Sisal Group S.p.A.

Condensed consolidated interim

financial statements

At and for the nine month period

ended September 30, 2018 and 2017

Management Discussion & Analysis

Sisal Group Profile

Sisal Group 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 totalizator 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, 2018

In the first nine months 2018, the Italian GDP was up 1.2%[1] compared to the same period of last year. The Italian gaming market turnover confirmed the 2017 trend reaching approximately €78.1 billion (+4.8%)[2].
Total Payments & Services addressable market was substantially in line with the same period of 2017, amounting to €92.0 billion[1].
The Group recorded €14.0 billion turnover for the nine months ended September 30, 2018, an increase of 5.7% compared to the same period in 2017, mainly driven by Online Gaming, Lottery, VLTs and Payments and Services.

[1]*Sisal market Intelligence Estimate*
[2]*ADM data*

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 November 2017, the Parent incorporated Schumann S.p.A. through a reverse merger and at the same time the purchase price allocation related to the acquisition was completed and fully reflected in the consolidated financial statements.

In order to allow a performance comparison, in the following analysis we prepared the Group's results in 2017, reflecting the year to date effect of such purchase price allocation both under economic and balance sheet perspective.

Further adjustments were also applied to comparative data to reflect the application of new IFRS 15 "Revenue from contract with customers", effective starting from 1 January 2018, as described more in details in the Notes to the Condensed Consolidated Interim Financial Statements.

	Nine months ended September 30,				
(€ in millions)	**2017**	**% of total revenues and income**	**2018**	**% of total revenues and income**	**% change 2017-2018**
Revenues	528.6	89.2%	533.2	85.8%	0.9%
Fixed odds betting income	62.8	10.6%	85.5	13.8%	36.1%
Other revenues and income	1.0	0.2%	2.5	0.4%	150.0%
Total revenues and income	**592.4**	**100.0%**	**621.2**	**100.0%**	**4.9%**
Purchases of materials, consumables and merchandise	9.5	1.6%	7.9	1.3%	(16.8%)
Costs for services	325.5	54.9%	328.0	52.8%	0.8%
Lease and rent expenses	16.3	2.8%	16.7	2.7%	2.5%
Personnel costs	61.9	10.4%	64.7	10.4%	4.5%
Other operating costs	25.4	4.3%	27.0	4.3%	6.3%
Amortization, depreciation, provisions and impairment losses and reversals	76.3	12.9%	82.3	13.2%	7.9%
Net operating profit (EBIT)	**77.5**	**13.1%**	**94.6**	**15.2%**	**22.1%**
Finance income and similar	0.2	0.0%	-	0.0%	(100.0%)
Finance expenses and similar	42.6	7.2%	42.4	6.8%	(0.5%)
Profit (loss) before income taxes	**35.0**	**5.9%**	**52.2**	**8.4%**	**49.1%**
Income taxes	15.3	2.6%	16.2	2.6%	5.9%
Total profit (loss) for the period	**19.7**	**3.3%**	**36.0**	**5.8%**	**82.7%**

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:

	Nine months ended September 30,				Change	
(€ in millions)	**2017**	**% of total revenues and income**	**2018**	**% of total revenues and income**	**(amount)**	**%**
Gaming revenues	355.3	60.0%	357.8	57.6%	2.5	0.7%
Fixed odds betting income	62.8	10.6%	85.5	13.8%	22.7	36.1%
Payments and other services	107.4	18.1%	108.7	17.5%	1.3	1.2%
Points of sale revenues	61.8	10.4%	63.7	10.3%	1.9	3.0%
Other revenues	5.2	0.9%	5.5	0.9%	0.3	6.4%
Total	**592.4**	**100.0%**	**621.2**	**100.0%**	**28.8**	**4.9%**

Revenues and income amounted to €621.2 million for the nine months ended September 30, 2018, an increase of €28.8 million, or 4.9%, compared to €592.4 million for the nine months ended September 30, 2017. Revenues results were mainly driven by an excellent performance of fixed odds sport betting income.

Gaming Revenues

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

	Nine months ended September 30,				Change	
(€ in millions)	**2017**	**% of total revenues and income**	**2018**	**% of total revenues and income**	**(amount)**	**%**
Gaming machines revenues	264.2	44.6%	259.5	41.8%	(4.7)	(1.8%)
NTNG revenues	34.8	5.9%	40.7	6.6%	5.9	17.1%
Virtual Races	20.6	3.5%	19.8	3.2%	(0.8)	(3.9%)
Online game revenues	30.1	5.1%	33.0	5.3%	2.9	9.6%
Horse race betting revenues	5.4	0.9%	4.6	0.7%	(0.8)	(14.2%)
Sports pools revenues	0.3	0.0%	0.2	0.0%	(0.1)	(28.5%)
Total	**355.3**	**60.0%**	**357.8**	**57.6%**	**2.5**	**0.7%**

The overall gaming revenues amounted to €357.8 million for the nine months ended September 30, 2018 an increase of €2.5 million, or 0.7%, compared to €355.3 million for the nine months ended September 30, 2017, mainly driven by a combination of the following factors:

- Gaming machines revenues amounted to €259.5 million for the nine months ended September 30, 2018 a decrease of €4.7 million, or 1.8%, from €264.2 million for the nine months ended September 30, 2017, mainly driven by increase in related gaming taxation became effective in Q2 2017, in spite of the turnover trend, increased from €3,048 million for the nine months ended September 30, 2017, of which 50% related to slot machines and 50% to VLTs to €3,120 million for the nine months ended September 30, 2018, of which 46% related to slot machines and 54% related to VLTs.

- NTNG revenues amounted to €40.7 million for the nine months ended September 30, 2018 an increase of €5.9 million, or 17.1%, from €34.8 million for the nine months ended September 30, 2017. The increase in NTNG revenues is mainly driven by new SuperEnalotto game strong performance supported by a higher average jackpot.

- Virtual Races revenues amounted to €19.8 million for the nine months ended September 30, 2018, a decrease of €0.8 million, or 3.9%, from €20.6 million for the nine months related to September 30, 2017. This product, launched in December 2013, is still appealing for the players, even if the turnover trend is declining.

- Online game revenues amounted to €33.0 million for the nine months ended September 30, 2018, an increase of €2.9 million, or 9.6%, from €30.1 million for the nine months ended September 30, 2017, primarily as a result of strong performance in Slot and Quick games, also related to a further significant increase in the number of monthly active players (+69% compared to the first nine months 2017) supported by a strong gaming promotional activity.

- Horse race betting revenues amounted to €4.6 million for the nine months ended September 30, 2018, a decrease of €0.8 million, or 14.2%, from €5.4 million for the nine months related to September 30, 2017, 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 €0.2 million for the nine months ended September 30 2018.

Fixed odds betting income

Fixed odds betting income amounted to €85.5 million for the nine months ended September 30, 2018, a significant increase of €22.7 million, or 36.1%, from €62.8 million for the nine months ended September 30, 2017, primarily as a result of higher performance in sport betting, mainly driven by a lower payout in the first nine months 2018 and a positive turnover trend (+12.5%).

Payments and other services

Payments and other services amounted to €108.7 million for the nine months ended September 30, 2018 a slight increase of €1.3 million, or 1.2% from €107.4 for the nine months ended September 30, 2017. The further decrease recorded by Top Ups performance has been offset by an overall positive trend in payment and financial services thanks to a higher number of transactions, which reached 57.2 million for the nine months ended September 30, 2018, an increase of 3.3 million, or 6.1%, from 53.9 million for the nine months ended September 30, 2017.

Point of sale revenues

Point of sale fees amounted to €63.7 million for the nine months ended September 30, 2018 an increase of €1.9 million, or 3.0%, from €61.8 million for the nine months ended September 30, 2017, mainly due to both NTNG and Services stand alone network expansion.

Other revenues and income

Other revenues amounted to €5.5 million for the nine months ended September 30, 2018 an increase of €0.3 million, or 6.4%, from €5.2 million for the nine months ended September 30, 2017.

Costs

Purchases of materials, consumables and merchandise

Purchases of materials, consumables and merchandise amounted to €7.9 million for the nine months ended September 30, 2018 a decrease of €1.6 million, or 16.8%, from €9.5 million for the nine months ended September 30, 2017.

Costs for services

Costs for services amounted to €328.0 million for the nine months ended September 30, 2018 an increase of €2.5 million, or 0.8%, from €325.5 million for the nine months ended September 30, 2017.

Costs for services amounted to 52.8% of total revenues and income for the nine months ended September 30, 2018, compared to 54.9% of total revenues and income for the nine months ended September 30, 2017. The following table sets forth an analysis of costs for services for the indicated periods:

	Nine months ended September 30,				Change	
(€ in millions)	**2017**	**% of total revenues and income**	**2018**	**% of total revenues and income**	**(amount)**	**%**
Sales channel- gaming revenues	180.9	30.5%	180.1	29.0%	(0.8)	(0.4%)
Sales channel- payments services	55.0	9.3%	55.0	8.9%	(0.0)	(0.0%)
Commercial services	19.1	3.2%	24.2	3.9%	5.1	26.6%
Consulting	8.9	1.5%	7.3	1.2%	(1.6)	(18.2%)
Others services costs	61.5	10.4%	61.4	9.9%	(0.1)	(0.2%)
Total cost for services	**325.5**	**54.9%**	**328.0**	**52.8%**	**2.5**	**0.8%**

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

- *Sales channel – Gaming revenues* amounted to €180.1 million for the nine months ended September 30, 2018 a slight decrease of €0.8 million, or 0.4%, from €180.9 million for the nine months ended September

30, 2017. As a percentage of total revenues and income, sales channel gaming amounted to 29.0% for the nine months ended September 30, 2018 and 30.5% for the nine months ended September 30, 2017.

- *Sales channel – Payments services* amounted to €55.0 million for both the nine months ended September 30, 2018 and September 30, 2017. As a percentage of total revenues and income, sales channel payment services amounted to 8.9% for the nine months ended September 30, 2018 and 9.3% for the nine months ended September 30, 2017.

- *Commercial services* amounted to €24.2 million for the nine months ended September 30, 2018 an increase of €5.1 million, or 26.6%, from €19.1 million for the nine months ended September 30,2017. As a percentage of total revenues and income, Commercial services amounted to 3.9% for the nine months ended September 30, 2018 and 3.2% for the nine months ended September 30, 2017. The increase is mainly due to higher spending in the first nine months 2018 mainly related to the promoting of Retail and Online Gaming and Payments and Services business.

- *Consulting and Other services* amounted to €68.6 million for the nine months ended September 30, 2018 a decrease of €1.8 million, or 2.6%, from €70.4 million for the nine months ended September 30, 2017. As a percentage of total revenues and income, Consulting and Other services amounted to 11.1% for the nine months ended September 30, 2018 and 11.9% for the nine months ended September 30, 2017. *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 amounted to €16.7 million for the nine months ended September 30, 2018 an increase of €0.4 million, or 2.5% from €16.3 million for the nine months ended September 30, 2017. As a percentage of total revenues and income, Lease and rent expenses amounted to 2.7% for the nine months ended September 30, 2018 and 2.8% for the nine months ended September 30, 2017.

Personnel costs

Personnel costs amounted to €64.7 million for the nine months ended September 30, 2018 an increase of €2.8 million, or 4.5%, from €61.9 million for the nine months ended September 30, 2017. As a percentage of total revenues and income, Personnel costs amounted to 10.4% for both the nine months ended September 30, 2018 and September 30, 2017. Our average workforce, expressed in full time equivalents, reached 1,783 for the nine months ended September 30, 2018, an increase of 112 from 1,671 for the nine months ended September 30, 2017.

Other operating costs

Other operating costs amounted to €27.0 million for the nine months ended September 30, 2018 an increase of €1.6 million, or 6.3%, from €25.4 million for the nine months ended September 30, 2017. As a percentage of total revenues and income, Other operating costs amounted to 4.3% for both the nine months ended September 30, 2018 and September 30, 2017. 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 €82.3 million for the nine months ended September 30, 2018 an increase of €6.0 million, or 7.9%, from €76.3 million for the nine months ended September 30, 2017. The increase is mainly due to higher provisions for bad debt and amortization of intangible assets, partially offset by lower depreciation of tangible assets.

Net operating profit (EBIT)

Net operating profit (EBIT) amounted to €94.6 million for the nine months ended September 30, 2018 an increase of €17.1 million, or 22.1%, from €77.5 million for the nine months ended September 30, 2017.

Net margin was 15.2% for the nine months ended September 30, 2018 compared to 13.1% for the nine months, ended September 30, 2017.

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

Finance income and similar

Finance income and similar amounted to nil for the nine months ended September 30, 2018 against 0.2 million for the nine months ended September 30, 2017.

Finance expenses and similar

Finance expenses and similar were substantially unchanged amounting to €42.4 million for the nine months ended September 30, 2018 and €42.6 million for the nine months ended September 30, 2017.

Income taxes

Income taxes amounted to €16.2 million for the nine months ended September 30, 2018 compared to €15.3 million for the nine months ended September 30, 2017, primarily as a result of higher taxable income.

Segment Information

	Nine months ended September 30,			
(€ in millions)	2017	2018	2017	2018
	Revenues and income		Segment EBITDA	
Retail gaming	343.1	351.8	54.4	64.2
Lottery	62.1	68.3	32.2	37.0
Online gaming	50.7	61.1	22.5	26.8
Payment and services	136.2	139.7	54.4	54.1
Other	0.2	0.3		
Segment EBITDA (1)			163.6	182.0
Items with different classification			(1.8)	(1.0)
Total	**592.4**	**621.2**	**161.7**	**181.0**

(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 and segment EBITDA does not include reclassification of some amortization and impairment losses of receivables as per IFRS15 application.

Retail Gaming: Retail Gaming segment results for the nine months ended September 30, 2018 have been mainly driven by strong sport betting performance. 18.2% margin for the nine months ended September 30, 2018 compared to 15.9% for same period in 2017.

Lottery: Lottery segment results for the nine months ended September 30, 2018 have been mainly driven by positive turnover performance pushed by a higher average jackpot, positively impacting revenues. 54.1% margin for the nine months ended September 30, 2018, compared to 51.9% for the same period in 2017, is driven by positive revenues trend on one side and substantially flat promotional, selling and distribution overall expenses on the other side.

Online Gaming: Online Gaming segment results for the nine months ended September 30, 2018 were mainly driven by both Slot and Quick games and sport betting strong performance. 43.8% margin for the nine months ended September 30, 2018 compared to 44.3% for the same period in 2017 reflected such performance but at the same time an increase of promotional, selling and distribution overall expenses and related incidence on revenues.

Payments and Services: Payments and Services grow like-for-like both in terms of revenues (€139.7m for the nine months ended September 30 2018 and €136.2m for the nine months ended September 30, 2017) and current trading EBITDA (€56.5m for the nine months ended September 30, 2018 and €54.4m for the nine months ended September 30 2017). On top, the launch of Digital Payments business, occurred in Q3, has impacted by €2.4m the nine months ended September 30, 2018 performance. Digital Payments are a strategic driver of future growth.

Liquidity and Working capital

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

	Nine months ended September 30,	
(€ in millions)	**2017**	**2018**
Movements in trade receivables	(3.5)	5.9
Movements in inventories	(0.6)	1.2
Movements in trade payables	(22.4)	(96.3)
Movements in trade working capital	**(26.5)**	**(89.2)**
Movements in other assets and liabilities	(22.0)	(57.4)
Total movements in working capital	**(48.5)**	**(146.6)**

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 nine months 2018, compared to that recorded in the first nine months 2017, is mainly due to a less favorable trade working capital performance with particular regard to ordinary and payments and services accounts payables settlement, mostly related to 2017 fourth quarter purchases and YE 2017 transactions and, with particular regard to movements in other assets and liabilities, also to postponed 2017 gaming machines security deposit collection from ADM, which was finally cashed in early October.

Cash flows

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

	Nine months ended September 30,	
(€ in millions)	**2017**	**2018**
Cash provided by operations before changes in working capital, interest and taxes	162.6	181.6
Tax paid	(3.7)	(13.2)
Changes in working capital	(48.5)	(146.6)
Cash flows provided by (used in) operating activities	110.5	21.7
Cash flows provided by (used in) investing activities	(28.2)	(37.6)
Cash flows provided by (used in) financing activities	(80.4)	(36.5)
Increase/(Decrease) in cash and cash equivalents	**1.9**	**(52.4)**
Net cash at the beginning of the period	**135.2**	**211.4**
Net cash at the end of the period	**137.1**	**159.1**

Cash provided by operating activities amounted to €21.7 million for the nine months ended September 30, 2018, compared to cash provided of €110.5 million for the nine months ended September 30, 2017. The movement is mainly related to the trend in working capital as commented above while cash provided by operations before changes in working capital was up for about €19.0 million.

Cash flows used in investing activities amounted to €37.6 million for the nine months ended September 30, 2018 compared to €28.2 million for the nine months ended September 30, 2017, mainly due to higher investments in intangible assets.

Cash flows used in financing activities amounted to €36.5 million for the nine months ended September 30, 2018 compared to cash used of €80.4 million for the nine months ended September 30, 2017. The cash flows related to financing activities for both the nine months ended September 30, 2018 and September 30, 2017 included net interest paid, respectively

€45.7 million and €48.8 million. In addition, 2018 cash flows include net uses of revolving and ancillary facilities for €9.5 million, compared to €30.6 million of net repayments recorded in the first nine months 2017.

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, 2017 and September 30, 2017. At both dates no shareholders loan were active:

	As of December 31,	**As of September 30,**
(€ in millions)	**2017**	**2018**
Senior revolving Facility	37.9	47.4
Senior Secured notes	740.5	733.4
Other financial liabilities	0.4	0.1
Total external financial liabilities	**778.8**	**780.9**

Other Financial Information

	Nine months ended September 30,	
(€ in millions)	**2017**	**2018**
EBITDA (1)	161.7	181.0
Non recurring items	1.1	0.7
Adjusted EBITDA (2)	162.9	181.8
Adjusted EBITDA margin (3)	27.5%	29.3%

(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 does not include reclassification of some amortization and impairment losses of receivables as per IFRS15 application. 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.

	Nine months ended September 30,	
(€ in millions)	**2017**	**2018**
Profit/(loss) for the period	19.7	36.0
Net finance expense and similar	42.4	42.4
Income taxes	15.3	16.2
Amortisation, depreciation and impairments	74.5	74.6
Impairment of receivables	9.8	11.8
EBITDA	**161.7**	**181.0**

(*€ in millions*)	**As of December 31, 2017**	**As of September 30, 2018**
Unrestricted cash (4)	211.4	159.1
SISAL GROUP net senior secured debt (5)	567.0	621.8

(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) Sisal Group 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.

SISAL GROUP S.P.A.
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND SEPTEMBER 30, 2017

		For the nine months ended September 30,		For the three months ended September 30,	
(in thousands of Euros)	***Notes***	**2018**	**2017**	**2018**	**2017**
Revenues	9	533,240	528,569	173,009	172,228
Fixed odds betting income	10	85,489	62,805	29,581	22,363
Other revenues and income		2,480	1,020	568	331
of which non-recurring		*0*	*84*	*0*	*0*
Total revenues and income		**621,209**	**592,394**	**203,158**	**194,922**
Purchases of materials, consumables and merchandise		7,940	9,526	2,424	3,273
of which non-recurring		*126*	*0*	*95*	*0*
Costs for services		327,952	325,486	104,132	104,808
of which related parties	*19*	*1,544*	*1,630*	*561*	*698*
of which non-recurring	*20*	*429*	*618*	*226*	*454*
Lease and rent expenses		16,721	16,309	5,608	5,299
Personnel costs		64,690	61,940	20,661	19,535
of which related parties	*19*	*2,683*	*2,827*	*890*	*968*
of which non-recurring	*20*	*165*	*517*	*33*	*(1)*
Other operating costs		27,029	25,352	9,145	8,126
of which non-recurring	*20*	*19*	*90*	*10*	*81*
Amortisation, depreciation, provisions and impairment losses and reversals		82,258	76,308	27,214	25,913
Net operating profit (EBIT)		**94,619**	**77,473**	**33,974**	**27,968**
Finance income and similar		18	182	3	19
Finance expenses and similar	11	42,389	42,630	14,464	14,543
Profit (loss) before income taxes		**52,248**	**35,025**	**19,513**	**13,444**
Income taxes		16,197	15,330	6,093	6,784
of which non-recurring	*20*	*0*	*1,242*	*0*	1,242
Profit (loss) for the period		**36,051**	**19,695**	**13,420**	**6,660**
Attributable to non-controlling interest		**83**	**55**	**31**	**16**
Attributable to owner of the parent		**35,968**	**19,640**	**13,389**	**6,644**
Basic earinings (loss) per share (in Euro)		0.35	0.19	0.13	0.06
Diluted eanings (loss) per share (in Euro)		0.35	0.19	0.13	0.06

SISAL GROUP S.P.A.
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT SEPTEMBER 30, 2018 AND DECEMBER 31, 2017

(in thousands of Euros)	***Notes***	**At September 30, 2018**	**At December 31, 2017**
A) NON-CURRENT ASSETS			
Property, Plant and Equipment	12	85,381	96,577
Goodwill	13	569,379	569,275
Intangible assets	12	497,193	515,911
Investments accounted for using the equity method		0	0
Deferred tax assets		14,424	13,596
Other non-current assets		21,283	28,352
Total non-current assets		**1,187,660**	**1,223,711**
B) CURRENT ASSETS			
Inventories		8,797	10,024
Trade receivables		163,652	181,341
Current financial assets		0	0
Taxes receivable		22	268
Restricted bank deposits	14	98,478	155,478
Cash and cash equivalents	15	159,052	211,402
Other current assets		65,801	45,683
Total current assets		**495,802**	**604,196**
TOTAL ASSETS		**1,683,462**	**1,827,907**
A) EQUITY			
Share capital	16	102,500	102,500
Legal reserve		200	200
Share premium reserve		94,484	94,484
Other reserves		66,441	66,443
Retained earnings (accumulated deficit)		62,177	26,209
Total equity attributable to owners of the Parent		**325,802**	**289,836**
Equity attributable to non-controlling interests		**1,240**	**1,157**
Total equity		**327,042**	**290,993**
B) NON-CURRENT LIABILITIES			
Long-term debt	17	700,357	696,721
Provision for employee severance indemnities		8,717	8,757
Deferred tax liabilities		127,433	132,915
Provisions for risks and charges	18	13,301	13,409
Other non-current liabilities		827	1,182
Total non-current liabilities		**850,635**	**852,984**
C) CURRENT LIABILITIES			
Trade and other payables		234,169	330,481
Short-term debt	17	47,431	37,902
Current portion of long-term debt	17	8,446	15,916
Taxation payable		17,191	8,436
Other current liabilities		198,548	291,195
of which related parties		*1,413*	*1,842*
Total current liabilities		**505,785**	**683,930**
TOTAL LIABILITIES AND EQUITY		**1,683,462**	**1,827,907**

SISAL GROUP S.P.A.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND SEPTEMBER 30, 2017

	For the nine months ended September 30,	
(In thousands of Euros)	**2018**	**2017**
Profit (loss) for the period before income taxes	**52,248**	**35,025**
Amortization and depreciation	74,584	74,507
Impairment of current receivables	11,821	9,758
Provisions for risks and charges, accruals and employee severance indemnities	556	910
Finance (income) expenses	42,371	42,448
Net cash generated from operating activities before changes in working capital, interest and taxes	**181,580**	**162,648**
Changes in trade receivables	5,868	(3,536)
Changes in inventories	1,227	(619)
Changes in trade payables	(96,312)	(22,356)
Change in other assets and liabilities	(57,376)	(22,019)
Taxes (paid)/reimbursed	(13,245)	(3,653)
Net cash generated from operating activities	**21,742**	**110,465**
Increase in property, plant and equipment	(12,248)	(18,224)
Increase in intangible assets	(28,193)	(9,940)
Acquisitions (net of cash)	0	0
Net cash used in investing activities	**(37,601)**	**(28,164)**
decrease in medium-/long-term debt	(273)	(480)
Increase (decrease) in lease payables	(73)	(501)
Increase (decrease) in short-term debt	9,535	(30,626)
Net interest paid	(45,680)	(48,769)
Net cash used in financing activities	**(36,491)**	**(80,376)**
Net change in cash and cash equivalents	**(52,350)**	**1,925**
Net cash at the beginning of the period	**211,402**	**135,181**
Net cash at the end of the period	**159,052**	**137,106**

SISAL GROUP S.P.A.
CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND SEPTEMBER 30, 2017

(in thousands of Euros)	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
Equity at December 31, 2016	**9,920**	**0**	**289,580**	**0**	**(36,802)**	**262,698**	**1,081**	**263,779**
Merger beetwen Schumann and Sisal Group	92,580	200	(195,096)	66,443	35,873	0	0	0
Profit/(loss) for the period					19,640	19,640	55	19,695
Total comprehensive profit (loss) for the period	**0**	**0**	**0**	**0**	**19,640**	**19,640**	**55**	**19,695**
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	**102,500**	**200**	**94,484**	**66,443**	**18,711**	**282,338**	**1,136**	**283,474**
Equity at December 31, 2017	**102,500**	**200**	**94,484**	**66,443**	**26,209**	**289,836**	**1,157**	**290,993**
Profit/(loss) for the period					35,968	35,968	83	36,051
Total comprehensive profit (loss) for the period	**0**	**0**	**0**	**0**	**35,968**	**35,968**	**83**	**36,051**
Dividends paid	0	0	0	0	0	0	0	**0**
Other movements	0	0	0	(2)	0	-2	0	**(2)**
Transactions with shareholders	**0**	**0**	**0**	**(2)**	**0**	**-2**	**0**	**(2)**
Equity at September 30, 2018	**102,500**	**200**	**94,484**	**66,441**	**62,177**	**325,802**	**1,240**	**327,042**

1. General information

Sisal Group S.p.A. (hereafter the "**Company**") is a company incorporated in Italy, with registered and administrative offices in Milan, in Via Di Tocqueville 13, 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, 2018 (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, 2017 (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 Sisal Group S.p.A. on November 12, 2018.

In December 2016 Schumann S.p.A. 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.
In November 2017 the reverse merger between the Parent and Schumann S.p.A. was effective and at the same time the purchase price allocation related to the acquisition was finalized and fully reflected in the Full year 2017 Consolidated Financial Statements; consequently, the comparative balances of the present condensed consolidated interim financial

statements are referred to the previous parent company's 2017 condensed interim consolidated accounts, adjusted to reflect the year to date effect of such purchase price allocation, both under economic and balance sheet perspective.

3. Going concern

Net profit for the nine months ended September 30, 2018 amounted to Euros 36,051 thousand (Euros 19,696 thousand for the nine months ended September 30, 2017); at September 30, 2018 the consolidated equity was equal to Euros 327,042 thousand (Euros 290,993 thousand at December 31, 2017) and net working capital at September 30, 2018 was negative for Euros 113,158 thousand (Euros 237.318 thousand at December 31, 2017).

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 Parent 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.

(In thousands of Euros) *(Percentage computed on total debt and equity)*	**At September 30, 2018**	**%**	**At December 31, 2017**	**%**
Long term debt	700,357		696,721	
Short-term debt and current portion of long-term debt	55,877		53,818	
Funding from third parties	**756,234**	**69.8%**	**750,539**	**72.1%**
Equity	**327,042**	**30.2%**	**290,993**	**27.9%**
Total debt and equity	**1,083,276**	**100.0%**	**1,041,532**	**100.0%**

Despite a challenging macroeconomic and regulatory context, 2017 target group's gross profit and operating profit levels (net of the impact of non-recurring expenses) were a significant improvement on those of 2016.

These trends are also confirmed by current trading results.

On the basis of these assessments and ongoing developments 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 2018 and adopted for the first time.

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

With regulation n. 2016/1905, issued by the European Commission on September 22, 2016, the requirements set by IFRS 15 "Revenue from contracts with customers", issued by the IASB on May 28, 2014, have been approved. The main aspect affected by the new standard and effective starting from 1 January 2018, have been already provided in the notes to the financial statements for the year ended December 31, 2017.

The Group completed the analysis in order to identify the impacts connected to the adoption of the requirements introduced by the new standard. No significant impacts have been identified from the initial application; therefore no adjustments to the opening balances of the shareholders' equity as of January 1, 2018 have been accounted, in accordance with the transitional requirements of the new standard. Modifications to the financial statements presentation have been applied as follows:

- with reference to the statement of financial position, the amount related to the upfront fee paid by the company Sisal S.p.A. in relation to the NTNG concession is reclassified from the line item "Intangible assets" to the item "Other non-current assets", according to the guidance provided by paragraph 70-72 of the new standard;

- as a consequence, with reference to the statement of the comprehensive income, the annual amount related to the upfront fee, presented in the line item "Depreciation, amortization, provisions, impairment losses and reversals of the value of property, plant and equipment and intangible assets", has been reclassified as a direct reduction of the line item "Revenues".

With regulation n. 2016/2067, issued by the European Commission on November 22, 2016, the requirements set by IFRS 9 "Financial Instruments", issued by the IASB on July 24, 2014, combined to the related Basis for Conclusions and the related Application Guide have been approved. The main aspect affected by the new standard and effective starting from 1 January 2018, have been already provided in the notes to the financial statements for the year ended December 31, 2017.

The Group completed the analysis in order to identify the impacts connected to the adoption of the requirements introduced by the new standard. No significant impacts have been identified from the initial application; therefore no adjustments to the opening balances of the shareholders' equity as of January 1, 2018 have been accounted, in accordance with the transitional requirements of the new standard.

Since January 2018, the following accounting standards, amendments and interpretations have been endorsed by the European Union and adopted by the Group:

- IFRIC 22 (Foreign Currency transactions and advance consideration)
- Amendment to IAS 40 (Investment properties): Transfers of Investment Property
- Amendments to IFRS 2 (Share-based Payment): Classification and measurement of share-based payment transactions
- Annual improvements to IFRS Standards 2014-2016 Cycle

- Amendments to IFRS 4 (Insurance Contracts): applying IFRS 9 (Financial Instruments) with IFRS 4 (Insurance contracts)
- Clarifications to IFRS 15 (Revenue from Contracts with Customers)
- Amendments to IFRS 9: Prepayment Features with Negative Compensation

No impacts have been identified from the application of these standards and amendments.

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 16 (Leases)
- IFRIC 23 (Uncertainty over Income Tax Treatments)
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures
- Annual improvements to IFRS Standards 2015-2017 Cycle
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
- Amendments to References to the Conceptual Framework in IFRS Standards

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.

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 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, 2018, 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, 2018, these facilities were partially drawn down for a total of Euros 47.2 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, 2018 and December 31 2017 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.

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,			
(in thousands of Euros)	2018		2017	
	Total Revenues	EBITDA	Total revenues	EBITDA
Retail Gaming				
Revenues	214,564		199,533	
Supply Chain / Other revenues	137,259		143,589	
Total	**351,823**	**64,193**	**343,122**	**54,427**
Lottery				
Revenues	72,787		70,556	
Supply Chain / Other revenues	(4,460)		(8,451)	
Total	**68,328**	**36,951**	**62,106**	**32,220**
Online Gaming				
Revenues	79,717		60,578	
Supply Chain / Other revenues	(18,612)		(9,846)	
Total	**61,105**	**26,793**	**50,732**	**22,461**
Payments and services				
Revenues	84,845		81,437	
Supply Chain / Other revenues	54,810		54,776	
Total	**139,655**	**54,073**	**136,214**	**54,447**
Other revenues	**298**		**221**	
Total operating segment	**621,209**	**182,010**	**592,394**	**163,555**

	For the three months ended September 30,			
(in thousands of Euro)	2018		2017	
	Total revenues	EBITDA	Total revenues	EBITDA
Retail Gaming				
Revenues	70,967		64,770	
Supply Chain / Other revenues	42,843		46,777	
Total	**113,810**	**21,509**	**111,547**	**18,587**
Lottery				
Revenues	22,552		23,707	
Supply Chain / Other revenues	(1,243)		(2,819)	
Total	**21,310**	**12,783**	**20,889**	**11,868**
Online Gaming				
Revenues	26,329		20,909	
Supply Chain / Other revenues	(5,206)		(3,502)	
Total	**21,123**	**10,445**	**17,407**	**8,375**
Payments and services				
Revenues	28,446		27,347	
Supply Chain / Other revenues	18,328		17,721	
Total	**46,774**	**18,295**	**45,069**	**18,261**
Other revenues	**142**		**11**	
Total operating segment	**203,159**	**63,032**	**194,922**	**57,092**

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)	**2018**	**2017**	**2018**	**2017**
Total operating segment	**182,010**	**163,555**	**63,032**	**57,092**
Non-recurring expenses	(739)	(1,141)	(364)	(534)
Items with different classification	(458)	(884)	(92)	(266)
GNTN upfront fees amortization	(4,229)	(8,458)	(1,410)	(2,819)
Amortization of intangible assets	(46,913)	(39,189)	(17,225)	(13,908)
Depreciation of property, plant & equipment	(23,443)	(26,860)	(7,958)	(9,622)
Impairment losses on current receivables	(11,609)	(9,548)	(2,009)	(1,973)
Net operating profit (EBIT)	**94,619**	**77,474**	**33,974**	**27,969**

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.

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,	
(in thousands of Euros)	**2018**	**2017**	**2018**	**2017**
Gaming revenues	357,765	355,288	114,406	114,475
Payments and other services	108,723	107,356	36,457	35,076
Points of sale revenues	63,740	61,765	21,074	21,204
Other revenues	3,012	4,160	1,072	1,473
Total	**533,240**	**528,569**	**173,009**	**172,228**

The gaming revenues are analyzed as follows:

	For the nine months ended September 30,		For the three months ended September 30,	
(in thousands of Euros)	2018	2017	2018	2017
Gaming machines revenues	259,493	264,217	83,230	84,772
NTNG revenues	40,717	34,770	11,855	11,588
Virtual Races	19,776	20,578	6,548	6,504
Online game revenues	32,965	30,067	11,470	9,983
Horse race betting revenues	4,620	5,384	1,264	1,569
Sports pools revenues	188	263	37	57
Big bets revenues	6	9	2	2
Total	**357,765**	**355,288**	**114,406**	**114,475**

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,	
(in thousands of Euros)	2018	2017	2018	2017
Fixed odds sports betting income	83,128	61,401	28,831	21,803
Fixed odds horse race betting income	2,186	1,139	693	469
Reference horse race betting income	175	265	57	91
Total	**85,489**	**62,805**	**29,581**	**22,363**

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,	
(in thousands of Euros)	2018	2017	2018	2017
Interest and other finance expenses - third parties	42,395	42,692	14,449	14,618
Exchange (gains) losses realised	(12)	(27)	8	(26)
Exchange (gains) losses unrealised	6	(35)	7	(49)
Total	**42,389**	**42,630**	**14,464**	**14,543**

12. Property, plant and equipment and other intangibles assets

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

(in thousands of Euros)	PPE	Other intangible assets
six months ended June 30, 2018		
Opening net book amount as at January 1, 2018	96,577	515,911
Increases	12,247	28,195
Depreciation, amortisation and impairment	(23,443)	(46,913)
Closing net book amount as at September 30, 2018	**85,381**	**497,193**

13. Goodwill

The movement of goodwill is as follows:

(in thousands of Euros)	**At September 30, 2018**	**At December 31, 2017**
At the beginning of the period	569,275	569,275
Acquisition of cash register sw business	104	0
At the end of the period	**569,379**	**569,275**

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, 2018 and December 31, 2017 are as follows:

(in thousands of Euros)	**At September 30, 2018**	**At December 31, 2017**
Bank and postal accounts	152,803	203,768
Cash and cash equivalents in hand	6,249	7,634
Total	**159,052**	**211,402**

16. Share capital

At September 30, 2018, share capital amounts to Euros 102,500,000, it is fully paid in and consists of 102,500,000 ordinary shares. This share capital is referred to the new parent company, Sisal Group S.p.A., and it is unchanged compared to December 31, 2017.

17. Borrowings and loans

The table sets forth an analysis of Borrowings and loans:

(in thousands of Euros)	**At September 30, 2018**	**At December 31, 2017**
Senior Revolving and ancillary facilities	**45,219**	**35,272**
Senior Secured Notes	**710,960**	**714,867**
Loans from other banks	0	273
Payable to other lenders - leasing contracts	55	127
Other loans from third parties	**55**	**400**
Total	**756,234**	**750,539**
of which current	*55,877*	*53,818*
of which non-current	*700,357*	*696,721*

Movements in borrowings are analysed as follows:

	Nine months ended September 30,	
(in thousands of Euros)	**2018**	**2017**
Opening amount as at January 1	**750,539**	**801,764**
Accrued interest and other expenses	(3,495)	(3,936)
Repayments of borrowings	(9,190)	31,608
Closing amount as at September 30	**756,234**	**766,220**

At September 30, 2018, the market price of the senior secured notes was a total of Euros 740.4 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:

		Changes during the period		
(in thousands of Euros)	**At January 1, 2018**	**increase**	**decrease**	**At September 30, 2018**
Sundry risks and charges provisions	13,383	143	(400)	13,126
Technological updating provision	26	420	(271)	175
Total	**13,409**	**563**	**(671)**	**13,301**

19. Related party transactions

With regard to transactions with the ultimate parent, Schumann Investments S.A., at September 30, 2018 there are no items to be disclosed.

Related party costs for services, amounting to Euros 1,544 thousand in the nine months ended September 30, 2018 (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 2,683 thousand in the nine months ended September 30, 2018 (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, 2018, the Group recognized about €739.0 thousand net non-recurring expenses, mainly related to restructuring and reorganizations costs and also to start-up costs in connection with the new fully controlled operating company in Morocco.

21. Commitments

The Condensed Consolidated Interim Financial Statements include capital expenditure commitments for approximately Euros 20.4 million; such capital expenditure will be financed by net cash generated from operating activities.

22. Significant events occurring after the end of period

Pending the approval of the tender for the renewal of the NTNG concession, as already reported in the last quarter consolidated interim financial statements, the Group is evaluating the impact of the new regulations included in the so called "Decree Dignity" that was issued by the Italian Government in the month of July 2018 and subsequently converted into the law n. 96 dated 9 August 2018, which included also some new specific regulations related to the gaming industry. The Group is also monitoring the legislative activities in progress related to the 2019 Budget Law, which could provide for further specific regulations and impacts for the gaming industry.

It is also worth mentioning that at the end of September an inspection of the Bank of Italy was initiated with regard to the Parent Company as Payment Institution; the inspection is in progress and fully supported by the Group involved functions.