



Interim report | January–June 2021 | Evolution AB (publ)

### Second quarter of 2021 (Q2 2020)

- Operating revenues increased by 100% to EUR 256.7 million (128.3)
- EBITDA increased by 115% to EUR 174.7 million (81.1), corresponding to a margin of 68.0% (63.2)
- Profit for the period amounted to EUR 144.4 million (70.4)
- Earnings per share amounted to EUR 0.68 (0.39)

### January–June 2021 (1H 2020)

- Operating revenues increased by 102% to EUR 492.5 million (243.5)
- EBITDA increased by 130% to EUR 334.8 million (145.3), corresponding to a margin of 68.0% (59.7)
- Profit for the period amounted to EUR 276.4 million (124.6)
- Earnings per share amounted to EUR 1.30 (0.69)

### Events during the second quarter of 2021

- Continued high demand for Live Casino +59% growth YoY
- Announced acquisition of Big Time Gaming closed on June 30<sup>th</sup>
- After the end of the period, the new Michigan studio was approved and is ready for launch

### Summary of the second quarter and first six months of 2021

Group, EUR thousands	Apr-Jun 2021	Apr-Jun 2020	%	Jan-Jun 2021	Jan-Jun 2020	%	Jul 2020-Jun 2021	Jan-Dec 2020	%
Operating revenues	256,687	128,307	100%	492,528	243,456	102%	810,206	561,134	44%
EBITDA	174,668	81,143	115%	334,793	145,266	130%	521,740	332,213	57%
EBITDA margin	68.0%	63.2%	-	68.0%	59.7%	-	64.4%	59.2%	-
EBITDA excluding items affecting comparability	174,668	81,143	115%	334,793	145,266	130%	541,126	351,599	54%
Adjusted EBITDA-margin	68.0%	63.2%	-	68.0%	59.7%	-	66.8%	62.7%	-
Operating profit	155,852	74,166	110%	297,500	131,291	127%	465,909	299,700	55%
Operating margin	60.7%	57.8%	-	60.4%	53.9%	-	57.5%	53.4%	-
Profit for the period	144,406	70,445	105%	276,444	124,641	122%	436,425	284,622	53%
Profit margin	56.3%	54.9%	-	56.1%	51.2%	-	53.9%	50.7%	-
Earnings per share before dilution, EUR	0.68	0.39	75%	1.30	0.69	89%	2.19	1.55	41%
Equity per share, EUR	14.07	1.78	690%	14.07	1.78	690%	14.07	12.84	10%
OCF per share before dilution, EUR	0.59	0.52	14%	1.79	0.73	146%	1.90	1.72	11%
Average number of FTEs	7,653	4,211	82%	7,379	4,848	52%	6,216	4,894	27%

**For more information, please contact:**  
Jacob Kaplan, CFO  
[ir@evolution.com](mailto:ir@evolution.com)

**Visit and follow Evolution:**  
[www.evolution.com](http://www.evolution.com)  
[www.twitter.com/EvolutionIR](https://www.twitter.com/EvolutionIR)

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 500+ operators among its customers. The group currently employs 11,000+ people in studios across Europe and in North America. The parent company is based in Sweden and listed on Nasdaq Stockholm with the ticker EVO. Visit [www.evolution.com](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

Our strong development continued during the second quarter, we see very strong top-line growth and good momentum for Evolution. Revenues in the second quarter increased by 100 percent compared to the second quarter of 2020 to EUR 256.7 million. EBITDA increased to EUR 174.7 million, an increase of 115 percent and corresponding to a margin of 68 percent. We are in the middle of reshaping our RNG road map and revenues in the RNG business increased slightly from the first quarter this year but declined by 2 percent compared to Q220. I expect the year-on-year RNG-growth to improve in the coming quarters this year. The Live Casino business continues to see exceptional world-wide demand and grew with 59 percent compared to Q220. It is good to see Live Casino continue to deliver such a high growth rate yet another quarter. I am happy with the performance in the second quarter but as always we can do better and should always strive to do more.

Our EBITDA margin reached a new high level during the first quarter this year, a level that we maintained this quarter and I expect to maintain also during the rest of the year. Strong demand contributed to the margin development in the quarter, but as we have stated several times, in a trade-off situation between margins and growth, we will always go for long-term growth.

As always, we continue to put great focus on products and innovation in both our verticals with the ambition to continuously recharge our product offering. The flawless end-user experience together with entertaining, innovative games is the core of Evolution. Evolution's ambition is not only to continuously develop new unique games, but also to launch incremental improvements to our existing titles to enhance the player experience to perfection in every detail. In Live Casino securing long-term quality through continuous improvements is essential in our ambition to increase the gap to competition. In the quarter we have for example made a revolutionizing new version of our Baccarat game which we hope will be the new way of playing Baccarat all over the world. Also the Game Show category will see new titles during the second half of this year. We are developing the category with games that engage the players with more entertainment and more control for the player. We believe this is a way to broaden the category even further to yet new types of players.

As I write this one of our biggest slot-launches this year - Starburst XXXtreme - has just reached players. The slot is a sequel to NetEnt's flagship title, the iconic Starburst launched back in 2013. We believe this boosted sequel will really take the player experience to a completely new level. The joint product team combining the creative talents from NetEnt with Evolution alike, is now also coming up to speed and I look forward to seeing what the joint team will deliver in terms of continued revenue synergies.

At the end of the second quarter, Evolution also completed the acquisition of Big Time Gaming, announced in April. The acquired business, with its portfolio of slot brands and game mechanics, will be fully consolidated from the third quarter 2021. We all very much look forward to start working on what we can do together with BTG.

As stated at the top we continue to see increased demand for online casino globally. Our products are global, and our long-term ambition is to be the global market leader. We want to re-shape the Online Casino market in the world. It is that simple. The expansion potential lies in both existing geographies and in new markets. This quarter we have expanded in the UK through an agreement with the gaming operator Entain for online games on the Ladbrokes, Coral and Gala platforms. In the US new markets open up state by state. Our Michigan studio is approved and ready for launch, it will be the 3<sup>rd</sup> studio we operate in the US.

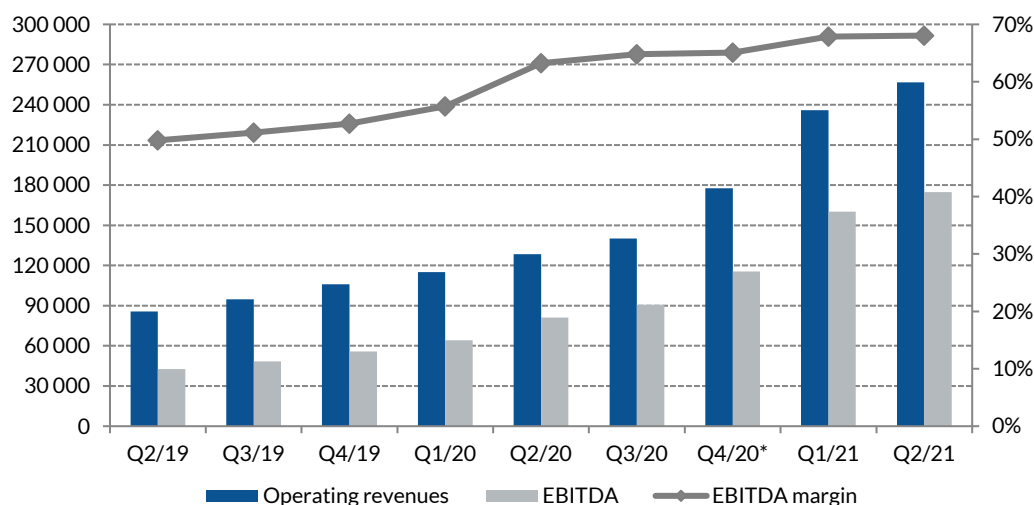
We have high demand on expansion and we will continue to invest both in existing studios as well as new studios both in North America as well as in Europe. During 2021 we will add two new delivery hubs in Europe. Coming into 2022 we see expansion and investment in studios continuing in current locations but also in new markets like Latin America. Still, the pandemic continues to impact our expansion plans and we continue to follow guidelines set by the countries where we are active. The overall situation is improving but it is still very hard and the pandemic is not over.

This quarter we announced a partnership with Scientific Games to bring our Lightning Roulette game to land-based casinos. This will be the first Evolution game to be launched in land-based casinos. We're happy to be able to offer the game, which is very popular with online players, also in a land-based environment. In the near-term I see it mainly as a way to continue to build trust and strengthen our relationship with casino players across the globe.

It is a very active time within the company right now. I very much look forward to the second half of the year, and to continue to widen the gap to competitors. We remain ever as paranoid, only by working hard to improve our offering step-by-step, day by day - every day can we reach our goals.

**Martin Carlesund**  
CEO

### Quarterly results trend



\*Q4/20 adjusted for non-recurring items

## Financial performance in the second quarter of 2021

### Revenues

Revenues amounted to EUR 256.7 million (128.3) in the second quarter, equivalent to an increase of 100 percent compared with the corresponding period in 2020. EUR 53.0 million (-) of the revenue was derived from RNG-games. The positive revenue development mainly derives from increased commission income from existing customers and, to a certain extent, from new customers. Demand for online casino games continues to grow, partly as a result of our continuous launch of new games and variations on traditional games. The number of bet spots from end users amounted to 17.5 billion (11.9).

### Revenue by game type

Group, EUR million	Jan-Mar 2020	Apr-Jun 2020	Jul-Sep 2020	Oct-Dec 2020	Jan-Mar 2021	Apr-Jun 2021
Live	115.1	128.3	140.0	159.7	183.7	203.7
RNG	49.0	54.2	49.3	49.6	52.2	53.0

The acquisition of NetEnt was completed on 1 December 2020 and is included in the consolidated financial statements from that date. Thus, in the above table, the RNG revenue is the equivalent to the reported revenue for NetEnt for the second and third quarters during 2020. Reported amounts in SEK are converted with SEK/EUR 10.56. The reported revenues October-December 2020 for Evolution Group amounted to EUR 177.7 million, including EUR 17.8 million from NetEnt.

### Expenses

Operating expenses amounted to EUR 100.8 million (54.1). 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 2020. The expansion has also increased other operating expenses compared with Q2 2020.

**Profitability**

Operating profit amounted to EUR 155.9 million (74.2), corresponding to an increase of 110 percent. The operating margin was 60.7 percent (57.8). The EBITDA margin was 68.0 percent (63.2).

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 5.7 percent (4.9). 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 144.4 million (70.4). Earnings per share before dilution were EUR 0.68 (0.39).

**Investments**

Investments in intangible assets amounted to EUR 7.1 million (3.4) 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 5.2 million (4.9) 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 125.3 million (93.6) during the quarter. Cash flow from investing activities was negative in the amount of EUR 107.5 million (negative 8.7) and included investment in subsidiaries of EUR 94.2 million. Cash flow from financing activities was negative in the amount of EUR 142.8 million (negative 77.4) and included dividend to shareholders of EUR 144.4 million (76.1). Cash and cash equivalents amounted to EUR 200.4 million (212.0) at the end of the quarter.

## First half of 2021 in brief

**Revenues**

For the January-June 2021 period, revenues amounted to EUR 492.5 million (243.5), corresponding to an increase of 102 percent compared with the same period in 2020. EUR 105.2 million (-) 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 195.0 million (112.2). 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 297.5 million (131.3) with an operating margin of 60.4 percent (53.9). The EBITDA margin was 68.0 percent (59.7).

**Investments**

Investments in intangible assets amounted to EUR 13.4 million (6.1) for the period. Investments in property, plant and equipment amounted to EUR 12.1 million (9.6). Investments in other financial assets amounted to EUR 0.9 (0.5).

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

Cash flow from operating activities amounted to EUR 227.1 million (131.7) over the period. The increase is primarily due to improved profit. Cash flow from investing activities was negative in the amount of EUR 122.9 million (negative 17.6) and included investment in subsidiaries of EUR 96.5 million. Cash flow

from financing activities was negative in the amount of EUR 127.6 million (negative 84.2) and included dividend to shareholders of EUR 144.4 million (76.1).

## 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 second quarter 68.95 percent (67.02) 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 2020	Jul-Sep 2020	Oct-Dec 2020	Jan-Mar 2021	Apr-Jun 2021
Nordics	6.7	5.8	11.1	16.4	16.4
UK	10.6	9.5	13.9	21.4	19.8
Rest of Europe	62.4	65.6	81.1	104.1	104.0
Asia	28.2	34.8	41.9	53.2	65.7
North America	8.5	9.2	12.6	21.6	27.2
Other	12.1	15.1	17.1	19.1	23.5
<b>Total operating revenue</b>	<b>128.5</b>	<b>140.0</b>	<b>177.7</b>	<b>235.8</b>	<b>256.7</b>
Share of regulated markets	33%	32%	36%	40%	40%
Revenue, regulated markets	42.8	45.2	64.3	93.9	102.9

## Other

### Parent Company

The Parent Company is a holding company. Net sales for the second quarter of 2021 amounted to EUR 4.9 million (1.8) and expenses to EUR 4.6 million (1.9). Operating profit amounted to EUR 331 thousand (negative 16). Profit for the period amounted of EUR 342 thousand (negative 18). The Parent Company's cash and cash equivalents amounted to EUR 17.2 million (15.1) at the end of the period and equity amounted to EUR 2,692.0 million (262.2). No significant investments were made in intangible or tangible assets.

### Employees

As of 30 June 2021, Evolution had 11,311 employees (6,764), corresponding to 7,835 (4,060) full-time positions. The average number of full-time equivalents for the quarter was 7,653 (4,211).

### 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 2020, which is available on the company's website.

### Upcoming report dates

Interim report January-September 2021	28 October 2021
Year-end report 2021	February 2022

### Review

This interim report has not been reviewed by the company's auditor.

**Stockholm, 21 July 2021**

**Martin Carlesund**  
CEO

For further information, please contact CFO Jacob Kaplan, +46 708 62 33 94, [ir@evolution.com](mailto:ir@evolution.com).

Evolution AB (publ)	e-mail: <a href="mailto:ir@evolution.com">ir@evolution.com</a>
Hamngatan 11	Website: <a href="http://www.evolution.com">www.evolution.com</a>
SE-111 47 Stockholm, Sweden	Corporate ID: 556994-5792

### Presentation for investors, analysts and the media

CEO Martin Carlesund and CFO Jacob Kaplan will present the report and answer questions on Wednesday, 21 July 2021 at 09:00 a.m. CET via a telephone conference. The presentation will be in English and can also be followed online. Number for participation by telephone:

Dial-in number:

SE: +46 8 505 583 69      UK: +44 333 300 90 34      US: +1 646 722 49 02

Follow the presentation at: <https://tv.streamfabriken.com/evolution-gaming-group-q2-2021>

*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 2021, at 07:30 am CET.*

## Condensed consolidated income statement

Group, EUR thousands	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jul 2020- Jun 2021	Jan-Dec 2020
Revenues - Live	203,678	128,307	387,352	243,456	687,211	543,315
Revenues - RNG	53,009	-	105,176	-	122,995	17,819
<b>Total operating revenues</b>	<b>256,687</b>	<b>128,307</b>	<b>492,528</b>	<b>243,456</b>	<b>810,206</b>	<b>561,134</b>
Personnel expenses	-51,564	-30,316	-100,364	-63,626	-170,490	-133,752
Depreciation, amortisation and impairments	-18,816	-6,977	-37,293	-13,975	-55,831	-32,513
Other operating expenses	-30,455	-16,848	-57,371	-34,564	-117,976	-95,169
<b>Total operating expenses</b>	<b>-100,835</b>	<b>-54,141</b>	<b>-195,028</b>	<b>-112,165</b>	<b>-344,297</b>	<b>-261,434</b>
<b>Operating profit</b>	<b>155,852</b>	<b>74,166</b>	<b>297,500</b>	<b>131,291</b>	<b>465,909</b>	<b>299,700</b>
Financial items	-2,735	-79	-3,688	-159	-4,547	-1,018
<b>Profit before tax</b>	<b>153,117</b>	<b>74,087</b>	<b>293,812</b>	<b>131,132</b>	<b>461,362</b>	<b>298,682</b>
Tax on profit for the period	-8,711	-3,642	-17,368	-6,491	-24,937	-14,060
<b>Profit for the period</b>	<b>144,406</b>	<b>70,445</b>	<b>276,444</b>	<b>124,641</b>	<b>436,425</b>	<b>284,622</b>
<i>Of which attributable to:</i>						
Shareholders of the Parent Company	144,406	70,445	276,444	124,641	436,425	284,622
Average number of shares before dilution	212,695,352	181,284,725	212,511,180	181,397,392	199,484,809	183,927,915
Earnings per share before dilution, EUR	0.68	0.39	1.30	0.69	2.19	1.55
Average number of shares after dilution	223,350,840	187,046,005	220,865,210	185,825,338	206,541,214	189,021,346
Earnings per share after dilution, EUR	0.65	0.38	1.25	0.67	2.11	1.51
Operating margin	60.7%	57.8%	60.4%	53.9%	57.5%	53.4%
Effective tax rate	5.7%	4.9%	5.9%	4.9%	5.4%	4.7%

## Condensed comprehensive income statement

Group, EUR thousands	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jul 2020- Jun 2021	Jan-Dec 2020
<b>Profit for the period</b>	<b>144,406</b>	<b>70,445</b>	<b>276,444</b>	<b>124,641</b>	<b>436,425</b>	<b>284,622</b>
<b>Other comprehensive income</b>						
<i>Items that may be reclassified to profit</i>						
Exchange differences arising from the translation of foreign operations	24,645	-1,679	-25,146	-1,635	-48,657	37,449
<b>Other comprehensive income</b>	<b>24,645</b>	<b>-1,679</b>	<b>-25,146</b>	<b>-1,635</b>	<b>-48,657</b>	<b>37,449</b>
<b>Total comprehensive income for the period</b>	<b>169,051</b>	<b>68,766</b>	<b>251,298</b>	<b>123,006</b>	<b>387,768</b>	<b>322,071</b>



## Consolidated balance sheet

Group, EUR thousands	30/06/2021	30/06/2020	31/12/2020
<b>Assets</b>			
Customer relationships	180,832	2,106	191,257
Game software	229,886	14,934	172,466
Brands	334,526	251	335,534
Goodwill	1,999,578	12,477	1,834,333
Other intangible assets	20,035	6,488	23,930
Buildings	11,519	11,834	11,629
Right of use assets	62,089	22,040	44,104
Property, plant and equipment	55,518	39,314	50,632
Other non-current receivables	12,394	1,479	3,302
Deferred tax assets	1,900	344	2,696
<b>Total non-current assets</b>	<b>2,908,277</b>	<b>111,267</b>	<b>2,669,883</b>
Accounts receivable	170,000	72,011	120,481
Other receivables	177,134	92,611	146,490
Prepaid expenses and accrued income	30,277	4,016	10,583
Cash and cash equivalents	200,392	212,049	221,675
<b>Total current assets</b>	<b>577,803</b>	<b>380,687</b>	<b>499,229</b>
<b>TOTAL ASSETS</b>	<b>3,486,081</b>	<b>491,954</b>	<b>3,169,112</b>
<b>Equity and liabilities</b>			
Share capital	641	545	638
Other capital contributed	2,395,591	22,009	2,225,817
Reserves	12,402	-1,536	37,548
Retained earnings including profit for the period	595,403	301,774	462,168
<b>Total equity</b>	<b>3,004,037</b>	<b>322,792</b>	<b>2,726,171</b>
Deferred tax liabilities	55,253	74	36,666
Non-current lease liabilities	63,809	17,830	38,078
<b>Total non-current liabilities</b>	<b>119,062</b>	<b>17,904</b>	<b>74,744</b>
Accounts payable	7,076	4,389	15,335
Current liabilities to credit institutions	-	5,145	-
Provisions	3,108	-	11,377
Current tax liabilities	180,503	96,799	164,082
Other current liabilities	113,431	16,823	128,502
Current lease liabilities	12,422	4,209	11,891
Accrued expenses and prepaid income	46,442	23,893	37,010
<b>Total current liabilities</b>	<b>362,982</b>	<b>151,258</b>	<b>368,197</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,486,081</b>	<b>491,954</b>	<b>3,169,112</b>

## Condensed consolidated changes in equity

<b>Group 2020, EUR thousands</b>	<b>Share capital</b>	<b>Other capital contributed</b>	<b>Reserves</b>	<b>Retained earnings</b>	<b>Total equity</b>
Opening equity 01/01/2020	545	17,430	99	262,823	280,897
Dividend	-	-	-	-76,140	-76,140
Warrants	-	4,504	-	717	5,221
Repurchase of own shares	-	-	-	-9,854	-9,854
New share issue	93	2,203,883	-	-	2,203,976
Profit for the period	-	-	-	284,622	284,622
Other comprehensive income	-	-	37,449	-	37,449
<b>Closing equity 31/12/2020</b>	<b>638</b>	<b>2,225,817</b>	<b>37,548</b>	<b>462,168</b>	<b>2,726,171</b>

<b>Group 2021, EUR thousands</b>	<b>Share capital</b>	<b>Other capital contributed</b>	<b>Reserves</b>	<b>Retained earnings</b>	<b>Total equity</b>
Opening equity 01/01/2021	638	2,225,817	37,548	462,168	2,726,171
Dividend	-	-	-	-144,382	-144,382
Warrants	-	21,973	-	1,173	23,146
Non cash issue	3	147,801	-	-	147,804
Profit for the period	-	-	-	276,444	276,444
Other comprehensive income	-	-	-25,146	-	-25,146
<b>Closing equity 30/06/2021</b>	<b>641</b>	<b>2,395,591</b>	<b>12,402</b>	<b>595,403</b>	<b>3,004,037</b>

## Condensed consolidated statement of cash flows

Group, EUR thousands	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jul 2020- Jun 2021	Jan-Dec 2020
Operating profit	155,852	74,166	297,500	131,291	465,909	299,700
<i>Adjustment for non-cash items:</i>						
Depreciation/amortisation/impairment	18,816	6,977	37,293	13,975	55,831	32,513
Provisions	-1,769	-	-6,005	-	3,974	9,979
Other	2,222	-1,004	-1,824	288	11,754	13,866
Interest received	15	10	73	22	2,519	2,468
Interest paid	-1,108	-94	-2,118	-181	-3,002	-1,065
Tax paid	-21,731	-403	-33,116	-5,606	-34,027	-6,517
<b>Cash flows from operating activities before changes in working capital</b>	<b>152,297</b>	<b>79,652</b>	<b>291,803</b>	<b>139,789</b>	<b>502,958</b>	<b>350,944</b>
Increase/decrease in accounts receivable	-20,755	9,003	-48,457	-5,725	-75,077	-32,345
Increase/decrease in accounts payable	715	1,996	-8,280	-868	-7,665	-253
Increase/decrease in other working capital	-6,992	2,972	-8,012	-1,493	-8,814	-2,295
<b>Cash flows from operating activities</b>	<b>125,265</b>	<b>93,623</b>	<b>227,054</b>	<b>131,703</b>	<b>411,402</b>	<b>316,051</b>
Acquisition of intangible assets	-7,127	-3,408	-13,358	-6,107	-20,886	-13,635
Acquisition of tangible assets	-5,150	-4,876	-12,124	-9,585	-25,790	-23,251
Acquisition of subsidiary	-94,162	-	-96,518	-1,381	-49,052	46,085
Increase/decrease in other financial assets	-1,044	-458	-929	-541	-2,766	-2,378
<b>Cash flows from investing activities</b>	<b>-107,483</b>	<b>-8,742</b>	<b>-122,929</b>	<b>-17,614</b>	<b>-98,494</b>	<b>6,821</b>
Repayment of debt to credit institutions	-	-239	-	-478	-189,873	-190,351
Repayment of lease liability	-2,751	-1,031	-5,173	-2,285	-7,947	-5,059
Repurchase of own shares	-	-	-	-9,854	-	-9,854
Warrant premiums	4,382	-	21,973	4,579	21,898	4,504
New share issue	-	-	-	-	-3,010	-3,010
Dividend	-144,382	-76,140	-144,382	-76,140	-144,382	-76,140
<b>Cash flows from financing activities</b>	<b>-142,751</b>	<b>-77,410</b>	<b>-127,582</b>	<b>-84,178</b>	<b>-323,314</b>	<b>-279,910</b>
<b>Cash flow for the period</b>	<b>-124,969</b>	<b>7,471</b>	<b>-23,457</b>	<b>29,911</b>	<b>-10,406</b>	<b>42,962</b>
Cash and cash equivalents at start of period	326,041	204,949	221,675	182,520	212,049	182,520
Exchange rate differences	-680	-371	2,174	-382	-1,251	-3,807
<b>Cash and cash equivalents at end of period</b>	<b>200,392</b>	<b>212,049</b>	<b>200,392</b>	<b>212,049</b>	<b>200,392</b>	<b>221,675</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 also the last page of the report.

## Consolidated key ratios

Group, EUR thousands	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jul 2020- Jun 2021	Jan-Dec 2020
Operating revenues (IFRS)	256,687	128,307	492,528	243,456	810,206	561,134
EBITDA margin	68.0%	63.2%	68.0%	59.7%	64.4%	59.2%
Operating margin	60.7%	57.8%	60.4%	53.9%	57.5%	53.4%
Profit margin	56.3%	54.9%	56.1%	51.2%	53.9%	50.7%
Equity/assets ratio	86.2%	65.6%	86.2%	65.6%	86.2%	86.0%
Cash and cash equivalents	200,392	212,049	200,392	212,049	200,392	221,675
Average number of full-time employees	7,653	4,211	7,379	4,848	6,216	4,894
Full-time employees at end of period	7,835	4,060	7,835	4,060	7,835	5,554
Earnings per share before dilution, EUR (IFRS)	0.68	0.39	1.30	0.69	2.19	1.55
Equity per share, EUR	14.07	1.78	14.07	1.78	14.07	12.84
Op. cash flow per share before dilution, EUR	0.59	0.52	1.07	0.73	2.06	1.72
Average number of outstanding shares before dilution	212,695,352	181,284,725	212,511,180	181,397,392	199,484,809	183,927,915
Number of outstanding shares	213,432,040	181,284,725	213,432,040	181,284,725	213,432,040	212,327,008

## Consolidated key ratios by quarter

Group, EUR thousands	Q2/21	Q1/21	Q4/20	Q3/20	Q2/20	Q1/20	Q4/19	Q3/19	Q2/19
Operating revenues (IFRS)	256,687	235,841	177,658	140,020	128,307	115,149	105,998	94,729	85,728
EBITDA	174,668	160,125	96,219	90,728	81,143	64,123	55,830	48,470	42,730
EBITDA margin	68.0%	67.9%	54.2%	64.8%	63.2%	55.7%	52.7%	51.2%	49.8%
Operating profit	155,852	141,648	84,837	83,572	74,166	57,125	48,674	41,995	36,614
Operating margin	60.7%	60.1%	47.8%	59.7%	57.8%	49.6%	45.9%	44.3%	42.7%
Revenue growth vs prior year	100.1%	104.8%	67.6%	47.8%	49.7%	45.2%	50.9%	47.2%	44.7%
Revenue growth vs prior quarter	8.8%	32.8%	26.9%	9.1%	11.4%	8.6%	11.9%	10.5%	8.1%
Cash and cash equivalents	200,392	326,041	221,675	283,203	212,049	204,949	182,520	141,108	88,680

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

Group, EUR thousands	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jul 2020- Jun 2021	Jan-Dec 2020
<b>Operating margin</b>						
Profit before tax	153,117	74,087	293,812	131,132	461,362	298,682
Net financial items	2,735	79	3,688	159	4,547	1,018
<b>Operating profit (EBIT)</b>	<b>155,852</b>	<b>74,166</b>	<b>297,500</b>	<b>131,291</b>	<b>465,909</b>	<b>299,700</b>
Divided by Total operating revenues	256,687	128,307	492,528	243,456	810,206	561,134
<b>Operating (EBIT) margin</b>	<b>60.7%</b>	<b>57.8%</b>	<b>60.4%</b>	<b>53.9%</b>	<b>57.5%</b>	<b>53.4%</b>
<b>EBITDA and EBITDA margin</b>						
Profit before tax	153,117	74,087	293,812	131,132	461,362	298,682
Net financial items	2,735	79	3,688	159	4,547	1,018
Depreciation/amortisation	18,816	6,977	37,293	13,975	55,831	32,513
<b>EBITDA</b>	<b>174,668</b>	<b>81,143</b>	<b>334,793</b>	<b>145,266</b>	<b>521,740</b>	<b>332,213</b>
Divided by Total operating revenues	256,687	128,307	492,528	243,456	810,206	561,134
<b>EBITDA margin</b>	<b>68.0%</b>	<b>63.2%</b>	<b>68.0%</b>	<b>59.7%</b>	<b>64.4%</b>	<b>59.2%</b>
<b>Profit margin</b>						
Profit for the period	144,406	70,445	276,444	124,641	436,425	284,622
Divided by Total operating revenues	256,687	128,307	492,528	243,456	810,206	561,134
<b>Profit margin</b>	<b>56.3%</b>	<b>54.9%</b>	<b>56.1%</b>	<b>51.2%</b>	<b>53.9%</b>	<b>50.7%</b>
<b>Equity/Assets ratio</b>						
Total equity	3,004,037	322,792	3,004,037	322,792	3,004,037	2,726,171
Divided by Total assets	3,486,081	491,954	3,486,081	491,954	3,486,081	3,169,112
<b>Equity/Assets ratio</b>	<b>86.2%</b>	<b>65.6%</b>	<b>86.2%</b>	<b>65.6%</b>	<b>86.2%</b>	<b>86.0%</b>

## Condensed Parent Company income statement and other comprehensive income

Parent company, EUR thousands	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jul 2020- Jun 2021	Jan-Dec 2020
Net sales	4,923	1,848	9,513	4,033	14,885	9,405
Other external expenses	-4,592	-1,864	-9,067	-3,989	-14,298	-9,220
<b>Operating profit</b>	<b>331</b>	<b>-16</b>	<b>446</b>	<b>44</b>	<b>587</b>	<b>185</b>
Interest income and similar income	-42	-	-42	-	200,094	200,136
Interest expenses and similar expenses	80	-	80	-	80	-
<b>Profit before tax</b>	<b>369</b>	<b>-16</b>	<b>484</b>	<b>44</b>	<b>200,761</b>	<b>200,321</b>
Tax on profit for the period	-27	-2	-127	-32	-183	-88
<b>Profit for the period*</b>	<b>342</b>	<b>-18</b>	<b>357</b>	<b>12</b>	<b>200,578</b>	<b>200,233</b>

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

## Condensed Parent Company balance sheet

Parent company, EUR thousands	30/06/2021	30/06/2020	31/12/2020
<b>Assets</b>			
Intangible assets	661	864	763
Property, plant and equipment	43	52	50
Participating interest in Group companies	2,495,726	206,000	2,495,279
Other non-current receivables	187	40	41
<b>Total non-current assets</b>	<b>2,496,617</b>	<b>206,956</b>	<b>2,496,133</b>
Receivables from Group companies	251,232	40,735	212,914
Other current receivables	1,549	404	751
Prepaid expenses and accrued income	14,262	549	368
Cash and cash equivalents	17,150	15,123	34,388
<b>Total current assets</b>	<b>284,193</b>	<b>56,811</b>	<b>248,421</b>
<b>TOTAL ASSETS</b>	<b>2,780,810</b>	<b>263,767</b>	<b>2,744,554</b>
<b>Equity and liabilities</b>			
Share capital	641	545	638
Retained earnings including profit for the period	2,691,356	261,628	2,665,657
<b>Total equity</b>	<b>2,691,997</b>	<b>262,173</b>	<b>2,666,295</b>
Accounts payable	119	149	2,620
Current tax liabilities	307	982	1,120
Other current liabilities	87,563	210	73,719
Accrued expenses and prepaid income	824	253	800
<b>Total current liabilities</b>	<b>88,813</b>	<b>1,594</b>	<b>78,259</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,780,810</b>	<b>263,767</b>	<b>2,744,554</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 2020 annual report. There are no amendments to IFRS standards in 2021 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

No major events following the end of the period.

### Note 3. Incentive programme

The company has three incentive programmes. Upon full exercise of the warrants within the programme 2018/2021 (adopted by the Annual General Meeting in 2018), the dilution effect will be approximately 0.83 percent. Upon full exercise of the warrants within the programme 2020/2023 (adopted by the Extra General Meeting on 16 January 2020), the dilution effect will be approximately 0.42 percent. Upon full exercise of the warrants within the programme 2021/2024 (adopted by the Extra General Meeting on 28 January 2021), the dilution effect will be approximately 1.86 percent. More information about the programmes is available in the 2020 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 Live Casino traffic and commission income earned in the fourth quarter.

### Note 5. Acquisition of group companies

During the first quarter, the remaining additional purchase consideration regarding Ezugi of EUR 2,356 thousand was paid. During the second quarter, the remaining additional purchase consideration regarding Red Tiger of EUR 12,913 thousand was paid.

### Big Time Gaming

Evolution has entered into an agreement to acquire 100 percent of the share capital in Big Time Gaming Pty Ltd (BTG). The transaction was closed on 30 June and BTG will be included in the consolidated accounts from 1 July. The up-front consideration was paid in cash and Evolution shares, corresponding to EUR 80 million and EUR 147.8 million respectively. In addition, Evolution will pay earn-outs, based on BTG's EBITDA for the years 2022/23 and 2023/24. Maximum earn-out is EUR 230 million, payable in 2023 and 2024, of which 70 percent in cash and 30 percent in Evolution shares.

According to the preliminary acquisition analysis, a non-tax-deductible goodwill of EUR 392.2 million arose that is primarily attributable to the skills that BTG's employees contribute and strengthened presence in important markets. The useful life for customer relationships and game portfolio is estimated to be ten years.

Preliminary acquisition analysis, based on BTG's May accounts.

<b>Fair value acquired net assets Big Time Gaming, EUR thousands</b>	
Customer relationships	1,100
Brand	2,400
Game portfolio	62,700
Other intangible assets	92
Right of use assets	169
Property, plant and equipment	109
Long-term financial assets	33
Accounts receivable	4,066
Other short-term assets	35
Accrued income and prepaid expenses	4,904
Cash and cash equivalents	6,903
Deferred tax liability	-19,860
Long-term liabilities	-519
Leasing liability	-228
Short-term liabilities, interest bearing	-3,463
Accounts payable	-69
Tax liability	-2,590
Other short-term liabilities	-237
<b>Total acquired net assets</b>	<b>55,545</b>

<b>Purchase consideration Big Time Gaming, EUR thousands</b>	
Consideration paid, cash	79,970
Consideration paid, own shares	147,804
Additional purchase consideration, debt	220,000
<b>Total purchase consideration</b>	<b>447,774</b>
Fair value acquired net assets	-55,545
<b>Goodwill</b>	<b>392,229</b>

<b>Investing activities, Group EUR thousands</b>	<b>2021</b>
Additional purchase consideration Ezugi	-2,356
Additional purchase consideration Red Tiger	-12,913
Redemption warrants NetEnt	-447
Consideration paid Big Time Gaming	-79,970
Expenses directly linked to the acquisition of BTG	-831
<b>Effect on consolidated cash and cash equivalents</b>	<b>-96,518</b>

Expenses related to acquisitions are included in Other operating expenses in the income statement.

<b>Big Time Gaming's contribution, Group EUR thousands</b>	<b>2021</b>
Operating revenues	-
Profit after tax for the year	-831

Profit for the year refers to acquisition costs of EUR 831 thousand.

Following table shows revenues and profit for the year as if the acquisition of Big Time Gaming took place on 1 January. Based on actual January to May and June forecast for BTG.

<b>Group, EUR thousands</b>	<b>BTG</b>	<b>Evolution</b>	<b>Group</b>
Operating revenues	19,369	492,528	<b>511,897</b>
Profit after tax for the year	9,496	276,444	<b>285,940</b>

Big Time Gaming profit for the year include acquisition costs of EUR 831 thousand and amortisation of excess values of EUR 3,190 thousand.



## Definitions of key ratios

<b>Key ratios</b>	<b>Definition</b>	<b>Purpose</b>
Operating profit (EBIT)	Profit before tax excluding net financial items.	This key ratio is used by management to monitor the earnings trend in the Group.
Operating margin (EBIT)margin	Operating profit in relation to operating revenues.	This key ratio is used by management to monitor the earnings trend in the Group.
EBITDA	Operating profit less depreciation.	This key ratio is used by management to monitor the earnings trend in the Group.
EBITDA margin	Operating profit excluding depreciation and amortisation in relation to operating revenues.	This key ratio is used by management to monitor the earnings trend in the Group.
Profit margin	Profit for the period in relation to operating revenues.	This key ratio is 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.	This key ratio indicated 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.	This key ratio is 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.	This key ratio is 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.	This key ratio is 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.	This key ratio is 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.	This key ratio is 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.	This key ratio is 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.