# Sisal Group S.p.A.

Condensed consolidated interim

financial statements

**At and for the three month period**

**ended March 31, 2018**

# 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 three months ended March 31, 2018**

In the first three months 2018, the Italian GDP was up 1.5%[1] compared to the same period of last year. The Italian gaming market turnover confirmed the 2017 trend reaching approximately €26.8 billion (+5.0%)[2].
Total Payments & Services addressable market, compared to the same period of 2017, increased at €32.4 billion (+4.4%)[1].
The Group recorded €4.7 billion turnover for the three months ended March 31, 2018, an increase of 6.5% 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.

| | Three months ended March 31, | | | | |
|---|---|---|---|---|---|
| *(€ in millions)* | **2017** | **% of total revenues and income** | **2018** | **% of total revenues and income** | **% change 2017-2018** |
| Revenues | 183.6 | 91.5% | 183.3 | 86.1% | (0.2%) |
| Fixed odds betting income | 16.9 | 8.4% | 29.4 | 13.8% | 74.0% |
| Other revenues and income | 0.2 | 0.1% | 0.2 | 0.1% | 0.0% |
| **Total revenues and income** | **200.7** | **100.0%** | **212.9** | **100.0%** | **6.1%** |
| Purchases of materials, consumables and merchandise | 2.9 | 1.4% | 2.5 | 1.2% | (13.8%) |
| Costs for services | 110.7 | 55.2% | 111.4 | 52.3% | 0.6% |
| Lease and rent expenses | 5.6 | 2.8% | 5.5 | 2.6% | (1.8%) |
| Personnel costs | 21.5 | 10.7% | 22.6 | 10.6% | 5.1% |
| Other operating costs | 8.5 | 4.2% | 8.7 | 4.1% | 2.4% |
| Amortization, depreciation, provisions and impairment losses and reversals | 23.9 | 11.9% | 25.9 | 12.2% | 8.4% |
| **Net operating profit (EBIT)** | **27.6** | **13.8%** | **36.1** | **17.0%** | **30.8%** |
| Finance income and similar | 0.1 | 0.0% | - | 0.0% | (100.0%) |
| Finance expenses and similar | 13.9 | 6.9% | 13.9 | 6.5% | 0.0% |
| **Profit (loss) before income taxes** | **13.8** | **6.9%** | **22.2** | **10.4%** | **60.9%** |
| Income taxes | 5.5 | 2.7% | 6.7 | 3.1% | 21.8% |
| **Total profit (loss) for the period** | **8.3** | **4.1%** | **15.4** | **7.2%** | **85.5%** |

### 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:

| | Three months ended March 31, | | | | Change | |
|---|---|---|---|---|---|---|
| *(€ in millions)* | **2017** | **% of total revenues and income** | **2018** | **% of total revenues and income** | **(amount)** | **%** |
| Gaming revenues | 125.6 | 62.6% | 125.0 | 58.7% | (0.6) | (0.5%) |
| Fixed odds betting income | 16.9 | 8.4% | 29.4 | 13.8% | 12.5 | 74.1% |
| Payments and other services | 36.4 | 18.1% | 35.7 | 16.8% | (0.7) | (2.0%) |
| Points of sale revenues | 20.3 | 10.1% | 21.4 | 10.1% | 1.1 | 5.3% |
| Other revenues | 1.6 | 0.8% | 1.3 | 0.6% | (0.3) | (16.9%) |
| **Total** | **200.7** | **100.0%** | **212.9** | **100.0%** | **12.2** | **6.1%** |

Revenues and income amounted to €212.9 million for the three months ended March 31, 2018, an increase of €12.2 million, or 6.1%, compared to €200.7 million for the three months ended March 31, 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:

| | Three months ended March 31, | | | | Change | |
|---|---|---|---|---|---|---|
| *(€ in millions)* | **2017** | **% of total revenues and income** | **2018** | **% of total revenues and income** | **(amount)** | **%** |
| Gaming machines revenues | 94.2 | 46.9% | 89.9 | 42.3% | (4.3) | (4.5%) |
| NTNG revenues | 11.7 | 5.8% | 15.5 | 7.3% | 3.8 | 32.3% |
| Virtual Races | 7.1 | 3.5% | 6.5 | 3.1% | (0.6) | (8.2%) |
| Online game revenues | 10.5 | 5.2% | 11.2 | 5.3% | 0.7 | 6.3% |
| Horse race betting revenues | 2.0 | 1.0% | 1.7 | 0.8% | (0.3) | (13.8%) |
| Sports pools revenues | 0.1 | 0.1% | 0.1 | 0.0% | (0.0) | (16.1%) |
| **Total** | **125.6** | **62.6%** | **125.0** | **58.7%** | **(0.6)** | **(0.5%)** |

The overall gaming revenues amounted to €125.0 million for the three months ended March 31, 2018 a decrease of €0.6 million, or 0.5%, compared to €125.6 million for the three months ended March 31, 2017, mainly driven by a combination of the following factors:

- Gaming machines revenues amounted to €89.9 million for the three months ended March 31, 2018 a decrease of €4.3 million, or 4.3%, from €94.2 million for the three months ended March 31, 2017, mainly driven by increase in related gaming taxation became effective in Q2 2017, in spite of the turnover trend, increased from €1,046 million for the three months ended March 31, 2017, of which 49% related to slot machines and 51% to VLTs to €1,076 million for the three months ended March 31, 2018, of which 48% related to slot machines and 52% related to VLTs.

- NTNG revenues amounted to €15.5 million for the three months ended March 31, 2018 an increase of €3.8 million, or 32.3%, from €11.7 million for the three months ended March 31, 2017. The increase in NTNG revenues is mainly driven by new SuperEnalotto game strong performance supported by a higher jackpot and promotional campaigns.

- Virtual Races revenues amounted to €6.5 million for the three months ended March 31, 2018, a decrease of €0.6 million, or 8.2%, from €7.1 million for the three months related to March 31, 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 €11.2 million for the three months ended March 31, 2018, an increase of €0.7 million, or 6.3%, from €10.5 million for the three months ended March 31, 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 (+76% compared to the first three months 2017) supported by a strong gaming promotional activity.

- Horse race betting revenues amounted to €1.7 million for the three months ended March 31, 2018, a decrease of €0.3 million, or 13.8%, from €2.0 million for the three months related to March 31, 2017, due to the constant reduction in the appeal for this kind of games.

- Sports pools revenues were substantially unchanged amounting to €0.1 million both for the three months ended March 31, 2018 and 2017.

***Fixed odds betting income***

Fixed odds betting income amounted to €29.4 million for the three months ended March 31, 2018, a significant increase of €12.5 million, or 74.1%, from €16.9 million for the three months ended March 31, 2017, primarily as a result of higher performance in sport betting, mainly driven by a lower payout in the first three months 2018 and a positive turnover trend (+6.7%).

***Payments and other services***

Payments and other services amounted to €35.7 million for the three months ended March 31, 2018 a decrease of €0.7 million, or 2.0%, from €36.4 million for the three months ended March 31, 2017 mainly driven by soft Top Ups performance, partially offset by an overall positive trend in payment and financial services thanks to a higher number of transactions, which reached 18.9 million for the three months ended March 31, 2018, an increase of 0.7 million, or 3.8%, from 18.2 million for the three months ended March 31, 2017.

***Point of sale revenues***

Point of sale fees amounted to €21.4 million for the three months ended March 31, 2018 an increase of €1.1 million, or 5.3%, from €20.3 million for the three months ended March 31, 2017, mainly due to both NTNG and Services stand alone network expansion.

***Other revenues and income***

Other revenues amounted to €1.3 million for the three months ended March 31, 2018 a decrease of €0.3 million, or 16.9%, from €1.6 million for the three months ended March 31, 2017.

**Costs**

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

Purchases of materials, consumables and merchandise amounted to €2.5 million for the three months ended March 31, 2018 a decrease of €0.4 million, or 13.8%, from €2.9 million for the three months ended March 31, 2017.

***Costs for services***

Costs for services amounted to €111.4 million for the three months ended March 31, 2018 an increase of €0.7 million, or 0.6%, from €110.7 million for the three months ended March 31, 2017.

Costs for services amounted to 52.0% of total revenues and income for the three months ended March 31, 2018, compared to 54.3% of total revenues and income for the three months ended March 31, 2017. The following table sets forth an analysis of costs for services for the indicated periods:

| | Three months ended March 31, | | | | Change | |
|---|---|---|---|---|---|---|
| *(€ in millions)* | **2017** | **% of total revenues and income** | **2018** | **% of total revenues and income** | **(amount)** | **%** |
| Sales channel- gaming revenues | 64.2 | 32.0% | 61.8 | 29.0% | (2.4) | (3.7%) |
| Sales channel- payments services | 18.9 | 9.4% | 18.1 | 8.5% | (0.8) | (4.2%) |
| Commercial services | 5.5 | 2.7% | 7.8 | 3.7% | 2.2 | 40.7% |
| Consulting | 2.5 | 1.2% | 2.5 | 1.2% | 0.0 | 0.4% |
| Others services costs | 19.7 | 9.8% | 21.2 | 9.9% | 1.5 | 7.7% |
| **Total cost for services** | **110.7** | **55.2%** | **111.4** | **52.3%** | **0.7** | **0.6%** |

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

- *Sales channel – Gaming revenues* amounted to €61.8 million for the three months ended March 31, 2018 a decrease of €2.4 million, or 3.7%, from €64.2 million for the three months ended March 31, 2017. As a percentage of total revenues and income, sales channel gaming amounted to 29.0% for the three months ended March 31, 2018 and 32.0% for the three months ended March 31, 2017. The decrease is mainly driven by Gaming machines network operators' lower remuneration (-6.1%) due to the above commented gross revenues trend.

- *Sales channel – Payments services* amounted to €18.1 million for the three months ended March 31, 2018 a decrease of €0.8 million, or 4.2% from €18.9 million for the three months ended March 31, 2017, mainly due to the effect of Tops Ups trend previously commented. As a percentage of total revenues and income, sales channel payment services amounted to 8.5% for the three months ended March 31, 2018 and 9.4% for the three months ended March 31, 2017.

- *Commercial services* amounted to €7.8 million for the three months ended March 31, 2018 an increase of €2.2 million, or 40.7%, from €5.5 million for the three months ended March 31,2017. As a percentage of total revenues and income, Commercial services amounted to 3.7% for the three months ended March 31, 2018 and 2.7% for the three months ended March 31, 2017. The increase is mainly due to higher spending in the first three months 2018 related to the promoting of the SuperEnalotto game and related jackpot awareness.

- *Consulting and Other services* amounted to €23.7 million for the three months ended March 31, 2018 an increase of €1.5 million, or 6.8%, from €22.2 million for the three months ended March 31, 2017. As a percentage of total revenues and income, Consulting and Other services amounted to 11.1% for the three months ended March 31, 2018 and 11.0% for the three months ended March 31, 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 were substantially unchanged amounting to €5.5 million and to €5.6 million respectively for the three months ended March 31, 2018 and March 31, 2017. As a percentage of total revenues and income, Lease and rent expenses amounted to 2.6% for the three months ended March 31, 2018 and 2.8% for the three months ended March 31, 2017.

**Personnel costs**

Personnel costs amounted to €22.6 million for the three months ended March 31, 2018 an increase of €1.1 million, or 5.1%, from €21.5 million for the three months ended March 31, 2017. As a percentage of total revenues and income, Personnel costs amounted to 10.6% and 10.7% for respectively the three months ended March 31, 2018 and March 31, 2017. Our average workforce, expressed in full time equivalents, reached 1,749 for the three months ended March 31, 2018, an increase of 63 from 1,686 for the three months ended March 31, 2017.

**Other operating costs**

Other operating costs amounted to €8.7 million for the three months ended March 31, 2018 a slight increase of €0.2 million, or 2.4%, from €8.5 million for the three months ended March 31, 2017. As a percentage of total revenues and income, Other operating costs amounted to 4.1% for the three months ended March 31, 2018 and 4.2% for the three months ended March 31, 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 €25.9 million for the three months March 31, 2018 an increase of €2.0 million, or 8.4%, from €23.9 million for the three months ended March 31, 2017. The slight 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 €36.1 million for the three months ended March 31, 2018 an increase of €8.5 million, or 30.8%, from €27.6 million for the three months ended March 31, 2017.

Net margin was 17.0% for the three months ended March 31, 2018 compared to 13.8% for the three months, ended March 31, 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 three months ended March 31, 2018 against 0.1 million for the three months ended March 31, 2017.

**Finance expenses and similar**

Finance expenses and similar amounted to €13.9 million for both the three months ended March 31, 2018 and March 31, 2017.

**Income taxes**

Income taxes amounted to €6.7 million for the three months ended March 31, 2018 compared to €5.5 million for the three months ended March 31, 2017, primarily as a result of higher taxable income.

**Segment Information**

| | Three months ended March 31, | | | |
|---|---|---|---|---|
| *(€ in millions)* | **2017** | **2018** | **2017** | **2018** |
| | **Revenues and income** | | **Segment EBITDA** | |
| Retail gaming | 117.7 | 121.2 | 17.2 | 22.1 |
| Lottery | 20.5 | 24.8 | 12.4 | 13.1 |
| Online gaming | 16.2 | 21.0 | 7.0 | 9.5 |
| Payment and services | 46.3 | 46.0 | 18.1 | 18.8 |
| Other | 0.1 | 0.1 | | |
| **Segment EBITDA (1)** | | | 54.7 | 63.5 |
| Items with different classification | | | (0.2) | (0.1) |
| **Total** | **200.7** | **212.9** | **54.5** | **63.4** |

(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 three months ended March 31, 2018 have been mainly driven by strong sport betting performance. 18.2% margin for the three months ended March 31, 2018 compared to 14.6% for same period in 2017.

**Lottery**: Lottery segment results for the three months ended March 31, 2018 have been mainly driven by positive turnover performance pushed by a higher average jackpot, positively impacting revenues. 53.0% margin for the three months ended

March 31, 2018, compared to 60.4% for the same period in 2017, is driven by positive revenues trend on one side and higher promotional, selling and distribution expenses on the other side.

**Online Gaming**: Online Gaming segment results for the three months ended March 31, 2018 were mainly driven by both Slot and Quick games and sport betting strong performance. 45.4% margin for the three months ended March 31, 2018 compared to 43.3% for the same period in 2017 was mainly driven by the above-mentioned factors.

**Payments and Services**: Payments and Services results for the three months ended March 31, 2018 were mainly driven by lower promotion and selling and distribution expenses. 40.9% margin for the three months ended March 31, 2018 compared to 39.2% for the same period in 2017 was mainly driven by the above commented trend.

### Liquidity and Working capital

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

| | Three months ended March 31, | |
|---|---|---|
| *(€ in millions)* | **2017** | **2018** |
| Movements in trade receivables | 28.7 | (16.0) |
| Movements in inventories | (0.8) | (0.3) |
| Movements in trade payables | (32.7) | (74.4) |
| **Movements in trade working capital** | **(4.8)** | **(90.6)** |
| Movements in other assets and liabilities | (30.5) | (8.8) |
| **Total movements in working capital** | **(35.3)** | **(99.4)** |

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 three months 2018, compared to that recorded in the first three months 2017, is mainly due to a less favorable trade working capital performance with particular regard to both receivables collection and ordinary and payments and services accounts payables settlement, mostly related to 2017 fourth quarter purchases and YE 2017 transactions.

### Cash flows

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

| | Three months ended March 31, | |
|---|---|---|
| *(€ in millions)* | **2017** | **2018** |
| Cash provided by operations before changes in working capital, interest and taxes | 54.7 | 63.6 |
| Tax paid | (0.1) | - |
| Changes in working capital | (35.3) | (99.4) |
| Cash flows provided by (used in) operating activities | 19.4 | (35.8) |
| Cash flows provided by (used in) investing activities | (7.1) | (12.5) |
| Cash flows provided by (used in) financing activities | (36.5) | (37.9) |
| **Increase/(Decrease) in cash and cash equivalents** | **(24.3)** | **(86.1)** |
| **Net cash at the beginning of the period** | **135.2** | **211.4** |
| **Net cash at the end of the period** | **110.9** | **125.3** |

Cash used in operating activities amounted to €35.8 million for the three months ended March 31, 2018, compared to cash provided of €19.4 million for the three months ended March 31, 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 €8.9 million.

Cash flows used in investing activities amounted to €12.5 million for the three months ended March 31, 2018 compared to €7.1 million for the three months ended March 31, 2017, mainly due to the higher investments in intangible assets.

Cash flows used in financing activities amounted to €37.9 million for the three months ended March 31, 2018 compared to cash used of €36.5 million for the three months ended March 31, 2017. The cash flows related to financing activities for both the three months ended March 31, 2018 and March 31, 2017 included net interest paid, respectively €20.2 million and €20.5 million. In addition, 2018 cash flows include net repayments of revolving and ancillary facilities for €17.5 million, compared to €15.6 million of net repayments recorded in the first three 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, 2016 and March 31, 2017. At both dates no shareholders loan were active:

| | As of December 31, | As of March 31, |
|---|---|---|
| *(€ in millions)* | **2017** | **2018** |
| Senior revolving Facility | 37.9 | 20.1 |
| Senior Secured notes | 740.5 | 733.1 |
| Other financial liabilities | 0.4 | 0.2 |
| **Total external financial liabilities** | **778.8** | **753.5** |

## Other Financial Information

| | Three months ended March 31, | |
|---|---|---|
| *(€ in millions)* | **2017** | **2018** |
| EBITDA (1) | 54.5 | 63.4 |
| Non recurring items | 0.1 | 0.0 |
| Adjusted EBITDA (2) | 54.6 | 63.4 |
| Adjusted EBITDA margin (3) | 27.2% | 29.8% |

*(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.

| | Three months ended March 31, | |
|---|---|---|
| *(€ in millions)* | **2017** | **2018** |
| Profit/(loss) for the period | 8.3 | 15.4 |
| Net finance expense and similar | 13.8 | 13.9 |
| Income taxes | 5.5 | 6.7 |
| Amortisation, depreciation and impairments | 24.2 | 23.4 |
| Impairment of receivables | 2.8 | 3.9 |
| **EBITDA** | **54.5** | **63.4** |

| (€ in millions) | As of December 31, 2017 | As of March 31, 2018 |
|---|---|---|
| Unrestricted cash (4) | 211.4 | 125.3 |
| SCHUMANN/SISAL GROUP net senior secured debt (5) | 567.0 | 628.0 |

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

*(5)* Schumann/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 THREE MONTHS ENDED MARCH 31, 2018 AND MARCH 31, 2017

| | | Three months ended March 31, | |
|---|---|---|---|
| *(in thousands of Euros)* | ***Notes*** | **2018** | **2017** |
| Revenues | 9 | 183,325 | 183,640 |
| Fixed odds betting income | 10 | 29,353 | 16,860 |
| Other revenues and income | | 235 | 212 |
| **Total revenues and income** | | **212,913** | **200,712** |
| Purchases of materials, consumables and merchandise | | 2,546 | 2,928 |
| Costs for services | | 111,446 | 110,743 |
| *of which related parties* | *19* | *491* | *490* |
| *of which non-recurring* | *20* | *5* | *71* |
| Lease and rent expenses | | 5,539 | 5,564 |
| Personnel costs | | 22,626 | 21,516 |
| *of which related parties* | *19* | *938* | *950* |
| Other operating costs | | 8,738 | 8,481 |
| *of which non-recurring* | *20* | *1* | *5* |
| Amortisation, depreciation, provisions and impairment losses and reversals | | 25,944 | 23,927 |
| **Net operating profit (EBIT)** | | **36,074** | **27,553** |
| Finance income and similar | | 9 | 92 |
| Finance expenses and similar | 11 | 13,916 | 13,852 |
| **Profit (loss) before income taxes** | | **22,167** | **13,793** |
| Income taxes | | 6,735 | 5,496 |
| **Profit (loss) for the period** | | **15,432** | **8,297** |
| Attributable to non-controlling interest | | **35** | **22** |
| **Attributable to owner of the parent** | | **15,397** | **8,275** |
| Basic earinings (loss) per share (in Euro) | | 0.15 | 0.08 |
| Diluted eanings (loss) per share (in Euro) | | 0.15 | 0.08 |

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

| *(in thousands of Euros)* | ***Notes*** | **At March 31, 2018** | **At December 31, 2017** |
|---|---|---|---|
| **A) NON-CURRENT ASSETS** | | | |
| Property, Plant and Equipment | 12 | 90,488 | 96,577 |
| Goodwill | 13 | 569,379 | 569,275 |
| Intangible assets | 12 | 512,470 | 515,911 |
| Investments accounted for using the equity method | | 0 | 0 |
| Deferred tax assets | | 14,111 | 13,596 |
| Other non-current assets | | 28,084 | 28,352 |
| **Total non-current assets** | | **1,214,532** | **1,223,711** |
| **B) CURRENT ASSETS** | | | |
| Inventories | | 10,294 | 10,024 |
| Trade receivables | | 193,380 | 181,341 |
| Current financial assets | | 0 | 0 |
| Taxes receivable | | 167 | 268 |
| Restricted bank deposits | 14 | 206,473 | 155,478 |
| Cash and cash equivalents | 15 | 125,290 | 211,402 |
| Other current assets | | 55,243 | 45,683 |
| **Total current assets** | | **590,847** | **604,196** |
| **TOTAL ASSETS** | | **1,805,379** | **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 | | 66,443 | 66,443 |
| Retained earnings (accumulated deficit) | | 41,606 | 26,209 |
| **Total equity attributable to owners of the Parent** | | **305,233** | **289,836** |
| Equity attributable to non-controlling interests | | **1,192** | **1,157** |
| **Total equity** | | **306,425** | **290,993** |
| **B) NON-CURRENT LIABILITIES** | | | |
| Long-term debt | 17 | 697,921 | 696,721 |
| Provision for employee severance indemnities | | 8,621 | 8,757 |
| Deferred tax liabilities | | 131,088 | 132,915 |
| Provisions for risks and charges | 18 | 13,428 | 13,409 |
| Other non-current liabilities | | 1,064 | 1,182 |
| **Total non-current liabilities** | | **852,122** | **852,984** |
| **C) CURRENT LIABILITIES** | | | |
| Trade and other payables | | 256,125 | 330,481 |
| Short-term debt | 17 | 20,145 | 37,902 |
| Current portion of long-term debt | 17 | 8,328 | 15,916 |
| Taxation payable | | 17,517 | 8,436 |
| Other current liabilities | | 344,717 | 291,195 |
| *of which related parties* | | *2,216* | *1,842* |
| **Total current liabilities** | | **646,832** | **683,930** |
| **TOTAL LIABILITIES AND EQUITY** | | **1,805,379** | **1,827,907** |

**SISAL GROUP S.P.A.**
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**
**FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND MARCH 31, 2017**

| | For the three months ended March 31, | |
|---|---|---|
| *(In thousands of Euros)* | **2018** | **2017** |
| **Profitt (loss) for the period before income taxes** | **22,167** | **13,793** |
| Amortization and depreciation | 23,405 | 24,182 |
| Impairment of current receivables | 3,923 | 2,757 |
| Provisions for risks and charges, accruals and employee severance indemnities | 228 | 194 |
| Finance (income) expenses | 13,907 | 13,760 |
| **Net cash generated from operating activities before changes in working capital, interest and taxes** | **63,630** | **54,686** |
| Changes in trade receivables | (15,962) | 28,680 |
| Changes in inventories | (270) | (756) |
| Changes in trade payables | (74,356) | (32,681) |
| Change in other assets and liabilities | (8,827) | (30,517) |
| Taxes (paid)/reimbursed | 0 | (51) |
| **Net cash generated from operating activities** | **(35,785)** | **19,361** |
| Increase in property, plant and equipment | (1,577) | (5,291) |
| Increase in intangible assets | (10,885) | (1,827) |
| Acquisitions (net of cash) | 0 | 0 |
| **Net cash used in investing activities** | **(12,462)** | **(7,118)** |
| decrease in medium-/long-term debt | (164) | (159) |
| Increase (decrease) in lease payables | (24) | (272) |
| Increase (decrease) in short-term debt | (17,526) | (15,631) |
| Net interest paid | (20,151) | (20,480) |
| **Net cash used in financing activities** | **(37,865)** | **(36,542)** |
| **Net change in cash and cash equivalents** | **(86,112)** | **(24,299)** |
| **Net cash at the beginning of the period** | **211,402** | **135,181** |
| **Net cash at the end of the period** | **125,290** | **110,882** |

**SISAL GROUP S.P.A.**
**CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY**
**FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND MARCH 31, 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 | | | | | 8,275 | 8,275 | 22 | 8,297 |
| **Total comprehensive profit (loss) for the period** | **0** | **0** | **0** | **0** | **8,275** | **8,275** | **22** | **8,297** |
| 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 March 31, 2017** | **102,500** | **200** | **94,484** | **66,443** | **7,346** | **270,973** | **1,103** | **272,076** |
| **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 | | | | | 15,397 | 15,397 | 35 | 15,432 |
| **Total comprehensive profit (loss) for the period** | **0** | **0** | **0** | **0** | **15,397** | **15,397** | **35** | **15,432** |
| 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 March 31, 2018** | **102,500** | **200** | **94,484** | **66,443** | **41,606** | **305,233** | **1,192** | **306,425** |

## 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 three months ended March 31, 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 May 25, 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 three months ended March 31, 2018 amounted to Euros 15,432 thousand (Euros 8,297 thousand for the three months ended) March 31, 2017); at March 31, 2018 the consolidated equity was equal to Euros 306,425 thousand (Euros 290,993 thousand at December 31, 2017) and net working capital at March 31, 2018 was negative for Euros 152,802 thousand (Euros 237.3184 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)*<br>*(Percentage computed on total debt and equity)* | At March 31, 2018 | % | At December 31, 2017 | % |
|---|---|---|---|---|
| Long term debt | 697,921 | | 696,721 | |
| Short-term debt and current portion of long-term debt | 28,473 | | 53,818 | |
| **Funding from third parties** | **726,394** | **70.3%** | **750,539** | **72.1%** |
| **Equity** | **306,425** | **29.7%** | **290,993** | **27.9%** |
| **Total debt and equity** | **1,032,819** | **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 three 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)

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 IFRS 9: Prepayment Features with Negative Compensation

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 March 31, 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 March 31, 2018, these facilities were partially drawn down for a total of Euros 20.1 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 March 31, 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 three months ended March 31, | | | |
|---|---|---|---|---|
| *(in thousands of Euros)* | 2018 | | 2017 | |
| | Total Revenues | EBITDA | Total revenues | EBITDA |
| **Retail Gaming** | | | | |
| Revenues | 73,548 | | 67,058 | |
| Supply Chain / Other revenues | 47,621 | | 50,637 | |
| **Total** | **121,170** | **22,091** | **117,695** | **17,193** |
| **Lottery** | | | | |
| Revenues | 26,172 | | 23,275 | |
| Supply Chain / Other revenues | (1,415) | | (2,819) | |
| **Total** | **24,757** | **13,111** | **20,456** | **12,351** |
| **Online Gaming** | | | | |
| Revenues | 27,569 | | 19,643 | |
| Supply Chain / Other revenues | (6,612) | | (3,424) | |
| **Total** | **20,957** | **9,514** | **16,219** | **7,022** |
| **Payments and services** | | | | |
| Revenues | 27,972 | | 27,482 | |
| Supply Chain / Other revenues | 17,990 | | 18,778 | |
| **Total** | **45,962** | **18,810** | **46,260** | **18,123** |
| **Other revenues** | **67** | | **82** | |
| | | | | |
| **Total operating segment** | **212,913** | **63,527** | **200,712** | **54,689** |

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

| | For the three months ended March 31, | |
|---|---|---|
| *(In thousands of Euros)* | 2018 | 2017 |
| **Total operating segment** | **63,527** | **54,689** |
| Non-recurring expenses | (6) | (76) |
| Items with different classification | (228) | (442) |
| GNTN upfront fees amortization | (1,415) | (2,819) |
| Amortization of intangible assets | (14,327) | (12,859) |
| Depreciation of property, plant & equipment | (7,663) | (8,504) |
| Other impairment losses on fixed assets | 0 | 0 |
| Impairment losses on current receivables | (3,814) | (2,436) |
| **Net operating profit (EBIT)** | **36,074** | **27,553** |

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 three months ended March 31, | |
|---|---|---|
| *(in thousands of Euros)* | **2018** | **2017** |
| Gaming revenues | 125,041 | 125,619 |
| Payments and other services | 35,725 | 36,367 |
| Points of sale revenues | 21,440 | 20,266 |
| Other revenues | 1,119 | 1,388 |
| **Total** | **183,325** | **183,640** |

The gaming revenues are analyzed as follows:

| | For the three months ended March 31, | |
|---|---|---|
| *(in thousands of Euros)* | **2018** | **2017** |
| Gaming machines revenues | 89,943 | 94,200 |
| NTNG revenues | 15,522 | 11,732 |
| Virtual Races | 6,516 | 7,096 |
| Online game revenues | 11,237 | 10,473 |
| Horse race betting revenues | 1,726 | 2,002 |
| Sports pools revenues | 94 | 112 |
| Big bets revenues | 3 | 4 |
| **Total** | **125,041** | **125,619** |

## 10. Fixed odds betting income

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

| | For the three months ended March 31, | |
|---|---|---|
| *(in thousands of Euros)* | **2018** | **2017** |
| Fixed odds sports betting income | 28.639 | 16.420 |
| Fixed odds horse race betting income | 670 | 350 |
| Reference horse race betting income | 44 | 90 |
| **Total** | **29.353** | **16.860** |

## 11. Finance expense and similar

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

| | For the three months ended March 31, | |
|---|---|---|
| *(in thousands of Euros)* | **2018** | **2017** |
| Interest and other finance expenses - third parties | 13.943 | 13.843 |
| Exchange (gains) losses realised | (30) | 5 |
| Exchange (gains) losses unrealised | 3 | 4 |
| **Total** | **13.916** | **13.852** |

## 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** |
|---|---|---|
| **three months ended March 31, 2018** | | |
| Opening net book amount as at January 1, 2018 | 96,577 | 515,911 |
| Increases | 1,574 | 10,886 |
| Depreciation, amortisation and impairment | (7,663) | (14,327) |
| **Closing net book amount as at March 31, 2018** | **90,488** | **512,470** |

## 13. Goodwill

The movement of goodwill is as follows:

| *(in thousands of Euros)* | **At March 31, 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 March 31, 2018 and December 31, 2017 are as follows:

| *(in thousands of Euros* | At March 31, 2018 | At December 31, 2017 |
|---|---|---|
| Bank and postal accounts | 119.382 | 203.768 |
| Cash and cash equivalents in hand | 5.908 | 7.634 |
| **Total** | **125.290** | **211.402** |

## 16. Share capital

At March 31, 2018, share capital amounts to Euros 102,500,000, it is fully paid in and consists of 102,500,500 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 March 31, 2018 | At December 31, 2017 |
|---|---|---|
| **Senior Revolving and ancillary facilities** | **17.653** | **35.272** |
| **Senior Secured Notes** | **708.528** | **714.867** |
| **Loans from related parties** | **0** | **0** |
| Loans from other banks | 109 | 273 |
| Payable to other lenders - leasing contracts | 104 | 127 |
| **Other loans from third parties** | **213** | **400** |
| **Total** | **726.394** | **750.539** |
| *of which current* | *28.473* | *53.818* |
| *of which non-current* | *697.921* | *696.721* |

Movements in borrowings are analysed as follows:

| | Three months ended March 31, | |
|---|---|---|
| *(in thousands of Euros)* | 2018 | 2017 |
| **Opening amount as at January 1** | **750.539** | **801.764** |
| Acquisition of subsidiary | 0 | 0 |
| New borrowings | 0 | 0 |
| Accrued interest and other expenses | (6.432) | (6.668) |
| Repayments of borrowings | 17.713 | 16.062 |
| SHL renouncement | 0 | 0 |
| **Closing amount as at September 30** | **726.394** | **779.034** |

At March 31, 2018, the market price of the senior secured notes was a total of Euros 748.1 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 March 31, 2018** |
| Sundry risks and charges provisions | 13.383 | 0 | (121) | 13.262 |
| Technological updating provision | 26 | 140 | 0 | 166 |
| **Total** | **13.409** | **140** | **(121)** | **13.428** |

## 19. Related party transactions

With regard to transactions with the ultimate parent, Schumann Investments S.A., at March 31, 2018 there are no items to be disclosed.

Related party costs for services, amounting to Euros 491 thousand in the three months ended March 31, 2018 (Euros 490 thousand in the three months ended March 31, 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 938 thousand in the three months ended March 31, 2018 (Euros 950 thousand in the three months ended March 31, 2017), are reported under Personnel costs.

## 20. Significant non-recurring events and transactions

During the three months ended March 31, 2018, the Group did not recognize significant net non-recurring expenses.

## 21. Commitments

The Condensed Consolidated Interim Financial Statements include capital expenditure commitments for approximately Euros 10.0 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, there have been no further significant developments in the main concessions and/or other relationships.