

Fortuna Entertainment Group N.V.

Preliminary Unaudited Financial Results for 2014

Amsterdam - Fortuna Entertainment Group N.V. announces its preliminary unaudited consolidated financial results for the fiscal year to 31 December 2014, prepared according to International Financial Reporting Standards (IFRS).

The preliminary unaudited results of Fortuna Entertainment Group for the full year 2014 confirm a growth in the main markets where the Company is operating:

- **Total Amounts Staked in 2014 increased by 18.5 % to EUR 672.4 million**
- **On-line Sports Betting Gross Win in 2014 increased by 31.2% to EUR 67 million**
- **Total EBITDA adjusted by one-off gains increased by 13.6% to EUR 27.8 million**

Fortuna, the leading Central European fixed-odds betting operator present in the markets of Poland, the Czech Republic and Slovakia, recorded in 2014 a **total Amounts Staked figure of EUR 672.4 million, 18.5% more than in 2013**, according to the preliminary unaudited financial results. **The Amount Staked from sports betting reached EUR 655.7 million, 19% more than in 2013.** The Amounts Staked performance was primarily driven by on-line segment growth and opportunities to bet on major sporting events last year, such as the Winter Olympics and FIFA World Cup in Brazil. Amounts Staked from lottery bets in 2014 totalled to EUR 16.7 million, 4.1% increase yoy. The Company exceeded its guidance from March 2014 which anticipated full year Amounts Staked of EUR 645 million.

In 2014, total Gross Win reached EUR 132.6 million, an increase of 13.9% compared with 2013. Gross Win from sports betting equalled EUR 125.1 million, a 14.9% increase yoy. Of which, Gross Win from on-line betting in 2014 increased to EUR 67 million, a substantial gain of 31.2% over 2013. On-line betting expansion was supported by a further development of "live betting" and live streaming supported by the Bwin feed project.

Gross Win from retail betting in 2014 amounted to EUR 58 million, a 0.5% increase from the previous year. **Gross Win from lottery was EUR 7.5 million (-1.2% yoy).**

„ I am delighted to have got the opportunity to join Fortuna and to lead the Fortuna organisation in these exciting times. The achieved results in 2014, particularly the

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growth of on-line business and robust profitability confirm that Fortuna is well positioned to become the undisputable leader in the regulated Central European sports betting & gaming sector with the most trusted and exciting multi-channel betting & gaming brand,” said Per Widerstrom, CEO and Chairman of the Management Board of Fortuna Entertainment Group.

Selected financial indicators – FEG total

(EUR million)	FY 2014	% change
Amounts Staked	672.4	18.5%
- Sports betting	655.7	19.0%
- Lottery	16.7	4.1%
Gross Win	132.6	13.9%
- Sports betting	125.1	14.9%
- Lottery	7.5	(1.2%)
Revenues	109.6	12.9%
- Sports betting	102.1	14.2%
- Lottery	7.5	(1.6%)
EBITDA	28.4	6.4%
- Sports betting	28.0	2.6%
- Lottery	0.4	155.5%
<i>Adjusted EBITDA¹</i>	27.8	13.6%
Operating Profit (EBIT)	24.1	4.6%
Net Profit for the Year	15.9	2.3%

Revenues, OPEX, EBITDA

In 2014 the Company recorded total revenues in the amount of EUR 109.6 million, 12.9 % more than in the previous year. Of which, revenue from sports betting were EUR 102.1 million and went up 14.2% yoy. Revenues from lottery amounted to EUR 7.5 million in 2014, down 1.6% yoy, driven by a further decline in numerical games as oppose to a strong performance of scratch tickets.

Total operating costs in 2014 reached EUR 81.2 million, 15.4% more than in 2013. Staff costs went up 6.3% yoy to EUR 28.3 million primarily due to employee and management bonuses. Staff costs in the sports betting segment increased by 6.9% yoy to EUR 27.5 million and in the lottery segment went down by 11.9% to EUR 0.8 million. **Governmental taxes and levies amounted to EUR 12.7 million, 16.9% more than in the previous year as a result of higher Gross Win.** Other operating expenses (net) increased in 2014 by 22.3% to EUR 40.3 million primarily related to higher turnover on on-line betting services, live streaming and live feed (Bwin) and sponsoring expenses of Legia Warsaw. Of which, sports betting Other operating expenses (net) amounted to EUR 35.5 million, up 31.2% yoy and lottery EUR 4.8 million, down 18.4%.

¹ Adjusted by one-off VAT claim in Poland by EUR 2.2 million in 2013 and EUR 0.6 million in 2014

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Total consolidated EBITDA recorded in 2014 was EUR 28.4 million, up 6.4% yoy. If adjusted by one-off impact from VAT claim in Poland which had impact on both 2013 and 2014 EBITDA, the adjusted EBITDA is EUR 27.8 million, up 13.6% yoy. EBITDA from sports betting reached EUR 28.0 million, 2.6% more than previous year. EBITDA from lottery was EUR 0.4 million (positive) and improved 155.5% to last year result.

The achieved EBITDA figures are fully in line with the Company's guidance.

In 2014 **total depreciation went up 17.8% to EUR 4.3 million** mainly due to depreciation of lottery terminals acquired from Intralot. Of this, depreciation related to sports betting segment was EUR 3.7 million, up 16.8% yoy and EUR 0.7 million, up 23.5% yoy related to lottery.

EBIT and Net Profit

In 2014 operating profit (EBIT) amounted to EUR 24.1 million, 4.6% more than in the previous year. This result was driven by improved EBITDA.

Net finance costs reached EUR 2.7 million in 2014 and increased by 38.5% yoy as a result of accounting FX losses in 2014 (as oppose to FX gains in 2013), higher banking fees related to higher transaction turnover and revaluation of contingent consideration from Gamestar acquisition. Total long-term and short-term indebtedness as of December 31, 2014 was EUR 40.6 million, a 7.1% less compared with December 31, 2013. **Net Debt position as of December 31, 2014 was EUR 24.7 million**, an 8.8% drop over the end 2013.

Income tax equalled EUR 5.4 million in 2014, 1.1% less than in 2013.

In 2014 the Company recorded Net Profit of EUR 15.9 million, 2.3% more than in the previous year. The sports betting segment recorded a net profit of EUR 16.5 million, down 1.5% yoy and the lottery segment ended with a net loss of EUR 0.6 million, 52.5% improvement to 2013.

Breakdown of Revenues by Country

The revenues breakdown according to the markets in which the Company operates is driven by demography, the legislative environment, absolute market shares, the average spend per capita and the growth potential of each individual market.

Selected financial results by country in 2014

(in EUR million)	CZ Sports betting	CZ lottery	Slovakia	Poland	Malta
Total amounts staked	397.7	16.7	167.7	87.6	2.7
Gross Win from betting	55.3	7.5	39.4	30.4	0.02
- of which: online	36.7	n/a	21.5	8.8	0.02
- of which: retail	18.6	n/a	17.9	21.6	0

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Withholding tax paid	0	0	(9.5)	(10.5)	(0.02)
Other revenues	(1.2)	0.05	(1.2)	(0.5)	(0.02)
Revenues	54.1	7.5	28.7	19.3	(0.02)
Taxation of earnings from betting	(11.1)	(1.6)	0	0	0

Czech Republic Sports Betting

Czech Republic sports betting generated almost 60% of all Amounts Staked for the Company in 2014. **Amounts Staked reached EUR 397.7 million, 23.0% more than in 2013. Gross Win from sports betting in the Czech Republic amounted to EUR 55.3 million in 2014, 18.7% more than in the previous year.** On-line betting contributed the most; Gross Win from the on-line segment increased by **37.0% yoy and amounted to EUR 36.7 million.** Gross Win from retail betting in the Czech Republic declined 6.1% yoy and totalled EUR 18.6 million. 2014 revenue from sports betting in the Czech Republic were EUR 54.1 million, up 18.9% yoy.

Czech Republic Lottery

The Lottery segment in the Czech Republic represented 2.5% share on Total Amounts Staked. Amounts Staked from lottery in 2014 came to EUR 16.7 million, 4.1% more than in 2013. Gross Win from lottery reached EUR 7.5 million, down 1.2% yoy. 2014 revenue from Czech lottery amounted to EUR 7.5 million, a 1.6% decline compared with 2013.

Slovakia

The share of Slovakia in regard to total Amounts Staked in 2014 reached one fourth. **Total Amounts Staked reached EUR 167.7 million, 12.7% more than in 2013. Gross Win in Slovakia amounted to EUR 39.4 million in 2014, 9.2% more than in the previous year.** Gross Win from on-line betting was EUR 21.5 million, 21.4% more than in 2013. Gross Win from retail betting in Slovakia declined by 2.5% yoy and totalled EUR 17.9 million. 2014 revenues from sports betting in Slovakia was EUR 28.7 million, 5.9% more in 2013.

Poland

Poland accounted for a 13% share of total Amounts Staked in 2014. **Total Amounts Staked in Poland reached EUR 87.6 million, an 18.1% increase on 2013. Gross Win from betting in Poland increased by 16.6% yoy to EUR 30.4 million in 2013.** Of which, **on-line business** contributed **EUR 8.8 million, up 36.9% yoy** and retail sports betting EUR 21.6 million, up 10% yoy. 2014 revenue in Poland amounted to EUR 19.3 million, 15.5% more than in the last year.

Sport Betting Channels and Distribution Network

Fortuna's online business continues to grow rapidly, hand in hand with the increase in broadband penetration enabling access to Fortuna's online front-ends. Over the last three years, Fortuna has undergone a transformation from a retail betting

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operator to a multi-regional online business. During 2014, the Company completed several investments and innovations of its trading platforms and mobile applications. As a result of that, Fortuna managed to increase the number of registered players by 30% over the last year and number of clients betting LIVE also increased by more than 30%.

Bwin Feed provides live sports betting data including odds, fixtures, results, scoreboards and events calendars in multiple languages to online and land-based B2B clients. The feed can be integrated into the clients betting point of sales via a state-of-the-art interface, enabling Fortuna to offer its customers an extensive sportsbook and supporting content. In 2014 during the first year of full commercial operation, Fortuna managed to increase the number of offered sports events by 60% and related accepted bets increased by 50% during the same period. This allowed to include new sports into the offer (table tennis) and more sports will be added in 2015 (baseball, American football, etc.) Fortuna has also increased betting opportunities per match for all sports offered LIVE.

Overview of distribution network by countries December 31:

	2014	2013	% change
<i>Betting Shops total</i>	896	941	(4.8%)
Czech Republic	273	318	(14.2%)
Slovakia	221	224	(1.3%)
Poland	402	399	0.8%
<i>Partner Shops total</i>	694	674	3.0%
Czech Republic	407	364	11.8%
Slovakia	183	208	(12.0%)
Poland	104	102	2.0%
TOTAL RETAIL	1,590	1,615	(1.5%)

Dividend Policy and Dividend

Fortuna general dividend policy is under review and guidance is a substantial reduction of dividend pay-out due to investments into future growth (previously pay out 70 - 100% of the consolidated net profit). Final dividend policy and proposal will follow with together with invitation to the General Meeting of Shareholders which will take place in May 2015.

According the preliminary unaudited financial results, the 2014 consolidated net profit will be EUR 15.9 million.

2015 Outlook and Guidance

In 2015, Fortuna as a multi-channel regulated modern 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 continue to invest into its online sports betting proposition and optimising its retail network. A key focus in 2015 will be to prepare for a re-platforming into a multi-product and -channel

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operation with equal focus on building operational excellence and organisation capability throughout the operation.

The regulatory environment in our markets needs to be reviewed, particularly in Poland. In 2015, Fortuna will continue to spend a considerable effort to unlock the regulatory situation to allow the regulated market to grow at the expense of off-shore market which brings no benefits to the national budgets. In the Czech Republic, a new gaming law is expected to come into force in 2016 and its final form should materialize during 2015 including impacts on future revenues, profits and turnover tax for betting operators in the Czech Republic.

In 2015, the Company expects that the organic growth will continue to be primarily driven by on-line betting while the abolishing of the Slovakian handling fee will reduce EBITDA.

As a result, the Company anticipates that the total Amounts Staked could grow up to EUR 730 million and EBITDA in 2015 could record a 20 - 25% decline (excluding the one-off item of EUR 0.6 million in 2014) due to handling fee abolishing in Slovakia and further investments into future growth.

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