



Interim report | January–June 2022 | Evolution AB (publ)

Second quarter of 2022 (Q2 2021)

- Operating revenues increased by 34.0% to EUR 344.0 million (256.7)
- EBITDA increased by 36.4% to EUR 238.2 million (174.7), corresponding to a margin of 69.3% (68.0)
- Profit for the period amounted to EUR 200.9 million (144.4)
- Earnings per share amounted to EUR 0.94 (0.68)

January–June 2022 (1H 2021)

- Operating revenues increased by 36.2% to EUR 670.7 million (492.5)
- EBITDA increased by 39.8% to EUR 467.9 million (334.8), corresponding to a margin of 69.8% (68.0)
- Profit for the period amounted to EUR 398.6 million (276.4)
- Earnings per share amounted to EUR 1.87 (1.30)

Events during the second quarter of 2022

- Continued expansion with opening of live casino studios in Spain and Armenia as well as launch of Live games in West Virginia.
- Announced acquisition of Nolimit City.
- Evolution has after the end of the period launched a new live casino studio in Connecticut.

Summary of the second quarter and first six months of 2022

Group, EUR thousands	Apr-Jun 2022	Apr-Jun 2021	%	Jan-Jun 2022	Jan-Jun 2021	%	Jul 2021- Jun 2022	Jan-Dec 2021	%
Operating revenues	343,958	256,687	34.0%	670,725	492,528	36.2%	1,246,974	1,068,777	16.7%
EBITDA	238,218	174,668	36.4%	467,896	334,793	39.8%	867,753	734,650	18.1%
EBITDA margin	69.3%	68.0%	-	69.8%	68.0%	-	69.6%	68.7%	-
Operating profit	214,580	155,852	37.7%	421,665	297,500	41.7%	778,169	654,004	19.0%
Operating margin	62.4%	60.7%	-	62.9%	60.4%	-	62.4%	61.2%	-
Profit for the period	200,873	144,406	39.1%	398,562	276,444	44.2%	727,553	605,435	20.2%
Profit margin	58.4%	56.3%	-	59.4%	56.1%	-	58.3%	56.6%	-
Earnings per share before dilution, EUR	0.94	0.68	38.6%	1.87	1.30	43.6%	3.40	2.83	19.9%
Equity per share, EUR	14.62	14.03	4.2%	14.62	14.03	4.2%	14.62	14.91	-2.0%
OCF per share before dilution, EUR	0.87	0.59	47.9%	1.78	1.07	66.8%	3.51	2.80	25.3%
Average number of FTEs	10,412	7,653	36.1%	10,054	7,379	36.3%	9,520	7,917	20.2%

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Evolution develops, produces, markets and licenses fully integrated B2B Online Casino solutions to gaming operators. Since its inception in 2006, Evolution has developed into a leading B2B provider with 600+ operators among its customers. The group currently employs 15,000+ people in studios across Europe and in North America. The parent company is based in Sweden and listed on Nasdaq Stockholm with the ticker EVO. Visit www.evolution.com for more information.

Evolution is licensed and regulated by the Malta Gaming Authority under license MGA/B2B/187/2010. Evolution is also licensed and regulated in many other jurisdictions such as the United Kingdom, Belgium, Canada, Romania, South Africa, and others.

CEO's comments

The operational delivery in the second quarter 2022 is nothing but fantastic and during the quarter we reached many and significant milestones. These include the new studio in Connecticut, opening of the regulated Ontario market, opening of the new studio in Madrid, opening of the new studio in Yerevan, launch of Live games in West Virginia and started construction of an additional studio in New Jersey. All this on top of expansion all over the world adding close to 1,000 employees during the quarter shows the speed we are moving forward with. I am very proud of all achievements that the employees of Evolution have made during the quarter. Even so, we need to be better tomorrow than what we are today and we need to constantly challenge ourselves to perform better.

During the quarter we also announced the acquisition of one of the leading and most innovative slots creators - Nolimit City. We are all very happy to welcome Nolimit City to the Evolution family. The acquisition is financed with our existing cash-flow, it's a way to use our financial strength to take yet another step towards becoming the leading provider of casino games in the world. The transaction, expected to be completed in Q3, includes an upfront consideration of EUR 200 million and, earn-outs of up to EUR 140 million, payable in 2023, 2024 and 2025, respectively. Looking further ahead, our intention is to distribute Nolimit City slots through our OSS (One Stop Shop) and add them to our offering to operators. The earlier communicated goal of double-digit growth for our exiting RNG-business remains and is not affected by this latest acquisition.

Financially, I regard the second quarter as good but not great and not quite reflecting the success we have had operationally. When evaluating our financial performance in the second quarter I also factor in the exceptional development we had during Q1 and Q2 last year which effects the year-on-year percentage growth rate in Q2.

In Q2 2022 revenues increased by 34.0 percent year-on-year to EUR 344.0 million, and the EBITDA increased to EUR 238.2 million, corresponding to an EBITDA margin of 69.3 percent.

In the second quarter 2022 Live Casino increased by 36.7 percent year-on-year and RNG revenues grew by 6.1 percent year-on-year. As I have stated earlier when it comes to RNG, our ambition is double-digit growth and I find the result in Q2 as good step towards that goal. I'm pleased with the development of our RNG business in Q2 2022.

The EBITDA margin of 69.3 percent is within our guided range of 69-71 percent for 2022. Our ambition is always to do more and do better on cost items within our control. As stated many times before, if there is a trade-off between margin and market share, we will always go for market share and what we believe are the right decisions long-term for Evolution.

We all know that the world is a challenging place right now and it's hard not to mention the ongoing horrible war and also the effects of the Pandemic. Our fast expansion is affected by the current cost inflation especially in categories like energy, logistics, semiconductor products and wages. We are happy but not content with the margin of 69.3 percent in the quarter and we are likely to continue to see margins vary during the year but expect to stay within the guided range for 2022.

Flawless, seamless player satisfaction through entertaining and exciting world class games – nothing is more important. The newly released Evolution smart lobby is one example that makes a difference for players every day. In total 34 of our 88 games planned for this year have been released, so we have more than half of our planned game releases during the second half of this year. During the quarter we have released one of our headline games this year - XXXtreme Lightning Roulette – it is a great game which attracts both new and existing players. This roulette game with more and bigger multipliers, is a good example of how we can

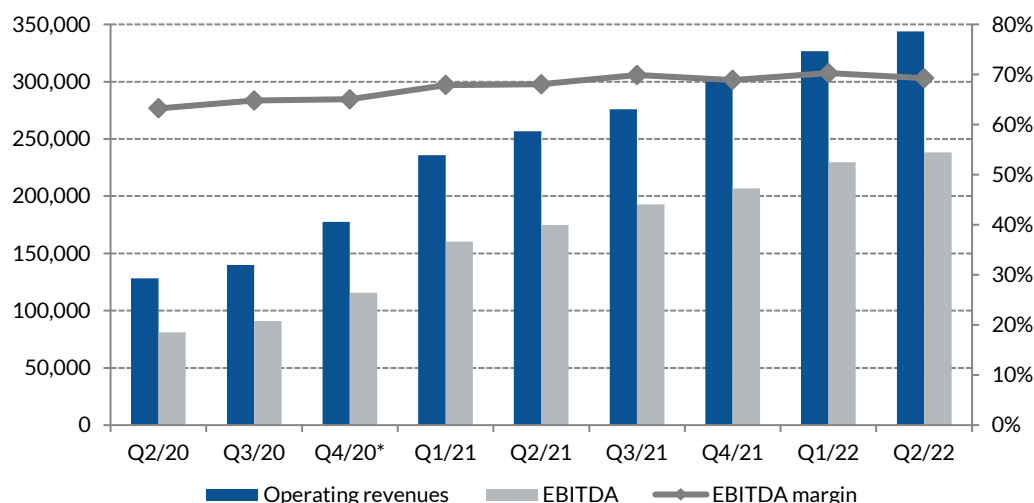
leverage our growing portfolio of brands from both the Live- and RNG-space. Another new game combining the Live and RNG playing experience is Crazy Coin Flip. This can be seen as our first 'Live Slot' game. It definitely strikes a chord with players and is a style of game that we will continue to explore. New RNG titles in the second quarter include Funkmaster, Dragons Clusterbuster and Space Wars2.

In terms of development by region, we see the larger trends maintained with the demand for online casino continuing to increase globally. However, both our Asia and Other regions while growing very nicely are at a marginally lower pace in this quarter compared to earlier this year. We continued to expand our studios in North America however most of the increased capacity was added toward the end of the quarter. European markets overall showed single digit growth in the quarter, with a step faster pace in the Nordics.

I very much look forward to the second half of 2022, I feel excited about all things we have in front of us. We want to be better, we want to deliver more, we want to run faster- that is who we are. Adding Nolimit City and the upcoming games on the 2022 roadmap will be great and we are again increasing the gap to all competitors. The world is changing but we stand strong, we continue forward.

Martin Carlesund
CEO

Quarterly results trend



*Q4/20 adjusted for non-recurring items

Financial performance in the second quarter of 2022

Revenues

Revenues amounted to EUR 344.0 million (256.7) in the second quarter, equivalent to an increase of 34 percent compared with the corresponding period in 2021. EUR 65.5 million (53.0) of the revenue was derived from RNG-games. The positive revenue development within live casino mainly derives from increased commission income from existing customers and, to a certain extent, from new customers. Demand for online casino games continues to grow, partly as a result of our continuous launch of new games and variations on traditional games. The number of bet spots from end users amounted to 24.3 billion (17.5).

Revenue by game type

Group, EUR millions	Apr-Jun 2021	Jul-Sep 2021	Oct-Dec 2021	Jan-Mar 2022	Apr-Jun 2022
Live	203.7	214.5	237.4	264.5	278.5
RNG, as reported	53.0	61.5	62.9	62.3	65.5
Total	256.7	276.0	300.2	326.8	344.0
RNG incl. BTG, pro-forma	61.7	-	-	-	-

Big Time Gaming is included in the consolidated financial statements from 1 July 2021.

Expenses

Operating expenses amounted to EUR 129.4 million (100.8). Expenses were mainly driven by higher costs for personnel, connected to the launch of new tables in the company's studios and the expansion in general compared to the second quarter of 2021. The expansion has also increased other operating expenses compared with Q2 2021.

Profitability

Operating profit amounted to EUR 214.6 million (155.9), corresponding to an increase of 38 percent. The operating margin was 62.4 percent (60.7). The EBITDA margin was 69.3 percent (68.0).

Net financial items only had small impact on profits and related mostly to leasing interest expense and currency exchange differences. The Group's effective tax rate for the quarter amounted to 7.4 percent (5.7). The tax rate is influenced by the countries in which earnings are generated, which may vary between reported periods. Profit for the period amounted to EUR 200.9 million (144.4). Earnings per share before dilution were EUR 0.94 (0.68).

Investments

Investments in intangible assets amounted to EUR 9.6 million (7.1) during the quarter and were mainly attributable to development of new games and technical improvements of the platform, such as new functionality.

Investments in property, plant and equipment amounted to EUR 14.8 million (5.2) and comprised new studio space, new gaming tables, servers and other computer equipment to meet new technical requirements and maintain capacity and performance in connection with new platform launches.

Cash and cash equivalents, financing and financial position

Cash flow from operating activities amounted to EUR 186.0 million (125.3) during the quarter. Cash flow from investing activities was negative in the amount of EUR 26.8 million (negative 107.5) and 2021 included investment in subsidiaries of EUR 94.2 million. Cash flow from financing activities was negative in the amount of EUR 307.1 million (negative 142.8) and included dividend to shareholders of EUR 303.2 million (144.4). Cash and cash equivalents amounted to EUR 293.9 million (200.4) at the end of the quarter.

First half of 2022 in brief

Revenues

For the January-June 2022 period, revenues amounted to EUR 670.7 million (492.5), corresponding to an increase of 36 percent compared with the same period in 2021. EUR 127.8 million (105.2) of the revenue was derived from RNG-games. The positive revenue development within live casino mainly derives from increased commission income from both new and existing customers.

Expenses

Operating expenses amounted to EUR 249.1 million (195.0). Expenses were mainly driven by higher costs for personnel, connected to the launch of new tables and studios. The strong expansion has also increased other operating expenses compared with the previous year.

Profitability

Operating profit amounted to EUR 421.7 million (297.5) with an operating margin of 62.9 percent (60.4). The EBITDA margin was 69.8 percent (68.0).

Investments

Investments in intangible assets amounted to EUR 16.8 million (13.4) for the period. Investments in property, plant and equipment amounted to EUR 28.8 million (12.1). Investments in other financial assets amounted to EUR 3.3 million (0.9).

Cash and cash equivalents, financing and financial position

Cash flow from operating activities amounted to EUR 380.3 million (227.1) over the period. The increase is primarily due to improved profit. Cash flow from investing activities was negative in the amount of EUR 123.0 million (negative 122.9) and included investment in subsidiaries of EUR 74.1 million (96.5). Cash flow from financing activities was negative in the amount of EUR 387.2 million (negative 127.6) and included dividend to shareholders of EUR 303.2 million (144.4) and repurchase of own shares of EUR 75.6 million (-).

Market development

Online Casino market

The global online casino market (Live & RNG) has grown strongly in recent years and is expected to continue to be among the fastest-growing gaming segments in the coming years. Evolution's growth target is to grow faster than the total global online casino market. Market growth is influenced by several underlying factors, such as technological advances with, among other things, improved hardware and increased bandwidth, the migration of land-based casinos to online environments and market regulations. Increased use of mobile devices has been a growth driver for many years, and in the quarter 69.2 percent (68.95) of the operators' GGR via Evolution's platform was generated by mobile devices. RNG is the largest vertical of the online casino market. However, to a large extent, growth is driven by Live Casino having grown in importance for most gaming operators and has become an integrated and strategically important product for them.

As a B2B supplier, Evolution has customer relationships with gaming operators, who in turn own the relationships with the end users. Generally, the gaming operators are licensed in a limited number of jurisdictions while operating in a global market and allowing play from various geographic areas. The table below shows the geographic markets from which Evolution's revenues originate. Revenues based on player activity are allocated according to the end-users' location, while revenues not based on player activity are allocated to the operator's location. The UK includes the Crown Dependencies.

Revenue per geographical region

Group, EUR million	Apr-Jun 2021	Jul-Sep 2021	Oct-Dec 2021	Jan-Mar 2022	Apr-Jun 2022
Nordics	16.4	19.5	20.9	21.8	21.5
UK	19.8	19.1	21.0	21.8	20.3
Rest of Europe	104.0	103.2	105.6	108.8	110.0
Asia	65.7	76.7	90.8	103.4	110.9
North America	27.2	31.9	33.8	36.8	46.1
Other	23.5	25.6	28.0	34.3	35.1
Total operating revenue	256.7	276.0	300.2	326.8	343.9
Share of regulated markets	40%	38%	41%	40%	43%
Revenue, regulated markets	102.9	103.8	123.0	131.1	147.9

Other

Parent Company

The Parent Company is a holding company. Net sales for the second quarter of 2022 amounted to EUR 5.0 million (4.9) and expenses to EUR 4.9 million (4.6). Operating profit amounted to EUR 152 thousand (331). Profit for the period amounted of EUR 2.1 million (0.3), including foreign exchange gain of EUR 1.8 million (0). The Parent Company's cash and cash equivalents amounted to EUR 0.1 million (17.2) at the end of the period and equity amounted to EUR 2,451.6 million (2,692.0). No significant investments were made in intangible or tangible assets.

Employees

As of 30 June 2022, Evolution had 15,297 employees (11,311), corresponding to 10,570 (7,835) full-time positions. The average number of full-time equivalents for the quarter was 10,412 (7,653).

Acquisitions of own shares

The Company has, during the period 9 February 2022 – 18 February 2022, acquired a total of 747,000 own shares within the framework of the repurchase programme introduced by the Board of Directors. Since 6 December 2021 up to and including 18 February 2022, a total of 1,905,865 shares have been acquired within the scope of the programme. The repurchase program, announced 3 December 2021, is thereby completed and closed.

Significant risks and uncertainties

Evolution's operations are exposed to certain risks that could have a varying impact on earnings or financial position. These can be divided into industry, operational, and financial risks. When assessing the Group's future development, it is important to take into account the risk factors, alongside any opportunities for profit growth.

The development of laws and regulations relating to the supply of gaming services that Evolution provides is a central risk factor for the Group's future earnings. Since most of Evolution's licensees are active in Europe, the legal situation in the EU is of particular interest and is continuously monitored and managed by the Group. Despite this, there remains a risk that, in the event of legislation being interpreted in an unfavourable or unanticipated way, Evolution's conditions for growth, profitability, and the games that may be supplied could be changed. Likewise, a favourable interpretation could have a positive impact on the Group.

One or more markets may be affected by events that may result in rapid changes in the business environment. Examples of this kind of events which could lead up to production disruption are extreme weather events, social unrest, diseases (e.g. virus outbreaks) or other macroeconomic or geopolitical events affected by external influences.

For further information about Evolution's risk exposure and handling, please see the Group's Annual Report for 2021, which is available on the company's website.

Upcoming report dates

Interim report January-September 2022	27 October 2022
Year-end report 2022	February 2023

Stockholm, 21 July 2022

Martin Carlesund
CEO

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Presentation for investors, analysts and the media

CEO Martin Carlesund and CFO Jacob Kaplan will present the report and answer questions on Thursday, 21 July 2022 at 09:00 a.m. CEST via a telephone conference. The presentation will be in English and can also be followed online. Number for participation by telephone:

Dial-in number, pin code: 4662947#

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Follow the presentation at: <https://tv.streamfabriken.com/evolution-gaming-group-q2-2022>

This information is such that Evolution AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication, through the contact person set out above, on 21 July 2022, at 07:30 am CET.

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

Condensed consolidated income statement

Group, EUR thousands	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jul 2021- Jun 2022	Jan-Dec 2021
Revenues - Live	278,467	203,678	542,969	387,352	994,855	839,238
Revenues - RNG	65,491	53,009	127,756	105,176	252,119	229,539
Total operating revenues	343,958	256,687	670,725	492,528	1,246,974	1,068,777
Personnel expenses	-68,337	-51,564	-131,805	-100,364	-238,606	-207,165
Depreciation, amortisation and impairments	-23,638	-18,816	-46,231	-37,293	-89,584	-80,646
Other operating expenses	-37,403	-30,455	-71,024	-57,371	-140,615	-126,962
Total operating expenses	-129,378	-100,835	-249,060	-195,028	-468,805	-414,773
Operating profit	214,580	155,852	421,665	297,500	778,169	654,004
Financial items	2,413	-2,735	6,724	-3,688	3,899	-6,513
Profit before tax	216,993	153,117	428,389	293,812	782,068	647,491
Tax on profit for the period	-16,120	-8,711	-29,827	-17,368	-54,515	-42,056
Profit for the period	200,873	144,406	398,562	276,444	727,553	605,435
<i>Of which attributable to:</i>						
Shareholders of the Parent Company	200,873	144,406	398,562	276,444	727,553	605,435
Average number of shares before dilution	213,454,250	212,695,352	213,329,750	212,511,180	214,123,861	213,714,575
Earnings per share before dilution, EUR	0.94	0.68	1.87	1.30	3.40	2.83
Average number of shares after dilution	218,671,369	222,350,840	217,900,834	220,865,210	220,336,635	221,818,828
Earnings per share after dilution, EUR	0.92	0.65	1.83	1.25	3.30	2.73
Operating margin	62.4%	60.7%	62.9%	60.4%	62.4%	61.2%
Effective tax rate	7.4%	5.7%	7.0%	5.9%	7.0%	6.5%

Condensed comprehensive income statement

Group, EUR thousands	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jul 2021- Jun 2022	Jan-Dec 2021
Profit for the period	200,873	144,406	398,562	276,444	727,553	605,435
Other comprehensive income						
<i>Items that may be reclassified to profit</i>						
Exchange differences arising from the translation of foreign operations	-74,640	14,106	-94,106	-35,685	-114,255	-55,834
Other comprehensive income	-74,640	14,106	-94,106	-35,685	-114,255	-55,834
Total comprehensive income for the period	126,233	158,512	304,456	240,759	613,298	549,601

Consolidated balance sheet

Group, EUR thousands	30/06/2022	30/06/2021	31/12/2021
Assets			
Goodwill	2,125,991	1,989,039	2,188,482
Other intangible assets	717,062	765,279	757,250
Buildings	11,299	11,519	11,409
Right of use assets	53,558	62,089	54,313
Property, plant and equipment	92,092	55,518	68,745
Other non-current receivables	10,107	12,394	11,096
Deferred tax assets	2,849	1,900	2,360
Total non-current assets	3,012,958	2,897,738	3,093,655
Accounts receivable	245,038	170,000	200,700
Other receivables	215,012	177,134	155,495
Prepaid expenses and accrued income	36,886	30,278	31,785
Cash and cash equivalents*	293,915	200,392	421,432
Total current assets	790,851	577,804	809,412
TOTAL ASSETS	3,803,809	3,475,542	3,903,067
Equity and liabilities			
Share capital	647	640	647
Other capital contributed	2,404,373	2,243,408	2,405,622
Reserves	-112,392	-12,243	-18,286
Retained earnings including profit for the period	824,662	761,693	802,967
Total equity	3,117,290	2,993,498	3,190,950
Deferred tax liabilities	54,219	55,253	58,816
Non-current lease liabilities	49,566	63,809	53,171
Other non-current liabilities	230,030	-	230,000
Total non-current liabilities	333,815	119,062	341,987
Accounts payable	17,678	7,076	8,578
Provisions	595	3,108	2,253
Current tax liabilities	238,091	180,503	189,053
Other current liabilities	39,179	113,431	111,127
Current lease liabilities	16,017	12,422	14,639
Accrued expenses and prepaid income	41,144	46,442	44,480
Total current liabilities	352,704	362,982	370,130
TOTAL EQUITY AND LIABILITIES	3,803,809	3,475,542	3,903,067
*Including restricted cash for jackpot liabilities	17,130	19,610	16,838

Condensed consolidated changes in equity

Group 2021, EUR thousands	Share capital	Other capital contributed	Reserves	Retained earnings	Total equity
Opening equity 01/01/2021	638	2,225,817	37,548	462,168	2,726,171
Dividend	-	-	-	-144,382	-144,382
Warrants	-	8,826	-	3,061	11,887
Repurchase of own shares	-	-	-	-123,315	-123,315
Non cash issue	3	147,801	-	-	147,804
New share issue	6	23,178	-	-	23,184
Profit for the period	-	-	-	605,435	605,435
Other comprehensive income	-	-	-55,834	-	-55,834
Closing equity 31/12/2021	647	2,405,622	-18,286	802,967	3,190,950

Group 2022, EUR thousands	Share capital	Other capital contributed	Reserves	Retained earnings	Total equity
Opening equity 01/01/2022	647	2,405,622	-18,286	802,967	3,190,950
Dividend	-	-	-	-303,167	-303,167
Warrants	-	-1,249	-	1,891	642
Repurchase of own shares	-	-	-	-75,591	-75,591
Profit for the period	-	-	-	398,562	398,562
Other comprehensive income	-	-	-94,106	-	-94,106
Closing equity 30/06/2022	647	2,404,373	-112,392	824,662	3,117,290

Condensed consolidated statement of cash flows

Group, EUR thousands	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jul 2021- Jun 2022	Jan-Dec 2021
Operating profit	214,580	155,852	421,665	297,500	778,169	654,004
<i>Adjustment for non-cash items:</i>						
Depreciation/amortisation/impairment	23,638	18,816	46,231	37,293	89,584	80,646
Provisions	-1,277	-1,769	-1,419	-6,005	-3,110	-7,696
Other	-1,420	1,618	229	-2,428	-183	-2,840
Interest received	48	48	95	106	219	230
Interest paid	-298	-537	-922	-1,547	-2,747	-3,372
Tax paid	-33,193	-21,731	-37,034	-33,116	-30,712	-26,794
Cash flows from operating activities before changes in working capital	202,078	152,297	428,845	291,803	831,220	694,178
Increase/decrease in accounts receivable	-10,272	-20,755	-43,736	-48,457	-65,721	-70,442
Increase/decrease in accounts payable	2,956	715	8,892	-8,280	10,058	-7,114
Increase/decrease in other working capital	-8,811	-6,992	-13,708	-8,012	-23,423	-17,727
Cash flows from operating activities	185,951	125,265	380,293	227,054	752,134	598,895
Acquisition of intangible assets	-9,629	-7,127	-16,764	-13,358	-30,461	-28,285
Acquisition of tangible assets	-14,796	-5,150	-28,812	-12,124	-49,995	-33,307
Acquisition of subsidiary	-	-94,162	-74,085	-96,518	-69,797	-92,230
Increase/decrease in other financial assets	-2,419	-1,044	-3,323	-929	-4,754	-1,130
Cash flows from investing activities	-26,844	-107,483	-122,984	-122,929	-155,007	-154,952
Repayment of lease liability	-3,721	-2,751	-7,201	-5,173	-14,862	-12,834
Repurchase of own shares	-	-	-75,591	-	-198,906	-123,315
Warrants	-236	4,382	-1,249	21,973	-14,396	8,826
New share issue	-	-	-	-	23,189	23,189
Dividend	-303,167	-144,382	-303,167	-144,382	-303,167	-144,382
Cash flows from financing activities	-307,124	-142,751	-387,208	-127,582	-508,142	-248,516
Cash flow for the period	-148,017	-124,969	-129,899	-23,457	88,985	195,427
Cash and cash equivalents at start of period	439,516	326,041	421,432	221,675	200,392	221,675
Exchange rate differences	2,416	-680	2,382	2,174	4,538	4,330
Cash and cash equivalents at end of period	293,915	200,392	293,915	200,392	293,915	421,432

The company presents certain financial measures in the interim report that are not defined under IFRS. The company believes that these measures provide useful supplemental information to investors and the company's management as they permit the evaluation of the company's financial performance and position. Since not all companies calculate financial measures in the same way, these are not always comparable to the measures used by other companies. Consequently, these financial measures should not be seen as a substitute for measures defined under IFRS. The tables below include measurements that are not defined in accordance with IFRS, unless otherwise stated. For definitions and purposes, see the last page of the report.

Consolidated key ratios

Group, EUR thousands	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jul 2021- Jun 2022	Jan-Dec 2021
Operating revenues (IFRS)	343,958	256,687	670,725	492,528	1,246,974	1,068,777
EBITDA margin	69.3%	68.0%	69.8%	68.0%	69.6%	68.7%
Operating margin	62.4%	60.7%	62.9%	60.4%	62.4%	61.2%
Profit margin	58.4%	56.3%	59.4%	56.1%	58.3%	56.6%
Equity/assets ratio	82.0%	86.1%	82.0%	86.1%	82.0%	81.8%
Cash and cash equivalents	293,915	200,392	293,915	200,392	293,915	421,432
Average number of full-time employees	10,412	7,653	10,054	7,379	9,520	7,917
Full-time employees at end of period	10,570	7,835	10,570	7,835	10,570	8,987
Earnings per share before dilution, EUR (IFRS)	0.94	0.68	1.87	1.30	3.40	2.83
Equity per share, EUR	14.62	14.03	14.62	14.03	14.62	14.91
Op. cash flow per share before dilution, EUR	0.87	0.59	1.78	1.07	3.51	2.80
Average number of outstanding shares before dilution	213,454,250	212,695,352	213,329,750	212,511,180	214,123,861	213,714,575
Number of outstanding shares	213,205,250	213,432,040	213,205,250	213,432,040	213,205,250	213,952,250

Consolidated key ratios by quarter

Group, EUR thousands	Q2/22	Q1/22	Q4/21	Q3/21	Q2/21	Q1/21	Q4/20	Q3/20	Q2/20
Operating revenues (IFRS)	343,958	326,767	300,233	276,016	256,687	235,841	177,658	140,020	128,307
EBITDA	238,218	229,678	206,915	192,942	174,668	160,125	96,219	90,728	81,143
EBITDA margin	69.3%	70.3%	68.9%	69.9%	68.0%	67.9%	54.2%	64.8%	63.2%
Operating profit	214,580	207,085	184,541	171,963	155,852	141,648	84,837	83,572	74,166
Operating margin	62.4%	63.4%	61.5%	62.3%	60.7%	60.1%	47.8%	59.7%	57.8%
Revenue growth vs prior year	34.0%	38.6%	69.0%	97.1%	100.1%	104.8%	67.6%	47.8%	49.7%
Revenue growth vs prior quarter	5.3%	8.8%	8.8%	7.5%	8.8%	32.8%	26.9%	9.1%	11.4%
Cash and cash equivalents	293,915	439,516	421,432	391,931	200,392	326,041	221,675	283,203	212,049

Reconciliation of selected key ratios not defined in accordance with IFRS

Group, EUR thousands	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jul 2021- Jun 2022	Jan-Dec 2021
Operating margin						
Profit before tax	216,993	153,117	428,389	293,812	782,068	647,491
Net financial items	-2,413	2,735	-6,724	3,688	-3,899	6,513
Operating profit (EBIT)	214,580	155,852	421,665	297,500	778,169	654,004
Divided by Total operating revenues	343,958	256,687	670,725	492,528	1,246,974	1,068,777
Operating (EBIT) margin	62.4%	60.7%	62.9%	60.4%	62.4%	61.2%
EBITDA and EBITDA margin						
Profit before tax	216,993	153,117	428,389	293,812	782,068	647,491
Net financial items	-2,413	2,735	-6,724	3,688	-3,899	6,513
Depreciation/amortisation	23,638	18,816	46,231	37,293	89,584	80,646
EBITDA	238,218	174,668	467,896	334,793	867,753	734,650
Divided by Total operating revenues	343,958	256,687	670,725	492,528	1,246,974	1,068,777
EBITDA margin	69.3%	68.0%	69.8%	68.0%	69.6%	68.7%
Profit margin						
Profit for the period	200,873	144,406	398,562	276,444	727,553	605,435
Divided by Total operating revenues	343,958	256,687	670,725	492,528	1,246,974	1,068,777
Profit margin	58.4%	56.3%	59.4%	56.1%	58.3%	56.6%
Equity/Assets ratio						
Total equity	3,117,290	2,993,498	3,117,290	2,993,498	3,117,290	3,190,950
Divided by Total assets	3,803,809	3,475,542	3,803,809	3,475,542	3,803,809	3,903,067
Equity/Assets ratio	82.0%	86.1%	82.0%	86.1%	82.0%	81.8%

Condensed Parent Company income statement and other comprehensive income

Parent company, EUR thousands	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jul 2021- Jun 2022	Jan-Dec 2021
Net sales	5,007	4,923	10,189	9,513	19,851	19,175
Other external expenses	-4,855	-4,592	-9,576	-9,067	-19,420	-18,911
Operating profit	152	331	613	446	431	264
Interest income and similar income	2,015	38	1,824	38	252,727	250,941
Interest expenses and similar expenses	-	-	-	-	-	-
Profit before tax	2,167	369	2,437	484	253,158	251,205
Tax on profit for the period	-27	-100	-512	-127	-708	-323
Profit for the period*	2,140	269	1,925	357	252,450	250,882

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

Condensed Parent Company balance sheet

Parent company, EUR thousands	30/06/2022	30/06/2021	31/12/2021
Assets			
Intangible assets	557	661	681
Property, plant and equipment	16	43	23
Participating interest in Group companies	2,630,780	2,495,726	2,635,756
Other non-current receivables	14	187	14
Total non-current assets	2,631,367	2,496,617	2,636,474
Receivables from Group companies	8,537	251,232	258,537
Other current receivables	1,420	1,549	958
Prepaid expenses and accrued income	9,599	14,262	11,524
Cash and cash equivalents	136	17,150	79,952
Total current assets	19,692	284,193	350,971
TOTAL ASSETS	2,651,059	2,780,810	2,987,445
Equity and liabilities			
Share capital	647	641	647
Retained earnings including profit for the period	2,450,981	2,691,356	2,828,647
Total equity	2,451,628	2,691,997	2,829,294
Accounts payable	50	119	247
Current tax liabilities	931	307	390
Liabilities to Group companies	197,175	14,000	84,347
Other current liabilities	531	73,563	72,345
Accrued expenses and prepaid income	744	824	822
Total current liabilities	199,431	88,813	158,151
TOTAL EQUITY AND LIABILITIES	2,651,059	2,780,810	2,987,445

Notes to the financial statements

Note 1. Accounting principles

Evolution prepares its financial statements in accordance with the International Financial Reporting Standards (IFRS) as approved by the European Union. The Group's interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. The Parent Company uses the same accounting principles as the Group, with the addition of the Swedish Financial Reporting Board's recommendation; RFR 2, Accounting for Legal Entities. The accounting policies are unchanged from the 2021 annual report. There are no amendments to IFRS standards in 2022 that have had material impact on the Group's results of operations and financial position.

Amounts are expressed in thousands of Euro (EUR) unless otherwise indicated. Amounts or figures in parentheses indicate comparative figures for the corresponding period last year.

Note 2. Events following the balance sheet date

Evolution has after the period announced the launch of its new Connecticut live casino studio, the company's fourth studio serving the growing regulated US iGaming market.

Note 3. Incentive programme

The company has two incentive programmes. Upon full exercise of the warrants within the programme 2020/2023 (adopted by the Extra General Meeting on 16 January 2020), the dilution effect will be approximately 1.8 percent. Upon full exercise of the warrants within the programme 2021/2024 (adopted by the Extra General Meeting on 28 January 2021), the dilution effect will be approximately 1.8 percent. More information about the programmes is available in the 2021 annual report.

Note 4. Seasonality

Evolution's operations are, to a certain extent, influenced by seasonal patterns in end-user activity. The Group's customers generally notice increased end-user activity and an increased volume of operations in the fourth quarter of each year, which is consistent with the Group's experience of increased online casino traffic and commission income earned in the fourth quarter.

Note 5. Acquisition of group companies

During the first quarter, the redemption of outstanding shares in NetEnt was finalised and an amount of EUR 63.8 million has been paid. Working capital adjustment for BTG was also paid during the first quarter, amounting to EUR 10.3 million.

Nolimit City

Evolution has entered into an agreement to acquire 100 percent of the share capital in Nolimit City Holding Ltd (Nolimit City) for an upfront consideration of EUR 200 million on a cash and debt free basis. The consideration will be paid in cash. In addition, Evolution may pay earn-out payments in cash, based on Nolimit City's EBITDA for the years 2022, 2023 and 2024, respectively. The earn-out payments will amount to a maximum of EUR 140 million, and become payable in 2023, 2024 and 2025, respectively.

Completion of the transaction is expected during the third quarter 2022. The acquisition analysis was not complete by the reporting date, therefore certain information is not included in this report.

Definitions of key ratios

Key ratios	Definition	Purpose
Operating profit (EBIT)	Profit before tax excluding net financial items.	Key ratio used by management to monitor the earnings trend in the Group.
Operating margin (EBIT)margin	Operating profit in relation to operating revenues.	Key ratio used by management to monitor the earnings trend in the Group.
EBITDA	Operating profit less depreciation.	Key ratio used by management to monitor the earnings trend in the Group.
EBITDA margin	Operating profit excluding depreciation and amortisation in relation to operating revenues.	Key ratio used by management to monitor the earnings trend in the Group.
Profit margin	Profit for the period in relation to operating revenues.	Key ratio used by management to monitor the earnings trend in the Group.
Equity/assets ratio	Equity at the end of period in relation to total assets at the end of period.	Key ratio indicates the Group's long-term payment capacity.
Cash and cash equivalents	Cash and bank assets.	Used by management to monitor the Group's short-term payment capacity.
Revenue growth compared with the previous year	Operating revenues for the period divided by operating revenues in the same period last year.	Key ratio used by management to monitor the Group's revenue growth.
Revenue growth compared with the preceding quarter	Operating revenues for the period divided by operating revenues for the preceding quarter.	Key ratio used by management to monitor the Group's revenue growth.
Average number of full-time employees	The average number of full-time employees during the period. Full-time equivalents include part-time positions.	Key ratio used by management to monitor the Group's number of employees' growth.
Per share		
Earnings per share before dilution	Profit for the period in relation to the average number of shares outstanding before dilution during the period.	Key ratio used by management to monitor the earnings trend in the Group.
Equity per share	Shareholders' equity divided by the number of shares outstanding at the end of the period.	Key ratio used by management to monitor the earnings trend in the Group.
Operational cash flow per share before dilution	Cash flow from operating activities in relation to the average number of shares outstanding before dilution during the period.	Key ratio used by management to monitor the cash flow trend in the Group.
Average number of shares outstanding	The average number of shares outstanding before dilution during the period.	Used to calculate key ratios in relation to the number of shares during the period.
Number of shares outstanding	Number of shares outstanding at the end of the period.	Used to calculate key ratios in relation to the number of shares at the end of the period.