

LOTTOMATICA GROUP S.P.A.

CONTINUED STRONG PERFORMANCE IN Q3 2024, WITH ADJ. EBITDA UP +30% VS 2023. ONLINE MARKET SHARE AT AN ALL-TIME HIGH. TARGET SYNERGIES FOR SKS365 INCREASED. GUIDANCE¹ FOR 2024 CONFIRMED.

Rome (Italy), 30 October 2024 – The Board of Directors of Lottomatica Group S.p.A. approved the Condensed Consolidated Interim Financial Statements as of and for the nine months ended 30 September 2024.

9M 2024 Results summary²

- **Bets** of Euro 27.8 billion, +28% compared to 9M 2023
 - Online bets growth YoY of +48%
- **Revenues** of Euro 1,417.4 million, +19% compared to 9M 2023, **+23% at normalised payout**; Euro 485.6 million in Q3 2024, +30% compared to Q3 2023
 - **Online** of Euro 543.6 million, +45% compared to 9M 2023, **+52% at normalised payout**; in Q3 2024 Euro 205.3 million, +62% compared to Q3 2023
 - **Sports Franchise** of Euro 313.2 million, +13% compared to 9M 2023, **+25% at normalised payout**; in Q3 2024 Euro 99.6 million, +37% compared to Q3 2023
 - **Gaming Franchise** of Euro 560.6 million, +3% compared to 9M 2023; in Q3 2024 Euro 180.7 million, +3% compared to Q3 2023
- **Adjusted EBITDA³** of Euro 483.1 million, +13% compared to 9M 2023, **+25% at normalised payout**; in Q3 2024 Euro 165.8 million, +30% compared to Q3 2023, Euro 178.9 million and **+33% at normalised payout**
- **Operating cash flow⁴** of Euro 353.3 million
- **Adjusted Net Profit⁵** of Euro 160.6 million (Euro 55.3 million in Q3 2024, increase by Euro 16.8 million compared to Q3 2023)
- **Net financial debt** at Euro 1,900.9 million equivalent to 2.6x on LTM run rate Adjusted EBITDA⁶
- **SKS365 synergies target upgraded to €75m from €65m**: c.50% of total synergies already secured
- **Market shares increase, reaching an all-time high in Q3:**
 - **Total Online market share**: at 29.9% in Q3 (+1.7pp versus Q3 2023⁷)
 - **iSports market share**: at 31.5% in Q3 (+1.5pp versus Q3 2023⁷)
 - **iGaming market share**: at 29.7% in Q3 (+1.5pp versus Q3 2023⁷)
- **Guidance¹ for fiscal year 2024 confirmed**: Euro 2,030 – 2,080 million of Revenues, Euro 700 – 730 million of Adjusted EBITDA.

¹ Calculated assuming a normalised sports betting payout for Lottomatica (79.7% for betting retail and 86.4% for betting online) and SKS365 (80.2% for betting retail and 84.4% for betting online).

² Reported data, 2024 figures include SKS365 contribution from 1 May 2024.

³ Adjusted EBITDA is calculated as net profit for the period adjusted for: income tax expense; finance income and expenses; share of profit/(loss) of equity accounted investments; depreciation, amortization and impairments; costs related to M&A, international activities and IPO; integration costs (including expenses on corporate restructuring and redundancy); and other income and expenses that are not expected to occur in future periods. This applies to the entire document.

⁴ Operating cash flow is calculated as Adjusted EBITDA net of recurring capex and concession capex.

⁵ Adjusted Net Profit calculated as net profit for the period adjusted for: (i) amortization of higher value of assets resulting from business combinations following the purchase price allocation process; (ii) other non-recurring costs and income excluded from Adjusted EBITDA, (iii) financial income and expenses that, due to their nature, are not reasonably expected to recur in future periods, (iv) other non-monetary items including in financial expenses and (v) tax effects on such adjustments.

⁶ LTM run rate Adjusted EBITDA is calculated as the last twelve months ended 30 September 2024 of Adjusted EBITDA, proforma for the acquisition of SKS365, Rete Gioco Italia, Ricreativo B plus distribution insourcing operations and the run rate synergies related to the acquisition of SKS365 and Betflag.

⁷ Market share in Q3 2023 includes SKS365.

Guglielmo Angelozzi, Chief Executive Officer of Lottomatica Group, commented: “We are very pleased with the progress achieved so far this year. Our business has experienced double digit growth and in Q3 our online market share reached an all-time high across all verticals. The integration with SKS is advancing at a fast pace and we upgraded the level of synergies we expect to extract.”

Key consolidated results for 9M 2024

Please note that SKS365 has been consolidated in the reported numbers since 1 May 2024.

Bets by segment

(Euro million, %)	9M 2024	9M 2023	YoY %
Online	17,122	11,533	+48%
Sports Franchise	2,501	2,029	+23%
Gaming Franchise	8,167	8,149	+0%
Total Bets	27,789	21,711	28%

In the first nine months of 2024, Lottomatica collected bets for Euro 27.8 billion, +28% compared to the same period in 2023. The Online segment continued to outperform, with bets up +48% compared to the same period of 2023.

Revenues by segment

(Euro thousands, %)	9M 2024	9M 2023	YoY %	YoY @ PO normalised ¹ (%)
Online	543,628	373,978	+45%	+52%
Sports Franchise	313,240	277,447	+13%	+25%
Gaming Franchise	560,557	543,518	+3%	+3%
Revenues	1,417,425	1,194,943	19%	23%

Revenues amounted to Euro 1,417.4 million in the first nine months of 2024, compared to Euro 1,194.9 million in the same period of 2023, with an increase of +19%.

The Online segment revenues amounted to Euro 543.6 million in 9M 2024, +45% compared to the same period of 2023, with a strong double-digit performance driven also by the market share growth across all product segments and brands.

The Sports Franchise segment reported Euro 313.2 million in revenues in 9M 2024, +13% compared to the same period of the previous year.

The Gaming Franchise segment revenues reached Euro 560.6 million in 9M 2024, +3% compared to the same period of 2023.

Adjusted EBITDA and margin by segment

<i>(Euro thousands, %)</i>	9M 2024		9M 2023		YoY %	YoY @ PO normalised ¹ (%)
Online	284,611	52.4%	217,855	58.3%	+31%	+41%
Sports Franchise	68,261	21.8%	79,939	28.8%	(15%)	+19%
Gaming Franchise	130,225	23.2%	128,588	23.7%	+1%	+1%
Adjusted EBITDA	483,097	34.1%	426,382	35.7%	+13%	+25%

Adjusted EBITDA reached Euro 483.1 million in the first nine months of 2024, +13% compared to the same period of 2023. Adjusted EBITDA margin is equal to 34.1% on revenues, compared to 35.7% in the same period of 2023, driven by the consolidation of SKS365, which has lower margins, as well as the unfavourable payout.

Operating cash flow

<i>(Euro thousands)</i>	9M 2024	9M 2023
Adjusted EBITDA	483,097	426,382
Recurring capex	(66,599)	(46,073)
Concession capex	(63,174)	(35,582)
Operating cash flow	353,324	344,727

Operating cash flow in the nine months of 2024 was Euro 353.3 million, compared to Euro 344.7 million for the same period in 2023, mainly due to the lower concession payments in the nine months of 2023 related Gaming machines concessions extended for free following measures during Covid.

Net financial debt

<i>(Euro million)</i>	30 September 2024	31 December 2023
Gross Financial Debt	2,046.1	2,040.9
EUR 400m FRNs due 2031	400.0	-
EUR 500m SSNs due 2030	500.0	-
EUR 500m FRNs due 2030	500.0	500.0
EUR 550m FRNs due 2028	-	550.0
EUR 565m SSNs due 2028	565.0	565.0
EUR 350m SSNs due 2027	-	350.0
IFRS 16 (leases)	81.1	75.9
Escrow account⁸	-	(497.5)
Cash	(145.2)	(294.7)
Net Financial Debt	1,900.9	1,248.7
LTM Run rate Adjusted EBITDA ⁶	741.3	593.3
Net leverage	2.6x	2.1x

Net financial debt amounted to Euro 1,900.9 million as of 30 September 2024, equivalent to a net leverage of 2.6x on LTM run rate Adjusted EBITDA⁶.

Management will hold a conference call at 10:00 CET on 30 October 2024 to comment the consolidated results to the market. The event can be followed:

- **via phone: +39 02 802 09 11 or +44 121 281 80 04 or +1 718 705 87 96**
- **via [Webcast](#)**

The manager in charge of preparing the company's accounting documents, Laurence Lewis Van Lancker, declares, pursuant to par. 2 of Art. 154-bis of the Consolidated Finance Act, that the accounting information contained in this press release corresponds to the documented results, books and accounting records.

⁸ Includes the net proceeds from the issuance of the EUR 500 million FRNs due 2030 in relation to the SKS365 acquisition, released following the completion of the acquisition.

Consolidated statement of comprehensive income

<i>(Euro thousands)</i>	For the nine months ended 30 September	
	2024	2023 ⁹
Revenues	1,417,425	1,194,943
Other income	10,625	14,474
Total revenues and income	1,428,050	1,209,417
Cost of services	(855,249)	(704,299)
Personnel expenses	(98,358)	(72,879)
Other operating costs	(29,920)	(23,968)
Depreciation, amortization and impairments	(168,388)	(138,351)
Impairment of receivables and financial assets	(478)	(5,340)
Other (accruals)/releases	(848)	202
Finance income	8,353	25,968
Finance expenses	(174,797)	(172,362)
Share of loss of equity accounted investments	-	(704)
Profit before tax	108,365	117,684
Income tax expense	(51,375)	(50,378)
Net profit for the period	56,990	67,306
Net profit for the period attributable to non-controlling interests	4,504	6,356
Net profit for the period attributable to the owners of the parent	52,486	60,950

<i>(Euro thousands)</i>	For the nine months ended 30 September	
	2024	2023 ⁹
Net profit for the period	56,990	67,306
Actuarial gains on employee benefit liabilities	(81)	753
Fiscal effect on actuarial gains on employee benefit liabilities	19	(181)
Other items that will not be classified to profit or loss	(62)	572
Gains/(losses) on hedging derivatives	(3,317)	(23,502)
Fiscal effect on gains and (losses) on hedging derivatives	792	5,641
Gains/(losses) on conversion of financial statements of the foreign companies	-	(713)
Other items that will be classified to profit or loss	(2,525)	(18,574)
Total comprehensive profit	54,403	49,304
Total comprehensive profit attributable to non-controlling interests	4,504	6,356
Total comprehensive profit attributable to the owners of the parent	49,899	42,948

⁹ Consolidated Statement of Comprehensive Income figures for the nine months ended 30 September 2023 has been restated following the completion of the purchase price allocation relating to Betflag S.p.A. and Ricreativo B S.p.A..

Consolidated statement of financial position

<i>(Euro thousands)</i>	As of 30 September 2024	As of 31 December 2023¹⁰
Intangible assets	521,163	576,335
Goodwill	2,181,978	1,470,778
Property, plant and equipment	130,919	109,234
Right of use	74,778	69,555
Investment property	442	462
Non-current financial assets	2,481	614
Equity accounted investments	285	285
Non-current trade receivables	689	955
Deferred tax assets	12,109	-
Other non-current assets	25,902	14,349
Total non-current assets	2,950,746	2,242,567
Inventories	1,662	1,495
Current trade receivables	63,989	95,825
Current financial assets	32,442	530,475
Tax receivables	276	872
Other current assets	141,330	120,155
Cash and cash equivalents	145,217	294,682
Total current assets	384,916	1,043,504
Total assets	3,335,662	3,286,071
Share capital	10,000	10,000
Other reserves	405,959	471,384
Retained earnings	56,080	16,629
Total shareholders' equity attributable to the owners of the parent	472,039	498,013
Equity attributable to non-controlling interests	48,291	43,218
Total shareholders' equity	520,330	541,231
Employee benefit liabilities	26,049	22,016
Non-current financial liabilities	2,044,513	2,020,297
Provisions for risks and charges	5,711	4,891
Deferred tax liabilities	95,886	105,383
Other non-current liabilities	57,671	17,675
Total non-current liabilities	2,229,830	2,170,262
Current financial liabilities	115,920	165,793
Current trade payables	100,774	95,911
Tax payables	31,043	4,649
Other current liabilities	337,765	308,225
Total current liabilities	585,502	574,578
Total equity and liabilities	3,335,662	3,286,071

¹⁰ The figures in the Consolidated Statement as of 31 December 2023 have been restated following the definition of the purchase price allocation evaluation process of Ricreativo.B S.p.A..

Consolidated statement of cash flows

<i>(Euro thousands)</i>	For the nine months ended 30 September	
INDIRECT METHOD	2024	2023¹¹
Profit before tax	108,365	117,684
<i>Reconciliation of profit before tax with cash flow from operating activities:</i>		
Depreciation, Amortization and Impairment	168,388	138,351
Accruals and write-downs for impairment losses	1,326	5,138
Other accruals	2,359	3,401
Share of loss of equity accounted investments	-	704
Net financial expenses	163,263	143,733
Leasing financial expenses	3,181	2,661
Other adjustments for non-monetary items	5,879	3,563
Cash flow from operating activities before changes in net working capital	452,761	415,235
<i>Changes in net working capital</i>		
Decrease in inventories	203	2,279
Decrease in trade receivables	34,300	8,069
Decrease in trade payables	(11,384)	(18,037)
Other changes in net working capital	(36,929)	(11,249)
Cash flow from changes in net working capital	(13,810)	(18,938)
Income taxes paid	(34,017)	(76,364)
Accruals to employee benefits and provisions for risks and charges	(1,674)	(798)
Cash flow from operating activities (a)	403,260	319,135
<i>Cash flow from investing activities</i>		
Investments:	(150,417)	(93,215)
-intangible assets	(105,108)	(62,776)
-property, plant and equipment	(45,309)	(30,439)
Investments in associates	-	(181)
Escrow account	504,464	-
Net disposal in financial assets	-	1,602
Deferred purchase consideration for acquisition of subsidiaries/business units	(56,711)	(12,882)
Acquisitions net of cash and cash equivalents	(598,094)	1,271
Cash flow from investing activities (b)	(300,758)	(103,405)
<i>Cash flow from financing activities</i>		
Proceeds from bond issuance	900,000	1,109,500
Repayment of notes	(900,000)	(1,215,000)
Bridge Loan fees and make-whole costs	(32,693)	(26,439)
Fees of issuance of notes	(20,218)	(23,966)
Net financial expenses including RCF	(108,808)	(106,823)
Lease payment	(18,605)	(14,477)
Repayment of other bank liabilities	(2,105)	(524)
Changes in current and non-current financial assets	1,745	436
Proceeds from closing IRS	-	19,845
Repayment of Bondco loan	-	(296,795)
Transactions with minorities	(5,019)	(4,272)
Dividends paid	(66,264)	(971)
Capital increase	-	425,000
Transaction costs for capital increase	-	(22,463)
Cash flow from financing activities (c)	(251,967)	(156,949)
Net Cash flow (a+b+c)	(149,465)	58,781
Cash and cash equivalents at the beginning of the period	294,682	234,838
Cash and cash equivalents at the end of the period	145,217	293,619

¹¹ The figures for the nine months ended 30 September 2023 have been restated following the completion of the purchase price allocation relating to Betflag S.p.A. and Ricreativo B S.p.A..

Reconciliation of Non-GAAP Measures

Adjusted EBITDA

<i>(Euro thousands)</i>	9M 2024	9M 2023⁹	FY 2023¹²
Net profit for the period	56,990	67,306	73,862
Income tax expense	51,375	50,378	63,277
Net financial expenses	166,444	146,394	192,148
Share of loss of equity accounted investments	-	704	8,965
Depreciation, amortization and impairment	168,388	138,351	194,678
Cost related to M&A, international activities and IPO	6,692	7,596	19,762
Integration costs	15,550	10,116	12,534
Other non-recurring (income)/expenses (monetary)	9,740	(4,233)	2,896
Other non-recurring (income)/expense (non-monetary)	7,918	9,770	12,229
Adjusted EBITDA	483,097	426,382	580,351

Adjusted Net Profit

<i>(Euro thousands)</i>	9M 2024	9M 2023⁹	FY 2023¹²
Net profit for the period	56,990	67,306	73,862
Amortization of assets resulting from business combinations	43,885	53,143	71,241
Other non-recurring costs and income excluded from Adjusted EBITDA ¹³	39,900	23,249	56,386
Adjustments related to IPO, refinancing and SKS365 Acquisition	52,360	40,854	48,650
Of which:			
-Income from Interest rate swap	-	(19,845)	(19,845)
-Prepayment penalty on Bondco loan	-	16,473	16,473
-Bridge Facility	-	13,759	20,735
-Make-whole on notes repaid	26,443	12,680	12,680
-Effect of acceleration of the unamortized costs and net charge IRS on notes repaid and previous RCF	21,663	15,264	15,264
-Negative carry (net of accrued interest received from escrow account)	4,254	2,523	3,343
Other non-monetary items including in financial expenses	5,853	7,898	13,788
Tax effect (IRES + IRAP)	(38,369)	(32,875)	(48,043)
Adjusted Net Profit	160,619	159,575	215,884

¹² The figures for the year ended 31 December 2023 have been restated following the definition of the purchase price allocation evaluation process of Ricreativo.B S.p.A..

¹³ For the year ended 31 December 2023, the item includes the non-recurring impairment of equity accounted investments amounting to Euro 9.0 million.

Further information

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Disclaimer

This press release contains forward-looking statements, which are subject to known and unknown risks, uncertainties, and assumptions that are difficult to predict because they relate to events and depend on circumstances that will occur in the future. Many of these risks and uncertainties relate to factors that are beyond the company's ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behaviour of other market participants, the actions of regulators and other factors. Therefore, the Company actual results may differ materially and adversely from those expressed or implied in any forward-looking statements.

In particular, the Company believes the mid-term business plan estimates are no longer relevant following the SKS365 acquisition.

Factors that might cause or contribute to such differences include, but are not limited to, economic conditions globally, social, political, economic and regulatory developments or changes in economic or technological trends or conditions in Italy and internationally. Consequently, the Company makes no representation, whether expressed or implied, as to the conformity of the actual results with those projected in the forward-looking statements. Any forward-looking statements made by or on behalf of the Company speak only as of the date they are made. The Company does not undertake to update forward-looking statements to reflect any changes in the Company expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based. The reader should, however, consult any further disclosures the Company may make in documents it files with the Italian Securities and Exchange Commission and with the Italian Stock Exchange.

About Lottomatica Group S.p.A.

With approximately Euro 36 billion bets and Euro 1.9 billion of consolidated pro forma revenues in FY 2023, Lottomatica is the leader player in the Italian gaming market. It operates across three segments: Online, Sports Franchise and Gaming Franchise. Lottomatica offers safe and engaging gaming experiences across all channels. The Group counts on the expertise of approximately 2,600 direct employees and its large franchising network. As of 31 December 2023, pro forma, Lottomatica has a customer base of more than 1.7 million online customers and distributes its gaming products across approximately 18,300 points of sales.