

Interim Management Statement of Fortuna Entertainment Group N.V. for the period from January 1st, 2016 to May 4th, 2016

Fortuna accepted bets of EUR 251.7 million up 26.3% in the first quarter of 2016

AMSTERDAM/Warsaw/Prague – Fortuna Entertainment Group, the leading Central European fixed-odds betting operator, has announced its unaudited consolidated results for the first quarter of 2016.

The unaudited consolidated results of Fortuna Entertainment Group for the first quarter of 2016 confirmed growth in the amount of bets in all countries.

- **Total Amounts Staked in Q1 2016 increased by 26.3% to EUR 251.7 million**
- **Total Gross Win in Q1 2016 up by 7.6% to EUR 38.1 million**
- **On-line Sports Betting Gross Win in Q1 2016 increased by 19.7% to EUR 23.8 million**

The Group's Amounts Staked for the first quarter of 2016 was EUR 251.7 million, a strong 26.3% y-o-y growth. This increase was driven primarily by the double-digit growth in on-line betting in all the countries where Fortuna operates while Retail grew low single digit. The Amount Staked on sports betting reached EUR 246.8 million in the first quarter of 2016, a 26.8% improvement on the first quarter of 2015. The Amount Staked on lottery betting in the first quarter of 2016 totalled EUR 4.9 million, a 3.6% y-o-y increase.

In the first quarter of 2016, **the total Gross Win reached EUR 38.1 million, an increase of 7.6% compared to the first quarter of 2015.** The Gross Win in the first quarter 2016 compared to the same period last year was impacted by the abolishment of the handling fee on on-line betting in Slovakia at the end of February 2015, which apart from the absence of the fee led to the accelerated migration from Retail to Online which implies further Gross Win margin pressure and the further decrease of Gross Win in retail in all markets.

The Gross Win from sports betting was EUR 35.9 million, a 7.8% increase y-o-y. Of this figure, the Gross Win from on-line betting in the first quarter of 2016 increased to EUR 23.8 million, a substantial increase of 19.7% over the same period of 2015. The Gross Win from retail betting in the first quarter of 2016 amounted to EUR 12.1million, a 9.8% decline y-o-y.

Contact:

Klára Klímová

Mobil: +420 724 255 715

E-mail:klara.klimova@fortunaeg.nl

In the first quarter of 2016, the **Gross Win from the lottery business was EUR 2.1 million**, a 3.8% growth over the same period of last year.

In the first quarter of 2016, total EBITDA reached EUR 4.6 million, a 37.1% decrease over the same period of last year. The total is drawn from a 37.8% decline in sports betting to EUR 4.4 million and the lottery EBITDA of EUR 225 thousand, down 18.7% over the last year. The EBITDA decrease resulted mainly from the higher betting tax rate in the Czech Republic which impacted both the sports betting and lottery, the abolishment of the on-line handling fee in Slovakia at the end of February 2015, unfavourable margin development especially in February and by the anticipated increase in operating costs of the Group.

“In the first quarter of 2016, the Company continued to deliver strong growth in Amounts Staked and we accepted total bets in the amount of EUR 251.7 million, which is 26.3% more than last year. The Amounts Staked grew double digits in all our key markets, primarily driven by the on-line betting growth and in particular mobile sports betting while retail grew low single digit. Our operating profitability measured by EBITDA was impacted by the increase in the betting tax rate in the Czech Republic, unfavourable margin development especially in February and by planned increase of operating costs to support future growth opportunities of the company,” said Per Widerstrom, CEO of Fortuna Entertainment Group.

Selected financial indicators – FEG total

(EUR million)	Q1 2016	% y-o-y
Amounts Staked	251.7	26.3%
- Sports betting	246.8	26.8%
- Lottery	4.9	3.6%
Gross Win	38.1	7.6%
- Sports betting	35.9	7.8%
- Lottery	2.1	3.8%
Revenues	24.6	(2.0%)
- Sports betting	22.9	(2.1%)
- Lottery	1.7	0.6%
EBITDA	4.6	(37.1%)
- Sports betting	4.4	(37.8%)
- Lottery	0.2	(18.7%)

Country by Country Sports Betting

Sports Betting – Czech Republic

Sports betting in the Czech Republic generated more than 50% of total Amounts Staked for the Company in the first quarter of 2016. **Total Amounts Staked in the**

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Czech Republic grew at a solid double-digit rate compared with the first quarter of 2015.

The first quarter 2016 Gross Win from sports betting in the Czech Republic was slightly higher than in the first quarter of 2015. The Gross Win growth was driven by online while retail sports betting declined double digit on a y-o-y basis.

Sports Betting – Slovakia

The contribution of Slovakia represented one third of the Group's Amounts Staked in the first quarter of 2016. **The total Amounts Staked in Slovakia grew more than 50% in the first quarter of 2016.**

Despite the strong growth in Amounts Staked, the total Gross Win in Slovakia went up moderately in the first quarter 2016, due to the abolishment of handling fee on on-line betting in February 2015 and the turnover taxation in Slovakia. The Gross Win in Slovakia grew in the on-line segment while the retail Gross Win declined.

Sports Betting - Poland

The share of Poland on Group's Amounts Staked exceeded 10% in the first quarter of 2016. **The total Amounts Staked in Poland in the first quarter of 2016 grew at a moderate double-digit rate.**

The Gross Win from betting in Poland in the first quarter of 2016 went up just moderately. The Gross Win in the retail segment declined, yet continued to represent the majority of the Gross Win in absolute terms.

Lottery Business in the Czech Republic

In the first quarter of 2016, **the Amounts Staked from the Fortuna Lottery reached EUR 4.9 million**, a 3.6% increase compared with the same period of last year, driven by the increase in the numerical games. **The Gross Win from the lottery amounted to EUR 2.1 million, which is 3.8% more than in the first quarter of 2015.**

The EBITDA from the lottery was EUR 225 thousand, up 18.7% compared with the first quarter of 2015.

Corporate changes in the Company

The Extraordinary General Meeting of Fortuna Entertainment Group N.V. held on 8 April 2016 in Amsterdam adopted Mr. Iain Child as a member the Supervisory Board proposed in accordance with the articles of association of the Company.

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Iain Child is a partner at Penta Investments since December 2010 where he is a member of the Executive Board. He has direct responsibility for the fund's investments in Sports Betting, Retail Banking where he is a chairman of the supervisory boards of Primabanka Slovensko and Meat Processing business. Before joining Penta he was a partner for ten years at Deloitte responsible for Financial Advisory Services in 17 countries throughout Central Europe. Iain graduated from University of Hull (BSc. (econ) honours in Economics and Business Economics and is a Fellow of Certified Chartered Accounts (FCCA) and a Member of the Chartered Institute of England & Wales Corporate Finance Faculty (CF).

Guidance for the rest of 2016

The Company confirms its guidance for 2016 and further anticipates:

In 2016, the organic growth will continue to be primarily driven by on-line betting and should be temporarily boosted by the UEFA EURO 2016 hosted by France. The Company anticipates that the total Amounts Staked could grow up to EUR 1,010 million and EBITDA in 2016 could decline in a range between 10% to 15% due to the increase in the betting tax in the Czech Republic, Online Handling Fee abolishment in Slovakia and continuing investments in the operational excellence and building scalability. The investments into new sports betting & gaming platform should further drive the CAPEX spending in 2016 and the capital expenditures in 2016 are expected to reach between EUR 11 - 13 million.

In 2016, Fortuna as a multi-channel regulated multi-channel sports betting company shall continue to provide its customers with extensive range of products and first class service wherever and whenever they want to have a bet. Fortuna will further focus on investments into core competencies and building competitive advantage and scalability for future value creation. The strategic focus will be given to Operational Excellence, Technology Foundation and People capability and capacity build up.

In the Czech Republic, a change of the taxation of sports betting and lottery business came into force on January 1st 2016 which implies an increase of the Gross Win tax on both the sports betting and lottery from 20% to 23%. The Company estimates that the change in taxation will have a negative impact on the full year EBITDA of approximately EUR 2 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, 2016 up to and including May 4, 2016 – the date of the publication of this Interim Management Statement.

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