

Interim report | January–March 2023 | Evolution AB (publ)

First quarter of 2023 (Q1 2022)

- Operating revenues increased by 31.5% to EUR 429.6 million (326.8)
- EBITDA increased by 30.7% to EUR 300.2 million (229.7), corresponding to a margin of 69.9% (70.3)
- Profit for the period amounted to EUR 251.2 million (197.7)
- Earnings per share before dilution amounted to EUR 1.18 (0.93)

Events during the first quarter of 2023

- High demand and cost control generates a positive effect on margin development.
- Launch of Red Tiger unique timed jackpots in the US.
- After the end of the period, dividend of EUR 2.00 per share.

Summary of the first quarter

Group, EUR thousands	Jan-Mar 2023	Jan-Mar 2022	%	Apr 2022- Mar 2023	Jan-Dec 2022	%
Operating revenues	429,574	326,767	31.5%	1,559,544	1,456,737	7.1%
EBITDA	300,158	229,678	30.7%	1,078,920	1,008,440	7.0%
EBITDA margin	69.9%	70.3%	-	69.2%	69.2%	-
Operating profit	271,480	207,085	31.1%	972,457	908,062	7.1%
Operating margin	63.2%	63.4%	-	62.4%	62.3%	-
Profit for the period	251,150	197,689	27.0%	896,822	843,361	6.3%
Profit margin	58.5%	60.5%	-	57.5%	57.9%	-
Earnings per share before dilution, EUR	1.18	0.93	27.1%	4.21	3.95	6.4%
Equity per share, EUR	17.21	15.45	11.4%	17.21	16.23	6.0%
OCF per share before dilution, EUR	1.30	0.91	42.8%	4.50	4.11	9.5%
Average number of FTEs	12,451	9,635	29.2%	11,488	10,802	6.4%

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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 700+ operators among its customers. The group currently employs 17,300+ 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

A strong start of the year at Evolution. Revenues increased by 31.5 percent to EUR 429.6 million in the first quarter, with 83.8 percent of revenues deriving from live casino games and the rest from RNG. Live casino grew strongly with 36.1 percent compared to last year and revenues amounted to EUR 360.1 million. We continue to see a strong demand both from existing and new customers and good momentum from new games. RNG delivered EUR 69.5 million in revenue, only a slight increase compared to the same quarter last year. As we have communicated earlier, the development in RNG will not be linear towards our target of double-digit growth. I remain convinced that we can perform better in the RNG area, and we are working hard to improve. The underlying growth drivers for online casino are solid and I am happy with the start of 2023.

The general cost increase and other external challenges remained from 2022, and we continue to address them, every day. We constantly need to find new, better and smarter ways of working to continue to deliver. Be sure that we work hard on this and during the quarter we see an improvement resulting from those efforts. Our priority is always to grow top-line but we strive to do so in a profitable way. For FY 2023, as earlier communicated, we expect EBITDA margin in the 68-71 percent range, and for the first quarter we reported a margin of 69.9 percent, clearly within the communicated range.

As those who have followed us already know, Evolution's focus is always on delivering new, exciting playing experiences to our players. We strive to increase the entertainment factor, create new games not only for existing players but also for new player categories. The demands from future generations of online casino players will be different than today. In our Game show category, we continue to innovate and bring never-before-seen games to the market. During the first quarter we presented two new live game shows, one is Funky Time, a game that builds on concepts from the very popular Crazy Time but also introduces brand new features. The other headline release is ExtraChilli Epic Spins™ – a game show built around one of our most popular slots games. It is a new way to play slots – I think it's best described as "social slots". You play, chat and win together. Both these games will be launched to players during the second quarter.

We plan to release over 100 games in 2023. In the first quarter we released 18 RNG titles. Our release pattern will be backend loaded to the second half of the year, also 2023. A highlight during the quarter was the launch of our first timed jackpot functionality in parts of North America. It is a new concept in the region that adds to the excitement for players.

We have high ambitions, and we are acting on a growing market. We are a profitable, strong, all-equity financed company making money at present and we are focused on growing. Hence, we will continue to invest, recruit and push for growth even though we currently face a tougher macro-economic climate. During the first quarter we have continued to invest in many of our existing studios and we continue to plan to start work on 1-2 additional studios during this year.

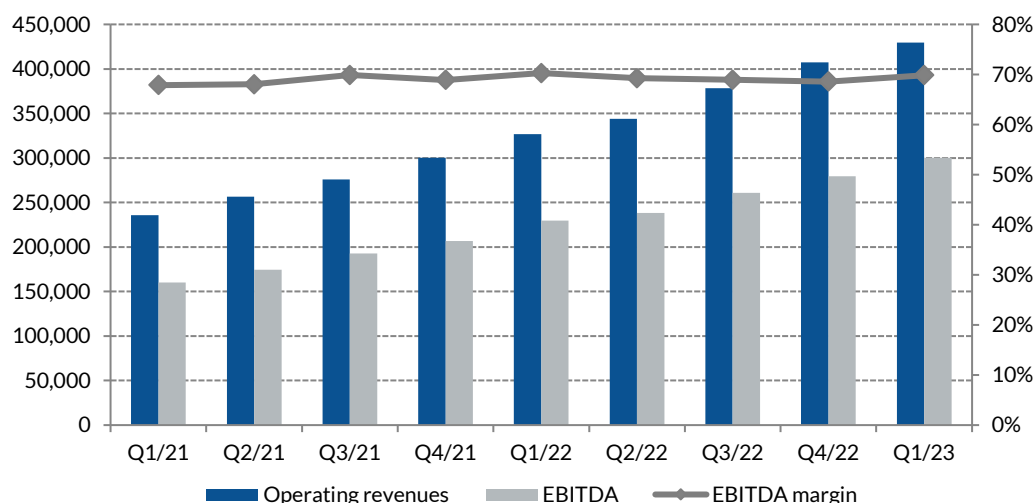
From this quarter we have made a change in our regional revenue table to better reflect how we work with the different regions. LatAm is a region that has seen a strong development during the past year and we now break it out as a separate region. We also group UK and Nordics into Europe as that better reflects our current structure for addressing that region. We have a true global demand for our product which is also reflected in the spread of revenues over geographic regions.

From a regional point of view, Europe reported strong growth of 14 percent in the first quarter compared to last year. The region, including Nordics and UK, represents some 40 percent of total revenue. Europe is a more mature market, characterized by lower growth rates than the other regions, but it still has large potential for Evolution - and therefore it is great to see this quarterly growth rate. Asia reported strong growth of 49 percent and North America 56 percent. LatAm makes up 7 percent of our total revenue in the quarter and we believe it is a region with great potential and positive momentum.

As stated, many times before - we always strive to do a little bit better every day, with the ambition to continuously improve our world leading playing experience and further develop our operational excellence. I really want to thank all the employees at Evolution for pushing hard to give us such a strong start to 2023 as well as remind all of you reading this, that Evolution is built out of thousands and thousands of young talents creating all of what I write about in these comments of the first quarter 2023. With that, let me round it off with that I look forward with excitement to the rest of 2023.

Martin Carlesund
CEO

Quarterly results trend



Financial performance in the first quarter of 2023

Revenues

Revenues amounted to EUR 429.6 million (326.8) in the first quarter, equivalent to an increase of 31.5 percent compared with the corresponding period in 2022. EUR 69.5 million (62.3) of the revenue was derived from RNG-games. The positive revenue development within live casino mainly derives from increased commission income from existing customers and, to a certain extent, from new customers. Demand for online casino games continues to grow, partly as a result of our continuous launch of new games and variations on traditional games.

Revenue by game type

Group, EUR millions	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Oct-Dec 2022	Jan-Mar 2023
Live	264.5	278.5	310.4	334.9	360.1
RNG, as reported	62.3	65.5	68.1	72.5	69.5
Total	326.8	344.0	378.5	407.5	429.6
RNG incl. Nolimit City, pro-forma	69.1	72.2	-	-	-

Nolimit City is included in the consolidated financial statements from 1 July 2022.

Expenses

Operating expenses amounted to EUR 158.1 million (119.7). 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 first quarter of 2022. The expansion has also increased other operating expenses compared with Q1 2022.

Profitability

Operating profit amounted to EUR 271.5 million (207.1), corresponding to an increase of 31.1 percent. The operating margin was 63.2 percent (63.4). The EBITDA margin was 69.9 percent (70.3). Changes in foreign

exchange rates affected EBITDA negatively by EUR 3.1 million compared with the same period the preceding year.

Financial items, mainly interest expenses for leasing and currency exchange differences, only had a marginal impact on profits. The Group's effective tax rate for the quarter amounted to 7.0 percent (6.5). The tax rate is influenced by the countries in which earnings are generated and may vary between reported periods. Profit for the period amounted to EUR 251.2 million (197.7). Earnings per share before dilution were EUR 1.18 (0.93).

Investments

Investments in intangible assets amounted to EUR 10.7 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 11.5 million (14.6) 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 277.3 million (194.3) during the quarter. Cash flow from investing activities was negative in the amount of EUR 21.7 million (negative 96.1), 2022 included final redemption of outstanding shares in NetEnt of EUR 63.8 million. Cash flow from financing activities was negative in the amount of EUR 27.9 million (negative 80.1), 2022 included repurchase of own shares of EUR 75.6 million. Cash and cash equivalents amounted to EUR 759.7 million (439.5) at the end of the quarter.

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 first quarter 66.0 percent (66.0) of the operators' GGR via Evolution's platform was generated by mobile devices. RNG is the largest vertical of the online casino market. However, to a large extent, growth is driven by Live Casino having grown in importance for most gaming operators and has become an integrated and strategically important product for them.

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

Revenue per geographical region

Group, EUR millions	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Oct-Dec 2022	Jan-Mar 2023
Europe	152.4	151.9	159.2	170.0	173.7
Asia	103.4	110.9	127.8	136.2	154.0
North America	36.8	46.1	50.2	56.2	57.3
LatAm	17.2	19.4	24.8	26.9	30.0
Other	17.1	15.7	16.5	18.2	14.6
Total operating revenues	326.8	344.0	378.5	407.5	429.6
Share of regulated markets	40%	43%	41%	40%	40%
Revenues, regulated markets	131.1	147.9	156.4	164.1	171.3

Other

Parent Company

The Parent Company is a holding company. Net sales for the first quarter of 2023 amounted to EUR 4.9 million (5.2) and expenses to EUR 5.0 million (4.7). Operating profit amounted to negative EUR 36 thousand (461). Profit for the period amounted to EUR 355 thousand (211). The Parent Company's cash and cash equivalents amounted to EUR 44.5 million (142.2) at the end of the period and equity amounted to EUR 3,018.0 million (2,752.9). No significant investments were made in intangible or tangible assets.

Employees

As of 31 March 2023, Evolution had 17,331 employees (14,341), corresponding to 12,374 (9,805) full-time positions. The average number of full-time equivalents for the quarter was 12,451 (9,635).

Significant risks and uncertainties

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

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

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

For further information about Evolution's risk exposure and handling, please see the Group's Annual Report for 2022, which is available on the company's website.

Upcoming report dates

Interim report January-June 2023	21 July 2023
Interim report January-September 2023	26 October 2023
Year-end report 2023	February 2024

Stockholm, 27 April 2023

Martin Carlesund
CEO

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Presentation for investors, analysts and the media

CEO Martin Carlesund and CFO Jacob Kaplan will present the report and answer questions on Thursday, 27 April 2023 at 09:00 am CEST via a telephone conference. The presentation will be in English and can also be followed online. Number for participation by telephone:

SE: +46 8 505 163 86

UK: +44 20 319 848 84

US: +1 412 317 6300

Pin code: 2488371#

Follow the presentation: <https://ir.financialhearings.com/evolution-q1-2023>

This information is such that Evolution AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the contact person set out above on 27 April 2023, 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	Jan-Mar 2023	Jan-Mar 2022	Apr 2022- Mar 2023	Jan-Dec 2022
Revenues - Live	360,104	264,502	1,283,910	1,188,308
Revenues - RNG	69,470	62,265	275,634	268,429
Total operating revenues	429,574	326,767	1,559,544	1,456,737
Personnel expenses	-82,933	-63,468	-309,063	-289,598
Depreciation, amortisation and impairments	-28,678	-22,593	-106,463	-100,378
Other operating expenses	-46,483	-33,621	-171,561	-158,699
Total operating expenses	-158,094	-119,682	-587,087	-548,675
Operating profit	271,480	207,085	972,457	908,062
Financial items	-1,425	4,311	-7,205	-1,469
Profit before tax	270,055	211,396	965,252	906,593
Tax on profit for the period	-18,905	-13,707	-68,430	-63,232
Profit for the period	251,150	197,689	896,822	843,361
<i>Of which attributable to:</i>				
Shareholders of the Parent Company	251,150	197,689	896,822	843,361
Average number of shares before dilution	213,355,881	213,454,250	213,242,908	213,267,500
Earnings per share before dilution, EUR	1.18	0.93	4.21	3.95
Average number of shares after dilution	219,630,174	218,671,369	217,745,268	217,505,567
Earnings per share after dilution, EUR	1.14	0.90	4.12	3.88
Operating margin	63.2%	63.4%	62.4%	62.3%
Effective tax rate	7.0%	6.5%	7.1%	7.0%

Condensed comprehensive income statement

Group, EUR thousands	Jan-Mar 2023	Jan-Mar 2022	Apr 2022- Mar 2023	Jan-Dec 2022
Profit for the period	251,150	197,689	896,822	843,361
Other comprehensive income				
<i>Items that may be reclassified to profit</i>				
Exchange differences arising from the translation of foreign operations	-11,356	-19,466	-188,882	-196,992
Other comprehensive income	-11,356	-19,466	-188,882	-196,992
Total comprehensive income for the period	239,794	178,223	707,940	646,369

Condensed consolidated balance sheet

Group, EUR thousands	31/03/2023	31/03/2022	31/12/2022
Assets			
Goodwill	2,306,552	2,183,203	2,315,332
Other intangible assets	731,512	743,367	742,928
Buildings	11,133	11,354	11,187
Right of use assets	69,026	52,741	67,900
Property, plant and equipment	115,838	78,680	110,996
Other non-current receivables	8,482	10,233	8,868
Deferred tax assets	2,687	2,727	2,785
Total non-current assets	3,245,230	3,082,305	3,259,996
Accounts receivable	287,872	234,459	277,012
Other receivables	328,491	216,926	262,346
Prepaid expenses and accrued income	34,930	36,897	37,463
Cash and cash equivalents*	759,736	439,516	532,554
Total current assets	1,411,029	927,798	1,109,375
TOTAL ASSETS	4,656,259	4,010,103	4,369,371
Equity and liabilities			
Share capital	648	647	647
Other capital contributed	2,379,975	2,404,609	2,403,963
Reserves	-226,634	-37,752	-215,278
Retained earnings including profit for the period	1,522,640	925,780	1,270,949
Total equity	3,676,629	3,293,284	3,460,281
Deferred tax liabilities	64,337	56,800	66,113
Non-current lease liabilities	65,769	50,164	65,158
Other non-current liabilities	352,341	230,000	351,926
Total non-current liabilities	482,447	336,964	483,197
Accounts payable	7,421	14,573	10,094
Provisions	283	1,995	380
Current tax liabilities	383,323	258,532	312,677
Other current liabilities	41,177	43,912	43,321
Current lease liabilities	14,116	15,927	14,395
Accrued expenses and prepaid income	50,863	44,916	45,026
Total current liabilities	497,183	379,855	425,893
TOTAL EQUITY AND LIABILITIES	4,656,259	4,010,103	4,369,371
*Including restricted cash for jackpot liabilities	17,774	20,514	20,602

Condensed consolidated changes in equity

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

Group 2023, EUR thousands	Share capital	Other capital contributed	Reserves	Retained earnings	Total equity
Opening equity 01/01/2023	647	2,403,963	-215,278	1,270,949	3,460,281
Warrants	-	-56,689	-	541	-56,148
New share issue	1	32,701	-	-	32,702
Profit for the period	-	-	-	251,150	251,150
Other comprehensive income	-	-	-11,356	-	-11,356
Closing equity 31/03/2023	648	2,379,975	-226,634	1,522,640	3,676,629

Condensed consolidated statement of cash flow

Group, EUR thousands	Jan-Mar 2023	Jan-Mar 2022	Apr 2022- Mar 2023	Jan-Dec 2022
Operating profit	271,480	207,085	972,457	908,062
<i>Adjustment for items not included in cash flows:</i>				
Depreciation, amortisation and impairments	28,678	22,593	106,463	100,378
Provisions	-	-142	-1,259	-1,401
Other	-354	1,649	-5,410	-3,407
Interest received	1,422	47	1,732	357
Interest paid	-591	-624	-1,266	-1,299
Tax paid	-16,058	-3,841	-59,317	-47,100
Cash flow from operating activities before changes in working capital	284,577	226,767	1,013,400	955,590
Increase/decrease accounts receivable	-11,119	-33,464	-49,730	-72,075
Increase/decrease accounts payable	-2,656	5,936	-7,394	1,198
Increase/decrease other working capital	6,547	-4,897	4,196	-7,248
Cash flow from operating activities	277,349	194,342	960,472	877,465
Acquisition of intangible assets	-10,664	-7,135	-39,807	-36,278
Acquisition of property, plant and equipment	-11,477	-14,016	-58,122	-60,661
Acquisition of subsidiary	-	-74,085	-199,051	-273,136
Increase/decrease other financial assets	426	-904	-191	-1,521
Cash flow from investing activities	-21,715	-96,140	-297,171	-371,596
Repayment of lease liability	-3,898	-3,480	-14,563	-14,145
Repurchase of own shares	-	-75,591	-	-75,591
Warrants	-56,689	-1,013	-57,390	-1,714
New share issue	32,702	-	32,702	-
Dividend	-	-	-302,751	-302,751
Cash flow from financing activities	-27,885	-80,084	-342,002	-394,201
Cash flow for the period	227,749	18,118	321,299	111,668
Cash and cash equivalents at start of period	532,554	421,432	439,516	421,432
Exchange rate differences	-567	-34	-1,079	-546
Cash and cash equivalents at end of period	759,736	439,516	759,736	532,554

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

Consolidated key ratios

Group, EUR thousands	Jan-Mar 2023	Jan-Mar 2022	Apr 2022-Mar 2023	Jan-Dec 2022
Operating revenues (IFRS)	429,574	326,767	1,559,544	1,456,737
EBITDA margin	69.9%	70.3%	69.2%	69.2%
Operating margin	63.2%	63.4%	62.4%	62.3%
Profit margin	58.5%	60.5%	57.5%	57.9%
Equity/assets ratio	79.0%	82.1%	79.0%	79.2%
Cash and cash equivalents	759,736	439,516	759,736	532,554
Average number of full-time employees	12,451	9,635	11,488	10,802
Full-time employees at end of period	12,374	9,805	12,374	12,144
Earnings per share before dilution, EUR (IFRS)	1.18	0.93	4.21	3.95
Equity per share, EUR	17.21	15.45	17.21	16.23
Operating cash flow per share before dilution, EUR	1.30	0.91	4.50	4.11
Average number of outstanding shares before dilution	213,355,881	213,454,250	213,242,908	213,267,500
No of outstanding shares excl. shares in own custody	213,657,144	213,205,250	213,657,144	213,205,250

Consolidated key ratios by quarter

Group, EUR thousands	Q1/23	Q4/22	Q3/22	Q2/22	Q1/22	Q4/21	Q3/21	Q2/21	Q1/21
Operating revenues (IFRS)	429,574	407,480	378,532	343,958	326,767	300,233	276,016	256,687	235,841
EBITDA	300,158	279,529	261,015	238,218	229,678	206,915	192,942	174,668	160,125
EBITDA margin	69.9%	68.6%	69.0%	69.3%	70.3%	68.9%	69.9%	68.0%	67.9%
Operating profit	271,480	250,004	236,393	214,580	207,085	184,541	171,963	155,852	141,648
Operating margin	63.2%	61.4%	62.4%	62.4%	63.4%	61.5%	62.3%	60.7%	60.1%
Revenue growth vs prior year	31.5%	35.7%	37.1%	34.0%	38.6%	69.0%	97.1%	100.1%	104.8%
Revenue growth vs prior quarter	5.4%	7.6%	10.1%	5.3%	8.8%	8.8%	7.5%	8.8%	32.8%
Cash and cash equivalents	759,736	532,554	319,666	293,915	439,516	421,432	391,931	200,392	326,041

Reconciliation of selected key ratios not defined in accordance with IFRS

Group, EUR thousands	Jan-Mar 2023	Jan-Mar 2022	Apr 2022- Mar 2023	Jan-Dec 2022
Operating margin				
Profit before tax	270,055	211,396	965,252	906,593
Net financial items	1,425	-4,311	7,205	1,469
Operating profit (EBIT)	271,480	207,085	972,457	908,062
Divided by Total operating revenues	429,574	326,767	1,559,544	1,456,737
Operating (EBIT) margin	63.2%	63.4%	62.4%	62.3%
EBITDA and EBITDA margin				
Profit before tax	270,055	211,396	965,252	906,593
Net financial items	1,425	-4,311	7,205	1,469
Depreciation/amortisation	28,678	22,593	106,463	100,378
EBITDA	300,158	229,678	1,078,920	1,008,440
Divided by Total operating revenues	429,574	326,767	1,559,544	1,456,737
EBITDA margin	69.9%	70.3%	69.2%	69.2%
Profit margin				
Profit for the period	251,150	197,689	896,822	843,361
Divided by Total operating revenues	429,574	326,767	1,559,544	1,456,737
Profit margin	58.5%	60.5%	57.5%	57.9%
Equity/Assets ratio				
Total equity	3,676,629	3,293,284	3,676,629	3,460,281
Divided by Total assets	4,656,259	4,010,103	4,656,259	4,369,371
Equity/Assets ratio	79.0%	82.1%	79.0%	79.2%

Condensed Parent Company income statement and other comprehensive income

Parent company, EUR thousands	Jan-Mar 2023	Jan-Mar 2022	Apr 2022-Mar 2023	Jan-Dec 2022
Net sales	4,943	5,182	19,402	19,641
Other external expenses	-4,979	-4,721	-19,796	-19,538
Operating profit	-36	461	-394	103
Interest income and similar income	500	-	593,613	592,922
Interest expenses and similar expenses	-	-191	-	-
Profit before tax	464	270	593,219	593,025
Tax on profit for the period	-109	-59	-760	-710
Profit for the period*	355	211	592,459	592,315

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

Condensed Parent Company balance sheet

Parent company, EUR thousands	31/03/2023	31/03/2022	31/12/2022
Assets			
Intangible assets	372	619	432
Property, plant and equipment	249	19	70
Participating interest in Group companies	2,630,780	2,630,780	2,630,780
Other non-current receivables	14	14	14
Total non-current assets	2,631,415	2,631,432	2,631,296
Receivables from Group companies	427,054	53,719	487,011
Other current receivables	1,338	1,487	1,386
Prepaid expenses and accrued income	5,413	10,312	6,517
Cash and cash equivalents	44,508	142,172	6,250
Total current assets	478,313	207,690	501,164
TOTAL ASSETS	3,109,728	2,839,122	3,132,460
Equity and liabilities			
Share capital	648	647	647
Retained earnings including profit for the period	3,017,328	2,752,254	3,040,961
Total equity	3,017,976	2,752,901	3,041,608
Accounts payable	169	219	197
Current tax liabilities	892	469	763
Liabilities to Group companies	87,703	84,347	87,841
Other current liabilities	629	329	318
Accrued expenses and prepaid income	2,359	857	1,733
Total current liabilities	91,752	86,221	90,852
TOTAL EQUITY AND LIABILITIES	3,109,728	2,839,122	3,132,460

Notes to the financial statements

Note 1. Accounting principles

Evolution prepares its financial statements in accordance with the International Financial Reporting Standards (IFRS) as approved by the European Union. The Group's interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. The Parent Company uses the same accounting principles as the Group, with the addition of the Swedish Financial Reporting Board's recommendation; RFR 2, Accounting for Legal Entities. The accounting policies are unchanged from the 2022 annual report. There are no amendments to IFRS standards in 2023 that have had material impact on the Group's results of operations and financial position.

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

Note 2. Events following the balance sheet date

At the annual general meeting in Evolution AB (publ) on 4 April 2023, 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, authorisation for the board of directors to issue shares, warrants and convertible debt as well as authorisation for the board of directors to re-purchase warrants.

Note 3. Incentive programme

The company has one incentive programme. Upon full exercise of the warrants within the programme 2021/2024 (adopted by the Extra General Meeting on 28 January 2021), the dilution effect will be approximately 1.7 percent. More information about the programme is available in the 2022 annual report.

Note 4. Seasonality

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

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.