

PRESS RELEASE

Information regarding the recent restrictions implemented in Italy following the new wave of COVID-19 pandemic, the associated support measures provided to the gaming industry & recent performance of the business

Rome, November 11, 2020 - Gamma Bidco S.p.A. (the “**Company**”, and together with its subsidiaries, the “**Gamma Group**”) provides an update on the recent restrictions (and associated support measures) introduced in Italy following the new wave of COVID-19 pandemic and an update on the recent performance of its business.

Recent Restrictions

The Italian Government on October 24, 2020 enacted a Prime Minister’s Decree (*Decreto del Presidente del Consiglio dei Ministri*, the “**DPCM**”), containing urgent measures regarding the containment and management of the new wave of COVID-19 pandemic, applicable on the whole national territory. The main measures included:

- The shutdown of theaters, cinemas, museums, gaming halls, sports betting shops, bingo halls, nightclubs, and ski resorts. Banning of exhibitions, conferences, and congresses.
- Restrictions in the opening hours of bars and restaurants, which were allowed to operate between 5am and 6pm

On November 3, 2020 the Italian Government adopted an additional DPCM, introducing further restrictions and assigning 3 different levels of risks to the various regions of Italy as follows:

- A *yellow* zone of moderate risk, which introduces a national curfew between 10pm and 5am, distance learning for high schools and above, shutdown of any gaming activity also in bars and tobacconists (still open after the DPCM dated October 24), maximum capacity of up to 50% in public transportation.
- An *orange* zone of high risk, which includes all of the restrictions of the yellow zone with the addition of blocking all travel between regions and cities, allowing restaurants and bars to deliver only until 10pm.
- A *red* zone of highest risk, which includes all of the restrictions of the orange zone with the addition of blocking all movements at any time if not supported by specific reasons (including working activities), shutdown of all non-essential commercial activities and distance learning from 7th grade and up.

Implications on the Gaming Industry

As a consequence of such restrictions, all gaming machines business and retail sports betting activities have been shutdown from November 6 until December 3, 2020. The Online channel is fully operational with sport competitions in Italy and globally running regularly. As a reminder, during the “first wave” lockdown, which for the gaming industry meant the 3-month period between the beginning of March and mid-June, most sport events had been shutdown as well.

Support to the Gaming Industry

Immediately after the introduction of the DPCM dated October 24, 2020, the Italian Government approved the so-called “*Decreto Ristori*” on October 28, 2020, worth over €5 billion, in order to mitigate the economic impact of COVID-19. Measures included, amongst others:

- two times the non-repayable financial support received during the lockdown in April 2020 for gaming halls and sports betting shops.
- Extension of furlough agreements until January 2021.
- Extension to the months of October, November and December of the tax credit for the rents of the properties used for activities, equal to 60% of the monthly amount of the rent paid.

On November 9, 2020, the government approved an additional DPCM, “*Decreto Ristori-bis*”, worth €2.5 billion further extending financial support to all the businesses that have been shutdown following the restrictions introduced on November 3. In particular for the gaming industry, 100% non-repayable financial support of the amount received during the lockdown in April 2020 is now also granted to the managers (so called “gestori”) of the gaming machines business.

Performance

After a strong Q3 2020, Gamma Group took immediate action in response to the new wave of COVID-19 to ensure the health and wellbeing of employees and clients, preserve cash flow, while continuing to provide Online customers with full and further improved services.

Gamma Group entered the new lockdown:

- Coming from a very strong operational and financial performance: based on preliminary information, for the 4-month period ended October 31, 2020, Gamma Group’s EBITDA performance was +14% compared to the same period of last year. This result was driven by Gamma Group’s strong Online and Betting Retail performance.
- With a cash balance as of October 31, 2020, based on preliminary information, higher than June 30, 2020, which was further supported by €90 million of undrawn RCF (same as at June 30, 2020).

Online business momentum was also very strong, further accelerated by the limitations of retail activities. Based on preliminary information:

- July-October 2020 Online bet¹: about +31% (compared to the same period of last year);
- Online bet performance post the introduction of the new restrictive measures: week 43 (pre-introduction of the restrictive measures) +17% (compared to the same week of last year); week 44 (after the introduction of restrictive measures) +39% (compared to the same week of last year); week 45 posted a +86% (compared to the same week of last year).

The Online channel is also registering a strong performance in terms of customer base. Based on preliminary information, the unique active users (which refers to the number of customers who in the period have carried out, with one or more game accounts in their name, at least one bet on one or more Online products, not only sport) during the two weeks after the implementation of the new restrictive measures

¹ Online bet refers to the total amount of wagers collected from customers in our Online segment.

(October 26th – November 1st and November 2nd – 8th 2020) have increased >2x compared to the same number of weeks prior to the implementation of the same measures (October 12th -18th and October 19th - 25th 2020).

In addition to the above, Gamma Group has re-activated the Financial Mitigation Plan implemented during the “first wave” of COVID-19. As a reminder, Gamma Group had successfully reduced, for instance, April 2020 variable and fixed costs by approximately 90% and 48%, respectively, compared to 2019 average monthly variable and fixed costs.

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For further information:

Josef Mastragostino – Investor Relations

Gennaro Schettino – Press Office

+39 06.89865700

email j.mastragostino@gamenetgroup.it

+39 06.89865834

email g.schettino@gamenetgroup.it