



# **Condensed Consolidated Financial Statements**

**At and for the three months period  
ended March 31, 2022 and 2021**

# **Management Discussion & Analysis**

## Sisal profile

Sisal S.p.A., formerly Sisal Group S.p.A., (hereafter the “Group”, the “Company” or “Sisal”) is a leading B2C company, with more than 75 years of history, fully diversified in the regulated gaming market in Italy, with a wide retail network. In the recent years 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 S.p.A., formerly Sisal S.p.A. 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.

## Main events of the period

### Flutter Acquisition and Integration process

On 23 December 2021, Flutter Entertainment, the largest online betting group in the world, announced it had acquired 100% of Sisal from the CVC Capital Partners Fund, for a total price of 1.62 billion British pounds (around € 1.913 billion). Consequently, during the first quarter 2022 the relevant procedures to obtain the necessary regulatory authorizations from the ADM in Italy and the corresponding authorities in Turkey (TWF) and Morocco (SGLN) begun, as well as with regards to antitrust regulations; so far all these authorizations were achieved with the only exception of the Antitrust whose approval is currently still pending.

The Group doesn’t foresee significant impacts on the organizational structure, given the strategic rationale of the Acquisition aimed at enhancing the leadership position in the Online gaming market as well as fostering the enlargement of the business perimeter to the Lotteries product division. Moreover, the expected and potential savings are quite limited and mainly related to the centralization of certain key strategic suppliers with regard to the online gaming platforms.

### Foreign Tenders

#### Tunisia

Through its subsidiary Sisal Lottery Italia S.p.A., on 17 February 2022 the Group presented its candidacy to participate in the tender issued by the public Tunisian company Promosport, to award the concession to finance, realize, manage and maintain a multichannel solution (with gaming accepted both through a physical point of sales network and an online channel) for fixed odd sporting event bets, virtual race bets, instantaneous lotteries known as “scratch and win”, the lotto and other extraction games (lotteries) and online

games, issued with the notice of indication of interest 01/2019 of 5 December 2019 and subsequently suspended due to the Covid emergency. After the tender is awarded the winner will begin the process of finalizing the concession contract with Promosport.

## Morocco

During the first quarter the Company started the application to the tender issued by MDJS (Marocaine des Jeux et des Sports), which manages the Moroccan national lottery and holds the monopoly on organizing and operating betting on all sporting events throughout the country, with the exception of horse and dog racing, to award management of sporting event and virtual race betting in Morocco to a specialized operator. Therefore, the Company will present its request to participate to MDJS, based on the terms and conditions contained in the Tender Regulation, also in joint venture with another operator, acquiring and providing all the required guarantees and undertaking all the necessary commitments, including the obligations established for being selected as the winner upon completion of the tender procedure, expected to occur in June 2022.

## UK- Fourth National Lottery Tender

As is known, the Company participated in the tender for the concession for the National Lottery issued by the Gambling Commission, to assign the "Fourth National Lottery Licence", to manage gaming products in the national lottery category within the United Kingdom, including the Isle of Man. On 15 March 2022, the Gambling Commission announced that the provisional concession had been awarded to Allwyn Entertainment Ltd. Following the appeal lodged by Camelot on 31 March 2022, the Gambling Commission acknowledged the suspensive effect of the appeal, which may or may not be maintained depending on the evolution of the litigation.

## Establishment of foreign subsidiaries

Continuing the growth strategy begun by the Group in the IT area, which includes internationalization and near-shoring initiatives, with the purpose of increasing its overall capacity to develop software to support the growth of the Group's business and at the same time reduce overall costs, on 14 February 2022 was established a new Turkish subsidiary, Sisal Technology Yazilim Anonim Sirketi, with registered offices in Istanbul.

## Russia/Ukraine conflict

The current geopolitical situation linked to the Russia/Ukraine conflict, which began on February 24, 2022, and the consequent restrictive measures imposed by the European Union and other countries, are creating global economic uncertainties. Sisal has decided to suspend all betting, both through physical and online channels, regarding sporting events which occur in Russia and Belarus. Given the nature of the business and the limited exposure to the Russian and Ukrainian markets, as well as the respective currencies, the directors do not expect any significant financial and operational impacts.

# Business Areas

After the huge reorganization process which led on November 2021 to the final demerger of the Payments & Telco Business from the Gaming one, thus completing the segregation of the two businesses, the Group's organizational and reporting structure is organized around three operating segments (Online Italy, Retail Italy and International), with three product divisions (Lottery, Betting, Gaming Machines & Online Casino).

Below is a brief description of the three operating segments:

**Italy Online:** this strategic business unit is responsible for developing and managing online business in Italy, through the Group's portals and mobile applications. It handles online processes, services and sales activities for betting products (sporting events, horse racing and simulated events), lotteries (both national totalizator games and games related to the Lotto and Gratta & Vinci- scratch and win- concession), bingo, casino games (table games such as roulette and blackjack, as well as online slots and instant games), poker and other traditional Italian card games. It is also responsible for managing relations with end consumers, during the various stages of customer acquisition, managing and enhancing acquired customers, consumer assistance and promotion of responsible and sustainable gaming. Finally, it is responsible for guaranteeing online business is in compliance both with the requirements of the concession for remote gaming and current regulations (anti-money laundering, GDPR, etc.)

**Italy Retail:** this strategic business unit develops and manages business on the Italian physical market. It manages the processes, services and sales and distribution activities for the end consumer for all the Group's products: lotteries, betting and entertainment equipment (ADI). It is also responsible for the connection with the central Amusement With Prize (AWP) equipment system held by third party managers (Providing activities), management of owned AWP equipment connected to the digital network of other concessionaires (Management activities) and sales of gaming software and AWP cabinets.

**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 including the gaming machines.

## Major strategic initiatives

The Group continued to execute its strategic pillars with the aim to be at the forefront in Responsibility, to boost the Digital business growth and innovation and to expand the international business.

In particular the major strategic initiatives will be focused on (i) Responsible Gaming pursuing a significant reduction of the incidence of the problematic gamblers; (ii) the development of the Omnichannel Customer Value Management; (iii) the Winbox launch investments boost; (iv) the development of new functionalities related to the Tipster platform; (v) the broadening of the PoS network falling under MySisal contractual agreement; (vi) the development plan for the Turkish Online business underpinned by the expansion of the customer base and of the active players; (vii) the operational effectiveness through new *Nearshoring* projects such as the Turkish Hub on top of the already existing Albanian one; (viii) the participation to the foreign tenders in Morocco and Tunisia.

## Key Factors affecting operations in the three months ended March 31, 2022

### COVID-19 REGULATORY FRAMEWORK AND MACROECONOMIC SCENARIO

The first three months of 2022 were not significantly affected by the Covid-19 pandemic, which heavily influenced gaming market evolution and the Group's business results during fiscal year 2021.

In Italy, since January 10, 2022 operators are subject to regulations on the Super Green Pass, the certificate issued by the relevant office of the Ministry of Health indicating vaccination or recovery from infection.

With the legislative decree dated March, 24th 2022 the state of emergency declared by the Italian Government on January 31st 2020 finally ceased as of March, 31st 2022 and a gradual loosening of the containment measures is occurring starting from April 1st onwards.

The overall macroeconomic situation of the Gaming market is getting better and the progressive recovery is expected back to pre-pandemic levels.

Based on these assumptions, the Italian GDP is currently expected to be around 2,3% in 2022 (source World Economic Outlook of the International Monetary Fund).

Since there were no closures imposed by the local governments during the first three months of 2022, the Market Turnover reached €33.4bn, up 40,4% versus previous year. These results were mainly driven by the recovery of the Retail market after the pandemic negative impact in 2021 and by the Online market positive performance, while the International performance has been penalized by the negative exchange rate impact in Turkey.

Sisal Market shares on Turnover increased up to 10,2% in the first quarter 2022. Sisal, as of March 2022, also reconfirmed its Online brand leadership on GGR with 11,8% market share.

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

- in Morocco no significant restrictions have been imposed by the local government,
- in Turkey no more strict restrictions imposed by the Government compared to past year. Restrictive measures have been taken at individual level, not as general restrictions. Indeed, no closure has been imposed during the first three months of fiscal year 2022.

Notwithstanding this improving context, the Group continued to be focused on measures aimed at protecting the health of its employees and to minimize business impact, continuing to invest in 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.

# Sisal Group's performance

The first three months of 2022 recorded a positive financial performance, compared to March 31, 2021 results that were affected by the Covid-19 restrictions especially impacting the Retail Business. The positive results achieved are mainly driven by both Online Italy and Retail Italy performance whereas with regard to the International segment the Turkish business was negatively impacted by the unfavorable FX rate trend recorded by the Turkish lira during the first quarter.

## GROUP'S KEY FINANCIAL HIGHLIGHT FOR THE THREE MONTHS ENDED MARCH, 31 2022 AND MARCH 31, 2021

The following table shows the key financial highlights for the three months ended March 31, 2022 and March 31, 2021:

(in thousand of Euro)	Three months ended March 31,			
	2022	2021	change	% change
Revenue and other income	205,752	127,002	78,750	62%
EBITDA (*) (**)	76,544	51,512	25,032	49%
EBITDA margin	37%	41%		
EBIT	36,306	15,764	20,542	>100%
EBIT margin	18%	12%		
EBIT adjusted	50,543	25,718	24,825	97%
EBIT adjusted margin	25%	20%		

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

(in thousand of Euro)	Three months ended March 31,			
	2022	2021	change	% change
<b>Profit (loss) of the year</b>	<b>20,263</b>	<b>7,354</b>	<b>12,909</b>	<b>&gt;100%</b>
Income taxes	10,579	3,023	7,556	>100%
Financial expenses	8,501	8,109	392	5%
Financial income	(3,037)	(2,722)	(315)	12%
Amortization, depreciation, impairment and impairment reversals of tangible and intangible assets	31,834	31,647	187	1%
Impairment of financial assets	514	1,382	(868)	-63%
Non cash items (a) (d)	5,866	29	5,837	>100%
Reorganization costs (b) (d)	608	527	81	15%
Start-up development costs (c) (d)	730	1,724	(994)	-58%
Covid-19 non recurring costs (d)	48	360	(312)	-87%
Other non-recurring costs (d)	638	79	(79)	-100%
<b>EBITDA (*) (**)</b>	<b>76,544</b>	<b>51,512</b>	<b>25,032</b>	<b>49%</b>
<b>EBITDA margin</b>	<b>37%</b>	<b>41%</b>		
Amortization, depreciation, impairment and impairment reversals of tangible and intangible assets (net of PPA surplus amortization and depreciation)	(26,001)	(25,794)	(207)	1%
<b>EBIT Adjusted</b>	<b>50,543</b>	<b>25,718</b>	<b>24,825</b>	<b>97%</b>
<b>EBIT Adjusted margin</b>	<b>25%</b>	<b>20%</b>		

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

(in thousand of Euro)	Three months ended March 31,			
	2022	2021	change	% change
<b>EBIT</b>	<b>36,306</b>	<b>15,764</b>	<b>20,542</b>	<b>&gt;100%</b>
Impairment of financial assets	514	1,382	(868)	-63%
Amortization on PPA arising from business combinations	5,833	5,853	(20)	0%
Non-cash items and other non-operating costs (income)	7,890	2,719	5,171	>100%
<b>EBIT adjusted</b>	<b>50,543</b>	<b>25,718</b>	<b>24,825</b>	<b>97%</b>

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

(in thousand of Euro)	As of March 31,	As of December 31,	change	% change
	2022	2021		
Net financial position	(104,478)	(148,176)	43,698	-29%
Cash position and liquidity	203,644	173,758	29,886	17%

(\*) EBITDA and EBIT Adjusted are not identified as accounting measures 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: P&L impact of IFRS 15 adjustments mainly related to NTGN concession prepayment reversal for the three months ending March 31, 2022 and 2021;

(b) It includes non-recurring costs for corporate reorganization processes mainly related to internal reorganization process such as the Turkish *Nearshoring* one.

(c) It includes non-recurring costs for start-up development costs in International Business (Morocco and United Kingdom).

(d) Items defined as non-cash items and other costs (income) excluded from EBITDA.

**Revenue of €205.8 million**, up to 62% compared to prior year, mainly due to:

- **Italy Online business** results recording a very positive performance although slightly below 2021 levels which benefitted from the Retail lockdown. The good performance was mainly driven by the favorable online sports betting payout as well as by the fruitful *gamification* strategy which brought to the casino product offer enlargement.
- **Retail Italy business** achieving positive results compared to past year figures, when Lottery was the only business operational, thanks to the volume generated by betting and gaming machines which more than offset the lower Lottery commission on Turnover, effective December 1 2021, when the new NTNG started.
- **International business** results are slightly above last year figures even though this segment has been penalized by the negative effect of the exchange rate of the Turkish Lira. The Group continued to pursue the widening of the online customer base in all the countries (Turkey, Morocco and Spain) thus confirming the centrality of this strategic pillar.

**Ebitda of € 76.5 million**, up from € 51.5 million recorded in the prior year.

The positive performance was mainly driven by:

- The Online Italy performance driven by the solid market brand leadership confirmed at the end of March;
- The positive performance achieved by the Retail Italy business, mainly linked to the recovery after Covid-19 pandemic restrictions, to the favorable sport betting margin and to the positive contribution of Lottery affiliation programme (MySisal).

**Ebit of € 36.3 million**, up from € 15.8 million recorded in the corresponding period of the prior year, reflecting the same EBITDA dynamics and benefitting of a lower bad debt provisions allowance as a consequence of the effectiveness of the credit management policies adopted by the Group.

**Net Financial Position of € 104.5 million**, significantly improved from € 148.2 million as of December 31, 2021, with a decrease of € 43.7 million mainly due to:

<b>Net financial position at December 31, 2021</b>	<b>148,176</b>
EBITDA	(76,544)
Reorganization costs	608
Start-up development costs	730
Covid-19 non recurring costs	48
Other non recurring costs	638
Other Non cash items	(87)
Increase in Capex	14,591
Change in trade working capital	12,380



Change in other assets and liabilities	(1,191)
Net interests	2,661
Net change in IFRS 16 lease liability	1,353
Amortized cost on bond and RCF	670
Other	447
<b>Net financial position at March 31, 2022</b>	<b>104,478</b>

**Cash Position and Liquidity of €203.6 million**, up from €173.8 million as of the end of December 2021, with a net increase of 29.9 million, mainly due to:

- € 63.4 million cash flow generated by operating activities,
- € (16.5) million cash flow used in investing activities,
- € (16.2) million cash flow provided in financing activities,
- € (0.9) million Exchange rate effect on cash.

# Group's results for the three months ended March 31, 2022

The following table show the condensed consolidated income statement for the three months ended March 31, 2022 and March 31, 2021:

(in thousands of Euro)	Three months ended March 31,				
	2022	% of total revenues and income	2021	% of total revenues and income	% change 2022-2021
Revenues	133,195	64.7%	89,198	70.2%	49.3%
Fixed-odds betting income	72,306	35.1%	37,663	29.7%	92.0%
Other income	251	0.1%	141	0.1%	78.0%
<b>Total Revenues and Other Income</b>	<b>205,752</b>	<b>100.0%</b>	<b>127,002</b>	<b>100.0%</b>	<b>62.0%</b>
Purchases of raw materials, consumables and goods	4,463	2.2%	3,311	2.6%	34.8%
Costs for services	94,483	45.9%	50,832	40.0%	85.9%
Personnel costs	27,919	13.6%	18,691	14.7%	49.4%
Other operating expenses	10,233	5.0%	5,375	4.2%	90.4%
Impairment of financial assets	514	0.2%	1,382	1.1%	-62.8%
Amortisation, depreciation, impairment and impairment reversals of tangible and intangible assets	31,834	15.5%	31,647	24.9%	0.6%
<b>Operating profit (loss) - EBIT</b>	<b>36,306</b>	<b>17.6%</b>	<b>15,764</b>	<b>12.4%</b>	<b>&gt;100%</b>
Financial income	3,037	1.5%	2,722	2.1%	11.6%
Financial expenses	8,501	4.1%	8,109	6.4%	4.8%
<b>Profit (loss) before income taxes</b>	<b>30,842</b>	<b>15.0%</b>	<b>10,377</b>	<b>8.2%</b>	<b>&gt;100%</b>
Income taxes	10,579	5.1%	3,023	2.4%	>100%
<b>Profit (loss) for the year</b>	<b>20,263</b>	<b>9.8%</b>	<b>7,354</b>	<b>5.8%</b>	<b>&gt;100%</b>

## TOTAL REVENUE AND INCOME

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

(in thousand of Euro)	Three months ended March 31,				Change	
	2022	%	2021	%	2022 vs 2021	%
Online Italy	66,141	32%	70,074	55%	(3,933)	-6%
Retail Italy	114,492	56%	33,136	26%	81,356	>100%
International	25,119	12%	23,792	19%	1,327	6%
<b>Total</b>	<b>205,752</b>	<b>100%</b>	<b>127,002</b>	<b>100%</b>	<b>78,750</b>	<b>62%</b>

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

(in thousand of Euro)	Three months ended March 31,				Change	
	2022	%	2021	%	2022 vs 2021	%
Italy	180,633	87.8%	103,210	81.3%	77,423	75.0%
Turkey	22,555	11.0%	21,876	17.2%	679	>100%
Morocco	2,103	1.0%	1,869	1.5%	234	12.5%
Spain	461	0.2%	47	0.0%	414	881.5%
<b>Total</b>	<b>205,752</b>	<b>100.0%</b>	<b>127,002</b>	<b>100.0%</b>	<b>78,751</b>	<b>62.0%</b>

## ITALY ONLINE

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

(in thousand of Euro)	Three months ended March 31,				Change	
	2022	%	2021	%	2022 vs 2021	%
Online Betting	36,614	55%	37,454	53%	(839)	-2%
Casino	24,626	37%	27,266	39%	(2,640)	-10%
Skill Games	1,900	3%	3,045	4%	(1,145)	-38%
Lotteries & Bingo	3,001	5%	2,309	3%	692	30%
<b>Total Italy Online</b>	<b>66,141</b>	<b>100%</b>	<b>70,074</b>	<b>100%</b>	<b>(3,933)</b>	<b>-6%</b>

Total Italy Online results slightly decreased compared to past year figures (decrease equal to € 3,9 million, -6%) which were significantly boosted because of the Covid-19 restrictions leading to the Retail lockdown.

In Q1 2022 the Group also confirmed its leadership in this operating segment, with a market share on the GGR equal to 11,8% as of March 31, 2022 enhanced by the further increase of the customer base notwithstanding a lower ARPU (*Average Rate Per Unit*) in terms of GGR leading to a lower Product revenue.

In particular the Online betting segment was almost flattish in comparison to previous year due to an improved Sports payout, whereas the Casino and skill games results were favorably impacted by the enlargement of the product offer as well as Lotteries benefitted from the recent and successful Winbox launch.

## ITALY RETAIL

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

(in thousand of Euro)	Three months ended March 31,				Change	
	2022	%	2021	%	2022 vs 2021	%
Retail betting	36,962	32%	1,004	3%	35,958	>100%
Lottery	12,802	11%	31,696	96%	(18,894)	-60%
AWP	37,486	33%	204	1%	37,282	>100%
VLT	27,242	24%	231	1%	27,011	>100%
<b>Total Italy Retail</b>	<b>114,492</b>	<b>100%</b>	<b>33,135</b>	<b>100%</b>	<b>81,357</b>	<b>&gt;100%</b>

The Retail business in Italy, which hugely suffered the impact of the Covid-19 pandemic in 2021, achieved positive results during the first quarter 2022 (increase equal to € 81,4 million, >+100%) as a combined effect of the favorable payout recorded by the sports betting and the gaming machines business restart, which mitigated the Lottery lower contribution mostly attributable to the new NTNG concession terms.

## INTERNATIONAL

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

(in thousand of Euro)	Three months ended March 31,				Change	
	2022	%	2021	%	2022 vs 2021	%
Turkey	22,555	89.8%	21,876	91.9%	679	3.1%
Morocco	2,103	8.4%	1,869	7.9%	234	12.5%
Spain	461	1.8%	47	0.2%	414	>100%
<b>Total</b>	<b>25,119</b>	<b>100.0%</b>	<b>23,792</b>	<b>100.0%</b>	<b>1,328</b>	<b>5.6%</b>

The International business unit shows results above last year (increase equal to € 1,3 million, + 5,6%), albeit the results are affected by the negative impact of the exchange rate of the Turkish Lira.

Moroccan performance in constant improvement mainly thanks to the expansion of the distribution network, the introduction of new games and to the enlargement of the online customer base, that have more than offset the delay in the introduction of VLT's.

## COSTS

### PURCHASE OF RAW MATERIALS, CONSUMABLES AND GOODS

Purchase of materials, consumables and goods amounted to € 4.5 million for the three months ended March 31 2022 with an increase of € 1.5 million, from € 3.3 million for the three months ended March 31 2021, as a consequence of the restart of the Retail business post the Covid-19 pandemic restrictions which affected the comparative period which led to higher purchases of materials, consumables and spare parts for gaming terminals.

### COSTS FOR SERVICES

Costs for services amounted to € 94.5 million for the three months ended March 31 2022 with an increase of € 43.7 million, or 86%, from € 50.8 million for the three months ended March 31 2021.

Costs for services amounted to 45.9% of total revenue for the three months ended March 31 2022 compared to 40.0% of previous year; the increase strictly relates to the Retail business fully operational in comparison with the lockdown and restrictive measures affecting the comparative period of Q1 2021.

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

(in thousand of Euro)	Three months ended March 31,			
	2022	% of total revenues and income	2021	% of total revenues and income
Sales channel costs	60,702	29.5%	17,957	14.1%
Costs for leases	546	0.3%	420	0.3%
Commercial services	3,759	1.8%	5,988	4.7%
Consulting	4,540	2.2%	4,086	3.2%
Others services costs	24,936	12.1%	22,382	17.6%
<b>Total cost for services</b>	<b>94,483</b>	<b>45.9%</b>	<b>50,832</b>	<b>40.0%</b>

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

- *Sales channel costs*: amounted to €60.7 million for the three months ended in March 2022, with an increase of € 42.7 million from € 18.0 million of previous prior year, mainly related to the Gaming value chain fees not affecting the comparative period of 2021 where only the generalist channel was open and all the other specialized stores were closed for the Covid-19 pandemic lockdown in place till end of May. As a percentage of total revenue, sales channel gaming costs amounted to 29,5% for the three months ended in March 2022 and 14,1% for the three months ended in March 2021.
- Increase of the overall operating costs for € 2.5 million, mainly due to:
  - o Energy & Utilities cost increase due to the higher market fares;
  - o Media content subscription fees related to the fully operational Retail PoS 's network;
  - o Other facilities expenses related to the Retail channel which was basically shutdown in the comparative period of prior year.

### PERSONNEL COSTS

Personnel costs amounted to € 27.9 million for the three months ended March 31 2022 with an increase of €9.2 million, or 49%, from € 18.7 million for the three months ended March 31 2021. As a percentage of total revenue, Personnel costs amounted to 14% in 2022 and 15% in 2021. The average workforce, reached 2,560 at the end of March 31 2022, with an increase of 398 units from 2,162 at the end of March 2021.

The growth in the personnel cost is mainly related to the workforce increase, to the Group perimeter enlargement after the establishment of the new Turkish Hub, and to the fact that in 2021 the Group used the supplementary wage-fund (FIS) as a measure to mitigate the impact of Covid-19 pandemic lowering the overall labour cost.

### OTHER OPERATING EXPENSES

Other operating costs amounted to €10.2 million for the three months ended March 31 2022 with an increase of 4.6 million for the three months ended in March 30 2021.

The increase is mainly related to the higher concession fees calculated on turnover as a direct consequence of the gaming business full restart compared with the partial lockdown affecting the Retail business in the first quarter 2021 with the sole exception of the Lottery product.

Moreover, the overall increase was also driven by the higher non-deductible VAT percentage applied in 2022 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.

As a percentage of total revenue, Other operating expenses amounted to 5% in 2022 and to 4.2 % in 2021.

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

This cost amounted to €31.8 million for the three months ended March 31 2022 with an increase of €0.2 million for the three months ended March 31 2021, therefore this item can be considered pretty stable.

The cumulated first three months 2022 cost breakdown can be summarized as follows:

- Intangible Assets amortization for € 19.1 million mainly referred to software and concession rights;
- Tangible Assets depreciation for € 12.7 million, mostly referred to IFRS16 rights of use, gaming machines and hardware.

## NET OPERATING PROFIT (LOSS) (EBIT)

Net operating profit (loss) (EBIT) amounted to € 30.3 million for the three months ended March 31, 2022 going sharply upward of € 20.5 million from a net operating profit of € 15.8 million recorded for the three months ended March 31 2021.

Net operating margin was 17.6% for the three months 2022 compared to 12.4% for the three months 2021.

## FINANCIAL INCOME

Financial income amounted to € 3.0 million for the three months ended March 31 2022 referred for € 2.7 million to income matured (non-cash interest) in relation to the "Deferred Purchase Price Agreement" of € 100 million originally underwritten between the Parent Company Sisal S.p.A. and the Banking & Payments business's holding company Mooney Group S.p.A., then transferred to Schumann Investments SA starting from December 2021 in the context of the separation between the gaming business and the payments business, and for € 0.3 million to interest income on bank accounts' liquidity.

## FINANCIAL EXPENSES

Financial expenses amounted to € 8.5 million for the three months ended March 31 2022 with an increase of € 0.4 million from € 8.1 million for the three months 2021.

Financial expenses at the end of March 2022 include:

- Bond-related interests and expenses, including the quarterly reversal of the original upfront fees, for € 5.1 million;
- RCF-related interest and expenses for € 0.9 million.
- IFRS-16 lease liabilities related interests for about € 0.6 million;
- Other bank interests for € 0.2 million;
- Realized and unrealized FX rate losses for about € 1.7 million.

## INCOME TAXES

Income taxes amounted to € 10.6 million for the three months ended March 31 2022 compared to € 3.0 million for the three months ended March 31 2021.

The following table sets forth the drilldown of income taxes for the relevant periods:

(in thousand of Euro)	Three months ended March 31,			
	2022	2021	change	% change
Current tax	11,906	3,786	8,120	>100%
Deferred tax	(1,327)	(763)	(564)	74%
<b>Income taxes</b>	<b>10,579</b>	<b>3,023</b>	<b>7,556</b>	<b>&gt;100%</b>

The income taxes are calculated on the basis of the expected tax rate at the end of fiscal year 2022.

## PROFIT(LOSS) FOR THE PERIOD

Profit(loss) for the period amounted to a profit of € 20.3 million for the three months 2022 compared to a profit of € 7.4 million for the three months 2021.

## SEGMENT INFORMATION

The following table sets forth an analysis of segment information:

<b>Three months ended March 31, 2022</b>				
<i>(in thousands of Euro)</i>	<i>Italy Online</i>	<i>Italy Retail</i>	<i>International</i>	<i>Total operating segment</i>
Total Revenue and other income	66,141	114,492	25,119	205,752
EBITDA <sup>(*)</sup> <sup>(**)</sup>	38,278	34,316	3,950	76,544
EBITDA Margin	58%	30%	16%	37%

  

<b>Three months ended March 31, 2021</b>				
<i>(in thousands of Euro)</i>	<i>Italy Online</i>	<i>Italy Retail</i>	<i>International</i>	<i>Total operating segment</i>
Total Revenue and other income	70,074	33,136	23,792	127,002
EBITDA <sup>(*)</sup> <sup>(**)</sup>	44,038	3,912	3,562	51,512
EBITDA Margin	63%	12%	15%	41%

(\*) 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:** the Italy Online results slightly decreased compared to past year figures (decrease equal to € 3,9 million, -6%) which were significantly boosted because of the Covid-19 restrictions leading to the Retail lockdown.

In Q1 2022 the Group also confirmed its leadership in this operating segment, with a market share on the GGR equal to 11,8% as of March 2022 enhanced by the further increase of the customer base notwithstanding a lower ARPU (*Average Rate Per Unit*) in terms of GGR leading to a lower Product revenue.

In particular the Online betting segment was almost flattish in comparison to previous year reflecting an improved Sports payout, whereas the Casino and skill games results were favorably impacted by the enlargement of the product offer as well as Lotteries took advantage from the recent and successful Winbox launch.

**Italy Retail:** the Retail business in Italy, which hugely suffered the impact of the Covid-19 pandemic in 2021, achieved positive results during the first quarter 2022 (increase equal to € 81,4 million, +100%) as a combined effect of the favorable payout marked by the sports betting and the gaming machines business restart both mitigating the Lottery lower contribution mostly attributable to the new NTNG concession terms.

**International:** The International business unit shows results above last year (increase equal to € 1,3 million, + 5,6%), albeit the results are affected by the negative impact of the exchange rate of the Turkish Lira.

Moroccan performance in constant improvement mainly thanks to the expansion of the distribution network, the introduction of new games and to the enlargement of the online customer base, that have more than offset the delay in the introduction of VLT's.

## Group Sources & Funds and Net Financial Position

The following table sets forth the breakdown of the Net Invested Capital, Liabilities and Equity as of March 31 2022 and December 31 2021:

(in thousand of Euro)	As of March 31,		As of December 31,	
	2022	%	2021	%
Net fixed capital	986,665	119.7%	1,008,845	118.9%
Net working capital/other	(162,123)	-19.7%	(160,327)	-18.9%
<b>Net invested capital</b>	<b>824,542</b>	<b>100.0%</b>	<b>848,518</b>	<b>100.0%</b>
Equity	720,064	87.3%	700,342	82.5%
Net financial position	104,478	12.7%	148,176	17.5%
<b>Total Liabilities and Equity</b>	<b>824,542</b>	<b>100.0%</b>	<b>848,518</b>	<b>100.0%</b>

### 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:

(in thousand of Euros)	Three months ended March,31			
	2022	2021	change	% change
Change in inventories	318	(243)	561	<-100%
Change in trade receivables	7,574	52,023	(44,449)	-85%
Change in trade payables	(20,272)	(52,043)	31,771	-61%
<b>Cash flows from trade working capital</b>	<b>(12,380)</b>	<b>(263)</b>	<b>(12,117)</b>	<b>&gt;100%</b>
Change in other assets and liabilities	1,192	(33,332)	34,524	<-100%
<b>Cash flows from working capital</b>	<b>(11,188)</b>	<b>(33,595)</b>	<b>22,407</b>	<b>-67%</b>

In the first three months of 2022, the working capital generated a cash absorption of € 12.4 million, compared to a cash absorption of € 0.2 million during 2021.

In particular, the negative movement in trade working capital for € 12.4 million is mainly due to the combined effect of:

- cash generated by the change in trade receivables for € 7.6 million mainly related to:
  - i. decrease in trade receivables of € 2.1 million related to international business in Turkey, due to high trade receivables at December 2021 due to year end lottery.
  - ii. Decrease in trade receivables on Italian business of € 5.5 million due to business gaming dynamics on Turnover.
- cash absorption related to change in trade payables for € 20.3 million due to high Trade payables balance at December 31 2021 mainly due to investments in capex for new GNTN concession, new software developments and advisory costs for special projects, mainly referred to public listing process and application to the UK 4<sup>th</sup> National Lottery.

The positive movements of the Other Assets and Liabilities items, equal to € 1.2 million, mainly include:

- € 4.1 million the increase of liabilities related to salary and bonus and social security institutions,
- € (2.3) million the increase of other current receivables mainly related to prepayments,
- € (0.6) million the decrease of other liabilities.

## GROUP NET FINANCIAL POSITION

The following table sets forth the breakdown of the Net Financial Position as of March 31 2022 and December 31 2021:

	As of March 31, 2022	As of December 31, 2021
<i>(in thousand of Euro)</i>		
Current financial assets	(146,443)	(145,137)
Cash and cash equivalents	(203,644)	(173,758)
Non current financial liabilities	327,490	332,188
Short-term debt	99,888	100,583
Current portion of long-term debt	27,187	34,300
<b>Total Net Financial Position</b>	<b>104,478</b>	<b>148,176</b>

Current financial assets amounting to €146.4 million 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;
- € 122.1 million represents the financial assets towards Schumann investments SA, which arose after the transfer of a financial receivable due towards Mooney Group SA as Deferred price acquisition resulting from the demerger of Payment and Service Business at the end of 2019.

Cash and cash equivalents amounting to € 203.6 million include banks and postal accounts, as well as cash and cash equivalent in hand.

Long-term debt amounting to € 327.5 million is composed as follows:

- € 275 million: bond issue at fixed rate "Senior Secured Note", characterized by semi-annual coupon payments of interest (due on January 31<sup>st</sup> and on July 31<sup>st</sup>) and repayment of the principal as a bullet on July 31, 2023. The interest is calculated at a fixed annual rate of 7%;
- (€ 2.6) million: upfront fees related to the bond;
- € 55.1 million: long-term portion of the IFRS16 Lease Liability.

Short-term debt amounting to € 99.9 million is composed as follows:

- € 100 million: Super Senior Revolving Facility (ssRCF) underwritten with a bank pool, for a total amount of € 125 million, of which € 25 million detachable in the form of a current bank account overdraft. The expiry date of the ssRCF is September 2022 and interest are calculated on the basis of the periodic Euribor rate plus a margin of 3.50% subject to reduction based on the measurement of specific financial ratios (as of September, 30 2021 the spread is equal to 3%, in line with previous year);
- € 0.1 million: accrued interest on the ssRCF.
- (€ 0.2) million: upfront fees related to the Super Senior Revolving Facility (ssRCF);

The ssRCF, doesn't envisage maintenance covenants, but in any event requires compliance with a series of financial covenants such as the guarantor coverage test and a quarterly calculation of the leverage ratio, which also determines the applicable margin on the facility for the subsequent interest period. As at March 31, 2022 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 € 27.2 million is composed as follows:

- € 3.2 million: accrued interests on the bond Senior Secured Notes;
- € 20.3 million: short-term portion of the IFRS16 Lease Liability.
- € 3.7 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:

<i>(in thousand of Euros)</i>	Three months ended March,31			
	2022	2021	change	% change
Cash flows from operating activities before changes in working capital	74,607	48,838	25,769	53%
Changes in working capital and other non-current asset	(11,188)	(33,595)	22,407	-67%
Cash flows from operating activities	63,419	15,243	48,176	>100%
Cash flows from (used in) investment activities	(16,501)	(23,857)	7,356	-31%
Cash flows from (used in) financial activities	(16,297)	(20,450)	4,153	-20%
Exchange rate effect on cash and cash equivalents	(735)	-	(735)	n.a.
<b>Increase/(Decrease) in cash and cash equivalents</b>	<b>29,886</b>	<b>(29,064)</b>	<b>58,950</b>	<b>&lt;-100%</b>
<b>Net cash at the beginning of the period</b>	<b>173,758</b>	<b>146,605</b>	<b>27,153</b>	<b>19%</b>
<b>Net cash at the end of the period</b>	<b>203,644</b>	<b>117,541</b>	<b>86,103</b>	<b>73%</b>

Cash provided by operating activities amounted to €63.4 million for the three months ended March 31, 2022, compared to cash provided of € 15.2 million recorded during the three months ended March 31, 2021. 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 €16.5 million for the three months 2022 compared to €23.9 million for the three months 2021. The investing activities are related to:

- € 12.0 million investments for property, plant and equipment, mostly related to equipment for NTNG required by the new concession;
- € 2.6 million investments for intangible assets, mostly related to new software, software developments and new licenses;
- € 1.9 million to the payment of liabilities for M&A transactions occurred in the previous years.

Cash flows used by financing activities amounted to €16.3 million for the three months 2022 compared to cash absorbed of €20.4 million for the three months 2021. The cash flows related to financing activities includes:

- net interest paid for € 10.9 million related to bond Senior Secured Notes and Super Senior Revolving Facility (ssRCF) net of interest income on bank accounts;
- payment of lease liabilities for € 6.8 million;
- collection of deposit previously released for the new building for € 1.4 million.

## CAPITAL RESOURCES

The following table sets forth the amounts of financial liabilities (principal amounts plus accrued interest for the reference period) at March 31, 2022 and at December 31, 2021:

	<i>As of March 31,</i>	<i>As of December 31,</i>
<i>(in thousand of Euro)</i>	<b>2022</b>	<b>2021</b>
Senior revolving Facility	100,117	100,875
Senior Secured notes	278,155	283,181
M&A deferred price financial liabilities	3,697	5,607
Financial liabilities for leasing	75,431	80,839
<b>Total external financial liabilities</b>	<b>457,401</b>	<b>470,502</b>

	<i>As of March 31,</i>	<i>As of December 31,</i>
<i>(in thousand of Euro)</i>	<b>2022</b>	<b>2021</b>
Unrestricted cash <sup>(1)</sup>	203,644	173,758
SISAL GROUP net senior secured debt <sup>(2)</sup>	174,628	210,298

<sup>(1)</sup> 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.

<sup>(2)</sup> 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

Three months ended March 31,					
(in thousands of Euro)	Notes	2022	Related parties	2021	Related Parties
Revenues	9	133,195	398	89,198	812
Fixed-odds betting income	10	72,306		37,663	
Other income		251		141	
<b>Total Revenues and Other Income</b>		<b>205,752</b>		<b>127,002</b>	
Purchases of raw materials, consumables and goods		4,463	2	3,311	
Costs for services		94,483	1,133	50,832	276
Personnel costs		27,919	1,081	18,691	687
Other operating expenses		10,233		5,375	30
Impairment of financial assets		514		1,382	
Amortisation, depreciation, impairment and impairment reversals of tangible and intangible assets		31,834		31,647	
<b>Operating profit (loss) – EBIT</b>		<b>36,306</b>		<b>15,764</b>	
Financial income	11	3,037	2,688	2,722	2,459
Financial expenses	12	8,501		8,109	
<b>Profit (loss) before income taxes</b>		<b>30,842</b>		<b>10,377</b>	
Income taxes		10,579		3,023	
<b>Profit (loss) for the year</b>		<b>20,263</b>		<b>7,354</b>	
Attributable to non-controlling interests		1,414		731	
<b>Profit (loss) for the year attributable to the Group</b>		<b>18,849</b>		<b>6,623</b>	

## OTHER COMPREHENSIVE INCOME

<b>Profit (loss) for the year</b>	<b>20,263</b>	<b>7,354</b>
<b>Other comprehensive income</b>		
<b>Other income components not to be reclassified subsequently to the income statement</b>	-	
Change in currency translation reserve	(541)	(734)
<b>Other income components to be reclassified subsequently to the income statement</b>	<b>(541)</b>	<b>(734)</b>
<b>Comprehensive result for the year</b>	<b>19,722</b>	<b>6,620</b>
Attributable to non-controlling interests	1,031	458
<b>Comprehensive result for the year attributable to the Group</b>	<b>18,691</b>	<b>6,162</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(in thousands of Euro)</i>	Notes	2022	Related parties	2021	Related parties
<b>Non-current assets</b>					
Property, plant and equipment	13	188,712		198,002	
Goodwill	14	260,974		260,974	
Intangible assets	13	387,493		394,625	
Equity-accounted companies		20		20	
Deferred tax assets		12,598		11,199	
Other non current assets		328,192	122,155	331,623	119,467
<b>Total non-current assets</b>		<b>1,177,989</b>		<b>1,196,443</b>	
<b>Current assets</b>					
Inventories		6,510		6,366	
Trade receivables		25,323	544	33,411	466
Current financial assets		24,288		25,670	
Tax receivables		3,801		3,801	
Other current assets		62,728	2,615	60,092	2,229
Restricted cash and cash equivalents	15	275,331		224,124	
Cash and cash equivalents	16	203,644		173,758	
<b>Total current assets</b>		<b>601,625</b>		<b>527,222</b>	
<b>Total assets</b>		<b>1,779,614</b>		<b>1,723,665</b>	
<b>Equity</b>					
Share capital	17	102,500		102,500	
Reserves		591,878		474,028	
Net result attributable to the group		18,849		118,008	
<b>Total equity attributable to the group</b>		<b>713,227</b>		<b>694,536</b>	
Equity attributable to non-controlling interests		6,837		5,807	
<b>Total Equity</b>		<b>720,064</b>		<b>700,342</b>	
<b>Non-current liabilities</b>					
Non current financial liabilities		327,628		332,189	
Employee benefit obligations		8,231	126	7,957	126
Provisions for risks and charges	19	50,670		50,210	
Deferred tax liabilities		0		(0)	
Other non-current liabilities		10,268		9,964	
<b>Total non-current liabilities</b>		<b>396,797</b>		<b>400,320</b>	
<b>Current liabilities</b>					
Trade payables and other payables		90,636	263	110,907	504
Current financial liabilities		126,937		134,882	
Tax payables		16,588		4,919	
Other current liabilities		428,592	8,649	372,296	8,461
<b>Total current liabilities</b>		<b>662,753</b>		<b>623,003</b>	
<b>Total equity and liabilities</b>		<b>1,779,614</b>		<b>1,723,665</b>	

## CONSOLIDATED STATEMENT OF CASH FLOW

	For the three months ended March, 31	
<i>(in migliaia di Euro)</i>	2022	2021
<b>Profit (loss) before taxes</b>	<b>30,842</b>	<b>10,377</b>
Amortization/depreciation	31,834	31,647
Writedowns of receivables included in current assets	514	1,382
Accruals to provisions for risks and charges, post-employment and other employee benefits and other non-cash items	548	45
Financial (income)/expenses	5,464	5,387
Other non cash items	5,405	-
<b>Cash flows from operating activities before changes in working capital</b>	<b>74,607</b>	<b>48,838</b>
Change in inventories	318	(243)
Change in trade receivables	7,574	52,023
Change in trade payables	(20,272)	(52,043)
Change in other assets and liabilities	1,192	(33,332)
<b>Cash flows from (used in) operating activities (A)</b>	<b>63,419</b>	<b>15,243</b>
Investments in intangible assets	(2,597)	(8,347)
Investments in property, plant and equipment	(11,994)	(15,510)
Deferred purchase consideration for acquisition of subsidiaries and business units	(1,910)	-
<b>Cash flows from (used in) investment activities (B)</b>	<b>(16,501)</b>	<b>(23,857)</b>
Current financial assets	1,382	
Repayment of loans	0	(2,828)
Leasing reimbursement	(6,760)	(6,148)
Net interests paid	(10,919)	(11,474)
<b>Cash flows from (used in) financial activities (C)</b>	<b>(16,297)</b>	<b>(20,450)</b>
<b>Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>	<b>30,621</b>	<b>(29,064)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>173,758</b>	<b>146,605</b>
Exchange rate effect on cash and cash equivalent	(735)	-
<b>Cash and cash equivalents at the end of the year</b>	<b>203,644</b>	<b>117,541</b>

## CONSOLIDATED STATEMENT OF CHANGE EQUITY

<i>(In thousands of Euro)</i>	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
<b>Equity at December 31,2020</b>		<b>102,500</b>	<b>19,482</b>	<b>94,484</b>	<b>523,332</b>	<b>(8,568)</b>	<b>731,230</b>	<b>3,900</b>	<b>735,130</b>
Allocation of prior year net result		-	-	-	(8,568)	8,568	-	-	-
Comprehensive result for the year		-	-	-	(461)	6,623	<b>6,162</b>	458	<b>6,620</b>
<b>Equity at March 31, 2021</b>		<b>102,500</b>	<b>19,482</b>	<b>94,484</b>	<b>514,303</b>	<b>6,623</b>	<b>737,392</b>	<b>4,358</b>	<b>741,750</b>
<b>Equity at December 31,2021</b>		<b>102,500</b>	<b>19,482</b>	<b>94,484</b>	<b>360,062</b>	<b>118,008</b>	<b>694,536</b>	<b>5,806</b>	<b>700,342</b>
Allocation of prior year net result		-	-	-	118,008	(118,008)	-	-	-
Comprehensive result for the year		-	-	-	(158)	18,849	<b>18,691</b>	1,031	<b>19,722</b>
<b>Equity at March 31,2022</b>		<b>102,500</b>	<b>19,482</b>	<b>94,484</b>	<b>477,912</b>	<b>18,849</b>	<b>713,227</b>	<b>6,837</b>	<b>720,064</b>

**Notes to the consolidated interim  
financial statements at and for the three  
months ended March 31, 2022**





# 1. General Information

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Sisal S.p.A. (hereafter the “Company”) is a company incorporated in Italy, with registered and administrative offices in Milan, Via Ugo Bassi 6, organized under the laws of the Italian Republic.

The Company and its subsidiaries (together the “Group”) operate principally in the Italian 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).

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

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### CRITERIA APPLIED FOR THE SPECIAL PURPOSE FINANCIAL STATEMENT PREPARATION

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These condensed consolidated interim financial statements for the three months ended March, 31 2022 (hereafter the **"Condensed Consolidated Interim Financial Statements"** or **"The Special Purpose Interim Financial Statements"**) were prepared in accordance to the International Financial Reporting Standards issued by the International Accounting Standards Board and approved by the European Union (hereafter "IFRS").

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, 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, 2021 (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 S.p.A. on May, 26<sup>th</sup> 2022.

### 3. Going concern

During the three months ended March 31, 2022 the Group recorded a net profit equal to € 20,263 thousand (net profit for € 7,354 thousand for the three months ended March 31, 2021); at March 31, 2022 the consolidated equity was equal to € 720,064 thousand (€ 700,342 thousand at December 31, 2021) and the net financial position was equal to € (104,478) thousand (€ (148,176) thousand at December 31, 2021).

The table below shows a comparison between the total debt and equity breakdown at March 31, 2022 and at December 31, 2021:

(In thousands of Euros)	As of MArch 31, 2022	%	As of December 31, 2021	%
Long term debt	327,628		332,189	
Short-term debt and current portion of long-term debt	126,937		134,882	
<b>Funding from third parties</b>	<b>454,565</b>	<b>39%</b>	<b>467,071</b>	<b>40%</b>
<b>Total Equity</b>	<b>720,064</b>	<b>61%</b>	<b>700,342</b>	<b>60%</b>
<b>Total debt and equity</b>	<b>1,174,629</b>	<b>100%</b>	<b>1,167,413</b>	<b>100%</b>

No significant impacts due to Covid-19 pandemic have been recorded during the first three months of 2022. Indeed, a general recovery of the market and the reduction of the restrictions imposed by the local government over the last two years, have had a positive impact on the Group business (mainly with reference to the Retail Business).

Based on these assumptions, Italian GDP is currently expected to be around 2,3% in 2022 (source World Economic Outlook of the International Monetary Fund).

Since there were no closures imposed by the local governments during the first three months of 2022, the Market Turnover reached €33.4bn, up 40,4% versus previous year. These results are mainly driven by the recovery of the Retail market after the pandemic negative impact in 2021 and by the Online market positive performance, while the international performance has been penalized by the negative exchange rate impact in Turkey.

Sisal Market shares on Turnover increased up to 10,2% in the first quarter 2022. Sisal, as of March 2022, also reconfirmed its Online brand leadership on GGR with 11,8% market share.

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

- in Morocco no significant restrictions have been imposed by the local government,
- in Turkey no more stricter restrictions imposed by the Government compared to past year. Restrictive measures have been taken at individual level, not as general restrictions. Indeed, no closure has been imposed during the first three months of FY2022.

Notwithstanding this improving context, the Group continued to be focused on measures aimed at protecting the health of its employees and to minimize business impact, continuing to invest in 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.

## 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 2021, other than that described below.

### CRITERIA STANDARD, AMENDMENTS AND INTERPRATION APPLICABLE AS OF JANUARY 2022

Below is a list of other new standards, interpretations and amendments applicable as of 1 January 2022 with no significant impacts on the consolidated financial statements as at March, 31 2022:

- Amendments to IAS 16 "Property, plant and equipment": Proceeds before intended Use.
- Amendments to IAS 37, IAS 41, IFRS 1; IFRS 3.

### ACCOUNTING CRITERIA STANDARD, AMENDMENTS AND INTERPRATION APPLICABLE AS OF JANUARY 2023

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

<b>Accounting, standards and interpretation</b>	<b>Obligatorily applicable as of</b>
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

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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

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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, 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

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At March 31, 2022 the Group has:

- A revolving credit line 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 March 31, 2022 these facilities were partially drawn down for a total of € 100 million.

## 7. Fair value estimation

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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 a 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 March 31, 2022 and at December 31, 2021 does not include 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.

(in thousands of Euro)	Three months ended March 31, 2022			
	Italy Online	Italy Retail	International	Total operating segment
Total Revenue and other income	66,141	114,492	25,119	205,752
EBITDA (*) (**)	38,278	34,316	3,950	76,544
EBITDA Margin	58%	30%	16%	37%

(in thousands of Euro)	Three months ended March 31, 2021			
	Italy Online	Italy Retail	International	Total operating segment
Total Revenue and other income	70,074	33,136	23,792	127,002
EBITDA (*) (**)	44,038	3,912	3,562	51,512
EBITDA Margin	63%	12%	15%	41%



## 9. Revenue

The following table sets forth an analysis of Revenues:

<i>(in thousands of Euro)</i>	Three months ended March 31,	
	2022	2021
Gaming and Betting Revenues	121,156	70,880
Revenues from point of sales	17,746	17,481
Revenues from third parties	383	54
Revenues from Mooney Group	77	812
Portion of the year of one time NTGN concession charge	(6,167)	(29)
<b>Total revenues</b>	<b>133,195</b>	<b>89,198</b>

## 10. Fixed odds betting income

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

<i>(in thousands of Euro)</i>	Three months ended March 31,	
	2022	2021
Fixed-odds betting income	57,379	34,420
Fixed-odds horse race betting income	1,682	648
Virtual races	13,245	2,595
<b>Total Fixed-odds betting income</b>	<b>72,306</b>	<b>37,663</b>

## 11. Finance income and similar

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

<i>(in thousands of Euro)</i>	Three months ended March 31,	
	2022	2021
Financial income on bank account	323	263
Other financial income	26	-
Financial income towards Mooney Group	2,688	2,459
<b>Total financial income</b>	<b>3,037</b>	<b>2,722</b>

## 12. Finance expense and similar

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

(in thousands of Euro)	Three months ended March 31,	
	2022	2021
Interests expenses and other financial expenses	6,866	6,744
Realized exchange (gain) losses	383	622
Unrealized exchange (gain) losses	1,252	743
<b>Totale</b>	<b>8,501</b>	<b>8,109</b>

## 13. Property, plant and equipment and Intangible assets

The following table sets forth an analysis of Property, plant and equipment and Intangible assets:

(in thousands of Euros)	PPE	Other intangible assets
<b>Opening net book amount as at January 1, 2021</b>	<b>198,002</b>	<b>394,625</b>
Increases	4,513	12,477
Depreciation, amortisation and impairment	(12,708)	(19,126)
Disposals	-	-
Reclass/Other	(210)	(245)
Exchange rate effect	(885)	(238)
<b>Closing net book amount as at March 31, 2022</b>	<b>188,712</b>	<b>387,493</b>

## 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, 2021 was assessed.

On the basis of both the analysis conducted and the evidence available as of March 31, 2022, 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 March 31, 2022 and December 31, 2021 are as follows:

<i>(in thousands of Euros)</i>	<b>As of March 31, 2022</b>	<b>As of December 31, 2021</b>
Bank and postal accounts	196.155	165.993
Cash and cash equivalents in hand	7.489	7.765
<b>Total</b>	<b>203.644</b>	<b>173.758</b>

## 17. Share capital

At March 31, 2022 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, 2021.

## 18. Borrowings and loans

The table sets forth the Group Net Financial Provision as of March 31, 2022 and December 31, 2021, according to CONSOB communication DEM/6064293 of July 28, 2006 and compliant with ESMA recommendations 32-382-1138 of March 4, 2021 "NFP ESMA".

<i>(in thousands of Euro)</i>	<b>As of March 31, 2022</b>	<b>As of December 31, 2021</b>
A. Cash and cash equivalent	(203.644)	(173.758)
C. Other Financial Assets	(24.288)	(25.670)
<b>D. Total cash and other financial assets (A + B + C)</b>	<b>(227.932)</b>	<b>(199.428)</b>
E. Short term debt	103.586	106.191
F. Short term portion of long term debt	23.490	28.691
<b>G. Total short term debt (E + F)</b>	<b>127.076</b>	<b>134.882</b>
<b>H. Short term financial position (G+D)</b>	<b>(100.856)</b>	<b>(64.546)</b>
I. Long term debt	55.097	60.328
J. Net value of BOND	272.393	271.861
K. Trade payables and other long term debts	7.180	6.885
<b>L. Total long term debt (I + J + K)</b>	<b>334.670</b>	<b>339.074</b>
<b>M. Net financial position (H + L)</b>	<b>233.814</b>	<b>274.528</b>

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

<i>(in thousands of Euro)</i>	<b>As of March 31, 2022</b>	<b>As of December 31, 2021</b>
Net financial position – ESMA	233.814	274.528
Financial assets towards Mooney Group	(122.155)	(119.467)
Trade payables and other long term debts	(7.180)	(6.885)
<b>Net financial position - Sisal Group</b>	<b>104.479</b>	<b>148.176</b>

At March 31, 2022, the market price of the senior secured notes was equal to €272.0 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:

<i>(in thousands of Euro)</i>	<i>Provision for risk</i>
<b>As of December 31, 2021</b>	<b>50.210</b>
Increase	596
Decrease	(64)
Release	(49)
Exchange rate effect	(23)
<b>As of March 31, 2022</b>	<b>50.670</b>

## 20. Related party transactions

With reference to transactions with the ultimate parent, Schumann Investments S.A., at March 31, 2022 there are no items to be disclosed. Below the detail of related party transactions:

<i>As of March 31, 2022</i>	<i>Revenue and other income</i>	<i>Purchases of raw materials, consumables and goods</i>	<i>Costs for services</i>	<i>Personnel costs</i>	<i>Other operating costs</i>	<i>Financial income</i>
Mooney Group S.p.A.	78	-	8	-	-	-
Schumann investments SA	-	-	-	-	-	2.688
Demiroren - Sans Dijital	-	-	595	-	-	-
Board members and key managers	-	-	204	1.081	-	-
Other related parties	320	2	326	-	-	-
<b>Total related parties</b>	<b>398</b>	<b>2</b>	<b>1.133</b>	<b>1.081</b>	<b>-</b>	<b>2.688</b>
<b>Total P&amp;L account</b>	<b>205.752</b>	<b>4.463</b>	<b>94.483</b>	<b>27.919</b>	<b>10.233</b>	<b>3.037</b>
<b>% on P&amp;L</b>	<b>0%</b>	<b>0%</b>	<b>1%</b>	<b>4%</b>	<b>0%</b>	<b>89%</b>

<i>As of March 31, 2021</i>	<i>Revenue and other income</i>	<i>Purchases of raw materials, consumables and goods</i>	<i>Costs for services</i>	<i>Personnel costs</i>	<i>Other operating costs</i>	<i>Financial income</i>
Mooney Group S.p.A.	812	-	-	-	30	2.459
Schumann investments SA	-	-	-	-	-	-
Demiroren - Sans Dijital	-	-	-	-	-	-
Board members and key managers	-	-	276	687	-	-
Other related parties	-	-	-	-	-	-
<b>Total related parties</b>	<b>812</b>	<b>-</b>	<b>276</b>	<b>687</b>	<b>30</b>	<b>2.459</b>
<b>Total P&amp;L account</b>	<b>127.002</b>	<b>3.311</b>	<b>50.832</b>	<b>18.691</b>	<b>5.375</b>	<b>2.722</b>
<b>% on P&amp;L</b>	<b>1%</b>	<b>0%</b>	<b>1%</b>	<b>4%</b>	<b>1%</b>	<b>90%</b>

Below the detail of related party transactions: as of March 31, 2022, and December 31, 2021:

<i>As of March 31, 2022</i>	<i>Trade receivables</i>	<i>Other current assets</i>	<i>Other non current assets</i>	<i>Trade payable and other payable</i>	<i>Employee benefit obligations</i>	<i>Other current liabilities</i>
<i>Mooney Group S.p.A.</i>	425	2.615	-	63	-	6.219
<i>Schumann investments SA</i>	-	-	122.155	-	-	-
<i>Demiroren - Sans Dijital</i>	-	-	-	177	-	-
<i>Board members and key managers</i>	-	-	-	-	126	2.415
<i>Other related parties</i>	119	-	-	23	-	15
<b><i>Total related parties</i></b>	<b>544</b>	<b>2.615</b>	<b>122.155</b>	<b>263</b>	<b>126</b>	<b>8.649</b>
<i>Total BS account</i>	25.323	62.728	328.192	90.636	8.231	428.592
<i>% on P&amp;L</i>	2%	4%	37%	0%	2%	2%

<i>As of December 31, 2021</i>	<i>Trade receivables</i>	<i>Other current assets</i>	<i>Other non current assets</i>	<i>Trade payable and other payable</i>	<i>Employee benefit obligations</i>	<i>Other current liabilities</i>
<i>Mooney Group S.p.A.</i>	348	2.229	-	62	-	6.028
<i>Schumann investments SA</i>	-	-	119.467	-	-	-
<i>Demiroren - Sans Dijital</i>	-	-	-	282	-	-
<i>Board members and key managers</i>	-	-	-	-	126	2.418
<i>Other related parties</i>	118	-	-	160	-	15
<b><i>Total related parties</i></b>	<b>466</b>	<b>2.229</b>	<b>119.467</b>	<b>504</b>	<b>126</b>	<b>8.461</b>
<i>Total BS account</i>	33.411	60.092	331.623	110.907	7.957	372.296
<i>% on P&amp;L</i>	1%	4%	36%	0%	2%	2%

## 21. Commitments

The Condensed Consolidated Interim Financial Statements include capital expenditure commitments for approximately € 29.6 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

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

With reference to this dispute, on May 17th 2022, the public hearing to discuss the merits of the case was held and the sentence will be issued with the next months.

