

Interim Management Statement of Fortuna Entertainment Group N.V. for the period from July 1<sup>st</sup>, 2015 to November 5<sup>th</sup>, 2015

## Fortuna grew Amounts Staked by 25.1% in the first nine months of 2015 and improved operating profitability in the third quarter of 2015

AMSTERDAM/Warsaw/Prague – Fortuna Entertainment Group, the leading Central European fixed-odds betting operator, has announced its unaudited consolidated results for the first three quarters of 2015. The reported financial results confirmed a double-digit growth of accepted bets in all countries where Fortuna operates and improved operating profitability in the third quarter 2015.

The unaudited consolidated results of Fortuna Entertainment Group for the first nine months of 2015 confirmed growth in the main markets where the Company operates.

- **Total Amounts Staked in the first nine months increased by 25.1% to EUR 615.1 million**
- **Total Gross Win in the first nine months went up by 8.1% to EUR 105.0 million**
- **Gross Win from on-line sports betting increased in the first nine months by 23.8% to EUR 60 million**
- **EBITDA in the third quarter of 2015 was EUR 8.7 million up 25.3% yoy**

The Group's Amounts Staked for the first nine months of 2015 were EUR 615.1 million, a strong 25.1% yoy increase. This growth was driven primarily by the expansion of on-line betting in all the countries where Fortuna operates. **The Amounts Staked from sports betting reached EUR 601 million in the first nine months of 2015, a 25.2% improvement on the first nine months of 2014.** The Amounts Staked on lottery betting in the first nine months of 2015 totalled EUR 14 million, a 21.4% yoy increase.

In the first nine months of 2015, **the total Gross Win reached EUR 105 million, an increase of 8.1% compared to the first nine months of 2014** despite the absence of big sporting events such as FIFA World Cup and the negative impact of on-line handling fee abolishment in Slovakia this year. This growth was driven by a strong Q3 2015 which delivered better than average margins in sports betting.

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The Gross Win from sports betting was EUR 98.9 million, a 7.6% increase yoy. Of this figure, the Gross Win from on-line betting in the first nine months of 2015 increased to EUR 60 million, a strong increase of 23.8% over the same period of 2014. The Gross Win from retail betting in the first nine months of 2015 amounted to EUR 39 million and declined by 10.5% yoy.

In the first nine months of 2015, the Gross Win from the lottery business was EUR 6.1 million, a 16.4% increase over the same period of last year driven by growth in both numerical games and scratch cards.

In the first nine months of 2015, total EBITDA amounted to EUR 17.7 million, a 19.6% decline over the same period of last year. Of this, sports betting EBITDA represented EUR 17.2 million, down 21.7% yoy and the lottery EBITDA equalled to EUR 521 thousand, up 520.2% yoy. These figures were positively impacted by a strong performance in the Q3 2015 which showed the EBITDA growth over the Q3 2014 despite the absence of big sporting events such as FIFA World Cup and the negative impact of on-line handling fee abolishment in Slovakia this year. Still, the management of Fortuna decided to keep its full year EBITDA guidance and further anticipates that total EBITDA in 2015 could record a 25-30% decline (excluding the one-off item of EUR 0.6 million in 2014).

*“We are pleased to report on solid profitable growth for the first nine months of 2015 despite no big sport events such as world cup 2014 as well as the abolishment of the online handling fee in Slovakia. Fortuna accepted total bets in the amount of EUR 615.1 million, which is 25.1% more than last year. Despite a continuous pressure on margins, total Gross Win went up by 8.1% to EUR 105 million. The main driver of our performance was expansion of internet and mobile sports betting in all Fortuna’s markets. Finally, our full year guidance for 2015 remains the same,”* said Per Widerstrom, CEO of Fortuna Entertainment Group.

#### Selected financial indicators – FEG total

| (EUR million)         | 9M 2015 | % yoy    |
|-----------------------|---------|----------|
| Amounts Staked        | 615.1   | 25.1 %   |
| - Sports betting      | 601     | 25.2 %   |
| - Lottery             | 14      | 21.4 %   |
| Gross Win             | 105     | 8.1 %    |
| - Sports betting      | 98.9    | 7.6 %    |
| - Lottery             | 6.1     | 16.4 %   |
| Revenues <sup>1</sup> | 73.2    | 2.2 %    |
| - Sports betting      | 68.3    | 1.2 %    |
| - Lottery             | 5.0     | 17.4 %   |
| EBITDA                | 17.7    | (19.6 %) |

<sup>1</sup> Including Czech betting tax reclassification

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|                  |      |          |
|------------------|------|----------|
| - Sports betting | 17.2 | (21.7 %) |
| - Lottery        | 0.5  | 520.2 %  |

### **Business performance by countries**

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

**Sports betting in the Czech Republic** generated 55% of total Amounts Staked for the Company in the first nine months of 2015. **Total Amounts Staked in the Czech Republic grew double digit.** Total Gross Win slightly increased of which the Gross Win generated by on-line grew double digit in the first three quarters of 2015 and was almost three times higher than the Gross Win from retail sports betting which went down on annual basis.

The **Slovak sports betting** business represented almost one third on the Group's Amounts Staked in the first three quarters of 2015 and its share on Group's bets went up compared to the previous periods. The total Amounts Staked in Slovakia experienced a substantial growth in the first nine months of 2015 at the back of the online handling fee abolishment. The total Gross Win in Slovakia in the first nine months of 2015 was higher than in the same period last year thanks to the growth of the Gross Win in on-line sports betting.

The total Amounts Staked in **Poland** in the first nine months of 2015 grew double digit driven primarily by the expansion of on-line betting. The Gross Win from betting in Poland in the first nine months of 2015 grew double digit driven by on-line while the Gross Win from retail betting moderately declined while it represented the majority in the absolute terms.

### **Czech Republic Lottery**

In the first three quarters of 2015, the Amounts Staked from the Fortuna Lottery reached EUR 14 million, a 21.4% increase compared with the same period of last year. The Gross Win from the lottery amounted to EUR 6.1 million, which is 16.4% more than in the first nine months of 2014. The increase was recorded in both the scratch tickets segment and in the numerical games segment.

### **Guidance for the rest of 2015**

Although the Company's performance in the Q3 2015 was very strong, the management of Fortuna has decided to keep its guidance from May this year. The Company therefore anticipates that the total Amounts Staked could grow up to EUR 790 million and EBITDA in 2015 could record a 25-30% decline (excluding the one-off item of EUR 0.6 million in 2014). Main drivers are online handling fee abolishment in

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Slovakia which drives further acceleration of online live betting growth and migration from Retail to Online implying further Gross Win margin pressure downwards, betting tax in Slovakia paid as 6% from Amount Staked, and further investments into future growth.

## **Business and Markets**

In September 2015, Fortuna signed a brand licensing agreement to license its brand to the sports betting & gaming companies BET ACTIVE CONCEPT S.R.L. and BET ZONE S.R.L. in Romania.

Under the brand licensing agreement, Fortuna should provide to BET ACTIVE CONCEPT S.R.L. and BET ZONE S.R.L. the right to use its trademark FORTUNA for the purposes of sports betting and gaming in Romania under standard market conditions. Both Romanian companies are part of Penta Investments Group, the majority shareholder of Fortuna.

Romania is one of the Central Eastern European markets with a strong potential for sports betting and gaming business. Apart from solid macro-economic fundamentals and a population of approximately 20 million inhabitants, it offers also recently implemented positive regulatory environment and a sustainable tax rate for sports betting and gaming.

*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 July 1, 2015 up to and including November 5, 2015 – the date of the publication of this Interim Management Statement.*

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