

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

Second quarter of 2023 (Q2 2022)

- Operating revenues increased by 28.2% to EUR 441.1 million (344.0)
- EBITDA increased by 30.8% to EUR 311.7 million (238.2), corresponding to a margin of 70.7% (69.3)
- Profit for the period amounted to EUR 264.1 million (200.9)
- Earnings per share amounted to EUR 1.24 (0.94)

January–June 2023 (1H 2022)

- Operating revenues increased by 29.8% to EUR 870.6 million (670.7)
- EBITDA increased by 30.8% to EUR 611.9 million (467.9), corresponding to a margin of 70.3% (69.8)
- Profit for the period amounted to EUR 515.2 million (398.6)
- Earnings per share amounted to EUR 2.41 (1.87)

Events during the second quarter of 2023

- Highest EBITDA-margin ever reported in a quarter.
- Successful launch of Funky Time.
- Build out of new live casino studios in LatAm.

Summary of the second quarter and first six months of 2023

Group, EUR thousands	Apr-Jun 2023	Apr-Jun 2022	%	Jan-Jun 2023	Jan-Jun 2022	%	Jul 2022- Jun 2023	Jan-Dec 2022	%
Operating revenues	441,075	343,958	28.2%	870,649	670,725	29.8%	1,656,661	1,456,737	13.7%
EBITDA	311,693	238,218	30.8%	611,851	467,896	30.8%	1,152,395	1,008,440	14.3%
EBITDA margin	70.7%	69.3%	-	70.3%	69.8%	-	69.6%	69.2%	-
Operating profit	281,515	214,580	31.2%	552,995	421,665	31.1%	1,039,392	908,062	14.5%
Operating margin	63.8%	62.4%	-	63.5%	62.9%	-	62.7%	62.3%	-
Profit for the period	264,089	200,873	31.5%	515,239	398,562	29.3%	960,038	843,361	13.8%
Profit margin	59.9%	58.4%	-	59.2%	59.4%	-	58.0%	57.9%	-
Earnings per share before dilution, EUR	1.24	0.94	31.2%	2.41	1.87	29.2%	4.50	3.95	13.8%
Equity per share, EUR	15.99	14.62	9.4%	15.99	14.62	9.4%	15.99	16.23	-1.5%
OCF per share before dilution, EUR	1.10	0.87	25.8%	2.39	1.78	34.4%	4.73	4.11	14.9%
Average number of FTEs	12,750	10,412	22.5%	12,633	10,054	25.7%	12,069	10,802	11.7%

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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 17,400+ 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

During the second quarter of 2023 we continued to deliver good results, with top line growth of 28.2 percent to EUR 441.1 million (344.0) and our highest ever EBITDA-margin in a quarter, 70.7 percent. Revenue from our Live Casino business, representing 84 percent of total, increased by 33.5 percent to EUR 371.8 million. Although a strong financial result, operationally I feel that we can do more to leverage our execution power to the fullest.

We have made a lot of progress in our RNG operations during the period. At the end of the quarter, we are up to speed with our game release plan. Our RNG business has revenue of EUR 69.3 million in the quarter, a 4.0 percent decline compared to pro-forma figures second quarter of last year, but sequentially stable from Q1 and 5.8 percent increase compared to reported figures. We have earlier communicated that the development towards our goal of double-digit growth will take more time and while not yet growing in line with our targets for RNG, it is worth pointing out that it is a highly profitable business and accretive to group margins. With our operational improvements in place I see that we have many opportunities to execute on going forward.

Our ambition is, as always, to manage our costs in an optimal way to deliver good performance and profitability. We report a strong EBITDA margin of 70.7 percent in the second quarter, well within the earlier communicated range of 68-71 percent for the full year 2023. We have managed the external challenges increasing our total cost level very well during the first part of 2023. Price increases are still affecting our operations and we do our utmost to limit the impact and constantly increase efficiency in supporting growth.

Funky Time, that we showcased in Q1, was launched as planned in Q2. Funky Time adds to our portfolio of unique game shows, it is the largest and most complex game we've ever created mixing RNG and Live game elements as well as animated characters and live video. It is a very innovative and entertaining game with a fantastic retro club ambience. We see large numbers of new players continuously taking on to the game and it has good traction. Our release schedule for Live games is tilted toward the second half of the year and we have many exciting releases planned. Also our RNG roadmap is busier during the second half of the year, all according to plan, and in line with the 2023 target of more than 100 games in total (including Live games). This year's roadmap is our strongest ever and we are planning for an even more exciting roadmap 2024.

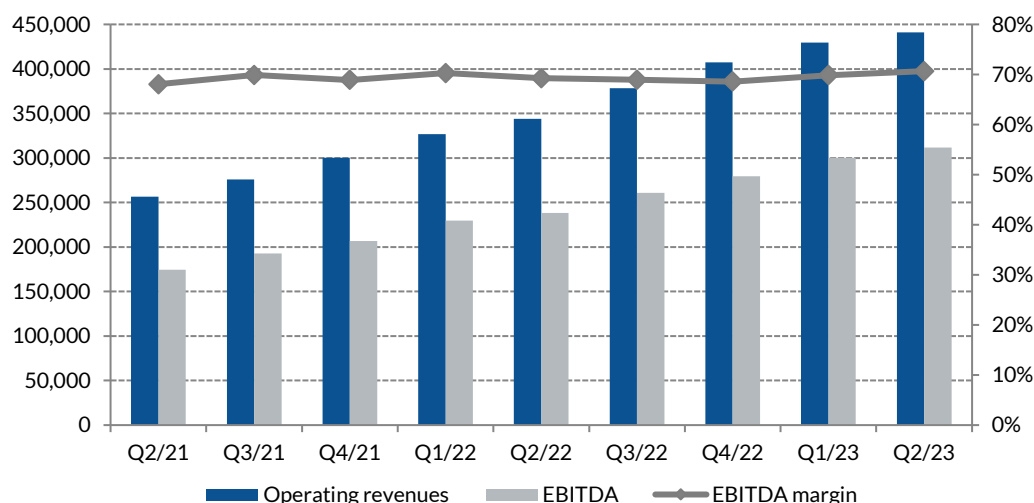
We continue to see long-term growth opportunities in all Regions. In North America, we continuously expand our Live game portfolio. In the second quarter we launched Live Craps in Michigan. We are now present with this iconic dice game in four states in the US. There are still many games to come and step by step we add to the game portfolio and will by that increase the Live share of Online casino in this market. In LatAm we continue to see player numbers increase from the region and we have started to expand our studio network there with small studios in Argentina and Columbia. Europe and Asia are today the largest regions for us, both were early in taking on to Live Casino and players are familiar with the product. There is much potential in both regions. In Europe demand for new tables exceeds our current delivery capacity, something we will work to address during the quarters to come.

We have a very strong financial position and our cash flow generation continues to support our dividend policy (of distributing a minimum dividend of 50 percent of net profit over time) and investments in people and innovation now and going forward. As an all-equity financed, profitable company, we are focused on growth and therefore we will continue to invest and push for growth even though we currently face a tougher macro-economic climate than last year. During the second quarter we have continued to expand and invest in our existing studios, and also plan for new locations.

New titles and constantly improving the playing experience in our existing games is an important cornerstone in our ambition to deliver growth. Securing long-term quality in combination with the fact that we always want to do more and better, this is our mind-set and the reason why we can expand our gap to competition also in challenging times. We will continue to invest for growth, to try new solutions – sometimes fail – but always strive to be better, every single day. Together with the soon 18,000 people at Evolution, I look forward to the second half of 2023 with great enthusiasm.

Martin Carlesund
CEO

Quarterly results trend



Financial performance in the second quarter of 2023

Revenues

Revenues amounted to EUR 441.1 million (344.0) in the second quarter, equivalent to an increase of 28 percent compared with the corresponding period in 2022. EUR 69.3 million (65.5) 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	Apr-Jun 2022	Jul-Sep 2022	Oct-Dec 2022	Jan-Mar 2023	Apr-Jun 2023
Live	278.5	310.4	334.9	360.1	371.8
RNG, as reported	65.5	68.1	72.9	69.5	69.3
Total	344.0	378.5	407.5	429.6	441.1
RNG incl. Nolimit City, pro-forma	72.2	-	-	-	-

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

Expenses

Operating expenses amounted to EUR 159.6 million (129.4). 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 2022. The expansion has also increased other operating expenses compared with Q2 2022.

Profitability

Operating profit amounted to EUR 281.5 million (214.6), corresponding to an increase of 31 percent. The operating margin was 63.8 percent (62.4). The EBITDA margin was 70.7 percent (69.3). Changes in foreign exchange rates affected EBITDA negatively by EUR 2.5 million compared with the same period the preceding year.

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 6.7 percent (7.4). 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 264.1 million (200.9). Earnings per share before dilution were EUR 1.24 (0.94).

Investments

Investments in intangible assets amounted to EUR 12.1 million (9.6) during the quarter and were mainly attributable to development of new games and technical improvements of the platform, such as new functionality.

Investments in property, plant and equipment amounted to EUR 10.6 million (14.8) 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 233.8 million (185.5) during the quarter. Cash flow from investing activities was negative in the amount of EUR 21.8 million (negative 26.8). Cash flow from financing activities was negative in the amount of EUR 429.1 million (negative 306.7) and included dividend to shareholders of EUR 427.4 million (302.8). Cash and cash equivalents amounted to EUR 541.7 million (293.9) at the end of the quarter.

First half of 2023 in brief

Revenues

For the January-June 2023 period, revenues amounted to EUR 870.6 million (670.7), corresponding to an increase of 30 percent compared with the same period in 2022. EUR 138.7 million (127.8) 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 317.7 million (249.1). 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 553.0 million (421.7) with an operating margin of 63.5 percent (62.9). The EBITDA margin was 70.3 percent (69.8).

Investments

Investments in intangible assets amounted to EUR 22.8 million (16.8) for the period. Investments in property, plant and equipment amounted to EUR 22.1 million (28.8). Change in other financial assets was positive in the amount of EUR 1.4 million (negative 3.3).

Cash and cash equivalents, financing and financial position

Cash flow from operating activities amounted to EUR 542.7 million (428.4) over the period. The increase is primarily due to improved profit. Cash flow from investing activities was negative in the amount of EUR 43.5 million (negative 123.0), 2022 included investment in subsidiaries of EUR 74.1 million. Cash flow from financing activities was negative in the amount of EUR 457.0 million (negative 386.8) and included dividend to shareholders of EUR 427.4 million (302.8), 2022 included repurchase of own shares of EUR 75.6 million.

Market development

Online Casino market

The global online casino market (Live & RNG) has grown strongly in recent years and is expected to continue to be among the fastest-growing gaming segments in the coming years. Evolution's growth target is to grow faster than the total global online casino market. Market growth is influenced by several underlying factors, such as technological advances with, among other things, improved hardware and increased bandwidth, the migration of land-based casinos to online environments and market regulations. Increased use of mobile devices has been a growth driver for many years, and in the quarter 67.0 percent (69.2) 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 2022	Jul-Sep 2022	Oct-Dec 2022	Jan-Mar 2023	Apr-Jun 2023
Europe	151.9	159.2	170.0	173.7	175.2
Asia	110.9	127.8	136.2	154.0	164.5
North America	46.1	50.2	56.2	57.3	55.5
LatAm	19.4	24.8	26.9	30.0	31.3
Other	15.7	16.5	18.2	14.6	14.6
Total operating revenue	344.0	378.5	407.5	429.6	441.1
Share of regulated markets	43%	41%	40%	40%	40%
Revenue, regulated markets	147.9	156.4	164.1	171.3	176.9

Other

Parent Company

The Parent Company is a holding company. Net sales for the second quarter of 2023 amounted to EUR 5.0 million (5.0) and expenses to EUR 4.7 million (4.9). Operating profit amounted to EUR 0.3 million (0.2). Profit for the period amounted of EUR 0.4 million (1.7), 2022 included foreign exchange gain of EUR 1.8 million. The Parent Company's cash and cash equivalents amounted to EUR 7.6 million (0.1) at the end of the period and equity amounted to EUR 2,593.1 million (2,451.6). No significant investments were made in intangible or tangible assets.

Employees

As of 30 June 2023, Evolution had 17,447 employees (15,297), corresponding to 12,713 (10,570) full-time positions. The average number of full-time equivalents for the quarter was 12,750 (10,412).

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-September 2023	26 October 2023
Year-end report 2023	February 2024

Stockholm, 21 July 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 Friday, 21 July 2023 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: 6020822#

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Follow the presentation at: <https://ir.financialhearings.com/evolution-q2-2023>

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 2023, at 07:30 am CEST.

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 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jul 2022- Jun 2023	Jan-Dec 2022
Revenues - Live	371,800	278,467	731,904	542,969	1,377,243	1,188,308
Revenues - RNG	69,275	65,491	138,745	127,756	279,418	268,429
Total operating revenues	441,075	343,958	870,649	670,725	1,656,661	1,456,737
Personnel expenses	-87,470	-68,337	-170,403	-131,805	-328,196	-289,598
Depreciation, amortisation and impairments	-30,178	-23,638	-58,856	-46,231	-113,003	-100,378
Other operating expenses	-41,912	-37,403	-88,395	-71,024	-176,070	-158,699
Total operating expenses	-159,560	-129,378	-317,654	-249,060	-617,269	-548,675
Operating profit	281,515	214,580	552,995	421,665	1,039,392	908,062
Financial items	1,493	2,413	68	6,724	-8,125	-1,469
Profit before tax	283,008	216,993	553,063	428,389	1,031,267	906,593
Tax on profit for the period	-18,919	-16,120	-37,824	-29,827	-71,229	-63,232
Profit for the period	264,089	200,873	515,239	398,562	960,038	843,361
<i>Of which attributable to:</i>						
Shareholders of the Parent Company	264,089	200,873	515,239	398,562	960,038	843,361
Average number of shares before dilution	213,657,146	213,205,250	213,506,514	213,329,750	213,355,882	213,267,500
Earnings per share before dilution, EUR	1.24	0.94	2.41	1.87	4.50	3.95
Average number of shares after dilution	217,214,925	217,130,300	218,422,549	217,900,834	217,766,425	217,505,567
Earnings per share after dilution, EUR	1.22	0.93	2.36	1.83	4.41	3.88
Operating margin	63.8%	62.4%	63.5%	62.9%	62.7%	62.3%
Effective tax rate	6.7%	7.4%	6.8%	7.0%	6.9%	7.0%

Condensed comprehensive income statement

Group, EUR thousands	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jul 2022- Jun 2023	Jan-Dec 2022
Profit for the period	264,089	200,873	515,239	398,562	960,038	843,361
Other comprehensive income						
<i>Items that may be reclassified to profit</i>						
Exchange differences arising from the translation of foreign operations	-98,838	-74,640	-110,194	-94,106	-213,080	-196,992
Other comprehensive income	-98,838	-74,640	-110,194	-94,106	-213,080	-196,992
Total comprehensive income for the period	165,251	126,233	405,045	304,456	746,958	646,369

Consolidated balance sheet

Group, EUR thousands	30/06/2023	30/06/2022	31/12/2022
Assets			
Goodwill	2,233,594	2,125,991	2,315,332
Other intangible assets	699,309	717,062	742,928
Buildings	11,078	11,299	11,187
Right of use assets	68,849	53,558	67,900
Property, plant and equipment	119,055	92,092	110,996
Other non-current receivables	7,742	10,107	8,868
Deferred tax assets	3,069	2,849	2,785
Total non-current assets	3,142,696	3,012,958	3,259,996
Accounts receivable	316,126	245,038	277,012
Other receivables	251,637	215,012	262,346
Prepaid expenses and accrued income	33,525	36,886	37,463
Cash and cash equivalents*	541,707	293,915	532,554
Total current assets	1,142,995	790,851	1,109,375
TOTAL ASSETS	4,285,691	3,803,809	4,369,371
Equity and liabilities			
Share capital	648	647	647
Other capital contributed	2,382,078	2,404,609	2,403,963
Reserves	-325,472	-37,752	-215,278
Retained earnings including profit for the period	1,359,781	749,786	1,270,949
Total equity	3,417,035	3,117,290	3,460,281
Deferred tax liabilities	61,239	54,219	66,113
Non-current lease liabilities	65,576	49,566	65,158
Other non-current liabilities	352,756	230,030	351,926
Total non-current liabilities	479,571	333,815	483,197
Accounts payable	12,661	17,678	10,094
Provisions	180	595	380
Current tax liabilities	273,525	238,091	312,677
Other current liabilities	34,065	39,179	43,321
Current lease liabilities	14,122	16,017	14,395
Accrued expenses and prepaid income	54,532	41,144	45,026
Total current liabilities	389,085	352,704	425,893
TOTAL EQUITY AND LIABILITIES	4,285,691	3,803,809	4,369,371
*Including restricted cash for jackpot liabilities	10,071	17,130	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
Dividend	-	-	-	-427,398	-427,398
Warrants	-	-57,633	-	991	-56,642
New share issue	1	35,748	-	-	35,749
Profit for the period	-	-	-	515,239	515,239
Other comprehensive income	-	-	-110,194	-	-110,194
Closing equity 30/06/2023	648	2,382,078	-325,472	1,359,781	3,417,035

Condensed consolidated statement of cash flow

Group, EUR thousands	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jul 2022- Jun 2023	Jan-Dec 2022
Operating profit	281,515	214,580	552,995	421,665	1,039,392	908,062
<i>Adjustment for non-cash items:</i>						
Depreciation/amortisation/impairment	30,178	23,638	58,856	46,231	113,003	100,378
Provisions	-	-1,277	-	-1,419	18	-1,401
Other	321	-1,420	-33	229	-3,669	-3,407
Interest received	1,062	48	2,484	95	2,746	357
Interest paid	143	-298	-448	-922	-825	-1,299
Tax paid	-55,098	-33,609	-71,156	-37,450	-80,806	-47,100
Cash flow from operating activities before changes in working capital	258,121	201,662	542,698	428,429	1,069,859	955,590
Increase/decrease accounts receivable	-28,512	-10,272	-39,631	-43,736	-67,970	-72,075
Increase/decrease accounts payable	5,209	2,956	2,553	8,892	-5,141	1,198
Increase/decrease other working capital	-1,011	-8,811	5,536	-13,708	11,996	-7,248
Cash flow from operating activities	233,807	185,535	511,156	379,877	1,008,744	877,465
Acquisition of intangible assets	-12,149	-9,629	-22,813	-16,764	-42,327	-36,278
Acquisition of tangible assets	-10,629	-14,796	-22,106	-28,812	-53,955	-60,661
Acquisition of subsidiary	-	-	-	-74,085	-199,051	-273,136
Increase/decrease other financial assets	1,022	-2,419	1,448	-3,323	3,250	-1,521
Cash flow from investing activities	-21,756	-26,844	-43,471	-122,984	-292,083	-371,596
Repayment of lease liability	-3,839	-3,721	-7,737	-7,201	-14,681	-14,145
Repurchase of own shares	-	-	-	-75,591	-	-75,591
Warrants	-944	-236	-57,633	-1,249	-58,098	-1,714
New share issue	3,047	-	35,749	-	35,749	-
Dividend	-427,398	-302,751	-427,398	-302,751	-427,398	-302,751
Cash flow from financing activities	-429,134	-306,708	-457,019	-386,792	-464,428	-394,201
Cash flow for the period	-217,083	-148,017	10,666	-129,899	252,233	111,668
Cash and cash equivalents at start of period	759,736	439,516	532,554	421,432	293,915	421,432
Exchange rate differences	-946	2,416	-1,513	2,382	-4,441	-546
Cash and cash equivalents at end of period	541,707	293,915	541,707	293,915	541,707	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 the last page of the report.

Consolidated key ratios

Group, EUR thousands	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jul 2022-Jun 2023	Jan-Dec 2022
Operating revenues (IFRS)	441,075	343,958	870,649	670,725	1,656,661	1,456,737
EBITDA margin	70.7%	69.3%	70.3%	69.8%	69.6%	69.2%
Operating margin	63.8%	62.4%	63.5%	62.9%	62.7%	62.3%
Profit margin	59.9%	58.4%	59.2%	59.4%	58.0%	57.9%
Equity/assets ratio	79.7%	82.0%	79.7%	82.0%	79.7%	79.2%
Cash and cash equivalents	541,707	293,915	541,707	293,915	541,707	532,554
Average number of full-time employees	12,750	10,412	12,633	10,054	12,069	10,802
Full-time employees at end of period	12,713	10,570	12,713	10,570	12,713	12,144
Earnings per share before dilution, EUR (IFRS)	1.24	0.94	2.41	1.87	4.50	3.95
Equity per share, EUR	15.99	14.62	15.99	14.62	15.99	16.23
Op. cash flow per share before dilution, EUR	1.10	0.87	2.39	1.78	4.73	4.11
Average number of outstanding shares before dilution	213,657,146	213,205,250	213,506,514	213,329,750	213,355,882	213,267,500
Number of outstanding shares	213,657,147	213,205,250	213,657,147	213,205,250	213,657,147	213,205,250

Consolidated key ratios by quarter

Group, EUR thousands	Q2/23	Q1/23	Q4/22	Q3/22	Q2/22	Q1/22	Q4/21	Q3/21	Q2/21
Operating revenues (IFRS)	441,075	429,574	407,480	378,532	343,958	326,767	300,233	276,016	256,687
EBITDA	311,693	300,158	279,529	261,015	238,218	229,678	206,915	192,942	174,668
EBITDA margin	70.7%	69.9%	68.6%	69.0%	69.3%	70.3%	68.9%	69.9%	68.0%
Operating profit	281,515	271,480	250,004	236,393	214,580	207,085	184,541	171,963	155,852
Operating margin	63.8%	63.2%	61.4%	62.4%	62.4%	63.4%	61.5%	62.3%	60.7%
Revenue growth vs prior year	28.2%	31.5%	35.7%	37.1%	34.0%	38.6%	69.0%	97.1%	100.1%
Revenue growth vs prior quarter	2.7%	5.4%	7.6%	10.1%	5.3%	8.8%	8.8%	7.5%	8.8%
Cash and cash equivalents	541,707	759,736	532,554	319,666	293,915	439,516	421,432	391,931	200,392

Reconciliation of selected key ratios not defined in accordance with IFRS

Group, EUR thousands	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jul 2022-Jun 2023	Jan-Dec 2022
Operating margin						
Profit before tax	283,008	216,993	553,063	428,389	1,031,267	906,593
Net financial items	-1,493	-2,413	-68	-6,724	8,125	1,469
Operating profit (EBIT)	281,515	214,580	552,995	421,665	1,039,392	908,062
Divided by Total operating revenues	441,075	343,958	870,649	670,725	1,656,661	1,456,737
Operating (EBIT) margin	63.8%	62.4%	63.5%	62.9%	62.7%	62.3%
EBITDA and EBITDA margin						
Profit before tax	283,008	216,993	553,063	428,389	1,031,267	906,593
Net financial items	-1,493	-2,413	-68	-6,724	8,125	1,469
Depreciation/amortisation	30,178	23,638	58,856	46,231	113,003	100,378
EBITDA	311,693	238,218	611,851	467,896	1,152,395	1,008,440
Divided by Total operating revenues	441,075	343,958	870,649	670,725	1,656,661	1,456,737
EBITDA margin	70.7%	69.3%	70.3%	69.8%	69.6%	69.2%
Profit margin						
Profit for the period	264,089	200,873	515,239	398,562	960,038	843,361
Divided by Total operating revenues	441,075	343,958	870,649	670,725	1,656,661	1,456,737
Profit margin	59.9%	58.4%	59.2%	59.4%	58.0%	57.9%
Equity/Assets ratio						
Total equity	3,417,035	3,117,290	3,417,035	3,117,290	3,417,035	3,460,281
Divided by Total assets	4,285,691	3,803,809	4,285,691	3,803,809	4,285,691	4,369,371
Equity/Assets ratio	79.7%	82.0%	79.7%	82.0%	79.7%	79.2%

Condensed Parent Company income statement and other comprehensive income

Parent company, EUR thousands	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jul 2022- Jun 2023	Jan-Dec 2022
Net sales	4,992	5,007	9,935	10,189	19,387	19,641
Other external expenses	-4,695	-4,855	-9,674	-9,576	-19,636	-19,538
Operating profit	297	152	261	613	-249	103
Interest income and similar income	201	2,015	701	1,824	591,799	592,922
Interest expenses and similar expenses	-	-	-	-	-	-
Profit before tax	498	2,167	962	2,437	591,550	593,025
Tax on profit for the period	-123	-453	-232	-512	-430	-710
Profit for the period*	375	1,714	730	1,925	591,120	592,315

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

Condensed Parent Company balance sheet

Parent company, EUR thousands	30/06/2023	30/06/2022	31/12/2022
Assets			
Intangible assets	309	557	432
Property, plant and equipment	381	16	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	2,631,484	2,631,367	2,631,296
Receivables from Group companies	38,676	8,537	487,011
Other current receivables	1,498	1,420	1,386
Prepaid expenses and accrued income	3,812	9,599	6,517
Cash and cash equivalents	7,630	136	6,250
Total current assets	51,616	19,692	501,164
TOTAL ASSETS	2,683,100	2,651,059	3,132,460
Equity and liabilities			
Share capital	648	647	647
Retained earnings including profit for the period	2,592,408	2,450,981	3,040,961
Total equity	2,593,056	2,451,628	3,041,608
Accounts payable	324	50	197
Current tax liabilities	1,009	931	763
Liabilities to Group companies	87,390	197,175	87,841
Other current liabilities	332	531	318
Accrued expenses and prepaid income	989	744	1,733
Total current liabilities	90,044	199,431	90,852
TOTAL EQUITY AND LIABILITIES	2,683,100	2,651,059	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

Nothing to report.

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.