

Evolution AB (publ) Q2FY24 Report Overview

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Goals and Objectives of the Research

Research Objective: To perform a comparative analysis of the Q2FY24 quarterly report and those of previous periods.

Research Tasks:

- Gather comprehensive financial and corporate information pertaining to the company for Q2FY24;
- Analyze the collected information;
- Conduct a comparative assessment of the Q2FY24 report with the reports from previous quarters of the current fiscal year and Q2FY23;
- Formulate conclusions based on the analyzed data.

Disclaimers

The information collected in this report reflects data from the company's public reports and is not questioned or verified via other sources. In other words, information from the company's public reports is taken and used as is.

If additional information from other sources is used or if the data used is reflective of the researcher's personal opinion, this will be labeled accordingly.

The provided public company quarterly reports are unaudited.

Document Markup

- FY - Financial Year;
- Q - Quarter;
- EVO - Evolution AB (publ);
- RNG - Random Numbers Generate;
- QoQ - Quarter-over-Quarter;
- This report uses the American number format: a period is used as the decimal separator, while commas separate thousands;
- Year-over-year (YoY) calculations of relative values were not performed in cases where last year's profit changed to a loss in the current year and vice versa within the scope of the current report;
- Evolution AB (publ) Q2FY24 Report Period is from April 1, 2024 to June 30, 2024.

Conclusions

General Information

Parameter	Evolution AB (publ)
Website	evolution.com
Country (location)	Sweden
Country (issuer)	Sweden
Year of foundation	2006
Founder	Jens Von Bahr
Sector	Consumer Cyclical
Type	Public
Year of IPO	2015
Stock market	Nasdaq Stockholm
Ticker	EVO
Previous Annual Report from Data40	Full Evolution Gaming Group AB Fiscal Year 2023 Overview
Previous Quarterly Report from Data40	Evolution Gaming Group AB Q1FY24 Report Overview

About Company¹

Evolution AB (publ) ("EVO") is a Swedish gaming company engaged in the development, management and licensing of online casino games. The company was founded in 2006 and is headquartered in Stockholm. Evolution delivers content to both licensed B2C casino operators, who provide games to players, and licensed B2B entities, which supply games to licensed B2C operators for their players.

Brands owned by Evolution AB (publ):

- [Netent](#) - Provider of online slots and classic table games with RNG;
- [Red Tiger](#) - Provider of software, online slots and RNG games;
- [Ezugi](#) - Provider in Latin America, South Africa, selected US and European markets;
- [Big Time Gaming](#) - Development of online slots;
- [Nolimit City](#) - Developer of an online casino platform and games;
- [DigiWhell](#) - HD game wheel developer.

Due to its involvement in gambling activities, the company faces regulatory issues. The gambling industry is regulated on both national and regional levels, by the laws of individual countries. Therefore, EVO needs appropriate licenses to operate in different regions, as listed in the [Company's annual report for 2023](#).

¹ [EVO web, Overview](#)

Conference Call Information²

On **July 19, 2024**, the company released its **Q2FY24** results and held a [conference call](#) on the same day **at 3:00 a.m. EST** to discuss the results of the company's Q2FY24 financial report. The call was open to attendance by registering at this [link](#).

The company's website provides a Financial Calendar with information for the year ahead. According to the calendar, the **Q3FY24** will be released on **October 24, 2024 at 1:30 a.m. EDT (7.30 CET)**.

Public Quarterly Reports Calendar FY24-25^{3 4}

Quarter	Period	Date
FY24		
Q1	Jan 1, 2024 to Mar 31, 2024	Apr 24, 2024
Q2	Apr 1, 2024 to Jun 30, 2024	Jul 19, 2024
Q3	Jul 1, 2024 to Sep 30, 2024	Oct 24, 2024
Q4 and FY24	Oct 1, 2024 to Dec 31, 2024	Feb 12, 2025 (Projected)
FY25		
Q1	Jan 1, 2025 to Mar 31, 2025	Apr 23, 2025 (Projected)
Q2	Apr 1, 2025 to Jun 30, 2025	Jul 17, 2025 (Projected)
Q3	Jul 1, 2025 to Sep 30, 2025	TBA
Q4 and FY25	Oct 1, 2025 to Dec 31, 2025	TBA

Follow the announcements of the release of new reports on the website [Data40.com](#) in the [Calendars by Financial reports section of DATA40.com](#).

² [EVO web, Financial Calendar](#)

³ [EVO Consolidated Q2FY24 Report, p.8](#)

⁴ [MarketScreener, EVO Calendar](#)

Highlights and Metrics

Q1FY24 Highlights^{5 6}

- **Operating revenues** increased by 15.27% to 508.410 million EUR compared to Q2FY23 (441.075 million EUR):
 - Live growth +17.82% to 438.071 million EUR compared to Q2FY23 (371.800 million EUR);
 - RNG growth +1.54% to 70.339 million EUR compared to Q2FY23 (69.275 million EUR);
- **EBITDA** increased by 10.93% to 345.767 million EUR compared to Q2FY23 (311.693 million EUR);
- **Profit** for the period amounted to 269.143 million EUR;
- **Earnings per share** amounted to 1.28 EUR;
- Expanded offering in North America;
- Entered into an agreement to acquire Galaxy Gaming, Inc.;
- Initiation of a share repurchase program;
- Launched Live games in Delaware.

Acquisitions and Divestitures⁷

“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.”

“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.”

⁵ [EVO Consolidated Q2FY24 Report, p.1](#)

⁶ [EVO Q2FY24 Presentation, p.2](#)

⁷ In this chapter, quotes are used from the [EVO Consolidated Q2FY24 Report, p.16](#)

Business Outlook^{8 9}

Outlook Evolution AB (publ) for 2024:

- “Go live with new studio on the newly regulated Czech market;
- Continued expansion and initiating additional 1-2 studio builds 2024;
- Execution of capital returns;
- Accelerated delivery of games during H2”.

Improvement directions within the company:

- **Product Innovation:** Developing Live Games and Live Game Shows to meet the needs of operators and end-users;
- **Customer Optimization:** Optimize the Live Casino experience for each operator, considering their conditions and needs. Game data analysis to enhance operator and user loyalty.

⁸ In this chapter, quotes are used from the [EVO Q2FY24 Presentation, p.14](#)

⁹ [EVO web, Company Overview](#)

Stock Information

About Shares¹⁰

Total Shares Outstanding - 211,043,928 (as of June 30, 2024).

Average number of outstanding shares before dilution - 211,043,861 (as of June 30, 2024).

“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.”¹¹

TradingView Retrospective Q2FY24¹²



Date	Open Price, SEK/EUR	Highest Price, SEK/EUR	Lowest Price, SEK/EUR	Close Price, SEK/EUR
Apr 2, 2024	1,350.0 115.75	1,357.0 116.35	1,285.0 110.18	1,291.5 110.73
Jun 28, 2024	1,119.0 97.93	1,122.5 98.24	1,103.0 96.53	1,104.0 96.62

Q2FY24 Price MAX: 1,357.0 SEK (116.35 EUR) (April 2, 2024).

Q2FY24 Price MIN: 1,053.0 SEK (93.16 EUR) (June 14, 2024).

¹⁰ [EVO Consolidated Q2FY24 Report, p.13](#)

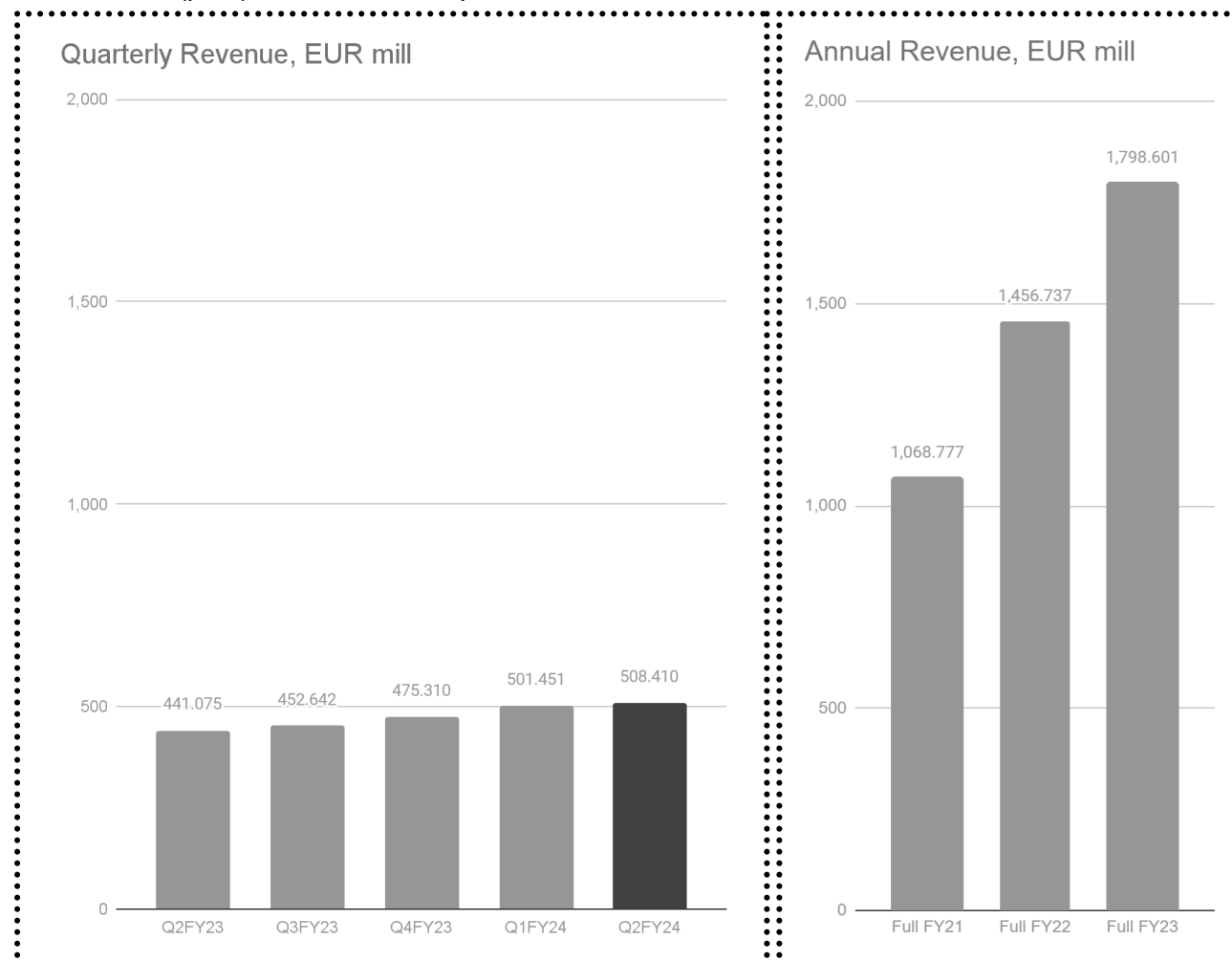
¹¹ In this chapter, quotes are used from the [EVO Consolidated Q2FY24, p.16](#)

¹² [TradingView, EVO Chart](#)

Financial Statements

Revenue Retrospective

Evolution AB (publ) Revenue Retrospective^{13 14 15 16 17}



¹³ [EVO Consolidated Q2FY24 Report, p.9](#)

¹⁴ [EVO Consolidated Q1FY24 Report, p.8](#)

¹⁵ [EVO Consolidated Q4 and FY23 Report, p.9](#)

¹⁶ [EVO Consolidated Q3FY23 Report, p.9](#)

¹⁷ [EVO Consolidated Annual Report 2021, p.72](#)

Sales per Business

Net Revenue Structure^{18 19 20 21}

(In million, except Percentages)

Parameter	Q2FY24, EUR	QoQ, %	Q1FY24, EUR	QoQ, %	Q4FY23, EUR	QoQ, %	Q3FY23, EUR	QoQ, %	Q2FY23, EUR	YoY, %
Live	438.071	1.56	431.338	6.36	405.557	5.12	385.813	3.77	371.800	17.82
RNG	70.339	0.32	70.113	0.52	69.753	4.38	66.829	-3.53	69.275	1.54
Total Consolidated Revenue	508.410	1.39	501.451	5.50	475.310	5.01	452.642	2.62	441.075	15.27

Net Revenue Structure Percentages

Parameter	Q2FY24, %	Q1FY24, %	Q4FY23, %	Q3FY23, %	Q2FY23, %
Live	86.16	86.02	85.32	85.24	84.29
RNG	13.84	13.98	14.68	14.76	15.71

¹⁸ [EVO Consolidated Q2FY24 Report, p.9](#)

¹⁹ [EVO Consolidated Q1FY24 Report, p.8](#)

²⁰ [EVO Consolidated Q4 and FY23 Report, p.9](#)

²¹ [EVO Consolidated Q3FY23 Report, p.9](#)

Sales per Region

Sales per Geographical Region²²

(In million, except Percentages)

Parameter	Q2FY24, EUR	QoQ, %	Q1FY24, EUR	QoQ, %	Q4FY23, EUR	QoQ, %	Q3FY23, EUR	QoQ, %	Q2FY23, EUR	YoY, %
Europe	191.3	0.16	191.0	2.80	185.8	6.11	175.1	-0.06	175.2	9.19
Asia	200.7	1.57	197.6	8.75	181.7	5.58	172.1	4.62	164.5	22.01
North America	60.2	-3.06	62.1	5.08	59.1	8.04	54.7	-1.44	55.5	8.47
Latin America	36.6	10.91	33.0	2.80	32.1	-6.69	34.4	9.90	31.3	16.93
Other	19.6	10.11	17.8	7.23	16.6	1.84	16.3	11.64	14.6	34.25
Total Consolidated Revenue	508.4	1.38	501.5	5.51	475.3	5.02	452.6	2.61	441.1	15.26

²² [EVO Consolidated Q2FY24 Report, p.6](#)

Sales by Region Percentages

Parameter	Q2FY24, %	Q1FY24, %	Q4FY23, %	Q3FY23, %	Q2FY23, %
Europe	37.63	38.09	39.09	38.69	39.72
Asia	39.48	39.40	38.23	38.02	37.29
North America	11.84	12.38	12.43	12.09	12.58
Latin America	7.20	6.58	6.75	7.60	7.10
Other	3.86	3.55	3.49	3.60	3.31

Dividend Information^{23 24 25}

(In million, except Per share data and Percentages)

Parameter	FY23, EUR	YoY, %	FY22, EUR	YoY, %	FY21, EUR
Per Share	2.65 EUR	32.50	2.00 EUR	40.85	1.42 EUR
Cash dividends declared	563.800	31.94	427.314	41.14	302.751

Dividend policy: Evolution AB (publ) dividends are equivalent to 50% of net profit annually.²⁶

“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.”²⁷

²³ [EVO Consolidated Annual Report 2022, p.58](#)

²⁴ [EVO Consolidated Annual Report 2021, p.55](#)

²⁵ [EVO Consolidated Q1FY24 Report, p.6-7](#)

²⁶ [EVO web, Dividend](#)

²⁷ In this chapter, quotes are used from the [EVO Consolidated Q2FY24 Report, p.3](#)

Balance Sheet^{28 29 30}

(In million, except Percentages)

Parameter	at Jun 30, 2024, EUR	QoQ, %	at Mar 31, 2024, EUR	QoQ, %	at Dec 31, 2023, EUR	QoQ, %	at Sep 30, 2023, EUR	QoQ, %	at Jun 30, 2023, EUR	YoY, %
Assets										
Total Current Assets	1,569.101	-15.25	1,851.545	7.51	1,722.264	14.76	1,500.816	31.31	1,142.995	37.28
Total Non-Current Assets	3,230.563	1.34	3,187.878	-1.95	3,251.220	2.42	3,174.355	1.01	3,142.696	2.80
Total Assets	4,799.664	-4.76	5,039.423	1.33	4,973.484	6.38	4,675.171	9.09	4,285.691	11.99
Liabilities										
Total Current Liabilities	715.672	1.93	702.121	9.36	561.323	31.92	513.277	-21.74	389.085	83.94
Total Non-Current Liabilities	405.265	0.31	404.019	-1.49	405.946	-14.07	412.099	-0.60	479.571	-15.49
Total Liabilities	1,120.937	1.34	1,106.140	4.53	967.269	6.53	925.376	-11.33	868.656	29.04
Total Equity	3,678.727	-6.47	3,933.283	-1.82	4,006.215	6.84	3,749.795	9.74	3,417.035	7.66

²⁸ [EVO Consolidated Q2FY24 Report, p.10](#)

²⁹ [EVO Consolidated Q1FY24 Report, p.9](#)

³⁰ [EVO Consolidated Q4 and FY23 Report, p.10](#)

Income Statement^{31 32 33 34}

(In million, except EPS data and Percentages)

Parameter	Q2FY24, EUR	QoQ, %	Q1FY24, EUR	QoQ, %	Q4FY23, EUR	QoQ, %	Q3FY23, EUR	QoQ, %	Q2FY23, EUR	YoY, %
Total Operating Revenues	508.410	1.39	501.451	5.50	475.310	5.01	452.642	2.62	441.075	15.27
Total Operating Expenses	(197.281)	3.92	(189.840)	9.92	(172.712)	4.35	(165.505)	3.73	(159.560)	23.64
Operating profit	311.129	-0.15	311.611	2.98	302.598	5.38	287.137	2.00	281.515	10.52
Profit for the period	269.143	-0.01	269.157	-4.84	282.859	3.70	272.760	3.28	264.089	1.91
EPS Basic	1.28	0.79	1.27	-3.79	1.32	3.13	1.28	3.23	1.24	3.23
EPS Diluted	1.28	2.40	1.25	-4.58	1.31	3.97	1.26	3.28	1.22	4.92

³¹ [EVO Consolidated Q2FY24 Report, p.9](#)

³² [EVO Consolidated Q1FY24 Report, p.8](#)

³³ [EVO Consolidated Q4 and FY23 Report, p.9](#)

³⁴ [EVO Consolidated Q3FY23 Report, p.9](#)

Cashflow Statement^{†35 36 37 38}

(In million, except Percentages)

Parameter	Q2FY24, EUR	QoQ, %	Q1FY24, EUR	QoQ, %	Q4FY23, EUR	QoQ, %	Q3FY23, EUR	QoQ, %	Q2FY23, EUR	YoY, %
Cash flows from operating activities	312.773	3.63	301.814	-4.01	314.415	-8.30	342.876	46.65	233.807	33.77
Cash flows from investing activities	(35.340)	-17.32	(42.741)	46.41	(29.193)	-56.23	(66.694)	206.55	(21.756)	62.44
Cash flows from financing activities	(562.790)	107.85	(270.762)	141.40	(112.165)	2,009.55	(5.317)	-98.76	(429.134)	31.15

News³⁹

May 14, 2024 - [US debut for Evolution's Video Poker, the ultimate fusion of modern gaming and retro fun.](#)

June 4, 2024 - [Evolution's Crazy Time, World's #1 live game show, launches in Pennsylvania and West Virginia.](#)

June 13, 2024 - [Evolution Bolsters its US portfolio with landmark launch of Nolimit City's distinctive slots.](#)

³⁵ [EVO Consolidated Q2FY24 Report, p.12](#)

³⁶ [EVO Consolidated Q1FY24 Report, p.11](#)

³⁷ [EVO Consolidated Q4 and FY23 Report, p.12](#)

³⁸ [EVO Consolidated Q3FY23 Report, p.12](#)

³⁹ [EVO web. News](#)

Analyst's Opinion

Summary

Evolution AB (publ) is a Swedish gaming company specializing in the development, management, and licensing of online casino games. Founded in 2006, the company is headquartered in Stockholm. Evolution delivers content to both licensed B2C casino operators, who provide games to players, and licensed B2B entities, which supply games to licensed B2C operators for their players.

Evolution has acquired 100 percent of the share capital in [Livespins Holdings Limited](#), a B2B social streaming game provider, for 4.3 million EUR. Evolution Malta Holding Limited has entered into an agreement to acquire [Galaxy Gaming, Inc.](#) for a total equity value of approximately 85 million USD, payable in cash.

Evolution shares are traded on Nasdaq Stockholm under the ticker symbol EVO. As of June 30, 2024, the average number of outstanding shares before dilution was 211,043,861 and the total shares were 211,043,928. During Q2FY24, the company's shares traded within a range of 1,053.0 SEK (93.16 EUR) to 1,357.0 SEK (116.35 EUR). The opening price on April 2, 2024, was 1,350.0 SEK (115.75 EUR), and the closing price on June 28, 2024, stood at 1,104.0 SEK (96.62 EUR).

Evolution Gaming Group pays dividends equivalent to 50% of net profit annually. In 2023, The Board of Directors proposes that the Annual General Meeting resolves to transfer 559.3 million EUR to shareholders corresponding to 2.65 EUR per share and 52.2% of net profit.

Evolution's revenue model includes commission fees and fixed fees for dedicated tables, paid monthly by operators. Total revenue in Q2FY24 amounted to 508.410 million EUR, which is 1.39% higher than the Total revenue in Q1FY24, which was 501.451 million EUR, and 15.27% higher than the Total revenue in Q2FY23, which was 441.075 million EUR.

Revenue structure in Q2FY24: 86.16% of the Total revenue was generated from the Live Game Product: Live Casino and Live Game Shows, amounting to 438.071 million EUR. This represents a 17.82% increase compared to 371.800 million EUR in Q2FY23. RNG slots in Q2FY24 yielded 70.339 million EUR corresponding to 13.84% of the total revenue and reflecting an increase of 1.54% from Q2FY23 - 69.275 million EUR.

Sales per Region in Q2FY24: Europe - 37.63% in 191.3 million EUR, Asia - 39.48% in 200.7 million EUR, North America - 11.84% in 60.2 million EUR, Latin America - 7.20% in 36.6 million EUR, and Other - 3.86% in 19.6 million EUR.

Total Equity as of June 30, 2024, amounted to 3,678.727 million EUR, which is 6.47% lower than the Total Equity as of March 31, 2023, which was 3,933.283 million EUR, and 7.66% higher than the Total Equity as of June 30, 2023, which was 3,417.035 million EUR.

Total Liabilities as of June 30, 2024, were 1,120.937 million EUR, which is 1.34% higher than the 1,106.140 million EUR as of March 31, 2024, and 29.04% higher than the 868.656 million EUR as of June 30, 2023.

Follow the announcements of the release of new reports on the website Data40.com in the [Calendars by section DATA40.com](#).

Sources List

- [Evolution web](#)
- [Foretagsinfo.Bolagsverket.Se](#)
- [Evolution Gaming Consolidated Q2FY24 Report](#)
- [Evolution Gaming Consolidated Q1FY24 Report](#)
- [Evolution Gaming Consolidated Q4 and FY23 Report](#)
- [Evolution Gaming Consolidated Q3FY23 Report](#)
- [Evolution Gaming Annual Report 2023](#)
- [Evolution Gaming Annual Report 2022](#)
- [Evolution Gaming Annual Report 2021](#)
- [Evolution Gaming Q2FY24 Presentation](#)
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META



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