Annual Report 2023

LOTTOMATICA

This document does not fulfil the obligations deriving from Directive 2004/109/EC (the “Transparency Directive”) and the Delegated Regulation (EU) 2019/815 (the “ESEF Regulation” - European Single Electronic Format) for which a dedicated XHTML format has been prepared.

Lottomatica Group S.p.A.
Relazione Finanziaria
Annuale 2023

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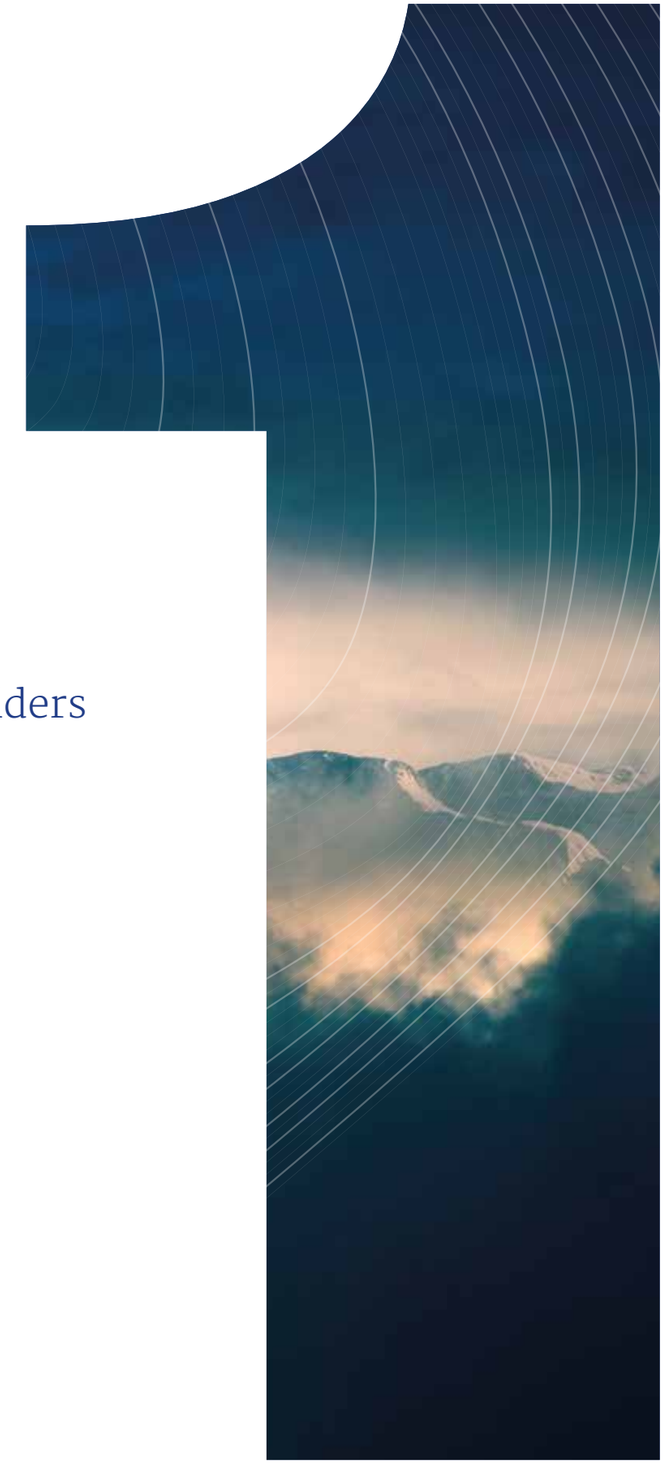
Letter to Shareholders



Dear Shareholders,

2023 has been an incredible and rewarding year for Lottomatica Group, characterized by an acceleration of our development, driven by both strong organic growth and the implementation of a robust acquisition strategy.

Following one of the first and most important European IPOs of the post-Covid era, thanks to over Euro 600 million raised during the placement, since May 3 the Group is listed on Euronext Milan, a regulated market organized and managed by Borsa Italiana.

It has been an exceptional year for our business: we close 2023 with revenues amounting to Euro 1,632 million, a 12% increase compared to 2022 pro forma,[1] driven by the growth of the Online segment (+33% pro forma). Adjusted EBITDA amounts to Euro 580 million, up by 17% compared to 2022 pro forma, and net financial debt stands at Euro 1,249 million, with a leverage ratio of 2.1x. These results confirm both the effectiveness of our strategy and execution capabilities, which have allowed us to exceed the commitments we made to you during the IPO and thereafter.

In fact, we have confirmed our leadership in the public gaming sector, both overall and in the individual segments in which we operate, thanks to the excellent performance of all business lines. In particular, the Online segment performed above expectations, with a significant growth in relative and absolute market share (21.7% in Q4 2023 compared to 18.0% in Q4 2022), and with an increase for all brands and all segments.

The excellent result was possible thanks to the evolution of our omnichannel model, to the strength of our offering, to our proprietary technology supporting product innovation, as well as to the development of our customer analytics capabilities.

In particular, we have continued to improve our omnichannel approach, which has proven to be a decisive competitive factor for our industry, able to significantly elevate the quality of the gaming experience and offering, and to open up new opportunities for integration within sales channels. In addition, the strategy aimed at enhancing our offering through the positioning of distinctive and recognizable brands has allowed us to conquer different segments of the market and meet the needs of an increasingly broad range of customers.

We have continued to innovate our offering, focusing on investing in cutting-edge technological solutions that have proven to be essential tools for ensuring continuous product innovation, and customer satisfaction. The decision to keep the development of all major technology platforms and IT applications in-house has given us total control and unprecedented timeliness in the evolution of our offering. At the same time, an increasing and cross-cutting use of artificial intelligence has allowed us to develop highly effective and efficient solutions in both business management and corporate operational processes: from the integration of systems for automating customer care processes, to the increasingly extensive use of algorithms for optimizing risk management and anti-money laundering processes. Technology has also continued to play a crucial role in ensuring regulatory compliance and player safety.

The organic and sustainable growth of our activities has been complemented by our external growth strategy, both through significant acquisitions (SKS365, signed on November 2, 2023) and through bolt-ons. The acquisition of SKS365, a leading omnichannel operator in the Italian market, which we expect to finalize in the first half of 2024, will add a valuable brand to our portfolio and generate further growth for the Group. We also continued targeted acquisitions across all of our business lines, with significant contributions to Adjusted EBITDA and to value creation.

Systematic market consolidation and organic growth have been increasingly linked to the strengthening of our commitment to environmental, social and governance issues. We have continued the implementation of our Sustainability Plan with ambitious projects including, for example: the analysis of the mitigation levers for Scope 1, 2 and 3 emissions, aimed at defining a decarbonization strategy; gender equality certification, confirming our determination to create a truly inclusive work environment; and the establishment of the Responsible Gaming Committee, dedicated to ensuring the governance and maximum effectiveness of our consumer protection action program. The strong commitment to sustainable value creation earned us a rating of "negligible risk" of experiencing significant financial impacts from ESG factors, from Morningstar Sustainalytics, which accredited us as an "ESG Industry Top Rated" company and as an "ESG Regional Top Rated" company for 2023 and 2024.

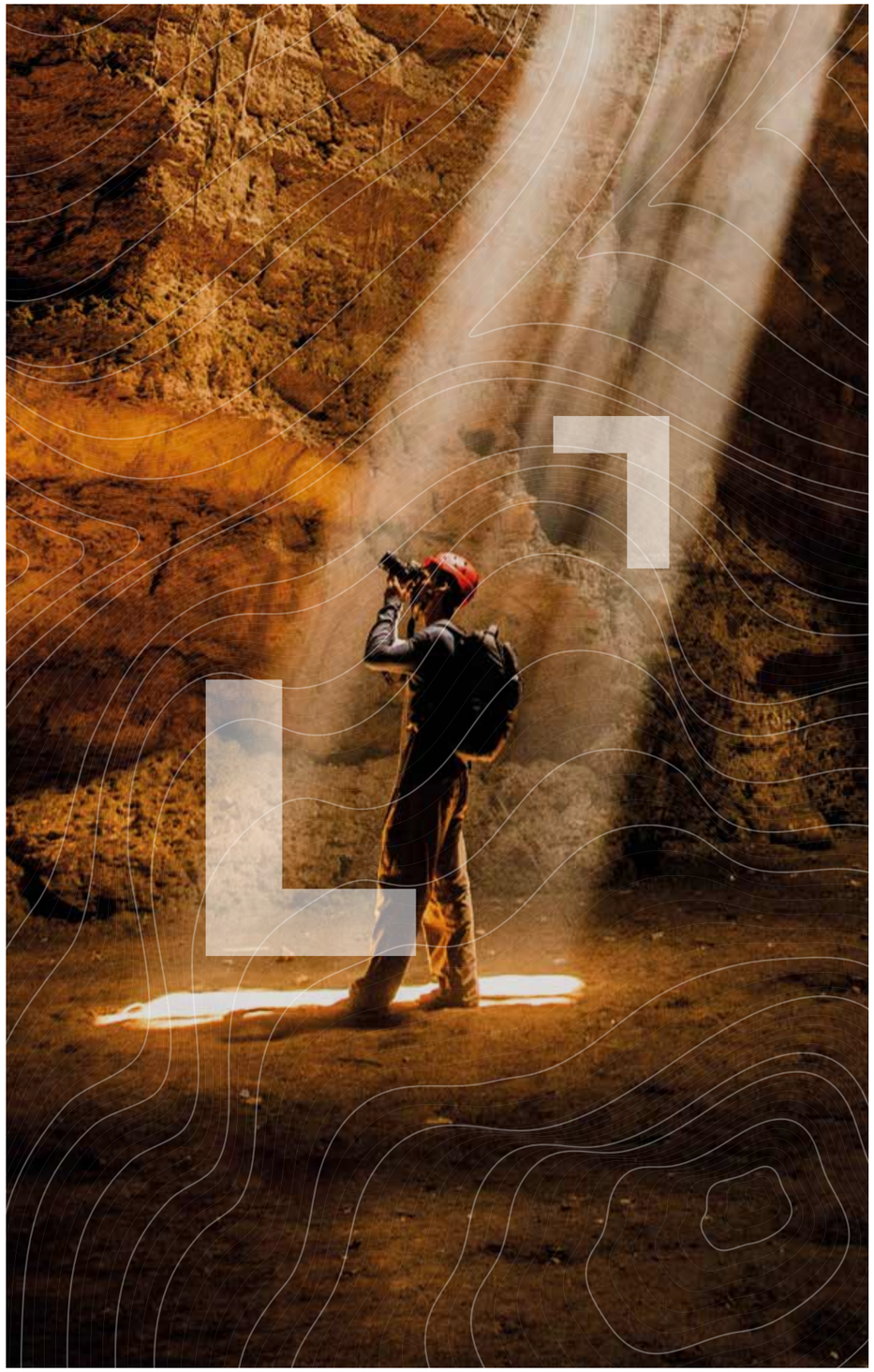
Our goals for 2024 are clear: to keep taking advantage of the growth of the online and betting market, pursuing all opportunities to strengthen our market share through product and technology innovation, development of the omnichannel model, and optimal management of our brands and customer base in a sustainable manner. Indeed, at the heart of our priorities remains a solid ESG commitment, with a focus on responsible gaming initiatives, reducing environmental impacts, and strengthening anti-corruption and anti-money laundering safeguards. In addition, the integration of SKS365 and the gradual realization of synergies will also begin in 2024.

A special thanks goes to all of our Shareholders for their trust and continued support on this path of growth, to the Board of Directors for their continual contribution, and to the management and all the colleagues whose daily commitment enables Lottomatica Group to set increasingly ambitious goals and to look forward to 2024 as a year of significant new opportunities.

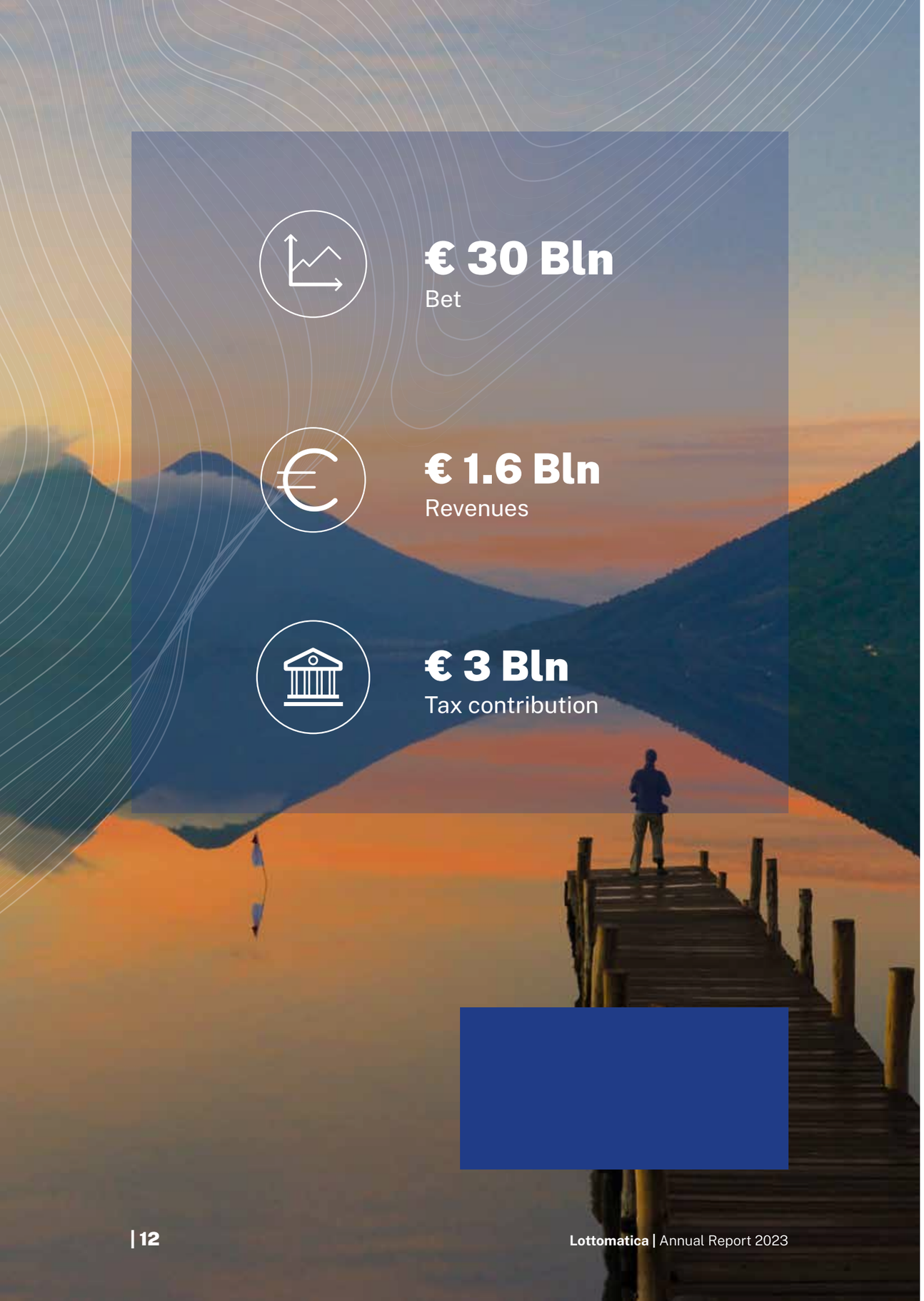
Andrea Moneta
Chairman

Guglielmo Angelozzi
Chief Executive Officer

1) Pro forma: calculated as if the acquisition of Betflag had taken place on January 1, 2022



Lottomatica Group



€ 30 Bln
Bet

€ 1.6 Bln
Revenues

€ 3 Bln
Tax contribution

Leader in sustainable entertainment

We are the largest Italian Group in the public gaming sector. We offer safe and innovative gaming experiences across all sales channels, with a particular focus always being placed on responsibility and sustainability.

Lottomatica Group is the leading operator in Italy in the public gaming sector authorised by Italy's Customs and Monopolies Agency, and is one of the major players in Europe.

The Group is active in the following operating segments: **Online** (online sports betting and gaming); **Sports Franchise** (sports betting and gaming on the physical network); **Gaming Franchise** (amusement and entertainment machines).

With approximately **Euro 1.6 billion in revenues** and **Euro 30 billion in bet**, Lottomatica **leads the market** in every area of activity, offering **safe and innovative gaming experiences** across all sales channels.

The Group is **the largest contributor** to the gaming industry, with more than **Euro 3 billion** paid each year.

Lottomatica is **listed on Euronext Milan** of Borsa Italiana. The main shareholder is **Apollo Global Management**, a worldwide leader in alternative investment management.

A great team

17,000
People

2,000
Employees

42 years
Average age

35%
Women

Lottomatica is able to rely on the skills of **2,000 direct employees** and over **17,000 people** who work within the context of its specialised franchise network, all of whom provide a wealth of ideas, talent and experiences that are crucial to achieving the Group's goals.

17,300
Points of sale

2,800
Betting shops & corners

1,130
Franchised gaming halls

145
Owned gaming halls

12,000
Bar/tobacconists served

1.3 Mln
Online customers

The Group has also the **largest specialised distribution network** in Italy's gaming sector, with 17,300 points of sale, 2,800 betting shops and corners, 1,130 franchised gaming halls and 145 owned gaming halls, as well as distribution agreements with 12,000 bars and tobacconists.

Innovation, technology and security

Innovation, digital and technology are the tools to ensure an increasingly **comprehensive, engaging and safe** offer for Lottomatica customers.

Lottomatica operates in compliance with the strongest **ethical principles** and with the highest **quality standards**, and all products and services offered are carefully designed and selected to ensure the **highest levels of reliability and player protection**.

Together with its business partners, the Group works with honesty and professionalism to promote a **responsible and conscientious approach to gaming**, supporting legal and State-guaranteed gaming, and combating illegal and underage gaming in every possible way.

Sustainability at Lottomatica

The ambition to generate, through its work, **positive impacts and sustainable value** is an integral part of Lottomatica's DNA.

The Group is convinced that achieving optimal economic performance must be embedded within a **structured strategy**, capable of fully integrating **sustainability drivers** within daily business choices.

For this reason, Lottomatica has defined a comprehensive **Sustainability Plan** based on three fundamental **strategic pillars**, around which the corporate commitments, programmes, and goals are centered.

Responsibility
WE ACT
responsibly

People
WE CARE
about people

Community and Environment
WE SHARE
with communities

Business areas

Online

Lottomatica is Italy's leading Group in the online gaming segment where it maintains a presence with the **Lottomatica**, **Better**, **Goldbet** and **Betflag** brands.

Distinguished by the highest security standards, Lottomatica's online offering consists of a comprehensive and innovative portfolio of remote games, which can be enjoyed via the web, as well as through numerous dedicated apps for smartphones and tablets.

Sports Franchise

Lottomatica leads the physical network betting and gaming sector with three strongly recognizable and popular brands: **Better**, **Goldbet** and **Intralot**.

A network of **thousands of points of sale** throughout the country, combined with the professionalism of thousands of specialized operators, make Lottomatica the **leading betting operator** in Italy.

Gaming Franchise

Lottomatica's network connects and monitors **amusement and entertainment machines** within public establishments and dedicated gaming halls throughout Italy, thanks to top quality infrastructure and technologies for **maximum player protection**.

The Group is also engaged in the **direct management of gaming machines and halls**, with a network representing a benchmark for its high levels of service and customer attention, as well as for the quality and security of the offer.

Consolidated directors' report

1. Corporate bodies and external auditor

Board of Directors

Andrea Moneta	Chairman
Guglielmo Angelozzi	Chief Executive Officer
John Paul Maurice Bowtell	Director (**)
Michele Rabà	Director (***)
Michael Ian Saffer	Director
Yulia Shakhova	Director
Catherine Renee Anne Guillouard	Director
Augusta Iannini	Independent director (*)(**)
Gaia Mazzalveri	Independent director (*)(**)
Marzia Mastrogiacomo	Independent director (*)(***)
Nadine Farida Faruque	Independent director (*)(***)

(Appointed by the Shareholders' Meeting on February 27, 2023 and took office on May 3, 2023 until the approval of the financial statements as of December 31, 2025).
(*) Independent director pursuant to Article 147-ter, paragraph 4, and Article 148, paragraph 3, of the TUF and Article 2 of the Corporate Governance Code.
(**) Control and Risks Committee member.
(***) Appointments and Remuneration Committee member.

Board of Statutory Auditors

Andrea Lionzo	Chairman
Giancarlo Russo Corvace	Auditor
Veronica Tibiletti	Auditor
Angela Frisullo	Alternative auditor
Alberto Incollingo	Alternative auditor

(Appointed by the Shareholders' Meeting on March 15, 2023 and took office on May 3, 2023 until the approval of the financial statements as of December 31, 2025).

Independent External Auditors	PricewaterhouseCoopers S.p.A.

2. Report on operations

Dear Shareholders,
We hereby submit the consolidated and separate financial statements of Lottomatica Group S.p.A. (hereinafter "**Lottomatica Group**" or the "**Company**" and together with its subsidiaries the "Group"). The Company was incorporated on October 15, 2019 on behalf of funds managed by Apollo Management IX, L.P., is domiciled in Italy, with registered offices in Rome, Via degli Aldobrandeschi, 300 and is organized under the laws of the Republic of Italy. As permitted by Article 40 paragraph 2 bis of Legislative Decree 127/91, the Company has prepared this directors report, for both the consolidated and separate financial statements, in a single document which presents the Group's financial and operating performance during the year 2023, as well as the foreseeable operating performance. It should be noted that this director's report also includes the non-financial reporting disclosure in compliance with the requirements of Legislative Decree No. 254/2016.

The Company's ultimate controlling entity is Apollo Capital Management, L.P., a limited company incorporated under the laws of the State of Delaware (USA). The information in this report on operations refers to the years ended December 31, 2023 and 2022.

On November 22, 2022, GBO S.p.A., a company indirectly controlled by Lottomatica Group, completed the acquisition of 100% of the share capital of Betflag S.p.A. ("**Betflag**") for which competition clearance was obtained on December 6, 2022 (the "**Betflag Acquisition**"). Betflag, a company licensed to carry out remote gaming and betting activities, is an Italian operator active in the online gaming market. Betflag was consolidated from December 1, 2022.

On April 28, 2023, the initial public offering of the Company's ordinary shares was concluded (hereinafter the "Offer"), aimed at the admission to trading of its ordinary shares on Euronext Milan, a regulated market organized and managed by Borsa Italiana S.p.A. (hereinafter the "Listing"). The first day of trading for the Company's ordinary shares was May 3, 2023. The net proceeds from the shares issued by the Company were used, among other things, to reduce its leverage, as further described below.

On June 1, 2023, Lottomatica S.p.A. issued senior secured notes with a total principal amount of Euro 1,115 million, of which (i) Euro 565 million with a fixed interest rate, and (ii) Euro 550 million with floating interest rate (both with maturity in 2028). Subsequently, the net proceeds from the issuance were used, together with available cash, to finance the final early repayment of the senior secured bonds (maturing in 2025) issued by Lottomatica S.p.A. on July 23, 2020 and April 1, 2021, respectively, (hereinafter the "**Refinancing**").

On September 25, 2023, GGM S.p.A., a company indirectly controlled by Lottomatica Group, finalized the acquisition of 100% of the shares of Ricreativo B S.p.A. ("Ricreativo"), a company involved in the management of amusement machines (AWP and VLT), gaming halls as well as betting collection activities. Ricreativo was consolidated from September 1, 2023.

Finally, on November 2, 2023, GBO S.p.A. signed the agreement for the acquisition of 100% of the share capital of SKS365 Malta Holdings Limited for Euro 625 million ("**SKS365 Acquisition**"). The completion date of the acquisition is expected in the first half of 2024 and is subject to the customary antitrust and regulatory approvals. The transaction will be financed by the proceeds from the issuance of the December 2023 Notes (as defined below) and available cash. It should be noted that the proceeds of the December 2023 Notes (as defined below) were transferred to an escrow account until the completion of the SKS365 Acquisition.

For further details, please refer to Note 6 "Key events occurring during the year" of this document and Note 11.7 to the consolidated financial statements as of and for the year ended December 31, 2023 (the "**Consolidated Financial Statements**").

3. Italian gaming market and the Group's positioning

GGR[2] in the Italian gaming market amounted to approximately Euro 21 billion in 2023, an increase of 5% compared to the previous year. Such increase was mainly attributable to growth in the Betting and Online Games segment, which increased by 13% compared to the previous year, while the performance of the Gaming Franchise segment remained broadly in line with 2022.

The following table shows the latest available information relating to the Italian gaming market:

	2023		2022		2021	
(in millions of Euro)	GGR	% on GGR	GGR	% on GGR	GGR	% on GGR
Gaming Franchise	8,537	40.8%	8,621	43.0%	4,634	30.2%
Betting & Online Games (*)	5,843	27.9%	5,171	25.8%	4,302	28.1%
Other games (**)	6,529	31.3%	6,247	31.2%	6,399	41.7%
Total	**20,909**	**100.0%**	**20,039**	**100.0%**	**15,335**	**100.0%**

Source – Prisma S.p.A (MAG) estimates on market data (2024).
(*) Includes virtual gaming and horse-race games and excluding Betting Exchange.
(**) Does not include Betting Exchange and Comma7.

The Group is one of the largest players in the Italian gaming market,[3] with Euro 30.1 billion in bet and Euro 1,632 million in revenues during the year ended December 31, 2023, generated through a network of 3,014 betting rights, 26 horse-race betting rights, 19,831 VLT rights, 67,507 AWP operating permits and 42,159 owned AWPs[4] and a network of around 17,330 points of sale of which 145 managed directly as of December 31, 2023.

The Group has the following operating segments: **Online**, **Sports Franchise** and **Gaming Franchise**, as described below.

2) GGR (Gross Gaming Revenue) is defined as the difference between bet and the amount paid to players as winnings.
3) Based on revenues.
4) The figure as of December 31, 2023 does not consider AWP machines that the company holds in inventory.

3.1 Online

The Group's Online activity comprises the offer of a wide range of online games through the **GoldBet.it**, **Better.it**, **Lottomatica.it** and **Betflag.it**, websites, as follows:

- **iSports**: sport betting, virtual betting and horse betting;
- **iGaming**: online casino games;
- **altri prodotti online**: such as bingo, poker, betting exchange and skill games.

The Online segment generated bet of Euro 16,203.6 million for the year ended December 31, 2023, a significant increase compared to Euro 9,199.0 million for the year ended December 31, 2022.

3.2 Sports Franchise

The Group's Sports Franchise activity consists in the collection of sports betting, virtual betting and horserace betting through a franchise network of 2,803 operating PoS as of December 31, 2023. Through GoldBet, Intralot and Better brands the Group offers a wide range of retail offerings. The Sports Franchise segment generated bet of Euro 2,824.5 million for the year ended December 31, 2023 compared to Euro 2,528.3 million for the year ended December 31, 2022.

3.3 Gaming Franchise

The Group's Gaming Franchise business comprises direct management of gaming halls and concession activities for VLTs and AWPs, managed according to different types of business models depending on the level of integration in the value chain. These business models range from the sole interconnection of machines prescribed by the concession to the ownership and management of the machines and the gaming halls. As of December 31, 2023, the Group's Gaming Franchise business includes 18,344 operative VLTs and 63,138 operative AWPs. For the year ended December 31, 2023, there were 145 gaming halls under direct management of the Group, which leveraged the Group's proprietary distribution formats and brands.

The Gaming Franchise segment generated bet amount of Euro 11,103.4 million for the year ended December 31, 2023, compared to Euro 11,119.0 million for the year ended December 31, 2022. The following paragraphs provide more specific details regarding the i) AWP, ii) VLT and iii) Retail and Street Operations product divisions.

i) Amusement With Prize (AWP)

AWPs are relatively easy to play (compared to VLTs – see below) and offer players a good level of interaction, through the use of a graphical reel containing pictures.

The maximum cost of each single game is Euro 1.00 and each game may last between four and thirteen seconds. Any winnings must be distributed immediately after the game (only) in coins and jackpots are not permitted.[5] The machine must calculate winnings in an unpredictable way over a cycle of a maximum of 140,000 games.

ii) Video Lottery Terminal (VLT)

VLTs are similar to slot machines, except that they are connected to a centralized computer system that determines the outcome of each wager by using a random number generator located inside the terminal.

Relevant legislation requires that bet per game may range from a minimum of Euro 0.50 to a maximum of Euro 10.00, with payouts of up to Euro 5,000.00 as well as the chance to win jackpots of up to Euro 500,000.00.[6] The Group currently offers four VLT platforms (Spielo, Novomatic, Inspired and WMG).

iii) Management of owned gaming halls and AWPs (Retail and Street Operations)

Since 2012, the Group has pursued a strategy of vertical integration involving the direct management of owned gaming halls ("Retail"), with such business being subsequently supplemented by direct management of owned AWPs ("Street Operations"). As of December 31, 2023, the Group directly manages 145 halls and 42,159 owned AWP.[7]

5) By law, monetary winnings must not exceed Euro 100 for a single play and as of January 2020, the minimum payout is set by law at 65.0% (Law No. 160 of December 27, 2019 - the so-called "2020 Budget Law" – effective as of January 1, 2020). For details regarding the evolution of PREU flat-tax rates, see par. 7.
6) As of January 2020, the percentage of bet paid out as winnings may not be lower than 83.0% (Law No. 160 of December 27, 2019 - the so-called "2020 Budget Law" – effective as of January 1, 2020). For details regarding the evolution of PREU flat-tax rates, see paragraph 7.
7) The figure as of December 31, 2023 does not consider AWP machines that the company holds in inventory.

3.4 Performance of the Company's shares on Euronext Milan

Lottomatica Group S.p.A. shares have been listed on Euronext Milan since May 3, 2023.

As of December 29, 2023, the closing share price of the Company's shares was Euro 9.79 per share (+8.8% compared to Euro 9.00 per share at the listing date). The market capitalization amounts to Euro 2,463 million as of December 31, 2023.

The table below shows share price performance in the period May 3, 2023 - December 29, 2023:

	Euro	Date
IPO price	9.00	3-may-23
Minimum	7.435	31-may-23
Maximum	9.9	20-dec-23
Average price	8.9086	29-dec-23
End of period	9.79	29-dec-23
Capitalization	2,463,461,733	29-dec-23

The graph below shows the changes in the Company's share price in the period May 3, 2023 - December 29, 2023:

4. Alternative Performance Measures

This document includes, in addition to the financial measures provided by International Financial Reporting Standards (IFRS), several measures derived from the latter even if not defined by IFRS (hereinafter the "**Non-GAAP Measures**"). More specifically, the Non-GAAP Measures are constructed on the basis of historical data and do not indicate the future performance of the Group, in accordance with the provisions of the recommendations contained in the document prepared by ESMA, No.1415 of 2015,published on October 5, 2015, as incorporated by Consob Communication 0092543 dated December 3, 2015. These measures are presented in order to allow a better assessment of the Group's operating performance and should not be considered alternatives to those provided by IFRS. Specifically, the Non-GAAP Measures used are as follows:

- ***Adjusted EBITDA*:** calculated as net profit for the year adjusted for: (i) income tax expense; (ii) finance income; (iii) finance expenses; (iv) share of profit/(loss) of equity accounted investments; (v) depreciation, amortization and impairments; (vi) costs related to M&A, international activities and IPO; (vii) integration costs (including expenses on corporate restructuring and redundancy); and (viii) other income and expenses that, in view of their nature, are not reasonably expected to recur in future periods.

- ***Adjusted EBITDA Margin:*** calculated as the ratio of Adjusted EBITDA divided by Revenues for the year.

- ***Adjusted EBIT:*** calculated as net profit for the year adjusted for: (i) income tax expense; (ii) finance income; (iii) finance expenses; (iv) share of profit/(loss) of equity accounted investments; (v) amortization of higher value of assets resulting from business combinations following the purchase price allocation process ("PPA"); and (vi) other non-recurring costs and income excluded from Adjusted EBITDA.

- **Adjusted Net Profit:** calculated as net profit for the year adjusted for: (i) amortization of higher value of assets resulting from business combinations following PPA; (ii) other non-recurring costs and income excluded from Adjusted EBITDA, (iii) finance income and expenses that, due to their nature, are not reasonably expected to recur in future periods, (iv) other non-monetary items recorded in finance expenses and (v) tax effects on such adjustments.

- **Adjusted Net Profit per Share:** calculated as Adjusted Net Profit divided by the number of shares of the Company issued.

- ***Cash Capital Expenditures*:** calculated as cash outflows for (i) recurring capital expenditure (comprising maintenance and expansionary capital expenditure), (ii) concession capital expenditure and (iii) extraordinary capital expenditure related to investments for extraordinary projects and deferred consideration for the acquisition of subsidiaries and business units.

- **Operating Cash Flow:** defined as the sum of Adjusted EBITDA less (i) recurring capex and (ii) concession capex.

- ***Cash Conversion Rate*:** calculated as the ratio of Operating Cash Flow divided by Adjusted EBITDA.

- **Net Financial Debt:** calculated as the sum of (i) the principal amount of the Notes and the principal amount of the loan granted by Gamma Bondco S.à.r.l.,[8] (ii) payables related to IFRS 16, net of (iii) cash and cash equivalents.

- **Net Financial Indebtedness - ESMA:** determined as required by Consob Communication DEM/6064293 of July 28, 2006 and amended by Consob Communication No. 5/21 of April 29, 2021 and in accordance with ESMA Recommendations contained in Guidelines 32-382-1138 of March 4, 2021 on disclosure requirements under the Prospectus Regulation.

The following table provides details of the main financial and economic indicators for the periods indicated:

(in thousands of Euro)	As of and for the year ended December 31, 2023	2022(*)
Revenues	1,632,488	1,394,862
Adjusted EBITDA	580,351	460,350
Adjusted EBIT	456,914	362,358
Adjusted Net Profit	215,884	160,692
Profit for the year	74,222	78,431
Total shareholders' equity	541,590	106,558
Net financial indebtedness - ESMA	1,360,933	1,781,713
Net financial debt	1,248,726	1,663,977
Cash Capital Expenditures	(144,767)	(114,448)
Operating cash flow	469,626	391,237
Cash conversion rate	80.9%	85.0%

(*) The figures for the year ended December 31, 2022 have been restated following the completion of the purchase price allocation relating to Betflag S.p.A..

5. Macroeconomic context

The euro-area economy has stagnated during the last quarter of 2023, reflecting sluggish growth in domestic and foreign demand. The persistent weakness in the manufacturing and construction cycles spread also to the service sector. However, employment continued to rise. Inflation has been below expectations in recent months and disinflation has extended to all the main components of the consumption basket, including those items whose prices had started rising at a later stage.

In its October and December meetings, the European Central Bank Governing Council decided to keep the key interest rates unchanged, based on the assessment that their current levels, if maintained for a sufficiently long period, will make a substantial contribution to the return of inflation to its target.

Growth in Italy remained close to zero in the final months of 2023, with substantial stagnation in consumption and a decrease in investment due to tightening credit conditions. Economic activity

8) Fully repaid in advance on May 3, 2023.

turned downwards again in manufacturing, while holding stable in services. It grew in construction, which continued to benefit from tax incentives.

The following table shows key data regarding the Gross Domestic Product in the Italian economy, updated to include the latest available quarterly figures:

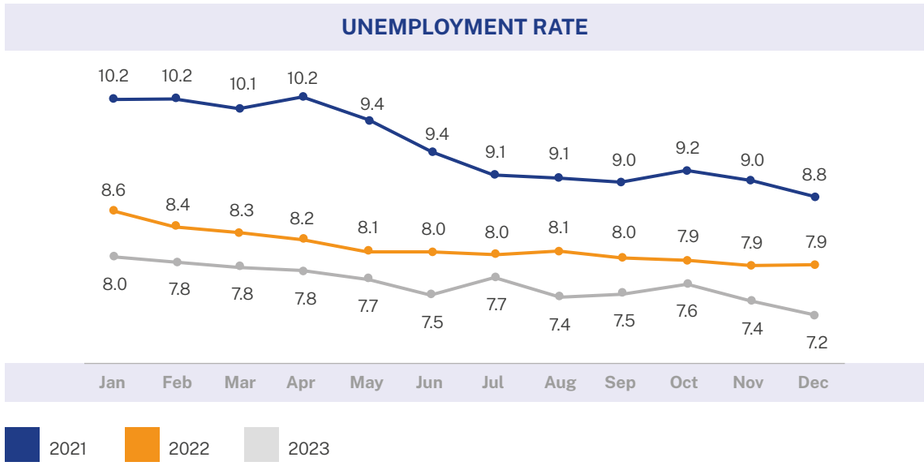
Gross domestic product[10]	I Q 2021	II Q 2021	III Q 2021	IV Q 2021	I Q 2022	II Q 2022	III Q 2022	IV Q 2022	I Q 2023	II Q 2023	III Q 2023	IV Q 2023
	+0.2%	+2.6%	+2.7%	+0.7%	+0.1 %	+1.0%	+0.5%	-0.1%	+0.5%	+0.6%	-0.4%	+0.1%

In the latest projections, GDP is forecast to grow in 2024, 2025 and 2026.

Annual inflation[11] in Italy in 2023 increased +0.6% on annual basis, showing a sharp downturn compared to the increase of 11.6% of the previous year, due to reduced pressure on energy goods, non-energy industrial goods and for services.

Inflation rate[12]	As of December 31, 2022	2023
	+11.6%	+0.6%

As shown in the following graph[13] the unemployment rate as of December 31, 2023 was lower than that at the same date in 2022, as employment growth has continued. The labor market showed signs of resilience in October and November: employment continued to grow, though at a slower pace than in the first part of the year, while the unemployment rate remained stable.



9) Source: Bank of Italy - Economic Bulletin No. 1 – 2024.
10) Source: Istat – Monthly report on Italian economy – November-December 2023. Percentage change on previous quarter.
11) Indicates the general increase in the prices of consumer goods and services.
12) Source: Istat – Press release – Consumer price – December 2023. Percentage change on previous year.
13) Source: Istat Employment and Unemployment – December 2023.

6. Key events occurring during the year

6.1 IPO and Admission to Listing of Lottomatica Group

On May 3, 2023, Lottomatica Group successfully completed its initial public offering with total gross proceeds from the IPO amounting to Euro 600 million, of which:

- Euro 425 million of new shares issued by the Company through a capital increase excluding the option right (the "**Capital Increase**"); and
- Euro 175 million of existing shares offered by Gamma Topco S.à.r.l. (it should be noted that on June 1, 2023, Gamma Topco S.à.r.l completed the contribution in kind of its equity investment in Lottomatica Group S.p.A. to Gamma Intermediate S.à.r.l.).

The Euro 425 million of proceeds from the Capital Increase, together with available cash, were used as follows:

- full repayment of the principal amount of the Euro 250 million loan granted by Gamma Bondco S.à.r.l., (the "**Bondco Loan**") plus accrued and unpaid interest of Euro 30.3 million and prepayment penalty due to the early extinguishment for an amount equal to Euro 16.5 million;
- early repayment of a portion of the floating rate portion of July 2020 Notes (as defined below) amounting to Euro 100 million, plus accrued and unpaid interest for an amount of Euro 1.7 million;
- payment of the transaction costs in relation to the Capital Increase including underwriting fees of Euro 11.5 million and other advisor costs of Euro 16.0 million;
- payment of the commitment fees in relation to the Bridge Facility signed on April 12, 2023 (hereinafter "**Bridge Facility**") of Euro 13.8 million and the arrangement fees related to the New Revolving Credit Facility (hereinafter "**New RCF**") of Euro 4.0 million;
- payment of the cash consideration of Euro 4.3 million in relation to the Faro Games S.r.l. transaction (for further information, see Note 11.7.9 to the Consolidated Financial Statements).

It should be noted that the residual amount of arrangement fees related to the previous revolving credit facility (hereinafter "**Former RCF**") of Euro 4.5 million was recognized in the income statement, following the subscription of the New RCF on May 3, 2023.

Finally, it's recalled that the transaction costs related to the Capital Increase, totaling Euro 27.5 million, were recorded in shareholders' equity, net of the related tax effect amounting to Euro 6.6 million, in compliance with IAS 32. For more details, please refer to Note 9.14 of the Consolidated Financial Statements.

6.2 The Refinancing

On June 1, 2023, Lottomatica S.p.A. issued senior secured notes for a total principal amount of Euro 1,115 million of which (i) Euro 565 million bearing interest at a fixed annual rate of 7.125%, to be paid semiannually, starting on December 1, 2023, and (ii) Euro 550 million issued below par (at 99%), bearing interest equal to the sum of three-month EURIBOR (with a 0% floor) plus 4.125% per annum to be paid quarterly, starting on September 1, 2023 (hereinafter "**June 2023 Notes**").

Proceeds from the issuance were used to finance (i) the early repayment of the senior secured notes issued on (a) April 1, 2021, for a principal amount of Euro 575 million (the "**April 2021 Notes**") and (b) July 23, 2020 for a total principal amount of Euro 640 million (the "**July 2020 Notes**" and together with the April 2021 Notes, the "**Notes Repaid**"), in addition to accrued and unpaid interest and (ii) the make-whole payment due to early repayment.

With reference to the Refinancing, monetary costs are equal to Euro 31.6 million, mainly relating to:

- professional fees amounting to Euro 24.1 million;
- the issue discount of Euro 5.5 million (related to the notes issued with a variable coupon);
- the make-whole of the Notes Repaid amounting to Euro 12.7 million;
- the income due to the closing of the hedging derivative following the early repayment of the floating rate portion of the July 2020 Notes, amounting to Euro 6.7 million with reference to the early redemption of the portion of Euro 100 million on the Listing date and amounting to Euro 13.1 million with reference to the early redemption of the remaining portion of Euro 200 million as a result of the Refinancing;
- negative carry arising from the negative difference between the interest income accrued on the escrow account and the interest expense accrued on the Notes Repaid for the period from June 1, 2023 to the repayment date (July 17, 2023) amounting to Euro 2.5 million.

It should be noted that the Refinancing also resulted in non-monetary costs due to the acceleration of the amortized cost on the ancillary charges related to the Notes Repaid in the amount of Euro 10.8 million, which were fully expensed during 2023 following the related early repayment.

6.3 Acquisition of SKS365

On November 2, 2023 GBO S.p.A. signed the agreement for the acquisition of 100% of the share capital of SKS365 Malta Holdings Limited (hereinafter "**SKS365**"). SKS365 is a leading omnichannel operator in the Italian online and sports betting market, counting on approximately 600 thousand registered online users, highly recognized brands ("**Planetwin365**" and "**PlanetPay365**") and a retail network of about 1,000 sports betting shops.

The acquisition consideration is Euro 625 million and is not subject to any adjustment, except in relation to leakages and ticking fees, as contractually determined. This amount is entirely payable on completion of the acquisition, which is expected in the first half of 2024 and is subject to the customary antitrust and regulatory approvals. The transaction will be financed through a combination of available cash and the additional debt, for which the Group had initially obtained a commitment of Euro 500 million as bridge debt facility (hereinafter the "**Bridge Facility SKS365**"), subsequently extinguished upon the issuance of a senior secured floating rate bond maturing in 2030 (issued below par at 99.5%), bearing interest equal to the sum of the three-month EURIBOR rate (with a 0% floor) plus 4.00% per annum to be paid quarterly starting March 1, 2024 (hereinafter the "**December 2023 Notes**"). At the same time, the Group obtained an increase of the existing revolving credit facility for Euro 50 million (hereinafter the "**Additional RCF**").

The proceeds of the December 2023 Notes, net of issue discount, were transferred into an

escrow account and will be used, together with available cash, to (i) finance the SKS365 Acquisition and (ii) pay certain fees and expenses related to the SKS365 Acquisition, the issuance of the December 2023 Notes and the Additional RCF. The release of proceeds from the escrow account is subject to the completion of the SKS365 Acquisition.

With reference to the SKS365 Acquisition, the net ancillary monetary costs incurred in connection with the related acquisition and its financing, are equal to Euro 30.1 million, mainly relating to:

- professional fees related to the acquisition amounting to Euro 8.3 million;
- professional fees related to the issuance of the December 2023 Notes amounting to Euro 11.4 million;
- the issue discount of Euro 2.5 million;
- commitment fees related to the Bridge Facility SKS365 of Euro 7.0 million and the arrangement fees related to the Additional RCF for Euro 0.1 million;
- negative carry resulting from the negative difference between the interest income accrued on the escrow account and the interest expense accrued on the December 2023 Notes for the period from December 14, 2023 to December 31, 2023 amounting to Euro 1.1 million;
- interest rate swap net income of Euro 0.3 million.

***

The following table provides a summary of the non-recurring costs recorded for the year ended December 31, 2023 as a result of the above transactions and the relevant accounting treatment applied:

(in thousands of Euro)	Amount(*)	*Of which incurred as of December 31, 2023*	Finance expenses	Costs not included in Adjusted EBITDA	Shareholder's Equity	Financial liabilities at amortized cost	Monetary portion	Non-monetary portion
Listing costs								
Underwriting fees and consultants / advisors	(27.5)	*(27.5)*			✓		(27.5)	-
Prepayment penalty on Bondco Loan	(16.5)	*(16.5)*	✓				(16.5)	-
Bridge Facility	(13.8)	*(13.8)*	✓				(13.8)	-
New RCF (over five years)	(4.0)	*(0.7)*	✓				(4.0)	-
Total (A)	**(61.8)**		**(34.3)**	**-**	**(27.5)**	**-**	**(61.8)**	**-**
Refinancing costs								
Underwriting fees and consultants / advisors	(24.1)	*(24.1)*				✓	(24.1)	-
Issue discount	(5.5)	*(5.5)*				✓	(5.5)	-
Make-whole on Notes Repaid net of IRS income(**)	7.2	*7.2*	✓				7.2	-
Acceleration of the amortized cost on Notes Repaid	(10.8)	*(10.8)*	✓				-	(10.8)
Negative carry as of July 17, 2023	*(2.5)*	*(2.5)*	✓				*(2.5)*	-
Total (B)	**(35.7)**		**(6.1)**	**-**	**-**	**(29.6)**	**(24.9)**	**(10.8)**
Former RCF (C)	(4.5)	*(4.5)*	✓				-	(4.5)
Total (C)	**(4.5)**		**(4.5)**				**-**	**(4.5)**
SKS365 Acquisition								
Transaction costs related to SKS365	(8.3)	*(8.3)*		✓			(8.3)	-
Underwriting fees e consultants / advisors	(11.4)	*(11.4)*				✓	(11.4)	-
Issue discount	(2.5)	*(2.5)*				✓	(2.5)	-
Bridge Facility SKS365	(7.0)	*(7.0)*	✓				(7.0)	-
Additional RCF (over five years)	(0.1)	-	✓				(0.1)	-
Negative carry as of December 31, 2023	(1.1)	*(1.1)*	✓				(1.1)	-
Net income from IRS	0.3	*0.3*	✓				0.3	-
Total (D)	**(30.1)**		**(7.9)**	**(8.3)**	**-**	**(13.9)**	**(30.1)**	**-**
Total (A+B+C+D)	**(132.1)**		**(52.8)**	**(8.3)**	**(27.5)**	**(43.5)**	**(116.8)**	**(15.3)**

(*) Gross of related tax effect
(**) Includes income due to the closing of the hedging derivative following the early repayment of the floating rate portion of the July 2020 Notes amounting to Euro 6.7 million with reference to the early redemption of the portion of Euro 100 million on the Listing Date and amounting to Euro 13.1 million with reference to the early redemption of the remaining portion of Euro 200 million as a result of the Refinancing, net of the make-whole amounting to Euro 12.7 million.

7. Gaming sector regulation

In accordance with Article 43 of the Italian Constitution, a legal reserve regime is applied to public gaming in Italy. The State retains all rights relating to the organization and operation of public gaming (Article 1 of Legislative Decree No.496 of April 14, 1948), thereby excluding unregulated initiative by private individuals who, in order to operate legal gaming activities, are required to obtain relevant concessions.

The State's involvement in the gaming industry is the need to ensure tax revenues at levels compatible with the protection of other relevant public interests, namely, consumer protection and the fight against crime.

Regulation of the gaming sector is the responsibility of the Ministry of the Economy and Finance and, specifically, of the Customs and Monopolies Agency, hereafter "ADM" (the "Agenzia delle Dogane e dei Monopoli", formerly the "Amministrazione Autonoma dei Monopoli dello Stato"), which sets guidelines for the rational and dynamic development of the industry and verifies the lawfulness of the operations of concessionaires.

Specifically, the ADM entrusts the operation of gaming activities to entities that it selects through open and non-discriminatory competitive tenders, in accordance with the principles laid down in EU and national rules regarding concessions.

The following paragraphs describe the main normative and regulatory provisions introduced in 2023 and also provide details regarding other applicable provisions for each of the reference sectors, namely ADI (entertainment device), Betting, GAD (remote gaming - Online) and Bingo.

7.1 ADIs

PREU and payout rates – 2023

The PREU flat-rate tax is the tax applied to the ADI (entertainment device) segment. It was introduced by Article 39 of Law Decree No.269 of September 30, 2003, as amended and converted by Law No.326 of November 24, 2003. PREU is calculated by applying the relevant percentage to the total bet placed in each relevant activity, namely, for AWP activities and for VLT activities.

In 2023, the current PREU rates for AWP and VLT are 24.0% and 8.6% respectively, and have not been modified compared to those applicable in 2022.

In 2023, the minimum payout levels for AWP and VLT are respectively 65.0% and 83.0% of bet and have not been changed compared to those applicable in 2022.

Onerous extension of ADI concessions

The ADI concessions are under onerous extension ex lege until December 31, 2024 by the Budget Law 2023.

ADM with note No. 317086 of June 15, 2023 established that for the purpose of the extension of the concession: "*the amount paid shall be calculated as sum of the unit price paid for NOEs (nulla osta d'esercizio) relating to AWP devices and the amount of the nine-year fee relating to VLT devices held as of October 31, 2022, increased by 15% and proportionate to the duration of the extension. According to the rule mentioned, the unit price paid for NOEs relating to AWP devices shall be paid in full in the current year in two equal instalments, by July 15 and October 1. The amount of the nine-year fee for VLT devices, plus 15 percent, shall be paid:*

- *for 2023, in two equal instalments by July 15 and October 1 of the year indicated; and*
- *for 2024, in two equal instalments by January 15 and June 1 of the year indicated".*

With reference to Gamenet S.p.A. and Lottomatica Videolot Rete S.p.A., the details of the payments are as follows:

- Gamenet S.p.A. paid two instalments each of Euro 7,374,495.83 by July 15, 2023 and by October 1, 2023; it also paid one instalment of Euro 10,791,791.67 by January 15, 2024 and will pay an additional instalment of the same amount by June 1, 2024.
- Lottomatica Videolot Rete S.p.A. paid two instalments each of Euro 5,520,508.33 by July 15, 2023 and by October 1, 2023; it also paid one installment of Euro 8,212,916,67 by January 15, 2024 and will pay an additional instalment of the same amount by June 1, 2024.

AWP-R

Pursuant to the 2016 Stability Law and as subsequently modified, most recently by the provisions of Law No. 145 of December 30, 2018, the ADM developed a draft Ministerial Decree setting out technical rules for the production of entertainment devices pursuant to Article 110, Paragraph 6, letter a) of the TULPS that permit remote gaming. This draft was sent to the Finance Legislative Office for final approval. As clarified by the ADM in the note relating to the 2023 Development Plan, "*each concession holder, following publication of the decree containing the technical rules for the production of AWP-R equipment, will proceed within its area of responsibility to adapt the network structures and connectivity and replace the equipment, PDAs and communication structures of the telematic networks*".

At reporting date, the decree containing technical rules for the production of AWP-R has not yet been issued.

7.2 Betting and GAD

Betting concessions held by the Group

The following table provides a summary of the betting concessions held by the Group during 2023:

	Concession No.	*Announcement*	Betting offering	*Number of rights 2023*
GBO Italy S.p.A.	4098	Bersani betting shops	Sport	421
	4098	Bersani corner	Sport	1,241
	4341	Bersani betting shops	Horse racing	13
	4805	Giorgetti betting shops	Horse racing	12
	4504	Monti	Sport + Horse racing	358
	72000	Tax regularization pursuant to article 1 co. 643 L. 190/2014	Sport + Horse racing	994
			TOT.	**3,039**

	Concession No.	*Announcement*	Betting offering	*Number of rights 2023*
Ricreativo B S.p.A.	4538	Monti	Sport + Horse racing	8
	4869	Giorgetti betting shops	Horse racing	1
			TOT.	**9**

Betting duties ("Imposta Unica")

Since January 1, 2016, pursuant to the provisions of Article 1, paragraph 945, of Law No. 208 of December 28, 2015, the betting duties ("Imposta unica") for sports and non-sport fixed-odds bet referred to in Legislative Decree 504/98, is applied to the difference between the bet and the winnings paid, with tax rates of 18% for physical network collection and 22% for online.

Onerous extension of betting and GAD concessions

With regard to the Group's betting offering, provided both through retail points of sale and online, the concessions expired on June 30, 2016 and have subsequently been operating under an extension regime. Since 2018, such extension regime has become onerous.

At the reporting date, pursuant to Law No. 127 of December 29, 2022 (the so-called "2023 Stability Law"), all concessions relating to the Online and Sports Franchise segments operate under an onerous extension, with validity from January 1, 2023 to December 31, 2024.

With regard to the GAD concessionaires, the amount to be paid as onerous extension was available in the reserved area of each concessionaire.

With reference to the betting concessionaires, ADM Directorial Decree No. 320379/RU of July 8, 2022 provides that:

"The amounts calculated on the basis of the annual amount provided for in Article 18-ter of Decree-Law No. 36 of April 30, 2022, converted with amendments by Law No. 79 of June 29, 2022, are established in:

- *Euro 7,500 for each right that is to be extended for points of sale whose main activity is the marketing of public gaming products (shops);*
- *Euro 4,500 for each right that is to be extended for points of sale whose ancillary activity is the marketing of public gaming products (corners).*

Taking into account that the extension takes effect from June 30, 2022 to June 30, 2024, the amounts shall be paid as follows:

- *for the period between June 30, 2022 and June 30, 2023, in two equal instalments due on October 31, 2022 and April 30, 2023 respectively;*
- *for the period between June 30, 2023 and June 30, 2024, in two equal instalments due on October 31 2023 and April 30, 2024."*

With reference to the concessionaire GBO Italy S.p.A., the two instalments of Euro 9,539,250.00, expiring on April 30, 2023 and October 31, 2023 were paid in 2023. The same amount will be paid in 2024.

7.3 Bingo

Extension fees

Bingo concessions were extended ex lege to December 31, 2024 by the 2023 Budget Law. According to the provisions of the aforementioned Law No. 197 of 2022, ADM with note No. 284334 of May 30, 2023 established that each concessionaire shall therefore pay the sum of Euro 181,125, divided into four instalments:

- Euro 38,812.50 by July 15, 2023;
- Euro 38,812.50 by October 1, 2023;
- Euro 51,750 by January 15, 2024;
- Euro 51,750 by June 1, 2024

Battistini Andrea S.r.l. has appealed to the Regional Administrative Court for the cancellation of the note of the ADM, Games Management, No. 284334 of May 30, 2023 and the related and/or consequential acts. The Lazio Regional Administrative Court has suspended as a precautionary measure the effectiveness of the abovementioned acts and determined that it is required to pay a reduced monthly concessionary fee of Euro 2,800.00.

7.4 Key normative and regulatory provisions relating to the sector

Delegation to the government to implement the reorganization of the gaming sector

In accordance with Article- 15 of Law No. 111 of August 9, 2023 ("Delegated Law") the Government has been delegated to implement the reorganization of the existing provisions on public

games in accordance with the following principles and guidelines summarized below:

- introduction of technical and regulatory measures to ensure the full protection of the most vulnerable and to prevent gambling disorders and underage gambling;
- establishing adequate forms of consultation between the State, the regions and the local authorities regarding the planning of the territorial location of physical gaming venues;
- reorganization of betting collection networks, both online and physical locations, in order to rationalize their territorial and numerical distribution;
- strengthening the rules on transparency and on the subjective and honorability requirements of those who, directly or indirectly, control or are shareholders of public gaming concession companies, as well as their corporate representatives; identification of maximum concentration limits, for each concessionaire and its owners or controlling entities, for the management of physical gaming venues; extension of the anti-mafia requirements to all contractual partners of the concessionaires;
- adjustment of the provisions on state levies on individual games, ensuring the rebalancing of the taxation on the different types of public games, in order to harmonize also the rates of remuneration or remuneration granted to concessionaires, operators and merchants, as well as the payout percentages; adjustment of the provisions on reporting obligations; certainty of the taxation for the entire duration of the concessions awarded following public tenders and provision of specific periodic investment obligations by the concessionaires for the security of the game and the implementation of constant best practices in concession management;
- definition of transparent and uniform rules for the whole national territory regarding qualifying titles for the offer of the game;
- review of the regulations related to controls and the assessment of gaming taxation; reorganization of the existing sanctioning and administrative system in order to increase its dissuasive effect and effectiveness; providing for increased penalties for violation relating to remote gaming;
- reorganization of the rules related to the qualification of certification bodies for entertainment devices and obligations, responsibilities and guarantees of producers or distributors of computer programs for the management of gaming activities and their related collection;
- establishment of annual control plans to combat the practice of gambling in a way that is not in compliance with the state regulatory framework for legal gaming;
- provision for access by public and private entities involved in prevention and treatment of gambling addiction, to data regarding the territorial spread, collection, expenditure and taxation of authorized games of any type and classification;
- report to the Chambers of the Italian Parliament on the public gaming sector, submitted by the Minister for Economic Affairs and Finance by December 31 each year, containing, among others, data on the concession status, on the betting volumes, on the economic performance of the management and on progress in the protection of gaming consumers and legality.

Implementation of the remote gaming reorganization

On December 19, 2023, the Italian Council of Ministers approved the draft legislative decree on "Provisions on the reorganization of the gaming sector, starting with remote gaming", pursuant to Article 15 of Law No. 111 of August 9, 2023 ("Delegated Law"). Until now, the discipline relating to games on physical network is excluded: these provisions will be "contained in a subsequent legislative decree issued after the definition of a specific framework between the State, Regions and local authorities" (art. 1, paragraph 2).
Firstly, the draft defines the principles of the game also with reference to European legislation. The base of the legislative decree is the concessionary regime for remote gaming (Title II of the draft decree). The principles (Articles 3 and 4) include:

- the protection of minors and the legality of the game, the development of secure gaming (with regard to health, public order and safety), the promotion of responsible gaming;
- the fight against illegal gambling and forms of money laundering, the transparency of the gaming offer and the development of the sector according to models of economic solidity and efficiency of the subjects, the traceability of money flows (refer to art. 7);
- the unity and uniformity of the organization and management of the network offering public gaming throughout the national territory;
- respect for the principle of free competition in the European common market, the principle of non-discrimination and the freedoms established by the Treaties of the European Union;
- compliance with the principle of stability of the rules of the concession and the protection of the concessionaire's custody (also of European origin).

Art. 23, paragraph 3, of the draft legislative decree includes the publication by ADM of a tender for the award of concessions related to the collection of remote gaming expiring December 31, 2024, referred to in letters from a) to f) of Article 6, paragraph 1. Among the requirements and conditions indicated, it should be noted (i) the payment of a one-off fee, amounting to Euro 7 million for each concession requested, with the maximum number of five concessions that may be requested by each group of companies (art. 5, paragraph 5); (ii) payment of an annual concession fee of 3% of the net margin of the concessionaire, due from the date of signature of the concession agreement, calculated by subtracting from the amount of the betting collection to the amount of winnings paid and related taxes (art. 6, paragraph 6).

With reference to the fee of Euro 7 million for each concession requested which is a significant increase compared to the last GAD tender notice (published in the Official Journal of the European Community of January 10, 2018 pursuant to Law No. 208/2015 (one-off fee of Euro 200,000.00), it should be noted that, as is stated in the Technical Report accompanying the draft of online game reorganization, *"lthe one-off fee has almost tripled in line with the trend in online bet, which increased by 100% between 2019 and 2022 and which shows an estimated further growth of 30% by the end of 2023 compared to 2019, from bet of Euro 36.4 billion in 2019 to an estimated bet of about Euro 83.5 billion in 2023, with a further expected growth for the years to follow"*.

8. Review of Group results

The following table shows the Group's consolidated income statements for the year ended December 31, 2023 and 2022:

	For the year ended December 31,				Change	
(in thousands of Euro)	2023	% of revenues	2022(*)	% of revenues	Euro	%
Revenues	1,632,488	100.0%	1,394,862	100.0%	237,626	17.0%
Other income	18,529	n.a.	12,824	n.a.	5,705	44.5%
Total revenues and income	**1,651,017**	**n.a.**	**1,407,686**	**n.a.**	**243,331**	**17.3%**
Cost of services	(972,759)	(59.6%)	(879,052)	(63.0%)	(93,707)	10.7%
Personnel expenses	(98,378)	(6.0%)	(80,472)	(5.8%)	(17,906)	22.3%
Other operating costs	(40,952)	(2.5%)	(31,363)	(2.2%)	(9,589)	30.6%
Depreciation, amortization and impairments	(194,177)	(11.9%)	(154,797)	(11.1%)	(39,380)	25.4%
Accruals and impairments	(5,998)	(0.4%)	(3,581)	(0.3%)	(2,417)	67.5%
Net finance expenses	(192,148)	(11.8%)	(124,251)	(8.9%)	(67,897)	54.6%
Share of loss of equity accounted investments	(8,965)	(0.5%)	(915)	(0.1%)	(8,050)	>100.0%
Profit before taxes	**137,640**	**8.4%**	**133,255**	**9.6%**	**4,385**	**3.3%**
Income tax expense	(63,418)	(3.9%)	(54,824)	(3.9%)	(8,594)	15.7%
Net profit for the year	**74,222**	**4.5%**	**78,431**	**5.6%**	**(4,209)**	**(5.4%)**
Net profit for the year attributable to non-controlling interests	5,919	0.4%	6,312	0.5%	(393)	(6.2%)
Net profit for the year attributable to the owners of the parent	**68,303**	**4.2%**	**72,119**	**5.2%**	**(3,816)**	**(5.3%)**

(*) Figures for the year ended December 31, 2022 have been restated following the completion of the purchase price allocation relating to Betflag S.p.A.

8.1 Revenues

The following table provides a breakdown of revenues by operating segment for the year ended December 31, 2023 and 2022:

	For the year ended December 31,				Change	
(in thousands of Euro)	2023	% of revenues	2022	% of revenues	(Euro)	%
Online	520,787	31.9%	328,610	23.6%	192,177	58.5%
Sports Franchise	368,217	22.6%	340,793	24.4%	27,424	8.0%
Gaming Franchise	743,484	45.5%	725,459	52.0%	18,025	2.5%
Total	**1,632,488**	**100.0%**	**1,394,862**	**100.0%**	**237,626**	**17.0%**

Online

The following table provides certain key performance indicators for the Online segment for the periods indicated:

	As of and for the year ended December 31,	
	2023	2022
Unique active users(*)	1,310,675	1,179,442
Total online bet (in millions of Euro)	16,203.6	9,199.0

(*) Unique Active Users refers to the number of customers who have carried out, with one or more game accounts in their name, at least one bet on one or more Online products (not only sports betting) during that period.

The Online segment generated bet of Euro 16,203.6 million for the year ended December 31, 2023, an increase of 76.1% compared to the previous year (Euro 9,199.0 million for the year ended December 31, 2022). The Online segment benefitted from the Betflag Acquisition, which contributed to a significant increase in the online games offer and generated bet of Euro 4,479.2 million for the year ended December 31, 2023. The Online segment also benefitted from the overall growth of the market as well as the increase in the market share in all of the Group's product lines and brands resulting in the strengthening of the leadership position.

The overall increase in bet for the year ended December 31, 2023 compared to the year ended December 31, 2022 was driven by an increase in:

- iGaming from Euro 6,950.3 million for the year ended December 31, 2022 to Euro 12,654.0 million for the year ended December 31, 2023;
- iSports from Euro 1,787.6 million for the year ended December 31, 2022 to Euro 2,443.6 million for the year ended December 31, 2023;
- other online gaming from Euro 461.1 million for the year ended December 31, 2022 to Euro 1,105.9 million for the year ended December 31, 2023.

In addition to the drivers noted above, key contributing factors to the growth of the Online segment included:

- the increase in the online games offer;
- continuous technological improvements (graphic and functional refactoring of the deposit and withdrawals section and inclusion of virtual games in the sports betting app);
- review of the CRM strategy through the implementation of customer retention/reactivation activities;
- the optimization of acquisitions from the retail channel through the introduction of focused marketing policies and the improvement of network;
- the development of policies to acquire new customers;
- the unification of the gaming platform for both Group brands; and
- joining new gaming networks for poker and skill games.

Online segment revenues for the year ended December 31, 2023 amounted to Euro 520.8 million, an increase of Euro 192.2 million compared to Euro 328.6 million for the year ended December 31, 2022 and benefitted from the Betflag Acquisition, which generated revenues of Euro 104.2 million for the year ended December 31, 2023 (Euro 6.9 million for the period in 2022 for which it was consolidated by the Group). The main drivers for the increase in revenues were the same as those described above for the increase in bet.

Sports Franchise

The following table provides certain key performance indicators for the Sports Franchise segment for the periods indicated:

	As of and for the year ended December 31,	
	2023	2022
Number of licenses/concessions(*)	3,014	2,998
Number of active points of sale at year end (shops and corner)	2,803	2,725
Average number of points of sale in operations (shops and corner)	2,747	2,783
Sports Franchise bet (in millions of Euro)	2,824.5	2,528.3

(*) Excluding the 26 licenses related to horse racing in 2023 and 25 in 2022.

Sports Franchise bet increased from Euro 2,528.3 million for the year ended December 31, 2022 to Euro 2,824.5 million for the year ended December 31, 2023, mainly due to the effect of the implementation of the project POS, which enabled the Group to identify and include within its network the best-performing point of sales. Sports Franchise revenues amounted to Euro 368.2 million for the year ended December 31, 2023, an increase of Euro 27.4 million (+8.0%) compared to Euro 340.8 million for the year ended December 31, 2022. This increase was mainly due to growth in bet, partially offset by the negative impact of higher payout in October, in part recovered in November and December.

Gaming Franchise

Bet in the Gaming Franchise segment for the year ended December 31, 2023 amounted to Euro 11,103.4 million compared to Euro 11,119.0 million for the year ended December 31, 2022. Gaming Franchise revenues amount to Euro 743.5 million for the year ended December 31, 2023 compared to Euro 725.5 million for the year ended December 31, 2022.

The following paragraphs provide details of Gaming Franchise segment by product line:

AWP

The following table provides certain key performance indicators for the AWP product line for the periods indicated:

	As of and for the year ended December 31,	
	2023	2022
Number of AWPs in operation at year end	63,138	63,232
Average number of AWPs in operation for the year	62,757	62,841
AWP bet (in millions of Euro)(*)	4,471.4	4,658.2
Average AWP PREU (as percentage of bet)	24.0%	24.0%

(*) The amount does not include bet generated by gaming halls connected to other concessionaires (different from Gamenet S.p.A. and Lottomatica Videolot Rete), amounting to Euro 293.4 million, and Euro 198.8 million for the years ended December 31, 2023 and 2022, respectively which is included in the Retail and Street Operations business line.

AWP bet amounted to Euro 4,471.4 million for the year ended December 31, 2023, decreasing compared with the previous year (Euro 4,658.2 million for the year ended December 31, 2022).

AWP revenues for the year ended December 31, 2023 amounted to Euro 278.2 million, an increase of Euro 4.3 million, compared to Euro 273.9 million for the year ended December 31, 2022, mainly due to implementation of the distribution insourcing strategy.

VLT

The following table provides certain key performance indicators for the VLT product line for the periods indicated:

	As of and for the year ended December 31,	
	2023	2022
Number of VLTs licenses	19,831	19,831
Average number of VLTs in operation for the year	18,287	18,896
Number of VLTs in operation as of the year end	18,344	18,322
VLT in operation as percentage of VLT rights	92.5%	92.4%
VLT bet (in millions of Euro)(*)	6,216.7	6,146.8
Average VLT PREU (as percentage of bet)	8.6%	8.6%

(*) The amount does not include bet generated by gaming halls connected to other concessionaires (different from Gamenet S.p.A. and Lottomatica Videolot Rete), amounting to Euro 121.9 million, and Euro 115.2 million for the year ended December 31, 2023 and 2022, respectively which is included in the Retail and Street Operations business line.

VLT bet increased by 1.1% from Euro 6,146.8 million for the year ended December 31, 2022 to Euro 6,216.7 million for the year ended December 31, 2023 while VLT revenues increased by 1.8% from Euro 430.5 million for the year ended December 31, 2022 to Euro 438.3 million for the year ended December 31, 2023. The increase in bet and revenues is mainly attributable to the resumption of full operation of VLT halls, still affected by Covid-19 restrictions in the first half of 2022.

Retail and Street Operations

Bet in the Retail and Street Operations product line (from other concessionaires) amounted to Euro 415.3 million for the year ended December 31, 2023 (Euro 314.0 million for the year ended December 31, 2022) while the related revenues (from other concessionaires) amounted to Euro 27.0 million for the year ended December 31, 2023, an increase of Euro 5.9 million compared to Euro 21.1 million for the year ended December 31, 2022.

After reclassifying bet generated in owned gaming halls connected to the Gamenet and Lottomatica Videolot Rete concessionaires, total Retail and Street Operations bet for the year ended December 31, 2023 amount to Euro 3,184.3 million (Euro 2,778.8 million for the year ended December 31, 2022). For details regarding year-on-year movements, see the comments above in relation to the AWP and VLT.

8.2 Other income

Other income for the year ended December 31, 2023 amount to Euro 18.5 million, an increase of Euro 5.7 million compared to Euro 12.8 million for the year ended December 31, 2022, the increase is mainly related to non-recurring income from the re-charge of penalties for ADM service levels for the years 2013 and 2014 to gaming platforms providers.

8.3 Cost of services

The following table provides a breakdown of cost of services for the year ended December 31, 2023 and 2022:

	For the year ended December 31,				Change	
(in thousands of Euro)	2023	% of revenues	2022	% of revenues	(Euro)	%
Distribution network compensation	(681,284)	(41.7%)	(621,009)	(44.5%)	(60,275)	9.7%
Fee on gaming platform licenses	(88,065)	(5.4%)	(69,943)	(5.0%)	(18,122)	25.9%
Concession fee	(51,447)	(3.2%)	(47,454)	(3.4%)	(3,993)	8.4%
Leases and rentals	(7,351)	(0.5%)	(5,588)	(0.4%)	(1,763)	31.5%
Other	(144,612)	(8.9%)	(135,058)	(9.7%)	(9,554)	7.1%
Total	**(972,759)**	**(59.6%)**	**(879,052)**	**(63.0%)**	**(93,707)**	**10.7%**

Cost of services for the year ended December 31, 2023 amounted to Euro 972.8 million an increase of Euro 93.7 million compared to Euro 879.1 million for the year ended December 31, 2022.

Cost of services mainly related to the distribution network compensation, which amounted to Euro 681.3 million for the year ended December 31, 2023, an increase of Euro 60.3 million compared to Euro 621.0 million for the year ended December 31, 2022. This trend was mainly attributable to the supply chain remuneration model (linked to a percentage of bet and/or revenue sharing mechanisms), resulting in the cost item substantially varying in line with revenues.

The fee on gaming platform licenses was Euro 88.1 million for the year ended December 31, 2023, an increase of Euro 18.2 million compared to Euro 69.9 million for the year ended December 31, 2022. The fee on gaming platform licenses represents amounts payable to the VLT platform providers to use their systems.

The concession fee payable to the ADM for the VLT and AWP concessions was Euro 51.4 million for the year ended December 31, 2023, an increase of Euro 4.0 million compared to Euro 47.4 million for the year ended December 31, 2022. The increase was substantially related to the increase in bet since the relevant concession fee is equal to 0.3% of VLT and AWP bet.

The item Other cost of services amounted to Euro 144.6 million for the year ended December 31, 2023, an increase of Euro 9.5 million compared to Euro 135.1 million for the year ended December 31, 2022. Such change was mainly linked to the higher commissions on collections by credit cards following the increase in the volumes of transactions recorded, as well as the contribution of Betflag.

8.4 Personnel expenses

The following table provides a breakdown of personnel expenses for the year ended December 31, 2023 and 2022:

	For the year ended December 31,				Change	
(in thousands of Euro)	2023	% of revenues	2022	% of revenues	(Euro)	% of revenues
Remuneration	(70,850)	(4.3%)	(56,188)	(4.0%)	(14,662)	26.1%
Social security contributions	(21,131)	(1.3%)	(17,843)	(1.3%)	(3,288)	18.4%
Other personnel costs	(6,397)	(0.4%)	(6,441)	(0.5%)	44	(0.7%)
Total	**(98,378)**	**(6.0%)**	**(80,472)**	**(5.8%)**	**(17,906)**	**22.3%**

Personnel expenses for the year ended December 31, 2023 amounted to Euro 98.4 million, an increase of Euro 17.9 million compared to Euro 80.5 million for the year ended December 31, 2022. The increase was mainly attributable to the increase in the average number of employees in particular in relation to the acquisitions of Betflag and Ricreativo.

8.5 Other operating costs

Other operating costs for the year ended December 31, 2023 amounted to Euro 40.9 million, an increase of Euro 9.5 million (30.6%) compared to Euro 31.4 million for the year ended December 31, 2022. The change is mainly attributable to the write-off of software licenses no longer used, as well as the higher ancillary costs for purchase of investments.

8.6 Depreciation, amortization and impairments

The following table provides a breakdown of depreciation, amortization and impairments for the years ended December 31, 2023 and 2022:

	For the year ended December 31,				Change	
(in thousands of Euro)	2023	% of revenues	2022 (*)	% of revenues	(Euro)	%
Amortization of intangible assets	(137,331)	(8.4%)	(97,879)	(7.0%)	(39,452)	40.3%
of which PPA	(70,740)	(4.3%)	(56,805)	(4.1%)	(13,935)	24.5%
Depreciation of property, plant and equipment	(39,256)	(2.4%)	(41,704)	(3.0%)	2,448	(5.9%)
Depreciation of investment property.	(27)	(0.0%)	(27)	(0.0%)	-	0.0%
Impairments of property, plant and equipment and intangible assets	(553)	(0.0%)	(490)	(0.0%)	(63)	n.a.
Depreciation of right of use	(17,010)	(1.0%)	(14,697)	(1.1%)	(2,313)	15.7%
Total	**(194,177)**	**(11.9%)**	**(154,797)**	**(11.1%)**	**(39,380)**	**25.4%**

Depreciation, amortization and impairments for the year ended December 31, 2023 amounted to Euro 194.2 million (of which Euro 70.7 million recognized following the purchase price allocation process), as compared to Euro 154.8 million in the previous year (of which Euro 56.8 million recognized following the purchase price allocation process). It should be noted that as of the date of preparation of this document, the purchase price allocation related to the acquisition of Ricreativo is still in progress and, therefore, in accordance with IFRS 3, the Group will complete the assessment within twelve months from the date of acquisition.

8.7 Net finance expenses

The following table provides a breakdown of net finance expenses for the year ended December 31, 2023 and 2022:

	For the year ended December 31,				Change	
(in thousands of Euro)	2023	% of revenues	2022	% of revenues	(Euro)	%
Non-recurring finance income	24,402	1.5%	-	0.0%	24,402	>100.0%
Other interest income	3,737	0.2%	550	0.0%	3,187	>100.0%
Total finance income	**28,139**	**0.2%**	**550**	**0.0%**	**27,589**	**>100.0%**
Non-recurring finance expenses	(73,052)	(4.5%)	-	0.0%	(73,052)	>100.0%
Interest expense on Notes	(107,718)	(6.6%)	(77,788)	(5.6%)	(29,930)	38.5%
Amortized cost on Notes	(6,300)	(0.4%)	(4,806)	(0.3%)	(1,494)	31.1%
Commission on sureties	(5,661)	(0.3%)	(5,634)	(0.4%)	(27)	0.5%
Interest expense on Revolving Loan	(5,712)	(0.3%)	(5,387)	(0.4%)	(325)	6.0%
Interest expense on Bondco loan	(6,947)	(0.4%)	(20,441)	(1.5%)	13,494	(66.0%)
Leasing interest expense	(3,751)	(0.2%)	(3,071)	(0.2%)	(680)	22.1%
IRS interest expense	(3,303)	(0.2%)	(368)	(0.0%)	(2,935)	>100.0%
Amortized costs on deferred purchase consideration for acquisition	(3,504)	(0.2%)	(6,169)	(0.4%)	2,665	(43.2%)
Other interest expense	(4,339)	(0.3%)	(1,137)	(0.1%)	(3,202)	>100.0%
Total finance expenses	**(220,287)**	**(13.5%)**	**(124,801)**	**(8.9%)**	**(95,486)**	**76.5%**
Net finance expenses	**(192,148)**	**(11.8%)**	**(124,251)**	**(8.9%)**	**(67,897)**	**54.6%**

Net finance expenses amount to Euro 192.1 million for the year ended December 31, 2023, an increase of Euro 67.9 million compared to Euro 124.3 million for the year ended December 31, 2022. The increase is mainly attributable to the effect of the Listing, the Refinancing and the SKS365 Acquisition, for which the following non-recurring net finance expenses has been incurred:

Finance income amounting to Euro 24.4 million:

- Euro 19.8 million related to income due to the closing of the hedging derivative following the early repayment of the floating rate portion of the July 2020 Notes (maturity in 2025) and;
- Euro 4.6 million related to the accrued interest income on the escrow account.

Finance expenses amounting to Euro 64.5 million:

- Euro 16.5 million related to the prepayment penalty on the Bondco Loan;
- Euro 20.7 million related to (i) the commitment fees on the Bridge Facility for Euro 13.8 million and (ii) Euro 7.0 million related to the Bridge Facility SKS365;
- Euro 12.7 million related to the make-whole of the Notes Repaid;
- Euro 10.8 million due to the acceleration of the amortized cost on the ancillary charges related to the Notes Repaid;
- Euro 6.3 million related to negative carry due to the interest expense accrued on the Notes Repaid for the period from June 1, 2023 to the repayment date;
- Euro 1.9 million related to interest expense accrued on the December 2023 Notes partially offset by the positive effect of the interest rate swap amounting to Euro 0.3 million;
- Euro 4.5 million for the recognition in the income statement of arrangement fees related to the Former RCF.

The increase in "Interest Expense on Notes" is mainly related to the interest expenses on the September 2022 Notes issued to finance the Betflag Acquisition, amounting to Euro 34.1 million for the year ended December 31, 2023 (Euro 8.8 million for the year ended December 31, 2022).

It should be noted that "Amortized cost on Notes" and "Amortized cost on deferred purchase consideration for acquisition" are not monetary costs.

For a more detailed breakdown of the item, see Note 8.8 in the Notes to the Consolidated Financial Statements.

8.8 Income tax expense

Income tax for the year ended December 31, 2023 amounted to Euro 63.4 million, an increase of Euro 8.6 million as compared to Euro 54.8 million for the year ended December 31, 2022. For further details, see Note 8.10 in the Notes to the Consolidated Financial Statements.

9. Group economic performance – Adjusted EBITDA, Adjusted EBIT and Adjusted Net Profit

The following table shows the reconciliation of Adjusted EBITDA for the years ended December 31, 2023 and 2022:

(in thousands of Euro)	For the year ended December 31, 2023	2022(*)
Net profit for the year	**74,222**	**78,431**
Income tax expense	63,418	54,824
Finance income	(28,139)	(550)
Finance expenses	220,287	124,801
Share of loss of equity accounted investments	8,965	915
Depreciation, amortization and impairment	194,177	154,797
Cost related to M&A, international activities and IPO (**) (a)	19,762	20,408
Integration costs(***)(b)	12,534	17,323
Other non-recurring (income)/expense(****)(c)	15,125	9,401
Total non-recurring costs not included in Adjusted EBITDA (a+b+c)	47,421	47,132
of which:		
Monetary costs not included in Adjusted EBITDA	35,192	37,731
Non-monetary costs not included in the Adjusted EBITDA	12,229	9,401
Adjusted EBITDA	**580,351**	**460,350**

(*) Figures for the year ended December 31, 2022 have been restated following the completion of the purchase price allocation relating to Betflag S.p.A..
(**) For the year ended December 31, 2023, the item mainly refers to strategic consultancy costs amounting to Euro 17.7 million in relation to the potential business acquisitions, including Euro 8.3 million related to the SKS365 Acquisition, and to monetary costs related to the IPO, amounting to Euro 2.1 million. For the year ended December 31, 2022, this item mainly refers to strategic consultancy costs amounting to Euro 15.8 million, including transaction costs related to the Betflag Acquisition.
(***) Primarily represents costs incurred for the integration of acquired companies and expenses on corporate restructuring and redundancy.
(****) For the year ended December 31, 2023, the item refers to: (i) monetary costs related to non-recurring employees benefits of Euro 1.0 million and to other non-recurring monetary costs of Euro 2.0 million, (ii) non-monetary costs mainly related to the impairment of the "Ancona Time" partnership, held by Lottomatica Videolot Rete S.p.A., amounting to Euro 3.3 million, the write-down of convertible bonds issued by the associate iPro Inc. of Euro 1.8 million, the write-off of software license and NOE no longer used amounting to Euro 7.0 million. For the year ended December 31, 2022, the item mainly includes write-off of software no longer used and non-recurring accruals to provisions.

The following table shows the reconciliation of Adjusted EBIT for the years ended December 31, 2023 and 2022:

(in thousands of Euro)	For the year ended December 31, 2023	2022(*)
Net profit for the year	**74,222**	**78,431**
Income tax expense	63,418	54,824
Finance income	(28,139)	(550)
Finance expenses	220,287	124,801
Share of loss of equity accounted investments	8,965	915
Amortization of assets resulting from business combinations	70,740	56,805
Other non-recurring costs and income excluded from Adjusted EBITDA	47,421	47,132
Adjusted EBIT	**456,914**	**362,358**

(*) Figures for the year ended December 31, 2022 have been restated following the completion of the purchase price allocation relating to Betflag S.p.A..

The following table shows the reconciliation of Adjusted Net Profit for the years ended December 31, 2023 and 2022:

(in thousands of Euro)	For the year ended December 31, 2023	2022(*)
Net profit for the year	**74,222**	**78,431**
Amortization of assets resulting from business combinations	70,740	56,805
Other non-recurring costs and income excluded from Adjusted EBITDA(**)	56,386	47,132
Adjustments related to IPO, Refinancing and SKS365 Acquisition	48,650	-
of which:		
-Income from Interest rate swap	*(19,845)*	-
-Prepayment penalty on Bondco Loan	*16,473*	-
-Bridge Facility (Refinancing)	*13,759*	-
-Make-whole on Notes Repaid	*12,680*	-
-Effect of acceleration of the unamortized costs on Notes Repaid and RCF	*15,264*	-
-Negative carry (net of accrued interest received from Escrow Account related to Refinancing)	*2,523*	-
-Income from Interest rate swap SKS365	*(312)*	-
-Bridge Facility SKS365	*6,976*	-
-Negative carry as of December 31, 2023 (net of accrued interest received from Escrow Account related to SKS 365 Notes)	*1,132*	-
Other non-monetary items recorded in finance expenses	13,788	11,287
Tax effect (IRES + IRAP)(***)	(47,902)	(32,963)
Adjusted Net Profit	**215,884**	**160,692**
Adjusted Net Profit per Share(****)	0.86	0.64

(*) Figures for the year ended December 31, 2022 have been restated following the completion of the purchase price allocation relating to Betflag S.p.A..
(**) The amount for the year ended December 31, 2023 includes the non-recurring impairment of equity accounted investments amounting to Euro 9.0 million.
(***) Tax effect is calculated based on the applicable tax regulations as of the periods illustrated.
(****) Calculated based on number of share issued as of December 31, 2023.

10. Group economic performance – by operating segment

The following table shows information relating to income statement items by operating segment for the periods indicated.

	Online		Sports Franchise		Gaming Franchise		Unallocated/Eliminations		Total	
(in thousands of Euro, except percentages)	FY 23	FY 22	FY 23	FY 22	FY 23	FY 22	FY 23	FY 22	FY 23	FY 22(*)
BET (including other concessionaires)	**16,203,559**	**9,199,010**	**2,824,521**	**2,528,330**	**11,103,444**	**11,119,038**			**30,131,524**	**22,846,378**
BET (Lottomatica Group)	16,203,559	9,199,010	2,824,521	2,528,330	10,688,157	10,805,063	-	-	29,716,237	22,532,403
GGR	**869,584**	**541,114**	**465,677**	**430,053**	**2,528,979**	**2,580,758**	**-**	**-**	**3,864,240**	**3,551,925**
Revenues toward third parties	520,787	328,610	368,217	340,793	743,484	725,459	-	-	1,632,488	1,394,862
Other income toward third parties	1,972	1,542	2,832	4,580	13,725	6,702	-	-	18,529	12,824
Intragroup Revenues and Other income	24,051	14,943	8,140	12,067	12,974	8,955	(45,165)	(35,965)	-	-
Total Revenues and Income	**546,810**	**345,095**	**379,189**	**357,440**	**770,183**	**741,116**	**(45,165)**	**(35,965)**	**1,651,017**	**1,407,686**
Adjusted EBITDA	**300,612**	**193,525**	**97,230**	**98,536**	**182,509**	**168,289**	**-**	**-**	**580,351**	**460,350**
Adjusted EBITDA Margin(**)	57.7%	58.9%	26.4%	28.9%	24.5%	23.2%	-	-	35.6%	33.0%
Costs not included in Adjusted EBITDA									(47,421)	(47,132)
Depreciation, amortization and impairment									(194,177)	(154,797)
Finance income									28,139	550
of which non-recurring finance income(***)									*24,402*	-
Finance expenses									(220,287)	(124,801)
of which non-recurring finance expenses(***)									*(73,052)*	-
Share of loss of equity accounted investments									(8,965)	(915)
Profit before tax									**137,640**	**133,255**
Income tax expense									(63,418)	(54,824)
Profit for the year(****)									**74,222**	**78,431**
Adjusted net profit(*****)									**215,884**	**160,692**

(*) Figures for the year ended December 31, 2022 have been restated following the completion of the purchase price allocation relating to Betflag S.p.A..
(**) Adjusted EBITDA Margin is calculated as Adjusted EBITDA / Revenues with third parties.
(***) For details of non-recurring finance income and expenses, please refer to the "Net finance expenses" section of this document.

(****) Includes the effect of the Purchase Price Allocation (PPA), mainly in relation to Lottomatica S.p.A. and the acquisition of IGT business, which had a negative impact of Euro 50.4 million on the profit for the year ended December 31, 2023 (Euro 40.4 million for the year ended December 31, 2022), of which Euro 70.7 million relating to higher depreciation and amortization and Euro 20.3 million to the lower tax charge (Euro 56.8 million relating to higher depreciation and amortization and Euro 16.4 million to the lower tax charge for the year ended December 31, 2022). For further details see Notes 8.6 and 8.10 in the Notes to the Consolidated Financial Statements.
(*****) For a reconciliation of Adjusted net profit, please refer to section "9. Group economic performance – Adjusted EBITDA, Adjusted EBIT and Adjusted Net Profit " of this document.

10.1 Adjusted EBITDA

Online

Adjusted EBITDA of the Online segment was Euro 300.6 million for the year ended December 31, 2023 (representing approximately 51.8% of total Adjusted EBITDA) compared to Euro 193.5 million for the year ended December 31, 2022. The increase in Adjusted EBITDA is related to the growth in bet and revenues mainly due to the contribution of Betflag and to the factors described in the previous paragraphs. The increase is also due to the continuous improvement of the customer base (including loyalty/reactivation promotional activities) and the constant improvement of the offering.

Adjusted EBITDA margin for the year ended December 31, 2023 decreased from 58.9% for the year ended December 31, 2022 to 57.7% for the year ended December 31, 2023.

Sports Franchise

Sports Franchise Adjusted EBITDA for the year ended December 31, 2023 was Euro 97.2 million, compared to Euro 98.5 million for the year ended December 31, 2022, representing approximately 16.8% of total Adjusted EBITDA. The Adjusted EBITDA margin decreased from 28.9% for the year ended December 31, 2022, to 26.4% for the year ended December 31, 2023. The segment was impacted by an unfavorable payout in October, partially recovered in November and December.

Gaming Franchise

Gaming Franchise segment Adjusted EBITDA increased by 8.4%, from Euro 168.3 million for the year ended December 31, 2022, to Euro 182.5 million for the year ended December 31, 2023 while Adjusted EBITDA margin increased from 23.2% for the year ended December 31, 2022 to 24.5% for the year ended December 31, 2023, driven by the performance of different product mix.

11. Cash flows

The following table shows details of the Group's cash flows for the year ended December 31, 2023 and 2022:

(in thousands of Euro)	For the year ended December 31, 2023	2022
Cash flow from operating activities (a)	407,532	412,009
Cash flow used in investing activities (b)	(640,882)	(533,285)
Cash flow from financing activities(c)	293,194	231,105
Net cash flow (a+b+c)	**59,844**	**109,829**
Cash and cash equivalents at the beginning of the period	**234,838**	**125,009**
Cash and cash equivalents at the end of the period	**294,682**	**234,838**

11.1 Cash flow from operating activities

Cash flow generated by operating activities was Euro 407.5 million for the year ended December 31, 2023, a decrease of Euro 4.5 million compared to Euro 412.0 million for the year ended December 31, 2022 and mainly related to:

- cash flow from operating activities before the changes in net working capital of Euro 547.2 million for the year ended December 31, 2023, an increase of Euro 121.1 million compared to Euro 426.1 million for the year ended December 31, 2022. Such increase was substantially in line with the increase in Adjusted EBITDA (which increased by Euro 120.0 million from Euro 460.4 million for the year ended December 31, 2022 to Euro 580.4 million for the year ended December 31, 2023) and the trends of monetary cash costs related to M&A, international activities and IPO, integration costs and other non-recurring income and expenses excluded from Adjusted EBITDA, which decreased from Euro 37.7 million for the year ended December 31, 2022 to Euro 35.2 million for the year ended December 31, 2023;
- cash outflow from net working capital of Euro 24.2 million for the year ended December 31, 2023, attributable, among other things:
  - to the negative change of Euro 5.7 million due to the combined effect of (i) the decrease in trade payables of Euro 4.8 million and (ii) the increase in trade receivables, net of gaming tax paid, of Euro 0.9 million.
  - to the negative change of Euro 15.6 million due to the settlement of the tax claim related to the 2013-2014 betting duties (Imposta Unica) by GBO Italy S.p.A. for Euro 18.8 million, of which Euro 15.6 million and Euro 3.2 million received during 2022 and 2023, respectively, from Logispin Austria GmbH as compensation;
- the negative change in other payables of Euro 4.6 million related to ADM penalties for non-compliance with the concession-holder network management service level obligations for the year 2014 of Gamenet S.p.A. and Lottomatica Videolot Rete S.p.A., paid in August;
- taxes paid for the period, amounting to Euro 114.1 million. The increase of Euro 83.4 million compared to the year ended December 31, 2022 (Euro 30.7 million) is mainly due to the payment of the tax due for the year 2022 in 2023, in addition to the higher advances paid during the year as a result of the higher tax base on which they are calculated (i.e., the advances paid in 2023 was calculated on the 2022 tax base and the advances paid in 2022 was calculated on 2021 tax base).

11.2 Cash flow used in investing activities

Cash flow used in investing activities was Euro 640.9 million for the year ended December 31, 2023, an increase of Euro 107.6 million compared to Euro 533.3 million for the year ended December 31, 2022.

For the year ended December 31, 2023, cash flows used in investing activities were mainly related to:

- recurring capital expenditure amounting to Euro 65.6 million mainly relating to refurbishment of the gaming halls, betting shop, AWP cabinets and motherboards, software development and software license costs;

- extraordinary capital expenditure amounting to Euro 34.0 million mainly related to capital expenditure of PoS network optimization project and transaction costs of other business combinations;
- concession capital expenditure amounting to Euro 45.2 million mainly related to the second and third installment paid for the renewal of Sports Franchise concession and the first instalments paid for the renewal of Gaming Franchise concessions.

Il should be noted that cash flows used in investing activities for the year ended December 31, 2023 also includes Euro 497.5 million related to the issuance of the December 2023 Notes, deposited in an escrow account pending the completion of the SKS365 Acquisition. For the year ended December 31, 2022, cash flows used in investing activities mainly included Euro 125.0 million relating to the payment of the second and last instalment of the deferred price for the acquisition of the IGT business (excluding the effects of the patent box) and Euro 295.5 million related to the Betflag Acquisition.

The following table presents a breakdown of the Group's Cash Capital Expenditures for the periods indicated and a reconciliation with cash flows used in investing activities as reported in the Group's consolidated cash flow statement:

	For the year ended December 31,	
(in thousands of Euro)	2023	2022
Recurring capex	(65,575)	(59,613)
Concession capex	(45,150)	(9,500)
Extraordinary capex	(34,042)	(45,335)
of which:		
Integration	-	(19,730)
Bolt-ons (including deferred consideration)	(14,020)	(8,476)
Other	(20,022)	(17,129)
Cash Capital Expenditures	**(144,767)**	**(114,448)**
Adjusted for:		
Investments in associated companies	(217)	1,613
Net disposal in financial assets	1,602	-
Betflag Acquisition	-	(295,450)
Acquired IGT business	-	(125,000)
Escrow account related to December 2023 Notes	(497,500)	-
Cash flow used in investing activities	**(640,882)**	**(533,285)**

The following table shows the calculation of Operating Cash Flow for the years ended December 31, 2023 and 2022:

	For the year ended December 31,	
(in thousands of Euro)	2023	2022
Adjusted EBITDA	**580,351**	**460,350**
Capital expenditures in recurring capex	(65,575)	(59,613)
Capital expenditures in concessions capex	(45,150)	(9,500)
Operating cash flow	**469,626**	**391,237**

11.3 Cash flow from financing activities

Cash flow generated by financing activities was Euro 293.2 million for the year ended December 31, 2023, compared to Euro 231.1 million for the year ended December 31, 2022.

For the year ended December 31, 2023, cash flow generated by financing activities mainly related to:
net cash inflow from the Listing, Refinancing and SKS365 Acquisition (including the issuance of December 2023 Notes) for a total amount of Euro 449.3 million; partially offset by
- net finance expenses paid of Euro 130.8 million, mainly related to interest on the Notes;
- lease payments of Euro 20.4 million;
- dividends paid of Euro 2.0 million;
- other changes on financial assets and liabilities of Euro 2.9 million.

It should be noted that the cash flow generated by financing activities for the year ended December 31, 2022 mainly included the positive cash flow relating to the issuance of the September 2022 Notes (as defined below) for a total principal amount of Euro 350.0 million.

12. Net financial indebtedness – ESMA

12.1 Net financial indebtedness - ESMA

The following table shows a breakdown of Net financial indebtedness – ESMA, calculated in accordance with the recommendations contained in ESMA 32-382-1138 released on March 4, 2021, for the periods indicated:

	As of December 31,	
(in thousands of Euro)	2023	2022
A. Cash(*)	294,682	219,238
B. Cash equivalent	-	-
C. Other current financial assets	530,475	26,399
D. Liquidity (A+B+C)	**825,157**	**245,637**
E. Current financial debt	15,305	686
F. Current portion of non-current financial debt	150,488	86,628
G. Current Financial Indebtedness (E+F)	**165,793**	**87,314**
H. Net Current Financial Indebtedness (G-D)	**(659,364)**	**(158,323)**
I. Non-current financial debt	103,276	387,167
J. Debt instruments	1,917,021	1,543,390
K. Non-current trade and other payables (**)	-	9,479
L. Non-Current Financial Indebtedness (I+J+K)	**2,020,297**	**1,940,036**
M. Net Financial Indebtedness - ESMA (H+L)	**1,360,933**	**1,781,713**

(*) As of December 31, 2022, cash and cash equivalents did not include Euro 15.6 million related to the funding provided by Logispin Austria GmbH for tax payment notice.
(**) Non-current trade and other payables includes payables for the two-year extension of GBO Italy S.p.A.'s Sports Franchise concessions.

Other current financial assets mainly includes (i) Euro 497.5 million related to the proceeds from the December 2023 Notes deposited into an escrow account pending the completion of the SKS365 Acquisition, (ii) Cash held by operators, mainly related to cash in machines (i.e., in the hoppers and change machines) owned by Gamenet S.p.A., Lottomatica Videolot Rete and Big Easy S.r.l. but managed by external operators, amounting to Euro 25.4 million and (iii) the escrow account related to the acquisition of Goldbet of Euro 5.0 million.

As of December 31, 2023 Current financial debt relates to (i) commitment fees incurred as a result of the Bridge Facility SKS365, (ii) underwriting fees incurred in connection with the issuance of the December 2023 Notes; and (iii) fair value of the interest rate swap derivative financial assets.

The items Non-current financial debt and Current portion of non-current financial debt as of December 31, 2023, mainly related to:

- the payable relating to the deferred price component in relation to the acquisition of GoldBet, amounting to Euro 29.7 million;
- the payable relating to the deferred price component in relation to the Betflag Acquisition, amounting to Euro 49.3 million;
- the payable relating to the acquisition of Ricreativo, amounting to Euro 5.8 million;
- payables relating to other acquisitions, amounting to Euro 9.1 million;
- the payable relating to the eventual exercise of put options, amounting to Euro 49.5 million;
- the payable related to bank borrowings of Ricreativo, amounting to Euro 4.2 million;
- the liability for accrued and unpaid interest on bonds issued for an aggregated amount of Euro 22.7 million;
- the financial liability recognized following the adoption of IFRS 16 for an amount of Euro 75.9 million.

As of December 31, 2022, the item also included the Bondco Loan for an amount of Euro 250 million, which was repaid in advance during 2023.

- "Debt Instruments" as of December 31, 2023 refers to:
- the June 2023 Notes issued for a total principal amount of Euro 1,115 million (recognized at amortized cost of Euro 1,088.3 million as of December 31, 2023);
- the December 2023 Notes issued for a principal amount of Euro 500 million (recognized at amortized cost of Euro 486.2 million as of December 31, 2023).
- the bond issued on September 27, 2022 for a principal amount of Euro 350 million (recognized at amortized cost of Euro 342.5 million as of December 31, 2023) with a fixed semi-annual coupon at an annual rate of 9.750% (the "**September 2022 Notes**").

As of December 31, 2022, the item included the Notes Repaid and the September 2022 Notes, for a total principal amount of Euro 1,565 million (recorded at amortized cost for Euro 1,543.4 million). For further details regarding the item, see Note 9.16 in the Notes to the Consolidated Financial Statements.

12.2 Net financial debt

The following table shows a breakdown of Net financial debt, as monitored by the Group, for the periods indicated:

	As of December 31,	
(in thousands of Euro)	2023	2022
July 2020 Notes(*)	-	640,000
April 2021 Notes(*)	-	575,000
September 2022 Notes(*)	350,000	350,000
June 2023 Notes(*)	1,115,000	-
December 2023 Notes(*)	500,000	-
Bondco loan(*)	-	250,000
IFRS 16	75,908	68,215
Cash and cash equivalents(**)	(792,182)	(219,238)
Net Financial Debt	**1,248,726**	**1,663,977**

(*) Represents the principal amount of the debt.
(**) As of December 31, 2022, cash and cash equivalents did not include Euro 15.6 million related to the funding provided by Logispin Austria GmbH for tax payment notice. As of December 31, 2023, the item also includes Euro 497.5 million related to the proceeds from the December 2023 Notes deposited into an escrow account pending the completion of the SKS365 Acquisition.

13. Reconciliation between shareholder's equity and net profit of the company and consolidated shareholders' equity and net profit

The table below shows a reconciliation of the Shareholders' equity and Net profit of the Company and consolidated Shareholders' equity and Net profit as of and for the years ended December 31, 2023 and 2022:

(in thousands of Euro)	Shareholders' equity as of December 31 2023	Net profit / (loss) for the year ended December 31 2023	Shareholders' equity as of December 31 2022	Net profit / (loss) for the year ended December 31 2022
Company financial statements	**532,655**	**(3,422)**	**91,896**	**(1,749)**
Share of equity and net profit of consolidated subsidiaries, net of carrying amount of the related investments	177,464	141,227	73,361	129,838
Elimination of dividends from subsidiaries	-	(16,500)	-	(16,500)
Elimination of intercompany profits and losses included in fixed assets	(1,526)	(499)	(1,006)	(495)
Consolidation entries	(210,221)	(52,503)	(112,861)	(38,975)
Shareholders' equity and net profit for the year attributable to the Group	**498,372**	**68,303**	**51,390**	**72,119**
Non-controlling interests	43,218	5,919	55,168	6,312
Total shareholders' equity and net profit for the year	**541,590**	**74,222**	**106,558**	**78,431**

14. Information on corporate governance

The Group is committed to maintaining a consistent ethical conduct standard, while respecting the cultures and business practices of the countries and communities in which it operates. Compliance with the Code of Ethics by directors, managers, employees, as well as by all those who work to achieve the objectives of the Group, each within their own area of responsibility, is essential to the efficiency, the reliability and reputation of the Group, factors that are decisive for its success.

The principles and guidelines set out in the Code of Ethics are addressed and analyzed in other company policies and procedures.

The corporate governance system adopted by the Company complies with the indications contained in the Corporate Governance Code published by Borsa Italiana S.p.A. In compliance with regulatory obligations, the company prepares the report on corporate governance and ownership structures (the "CG Report"), that contains a general description of the corporate governance system adopted by the Group and contains information on the ownership structure and compliance with the corporate governance code, including the main governance practices applied and the characteristics of the internal control and risk management system also in relation to the financial reporting process. The aforementioned CG Report can be consulted on the website www.lottomaticagroup.com in the section "Governance". The corporate governance code is available on the website of Borsa Italiana S.p.A www.borsaitaliana.it.

The Board of Directors, on the proposal of the Appointments and Remuneration Committee, defines the remuneration policy, in compliance with the regulatory provisions and the recommendations of the Corporate Governance Code. Pursuant to the law, the remuneration and compensation policy constitutes the first section of the Report on the remuneration policy and compensation paid and will be submitted to the Shareholders' Meeting called to approve the 2023 financial statements.

15. Main risks and uncertainties

15.1 Operational risk

Lottomatica Group S.p.A. adopted, on February 27, 2023, with a resolution of the Board of Directors, the Organization, Management and Control Model envisaged by Legislative Decree 231/2001, a Group Ethics Code and nominated a Supervisory Board.

On the same date, Lottomatica Group S.p.A.'s Board of Directors also adopted the whistleblowing procedure and the document " Anti-bribery & corruption policy and guidelines" which outlines the Group's commitments on corruption prevention, setting out the general principles and rules of conduct to be followed.

Subsequently, on July 27, 2023, the Board of Directors approved the new revision of the procedure that incorporates the intervening regulatory changes (Legislative Decree No. 24/2023 -Implementation of Directive (EU) 2019/1937 of the European Parliament and of the Council of

October 23, 2019, on the protection of persons who report breaches of Union law and laying down provisions concerning the protection of persons who report breaches of national laws). In relation to anti-bribery, the main entities of the Group (Lottomatica S.p.A., Gamenet S.p.A., Lottomatica Videolot Rete S.p.A. and GBO Italy S.p.A.) obtained UNI ISO 37001:2016 "Anti bribery management system" certification in July 2022, an international standard for management created in order to reduce the risks and costs associated with possible corruption phenomena, issued by an accredited certification body.

In addition, in June 2023, the anti-bribery certification according to the UNI ISO 37001:2016 "Anti bribery management system" standard obtained in 2022 by other Group entities was extended to Lottomatica Group S.p.A. and the "Anti-bribery & corruption Policy and Guidelines" was adopted by the Board of Directors on February 27, 2023. The document aims to continuously improve the sensitivity of people who collaborate with the Lottomatica Group to recognize corruption phenomena and cooperating in preventing, countering and reporting possible violations.

With regard to risk management, it should be noted that in July 2019 Lottomatica Group approved the update of the Enterprise Risk Management (ERM) Model, a development of the ERM Model already implemented in 2017 and which provided for the alignment of the specific components to the principles defined in the "Enterprise Risk Management Framework - Integrating with Strategy and Performance" (COSO ERM 2017) as well as the identification of a specific set of Key Risk Indicators.

Subsequently, the ERM Model was revised in September 2020, in order to incorporate the organizational changes that occurred in the Group, and in July 2021 following the acquisition of Lottomatica Scommesse S.p.A., Lottomatica Videolot Rete S.p.A. and Big Easy S.r.l.
During the first half of 2022, the Group proceeded with an evolution and digitization of the management and reporting process of its set of Key Risk Indicators, through the use of a specific tool ("Digital ERM") which allows to detect and monitor the level of exposure to the main risks within the ERM Model.

The current ERM Model includes n. 45 Risk Areas associated with the related process and related owner and whose positioning in the Risk Control Panel is assessed using two different assessment drivers (inherent risk and mitigation monitoring).

15.2 Environmental risk

The Group considers as a strategic priority the prevention and management of risks that could jeopardize the achievement of objectives and business continuity. In this regard, the Group has identified the main risks related to climate change or environmental issues that may have implications or an impact on business activities. The potential risks identified are those related to climate change, both in terms of physical risks, more frequent extreme weather events or gradual changes in the climate (e.g., floods, rising temperatures, dwindling resources, etc.) and/or related to increased operating costs for extraordinary maintenance activities (e.g., for restoring the condition of assets following damage incurred), and in terms of transition risks, i.e., related to the transition to a low-carbon and/or more environmentally sustainable economy.

However, considering the Group's activities and the low likelihood that the identified climate risks will impact the business, the Group's current exposure to the consequences of climate change is considered to be limited in terms of the impacts on strategy and financial cash flows (see the 2023 Consolidated Statement of Non-Financial Reporting for more details).

16. Other information

16.1 Research and development

Research and development activities are related to the conception, creation, development and implementation of software applications, IT systems and platforms on behalf of the Group. For further details, see Notes 8.4 and 9.1 to the Consolidated Financial Statements.

16.2 Intragroup and related party transactions

The transactions between the Group and related parties, identified in accordance with the criteria defined by IAS 24 - "Related Party Disclosures", are mainly of a commercial and financial nature and are carried out at normal market conditions.

For a detailed disclosure of the transactions during the year ended December 31, 2023, please refer to the information in Note 10 to the Consolidated Financial Statements.

The Board of Directors of the Company, on May 5, 2023, has approved a procedure for transactions with related parties ("RPT Procedure"), subject to the favorable opinion of the Related Parties Committee, pursuant to the provisions on related party transactions adopted by CONSOB. The RPT Procedure can be consulted, together with the other documents on corporate governance, on the website https://lottomaticagroup.com.

16.3 Parent company's own shares held by it or its subsidiaries

As of December 31, 2023, the Company does not hold directly or through trustees or nominees, any treasury shares or shares of other parent companies, nor has it acquired or sold such shares or quotas during the year.

16.4 Atypical and/or unusual transactions

In accordance with the disclosures required by Consob Communication DEM/6064293 dated 28 July 2006, it should be noted that the Company did not carry out any atypical and/or unusual transactions during 2023.

16.5 Outlook

In FY 2024 Lottomatica Group expects to reach consolidated results, excluding the contribution of SKS365 and the related synergies of the deal, of:

- Revenues: Euro 1,800-1,845 million;[14]
- Adjusted EBITDA: Euro 625-645 million,[14] of which approx. 53% contributed by the Online segment;
- Capex:
  - Recurring: approx. Euro 70-75 million;
  - Concession: approx. Euro 60 million for the retail concession (in prorogation regime) and approx. Euro 16 million for the first tranche of the four 9-year online concessions (second tranche of Euro 12 million expected in 2025);
  - Special growth initiatives: approx. Euro 30-50 million, of which approx. Euro 10-30 million for bolt-ons/other and approx. Euro 20 million carry-over from 2023 (project POS and distribution insourcing);

14) Assuming a normalized sports betting payout at 79.7% for betting retail and 86.4% for betting online.

- Deferred consideration: approx. Euro 89 million, of which Euro 50 million for the Betflag earn-out, Euro 30 million for Goldbet earn-out (carry-over from 2023), and Euro 9 million for other.

An updated guidance will be provided after the closing of the SKS365 acquisition, which is expected to occur during the first half of 2024.

17. Significant events occurring after December 31, 2023

For details of significant events occurring after December 31, 2023, see Note 11.8 in the Notes to the Consolidated Financial Statements.

18. Management and coordination activities

Lottomatica Group S.p.A. is not subject to management and coordination by companies or entities and defines its general and operational strategic guidelines in full autonomy. Pursuant to art. 2497 bis of the Civil Code, the Italian subsidiaries have identified Lottomatica Group S.p.A. as the entity that exercises management and coordination activity.

This activity consists in indicating the Group's general and operational strategic guidelines and takes the form of defining and adapting the internal control system and the governance model and corporate structures.

* * *

Exception from the obligation to publish information documents

Exception from the obligation to publish information documents in accordance with the provisions of Article 70, paragraph 8, and Article 71, paragraph 1bis, of Consob Regulation No 11971/1999 ("**Issuers' Regulation**"), the Company has waived its obligation under Article 70, paragraph 6, and Article 71, paragraph 1, concerning the publication of an information document drawn up in accordance with Annex 3B of the Issuers' Regulation, in the event of significant mergers, carve out, capital increase through the contribution of assets in kind, significant acquisitions and disposals.

On behalf of the Board of Directors

Chief Executive Officer
Guglielmo Angelozzi

Consolidated non-financial statements pursuant to Legislative Decree 254/2016

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Snapshot 2023

Responsibility

1,507 trained employees in responsible gaming

indirectly managed halls trained in responsible gaming **3,200**

ISO 27001
Security of information

ISO 27701
Privacy of information

ISO 9001
Quality and Safety

ISO 37001
Anti-bribery & corruption

★★★

Legality Rating
AGCM

People

UNI/PdR125 Certification for gender equality

+20% compared to 2022
1,924 employees

268 new hires
+106% compared to 2021

+149% compared to 2022
22,241 hours of training

92% has benefited from smart working

Community and Environment

+170% contributions to social initiatives and projects compared to 2021

energy from renewable sources for directly managed gaming halls **100%**

92% recycled paper used

of suppliers evaluated according to ESG criteria **82%**

87% of local suppliers based on the Italian territory

2. The Group and value creation

We are Italy's leading Group on the regulated public gaming market, and one of the sector's most important players in Europe. We want to be the first choice for our customers, creating sustainable opportunities for our people and the communities in which we operate, striving for excellence to offer safe, unique, and innovative gaming experiences through every sales channels.

2.1. We are Lottomatica

Lottomatica is the largest operator in the public gaming market authorized by Italy's Customs and Monopolies Agency and is one of the major players in Europe.

The Group is active in the following operating segments: "**Online**" (online sports betting and gaming); "**Sports Franchise**" (sports betting and gaming on the physical networks); and "**Gaming Franchise**" (amusement and entertainment machines).

The Group relies on the skills of approximately **1,900 direct employees** and its extensive franchise network. As of December 31, 2023, Lottomatica has an **online customer base** of more than **1.3 million** and distributes its gaming products in approximately **17,300 points of sale**.

Innovation, digital and technology are the keys to guaranteeing a **complete, entertaining, and, above all, safe offer**, with the aim of ensuring maximum consumer protection and promoting a **legal and responsible gaming model**.

On May 3, 2023, the Group was listed on **Euronext Milan**, a regulated market organized and managed by Borsa Italiana. The Group's main shareholder is **Apollo Global Management Inc.**, a company listed on the New York Stock Exchange, and a worldwide leader in alternative investment management.

Lottomatica's Corporate DNA

Lottomatica's soul is reflected in its **Corporate DNA model**, a framework of values that provides a clear and unambiguous indication of what it means to be part of the Group: sharing an ambitious **Vision**, which can be attained by operating with a clear **Mission**, and with wide-reaching and firmly-rooted **Attitudes**.

VISION

To be the first choice for our customers, creating sustainable opportunities for our people and the communities in which we operate.

MISSION

Create safe, unique and innovative gaming experiences, online and in-life.
Generate sustainable value for our customers, people, partners, institutions, communities and shareholders.
Sustainably innovate our industry through technological excellence and experimentation with new business, work and relationships models.

MISSION PILLARS

- PEOPLE
- SUSTAINABLE VALUE
- CUSTOMER EXPERIENCE
- INNOVATION & TECHNOLOGY

ATTITUDES

COLLABORATION
Be a team

RESPONSIBILITY
Act consciously

INCLUSION
Enhance uniqueness

EXCELLENCE
Exceed expectations

ENTREPRENEURIAL SPIRIT
Think beyond

HISTORY

Today's regulated market of games with cash prizes is the result of a complex regulatory process and represents **the most important factor for combating illegal gaming**, for ensuring **the protection and safety of players**, especially **minors**, and for maintaining public order.
It is within the context of this system that the **story of Lottomatica Group growth** is set: a path of **solid and sustainable development**, supported by the trust of shareholders, and encouraged by the enthusiasm and professionalism of its people.

2023
Listing of Lottomatica Group on Euronext Milan.
Agreement to acquire SKS365, a leading multi-channel operator in the Italian online and sports betting market. The transaction is expected to be finalized in the first half of 2024.

2022
Acquisition of Betflag.
Renewal of G4 responsible gaming certification for Lottomatica.it and Goldbet.it

2021
Acquisition of Lottomatica Scommesse and Lottomatica Videolot Rete and change of name to Lottomatica.
G4 Responsible Gaming Certification obtained for GoldBet.it

2020 - 2019
Acquisition of Gamenet Group by Apollo Global Management and delisting from Borsa Italiana's Electronic Stock Market.

2018 - 2017
Acquisition of Goldbet. Consolidation of the betting segment and development of the online segment.
Listing on the STAR segment of Borsa Italiana's Electronic Stock Market.

2016 - 2015
Acquisition of Intralot and establishment of Gamenet Group.
Development of the betting segment.

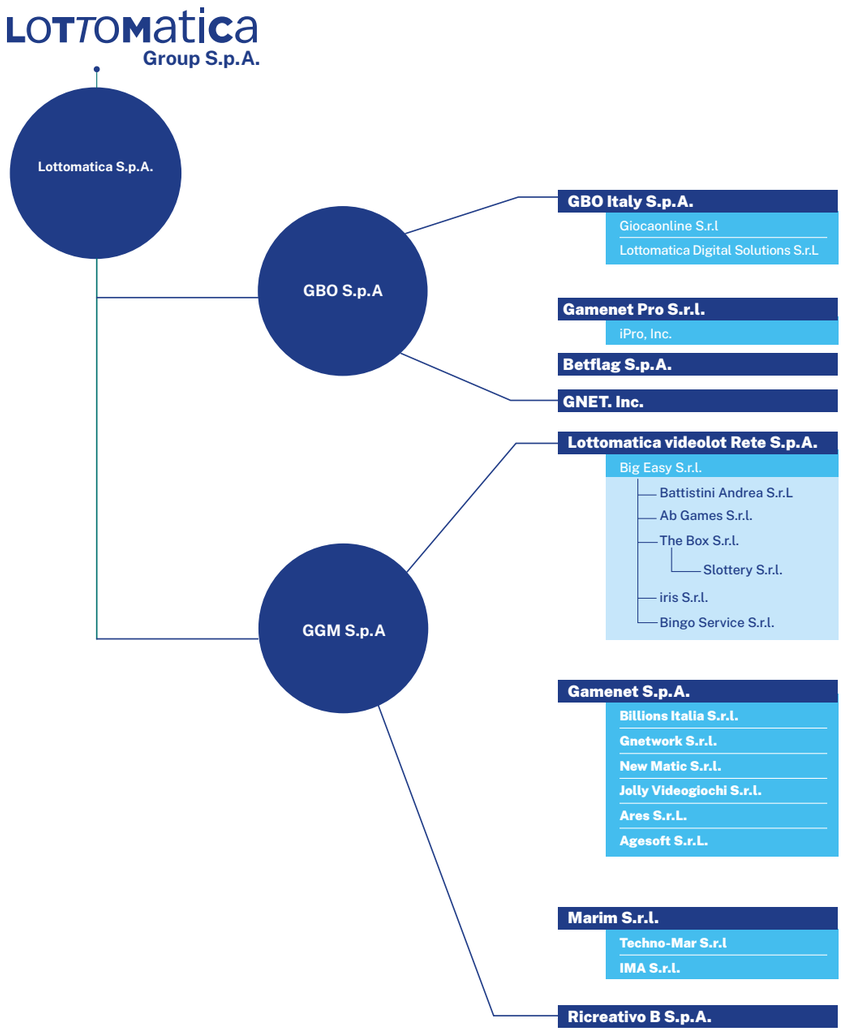
2014 - 2013
Development of the gaming machines segment.

2010
Entry of the investment fund Trilantic Capital Partners as majority shareholder.

2006
Establishment of Gamenet, holder of the Customs and Monopolies Agency license for gaming machines.

2.2 Group structure

Lottomatica Group mainly operates in the public gaming sector as a concessionaire and retailer, through subsidiaries specialized in specific business sectors.
Combined with a solid and recognizable brand portfolio, the professionalism, know-how and specific skills of each of the Group's companies, are what make Lottomatica a **high-performance gaming company in all of its business areas**.



Group's structure also includes Lottomatica UK LTD

2.3 Corporate Governance

GRI 2-9 | GRI 2-10 | GRI 2-11 | GRI 2-19 | GRI 2-20 | GRI 405-1

Responsibility, integrity and transparency are the guiding principles upon which Lottomatica's corporate governance model is based.

The Group's governance is aimed at **creating sustainable** value for all of its stakeholders, **ensuring corporate integrity and maximum transparency** in the decision-making processes. The corporate governance of Lottomatica Group S.p.A., the parent company of Lottomatica Group, is explained below.

Shareholders' Meeting

The Shareholders' Meeting is competent to pass resolutions in ordinary and extraordinary session on matters provided for by law and the Articles of Association.

Board of Directors

The Board of Directors is vested with the broadest powers for the ordinary and extraordinary management of the Company, with the authority to perform acts deemed appropriate for the achievement of the corporate purpose, subject to the exceptions reserved by law for the Shareholders' Meeting. It is composed of members who meet the requirements of the provisions of the law and remain in office for up to a maximum of 3 fiscal years.

As of December 31, 2023, the Board of Directors of Lottomatica Group S.p.A. has an average age of 52 years, with 55% of the members consisting of women. It is composed of eleven members, one of whom is executive and ten non-executives, four of whom are classified as independent under both the TUF and the Corporate Governance Code. Some members also hold positions on other boards of directors of Group companies or on management and/or control bodies of other companies. The non-executive and non-independent members of the Board of Directors appear to reflect the interests of the reference shareholder Apollo Global Management.

The Board of Directors of Lottomatica Group S.p.A. in office since May 3, 2023, is as follows:

CHAIRMAN	Andrea Moneta
CHIEF EXECUTIVE OFFICER	Guglielmo Angelozzi
DIRECTORS	John Paul Maurice Bowtell Nadine Farida Faruque Catherine Renee Anne Guillouard Michele Rabà Michael Ian Saffer Yulia Shakhova

[GRI 405-1] Composition of the Board of Directors of Lottomatica Group S.p.A.

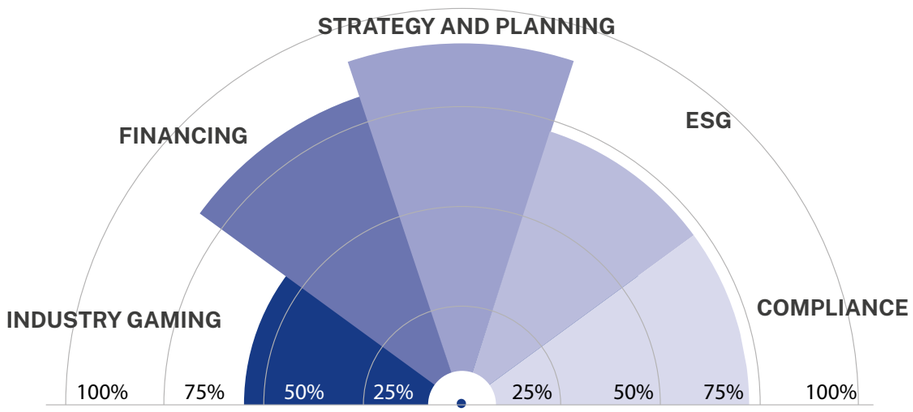
Members of the Board of Directors of Lottomatica Group S.p.A.	Unit	2023 Men	2023 Women	2023 Total
Total	N°	**5**	**6**	**11**
<=29 years	N°	0	0	0
30-50 years	N°	2	1	3
Over 50	N°	3	5	8
<=29 years	%	0	0	0
30-50 years	%	67	33	100
Over 50	%	38	62	100

Upon admission to trading on Euronext Milan, Lottomatica Group S.p.A. implemented specific regulations and policies on stakeholder engagement, diversity, director independence and organizational impact.

These regulations and policies are in line with market best practice and aim to position the Group as one of Italy's leading issuers. After listing, the selection and appointment of the Board members and its committees are made by the Shareholders' Meeting of Lottomatica Group S.p.A..

Four committees have been established within the Board of Directors of Lottomatica Group S.p.A.: the Control and **Risk Committee** with the task - among others - of overseeing Privacy and Data Protection aspects; the **Nomination and Remuneration Committee**; the **ESG Committee**; and the **Related Party Transactions Committee**.

The competences of the Board members are shown in the chart below:



15)The listing on the Stock Exchange, which took place on May 3, 2023, provided for the appointment of an end-consultative Nomination and Remuneration Committee to define the Remuneration Policy, composed of a majority of independent members of the Board of Directors, which will carry out its activities following the rules of the Corporate Governance Code and market best practices. More information regarding Corporate Governance, as well as the composition and activities of the Committees during 2023 and the Remuneration Policy can be found in the Report on Corporate Governance and Ownership Structure as of December 31, 2023 and in the Report on Remuneration Policy 2024 and Remuneration Paid 2023.

Board of Statutory Auditors

The Board of Statutory Auditors of Lottomatica Group S.p.A. performs control functions and is in charge of supervising the compliance with the law and the Articles of Association, the compliance with the principles of proper administration, and the adequacy of the company's administrative, organizational and accounting structure and its actual operation.

As of December 31, 2023, the Board of Statutory Auditors, in office since May 3, 2023, consists of three statutory auditors and two alternate auditors. Its current composition is as follows:

Chairman	Andrea Lionzo
Standing auditors	Giancarlo Russo Corvace
	Veronica Tibiletti
Alternate auditors	Angela Frisullo
	Alberto Incollingo

Both the Board of Directors and the Board of Auditors have **specific diversity policies** in order to benefit from a variety of qualified viewpoints and promote a more open approach to contamination and innovation.

Supervisory Board

Lottomatica Group's Supervisory Board is invested with autonomous powers of initiative and control. It has the task of supervising the operation of and compliance with Model 231 and ensuring that it is updated and consists of three members.

As of December 31, 2023, the composition of the Supervisory Board is as follows:

Chairman	Francesca Rosetti
Members	Stefano Baduini
	Valentina Lazzareschi

Auditing Firm

The statutory audit service has been entrusted for the duration of nine fiscal years starting in 2023 to PricewaterhouseCoopers (PwC), a registered auditing firm on the special register, appointed for this purpose by the Shareholders' Meeting.

[GRI 405-1] Composition of Group Companies' Governing Bodies by Gender and Age Group*

Members of governing bodies (Headcount)	Unit	2021			2022			2023		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Boards of Directors	N°	**35**	**4**	**39**	**46**	**5**	**51**	**44**	**9**	**53**
<=29 years		0	1	**1**	0	1	**1**	0	0	**0**
30-50 years		13	3	**16**	18	2	**20**	12	3	**15**
Over 50		22	0	**22**	28	2	**30**	32	6	**38**
<=29 years	%	0	100	**100**	0	100	**100**	83	17	**100**
30-50 years		81	19	**100**	90	10	**100**	80	20	**100**
Over 50		100	0	**100**	93	7	**100**	**84**	16	**100**
Boards of Statutory Auditors	N°	**15**	**3**	**18**	**19**	**5**	**24**	**22**	**7**	**29**
<=29 years		1	0	**1**	1	0	**1**	0	0	**0**
30-50 years		3	3	**6**	4	3	**7**	7	5	**12**
Over 50		11	0	**11**	14	2	**16**	15	2	**17**
<=29 years	%	100	0	**100**	100	0	**100**	0	0	**0**
30-50 years		50	50	**100**	57	43	**100**	58	42	**100**
Over 50		100	0	**100**	87.5	12.5	**100**	88	12	**100**
Supervisory bodies	N°	**8**	**3**	**11**	**9**	**5**	**14**	**8**	**6**	**14**
<=29 years		0	0	**0**	0	0	**0**	0	0	**0**
30-50 years		2	3	**5**	1	4	**5**	1	4	**5**
Over 50		6	0	**6**	8	1	**9**	7	2	**9**
<=29 years	%	0	0	**0**	64	36	**100**	57	43	**100**
30-50 years		40	60	**100**	20	80	**100**	20	80	**100**
Over 50		100	0	**100**	89	11	**100**	78	22	**100**

*The percentage of members within the governing bodies distinguished by other diversity indicators (e.g. nationality, disability, vulnerable groups, etc.) is 0.

2.4 Sustainability Governance

GRI 2-12 | GRI 2-13 | GRI 2-14 | GRI 2-17 | GRI 2-18

Lottomatica has strengthened the path geared toward the integration of sustainability in all corporate dimensions, ensuring control over the ESG strategy and its related plan through a governance distributed among the internal stakeholders involved.

Sustainability governance, formalized in 2022, consists of **four organizational levels**: the Board of Directors, the Board's internal ESG Committee, the ESG Management Operations Committee, and the departments most involved in specific sustainability topics. To these is added the figure of the **ESG Officer**, with responsibility for coordinating and overseeing the implementation of the Sustainability Plan activities.

BOARD OF DIRECTORS

which is assigned the responsibility for approving the ESG strategy, the Group's annual Sustainability Report and its publication.

BOARD'S INTERNAL ESG COMMITTEE

with a role of investigative, propositional and advisory support to the Board of Directors on sustainability issues, with particular reference to the evolution of trends and the adequacy of the strategic guidelines identified. It reports to the Board of Directors at least once a year, or when requested by the Board.

ESG MANAGEMENT OPERATIONS COMMITTEE

in charge of developing the ESG strategy, Sustainability Plan and related programs, setting ESG targets and monitoring related KPIs. It coordinates with the Board's internal ESG Committee and includes the heads of the departments: ESG Office; Human Resources, Organization & PSS; Finance, Administration & Control; Corporate & Legal Affairs; and External Relations & Communications.

DIRECTIONS AND FUNCTIONS

most involved on specific ESG issues, with dedicated principals tasked with supporting program implementation, monitoring and representation of sustainability commitments.

Following the listing, Lottomatica Group S.p.A. adhered to the **Corporate Governance Code**, which prescribes the completion of an evaluation of the work of the highest governing body, including in relation to performance and the achievement of specific ESG objectives. In addition, the Company drafts a Corporate **Governance and Ownership Report**, containing information on governance.

In addition, the CEO has identified an **Environmental Delegate** among the Company's staff, in charge of managing all the fulfilments of legal obligations, as well as to carry out other initiatives deemed useful to ensure constant compliance, updating and adaptation to the legislation and rules of good practice on environmental protection pursuant to Legislative Decree 152/2006, as amended, and to the requirements provided for by additional laws, regulations and provisions in force on environmental protection and the fight against pollution. To this end, both the powers necessary to represent the Company to all effects before all public and private entities and bodies in charge of exercising the supervisory, verification and control functions provided for by the general and particular regulations on the subject, and all the broadest decision-making and signatory powers have been conferred.

2.5 The value of our business

GRI 2-6

Lottomatica is the largest operator in Italy's public gaming industry in terms of both bet collected and the size of its distribution network.

The Group is active in three operating segments: "**Online**", which includes online sports betting and gaming; "**Sports Franchise**", which includes sports betting and gaming on physical networks; "**Gaming Franchise**", which includes the activities involving AWP (Amusement With Prize) and VLT (Video Lottery Terminal) amusement and entertainment machines, and the direct management of gaming halls and proprietary machines ("Retail and Street Operations").

Online

Lottomatica is leader in the online gaming segment in Italy, where it maintains a presence with the **Lottomatica, Better, Goldbet e Betflag** brands.
Distinguished by the **highest security standards**, Lottomatica's online offering consists of a **comprehensive and innovative portfolio** of remote games, which can be enjoyed via the web, as well as through numerous dedicated apps for smartphones and tablets.
The Group's online games have been authorized and certified by Italy's Customs and Monopolies Agency to guarantee the highest levels of security, and are provided by selected international partners, who not only offer the most popular content, but also the safest and most reliable gaming platforms.

Sports Franchise

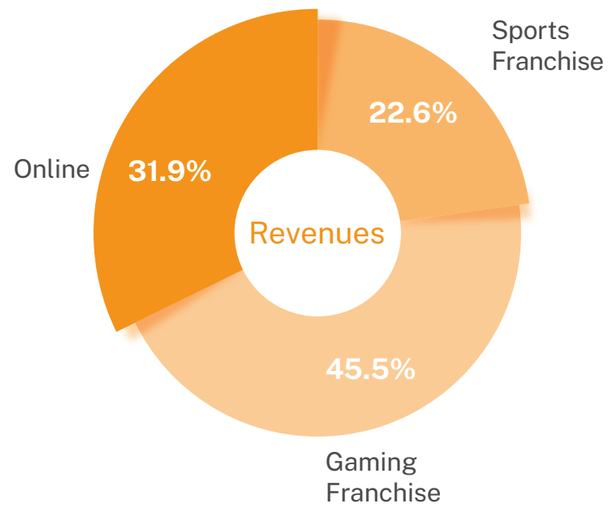
Lottomatica leads the physical network betting and gaming sector with three brands, which boast strong roots throughout the country: **Better, Goldbet e Intralot**.
Thanks to its network of **thousands of outlets** dedicated to sports betting, horse racing and other gaming products, such as virtual games, as well as the professionalism of thousands of specialized operators, Lottomatica has become the leading betting operator in Italy.
The betting network's points of sales are divided into **shops and corners**: the shops are environment dedicated to sports and betting, while the corners are more confined areas set up within other commercial establishments like bars or tobacconists.

Gaming Franchise

Thanks to top quality infrastructure and technologies designed to ensure **maximum player protection**, Lottomatica installs and monitors amusement and entertainment machines within public establishments and dedicated gaming halls throughout Italy.
The Group is also engaged in the **direct management of gaming machines** (Street Operations) **and gaming halls** (Retail). Located throughout Italy, the gaming halls managed by Lottomatica are distinctive and recognizable brands, and have come to represent a benchmark for their **high levels of service and customer attention**, as well as for the **quality** and **security** of their offer.

Lottomatica Group Revenues by Operating Segment (in millions of Euro)	2021	2022	2023	Var. 2023/2022	% of total 2023
Online	279.6	328.6	520.8	58.5%	31.9%
Sports Franchise	153.1	340.8	368.2	8.0%	22.6%
Gaming Franchise	375.4	725.5	743.5	2.5%	45.5%
Total	**808.1**	**1,394.9**	**1,632.5**	**17.0%**	**100.0%**

Revenues 2023



2.6 The value creation model

The ability to formulate effective responses to the challenges posed by the context in which it operates allows Lottomatica Group to generate and distribute sustainable value, which benefits all the players involved in the value chain.

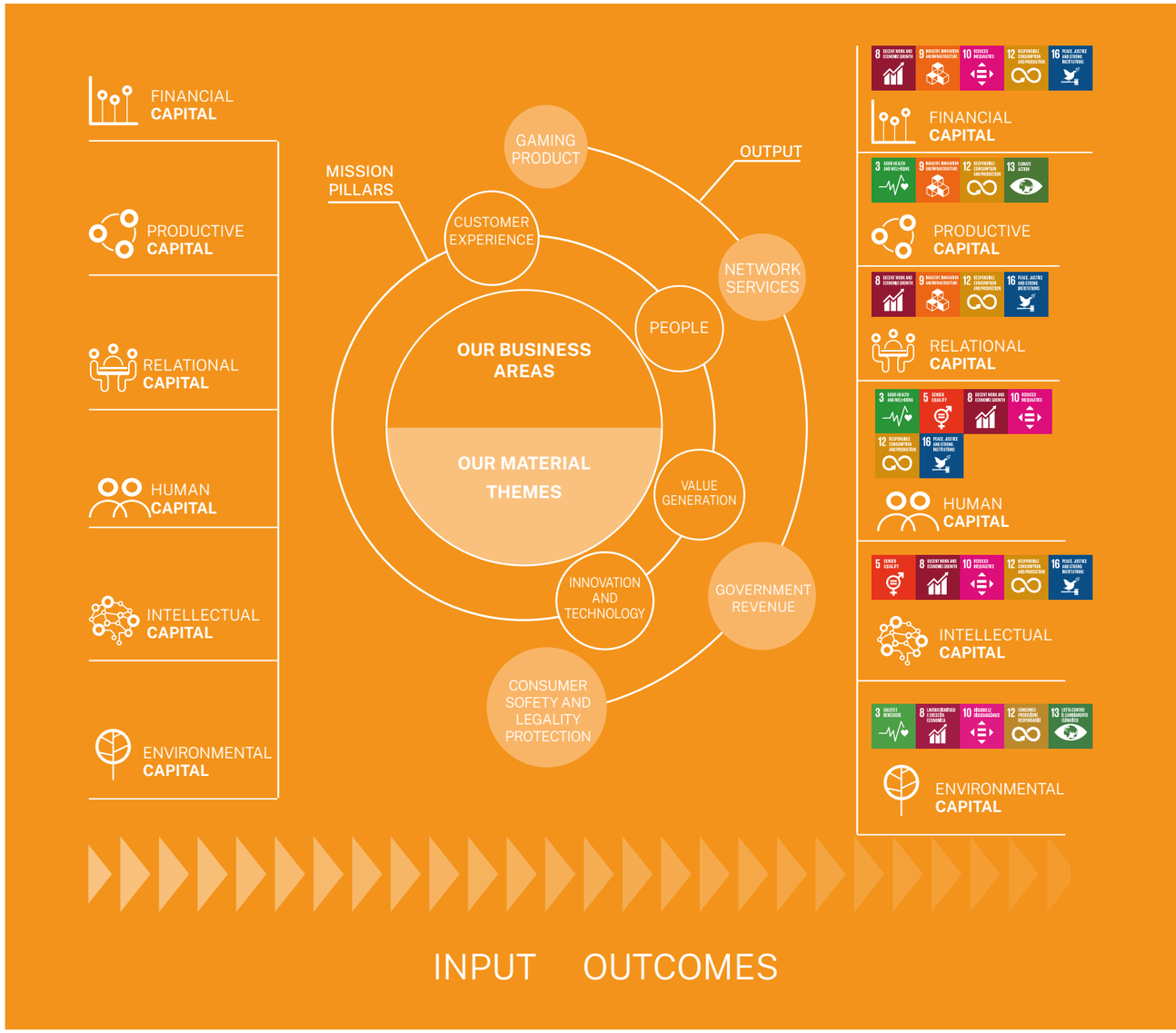
Lottomatica conducts its activities on the basis of **solid principles of environmental, social and governance responsibility**, and believes that its success in generating sustainable value primarily depends on its ability to respond effectively to the demands that arise from the context in which it operates, managing all forms of capital that oversee the creation of value in a **balanced and conscientious manner**.

The value creation model represents the transformation process of the various forms of capital with which the Group interacts, both in its business and in pursuit of its ESG goals.

Capital classes

FINANCIAL **CAPITAL**	Includes the capital, economic and financial resources necessary for the organization's activities.
PRODUCTIVE **CAPITAL**	Includes owned space and buildings, equipment, and all tangible assets functional for carrying out the activity.
RELATIONAL **CAPITAL**	The totality of relationships established by the Group.
HUMAN **CAPITAL**	The wealth of skills, abilities and knowledge of those who perform work in the company.
INTELLECTUAL **CAPITAL**	Includes internal management processes and procedures, as well as intellectual property and information systems.
ENVIRONMENTAL **CAPITAL**	Includes the environmental dimension on which the activities carried out by the Group impact.

The diagram illustrates the value creation process. Through corporate activities, the focus on sustainability issues topics and the Group's DNA traits, the capital inputs are able to produce successful outputs and generate positive outcomes, which create value over the short, medium and long term.



2.7 Economic value creation and tax contribution

GRI 3-3 | GRI 201-1 | 207-1 | 207-2 | 207-3 | 207-4

Lottomatica Group is committed to developing its business in a responsible and sustainable manner, in order to generate and distribute value to all of its stakeholders, while ensuring a significant source of revenue for the community.

Lottomatica is a solid and growing organization, and in 2023 it **has achieved revenues and other income of more than Euro 1,651 million** and **adjusted EBITDA of more than Euro 580 million**. These results are determined both by strong organic growth and the excellent performance of all business lines, and by the implementation of a **strategic acquisition strategy**.

Economic performance (in thousands of Euro)	2021	2022	2023
Revenues and other income	815,411	1,407,686	1,651,017
Adjusted EBITDA[16]	228,115	460,350	580,351
Net profit / (loss)	(57,884)	78,431	74,222
Total shareholders' equity	11,279	106,558	541,590
Net financial debt	1,408,998	1,663,977	1,248,726

Lottomatica's ability to create wealth for its stakeholders can be measured by calculating the **economic value generated and distributed** during the year. The distribution of this value, shown below, is based on the reclassification of the income statement items included in the Group's Consolidated Financial Statements which has been prepared according to the requirements of the reporting standards.

During 2023, Lottomatica Group incurred operating costs of more than Euro 1,013 million, which mainly consisted of cost of services. These costs are mainly attributable to the fees paid to the Group's distribution network.

Approximately Euro 98 million were related to the remuneration of employees and collaborators in the form of wages, salaries, other personnel costs, and provisions for severance pay.

Approximately Euro 63 million were earmarked for the **Public Administration**, for taxes pertaining to the year, excluding the portion of the collections paid to the tax authorities and license fees. Approximately Euro 192 million were related to **debt capital remuneration** for finance expenses.

The **economic value retained** by Lottomatica, represented by the difference between the economic value generated and distributed, is approximately Euro 283 million.

16) Calculated as net profit for the year adjusted for: (i) income tax expense; (ii) finance income; (iii) finance expenses; (iv) share of profit/(loss) of equity accounted investments; (v) depreciation, amortization and impairments; (vi) costs related to M&A, international activities and IPO; (vii) integration costs (including expenses on corporate restructuring and redundancy); and (viii) other income and expenses that, in view of their nature, are not reasonably expected to recur in future periods.

[GRI 201-1] Direct economic value generated and distributed

Direct economic value generated and distributed (EVG&D)	Unit	2021	2022	2023
Economic value generated	thousands of Euro	**815,411**	**1,407,686**	**1,651,017**
Economic value distributed		**723,849**	**1,169,962**	**1,367,655**
Operating costs		553,422	910,415	1,013,710
Value distributed to employees		67,100	80,472	98,378
Value distributed to capital providers		95,703	124,251	192,148
Value distributed to the Public Administration		7,624	54,824	63,418
Economic value retained		**91,562**	**237,724**	**283,362**
Economic value generated	%	**100**	**100**	**100**
Economic value distributed		**89**	**83**	**83**
Operating costs		68	65	61
Value distributed to employees		8	6	6
Value distributed to capital providers		12	9	12
Value distributed to the Public Administration		1	4	4
Economic value retained		**11**	**17**	**17**

The figures shown in the table for the years 2021 and 2022, regarding items "Economic value generated", "Operating costs", "Value distributed to capital providers", and "Value distributed to the Public Administration", have been restated by incorporating changes in the Group's Consolidated Financial Statements.

Lottomatica's tax contributions

As the largest operator in the public gaming sector authorized by the Customs and Monopolies Agency, Lottomatica plays an extremely important role in the achievement of major public interest objectives through its contribution to the revenue of the Treasury and the Italian State.

Therefore, considering the impact of its work in this regard, and in the interest of ensuring **transparency, accountability and improvement** in the reporting of its ESG performance, Lottomatica has chosen to include the topic "**Fiscal contribution and transparency**" within its materiality process since 2022.

Lottomatica has always prioritized fulfilling its tax obligations in a timely and transparent manner, ensuring the correct payment of taxes and taking prudent measures to responsibly manage its tax risk.

The Group has established an **internal policy** aimed at describing the activities, management methods, roles and responsibilities, as well as the authorization and communication flows associated with the taxation process.

Tax risk management and compliance fall under the purview of the Finance Administration & Control area's **Fiscal & Tax department**.[17] This department is responsible for the timely application of the tax regulations, in line with the best practices established by the Revenue Agency and the sector, carrying out reporting and operational activities for the Supervisory Board and

17) This area consists of the following professional figures: the Fiscal & Tax Director, responsible for the function, the Fiscal & Tax Expert and the Fiscal & Tax Specialists, representing the operational staff.

the CFO (Chief Financial Officer). The income tax disclosure is subject to verification by the Independent Auditing Firm during the audit of the financial statements.

At the end of 2023, with the twofold objective of, on the one hand, making the interlocution with the tax authorities faster and more effective in the event of tax audits and, on the other hand, improving the efficiency of the detection, measurement and management of tax risk within the framework of business processes by improving the related safeguards and reducing the risk of tax disputes and controversies, Lottomatica Group, while not adhering to the collaborative compliance regime, decided to equip itself with the **Tax Control Framework** tool.

The Tax Control Framework is the set of procedures, tools, organizational structures, standards and business rules aimed at enabling, through an appropriate process of identifying, measuring, managing and monitoring the main tax risks, the conduct of the business in such a way as to minimize the risk of operating in violation of tax regulations, or contrary to the principles or purposes of the law.

Lottomatica Group also ensures that tax issues are managed in line with regulatory updates and sector best practices by organizing periodic **training and refresher courses** on the subject, intended for the employees most directly involved in these activities. Subjects covered include: tax law, analysis of financial statements, treasury management-legal and contractual profiles, risk assessment and analysis skills.

In addition to providing a disclosure of its approach to taxation, tax governance and the management of tax-related risks, the table below describes detailed financial, economic and tax information for each jurisdiction in which the Group operates.

[GRI 207-4] Country-by-country reporting*

Reporting of fiscal Information	2022			2023		
	Italy	UK	USA	Italy**	UK***	USA****
Employees	1,594	1	1	1,922	1	1
Revenues from sales to third parties (Euro)	1,405,944,943	0	0	1,709,722,735	0	0
Revenues from intra-group transactions with other tax jurisdictions (Euro)	0	0	0	0	0	0
Pre-tax profit / (loss) (Euro)	447,752,000	39,266	91,268	283,275,062	38,043	84,757
Tangible assets other than cash and cash equivalents (Euro)	103,873,006	795	0	111,845,211	604	0
Income taxes paid on a cash basis (Euro) *****	32,135,534	0	0	114,073,820	0	0
Corporate income tax accrued on profits / (losses) (Euro)	(65,482,261)	157	(14,199)	(84,354,140)	0	0

*Data refer to the only three jurisdictions of operation by Lottomatica Group (Italy, UK and USA) and have been reported as the sum of the values of the individual companies, thus not taking into account elisions and entries made at the consolidated level.
**Data refer to the following entities: AB Games S.r.l., Agesoft S.r.l., Ares S.r.l., Battistini Andrea S.r.l., Betflag S.p.A., Big Easy S.r.l., Billions Italia S.r.l., Gamenet PRO S.r.l., Gamenet S.p.A., GBO Italy S.p.A. (Goldbet S.p.A.), GBO S.p.A., GGM S.p.A., Giocaonline S.r.l., Gnetwork S.r.l., Jolly Group S.r.l. (Jolly Videogiochi S.r.l.), Lottomatica Digital Solutions S.r.l., Lottomatica Group S.p.A. (Gamma Midco), Lottomatica S.p.A. (Gamenet Group), Lottomatica Videolot Rete S.p.A., Marim S.r.l., New Matic S.r.l., Ricreativo B S.p.A., Slottery S.r.l., Tecno-Mar S.r.l., The Box S.r.l..
*** Data refers to Lottomatica UK Ltd.
**** Data refers to GNet Inc..
*****With reference to the difference between the corporate income tax accrued on profits/losses and the taxes paid, it is specified that the latter takes into account the balance of the previous year and the advance payments for 2023, net of the advance payments for 2022 and any overpayments from previous years and/or any tax credits. With regard to accrued taxes, on the other hand, these reflect the taxable income of FY2023 for the relevant tax rate plus deferred tax assets and/or deferred tax liabilities pertaining to FY2023.

Gaming taxes

The public gaming sector, managed through selected and highly qualified concessionaires and operators, represents an **important source of public revenues** to be allocated for the **benefit of the community**.

In 2023, Lottomatica Group's contribution to tax revenue was approximately Euro 2,995 million, up to 37% from the previous year.

€ 3 bln TAX CONTRIBUTION IN 2023

+37% COMPARED TO 2022

The table below details the gaming taxes relating to the Group's activities, as well as the income taxes and the local taxes, paid during for the three-year period 2021-2023, calculated according to the criterion of economic competence.

Taxes on gaming

Impact on taxation	Unit	2021	2022	2023
PREU and gaming taxes	thousands of Euro	899,258	1,646,593	1,612,020
Taxes on winnings		63,431	124,845	130,562
Consolidated tax on public gaming		147,330	243,561	295,315
License fees		58,211	102,135	881,613
Salva sport fund		6,557	0	0
Total gaming taxes		**1,174,786**	**2,117,134**	**2,919,510**
Income Taxes		7,620	73,988	72,106
Local taxes		1,211	3,276	3,903
Total		**1,183,617**	**2,194,398**	**2,995,519**

3. Strategy

The ambition to generate sustainable value and positive impacts for the community, the environment and all its stakeholders is part of Lottomatica Group's Vision and Mission.

3.1 Lottomatica Group's sustainability strategy

GRI 2-12 | GRI 2-24

Lottomatica Group has always paid the utmost attention to the **sustainability of its activities** and their possible **impact** on the community. Over the years, the Group has built an increasingly demanding and challenging path in the **management of ESG issues**, integrating sustainability drivers and corporate objectives more and more firmly within a well-defined strategy.

Dialogue with Stakeholders

GRI 2-29

As a leading company in a highly strategic and sensitive sector such as that of public gaming, the Group's activities are of considerable interest to a **large number of stakeholders**. Lottomatica maintains **relationships based on transparency and dialogue** with them, aware of the importance of their **active involvement** for the construction of a sustainable business model oriented to the creation of value.

Lottomatica recognizes the importance of actively collaborating with stakeholders and building a solid, trust-based relationship with them, in order to understand their expectations and create sustainable value for the community.

The internal and external stakeholders identified by the Group are divided into six macro-categories and are mainly located in Italy.

LOTTOMATICA'S STAKEHOLDERS

EMPLOYEES AND CONTRACTORS
of offices, stores and other workplaces.

SHAREHOLDERS AND FINANCIAL COMMUNITY
including: investment funds, shareholders, bondholders, potential investors, and other financial entities.

INDUSTRY OPERATORS AND OTHER SUPPLIERS
including: business partners, gaming platform developers, gaming materials and service providers, technical support services.

CLIENTS
of the physical and online sales network.

REGULATORY BODIES AND GOVERNMENT DEPARTMENTS
including: the Customs and Monopolies Agency, the Ministry of Economy and Finance, Central and Local Governments, Law Enforcement Agencies.

COMMUNITY
including: local communities, cultural and sports organizations and associations, scientific research institutions, consumer associations, media.

Stakeholder engagement

Lottomatica Group prepares engagement programs and promotes discussion on ESG topics with an increasingly broad range of stakeholders. For the purpose of this document's preparation, Lottomatica's **materiality analysis** process was further optimized with the introduction of a **digital engagement platform**, and the most relevant categories of internal and external stakeholders were directly involved in **assessing** the **relevance of material topics** and the **significance of impacts**.

In particular, **four categories of stakeholders** were involved: the majority shareholder Apollo Global Management, the credit institutions, internal management and the managers of the directly managed gaming halls and betting agencies.
The process led to an **update of material topics and their impacts**, in line with **best practices in sustainability reporting**, and enabled the Group to further consolidate the **relationships based on trust** and cooperation that it has built over the years with its stakeholders

The material topics and the Group's impact

GRI 3-1 | GRI 3-2 | GRI 3-3

Lottomatica is committed to proactively responding to the changes introduced by the main sustainability reporting standards. For this reason, **the materiality analysis process was updated during 2023**, and was carried out in accordance with the GRI Universal Sustainability Reporting Standards 2021.
Specifically, the materiality analysis process consisted of three distinct phases.
The first stage of the process led to the review and confirmation of **14 material topics**, the impacts of which, with a view to continuous improvement, were **updated** according to an ***inside-out* perspective**, thus considering the company's impacts externally, and assessed by the heads of the departments that oversee the ESG aspects most directly (ESG & Sustainability, Environment, Procurement, Finance, Internal Audit, Legal & Corporate Affairs, Operations & Technology, Personnel). Specifically, they were asked to assess the **significance** of each impact according to an evaluation scale expressed as a combination of its **likelihood** and **severity**.

IDENTIFICATION OF TOPICS AND IMPACTS

Context and internal documentation analysis of the Group in order to identify material topics and impacts associated with its activities, business relationships, and the context in which it operates

EVALUATION OF TOPICS AND IMPACTS

Assessment of material topics' relevance for Lottomatica and significance of impacts (positive/negative, current/potential) through involvement of internal and external stakeholders

MATERIALITY MATRIX

Aggregation of the findings from the assessments in order to obtain for each material topic a representation of the values of relevance and significance of impact

Below is a list of the **material topics** considered, the associated **impacts** and the related **GRIs**, broken down by **strategic pillar**. In addition, each pillar has been associated with the UN Sustainable Development Goals to which the Group contributes through its activities.

1 Responsibility

MATERIAL TOPICS	MAIN ASSOCIATED IMPACTS	REFERENCE GRI
Promotion of legal and responsible gaming *The importance of the promotion of legal and responsible gaming in Lottomatica's business model and operations, in a manner that complies with the regulatory provisions, placing the protection of customers at the center of its operations, especially with regard to the most vulnerable segments of the population*	**Lack of compliance with responsible gaming regulations** *Non-compliance with national and local regulations in force on legal gaming, responsible gaming and the protection of minors* **Pathological gambling cases** *Increase in pathological gambling cases in communities where Lottomatica is present*	**GRI 416** Customer health and safety
Quality of the service offered *Maximum product and quality, from design to market launch, ensuring customer consideration and satisfaction*	**Customer protection** *Customer protection at every stage of the customer experience, from the design of products/services to their conveyance through all touchpoints* **Non-compliance with communication and marketing regulationsg** *Non-compliance with the relevant regulations (Balduzzi Decree and Dignity Decree) on communication and marketing*	**GRI 417** Marketing and labelling
Business ethics and integrity *Conduct of the business activities with moral and ethical integrity, in compliance with the values and principles laid out in Lottomatica's Code of Ethics and 231 Model, with a particular focus on combating corruption and illegality throughout all stages of the Group's value chain*	**Failure to comply with anti-money laundering and anti-corruption regulations** *Non-compliance with local and international anti-money laundering and anti-corruption regulations* **Failure to respect human rights** *Failure to respect human rights as enshrined in relevant legislation and conventions (UN Universal Declaration, ILO Core Conventions, OECD Guidelines)*	**GRI 205** Anti-corruption
Data security and privacy protection *Data management and privacy protection, in line with the EU and Italian legislation, with particular regard to Lottomatica's personnel, customers, and partners*	**Data leakage and theft** *Secure data management, both online and at the physical network, through the implementation of safeguards to prevent cyber-attacks and/or information theft* **Violation of privacy** *Ability to protect one's own, customers' and other stakeholders' information assets through responsible use of shared data, in compliance with current legislation*	**GRI 418** Customer privacy
Promotion of innovation and digital development *Adoption of innovative technological and digital solutions as a key factor for ensuring an increasingly comprehensive, engaging and, above all, safe range of products and services*	**Innovative products and services** *Development of innovative products and services and cutting-edge technology solutions through digital transformation* **Promoting a digital mindset** *Dissemination of a digitally aware corporate culture*	
Fiscal contribution and transparency *Timely and transparent fulfilment of tax and fiscal obligations and proactive collaboration with regulatory bodies and public administrations to achieve the objectives of public interest*	**Failure to fulfil tax obligations** *Non-fulfilment of tax obligations and payment/collection of taxes due to the Treasury* **Lack of tax compliance** *Non-compliance in tax matters linked to risk management and in line with industry best practices*	**GRI 207** Taxes

People

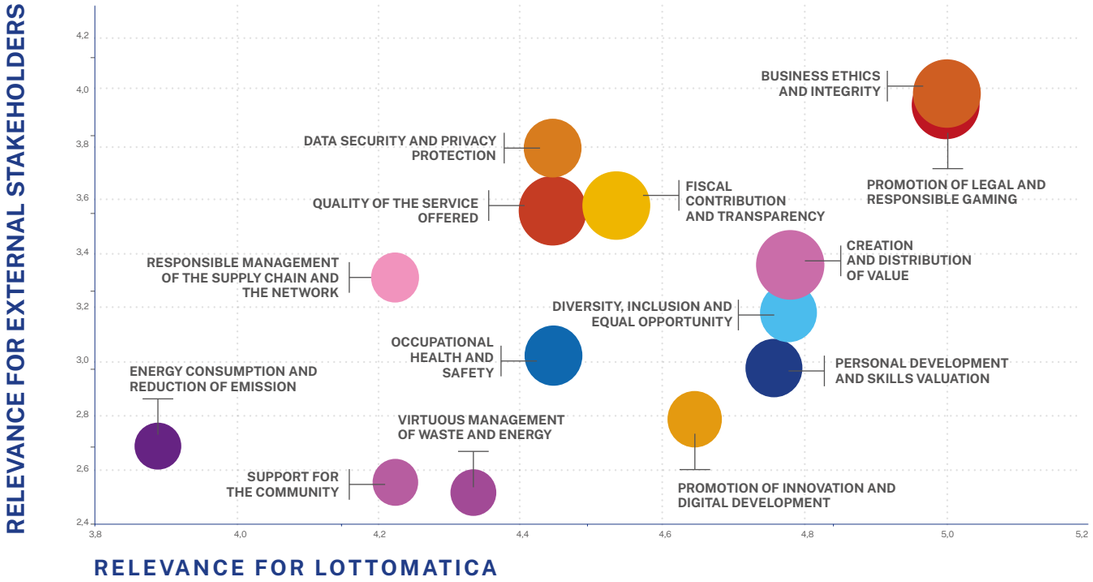
MATERIAL TOPICS	MAIN ASSOCIATED IMPACTS	REFERENCE GRI
Personal development and skill valuation *Continuous commitment to exalting the value of our personnel, ensuring their professional satisfaction through appropriate career paths and training programs aimed at improving their skills and knowledge*	**Talent attraction e retention** *Ability to attract and retain key resources within the Group through appropriate remuneration, development, retention and welfare policies* **Developing employees' skills** *Developing the skills of employees through the implementation of training and development activities*	**GRI 401** Employment **GRI 404** Training and education
Occupational health and safety *Protection of the health and safety of the Group's Personnel, not only through legislative compliance, but also through the application of management systems aimed at disseminating a culture of safety and protecting the employees' physical and moral integrity*	**Dissemination of a safety culture** *Dissemination of a company culture sensitive to health and safety in the workplace* **Non-compliance with occupational health and safety regulations** *Non-compliance related to the implementation of the Workplace Safety Management System and its compliance by employees and third parties*	**GRI 403** Occupational health and safety
Diversity, inclusion and equal opportunities *Importance of respect for diversity within the corporate culture, and promotion of an inclusive work environment, offering equal opportunities for professional growth, with zero discrimination*	**Dissemination of an inclusive culture** *Dissemination of a corporate culture attentive to diversity and inclusion issues* **Incidents of discrimination** *Prevention of discrimination through the implementation of Diversity & Inclusion policies and initiatives*	**GRI 405** Diversity and equal opportunity **GRI 406** Principle of non-discrimination

Community and Environment

MATERIAL TOPICS	MAIN ASSOCIATED IMPACTS	REFERENCE GRI
Energy consumption and reduction of emissions *Implementation of strategies to reduce environmental impacts, with the aim of ensuring efficient energy consumption and the use of renewable sources, and reducing the climate-changing emissions generated both directly and throughout the value chain*	**Energy transition** *Contribution to the energy transition through the implementation of plans/programs aimed at increasing energy efficiency at all stages of the value chain* **Production of emissions** *Contribution to decarbonization through the reduction of climate-changing emissions at all stages of the value chain*	**GRI 302** Energy **GRI 305** Emissions
Virtuous management of waste and energy consumption *Implementation of initiatives to promote the circular economy, with a commitment to reducing the consumption of water resources and the materials utilized, ensuring proper management of the resulting waste products*	**Regulatory Compliance** *Regulatory compliance related to the control of the cycle of hazardous and non-hazardous waste produced directly and/or generated through outsourced activities* **Spreading a culture of environmental protection** *Dissemination of a corporate culture through the implementation of programs based on the concept of circular economy, against the waste of resources and sensitive to responsible waste management*	**GRI 301** Materials **GRI 303** Water and effluents **GRI 306** Waste
Support for the community *Promotion of a business model that respects the needs and requests of the community and its stakeholders, enriched with projects beneficial to the community, in order to encourage the creation of shared value*	**Community impact** *Value creation and positive impact on the communities in which Lottomatica operates* **Community well-being** *Supporting the socio-economic development of the territory through the implementation of community-based initiatives*	
Creation and distribution of value *Creation and distribution of sustainable value for customers, people, partners, institutions, communities, and Lottomatica Group shareholders through responsible conduct and through technological excellence and experimentation with new business, work, and relationship models*	**Creating shared value** *Creating sustainable value for all stakeholders impacted by and influencing Lottomatica's activities, through the Group's business activities* **Lack of benefit for third parties** *Loss of benefit for third parties resulting from not realizing an investment due to inadequate management of events (e.g. technical, operational, financial)*	**GRI 201** Economic performance
Responsible management of the supply chain and the network *Selection, evaluation, and management of commercial relationships with partners and suppliers based on criteria of fairness, equity, and transparency, ensuring respect for the ESG criteria throughout the value chain*	**Improving supply chain management** *Improvement of supply chain management, through the selection and monitoring of suppliers based on compliance with Lottomatica's values and principles (e.g., Supplier Code of Conduct, Code of Ethics, Model 231)* **Promoting a sustainable supply chain** *Promoting an ESG-compliant supply chain by selecting and evaluating suppliers on the basis of environmental, social and governance, as well as economic parameters*	**GRI 204** Procurement practices **GRI 308** Environmental assessment of suppliers **GRI 414** Social assessment of suppliers

The materiality matrix

The materiality matrix is a fundamental tool for making i**nformed strategic choices**, ensuring the correct **identification, prioritization and management** of the most relevant ESG topics for the Group and its stakeholders.
Lottomatica Group's materiality matrix, updated in December 2023 and approved by the CEO, **graphically expresses the assessments carried out during the internal and external stakeholder engagement phase**. The relevance of material topics is indicated by their position on the matrix axes, while the **significance of impacts** (positive/negative, current/potential) is represented by their size.



Responsibility

- Promotion of legal and responsible gaming
- Quality of the service offered
- Business ethics and integrity
- Data security and privacy protection
- Promotion of innovation and digital development
- Fiscal contribution and transparency

People

- Personal development and skills valuation
- Occupational health and safety
- Diversity, inclusion and equal opportunity

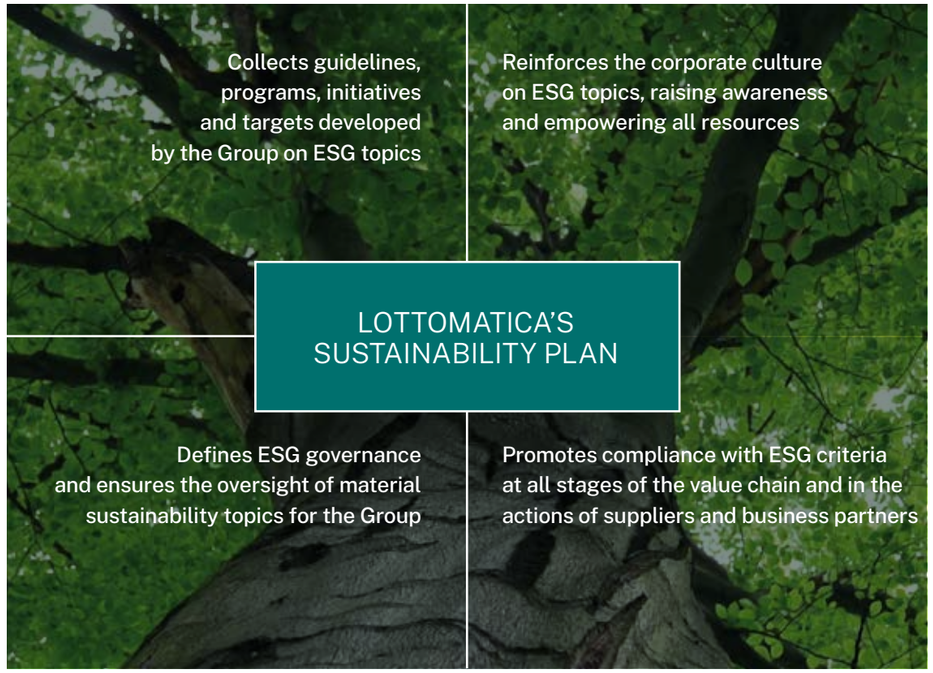
Community and Environment

- Energy consumption and reduction of emission
- Virtuous management of waste and energy consumption
- Support for the community
- Creation and distribution of value
- Responsible management of the supply chain and the network

The Sustainability Plan

In order to ensure the **full integration of sustainability** into its business model, to guarantee the **continuous improvement of ESG performance** and to respond with increasing commitment to the reasonable **expectations of all stakeholders**, Lottomatica Group has defined a **structured ESG strategy**, consisting of the **Sustainability Plan** and a set of **Sustainability Policies**.

Established for the first time in 2022, and updated on a periodic basis, the Sustainability Plan formalizes the Group's **strong commitment to the creation of shared and sustainable value** in an organic and structured program.



Specifically, the Sustainability Plan is divided into **three fundamental strategic pillars: *Responsibility*, *People* and *Community and Environment***. The company's sustainability commitments, programs and goals are focused on these pillars, through a series of actions and initiatives across the various operating sectors.

Responsibility | **People** | **Community and Environment**

Responsibility | WE ACT *responsibly*

Lottomatica operates with a full awareness of its role in promoting a legal and responsible gaming model, respecting the consumer as a subject to be protected, and to whom we must strive to offer safe, high-quality, innovative, and engaging gaming experiences. The Group meets the highest standards of ethics and integrity, through a governance system made up of models and procedures designed to protect all of its stakeholders.

LEGAL GAMING

Lottomatica Group operates with full awareness of its role in the industrial sector of legal gaming, through **proactive cooperation with the institutions and compliance with the regulatory framework**.

Read more: section 4.1 "The regulatory framework of regulated gaming".

RESPONSIBLE GAMING

Lottomatica Group promotes a **responsible approach to gaming** and establishes an annual **responsible gaming program**, which is structured according to three intervention guidelines covering the areas of gaming influence and governance in which the Group operates: the **protection** of minors, the **prevention** of excessive gaming, and the **promotion** of a healthy and knowledgeable gaming model.

Read more: section 4.2 "Lottomatica's commitment to responsible gaming".

PLAYER PROTECTION

Lottomatica **Group** focuses on the **central role of the customer** during the development, information and distribution phases of its gaming offer. The Group has adopted an approach based on **awareness**, **transparency** and **accountability**, as defined also by the specific **Responsible Marketing Policy** and is committed to ensuring the highest standards of **data privacy** and **cyber-security**, as governed by specific procedures, such as the **Personal Data Processing Procedure** and the **Data Breach Management & Notification Operating Procedure**.

Read more: section 4.3 "Innovation and respect for the consumer".

GOVERNANCE, ETHICS AND INTEGRITY

Lottomatica Group aims to strengthen corporate governance through the execution of business ethics programs, the integration of ethical and environmental risks within the risk management model, and the maintenance of **ISO 37001 certification** to support its **Anti-Corruption policies and programs**. This commitment, in line with the principles and values of the Code of Ethics that guide the conduct of business and the execution of the Group's strategies, has been further strengthened through the **alignment with the UNGC** as of 2022.

Read more: section 4.4 "Ethics and compliance".

People | WE CARE *about People*

Lottomatica considers its people to be a fundamental resource for building a sustainable business model. The Group guarantees its employees an inclusive and stimulating working environment with high standards of safety and well-being, where diversity is valued, and professionalism and know-how are developed.

HEALTH AND SAFETY, WELFARE AND WELLNESS

Lottomatica Group is committed to creating a work environment compliant with the highest **health and safety standards**, and where individual characteristics will not lead to discrimination or conditioning, ensuring the ability to exercise all trade union and political rights. The Group has adopted its own **Human Rights Policy** - which supplements the **Freedom of Association Policy**, the Principle of Non-Discrimination and the **Working Hours Policy**, as well as an appropriate **Smart Working Policy**.

Read more: section 5.3 "Safety and welfare of people".

PROFESSIONAL DEVELOPMENT

Professional development is an important competitive factor for the Group, as it is necessary to **attract and retain high quality human resources**, to **develop skills**, and to **build appropriate career paths**. Therefore, the Group is committed to implementing well-structured **Brand/DNA awareness, Employer acquisition, People development, Management revolution** and **Learning & development programs**.

Read more: section 5.4 "People development and skills enhancement".

DIVERSITY, INCLUSION AND EQUAL OPPORTUNITIES

Diversity is a distinctive factor for the Group's growth. In this regard, Lottomatica has adopted a **Diversity Policy** and **specific programs** focused on enhancing diversity, above all gender diversity, bolstering the **management's responsibilities** and monitoring the **company's performance levels** in the field of diversity, even including specific social standards within the supplier code of conduct.

Read more: section 5.5 "Diversity, inclusion and equal opportunities".

Community and Environment | WE SHARE *with Communities*

Lottomatica contributes to the achievement of positive and tangible results for the community by implementing social initiatives and policies aimed at reducing its direct and indirect environmental impacts. The Group is also committed to the sustainable development of the production chain and promotes value creation for every operator within the chain.

COMMUNITY

Lottomatica Group has always been engaged in implementing **initiatives of public interest** in well-defined areas, including work and training, legality, diversity, social inclusion, education, health, innovation and technological progress. This support for the community is further bolstered and enhanced by **Fondazione Lottomatica**, established for the purpose of enhancing the creation of collective value through **projects of high social impact**.

Read more: section 6.1 "The community in which we operate".

ENVIRONMENT

Lottomatica recognizes the importance of creating shared value while respecting the environment. The Group has established guidelines to support this commitment within the context of an appropriate **ISO 14001-certified Environmental Management System**, with the adoption of an **Environmental Policy** and a **Green Procurement Policy**, and an ongoing commitment to the efficient use of energy and natural resources, and the management and **monitoring of its environmental performance**.

Read more: section 6.2 "Lottomatica for the Environment".

NETWORK, PARTNERS AND SUPPLIERS

Lottomatica has adopted a **Supplier Code of Conduct** and a **Green Procurement Policy**, which guide the selection of and the relationship with its business partners. The company is also committed to creating and **ESG certified supply chain**.

Read more: section 6.3 "Responsible supply chain management".

Sustainability Policies

The path of integrating **sustainability into the corporate business model** has led Lottomatica Group to **formalize** and **implement** the following **policies in the ESG area**, approved by the Board of Directors and subject to periodic updates and reviews with a view to continuous improvement.

ESG POLICIES	OBJECTIVES
Gender Equality Policy UNI/PdR 125:2022	Promote gender equity, reduce the gender gap and disseminate an inclusive and aware culture. Recognize, protect and enhance gender differences and equal opportunities in the workplace.
Quality and Safety Policy	Achieve the quality requirements of all stakeholders. Safeguard and promote the health and safety of workers by reducing the level of exposure risk.
Information Security Policy	Ensuring the security and privacy of employees, customers and all stakeholders is one of the Group's primary objectives.
Anti-Bribery & Corruption Policy and Guidelines	Combating corruption in all its forms by promoting the prevention and detection of corruptive activities through the training of resources.
Data Protection Policy	Ensure the protection of personal data of customers, employees and other third parties processed by Lottomatica Group, as well as personal data processed by suppliers and third parties contracted on behalf of Lottomatica Group.
Responsible Marketing Policy	Setting the standard for responsible and customer-friendly marketing, in compliance with current legislation and the company's commitment to promote Responsible Gaming as a key to business sustainability.
Environmental Sustainability Policy	Promote environmental protection throughout the value chain, committing to prevent, manage and, where possible, reduce the environmental impacts generated directly through its operations, carried out directly or through suppliers and partners.
Green Procurement Policy	Discipline the supplier selection process, favoring those who produce goods and/or provide services with a lesser effect on the environment. Ensure compliance with environmental legislative requirements, and apply the principles issued by relevant national and international organizations, such as the UN 2030 Agenda, the Paris Agreement and COP26.
Corporate Policy on the Protection and Protection of Human Rights	Define, structure and develop a clear approach to the safeguarding and protection of human rights, broader than that required by law and aimed at all those in the Group's value chain, including employees, customers, suppliers, people with disabilities, victims of discrimination and all forms of violence.
Diversity and Inclusion Policy	Promote a plural and inclusive culture and ensure that all people in the Group have equal access to the same opportunities, regardless of gender, age, disability, ethnic, social and geographical affiliation, trade union, language, religion, political or sexual orientation, gender identity, nationality, marital or socio-cultural status.
Freedom of Association Policy	Recognize and promote at every level the right to freedom of association and collective bargaining, committing to combat all forms of abuse or discrimination against those engaged in organizing or representing workers.
Working hours policy	Encourage compliance with working hours that allow work, family and leisure commitments to be fulfilled with equal effectiveness. Support resources that need flexible working hours and promote smart working projects, as provided for by company policy and second-level agreements.
Smart working policy	Define, for all Group companies, the operating methods underpinning the implementation of smart working, making it possible to work, in compliance with business objectives, in spaces other than the one defined as the 'company workplace'.

Lottomatica's Sustainable Development Goals

Lottomatica Group adheres to the United Nations 2030 Agenda and actively contributes to the **achievement of 8 Sustainable Development Goals (SDGs)** out of 17 in total, through a series of objectives and targets defined within the Sustainability Plan, in a path of collaboration and responsibility necessary to face the complex challenges of today and tomorrow.

SUSTAINABLE DEVELOPMENT GOALS

The 2030 Agenda for Sustainable Development, adopted in September 2015 by the United Nations, is an action program guiding institutions, governments, businesses and citizens towards building a more sustainable future through 17 ambitious and interconnected goals.

3 GOOD HEALTH AND WELL-BEING

GOOD HEALTH AND WELL-BEING
Ensuring health and well-being for everyone and +for all ages

5 GENDER EQUALITY

GENDER EQUALITY
Achieving gender equality and empowerment of all women and girls

8 DECENT WORK AND ECONOMIC GROWTH

DECENT WORK AND ECONOMIC GROWTH
Incentivising and sustaining, inclusive and sustainable economic growth, full and productive employment and decent work for all
i

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

INDUSTRY, INNOVATION AND INFRASTRUCTURE
Building resilient infrastructure and promoting innovation and equitable, responsible and sustainable industrialisation

10 REDUCED INEQUALITIES

REDUCE INEQUALITIES
Reducing inequality within and among Nations

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

RESPONSIBLE CONSUMPTION AND PRODUCTION
Ensuring sustainable patterns of production and consumption

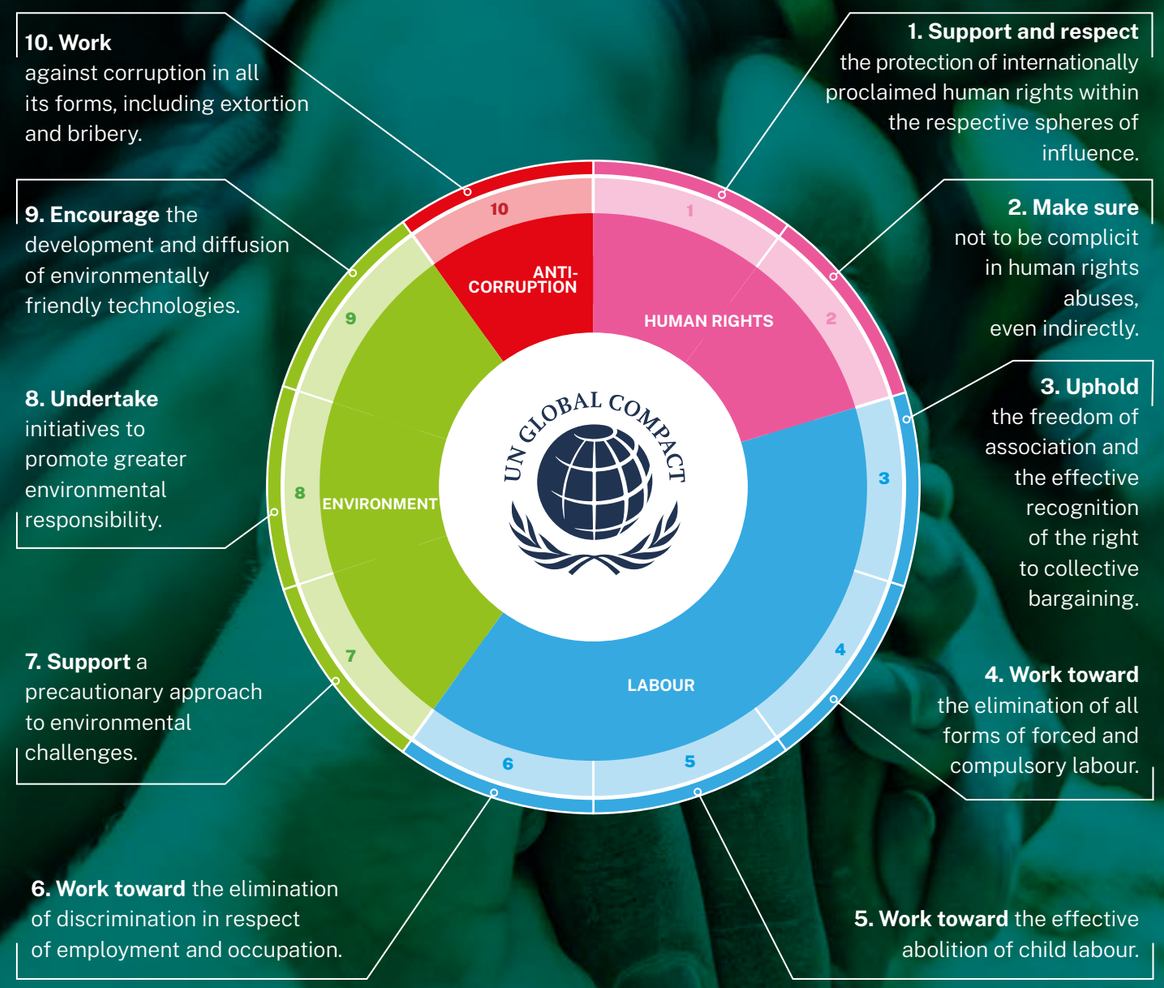
13 CLIMATE ACTION

CLIMATE ACTION
Adopting urgent measures to combat climate change and its consequences

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

PEACE, JUSTICE AND STRONG INSTITUTIONS
Promoting peaceful and more inclusive societies for sustainable development; providing access to justice for all; and creating efficient, accountable and inclusive bodies at all levels

Adhesion to the United Nations Global Compact
The importance that Lottomatica attributes to sustainability and to ethical, economic and environmental responsibility, as well as to the integration of these aspects in its business activities, is further reflected in the Group's adhesion to the UN Global Compact. This initiative was launched by the United Nations to promote the **construction of a sustainable global economy**: respectful of human and labor rights, diversity, environmental protection and the fight against corruption.



3.2 The sustainability path

Sustainability is an integral part of the corporate Vision and Mission and represents an **essential driver for the creation of shared value**. For this reason, Lottomatica has embarked in recent years on a **path of growing commitment to the governance of ESG topics** aimed at integrating business objectives and activities within an increasingly structured strategy.

2023
Listing on the MTA of the Italian Stock Market
Analysis of Scope 1,2 and 3 emission mitigation levers, aimed at defining a decarbonisation strategy
Achievement of certifications: Best HR Team; UNI/PdR 125; ISO 27701.

2022
Approval of Lottomatica's first Sustainability Plan.
Adhesion to the UN Global Compact.
Voluntary adhesion to the Morningstar Sustainalytics ESG rating process, with the assessment of a negligible risk of suffering significant financial impacts from ESG factors: Industry and Regional 2023 Top Rated Company by Sustainalytics.

2021
Publication of the first Lottomatica Sustainability Report.
Participation in the achievement of the UN Sustainable Development Goals (SDGs).

2018
Identification of the three fundamental pillars of commitment to the community:
1) support for tax revenues;
2) creation of qualified employment for an indefinite period;
3) sharing of the value generated with the community and the supply chain.

2017
Listing on the MTA of the Italian Stock Exchange
and publication of the Non-Financial Statement, in addition to the Sustainability Report.
Establishment of the Control, Risk and Sustainability Committee.

2016
Publication of the first Sustainability Report, compliant with the GRI standards and subject to assurance.
Definition of the material topics and stakeholders.

ESG rating

Participation in ESG ratings is a particularly effective tool for maintaining a relationship of trust with stakeholders and communicating sustainability performance in a transparent manner.

Since 2022, the Group voluntarily submitted itself to the **assessment of the international ESG rating agency Morningstar Sustainalytics**, to measure its exposure to a number of risks related to ESG factors and to verify the effectiveness of related mitigation measures.

As of December 31, 2023, Lottomatica's ESG rating is 9.9 which implies a **negligible risk** of suffering significant financial impacts from ESG factors. The ESG rating obtained by Morningstar Sustainalytics places the Group among the **top rated companies worldwide** both in the "Consumer Services" industry and in the "Casinos and Gaming" sub-industry.

Lottomatica was also confirmed as an **ESG Industry Top Rated company** and as an **ESG Regional Top Rated company** for both 2023 and 2024, thus being included in the **list of companies with the best ESG rating at global, regional and industry level** that Morningstar Sustainalytics presents each year.

This recognition is a **further confirmation of the Group's commitment to ESG** and the effectiveness of the company's strategy on **environmental, social and governance sustainability**.

SUSTAINALYTICS a Morningstar company RATED

ESG 2024 INDUSTRY TOP RATED

ESG 2024 REGIONAL TOP RATED

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Awards and certifications

During 2023, Lottomatica Group obtained multiple awards and certifications, confirming its growing commitment to environmental, social and governance issues.

ESG recognitions and certifications	Description
	In early 2023, Lottomatica Group obtained the prestigious Best HR Team Certification. The award, promoted by the HRC Community Network - MyHRGoal, attests to the quality and effectiveness of the actions and projects carried out by the Group's HR team, with a view to an increasingly sustainable and "future-ready" company.
	In July 2023, Lottomatica Group obtained the UNI/PdR 125:2022 certification for gender equality, which is part of the broader framework of the Group's Diversity & Inclusion program and represents a further step in the path of continuous growth and awareness that Lottomatica is pursuing with a view to D&I.
	In 2023, ISO 14001 certification, relating to environmental management systems, came to cover 70% of the Group's operations on a constant perimeter, confirming Lottomatica's commitment to activating continuous business improvement processes in a logic of respect for the environment.
	In 2023, ISO 45001 certification, which attests to the system, management and monitoring of company processes aimed at improving prevention policies and effectively combating accidents and occupational diseases, was also extended to Lottomatica S.p.A.
	Lottomatica Group has implemented an Information Security Management System (ISMS) according to the international standard ISO/IEC 27001:2013.
	In 2023, Lottomatica Group obtained ISO 27701 certification, which represents the extension of the ISO 27001 information security management standard to privacy.
	All Lottomatica's online gaming platforms are certified for responsible gaming according to the standards of the Global Gambling Guidance Group (G4), an international organization of gaming experts focused on promoting responsible gaming and reducing the harm caused by problem gaming.

4. Responsibility

Lottomatica operates in a highly regulated and controlled sector, aimed at pursuing important public interest objectives such as the protection of legality, the fight against illegal offers, and the protection of consumers and, in particular, minors.

4.1 The regulatory framework of regulated gaming

The Italian public gaming sector, within which Lottomatica Group operates, is the result of a complex regulatory path that has led, over the last twenty years, to defining and regulating the **requirements** of the games, the **modalities** of the offer, the **characteristics** of the distribution network and of the places of sale, the **criteria for the distribution** of the collection and revenues among the various parties involved in the chain (consumers, State, concessionaires, operators), in compliance with the fundamental public interest objectives ensured by the sector.

The regulation of the sector is mainly the responsibility of the **Ministry of Economy and Finance**, and in particular of the **Customs and Monopolies Agency** (ADM), which entrusts the management of the game to the **concessionaires**: subjects chosen through **open, competitive and non-discriminatory procedures**, in compliance with the principles of Community and national rules.

In addition to constantly verifying the work of the concessionaires, the ADM carries out control activities aimed at **combating irregularities and illegal offers**, alongside the public security authorities, and at **assessing specific taxes in the sector**: in particular, the Consolidated Tax Withholding (PREU) for the Gaming Machines with cash prizes sector, and the consolidated tax on betting with regard to the betting sector.

Lottomatica has always collaborated proactively with all public institutions, in particular with the Customs and Monopolies Agency, in order to ensure **compliance with the regulatory and legislative framework** and to promote its adequacy in the face of evolving markets and industry challenges.

The public interest objectives secured by the gaming sector

Protection of legality and combating illegal supply	Contribution to government revenue and emergence of undeclared revenue	Protection of consumers, especially minors, and data privacy	Implementation of interventions for the prevention of gaming-related disorders	Economic, business and employment development throughout the country

Expenditure and tax revenues from the gaming sector

The public gaming sector makes an important contribution to the economy and welfare of the Italian State thanks to the significant tax revenues it is able to secure.

In 2023, players' expenditure (GGR) amounts to approximately Euro 21 billion, with a progressive growth in online gaming also due to the proactive action by the Customs and Monopolies Agency in combating illegal supply. As of January 2024, in fact, there were over 10,000 illegal gaming sites obscured by ADM, with a consequent conversion of demand towards legal gaming sites.[18]

This results in a consequent increase in **tax revenues**, which amounted to approximately Euro 10.6 billion in 2023, equivalent to half of the players' expenditure.

Type of gaming	Unit	GGR			Tax revenues		
		2021	2022	2023	2021	2022	2023
Gaming machines	€/M	4,634	8,621	8,537	3,025	5,591	5,513
Betting & Online*		4,302	5,171	5,843	1,132	1,257	1,425
Other games**		6,399	6,247	6,529	3,484	3,440	3,607
Total		**15,335**	**20,039**	**20,909**	**7,641**	**10,288**	**10,545**

Includes virtual games and horse-based games. Does not include Betting Exchange.
**Includes lotteries and bingo distributed over a physical network.

4.2 Lottomatica's commitment to responsible gaming

GRI 3-3 | GRI 2-24 | GRI 2-25 | GRI 416-1| GRI 416-2 | GRI 417-1 | GRI 417-2 | GRI 417-3

Lottomatica operates with full awareness of its role in promoting a legal and responsible gaming model, respecting the consumer as a subject to be protected and to whom it offers innovative and engaging gaming experiences, of quality and in total safety.

Gaming represents **occasional entertainment** and a **totally healthy and controlled moment of leisure** for the majority of consumers. However, a minority share of gamblers, especially in the presence of a combination of factors, may manifest forms of discomfort and problematic behavior, which in the most severe cases may evolve into addiction and disorder (clinically referred to as "Gambling Disorder", or GD).
Lottomatica Group is committed to implementing all necessary actions to ensure that the **focus on responsible gaming is a central element in building a sustainable business strategy** and is an integral part of its daily operations.

In this regard, the Group works daily with seriousness and professionalism to promote a **responsible and conscious approach to gaming**, supporting its customers so that they approach such activities in a **healthy way** and with **respect for their limits**.

This commitment is formalized within the **Group's Code of Ethics** and the specific **Responsible Gaming Program**, which structures and reports on the broad plan of actions implemented to **protect consumers** and, in particular, to **protect minors, preventing forms of excessive gaming and promoting a model of responsible, healthy and aware gaming**.

Responsibility for the **implementation of the Responsible Gaming Program** lies with the **External Relations & Communication Department**.

18) https://www.adm.gov.it/portale/siti-web-inibiti-giochi

The focus on responsible gaming in the Lottomatica Code of Ethics

Lottomatica addresses the issue of Responsible Gaming with **extreme care** and **utmost consciousness** in **protecting minors and players**, expressly committing itself to the guidelines of **awareness**, **information** and **transparency**, **training** and **governance**.

- **commits to put in place all kinds of activities** in relation to its customers that may increase their sense of responsibility with regard to the practice of gaming itself;
- **informs users and customers** in accordance with the applicable regulations about the probability of winning, the risks of gambling and the prohibitions. Communication activities are focused on increasing players' awareness and helping them to understand and monitor their gaming habits;
- **trains all staff**, whether they are in contact with customers and gamers or not, so that they can support and help those who do not approach gaming as a leisure activity;
- **does not allow minors under the age of 18 to play**. To this end, the Company has given precise instructions to the entire sales network not to accept requests to play from anyone under the age of 18.

THE RESPONSIBLE GAMING COMMITTEE

In order to ensure **maximum focus on the Responsible Gaming Program** at both corporate and business level, as well as its effectiveness within the broader Corporate Sustainability Plan, the Group established the **Responsible Gaming Committee** at the beginning of 2023.
The Committee is a dedicated governance structure involving representatives of the External Relations & Communication, ESG Office, Betting & Digital, VLT, AWP & Direct Distribution corporate functions.
In line with, and in coordination with, the ESG Committee, the Responsible Gaming Committee aims to foster **increasing integration between business processes and the Responsible Gaming** Program, ensuring the continuous improvement of the Program and the achievement of the expected results.

Player protection and regulatory compliance

Lottomatica operates in the **utmost compliance with current regulations on safe gaming, prevention of excessive gaming and protection of minors**. For this reason, the Group pays particular attention to the evolution of regulations issued by local authorities, adapting its offer on the territory to ensure adherence to the provisions of Regions, Municipalities and other local authorities.

In fact, the Group recognizes that it is its duty to ensure maximum protection of users, especially the most **vulnerable segments of the population**, and a safe and quality gaming offer, also requiring its business partners, employees and interlocutors to adopt behavior based on transparency and fairness.

All Group companies strictly comply with the regulations governing gaming activities and communication. In particular:

- **Balduzzi Decree** (Decree-Law No.158/2012), which introduced a ban on advertisements for games with cash winnings, stipulating that any advertisements must not in any way incite or glorify the practice of gambling and must instead contain specific warnings on the risk of addiction and the likelihood of winning;
- **Dignity Decree** (Decree-Law No.87/2018), which confirmed the prohibition of any form of advertising of games and betting on any medium and provided for additional information obligations, extending to VLT machines and all areas hosting AWPs the obligation to display warning formulas on addiction risk and probability of winning;
- regulations issued at local level by Municipalities and Regions on c**ombating problem gambling, on proximity to so-called "sensitive places"**, and on **hours of operation**.

The regulatory developments concerning the reorganization of public gaming envisaged by the Delegated Law for Fiscal Reform No. 111, which came into force on 28 August 2023, also heralds the introduction of further technical and regulatory measures aimed, among other things, at ensuring the full protection of the most vulnerable as well as preventing gambling disorders and underage gaming, which the Group intends to support competently and proactively in the coming months.

Responsible Gaming Guidelines

In the management of its activities, the Group has adopted specific **guidelines that cover all areas of gaming influence and governance**, raising awareness and giving responsibility to the resources that, in various capacities, work along the supply chain: from the business lines to the figures that have relations with players, in the gaming hall or through remote gaming platforms.

Protection of minors by taking specific measures to prevent any form of access to gaming by under-aged individuals.

Prevention of excessive gaming, through training, monitoring and governance tools, and support for players with gaming problems.

Promotion of a responsible model of gaming, understood as a form of entertainment to be chosen with awareness and characterized by clarity, comprehensiveness and impartiality of information.

By virtue of these guidelines, Lottomatica develops a fruitful dialogue with all parties involved in promoting legal and responsible gaming, including employees, players, regulatory authorities, institutions and other stakeholders, implementing projects focused on the following **4 macro-areas of activity.**

TRAINING AND AWARENESS RESOURCES on responsible gaming issues.

INFORMATION AND AWARENESS OF PLAYERS on issues related to gaming and possible related disorders.

PREVENTION AND MITIGATION OF IMPACTS resulting from improper gaming behaviors.

STUDY AND RESEARCH on responsible gaming issues.

Training and raising awareness among its human resources

As stated in its Code of Ethics, Lottomatica guarantees an adequate degree of professionalism in the performance of the tasks assigned to its collaborators. To this end, it is committed to **enhancing the skills of its human resources** through appropriate **training, professional updating and development tools**.

All the employees are aware of their own contribution to the pursuit of responsible gaming objectives, including through the **mandatory training** provided on the Code of Ethics, which they subscribe to and whose principles they undertake to share and observe.

[MSCI Indicator] Scope of employee training - Product Safety & Quality

Training in responsible gaming	Unit	2023
Total employees	N°	1,924
Number of employees trained in responsible gaming		1,507
Percentage of employees trained in responsible gaming	%	**78**

In addition, considering the particular relevance of certain professions for the proximity/contact with the players, the Group has undertaken dedicated initiatives.

The "Punto Gioco Intelligente" course

The Group has launched an articulated **training and awareness program** on responsible gaming, aimed at its staff and its sales network, in collaboration with CePID, the 'Integrated Psychiatric Centre for Research, Treatment and Prevention of Addictions' born from the partnership between Fondazione Policlinico Universitario Agostino Gemelli IRCCS and Fondazione Lottomatica.

The course, known as the "**Punto Gioco Intelligente**", is conducted by medical personnel from Policlinico Gemelli with experience in the treatment of cases of Gambling Disorder and is structured on various modules. Specifically, topics related to the phenomena of addiction and gambling addiction in particular are dealt with, and practical aspects for **preventing** and **combating problem gambling** and GD are explored, as well as the **identification of individuals potentially at risk** and their **correct management** within the gaming halls.

After covering **100% of the directly managed network** in 2022, the Group has in 2023:

- **extended training on responsible gaming** to the network of **indirectly operated points of sale**;
- extended the general module of "Smart Play Point" **to all internal staff**;
- provided for the administration of a **specific training module** for staff in the areas of Anti-Money Laundering, Customer Support, Digital Operation, CRM and VipTeam, for example.

Results and targets

✓ **In 2023,** Lottomatica achieved its goal of training **more than 70% of the operators** of VLT gaming halls and indirectly operated betting shops; it extended general training to **100% of the company's population**, with a course completion rate of more than 75%; and it completed specific training for **100% of the staff** in closest contact with online customers.

→ **For 2024,** Lottomatica aims to continue the training activity for the operators of VLT gaming halls and indirectly operated betting shops also by making the training itself part of the contractual obligations, with the goal of **maintaining the course completion rate above 70%**. As far as personnel are concerned, the Group intends to continue with the general training activity, continuing to ensure that **the course is available to 100% of the company population**.

Customer information and awareness

In line with its approach to responsible gaming and in compliance with the 'Dignity Decree', all communications relating to products and services provided by Lottomatica Group are **purely informative**, without any promotional purpose.

In its communications, the Group also does not make use of, or target, minors or weak or vulnerable members of the community, and is committed to providing **only reliable and objective information**, including information regarding the characteristics of the games and the odds of winning.

Communications, in fact, are primarily aimed at providing the broadest knowledge of the products and services offered to maximize customer awareness and provide them with all the tools to approach gaming in a safe and legal manner.
For this reason, **at every point where the game is conveyed and contact is made with the player**, appropriate safeguards are provided to reflect these principles.

Information tools on all channels

All sites, online gaming platforms and materials present in Lottomatica network points of sale display both the logos of the Customs and Monopolies Agency and **specific logos designed to emphasize the ban on gaming for minors under 18 years and to encourage responsible gaming**. In compliance with the provisions of Article 7 of Legislative Decree 158/2012 (the so-called "Balduzzi Decree"), detailed information is also provided on the risk of pathological addiction and the probability of winning.

Results and targets

→ **By 2024**, Lottomatica plans to complete the process of developing a **single responsible gaming logo**, started in 2023, across all Group companies and gaming verticals.

Responsible Gaming Decalogue

The Responsible Gambler's Decalogue, available at all touchpoints with the player, such as points of sale and online on the Group's websites and platforms, consists of **10 rules of conduct** useful to guide the player towards a **conscious approach to gambling**.

1. Gambling is entertainment, not a way to make money
2. Only gamble with amounts that are within your financial means
3. Play just for the sake of the game, and in full knowledge of the rules
4. Only gamble for the length of time that you set at the beginning and take a break when you have been gambling for too long
5. If you decide to stop or to gamble less, commit to doing so
6. Do not play to "recoup losses", and accept the outcome as an expense of the entertainment
7. Do not borrow money in order to gamble
8. Don't overdo the frequency of your gambling, and do not give up other leisure activities to focus on gambling
9. Don't lie to friends and family about the amounts that you have spent on gambling
10. Don't treat gambling as a way of resolving issues and concerns, and do not gamble while under the influence of alcohol or drugs

Self-assessment test

The self-assessment test is a tool that allows you to assess, in an autonomous, anonymous and untracked manner, your own **profile as a gambler** by answering questions about your **gambling behavior over the previous twelve months**, and to check for signs of possible problem behavior. If so, the player is invited to contact the National Helpline of the Istituto Superiore di Sanità or the nearest help center.[19]

The test is accessible on all the main Lottomatica websites in an interactive form, as well as being available in paper format in the Group's halls and points of sale.

In the last twelve months how often have you...

- Gambled more than you could afford to lose?
- Needed to gamble more to feel any excitement?
- Returned to gambling with the idea of getting back the money you have lost in order to "get back on your feet"?
- Asked for a loan or sold something to have money to gamble with?
- Had the sensation of having a gambling problem?
- Been accused by someone of having a gambling problem, whether you consider it true or not?
- Thought that gambling has caused you economic problems or has caused them to your family finances?
- Felt guilt for your way of gambling or for what happens when you gamble?

Results and targets

✓ **For 2024**, Lottomatica plans to develop a new version of the Self-Assessment Questionnaire, introducing additional tips for a correct approach to gaming.

19) See the section entitled "Player Support" below.

Physical outlets

Access and gaming at Lottomatica network points of sale **are strictly forbidden for persons under the age of 18**. The staff employed inside the halls is obliged to verify the actual age of customers and patrons, turning away anyone under the age of 18.

Information and support tools

The Group produces and disseminates at its points of sale a wide range of **information materials aimed at promoting responsible gaming practices**, guiding conscious gaming behavior and providing a wide range of information on gaming products.

These include: posters, postcards and information posters; the "Decalogue of Responsible Gaming"; self-assessment tests and information guides to facilitate the identification of problem behavior and identify the signs of a potential gambling disorder; references and indications of help centers in the vicinity of the point of sale; information on the probability of winning the various games; signs prohibiting entry and gaming for minors under 18 years of age; information on anti-money laundering legislation and the processing of personal data; gaming regulations for video lotteries, betting and virtual games.

Results and targets

✓ **In 2023**, Lottomatica continued the project of revising the information materials in the gaming halls. As in 2022, gaming machines housed in 100 per cent of Lottomatica's gaming halls are provided with special **labels with content on responsible gaming**.

→ **For 2024**, Lottomatica plans to complete the project, started in 2023, of a **corporate campaign on responsible gaming, developed in cooperation with Cepid**.

Online sites and platforms

Lottomatica's institutional site, gaming sites and mobile platforms have **large sections dedicated to protecting players and promoting responsible gaming**, where all the information, initiatives and tools useful to the pursuit of the objectives set in these areas are reported in detail.

Results and targets

✓ **In 2023**, the Group implemented **specific reports** on its gaming sites to identify behavior potentially related to responsible gaming issues, such as the use of the self-exclusion feature, or the focus on accessing specific pages.

→ **For 2024**, Lottomatica plans to further improve and facilitate the online user experience in the management of control and restriction functions.

G4 Certification for Responsible Gaming

All Lottomatica's online gaming platforms are certified for responsible gaming according to the standards of the Global Gambling Guidance Group (G4), an international organization of gaming experts focused on promoting responsible gaming and reducing the harm caused by problem gaming.

The G4 certification program sets a **worldwide benchmark** in the correct application of **best practices related to responsible gaming** according to globally accepted standards and protocols.

The certification, which **lasts three years**, is issued following **repeated audits every 18 months** aimed at verifying the existence and effective adoption of tools, policies and procedures aimed at guaranteeing the highest level of security and protection for both customers and employees. The parameters considered in the assessment are, for example, the effectiveness of **checks on the age of players**, the existence of mechanisms to limit spending and to self-exclude from gambling for a fixed and indefinite period, the presence of clear **references to be contacted** in case of need, and the **effective training** received by staff and, in particular, by operators in closest contact with customers

Results and targets

✓ **In 2023**, Lottomatica obtained **G4 certification for Betflag.it**, which was added to that already granted to **Lottomatica.it** and **Goldbet.it**

→ **For 2024**, Lottomatica aims at:

- obtaining international certifications attesting the commitment to responsible gaming also for the physical network, in particular for direct VLT halls and sports betting shops;
- confirming the G4 certification for the Lottomatica.it and Goldbet.it gaming sites by passing the intermediate verification audit

Game accounts

Gambling ban for those under 18 years

It is strictly forbidden for persons under the age of 18 to register, bet and participate in any games on Lottomatica Group's gaming sites and apps.

The gaming account is nominative and personal, and checks on ownership and age of majority are carried out by verifying the **tax code of each customer** during the registration process and the consistency of the data by ADM / SOGEI.

Furthermore, the full activation of the gaming account can only take place after receipt of the signed contract and a copy of the identity document (within 30 days under penalty of account suspension and within 60 days under penalty of contract termination), and only after setting a weekly deposit limit.

It is strictly forbidden for persons under the age of 18 to register, bet and participate in any games on Lottomatica Group's gaming sites and apps.

Security of player data

Access to the reserved area of the online gaming sites is via an **encrypted connection** and each access is tracked by the system, which shows the date and time of the last login as well as the accesses to one's account statement page.

Tools for responsible online gaming

The Group's online gaming platforms implement a wide range of tools developed to provide the widest range of information, guiding customers towards an ever-increasing awareness of their gaming behavior and discouraging any problematic behavior in any way.

Online activity monitoring that includes history of logins, transactions, and game activity.

Automatic account disconnection if inactivity exceeds 20 minutes.

Voluntary **self-limitation** of the weekly deposit limit. Setting a weekly deposit limit is mandatory to open the game account and can be changed later: changes in a more restrictive direction are applied automatically, while otherwise their activation takes 7 days.

Voluntary **self-exclusion** from gaming activity, which can be **temporary** (for 30, 60 or 90 days), or permanent and can also be activated on the dealer's gaming site only or, across the board, on the sites of all dealers authorized by the Customs and Monopolies Agency. Customers who have requested self-exclusion can still make withdrawals from their account, but are unable to make deposits or take part in any type of gaming

Results and targets

✓ **In 2023**, Lottomatica introduced the possibility for users to **block individual game verticals**, thus providing an important **additional self-limitation tool that was** not a legal obligation but independently implemented on all of the Group's gaming sites.

→ **For 2024**, Lottomatica intends to implement a **screening algorithm** that will make it possible to **measure and predict possible risky gaming activities by** online players. The prevention activity will, on the one hand, allow the phenomenon to be measured more accurately through specific dedicated KRIs, and on the other hand, to be able to activate timely protection and information systems towards customers potentially at risk.

Dedicated pages and customer communications

TAll mass market communications sent to the Group's online customers contain **explicit references to responsible gaming**.
In 2023, Lottomatica carried out a review of the responsible gaming sections of the Betflag.it website in order to standardize their content and tone of voice.

Results and targets

- **In 2023**, Lottomatica extended the sending of the **DEM campaign** on responsible gaming to **100% of Betflag's online customer-base** and also completed on the Betflag.it platform the **review of responsible gaming** content already carried out in 2022 on the Lottomatica.it and GoldBet.it websites.
- **For 2024**, Lottomatica plans to release **new information features** within the customer area, which will create greater awareness of gaming activity.

Prevention and mitigation of impacts

Responsible marketing and supply chain

In carrying out its operations, Lottomatica is inspired by the principles of **loyalty, fairness, transparency, efficiency, respect for the law and respect for the values** expressed in the Code of Ethics, including the commitment in favor of responsible gaming, and requires similar behavior from all those with whom it has commercial and/or financial relations.

In particular, in conducting its business, **protecting customers** at every stage of the customer experience through **responsible conduct policies** is of paramount importance to the Group, from the stage of product selection and realisation to their conveyance through all channels and consumer contact points.

For this reason, Lottomatica has adopted a specific **Responsible Marketing Policy**, approved in 2022 and updated in February 2023, which sets out the **general principles** guiding the development, selection, communication and marketing of products, in compliance with the regulations in force and the company's commitment to **promoting Responsible Gaming as a key to business sustainability**.[20]

20) For more details on this Policy, please refer to section 4.3 "Innovation and respect for the consumer".

[GRI 416-2] Incidents of non-compliance concerning the health and safety impacts of products and services

Cases of non-compliance regarding health and safety impacts of products and services	Unit	2021	2022	2023*
Cases of non-compliance with regulations that results in a fine or penalty	N°	0	0	0
Cases of non-compliance with regulations leading to a warning		0	0	0
Cases of non-compliance with voluntary codes		0	0	0
Total		**0**	**0**	**0**

*In relation to the Group's concessionaire companies, no cases of non-compliance with regulations and/or self-regulatory codes were found.

[GRI 417-2] Incidents of non-compliance concerning labelling and product and service information

Percentage of product and service categories for which health and safety impacts are assessed	Unit	2021	2022	2023*
Incidents of non-compliance with regulations that results in a fine or penalty	N°	0	0	0
Incidents of non-compliance with regulations leading to a warning		0	0	0
Incidents of non-compliance with self-regulatory codes		0	0	0
Total		**0**	**0**	**0**

[GRI 417-3] Incidents of non-compliance concerning marketing communications

Incidents of non compliance	Unit	2021	2022	2023*
Incidents of non-compliance with regulations leading to a fine or penalty	N°	0	0	0
Incidents of non-compliance with regulations leading to a warning		0	0	0
Incidents of non-compliance with self-regulatory codes		0	0	0
Total		**0**	**0**	**0**

*In relation to the Group's concessionaire companies, no cases of non-compliance with regulations and/or self-regulatory codes were found.

Player support

The CEPID of the Agostino Gemelli University Hospital IRCCS

At the beginning of 2023, the new Integrated Psychiatric Centre for Research, Treatment and Prevention of Addiction (CEPID) at the A. Gemelli University Hospital IRCCS was inaugurated, thanks to the collaboration between the Agostino Gemelli University Hospital Foundation IRCCS and Fondazione Lottomatica.

National toll-free telephone number for the National Institute of Health

At its points of sale, websites and online platforms Lottomatica promotes the **National Toll-Free Telephone Number** for Gambling-Related Issue (TVNGA).

800 55 88 22
NATIONAL TOLL-FREE NUMBER
NATIONAL INSTITUTE OF HEALTH

The service, which is anonymous and free of charge, is managed by **Italy's National Institute of Health** and is aimed not only at gamblers who wish to get in touch with professionals in the sector to receive assistance, but is also open to those who seek information on health services dedicated to the treatment of gam-

bling-related problems, on services that can handle socio-economic and/or legal problems related to indebtedness, and on Regional toll-free numbers dedicated to the issue.
The National Institute of Health has also launched a portal called "**Uscire dal Gioco**", a reference point for problem gamblers and their families where they can find information and support to start a path of change and be directed towards gambling disorder treatment services.

Gambling Therapy
Lottomatica has been working since 2022 with Gambling Therapy, a service provided by Gordon Moody (the UK's leading provider of gambling therapy and support services) with the aim of offering assistance and support to anyone affected, directly or indirectly, by problem gambling.

This partnership enables the Group to provide its customers with tools such as: **multilingual helpline and support** groups for players and family members, **forums and direct email support**, and a dedicated app with information and tools to help identify and overcome a gambling problem.

Results and targets

- **Nel 2023**, Lottomatica continued the **training of Customer Support** and CRM staff on the tools provided by Gambling Therapy and activated further projects such as the **direct redirection** of the most sensitive cases to Gambling Therapy services.
- **Per il 2024**, Lottomatica has planned a **new revision of the Responsible Marketing Policy** and the drafting of a **Group Policy dedicated to Responsible Gaming**, in order to further strengthen governance in this area.

Study and research on responsible gaming

Lottomatica actively promotes the **study and research on legal and responsible gaming**, creating opportunities for in-depth study and discussion on the role played by the legal gaming industry, in particular, in relation to the protection of public order, legality and consumer protection.

Within this framework is the collaboration with CEPID, **the Integrated Psychiatric Centre for the research, treatment and prevention of Addictions**, inaugurated at the beginning of 2023 and born from the collaboration started in 2022 between Agostino Gemelli University Hospital Foundation IRCCS and Fondazione Lottomatica which, in addition to training activities aimed at its own network and employees, contributes scientific activities to analyze the phenomenon.

The presentation, in June 2023, of the Second Issue of the **Censis-Lottomatica Observatory on Legal Gaming in Italy**,[21] which provided an update to the First Censis-Lottomatica Issue on Legal Gaming presented in July 2022, is in the same direction of commitment, highlighting the importance of the public gaming sector in guaranteeing an effective control of legality and in protecting consumers.

21) Legal and Public Gaming in Italy: its social and economic value (lottomaticagroup.com)

Results and targets

- **In 2023**, Lottomatica started a pilot project in its directly operated gaming halls to screen potentially at-risk players, detected on the basis of the "Punto Gioco Intelligente" training, covering more than 70 per cent of its direct points of sale.
- **In 2024**, Lottomatica will continue with the fine-tuning of the screening project of potentially at-risk players, with the aim of keeping the rate of directly managed gaming halls above 70%.

4.3 Innovation and respect for the consumer

GRI 3-3 | GRI 2-25 | GRI 418-1

The drive for innovation is part of Lottomatica's DNA. Offering an excellent, innovative customer experience that guarantees consumer protection and the protection of personal data, both online and at the point of sale, is one of the pillars of Lottomatica's mission.

The promotion of innovation and digital development

Lottomatica Group's objective is "**to innovate its sector in a sustainable manner, through technological excellence and the experimentation of new business, work and relationship models**", as stated in the Company's Mission. This commitment is confirmed by the inclusion, also in 2023, of the material topic "**Promotion of innovation and digital development**" in the materiality matrix.

Lottomatica considers innovation and technology to be fundamental elements to guarantee its customers and consumers an increasingly complete, engaging and, above all, secure offer. Within the Group's staff, around 400 people are involved in the **development of technology** and the **digitalisation of processes**. From 2018 to date, **investments in technology** have increased by 50%, reaching around **Euro 8 million** in 2023. Specifically, investments in cybersecurity have been increased by almost two and a half times, while the capacity of the IT infrastructure has been doubled in order to better respond to the company's growth in size and to ensure the constant improvement of service levels.

€ 8 mln
INVESTMENTS IN TECHNOLOGY IN 2023

750 mln
TRANSACTIONS PER DAY

8 data center
ISO 270001 CERTIFIED

Lottomatica's IT systems handle more than **750 million transactions per day**, through an infrastructure consisting of **eight ISO 27001-certified data centers** and **1,600 virtual servers**, on which more than **3 Terabytes of data transit** daily.

Since 2021, Lottomatica has been running **Become Digital**, a project designed to **promote the development of a digital mindset within the organization** and stimulate an open mindset towards the opportunities offered by digital transformation. Each person in the Group was able to draw up his or her own digital identikit and a **training platform was made available** with an extensive library of content and insights related to digital transformation. As part of the project, thematic webinars were also held focusing on the main trends and news on the digital and innovation front, confirming **the propensity to grow and innovate that is in Lottomatica's DNA**.

As part of Become Digital, in 2023 part of the Group's employees participated in the Digital Culture training course financed by Fondimpresa and presented to Anpal, linked to the New Skills Fund. The course developed the following topics:

Digital tools for business	Enabling Technologies and Online Business	Digital Collaboration
GOALS		
develop knowledge of the most popular digital tools for communication and business transactions (Social Networks, E-Commerce, Apps and New Services, Digital Payments, Innovative Devices)	develop knowledge of enabling technologies and applications in use or potential in the business reality and market segment in which the Group operates (Digital Marketing, Artificial Intelligence and Machine Learning, Big Data and Advanced Analytics, Internet Of Things, Customer Experience, New Business and Service Models, Digital Market Awareness)	use cloud space to store and manage documents and work with Office Web Applications (Cloud Concepts, Microsoft 365: Concepts and Services, Security Features, Compliance and Privacy)

Starting in 2022, the Group has embarked on an ambitious **Digital Transformation path**, with the aim of accelerating the **optimization of business processes** and their evolution in a full digital key, significantly reducing paper consumption. The first phase of process analysis and mapping, carried out in 2022, was followed in 2023 by the design and implementation of **optimized technological solutions** to support **new paperless operational workflows**, adopted both for internal procedures and for document exchanges with third parties.

The project, which will continue in 2024, will bring a number of benefits on several levels: not only in terms of **standardization and simplification of work**, but also **more efficient use and sharing of documents**, greater **security and traceability** and, last but not least, a **significant environmental reduction in impacts**.

In 2023, the **Cyber Security Awareness** program, launched the previous year with the aim of **making the entire corporate population aware of the importance of cyber security and the proper protection of data, information, networks and systems**, continued. The program envisages the production and publication, within the company intranet, of multimedia pills, each one focusing on a specific theme: from privacy protection to safe web surfing, passing through attention to malware, spam and fake news.

Finally, with regard to the gaming products and services offered by the Group, the success of Lottomatica's commitment to promoting innovation and digital development is confirmed by the constant increase in the customer base and the high degree of satisfaction found in the wide **variety of gaming experiences** offered by the Group and the **continuous improvement** made to **websites** and **applications**.

Customer protection, listening and involvement

The Group guarantees a legal, safe and quality gaming offer through the promotion of innovation and business excellence, respecting all the stakeholders it interacts with, especially its customers.

In carrying out its work, the Group's priority is to **protect consumers at any stage of the customer experience**, from the selection and realisation of its products to their conveyance through all channels and consumer contact points.
This commitment is enshrined in a specific **Responsible Marketing Policy**, adopted in 2022 and updated in 2023, which defines the guidelines necessary to ensure sustainable business development.

THE GUIDELINES OF LOTTOMATICA'S RESPONSIBLE MARKETING POLICY

Transparency of offers, characteristics and conditions of play, which must always be represented in a clear, truthful and unambiguous manner in order to allow a healthy and conscious approach to gaming.

Attention to minors, both in the fight against underage gaming in any form, at points of sale and online, and in the creation and communication of products and services, which must avoid the use of content and language likely to attract underage children and young people.

Beware of excessive gambling, avoiding any initiative and/or message that may be misleading with regard to gambling behavior, particularly of the most vulnerable groups, for example by representing it as a financial solution or an alternative to work.

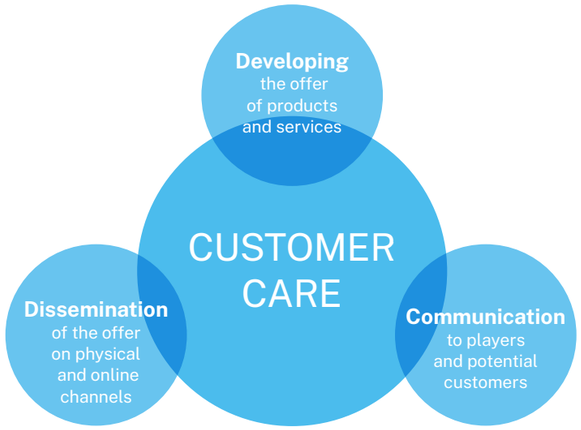
Promotion of a model of responsible gaming, with the aim of preserving and promoting the concept of healthy gaming contextualised in the dimension and possibilities of the target audience, in which fun, challenge and the desire to socialise remain the protagonists.

Respect for the territory in the choice of areas in which to locate operating sites and outlets, which must be done by paying attention to the socio-urban context of the neighbourhood and, in the case of the commercial network, to due safety assessments and distance from sensitive places, in cooperation with representatives of local institutions and in compliance with current legislation.

Customer experience

Customer care and responsibility are central to every segment of Lottomatica's business and guide all players in the chain at every stage of the process.

The Group deals with a heterogeneous range of customers with whom it maintains a **constant and constructive dialogu**e, listening to their requests in the design and development of products, services and technologies, capable of responding adequately to market needs and complying not only with current rules and regulations, but also with the strictest levels of **quality, transparency and safety**.



The Group is also committed to ensuring that the **customer journey is always pleasant and engaging**: the high level of professionalism of the staff, the care of the points of sale,[22] the reliability and security of the gaming platforms, and the constant technical and commercial support guaranteed to its partners, represent, in this sense, some of the factors behind Lottomatica's success.

Data security, privacy protection and cybersecurity

Data security and privacy protection are crucial aspects for Lottomatica, to the point of being **confirmed among the material topics** also in 2023. Aware of their close **interconnection and correlation with all business risks**, ithe Group pays particular attention to the **ftraining of its employees**, especially with regard to the **processing of personal data** e il contrasto di eventuali **combating cyber-attacks**.

[MSCI Indicator] Scope of employee training - Data Privacy & Security

Training in data privacy and security	Unit	2021	2022	2023
Total employees	N°	1,189	1,597	1,924
Number of employees trained in data security and privacy		291	271	480
Percentage of employees trained in data security and privacy	%	**24**	**17**	**25**

22) For more details, see "Store Excellence" below.

The management of the collection and processing of personal data is carried out in accordance with the highest standards of conduct and the European regulations set out in the GDPR (EU Regulation 2016/679). The latest interventions in this area have concerned, in particular:

- the introduction of technical and organizational measures aimed at maximizing the protection of processed data;
- the updating of impact assessments for specific types of processing;
- the implementation of the privacy training for qualified suppliers.

Data security and GDPR compliance

LAWFULNESS, FAIRNESS AND TRANSPARENCY	The personal data of the persons concerned are processed in a manner and for purposes that are lawful, correct and clearly described in the Informative.
LIMITATION OF PURPOSE	Personal data are processed only for specified, explicit and legitimate purposes, both in the collection and in the other activities of which the processing is composed.
DATA MINIMISATION	The information collected is limited to what is necessary to pursue the purposes for which it is processed.
ACCURACY	Lottomatica takes all measures to promptly delete or rectify data that are inaccurate with respect to the purposes for which they are processed.
LIMITATION OF RETENTION	Personal data are kept only as long as necessary to fulfil the holder's purposes or to comply with legal obligations.
RESPONSIBILITY	Data controllers and processors shall implement the most appropriate and effective measures to ensure data protection.
INTEGRITY AND CONFIDENTIALITY	Personal data are adequately protected against unauthorised processing and accidental loss or alteration.

[GRI 418-1] Complaints regarding breaches of customer privacy and loss of customer data

Breach of privacy and loss of data	Unit	2021	2022	2023
Complaints received for breach of privacy, of which:	N°	0	0	0
complaints received from third parties and acknowledged by the organization		0	0	0
complaints received from regulatory bodies		0	0	0
Leaks, theft of customer data, loss of customer data identified		**0**	**0**	**0**

ISO 27001 certification

Lottomatica Group has implemented an **Information Security Management System (ISMS)** according to the international standard **ISO/IEC 27001:2013**.

Currently, Gamenet S.p.A. and GBO Italy S.p.A. are both **ISO 27001** certified. In addition, in 2023, Gamenet S.p.A. and GBO Italy S.p.A. also obtained certification for **ISO/IEC 27701:2019** regarding the **information security and privacy management system**.

The ISO 27701 certification represents an **extension** of the ISO 27001 information security management standard to privacy, which the two companies have held since May 2021, enabling a **synergetic and integrated approach to information security and GDPR**, the European Data Protection Regulation.

In June 2023, the certifying body, following the ISO 27701 maintenance audit, confirmed that the management system of Gamenet S.p.A. and GBO Italy S.p.A. was assessed and found to be compliant with the requirements of the following management system standard ISO/IEC 27701:2019.

The **Group's compliance with international standards** enables a synergetic and integrated approach to the **protection of information security and privacy**, reducing the risk of breaches and stimulating the continuous updating and improvement of identified processes and safeguards.

Data protection governance

Lottomatica Group has defined a well-defined **governance structure in the field of data processing, data protection and cybersecurity**, involving the main corporate departments with different responsibilities.

The **Corporate & Legal Affairs Department** is responsible, among others, for **personal data protection aspects**, which include, in addition to keeping the Data Processing Registers of the companies belonging to Lottomatica Group and preparing the entire set of disclosures, also the procedures and appointment agreements aimed at ensuring that the data processing activities carried out within Lottomatica Group are conducted legitimately and in full compliance with the principles and dictates of the GDPR.

The Group has also set up an external and independent **Data Protection Officer** with the following tasks: to support data controllers, employees and processors in protecting and storing data in compliance with the rules; to protect the rights of recipients guaranteed by the GDPR; and to ensure cooperation with the Data Protection Authority and other competent authorities.

Lottomatica has also introduced a **cyclical Security Governance process**, from which the Security **Development Strategy** and the related **Security Development Plan** are defined, and defined a **governance** structure **in the area of customer data protection and Cyber Security**: the Technology Security function is in fact entrusted with the task of guaranteeing the

security of all group companies, under the responsibility of the Technology Security Senior Manager, reporting directly to the Chief Operating Officer (COO).

Following the listing of Lottomatica Group S.p.A. on Euronext Milan, the **Control and Risk Committee** assumed **supervisory responsibility also with regard to Privacy and Data Security issues**.

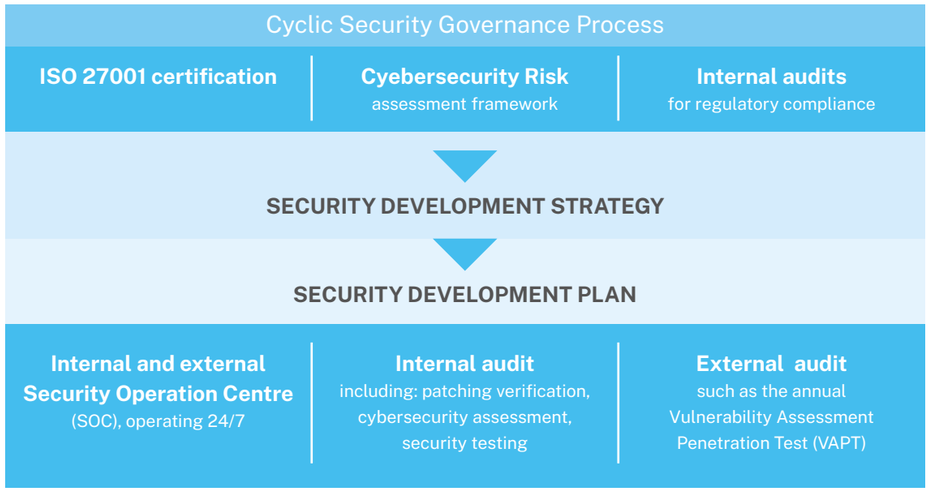
Control in this area was then further strengthened with the adoption of a Group **Data Protection Policy**, containing the main procedures and regulations already in use, such as the **Data protection regulation** and the **Data breach management & notification procedure**, for the management of information security incidents that take the form of a personal data breach.

Lottomatica Group has also made it **compulsory for third parties to be aware of and comply with its Data Protection Policy**, by supplementing its general purchasing conditions with a specific clause, and by inserting a direct reference to compliance with the provisions contained in the Data Protection Policy also within individual agreements.

The Group pays special attention to **data privacy training** courses for all new recruits and provides **periodic data protection training for all employees** dealing with this issue (100% of those concerned). These training activities also include contractors (consultants, business partners, etc.) through e-learning courses.

150 bln EVENTS MANAGED EACH YEAR BY LOTTOMATICA'S COMPUTER SYSTEMS

Lottomatica is committed to guaranteeing the security of every transaction carried out through the activity of its information systems, managing on average in a year more than **150 billion events** related to more than 25,000 attacks managed, about 2,000 malware, 15,000 malicious urls and 150 exploits blocked, and more than 3,500 Intelligence reports.



Results and targets

✓ **In 2023, Lottomatica Group** had no substantiated complaints or allegations of violations of privacy and security of customer data, either from consumers or regulators.

Training

The Group has created a specific **training course** dedicated to employees on the subject of **data security**, through a Security Awareness & Training platform capable of delivering customized courses based on the level of knowledge and skills of individual resources, and on the standards required by individual structures.

In addition, the Corporate & Legal Affairs department designed and structured the **privacy course dedicated** to **suppliers** handling sensitive data, conveyed through an e-learning platform. The aim of the privacy course was to raise awareness among all the Group's **suppliers and qualified contractual counterparties** on the issue of the **correct handling of personal data** and related processing activities, ensuring compliance with the European legislation in force (General Data Protection Regulation GDPR - 679/2016), as well as with Lottomatica Group's data protection policies.

Furthermore, in cooperation with the Human Resources, Organization & PSS department and the Data Protection Officer, the Corporate & Legal Affairs department is in charge of **periodically updating employees on the protection and processing of personal data**, providing privacy training for all Group employees involved in the processing of personal data, and training on the **contents of the GDPR** and the **main security measures** in force for all new employees working at the Rome headquarters.

[Sustainalytics Indicator] Cybersecurity programs

Training in cybersecurity	Unit	2022	2023
Total number of employees in the portal	N°	1,306	1,457
Total number of employees trained in cybersecurity		817	965
Percentage of employees trained in cybersecurity	%	**63**	**66**

Quality, safety and environment

Lottomatica has an **Integrated Quality, Safety and Environmental Management System (IMS)**, having achieved and maintained over the years the **UNI EN ISO 9001:2015 Quality certification**, to which was added, as of 2018, also the **UNI EN ISO 45001:2018 Workers Health and Safety certification** and, as of 2022, also the **UNI EN ISO 14001:2015 Environmental Management System certification**.

Lottomatica has an Integrated Management System for Quality, Safety and Environment (IMS) according to ISO 9001, ISO 45001 and ISO 14001 standards.

The IMS allows the Group to implement an effective **process control** system aimed at **preventing** and **managing risks**, guaranteeing the health and safety of employees and **end-customer satisfaction, and reducing the environmental impacts generated through its operations**, while consolidating a **corporate culture oriented towards Quality, Safety and Environmental protection**.

Integrated Management System for Quality, Safety and the Environment

QUALITY AND SAFETY POLICY AND ENVIRONMENTAL SUSTAINABILITY POLICY	Defines the Group's general commitments within the IMS and are made available to employees and all external stakeholders
INTEGRATED MANAGEMENT SYSTEM MANUAL	Describes the structure of the IMS and defines the use of the documents that are part of it
PROCEDURES	Describe the operational modalities of the various activities
OPERATING INSTRUCTIONS	Necessary to implement procedures
FORMS AND RECORDS	Provide evidence of the activities carried out under the IMS

4.4 Ethics and compliance

GRI 3-3| GRI 2-15 | GRI 2-16 | GRI 2-23 | GRI 2-24 | GRI 2-25 | GRI 2-26 | GRI 2-27 | GRI 205-1 | GRI 205-2 | GRI 205-3

Lottomatica operates with the highest standards of ethics and integrity through a governance of models and procedures to protect all stakeholders.

The pillars for ethical business conduct

231 MODEL

Lottomatica Group S.p.A., the concessionaire companies and the main indirect subsidiaries forming part of Lottomatica Group adopt their own **Organization, Management and Control Model pursuant to Legislative Decree No.231/2001**,[23] aimed at ensuring conditions of fairness and transparency in the conduct of business activities. With specific reference to Lottomatica Group S.p.A., the document was approved on 27 February 2023, while, with regard to Lottomatica S.p.A., the Organization, Management and Control Model reached its sixth revision on 25 May 2022. The task of supervising the operation of and compliance with the Model, and of proposing any updates, when necessary, is assigned to the Supervisory Board.

23) See Lottomatica Group's Model 231.

The Model is prepared and periodically updated following a series of phases: mapping of activities at risk and analysis of potential risks; current scenario and gap analysis; drafting of a risk assessment document preparatory to the preparation of the Model itself. It consists of a set of control protocols that guide the Company's operations and regulate specific verification activities aimed at:

- identify company activities potentially at risk;
- define an internal regulatory framework for the prevention of offences (e.g., Code of Ethics, delegation system, formalized procedures, penalty system);
- promote an organizational structure to inspire and monitor correct behavior;
- identify the processes for managing and controlling financial resources;
- provide employees with adequate training and information on the Model.

Following the various changes in the Group's structure that occurred during 2023, Lottomatica approved the 231 Model Lottomatica Group S.p.A. and Gioca On Line S.r.l. and the new revision of Gamenet's 231 Model in February 2023, Marim's 231 Model in May 2023, Betflag's 231 Model in July 2023 and the revision of Recreational B's Model in October.

Results and targets

✓ **In 2023** there were **no significant cases** of non-compliance with laws and regulations that led to significant penalties for Lottomatica Group.

[GRI 2-27] Compliance with laws and regulations
Total number of significant cases of non-compliance with laws and regulations

Significant cases of non-compliance with laws and regulations	Unit	2021	2022	2023
Monetary penalties	N°	0	18	46
Non-pecuniary penalties		0	0	0
Total		**0**	**18**	**46**

Total number and monetary value of fines for cases of non-compliance with laws and regulations

Significant cases of non-compliance with laws and regulations	Unit	2021	2022	2023*
Penalties for non-compliance with laws and regulations during the current reporting period	N°	0	14	23
Penalties for non-compliance with laws and regulations during previous reporting periods		0	4	23
Monetary value of penalties for non-compliance with laws and regulations that occurred in the current reporting period	€	0	134,000	110,666
Monetary value of penalties for non-compliance with laws and regulations that occurred in previous reporting periods		0	28,694	4,695,044

* A number of non-compliances were contested in 2023, which can be summarized in two areas of application:
- Violations of sector regulations contested by the competent Authorities (ADM and the Police Authorities) in the ordinary course of business for causes attributable to third party business partners contracted by the concessionaire for the performance of activities functional to the collection or in any case to the execution of the activities under concession;
- Penalties applied by ADM for non-compliance with certain service levels under the ADI agreement for Gamenet and LVR for the years 2013 and 2014. Specifically, in 2023 ADM notified the recalculation of the service level penalties initially notified in 2022. The partial non-compliance with service levels is mainly attributable to inefficiencies of software suppliers, some of which have already compensated the concessionaire for their share.

In 2022, Lottomatica S.p.A., Gamenet S.p.A., Lottomotica Videolot Rete S.p.A. and GBO Italy adopted the **Anti-Bribery Management System** and obtained certification to the standards of **ISO 37001**, certification extended in 2023 to Lottomatica Group S.p.A.. At the same time, the Boards of Directors of the companies not yet certified have adopted the Group's "Anti-Bribery & Corruption Guidelines", which aim to continuously improve the sensitivity of those who work in various capacities with Lottomatica Group in recognizing corruptive phenomena and cooperating in preventing, combating and reporting possible violations. It is also required "Group Companies and all those who come into contact with them to adhere to the fundamental values of integrity, transparency and responsibility and to promote a culture of compliance, according to which corruption is never permitted".

[205-1] Operations assessed for risk related to corruption

Number of operations	Unit	2021	2022	2023
Total number of operations of the company	N°	18	30	36
Total number of transactions assessed for corruption risks*		17	27	30
Percentage of transactions assessed for corruption risks	%	**94**	**90**	**83**

* The following elements were considered: ISO 37001 certification; transposition of the Anti-bribery & Corruption Policy by the Boards of the individual companies; adoption of Model 231; adoption of the Group's Code of Ethics.

Code of Ethics

Lottomatica has adopted a Group Code of Ethics,[24] approved by the Board of Directors, which outlines the values and principles with which all Recipients must comply and forms an integral part of the 231 Model adopted by the individual companies.

All the Recipients are expected to be familiar with the content of the Code of Ethics and are required to formally accept it. The Code of Ethics, together with the 231 Model and the Anti-bribery and Corruption Policy and Guidelines, is the subject of specific training for all new employees and is available on the Group's main websites, the company intranet and portals dedicated to partners and commercial suppliers, as well as being explicitly referred to in every contract. Within the Code of Ethics, in the area of conflict of interest, it is established that Board members 'must avoid any situation and refrain from any activity that may conflict a personal interest - direct or indirect - with those of the Company'.

Furthermore, within the limits set by regulations, the Code of Ethics requires Board members to promptly and fully provide information, clarifications, data and documentation requested by customers, suppliers, public supervisory authorities, institutions, state agencies and other stakeholders.

24) See Lottomatica Group Code of Ethics.

Principles of Lottomatica's Code of Ethics

COMPLIANCE WITH LAWS AND REGULATIONS	It is necessary to know and observe the applicable laws and internal rules and to refrain from conduct contrary to or conflicting with them.
ETHICS AND FAIRNESS	Moral integrity is a constant duty and the pursuit of the Company's interest can never justify conduct contrary to the principles of fairness and honesty.
INDIVIDUAL INTEGRITY AND IMPARTIALITY	Protect and promote human rights, guarantee physical and moral integrity and respectful, safe and healthy working conditions, avoiding all forms of discrimination on any basis.
PROFESSIONALISM AND ENHANCEMENT OF HUMAN RESOURCES	Ensuring the necessary professionalism in the execution of the tasks assigned to employees and enhancing skills, also by means of appropriate training programs.
COMPETITION AND ANTI-TRUST LAW	Operate in the market in a fair manner, without infringing the principle of free competition, and do not tolerate unethical or illegal practices aimed at obtaining information on competitors, customers and suppliers.
RESPONSIBLE GAMING	Aiming at increasing the sense of responsibility towards the practice of gambling, informing in a transparent manner about the possibilities of winning, risks and prohibitions, training staff to support and help those who do not consider gambling as a leisure activity, not allowing gambling to minors under the age of 18.
MODELS AND RULES OF CONDUCT	Behaviour and relationships must be inspired by professional commitment, moral rigour, management fairness, transparency, correctness and mutual respect.

The importance of values such as personal integrity and impartiality for the Group is emphasized in the Code of Ethics, which also explicitly refers to the protection and promotion of **human rights**. Furthermore, the document regulates the **Company's relations with political organizations and trade unions**, establishing that the Group must maintain relations based on transparency and fairness and in strict compliance with the laws in force, refraining from making any direct or indirect contribution, in any form whatsoever. Excluded from this are solidarity initiatives, which the Group considers to be an essential value, playing an active and sensitive role with entities operating in the social field.

Whistleblowing Programs

GRI 2-16 | GRI 2-26

In line with the provisions of 231 Model and in compliance with regulatory provisions, Lottomatica Group has defined a **system aimed at managing the reporting of offences**. This system, by means of the digital platform "EthicsPoint Platform" (available both on the company intranet and on the institutional website) and a dedicated telephone channel, available 24 hours a day, ensures the **confidentiality and privacy of the data of the reporting parties** and of the reported persons.

Lottomatica has defined a system for the management of whistleblowing reports, which ensures the confidentiality and privacy of the data of whistleblowers and reported persons through the use of the EthicsPoint web platform.

The system for managing whistleblowing is governed by the "**Whistleblowings Management procedure**", approved on 27/02/2023 and subsequently revised in July 2023 in order to incorporate the regulatory changes that have taken place (Legislative Decree No.24/2023 - Implementation of Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law and on provisions concerning the protection of persons who report breaches of national laws). The procedure in question, which is published on the institutional website and applicable to all Group companies, encourages stakeholders to report without delay, in good faith and based on reasonable factual elements, potential violations, conduct or practices that do not comply with the legal provisions applicable to the Group and with what is set out in the Code of Ethics, the 231 Model and/or the applicable internal procedures and guidelines.

The reports received, after being examined and investigated in depth, are compiled in a summary report, containing details of the type of misconduct and the measures taken, including any action taken, and presented annually to the Board of Directors.

Results and targets

✓ **In the three-year period 2021-2023** there were no incidents of corruption among Lottomatica employees and no reports were received, including through the Whistleblowing system.

[GRI 205-3] Confirmed incidents of corruption and actions taken

Incidents of corruption	2021	2022	2023
Total number and nature of confirmed incidents of corruption	0	0	1*
Total number of confirmed incidents for which employees were dismissed or disciplined for corruption reasons	0	0	0
Total number of confirmed incidents for which contracts with corporate partners were terminated or not renewed due to corruption-related violations	0	0	1
Legal cases in the public domain related to corruption undertaken against the organization or its employees during the reporting period and the outcomes of such cases	0	0	0

*On 12/01/2023, 1 report was received relating to a news learnt in the press and concerning an external consultant placed under house arrest for offences in the field of corruption, who had been entrusted with the defense of Gamenet jointly with another external lawyer. Following this, and in consideration of the "zero tolerance" policy applied by the Group, the mandate was revoked.

25) https://lottomaticagroup.com/it-it/home/whistleblowing

Internal control, anti-corruption and anti-money laundering activities

With the aim of preventing and mitigating corporate risks of all kinds, as well as ensuring compliance with legal requirements on **anti-money laundering and anti-corruption, privacy protection and gaming prevention**, Lottomatica has an **Internal Control System**, consisting of the tools necessary to direct, manage and verify the Group's activities.

Internal Audit

The **Internal Audit & GRC - Anti-bribery & Corruption** Department monitors the adequacy and suitability of the Internal Control and Risk Management System, reporting periodically on its activities, on the way in which risk management is conducted, as well as on compliance with the plans defined for their containment to the Chairmen of the Board of Statutory Auditors, the Control and Risk Committee and the Board of Directors.

In addition, the Department is responsible for preparing the **Group Audit Plan** annually, subsequently approved by the Board of Directors, and **defined according to a risk-based approach** in order to identify the corporate processes deemed most at risk.

The Audit Plan is divided into four areas of intervention: Audit (where the audit activities carried out in the area of Business Ethics in adherence to the Organizational Model are included), **Anty-Bribery & Corruption, Compliance** e **Risk Management**.

The main activities performed under the 2023 Audit Plan were:

- approval of the Organization, Management and Control Model pursuant to Legislative Decree 231/01 of the parent company Lottomatica Group S.p.A. and the companies Betflag, Giocaonline and Marim;
- updating of the Organization, Management and Control Model pursuant to Legislative Decree 231/01 of the Company Gamenet S.p.A. and RicreativoB S.r.l.;
- carrying out specific training activities under Legislative Decree 231/01 for Lottomatica Group employees;
- monitoring information flows to and from the Supervisory Bodies of Lottomatica Group companies that adopt the Organization, Management and Control Model pursuant to Legislative Decree No.231/01;
- revision of Lottomatica Group's Enterprise Risk Management (ERM) Model and related Key Risk Indicators in order to incorporate corporate and organizational changes;
- extension of UNI ISO 37001 certification for Lottomatica Group S.p.A.;
- conducting audits in the context of UNI ISO 37001;
- implementation of a specific platform for carrying out e-learning training in the area of anti-Bribery and Corruption (2023) and carrying out specific training activities in the area pursuant to Legislative Decree 231/01 for employees and suppliers of Lottomatica Group;
- carrying out internal audits in accordance with the Group Audit Plan.

Anti-Corruption and anti-money laundering compliance

The Group recognizes and is committed to preventing the risk of corruption and money laundering associated with the following areas of activity:

management of fiscal and financial flows	procurement	relations with institutions and public bodies
corporate affairs	organization of events and trade fairs, sponsorship and advertising, gifts and hospitality expenses	personnel selection and management
commercial and business activities	gestione del litigation management	relations with the board of auditors and the indipendent auditing firm

Anti-Money Laundering

The companies belonging to Lottomatica Group are subject to the obligations set forth in Legislative Decree 231/2007 as amended and supplemented, concerning **anti-money laundering and countering the financing of terrorism** (AML & CTF).

In this regard, the Group has adopted an **AML & CTF Policy**[26] to promote a corporate culture based on legality, ethical behavior and good corporate governance, defining responsibilities, tasks and operating methods aimed at preventing and managing the risk associated with the use of the financial system for the purpose of money laundering and terrorist financing.

Lottomatica Group has formalized an AML & CTF Policy and structured strong verification and monitoring controls in order to prevent and manage the risk related to the use of the financial system for the purpose of money laundering and terrorist financing.

Lottomatica has structured **solid verification and monitoring controls** through procedures and systems that **comply with privacy regulations** and are based on the **Risk Based Approach** principle. Adequate screening tools also ensure that the Group does not establish relationships with or provide any services to persons and entities subject to national and international sanctions.

Among the initiatives implemented in this area there is the system for identifying customers at VLT, Betting and Bingo outlets called DAISY (Data Identification System), which allows a series of real-time checks, also through **integration with specific databases**, and the **dematerialization of identification forms**. Through Daisy, in 2023 more than **550,000 identifications for anti-money laundering purposes** were managed in a **natively digital manner** at the Group's venues, with a reduction in paper consumption estimated in the order of about 4,400 reams of 500 sheets each.

Employees and third parties are adequately **trained and made aware of the risks** to which they are exposed according to their roles, and the Group provides **appropriate communication channels to report unacceptable behavior**.[27]

In addition, an anti-money laundering training program has been implemented over the years, available in e-learning mode, also in Chinese, aimed at both merchants and staff of the corporate organization involved in processes relevant to anti-money laundering controls.

AML & CTF Safeguards

Customer identification and verification with respect for privacy and using a risk-based approach	Registration and retention of data and supporting documentation	Monitoring compliance with the procedures and safeguards defined to detect transactions deemed suspicious
Active collaboration with the Financial Intelligence Unit and other competent authorities	Continuous awareness-raising of business partners on AML and CTF issues	Training and continuous updating of the supply chain

Anti-corruption

The Group is committed to combating corruption **in all its forms** and to promoting a culture that deters corrupt activities, facilitating the prevention and detection of such conduct, in line with the tenth principle of the UN Global Compact on "combating corruption in all its forms, including extortion and bribery".

The Group is committed to combating corruption in all its forms and has defined a specific "Anti-bribery & corruption Policy and Guidelines", and has also adopted a Management System for the Prevention of Bribery and Corruption that complies with the ISO 37001.

Pertanto, nell'ambito della Direzione Internal Audit & GRC è presente la funzione Anti-Bribery & Corruption, affidata all'Anti-Bribery and Corruption Officer.

Therefore, the Anti-Bribery & Corruption function, entrusted to the Anti-Bribery and Corruption Officer, is located within the Internal Audit & GRC Department.
In addition, the Group has adopted a specific "**Anti-Bribery & Corruption Policy and Guidelines**"[28] that defines the commitments on corruption prevention, the rules of conduct to be followed, the procedures for reporting violations and the training and information activities carried out, as well as providing for appropriate checks on the reliability, reputational profile and suitability of third parties with which Lottomatica considers establishing business relations.

26) https://lottomaticagroup.com/en-us/home/antiriciclaggio

27) For more information, see "Whistleblowing Programmes" above.
28) See Lottomatica Group Anti-Bribery & Corruption Policy and Guidelines.

Lottomatica and the Group's main concessionaire companies have also adopted a **Management System for the Prevention of Corruption**, certified in accordance with the international standard **UNI ISO 37001:2016** in 2022 and extended to Lottomatica Group in 2023, after verification of the control systems and measures adopted to prevent and mitigate risks in this area.

Training on ethics, compliance and anti-corruption

The Group envisages specific **training/information programs** aimed at spreading **awareness of Model 231, the Code of Ethics**, the specific protocols and their updates among all Addressees, encouraging everyone's cooperation in enforcing and implementing these procedures.

During 2023, training courses were provided, also for employees of the newly acquired companies, with the aim of promoting awareness of the Code of Ethics, Model 231 and the Management System for the Prevention of Corruption among Lottomatica people. With specific reference to the subject of anti-corruption, training was also provided to the Group's suppliers.

[GRI 205-2] Communication and training about anti-corruption regulations and procedures

Total number and percentage of members of the governing body to whom the organization's anti-corruption policies and procedures have been communicated*

Governing bodies	Unit	2021	2022	2023
Members of the governing body	N°	68	75	60
Total number of members of the governing body to whom anti-corruption policies and procedures have been communicated		67	52	55
Percentage of members of the governing body to whom anti-corruption policies and procedures have been communicated	%	**99**	**69**	**92**

*The 231 Model is approved by the Board of Directors of the individual companies, while the Code of Ethics and the Anti Bribery & Corruption Policy and Guidelines have been approved by the Board of Directors of Lottomatica Group and implemented by the boards of directors of the individual companies.

Total number and percentage of employees to whom anti-corruption policies and procedures have been communicated, by category*

Employees	Unit	2021	2022	2023
Total managers	N°	39	43	50
Total number of managers to whom anti-corruption policies and procedures have been communicated		39	43	50
Percentage of managers to whom anti-corruption policies and procedures have been communicated	%	**100**	**100**	**100**
Total middle managers	N°	144	171	194
Total number of middle managers to whom anti-corruption policies and procedures have been communicated		144	171	194
Percentage of middle managers to whom anti-corruption policies and procedures have been communicated	%	**100**	**100**	**100**
Total white collar workers	N°	867	1,200	1,418
Total number of white collar workers to whom anti-corruption policies and procedures have been communicated		867	1,200	1,382
Percentage of white collar workers to whom anti-corruption policies and procedures have been communicated	%	**100**	**100**	**97**
Total blue collar workers	N°	139	183	262
Total number of blue collar workers to whom anti-corruption policies and procedures have been communicated		139	183	252
Percentage of blue collar workers who have been informed of anti-corruption policies and procedures	%	**100**	**100**	**96**

* The Model 231 of the individual companies, the Code of Ethics and the Anti Bribery & Corruption Policy and Guideline are available on the Group's intranet site in the documents section and on the Group's corporate website. In addition, the Model 231 of the individual companies, the Code of Ethics and the AB&C Policy and Guideline, as well as the provision of specific training activities, are provided to the employee during the recruitment phase.

Total number and percentage of business partners to whom anti-corruption policies and procedures have been communicated, by type*

Business partners	Unit	2021	2022	2023
Total suppliers	N°	210	230	202
Total number of suppliers to whom anti-corruption policies and procedures have been communicated		210	230	202
Percentage of suppliers to whom anti-corruption policies and procedures have been communicated	%	**100**	**100**	**100**
Total Business Partners	N°	3,411	4,427	4,174
Total number of business partners to whom anti-corruption policies and procedures have been communicated		3,411	4,427	4,174
Percentage of business partners to whom anti-corruption policies and procedures have been communicated	%	**100**	**100**	**100**
Total contractors	N°	42	44	49
Total number of contractors to whom anti-corruption policies and procedures have been communicated		42	44	49
Percentage of contractors to whom anti-corruption policies and procedures have been communicated	%	**100**	**100**	**100**

* Lottomatica Group's Supplier Portal contains the Code of Ethics and the AB&C Policy and Guidelines and there are specific contractual clauses in contracts with suppliers requiring them to read these documents. In addition, suppliers are invited to attend e-learning training on 37001.
With regard to business partners, the 231 Model, Code of Ethics and AB&C Policy and Guideline are present in the portal dedicated to them for Gamenet and Lottomatica Videolot Rete, while for GBO Italy S.p.A. the 231 Model, Code of Ethics and AB&C Policy and Guideline are present in the company website. In addition, there are specific contractual clauses on 231 and 37001 in the contracts with business partners.

Total number and percentage of members of the governing body who have received anti-corruption training

Governing Body	Unit	2021	2022	2023
Members of the governing body	N°	68	75	60
Total number of members of the governing body who have received anti-corruption training		13	24	35
Percentage of members of the governing body who have received anti-corruption training	%	**19**	**32**	**58**

Total number and percentage of employees trained in anti-corruption, by category*

Employees	Unit	2021	2022	2023
Total managers	N°	39	43	50
Total number of managers who have received anti-corruption training		20	37	48
Percentage of managers who have received anti-corruption training	%	**51**	**86**	**96**
Total middle managers	N°	144	171	194
Total number of middle managers trained in anti-corruption		74	148	175
Percentage of middle managers who have received anti-corruption training	%	**51**	**87**	**90**
Total white collar workers	N°	867	1,200	1,418
Total number of white collar workers who have received anti-corruption training		367	873	1,274
Percentage of white collar workers who have received anti-corruption training	%	**42**	**73**	**90**
Total blue collar workers	N°	139	183	262
Total blue collar workers who have received anti-corruption training		2	125	174
Percentage of blue collar workers who have received anti-corruption training	%	**1**	**68**	**66**

* As of 2022, there are specific e-learning courses on 231 and the Code of Ethics, and as of 2023 a specific course on 37001.

[Sustainalytics Indicator] Business Ethics Programs

Training in Code of Ethics	Unit	2021	2022	2023
Total employees	N°	1,189	1,597	1,924
Total number of employees trained in Code of Ethics		463	1,178	1,527
Percentage of employees trained in Code of Ethics	%	**39**	**74**	**79**

[Sustainalytics Indicator] Anti-Corruption Programs

Training in Anti-Corruption	Unit	2021	2022	2023
Total employees	N°	1,189	1,597	1,924
Total number of employees trained in anti-corruption		463	1,175	1,698
Percentage of employees trained in anti-corruption	%	**39**	**74**	**88**

4.5 Risk management

Lottomatica Group has implemented a solid internal control system, supported by a body of procedures and dedicated organizational structures, which allows it to identify, prevent and manage risks related to its activities, while ensuring the achievement of business objectives.

In order to identify, manage and monitor the main risks to which it is exposed, the Group implements an **Internal Control and Risk Management System** and applies since 2017 **the Enterprise Risk Management (ERM) - Integrated Framework**, recognized as an international best practice for risk management systems and corporate governance aspects.

ERM subdivides risks into "**Categories**" and "**Risk Areas**", assigning their management to different company departments that are responsible for them, and defines the necessary **safeguards** and **level of monitoring** for the various risk categories deemed relevant.

The key elements of proper enterprise risk management

GOVERNANCE & CULTURE

definition of roles and responsibilities and promotion of a culture of risk and respect for ethical values

STRATEGY & OBJECTIVE

strategic planning based on the interpolation of ERM, strategy itself and goal setting

PERFORMANCE

process and operational mechanisms related to the identification, measurement and management of risks

REVIEW & REVISION

process of continuous monitoring and improvement of ERM components

INFORMATION, COMMUNICATION & REPORTING

process and tools used to manage the information and data supporting the ERM process, as well as the reporting model adopted

The risk categories identified in the ERM

COMPLIANCE

- External and Internal Fraud Management
- Regulatory Compliance
- Payment Management
- Anti-Money Laundering
- Privacy
- Trademarks and Patents
- Taxation
- External communication
- Protection of Dignity and Human Rights
- Gifts
- Responsible gaming

FINANCIAL/REPORTING

- Credit
- Liquidity
- Market
- Fiscal

OPERATIONAL

- Industrial Relations Issues
- Data Security
- IT Systems/Infrastructure
- Disaster Recovery
- Shop start-up and transfer of rights between shop opening and closing
- Contracts
- Job Rotation/Succession Plan
- Retention Plan/Reward System
- Benefits
- Litigation Management
- Bet Value Entry
- Supply chain
- Logistics
- Roll out

STRATEGIC

- Merger & Acquisition
- Reputational risk
- Commercial strategy
- Third-party collection management
- Merchant abandonment
- Reporting
- Organisational sizing
- Point of sale selection and merchant network management
- Responsible gaming
- Strategic Plan Alignment
- Key resources/Development plans/Training
- Customer Care
- Partnership management
- Business Continuity
- Risk Rating
- Strategy & Initiatives
- Climate Change

Assessment of ethical risks

Within the framework of ERM, the Governance & Culture component promotes **respect for ethical values, integrity, transparency and accountability**. In this perspective, Lottomatica Group considers these aspects fundamental and provides for a **specific ethical risk assessment** not only in terms of legislative compliance, but also in relation to the commitments outlined in the Code of Ethics, policies and procedures.

In the ethical field, three risk areas have been identified and specific mitigation measures put in place by the organization.

Ethical risk areas and mitigation measures

RISK CATEGORY: COMPLIANCE	
Risk area	**Mitigation safeguards**
Protection of dignity and respect for human rights Failure to observe the human rights enshrined in relevant regulations and conventions (United Nations Universal Declaration, Fundamental Conventions of the International Labor Organization and the OECD Guidelines)	• Code of Ethics; • Corporate policy on the safeguarding and protection of human rights; • Organization, Management and Control Model pursuant to Legislative Decree 231/01; • Disciplinary Code; • Health insurance policy; • Smart working policy; • Welfare programs (scholarship for children); For further information, see sections "**3.1 Sustainability strategy**", "**4.4 Ethics and Compliance**" and "**5.3 Safety and welfare of people**".
Responsible gaming Failure to protect players; Failure to comply with regulations	• Responsible Gaming Program; For further information see the following sections: "**4.2 Lottomatica's commitment to responsible gaming**" and "**4.3 Innovation and respect for the consumer**".
Gifts Behavior that could influence the independence of judgment of PA/Business Partner representatives or induce them to secure any undue advantage for the Company	• Policy on Gifts; • Code of Ethics; • Organization, Management and Control Model pursuant to Legislative Decree 231/01. For further information, see section "**4.4 Ethics and Compliance**".

The Group has integrated **risks related to climate change** into its Enterprise Risk Framework, while assessing them with a low impact on the Group's activities as a service company, aware of their growing relevance and potential impact at the strategic and operational level. In this context, Lottomatica is constantly committed to progressively updating its system for identifying and assessing climate and environmental risks, aiming at an ever greater integration of these types of risks into the Group's strategy and its operations, through analyses based also on complex medium/long-term scenarios.

Risks in relation to the scope of climate change

Acute physical hazards (e.g. floods) or chronic hazards (e.g. rising temperatures, dwindling resources, etc.)	Lower revenues due to business interruptions	Impairment of asset value
Increase in operating costs for extraordinary maintenance activities (e.g. to restore the condition of assets following damage)	Increase in asset-related insurance costs	Technological disruptions due to damage to assets
Transitional risks (financial loss as a result of the adjustment process to a low-carbon and/or more environmentally sustainable economy))	Increase in the cost of utilities (energy, water, gas)	Increase in costs due to energy efficiency measures as a result of new legislative obligations or the imposition of higher energy efficiency standards
Damage in terms of brand reputation, if the company has an inadequate environmental reputation	Damage resulting from direct or indirect legal action (e.g. failure to comply with changes in legislation)	

4.6 The Legality Rating

In the period between 2022 and 2023, two of the Group's largest companies, Gamenet S.p.A. and GBO Italy S.p.A., received the **Legality Rating** from the Italian Antitrust Authority (AGCM), obtaining the **maximum rating of 3 stars**. In October 2023, the Group submitted the request for the rating also for Lottomatica S.p.A. and is currently waiting to receive the final rating.

The rating certifies compliance with a series of **voluntary regulatory and extra-regulatory requirements**, highlighting the **high standards of legality and transparency** adopted by companies, which can thus obtain an objective assessment of the degree of attention paid to the conduct of business in relation to a series of issues: from corporate risk management to corporate social responsibility, from sustainability to the **prevention of corruption**, and finally to **respect for legality**, attention to customer relations and the **traceability of payments**.

5. People

The Group recognizes the overriding importance of its people for the realisation of a sustainable business model and guarantees them a working environment characterized by high standards of safety and well-being, inclusive and stimulating, valuing diversity and developing professionalism and know-how.

5.1 Lottomatica's People

GRI 3-3 | GRI 2-7 | GRI 2-8 | GRI 401-1 | GRI 405-1

Personal composition

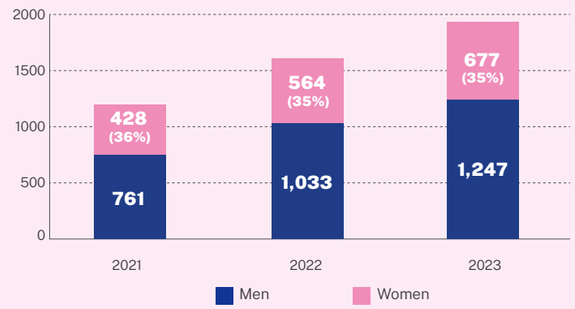
The composition of the Group has undergone a profound transformation in recent years, due to strong organic growth and extraordinary acquisitions, which were realized **without affecting employment levels**.

As of December 31, 2023, Lottomatica Group relies on the skills of **1,924 direct employees**, an increase of 20% (or 327) compared to 2022. Despite the significant increase in headcount due to acquisitions, 35.1% of direct employees are of the female gender, in line with last year, and reflecting the strong specialization in IT that characterizes the Group's operations. In order to balance the presence of women at all levels, Lottomatica is constantly committed to promoting gender diversity.

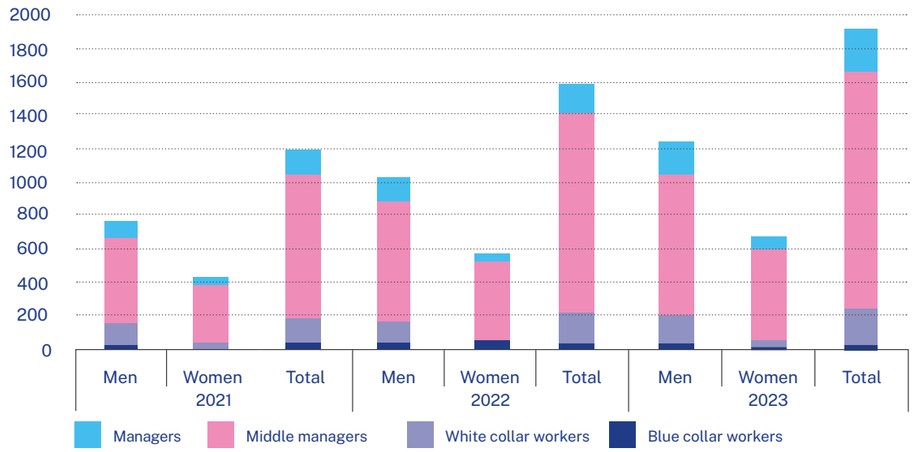
1,924 EMPLOYEES IN 2023

+20% compared to 2022

Staff composition 2021-2023



Number of employees by professional category



Specifically, in 2023, around 93% of employees have permanent contracts and over 93% have full-time contracts, confirming Lottomatica's commitment to guaranteeing stable and secure employment opportunities for its resources.

93%
Permanent contracts

[GRI 2-7] Total number of employees by contract type, by full-time/part-time and by geographical area

Employees by contract type*	Unit	2021			2022			2023**		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Northern Italy										
Permanent		99	53	**152**	249	122	**371**	355	175	**530**
Fixed-term		8	8	**16**	28	32	**60**	37	35	**72**
Full-time		104	52	**156**	265	119	**384**	374	163	**537**
Part-time		3	9	**12**	12	35	**47**	18	47	**65**
Central Italy										
Permanent		601	340	**941**	650	361	**1,011**	757	409	**1,166**
Fixed-term		44	26	**70**	47	29	**76**	22	26	**48**
Full-time		636	330	**966**	689	352	**1,041**	764	391	**1,155**
Part-time		9	36	**45**	8	38	**46**	15	44	**59**
Southern Italy	N°									
Permanent		7	1	**8**	51	12	**63**	65	24	**89**
Fixed-term		0	0	**0**	6	8	**14**	9	8	**17**
Full-time		7	1	**8**	38	6	**44**	74	29	**103**
Part-time		0	0	**0**	19	14	**33**	0	3	**3**
Abroad										
Permanent		2	0	**2**	2	0	**2**	2	0	**2**
Fixed-term		0	0	**0**	0	0	**0**	0	0	**0**
Full-time		2	0	**2**	2	0	**2**	2	0	**2**
Part-time		0	0	**0**	0	0	**0**	0	0	**0**
Total employees		761	428	**1,189**	1,033	564	**1,597**	1,247	677	**1,924**

*Data expressed in Headcount. ** In 2023 Lottomatica acquired two new companies:
1. Ricreativo B, with offices in Abruzzo, Liguria, Emilia Romagna, Lazio, Marche, Molise, Tuscany, Umbria and Veneto, with a total of 211 employees.
2. Iris and Bingo Service, with offices in Umbria and Veneto, with a total of 31 employees.

[GRI 2-8] Total number of non-employees by contract type, part-time and full-time

Non-employees by contract type*	u.m.	2021			2022			2023		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Permanent		0	0	**0**	0	0	**0**	0	0	**0**
Fixed-term		3	2	**5**	4	7	**11**	6	5	**11**
Internship		5	4	**9**	3	1	**4**	4	10	**14**
Total	N°	**8**	**6**	**14**	**7**	**8**	**15**	**10**	**15**	**25**
Part-time		3	1	**4**	0	0	**2**	0	0	**0**
Full-time		0	1	**1**	4	7	**9**	6	5	**11**
Internship		5	4	**9**	3	1	**4**	4	10	**14**
Total		**8**	**6**	**14**	**7**	**8**	**15**	**10**	**15**	**25**

*Data expressed in Headcount.

The composition and size of personnel have undergone a profound transformation due to the Group's strong growth in recent years, leading to the development of important organizational review processes and specific **integration and people caring paths**, **in line with Lottomatica's People Strategy**, aimed at maximizing the synergic integration of organizational structures.

Lottomatica confirms itself as a Group that invests in young professionals: the average age of its employees is in fact 42, and 67% are between 30 and 50 years old.

42 years old
AVERAGE AGE

+67% employees
BETWEEN 30 AND 50 YEARS OLD

[GRI 405-1] Total number of employees by age group, gender and level

Employees (Headcount)	Unit	2021			2022			2023		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Managers	N°	**32**	**7**	**39**	**36**	**7**	**43**	**40**	**10**	**50**
<=29 years		0	0	**0**	0	0	**0**	0	0	**0**
30-50 years		20	7	**27**	18	6	**24**	18	8	**26**
Over 50		12	0	**12**	18	1	**19**	22	2	**24**
Managers	%	**82**	**18**	**100**	**84**	**16**	**100**	**80**	**20**	**100**
<=29 years		0	0	**0**	0	0	**0**	0	0	**0**
30-50 years		74	26	**100**	75	25	**100**	45	80	**52**
Over 50		100	0	**100**	95	5	**100**	55	20	**48**
Middle managers	N°	**110**	**34**	**144**	**131**	**40**	**171**	**147**	**47**	**194**
<=29 years		1	1	**2**	1	0	**1**	2	0	**2**
30-50 years		72	26	**98**	85	28	**113**	94	34	**128**
Over 50		37	7	**44**	45	12	**57**	51	13	**64**
Middle managers	%	**76**	**24**	**100**	**77**	**23**	**100**	**76**	**24**	**100**
<=29 years		50	50	**100**	100	0	**100**	1.4	0	**1**
30-50 years		73	27	**100**	75	25	**100**	63.9	72.3	**66**
Over 50		84	16	**100**	79	21	**100**	34.7	27.7	**33**
White collar workers	N°	**525**	**342**	**867**	**726**	**474**	**1,200**	**863**	**555**	**1,418**
<=29 years		37	16	**53**	79	54	**133**	102	64	**166**
30-50 years		411	286	**697**	510	353	**863**	583	389	**972**
Over 50		77	40	**117**	138	66	**204**	178	102	**280**
White collar workers	%	**61**	**39**	**100**	**61**	**40**	**100**	**61**	**39**	**100**
<=29 years		70	30	**100**	59	41	**100**	11.8	11.5	**11.7**
30-50 years		59	41	**100**	59	41	**100**	67.6	70.1	**68.5**
Over 50		66	34	**100**	68	32	**100**	20.6	18.4	**19.7**
Blue collar workers	N°	**94**	**45**	**139**	**140**	**43**	**183**	**197**	**65**	**262**
<=29 years		8	20	**28**	15	16	**31**	25	18	**43**
30-50 years		60	23	**83**	97	20	**117**	118	38	**156**
Over 50		26	2	**28**	30	5	**35**	54	9	**63**
Blue collar workers	%	**68**	**32**	**100**	**77**	**23**	**100**	**75**	**25**	**100**
<=29 years		29	71	**100**	48	52	**100**	12.7	27.7	**16.4**
30-50 years		72	28	**100**	83	17	**100**	59.9	58.5	**59.5**
Over 50		93	7	**100**	86	14	**100**	27.4	13.8	**24.0**
Total	N°	**761**	**428**	**1,189**		**564**	**1,597**	**1,247**	**677**	**1,924**
Total	%	**64**	**36**	**100**	**65**	**35**	**100**	**65**	**35**	**100**

[GRI 405-1] Total number of employees by age group, gender and level

Employees (Headcount)	Unit	2021			2022			2023		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Managers with disabilities or belonging to protected categories	N°	0	0	**0**	0	0	**0**	0	0	**0**
Percentage of managers with disabilities or belonging to protected categories	%	0	0	**0**	0	0	**0**	0	0	**0**
Middle managers with disabilities or belonging to protected categories	N°	0	0	**0**	0	0	**0**	0	1	**1**
Percentage of middle managers with disabilities or belonging to protected categories	%	0	0	**0**	0	0	**0**	0	2	**1**
White collar workers with disabilities or belonging to protected categories	N°	25	26	**51**	34	34	**68**	37	38	**75**
Percentage of white collar workers with disabilities or belonging to protected categories	%	5	8	**6**	5	7	**6**	4	7	**5**
Blue collar workers with disabilities or belonging to protected categories	N°	2	0	**2**	4	0	**4**	4	0	**4**
Percentage of blue collar workers with disabilities or belonging to protected categories	%	2	0	**1**	3	0	**2**	2	0	**2**
Total employees with disabilities or belonging to protected categories	N°	**27**	**26**	**53**	**38**	**34**	**72**	**41**	**39**	**80**
Percentage of employees with disabilities or belonging to protected categories	%	**4**	**6**	**4**	**4**	**6**	**5**	**3**	**6**	**4**

Turnover

Lottomatica Group strongly pursues the search for new resources and professionalism in line with its development objectives. In 2023, **talent attraction activities** led to the **entry of 268 new resources** (+106% compared to 2021): of these, **39% are people under the age of 30**, while 42% are women.

268
NEW HIRES IN 2023
(+106% compared to 2021)

39%
YOUNG PEOPLE
UNDER 30

42%
WOMEN

Against the 268 new hirings recorded, there were 104 terminations through resignations in 2023, whereas in 2022 there were 263 hirings and 118 terminations through resignations.
As for the **employee turnover rate**, calculated as the ratio of new entries or exits to the total number of employees present at the end of the reference year, the average figure for 2023 was 9%. Considering, on the other hand, only voluntary resignations, the attrition rate in 2023 was 6%, below the national average, whereas in 2022 it was 8.2%.

[GRI 401-1] Recruitment of new employees and employee turnover
Total number of employees and rate of new hires by age and gender

Rate of new hires	Unit	2021			2022			2023		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Total employees	N°	761	428	1,189	1,033	564	1,597	1,247	677	1,924
Total new hires	N°	81	49	130	166	97	263	156	112	268
<=29		20	22	42	52	34	86	65	38	103
30-50		55	26	81	101	57	158	82	64	146
Over 50		6	1	7	13	6	19	9	10	19
Rate of new hires	%	11	11	11	16	17	16	13	17	14
<=29		43	59	51	55	47	51	50	46	49
30-50		10	8	9	14	14	14	10	14	11
Over 50		4	2	3	6	7	6	3	8	4

Total number of employees and turnover rate by age and gender

Turnover rate	Unit	2021			2022			2023		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Total employees	N°	761	428	1,189	1,033	564	1,597	1,247	677	1,924
Total terminations	N°	69	37	106	114	79	193	104	78	182
<=29		10	9	19	22	26	48	33	28	61
30-50		47	24	71	69	48	117	55	43	98
Over 50		12	4	16	23	5	28	16	7	23
Turnover rate	%	9	9	9	11	14	12	8	12	9
<=29		22	24	23	23	36	29	26	34	29
30-50		7	8	8	10	12	10	7	9	8
Over 50		8	8	8	10	6	9	5	6	5
Overall turnover		20	20	20	27	31	29	21	28	23

Attrition Rate

Attrition Rate - resignation	Unit	2021			2022			2023		
		HC	HD discharged	Attrition Rate	Average HC	HD discharged	Attrition Rate	Average HC	HD discharged	Attrition Rate
Attrition Rate	N°	1,189	73	6.14%	1,434	118	8.22%	1,727	104	6.02%

5.2 Respect for human and labor rights

GRI 2-30

Deeply rooted in Lottomatica's DNA are the principles of respecting human rights, protecting the rights of workers and promoting the well-being of employees, which are essential for the sustainable development of the business.

Lottomatica pays the utmost attention to **safeguarding the wellbeing of its own people and of all those with whom it collaborates** or who are part of the communities in which it operates, despite the fact that the Group does not present any particular risks in this regard by operating in a regulated sector and within a country where the protection of workers' rights is fully regulated. To confirm this commitment, in 2022 the Group adopted a specific **Human Rights Policy**, inspired by the **Declaration on Fundamental Principles and Rights at Work** and in line with the fundamental conventions of the **International Labour Organisation (ILO)**.

This Policy reinforces, in terms of responsibilities and controls, the safeguards that already exist within the organizational model and the company's internal control system, defining within a dedicated framework the methods aimed at ensuring the protection of human and workers' rights.

Protection of human and workers' rights: the core principles of Lottomatica

- Absolute rejection of all forms of discrimination
- Promotion of just, favorable and fair working conditions
- Occupational health and safety protection
- Ongoing training
- Guarantee of freedom of association and the right to collective bargaining
- Combating child and forced labor
- Adoption of a Working Time Policy

All labor relations within the Group are regulated by the National Collective Labor Agreements (CCNL). Moreover, **Lottomatica recognizes and promotes the right to freedom of association and trade union expression**, undertaking to oppose any form of abuse or discrimination against persons engaged in activities of organization or representation of workers.
As of December 31, 2023, 7.2% of employees were members of the main national trade union representatives.

100%
EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS

[GRI 2-30] Collective bargaining agreements

Number of employees covered by collective bargaining agreements	u.m.	2021	2022	2023
Total number of employees	N°	1,189	1,597	1,924
Number of employees covered by collective bargaining agreements		1,189	1,597	1,924
Percentage of employees covered by collective bargaining agreements	%	**100**	**100**	**100**

A further contribution to the commitment to defend the rights of each individual comes from the **commitment in favor of local communities**, with specific projects aimed at **social inclusion and the promotion of the right to education and culture**, especially for young people. These initiatives are often promoted and implemented in collaboration with leading organizations and associations, and in connection with public administrations, central and local, and Service Industry organizations.[29]

5.3 Safety and welfare of people

GRI 3-3 | GRI 403-1 | GRI 403-2 | GRI 403-3 | GRI 403-4 |GRI 403-5 | GRI 403-6 | GRI 403-7 | GRI 403-8 | GRI 403-9 | GRI 403-10

Lottomatica is committed to creating a safe working environment, adopting all the necessary prevention and protection measures, and to ensuring the right balance between work and private life, promoting the well-being of employees and their families.

Health and Safety at Work

In line with what is set forth in the Code of Ethics and with the provisions in force relating to Legislative Decree 81/2008, Lottomatica undertakes to create a **safe working environment** (including Company premises open to the public), guaranteeing the adoption of all **prevention and protection** measures necessary to avoid, or at least reduce to a minimum, any risk to health or physical safety and optimizing working conditions through the choice of suitable equipment and appropriate working methods.

In 2023 Lottomatica expanded the internal procedures governing the activities performed by the Prevention and Protection Service Manager (RSPP), adopting the **Risk Assessment Document (DVR)** for the new Group companies and updating it for all the remaining ones, with a view to continuous improvement. The DVR is subject to an annual adequacy check and the risk assessment is carried out, on behalf of the employer, by the **RSPP** in collaboration with the competent doctor and the Workers' Safety Representatives (RLS). The risk assessment starts with an inspection of the workplace and an analysis of the activities performed, and is carried out following recognized guidelines and adapted to the type of workers involved.

In particular, during 2023, the Group updated the **work-related stress risk assessment** for most Group companies. The assessment was carried out through the direct involvement of workers and provided a true snapshot of the company reality. Where envisaged, the Emergency and Evacuation Plan of the Group companies subject to organizational and/or structural changes was also updated, and the annual Emergency and Evacuation Test was carried out, with the involvement of the entire emergency team, made up of employees trained in fire-fighting and first aid.

29) For more details, see Section 6 "Community and Environment".

Health and safety protection involves all levels of the organization, including individual workers who, by means of specific reports sent to the Human Resources function and shared with the RSPP, actively participate in improving safety standards and removing potential health and safety risk factors in the workplace.

The competent doctor and the RSPP carry out annual inspections at all Group sites, aimed at identifying any actions to be taken to ensure **constant improvement in the management of health and safety** in the workplace.

A crucial aspect of promoting responsible behavior and consolidating an appropriate corporate culture is ongoing training on occupational health and safety. With this in mind, each employee must attend a general training course and a specific training course on the basis of the task performed and the relative risks to which he or she is exposed. In addition to these, there are the courses provided for by Legislative Decree 81/08 relating to the training of competent company figures on Health and Safety (managers, supervisors, emergency workers, Workers' Safety Representative) and their respective periodic updates.

In 2023, in addition to regulatory compliance, Lottomatica voluntarily implemented additional training and information programs with the aim of raising awareness among employees at all levels on the importance of prevention and protection in the workplace and in daily life. These include the information course on the prevention of myocardial infarction and cerebral strokes, and the BLSD (Basic Life Support Defibrillation) course for the use of defibrillators in the event of cardiac arrest, which were purchased earlier this year.

In 2023, the Group provided, among others, **1,831 hours of occupational health and safety training** in accordance with Legislative Decree 81/08, involving 311 Group employees.

1,831 HOURS OF OCCUPATIONAL HEALTH AND SAFETY TRAINING IN 2023

The Group is aware that health and safety protection requires not only adequate training, but also the presence in the workplace of appropriate tools and devices in case of need. For this reason, it periodically updates the mapping and use of the PPE (Personal Protective Equipment) given to workers for which they are needed according to the risk assessment in the various locations.

In addition, although not compulsory, there is an outpatient clinic **with daily medical care** available at the main office, accessible in case of need.
Finally, the Group has set up a dedicated Health & Safety e-mail address, which can be used for all needs and from which all communications relating to health and safety at work are sent, in order to provide a single and immediate point of contact for all employees.

ISO 45001:2018 certification

The major companies of the Group - Gamenet S.p.A. and GBO Italy S.p.A. and from 2023 also Lottomatica S.p.A.-**are certified according to the standard ISO 45001:2018** -Occupational Health and Safety Management System. The scope of the certification concerns the system, management and monitoring of company processes aimed at improving prevention policies and effectively combating accidents and occupational diseases.

In line with the requirements of ISO 45001:2018, the Management System is continuously monitored through internal audits and third-party audits, carried out by specially identified certifying bodies.
As stipulated in the certification itself, there are specific procedures governing the processes of:

- consultation, communication and participation of workers in occupational health and safety management. The involvement of all workers makes it possible to improve the processes and prevention measures already identified by the company;
- occupational health and safety training;
- activities of the person in charge of the Prevention and Protection Service, with the aim of identifying the situations that workers must necessarily communicate to the RSPP and establishing the modalities;
- management of accidents and near misses, in order to define how they are transmitted and reported, analyze their causes and implement specific improvement measures where necessary.

[GRI 403-8] Workers covered by an Occupational Health and Safety Management System

Employees covered by the system*	Unit	2021			2022			2023		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of employees covered by the system	N°	350	201	551	450	248	698	601	308	909
Total employees		761	428	1,189	1,033	564	1,597	1,247	677	1,924
% employees covered by the system	%	46	47	46%	44	44	44	48	45	47

* Employees covered by an occupational health and safety management system.

Employees covered by the system*	Unit	2021			2022			2023		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of employees covered by the system	N°	350	201	551	450	248	698	601	308	909
Total employees		761	428	1,189	1,033	564	1,597	1,247	677	1,924
% employees covered by the system	%	46	47	46	44	44	44	48	45	47

* Employees covered by an internally audited occupational health and safety management system.

Employees covered by the system*	Unit	2021			2022			2023**		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of employees covered by the system	N°	350	201	551	450	248	698	601	308	909
Total employees		761	428	1,189	1,033	564	1,597	1,247	677	1,924
% employees covered by the system	%	46	47	46	44	44	44	48	45	47

* Employees covered by an occupational health and safety management system that has been audited or certified by an independent third party.
** To date, the companies Gamenet, GBO Italy and Lottomatica S.p.A. are ISO 45001 certified, and therefore covered by the Occupational Health and Safety Management System.

Non-employees covered by the system*	Unit	2021			2022			2023		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of non-employees covered by the system	N°	5	4	9	3	2	5	2	8	10
Total non-employees		7	7	14	7	8	15	10	15	25
% non-employees covered by the system	%	71	57	64	43	25	33	20	53	40

* Non-employee workers covered by an occupational health and safety management system.

Non-employees covered by the system*	Unit	2021			2022			2023		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of non-employees covered by the system	N°	5	4	9	3	2	5	2	8	10
Total non-employees		7	7	14	7	8	15	10	15	25
% non-employees covered by the system	%	71	57	64	43	25	33	20	53	40

* Non-employees covered by an internally audited occupational health and safety management system.

Non-employees covered by the system*	Unit	2021			2022			2023**		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of non-employees covered by the system	N°	5	4	9	3	2	5	2	8	10
Total non-employees		7	7	14	7	8	15	10	15	25
% non-employees covered by the system	%	71	57	64	43	25	33	20	53	40

* Non-employee workers covered by an occupational health and safety management system that has been audited or certified by an independent third party.
** To date, Gamenet, GBO Italy and Lottomatica S.p.A. are ISO 45001 certified, and therefore covered by the Occupational Health and Safety Management System.

Accidents

During 2023, 6 commuting accidents, none of which had serious consequences, and 5 accidents at the workplace were recorded. The accident rate increased slightly compared to the previous year but was still very low, confirming the company's good health and safety management.

In relation to non-employed workers, 12,635 hours worked during which no accidents occurred were recorded in 2023.

[GRI 403-9] Accidents at work*

Employees**	u.m.	2021			2022			2023		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Total number of recordable accidents* **	N°	4	1	5	2	2	4	5	6	11
at work		4	1	5	2	2	4	3	2	5
whilst travelling		0	0	0	0	0	0	2	4	6
Deaths as a result of occupational accidents	N°	0	0	0	0	0	0	0	0	0
at work		0	0	0	0	0	0	0	0	0
whilst travelling		0	0	0	0	0	0	0	0	0
Total number of work-related accidents with serious consequences (excluding deaths)	N°	0	0	0	0	0	0	0	0	0
at work		0	0	0	0	0	0	0	0	0
whilst travelling		0	0	0	0	0	0	0	0	0
Total number of hours worked	Hours	1,194,323	587,857	1,782,180	1,504,376	771,775	2,276,151	1,946,510.56	919,493.12	2,866,004
The death rate resulting from occupational accidents	N°	0	0	0	0	0	0	0	0	0
The rate of accidents at work with serious consequences** (excluding deaths)**	N°	0	0	0	0	0	0	0	0	0
The rate of recordable occupational accidents	N°	0.67	0.34	0.56	0.27	0.52	0.35	0.31	0.44	0.35

* Risk assessment is carried out by identifying all hazards present in the work environment and estimating the risks to which workers are exposed. Although no accidents with serious consequences occurred during the year, in addition to the prevention and protection measures already in place, the Group has taken steps to identify improvement measures, including the dissemination of the correct methods for using the PPE that workers have, the provision of general and specific training courses, the proper maintenance of electrical systems and work equipment, etc.
** The calculation of rates is based on 200,000 hours worked.
*** Accidents at work or occupational diseases that cause one of the following: death, days of absence from work, restriction of work duties or transfer to another job, medical treatment beyond first aid or unconsciousness, major injury or illness diagnosed by a doctor or other authorized health care provider, even if not the cause of death, days of absence from work, restriction of work duties or transfer to another job, medical treatment beyond first aid or unconsciousness.
****Injury at work that leads to an injury from which the worker cannot recover, does not recover or it is unrealistic to expect him or her to fully recover to the state of health prior to the accident within 6 months.

Accident by type	Unit	2021			2022			2023		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Sprains, bruises and injuries	N°	4	0	**4**	2	1	**3**	3	5	**8**
Bruised lacerated wounds		0	0	**0**	0	0	**0**	2	0	**2**
Bone fractures and breaches		1	0	**1**	0	0	**0**	0	0	**0**
Other causes		0	1	1	0	1	1	0	1	1
Total		**5**	**1**	**6**	**2**	**2**	**4**	**5**	**6**	**11**

[GRI 403-10] Work-Related Ill Health

Occupational Diseases of Employees	Unit	2021			2022			2023		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of recordable cases of occupational diseases*	N°	0	0	**0**	0	0	**0**	0	0	**0**
Number of deaths resulting from occupational diseases		0	0	**0**	0	0	**0**	0	0	**0**

* Accidents at work or occupational diseases that cause one of the following: death, days off work, restriction of work duties or transfer to another job, medical treatment beyond first aid or unconsciousness, significant injury or illness diagnosed by a doctor or other authorized health care provider, even if not the cause of death, days off work, restriction of work duties or transfer to another job, medical treatment beyond first aid or unconsciousness.

Occupational Diseases of Non-Employees	Unit	2021			2022			2023		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of recordable cases of occupational diseases*	N°	0	0	**0**	0	0	**0**	0	0	**0**
Number of deaths resulting from occupational diseases		0	0	**0**	0	0	**0**	0	0	**0**

* Accidents at work or occupational diseases that cause one of the following: death, days off work, restriction of work duties or transfer to another job, medical treatment beyond first aid or unconsciousness, significant injury or illness diagnosed by a doctor or other authorized health care provider, even if not the cause of death, days off work, restriction of work duties or transfer to another job, medical treatment beyond first aid or unconsciousness.

HEALTH PROTECTION AND PROMOTION

In order to extend the protection measures aimed at its own people, since 2019 the Group has taken out a **supplementary health insurance policy** for its employees, which in 2021 has been further strengthened in terms of the medical services provided and the type and number of affiliated facilities, and will be reconfirmed for the years 2022 and 2023.

In addition, Lottomatica provides insurance policies for occupational and non-occupational accidents, temporary cover in the event of death or total permanent disability, and 'Long Term Care' cover, with the payment of a life annuity.

In addition, the Group grants paid leave for medical examinations at public and private facilities for a maximum of four hours per day and up to a maximum of 50 hours per year, considering prevention a fundamental factor for the psycho-physical well-being of its people.

THE PANDEMIC RESPONSE FROM COVID-19

Following the conclusion of the emergency phase, **the Group continued to maintain the prevention and protection measures necessary to prevent the spread of the COVID-19** virus (plexiglass partition panels in offices, disinfectant gel, periodic sanitization of offices, communications and information on how to behave, etc.).

For employees identified as 'fragile' workers, the Group has maintained additional protective measures, ensuring, in particular, the possibility of carrying out all work activities in agile working mode.

Furthermore, the Group continued to apply the procedures adopted to map workers who tested positive to Covid-19 or who had close contact with a positive person, with the support of the competent doctor. In order to facilitate communication and the exchange of information on this issue, a dedicated e-mail address was also made available, enabling employees to contact the company's Competent Doctor directly.

In 2023, Lottomatica confirmed the **Covid-19 infection insurance policy** for all employees, first introduced in May 2020. This policy includes cover and indemnities relating to hospitalization and treatment caused by Covid-19 infection, as well as a package of guarantees for serious illnesses not directly related to the virus.

PARENTAL LEAVE

Lottomatica provides support to its employees during some of the most important moments in their private lives, trying, as far as possible, to offer forms of **work flexibility** to facilitate maternity status and **parental protection** in general.

With regard to paid parental leave, the Group **voluntarily grants same-parent couples the same conditions** envisaged for heterogenous couples following the birth, adoption or fostering of a child. This company decision aims to ensure complete equality of treatment, creating a situation of greater advantage than that provided for by current legislation.
In 2023, 91 employees took parental leave (68 women and 23 men), 82% of whom returned to work after the period of absence.

[GRI 401-3] Parental leave

Parental leave	Unit	2021			2022			2023		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Total number of employees entitled to parental leave	N°	761	428	**1,189**	1,033	564	**1,597**	1,247	677	**1,924**
Total number of employees who took parental leave	N°	18	54	72	30	64	94	23	68	91
Leave percentage	%	**25**	**75**	**6**	**32**	**68**	**6**	**25**	**75**	**5**
Total number of employees who should have returned to work in the reporting year at the end of the parental leave period	N°	18	52	70	29	61	90	22	57	79
Total number of employees who returned to work after the parental leave period	N°	18	48	66	29	61	90	22	53	75
Total number of employees who returned to work after parental leave in the previous year	N°	5	42	47	18	48	66	29	61	90
Total number of employees in service 12 months after taking parental leave	N°	18	44	62	29	61	90	21	55	76
Return rate after parental leave	%	**100**	**92**	**94**	**100**	**100**	**100**	**100**	**93**	**95**
Rate of job retention after parental leave	%	**360**	**105**	**132**	**161**	**127**	**136**	**72**	**90**	**84**

5.4 People development and skills enhancement

GRI 3-3 | GRI 2-19 | GRI 401-2 | GRI 401-3 | GRI 404-1| GRI 404-2 | GRI 404-3

The Group devotes the utmost attention to the enhancement and growth of its people, creating the conditions for the full development of their skills and the realisation of their potential.

Lottomatica's People Strategy

The centrality of people is a fundamental aspect for Lottomatica Group, which is committed to enhancing and cultivating them, promoting individual and organizational well-being. With this in mind, **Lottomatica's People Strategy** was created in 2022: a medium-long term program that, starting from the corporate DNA and with the aim of further consolidating the sense of belonging to a single large Group, traces the direction of **development of people and the organization** in terms of **culture, tools, systems and processes**, and in relation to the company's sustainable growth objectives.

THE PRIORITIES OF LOTTOMATICA'S PEOPLE STRATEGY

Enable ▸ Investing in people development, cultivating their potential and skills, through dedicated learning plans, projects and programs.

Empower ▸ Promoting excellent organizational behavior, performance and processes through a strong leadership and competency model consistent with the company DNA.

Engage ▸ Feeding everyone's passion and energy, strengthening team spirit and people's well-being, so that they feel more proud of their Group and their work every day.

The Group's People Strategy is embodied in the **multiple guidelines of the programs dedicated to resources and organization**, each of which brings together specific initiatives and projects implemented by the Human Resources and Organization function, in collaboration with the functions involved for their specific competence.

People growth & Development

People Excellence & High Performance

People Engagement & Total Reward

These drivers do not constitute a functional or organizational verticalization, instead they are the nodes of a **"network" system that synergistically links a series of activities** such as, for example, brand awareness, training, skills upskilling programs, employer branding and people management initiatives. People attraction, in fact, also includes people retention, through development programs, benefits, MBOs, long-term incentive plans (LTIP) and, from 2023 onwards, stock-based incentive plans (ESOP) involving specific groups of employees.

[MSCI Indicator] Employee stock ownership plan (ESOP) or employee stock purchase plan (ESPP)

Employee stock ownership plan (ESOP) or employee stock purchase plan (ESPP)	Unit	2023
Total employees	N°	1,924
Number of employees covered by ESOP/ESPP mechanisms		**20**
Percentage of coverage	%	**1.04**

People Growth & Development

DEVELOPMENT

In 2023 Lottomatica continued its commitment with the people development program, StepUp, aimed at recognizing, enhancing and cultivating the potential of its employees. The program aims at providing stimuli, inspiration and tools to cultivate skills and abilities that are central to the company's competency model, through experiential training, networking and comparison opportunities, thematic webinars, technical and language training courses.

THE OBJECTIVES OF THE STEPUP PROGRAM

In order to develop specific plans to support the continuous evolution of Lottomatica Group at all organizational levels, 3 clusters were identified within the Program according to seniority level (Young, Senior and Ready).
Each route is composed of **4 stages**, with related areas of activity, declined specifically and with different levels of depth and focus depending on the seniority level of the target group:
1. Assessment: assessment sessions aimed at bringing out the level of motivation and alignment with the competency model.
2. Coaching / Mentorship: development of one's own potential and areas for improvement through discussion with coaches (Ready) or mentorship/group coaching experiences (Young/Senior).
3. Experiential training: training - experiential experiences aimed at facilitating internal/external interactions by soliciting a focus on the competencies and meta-competencies of the Lottomatica leadership model**.**
4. Technical training: in relation to the professional role and with respect to specific English language requirements.

LEARNING

Lottomatica considers the training of people and the **development of highly qualified** and specialized **profiles** to be important **strategic keys to success**, and invests decisively and constantly in these aspects, supporting employees in their personal and professional growth.

Group resources have access to **targeted and customized development paths**, also identified with the help of the MyEvaluation platform.

22,241 TRAINING HOURS PROVIDED IN 2023

A total of **22,241 hours of training** were provided in 2023 (+ 149% compared to 2022), with an average of 11.6 hours per employee. The main areas covered include occupational health and safety, language training via the GoFluent platform, soft skills and specialist/technical training, namely: AWS Technical Essentials, Power BI, Project Management, Sustainable Procurement, Master Energy Management.

Moreover, with the aim of providing tools and knowledge to support professional development, through the strengthening of key skills in the Group's leadership model and competencies, in 2023 **Management & Future** was launched, a path financed by Quadrifor and involving the new Lottomatica managers.

[GRI 404-1] Average hours of training per year by gender and employee category

Average hours of training by gender and employee category	Unit	2021			2022			2023		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Total number of training hours provided to employees	Hours	4,526	3,003	**7,529**	5,340	3,600	**8,940**	12,961	9,280	**22,241**
Total number of employees	N°	761	428	**1,189**	1,033	564	**1,597**	1,247	677	**1,924**
Average hours of training provided to employees	Hours/ N°	**5.9**	**7.0**	**6.3**	**5.2**	**6.4**	**5.6**	**10.4**	**13.7**	**11.6**
Total number of training hours provided to managers	Hours	364	313	**677**	393	243	**636**	813	353	**1,165**
Total number of managers	N°	32	7	**39**	36	7	**43**	40	10	**50**
Average hours of training provided to managers	Hours/ N°	**11.4**	**44.7**	**17.4**	**10.9**	**34.7**	**14.8**	**20.3**	**35.3**	**23.3**
Total number of training hours provided to middle managers	Hours	1,068	431	**1,499**	1,079	622	**1,701**	2,683	1,083	**3,766**
Total number of middle managers	N°	110	34	**144**	131	40	**171**	147	47	**194**
Average hours of training provided to middle managers	Hours/ N°	**9.7**	**12.7**	**10.4**	**8.2**	**15.6**	**9.9**	**18.3**	**23.0**	**19.4**
Total number of training hours provided to white collar workers	Hours	2,888	2,143	**5,031**	3,629	2,700	**6,329**	9,133	7,660	**16,793**
Total number of white collar workers	N°	525	342	**867**	726	474	**1,200**	863	555	**1,418**
Average hours of training provided to white collar workers	Hours/ N°	**5.5**	**6.3**	**5.8**	**5.0**	**5.7**	**5.3**	**10.6**	**13.8**	**11.8**
Total number of training hours provided to blue collar workers	Hours	206	116	**322**	239	35	**274**	332	185	**517**
Total number of blue collar workers	N°	94	45	**139**	140	43	**183**	197	65	**262**
Average hours of training provided to blue collar workers	Hours/ N°	**2.2**	**2.6**	**2.3**	**1.7**	**0.8**	**1.5**	**1.7**	**2.8**	**2.0**

People Excellence & High Performance

PERFORMANCE MANAGEMENT

The Group implements an annual **evaluation process for all personnel** by means of the MyEvaluation platform, an internally developed tool calibrated to the specific characteristics of the organization and each corporate function.

This evaluation process is based on the **new leadership and competency model**, an integral part of the People Strategy, which identifies the **key competencies and behaviors to be cultivated for the achievement of organizational goals** in line with the Attitudes that are part of the company DNA: Collaboration, Inclusion, Responsibility, Excellence, Entrepreneurial Spirit.

In this context, the MyEvaluation tool makes it possible to guide the **development of virtuous organizational behaviors**, going beyond the mere assessment of the adherence of resources to the role held.

HR DASHBOARD

In continuity with previous years, a special data analysis tool, the HR Dashboard, was also used in 2023, fundamental for collecting all information that may have a direct or indirect impact on personnel and the organization, with a view to constantly monitoring and improving HR and organizational KPIs.

CERTIFICATIONS

BEST HR TEAM

In early 2023, Lottomatica Group obtained the prestigious **Best HR Team Certification**. The recognition, promoted by the **HRC Community Network - MyHRGoal**, attests to the commitment of the Group's HR team in implementing i**nnovative projects and paths**, which favor the **growth of the business, performance** and **engagement** of all people, in an **inclusive and stimulating work environment**.

People, in fact, represent a fundamental resource for the Group and constitute, at the same time, one of the key pillars of the Sustainability Plan. The projects, presented by Lottomatica in the categories of Development, Digital Transformation, Diversity & Inclusion, Employer Branding & Talent Acquisition, Labor & Change Management, Engagement & Internal Communication, People Care and People Culture, were validated by HRC Community with respect to the impact generated on 3 KPIs - People Engagement, Agile Mindset, Sustainable Business Value - leading to the achievement of the certification.

People Engagement & Total Reward

The process of hiring new resources in the company is carefully planned according to organizational needs. In this context, the recruiting process is carried out in compliance with the principles set out in the Code of Ethics, i.e., guaranteeing equal treatment on the basis of candidates' individual capabilities, **avoiding favoritism and facilitations** of any kind, and basing the selection exclusively on **criteria of professionalism and competence**.

New recruits are given special onboarding programs involving managers, team colleagues and the HR department, with the aim of facilitating the induction process, the **sharing of company objectives and full integration** in the company.

THE ONBOARDING JOURNEY

Lottomatica is convinced that a cohesive team supported by solid relationships can always make a difference, and is committed to ensuring that each new resource feels part of the team from day one in the company.
From these premises, the HR project "Onboarding Journey" was born at the beginning of 2023, which revamped the traditional onboarding process to put the employee experience at the center and accompany new resources during their first month in the company.
The objective of the Onboarding Journey is in fact to welcome, involve and retain new colleagues, making them feel part of the Group and transmitting corporate culture and values from the moment they join the company.
The Onboarding Journey is structured in several stages, designed to provide all the basic tools and information needed to orient oneself and start getting to know the new organizational context:

- ***Personnel Onboarding Da***y: this is the first meeting with the new colleague, who is welcomed into the company on the first day of work by the HR People Partner of reference. It is the moment when the employment contract is signed, the company procedures are signed, the welfare package is illustrated, the main company tools are described, and the welcome kit and IT equipment are provided
- ***Monthly Onboarding Day:*** this is the periodic appointment in which new recruits meet the Group's 'Daily Functional People'. These are the heads of some of the main structures who, starting from the sharing of the company's history and DNA by the Chief People Officer, illustrate the pillars on which the company is founded, the issues of privacy, anti-bribery & corruption, compliance & cyber defense, Welfare and Health & Safety, internal communication initiatives, and Fondazione Lottomatica's community initiatives.
- ***On Field Experience:*** this is a real direct 'experience' that aims to show the retail, gaming and betting business to new employees, through the description and storytelling of the venue managers.
- ***Breakfast with Chief:*** this is the last step of the Onboarding Journey. New employees meet a member of the company's top management, who further welcomes them to the company and explains the history and goals of their organization.

The Group has also activated a series of initiatives and projects aimed at **recognizing, enhancing and cultivating the potential of its employees** within which they fall:

- review of the performance review system in relation to the development of company career paths and annual **Salary Review**;
- reporting on the human capital **risk assessment**, related to the Human Capital Key Risk Indicators identified within the ERM Model, and the definition of structured annual training plans for all employees;
- improvement of the platform for the annual skills assessment, developed to facilitate **performance review** activities and promote a culture of open feedback and transparency;
- reskilling initiatives aimed at acquiring and developing new skills.

FAIR PAY

Lottomatica ensures remuneration in line with the minimum requirements established by collective agreements and reference regulations, actively promoting policies to prevent and combat the gender gap.

Besides being a key element within the Human Rights Policy, adopted by the Group since 2022, ensuring **fair and equitable remuneration** is one of the core principles of the Group's People Strategy. This commitment is embodied in the **Fair Pay project**, launched at the end of 2023, which introduces a minimum salary threshold for employees.

The project not only confirms Lottomatica Group's vocation for corporate social responsibility, promoting values that go beyond the financial aspect, but also plays an important role in the pursuit of the **eighth Sustainable Development Goal (SDG8) - Decent Work and Economic Growth** - by helping to create a productive work environment that promotes freedom, fairness, security and human dignity.

COMP&BEN – Weighing of positions

Also in 2023, the Group continued to evaluate, according to the **Mercer IPE international evaluation system, the weight of the different organizational positions** by defining **position classes**.

The activity required the precise mapping of all roles in the company, carried out through interviews and organizational analysis, and led to the definition of the index representing the weight of each individual position, **thus making the associated remuneration easily comparable with that of similar ones, both inside and outside the organization**.

PEOPLE SURVEY

The tools made available by the Group for the benefit of its employees include:

- **Onboarding**: making new employees active participants in the Onboarding process, creating a caring relationship with the organization from the very beginning;
- **Exit Interview**: survey addressed only to leavers in order to identify the main motivations;
- **Pulse Survey**: collect people's sentiment on some significant organizational dimensions.

MyLottomatica: Lottomatica Group's corporate intranet

Engaging, disseminating and creating connections, these were the priorities that guided the development of **MyLottomatica** in 2023. In this year the intranet has continued to grow and evolve, becoming more and more a point of reference for all the people of Lottomatica Group and consolidating its role as a hub for access to the main corporate tools and systems. But the main transformation of MyLottomatica has been in networking and engagement.

Since 2023, in fact, the Group's people have had functionalities at their disposal that make it easier to participate in company initiatives. In addition to offering direct access to the agenda of events through a dedicated tool, with the possibility of booking, the intranet also allows virtual participation thanks to the streaming of initiatives.

In the same vein, new sharing spaces were developed, such as notice boards, Search/Offer and Lost&Found, to report lost items in the office.

MyLottomatica has also expanded its editorial space with formats dedicated to recounting and reliving moments of the company life, a narrative that has also embraced various themes, ranging from sustainability to digital innovation, diversity & inclusion to wellness.

The outlook for 2024 includes further developments to make the platform more and more user-friendly, so that it is a welcoming space for all people in the Group to make contributions and share interests and experiences.

[GRI 404-3] Percentage of employees receiving regular performance and career development reviews by gender and category

Employees involved in performance appraisal processes	Unit	2021			2022			2023*		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Managers	N°	16	3	19	28	7	35	24	4	28
Middle managers		52	19	71	111	33	144	124	36	160
White collars		272	186	458	479	315	794	513	330	843
Blue collars		69	26	95	78	21	99	108	27	135
Total		**409**	**234**	**643**	**696**	**376**	**1,072**	**769**	**397**	**1,166**
Managers	%	50	43	49	78	100	81	60	40	56
Middle managers		47	56	49	85	83	84	84	77	82
White collars		52	54	53	66	66	66	59	59	59
Blue collars		73	58	68	56	49	54	55	42	52
Total		**54**	**55**	**54**	**67**	**67**	**67**	**62**	**59**	**61**

* The decrease in the percentage of employees evaluated between 2022 and 2023 is due to the nature of the process, which refers to the previous year's performance: in 2023, the performance of 2022 is evaluated. Therefore, not only the companies that entered in 2023 (Recreational B, Iris and Bingo Service), but also those that entered in the last four months of 2022 (Optima and Betflag) were excluded from the 2023 perimeter, for a total of 400 employees.

Remuneration policies

Lottomatica Group adopts **short-term variable incentive** systems with the aim of stimulating motivation and the continuous improvement of performance, in a perspective of sustainability of performance in the medium-long term and in line with the company's strategic plans and risk policy.

As part of its personnel enhancement policies, Lottomatica Group has established an **incentive system based on results achieved** in relation to predefined individual and business objectives. This approach is aimed at **motivating and retaining key resources** who have received specific assignment letters.

In particular, the **short-term variable remuneration policy (STI, Short Term Incentive)**, in line with the Group's policies, aims to guarantee the correct correlation between results achieved and sustainability, while ensuring the alignment of the interests of shareholders, management and other stakeholders. This policy represents an important management lever for directors, management and those who hold commercial roles within the company organization, favoring governance, competitiveness, attractiveness and the maintenance of professionalism suited to the Group's needs.

The short-term variable remuneration policy is aimed at **attracting, motivating and enhancing people according to principles of fairness, transparency and correctness**, in line with Lottomatica's commitment to ensure equal treatment also in terms of variable remuneration, regardless of elements of diversity such as gender, sexual orientation, age, ability, ethnicity, language, religion, political opinions, personal or social conditions.

The factors that determine the variable remuneration component include aspects such as the role held, areas of responsibility, merit, results achieved and the overall quality of the contribution made to company performance.

Below are the forms of short-term variable incentive remuneration adopted by Lottomatica Group:

- **Managerial short-term incentive schemes**
  Management by Objectives (MBO)
  It provides for Group and individual objectives, linked to business and organizational development targets, in line with the Group's short-term strategic and sustainability priorities.
  In this regard, in 2023 as well, the assignment of **specific targets attributable to ESG factors**, measurable and consistent with the objectives of the Sustainability Plan, was envisaged, which can weigh up to 20% of the annual allocation. These objectives have been assigned to all personnel receiving MBOs and include, among others, targets relating to: initiatives to mitigate environmental impacts and monitor the value chain, implementation of corporate D&I programs and professional development, responsible gaming projects and strengthening governance

- **Commercial short-term incentive schemes**
  Sales Incentive Plan
  It provides for Group and individual objectives aimed at stimulating effective and efficient behavior in achieving certain objectives of a mainly commercial nature, Group and individual, and differentiated by roles.

  VIP Incentive Plan / Collector Incentive Plan
  Aimed at particular sales or customer relations roles and aimed at stimulating the achievement of mainly area targets, with KPIs or other periodic measurement elements closely linked to the role and its typical activities.

Starting from 2023, the Group has planned to introduce a Performance Bonus for 100% of the Group's corporate employees: an economic contribution that is paid to workers in addition to their normal salary and is linked to the achievement of specific business objectives. The company also provides non-compensation benefits linked to staff welfare and wellbeing, in particular supplementary pension: the reference fund is the FONTE fund, as provided for by the Tertiary Sector Collective Labour Agreement.[30] The share borne by the company on the gross salary useful to form the TFR taxable amount is increased to 1.9%.

[MSCI Indicator] Non-compensation benefits including pension and retirement

Non-compensation benefits including pension and retirement	Unit	2023
Total employees	N°	1,033
Number of employees covered by non-compensation benefits		190
Percentage of coverage	%	**18,39**

30) Active at the moment for companies that have signed supplementary agreements (Lottomatica S.p.A., Lottomatica Videolot Rete S.p.A., Gamenet S.p.A. and GBO Italy S.p.A.).

Welfare and wellbeing

Lottomatica Group is committed to promoting the wellbeing of its people, both inside and outside the workplace, paying particular attention to the family needs and psycho-physical health of personnel, through **people care and welfare projects and initiatives** with a view to balancing work experience and private life.

In this regard, the Group adopts various flexibility solutions, including: flexible entry and exit hours; part-time working hours, especially for women; a time bank for employees who do not accrue ROL; smart working; parental leave; "pink" parking spaces for employees who are going to be mothers and reserved parking spaces for protected categories and shift workers, protecting in particular, with forms of extensive smart working at night, those who, due to their activities or duties, find it more difficult to reconcile work time with private life.

Welfare and wellbeing initiatives are open to **all Group employees** and some of the main initiatives include:

[GRI 401-2] Benefits provided to full-time employees that are not provided to temporary or part-time employees

Financial Benefits	2023		
	Full-time employees	Fixed-term employees	Part-time employees
Life insurance	Yes	Yes	Yes
Healthcare	Yes	No	Yes
Insurance cover in the event of disability and invalidity	Yes	Yes	Yes
Parental leave	Yes	Yes	Yes
Pension contributions	Yes	Yes	Yes
Shareholding	Yes*	No	No

*It only refers to a limited number of managers.

Lottomatica Group's goal, since its Vision, has been to create sustainable value for all its people, contributing concretely to their well-being through an offer of welfare services that looks at individual needs and requirements. This is why in 2023 the Group launched the **MyWelfare platform** where it is possible to access a wide range of goods and services.

Become Healthy

As part of the Become project, the internal concept dedicated to the Group's innovative projects, in 2023 **Become Healthy** was born, the **wellbeing progr**am dedicated to Lottomatica's People.

Become Healthy aims to **inspire healthy and sustainable lifestyles**, starting with daily actions and choices: a path marked by individual and collective wellbeing, embracing physical activity and healthy eating, mindfulness and meditation, which is a further step towards promoting a robust health culture within the Group, a key element of an evolved welfare model. At the same time, through the shared experience of these initiatives, Become Healthy aims to facilitate the building of positive connections between people, helping to shape a healthy working environment.

Smart working

Smart working, which began as an experimental project before the Covid-19 pandemic and was adopted extensively throughout the emergency phase to ensure maximum protection for employees, proved to be a useful and profitable way of working both professionally and personally. For this reason, the Group has maintained smart working also in subsequent years, regulating it through a specific company policy and second-level agreements.

92% OF EMPLOYEES BENEFITED FROM SMART WORKING IN 2023

In 2023, about 92% of the staff benefited from this working mode, with employees being able to have two days a week of agile working even after the needs of medical emergencies have passed.

Talent Attraction

Over the years, Lottomatica Group has consolidated its dialogue with some of the most prestigious institutes of higher and specialized education, **collaborating in the institutes' projects and taking part in meetings between the world of education and the world of work, such as the "careers days"**, with the aim of intercepting the needs of the younger generations and investing in new profiles to be included in the workforce.

National partners

- **Politecnico di Bari:** for the selection and placement of young people specialised in STEM disciplines ('Science, Technology, Engineering, Mathematics').
- **ELIS:** for the insertion of young people at the end of their Masters degrees obtained at the Centre; for the creation of skills necessary for the ecological and digital transition, stimulating the participation of women (TRED project); to encourage alternating study-work, with the realisation of a 'project work' by two students from the Milan Polytechnic ('Working Student').

International Internships

- **American University of Rome, Luiss** and **Luiss Business School**: internationalisation project launched in 2021 in partnership with the American University of Rome, and from 2022 also with Luiss and Luiss Business School. In 2023 Lottomatica took part, through a partnership with Luiss, in the "Invest Your Talent" project, a program promoted by the Ministry of Foreign Affairs and International Cooperation, with the aim of promoting cultural contamination and the inclusion of young talents from different countries in the corporate context.

5.5 Diversity, inclusion and equal opportunities

GRI 3-3 | GRI 405-2 | GRI 406-1

Lottomatica is committed to creating a work environment in which everyone can feel fully fulfilled and motivated to contribute to the achievement of common goals, considering inclusion and the enhancement of the uniqueness of people as an integral part of its DNA.

The Principle of Non-Discrimination

Lottomatica Group adopts corporate, organizational and management mechanisms that can guarantee respect for people's rights and freedom, so that the principles of diversity and inclusion are an integral part of corporate conduct.

In this perspective and in line with what is stated in the Code of Ethics, Lottomatica pursues the objective of **integrating its commitment to the protection and enhancement of diversity and to the promotion of a work environment free from any form of discrimination, within a proactive strategy**. Such approach aims at overcoming any form of stereotype and at identifying and solving the obstacles that may limit the inclusion of all persons in the workplace.

The company operates according to impartiality and does not allow any form of direct or indirect, multiple and interconnected discrimination in relation to gender, age, sexual orientation and identity, disability, health status, ethnic origin, nationality, political opinion, social status and religious faith.

In order to collect **reports and identify potential cases of discrimination**, the Group has set up **specific channels**. Specifically, it has equipped itself with four dedicated tools aimed at listening to its people, monitoring the work environment and verifying the effectiveness of the approach adopted on D&I within the Group.

People survey

Tool used by Human Resources and aimed at Group employees to analyze trends in the following dimensions: credibility, respect, fairness, cohesion and pride.

Talk with HR

Tool developed within the company intranet that allows messages, proposals and reports to be sent to the Human Resources team in a confidential manner.

Exit interview

Tool used by HR to interview outgoing staff in order to improve employee engagement, reduce turnover and enhance future onboarding and selection processes.

Whistleblowing

System aimed at reporting offences in a confidential and reserved manner, also easily accessible through the corporate Intranet.

Lottomatica is particularly sensitive to gender-based violence and, in line with the Code of Ethics and in order to maintain a high level of attention and focus on paths of inclusion, has implemented a **protocol on harassment and violence in the workplace**.

In 2023, **no incidents of discrimination** against external and internal stakeholders **were reported** in any of Lottomatica Group companies.

[GRI 406-1] Incidents of discrimination and corrective measures taken

Incidents of discrimination	Unit	2021	2022	2023
Total number of incidents of discrimination	N°	0	0	0

The dimensions of diversity

The enhancement of the uniqueness of each person is ingrained in Lottomatica's DNA: in fact, **inclusion is one of the five corporate Attitudes**, and the Group is convinced that each of its people is the bearer of a personal experience and wealth that deserve to be enhanced and pooled for the achievement of common goals.

The **human resources development and management strategy** implemented to **promote an inclusive culture** to enhance the uniqueness of people and access to the same opportunities for professional growth regardless of the role held in the organization underlines Lottomatica Group's commitment to cultivating the value of people.

become LOTTOMATICA YOUNIQUE

The Group recognizes that each person brings with them an experience and richness that must be valued and shared. With this in mind, the **Become Younique** program was launched in 2022, geared towards **promoting a widespread D&I culture and an open, welcoming and inclusive mindset**.

The strategy, outlined in the **Diversity & Inclusion Policy**,[31] which was approved in the first half of 2022 and updated in early 2023, focuses on **five dimensions of engagement**: gender equity, sexual orientation and gender identity, intergenerational valorization, disability and accessibility, and the promotion of an intercultural vision.

31) https://lottomaticagroup.com/it-it/home/diversity-inclusion

Gender equity

- Lottomatica Group values gender balance and promotes training, information and awareness initiatives aimed at overcoming bias, discrimination and prejudices linked to gender and also promotes policies and actions in favor of equal opportunities, reconciliation of life and work times and the sharing of family responsibilities.
- In this context, learning and development programs, remuneration and growth policies are geared towards ensuring gender equality and fair representation in programs aimed at managerial and leadership development, career paths and positions of responsibility in complex structures.
- The Group has always paid special attention to the issue of gender violence and has therefore adopted a harassment protocol, with a zero-tolerance policy towards all forms of violence.

Sexual orientation and gender identity

- The Group is committed to eliminating all forms of discrimination and self-discrimination on the basis of sexual orientation or gender identity: every person must feel free to fully express themselves in their working environment.
- This commitment takes the form of training, information and awareness-raising activities on the importance of using language that is inclusive, non-discriminatory and respectful of all LGBT+ people, and through actions and policies aimed at guaranteeing equal access to rights and institutions. For example, it recognizes parental leave for same-sex couples.

Intergenerational valorisation

- The presence of different generations within the organization is recognised and valued in the company's D&I strategy.
- In this perspective, internal Diversity and Inclusion policies aim at fostering intergenerational dialogue and exchange and take into account demographic perspectives and their impact on company turnover.
- The focus is not only on the age and professional seniority of workers, but also on the search for effective ways to foster the exchange of knowledge and the contamination of experiences, skills, knowledge and competences, both soft and hard (such as digital), typical of each generation.

Disability and accessibility

- The Group recognizes equal opportunities for all its people regardless of sensory, cognitive or motor disabilities, committing itself to creating accessible workplaces and implementing concrete measures to promote the integration and inclusion of people with disabilities, making full use of their talents and skills, thus contributing to the removal of cultural, sensory and physical barriers.

Promoting an intercultural vision

- Fostering a plural and multicultural context, open to confrontation, exchange of ideas, different perspectives and points of view is the basis of the company's Diversity and Inclusion strategy.
- The Group, through training, information and awareness-raising activities and through ad hoc projects and programs aimed at fostering, for example, the hiring of international resources, wants to support and promote an open and multicultural approach that is also functional to supporting innovation and accelerating corporate growth.

The Group's commitment in this area also translates into training, information and awareness-raising activities on the importance of using **inclusive, non-discriminatory and respectful language** and through actions and policies aimed at ensuring **equal access to rights and institutions**. For example, as far as parental leave is concerned, Lottomatica **voluntarily extends the same conditions to homogenous couples** as to heterogenous couples.

The Group is concretely committed to the **elimination of architectural barriers** as an obstacle to the **inclusion** and **enhancement** of people with disabilities. In this context, the Venice office was relocated to a suitable structure that allows a colleague with disabilities to move freely and safely. For the Rome headquarters, on the other hand, a 'sled' was purchased to ensure the proper evacuation, in the event of an emergency, of a colleague with disabilities, on the use of which the floor's emergency workers received special training from the RSPP.

The main initiatives to promote the culture of Diversity & Inclusion at Lottomatica have been divided into **five areas of work**, activated in 2022 and further evolved and developed in 2023.

- **CULTURE**
  In 2023, Lottomatica Group confirmed its ongoing commitment to enhancing training and awareness-raising activities on diversity and inclusion. Through the implementation of online training modules dedicated to "unconscious bias", the Group aims at raising awareness among employees on unconscious biases that can influence decision-making.

At the same time, specific training sessions and thematic webinars were organized on all dimensions of diversity, offering employees the opportunity to acquire a solid body of knowledge on the subject. Furthermore, with the aim of providing an accessible and informative resource for all people, dedicated D&I content was created within the company intranet.

In 2023, Lottomatica Group continued to promote and spread an inclusive culture also through active participation in external events focused on diversity and inclusion issues. Among these, it is worth mentioning the involvement in the HRC **Barcamp**, organized by HRC, a major event in the panorama dedicated to human resources. Participation in this initiative allowed the Group to share its best practices and learn from the experiences of other actors committed to promoting inclusion in the workplace.

Moreover, for the second consecutive year, Lottomatica Group took part in **4weeks4inclusion**, the largest marathon dedicated to Diversity & Inclusion. In this context, Lottomatica specifically addressed the issue of parenthood, overcoming the stereotypes associated with it. This commitment demonstrates the Group's desire to tackle the challenges related to diversity in depth and to actively contribute to building a more inclusive and respectful work environment.

- **CERTIFICATIONS**
  In 2023, Lottomatica's commitment to gender equality was recognized by obtaining **UNI/PdR 125:2022 certification**, underlining the Group's desire to create an inclusive work environment, where opportunities and professional recognition are accessible to all, regardless of gender.

  The UNI/PdR 125:2022 practice certifies adherence to quality standards and practices that promote gender equality in the workplace. Lottomatica Group is concretely committed to implementing measures aimed at closing the gender gap and creating a work environment capable of enhancing the uniqueness of each person, adopting structured processes and concrete actions.

  The certification is issued following an in-depth assessment not only of the organizational culture and governance in the specific areas of equality and inclusion, but also of the policies and safeguards put in place by the Group on gender balance, gender pay gap, work-life balance, parenting, and prevention of all forms of harassment and abuse in the workplace.

- **GOVERNANCE**
  In 2023, the D&I Manager was appointed and the **Diversity & Inclusion Committee**, Committee was established, consisting of five members of the management board and the D&I Manager, which is the driving force behind the implementation of strategies and projects, focusing on five key pillars: Gender Equality, LGBTQ+, Disability & Accessibility, Generational Diversity, and Cultural Diversity.

  Aware of the importance of training, the D&I Committee launched an internal program dedicated to raising awareness and competence among its members in diversity management. This direct engagement has greatly enhanced the committee's ability to address diversity issues with sensitivity and competence.

  The **D&I Strategy** is the document, drafted and approved by the D&I Committee, which clearly outlines the Group's strategic directions on diversity and inclusion. This strategy is a concrete commitment to promote an inclusive work environment, respectful of diversity and progress-oriented. The actions taken by Lottomatica tangibly demonstrate a strong will to foster diversity and inclusion, reinforced by a solid corporate governance.

- **INVOLVEMENT AND WORKING GROUPS**
  Lottomatica strengthened its commitment to diversity and inclusion by setting up dedicated working groups involving more than 100 colleagues from all organizational areas. These groups, led by the leaders of the D&I Committee, focused on the five dimensions of diversity. Through a collaborative and proactive approach, participants worked together to develop innovative ideas and proposals for action that will form the backbone of the D&I project for the year 2024.

  As a result of this collective effort, concrete proposals and solutions have emerged that aim to promote a more inclusive, respectful and opportunity-rich working environment for all people involved.

- **HIRING & ATTRACTION**
  The program is designed to ensure the application of D&I principles during the selection processes of new talent in all areas of the organization, with a particular focus on the promotion of the female gender within areas with a prevalence of skills in STEM (Science, Technology, Engineering and Mathematics) disciplines.

  To this end, the Group is participating in the "**Liceo TRED**" project in partnership with Elis, which focuses on creating the skills necessary for the ecological and digital transition, stimulating female participation, and is **collaborating with international universities**, based in Rome, for the placement of international interns.

  Since the launch of the project in mid-2021, 14 young people have been involved in this initiative, contributing significantly to the organization and bringing diversity and intercultural vision.

The **Human Resources, Organization & PSS Department** acts as the **activator** and **promoter of the Diversity & Inclusion Policy** and related programs, in close liaison with the staff and business functions, which in turn have the task of embracing and internalizing the values of diversity and inclusion in working relations.

Gender diversity

In 2023, Lottomatica Group counts 677 women among its employees, or 35% of the workforce. With reference to the governing bodies of Group companies, on the other hand, there are:
- 9 women out of 53 on the boards of directors;
- 7 women out of 30 on the boards of auditors;
- 6 women out of 14 in the Supervisory Bodies.

In 2023, the Group maintained the calculation methodology based on the position class report to measure the gender pay gap. This approach, in line with the Mercer IPE international assessment system, assigns different weights to different organizational positions according to qualitative and quantitative criteria.

With the aim of analyzing the data in a meaningful and consistent manner, Lottomatica defined the aggregation into homogeneous bands in terms of role and organizational weight. In particular: in bands 6 and 7, managers were considered, in band 5 senior managers and middle managers, in bands 2, 3 and 4 junior managers and office workers, and in band 1 office and manual workers.

Analyzing the data for 2023, Lottomatica Group is in line with the Italian pay market data:[32] net of the Management Team, the overall **gender pay gap is -5%**, an improvement compared to 2022 and the target the Group had set for 2023 (-6%).

32) Results of the Jobpricing Observatory study on the labour market and wage dynamics in Italy.

The gender pay gap, calculated on the basis of the Bands and Market Reference used in Mercer's IPE system, is **monitored on a quarterly basis**. Through the use of this methodology, the gap varies considerably between the bands and, in order to make it consistently analyzable, it has been weighted according to the band size itself, thus identifying the actual incidence of the gap on the entire company population.

Lottomatica is committed to implementing interventions that will both normalize the individual gender pay gaps and lower the overall gender pay gap, with the aim of reducing the **latter to zero by 2030**.

Gender Pay Gap

Market reference	BAND	2021		2022		2023	
		Gender pay gap	Gender pay gap ponderato	Gender pay gap	Gender pay gap ponderato	Gender pay gap	Gender pay gap ponderato
Administration, Facilities & Secretarial	*Band 1*	4.0%	0.05%	-5.0%	-0.1%	11.4%	0.1%
	Band 2	13.0%	0.02%	4.0%	0.01%	4.3%	0.0%
Communications & Corporate affairs	*Band 2*	-	-	-	-	22.0%	0.0%
Customer Service & Contact Centre Operations	*Band 1*	-7.2%	-0.8%	3.0%	0.2%	-9.1%	-0.6%
	Band 2	-2.9%	-0.1%	-9.0%	-0.1%	-10.6%	-0.1%
	Band 3					27.3%	0.1%
Finance	*Band 1*	-	-	-	-	-0.9%	0.0%
	Band 2	0.0%	0.02%	0.0%	0.01%	-6.1%	-0.4%
	Band 3	7.0%	0.04%	8.0%	0.04%	-24.9%	-0.2%
	Band 4	-5.0%	-0.03%	-12.0%	-0.1%	-9.3%	0.0%
	Band 5	14.0%	0.1%	10.0%	0.04%	6.5%	0.0%
	Band 6	-19.0%	-0.04%	-25.0%	-0.04%	-8.3%	0.0%
	Band 7	-	-	17.0%	0.04%	-	-
Human Resources	*Band 2*	-	-	52.0%	0.2%	-20.7%	-0.1%
	Band 3	-	-	-	-	3.8%	0.0%
	Band 4	-16.0%	-0.1%	16.0%	0.1%	-	-
Legal, Compliance & Audit	*Band 1*	-	-	-	-	-13.0%	0.0%
	Band 2	-14.0%	-0.5%	-14.0%	-0.4%	-10.5%	-0.3%
	Band 3	-	-	-	-	35.6%	0.1%
	Band 4	-17.0%	-0.1%	-15.0%	-0.1%	-5.0%	0.0%
Logistics	*Band 1*	-16.0%	-2.8%	-14.0%	-3.5%	-6.8%	-0.7%
	Band 2	-22.0%	-1.1%	-17.0%	-0.9%	-	-
	Band 3	-39.0%	-0.5%	-37.0%	-0.4%	-	-
Procurement	*Band 1*	-	-	-	-	10.2%	0.1%
	Band 2	5.7%	0.02%	10.0%	0.03%	-9.3%	0.0%
Project/Program Management	*Band 2*	-	-	-	-	22.4%	0.0%
	Band 4	-	-	-	-	12.7%	0.1%
Sales, Marketing & Product Management	*Band 1*	9.7%	0.7%	6.0%	0.5%	-1.9%	-0.5%
	Band 2	-1.6%	-0.3%	-8.0%	-1.4%	-8.5%	-1.5%
	Band 3	7.5%	0.2%	12.0%	0.2%	31.0%	1.0%
	Band 4	-9.5%	-0.4%	-8.0%	-0.2%	-12.3%	-0.4%
	Band 5	49.2%	0.1%	48.0%	0.1%	-33.8%	-0.1%
	Band 6	-0.1%	-0.002%	4.0%	0.1%	-11.6%	0.0%
Technology & Operations	*Band 1*	8.0%	0.1%	8.0%	0.1%	-3.6%	0.0%
	Band 2	-16.8%	-1.7%	-9.0%	-0.9%	-7.8%	-0.8%
	Band 3	-34.4%	-0.9%	-20.0%	-0.5%	-17.2%	-0.5%
	Band 4	3.6%	0.04%	-1.0%	-0.01%	-4.2%	0.0%
			-7.8%		**-6.9%**		**-5.0%**

6 Community and Environment

Lottomatica actively supports projects aimed at promoting the quality of life, the socio-economic development of the communities in which it operates and the formation of human capital, contributing to the creation of value for the community.

6.1 The community in which we operate

GRI 3-3 | GRI 2-28

Lottomatica Group has always promoted a range of initiatives for the benefit of the community, both directly and through the involvement of its own people, its customers or in cooperation with its partners, aware that its business sector, organizational model and value chain make it strongly interconnected with its communities and territory.

Projects range from initiatives for the **training** and development of young people, to the promotion of **sport** as a means of inclusion and empowerment of the individual, to **scientific research** and solidarity initiatives.

The Group's commitment in this field is **growing strongly year on year**: in the three-year reference period 2021-2023, Lottomatica's contribution to community benefit initiatives almost **tripled (+170%)**.

+170% CONTRIBUTIONS TO SOCIAL INITIATIVES AND PROJECTS IN 2023 COMPARED TO 2021

Operations with local community involvement, impact assessments and development programs

Percentage of operations with local community involvement	Unit	2021	2022	2023*
Total transactions	N°	10	15	27
Operations with the involvement of the local community		7	11	15
Percentage of operations with local community involvement, impact assessments and/or development programs implemented	%	**70**	**73**	**56**

*Thanks to the establishment of Fondazione Lottomatica, the number of activities and initiatives launched has almost doubled since

Fondazione Lottomatica

FONDAZIONE LOTTOMATICA

Fondazione Lottomatica, established in 2022, is an autonomous, independent and non-profit organization and reflects **Lottomatica's social commitment**, whose founding principles are the **attention to responsibility and legality, to people, the community** and the **territory**.

The Foundation promotes the development of a **cultural approach consistent with ESG** criteria, respect for the environment and the territory, attention to social impact and diversity & inclusion issues and good corporate governance.

Its main objective is to contribute, through **social and sustainability projects** and initiatives for study, debate, training and information, to a greater awareness and understanding of social, economic and sustainable development issues, both locally and globally.
In line with the purposes identified in its Statute, the Foundation promotes the **implementation of social and charitable initiatives** focused on certain key areas.

- LEGALITY
- INNOVATION AND TECHNOLOGY
- WORK AND TRAINING
- EDUCATION
- HEALTH
- DIVERSITY
- SOCIAL INCLUSION

The Foundation has the following **governing bodies**: a Board of Directors, headed by a President, who is the legal representative of the Foundation; an Advisory Board, consisting of experts in the Foundation's fields of interest; and a Secretary General, who defines programs and initiatives and supervises the implementation of the Foundation's activities.

CEPID and the collaboration with the Gemelli University Hospital Foundation

Among the initiatives implemented by the Foundation is the collaboration with Agostino Gemelli University Hospital Foundation IRCCS, which led to the establishment of **CEPID**, the new "Integrated Psychiatric Centre for Research, Treatment and Prevention of Addictions".

It is a **state-of-the-art facility**, equipped with **highly qualified staff and specialized equipment**, to which citizens can turn for assistance and support.

The CEPID, inaugurated in February 2023, was set up and made operational within the Complex Operative Unit for Clinical and Emergency Psychiatry at the Gemelli Hospital.

The center aims to develop clinical and research activities aimed at **preventing, combating and treating pathological addiction disorders**. In this sense, it aims to contribute to a greater knowledge of these phenomena from an epidemiological point of view, to the optimization of diagnosis and treatment pathways and to the improvement of socio-educational interventions.

The partnership with **Agostino Gemelli University Hospital Foundation IRCCS** also includes the training and awareness program "Punto Gioco Intelligente",[33] aimed at the staff and sales network of Lottomatica Group.

The "Ripartenze: Riprendiamoci il futuro!" project

Fondazione Lottomatica, in partnership with **ELIS**, a non-profit association specialized in training and job placement for the socially and economically disadvantaged, and in collaboration with the **Ministry of Justice**, promotes the project "**Ripartenze: riprendiamoci il futuro**!" (Restart: let's take back the future!), created to foster the social reintegration of prisoners through the key tools of training and work. On December 7, 2023, the memorandum of understanding kicking off the project was signed.

FIJLKAM and the "Fight like a girl'" project

A multi-year project, in partnership with **FIJLKAM**, the Italian Judo Lotta Karate Martial Arts Federation, a member of the Italian National Olympic Committee (CONI), which aims to **encourage the dissemination of women's sports in some of the most disadvantaged areas of the country**, particularly in southern Italy.

FIJLKAM was founded in 1902 as the Italian Athletic Federation, an organization whose aim was to regulate the sports of Greco-Roman wrestling and weightlifting.
From October 2023, in cooperation with Fondazione Lottomatica and sports clubs in the various territories, the federation will organize free judo and karate courses for female students in the cities of Naples, Casal di Principe, Taranto, Gela and Lamezia Terme.

The project was announced in June 2023 at the CONI Hall of Honour during a public initiative during which the Censis report entitled '*Women, work and sport in Italy. For the growth of the territories and the country*'.

KIM Association and the "La speranza in una stanza" project

"La speranza in una stanza" (Hope in a room) project was set up in partnership with the **KIM** association to provide care and assistance to sick children from all over the world who come to Italy, together with their mothers, to receive specialist medical treatment.
KIM is a non-profit organization that, since 1997, has been involved in the care, protection and hospitalization of seriously ill children from economically and socially difficult situations.

Donation to the Community of St. Egidio

Fondazione Lottomatica supports the **Community of Sant'Egidio**, an association founded in Rome in 1968. Today it is a community with more than 60,000 members with a special focus on

33) For more information, please refer to section '4.2 Lottomatica's commitment to responsible gaming'.

the suburbs and outskirts, it gathers men and women of all ages and conditions, in a voluntary and free commitment for the poor and for peace.

Donation to the Municipality of Cesena
Following the flooding in May 2023 in the Romagna region, Fondazione Lottomatica decided to intervene in Cesena, one of the municipalities worst hit by the flood, and to help restore the usability of the former municipal school in Via Rovescio, in the Bagnile area, which had been used for school purposes and had been used as temporary housing for families in difficulty.

The project with the European University of Rome
In 2023 Fondazione Lottomatica launched a research project conducted by the **European University of Rome** entitled "Counteracting discrimination by promoting social cohesion. A psycho-socio-educational intervention for upper secondary schools".

The initiative aims at fostering social integration and combating ethnic discrimination within Italian secondary schools. To this end, during the academic year 2023-2024, a research-intervention project is being carried out at the Liceo 'Ettore Majorana' in Latina by a researcher selected through a public call for tenders, which is aimed, on the one hand, at investigating and better understanding the group dynamics existing among the enrolled students and, on the other hand, at carrying out an activity to support social cohesion, with the aim of reducing possible discrimination in all cases where this is necessary. The initiative will conclude with scientific publications and conference proceedings on the topic.

Collaboration with the University of Rome Foro Italico and the Ministry of the Interior
In April 2023, a memorandum of understanding was signed between the University of Rome "Foro Italico" and the Ministry of the Interior, a cooperation agreement between the Ministry of the Interior, the Centre for the Study of Sports Law and Ethics of the University of Rome "Foro Italico" and Fondazione Lottomatica. The three-year agreement marks the start of a joint action for the development of the **culture of legality** in the sports sector.

In November 2023, a conference entitled 'Instruments for the protection of legality and the prevention of corruption within sports clubs and federations: legislative decree No.39/2021' was held as part of the initiatives planned under the collaboration, in which numerous speakers and experts took part. The round table was organized with the aim of outlining an overview of the tools available, codes of conduct, organizational and management models - which must comply with the principles of fairness, probity and correctness - and touched on numerous issues, including the general principles on the liability of sports bodies and the Supervisory Board and organizational models at the sports level.

Scholarship with the University of Roma Tre
Fondazione Lottomatica promoted and supported the activation of a scholarship to carry out research activities at the Department of Law of the University of Roma Tre. The research project, which lasted one year, focused on the theme 'The ethical development of investments and the promotion of sustainable projects'.

Fondazione Lottomatica presents - The comparison of ideas
"Fondazione Lottomatica presents - The Comparison of Ideas" is a cycle of meetings and book presentations promoted on the themes of sustainability and Italian and international cultural, social and economic current affairs. The first debate of the cycle of meetings was held on 13 April, with the presentation of the book entitled "Lo Stato digitale" (Il Mulino), written by Luisa Torchia, Professor of Administrative Law at the University of Roma Tre, and the second appointment was held on 21 December, with the presentation of "L'essenziale. Appunti di un lettore avventuroso" (Solferino), written by **journalist Giovanni Floris**.

Collaboration with Percorsi di secondo welfare
Fondazione Lottomatica undertook a deep reflection on sustainability and, consequently, on its various actors, in order to adequately address the social, economic and environmental challenges of our time.
An initiative involving **Percorsi di secondo welfare**, a laboratory of the University of Milan, which has been studying and reporting on such dynamics for over a decade, paying particular attention to those concerning social policies.

In addition to the publication of in-depth studies and reports, an annual appointment was launched by **Maurizio Ferrera**, professor of Political Science at the University of Milan, focusing on Italian citizens' knowledge and perceptions of climate change. The report entitled 'Italians and climate change: an eco-social barometer', presented last July, dealt with the new challenges imposed by the ecological transition to combat climate change.

Dialogues on Law 2023 - Not Only Rights, 75 Years of the Constitution
During 2023 Fondazione Lottomatica supported the organization and holding of the **Dialoghi sul Diritto** ("Dialogues on Law"), promoted by Il Mulino and held at the Auditorium Parco della Musica in Rome. The event was divided into four separate events introduced and moderated by **Alfonso Celotto**, Professor of Constitutional Law at the University of Roma Tre and member of the Advisory Board of Fondazione Lottomatica.

Each appointment was dedicated to the in-depth study of a different article of the Constitution explained and commented on by a prominent guest from the Italian political, economic and academic scene.

Solidarity activities and initiatives supported by Lottomatica Group

Lottomatica contributes to generating positive and tangible impacts on the community through the implementation of **social initiatives**.

In 2023 Lottomatica Group supported the following associations:
- **AVINTAVÈ**, a voluntary organization dedicated to developing international cooperation and fundraising projects to ensure a present and future for children in the world's poorest countries.
- **FIP**, Federazione Italiana Pallacanestro, is an association established in 1921 with the aim of promoting, regulating and developing the sport of basketball in Italy.
- **Fondazione IEO-MONZINO**, is a foundation that exclusively and directly funds clinical and experimental research at the European Institute of Oncology and the Monzino Cardiology Centre.

- One of the most high-profile cultural events on Rome's social calendar, the annual **McKim Medal Gala** honors individuals whose work internationally, particularly in Italy and the United States, has contributed significantly to the arts and humanities. Proceeds from the evening support the programs of the American Academy in Rome and American, Italian, and international artists and scholars, providing them with important opportunities to pursue their individual studies, to participate in and contribute to international discourse in their fields and disciplines, and to gain experience that will be invaluable throughout their careers.

ASD Warriors Viadana

Lottomatica has been supporting the **Warriors Viadana** amateur sports association for years.
The association was established in 2014 with the aim of promoting sport, in particular Powerchair Hockey and Powerchair Football, for people with motor disabilities, and initiating projects to raise awareness, visibility and social inclusion.
With the association, the Group has embarked on a path of increasing awareness of disability and inclusion issues.

Salvamamme

In order to contribute with concrete actions to the fight against violence and gender discrimination, Lottomatica supports the **Salvamamme association** and the "**Valigia di Salvataggio**" project.
The association, which has been in the front line supporting fragile women and families for more than 20 years, with its "Valigia di salvataggio" initiative, wants to respond to the requests for help from women who are victims of violence or stalking, providing them with concrete support in the very first hours of leaving the house in which, often together with their children, they have been abused.
In January 2023, Lottomatica launched a two-pronged initiative: the first consisted of a fundraising campaign in favor of the Association, while the second involved volunteer days to carry out support, reception and distribution activities at the Roman headquarters of the Salvamamme Association.
The donations received, combined with the value of the days donated by colleagues and the contribution of Lottomatica, enabled Salvamamme to prepare 50 suitcases and rescue cases for women victims of violence and their children.

Solidarity collection for Turkey and Syria together with Salvamamme

Following the earthquake in Turkey and Syria on 5 and 6 February 2023, Lottomatica employees mobilized in favor of the population, collecting more than 280 kg of food and basic necessities, such as hygiene and baby products, and more than 1,300 winter clothes for adults, teenagers and children. The donations were handed over to the Salvamamme association, which took care of delivering the donations to the areas devastated by the earthquake.

Susan G. Komen Italia

Lottomatica and Fondazione Lottomatica are alongside the **Susan G. Komen Italia association**, a volunteer-based organization on the front line in the fight against breast cancer and the promotion of women's health protection.

Every year, the Group promotes the participation of its people in the Race for the Cure, the largest event for the fight against breast cancer in Italy and worldwide.

Food4People and Banco Alimentare

December 2023 saw the conclusion of the fourth edition of the "**Food4People**" project, through which Lottomatica Group promotes periodic **collections of foodstuffs** to be donated to charitable organizations. This year the collection was organized thanks to the collaboration of **Banco Alimentare**, the association whose purpose is to help alleviate the problem of hunger, marginalization and poverty, as well as to promote the fight against food waste, which delivered all donated goods to the KIM association.

Partnership with Rosso for blood donation

Lottomatica aims to make a contribution on the issue of blood donation through a collaboration with **Rosso**, a start-up that has the ambitious goal of eliminating the blood emergency in Italy by 2030.
During 2023, this partnership involved group employees in blood donation days, offering them the opportunity to donate blood directly at the company's premises.

University partnerships

Over the years, Lottomatica has strengthened its dialogue with the younger generation in order to understand their needs and integrate them into its business offers.
The main university partnerships have been entered into with:

Luiss Guido Carli and Luiss Business School

Lottomatica has been collaborating for years with **Luiss and Luiss Business School** to help undergraduates and graduates enter the world of work with internship opportunities. In May 2023, Lottomatica attended the Career Day promoting, together with the organizing University, the culture of sustainability in favor of environmental protection.

European University of Rome

Lottomatica started a partnership with the **European University of Rome** favoring in 2023 the admission of two trainees for the realisation of two theses on ESG issues and Diversity & Inclusion in the Group.

LUISS University and the 'Legality and Merit in Schools' project

In cooperation with the **LUISS Guido Carli University**, Lottomatica is the main partner of the "**Legality and Merit in Schools**" project.
The project, conceived by Vice-President Paola Severino of Luiss Guido Carli, was created with the aim of raising awareness among the new generations of the **values of legality and respect for rules**, through dialogue, listening and connection between university and high school students, in order to grow together. Thanks to the support of Lottomatica, **two scholarships** have been awarded for the academic year 2022-2023.

Bari Polytechnic and the promotion of STEM disciplines

In 2022, **Lottomatica Digital Solutions** was established in Bari, with the ambition of creating a technology hub in southern Italy focused entirely on software development.
To realize this project, Lottomatica signed a three-year cooperation agreement with the **Politecnico di Bari**. In 2023, Lottomatica held a recruiting day and participated in the Career Day on the Bari Campus.

International internships

Since 2021, Lottomatica has been working with the **American University of Rome**, **LUISS** and **LUISS Business School** on an internationalization project with the aim of promoting cultural contamination and the inclusion of young talents from different countries in the corporate context.

This in 2023 became a reality through the 'Invest Your Talent' project, a program promoted by the Ministry of Foreign Affairs and International Cooperation and LUISS (INVEST YOUR TALENT IN ITALY - The project at a glance (esteri.it). Since the start of the project in mid-2021, 20 young people have been involved in this initiative, **of which 6 in 2023 alone**, and are an integral part of the organization, bringing diversity and intercultural vision.

A CONSTANT DIALOGUE WITH INSTITUTIONS AND TRADE ASSOCIATIONS

Also in 2023, Lottomatica Group has confirmed its membership in **Confcommercio - Imprese per l'Italia**, the Italian General Confederation of Enterprises, Professional Activities and Self-Employed Work, is the largest business representation in Italy, associating more than 700,000 companies.

Lottomatica is also a member of **Unindustria**, the territorial association of the Confindustria system of Rome, Frosinone, Latina, Rieti and Viterbo. This choice aims at combining the opportunities of "networking" offered by the association with the Group's nature of digital and technological hub, and at consolidating dialogue and cooperation with the best entrepreneurial realities in Lazio, where the Group is strongly rooted.

The Group is also one of the founders of **AGIC** (Associazione Gioco e Intrattenimento in Concessione), a new association representing the main concessionaire companies in the public and regulated gaming sector in Italy. In addition to Lottomatica, it also includes International Game Technology (IGT), Sisal Italia and Snaitech, which together represent about 70% of the Italian legal gaming market and are present in Italy with over 6,600 employees and a total network of about 70,000 points of sale. The association is a member of the national **Confindustria (Confederation of Italian Industry)** and aims at guaranteeing a concrete and professional representation of the sector, enhancing actions and investments on legality, safety and responsibility towards consumers and the community, values that have always been at the core of the activities of the member companies and indispensable principles to build a solid and modern Italian gaming industry.

Lastly, the subsidiary GBO Italy S.p.A. is a member of the **World Lottery Association**, an international organization that for more than 20 years has represented the best companies operating in the gaming sector in over 80 countries around the world, and of the **ULIS** association (**United Lotteries for Integrity in Sport**), focused on promoting and protecting integrity in the world of sport.

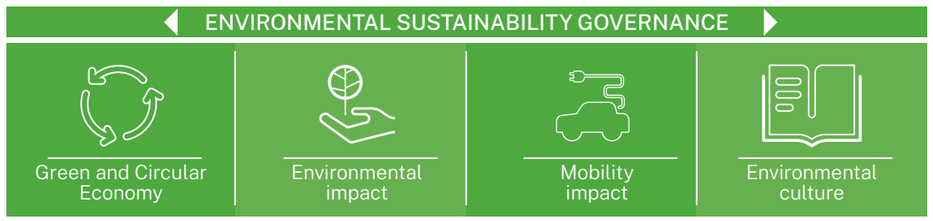
6.2 Lottomatica for the environment

GRI 3-3 | GRI 301-1 | GRI 301-2 | GRI 302-1 | GRI 302-2 | GRI 302-3 | GRI 302-4 | GRI 302-5 | GRI 303-1 | GRI 303-2 | GRI 303-3 | GRI 303-5 |GRI 305-1 | GRI 305-2 | GRI 305-3 | GRI 305-4 | GRI 305-5 | GRI 306-1 | GRI 306-2 | GRI 306-3 | GRI 306-4 | GRI 306-5

Environmental protection represents a strategic priority for the creation of sustainable value for the Group and its stakeholders, in the short and long term. For this reason, Lottomatica Group pursues impact mitigation objectives and promotes the adoption of virtuous behaviors by its partners and suppliers.

Lottomatica is committed to adopting rules of conduct and behavior capable of **combining the company's objectives of sustainable growth with respect for the natural environment**. Attention to encouraging virtuous conduct in terms of limiting **emissions, energy consumption** and the **use of natural resources**, as well as **waste management**, is in fact fundamental in the path undertaken by the Group, which places respect for the planet and the needs of future generations at the center.

Starting with the Group's material issues, in 2023, impact and intervention areas were identified that form the basis of the **Group Environmental Strategy**, nurtured and developed with the **direct involvement of stakeholders**.



Green and Circular Economy

Water consumption

Lottomatica aims at an efficient management of water both at its headquarters in Via degli Aldobrandeschi and in its offices and halls, with the intention of promoting a correct use that prevents and avoids waste.

Given Lottomatica's nature as a service provider, the Group only records water consumption for civil use at its offices and gaming halls, with no significant impact on water sources.

Lottomatica has taken concrete actions to reduce water consumption within its offices and halls. To this end, the installation of sink flow reducers inside the offices was completed in 2023 and all toilet flushing trays were maintained, with the aim of reducing water consumption of drains and sinks by at least 20%. Lottomatica's consumption of water resources measured with reference to 2023 is **219,042.53 cubic meters**. With reference to the Headquarters, in **2023 the per capita water consumption decreased by 6% compared to 2022**.

Water consumption in Aldobrandeschi	Unit	2022	2023
Total water consumption	mc	16,984	16,984
Total number of employees	N°	983	1,047

*Total water consumption for 2022 and 2023 is the same as the value is parameterized on the number of workstations and square meters occupied which remain unchanged, net of the increase in the number of employees.

Confirming its awareness of the importance for the territory of a resource as fundamental as water, Lottomatica continues to map and monitor its consumption in order to detect the amount of water withdrawn from areas with high water stress. In 2023, there was an increase in water consumption due to timely settlements for each of the Group companies, which led to less use of estimates on consumption not measurable through supplier invoices.

[GRI 303-3] Water withdrawal

Water withdrawals from water-stressed areas by sources	Unit	2022	2023
Surface waters		0	0
Groundwater		0	0
Seawater		0	0
Produced water		0	0
Third-party water resources*		67,521.72	219,042.53
of which:	mc		
Surface waters		0	0
Groundwater		67,521.72	219,042.53
Seawater		0	0
Produced water		0	0
Total water withdrawal		**67,521.72**	**219,042.53**
Total water withdrawal (Ml)	Ml	**67.52**	**219.04**

*Water withdrawn is totally supplied by public utilities, especially aqueducts.

Water withdrawals by sources	Unit	2022		2023	
		Fresh water (≤1,000 mg/l total dissolved solids)*	Other water types (>1,000 mg/l total dissolved solids)	Fresh water (≤1,000 mg/l total dissolved solids)*	Other water types (>1,000 mg/l total dissolved solids)
Surface waters	mc	0	0	0	0
Groundwater		0	0	0	0
Seawater		0	0	0	0
Produced water		0	0	0	0
Third-party water resources*		67,522	0	219,043	0
Total water withdrawal		**67,522**	**0**	**219,043**	**0**
Total water withdrawal (Ml)	Ml	**67.52**	**0.0**	**219.04**	**0.0**

*Water with a total dissolved solids concentration of 1,000 mg/l or less.

[GRI 303-5] Water consumption

Water consumption	Unit	2022	2023
Total water consumption in all areas	Ml	67.52	219.04

Paper consumption

OFFICE PAPER

Lottomatica embarked on an ambitious **digital transformation project** as early as 2022, which continued in 2023 with positive repercussions not only on the optimization of internal processes, but also on the mitigation of environmental impacts, particularly in relation to the consumption of paper for office activities: in fact, the Group has eliminated most of the paper used in internal operations, promoting greater operational efficiency and a significant saving of natural resources.

In particular, in 2023, through the use of the **GoSign platform**, software developed by the InfoCert Group, **more than 5,000 documents were uploaded and digitally signed**, which not only reduced the overall paper requirement, but also reduced the printing involved in the intermediate approval steps, which, through a digitized and no longer paper-based document exchange, also contributed to the reduction of paper use.

GoSign is today used both for internal procedures (Audit, Legal Affairs, HR, AFC, Business Legal,) and for contractual documentation towards the network (AWP, VLT and Betting). Furthermore, in continuity with what was already done in 2022, also in 2023 **all paper purchased for stationery use is 100% FSC recycled**. Likewise, preference is given to the use of refillable toners and colors with less environmental impact.

Finally, also in the sales outlets, digitalisation of information is favored for the realisation of communications to the network, through portals and digital walls. It is also specified that, for the realisation of paper materials dedicated to the sales network, so-called trade marketing, 100% FSC paper is, in most cases, used.

+29% RECYCLED PAPER COMPARED TO 2022

[GRI 301-1] Materials used by weight or volume [GRI 301-2] Recycled input materials used

Material	Unit	2022	2023
Renewable		**1,778.94**	**2,016.00**
*Paper**		1,778.94	2,016.00
of which: recycled	Kg	1,122.66	1,848.00
of which: non-recycled		656.28	168.00
Total		**1,778.94**	**2,016.00**
Percentage of recycled paper	%	63.11	91.67
Percentage of non-recycled paper		36.89	8.33

*Relative to the Aldobrandeschi HQ only.

THERMAL PAPER

Thermal paper, widely used all over the world for receipts in retail sales and not only, represents the most important consumable material within the sales points of the physical gaming network, with particular reference to the Betting network, made up of corners and agencies, since there is a specific regulatory obligation concerning the printing of gaming receipts. Lottomatica, aware of the importance of reducing this material which, due to its characteristics, has greater difficulty in being recycled, even though it is BPA free, has undertaken, starting from 2023, a project to **optimize the use of thermal paper for gaming receipts** in order to contain its use and avoid waste.

In particular, in order to reduce the consumption of thermal paper in 2023, a project was carried out to revise the contents of receipts, which resulted in a reduction of the average length of the ticket betting by approx. 3.2 cm with a consequent **saving of about 490 rolls of 60 m paper** and about **7 rolls of 250 m paper**.

Similarly, a consumption monitoring process was undertaken in order to optimize the management of the relevant shipments with a consequent reduction in the logistics costs associated with the procurement of materials at the points of sale with a consequent reduction in the consumption associated with the relevant transport (see Scope 3 reporting).

Store Excellence

Recognizing the strategic importance of the physical gaming distribution network, Lottomatica has been investing significant resources for years in the continuous improvement of points of sale, also with a view to environmental and social sustainability.
In this area, the Group has set up a Competence Centre of professionals (Store Excellence team) with specific know-how in retail and architectural design of modern points of sale with a particular focus on the gaming machine distribution network - VLT/AWP, Bingo and gaming agencies - throughout the country.
In-house architects develop projects for the construction of new halls and for the renovation of those already in play, following the most recent indications and best practices of the main environmental certifications in the retail sector, such as those indicated by LEED ID+C, to give just one example. The objective of the Store Excellence team's activities is to create modern gaming halls that enrich our customers' gaming experience while respecting the principles of environmental and social sustainability, using materials and suppliers with internationally recognized certifications such as CO_2 neutral, Certified Recycling Program, Green Guard, FSC, etc.
During 2023, 53 architectural projects were developed. Thanks to the use of textile flooring made from recycled plastics alone, it was possible to reduce the emission of 18 metric tonnes of carbon dioxide into the atmosphere, equivalent to the pollutant emission of a car travelling 74,257 km.

Waste Management

For Lottomatica, responsible waste management means **reducing its production, disposing of it in an appropriate and sustainable manner** and **promoting the use of recyclable** and **reusable resources**.

For this reason, this commitment is maintained through a **structured waste management and monitoring system**, including through procedures that are periodically updated, both within its own activities and in those contracted out to external organizations, and **employee communication and awareness-raising actions** aimed at reducing waste.

Lottomatica Group's offices and halls produce **almost exclusively urban waste,** which is adequately differentiated and disposed of for the most part by the public collection service, according to the criteria outlined by the municipality. The disposal of waste assimilable to urban waste that is not managed at municipal level and special waste (hazardous and non-hazardous) is entrusted to qualified companies, which guarantee the application of current regulations.

The tables below present a description of the amount of waste generated, recovered and disposed of by Lottomatica, with the relative breakdown by composition and type. The increase in waste generated in 2023 is mainly due to the enlargement of the company perimeter and the consequent increase in the number of employees.

[GRI 306-3] Waste generated [GRI 306-4] Waste diverted from disposal [GRI 306-5] Waste directed to disposal

Waste composition	Unit	2023		
		Waste generated*	Waste diverted from disposal	Waste directed to disposal
Electrical and electronic equipment	t	606.419	606.289	0.130
Batteries and accumulators		0.985	0.985	0
Gas		0.003	0.003	0
Paper and cardboard packaging		9.100	9.100	0
Plastic Packaging		0.960	0.960	0
Mixed Material Packaging		19.518	19.518	0
Printing inks		0.081	0.081	0
Ferrous materials		15.960	15.960	0
Waste from construction and demolition operations		16.285	16.125	0.160
Municipal waste		77.964	70.764	7.200
End-of-life vehicles		1.520	1.520	0
More		451.351	451.351	0
Total waste		**1,200.146**	**1,192.656**	**7.490**

Waste by type	Unit	2021	2022	2023
Total waste	t	**692.2**	**1,072.2**	**1,200**
of which hazardous		15.6	45.8	413.6
of which non-hazardous		676.6	1,026.4	786.5

*In 2023, the amount of waste generated increased compared to 2022, however, waste generated per capita decreased by 7.5%.

Total weight of hazardous waste recovered	Unit	2023	
		On site	Off-site
Preparation for re-use	t	0.0	0.0
Recycling		0.0	0.0
Other recovery operations		0.0	413.3
Total		**0.0**	**413.3**
Total hazardous waste recovered		**413.3**	

Total weight of non-hazardous waste recovered	Unit	2023	
		On site	Off-site
Preparation for re-use	t	0.0	0.0
Recycling		0.0	3.2
Other recovery operations		0.0	776.2
Total		**0.0**	**779.3**
Total hazardous waste recovered		**779.3**	

Total weight of hazardous waste disposed of	Unit	2023	
		On site	Off-site
Disposal in landfill	t	0.0	0.0
Incinerated		0.0	0.0
Other type of disposal		0.0	0.3
Total		**0.0**	**0.3**
Total hazardous waste disposed		**0.3**	

Total weight of non-hazardous waste disposed of	Unit	2023	
		On site	Off-site
Disposal in landfill	t	0.0	0.0
Incinerated		0.0	0.0
Other type of disposal		0.0	7.2
Total		**0.0**	**7.2**
Total hazardous waste disposed		**7.2**	

Results and targets

→ **In 2024** Lottomatica will start a monitoring system on a monthly basis regarding the quantity and type of municipal waste produced within the headquarters, with the aim of being able to take educational and corrective actions with respect to the correct disposal of waste within the ecological islands that will be set up on all floors of the Via Aldobrandeschi headquarters.

Repair Lab

In order to promote proper management of the operation, ordinary and extraordinary maintenance of technological systems, as well as to lengthen the life cycle of the products themselves with a view to reducing their environmental impact, Lottomatica, as of 2021, has adopted a **specific Operating Instruction for controlling the waste cycle**. This instruction, in force for the Group's main companies (Gamenet S.p.A., GBO S.p.A. and Lottomatica Videolot Rete S.p.A.), guarantees that activities are carried out in full compliance with the environmental policy and in compliance with the regulations in force and with the objectives of: quality, health and safety at work, energy, the environment, and company productivity.

Through its in-house **Repair Lab**, with 5 dedicated resources, the Group engages daily in the repair, maintenance and disposal of all the company's electronic assets.

After processing, the Repair Lab assesses according to ISO 14001-certified company procedures whether the material can be repaired, reused or scrapped. As can be seen from the figures in the table, **almost 11,000 different electronic assets were processed in 2023, with more than 8,000 of these being revalued**.

TOTAL 2023

Month	Processed	of which Repaired	of which Broken
Jan-23	1,140	944	196
Feb-23	1,053	933	120
Mar-23	631	495	136
Apr-23	794	649	145
May-23	881	578	303
Jun-23	774	607	167
Jul-23	1,106	832	274
Aug-23	714	485	229
Set-23	790	573	217
Oct-23	886	553	333
Nov-23	867	655	212
Dec-23	1,362	1,183	179
TOTAL	**10,998**	**8,487**	**2,511**

Internal data processing Repair Lab 2023

The same procedures are also in use at the Logistics Hub in Pomezia, Lottomatica's local unit, where incoming and outgoing Videolottery materials are tested and reconditioned on a daily basis.
In 2023, more than approximately 2,500 VLTs for both dealers (GMT, LVR) transited (entries/exits) at the Logistics Hub in Pomezia.
Attention to the life cycle of electronic assets is also extended to devices assigned to headquarters staff, such as **PCs and mobile phones**, for which a **special redemption procedure** is in place to allow employees to redeem the asset for uses other than office use. Lottomatica also undertakes to donate to third sector organizations the equipment that has been decommissioned and not redeemed by employees, again with the ultimate aim of enabling the most exhaustive use of IT assets, extending their average life.

Environmental Impact

Reducing energy consumption and emissions

As early as 2022, Lottomatica adopted a **GHG Emission Reduction Plan** that defines measures to reduce energy consumption and CO2 emissions. In addition to this reduction plan, further in-depth studies were conducted in 2023, with particular reference to so-called Scope 3 emissions, in order to be able to prepare a Carbon Strategy with quantitatively defined targets by 2024.

Energy efficiency in offices and halls

The objective of energy efficiency is pursued in every renovation carried out at the Group's headquarters, other offices or points of sale (see section store excellence) and gaming halls. The **efficiency measures** carried out by the Group over the years are part of this direction.

There is a modern trigeneration plant at the headquarters, which allows the production of more than 50% of the electricity needed for the entire district's needs. In addition, renewable energy is produced through photovoltaic panels, which cover 2.3% of total consumption.

Results and targets

✓ **In 2023**, interventions mainly concerned:

- **the supply of energy generated 100% from renewable sources for directly operated halls**, which has meant that 90% of PODs have switched to using renewable energy;
- the replacement of fluorescent lamps with LED luminaires in the corridors of the main office was completed;
- the temperature drop/rise of 2°C in the buildings during the winter/summer periods was maintained;
- the purchase of certified carbon neutral flooring from Interface for gaming halls;
- app-enabled and time-sensitive Wall Display Hall energy-saving options were implemented;
- voluntary energy diagnosis carried out for headquarters and Billions hall in Rome.

→ **For 2024**, further energy efficiency measures are planned, which include:

- the implementation of an electricity and energy consumption monitoring system in the head office;
- evaluating the extension of energy audits to other Group companies;
- the extension to the new office spaces of the replacement of fluorescent lamps with LED light fittings in the corridors of the main building.

Energy consumption of Group companies

Electricity consumptions in offices, gaming halls and sales outlets represent the main sources of direct and indirect consumption, the values of which have been aggregated in the following table, calculated in GJ. The reduction in the consumption of natural gas for motor vehicles confirms the excellent work done by the Group in terms of reducing the environmental impact of the corporate fleet. Furthermore, the Group has significantly increased **the supply of energy from renewable sources**, with a percentage change of 160% compared to 2022.

The expansion of the company perimeter and the consequent increase in terms of personnel (from 1,600 to about 2,000) led to an increase in the Group's energy consumption in 2023 compared to 2022.

[GRI 302-1] ENERGY CONSUMPTION WITHIN THE ORGANIZATION

Total fuel consumption

Direct consumption	Unit	2021	2022	2023
Total	GJ	**61,877.35**	**68,968.73**	**81,716.42**
Natural gas for heating		46,024.42	42,867.32	49,778.38
Natural gas for motor vehicles		901.97	1,529.32	710.25
Diesel fuel for motor vehicles		13,952.33	22,146.99	26,032.66
Petrol for motor vehicles*		997.89	2,386.74	5,195.12
LPG for motor vehicles		0.74	38.36	0.00

*In 2023, petrol consumption increased due to the rising cost of natural gas.

Indirect consumption	Unit	2021	2022	2023
Purchased electricity	GJ	**60,751.63**	**91,700.05**	**91,480.44**
from renewable sources		0,00	28,659.88	74,612.13
from non-renewable sources		60,751.63	63,040.17	16,868.30

Total energy consumption	Unit	2021	2022	2023
Consumption from renewable sources	GJ	0.00	28,659.88	74,612.13
Consumption from non-renewable sources		122,628.98	132,008.90	98,584.72
Total energy consumption		**122,628.98**	**160,668.78**	**173,196.85**

[GRI 302-2] Energy consumption outside of the organization*

Energy Consumption outside the organization	Unit	2023
Energy consumption	GJ	**172,405.22**

*As part of the organization's external energy consumption, we report consumption related to GHG Protocol Category 13 "Downstream leased assets" (AWP, VLT and betting machines).

[GRI 302-3] Energy intensity*

Energy intensity	Unit	2021	2022	2023**
Total employees	N°	1,189	1,597	1,924
Total energy consumption	GJ	122,629	160,669	173,197
Energy intensity ratio	N°/GJ	**103.14**	**100.61**	**90.02**

*Energy intensity calculation is based exclusively on the organization's internal energy consumption (GRI 302-1).
**In 2023, total energy consumption increased compared to 2022, however, per capita energy consumption decreased by 10.5 per cent.

Direct and indirect emissions

In order to measure the positive effects of its commitment to environmental protection, Lottomatica considers it very important to **quantify the direct and indirect emissions produced along the entire value chain**. In particular, reported emissions have been classified into the following types:

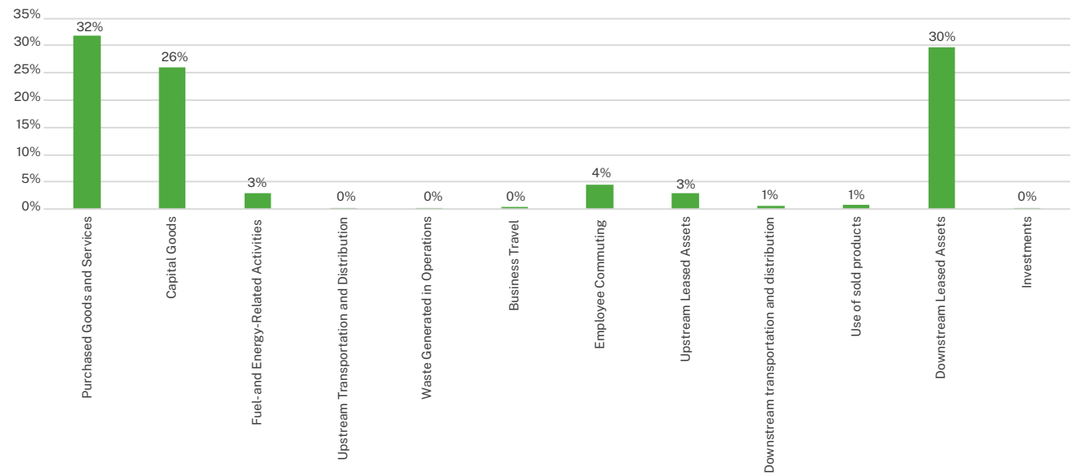
- **Direct Scope 1 emissions** from fuel consumption for the company car fleet and gas used to heat the halls and offices;
- **Indirect Scope 2 emissions** from the use of purchased electricity for its own halls and offices;
- **Scope 3 indirect emissions**, including all other indirect emissions related to the company's business that do not fall under Scope 1 and 2. The values of emissions produced by Lottomatica during 2023 are expressed in tonnes of CO_2 equivalent (tCO2e) and the calculation of the same has been carried out taking into consideration various emission factors, specified in the notes.

Scope 3 emissions

Aware of the need to account for emissions along its value chain, Lottomatica has structured a disclosure and monitoring system for its Scope 3 emissions, in line with the GHG Protocol with reference to 12 categories, as of 2023.

In particular, Lottomatica has embarked on a strategic and structured path to manage climate issues, in compliance with sustainability regulations and with reference to the highest international standards.

In 2023, in fact, a process of gradual **analysis of Scope 1, 2 and 3 emission mitigation levers** for the Group was started, aiming at the definition of precise impact reduction targets within a decarbonization strategy.



[GRI 305-1] Direct (Scope 1) GHG emissions

Fuel emissions from non-renewable sources	Unit	2021	2022	2023
Natural gas for heating*	tCO_2e	2,586.84	2,410.61	2,805
Natural gas for motor vehicles**		42.67	73.87	40
Diesel fuel for motor vehicles***		975.38	1,566.71	1,838
Petrol for motor vehicles****		69.55	160.66	338
LPG for motor vehicles*****		0.05	2.46	0.07
Total		**3,674.49**	**4,214.31**	**5,020.01**

*The emissions resulting from the consumption of natural gas are calculated based on the values communicated by the suppliers, multiplied by the emission factor of 1.991 tCo_2 eq/1000scm published by the Higher Institute for Environmental Protection and Research (ISPRA) in 2023.
**The emissions resulting from the consumption of natural gas are calculated based on the values communicated by the suppliers, multiplied by the emission factor of 2.03839 $kgCo_2$ eq/t published by Defra in 2023.
***The values reported on the internal fuel sheets were multiplied by the emission factor of 2.51206 $kgCo_2$ eq/t published by Defra in 2023.
****The values reported on the internal fuel sheets were multiplied by the emission factor of 2.09747 $kgCo_2$ eq/t published by Defra in 2023.

[GRI 305-2] Energy indirect (Scope 2) GHG emissions

Scope 2 emissions (Market Based)	Unit	2021	2022	2023
Electricity*	tCO_2e	**0**	**8,005.23**	**2,142**

* The emissions generated by the consumption of electricity, the data of which are communicated by suppliers, were calculated according to the two calculation methods of the GRI Sustainability Reporting Standards:

- for the Market-Based methodology, by multiplying the consumption values of non-renewable energy by the emission factor 457.15 g CO_2 eq/kWh (AIB 2023);
- for the Location-Based methodology, by multiplying the values of renewable and non-renewable energy consumption by the emission factor 308.9 gCO_2 eq/kWh, entered in the database of the Istituto Superiore per la Protezione e la Ricerca Ambientale (ISPRA) 2023. Applying the Location-Based methodology, the total Scope 2 Group emissions in 2021 are 4,384.24 tCO_2e e, in 2022 6,635.52 tCO_2 e and in 2023 7,849.53 tCO_2e.

[GRI 305-3] Other indirect (Scope 3) GHG emissions*

Emissioni Scope 3	Unit	2023
Total Scope 3 Emissions	tCO_2e	**49,807**
Category 1 - Purchased Goods and Services		15,795
Category 2 - Capital Goods		12,979
Category 3 - Fuel- and Energy-Related Activities		1,502
Category 4 - Upstream Transportation and Distribution		12
Category 5 - Waste Generated in Operations		25
Category 6 - Business Travel		217
Category 7 - Employee Commuting		2,203
Category 8 - Upstream Leased Assets		1,506
Category 9 - Downstream transportation and distribution		355
Category 11 - Use of sold products		415
Category 13 - Downstream Leased Assets		14,793
Category 15 - Investments		5

* The calculation of Scope 3 emissions followed the guidelines of the GHG Protocol (Scope 3 Calculation Guidance | GHG Protocol). For more information on the methodologies used for each category reported by Lottomatica Group, please refer to the Methodology Note.

[GRI 305-4] GHG emissions intensity

GHG emission intensity*	Unit	2021	2022	2023
Total GHG emissions Scope 1	tCO_2e	3,674	4,214	5,020
Total GHG emissions Scope 2 (Market Based)		0	8,005	2,142
Total number of employees	N°	1,189	1,597	1,924
Intensity of direct and indirect emissions GHG Scope 1 and Scope 2	$tCO_2e/N°$	**3.09**	**7.65**	**3.72**
Total GHG emissions Scope 1	tCO_2e	3,674	4,214	5,020
Total GHG emissions Scope 2 (Market Based)		0	8,005	2,142
Total GHG emissions Scope 3*		106	65	49,807
Total number of employees	N°	1,189	1,597	1,924
Intensity of GHG emission Scope 1, Scope 2 and Scope 3	tCO2e/N°	**3.18**	**7.69**	**29.61**

*To calculate the emission intensity of Lottomatica Group, the number of employees as of December 31, of the three-year period was used as the denominator.
**With regard to Scope 3 emissions, it should be noted that for 2021 and 2022, emissions referring only to Category 7 "Employee commuting" were included, as per the GHG Protocol.

[GRI 305-5] Reduction of GHG emissions

Initiatives implemented	Unit	2023 Scope 2
Supply from renewable energy sources*	tCO2e	5,863
Replacing LED lamps**		3

* The initiative concerns the supply from renewable energy certified as guarantee of origin.
** The initiative concerns the replacement of 355 LED lamps at the HQ Aldobrandeschi, started in September 2023 and completed in October 2023.

Green Procurement

The Group is strongly committed to **promoting environmental protection along the entire value chain, starting** from the reduction of environmental impacts generated by its operations, carried out directly or through suppliers and partners, and has adopted, as of 2022, a specific **Green Procurement Policy** that guides the choice of environmentally virtuous suppliers and that in 2023, achieved important results by extending the use of the Synesgy platform (CRIF group and GRI member) to more than 80% of suppliers in the Supplier Register, enabling the collection and management of information on the sustainability of companies that collaborate with Group companies through self-assessment.

The use of the Synesgy platform also raises the level of awareness of partner companies who, by undergoing the self-assessment, obtain an annual assessment of their level of sustainability by obtaining a report that summarizes the assessment also with respect to the reference sector, and the issuance of a certificate that allows them to accredit their level of sustainability also with respect to credit institutions and other business partners.

Results and targets

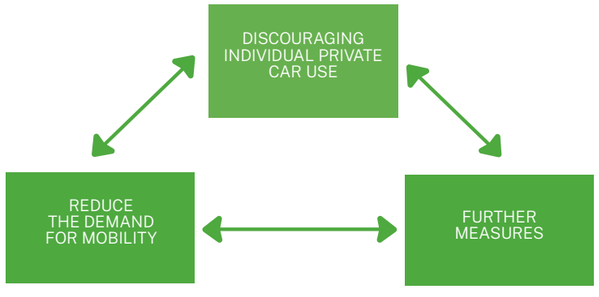
- ✓ **In 2023**, more than 80% of Lottomatica Group's suppliers accredited their ESG activities on the Synesgy platform.
- → **In 2024**, Lottomatica intends to keep the share of accredited suppliers on the Sinesgy platform above 80 per cent.

Mobility Impact

Employee mobility

Employee travel in the context of company activities can have multiple **impacts on the environment and the well-being of people** working for the Group.

In this regard, following a survey dedicated to analyzing staff travel patterns, with particular attention to distances, travel times and main means of transport, in 2023 the Group **defined a Home-Work Travel Plan** containing **three lines of action** to optimize employee travel and its impact.



Discouraging individual private car use

In order to encourage more sustainable **forms of collective home-work mobility**, characterized by lower atmospheric emissions, the Group's employees have at their disposal a company shuttle service that encourages, among other things, the use of **local public transport**, linking the head office with the railway station and the nearest metro stops.

In 2023, the in-house development of a **company car pooling** application called 'Let's Take My Car' (LTMCar) was launched in 2024 to promote the sharing of home-work commuting routes and expenses with colleagues who live in neighboring areas and have compatible working hours.
The possible extension of the coverage area of the main **car sharing** platforms in the territory is also being studied.

Reducing the demand for mobility

The Group proposes, for all companies, the possibility of agile working, so called "**smartworking**", for employees who perform a task compatible with performance outside the company premises up to a maximum of **two days** a week and with specific possibilities of derogation from the general rules laid down in the policy for some particular categories such as new parents, frail workers, shift workers and any other individual cases.[34]

34) For further details, see section 5.4 'People Development and Skills Enhancement'.

Further Measures

The Group's interest in promoting increasingly environmentally friendly lifestyles is also evidenced by the partnership entered into in 2023 with **E-GAP** to enable all employees to recharge their electric vehicles on the move and at a reduced rate. With the aim of providing an even more convenient and smart service, as of 1 February 2023, employees have been able to recharge their electric or hybrid cars, bicycles or scooters free of charge, via an E-GAP mini-van, at the Rome headquarters.

Finally, the Group periodically **renews the company car fleet**, replacing cars with **more modern and environmentally friendly ones**.

Sales Network and Logistics

Lottomatica is a territorial company, widely distributed within regions and municipalities through its own direct and indirect sales network to which activities are carried out in support of gaming collection: from the training and information of merchants, to the supply of gaming equipment, its maintenance, up to the supply of marketing materials and accessory equipment such as monitors, OCR readers, etc.

In the management of logistics, to and from the HUBs in its territory, Lottomatica has launched, as early as 2023, a travel monitoring system aimed at greater optimization of movements through the application of artificial intelligence systems capable of scheduling maintenance work as well as the supply of materials with the ultimate aim of reducing the related movements.

Environmental Culture

The integrated approach to environmental protection

The Group's approach to environmental protection is formalized in the **Environmental Sustainability Policy**, adopted as early as 2022. This Policy sets out the **general principles** and **commitment guidelines** that the company intends to respect in order to achieve its **environmental sustainability goals**.

Lottomatica's Environmental Sustainability Policy

General principles

- **Prevention and reduction of impacts on the environment**, basing company activities on criteria aimed at preventing pollution, reducing environmental impacts (also through the dematerialisation of processes, products and services) and safeguarding the health and safety of the people involved, defining specific environmental objectives and improvement programs.
- **Promotion of environmental culture**, through environmental awareness and training activities within the organization, pursuing a growing diffusion of ecological awareness and sense of responsibility

Objectives

- **Monitoring and optimising energy consumption** by increasing investments in energy efficiency solutions, such as the use of energy-efficient electronic appliances.
- **Reducing GHG emissions.**
- **Minimising the use of natural resources** in particular by trying to reduce the use of water.
- **Reduction of environmental impacts**, through the analysis of environmental risks and through the reduction of waste produced (including plastic).
- **Participation in recycling programs and responsible waste management.**
- **Reduction in paper consumption** through the dematerialisation of documents.
- **Adoption of technologies** with a lower environmental impact.
- **Use of renewable energy sources** with a commitment to procurement.
- **Conscious and consistent action** towards all stakeholders.
- **Sensitisation of all personnel to environmental issues**, also through their involvement in dedicated projects and initiatives.

In order to achieve these goals, Lottomatica has adopted a certified **Environmental Management System** as early as 2022 and extended to other Group companies in 2023 in accordance with **ISO 14001:2015**.

ISO 14001

The Environmental Management System, aligned with the most widespread international standards and based on the **principle of risk management and prevention**, allows the Company to systematically integrate functional tools for **monitoring environmental performance**, minimizing the risk of sanctions for non-compliance and reducing environmental liabilities.

In 2024, an assessment will also be started with respect to the possible achievement of the SGE ISO-50001 international standard that contributes to a more appropriate management of the energy used for business processes, promoting its conscious, waste-free use.

The tools of the Environmental Management System

Lottomatica's Environmental Sustainability Policy

Identification of risks of environmental violations related to the company's activities and organizational areas.

Analysis of suppliers and partners on the basis of different environmental parameters.

Evaluation of the identified risks in terms of impact and likelihood through specific metrics and assessment of the adequacy of the mitigation and remediation measures adopted with reference to the identified risks, with a specific focus on climate change.

Carrying out inspections in areas identified as most at risk.

Definition of prevention and mitigation action plans, also shared with suppliers and partners, which may include activities to extend, review and strengthen company procedures and controls and specific training and awareness-raising actions on environmental protection.

ISO 14001 certification was awarded in the second half of 2022 to the system for **monitoring the environmental resources** used in the management of the main offices of the companies Lottomatica S.p.A., GBO Italy S.p.A., Lottomatica Videolot Rete S.p.A. and Gamenet S.p.A.. It was also extended to the Jolly Group in 2023 to cover **70% of the Group's operations** at constant perimeter. The recognition attests to Lottomatica's commitment to activating continuous business improvement processes in a logic of respect for the environment and represents a strategic asset for the company's future management choices.

In line with the certification requirements, the system is subject to **continuous monitoring through annual internal and third-party audits**, carried out by specially appointed bodies. With reference to the EMS system and certification, moreover, in 2023 Lottomatica provided for adequate communication both inside and outside the company and continued **training activities on the necessary resources**, equal to 100% of the employees most involved.

Awareness-raising

The focus on the circular economy is also pursued through awareness-raising and information activities that aim to create greater awareness of the benefits of proper management of goods and resources.

Become Green

In the framework of the Become project, launched by the HR management to enhance and communicate internally Lottomatica's innovative identity through concrete projects and actions, **Become Green** is the internal awareness campaign active since 2020, created to encourage more responsible and environmentally friendly behavior, encourage the elimination of single-use plastic and achieve zero waste, maximizing separate waste collection and encouraging the use of renewable energy.

Moreover, in line with the Group's vision, Lottomatica promotes environmental sustainability and conscious consumption, also through the publication on the company intranet of articles and pills on green and sustainability issues. Among the initiatives in this sense is the launch, in 2023, of the anti-waste food diary: a quick and easy way to understand how much food to buy in relation to one's actual need.

This also includes the continuation of the anti-waste plan at the company canteen, which was started last year in order to use surplus food in a functional way.

Results and targets

→ **For 2024**, Lottomatica intends to strengthen its information strongholds through the creation of content to be conveyed to the entire corporate population and to the network of directly managed points of sale.

6.3 Responsible supply chain management

GRI 3-3 | GRI 2-6 | GRI 2-23 | GRI 2-24 | GRI 204-1 | GRI 308-1 |GRI 308-2 | GRI 414-1

Lottomatica integrates technical and economic criteria with environmental and social factors in the selection, evaluation and management of suppliers and business partners, ensuring sustainability and respect for human rights within the supply chain.

Lottomatica's supply chain is considered of **fundamental importance for the proper performance** of the Group's activities. For this reason, and as also indicated in its Code of Ethics, the Group establishes relations with its partners **based on loyalty, fairness, transparency, efficiency and respect for the law**, carrying out all the in-depth analyses necessary to evaluate the products and services it purchases, also considering their specific sustainability characteristics.

The Group's commitment in this area is demonstrated by the confirmation of the material topic "**Responsible Supply Chain and Network Management**" within the 2023 Materiality Matrix, as well as the adoption of specific **internal policies and processes** aimed at ensuring **sustainable procurement**.

€143 mln

EXPENDITURE ON SUPPLIERS IN 2023

With a total expenditure of over Euro 143 million in 2023, Lottomatica operates an extensive and diversified network of suppliers and business partners, operating both domestically (87% of the total) and in various countries around the world.

[GRI 204-1] Proportion of expenditure on local suppliers*.

Proportion of expenditure on local suppliers	Unit	2021	2022	2023
Total procurement budget**	Euro	84,201,598	205,759,984	164,274,400
Procurement budget used for local suppliers		69,000,000	170,000,000	143,231,826
Percentage of the procurement budget used for local suppliers	%	**82**	**83**	**87**
of which in Europe	%	82	92	92
of which in Italy		80	82	87
of which abroad		18	8	8

*Local refers to the European geographical perimeter within which the supplier is based.
**The procurement budget refers to the significant operating sites, by which is meant the perimeter of the organization's offices currently present and coinciding with the Italian territory.

Lottomatica's commercial network

Venue and point-of-sale operators represent key business partners for Lottomatica, which has a widespread presence throughout the country with **17,300 points of sale** and distribution agreements with a large number of bars and tobacconists.

The physical sales network for games and services is a strategic asset for the Group, which at the same time requires **continuous monitoring to ensure compliance with the highest standards in terms of reliability and quality**.

Training and education

Lottomatica constantly communicates the Group's strategy and its focus on **consumer protection**, providing information material (guidelines, operating instructions and protocols to be followed) and training sessions to dealers and managers of halls and points of sale.

Exchange of know-how

As the main channel with the territory, commercial partners are able to intercept the needs of players, **developing virtuous processes of innovation**. This information can be acquired by the Group in order to respond to customers' needs and share best practices with the network, Lottomatica on the other hand, supports partners in creating a comfortable gaming environment within the halls and points of sale, providing technical and commercial assistance.

Verification of compliance with guidelines

In the course of their activities, partners are exposed to various risks and must therefore ensure scrupulous attention to the **security of customer data, the fight against underage gaming and the traceability of amounts**. In order to monitor the performance of business partners and minimise risks, Lottomatica periodically carries out **visits and controls at its entire network of physical points of sale**. The results of the controls must subsequently be communicated to the competent authority.

The criteria for selecting and evaluating suppliers

Lottomatica pursues the objective of being a **virtuous "ringleader"** capable of guiding the development of a value chain marked by sustainability, committing itself to include in its commercial network only **partners that comply with the highest standards of reliability**. Partners and suppliers are, therefore, identified and selected in accordance with the principles and **objectives of value creation shared by the Group**.

[GRI 308-2] Negative environmental impacts in the supply chain and measures taken

Negative environmental impacts in the supply chain	Unit	2022	2023
Total number of suppliers assessed for environmental impacts	N°	189	166
Total number of suppliers identified as having significant potential and actual negative environmental impacts		75	48
Percentage of suppliers identified as having significant potential and actual negative environmental impacts with whom improvements have been agreed upon as a result of the assessment*	%	**100**	**100**
Percentage of suppliers identified as having significant potential and actual negative environmental impacts with whom relationships were terminated following the assessment		**0**	**0**

*In the logic of using suppliers that share the principles and criteria adopted by Lottomatica Group, especially with regard to ESG aspects, by way of example but not limited to, suppliers that do not make any kind of investment to reduce energy consumption, or favor the use of energy from renewable sources, or do not monitor their emissions, are assessed with a negative impact on the Group's supply chain.

By virtue of its Quality Control System, Lottomatica regulates relations with its suppliers through the **Suppliers' Register**, which allows suppliers to be accredited and qualified in a digitalized manner, verifying their compliance with the Group's requirements and their compliance with current regulations.
Specifically, to be qualified in the **Supplier Register**, potential suppliers must submit and sign the following documents:

- CCIAA (Chamber of Commerce, Industry, Crafts and Agriculture) registration certificate;
- DURC (Documento Unico di Regolarità Contributiva) and DURF (Documento Unico di Regolarità Fiscale);
- general conditions of purchase;
- anti-mafia declaration and Legislative Decree 81/2008 declaration;
- identity document of the legal representative;
- personal data processing notice;
- last available budget;
- declaration of acceptance of Lottomatica's Code of Ethics;
- declaration of acceptance of and compliance with the Lottomatica Supplier Code of Conduct
- declaration to take note of it and to behave in line with the Sustainability Policy in relations with Lottomatica Group;
- declaration to take note of it and to behave in line with the Anti-bribery & Corruption Policy and Guidelines in dealing with Lottomatica Group.

As a complement to the Group's Suppliers' Register, an **E-procurement portal** was introduced in 2020, aimed at guaranteeing **better operational efficiency, transparency and traceability of the entire purchasing process**, the rationalization of the resources used and a greater guarantee of compliance with the organizational models adopted by Legislative Decree 231/01.

The portal, in compliance with Legislative Decree 36/2023 (Public Administration Procurement Code), has improved the quality of the entire purchasing process through the use of web-based digital platforms.

Moreover, as of 2022, Lottomatica Group has adopted a specific **Supplier Code of Conduct** and a **Green Procurement Policy**, in order to promote supply chain management that is even more attentive to social, environmental and governance criteria, in line with the company's Sustainability Plan.

The Supplier Code of Conduct

The Code of Conduct for Suppliers describes Lottomatica's minimum and essential expectations when deciding to enter into a cooperation relationship or to prolong an existing one with suppliers, their parent companies, subsidiaries, affiliates, subcontractors and other entities that are part of their supply chain.

The expectations set out in the Code supplement the specific contractual conditions and go beyond the protective instruments such as the Code of Ethics, the Organization, Management and Control Model pursuant to Legislative Decree 231/01 and the Anti-Corruption Policy.

Each supplier guarantees, under its full and sole responsibility, that all its employees, representatives and subcontractors fully understand and comply with these guidelines.

In addition, the Group's suppliers, in addition to complying with all applicable laws and complying with international environmental, social and governance standards, must adhere to the principles described in the Code of Conduct below. In the event of non-compliance with the latter, Lottomatica shall promptly terminate the existing relationship with the supplier.

THE PRINCIPLES OF THE SUPPLIER CODE OF CONDUCT

Professional ethics and regulatory compliance

All Lottomatica's suppliers must conduct their activities and manage business interactions with integrity, strictly complying with all rules and regulations on corruption, active or passive, money laundering, financing of terrorist activities and prohibited business practices.

Diversity and inclusion

Lottomatica's suppliers must guarantee equal contractual opportunities.

Compliance with anti-corruption regulations

The Group's suppliers represent and warrant that they comply, directly and through their officers, directors, employees or agents, with all global anti-corruption regulations.

Human rights and working conditions

Lottomatica expects its Suppliers to share the commitment aimed at promoting and respecting human rights and guaranteeing the principle of equal opportunities in the workplace.

Regulations and environmental protection

Lottomatica's suppliers must comply with all applicable environmental laws, regulations and standards, as well as implement an effective system for identifying and eliminating potential environmental risks.

Health and safety

Group's suppliers must ensure safe, suitable and hygienic work facilities and resources for their employees, adopting health and safety policies and procedures consistent with all national, international and industry laws and regulations.

Confidential and protected personal information

Lottomatica's suppliers must guarantee the protection of all sensitive information, including confidential and protected personal information, which may only be used for professional reasons.

The Green Procurement Policy

The Green Procurement Policy, which is part of the Environmental Sustainability Policy, aims to regulate the supplier selection process and aims to favor those who, for the same goods and/or service provision, have **a lower environmental impact**.

Specifically, the competitive supplier selection process includes a reward system based on two key elements:

- **compliance with environmental assessment** criteria (compliance with environmental regulations, implementation of processes with a focus on energy efficiency, use of recyclable or compostable products);
- **possession of certified environmental management systems** (EMAS, ISO 14001, etc.) proving the suppliers' capabilities.

With this in mind, Lottomatica takes on the role of supply chain leader, analyzing and monitoring the environmental performance of its registered suppliers through the international SynESGY platform, which is able to calculate an **ESG score for each of the Group's suppliers with** respect to five macro-areas: economic, social, environmental, governance and sector.
While favoring suppliers with a positive score, the Group encourages the improvement of business partners with a sub-optimal ESG score, through remediation activities aimed at identifying the causes of non-performance and critical areas.
As of December 31, 2023, **41% of the** Group's suppliers held **ISO 14001** environmental certification.

H EAD OF THE SUPPLY CHAIN		SUPPLIER
Evaluate the corporate sustainability of the supply chain through a constantly updated survey system	01	Perform a **self-assessment** to assess its own sustainability level
Accredit the supply chain on the market rendering it more appealing to credit institutions and investors	02	Obtain the **Synesgy certificate** to be posted on its website and social media channels
Prevent operational and reputational risks and better manage its supplier register	03	Have a **single ESG qualification process available for all leading supply chain companies** that request it
Ensure transparency in the assessment of the supply chain's production process, thanks to **dashboards** and **scores**	04	**Gain visibility** and let its business partners know about its commitment to these issues

Synesgy
The sustainability network.

In 2023, **the percentage of suppliers assessed according to environmental and social criteria is approximately 82%.**

[GRI 308-1] New suppliers assessed using environmental criteria

Number of new suppliers	Unit	2022	2023
Suppliers evaluated using environmental criteria	N°	189	166
Total suppliers		240	203
Percentage of suppliers assessed by environmental criteria	%	**78.8**	**81.8**

[GRI 414-1] New suppliers assessed using social criteria

Number of new suppliers	Unit	2022	2023
Suppliers assessed by social criteria	N°	189	166
Total suppliers		240	203
Percentage of suppliers assessed by social criteria	%	**78.8**	**81.8**

7. Consolidated Non-Financial Statements

7.1 Methodological note

Objectives of the document

The Consolidated Non-Financial Statement (hereafter NFS), approved by the Board of Directors of Lottomatica Group S.p.A. on 28 February 2024, was drafted in accordance with the three fundamental strategic pillars of the Group's Sustainability Plan (Responsibility, People and Community and Environment) and plays a pivotal role in communicating and documenting the commitment made to the creation of sustainable and lasting value for stakeholders.

Regulations and reference standards for drafting the document

The NFS refers to the period between January 1, and December 31, 2023 and is prepared in accordance with the provisions of Legislative Decree No. 254 of December 30, 2016. Specifically, in line with the requirements of Article 3 of Legislative Decree 254/2016, this document has been prepared to the extent necessary to ensure an understanding of the Group's business, its performance, its results and the impact produced by it. In this regard, the NFS reports information on environmental, social, personnel-related, respect for human rights and the fight against active and passive corruption, relevant for Lottomatica Group, in order to transparently communicate performance in the ESG area to its stakeholders.

The NFS was also prepared in line with the principles set out by the GRI Sustainability Reporting Standards (hereinafter also referred to as the 'GRI Standards'), published by the Global Reporting Initiative in 2021, in line with the 'in accordance with' reporting option. The adoption of the GRI Standards requires consideration of the following reporting principles to ensure the quality of the information reported: completeness, sustainability context, balance, comparability, accuracy, timeliness, clarity and verifiability. The indicators presented are reported for the three-year period 2021-2023 and accompanied by a comment on their trend so as to allow for comparison and comparability of Lottomatica's performance over time.[35] Events and facts occurring after December 31, 2023 have also been described in the document as they are considered significant for the evaluation of the Group's performance and to represent prospective sustainability strategies. All GRI Standards indicators reported are shown in the GRI Content Index of this section starting on page 156.

The document represents Lottomatica Group's sustainability performance in a balanced manner through the presentation of reliable data, the choice of clear, accessible language, the use of easy-to-use graphs and tables, and a level of detail in the content adequate for understanding and evaluating sustainability performance.

35) Personnel indicators for the year 2021 do not include 82 employees of the company Slottery S.r.l., as this company had only been acquired at the end of the reporting year.

In preparing the sustainability disclosure provided in this document, Lottomatica Group has also taken into consideration the sustainability issues identified as priorities by the European regulatory and supervisory bodies (ESMA), published during the year and relating to EU Taxonomy disclosure, climate targets and Scope 3 emissions reporting.

Energy consumption

The calculation for the conversion of energy consumption into GJ was carried out using the energy conversion factors published by ISPRA in 2022 for natura gas for heating and DEFRA in 2023 for the others.

Scope 3 emissions

The calculation of Scope 3 emissions followed the guidelines of the GHG Protocol (Scope 3 Calculation Guidance | GHG Protocol). Below are reported the methodologies used for each category by the Group:

- **Category 1 - Purchased Goods and Services:** For each category of expenditure, purchase of a good or service, where possible the Average-data methodology was used, based on the quantities and weights of the goods purchased, while for services the calculation was based on energy consumption (where data is available). For cost items, where this methodology could not be applied, the Spend-based methodology was used;
- **Category 2 - Capital goods:** For each category of expenditure, a Spend-based NACE code was assigned based on the description of the cost item. For the conversion to emissions (tCO_2e) the conversion factors established by the European Environment Agency were used;
- **Category 3 - Fuel & Energy related activities:** Fuel and electricity consumption have been multiplied by the relevant emission factors that take into account the extraction, production and transport of the fuel consumed (WTT; T&D and Generation). Source DEFRA-2023;
- **Categories 4 and 9 - Upstream and Downstream Transportation and Distribution:** The calculation was performed by estimating the kilometers travelled by the means of transport and multiplying these distances by the weight transported and the appropriate conversion factor. For the purposes of the calculation, the DEFRA-2023 database was applied, using the conversion factor for heavy goods vehicles ("Average laden HGV-Rigid");
- **Category 5 - Waste:** For each quantity of waste disposed, the conversion factor was chosen according to the disposal method chosen. The database used was DEFRA-2023;
- **Category 6 - Business Travel:** distances (in km) were considered for each type of vehicle used by employees for their business trips, these km were multiplied by the DEFRA-2023 conversion factor;
- **Category 7 - Employee Commuting:** The home-work journeys of its employees were calculated on the basis of the group's internal survey. The kilometers travelled were multiplied according to the type of vehicle used using the DEFRA-2023 conversion factors;
- **Category 8 - Upstream Leased Assets:** Considering the group's leased locations, the consumption of these locations was multiplied by their respective number and square meters. The data source for the market-based conversion factor was the AIB 2022;[36]
- **Category 13 - Downstream Leased Assets:** considering the equipment (VLTs, AWPs and Betting) that are present in the agencies and corners (through an estimation), the average hourly consumption for each equipment was estimated. This consumption was multiplied by the market-based conversion factor of the AIB 2022; [37]
- **Category 15 - Investments:** For the purposes of the calculation, the percentages of the Group's issues in which investments are made were taken into account, depending on the share acquired.[38]

Reporting Perimeter

The perimeter of the economic, environmental and social data is the same as that of the Consolidated Financial Statements of Lottomatica Group S.p.A. as of December 31, 2023 and any differences in the perimeter, where present, are expressly indicated in the text.
Where it has not been possible to find quantitative data with the reporting tools available to the Group, estimates have been used, which, where they exist, are based on shared methodologies and suitable for ensuring a reliable representation of performance and data, as well as appropriately reported.

External Assurance

The content of the Non-Financial Statement is based on the information provided by the contact persons of the corporate functions involved, each according to their role and competences.

The NFS is subject to a "limited assurance engagement" conformity assessment in accordance with the criteria indicated in the "International Standard on Assurance Engagements ISAE 3000 Revised - Assurance Engagements Other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board (IAASB) by PricewaterhouseCoopers S.p.A., which expresses its opinion in the "Independent Auditors' Report" shown below in the document.

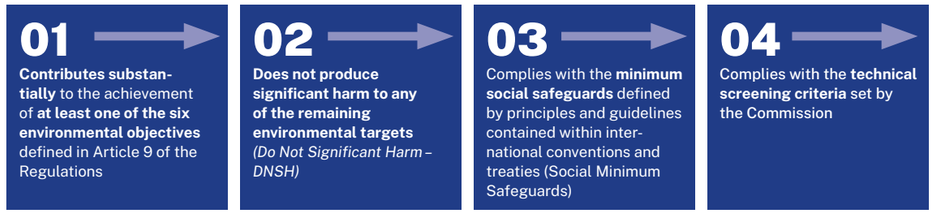
36)Energy consumption was estimated from a group site for which data was available.
37)In the calculation of this category, AWPs owned by third parties (about 50 per cent of the park) and machines installed in directly-managed halls (already included in Scope 2) were not considered.
38)Since Scope 1 and 2 were not available for the invested companies, estimates were used.

7.2 EU Taxonomy

The Regulatory Context of the EU Taxonomy

The growing interest in ESG issues has accelerated unprecedentedly in recent years. Indeed, in 2018, the "Action Plan for Financing Sustainable Growth" was formalized by the European Union, which is aimed at redirecting financial flows towards sustainable investments, integrating sustainability into risk management, and promoting greater transparency and a long-term perspective. Within this regulatory framework, there is also the **EU Regulation 2020/852**, known as the **Taxonomy Regulation** and adopted in June 2020. With the Taxonomy Regulation, the EU aims to establish a unique **classification system for defining sustainable economic activities**, ensuring **comparability** between operators and promoting **more responsible investment decisions**.

Specifically, according to the EU Taxonomy, an economic activity is considered environmentally sustainable if:



Specifically, the six environmental objectives identified within the Taxonomy Regulation are:

- climate change mitigation;
- climate change adaptation;
- sustainable use and protection of water and marine resources;
- transition to a circular economy;
- pollution prevention and control;
- protection and restoration of biodiversity and ecosystems

With reference to each objective, the European Commission has respectively issued a technical annex aimed not only at identifying the economic activities that could potentially contribute to achieving the corresponding target, but also at defining the eligible activities and the Technical Screening Criteria that set out the conditions to be assessed to determine the substantial contribution to the target and adherence to the DNSH principle.

Specifically, in June 2021, the European Commission formally adopted the Technical Delegated Acts, known as the Climate Delegated Act, which define the main sectors and economic activities included in the Taxonomy, as well as the technical screening criteria used to verify the substantial contribution to the achievement of the first two environmental objectives (climate change mitigation and adaptation).

Subsequently, in the course of 2023, the Commission enacted the Taxonomy Environmental Delegated Act 2023/3851, establishing the technical screening criteria for economic activities that have a significant impact on the four additional environmental objectives of the EU Taxonomy that remained uncovered in the previous regulatory phase (sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control , and protection and restoration of biodiversity and ecosystems). In addition, amendments were made to the two existing delegated acts: the Taxonomy Disclosures Delegated Act 2021/2178, relating to the content and presentation of the Taxonomy, and the Taxonomy Climate Delegated Act 2021/2139, focusing on the technical screening criteria for climate-related environmental objectives. Specifically, the amendments to the Climate Delegated Act extend the scope of economic activities that contribute to climate change mitigation and adaptation by including manufacturing, aviation, civil engineering and disaster risk management sectors within the Taxonomy. In addition, updates were made to the technical screening criteria for some existing economic activities. Finally, the Commission also made changes to the Disclosures Delegated Act with the aim of ensuring consistency of disclosure requirements with the provisions of the Taxonomy Environmental Delegated Act, correcting any technical errors.

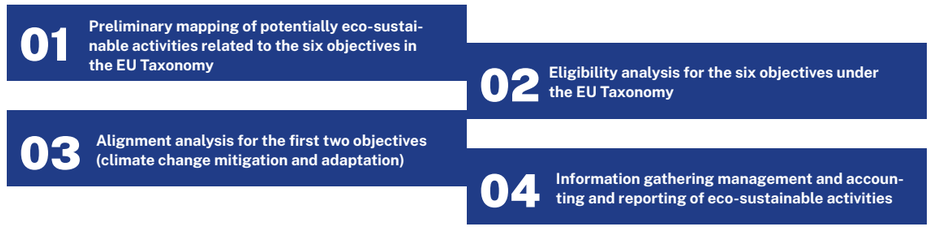
Lottomatica Group's eligibility and alignment analysis

Within this regulatory context, and following the listing in 2023, Lottomatica Group reports for the first time on the eligibility and alignment of its economic activities, in order to comply with the regulatory obligation of the Taxonomy Regulation. In fact, Article 8 of EU Regulation 2020/852 defines the reporting obligations under the Taxonomy and, in particular, clarifies that these obligations fall on any company subject to the obligation to publish non-financial information pursuant to Directive 2013/34/EU. Furthermore, for the purposes of the disclosure of quantitative performance indicators (KPIs), the Group has taken into consideration the provisions of Annex I of the Taxonomy Disclosures Delegated Act 2021/2178, which states that Non-Financial Undertakings are required to publish:

- the **percentage of turnover from** products or services associated with economic activities considered environmentally sustainable;
- the **percentage of capital expenditure** *(Capex)* and the percentage of operating expenditure (Opex) related to assets or processes associated with economic activities aligned with the EU Taxonomy.

Lottomatica therefore conducted a series of analyzes aimed at identifying the economic activities eligible for the EU Taxonomy, in order to verify their possible alignment in terms of turnover, Capex and Opex.

The graphic below shows the **screening process** adopted to verify the eligibility and alignment of the Group's economic activities.



1) Preliminary mapping of potentially environmentally sustainable activities

Through an in-depth analysis of the economic activities defined within the Delegated Acts of the Taxonomy, relative to each of the six environmental objectives, Lottomatica has carried out a preliminary mapping of the economic activities conducted by the Group that may be classified as Eligible under the European Regulation.

2) Eligibility Analysis

In cooperation with the corporate functions responsible for the potentially eligible activities identified in the previous phase, the **eligibility analysis** was carried out by assessing whether Lottomatica Group generates Turnover / Capex / Opex with reference to the respective activities. Consequently, on the basis of the evidence that emerged during the preliminary mapping phase, it was possible to identify the following **activity eligible under the EU Taxonomy**:

List of potentially eligible activities identified	
7. CONSTRUCTION AND REAL ESTATE ACTIVITIES	
7.3. Installation, maintenance and repair of energy efficiency equipment	Climate change mitigation

3) Alignment Analysis

On the basis of the identified economic activity, a verification of compliance with technical screening criteria, DNSH and Social Minimum Safeguards was conducted. In this regard, as a result of the analysis performed, **no activity aligned with the EU Taxonomy was found**, as it was not possible to confirm compliance with the technical screening criteria for the activity related to the installation, maintenance and repair of energy efficiency equipment.

However, it is specified that Lottomatica Group has carried out its economic activities in compliance with the minimum safeguards established by **Art. 18 of EU Regulation 2020/852**, thus considering the principles and **guidelines contained in international conventions and treaties**, such as the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including those established by the eight fundamental conventions of the International Labour Organisation (ILO) and the International Bill of Human Rights. Furthermore, with the aim of verifying compliance with the Social Minimum Safeguards, the Group considered the **four issues** identified by the Platform on Sustainable Finance: **Human Rights, Corruption, Taxation and Competition**.

In particular, the Group implements due diligence procedures in the performance of its business activities and has equipped itself with specific instruments, such as the Code of Ethics and the Code of Conduct for Suppliers, which clearly define the values and principles with which all those with whom it has relations must comply, in addition to an Organization, Management and Control Model that complies with Legislative Decree No. 231/2001. In addition, Lottomatica has adopted several policies aimed at safeguarding and protecting human rights, such as the Company's Policy on the Safeguard and Protection of Human Rights, the Diversity and Inclusion Policy and the Gender Equality Policy.[39] Confirming the company's commitment in this area, it should be noted that no incidents of discrimination were recorded in 2023.

4) Disclosure

Based on the analyzes described above, Lottomatica Group was able to quantify the percentage of eligible, aligned and non-eligible turnover, capital expenditure and operating expenditure in the EU Taxonomy.

In this regard, after an accurate study of the mapped economic activities that contribute to climate and environmental objectives, as well as a detailed analysis of the management and accounting information of the activities carried out by Lottomatica, it emerged that it is not possible for the Group to quantify the numerator of the KPIs relating to turnover and Opex, both in terms of alignment and eligibility.

In fact, since the economic activities related to Lottomatica Group's core business differ from the set of activities presented in the Climate Delegated Act and the Environmental Delegated Act, for this financial year the entire turnover and Opex is exclusively associated with activities not eligible for the EU Taxonomy.

On the other hand, with reference to the capital expenditure realized during the financial year, it was possible to identify the share of eligible Capex related to the activity belonging to the climate change mitigation objective, i.e., the activity "7.3 Installation, maintenance and repair of energy efficiency equipment". In this regard, in fact, the accounting information related to the investments made within the scope of the renovation of the Group's plants and the replacement of energy efficient light sources, which activities appear as the numerator of the Capex Eligible KPI. On the other hand, with reference to the denominator of the Capex KPI, in line with the provisions of the Taxonomy Disclosures Delegated Act 2021/2178, this was recalculated on the basis of the sum of the gross additions recognized in 2023 on tangible and intangible assets in application of IAS 16, 38, 40 and IFRS16, as per the movement tables of Intangible Assets, Tangible Assets and Right of Use.[40]

With reference to the denominator of the Turnover KPI, the value considered is representative of the Group's turnover presented in the Consolidated Statement of Comprehensive Income for the year ended December 31, 2023.

Finally, with the aim of fulfilling the regulatory obligations related to the way the information related to the Taxonomy Regulation is reported, below are the templates representing the alignment, eligibility and non-eligibility of the Turnover, Capex and Opex KPIs.

39) For further information, please refer to the in-depth section of the following document "The Sustainability Policies" within paragraph "3.1 Lottomatica Group's sustainability strategy".
40) For more information, see the Notes to the Consolidated Financial Statements, Sections 9.1, 9.3 and 9.4.

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Financial year 2023	2023			Substantial contribution criteria					
Economic Activities (1)	Code (2)	Turnover (3)	Proportion of Turnover, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)
		€	%	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
"Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)"		-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Of which enabling		-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Of which transitional		-	0.00%	0.00%					
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Turnover of Taxonomyeligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
Turnover of Taxonomy non-eligible activities		1,632,488,000	100%						
Total		1,632,488,000	100%						
Total		1,013,711,000	100%						

	Propotion of turnover / Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0.00%	0.00%
CCA	0.00%	0.00%
WTR	0.00%	0.00%
CE	0.00%	0.00%
PPC	0.00%	0.00%
BIO	0.00%	0.00%

DNSH criteria ("Does Not Significantly Harm")									
Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
N	N	N	N	N	N				
N	N	N	N	N	N				
N	N	N	N	N	N				

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Financial year 2023	2023			Substantial contribution criteria					
Economic Activities (1)	Code (2)	CapEx (3)	Proportion of CapEx, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)
		€	%	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	-	0.00%	Y					
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**-**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**
Of which enabling		**-**	0.00%	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**
Of which transitional		**-**	0.00%	**0.00%**					
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
				EL; N/EL	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	201,990	0.12%	EL					
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**201,990**	**0.12%**	0.12%	0.00%	0.00%	0.00%	0.00%	0.00%
CapEx of Taxonomyeligible activities (A.1+A.2)		**201,990**	**0.12%**	0.12%	0.00%	0.00%	0.00%	0.00%	0.00%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
CapEx of Taxonomy-noneligible activities		**174,554,010**	**99.88%**						
Total		**174,756,000**	**100%**						

DNSH criteria ("Does Not Significantly Harm")									
Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	**Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year 2022 (18)**	Category enabling activity (19)	Category transitional activity (20)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
	N		N						
	N		**N**						

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Financial year 2023	2023			Substantial contribution criteria					
Economic Activities (1)	Code (2)	OpEx (3)	Proportion of OpEx, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)
		€	%	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
"OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)"		-	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**
Of which enabling		-	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**
Of which transitional		-	**0.00%**	**0.00%**					
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
				EL; N/EL	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**
OpEx of Taxonomyeligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		-	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		-	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
OpEx of Taxonomynon-eligible activities		**1,013,711,000**	**100%**						
Total		**1,013,711,000**	**100%**						

DNSH criteria ("Does Not Significantly Harm")									
Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	**Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2022 (18)**	Category enabling activity (19)	Category transitional activity (20)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
N	**N**	**N**	**N**	**N**	**N**				
N	**N**	**N**	**N**	**N**	**N**				
N	**N**	**N**	**N**	**N**	**N**				

	Propotion of OpEx / Total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0.00%	0.00%
CCA	0.00%	0.00%
WTR	0.00%	0.00%
CE	0.00%	0.00%
PPC	0.00%	0.00%
BIO	0.00%	0.00%

7.3. GRI Content Index

DECLARATION OF USE	Lottomatica Group S.p.A. has prepared this Non-Financial Statement in accordance with GRI Standards for the period between January 1, 2023 and December 31, 2023
GRI 1 USED	GRI 1: Fundamental Principles 2021

	INFORMATIVE REPORT	SECTION / NOTES
INFORMATIVA GENERALE		
GRI 2 General Information 2021	2-1 Organisational Details	2.2 Group Structure Last cover page
	2-2 Entities included in the organisation's sustainability reporting	Methodological note
	2-3 Reporting Period, Frequency and Point of Contact	Methodological note
	2-4 Review of Information	Methodological note
	2-5 External Assurance	Methodological note Auditors' report
	2-6 Activities, Value Chain and Other Business Relationships	2.5 The value of our business 6.3 Responsible supply chain management
	2-7 Employees	5.1 Lottomatica's people
	2-8 Non-employees	5.1 Lottomatica's people
	2-9 Governance Structure and Composition	2.3 Corporate Governance
	2-10 Appointment and selection of the highest governing body	2.3 Corporate Governance
	2-11 President of the highest governing body	2.3 Corporate Governance
	2-12 Role of the highest governing body in impact management control	2.4 Sustainability Governance 3.1 Lottomatica Group's sustainability strategy
	2-13 Delegation of Responsibility for Impact Management	2.4 Sustainability Governance
	2-14 Role of the Highest Governance Body in Sustainability Reporting	2.4 Sustainability Governance
	2-15 Conflicts of Interest	4.4 Ethics and compliance
	2-16 Communication of Critical Issues	4.4 Ethics and compliance
	2-17 Collective knowledge of the highest governing body	2.4 Sustainability Governance
	2-18 Performance evaluation of the highest governing body	2.4 Sustainability Governance
	2-19 Remuneration Rules	2.3 Corporate Governance 5.4 People Development and Skills Enhancement Report on Corporate Governance and Ownership Structure
	2-20 Pay Determination Procedure	2.3 Corporate Governance Report on Corporate Governance and Ownership Structure
	2-21 Pay Determination Report	*Requirements omitted: 2-21a, 2-21b, 2-21c.* *Partial or no information available.* *In view of the updated GRI Universal Reporting Standard 2021, it is noted that it is not possible to collect historical data on intra-year changes in remuneration. Therefore, it is not planned to report the requirements of Indicator 2-21.*
	2-22 Sustainable Development Strategy Statement	Letter to Shareholders
	2-23 Policy Commitment	4.4 Ethics and compliance 5.2 Respect for human and labour rights 6.3 Responsible supply chain management
	2-24 Integration of policy commitments	3.1 Lottomatica Group's sustainability strategy 4.2 Lottomatica's commitment to responsible gaming 4.4 Ethics and compliance 6.3 Responsible supply chain management
	2-25 Processes to Remedy Negative Impacts	4.2 Lottomatica's commitment to responsible gaming 4.3 Innovation and respect for the consumer 4.4 Ethics and compliance
	2-26 Mechanisms for requesting clarification and raising concerns	4.4 Ethics and compliance
	2-27 Compliance with Laws and Regulations	4.4 Ethics and compliance
	2-28 Membership of associations	6.1 The Community in which we operate
	2-29 Approach to stakeholder engagement	3.1 Lottomatica Group's sustainability strategy
	2-30 Collective Agreements	5.2 Respect for human and labour rights

MATERIAL THEMES		
GRI 3 Material Themes 2021	3-1 Process for Determining Material Subjects	3.1 Lottomatica Group's sustainability strategy
	3-2 List of material topics	3.1 Lottomatica Group's sustainability strategy

BUSINESS ETHICS AND INTEGRITY		
GRI 3 Material Themes 2021	3-3 Managing Material Themes	4.4 Ethics and compliance
GRI 205 Anticorruption 2016	205-1 Operations assessed to determine corruption risks	4.4 Ethics and compliance
	205-2 Communication and training on anti-corruption regulations and procedures	4.4 Ethics and compliance
	205-3 Confirmed incidents of corruption and measures taken	4.4 Ethics and compliance

PROMOTION OF LEGAL AND RESPONSIBLE GAMING		
GRI 3 Material Themes 2021	3-3 Managing Material Themes	4.2 Lottomatica's commitment to responsible gaming
GRI 416 Customer Health and Safety 2016	416-1 Assessment of health and safety impacts of product and service categories	4.2 Lottomatica's commitment to responsible gaming
	416-2 Incidents of non-compliance with health and safety impacts of products and services	4.2 Lottomatica's commitment to responsible gaming

QUALITY OF SERVICE		
GRI 3 Material Themes 2021	3-3 Managing Material Themes	4.2 Lottomatica's commitment to responsible gaming
GRI 417 Marketing and labelling 2016	417-1 Labelling and product and service information requirements	4.2 Lottomatica's commitment to responsible gaming
	417-2 Incidents of non-compliance concerning labelling and product and service information	4.2 Lottomatica's commitment to responsible gaming
	417-3 Incidents of non-compliance concerning marketing communications	4.2 Lottomatica's commitment to responsible gaming

DATA SECURITY AND PRIVACY PROTECTION		
GRI 3 Material Themes 2021	3-3 Managing Material Themes	4.3 Innovation and respect for the consumer
GRI 418 Customer privacy 2016	418-1 Well-founded complaints about violations of customers' privacy and loss of their data	4.3 Innovation and respect for the consumer

CONTRIBUTION AND FISCAL TRANSPARENCY		
GRI 3 Material Themes 2021	3-3 Managing Material Themes	2.7 Economic Value Creation and Tax Contribution
GRI 207 Taxes 2019	207-1 Approach to Taxes	2.7 Economic Value Creation and Tax Contribution

CONTRIBUTION AND FISCAL TRANSPARENCY		
GRI 207 Tasse 2019	207-2 Fiscal Governance, Control and Risk Management	2.7 Economic Value Creation and Tax Contribution
	207-3 Stakeholder Engagement and Management of Tax-Related Concerns	2.7 Economic Value Creation and Tax Contribution
	207-4 Country-by-Country Reporting	2.7 Economic Value Creation and Tax Contribution

PROMOTING INNOVATION AND DIGITAL DEVELOPMENT		
GRI 3 Material Themes 2021	3-3 Managing Material Themes	4.3 Innovation and respect for the consumer

PEOPLE DEVELOPMENT AND SKILLS ENHANCEMENT		
GRI 3 Material Themes 2021	3-3 Managing Material Themes	5.1 Lottomatica's people 5.3 Safety and welfare of people 5.4 People Development and Skills Enhancement
GRI 401 Employment 2016	401-1 New recruitments and turnover	5.1 Lottomatica's people
	401-2 Benefits for full-time employees that are not available to fixed-term or part-time employees	5.4 People Development and Skills Enhancement
	401-3 Parental Leave	5.3 Safety and welfare of people
GRI 404 Training and Education 2016	404-1 Average hours of training per employee per year	5.4 People Development and Skills Enhancement
	404-2 Employee skills upgrading and transition assistance programmes	5.4 People Development and Skills Enhancement
	404-3 Percentage of employees receiving regular appraisals of their performance and professional development	5.4 People Development and Skills Enhancement

HEALTH AND SAFETY AT WORK		
GRI 3 Material Themes 2021	3-3 Managing Material Themes	5.3 Safety and welfare of people
GRI 403 Health and Safety at Work 2018	403-1 Occupational health and safety management system	5.3 Safety and welfare of people
	403-2 Hazard identification, risk assessment and accident investigation	5.3 Safety and welfare of people
	403-3 Occupational health services	5.3 Safety and welfare of people
	403-4 Worker participation and consultation on occupational health and safety programmes and related communication	5.3 Safety and welfare of people
	403-5 Worker health and safety training	5.3 Safety and welfare of people
	403-6 Workers' Health Promotion	5.3 Safety and welfare of people
	403-7 Prevention and mitigation of occupational health and safety impacts directly related to business relations	5.3 Safety and welfare of people
	403-8 Workers covered by an occupational health and safety management system	5.3 Safety and welfare of people
	403-9 Accidents at work	5.3 Safety and welfare of people
	403-10 Occupational Diseases	5.3 Safety and welfare of people

DIVERSITY, INCLUSION AND EQUAL OPPORTUNITIES		
GRI 3 Material Themes 2021	3-3 Managing Material Themes	5.5 Diversity, inclusion and equal opportunities
GRI 405 Diversity and Equal Opportunities 2016	405-1 Diversity in governance bodies and among employees	2.3 Corporate Governance
	405-2 Ratio of basic wages to women's pay in relation to men	5.1 Lottomatica's people *Partial or no information available. The new methodology for calculating the ratio of women's basic salary to men's salary used is not aligned with requirement a. of GRI indicator 405-2.*
GRI 406 Non-discrimination 2016	406-1 Incidents of discrimination and corrective measures taken	5.5 Diversity, inclusion and equal opportunities

ENERGY CONSUMPTION AND EMISSION REDUCTION		
GRI 3 Material Themes 2021	3-3 Managing Material Themes	6.2 Lottomatica for the Environment
GRI 302 Energy 2016	302-1 Energy consumption within the organisation	6.2 Lottomatica for the Environment
	302-2 Energy consumption outside the organisation	6.2 Lottomatica for the Environment
	302-3 Energy intensity	6.2 Lottomatica for the Environment
	302-4 Reducing energy consumption	6.2 Lottomatica for the Environment
	302-5 Reducing the energy requirements of products and services	6.2 Lottomatica for the Environment
GRI 305 Emissions 2016	305-1 Direct greenhouse gas (GHG) emissions (Scope 1)	6.2 Lottomatica for the Environment
	305-2 Indirect greenhouse gas (GHG) emissions from energy consumption (Scope 2)	6.2 Lottomatica for the Environment
	305-3 Other indirect greenhouse gas (GHG) emissions (Scope 3)	6.2 Lottomatica for the Environment

ENERGY CONSUMPTION AND EMISSION REDUCTION		
GRI 305 Emissions 2016	305-4 Intensity of greenhouse gas (GHG) emissions	6.2 Lottomatica for the Environment
	305-5 Reduction of greenhouse gas (GHG) emissions	6.2 Lottomatica for the Environment

COMMUNITY SUPPORT		
GRI 3 Material Themes 2021	3-3 Managing Material Themes	6.1 The community in which we operate

VALUE CREATION AND DISTRIBUTION		
GRI 3 Material Themes 2021	3-3 Managing Material Themes	2.6 The Value Creation Model
GRI 201 Economic performance 2016	201-1 Direct economic value generated and distributed	2.7 Economic Value Creation and Tax Contribution

RESPONSIBLE SUPPLY CHAIN AND NETWORK MANAGEMENT		
GRI 3 Material Themes 2021	3-3 Management of Material Themes	6.3 Responsible supply chain management
GRI 204 Procurement practice 2016	204-1 Proportion of Expenditure on Local Suppliers	6.3 Responsible supply chain management
GRI 308 Supplier Environmental Assessment 2016	308-1 New suppliers selected using environmental criteria	6.3 Responsible supply chain management
	308-2 Negative environmental impacts in the supply chain and measures taken	6.3 Responsible supply chain management
GRI 414 Social evaluation of suppliers 2016	414-1 New suppliers selected using social criteria	6.3 Responsible supply chain management

VIRTUOUS WASTE AND CONSUMPTION MANAGEMENT		
GRI 3 Material Themes 2021	3-3 Managing Material Themes	6.2 Lottomatica for the Environment
GRI 301 Materials 2016	301-1 Materials used by weight or volume	6.2 Lottomatica for the Environment
	301-2 Recycled input materials used	6.2 Lottomatica for the Environment
GRI 303 Water and effluents 2018	303-1 Interaction with water as a shared resource	6.2 Lottomatica for the Environment
	303-2 Management of Water Discharge Impacts	6.2 Lottomatica for the Environment
	303-3 Water withdrawal	6.2 Lottomatica for the Environment
	303-4 Water discharge	*Since Lottomatica Group monitors GRI 303-3 and 303-5, it can be assumed that the water discharge is equal to 0.*
	303-5 Water consumption	6.2 Lottomatica for the Environment
GRI 306 Waste 2020	306-1 Waste generation and significant waste-related impacts	6.2 Lottomatica for the Environment
	306-2 Management of significant waste-related impacts	6.2 Lottomatica for the Environment
	306-3 Waste generated	6.2 Lottomatica for the Environment
	306-4 Waste not landfilled	6.2 Lottomatica for the Environment
	306-5 Waste sent to landfill	6.2 Lottomatica for the Environment

Consolidated financial statements as of and for the year ended December 31, 2023

Consolidated statement of comprehensive income

(In thousands of Euro)	Note	For the year ended December 31, 2023	of which Related Parties (Note 10)	2022(*)	of which Related Parties (Note 10)
Revenues	8.1	1,632,488		1,394,862	
Other income	8.2	18,529	568	12,824	10
Total revenues and income		**1,651,017**		**1,407,686**	
Cost of services	8.3	(972,759)		(879,052)	
Personnel expenses	8.4	(98,378)	(4,351)	(80,472)	(6,482)
Other operating costs	8.5	(40,952)	(2,033)	(31,363)	(5,654)
Depreciation, amortization and impairments	8.6	(194,177)		(154,797)	
Impairment of receivables and financial assets	8.7	(7,975)		(2,592)	
Other (accruals)/releases	8.7	1,977		(989)	
Finance income	8.8	28,139	13	550	
Finance expenses	8.8	(220,287)	(23,420)	(124,801)	(20,441)
Share of loss of equity accounted investments	8.9	(8,965)		(915)	
Profit before tax		**137,640**		**133,255**	
Income tax expense	8.10	(63,418)		(54,824)	
Net profit for the year		**74,222**		**78,431**	
Net profit for the year attributable to non-controlling interests		5,919		6,312	
Net profit for the year attributable to the owners of the parent		**68,303**		**72,119**	
Earnings per share – Base and Diluted (in Euro)	8.11	0.29		0.36	

(*) The figures for the year ended December 31, 2022 have been restated following the completion of the purchase price allocation relating to Betflag S.p.A. (see Note 7.2 below for further details).

(The attached notes form an integral part of this consolidated financial statements)

(In thousands of Euro)	Note	For the year ended December 31, 2023	of which Related Parties (Note 10)	2022(*)	of which Related Parties (Note 10)
Net profit for the year		**74,222**		**78,431**	
Actuarial gains and losses on employee benefit liabilities	9.15	174		2,485	
Fiscal effect	9.15	(42)		(597)	
Other items that will not be classified to profit or loss		**132**		**1,888**	
Gains and (losses) on hedging derivatives		(31,195)		22,096	
Fiscal effect on gains and (losses) on hedging derivatives		7,487		(5,303)	
Gains and (losses) on conversion of financial statements of foreign companies		(696)		1,260	
Other items that will be classified to profit or loss		**(24,404)**		**18,053**	
Total comprehensive profit		**49,950**		**98,372**	
Total comprehensive profit attributable to non-controlling interests		5,919		6,312	
Total comprehensive profit attributable to the owners of the parent		**44,031**		**92,060**	

(*) The figures for the year ended December 31, 2022 have been restated following the completion of the purchase price allocation relating to Betflag S.p.A. (see Note 7.2 below for further details).

(The attached notes form an integral part of this consolidated financial statements)

Consolidated statement of financial position

(In thousands of Euro)	Note	As of December 31, 2023	of which Related Parties (Note 10)	2022(*)	of which Related Parties (Note 10)
Intangible assets	9.1	561,321		604,418	
Goodwill	9.2	1,481,917		1,428,719	
Property, plant and equipment	9.3	109,234		102,689	
Right of use	9.4	69,555		62,053	
Investment property	9.5	462		489	
Non-current financial assets	9.6	614		34,389	
Equity accounted investments	9.7	285		9,711	
Non-current trade receivables	9.9	955		1,032	
Other non-current assets	9.11	14,348		14,733	
Total non-current assets		**2,238,691**		**2,258,233**	
Inventories	9.8	1,495		3,214	
Current trade receivables	9.9	95,825	3	88,496	3
Current financial assets	9.6	530,475		26,399	
Tax receivables	9.12	872		877	
Other current assets	9.11	120,155		144,178	
Cash and cash equivalents	9.13	294,682		234,838	
Total current assets		**1,043,504**		**498,002**	
Total assets		**3,282,195**		**2,756,235**	
Share capital	9.14	10,000		50	
Other reserves	9.14	471,383		78,959	
Retained earnings	9.14	16,989		(27,619)	
Total shareholders' equity attributable to the owners of the parent		**498,372**		**51,390**	
Equity attributable to non-controlling interests	9.14	43,218		55,168	
Total shareholders' equity		**541,590**		**106,558**	
Employee benefit liabilities	9.15	22,016		17,979	
Non-current financial liabilities	9.16	2,020,297		1,930,557	250,000
Provisions for risks and charges	9.17	4,891		27,845	
Deferred tax liabilities	9.10	101,147		123,606	
Other non-current liabilities	9.18	17,676		25,893	
Total non-current liabilities		**2,166,027**		**2,125,880**	
Current financial liabilities	9.16	165,793	560	87,314	23,375
Current trade payables	9.19	95,911	214	98,996	5,185
Tax payables	9.12	4,649		47,018	
Other current liabilities	9.18	308,225	2,379	290,469	
Total current liabilities		**574,578**		**523,797**	
Total equity and liabilities		**3,282,195**		**2,756,235**	

(*) The figures as of December 31, 2022 have been restated following the completion of the purchase price allocation relating to Betflag S.p.A. (see Note 7.2 below for further details).

(The accompanying notes are an integral part of these consolidated financial statements)

Consolidated statement of cash flows

(In thousands of Euro)	Note	For the year ended December 31, 2023	of which Related Parties (Note 10)	2022(*)	of which Related Parties (Note 10)
INDIRECT METHOD					
Profit before tax		**137,640**		**133,255**	
Reconciliation of profit before tax with cash flow from operating activities:					
Depreciation, amortization and impairments	*8.6*	194,177		154,797	
Accruals and write-downs for impairment losses	*8.7*	5,998		3,581	
Other accruals	*8.4*	4,793		4,056	
Share of loss of equity accounted investments	*8.9*	8,965		915	
Net finance expenses	*8.8*	188,397	*23,407*	121,180	*20,441*
Leasing finance expenses	*8.8*	3,751		3,071	
Other adjustments for non-monetary items		3,451		5,213	
Cash flow from operating activities before changes in net working capital		**547,172**		**426,068**	
Changes in net working capital					
Decrease/(increase) in inventories	*9.8*	2,742		(2,335)	
Decrease/(increase) in trade receivables	*9.9*	(10,446)		35,589	*(3)*
Decrease in trade payables	*9.19*	(4,752)	*(4,971)*	(366)	*(469)*
Other changes in net working capital	*9.10-9.11* *9.12-9.18*	(11,775)	*(1,972)*	(12,822)	*(6,482)*
Cash flow from changes in net working capital		**(24,231)**		**20,066**	
Income taxes paid		(114,074)		(30,683)	
Accruals to employee benefits and provisions for risks and charges	*9.15-9.17*	(1,335)		(3,442)	
Cash flow from operating activities (a)		**407,532**		**412,009**	
Cash flow from investing activities					
Investments:		(123,235)		(91,062)	
-intangible assets	*9.1*	(82,891)		**(47,622)**	
-property, plant and equipment	*9.3*	(40,344)		(43,440)	
Investments in associates	*9.7*	(217)	*(217)*	1,613	*1.613*
Escrow account	*9.6*	(497,500)		-	
Net disposal in financial assets	*9.6*	1,602		-	
Deferred purchase consideration for acquisition of subsidiaries/business units	*9.16*	(13,269)		(126,480)	
Acquisition net of cash and cash equivalents	*9.16*	(8,263)		(317,356)	
Cash flow used in investing activities (b)		**(640,882)**		**(533,285)**	
Cash flow from financing activities					
Lease payment	*9.16*	(20,363)		(16,993)	
Repayment bank overdraft	*9.16*	(1,436)		(1,143)	
Net finance expenses on New RCF	*9.16*	(7,273)		-	
Proceeds from closing IRS	*9.16*	19,845		-	
Repayment of bond	*9.16*	(1,215,000)		-	
Refinancing fees (Bridge Loan & Make-whole)	*9.16*	(26,439)		-	
Proceeds from bond issuance	*9.16*	1,607,000		350,000	
Bond issuance costs	*9.16*	(25,394)	*(1,808)*	(2,625)	
Repayment of Bondco loan	*9.16*	(296,795)	*(296,795)*	-	
Changes in current and non-current financial assets	*9.16*	(1,537)		612	
Net finance expenses	*9.16*	(130,762)		(79,405)	
Transactions with minorities	*9.14*	(4,182)		-	
Dividends paid	*9.14*	(1,981)		(19,341)	
Capital increase transaction costs	*9.14*	(27,489)	*(1,013)*	-	
Capital increase	*9.14*	425,000		-	
Cash flow from financing activities (c) [bold]		**293,194**		**231,105**	
Net Cash flow (a+b+c)		**59,844**		**109,829**	
Cash and cash equivalents at the beginning of the year	*9.13*	234,838		125,009	
Cash and cash equivalents at the end of the year	*9.13*	294,682		234,838	

(*) The figures for the year ended December 31, 2022 have been restated following the completion of the purchase price allocation relating to Betflag S.p.A. (see Note 7.2 below for further details).

(The accompanying notes are an integral part of these consolidated financial statements)

Consolidated statement of changes in equity

(in thousands of Euro)	Note	Share capital	Legal Reserve	Share premium reserve	Other Reserves	Total Other Reserves	Retained Earnings/ (Losses)	Total Shareholders' Equity Attributable to Owners of the Parent	Equity Attributableto non-controlling Interests	Total Shreholders' Equity
As of December 31, 2021	*9.14*	**50**	**10**	**-**	**95,199**	**95,209**	**(119,679)**	**(24,420)**	**35,699**	**11,279**
Net profit for the year		-	-	-	-	-	72,119	72,119	6,312	78,431
Other comprehensive income		-	-	-	-	-	19,941	19,941	-	19,941
Total comprehensive income		**-**	**-**	**-**	**-**	**-**	**92,060**	**92,060**	**6,312**	**98,372**
Dividends paid		-	-	-	(16,250)	(16,250)	-	(16,250)	(3,091)	(19,341)
Valtellina Business combination		-	-	-	-	-	-	-	888	888
Giocaonline Business combination		-	-	-	-	-	-	-	2,470	2,470
Marim Business combination		-	-	-	-	-	-	-	18	18
Ares Business combination		-	-	-	-	-	-	-	189	189
Optima Business combination		-	-	-	-	-	-	-	(373)	(373)
Transactions with minorities		-	-	-	-	-	-	-	13,056	13,056
As of December 31, 2022(*)	*9.14*	**50**	**10**	**-**	**78,949**	**78,959**	**(27,619)**	**51,390**	**55,168**	**106,558**
Net profit for the year		-	-	-	-	-	68,303	68,303	5,919	74,222
Other items of comprehensive income		-	-	-	-	-	(24,272)	(24,272)	-	(24,272)
Total comprehensive income		**-**	**-**	**-**	**-**	**-**	**44,031**	**44,031**	**5,919**	**49,950**
Dividends paid		-	-	-	-	-	-	-	(1,981)	(1,981)
Capital Increase		9,900	-	415,100	-	415,100	-	425,000	-	425,000
Capital Increase transaction costs(**)		-	-	(20,892)	-	(20,892)	-	(20,892)	-	(20,892)
Stock options		-	-	-	-	-	403	403	-	403
Transactions with minorities		50	-	39,624	(41,408)	(1,784)	174	(1,560)	(15,888)	(17,448)
As of December 31, 2023	*9.14*	**10,000**	**10**	**433,832**	**37,541**	**471,383**	**16,989**	**498,372**	**43,218**	**541,590**

(*) The figures for the year ended December 31, 2022 have been restated following the completion of the purchase price allocation relating to Betflag S.p.A. (see Note 7.2 below for further details).
(**) "Capital Increase transaction costs" amount to Euro 27.5 million and are shown net of the related tax benefit of Euro 6.6 million.

(The accompanying notes are an integral part of these consolidated financial statements)

Explanatory notes to the consolidated financial statements

1. General information

1.1 Introduction

Lottomatica Group S.p.A. (hereinafter 'the "**Company**" or the "**Parent**" and together with its subsidiaries the "**Group**") is a company incorporated on October 15, 2019 and domiciled in Italy with registered offices in Rome, Via degli Aldobrandeschi, 300, organized under the laws of the Republic of Italy. The share capital of the Company amounts to Euro 10,000,000, divided into 251,630,412 ordinary shares without nominal value. The term of the Company is fixed until December 31, 2100. The Company's ultimate controlling entity is Apollo Capital Management, L.P., a limited company incorporated under the laws of the State of Delaware (USA). Since May 3, 2023, the Company's shares have been listed on Euronext Milan, a regulated market organized and managed by Borsa Italiana S.p.A. (for further details, please refer to Note 11.7.8).

The Group offers a diversified product range spread across three operating segments: (i) online betting and gaming (Online); (ii) betting and gaming through the retail network (Sports Franchise); and (iii) management of the AWP (amusement with prize machines) and VLT (video lottery terminals) entertainment device networks and management of owned gaming halls and AWPs (Gaming Franchise).

On November 22, 2022, GBO S.p.A. completed the acquisition of 100% of the share capital of Betflag S.p.A. ("**Betflag**") for which competition clearance was obtained on December 6, 2022. Betflag, a company licensed to carry out remote gaming and betting activities, is an Italian operator active in the online gaming market.

On September 2023, GGM S.p.A., a company indirectly controlled by the Company, finalized the acquisition of 100% of the shares of Ricreativo B S.p.A. ("**Ricreativo**"), a company involved in the management of amusement machines (AWP and VLT), gaming halls as well as betting collection activities. Ricreativo was consolidated from September 1, 2023.

Finally, it should be noted that on November 2, 2023, GBO S.p.A. signed an agreement for the acquisition of 100% of the share capital of SKS365 Malta Holdings Limited for a consideration of Euro 625 million (the "**SKS365 Acquisition**"). The completion of this acquisition is expected in the first half of 2024 and is subject to the customary antitrust and regulatory approvals. For further details, please refer to Note 11.7.13.

* * *

These consolidated financial statements as of and for the year ended December 31, 2023 (hereinafter the "Consolidated Financial Statements") were approved by the Company's Board of Directors on February 28, 2024 and were audited by PricewaterhouseCoopers S.p.A..

2. Summary of significant accounting policies

Di seguito sono riportati i principali criteri e principi contabili adottati nella predisposizione e redazione del Bilancio Consolidato.

2.1 Basis of preparation

These Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and adopted by the European Union (hereafter, "**EU IFRS**") in force as of December 31, 2023.

The Consolidated Financial Statements have been prepared in accordance with Article 154-ter of Italian Legislative Decree 58/98, as well as the relevant provisions of Consob, and include the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity, as well as the explanatory notes.

The designation "EU IFRS" includes all "International Financial Reporting Standards", all "International Accounting Standards" ("**IAS**") and all interpretations of the International Financial Reporting Interpretations Committee ("**IFRIC**"), formerly the Standing Interpretations Committee ("SIC"), adopted as of the reporting date, by the European Union in accordance with the procedures provided for in Regulation No. 1606/2002 of the European Parliament and of the Council of July 19, 2002.

The Consolidated Financial Statements have been prepared on a going concern basis, as management has confirmed the absence of financial, operational or other indicators that may suggest an inability on the part of the Group to meet its obligations in the foreseeable future and, in particular, during the 12 months following the reporting date. Management does not foresee risks of inability to pay current debts thanks to the future ability of the Group to generate cash and availability of a Revolving Credit Facility of Euro 350 million. Furthermore, the aforementioned revolving credit facility was increased by additional Euro 50 million when the December 2023 Notes (as defined below) were issued. This additional facility is subject to the completion of the SKS365 Acquisition and to certain standard conditions.

The consolidated financial statements as of and for the year ended December 31, 2022, presented in this Consolidated Financial Statements for comparative purposes, have been restated compared to the original data published for such period following the completion of the purchase price allocation described below which was provisionally accounted for in the financial statements as of and for the year ended December 31, 2022 (see Note 7.2 below for further details).

2.2 Format and content of the financial statements

The Consolidated Financial Statements are presented in thousands of Euro (unless otherwise indicated), the main currency in which Group companies operate.

The principal statements and related classification criteria adopted by the Group (among the options available under IAS 1 — Presentation of financial statements) are as follows:

- *the consolidated statement of financial position, classifies assets and liabilities based on whether they are current/non-current;*
- *the consolidated statement of comprehensive income, classifies costs and revenues according to their nature and sets out the profit or loss for the year, together with other amounts that, in accordance with EU IFRS, are recognized directly in equity separately from those relating to operations with the Company's shareholders;*
- *the consolidated statement of cash flows, is prepared using the indirect method;*
- *the consolidated statement of changes in equity.*

The formats used are those considered to provide the best representation of the Group's results and financial position.

2.3 Basis and principles of consolidation

The Consolidated Financial Statements include the financial statements of the Company and its subsidiaries as approved by the respective boards of directors and prepared based on the accounting records of the individual companies, adjusted as necessary to align them with EU IFRS.

The following table provides details of the companies included in the scope of consolidation for the relevant periods.

	Registered office	Share capital	Percentage share of capital held	Consolidation method	As of December 31,	
					2023	2022
PARENT COMPANY:						
Lottomatica Group S.p.A.	Rome	€10,000,000	-	-	X	X
SUBSIDIARIES:						
Lottomatica S.p.A.	Rome	€32,350,625	100.0%	Line-by-line	X	X
Gamenet S.p.A.	Rome	€8,500,000	96.5%	Line-by-line	X	X
Billions Italia S.r.l.	Rome	€200,000	67.5%	Line-by-line	X	X
Gnetwork S.r.l.	Rome	€50,000	96.5%	Line-by-line	X	X
GBO Italy S.p.A.	Rome	€860,000	100.0%	Line-by-line	X	X
Jolly Group S.r.l. (1)	Rome	€19,683	62.4%	Line-by-line	X	X
New Matic S.r.l.	Rome	€100,000	49.2%	Line-by-line	X	X
Agesoft S.r.l.	Rome	€100,000	57.9%	Line-by-line	X	X
Rosilsport S.r.l. (1)	Rome	€91,000	61.4%	Line-by-line	-	X
GoldBet.News S.r.l. (2)	Rome	€10,000	100.0%	Line-by-line	-	X
Lottomatica Videolot Rete S.p.A.	Rome	€3,413,984	96.5%	Line-by-line	X	X
Big Easy S.r.l.	Rome	€2,474,219	96.5%	Line-by-line	X	X
GGM S.p.A.	Rome	€27,238,695	96.5%	Line-by-line	X	X

(1) On November 15, 2023, Rosilsport S.r.l., Valtellina Giochi S.p.A. and Optima Gaming Service S.r.l. were merged into Jolly Videogiochi S.r.l., whose company name was changed to Jolly Group S.r.l.
(2) On September 26, 2023, Goldbet News S.r.l. was merged into GBO Italy S.p.A.

GBO S.p.A.	Rome	€300,000	100.0%	Line-by-line	X	X
Gamenet PRO S.r.l.	Rome	€10,000	100.0%	Line-by-line	X	X
GNet Inc.	Delaware (USA)	USD 264,854	100.0%	Line-by-line	X	X
The Box S.r.l.	Rome	€5,277,680	96.5%	Line-by-line	X	X
Slottery S.r.l.	Rome	€90,000	96.5%	Line-by-line	X	X
Lottomatica UK Ltd.	London (UK)	£ 1,000	100.0%	Line-by-line	X	X
Valtellina Giochi S.p.A. (1)	Rome	€60,000	65.5%	Line-by-line	-	X
Giocaonline S.r.l.	Milan	€10,000	60.0%	Line-by-line	X	X
Ares S.r.l.	Rome	€10,000	77.2%	Line-by-line	X	X
Marim S.r.l.	Rome	€500,000	96.5%	Line-by-line	X	X
Tecno-Mar S.r.l	Moncalieri (TO)	€1,000	67.5%	Line-by-line	X	X
Lottomatica Digital Solutions S.r.l.	Rome	€10,000	100.0%	Line-by-line	X	X
AB Games S.r.l.	Rome	€10,000	96.5%	Line-by-line	X	X
Battistini Andrea S.r.l.	Rome	€10,400	96.5%	Line-by-line	X	X
Optima Gaming Service S.r.l. (1)	Rome	€10,000	49.2%	Line-by-line	-	X
Betflag S.p.A	Rome	€1,500,000	100.0%	Line-by-line	X	X
Ricreativo B S.p.A.(3)	Rome	€10,000,000	96.5%	Line-by-line	X	-
Bingo Service S.r.l.(4)	Nogara	€110,000	96.5%	Line-by-line	X	-
Iris S.r.l. (5)	Terni	€103,000	96.5%	Line-by-line	X	-
ASSOCIATES:						
Thinkabout S.r.l. (7)	Milan	€85,783	24.9%	Equity	X	X
iPro Inc.	Nevada (USA)	USD 8,000,000	19.7%	Equity	X	X
IMA S.r.l.	Rome	€101,000	47.3%	Equity	X	X

(*) The company entered into liquidation in February 2023.The final liquidation financial statements as of December 27, 2023 were approved on February 13, 2024.
(1) On November 15, 2023, Rosilsport S.r.l., Valtellina Giochi S.p.A. and Optima Gaming Service S.r.l. were merged into Jolly Videogiochi S.r.l., whose company name was changed to Jolly Group S.r.l.
(2) On September 26, 2023, Goldbet News S.r.l. was merged into GBO Italy S.p.A.
(3) On March 11, 2023, GGM S.p.A. signed the agreement for the acquisition of 100% of the share capital of Ricreativo B S.p.A., a company involved in the management of amusement machines (AWP and VLT), gaming halls as well as betting collection activities. Ricreativo B S.p.A. has been consolidated since September 1, 2023.
(4) On December 11, 2023, Big Easy S.r.l. signed the agreement for the acquisition of 100% of the share capital of Bingo Service S.r.l., a company involved in Bingo and betting collections through AWP and VLT. Bingo Service S.r.l. has been consolidated since December 31, 2023.
(5) On November 30, 2023, Big Easy S.r.l. signed the agreement for the acquisition of 100% of the share capital of Iris S.r.l., a company involved in Bingo and betting collections through AWP and VLT. Iris S.r.l. has been consolidated since December 31, 2023.

See Note 7 - "Business combinations and acquisition of businesses" for businesses acquired during 2023.

Other changes in the scope of consolidation during 2023 related to extraordinary transactions involving consolidated companies and/or increased shareholding in existing investments are described below:

GGM S.p.A.

Following the Faro Games Transaction (as defined below), Lottomatica S.p.A. acquired the minority share capital previously held by Faro Games S.r.l. in GGM S.p.A. (for further details, please refer to Note 11.7.9). Subsequently, GGM S.p.A., with the completion of the acquisition of Ricreativo in September 2023, increased its share capital by issuing new shares for an amount equal to the agreed non-cash consideration, assigning them to the seller as partial satisfaction of the consideration (for further details on this subject please refer to Note 11.7.11).

Reorganization of the Group

On September 26, 2023, Goldbet News S.r.l. was merged into GBO Italy S.p.A. Subsequently, on November 15, 2023, Rosilsport S.r.l., Valtellina Giochi S.p.A. and Optima Gaming Service S.r.l. were merged into Jolly Videogiochi S.r.l., whose name has been changed to Jolly Group S.r.l.

2.3.1 Subsidiaries

An investor controls an investee when: (i) it is exposed, or has rights, to variable returns from its involvement with the investee and ii) it has the ability to affect those returns through its control over the investee. The existence of control is verified each time that facts or circumstances indicate a change in one of the aforementioned control criteria. Subsidiaries are consolidated using the line-by-line method, from the date that control is obtained until the date that such control ceases when it is transferred to third parties. The financial statements of all the subsidiaries have the same reporting date as the Company. The principles adopted for line-by-line consolidation are as follows:

- the assets, liabilities, revenues and expenses of the subsidiaries are consolidated on a line-by-line basis, attributing to the non-controlling interests, where applicable, their share of equity and profit or loss for the year which are shown separately in equity and in the consolidated statement of comprehensive income;
- gains and losses including any tax effects resulting from transactions between fully consolidated Group companies, which have not been realized with third parties at the end of the reporting period, are eliminated, other than losses that result from transactions involving a reduction in value of the asset transferred. Receivables and payables, costs and revenues and finance income and expenses between companies included in the scope of consolidation are also eliminated;
- if the Group increases its shareholding in a subsidiary subsequent to assuming control, any difference between the acquisition cost and the corresponding share of equity acquired is recognized in equity attributable to owners of the parent. In the same way, if the Group reduces its shareholding in a subsidiary without a loss of control of the subsidiary, the effects are recognized in equity. If, on the other hand, as a result of the sale of shares in a subsidiary the Group loses control, the following are recognized in profit or loss:
  1. any gains/losses, calculated as the difference between the consideration received and the corresponding share of net equity sold;
  2. the effects of remeasuring any remaining investment to its fair value;
  3. all amounts previously recognized in other comprehensive income in relation to the subsidiary over which control was lost. If, however, it is not foreseen that such amounts would be subsequently reclassified to the income statement, they are reclassified to "Retained earnings".

The new book value of any remaining investment is the fair value at the date of loss of control and this becomes the reference value for future measurement of the investment in accordance with relevant accounting standards.

2.3.2 Business combinations

Business combinations in which control is acquired are recorded in accordance with IFRS 3 – Business Combinations ("**IFRS** 3"), applying the acquisition method of accounting. Identifiable assets acquired, liabilities and contingent liabilities assumed are recognized at their fair value at the acquisition date (the "**Acquisition Date**"), except for deferred tax assets and liabilities, assets and liabilities relating to employee benefits and assets held for sale, which are recognized on the basis of the relevant accounting principles. If positive, the difference between the acquisition cost and the fair value of the assets and liabilities acquired is recognized as goodwill, if negative, after reviewing the fair value measurements of the assets and liabilities acquired, the difference is recognized directly in the consolidated statement of comprehensive income as a gain. In the event that the values of the acquired assets and liabilities are initially determined on a provisional basis, they must be confirmed within a maximum period of twelve months from the acquisition date, based solely on information relating to facts and circumstances existing at the Acquisition Date. In the period when such values are finally determined, the provisional values are adjusted retrospectively. Transaction costs are recorded in the consolidated statement of comprehensive income when incurred.

In addition to the fair value at the Acquisition Date of the assets transferred, the liabilities assumed and any capital instruments issued for the purposes of the acquisition, the acquisition cost also includes contingent consideration, or that share of the cost, the amount and timing of which are contingent on future events. Contingent consideration is measured at fair value at the Acquisition Date; subsequent changes in fair value are recognized in the consolidated statement of comprehensive income if the contingent consideration is a financial asset or liability while, if the contingent consideration is classified as equity, the original amount is not remeasured and is recorded directly in equity when settled.

If the business combination is achieved in stages, the acquisition cost is determined by adding the fair value of the previously held equity interest and the consideration for the additional investment. Any difference between the fair value of the previously held equity interest and its acquisition-date fair value is recognized in the consolidated statement of comprehensive income. On assuming control, any amounts previously recognized in other components of comprehensive income are reclassified to the income statement or recognized under another heading in equity in the event they are not reclassified to the income statement.

* * *

Business combinations in which all the combining entities or businesses are ultimately controlled by the same party or parties, both before and after the transaction, are known as business combinations under common control. Such combinations are not governed by IFRS 3 nor by any other IFRS. In the absence of an applicable accounting standard, an accounting policy meeting the requirements of IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, regarding the provision of relevant and reliable information must be applied. Moreover, the accounting policy chosen to represent combinations under common control must reflect the economic substance of the arrangement independently of its legal form. Economic substance, therefore, is the key driver in choosing the most appropriate method to account for such combinations. Economic substance must be considered in terms of the generation of added value and significant variations in cash flows relating to the net assets transferred. It is also important to consider existing interpretations and guidance and reference is made to the Preliminary Guidance on IFRS of the Association of Italian Auditors in relation to how to account for business combinations of entities under common control in separate and consolidated financial statements. The net assets transferred must, therefore, be recognized at the same values as their carrying amounts in the financial statements of the acquired companies or, if available, at the values reported in the consolidated financial statements of the common controlling company. In this regard, in such cases, the Company has chosen to refer to carrying amounts in the financial statements of the acquired companies.

2.3.3 Associates

Associates are those companies over which the Group exercises significant influence, which is presumed to exist when the Group holds between 20% and 50% of the voting rights. Associates are accounted for using the equity method and are initially recorded at cost. The equity method is described as follows:

- the carrying amount of such investments is aligned to the adjusted equity, where necessary, to reflect the application of IFRS and includes recognition of the higher values attributed to the assets and liabilities and goodwill, if any, identified at the date of acquisition, following a process similar to that previously described for business combinations;
- the Group's share of the investee's profit or loss is recorded starting from the date that significant influence commences until the date that influence ceases. If, as a result of losses, the investee shows negative equity, the carrying amount of the investment is reduced to zero, any additional losses are provided for and a liability is recognized only to the extent that the Group has legal or constructive obligations or is otherwise required to settle the losses. Changes unrelated to profit or loss in the equity of investees accounted for using the equity method are recognized directly in the consolidated statement of comprehensive income;
- unrealized gains and losses, generated on transactions between the Company/its subsidiaries and the investee accounted for using the equity method are eliminated to the extent of the Group's investment in the investee, except for losses, in the case in which they represent impairment of the underlying asset, and dividends, which are eliminated in full.

When indicators of impairment exist, recoverability is considered by comparing the book value of investments with their related recoverable value calculated in accordance with the criteria indicated in "Impairment of goodwill and property, plant and equipment, intangible and investment property assets". If the reasons for the impairment cease to exist, the value of the investments is reinstated up to the amount that would have been recognized had no impairment occurred, with the effect being recorded in the income statement.

The partial disposal of investments that result in loss of control or loss of significant influence over the investee are reflected in the consolidated statement of comprehensive income with:

- any gains/losses, calculated as the difference between the consideration received and the corresponding share of net equity sold;
- the effect of realigning the remaining investment to its fair value;

- all amounts previously recognized in other comprehensive income in relation to the investment to be reclassified to the income statement.

The fair value of any remaining investment, as of the date of loss of control or loss of significant influence, becomes the new book value and therefore the reference for subsequent measurement in accordance with applicable criteria.

If an investment, or share of investment, accounted for using the equity method is classified as available for sale, such investment or share of investment is no longer measured using the equity method

2.3.4 Treatment of put options on the shares of subsidiaries

The Group has issued put options to minorities that give such minorities the right to sell their shares to the Group at a future date. The treatment of put options granted to minorities is not fully governed by EU IFRS. In particular, while the issuance of a put option to minorities gives rise to a liability, the corresponding entry is not defined. In this regard, in accordance with Paragraph 23 of IAS 32 - Financial Instruments: Presentation, a contract that contains an obligation for an entity to purchase its own equity instruments for cash or another financial asset gives rise to a financial liability. Such financial liability is recognized initially at the present value of the redemption amount and, in accordance with IFRS 9 – Financial Instruments ("IFRS 9"), subsequent adjustments to the financial liability are recognized in the statement of comprehensive income. In order to determine the corresponding entry to reflect the aforementioned financial liability, it is first necessary to consider whether, as part of the conditions regarding exercise of the puttable financial instrument, the risks and benefits deriving from ownership of the non-controlling interest are transferred to the controlling company or remain with the owners of the non-controlling interest, as this will determine whether the non-controlling interests subject to the put option are required to be reported. If the risks and benefits are not transferred to the controlling company by the puttable option, the non-controlling interests subject to the put option require reporting: if, on the other hand, such risks and benefits are transferred, the non-controlling interests need not be recognized in the consolidated financial statements.

Given the above:
- if the non-controlling interests do not need to be recognized in the financial statements as the related risks and benefits have transferred to the controlling company, the liability relating to the put option will be reflected:
  - a) against goodwill, if the put option was granted to the seller in the context of a business combination, or
  - b) against equity attributable to the minorities, in the case in which the contract was entered into outside such context; on the other hand.
- if the risks and benefits have not transferred, the corresponding entry will be to equity attributable to the owners of the parent.

2.4 Accounting policies and measurement criteria

The following paragraphs briefly describe the main key accounting policies and measurement criteria adopted in preparing the Consolidated Financial Statements.

2.4.1 Current and non-current assets and liabilities

The Group classifies an asset as current when:
- it expects to realize the asset, or intends to sell or consume it, in its normal operating cycle (12 months);
- it holds the asset primarily for the purpose of trading;
- it expects to realize the asset within twelve months after the reporting period or
- the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.
The Group classifies a liability as current when:
- it expects to settle the liability in its normal operating cycle;
- it holds the liability primarily for the purpose of trading;
- the liability is due to be settled within twelve months after the reporting period or
- it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

2.4.2 Property, plant and equipment

Property, plant and equipment is recorded at acquisition or production cost (inclusive of any non-deductible VAT, which is recognized as a cost) net of accumulated depreciation and impairment. Acquisition or production cost includes costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating as well as any expected costs of dismantling and removing the asset and restoring it to its original condition if a contractual obligation exists. Finance expenses directly attributable to the acquisition, construction or production of property, plant and equipment requiring more than one year to construct or produce are capitalized and depreciated over the estimated useful lives of the assets to which they relate.

Expenses incurred for ordinary and/or cyclical maintenance and repairs are charged directly to the consolidated statement of comprehensive income in the year incurred. The capitalization of costs inherent to the expansion, modernization or improvement of facilities owned or used by third parties is recorded solely to the extent that they meet the conditions for being classified separately as an asset or part of an asset. Improvements to leased assets are depreciated over the duration of the relevant lease contract or over the specific estimated useful life of the asset, if less.

Depreciation is calculated on a straight-line basis over the estimated useful life of the individual assets. When an asset being depreciated is composed of separately identifiable elements with useful lives that differ significantly from the other elements that comprise the asset, depreciation is calculated separately for each element, in accordance with the component approach method.

The estimated useful life by class of property, plant and equipment is as follows:

	Estimated useful life
Gaming hardware	2-8 years
Furniture	2-8 years
Leasehold improvement	Lower of estimated useful life of the asset and duration of the relevant lease contract
Other assets	4-8 years

The estimated useful life of property, plant and equipment is reviewed and adjusted as required.

Property, plant and equipment is derecognized when it is sold or otherwise disposed of or when the expected future economic benefits no longer exist. Any gains or losses (calculated as the difference between the net sale proceeds and the net book value of the asset sold) are recognized in the consolidated statement of comprehensive income at the time the asset is derecognized.

2.4.3 Intangible assets

Intangible assets include identifiable assets without physical substance that are controlled by the Group and expected to produce future economic benefits, as well as goodwill arising on business combinations. The requirement that such assets be identifiable is normally satisfied when an intangible asset is:

- based on a legal or contractual right or
- separable, in the sense that it may be separately sold, transferred, leased or exchanged.

Control over an intangible asset consists of the right to make use of the future economic benefits deriving from the asset and the ability to limit such access to others.
Intangible assets are initially recognized at acquisition or production cost (inclusive of any non-deductible VAT, which is recognized as a cost), including costs directly attributable to making the asset ready for use. All other subsequent costs are charged directly to profit or loss in the year incurred. Research costs are recognized in the income statement as they are incurred. The most significant intangible assets held by the Group are as follows:

A) Goodwill

Goodwill is recognized as an intangible asset with an indefinite useful life. It is initially measured at cost, as previously described, and subsequently tested for impairment at least annually to identify if goodwill is impaired (see the following paragraph "Impairment of goodwill and property, plant and equipment, intangible and investment property assets"). Impairment losses recognized for goodwill may not be reversed in subsequent periods.

B) Intangible assets with a finite useful life

Intangible assets with a finite useful life are recognized at cost, net of accumulated amortization and impairment losses, if any. Amortization starts when the asset is available for use and is charged systematically over the residual estimated useful life; for details regarding amounts to be amortized and the recoverability of the recognized values of such assets, see the disclosures relating to "Property, plant and equipment" and "Impairment of goodwill and property, plant and equipment, intangible and investment property assets" respectively.

The estimated useful life for the various classes of intangible assets is as follows:

	Estimated useful life
Concessions	Duration of concession
Trademarks	10 -30 years
Software	3-10 years or on a straight-line basis
Network relationship	4-10 years
Other intangible assets	2-5 years

2.4.4 Investment property

Properties held to earn rentals or for capital appreciation are recognized under "Investment property"; as with property, plant and equipment, such properties are stated at acquisition or production cost including any ancillary costs, net of accumulated depreciation and impairment.

2.4.5 Impairment of goodwill and property, plant and equipment, intangible and investment property assets

A) Goodwill

As noted above, goodwill is tested for impairment annually or more frequently, whenever events or changes in circumstances indicate that goodwill may be impaired, in accordance with IAS 36 (Impairment of Assets). Impairment tests are normally performed at each year end and therefore the reference date for such tests is the reporting date.

Impairment tests are carried out for each cash-generating unit ("CGU") or group of CGUs to which goodwill has been allocated (if events or changes in circumstances indicate that goodwill may be impaired, impairment tests are performed even in the event that the process of allocating goodwill to the CGUs has not yet been completed). An impairment loss on goodwill is recognized when the CGU's carrying amount exceeds its recoverable amount. The recoverable amount of a CGU is the higher of its fair value less costs of disposal and its value in use, being the present value of estimated future cash flows; in calculating the value in use, the estimated future cash flows are discounted to present value using a net of tax discount rate, which reflects current market assessments of the time value of money and the risks specific to the asset. If the impairment loss is higher than the carrying amount of goodwill allocated to the CGU, the excess is applied to the other assets of the CGU in proportion to their carrying

amount. The carrying amount of an asset should not be reduced below the highest of

- *the fair value of the assets less costs of disposal;*
- *the value in use;*
- *zero.*

Impairment losses recognized for goodwill may not be reversed in subsequent periods even if the conditions that gave rise to such impairment loss cease to exist.

B) Property, plant and equipment, intangible and investment property assets with a finite useful life

At each balance sheet date, the Group assesses whether there are any indications of impairment of property, plant and equipment, intangible and/or investment property assets with a finite useful life. Both internal and external sources of information are used for this purpose. Internal sources include obsolescence or physical damage, significant changes in the use of the asset and the economic performance of the asset compared to estimated performance. External sources include the market value of the asset, changes in technology, markets or laws, trends in market interest rates and the cost of capital used to evaluate investments.

When indicators of impairment exist, the recoverable amount is estimated and the carrying amount of the asset reduced accordingly, with the impairment loss being charged to the consolidated statement of comprehensive income. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. In calculating the value in use, the estimated future cash flows are discounted to present value using a net of tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For assets that do not generate cash inflows that are largely independent of those from other assets or groups of assets, the Group estimates the recoverable amount of the CGU to which the asset belongs.

If the carrying amount of an asset or the CGU to which it belongs exceeds the recoverable amount, an impairment loss is recognized in the consolidated statement of comprehensive income. Such impairment losses are allocated first to reduce the carrying amount of any goodwill allocated to the CGU or group of CGUs and then to other assets of the unit pro rata on the basis of their carrying amounts, while respecting their relative recoverable amounts. If the conditions that gave rise to an impairment loss no longer exist, the asset is revalued to the revised estimate of its recoverable amount, up to the value that would have been recorded, net of amortization, had no impairment loss been recognized, with the increase being recognized in the consolidated income statement.

2.4.6 Financial assets

On initial recognition, financial assets are classified in one of the three categories described below based on:

- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset.

Financial assets are derecognized when, and only when, disposal involves the substantial transfer of all the risks and rewards of ownership of the financial asset. If, on the other hand, the company retains substantially all the risks and rewards of ownership of the financial asset, it must continue to recognize the financial asset, even if legal ownership has effectively been transferred.

A) Financial assets measured at amortized cost

Financial assets are measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a "Hold to collect" business model, the objective of which is to hold financial assets in order to collect contractual cash and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (i.e., that pass the SPPI test).

At initial recognition, such assets are measured at fair value including directly attributable transaction costs or income. Subsequent to initial recognition, such financial assets are measured at amortized cost, calculated using the effective interest method. The amortized cost method is not used for those assets (measured at historical cost) whose short-term nature means there is no requirement to discount to present value, available assets and revocable credit lines.

Financial assets measured at amortized cost, other than trade receivables, are considered to have a low credit risk if the counterparty has at least an investment grade rating or if it is considered that it is able to respect its financial obligations. For such assets, any loss allowance recognized is limited to that relating to 12 month expected credit losses.

B) Financial assets measured at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a "Hold to collect and sell" business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (i.e., that pass the SPPI test).

This category also includes equity instruments (other than investments in subsidiaries, associates or joint ventures) not held for sale, for which the option has been exercised to designate the asset at fair value through other comprehensive income.

At initial recognition, such assets are measured at fair value including directly attributable transaction costs or income. Subsequent to initial recognition, equity interests (other than investments in subsidiaries, associates or joint ventures) are measured at fair value, with the offsetting amounts recognized in equity (Statement of comprehensive income) and not subsequently reclassified to profit or loss, even in the event of sale. Related dividends represent the only relevant component recognized in the income statement.

For securities included in this category not quoted in an active market, cost is used as an estimate for fair value under certain limited circumstances, such as when recent information to measure fair value is insufficient or there exists a broad range of possible measures of fair value and cost is considered to be the best estimate of these.

C) Financial assets measured at fair value through profit or loss

This category includes all financial assets other than those measured at amortized cost or at fair value through other comprehensive income. It includes financial assets available for sale and derivatives not classified as cash flow hedges (which are recognized as assets if the fair value is positive and liabilities if fair value is negative).

At initial recognition, financial assets measured at fair value through profit or loss are measured at fair value, excluding transaction costs or income that are directly attributable to the instrument in question. Subsequently, they are measured at fair value with related gains and losses being recognized in the income statement.

2.4.7 Trade receivables

In accordance with IFRS 15 – *Revenue from Contracts with Customers*, trade receivables for the provision of services are recognized based on the terms of the relevant customer contract and classified according to the nature of the counterparty and/or the due date of the receivable (such definition includes invoices still to be issued for services already provided).

As trade receivables are typically short-term in nature and do not involve payment of interest, amortized cost is not calculated and they are accounted for at the nominal value stated on the invoice or in the customer contract: such arrangement is followed even for those receivables due after more than 12 months, so long as the effect is not significant. This is due to the fact that the value of short-term receivables is very similar whether the historical cost method or amortized cost method is adopted and the impact of discounting is insignificant.
Trade receivables are tested for impairment in accordance with the requirements of IFRS 9. For measurement purposes, trade receivables are categorized by due date. Performing receivables are measured collectively, grouping individual exposures based on similar credit risk. The measurement process involves reviewing losses suffered on assets with similar credit risk based on past experience and considers expected losses. Provisions are made against individually significant receivables for which an objective risk of partial or total non-collection is identified.

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The Group applies the simplified approach set out in IFRS 9 to estimate the recoverability of its trade receivables.
The adjustment of estimates takes into account the risk of non-collection of receivables by applying different expected loss allowances to groups of receivables, each characterized by similar risk profiles and ageing or status of actions taken to recover doubtful receivables.

2.4.8 Inventories

Inventories are valued at lower of cost and estimated realizable value.
Obsolete stock and slow turnover inventory are written down in relation to their possibility of use or realization through the establishment of a specific provision, recognized as a direct decrease in the corresponding asset item.

2.4.9 Cash and cash equivalents

Cash and cash equivalents include cash and available bank deposits as well as short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value and have original maturity, or remaining maturity at the date of purchase, not exceeding 3 months. Cash and cash equivalents are recognized at fair value with related changes recorded in the consolidated income statement. The item includes cash in the hopper of machines managed by Group companies involved in "Retail & Street Operation" product division.

2.4.10 Employee severance indemnity

The employee severance indemnity due to employees in accordance with Article 2120 of the Italian Civil Code ("TFR") is considered a defined benefit plan. Under such plans, the amount of the benefit is only quantifiable following termination of the employment relationship and is dependent upon factors such as age, length of service and level of remuneration; for this reason, the costs charged to the income statement for a given year are determined by actuarial calculation. The liability recognized for defined benefit plans corresponds to the present value of the obligation at the reporting date. The obligations under defined benefit plans are determined each year by an independent actuary, using the projected unit credit method. The present value of defined benefit plans is determined by discounting future cash flows at an interest rate equal to high-quality corporate bonds issued in Euro which reflect the period of the relevant defined benefit plan. The actuarial gains and losses deriving from adjustments in the total liability and the effect of changes in the actuarial assumptions are recognized in the statement of comprehensive income.

With effect from January 1, 2007, the 2007 Finance Law and related decrees implementing the law introduced significant changes to the TFR regulations, including the option for each employee to choose the destination of the accruing indemnity. Specifically, employees may now allocate new TFR flows to alternative external pension plans or elect for them to be retained by the employer. If an external pension plan is chosen, the company is only obliged to make defined contributions to such plan and, accordingly, from the aforementioned date, the related new TFR flows are deemed to be payments to a defined contribution plan not subject to actuarial valuation.

2.4.11 Provisions for risks and charges

Provisions for risks and charges are recorded to cover costs and liabilities whose existence is certain or probable but which at the end of the reporting period are uncertain as to amount or as to the date on which they will arise. Provisions are recognized only when:

- there is a current (legal or constructive) obligation for a future outflow of resources deriving from a past event;
- it is likely that the outflow of resources required to satisfy the obligation is significant and
- the amount of the obligation can be estimated reliably.

Provisions are based on best estimates at the reporting date of the present value of the expenditure required to extinguish the obligation or transfer it to third parties. If the time value of money is material and the payment date of the obligations can be reasonably estimated, provisions are calculated as the present value of the expected cash flows, taking into account the risks associated with the obligation. Increases in the amount of the provision due to changes in the time value of money are recognized as "Finance expenses" in the income statement. Provisions are adjusted periodically to reflect changes in estimated costs, timing and discount rates. Changes to estimates are recognized in the income statement in the same account as the original provision.

2.4.12 Financial liabilities, trade payables and other payables

Financial liabilities (other than derivative financial instruments), trade payables and other payables are initially recognized at fair value, net of directly attributable transaction costs, and subsequently measured at amortized cost, with any differences being recognized over the life of the liability as required by the effective interest method. If there is a change in the estimate of expected cash flows, the liabilities are remeasured to recognize the present value of the new expected cash flows calculated using the effective interest rate as initially determined.

2.4.13 Derecognition of financial assets and liabilities

A financial asset (or part of a financial asset or part of a group of similar financial assets) is derecognized when:

- rights to the cash flows from the asset have expired;
- the Group has retained the rights to the cash flows from the asset, but has assumed an obligation to pay the cash flows from the asset to third parties, wholly and without delay;
- the Group has transferred its rights to receive the cash flows from the asset and has: (a) transferred substantially all risks and rewards of ownership of the financial asset; or (b) has neither transferred substantially all risks and rewards nor retained substantially all risks and rewards but has transferred control of the asset.

A financial liability is derecognized when the obligation underlying the liability is extinguished, annulled or fulfilled.

2.4.14 Derivative financial instruments

Derivative financial instruments are accounted for in accordance with IFRS 9. At the inception of the contract, derivative instruments are initially recognized as financial assets at fair value through profit or loss when the fair value is positive, or financial liabilities at fair value through profit or loss when the fair value is negative. If the financial instruments are not designated as hedging instruments, any changes in fair value after initial recognition are treated as components of profit or loss for the year. If the derivative instruments meet the requirements to qualify as hedging instruments, subsequent changes in fair value are recognized according to the specific criteria described below.

A derivative financial instrument is classified as a hedge if the relationship between the hedging instrument and the hedged item is formally documented, including the risk management objectives, the hedging strategy and the methods that will be used to verify perspective and retrospective effectiveness. The effectiveness of each hedge is assessed both at the inception of the contract and during its life, specifically at each year-end and interim reporting date. A hedge is considered to be highly effective if at the start of the hedge and during subsequent periods, changes in the fair value (in the case of a fair value hedge) or expected future cash flows (in the case of a cash flow hedge) of the hedged item are substantially offset by changes in the fair value of the hedging instrument.

IFRS 9 provides for the following three types of hedging relationship:

I. fair value hedge: when the hedge relates to exposure to changes in the fair value of a recognized asset or liability, changes in the fair value of the hedging instrument as well as changes in the fair value of the hedged item are recognized in profit or loss;
II. cash flow hedge: in the case of hedges intended to neutralize exposure to variability in cash flows attributable to future execution of commitments in place as of the reporting date, changes in the fair value of the hedging instrument relating to the portion determined to be an effective hedge are recognized in other comprehensive income, and therefore in an equity reserve. When the economic effects of the hedged item crystallize, the amounts recognized in other comprehensive income are then reclassified to profit or loss. Changes in the fair value of the hedging instrument relating to the portion not determined to be an effective hedge are recognized immediately in profit or loss;
III. hedge of a net investment in a foreign operation (net investment hedge).

If the checks do not confirm the effectiveness of the hedge, the hedge accounting is interrupted with immediate effect and the hedging derivative reclassified as a financial asset at fair value through profit or loss, or financial liability at fair value through profit or loss. Moreover, the hedging relationship shall cease when:

- the derivative matures, is sold, rescinded or exercised;
- the hedged item is sold, expires or is refunded;
- it is no longer highly probable that the future hedged transaction will take place.

2.4.15 Fair value of financial instruments

The fair value of financial instruments is determined in accordance with IFRS 13 - Fair value measurement ("IFRS 13"). Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place in the principal market for the asset or liability (i.e., the market with the highest number of transactions involving sale of such assets or transfer of such liabilities). In the absence of a principal market, it is assumed that the transaction takes place in the most advantageous market for the asset or liability to which the Group has access (i.e., the market most likely to maximize the price at which the asset can be sold or minimize the cost at which the liability can be transferred).

The fair value of an asset or liability is determined, using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. Market participants are independent, informed buyers and sellers, able and willing but not obliged to enter into transactions.

In determining fair value, the Group considers the characteristics of specific assets and liabilities and in measuring the fair value of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Fair value measurement of assets and liabilities is based on the use of appropriate valuation techniques applied to available data, maximizing the use of relevant observable inputs.

IFRS 13 establishes a fair value hierarchy that categorizes into three levels the inputs to valuation techniques used to measure fair value:
- Level 1: inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (e.g., for derivatives, exchange rates published by the Bank of Italy, interest rates and yield curves, implied volatilities, credit spreads based on CDS data etc.);
- Level 3: inputs are unobservable inputs for the asset or liability (management assumptions regarding financial flows, risk-adjusted spreads etc.).

2.4.16 Revenues and costs

In accordance with IFRS 15, revenues from contracts with customers are recognized when the following conditions are met:
- the contract with a customer has been identified;
- the performance obligations in the contract have been identified;
- the transaction price has been determined;
- the transaction price has been allocated to the performance obligations in the contract and
- when the related performance obligation contained in the contract is satisfied

The Group recognizes revenue from contracts with customers when (or as) it satisfies its performance obligations, by transferring the promised goods or services (i.e., an asset) to the customer. An asset is transferred when (or as) the customer obtains control of that asset. The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:
- the customer simultaneously receives and consumes the benefits provided by the Group's performance as it performs;
- the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced;
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, it is satisfied at a point in time.

Incremental costs of obtaining a contract with a customer are recognized as assets and, to the extent the Group expects to recover them, recovered over the duration of the underlying contract. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Group recognizes an asset from the costs incurred to fulfill a contract with a customer only if the costs incurred in fulfilling such contract are not within the scope of another Standard (for example, IAS 2 – Inventories, IAS 16 – Property, Plant and Equipment or IAS 38 – Intangible Assets), and if such costs meet all of the following criteria:
- the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;
- the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future and
- the costs are expected to be recovered.

Specifically, the Group recognizes revenues as follows:
- AWP revenues are recognized net of the flat rate PREU tax and winnings paid but gross of amounts to be paid to operators and hall managers, the ADM concession fee and the deposit equal to 0.5% of bet on devices linked to the network. The Group has a single performance obligation that is considered to be satisfied at the point in time the bet is placed by the player. Costs attributable to the management of indirect AWPs (i.e., those for which the Group only plays the role of concessionaire, since the AWPs are owned by third parties), such as the fees paid to the owners of the AWPs and to the operators, are recorded as a direct reduction of revenues. This classification was carried out in consideration of the role actually played by the Group in the management of indirect AWPs, less incisive in the actual ability to influence the relative portion of revenues and, which leads to qualifying it as an "agent" rather than a "principal";

- VLT revenues are recognized net of winnings, amounts relating to jackpots and the PREU tax, but gross of amounts to be paid to operators, the ADM concession fee and the deposit equal to 0.5% of bet on devices linked to the network. The Group has a single performance obligation that is considered to be satisfied at the point in time the bet is placed by the player;
- Retail revenues are recognized based on the portion pertaining to the operator. Street operation revenues are recognized based on the portion pertaining to the Company – hall manager. The Group has a single performance obligation that is considered to be satisfied at the point in time the bet is placed by the player;
- Online and Sports Franchise gaming revenues are recognized net of winnings and the betting duties ("Imposta Unica") (as well as the 0.5% share introduced by Law Decree No.34 of May 19, 2020) but gross of costs related to the platform and the concession fee. In the case of online gaming (including online skill games), revenues are recognized net of winnings as well as the cost of bonuses and promotional offers during the period. The Group has a single performance obligation that is considered to be satisfied at the point in time the outcome of the event to which the bet relates is known.

The collection of both Sports Franchise and online fixed-odds bets (i.e., bets where the Group is exposed to pay-out risk) creates a financial liability representing potential winnings, which, in accordance with IFRS 9, is measured at fair value. Subsequent changes in the liability are recognized within revenues. The effect of fair value changes around the year-end was not significant and, therefore, neither the related revenues nor costs were recognized.
Revenues from national totalizer betting games are recognized based on the percentage commissions set by the convention for betting operations.

Costs are recognized when they relate to goods or services sold or used in normal business activities; they are recognized either based on systematic allocation or when such goods and services have no further use. Non-deductible value added tax (IVA) is recognized as a cost.

2.4.17 Finance income and expenses

Finance income and expenses are recognized during the period to which they relate.

2.4.18 Income tax expense

Income taxes are based on an estimate of the taxable income for the year, based on current fiscal legislation, and are recognized in the income statement under "Income tax expense", except in those cases where the tax effects of transactions are recognized directly in equity and the related amounts are charged or credited directly to equity. The consolidated statement of comprehensive income reports income taxes relating to each line item reported under "Other items that will not be classified to profit or loss". Provision for taxes due on the transfer of non-distributed profits of subsidiaries is made only when there exists a real intention to transfer such profits.

Deferred tax assets and liabilities are calculated using the balance sheet liability method and are recognized on temporary differences between the carrying amount of an asset or a liability in the consolidated financial statements and its tax base, except for non-deductible goodwill and for those differences related to investments in subsidiaries when the reversal is under the control of the Group and it is probable that they will not reverse in the reasonably foreseeable future. Deferred tax assets, including those relating to unused tax losses carried forward, are recognized to the extent to which it is probable that future taxable profit will be available against which they can be utilized. Tax assets and liabilities are offset, separately for current and deferred taxes, when the income taxes are levied by the same tax authority, there is a legally enforceable right of offset and it is expected that the balance will be settled net. Deferred tax assets and liabilities are computed based on tax rates that are expected to apply in the period in which the asset is recovered or settled to the extent that such rates have been approved at the date of the consolidated financial statements. Other taxes not related to income, such as indirect taxes and levies are reported under "Other operating costs" in the consolidated income statement.

In the event of uncertainties over income tax treatments, the company proceeds as follows: (i) if it considers it likely that the tax authorities will accept an uncertain tax treatment, it determines the (current and/or deferred) income taxes to be reported in the financial statements based on the tax treatment that it has applied or expects to apply when filing its returns; (ii) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment, it reflects the effect of uncertainty in determining the related (current and/or deferred) income taxes to be reported in the financial statements. Moreover, with regard to the matter of uncertain tax liabilities and provisions relating to tax disputes, any potential liabilities relating to income tax disputes are reported as "Current tax payables".

With effect from 2022, the Group extended the tax consolidation to the current Italian parent company (Lottomatica Group S.p.A.). Such entity represents the Group's tax consolidating company for the three-year period 2022-2024.

At the end of 2023, the Group (while not adhering to the collaborative fulfillment scheme) decided to adopt the Tax Control Framework tool with the dual aim, on the one hand, to speed up and make more effective the dialogue with the tax authorities in the event of tax controls and, on the other, to improve the efficiency of the collection, measurement and tax risk management in the business processes by improving related controls and reducing the risk of claims and tax disputes.

The Tax Control Framework is the set of procedures, tools, organizational structures, standards and corporate rules aimed at allowing the conduct of the business to minimize the risk of operating in violation of tax rules, or in violation of the principles or objectives of the legal system, through an appropriate process of identifying, measuring, managing and monitoring of the main tax risks.

The European Union and many other OECD member states are committed to implementing Pillar 2 (the new tax regime of the "global minimum tax" whose rules were issued by the OECD in December 2021) which provides for a minimum overall tax of 15% from the 2024 tax period. The Group considers that there are no significant impacts arising from the application of Pillar 2 regulation. The Company will continue to assess the potential impacts of Pillar 2 regulation, through the continual monitoring of any new guidelines, when made public.

2.4.19 Earnings per share - basic and diluted

Basic earnings per share is calculated by dividing the net result attributable to the Group by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares. For the purposes of calculating the diluted earnings per share, the weighted average number of shares outstanding during the year is modified by assuming the exercise by all the assignees of rights that potentially have a dilutive effect, while the result pertaining to the Group is adjusted to take into account any effects, net of taxes, of the exercise of these rights.

2.4.20 Use of accounting estimates

The preparation of financial statements in conformity with relevant accounting standards and methods in certain cases requires management to make estimates and assumptions based on subjective judgments, past experience and hypotheses considered reasonable and realistic, given the information known at the time. Such estimates have an effect on the amounts reported in the financial statements, including the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the related notes to the consolidated financial statements. Actual results may then differ, even significantly, from those reported in the consolidated financial statements due to changes in the factors considered in determining the estimates, given the uncertainties that characterize the assumptions on which estimates are based.

Many reported account balances are based on estimates and while not all constitute large amounts, the total of such balances are materially significant. Key accounting estimates involving a high degree of subjectivity and judgment on the part of management, where a change in the conditions underlying the assumptions could have a significant effect on the Group's financial results, are detailed below.

2.4.20.1 Stock options

On June 15, 2023, the Board of Directors approved the implementation of the medium-long term management incentive plan regulation ("LTIP Regulation", and "LTIP" in relation to the medium-long term management incentive plan) already approved by the Shareholders' Meeting of March 15, 2023 and subject to examination by the Appointments and Remuneration Committee (a description of the plan is detailed in Note 8.4). In line with the Stock Option Plan Regulation, the plan has been accounted for at fair value as required by IFRS 2 – Share Based Payment.

The valuation of the assigned rights was carried out by reflecting the financial market conditions valid on the grant date of June 15, 2023. The methodology adopted to estimate the fair value follows the risk neutral approach; the risk-free rate curve is deducted from the interest rate swap rates present on the market at the grant date. For each option, the expected dividend rate of the underlying was considered which, based on the Company's dividend policy, was set at 3.83% per annum. With regard to stock volatility, it is a reasonable estimate based on the historical volatility at 45.36%, calculated with reference to a panel of comparable companies. With regard to the hypotheses of the beneficiaries leaving, it was considered an annual probability of leaving equal to 0.00%.

The following table provides details of the market related data used to determine the fair value of the stock options:

Number of options	Vesting date	Expiration date	Strike price (Euro)	Price at valuation date (Euro)	Annual volatility	Expected dividend rate	Exit annual rate
2,000,000	June 15, 2026	June 15, 2028	9.00	8.214	45.36%	3.83%	0.00%

The fair value of market based component (related to TSR, as defined below) was estimated using the stochastic simulation with the "Monte Carlo method". The valuation was carried out on no-arbitrage and risk-neutral framework assumptions common to fundamental stock option pricing models (such as the binomial model, the Black-Scholes model and so on), using the following hypotheses:

- average annual growth rate of the stock of 3.53%;
- stock volatility of 45.36%;
- discount rate of 3.53%;
- expected dividend rate of 3.83% per year.

As regards "non-market based" component (cumulative Adjusted EBITDA), unlike the "market based" performance conditions and according to the accounting principle, it must be updated periodically at each reporting date to take into account the expectations relating to the number of rights that may accrue. In this regard, it is assumed that the performance condition which allows the vesting of approximately 40% of the assigned rights will be achieved.

For the ESG bonus/malus component, it is assumed that the target will be achieved.

The following table shows the fair value of the individual option rights assigned. The valuation was based on the assumption made before:

Number of options	Unit fair value (Euro)
852,500	2.595

The charge for 2023 (amounting to Euro 403 thousand) was recognized in the income statement among Personnel costs, with a corresponding offset in equity reserves.

2.4.20.2 Provisions for risks and charges

Provisions representing the risk of a negative result are recorded for legal and tax risks. The value of the provisions recognized in the financial statements represents the best estimate as of that date made by the management. This estimate involves making assumptions which depend on factors which may change over time and, therefore, could have significant effects with respect to the current estimates made by the management in preparing the Consolidated Financial Statements.

2.4.20.3 Impairment of assets

Goodwill

The Group's activities are divided into three operating segments: Online, Sports Franchise and Gaming Franchise. In accordance with the accounting standards used and the impairment procedure, the Group tests annually to determine whether goodwill has become impaired. The recoverable value is determined based on a calculation of value in use. This calculation requires the use of estimates. For more details on the Goodwill impairment test, please see Note 9.2 – "Goodwill".

Property, plant and equipment and intangible assets with definite useful life

In accordance with the accounting standards applied by the Group and the impairment procedure, property, plant and equipment and intangible assets with definite useful life are subject to verification to ascertain whether impairment exists, which is recognized through a write-down, when there are indications that suggest difficulties in recovering the relative net carrying value through use. Verification of whether these indicators exist requires the Directors to make subjective assessments based on information available within the Group and on the market, as well as on historical experience. Additionally, when impairment is identified, the Group determines the amount using the appropriate measurement techniques. Proper identification of potential impairment indicators, as well as the estimation of their amount, depends on factors which may vary over time, influencing measurements and estimates made by the Directors.

2.4.20.4 Deferred tax assets

Deferred tax assets are recognized on deductible temporary differences between the carrying amount of an asset or liability in the Consolidated Financial Statements and its tax base and on unused tax losses carried forward, to the extent it is probable that future taxable profit will be available against which such deferred tax assets can be utilized. Judgment is required on the part of management, involving estimates regarding the timing and level of future taxable profits, to determine the level of deferred tax assets that should be recognized.

2.4.20.5 Allowance for doubtful receivables

The recoverability of receivables is estimated taking into account the risk of non-collection and applying different expected loss rates to groups of receivables with similar risk profiles and ageing or based on the stage of the process being followed to recover such doubtful receivables.

2.4.20.6 Depreciation and amortization

The cost of property, plant and equipment and intangible assets is depreciated/amortized on a straight-line basis over the estimated useful life of each asset. The useful economic life of these assets is determined at the time of purchase, based on historical experience for similar assets, market conditions and expected future events which may affect them, such as technological changes. An asset's actual useful life may, therefore, be different from its estimated useful life.

2.4.20.7 IFRS 16 "leases"

Right-of-use assets are measured as being equal to the related lease liabilities at the date of initial application, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application. The Group has elected to make use of the exemptions provided for in the standard in relation to short-term leases (for periods of less than 12 months, including those with residual duration of less than 12 months at the date of initial application) and low value assets (including IT equipment and office items and equipment), which in any event in total are not material. Lease payments relating to such contracts are recognized in the income statement.

Lease liabilities are measured at the present value of the outstanding lease payments at the date of first application of the standard, which are fixed over the lease term. The lease term includes the non-cancellable periods of a lease during which the Group can exercise the right of use of the leased asset, as well as periods covered by an option to extend the lease if the Group is reasonably certain to exercise such option. Lease liabilities do not include costs other than costs directly associated with the lease (e.g., management or ancillary costs).

The discount rates used to measure lease liabilities are the Group's incremental borrowing rates, which take account of country risk, currency, the duration of the lease contract and the Group's credit risk. Similar discount rates are applied to leases with similar lease terms.

The effects as of December 31, 2023 of adopting IFRS 16 included: (i) an increase of Euro 20.6 million in Adjusted EBITDA as a result of the capitalization of operating leases that were previously charged to the income statement as cost of services for Euro 20.4 million and as other operating costs for Euro 0.2 million; (ii) an increase of Euro 17.0 million in depreciation charges; and (iii) an increase of Euro 3.8 million in finance expenses. Net financial indebtedness also increased by Euro 75.9 million (of which Euro 6.8 million mainly related to inclusion of Ricreativo within the scope of consolidation).

The effects as of December 31, 2022 of adopting IFRS 16 included: (i) an increase of Euro 17 million in Adjusted EBITDA, as a result of the capitalization of a similar amount in relation to operating leases that were previously charged to the income statement as cost of services; (ii) an increase of Euro 14.7 million in depreciation charges; and (iii) an increase of Euro 3.1 million in finance expenses. Net financial indebtedness also increased by Euro 68.2 million (of which Euro 4.9 million mainly related to inclusion of Optima Gaming Services and Battistini within the scope of consolidation).

2.5 Recently issued accounting standards

2.5.1 Accounting standards, amendments effective from January 1, 2023

The following list illustrates the new standards and interpretations approved by the IASB, endorsed in Europe and applied since January 1, 2023:

	Endorsed by the EU	Effective date
Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on December 9, 2021)	YES	Effective for accounting periods beginning on or after January 1, 2023
Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on May 7, 2021)	YES	Effective for accounting periods beginning on or after January 1, 2023
Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (issued on 23 May 2023)	YES	Effective for accounting periods beginning on or after January 1, 2023
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on February 12, 2021)	YES	Effective for accounting periods beginning on or after January 1, 2023

The adoption of these amendments did not have significant impacts on the Consolidated Financial Statements.

2.5.2 Accounting standards, amendments and interpretations not yet endorsed by the EU

As of the date of approval of the Consolidated Financial Statements, the following standards and amendments had not yet been endorsed by the EU:

	Endorsed by the EU	Effective date
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023)	NO	Effective for accounting periods beginning on or after January 1, 2024
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023)	NO	Effective for accounting periods beginning on or after January 1, 2025

Management is currently assessing the potential impacts that application of these standards would have on the Consolidated Financial Statements.

2.5.3 Accounting standards endorsed by the EU, but not yet applicable

As of the date of approval of the Consolidated Financial Statements, the following standards and amendments had been endorsed by the EU, but not yet adopted by the Group:

	Endorsed by the EU	Effective date
Amendments to IAS 1 Presentation of Financial Statements: *• Classification of Liabilities as Current or Non-current Date (issued on 23 January 2020);* *• Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 15 July 2020); and* *• Non-current Liabilities with Covenants (issued on 31 October 2022)*	YES	Effective for accounting periods beginning on or after January 1, 2024
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022)	YES	Effective for accounting periods beginning on or after January 1, 2024

Management is currently assessing the potential impacts that application of these standards would have on the Consolidated Financial Statements.

3. Management of financial risks

The Group is exposed to the following risks: market risk (interest rate risk), credit risk and liquidity risk. The Group is not involved in significant transactions that expose it to exchange rate risk.

The Group's objective is to maintain a balanced approach to managing its financial exposure by matching assets and liabilities and achieving operational flexibility through the use of liquidity generated by operating activities and bank loans.
The Group's ability to generate liquidity from operations together with its borrowing capacity enable it to satisfy its operational requirements to fund working capital, invest and meet its financial obligations.

Treasury and financial risk management are centralized within the Group. Specifically, the central finance function is responsible for evaluating and approving forecast financial requirements, monitoring trends and taking corrective action as necessary.

The following paragraphs provide qualitative and quantitative information relating to the Group's exposure to the aforementioned financial risks.

3.1 Market risk

3.1.1 Interest rate risk

Changes in interest rates on the variable component of debt and cash may result in higher or lower finance expenses/income. Interest rate swap derivative instruments are used in this risk management activity.

In particular, this risk is mainly attributable to the potential change in the cash flows related to the change in the interest rate on (i) the floating rate of the June 2023 Notes (as defined below) amounting to Euro 550 million and (ii) the December 2023 Notes (as defined below) amounting to Euro 500 million, both with coupon indexed to the three-month EURIBOR rate (with a floor of 0%) plus a contractually defined spread. Previously, the Group was exposed to this risk as a result of the floating rate notes issued in July 2020 for Euro 300 million, which were repaid in full during the first half of 2023.

With reference to the June 2023 Notes, in order to partially hedge the risk relating to possible changes in the interest rates, Lottomatica S.p.A. entered into two derivative contracts with UniCredit S.p.A. and Deutsche Bank AG, respectively, each for a notional amount of Euro 137.5 million; whereas, with reference to the December 2023 Notes, in order to hedge the risk relating to possible changes in the interest rates, Lottomatica S.p.A. entered into two derivative contracts with UniCredit S.p.A. and Deutsche Bank AG, respectively, each for a notional amount of Euro 250 million.

These derivative contracts partially hedge against the risk associated with a potential increase in interest rates by exchanging the bond's three-month EURIBOR rate with a contractually determined fixed interest rate. Such hedging transactions are accounted for as cash flow hedges in accordance with IFRS 9 – Financial Instruments.

3.1.2 Interest rate risk sensitivity analysis

With regard to the interest rate risk arising from the potential change in the interest rates of the abovementioned bonds, a sensitivity analysis was made to determine the effect on consolidated profit and loss and consolidated equity that would result from a hypothetical positive and negative change of 100 bps in interest rates compared to those actually recognized.

The following table shows the results of the analysis carried out:

(In thousands of Euro)	Effect on net profit of the year		Effect on Equity	
Sensitivity analysis	**-100 bps**	**+100 bps**	**-100 bps**	**+100 bps**
June 2023 Notes	-	(1,771)	-	(1,771)
Total effect for the year	**-**	**(1,771)**	**-**	**(1,771)**

Note: the positive sign indicates a higher profit and an increase in equity; the negative sign indicates a lower profit and a decrease in equity.

The risk indicated in the table above refers to the part not covered by derivative instruments of the June 2023 Notes. The December 2023 Notes is entirely covered by derivative instruments and therefore it is considered likely that the impact of any change in interest rate will not have any significant economic effect.

3.2 Credit risk

Credit risk represents the Group's exposure to the risk of potential losses resulting from the non-fulfilment of obligations by counterparts.

The collection of wagers by points of sale and nominated third parties may generate credit risk for the Group, as the failure of, or losses incurred by, one or more members of the distribution network or the interruption of relations with any of them for whatever reason can have a negative impact on the Group's results, business activities, financial conditions and future prospects. The Group mitigates such risk by obtaining bank and/or insurance guarantees.

In accordance with IFRS 9, trade receivables are recognized net of provisions, calculated on the basis of a risk model of non-fulfilment of obligations by counterparts, in turn based on available information regarding the counterparty's solvency and historical data, in such a way as to represent the fair value of the receivables, or expected realizable value of both already impaired receivables and those that may become impaired in the future. Provisions are made against individually significant receivables for which an objective risk of partial or total non-collection is identified.

The following table provides an ageing analysis of (current and non-current) trade receivables, net of the allowance for doubtful receivables, as of December 31, 2023 and 2022:

(In thousands of Euro)	As of December 31, 2023	Not yet overdue	Overdue 0-30 days	Overdue 31-90 days	Overdue 91-150 days	Overdue by more than 150 days
Trade receivables	133,574	101,099	2,033	1,054	115	29,273
Allowance for doubtful receivables	(36,794)	(6,746)	(299)	(361)	(115)	(29,273)
Net	**96,780**	**94,353**	**1,734**	**693**	-	-

(In thousands of Euro)	As of December 31, 2022	Not yet overdue	Overdue 0-30 days	Overdue 31-90 days	Overdue 91-150 days	Overdue by more than 150 days
Trade receivables	124,152	86,825	7,463	1,188	1,105	27,571
Allowance for doubtful receivables	(34,624)	(5,060)	(153)	(735)	(1,105)	(27,571)
Net	**89,528**	**81,765**	**7,310**	**453**	-	-

3.3 Liquidity risk

Liquidity risk is the risk that owing to an inability to access new funds or sell assets, the Group is unable to meet its payment obligations, leading to a negative impact on results if it is then obliged to incur additional costs to meet its obligations or deal with insolvency.

The Group manages this risk by seeking to establish a financial structure that, consistent with its business objectives and defined limits: i) ensures sufficient liquidity, while minimizing the related opportunity cost; and ii) maintains an appropriate balance in terms of duration and composition of debt.

The Group's exposure to such risk mainly relates to repayment obligations regarding the bonds issued on June 1, 2023 for Euro 1,115 million maturing in 2028, on December 14, 2023 for Euro 500 million maturing in 2030 and on September 27, 2022 for Euro 350 million maturing in 2027 and the revolving credit facility entered into for a total amount of Euro 350 million in addition to Euro 50 million available for bank guarantees (undrawn at the reporting date). Furthermore, the aforementioned revolving credit facility was increased by Euro 50 million when the December 2023 Notes (as defined below) were issued. This additional facility is subject to the completion of the SKS365 Acquisition and to certain standard conditions.

It should be noted that during 2023, the Group repaid in advance the senior secured notes issued on July 23, 2020 and April 1, 2021 for a total amount of Euro 1,215 million, in addition to the Bondco Loan (as defined below) of Euro 250 million.

The following table provides an analysis of cash disbursements by due date based on contractual repayment obligations relating to the bonds, trade payables and other liabilities, as of December 31, 2023 and 2022:

(In thousands of Euro)	Carrying amount as of December 31, 2023	Within 1 year	Between 1 and 5 years	Over 5 years	Total
Notes	1,939,762	150,940	2,005,278	568,196	**2,724,414**
Lease payable	75,908	22,581	57,320	8,463	**88,364**
Other current and non-current financial liabilities	170,420	124,460	45,960	-	**170,420**
Trade payables	95,911	95,911	-	-	**95,911**
Other current and non-current liabilities	325,901	308,225	17,676	-	**325,901**

Note: Notes, Bondco Loan and lease payable amounts relating to due dates "Within 1 year", "Between 1 and 5 years" and in "Over 5 years" also include the contractual interest.

(In thousands of Euro)	Carrying amount as of December 31, 2022	Within 1 year	Between 1 and 5 years	Over 5 years	Total
Notes	1,579,303	96,269	1,841,997	-	**1,938,266**
Bondco Loan	273,375	43,313	314,943	-	**358,256**
Lease payable	68,215	15,492	54,937	5,998	**76,427**
Other current and non-current financial liabilities	96,978	14,092	82,538	5,000	**101,630**
Trade payables	98,996	98,996	-	-	**98,996**
Other current and non-current liabilities	316,362	290,469	25,893	-	**316,362**

Note: Notes, Bondco Loan and lease payable amounts relating to due dates "Within 1 year", "Between 1 and 5 years" and in "Over 5 years" also include the contractual interest.

The expected future cashflows represent future principal capital and interest payments and are not discounted. The Group expects to meet such contractual obligations through the liquidation of financial assets, as well as through cash flows from operating activities and available cash and/or refinancing operations.

3.4 Risk related to Russia-Ukraine and Israeli-Palestinian conflicts

The Group did not encounter any significant critical issues attributable to the ongoing Russia-Ukraine conflict in terms of procurement, production and sales. As of December 31, 2023, the Group's main suppliers and customers are located outside Russia and Ukraine.

However, it cannot be ruled out that the continuation of a situation of military conflict in Ukraine and the increase in tensions between Russia and the countries in which the Group operates could negatively affect global macroeconomic conditions and the economies of those countries, leading to a possible contraction in demand and a consequent decrease in production levels, also taking into account the continuous evolution of the sanctions framework, which is constantly monitored by the Group's management.

Also, with reference to the Israeli-Palestinian conflict, the Group specifies that all its activities are carried out in Italy and no relevant impacts arose attributable to this conflict.

3.5 Risk related to climate change

The Group considers the prevention and management of risks which could jeopardize the attainment of the Company's objectives and its ability to continue as a going concern as a strategic priority. The Group has therefore identified the main risks related to climate change or environmental issues that may have implications or an impact on its business. The potential risks identified are those arising from climate change, both in terms of physical risks, i.e. more frequent extreme weather events or gradual climate change (e.g. floods, increase in temperatures, decrease in resources, etc.) or increase in operating costs due to extraordinary maintenance activities (e.g. restoring assets to their original conditions following any damage suffered), and in terms of transition risks, i.e. related to the transition to a low-carbon economy and the resulting government policies. However, the Group's current exposure to consequences of climate change is limited - in terms of its ability to influence its strategies and financial cash flows (see the 2023 consolidated non-financial reporting disclosure for more details).

The impact of climate-related matters on the Group's financial statements is currently not material and has not led to any significant assessments of accounting estimates. The Group will continue to monitor this exposure by specifically assessing the impact on costs related to the introduction of emission-reduction regulations and, if there is a significant impact, the Group will include these assumptions into its estimates.

4. Capital management

The Group's capital management is aimed at guaranteeing solid credit ratings and adequate capital indicators to support its investment plans, while meeting contractual obligations with lenders.
The Group ensures it has sufficient capital to finance its business development needs and meet operating requirements; to guarantee a balanced financial structure and minimize the total cost of capital, finances are sourced through a mix of risk capital and debt to the benefit of all stakeholders.

The Group is subject to certain restrictions in relation to certain financial liabilities (for further details see Note 9.16 - "Current and non-current financial liabilities").

Returns on capital are monitored by reviewing market trends and business performance, net of other commitments, including borrowing costs. In order to ensure the Group's going concern status, develop the business and provide an adequate return on capital, Management monitors the Group's debt to equity and debt to Adjusted EBITDA (as defined in Note 6) ratios on an ongoing basis, as well as monitoring debt with respect to business trends and expected future cash flows in the medium/long term.

Dividend policy

The Company's objective is to pursue a long-term sustainable strategy that allows an adequate return for its shareholders, while maintaining adequate funds to finance business growth and maintain a solid capital base that allows it to deal with any changes in the reference legislation and potential economic downturns. On March 15, 2023, the Company's Board of Directors approved a shareholder remuneration policy in the medium/long term, drawn up on the basis of the economic-financial perspective and the capital structure of the Company, envisaging target dividend distribution for an amount up to 30% of the consolidated net profit attributable to the group (subject to the required approval by the shareholders' meeting), adjusted for: (i) depreciation on the higher values of the assets of the companies or business acquired recognized in the consolidated financial statements of the Group compared to the book values at the date of acquisition; (ii) non-recurring costs and income excluded from the calculation of Adjusted EBITDA, (iii) finance income and expenses which, by their nature, should not reasonably recur in the future, (iv) other non-monetary items including in finance expenses and (v) tax effects on the

aforementioned adjustments. This policy is subject to the achievement of the Group's strategic investment plans, the financial and investment needs and, among other things, the compliance with any limitations from time to time set forth in the contractual documentation relating to the Group's financial indebtedness, as well as the availability of distributable profits and/or reserves resulting from the separate financial statements of the Company.

5. Financial assets and liabilities by category

The following tables show financial assets and liabilities as of December 31, 2023 and 2022 as required by IFRS 7, in accordance with the categories established by IFRS 9:

(in thousands of Euro)	Financial assets and receivables at amortized cost	Financial assets at FVTOCI	Financial liabilities and liabilities at amortized cost	Financial liabilities at FVTOCI	As of December 31, 2023
Current and non-current financial assets	531,044	45			531,089
Trade receivables	96,780	-			96,780
Other current and non-current assets	134,503	-			134,503
Cash and cash equivalents	294,682	-			294,682
Total	**1,057,009**	**45**	**-**		**1,057,054**
Current and non-current financial liabilities			2,178,551	7,539	2,186,090
Trade payables			95,911	-	95,911
Other current and non-current liabilities			325,901	-	325,901
Total			**2,600,363**	**7,539**	**2,607,902**

(in thousands of Euro)	Financial assets and receivables at amortized cost	Financial assets at FVTOCI	Financial liabilities and liabilities at amortized cost	Financial liabilities at FVTOCI	As of December 31, 2022
Current and non-current financial assets	37,193	23,595			60,788
Trade receivables	89,528	-			89,528
Other current and non-current assets	158,911	-			158,911
Cash and cash equivalents	234,838	-			234,838
Total	**520,470**	**23,595**			**544,065**
Current and non-current financial liabilities			2,017,871	-	2,017,871
Trade payables			98,996	-	98,996
Other current and non-current liabilities			316,362	-	316,362
Total			**2,433,229**	**-**	**2,433,229**

As of December 31, 2023, it is noted that "Current and non-current financial liabilities" include the bonds issued on June 1, 2023, on December 14, 2023 and September 27, 2022, the fair value of which amounted to Euro 1,154,632 thousand, Euro 504,960 thousand and Euro 379,572 thousand, respectively. As of December 31, 2022, the fair value of the bond issued on July 23, 2020, April 1, 2021 and September 27, 2022 amounted to Euro 631,656 thousand, Euro 547,538 thousand and Euro 363,149 thousand, respectively.
Other financial assets and liabilities are short-term or valued at market rates and, consequently, their fair value is deemed to be substantially in line with their book value.

Fair value measurement

The fair value of financial instruments listed on an active market is based on market prices at the reporting date. The fair value of instruments that are not listed on an active market is determined using valuation techniques based on a series of methods and assumptions linked to market conditions at the date of the respective financial statements. The classification of the fair value of financial instruments on the basis of the hierarchical levels that categorize the inputs to valuation techniques used to measure fair value, is shown below:

- Level 1: inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3: inputs are unobservable inputs for the asset or liability.

(in thousands of Euro)	Level 1	Level 2	Level 3	As of December 31, 2023
Derivative financial instruments assets	-	45	-	45
Derivative financial instruments liabilities	-	(7,539)	-	(7,539)
Total	**-**	**(7,494)**	**-**	**(7,494)**

(in thousands of Euro)	Level 1	Level 2	Level 3	As of December 31, 2022
Derivative financial instruments assets	-	23,595	-	23,595
Derivative financial instruments liabilities	-	-	-	-
Total	**-**	**23,595**	**-**	**23,595**

With regard to the financial instruments existing as of December 31, 2023, there are no transfers between the above categories.

6. Operating segments

The following disclosure regarding operating segments is provided in accordance with IFRS 8 – "Operating Segments" (hereafter "**IFRS 8**"), which requires that such disclosure reflects the manner in which management manages the business and makes operational decisions. Accordingly, the operating segments and related disclosures are based on internal reporting used by management to make decisions about resources to be allocated to the various operating segments and assess performance.

IFRS 8 defines an operating segment as a component of an entity that: (i) engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity); (ii) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and (iii) for which discrete financial information is available. The Group is one of the largest operators in the Italian public gaming sector, thanks to its diversified offer of multi-concession gaming products.

The Group operates in the following operating segments: (i) online betting and gaming ("**Online**"); (ii) betting and gaming through the retail network ("**Sports Franchise**"); and (iii) concessionary activities relating to the product lines: (a) amusement with prize machines (AWP), (b) video lottery terminals (VLT), and (c) management of owned gaming halls and AWPs (Retail & Street Operations) ("**Gaming Franchise**").
Operating segments are monitored based on: (i) total revenues and income and (ii) Adjusted EBITDA. Adjusted EBITDA is defined as net profit/(loss) for the period adjusted for: (i) income tax expense; (ii) finance income; (iii) finance expenses; (iv) share of profit/(loss) of equity accounted investments; (v) depreciation, amortization and impairments; (vi) costs related to M&A, international activities and IPO; (vii) integration costs (including expenses on corporate restructuring and redundancy); and (viii) other income and expenses that, in view of their nature, are not reasonably expected to recur in future periods. Management believes that the aforementioned indicators provide a good indication of the performance of the Group's operating segments.

Given the range of services and products sold by the Group, there are no significant concentrations of revenues with individual customers. The Group currently operates for the main part in Italy (see Note 2.3 above for details regarding overseas operations during the period).

Finally, in terms of the statement of financial position, it is noted that details of assets and liabilities by segment are not included in the information periodically reviewed by management and therefore such information is not reported below.

The following table provides details of Group operating segments for the year ended December 31, 2023 and 2022:

	Online		Sports Franchise		Gaming Franchise		Elimination		Total	
(in thousands of Euro)	Dec '23	Dec '22	Dec '23	Dec '22	Dec '23	Dec '22	Dec '23	Dec '22	Dec '23	Dec '22
Revenues toward third parties	520,787	328,610	368,217	340,793	743,484	725,459	-	-	1,632,488	1,394,862
Other income toward third parties	1,972	1,542	2,832	4,580	13,725	6,702	-	-	18,529	12,824
Intragroup Revenues and Other income	24,051	14,943	8,140	12,067	12,974	8,955	(45,165)	(35,965)	-	-
Total Revenues and Income	**546,810**	**345,095**	**379,189**	**357,440**	**770,183**	**741,116**	**(45,165)**	**(35,965)**	**1,651,017**	**1,407,686**
Adjusted EBITDA	**300,612**	**193,525**	**97,230**	**98,536**	**182,509**	**168,289**	**-**	**-**	**580,351**	**460,350**
Adjusted EBITDA Margin (*)	*57.7%*	*58.9%*	*26.4%*	*28.9%*	*24.5%*	*23.2%*			*35.6%*	*33.0%*
Costs not included in Adjusted EBITDA									(47,421)	(47,132)
of which:										
-monetary									*(35,192)*	*(37,731)*
-non-monetary									*(12,229)*	*(9,401)*
Depreciation, amortization and impairments									(194,177)	(154,797)
Finance income									28,139	550
of which non-recurring finance income (**)									*24,402*	-
Finance expenses									(220,287)	(124,801)
of which non-recurring finance expenses (**)									*(73,052)*	-
Share of loss of equity accounted investments									(8,965)	(915)
Profit before tax									**137,640**	**133,255**
Income tax expense									(63,418)	(54,824)
Net profit for the year									**74,222**	**78,431**

(*) Adjusted EBITDA Margin is defined as Adjusted EBITDA / Revenues toward third parties.
(**) For the details of non-recurring finance income and expenses, see Note 8.8

7. Business combinations and acquisition of businesses

Di seguito sono brevemente descritte le acquisizioni realizzate durante l'anno 2023 che hanno permesso di ampliare il perimetro di consolidamento del Gruppo. Tutte le acquisizioni sono state effettuate nell'ambito della strategia di integrazione sia orizzontale che verticale perseguita dal Gruppo.

7.1 Acquisition of Ricreativo B S.p.A.

On March 11, 2023, GGM S.p.A. signed the agreement for the acquisition of the entire share capital of Ricreativo B S.p.A. ("Ricreativo"), a company involved in the management of amuse-

ment machines (AWP and VLT), gaming halls as well as betting collection activities. The completion of the acquisition was in September 2023. The consideration, amounting to Euro 45.1 million, was agreed as the sum of a base price plus the net financial position as determined based on contractual provisions (estimated in Euro 5.1 million). This amount was paid (i) for Euro 13.9 million in cash (of which 50% on the date of completion and the remaining 50% on 24 monthly instalments from that date) and (ii) for the remaining part through the assignment to the seller of newly issued shares of GGM S.p.A., following the capital increase which occurred at the same time as the completion of the acquisition, for an amount of Euro 31.2 million (including the share premium).

The acquisition resulted in increased revenues of approximately Euro 6.1 million and an increase of around Euro 0.8 million in net profit attributable to the Group for the period from the acquisition date to December 31, 2023. Such amounts have been calculated based on the accounting records of the acquired company as of the date closest to the date control was assumed, namely August 31, 2023, adjusted as required to recognize any differences with respect to the accounting policies adopted by the Group (other differences relating to the period between August 31, 2023 and September 25, 2023 are not considered to be significant).

The net assets acquired were preliminary recognized at fair value, together with goodwill amounting to approximately Euro 45.7 million, calculated as shown in the table below:

(in thousands of Euro)	Book Value at acquisition date	Purchase price allocation at acquisition date	Fair Value at acquisition date
Intangible assets	532	-	532
Property, plant and equipment	4,604	-	4,604
Right of use	7,573	-	7,573
Financial assets	1,837	-	1,837
Trade receivables	396	-	396
Deferred tax assets	47	-	47
Inventories	235	-	235
Other assets	2,387	-	2,387
Cash and cash equivalents	6,620	-	6,620
Provisions for risks and charges	(65)	-	(65)
Employee benefit liabilities	(1,902)	-	(1,902)
Financial liabilities	(13,190)	-	(13,190)
Trade payables	(2,117)	-	(2,117)
Tax payables	(168)	-	(168)
Other liabilities	(7,793)	-	(7,793)
Net acquired assets (liabilities) (A)	**(1,004)**	**-**	**(1,004)**
Purchase price (B)	44,722	-	44,722
Goodwill (B) - (A)	**45,726**	**-**	**45,726**

As of the date of preparing this document, the final measurement of the fair value of the assets acquired and liabilities assumed, as well as the amount to be allocated to goodwill, is still ongoing and, therefore, in accordance with the provisions of IFRS 3, the Group will complete such measurement within twelve months from the acquisition date. The provisional values of the assets acquired and liabilities assumed may be adjusted retrospectively to recognize their fair value at the acquisition date, with such adjustment involving the recalculation of goodwill.

Net cash flows relating to the acquisition are shown in the following table:

(in thousands of Euro)	
Consideration paid as of December 31, 2023	(7,820)
Cash and cash equivalents at acquisition date	6,620
Net cash flow from acquisition as of December 31, 2023	**(1,200)**

7.2 Purchase price allocation Betflag S.p.A.

On November 2022, GBO S.p.A. completed the acquisition of 100% of the share capital of Betflag S.p.A. In accordance with IFRS 3, the provisional values of the assets acquired and liabilities assumed were then subsequently retrospectively adjusted during the twelve-month measurement period following the acquisition to recognize their fair value at the acquisition date, with such adjustment involving the recalculation of goodwill.

As a result, the assets acquired and liabilities assumed are recognized at fair value, together with goodwill amounting to approximately Euro 247.4 million, calculated as shown in the table below:

(in thousands of Euro)	Book Value at acquisition date	Purchase price allocation at acquisition date	Fair Value at acquisition date
Intangible assets	1,103	153,506	154,609
Property, plant and equipment	51	-	51
Financial assets	596	-	596
Deferred tax assets	884		884
Other assets	11,258	-	11,258
Cash and cash equivalents	49,524	-	49,524
Provisions for risks and charges	(19)	-	(19)
Employee benefit liabilities	(203)	-	(203)
Deferred tax liabilities	-	(43,289)	(43,289)
Trade payables	(2,162)	-	(2,162)
Tax payables	(9,440)	-	(9,440)
Other liabilities	(17,722)	-	(17,722)
Net acquired assets (liabilities) (A)	**33,870**	**110,217**	**144,087**
Purchase price (B)	391,470	-	391,470
Goodwill (A) - (B)	**357,600**	**(110,217)**	**247,383**

The adjustments made to recognize the assets acquired and liabilities assumed at their fair values mainly related to:

- "Intangible assets" of Euro 153,506 thousand, of which (i) Euro 32,038 thousand in relation to the value assigned to the brand "Betflag" and (ii) Euro 121,468 thousand in relation to the value assigned to the customer relationship;
- "Deferred tax liabilities" amounting to Euro 43,289 thousand related to the tax effect related to such adjustments.

Based on the above, the following adjustments have been made to the balances reported as of December 31, 2022:

(in thousands of Euro)	As of December 31, 2022	Purchase price allocation of Betflag	As of December 31, 2022 restated
Intangible assets	452,190	152,228	604,418
Goodwill	1,538,936	(110,217)	1,428,719
Deferred tax liabilities	80,677	42,929	123,606
Retained earnings	(26,701)	(918)	(27,619)
Depreciation, amortization and impairments	(153,519)	(1,278)	(154,797)
Income tax expense	(55,184)	360	(54,824)

7.3 Acquisition of Iris S.r.l.

On November 30, 2023, Big Easy S.r.l. signed the agreement for the acquisition of the entire share capital of Iris S.r.l., a company involved in Bingo and betting collections through AWP and VLT. The consideration for the acquisition amounted to Euro 0.4 million plus a price adjustment. Of such amount, Euro 0.2 million was paid in cash at the acquisition date and Euro 0.2 million isa deferred price component which will be paid on the occurrence of certain contractual conditions. The acquisition had no impact on the Group's revenues and net profit as the entity was consolidated from December 31, 2023.

The net assets acquired were recognized at fair value, together with goodwill amounting to approximately Euro 0.3 million, calculated as shown in the table below:

(in thousands of Euro)	Book Value at acquisition date	Purchase price allocation at acquisition date	Fair Value at acquisition date
Intangible assets	2	-	2
Property, plant and equipment	142	-	142
Right of use	145	-	145
Trade receivables	13	-	13
Inventories	32	-	32
Other assets	80	-	80
Cash and cash equivalents	76	-	76
Provisions for risks and charges	(29)	-	(29)
Employee benefit liabilities	(47)	-	(47)
Financial liabilities	(145)	-	(145)
Trade payables	(128)	-	(128)
Tax payables	(7)	-	(7)
Other liabilities	(52)	-	(52)
Net acquired assets (liabilities) (A)	**82**	-	**82**
Purchase price (B)	420	-	420
Goodwill (B) - (A)	**338**	-	**338**

As of the date of preparing this document, the measurement of the fair value of the assets acquired and liabilities assumed, as well as the amount to be allocated to goodwill, is still ongoing and, therefore, in accordance with the provisions of IFRS 3, the Group will complete such measurement within twelve months from the acquisition date. The provisional values of the assets acquired and liabilities assumed may be adjusted retrospectively to recognize their fair value at the acquisition date, with such adjustment involving the recalculation of goodwill.

Net cash flows relating to the acquisition are shown in the following table:

(in thousands of Euro)	
Consideration paid as of December 31, 2023	(220)
Cash and cash equivalents at acquisition date	76
Net cash flow from acquisition as of December 31, 2023	**(144)**

7.4 Acquisition of Bingo Service S.r.l.

On December 11, 2023, Big Easy S.r.l. signed the agreement for the acquisition of the entire share capital of Bingo Service S.r.l., a company involved in Bingo and betting collections through AWP and VLT. The consideration for the acquisition amounted to Euro 2.0 million plus a price adjustment. Of such amount, Euro 1.4 million plus net financial debt, was paid in cash at the acquisition date and Euro 0.6 million is a deferred price component which will be paid on the occurrence of certain contractual conditions. The acquisition had no impact on the Group's revenues and net profit as the entity was consolidated from December 31, 2023.

The net assets acquired were recognized at fair value, together with goodwill amounting to approximately Euro 1.7 million, calculated as shown in the table below:

(in thousands of Euro)	Book Value at acquisition date	Purchase price allocation at acquisition date	Fair Value at acquisition date
Property, plant and equipment	226	-	226
Right of use	237	-	237
Financial assets	1	-	1
Trade receivables	3	-	3
Inventories	6	-	6
Other assets	120	-	120
Cash and cash equivalents	534	-	534
Provisions for risks and charges	(13)	-	(13)
Employee benefit liabilities	(71)	-	(71)
Financial liabilities	(237)	-	(237)
Trade payables	(42)	-	(42)
Tax payables	(55)	-	(55)
Other liabilities	(121)	-	(121)
Net acquired assets (liabilities) (A)	**588**	**-**	**588**
Purchase price (B)	2,288	-	2,288
Goodwill (B) - (A)	**1,700**	**-**	**1,700**

As of the date of preparing this document, the measurement of the fair value of the assets acquired and liabilities assumed, as well as the amount to be allocated to goodwill, is still ongoing and, therefore, in accordance with the provisions of IFRS 3, the Group will complete such measurement within twelve months from the acquisition date. The provisional values of the assets acquired and liabilities assumed may be adjusted retrospectively to recognize their fair value at the acquisition date, with such adjustment involving the recalculation of goodwill.

Net cash flows relating to the acquisition are shown in the following table:

(in thousands of Euro)	
Consideration paid as of December 31, 2023	(1,688)
Cash and cash equivalents at acquisition date	534
Net cash flow from acquisition as of December 31, 2023	**(1,154)**

7.5 Acquisition of businesses

On February 1, 2023, GBO Italy S.p.A. acquired the "Domus Bet" business, consisting of the aggregate of assets organized to the collection of bets through retail concessions. The fair value of such concession is recognized in Intangible assets as shown below:

(in thousands of Euro)	Acquisition price	Net assets acquired Intangible Assets Concessions
Domus Bet Business	2,060	2,060

As part of the distribution insourcing strategy relating to the Gaming Franchise segment, business acquired in the year ending December 31, 2023 are summarized below:

(in thousands of Euro)				
Asset quantity acquired	Acquisition price	Net assets acquired Property, plant and equipment		Goodwill
		Gaming Hardware	Other assets	
1,090	**6,762**	**1,660**	**72**	**5,030**

The difference between the purchase price and the fair value of the net assets acquired was recognized as goodwill allocated to the Gaming Franchise segment. As of December 31, 2023 the cash flow relating to the total consideration paid for the acquisition of the businesses amounted to Euro 5.8 million.

8. Notes to the Consolidated statement of comprehensive income

8.1 Revenues

The following table provides a breakdown of "Revenues":

(in thousands of Euro)	For the year ended December 31, 2023	2022
Online	520,787	328,610
Sports Franchise	368,217	340,793
Gaming Franchise	743,484	725,459
of which:		
AWP	278,241	273,880
VLT	438,267	430,453
Retail and Street Operations	26,976	21,126
Total	**1,632,488**	**1,394,862**

"Revenues" increased by Euro 237.6 million in 2023 mainly related to the Online segment which benefitted from the acquisition of Betflag on November 22, 2022. Betflag contributed revenues of Euro 104.2 million for the year ended December 31, 2023.

8.2 Other income

"Other income" amounted to Euro 18.5 million for the year ended December 31, 2022 (Euro 12.8 million for the year ended December 31, 2022 and mainly included: (i) income from the services and re-charge to the sales point operators of the Gaming Franchise and Sports Franchise network; (ii) income from the re-charge to gaming platforms providers of penalties for ADM ser-

vice levels for the years 2013 and 2014; (iii) income from tax credits for technological and digital innovation activities 4.0; (iv) income from the re-sale of consumables in halls; (v) income from the transfer to the supply-chain of costs incurred in relation to the acquisition of AWP NOE and NOD concession agreements; and (vi) income from other operations.

8.3 Cost of services

The following table provides a breakdown of "Cost of services":

	For the year ended December 31,	
(in thousands of Euro)	2023	2022
Distribution network compensation	(681,284)	(621,009)
Fee on gaming platform licenses	(88,065)	(69,943)
Concession Fee	(51,447)	(47,454)
Bank and insurance expenses	(34,237)	(18,489)
Technical assistance and network management	(22,234)	(20,448)
Utility costs, postal and logistics costs, security services	(20,047)	(25,242)
Marketing and advertising	(16,072)	(8,131)
Tax, administrative and legal consultancy costs	(14,741)	(26,728)
Data transmission	(8,566)	(16,967)
Leases and rentals	(7,351)	(5,588)
Pay-TV	(5,454)	(4,597)
Board of Directors remunerations and costs	(3,049)	(1,905)
Other	(20,212)	(12,551)
Total	**(972,759)**	**(879,052)**

Cost of services for the year ended December 31, 2023 amounted to Euro 972.8 million (Euro 879.1 million for the year ended December 31, 2022).

"Distribution network compensation" costs are mainly influenced by:

- the supply chain remuneration model (linked to a percentage of bet and/or revenue sharing mechanisms), which means that this cost item varies in line with revenues; and
- in the case of the AWP product, the pass-through nature of contracts regarding third-party owned AWP machines, which ensures that reductions in revenue (linked to the suspension of bet as a result of the health emergency) are associated with a decrease in distribution costs.

In general, other cost items are affected by the variable nature of the items in question (as they may be linked to bet trends or revenue sharing mechanisms – such as, for example, in the case of "Fee on gaming platform licenses").

In addition to such general considerations, the following points are noted with regard to specific cost items other than "Distribution network compensation":

- "Leases and rentals", in line with the exemptions permitted by IFRS 16, includes fees relating to short-term lease contracts (for periods of less than 12 months, including those with residual duration of less than 12 months at the date of initial application) and lease contracts concerning low value assets;
- "Bank and insurance expenses" mainly related to the costs incurred for electronic money instruments provided to players to top up their gaming accounts. The increase is attributable to higher commissions on credit cards following the increase in the volumes recorded, as well as the Betflag contribution for Euro 11.0 million;
- "Utility costs, postal and logistics costs, security services" was affected by the general increase in energy prices in 2022, partially reduced in 2023;
- "Other" mainly related to recurring costs including employee lunch vouchers and training courses, temporary staff costs, costs relating to live betting providers and other costs incurred. The increase is mainly due to Betflag's contribution to the costs of betting provider.

8.4 Personnel expenses

The following table provides a breakdown of "Personnel expenses":

	For the year ended December 31,	
(in thousands of Euro)	2023	2022
Remuneration	(70,850)	(56,188)
Social security contributions	(21,131)	(17,843)
Other personnel costs	(6,397)	(6,441)
Total	**(98,378)**	**(80,472)**

"Remuneration", "Social security contributions" and "Other personnel costs" are stated net of capitalized personnel expenses linked to internal software development, totaling Euro 12.4 million for the year ended December 31, 2023 (Euro 10.1 million for the year ended December 31, 2022).

The following table shows Group employee numbers by category:

	Number as of December 31, 2023	Average number 2023	Number as of December 31, 2022	Average number 2022
Executives	50	48	43	38
Middle managers	194	176	171	156
White collar	1,417	1,305	1,199	1,051
Blue collar	262	199	183	174
Total	**1,923**	**1,727**	**1,596**	**1,419**

The following table provides a breakdown of Group employees by company:

Company	Number As of December 31, 2023	2022
Lottomatica Group	7	-
Gamenet	157	163
Lottomatica	188	173
GBO Italy	564	535
Gnetwork	39	39
Billions	60	57
Agesoft	11	12
Jolly Group (formerly Jolly Videogiochi)	148	20
New Matic	18	18
Rosilsport (*)	-	24
Goldbet News (**)	-	2
Lottomatica Videolot Rete	124	129
Big Easy	97	83
Lottomatica UK	1	1
Slottery	76	76
GNet	1	1
Giocaonline	23	23
Valtellina Giochi (*)	-	33
Lottomatica Digital Solutions	12	7
Ares	9	4
Marim	22	21
AB Games	18	17
Battistini Andrea	25	26
Optima Gaming Service(*)	-	70
Betflag	84	62
Ricreativo B	208	-
Bingo Service	16	-
Iris	15	-
Total	**1,923**	**1,596**

(*) Merged in Jolly Group during 2023
(**) Merged in GBO Italy during 2023

Long-term incentive plan – Stock Option Plan

On March 15, 2023, the shareholders meeting of the Company approved the "Stock Option Plan 2023-2026" (the "Plan"), effective subject to the first trading date, which provides for the assignment, on an annual basis, over a three-year period of option rights granting the right to certain members of management, identified by the Board of Directors of the Company from time to time, to subscribe to the ordinary shares of the Company.

The Plan has the following objectives: (i) align the interests of the beneficiary of the Plan with those of the shareholders and investors of the Group and with the strategic plan of the Group as a whole; and (ii) incentivize the long-term retention of those members of management benefitting from the Plan.

On June 15, 2023, the Board of Directors approved the implementation of the plan regulation.

The Plan provides for the assignment to the beneficiaries of a maximum total number of 2,000,000 free option rights, that entitle the right to subscribe to the Company's shares according to a 1:1 ratio (i.e., each option grants the right to subscribe one share) at a determined price (the "**Options**"), provided that the beneficiaries are still employees or directors of the Company or its subsidiaries at the time of the exercise of the Options. The Options may be assigned from June 15, 2023 until December 31, 2025. The Plan has a multiannual duration and is subdivided into three cycles, with a three-year vesting period (the "**Vesting Period**") for the Options granted under each cycle.

The Options granted to each beneficiary may be exercised within five years from the grant date. Of the shares resulting from the exercise of the Options, 20% of these will be subject to a one year lock-up period from the end of the Vesting Period and another 20% to a two year lock-up period from the end of the Vesting Period.

Upon advice from the Appointments and Remuneration Committee, the Board of Directors may impose performance conditions to be met by the beneficiary in order for the Options to vest. The performance measurement period will ordinarily be three years.

For the Plan, the number of shares that will be vested depends: (i) 50% on the cumulative Adjusted EBITDA 2023-2025 achieved compared to expected result in the approved business plan, (ii) 25% on the positioning of the Total Shareholder Return ("TSR") of the Company's stock compared with a group of 9 competitors ("peer group"), and (iii) 25%, by the positioning of the TSR of the Company's shares, compared to TSR of the FTSE MIB index of the Italian Stock Exchange. Furthermore, a bonus/malus mechanism is envisaged based on the positioning of Lottomatica's Sustainalytics ESG rating within the reference industry.

8.5 Other operating costs

The following table provides a breakdown of "Other operating costs":

(in thousands of Euro)	For the year ended December 31, 2023	2022
Purchase of goods and other purchases	(8,994)	(12,315)
Entertainment expenses	(4,915)	(3,244)
Taxes and sundry duties	(3,903)	(3,276)
Fines, penalties and losses on receivables	(2,302)	(936)
Other expenses	(20,838)	(11,592)
Total	**(40,952)**	**(31,363)**

"Other expenses" increased mainly due to higher write-offs of software licenses and ancillary costs for the purchase of equity investments.

8.6 Depreciation, amortization and impairments

The following table provides a breakdown of "Depreciation, amortization and impairments":

(in thousands of Euro)	For the year ended December 31, 2023	2022(*)
Amortization of intangible assets	(137,331)	(97,879)
of which purchase price allocation	(70,740)	(56,805)
Depreciation of property, plant and equipment	(39,256)	(41,704)
Depreciation of investment property	(27)	(27)
Impairments of property, plant and equipment and intangible assets	(553)	(490)
Depreciation of right of use	(17,010)	(14,697)
Total	**(194,177)**	**(154,797)**

(*) The figures for the year ended December 31, 2022 have been restated following the completion of the purchase price allocation relating to Betflag S.p.A. (see Note 7.2 above for further details).

For further details regarding movements in Amortization of intangible assets, Depreciation of property, plant and equipment and Depreciation of right of use, please refer to Note 9.1, 9.3 and 9.4, respectively.

8.7 Impairment of receivables and financial assets and other (accruals) / releases

The following table provides a breakdown of "Impairment of receivables and financial assets" and "Other (accruals)/releases":

(in thousands of Euro)	For the year ended December 31, 2023	2022
Impairment of financial assets	(5,122)	-
(Provision) / release for impairment of receivables and financial assets	(2,853)	(2,592)
(Provision) / release for risk and charges	1,977	(989)
Total	**(5,998)**	**(3,581)**

Provisions are stated net of releases.

"Impairment of financial assets" refers to the impairment of the "Ancona Time" partnership, held by Lottomatica Videolot Rete S.p.A., of Euro 3.3 million and to the convertible bonds issued by the associate iPro Inc. of Euro 1.8 million.

For further details regarding movements in the "Provision for impairment of receivables" and the "Provision for risks and charges" see Notes 9.9 and 9.17 respectively.

8.8 Finance income and expenses (net)

The following table provides a breakdown of "Finance income and expenses (net)":

(in thousands of Euro)	For the year ended December 31, 2023	2022
Other interest income	28,139	550
Total finance income	**28,139**	**550**
Interest expense on December 2023 Notes	(944)	-
Interest expense on June 2023 Notes	(45,344)	-
Interest expense on September 2022 Notes	(34,125)	(8,816)
Interest expense on April 2021 Notes	(15,962)	(29,469)
Interest expense on July 2020 Notes	(18,627)	(39,503)
Amortized cost on December 2023 Notes	(65)	-
Amortized cost on June 2023 Notes	(2,919)	-
Amortized cost on September 2022 Notes	(1,549)	(336)
Amortized cost on April 2021 Notes	(8,327)	(2,974)
Amortized cost on July 2020 Notes	(4,240)	(1,496)
Commission on sureties	(5,661)	(5,634)
Interest expense on Revolving Loan	(10,176)	(5,387)
Interest expense on Bondco loan	(6,947)	(20,441)
Leasing interest expense	(3,751)	(3,071)
IRS interest expense	(3,919)	(368)
Other interest expense	(57,731)	(7,306)
Total finance expenses	**(220,287)**	**(124,801)**
Finance income and expenses, net	**(192,148)**	**(124,251)**

"Net finance expenses" amounting to Euro 192.1 million for the year ended December 31, 2023, include non-recurring finance income of Euro 24.4 million and non-recurring finance expenses of Euro 73.1 million, as described below.

"Other interest income" mainly includes (i) the income of Euro 19.8 million for the closing of the hedging derivative after the reimbursement in advance of the floating rate senior secured notes maturing in 2025 and (ii) interest income on the escrow accounts of Euro 4.6 million.

"Interest expense on the December 2023 Notes" and "IRS interest expense" include a total amount of Euro 1.6 million relating to the interest accrued on the December 2023 Notes (Euro 0.9 million) and the charges on the hedging derivative instruments outstanding (Euro 0.7 million), both related to the SKS365 Acquisition, not yet completed at the reporting date.

"Amortized cost on April 2021 Notes" and "Amortized cost on July 2020 Notes" includes Euro 10.8 million relating to the acceleration of the residual unamortized costs on the Notes Repaid (as defined below), which were fully expensed as a result of their early repayment.

"Interest expense on Revolving Credit Facility" includes Euro 4.5 million relating to the recognition of not-yet expensed arrangement fees on the previous revolving credit facility agree-

ment, following the signature on May 3, 2023 of the New Revolving Credit Facility agreement (for further details, please refer to Note 9.16.4).

"Interest expense on July 2020 Notes" and "Interest expense on April 2021 Notes" are impacted by the interest expenses accrued on the Notes Repaid (as defined below) for the period from June 1, 2023 to the repayment date amounting to Euro 6.3 million.

"Other interest expense" mainly includes (i) the commitment fees relating to the bridge facility obtained by the Group during 2023 for a total amount of Euro 20.7 million (of which Euro 13.8 million relating to the refinancing of the Notes Repaid and the remaining part to the SKS365 Acquisition), (ii) the prepayment penalty related to the early extinguishment of the Bondco Loan (as defined below) for Euro 16.5 million and (iii) the make-whole for the early repayment of Notes Repaid (as defined below) for Euro 12.7 million.

"Other interest expense" also includes the effect of the amortized cost relating to the deferred portion of the purchase price consideration of Betflag for Euro 2.8 million and to the put option outstanding for Euro 3.3 million.

8.9 Share of loss of equity accounted investments

The following table provides a breakdown of "Share of profit (loss) of equity accounted investments":

(in thousands of Euro)	For the year ended December 31, 2023	2022
Thinkabout	(217)	(25)
iPro	(6,383)	(1,052)
IMA	(2,365)	162
Total	**(8,965)**	**(915)**

8.10 Income tax expense

The following table provides a breakdown of "Income tax expense":

(in thousands of Euro)	For the year ended December 31, 2023	2022(*)
Current taxes	(78,405)	(59,312)
Deferred taxes purchase price allocation	20,310	16,397
Deferred taxes	(5,323)	(11,909)
Total	**(63,418)**	**(54,824)**

(*) The figures for the year ended December 31, 2022 have been restated following the completion of the purchase price allocation relating to Betflag S.p.A. (see Note 7.2 above for further details).

From 2022, the Company became the Group's tax consolidating entity for the three-year period 2022-2024.

Deferred taxes mainly include:

- the release of deferred tax expenses related to the purchase price allocation for Euro 20.3 million;
- the release of deferred tax income on temporary differences for Euro 5.3 million.

"Current taxes" and "Deferred taxes on purchase price allocation" increased by Euro 19.1 million and Euro 3.9 million respectively compared to the previous year mainly due to the acquisition of Betflag S.p.A.

It should be noted that "Current taxes" does not include the tax benefit of Euro 6.6 million linked to commissions and other costs related to the IPO incurred by the Company, as they are accounted for as a direct reduction of the costs deducted from the capital increase.

The following table shows the reconciliation between the theoretical tax charge and the reported tax expense for the period:

Tax rate reconciliation 2023 IRES	Taxable	Tax
Profit before tax	137,640	
Consolidation adjustment (taxable)	145,757	
Aggregate pre-tax result	283,397	
Theoretical income tax charge	**24%**	**68,015**
Increasing differences	52,144	12,515
Decreasing differences	(79,678)	(19,123)
Other	(1,950)	(468)
Net effect	**(29,484)**	**(7,076)**
Total (A)		**60,939**
Adjustments from previous years (B)		-
Italian Regional tax on productive activity (IRAP) (C)		23,335
Deferred taxes effect (D)		(19,936)
Tax effect on consolidation adjustments (E)		(920)
Effective income tax charge (A+B+C+D+E)		**63,418**

Tax rate reconciliation 2022 IRES	Taxable	Tax
Profit before tax	133,255	
Consolidation adjustment (taxable)	360,927	
Aggregate pre-tax result	494,182	
Theoretical income tax charge	**24%**	**118,604**
Increasing differences	182,815	43,876
Decreasing differences	(354,685)	(85,124)
Fiscal consolidation adjustments (finance expenses)	(107,025)	(25,686)
Net effect	**(278,895)**	**(66,934)**
Total (A)		**51,670**
Adjustments from previous years (B)		131
Italian Regional tax on productive activity (IRAP) (C)		19,056
Deferred taxes effect (D)		7,809
Tax effect on consolidation adjustments (E)		(23,842)
Effective income tax charge (A+B+C+D+E)		**54,824**

8.11 Earnings per share

The following table provides the earnings per share, calculated as the ratio between the net result and the weighted average number of ordinary shares outstanding in the period.

	For the year ended December 31,	
	2023	2022
Net profit for the year attributable to the owners of the parent (in thousands of Euro)	68,303	72,119
Weighted average number of outstanding shares - Base	234,373,124	200,000,000
Earnings per share - Basic and Diluted (in Euro)	**0.29**	**0.36**

Both basic and diluted earnings per share have been calculated by dividing the net result for the year attributable to owners of the parent by the average number of the Company's outstanding shares.

It should be noted that basic and diluted earnings per share for the year ended December 31, 2022 was restated following the split of the share capital into 200,000,000 shares, without nominal value, resolved by the shareholders' meeting of the Company on February 27, 2023. The diluted earnings per share is equal to the basic earnings per share as there are no significant dilutive effects even considering the maximum number of allocated rights that may accrue at the end of the measurement period.

During 2023, the Company did not distribute dividends. For the year ended December 31, 2023, the Board of Directors resolved to propose to the shareholders' meeting the payment of a dividend of Euro 0.26 per ordinary share for FY 2023. Considering the shares outstanding as of today, this amounts to a total dividend distribution of Euro 65.4 million, representing approximately 30% pay-out ratio applied to consolidated Adjusted Net Profit, in accordance with the Group's dividend policy. The payment date is May 22, 2024 (ex-dividend date May 20, 2024 and record date May 21, 2024).

9. Notes to the Consolidated statement of financial position

9.1 Intangible assets

The following table provides a breakdown of "Intangible assets" and movements during the periods under review:

(in thousands of Euro)	Software	Concessions	Trademarks	Assets under development and other intangible	Network Relationship	Total
Cost as of December 31, 2021	**113,736**	**60,298**	**199,862**	**35,269**	**214,392**	**623,557**
Accumulated amortization as of December 31, 2021	**(50,280)**	**(51,977)**	**(14,289)**	**(16,231)**	**(32,423)**	**(165,200)**
Net book amount as of December 31, 2021	**63,456**	**8,321**	**185,573**	**19,038**	**181,969**	**458,357**
Additions	10,378	38,008	-	32,387	-	80,773
Business combination:						
Giocaonline	*1,984*	-	-	-	-	*1,984*
Ares	*1,981*	-	-	-	-	*1,981*
Marim	*2*	-	-	-	-	*2*
Betflag	*1,088*	-	-	*15*	-	*1,103*
Business acquisition	-	-	-	*1,005*	-	*1,005*
Purchase price allocation:						
Giocaonline	-	-	-	-	*4,941*	*4,941*
Marim	-	-	-	-	*1,953*	*1,953*
Betflag	-	-	*32,038*	-	*121,468*	*153,506*
Amortization for the year	(30,288)	(17,178)	(14,941)	(8,440)	(27,032)	(97,879)
of which purchase price allocation:						
Gamenet Group	*(14,925)*	-	*(4,812)*	-	*(10,288)*	*(30,025)*
IGT Business	-	-	*(9,666)*	-	*(14,496)*	*(24,162)*
Goldbet.News	-	-	-	*(123)*	-	*(123)*
Giocaonline	-	-	-	-	*(988)*	*(988)*
Marim	-	-	-	-	*(229)*	*(229)*
Betflag	-	-	*(247)*	-	*(1,031)*	*(1,278)*
Disposal	(3,024)	(154)	-	(130)	-	(3,308)
Reclassifications	14,697	2,680	-	(17,377)	-	-
Cost as of December 31, 2022	**140,842**	**100,832**	**231,900**	**51,169**	**342,754**	**867,497**
Accumulated amortization as of December 31, 2022	**(80,568)**	**(69,155)**	**(29,230)**	**(24,671)**	**(59,455)**	**(263,079)**
Net book amount as of December 31, 2022(*)	**60,274**	**31,677**	**202,670**	**26,498**	**283,299**	**604,418**
Additions	15,866	64,350	1	19,379	-	99,596
Business combination:						
Ricreativo B	*70*	-	-	*462*	-	*532*
Iris	-	-	-	*2*	-	*2*
Business acquisition	-	*1,055*	-	*140*	-	*1,195*
Amortization for the year	(30,298)	(42,073)	(14,305)	(9,081)	(41,574)	(137,331)
of which purchase price allocation:						
Gamenet Group	*(14,925)*	-	*(4,812)*	-	*(10,288)*	*(30,025)*
IGT Business	-	-	*(6,390)*	-	*(17,772)*	*(24,162)*
Goldbet.News	-	-	-	*(128)*	-	*(128)*
Giocaonline	-	-	-	-	*(988)*	*(988)*
Marim	-	-	-	-	*(390)*	*(390)*
Betflag	-	-	*(2,910)*	-	*(12,137)*	*(15,047)*
Disposal	(53)	-	-	(6,942)	-	(6,995)
Reclassifications	3,340	(4,386)	5,345	(1,121)	(3,274)	(96)
Cost as of December 31, 2023	**155,218**	**161,462**	**233,971**	**62,467**	**313,930**	**927,048**
Accumulated amortization as of December 31, 2023	**(106,019)**	**(110,839)**	**(40,260)**	**(33,130)**	**(75,479)**	**(365,727)**
Net book amount as of December 31, 2023	**49,199**	**50,623**	**193,711**	**29,337**	**238,451**	**561,321**

(*) The figures as of December 31, 2022 have been restated following the completion of the purchase price allocation relating to Betflag S.p.A. (see Note 7.2 above for further details).

"Software" mainly relates to costs incurred in relation to: the purchase of software licenses required for collection and bet management activities, including software costs determined on completion of the Gamenet Group acquisition; the purchase and upgrade of software to support the alignment of the systems used to manage the network of AWP and VLT devices; and the upgrade of the SAP ERP system. Additions mainly related to the purchase of software licenses required for collection and bet management activities and for the upgrade of the SAP ERP system for Euro 13.7 million and the purchase of software licenses in relation to cybersecurity, Digital Transformation project, automation of the anti-money laundering process and the development of a new customer service (Digital Customer Care) for Euro 2.2 million.

"Concessions" includes the cost of VLT licenses acquired by the Group over time as well as costs incurred in relation to the award of public gaming concession rights. Additions mainly related to the extension of the VLT concessions for Euro 57.0 million, the extension of the AWP concessions for Euro 6.8 million and the extension of the Online concessions for Euro 0.3 million until December 31, 2024. The increase is also linked to the purchase of the Domus Bet business to obtain 11 point of sale rights and 7 corner rights.

As of December 31, 2022 and 2023, the item includes the rights relating to the onerous extension until June 30, 2024 for the concessions of the physical betting. Pursuant to Law No.127 of December 29, 2022, all concessions for online gaming, Gaming Franchise, Sports Franchise and bingo operate under an extension regime, valid until December 31, 2024.

"Trademarks" mainly relates to the values attributed in the purchase price allocation process to the right to use the "Goldbet", "Intralot" "Billions" and "Betflag" trademarks, as well as those of the acquired IGT Business.

"Assets under development and other intangible" mainly relates to: (i) internal development costs relating to software still under development; (ii) NOE (nulla osta d'esercizio) and Entry fees referred to payments made in relation to the development and consolidation of business relations with strategic partners. Additions mainly related to software development during the period as well as capitalization of NOE and Entry Fees, partially offset by projects completed and reclassified. The disposals, on the other hand, are mainly linked to software write-off of Euro 6.4 million related to a project that the Group has decided to terminate and to disposal of NOE no longer operational of Euro 0.4 million.

"Network Relationship" mainly relates to the values attributed in the purchase price allocation process to the GoldBet, Gamenet Group and Betflag "Betting Agencies", "AWP Gaming" and "VLT Gaming" networks, as well as those of the acquired IGT Business.

No impairment indicators were identified at the reporting date.

9.2 Goodwill

The following table provides a breakdown of "Goodwill" for the periods under review:

Goodwill	Total
Balance as of December 31, 2021	**1,139,816**
Acquisition in 2022	288,903
Balance as of December 31, 2022(*)	**1,428,719**
Acquisition in 2023	53,198
Balance as of December 31, 2023	**1,481,917**

(*) The as of December 31, 2022 have been restated following the completion of the purchase price allocation relating to Betflag S.p.A. (see Note 7.2 above for further details).

Goodwill amounted to Euro 1,481.9 million as of December 31, 2023 (Euro 1,428.7 million as of December 31, 2022).

The increase mainly relates to the goodwill recorded for the acquisition of Ricreativo. For the remaining part, the increase is attributable to the business acquisitions carried out in the period and to price adjustments relating to previous acquisitions. For details regarding acquisitions, see Note 7 – "Business combinations and acquisition of businesses".

It should be noted that at the reporting date, the purchase price allocation process relating to the acquisition of Ricreativo is still ongoing and, therefore, in accordance with IFRS 3, the Group will complete this assessment within twelve months from the acquisition date.

The following table provides a breakdown of "Goodwill" for the CGUs:

(in thousands of Euro)	As of December 31, 2023	As of December 31, 2022
Online (*)	749,263	749,215
Sports Franchise	351,091	351,091
Gaming Franchise	381,563	328,413
Total	**1,481,917**	**1,428,719**

(*) The figures as of December 31, 2022 have been restated following the completion of the purchase price allocation relating to Betflag S.p.A.

The group of cash-generating units (CGUs) to which goodwill is allocated, representing the level at which it is monitored by Company management, corresponds with the operating segments, described in detail in Note 6 - "Operating segments", which contain all of the products and services provided by the Group.

In accordance with IAS 36, goodwill is not amortized and is tested for impairment annually, or more frequently if facts or circumstances indicate that the asset may be impaired. Impairment testing is performed by comparing the carrying amount and the recoverable amount of the CGU (for a description of the methodology followed for the impairment test, please refer to Note 2.4.5 (a) - Accounting policies and measurement criteria). The recoverable amount of the CGU is the higher of its fair value less costs to sell and its value in use.

The assumptions used in this process represent management's best estimate for the period under consideration. The estimate of the value in use of the group of CGU for purposes of performing the annual impairment test was based on the following assumptions:

- The expected future cash flows covering the period from 2024 to 2028 have been derived from the Group's business plan approved by the Board of Directors on February 1, 2024. In particular the estimate, which is based on past and expected future growth, considers expected (a) bets, (b) Adjusted EBITDA, (c) capital expenditure, (d) the hypothesis of continuous renewal of betting rights and ADI concessions beyond the current deadline of December 31, 2024, taking into account the information currently available in relation to the law and the current trading scenarios. These cash flows relate to the CGU in its condition when preparing the financial statements and exclude the estimated cash flows that might arise from restructuring plans or other structural changes. Bet volumes and mix, used for estimating the future cash flows, are based on assumptions that are considered reasonable and sustainable and represent the best estimate of expected conditions regarding market trends for the groups of CGU over the period considered.
- The expected future cash flows include a normalized terminal period used to estimate the future results beyond the time period explicitly considered, which were calculated by using the latest available forecast data. The growth rate used is equal to 1.0% (2.0% as of December 31, 2022), the same for all the groups of CGU.
- The expected future cash flows have been discounted using a post-tax discount rate, determined by using a base WACC of 9.25% (9.50% as of December 31, 2022), the same for all the groups of CGU, which represents the weighted average of the cost of own capital and the after-tax effect of borrowing.

Based on the impairment tests performed, the estimated recoverable amounts for all CGU groups exceeded their related book values at the reporting date.

Sensitivity analyses were also conducted to check the effects of a change in certain significant parameters on the impairment test results. An increase in WACC to 10.25%, a decrease in the growth rate to 0.0% and a decrease in the Adjusted EBITDA of 5.0% would individually not result in any goodwill impairment of the operating segments, to which goodwill had been allocated.

9.3 Property, plant and equipment

The following table provides a breakdown of "Property, plant and equipment" and movements during the periods under review:

(in thousands of Euro)	Gaming Hardware	Other assets	Furniture	Leasehold improvements	Assets under development and payments on account	Total
Cost as of December 31, 2021	**68,790**	**22,611**	**18,003**	**30,817**	**12,107**	**152,328**
Accumulated depreciation as of December 31, 2021	**(33,378)**	**(7,630)**	**(4,306)**	**(9,293)**	**-**	**(54,607)**
Net book amount as of December 31, 2021	**35,412**	**14,981**	**13,697**	**21,524**	**12,107**	**97,721**
Additions	12,516	6,456	2,845	4,659	12,221	38,697
Business combination:						
Valtellina Giochi	*222*	*72*	*20*	*-*	*-*	*314*
Giocaonline	*41*	*25*	*12*	*-*	*-*	*78*
Marim	*-*	*218*	*11*	*-*	*-*	*229*
Ares	*-*	*3*	*-*	*-*	*-*	*3*
Battistini	*-*	*726*	*-*	*13*	*-*	*739*
AB Games	*-*	*7*	*-*	*-*	*-*	*7*
Optima Gaming Service	*-*	*186*	*-*	*-*	*-*	*186*
Betflag	*-*	*49*	*2*	*-*	*-*	*51*
Business acquisition	*6,310*	*840*	*795*	*-*	*-*	*7,945*
Disposals	(515)	(128)	(66)	(457)	(411)	(1,577)
Depreciation for the year	(21,998)	(6,193)	(3,609)	(9,904)	-	(41,704)
Reclassifications	6,126	(471)	178	3,340	(9,173)	-
Cost as of December 31, 2022	**93,490**	**30,594**	**21,800**	**38,372**	**14,744**	**199,000**
Accumulated depreciation as of December 31, 2022	**(55,376)**	**(13,823)**	**(7,915)**	**(19,197)**	**-**	**(96,311)**
Net book amount as of December 31, 2022	**38,114**	**16,771**	**13,885**	**19,175**	**14,744**	**102,689**
Additions	14,220	8,883	4,719	10,280	2,788	40,890
Business combination:						
Ricreativo B	*2,532*	*410*	*919*	*734*	*9*	*4,604*
Bingo Service.	*-*	*53*	*-*	*173*	*-*	*226*
Iris	*-*	*30*	*5*	*107*	*-*	*142*
Business acquisition	*1,660*	*67*	*5*	*-*	*-*	*1,732*
Disposals	(705)	(249)	(537)	(346)	(52)	(1,889)
Depreciation for the year	(20,008)	(6,336)	(3,916)	(8,996)	-	(39,256)
Reclassifications	414	3,051	265	1,178	(4,812)	96
Cost as of December 31, 2023	**105,716**	**42,020**	**27,788**	**51,256**	**12,677**	**239,457**
Accumulated depreciation as of December 31, 2023	**(69,489)**	**(19,340)**	**(12,443)**	**(28,951)**	**-**	**(130,223)**
Net book amount as of December 31, 2023	**36,227**	**22,680**	**15,345**	**22,305**	**12,677**	**109,234**

"Gaming hardware" includes investments in AWP and VLT devices as well as cash desks and other IT equipment for owned halls and hardware equipment for betting halls. Additions mainly relate to the purchase of (i) AWP game cards for Euro 6.7 million; (ii) hardware equipment and devices in betting shops for Euro 4.5 million and (iii) new VLT terminals for Euro 2.0 million. The disposal refers to the replacement of the technology present in the stores for Euro 0.7 million, attributable to the project of requalification of the halls already owned in the previous year and the replacement of the technology present in "Better" betting shops with that currently in use.

"Other assets" mainly comprises new storage systems, network hardware for the Data Centers and other IT equipment for VLT halls. Additions mainly related to ordinary upgrades to the Data Center infrastructure and the development of agency-oriented services for Euro 2.8 million, the purchase of office equipment and IT security equipment for Euro 2.2 million and the reengineering of the network systems and storage for Euro 1.4 million.

"Furniture" included furniture and fittings for owned betting agencies and VLT halls. Additions mainly relates to the redevelopment and optimization project of the gaming halls.

"Leasehold improvements" included investments for the upgrading of gaming and betting halls, as well as for the modernization of the premises in Via Aldobrandeschi in Rome and on directly managed halls. Additions are mainly linked to the completion of the works on the halls that have become operational and the set-up of new corners in the halls.

"Assets under development and payments on account" mainly relates to the purchase of furniture and fittings and down payments for the purchase of new gaming devices and other IT equipment for the set-up of new betting points of sale not yet in operation.

No impairment indicators were identified at the reporting date.

9.4 Right of use

The following table provides a breakdown "Right of use":

(in thousands of Euro)	Land, Buildings and Offices	Gaming halls	Vehicles	Other	Right of Use
Balance as of December 31, 2021	**16,379**	**44,952**	**1,655**	**637**	**63,623**
Business Combination:					
Giocaonline	*107*	-	-	-	*107*
Marim	*624*	-	-	-	*624*
Optima Gaming Service	*577*	-	*298*	-	*875*
Depreciation	(3,120)	(10,311)	(977)	(289)	(14,697)
Additions	478	11,264	1,254	-	12,996
Disposal	(56)	(1,571)	(64)	-	(1,691)
Other movements	109	107	8	(8)	216
Balance as of December 31, 2022	**15,098**	**44,441**	**2,174**	**340**	**62,053**
Business Combination:					
Ricreativo B	*2,066*	*2,796*	*402*	*2,309*	*7,573*
Bingo Service	-	*237*	-	-	*237*
Iris	-	*145*	-	-	*145*
Depreciation	(3,323)	(11,686)	(1,365)	(636)	(17,010)
Additions	647	15,674	3,293	-	19,614
Disposal	-	(3,055)	(2)	-	(3,057)
Other movements	(1,671)	1,671	2	(2)	-
Balance as of December 31, 2023	**12,817**	**50,223**	**4,504**	**2,011**	**69,555**

The Group leases office buildings, gaming halls, vehicles and other assets. Lease contracts typically provide for a lease term of 1-6 years but may include the option to renew the lease to maximize flexibility in terms of contract management. Most renewal and withdrawal options may be exercised only by the group and not by the respective lessor. The contracts do not provide for covenants and leased assets are not used to guarantee borrowing. Right of use assets are amortized on a straight-line basis over the shorter of the estimated useful life of each asset and the lease term.

The increase for the period relates to: (i) acquisition of Ricreativo; (ii) the renewal of some lease agreements; (iii) the increase in rents due to ISTAT increases which led to the recalculation of the value of the assets; and (iv) new lease contracts.

The following table provides a breakdown of "Payables for leasing":

Payables for leasing	Total
Balance as of December 31, 2021	**69,006**
Business Combination:	
Giocaonline	*107*
Marim	*624*
Optima Gaming Service	*875*
Additions	12,996
Disposal	(1,687)
Lease payment	(16,993)
Leasing finance expenses	3,071
Other movements	216
Balance as of December 31, 2022	**68,215**
Business Combination:	
Ricreativo B	*7,573*
Bingo Service	*237*
Iris	*145*
Additions	19,614
Disposal	(3,264)
Lease payment	(20,363)
Leasing finance expenses	3,751
Balance as of December 31, 2023	**75,908**

9.5 Investment property

Investment property relates to a property located in Via Liegi in Rome. Movements related solely to annual depreciation as shown in the following table:

(in thousands of Euro)	Total
Balance as of December 31, 2021	**516**
Depreciation	(27)
Balance as of December 31, 2022	**489**
Depreciation	(27)
Balance as of December 31, 2023	**462**

9.6 Current and non-current financial assets

The following table provides a breakdown of "Current and non-current financial assets":

	As of December 31,	
(in thousands of Euro)	2023	2022
Escrow account	503,296	5,000
Cash held by operators	25,399	24,238
Merchant accounts and restricted cash	230	2,676
Partnership	-	3,319
Interest rate swap assets	45	23,595
Convertible bonds investment	-	1,803
Other investments	2,119	157
Total	**531,089**	**60,788**

"Escrow account" mainly includes (i) Euro 497.5 million related to the cash flows arising from the issuance of the December 2023 Notes (as defined below), deposited in an escrow account in the name of Lottomatica S.p.A. pending the satisfaction of the "Escrow Release Conditions" (as contractually defined), subject to the completion of the SKS365 Acquisition and (ii) Euro 5.0 million related to the "Special and General Indemnity" deposit made in the context of the Sale and Purchase Agreement entered into on October 9, 2018 regarding the acquisition of GoldBet S.p.A. (currently GBO Italy S.p.A.).

"Cash held by operators" mainly relates to cash in machines (i.e., in the hoppers and change machines) owned by Gamenet S.p.A., Lottomatica Videolot Rete S.p.A. and Big Easy S.r.l. but managed by third parties, amounting to Euro 7.2 million, Euro 13.9 million and Euro 3.5 million, respectively, as of December 31, 2023 (Euro 7.2 million, Euro 13.6 million and Euro 3.0 million, respectively as of December 31, 2022).

"Partnership" refers to the "Ancona Time" partnership set up by Lottomatica Videolot Rete S.p.A. for business development purposes, fully written down during 2023 due to performance.

"Interest rate swap assets" amounting to Euro 45 thousand as of December 31, 2023 relates to the fair value of the derivative contracts held by the subsidiary Ricreativo B to hedge the bank borrowings with floating interest rates. The decrease is due to the closing of the derivative contract entered into by Gamma Bidco (merged into Lottomatica S.p.A. in 2022) to hedge the risk linked to a potential change in interest rates on the floating rate share of the notes issued on July 23, 2020 for a principal amount of Euro 300 million that bear variable interest equal to the three-month EURIBOR rate, repaid during 2023.

"Convertible bonds investment" relates to the acquisition on November 23, 2021 by Gamenet PRO S.r.l. of convertible bonds issued by the associate iPro Inc. (for a consideration of USD 2 million), fully written down during 2023.

The following table provides a summary of key information relating to financial assets:

(in thousands of Euro)	As of December 31, 2023	*of which current*	As of December 31, 2022	*of which current*
Escrow account	503,296	503,240	5,000	-
Cash held by operators	25,399	25,399	24,238	24,238
Merchant accounts and restricted cash	230	230	2,676	2,080
Partnership	-	-	3,319	-
Interest rate swap assets	45	45	23,595	-
Convertible bonds investment	-	-	1,803	-
Other investments	2,119	1,561	157	81
Total	**531,089**	**530,475**	**60,788**	**26,399**

9.7 Equity accounted investments

The following table provides a breakdown of "Equity accounted investments":

Thinkabout S.r.l.

	As of December 31,	
(in thousands of Euro)	2023	2022
Balance as of January 1	-	-
Capital increase	217	25
Share of loss	-	(25)
Impairment of investment	(217)	-
Balance as of December 31	-	-

Thinkabout S.r.l. is an innovative start-up specialized in ethical trade, which was established to create software and social solutions aimed at generating economic and social value and promoting sustainable food consumption and has developed the NO.W! – No Waste e-commerce platform. The entity was put in liquidation in February 2023. The final liquidation financial statements as of December 27, 2023 were approved on February 13, 2024.

iPro Inc.

	As of December 31,	
(in thousands of Euro)	2023	2022
Balance as of January 1	**7,061**	**6,859**
Translation reserve	(678)	1,241
Other movements	-	13
Share of loss	(834)	(1,052)
Impairment of investment	(5,549)	-
Balance as of December 31	**-**	**7,061**

iPro Inc. has its headquarters in Nevada (USA) and offers innovative gaming experiences in the casino and entertainment industry through mobile gaming platforms and technologies. During 2023, the Group has fully written-down the carrying value of the investment. Finally, it should be noted that under US law, the Group has no further legal or constructive obligations towards the investee.

IMA S.r.l.

	As of December 31,	
(in thousands of Euro)	2023	2022
Balance as of January 1	**2,650**	**-**
Book value	**-**	**4,126**
Dividend distribution	-	(1,638)
Share of profit	311	162
Impairment of investment	(2,676)	-
Balance as of December 31	**285**	**2,650**

IMA S.r.l. is a company specialized in the marketing and distribution of AWP game cards. Based on the last approved financial statements, the company closed the year on December 31, 2022 with an equity of Euro 6.9 million and a loss of Euro 0.1 million. During 2023, the Group has prudentially written-down the investment to its fair value, based on an estimate of its recoverability.

9.8 Inventories

The following table provides a breakdown of "Inventories":

	As of December 31,	
(in thousands of Euro)	2023	2022
Finished products and goods	1,495	3,214
Total	**1,495**	**3,214**

Inventories amount to Euro 1.5 million and Euro 3.2 million as of December 31, 2023 and 2022 respectively and mainly relate to inventories of Marim S.r.l..

9.9 Current and non-current trade receivables

The following table provides a breakdown of "Current and non-current trade receivables":

(in thousands of Euro)	As of December 31, 2023	2022
Concessionaire's receivables from operators/TIR	90,984	94,454
Receivables from betting operators	26,531	11,977
Other receivables from distribution network	7,241	7,938
Receivables from customers	6,156	8,401
Receivables guaranteed by formal commitments	2,219	916
Receivables for penalties and interest on delayed payments	443	466
Allowance for doubtful receivables	(36,794)	(34,624)
Total	**96,780**	**89,528**

"Concessionaire's receivables from operators/TIR" mainly comprises receivables relating to collection activities (mainly PREU, concession fees and other amounts owing to the concessionaires). As of December 31, 2023, Euro 39.5 million relates to Gamenet S.p.A and Euro 51.5 million relates to Lottomatica Videolot Rete S.p.A., (Euro 39.7 million and Euro 54.7 million as of December 31, 2022 respectively).

"Receivables from betting operators" relates to the amounts owing to GBO Italy S.p.A for bet collection activities, net of compensation due to the supply chain.

"Other receivables from distribution network" mainly relates to jackpot amounts not yet disbursed, tickets awaiting validation by halls, receivables relating to compensation for permits and receivables relating to contract termination penalties.

"Receivables from customers" mainly relates to receivables of Marim for the sale of AWP cards and to receivables of Giocaonline for gaming platforms and other technical services.

The following table shows details of movements in the allowance for doubtful receivables:

(in thousands of Euro)	
Balance as of December 31, 2021	**40,837**
Business combination	336
Provisions net of releases	2,320
Utilization	(8,869)
Balance as of December 31, 2022	**34,624**
Provisions net of releases	2,606
Utilization	(436)
Balance as of December 31, 2023	**36,794**

9.10 Deferred tax assets and deferred tax liabilities

The following tables provide a breakdown of movements in "Deferred tax assets" and "Deferred tax liabilities":

(in thousands of Euro)	As of December 31, 2022	Changes in the scope of consolidation	Charges/ releases to the income statement	Charges/ releases to the statement of comprehensive income	Other movements	As of December 31, 2023
Deferred tax assets						
Provisions for risks and charges	3,916	-	(1,930)	-	(881)	1,105
Allowance for doubtful receivables	8,389	-	261	-	(298)	8,352
Property, plant and equipment	6,791	-	(612)	-	(1,683)	4,496
Tax losses	1,956	-	4	-	779	2,739
Intangible assets	4,727	47	(2,301)	-	(413)	2,060
Put Jolly	397	-	(432)	-	35	-
IFRS 16	284	-	43	-	-	327
Cash flow hedge reserve	-	-	-	1,824	-	1,824
Other	2,524	-	(356)	-	778	2,946
Total deferred tax assets	**28,984**	**47**	**(5,323)**	**1,824**	**(1,683)**	**23,849**
Deferred tax liabilities	**-**	**-**	**-**	**-**	**-**	**-**
Intralot trademark software and right to use	(437)	-	314	-	(642)	(765)
PPA IGT business	(71,762)	-	7,036	-	-	(64,726)
PPA Gamenet Group	(27,380)	-	8,295	-	111	(18,974)
PPA Goldbet.News	(107)	-	36	-	-	(71)
PPA Marim	(481)	-	109	-	-	(372)
PPA Giocaonline	(1,102)	-	276	-	-	(826)
PPA Betflag	(42,929)	-	4,244	-	-	(38,685)
Employee benefit liabilities	(604)	-	-	(42)	-	(646)
Cash flow hedge reserve	(5,663)	-	-	5,663	-	-
Other	(2,125)	-	-	-	2,194	69
Total deferred tax liabilities	**(152,590)**	**-**	**20,310**	**5,621**	**1,663**	**(124,996)**
Total deferred tax liabilities, net	**(123,606)**	**47**	**14,987**	**7,445**	**(20)**	**(101,147)**

(in thousands of Euro)	As of December 31, 2021	Changes in the scope of consolidation	Charges/ releases to the income statement	Charges/ releases to the statement of comprehensive income	Other movements	As of December 31, 2022
Deferred tax assets						
Provisions for risks and charges	2,584	-	360	-	972	3,916
Allowance for doubtful receivables	9,936	33	(1,580)	-	-	8,389
Property, plant and equipment	9,671	110	(2,990)	-	-	6,791
Tax losses	1,443	1,382	(869)	-	-	1,956
Tax losses IGT business not transferable to Tax Consolidation	4,928	-	(3,956)	-	(972)	-
Intangible assets	6,792	6	(2,071)	-	-	4,727
Put Jolly	415	-	(18)	-	-	397
IFRS 16	746	-	30	-	(492)	284
Cash flow hedge reserve	869	-	-	-	(869)	-
Other	3,226	36	(896)	-	158	2,524
Total deferred tax assets	**40,610**	**1,567**	**(11,990)**	**-**	**(1,203)**	**28,984**
Deferred tax liabilities						
Intralot trademark software and right to use	(751)	-	314	-	-	(437)
PPA IGT business	(78,798)	-	7,036	-	-	(71,762)
PPA Gamenet Group	(35,857)	-	8,311	-	166	(27,380)
PPA Goldbet.News	(143)	-	36	-	-	(107)
PPA Marim	-	(545)	64	-	-	(481)
PPA Giocaonline	-	(1,378)	276	-	-	(1,102)
PPA Betflag	-	(43,289)	360	-	-	(42,929)
Employee benefit liabilities	60	-	-	(597)	(67)	(604)
Cash flow hedge reserve	-	-	-	(5,303)	(360)	(5,663)
Other	(3,985)	-	81	-	1,779	(2,125)
Total deferred tax liabilities	**(119,474)**	**(45,212)**	16,478	**(5,900)**	**1,518**	**(152,590)**
Total deferred tax liabilities, net	**(78,864)**	**(43,645)**	**4,488**	**(5,900)**	**315**	**(123,606)**

"Deferred tax liabilities" mainly reflects the effects of the purchase price allocation process for the acquisition of Gamenet Group, IGT business and Betflag, occurred in the previous years.

The temporary differences reported above will reverse during 2024 and later years, except for the tax losses, which may be carried forward indefinitely.

9.11 Other current and non-current assets

The following table provides a breakdown of "Other current and non-current assets":

(in thousands of Euro)	As of December 31, 2023	2022
ADM guarantee deposits	53,465	54,144
Gaming online accounts	36,144	31,716
Accrued income and prepayments	16,472	17,387
Gaming halls receivables	15,230	13,528
Tax receivables	4,451	3,358
Guarantee deposits	4,274	2,792
Other receivables	4,467	35,986
Total	**134,503**	**158,911**

"ADM guarantee deposits" represents 0.5% of amounts waged using devices connected to the online network. Such deposits are reimbursed to the Concessionaire when certain service levels are achieved.

"Gaming online accounts" relate to bank balances representing amounts paid by players into online accounts. As required by the concession, such sums must be held in dedicated bank accounts and so they are classified as other assets.

"Accrued income and prepayments " mainly include the recognition of prepaid expenses on arrangement fees and underwriting fees for the New Revolving Credit Facility and Additional RCF (as defined below) and prepaid expenses for the costs related to the sureties paid against the concessions' renewals.

"Gaming halls receivables" mainly relates to activities of Retail and Street Operations relating to AWP and VLT betting collection from the network.

"Other receivables" mainly included the receivable from Logispin Austria GmbH of Euro 32.5 million as of December 31, 2022, which as seller of the equity investment in Goldbet S.p.A. (deed of July 24, 2018) took specific indemnity obligations in relation to tax disputes relating to the years prior to the sale. During 2023, the Group has applied for facilitated adhesion to the pending disputes, finalized on July 7, 2023 with the payment of Euro 18.8 million, extinguishing the additional tax disputes and further recovery against the seller. On September 4, 2023, the ADM formally announced the total remission of the relevant roles.

The following table provides a summary of key information relating to other current and non-current assets:

(in thousands of Euro)	As of December 31, 2023	of which current	As of December 31, 2022	of which current
ADM guarantee deposits	53,465	53,465	54,144	54,144
Gaming online accounts	36,144	36,144	31,716	31,716
Accrued income and prepayments	16,472	8,207	17,387	8,798
Gaming halls receivables	15,230	15,198	13,528	13,528
Tax receivables	4,451	2,255	3,358	1,435
Guarantee deposits	4,274	686	2,792	195
Other receivables	4,467	4,200	35,986	34,362
Total	**134,503**	**120,155**	**158,911**	**144,178**

9.12 Tax receivables and payables

As of December 31, 2023 and 2022, "Tax receivables", amounting to Euro 0.9 million, represents tax receivables in relation to IRES (for companies not in scope of tax consolidation) and IRAP taxes for the year, net of related payables.

"Tax payables", totaling Euro 4.6 million as of December 31, 2023 (Euro 47.0 million as of December 31, 2022) are mainly related to amounts due in respect of IRES and IRAP, net of related receivables, by the Group companies included in the tax consolidation.

9.13 Cash and cash equivalents

The following table provides a breakdown of "Cash and cash equivalents":

(in thousands of Euro)	As of December 31, 2023	2022
Bank deposits	267,550	216,241
Cash on hand	27,132	18,597
Total	**294,682**	**234,838**

"Cash on hand" included cash in the machines (i.e., in the hoppers and change machines) owned and managed by the Group companies involved in "Retail & Street Operation" product division, amounting to Euro 12.6 million and Euro 7.2 million as of December 31, 2023 and 2022, respectively.
Reference is made to the Consolidated Statement of Cash Flows for further details regarding movements during the period in Cash and cash equivalents.

It should be noted that "Bank deposits" as of December 31, 2022 included Euro 15.6 million related to the payment received from Logispin Austria GmbH as indemnity for the tax disputes of GoldBet S.p.A. (now GBO Italy S.p.A.), as indicated in the Note 11.7.1. The item includes Euro 100 million transferred on time deposit.

9.14 Shareholders' equity

9.14.1 Share capital

The Company's share capital amounted to Euro 10,000 thousand as of December 31, 2023 and was divided into 251,630,412 ordinary shares without nominal value.

As of December 31, 2022, the share capital amounted to Euro 50 thousand, divided into 50,000 shares without nominal value. The shareholders' meeting held on February 27, 2023, resolved to split the share capital into 200,000,000 shares with no par value.

As a result of the Capital Increase (as defined below), the Company issued 47,222,222 new shares at a price of Euro 9.00 per share, for a total amount of Euro 425,000 thousand, of which Euro 9,900 thousand as a share capital increase and Euro 415,100 thousand as a share premium.

Furthermore, in connection with Faro Games Transaction (as defined below), a further capital increase was carried out for a nominal amount of Euro 50 thousand (plus share premium) by issuing 4,408,190 new ordinary shares without nominal value, resolved by the Board of Directors of the Company on April 28, 2023 pursuant to Article 2443 of the Italian Civil Code and reserved to Faro Games S.r.l, which was fully subscribed and paid in by contribution in kind of GGM Shares (as defined below) on April 28, 2023 and became effective as of May 3, 2023.

For further details in this regard, please refer to Notes 11.7.8 and 11.7.9.

9.14.2 Reserves and retained earnings

A description of the movement of reserves and retained earnings can be found in the Consolidated Statement of Changes in Equity.

The share premium reserve amounts to Euro 433.8 million as of December 31, 2023. This reserve was originated by the Capital Increase and the Faro Games Transaction (for further details, please refer to Notes 11.7.8 and 11.7.9).

It should be noted that the "Share premium reserve" is stated net of the transaction costs of the Capital Increase and the associated tax effect.

Other reserves amount to Euro 37.5 million as of December 31, 2023, with a decrease of Euro 41.4 million compared to December 31, 2022, mainly due to the recognition of put option liabilities on the shares held by the non-controlling shareholders, for an amount of Euro 44.2

million, partially offset by the reclassification of non-controlling interests following the Faro Games Transaction (as defined below).

9.14.3 Equity attributable to non-controlling interests

Equity attributable to non-controlling interests represents the interest of third parties in the companies controlled by the Group. Related movements in such non-controlling interests are reported in the Consolidated Statement of Changes in Equity.

It should be noted that, following the Faro Games Transaction (as defined below), equity attributable to non-controlling interests decreased by Euro 46.8 million.

It is also recalled that GGM S.p.A., on the completion of the acquisition of Ricreativo in September 2023, increased its share capital by issuing new shares for an amount equal to the agreed non-monetary consideration, assigning them to the seller as partial satisfaction of the consideration agreed. As a result of the subscription of these newly issued shares, the equity attributable to non-controlling interests increased by Euro 30.5 million.

9.15 Employee benefit liabilities

The following table provides a breakdown of "Employee benefit liabilities":

(in thousands of Euro) Employee benefit liabilities	Total
Balance as of December 31, 2021	**15,396**
Business combination	3,180
Service cost	2,754
Interest cost	385
Advances and benefits paid	(1,251)
Actuarial gains/(losses)	(2,485)
Balance as of December 31, 2022	**17,979**
Business combination	2,047
Service cost	2,792
Interest cost	707
Advances and benefits paid	(1,335)
Actuarial gains/(losses)	(174)
Balance as of December 31, 2023	**22,016**

The increases for the year ended December 31, 2023 are mainly related to the integration of Ricreativo in the scope of consolidation, while the decreases are related to advances and final payments made to employees (in respect of resignation or retirements) occurred during the year under review.

The following tables detail the main financial and demographic assumptions adopted in the actuarial calculations:

	As of December 31,	
Financial assumptions	2023	2022
Discount rate	3.17%	3.77%
Inflation rate	2.00%	2.30%
Annual TFR increase	3.00%	3.23%
Annual salary increases	Executives 2.50%	Executives 2.50%
	Middle managers 1.00%	Middle managers 1.00%
	White collar 1.00%	White collar 1.00%
	Blue collar 1.00%	Blue collar 1.00%

Demographic assumptions	
Mortality rate	RG48 mortality tables published by the State General Accounting Office
Disability	INPS (social security) tables by age and gender
Retirement	100% on reaching AGO requirements
Annual turnover and frequency of advance payments	
Frequency of advance payments	0.50%
Turnover rate	10.00%

The following table shows the results of sensitivity analyses performed for each actuarial assumption, highlighting the effects (in absolute terms) that would have occurred upon reasonable possible changes, as of December 31, 2023, in actuarial assumptions:

(in thousands of Euro) Change in assumption	Amount
Turnover rate +1.00%	21,948
Turnover rate -1.00%	21,842
Inflation rate +0.25%	22,188
Inflation rate -0.25%	21,613
Discount rate +0.25%	21,531
Discount rate -0.25%	22,277

The average financial duration of the obligation as of December 31, 2023 was 10.7 years. The following table provides a summary overview of expected plan disbursements:

Expected disbursements	
Years	*(in thousands of Euro)*
1	3,135
2	2,717
3	2,865
4	2,715
5	2,874

9.16 Current and non-current financial liabilities

The following table provides a breakdown of "Current and non-current financial liabilities":

	As of December 31,	
(in thousands of Euro)	2023	2022
December 2023 Notes	486,188	-
June 2023 Notes	1,088,327	-
September 2022 Notes	342,506	340,957
April 2021 Notes	-	566,673
July 2020 Notes	-	635,760
Accrued interest – December 2023 Notes	944	-
Accrued interest – June 2023 Notes	6,156	-
Accrued interest – September 2022 Notes	15,641	8,816
Accrued interest – April 2021 Notes	-	13,507
Accrued interest – July 2020 Notes	-	13,590
Bondco Loan	-	250,000
Accrued interest – Bondco Loan	-	23,375
Payables for acquisitions	93,868	94,284
Payables for leasing	75,908	68,215
Put option liability	49,518	1,773
Interest Rate Swap	8,937	81
Bank borrowings	4,384	840
Other financial payables	13,713	-
Total	**2,186,090**	**2,017,871**

"Current and non-current financial liabilities" included:

- bonds issued on June 1, 2023, on December 14, 2023 and September 27, 2022 for principal amounts of Euro 1,115.0 million, Euro 500.0 million and Euro 350.0 million respectively, recognized at amortized cost. Transaction costs incurred for the main part included professional fees related to the bond issue as well as the discount on issue (the latter in relation to the floating rate notes issued in 2023). It should be noted that during 2023, Lottomatica S.p.A. early repaid the bonds issued on July 23, 2020 and on April 1, 2021 for a total of Euro 1,215 million;
- early repayment of the Bondco Loan (as defined below) and interest accrued during 2023 (total amount of Euro 273.4 million as of December 31, 2022);
- bank borrowings mainly relating to outstanding borrowings of Ricreativo for Euro 4.2 million;
- the Interest Rate Swap liability, mainly related to the fair value of the derivative contracts of a total notional amount of Euro 775 million entered into by Lottomatica S.p.A to partially hedge the risk linked to a potential change in the interest rate of the floating rate June 2023 Notes and December 2023 Notes (as defined below). The total fair value is a negative amount of Euro 7.5 million as of December 31, 2023. The cash flow hedge reserve has a negative balance of Euro 5.7 million, net of the related tax effect, as of December 31, 2023 (positive of Euro 17.9 million as of December 31, 2022);
- the put option liability, recognized at its present value of Euro 49.5 million as of December 31, 2023 (Euro 1.8 million as of December 31, 2022), based on the best estimate of the disbursement to acquire the residual share capital from non-controlling shareholders;
- the remaining payables outstanding in relation to the acquisitions of Betflag, GoldBet (now GBO Italy), Ricreativo, NewMatic, Jolly Group, Battistini, AB Games, Iris and Bingo Services and the acquisition of certain businesses.

With regard to the acquisition of Betflag, the payable relating to the deferred price component amounted to Euro 49.3 million as of December 31, 2023 (Euro 46.5 million as of December 31, 2022). Such amount represents the difference between the fair value of the additional price component of a variable amount up to a maximum of Euro 50 million to be paid in 2024 depending on Betflag's EBITDA in 2023 and the effect of discounting such amount to present value. As of December 31, 2023, EBITDA target (as contractually defined) was achieved. In accordance with IFRS 9, the deferred price component is stated at present value, calculated using amortized cost at an internal rate of return (IRR) of 5.470% (equal to the three + month Euribor plus spread applied on the previous revolving credit facility).

With regard to the acquisition of GoldBet, the payable relating to the deferred price component amounted to Euro 29.7 million as of December 31, 2023 (Euro 29.2 million as of December 31, 2022). Such amount represents the difference between the nominal value of the deferred price component (amounting to Euro 30 million – including the Euro 5 million placed in the escrow account) and the effect of discounting such amount to present value. The acquisition agreement, signed by the parties on July 24, 2018, provided for the amount to be settled in tranches as follows:

- Euro 25 million in four tranches to be paid over the medium/long-term, two of which, subject to the fulfillment of certain conditions provided for in the acquisition agreement; and
- Euro 5 million, currently deposited in an escrow account, to be redeemed by the first ten days of April 2034, unless utilized in advance subject to the fulfillment of certain conditions provided for in the acquisition agreement

In accordance with IFRS 9, the deferred price component is stated at present value, calculated using amortized cost at an internal rate of return (IRR) of 6.01% (equal to the IRR of the Bond issued by Lottomatica S.p.A. in September 2018 in relation to the acquisition of GoldBet).

The payable relating to the deferred price component for the acquisition of Ricreativo amounted to Euro 5.8 million as of December 31, 2023. The repayment of this payable is expected in 24 monthly instalments from the date of completion of the acquisition.
The payable relating to the deferred price components of other acquisitions amounted to Euro 9.1 million as of December 31, 2023.

- payables relating to the lease liabilities recognized following the adoption of IFRS 16, representing the present value of the remaining lease payments as of December 31, 2023, including accrued finance expenses and charges contractually provided for as of such date. For further details see Note 2.4.20.7 above.
- Other payables, amounting to Euro 13.7 million, are related to commitment fees on the bridge facility and the payables for underwriting fees incurred for the issuance of the December 2023 Notes.

There are no non-current financial liabilities due over 5 years, other than the December 2023 Notes and a residual part of lease liabilities.

The following table provides a summary of key information relating to financial liabilities:

(in thousands of Euro)	As of December 31, 2023	*of which current*	As of December 31, 2022	*of which current*
Notes	1,917,021	-	1,543,390	-
Accrued interest on Notes	22,741	22,741	35,913	35,913
Bondco Loan	-	-	250,000	-
Accrued interest on Bondco Loan	-	-	23,375	23,375
Payables for acquisitions	93,868	90,159	94,284	13,406
Payables for leasing	75,908	18,592	68,215	13,934
Put option liability	49,518	16,861	1,773	-
Interest Rate Swap	8,937	1,398	81	81
Bank borrowings	4,384	2,329	840	605
Other financial payables	13,713	13,713	-	-
Total	**2,186,090**	**165,793**	**2,017,871**	**87,314**

The following table provides changes in liabilities arising from financing activities as required by IAS7:

(in thousands of Euro)	As of December 31, 2022	*Cash flow from financing activitiess*	*Non-cash changes*	As of December 31, 2023
Notes	1,543,390	366,606	7,025	1,917,021
Accrued interest on Notes	35,913	(128,173)	115,001	22,741
Bondco Loan	250,000	(250,000)	-	-
Accrued interest on Bondco Loan	23,375	(30,322)	6,947	-
Bank borrowings	840	(1,436)	4,980	4,384
Interest Rate Swap	81	(2,602)	11,458	8,937
Put option liability	1,773	-	47,745	49,518
Payables for acquisitions	94,284	(21,532)	21,116	93,868
Payables for leasing	68,215	(20,363)	28,056	75,908
Other financial payables	-	(1,981)	15,694	13,713
Total	**2,017,871**	**(89,803)**	**258,022**	**2,186,090**

(in thousands of Euro)	As of December 31, 2021	*Cash flow from financing activities*	*Non-cash changes*	As of December 31, 2022
Notes	1,197,965	347,375	(1,950)	1,543,390
Accrued interest on Notes	27,097	(68,969)	77,785	35,913
Bondco Loan	250,000	-	-	250,000
Accrued interest on Bondco Loan	2,935	-	20,440	23,375
Bank borrowings	131	(1,143)	1,852	840
Interest Rate Swap	80	(367)	368	81
Put option liability	1,713	-	60	1,773
Payables for acquisitions	153,135	(126,480)	67,629	94,284
Payables for leasing	69,006	(16,993)	16,202	68,215
Total	**1,702,062**	**133,423**	**182,386**	**2,017,871**

9.16.1 June 2023 notes

On June 1, 2023, Lottomatica S.p.A. (the "**Issuer**") issued senior secured notes for a total principal of Euro 1,115 million (the "**June 2023 Notes**"), of which (i) Euro 565 million bearing interest at a fixed annual rate of 7.125%, to be paid semiannually, commencing on December 1, 2023, and (ii) Euro 550 million issued below par (at 99%), bearing interest equal to the sum of three-month EURIBOR (with a 0% floor) plus 4.125% per annum to be paid quarterly, commencing on September 1, 2023. The June 2023 Notes were admitted to listing on the Euro MTF market organized and managed by the Luxembourg Stock Exchange and the ExtraMOT Pro segment of Borsa Italia and mature in 2028.

Collateral posted as security in relation to the June 2023 Notes included liens on the following: (i) all of the issued share capital of the Issuer held by Lottomatica Group S.p.A., (ii) receivables in respect of certain material intercompany loans, including any proceeds loans, owed to Lottomatica Group and/or the Issuer (if any), (iii) material bank accounts of the Issuer, (iv) all of the issued share capital of GGM S.p.A. held by the Issuer, and (v) all of the issued share capital of GBO S.p.A. held by the Issuer. Ratings as of the issue date were as follows: BB- (S&P) and Ba3 (Moody's).

Proceeds from the bond issue were used to finance (i) the early repayment of the senior secured notes issued on (a) April 1, 2021, for a principal amount of Euro 575 million (the "**April 2021 Notes**") and (b) July 23, 2020 for a total principal amount of Euro 640 million (the "**July 2020 Notes**" and together with the April 2021 Notes, the "**Notes Repaid**"), in addition to accrued and unpaid interest; and (ii) the make-whole payment due to early repayment.

The June 2023 Notes (or a portion thereof) can be reimbursed in advance, under the conditions described below:

- with regard to the floating rate share: i) if reimbursed prior to June 1, 2024, the Issuer is required to repay a total of 100% of the principal amount reimbursed plus the Floating Rate Applicable Premium, plus unpaid interest due; ii) if reimbursed in advance but from June 1, 2024 onwards, the Issuer is required to repay the principal amount reimbursed at par plus the Additional Amount and unpaid interest due;

- with regard to the fixed rate share: i) if reimbursed prior to June 1, 2025, the Issuer is required to repay a total of 100% of the principal amount reimbursed plus the Fixed Rate Applicable Premium, plus unpaid interest due; ii) if reimbursed between June 1, 2025 and May 31, 2026, the Issuer is required to repay a total of 103.5625% of the principal amount reimbursed plus the Additional Amounts, plus unpaid interest due; iii) if reimbursed between June 1, 2026 and May 31, 2027, the Issuer is required to repay a total of 101.7813% of the principal amount reimbursed plus the Additional Amount, plus unpaid interest due; and iv) if reimbursed in advance but from June 1, 2027 onwards, the Issuer is required to repay the principal amount reimbursed plus the Additional Amount and unpaid interest due.

9.16.2 December 2023 notes

In order to finance the SKS365 Acquisition, on December 14, 2023 Lottomatica S.p.A. issued senior secured notes (the "**December 2023 Notes**") for a principal amount of Euro 500 million, issued below par (at 99.5%) bearing interest equal to the sum of the three-month EURIBOR (with a floor of 0%) plus 4.000% per annum to be paid quarterly from March 1, 2024. The December 2023 Notes were admitted to listing on the Euro MTF market organized and managed by the Luxembourg Stock Exchange and the Euronext Access Milan segment (formerly ExtraMOT) of Borsa Italia and mature in 2030. Pending satisfaction of the contractually defined "Escrow Release Conditions", the proceeds of the issue of the notes were transferred to an escrow account in the name of the Issuer.

Collateral posted as security in relation to the December 2023 Notes included liens on the following: (i) all of the issued share capital of the Issuer held by Lottomatica Group S.p.A., (ii) receivables in respect of certain material intercompany loans, including any proceeds loans, owed to Lottomatica Group and/or the Issuer (if any), (iii) material bank accounts of the Issuer, (iv) all of the issued share capital of GGM S.p.A. and GBO S.p.A. held by the Issuer, and (v) all of the issued share capital of GBO Italy S.p.A. held by the GBO S.p.A. Ratings as of the issue date were as follows: BB-(S&P) and Ba3 (Moody's).

The Issuer may repay in advance, in whole or in part, the December 2023 Notes at any time from December 15, 2024, paying an amount equal to 100% of the notional amount to be reimbursed in addition to the Additional Amount and the accrued interest not yet paid.

9.16.3 September 2022 notes

In order to finance the acquisition of Betflag S.p.A. by the subsidiary GBO S.p.A., on September 27, 2022 Lottomatica S.p.A. issued senior secured notes (the "**September 2022 Notes**") for a total principal of Euro 350 million bearing interest, to be paid semi-annually, at a fixed annual rate of 9.750 %. The September 2022 Notes mature in 2027 and were admitted to listing on the Euro MTF market organized and managed by the Luxembourg Stock Exchange and the ExtraMOT segment of Borsa Italia. Pending satisfaction of the contractually defined Escrow Release Conditions, the proceeds of the issue of the notes were transferred to an escrow account in the name of Lottomatica S.p.A.. The escrow funds were released in November 2022 in connection with the acquisition of Betflag S.p.A..

Collateral posted as security in relation to the September 2022 Notes includes liens on the following: the entire share capital of the of the Issuer held by Lottomatica Group S.p.A. (formerly Gamma Midco S.p.A.), receivables relating to the Lottomatica Group (formerly Gamma Midco S.p.A.) and the Issuer in the context of intra-group financing, Issuer's material bank accounts, Issuer's interests in GGM S.p.A. and GBO S.p.A., as well as the aforementioned escrow account. Ratings as of the issue date were as follows: B (S&P) and B1 (Moody's).

The Issuer may repay in advance the September 2022 Notes (or a portion thereof) as follows: i) if reimbursed prior to September 30, 2024, the Group is required to repay 100% of the principal amount, plus accrued and unpaid interest and the Additional Amount plus the relevant "make-whole" premium; ii) if reimbursed at any time on or after September 30, 2024, the Group may redeem all or a portion of the notes at redemption prices set forth in the offering memorandum, plus the Additional Amount and accrued and unpaid interest.

9.16.4 New revolving credit facility

On May 3, 2023, Lottomatica S.p.A., the lenders party thereto, UniCredit S.p.A., as security agent, inter alia, entered into the new revolving credit facility agreement of Euro 350 million ("New Revolving Credit Facility") that replace the existing revolving credit facility. In addition, with the issuance of the December 2023 Notes, the aforementioned revolving credit facility was increased by an additional Euro 50 million subject to the completion of the SKS365 Acquisition and to certain standard conditions ("**Additional RCF**").

The New Revolving Credit Facility agreement provides for revolving borrowings up to an aggregate principal amount of Euro 350,000,000 on a committed basis in addition to an incremental facility provided by Deutsche Bank S.p.A. of Euro 50,000,000 as a guarantee facility thereunder available for bank guarantees, which incremental facility was already in place under the existing revolving credit facility.

The New Revolving Credit Facility matures on the earliest of the date falling six months prior to maturity of the notes issued or May 3, 2028, if earlier. Interest on the loan is set at Euribor plus a spread. The agreement provides that the spread may be reduced over time in line with variations in the ratio between senior secured indebtedness net of cash and cash equivalents and EBITDA (i.e., the Consolidated Senior Secured Debt Ratio defined in the New Revolving Credit Facility agreement) on a consolidated basis, as shown in the following table:

Consolidated Senior Secured Debt Ratio(*)	Annual spread
> 2,3:1	3,5
≤ 2,3:1 e > 1,8:1	3,25
≤ 1,8:1 e > 1,3:1	3,0
≤ 1,3:1 e > 0,8:1	2,75
≤ 0,8:1	2,5

(*) As defined contractually

The agreement provides that the Consolidated Senior Secured Debt Ratio should be calculated for the first time three calendar quarters after the closing date of May 3, 2023 and subsequently each quarter with regard to the preceding twelve months. The Consolidated Senior Secured Debt Ratio must not exceed 5.22:1 and is not valid if the utilizations do not exceed 40% of the revolving credit facility (the "Test Condition", as defined contractually). The spread to be applied to amounts drawn down under the New Revolving Credit Facility is adjusted based on the aforementioned ratio. The spread applicable at the current date in the event of utilizing the New Revolving Credit Facility is 3.25%. As of December 31, 2023, the Test Condition is not met as the revolving credit facility was not utilized.

Collateral for the New Revolving Credit Facility included securities on the following: (i) the shares in Lottomatica S.p.A. held by its shareholder Lottomatica Group; (ii) receivables in respect of certain material intercompany loans in respect of which Lottomatica S.p.A. or Lottomatica Group is a creditor (if any); (iii) material bank accounts of Lottomatica; (iv) the shares in GGM S.p.A. held by its shareholder Lottomatica S.p.A.; (v) the shares in GBO S.p.A. held by its shareholder Lottomatica S.p.A.; (vi) the shares in Gamenet S.p.A. held by its shareholder GGM S.p.A.; (vii) the shares in GBO Italy S.p.A. held by its shareholder GBO S.p.A. and (viii) the shares in Lottomatica Videolot Rete S.p.A. held by its shareholder GGM S.p.A.

In line with normal market practice in such cases, the terms and conditions of the Revolving Credit Facility also require that the Group comply with a series of restrictions regarding its right to undertake certain operations, unless specific restrictive covenants or specific exceptions provided for contractually are complied with.

Right to take on or guarantee further borrowing

Other than in certain exceptional cases, the Group may only take on or guarantee further borrowing if it complies with certain requirements in terms of: a) the Fixed Charge Coverage Ratio or Consolidated Total Debt Ratio (in the case of non-secured debt); b) the Consolidated Senior Secured Debt Ratio in the case of secured debt, as shown below:

a) non-secured debt:

Covenants	Description(*)	Contractual value
Fixed Charge Coverage Ratio	EBITDA(**) / Fixed Charge(**)	>= to 2.0
Or		
Consolidated Total Debt Ratio	Total Indebtedness net of Cash and Cash Equivalents(**) / EBITDA(**)	<= to 3.15

(*) On a consolidated basis.
(**) As defined contractually.

b) secured debt:

Covenants	Description(*)	Contractual value
Consolidated Senior Secured Debt Ratio	Senior Secured Total Indebtedness net of Cash and Cash Equivalents(**) / EBITDA(**)	<= to 2.90

(*) On a consolidated basis.
(**) As defined contractually.

It is noted that the above ratios must be calculated at the time the Group intends to take on or guarantee further borrowing. The above conditions, however, do not prohibit the Group from taking on certain other specific borrowing set out in the contractual conditions of the New Revolving Credit Facility and the notes issued by Lottomatica S.p.A..

Right to distribute dividends

The terms and conditions of the New Revolving Credit Facility and the notes issued by Lottomatica S.p.A. provide that the Group may make certain types of payment, including the distribution of dividends and distribution of reserves to shareholders, solely within certain limits and under certain specific conditions that are defined both for "Restricted Payments" and for "Permitted Payments".

Ratings

As of the reporting date, Standard & Poor's had assigned Lottomatica S.p.A. a BB-rating and Moody's a Ba3 rating.

The contracts relating to the notes outstanding as of December 31, 2023 provided that certain of the aforementioned restrictions and covenants no longer apply if the bond achieves investment grade status, defined as a credit rating of BBB-or higher (S&P) and Baa3 or higher (Moody's).

Net Financial Indebtedness

The following is a breakdown of the composition of the Group's Net Financial Indebtedness as of December 31, 2023 compared with the situation as of December 31, 2022 determined in accordance with CONSOB Communication DEM/6064293 of July 28, 2006, as amended by CONSOB Communication No. 5/21 of April 29, 2021 and in accordance with ESMA Recommendations contained in "Guidelines 32-382-1138 of March 4, 2021 on disclosure requirements under the prospectus regulation".

(in thousands of Euro)	As of December 31, 2023	2022
A. Cash (*)	294,682	219,238
B. Cash equivalent	-	-
C. Other current financial assets	530,475	26,399
D. Liquidity (A+B+C)	**825,157**	**245,637**
E. Current financial debt	15,305	686
F. Current portion of non-current financial debt	150,488	86,628
G. Current Financial Indebtedness (E+F)	**165,793**	**87,314**
H. Net Current Financial Indebtedness (G-D)	**(659,364)**	**(158,323)**
I. Non-current financial debt	103,276	387,167
J. Debt instruments	1,917,021	1,543,390
K. Non-current trade and other payables (**)	-	9,479
L. Non-Current Financial Indebtedness (I+J+K)	**2,020,297**	**1,940,036**
M. Net Financial Indebtedness - ESMA (H+L)	**1,360,933**	**1,781,713**

(*) As of December 31, 2022, cash and cash equivalents does not include Euro 15.6 million related to the funding provided by Logispin Austria GmbH for tax payment notice.
(**) "Non-current trade and other payables" as of December 31, 2022 includes payables for the two-year extension of GBO Italy S.p.A.'s Sports Franchise concessions.

For a description on the Group's net financial indebtedness, please refer to the Director's Report.

Derivative financial instrument and hedge accounting

In order to partially hedge the risk relating to possible changes in the interest rate of (i) the floating rate portion of the June 2023 Notes, which bear variable rate interest linked to the three-month EURIBOR rate plus spread of 4.125%, and (ii) the December 2023 Notes, which bear variable rate interest linked to the three-month EURIBOR rate plus spread of 4.000%, Lottomatica S.p.A. entered into derivative contracts for (i) a total notional amount of Euro 275 million and (ii) a total notional amount of Euro 500 million, respectively. These derivative contracts (which are not listed on any official market) partially hedge from the risk linked to a potential increase in interest rates by exchanging:

- with reference to June 2023 Notes, the bond's three-month EURIBOR rate with a contractually determined fixed interest rate of (i) 3.4075% with quarterly settlement, first calculation period starting December 1, 2023 and termination date June 1, 2026 for the Unicredit S.p.A. derivative contract and (ii) 3.416% with quarterly settlement, first calculation period starting December 1, 2023 and termination date June 1, 2026 for the Deutsche Bank derivative contract; and
- with reference to December 2023 Notes, the bond's three-month EURIBOR rate with a contractually determined fixed interest rate of (i) 2.627% with quarterly settlement, first calculation period starting March 1, 2024 and termination date December 1, 2026 for the Unicredit S.p.A. derivative contract and (ii) 2.59% with quarterly settlement, first calculation period starting March 1, 2024 and termination date June 1, 2026 for the Deutsche Bank AG derivative contract.

The fair value of this instrument was determined by the abovementioned financial institutions at the reporting date. The transaction qualifies as a cash flow hedge as it meets the hedge effectiveness requirements set out by IFRS 9.

9.17 Provisions for risks and charges

The following table provides a breakdown of "Provisions for risks and charges":

(in thousands of Euro)	Total
Balance as of December 31, 2021	**30,921**
Business combination	424
Provisions/ (Releases)	989
Reclassifications/utilization	(1,340)
Utilizations	(3,149)
Balance as of December 31, 2022	**27,845**
Business combination	107
Provisions/ (Releases)	(1,977)
Reclassifications/utilization	(5,041)
Other movements	(16,043)
Balance as of December 31, 2023	**4,891**

Provision for risks and charges mainly includes (i) the provisions made by Gamenet and Lottomatica Videolot Rete for non-compliance with the concession-holder network management service level obligations provided for in Annex 2 of the Concession Agreement (Euro 0.2 million as of December 31, 2023); (ii) the "Provision for technological renewals", which represents periodic provisions made by the Group's AWP and VLT concession-holders for technological and structural upgrading of the online network and other infrastructures used for gaming-related collection activities (Euro 0.9 million as of December 31, 2023); and for the residual part (iii) the provision for legal disputes, to cover estimated costs relating to disputes, including labor-related disputes, with third parties (Euro 3.8 million as of December 31, 2023).

"Reclassifications/utilization" of the period relate mainly to the ADM penalties for non-compliance with the concession-holder network management service level obligations for the year 2014, which were paid in August 2023.

"Other movements" refer to the closure of the fund relating to the tax dispute on the betting duties - "Imposta Unica" of GBO Italy S.p.A. following the submission of the application for facilitated adhesion in pending disputes and the subsequent payment made on July 7, 2023 for the completion of the application itself.

9.18 Other current and non-current liabilities

The following table provides a breakdown of "Other current and non-current liabilities":

(in thousands of Euro)	As of December 31, 2023	2022
Payables to tax authorities for PREU	97,377	97,603
Players' online accounts	36,144	31,716
Public gaming taxes	31,377	20,906
Other payables to tax authorities	18,996	49,627
Payables to employees	18,762	15,749
Payables to distribution network for guarantees	16,251	16,275
Concession fee payables	15,248	15,924
Provision for Jackpot and VLT tickets to be validated	11,649	12,670
Payables to INPS	8,542	7,539
Payables to other concessionaires for bets/wagers collection	7,204	2,991
Other payables	64,351	45,362
Total	**325,901**	**316,362**

"Payables to tax authorities for PREU" included the balance relating to the sixth period of each year, which is paid in January of the following year.

"Players' online accounts" related to balances on players' online accounts at the reporting date, amounting to Euro 19.7 million as of December 31, 2023 in the case of GBO Italy S.p.A. (Euro 20.9 million as of December 31, 2022) and Euro 16.4 million as of December 31, 2023 in the case of Betflag (Euro 10.8 million as of December 31, 2022).

"Public gaming taxes" as of December 31, 2023 included the gaming tax balance owing in respect of December 2023, which was paid in January 2024.

As of December 31, 2023 and 2022 "Other payables to tax authorities" included withholding tax due in relation to remuneration paid to agents and other professional service providers, VAT as well as tax payables on VLT winnings. The decrease is mainly due to the settlement of the tax disputes relating to the 2013 and 2014 betting duties ("Imposta Unica") notified to GBO Italy S.p.A.

"Payables to employees" and "Payables to INPS" included amounts due in respect of "fourteenth month" salary payments, holiday pay, holidays and additional hours worked, reimbursements, overtime and contributions due but not yet paid as of the reporting date.

"Payables to distribution network for guarantees" related to guarantees from third party operators who perform collection activities.

"Concession fee payables" mainly related to the concession-fee owing in respect of the sixth period of 2023, which was paid in January 2024.

"Provision for Jackpot and VLT tickets to be validated" included amounts provided in respect of jackpots that had not yet been won and VLT tickets issued as of the reporting date but not yet cashed by players, who have 90 days in which to collect their winnings before they are paid over to the ADM as required by the concession.

"Other payables" mainly included Euro 47.7 million as of December 31, 2023 (Euro 28.4 million as of December 31, 2022) related to the payables for the extension of concessions, of which Euro 9.6 million relating to the Sports Franchise concessions of GBO Italy S.p.A., Euro 0.1 million relating to the GAD concessions of GBO Italy S.p.A. and Betflag S.p.A. and Euro 38.0 million relating to the ADI concessions of Gamenet S.p.A. and Lottomatica Videolot Rete S.p.A..

It also includes payables relating to sports bets, amounting to Euro 5.6 million as of December 31, 2023. The item also included payables related to jackpots of casino games, poker and bingo totaling Euro 5.0 million.

The following table provides a summary of key information relating to other liabilities:

(in thousands of Euro)	As of December 31, 2023	of which current	As of December 31, 2022	of which current
Payables to tax authorities for PREU	97,377	97,377	97,603	97,603
Players' online accounts	36,144	36,144	31,716	31,716
Public gaming taxes	31,377	31,377	20,906	20,906
Other payables to tax authorities	18,996	17,621	49,627	49,574
Payables to employees	18,762	18,602	15,749	15,466
Payables to distribution network for guarantees	16,251	360	16,275	402
Concession fee payables	15,248	15,248	15,924	15,924
Provision for Jackpot and VLT tickets to be validated	11,649	11,649	12,670	12,670
Payables to INPS	8,542	8,542	7,539	7,539
Payables to other concessionaires for bets/wagers collection	7,204	7,204	2,991	2,991
Other payables	64,351	64,101	45,362	35,678
Total	**325,901**	**308,225**	**316,362**	**290,469**

9.19 Current trade payables

The following table provides a breakdown of "Current trade payables":

(in thousands of Euro)	As of December 31, 2023	2022
Invoices to be received	48,749	43,112
Trade payables	25,709	37,328
Payables relating to remuneration in respect of collection activities - AWP	1,856	2,162
Payables relating to remuneration in respect of collection activities - VLT	3,548	4,484
Payables to operators	16,049	11,910
Total	**95,911**	**98,996**

"Payables relating to remuneration in respect of collection activities" mainly comprised payables due to the relevant parties in the supply chain.

"Payables to operators" relate to contractual performance-related amounts due to network operators of GBO Italy S.p.A..

10. Related parties transactions

Related parties transactions are mainly attributable to commercial, administrative and financial relationships. These operations are part of normal business management, within the typical activity of each interested party, and are regulated at market conditions. The Group has relationships with the following related parties:

- Gamma Bondco S.à.r.l., a wholly owned subsidiary of the Gamma Topco S.à.r.l ("Subsidiaries of shareholders");
- iPro Inc. and IMA S.r.l. ("Associates");
- Key Management Personnel (for further details, please refer to the paragraph below);
- Apollo Capital Solutions Europe B.V. ("Other related parties").

The following table shows Group receivables and payables due from/to related parties:

(in thousands of Euro)	As of December 31, 2023					
	Associates	Key management personnel	Other related parties	Total related parties	Total reported amount	Related party % of total
Current financial liabilities	-	-	560	560	165,793	0.3%
Current trade payables	214	-	-	214	95,911	0.2%
Current trade receivables	3	-	-	3	95,825	0.0%
Other current liabilities	-	2,379	-	2,379	308,225	0.8%

(in thousands of Euro)	As of December 31, 2022					
	Subsidiaries of shareholders	Associates	Key management personnel	Total related parties	Total reported amount	% of total
Non-current financial liabilities	250,000	-	-	250,000	1,930,557	12.9%
Current financial liabilities	23,375	-	-	23,375	87,314	26.8%
Current trade payables	-	5,185	-	5,185	98,996	5.2%
Current trade receivables	-	3	-	3	88,496	0.0%

The following table shows Group revenues and expenses due from/to related parties:

(in thousands of Euro)	For the year ended December 31, 2023					
	Subsidiaries of shareholders	Associates	Key management personnel	Total related parties	Total reported amount	% of total
Finance expenses	(23,420)	-	-	(23,420)	(220,287)	10.6%
Personnel expenses	-	-	(4,351)	(4,351)	(98,378)	4.4%
Other income	-	568	-	568	18,529	3.1%
Other operating costs	-	(2,033)	-	(2,033)	(40,952)	5.0%
Finance income	-	13	-	13	28,139	0.0%

(in thousands of Euro)	For the year ended December 31, 2022					
	Subsidiaries of shareholders	Associates	Key management personnel	Total related parties	Total reported amount	% of total
Finance expenses	(20,441)	-	-	(20,441)	(124,801)	16.4%
Personnel expenses	-	-	(6,482)	(6,482)	(80,472)	8.1%
Other income	-	10	-	10	12,824	0.1%
Other operating costs	-	(5,654)	-	(5,654)	(31,363)	18.0%

The transaction involving Gamma Bondco S.à.r.l., controlled by the shareholder Gamma Topco S.à.r.l., is related to the loan granted to the Company on November 10, 2021 for Euro 250 million ("**Bondco Loan**"), repaid on May 3, 2023.

The transactions with Associates are mainly related to the business relations between IMA S.r.l. and Marim.

With regard to the transactions with Apollo Capital Solutions Europe B.V., it should also be noted costs for underwriting fees of Euro 1,013 thousand included in the transaction costs of Capital Increase as a direct reduction of equity and costs for underwriting fees for total amount of Euro 1,808 thousand included in the ancillary costs incurred for the issue of the June 2023 Notes and the December 2023 Notes.

Key management personnel

The following table provides a breakdown of the remuneration attributable to Group's key management personnel for the years ended December 31, 2023 and 2022.

	For the year ended December 31,	
(in thousands of Euro)	2023	2022
Remuneration	3,718	3,742
Bonus una tantum	7	1,750
Social security contributions	361	704
Severance indemnity	265	286
Share based payment	-	-
Total	**4,351**	**6,482**

11. Other information

11.1 Commitments, guarantees and contingent liabilities

11.1.1 Guarantees granted in favor of third parties

It is noted that as of December 31, 2023, the Group had granted concession related guarantees in favor of the ADM amounting to Euro 301.3 million. For details regarding guarantees relating to the bond loan, see Note 9.16 above.

11.1.2 Commitments

For commitments related to SKS365 Acquisition, please refer to Note 11.7.13.

11.1.3 Contingent liabilities

Other than as reported at Notes 11.7, management is not aware of any disputes or legal actions that could reasonably have significant repercussions on the Group's operating results, financial position or cash flows.

11.2 Compensation due to directors and statutory auditors

The compensation due to directors and statutory auditors amounts to Euro 3,049 thousand for the year ended December 31, 2023 (Euro 1,905 thousand for the year ended December 31, 2022).

11.3 Compensation due to independent auditor

The following table, drawn up pursuant to art. 149-duodecies of the Issuers Regulation, shows the breakdown of the services offered by the audit firm for the year ended December 31, 2023.

(in thousands of Euro)			
Service	Service performed on behalf of	Subject who provided the service	2023 Fees
Audit of financial statements	Parent company	PwC S.p.A.	576
Other services (*)	Parent company	PwC S.p.A.	4,784
Other services (*)	Parent company	PwC Network	1,078
Audit of financial statements	Subsidiaries	PwC S.p.A.	1,058
Other services (*)	Subsidiaries	PwC S.p.A.	449
Other services(**)	Subsidiaries	PwC Network	2,201
Total			**10,147**

(*) The item mainly includes costs related to the activities for the listing and Group's refinancing operations.
(**) The item mainly includes costs related to due diligence activities for potential acquisitions.

11.4 Significant non-recurring events and transactions

As required by Consob Communication DEM/6064293 dated 28 July 2006 and in accordance with the ESMA Guidelines/2015/1415, the effects of non-recurring events and transactions on profit or loss are detailed below:

(in millions of Euro)	For the year ended December 31, 2023	Profit before tax	Financial Position
IPO costs			
Underwriting fees and advisors	(27.5)		✓
Prepayment penalty on Bondco Loan	(16.5)	✓	
Bridge Facility	(13.8)	✓	
Total	**(57.8)**	**(30.3)**	**(27.5)**
Refinancing costs			
Underwriting fees and advisors	(24.1)		✓
Bond issue discount	(5.5)		✓
Make-whole on Bond Repaid net of income from IRS closing	7.2	✓	
Acceleration of the amortized cost on Bond Repaid	(10.8)	✓	
Negative carry as of July 17, 2023	(2.5)	✓	
Total	**(35.7)**	**(6.1)**	**(29.6)**
Other non-recurring finance expenses			
Fees on previous revolving credit facility	(4.5)	✓	
Total	**(4.5)**	**(4.5)**	**-**
Acquisition of SKS365			
Underwriting fees e consultants / advisors	(11.4)		✓
Bond issue discount	(2.5)		✓
Acquisition costs related to SKS365	(8.3)	✓	
Bridge Facility SKS365	(7.0)	✓	
Negative carry as of December 31, 2023	(1.1)	✓	
Net income from IRS	0.3	✓	
Total	**(30.0)**	**(16.1)**	**(13.9)**
Costs not included in Adjusted EBITDA			
Cost related to M&A, international activities and IPO	(19.8)	✓	
Integration costs	(12.5)	✓	
Other non-recurring expenses	(15.1)	✓	
Total	**(47.4)**	**(47.4)**	**-**
Total	**(175.4)**	**(104.4)**	**(71.0)**

(in millions of Euro)	For the year ended December 31, 2022	Profit before tax	Financial Position
Costs not included in Adjusted EBITDA			
Cost related to M&A and international activities	(20.4)	✓	
Integration costs	(17.3)	✓	
Other non-recurring expenses	(9.4)	✓	
Total	**(47.1)**	**(47.1)**	

11.5 Atypical/unusual transactions

In accordance with the disclosures required by Consob Communication DEM/6064293 dated 28 July 2006, it should be noted that during the year 2023, the Company did not carry out any atypical and/or unusual transactions.

11.6 Public funds disclosure as per art. 1 paragraphs 125-129

Pursuant to art. 1, paragraph 125, of Italian Law 124/2017, as for the requirement to disclose in the notes any funds received during the year in the form of aid, grants, paid services, and generally economic benefits of any kind from public administrations and the entities as per paragraph 125 of the same article, reference should be made to the National State Aid Register.

11.7 Significant events

11.7.1 ADM assessment notices related to betting duties ("Imposta unica") for fiscal years 2013 and 2014

Up until fiscal year 2015, GoldBet Sportwetten GmbH operated in Italy both onsite ("CTD," i.e., "centri di trasmissione dati") and online without a proper Italian betting license granted by the ADM. In January 2015, GoldBet Sportwetten GmbH incorporated an Italian branch to which Italian operations were allocated. With effect from December 1, 2015, GoldBet Sportwetten GmbH contributed its Italian branch into Winco S.r.l., a wholly-owned subsidiary of GoldBet Sportwetten GmbH. Upon contribution, Winco S.r.l. was renamed GoldBet S.r.l.

According to the Italian tax law, the buyer of a going-concern will be jointly and severally liable for the tax liabilities and relevant penalties of the seller, exceptions made for the benefit of preventive enforcement of the seller and within the limits of the value of the business's fair market value. The liability is limited to the taxes and penalties triggered by the violations committed in the year in which the transfer of the business takes place and in the two preceding years, as well as to those that, although committed in prior years, have been assessed by the tax authorities in that period. However, upon request and pursuant to article 14 of Legislative Decree No.472/1997, the tax authorities should release a certificate reporting any pending tax litigations and pending tax liabilities. In case of a negative outcome of the certificate, the receiver should be considered free from any tax liability. Whereas the certificate reports tax liabilities and pending litigation, the liability of the receiver will be limited to the liabilities re-

ported on such certificate. This limitation, however, does not apply if the tax authorities come to the conclusion that the going concern transfer was ultimately aimed at diverting the assets of the business from the claims of the tax authorities. Therefore, the limitations are not valid if the transaction is made in fraud of tax authorities, which is presumed whenever in the 6 months prior to the transaction the seller receives notification of a criminal law infringement.

GoldBet[41] obtained the above-mentioned tax certificate on October 18, 2016. On December 27, 2018 the ADM issued assessment notices in relation to betting duty due by GoldBet Sportwetten GmbH for fiscal years 2013 and 2014. In particular, the tax authority challenged for both fiscal years 2013 and 2014 the omitted payment of betting duties due for betting collected in Italy – from Italian players – through the GoldBet Sportwetten GmbH's online website. The following amounts have been challenged:

	Betting duties	Penalties interests(*)	
January 1, 2013 – December 31, 2013	8,882	10,658	1,772
January 1, 2014 – December 31, 2014	9,884	11,861	1,577
Total	**18,766**	**22,519**	**3,349**

(*) Amount of interest as indicated in the relevant tax assessment notices issued by the ADM for each fiscal year and calculated until December 27, 2018.

Furthermore, the tax authority took the view that the contribution of the Italian branch into Winco S.r.l. qualifies as a fraudulent transaction. In this respect, at the time of the contribution, GoldBet (being part of the same group of the contributor) was aware of the tax violations carried out by the contributor, the sole shareholder, GoldBet Sportwetten GmbH. Based on this, tax authorities were of the opinion that the tax certificate was required only in order to undermine the tax collection by the Italian Treasury of taxes due in Italy by GoldBet Sportwetten GmbH. As a result, on December 28, 2018, ADM notified also to GoldBet the two tax assessments served to GoldBet Sportwetten GmbH with respect to fiscal years 2013 and 2014.

On February 22, 2019, GoldBet appealed the two assessment notices before the relevant Tax Court of first instance of Rome (Corte di Giustizia di primo grado di Roma). In particular, GoldBet outlined the following arguments:

- invalidity of the assessment notices;
- lack of adequate motivation of the tax assessment notices;
- non-applicability of the jointly liability provided by art. 14 of Legislative Decree No.472/97 to this matter;
- absence of tax fraudulent intention of the transaction; and
- groundless challenge because the gambling activity was managed abroad.

Following the hearing held on February 12, 2020, the appeal relating to the tax assessment notice issued by the ADM for fiscal year 2013 has been rejected by the competent Tax Court with the decision filed on September 28, 2020. In this respect, on March 26, 2021 GoldBet appealed such decision before the competent Tax Court of second instance of Lazio (Corte di Giustizia di secondo grado per il Lazio) and the appeal has been rejected with the judgement filed on January 11, 2023.

41) "GoldBet" refers to (i) prior to October 9, 2018, GoldBet S.r.l., (ii) from October 9, 2018 to May 1, 2019, GoldBet S.p.A., (iii) from May 1, 2019 to June 1, 2022, GoldBet S.p.A. (previously Intralot Italia S.p.A.), following the effectiveness of the merger by way of incorporation of GoldBet S.p.A. into Intralot Italia S.p.A. and the change of name of Intralot Italia S.p.A. to GoldBet S.p.A., and (iv) after June 1, 2022, the same entity is referred to as GBO Italy.

Following the above-mentioned judgment of the Tax Court on June 7, 2022, a notice of payment was served to the Company, requesting the payment of a total amount of Euro 15,102,408.50. GoldBet appealed the notice of payment before the relevant Tax Court, objecting the non-applicability of the joint liability provided by article 14 of Legislative Decree No.472/97 to this matter; the appeal has been rejected by the Tax Court with its judgement filed on December 12, 2022.

With respect to the tax assessment notice issued by the ADM for fiscal year 2014, the appeal has been rejected by the competent Tax Court with the decision issued on April 27, 2022; such judgment has been appealed in front of the Tax Court of second instance.

Following the above-mentioned judgment of the Tax Court on October 14, 2022, a notice of payment was served to the Company, requesting the payment of a total amount of Euro 16.470.771,92. GoldBet appealed the notice of payment before the relevant Tax Court, objecting the non-applicability of the joint liability provided by article 14 of Legislative Decree No.472/97 to this matter.

Also, GoldBet Sportwetten GmbH has appealed the tax assessment notices for years 2013 and 2014 before the Tax Court of Rome, which (i) with its decision of February 18, 2020 has rejected the appeal proposed against the assessment for year 2013 and (ii) with its decision of February 26, 2021 has rejected the appeal proposed against the assessment for year 2014; both negative judgments have been appealed before the competent Tax Court of second instance, within the statutory term provided by law; the Tax Court of second instance issued a negative outcome with regard to the 2013 financial year proceeding and the relative judgment has been already appealed in front of the Supreme Court.

On February 2, 2023, in relation to the tax notification mentioned above, three third-party garnishments were carried out on the bank accounts with Unicredit S.p.A., Banca Popolare di Milano S.p.A. and Poste Italiane S.p.A.

On February 3, 2023, the company filed an application for the definition of the tax debts entrusted to the collection agents (pursuant to paragraphs 231-252 of Law 197/2022), thereby suspending the effectiveness of enforcement procedures.

On March 24, 2023, the company presented the application for facilitated adhesion to the pending disputes (pursuant to paragraphs 186 and subsequent of Law 197/2022). This application was completed with the payment of only the established tax for the years 2013 and 2014, settled on July 7, 2023, and extinguishes all tax claims. At the same time the lawyers of the company have notified to renounce any litigation still pending.

Following the verification of the correct and timely payment, the ADM communicated, by letter dated September 4, 2023, the remission of the relative roles related to the relevant litigations. Consequently, by a communication dated September 7, 2023, the Italian tax authority proceeded to make a waiver in relation to the three garnishments arising from the tax assessments.

11.7.2 VAT reimbursement

On January 29, 2021, the Lazio Region Tax Commission issued order No.202/2021 in which it ruled the application for correction of appeal sentence No.5415/2019 to be inadmissible. In rejecting the petition, the Commission noted that the procedure for material correction of a sentence is restricted to cases in which the divergence between the judgment and its literal expression is immediately obvious without the need for any reconstructive investigation of the Judge's reasoning. In the case in question, in the opinion of the Judges called upon to decide on the application, such conditions were held not to exist and therefore the Judges ruled it to be inadmissible.

The company had in parallel already lodged an appeal to the Supreme Court to reiterate, inter alia, the inconsistency between the grounds and the operative part of the judgment. The aforementioned Order No. 202/2021, which is not subject to independent appeal, will also be produced in such a forum.

On September 25, 2019, the Lazio Region Tax Commission had issued appeal ruling No.5415/2019, in which it partially amended the ruling issued on March 14, 2018 by the court of first instance, the Rome Province Tax Commission, which had upheld the appeal lodged by Gamenet Spa claiming the repayment of Euro 2.4 million, representing VAT paid but not due with regard to the supply of a VLT gaming platform during the tax years 2013 and 2014. Specifically, the appeal ruling reaffirmed the scope of the exemption regime, confirming that "in the case in question, based on examination of the documentation, the necessary and indispensable constraint required for VAT exemption exists, as confirmed by the technical advice obtained during the proceedings". The Judges had also recognized, however, that "the decision not to reimburse should not be considered illegitimate, to the extent that the amount paid in error was paid prior to the two-year time-limit" and therefore "considering that the reimbursement claim was lodged on November 16, 2015, payments made more than two years prior to such date are not reimbursable, while those made within a period of two years prior to date are due to the claimant." In substance, therefore, the Lazio Region Tax Commission had upheld the reimbursement claim – originally expressed in the amount of Euro 2.4 million (the sum received in full by Gamenet) – but reduced it by Euro 1.0 million, representing the VAT paid by Gamenet during the period between January and September 2013, considered to be "expired". In view of the difference between the justification for the ruling that partially upheld the appeal lodged by the Tax Authorities and the ruling that fully upheld the appeal, on November 18, 2019, the company had presented an application for correction (pursuant to Article 287 civil procedure code) to the Rome Region Tax Commission, requesting that the error in the second-instance ruling be corrected.

By judgment published on August 23, 2023, the Supreme Court, noting the contrast between the reasons and the operative part of the judgment of seconde cure, reversed the decision by ordering the referral to the Lazio Tax Court of Justice of second grade so that, in a different composition, it may once again decide on the profile affected by this contradiction. The company will proceed with the resumption of the case within six months of the publication of the order of the Supreme Court.

11.7.3 FIGC court order

On October 4, 2019, the Rome civil court granted provisional execution of a court order requested by the Federazione Italiana Giuoco Calcio – FIGC (the Italian Football Federation) against Gamenet S.p.A., involving an amount of Euro 927 thousand, relating to a format or short-form sponsorship pre-contract agreement entered into by the parties on September 7, 2016 and effective until December 31, 2018, on the understanding that it was the intention of the parties to sign the document with a view to completing a sponsorship contract.

Gamenet S.p.A. has challenged the aforementioned court order and requested that the matter be considered together with the court order previously requested in the same Rome court by Gamenet S.p.A., with a view to obtaining a ruling on the non-existence of the contract relating to sponsorship of the Italian national football team, using the INTRALOT brand, as well as a ruling regarding the illegitimate/illegal nature of the FIGC's behavior. At the first hearing, FIGC confirmed its request for provisional execution of the court order. Notwithstanding Gamenet's opposition, the judge granted provisional execution of the court order and ordered that the proceedings be combined with those initiated by Gamenet. On January 30, 2020, following receipt of the Rome civil court executive order reserving the right to repeat performance, the company settled the entire amount, totaling Euro 1,048 thousand (including late payment interest).

On February 27, 2022, the FIGC notified Gamenet of an appeal against the first instance sentence, for the purpose of obtaining the reform of the aforementioned in the part in which it does not pronounce itself with respect to the presumed right of the FIGC to obtain payment of the amount due for the period from January 1, 2018 to October 15, 2018 (for Euro 668,518.52) and a compensation for damages quantified at Euro 175,000. Appearance forms are being filed in Gamenet's interest, with a consequent appeal aimed at obtaining the complete reform of the sentence and consequently the verification of what was already requested by the Group in the first instance.

A notice of appearance was filed with an incidental appeal and the litigation was postponed to October 26, 2023 for the clarification of the conclusions. The Court of Appeal of Rome has ordered the postponement of the case to January 16, 2025.

In view of the above and based on the risk assessment provided by the lawyers, it is not necessary to make further provisions.

11.7.4 Other claims

The following are other claims of the Group deemed significant and the risk of losing the case is considered possible.

Gaming Franchise
In 2023, the Court of Rome issued a final judgment declaring extinguished the judgment initiated by Morosini Slot S.r.l. in order to assert an alleged contractual liability of Lottomatica Videolot Rete S.p.A. ("**Lottomatica Videolot Rete**") with regard to the termination of the concessio-

naire-hall manager agreement. On December 20, 2023, the bankrupt Morosini has again sued Lottomatica Videolot Rete and Jolly Group S.r.l. ("**Jolly Group**") before the same court.

With this action, the bankrupt Morosini claims to assert an alleged non-contractual liability - ex art. 2043-2055 of Italian civil code - and to obtain compensation for the damage allegedly suffered as a result of the termination of the contracts entered into by Lottomatica Videolot Rete in 2020 and as a result of the conduct subsequently held (also with regard to exhibitors and collection activity) by Lottomatica Videolot Rete itself and Jolly Group.

The value of the claim amounts to Euro 3,028,591.50 and the hearing in the summons is indicated on June 5, 2024, with a deadline for its formation until March 27, 2024.

Sport Franchise and Online

On February 21, 2023, a consultant and a service company notified to GBO Italy (formerly Lottomatica Scommesse) the summons to appear before the Court of Rome following the termination of an inter partes consultancy agreement by GBO Italy,. The matter related to the alleged illegitimate imposition - by the latter - of agreements amending and deteriorating the previously agreed economic conditions and requested the annulment of such agreements and of the unfair terms contained therein and, as a result, the recovery of the alleged loss of revenues, estimated at a total amount of Euro 1,139,843, in addition to the alleged non-pecuniary damages suffered, for a further Euro 1,200,000.00.

At the end of the first hearing on October 4, 2023, the judge granted time for the filing of the three pleadings pursuant to art. 183 c.p.c. and referred the case to February 1, 2024 for the possible admission of the measures of inquiry. At the hearing, the judge reserved any decision regarding the admission of the measures of inquiry and the provision is currently awaited.

11.7.5 Payment of additional 0.5% of bet - Relaunch Decree

Article 217 of Law Decree No. 34 of May 19, 2020 (the Relaunch Decree), which was approved on May 19, 2020 and converted into Law No.77 of July 17, 2020, provides for a "Fund for the relaunch of the national sports system".

The financing for such Fund shall come from the sports betting segment (in a broad sense), through the imposition of a tax "equal to 0.5% (net of the share relating to the flat-tax pursuant to Legislative Decree No. 54/1998) of the total bet collected in relation to all sports events, including simulated events, however placed and by whichever means, whether online or through traditional channels."

This is an extraordinary measure, limited both in terms of its duration and its maximum effect, given that by express provision, "The financing of such fund shall be limited to a maximum of Euro 40 million in 2020 and Euro 50 million in 2021."

The ADM, therefore, provided guidance regarding the calculation and application of such amounts in Directive No. 307276/RU of August 9, 2020, and GoldBet and Lottomatica Scommesse (at the time separate legal entities), in common with other concessionaires, lodged an appeal with the Lazio Region Civil Court which, however, on 16/12/2020, issued a dismissal order with respect to the request to suspend the measures.

In line with such measures and the guidance subsequently provided by the ADM in Notes No. 77845/RU of March 12, 2021 and 151351/RU of May 18, 2021, Note No. 400355/RU of October 26, 2021 and, most recently, Note No. 5721 of January 8, 2022, both Lottomatica and Goldbet (therefore, the current GBO Italy) paid in-full all amounts demanded by the ADM for the entire period covered by the Fund, based on both the original calculations as well as the recalculations made by the Agency in line with the criteria set forth in the aforementioned Directive No. 5721/RU of 8.01.2022, totaling Euro 14,891,571.63 (of which Euro 4,405,358.95 relating to Lottomatica and Euro 10,486,212.68 to Goldbet).

Subsequently, pursuant to Article 21-nonies of Law No.241 of August 7, 1990, by Decree No. 10337/RU dated January 5, 2023, the ADM ordered the annulment, in self-defense, of Directive No. 5721/RU of January 8, 2022 and the related notes already sent to the concessionaires to pay amounts calculated in accordance with the previously defined criteria to be allocated to replenishing the Fund, claiming, for the first time, that the maximum amounts of Euro 40 million for 2020 and Euro 50 million for 2021 did not refer "to the maximum amounts to be paid but, rather, to the share of the tax to be allocated to the "Fund for the relaunch of the national sports system" and that Concessionaires were, therefore, required to pay in full the 0.5% of bet relating to 2020 and 2021 (calculated in accordance with the method set out in Article 3 of the measure adopted in self-defense), without any annual limit.

The additional amounts due by GBO Italy with respect to those already paid were, therefore, recalculated by the ADM and totaled Euro 9,509,509.15 (of which Euro 1,679,040.82 relating to online network concession No. 15017; Euro 3,408,642.60 to remote gaming concession No. 15226; and Euro 4,421,825.73 to retail network concession Nos. 4032, 4098, 4313, 4341, 4502, 4504, 4805 and 72000); the amounts due were communicated in Notes No. 72148/RU and No. 71976/RU dated February 6, 2023 and No. 76535/RU dated February 7, 2023.

On March 6, 2023, GBO Italy lodged an appeal with the Regional Civil Court challenging Directive No. 10337/RU of January 5, 2023 and the aforementioned measures regarding the payment of additional amounts, having in the meantime withdrawn, due to supervening lack of interest, from Lazio Regional Civil Court proceeding R.G. 5612/2020 (terminated on March 16, 2023).

The new proceeding was identified as No. R.G. 4074/2023 and the Lazio Regional Civil Court initially set a hearing for discussion of the related precautionary measure for March 29, 2023 and then, without reaching any decision in this regard, postponed the hearing to June 28, 2023.

By judgment of August 2, 2023 No.13005/2023, the Lazio Regional Civil Court rejected the appeal. The judgment was appealed by GBO Italy the following day. An appeal was filed on August 3, 2023 (CDS R.G. 6818/2023). On August 4, 2023, a presidential decree suspending the effects of the judgment and the contested measures was obtained, with referral back to the Chamber of Council of August 29, 2023 for the examination of the precautionary application by the board. By order of August 31, 2023, the board confirmed the suspension and at the hearing on December 5, 2023, the case brought by GBO Italy S.p.A. has been retained in the decision and we are therefore awaiting the filing of the sentence.

Betflag S.p.A. also filed an appeal against Note No. 10337/RU of January 5, 2023. The judgment established was defined by a judgment of dismissal by the TAR Lazio on August 2, 2023 No. 13004/2023. On October 4, 2023, Betflag filed an appeal and the hearing before the Council of State is scheduled for February 13, 2024. The case was held in judgment.

By judgment of February 26, 2024 No.1883/2024 published on February 27, 2024, the Council of State settled the case of GBO Italy and, consequently, reforming the ruling of the Lazio Region Civil Court that had settled the case in the first instance, annulled the contested measures.

With reference to the above, the risk of disbursement of the amount claimed by ADM is considered remote.

11.7.6 Legislative and regulatory provisions

11.7.6.1 ADIs

11.7.6.1.1 PREU and payout rates – 2023

The PREU flat-rate tax is the tax applied to the ADI (entertainment device) segment. It was introduced by Article 39 of Law Decree No.269 of September 30, 2003, as amended and converted by Law No.326 of November 24, 2003 and it is calculated by applying the required percentage rate to the total bet placed in each relevant activity, namely, for AWP activities and for VLT activities.

In 2023, the PREU rates for AWP and VLT were 24.0% and 8.6% respectively, and have not been modified compared to those applicable in 2022.

In 2023, the minimum payout levels for AWP and VLT were respectively 65.0% and 83.0% of bet and have not been changed compared to those applicable in 2022.

11.7.6.1.2 Onerous extension of ADI concessions

The ADI concessions are under onerous extension ex lege until December 31, 2024 by the Budget Law 2023.

ADM with note No. 317086 of June 15, 2023 established that for the purpose of the extension of the concession: *"the amount paid shall be calculated as sum of the unit price paid for NOEs relating to AWP devices and the amount of the nine-year fee relating to VLT devices held as of October 31, 2022, increased by 15% and proportionate to the duration of the extension. According to the rule mentioned, the unit price paid for NOEs relating to AWP devices shall be paid in full in the current year in two equal instalments, by July 15 and October 1. The amount of the nine-year fee for VLT devices, plus 15 percent, shall be paid:*

- *for 2023, in two equal instalments by July 15 and October 1 of the year indicated; and*
- *for 2024, in two equal instalments by January 15 and June 1 of the year indicated".*

With reference to Gamenet S.p.A. and Lottomatica Videolot Rete S.p.A., the details of the payments are as follows:

- Gamenet S.p.A. paid two instalments each of Euro 7,374,495.83 by July 15, 2023 and by October 1, 2023; it also paid one instalment of Euro 10,791,791.67 by January 15, 2024 and shall pay an additional instalment of the same amount by June 1, 2024.
- Lottomatica Videolot Rete S.p.A. paid two instalments each of Euro 5,520,508.33 by July 15, 2023 and by October 1, 2023; it also paid one installment of Euro 8,212,916,67 by January 15, 2024 and shall pay an additional instalment of the same amount by June 1, 2024.

11.7.6.1.3 AWP-R

Pursuant to the 2016 Stability Law and as subsequently modified, most recently by the provisions of Law No. 145 of December 30, 2018, the ADM developed a draft Ministerial Decree setting out technical rules for the production of entertainment devices pursuant to Article 110, Paragraph 6, letter a) of the TULPS that permit remote gaming. This draft was sent to the Finance Legislative Office for final approval. As clarified by the ADM in the note relating to the 2023 Development Plan, *"each concession holder, following publication of the decree containing the technical rules for the production of AWP-R equipment, will proceed within its area of responsibility to adapt the network structures and connectivity and replace the equipment, PDAs and communication structures of the telematic networks"*.

At reporting date, the decree containing technical rules for the production of AWP-R has not yet been issued.

11.7.6.2 Betting and GAD

11.7.6.2.1 Betting concessions held by the Group

The following table provides a summary of the betting concessions held by the Group during 2023:

	Concession No.	*Announcement*	Betting offering	*Number of rights 2023*
GBO Italy S.p.A.	4098	Bersani betting shops	Sport	421
	4098	Bersani corner	Sport	1,241
	4341	Bersani betting shops	Horse racing	13
	4805	Giorgetti betting shops	Horse racing	12
	4504	Monti	Sport + Horse racing	358
	72000	Tax regularization pursuant to article 1 co. 643 L. 190/2014	Sport + Horse racing	994
			TOT.	3,039

	Concession No.	*Announcement*	Betting offering	*Number of rights 2023*
Ricreativo B S.p.A.	4538	Monti	Sport + Horse racing	8
	4869	Giorgetti betting shops	Horse racing	1
			TOT.	9

11.7.6.2.2 Betting duties ("Imposta unica")

Since January 1, 2016, pursuant to the provisions of Article 1, paragraph 945, of Law No. 208 of December 28, 2015, the betting duties ("Imposta unica") for sports and non-sport fixed-odds bet referred to in Legislative Decree 504/98, is applied on the difference between the bet and the winnings paid, with tax rates of 18% for physical network collection and of 22% for online.

11.7.6.2.3 Onerous extension of betting and GAD concessions

With regard to the Group's betting offering, provided both through retail points of sale and online, the concessions expired on June 30, 2016 and have subsequently been operating under an extension. Since 2018, such extension regime has become "onerous".
At the reporting date, pursuant to Law No. 127 of December 29, 2022 (the so-called "2023 Stability Law"), all concessions relating to the Online and Sports Franchise segments operate under an onerous extension, with validity from January 1, 2023 to December 31, 2024.

With regard to the GAD concessionaires, the amount to be paid as onerous extension was available in the reserved area of each concessionaire.

With reference to the betting concessionaires, ADM Directorial Decree No. 320379/RU of July 8, 2022 provides that:
"The amounts calculated on the basis of the annual amount provided for in Article 18-ter of Decree-Law No. 36 of April 30, 2022, converted with amendments by Law No. 79 of June 29, 2022, are established in:

- *Euro 7,500 for each right that is to be extended for points of sale whose main activity is the marketing of public gaming products (shops);*
- *Euro 4,500 for each right that is to be extended for points of sale whose ancillary activity is the marketing of public gaming products (corners).*

Taking into account that the extension takes effect from June 30, 2022 to June 30, 2024, the amounts shall be paid as follows:

- *for the period between June 30, 2022 and June 30, 2023, in two equal instalments due on October 31, 2022 and April 30, 2023 respectively;*
- *for the period between June 30, 2023 and June 30, 2024, in two equal instalments due on October 31 2023 and April 30, 2024."*

With reference to the concessionaire GBO Italy S.p.A., the two instalments of Euro 9,539,250.00, expiring on April 30, 2023 and October 31, 2023 were paid in 2023. The same amount will be paid in 2024.

11.7.6.3 Bingo

11.7.6.3.1 Extension fees

Bingo concessions were extended ex lege to December 31, 2024 by the 2023 Budget Law.

According to the provisions of the aforementioned Law No. 197 of 2022, ADM with note No. 284334 of May 30, 2023 established that each concessionaire shall therefore pay the sum of Euro181,125, divided into four instalments:

- Euro 38,812.50 by July 15, 2023;
- Euro 38,812.50 by October 1, 2023;
- Euro 51,750 by January 15, 2024;
- Euro 51,750 by June 1, 2024.

Battistini Andrea S.r.l. has appealed to the Regional Administrative Court for the cancellation of the note of the ADM, Games Management, No. 284334 of May 30, 2023 and the related and/or consequential acts. The Lazio Regional Administrative Court has suspended as a precautionary measure the effectiveness of the abovementioned acts and determined that it is required to pay a reduced monthly concessionary fee of Euro 2,800.00.

11.7.6.4 Key normative and regulatory provisions relating to the sector

11.7.6.4.1 Delegation to the Government to implement the reorganization of the gaming sector

In accordance with Article 15of Law 9 August 2023 n. 111 ("Delegated Law") the Government has been delegated to implement the reorganization of the current provisions on public games in compliance with the following principles and guidelines that are summarized below:

- introduction of technical and regulatory measures to ensure the full protection of the most vulnerable and to prevent gambling disorders and underage gambling;
- establishing adequate forms of consultation between the State, the regions and the local authorities regarding the planning of the territorial location of physical gaming venues;
- reorganization of betting collection networks, both online and physical locations, in order to rationalize their territorial and numerical distribution;
- strengthening the rules on transparency and on the subjective and honorability requirements of those who, directly or indirectly, control or are shareholders of public gaming concession companies, as well as their corporate representatives; identification of maximum concentration limits, for each concessionaire and its owners or controlling entities, for the management of physical gaming venues; extension of the anti-mafia requirements to all contractual partners of the concessionaires;
- adjustment of the provisions on state levies on individual games, ensuring the rebalancing of the taxation on the different types of public games, in order to harmonize also the rates of remuneration or remuneration granted to concessionaires, operators and merchants, as well as the payout percentages; adjustment of the provisions on reporting obligations; certainty of the taxation for the entire duration of the concessions awarded following public tenders and provision of specific periodic investment obligations by the concessionaires for the security of the game and the implementation of constant best practices in concession management;
- definition of transparent and uniform rules for the whole national territory regarding qualifying titles for the offer of the game;
- review of the regulations related to controls and the assessment of gaming taxation; reorganization of the existing sanctioning and administrative system in order to increase its dissuasive effect and effectiveness; providing for increased penalties for violation relating to remote gaming;
- reorganization of the rules related to the qualification of certification bodies for entertainment devices and obligations, responsibilities and guarantees of producers or distributors of computer programs for the management of gaming activities and their related collection;

- establishment of annual control plans to combat the practice of gambling in a way that is not in compliance with the state regulatory framework for legal gaming;
- provision for access by public and private entities involved in prevention and treatment of gambling addiction, to data regarding the territorial spread, collection, expenditure and taxation of authorized games of any type and classification;report to the Chambers of the Italian Parliament on the public gaming sector, submitted by the Minister for Economic Affairs and Finance by December 31 each year, containing, among others, data on the concession status, on the betting volumes, on the economic performance of the management and on progress in the protection of gaming consumers and legality.

11.7.6.4.2 Implementation of the remote gaming reorganization

On December 19, 2023, the Italian Council of Ministers approved the draft legislative decree on "Provisions on the reorganization of the gaming sector, starting with remote gaming", pursuant to art. 15 of Law No. 111 of August9, 2023 ("Delegated Law"). Until now, the discipline relating to games on physical network is excluded: these provisions will be "contained in a subsequent legislative decree issued after the definition of a specific framework between the State, Regions and local authorities" (art. 1, paragraph 2).

Firstly, the draft defines the principles of the game also with reference to European legislation. The base of the legislative decree is the concessionary regime for remote gaming (Title II of the draft decree). The principles (Articles 3 and 4) include:

- the protection of minors and the legality of the game, the development of secure gaming (with regard to health, public order and safety), the promotion of responsible gaming;
- the fight against illegal gambling and forms of money laundering, the transparency of the gaming offer and the development of the sector according to models of economic solidity and efficiency of the subjects, the traceability of money flows (refer to art. 7);
- the unity and uniformity of the organization and management of the network offering public gaming throughout the national territory;
- respect for the principle of free competition in the European common market, the principle of non-discrimination and the freedoms established by the Treaties of the European Union;
- compliance with the principle of stability of the rules of the concession and the protection of the concessionaire's custody (also of European origin).

Art. 23, paragraph 3, of the draft legislative decree includes the publication by ADM of a tender for the award of concessions related to the collection of remote gaming expiring December 31, 2024, referred to in letters from a) to f) of Article 6, paragraph 1. Among the requirements and conditions indicated, it should be noted (i) the payment of a one-off fee, amounting to Euro 7 million for each concession requested, with the maximum number of five concessions that may be requested by each group of companies (art. 5, paragraph 5); (ii) payment of an annual concession fee of 3% of the net margin of the concessionaire, due from the date of signature of the concession agreement, calculated by subtracting from the amount of the betting collection to the amount of winnings paid and related taxes (art. 6, paragraph 6).

With reference to the consideration of Euro 7 million for each concession requested, which is a significant increase compared to the last GAD tender notice (published in the Official Journal of the European Community of January 10, 2018 pursuant to Law No. 208/2015 (one-off fee of Euro 200,000.00), it should be noted that, as is stated in the Technical Report accompanying the draft of online game reorganization, *"the one-off fee has almost tripled in line with the trend in online bet, which increased by 100% between 2019 and 2022 and which shows an estimated further growth of 30% by the end of 2023 compared to 2019, from bets of Euro 36.4 billion in 2019 to an estimated bets of about Euro 83.5 billion in 2023, with a further expected growth for the years to follow"*.

11.7.7 ESG rating

On April 13, 2023, Lottomatica has received an ESG rating of 9.9 out of 100 from Morningstar Sustainalytics. Such rating measures a company's exposure to industry-specific material ESG risks and how the company is managing those risks. Further, it was assessed that the Group has a negligible risk of suffering significant financial impacts from ESG factors, placing it in second place worldwide among 87 companies evaluated in the "Casinos and Gaming" sub-industry and fourth among 515 companies in the "Consumer Services" industry. In January 2023, the Group has been awarded the ESG Regional Top Rated Badge for Europe and ESG Industry Top Rated Badge for Consumer Services by Sustainalytics. In 2023, the Group also obtained ISO 37001 and ISO 14001 certifications respectively on Anti-bribery and Environmental management systems, and, in January 2023, the ISO 27701 Certification for Data privacy and Security management system. In addition, the Group won the "Best Team HR" award in May and the QAR certification in Internal Audit in June and UNI/PDR 125:2022 in HR.

With reference to the ESG targets and objectives, the Group identified 135 initiatives of which (i) 80% are completed, (ii) 10% are ongoing in 2023 but they will be concluded in 2024 and (ii) 10% has not been started.

11.7.8 Bond rating

On May 12, 2023 Standard & Poor's upgraded the Company's corporate rating from B to BB-, and on May 15, 2023 Moody's upgraded the Company's corporate rating from B1 to Ba3.

11.7.9 IPO and admission to listing of Lottomatica Group

On May 3, 2023, Lottomatica Group successfully completed its initial public offering (the "**IPO**") and the listing of its ordinary shares on Euronext Milan, a regulated market organized and managed by Borsa Italiana S.p.A.. The total gross proceeds from the IPO were Euro 600 million, of which (i) Euro 425 million of new shares issued by the Company through a capital increase excluding the option right (the "**Capital Increase**"); and (ii) Euro 175 million of existing shares held and offered by Gamma Topco S.à.r.l. ("**Gamma Topco**"). Gamma Topco also granted to the stabilization manager an option, exercisable, in whole or in part, to purchase up to 10,000,000 additional Lottomatica Group's ordinary shares held by itself. This option was not exercised, as communicated by the Company on May 25, 2023. Following the completion of the offer, the total number of shares held by the market and making up the free float was equal to 28.25% of the Company's share capital.

The gross proceeds from the Capital Increase of Euro 425 million were used, together with cash on hand for:

- repayment in full of the principal amount of the Euro 250 million loan granted by Gamma Bondco S.à.r.l., plus accrued and unpaid interest of Euro 30.3 million and the payment of the prepayment penalty due to the early extinguishment for an amount of Euro 16.5 million;
- repayment in advance of a portion of the Euro 300 million senior secured floating rate notes due 2025 amounting to Euro 100 million, plus accrued and unpaid interest for an amount of Euro 1.7 million;
- payment of the transaction costs in relation to the Capital Increase, including underwriting commissions of Euro 11.5 million, advisor and other costs of Euro 16.0 million;
- payment of the commitment fees in relation to the Bridge Facility signed on April 12, 2023 of Euro 13.8 million and to the New Revolving Credit Facility of Euro 4.0 million;
- payment of the cash consideration of Euro 4.3 million in relation to the Faro Games Transaction (as defined and described below).

It should be noted that the remaining amount of the arrangement fees of Euro 4.5 million recognized with reference to the previous revolving credit facility agreement was reversed to the income statement, following the signing on May 3, 2023 of the New Revolving Credit Facility.

It should be noted that on June 1, 2023, Gamma Topco S.à.r.l completed the contribution in kind of its equity investment in Lottomatica Group S.p.A. to Gamma Intermediate S.à.r.l.

11.7.10 Faro Games transaction

On April 3, 2023, Lottomatica Group, Lottomatica S.p.A. and Faro Games S.r.l. ("**Faro Games**") entered into a framework agreement (the "**Framework Agreement**"), as subsequently amended, governing the terms and conditions under which Faro Games, as previous owner of 1,464,054 shares of GGM S.p.A. (the "**GGM Shares**"), disposed of its investment in GGM S.p.A. (the "**Faro Transaction**").

Pursuant to the Framework Agreement, effective as of May 3, 2023, Faro Games sold to Lottomatica Group 142,339 GGM Shares for Euro 4.3 million and contributed in-kind the remaining 1,321,715 GGM Shares to Lottomatica Group, in exchange for 4,408,190 new ordinary shares issued by the Company on May 3, 2023 (1.75% of total shares issued). Then, Lottomatica Group contributed in-kind the GGM Shares to Lottomatica S.p.A..

11.7.11 The Refinancing

As described in Note 9.16.1, on June 1, 2023, Lottomatica S.p.A. issued the June 2023 Notes for a total principal amount of Euro 1,115 million. Net proceeds were used to fund (i) the early repayment of the Notes Repaid for a total remaining amount of Euro 1,115 million, in addition to accrued and unpaid interest; and (ii) the payment of make-whole related to their early repayment for Euro 12.7 million.

It should be noted that, with reference to the June 2023 Notes, the ancillary costs incurred for the related issue amounted to Euro 29.6 million, mainly attributable to professional fees connected with the completion of the aforementioned transaction for Euro 24.1 million and the issue discount amounting to Euro 5.5 million (relating to the notes issued with a variable coupon). For further details, please refer to Note 9.16.1.

Finally, it should be noted that the refinancing also involved:

- the acceleration of the amortized cost on ancillary costs relating to the Notes Repaid of Euro 10.8 million, which were fully expensed in the three months ended June 30, 2023 following the related early repayment;
- the finance income of Euro 19.8 million due to the closing of the hedging derivative following the repayment in advance of the floating rate share of the notes issued on July 23, 2020;
- negative carry deriving from the negative difference between the interest income accrued on the escrow account and the interest expense accrued on the Notes Repaid for the period from 1 June 2023 to the repayment date amounting to Euro 2.5 million.

11.7.12 Acquisition of Ricreativo B S.p.A.

On March 11, 2023, GGM S.p.A. signed the agreement for the acquisition of the entire share capital of Ricreativo B S.p.A. ("**Ricreativo**"), a company involved in the management of amusement machines (AWP and VLT), gaming halls as well as betting collection activities. The acquisition was completed in September 2023. The consideration, amounting to Euro 45.1 million, was agreed as the sum of a base price plus the net financial position as determined based on contractual provisions. This amount was paid (i) for Euro 13.9 million in cash (of which 50% on the date of completion and the remaining 50% on 24 monthly instalments from that date) and (ii) for the remaining part through the assignment to the seller of newly issued shares of GGM S.p.A., following the capital increase which occurred at the same time as the completion of the acquisition, for an amount of Euro 31.2 million (including the share premium).

11.7.13 Acquisition of Iris S.r.l. and Bingo Service S.r.l.

On November 30, 2023, Big Easy S.r.l. signed the agreement for the acquisition of the entire share capital of Iris S.r.l. The consideration for the acquisition amounting to Euro 0.4 million, plus adjustment price.

On December 11, 2023, Big Easy S.r.l. signed the agreement for the acquisition of the entire share capital of Bingo Service S.r.l. The consideration for the acquisition amounting to Euro 2.0 million, plus adjustment price.

Both the companies are involved in Bingo and betting collections through AWP and VLT.

11.7.14 Acquisition of SKS365 Malta Holdings Limited

On November 2, 2023, GBO S.p.A. signed the agreement for the acquisition of 100% of the share capital of SKS365 Malta Holdings Limited ("SKS365"). SKS365 is a leading omnichannel operator in the Italian online and sports betting market, counting on approximately 600 thousand registered online users, highly recognized brands ("Planetwin365" and "PlanetPay365") and a retail network of about 1,000 sports betting shops.

The expected consideration is Euro 625 million and is based on a locked-box mechanism and is not subject to any adjustment, except in relation to leakages and ticking fees, contractually determined. This amount is entirely payable on the date of completion of the acquisition which is expected in the first half of 2024 and is subject to the customary antitrust and regulatory approvals.

The transaction will be financed through a combination of available cash and additional debt, for which the Group had initially obtained a commitment of Euro 500 million as bridge debt facility, subsequently extinguished following the issuance of the December 2023 Notes (for more details, please refer to Note 9.16.2). At the same time, the Group obtained an extension of the revolving credit facility for a total aggregate amount of Euro 50 million.

The proceeds of the December 2023 Notes, net of issue discount, have been transferred to an escrow account and will be used, together with the available cash, to (i) finance the aforementioned SKS365 Acquisition and (ii) pay certain fees and expenses related to the SKS365 Acquisition, the issuance of the December 2023 Notes and the extension of the revolving credit facility. The release of proceeds from the escrow account is subject to the completion of the SKS365 Acquisition.

Through this acquisition, the Group will strengthen its leading position in Italy in the Online segment, enriching its brand portfolio and accelerating its growth profile thanks to a highly synergistic transaction.

11.8 Significant events occurring after december 31, 2023

No significant events have occurred after December 31, 2023.

Rome, February 28, 2024

Chief Executive Officer
Guglielmo Angelozzi

Certification of consolidated financial statements pursuant to art. 81-ter of Consob Regulation No. 11971 of 14 May 1999 and subsequent amendments and additions

1. The undersigned Guglielmo Angelozzi, Chief Executive Officer of Lottomatica Group S.p.A., and Laurence Van Lancker, as executive officer responsible for the preparation of Lottomatica Group's financial statements, hereby certify, also taking into account the provisions of art. 154-bis, paragraphs 3 and 4 of Legislative Decree No. 58 of 24 February 1998:
- their adequacy with respect to the company, and
- the effective application of the administrative and accounting procedures for the preparation of the consolidated financial statements as of and for the year ending December 31, 2023.

2. No significant aspects arose from applying the administrative and accounting procedures for the preparation of the annual consolidated financial statements as of and for the year ending December 31, 2023.

3. We also certify that:
- the consolidated financial statements as of and for the year ending December 31, 2023:
  - have been prepared in accordance with the international accounting standards as endorsed by the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002;
  - are consistent with the information contained in the accounting ledgers and records;
  - are suitable for providing a true and fair representation of the equity, financial and economic position of the issuer and the whole of companies included in the scope of consolidation.
- The Directors' report includes a fair review of the development and performance of operations and of the position of the issuer and of the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties to which it is exposed.

Rome, February 28, 2024

Chief Executive Officer
Guglielmo Angelozzi

Executive Officer responsible for the preparation of corporate accounting information
Laurence Van Lancker

Separate financial statements as of and for the year ended December 31, 2023

Statement of comprehensive income

(in Euro)	Note	For the year ended December 31, 2023	of which Related Parties (Note 8)	2022	of which Related Parties (Note 8)
Dividends from subsidiaries	6.1	16,500,000	16,500,000	16,500,000	16,500,000
Net Income from equity investments		**16,500,000**		**16,500,000**	
Finance income	6.1	7,594,306	5,445,548	12	
Finance expenses	6.1	(25,550,399)	(25,454,576)	(20,440,771)	(20,440,771)
Net Finance Expenses		**(1,456,093)**		**(3,940,759)**	
Other income	6.2	1,252,961	1,252,538	-	
Cost of services	6.3	(3,193,023)	(3,050)	(102,034)	
Personnel expenses	6.4	(2,630,328)	(872,000)	-	
Other operating costs		(41,118)		(849)	
Loss before tax		**(6,067,601)**		**(4,043,642)**	
Income tax expense	6.5	2,645,116		2,294,847	
Net loss for the year		**(3,422,485)**		**(1,748,795)**	

(in Euro)	Note	For the year ended December 31, 2023	of which Related Parties (Note 8)	2022	of which Related Parties (Note 8)
Net loss for the year		**(3,422,485)**		**(1,748,795)**	
Actuarial gains and losses on employee benefit liabilities	7.6	(3,977)		-	
Fiscal effect	7.6	955		-	
Other items that will not be classified to profit or loss		**(3,022)**		**-**	
Total comprehensive loss		**(3,425,507)**		**(1,748,795)**	

Statement of financial position

(in Euro)	Note	As of December 31, 2023	of which Related Parties (Note 8)	2022	of which Related Parties (Note 8)	As of January 1, 2022	of which Related Parties (Note 8)
Non-current financial assets	7.1	527,188,074	60,881,355	362,763,405		362,763,405	
Deferred tax assets	7.2	132,766		-		-	
Other non-current assets	7.3	670,210		-		-	
Total non-current assets		**527,991,050**		**362,763,405**		**362,763,405**	
Current financial assets	7.1	411,541,643	411,541,643	-		-	
Tax receivables	7.8	-		-		62,132	
Other current assets	7.3	46,961,243	45,493,466	58,973,662	58,973,335	-	
Cash and cash equivalents	7.4	106,325,539		426,985		268,634	
Total current assets		**564,828,425**		**59,400,647**		**330,766**	
Total assets		**1,092,819,475**		**422,164,052**		**363,094,171**	
Share capital	7.5	10,000,000		50,000		50,000	
Other reserves	7.5	530,780,185		96,548,107		112,798,107	
Retained earnings	7.5	(8,124,804)		(4,702,319)		(2,953,524)	
Total shareholders' equity		**532,655,381**		**91,895,788**		**109,894,583**	
Employee benefit liabilities	7.6	299,689		-		-	
Non-current financial liabilities	7.7	-		250,000,000	250,000,000	252,934,611	252,934,611
Total non-current liabilities		**299,689**		**250,000,000**		**252,934,611**	
Current financial liabilities	7.7	522,720,551	522,720,551	23,375,382	23,375,382	-	
Current trade payables	7.9	863,447		64,169		57,377	
Tax payables	7.8	8,488,226		41,912,539		-	
Other current liabilities	7.10	27,792,181	27,265,655	14,916,174	14,916,064	207,600	207,600
Total current liabilities		**559,864,405**		**80,268,264**		**264,977**	
Total equity and liabilities		**1,092,819,475**		**422,164,052**		**363,094,171**	

Statement of cash flow

(in Euro)	Note	For the year ended December 31, 2023	of which Related Parties (Note 8)	2022	of which Related Parties (Note 8)
INDIRECT METHOD					
Loss before tax		**(6,067,601)**		**(4,043,642)**	
Reconciliation of loss before tax with cash flow from operating activities:					
Accruals and write-downs for impairment losses	6.4	60,538		-	
Net finance expenses	6.1	1,456,093	3,509,028	3,940,759	3,940,771
Other adjustments for non-monetary items		78,663		-	
Cash flow from operating activities before changes in net working capital		**(4,472,307)**		**(102,883)**	
Changes in net working capital					
Increase in trade payables	7.9	799,278		6,792	
Other changes in net working capital	7.2-7.3 7.8-7.10	(1,398,262)	26,167,460	4,442	(41,970,241)
Cash flow from changes in net working capital		**(598,984)**		**11,234**	
Income taxes received		2,175,423	70,152,396		
Cash flow from operating activities (a)		**(2,895,868)**		**(91,649)**	
Cash flow from investing activities					
Faro Games Transaction	7.5	(4,272,554)			
Loan granted to Lottomatica S.p.A.	7.1	(116,175,402)	(116,175,402)		
Receivables from cash pooling	7.1	(411,541,643)	(411,541,643)		
Dividends received	6.1	16,500,000	16,500,000	16,500,000	16,500,000
Cash flow used in investing activities (b)		**(515,489,599)**		**16,500,000**	
Cash flow from financing activities					
Cash pooling	7.7	522,152,403	522,152,403	-	
Repayment of Bondco loan	7.7	(296,794,532)	(296,794,532)	-	
Net finance income collected	7.7	1,415,636		-	
Dividends paid	7.5	-		(16,250,000)	(16,250,000)
Capital increase transaction costs	7.5	(27,489,486)	(1,013,000)	-	
Capital increase	7.5	425,000,000		-	
Cash flow from financing activities (c)		**624,284,021**		**(16,250,000)**	
Net Cash flow (a+b+c)		**105,898,554**		**158,351**	
Cash and cash equivalents at the beginning of the year	7.4	426,985		268,634	
Cash and cash equivalents at the end of the year	7.4	106,325,539		426,985	

Statement of changes in equity

(in Euro)	Note	Share capital	Legal Reserve	Share premium reserve	Capital contribution reserve	Stock option reserve	Actuarial gain/losses reserve	Total Other Reserves	Retained Earnings/ (Losses)	Result of the year	Total Shareholders' Equity
As of January 1, 2022	7.5	**50,000**	**10,000**	**-**	**112,788,107**	**-**	**-**	**112,798,107**	**56,545**	**(3,010,069)**	**109,894,583**
Allocation of previous year net loss		-	-	-	-	-	-	-	(3,010,069)	3,010,069	-
Dividends paid		-	-	-	(16,250,000)	-	-	(16,250,000)	-	-	(16,250,000)
Net loss for the year		-	-	-	-	-	-	-	-	(1,748,795)	(1,748,795)
As of December 31, 2022	7.5	**50,000**	**10,000**	**-**	**96,538,107**	**-**	**-**	**96,548,107**	**(2,953,524)**	**(1,748,795)**	**91,895,788**
Allocation of previous year net loss		-	-	-	-	-	-	-	(1,748,795)	1,748,795	-
Faro Games Transaction		50,000	-	39,623,710	-	-	-	39,623,710	-	-	39,673,710
Capital Increase		9,900,000	-	415,100,000	-	-	-	415,100,000	-	-	425,000,000
Capital Increase transaction costs(*)		-	-	(20,892,007)	-	-	-	(20,892,007)	-	-	(20,892,007)
Share based compensation		-	-	-	-	403,397	-	403,397	-	-	403,397
Net loss for the year		-	-	-	-	-	-	-	-	(3,422,485)	(3,422,485)
Other items of comprehensive income		-	-	-	-	-	(3,022)	(3,022)	-	-	(3,022)
As of December 31, 2023	7.5	**10,000,000**	**10,000**	**433,831,703**	**96,538,107**	**403,397**	**(3,022)**	**530,780,185**	**(4,702,319)**	**(3,422,485)**	**532,655,381**

(*) "Capital Increase transaction costs" amount to Euro 27.5 million and are shown net of the related tax benefit of Euro 6.6 million.

Explanatory notes to the separate financial statements

1. General Information

Lottomatica Group S.p.A. (hereinafter "**Lottomatica Group**" or the "**Company**") is a is a company incorporated and domiciled in Italy with registered offices in Rome, Via degli Aldobrandeschi, 300, 00163 Rome, organized under the laws of the Republic of Italy.

The share capital of the Company amounts to Euro 10,000,000.00, divided into 251,630,412 ordinary shares without nominal value. The term of the Company is fixed until December 31, 2100. The Company's ultimate controlling entity is Apollo Capital Management, L.P., a limited company incorporated under the laws of the State of Delaware (USA).

On April 28, 2023, the initial public offering of the Company's ordinary shares was completed and the Company's ordinary shares began trading on Euronext Milan, a regulated market organized and managed by Borsa Italiana S.p.A. on May 3, 2023. The net proceeds from the shares issued by the Company were used, among other things, to reduce Lottomatica group's leverage, as further described in Note 10.1.

This financial statements as of and for the year ended December 31, 2023 (hereinafter the "**Separate Financial Statements**") were approved and authorized for publication by the Company's Board of Directors on February, 28, 2024, and are subject to audit by PricewaterhouseCoopers S.p.A..

2. Summary of significant accounting principles

The most significant accounting policies and measurement criteria used in the preparation of the Separate Financial Statements are described below. These principles have been applied consistently for all periods presented, unless otherwise indicated.

2.1 Basis of preparation

The Separate Financial Statements have been prepared in accordance with the International Financial Reporting Standards, issued by the International Accounting Standards Board, and endorsed by the European Union, effective as of December 31, 2023 (hereinafter "**EU-IFRS**"). The explanatory notes to the Separate Financial Statements have been supplemented with the information requested by CONSOB and by the provisions it has issued in implementation of art. 9 of Legislative Decree 38/2005 (resolutions 15519 and 15520) of July 27, 2006 and communication DEM/6064293 of July 28, 2006, pursuant to art. 78 of the Issuers' Regulation, and, where applicable, the Italian Civil Code.
The designation ''EU-IFRS'' includes all "International Financial Reporting Standards", all "International Accounting Standards" ("IAS") and all interpretations of the International Financial Reporting Interpretations Committee (''IFRIC''), formerly the Standing Interpretations Committee (''SIC''), adopted as of the reporting date, by the European Union in accordance with the procedures provided for in Regulation No. 1606/2002 of the European Parliament and of the Council of July 19, 2002.

It should be noted that these Separate Financial Statements represent the first financial statements of the Company prepared in accordance with EU-IFRS. Previously, the Company prepared its separate financial statement in accordance with the rules applicable in Italy and the accounting principles issued by the National Council of Chartered Accountants and Accounting Experts, modified by the Italian Accounting Body (the "**Italian Accounting Principles**"). Therefore, it was necessary to perform a transition process from these accounting principles to EU-IFRS in accordance with the provisions of IFRS 1 – "First time Adoption of International Financial Reporting Standards". For this purpose, the transition date to EU-IFRS was identified as January 1, 2022 ("**Transition Date**"). The information relating to the transition process required by IFRS 1 is reported in Note 13 "First time adoption of EU-IFRS".

The Separate Financial Statements have been prepared on a going concern basis, as management has confirmed the absence of financial, operational or other indicators that may suggest an inability on the part of the Company to meet its obligations in the foreseeable future and, in particular, during the 12 months following the reporting date.

2.2 Format and content of the financial statements

The Separate Financial Statements have been prepared in Euro, the main currency in which Company operates. All amounts included in this document are presented in thousands of Euro, unless otherwise stated.

The principal statements and related classification criteria adopted by Lottomatica Group, among the options available under IAS 1 — Presentation of financial statements ("IAS 1"), are as follows:

- The Statement of Financial Position has been prepared by classifying assets and liabilities based on whether they are current/non-current;
- the Statement of Comprehensive Income - classifies costs and revenues according to their nature and sets out the profit or loss for the year, together with other amounts that, in accordance with EU-IFRS, are directly recorded in equity, different from those related to operations with the Company's shareholders;
- the Statement of Cash Flow has been prepared using the "indirect method";
- the Statement of Changes in Equity.

The formats used are those considered to provide the best representation of the Company's results and financial position.

It should be noted that in reference to CONSOB Resolution No. 15519 of 27 July 2006 and Communication No. DEM/6064293 of 28 July 2006, the financial statements show significant transactions with related parties and income components arising from non-recurring events or transactions, when significant.

2.3 Accounting policies and measurement criteria

The following paragraphs briefly describe the key accounting policies and measurement criteria adopted in preparing the Separate Financial Statements. These principles and criteria have been applied consistently for all years presented and are effective as of December 31, 2023.

2.3.1 Distinction of assets and liabilities between current and non-current

Except for deferred tax assets which are always classified as non-current assets, the Company classifies an asset as current when:

- it is held for sale or consumption, or its realization is expected, in the normal course of its operating cycle;
- it is primarily held for the purpose of trading;
- its realization is expected within twelve months from the end of the fiscal year; or
- it is cash or cash equivalents whose use is not subject to constraints or restrictions that would prevent its use for at least twelve months from the end of the fiscal year.

All assets that do not meet the above conditions are classified as non-current.

The Company classifies a liability as current when:

- it expects to settle the liability in its normal operating cycle;
- it holds the liability primarily for the purpose of trading;
- it must be settled within twelve months from the end of the financial year; or
- it does not have an unconditional right to defer the settlement of the liability for at least twelve months from the end of the financial year.

All liabilities that do not meet the above conditions are classified as non-current.

2.3.2 Financial assets

Equity investments in subsidiaries

Subsidiaries are those entities over which the Company has the right to exercise, directly or indirectly, control as defined by IFRS 10 "Consolidated Financial Statements". For the purpose of assessing the existence of control, all three of the following elements should be verified: (i) power over the entity; (ii) exposure to risk or rights arising from variable returns linked to its involvement; (iii) ability to influence the entity, so as to affect the results (positive or negative) for the investor.

Investments in subsidiaries are measured at acquisition cost, including related transaction costs, less impairment (if any). Impairment is recognized in the income statement.

Other financial activities

At the time of their initial recognition, financial assets must be classified into one of the three categories indicated below based on the following elements:

- the entity's business model for managing financial assets; and
- the terms related to the contractual financial flows of the financial asset.

Financial assets are derecognized when, and only when, disposal involves the substantial transfer of all the risks and rewards of ownership of the financial asset. If, on the other hand, the company retains substantially all the risks and rewards of ownership of the financial asset, it must continue to recognize the financial asset, even if legal ownership has effectively been transferred.

a) Financial assets measured at amortized cost

This category includes financial assets that meet both of the following conditions:

- the financial asset is held within a "Hold to collect" business model, the objective of which is to hold financial assets in order to collect contractual cash and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (i.e., that pass the SPPI test).

At initial recognition, such assets are measured at fair value including directly attributable transaction costs or income. Subsequent to initial recognition, such financial assets are measured at amortized cost, calculated using the effective interest method. The amortized cost method is not used for those assets (measured at historical cost) whose short-term nature means there is no requirement to discount to present value, available assets and revocable credit lines.

b) Financial activities measured at fair value through other comprehensive income

This category includes the financial activities that meet both of the following conditions:

- the financial asset is held within a "Hold to collect and sell" business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (i.e., that pass the SPPI test).

This category also includes equity instruments (other than investments in subsidiaries, associates or joint ventures) not held for sale, for which the option has been exercised to designate the asset at fair value through other comprehensive income.

At initial recognition, such assets are measured at fair value including directly attributable transaction costs or income. Subsequent to initial recognition, equity interests (other than investments in subsidiaries, associates or joint ventures) are measured at fair value, with the offsetting amounts recognized in equity (Statement of comprehensive income) and not subsequently reclassified to profit or loss, even in the event of sale. Related dividends represent the only relevant component recognized in the income statement.

For securities included in this category not quoted in an active market, cost is used as an estimate for fair value under certain limited circumstances, such as when recent information to measure fair value is insufficient or there exists a broad range of possible measures of fair value and cost is considered to be the best estimate of these.

c) Financial assets measured at fair value through profit and loss

This category includes all financial assets other than those measured at "amortized cost" or at "fair value through other comprehensive income".

It includes financial assets available for sale and derivatives not classified as cash flow hedges (which are recognized as assets if the fair value is positive and liabilities if fair value is negative).

At initial recognition, financial assets measured at fair value through profit or loss are measured at fair value, excluding transaction costs or income that are directly attributable to the instrument in question. Subsequently, they are measured at fair value with related gains and losses being recognized in the income statement.

2.3.3 Cash and cash equivalents

Cash and cash equivalents include cash and available bank deposits as well as short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value and have original maturity, or remaining maturity at the date of purchase, not exceeding 3 months. Cash and cash equivalents are recognized at fair value with related changes recorded in the income statement.

2.3.4 Financial liabilities, trade payables and other payables

Financial liabilities (other than derivative financial instruments), trade payables and other payables are initially recognized at fair value, net of directly attributable transaction costs, and subsequently measured at amortized cost, with any differences being recognized over the life of the liability as required by the effective interest method. If there is a change in the estimate of expected cash flows, the liabilities are remeasured to recognize the present value of the new expected cash flows calculated using the effective interest rate as initially determined.

2.3.5 Derecognition of financial assets and liabilities

A financial asset (or part of a financial asset or part of a group of similar financial assets) is derecognized when:

- rights to the cash flows from the asset have expired;
- the Company has retained the rights to the cash flows from the asset, but has assumed an obligation to pay the cash flows from the asset to third parties, wholly and without delay;
- the Company has transferred its rights to receive the cash flows from the asset and has: (i) transferred substantially all risks and rewards of ownership of the financial asset; or (ii) has neither transferred substantially all risks and rewards nor retained substantially all risks and rewards but has transferred control of the asset.

A financial liability is derecognized when the obligation underlying the liability is extinguished, annulled or fulfilled.

2.3.6 Fair value of financial instruments

The fair value of financial instruments is determined in accordance with IFRS 13-Fair value measurement ("IFRS 13"). Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place in the principal market for the asset or liability (i.e., the market with the highest number of transactions involving sale of such assets or transfer of such liabilities). In the absence of a principal market, it is assumed that the transaction takes place in the most advantageous market for the asset or liability to which the Company has access (i.e., the market most likely to maximize the price at which the asset can be sold or minimize the cost at which the liability can be transferred).

The fair value of an asset or liability is determined, using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. Market participants are independent, informed buyers and sellers, able and willing but not obliged to enter into transactions.

In determining fair value, the Company considers the characteristics of specific assets and liabilities and in measuring the fair value of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Fair value measurement of assets and liabilities is based on the use of appropriate valuation techniques applied to available data, maximizing the use of relevant observable inputs.

IFRS 13 establishes a fair value hierarchy that categorizes into three levels the inputs to valuation techniques used to measure fair value:

Level 1 Inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 Inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (e.g., for derivatives, exchange rates published by the Bank of Italy, interest rates and yield curves, implied volatilities, credit spreads based on CDS data etc.).

Level 3 Inputs are unobservable inputs for the asset or liability (management assumptions regarding financial flows, risk-adjusted spreads etc.).

2.3.7 Employee severance indemnity

The employee severance indemnity due to employees in accordance with Article 2120 of the Italian Civil Code ("TFR") is considered a defined benefit plan. Under such plans, the amount of the benefit is only quantifiable following termination of the employment relationship and is dependent upon factors such as age, length of service and level of remuneration; for this reason, the costs charged to the income statement for a given year are determined by actuarial calculation. The liability recognized for defined benefit plans corresponds to the present value of the obligation at the reporting date. The obligations under defined benefit plans are determined each year by an independent actuary, using the projected unit credit method. The present value of defined benefit plans is determined by discounting future cash flows at an interest rate equal to high-quality corporate bonds issued in Euro which reflect the period of the relevant defined benefit plan. The actuarial gains and losses deriving from adjustments in the total liability and the effect of changes in the actuarial assumptions are recognized in the statement of comprehensive income.

With effect from January 1, 2007, the 2007 Finance Law and related decrees implementing the law introduced significant changes to the TFR regulations, including the option for each employee to choose the destination of the accruing indemnity. Specifically, employees may now allocate new TFR flows to alternative external pension plans or elect for them to be retained by the employer. If an external pension plan is chosen, the company is only obliged to make defined contributions to such plan and, accordingly, from the aforementioned date, the related new TFR flows are deemed to be payments to a defined contribution plan not subject to actuarial valuation.

2.3.8 Dividends

Dividends are recognized in the income statement when the shareholders' right to receive payment is established.

2.3.9 Finance income and expenses

Finance income and expenses are recognized in the income statement during the period to which they relate.

2.3.10 Revenues and costs

In accordance with IFRS 15, revenues from contracts with customers are recognized when the following conditions are met:

- the contract with a customer has been identified;
- the performance obligations in the contract have been identified;
- the transaction price has been determined;
- the transaction price has been allocated to the performance obligations in the contract and
- when the related performance obligation contained in the contract is satisfied.

The Company recognizes revenue from contracts with customers when (or as) it satisfies its performance obligations, by transferring the promised goods or services (i.e., an asset) to the customer. An asset is transferred when (or as) the customer obtains control of that asset.
The Company transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the company's performance as it performs;
- the company's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced;
- the company's performance does not create an asset with an alternative use to the company has an enforceable right to payment for performance completed to date.
- If a performance obligation is not satisfied over time, it is satisfied at a point in time. In this case, the company recognizes revenue when the customer acquires control of the promised asset.

The consideration included in the contract with the customer may include fixed amounts, variable amounts, or both. If the contract consideration includes a variable amount (e.g. discounts, price concessions, incentives, penalties or other similar items), the company estimates the amount of consideration to which it will be entitled in exchange for the transfer to the customer of the goods or services indicated. The company includes in the transaction price the estimated amount of the variable consideration only to the extent that it is highly probable that a significant downward adjustment in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently solved.

Costs are recognized when they relate to goods or services sold or used in normal business activities; they are recognized either based on systematic allocation or when such goods and services have no further use. Non-deductible value added tax (IVA) is recognized as a cost.

2.3.11 Income taxes

Income taxes are based on an estimate of the taxable income for the year, based on current fiscal legislation, and are recognized in the income statement under "Income tax expense", except in those cases where the tax effects of transactions are recognized directly in equity and the related amounts are charged or credited directly to equity. The statement of comprehensive income reports income taxes relating to each line item reported under "Other items that will not be classified to profit or loss".

Deferred tax assets and liabilities are calculated using the balance sheet liability method and are recognized on temporary differences between the carrying amount of an asset or a liability in the financial statements and its tax base, except for non-deductible goodwill and for those differences related to investments in subsidiaries when the reversal is under the control of the Company and it is probable that they will not reverse in the reasonably foreseeable future. Deferred tax assets, including those relating to unused tax losses carried forward, are recognized to the extent to which it is probable that future taxable profit will be available against which they can be utilized. Tax assets and liabilities are offset, separately for current and deferred taxes, when the income taxes are levied by the same tax authority, there is a legally enforceable right of offset and it is expected that the balance will be settled net.
Deferred tax assets and liabilities are computed based on tax rates that are expected to apply in the period in which the asset is recovered or settled to the extent that such rates have been approved at the date of the financial statements.

Other taxes not related to income, such as indirect taxes and levies are reported under "Other operating costs" in the income statement.

In the event of uncertainties over income tax treatments, the company proceeds as follows: (i) if it considers it likely that the tax authorities will accept an uncertain tax treatment, it determines the (current and/or deferred) income taxes to be reported in the financial statements based on the tax treatment that it has applied or expects to apply when filing its returns; (ii) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment, it reflects the effect of uncertainty in determining the related (current and/or deferred) income taxes to be reported in the financial statements. Moreover, with regard to the matter of uncertain tax liabilities and provisions relating to tax disputes, any potential liabilities relating to income tax disputes are reported as "Current tax payables".

2.4 Use of accounting estimates

The preparation of financial statements in conformity with relevant accounting standards and methods in certain cases requires management to make estimates and assumptions based on subjective judgments, past experience and hypotheses considered reasonable and realistic, given the information known at the time. Such estimates have an effect on the amounts reported in the financial statements, including the statement of financial position, the income statement, the statement of comprehensive income, the statement of cash flows and the related notes to the financial statements. Actual results may then differ, even significantly, from those reported in the financial statements due to changes in the factors considered in determining the estimates, given the uncertainties that characterize the assumptions on which estimates are based.

Many reported account balances are based on estimates and while not all constitute large amounts, the total of such balances are materially significant. Key accounting estimates involving a high degree of subjectivity and judgment on the part of management, where a change in the conditions underlying the assumptions could have a significant effect on the Company's financial results, are detailed below..

2.4.1 Assessment of equity investments

Equity investments are subject to assessment in order to verify whether a decrease in value has occurred, which must be detected through a write-down, when there are indicators that predict difficulties in recovering their carrying value. The verification of the existence of these indicators requires subjective assessments by management based on the information available within the Company and on the market, as well as from historical experience. Furthermore, if it is determined that a potential decrease in value may occur, the Company proceeds to its determination using valuation techniques deemed appropriate. The correct identification of the elements indicating the existence of a potential decrease in the value of the investments, as well as the estimates for its determination depend on factors that can change over time, influencing the evaluations and estimates made by the administrators.

2.4.2 Stock options

On June 15, 2023, the Board of Directors approved the implementation of the medium-long term management incentive plan regulation ("LTIP Regulation", as regards only the medium-long term management incentive plan "LTIP") already approved by the Shareholders' Meeting of March 15, 2023 and subject to examination by the Appointments and Remuneration Committee (a description of the plan is detailed in Note 6.4). In line with the Stock Option Plan Regulation, the plan has been accounted for at fair value as required by IFRS 2 – Share base payment.

The valuation of the assigned rights was carried out by reflecting the financial market conditions valid on the valuation date of June 15, 2023. The methodology adopted to estimate the fair value follows the risk neutral approach; the risk-free rate curve is deducted from the interest rate swap rates present on the market at the grant date. For each option, the expected dividend rate of the underlying was considered which, based on the Company's dividend policy, was set at 3.83% per annum. With regard to stock volatility, it is a reasonable estimate based on the historical volatility at 45.36%, calculated with reference to a panel of comparable companies. With regard to the hypotheses of the beneficiaries leaving, it was considered an annual probability of leaving equal to 0.00%.

The following table provides details of the market related data used to determine the fair value of the stock options.

Number of options	Vesting date	Expiration date	Strike price (Euro)	Price at valuation date (Euro)	Annual volatility	Expected dividend rate	Exit annual rate
2,000,000	June 15, 2026	June 15, 2028	9.00	8.214	45.36%	3.83%	0.00%

The fair value of market based component (related to TSR, as defined below) was estimated using the stochastic simulation with the "Monte Carlo method". The valuation was carried out on no-arbitrage and risk-neutral framework assumptions common to fundamental stock option pricing models (such as the binomial model, the Black-Scholes model), using the following hypotheses:

- average annual growth rate of the stock of 3.53%;
- stock volatility of 45.36%;
- discount rate of 3.53%;
- expected dividend rate of 3.83% per year.

The "non-market based" condition (cumulative Adjusted EBITDA) is updated periodically at each reporting date to take into account the expectations relating to the number of rights that may accrue. In this regard, it is assumed that the performance condition which allows the vesting of approximately 40% of the assigned rights will be achieved.

For the ESG bonus/malus component, it is assumed that the target will be achieved.

The following table shows the fair value of the individual option rights assigned. The valuation was based on the assumption made before.

Number of options	*Unit fair value (Euro)*
852,500	2.595

The charge for 2023 (equal to Euro 403 thousand) was recognized in the income statement among Personnel costs, with a corresponding offset in equity reserves.

2.4.3 Deferred tax assets

Deferred tax assets are recognized on deductible temporary differences between the carrying amount of an asset or liability in the consolidated financial statements and its tax base and on unused tax losses carried forward, to the extent it is probable that future taxable profit will be available against which such deferred tax assets can be utilized. Judgment is required on the part of management, involving estimates regarding the timing and level of future taxable profits, to determine the level of deferred tax assets that should be recognized.

2.5 Recently issued accounting standards

Accounting standards effective from January 1, 2023

The following list illustrates the new standards and interpretations approved by the IASB, endorsed in Europe and applied since January 1, 2023:

	Endorsed by the EU	Effective date
Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on December 9, 2021)	YES	Effective for accounting periods beginning on or after January 1, 2023
Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on May 7, 2021)	YES	Effective for accounting periods beginning on or after January 1, 2023
Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (issued on 23 May 2023)	YES	Effective for accounting periods beginning on or after January 1, 2023
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on February 12, 2021)	YES	Effective for accounting periods beginning on or after January 1, 2023
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on February 12, 2021)	YES	Effective for accounting periods beginning on or after January 1, 2023
IFRS 17 Insurance Contracts (issued on May 18, 2017); including Amendments to IFRS 17 (issued on June 25, 2020)	YES	Effective for accounting periods beginning on or after January 1, 2023

The adoption of these amendments did not have any impact on the Separate Financial Statements.

Accounting standards not yet applicable as they are not endorsed by the European Union

As of the date of approval of the Separate Financial Statements, the following standards and amendments had not yet been endorsed by the EU:

	Endorsed by the EU	Effective date
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023)	NO	Effective for accounting periods beginning on or after January 1, 2024
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023)	NO	Effective for accounting periods beginning on or after January 1, 2025

Management is currently assessing the potential impacts that application of these standards would have on the Separate Financial Statements.

Accounting principles endorsed by the European Union but not yet applicable

As of the date of approval of the Separate Financial Statements, the following standards and amendments had been endorsed by the EU, but not yet adopted by the Company:

	Endorsed by the EU	Effective date
Amendments to IAS 1 Presentation of Financial Statements: *• Classification of Liabilities as Current or Non-current Date (issued on 23 January 2020);* *• Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 15 July 2020);* *• Non-current Liabilities with Covenants (issued on 31 October 2022)*	YES	Effective for accounting periods beginning on or after January 1, 2024
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022)	YES	Effective for accounting periods beginning on or after January 1, 2024

Management is currently assessing the potential impacts that the application of these standards would have on the Separate Financial Statements.

3. Financial risk management

The Company is exposed to the following risks: market risk (interest rate risk), credit risk and liquidity risk. The Company is not involved in transactions that expose it to exchange rate risk.

The Company's objective is to maintain a balanced approach to managing its financial exposure by matching assets and liabilities and achieving operational flexibility through the use of liquidity generated by operating activities and bank loans.

The financial policy and the management of related financial risks are guided and monitored by the Company's Chief Executive Officer, who is responsible for strategic direction. The central finance function, within the strategic direction set by the Chief Executive Officer, has the task of evaluating and approving forecast financial requirements, monitors their progress and implements, where necessary, appropriate corrective actions.

The following paragraphs provide qualitative and quantitative information relating to the Company's exposure to the aforementioned financial risks.

3.1 Interest Rate Risk

Changes in interest rates on the variable component of debt and cash may result in higher or lower finance expenses/income. It should be noted that the Company does not have floating rate borrowings, therefore, it is not exposed to risks arising from the change of interest rates.

3.2 Credit Risk

Credit risk represents the Company's exposure to the risk of potential losses resulting from the non-fulfilment of obligations by counterparties. Almost all of the Company's receivables are with subsidiaries, therefore, the Company is not exposed to credit risk.

3.3 Liquidity Risk

Liquidity risk is the risk that owing to an inability to access new funds or sell assets, the Company is unable to meet its payment obligations, leading to a negative impact on results if it is then obliged to incur additional costs to meet its obligations or deal with insolvency.

The Company manages this risk by seeking to establish a financial structure that, consistent with its business objectives and defined limits: ensures sufficient liquidity, while minimizing the related opportunity cost and maintains an appropriate balance in terms of duration and composition of debt.

The following table provides an analysis of cash disbursements by due date based on contractual repayment obligations.

(in thousands of Euro)	Carrying amount as of December 31, 2023	Within 1 year	Between 1 and 5 years	Over 5 years	Total
Current and non-current financial liabilities	522,721	522,721	-	-	**522,721**
Trade payables	863	863	-	-	**863**
Other current and non-current liabilities	27,792	27,792	-	-	**27,792**

(in thousands of Euro)	Carrying amount as of December 31, 2022	Within 1 year	Between 1 and 5 years	Over 5 years	Total
Bondco Loan	273,375	43,313	314,943	-	**358,256**
Trade payables	64	64	-	-	**64**
Other current and non-current liabilities	14,916	14,916	-	-	**14,916**

Note: Bondco Loan amounts relating to due dates "Within 1 year", "Between 1 and 5 years" and in "Over 5 years" include the interest due.

(in thousands of Euro)	Carrying amount as of January 1, 2022	Within 1 year	Between 1 and 5 years	Over 5 years	Total
Bondco Loan	252,935	-	358,256	-	**358,256**
Trade payables	57	57	-	-	**57**
Other current and non-current liabilities	208	208	-	-	**208**

Note: Bondco Loan amounts relating to due dates "Within 1 year", "Between 1 and 5 years" and in "Over 5 years" include the interest due.

4. Capital management

The Company's capital management is aimed at guaranteeing solid credit ratings and adequate capital indicators to support its investment plans, while meeting contractual obligations.

The Company ensures it has sufficient capital to finance its business development needs and meet operating requirements; to guarantee a balanced financial structure and minimize the total cost of capital, finances are sourced through a mix of risk capital and debt.

Returns on capital are monitored by reviewing market trends and business performance, net of other commitments, including borrowing costs. In order to ensure the Company's going concern status, develop the business and provide an adequate return on capital, Company monitors trend of debt to equity on an ongoing basis, as well as monitoring debt with respect to business trends and expected future cash flows in the medium/long term.

Dividend policy

The Company's objective is to pursue a long-term sustainable strategy that allows an adequate return for its shareholders, while maintaining adequate funds to finance business growth and maintain a solid capital base that allows it to deal with any changes in the reference legislation and potential economic downturns. On March 15, 2023, the Company's Board of Directors approved a shareholder remuneration policy in the medium/long term, drawn up on the basis of the economic-financial perspective and the capital structure of the Company, envisaging target dividend distribution for an amount up to 30% of the consolidated net profit attributable to the group (subject to the required approval by the shareholders' meeting), adjusted for: (i) depreciation on the higher values of the assets of the companies or business acquired recognized in the consolidated financial statements of the Lottomatica group compared to the book values at the date of acquisition; (ii) non-recurring costs and income excluded from the calculation of Adjusted EBITDA, (iii) finance income and expenses which, by their nature, should not reasonably recur in the future, (iv) other non-monetary items including in finance expenses and (v) tax effects on the aforementioned adjustments. This policy is subject to the achievement of the Group's strategic investment plans, the financial and investment needs and, among other things, the compliance with any limitations from time to time set forth in the contractual documentation relating to the Lottomatica group's financial indebtedness, as well as the availability of distributable profits and/or reserves resulting from the separate financial statements of the Company.

5. Financial assets and liabilities by category

The following table provides a breakdown of the Company's financial assets and liabilities as required by IFRS 7, according to the categories identified by IFRS 9 on December 31, 2023 and on December 31, 2022:

(in thousands of Euro)	Financial assets and receivables at amortized cost	Financial liabilities and liabilities at amortized cost	As of December 31, 2023
Current and non-current financial assets(*)	472,423		472,423
Other current and non-current assets	47,631		47,631
Cash and cash equivalents	106,326		106,326
Total	**626,380**		**626,380**
Current and non-current financial liabilities		522,721	522,721
Trade payables		863	863
Other current and non-current liabilities		27,792	27,792
Total		**551,376**	**551,376**

(*) The amount does not include the Investments in subsidiaries.

(in thousands of Euro)	Financial assets and receivables at amortized cost	Financial liabilities and liabilities at amortized cost	As of December 31, 2022
Current and non-current financial assets(*)	-		-
Other current and non-current assets	58,974		58,974
Cash and cash equivalents	427		427
Total	**59,401**		**59,401**
Current and non-current financial liabilities		273,375	273,375
Trade payables		64	64
Other current and non-current liabilities		14,916	14,916
Total		**288,355**	**288,355**

(*) The amount does not include the Investments in subsidiaries.

(in thousands of Euro)	Financial assets and receivables at amortized cost	Financial liabilities and liabilities at amortized cost	As of January 1, 2022
Current and non-current financial assets(*)	-		-
Other current and non-current assets	-		
Cash and cash equivalents	269		269
Total	**269**	**-**	**269**
Current and non-current financial liabilities		252,935	252,935
Trade payables		57	57
Other current and non-current liabilities		208	208
Total		**253,200**	**253,200**

(*) The amount does not include the Investments in subsidiaries.

Financial assets and liabilities are recorded at fair value and subsequently measured at amortized cost based on the effective interest rate method.

For these instruments, the fair values are not materially different from their book values, since interest rates are close to current market rates or the instruments are short-term and there are no transaction costs. With reference to the loan granted to Lottomatica S.p.A., the fair value was approximately Euro 68 million as of December 31, 2023 (fair value level 3).

6. Notes to the statement of comprehensive income

6.1 Dividends and finance income and expenses (net)

The following table provides a breakdown of "Dividends, revenues and net financial charges":

(in thousands of Euro)	For the year ended December 31, 2023	2022
Dividends from subsidiaries	16,500	16,500
Net Income from equity investments	**16,500**	**16,500**
Interest income from group companies	5,445	-
Other interest income	2,149	-
Finance income	**7,594**	**-**
Interest expense on Bondco loan	(23,419)	(20,441)
Interest expenses on cash pooling	(2,035)	
Other interest expense	(96)	-
Finance expenses	**(25,550)**	**(20,441)**
Finance income and expenses, net	**(1,456)**	**(3,941)**

"Net income from equity investments" amounts to Euro 16,500 thousand for the year ended December 31, 2023 (Euro 16,500 thousand for the year ended December 31, 2022) and are related to the dividends received by the subsidiary Lottomatica S.p.A..

"Interest income from group companies" amounting to Euro 5,445 thousand for the year ended December 31, 2023 are related to the effect of discount on the loan granted to Lottomatica S.p.A. during 2023 (Euro 3,978 thousand) and interest income on cash pooling balances (Euro 1,467 thousand).

"Other interest income" amounting to Euro 2,149 thousand for the year ended December 31, 2023 are mainly related to bank interest.

"Interest expense on Bondco loan" amounted to Euro 23,419 thousand for the year ended December 31, 2023 (Euro 20,441 thousand for the year ended December 31, 2022) and included interest accrued on the Bondco Loan (as defined below) of Euro 6,497 thousand and the prepayment penalty relating to the early repayment of the same, which took place during 2023, amounting to Euro 16,473 thousand.

The following table provides a breakdown of finance income and expenses with related parties:

(in thousands of Euro)	For the year ended December 31, 2023	2022
Dividends from Lottomatica	16,500	16,500
Interest income from Lottomatica loan	3,978	-
Interest income from Lottomatica for cash pooling	1,467	-
Interest expense on Bondco loan	(23,419)	(20,441)
Interest expense from GBO Italy for cash pooling	(1,150)	-
Interest expense from Lottomatica Videolot Rete for cash pooling	(428)	-
Interest expense from Betflag for cash pooling	(218)	-
Interest expense from Gamenet for cash pooling	(161)	-
Interest expense from Jolly Group for cash pooling	(31)	-
Interest expense from Big Easy for cash pooling	(14)	-
Interest expense from Gnetwork for cash pooling	(12)	-
Interest expense from Billions for cash pooling	(9)	-
Interest expense from Battistini for cash pooling	(7)	-
Interest expense from Agesoft for cash pooling	(3)	-
Interest expense from Marim for cash pooling	(2)	-
Total	**(3,509)**	**(3,941)**

6.2 Other income

"Other income" amounts to Euro 1,253 thousand for the year ended December 31, 2023 and refers to the income from recharge of corporate services provided to the subsidiary Lottomatica S.p.A..

6.3 Cost of services

The following table provides a breakdown of "Cost of services":

(in thousands of Euro)	For the year ended December 31, 2023	2022
Tax, administrative and legal consultancy costs	(1,062)	(57)
Board of Directors remuneration and costs	(1,027)	(44)
Bank and insurance expenses	(567)	-
Marketing and advertising	(25)	-
Leases and rentals	(18)	-
Other	(494)	(1)
Total	**(3,193)**	**(102)**

"Tax, administrative and legal consultancy costs" mainly includes audit fees (Euro 456 thousand for the year ended December 31, 2023) and other consultancy costs of an extraordinary nature of the Company.

The item "Other" mainly includes ordinary costs related to the Listing for Euro 445 thousand.

6.4 Personnel expenses

The following table provides a breakdown of "Personnel expenses":

	For the year ended December 31,	
(in thousands of Euro)	2023	2022
Remuneration	(2,104)	-
Social security contributions	(384)	-
Other personnel costs	(142)	-
Total	**(2,630)**	**-**

The increase in personnel expenses compared to the previous year is due to group personnel transferred to the Company during 2023. In 2022, the Company had no employees.

The following table shows the number of employees of the Company by category.

	Number as of December 31, 2023	Average number 2023
Executives	6	6
Middle managers	1	1
Total	**7**	**7**

Long-term incentive plan – Stock Option Plan

On March 15, 2023, the shareholders meeting of the Company approved the "Stock Option Plan 2023-2026" (the "**Plan**"), effective subject to the first trading date, which provides for the assignment, on an annual basis, over a three-year period of option rights granting the right to certain members of management, identified by the board of directors of Lottomatica Group from time to time, to subscribe the ordinary shares of Lottomatica Group.

The Plan has the following objectives: (i) align the interests of the beneficiary of the Plan with those of the shareholders and investors of the Group and with the strategic plan of the Group as a whole; and (ii) incentivize the long-term retention of those members of management benefitting from the Plan.

On June 15, 2023, the Board of Directors approved the implementation of plan regulation.
The Plan provides for the assignment to the beneficiaries of a maximum total number of 2,000,000 free option rights, that entitle the right to subscribe to the Company's shares according to a 1:1 ratio (i.e., each option grants the right to subscribe one share) at a determined price (the "**Options**"), provided that the beneficiaries are still employees or directors of the Company or its subsidiaries at the time of the exercise of the Options. The Options may be assigned from June 15, 2023 until December 31, 2025. The Plan has a multiannual duration and is subdivided into three cycles, with a three-year vesting period (the "**Vesting Period**") for the Options granted under each cycle.

The Options granted to each beneficiary may be exercised within five years from the grant date. Of the shares resulting from the exercise of the Options, 20% of these will be subject to a one year lock-up period from the end of the Vesting Period and another 20% to a two year lock-up period from the end of the Vesting Period.

Upon proposal from the Appointments and Remuneration Committee, the Board of Directors may impose performance conditions to be met by the beneficiary in order for the Options to vest. The performance measurement period will ordinarily be three years.

For the Plan, the number of shares that will vest depends: (i) 50% on the cumulative Adjusted EBITDA 2023-2025 achieved compared to expected result in the approved business plan, (ii) 25% on the positioning of the Total Shareholder Return ("**TSR**") of the Company's stock compared with a group of 9 competitors ("peer group"), and (iii) 25%, by the positioning of the TSR of the Company's stock, compared to TSR of the FTSE MIB index of the Italian Stock Exchange. Furthermore, a bonus/malus mechanism is envisaged based on the positioning of Lottomatica's Sustainalytics ESG rating within the reference industry.

6.5 Income taxes

"Income taxes" for the year ended December 31, 2023 amount to Euro 2,645 thousand (Euro 2,295 thousand for the year ended December 31, 2022) and are attributable to the income from tax consolidation resulting from the adherence to the national group tax consolidation.

The following table presents the reconciliation between the theoretical tax charge and the reported tax expense for the period.

Tax rate reconciliation 2023		
IRES	Taxable	Tax
Result before tax	(6,068)	
Theoretical income tax charge	**24%**	**(1,456)**
Interest expenses transferred to the tax consolidation	21,270	5,105
Dividends received (for 95%)	(15,675)	(3,762)
IPO costs	(27,489)	(6,597)
Bonus	549	132
Other changes	86	20
Net effect	**(21,259)**	**(5,102)**
Total (A)		**(6,558)**
ROL/interest expense transferred to the tax consolidation (B)		(2,552)
Tax effect on IPO costs reclassified to equity (C)		6,597
Deferred taxes effect (D)		(132)
Effective income tax charge (A+B+C+D)		**(2,645)**

Tax rate reconciliation 2022 IRES	Taxable	Tax
Result before taxes	(4,044)	
Theoretical tax charge	**24%**	**(970)**
Interest expenses transferred to the tax consolidation (for 50%)	20,441	2,453
Dividends received (for 95%)	(15,675)	(3,762)
Other changes	(67)	(16)
Net effect	**4,699**	**(1,325)**
Effective income tax charge		**(2,295)**

7. Notes to the statement of financial position

7.1 Current and non-current financial assets

The following table provides a breakdown of "Current and non-current financial assets":

	As of December 31,		As of January 1,
(in thousands of Euro)	2023	2022	2022
Investment in subsidiaries	466,307	362,763	362,763
Loans to subsidiaries	60,881	-	-
Receivables from group companies for cash pooling	411,542	-	-
Total	**938,730**	**362,763**	**362,763**

"Investment in subsidiaries" is related to the equity investment in Lottomatica S.p.A. for Euro 466,307 thousand as of December 31, 2023 (Euro 362,763 thousand as of December 31, 2022 and January 1, 2022). The increase is due to (i) the contribution of the shares purchased in GGM S.p.A. following the Faro Games Transaction (for further details, see Note 10.2), (ii) the discount on the intercompany loan to Lottomatica S.p.A. and (iii) the remunerative component of the Company's stock option plan for employees of other Lottomatica group companies, as explained in Note 6.4.

The following information is provided regarding the equity investment in the subsidiary:

(in Euro)	*Name*	City or Foreign State	Share capital	Equity as of December 31, 2023	Profit/(Loss) at December 31, 2023	%	Carrying Value (A)	Equity share(B)	Difference (A-B)
	Lottomatica S.p.A.	Rome	32,350,625	317,258,151	(106,807,706)	100%	466,306,720	317,258,151	149,048,569

In accordance with the provisions of IAS 36, the Company has conducted an analysis to identify any impairment indicators and/or losses on the subsidiary. As of December 31, 2023, the management of the Company did not identify any impairment indicators and therefore the impairment test on the equity investment was not performed, also taking into account the results obtained by Lottomatica S.p.A and its subsidiaries that exceeded expectations.

"Loans to subsidiaries" refers to non-interest bearing intercompany loan granted to the subsidiary Lottomatica S.p.A. on May 3, 2023 for a principal amount of Euro 116,175 thousand and recognized at the present value of Euro 60,881 thousand as of December 31, 2023. The maturity date of such loan is May 2, 2030.

"Receivables from group companies for cash pooling " amounts to Euro 411,542 thousand and refers to the credit for the balances transferred daily from the companies of the Lottomatica group to the Company under the centralized treasury system (c.d. cash pooling), of which it became the pooler from 2023. Specifically, the balance at December 31, 2023 relates to Lottomatica S.p.A.

7.2 Deferred tax assets

"Deferred tax assets" amounts to Euro 133 thousand as of December 31, 2023 and refers to accruals for bonus.

7.3 Other current and non-current assets

The following table provides a breakdown of "Other current and non-current assets":

	As of December 31,		As of January 1,
(in thousands of Euro)	2023	2022	2022
Receivables from group companies for tax consolidation	44,207	58,974	-
Accrued income and prepayments	1,608	-	-
Receivables from group companies for service recharge	1,285	-	-
Tax receivables	530	-	-
Other receivables from group companies	1	-	-
Total	**47,631**	**58,974**	**-**

"Receivables from group companies for service recharge" refer to corporate services offered to the subsidiary Lottomatica S.p.A.

The table below shows the detail of the receivables from the group companies:

(in thousands of Euro)	As of December 31, 2023	As of December 31, 2022	As of January 1, 2022
Receivables from GBO Italy S.p.A. for tax consolidation	18,660	46,034	-
Receivables from Betflag S.p.A. for tax consolidation	13,590	-	-
Receivables from Lottomatica Videolot Rete S.p.A. for tax consolidation	5,929	8,205	-
Receivables from Big Easy S.r.l. for tax consolidation	3,158	317	-
Receivables from Lottomatica S.p.A. for service recharge	1,285	-	-
Receivables from Giocaonline S.r.l. for tax consolidation	929	-	-
Receivables from Jolly Group S.r.l for tax consolidation (*)	670	286	-
Receivables from Billions Italia S.r.l. for tax consolidation	274	651	-
Receivables from GGM S.p.A. for tax consolidation	361	287	-
Receivables from Battistini S.r.l. for tax consolidation	317	-	-
Receivables from Slottery S.r.l. for tax consolidation	258	213	-
Receivables from Agesoft S.r.l. for tax consolidation	30	49	-
Receivables from AB Games S.r.l. for tax consolidation	21	-	-
Receivables from Lottomatica Digital Solutions S.r.l. for tax consolidation	7	8	-
Receivables from Tecnomar S.r.l. for tax consolidation	3	-	-
Receivables from Gamenet S.p.A. for tax consolidation	-	831	-
Receivables from GBO S.p.A. for tax consolidation	-	492	-
Receivables from Rosilsport S.r.l. for tax consolidation(*)	-	553	-
Receivables from Valtellina Giochi S.p.A. for tax consolidation (*)	-	932	-
Receivables from Gnetwork S.r.l. for tax consolidation	-	116	-
Total	**45,492**	**58,974**	**-**

(*) During 2023, Rosilsport S.r.l., Valtellina Giochi S.p.A. and Optima Gaming Service S.r.l. were merged into Jolly Videogiochi S.r.l., whose company name was changed to Jolly Group S.r.l..

7.4 Cash and cash equivalents

The following table provides a breakdown of "Cash and cash equivalents":

(in thousands of Euro)	As of December 31, 2023	As of December 31, 2022	As of January 1, 2022
Bank deposits	106,323	424	266
Cash on hand	3	3	3
Total	**106,326**	**427**	**269**

"Bank deposits" include Euro 50,000 thousand transferred on time deposit.

7.5 Equity

Share capital

The company's share capital is equal to Euro 10,000 thousand as of December 31, 2023 and is divided into 251,630,412 ordinary shares without nominal value.

As of December 31, 2022, and January 1, 2022, the share capital amounted to Euro 50 thousand, divided into 50,000 shares without nominal value. The shareholders' meeting of February 27, 2023 has resolved on the split of the share capital into 200,000,000 shares, without nominal value.

As a result of the Capital Increase (as defined below), the Company has issued 47,222,222 new shares at the price of Euro 9.00 per share, for a total value of Euro 425,000,000, of which Euro 9,900 thousand as a capital increase and Euro 415,100 thousand as share premium.

In addition, with reference to the Faro Games Transaction (as defined below), an additional capital increase was carried out for nominal Euro 50 thousand (plus share premium) through the issuance of 4,408,190 new ordinary shares without a nominal value, decided by the Company's Board of Directors on April 28, 2023 under art. 2443 of the Civil Code and reserved for Faro Games S.r.l., which was fully subscribed and completed by contributing in kind the GGM Shares (as defined below) on April 28, 2023 and effective from May 3, 2023.

For further details, please refer to Notes 10.1 and 10.2.

Legal Reserve

The "Legal Reserve" amounts to Euro 10 thousand as of December 31, 2023, unchanged from December 31, 2022 and January 1, 2022.

Share Premium Reserve

The "Share Premium Reserve" amounts to Euro 433,832 thousand as of December 31, 2023. This reserve was originated by the Capital Increase and the Faro Games Transaction (as defined below), for details of which please refer to Notes 10.1 and 10.2.

It should also be noted that the Share Premium Reserve is recognized net of the transaction costs related to the Capital Increase, as well as the related tax effect.

Capital contribution reserve

"Capital contribution reserve" amounts to Euro 96,538 thousand as of December 31, 2023 (Euro 96,538 thousand as of December 31, 2022 and Euro 112,788 thousand as of January 1, 2022). It should be noted that on September 23, 2022, a dividend distribution was approved

in favor of the sole shareholder Gamma Topco S.à.r.l. for Euro 16,250 thousand through the reduction of this reserve.

Equity also includes the "Stock option reserve" related to the application of IFRS 2.

The following table provides, for each specific item, information about their origin, possibility of use and distribution use, as well as their use in the last three years.

(in thousands of Euro)	As of December 31, 2023	Origin	Possible utilization	Distributable share	Use in previous three years
Share capital	10,000				
Legal reserve	10	Capital	B	-	-
Share premium reserve	433,832	Capital	A;B;C	433,832	-
Capital contribution reserve	96,538	Capital	A;B;C	88,413	265,950
Stock option reserve	403	Earnings	B	-	-
Actuarial gain/losses reserve	(3)	Earnings	B	-	
Retained Earnings/ (Losses)	(4,702)			-	-
Net loss for the year	(3,423)			-	-
Total	**532,655**			**522,245**	**265,950**

Legend:
A - for share capital increase
B - to cover losses
C - for distribution to shareholders

The distributable share of reserves has been determined taking into account any share that must be allocated to cover negative reserves.

7.6 Employee benefit liabilities

The following table provides a breakdown of "Employee benefit liabilities":

(in thousands of Euro) Employee benefit liabilities	Total
Balance as of January 1, 2022	-
Balance as of December 31, 2022	-
Service cost	19
Interest cost	6
Actuarial gains/(losses)	4
Transfers	271
Balance as of December 31, 2023	**300**

Employee benefit liabilities includes the effects of discounting as required by IAS 19.

The following tables detail the main financial and demographic assumptions used in the actuarial calculations:

Financial assumptions	As of December 31, 2023
Discount rate	3.17%
Inflation rate	2.00%
Annual TFR increase	3.00%
Annual salary increases	Executives 2.50%
	Middle managers 1.00%
	White collar 1.00%
	Blue collar 1.00%

Demographic assumptions	
Mortality rate	RG48 mortality tables published by the State General Accounting Office
Disability	INPS (social security) tables by age and gender
Retirement	100% on reaching AGO requirements
Annual turnover and frequency of advance payments	
Frequency of advance payments	0.50%
Turnover rate	10.00%

The following table shows the results of sensitivity analyses performed for each actuarial assumption, highlighting the effects (in absolute terms) that would have occurred upon reasonable possible changes, as of December 31, 2023, in actuarial assumptions:

(in thousands of Euro) Change in assumption	Amount
Turnover rate +1.00%	300
Turnover rate -1.00%	299
Inflation rate +0.25%	303
Inflation rate -0.25%	296
Discount rate +0.25%	295
Discount rate -0.25%	305

The average financial duration of the obligation as of December 31, 2023 was 10.3 years. The following table provides a summary overview of expected plan disbursements:

Expected disbursements	
Years	*(in thousands of Euro)*
1	35
2	35
3	35
4	34
5	33

7.7 Current and non-current financial liabilities

The following table provides a breakdown of "Current and non-current financial liabilities":

(in thousands of Euro)	As of December 31, 2023	As of December 31, 2022	As of January 1, 2022
Bondco Loan	-	250,000	250,000
Accrued interest – Bondco Loan	-	23,375	2,935
Financial liabilities to group companies	522,721	-	-
Total	**522,721**	**273,375**	**252,935**

There are no liabilities with a maturity longer than one year.

"Bondco Loan" and "Accrued interest - Bondco Loan" amounting to a total of Euro 273,375 thousand as of December 31, 2022, and Euro 252,935 thousand as of January 1, 2022 are related to the "Intercompany Loan Agreement" signed on November 10, 2021, between the Luxembourg company Gamma Bondco S.à.r.l., fully controlled by the sole shareholder Gamma Topco, and the Company ("**Bondco Loan**"). Following the Capital Increase (as defined below), the Company repaid in advance this loan and the related interest accrued on May 3, 2023. For more details, please refer to Note 10.1.

"Financial liabilities to group companies" refers to payables for the balances transferred daily by subsidiaries to Lottomatica Group under the centralized treasury system (i.e. cash pooling).

The following table provides a breakdown of financial liabilities with related parties:

(in thousands of Euro)	As of December 31, 2023	As of December 31, 2022	As of January 1, 2022
Financial liabilities to Lottomatica Videolot Rete for cash pooling	109,432	-	-
Financial liabilities to GBO Italy for cash pooling	299,197	-	-
Financial liabilities to Betflag for cash pooling	56,445	-	-
Financial liabilities to Gamenet for cash pooling	41,393	-	-
Financial liabilities to Jolly Group for cash pooling	7,014	-	-
Financial liabilities to Gnetwork for cash pooling	3,181	-	-
Financial liabilities to Billions for cash pooling	2,525	-	-
Financial liabilities to Battistini for cash pooling	1,325	-	-
Financial liabilities to Big Easy for cash pooling	1,248	-	-
Financial liabilities to Agesoft for cash pooling	956	-	-
Financial liabilities to Marim for cash pooling	5	-	-
Bondco Loan (interest and principal amount)	-	273,375	252,935
Total	**522,721**	**273,375**	**252,935**

The following table provides a summary of key information relating to financial liabilities:

(in thousands of Euro)	As of December 31, 2023	of which current	As of December 31, 2022	of which current	As of January 1, 2022	of which current
Bondco Loan	-	-	250,000	-	250,000	-
Accrued interest on Bondco Loan	-	-	23,375	23,375	2,935	-
Financial liabilities to group companies	522,721	522,721	-	-	-	-
Total	**522,721**	**522,721**	**273,375**	**23,375**	**252,935**	**-**

The table below shows the changes in liabilities resulting from financing activities as required by IAS7:

(in thousands of Euro)	As of January 1, 2022	Cash flows from financing activities	Non-cash changes	As of December 31, 2022	Cash flows from financing activities	Non-cash changes	As of December 31, 2023
Bondco Loan	250,000	-	-	250,000	(250,000)	-	-
Accrued interest on Bondco Loan	2,935	-	20,440	23,375	(30,322)	6,947	-
Financial liabilities to companies in the group	-	-	-	-	522,152	569	522,721
Total	**252,935**	**-**	**20,440**	**273,375**	**241,830**	**7,516**	**522,721**

Net financial indebtedness

The following is a breakdown of the composition of the Company's Net Financial Indebtedness -ESMA as of December 31, 2023 compared with the situation as of December 31, 2022 and as of January 1, 2022, determined in accordance with CONSOB Communication DEM/6064293 of July 28, 2006, as amended by CONSOB Communication No. 5/21 of April 29, 2021 and in accordance with ESMA Recommendations contained in "Guidelines 32-382-1138 of March 4, 2021 on disclosure requirements under the prospectus regulation".

(in thousands of Euro)	As of December 31, 2023	As of December 31, 2022	As of January 1, 2022
A. Cash	106,326	427	269
B. Cash equivalent	-	-	-
C. Other current financial assets	411,542	-	-
D. Liquidity (A+B+C)	**517,868**	**427**	**269**
E. Current financial debt	522,721	-	-
F. Current portion of non-current financial debt	-	23,375	-
G. Current Financial Indebtedness (E+F)	**522,721**	**23,375**	**-**
H. Net Current Financial Indebtedness (G-D)	**4,853**	**22,948**	**(269)**
I. Non-current financial debt	-	250,000	252,935
J. Debt instruments	-	-	-
K. Non-current trade and other payables	-	-	-
L. Non-Current Financial Indebtedness (I+J+K)	**-**	**250,000**	**252,935**
M. Net Financial Indebtedness - ESMA (H+L)	**4,853**	**272,948**	**252,666**

The net financial indebtedness of the Company as of December 31, 2022 and January 1, 2022 is mainly related to the Bondco Loan, repaid on May 3, 2023, while the net financial indebtedness as of December 31, 2023 is related to the balance of cash pooling with the group companies (Note 8 – Related parties transactions).

7.8 Tax receivables and payables

"Tax payables" amounts to Euro 8,488 thousand as of December 31, 2023 (Euro 41,913 thousand as of December 31, 2022) and are entirely attributable to the payables due to Tax Authority for IRES as a result of the application of the tax consolidation.

As of January 1, 2022, the Company had a tax receivable of Euro 62 thousand.

7.9 Trade payables

The following table provides a breakdown of "Trade payables":

	As of December 31,		As of January 1,
(in thousands of Euro)	2023	2022	2022
Invoices to be received	743	56	50
Trade payables	120	8	7
Total	**863**	**64**	**57**

7.10 Other current and non-current liabilities

The following table provides a breakdown of "Other current and non-current liabilities":

	As of December 31,		As of January 1,
(in thousands of Euro)	2023	2022	2022
Payables to group companies for tax consolidation	25,226	14,708	-
Payables to group companies for service recharge	1,702	208	208
Payables to employees	648	-	-
Payables to INPS	129	-	-
Other payables to tax authorities	86	-	-
Other liabilities	1	-	-
Total	**27,792**	**14,916**	**208**

The table below shows the detail of other liabilities to group companies:

	As of December 31,		As of January 1,
(in thousands of Euro)	2023	2022	2022
Payables due to Lottomatica S.p.A. for tax consolidation	20,097	13,543	-
Payables due to GBO S.p.A. for tax consolidation	4,581	-	-
Payables due to Lottomatica S.p.A. for service recharge	1,702	208	208
Payables due to Marim S.r.l. for tax consolidation	267	-	-
Payables due to Ares S.r.l. for tax consolidation	178	-	-
Payables due to Gnetwork S.r.l. for tax consolidation	69	-	-
Payables due to Gamenet S.p.A. for tax consolidation	31	-	-
Payables due to The Box S.r.l. for tax consolidation	2	5	-
Payables due to Gamenet PRO S.r.l.for tax consolidation	1	111	-
Payables due to GoldBet.News S.r.l.for tax consolidation (*)	-	824	-
Payables due to Enjoy the Game S.r.l for tax consolidation	-	225	-
Total	**26,928**	**14,916**	**208**

(*)GoldBet.News S.r.l. was merged in GBO Italy S.p.A. during 2023.

8. Related parties transactions

Lottomatica Group S.p.A. is not subject to management and coordination by companies or entities and defines its general and operational strategic guidelines in full autonomy. Pursuant to art. 2497 bis of the Civil Code, the Italian subsidiaries have identified Lottomatica Group S.p.A. as the entity that exercises management and coordination activity.

Related party transactions are mainly attributable to commercial, administrative and financial relationships. These operations are part of normal business management, within the typical activity of each interested party, and are generally regulated at market conditions.

Transactions between Lottomatica Group and the "Subsidiaries" mainly concern payables and receivables related to the group's tax consolidation, of which the Company is the consolidating entity, and centralized cash pooling, of which the Company is the pooler since 2023. In addition, on May 3, 2023, the Company granted to its subsidiary Lottomatica S.p.A. a non-interest bearing intercompany loan for a principal amount of Euro 116,175 thousand, maturing May 2, 2030. For more details about transactions with these entities, refer to Notes 7.1, 7.3, 7.7 and 7.10.

Transactions with "Subsidiaries of shareholders" refer to the loan granted by Gamma Bondco S.à.r.l., a wholly-owned subsidiary of Gamma Topco S.à.r.l., to the Company on November 10, 2021 and the interest on this loan, which were repaid on May 3, 2023.

The table below provides a breakdown of the statement of financial position balances of the Company with related parties as of December 31, 2023 and 2022 and January 1, 2022:

	As of December 31, 2023					
(in thousands of Euro)	Subsidiaries of shareholders	Subsidiaries	Key management personnel	Total related parties	Total reported amount	Related party % of total
Non-current financial assets	-	60,881	-	60,881	527,188	11.5%
Current financial assets	-	411,542	-	411,542	411,542	100.0%
Other current assets	-	45,492	-	45,492	46,961	96.9%
Current financial liabilities	-	522,721	-	522,721	522,721	100.0%
Other current liabilities	-	26,928	338	27,266	27,792	98.1%

	As of December 31, 2022				
(In thousands of Euros)	Subsidiaries of shareholders	Subsidiaries	Total related parties	Total reported amount	Related party % of total
Non-current financial liabilities	250,000	-	250,000	250,000	100.0%
Current financial liabilities	23,375	-	23,375	23,375	100.0%
Other current liabilities	-	14,916	14,916	14,916	100.0%
Other current assets	-	58,974	58,974	58,974	100.0%

	As of January 1, 2022				
(In thousands of Euros)	Subsidiaries of shareholders	Subsidiaries	Total related parties	Total reported amount	Related party % of total
Non-current financial liabilities	252,935	-	252,935	252,935	100,0%
Other current liabilities	-	208	208	208	100,0%

The table below provides a breakdown of the income statement balances of the Company with related parties for the years ended December 31, 2023 and 2022:

	For the year ended December 31, 2023					
(in thousands of Euro)	Subsidiaries of shareholders	Subsidiaries	Key management personnel	Total related parties	Total reported amount	% of total
Dividends from subsidiaries	-	16,500	-	16,500	16,500	100.0%
Finance income	-	5,445	-	5,445	7,594	71.7%
Finance expenses	(23,419)	(2,035)	-	(25,454)	(25,550)	99.6%
Cost of services	-	(3)	-	(3)	(3,193)	0.1%
Personnel expenses	-	-	(872)	(872)	(2,630)	33.2%
Other income	-	1,253	-	1,253	1,253	100.0%

	For the year ended December 31, 2022				
(In thousands of Euros)	Subsidiaries of shareholders	Subsidiaries	Total related parties	Total reported amount	Related party % of total
Finance expenses	(20,441)	-	(20,441)	(20,441)	100.0%
Dividends from subsidiaries	-	16,500	16,500	16,500	100.0%

With regard to the transactions with Apollo Capital Solutions Europe B.V., a subsidiary of the Company's ultimate controlling entity, Apollo Capital Management L.P., it should also be noted costs for underwriting fees of Euro 1,013 thousand included in the transaction costs of Capital Increase as a direct reduction of equity.

Key management personnel

The following table provides a breakdown of the remuneration attributable to Company's key management personnel for the years ended December 31, 2023 and 2022.

	For the year ended December 31,	
(in thousands of Euro)	2023	2022
Remuneration	806	-
Bonus una tantum	1	-
Social security contributions	15	-
Severance indemnity	50	-
Total	**872**	**-**

9. Other information

9.1 Commitments and guarantees

At the reporting date, the Company has no guarantees or commitments in place that have not been reflected in the financial statements.

9.2 Compensation to directors and statutory auditors

The remuneration due to Directors amounts to Euro 669 thousand for the year ended December 31, 2023 and to Euro 25 thousand for the year ended December 31, 2022. The remuneration due to Statutory Auditors, for the function performed in the Company, amounts to Euro 167 thousand for the year ended December 31, 2023 (Euro 19 thousand for the year ended December 31, 2022). The remuneration includes emoluments and any other sum having a remunerative, social security and welfare nature due for the performance of the function of director or statutory auditor in the Company.

9.3 Compensation to the independent auditor

The following table, drawn up pursuant to art. 149-duodecies of the Issuers Regulation, shows the breakdown of the services provided by the audit firm for the year ended December 31, 2023:

(in thousands of Euro) Service	Entity that provided the service	Compensation 2023
Audit of financial statement	PwC S.p.A.	576
Other services (*)	PwC S.p.A.	4,784
Other services (*)	PwC Network	1,078
Total		**6,438**

(*) The item also includes costs related to the listing of the Company and the refinancing of the notes issued by Lottomatica S.p.A..

9.4 Significant non-recurring events and transactions

As required by Consob Communication DEM/6064293 dated July 28, 2006 and in accordance with the ESMA Guidelines/2015/1415, the effects of non-recurring events and transactions on profit or loss are detailed below:

(In millions of Euro)	For the year ended December 31, 2023	Result before tax	Financial Position
IPO costs			
Underwriting fees and advisors	(27.5)		✓
Prepayment penalty on Bondco Loan	(16.5)	✓	
Total	**(44.0)**	**(16.5)**	**(27.5)**
Costs not included in Adjusted EBITDA			
Cost related to M&A, international activities and IPO	(1.7)	✓	
Other non-recurring expense	(0.4)	✓	
Total	**(2.1)**	**(2.1)**	**-**
Total	**(4.61)**	**(18.6)**	**(27.5)**

In 2022, the Company did not incur any non-recurring costs.

9.5 Atypical/unusual transactions

In accordance with the disclosures required by Consob Communication DEM/6064293 dated 28 July 2006, it should be noted that during the year 2023, the Company did not carry out any atypical and/or unusual transactions.

9.6 Public contributions

In relation to the provisions of art. 1, paragraph 125, of law 124/2017, regarding the obligation to highlight in the notes to the financial statements the amount received during the year as public contributions, paid assignments and any economic benefits of any kind from public administrations and the entities referred to in paragraph 125 of the same article, it is noted that the Company did not receive any public contributions in 2023.

10. Significant events

10.1 IPO and admission to the listing of Lottomatica Group

IOn May 3, 2023, Lottomatica Group successfully completed its initial public offering (hereinafter the "**Listing**") and the listing process of its ordinary shares on the Euronext Milan, a regulated market organized and managed by Borsa Italiana S.p.A.. The total proceeds of the Listing amounted to Euro 600 million, of which (i) Euro 425 million of new shares issued by the Company through a capital increase excluding the option right (hereinafter the " **Capital Increase**"); and (ii) Euro 175 million of existing shares held and offered by the selling shareholder Gamma Topco S.à.r.l. ("**Gamma Topco**"). Gamma Topco had also granted to the stabilization manager an option, exercisable in whole or in part, for the purchase of a maximum of 10,000,000 additional ordinary shares of Lottomatica Group held by itself. This option was not exercised, as communicated by the Company on May 25, 2023. Following the completion of the offer, the total number of shares held by the market and constituting the free float was 28.25% of the Company's share capital.

The gross proceeds from the Capital Increase of Euro 425 million were used, together with available liquidity, for:

- the full repayment of the principal amount of Euro 250 million related to the Bondco Loan, in addition to accrued and unpaid interest of Euro 30.3 million and the payment of the prepayment penalty related to the early extinguishment for Euro 16.5 million;
- the early repayment of a portion equal to Euro 100 million of the floating rate senior secured notes of Euro 300 million due in 2025 issued by the subsidiary Lottomatica S.p.A., in addition to accrued and unpaid interest of Euro 1.7 million;
- the payment of transaction costs related to the Capital Increase, including subscription fees of Euro 11.5 million, and other consulting costs of Euro 16.0 million;
- the payment of commitment fees related to the bridge facility signed by the subsidiary Lottomatica S.p.A. on April 12, 2023 for Euro 13.8 million and to the New Revolving Credit Facility for Euro 4.0 million;
- the payment of the cash consideration of Euro 4.3 million related to the Faro Games Transaction (as defined and described below).

It should be noted that on June 1, 2023, Gamma Topco S.à.r.l completed the contribution in kind of its equity investment in Lottomatica Group S.p.A. to Gamma Intermediate S.à.r.l.

10.2 Faro Games transaction

On April 3, 2023, Lottomatica Group, Lottomatica S.p.A. and Faro Games S.r.l. ("**Faro Games**") signed a framework agreement (the "**Framework Agreement**"), as subsequently amended, governing the terms and conditions under which Faro Games, as the previous owner of 1,464,054 shares of GGM S.p.A. (the "**GGM Shares**"), disposed of its investment in GGM S.p.A. (the "**Faro Games Transaction**").

Pursuant the Framework Agreement, effective on May 3, 2023, Faro Games sold to Lottomatica Group 142,339 GGM Shares for Euro 4.3 million and contributed in-kind the remaining 1,321,715 GGM Shares to Lottomatica Group in exchange for 4,408,190 new ordinary shares issued by the Company on May 3, 2023 (1.75% of the total shares issued). Following this contribution, equity increased of Euro 39,674 thousand of which Euro 50 thousand as share capital and Euro 39,624 thousand as share premium reserve. Subsequently, Lottomatica Group contributed in-kind the GGM Shares to Lottomatica S.p.A..

10.3 Loan granted to Lottomatica S.p.A.

On May 3, 2023, Lottomatica Group S.p.A. entered into an Intercompany loan with its subsidiary Lottomatica S.p.A. for an amount of Euro 116,175 thousand, non-interest bearing, in order to early repay part of the notes issued on July 23, 2020. The maturity date of such loan is May 2, 2030.

10.4 Centralized treasury management system at Group level (cash pooling)

The Lottomatica Group uses a centralized treasury management system (i.e. cash pooling) through Unicredit in order to optimize cash flows between the companies of the group. In 2023, the role of pooler passed from subsidiary Lottomatica S.p.A. to Lottomatica Group S.p.A..

11. Significant events occurred after December 31, 2023

No significant events have occurred after December 31, 2023.

12 Proposal in relation to the allocation of the net result for the year

It is proposed to the Shareholders' meeting to allocate the loss of Euro 3,422,485 to retained earnings. Furthermore, the Board of Directors resolved to propose to the shareholders' meeting the payment of a dividend of Euro 0.26 per ordinary share for FY 2023, using the share premium reserve. Considering the shares outstanding as of today, this amounts to a total dividend distribution of Euro 65,423,907, representing approximately 30% of pay-out ratio applied to consolidated Adjusted Net Profit, in accordance with the Group's dividend policy.

Rome, February 28, 2024

Chief Executive Officer
Guglielmo Angelozzi

13. First time adoption of EU-IFRS

The Company's financial statements have been prepared for the first time in accordance with the EU-IFRS as of December 31, 2023. Accordingly, in line with IFRS 1, the date of first time adoption of EU-IFRS is January 1, 2022 (the "Transition Date"). The procedure followed for the transition from the Italian Accounting Principles to the EU-IFRS for the purposes of preparing the financial statements (hereafter the "**Transition Process**") is described below.

General principles

The Company has applied the EU-IFRS retrospectively to all periods closed prior to the Transition Date, except for mandatory exemptions and for certain optional exemptions adopted in accordance with IFRS 1, as described in the following paragraph. In particular, the accounting standards referred to are those described in the previous Note 2.3 - Accounting policies and measurement criteria.

The statement of financial position as of January 1, 2022, reflects the following differences in treatment compared to the Company's financial statements as of December 31, 2021, prepared in accordance with Italian Accounting Principles:

- all assets and liabilities whose recognition is required by EU-IFRS have been recognized and measured, including those not provided for in application of Italian Accounting Principles;
- all assets and liabilities whose recognition is required by the Italian Accounting Principles, but is not allowed by EU-IFRS, have been derecognized;
- some items of the financial statement have been reclassified according to EU-IFRS.

As of the Transition Date, no effects resulting from the adjustment of the Company's opening balances of assets and liabilities to the new accounting criteria have been recognized.

Presentation of the principal statements

Please refer to Note 2.2 - Format and content of the financial statements.

Mandatory exemptions for the complete retrospective adoption of EU-IFRS

The mandatory exemptions for the complete retrospective adoption of EU-IFRS, in compliance with IFRS 1, were applied in the Transition Process if and as they relate to scenarios applicable to the Company.

The estimates made at the Transition Date to EU-IFRS and subsequent reporting dates are consistent with the estimates made at the same date according to Italian Accounting Principles (after necessary adjustments to reflect any differences in accounting principles).

The optional exemptions provided by IFRS 1 were not used, as they relate to cases for which: i) Italian Accounting Principles are already aligned with EU-IFRS, ii) the Company has opted for retrospective application, or iii) they are not applicable.

Description of the significant effects of the Transition Process

IFRS 1 requires that a Company shows the equity reconciliation and comprehensive income reconciliation for previous periods. The transition process from Italian Accounting Principles to EU-IFRS did not have any effect on the Company's equity as of January 1, 2022 and December 31, 2022, as well as on the result for the year ended December 31, 2022. Therefore, no reconciliations have been included. In addition, no reclassifications were made to the Company's statement of financial position as of January 1, 2022 and December 31, 2022 and to the Company's statement of comprehensive income for the year ended December 31, 2022.

Certification of the separate financial statements pursuant to art. 81-ter of Consob Regulation No. 11971 of 14 May 1999 and subsequent amendments and additions

1. The undersigned Guglielmo Angelozzi, Chief Executive Officer of Lottomatica Group S.p.A., and Laurence Van Lancker, , as executive officer responsible for the preparation of corporate and accounting documents, hereby certify, also taking into account the provisions of art. 154-bis, paragraphs 3 and 4 of the Legislative Decree no 58 of 24 February 1998:

- their adequacy with respect to the company, and
- the effective application of the administrative and accounting procedures for the preparation of the separate financial statements as of and for the year ended December 31, 2023.

2. No significant aspects arose from applying the administrative and accounting procedures for the preparation of the separate financial statements as of and for the year ending December 31, 2023.

3. We also certified that:

- the separate financial statements as of and for the year ended December 31, 2023:
  - have been prepared in accordance with the international accounting standards as endorsed by the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002;
  - are consistent with the information contained in the accounting ledgers and records;
  - are suitable for providing a true and fair representation of the equity, financial and economic position of the issuer.

Rome, February 28, 2024

Chief Executive Officer

Ing. Guglielmo Angelozzi

Executive Officer responsible for the preparation of corporate accounting information

Laurence Van Lancker

Report of the Board of Statutory Auditors

Reports of the Auditing Firm

Report of the Board of Statutory Auditors to the Shareholders' Meeting of Lottomatica Group S.p.A. pursuant to art. 153 of Legislative Decree No. 58/1998 and art. 2429, paragraph 2, of the Civil Code

Dear Shareholders,

During the year ended December 31, 2023, the Board of Statutory Auditors performed the supervisory activities required by law, according to the principles set out in the Rules of Conduct of the Board of Statutory Auditors of listed companies, recommended by the National Council of Chartered Accountants and Accounting Experts (*Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*), by the Consob provisions on corporate controls ("**Communication**") and the indications contained in the Corporate Governance Code, recommended by Borsa Italiana S.p.A.

Furthermore, as Lottomatica Group S.p.A. ("**Lottomatica Group**" or the "**Company**") has adopted a traditional model of governance, the Board of Statutory Auditors is also identified as the Committee for internal control and auditing, which is responsible for further specific control and monitoring functions in terms of financial reporting and legal audit, provided for by art. 19 of Legislative Decree No. 39/2010, as amended by Legislative Decree no. 135/2016 (the "**Decree**").

The Board of Statutory Auditors was appointed by the Shareholders' Meeting of March 15, 2023 in compliance with current legal, regulatory and statutory provisions and will end its mandate with the meeting to approve the financial statements for fiscal year 2025.

The members of the Board of Statutory Auditors have respected the limit on the number of positions established by art. 111-terdiecis of the Consob Regulation.

It is acknowledged that the composition of the Board of Statutory Auditors complies with the diversity provisions, including gender, pursuant to art. 148, paragraph 1-bis, of Legislative Decree 58/1998, as amended by art. 1, paragraph 202, Law December 27, 2019 n. 160, and applied pursuant to art. 1, paragraph 304, of such Law, as well as in accordance with the provisions of Consob Communication no. 1/20 of January 30, 2020.

The Company's financial statements will be audited by PricewaterhouseCoopers SpA (hereinafter the "**Audit Firm**") for a period of 9 fiscal years, as approved by the Shareholders' Meeting on February 27, 2023.

Given the above, the Board of Statutory Auditors approves the following report (the "**Report**").

Supervisory activities on compliance with laws, regulations, statute and on the adequacy of the organizational structure

During 2023:

- we monitored compliance with the law and the statute, including the legislation provided by Legislative Decree. n. 24/2023 regarding whistleblowing;
- we monitored compliance with the principles of correct administration and compliance of management choices with the criteria of economic rationality;
- we attended the Board of Directors and the Board Committees, whose meetings were held in compliance with the statutory and legislative provisions that govern their functioning, so we can reasonably assure that the actions resolved comply with the law and the company statute and are not manifestly imprudent, risky, in potential conflict of interest or such as to compromise the integrity of the Company's assets;

- we obtained, during the various Board of Directors meetings, information on the general performance of the business and its foreseeable evolution as well as on the most important transactions undertaken by the Company. This information is represented in the Directors' Report, to which reference is made;
- we verified that the Directors' Report on operations for the year 2023 was compliant with current legislation, as well as consistent with the resolutions adopted by the Board of Directors and with the facts represented in the separate and consolidated financial statements;
- we exchanged information with the Supervisory Body (also through the analysis of periodic reports), with regard to the legislation ex D.lgs. No. 231/01;
- we have taken note of the content of the consolidated half-yearly financial report, without expressing any observations, ensuring that the report was published in accordance with the procedures established by law;
- we monitored compliance with the information obligations regarding information that is regulated, privileged or requested by the supervisory authorities, ensuring that each body and function of the Company has fulfilled the information obligations established by the applicable legislation;
- we monitored, acquiring information from the relevant functions, the civil, administrative and criminal disputes in which the Company is involved;
- we monitored the organizational structure of the Company and its suitability for the size, complexity and characteristics of Lottomatica Group, as well as the nature and pursuit of its corporate purpose.

During the supervisory activity as described above, no omissions, objectionable facts or irregularities emerged to be mentioned in this Report.

Supervisory activities on the adequacy of the internal control and risk management system

The Board of Statutory Auditors monitored the adequacy and functioning of the internal control and risk management system, as integrated with the management of ESG risks, through:

- the assessment expressed by the Board of Directors on the adequacy of the organizational, administrative and accounting structure of the Company, with particular reference to the internal control and risk management system, in the context, among other things, of the exchange of information pursuant to art. 2381, paragraph 3, of the Civil Code;
- the examination of the reports of the Executive Officer responsible for the preparation of accounting documents ex art. 154-bis of the TUF;
- periodic meetings and examination of the annual report of the head of Internal Audit, which highlights the adequacy of the internal control system with respect to current legislation and the recommendations contained in the Corporate Governance Code;
- the participation to the meetings of (and exchange of information with) the Audit and Risk Committee;
- periodic meetings and examination of the Supervisory Body's Report ex D. Lgs. 231/2001;
- the examination of the additional report of the Audit Firm, issued pursuant to art. 11 of the European Regulation n. 537 of April 16, 2014 ("**Regulation**");
- obtaining information from the managers of the respective Company functions.

The Company is equipped with the Organizational Model required by Legislative Decree. 231/01, of which the Code of Ethics is an integral part, aimed at preventing the execution of illicit and relevant crimes pursuant to the Decree and, consequently, the extension of administrative liability to the Company. The Supervisory Body ex Legislative Decree 231/01 was appointed by resolution of the Board of Directors dated February 27, 2023. The Supervisory Body comprises two external professionals (Avv. Francesca Rosetti, President and General Stefano Baduini) and one internal member (Avv. Valentina Lazzareschi). It is

acknowledged that the Company has a procedure for the "Management of whistleblowing" updated with the provisions of the regulations on whistleblowing and a Policy and Guidelines for Anti-bribery & Corruption of the Group. Training activities on Model 231, the Group Code of Ethics, the reporting processes, the Policy and Anti-bribery & Corruption were performed during 2023.

The Board of Statutory Auditors, with reference to the group which is controlled by the Company, noted the presence of tools to monitor strategic, operational and compliance and risk control, including a structured and periodic system of planning, management control and reporting, a financial risk governance structure, a corporate risk management system, including those of an ESG nature, according to the principles of enterprise risk management (ERM), as well as the accounting control model according to Law 262/2005 regarding financial information. The structural and operational characteristics of these systems and models are described in the Report on Corporate Governance and Ownership Structures.

It should also be noted that the Company has a Personal Data Protection Management Model, in compliance with the provisions of the legislative requirements.

The Company uses a procedure for managing corporate information, called *"Policy for managing dialogue with shareholders and the financial community"*.

As a result of the activity performed, no situations or critical issues emerged that would make the internal control and risk management system of the Company, as a whole, to be inadequate.

Supervision activities on the adequacy of the administrative accounting system

Without prejudice to the responsibility of the Board of Directors in relation to the financial reporting process, the Board of Statutory Auditors – also in its capacity as Internal Control and Audit Committee – monitored the adequacy of the administrative-accounting system, as well as the reliability of the system to correctly represent factual information. In order to perform this activity, the Board had regular discussions with the Audit Firm and with the relevant bodies of the Company. Procedures were also put in place with the control bodies of the subsidiaries, pursuant to art. 151, paragraph 2, of the TUF, also obtaining the annual reports and the reports of the respective auditors for the relevant companies of the Group.

The Board has also obtained the additional report referred to in art. 11 of EU Regulation 537/2014 from which no matters emerged that need to be highlighted in this Report.

The Executive Officer responsible for the preparation of accounting documents has been assigned the functions established by law and provided with adequate powers and means to carry out the related tasks.

The content of the financial statement accounting information, both statutory and consolidated, is governed by the group's manual of accounting principles and by the other administrative-accounting procedures that are part of the model ex 262/2005.

The Board of Statutory Auditors also had evidence of the process that allows the Executive Officer and the Chief Executive Officer delegated for this purpose to issue the certifications required by the art. 154-bis of the TUF, in order to control the financial reporting process, as well as the effectiveness of the internal control and risk management systems, with regards to financial reporting, without thereby violating its independence (pursuant to art. 19 of the Decree).

With specific regard to the financial statements for fiscal year 2023, the Board of Auditors verified (i) the correctness of the process on the basis of which the separate and consolidated financial statements as at December 31, 2023 were prepared and (ii) the

observance by the Directors of the relevant rules to content, filing and publication, without any findings.

Furthermore, it is highlighted that in the context of the exchange of information with the Audit and Risk Committee with reference to the evaluation of the correct use of the accounting principles (and at a group level, the evaluation of the homogeneity of these accounting principles for the purposes of preparing the consolidated financial statements) no elements worthy of note emerged.

In relation to the impairment test, the Board of Auditors also noted the approval by the Board of Directors of the so-called impairment test procedure aimed at regulating the methodology of performing the analysis on the recoverability of assets recorded in the financial statements. On this point, the Board of Statutory Auditors monitored the adoption by the Board of Directors of this procedure as well as the results of the controls carried out by management, which confirmed the recoverability of the assets subject to the impairment test. In relation to the impairment test, as well as to the purchase price allocation following the acquisition of Betflag SpA, the Board also discussed with the Audit Firm and participated to the meetings of the Audit and Risk Committee.

Please note that at the end of 2023 the Lottomatica Group has decided to equip itself with the Tax Control Framework tool, with the objective, among other, to improve the efficiency of the detection, measurement and management of tax risk, further implementing the related safeguards.

As a result of the activity performed, it emerged that overall the Company's administrative accounting system is adequate with respect to the reliability of financial reporting, the effectiveness and efficiency of its operational activity and compliance with laws and regulations. No particular matters or critical issues emerged to report.

Relations with the Audit Firm

We have held periodic meetings with representatives of the Audit Firm, pursuant to art. 150, paragraph 3, of the TUF, during which no findings emerged of significance to be reported in this report.

We monitored the independence of the Audit Firm having, among other things, received specific written confirmation from PricewaterhouseCoopers on March 15, 2024 regarding compliance with this requirement (in accordance with the provisions of art. 6, paragraph 2, letter a) of the Regulation. In this regard, we also monitored the nature and extent of the services other than the statutory audit of the financial statements provided to the Company and the other companies of the group by PricewaterhouseCoopers and the entities belonging to the relevant network, for which the fees are indicated in the notes to the Company's financial statements (for a total amount, at a group level, including the activities connected to the listing and refinancing operations, of €10.147 million, including the related audit fees).

With specific regard to the provisions of art. 11 of the Regulation, the Audit Firm presented on March 15, 2024 to the Board of Statutory Auditors, with reference to the year 2023, the "additional report" on the results of the statutory audit performed, from which no significant issues during the audit emerged nor significant deficiencies in the internal control system in relation to the financial reporting process. The Board of Statutory Auditors will, in accordance with the law, in turn send this report to the Board of Directors.

Supervision of the implementation of corporate governance rules

The Board of Statutory Auditors operates within a framework of integrated governance and intra-company information flows. In this context, we have taken note of the information provided in the Report on Corporate Governance and Ownership Structures, approved by

the Board of Directors at the meeting of February 28, 2024, which has been prepared in accordance with the law and for which the related information obligations have been fulfilled.

We also monitored the implementation of the Corporate Governance Code (the "**Code**") to which the Company adhered, verifying the overall compliance and effective implementation of the corporate governance system of Lottomatica Group with the recommendations expressed by the Code.

With regard to the procedure followed by the Board of Directors for the purposes of verifying the independence of its directors, the Board of Statutory Auditors performed the assessments within its competence, noting the correct application of the criteria of the procedures for ascertaining the dependency requirements pursuant to the law and to the Code of Corporate Governance and compliance with the composition requirements of the administrative body as a whole. It is acknowledged that the composition of the Board of Directors respects the rules on gender balance, in compliance with the provisions on diversity.

The Board of Statutory Auditors also verified the reasons why the Lead Independent Director was not appointed, noting that the Company does not fall into any of the circumstances mentioned in art. 13 of the Code or (i) the Chairman of the Board of Directors does not hold managerial positions and does not exercise any form of control over Lottomatica Group and (ii) so far none of the independent directors have requested the appointment of a Lead Independent Director as well as (iii) the independent directors considered that the current organizational structure of the Board of Directors and the management of the body's work are adequate to allow them to fully exercise the functions for which they are responsible.

The Board of Directors examined the letter of December 14, 2023 from the President of the Committee for Corporate Governance and the assessments made regarding the recommendations contained therein, already adopted by the Company, without having any particular observations in this regard.

During the supervisory activity, as described above, no findings or irregularities emerged to be mentioned in this Report.

The Board of Statutory Auditors also carried out the so-called self-assessment process regarding the professionalism, competence, integrity and independence requirements of its members required by the applicable legislation. From the aforementioned self-assessment procedure, no situations or facts arising at the time of appointment were identified which could be impediments to the correct execution of the role, also taking into consideration the estimated times for the effective performance of the role.

Other controls

The Board of Statutory Auditors also monitored the fulfillment of the obligations related to the legislation regarding the prevention and repression of market abuse and communications to the public, with particular reference to the processing of privileged information and the procedure for communication of such information outside of the Company. In this context, the Board of Statutory Auditors in particular monitored compliance with the provisions contained in art. 115-bis of the TUF and in the implementing legislation, regarding the updating of the Register of people who have access to inside information.

We also monitored the adequacy and implementation of the instructions provided by Lottomatica Group to its subsidiaries pursuant to art. 114, paragraph 2, of the TUF, so that they guarantee the timely fulfillment of the communication obligations established by law.

During these supervisory activities, no findings emerged to be mentioned in this Report.

With regards to the Consob Communication, we outline that:

1. as disclosed in the notes to the financial statements, during 2023: (i) no atypical or unusual transactions were carried out with related parties, with third parties or with intra-group companies; (ii) significant non-recurring operations were carried out (represented by the listing of the Company, the issue of notes for the purposes of refinancing a portion of the debt maturing in 2025, in addition to a new note issued for the proposed acquisition of SKS365);

2. with reference to transactions with related parties, including intra-group transactions, they can be classified as part of ordinary activities and relate to financial and commercial transactions, the financial impacts of which are disclosed in the notes to the Company's financial statements. As shown in the financial statements as at December 31, 2023, these transactions were concluded at market conditions. The Board of Statutory Auditors also monitored the compliance of the procedure related to the transactions with related parties, adopted by the Company, with existing legislation also with regard to the provisions on transparency and information to the public, as well as its implementation. No findings emerged to be brought to your attention;

3. the Board of Directors had 10 meetings and the Board of Statutory Auditors always attended the meetings themselves. There is no Executive Committee in 2023. The Remuneration Committee met once, the Audit and Risk Committee met 5 times, the Related Parties Committee met 3 times, the ESG Committee met 2 times. During 2023, the Board of Statutory Auditors met 10 times, with an average duration of 2 hours. The Board of Statutory Auditors has always participated in all the meetings of the indicated committees;

4. the Board of Statutory Auditors acknowledges the preparation of the (i) Remuneration Report, pursuant to art. 123-ter of the TUF, in which short, medium and long-term ESG objectives have been integrated, as well as (ii) the Report on Corporate Governance and Ownership Structures of Lottomatica Group, pursuant to art. 123-bis of the TUF, on which there are no observations.

We also inform you that during 2023 (i) no complaints were received pursuant to art. 2408 of the Civil Code, nor exposed by third parties and (ii) the Board did not make use of the powers to convene the Shareholders' Meeting and/or the Board of Directors.

Supervision of non-financial disclosure

In performing its functions, the Board of Statutory Auditors monitored compliance with Legislative Decree No. 254/2016 ("**Decree 254**") and with the Consob Regulation, implementing the aforementioned Decree, in particular with reference to the drafting process as well as the contents of the 2023 Non-Financial Disclosure ("**NFD**").

In particular, the Board was informed about the preparation activities of the NFD and verified, to the extent of its competence, that the Company has fulfilled the obligations established by Decree 254.

The NFD is prepared by the Company on the basis of the data collected and coordinated by the relevant Company functions. The Board of Statutory Auditors, also through an exchange of information with the functions involved and the Audit Firm, positively assessed the structure of the procedures adopted for the collection and measurement of the data collected and, with particular reference to: the update carried out in 2023 of the materiality analysis process, the preparation of the process for identifying and monitoring the ESG indicators to be reported, the inclusion, for the first time, of the so-called "EU Taxonomy",

which provides for the identification of eco-sustainable corporate activities in relation to the six environmental objectives established by the European Union, as well as the calculation of the relative percentages of Turnover, Capex and Opex associated with the economic activities designated as Eligible and Aligned.

The Board of Statutory Auditors acknowledges that the Company has applied the exemption from the obligation to prepare the Individual Non-financial Disclosure provided for by art. 6, paragraph 1, of Legislative Decree 254/2016, having prepared the Consolidated Non-financial Disclosure pursuant to art. 4 of the aforementioned decree.

As part of its activities, this Board of Statutory Auditors has no evidence of non-compliance and/or violations of the applicable legislation.

The Board of Statutory Auditors also verified the issuance by the Audit Firm of the attestation pursuant to ex. Article 3, Paragraph 10 of Decree 254.

Conclusions

The Board of Statutory Auditors has examined the proposals that the Board of Directors, at the meeting of February 28, 2024, approved to submit to the Shareholders' Meeting called for April 9, 2024, and states that it has no observations in this regard.

Following the supervisory activity performed by the Board of Statutory Auditors, taking into account all of the foregoing as well as in consideration of the content of the report issued by the Audit Firm on the separate financial statements (as well as on the consolidated financial statements) which does not present any findings, as well as having taken note of the certifications issued jointly by the Chief Executive Officer and the Executive Officer responsible for the preparation of accounting documents, the Board of Statutory Auditors has not identified, within its area of responsibility, any impediments to the approval of the proposed separate financial statements as at December 31, 2023 and the allocation of the net result proposed by the Board of Directors.

Rome, March 15, 2024

THE BOARD OF STATUTORY AUDITORS

Prof. Andrea Lionzo

Dr. Giancarlo Russo Corvace

Prof. Veronica Tibiletti

pwc

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED NON-FINANCIAL DISCLOSURE IN ACCORDANCE WITH ARTICLE 3, PARAGRAPH 10, OF LEGISLATIVE DECREE 254/2016 AND ARTICLE 5 OF CONSOB REGULATION 20267 OF JANUARY 2018

LOTTOMATICA GROUP SPA

CONSOLIDATED NON-FINANCIAL DISCLOSURE FOR THE YEAR ENDED DECEMBER 31, 2023

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED NON-FINANCIAL DISCLOSURE IN ACCORDANCE WITH ARTICLE 3, PARAGRAPH 10, OF LEGISLATIVE DECREE 254/2016 AND ARTICLE 5 OF CONSOB REGULATION 20267 OF JANUARY 2018

To the Board of Directors of Lottomatica Group SpA

In accordance with article 3, paragraph 10, of Legislative Decree 254/2016 (the Decree) and article 5 of CONSOB Regulation 20267/2018, we have performed a limited assurance engagement on the consolidated non-financial disclosure of Lottomatica Group SpA and its subsidiaries (hereafter. "Group") for the year ended December 31, 2023 prepared in accordance with article 4 of the Decree, *shown in the specific section of the Directors' Report* and approved by the Board of Directors on February 28, 2024 (hereafter "NFD")

Our review does not extend to the information set out in paragraph "EU Taxonomy" of the NFD, required by article 8 of European Regulation 2020/852.

Responsibilities of Management and Those Charged with Governance for the NFD

Management is responsible for the preparation of the NFD in accordance with articles 3 and 4 of the Decree, with the "Global Reporting Initiative Sustainability Reporting Standards" defined in 2021 by the GRI - Global Reporting Initiative (GRI Standards), shown in paragraph "Methodological Note" of the NFD, identified by them as the reporting standards.

Management is also responsible, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of a NFD that is free from material misstatement, whether due to fraud or error.

Moreover, management is responsible for identifying the content of the NFD, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the group and to the extent necessary for an understanding of the Group's activities, development, performance and related impacts.

Finally, management is responsible for defining the business and organizational model of the Group and, with reference to the matters identified and reported in the NFD, for the policies adopted by the group and for the identification and management of risks generated and/or faced by the Group.

Those charged with governance are responsible for overseeing, in the terms prescribed by law, the compliance with the Decree.

Auditor's independence and quality control

We are independent in accordance with the principles of ethics and independence set out in the Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants, which are based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In the reporting period of this engagement, we applied the International Standard on Quality Control 1 (ISQC Italy 1) and, accordingly, maintained an overall quality control system which includes documented guidelines and procedures on compliance with ethical and professional principles and with applicable laws and regulations.

Auditor's responsibilities

We are responsible for expressing a conclusion, on the basis of the work performed, regarding the compliance of the NFD with the Decree, with the GRI Standards. We conducted our work in accordance with *International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial* Information ("ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB), for limited assurance engagements. The standard requires that we plan and perform procedures to obtain limited assurance that the NFD is free from material misstatement. The procedures performed in a limited assurance engagement are less in scope that those performed in a *reasonable assurance engagement* in accordance with ISAE 3000 Revised and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFD were based on our professional judgement and consisted of interviews, primarily of company personnel responsible for the preparation of the information presented in the NFD, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

In detail, we performed the following procedures:

1. analysis of the relevant matters reported in the NFD in relation to the activities and characteristics of the Group, to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and with the reporting standard adopted;

2. analysis and assessment of the criteria used to identify the consolidation area, to assess their compliance with the Decree;

3. comparison of the financial information reported in the NFD with the information reported in the consolidated financial statements of Lottomatica Group SpA;

4. understanding of the following matters:

   a. business and organizational model of the Group with reference to the management of the matters specified in article 3 of the Decree;
   b. policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
   c. key risks generated and/or faced with reference to the matters specified in article 3 of the Decree.

   With reference to those matters, we compared the information obtained with the information presented in the NFD and carried out the procedures described under item 5 a) below.

5. understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFD.

   In detail, we held meetings and interviews with the management of Lottomatica Group SpA and we performed limited analyses of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFD;

   Moreover, for material information, considering the activities and characteristics of the Group:

   - at a Group level,

     a) with reference to the qualitative information included in the NFD, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify its consistency with available evidence;
     b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information;

   - for the entities, Big Easy Srl, Gamenet SpA e Ricreativo B SpA, which were selected on the basis of their activities and their contribution to the key performance indicators at a consolidated level, we gathered supporting documentation regarding the correct application of the procedures and calculation methods used for some key performance indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFD of Lottomatica Group SpA for the year ended December 31, 2023 is not prepared, in all significant respects, in accordance with articles 3 and 4 of the Decree and with the GRI Standards.

Our conclusion on the NFD of Lottomatica Group SpA does not extend to the information set out in paragraph "EU Taxonomy" of the NFD, required by article 8 of European Regulation 2020/852.

Other Aspects

With reference to the financial year ended December 31, 2022, the Group prepared a Sustainability Report in accordance with GRI Standards, the data of which are used for comparative purposes within the NFD. This sustainability report was subjected on a voluntary basis to a limited assurance in accordance with ISAE 3000 by PricewaterhouseCoopers Business Services Srl, which expressed unqualified conclusions.

Rome, March 15, 2024

PricewaterhouseCoopers SpA

Signed by

Pierpaolo Mosca
(Partner)

Paolo Bersani
(Authorized signatory)

This report has been translated into English from the Italian original solely for the convenience of international readers.

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of January 27, 2010 and article 10 of Regulation (EU) No. 537/2014

Lottomatica Group SpA

Consolidated Financial Statements as of December 31, 2023

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of January 27, 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of
Lottomatica Group SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Lottomatica Group SpA (together with the subsidiary companies also referred to as the "Group" or the "Lottomatica Group"), which comprise the consolidated statement of financial position as of December 31, 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of December 31, 2023, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of Lottomatica Group SpA (the Company) pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Recoverability of goodwill *Notes to the consolidated financial statements, section "2.4 Accounting policies and measurement criteria", paragraphs "2.4.3 Intangible assets" and "2.4.5 Impairment of goodwill and property, plant and equipment, intangible assets and investment property assets", sub-paragraph "A) Goodwill", and explanatory note No. 9.2 "Goodwill".* The carrying value of goodwill as of December 31, 2023 was equal to Euro 1,481,917 thousand and referred to groups of cash generating units ("CGU"): "Online" for Euro 749,263 thousand, "Sport Franchise" for Euro 351,091 thousand and "Gaming Franchise" for Euro 381,563 thousand. As provided for by IAS 36 "*Impairment of assets*", the directors verify, at each period end or if circumstances indicate a possible loss of value, that goodwill had not reported any reduction in value, by comparing the book value with its recoverable amount ("impairment test"). Based on the annual impairment test performed goodwill was considered fully recoverable. The recoverable amount of goodwill is linked to the occurrence of the assumptions underlying the Group's business plan. Specifically, the recoverable value of the groups of CGUs was determined by calculating the value in use based on the Discounted Cash Flows. Such method is characterised by a high level of complexity and the use of estimates, which are uncertain and subjective by their nature, related to: (i) expected cash flows, determined taking into	As part of our statutory audit, we performed the following main activities, also with the support of the PwC network valuation and legal experts. We performed an understanding and evaluation of the procedures adopted by the directors in carrying out the annual impairment test, in order to verify the compliance with the requirements of IAS 36. We examined the composition of the groups of CGUs to which goodwill was allocated, in order to verify its consistency with the prior year, as well as the related alignment with the organizational, management and operating structure of the Group. We verified the reasonableness of the assumptions used, including with the support of available external sources, by the directors to estimate the expected cash flows for each group of CGUs and whether they were consistent with the Group's Business plan for 2024-2028 approved by the Board of Directors on February 1, 2024. We verified the mathematical accuracy of the calculations performed. In order to assess the forecasting capacity of the directors, we carried out comparative testing procedures between the main data estimated in the 2023-2027 business plan and the 2023 actual results.

account profitability forecasts and in the event of renewal of betting rights and amusement machines (*ADI*) concessions; (ii) financial parameters used to determine the discounting and growth rates for the estimate of the terminal value of each group of CGU. For these reasons, we considered the evaluation of the recoverability of goodwill as a key matter for the audit of the consolidated financial statements.	We verified the consistency between assets and liabilities attributable to the groups of CGUs, including the allocated goodwill and the cash flows used to determine the related recoverable value. We analyzed the assumptions performed in determining the cash flows, the discounting rate (WACC) and the growth rate used for the impairment test and we carried out an independent recalculation using parameters applicable to the Group. We examined the sensitivity analyses prepared by the directors on the recoverability of goodwill, with reference to the impact deriving from possible changes in the estimated cash flows, the long-term growth rate and in the discounting rate used. Finally, we verified the completeness and accuracy of the information reported in the explanatory notes to the consolidated financial statements.
Revenue recognition *Notes to the consolidated financial statements, section "2.4 Accounting policies and measurement criteria", paragraph "2.4.16 Revenues and costs" and explanatory note No. 8.1 "Revenues".* The Group recognized revenues from collections through gaming devices, AWP (Amusement With Prize) and VLT (Video Lottery Terminal), collections from betting and games of skills (through physical channels as well as on line) and from the direct management of gaming halls and proprietary machines, for a total amount of Euro 1,632,488 thousand. We considered revenue recognition as a key audit matter given the significance of this item, the large number of transactions with low unit amounts and the complexity of the information systems and processes used.	As part of our statutory audit, we performed the following main activities, also with the support of the PwC network specialists in business processes and internal control systems. We performed an understanding of the internal control system, including the IT environment and the applications used, related to the revenue recognition and we evaluated the degree of reliability of the system itself. The effective operation of the internal control system on revenues from gaming devices, betting and games of skill was verified by carrying out tests of control on the key controls, both manual and automatic, identified within the related processes. Furthermore, we carried out substantive procedures on the various types of revenues, by obtaining and analyzing the supporting documentation. In particular, we performed reconciliations between gaming data communicated by third sources (Italian

	Customs and Monopolies Agency [*Agenzia delle Dogane e dei Monopoli – ADM*] – and other parties to which the letter for balance confirmation was sent) and those resulting from the accounts. Finally, we verified the completeness and accuracy of the information reported in the explanatory notes to the consolidated financial statements.

Purchase price allocation for the acquisition of Betflag SpA

Notes to the consolidated financial statements, section "2.3 Basis and principles of consolidation", paragraph "2.3.2 Business Combinations" and explanatory note No. 7.2 "Purchase Price Allocation Betflag SpA".

During the financial year 2023 the purchase price allocation ("PPA") process was completed in relation to the acquisition of Betflag SpA, for which a consideration of Euro 391,470 thousand was paid which had accounting effects on the financial statements for the year ended December 31, 2022.

As required by IFRS 3 "Business Combinations", the Group had provisionally calculated the fair value of the assets acquired and liabilities assumed in the financial statements as at December 31, 2022. In financial year 2023, the Group completed the PPA exercise and restated the comparative data and information for the financial year 2022 in order to reflect the adjustments recognized with reference to the provisional period.

As part of the PPA process, the Group directors finally determined, with the support of an external expert, the fair value of the assets acquired and of the liabilities assumed and recognized in the 2023 consolidated financial statements net assets for Euro 144,087 thousand and goodwill equal to Euro 247,383 thousand.

We considered the determination of the value of assets and liabilities identified within the PPA as a key audit matter given their significance and the complexity of the valuation processes used.

As part of our statutory audit, we performed the following main activities, also with the support of the PwC network valuation experts.

We verified the appropriate identification of the assets acquired and liabilities assumed underlying the business combination finalized during the prior year.

We performed a critical examination on the adequacy of the methods adopted by management and the reasonableness of the main assumptions and data used by the directors in determining the fair value of the assets acquired and liabilities assumed.

We assessed the technical expertise, capacity and objectivity of the external expert engaged by the directors as well as the methods used for the purposes of the PPA.

We verified that the financial statements reflected the adjustments recognized with reference to the provisional period and that the comparative data at December 31, 2022 were restated.

We verified the adequacy and the completeness of the disclosure provided in the explanatory notes regarding the allocation of the price paid for the acquisition.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate Lottomatica Group SpA or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate the related risks, or safeguards applied.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On February 28, 2023 the shareholders of Lottomatica Group SpA in general meeting engaged us to perform the statutory audit of the Company's and the consolidated financial statements for the years ending December 31, 2023 to December 31, 2031.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion on compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The directors of Lottomatica Group SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the "Commission Delegated Regulation") to the consolidated financial statements as of December 31, 2023, to be included in the annual report.

We have performed the procedures specified in auditing standard (SA Italia) No. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Commission Delegated Regulation.

In our opinion, the consolidated financial statements as of December 31, 2023 have been prepared in XHTML format and have been marked up, in all significant respects, in compliance with the provisions of the Commission Delegated Regulation.

Due to certain technical limitations, some information included in the explanatory notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of Lottomatica Group SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the Group as of December 31, 2023, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the consolidated financial statements of the Group as of December 31, 2023 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of the Group as of December 31, 2023 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree No. 254 of December 30, 2016

The directors of Lottomatica Group SpA are responsible for the preparation of the non-financial statement pursuant to Legislative Decree No. 254 of December 30, 2016.

We have verified that the directors approved the non-financial statement.

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of December 30, 2016, the non-financial statement is the subject of a separate statement of compliance issued by ourselves.

Rome, March 15, 2024

PricewaterhouseCoopers SpA

Signed by

Pierpaolo Mosca
(Partner)

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of January 27, 2010 and article 10 of Regulation (EU) No. 537/2014

Lottomatica Group SpA

Financial statements as of 31 December 2023

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of January 27, 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of
Lottomatica Group SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lottomatica Group SpA (the "Company"), which comprise the statement of financial position as of December 31, 2023, the statement of comprehensive income, statement of changes in equity, statement of cash flow for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of December 31, 2023, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

There are no key audit matters to be communicated in this report.

PricewaterhouseCoopers SpA

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Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate the related risks, or safeguards applied.

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With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Rome, March 15, 2024

PricewaterhouseCoopers SpA

Signed by

Pierpaolo Mosca
(Partner)

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This volume collects the goals achieved by our Group in 2023.

A journey that describes who we are and what we can do, challenging our skills and expertise to seize the best opportunities day after day and confirm ourselves as the first choice for our customers.

It has been an exceptional year, which opened up new routes to explore and new destinations to reach: the starting point for a new journey that we will take together.

LOTTOMATICA GROUP S.p.A.

Via degli Aldobrandeschi 300
00163 ROMA (RM)

Share Capital Euro 10,000,000.00
(fully paid up)

Tax Code 11008400969
Rome Business Register No.-RM1694552

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