



# Schumann S.p.A.

Condensed consolidated interim  
financial statements

**At and for the six month period  
ended June 30, 2017**

# Management Discussion & Analysis

## Schumann Group Profile

Schumann S.p.A. group (the “**Group**” or “**Sisal**”) is the second largest gaming company and the largest convenience payment services provider in Italy based on turnover<sup>1</sup>. Sisal was the first Italian company to operate in the gaming sector as a government concessionaire and it has been operating for over 70 years. In addition to gaming, the Group operates in the convenience payment services market.

The Group offers slot machines and video lottery terminals, betting, lottery games and convenience payment services. Sisal distribution network includes approximately 45,000 points of sale, nearly all of which also offer convenience payment services. The Group network is made up of newsstands, bars, tobacconists, betting shops and corners, points of sale that are dedicated to gaming machines, multifunctional gaming halls and our online gaming platform.

The Group operates through four business units: (i) Retail Gaming, (ii) Lottery (iii) Online Gaming and (iv) Payments and Services.

**Retail Gaming:** which is dedicated to the operation of (i) gaming machines (slot machines and video lottery terminals “VLTs”), (ii) horse race betting and sports betting in betting shops and betting corners, (iii) new Virtual Races and (iv) traditional Italian gaming products, such as Totocalcio (the original and well-known football pool game) and Tris (a horse race prediction game).

**Lottery:** which operates the exclusive concession for national totalizer number games (“NTNG”), of which the most popular product is SuperEnalotto. Additionally, the Group diversified its lottery product offering by introducing WinForLife!, the first Italian annuity lottery game, and EuroJackpot, a multi-jurisdictional lottery. Sisal manages lottery games through its distribution network as well as its own website.

**Online Gaming** which offers players the opportunity to place online bets and play online games such as Sisal Casino, Sisal Slot, Sisal Bingo, Sisal Poker, Sisal Skill Games and Sisal Quick Games, as well as lottery games.

**Payments and Services:** Since 2002, the Group has also offered fast, simple and secure payment solutions through a wide distribution network with terminals located throughout Italy. The Group offers customers the possibility to pay approximately 500 types of bills, fines and certain taxes such as TV licenses, as well as top-ups prepaid mobile phones and debit cards, in partnerships with utilities, prepaid services providers and municipal governments.

## Key Factors affecting operations in the six months ended June 30, 2017

In the first six months 2017, the Italian GDP was up 1.4%<sup>2</sup> compared to the same period of last year. The Italian gaming market turnover confirmed the 2016 trend reaching approximately €50.3 billion (+6.5%)<sup>3</sup>.

Total Payments & Services addressable market, compared to the same period of 2016 like-for-like, slightly decreased at €60.8 billion<sup>2</sup> (-2.4%).

The Group recorded €8.8 billion turnover for the six months ended June 30, 2017, an increase of 9.6% compared to the same period in 2016, mainly driven by Online Gaming, Lottery, VLTs and Payments and Services.

<sup>1</sup>Based on ATK estimates

<sup>2</sup>Sisal market Intelligence Estimate

<sup>3</sup>ADM data

Schumann S.p.A. is a new holding company set up in March 2016. In December 2016, Schumann S.p.A. successfully completed the acquisition of 100% of Sisal Group S.p.A. shares for a total consideration of about €459 million, net of transaction costs. This deal triggered a full refinancing of the Target group, completed through a new equity injection for about €300 million and new bonds' issuance for €725 million, which allowed the full repayment of Target group's pre-existent debt.

In order to allow a performance comparison, in the following analysis we prepared the Target group's first six months results in 2016, both under economic and cash flows perspective.

<i>(€ in millions)</i>	<b>Six months ended June 30,</b>				
	<b>2016</b>	<b>% of total revenues and income</b>	<b>2017</b>	<b>% of total revenues and income</b>	<b>% change 2016-2017</b>
Revenues	331.1	87.4%	362.3	89.8%	9.4%
Fixed odds betting income	46.6	12.3%	40.4	10.0%	(13.3%)
Other revenues and income	1.3	0.3%	0.7	0.2%	(46.2%)
<b>Total revenues and income</b>	<b>379.0</b>	<b>100.0%</b>	<b>403.4</b>	<b>100.0%</b>	<b>6.4%</b>
Purchases of materials, consumables and merchandise	5.5	1.5%	6.3	1.6%	14.5%
Costs for services	204.8	54.0%	220.7	54.7%	7.8%
Lease and rent expenses	11.3	3.0%	11.0	2.7%	(2.7%)
Personnel costs	42.8	11.3%	42.4	10.5%	(0.9%)
Other operating costs	18.0	4.7%	17.2	4.3%	(4.4%)
Amortization, depreciation, provisions and impairment losses and reversals	52.3	13.8%	48.7	12.1%	(6.9%)
<b>Net operating profit (EBIT)</b>	<b>44.3</b>	<b>11.7%</b>	<b>57.2</b>	<b>14.2%</b>	<b>29.1%</b>
Finance income and similar	0.2	0.1%	0.2	0.0%	0.0%
Finance expenses and similar	42.8	11.3%	28.1	7.0%	(34.3%)
<b>Profit (loss) before income taxes</b>	<b>1.8</b>	<b>0.5%</b>	<b>29.3</b>	<b>7.3%</b>	<b>1,527.8%</b>
Income taxes	4.3	1.1%	10.7	2.7%	148.8%
<b>Total comprehensive profit (loss) for the period</b>	<b>(2.5)</b>	<b>-0.7%</b>	<b>18.6</b>	<b>4.6%</b>	<b>844.0%</b>

## Revenues and income

The following table sets forth our revenues and income for the periods indicated in absolute numbers and as a percentage of total revenues and income:

<i>(€ in millions)</i>	<b>Six months ended June 30,</b>				<b>Change</b>	
	<b>2016</b>	<b>% of total revenues and income</b>	<b>2017</b>	<b>% of total revenues and income</b>	<b>(amount)</b>	<b>%</b>
Gaming revenues	217.2	57.3%	246.5	61.1%	29.3	13.5%
Fixed odds betting income	46.6	12.3%	40.4	10.0%	(6.2)	(13.3%)
Payments and other services	71.0	18.7%	72.3	17.9%	1.3	1.8%
Points of sale revenues	39.6	10.5%	40.9	10.1%	1.3	3.4%
Other revenues	4.6	1.2%	3.4	0.8%	(1.2)	(25.7%)
<b>Total</b>	<b>379.0</b>	<b>100.0%</b>	<b>403.4</b>	<b>99.9%</b>	<b>24.4</b>	<b>6.4%</b>

Revenues and income amounted to €403.4 million for the six months ended June 30, 2017, an increase of €24.4 million, or 6.4%, compared to €379.0 million for the six months ended June 30, 2016. Revenues results were mainly driven by an excellent performance of Gaming revenues, partially offset by a weak performance of fixed odds sport betting income.

## Gaming Revenues

The following table sets forth our gaming revenues for the periods indicated.

<i>(€ in millions)</i>	Six months ended June 30,				Change	
	2016	% of total revenues and income	2017	% of total revenues and income	(amount)	%
Gaming machines revenues	156.4	41.3%	179.5	44.5%	23.0	14.7%
NTNG revenues	26.3	6.9%	28.8	7.1%	2.5	9.5%
Virtual Races	14.7	3.9%	14.1	3.5%	(0.6)	(4.1%)
Online game revenues	15.2	4.0%	20.1	5.0%	4.9	32.0%
Horse race betting revenues	4.2	1.1%	3.8	0.9%	(0.4)	(9.9%)
Sports pools revenues	0.3	0.1%	0.2	0.1%	(0.1)	0.0%
<b>Total</b>	<b>217.2</b>	<b>57.3%</b>	<b>246.5</b>	<b>61.1%</b>	<b>29.3</b>	<b>13.5%</b>

The overall gaming revenues amounted to €246.5 million for the six months ended June 30, 2017 an increase of €29.3 million, or 13.5%, compared to €217.2 million for the six months ended June 30, 2016, mainly driven by a combination of the following factors:

- Gaming machines revenues amounted to €179.5 million for the six months ended June 30, 2017 an increase of €23.0 million, or 14.7%, from €156.4 million for the six months ended June 30, 2016, driven by gaming machines turnover, increased from €2,013 million for the six months ended June 30, 2016, of which 53% related to slot machines and 47% to VLTs to €2,055 million for the six months ended June 30, 2017, of which 49% related to slot machines and 51% related to VLTs and slot machines pay out reduction (from 74% to 70%).
- NTNG revenues amounted to €28.8 million for the six months ended June 30, 2017 an increase of €2.5 million, or 9.5%, from €26.3 million for the six months ended June 30, 2016. The increase in NTNG revenues is mainly driven by new SuperEnalotto game, which was launched in February 2016.
- Virtual Races revenues amounted to €14.1 million for the six months ended June 30, 2017, a decrease of €0.6 million, or 4.1%, from €14.7 million for the six months related to June 30, 2016. This product, launched in December 2013, is still appealing for the players.
- Online game revenues amounted to €20.1 million for the six months ended June 30, 2017, a significant increase of €4.9 million, or 32%, from €15.2 million for the six months ended June 30, 2016, primarily as a result of strong performance in Slot and Quick games, also related to a further increase in the number of monthly active players (+23% compared to first half 2016).
- Horse race betting revenues amounted to €3.8 million for the six months ended June 30, 2017, a decrease of €0.4 million, or 9.9%, from €4.2 million for the six months related to June 30, 2016, due to the constant reduction in the appeal for this kind of games.
- Sports pools revenues were substantially unchanged amounting to €0.2 million for the six months ended June 30, 2017 and €0.3 million for the six months ended June 30, 2016.

## Fixed odds betting income

Fixed odds betting income amounted to €40.4 million for the six months ended June 30, 2017, a decrease of €6.2 million, or 13.3%, from €46.6 million for the six months ended June 30, 2016, primarily as a result of lower performance in sport betting, mainly driven by a higher payout in first quarter 2017, despite a positive turnover trend.

### **Payments and other services**

Payments and other services amounted to €72.3 million for the six months ended June 30, 2017 an increase of €1.3 million, or 1.8%, from €71.0 million for the six months ended June 30, 2016 mainly thanks to a higher number of payment and financial services transactions, which reached 36.2 million for the six months ended June 30, 2017, an increase of 3.8 million, or 12.0%, from 32.4 million for the six months ended June 30, 2016.

### **Point of sale revenues**

Point of sale fees amounted to €40.9 million for the six months ended June 30, 2017 an increase of €1.3 million, or 3.4%, from €39.6 million for the six months ended June 30, 2016.

### **Other revenues and income**

Other revenues amounted to €3.4 million for the six months ended June 30, 2017 a decrease of €1.2 million, or 25.7%, from €4.6 million for the six months ended June 30, 2016.

## **Costs**

### **Purchases of materials, consumables and merchandise**

Purchases of materials, consumables and merchandise amounted to €6.3 million for the six months ended June 30, 2017 an increase of €0.8 million, or 14.5%, from €5.5 million for the six months ended June 30.

### **Costs for services**

Costs for services amounted to €220.7 million for the six months ended June 30, 2017 an increase of €15.9 million, or 7.8%, from €204.8 million for the six months ended June 30, 2016.

Costs for services amounted to 54.7% of total revenues and income for the six months ended June 30, 2017, compared to 54.0% of total revenues and income for the six months ended June 30, 2016. The following table sets forth an analysis of costs for services for the indicated periods.

<i>(€ in millions)</i>	<b>Six months ended June 30,</b>				<b>Change</b>	
	<b>2016</b>	<b>% of total revenues and income</b>	<b>2017</b>	<b>% of total revenues and income</b>	<b>(amount)</b>	<b>%</b>
Sales channel- gaming revenues	104.8	27.7%	122.4	30.3%	17.6	16.8%
Sales channel- payments services	39.8	10.5%	37.5	9.3%	(2.3)	(5.8%)
Commercial services	15.4	4.0%	15.0	3.7%	(0.4)	(2.4%)
Consulting	5.2	1.4%	5.5	1.4%	0.3	5.2%
Others services costs	39.7	10.5%	40.4	10.0%	0.7	1.8%
<b>Total cost for services</b>	<b>204.8</b>	<b>54.0%</b>	<b>220.7</b>	<b>54.7%</b>	<b>15.9</b>	<b>7.8%</b>

The increase in costs for services was primarily attributable to the combined effect of the following items:

- *Sales channel – Gaming revenues* amounted to €122.4 million for the six months ended June 30, 2017 an increase of €17.6 million, or 16.8%, from €104.8 million for the six months ended June 30, 2016. As a percentage of total revenues and income, sales channel gaming amounted to 30.3% for the six months ended June 30, 2017 and 27.7% for the six months ended June 30, 2016. The increase is mainly driven by Gaming machines network operators' higher remuneration due to the above commented gross revenues trend.

- *Sales channel – Payments services* amounted to €37.5 million for the six months ended June 30, 2017 a decrease of €2.3 million, or 5.8% from €39.8 million for the six months ended June 30, 2016, mainly due to the effect of commercial policies implemented over the period. As a percentage of total revenues and income, sales channel payment services amounted to 9.3% for the six months ended June 30, 2017 and 10.5% for the six months ended June 30, 2016.
- *Commercial services* amounted to €15.0 million for the six months ended June 30, 2017 a decrease of €0.4 million, or 2.4%, from €15.4 million for the six months ended June 30, 2016. As a percentage of total revenues and income, Commercial services amounted to 3.7% for the six months ended June 30, 2017 and 4.0% for the six months ended June 30, 2016. The decrease is mainly due to higher spending in the first six months 2016 related to the relaunch of the SuperEnalotto game.
- *Consulting and Other services* amounted to €45.9 million for the six months ended June 30, 2017 an increase of €1.0 million, or 2.2%, from €44.9 million for the six months ended June 30, 2016. As a percentage of total revenues and income, Consulting and Other services amounted to 11.4% for the six months ended June 30, 2017 and 11.9% for the six months ended June 30, 2016.

### **Lease and rent expenses**

Lease and rent expenses were substantially unchanged amounting to €11.0 million and to €11.3 million respectively for the six months ended June 30, 2017 and June 30, 2016. As a percentage of total revenues and income, Lease and rent expenses amounted to 2.7% for the six months ended June 30, 2017 and 3.0% for the six months ended June 30, 2016.

### **Personnel costs**

Personnel costs amounted to €42.4 million for the six months ended June 30, 2017 a slight decrease of €0.4 million, or 0.9%, from €42.8 million for the six months ended June 30, 2016. Our average workforce, expressed in full time equivalents, reached 1,672 for the six months ended June 30, 2017, an increase of 13 from 1,659 for the six months ended June 30, 2016.

### **Other operating costs**

Other operating costs amounted to €17.2 million for the six months ended June 30, 2017 a decrease of €0.8 million, or 4.4%, from €18.0 million for the six months ended June 30, 2016. As a percentage of total revenues and income, Other operating costs amounted to 4.3% for the six months ended June 30, 2017 and 4.7% for the six months ended June 30, 2016.

### **Amortization, depreciation, provisions and impairment losses and reversals**

Amortization, depreciation, provisions and impairment losses and reversals amounted to €48.7 million for the six months June 30, 2017 a decrease of €3.6 million, or 6.9%, from €52.3 million for the six months ended June 30, 2016. The decrease is mainly due to lower amortization of tangible and intangible assets and lower provisions for risks and charges.

### **Net operating profit (EBIT)**

Net operating profit (EBIT) amounted to €57.2 million for the six months ended June 30, 2017 an increase of €12.9 million, or 29.1%, from €44.3 million for the six months ended June 30, 2016.

Net margin was 14.2% for the six months ended June 30, 2017 compared to 11.7% for the six months, ended June 30, 2016.

Such a performance was mainly driven by revenues and costs trends as commented above.

### **Finance income and similar**

Finance income and similar were substantially unchanged amounting to €0.2 million for both the six months ended June 30, 2017 and June 30, 2016.

## Finance expenses and similar

Finance expenses and similar amounted to €28.1 million for the six months ended June 30, 2017 a decrease of €14.7 million, or 34.3%, from €42.8 million for the six months ended June 30, 2016. The decrease is mainly due to the deleveraging impact deriving from the new financing structure implemented in December 2016.

## Income taxes

Income taxes amounted to €10.7 million for the six months ended June 30, 2017 compared to €4.3 million for the six months ended June 30, 2016, primarily as a result of higher taxable income.

## Segment Information

(€ in millions)	Six months ended June 30,			
	2016	2017	2016	2017
	<b>Revenues and income</b>		<b>Segment EBITDA</b>	
Retail gaming	216.2	231.9	34.9	35.8
Lottery	44.0	46.9	16.0	20.4
Online gaming	28.6	33.3	12.8	14.1
Payment and services	89.5	91.1	33.2	36.2
Other	0.7	0.2		
<b>Segment EBITDA (1)</b>			97.0	106.5
Items with different classification			(1.9)	(0.9)
<b>Total</b>	<b>379.0</b>	<b>403.4</b>	<b>95.0</b>	<b>105.6</b>

(1) We define EBITDA as profit (or loss) for the period plus net finance expenses and similar, income taxes and depreciation, amortization and impairments and impairments of receivables. EBITDA is a non-IFRS measure.

**Retail Gaming:** Retail Gaming segment results for the six months ended June 30, 2017 have been mainly driven by VLTs turnover performance and slot machines pay out reduction impact from one side and weak sport betting margin from the other, anyway recovering in the second quarter 2017. 15.5% margin for the six months ended June 30, 2017 compared to 16.1% for same period in 2016.

**Lottery:** Lottery segment results for the six months ended June 30, 2017 have been mainly driven by the launch of the new SuperEnalotto game starting early in February 2016, which significantly improved the game appeal for customers. 43.4% margin for the six months ended June 30, 2017, compared to 36.5% for the same period in 2016, is mainly related to higher volumes and revenues on the first quarter and higher promotional, selling and operational expenses in the first half 2016 related to the above launch.

**Online Gaming:** Online Gaming segment results for the six months ended June 30, 2017 were mainly driven by Slot and Quick games strong performance on one side and weak sport betting margin performance on the other. 42.3% margin for the six months ended June 30, 2017 compared to 44.9% for the same period in 2016 was mainly driven by the above-mentioned factors.

**Payments and Services:** Payments and Services results for the six months ended June 30, 2017 were mainly driven by revenues growth. 39.7% margin for the six months ended June 30, 2017 compared to 37.1% for the same period in 2016 was driven by top line, in particular by payments and financial services segment.

## Liquidity and Working capital

The following table sets forth our changes in working capital for the periods indicated.

<i>(€ in millions)</i>	Six months ended June 30,	
	2016	2017
Movements in trade receivables	(10.0)	23.6
Movements in inventories	3.1	(1.5)
Movements in trade payables	(8.7)	(37.3)
<b>Movements in trade working capital</b>	<b>(15.6)</b>	<b>(15.2)</b>
Movements in other assets and liabilities	(14.1)	(18.7)
<b>Total movements in working capital</b>	<b>(29.7)</b>	<b>(33.9)</b>

Movements in working capital are generally connected to timing of cash collections and convenience service payments and business turnover trends. The overall higher cash absorption in the first six months 2017, compared to that recorded in the first six months 2016, is mainly due to a less favorable trade working capital performance cut-off date with particular regard to both gaming taxation liabilities settlement and restricted cash accounts funding.

## Cash flows

The following table sets forth a summary of our cash flow statement for the periods indicated.

<i>(€ in millions)</i>	Six months ended June 30,	
	2016	2017
Cash provided by operations before changes in working capital, interest and taxes	96.7	106.0
Tax paid	(0.2)	(1.3)
Changes in working capital	(29.7)	(33.9)
Cash flows provided by (used in) operating activities	66.9	70.8
Cash flows provided by (used in) investing activities	(12.8)	(16.2)
Cash flows provided by (used in) financing activities	(36.9)	(73.6)
<b>Increase/(Decrease) in cash and cash equivalents</b>	<b>17.2</b>	<b>(19.0)</b>
<b>Net cash at the beginning of the period</b>	<b>139.7</b>	<b>135.2</b>
<b>Net cash at the end of the period</b>	<b>156.9</b>	<b>116.2</b>

Cash provided by operating activities amounted to €70.8 million for the six months ended June 30, 2017, compared to cash provided of €66.9 million for the six months ended June 30, 2016. The movement is mainly related to the performance in operations before changes in working capital.

Cash flows used in investing activities amounted to €16.2 million for the six months ended June 30, 2017 compared to €12.8 million for the six months ended June 30, 2016, mainly due to the higher investments in tangible assets.

Cash flows used in financing activities amounted to €73.6 million for the six months ended June 30, 2017 compared to cash used of €36.9 million for the six months ended June 30, 2016. The cash flows related to financing activities for both the six months ended June 30, 2017 and June 30, 2016 included net interest paid, respectively €28.7 million and €29.5 million. In addition, 2017 cash flows include net repayments of revolving and ancillary facilities for €44.1 million.



## Capital Resources

The following table sets forth the amounts of our external debt (principal amounts plus accrued interest for the reference period) at December 31, 2016 and June 30, 2017. At both dates no shareholders loan were active.

<i>(€ in millions)</i>	As of December 31,		As of June 30,	
	2016		2017	
Senior revolving Facility		92.1		47.9
Senior Secured notes		740.9		740.3
Other financial liabilities		1.7		0.9
<b>Total external financial liabilities</b>		<b>834.6</b>		<b>789.1</b>

## Other Financial Information

<i>(€ in millions)</i>	Six months ended June 30,	
	2016	2017
EBITDA <sup>(1)</sup>	95.0	105.6
Non recurring items	0.5	0.6
Adjusted EBITDA <sup>(2)</sup>	95.5	106.2
Adjusted EBITDA margin <sup>(3)</sup>	25.2%	26.3%

(1) We define EBITDA as profit (or loss) for the period plus net finance expenses and similar, income taxes and depreciation, amortization and impairments and impairments of receivables. EBITDA is a non-IFRS measure. The following table sets forth a reconciliation between the profit for the period and the EBITDA.

(2) We define Adjusted EBITDA as EBITDA adjusted for the effect of non-recurring items and provisions related to disputes with regulatory bodies.

(3) We define Adjusted EBITDA margin as Adjusted EBITDA divided by total revenues and income.

<i>(€ in millions)</i>	Six months ended June 30,	
	2016	2017
Profit/(loss) for the period	(2.5)	18.6
Net finance expense and similar	42.6	27.9
Income taxes	4.3	10.7
Amortisation, depreciation and impairments	42.4	40.5
Impairment of receivables	8.4	7.9
<b>EBITDA</b>	<b>95.0</b>	<b>105.6</b>

<i>(€ in millions)</i>	As of December 31,		As of June 30,	
	2016		2017	
Unrestricted cash <sup>(4)</sup>		135.2		116.2
SCHUMANN GROUP net senior secured debt <sup>(5)</sup>		697.7		672.0

(4) Unrestricted cash represents cash and cash equivalents that do not include restricted cash relating to bank accounts managed by the Group but for which the cash is restricted to the payment of prize winnings and, to a lesser extent, deposits made by players for our online games.

(5) Schumann Group net senior secured debt consist of the amount due under the Senior Secured Facilities and the senior secured notes, less unrestricted cash. Net senior secured debt does not include debt under finance leases, and other sundry financial liabilities.

**SCHUMANN S.P.A.**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT JUNE 30, 2017 AND DECEMBER 31, 2016**

<i>(in thousands of Euros)</i>	<i>Notes</i>	For the six months ended June 30, <b>2017</b>	For the three months ended June 30, <b>2017</b>
Revenues	9	362,312	175,533
Fixed odds betting income	10	40,442	23,582
Other revenues and income <i>of which non-recurring</i>		689 84	477 84
<b>Total revenues and income</b>		<b>403,443</b>	<b>199,592</b>
Purchases of materials, consumables and merchandise		6,253	3,325
Costs for services		220,678	109,935
<i>of which related parties</i>	19	932	442
<i>of which non-recurring</i>	20	164	93
Lease and rent expenses		11,010	5,446
Personnel costs		42,405	20,889
<i>of which related parties</i>	19	1,859	909
<i>of which non-recurring</i>	20	518	518
Other operating costs		17,226	8,745
<i>of which non-recurring</i>	20	9	4
Amortisation, depreciation, provisions and impairment losses and reversals		48,661	25,448
<b>Net operating profit (EBIT)</b>		<b>57,210</b>	<b>25,804</b>
Finance income and similar		163	71
Finance expenses and similar	11	28,087	14,235
<b>Profit (loss) before income taxes</b>		<b>29,286</b>	<b>11,640</b>
Income taxes		10,699	4,126
<b>Total comprehensive profit (loss) for the period</b>		<b>18,587</b>	<b>7,514</b>
Attributable to non-controlling interest		49	22
<b>Attributable to owner of the parent</b>		<b>18,538</b>	<b>7,492</b>
Basic earnings (loss) per share (in Euro)		1.87	0.76
Diluted earnings (loss) per share (in Euro)		1.87	0.76

**SCHUMANN S.P.A.**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT JUNE 30, 2017 AND DECEMBER 31, 2016**

<i>(in thousands of Euros)</i>	<i>Notes</i>	<b>At June 30, 2017</b>	<b>At December 31, 2016</b>
<b>A) NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	12	85,160	91,097
Goodwill	13	895,324	895,324
Intangible assets	12	94,840	113,157
Investments accounted for using the equity method		0	0
Deferred tax assets		13,144	20,529
Other non-current assets		22,432	23,655
<b>Total non-current assets</b>		<b>1,110,900</b>	<b>1,143,762</b>
<b>B) CURRENT ASSETS</b>			
Inventories		10,704	9,171
Trade receivables		147,137	178,650
Current financial assets		0	0
Taxes receivable		884	546
Restricted bank deposits	14	135,338	297,630
Cash and cash equivalents	15	116,223	135,181
Other current assets		27,953	40,457
<b>Total current assets</b>		<b>438,239</b>	<b>661,635</b>
<b>TOTAL ASSETS</b>		<b>1,549,139</b>	<b>1,805,397</b>
<b>A) EQUITY</b>			
Share capital	16	9,920	9,920
Share premium reserve		289,580	289,580
Retained earnings (accumulated deficit)		(17,335)	(35,873)
<b>Total equity attributable to owners of the Parent</b>		<b>282,165</b>	<b>263,627</b>
Equity attributable to non-controlling interests		511	462
<b>Total equity</b>		<b>282,676</b>	<b>264,089</b>
<b>B) NON-CURRENT LIABILITIES</b>			
Long-term debt	17	694,382	692,642
Provision for employee severance indemnities		8,802	9,486
Deferred tax liabilities		8,731	10,148
Provisions for risks and charges	18	14,203	14,142
Other non-current liabilities		0	0
<b>Total non-current liabilities</b>		<b>726,118</b>	<b>726,418</b>
<b>C) CURRENT LIABILITIES</b>			
Trade and other payables		244,053	281,305
Short-term debt	17	47,902	92,070
Current portion of long-term debt	17	16,126	17,052
Taxation payable		2,602	943
Other current liabilities		229,662	423,520
<i>of which related parties</i>		745	1,880
<b>Total current liabilities</b>		<b>540,345</b>	<b>814,890</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,549,139</b>	<b>1,805,397</b>

**SCHUMANN S.P.A.**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2017**

	<b>For the six months ended June 30,</b>
<i>(In thousands of Euros)</i>	<b>2017</b>
<b>Profitt (loss) for the period before income taxes</b>	<b>29,286</b>
Amortization and depreciation	40,453
Impairment of current receivables	7,903
Provisions for risks and charges, accruals and employee severance indemnities	436
Finance (income) expenses	27,924
<b>Net cash generated from operating activities before changes in working capital, interest and taxes</b>	<b>106,002</b>
Changes in trade receivables	23,609
Changes in inventories	(1,533)
Changes in trade payables	(37,252)
Change in other assets and liabilities	(18,741)
Taxes (paid)/reimbursed	(1,288)
<b>Net cash generated from operating activities</b>	<b>70,797</b>
Increase in property, plant and equipment	(4,897)
Increase in intangible assets	(11,302)
Acquisitions (net of cash)	0
<b>Net cash used in investing activities</b>	<b>(16,199)</b>
decrease in medium-/long-term debt	(319)
Increase (decrease) in lease payables	(463)
Increase (decrease) in short-term debt	(44,098)
Net interest paid	(28,676)
<b>Net cash used in financing activities</b>	<b>(73,556)</b>
<b>Net change in cash and cash equivalents</b>	<b>(18,958)</b>
<b>Net cash at the beginning of the period</b>	<b>135,181</b>
<b>Net cash at the end of the period</b>	<b>116,223</b>

**SCHUMANN S.P.A.**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2017**

	Share capital	Legal reserve	Share premium reserve	Other reserves	Retained earnings (accumulated deficit)	Total equity attributable to owners of the parent	Non- controlling interests	Total equity
<i>(in thousands of Euros)</i>								
<b>Equity at December 31, 2016</b>	9,920	0	289,580	0	(35,873)	263,627	462	264,089
Remeasurement of defined benefit plans					0	0	0	0
Profit/(loss) for the period					18,538	18,538	49	18,587
<b>Total comprehensive profit (loss) for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18,538</b>	<b>18,538</b>	<b>49</b>	<b>18,587</b>
Dividends paid	0	0	0	0	0	0	0	0
Other movements	0	0	0	0	0	0	0	0
<b>Transactions with shareholders</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Equity at June 30, 2017</b>	<b>9,920</b>	<b>0</b>	<b>289,580</b>	<b>0</b>	<b>(17,335)</b>	<b>282,165</b>	<b>511</b>	<b>282,676</b>

**SCHUMANN S.P.A.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**AT AND FOR THE SIX MONTHS ENDED JUNE 30, 2017**

**1. General information**

Schumann S.p.A. (hereafter the “**Company**”) is a company incorporated in Italy, with registered and administrative offices in Milan, in Via Del Vecchio Politecnico 9, organized under the laws of the Republic of Italy.

The Company and its subsidiaries (together the “**Group**”) operate principally: i) in the gaming sector, mainly on the basis of concessions for pool game wagers, horse and sports betting and legal gaming with AWP (Amusement With Prizes) gaming machines (slot machines and video lottery terminals) and ii) in the collection and payment services sector, by specific authorization of the Bank of Italy, and in the marketing of telephone and TV content top-ups.

The sole shareholder of the Company is currently Schumann Investments S.A. (“**Schumann Inv.**”), a company indirectly owned, through vehicle companies, by funds promoted by the CvC group, as well as certain executives of the Group.

**2. Basis of preparation**

These condensed consolidated interim financial statements for the six months ended June 30, 2017 (hereafter the “**Condensed Consolidated Interim Financial Statements**”) have been prepared following IAS 34, ‘Interim financial reporting’ which governs interim financial reporting. IAS 34 permits a significantly lower amount of information to be included in interim financial statements from what is required for annual financial statements by International Financial Reporting Standards issued by the International Accounting Standards Board and approved by the European Union (hereafter “**IFRS**”), given that the entity has prepared its financial statements compliant with IFRS for the previous financial year. The Condensed Consolidated Interim Financial Statements should be read in conjunction with the annual consolidated financial statements of the Group for the year ended December 31, 2016 (the “**Annual Consolidated Financial Statements**”).

The Condensed Consolidated Interim Financial Statements include the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of cash flows, the condensed consolidated statement of changes in equity and the illustrative notes.

Unless otherwise stated, all amounts are disclosed in thousands of Euros.

These Condensed Consolidated Interim Financial Statements has been approved by the board of directors of Schumann S.p.A. on September 13, 2017.

In December 2016 the Company acquired Sisal Group control through the completion of 100% acquisition of Sisal Group S.p.A. shares for a total amount of approximately Euros 459 million, net of transaction charges of about Euros 7 million. Given the acquisition process timing (the economic values of the group acquired were recorded in 2016 consolidated financial statements starting from December 1, 2016) these financial statements and notes do not include any comparative balances with regards to June 2016 financials. Please refer to MD&A section for comparative analysis on a pro forma basis.

**SCHUMANN S.P.A.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**AT AND FOR THE SIX MONTHS ENDED JUNE 30, 2017**

**3. Going concern**

Net profit for the six months ended June 30, 2017 amounted to Euros 18,587 thousand, while the group acquired recorded a consolidated loss of Euros 2,494 thousand for the six months ended June 30, 2016; at June 30, 2017 the consolidated equity was equal to Euros 282,676 thousand (Euros 264,089 thousand at December 31, 2016) and net working capital at June 30, 2017 was negative for Euros 154,301 thousand (Euros 179,314 thousand at December 31, 2016).

With regard to working capital, the Group business is characterized by a financial cycle where the cash flows due to the partners and the State are collected from the network before the related company cash out. Therefore, a negative working capital should be considered a specific characteristic of the Group.

Following the financial restructuring in connection with Schumann acquisition, the Group achieved a more balanced of capital resources and debt structure. At the same time the Company was able to extend the maturities compared to the previous debt structure. In particular the floating rate and fixed rate notes fall in July 2022 and July 2023, respectively.

<i>(In thousands of Euros)</i> <i>(Percentage computed on total debt and equity)</i>	<b>At June 30, 2017</b>	<b>%</b>	<b>At December 31, 2016</b>	<b>%</b>
Long term debt	694,382		692,642	
Short-term debt and current portion of long-term debt	64,028		109,122	
<b>Funding from third parties</b>	<b>758,410</b>	<b>72.8%</b>	<b>801,764</b>	<b>75.2%</b>
<b>Equity</b>	<b>282,676</b>	<b>27.2%</b>	<b>264,089</b>	<b>24.8%</b>
<b>Total debt and equity</b>	<b>1,041,086</b>	<b>100.0%</b>	<b>1,065,853</b>	<b>100.0%</b>

Despite a challenging macroeconomic and regulatory context, 2016 target group's gross profit and operating profit levels (net of the impact of non-recurring expenses) were essentially in line with 2015.

On the basis of the assessments and ongoing developments previously illustrated and also with particular reference to the current and expected profitability of the Group, the directors believe that there is the reasonable expectation that the Group will continue its operating activities in the foreseeable future and will be able to meet its financial commitments, and in any case for a period of time beyond six months, and has therefore prepared these Condensed Consolidated Interim Financial Statements on a going concern basis.

**4. Accounting policies**

The accounting policies adopted are consistent with those that applied to the Annual Consolidated Financial Statements.

- Taxes on income which, in the interim periods, are accrued using the tax rate that would be applicable to expected total annual profit or loss.
- The following accounting standard applicable since January 2017 and adopted for the first time.

**SCHUMANN S.P.A.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**AT AND FOR THE SIX MONTHS ENDED JUNE 30, 2017**

**Accounting Standards, Amendments and Interpretations applicable and adopted for the first time**

Since January 2017, no accounting standards, amendments and interpretations have been endorsed by the European Union.

**Accounting standards, amendments and interpretations issued by the IASB but not yet endorsed by the European Union or not yet effective**

At the date and preparation of these interim financial statements, the following standards and interpretations issued by the IAS were not yet endorsed by the European Union or endorsed but not yet effective.

- IFRS 9 (Financial Instruments)
- IFRS 15 (Revenue from Contracts with Customers)
- IFRS 16 (Leases)
- Amendments to IFRS 10 (Consolidated Financial Statements) and IAS 28 (Investments in Associates and Joint Ventures): Sale or contribution of assets between an investor and its associate/joint venture
- Amendments to IAS 12 (Income Taxes): Recognition of deferred tax assets for unrealized losses
- Amendments to IAS 7 (Statement of Cash Flows): Disclosure initiative
- Clarifications to IFRS 15 (Revenue from Contracts with Customers)
- Amendments to IFRS 2 (Share-based Payment): Classification and measurement of share-based payment transactions
- Amendments to IFRS 4 (Insurance Contracts): applying IFRS 9 (Financial Instruments) with IFRS 4 (Insurance contracts)
- Annual improvements to IFRS Standards 2014-2016 Cycle
- IFRIC Interpretation 22 (Foreign Currency transactions and advance consideration)
- Amendment to IAS 40 (Investment properties): Transfers of Investment Property
- IFRIC 23 (Uncertainty over Income Tax Treatments)

Any impacts from the application of these standards and amendments are currently being assessed.

**5. Estimates**

The preparation of Condensed Consolidated Interim Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these Condensed Consolidated Interim Financial Statements, the significant judgements made in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Annual Consolidated Financial Statements.



**SCHUMANN S.P.A.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**AT AND FOR THE SIX MONTHS ENDED JUNE 30, 2017**

**6. Financial risk management**

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange rate, interest rate and bookmaker risk), liquidity risk and credit risk and capital risk.

The Condensed Consolidated Interim Financial Statements do not include all financial risk management information and disclosures required for a financial statements prepared according to IFRS. They should be read in conjunction with the Annual Consolidated Financial Statements, which include the full financial risk management disclosure. There were no changes in the risk management department since year end or in any risk management policies.

**Liquidity risk**

At June 30, 2017, the Group has a revolving line of credit under the Super Senior Revolving Facility and related ancillary facility Agreements for a total of Euros 125.0 million, expiring in September 2022. At June 30, 2017, these facilities were partially drawn down for a total of Euros 47.9 million.

**Fair value estimation**

Financial instruments carried at fair value are reported by valuation method. The different valuation levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Both at June 30, 2017 and December 31 2016 the Group reported no outstanding assets and liabilities measured at fair value.

**7. Operating segment information**

The Group's business is organized in the following operating segments:

- Retail Gaming, engaged in activities involving slot machines and VLTs, fixed-odds sports betting, virtual races and also traditional sports pools, as well as bingo;
- Lottery, engaged in activities for the exclusive concession of NTNG (national totalizator number games);
- Online Gaming, engaged in activities for online games and placing online bets through the sisal.it website and through the mobile phone channel;
- Payments and services, engaged in activities for payment and financial services such as: (i) payment of bills, utilities, fines, taxes, subscriptions etc.; (ii) top-ups of prepaid debit cards; (iii) mobile phone top-ups and pay-for-view TV cards and (iv) marketing of some products such as gadgets and mini-toys.

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**AT AND FOR THE SIX MONTHS ENDED JUNE 30, 2017**

The following table presents: i) Revenues and income; ii) Revenues and income net of revenues paid back to the revenue chain; and iii) EBITDA of the operating segments.

<i>(in thousands of Euros)</i>	For the six months ended June 30,		For the three months ended June 30,	
	2017		2017	
	Total Revenues	EBITDA	Total revenues	EBITDA
<b>Retail Gaming</b>				
Revenues	134,763		67,705	
Supply Chain / Other revenues	97,145		46,188	
<b>Total</b>	<b>231,908</b>	<b>35,840</b>	<b>113,893</b>	<b>18,647</b>
<b>Lottery</b>				
Revenues	46,849		23,574	
Supply Chain / Other revenues	7		7	
<b>Total</b>	<b>46,856</b>	<b>20,352</b>	<b>23,581</b>	<b>8,001</b>
<b>Online Gaming</b>				
Revenues	39,669		20,026	
Supply Chain / Other revenues	(6,344)		(2,920)	
<b>Total</b>	<b>33,325</b>	<b>14,086</b>	<b>17,106</b>	<b>7,064</b>
<b>Payments and services</b>				
Revenues	54,090		26,608	
Supply Chain / Other revenues	37,055		18,277	
<b>Total</b>	<b>91,145</b>	<b>36,186</b>	<b>44,885</b>	<b>18,063</b>
<b>Other revenues</b>	<b>210</b>		<b>128</b>	
<b>Total operating segment</b>	<b>403,443</b>	<b>106,463</b>	<b>199,592</b>	<b>51,774</b>

A reconciliation between operating segments EBITDA and the Group's operating profit (EBIT) is set out in the following table:

<i>(In thousands of Euros)</i>	For the six months ended June 30,		For the three months ended June 30,	
	2017		2017	
<b>Total operating segment</b>		<b>106,463</b>		<b>51,774</b>
Non-recurring expenses		(607)		(531)
Items with different classification		(291)		(169)
Amortization of intangible assets		(23,215)		(11,390)
Depreciation of property, plant & equipment		(17,238)		(8,734)
Other impairment losses on fixed assets		0		0
Impairment losses on current receivables		(7,903)		(5,147)
<b>Net operating profit (EBIT)</b>		<b>57,210</b>		<b>25,804</b>

Given the range of services and products sold by the Group there are no significant concentrations of revenues with individual customers.

The Group currently operates almost exclusively in Italy; therefore, no information is reported by geographical area.

**SCHUMANN S.P.A.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
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**8. Seasonality of operations**

The operations of the Group are subject to sports scheduling and other seasonal factors as well as extraordinary events, which may adversely affect results of operations. The professional football season in Italy usually runs from late August to mid-May. As a result, the Group has historically recorded higher betting revenues and income in these months. The volumes of bets collected are also affected by the schedules of other significant sporting events, such as the FIFA Football World Cup, UEFA European Football Championship and the Olympics. As a result of the sport events' seasonality, income from offline and online betting activities can vary significantly throughout the year, and on a year-to-year basis. Lottery business unit is also affected by seasonality, since lottery tickets sales typically decrease in the summer months, due to the summer vacation peak.

**9. Revenues**

The following table sets forth an analysis of Revenues:

<i>(in thousands of Euros)</i>	For the six months ended June 30, 2017	For the three months ended June 30, 2017
Gaming revenues	246,466	118,022
Payments and other services	72,280	35,913
Points of sale revenues	40,879	20,299
Other revenues	2,687	1,299
<b>Total</b>	<b>362,312</b>	<b>175,533</b>

The gaming revenues are analyzed as follows:

<i>(in thousands of Euros)</i>	For the six months ended June 30, 2017	For the three months ended June 30, 2017
Gaming machines revenues	179,459	85,253
NTNG revenues	28,821	14,270
Virtual Races	14,074	6,978
Online game revenues	20,084	9,611
Horse race betting revenues	3,815	1,813
Sports pools revenues	206	94
Big bets revenues	7	3
<b>Total</b>	<b>246,466</b>	<b>118,022</b>

**10. Fixed odds betting income**

The following table sets forth an analysis of Fixed odds betting income:

<i>(in thousands of Euros)</i>	For the six months ended June 30, 2017	For the three months ended June 30, 2017
Fixed odds sports betting income	39,598	23,178
Fixed odds horse race betting income	670	320
Reference horse race betting income	174	84
<b>Total</b>	<b>40,442</b>	<b>23,582</b>

**SCHUMANN S.P.A.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**AT AND FOR THE SIX MONTHS ENDED JUNE 30, 2017**

**11. Finance expense and similar**

The following table sets forth an analysis of Finance expense and similar:

<i>(in thousands of Euros)</i>	For the six months ended June 30, 2017	For the three months ended June 30, 2017
Interest and other finance expenses - third parties	28,074	14,231
Exchange (gains) losses realised	(1)	(6)
Exchange (gains) losses unrealised	14	10
<b>Total</b>	<b>28,087</b>	<b>14,235</b>

**12. Property, plant and equipment and other intangibles assets**

The composition and movements of property, plant and equipment are as follows:

<i>(in thousands of Euros)</i>	PPE	Other intangible assets
<b>six months ended June 30, 2017</b>		
Opening net book amount as at January 1, 2017	91,097	113,157
Increases	11,388	4,898
Depreciation, amortisation and impairment	(17,238)	(23,215)
Disposals	(87)	0
<b>Closing net book amount as at June 30, 2017</b>	<b>85,160</b>	<b>94,840</b>

**13. Goodwill**

There were no movements in goodwill during the period

**14. Restricted bank deposits**

Restricted bank deposits include mainly the balances of the accounts for the payment of winnings, including the amounts deposited for the special winnings of the Vinci per la Vita – Win for Life games and for the so-called SuperStar Reserve Fund which comprises the difference between available prize money and winnings payables calculated for each single game, in addition to the bank balances of the online game players deposits.

Restricted bank deposits are managed by the Group but their use is restricted to the payment of the cumulative winnings on the relative games and the payment of any winnings from online games.

**15. Cash and cash equivalents**

Cash and cash equivalents at June 30, 2017 and December 31, 2016 are as follows:

<i>(in thousands of Euros)</i>	At June 30, 2017	At December 31, 2016
Bank and postal accounts	110,936	129,225
Cash and cash equivalents in hand	5,287	5,956
<b>Total</b>	<b>116,223</b>	<b>135,181</b>

**SCHUMANN S.P.A.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**AT AND FOR THE SIX MONTHS ENDED JUNE 30, 2017**

**16. Share capital**

At June 30, 2017, share capital amounts to Euros 9,919,809, it is fully paid in and consists of 9,919,809 ordinary shares. This share capital is referred to the new parent company, Schumann S.p.A., and it is unchanged compared to December 31, 2016.

**17. Borrowings and loans**

The table sets forth an analysis of Borrowings and loans:

<i>(in thousands of Euros)</i>	At June 30, 2017	At December 31, 2016
<b>Senior Revolving and ancillary facilities</b>	<b>44,990</b>	<b>88,882</b>
<b>Senior Secured Notes</b>	<b>712,527</b>	<b>711,210</b>
<b>Loans from related parties</b>	<b>0</b>	<b>0</b>
Loans from other banks	596	915
Payable to other lenders - leasing contracts	296	757
<b>Other loans from third parties</b>	<b>892</b>	<b>1,672</b>
<b>Total</b>	<b>758,409</b>	<b>801,764</b>
<i>of which current</i>	64,027	109,122
<i>of which non-current</i>	694,382	692,642

Movements in borrowings are analysed as follows:

<i>(in thousands of Euros)</i>	Six months ended June 30, 2017
<b>Opening amount as at January 1</b>	<b>801,764</b>
Accrued interest and other expenses	1,526
Repayments of borrowings	44,881
<b>Closing amount as at June 30</b>	<b>758,409</b>

At June 30, 2017, the market price of the senior secured notes was a total of Euros 725.5 million compared to a face total value of Euros 725 million.

**18. Provisions for risks and charges**

The movements in the provisions for risks and charges are the following:

<i>(in thousands of Euros)</i>	At January 1, 2017	Changes during the period		At June 30, 2017
		increase	decrease	
Sundry risks and charges provisions	14,017	91	(243)	13,865
Technological updating provision	125	213	0	338
<b>Total</b>	<b>14,142</b>	<b>304</b>	<b>(243)</b>	<b>14,203</b>

**SCHUMANN S.P.A.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
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**19. Related party transactions**

With regard to transactions with the ultimate parent, Schumann Investments S.A., at June 30, 2017 there are no items to be disclosed.

Related party costs for services, amounting to Euros 932 thousand in the six months ended June 30, 2017, are mainly related to compensation for executives who are also company directors; salaries and employee severance indemnities of key management charged with strategic responsibilities, amounting to Euros 1,859 thousand in the six months ended June 30, 2017, are reported under Personnel costs.

**20. Significant non-recurring events and transactions**

During the six months ended June 30, 2017, the Group did not recognize material non-recurring expenses. Anyway, some net non-recurring expenses, amounting to Euros 607 thousand, were recognized during the period, mainly due to restructuring and reorganization costs.

**21. Commitments**

The Condensed Consolidated Interim Financial Statements include capital expenditure commitments for approximately Euros 22.6 million; such capital expenditure will be financed by net cash generated from operating activities.

**22. Significant events occurring after the end of period**

End of July 2017 the Board of Directors and the Shareholders Meetings of the Company and of its controlled entity Sisal Group S.p.A. formally approved the reverse merger between the two companies, which will become reasonably effective in the second half of the current year, after expiration of the terms by law for the opposition of the creditors and, being Sisal Group, the incorporating entity, a payment institution, the verification activities by Bank of Italy.

Always end of July, Sisal S.p.A. finally defined with Tax Authorities the fiscal claim related to the deductibility of interest expenses (the so called LBO Claim) with effect from fiscal year 2006 to fiscal year 2011. The overall cost of the definition (including penalties and interests) was about Euros 2 million, with a consequent significant reduction compared to the original claim which amounted to a total of about Euros 45.1 million. Since the terms of the agreement should be applicable also to following fiscal years until end of 2016 when the new group and financing structures have been put in place, it's reasonable to assume that no further claim would be issued by the Tax Authorities with regard to the same matter.