

Interim Management Statement of Fortuna Entertainment Group N.V. for the period from January 1st, 2017 to May 10th, 2017

Fortuna accepted bets of EUR 302.2 million up 20.1% in the first quarter of 2017

AMSTERDAM/Warsaw/Prague – Fortuna Entertainment Group, the leading Central European fixed-odds betting and gaming operator, has announced its unaudited consolidated results for the first quarter of 2017.

The unaudited consolidated results of Fortuna Entertainment Group for the first quarter of 2017 confirmed growth in the amount of bets in all countries.

- **Total Amounts Staked in Q1 2017 increased by 20.1% to EUR 302.2 million**
- **Total Gross Win in Q1 2017 went up by 12.2% to EUR 42.7 million**
- **Online Sports Betting Gross Win in Q1 2017 increased by 18.5% to EUR 28.3 million**

The Group's Amounts Staked for the first quarter of 2017 was EUR 302.2 million, a robust 20.1% yoy growth. This increase was driven primarily by the double digit growth in Online betting while Retail grew low single digit. The Amount Staked on sports betting reached EUR 281.5 million in the first quarter of 2017, a 14.1% improvement on the first quarter of 2016. The Amount Staked from lottery betting in the first quarter of 2017 totalled EUR 3.9 million, a 20.0% yoy decrease. During the first quarter the Company recorded Amounts Staked in the online gaming segment in the amount of EUR 16.8 million. The gaming Amount Staked originated from the Czech Republic where the Company launched online casino as the first regulated operator at the end of February 2017.

In the first quarter of 2017, **the total Gross Win reached EUR 42.7 million, an increase of 12.2% compared to the first quarter of 2016.** The yoy growth in the first quarter was primarily driven by online betting which implies a lower Gross Win margin than in the retail betting while unfavourable sport results in February and March 2017 in particular further depressed the overall betting Gross Win margin. The recently launched online casino in Czech Republic contributed also to a higher overall Gross Win.

The Gross Win from sports betting was EUR 40.0 million, an 11.1% increase yoy. Of this figure, the Gross Win from online betting in the first quarter of 2017 increased to EUR 28.3 million, a substantial increase of 18.5% over the same period of 2016. The Gross Win from retail betting in the first quarter of 2017 amounted

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to EUR 11.7 million, a 3.6% decline yoy – primarily driven by a lower Gross Win margin in February and March 2017 in particular.

In the first quarter of 2017, **the Gross Win from the lottery business was EUR 1.7 million**, an 18.6% decline over the same period of last year. The Gross Win from gaming reached EUR 1.0 million in the first quarter of 2017.

In the first quarter of 2017, total EBITDA reached EUR 3.0 million, a 36.3% decrease over the same period of last year. Of this, the EBITDA from sports betting and gaming reached EUR 3.0 million and the EBITDA from lottery was a negative number of EUR 0.02 million, by 108.9% yoy less. The EBITDA decrease resulted mainly from the decline in Gross Win margin as discussed above and from the anticipated increase in operating costs of the Group related to data feed and live streaming, IT technologies, M&A advisory services for CEE expansion and marketing services including sponsoring.

“In the first quarter of 2017, the Company continued to deliver robust growth in Amounts Staked and we accepted total bets in the amount of EUR 302.2 million, which is 20.1% more than last year. The Amounts Staked grew double digits in all our key markets, primarily driven by the online betting growth and in particular mobile sports betting while retail grew low single digit. We also recorded in this quarter the first bets from the recently launched online casino in the Czech Republic of which we started as the first regulated operator at the end of February. Our operating profitability measured by EBITDA was impacted by lower margins due to unfavourable sports results across all markets and the planned increase of operating costs in connection with building operational excellence and CEE expansion,” said Per Widerström, CEO of Fortuna Entertainment Group.

Selected financial indicators – FEG total

(EUR million)	Q1 2017	% change
Amounts Staked	302.2	20.1%
- Sports & Gaming	298.3	20.9%
- Lottery	3.9	(20.0%)
Gross Win	42.7	12.2%
- Sports & Gaming	41.0	14.0%
- Lottery	1.7	(18.6%)
Revenues	26.0	5.4%
- Sports & Gaming	24.7	7.2%
- Lottery	1.3	(19.1%)
EBITDA	3.0	(36.3%)
- Sports & Gaming	3.0	(32.6%)
- Lottery	(0.02)	(108.9%)

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Country by Country Sports Betting

Sports Betting and Gaming – Czech Republic

Sports betting and gaming in the Czech Republic generated more than 50% of total Amounts Staked for the Company in the first quarter of 2017. **Total Amounts Staked from sports betting in the Czech Republic grew at a single digit rate compared with the first quarter of 2016.**

The first quarter 2017 Gross Win from sports betting in the Czech Republic increased double digit compared with the first quarter of 2016. The Gross Win growth was highly driven by online while retail sports betting went up just moderately in the first quarter of 2017.

Sports Betting – Slovakia

The contribution of Slovakia represented more than one third of the Group's Amounts Staked in the first quarter of 2017. **The total Amounts Staked in Slovakia in the first quarter of 2017 grew at a double digit rate, however slower than in the previous periods.**

The total Gross Win in Slovakia went up also double digit in the first quarter 2017, thanks to online segment. Gross Win from retail betting in the first quarter in Slovakia recorded zero change.

Sports Betting - Poland

The share of Poland on Group's Amounts Staked exceeded 10% in the first quarter of 2017. **The total Amounts Staked in Poland in the first quarter of 2017 grew at a strong double digit rate.**

The Gross Win from betting in Poland in the first quarter of 2017 grew at a single digit rate, due to rising Gross Win from online betting which exceeded a declining Gross Win from retail betting.

Lottery in the Czech Republic

In the first quarter of 2017, **the Amounts Staked from the Lottery reached EUR 3.9 million,** a 20.0% decline compared with the same period of last year. **The Gross Win from the lottery amounted to EUR 1.7 million, which is 18.6% less than in the first quarter of 2016.**

The EBITDA from the lottery was a negative amount of EUR 0.02 million, down 108.9% compared with the first quarter of 2016.

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Corporate Events in the Reported Period

In February 2017 Fortuna Entertainment Group N.V. has entered into an agreement under which Fortuna shall acquire 100% share in Hattrick Sports Group Ltd., Ireland. The closing of the transaction is expected to occur in the second quarter of 2017. The initial consideration to be paid by Fortuna for the acquisition of Hattrick Sports Group will be approximately EUR 85 million. As a further consideration, an earn-out mechanism has been agreed with the sellers which is based on future financial performance of Hattrick Sports Group and which may lead to payment of a maximum additional amount of EUR 50 million.

Subsequently, the Company announced its intention to acquire Romanian companies Bet Active Concept S.R.L., Bet Zone S.R.L., Public Slots S.R.L. and Slot Arena S.R.L. from Fortbet Holdings Limited, the majority shareholder of Fortuna and the subsidiary of Penta Investment Group. The consideration to be paid for the Acquisition is expected to be around EUR 47 million out of which approx. EUR 15 will be deferred for up to 48 months. In addition, Fortuna shall refinance around EUR 3 million of seller's loans. The purchase price was supported by an independent third party evaluation. The Acquisition will need to be approved by the shareholders of Fortuna.

In connection with the above mentioned acquisitions and their approval by the shareholders of the Company, Fortuna has convened the Extraordinary General Meeting of Shareholders ("EGM") on 26 April 2017 in Amsterdam where Hattrick Acquisition was approved.

On 13 April 2017, Fortuna Entertainment Group N.V. announced that one of its minority shareholders Franklin Templeton Investment Funds had commenced legal proceedings before the Enterprise Division of the Amsterdam Court of Appeal seeking among others, immediate injunctive relief with the effect of among others prohibiting the voting on the proposed approval for the proposed acquisition of Bet Active Concept S.R.L., Bet Zone S.R.L., Public Slots S.R.L. and Slot Arena S.R.L. at the extraordinary shareholders meeting on April 26th. On 24 April 2017, the court prohibited the EGM from voting on the approval of the transaction and announced the appointment of an independent supervisory director at the Company. The Supervisory Director will not become a member of the Company's supervisory board, but will have the exclusive authority to decide on the nature, size, content and timing of the information that the Company shall provide to its shareholders in relation to the transaction.

In March 2017, Fortuna announced its intention to sell its Czech lottery business operated via its subsidiary FORTUNA sázky a.s. based in Prague. The Company has been in discussion with potential buyers and has been assessing proposed terms and conditions of the transaction. Pending customary legal conditions, the transaction is expected to close in the second quarter of 2017.

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On 31 March 2017, the Management Board of Fortuna Entertainment Group N.V was informed by its majority shareholder Fortbet Holdings Limited that it had announced a tender offer for the sale of all outstanding shares issued by Fortuna.

Through the tender offer, Fortbet intends to acquire all the remaining shares in Fortuna representing 31.75% of the share capital with the view to become the Company's sole shareholder, delist the shares from trading on both the Prague Stock Exchange and the Warsaw Stock Exchange and enable all the minority shareholders to dispose their shares under equal terms. Further details of the tender offer including the subscription period and the price should be available to shareholders in the tender offer documentation.

2017 Outlook and Guidance Update (excluding M&A)

The Company confirms its guidance for 2017 and further expects:

In 2017, the Company expects that the organic growth will continue to be primarily driven by online betting, however shall be impacted by the absence of major football events in 2017. On the other side Fortuna will introduce new products, e.g. online gaming in the Czech Republic, and virtual games in Poland.

As a result, the Company anticipates that the total Amounts Staked could grow up to EUR 1,300 million and EBITDA in 2017 could increase in a range between 20% to 25% due the continuing investments in the operational excellence and building scalability. The investments into new enhanced sports betting & gaming platform, data warehouse and front-end system should further drive the CAPEX spending in 2017 that are expected to be between EUR 8 – 10 million.

There have been no material events, transactions or changes in the financial position of the Group other than as outlined in this statement. Furthermore, the Board of Directors is not aware of any material events, transactions or changes in the financial position of the Group which have occurred since January 1, 2017 up to and including May 10, 2017 – the date before the publication of this Interim Management Statement.

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