

Gruppo
Gamenet



2020 First Quarter Results Ended March 31, 2020

May 21, 2020

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Q1'20: strong profitability notwithstanding lockdown in March

Financial performance

- **EBITDA** €43.3M in Q1'20, which is +13.1% vs PY (Feb'20 YTD, prior to the lockdown is +50%, or €41M vs €27.4M PY)
Online EBITDA doubled, reaching €12.9M (vs €6.5M of Q1'19)
LTM EBITDA at €169.6M
- **Net Result** €15.1M in Q1'20 vs €6.0M in Q1'19 (pre PPA for the GoldBet acquisition)
- **NFP** €348.8M, improving 12.1% vs FY'19 NFP at €396.8M
- **Leverage** 2.1x in Q1'20, improving from 2.4x in FY'19
- **Cash flow** €68.4M from operations, vs €22.6M in Q1'19

Business performance

- **Continued strong profitability growth of Online and Retail Betting**, notwithstanding lockdown
- Within gaming machines, **AWPs performance impacted only by Covid-19** (strong resiliency shown before lockdown), while **VLTs registering weakness also due to health card reader**
- **Over delivered on synergies**: already secured €23.6M in Q1'20 of the €27M declared by 2020
- Delivery of **Financial Mitigation Plan better than expected**, with **March Ebitda at €2.3M** and **cash at €166.0M + €35M undrawn amount** under the available €85m ssRCF
- **Company ready to restart its operations for all retail businesses when allowed by law**, both at HQ and in the distribution network, in full safety and with full flexibility both in terms of distribution channels and of regional situations

Update on Covid 19 - Italy from lockdown to gradual restart

Easing of the lockdown

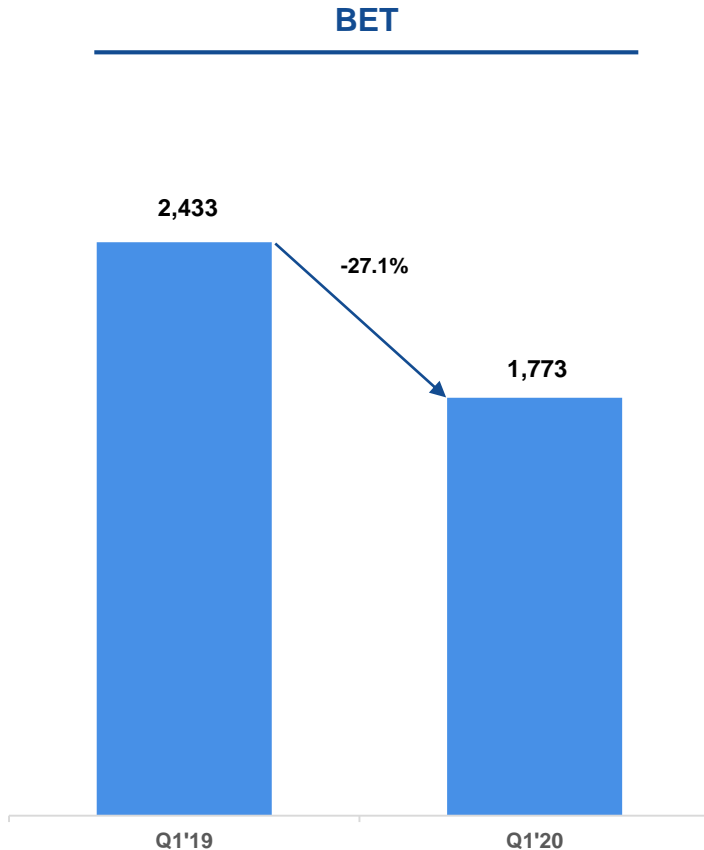
- **First restrictions to movement of people and to business activities withdrawn on May 4**
- All **restrictions** to movement within regions and to a large number of business activities eliminated **on May 18**
- **From May 18 each region is allowed to adopt specific restrictions to businesses**, both in terms of reopening dates and in terms of safety requirements. Each week some KPIs on the pandemic will be measured at the local level and, on that basis, national and regional governments will adopt measures
- **Retail gaming still closed until June 14** (timeframe of the current decree), along with other activities which relate to social / aggregation points. No restart date defined yet
- **Italian sport competitions still closed until June 14** (timeframe of the current decree). No restart date defined yet. **Several international football championships restarting** (Germany last weekend - Poland, Hungary, Ukraine, Czech Republic and Serbia last week of May - Austria and Portugal beginning of June - Italy potentially after mid June)

Covid-19 related laws

- **Two recently approved laws** (Liquidity Decree of April 8 and Relaunch Decree of May 20) **introduce several relevant fiscal / labor benefits**, especially for small businesses, which will be **key for our distribution network** (one-off contributions - tax deductions for rentals, for Covid-19 safety costs and investments, etc. – tax credits / payment postponements – cost of labor relief funds)
- **Main benefit applicable to Gamenet Group**, because of its revenues size, is **additional relief of cost of labor**
- An amount of **0.5% of betting wagers** (real events/virtual, retail/online) **will fund Italian Sport**

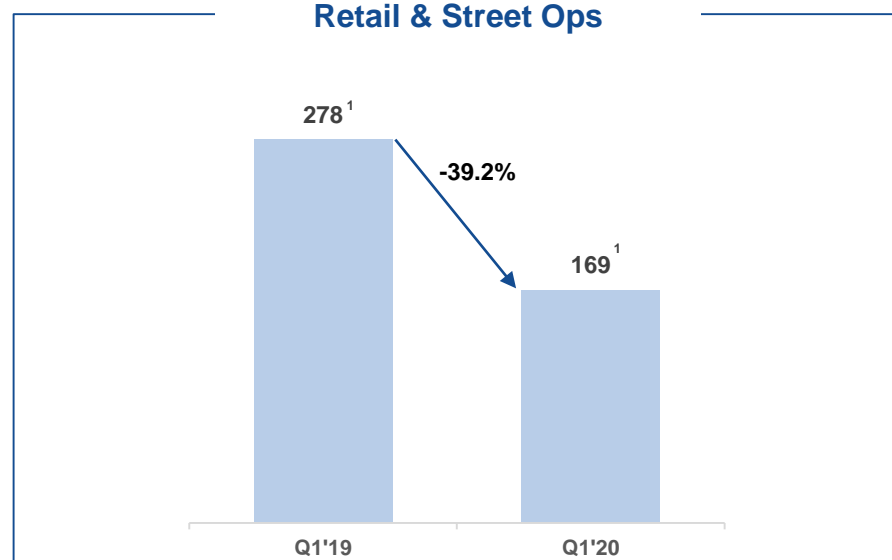
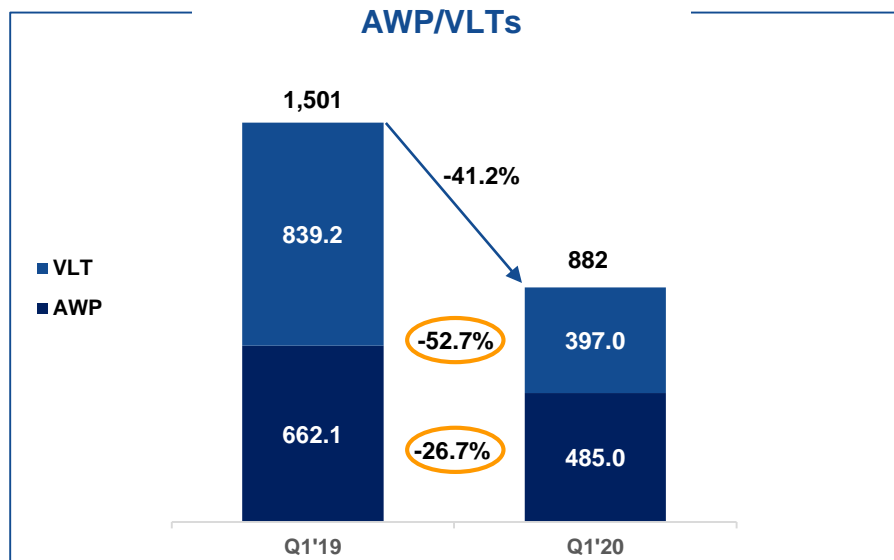
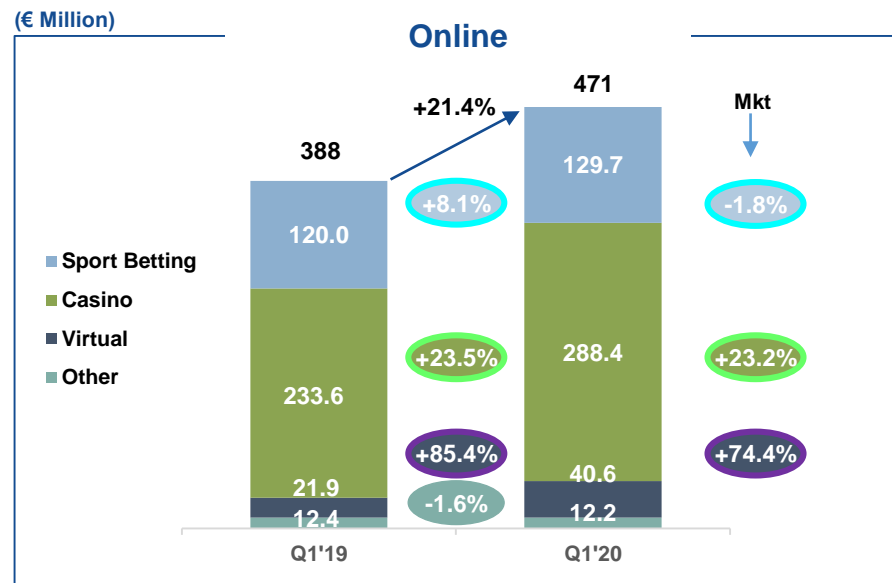
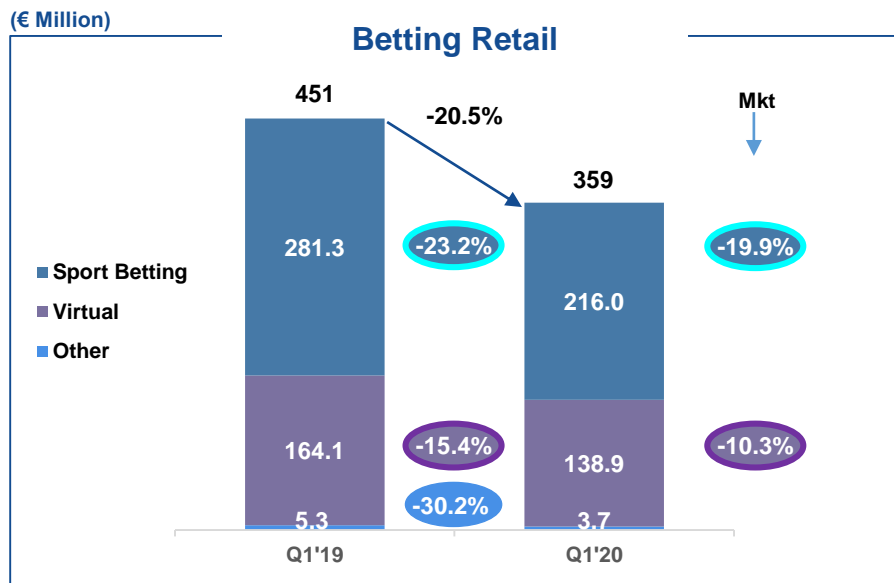
Q1'20 Bet impacted by lockdown

(€ Million)



- **Bet in Q1 heavily impacted by the measures introduced March 9 for the containment of Covid-19**
- **Before lockdown (Jan-Feb):**
 - **Online growing more than 20%** (continued post lockdown)
 - **Betting retail increasing 11.0%**
 - **AWPs showing resiliency (-2.7%)**
 - **VLTs impacted by the health card introduction**

Online growing strong, all other segments suffering from lockdown

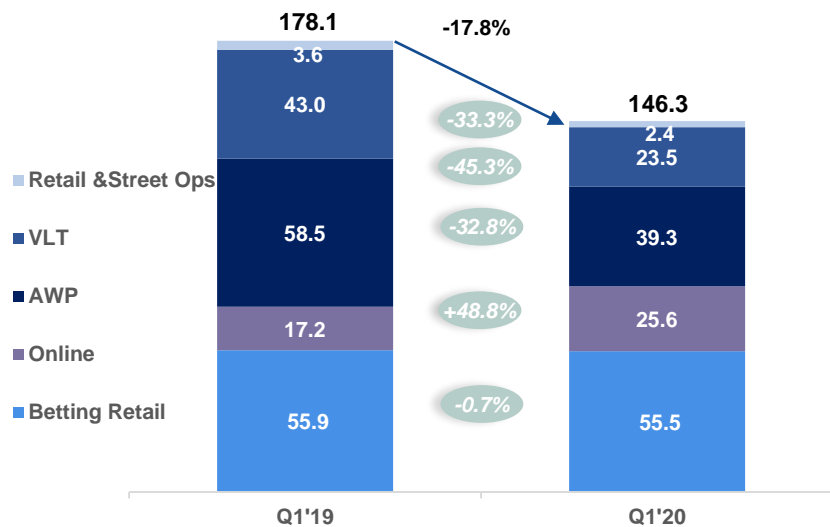


(1) Includes bet generated by company owned gaming halls connected to Gamenet Group's concessionaire

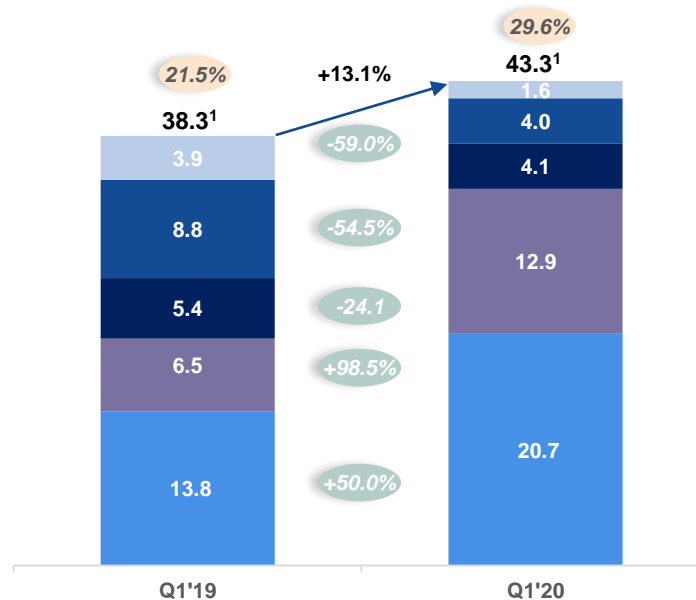
Notwithstanding revenues decline, EBITDA grows double digits, with the Online segment doubling in profitability

(€ Million)

REVENUES



EBITDA



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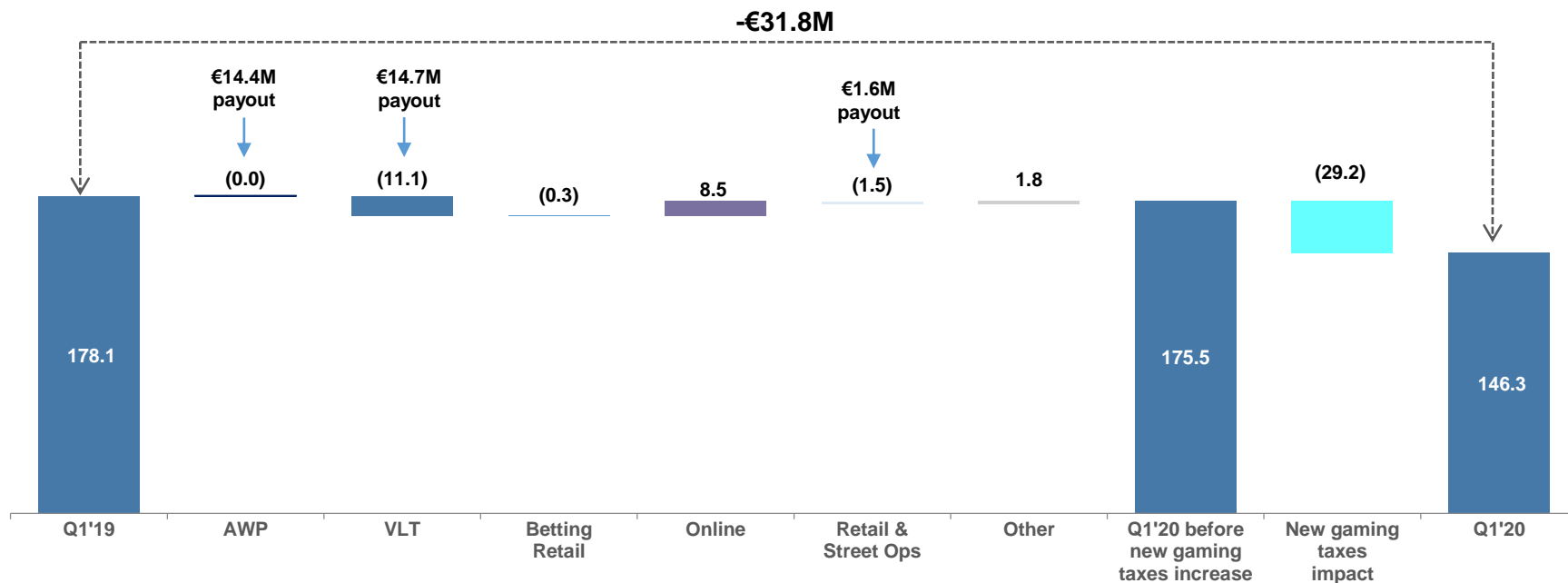
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Revenues - Q1'20 vs Q1'19 (As Reported)

(€ Million)



AWP

- Decrease in bet (-€14.4M), mainly due to the lockdown, totally offset by positive impact of change in payout (+€14.4M)

Betting Retail

- Substantially stable, despite the lockdown

Retail & Street Operations

- Decrease driven by Covid 19 effect

VLT

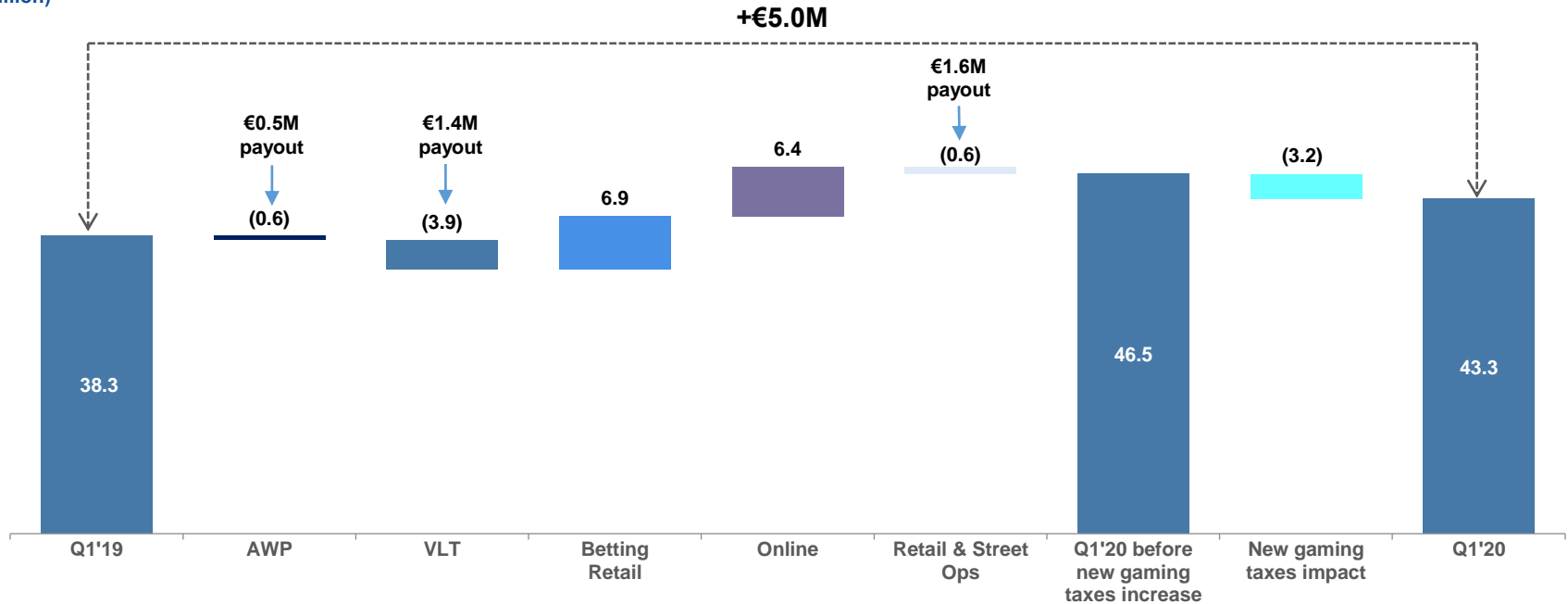
- Decrease mainly due to the lockdown and to the health card reader, which led to a reduction in bet (-€25.8), partially offset by positive impact of change in payout (+€14.7M)

Online

- Increase attributable to the strong traction of the business, continuous improvements in the customer portfolio as well as the constant introduction of new gaming products

EBITDA - Q1'20 vs Q1'19 (As Reported)

(€ Million)



AWP

- Please refer to revenue evolution commented on the previous page

Betting Retail

- Increase mainly attributable to the initiatives to further improve the retail network and synergies growth

VLT

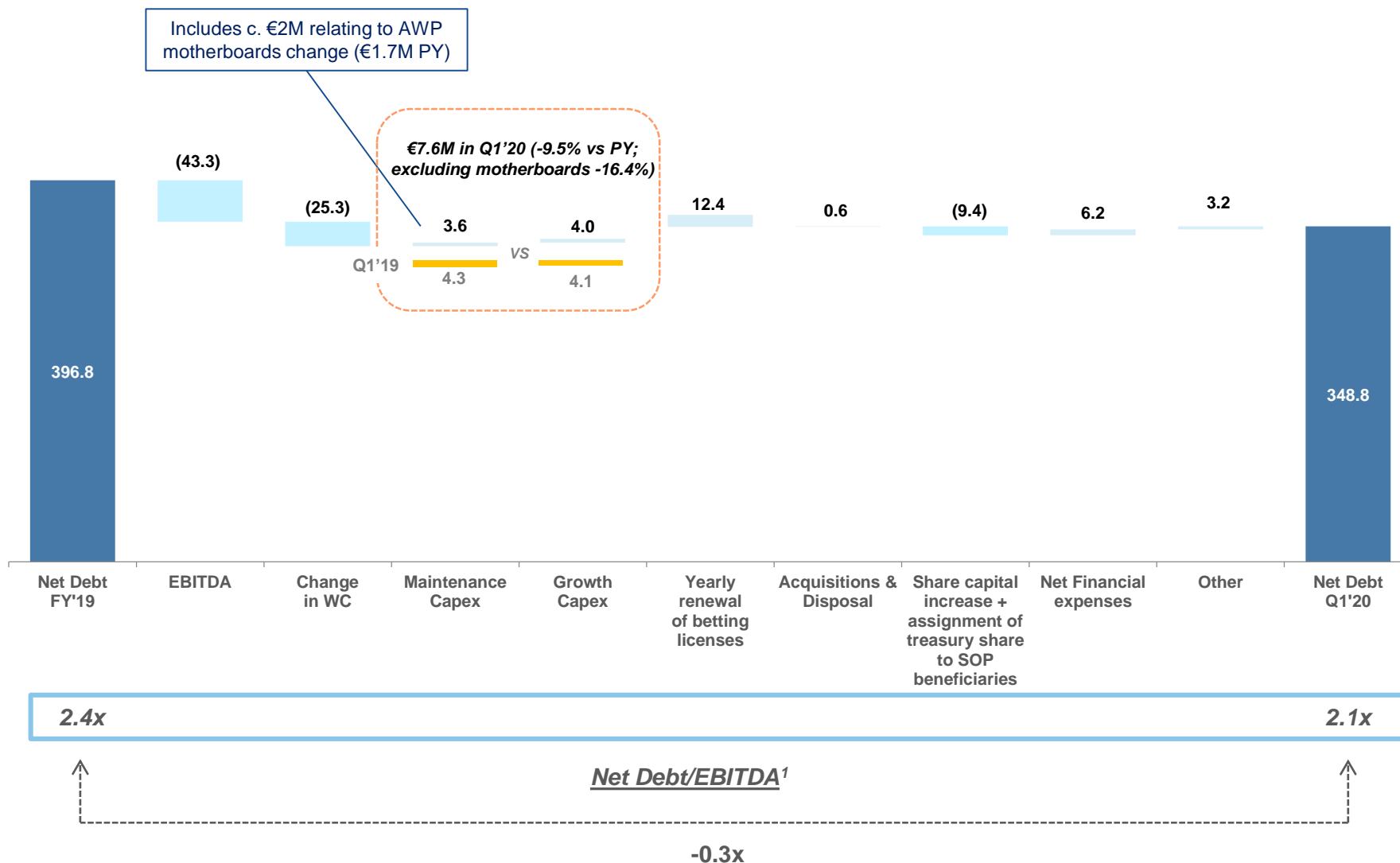
- Please refer to revenue evolution commented on the previous page

Online

- Please refer to revenue evolution commented on the previous page. Synergies growth also contributed to the increase in EBITDA

Debt and Leverage Profile

(€ Million)



Cash Flow

(€ Million)

	Q1'19	Q1'20
Total EBITDA	38.3	43.3
Other costs not included in EBITDA	(3.1)	(0.9)
Taxes	-	-
Delta NWC & Other Assets/ Liabilities	(12.6)	26.1
Cash flow from operating activities	22.6	68.4
Capex	(9.1)	(8.2)
Betting licenses renewal	-	(12.4)
Cash flow from investing activities	(9.1)	(20.6)
Financial income/expenses	(6.6)	(6.2)
Lease payment	(1.9)	(1.2)
Financial assets/liabilities (increase/(decrease))	(0.4)	40.6
Bank loans	(0.1)	40.0
Financial assets & liabilities	(0.3)	0.6
Cash flow from financing	(8.9)	33.2
FCFE	4.5	80.9
Dividends and treasury shares (purchase and assignment)	(0.6)	8.4
Net Cash Flow	3.9	89.3

Net Financial Position evolution

(€ Million)

	Q1'19	Q1'20
Financial Debt	517.7	531.7
Shareholders' loan	3.2	-
Bank loans	0.7	40.9 *
Other financial liabilities	69.2	62.4
Bond	440.4	424.4
Interests	4.2	4.0
Cash	(72.4)	(166.0) *
Other financial assets	(18.8)	(16.8)
Other current financial assets	(5.9)	(7.5)
Other non current assets	(4.7)	(1.2)
Non current financial assets	(8.2)	(8.1)
NFP	426.5	348.8

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P&L – Q1'20 vs. Q1'19 (As Reported)

(€ Million)

	Q1'19	Q1'20
Revenues	178.1	146.3
Other Income	0.9	0.9
Total Revenues and Other Income	179.0	147.2
Contribution Margin	56.6	56.1
EBITDA	38.3	43.3
D&A (excl. PPA GoldBet)	-16.8	-16.3
EBIT (excl. PPA GoldBet)	16.9	24.0
Financial Charges, Net	-7.4	-7.0
Income Before Tax (excl. PPA GoldBet)	9.5	17.0
Income tax expense (excl. PPA GoldBet)	-3.5	-1.9
Net Profit (Loss) for the period (excl. PPA GoldBet)	6.0	15.1
D&A related to PPA GoldBet	-5.2	-5.2
Taxes related to PPA GoldBet	1.5	1.5
Net Profit (Loss) for the period	2.3	11.4

2020 D&A figures include also -€0.5M related to Intralot's acquisition (-€1.8M for 2019)

KPIs by business line

Retail Betting			Online		
<i>(in € thousands, except non-financial information)</i>	Q1'19	Q1'20	<i>(in € thousands, except non-financial information)</i>	Q1'19	Q1'20
Bet	450,706	358,510	Bet	388,000	470,992
Revenues	55,852	55,543	Revenues	17,176	25,650
EBITDA	13,764	20,696	EBITDA	6,505	12,933
Number of licenses	1,732	1,732	Unique actives ('000)	150,443	168,050
Number of Active POS	1,636	1,609			
Average number of POS in ops	1,637	1,621			

AWPs/VLTs		
VLT	Q1'19	Q1'20
Number of licenses	8,570	8,570
Average number of VLT in ops	8,326	8,257
Average VLT PREU (as % of bet)	7.5%	8.5%
AWP	Q1'19	Q1'20
Number of licenses	30,025	29,853
Average number of AWP in ops	28,360	26,893
Average AWP PREU (as % of bet)	21.1%	24.0%
R&SO	Q1'19	Q1'20
Number of gaming halls EoP	71	64
Average number of VLT	1,482	1,521
Average number of AWP	4,706	4,022