Sisal Group S.p.A.

Condensed Consolidated financial statements

At and for the six months period

Ended June 30, 2021 and 2020

Management Discussion & Analysis

Sisal Group Profile

Sisal Group S.p.A. (the "**Group**" or "**Sisal**") is a leading B2C company, with more than 75 years of history, fully diversified in the regulated gaming and convenience payment services markets in Italy, with a wide retail network. Sisal has also developed an international footprint, after being awarded the management of the exclusive lottery concessions in Turkey and Morocco, and one of the online concessions in Spain for betting and casino games.

In the Italian market, the Group offers a broad portfolio of gaming products, including gaming machines (AWP and VLT's terminals), betting, lottery and online games. Gaming products are offered through both retail channels and online platforms (website and mobile). The retail distribution network includes about 41.390 points of sale, made up of newsstands, bars, tobacconists, betting shops and corners, gaming halls exclusively dedicated to gaming machines and multifunctional gaming halls formats.

In February 2018 Sisal Spa was awarded the tender issued by the National Lottery Management Company of Morocco (SGLN). The 10 years concession, starting on 1 January 2019, includes management and development of a portfolio which includes fixed-odds numeric games, national totalizators, instant lotteries, online games, virtual races and interactive lottery machines (MIL) and recently the product offer was extended to VLT's. Gaming products are offered through the retail channels and the retail distribution network includes about 1.307 points of sale.

In July 2019 Sisal Entertainment S.p.A. was awarded the tender issued by the Spanish General Directorate for Gambling Regulation (DGOJ). More specifically, the 10 years contract includes two general licenses: one for betting and the other to develop other games, with unique licenses for roulette, slots and blackjack.

On June, 2021 the Group opened an office in Ceuta to provide, among the others, marketing and operation services to support the development of the Spanish business through it subsidiary Sisal Juego España.

In September 2019, in partnership with Şans Dijital, a company belonging to the Turkish Demirören Group, Sisal S.p.A. was awarded the tender issued by Turkey's Sovereign Wealth Fund (TWF), which holds the license for the Turkish National Lottery (Milli Piyango). Starting in August 2020 and lasting for 10 years, this contract involves managing and developing a portfolio of numeric games, instant lotteries and online games.

Moreover, in April 2021 Sisal announced its participation to the tender issued by the UK Gambling Commission to select the operator of the fourth licence to run the UK National Lottery, one of the most important and prestigious lotteries in the world. Sisal's offer aims to contribute to the further development of the lottery business and to the growth of the contribution for good causes, combining its capability to run international sustainable lottery business with its industry-leading responsible gaming strategy. In light of this strategic initiative, on June 21st the Group incorporated a "*Special Purpose Entity"* called Sisal Lottery Ltd, established in the form of a joint venture with the charity Barnardo's, whose main purpose is the management of the Fourth National Lottery Licence and compliant with the governance requirements provided by the UK Corporate Governance Code.

Besides the Gaming business, the Group also offers in Italy a wide range of banking & payments services, through its retail network and digital applications.

In December 2019, Sisal Group began a complex corporate reorganization project with the objective of separating Banking & Payments business from Gaming, which led to the creation of the first Italian Proximity Banking & Payments company, deriving from the partnership of Mooney (formerly SisalPay) and Banca 5 (Intesa Sanpaolo Group).

Following the segregation of the two businesses, a corporate reorganization was executed, and the two organizations became independent, nonetheless the completion of the corporate reorganization has been fully deployed on July 2021 with the announcement of the demerger of the parent company Sisal Group S.p.A..

The demerger, for which reference is made to the note 22 -"Significant events occurred after the end of period" of the Notes to the Consolidated Interim Financial Statements at and for the six months ended June, 30th 2021, represents the final milestone of the corporate reorganization path aimed at remodeling and rationalizing the activities of the Group headed by Sisal, making the activities related to the banking & payments business headed by Mooney Group S.p.A. ("Mooney Group") completely independent from the activities related to the gaming business headed by Sisal S.p.A. ("Sisal").

For the purpose of this document, following the segregation of the Banking & Payments business, the outstanding portion of Sisal Group's bond is going to be repaid with the cash flow generated by the Gaming Business, and consequently this MD&A and the attached Condensed Consolidated Financial Statements will focus on the Gaming Business performance and results. In particular, for the first semester 2021 that ended June 30, 2021 the Statement of Financial Position only refers to the Gaming Business perimeter, while the investment in Mooney Group S.p.A. (formerly Sisal Pay Group) has been accounted for at cost, as well as the Statement of Financial Position at December 31, 2020.

The Statements of Comprehensive Income and Cash Flows for the six months ended June 30, 2021 and June 30, 2020 are related to the Gaming business perimeter too, allowing a "full like for like" comparison between the two periods.

Following the aforementioned segregation of Gaming and Banking & Payments business, Sisal Group's operating segments structure has also been updated, with the aim of aligning it with the new vision, and has therefore been reorganized into three operating segments: Retail, Online Gaming and International.

Below is a brief description of the three operating segments:

Retail: in charge of managing Gaming Machines, Fixed-odds betting and Sports Betting, as well Lottery business (the new exclusive NTNG concession awarded to Sisal for the next 9 years). This operating segment manages the physical distribution network in Italy for both the Branded and Affiliated channels.

Online Gaming: in charge of managing the online gaming and betting products through the "sisal.it" website and the mobile applications. The Group's online offerings are among the most extensive on the market and include an entire portfolio of the various types of products allowed under current regulations, including sport and horse-racing bets, virtual race, Totocalcio and Totogol, online casino games, slots, poker, lotteries and bingo.

International, dedicated to the international development, which at present has a presence in Morocco, Turkey and Spain. In these markets the Group offers a wide product range from online to lotteries, betting and entertainment products.

Major strategic initiatives

Besides continuing on the Internationalization growth trajectory, the Group has put on the ground significant actions related to these two major strategic pillars:

- Digital Innovation
- Business Model Sustainability

Sisal has enhanced its commitment in sustaining the Digital Innovation by investing in the so-called "open innovation" through a strong partnership with "GoBeyond", an initiative promoted with the aim of supporting young entrepreneurs and anyone with projects to believe in and has continued, also in 2021's first semester, to be a main sponsor for the "call for ideas" launched for scouting new startups and entrepreneurial initiatives with a social impact.

GoBeyond 2021 has rapidly evolved as a true Sisal innovation platform thanks to new contents: support for young entrepreneurs, an acceleration path for female startups and a digital hub from 2022, in collaboration with Feltrinelli Education, to inspire new entrepreneurs and sustainable entrepreneurs with a social vocation.

Special mention also to the creation occurred in June 2021 of the "Innovation Lab", a cutting-edge technological hub aimed at nurturing and endorsing new young talents, in partnership with the Agnelli Foundation.

In 2021's first semester Sisal has also continued to invest on the Business Model Sustainability through a new innovative Responsible Gaming Program, encompassing new communication campaigns on responsible gaming education as well as launching a new management incentive system based on ESG performance.

Remarkable effort was also put on engaging people with a safe, inclusive and fair workplace aimed at pursuing a wider awareness of the Group commitment in fostering social innovation and responsible culture.

Key Factors affecting operations in the six months ended June 30, 2021

Covid-19 regulatory framework and macroeconomic scenario

The first six months of 2021 continued to be strongly impacted by the Covid-19 pandemic which heavily influenced gaming market evolution and the Group's business results, due to the restrictions imposed by the authorities to limit the contamination.

In Italy the authority imposed a second lockdown for the retail business starting November 6, 2020 which continued for most of the first half of 2021, impacting significantly betting and gaming machines performance, while lottery business has not been impacted. The progressive re-start of the business was allowed during the month of June, and from June 21st onwards the entire retail network was able to re-open and was fully operational.

According to the European Central Bank outlook, after the huge slowdown registered in the first quarter of the current year, the euro area economy is gradually recovering thanks to the significant progress of vaccination campaigns.

A boost in the economic activity is expected in the second half of this year along with the gradual loosening of the containment measures. The raise in consumer spending, an higher global demand and the accommodative stance of monetary and fiscal policy will represent a major contribution to the recovery as indicated by the Executive Board of the European Central Bank (ECB). At the same time, uncertainties remain, in a context in which the short-term economic outlook continues to depend on the progress of the pandemic and the reaction of the economy following the reopening.

Based on these assumptions, Italian GDP should grow significantly during the second half of the year, currently expected to be around 4,6% in 2021, 4,7% in 2022 and 2,1% in 2023, when a return to pre-pandemic levels would be seen.

The Italian Gaming market in the first semester 2021 still reflects the effects of Covid-19 pandemic, mainly impacting the Retail channel. The restrictive measures issued on November 6, 2020 were confirmed and were definitely overpassed only by the end of June, allowing the gradual re-start of the retail business. All the activities carried out at arcades and betting shops were suspended in the first five months of the year and gradually reopened according to the regional situation, while bars and tobacco shops have been always operational but with the prohibition of carrying out gaming activities, with the only exception of Lottery products. Despite all this, Market Turnover reached €48.1bn, up 24% versus previous year, thanks to extraordinary Online performance at €34.7 bn up 57,6% compared to last year, while the Retail channel landed at €13,4bn down by 20% versus 2020. Regarding the Value Chain, the players spending (GGR) grew by 5% compared to last year.

Sisal Market shares on Turnover was pretty stable at 8,8%, while the market leadership in the Online segment landed at 11,7% market share on GGR at the end of June 2021.

The business restart progressively occurred in June had a very positive impact on the Group performance, even though there's a continuous and constant monitoring of the epidemiological outbreak evolution which is undoubtable affected by the progress of the vaccination campaign as well as by the scientific analysis and evidences collected on the new Delta coronavirus variant which is becoming one of the most worrisome strain of the coronavirus circulating globally.

Considering this fast-changing and vulnerable context many discussion tables are in place with the relevant authorities for the definition of a new safety protocol of the gaming industry, which could prevent a potential new shutdown in Autumn linked to the infection rate evolution and the related potential new pandemic wave.

Concerning the International business and the Covid-19 pandemic impact, it is worthy to notice that:

- in Morocco the restrictions related to Covid-19 and their impact on the business were primarily felt during the month of Ramadan (mid-April to mid-May) when lockdown was set at 8 pm, whereas in June the situation went back to normal in terms of sales performance;
- in Turkey there were stricter restrictions imposed by the Government through the full-day closing for the most of retail shops, measures that remained in place from April, 30 until May 17.

In this context, the Group continued to focus on measures aimed at protecting the health of its employees and to minimize business impact, continuing to invest supporting strategic initiatives for the development of the business and activating actions to protect liquidity. The employees smart working was furtherly encouraged and the granting of safety protocols to limit contagion was a key priority. The Wage Integration Fund (FIS) was also extended in the first semester 2021.

Sisal Group's performance

The first six months of 2021 recorded an overall positive financial performance, in spite of the Covid-19 restrictions still affecting the Retail business, mainly driven by i) the very positive Online performance, ii) the higher margin generated by the extension of the NTNG Lottery Concession iii) the contribution of the business ramp-up in Turkey.

Group's Key Financial Highlight for the six months ended June, 30 2021 and June 30, 2020

	Six months ended June 30,		
(€ in millions)	**2021**	**2020**	**% change**
Revenues	263.6	208.9	26.2%
Ebitda [(1)]	99.5	66.7	49.3%
% Margin	37.8%	31.9%	
Ebit/Operating profit (loss)	26.5	(7.2)	>100%
% Margin	10.0%	-3.4%	
Ebit /Operating profit (loss) Adj. [(2)]	31.5	(0.5)	>100%
% Margin	11.9%	-0.2%	

	As of		
(€ in millions)	**June 30, 2021**	**December 31, 2020**	**% change**
Net Financial position	302.0	305.4	-1.1%
Cash position and liquidity	118.7	146.6	-19.0%

[(1)] EBITDA is not identified as an accounting measurement in the context of the IFRS and, therefore, should not be considered as an alternative method for assessing the Group's operating performance. Given that the structure of EBITDA is not governed by the reference accounting standards, the criteria used by the Group may not be the same as that adopted by others and hence, not comparable;

EBITDA means the profit/(loss) for the year before income taxes, financial expense and income, share of profit/(loss) of equity-accounted companies, amortization, depreciation, impairment and impairment reversal of tangible and intangible. Additionally, EBITDA is calculated before:

- IFRS 15 revenues adjustments, mainly referred to the reversal of the *down-payment* sustained by the Group for the awarding of the NTNG (National Totalizator Numeric Gaming) concession. Based on that established in IFRS15 "Revenues from Contracts with Customers", these charges are recognized against revenues in the Group's Income Statement;
- Bad debt net allowance;
- income and expenses deriving from corporate reorganization;
- income and expenses not considered as recurring, because not recognized in previous years and not expected to have an impact in the future;
- income and expenses considered as "special items", i.e. costs/revenues linked to extraordinary/one-off transactions not related to the *core-business*.

[(2)] Ebit Adj. means the profit/(loss) for the year before income taxes, financial expense and income, share of profit/(loss) of equity-accounted companies. Additionally Ebit Adj is calculated before:

- income and expenses deriving from corporate reorganization;
- income and expenses not considered as recurring, because not recognized in previous years and not expected to have an impact in the future;
- income and expenses considered as "special items", i.e. costs/revenues linked to extraordinary/one-off transactions not related to the *core-business*.

Revenues of €263.6 million, up 26.2% compared to prior year, mainly due to:

- **Retail business** affected by Covid-19 restrictions, with different impacts on the various products:
  - **Lotteries** recorded a positive performance mainly thanks to volume growth and higher affiliation fees compared to 1H 2020 (1st wave restrictions started in mid-March until beginning of May), significantly

underpinned by MySisal program (#32.1K signed contracts as of June 30, 2021), only partially mitigated by the Jackpot fall on May 22 after the winning of € 156,2 million.
  - o **Betting and Gaming Machines** not operational until end of May due to new restrictions effective from November 6, 2020, then the business gradually restarted in June, recording a positive performance especially with regard to VLTs segment.

- **Online gaming** continued the extraordinary performance recorded in 2020 thanks to the successful customer base acquisition strategy via SEO and the effective Affiliation business model, further strengthened by the progressive consumers' spending shift from retail to online, even if Sisal outperformed the market growth maintaining the leading position already achieved in 2020.

- **International business,** despite the abovementioned Covid-19 restrictions, recorded a very positive performance in Turkey, marking in June the best monthly results of 2021, particularly on Virtual category also thanks to the distribution network enlargement (#8.152 PoS). Morocco performance was positive too, driven by the expansion of the retail network and the high jackpot level as well as by the good performance recorded by virtual games. VLT's were also launched in the market with very good start and the deployment plan is progressively ongoing.

Ebitda of €99.5 million, up from € 66.7 million recorded in the prior year.

The positive performance was mainly driven by the combined effect of:
- the extraordinary Online performance confirmed by the market leadership at the end of June, with 11.7% market shares on GGR;
- the higher Lottery affiliation fees driven by the new MySisal program and the higher Jackpot level;
- the fully incremental contribution of the business in Turkey (start-up in August 2020);
- the lower profit contribution from retail business due to lockdown, mainly affecting Gaming Machines and Betting;
- the lower Sport Betting margin contribution due to lower volume caused by the reduced number of sport events compared to last year and to the new betting tax (effective since May 2020), partially offset by a very positive payout.

Net Financial Position of €302 million, slightly down from € 305.4 million as of December 31, 2020, with a decrease of € 3.4 million mainly due to:

Net financial position at December 31, 2020	**305.4**
EBITDA	(99.5)
Non recurring items	0.8
Reorganization costs	1.6
Special items	2.6
Increase in Capex and acquisitions	55.2
Change in trade working capital	6.2
Change in other assets and liabilities	10.6
Net interests	11.3
Net change in IFRS 16 lease liability	7.5
Other	0.3
Net financial position at June 30, 2021	**302.0**

Cash Position and Liquidity of €118.7 million, down from €146.6 million as of the end of December 2020, with a net decrease of 27.9 million, mainly due to:

- € 78.2 million cash flow generated by operating activities
- € (55.2) million cash flow used in investing activities
- € (50.9) million cash flow provided in financing activities.

Group's results for the six months ended June 30, 2021

The following table show the condensed consolidated income statement for the six months ended June 30, 2021 and June 30, 2020:

(€ in millions)	Six months ended June 30, 2021	% of total revenues and income	2020	% of total revenues and income	% change 2021-2020
Revenues	194.5	73.8%	158.6	75.9%	22.6%
Fixed-odds betting income	68.1	25.8%	49.4	23.6%	37.9%
Other income	1.0	0.4%	0.9	0.4%	11.1%
Total Revenues and Other Income	**263.6**	**100.0%**	**208.9**	**100.0%**	**26.2%**
Purchases of raw materials, consumables and goods	7.3	2.8%	4.2	2.0%	73.8%
Costs for services	108.3	41.1%	93.7	44.9%	15.6%
Personnel costs	39.1	14.8%	37.4	17.9%	4.5%
Other operating expenses	17.1	6.5%	20.7	9.9%	-17.2%
Amortisation, depreciation, impairment and impairment reversals of tangible and intangible assets	65.4	24.8%	60.2	28.8%	8.6%
Operating profit (loss)	**26.5**	**10.0%**	**(7.2)**	**-3.4%**	**> -100%**
Financial income	5.4	2.1%	4.6	2.2%	17.4%
Financial expenses	16.2	6.2%	13.5	6.5%	20.0%
Profit (loss) before income taxes	**15.6**	**5.9%**	**(16.1)**	**-7.7%**	**> -100%**
Income taxes	1.1	0.4%	(1.1)	-0.5%	> -100%
Profit (loss) for the year	**14.6**	**5.5%**	**(15.0)**	**-7.2%**	**> -100%**

Revenues and other income

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

(€ in millions)	Six months ended June 30, 2021	% of total revenues and income	2020	% of total revenues and income	Change (amount)	%
Gaming revenues	157.6	59.8%	123.9	59.3%	33.7	27.2%
Fixed-odds betting income	68.1	25.8%	49.4	23.6%	18.7	37.9%
Points of sale revenues	35.6	13.5%	30.5	14.6%	5.1	16.7%
Related parties revenues and other core business revenues	1.3	0.5%	4.2	2.0%	(2.9)	-69.0%
Other income	1.0	0.4%	0.9	0.4%	0.1	11.1%
Total	**263.6**	**100.0%**	**208.9**	**100.0%**	**54.7**	**26.2%**

Revenues and income amounted to €263.6 million for the six months ended June 30, 2021, recording an increase of €54.7 million, or 26.2%, compared to €208.9 million for the six months ended June 30, 2020.

Gaming revenues and fixed-odds betting income results were positively impacted by the outstanding Online boost plan, underpinned by the Lottery volume growth driven by the high Jackpot level, won on May 22, and by the brilliant International contribution primarily attributable to Turkey's business, launched in August 2020. These positive results were partially offset by the Covid-19 pandemic impact on the Retail business, due to the restrictions affecting the gaming machines and the betting business in the retail channel due to lockdown, although in the month of June the re-opening started progressively in the different regions. Point of sales revenues increased by 16.7% versus prior year thanks to higher affiliation fees generated by the successful deployment of MySisal program.

Gaming Revenues

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

	Six months ended June 30,				Change	
(€ in millions)	2021	% of total revenues and income	2020	% of total revenues and income	(amount)	%
Gaming machines revenues	10.5	4.0%	54.3	26.0%	(43.8)	-80.7%
NTNG revenues	33.4	12.7%	21.1	10.1%	12.4	58.3%
Virtual Races	6.6	2.5%	11.4	5.5%	(4.8)	-42.1%
Online game revenues	59.2	22.4%	34.0	16.3%	25.2	74.1%
Horse race betting revenues	0.5	0.2%	1.2	0.6%	(0.7)	-58.3%
Sports pools revenues	0.1	0.0%	0.1	0.0%	0.0	0.0%
Domestic revenues	**110.3**	**41.8%**	**122.1**	**58.4%**	**(11.7)**	**-9.6%**
Morocco revenues	3.3	1.2%	1.4	0.7%	1.8	>100%
Turkey revenues	43.8	16.6%	0.0	0.0%	43.8	>100%
Spain revenues	0.2	0.1%	0.4	0.2%	(0.2)	-52.8%
International revenues	**47.3**	**17.9%**	**1.8**	**0.9%**	**45.5**	**>100%**
Total revenues	**157.6**	**59.8%**	**123.9**	**59.3%**	**33.7**	**27.2%**

The overall gaming revenues amounted to € 157.6 million for the six months ended June 30, 2021 recording an increase of €33.7 million, or 27.2%, compared to €123.9 million for the six months ended June 30, 2020, with Domestic business at €110.3 million compared to €122.1 million of previous year and International business at €47.3 million compared to €1.8 million in 2020. The analysis by products shows:

Gaming machines revenues: the first six months were negatively impacted by the extended lockdown of the Retail network due to restriction measures caused by Covid-19 pandemic. The business progressively restarted in June.

NTNG revenues: the first six months of 2021 performance was very positive (+58.3% versus June 30, 2020), thanks to the increased volume driven by higher Jackpot level and the positive contribution of affiliation fees generated by Mysisal program.

Virtual Races: the negative performance (- 42.1% versus June 30, 2020) was mainly related to the shutdown of the Retail channel due to Covid-19 restrictions, partially mitigated by the volume growth in the Online channel. Moreover, Virtual Races margin has been negatively impacted by the introduction of the new tax on Turnover (0,5%, starting from May 2020).

Online game revenues: the very positive performance (+ 74.1% vs last year) was achieved thanks to volume growth in spite of a limited number of sport events and was backboned by the successful customers' acquisition strategy via SEO, the effective Affiliation activities which led to an increase of the active customers and revenue per customer, leveraging also on the consumer spending shift form retail to online channel.
Regarding the Online game revenues, the Group deployed a number of business initiatives such as the full integration on the website of the social platform Tipster, now covering the whole Online channel (app + web) and new virtual sports / markets added to the customers' offer. Online Casino's product segment delivered several new games, including NEXT proprietary platform products.

Horse race betting revenues and Sport pool revenues: the negative performance of Horse race versus 2020 (-58.3%) was mainly related to Covid-19 pandemic impact, as well as to the introduction of the new Tax on Turnover (0,5%, starting from May 2020). Steady trend for Sport pool revenues in comparison with 1H 2020.

Morocco revenues: the positive performance (+129%) was mainly driven by the expansion of retail distribution network, the Lottery's high SuperJackpot Loto and the introduction of new games which more than offset the delay in VLT's introduction.

Turkey revenues: the results are not comparable cause the Turkish business started on August 1, 2020. The positive performance, in spite of Covid-19 restrictions, leveraged on Retail Network evolution, the Online customer base growth and on the positive impact from Sayisal Loto jackpot as well as on Virtual Races positive trend

Spain game revenues: the performance was impacted by higher pay-out.

Fixed odds betting income

Fixed odds betting income amounted to €68.1 million for the six months ended June 30 2021 with an increase of €18.7 million, or 37.9% from € 49.4 million for the six months ended June 30 2020, mainly due to Online channel positive contribution, in spite of a limited number of sport events, whereas in the Retail channel the results were negatively impacted by the lockdown of arcades and betting shops starting from November, 6th 2020 and in place till the end of May 2021.

Point of sale revenues

Point of sale fees amounted to €35.6 million for the six months ended June 30 2021, with an increase of €5.1 million, or 16.7%, compared to €30.5 million for the six months ended June 30, 2020, due to higher affiliation fees, as result of a wider range of services offered to the lottery distribution network through the MySisal contract, a commercial initiative offering to Lottery retail customers online training, marketing tools to improve Pos attractiveness and other services to improve PoS performance .
MySisal program was launched on September, 1st 2020 and reached a distribution network at the end of June 30 2021 of about #32.1K of active contracts.

Related parties' revenues and other core business revenues

Related parties' revenues and other core business revenues amounted to € 1.3 million for the six months ended June 30, 2021 with a decrease of € 2.9 million from €4.2 million for the six months ended June 30, 2020.

These revenues mainly encompass intercompany proceeds towards the companies belonging to the Banking & Payments Group (Mooney) for corporate services. The decrease is related to the progressive phase-out of the *Transition Support Agreements,* which was put in place between Gaming and Banking & Payments companies after the separation of the two businesses occurred at the end of 2019 on the basis of the achieved segregation and operational autonomy of the respective business.

Other income

Other income, equal to € 1.0 million are mainly attributable to other revenues not directly linked to the core business, especially Tax credit representing pandemic-related fiscal measures.

Costs

Purchases of raw materials, consumables and goods

Purchases of materials, consumables and goods amounted to € 7.3 million for the six months ended June 30 2021 with an increase of € 3.1 million, from € 4.2 million for the six months ended June 30 2020, due to higher material costs related to Lottery business, partially offset by lower costs for materials and consumables and lower spare parts for gaming terminals, as a consequence of the reduced business volume caused by Covid-19 pandemic.

Costs for services

Costs for services amounted to € 108.3 million for the six months ended June 30 2021 with an increase of € 14.6 million, or 15.6%, from € 93.7 million for the six months ended June 30 2020.

Costs for services amounted to 41.1% of total revenues for the six months ended June 30 2021 compared to 44.9% of previous year.

The following table sets forth an analysis of costs for services:

	Six months ended June 30,				Change	
(€ in millions)	**2021**	**% of total revenues and income**	**2020**	**% of total revenues and income**	**(amount)**	**%**
Sales channel costs - gaming	41.7	15.8%	42.1	20.2%	(0.4)	-1.0%
Commercial services	10.8	4.1%	5.4	2.6%	5.4	100.0%
Consulting	8.3	3.1%	6.4	3.1%	1.9	29.7%
Others services costs	47.5	18.0%	39.8	19.1%	7.7	19.3%
Total cost for services	**108.3**	**41.1%**	**93.7**	**44.9%**	**14.6**	**15.6%**

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

- *Sales channel costs – Gaming:* amounted to €41.7 million for the six months ended June 30 2021 with a decrease of € 0.4 million, or -1 %, from € 42.1 million of previous prior year, mainly due to gaming machines network fees reduction caused by the shutdown of the specialized channel due to Covid-19 restrictions in place till end of May, which was almost entirely counterbalanced by the increase of the Turkish sales channel network, whose business started on August 1 2020, and by the highest fees recognized to the retail network for fostering the online gaming accounts opening. As a percentage of total revenues, sales channel gaming costs amounted to 15.8% for the six months ended June 30 2021 and 20.2% for the six months ended June 30 2020.

- Increase of the overall operating costs for € 15 million, mainly due to:
  - online business costs (affiliation fees, online circuits bank charges) due to the significant volume growth;
  - different reporting perimeter, being Turkey business not fully operational in the first semester 2020;
  - higher consultancies mainly related to the International business development, with special focus on the application process to UK National Lottery tender, as well as to ongoing reorganization processes.

Personnel costs

Personnel costs amounted to €39.1 million for the six months ended June 30 2021 with an increase of €1.7 million, or 4.5%, from € 37.4 million for the six months ended June 30 2020. As a percentage of total revenues, Personnel costs amounted to 14.8% in 2021 and 17.9% in 2020. The average workforce, expressed in FTE's, reached 2,133 at the end of June 30 2021, with an increase of 390 units from 1,743 at the end of June 2020.
The cost increase is mainly related to the workforce increase, partially offset by the lower non-recurring severance and settlement agreements costs compared to 2020, as part of the corporate reorganization process which began at the end of 2019, as well as to the use of the supplementary wage-fund (FIS) for an amount equal to €4.4 million, a measure that the Group has activated also in the first six months of 2021 to mitigate the impact of Covid-19 pandemic.

Other operating expenses

Other operating costs amounted to €17.1 million for the six months ended June 30 2021 with a decrease of €3.6 million for the six months ended in June 30 2020. The decrease is mainly due to the accrual related to bad debt provision that was reclassified in this line of income statement from the line "Amortization, depreciation, impairment and impairment reversal of tangible and intangible assets" for a better representation.

Moreover the decrease was led by the shortfall in the gaming machines concession fees calculated on turnover, due to Covid-19 pandemic shutdown, partially mitigated by the increase in the online gaming and NTNG concession fees, due to the higher turnover in comparison with previous yea

This increase was partially offset by the higher non-deductible VAT due to the cost trend above described and to the accrual of the intercompany VAT contribution towards Mooney, the Banking & Payments Group adhering to the same VAT Group, in compliance with the compensative mechanism's rules included in the VAT Group Agreement.

As a percentage of total revenues, Other operating expenses amounted to 6.5% in 2021 and to 9.9 % in 2020.

Amortization, depreciation, impairment and impairment reversal of tangible and intangible asset

This cost item amounted to €65.4 million for the six months ended June 30 2021 with an increase of €5.2 million for the six months ended June 30 2020. The increase is related to investments related to software and licenses. As a percentage of total revenues, this item amounted to 24.8% for the six months 2021 and 28.8% for the six months 2020.

The cumulated first semester 2021 cost breakdown can be summarized as follows:

- Intangible Assets amortization for € 39.7 million mainly referred to software and concession rights;
- Tangible Assets depreciation for € 25.7 million, mostly referred to IFRS16 rights of use, gaming machines and hardware.

Net operating profit (loss) (EBIT)

Net operating profit (loss) (EBIT) amounted to € 26.4 million for the six months ended June 30, 2021 going sharply upward of € 33.6 million from an operating loss of € 7.2 million recorded for the six months ended June 30 2020.

Net operating margin was 10 % for the six months 2021 compared to (3.4%) for the six months 2020.

Financial income

Financial income amounted to € 5.4 million for the six months ended June 30 2021 referred for € 4.9 million to income matured (non-cash interest) in relation to the "Deferred Purchase Price Agreement" of € 100 million underwritten between the Parent Company Sisal Group S.p.A. and the Banking & Payments business's holding company Mooney Group S.p.A., in the context of the separation between the gaming business and the payments business, and for € 0.5 million to interest income on bank accounts' liquidity.

Financial expenses

Financial expenses amounted to € 16.2 million for the six months ended June 30 2021 with an increase of € 2.7 million from € 13.5 million for the six months 2020.

Financial expenses at the end of June 2021 include:

- Bond-related interests and expenses, including the quarterly reversal of the original upfront fees, for € 10.3 million;
- RCF-related interest and expenses for € 2.0 million, increased in comparison with June 30, 2020 because of the usage of the overdraft credit line for € 25 million repaid at the end of June;
- IFRS-16 lease liabilities related interests for about € 0.9 million;
- Interests on shareholder loan towards Sans Dijital, the Turkish JV's partner, for € 0.5 million;
- Other bank interests for € 0.4 million;
- FX rate realized and unrealized losses for about € 2,1 million.

The increase was mainly related to the impact of foreign exchange loss referred to the FX conversion of the intercompany Financial Loan towards Sisal Sans, the Turkish subsidiary, amounting to an outstanding principal of €5.9 million at the end of June 30 2021, after the reimbursement of the first tranche occurred in April.

Income taxes

Income taxes amounted to € 1.0 million for the six months ended June 30 2021 compared to € (1.1) million for the six months ended June 30 2020, and have been calculated according to IAS 34 on the basis of the expected tax rates at the end of the current fiscal year.

Profit(loss) for the period

Profit(loss) for the period amounted to a profit of € 14.6 million for the six months 2021 compared to € (15) million for the six months 2020.

Segment Information

					Six months ended June 30,	
(€ in millions)	2021	2020	2021	2020	2021	2020
	Revenues and income		Segment EBITDA		EBITDA Margin	
Retail	81.9	142.5	10.3	35.4	12.6%	24.8%
Online gaming	133.6	63.6	81.2	35.3	60.8%	55.5%
International	47.3	1.8	8.0	(4.0)	16.9%	<-100%
Other	0.8	1.0	-	-	-	-
EBITDA (1)			99.5	66.7		
EBITDA Margin			**37.8%**	**31.9%**		

(1) EBITDA is not identified as an accounting measurement in the context of the IFRS and, therefore, should not be considered as an alternative method for assessing the Group's operating performance. Given that the structure of EBITDA is not governed by the reference accounting standards, the criteria used by the Group may not be the same as that adopted by others and hence, not comparable;
EBITDA means the profit/(loss) for the year before income taxes, financial expense and income, share of profit/(loss) of equity-accounted companies, amortization, depreciation, impairment and impairment reversal of tangible and intangible. Additionally, EBITDA is calculated before:

- IFRS 15 revenues adjustments, mainly referred to the reversal of the *down-payment* sustained by the Group for the awarding of the NTNG (National Totalizator Numeric Gaming) concession. Based on that established in IFRS15 "Revenues from Contracts with Customers", these charges are recognized against revenues in the Group's Income Statement;
- Bad debt net allowance;
- income and expenses deriving from corporate reorganization;
- income and expenses not considered as recurring, because not recognized in previous years and not expected to have an impact in the future;
- income and expenses considered as "special items", i.e. costs/revenues linked to extraordinary/one-off transactions not related to the *core-business*.

Retail: Retail segment for the six months ended June 30 2021, although reflecting the strong setback due to the Covid-19 restrictions which led to a complete shutdown of the specialized network since last November 2020 till end of May 2021, has nonetheless accelerated its recovery driven by Lottery business which benefitted from the increase in affiliation fees, after launching the new MySisal program on September, 2020 as well as from an higher Jackpot level, won on May.
The re-opening in June allowed the immediate recovery of betting and gaming machines volumes, especially for VLT's.

Online Gaming: Online Gaming achieved outstanding results for the six months ended June 20 2021 compared to 2020, both in terms of Revenues and EBITDA, thanks to the successful customers' acquisition strategy via SEO and to the effective Affiliation activities, which allowed to enlarge the customer base, increasing the average revenue per customer (ARPU). The Retail channel has also been a relevant contributor to Online growth thanks to effective recruiting of new online players. In terms of EBITDA, the Online gaming segment recorded 60.8% margin for the six months 2021 compared to 55.5% for the same period in 2020.

International: the international business results for the six months 2021 are not fully comparable to 1H 2020 because of the different reporting perimeter, which includes Turkey business started on August 1 2020, thus being fully incremental in comparison with 2020.
The overall performance of this operating segment was positive driven by Turkey's contribution, in spite of Covid-19 restrictions, with distribution network expansion, the Online customer base enlargement, the positive impact of Sayisal Loto jackpot and the Virtual category performance.

Net Financial Position and Liquidity

The following table sets forth the breakdown of the Net Financial Position as of June 30 2021 and December 31 2020:

	As of June 30,	As of December 31,
(€ in millions)	**2021**	**2020**
Current financial assets	(24.3)	(0.9)
Cash and cash equivalents	(118.7)	(146.6)
Long-term debt	308.5	321.7
Short-term debt	100.9	100.9
Current portion of long-term debt	35.6	30.3
Total Net Financial Position	**302.0**	**305.4**

Current financial assets are composed as follows:

- € 24.3 million represents the cash collateral provided to the Banks in order to issue the bank surety which was requested by ADM (Agenzia delle Dogane e dei Monopoli) with reference to the dispute for NTNG Concession-spending requirements for "communication and information" projects.
  The total amount requested by ADM to the Group as spending to be allocated during the period July 1 2018 - June 30 2020 for the purposes of communication and information was €24.3 mio.

Cash and cash equivalents amounting to € 118.7 million include banks and postal accounts, as well as cash and cash equivalent in hand.

Long-term debt amounting to € 308.5 million is composed as follows:

- € 275 million: bond issue at fixed rate "Senior Secured Note", characterized by semi-annual coupon payments of interest (due on January 31st and on July 31st) and repayment of the principal in a lump sum on July 31, 2023. The interest is calculated at a fixed annual rate of 7%;
- (€ 4.7) million: upfront fees related to the bond and Super Senior Revolving Facility (ssRCF);
- € 38.2 million: long-term portion of the IFRS16 Lease Liability.

Short-term debt amounting to € 100.9 million is composed as follows:

- € 100 million: Super Senior Revolving Facility (ssRCF) underwritten with a bank pool, for a total amount of € 125 million, of which € 25 million detachable in the form of a current bank account overdraft. The expiry date of the ssRCF is September 2022 and interest are calculated on the basis of the periodic Euribor rate plus a margin of 3.50% subject to reduction based on the measurement of specific financial ratios (as of June, 30 2021 the spread is equal to 3%, in line with previous year);
- € 0.9 million: accrued interest on the ssRCF.

The ssRCF, doesn't envisage maintenance covenants, but in any event requires compliance with a series of financial covenants such as the guarantor coverage test and a quarterly calculation of the leverage ratio, which also determines the applicable margin on the facility for the subsequent interest period. As at June 30, 2021 the recorded leverage ratio allowed the maintenance of the applicable spread cat 3%, which is the lowest applicable margin according to the financial agreement in place.

Current portion of long-term debt amounting to € 35.6 million is composed as follows:

- € 6.9 million: loan received by the minority shareholder of the Turkish subsidiary Sisal Şans. With a deed of amendment signed on 18 March 2021, the Turkish subsidiary and minority shareholder Sans Digital amended the existing Shareholder Loan Agreement which did not envisage any faculty of early repayment prior to 31 March 2024, including this faculty. Therefore, with a resolution made by the Board of Sisal Sans on the same date, the loan can be repaid in advance in 2021 according to the available financial resources. During the first semester 2021 it has been repaid an amount equal to about € 3.1 million (TL 30.8 million), including interests;

- € 8.0 million: accrued interests on the bond Senior Secured Notes;
- € 20.7 million: short-term portion of the IFRS16 Lease Liability.

Movements in trade working capital and working capital

The following table sets forth a summary of cash flows from working capital for the periods indicated:

	Six months ended June 2021	
(€ in millions)	**2021**	**2020**
Change in trade receivables	43.5	(8.6)
Change in inventories	0.2	(2.5)
Change in trade payables	(49.9)	(31.6)
Cash flows from trade working capital	**(6.2)**	**(42.7)**
Change in other assets and liabilities	(10.6)	25.5
Cash flows from working capital	**(16.8)**	**(17.2)**

In the first six months of 2021, the working capital generated a cash absorption of € 6.2 million, compared to a cash absorption of € 42.7 million during the first six months of 2020.

In particular, the negative movement in trade working capital for € 6.2 million is mainly due to the combined effect of:

- cash generated by the change in trade receivables for € 43.5 million mainly related to:
  i. decrease of € 47.6 million related to automatic cash system collection from point of sales for Payments & Services business, transferred to Mooney Spa since the beginning of March 2021. This effect is counterbalanced by a cash disbursement included in the change of trade payables;
  ii. increase of € 4.1 million mainly due to the reopening of Retail Network from end of May;
- cash absorption related to change in trade payables for € 49.9 million as effect of:
  i. cash disbursement related to automatic cash system collection from point of sales related to Banking & Payments business for € 47.6 million;
  ii. cash disbursement related to payables for services for € 2.3 million.

The negative movements of the Other Assets and Liabilities item, equal to € 10.6 million, mainly include:

- the decrease of liabilities related to PREU for € 14.1 million due to the combined effect of: payments for € 35 million related to the liabilities of the 5th accounting period 2020 postponed to the first semester 2021 and an increase of new PREU liabilities equal to € 21 million as consequence of the reopening of Retail Network starting from end of May;
- the decrease of liabilities related to NTNG for € 7 million related to tax, concession fees and winnings;
- the decrease of € 0.9 million related to other liabilities (of which € 0.3 million for employee benefits);
- the increase of € 1.6 million related to the deposit for gaming machines received by retailers, mainly due to the increase of numbers of point of sales in Turkey;

- the increase of € 2.4 million related to tax for VLT and Betting mainly due to the Retail Network re-opening;

- the collection of € 7.4 million related to security deposit towards ADM in accordance to concession agreement and Italian Law n.184/2008 (0.5% of turnover);

Cash flows

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

	Six months ended June 2021	
(€ in millions)	**2021**	**2020**
Cash flows from operating activities before changes in working capital	94.9	59.9
Changes in working capital	(16.8)	(17.2)
Cash flows from operating activities	78.2	42.7
Cash flows from (used in) investment activities	(55.2)	(69.1)
Cash flows from (used in) financial activities	(50.9)	95.4
Increase/(Decrease) in cash and cash equivalents	**(27.9)**	**69.0**
Net cash at the beginning of the period	**146.6**	**102.5**
Net cash at the end of the period	**118.7**	**171.4**

Cash provided by operating activities amounted to € 78.2 million for the six months ended June 30, 2021, compared to cash generation of € 42.7 million recorded during the six months ended June 30, 2020. The cash flow is mainly related to the trends in working capital already commented, both referred to the change in other assets and liabilities and in trade working capital.

The cash flows used in investing activities amounted to €55.2 million for the six months 2021 compared to €69.1 million for the six months 2020. The investing activities were referred for:

- € 24.1 million to PPE, mostly related to investments in equipment for NTNG required by the new concession, including the Galileo terminals;

- Intangible assets for € 30.1 million, mostly related to new software, software developments and new licenses;

- € 1 million to the payment of liabilities for M&A projects.

Cash flows used by financing activities amounted to €50.9 million for the six months 2021 compared to cash provided of €95.4 million for the six months 2020. The cash flows related to financing activities included:

- net interest paid for € 11.5 million related to bond Senior Secured Notes, Super Senior Revolving Facility (ssRCF) and shareholder loan;

- repayment of the Turkish shareholder loan for € 2.8 million in force of the deed of amendment above described;

- IFRS 16 leasing repayment for € 12.3 million;

- cash collateral for € 24.3 million requested by the Banks to issue the bank surety which was requested by ADM (Agenzia delle Dogane e dei Monopoli) with reference to the dispute for NTNG Concession-spending requirements for “communication and information” projects.

Capital Resources

The following table sets forth the amounts of financial liabilities (principal amounts plus accrued interest for the reference period) at June 30, 2021 and at December 31, 2020:

	As of June 30,	As of December 31,
(€ in millions)	**2021**	**2020**
Senior revolving Facility	100.9	100.9
Senior Secured notes	283.0	283.2
Overdraft senior revolving facility	0.1	-
Financial payables due to shareholders	6.9	10.7
Other financial liabilities (1)	58.9	63.1
Total external financial liabilities	**449.8**	**457.9**

(1) Amount as of June 30, 2021 and December 2020 is related to financial liabilities for leasing.

Other Financial Information

	Six months ended June 30,	
(€ in millions)	**2021**	**2020**
Profit (loss) for the year	14.6	(15.0)
Income taxes	1.1	(1.1)
Net finance expense and similar	10.8	8.9
Amortisation, depreciation and impairments	65.4	60.2
Bad debt provision	2.5	6.7
Reversal of down-payment for NTNG concession and other IFRS15 Adjustments (*)	0.1	0.3
Non-recurring items	0.8	1.6
Reorganization costs	1.6	2.8
Special items	2.6	2.3
EBITDA	**99.5**	**66.7**

(*) Including IFRS 15 adjustments classified in the Consolidated Income Statement within Revenues and Other Income.

	Six months ended June 30,	
(€ in millions)	**2021**	**2020**
Ebit/Operating profit (loss)	**26.5**	**(7,2)**
Non-recurring items	0.8	1.6
Reorganization costs	1.6	2.8
Special items	2.6	2.3
Ebit/Operating profit (loss) Adj	**31.5**	**(0.5)**

	As of June 30,	As of December 31,
(€ in millions)	**2021**	**2020**
Unrestricted cash(1)	118.7	146.6
SISAL GROUP net senior secured debt(2)	265.2	237.4

(1) 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.
(2) Sisal Group net senior secured debt consists 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.

CONSOLIDATED INCOME STATEMENT

		Six months ended June 30,				Three months ended June 30,	
(in thousands of Euro)	**Notes**	**2021**	**Related parties**	**2020**	**Related Parties**	**2021**	**2020**
Revenues	9	194,478	1,155	158,608	3,059	102,685	53,112
Fixed-odds betting income	10	68,061		49,377		32,993	8,446
Other income		1,097		928		956	694
Total Revenues and Other Income		**263,636**		**208,913**		**136,634**	**62,252**
Purchases of raw materials, consumables and goods		7,326		4,185		4,015	1,506
Costs for services		108,278	529	93,723	1,223	57,446	28,648
Personnel costs		39,061	1,430	37,379	1,542	20,370	15,588
Other operating expenses		17,137		20,603		10,380	8,198
Amortisation, depreciation, impairment and impairment reversals of tangible and intangible assets		65,383		60,187		33,736	31,498
Operating profit (loss)		**26,450**		**(7,165)**		**10,686**	**(23,186)**
Financial income	11	5,436	4,943	4,585	4,550	2,714	2,289
Financial expenses	12	16,243		13,523		8,134	7,646
Profit (loss) before income taxes		**15,643**		**(16,102)**		**5,266**	**(28,544)**
Income taxes		1,078		(1,074)		(1,945)	(5,453)
Profit (loss) for the year		**14,565**		**(15,028)**		**7,211**	**(23,091)**
Attributable to non-controlling interests		1,942		(1,653)		1,211	(1,223)
Profit (loss) for the year attributable to the Group		**12,623**		**(13,375)**		**6,000**	**(21,868)**

OTHER COMPREHENSIVE INCOME

Profit (loss) for the year	**14,565**	**(15,028)**	**7,211**	**(23,091)**
Other comprehensive income				
Other income components not to be reclassified subsequently to the income statement	-	-	**-**	-
Change in currency translation reserve	(1,366)	(734)	**(634)**	**(468)**
Other income components to be reclassified subsequently to the income statement	**(1,366)**	**(734)**	**(634)**	**(468)**
Comprehensive result for the year	**13,199**	**(15,762)**	**6,577**	**(23,559)**
Attributable to non-controlling interests	1,408	(1,611)	950	(1,218)
Comprehensive result for the year attributable to the Group	**11,791**	**(14,151)**	**5,627**	**(22,341)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	Notes	June 30, 2021	Related parties	December 31, 2020	Related parties
Non-current assets					
Property, plant and equipment	13	172,561		181,937	
Goodwill	14	260,974		260,974	
Intangile assets	13	408,803		418,941	
Equity-accounted companies		150,076		150,076	
Other non current assets		133,140	114,389	128,297	109,450
Total non-current assets		**1,125,554**		**1,140,225**	
Current assets					
Inventories		7,835		7,900	
Trade receivables		29,000	1,205	75,078	2,262
Current financial assets		24,288		867	867
Tax receivables		50		51	
Other current assets		258,632	623	265,473	989
Restricted cash and cash equivalents	15	264,128		179,389	
Cash and cash equivalents	16	118,687		146,605	
Total current assets		**702,620**		**675,363**	
Total assets		**1,828,174**		**1,815,588**	
Equity					
Share capital	17	102,500		102,500	
Reserves		627,898		637,298	
Net result attributable to the group		12,623		(8,568)	
Total equity attributable to the group		**743,021**		**731,230**	
Equity attributable to non-controlling interests		5,308		3,900	
Total Equity		**748,329**		**735,130**	
Non-current liabilities					
Borrowings from bank and other lenders	18	308,478		321,696	10,013
Employee benefit obligations		6,826	122	6,931	
Provisions for risks and charges	19	26,698		26,714	
Deferred tax liabilities		90,152		83,181	
Other non-current liabilities		9,335		7,703	
Total non-current liabilities		**441,489**		**446,225**	
Current liabilities					
Trade payables and other payables		87,725	228	149,602	48,209
Borrowings from bank and other lenders	18	136,511	6,858	131,146	649
Tax payables		11,844		17,679	
Other current liabilities		402,276	4,327	335,806	5,552
Total current liabilities		**638,356**		**634,233**	
Total equity and liabilities		**1,828,174**		**1,815,588**	

CONSOLIDATED STATEMENT OF CASH FLOWS

	for the six months ended June, 30	
(in thousands of Euro)	**2021**	**2020**
Profit (loss) before taxes	**15.643**	**(16.102)**
Amortisation/depreciation	65.383	60.255
Writedowns of receivables included in current assets	2.534	6.651
Accruals to provisions for risks and charges, post-employment and other employee benefits and other non cash items	550	154
Financial (income)/expenses	10.807	8.938
Cash flows from operating activities before changes in working capital	**94.917**	**59.896**
Change in trade receivables	43.544	(8.584)
Change in inventories	230	(2.464)
Change in trade payables	(49.928)	(31.631)
Change in other assets and liabilities	(10.551)	25.522
Cash flows from operating activities (A)	**78.213**	**42.739**
Investments in intangible assets	(30.062)	(33.410)
Investments in property, plant and equipment	(24.119)	(32.437)
Investments in non-current financial assets	-	(7)
Change in other assets	(0)	(651)
Acquisitions net of acquired cash and cash equivalents	(1.063)	(2.639)
Cash flows from (used in) investment activities (B)	**(55.244)**	**(69.144)**
Establishment of medium/long-term loans	-	10.044
Cash collateral	(24.288)	-
Repayment of loans	(2.828)	-
Leasing reimbursement	(12.297)	(6.275)
Drawdown/repayment of revolving credit lines	0	99.363
Net interest paid	(11.474)	(12.149)
Cash flows from(used in) financial activities (C)	**(50.887)**	**95.368**
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	**(27.918)**	**68.963**
Cash and cash equivalents at beginning of the year	**146.605**	**102.466**
Cash and cash equivalents at the end of the year	**118.687**	**171.429**

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

(In thousands of Euro)	Notes	*Share Capital*	*Legal Reserve*	*Share Premium reserve*	*Other Reserves*	*Net result attributable to the Group*	*Total Equity attributable to the Group*	*Equity attributable to non controlling interests*	Total Equity
Equity at December 31,2019		**102,500**	**200**	**94,484**	**266,224**	**277,647**	**741,055**	**756**	**741,811**
Sisal Sans capital increase		**-**	**-**	**-**	**-**	**-**	**-**	4,385	**4,385**
Allocation of prior year net result			19,282		258,365	(277,647)	**-**		**-**
Comprehensive result for the year					**(776)**	**(13,375)**	**(14,151)**	(1,611)	**(15,762)**
Equity at June 30,2020		**102,500**	**19,482**	**94,484**	**523,813**	**(13,375)**	**726,904**	**3,530**	**730,434**
Equity at December 31,2020		**102,500**	**19,482**	**94,484**	**523,332**	**(8,568)**	**731,230**	**3,900**	**735,130**
Allocation of prior year net result		**-**	**-**	**-**	(8,568)	8,568	**-**	**-**	**-**
Comprehensive result for the year		-	-	-	(832)	12,623	**11,791**	1,408	**13,199**
Equity at June 30,2021		**102,500**	**19,482**	**94,484**	**513,932**	**12,623**	**743,021**	**5,308**	**748,329**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT AND FOR THE SIX MONTHS ENDED JUNE 30, 2021

1. General information

Sisal Group S.p.A. (hereafter the "**Company**") is a company incorporated in Italy, with registered and administrative offices in Milan, 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 games, horse and sports betting and legal gaming with 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 Luxembourg-based company indirectly owned, through vehicle companies, by funds promoted by the CVC Group and by a number of Group managers.

2. Basis of preparation

Background

During 2019, the Group reached and signed an important and strategic agreement with Banca 5 S.p.A., a bank of Intesa Sanpaolo Group, to create, through a partnership, a leading group in the payment services sector distributed on the digital channel and in proximity channels in Italy.

To this end, a complex corporate reorganization has been undertaken within the Group to separate the activities related to payment services, to be carried out with Banca 5 as a minority shareholder, from the activities related to the Gaming business, wholly owned by the Group.

As a consequence of this reorganization, starting from December 2019, all the activities referred to payment services are therefore under the management of the subsidiary Mooney Group S.p.A. (whose share capital is held 70% by the Company and 30% by Banca 5 S.p.A.) which wholly control Mooney Servizi S.p.A. and Mooney S.p.A. (the latter is an electronic money institution subject to Bank of Italy supervision).

Criteria applied for the Special Purpose Financial Statements preparation

The above-described Group reorganization affected the financial structure of the Group as well, which accordingly reflects the separation between gaming and payments since the remaining portion of the fixed bond loan issued by the Company, equal to € 275 million (originally € 400 million), is exclusively guaranteed by the cash flows referable to the companies of the gaming activities.

Therefore, in order to allow Sisal Group's bond holders to get a better and easier understanding of the gaming business's performances and results, these condensed consolidated interim financial statements for the six months ended June, 30 2021 (hereafter the **"Condensed Consolidated Interim Financial Statements**" or **"The Special Purpose Interim Financial Statements"**) represent:

- The gaming business, fully consolidated in accordance to the International Financial Reporting Standards issued by the International Accounting Standards Board and approved by the European Union (hereafter "**IFRS**"), with the sole exception of the Equity Investment in Mooney Group S.p.A. (i.e. the Payments business' s holding) which was not fully consolidated, being represented merely at its historical cost;

- The Payments business, not consolidated at all, cause its results are out of the scope of this Special Purpose Interim Financial Statements; for these reasons the Equity investment of the Company in the Payments' business is represented at cost value;

- The notes to 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, 2020 (the “**Annual Consolidated Financial Statements**”).

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

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

These Condensed Consolidated Interim Financial Statements have been approved by the board of directors of Sisal Group S.p.A. on September 8th, 2021.

3. Going concern

During the six months ended June 30, 2021 the Group recorded a net profit equal to € 14,565 thousand (net loss for € 15,028 thousand for the six months ended June 30, 2020); at June 30, 2021 the consolidated equity was equal to € 748,3289 thousand (€ 735,130 thousand at December 31, 2020) and the net financial position was equal to € 302,000 thousand (€ 305,370 thousand at December 31, 2020).

The table below shows a comparison between the total debt and equity breakdown at June 30, 2021 and at December 31, 2020:

(In thousands of Euro)	**As of June 30, 2021**	**%**	**As of December 31, 2020**	**%**
Long term debt	308,478		311,683	
Short-term debt and current portion of long-term debt	129,653		130,497	
Funding from third parties	**438,131**	**36.7%**	**442,180**	**37.2%**
Shareholder Loan	6,858		10,662	
Funding from sole shareholder	**6,858**	**0.6%**	**10,662**	**0.9%**
Total Equity	**748,329**	**62.7%**	**735.130**	**61.9%**
Total debt and equity	**1,193,319**	**100.0%**	**1,187,972**	**100.0%**

The first six months of 2021 continued to be strongly impacted by the Covid-19 pandemic which heavily influenced gaming market evolution and the Group's business results, due to the restrictions imposed by the authorities to limit the contamination, which led to the second retail lockdown starting November 6, 2020 which progressively ended till May, 31 2021, accordingly to the Government measures in place until July, 31 2021 which allowed the reopening in the so-called white areas so that, starting June 21st, the entire Group retail network was able to re-open and was fully operational.

According to the European Central Bank outlook, after the huge slowdown registered in the first quarter of the year, the euro area economy is gradually recovering thanks to the improvement of the situation related to the Covid-19 pandemic and the significant progress of vaccination campaigns.

According to these assumptions a boost in the economic activity is expected in the second half of this year along with the gradual loosening of the containment measures. The raise in consumer spending, a higher global demand and the accommodative stance of monetary and fiscal policy will represent a major contribution to the recovery as indicated by the Executive Board of the European Central Bank (ECB). At the same time, uncertainties remain, in a context in which the short-term economic outlook continues to depend on the progress of the pandemic and the reaction of the economy following the reopening.

Based on these assumptions, Italian GDP should grow significantly during the second half of the year, currently expected to be around 4,6% in 2021, 4,7% in 2022 and 2,1% in 2023, when a return to pre-pandemic levels would be seen.

The Italian Gaming market in the first semester 2021 still reflects the effects of Covid-19 pandemic, mainly impacting the Retail channel. The restrictive measures issued on November 6, 2020 were confirmed and were definitely overpassed only by the end of June, allowing the gradual re-start of the retail business. All the activities carried out at arcades and betting shops were suspended in the first five months of the year and gradually reopened according to the regional situation, while bars and tobacco shops have been always operational but with the prohibition of carrying out gaming activities, with the only exception of Lottery products. Despite all this, Market Turnover reached €48.1bn up 24% versus previous year thanks to extraordinary Online performance at €34.7 bn up 57,6% compared to last year, while the Retail channel landed at €13,4bn down by 20% versus 2020. Regarding the Value Chain, the players spending (GGR) grew by 5% compared to last year.

Sisal Market shares on Turnover was pretty stable at 8,8%, while the market leadership in the Online segment landed at 11,7% market share on GGR at the end of June 2021.

The business restart progressively occurred in June had a very positive impact on the Group performance, even though there's a continuous and constant monitoring of the epidemiological outbreak evolution which is undoubtable affected by the progress of the vaccination campaign as well as by the scientific analysis and evidences collected on the new Delta coronavirus variant which is becoming one of the most worrisome strain of the coronavirus circulating globally.

Considering this fast-changing and vulnerable context many discussion tables are in place with the relevant authorities for the definition of a new safety protocol of the gaming industry, which could prevent a potential new shutdown in Autumn linked to the infection rate evolution and the related potential new pandemic wave.

Concerning the International business and the Covid-19 pandemic impact, it is worthy to notice that:

- in Morocco the restrictions related to Covid-19 and their impact on the business were primarily felt during the month of Ramadan (mid-April to mid-May) when lockdown was set at 8 pm, whereas in June the situation went back to normal in terms of sales performances;
- in Turkey there were stricter restrictions imposed by the Government through the full-day closing for the most of retail shops, measures that remained in place from April, 30^{t} until May 17.

In this context, the Group continued to focus on measures aimed at protecting the health of its employees and to minimize business impact, continuing to invest supporting strategic initiatives for the development of the business and activating actions to protect liquidity. The employees smart working was further encouraged and the granting of safety protocols to limit contagion was a key priority. The Wage Integration Fund (FIS) was also extended in the first semester 2021.

In spite of the current highly uncertain situation, based on the ongoing assessments and 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 twelve months, and has therefore prepared these Condensed Consolidated Interim Financial Statements on a going concern basis.

4. Accounting policies

In preparing these Financial Statements, the accounting standards and measurement criteria applied comply with those used for the Financial Statements as at 31 December 2020, other than that described below.

Standards, amendments and interpretations applicable as of 1 January 2021

Below is a list of other new standards, interpretations and amendments applicable as of 1 January 2020 with no significant impacts on the consolidated financial statements as at 31 December 2020:

- Amendments to IFRS 4 "Insurance Contracts"
- Amendments to the amendment to IFRS16 "Leases": Covid-19- Related Rent Concessions

Accounting standards, amendments and interpretations not yet applicable and not adopted in advance by the Group.

As of the date this document was prepared, the following new standard, amendments and interpretations had been issued but had not yet become applicable:

Accounting, standards and interpretation	Obligatorily applicable as of
Amendments to IFRS 3 “Business Combinations"	1 January 2022
Amendments to IAS 16 “Property, Plant and Equipment”	1 January 2022
Amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets	1 January 2022
Amendments, "Annual Improvements 2018-2020"	1 January 2022
Amendments to IAS 1 “Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies	1 January 2023
Amendments to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	1 January 2023
IFRS 17 “Insurance Contracts”; including “Amendments to IFRS 17”	1 January 2023
Amendments to IAS 1 “Presentation of Financial Statements: Classification of Liabilities as Current or Non-current"	1 January 2023

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 June 30, 2021 the Group has a revolving line of credit under the Super Senior Revolving Facility and related ancillary facility Agreements for a total of € 125.0 million (of which € 25 million detachable in the form of a current bank account overdraft), expiring in September 2022. At June 30, 2021 these facilities were partially drawn down for a total of € 100 million.

Fair value estimation

In relation to the assets and liabilities recognized in the Consolidated Statement of Financial Position, IFRS 13 requires that these values be classified on the basis of a hierarchy, which reflects the significance of the inputs used to determine fair value. Below is the classification of the fair value of financial instruments based on the following fair value hierarchy:

- Level 1: fair value determined using (non-adjusted) prices from active markets for identical financial instruments. Therefore, in Level 1 emphasis is placed on determining the following elements:
  a) the main market for the asset or liability or, in the absence of a main market, the most advantageous market for the asset or liability;
  b) the possibility for the entity to carry out at transaction with the asset or liability at the price on that market on the measurement date.

- Level 2: fair value determined using measurement techniques that refer to variables observable on active markets. The inputs for this level include:
  a) listed prices for similar assets or liabilities on active markets;
  b) listed prices for identical assets or liabilities on inactive markets;
  c) data other than listed observable prices for assets or liabilities.
- Level 3: Fair value determined using measurement techniques that refer to non-observable market variables.

The Consolidated Statement of Financial Position at June 30, 2021 and at December 31, 2020 does not includes assets or liabilities measured with the fair value method.

7. Operating segment information

As required by applicable international accounting standards, the structure of the operating segments has been updated at the end of 2019 to reflect the new vision of the Group's business, which was therefore reorganized on the basis of the following operating segments that constitute the relevant ones for the purpose of this document:

Retail: in charge of managing Gaming Machines, Fixed-odds betting and Sports Betting, as well Lottery business (the new exclusive NTNG concession awarded to Sisal for the next 9 years). This operating segment manages the physical distribution network in Italy for both the Branded and Affiliated channels.

Online Gaming: in charge of managing the online gaming and betting products through the "sisal.it" website and the mobile applications. The Group's online offerings are among the most extensive on the market and include an entire portfolio of the various types of products allowed under current regulations, including sport and horse-racing bets, virtual race, Totocalcio and Totogol, online casino games, slots, poker, lotteries and bingo.

International, dedicated to the international development, which at present has a presence in Morocco, Turkey and Spain. In these markets the Group offers a wide product range from online to lotteries, betting and entertainment products.

The following table presents: i) Revenues and income; ii) EBITDA of the operating segments.

	For the six months ended June 30,			
(in thousands of Euros)	2021		2020	
	Total Revenues	**EBITDA**	**Total revenues**	**EBITDA**
Retail				
Revenues	82,742		143,739	
Other revenues	(839)		(1,214)	
Total	**81,903**	**10,286**	**142,525**	**35,425**
Online Gaming				
Revenues	133,568		63,393	
Other revenues	(2)		223	
Total	**133,566**	**81,194**	**63,616**	**35,253**
International				
Revenues	47,326		1,782	
Other revenues	0		23	
Total	**47,326**	**7,956**	**1,805**	**(4,001)**
Other revenues	**841**		**968**	
Total operating segment	**263,636**	**99,436**	**208,913**	**66,676**

	For the Three months ended June 30,			
(in thousands of Euros)	2021		2020	
	Total Revenues	**EBITDA**	**Total revenues**	**EBITDA**
Retail				
Revenues	49,595		10,426	
Other revenues	(792)		21,255	
Total	**48,803**	**6,378**	**31,681**	**3,448**
Online Gaming				
Revenues	63,505		29,320	
Other revenues	(13)		257	
Total	**63,492**	**37,156**	**29,577**	**15,729**
International				
Revenues	23,534		312	
Other revenues	0		30	
Total	**23,534**	**4,392**	**342**	**(2,617)**
Other revenues	**805**		**653**	
Total operating segment	**136,634**	**47,926**	**62,253**	**16,560**

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

	For the Six months ended June 30,	
(In thousands of Euros)	2021	2020
EBITDA	**99,436**	**66,677**
Amortisation, depreciation and impairments	(65,383)	(60,187)
Bad debt provision	(2,534)	(6,651)
Reversal of downpayment for NTNG concession and other IFRS15 Adjustments (*)	(105)	(348)
Non-recurring items	(811)	(1,506)
Reorganization costs	(1,561)	(2,804)
Special items	(2,592)	(2,346)
Operating Profit (EBIT)	**26,450**	**(7,165)**

(*) Including IFRS 15 adjustments classified in the Consolidated Income Statement within Revenues and Other Income.

Given the range of products sold by the Group there are no significant concentrations of revenues with individual customers. Group revenues are mainly achieved in Italy, although gaming operations have been started in Morocco, Spain and Turkey.

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. Indeed, the professional football season in Italy usually runs from late August to mid-May and has 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.
All the above considerations are partially applicable to these Consolidated Interim Financial Statements at June, 30 2021 because of the impact of the Covid 19 lockdown on the specialized Retail channel, leading to shutdown of all the activities carried out at arcades and betting shops from last November, 6, 2020.
Accordingly, to the Government measures in place until July, 31 2021, which allowed the reopening in the so-called white areas, starting from June 2021 the entire Group retail network was able to re-open and was fully operational.

9. Revenues

The following table sets forth an analysis of Revenues:

	Six months ended June 30,		Three months ended June 30,	
(in thousands of Euro)	**2021**	**2020**	**2021**	**2020**
Gaming revenues	157,577	123,861	84,130	36,019
Points of sale revenues	35,598	30,511	18,117	14,611
Related parties revenues and other core business revenues	1,303	4,236	438	2,484
Total Revenues	**194,478**	**158,608**	**102,685**	**53,112**

The gaming revenues are drilled-down as follows:

	Six months ended June 30,		Three months ended June 30,	
(in thousands of Euro)	**2021**	**2020**	**2021**	**2020**
Gaming machines revenues	10,457	54,272	10,329	6,308
NTNG revenues	33,499	21,138	16,935	7,824
Virtual Races	6,611	11,418	4,016	2,880
Online game revenues	59,276	34,293	29,295	18,491
Horse race betting revenues	528	1,225	302	341
Sports pools revenues	127	108	57	6
Morocco revenues	3,253	1,407	1,385	168
Turkey revenues	43,826	-	21,811	-
Total revenues	**157,577**	**123,861**	**84,130**	**36,019**

10. Fixed odds betting income

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

	Six months ended June 30,		Three months ended June 30,	
(in thousands of Euro)	**2021**	**2020**	**2021**	**2020**
Fixed-odds betting income	66,705	48,272	32,284	8,138
Fixed-odds horse race betting income	1,356	1,077	708	317
Reference horse race betting income	0	28	0	-9
Total	**68,061**	**49,377**	**32,993**	**8,446**

11. Finance income and similar

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

	Six months ended June 30,		Three months ended June 30,	
(in thousands of Euro)	**2021**	**2020**	**2021**	**2020**
Financial Income towards group companies	4,943	4,550	2,484	2,268
Other financial income towards third parties	493	35	230	21
Total financial income	**5,436**	**4,585**	**2,714**	**2,289**

12. Finance expense and similar

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

	Six months ended June 30,		Three months ended June 30,	
(in thousands of Euro)	**2021**	**2020**	**2021**	**2020**
Interests expenses on bond	9,465	9,469	4,865	4,866
Interests on IFRS 16 liabilities	918	949	457	471
Other interest expenses	3,716	2,457	2,032	1,645
Exchange (gains) losses	2,144	647	780	664
Total financial expenses	**16,243**	**13,523**	**8,134**	**7,646**

13. Property, plant and equipment and Intangible assets

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

(in thousands of Euro)	**PPE**	**Other intangible assets**
Six months ended June 30, 2021		
Opening net book amount as at January 1, 2020	**181.937**	**418.941**
Increases	19.444	30.062
Depreciation, amortisation and impairment	(25.723)	(39.660)
Disposals /reclassification	(580)	(41)
Exchange rate effect	(2.518)	(499)
Closing net book amount as at June 30, 2021	**172.561**	**408.803**

14. Goodwill

In accordance with the application of the accounting standard IAS 36, besides the internal and external impairment indicators usually monitored, the effect of the Covid 19 pandemic the outbreak on the recoverable value of the CGUs tested as of December 31, 2020 was assessed.

On the basis of both the analysis conducted and the evidence available as of June 30, 2021, including their foreseeable developments, no recoverability issue has emerged.

15. Restricted cash and cash equivalents

Restricted cash and cash equivalents 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 include 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.

16. Cash and cash equivalents

Cash and cash equivalents at June 30, 2021 and December 31, 2020 are as follows:

(in thousands of Euro)	**June 30, 2021**	**December 31, 2020**
Bank and postal accounts	111,703	142,658
Cash and cash equivalents in hand	6,985	3,947
Total	**118,687**	**146,605**

17. Share capital

At June 30, 2021 share capital amounts to € 102,500,000, fully paid in and consisting of 102,500,000 ordinary shares. This share capital is referred to the parent company, Sisal Group S.p.A., and it is unchanged compared to December 31, 2020.

18. Borrowings and loans

The table sets forth an analysis of Borrowings and loans:

(in thousands of Euro)	**June 30, 2021**	**December 31, 2020**
Super Senior Revolving and ancillary facilities	100,265	99,914
Senior Secured Bond	279,016	278,349

Financial payables due to shareholders	6,858	10,662
Total financial payables due to banks and shareholders	**386,139**	**388,925**
of which current	*115,819*	*109,697*
of which non-current	*270,320*	*279,228*
Liabilities for leased assets	58,851	63,917
Total liabilities for leased assets	**58,851**	**63,917**
of which current	*20,692*	*21,450*
of which non-current	*38,158*	*42,468*
Total borrowings from banks and other lenders	**444,990**	**452,842**
of which current	*136,511*	*131,146*
of which non-current	*308,478*	*321,696*

Movements in borrowings are analyzed as follows:

	Six months ended June 30,	
(in thousands of Euro)	**2021**	**2020**
Opening amount as at January 1,	**452,842**	**352,014**
New borrowings	-	110,044
IFRS 16 net financial liability	(5,066)	(3,332)
Net accrued interest and amortized fee	1,142	1,610
Repayments of borrowings	(2,828)	(85)
exchange rate difference	(1,100)	-
SHL waiver	-	(637)
Closing amount as at June 30,	**444,990**	**459,614**

At June 30, 2021, the market price of the senior secured notes was a total of €277.8 million compared to a face total value of € 275 million.
Repayment of borrowings includes the repayment of the Turkish shareholder loan for €2.8 million.

19. Provisions for risks and charges

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

		Changes during the period					
(in thousands of Euro)	**January 1, 2021**	**increase**	**decrease**	**reclass**	**release**	**Exchange rate effect**	**June 30, 2021**
Sundry risks and charges provisions	26,668	585	(541)		(145)	(41)	26,526
Technological updating provision	46	208	-	-	(82)	-	172
Total	**26,714**	**793**	**(541)**	**-**	**(227)**	**(41)**	**26.698**

20. Related party transactions

With reference to transactions with the ultimate parent, Schumann Investments S.A., at June 30, 2021 there are no items to be disclosed.
Below the detail of related party transactions:

(in thousands of Euro)	*Revenues*	*Operating expenses*	*Financial Income*
Board members fees	*-*	*465*	*-*
Key management personnel fees	*-*	*1.430*	*-*
Mooney	*1,154*	*28*	*4,943*
Other related parties	*1*	*36*	*-*

(in thousands of Euros)	**Other non current assets**	**Other current assets**	**Trade receivables**	**Trade payables**	**Financial liabilities - current**	**Other current liabilities**	**Employee benefit obligation**
Board members fees						211	
Key management personnel fees						*888*	*122*
Mooney	114,389	623	1,204	201		3,228	
Sans Dijital					6,858		
Other related parties	-	-	1	27	-	-	

21. Commitments

The Condensed Consolidated Interim Financial Statements include capital expenditure commitments for approximately € 24.3 million; such capital expenditure will be financed with cash on bank balance and net cash generated from operating activities.

22. Significant events occurring after the end of period

Covid-19 pandemic evolution

Due to the latest new peak of infections recorded and to the related upward trends in the Covid-19 pandemic, on July 23, the Italian Government approved the Decree that extends the state of emergency till December, 31 2021, introducing modifications of the parameters that define the risk levels and allow the change of "color" to the Regions and Autonomous Provinces, extending as well the use of the Covid-19 so called “Green Pass” to various business, including the access to gaming halls, betting arcades and other specialized channel’s stores.

In this context, the Group is putting on the ground all the efforts to guarantee the application of the regulatory framework and the compliance with the healthy and safety protocol, in order to prevent a new shutdown in the Retail channel.

Corporate reorganization

On July, 29 Sisal announced that have been approved the corporate reorganization activities by means of the demerger of Sisal Group S.p.A. in favour of the newly incorporated company SG2 S.p.A.

The demerger of Sisal Group is part of a wider process of corporate reorganization aimed at remodeling and rationalizing the activities of the Group headed by Sisal Group, making the activities related to the banking and payments headed by Mooney Group S.p.A. independent from the activities related to the gaming business run by Sisal.

Tender for the Fourth National Lottery Licence

Regarding the application to this Tender, initiated on last April, the Gambling Commission announced on August, 4th that the second stage of the procedure tender, originally expected for 17 September, will be extended of four additional weeks and the general procedure will be shifted ahead of six more weeks for evaluation.

The preferred applicant will be decided on February 2022 whereas the Fourth National Lottery will begin in February 2024 and, of course, this extension will allow the Group, as well as the other applicants, to further refine its Proposal to the Gambling Commission.

All the dates above are indicative and may evolve in line with market feedback and the continued national, and international, impact of COVID-19 pandemic.

Strategic Alternatives to support Growth

The Company, together with its controlling shareholder, is currently contemplating potential strategic alternatives to support its growth, including transactions in the capital market space over the medium term.