

Interim report | January–June 2024 | Evolution AB (publ)

## Second quarter of 2024 (Q2 2023)

- Operating revenues increased by 15.3% to EUR 508.4 million (441.1)
- EBITDA increased by 10.9% to EUR 345.8 million (311.7), corresponding to a margin of 68.0% (70.7)
- Profit for the period amounted to EUR 269.1 million (264.1)
- Earnings per share amounted to EUR 1.28 (1.24)

## January–June 2024 (1H 2023)

- Operating revenues increased by 16.0% to EUR 1,009.9 million (870.6)
- EBITDA increased by 13.0% to EUR 691.6 million (611.9), corresponding to a margin of 68.5% (70.3)
- Profit for the period amounted to EUR 538.3 million (515.2)
- Earnings per share amounted to EUR 2.55 (2.41)

## Events during the second quarter of 2024

- Capital allocation framework introduced
- Initiation of a share repurchase programme
- Entered into an agreement to acquire Galaxy Gaming, Inc.

## Summary of the second quarter and first six months of 2024

Group, EUR thousands	Apr-Jun 2024	Apr-Jun 2023	%	Jan-Jun 2024	Jan-Jun 2023	%	Jul 2023- Jun 2024	Jan-Dec 2023	%
Operating revenues	508,410	441,075	15.3%	1,009,861	870,649	16.0%	1,937,813	1,798,601	7.7%
EBITDA	345,767	311,693	10.9%	691,553	611,851	13.0%	1,347,115	1,267,413	6.3%
EBITDA margin	68.0%	70.7%	-	68.5%	70.3%	-	69.5%	70.5%	-
Operating profit	311,129	281,515	10.5%	622,740	552,995	12.6%	1,212,475	1,142,730	6.1%
Operating margin	61.2%	63.8%	-	61.7%	63.5%	-	62.6%	63.5%	-
Profit for the period	269,143	264,089	1.9%	538,300	515,239	4.5%	1,093,919	1,070,858	2.2%
Profit margin	52.9%	59.9%	-	53.3%	59.2%	-	56.5%	59.5%	-
Earnings per share before dilution, EUR	1.28	1.24	3.2%	2.55	2.41	5.6%	5.15	5.01	2.7%
Equity per share, EUR	17.43	15.99	9.0%	17.43	15.99	9.0%	17.43	18.83	-7.4%
OCF per share before dilution, EUR	1.48	1.10	34.2%	2.91	2.39	21.6%	5.99	5.47	9.4%
Average number of FTEs	15,395	12,750	20.7%	15,146	12,633	19.9%	14,335	13,044	9.9%

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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 800+ operators among its customers. The group currently employs 21,100+ people in studios across Europe and in North and South America. The parent company is based in Sweden and listed on Nasdaq Stockholm with the ticker EVO. Visit [www.evolution.com](http://www.evolution.com) for more information.

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

## CEO's comments

For the second quarter of 2024, Evolution reports revenue of EUR 508.4 million (441.1) corresponding to a year-on-year revenue growth of 15 percent and an EBITDA margin of 68 percent. Revenue growth at constant currency is estimated to 19 percent for the quarter.

It has been a very active second quarter at Evolution and I am happy with the progress we have made on several of our initiatives. We are intensively working on introducing our offering to new markets that have recently regulated or are in the process of regulating such as the Philippines, Brazil, and the Czech Republic. We are also putting the finishing touches on some of the great games that will be released during the second half of 2024. Also this year, our release schedule is a bit heavier in the second half of the year.

I see the financial result in the quarter as solid although not fully reflecting our operational performance. There are some clear reasons, one reason being that we had the largest pay-out ever in online casino during the quarter on our Crazy Time game. Large player wins are part of the game and positive for our games' attractiveness to players, but it does affect us through lower revenue share in the period. We also see somewhat slower development in general in most regions for the second quarter. This is part of the natural variations in our industry. With that said, there are of course things we can do to improve as has always been our focus when faced with these periods in the past. The underlying market drivers and demand for our market-leading products remains very strong.

Revenue from Live Casino increased by 18 percent year-on-year, and we maintain full focus on increasing our delivery capacity and expanding our studio network. During 2024 we expect to go live with our first tables from the new state-of-the-art studios in Colombia and the Czech Republic. Today we operate over 20 studios around the globe, creating a unique capacity to deliver both volume and variation of our world-leading games to customers. After two quarters heavily focusing on expansion, the second quarter was one of consolidation with a slightly lower margin as new resources were gradually coming up to speed. We expect a more normalized expansion of staff during the second half of the year.

Revenue in RNG is slightly higher in comparison to the previous quarter as well as year-on-year, delivering a revenue of EUR 70.3 million in the quarter. We continue to make incremental improvements to our RNG business by adding new games as well as new functionality to OSS.

As a result of a faster expansion during the first six months of the year, EBITDA margin came in slightly lower than FY 2023 at 68.5 percent for the first six months. We maintain our full year 2024 guidance of 69-71 percent EBITDA margin.

We have a high pace of fantastic game-delivery in 2024, even better than in 2023, and we are planning for over 100 new releases. Although one of our bigger launches - Lightning Storm - has been pushed into Q3, we are overall on track with our release plan for the full year. The release of Lightning Storm will be one of the biggest releases ever in the industry. We have taken some extra time to make sure we release something spectacular that the market has never seen before.

In Q2 we saw the very successful release of Balloon Race, a latest-generation online live slot game combining game-show features with a simple and easy-to-play slot game, a game that was very well received by end users. Also, Lightning-versions of our popular SicBo and Dragon Tiger games came to market. On the RNG side, we have released 26 titles in the quarter - all fabulous games with the distinct trademark of quality and innovation of our four individual RNG-brands: Red Tiger, Nolimit City, NetEnt and Big Time Gaming.

As already mentioned, when looking at the global market, we see that the underlying growth drivers remain strong and vast potential in all our regions. Europe continues to show a steady pace of growth, and Asia continues to be the fastest growing region. Our presence in North America expands, offering more successful game types in each state. In the second quarter we have also introduced our Live games in Delaware for the first time. LatAm is performing well, even though the Brazilian market is still waiting for the transition to regulation.

We are constantly looking for new ways to strengthen our position as the leading supplier of online casino games and have announced an offer for Galaxy Gaming. With the acquisition, we accelerate and solidify our presence in the US market where Galaxy is licensed in 28 states. Through Galaxy we gain a relationship with regulators in states that are not yet open for online and fast-track all future licensing. Galaxy holds over 130 licenses in total world-wide. Galaxy has a diverse portfolio of great games that further will strengthen Evolution's games-portfolio and secure access to the fantastic titles that our future players are accustomed to already today.

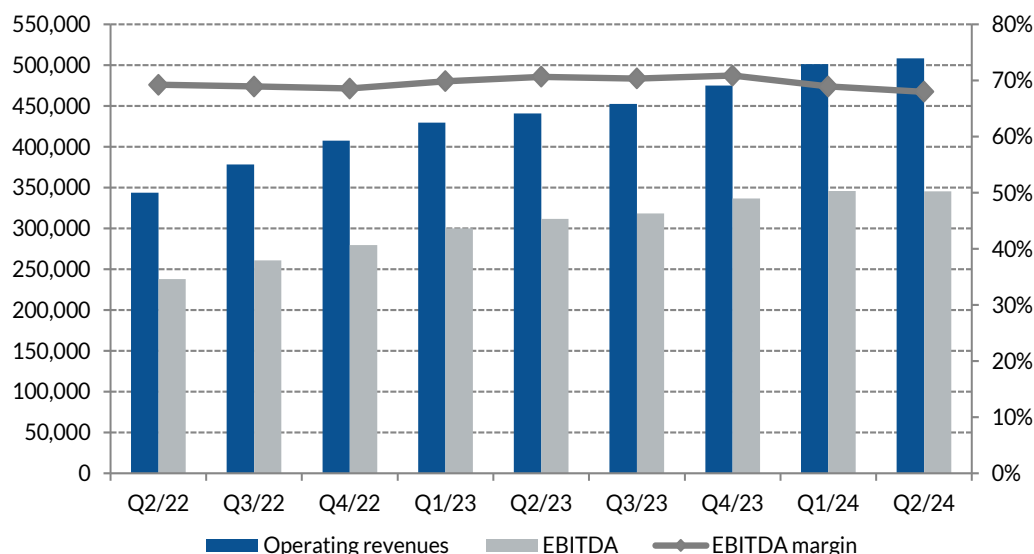
I am pleased that our Board of Directors has more explicitly communicated our capital allocation framework. Accordingly, we will now distribute 100 percent of the excess net cash flow remaining after investments, including M&A, to support our ongoing operations. We will continue to pay a dividend of 50 percent of net profits annually, using the balance to repurchase shares unless an extraordinary dividend provides better shareholder value. The Board currently believes that investing in our own shares is highly value enhancing to shareholders and is initiating a buy-back program of up to EUR 400 million.

As a highly profitable company with a market leading position in a globally growing industry we are focused on providing best-in-class products to our customers, a great place for our team members to work and grow, coupled with superior returns to shareholders. Even though regulation is increasing the workload in many markets right now, it paves the way for a very strong future.

We will continue to innovate and break new ground leading the way in providing the games of the future. We constantly have to move forward to be relevant 10 years from now and well into the future. At Evolution we are never satisfied, we are always pushing to be better at what we do, raising the bar for ourselves and our colleagues. I want to thank my amazing Evolution team – let's make Evolution a little better every day – together!

**Martin Carlesund**  
**CEO**

## Quarterly results trend



## Financial performance in the second quarter of 2024

### Revenues

Revenues amounted to EUR 508.4 million (441.1) in the second quarter, equivalent to an increase of 15 percent compared with the corresponding period in 2023. Revenue growth adjusted for changes in foreign exchange rates is estimated to 19 percent compared with the same period the preceding year. EUR 438.1 million (371.8) of the revenue was derived from live-games and EUR 70.3 million (69.3) from RNG-games. The positive revenue development within live casino mainly derives from increased commission income from existing customers and, to a certain extent, from new customers. Demand for online casino games continues to grow, partly as a result of our continuous launch of new games and variations on traditional games.

### Revenue by game type

Group, EUR million	Apr-Jun 2023	Jul-Sep 2023	Oct-Dec 2023	Jan-Mar 2024	Apr-Jun 2024
Live	371.8	385.8	405.6	431.3	438.1
RNG	69.3	66.8	69.8	70.1	70.3
<b>Total</b>	<b>441.1</b>	<b>452.6</b>	<b>475.3</b>	<b>501.5</b>	<b>508.4</b>

### Expenses

Operating expenses amounted to EUR 197.3 million (159.6). 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 2023. The expansion has also increased other operating expenses compared with Q2 2023. Changes in foreign exchange rates affected operating expenses positively with EUR 0.9 million compared with the same period the preceding year.

### Profitability

Operating profit amounted to EUR 311.1 million (281.5), corresponding to an increase of 11 percent. The operating margin was 61.2 percent (63.8). The EBITDA margin was 68.0 percent (70.7).

Net financial items amounted to EUR 6.8 million (1.5) related to interest income, leasing interest expense and currency exchange differences. The Group's effective tax rate for the quarter amounted to 15.3 percent (6.7), the increase is related to estimated top-up tax regarding Pillar II. 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 269.1 million (264.1). Earnings per share before dilution were EUR 1.28 (1.24).

### **Investments**

Investments in intangible assets amounted to EUR 16.4 million (12.1) during the quarter and were mainly attributable to development of new games and technical improvements of the platform, such as new functionality. See Note 5 for information about acquisition of group companies.

Investments in property, plant and equipment amounted to EUR 16.2 million (10.6) 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 312.8 million (233.8) during the quarter. Cash flow from investing activities was negative in the amount of EUR 35.3 million (negative 21.8). Cash flow from financing activities was negative in the amount of EUR 562.8 million (negative 429.1) and included dividend to shareholders of EUR 559.3 million (427.4). Cash and cash equivalents amounted to EUR 688.7 million (541.7) at the end of the quarter.

## **First half of 2024 in brief**

### **Revenues**

For the January-June 2024 period, revenues amounted to EUR 1,009.9 million (870.6), corresponding to an increase of 16 percent compared with the same period in 2023. EUR 869.4 million (731.9) derived from live-games and EUR 140.5 million (138.7) 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 387.1 million (317.7). 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 622.7 million (553.0) with an operating margin of 61.7 percent (63.5). The EBITDA margin was 68.5 percent (70.3).

### **Investments**

Investments in intangible assets amounted to EUR 33.5 million (22.8). Investments in property, plant and equipment amounted to EUR 35.5 million (22.1). Change in other financial assets was negative in the amount of EUR 4.8 million (1.4). See Note 5 for information about acquisition of group companies.

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

Cash flow from operating activities amounted to EUR 614.6 million (511.2). The increase is primarily due to improved profit. Cash flow from investing activities was negative in the amount of EUR 78.1 million (negative 43.5). Cash flow from financing activities was negative in the amount of EUR 833.6 million (negative 457.0) and included dividend to shareholders of EUR 559.3 million (427.4) and repurchase of own shares of EUR 284.0 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 71 percent (67) 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 2023	Jul-Sep 2023	Oct-Dec 2023	Jan-Mar 2024	Apr-Jun 2024
Europe	175.2	175.1	185.8	191.0	191.3
Asia	164.5	172.1	181.7	197.6	200.7
North America	55.5	54.7	59.1	62.1	60.2
LatAm	31.3	34.4	32.1	33.0	36.6
Other	14.6	16.3	16.6	17.8	19.6
<b>Total operating revenue</b>	<b>441.1</b>	<b>452.6</b>	<b>475.3</b>	<b>501.5</b>	<b>508.4</b>
Share of regulated markets	40%	40%	40%	39%	39%
Revenue, regulated markets	176.9	179.9	189.6	195.4	199.4

## Other

### Parent Company

The Parent Company is a holding company. Net sales for the second quarter of 2024 amounted to EUR 4.5 million (5.0) and expenses to EUR 4.6 million (4.7). Operating profit amounted to negative EUR 0.2 million (0.3). Profit for the period amounted to negative EUR 27.9 million (0.4) due to the estimated top-up tax related to Pillar II. The Parent Company's cash and cash equivalents amounted to EUR 6.6 million (7.6) at the end of the period and equity amounted to EUR 2,172.5 million (2,593.1). No significant investments were made in intangible or tangible assets.

### Employees

As of 30 June 2024, Evolution had 21,141 employees (17,447), corresponding to 16,164 (12,713) full-time positions. The average number of full-time equivalents for the quarter was 15,395 (12,750).

### 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 2023, which is available on the company's website.

**Upcoming report dates**

Interim report January-September 2024	24 October 2024
Year-end report 2024	30 January 2025

**Stockholm, 19 July 2024**

**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, 19 July 2024 at 09:00 a.m. CEST via a telephone conference. The presentation will be in English and can also be followed online.

**Webcast:** <https://ir.financialhearings.com/evolution-q2-report-2024/register>

**Teleconference:** <https://conference.financialhearings.com/teleconference/?id=50048475>

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

*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 19 July 2024, 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 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jul 2023- Jun 2024	Jan-Dec 2023
Revenues - Live	438,071	371,800	869,409	731,904	1,660,779	1,523,274
Revenues - RNG	70,339	69,275	140,452	138,745	277,034	275,327
<b>Total operating revenues</b>	<b>508,410</b>	<b>441,075</b>	<b>1,009,861</b>	<b>870,649</b>	<b>1,937,813</b>	<b>1,798,601</b>
Personnel expenses	-111,425	-87,470	-218,196	-170,403	-403,093	-355,300
Depreciation, amortisation and impairments	-34,638	-30,178	-68,813	-58,856	-134,640	-124,683
Other operating expenses	-51,218	-41,912	-100,112	-88,395	-187,605	-175,888
<b>Total operating expenses</b>	<b>-197,281</b>	<b>-159,560</b>	<b>-387,121</b>	<b>-317,654</b>	<b>-725,338</b>	<b>-655,871</b>
<b>Operating profit</b>	<b>311,129</b>	<b>281,515</b>	<b>622,740</b>	<b>552,995</b>	<b>1,212,475</b>	<b>1,142,730</b>
Financial items	6,792	1,493	12,669	68	18,478	5,877
<b>Profit before tax</b>	<b>317,921</b>	<b>283,008</b>	<b>635,409</b>	<b>553,063</b>	<b>1,230,953</b>	<b>1,148,607</b>
Tax on profit for the period	-48,778	-18,919	-97,109	-37,824	-137,034	-77,749
<b>Profit for the period</b>	<b>269,143</b>	<b>264,089</b>	<b>538,300</b>	<b>515,239</b>	<b>1,093,919</b>	<b>1,070,858</b>
<i>Of which attributable to:</i>						
Shareholders of the Parent Company	269,143	264,089	538,300	515,239	1,093,919	1,070,858
Average number of shares before dilution	211,043,861	213,657,146	211,184,863	213,506,514	212,405,674	213,566,498
Earnings per share before dilution, EUR	1.28	1.24	2.55	2.41	5.15	5.01
Average number of shares after dilution	211,043,861	217,214,925	213,006,149	218,422,549	214,360,945	217,069,145
Earnings per share after dilution, EUR	1.28	1.22	2.53	2.36	5.10	4.93
Operating margin	61.2%	63.8%	61.7%	63.5%	62.6%	63.5%
Effective tax rate	15.3%	6.7%	15.3%	6.8%	11.1%	6.8%

## Condensed comprehensive income statement

Group, EUR thousands	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jul 2023- Jun 2024	Jan-Dec 2023
<b>Profit for the period</b>	<b>269,143</b>	<b>264,089</b>	<b>538,300</b>	<b>515,239</b>	<b>1,093,919</b>	<b>1,070,858</b>
<b>Other comprehensive income</b>						
<i>Items that may be reclassified to profit</i>						
Exchange differences arising from the translation of foreign operations	35,305	-98,838	-41,062	-110,194	77,458	8,326
<b>Other comprehensive income</b>	<b>35,305</b>	<b>-98,838</b>	<b>-41,062</b>	<b>-110,194</b>	<b>77,458</b>	<b>8,326</b>
<b>Total comprehensive income for the period</b>	<b>304,448</b>	<b>165,251</b>	<b>497,238</b>	<b>405,045</b>	<b>1,171,377</b>	<b>1,079,184</b>

## Consolidated balance sheet

Group, EUR thousands	30/06/2024	30/06/2023	31/12/2023
<b>Assets</b>			
Goodwill	2,293,096	2,233,594	2,324,005
Other intangible assets	697,638	699,309	714,509
Buildings	20,073	11,078	10,968
Right of use assets	69,222	68,849	70,382
Property, plant and equipment	132,455	119,055	121,106
Other non-current receivables	9,933	7,742	6,779
Deferred tax assets	8,146	3,069	3,471
<b>Total non-current assets</b>	<b>3,230,563</b>	<b>3,142,696</b>	<b>3,251,220</b>
Accounts receivable	358,108	316,126	348,420
Current tax receivables	447,772	231,992	314,239
Other receivables	31,730	19,645	27,827
Prepaid expenses and accrued income	42,804	33,525	46,022
Cash and cash equivalents*	688,687	541,707	985,756
<b>Total current assets</b>	<b>1,569,101</b>	<b>1,142,995</b>	<b>1,722,264</b>
<b>TOTAL ASSETS</b>	<b>4,799,664</b>	<b>4,285,691</b>	<b>4,973,484</b>
<b>Equity and liabilities</b>			
Share capital	650	648	648
Other capital contributed	2,429,167	2,382,078	2,411,607
Reserves	-248,014	-325,472	-206,952
Retained earnings including profit for the period	1,496,924	1,359,781	1,800,912
<b>Total equity</b>	<b>3,678,727</b>	<b>3,417,035</b>	<b>4,006,215</b>
Deferred tax liabilities	60,193	61,239	61,393
Provision for pensions	1,604	-	-
Non-current lease liabilities	63,620	65,576	65,534
Other non-current liabilities	279,848	352,756	279,019
<b>Total non-current liabilities</b>	<b>405,265</b>	<b>479,571</b>	<b>405,946</b>
Accounts payable	16,148	12,661	13,063
Provisions	-	180	-
Current tax liabilities	586,269	273,525	418,957
Other current liabilities	48,235	34,065	62,029
Current lease liabilities	15,506	14,122	13,923
Accrued expenses and prepaid income	49,514	54,532	53,351
<b>Total current liabilities</b>	<b>715,672</b>	<b>389,085</b>	<b>561,323</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,799,664</b>	<b>4,285,691</b>	<b>4,973,484</b>
*Including restricted cash for jackpot liabilities	13,765	10,071	13,298

## Condensed consolidated changes in equity

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	-	-48,187	-	2,261	-45,926
Repurchase of own shares	-	-	-	-115,758	-115,758
New share issue	1	35,748	-	-	35,749
Non-cash issue	-	20,083	-	-	20,083
Profit for the period	-	-	-	1,070,858	1,070,858
Other comprehensive income	-	-	8,326	-	8,326
<b>Closing equity 31/12/2023</b>	<b>648</b>	<b>2,411,607</b>	<b>-206,952</b>	<b>1,800,912</b>	<b>4,006,215</b>

Group 2024, EUR thousands	Share capital	Other capital contributed	Reserves	Retained earnings	Total equity
Opening equity 01/01/2024	648	2,411,607	-206,952	1,800,912	4,006,215
Dividend	-	-	-	-559,266	-559,266
Warrants	-	-59,445	-	1,011	-58,434
Repurchase of own shares	-	-	-	-284,033	-284,033
New share issue	2	77,005	-	-	77,007
Profit for the period	-	-	-	538,300	538,300
Other comprehensive income	-	-	-41,062	-	-41,062
<b>Closing equity 30/06/2024</b>	<b>650</b>	<b>2,429,167</b>	<b>-248,014</b>	<b>1,496,924</b>	<b>3,678,727</b>

## Condensed consolidated statement of cash flow

Group, EUR thousands	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jul 2023- Jun 2024	Jan-Dec 2023
Operating profit	311,129	281,515	622,740	552,995	1,212,475	1,142,730
<i>Adjustment for non-cash items:</i>						
Depreciation/amortisation/impairment	34,638	30,178	68,813	58,856	134,640	124,683
Other	842	321	700	-33	1,868	1,135
Interest received	6,320	1,062	13,327	2,484	25,151	14,308
Interest paid	545	143	-143	-448	266	-39
Tax paid	-63,169	-55,098	-69,127	-71,156	-47,743	-49,772
<b>Cash flow from operating activities before changes in working capital</b>	<b>290,305</b>	<b>258,121</b>	<b>636,310</b>	<b>542,698</b>	<b>1,326,657</b>	<b>1,233,045</b>
Increase/decrease accounts receivable	38,929	-28,512	-9,354	-39,631	-42,093	-72,370
Increase/decrease accounts payable	952	5,209	2,919	2,553	3,410	3,044
Increase/decrease other working capital	-17,413	-1,011	-15,288	5,536	-16,096	4,728
<b>Cash flow from operating activities</b>	<b>312,773</b>	<b>233,807</b>	<b>614,587</b>	<b>511,156</b>	<b>1,271,878</b>	<b>1,168,447</b>
Acquisition of intangible assets	-16,392	-12,149	-33,472	-22,813	-62,632	-51,973
Acquisition of tangible assets	-16,153	-10,629	-35,498	-22,106	-55,611	-42,219
Acquisition of subsidiary	-4,328	-	-4,328	-	-51,864	-47,536
Increase/decrease other financial assets	1,533	1,022	-4,783	1,448	-3,861	2,370
<b>Cash flow from investing activities</b>	<b>-35,340</b>	<b>-21,756</b>	<b>-78,081</b>	<b>-43,471</b>	<b>-173,968</b>	<b>-139,358</b>
Repayment of lease liability	-3,417	-3,839	-7,815	-7,737	-18,985	-18,907
Repurchase of own shares	-	-	-284,033	-	-399,791	-115,758
Warrants	-126	-944	-59,445	-57,633	-49,999	-48,187
New share issue	19	3,047	77,007	35,749	77,007	35,749
Dividend	-559,266	-427,398	-559,266	-427,398	-559,266	-427,398
<b>Cash flow from financing activities</b>	<b>-562,790</b>	<b>-429,134</b>	<b>-833,552</b>	<b>-457,019</b>	<b>-951,034</b>	<b>-574,501</b>
<b>Cash flow for the period</b>	<b>-285,357</b>	<b>-217,083</b>	<b>-297,046</b>	<b>10,666</b>	<b>146,876</b>	<b>454,588</b>
Cash and cash equivalents at start of period	974,125	759,736	985,756	532,554	541,707	532,554
Exchange rate differences	-81	-946	-23	-1,513	104	-1,386
<b>Cash and cash equivalents at end of period</b>	<b>688,687</b>	<b>541,707</b>	<b>688,687</b>	<b>541,707</b>	<b>688,687</b>	<b>985,756</b>

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

## Consolidated key ratios

Group, EUR thousands	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jul 2023- Jun 2024	Jan-Dec 2023
Operating revenues (IFRS)	508,410	441,075	1,009,861	870,649	1,937,813	1,798,601
EBITDA margin	68.0%	70.7%	68.5%	70.3%	69.5%	70.5%
Operating margin	61.2%	63.8%	61.7%	63.5%	62.6%	63.5%
Profit margin	52.9%	59.9%	53.3%	59.2%	56.5%	59.5%
Equity/assets ratio	76.6%	79.7%	76.6%	79.7%	76.6%	80.6%
Cash and cash equivalents	688,687	541,707	688,687	541,707	688,687	985,756
Average number of full-time employees	15,395	12,750	15,146	12,633	14,335	13,044
Full-time employees at end of period	16,164	12,713	16,164	12,713	16,164	14,850
Earnings per share before dilution, EUR (IFRS)	1.28	1.24	2.55	2.41	5.15	5.02
Equity per share, EUR	17.43	15.99	17.43	15.99	17.43	18.83
Op. cash flow per share before dilution, EUR	1.48	1.10	2.91	2.39	5.99	5.47
Average number of outstanding shares before dilution	211,043,861	213,657,146	211,184,863	213,506,514	212,405,674	213,566,498
Number of outstanding shares	211,043,928	213,657,147	211,043,928	213,657,147	211,043,928	212,771,346

## Consolidated key ratios by quarter

Group, EUR thousands	Q2/24	Q1/24	Q4/23	Q3/23	Q2/23	Q1/23	Q4/22	Q3/22	Q2/22
Operating revenues (IFRS)	508,410	501,451	475,310	452,642	441,075	429,574	407,480	378,532	343,958
EBITDA	345,767	345,786	336,963	318,599	311,693	300,158	279,529	261,015	238,218
EBITDA margin	68.0%	69.0%	70.9%	70.4%	70.7%	69.9%	68.6%	69.0%	69.3%
Operating profit	311,129	311,611	302,598	287,137	281,515	271,480	250,004	236,393	214,580
Operating margin	61.2%	62.1%	63.7%	63.4%	63.8%	63.2%	61.4%	62.4%	62.4%
Revenue growth vs prior year	15.3%	16.7%	16.6%	19.6%	28.2%	31.5%	35.7%	37.1%	34.0%
Revenue growth vs prior quarter	1.4%	5.5%	5.0%	2.6%	2.7%	5.4%	7.6%	10.1%	5.3%
Cash and cash equivalents	688,687	974,125	985,756	813,320	541,707	759,736	532,554	319,666	293,915

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

Group, EUR thousands	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jul 2023-Jun 2024	Jan-Dec 2023
<b>Operating margin</b>						
Profit before tax	317,921	283,008	635,409	553,063	1,230,953	1,148,607
Net financial items	-6,792	-1,493	-12,669	-68	-18,478	-5,877
<b>Operating profit (EBIT)</b>	<b>311,129</b>	<b>281,515</b>	<b>622,740</b>	<b>552,995</b>	<b>1,212,475</b>	<b>1,142,730</b>
Divided by Total operating revenues	508,410	441,075	1,009,861	870,649	1,937,813	1,798,601
<b>Operating (EBIT) margin</b>	<b>61.2%</b>	<b>63.8%</b>	<b>61.7%</b>	<b>63.5%</b>	<b>62.6%</b>	<b>63.5%</b>
<b>EBITDA and EBITDA margin</b>						
Profit before tax	317,921	283,008	635,409	553,063	1,230,953	1,148,607
Net financial items	-6,792	-1,493	-12,669	-68	-18,478	-5,877
Depreciation/amortisation	34,638	30,178	68,813	58,856	134,640	124,683
<b>EBITDA</b>	<b>345,767</b>	<b>311,693</b>	<b>691,553</b>	<b>611,851</b>	<b>1,347,115</b>	<b>1,267,413</b>
Divided by Total operating revenues	508,410	441,075	1,009,861	870,649	1,937,813	1,798,601
<b>EBITDA margin</b>	<b>68.0%</b>	<b>70.7%</b>	<b>68.5%</b>	<b>70.3%</b>	<b>69.5%</b>	<b>70.5%</b>
<b>Profit margin</b>						
Profit for the period	269,143	264,089	538,300	515,239	1,093,919	1,070,858
Divided by Total operating revenues	508,410	441,075	1,009,861	870,649	1,937,813	1,798,601
<b>Profit margin</b>	<b>52.9%</b>	<b>59.9%</b>	<b>53.3%</b>	<b>59.2%</b>	<b>56.5%</b>	<b>59.5%</b>
<b>Equity/Assets ratio</b>						
Total equity	3,678,727	3,417,035	3,678,727	3,417,035	3,678,727	4,006,215
Divided by Total assets	4,799,664	4,285,691	4,799,664	4,285,691	4,799,664	4,973,484
<b>Equity/Assets ratio</b>	<b>76.6%</b>	<b>79.7%</b>	<b>76.6%</b>	<b>79.7%</b>	<b>76.6%</b>	<b>80.6%</b>

Revenue growth at constant currency is estimated by applying the GGR-to-Revenue ratio in the current quarter to the Gross Gaming Revenue ("GGR") converted to EUR using the exchange rates of the corresponding quarter of the previous year.

Operating expenses at constant currency are calculated by applying the exchange rates used in consolidation of the corresponding quarter of the previous year.

## Condensed Parent Company income statement and other comprehensive income

Parent company, EUR thousands	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jul 2023- Jun 2024	Jan-Dec 2023
Net sales	4,456	4,992	9,436	9,935	18,790	19,289
Other external expenses	-4,643	-4,695	-9,732	-9,674	-19,473	-19,415
<b>Operating profit</b>	<b>-187</b>	<b>297</b>	<b>-296</b>	<b>261</b>	<b>-683</b>	<b>-126</b>
Financial income and expenses	45	201	-1,778	701	549,666	552,145
<b>Profit before tax</b>	<b>-142</b>	<b>498</b>	<b>-2,074</b>	<b>962</b>	<b>548,983</b>	<b>552,019</b>
Tax on profit for the period	-27,766	-123	-57,269	-232	-57,546	-509
<b>Profit for the period*</b>	<b>-27,908</b>	<b>375</b>	<b>-59,343</b>	<b>730</b>	<b>491,437</b>	<b>551,510</b>

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

## Condensed Parent Company balance sheet

Parent company, EUR thousands	30/06/2024	30/06/2023	31/12/2023
<b>Assets</b>			
Intangible assets	65	309	185
Property, plant and equipment	317	381	342
Participating interest in Group companies	2,630,780	2,630,780	2,630,780
Deferred tax assets	241	-	1
Other non-current receivables	514	14	14
<b>Total non-current assets</b>	<b>2,631,917</b>	<b>2,631,484</b>	<b>2,631,322</b>
Receivables from Group companies	4,391	38,676	375,378
Other current receivables	1,513	1,498	5,496
Prepaid expenses and accrued income	7,739	3,812	9,843
Cash and cash equivalents	6,614	7,630	53,051
<b>Total current assets</b>	<b>20,257</b>	<b>51,616</b>	<b>443,768</b>
<b>TOTAL ASSETS</b>	<b>2,652,174</b>	<b>2,683,100</b>	<b>3,075,090</b>
<b>Equity and liabilities</b>			
Share capital	650	648	648
Retained earnings including profit for the period	2,171,877	2,592,408	3,056,959
<b>Total equity</b>	<b>2,172,527</b>	<b>2,593,056</b>	<b>3,057,607</b>
Accounts payable	85	324	108
Current tax liabilities	58,877	1,009	607
Liabilities to Group companies	419,387	87,390	589
Other current liabilities	316	332	14,586
Accrued expenses and prepaid income	982	989	1,593
<b>Total current liabilities</b>	<b>479,647</b>	<b>90,044</b>	<b>17,483</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,652,174</b>	<b>2,683,100</b>	<b>3,075,090</b>

## Notes to the financial statements

### Note 1. Accounting principles

Evolution prepares its financial statements in accordance with the International Financial Reporting Standards (IFRS) as approved by the European Union. The Group's interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. The Parent Company uses the same accounting principles as the Group, with the addition of the Swedish Financial Reporting Board's recommendation; RFR 2, Accounting for Legal Entities. The accounting policies are unchanged from the 2023 annual report. There are no amendments to IFRS standards in 2024 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

The Board of Directors of Evolution AB (publ) has adopted a capital allocation framework that outlines the intended future use of capital.

The Board of Directors of Evolution AB (publ) has, based on the authorisation from the annual general meeting 2024, resolved that the company shall acquire own shares. The amount for which shares may be acquired may not exceed EUR 400 million.

Evolution AB (publ)'s wholly owned subsidiary, Evolution Malta Holding Limited, has entered into an agreement to acquire Galaxy Gaming, Inc. for a total equity value of approximately USD 85 million, payable in cash.

### Note 3. Incentive programme

The company has one incentive programme. Upon full exercise of the warrants within the programme 2023/2026 (adopted by the Extra General Meeting on 9 November 2023), the dilution effect will be approximately 0.9 percent.

### 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

Evolution has acquired 100 percent of the share capital in Livespins Holdings Limited, a B2B social streaming game provider that enables operators to offer their players the opportunity to bet behind their favourite streamers, brand ambassadors and influencers. The up-front cash consideration was EUR 4.3 million net on a cash and debt free basis. In addition, Evolution may pay an earn-out based on Livespins' performance in 2026. Livespins is included in the consolidated accounts, the effect on Evolution Group's results of operations and financial position is not material.



## Definitions of key ratios

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