

Schumann S.p.A.

Condensed consolidated interim
financial statements

**At and for the nine month period
ended September 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. 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 nine months ended September 30, 2017

In the first nine months 2017, the Italian GDP was up 1.5%¹ compared to the same period of last year. The Italian gaming market turnover confirmed the 2016 trend reaching approximately €74.6 billion (+6.6%)².

Total Payments & Services addressable market was in line with the same period of 2016¹.

The Group recorded €13.2 billion turnover for the nine months ended September 30, 2017, an increase of 8.5% compared to the same period in 2016, mainly driven by Online Gaming, Lottery, VLTs and Payments and Services.

¹Sisal market Intelligence Estimate

²ADM 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 nine months results in 2016, both under economic and cash flows perspective.

(€ in millions)	Nine months ended September 30,				
	2016	% of total revenues and income	2017	% of total revenues and income	% change 2016-2017
Revenues	501.7	88.2%	537.2	89.4%	7.1%
Fixed odds betting income	65.8	11.6%	62.8	10.4%	(4.6%)
Other revenues and income	1.6	0.3%	1.0	0.2%	(37.5%)
Total revenues and income	569.1	100.0%	601.1	100.0%	5.6%
Purchases of materials, consumables and merchandise	8.3	1.5%	9.5	1.6%	14.5%
Costs for services	307.1	54.0%	325.5	54.2%	6.0%
Lease and rent expenses	16.9	3.0%	16.3	2.7%	(3.6%)
Personnel costs	63.3	11.1%	61.9	10.3%	(2.2%)
Other operating costs	26.9	4.7%	25.4	4.2%	(5.6%)
Amortization, depreciation, provisions and impairment losses and reversals	75.8	13.3%	73.4	12.2%	(3.2%)
Net operating profit (EBIT)	70.8	12.4%	89.0	14.8%	25.7%
Finance income and similar	0.3	0.1%	0.2	0.0%	(33.3%)
Finance expenses and similar	64.3	11.3%	42.6	7.1%	(33.7%)
Profit (loss) before income taxes	6.8	1.2%	46.6	7.8%	585.3%
Income taxes	5.6	1.0%	18.6	3.1%	232.1%
Total comprehensive profit (loss) for the period	1.2	0.2%	28.0	4.7%	n.m

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:

(€ in millions)	Nine months ended September 30,				Change	
	2016	% of total revenues and income	2017	% of total revenues and income	(amount)	%
Gaming revenues	332.7	58.5%	363.8	60.5%	31.1	9.4%
Fixed odds betting income	65.8	11.6%	62.8	10.4%	(3.0)	(4.6%)
Payments and other services	105.4	18.5%	107.4	17.9%	2.0	1.9%
Points of sale revenues	59.5	10.5%	61.9	10.3%	2.4	4.0%
Other revenues	5.6	1.0%	5.2	0.9%	(0.4)	(6.7%)
Total	569.1	100.0%	601.1	100.0%	32.0	5.6%

Revenues and income amounted to €601.1 million for the nine months ended September 30, 2017, an increase of €32.0 million, or 5.6%, compared to €569.1 million for the nine months ended September 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.

(€ in millions)	Nine months ended September 30,				Change	
	2016	% of total revenues and income	2017	% of total revenues and income	(amount)	%
Gaming machines revenues	238.7	42.0%	264.3	44.0%	25.6	10.7%
NTNG revenues	43.5	7.6%	43.2	7.2%	(0.3)	(0.7%)
Virtual Races	21.0	3.7%	20.6	3.4%	(0.4)	(1.7%)
Online game revenues	23.1	4.1%	30.1	5.0%	6.9	30.0%
Horse race betting revenues	5.9	1.0%	5.4	0.9%	(0.5)	(9.3%)
Sports pools revenues	0.4	0.1%	0.3	0.0%	(0.1)	0.0%
Total	332.7	58.5%	363.8	60.5%	31.1	9.4%

The overall gaming revenues amounted to €363.8 million for the nine months ended September 30, 2017 an increase of €31.1 million, or 9.4%, compared to €332.7 million for the nine months ended September 30, 2016, mainly driven by a combination of the following factors:

- Gaming machines revenues amounted to €264.3 million for the nine months ended September 30, 2017 an increase of €25.6 million, or 10.7%, from €238.7 million for the nine months ended September 30, 2016, driven by gaming machines turnover, increased from €2,960 million for the nine months ended September 30, 2016, of which 53% related to slot machines and 47% to VLTs to €3,048 million for the nine months ended September 30, 2017, of which 50% related to slot machines and 50% related to VLTs and slot machines pay out reduction (from 74% to 70%).
- NTNG revenues amounted to €43.2 million for the nine months ended September 30, 2017 a decrease of €0.3 million, or 0.7%, from €43.5 million for the nine months ended September 30, 2016. The slight decrease in NTNG revenues is mainly driven by new SuperEnalotto game trend and in particular by strong performance achieved in third quarter 2016 supported by the second highest jackpot ever.
- Virtual Races revenues amounted to €20.6 million for the nine months ended September 30, 2017, a decrease of €0.4 million, or 1.7%, from €21.0 million for the nine months related to September 30, 2016. This product, launched in December 2013, is still appealing for the players.
- Online game revenues amounted to €30.1 million for the nine months ended September 30, 2017, a significant increase of €7.0 million, or 30.4%, from €23.1 million for the nine months ended September 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 (+30% compared to the first nine months 2016).
- Horse race betting revenues amounted to €5.4 million for the nine months ended September 30, 2017, a decrease of €0.5 million, or 9.3%, from €5.9 million for the nine months related to September 30, 2016, due to the constant reduction in the appeal for this kind of games.
- Sports pools revenues were substantially unchanged amounting to €0.3 million for the nine months ended September 30, 2017 and €0.4 million for the nine months ended September 30, 2016.

Fixed odds betting income

Fixed odds betting income amounted to €62.8 million for the nine months ended September 30, 2017, a decrease of €3.0 million, or 4.6%, from €65.8 million for the nine months ended September 30, 2016, primarily as a result of lower performance in sport betting, mainly driven by a higher payout in the first nine months 2017, despite a positive turnover trend (+18.4%).

Payments and other services

Payments and other services amounted to €107.4 million for the nine months ended September 30, 2017 an increase of €2.0 million, or 1.9%, from €105.4 million for the nine months ended September 30, 2016 mainly thanks to a higher number of payment and financial services transactions, which reached 53.9 million for the nine months ended September 30, 2017, an increase of 5.6 million, or 11.6%, from 48.3 million for the nine months ended September 30, 2016.

Point of sale revenues

Point of sale fees amounted to €61.9 million for the nine months ended September 30, 2017 an increase of €2.4 million, or 4.0%, from €59.5 million for the nine months ended September 30, 2016, mainly due to both NTNG and Services stand alone network expansion.

Other revenues and income

Other revenues amounted to €5.2 million for the nine months ended September 30, 2017 a decrease of €0.4 million, or 6.7%, from €5.6 million for the nine months ended September 30, 2016.

Costs

Purchases of materials, consumables and merchandise

Purchases of materials, consumables and merchandise amounted to €9.5 million for the nine months ended September 30, 2017 an increase of €1.2 million, or 14.5%, from €8.3 million for the nine months ended September 30, 2016.

Costs for services

Costs for services amounted to €325.5 million for the nine months ended September 30, 2017 an increase of €18.4 million, or 6.0%, from €307.1 million for the nine months ended September 30, 2016.

Costs for services amounted to 54.2% of total revenues and income for the nine months ended September 30, 2017, compared to 54.0% of total revenues and income for the nine months ended September 30, 2016. The following table sets forth an analysis of costs for services for the indicated periods.

	Nine months ended September 30,				Change	
	2016	% of total revenues and income	2017	% of total revenues and income	(amount)	%
<i>(€ in millions)</i>						
Sales channel- gaming revenues	162.4	28.5%	180.9	30.1%	18.5	11.4%
Sales channel- payments services	56.9	10.0%	55.0	9.2%	(1.9)	(3.3%)
Commercial services	20.1	3.5%	19.1	3.2%	(1.0)	(5.2%)
Consulting	7.8	1.4%	8.9	1.5%	1.1	14.3%
Others services costs	59.9	10.5%	61.5	10.2%	1.6	2.7%
Total cost for services	307.1	54.0%	325.5	54.2%	18.4	6.0%

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

- *Sales channel – Gaming revenues* amounted to €180.9 million for the nine months ended September 30, 2017 an increase of €18.5 million, or 11.4%, from €162.4 million for the nine months ended September 30, 2016. As a percentage of total revenues and income, sales channel gaming amounted to 30.1% for the nine months ended September 30, 2017 and 28.5% for the nine months ended September 30, 2016. The increase is mainly driven by Gaming machines network operators' higher remuneration (+13.8%) due to the above commented gross revenues trend.
- *Sales channel – Payments services* amounted to €55.0 million for the nine months ended September 30, 2017 a decrease of €1.9 million, or 3.3% from €56.9 million for the nine months ended September 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 9.2% for the nine months ended September 30, 2017 and 10.0% for the nine months ended September 30, 2016.
- *Commercial services* amounted to €19.1 million for the nine months ended September 30, 2017 a decrease of €1.0 million, or 5.2%, from €20.1 million for the nine months ended September 30, 2016. As a percentage of total revenues and income, Commercial services amounted to 3.2% for the nine months ended September 30, 2017 and 3.5% for the nine months ended September 30, 2016. The decrease is mainly due to higher spending in the first nine months 2016 related to the relaunch of the SuperEnalotto game.
- *Consulting and Other services* amounted to €70.4 million for the nine months ended September 30, 2017 an increase of €2.7 million, or 4.0%, from €67.7 million for the nine months ended September 30, 2016. As a percentage of total revenues and income, Consulting and Other services amounted to 11.7% for the nine months ended September 30, 2017 and 11.9% for the nine months ended September 30, 2016. *Other Services* are mainly related to maintenance costs, telecommunications, online gaming platform fees, bank fees, logistics, facilities costs, travelling expenses and outsourcing costs.

Lease and rent expenses

Lease and rent expenses were substantially unchanged amounting to €16.3 million and to €16.9 million respectively for the nine months ended September 30, 2017 and September 30, 2016. As a percentage of total revenues and income, Lease and rent expenses amounted to 2.7% for the nine months ended September 30, 2017 and 3.0% for the nine months ended September 30, 2016.

Personnel costs

Personnel costs amounted to €61.9 million for the nine months ended September 30, 2017 a slight decrease of €1.4 million, or 2.2%, from €63.3 million for the nine months ended September 30, 2016. As a percentage of total revenues and income, Personnel costs amounted to 10.3% for the nine months ended September 30, 2017 and 11.1% for the nine months ended September 30, 2016. Our average workforce, expressed in full time equivalents, reached 1,673 for the nine months ended September 30, 2017, a decrease of 13 from 1,686 for the nine months ended September 30, 2016.

Other operating costs

Other operating costs amounted to €25.4 million for the nine months ended September 30, 2017 a decrease of €1.5 million, or 5.6%, from €26.9 million for the nine months ended September 30, 2016. As a percentage of total revenues and income, Other operating costs amounted to 4.2% for the nine months ended September 30, 2017 and 4.7% for the nine months ended September 30, 2016. Other operating costs are mainly related to gaming concessions fees and undeductible VAT.

Amortization, depreciation, provisions and impairment losses and reversals

Amortization, depreciation, provisions and impairment losses and reversals amounted to €73.4 million for the nine months September 30, 2017 a decrease of €2.4 million, or 3.2%, from €75.8 million for the nine months ended

September 30, 2016. The decrease is mainly due to lower amortization of tangible assets and lower provisions for risks and charges.

Net operating profit (EBIT)

Net operating profit (EBIT) amounted to €89.0 million for the nine months ended September 30, 2017 an increase of €18.2 million, or 25.7%, from €44.3 million for the nine months ended September 30, 2016.

Net margin was 14.8% for the nine months ended September 30, 2017 compared to 12.4% for the nine months, ended September 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 and to €0.3 million respectively for the nine months ended September 30, 2017 and September 30, 2016.

Finance expenses and similar

Finance expenses and similar amounted to €42.6 million for the nine months ended September 30, 2017 a significant decrease of €21.8 million, or 33.7%, from €64.3 million for the nine months ended September 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 €18.6 million for the nine months ended September 30, 2017 compared to €5.6 million for the nine months ended September 30, 2016, primarily as a result of higher taxable income.

Segment Information

(€ in millions)	Nine months ended September 30,			
	2016	2017	2016	2017
	Revenues and income		Segment EBITDA	
Retail gaming	322.8	343.3	49.3	54.4
Lottery	70.0	70.6	29.6	32.2
Online gaming	42.5	50.7	18.7	22.5
Payment and services	133.1	136.2	49.5	54.4
Other	0.8	0.2		
Segment EBITDA (1)			147.1	163.6
Items with different classification			(2.6)	(1.8)
Total	569.1	601.1	144.5	161.7

(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 nine months ended September 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 and third quarter 2017. 15.9% margin for the nine months ended September 30, 2017 compared to 15.3% for same period in 2016.

Lottery: Lottery segment results for the nine months ended September 30, 2017 have been mainly driven by positive turnover performance despite a lower average jackpot, affecting revenues. 45.7% margin for the nine months ended September 30, 2017, compared to 42.3% for the same period in 2016, is driven overall by flat revenues on the first nine months 2017 and higher promotional, selling and operational expenses in the first nine months 2016 related to the launch of the New SuperEnalotto in first quarter 2016.

Online Gaming: Online Gaming segment results for the nine months ended September 30, 2017 were mainly driven by Slot and Quick games strong performance on one side and weak sport betting margin performance on the other, even if more than offset by higher turnover. 44.3% margin for the nine months ended September 30, 2017 compared to 43.9% for the same period in 2016 was mainly driven by the above-mentioned factors.

Payments and Services: Payments and Services results for the nine months ended September 30, 2017 were mainly driven by revenues growth. 40.0% margin for the nine months ended September 30, 2017 compared to 37.2% 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.

(€ in millions)	Nine months ended September 30,	
	2016	2017
Movements in trade receivables	(21.0)	(3.5)
Movements in inventories	1.1	(0.6)
Movements in trade payables	(21.9)	(22.4)
Movements in trade working capital	(41.8)	(26.5)
Movements in other assets and liabilities	(19.2)	(22.0)
Total movements in working capital	(60.9)	(48.5)

Movements in working capital are generally connected to timing of cash collections and convenience service payments and business turnover trends. The overall lower cash absorption in the first nine months 2017, compared to that recorded in the first nine months 2016, is mainly due to a more favorable trade working capital performance with particular regard to both receivables collection and gaming taxation liabilities settlement and also considering the delay reported in third quarter 2016 with regard to 2015 gaming machines security deposit collection from ADM.

Cash flows

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

(€ in millions)	Nine months ended September 30,	
	2016	2017
Cash provided by operations before changes in working capital, interest and taxes	146.9	162.6
Tax paid	(2.2)	(3.7)
Changes in working capital	(60.9)	(48.5)
Cash flows provided by (used in) operating activities	83.7	110.5
Cash flows provided by (used in) investing activities	(22.4)	(28.2)
Cash flows provided by (used in) financing activities	(54.8)	(80.4)
Increase/(Decrease) in cash and cash equivalents	6.5	1.9
Net cash at the beginning of the period	139.7	135.2
Net cash at the end of the period	146.2	137.1

Cash provided by operating activities amounted to €110.5 million for the nine months ended September 30, 2017, compared to cash provided of €83.7 million for the nine months ended September 30, 2016. The movement is mainly related to the performance both in operations before changes in working capital and movements in working capital as commented above.

Cash flows used in investing activities amounted to €28.2 million for the nine months ended September 30, 2017 compared to €22.4 million for the nine months ended September 30, 2016, mainly due to the higher investments in both tangible and intangible assets.

Cash flows used in financing activities amounted to €80.4 million for the nine months ended September 30, 2017 compared to cash used of €54.8 million for the nine months ended September 30, 2016. The cash flows related to financing activities for both the nine months ended September 30, 2017 and September 30, 2016 included net interest paid, respectively €48,8 million and €46,9 million. In addition, 2017 cash flows include net repayments of revolving and ancillary facilities for €30.6 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 September 30, 2017. At both dates no shareholders loan were active.

(€ in millions)	As of December 31,	As of September 30,
	2016	2017
Senior revolving Facility	92.1	61.5
Senior Secured notes	740.9	733.4
Other financial liabilities	1.7	0.7
Total external financial liabilities	834.6	795.6

Other Financial Information

(€ in millions)	Nine months ended September 30,	
	2016	2017
EBITDA ⁽¹⁾	144.5	161.7
Non recurring items	0.5	1.1
Adjusted EBITDA ⁽²⁾	145.0	162.9
Adjusted EBITDA margin ⁽³⁾	25.5%	27.1%

(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.

(€ in millions)	Nine months ended September 30,	
	2016	2017
Profit/(loss) for the period	1.2	28.0
Net finance expense and similar	64.0	42.4
Income taxes	5.6	18.6
Amortisation, depreciation and impairments	63.8	63.0
Impairment of receivables	9.8	9.8
EBITDA	144.5	161.7

<i>(€ in millions)</i>	As of December 31,	As of September 30,
	2016	2017
Unrestricted cash ⁽⁴⁾	135.2	137.1
SCHUMANN GROUP net senior secured debt ⁽⁵⁾	697.7	657.8

(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 COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

		For the nine months ended September 30,	For the three months ended September 30,
(in thousands of Euros)	Notes	2017	2017
Revenues	9	537,238	174,926
Fixed odds betting income	10	62,805	22,363
Other revenues and income		1,020	331
<i>of which non-recurring</i>		84	0
Total revenues and income		601,063	197,620
Purchases of materials, consumables and merchandise		9,526	3,273
Costs for services		325,486	104,808
<i>of which related parties</i>	19	1,630	698
<i>of which non-recurring</i>	20	618	454
Lease and rent expenses		16,309	5,299
Personnel costs		61,940	19,535
<i>of which related parties</i>	19	2,827	968
<i>of which non-recurring</i>	20	517	(1)
Other operating costs		25,352	8,126
<i>of which non-recurring</i>	20	90	81
Amortisation, depreciation, provisions and impairment losses and reversals		73,419	24,758
Net operating profit (EBIT)		89,031	31,821
Finance income and similar		182	19
Finance expenses and similar	11	42,630	14,543
Profit (loss) before income taxes		46,583	17,297
Income taxes		18,561	7,862
<i>of which non-recurring</i>	20	1,242	1,242
Total comprehensive profit (loss) for the period		28,022	9,435
Attributable to non-controlling interest		71	22
Attributable to owner of the parent		27,951	9,413
Basic earnings (loss) per share (in Euro)		2.82	0.95
Diluted earnings (loss) per share (in Euro)		2.82	0.95

SCHUMANN S.P.A.
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

	Notes	At September 30, 2017	At December 31, 2016
<i>(in thousands of Euros)</i>			
A) NON-CURRENT ASSETS			
Property, Plant and Equipment	12	82,460	91,097
Goodwill	13	895,324	895,324
Intangible assets	12	87,007	113,157
Investments accounted for using the equity method		0	0
Deferred tax assets		12,403	20,529
Other non-current assets		20,467	23,655
Total non-current assets		1,097,661	1,143,762
B) CURRENT ASSETS			
Inventories		9,790	9,171
Trade receivables		172,428	178,650
Current financial assets		0	0
Taxes receivable		884	546
Restricted bank deposits	14	183,801	297,630
Cash and cash equivalents	15	137,106	135,181
Other current assets		36,600	40,457
Total current assets		540,609	661,635
TOTAL ASSETS		1,638,270	1,805,397
A) EQUITY			
Share capital	16	9,920	9,920
Share premium reserve		289,580	289,580
Retained earnings (accumulated deficit)		(7,922)	(35,873)
Total equity attributable to owners of the Parent		291,578	263,627
Equity attributable to non-controlling interests		533	462
Total equity		292,111	264,089
B) NON-CURRENT LIABILITIES			
Long-term debt	17	695,648	692,642
Provision for employee severance indemnities		8,781	9,486
Deferred tax liabilities		8,031	10,148
Provisions for risks and charges	18	12,458	14,142
Other non-current liabilities		1,300	0
Total non-current liabilities		726,218	726,418
C) CURRENT LIABILITIES			
Trade and other payables		258,949	281,305
Short-term debt	17	61,543	92,070
Current portion of long-term debt	17	9,029	17,052
Taxation payable		9,196	943
Other current liabilities		281,224	423,520
<i>of which related parties</i>		1,331	1,880
Total current liabilities		619,941	814,890
TOTAL LIABILITIES AND EQUITY		1,638,270	1,805,397

SCHUMANN S.P.A.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

	For the nine months ended September 30,
<i>(In thousands of Euros)</i>	2017
Profitt (loss) for the period before income taxes	46,582
Amortization and depreciation	62,950
Impairment of current receivables	9,758
Provisions for risks and charges, accruals and employee severance indemnities	910
Finance (income) expenses	42,448
Net cash generated from operating activities before changes in working capital, interest and taxes	162,648
Changes in trade receivables	(3,536)
Changes in inventories	(619)
Changes in trade payables	(22,356)
Change in other assets and liabilities	(22,019)
Taxes (paid)/reimbursed	(3,653)
Net cash generated from operating activities	110,465
Increase in property, plant and equipment	(18,224)
Increase in intangible assets	(9,940)
Acquisitions (net of cash)	0
Net cash used in investing activities	(28,164)
decrease in medium-/long-term debt	(480)
Increase (decrease) in lease payables	(501)
Increase (decrease) in short-term debt	(30,626)
Net interest paid	(48,769)
Net cash used in financing activities	(80,376)
Net change in cash and cash equivalents	1,925
Net cash at the beginning of the period	135,181
Net cash at the end of the period	137,106

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CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
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	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>								
Equity at December 31, 2016	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					27,951	27,951	71	28,022
Total comprehensive profit (loss) for the period	0	0	0	0	27,951	27,951	71	28,022
Dividends paid	0	0	0	0	0	0	0	0
Other movements	0	0	0	0	0	0	0	0
Transactions with shareholders	0	0	0	0	0	0	0	0
Equity at September 30, 2017	9,920	0	289,580	0	(7,922)	291,578	533	292,111

SCHUMANN S.P.A.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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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 nine months ended September 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 November 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 September 2016 financials. Please refer to MD&A section for comparative analysis on a pro forma basis.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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3. Going concern

Net profit for the nine months ended September 30, 2017 amounted to Euros 28,022 thousand, while the group acquired recorded a consolidated profit of Euros 1,188 thousand for the nine months ended September 30, 2016; at September 30, 2017 the consolidated equity was equal to Euros 292,111 thousand (Euros 264,089 thousand at December 31, 2016) and net working capital at September 30, 2017 was negative for Euros 145,866 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>	At September 30, 2017	%	At December 31, 2016	%
Long term debt	695,648		692,642	
Short-term debt and current portion of long-term debt	70,572		109,122	
Funding from third parties	766,220	72.4%	801,764	75.2%
Equity	292,111	27.6%	264,089	24.8%
Total debt and equity	1,058,331	100.0%	1,065,853	100.0%

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 nine 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.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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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
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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 September 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 September 30, 2017, these facilities were partially drawn down for a total of Euros 61.4 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 September 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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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.

	For the nine months ended September 30,		For the three months ended September 30,	
(in thousands of Euros)	2017		2017	
	Total Revenues	EBITDA	Total revenues	EBITDA
Retail Gaming				
Revenues	199,533		64,771	
Supply Chain / Other revenues	143,799		46,654	
Total	343,333	54,427	111,425	18,587
Lottery				
Revenues	70,556		23,708	
Supply Chain / Other revenues	8		0	
Total	70,564	32,220	23,708	11,868
Online Gaming				
Revenues	60,578		20,908	
Supply Chain / Other revenues	(9,846)		(3,501)	
Total	50,732	22,461	17,407	8,374
Payments and services				
Revenues	81,437		27,347	
Supply Chain / Other revenues	54,776		17,722	
Total	136,214	54,447	45,069	18,262
Other revenues	221		11	
Total operating segment	601,063	163,555	197,620	57,091

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

	For the nine months ended September 30,		For the three months ended September 30,	
(In thousands of Euros)	2017		2017	
Total operating segment		163,555		57,091
Non-recurring expenses		(1,141)		(534)
Items with different classification		(674)		(384)
Amortization of intangible assets		(36,090)		(12,875)
Depreciation of property, plant & equipment		(26,860)		(9,622)
Impairment losses on current receivables		(9,758)		(1,855)
Net operating profit (EBIT)		89,031		31,821

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.

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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:

	For the nine months ended September 30,	For the three months ended September 30,
<i>(in thousands of Euros)</i>	2017	2017
Gaming revenues	363,783	117,317
Payments and other services	107,356	35,076
Points of sale revenues	61,939	21,060
Other revenues	4,160	1,473
Total	537,238	174,926

The gaming revenues are analyzed as follows:

	For the nine months ended September 30,	For the three months ended September 30,
<i>(in thousands of Euros)</i>	2017	2017
Gaming machines revenues	264,254	84,795
NTNG revenues	43,228	14,407
Virtual Races	20,578	6,504
Online game revenues	30,067	9,983
Horse race betting revenues	5,384	1,569
Sports pools revenues	263	57
Big bets revenues	9	2
Total	363,783	117,317

10. Fixed odds betting income

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

	For the nine months ended September 30,	For the three months ended September 30,
<i>(in thousands of Euros)</i>	2017	2017
Fixed odds sports betting income	61,401	21,803
Fixed odds horse race betting income	1,139	469
Reference horse race betting income	265	91
Total	62,805	22,363

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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11. Finance expense and similar

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

	For the nine months ended September 30,	For the three months ended September 30,
<i>(in thousands of Euros)</i>	2017	2017
Interest and other finance expenses - third parties	42,692	14,618
Exchange (gains) losses realised	(27)	(26)
Exchange (gains) losses unrealised	(35)	(49)
Total	42,630	14,543

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
nine months ended September 30, 2017		
Opening net book amount as at January 1, 2017	91,097	113,157
Increases	18,345	9,940
Depreciation, amortisation and impairment	(26,860)	(36,090)
Disposals	(122)	0
Closing net book amount as at September 30, 2017	82,460	87,007

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 September 30, 2017 and December 31, 2016 are as follows:

<i>(in thousands of Euros)</i>	At September 30, 2017	At December 31, 2016
Bank and postal accounts	131,365	129,225
Cash and cash equivalents in hand	5,741	5,956
Total	137,106	135,181

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16. Share capital

At September 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 September 30, 2017	At December 31, 2016
Senior Revolving and ancillary facilities	58,772	88,882
Senior Secured Notes	706,754	711,210
Loans from related parties	0	0
Loans from other banks	435	915
Payable to other lenders - leasing contracts	259	757
Other loans from third parties	694	1,672
Total	766,220	801,764
<i>of which current</i>	<i>70,572</i>	<i>109,122</i>
<i>of which non-current</i>	<i>695,648</i>	<i>692,642</i>

Movements in borrowings are analysed as follows:

<i>(in thousands of Euros)</i>	Nine months ended September 30, 2017
Opening amount as at January 1	801,764
Accrued interest and other expenses	(3,936)
Repayments of borrowings	31,608
Closing amount as at September 30	766,220

At September 30, 2017, the market price of the senior secured notes was a total of Euros 727.2 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 September 30, 2017
		increase	decrease	
Sundry risks and charges provisions	14,017	391	(2,395)	12,013
Technological updating provision	125	320	0	445
Total	14,142	711	(2,395)	12,458

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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 September 30, 2017 there are no items to be disclosed.

Related party costs for services, amounting to Euros 1,630 thousand in the nine months ended September 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 2,827 thousand in the nine months ended September 30, 2017, are reported under Personnel costs.

20. Significant non-recurring events and transactions

During the nine months ended September 30, 2017, the Group recognized some net non-recurring expenses, amounting to Euros 2,383 thousand, mainly due to restructuring and reorganization costs and definition of past tax litigation.

21. Commitments

The Condensed Consolidated Interim Financial Statements include capital expenditure commitments for approximately Euros 18.0 million; such capital expenditure will be financed by net cash generated from operating activities.

22. Significant events occurring after the end of period

With regard to the reverse merger between the Company and its controlled entity Sisal Group S.p.A. and after that at the end of September Bank of Italy positively completed its verification activity, at the end of October the terms by law for the opposition of the creditors expired without any claim and consequently the merger will be reasonably finalized and totally effective by the end of November.