

Lottomatica 9M 2023 Results Presentation

31 October 2023

LOTTOMatica



Highlights and Business Update

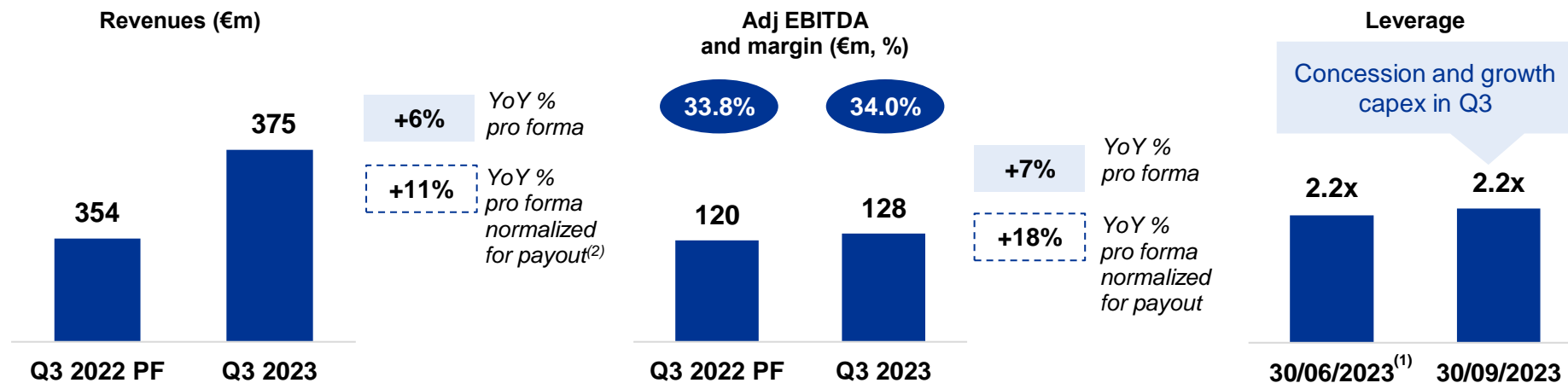
Guglielmo Angelozzi, CEO



Continued strong performance in Q3, with further strengthening of competitive position in Online. Guidance confirmed.

Guidance confirmed on the back of the strong results to date:

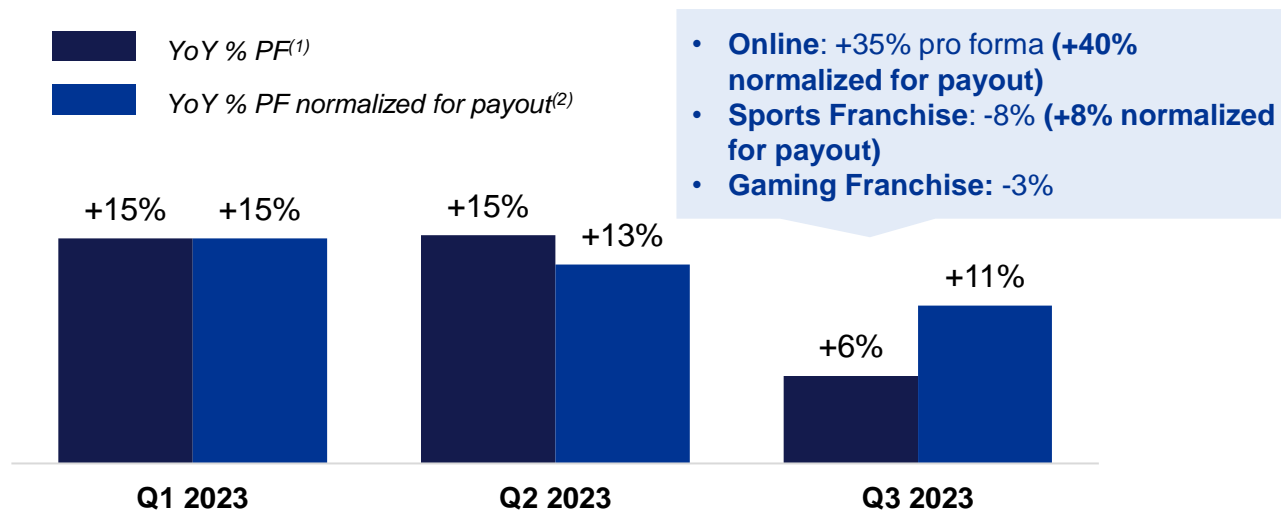
Revenues at €1,630-1,690m and Adjusted EBITDA at €570-590m



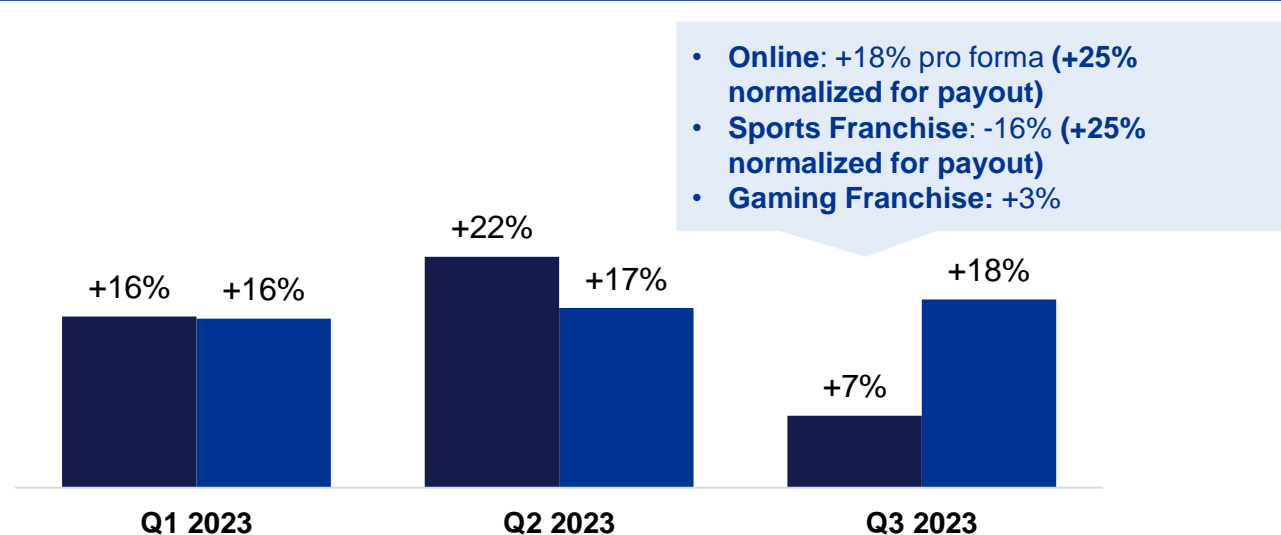
- Growth in Q3, normalized for payout, in line with Q1 and Q2
- Q3 Online market share increased across all product segments and brands:
 - 21.2% for the total Online (+3.8pp vs FY 22)
 - 20.4% in iSports (+3.1pp vs FY 22)
 - 21.7% in iGaming (+4.5pp vs FY 22)
- Additional growth initiatives progressing according to plan:
 - €14m of bolt-on M&A secured (vs €15-20m announced)

Q3 growth in line with previous quarters excluding the payout impact

Revenues YoY growth (%)



Adjusted EBITDA YoY growth (%)



Performance by segment in Q3:

Online – continued the strong double-digit growth driven by:

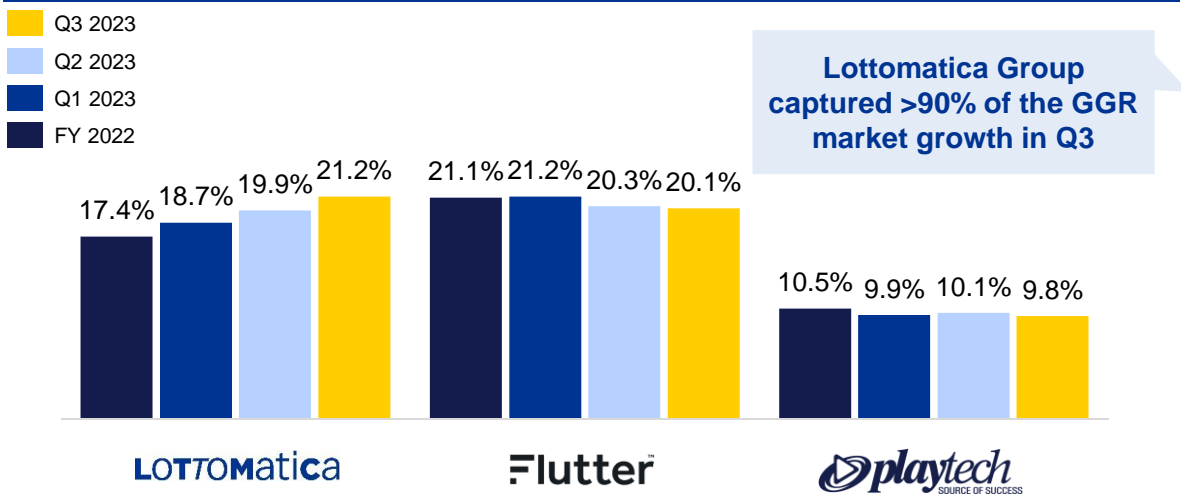
- increase in market share in all segments and all brands
- continuous improvements in product offering and technology

Sports Franchise – results impacted by higher payout in September, a schedule with fewer events than the previous year in August, and the temporary impact of the implementation of “Project POS”⁽³⁾

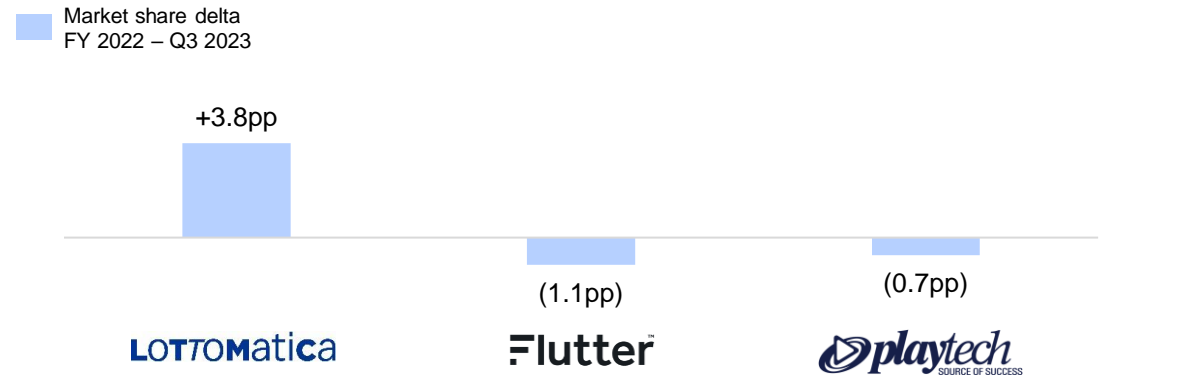
Gaming Franchise – softness in the summer period

Online - The gap with competition is consistently widening for the whole portfolio and for each brand

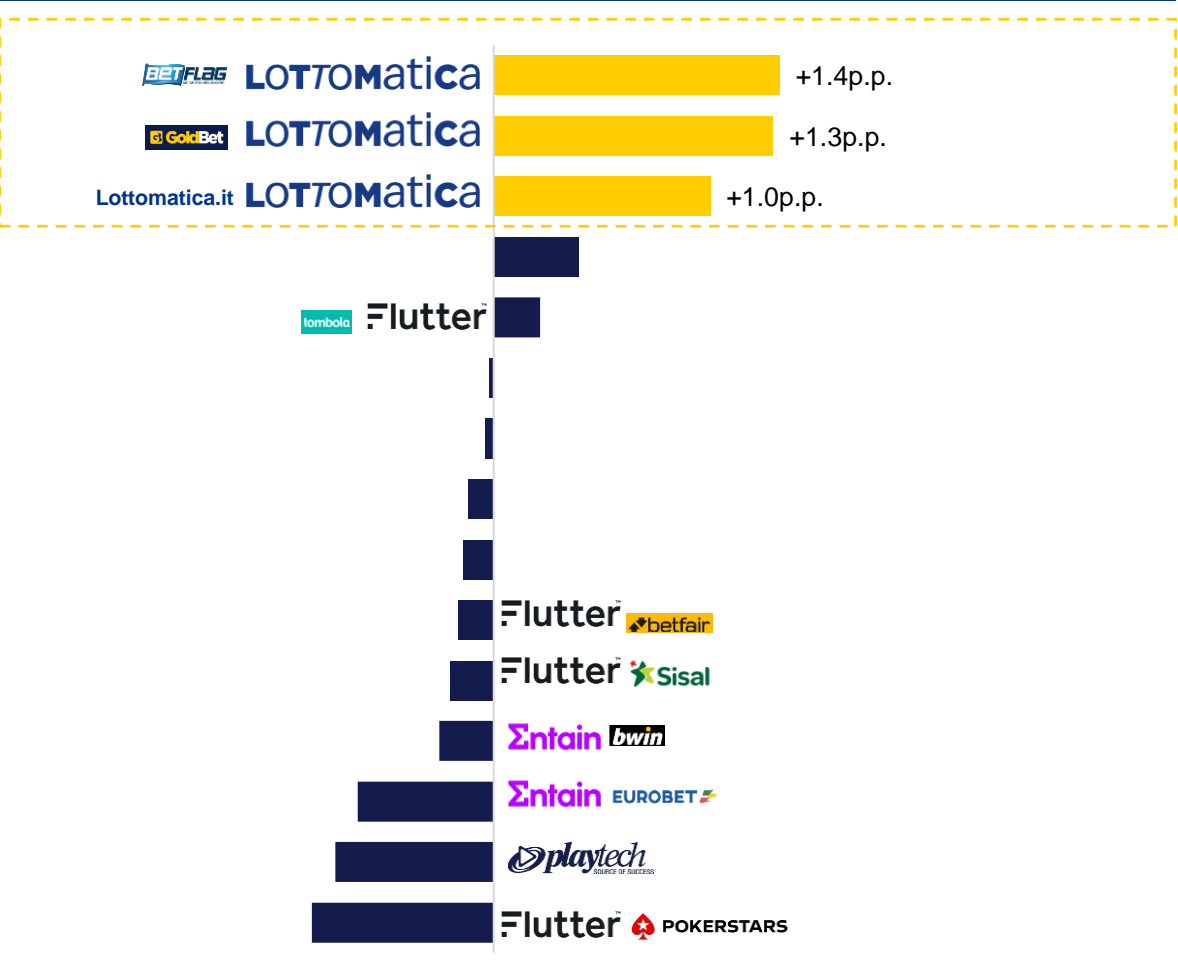
GGR market share – Total Online⁽¹⁾



Lottomatica Group captured >90% of the GGR market growth in Q3

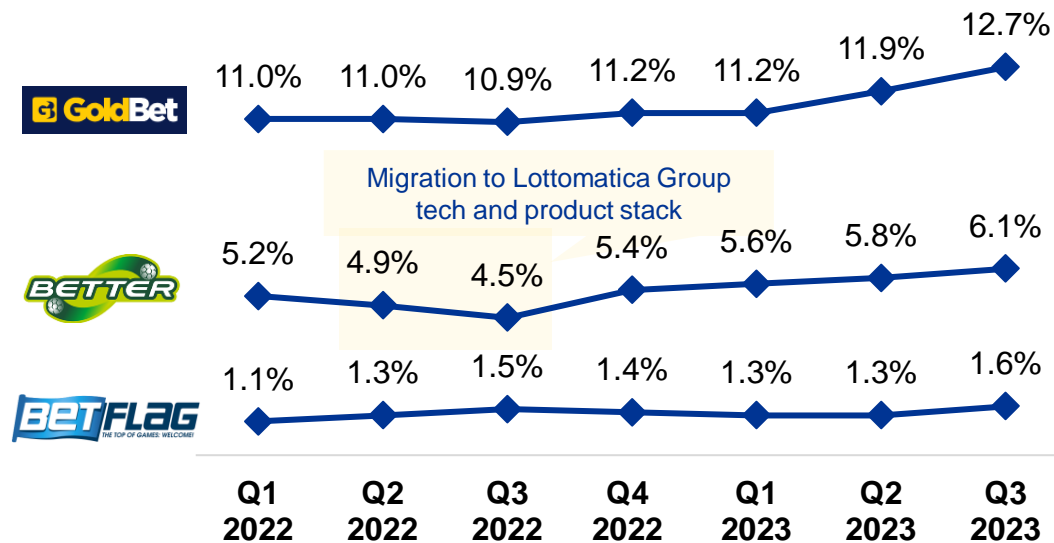


Delta in Total Online market share by brand (Q3 2023 vs FY 2022)⁽¹⁾

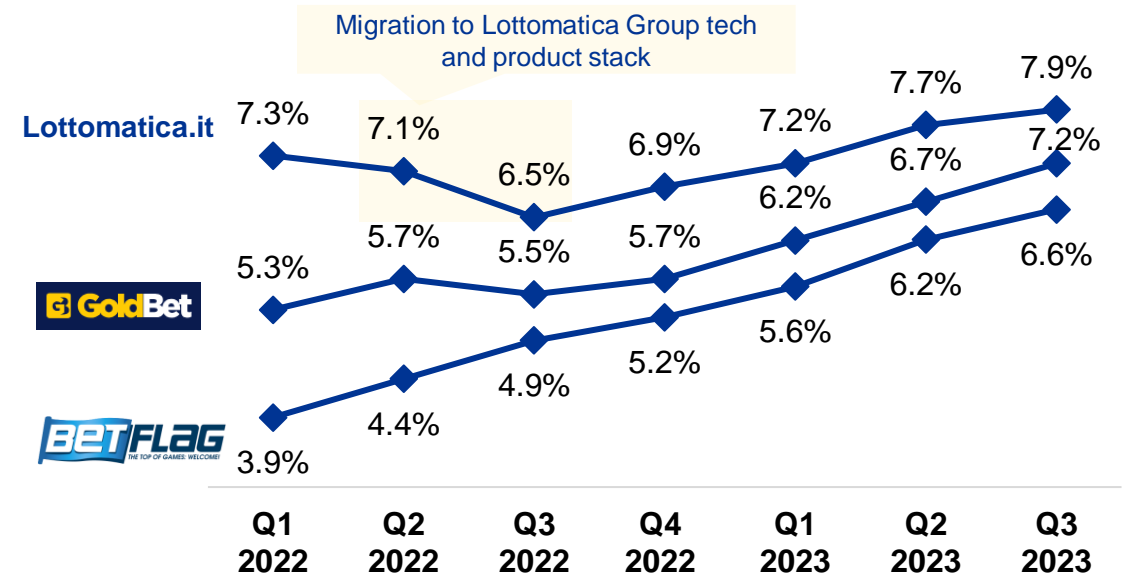


Online - Competitive position is strengthening consistently each quarter and across products and brands

GGR market share – iSports⁽¹⁾



GGR market share - iGaming⁽²⁾

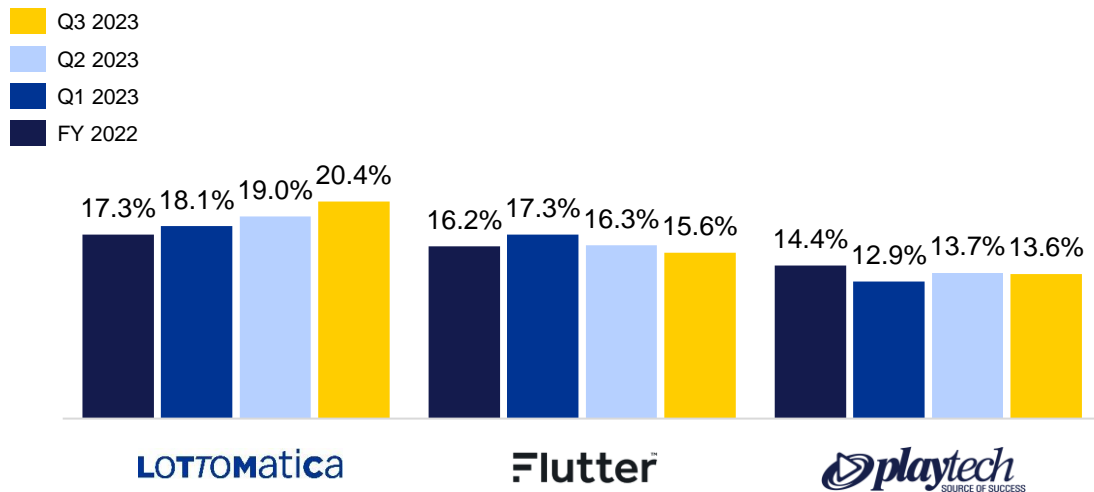


- Both Goldbet and Better continued to gain market share in Q3 accelerating sequentially in September reaching the brands record
- Betflag increased its market share to 1.6% in Q3 (vs. 1.3% in both Q1 and Q2 2023)

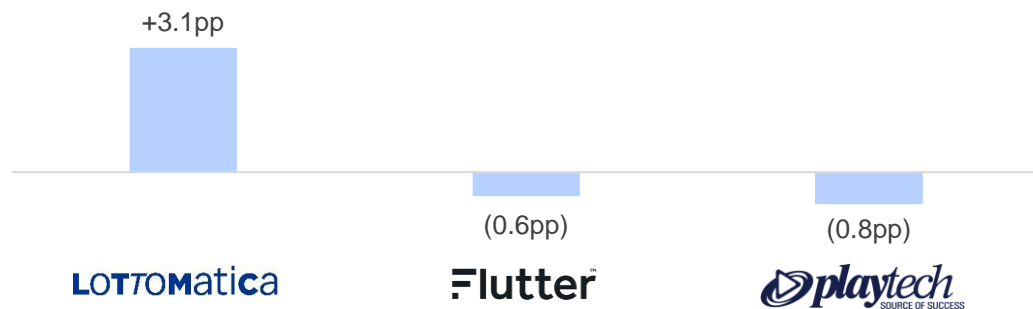
- All brands continued to increase their market share in Q3 recording their highest level for each Lottomatica.it, Goldbet and Betflag

Best performing operator with best performing brands, both for iSports and ...

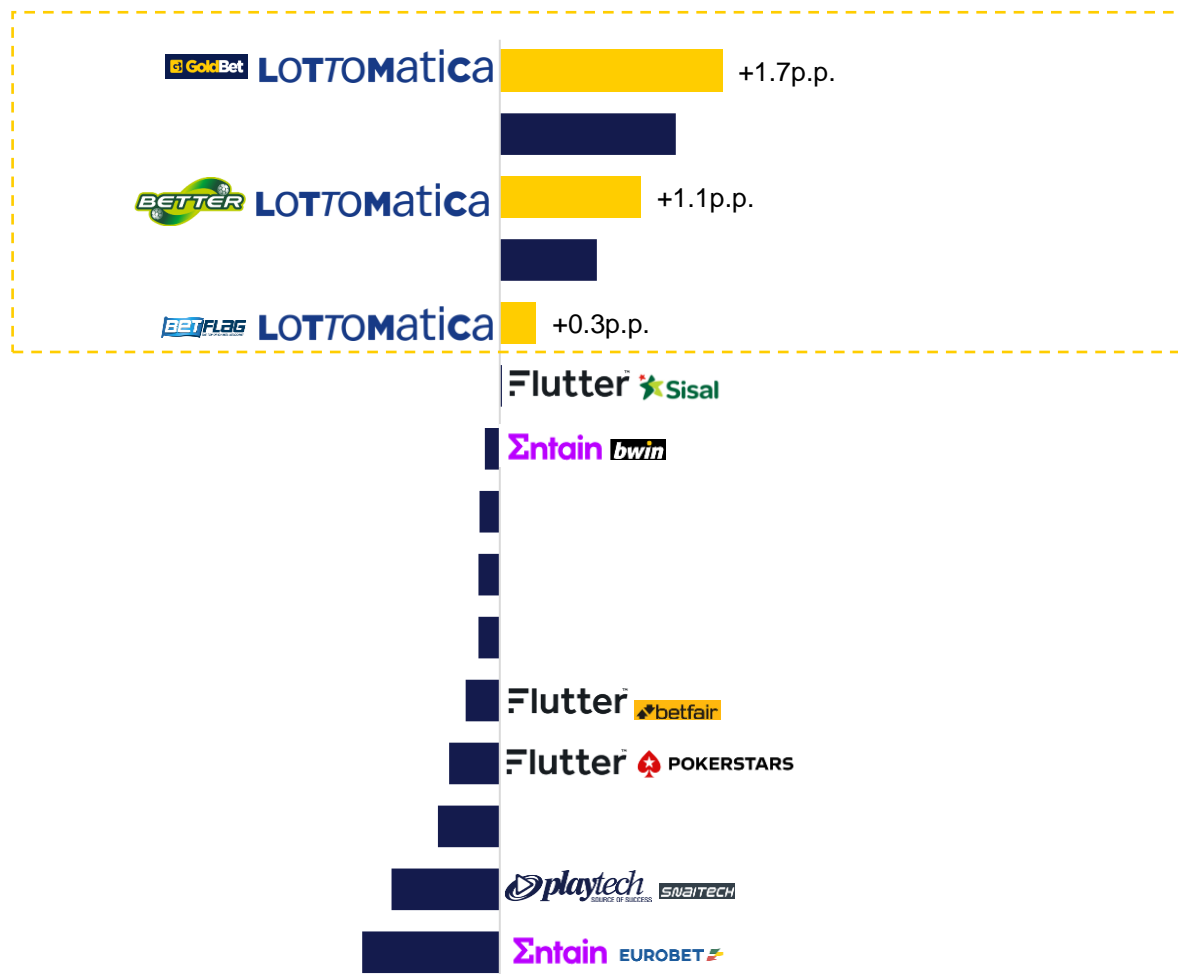
GGR market share – iSports⁽¹⁾



Market share delta
FY 2022 – Q3 2023



Delta in iSports market share by brand (Q3 2023 vs FY 2022)

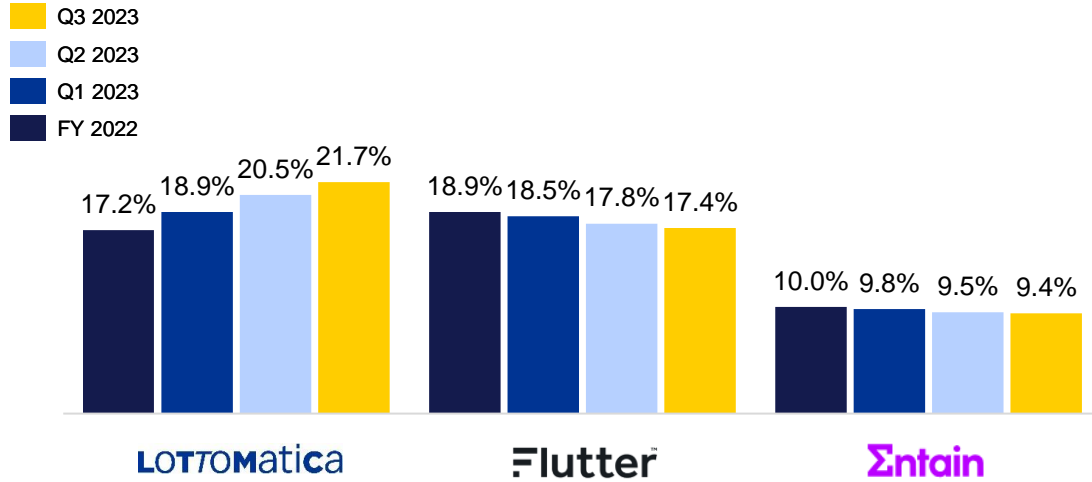


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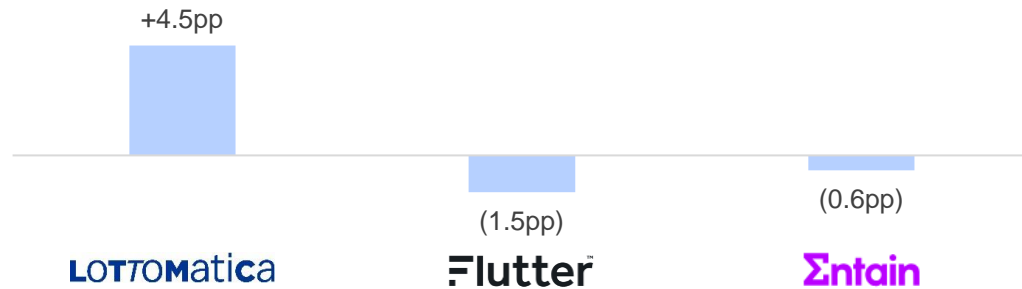
Source: ADM market data, based on GGR. Including all brands per each competitor.
Note: (1) iSports includes online sports betting, virtual betting and horses.

... for iGaming

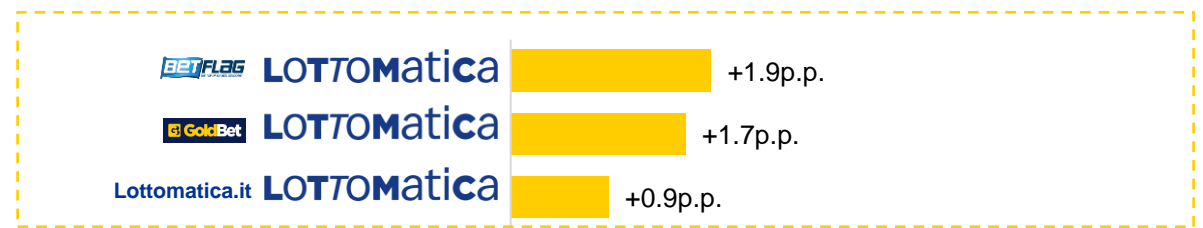
GGR market share – iGaming⁽¹⁾



Market share delta
FY 2022 – Q3 2023



Delta in iGaming market share by brand (Q3 2023 vs FY 2022)



Product and technology innovation are the key contributors to the strong business performance (along with our omnichannel model)

Expansion of product offering and features in Q3 2023 - Examples

- ✓ 500+ new casino games
- ✓ 5 new providers

- ✓ New exclusive Basket Players markets to increase offer on top leagues

- ✓ First to launch Instant Sepa bank transfer (real-time withdrawals directly to Bank Account)

- ✓ New Virtual betting horse product version with enhanced visual quality



- ✓ POS innovation: new "Pagatore" roll-out on high-end retail shops



- ✓ Launched of exclusive casino game with affiliate: "Penguin penalty game" in partnership with top affiliate to develop exclusive slot (through our internal studio GiocaOnline)



- ✓ Better/Lottomatica.it omnichannel keeps expanding, becoming a relevant part on GGR in Q3 2023

Commercial momentum in Q3 2023 (Records)

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iSports Group market share

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Total Online Group market share

GoldBet

iGaming Goldbet market share

LOTTOMATICA

iGaming Group market share

LOTTOMATICA

Other iGaming market share

BETFLAG

iGaming Betflag market share



Active players (September 23)

Confirmed guidance for FY 2023

Revenues

- Revenues of c. **€1,630-1,690m**

Adj. EBITDA

- Adjusted EBITDA of **€570-590m**
 - c. 50% of Adjusted EBITDA contributed by the Online segment

Cash flow

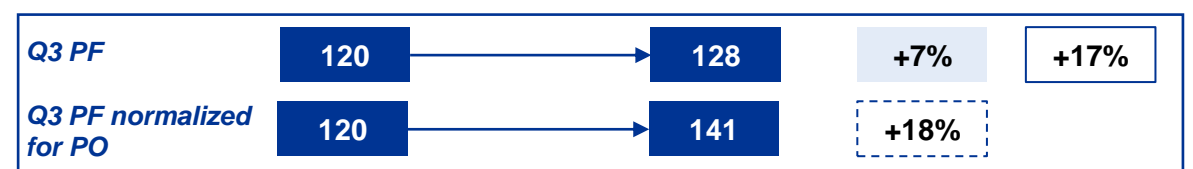
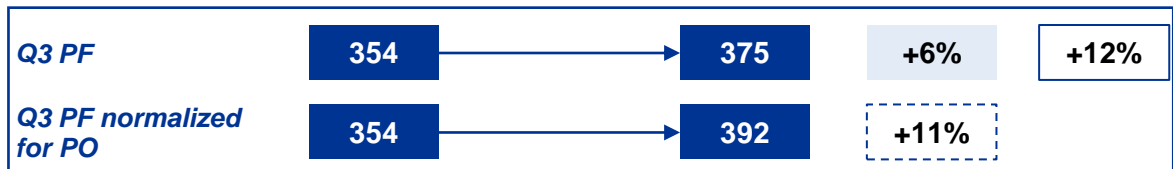
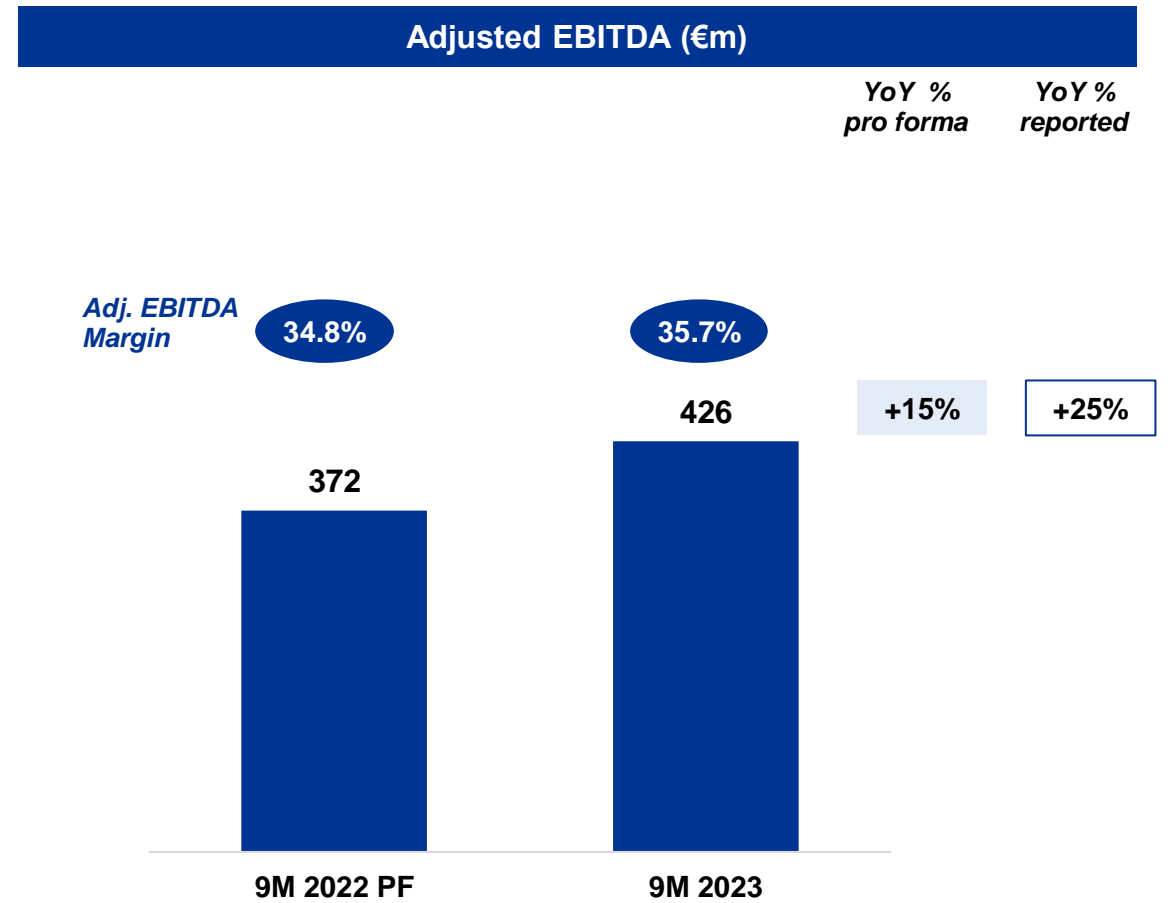
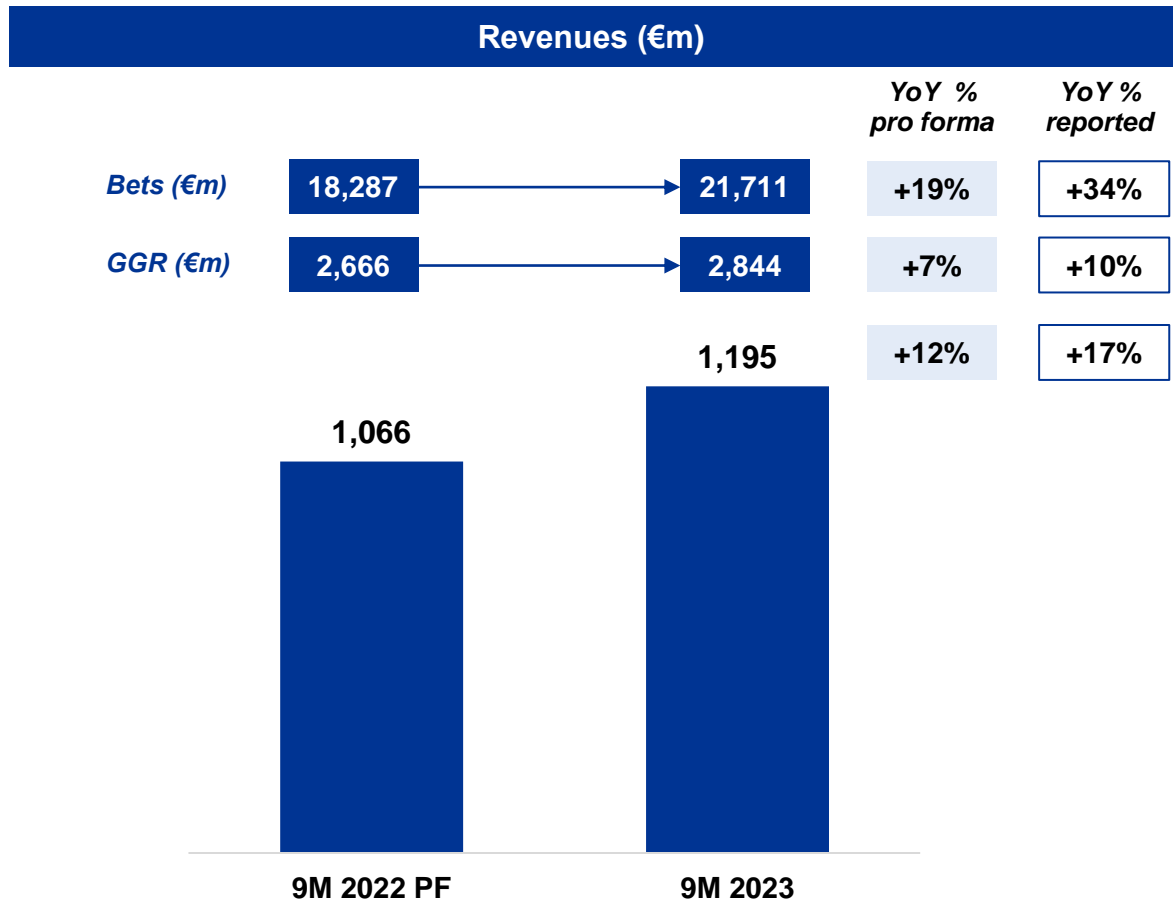
- Recurring capex: **c.€65m**
- Concession capex: **c.€45m**
- One-off growth capex (project POS): **c.€30m**
- Payable for deferred consideration: **c. €30-35m**

9M 2023 Financial Highlights

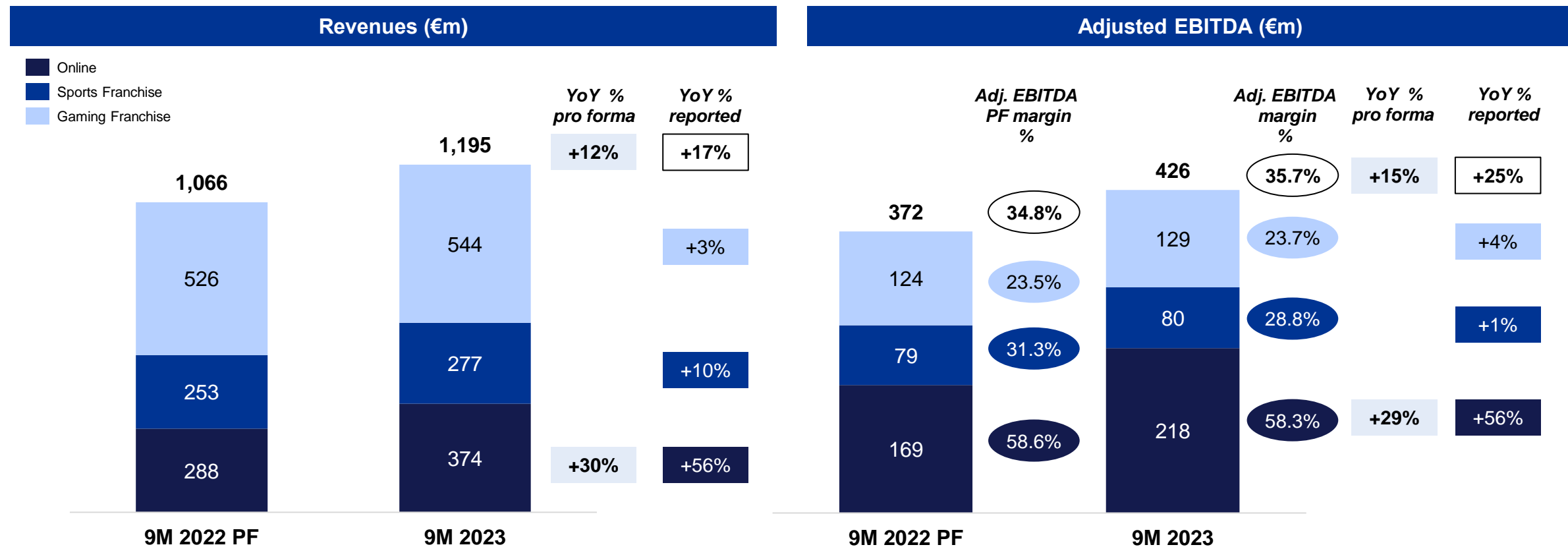
Laurence Van Lancker, CFO



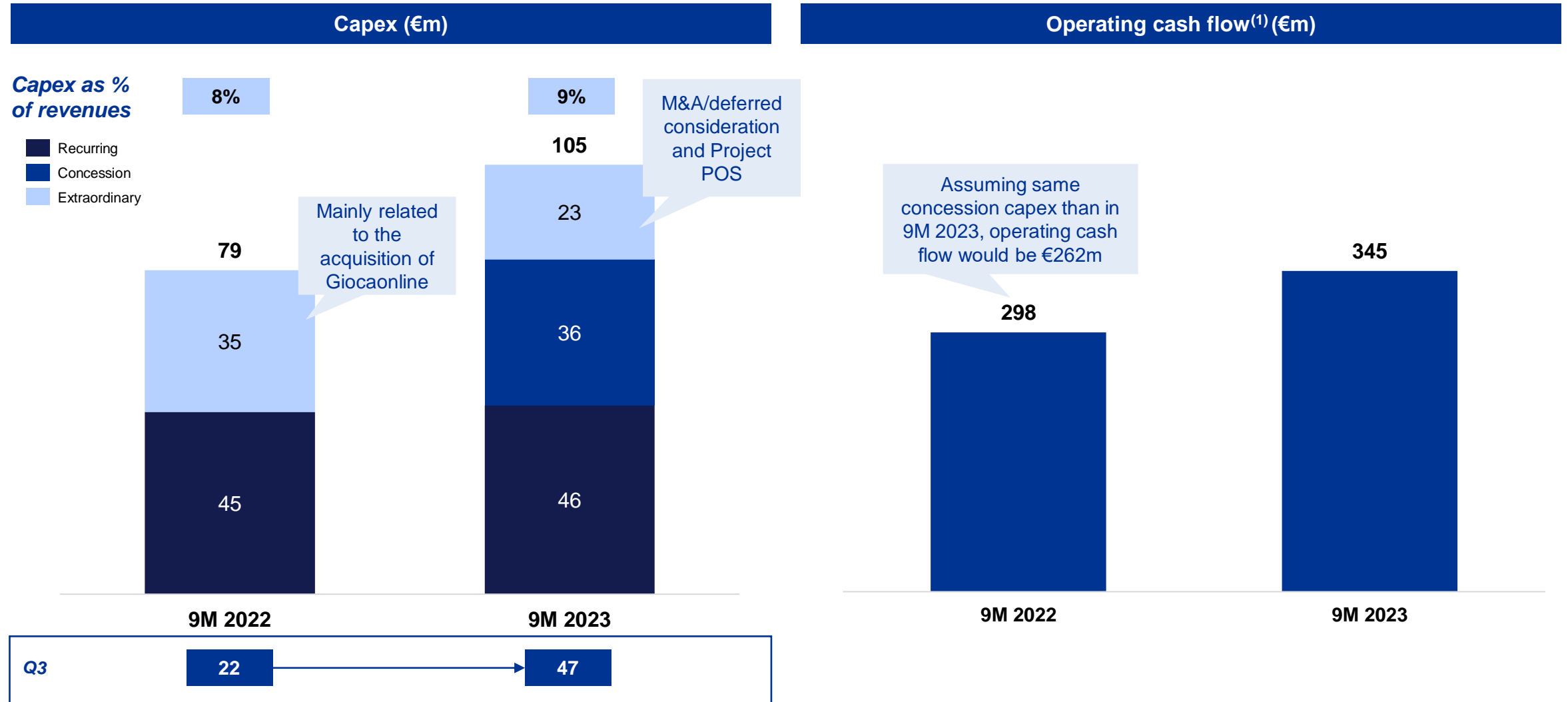
Solid double-digit growth in 9M 2023



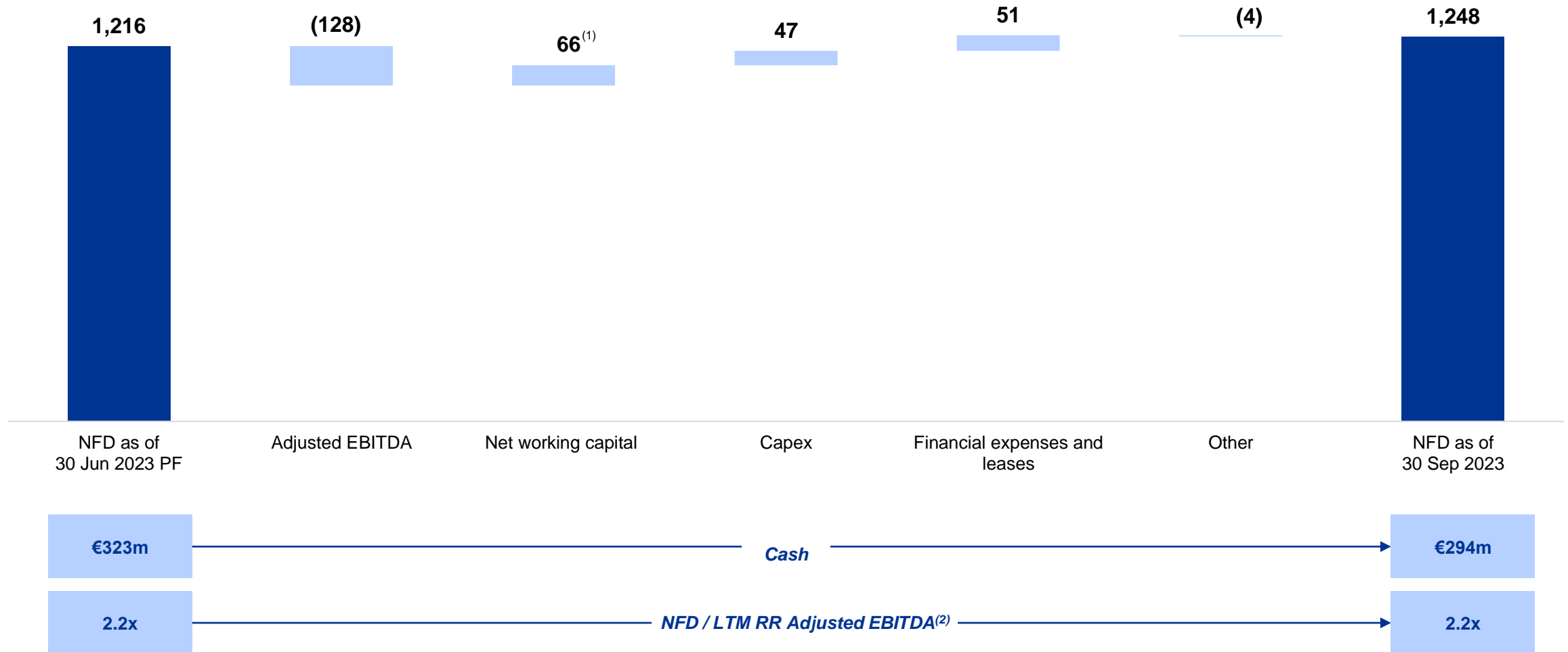
Financial highlights by segment

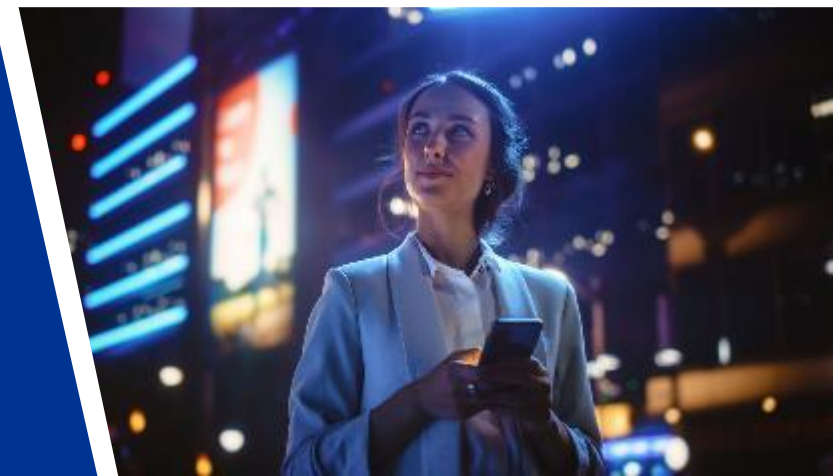


Operating cash flow



Net financial debt and leverage evolution Q3 2023





Bets, GGR, Revenues, Adjusted EBITDA and Margin details by Q

	Q1 2023	Q1 2022 PF	Q1 2022 rep	YoY PF	YoY rep	Q2 2023	Q2 2022 PF	Q2 2022 rep	YoY PF	YoY rep	Q3 2023	Q3 2022 PF	Q3 2022 rep	YoY PF	YoY rep	
Bets (€m)																
Online	3,723	2,799	2,191	+33%	+70%	3,860	2,764	2,066	+40%	+87%	3,950	2,838	2,046	+39%	+93%	
Sports Franchise	749	616	616	+22%	+22%	700	600	600	+17%	+17%	579	552	552	+5%	+5%	
Gaming Franchise	2,832	2,699	2,699	+5%	+5%	2,709	2,698	2,698	+0%	+0%	2,609	2,720	2,720	(4%)	(4%)	
Total	7,305	6,115	5,506	+19%	+33%	7,268	6,062	5,365	+20%	+35%	7,138	6,110	5,319	+17%	+34%	
GGR (€m)																
Online	214	161	137	+33%	+56%	205	147	120	+40%	+70%	208	156	125	+33%	+66%	
Sports Franchise	139	118	118	+18%	+18%	120	102	102	+17%	+17%	92	99	99	(7%)	(7%)	
Gaming Franchise	652	631	631	+3%	+3%	624	625	625	(0%)	(0%)	591	627	627	(6%)	(6%)	
Total	1,005	910	886	+10%	+13%	948	874	848	+8%	+12%	891	881	851	+1%	+5%	
Revenues (€k)																
Online	124,173	103,348	88,618	+20%	+40%	122,770	90,578	74,906	+36%	+64%	127,035	94,259	75,990	+35%	+67%	
Sports Franchise	110,418	93,225	93,225	+18%	+18%	94,472	80,880	80,880	+17%	+17%	72,557	78,494	78,494	(8%)	(8%)	
Gaming Franchise	187,671	170,489	170,489	+10%	+10%	180,569	173,738	173,738	+4%	+4%	175,278	181,464	181,464	(3%)	(3%)	
Total	422,262	367,062	352,332	+15%	+20%	397,811	345,196	329,524	+15%	+21%	374,870	354,217	335,948	+6%	+12%	
Adjusted EBITDA (€k)																
Online	77,753	59,528	50,444	+31%	+54%	71,269	50,678	41,246	+41%	+73%	68,833	58,562	47,858	+18%	+44%	
Sports Franchise	32,877	32,310	32,310	+2%	+2%	29,101	25,464	25,464	+14%	+14%	17,961	21,395	21,395	(16%)	(16%)	
Gaming Franchise	45,139	42,465	42,465	+6%	+6%	42,646	41,519	41,519	+3%	+3%	40,802	39,628	39,628	+3%	+3%	
Total	155,769	134,303	125,219	+16%	+24%	143,016	117,661	108,229	+22%	+32%	127,596	119,585	108,881	+7%	+17%	
Adj. EBITDA Margin (%)																
Online	62.6%	57.6%	56.9%			58.1%	56.0%	55.1%			54.2%	62.1%	63.0%			
Sports Franchise	29.8%	34.7%	34.7%			30.8%	31.5%	31.5%			24.8%	27.3%	27.3%			
Gaming Franchise	24.1%	24.9%	24.9%			23.6%	23.9%	23.9%			23.3%	21.8%	21.8%			
Total	36.9%	36.6%	35.5%			36.0%	34.1%	32.8%			34.0%	33.8%	32.4%			

Bets, GGR, Revenues, Adjusted EBITDA and Margin details YTD

	Q1 2023	Q1 2022 PF	Q1 2022 rep	YoY PF	YoY rep	H1 2023	H1 2022 PF	H1 2022 rep	YoY PF	YoY rep	9M 2023	9M 2022 PF	9M 2022 rep	YoY PF	YoY rep	
Bets (€m)																
Online	3,723	2,799	2,191	+33%	+70%	7,583	5,563	4,257	+36%	+78%	11,533	8,400	6,303	+37%	+83%	
Sports Franchise	749	616	616	+22%	+22%	1,449	1,216	1,216	+19%	+19%	2,029	1,769	1,769	+15%	+15%	
Gaming Franchise	2,832	2,699	2,699	+5%	+5%	5,541	5,398	5,398	+3%	+3%	8,149	8,118	8,118	+0%	+0%	
Total	7,305	6,115	5,506	+19%	+33%	14,573	12,177	10,871	+20%	+34%	21,711	18,287	16,190	+19%	+34%	
GGR (€m)																
Online	214	161	137	+33%	+56%	419	308	257	+36%	+63%	627	464	382	+35%	+64%	
Sports Franchise	139	118	118	+18%	+18%	259	220	220	+18%	+18%	351	319	319	+10%	+10%	
Gaming Franchise	652	631	631	+3%	+3%	1,276	1,257	1,257	+2%	+2%	1,867	1,883	1,883	(1%)	(1%)	
Total	1,005	910	886	+10%	+13%	1,953	1,784	1,733	+9%	+13%	2,844	2,666	2,584	+7%	+10%	
Revenues (€k)																
Online	124,173	103,348	88,618	+20%	+40%	246,943	193,926	163,524	+27%	+51%	373,978	288,185	239,514	+30%	+56%	
Sports Franchise	110,418	93,225	93,225	+18%	+18%	204,890	174,105	174,105	+18%	+18%	277,447	252,599	252,599	+10%	+10%	
Gaming Franchise	187,671	170,489	170,489	+10%	+10%	368,240	344,227	344,227	+7%	+7%	543,518	525,691	525,691	+3%	+3%	
Total	422,262	367,062	352,332	+15%	+20%	820,073	712,258	681,856	+15%	+20%	1,194,943	1,066,475	1,017,804	+12%	+17%	
Adjusted EBITDA (€k)																
Online	77,753	59,528	50,444	+31%	+54%	149,022	110,206	91,690	+35%	+63%	217,855	168,768	139,548	+29%	+56%	
Sports Franchise	32,877	32,310	32,310	+2%	+2%	61,978	57,774	57,774	+7%	+7%	79,939	79,169	79,169	+1%	+1%	
Gaming Franchise	45,139	42,465	42,465	+6%	+6%	87,785	83,984	83,984	+5%	+5%	128,587	123,612	123,612	+4%	+4%	
Total	155,769	134,303	125,219	+16%	+24%	298,785	251,964	233,448	+19%	+28%	426,381	371,549	342,329	+15%	+25%	
Adj. EBITDA Margin (%)																
Online	62.6%	57.6%	56.9%			60.3%	56.8%	56.1%			58.3%	58.6%	58.3%			
Sports Franchise	29.8%	34.7%	34.7%			30.2%	33.2%	33.2%			28.8%	31.3%	31.3%			
Gaming Franchise	24.1%	24.9%	24.9%			23.8%	24.4%	24.4%			23.7%	23.5%	23.5%			
Total	36.9%	36.6%	35.5%			36.4%	35.4%	34.2%			35.7%	34.8%	33.6%			

Income statement

P&L (€m)	9M 2023	9M 2022 rep	FY 2022
Revenues	1,195	1,018	1,395
Adjusted EBITDA	426	342	460
D&A (exc. PPA)	(85)	(73)	(98)
Adjusted EBIT	341	270	362
Financial Charges, Net (excl. Extraordinary costs and other non monetary items)	(98)	(78)	(113)
Share of profit / (loss) of equity accounted investments	(1)	(0)	(1)
Income tax expense (excl. PPA, extraordinary costs and other non-monetary items including in financial expenses)	(83)	(66)	(88)
Adjusted Net Profit for the period	160	126	161
Other costs not included in Adjusted EBITDA	(23)	(28)	(47)
IPO, Refinancing adjustments and other non-monetary items including in financial expenses	(49)	(9)	(11)
D&A related to PPA	(42)	(42)	(56)
Taxes related to above adjustments	30	23	33
Net Profit for the period	75	69	79

of which €10m
non-cash costs

Cash flow statement

Cash Flow (€m)	9M 2023	9M 2022 rep	FY 2022
Adjusted EBITDA	426	342	460
Extraordinary monetary costs not included in Adjusted EBITDA	(13)	(22)	(38)
Non monetary costs included in Adjusted EBITDA	2	6	3
Corporate taxes	(76)	(17)	(31)
Delta NWC and other assets / liabilities	(20)	25	17
Cash flow from operating activities (a)	319	334	412
Recurring capex	(46)	(45)	(60)
Concession capex	(36)	-	(10)
Extraordinary capex	(23)	(35)	(45)
Escrow account	-	(341)	-
Acquisition of Betflag/deferred consideration for IGT	-	(125)	(420)
Other	1	2	2
Cash flow from investing activities (b)	(103)	(544)	(533)
Financial income / expenses	(100)	(69)	(79)
Lease payments	(14)	(13)	(17)
Change in financial assets / liabilities	(37)	345	347
Cash flow from financing (c)	(152)	263	250
FCFE to Lottomatica Group (a+b+c)	64	53	129
Dividends, treasury shares and shareholders contribution	(5)	(3)	(19)
Net Cash flow	59	51	110

Net financial debt

Net financial debt (€m)	30.09.2023	30.06.2023 Pro forma	31.12.2022
Gross Financial Debt	1,542	1,539	1,883
EUR 550m FRNs due 2028	550	550	-
EUR 565m SSNs due 2028	565	565	-
EUR 350m SSNs due 2027	350	350	350
EUR 340m SSNs due 2025	-	-	340
EUR 575m SSNs due 2025	-	-	575
EUR 300m FRNs due 2025	-	-	300
BondCo loan	-	-	250
IFRS 16 (leasing)	77	74	68
Cash⁽¹⁾	(294)	(323)	(219)
Net Financial Debt	1,248	1,216	1,664

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The information in the Presentation may include statements that are, or may be deemed to be, forward-looking statements regarding future events and the future results of the Lottomatica Group that are based on current expectations, estimates, forecasts and projections about the industry in which the Lottomatica Group operates and the beliefs, assumptions and predictions about future events of the management of the Lottomatica Group. In particular, among other statements, certain statements with regard to management's objectives, trends in results of operations, margins, costs, return on equity, risk management are forward-looking in nature. Forward-looking information and forward-looking statements (collectively, the "forward-looking statements") are based on the Lottomatica Group's internal expectations, estimates, projections assumptions and beliefs as at the date of such statements or information including management's assessment of the Lottomatica Group's future financial performance, plans, capital expenditures, potential acquisitions and operations concerning, among other things, future operating results from targeted business and development plans and various components thereof or the Lottomatica Group's future economic performance. The projections, estimates and beliefs contained in such forward-looking statements necessarily involve known and unknown risks, assumptions, uncertainties and other factors which may cause the Lottomatica Group's actual performance and financial results in future periods to differ materially from any estimates or projections contained herein. When used in the Presentation, the words "expects," "believes," "anticipate," "plans," "may," "will," "should", "scheduled", "targeted", "estimated" and similar expressions, and the negatives thereof, whether used in connection with financial performance forecasts, expectation for development funding or otherwise, are intended to identify forward-looking statements. Such statements are not promises or guarantees, and are subject to risks and uncertainties that could cause actual outcomes to differ materially from those suggested by any such statements and the risk that the future benefits and operating activity by the Lottomatica Group may be adversely impacted. These forward-looking statements speak only as of the date of the Presentation and are subject to change without notice and do not purport to contain all information that may be required to evaluate the Lottomatica Group. In the view of the Lottomatica Group's management, the Presentation was prepared by management on a reasonable basis, reflects the best currently available estimates and judgements, and presents, to the best of management's knowledge and belief, the expected course of action and the expected future performance and results of the Lottomatica Group. However, such forward-looking statements are not fact and should not be relied upon as being necessarily indicative of future results. The Lottomatica Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions of the information, opinions or any forward-looking statement contained herein to reflect any change in its expectations with regard thereto or any change in events, conditions or circumstances on which any forward-looking statement is based except as required by applicable securities laws.

The Presentation contains non-International Financial Reporting Standards ("IFRS") and non-Italian GAAP industry benchmarks and terms, such as "EBITDA", "Adjusted EBITDA", "Run-rate Adjusted EBITDA", "Net Financial Debt" and "Operating Cash Flow".

The non-IFRS financial measures do not have any standardized meaning and therefore are unlikely to be comparable to similar measures presented by other companies. The Lottomatica Group uses the foregoing measures to help evaluate its performance. As an indicator of the Lottomatica Group's performance, these measures have limitations and should not be considered in isolation or as an alternative to, or more meaningful than, measures of performance as determined in accordance with IFRS and non-Italian GAAP. The Lottomatica Group believes these measures to be key measures as they demonstrate the Lottomatica Group's underlying ability to generate the cash necessary to fund operations and support activities related to its major assets. By reading or accessing the Presentation you acknowledge that you will be solely responsible for your own assessment of the market and the market position of the Lottomatica Group and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of the Lottomatica Group's business. Run-rate adjustments regarding synergy and cost savings estimates are based on a number of assumptions made in reliance on the information available and the Company's management's judgment, and they are inherently uncertain and subject to a wide variety of significant business, economic, and competitive risks and uncertainties.

Recipients should not construe the contents of the Presentation as legal, tax, regulatory, financial or accounting advice and are urged to consult with their own advisers in relation to such matters. Unless as otherwise stated herein, the Presentation speaks only as of September 30, 2023 and the information and opinions contained in the Presentation are subject to change without notice and do not purport to contain all information that may be required to evaluate the Lottomatica Group. The information included in the Presentation may be subject to updating, completion, revision and amendment and such information may change materially. No person is under any obligation to update or keep current the information contained in the Presentation and any opinions expressed relating thereto are subject to change without notice. To the fullest extent permissible by law, the Lottomatica Group disclaims all and any responsibility or liability, whether arising in tort, contract or otherwise, which it might otherwise have in respect of the Presentation.

The unaudited pro forma financial information has been prepared by management of Lottomatica Group. The unaudited pro forma financial information was not prepared with a view towards compliance with published guidelines of the SEC, the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of pro forma financial information, GAAP or IFRS. Our independent auditors have not audited, reviewed, compiled or performed any procedures with respect to such unaudited financial information for the purpose of its inclusion herein and accordingly, they have not expressed an opinion or provided any form of assurance with respect thereto for the purpose of the Presentation. Furthermore, the unaudited financial information does not take into account any circumstances or events occurring after the period it refers to. The unaudited pro forma is for information purposes only and does not purport to represent or to be indicative of the consolidated financial position of consolidated results of operations of the Lottomatica Group and is not, and should not be taken as, representative of the Lottomatica Group's future consolidated financial position or results of operations, nor does it purport to project the Lottomatica Group's financial position as to any future date or results of operations for any future period and should be not used for such purpose. The unaudited pro forma financial information is based on a number of assumptions that are subject to inherent uncertainties subject to change. In addition, although we believe the unaudited pro forma financial information to be reasonable, our actual results may vary and such variations could be material. As such, you should not place undue reliance on such unaudited financial information and it should not be regarded as an indication that it will be an accurate prediction of future events.