the success of our operations, which are focused on delivering experiences to customers, operators and their end users. Accordingly, an Evolution Engagement Survey, based on Gallup's proven analysis model, is conducted in all teams every six months. Employees answer 12 questions, with the results being used as the basis for a plans of action by each manager. The objective is for these studies to quickly pinpoint what works well or less well in the small-scale day-to-day activities and pave the way for improvements.

In 2023, two engagement studies were conducted and each team manager was responsible for plans of action to increase engagement and performance.

Employee survey	2023	October 2022	April 2022	May 2021
Points	3.72/5	3.68/5	3.79/5	3.78/5
Response rate, %	70	78	73	61

Skills development

We strongly believe in the transformative power of knowledge and learning. We have extensive experience of on-boarding and training new employees in the gaming operations. All new recruits spend their first two or three weeks at the Evolution Academy, where they receive basic training in croupier and presentation techniques.

Through the Evolution Academy, we also offer continued training for those seeking to progress in the gaming operations, to become, for example, a game host or team leader. We foster internal career opportunities, both horizontal and vertical. This is achieved through relocation, rotation and shadowing programmes, but also as a natural consequence of the company's growth.

We have had many positive examples of employees building their career with us in these ways.

The average age of our managers and leaders is 34. Since 2021, they have had access to a portal with a five-step model. This shows how successful on-boarding of new employees is performed, regardless of role or function. We also offer traditional leadership courses for managers and have introduced a curriculum focusing on soft skills in, for example, leadership and communication. In 2023, more than 750 training sessions were held with a total of more than 300 leaders.

All managers and other employees are trained in responsible gambling, data security and GDPR. For certain selected positions, courses on countering money laundering, terrorist financing, corruption and bribery are mandatory.

Evolution Academy

Evolution Academy is located at the company's production studios and is responsible for the recruitment and initial and ongoing training of all gaming personnel – from dealers to card shufflers and customer service personnel.

The Academy is set up just like a real live Casino studio, to provide training that is as realistic as possible. The normal training period for a new dealer is roughly 100 hours, after which a three-month trainee period commences. Each newly recruited employee is assigned a mentor and continues to undergo training after the trainee period has come to an end, in order to further develop their skills and minimise the risk of gambling mistakes. Throughout their employment, all personnel continue to undergo training based on their results, but also in conjunction with the launch of new games or other new technical features.

Training in gambling addiction, legislation, money laundering and other areas of control form a key part of the training activities.

Training	Employee training participation (%)*
Anti-Money Laundering	61
Anti-Money Laundering (Canada)	88
Responsible Gambling	60
Anti-Bribery	73
Information Security	57
Privacy and Data Protection Essentials	58

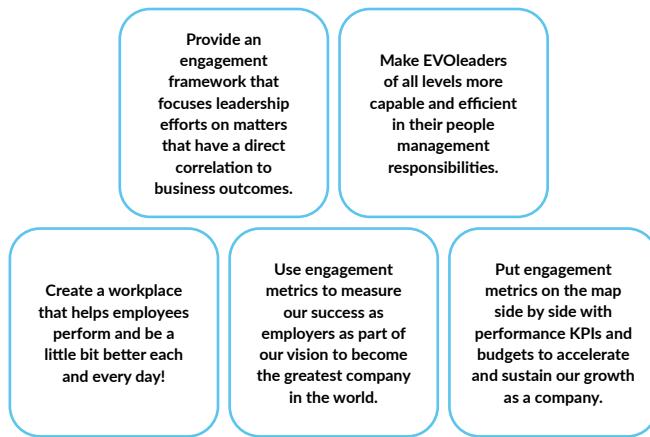
*Refers to the proportion of employees in the relevant departments that participated in each course.

Leadership development

In 2023, our global leadership development framework was expanded, in part with a programme for employees becoming managers for the very first time and, in part, with a programme for more experienced managers.

We also launched our #EVOsGotTalent! programme. This serves to support the development of talented individuals in the studio operations. The programme shall secure access to employees prepared to advance with the anticipated growth in operations.

All of these initiatives contribute to establishing a framework that supports the development of existing leaders and the supply of new ones. The programmes and courses within the framework are based on five steps, with the purpose of building leadership skills with a clear connection to the results of the operations.



Diversity improves business

Evolution shall be an inclusive workplace characterised by respect and where all forms of diversity are considered an asset. We are a global organisation with over 120 nationalities - a prerequisite for successfully conducting operations targeting varied customer groups from differing cultures and facilitates the adaptation of the offering and our Product Innovation to local conditions.

We assess each individual based on their merits and qualifications. The work against discrimination is based on the International Labour Organisation's (ILO) definition of discrimination. This means that we support equal rights for all and ensure that all employees are afforded equal conditions for development - regardless of their age, disability, ethnicity, gender identity or expression, nationality, religion/faith or sexual orientation. By actively working with diversity - and showing that everyone can grow and develop within Evolution - we become a more attractive employer. Through our goal-oriented work with diversity, we can also help employees become role models for one another, thereby encouraging more people to invest in a career with us.

All equality and diversity work is integrated into our day-to-day operations. The practical work is governed by our policy and governance documents, including our Code of Conduct, our work environment plan and our equality plan.

About diversity at Evolution

- Of Evolution's slightly more than 19,200 employees, 49 percent are women
- Of Evolution's managers, 49 percent (58) are women
- Among our senior managers reporting to the EGM, 42 percent (41) are women
- More than 120 nationalities are represented within Evolution
- The average age for those in management positions is 34
- Among the 18 studio managers, 13 are women and 5 are men
- Of the nationalities represented in the company, 24 percent are represented among those who report to Management.

Diversity in the recruitment process

The fundamental position is that the person best meeting the qualification requirements shall be employed or promoted. At the same time, we strive for balance in recruitment and take the diversity perspective into account in cases where applicants are otherwise equally qualified. The percentage of senior female managers amounts to 42 percent, including Group Management as well as employees reporting directly to Group Management. This group of senior managers represents 29 of the roughly 120 nationalities employed in the company.

Among the 18 studio managers, 13 are women and five are men. The studio managers currently represent most of the nationalities in the company. We also aspire to achieve breadth and diversity when opening a new studio, ensuring that the corporate culture and experiences of existing employees are smoothly transferred to new operations. This view of diversity also gives employees opportunities to develop through experiences from new geographical locations and cultures.

Compensation indicators

Our operations consist predominantly of those employed at our studios around the world, who account for 87 percent of our employees. We have an even gender distribution and even compensation levels at our studios. What may reflect differences are different salary levels in different markets and the gender distribution in those markets.

There is also a skills development ladder in the studio operations that leads to increased salary levels. How long individuals have been employed also affects their compensation. Although the salaries of women within the operations are 102 percent of those among men, our assessment is that Evolution's salary setting is gender neutral.

For officials within Evolution, we see greater wage differences, associated both with salary levels in the various markets, the types of position involved and skills levels. The engineers category, for example, which is dominated by men, has a higher salary level. Aggregate data shows that, in total, women's salaries are equivalent to 76 percent of men's.

Gender	Average annual salary, excluding operations employees, EUR	Average annual salary, operations, EUR
Women	32,586	11,100
Men	42,669	10,868

Workplace accidents

Most of the workplace accidents reported involve minor incidents, such as abrasions, sprains and the like. In Europe we have noted a number of accidents involving electric scooters on the way to and from work. We are also seeing cultural and legal differences in how accidents are reported in Europe, compared primarily with North America. In Canada, for example, asthma attacks can be reported and, in the US, a wider range of incidents can be classified as workplace accidents while in Europe, cases resulting in sick leave or medical consequences are reported more. In 2023, 130 (91) workplace incidents were reported. The increase is partly due to the company's growth, with the number of employees having risen by about 13 percent. The number of workplace accidents reported per number of employees was approximately 0.7 percent in 2023, compared with approximately 0.5 percent in the preceding year. No accidents of a more serious nature occurred during the year, nor were there any fatalities.

	2023	2022
Number of reported workplace incidents	130	91
of which, Europe	31	26
of which, North America	99	65
Total number of employees	19,221	17,026



Members of the Marketing Department at ICE in London, UK.

Development and outlook

Through partnerships with educational institutions, scholarships and skills development initiatives, we strive to afford individuals the tools and resources they need to develop academically and professionally. One example is Evolution in the country of Georgia, which introduced scholarships for employees to pursue studies at university. In the first round, more than 50 students received scholarships, corresponding to 70 percent of the applications. The application procedure for the next round has now begun, which has already resulted in more than 100 applications.

At Evolution, health is not only about preventing or treating disease, but also about promoting a healthy lifestyle. Accordingly, in 2023, we supported more than 100 employees with running equipment and registration fees for national and local marathons and running events such as the EDP Lisbon Marathon in Portugal, the Terry Fox Run in Canada and the Independence Warsaw Run in Poland.

We fight for all forms of diversity and are proud to operate an organisation with more than 120 nationalities represented. During March, we promoted a series of events that highlighted outstanding examples of women with noteworthy careers at Evolution, emphasising that 'talent has no face'. Communicating this motto reflects that Evolution values people in accordance with their skills and commitment rather than their gender or background. The campaign was seen by more than 18,000 people in more than 20 different locations worldwide.

IT AND CYBER SECURITY

IT and cyber security is crucial in today's society. In a world characterised by war in our immediate vicinity and as hybrid attacks are becoming increasingly common, we have continued our work with IT and cyber security at the very highest level. This work is supported by our ISO 27001:2013 certification - the highest ISO standard for IT security.

This certification serves as proof that Evolution's in-house processes are organised in a way that (i) ensures that data is available only to those entitled to access them, and (ii) protects the accuracy of the data and makes them available on appropriate occasions.

Fraud

Evolution is exposed to various types of IT and cyber threats in connection with fraud, money laundering, corruption or financing of terrorism, for example. Through clear policies, structures, procedures and tools, as well as by being pro-active and earmarking resources, we are working preventively and pro-actively, protecting our assets and employees.

An established structure for governance and control

Our global operations work in a coordinated manner with data protection and privacy, maintaining shared policies on information security and data protection that are adopted by the Board of Directors. We have implemented processes complying with Regulation (EU) 2016/679 of the European Parliament and Council of 27 April 2016. This regulation concerns the protection of natural persons regarding the processing of personal data and the free movement of such data (GDPR). Our data security work is also based on other applicable local data protection and privacy laws.

External and internal audits

External audits are performed on an ongoing basis as a follow-up to compliance requirements in the different jurisdictions in which we operate. These involve vulnerability analyses, penetration testing and ISMS audits (these constitute approximately 50 safety activities annually). In addition, since Evolution is ISO27001 certified, we undergo recertification audits every three years and surveillance audits annually. The data protection team also conducts regular internal and external data protection and privacy audits.

We also perform regular internal security audits, vulnerability assessments or penetration tests of the company's systems, products and practices that affect user data. As part of the ISO27001 requirements, we conduct internal audits annually before the monitoring and re-certification audits. These are performed by external auditors to ensure impartiality.

Operational procedures to monitor and manage data breaches and cyber attacks

Evolution ensures that any incoming threats are dealt with and that they do not escalate. We monitor our networks and respond to all alerts generated by our security systems and have several tools that detect incidents and prevent them from occurring. All potential personal data breaches are assessed by the data protection team, which also keeps a record of these.

Regular training of our employees

All employees at Evolution undergo annual compulsory training in data security and data protection. The data protection team also conducts tailor-made workshops for departments and teams that process personal data on a daily basis. An increased awareness among employees in, for example, email handling and, as knowledge about GDPR increases, employees inform the company about potential incidents to a greater extent.

Mechanisms for reporting data privacy concerns

All inquiries and suspected issues can be addressed directly to the data protection team via an email address accessible from the external website. Internally, additional channels of contact are provided and Evolution's employees are encouraged to use these. All cases opened are handled.

Development and outlook

In 2023, the data protection team discovered (or received information about) possible personal data breaches, of which 1 (0) was reported to the data authority. The rest of the potential personal data breaches were assessed as being of low impact or as not being classifiable as personal data breaches at all.

Security work in brief

- ISO 27001:2013 certification, regulating cyber security operations
- More than 50 safety tests are performed annually
- B2B licences in all markets where so required
- All employees for whom it is relevant must undergo annual data security training.



CLIMATE

Through our innovative approach and technical expertise, we work to minimise our climate impact on a daily basis. We always strive to develop better and smarter solutions. In accordance with our Sustainability Policy and Code of Conduct, we take initiatives to encourage and foster increased environmental responsibility by integrating environmental considerations into our business practices. We continued to experience considerable growth in 2023, recruiting more than 2,200 new EVolutioneers. We have raised our level of ambition on matters of sustainability and have begun planning how to reduce our overall carbon footprint with the objective of applying to join the Science Based Target's initiative in 2024.

Evolution's material sustainability issues

Our most prioritised sustainability issues are more efficient energy use at our studios, reduced consumption of materials and innovation in connection with technological development and the construction of our studios.

Since 2022, we have expanded our sustainability work by including the measurement and follow-up of CO₂ emissions. We report CO₂ emissions in accordance with the recommendations in the Greenhouse Gas Protocol for direct emissions (Scope 1), indirect emissions from purchased electricity (Scope 2) and other indirect emissions to which the operations give rise (Scope 3). Scope 3 only includes data for air travel, as well as purchased transports.

An operational consolidation method is used for the calculations. Emissions from electricity are based on data on activities at 13 of our locations in ten different countries. Data is calculated based on site-based emission factors from approved sources (AIB, IEA and e-GRID). Emissions from air travel and purchased transports are based on data from Evolution's travel agencies and logistics providers.

Greenhouse gas emissions, tonnes CO ₂ e	2023	2022
Scope 1		
Company cars (Evolution does not have company cars)	0	0
Scope 2		
Electricity	5,037	4,671
Scope 3		
Air travel	2,253	810
Purchased transports	83	-
Total	7,373	5,481
Emissions intensity tonnes, tonnes CO₂e/EUR	4.1	3.8

Although our day-to-day operations help bring down CO₂ emissions, we are nonetheless aware of the risks associated with climate change and how these may impact Evolution.

Through established recycling processes for office equipment and hardware, for example, we are reducing our consumption of materials. Our objective is to increase the volumes that are reused, donated, sold or sent on to recycling centres. Air travel accounts for a small part of the total CO₂ emissions as only a small number of the company's employees travel by air. In 2023, emissions from air travel increased compared with 2022, mainly because air travel was limited in 2022 due to the pandemic. To further limit air travel, video conferencing is encouraged over physical meetings if possible, which is in line with the Code of Conduct.

Emissions for 2023 increased, due, among other things, to the measuring of CO₂ emissions having been broadened. The estimated emissions for 2023 also include emissions from our two largest transport providers.

Sustainability through innovation

Our largest measured CO₂ emissions are linked to energy consumption in our premises and to the technical equipment used. To reduce consumption, we are actively working on energy efficiency improvements. All major studios and Evolution's own properties are certified in accordance with ISO 50001:2018, which assumes that annual energy efficiency improvements are implemented. This improvement in energy efficiency builds largely on our own innovative capacity and encompasses all parts in the supply chain for Evolution's products. As part of our work, we follow up the total energy consumption per table at all of our larger studios.

	Average energy consumption per studio table, kWh		
Thirteen studios	2023	2022	2021
Total	18,309	21,972	15,890

In 2023, the average energy consumption per studio table decreased by slightly more than 17 percent, compared with 2022. The improvement in energy efficiency was partly due to more tables being set up in the same studio space.

A large part of our technology and equipment is developed internally at data centres, which allows us to work purposefully with energy efficiency. Most production occurring at data centres uses renewable electricity, apart from the production occurring in North America.

Examples of how we work with energy efficiency include:

- How we design, build and use our studios, such as using insulation that optimises the indoor climate for employees while consuming as little energy as possible
- New software and hardware innovations in the studio technology that reduce energy consumption per unit or table
- Innovative solutions and sensors that automatically turn off equipment that is not in use
- Use of low-energy lighting
- Control of ventilation and air conditioning systems in studios.

The design and construction of studios and interiors are mostly made internally, among other things at our mechanical workshop - our Job Shop - in Riga. These operations are presented in greater detail on page 18 in the Annual Report. By handling design and construction in-house, studios and equipment can be adapted and optimised for our users.

Development and outlook

In 2023, Evolution worked with recycling alongside the Sofia University of Technology in Bulgaria. Evolution donated computers, partly to foster access to electronic equipment for IT students but also to reduce waste and extend the life of the products.

The organisation has also made progress in improving energy efficiency, with a focus on improvements in ventilation, lighting options and insulation. Ventilation systems were replaced with more energy efficient ones, incandescent bulbs were replaced with LED lighting at all of our facilities, with insulation also being improved. We have also worked with education and information campaigns for our employees, in which we have promoted energy-saving methods.

The focus going forward will be continued innovation to develop technical equipment to increase energy efficiency, as well as recycling of IT equipment and studio furnishings. We will also conduct comprehensive energy audits at all facilities to further identify areas for improvement and to map energy consumption patterns. Our employees commitment is a key factor in our sustainability work and we will continue to engage employees through education, incentives and reward programmes to foster a culture of sustainability and to encourage active participation in energy saving efforts. Going forward, our objective is to continue working with energy efficiency savings.

Evolution will also continue its work with emissions calculations and develop reduction targets. Efforts to join Science Based Targets will commence in 2024.

ARTICLE 8 TAXONOMY REGULATION

The Taxonomy Regulation is a key component of the European Commission's action plan to redirect capital flows towards a more sustainable economy. It represents an important step towards achieving carbon neutrality by 2050 in line with EU climate goals as the Taxonomy is a classification system for environmentally sustainable economic activities.

In the following section, we as a non-financial parent present the share of our group turnover, capital expenditure (CapEx) and operating expenditure (OpEx) for the reporting period 2023, which are associated with Taxonomy-eligible economic activities related to the environmental objectives in accordance with Art. 8 Taxonomy Regulation and Art. 10 (2) of the Art. 8 Delegated Act. In 2023, the EU Taxonomy was expanded with the four remaining environmental objectives covered by the EU Environmental Delegated Act and with amendments to the Climate Delegated Act. The amendments did not bring any impact on Evolutions Taxonomy eligibility.

Our economic activities as a B2B provider of Online Casino are determined Taxonomy-non-eligible. The Climate Delegated Act focuses on those economic activities and sectors that have the greatest potential to achieve the objective of climate change mitigation – that is, the need to avoid producing greenhouse gas (GHG) emissions, to reduce such emissions or to increase GHG removals and long-term carbon storage. The sectors covered include energy, selected manufacturing activities, transport and buildings. After a thorough review of our group activities, we concluded that our economic activities are not covered by the Climate Delegated Act and consequently are not Taxonomy-eligible or aligned. It can therefore be concluded that the Online Casino sector has not been identified as a major source of GHG emissions.

Our KPIs

The key performance indicators ('KPIs') include the turnover KPI, the CapEx KPI and the OpEx KPI.

Turnover

Total turnover corresponds to total operating revenues in the consolidated income statement.

CapEx

Total CapEx corresponds to additions, including capitalized research and development costs, to balance sheet items property, plant and equipment, intangible assets before any remeasurement, depreciation, amortisation or impairment and excluding any changes in fair value, and IFRS 16 classified right of use assets, as specified in notes 8 and 9 to the consolidated balance sheet, as presented in the Financial Report, part of the Annual Report.

OpEx

Total OpEx corresponds to total operating expenses in the consolidated income statement.

For the reporting period 2023, the KPIs have to be disclosed in relation to Taxonomy-eligible economic activities and Taxonomy-non-eligible economic activities (Art. 10 (2) of the Art. 8 Delegated Act). Since our economic activities as a group are not covered by the Climate Delegated Act, the share of Taxonomy-eligible economic activities in our total turnover is 0 percent. Furthermore, there are no CapEx plans to upgrade a Taxonomy-eligible economic activity to become Taxonomy- aligned or to expand a Taxonomy-eligible economic activity ('category b' acc. to Sect. 1.1.2.2 of Annex I to the Art. 8 Delegated Act. Only 'category c' CapEx and OpEx can therefore qualify as Taxonomy-eligible, i.e. CapEx/OpEx related to the purchase of output from Taxonomy-eligible economic activities and individual measures enabling the target activities (our non-eligible activities) to become low- carbon or to lead to greenhouse gas reductions (Sect. 1.1.2.2.(c) of Annex I to the Art. 8 Delegated Act). We have not identified any purchased outputs or individual measures that correspond to eligible economic activities and, thus, respond in Taxonomy-eligible or aligned CapEx/OpEx.

Nuclear and fossil gas related activities	
Nuclear energy related activities	Yes/No
The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Fossil gas related activities	Yes/No
The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Proportion of Taxonomy-aligned economic activities

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities				Substantial contribution criteria							DNSH criteria (Do No Significant Harm)										
Economic activities	Code(s)	Absolute turnover MEUR	Proportion of turnover %	Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Pollution %	Biodiversity and ecosystems %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity and ecosystems Y/N	Minimum safe-guards Y/N	Taxonomy-aligned proportion of turnover 2023 %	Taxonomy-aligned proportion of turnover 2022 %	Category (enabling activity) Y/N	Category (transitional activity) Y/N	
A. TAXONOMY ELIGIBLE ACTIVITIES																					
A.1. Environmentally sustainable activities (Taxonomy-aligned)																					
N/A		0	0%	0%	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	0%	0%	N/A	N/A		
Turnover of eligible Taxonomy-aligned activities (A.1)		0	0%														0%	0%			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																					
N/A		0	0%														0%				
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%														0%	0%			
Total (A.1 + A.2)		0	0%														0%	0%			
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																					
Turnover ⁸ of non-eligible activities (B)		1,799	100%																		
Total (A + B)		1,799	100%																		

⁸ Consolidated Income Statement

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities				Substantial contribution criteria							DNSH criteria (Do No Significant Harm)										
Economic activities	Code(s) %	Absolute CapEx MEUR	Proportion of CapEx %	Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Pollution %	Biodiversity and ecosystems %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity and ecosystems Y/N	Minimum safe-guards Y/N	Taxonomy-aligned proportion of CapEx, 2023 %	Taxonomy-aligned proportion of CapEx, 2022 %	Category (enabling activity) Y/N	Category (transitional activity) Y/N	
A. TAXONOMY ELIGIBLE ACTIVITIES																					
A.1. Environmentally sustainable activities (Taxonomy-aligned)																					
N/A		0	0%	0%	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	0%	0%	N/A	N/A		
CapEx of eligible Taxonomy-aligned activities (A.1)		0	0%														0%	0%			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																					
N/A		0	0%														0%				
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%														0%	0%			
Total (A.1 + A.2)		0	0%														0%	0%			
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																					
CapEx ⁹ of non-eligible activities (B)		94	100%																		
Total (A + B)		94	100%																		

⁹ Note 8 & 9

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities				Substantial contribution criteria							DNSH criteria (Do No Significant Harm)										
Economic activities	Code(s)	Absolute OpEx MEUR	Proportion of OpEx %	Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Pollution %	Biodiversity and ecosystems %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity and ecosystems Y/N	Minimum safe-guards Y/N	Taxonomy-aligned proportion of OpEx, 2023 %	Taxonomy-aligned proportion of OpEx, 2022 %	Category (enabling activity) Y/N	Category (transitional activity) Y/N	
A. TAXONOMY ELIGIBLE ACTIVITIES																					
A.1. Environmentally sustainable activities (Taxonomy-aligned)																					
N/A		0	0%	0%	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	0%	0%	N/A	N/A		
OpEx of eligible Taxonomy-aligned activities (A.1)		0	0%														0%	0%			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																					
N/A		0	0%														0%				
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%														0%	0%			
Total (A.1 + A.2)		0	0%														0%	0%			
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																					
OpEx ¹⁰ of non-eligible activities (B)		656	100%																		
Total (A + B)		656	100%																		

¹⁰ Consolidated Income Statement



Game presenters relaxing between shifts in Madrid, Spain.

AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

To the general meeting of the shareholders in Evolution AB (publ), corporate identity number 556994-5792

ENGAGEMENT AND RESPONSIBILITY

It is the board of directors who is responsible for the statutory sustainability report for the year 2023 on pages 29-45 and 50-54 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

Our examination has been conducted in accordance with FAR's auditing standard RevR 12. The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

OPINION

A statutory sustainability report has been prepared.

Stockholm, 5 April 2024

Öhrlings PricewaterhouseCoopers AB

Johan Engstam
Authorised Public Accountant





GOVERNANCE

DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

OUR BOARD OF DIRECTORS

OUR GROUP MANAGEMENT TEAM

Directors' report

The Board of Directors and the Group CEO of Evolution AB (publ) 556994-5792 ('Evolution') hereby present the annual accounts for the Group and the Parent Company for the 2023 financial year.

Operations

Evolution develops, produces, markets and licenses fully integrated live casino and slots solutions to gaming operators. In live casino, a game presenter, i.e. dealer, runs the game from a casino gaming table that is followed in real time via a video stream. End users, i.e. the players, make betting decisions on their devices (computers, smartphones, tablets, etc.).

Evolution is a B2B supplier and, at the end of 2023, the Group had approximately 800 customers, including the majority of the foremost online casino operators in Europe and the USA, as well as a number of land-based casinos. The operators market the products to the end users.

Evolution's live casino platform is unique in its kind and covers all aspects required by a gaming operator – from the recruitment and training of game presenters and other staff to streaming, production, supervision, customer services and follow-up. Operators are offered a fully customised solution with a high degree of adaptability such as standard and VIP tables, control of how the environment looks and dedicated dealer teams. The Company has a broad portfolio of core games including both classic table games and new innovative casino games. Various game derivatives are also available, i.e. variations of the core games with new technical solutions and new content.

Evolution has production studios in Riga in Latvia, Tbilisi in Georgia and Mriehel in Malta, where the majority of the operations are conducted. In addition, the Company has studios in New Jersey, Pennsylvania, Michigan and Connecticut in the USA as well as Vancouver in Canada, Kaunas in Lithuania, Madrid in Spain, Sofia in Bulgaria, Buenos Aires in Argentina, Medellin in Colombia and Yerevan in Armenia. The Company also runs on-premise studios at land-based casinos in Belgium, Romania, and Spain. The Parent Company of the Group is located in Stockholm, Sweden.

Evolution's revenues consist of fixed and variable consideration from the Company's customers. A majority of the revenue derives from commission, which is calculated as a percentage of the customer's profit generated by the Company's online casino platform. Through commission, Evolution gains beneficial exposure to the general growth of the global online casino market. In addition to commission, a proportion of the Company's revenue derives from fees for dedicated tables. These are invoiced to customers who have chosen to offer their end users dedicated tables.

Business concept and vision

Evolution's business concept is to offer gaming operators in regulated markets an unparalleled, locally adapted online casino service for all digital platforms. Its mission is to make operators successful and provide an excellent gaming experience for their end users. Evolution's vision is to be the leading online casino provider in the world.

Significant events in 2023

- Launch of 110 new games.
- Investments in studios throughout the year to meet global demand for online casino.
- Agreements with several new operators.
- +1,600 Live tables at year-end.
- The Board proposes a dividend of EUR 2.65 per share (2.00).

Market

The global online casino market (Live & RNG) developed strongly in 2023 and, according to the independent institute H2 Gambling Capital*, it had an estimated value of EUR 36,292 million (31,468) at year-end. The North American online casino market had an estimated value of EUR 9,494 million (7,932) at year-end, the European EUR 19,058 million (17,213), and the Asian market was estimated to have a value of EUR 5,410 million (4,383). The development of online gaming is underpinned by technological progress and new distribution channels, as well as strong demand from gaming operators and their end users. Slots/RNG is the largest vertical with approximately 79 percent (79) of the online casino market.

*H2 Gambling Capital, Detailed Global Summary Data (€), Total iCasino Gross Win, 15 February 2024.

Evolution has a leading position among live casino operators in both Europe and North America. The Company intends to continue strengthening its leading position in the market by having a clear focus on activities that promote the business and the offering. The three strategic core areas — product innovation, customer optimisation and operational excellence — are considered to be of particular importance for a continued expansion of the advantage held compared to other players in the market and the creation of a stable foundation for continued growth.

New agreements and customers

In 2023, agreements were signed with among others Sky Betting & Gaming, part of Flutter, for the provision of Evolution's complete live casino services in the UK. Agreements were also signed with several regional operators like Island Luck for the Bahamas market, Apostila for the Paraguay market as well as Bplay and Betwarrior for the Argentinian market. Agreements were also concluded with a number of smaller operators and platforms, while many existing agreements were expanded to cover additional services and tables.

Revenues and profit

Revenues

Evolution's total operating revenues amounted to EUR 1,798.6 million (1,456.7) in the financial year ending on 31 December 2023. The positive revenue development mainly derives from increased commission income from both new and existing customers. Revenues from dedicated tables and environments also contributed to the increase as a result of additional customers launching or extending their customised live casino environments.

Expenses and profit

Total operating expenses amounted to EUR 655.9 million (548.7). The Company's personnel expenses rose to EUR 355.3 million (289.6), mainly driven by higher expenses for personnel in connection with the launch of new tables in the Company's studios.

Depreciation, amortisation and impairments amounted to EUR 124.7 million (100.4), an increase explained primarily by the expansion of the Company's studios. Other operating expenses rose to EUR 175.9 million (158.7), driven by expenses for premises, consumables and communications. Operating profit for the year amounted to EUR 1,142.7 million (908.1) with an operating margin of 63.5 percent (62.3).

Financial items only had a marginal impact on the profit and amounted to EUR 5.9 million (-1.5).

The Group's effective tax rate for the year amounted to 6.8 percent (7.0). The effective tax rate is affected by the countries in which Evolution conducts operations and generates profit, which may vary between reporting periods. Profit for the year amounted to EUR 1,070.9 million (843.4).

Investments

The Group's investments in intangible assets amounted to EUR 52.0 million (36.3) in 2023. Investments in intangible assets refer to the development of new games and technical improvements of the platform, such as new functionality. Development projects during the year included the development of new games that will be launched in 2024, but also exclusive content rights.

Investments in property, plant and equipment amounted to EUR 42.2 million (60.7). Investments in property, plant and equipment primarily comprised new studio space and premises,

new gaming tables, servers and other computer equipment to meet new technical requirements and maintain capacity and performance in connection with new platform launches.

Investments in computer equipment were also made to meet needs in connection with the organisation's expansion, as well as in studio equipment in the Company's production studio.

Earn-out payment to the sellers of BTG amounted to EUR 67.6 million. EUR 47.5 million was paid in cash and EUR 20.1 million with 199,333 Evolution shares.

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 (-371.6). A description of the investing activities is provided in the Investments section above.

Cash flow from financing activities was negative in the amount of EUR 574.5 million (-394.2) and included dividend to shareholders of EUR 427.4 million (302.8) and buy back of own shares of EUR 115.8 million (75.6). Cash and cash equivalents amounted to EUR 985.8 million (532.6) at year-end.

Employees

As of 31 December 2023, Evolution employed 19,221 (17,026) people, corresponding to 14,850 (12,144) full-time equivalents. The average number of full-time equivalents for the full-year was 13,044 (10,802).

Sustainability

Evolution AB's sustainability report is prepared in accordance with the requirements of the Annual Accounts Act (chapter 6, paragraph 12) on sustainability reporting. The sustainability report is on pages 29-45 and 50-54.

Parent Company

The Parent Company is a holding company that was formed in December 2014. Operating revenues for the 2023 full-year amounted to EUR 19.3 million (19.6) and expenses to EUR 19.4 million (19.5). Operating profit was negative in the amount of EUR 0.1 million (0.1). Profit for the period amounted to EUR 551.5 million (592.3). The Parent Company's cash and cash equivalents amounted to EUR 53.1 million (6.3) at the end of the year and equity amounted to EUR 3,057.6 million (3,041.6). No significant investments were made in intangible or tangible assets. During the year, the Company received dividends from the Maltese subsidiary amounting to EUR 550 million (590).

Risk factors

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, sustainability and financial risks. When assessing the Company's future development, it is important to take into account the risk factors alongside any opportunities for profit growth.

The risk factors are not set out in any particular order, importance or potential impact on the Group's revenue, profit or financial position. Neither should these be seen as exhaustive, but rather as representing risks that are applicable to Evolution and that are monitored and evaluated by the Group management. In addition, the risks below are not the only risks to which the Group may be exposed. The Company may be unaware of certain risks. Financial risks are described in Note 21 Financial risk management.

Political decisions and other legal aspects

Evolution generates the majority of its income through the licensing and supply of its software and technology to gaming operators. The Group's business is therefore strongly dependent on the laws and regulations relating to the supply of gaming services. These laws and regulations are complex and inconsistent across jurisdictions and are subject to change as various jurisdictions regulate, deregulate and/or re-regulate the gaming industry. Direct enforcement actions may be taken against a member of the Group or any of its officers or directors, particularly in instances where the provision of the Group's services to a gaming operator is critical to the underlying gaming transactions. Should any of these events occur, the impact could have a material adverse effect on Evolution's business, financial position and profit.

Although the gambling laws and regulations of many jurisdictions do not specifically apply to the supply of services by licensors of gaming software, certain jurisdictions have sought to regulate or prohibit the supply of such services. While Evolution currently holds all licences and certifications deemed necessary to carry out its business, national gambling laws are under review and changing in European countries. The Company may be subject to such laws, directly or indirectly, insofar as it supplies services to customers that are subject to such laws. Changes in the regulatory frameworks of different jurisdictions could impact the Group's business in that such changes may lead to an increase in the number of market participants and competitors, result in customers losing their licences and permits to operate in such jurisdictions or break up monopolistic gaming operators, which could impact the Group's underlying contractual relationships.

Furthermore, many jurisdictions have not updated their laws to address the supply of remote gaming services from other countries, and courts may interpret older legislation unfavourably or determine that the activities of the Group and/or its customers are illegal. For example, a court or regulator may order that certain equipment be located in the jurisdiction in which products and services are offered, which could materially and adversely impact Evolution's operations and the business of its customers. Furthermore, several European countries have introduced, or are in the process of introducing, new online gaming regulations, which will require online gaming operators, and in some cases even providers, to hold, e.g., a country specific licence, pay gaming taxes, operate from a country domain and

report gaming statistics in order to bring operators (and end users) under supervision. Although Evolution monitors the regulatory environment, legislation could be interpreted in an unfavourable or unanticipated manner. If regulatory or enforcement actions are brought against any of Evolution's customers, the Group's revenue streams from such customers may be frozen or traced by authorities, even if no Group entity is made a party to any legal proceedings against such customers. As a result, end users may face problems transferring funds in and out of certain jurisdictions, which may impact payments to gaming operators and hence Evolution.

In addition to gaming laws and regulations, Evolution is subject to a wide variety of laws and regulatory requirements. For example, the Group must comply with anti-money laundering regulations, market abuse regulations, data protection and privacy regulations (including GDPR), and is required to share bet and other transactional data with local regulators in certain markets. Compliance with all such laws and regulation laws is complex and expensive. The Company's non-compliance or deemed non-compliance with any of these other laws and regulatory requirements could result in sanctions. Any failure by Evolution to comply with these other laws and regulatory requirements could have a material adverse effect on the Group's business, financial position and profit.

Operations subject to official approval

Evolution has obtained and is obliged, given the nature of the software, services and technology it supplies, to maintain its licences and certifications in a number of jurisdictions, and may in the future be required to obtain licences and/or certifications in other jurisdictions. If any of these are withdrawn or are not renewed on equivalent terms (e.g. where there is a change in view as to what equipment needs to be located locally), the Company may not be able to continue to operate and offer services in certain jurisdictions. Additionally, to the extent that Evolution is unable to obtain requisite licences and/or certifications in jurisdictions, particularly with respect to jurisdictions that fall within or are comprised of newly regulated markets, the Company may not be able to follow customers into these jurisdictions and newly regulated markets. In such an event, customers may turn to competitors that are licensed and/or certified in the applicable jurisdiction, or that become licensed and/or certified before Evolution does. Any failure to renew or obtain any such licence or certification could have a material adverse effect on the Group's business, financial position and profit.

Evolution's customers operate in a regulated industry, the laws and regulations of which are in a constant state of change. Various jurisdictions have implemented changes to their markets by introducing regulatory frameworks and licensing requirements. In addition to complying with local laws governing general business operations, the Company's customers may be required to adapt to new licensing regimes and conditions, such as the requirement to establish real-time

data interfaces with the local regulator or pay retrospective taxes as a condition for the granting of a licence to operate in a particular jurisdiction. If the Company's customers refrain from entering newly regulated markets, or decide to exit markets in which they currently operate, due to changes in the local regulatory or licensing framework thereof, the Company's growth strategy and customer base could be adversely impacted.

Disruptions to operations and information security breaches

Evolution's ability to provide its software to gaming operators depends upon the integrity, reliability and operational performance of its systems. The functioning of the IT systems within the Group's operations, or that of its providers or partners, could be disrupted for reasons beyond its control. Furthermore, there may be technological challenges in rolling out new products and services.

Any such disruption or event may lead to customer claims against the Group or otherwise negatively impact the Group's ability to sell products and services to its customers due to reduced confidence. Any interruption in the systems could have a negative effect on the quality of products and services offered by Evolution and, as a result, on demand from customers and their end users. The Group's success depends, in part, on providing secure products and services to customers for use by their end users. Attempts to penetrate security measures may come from various combinations of customers, end users, employees and others. The Group's IT systems are ISO-27001:2013 certified and the ability to monitor and ensure the quality and integrity of Evolution's products and services is continuously reviewed and evaluated.

External anomalies

One or more markets may be affected by events that may result in rapid changes in the business environment. Examples of this kind of event 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. The spread of the Coronavirus is affecting societies and companies all over the world. Evolution employs over 19,200 persons and most of our games require staff on site in the studio to operate the games. Risks for Evolution include shortage of staff due to increased sick-leave or government restrictions on travelling to and from the workplace. Due to the digital nature of our products, restrictions on physical movements in society do not affect how operators and players can access our products.

End users

Although Evolution does not provide its services directly to end users, people who play live casino games with an operator via the Company's platform could sue the Company in its capacity as a developer and facilitator of games. While such claims against Evolution are likely to be dismissed, they could give rise to expenses and reduce confidence in the Group or impact its customers.

Dependence on key personnel and skilled employees

The majority of Evolution's employees operate, organise and oversee operations at the gaming tables. Approximately 87 percent of the Group's employees work on tables as hosts and dealers. These employees possess language, dealer and other trade skills that are essential in the day-to-day operations. Evolution aims to be an attractive employer and invests significantly in the training and development of its staff. In the ordinary course of operations, the Company experiences employee turnover with respect to employees working on tables, and such turnover can at times be significant. The loss of a significant number of its employees or any of its key employees, or any increased expenses that the Group may incur in order to retain any such employees or hire and train new employees, could have a material adverse effect on the Group's business, financial position and profit.

In addition, Evolution's business is dependent on a number of key individuals, senior executives and persons with specialist skills. These key individuals have established good relationships with market participants and have a thorough understanding of the complex environment in which the Group operates. Accordingly, these key individuals are central to the successful development of Evolution's business.

If any of these individuals terminate their relationships with the Group, or materially change or reduce their roles within the Group, Evolution may not be able to replace them or their services on a timely basis with other professionals capable of making comparable contributions to operations.

Dependence on major customers

In 2023, the top five customers (in terms of revenue generated) contributed 41 percent (30) of Evolution's revenue.

The Group's revenue stream from these sources may be adversely impacted by any deterioration or decline in the business of these five customers, or if one or more of these customers opted to use a competitor of the Company for its live casino solutions. The reduction in revenue generated from, or loss of, one or more of these five customers could have a material adverse effect on the Group's business, financial position and profit.

Counterparty risk

Evolution is subject to counterparty risks, primarily the risk of payment default by operators. Although the Group conducts credit checks for new customers and has historically experienced low levels of payment default by its customers, the rate of customer default may rise or increase in the future. In particular, such risk may increase if Evolution were to expand into new markets where customers are less financially stable. Any payment defaults by operators could have a material adverse effect on the Group's business, financial position and profit.

Competition

Evolution operates in a competitive industry. Competition is expected to continue to intensify as new live casino providers enter the market and existing providers improve and expand their product and service offerings. If Evolution fails to compete effectively, it may result in a loss of customers and an inability to attract new customers, which could have a material adverse effect on the Group's business, financial position and profit. The Company's objective is to strengthen its leading market position and retain existing and attract new customers by developing its successful live casino platform further while focusing on a number of areas considered to be of strategic importance for continued growth.

Intellectual property rights

Evolution's ability to compete effectively depends, amongst other things, on its ability to protect, register and enforce its intellectual property rights. The Group also faces the risk that the use and exploitation of its intellectual property rights, including, in particular, rights relating to its software, may infringe the intellectual property rights of a third party. The expenses incurred in bringing or defending possible infringement actions may be substantial, regardless of the merits of the claim, and an unsuccessful outcome for the Company may result in royalties or damages being payable and/or the Company being required to cease using any infringing intellectual property or embodiments of any such intellectual property. The Group is also dependent on know-how and trade secrets, and it strives to protect such information by, for example, maintaining confidentiality agreements with employees, consultants and partners.

However, it is not possible to ensure total protection against unauthorised distribution of information and competitors, and others may gain access to such information, which may lead to the value of such information diminishing or competitors gaining an advantage, which in turn could have a material adverse effect on the Group's business, financial position and profit.

Shares and ownership

A detailed description of Evolution's shares and ownership can be found on pages 25-26.

The Company has, during the period 27 November 2023 to 29 December 2023, acquired a total of 1,126,899 own shares within the framework of the repurchase programme introduced by the Board of Directors to improve the capital structure of Evolution by reducing the capital, and thereby creating added shareholder value. The shares were bought for an average price of SEK 1,152.90. The nominal value amounted to EUR 0.003 corresponding to 0.52 percent of the share capital. As of 31 December 2023, Evolution's holding of own shares amounted to 2,833,431, average price SEK 1,136.61, each with a nominal value of 0.003, corresponding to 1.31 percent of the share capital.

Risk management

Evolution is exposed to the risk of money laundering and fraudulent activities by its customers, end users and third parties, as well as the potential collusion by operators and end users. The Group has implemented internal control systems and established a primary mission control centre in Latvia that monitors transactions, volumes and patterns, but these systems may not always succeed in protecting the Group from money laundering and fraud. To the extent that the systems are not successful in protecting the Group from money laundering or fraud, or if Evolution fails to comply with applicable regulations, the Group and its directors could be subject to criminal sanctions or administrative and civil fines and could directly suffer loss, the revocation of concessions and licences, operational bans, or lose the confidence of the customer base, all of which could have a material adverse effect on the Group's business, financial position and profit. In addition, effective internal controls are necessary for Evolution to provide reliable financial information and effectively prevent fraud. While the Group applies procedures and a system of internal control whereby internal risks are assessed, and the Group's Risk Committee meets on a quarterly basis to discuss and address potential risks, it is possible that the Group will not successfully manage internal risks or identify areas requiring improvement in the internal controls.

Tax situation

Evolution primarily conducts its business through subsidiaries that are active in the geographic markets in which it operates. The business, including intra-Group transactions, is conducted in accordance with the Company's interpretation of applicable laws, tax treaties and other regulations concerning taxes and the practice of tax authorities in the relevant countries.

Evolution has obtained advice from independent tax advisors in this respect, but there is a risk that tax authorities in relevant countries may make decisions that deviate from the Group's interpretations and the advice received from independent tax advisors. In addition, the Group's interpretation of applicable laws, tax treaties, regulations and administrative practice may be incorrect and such rules may change, possibly with retroactive effect (in particular with regard to Maltese VAT legislation and the right of companies to deduct VAT). Furthermore, the Company has been advised that, to the extent that an individual ordinarily resident and domiciled in Malta acquires 5 percent or more of the Company, although the tax refunds in Malta should not be limited, certain Maltese withholding tax obligations may be imposed in respect of dividends attributable to such individuals. Regulatory or legislative changes, or decisions by tax authorities, may impair the present, future or previous tax position of Evolution, which could have a material adverse effect on the Group's business, financial position and profit.

Evolution is closely following and preparing for global, EU and local legislative changes following the OECD's reform of international taxation, which includes the minimum taxation component, known as Pillar II. These legislative changes related to Pillar II are expected to increase Evolution's effective tax rate from 1 January 2024 onwards.

Expectations regarding future development

The company's future development is mainly dependent on the development of the online casino market. Evolution's medium to long-term objective is to grow faster than the total global online casino market.

Proposed appropriation of profits

The Board of Directors proposes that the 2024 Annual General Meeting approve the transfer to shareholders EUR 559,265,879 (427,314,288), corresponding to EUR 2.65 (2.00) per share.

Following earnings are at the disposal of the Annual General Meeting

Share premium reserve	2,612,378,347
Retained earnings	-106,930,123
Profit for the year	551,511,151
Total	3,056,959,375

The Board of Directors proposes following appropriation

Dividend to shareholders	
EUR 2.65 per share x 211,043,728 shares	559,265,879
Carried forward in share premium reserve	2,612,378,347
Carried forward in retained earnings	-114,684,851
Total	3,056,959,375

Statement by the board of directors on the proposed allocation of profits

With reference to the above and to what has otherwise come to the Board of Directors' knowledge, the Board of Directors believes that a comprehensive assessment of the Parent Company and the consolidated financial position indicated that the dividend is justified taking into account the demands that scope and risks of the operations place on the scope of equity in the Parent Company and the Group and on the consolidation needs, liquidity and financial position in other regards of the Parent Company and the Group.

The Group's and the Parent Company's positions as of 31 December 2023 and the profit of the operations for the 2023 financial year are stated in the following income statements and balance sheets, cash flow statements, statements of changes in equity and notes to the financial statements.

Conflict in Ukraine

During 2022, Russia launched a military attack on Ukraine. Evolution had a game development hub in Ukraine, its activity was during 2022 significantly reduced albeit Evolution still has a legal entity in the country. Evolution continues to have no offices or customers based in Russia, and the direct financial effects of the war and sanctions were not material to the group in 2023.

Events following the balance sheet date

A complaint has been filed on 23 January 2024 in the State District Court Eastern District of Pennsylvania against Evolution AB (publ) and certain persons in management of the company on behalf of Rachel Skolnick, individually and on behalf of all others similarly situated.

Evolution has signed an agreement to acquire 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 is EUR 5 million. In addition, Evolution may pay an earn-out based on Livespins' performance in 2026. Completion of the transaction is planned for H1 2024 and is subject to certain closing conditions.

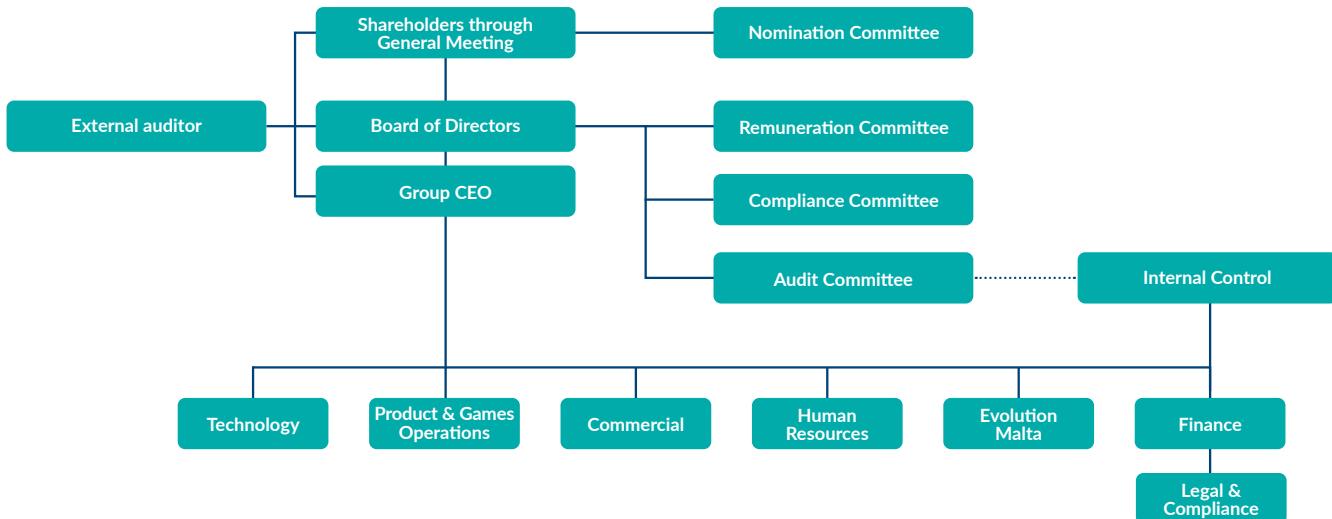
On 20 March 2024, the incentive programme 2021/2024, which was decided by the extraordinary general meeting on 28 January 2021, expired. Shares can be subscribed from 20 March and the following 30 calendar days. Before the submission of the Annual Report, 793,730 warrants were used to subscribe for 793,730 new shares in the Company. Expected dilution effect is approximately 0.4 percent.

Evolution has during the period 2 January 2024 – 28 March 2024, acquired a total of 2,521,348 of its own shares within the framework of the repurchase programme introduced by the Board of Directors. Since 27 November 2023 up to and including 28 March 2024, a total of 3,648,247 shares have been acquired within the scope of the programme. The repurchase programme, announced 23 November 2023, is thereby completed and closed.

Corporate governance report

Evolution AB (publ) ('Evolution') is a Swedish public limited company that was formed in December 2014 and that is listed on the Nasdaq Stockholm exchange. Evolution complies with all applicable statutes and regulations, including the Swedish Companies Act, EU Market Abuse Regulation, the Swedish Code of Corporate Governance (the 'Code') and other regulations and Nasdaq Stockholm's Rule Book for Issuers. The current Code is available at the Swedish Corporate Governance Board's website www.bolagsstyrning.se.

Evolution's corporate governance model



Ownership and voting rights

At the end of 2023, the share capital in Evolution amounted to EUR 648,020.30, divided between a total 215,604,777 shares with a nominal value of EUR 0.003 each. All shares belong to the same class of shares, with equal voting rights (one vote per share) and shares of the company's capital and profit. On 31 December 2023, there were 93,676 shareholders. At the same point in time, the company's largest shareholders were Capital Group with 16.5 percent of the share capital and votes, and Jens von Bahr as well as Fredrik Österberg (through Österbahr Ventures AB) with 10.4 percent of the share capital and votes.

The ten largest shareholders represented 47.6 percent of the share capital and votes. Further information about the company's share and shareholders is presented under "The Evolution share" on page 25-26 and on the company's website.

General Meetings

The Annual General Meeting is Evolution's highest decision-making body, at which shareholders exercise their influence on the company. All shareholders registered in the company's CSD register who notify the company in time of their attendance are entitled to attend the General Meeting and vote for all of their shares. The company's Annual General Meeting is held in the spring. The date and venue are announced in connection with the third interim report at the latest.

Information on how shareholders can have a matter considered at the Annual General Meeting in the following year, and when, at the latest, such a request must be received is detailed on the company's website in connection with the publication of the third interim report at the latest. Notice of the Annual General Meeting is published no later than four weeks prior to the meeting through an advertisement in Post- och Inrikes Tidningar (official Swedish gazette) and by posting the notice on the company's website. The company will place an advertisement in Swedish financial daily Dagens Industri that the notice has been issued.

The Annual General Meeting's mandatory duties include making decisions on:

- Adoption of the income statement and balance sheet
- Appropriation of profits and dividend
- Discharge from liability for the Board of Directors and the Group CEO
- Election of the Board of Directors and auditors
- Determination of fees for the Board members and the auditors
- Nomination Committee.

At the Annual General Meeting, decisions are normally made by a simple majority of the votes cast. On certain decision matters, however, the Swedish Companies Act requires a proposal to be approved by a larger proportion of the votes cast. Extraordinary General Meetings may be held when necessary.

Annual General Meeting 2023

The 2023 Annual General Meeting was held on 4 April 2023. At the meeting, 47.2 percent of all shares and votes were represented.

At the annual general meeting income statements and balance sheets for 2022 for the company and the group were adopted and it was resolved on, among other things, a dividend of EUR 2.00 per share, discharge from liability for the board members and the managing director, re-election of the board members and the chairman of the board, authorisation for acquisition and transfer of own shares, reduction of the share capital through redemption of own shares and increase of the share capital through bonus issue as well as authorisation for the board of directors to issue shares, warrants and convertible debt. The minutes of the meeting, as well as other documentation from the meeting, are available on the company's website.

Annual General Meeting 2024

The 2024 Annual General Meeting will take place on 26 April 2024. Notification of the meeting will be issued on the company's website, where requisite documents, such as information providing the basis for decisions, will also be made available prior to the meeting.

Nomination Committee

The Annual General Meeting determines how the Nomination Committee should be appointed. At the 2023 Annual General Meeting, it was decided that the Chairman of the Board of Directors is to contact the three largest shareholders in terms of votes based on Euroclear Sweden AB's list of registered shareholders on the last business day of August. The three largest shareholders will be given the opportunity to elect one representative each to form the Nomination Committee along with one of the members of the Board of Directors who is independent in relation to the Company's management. If any of these shareholders chooses to waive their right to elect a representative, their right is transferred to the shareholder who, after these shareholders, has the largest share ownership.

In preparation for the Annual General Meeting, the Nomination Committee is tasked with presenting proposals regarding:

- The chairman for the Annual General Meeting
- Number of Board members
- Board members and Chairman of the Board
- Board remuneration
- Possible remuneration for committee work
- Auditors and auditors' fees if such a decision is to be made
- Process for establishing the ensuing Nomination Committee.

The proposals of the Nomination Committee are presented in the notice of the Annual General Meeting and on the company's website. The Nomination Committee's mandate period runs until a new Nomination Committee has been appointed under the decision establishing the new Nomination Committee at the 2024 Annual General Meeting.

Member	Appointed by	Independent in relation to the company and its senior management	Share of votes as per 31 December 2023
Martin Rosell (Chairman)	Österbahr Ventures AB	Yes	10.4%
Michael Hayward	WCM Investment Management	Yes	5.1%
Ian Livingstone	Richard Livingstone	Yes	1.9%
Joel Citron	Board of Directors of Evolution AB (publ)	Yes	-

Board of Directors

Responsibilities and duties of the Board of Directors

The Board of Directors bears the overall responsibility for the organisation of the company and the management of its affairs and is to work in the interests of the company and all of its shareholders. The mandatory tasks of the Board of Directors include determining the company's overall targets and strategies, evaluating the Group CEO, ensuring that there are systems in place for monitoring and controlling the operations and the risks associated with them, ensuring that there is satisfactory control of the company's regulatory compliance and ensuring that the information issued by the company is characterised by openness and is accurate, relevant and reliable.

Instructions and policies

The Board of Directors annually reviews and adopts the following corporate governance related instructions and policies among others:

- Rules of procedure of the Board of Directors
- Instructions for the Group CEO
- Rules of procedure of the Audit Committee
- Rules of procedure of the Remuneration Committee
- Code of Conduct
- Sustainability Policy.

Composition of the Board of Directors

The Board of Directors is appointed by the shareholders at the Annual General Meeting for the period until the end of the next Annual General Meeting and, in accordance with the Articles of Association, shall consist of at least three and at most eight members with no deputies. The Annual General Meeting determines the precise number of members.

At the 2023 Annual General Meeting, Jens von Bahr (Chairman), Joel Citron, Jonas Engwall, Ian Livingstone, Fredrik Österberg, Mimi Drake and Sandra Urie were re-elected as members of the Board of Directors. Jonas Engwall resigned at his own request 24 May 2023. For further details of each Board Member, see page 63-64.

Fredrik Österberg was employed by the company as Group Chief Strategy Officer until April 2018.

Jens von Bahr was employed by the company as Executive Chairman until April 2022.

Independence

The number of Board members who are independent in relation to the company is five (83 percent) and the number of Board members who are independent in relation to major shareholders are four (67 percent). Jens von Bahr and Fredrik Österberg together own approximately 10.4 percent of the

shares and votes in the company (through Österbahr Ventures AB) and are therefore not independent in relation to major shareholders. Since Jens von Bahr has been employed by the company as Executive Chairman during the last three years he is not independent in relation to the company or its senior management.

A Board member may not take part in decisions where a conflict of interest may exist. This comprises decisions regarding agreements between a Board member and the company, agreements between the company and third parties in which the Board member has a material interest that could constitute a conflict of interest for the company, as well as agreements between the company and the legal entity that the Board member represents.

Working procedures and meetings

In addition to laws and recommendations, the work of the Board of Directors is governed by its rules of procedure. The rules of procedure have been adopted by the Board of Directors and include instructions concerning, among other things, Board meetings and their contents, the division of duties within the Board and information to the Board.

Member	Fees ¹⁾			Attendance ²⁾			
	Board fee	Committee fee	Independent ³⁾	Board meetings	Audit Committee	Remuneration Committee	Compliance Committee
Jens von Bahr	EUR 400,000	N/A	No/No	19	N/A	N/A	N/A
Joel Citron	EUR 100,000	N/A	Yes/Yes	19	4	1	3
Jonas Engwall⁴⁾	EUR 100,000	N/A	Yes/Yes	10	1	N/A	N/A
Mimi Drake	EUR 100,000	N/A	Yes/Yes	19	4	N/A	3
Sandra Urie	EUR 100,000	N/A	Yes/Yes	19	3	1	3
Ian Livingstone	EUR 100,000	N/A	Yes/Yes	19	N/A	1	N/A
Fredrik Österberg	EUR 100,000	N/A	Yes/No	19	N/A	N/A	N/A

¹⁾ Fees refer to the amounts approved by the 2023 Annual General Meeting.

²⁾ Attendance refers to meetings during the 2023 financial year.

³⁾ Independent in relation to the company and the company's management/to the largest shareholders.

⁴⁾ Jonas Engwall resigned 24 May 2023.

Chairman of the Board in 2023

The Chairman of the Board is appointed by the Annual General Meeting. Jens von Bahr was re-elected Chairman of the Board by the 2023 Annual General Meeting for the period until the end of the next Annual General Meeting.

The Chairman's role is to organise the work of the Board so that it is run efficiently and generates conditions for optimum performance of the Board's commitments.

Work of the Board of Directors in 2023

The Board of Directors held 19 meetings in 2023, of which one was a statutory meeting, three to approve interim reports and one to approve the year-end report. All meetings followed an agenda that, on relevant points, was addressed with documentation provided to members prior to the meetings. As a rule, the meetings are also attended by the company's Director M&A as secretary to the Board, the Group CEO and Group CFO.

At each meeting, the Group CEO updates the Board Members on the company's operational and financial development.

The principal points addressed by Board meetings in 2023 included matters regarding, as well as the approval of, the business plan and budget, Group policies, and annual, year-end and interim reports.

The matters addressed by the Board of Directors at the Board meetings in 2023 include:

- **February**
 - Adoption of interim report for the fourth quarter of 2022
- **March**
 - The company's auditor participated in part of the meeting without the presence of the Group CEO or any other member of company management
 - Approval of the annual accounts for 2022
 - Evaluation of the work of the Board of Directors and the Group CEO
 - Approval of the documentation for the 2023 Annual General Meeting
- **April**
 - Adoption of interim report for the first quarter of 2023
 - Statutory Board meeting
- **July**
 - Adoption of interim report for the second quarter of 2023
- **October**
 - Adoption of interim report for the third quarter of 2023
- **December**
 - Approval of 2024 budget.

Assurance of quality in financial reporting

The formal work plan adopted annually by the Board includes detailed instructions about which financial statements and what financial information is to be provided to the Board. The Group CEO is responsible for the Board receiving, in addition to the year-end report, interim reports and annual accounts, regular information about the company's financial performance including its financial position and liquidity.

The Board of Directors also examines, primarily through its Audit Committee, the most significant accounting principles applied within the Group in respect to its financial reporting, as well as significant changes in the reporting principles. All Audit Committee meetings are recorded and the minutes kept available to all Board Members and the auditors.

Evaluation of the work of the Board of Directors

Through a systematic and structured process, the Board shall annually assess its work and the division of labour between individual members. The Chairman of the Board informs the Nomination Committee of the outcome of the evaluation. The Board continuously evaluates the work of the Group CEO and Group management. This evaluation shall be discussed at least once a year at a meeting of the Board without the Group CEO or any other member of Group Management being present.

Remuneration to the Board of Directors

Remuneration to the Board of Directors is proposed by the Nomination Committee and approved by the Annual General Meeting. At the 2023 Annual General Meeting, it was decided that a fee of EUR 100,000 should be paid to each Board Member and the Chairman should receive a fee of EUR 400,000.

No specific compensation is paid to the members of the Board committees.

Diversity policy

The company's Board of Directors has adopted a diversity policy applicable to its own composition. According to this policy, the Board of Directors shall, taking into account the company's operations, stage of development and circumstances, be appropriately composed and characterised by versatility and breadth in terms of the expertise, experience and background of the members elected by the Annual General Meeting. The objective is to seek an even gender distribution on the Board of Directors. Evolution considers diversity important in ensuring that Board Members' profiles provide the necessary range of perspectives, experience and skills required to achieve effective governance. In preparing its proposal for the composition of the Board of Directors, the Nomination Committee takes into account the Code and the Board's Diversity Policy, seeking to achieve diversity on the Board of Directors.

Board committees

The Board of Directors has established a Remuneration Committee, an Audit Committee and an Compliance Committee.

Remuneration Committee

The Remuneration Committee consists of Joel Citron (chairman), Ian Livingstone and Sandra Urie, who replaced Jonas Engwall after his resignation. The Remuneration Committee's duties include preparing the following matters for decision by the Board:

- Salary, other remunerations and pension benefits for the Group CEO
- The company's remuneration policy and other terms of employment for the company's senior management
- Share option programmes and similar arrangements, as well as other rewards or forms of compensation referred to, target a wider range of Group employees.

The Remuneration Committee shall also monitor and evaluate both current and completed variable remuneration programmes for the company's senior management. In addition, the Committee shall monitor and evaluate the application of guidelines for remuneration to senior executives, as well as current remuneration structures and levels in the company. During 2023, one meeting was held.

Audit Committee

The Audit Committee consists of Joel Citron (chairman), Mimi Drake and Sandra Urie, who replaced Jonas Engwall after his resignation. The Audit Committee's tasks include:

- Preparing the Board's work with regard to quality in the financial reporting and processes for managing the business risks of the company and the Group
- Monitoring the company's financial reporting and assisting the Board in assuring the effectiveness of the company's internal control, internal audit and risk management
- Regularly meeting the company's auditors and being briefed on the statutory audit, focus and scope of the audit, as well as discussing the coordination between the external and internal audit as well as the view of the risks in the company
- Establishing guidelines for which services, beyond audit services, the company may purchase from the auditors, as well as evaluating and monitoring the independence of the company's auditors and, in connection with this, paying particular attention to whether the auditor provides additional services to the company beyond auditing
- Evaluating the audit and informing the company's Nomination Committee of the outcome of this evaluation.

The Audit Committee shall also organise a selection process to prepare recommendations of auditors to the Nomination Committee when so required by applicable rules and assisting the Nomination Committee in preparing its proposals on auditors and compensation for auditing. During 2023, four meetings were held.

Compliance Committee

During the year, the Board of Directors established a Compliance Committee in order to review and enhance compliance processes and procedures. The Committee consists of Joel Citron (chairman), Mimi Drake and Sandra Urie. The work in 2023 comprised several areas, including interacting with the internal compliance officers responsible for day-to-day oversight. Extensive reviews were conducted regarding general regulations such as AML and EU governance laws. In addition, the Committee was updated on jurisdictional compliance in markets where Evolution offers its services. During 2023, three meetings were held.

Division of labour between the Chairman of the Board and the Group CEO

The Chairman of the Board is working mainly in the following areas; preparing long-term strategic issues beyond the Group CEO's strategic work within current business plans, ongoing evaluation of strategic partnerships and acquisitions, as well as assisting Group Management in strategic projects and in connection with the recruitment of key competencies. The Group CEO's instructions clarify that the duties of the Chairman of the Board should not interfere with the duties of the Group CEO and that the Chairman of the Board may not perform any ongoing management tasks.

Auditors

Auditors are elected by the Annual General Meeting. The auditor shall examine the company's annual report and accounts as well as the management by the Board of Directors and the Group CEO. The auditor shall also examine the group accounts, as well as the relationship *inter se* of group companies. In accordance with the Articles of Association, Evolution shall have one or two auditors. The auditors shall be appointed for the time period until the end of an annual general meeting held not later than during the fourth financial year after the election. The Annual General Meeting held in 2023 re-elected Öhrlings PricewaterhouseCoopers AB as the company's auditors up until the close of the Annual General Meeting held in 2024. The auditor in charge is Johan Engstam, who was born in 1966 and is an authorised public accountant.

Group CEO and Group Management

Evolution's Group Management has extensive experience and works to achieve long-term profitable growth in line with the company's strategy and vision. The Group CEO is appointed by, and receives instructions from, the Board

of Directors. In turn, the Group CEO appoints the other members of Group Management and is responsible for the ongoing administration of the Group in accordance with the Board's guidelines and instructions. The Group CEO reports to the Board of Directors, ensuring that it receives the information needed to make informed decisions. The Group CEO shall also ensure that matters to be addressed by the Board in accordance with applicable legislation, the Articles of Association and internal policies and guidelines are presented to the Board of Directors. The Group CEO attends, and reports to, all Board meetings, except on those occasions when the Group CEO is evaluated by the Board as well as when the Board meets the company's auditor without management attending. Group Management embodies expertise covering all key areas of the company's business and strategy. Evolution Malta Limited has a management team that addresses matters related to the operational activities. Group Management is supported by the Extended Group Management (EGM), which comprises a total of 16 senior managers from key areas within the Group.

Working instructions for the Group CEO

The Board of Directors has developed and adopted instructions covering the Group CEO's responsibilities and tasks, as well as entitlement to represent the company. Within the framework of applicable laws, the Articles of Association, the Board of Director's formal work plan, the Group CEO's instructions and other instructions issued by the Board, the Group CEO is responsible for overseeing the company's day-to-day operations. The Group CEO is also responsible for ensuring that the Board receives information regularly to be able to monitor the company's financial position, financial planning and development. Prior to each regular Board meeting, the Group CEO shall submit information as requested by the Board in assessing the company's financial situation, including reports, metrics, proposed business plan and budget, forecasts, interim reports, financial statements and annual reports.

Remuneration to senior executives

The 2023 Annual General Meeting established guidelines for senior executives for the period up until the Annual General Meeting held in 2024. Senior executives refer to the Group CEO and the Group management of Evolution. The guidelines should also apply to remuneration for members of the Board who are employed by the company, and what is stipulated in the guidelines regarding senior executives should when applicable also apply to members of the Board who are employed by the company. For information on the composition of the Group Management, see pages 65-66.

The objective of the guidelines is to ensure that the company can attract, motivate and retain senior executives with the expertise and experience required to achieve company's operating goals.

The remuneration shall be based on conditions that are market competitive and at the same time aligned with shareholders' interests. Remuneration to the senior executives shall consist of a fixed and, for some senior executives, variable salary. These components shall create a well-balanced remuneration reflecting individual competence, responsibility and performance, both short-term and long-term, as well as the company's overall performance.

Fixed salary

The senior executives' fixed salary shall be competitive and based on each senior executive's individual competences, responsibilities and performance. A review of the fixed salary shall be carried out on an annual basis for each calendar year.

Variable compensation

The senior executives (however not board members employed by the company) may receive variable remuneration in addition to a fixed salary.

Annual variable remuneration is to be cash based and be based on predetermined and measurable performance criteria for the relevant senior executive aimed at promoting the company's long term value creation. The performance criteria are to be established and documented annually.

Any variable compensation may not amount to more than 50 percent of the annual total remuneration or 100 percent of the annual base salary.

Incentive programmes

The shareholders' meeting shall be able to decide on long-term share and share-price related incentive programmes directed to, among others, the senior executives (however not to board members who are employed by the company). Such incentive programmes are to be designed with the aim of achieving increased alignment between the interests of the participating individual and the company's shareholders and so that a personal holding of shares in the company is promoted.

Other benefits

The company provides other benefits to senior executives in accordance with local practice. Such other benefits can include, for example company health care. Occasionally, housing allowance, paid schooling for underage children or travel allowances could be granted.

Notice of termination and severance pay

The maximum notice period for senior executives during which salary is paid is 12 months. Severance compensation may be paid in an amount not greater than 12 months' fixed salary.

Deviations from guidelines

The Board of Directors may deviate from the above guidelines where a special cause exists in an individual case. In the event the Board of Directors deviates from the guidelines, it shall explain the reason for the deviation at the following Annual General Meeting.

Incentive programmes

2023/2026 programme

The Extra General Meeting on 9 November 2023 resolved to issue a maximum of 2,500,000 warrants. Each warrant entitles the holder to subscribe for one new share in the company for SEK 1,296.60 during the period from and including 16 November 2026 (however not earlier than the day after the publication of the company's interim report for the period January–September 2026) up to and including the date that falls 14 calendar days thereafter.

In total 1,995,389 warrants were subscribed. If all 1,995,389 warrants are exercised for subscription of 1,995,389 shares, the dilution effect will be approximately 0.9 percent.

2021/2024 programme

The Extra General Meeting on 28 January 2021 resolved to issue a maximum of 5,000,000 warrants. Each warrant entitles the holder to subscribe for one new share in the company for SEK 1,113.80 during the period from and including 20 March 2024 (however not earlier than the day after the publication of the company's interim report for the period January–December 2023) up to and including the date that falls 30 calendar days thereafter.

In total 3,948,875 warrants were subscribed, of which 474,156 were bought back during 2021–2023. If all 3,474,719 warrants are exercised for subscription of 3,474,719 shares, the dilution effect will be approximately 1.6 percent.

2023/2026 and 2021/2024 programme

The recipients of the warrants are key employees throughout the Group. Employees in Sweden and Georgia have paid market value for the warrants. Employees outside Sweden have paid market value for one warrant, while receiving one without payment for each that had been paid for. For warrants acquired at market value, the price (warrant premium) has been determined using Black & Scholes valuation model, with the valuation being carried out by Svalner Skatt.

	2023/2026	2021/2024
Exercise price, SEK	1,296.60	1,113.80
Grant date	16/11/2023	20/03/2021
Expiry date	30/11/2026	20/04/2024
Number of recipients	228	203
Total number of warrants subscribed	1,995,389	3,474,719

Risk management and internal control

Evolution's control system has been developed to ensure accurate, reliable financial reporting and accounting in accordance with applicable laws and rules, accounting standards and other requirements for listed companies. The foundation of the control environment is defined through policies, routines and manuals, and is upheld with the help of the company's organisational structure with clearly defined responsibilities.

Control environment

The Board of Directors bears the ultimate responsibility for an effective system of internal control and risk management being in place. Critical accounting issues and issues related to financial reporting are addressed by the Board and in the Board's Audit Committee. To ensure a well-functioning control environment, the Board of Directors has established a number of policies relevant to corporate governance and financial reporting. These include the Board's rules of procedure, Group CEO instructions and reporting instructions for financial reporting. The company also has a financial handbook, which includes principles, guidelines and process descriptions for accounting and financial reporting. At the statutory Board meeting following the Annual General Meeting, a formal work plan is established for the Board and instructions for the work of the Group CEO are determined, in which responsibilities and powers are further defined.

The Board has appointed an Audit Committee, tasked with preparing the Board's work with regard to quality in the financial reporting and processes for managing the business risks of the company and the group, as well as monitoring the company's financial reporting and assisting the Board in assuring the effectiveness of the company's internal control, internal audit and risk management.

The CFO regularly reports to the Audit Committee and works together with the company's finance function to develop and improve the internal control with regards to the Group's financial reporting, both proactively with a focus on the internal control environment, and by reviewing the effectiveness of internal control.

Responsibility for the daily work of maintaining the control environment rests primarily with the Group CEO. The Group CEO reports regularly to the company's Board of Directors.

The Board of Directors in its entirety or any one Board Member together with the Chairman of the Board may sign on behalf of the company. In addition, the company's CFO and Director M&A together are entitled to sign on behalf of the company.

In accordance with the Swedish Companies Act, the Group CEO may sign alone on behalf of the company regarding duties which the Group CEO is obliged to carry out pursuant to section 29 of the Swedish Companies Act.

Risk assessment

The Group has established a Risk Management Committee, in which representatives of various relevant parts of the organisation meet quarterly to assess, discuss and mitigate potential risks. The Group has also adopted procedures and established internal risk management control systems, including an annual risk analysis for all business areas within the Group, where the purpose is to identify, evaluate and manage risks threatening the Group's objectives and strategies. The risk analysis is divided into strategic, operational, compliance, legal and financial risks.

To ensure a relevant level of control, each business area has established a number of control activities counteracting the most significant risks identified in the risk analysis. A self-assessment of these control activities is performed annually and reported to the Risk Management Committee, which compiles and evaluates the results and reports to the Audit Committee and the Board of Directors.

Risk assessment directly related to the provision of gaming services

As certain jurisdictions have laws that explicitly consider the offering of, and participation in, gaming services conditional on particular licences or a criminal offence, the Group continuously undertakes precautionary measures, including Know Your Customer (KYC) checks of licensees and requiring, in its agreements, that operators comply with the laws and regulations applicable to them.

These provisions in the agreements constitute a form of legal protection and prevent certain end users from accessing the Group's products and services. The Group's customers (i.e. the casino operators) are responsible for the end users' access to their online gaming platforms at the local level and in accordance with local laws and regulations.

Monitoring

Monitoring of control activities is conducted continuously to ensure that risks have been satisfactorily observed and addressed. This includes tracking of results in relation to budget and plans, analyses and key figures. The Board of Directors continuously evaluates the information provided by the company's management team. The process includes both reconciliation of monthly financial reports against budgets and goals and reporting at Board meetings. Through the Audit Committee, the Board of Directors reviews and assesses the internal control organisation and function. The company's policies and instructions are evaluated and updated annually at a minimum or when needed.

The company's CFO presents the results of internal control work as a standing agenda item at Audit Committee meetings.

The results of the Audit Committee's work in the form of observations, recommendations and proposals for decisions and measures are continuously reported to the Board of Directors.

Information and communication

The company has information and communication channels to promote the accuracy of the financial reporting and to facilitate reporting and feedback from the operations to the Board of Directors and the Group Management, for example by making governing documents such as internal policies, guidelines and instructions regarding the financial reporting available and known to the employees concerned.

The company is subject to the provisions of the EU Market Abuse Regulation No. 596/2014 (MAR). MAR sets out requirements on how inside information is to be published to the market, under which conditions the disclosure may be delayed and in what way the company is obliged to keep a list of persons working for the company and who has access to inside information. The company has assigned a digital and semi-automated tool to ensure that its handling of inside information meets the requirements of MAR and its insider policy. Only authorised persons in the company have access to the tool.

The company's financial reporting complies with Swedish laws and regulations and the local rules in each jurisdiction where operations are conducted. The company's information to shareholders and other stakeholders is provided through the interim reports, press releases and annual report according to the Group's Communication Policy.

Internal audit

The company has no separate review function (internal audit). The Board does not consider there to be special circumstances in operations or other conditions that would warrant such a function.

Our Board of Directors

JENS VON BAHR

Chairman of the Board

Born 1971. Elected 2015, Chairman since 1 November 2016.

Other assignments:

Jens is a Board member in JOvB Investment AB, Österbahr Ventures AB, Barnebys Group AB and Sitoo AB.

Experience:

Jens is co-founder of Evolution. Before founding the company, Jens was Managing Director of Oriflame Sri Lanka. He has also started several entrepreneurial companies. Jens holds a BSc in Business from Stockholm University and a MBA from the University of Western Sydney.

Shareholding:

22,400,140 shares through Österbahr Ventures AB (jointly owned with Fredrik Österberg) and 15 310 shares through JOvB Investment AB.

Not independent in relation to the company, the company's management or major shareholders of the company.

JOEL CITRON

Board member

Born 1962. Elected 2015.

Other assignments:

Joel is CEO of Tenth Avenue Holdings LLC and Chairman of Tenth Avenue Commerce LLC.

Experience:

Joel has vast experience from various management positions in investment and operating companies in Europe and the USA. He holds a BSc Business Administration and MA. Economics from the University of Southern California.

Shareholding:

1,093,464 shares through Tenth Avenue Holdings and 240,000 shares privately.

Independent in relation to the company, the company's management and major shareholders of the company.

MIMI DRAKE

Board member

Born 1968. Elected 2021.

Other assignments:

Mimi is a Partner and Market Leader at Cerity Partners. Among other assignments, she is Founding Board Member and Chair Emerita of the Board of 100 Women in Finance and serves on the Boards of Hudson Global, Verus and Thomas Jefferson University and Jefferson Health System.

Experience:

Mimi has worked in the financial services industry since 1995. She received her M.B.A. in Finance from The Wharton School at the University of Pennsylvania and her B.A. in Economics from Trinity College (cum laude). She also attended the Radcliffe Publishing Program at Harvard University.

Shareholding:

305 shares.

Independent in relation to the company, the company's management and major shareholders of the company.

IAN LIVINGSTONE

Board member

Born 1962. Elected 2015.

Other assignments:

Ian is Executive Chairman of London+Regional Properties Limited. He also holds various Board assignments within the London+Regional Properties group.

Experience:

Ian has vast experience from various senior positions in property development and retail.

Shareholding:

500,000 shares.

Independent in relation to the company, the company's management and major shareholders of the company.

SANDRA URIE**Board member**

Born 1952. Elected 2021.

Other assignments:

Sandra is retired Chairman Emeritus and Managing Director of Cambridge Associates, LLC. Among other assignments, she is a Board Member of Social Finance US and Crane Institute for Sustainability. In addition, she serves on the Advisory Board of Accounting for Sustainability (A4S) and on the President's Council of Ceres.

Experience:

In addition to her current assignment, Sandra was CEO and Chairman of Cambridge Associates, LLC for sixteen years. She also served as Vice Chair of The Investors' Committee of the U.S. President's Working Group on Financial Markets and of 100 Women in Finance, and served on the Board of Stanford Management Company and on the Advisory Board of other organisations. She graduated from Stanford University and received a Master's in Public and Private Management from the Yale School of Management. She is a Chartered Financial Analyst (CFA).

Shareholding:

300 shares.

Independent in relation to the company, the company's management and major shareholders of the company.

FREDRIK ÖSTERBERG**Board member**

Born 1970. Elected 2015.

Other assignments:

Fredrik is a Board member in FROS Ventures AB, Österbahr Ventures AB and SORF AB.

Experience:

Fredrik is cofounder of Evolution. Before founding the company, Fredrik was CEO of Sportal Nordic.

He holds a BSc in Business Administration and Economics from Stockholm University.

Shareholding:

22,400,140 shares through Österbahr Ventures AB (jointly owned with Jens von Bahr) and 50,000 shares privately.

Independent in relation to the company and the company's management, not independent in relation to major shareholders of the company.

The company's auditors**ÖHRLINGS PRICEWATERHOUSECOOPERS AB**

Johan Engstam

Authorised Public Accountant

Our group management team



MARTIN CARLESUND
Group CEO

Born 1970. Employed by the group since 2015.

Shareholding: 684,710 shares.

Warrants:

Rights through warrant programme 2021/2024: 650,000

Rights through warrant programme 2023/2026: 175,000

Other assignments:

Martin is Chairman of Carlesund Investments & Consulting AB and Sandstjärna Holding.

Experience:

Martin has been CEO of Highlight Media Group, Eniro Sverige, Eniro Finland and 3L System AB. He holds a MSc in finance together with courses in computer science, law and mathematics at University of Borås, Gothenburg School of Economics and Linköping University.



TODD HAUSHALTER
Chief Product Officer and Games Operations

Born 1978. Employed by the group since 2015.

Shareholding: 96,300 shares

Warrants:

Rights through warrant programme 2021/2024: 130,000

Rights through warrant programme 2023/2026: 60,000

Experience:

Vice President of Gaming Operations at MGM Resorts International, Global Director of Product Development at Shuffle Master and Vice President of Business Strategy Shuffle Master. He holds a MBA and an MS in Hospitality Administration from University of Nevada, Las Vegas.



SEBASTIAN JOHANNISSON
Chief Strategy Officer

Born 1978. Employed by the group since 2008.

Shareholding: 700,000 shares

Warrants:

Rights through warrant programme 2021/2024: 130,000

Rights through warrant programme 2023/2026: 60,000

Experience:

Sebastian has previous been Chief Commercial Officer as well as Head of Account Management at Evolution. He holds a Master of Business Administration from Uppsala University.



JACOB KAPLAN
Chief Financial Officer

Born 1973. Employed by the group since 2016.

Shareholding: 60,000 shares

Warrants:

Rights through warrant programme 2021/2024: 130,000

Rights through warrant programme 2023/2026: 60,000

Experience:

Jacob has been CFO of Nordnet AB (publ) and Vice President, Finance Director at Nasdaq OMX Transaction Services Nordics. He holds a MSc in Industrial Engineering and Business Management from the Royal Institute of Technology in Stockholm and a BSc in Business Administration from Stockholm University.



LOUISE WIWEN-NILSSON
Chief Human Resources Officer

Born 1972. Employed by the group since 2016.

Shareholding: 22,780 shares

Warrants:

Rights through warrant programme 2021/2024: 130,000

Rights through warrant programme 2023/2026: 60,000

Experience:

Louise has held several leading HR positions within Viacom/MTV, Nike and Walt Disney. She has a degree in Social and Behavioural studies from Lund University.





FINANCIAL REPORTS

The Board of Directors and the Group CEO of Evolution AB (publ) 556994-5792 ('Evolution') hereby present the annual accounts for the Group and the Parent Company for the 2023 financial year.

CONSOLIDATED INCOME STATEMENT

**CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME**

**CONSOLIDATED STATEMENT OF
FINANCIAL POSITION**

**CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY**

**CONSOLIDATED STATEMENT OF CASH
FLOWS**

INCOME STATEMENT – PARENT COMPANY

BALANCE SHEET – PARENT COMPANY

**STATEMENT OF CHANGES IN EQUITY –
PARENT COMPANY**

**CASH FLOW STATEMENT – PARENT
COMPANY**

NOTES

Consolidated income statement

	NOTE	2023	2022
Revenues - Live		1,523,274	1,188,308
Revenues - RNG		275,327	268,429
Total operating revenues	2	1,798,601	1,456,737
Personnel expenses	3	-355,300	-289,598
Depreciation, amortisation and impairment	8, 9	-124,683	-100,378
Other operating expenses	17, 18	-175,888	-158,699
Total operating expenses		-655,871	-548,675
Operating profit		1,142,730	908,062
Financial income	4	15,589	9,069
Financial expenses	5	-9,712	-10,538
Profit before tax		1,148,607	906,593
Tax on profit for the year	6	-77,749	-63,232
Profit for the year		1,070,858	843,361
<i>Of which attributable to:</i>			
Owners of the Parent Company		1,070,858	843,361
Average number of shares, basic	7	213,566,498	213,267,500
Earnings per share basic, EUR		5.01	3.95
Average number of shares, diluted		217,069,145	217,505,567
Earnings per share diluted, EUR		4.93	3.88

Consolidated statement of comprehensive income

	2023	2022
Profit for the year	1,070,858	843,361
<i>Other comprehensive income</i>		
<i>Items that may subsequently be reclassified to profit or loss for the year</i>		
Exchange differences arising from the translation of foreign operations	8,326	-196,992
Other comprehensive income for the year	8,326	-196,992
Comprehensive income for the year	1,079,184	646,369

Consolidated statement of financial position

	NOTE	31 December 2023	31 December 2022
Assets			
Goodwill	8	2,324,005	2,315,332
Other intangible assets	8	714,509	742,928
Land and buildings	9	10,968	11,187
Right of use assets	9, 17	70,382	67,900
Other property, plant and equipment	9	121,106	110,996
Other non-current receivables		6,779	8,868
Deferred tax assets	6	3,471	2,785
Total non-current assets		3,251,220	3,259,996
Accounts receivable	11	348,420	277,012
Current tax receivables		314,239	241,330
Other current receivables	12	27,827	21,016
Prepaid expenses and accrued income	13	46,022	37,463
Cash and cash equivalents	14	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 year		1,800,912	1,270,949
Total equity		4,006,215	3,460,281
Deferred tax liabilities	6	61,393	66,113
Non-current lease liabilities	17	65,534	65,158
Other long-term 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	15	62,029	43,321
Current lease liabilities	17	13,923	14,395
Accrued expenses and prepaid income	16	53,351	45,026
Total current liabilities		561,323	425,893
TOTAL EQUITY AND LIABILITIES		4,973,484	4,369,371

Consolidated statement of changes in equity

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

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

Consolidated statement of cash flows

NOTE	2023	2022
Operating profit	1,142,730	908,062
<i>Adjustment for items not included in cash flow:</i>		
Depreciation and amortisation	124,683	100,378
Provisions	—	-1,401
Other	1,135	-3,407
Interest received	14,308	357
Interest paid	-39	-1,299
Tax paid	-49,772	-47,100
Cash flow from operating activities before changes in working capital	1,233,045	955,590
Increase/decrease accounts receivable	-72,370	-72,075
Increase/decrease accounts payable	3,044	1,198
Increase/decrease other working capital	4,728	-7,248
Cash flow from operating activities	1,1687,447	877,465
Acquisition of intangible assets	-51,973	-36,278
Acquisition of property, plant and equipment	-42,219	-60,661
Acquisition of subsidiaries	23	-47,536
Increase/decrease other financial assets	2,370	-1,521
Cash flow from investing activities	-139,358	-371,596
Repayment of lease liabilities	-18,907	-14,145
Repurchase of own shares	-115,758	-75,591
Warrants	-48,187	-1,714
Dividend paid	-427,398	-302,751
New share issue	35,749	—
Cash flow from financing activities	-574,501	-394,201
Cash flow for the year	454,588	111,668
Cash and cash equivalents at beginning of the year	532,554	421,432
Exchange rate differences	-1,386	-546
Cash and cash equivalents at year-end	14	985,756
		532,554

The item Other under Adjustment for items not included in cash flow mainly refers to currency exchange differences, disposals of fixed assets and warrant programmes' personnel expenses reported in equity.

Income statement – Parent Company

	NOTE	2023	2022
Net sales	2	19,289	19,641
Other external expenses	18	-4,790	-5,210
Personnel expenses	3	-14,303	-14,066
Depreciation, amortisation and impairments	8, 9	-322	-262
Operating profit		-126	103
Interest income and similar income items	4	552,145	592,922
Profit before tax		552,019	593,025
Tax on profit for the year	6	-509	-710
Profit for the year		551,510	592,315

Profit for the year coincides with comprehensive income for the year.

Balance sheet – Parent Company

	NOTE	31 December 2023	31 December 2022
Assets			
Non-current assets			
Intangible assets	8	185	432
Property, plant and equipment	9	342	70
Participating interest in Group companies	10	2,630,780	2,630,780
Deferred tax assets		1	–
Deposits		14	14
Total non-current assets		2,631,322	2,631,296
Current assets			
Receivables from Group companies		375,378	487,011
Current tax receivables		885	880
Other current receivables	12	4,611	506
Prepaid expenses and accrued income	13	9,843	6,517
Cash and cash equivalents	14	53,051	6,250
Total current assets		443,768	501,164
TOTAL ASSETS		3,075,090	3,132,460
Equity and liabilities			
Restricted equity			
Share capital		648	647
Unrestricted equity			
Share premium reserve		2,612,378	2,604,734
Retained earnings		-106,929	-156,088
Profit for the year		551,510	592,315
Total equity		3,057,607	3,041,608
Current liabilities			
Accounts payable		108	197
Current tax liabilities		607	763
Liabilities from Group companies		589	87,841
Other current liabilities	15	14,586	318
Accrued expenses and prepaid income	16	1,593	1,733
Total current liabilities		17,483	90,852
TOTAL EQUITY AND LIABILITIES		3,075,090	3,132,460

Statement of changes in equity – Parent Company

2022	Restricted equity		Unrestricted equity		Total equity
	Share capital	Share premium reserve	Retained earnings		
Opening equity 01/01/2022	647	2,606,393	222,254		2,829,294
Profit for the year	–	–	592,315		592,315
Transactions with shareholders					
Dividend	–	–	-302,751		-302,751
Warrants	–	-1,659	–		-1,659
Repurchase of own shares	–	–	-75,591		-75,591
Closing equity 31/12/2022	647	2,604,734	436,227		3,041,608

2023	Restricted equity		Unrestricted equity		Total equity
	Share capital	Share premium reserve	Retained earnings		
Opening equity 01/01/2023	647	2,604,734	436,227		3,041,608
Profit for the year	–	–	551,510		551,510
Transactions with shareholders					
Dividend	–	–	-427,398		-427,398
Warrants	–	-48,187	–		-48,187
Repurchase of own shares	–	–	-115,758		-115,758
Non-cash issue	–	20,083	–		20,083
New share issue	1	35,749	–		35,749
Closing equity 31/12/2023	648	2,612,378	444,581		3,057,607

2022

Outstanding shares at year-end 213,205,250

2023

Outstanding shares at year-end 212,771,346

The share quota value is 0.003 EUR

Cash flow statement – Parent Company

NOTE	2023	2022
Operating profit	-126	103
<i>Adjustment for items not included in cash flow:</i>		
Depreciation and amortisation	322	262
Other	2,077	2,695
Interest received	647	227
Tax paid	-671	-259
Cash flow from operating activities before changes in working capital	2,249	3,028
Increase/decrease accounts payable	-89	-50
Increase/decrease intercompany receivables and liabilities, net	45,043	-224,980
Increase/decrease other working capital	5,539	2,153
Cash flow from operating activities	52,742	-219,849
Acquisition of intangible assets	-2	–
Acquisition of property, plant and equipment	-345	-60
Acquisition of subsidiary	23	–
Cash flow from investing activities	-347	-63,852
Repurchase of own shares	-115,758	-75,591
Warrants	-48,187	-1,659
Dividend paid	-427,398	-302,751
Dividend received	550,000	590,000
New share issue	35,749	–
Cash flow from financing activities	-5,594	209,999
Cash flow for the year	46,801	-73,702
Cash and cash equivalents at beginning of the year	6,250	79,952
Cash and cash equivalents at year-end	14	53,051
		6,250

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Note 1. Accounting and valuation principles

GENERAL INFORMATION

Evolution AB (publ) (the ‘Parent Company’, 556994-5792) and its Subsidiaries (collectively, the ‘Group’ or the ‘Company’) is a leading B2B provider of live and slots casino systems.

The Company develops, produces, markets and licenses fully integrated online casino systems to gaming operators. At the end of 2023, the Group had around 800 customers, including a majority of the foremost online casino operators in Europe, as well as a number of land-based casinos.

The operators market the products to the end users.

Accordingly, Evolution is a pure operating and development company; it does not conduct any gaming operations of its own.

Evolution AB (publ) is a Swedish public limited company with registered office in Stockholm, Sweden and its head office at Hamngatan 11 in Stockholm. Evolution AB (publ) has been listed on Nasdaq Stockholm Large Cap since June 2017 using the ticker EVO.

On 5 April 2024, this Annual Report was approved for publication by the Board of Directors. The income statements and balance sheets are to be adopted by the Annual General Meeting on 26 April 2024.

1.1 BASIS OF PREPARATION

These consolidated financial statements were prepared in accordance with the Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Groups, and the International Financial Reporting Standards (IFRS) and interpretations of the IFRS Interpretations Committee (IFRIC) as adopted by the EU. The consolidated accounts have been prepared in accordance with the cost method. The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires the Group management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed under Accounting principles and in Note 22. The Parent Company’s functional currency, as well as the Parent Company’s and the Group’s presentation currency, is the Euro. Accordingly, the statements were prepared in Euro (EUR). Amounts are expressed in thousands of Euro (kEUR) unless otherwise indicated. Amounts or figures in parentheses are comparisons for the year-earlier

period. Assets and liabilities are recognised at historical cost, except certain financial instruments measured at fair value. The most important principles on which the consolidated financial statements have been based are described below. These accounting principles have been applied consistently for all years presented, unless otherwise stated.

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. This gives rise to certain differences due to requirements in the Swedish Annual Accounts Act or the tax situation. The accounting principles of the Parent Company are described in the section 1.24 Parent Company’s accounting principles.

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 II income taxes. There are no other new or amended accounting standards applied in 2023 that had any material impact on Evolution’s financial statements. New or amended accounting standards applied after 2023 are not expected to have any material impact on Evolution’s financial statements.

1.2 CONSOLIDATION

Subsidiaries are all companies over which the Group has a controlling interest. The Group has a controlling interest over a company when it is exposed to, or is entitled to, variable returns from its holding in that company and is able to influence the return through its interest in the Company. Subsidiaries are fully consolidated from the date on which controlling interest is transferred to the Group. They cease to be consolidated from the date on which that controlling interest ceases. The acquisition method of accounting is used to account for the acquisition of operations by the Group. The cost of acquiring a subsidiary is measured as the fair value of the assets taken over, liabilities incurred by the previous owner of the acquired company, plus the shares issued by the Group. In the cost of an acquisition, fair value of all liabilities is also included as a result of an agreement of a conditioned purchase price. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

For each acquisition, i.e. acquisition by acquisition, the Group determines whether the minority interest in the acquired company is to be recognised at fair value or at the proportional share of the holding in the reported value of the acquired company's identified net assets.

Expenses attributable to acquisitions are recognised as they are incurred. Goodwill is initially valued as the amount by which the total purchase consideration, and the fair value of any non-controlling interests on the acquisition date, exceeds the fair value of identifiable acquired net assets. If the purchase consideration is lower than the fair value of the acquired company's net assets, the difference is reported directly in the income statement.

Intra-Group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated, unless the loss corresponds to an impairment loss. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

If the Group ceases to have control, any remaining holdings are measured at fair value at the time when control ceases, which is recognised as a change in value in the income statement. Fair value is used initially and forms the basis for the continued accounting of the remaining holding as an associated company, a joint venture and/or a financial asset. In addition, amounts are recognised for companies that were previously included in other comprehensive income, if the Group divested the related assets or liabilities directly. This may mean that amounts that were previously recognised in total comprehensive income have been reclassified to the income statement.

1.3 TRANSLATION OF FOREIGN CURRENCY

(a) Functional currency and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated accounts are presented in Euro.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency for each Group company, using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange differences resulting from such transactions and from the translation of exchange rates of monetary assets and liabilities denominated in foreign currencies on the balance sheet date are recognised in the income statement.

(c) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency is translated into the Group's presentation currency as follows:

- a) Assets and liabilities in all balance sheets are translated at the rate on the balance sheet date

(b) Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions)

(c) All resulting exchange differences are recognised in other comprehensive income. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. All resulting exchange differences are recognised in other comprehensive income.

1.4 INTANGIBLE ASSETS

Acquired computer software licenses are capitalised based on the expenses incurred to acquire and bring to use the specific software. Expenses associated with maintaining computer software programs are recognised as an expense as incurred.

Development expenses that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use
- The Group management intends to complete the software product and use it
- There is an ability to use or sell the software product
- It can be demonstrated how the software product will generate probable future economic benefits
- The expenditure attributable to the software product during its development can be reliably measured
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available.

Directly attributable expenses that are capitalised as part of the software product primarily includes employee expenses for software development. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development expenses previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development expenses recognised as assets are amortised over an estimated useful life of three years. The expense of developing the Core Gaming Platform is amortised over an estimated useful life of three years. Licenses and patents recognised as assets are amortised over an estimated useful life of five years. Customer relationships and game portfolio are amortised over ten years. Acquired platforms are amortised over five to ten years. Brands are not amortised.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1.6).

1.5 PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment are initially measured at cost and thereafter at cost less deductions for depreciation and impairment. The cost includes expenses that are directly related to the acquisition of the assets. Subsequent expenses are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The carrying amount of the replaced part is derecognised from the balance sheet. General repairs and maintenance expenses are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method and the expenses are allocated to their residual value over the estimated useful lives, according to the following percentages:

- Office equipment, computers and technical equipment 20–50%
- Property 2%.

Expenses for improvements to property owned by another are amortised based on the lease term or estimated useful life, whichever is shorter. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1.6).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

1.6 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less expenses to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets other than goodwill that previously suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. Intangible assets that are not yet ready for use are also tested for impairment when events or changed circumstances indicate that the recognised value may not be recoverable.

1.7 FINANCIAL ASSETS

1.7.1 Classification

Financial assets that are subject to IFRS 9 Financial Instruments: Recognition and Measurement are classified according to the following categories:

- Financial assets and liabilities measured at amortised cost
- Financial assets and liabilities measured at fair value through profit or loss
- Financial assets and liabilities measured at fair value through other comprehensive income.

Financial assets and liabilities measured at amortised cost

This category refers to non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Examples of assets in this category include trade accounts receivable, cash and cash equivalents, trade accounts payable and interest-bearing liabilities. These assets (and liabilities) are measured at amortised cost applying the effective-interest method. Rent receivables and other receivables are recognised at the amounts that are expected to be received, i.e. after deductions for doubtful receivables.

Financial assets and liabilities measured at fair value through profit or loss

Financial instruments in this category are measured on an ongoing basis at fair value with changes in value recognised through profit or loss. This category includes additional purchase considerations.

Financial assets and liabilities measured at fair value through other comprehensive income

Financial instruments in this category are measured on an ongoing basis at fair value with changes in value recognised through other comprehensive income. At present Evolution has no assets and liabilities in this category.

1.7.2 Recognition and measurement

The Group recognises financial assets in the balance sheet when it becomes a party to the instruments' contractual terms and conditions. Loan receivables and accounts receivable are initially recognised at fair value plus transaction expenses.

Loans and receivables are subsequently carried at amortised cost using the effective interest method. Amortised cost is the initial value after adjustments for differences between the amount reported initially and the amount due when using the effective interest method.

Financial assets are derecognised from the balance sheet when the right to receive cash flows from them has expired or been transferred and the Group has transferred nearly all risk and benefits associated with the ownership or is no longer in control of the assets.

1.7.3 Impairment

Evolution uses the simplified model for expected credit losses for customer receivables, under which provisions for expected credit losses are made at an amount corresponding to expected credit losses over the term of the receivable and is considered at the first reporting date. Indications that a receivable is at risk of impairment might include that the customer is in financial difficulty, that corporate reconstruction or bankruptcy is probable, delayed payments, disputes or other events that indicate that the customer will be unable to pay.

See Note 21 for information about credit loss reserve.

1.8 FINANCIAL LIABILITIES

The Group recognises financial liabilities in the balance sheet when it becomes a party to the instruments' contractual terms and conditions. The Group's financial liabilities consist of current and non-current lease liabilities and trade accounts payables. Financial liabilities are initially measured at fair value, which is the fair value of the amount received less transaction expenses directly related to the acquisition or issue of the financial liability. Thereafter, such liabilities are recognised at amortised cost. A financial liability is removed from the balance sheet when the Group's obligations according to the agreement have been met, cancelled or expired.

1.9 OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset, and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

1.10 ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

Accounts receivable are amounts due from customers for services performed in the ordinary course of business. If payment is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets. Accounts receivable and other receivables are initially recognised at fair value and subsequently measured at amortised cost, with application of the effective interest method and a deduction for credit loss reserve (Note 1.7.3).

The recognised value of the asset is reduced by using an account for credit loss reserve, and the loss is recognised in the income statement under Other operating expenses. If a bad debt loss has been established, it is written off. If a previously impaired receivable is collected, it will be credited in the income statement.

1.11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are recognised a nominal value. In the cash flow statement and balance sheet, cash and cash equivalents include cash and current accounts in banks.

1.12 ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable are obligations to pay for services that have been acquired in the ordinary course of business from suppliers.

Accounts payable are classified as current liabilities if payment is due within one year (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Accounts payable and other liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

1.13 CURRENT AND DEFERRED TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In such cases, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current tax charge is calculated based on the tax laws enacted or announced at the reporting date in the countries where the Group operates and generates taxable income.

The Group management regularly evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation. Where appropriate, it establishes provisions based on amounts expected to be paid to the tax authorities.

The Group's taxes are primarily affected by the allocation of profits between Malta and the other countries where the Group operates as well as the tax regulations in each country.

Significant judgement is required in determining the provisions for income taxes. For many transactions and calculations in the current operations, the ultimate tax determination is uncertain when the transactions take place or calculations are made. To ensure that taxes are handled correctly, the Company made an assessment, assisted by legal experts, of how tax regulations may affect the business. This assessment also covers indirect taxes. The Company reports the tax amounts that it believes to be correct and pays these to the tax authorities. However, these amounts may turn out to be insufficient, if the tax authorities make an interpretation of the regulations that is more restrictive than the Company's interpretation, which the Company considers to be correct. Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or announced at the end of the reporting period and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset and when the deferred tax assets and liabilities relate to the same tax authority, regardless of whether they relate to the same or different taxable entities, but where there is an intent to settle the balances on a net basis.

1.14 REVENUE RECOGNITION

Evolution develops, produces, markets and licenses (right-to-use) fully integrated live casino and slots solutions to gaming operators. In live casino, a game presenter, i.e. dealer, runs the game from a casino gaming table that is followed in real time via a video stream. End users, i.e. the players, make betting decisions on their devices (computers, smartphones, tablets etc.). The Group's revenues consist of fixed and variable fees from gaming operators that use the Group's solutions for online casino and from other associated services. A majority of the revenue derives from commission/royalty fees, which is calculated as a percentage of the customer's profit generated by the Group's online casino platform. In addition to commission, a proportion of the Group's revenue derives from fees for dedicated tables, integration and set-up fees. Dedicated table fees are invoiced to customers who have chosen to offer their end users dedicated tables.

Revenue is reported excluding VAT and discounts and after the elimination of intra-Group sales. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and when specific criteria have been met, as described below.

Revenues, based on gain of the control by customer, should be recognised either over time or at a point of time. Nevertheless, set-up fees should be accounted over time due to control gaining by the customer, similar to long term projects and recognised revenue as per progress. As it always takes less than a year to set up an environment for a customer, it is assumed to be low level of risk and immaterial volume of revenues. Splitting such a project would mean a big administrative effort over immaterial changes in group revenues, total set-up fees including new integrations is a

marginal part of group revenues. That is why management has decided not to split the project by progress – revenue is recognised after go-live. The set-up fees approach should be reviewed on a regular basis (at least once a year) if the arguments on the current approach are still valid and if materiality changes over time.

The Group's revenue are recognised at a point in time. The majority of the Group's revenue is commission, therefore the revenue is only divided between Live (live casino) and RNG (slots solutions).

Recognised liabilities related to contracts with customers are disclosed in Note 2(b).

(a) Commission income and other fees

The Group receives gaming fees from its contracted partners. These include a percentage of the gaming operators' revenue from using the Group's solution for online casino. These gaming fees are calculated according to the terms and conditions of each agreement and reported in the period when the gaming transactions are conducted. Fees from other closely related services, such as start-up fees for integration of live casino solutions, are reported when the services have been provided.

(b) Interest income

Interest income arising from interest-bearing instruments is recognised in the income statement when they arise, distributed over the time they refer to using the effective interest method, unless they are considered to constitute doubtful receivables.

1.15 LEASING

When the Company is the lessee

Leased assets

For any new contract entered into, the Group considers whether a contract is, or contains, a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Group assesses whether the contract meets three key criteria which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- The Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract the Group has the right to direct the use of the identified asset throughout the period of use
- The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

No right-of-use asset or lease liability is recognised for short-term leases and leases of low-value assets. Payments for these leases are recognised as an expense on a straight-line basis over the lease term. This also applies to variable lease expenses.

1.16 EQUITY

Ordinary shares are classified as equity. Capital contributions in addition to the original share capital is classified as equity. Transaction expenses directly attributable to the issue of new shares or warrants are shown in equity as a deduction, net of tax, from the proceeds.

1.17 DIVIDENDS

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividend was approved by the Parent Company's shareholders.

1.18 PROVISIONS

Provisions are recognised in the balance sheet when the Group has a legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimation of the amount can be made. When the discount effect is significant, provisions are determined by a present value computation of the expected value of future cash flows with a pre-tax discount rate that reflects the current market assessment of the time value of money and, in applicable cases, the risks specific to the obligation.

A provision for restructuring is made when the Group has adopted a detailed and formal restructuring plan, and the restructuring has either been started or published. No provisions are made for future operating expenses.

1.19 CONTINGENT LIABILITIES

A contingent liability is recognised when there is a possible obligation arising from past events and the existence of which is substantiated only by one or more uncertain future events, or when there is an obligation that is not recognised as a liability or provision because it is not likely that an outflow of resources will be required.

1.20 CONTINGENT OBLIGATIONS

A contingent obligation is recognised when there is a possible obligation arising from past events and the existence of which is substantiated only by one or more uncertain future events, or when there is an obligation that is not recognised as a liability or provision because it is not likely that an outflow of resources will be required.

1.21 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group CEO of the Group, who makes strategic decisions. The Group CEO of the Group considers the Group to consist of a single segment, i.e. the provision of solutions for online casino and associated services to gaming operators.

1.22 CASH FLOW STATEMENT

Cash flow is reported using the indirect method. The reported cash flow only covers transactions involving cash receipts and cash payments. This means that there may be deviations related to changes of individual items in the balance sheet.

1.23 EMPLOYEE BENEFITS

Pension expenses and pension obligations

The Group has different pension schemes in different countries. These are funded by payments by each Group company, and in some cases, by the employees. As all pension schemes are defined contribution schemes, the Group has no legal or constructive obligations aside from the payment of contributions. The Group's outgoing payments for defined contribution plans are carried as expenses in the period when the employees carried out the services to which the contributions are related.

Bonus plans

The Group recognises a liability and an expense for bonuses based on various qualitative and quantitative measures.

The Group makes provision for bonuses earned where there is a legal or constructive obligation to do so based on past practices. Bonuses are paid to employees.

Severance pay

Severance pay is paid when an employee is terminated by the Company before the time when the employment would normally cease or when an employee voluntarily leaves the Company in exchange for such benefits. The Group recognises severance pay as an expense when it demonstrably has an obligation to terminate employees according to a detailed, formal and definitive plan or to pay compensation for voluntary termination.

Post-employment benefits

The Group has no obligations towards the employees after they have retired or otherwise ended their employment with the Company.

Share-related remuneration

The Group has equity settled incentive programmes, see Note 20 for detailed information. Fair value on the work that entitles employees to allocation of warrants is expensed with corresponding amount in equity. The total amount expensed is based on fair value of the warrants at grant date, excluding the potential impact that the employee remains in the service of the Company during a specified period of time. The amount expensed is reported evenly distributed over the period where all specified earnings conditions shall be met. The provision for social security charges is based on the fair value of the warrants at reporting date. Fair value is measured using the same model that was used when the warrants were issued. The possible deviation from the original assessments that a re-assessment cause is reported in the income statement and the corresponding adjustments are made in equity. In addition to Note 20, see the Corporate Governance Report for more information.

1.24 THE PARENT COMPANY'S ACCOUNTING PRINCIPLES

The Parent Company has prepared its financial statements in accordance with the Swedish Annual Accounts Act, the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities and applicable statements by the Swedish Financial Reporting Board. According to RFR 2, the Parent Company shall in the annual report for the legal entity apply all EU-approved IFRS standards and statements as far as possible within the framework of the Annual Accounts Act, the Pension Obligations Vesting Act (SWE: Tryggandelagen) and taking into consideration the relationship between accounting and taxation.

The recommendation states which exceptions and additions should be made in relation to IFRS.

Formats

The income statements and balance sheets follow the formats specified in the Annual Accounts Act. The statement of changes in equity follows the Group's format but shall include the columns specified in the Annual Accounts Act. Furthermore, this entails differences in terms, compared to the consolidated statements, primarily for financial income and expenses and equity.

Participating interests in Group companies

Participating interests in Group companies are reported at cost after deduction for possible impairment. Expenses related to the acquisition and possible earn-out considerations are included in the cost. When there is an indication that the participating interests in Group companies have decreased, a calculation of recovery value is made. If this value is lower than the reported value, impairment is recognised. Impairments are reported in Result from participating interests in Group companies.

Financial instruments

Due to the relationship between reporting and taxation, the rules for financial instruments and hedge accounting in IFRS 9 are not applied to the Parent Company as a legal entity. Financial instruments are valued at cost. Financial assets acquired with the purpose to be retained on a short-term basis are reported according to the lowest value principle at the lowest of cost and market value.

Equity-settled programs issued to employees in subsidiaries

The estimated value and carrying amount of equity-settled programs issued to employees of other companies in the Group are recognised in the Parent Company as capital injections to subsidiaries. When the Parent Company recognises an increase in equity, the value of investments in subsidiaries simultaneously increases. The costs related to employees in the companies concerned are billed onward to the respective subsidiary on an ongoing basis and are settled in cash, which neutralises the increase in investments in subsidiaries.

Anticipated dividends

Anticipated dividends from subsidiaries are recognised when the Parent Company has the unilateral right to determine the amount of the dividend and the Parent Company has decided the amount of the dividend before publishing its financial statements.

1.25 EXCHANGE RATES

The Group's presentation currency is the Euro.

Accordingly, the statements were prepared in Euro.

Amounts are expressed in thousands of Euro (kEUR) unless otherwise indicated.

Currency code	Ultimo	Average	Ultimo
	31 Dec 2023	Jan-Dec 2023	31 Dec 2022
AMD	0.002233	0.002357	0.002381
ARS	0.001120	0.003535	0.005276
AUD	0.616427	0.614615	0.634821
BGN	0.511292	0.511292	0.511292
BYN	0.282781	0.309865	0.342983
CAD	0.683991	0.685370	0.688167
COP	0.000234	0.000214	0.000192
GBP	1.153413	1.150501	1.127585
GEL	0.336101	0.350276	0.346693
ILS	0.250548	0.250872	0.264342
INR	0.010889	0.011197	0.011263
PLN	0.230112	0.220506	0.212770
RON	0.201021	0.202052	0.203153
SEK	0.089864	0.087357	0.089391
TWD	0.029495	0.029712	0.030415
UAH	0.023848	0.025102	0.025303
USD	0.905882	0.924643	0.931766
ZAR	0.049500	0.050364	0.054794

NOTE 2. REVENUES

The Group CEO considers the Group to consist of a single segment, i.e. the provision of solutions for live casino and associated services to gaming operators.

The Group's revenue derives from fees from gaming operators that use the Group's solutions for online casino and associated services, all recognised at a point in time.

2 (a) Disaggregation of revenue from contracts with customers per invoicing jurisdiction and non-current assets per country

	Sweden		Malta		Australia	
	2023	2022	2023	2022	2023	2022
Total revenue	45,602	52,644	1,736,984	1,373,167	50,413	50,795
Of which Intercompany	44,169	51,812	417,279	389,723	4,505	3,007
Revenue from external customers	1,433	832	1,319,705	983,444	45,908	47,788
Tangible and intangible assets	2,178,940	2,197,369	396,915	388,240	466,325	473,319

	North America		Curacao		Other		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Total revenue	195,490	143,259	340,839	319,650	428,974	376,017	2,798,302	2,315,532
Of which Intercompany	178,312	134,446	1,968	2,847	353,468	276,960	999,701	858,795
Revenue from external customers	17,178	8,813	338,871	316,803	75,506	99,057	1,798,601	1,456,737
Tangible and intangible assets	78,250	70,791	13,382	12,962	107,158	105,662	3,240,970	3,248,343

2 (b) Liabilities related to contracts with customers

Group	2023	2022
Opening balance	2,743	4,343
Revenues recognised from opening balance	-1,325	-2,119
Liabilities recognised	4,943	10,217
Revenues recognised	-2,710	-9,701
Translation difference	-40	3
Closing balance	3,611	2,743

2 (c) Revenue per geographical region

Group, EUR million	2023	2022
Europe	709.9	633.4
Asia	672.3	478.3
North America	226.7	189.3
LatAm	127.8	88.6
Other	62.0	67.4
Total operating revenues	1,798.6	1,456.7
Revenues regulated markets	718.6	600.2
Regulated markets' share	40%	41%

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.

Table 2 (c) 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. Great Britain includes the Crown Dependencies. Evolution Group has two customers (one in 2022) that each singlehandedly contributed 13 percent (14) to the Group's revenue.

NOTE 3. EMPLOYEES

Personnel expenses	2023			2022		
	Senior executives	Other employees	Total	Senior executives	Other employees	Total
Salary and other remunerations	11,252	318,182	329,434	7,039	256,951	263,990
Pension expenses	101	2,972	3,073	119	2,342	2,461
Other social security expenses	2,995	40,344	43,339	1,496	32,782	34,278
Other personnel expenses			25,264			24,249
Own work capitalised			-45,810			-35,380
Total personnel expenses	14,348	361,798	355,300	8,654	292,075	289,598

Remuneration and other benefits 2023	Base salary/ Board fee	Bonus	Other benefits	Share based payment	Pension costs	Other social security	Total
Chairman of the Board:							
Jens von Bahr	400	—	—	—	—	126	526
Other members of the Board:							
Joel Citron	100	—	—	—	—	31	131
Fredrik Österberg	100	—	—	—	—	31	131
Ian Livingstone	100	—	—	—	—	31	131
Jonas Engwall ¹⁾	33	—	—	—	—	10	43
Mimi Drake	100	—	—	—	—	31	131
Sandra Uri	100	—	—	—	—	31	131
CEO:							
Martin Carlesund	2,613	—	2,246 ²⁾	—	—	1,527	6,386
Other senior executives:							
total of 6 (2 persons part of year)	2,073	872	2,163	352	101	1,175	6,736
Total	5,619	872	4,409	352	101	2,995	14,348

¹⁾ Jonas Engwall resigned 24 May 2023²⁾ 2,232 kEUR conditional for acquiring warrants in Evolution

Remuneration and other benefits 2022	Base salary/ Board fee	Bonus	Other benefits	Share based payment	Pension costs	Other social security	Total
Chairman of the Board:							
Jens von Bahr ¹⁾	379	—	—	—	—	119	498
Other members of the Board:							
Joel Citron	77	—	—	—	—	24	101
Fredrik Österberg	77	—	—	—	—	24	101
Ian Livingstone	77	—	—	—	—	24	101
Jonas Engwall	77	—	—	—	—	24	101
Mimi Drake	77	—	—	—	—	24	101
Sandra Uri	77	—	—	—	—	24	101
CEO:							
Martin Carlesund	2,109	—	13	—	—	667	2,789
Other senior executives:							
total of 6	2,138	1,592	2	344	119	566	4,761
Total	5,088	1,592	15	344	119	1,496	8,654

¹⁾ Jens von Bahr was employed by the Company until 8 April 2022

Terms for the Group CEO¹⁾

In his employment contract, Martin Carlesund has a term of notice of six months and severance pay for an additional six months, in case of termination by the Company otherwise than for breach of contract.

Terms for senior executives¹⁾

Remunerations to senior executives consist of a fixed salary part and a variable part. The annual variable part is to be cash based and be based on predetermined and measurable performance criteria. There are also Incentive programmes to senior executives, long-term share and share-price related programmes. Severance compensation may be paid in an amount not greater than 12 months, fixed salary. More details of remuneration to senior executives are described in the Corporate Governance Report and in Note 1.23 Employee benefits.

Number and proportion of women in management positions at year-end	2023			2022		
	Number of men	Number of women	Proportion of women	Number of men	Number of women	Proportion of women
Board	4	2	33%	5	2	29%
Other senior executives	4	1	20%	5	2	29%

Senior executives 31 December 2023

Martin Carlesund	Group CEO Evolution AB (publ)
Jacob Kaplan	Chief Financial Officer
Todd Haushalter	Chief Product Officer & Games Operations
Sebastian Johannisson	Chief Strategy Officer
Louise Wiwen-Nilsson	Chief Human Resources Officer

¹⁾All senior executives are members of Group management.

Average number of employees	2023		2022	
	Average number of employees	of which women	Average number of employees	of which women
Armenia	442	278	168	108
Australia	20	6	19	6
Belgium	14	5	15	6
Bulgaria	211	81	170	66
Canada	591	305	422	222
Estonia	38	13	34	11
Georgia	6,823	3,774	6,716	4,371
Great Britain	12	6	10	7
Latvia	3,151	1,567	2,909	1,519
Lithuania	379	171	232	101
Malta	1,391	629	1,363	626
Netherlands	42	4	29	5
Poland	119	0	48	20
Portugal	67	20	55	20
Romania	850	356	735	305
Spain	578	241	197	104
Sweden	173	58	161	52
Taiwan	63	36	51	28
USA	2,662	1,395	1,841	1,213
Other countries	137	94	274	113
Total Group	17,763	9,039	15,449	8,903

NOTE 4. FINANCIAL INCOME

	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Interest income	14,364	5,312	647	227
Currency exchange gains	1,225	3,757	2,077	2,695
Dividends/Group contribution	—	—	549,421	590,000
Total	15,589	9,069	552,145	592,922

NOTE 5. FINANCIAL EXPENSES

	GROUP	
	2023	2022
Interest expenses	-1,606	-1,603
Interest expenses on lease liabilities	-3,405	-3,007
Currency exchange losses	-4,610	-5,364
Other financial expenses	-91	-564
Total	-9,712	-10,538

NOTE 6. INCOME TAX AND DEFERRED TAX

	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Current tax				
Sweden	-575	-2,019	-508	-710
Outside Sweden	-82,660	-64,692	—	—
Total current tax	-83,235	-66,711	-508	-710
Deferred tax				
Sweden	775	1,732	-1	—
Outside Sweden	4,711	1,747	—	—
Total deferred tax	5,486	3,479	-1	—
Total tax expense	-77,749	-63,232	-509	-710

Tax reconciliation	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
<i>The difference between the actual tax expense and tax expense based on current tax rate</i>				
Profit before tax	1,148,607	906,593	552,019	593,025
Income tax calculated according to domestic tax rates on profits in each country	-406,581	-244,768	-113,716	-122,163
Tax effect of:				
Income not subject to tax	6,147	6,904	—	—
Dividend	339,139	180,134	113,300	121,540
Expenses not deductible for tax purpose	-12,550	-8,831	-93	-87
Tax related to prior years	-5,296	1,835	—	—
Tax loss carry-forwards on accumulated losses	-209	1,889	—	—
Change in deferred tax	1,876	-132	—	—
Other	-275	-263	—	—
Total tax expense	-77,749	-63,232	-509	-710

The effective tax rate for the Group amounted to 6.8 percent (7.0).

Pillar II

On 13 December 2023, the government of Sweden, where the parent company is incorporated, enacted the Pillar II income taxes legislation effective from 1 January 2024. Under the legislation, the parent company will be required to pay top-up tax on profits of its subsidiaries that are taxed at an effective tax rate of less than 15 percent to the Swedish tax authority. The main jurisdictions in which exposure to this top-up tax may exist include Malta. Based on financial data available for 31 December 2023, the Group estimates that the average effective tax rate according to the Pillar II income tax legislation would have been approximately 16 percent.

The information is based on the profits and tax expenses determined as part of the preparation of the Group's financial statements, considering only certain adjustments that would have been required applying the legislation, namely dividends. Because not all the adjustments that would have been required by the legislation were made, the actual impact may have been significantly different.

The Group is continuing to assess the impact of Pillar II income tax legislation on its future financial performance.

Deferred tax

Deferred tax assets and liability refer to temporary differences and loss carry-forwards. Temporary differences occur in cases where the carrying amount and tax values of assets and liabilities are different. Deferred tax assets are recognised only to the extent it is probable it will result in lower tax payments in the future. Tax loss carry-forwards are not limited in terms of time.

Deferred tax	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Deferred tax assets				
Loss carry-forwards	11	65	1	–
Other deferred tax assets	3,460	2,720	–	–
Total deferred tax assets	3,471	2,785	1	–
Deferred tax liability				
Intangible assets	-58,855	-62,992	–	–
Other deferred tax liability	-2,538	-3,121	–	–
Total deferred tax liability	-61,393	-66,113	–	–
Deferred tax assets and deferred tax liability, net	-57,922	-63,328	1	–

Change	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Opening balance	-63,328	-56,456	–	–
Through acquisition of subsidiary	–	-6,615	–	–
Recognised in income statement	5,482	3,479	1	–
Translation difference	-76	-3,736	–	–
Closing balance	-57,922	-63,328	1	–

Time of use	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Deferred tax assets that can be used after 12 months	2,168	1,965	–	–
Deferred tax liability that can be used after 12 months	54,335	58,838	–	–

NOTE 7. EARNINGS PER SHARE

	GROUP	
	2023	2022
Profit after tax attributable to owners of the Parent	1,070,858	843,361
Average number of shares basic	213,566,498	213,267,500
Earnings per share basic, EUR	5.01	3.95
Average number of shares diluted	217,069,145	217,505,567
Earnings per share diluted, EUR	4.93	3.88
Opening number of outstanding shares	213,267,500	213,714,575
Additional weighted average number of shares converted	298,998	-447,075
Total	213,566,498	213,267,500
Opening number of outstanding shares	213,267,500	213,714,575
Additional weighted average number of shares converted	298,998	-447,075
Additional weighted average number of shares in the case of full conversion	3,502,647	4,238,067
Total weighted average number of outstanding shares diluted	217,069,145	217,505,567

Evolution holds 2,833,431 (1,905,865) shares in own custody. For more information about the repurchase, see the Directors' Report.

The additional weighted average number of shares in case of full conversion relates to warrant programs 2021/2024 and 2023/2026. Conditions for conversions of the warrant programs and dilution effects can be found in Note 20. For more information about the incentive programme and warrants, see the Corporate Governance Report.

NOTE 8. INTANGIBLE ASSETS

Group 2023	Gaming programme	Licenses and patents	Goodwill	Customer relationships	Brand	Platform	Work in progress	Total
Opening cost	355,944	20,503	2,315,332	211,069	325,838	4,989	16	3,233,691
Capitalised expenditure for the year	50,519	1,341	—	—	—	—	113	51,973
Reclassifications	—	4	—	—	—	—	—	4
Disposals/retirements	-22	-21	—	—	—	—	-129	-172
Translation differences	777	-8	8,673	903	1,592	22	—	11,959
Closing accumulated cost	407,218	21,819	2,324,005	211,972	327,430	5,011	0	3,297,455
Opening amortisation	-123,816	-10,973	—	-39,685	—	-957	—	-175,431
Amortisation for the year	-56,818	-4,074	—	-20,861	—	-542	—	-82,295
Reclassifications	—	-4	—	—	—	—	—	-4
Disposals/retirements	22	21	—	—	—	—	—	43
Translation differences	-575	1	—	-664	—	-16	—	-1,254
Closing accumulated amortisation	-181,187	-15,029	—	-61,210	—	-1,515	—	-258,941
Closing residual value	226,031	6,790	2,324,005	150,762	327,430	3,496	0	3,038,514
Group 2022	Gaming programme	Licenses and patents	Goodwill	Customer relationships	Brand	Platform	Work in progress	Total
Opening cost	323,043	19,122	2,188,482	190,692	330,113	4,833	2,897	3,059,182
Capitalised expenditure for the year	35,158	1,104	—	—	—	—	16	36,278
Through acquisition of subsidiaries	8,145	3	271,174	35,482	22,222	518	—	337,544
Reclassifications	2,722	333	—	—	—	—	-2,897	158
Disposals/retirements	—	-68	—	—	—	—	—	-68
Translation differences	-13,124	9	-144,324	-15,105	-26,497	-362	—	-199,403
Closing accumulated cost	355,944	20,503	2,315,332	211,069	325,838	4,989	16	3,233,691
Opening amortisation	-83,613	-7,502	—	-21,838	—	-497	—	-113,450
Amortisation for the year	-42,411	-3,375	—	-20,385	—	-521	—	-66,692
Through acquisition of subsidiaries	—	—	—	—	—	—	—	—
Reclassifications	—	-158	—	—	—	—	—	-158
Disposals/retirements	—	68	—	—	—	—	—	68
Translation differences	2,208	-6	—	2,538	—	61	—	4,801
Closing accumulated amortisation	-123,816	-10,973	—	-39,685	—	-957	—	-175,431
Closing residual value	232,128	9,530	2,315,332	171,384	325,838	4,032	16	3,058,260
PARENT COMPANY								
Licenses and patents	2023	2022						
Opening cost	1,130	1,130						
Acquisition for the year	2	—						
Closing accumulated cost	1,132	1,130						
Opening amortisation	-698	-449						
Amortisation during the year	-249	-249						
Closing accumulated amortisation	-947	-698						
Closing residual value	185	432						

NOTE 9. PROPERTY, PLANT AND EQUIPMENT

Group 2023	Land	Property	Right of use assets	Leasehold improvements	Computers, office & technical equipment	Work in progress	Total
Opening cost	1,664	11,219	92,551	90,584	94,475	14,504	304,997
Acquisitions for the year	—	—	18,534	11,671	12,082	18,466	60,753
Reclassifications	—	—	—	17,329	4,151	-21,483	-3
Disposals/retirements	—	—	-4,997	-5,922	-4,174	—	-15,093
Translation difference	—	—	-1,422	-2,322	-1,394	-626	-5,764
Closing accumulated cost	1,664	11,219	104,666	111,340	105,140	10,861	344,890
Opening depreciation	—	-1,696	-24,651	-30,199	-58,368	—	-114,914
Depreciation during the year	—	-219	-13,864	-13,173	-15,132	—	-42,388
Reclassifications	—	—	—	-123	126	—	3
Disposals/retirements	—	—	3,960	5,696	3,509	—	12,895
Translation difference	—	—	541	639	790	—	1,970
Closing accumulated depreciation	—	-1,915	-34,284	-37,160	-69,075	—	-142,434
Closing residual value	1,664	9,304	70,382	74,180	36,065	10,861	202,456

Group 2022	Land	Property	Right of use assets	Leasehold improvements	Computers, office & technical equipment	Work in progress	Total
Opening cost	1,664	11,219	70,448	61,274	72,275	4,678	221,558
Acquisitions for the year	—	—	26,086	24,583	20,508	15,570	86,747
Through acquisition of subsidiaries	—	—	-6	—	430	—	424
Reclassifications	—	—	-192	3,416	2,319	-5,907	-364
Disposals/retirements	—	—	-6,438	-2,000	-3,617	—	-12,055
Translation difference	—	—	2,653	3,311	2,560	163	8,687
Closing accumulated cost	1,664	11,219	92,551	90,584	94,475	14,504	304,997
Opening depreciation	—	-1,474	-16,135	-21,964	-47,518	—	-87,091
Depreciation during the year	—	-222	-11,051	-9,747	-12,666	—	-33,686
Through acquisition of subsidiaries	—	—	-66	—	-202	—	-268
Reclassifications	—	—	192	—	172	—	364
Disposals/retirements	—	—	2,956	1,829	3,009	—	7,794
Translation difference	—	—	-547	-317	-1,163	—	-2,027
Closing accumulated depreciation	—	-1,696	-24,651	-30,199	-58,368	—	-114,914
Closing residual value	1,664	9,523	67,900	60,385	36,107	14,504	190,083

Right of use assets mostly consist of offices and premises.

PARENT COMPANY		
Computers, office & technical equipment	2023	2022
Opening cost	121	61
Acquisition for the year	345	60
Closing accumulated cost	466	121
Opening depreciation	-51	-38
Depreciation during the year	-73	-13
Closing accumulated depreciation	-124	-51
Closing residual value	342	70

NOTE 10. PARTICIPATION IN GROUP COMPANIES

	2023	2022
Opening acquisition cost	2,630,780	2,635,756
Shareholder contribution		
Malta	—	2,284,750
Transfer of ownership of NetEnt to Malta	—	-2,284,750
Redemption shares/warrants		
NetEnt	—	-4,976
Closing book value	2,630,780	2,630,780

Name	Corporate ID	Registered office	% of equity and votes		Carrying value in Parent	
			31 Dec -23	31 Dec -22	31 Dec -23	31 Dec -22
Direct ownership						
Evolution Malta Holding Ltd	C48665	Sliema, Malta	100	100	2,630,780	2,630,780
Indirect ownership						
Evolution Malta Ltd	C48666	Malta	100	100	—	—
Evolution Gaming Malta Ltd	C44213	Malta	100	100	—	—
SIA Evolution Latvia	40003815611	Latvia	100	100	—	—
SIA Evolution Latvia Properties	50103931761	Latvia	100	100	—	—
Evolution Gaming Limited	05944946	Great Britain	100	100	—	—
Evolution Belgium BVBA	0638.824.479	Belgium	100	100	—	—
Evolution Products RO SRL	J40/6452/2016	Romania	100	100	—	—
Evolution US LLC	536294-5	USA	100	100	—	—
EvoGame Estonia OU	14035717	Estonia	100	100	—	—
Evolution Netherlands BV	66682452	Netherlands	100	100	—	—
EG Overseas Services BV	135218	Curacao	100	100	—	—
Evolution Canada Gaming Limited	BC1114063	Canada	100	100	—	—
Evolution Georgia LLC	405209689	Georgia	100	100	—	—
Evolution Products Development LLC	193224142	Belarus	100	100	—	—
Ezugi NV	126712	Curacao	100	100	—	—
Ezugi NJ LLC	600424206	USA	100	100	—	—
Rommemut Ruah	513411058	Israel	100	100	—	—
Ezugi RO SRL	J23/3190/2019	Romania	100	100	—	—
Evolution Alderney Ltd	C83448	Malta	100	100	—	—
Evolution Georgia Services LLC	400305022	Georgia	100	100	—	—
Darwin's Theory Pty Ltd	648162903	Australia	100	100	—	—
Bigtime Gaming Pty Ltd	65151000592	Australia	100	100	—	—
Evolution Madrid S.L.	B 06959365	Spain	100	100	—	—
Transigo Ltd	543403	Ireland	100	100	—	—
Evolution Development Co Limited	82919295	Taiwan	100	100	—	—
Evolution Services SA PTY Limited	2019/311298/07	South Africa	100	100	—	—
Evolution Pennsylvania LLC	7732917	USA	—	100	—	—
Evolution Studio AM LLC	2861101116835	Armenia	100	100	—	—
Evolution Lithuania UAB	305561054	Lithuania	100	100	—	—
Evolution Canada Studio Limited	BC1253510	Canada	100	100	—	—
Evo Products Development Portugal	516364570	Portugal	100	100	—	—
Evolution Services Sweden AB	556532-6443	Stockholm, Sweden	100	—	—	—
NetEnt Alderney Ltd	1790	Alderney	100	100	—	—
NetEnt Americas Holding Inc.	5627584	USA	100	100	—	—
NetEnt Americas LLC	400697458	USA	100	100	—	—
Evolution NetEnt (Gibraltar) Ltd	97195	Gibraltar	100	100	—	—
NetEnt International Ltd	O17601V	Isle of Man	100	100	—	—
NetEnt Gaming Solutions PLC	C47277	Malta	100	100	—	—
NetEnt Ukraine LLC	380 906 40	Ukraine	100	100	—	—
Intropin Technology Pvt Ltd	U72900TG-2020FTC140125	India	100	100	—	—
Red Tiger Gaming Ltd	128396C	Isle of Man	—	100	—	—

Name	Corporate ID	Registered office	% of equity and votes		Carrying value in Parent	
			31 Dec -23	31 Dec -22	31 Dec -23	31 Dec -22
Red Tiger International (IOM) Ltd	132871C	Isle of Man	100	100	—	—
Red Tiger Gaming (Gibraltar) Ltd	118413	Gibraltar	100	100	—	—
Red Tiger Gaming (Alderney) Ltd	132513C	Isle of Man	—	100	—	—
Dopamine EOOD	203270608	Bulgaria	100	100	—	—
Evolution Products Development Poland Sp. Z o.o	193224142	Poland	100	100	—	—
Evolution Products Development Germany GmbH	HRB 239047	Germany	100	100	—	—
Evo LATAM Corp S.R.L.	4065000046288	Costa Rica	100	100	—	—
Evolution Argentina S.A.	182550	Argentina	100	100	—	—
Nolimit City Holding Ltd	C53383	Malta	100	100	—	—
Nolimit City Ltd	C54001	Malta	100	100	—	—
Nolimit City Ro SRL	J35/1974/2022	Romania	100	100	—	—
Nolimit City Stockholm AB	556671-7202	Stockholm, Sweden	100	100	—	—
Nolimit City India Private Ltd	06AAGCN2443M1ZB	India	100	100	—	—
Nolimit City Services Ltd	018118V	Isle of Man	100	100	—	—
Evolution Development Colombia SAS	0077316202	Colombia	100	—	—	—
Carrying value in parent company					2,630,780	2,630,780

NOTE 11. ACCOUNTS RECEIVABLE

	GROUP	
	2023	2022
Accounts receivable	358,827	283,712
Credit loss reserve	-10,407	-6,700
Total accounts receivable	348,420	277,012

Historically, the Group's customer losses have been low. The Group's customers operate in a growth market with strong balance sheets. Credit loss reserve is presented in Note 21.

NOTE 12. OTHER CURRENT RECEIVABLES

	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Inventory	7,170	7,690	—	—
Prepayments to suppliers	1,812	2,159	—	69
VAT	13,684	10,083	112	118
Other	5,161	1,084	4,499	319
Total	27,827	21,016	4,611	506

NOTE 13. PREPAID EXPENSES AND ACCRUED INCOME

	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Prepaid license fees, software and IT services	10,155	10,266	309	190
Accrued revenues	10,773	10,263	—	—
Prepaid rent	1,014	1,838	92	—
Prepaid marketing	551	2,254	—	—
Prepaid employee related costs	15,592	6,836	9,058	6,012
Prepaid insurance	1,129	1,137	323	279
Prepaid maintenance expenses	225	180	—	—
Other prepaid expenses	6,583	4,689	61	36
Total	46,022	37,463	9,843	6,517

NOTE 14. CASH AND CASH EQUIVALENTS

	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Cash and cash balances	985,756	532,554	53,051	6,250
Total	985,756	532,554	53,051	6,250

Cash and cash equivalents consist of cash and current accounts in banks. EUR 13,298 thousands (20,602) refer to jackpot liabilities, see Note 15. The Group has EUR 541,275 thousands (100,000) in short-term investments on the closing day.

NOTE 15. OTHER CURRENT LIABILITIES

	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Employee-related liabilities	28,509	19,576	4,798	318
Jackpot liabilities	13,298	20,602	—	—
Other liabilities	20,222	3,143	9,788	—
Total	62,029	43,321	14,586	318

Jackpot liabilities are payments from operators and contribute to the accumulation of a jackpot. The amount is the entire jackpot that can be won and paid out to the winning operator. Other liabilities in parent company is repurchase of own shares not yet withdrawn from bank account.

NOTE 16. ACCRUED EXPENSES AND DEFERRED INCOME

	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Employee related expenses	23,316	22,274	1,224	1,556
Contract liabilities	3,611	2,743	—	—
Accrued audit and consulting fees	2,641	2,250	359	95
Accrued utility expenses	638	1,523	—	—
Accrued royalty expenses	8,710	4,883	—	—
Other accrued expenses	14,435	11,353	10	82
Total	53,351	45,026	1,593	1,733

NOTE 17. LEASING - GROUP

IFRS 16 requires the lessees to recognise leasing contracts on the balance sheet as assets and liabilities, except short-term leases and leases of low value assets. At the start of a lease, the lessee obtains the right to use the asset for a period of time and also has an obligation to pay for that right.

Major part of the right of use assets relates to leases of premises and offices.

The lease term corresponds to the non-cancellable duration of the contracts signed, except in cases where Evolution is reasonably certain of having an extension option or an early termination option in the contract.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions. Amounts discounted at local market long-term loan rate +2 percentage points.

Lease liabilities are secured by the related underlying assets.

The undiscounted maturity of lease liabilities is as follows:

Maturity structure lease liabilities	31 December 2023	31 December 2022
Within 1 year	14,545	15,051
1-2 years	16,505	13,594
2-3 years	14,521	13,414
3-4 years	12,825	11,791
4-5 years	9,793	9,961
After 5 years	23,608	28,327
Total	91,797	92,138
Effect of discounting	-12,340	-12,585
Leasing liability in balance sheet	79,457	79,553
short-term liability	13,923	14,395
long-term liability	65,534	65,158
Lease expenses in income statement		
	2023	2022
Short-term leases ¹⁾	-143	-93
Short-term leases of low-value assets ¹⁾	-178	-127
Depreciation, right of use assets	-13,864	-11,051
Interest expenses on lease liabilities ²⁾	-3,405	-3,007
Total	-17,590	-14,278

¹⁾ Included in Other operating expenses, not recognised as lease liability

²⁾ Included in Financial expenses

Leasing in cash flow statement	2023	2022
Cash flow from operating activities		
Short-term leases	-143	-93
Low-value leases	-178	-127
Cash flow from financing activities		
Amortisation of lease liabilities	-18,907	-14,145
Total cash outflow	-19,228	-14,365

NOTE 18. AUDITOR REMUNERATION

	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
PwC				
Auditing assignments	-894	-756	-394	-340
Audit-related services, in addition to auditing	-9	-	-9	-
Tax advisory services	-30	-17	-	-
Other services	-90	-59	-69	-58
Total	-1,023	-832	-472	-398

Of the Group's remuneration to auditors, EUR 501 thousand (428) pertains to Öhrlings PricewaterhouseCoopers AB. Fees to other audit firms amounts to EUR 424 thousand (307).

NOTE 19. TRANSACTIONS WITH RELATED PARTIES

Related companies are defined as the subsidiaries in the Evolution Group and companies over which related physical persons have a controlling, joint controlling or significant influence.

Related persons include board members, senior executives and close family members of the above.

No Board Member, senior executive or shareholder has:

- (i) been a party to a transaction with the Company on unusual terms or that was of an unusual nature, or
- (ii) that is of importance, or has been of importance, for the operations as a whole in the present or immediately preceding financial year, or in any previous financial year, and in any way may be considered outstanding or incomplete.

Information about participation in Group companies can be found in Note 10.

The Group has transactions with related parties reported in Note 2 where intercompany revenues account for 36 percent (37) of Total revenues. The Parent Company's revenue of EUR 19,289 thousands (19,641) entail allocation of centrally incurred administration costs.

Information about Remunerations and other benefits can be found in Note 3 and in the Corporate Governance Report. All intra-Group transactions take place on general and commercial terms and at market price.

NOTE 20. SHARE RELATED REMUNERATIONS

At the end of 2023, the Company has two incentive programmes: 2021/2024 and 2023/2026.

2021/2024 programme: The Extra General Meeting on 28 January 2021 resolved to issue a maximum of 5,000,000 warrants. Each warrant entitles the holder to subscribe for one new share in the company for SEK 1,113.80 during the period from and including 20 March 2024 (however not earlier than the day after the publication of the company's year-end report for the period January–December 2023, the 'First Exercise Date') up to and including the date that falls 30 calendar days thereafter.

In total 3,948,875 warrants were subscribed, of which 474,156 were terminated or bought back during 2021-2023. If all 3,474,719 warrants are exercised for subscription of 3,474,719 shares, the dilution effect will be approximately 1.6 percent.

2023/2026 programme: The Extra General Meeting on 9 November 2023 resolved to issue a maximum of 2,500,000 warrants. Each warrant entitles the holder to subscribe for one new share in the company for SEK 1,296.60 during the period from and including 16 November 2026 (however not earlier than the day after the publication of the company's interim report for the period January–September 2026, the 'First Exercise Date') up to and including the date that falls 14 calendar days thereafter.

In total 1,995,389 warrants were subscribed. If all 1,995,389 warrants are exercised for subscription of 1,995,389 shares, the dilution effect will be approximately 0.9 percent.

2021/2024 & 2023/2026 programmes:

The recipients of the warrants are key employees throughout the Group. Employees in Sweden and Georgia paid market value for the warrants. Employees outside Sweden paid market value for one warrant, while receiving one without payment for each that had been paid for (equity settled). For warrants acquired at market value, the warrant premium was determined using Black & Scholes valuation model, valuation made by Svalner Skatt.

All inputs used in the valuation model determining fair value of the warrant premiums can be found as appendix to the decisions at the general meetings on the company's website: www.evolution.com/investors/corporate-governance.

2023	2020/2023	2021/2024	2023/2026
Opening number of warrants	3,890,050	3,748,479	–
Warrants granted	–	–	1,995,389
Terminated or bought back	-109,950	-243,760	–
Warrants exercised	-3,780,100	–	–
Closing number of warrants	0	3,474,719	1,995,389

2022	2020/2023	2021/2024
Opening number of warrants	3,928,650	3,899,105
Terminated or bought back	-38,600	-180,626
Closing number of warrants	3,890,050	3,718,479

Total personnel cost expensed in 2023 related to the warrant programmes amounted to EUR 1,962 thousand (2,471).

2020/2023 programme: During February-March 2023, the incentive programme that was adopted on the Extra General Meeting on 16 January 2020 exercised. Upon exercise, 493,662 new shares were subscribed for and dilution effect amounted to 0.2 percent.

NOTE 21. FINANCIAL RISK MANAGEMENT

21.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest risk), credit risk and liquidity risk. The risk management is coordinated at Group level for all companies that have Evolution AB (publ) as the ultimate Parent Company. The Group has not used derivative instruments to hedge any risk exposure in present or previous periods.

(a) Market risk

(i) Currency risk

The currency risk is related to future commercial transactions and recognised assets and liabilities reported in a different currency from each entity's functional currency. Currency fluctuations may impact Evolution's financial performance.

The Group's accounts are maintained in EUR, while revenues from customer agreements are partially in different local currencies, including CAD, GBP and USD. Certain expenses are also denominated in foreign currencies.

The Group's exposure for currency risk is stated in the following table showing percentage share of revenues in other currencies than EUR.

Exposure	2023	2022
CAD, Canadian Dollar	2.7%	2.3%
GBP, British Pound	1.3%	2.3%
USD, US Dollar	9.1%	10.4%

The exchange rates between the local currencies and EUR have fluctuated significantly and may in the future fluctuate significantly. While foreign exchange risk and exposure to currency fluctuations have not had a material impact on the Group's business, financial position or profit historically, the Company does not hedge its exposure to currency fluctuations. As a consequence, fluctuations in exchange rates and currencies could have a significant effect on the cash flows of the Company, which could impact the Group's financial results in ways unrelated to its operations and/or have a material adverse effect on its business, financial position and profit. The Group management does not consider the Group to have such a significant exposure to currency risk that it is necessary to carry out a sensitivity analysis showing how the profit/loss and equity would be affected if there were reasonable possible exchange rate fluctuations at the end of the reporting period. In 2023, the Group reported a loss in the income statement for exchange rate differences of EUR 3,385 thousand (1,607).

(ii) Cash flow interest rate risk

Except for cash and cash balances, the Group does not have any material interest-bearing assets and liabilities.

(b) Credit risk

Credit risk is related to accounts receivable and other receivables and cash and cash equivalents. The Group's exposure to credit risk at the end of the reporting period is stated in the following table:

Assets	2023	2022
Non-current receivables	6,779	8,868
Accounts receivable	348,420	277,012
Other current receivables	27,827	21,016
Accrued revenues	10,773	10,263
Cash and cash equivalents	985,756	532,554
Total	1,379,555	849,713

31 December 2023						Total
	Not due	1-30 days due	31-90 days due	91-180 days due	More than 181 days due	
Accounts receivable	223,432	76,446	37,789	11,526	9,634	358,827
Credit loss reserve	—	-799	-751	-1,632	-7,225	-10,407

31 December 2022						Total
	Not due	1-30 days due	31-90 days due	91-180 days due	More than 181 days due	
Accounts receivable	188,295	62,045	15,661	11,062	6,649	283,712
Credit loss reserve	—	-947	-1,752	-156	-3,845	-6,700

The maximum exposure to credit risk related to the financial assets above at the end of the reporting period is the same as their carrying value, as stated in each note to the financial statements.

The Group has no collateral for these assets. The Group only uses financial institutions that have high quality standards or high ratings. The Group has suitable policies in place to ensure that services are only sold to customers with a sufficient credit rating.

The Group regularly monitors how these receivables perform in order to discover bad debt losses, with previous experience of the collection of current receivables as the starting point. The Group management considers the accounts receivable to be secure; the Group often conducts business with these counterparties, which are considered by the Group management to have a good credit rating, as they have hitherto managed their payments without remarks.

As per 31 December 2023, there were past-due accounts receivable for which provisions had not been made of EUR 124,988 thousand (88,717). The Group has past-due accounts receivable for which provisions have been made of EUR 10,407 thousand (6,700). These past due receivables include liabilities within the category more than 181 days, which refer to a number of independent customers that have not been in financial difficulties as of late.

Even if a number of customers account for a certain proportion of the Group's past due receivables, the Group management does not believe the concentration of credit risk represents a material risk factor.

Due to the Group's operations and the market in which it operates, a limited number of customers account for a certain part of the Group's revenues. The Group management does not consider that any individual customer or group of interdependent customers constitute any material concentration of credit risk with regard to accounts receivables. The Group's financial assets amount to EUR 1,379,555 thousand (849,713). Current receivables with a maturity of less than 12 months, consist primarily of accounts receivable. No financial assets or liabilities are reported at a value that deviates significantly from fair value.

(c) Liquidity risk

The Group is exposed to liquidity risk as regards meeting of future obligations regarding its financial liabilities, which mostly comprise accounts payable and other liabilities (Note 15). Prudent risk management means having sufficient liquidity and credit facilities to ensure that the Group has sufficient funding to meet its obligations.

The Group management monitors liquidity risk by reviewing expected cash flows and ensuring that no additional financing will be needed in the upcoming year. Undiscounted liabilities are shown in the table below with an annual analysis of the Group's liabilities.

Considering the inflow and outflow of cash that occur at the maturity of financial instruments, the Group's liquidity risk is not considered to be material. The value of the Group's assets and liabilities as measured at the end of the reporting period is analysed per category, based on the remaining time to agreed maturity, in the relevant notes to the financial statements.

Maturity structure financial liabilities

31 December 2023	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Earnout BTG	—	6,944	—	156,056	—
Earnout NLC	—	—	140,000	—	—
Lease liabilities	3,636	10,909	16,505	37,139	23,608
Jackpot liabilities	13,298	—	—	—	—
Accounts payable	13,063	—	—	—	—
Total	29,997	17,853	156,505	193,195	23,608

31 December 2022	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Earnout BTG	—	115,000	115,000	—	—
Earnout NLC	—	50,000	50,000	40,000	—
Lease liabilities	3,763	11,288	13,594	35,166	28,327
Jackpot liabilities	20,602	—	—	—	—
Accounts payable	10,094	—	—	—	—
Total	34,459	176,288	178,594	75,166	28,327

21.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group's capital consists of equity, as stated in the balance sheet. The Group maintains a capital level adapted to the financial liabilities and obligations that the business gives rise to.

The Group management considers the capital to be of a suitable size at the end of the reporting period, considering the nature of the Group's operations.

Reconciliation of liabilities attributable to financing activities

2023	Non-cash items						Cash flow	
	Opening balance	Through acquisition of subsidiary	New agreements	Terminated agreements	Interest	Currency exchange differences	Amortisation	Closing balance
Lease liabilities	79,553	—	18,528	-1,773	3,405	-1,349	-18,907	79,457

2022	Non-cash items						Cash flow	
	Opening balance	Through acquisition of subsidiary	New agreements	Terminated agreements	Interest	Currency exchange differences	Amortisation	Closing balance
Lease liabilities	67,810	71	25,939	-3,862	3,004	736	-14,145	79,553

21.3 Fair value of financial instruments

The amounts recognised as bank deposits and liabilities in the financial reports are reasonable estimates of the fair values, with consideration for the nature of such instruments and the relatively short time period between their origination and expected realisation. Additional purchase considerations are fair value hierarchy level 3 liabilities. Changes of their fair values are recognised in the income statement. No remeasurements have been done during 2023 or 2022. The fair value calculation has been performed by future expected payments being discounted by current market rates in line with the term of the liabilities.

NOTE 22. CRITICAL ESTIMATES AND ASSESSMENTS

The Group management and the Board of Directors have discussed the development, choice of disclosures on the Group's most important accounting principles and estimates, as well as the application of these.

Estimates and assessments are evaluated continually and are based on historic experience and other factors, including expectations for future events that are considered to be reasonable under current conditions.

Valuation of intangibles

Except for the impairment testing of intangible assets described below, the Group management does not consider that the estimates and assessments made in the preparation of these financial reports have entailed any difficulties or that they are subjective or complicated enough to merit a description as critical in accordance with the requirements in IAS 1.

The Group has made considerable investments in the development of its gaming platform. Assets related to the development of the Group's gaming software are recognised as intangible assets in the balance sheet and Note 8 and amounted to EUR 226.0 million (232.1).

Every year, these assets are tested for impairment in accordance with IAS 36, and it is determined whether there is objective evidence of an impairment loss. The Group has assessed the ability to generate revenue for each one of the projects that relate to the gaming software and no objective evidence of impairment has emerged.

Value at closing for goodwill amounted to EUR 2,324.0 million (2,315.3). The impairment requirement for the Group's goodwill arises through comparison of the recoverable value with the goodwill's carrying value. The recoverable value is produced by means of a current value calculation of forecast cash flows. The discounting rate before tax is used for the calculation and amounts to 10.0 percent (9.7), which is equivalent to the calculated required return.

The future cash flows used are based on the Group's four-year forecast. Cash flows after forecast period are based on annual growth of 2 percent. The recoverable value exceeds the carrying value and a sensitivity analysis has been conducted where a 30 percent negative change on either discounting rate, growth or margin has been simulated. There was no indication of impairment in any of the scenarios used for the sensitivity analysis.

Accounting for acquisitions

IFRS 3 financial reporting standard states that acquisitions are to be classified as business combinations or asset purchases. An individual assessment of the nature of the acquisition is required for each individual transaction.

NOTE 23. ACQUISITIONS

2023

During the year, earn-out payment to the sellers of BTG was paid. 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.

2022

During the year, the redemption of outstanding shares in NetEnt was finalised and an amount of EUR 63.8 million was paid. Working capital adjustment for BTG was also paid, amounting to EUR 10.3 million, with corresponding increase in goodwill.

Nolimit City

Evolution has acquired 100 percent of the share capital in Nolimit City Holding Ltd (NLC). NLC are included in the consolidated accounts from 1 July. The up-front consideration was EUR 200 million on a cash and debt free basis and was paid in cash, and also working capital adjustment of EUR 14.3 million. Evolution may pay earnouts in cash, based on NLC's EBITDA for the years 2022, 2023 and 2024. Maximum earnout is EUR 140 million, payable in 2023, 2024 and 2025, respectively.

According to the preliminary acquisition analysis, a non-tax deductible goodwill of EUR 260.9 million arose that is primarily attributable to the skills that NLC's employees contribute and strengthened presence in important markets. The useful life for customer relationships and game portfolio is estimated to be ten years, and platform five years.

Fair value acquired net assets	NLC
Customer relationships	35,482
Brand	22,222
Game portfolio	8,145
Platform	518
Other intangible assets	3
Right of use assets	66
Property, plant and equipment	228
Deferred tax assets	22
Other long-term receivables	336
Accounts receivable	4,166
Other short-term receivables	2,791
Accrued income and prepaid expenses	756
Cash and cash equivalents	15,271
Deferred tax liability	-6,637
Leasing liability	-71
Accounts payable	-255
Tax liability	-7,413
Other short-term liabilities	-825
Accrued expenses	-295
Total acquired net assets	74,510

Purchase consideration	NLC
Initial purchase consideration, cash	200,000
Working capital settlement, cash	14,322
Additional purchase consideration, debt net present value	121,069
Total purchase consideration	335,391
Fair value acquired net assets	-74,510
Goodwill	260,881

Investing activities	Group
Redemption outstanding shares NetEnt	-63,792
Working capital settlement BTG	-10,293
Consideration paid NLC	-200,000
Working capital settlement NLC	-14,322
Cash in acquired NLC companies	15,271
Effect on consolidated cash and cash equivalents	-273,136

NLC's contribution	2022
Operating revenue	13,573
Amortisation of excess values	-2,233
Profit after tax for the year	7,973

The following table shows revenue and profit for the year as if the acquisition of NLC took place on 1 January:

Group 2022	NLC	Evolution	Group
Operating revenue	27,048	1,443,164	1,470,212
Profit after tax for the year	12,547	835,388	847,935

NLC's profit for the year include amortisation of excess values of EUR 4,466 thousand. EUR 119 thousand acquisition cost is included in Other operating expenses in the income statement.

NOTE 24. EVENTS FOLLOWING THE BALANCE SHEET DATE

A complaint has been filed on 23 January 2024 in the State District Court Eastern District of Pennsylvania against Evolution AB (publ) and certain persons in management of the company on behalf of Rachel Skolnick, individually and on behalf of all others similarly situated.

Evolution has signed an agreement to acquire 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 is EUR 5 million. In addition, Evolution may pay an earn-out based on Livespins' performance in 2026. Completion of the transaction is planned for H1 2024 and is subject to certain closing conditions.

On 20 March 2024, the incentive programme 2021/2024, which was decided by the extraordinary general meeting on 28 January 2021, expired. Shares can be subscribed from 20 March and the following 30 calendar days. Before the submission of the Annual Report, 793,730 warrants were used to subscribe for 793,730 new shares in the Company. Expected dilution effect is approximately 0.4 percent.

Evolution has during the period 2 January 2024 – 28 March 2024, acquired a total of 2,521,348 of its own shares within the framework of the repurchase programme introduced by the Board of Directors. Since 27 November 2023 up to and including 28 March 2024, a total of 3,648,247 shares have been acquired within the scope of the programme. The repurchase programme, announced 23 November 2023, is thereby completed and closed.

5-YEAR SUMMARY

Condensed consolidated income statements	2023	2022	2021	2020	2019
Total operating revenues	1,798,601	1,456,737	1,068,777	561,134	365,752
Total operating expenses	-655,871	-548,675	-414,773	-261,434	-208,280
Operating profit	1,142,730	908,062	654,004	299,700	157,472
Financial items	5,877	-1,469	-6,513	-1,018	-200
Profit before tax	1,148,607	906,593	647,491	298,682	157,272
Profit for the year	1,070,858	843,361	605,435	284,622	149,726
Condensed consolidated balance sheets	2023	2022	2021	2020	2019
Assets					
Total non-current assets	3,251,220	3,259,996	3,093,655	2,669,883	104,991
Current receivables	736,508	576,821	387,980	277,554	146,649
Cash and cash equivalents	985,756	532,554	421,432	221,675	182,520
Total current assets	1,722,264	1,109,375	809,412	499,229	329,169
TOTAL ASSETS	4,973,484	4,369,371	3,903,067	3,169,112	434,160
Equity and liabilities					
Total equity	4,006,215	3,460,281	3,190,950	2,726,171	280,897
Non-current liabilities	405,946	483,197	341,987	74,744	15,552
Current liabilities	561,323	425,893	370,130	368,197	137,711
Total liabilities	967,269	909,090	712,117	442,941	153,263
TOTAL EQUITY AND LIABILITIES	4,973,484	4,369,371	3,903,067	3,169,112	434,160
Condensed consolidated cash flow statements	2023	2022	2021	2020	2019
Cash flow from operating activities	1,168,447	877,465	598,895	316,051	175,786
Cash flow from investing activities	-139,358	-371,596	-154,952	6,821	-42,524
Cash flow from financing activities	-574,501	-394,201	-248,516	-279,910	-36,054
Cash flow for the year	454,588	111,668	195,427	42,962	97,208
Cash and cash equivalents at year-end	985,756	532,554	421,432	221,675	182,520
Key ratios	2023	2022	2021	2020	2019
EBITDA margin	70.5%	69.2%	68.7%	59.2%	50.0%
Operating margin	63.5%	62.3%	61.2%	53.4%	43.1%
Profit margin	59.5%	57.9%	56.6%	50.7%	40.9%
Equity/assets ratio	80.6%	79.2%	81.8%	86.0%	64.7%
Average number of full-time employees	13,044	10,802	7,917	5,118	4,894
Full-time employees at year-end	14,850	12,144	8,987	6,825	5,554
Earnings per share basic, EUR	5.01	3.95	2.83	1.55	0.83
Equity per share, EUR	18.83	16.23	14.91	12.84	1.55
Operating cash flow per share basic, EUR	5.47	4.11	2.80	1.72	0.97
Quota value per share	0.003	0.003	0.003	0.003	0.003
Average number of outstanding shares, basic	213,566,498	213,267,500	213,714,575	183,927,915	180,737,305
Average number of outstanding shares, diluted	217,069,145	217,505,567	221,818,828	189,021,346	183,387,341
Number of outstanding shares	212,771,346	213,205,250	213,952,250	212,327,008	181,622,725

KEY RATIOS NOT DEFINED IN ACCORDANCE WITH IFRS

The company presents certain financial measures in the interim report that are not defined under IFRS. These key ratios are common to use in our industry for benchmarking companies. One of the financial objectives in the IPO was >35% EBITDA margin. 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 section Glossary and definitions.

Reconciliation of key ratios not defined in accordance with IFRS

	GROUP	
	2023	2022
EBIT and EBIT margin		
Operating margin		
Profit before tax	1,148,607	906,593
Excluding net financial items	-5,877	1,469
Operating profit (EBIT)	1,142,730	908,062
Divided by Total operating revenues	1,798,601	1,456,737
Operating (EBIT) margin	63.5%	62.3%
EBITDA and EBITDA margin		
Profit before tax	1,148,607	906,593
Net financial items	-5,877	1,469
Depreciation/amortisation	124,683	100,378
EBITDA	1,267,413	1,008,440
Divided by Total operating revenues	1,798,601	1,456,737
EBITDA margin	70.5%	69.2%
Profit margin		
Profit for the year	1,070,858	843,361
Divided by Total operating revenues	1,798,601	1,456,737
Profit margin	59.5%	57.9%
Equity/Assets ratio		
Total equity	4,006,215	3,460,281
Divided by Total assets	4,973,484	4,369,371
Equity/Assets ratio	80.6%	79.2%

Declaration by the Board of Directors

The Board of Directors and the Group CEO certify that the annual accounts and the sustainability report have been prepared in accordance with the Annual Accounts Act and RFR 2 Accounting for Legal Entities and give a true and fair view of the Company's financial position and earnings and that the Directors' Report gives a fair overview of the development of the Company's operations, position and earnings, and describes significant risks and uncertainties that the Company faces.

The Board of Directors and the Group CEO certify that the consolidated accounts, have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and give a true and fair view of the Group's financial position and earnings, and that the Directors' Report for the Group gives a fair overview of the development of the Group's operations, position and earnings and describes significant risks and uncertainties that the companies included in the Group faces.

JENS VON BAHR
Chairman of the Board

JOEL CITRON
Board Member

MIMI DRAKE
Board Member

IAN LIVINGSTONE
Board Member

SANDRA URIE
Board Member

FREDRIK ÖSTERBERG
Board Member

MARTIN CARLESUND
Group CEO

As stated above, the annual and consolidated accounts were approved for publication by the Board of Directors on 5 April 2024.

The consolidated income statement and balance sheet and the Parent Company's income statement and balance sheet are subject to approval by the Annual General Meeting on 26 April 2024.

Our audit report was issued on 5 April 2024.
Öhrlings PricewaterhouseCoopers AB

Johan Engstam
Authorised Public Accountant

Auditor's report

To the general meeting of the shareholders of Evolution AB (publ), corporate identity number 556994-5792.



REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

OPINIONS

We have audited the annual accounts and consolidated accounts of Evolution AB (publ) for the year 2023 except for the corporate governance statement on pages 55-62. The annual accounts and consolidated accounts of the company are included on pages 49-105 and 108 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 55-62. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the income statement and statement of financial position for the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

BASIS FOR OPINIONS

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

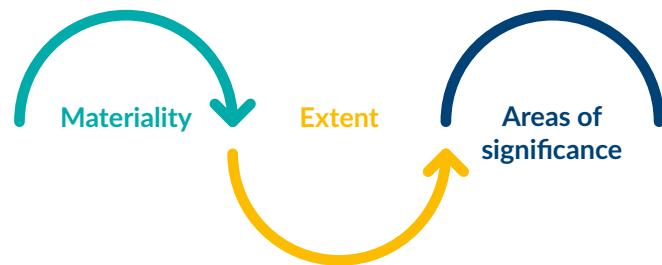
This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

OUR AUDIT APPROACH

Overview

- Overall materiality: €50 million, which corresponds to about 5% of profit before tax.
- Existence and accuracy of revenues.
- Group audit covering over 85% of the group's revenues, including full-scope audits of the parent company and companies in Malta, Latvia, Georgia, and USA.



Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Group materiality	€50 million
How it was determined	5% of profit before tax
Basis for selection	We selected profit before tax as a benchmark because we believe that this is the value that users most often compare the Group's results with and because it is a generally accepted benchmark. The 5% level is considered, in auditing standards, to be an acceptable quantitative materiality threshold.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €5 million as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

KEY AUDIT MATTERS

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Revenue

Revenues total € 1,798 million and refer primarily to revenues from the provision of internally developed online casino games. The company's customers pay commission fees based on the gaming surplus the products generate on behalf of the customers, and a fixed monthly fee. In addition, fees for services such as start-up fees for integration are also invoiced to the customers. The company's revenues are a significant item comprised of a large number of transactions and which are calculated according to the terms of condition of each agreement.

There is a risk that all transactions do not exist and that transactions are priced incorrectly.

Accounting principles are found in Note 1.14. Further description of the revenues is found in Note 2.

How the key audit matter was addressed in our audit

Based on the number of transactions and the customer specific contracts to which the revenues refer, in performing our audit we have primarily focused on the existence and accuracy of the reported revenues. The audit activities performed have implied that we have, amongst other things:

- Obtained an understanding of the significant transaction flows and critical IT systems, and as regards these we have examined important controls in order to manage the risk of misstatements in the financial reporting. In our audit, we have also utilised the expertise of IT specialists.
- Evaluated to determine if changes in the company's application of accounting principles and/or assessment has impacted the reporting of revenues.
- For a selection of individual revenue transactions, verified that these have been priced according to the customer contracts in place and that the revenues recognized in the year exist.
- We have undertaken a follow-up of payments of outstanding accounts receivable and have also discussed matured receivables to assess whether the provisions have been reported correctly based on the assessed risk of bad debts.
- We have also assessed if the accounting principles and disclosures in the annual report are correct and in accordance with IFRS.

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-54, 55-62, 106-107 and 114-116. The information in Evolution AB (publ)'s Remuneration Report 2023, which is published on the company's website at the same time as this report also constitutes other information. The Board of Directors and the Group CEO are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE GROUP CEO

The Board of Directors and the Group CEO are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Group CEO are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Group CEO are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Group CEO intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that

includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

THE AUDITOR'S AUDIT OF THE ADMINISTRATION OF THE COMPANY AND THE PROPOSED APPROPRIATIONS OF THE COMPANY'S PROFIT OR LOSS

OPINIONS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Group CEO of Evolution AB (publ) for the year 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Group CEO be discharged from liability for the financial year.

BASIS FOR OPINIONS

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

RESPONSIBILITIES OF THE BOARD OF DIRECTOR'S AND THE GROUP CEO

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Group CEO shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

AUDITOR'S RESPONSIBILITY

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Group CEO in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

THE AUDITOR'S EXAMINATION OF THE ESEF REPORT OPINION

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Group CEO have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Evolution AB (publ) for the financial year 2023.

Our examination and our opinion relate only to the statutory requirements. In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

BASIS FOR OPINIONS

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Evolution AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITIES OF THE BOARD OF DIRECTOR'S AND THE GROUP CEO

The Board of Directors and the Group CEO are responsible for ensuring the the Esef report has been prepared in accordance with the Chapter 16, Section 4 (a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Group CEO determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4 (a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error.

In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Group CEO, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Group CEO.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report has been marked with iXBRL in accordance with what follows from the Esef regulation.

THE AUDITOR'S EXAMINATION OF THE CORPORATE GOVERNANCE STATEMENT

The Board of Directors is responsible for that the corporate governance statement on pages 55-62 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16. The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Öhrlings PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, Sweden, was appointed auditor of Evolution AB (publ) by the general meeting of the shareholders on the 4 April 2023 and has been the company's auditor since 2014.

Stockholm 5 April 2024

Öhrlings PricewaterhouseCoopers AB

Johan Engstam
Authorised Public Accountant

Glossary and definitions

FINANCIAL KEY RATIOS, ITEMS AND TERMS

Operating profit, EBIT	Profit before tax excluding net financial items.
Operating profit/EBIT margin	Operating profit in relation to total operating revenues.
EBITDA	Operating profit excluding depreciation, amortisation and impairments.
EBITDA margin	EBITDA in relation to operating revenues.
Profit margin	Profit for the year in relation to total operating revenues.
Equity/assets ratio	Equity at the end of the year in relation to total assets at the end of the year.
Cash and cash equivalents	Cash and bank assets.
Average number of full-time employees	The average number of full-time employees during the year. Full-time equivalents include part-time positions.
EUR, EURm, kEUR	EUR, EUR million, EUR thousands.
PER SHARE	
Earnings per share basic, EUR	Profit for the year in relation to total average number of outstanding shares before dilution.
Earnings per share diluted, EUR	Profit for the year in relation to total average number of outstanding shares after dilution.
Equity per share, EUR	Equity at the end of the year in relation to total number of outstanding shares at the end of the year.
Operating cash flow per share, EUR	Cash flow from operating activities in relation to average number of outstanding shares before dilution.
Quota value per share, EUR	Share capital divided by total number of outstanding shares at the end of the year.
Average number of shares outstanding	The average number of shares outstanding during the year.
Number of shares outstanding	Number of shares outstanding at the end of the year.

OPERATIONAL AND OTHER TERMS

B2B	Refers to "Business-to-Business," i.e. business conducted between two companies with no private individuals involved.
B2G	Refers to "Business-to-Government," i.e. business conducted between a company and a government body with no private individuals involved.
Gross Gaming Revenue	Consists of the bet reduced by the winnings returned to the player.
Derivative/game derivative	Refers to further developments of Evolution's core games. They may be subject to special rules or have other characteristics that are not found in the original game.
Direct Game Launch	Refers to add-on functionality in Evolution's offering which allows the operator to place links that open a live casino game directly when the end user clicks on them.
H2GC	Refers to the independent market analysis firm H2 Gambling Capital.
HD	Refers to "High Definition", i.e. a high resolution image.
MCR	Refers to "Mission Control Room," the control room that controls Evolution's operations in all live casino studios.
RNG	Refers to "Random Number Generated," i.e. games based on random number generated data.
Share of live	Refers to the proportion of the revenue that stems from live casino in relation to the total gaming revenue.
Slots	A game about getting three symbols in a row, on a row of rotating reels.
End users	Refers to the gaming operators' customers, i.e. gamers.
Streaming	Refers to the English term for playing audio and video files on the recipient's unit at the same time as they are transferred via a network, such as the Internet.
Tier 1	Refers to customers of materially strategic and/or financial importance. Evolution communicates all new Tier 1 customers via press releases and/or interim statements.

GAME LEGAL LINES

MONOPOLY Live	The MONOPOLY name and logo, the distinctive design of the game board, the four corner squares, the MR. MONOPOLY name and character, as well as each of the distinctive elements of the board, cards, and the playing pieces are trademarks of Hasbro for its property trading game and game equipment and are used with permission. © 1935, 2024 Hasbro. All Rights Reserved. Licensed by Hasbro.
Deal or No Deal Live	Based on the Endemol Shine television programme Deal or No Deal © 2003. Deal or No Deal Live Project © 2024 Endemol Shine IP B.V. Deal or No Deal is a registered trademark of Endemol Shine IP B.V. Used with permission. All rights reserved.



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