Condensed Consolidated Financial Statements

At and for the nine months period ended September 30, 2021 and 2020

Management Discussion & Analysis

Sisal profile

Sisal S.p.A., formerly Sisal Group S.p.A[1] , (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 Italian retail distribution network includes about 42.005 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 Lottery Italia Spa, formerly Sisal S.p.A[2]. 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 1.671 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.

In 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 its 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 offered through a distribution network of about 9.876 points of sale.

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.

Further information related to UK tender is included in the note 22 - "Significant events occurred after the end of period" of the Notes to the Consolidated Interim Financial Statements at and for the nine months ended September, 30th 2021.

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

In December 2019, Sisal 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 S.p.A..

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[1] On 28 July 2021 the Extraordinary Shareholders' Meeting of Sisal Group S.p.A. (the "Company") resolved to amend the name of the Company to "Sisal S.p.A.". Except for the new company name, the corporate data remained unchanged.

[2] On 28 July 2021 the Extraordinary Shareholders' Meeting of Sisal S.p.A. (the "Company") resolved to amend the name of the Company to "Sisal Lottery Italia S.p.A.". Except for the new company name, the corporate data remained unchanged.

The abovementioned demerger is part of a wider process of corporate reorganization aimed at remodeling and rationalizing the activities of the group headed by Sisal, making the activities related to the payment services sector headed by Mooney Group S.p.A. independent from the activities related to the gaming sector headed by Sisal S.p.A.

As a result of the demerger of Sisal, the 70% shareholding held in Mooney Group will be transferred to the company SG2 S.p.A., which is 100% owned by the direct parent of Sisal. As a result, Mooney Group will no longer be a subsidiary of Sisal.

The demerger process has been concluded on November, 11th 2021, with the publicity of the related deed.

For the purpose of this document, which is based on the first nine months of 2021 Gaming performance, following the segregation of the Banking & Payments business, the outstanding portion of Sisal'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 nine months 2021 that ended September 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 nine months ended September 30, 2021 and September 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'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: Italy Retail, Italy Online and International.

Below is a brief description of the three operating segments:

Italy 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.

Italy Online: 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 currently 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.

Public listing process

On October, 12th 2021 and on November 5th Sisal S.p.A. submitted to Borsa Italiana S.p.A. its two-phases application for the listing of its ordinary shares on the electronic share market (Mercato Telematico Azionario), organized and managed by Borsa Italiana S.p.A. (which, as of 25 October 2021, will be known as Euronext Milan), thus requesting Consob greenlight to the publication of the Prospectus for the admission of the related shares.

The placement will be carried out in a manner compatible with market conditions and contingent on admission to listing by Borsa Italiana S.p.A. and Consob's authorization to publish the Prospectus.

Major strategic initiatives

The Group continued to execute its strategic pillars with the aim to excel in Responsibility, to boost the Digital business growth and innovation and to expand the International business.

The sustainability is a key pillar of Sisal strategy with the aim to build a more responsible future and thus evolving sustainability approach to create long-term value. Sisal has strong commitment towards ESG performances in accordance to the "zero impact" sustainability goal (Zero problem gamblers, Zero-net carbon emissions, Zero gender pay gap), leading to the set-up of an ESG Scorecard to track the achievement of the key-ESG targets: carbon emission and paper usage reduction, renewable energy contribution, gender parity & pay-gap reduction, revenues reduction from problem gambling, auditing for suppliers and training for employees on Anticorruption, Security, Privacy, AML, Fraud, new communication campaigns on responsible gaming education as well as launching a new management incentive system based on ESG performance.

The sustainability strategy is focused on three important goals by 2030. The ambition is to be the leader in Responsible Gaming with the goal of zero problem gamblers. A new innovative responsible gaming program has been developed, shifting the approach from compliance to international standard and best practices to commitment, fully integrating responsible gaming in the business model. In the first nine months of the year Sisal executed problem gambling research on the Retail and Online customer base and reinforced the Online support for problem gamblers.

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, by promoting special volunteering initiatives throughout the employees' base in favor of the good causes.

The vision is also to be an innovative sustainable company with the goal of zero net carbon emissions by 2030. To reach the target, an increased focus and more resources have been allocated to Environmental sustainability.

Finally, the vision is to be an exemplary Employer of choice with the goal of zero gender pay gap. We have made a commitment to engage people with a safe, inclusive, and fair workplace. Gender pay gap is our main goal and we launched the gender equality certification for winning women institute.

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

Go Beyond 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 as well as to the foundation of the AI Competence Center, a new captive excellence center fostered by the Company on the digital matters.

Key Factors affecting operations in the nine months ended September 30, 2021

COVID-19 REGULATORY FRAMEWORK AND MACROECONOMIC SCENARIO

The first nine months of 2021 were 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, although the third quarter delivered a very positive performance after the gradual reopening occurred in June.

In Italy, indeed, 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 always been operational. 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 active.

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 although with some uncertainties related to the new Covid-19 variants spread-out.

A boost in the economic activity is expected till year end along with the gradual loosening of the containment measures. The rise 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 5% in 2021, 4,6% in 2022 and 2,1% in 2023, when a return to pre-pandemic levels would be seen.

The Italian Gaming market in the first nine months of 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, even though the further slow-down due to the introduction of the Green Pass starting from August, 6th.

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 €77.4bn, up 19,5% versus previous year, thanks to extraordinary Online performance that reached €49.8 bn up 47,6% compared to last year, while the Retail channel reached €27,6bn down by 11% versus 2020. The players spending (GGR) grew by 5% compared to last year, reaching €10.2 bn.

Sisal Market shares on Turnover increased from 8,6% in 2020 to 8,9% at the end of September 2021. Sisal at the of September 2021 reconfirmed its Online brand leadership on GGR with 11,7% market share.

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

- in Morocco the restrictions have mainly impacted the business 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 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, introducing the obligation of the Green Pass to access the workplace starting October 15. The recourse to the Wage Integration Fund (FIS) was also applied in the third quarter 2021.

Sisal Group's performance

The first nine 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 successful deployment of the Lottery affiliation program iii) the brilliant contribution of the business in Turkey.

GROUP'S KEY FINANCIAL HIGHLIGHT FOR THE NINE MONTHS ENDED SEPTEMBER, 30 2021 AND SEPTEMBER 30, 2020

The following table shows the key financial highlight for the nine months ended September 30, 2021 and September 30, 2020:

	Nine months ended September 30,	
(in thousand of Euro)	***2021***	***2020***
Revenue and Other Income	459,773	373,094
EBITDA (*) (**)	169,450	123,909
EBITDA Margin	36,9%	33,2%
EBIT	50,234	13,031
EBIT Margin	10,9%	3,5%
EBIT Adjusted	86,583	49,409
EBIT Adjusted Margin	18,8%	13,2%

The following table shows the reconciliation between profit(loss) for the year and EBITDA:

	Nine months ended September 30,	
(in thousand of Euro)	***2021***	***2020***
Profit (loss) for the year	103,177	(8,057)
Income taxes	(67,769)	5,503
Financial expenses	23,286	22,703
Financial income	(8,460)	(7,118)
Amortization, depreciation, impairment and impairment reversals of tangible and intangible assets	100,339	91,834
Impairment of financial assets	2,978	7,902
Non cash Items (a) (e)	6,559	446
Reorganization costs (b) (e)	1,556	4,101
Start-up developments costs (c) (e)	4,704	4,924
Covid-19 non-recurring costs (e)	791	1,332
IPO costs (e)	2,177	-
Other non-recurring costs (d) (e)	112	339
EBITDA (*) (**)	**169,450**	**123,909**
EBITDA Margin	**36.9%**	**33.2%**
Amortization, depreciation, impairment and impairment reversals of tangible and intangible assets (net of PPA surplus amortization and depreciation)	(82.867)	(74.500)
EBIT Adjusted (*) (***)	**86.583**	**49.409**
EBIT Adjusted Margin	**18,8%**	**13,2%**

The following table shows the reconciliation between profit(loss) for the year and EBIT adjusted:

	Nine months ended September 30,	
(in thousand of Euro)	***2021***	***2020***
Operating profit (loss) - EBIT	50,234	13,031
Impairment of financial assets	2,978	7,902
Amortization on PPA arising from business combinations	17,472	17,334
Non-cash items and other non-operating costs (income)	15,899	11,142
EBIT Adjusted (*)	**86,583**	**49,409**

The following table shows the net financial position and cash position and liquidity:

	As of September 30,	As of December 31,	
(in thousand of Euro)	***2021***	***2020***	***% change***
Net Financial position	149,754	202,282	-26%
Cash position and liquidity	165,218	146,605	13%

(*) EBITDA and EBIT Adjusted are not identified as an accounting measure 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 and of EBIT Adjusted are 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 adjusted for the following items: i) income taxes; ii) share of profit/(loss) of equity-accounted companies; iii) financial expense iv) financial income; v) amortization, depreciation, impairment and impairment reversal of tangible and intangible; vi) net impairment of financial assets; vii) ancillary costs for equity investments acquisitions and for new businesses start-up; viii) non-cash items; ix) income and expenses not considered as recurring, because not expected to have an impact in the future.
(***) EBIT adj. is defined as EBITDA less amortization, depreciation, impairment and impairment reversal of tangible and intangible assets (normalized for the depreciation of the surplus value arisen from business combinations).
(a) It includes: i) P&L impact of NTGN concession prepayment for nine months ending September 30, 2020 and 2021; ii) Provision for risk concerning litigation towards ADM for NTGN concession related to period ending September 30, 2021 e iii) impairment of the security deposit due to Agenzia delle Dogane e dei Monopoli or Customs and Monopolies Authority (ADM)
(b) It includes non-recurring costs for corporate reorganization process related to business combinations for Business Telco and Payments Demerger and internal reorganization process.
c) It includes non-recurring costs for start-up development costs in International Business (Turkey, Morocco, Spain and United Kingdom).
d) It includes non-recurring costs for M&A and litigations.
e) Items defined as non-cash items and other costs (income) excluded from EBITDA.

Revenue of €459.8 million, up 23.2% compared to prior year, mainly due to:

- **Italy Retail business** still affected by Covid-19 restrictions, even with different trend on the products portfolio:
    - **Lotteries** recorded a positive performance mainly thanks to volume growth and higher affiliation fees compared to 9M 2020 (1st wave restrictions started in mid-March until beginning of May, whilst in 2021 the generalist channel wasn't lock-downed), significantly underpinned by MySisal program launched on September, 2020 (#33.1K signed contracts as of September 30, 2021), only partially mitigated by the Jackpot fall on May 22 after the winning of € 156,2 million, which is recovering in the third quarter thanks to the SuperEnalotto jackpot growing trend after the May's draw.
    - **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, although the introduction of green pass from August 6th partially slowed down this recovery.

- **Italy Online 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. Market share on GGR at 11,7%, confirming once again the # 1 ranking on YTD basis.

- **International business,** despite the Covid-19 restrictions, this strategic business unit recorded a very positive performance driven by Turkey, which marked in August the best 2021 performance, breaking a new record in September. This extraordinary growth was driven by the Virtual Races performance and the Retail channel distribution network enlargement (#9.876 PoS). Morocco performance was positive too, driven by the retail network expansion, the high jackpot 's level and the positive Virtual Races performance, offsetting the delay in VLT's deployment caused by the Ho.Re.Ca. stores closed in Casablanca.

Ebitda of € 169.5 million, up from € 123.9 million recorded in the prior year.
The positive performance was mainly driven by:

- The outstanding Online performance in Italy confirmed by the market brand leadership at the end of September;
- The higher Lottery affiliation fees driven by the new MySisal program and the higher Jackpot's level;
- The incremental contribution of the business in Turkey (start-up in August 2020);
- Offsetting the lower profit contribution of the Retail business in Italy impacted by the pandemic restrictions, the introduction of the new Salva Sport betting taxation (introduced starting from May 2020) and the Gaming Machines tax increase, as well as by the opening hours limitation and distance from sensitive locations introduced by the different regional laws.

Ebit of € 50.2 million, up from € 13.0 million recorded in the prior year, benefitting from a lower bad debt provisions following the effectiveness of the credit organization in place and the new credit policy.

Net Financial Position of € 149.8 million, significantly down from € 202.3 million as of December 31, 2020, with a decrease of € 52,5 million mainly due to:

Net financial position at December 31, 2020	**202,282**
EBITDA	(169,450)
Reorganization costs	1,556
Start-up development costs	4,704
Covid-19 non-recurring costs	791
IPO costs	2,177
Other non recurring costs	112
Non-cash items	(1,823)
Increase in Capex	79,428
Change in trade working capital	2,729
Change in other assets and liabilities	(14,664)
Net interests	9,691
Net change in IFRS 16 lease liability	31,056
Amortized cost on bond and RCF	1,728
Other	(563)
Net financial position at September 30, 2021	**149,754**

Cash Position and Liquidity of €165.2 million, up from €146.6 million as of the end of December 2020, with a net increase of 18.6 million, mainly due to:

- € 173.9 million cash flow generated by operating activities
- € (80.9) million cash flow used in investing activities
- € (73.6) million cash flow provided in financing activities.

Group's results for the nine months ended September 30,2021

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

	Nine months ended September 30,				
(in thousands of Euro)	**2021**	**% of total Revenue and income**	**2020**	**% of total Revenue and income**	**% change 2021-2020**
Revenue	355,753	77.4%	285,916	76.6%	24.4%
Fixed-odds betting income	102,829	22.4%	85,857	23.0%	19.8%
Other income	1,191	0.3%	1,321	0.4%	-9.8%
Total Revenue and Other Income	**459,773**	**100.0%**	**373,094**	**100.0%**	**23.2%**
Purchases of raw materials, consumables and goods	11,554	2.5%	8,064	2.2%	43.3%
Costs for services	200,004	43.5%	170,715	45.8%	17.2%
Personnel costs	64,733	14.1%	58,485	15.7%	10.7%
Other operating expenses	29,931	6.5%	23,063	6.2%	29.8%
Impairment of financial assets	2,978	0.6%	7,902	2.1%	-62.3%
Amortization, depreciation, impairment and impairment reversals of tangible and intangible assets	100,339	21.8%	91,834	24.6%	9.3%
Operating profit (loss) – EBIT	**50,234**	**10.9%**	**13,031**	**3.5%**	**>100%**
Financial income	8,460	1.8%	7,118	1.9%	18.9%
Financial expenses	23,286	5.1%	22,703	6.1%	2.6%
Profit (loss) before income taxes	**35,408**	**7.7%**	**(2,554)**	**-0.7%**	**>100%**
Income taxes	(67,769)	-14.7%	5,503	1.5%	<-100%
Profit (loss) for the year	**103,177**	**22.4%**	**(8,057)**	**-2.2%**	**>100%**

TOTAL REVENUE AND INCOME

The following table sets forth the breakdown of the gaming revenue for the periods indicated by strategic business unit:

	Nine months ended September 30,				*Change*	
(in thousand of Euro)	***2021***	***%***	***2020***	***%***	***2021 vs 2020***	***%***
Online Italia	185,594	40.4%	96,948	26.0%	88,646	91.4%
Retail Italia	196,859	42.8%	263,567	70.6%	(66,708)	-25.3%
International	77,320	16.8%	12,579	3.4%	64,741	514.7%
Total	**459,773**	**100.0%**	**373,094**	**100.0%**	**86,679**	**23.2%**

The following table sets forth the breakdown of the gaming revenue for the periods indicated by country:

	Nine months ended September 30,				*Change*	
(in thousand of Euro)	***2021***	***%***	***2020***	***%***	***2021 vs 2020***	***%***
Italy	382,453	83.2%	360,515	96.6%	21,938	6.1%
Turkey	72,068	15.7%	9,598	2.6%	62,470	>100%
Morocco	4,919	1.1%	2,526	0.7%	2,393	94.7%
Spain	333	0.1%	455	0.1%	(122)	-26.8%
Total	**459,773**	**100.0%**	**373,094**	**100.0%**	**86,679**	**23.2%**

ITALY ONLINE

The following table sets forth for the periods indicated the breakdown of the Italy Online business by product:

	Nine months ended September 30,				Change	
(in thousand of Euro)	**2021**	**%**	**2020**	**%**	**2021 vs 2020**	**%**
Online Betting	93,866	50.6%	44,519	45.9%	49,347	110.8%
Casino	77,072	41.5%	40,379	41.7%	36,693	90.9%
Skill Games	5,816	3.1%	5,226	5.4%	590	11.3%
Lotteries & Bingo	8,840	4.8%	6,824	7.0%	2,016	29.5%
Total Italy Online	**185,594**	**100.0%**	**96,948**	**100.0%**	**88,646**	**91.4%**

Italy Online experienced a significant boost driven by the successful digitalization of the customer base, which led to an important increase of average of active customers and to an increased ARPU. The positive result was achieved thanks to the product portfolio enlargement, the new full responsive web site and the successful promotional activities implemented and CRM activities, and the shift of customers spending from retail to online.

Betting segment more than doubled the volume compared to 2020, and this despite the negative seasonality impact in July and August 2021 due to the limited sport events, offset by the lower payout. From the month of September, the product's segment benefitted from the restart of the main football leagues as well as of the overall lower taxes (due to Salva Sport market cap achieved in mid-August)

Casino, Skill Games and Lotteries & Bingo recorded a growth supported by the go-live of the first pillar of the Gamification strategy (Casino races), the roll-out of the new Casino & Slot App, as well as the enhancement of customer acquisition policies also through web portals and social network.

ITALY RETAIL

The following table sets forth for the periods indicated the breakdown of the Italy Retail business by product:

	Nine months ended September 30,				Change	
(in thousand of Euro)	**2021**	**%**	**2020**	**%**	**2021 vs 2020**	**%**
Retail betting	28,849	14.7%	71,167	27.0%	(42,318)	-59.5%
Lottery	94,878	48.2%	75,006	28.5%	19,872	26.5%
AWP	42,530	21.6%	71,890	27.3%	(29,360)	-40.8%
VLT	30,602	15.5%	45,504	17.3%	(14,902)	-32.7%
Total Italy Retail	**196,859**	**100.0%**	**263,567**	**100.0%**	**(66,708)**	**-25.3%**

The Retail business in Italy suffered the impact of the pandemic, which led to more than 5 months lockdown in 2021, while in the first 9 months of 2020 the restrictions were limited to 4 months. The restart of the retail business in Italy took place gradually from the beginning of June, with very positive signs of recovery.

At the end of September, the revenues were down compared to the same period of 2020 by 25%, delivering €196,9m.

Betting segment in the first nine months were down by 59.5% compared to last year, due to the lockdown. The gradual re-opening of the point of sales starting from June allowed to partially recover the volume lost. The segment was also impacted by the limited sports events schedule. Although in September the performance was positive with important volume recovery. Betting in the retail channel also benefitted from the market cap achieved in mid-August by the Salva Sport tax.

Lottery recorded a 26,5% growth compared to 2020 leveraging on SuperEnalotto high jackpot and benefitting from the higher affiliation fees generated by the MySisal program, launched in September last year with the aim of supporting retailers to improve the attractiveness of their store and to benefit from additional services at very competitive cost.

Gaming machines represent the product segment that have suffered the most from lockdown strongly impacting the specialized chain. AWPs were down by 33% and VLT's by 41%, further penalized by the introduction of the green pass at the beginning of August.

Besides the Covid lockdown, the AWPs' performance was also impacted in the first nine months of 2021 by lower number of machines a worsening of performance per machine, whereas the VLTs' performance, normalized by the Covid impact, was almost aligned to prior year.

INTERNATIONAL

The following table sets forth for the periods indicated the breakdown of the International business by country:

	Nine months ended September 30,				Change	
(in thousand of Euro)	***2021***	***%***	***2020***	***%***	***2021 vs 2020***	***%***
Turkey	72,068	93.2%	9,598	76.3%	62,470	650.9%
Morocco	4,919	6.4%	2,526	20.1%	2,393	94.7%
Spain	333	0.4%	455	3.6%	(122)	-26.8%
Total	**77,320**	**100.0%**	**12,579**	**3.4%**	**64,741**	**514.7%**

The International business unit benefitted from the positive performance in Turkey, mostly incremental compared to FY 2020 (start-up in August 2020), driven by the distribution network enlargement with more than 9 thousand points of sale and the growth of the online customer base with 329 thousand of monthly average active customers.

Moroccan performance in constantly improving mainly thanks to the expansion of the distribution network and the introduction of new games, that have more than offset the delay in the introduction of VLTs.

In Spain, the start of the activity was severely delayed by the measures introduced during Covid, including the advertising ban for the online business. In 2021 Spain was chosen as the "pilot" for the launch of the new proprietary online betting platform that is now in place, building the base to redefine customer relationship management and enriching the betting and casino games product offer.

COSTS

PURCHASE OF RAW MATERIALS, CONSUMABLES AND GOODS

Purchase of materials, consumables and goods amounted to € 11.6 million for the nine months ended September 30 2021 with an increase of € 3.5 million, from € 8.1 million for the nine months ended September 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 € 200.0 million for the nine months ended September 30 2021 with an increase of € 29.3 million, or 17.2%, from € 170.7 million for the nine months ended September 30 2020.
Costs for services amounted to 43.5% of total revenue for the nine months ended September 30 2021 compared to 45.8% of previous year, as a consequence of the cost optimization initiatives and Covid-19 pandemic restrictions which allowed to reduce the fees paid to the network.
The following table sets forth an analysis of costs for services:

	Nine months ended September 30,			
(in thousand of Euro)	***2021***	**% of total Revenue and income**	***2020***	**% of total Revenue and income**
Sales channel costs - gaming	98,695	21.5%	89,323	24.0%
Costs for leases	1,417	0.3%	1,433	0.4%
Commercial services	14,911	3.2%	9,353	2.5%
Consulting	14,352	3.1%	9,632	2.6%
Others services costs	70,629	15.4%	60,974	16.3%
Total cost for services	**200,004**	**43.5%**	**170,715**	**45.8%**

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

- *Sales channel costs – Gaming:* amounted to €98.7 million for the nine months ended in September 2021, with an increase of € 9.3 million, or +24%, from € 89.4 million of previous prior year, mainly due to the Turkish business in Turkey, the highest fees recognized to the retail network for fostering the online gaming accounts opening, partially offset by gaming machines network fees reduction caused by the shutdown of the specialized channel due to Covid restrictions in place till end of May. As a percentage of total revenue, sales channel gaming costs amounted to 21.5% for the nine months ended in September 2021 and 24.0% for the nine months ended in September 2020.

- Increase of the overall operating costs for € 20 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 nine months 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 € 64,7 million for the nine months ended September 30 2021 with an increase of €6.2 million, or 10.7%, from € 58.5 million for the six months ended September 30 2020. As a percentage of total revenue, Personnel costs amounted to 15.7% in 2021 and 14.1% in 2020. The average workforce, reached 2,309 at the end of September 30 2021, with an increase of 368 units from 1,941 at the end of September2020.

The cost increase is mainly related to the workforce increase and to the Group perimeter enlargement, 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 €4.7 million, a measure that the Group has activated also in the first nine months of 2021 to mitigate the impact of Covid-19 pandemic.

OTHER OPERATING EXPENSES

Other operating costs amounted to €29.9 million for the nine months ended September 30 2021 with an increase of 6.8 million for the nine months ended in September 30 2020. The increase is almost fully attributable to the additional risk provision accrual estimated for the dispute with the Agenzia delle Dogane e dei Monopoli (ADM) related to the NTNG and spending requirements for "communication and information" projects.

The increase is also due to the accrual related to bad debt provision that was reclassified in this line from the line "Amortization, depreciation, impairment and impairment reversal of tangible and intangible assets" for a better representation.

Moreover, the overall increase was also driven by the higher non-deductible VAT percentage applied in 2021 on cost for services 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, only partially mitigated by the decrease in the concession fees, mainly due to the Covid in the Retail betting and Gaming machines turnover.

As a percentage of total revenue, Other operating expenses amounted to 6.5% in 2021 and to 6.2 % in 2020.

AMORTIZATION, DEPRECIATION, IMPAIRMENT AND IMPAIRMENT REVERSAL OF TANGIBLE AND INTANGIBLE ASSET

This cost amounted to €100.3 million for the nine months ended September 30 2021 with an increase of €8.5 million for the nine months ended September 30 2020. The increase was mainly referred to the increased investment in software and licenses. As a percentage of total revenue, this item amounted to 21.8% for the nine months 2021 and 24.6% for the nine months 2020.

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

- Intangible Assets amortization for € 60.6 million mainly referred to software and concession rights;
- Tangible Assets depreciation for € 39.3 million, mostly referred to IFRS16 rights of use, gaming machines and hardware;
- Other impairment of tangible and intangible assets for € 0.5 million.

NET OPERATING PROFIT (LOSS) (EBIT)

Net operating profit (loss) (EBIT) amounted to € 50.2 million for the nine months ended September 30, 2021 going sharply upward of € 37.2 million from a net operating profit of € 13.0 million recorded for the nine months ended June 30 2020.

Net operating margin was 10.9% for the nine months 2021 compared to 3.5% for the nine months 2020.

FINANCIAL INCOME

Financial income amounted to € 8.5 million for the nine months ended September 30 2021 referred for € 7.5 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 € 1 million to interest income on bank accounts' liquidity.

FINANCIAL EXPENSES

Financial expenses amounted to € 23.3 million for the nine months ended September 30 2021 with an increase of € 0.6 million from € 22.7 million for the nine months 2020.

Financial expenses at the end of September 2021 include:

- Bond-related interests and expenses, including the quarterly reversal of the original upfront fees, for € 16.1 million;
- RCF-related interest and expenses for € 2.6 million, slightly increased in comparison with September 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 € 1.6 million;
- Interests on shareholder loan towards Sans Dijital, the Turkish JV's partner, for € 0.6 million;
- Other bank interests for € 0.6 million;
- FX rate realized and unrealized losses for about € 1.8 million.

INCOME TAXES

Income taxes amounted to € (67.8) million for the nine months ended September 30 2021 compared to € 5.5 million for the nine months ended September 30 2020.
The following table sets forth the drilldown of income taxes for the relevant periods:

	Nine months ended September 30,			
(in thousand of Euro)	***2021***	***2020***	***change***	***% change***
Current tax	6,605	6,318	287	5%
Current tax on previous period	(4,092)	(422)	(3,670)	>100%
Deferred tax	6,755	(393)	7,149	>100%
Other Deferred tax*	(86,154)	-	(86,154)	n.a.
Substitute tax*	9,117	-	9,117	n.a.
Income taxes	**(67,769)**	**5,503**	(73,272)	<-100%

*Deferred tax and substitute tax are related to alignment between book value and tax value of intangible assets (according to art. 110 of L.D. 14 August 2020)

The positive effect on this P&L line is mostly attributable, for about € 86.1 million, to the deferred tax liabilities release and deferred tax assets accrual on the expected tax benefit deriving from the application of the art. 110 of the D.L. 14 August 2020 (the so-called "August decree"), which introduced the possibility, for companies that close the financial statements according to the IAS/IFRS accounting principles, to realign the divergences between accounting and tax values related to tangible and intangible assets determined as at December, 31st 2019 and which also result from financial statements as at December, 31st 2020.
According to this new law, the elimination of the difference can be made by paying a substitutive tax with a rate of 3% (instead of the ordinary percentages of 12%, 14% or 16% provided for by art. 176 paragraph 2-ter of the TUIR for extraordinary transactions) allocated to the taxable amount corresponding to difference subject to realignment and by filling in the option in the declaration of income whose maturity is set on 30 November 2021.
This substitutive tax amounts to € 9 million and was booked as of September, 30 2021 among income taxes too.
Current income taxes 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 € 103.2 million for the nine months 2021 compared to a loss of € 8.1 million for the nine months 2020.

SEGMENT INFORMATION

The following table sets forth an analysis of segment information:

	Nine months ended September 30, 2021			
(in thousands of Euro)	*Italy Online*	*Italy Retail*	*International*	*Total operating segment*
Total Revenue and other income	185,594	196,859	77,320	459,773
EBITDA (*) (**)	109,750	43,994	15,706	169,450
EBITDA Margin	59.1%	22.3%	20.3%	36.9%

	Nine months ended September 30, 2020			
(in thousands of Euro)	*Italy Online*	*Italy Retail*	*International*	*Total operating segment*
Total Revenue and other income	96,948	263,567	12,579	373,094
EBITDA (*) (**)	54,167	73,536	(3,794)	123,909
EBITDA Margin	55.8%	27.9%	N.A.	33.2%

(*) EBITDA and EBIT Adjusted are not identified as an accounting measure 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 and of EBIT Adjusted are 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 adjusted for the following items: i) income taxes; ii) share of profit/(loss) of equity-accounted companies; iii) financial expense iv) financial income; v) amortization, depreciation, impairment and impairment reversal of tangible and intangible; vi) net impairment of financial assets; vii) ancillary costs for equity investments acquisitions and for new businesses start-up; viii) non-cash items; ix) income and expenses not considered as recurring, because not expected to have an impact in the future.

Italy Online: Online Gaming achieved outstanding results for the nine months ended September 30 2021 compared to 2020, both in terms of revenue 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 also thanks to new accounts registration process updated by OTP systems (One Time Password) thus improving the verification process and granting higher security and bonus abusing protection. In terms of EBITDA, the Online gaming segment recorded 59.1 % margin for the nine months 2021 compared to 55.8% for the same period in 2020.

Italy Retail: Retail segment for the nine months ended September 30 2021, although reflecting the strong setback due to the Covid 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 paved the way to a gradual recovery of betting and gaming machines volumes, especially for VLT's, even though the retail betting recovery suffered some online customer conversion stickiness.
As far as the profitability of this segment, an aggressive cost reduction plan and a high incidence of variable cost allowed to limit EBITDA impact due to Covid-19 lockdown. The segment recorded 22.3 % margin for the nine months 2021 compared to 27.9% for the same period in 2020.

International: the international business results for the nine months 2021 are not fully comparable to 9M 2020 because of the different reporting perimeter, which includes Turkey business started on August 1 2020, thus being mostly incremental in comparison with 2020.
The overall performance of this operating segment was very positive driven by Turkey's contribution, in spite of Covid restrictions, with distribution network expansion, the Online customer base enlargement as well as the enlargement of the product offer fostering significant cross-selling and up-selling opportunities between retail and online channel. The segment recorded 20.3 % margin for the nine months 2021.

Group Sources & Funds and Net Financial Position

The following table sets forth the breakdown of the Net Invested Capital, Liabilities and Equity as of September 30 2021 and December 31 2020:

	As of September 30,		As of December 31,	
(in thousand of Euro)	***2021***	***%***	***2020***	***%***
Net fixed assets	1,171,543	118.8%	1,131,207	120.7%
Net working capital	(185,009)	-18.8%	(193,795)	-20.7%
Net invested capital	**986,534**	**100.0%**	**937,412**	**100.0%**
Equity	836,780	84.8%	735,130	78.4%
Net financial position	149,754	15.2%	202,282	21.6%
Total Liabilities and Equity	**986,534**	**100.0%**	**937,412**	**100.0%**

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:

	Nine months ended September,30			
(in thousand of Euros)	**2021**	**2020**	***change***	***% change***
Change in inventories	(86)	(2,094)	2,008	-96%
Change in trade receivables	44,966	(17,313)	62,279	>100%
Change in trade payables	(47,609)	(5,161)	(42,448)	>100%
Cash flows from trade working capital	**(2,729)**	**(24,568)**	**21,839**	**-89%**
Change in other assets and liabilities	14,134	(24,611)	38,745	>100%
Cash flows from working capital	**11,405**	**(49,179)**	**60,584**	**>100%**

In the first nine months of 2021, the working capital generated a cash absorption of € 2.7 million, compared to a cash absorption of € 24.6 million during the first nine months of 2020.

In particular, the negative movement in trade working capital for € 2.7 million is mainly due to the combined effect of:

- cash generated by the change in trade receivables for € 45.0 million mainly related to:
  - i. decrease of € 47.6 million related to the transfer to Mooney in March 2021 of the collection service on their behalf, affecting both receivable and payables.
  - ii. increase of € 2.6 million mainly due to the reopening of Retail Network from end of May.

- cash absorption related to change in trade payables for € 47.6 million as effect of:
  - i. lower payables due to the related to the transfer to Mooney in March 2021 of the collection service on their behalf

The positive movements of the Other Assets and Liabilities items, equal to € 14.1 million, mainly include:

- € 2.4 the increase of gaming tax payables mainly due to increase of liabilities related to PREU as consequence of the reopening of Retail Network starting from June, partially offset by the decrease of NTGN subscriptions, cancelled following the launch of new product Winbox;
- € 1.2 the increase of liabilities for NTGN prizes;
- € 4.6 the increase of liabilities related to salary and bonus ;
- € 2.2 the increase of other current liabilities mainly related to security deposits and other accrued expenses and deferred income;
- € 2.1 the increase of liabilities for security deposits paid by the points of sales (guarantee of the technological equipment)
- € 1.6 the increase of other liabilities.

GROUP NET FINANCIAL POSITION

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

	As of September 30,	***As of December 31,***
(in thousand of Euro)	***2021***	***2020***
Current financial assets	(142,570)	(110,317)
Cash and cash equivalents	(165,218)	(146,605)
Long-term debt	326,407	425,416
Short-term debt	102,643	2,236
Current portion of long-term debt	28,492	31,552
Total Net Financial Position	**149,754**	**202,282**

Current financial assets are composed as follows:

- € 24.3 million represents the cash collateral provided to the Banks to issue the bank surety requested by ADM with reference to the dispute for NTNG Concession-spending requirements for "communication and information" projects. The total amount requested by ADM as spending to be allocated during the period July 1 2018 - September 30 2020 for the purposes of communication and information was €24.3 million;
- € 1.4 million represents the deposit paid for the new building;
- € 116.9 million represents the financial assets towards Mooney Group as Deferred price acquisition resulting from the demerger of Payment and Service Business at the end of 2019.

Cash and cash equivalents amounting to € 165.2 million include banks and postal accounts, as well as cash and cash equivalent in hand.

Long-term debt amounting to € 326.4 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%;
- (€ 3.5) million: upfront fees related to the bond;
- € 53.8 million: long-term portion of the IFRS16 Lease Liability.
- € 1.1 million: long-term portion of debt for M&A transactions.

Short-term debt amounting to € 102.6 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 September, 30 2021 the spread is equal to 3%, in line with previous year);
- € 0.2 million: accrued interest on the ssRCF.
- (€ 0.6) million: upfront fees related to the Super Senior Revolving Facility (ssRCF);
- € 1.7 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 2021 it has been repaid an amount equal to about € 8.4 million (TL 86.1 million), including interests;
- € 1.3 million: short-term portion of debt for M&A transactions;

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 September 30, 2021 the recorded leverage ratio allowed the maintenance of the applicable spread at 3%, which is the lowest applicable margin according to the financial agreement in place.

Current portion of long-term debt amounting to € 28.5 million is composed as follows:

- € 3.3 million: accrued interests on the bond Senior Secured Notes;
- € 22.8 million: short-term portion of the IFRS16 Lease Liability.
- € 2.4 million: short-term portion of debt for M&A transactions.

CASH FLOW

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

	Nine months ended Septmeber			
(in thousand of Euros)	**2021**	**2020**	***change***	***% change***
Cash flows from operating activities before changes in working capital	161,932	113,085	48,847	43%
Changes in working capital and other non-current asset	11,935	(48,668)	60,603	<-100%
Cash flows from operating activities	173,867	64,417	109,450	>100%
Cash flows from (used in) investment activities	(80,896)	(96,112)	15,216	-16%
Cash flows from (used in) financial activities	(73,573)	72,357	(145.930)	<-100%
Exchange rate effect on cash and cash equivalents	(785)	-	-	-
Increase/(Decrease) in cash and cash equivalents	**18,613**	**40,662**	**(22.048)**	**-54%**
Net cash at the beginning of the period	**146,605**	**102,466**	**44.139**	**43%**
Net cash at the end of the period	**165,218**	**143,128**	**22.090**	**15%**

Cash provided by operating activities amounted to € 173.9 million for the nine months ended September 30, 2021, compared to cash provided of € 64.4 million recorded during the nine months ended September 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 €80.9 million for the nine months 2021 compared to €96.1 million for the nine months 2020. The investing activities are related to:

- € 36.8 million investments for property, plant and equipment, mostly related to equipment for NTNG required by the new concession
- € 42.6 million investments for intangible assets, mostly related to new software, software developments and new licenses;
- € 1.5 million to the payment of liabilities for M&A transactions.

Cash flows used by financing activities amounted to €73.6 million for the nine months 2021 compared to cash provided of €72.4 million for the nine months 2020. The cash flows related to financing activities includes:

- net interest paid for € 23.3 million related to bond Senior Secured Notes, Super Senior Revolving Facility (ssRCF) and shareholder loan;
- repayment of the Turkish shareholder loan for € 7.4 million in force of the deed of amendment described above;
- payment of lease liabilities for € 19.0 million;
- collection of other financial assets for € 0.4 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 September 30, 2021 and at December 31, 2020:

	As of September 30,	*As of December 31,*
(in thousand of Euro)	***2021***	***2020***
Senior revolving Facility	100,136	100,867
Senior Secured notes	278,262	283,181
Overdraft senior revolving facility	123	-
Financial payables due to shareholders	1,685	10,662
Other financial liabilities [(1)]	76,623	63,050
Total external financial liabilities	**456,829**	**457,760**

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

	As of September 30,	*As of December 31,*
(in thousand of Euro)	***2021***	***2020***
Unrestricted cash [(4)]	165,218	146,605
SISAL GROUP net senior secured debt [(5)]	213,180	237,443

[(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 Financial Statements

Consolidated Financial Statements

CONSOLIDATED INCOME STATEMENT

		Nine months ended September 30,				Three months ended September 30,	
(in thousands of Euro)	Notes	2021	Related parties	2020	Related Parties	2021	2020
Revenue	9	355,753	8,843	285,916	3,582	161,275	127,309
Fixed-odds betting income	10	102,829		85,857		34,768	36,480
Other income		1,191		1,321		94	393
Total Revenue and Other Income		**459,773**		**373,094**		**196,137**	**164,181**
Purchases of raw materials, consumables and goods		11,554	35	8,064	80	4,228	3,878
Costs for services		200,004	4,262	170,715	1,803	91,727	76,550
Personnel costs		64,733	2,645	58,485	2,366	25,672	21,106
Other operating expenses		29,931		23,063	50	15,328	8,940
Impairment of financial assets		2,978		7,902		444	
Amortization, depreciation, impairment and impairment reversals of tangible and intangible assets		100,339		91,834		34,956	33,511
Operating profit (loss) - EBIT		**50,234**		**13,031**		**24,227**	**20,196**
Financial income	11	8,460	7,453	7,118	6,850	3,024	2,533
Financial expenses	12	23,286	644	22,703	586	7,043	9,180
Profit (loss) before income taxes		**35,408**		**(2,554)**		**20,208**	**13,549**
Income taxes		(67,769)		5,503		(68,847)	6,577
Profit (loss) for the year		**103,177**		**(8,057)**		**89,056**	**6,972**
Attributable to non-controlling interests		4,532		(2,637)		2,590	(984)
Profit (loss) for the year attributable to the Group		**98,645**		**(5,420)**		**86,466**	**7,956**

OTHER COMPREHENSIVE INCOME

Profit (loss) for the year	**103,177**	**(8,057)**	**89,056**	**6,972**
Other comprehensive income				
Actuarial gains (losses) on defined benefit plans for employee	49	-	49	-
Tax impact	(12)	-	(12)	-
Other income components not to be reclassified subsequently to the income statement	37	-	37	-
Change in currency translation reserve	(1,563)	(472)	(831)	262
Other income components to be reclassified subsequently to the income statement	**(1,563)**	**(472)**	**(831)**	**262**
Comprehensive result for the year	**101,651**	**(8,529)**	**87,819**	**7,234**
Attributable to non-controlling interests	3,909	(2,122)	3,447	(511)
Comprehensive result for the year attributable to the Group	**97,742**	**(6,407)**	**84,372**	**7,745**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	Notes	2021	Related parties	2020	Related parties
Non-current assets					
Property, plant and equipment	13	193,501		181,937	
Goodwill	14	260,974		260,974	
Intangible assets	13	400,818		418,941	
Equity investments		150,076		150,076	
Other non current assets		336,771	116,900	350,403	109,450
Total non-current assets		**1,342,140**		**1,362,331**	
Current assets					
Inventories		7,598		7,900	
Trade receivables		26,920	312	75,078	2,264
Tax receivables		53		51	
Other current assets		84,200	751	44,232	1,856
Restricted cash and cash equivalents	15	182,225		179,389	
Cash and cash equivalents	16	165,218		146,605	
Total current assets		**466,214**		**453,255**	
Total assets		**1,808,354**		**1,815,588**	
Equity					
Share capital	17	102,500		102,500	
Reserves		627,829		637,298	
Net result attributable to the group		98,645		(8,568)	
Total equity attributable to the group		**828,974**		**731,230**	
Equity attributable to non-controlling interests		7,806		3,900	
Total Equity		**836,780**		**735,130**	
Non-current liabilities					
Non current financial liabilities		326,407		425,416	10,662
Employee benefit obligations		7,001	122	6,931	121
Provisions for risks and charges	19	33,265		26,714	
Deferred tax liabilities		3,456		83,181	
Other non-current liabilities		9,975		4,850	
Total non-current liabilities		**380,104**		**547,092**	
Current liabilities					
Trade payables and other payables		89,422	479	149,602	48,207
Current financial liabilities		131,135	1,685	33,788	
Tax payables		20,175		17,679	
Other current liabilities		350,738	7,315	332,297	4,997
Total current liabilities		**591,470**		**533,366**	
Total equity and liabilities		**1,808,354**		**1,815,588**	

CONSOLIDATED STATEMENT OF CASH FLOW

	for the nine months ended September, 30	
(in thousands of Euros)	**2021**	**2020**
Profit (loss) before taxes	**35.408**	**(2.554)**
Amortization/depreciation	99.889	91.922
Writedowns of receivables included in current assets	2.978	7.902
Accruals to provisions for risks and charges, post-employment and other employee benefits and other non-cash items	8.831	230
Financial (income)/expenses	14.826	15.585
Cash flows from operating activities before changes in working capital	**161.932**	**113.085**
Change in trade receivables	44.966	(17.313)
Change in inventories	(86)	(2.094)
Change in trade payables	(47.609)	(5.161)
Change in other assets and liabilities	14.134	(24.611)
Change in other non-current assets	530	511
Cash flows from operating activities (A)	**173.867**	**64.417**
Investments in intangible assets	(42.655)	(39.954)
Investments in property, plant and equipment	(36.773)	(50.399)
Investments in non-current financial assets	-	(3)
Deferred purchase consideration for acquisition of subsidiaries and business units	(1.468)	(5.756)
Cash flows from (used in) investment activities (B)	**(80.896)**	**(96.112)**
Establishment of medium/long-term loans	-	8.291
Cash collateral and other deposit	(24.288)	-
Repayment of loans	(7.408)	-
Collection of financial receivables	434	-
Leasing reimbursement	(19.038)	(16.175)
Establishment/repayment of revolving credit lines	50	90.751
Capital increases attributable to the Group	-	3.692
Net interest paid	(23.323)	(14.202)
Cash flows from(used in) financial activities (C)	**(73.573)**	**72.357**
Exchange rate effect on cash and cash equivalent	**(785)**	**-**
Net increase/ (decrease) in cash and cash equivalents (A+B+C+D)	**18.613**	**40.662**
Cash and cash equivalents at beginning of the year	**146.605**	**102.466**
Cash and cash equivalents at the end of the year	**165.218**	**143.128**

CONSOLIDATED STATEMENT OF CHANGE 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		-	-	-	-	-	-	3,692	**3,692**
Allocation of prior year net result		-	19,282	-	258,365	(277,647)	-	-	-
Comprehensive result for the year		-	-	-	(987)	(5,420)	**(6,407)**	(2,122)	**(8,529)**
Equity at September 30,2020		**102,500**	**19,482**	**94,484**	**523,602**	**(5,420)**	**734,648**	**2,326**	**736,974**
Equity at December 31,2020		**102,500**	**19,482**	**94,484**	**523,335**	**(8,568)**	**731,233**	**3,897**	**735,130**
Allocation of prior year net result		-	-	-	(8,568)	8,568	-	-	-
Comprehensive result for the year		-	-	-	(903)	98,645	**97,742**	3,909	**101,650**
Equity at September 30,2021		**102,500**	**19,482**	**94,484**	**513,863**	**98,645**	**828,974**	**7,806**	**836,780**

Notes to the consolidated interim financial statements at and for the nine months ended September 30, 2021

1. General Information

Sisal 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

In December 2019, Sisal 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 S.p.A..

The abovementioned demerger is part of a wider process of corporate reorganization aimed at remodeling and rationalizing the activities of the group headed by Sisal, making the activities related to the payment services sector headed by Mooney Group S.p.A. independent from the activities related to the gaming sector headed by Sisal S.p.A.

As a result of the demerger of Sisal, the 70% shareholding held by Sisal in Mooney Group will be transferred to the company SG2 S.p.A., which is 100% owned by the direct parent of Sisal. As a result, Mooney Group will no longer be a subsidiary of Sisal.

The demerger process has been concluded on November, 11th 2021, with the publicity of the related deed.

CRITERIA APPLIED FOR THE SPECIAL PURPOSE FINANCIAL STATEMENT 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 nine months ended September, 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 November 24th, 2021.

3. Going concern

During the nine months ended September 30, 2021 the Group recorded a net profit equal to € 103,177 thousand (net loss for € 8,057 thousand for the nine months ended September 30, 2020); at September 30, 2021 the consolidated equity was equal to € 836,779 thousand (€ 735,130 thousand at December 31, 2020) and the net financial position was equal to € 149,754 thousand (€ 202,282 thousand at December 31, 2020).

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

(In thousands of Euros)	As of September 30, 2021	%	As of December 31, 2020	%
Long term debt	326,407		415,403	
Short-term debt and current portion of long-term debt	129,450		33,140	
Funding from third parties	**455,857**	**35%**	**448,543**	**38%**
Shareholder Loan	1,685		10,662	
Funding from sole shareholder	**1,685**	**0%**	**10,662**	**1%**
Total Equity	**836,779**	**65%**	**735,130**	**62%**
Total debt and equity	**1,294,321**	**100%**	**1,194,334**	**100%**

The first nine months of 2021 were 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, although the third quarter delivered a very positive performance after the gradual reopening occurred in June.

In Italy, indeed, 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 been operational. 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 active.

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 although with some uncertainties related to the new Covid-19 variants spread-out.

A boost in the economic activity is expected till year end 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 5% in 2021, 4,6% in 2022 and 2,1% in 2023, when a return to pre-pandemic levels would be seen.

The Italian Gaming market in the first nine months of 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, even though the further slow-down due to the introduction of the Green Pass starting from August, 6th.

All the activities carried out at arcades and betting shops were actually 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 €77.4 bn, up 19.5% versus previous year, thanks to extraordinary Online performance at €49.8 bn up 47.6% compared to last year, while the Retail channel landed at €27.6bn down by 11% versus 2020. The players spending (GGR) grew by 5% compared to last year, reaching €10.2 bn.

Sisal Market shares on Turnover increased from 8,6% in 2020 to 8,9% at the end of September 2021. Sisal at the of September 2021 reconfirmed its Online brand leadership on GGR with 11,7% market share.

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

- in Morocco the restrictions have mainly impacted the business 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 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, introducing the obligation of the Green Pass to access the workplace starting October 15. The recourse to the Wage Integration Fund (FIS) was also applied in the third quarter 2021.

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 and with the exception of the Equity investment on Mooney Group S.p.A. which is accounted for at cost

CRITERIA STANDARD, AMENDMENTS AND INTERPRATION APPLICABLE AS OF JANUARY 2021

Below is a list of other new standards, interpretations and amendments applicable as of 1 January 2021 with no significant impacts on the consolidated financial statements as at 30 September 2021:

- Amendments to IFRS 4 “Insurance Contracts”
- Amendments to the amendment to IFRS16 “Leases”: Covid-19- Related Rent Concessions
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (issued on 27 August 2020)

ACCOUNTING CRITERIA STANDARD, AMENDMENTS AND INTERPRATION APPLICABLE AS OF JANUARY 2021

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
Amendments to IAS 12 “Income taxes”	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 September 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 on September 2022. At September 30, 2021 these facilities were partially drawn down for a total of € 100 million;

7. 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 September 30, 2021 and at December 31, 2020 does not includes assets or liabilities measured with the fair value method.

8. Operating segment reporting

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:

Italy 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.

Italy Online : 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.

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

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

	Nine months ended September 30, 2021			
(in thousands of Euros)	*Italy Online*	*Italy Retail*	*International*	*Total operating segment*
Total Revenue and other income	185,594	196,859	77,320	459,773
EBITDA (*) (**)	109,750	43,994	15,706	169,450
EBITDA Margin	59.1%	22.3%	20.3%	36.9%

	Three months ended September 30, 2021			
(in thousands of Euros)	*Italy Online*	*Italy Retail*	*International*	*Total operating segment*
Total Revenue and other income	52,026	114,117	29,994	196,137
EBITDA (*) (**)	28,556	33,708	7,750	70,013
EBITDA Margin	54.9%	29.5%	25.8%	35.7%

	Nine months ended September 30, 2020			
(in thousands of Euros)	*Italy Online*	*Italy Retail*	*International*	*Total operating segment*
Total Revenue and other income	96,948	263,567	12,579	373,094
EBITDA (*) (**)	54,167	73,536	(3,794)	123,909
EBITDA Margin	55.8%	27.9%	N.A.	33.2%

	Three months ended September 30, 2020			
(in thousands of Euros)	*Italy Online*	*Italy Retail*	*International*	*Total operating segment*
Total Revenue and other income	33,555	119,828	10,797	164,181
EBITDA (*) (**)	18,914	38,111	207	57,233
EBITDA Margin	56.4%	31.8%	1.9%	34.9%

9. Revenue

The following table sets forth an analysis of Revenue:

	Nine months ended September 30,		Three months ended September 30,	
(in thousands of Euro)	**2021**	**2020**	**2021**	**2020**
Gaming and Betting Revenue	299,383	234,654	141,806	110,792
Revenue from point of sales	53,220	45,568	17,622	15,057
Revenue from third parties	1,723	2,112	1,574	499
Revenue from Mooney Group	1,427	3,582	274	959
Total Revenue	**355,753**	**285,916**	**161,275**	**127,309**

10. Fixed odds betting income

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

	Nine months ended September 30,		Three months ended September 30,	
(in thousands of Euro)	**2021**	**2020**	**2021**	**2020**
Fixed-odds betting income	100,158	83,845	33,453	35,574
Fixed-odds horse race betting income	2,671	1,984	1,315	906
Reference horse race betting income	-	28	-	-
Total Fixed-odds betting income	**102,829**	**85,857**	**34,768**	**36,480**

11. Finance income and similar

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

	Nine months ended September 30,		Three months ended September 30,	
(in thousands of Euro)	**2021**	**2020**	**2021**	**2020**
Financial income on bank account	989	78	509	44
Other financial income	18	190	5	190
Financial income towards Mooney Group	7,453	6,850	2,510	2,300
Total financial income	**8,460**	**7,118**	**3,024**	**2,533**

12. Finance expense and similar

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

	Nine months ended September 30,		Three months ended September 30,	
(in thousands of Euro)	**2021**	**2020**	**2021**	**2020**
Interests expenses and other financial expenses	21,546	19,978	7,447	7,104
Realized exchange (gain) losses	2,909	477	1,884	341
Unrealized exchange (gain) losses	(1,169)	2,248	(2,288)	1,735
Totale	**23,286**	**22,703**	**7,043**	**9,180**

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 Euros)	**PPE**	**Other intangible assets**
Opening net book amount as at January 1, 2020	181,937	418,941
Increases	53,734	42,655
Depreciation, amortization and impairment	(39,321)	(60,568)
Disposals	-	-
Reclass/Other	(450)	-
Exchange rate effect	(2,399)	(210)
Closing net book amount as at September 30,2021	**193,501**	**400,818**

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 September 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 September 30, 2021 and December 31, 2020 are as follows:

(in thousands of Euros)	**As of September 30, 2021**	**As of December 31, 2020**
Bank and postal accounts	157,669	142,658
Cash and cash equivalents in hand	7,549	3,947
Total	**165,218**	**146,605**

17. Share capital

At September 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 S.p.A., and it is unchanged compared to December 31, 2020.

18. Borrowings and loans

The table sets forth the Group Net Financial Provision as of September 30,2021 and December 31, 2020, according to CONSOB communication DEM/6064293 of July 28, 2006 and compliant with ESMA recommendations 32-382-1138 of March 4, 2021 "NFP ESMA".

(in thousands of Euro)	**As of September 30, 2021**	**As of December 31, 2020**
A. Cash and cash equivalent	(165,218)	(146,605)
C. Other Financial Assets	(25,670)	(867)
D. Total cash and other financial assets (A + B + C)	**(190,888)**	**(147,472)**
E. Short term debt	102,643	2,236
F. Short term portion of long term debt	28,492	31,552
G. Total short term debt (E + F)	**131,135**	**33,788**
H. Short term financial position (G+D)	**(59,753)**	**(113,684)**
I. Long term debt	54,899	156,201
J. Net value of BOND	271,508	269,215
K. Trade payables and other long term debts	6,937	4,850
L. Total long term debt (I + J + K)	**333,344**	**430,266**
M. Net financial position (H + L)	**273,591**	**316,582**

The reconciliation between NFP ESMA and Sisal Group Net financial position is detailed below:

(in thousands of Euro)	**As of September 30, 2021**	**As of December 31, 2020**
Net financial position – ESMA	273,591	316,582
Financial assets towards Mooney Group	(116,900)	(109,450)
Trade payables and other long term debts	(6,937)	(4,850)
Net financial position - Sisal	**149,754**	**202,282**

At September 30, 2021, the market price of the senior secured notes was a total of €275.8 million compared to a face total value of € 275 million.

19. Provisions for risks and charges

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

(in thousands of Euro)	***Provision for risk***
As of December 31,2020	**26,714**
Increase	7,630
Decrease	(764)
Release	(285)
Exchange rate effect	(29)
As of September 30,2021	**33,265**

20. Related party transactions

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

As of September 30, 2021	***Revenue and other income***	***Purchases of raw materials, consumables and goods***	***Costs for services***	***Personnel costs***	***Financial income***	***Financial expenses***
Mooney Group S.p.A.	*1,428*	*-*	*39*	*-*	*7,453*	*-*
Demiroren - Sans Dijital	*7,412*	*-*	*3,474*	*-*	*-*	*644*
Board members and key managers	*-*	*-*	*691*	*2,645*	*-*	*-*
Other related parties	*3*	*35*	*58*	*-*	*-*	*-*
Total related parties	***8,843***	***35***	***4,262***	***2,645***	***7,453***	***644***
Total P&L account	*355,753*	*11,554*	*200,004*	*64,733*	*8,460*	*23,286*
% on P&L	*2%*	*0%*	*2%*	*4%*	*88%*	*3%*

As of September 30, 2021	***Trade receivables***	***Other current assets***	***Other non current assets***	***Trade payable and other payable***	***Employee benefit obligations***	***Non-current financial liabilities***	***Current financial liabilities***	***Other current liabilities***
Mooney Group S.p.A.	*312*	*751*	*116,900*	*88*	*-*	*-*	*-*	*5,352*
Demiroren - Sans Dijital	*-*	*-*	*-*	*358*	*-*	*-*	1,685	*-*
Board members and key managers	*-*	*-*	*-*	*-*	*122*	*-*	*-*	*1,963*
Other related parties	*-*	*-*	*-*	*33*	*-*	*-*	*-*	*-*
Total related parties	***312***	***751***	***116,900***	***479***	***122***	***-***	***1,685***	***7,315***
Total BS account	*26,920*	*84,200*	*336,772*	*89,422*	*7,001*	*326,407*	*131,135*	*350,738*
% on P&L	*1%*	*1%*	*35%*	*1%*	*2%*	*0%*	*1%*	*2%*

Below the detail of related party transactions: as of September 30,2020, and December 31, 2020:

As of September 30, 2020	***Revenue and other income***	***Purchases of raw materials, consumables and goods***	***Costs for services***	***Personnel costs***	***Other operating expenses***	***Financial income***	***Financial expenses***
Mooney Group S.p.A.	*3,582*	-	*390*	-	-	6,850	-
Demiroren - Sans Dijital	-	-	-	-	-	-	586
Board members and key managers	-	-	*1,320*	2,366	-	-	-
Other related parties	-	80	93	-	50	-	-
Total related parties	***3,582***	***80***	***1,803***	***2,366***	***50***	***6,850***	***586***
Total P&L account	*285,916*	*8,064*	*170,715*	*58,485*	*23,063*	*7,118*	*22,703*
% on P&L	*1%*	*1%*	*1%*	*4%*	*0%*	*96%*	*3%*

As of December 31, 2020	***Trade receivables***	***Other current assets***	***Other non current assets***	***Trade payable and other payable***	***Employee benefit obligations***	***Non-current financial liabilities***	***Current financial liabilities***	***Other current liabilities***
Mooney Group S.p.A.	*2,262*	*1,856*	*109,450*	*48,158*	-	-	-	*3,265*
Demiroren - Sans Dijital	-	-	-		-	*10,662*	-	*0*
Board members and key managers	-	-	-	-	*121*	-	-	*1,717*
Other related parties	*2*	-	-	*49*	-	-	-	*15*
Total related parties	***2,264***	***1,856***	***109,450***	***48,207***	***121***	***10,662***	***-***	***4,997***
Total BS account	*75,078*	*44,232*	*350,404*	*149,602*	*6,931*	*425,416*	*33,788*	*332,297*
% on P&L	*3%*	*4%*	*31%*	*32%*	*2%*	*3%*	*0%*	*2%*

21. Commitments

The Condensed Consolidated Interim Financial Statements include capital expenditure commitments for approximately € 16.2 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

On October 8, 2021, due to the extension of the Covid-19 state of emergency until December, 31st 2021, the Customs and Monopolies Authority (ADM or Agenzia delle Dogane e dei Monopoli) announced that Concessions for gaming and betting on physical channel will be extended until March 31, 2022.

PERFORMANCE SHARES PLAN 2022-2024

On November 5, 2021 the board of Directors of Sisal approved the new “Performance shares plan 2022-2024”. The fully implementation of new plan is subordinated to the start of negotiations on Euronext exchange market of BORSA ITALIANA S.p.A. This new plan will replace the currently applicable incentives plans.

FINANCING

On October 2021 Sisal subscribed commitment documents with some primary Banks in order to obtain in the future the financial resources for a renegotiation of actual debt financial position. These commitment documents will be in force until May 31, 2022.

UK 4NL CALL FOR TENDERS

With regard to the tender procedure launched by the UK Gambling Commission, concerning the award of the license called "Fourth National Lottery License", in which the Company took part through the subsidiary Sisal Lottery Italia and the indirect subsidiary Sisal Lottery Ltd, with a note dated August 2021 the Commission communicated a change in the overall timing of the tender. In particular, the assignment to the current licensee of the Third License has been extended by 6 months, with expiry date scheduled for January 31, 2024. Consequently, the start of the Fourth License is scheduled for February 1, 2024.

On October 15, 2021, the offer relating to Phase Two - as well as the final phase - of the tender was therefore presented, and its award date was postponed to March 2022.

In the aforementioned context some financial institutions have undertaken, through the signing of some committed documents subordinated to the assignment of the 4NL License, to provide the Group with the financial resources necessary for the completion of the Transaction.

MALTA CALL FOR TENDERS

The Board of Directors of Sisal Lottery Italia, with resolution of 8 September 2021, approved the participation in the procedure called by the Privatization Unit of the Government of Malta for the granting of the Concession for the management of the National Lottery of Malta, whose request for investment was presented on 8 October 2021 in partnership with a joint venture agreement, pursuant to Maltese legislation, signed with partners selected on the basis of their knowledge of the underlying technology of the gaming business and of the reference market.

The tender has been awarded on Nov 16 2021 to National Lottery plc. Proposals for the new national lottery license were opened on October 8 after which technical and financial advisory boards were appointed to analyze the technical and financial aspects of each bid. The financial offers were opened on Nov 15 with the preferred proponent being chosen on the basis of making the highest offer. National Lottery plc's offer was for €105m, substantially above our proposal. The duration of the Concession Agreement is 10 years from the date of signing and the start is set for 5 July 2022.

INTRALOT CLAIM

Regarding this claim, for which reference is made to the information disclosed in the FY 2020 Group Annual Report, the ICC Arbitration Chamber of Geneva has filed on November, 3rd the award related to the arbitration in place with Intralot, rejecting all the requests made by the counterparty.

DISPUTES-NTNG CONCESSION SPENDING REQUIREMENTS FOR "COMUNICATION AND INFORMATION" PROJECTS

With reference to this dispute, on February 11th 2021, the presiding judge of the TAR granted a suspension until the hearing set for March, 17th 2021. At that time the precautionary suspension was confirmed and the hearing on the merits was set for November 17th 2021. At this date, the hearing was held but the outcome of the judgment is not yet known and it will be necessary to await the sentence.

DEMERGER

On November 11th the demerger deed of Sisal S.p.A. was registered at the Public Business Register thus giving legal effectiveness to the separation of the Gaming business from the Payments & Telco business.

Sisal