

NOVOMATIC AG

Interim Financial Report
as of June 30, 2021



Overview of Key Figures

EUR m	1-6/2021	1-6/2020		Change
			million	%
Revenues	629.3	805.4	-176.0	-21.9%
EBITDA	162.9	131.2	+31.7	+24.2%
EBIT	-37.0	-98.6	+61.5	+62.4%
Result for the period	-58.9	-108.1	+49.2	+45.5%
EBITDA margin (EBITDA / revenues)	25.9%	16.3%		
Free cash flow before acquisitions	42.2	52.2	-10.0	-19.2%
Free cash flow after acquisitions	42.0	138.9	-97.0	-69.8%
Number of employees (average)	21,028	20,993		+0.2%

EUR m	06/30/2021	12/31/2020		Change
			million	%
Balance sheet total	3,768.6	3,813.6	-45.0	-1.2%
Equity	1,010.8	1,055.2	-44.4	-4.2%
Equity ratio (equity/balance sheet total)	26.8%	27.7%		

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NOVOMATIC AG MANAGEMENT REPORT

for the 2021 Interim Financial Statement, NOVOMATIC AG, Gumpoldskirchen

(1) Purpose of the Business and Strategy

NOVOMATIC¹ is a globally operating, integrated gaming technology and entertainment group with 40 years of experience as a producer of innovative high-tech gaming equipment. The Group develops, manufactures and sells gaming products, lottery technologies and networked system solutions for domestic and international gaming and betting markets. NOVOMATIC furthermore operates around 1,800 gaming facilities, which include casinos, slot arcades, sports betting outlets and bingo facilities.

In addition to the development of terrestrial gaming equipment, the business activities of the NOVOMATIC AG Group include providing game content for licensed online and offline suppliers and operating online gaming and sports betting platforms.

NOVOMATIC pursues a strategy of vertical integration within the gaming industry, meaning it acts as a manufacturer of state-of-the-art gaming equipment as well as an operator of gaming facilities. In the years since its establishment, this has contributed significantly to the success of the Company. With this integrated approach, the Group is able to introduce newly developed products into the marketplace very quickly, gain insights into their potential success and subsequently influence the development of new technologies in a goal-oriented manner.

(2) Economic Conditions

Macroeconomic Development

As in the previous year, the first half of 2021 was significantly impacted by the COVID-19 pandemic. Many countries continued to use measures such as lockdowns or temporary closures of business premises to contain the spread of the virus. Nevertheless, a visible path out of this crisis emerged as the year wore on, not least thanks to steadily increasing vaccination rates in many countries. This is also reflected in the increase in global gross domestic product (GDP), which is forecast to reach 6.0 percent in 2021. In particular, rising private consumption due to the easing of restrictive measures in numerous countries is having a significant positive impact on the development of global economic output.

¹ In this management report, the terms "NOVOMATIC", "Group", "NOVOMATIC Group" and "NOVOMATIC AG Group" refer to the group of consolidated companies included in the consolidated financial statement for NOVOMATIC AG.

Economic growth in %*	2022f	2021f	2020
Austria	4.5	3.8	-6.3
Germany	4.6	3.6	-4.8
Italy	4.2	5.0	-8.9
United Kingdom	5.1	5.3	-9.9
Spain	6.3	6.2	-10.8
Netherlands	3.3	3.3	-3.7
Central and Eastern Europe	3.9	4.4	-2.0
USA	3.5	6.4	-3.5
Latin America	3.1	4.6	-7.0

* Growth forecasts for Austria, Germany, Italy, Spain and the Netherlands have been taken from the European Union. Growth in the UK, Central and Eastern Europe, the United States and Latin America is taken from the International Monetary Fund's April 2021 World Economic Outlook.

After economic output declined (by -6.6 percent) in 2020 due to the COVID-19 pandemic, the euro zone is now expected to grow by 4.4 percent in 2021. According to IMF experts, this is mainly due to the relaxation of measures to contain the spread of COVID-19 as well as the improving health situation worldwide. In addition, short-time work measures in several countries in the region resulted in a lower than projected increase in unemployment (8.4 percent²).

In Germany, NOVOMATIC's strongest market in terms of revenues, gross domestic product (GDP) is expected to increase by 3.6 percent in 2021. In particular, rising private consumption as a result of fiscal policy measures and the release of accumulated savings are making a major contribution to this development. In Austria, the Group's second-largest market in terms of revenues, the progress made in vaccination campaigns since mid-May has also resulted in more relaxed measures, which in turn has prompted an increase in demand in the private sector. As a result, the European Union now forecasts that Austria's GDP will increase by 3.8 percent in 2021. Despite a comparatively small decline in 2020, the countries in Central and Eastern Europe posted a similar increase in economic output in 2021 as the euro zone, with a projected growth rate of 4.4 percent. The United Kingdom was hit with a sharp COVID-19-induced decline in economic output (-9.9 percent) in 2020. While overall economic demand will increase strongly in 2021, the declining trade balance caused by the withdrawal from the European Union will have a negative impact on the development of the economy. GDP is expected to increase by 5.3 percent in 2021.

The American Rescue Plan Act of 2021, a USD 1.9 trillion stimulus package, will ensure an extremely positive GDP development in the United States in 2021. With a projected increase of 6.4 percent, the country's economic output will already reach pre-COVID-19 levels this year.

Latin America exhibits the lowest growth among the countries and regions featured, with a projected GDP increase of 3.1 percent in 2021. The IMF's expectations are dampened in particular by the lagging procurement of vaccines in many countries in the region, as well as by the fact that the tourism sector continues to be adversely affected.

(3) Business Performance

General business development in the reporting period

In the first half of 2021, the NOVOMATIC AG Group was even more affected by the impact of the COVID-19 pandemic than in the first half of 2020. While the Group's gaming arcades were closed for around three months in the first half of the previous year, the facilities in the Group's core markets in particular were subject to longer closures of around five months in the first half of 2021. In some cases, these lockdowns to contain the spread of COVID-19 continued into June 2021. However, in the last two months of the first half of 2021, the lockdowns in the respective markets were successively suspended, and the NOVOMATIC AG Group's

² According to the European Economic Forecast Spring 2021

operating sites were reopened. By the end of June, almost all of the NOVOMATIC AG Group's operational sites were already back in operation.

As the lockdowns lasted several months and the gaming facilities (casinos, arcades, betting shops) in several of the NOVOMATIC AG Group's markets were forced to close their doors, the Gaming Operations segment recorded significant declines in revenue. The Gaming Technology segment, on the other hand, reported an increase in revenues, mainly due to the Australian group Ainsworth Game Technology as well as the subsidiaries in Eastern Europe and the Greentube Group.

As a result, consolidated revenues (before gaming taxes and betting fees) decreased from EUR 805.4 million in the first half of 2020 to EUR 629.3 million in the first six months of 2021. This corresponds to a decrease by EUR 176.0 million (-21.9 percent).

In addition to the necessary ongoing evaluation of lockdowns, including their extensions and reopenings, and the restrictive overall conditions (limited number of customers, minimum distances, hygiene concepts, shortened opening hours, etc.), national governments have adopted a wide variety of support initiatives for businesses. These ranged from the relatively clearly regulated absorption of personnel expenses (short-time work), tax deferrals or interest-free loans to sales or cost reimbursements, the amount and timing of which are, however, sometimes difficult to estimate.

In addition to the impact of the COVID-19 measures, there were also regulatory factors, such as the increase in PREU (flat tax on certain gaming machines) for VLT (Video Lottery Terminals) and AWP (Amusement With Prizes) machines, which had already been decided in 2019, as of January 1, 2021 in Italy. In Germany, the State Treaty on the New Regulation of Gambling was signed in October 2020 and has been in force since July 1, 2021. The implementation of the requirements of the State Treaty on Gambling 2021 as set out in the respective state-specific implementing provisions, as well as transitional arrangements provided for existing gaming arcades, resulted in a lower number of gaming arcade closures in the German market than originally assumed. Accordingly, write-ups of previously amortized rights of use assets, equipment, and licenses and concessions were recognized as of June 30, 2021.

As a result of the restricted business activities due to the COVID-19 pandemic, earnings before interest, taxes, depreciation, amortization, impairment losses and reversals of impairment losses (EBITDA) in the first half of 2021 amounted to EUR 162.9 million, EUR 31.7 million (+24.2 percent) above the previous year's figure. Operating profit (EBIT) increased from EUR -98.6 million in the previous year by EUR 61.5 million to EUR -37.0 million. The result for the period was EUR -58.9 million, EUR 49.2 million above the previous year's level.

Important Events

The NOVOMATIC AG Group's business operations were significantly affected by the COVID-19 pandemic. In order to counteract the negative effects, the Group continued to implement numerous cost optimization and efficiency enhancement measures in 2021. The consolidation course on which the Group had embarked in 2019 was largely completed in 2020.

In 2020, the Ukrainian gaming market was reopened, after it had been closed in 2009. In Ukraine, NOVOMATIC is active in the Gaming Technology segment and was already able to generate significant revenues in the first half of 2021.

In January 2021, the acquisition of a majority stake in a Serbian operator was completed. The operating company runs around 150 betting shops and three gaming arcades through its subsidiary.

In Vienna, a new betting law came into force on January 1, 2021. ADMIRAL Sportwetten GmbH was granted a license for all locations operated, thereby ensuring sports betting operations for the next few years.

In May 2021, the Greentube Group won a Europe-wide tender launched by Luxembourg's national lottery. As a technology partner of Loterie Nationale Luxembourg, the Group will initially supply the state lottery with VLT technology for seven years.

The utilization of the revolving credit line of EUR 1.0 billion amounted to EUR 470.0 million as of June 30, 2021. A bond in the amount of EUR 200 million was repaid in June 2021. For this purpose, short-term refinancing in the amount of EUR 100 million was raised.

Consolidated Financial Statement for NOVOMATIC

Earnings Position

EUR m	1-6/2021	1-6/2020	Difference absolute	Difference in %
Revenues	629.3	805.4	-176.0	-21.9%
Gaming taxes and betting fees	-56.2	-98.8	42.6	-43.1%
Revenues after deduction of gaming taxes and betting fees	573.2	706.5	-133.4	-18.9%
Changes in inventories of finished goods and work in progress	-8.7	6.5	-15.2	-234.3%
Own work capitalized	33.5	34.9	-1.4	-4.1%
Other operating income	96.5	39.5	57.0	144.2%
Cost of material and other purchased services	-81.7	-85.4	3.7	-4.4%
Personnel costs	-227.8	-292.3	64.5	-22.1%
Other operating expenses	-222.0	-278.5	56.5	-20.3%
EBITDA	162.9	131.2	31.7	24.2%
EBITDA margin	25.9%	16.3%	9.6 PP	-
Depreciation and amortization, impairment and reversal of impairment	-200.0	-229.8	29.8	-13.0%
EBIT	-37.0	-98.6	61.5	+62.4%
EBIT margin	-5.9%	-12.2%	6.4 PP	-
Financial result	-17.4	-11.3	-6.1	53.8%
Earnings before taxes	-54.4	-109.9	55.5	+50.5%
Tax expenses	-4.5	-0.2	-4.3	>100.0%
Net result from business segments to be continued	-58.9	-110.1	51.2	+46.5%
Result from discontinued operations	0.0	2.0	-2.0	-100.0%
Result for the period	-58.9	-108.1	49.2	+45.5%

Key figures from earnings position	2021	2020
Earnings before interest and tax (EBIT) (in EUR m)	-26.8	-86.6
Profit margin	-4.3%	-10.7%
Return on equity	-5.4%	-10.4%
Return on total capital	-0.7%	-2.3%
Effective tax rate	8.3%	0.2%

EBITDA and EBIT constitute key performance indicators that are not defined in the International Financial Reporting Standards (IFRS). They serve as a way for the management of NOVOMATIC to measure and control the Group's economic success and profitability. The EBITDA key performance indicator is calculated by taking the operating profit and adjusting it for depreciation,

amortization, impairment losses and reversals of impairment losses. At NOVOMATIC, the EBIT key performance indicator refers to the operating profit as presented in the consolidated income statement. EBITDA margin is calculated based on EBITDA in relation to revenues. EBIT margin is derived from EBIT in relation to revenues. Earnings before interest and tax are the result of an adjustment of interest expenses on earnings before taxes. Profit margin describes the ratio of earnings before interest and taxes to sales. Return on equity is calculated as the ratio of profit before taxes to equity. Return on assets describes the ratio of earnings before interest and taxes to total capital. The effective tax rate is the ratio of income tax to profit before taxes.

In the first half of 2021, the NOVOMATIC AG Group generated EUR 629.3 million in revenues, compared to EUR 805.4 million in the same period of 2020. The decline in revenues of EUR 176.0 million (-21.9 percent) was the result of the far-reaching restrictive measures and closures of operating locations and originated from several markets: Germany (EUR -122.8 million), Italy (EUR -44.3 million), Austria (EUR -43.8 million), the Netherlands (EUR -15.6 million) and the United Kingdom (EUR -12.8 million). In contrast, the Other Markets region (+EUR 27.4 million) as well as Eastern Europe (+EUR 14.8 million), Spain (+EUR 11.1 million) and the online segment (+EUR 10.0 million) recorded an increase in revenues.

The largest decrease in revenue in absolute terms is attributable to gaming machine revenues, which contracted by EUR 182.1 million (-54.3 percent). Germany (EUR -107.0 million), Austria (EUR -30.1 million), Italy (EUR -15.0 million) and the Netherlands (EUR -15.0 million) accounted for the largest share of this decline.

The income from rent and management services declined by EUR 17.9 million (-9.6 percent) to EUR 168.3 million. The decrease is attributable in particular to Italy (EUR -18.8 million) and Germany (EUR -10.8 million). The revenue items "Livegame" (EUR -11.7 million), "Income from food and beverage" (EUR -7.7 million) and "Other sales" (EUR -3.0 million) also posted declines compared to the first half of 2020 due to the COVID-19 pandemic. In addition, sales reductions increased by EUR 8.5 million.

Sales revenues increased year-on-year by EUR 35.1 million (+37.2 percent) to EUR 129.5 million, mainly due to the Australian group Ainsworth Game Technology. Another significant part of the increase is attributable to the Ukrainian market, where the nationwide ban on gaming was lifted in 2020. The subsidiary in this market was able to generate sales revenues of EUR 9.2 million in the first half of 2021.

eBusiness income again benefited from the general conditions prevailing in the first half of 2021 and increased by EUR 18.0 million. Betting revenues grew by EUR 1.8 million and amounted to EUR 64.8 million in the first half of 2021.

The revenues of the individual regions are discussed in detail in the segment analysis.

Gaming taxes and betting fees, which depend largely on gaming machine and betting revenues, declined from EUR 98.8 million to EUR 56.2 million. The decline by EUR 42.6 million (-43.1 percent) was mainly due to the low level of business activity resulting from the widespread closures of facilities in several of the markets served by the NOVOMATIC AG Group.

The cost of materials and other purchased services decreased by EUR 3.7 million to EUR 81.7 million in the reporting period, coming in slightly (-4.4 percent) below the previous year's level.

Own work capitalized decreased by EUR 1.4 million (-4.1 percent) to EUR 33.5 million in the first half of 2021, thereby remaining at a similar level as in the previous year.

Personnel costs in the NOVOMATIC AG Group came in at EUR 227.8 million in the first half of 2021, compared to EUR 292.3 million in the previous year. The decline by EUR 64.5 million is mainly due to the COVID-19 pandemic.

Other operating expenses decreased by EUR 56.5 million, from EUR 278.5 million in the first half of 2020 to EUR 222.0 million in the first half of 2021. This reduction was, among other things, due to the limited business activity caused by the COVID-19 pandemic, which significantly lowered almost all expenses. The largest savings were achieved in the item "Rent expenses for real estate and other assets", where costs dropped by EUR 9.2 million, from EUR 11.3 million in the first half of 2020 to EUR 2.1 million in the first six months of 2021.

Earnings before interest, taxes, depreciation and amortization (EBITDA) came in at EUR 162.9 million for the first half of 2021, an increase of EUR 31.7 million (+24.2 percent) against the same period of the previous year (EUR 131.2 million). The EBITDA margin in the first half of 2021 was 25.9 percent, 9.6 percentage points above the previous year's level. Depreciation, amortization, impairment losses and reversals of impairment losses decreased by EUR 29.8 million (-13.0 percent) and amounted to EUR 200.0 million in the first half of 2021 after EUR 229.8 million in the previous year. In addition to lower scheduled depreciation and amortization in the amount of EUR 144.0 million (-7.5 percent), the decrease resulted from write-ups of rights of use assets, equipment, and licenses and concessions following the reassessment of the regulatory environment in the German market.

As a result of lower expenses, operating profit (EBIT) increased by EUR 61.5 million from EUR -98.6 million in the first half of 2020 to EUR -37.0 million in the first half of 2021.

The financial result decreased from EUR -11.3 million in the previous year to EUR -17.4 million in the reporting period. The largest differences related to other financial expenses (EUR -2.8 million) and interest expenses (EUR -2.6 million).

Earnings before taxes improved to EUR -54.4 million during the reporting period. This corresponds to an increase by EUR 55.5 million. After taking income tax amounting to EUR -4.5 million as well as the result from discontinued operations into consideration, the Group posted a result of EUR -58.9 million for the reporting period, compared to EUR -108.1 million in the previous year.

Important Key Figures

Leased Gaming Devices^{3, 4}

	Group	Austria	Germany	Italy	United Kingdom	Spain	The Netherlands	Eastern Europe	Other markets	Online
1-6/2021	146,356	1,840	75,588	37,846	0	6,093	24	14,932	10,033	-
1-6/2020	149,890	2,416	76,733	39,744	0	6,090	42	15,533	9,332	-

Operated Gaming Devices⁵

	Group	Austria	Germany	Italy	United Kingdom	Spain	The Netherlands	Eastern Europe	Other markets	Online
1-6/2021	63,118	2,244	10,838	7,715	18,339	3,454	4,384	15,745	399	-
1-6/2020	61,645	2,244	12,356	6,356	17,994	3,648	4,213	14,471	363	-

Sold Gaming Devices⁶

	Group	Austria	Germany	Italy	United Kingdom	Spain	The Netherlands	Eastern Europe	Other markets	Online
1-6/2021	11,224	1,365	0	0	253	3,074	209	2,743	3,580	-
1-6/2020	6,986	874	0	34	104	2,375	148	975	2,476	-

Segment Analysis

EUR m	1-6/2021	Austria	Germany	Italy	United Kingdom	Spain	The Netherlands	Eastern Europe	Other markets	Online
Revenues	629.3	68.8	144.1	34.7	33.2	48.4	8.3	116.5	72.2	103.1
Gaming Technology	336.5	12.4	121.8	10.7	4.4	16.3	2.3	45.5	71.9	51.1
Gaming Operations	291.9	56.4	21.8	24.0	28.5	32.1	6.0	71.0	0.0	52.0
Other	1.0	0.0	0.4	0.0	0.2	0.0	0.0	0.0	0.3	0.0

EUR m	1-6/2020	Austria	Germany	Italy	United Kingdom	Spain	The Netherlands	Eastern Europe	Other markets	Online
Revenues	805.4	112.7	266.9	79.0	46.0	37.3	23.9	101.7	44.8	93.1
Gaming Technology	313.5	18.4	130.8	29.4	4.0	16.2	2.6	25.2	44.3	42.6
Gaming Operations	490.6	94.3	135.6	49.6	41.8	21.1	21.3	76.5	0.0	50.5
Other	1.3	0.0	0.5	0.0	0.3	0.0	0.0	0.0	0.5	0.0

EUR m	Change	Austria	Germany	Italy	United Kingdom	Spain	The Netherlands	Eastern Europe	Other markets	Online
Revenues	-176.0	-43.8	-122.8	-44.3	-12.8	11.1	-15.6	14.8	27.4	10.0
Gaming Technology	23.0	-5.9	-9.0	-18.7	0.5	0.1	-0.3	20.3	27.7	8.5
Gaming Operations	-198.7	-37.9	-113.7	-25.6	-13.3	11.0	-15.3	-5.5	0.0	1.5
Other	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	0.0

³ Number to third parties at the end of the period, irrespective of lockdowns, as of June 30, 2021

⁴ Prior-year figures have been adjusted to reflect an adapted counting method

⁵ Number at the end of the period, irrespective of lockdowns, as of June 30, 2021

⁶ Number to third parties during the period

Segment Reporting Contents

NOVOMATIC's segment reporting follows the Group's integrated market strategy.

The Gaming Technology segment comprises the business segment focusing on the development, production, leasing, and sale of gaming equipment, gaming content, and gaming technology. The Gaming Technology segment also includes Group activities in the areas of online and mobile gaming, sports betting, and lottery technology solutions, to the extent this relates to the B2B area.

The Gaming Operations segment comprises the self-operated locations, covering slot arcades, casinos, sports betting outlets, and bingo halls. The Gaming Operations segment also includes Group activities in the areas of online and mobile gaming as well as sports betting, to the extent this relates to the B2C area.

The Other segment includes all activities not included in the Group's core business areas. This segment mainly comprises holding companies.

Due to the COVID-19 pandemic, which continued in the first half of 2021, numerous measures that had already been implemented in all markets in 2020 remained in place. In particular, the lockdowns ordered in most countries had a significant impact on the NOVOMATIC AG Group's revenues in the first half of 2021, and these were the main reason for the year-on-year decline in revenues. Other measures, which had already been implemented in 2020, include minimum distances between individual gaming machines, a reduction in the maximum number of visitors permitted in gaming facilities, and comprehensive hygiene concepts to protect customers. Detailed explanations on the lockdowns and other measures taken in the respective regions in the first half of 2021 can be found in the section on the Gaming Operations segment.

Gaming Technology

External revenues in the Gaming Technology segment amounted to EUR 336.5 million in the reporting period, representing an increase of EUR 23.0 million (+7.3 percent) against the first half of 2020. The year-on-year increase is mainly attributable to the Australian subsidiary Ainsworth Game Technology Ltd., which recorded an increase in revenues of EUR 30.6 million from EUR 24.5 million in the first half of 2020 (+125.2 percent) to EUR 55.1 million in the first half of 2021.

Austria

At EUR 12.4 million for the first half of 2021, revenues in the Gaming Technology segment came in at EUR 5.9 million (-32.3 percent) below the previous year's level (EUR 18.4 million). The decline was due to the COVID-19 pandemic, which caused a sharp drop in sales revenues.

Germany

LÖWEN ENTERTAINMENT GmbH, a Group company headquartered in Germany and part of the Gaming Technology segment, focuses on the rental of gaming machines.

Due to the prevailing rental model, the sales of the companies in this segment were less affected by COVID-19 than those of the markets in which other sales models predominate. Nevertheless, the rent reduction model for contracting partners introduced due to COVID-19 as well as the decline in rental inventories caused by regulatory changes and framework conditions resulted in lower income from rent and management services. In Germany, total revenues of the Gaming Technology segment decreased by EUR 9.0 million (-6.9 percent) from EUR 130.8 million in the first half of 2020 to EUR 121.8 million in the first six months of 2021. The rental portfolio declined from around 76,700 gaming machines to approximately 75,600 devices.

Italy

As in the previous year, the Italian market was heavily impacted by COVID-19-related lockdowns in the first half of 2021. It was not until April 2021 that the lockdown, which had already come into effect in October 2020, was gradually suspended. Most facilities, however, were not allowed to reopen until June 2021. The closures are reflected in the income from rent and management service, which dropped by EUR 13.5 million (-74.6 percent) from EUR 18.2 million in the previous year to EUR 4.6 million. Total revenues of the Italian companies falling into the Gaming Technology segment came in at EUR 10.7 million in the first half of 2021, compared to EUR 29.4 million in the previous year, which constitutes a decrease by EUR 18.7 million (-63.6 percent).

United Kingdom

The British market is one of the largest gaming markets in Europe and includes approximately 116,300 gaming machines, which are mostly located in pubs, licensed betting offices (LBOs), slot arcades, casinos, and bingo centers. Despite the closure of all casinos in the UK over a period of several months during the first half of 2021, the companies in the UK falling under the Gaming Technology segment were able to generate revenues of EUR 4.4 million due to higher sales revenues. Compared to the first half of 2020 (EUR 4.0 million), this represents an increase of EUR 0.5 million (+11.9 percent).

Spain

The Spanish market is one of the largest gaming markets in Europe alongside the United Kingdom and therefore represents an important core market for the NOVOMATIC Group. Both the slot arcade and bar sectors are served with a comprehensive range of products, with NOVOMATIC devices becoming increasingly popular in the bar sector and replacing the classic Spanish bar machines with mechanical reels. Due to the COVID-19 pandemic, regional lockdowns were in place in several areas, primarily during the first quarter of 2021, with nationwide measures ending at the beginning of May 2021. Thanks to the fact that these restrictive measures were not in force for as long as in other European countries, revenues of companies allocated to the Gaming Technology segment in Spain amounted to EUR 16.3 million in the first half of 2021, coming in roughly at the previous year's level (EUR 16.2 million).

The Netherlands

In the Netherlands, all gaming sites were closed in 2021 due to the COVID-19 pandemic up until the beginning of June 2021. This closure resulted in a lack of demand for gaming equipment and consequently lower sales revenues in the first half of 2021. Revenues of the Dutch companies falling under the Gaming Technology segment decreased by EUR 0.3 million (-11.3 percent) from EUR 2.6 million in 2020 to EUR 2.3 million in 2021.

Eastern Europe

The companies falling into the Gaming Technology segment within the region of Eastern Europe recorded revenues of EUR 45.5 million during the reporting period, which corresponds to an increase by EUR 20.3 million (+80.3 percent) against the previous year's level of EUR 25.2 million. The course of the COVID-19 pandemic and the related measures taken in Eastern Europe varied from country to country, impacting each one to a different extent. Nevertheless, most countries within the region were able to achieve a positive development in revenue. The reopening of the Ukrainian market in particular had a significant impact on this increase. Furthermore, the Romanian and Serbian markets achieved a substantial increase in revenues in the first half of 2021.

Other Markets

Revenues of the companies falling under the Gaming Technology segment in the Other Markets region reached a level of EUR 71.9 million in the first half of 2021, compared to EUR 44.3 million in the previous year – an increase by EUR 27.7 million or +62.4 percent. The largest divergence can be found in the Australian group Ainsworth Game Technology Ltd. which increased its revenues by EUR 30.6 million. Overall, the Australian group generated sales of EUR 55.1 million, compared with EUR 24.5 million in 2020.

Online

This segment comprises the online and mobile gaming (B2B) companies of the Greentube Group, a leading international provider of online games and platforms. Games are offered to both licensed operators of real cash online casinos (regular gaming with payout of winnings) and operators of social casinos (with no payout of winnings). Furthermore, the Greentube Group develops system solutions and makes these available to licensed online gaming companies. The range on offer can be scaled as desired by the customer.

The lockdowns in the various markets had a positive impact on online business activities. The Greentube Group companies falling under the Gaming Technology segment generated revenues of EUR 51.1 million in the first half of 2021. This corresponds to an increase by EUR 8.5 million (+20.0 percent). This top-line growth resulted from the impact of COVID-19 as well as the continued expansion of the B2B customer base. NOVOMATIC entered the Canadian market in the first half of 2021.

Gaming Operations

External revenues in the Gaming Operations segment amounted to EUR 291.9 million in the reporting period. This corresponds to a decline of EUR 198.7 million or -40.5 percent compared to the previous year (EUR 490.6 million). This further decline is primarily due to the fact that operational site closures due to the COVID-19 pandemic lasted longer than in 2020.

From the end of May onwards, important core markets of the NOVOMATIC AG Group relaxed the restrictive measures and consequently allowed the facilities to operate. By the end of June, almost all facilities had reopened. In addition, further restrictive measures remained in place in most markets. Among other things, these measures include minimum distances between gaming machines and tables, restricted opening hours or the introduction of a maximum number of customers on the premises. These measures were implemented by the NOVOMATIC AG Group in all markets and are therefore not reiterated in the following analysis of the individual regions.

Austria

In Austria, sites were closed on November 3, 2020, due to the COVID-19 pandemic. These closures continued until May 18, 2021. As of May 19, 2021, all 212 ADMIRAL locations of NOVOMATIC in Austria were operational again. In addition to the measures mentioned above, Austria introduced the "3-G rule", which allows only persons who have been vaccinated or tested or who have recovered from COVID-19 to visit business premises. However, it was still possible to place sports bets via ADMIRAL's online portal during the lockdown. The revenues of all Austrian gaming and betting companies of the NOVOMATIC AG Group amounted to EUR 56.4 million during the reporting period, down EUR 37.9 million (-40.2 percent) from the previous year's level (EUR 94.3 million).

Germany

The major part of the revenues in the German market is generated in the area of commercial electronic gaming.

After the number of new infections rose sharply again in the fall of 2020, a further lockdown was also imposed in Germany, and with it the closure of all gaming arcades at the beginning of November 2020. Depending on the respective federal state and the local measures in place, gaming operations were not allowed to resume until May 2021. As of mid-June, almost all LÖWEN Group sites in Germany were operational again.

The NOVOMATIC AG Group has four casinos in Germany. With the venerable Spielbank Berlin, NOVOMATIC operates one of the highest revenue generating live casinos in Germany. Due to the impact of the COVID-19 restrictions, the revenue of NOVOMATIC's German casinos slumped by EUR 30.1 million (-93.2 percent) against the first half of 2020 to EUR 2.2 million in the reporting period.

In the German online sports betting market, NOVOMATIC is present with Novo Interactive GmbH, which closed all sports betting outlets in 2020 and discontinued placements at third-party sites. The company thereby shifted its operations completely from terrestrial business to online business in 2020. As many sporting events were cancelled in the first half of 2020, an increase in revenues was achieved in the first half of 2021. At EUR 2.2 million, the company's revenue was EUR 1.1 million higher than in the previous year (EUR 1.1 million).

Revenues of the Group companies in Germany falling under the Gaming Operations segment decreased by EUR 113.7 million (-83.9 percent) compared with 2020 and amounted to EUR 21.8 million in the first half of 2021.

Italy

Due to a sharp increase in new COVID-19 infections in the fall of 2020, all facilities were closed in November 2020. The national measures were only gradually relaxed from April 2021 onwards, and by mid-June almost all locations had reopened. In addition to the COVID-19 pandemic, the Italian market was again affected by regulatory changes in 2021. On January 1, 2021, the PREU was increased and as of June 30, 2021 stands at 8.6 percent for VLTs and 24.0 percent for AWPps.

The revenues of the Italian companies operating in the Gaming Operations segment amounted to EUR 24.0 million in the first half of 2021, coming in approximately EUR 25.6 million (-51.6 percent) lower than in the same period of the previous year (EUR 49.6 million).

United Kingdom

The third national lockdown came into effect at the beginning of January 2021. This meant that all 234 NOVOMATIC facilities in this market had to close their doors. By mid-May 2021, the nationwide lockdown ended and all facilities reopened. Despite these prolonged closures, the operating companies in the UK reported total sales of EUR 28.5 million in the first half of 2021, thanks to strong sales weeks following their reopening. Due to the extended lockdowns, however, this nevertheless represents a decline of EUR 13.3 million (-31.7 percent) against the first half of 2020.

Spain

In contrast to most other markets in which NOVOMATIC operates, there were only minor closures of gaming facilities in Spain. While a national lockdown of around 3 months was enacted in the first half of 2020, only individual autonomous regions were affected by regional lockdowns in the first quarter of 2021. Measures to contain the spread of COVID-19 that were in effect on a national level primarily included nighttime curfews and ended at the beginning of May 2021. However, some measures remained in force. Furthermore, the government continues to pursue a nationwide player protection campaign, which showed a negative impact on sales in some regions in 2021. As a result of the aforementioned development, revenues in the first half of 2021 came in at EUR 32.1 million, EUR 11.0 million (+52.4 percent) higher than in the same period of the previous year (EUR 21.1 million).

The Netherlands

As in many other European countries, the rate of new COVID-19 infections in the Netherlands rose sharply in the fall of 2020. This resulted in the closure of the bar business in October 2020 and all arcades in December 2020, with reopening delayed until the beginning of June 2021. As a result of these restrictions on business activity, revenues declined by EUR 15.3 million (-71.7 percent) from EUR 21.3 million in the first half of 2020 to EUR 6.0 million in the reporting period.

Eastern Europe

Combined, the companies included in this segment generated revenues of EUR 71.0 million in the first half of 2021. This corresponds to a decline of EUR 5.5 million (-7.2 percent) compared to the first half of 2020. As a result of the different COVID-19 developments and the corresponding measures taken, the revenue trends varied greatly from country to country within the region. While the Baltic markets experienced significant declines in revenue due to prolonged closures in the first half of 2021, numerous markets in the region reported a positive sales performance.

Online

The online/mobile B2C market is divided into the segments of Social Casinos (no payout of winnings) and Cash Casinos (gaming with payout of winnings). Due to the undertaken expansion in particular, alongside the closing of the terrestrial business because of the COVID-19 pandemic, the Greentube Group, which belongs to the NOVOMATIC AG-Group, recorded an increase in revenues of EUR 1.5 million (+2.9 percent) to EUR 52.0 million in the Gaming Operations segment.

Net Assets

EUR m	6/30/2021	12/31/2021	Difference absolute	Difference in %
ASSETS				
Non-current assets				
Intangible assets	762.5	760.5	2.0	0.3%
Rights of use assets	534.6	520.9	13.7	2.6%
Property, plant and equipment	854.0	888.5	-34.5	-3.9%
Financial assets	180.2	177.7	2.4	1.4%
Other non-current assets	275.9	279.5	-3.5	-1.3%
	2,607.2	2,627.0	-19.8	-0.8%
Current assets				
Inventories	249.2	252.2	-3.0	-1.2%
Trade receivables, other receivables and assets	437.2	347.7	89.5	25.7%
Cash and cash equivalents	434.5	531.8	-97.3	-18.3%
Other current assets	40.4	36.3	4.1	11.3%
Non-current assets and disposal groups held for sale	0.0	18.5	-18.5	-100.0%
	1,161.4	1,186.6	-25.2	-2.1%
TOTAL ASSETS	3,768.6	3,813.6	-45.0	-1.2%
EQUITY AND LIABILITIES				
Equity				
Share capital	26.6	26.6	0.0	0.0%
Capital reserves	85.4	85.4	0.0	0.0%
Retained earnings	781.5	844.3	-62.7	-7.4%
Revaluation reserve	36.0	27.4	8.6	31.2%
Currency translation adjustment	-86.5	-97.0	10.5	-10.9%
Non-controlling interests	167.7	168.5	-0.8	-0.5%
	1,010.8	1,055.2	-44.4	-4.2%
Non-current liabilities				
Non-current financial liabilities	1,239.3	1,166.8	72.5	6.2%
Non-current lease liabilities	499.9	477.3	22.6	4.7%
Non-current provisions	75.0	77.4	-2.3	-3.0%
Other non-current liabilities	123.7	119.3	4.4	3.7%
	1,938.0	1,840.8	97.3	5.3%
Current liabilities				
Current financial liabilities	180.0	306.1	-126.1	-41.2%
Current lease liabilities	102.1	112.6	-10.5	-9.3%
Trade payables and other liabilities	453.4	420.5	32.9	7.8%
Other current liabilities	84.3	78.4	5.8	7.4%
	819.8	917.7	-97.8	-10.7%
TOTAL EQUITY AND LIABILITIES	3,768.6	3,813.6	-45.0	-1.2%

Key figures on net worth and financial position	6/30/2021	12/31/2020
Gross debt (in EUR m)	2,021.4	2,062.8
Net debt (in EUR m)	1,514.7	1,460.2
Working capital (in EUR m)	341.5	268.9
Equity ratio	26.8%	27.7%
Net gearing ratio	4.5	4.8
ROCE	-6.3%	-8.5%

Gross debt is calculated as the sum of current and non-current financial liabilities and lease liabilities. Net debt is calculated as gross debt less cash, cash equivalents, precious metals and securities. Working capital is the difference between current assets and current liabilities. Equity ratio exhibits the portion of equity to total capital. The net gearing ratio is the ratio of net debt to operating profit plus depreciation and amortization, impairment and reversal of impairment (EBITDA). ROCE is the portion of EBIT in relation to the sum of equity and long-term liabilities.

The balance sheet total decreased against December 31, 2020 by EUR 45.0 million (-1.2 percent) and amounted to EUR 3,768.6 million as of June 30, 2021.

Non-current assets decreased by EUR 19.8 million (-0.8 percent) to EUR 2,607.2 million. Property, plant and equipment decreased by EUR 34.5 million (-3.9 percent) to EUR 854.0 million in the first half of 2021. This was mainly because of the decrease in the item "Slot machines" (EUR -41.8 million) due to the depreciation of the devices in connection with the lower inventory of leased devices as a result of COVID-19. Of this amount, EUR 25.8 million is attributable to Germany, EUR 8.8 million to Italy and EUR 3.0 million to Spain. Rights of use assets increased by EUR 13.7 million to EUR 534.6 million in the first half of 2021. The majority of the increase originated from the German market, where the State Treaty on the Amendment of the Gaming Act resulted in an extension of the terms of the rights of use.

Current assets decreased by a total of EUR 25.2 million (-2.1 percent) and amounted to EUR 1,161.4 million at the end of the first half of 2021. The largest decrease in this item relates to cash and cash equivalents, which declined by EUR 97.3 million (-18.3 percent) to EUR 434.5 million. The drop resulted primarily from the repayment of a bond in June 2021 as well as from the COVID-19-related restrictions on operations. However, this reduction is offset by an increase in trade and other receivables of EUR 89.5 million to EUR 437.2 million in the first half of 2021. The increase in this item is mainly attributable to trade receivables, which rose in the first half of 2021 due to higher sales revenues, among other things. Assets held for sale decreased from EUR 18.5 million in 2020 to EUR 0.0 million in the reporting period. Inventories remained relatively stable at EUR 249.2 million (-1.2 percent) as of June 30, 2021.

Equity decreased by EUR 44.4 million (-4.2 percent) to EUR 1,010.8 million during the reporting period. This decrease was mainly due to retained earnings, which declined by EUR 62.7 million (-7.4 percent), from EUR 844.3 million to EUR 781.5 million. Currency translation adjustments rose by EUR 10.5 million to EUR -86.5 million.

Non-current liabilities increased by EUR 97.3 million (+5.3 percent) from EUR 1,840.8 million in 2020 to EUR 1,938.0 million in the first half of 2021. The increase resulted mainly from non-current financial liabilities, which rose by EUR 72.5 million (+6.2 percent) to EUR 1,239.3 million due to further utilization of the revolving credit line.

Current liabilities decreased by EUR 97.8 million (-10.7 percent) to EUR 819.8 million in the first half of 2021. The decrease is mainly attributable to current financial liabilities and stems from the repayment of the bond in June 2021. Trade payables and other liabilities increased by EUR 32.9 million to EUR 453.4 million in the first half of 2021.

Financial Position

EUR m	1-6/2021	1-6/2020	Change absolute	Change %
EBIT	-37.0	-98.6	61.5	+62.4%
Cash flow from operating activities	87.5	119.3	-31.8	-26.6%
Cash flow from investing activities	-45.6	19.7	-65.2	-331.8%
Free cash flow	42.0	138.9	-97.0	-69.8%
Cash flow from financing activities	-145.1	142.0	-287.2	-202.2%
Changes to cash and cash equivalents	-97.3	285.3	-382.6	-134.1%

Across the Group, cash flow from operating activities totaled EUR 87.5 million in the first half of 2021, compared to EUR 119.3 million the first six months of previous year. Besides the higher operating result (EUR +61.5 million), it was mainly changes in receivables and inventories that had a significant impact that lead to the decrease of EUR 31.8 million.

Cash flow from investing activities amounted to EUR -45.6 million during the reporting period, a decrease of EUR 65.2 million compared to the previous year's level (EUR 19.7 million). This development is mainly attributable to the sale of shares in Casinos Austria AG in the previous year. As a result, proceeds from the sale of financial assets were EUR 107.9 million lower in the first half of 2021 than in the first six months of 2020. This effect was partially offset by the sale of a property (Novomatic Forum). As a result, the proceeds from the sale of non-current assets had a cash-increasing effect of EUR 57.3 million (EUR +31.2 million). Adding to this, a decline in payments for the acquisition of consolidated companies by EUR 26.0 million also had a neutralizing effect.

Due to lower cash flows from operating activities and investing activities, free cash flow decreased in the first half of 2021. Nevertheless, despite challenging conditions and longer lockdowns than in the first half of 2020, it still remained positive at EUR 42.0 million.

Cash flow from financing activities decreased year-on-year from EUR 142.0 million to EUR -145.1 million in the first half of 2021. The decrease of EUR 287.2 million was mainly the result of payouts from bank loans and financial liabilities due to the repayment of a bond in the amount of EUR 200.0 million and the repayment of the ÖKB financing in the amount of EUR 31.8 million. The higher utilization of credit lines in the first half of 2020 was offset by the use of a non-revolving usable bilateral bank financing amounting to EUR 100.0 million and the further utilization of credit lines in the amount of EUR 80.0 million. This resulted in a decrease in proceeds from bank loans and financial liabilities of EUR 127.7 million versus the first half of 2020.

(4) Non-Financial Performance Indicators

Regarding the reporting of the consolidated non-financial statement, reference is made to the separate, non-financial report 2020 of NOVOMATIC AG according to the Sustainability and Diversity Improvement Act (NaDiVeG).

(5) Prospective Development of the Group

The further development of the Group after the reporting date is expected to be positive. Despite new COVID-19 mutations that complicate the assessment of the further course of the pandemic, the increasing global availability of vaccines as well as the rising vaccination rates in particular mean that the general conditions should be less restrictive. Almost all markets in which the NOVOMATIC AG Group operates had already relaxed their restrictive measures as of the reporting date or eased them shortly thereafter. During July 2021, the Group was already able to reopen 97 percent of all locations and reported high average takings and visitor numbers.

(6) Risk Management

NOVOMATIC's annual financial report for the 2020 fiscal year details the most important risks and uncertainties that could have a significant negative impact on the NOVOMATIC Group's asset, financial and earnings position.

Due to the outbreak of the COVID-19 pandemic, the Group continued to face a number of challenges and constraints in the first half of 2021, as many countries imposed various restrictions. It is not yet possible to conclusively assess the exact impact of the COVID-19 pandemic on the 2021 Consolidated Financial Statements.

The annual report for the 2020 fiscal year furthermore includes a detailed description of the structure of the risk management system, as well as the main characteristics of the internal controlling system regarding the accounting process.

Consolidated Balance Sheet

EUR m	6/30/2021	12/31/2020
ASSETS		
Non-current assets		
Intangible assets	762.5	760.5
Right-of-use assets	534.6	520.9
Property, plant and equipment	854.0	888.5
Investment property	26.9	25.9
Investments in associated companies	2.2	2.2
Financial assets	180.2	177.7
Deferred tax assets	154.0	139.5
Other non-current assets	92.8	111.8
	2,607.2	2,627.0
Current assets		
Inventories	249.2	252.2
Trade receivables, other receivables and assets	437.2	347.7
Current tax receivables	22.2	18.8
Current financial assets	18.2	17.5
Cash and cash equivalents	434.5	531.8
Non-current assets and disposal groups held for sale	0.0	18.5
	1,161.4	1,186.6
Total ASSETS	3,768.6	3,813.6
EQUITY AND LIABILITIES		
Equity		
Share capital	26.6	26.6
Capital reserve	85.4	85.4
Retained earnings	781.5	844.3
Revaluation reserve	36.0	27.4
Currency translation adjustment	-86.5	-97.0
	843.0	886.6
Non-controlling interests	167.7	168.5
	1,010.8	1,055.2
Non-current liabilities		
Non-current financial liabilities	1,239.3	1,166.8
Non-current lease liabilities	499.9	477.3
Non-current provisions	75.0	77.4
Deferred tax liabilities	107.6	102.8
Other non-current liabilities	16.2	16.6
	1,938.0	1,840.8
Current liabilities		
Current financial liabilities	180.0	306.1
Current lease liabilities	102.1	112.6
Current provisions	36.6	46.7
Current tax liabilities	47.6	31.7
Trade payables and other liabilities	453.4	420.5
	819.8	917.7
Total EQUITY AND LIABILITIES	3,768.6	3,813.6

Consolidated Profit and Loss Account

EUR m	1-6/2021	1-6/2020
Revenues	629.3	805.4
Gaming taxes and betting fees	-56.2	-98.8
Revenues less gaming taxes and betting fees	573.2	706.5
Changes in inventories of finished goods and work in progress	-8.7	6.5
Own work capitalized	33.5	34.9
Other operating income	96.5	39.5
Cost of material and other purchased services	-81.7	-85.4
Personnel costs	-227.8	-292.3
Amortization, depreciation, impairment and reversal of impairment for intangible assets, property, plant and equipment, and investment property	-144.0	-165.1
Amortization, depreciation, impairment and reversal of impairment for right-of-use assets	-56.0	-64.7
Other operating expenses	-222.0	-278.5
Operating profit	-37.0	-98.6
Interest income	2.8	3.5
Other financial income	13.3	10.6
Interest expenses	-14.9	-12.3
Interest expenses for leases	-12.7	-11.0
Other financial expenses	-7.5	-4.7
Currency exchange gains / losses from intra-group financing	1.6	2.5
Financial result	-17.4	-11.3
Earnings before taxes	-54.4	-109.9
Taxes on income	-4.5	-0.2
Net result for the period from continued operations	-58.9	-110.1
Result from discontinued operations	0.0	2.0
Result for the period	-58.9	-108.1
thereof attributable to non-controlling interests	-3.7	-13.3
thereof attributable to shareholders of the parent (net profit)	-55.3	-94.8

Consolidated Statement of Comprehensive Income

EUR m	1-6/2021	1-6/2020
Result for the period	-58.9	-108.1
Amounts that will be reclassified to profit and loss account in subsequent periods		
Currency translation	11.8	-30.9
Amounts that will not be reclassified to profit and loss account in subsequent periods		
Financial assets measured at fair value through other comprehensive income (equity instruments)	2.3	-5.8
Apportionable income taxes	-0.4	6.4
Other comprehensive income after taxes	13.7	-30.4
Total comprehensive income	-45.3	-138.5
thereof attributable to non-controlling interests	-2.5	-15.0
thereof attributable to shareholders of the parent (net profit)	-42.8	-123.5

Consolidated Cash Flow Statement

EUR m	1-6/2021	1-6/2020
Operating profit	-37.0	-98.6
Result from discontinued operations	0.0	2.0
	-37.0	-96.6
Loss (+) / Gain (-) from the disposal of fixed assets	-13.0	-5.1
Depreciation (+) / Appreciation (-) of fixed assets	200.0	229.8
Loss (+) / Gain (-) from the disposal of companies and other non-cash income and expenses	0.0	-2.2
	150.0	125.9
Increase (-) / Decrease (+) in inventories	4.3	-35.8
Increase (-) / Decrease (+) in receivables and other assets	-78.4	37.4
Increase (+) / Decrease (-) in provisions	-13.4	-9.0
Increase (+) / Decrease (-) in payables and other liabilities	21.6	7.8
Interest received and interest-related income	6.4	5.4
Taxes paid	-2.9	-12.5
Cash flow from operating activities	87.5	119.3
Proceeds from the disposal of fixed assets (excluding financial assets)	57.3	26.1
Proceeds from the disposal/repayment of financial assets	1.7	109.6
Proceeds from the disposal of consolidated companies, net of cash	1.1	1.9
Acquisition of intangible assets, property, plant and equipment	-102.6	-93.2
Acquisition of financial assets and other financial investments	-3.4	-0.4
Acquisition of consolidated companies, net of cash (incl. prepayments)	-6.9	-32.9
Results from associated companies and investments	7.3	8.4
Cash flow from investing activities	-45.6	19.7
Dividend payments	-0.8	-55.0
Expenditures for change in interests in subsidiaries (without change of control)	0.0	-1.7
Expenditures from the repayment of bonds	-200.0	0.0
Proceeds from bank loans and financial liabilities	182.5	310.1
Payouts from bank loans and financial liabilities	-37.6	-31.6
Payouts from leasing obligations	-56.8	-57.1
Interest paid and interest-related payments	-32.4	-22.7
Cash flow from financing activities	-145.1	142.0
Net change in cash and cash equivalents	-103.2	280.9
Currency translation adjustments	3.6	3.8
Changes in cash and cash equivalents due to changes in scope of consolidation	2.2	0.6
Net change in cash and cash equivalents	-97.3	285.3
Cash and cash equivalents at the beginning of the period	531.8	531.1
Cash and cash equivalents at the end of the period	434.5	816.4
Net change in cash and cash equivalents	-97.3	285.3

Consolidated Statement of Changes in Equity

EUR m	Shares of shareholders of NOVOMATIC AG						Non-controlling interests	Equity
	Share capital	Capital reserve	Retained earnings	IFRS 9 Reserve	Currency translation adjustment	Total		
As of 1/1/2021	26.6	85.4	844.3	27.4	-97.0	886.6	168.5	1,055.2
1) Total comprehensive income								
Result for the period	0.0	0.0	-55.3	0.0	0.0	-55.3	-3.7	-58.9
Other comprehensive income	0.0	0.0	-6.7	8.6	10.6	12.5	1.2	13.7
2) Dividend payments	0.0	0.0	0.0	0.0	0.0	0.0	-0.8	-0.8
3) Change in non-controlling interests	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0
4) Changes in the scope of consolidation	0.0	0.0	-0.8	0.0	-0.1	-0.9	1.4	0.5
5) Obligation from written put-options over non-controlling interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
As of 6/30/2021	26.6	85.4	781.5	36.0	-86.5	843.0	167.7	1,010.8

EUR m	Shares of shareholders of NOVOMATIC AG						Non-controlling interests	Equity
	Share capital	Capital reserve	Retained earnings	IFRS 9 Reserve	Currency translation adjustment	Total		
As of 1/1/2020	26.6	85.4	1,103.5	43.3	-70.0	1,188.8	211.3	1,400.1
1) Total comprehensive income								
Result for the period	0.0	0.0	-94.8	0.0	0.0	-94.8	-13.3	-108.1
Other comprehensive income	0.0	0.0	19.1	-18.6	-29.2	-28.7	-1.7	-30.4
2) Dividend payments	0.0	0.0	-50.0	0.0	0.0	-50.0	-5.0	-55.0
3) Change in non-controlling interests	0.0	0.0	-1.1	0.0	0.0	-1.1	-0.3	-1.4
4) Changes in the scope of consolidation	0.0	0.0	-1.1	0.0	0.0	-1.1	-0.7	-1.8
5) Obligation from written put-options over non-controlling interests	0.0	0.0	1.7	0.0	0.0	1.7	0.0	1.7
As of 6/30/2020	26.6	85.4	977.3	24.7	-99.2	1,014.8	190.2	1,205.0

Selected Explanatory Notes To The

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(1) Information about the Company

The NOVOMATIC Group consists of NOVOMATIC AG and its subsidiaries. NOVOMATIC AG is a public limited company according to Austrian legislation and its registered office is in Gumpoldskirchen, Austria. The company's address is NOVOMATIC AG, Wiener Strasse 158, 2352 Gumpoldskirchen. The company is filed with the Register of Companies maintained by the Regional Court of Wiener Neustadt under FN 69548 b.

(2) Accounting Principles

The present Consolidated Interim Financial Statements of NOVOMATIC AG as of June 30, 2021, were prepared in accordance with the International Financial Reporting Standards (IFRS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU applicable for interim financial reports. The accounting policies of December 31, 2020 have been applied unchanged, with the exception of the amended standards described below. For more information, please refer to the Consolidated Financial Statements of NOVOMATIC AG as of December 31, 2020.

The Consolidated Interim Financial Statements were prepared under the going concern assumption. The condensed reporting scope of the Consolidated Interim Financial Statements is in conformity with IAS 34, "Interim Financial Reporting".

The Consolidated Interim Financial Statements are prepared in euros (EUR). For the purpose of clarity, all items in the consolidated financial statements are shown in millions of euros (EUR m). Due to the rounding of individual values and percentages, minor discrepancies may arise.

(3) Scope of Consolidation

The consolidated interim financial statements cover NOVOMATIC AG and the companies that it controls. The following companies were included in the scope of consolidation of the interim reporting period for the first time:

- AbZorba Games, I.K.E., Greece
- ADMIRAL ONLINE S.R.L., Romania
- ADRIA GAMING d.o.o. Beograd, Serbia
- AMUSYS Production Sp.z o.o., Poland
- Blubet Holding Ltd, Malta
- Blubet Operations Ltd, Malta
- Greentube Netherlands B.V., Netherlands
- GREENTUBE TECHNOLOGIES RS d.o.o. Beograd, Serbia
- Greentube USA LLC, USA
- ZBET.RS d.o.o. Kragujevac, Serbia

The scope of consolidation has developed as follows:

Scope of consolidation	Fully consolidated	valued at-equity
As of 1/1/2021	189	3
First-time inclusion in 2021	10	0
Disposed of in 2021	0	-1
Merged in 2021	-2	0
As of 6/30/2021	197	2
of which non-Austrian companies	184	1

Affiliated companies, whose influence on the net assets, financial and earnings position of the Group is marginal, are not included in the scope of the fully consolidated companies but are shown as financial assets.

(4) Accounting and Valuation Methods

Standards and Interpretations to be Applied for the First Time in the 2021 Fiscal Year

The following new or revised standards and interpretations came into force for the first time during the current reporting period. They had no significant impact on the Consolidated Interim Financial Statements.

Standard / Interpretation	Obligatory application for the fiscal years from
IFRS 9/IAS 39/IFRS 7/IFRS 4/IFRS 16	Interest Rate Benchmark Reform - Phase 2
	January 1, 2021

(5) Impact of the COVID-19 Pandemic

The COVID-19 pandemic, which has led to widespread lockdown measures and extensive restrictions on public life, continues to affect the global economy and has a significant impact on the NOVOMATIC Group's business development.

In its Gaming Operations segment, the Group was directly affected by the nationwide closure of gaming facilities, while the Gaming Technology segment was hampered by the customers' continued reluctance to invest.

In order to counteract the unfavorable business situation, the Group had already initiated cost-saving and optimization measures to improve its expense structure in the previous year. These are being continued in 2021. As demand remained low, the reduction and bundling of production capacities was also continued in the first half of 2021 to the extent deemed necessary. State subsidies for personnel costs were claimed in order to secure and maintain jobs. The scope of the governmental support measures varies from country to country (where applicable), with short-time work models and subsidies being particularly noteworthy. In addition, the Group once again availed itself of reductions in advance tax payments and longer payment terms offered by the authorities in order to strengthen its liquidity position.

By the end of the first half of the year, the government's COVID-19 measures were relaxed in almost all markets in which NOVOMATIC operates. Most markets subsequently experienced a significant recovery in business activity. Nevertheless, the COVID-19 pandemic continues to have a significant impact on the development of the markets in which the Group operates. Current developments are monitored by the Group, and the impact on the Group's operating activities and liquidity is reassessed at regular intervals. In particular, due to the renewed increase in infections in key markets, it is impossible to conclusively assess the further impact on the full year 2021.

(6) Company Acquisitions

In January 2021, 70 percent of the shares in ZBET.RS d.o.o. and 100 percent of the shares in its subsidiary ADRIA GAMING d.o.o. in Serbia were acquired. The acquired companies are operators of approximately 150 betting shops and three gaming arcades.

With this acquisition, the Group aims to further consolidate and enhance its position in this market.

This company acquisition has been recognized pursuant to IFRS 3, partially using provisional values as of the reporting date. Accordingly, the values in the opening balances have not yet been finally determined, and the allocation of the total purchase price to the assets acquired and liabilities assumed has also not yet been completed. In particular, changes in the values of goodwill, intangible assets as well as the consideration paid may still occur. The inclusion of these acquired companies in the Consolidated Interim Financial Statements is therefore partially based on preliminary fair values.

The following table summarizes the preliminary fair values of this company acquisition:

EUR m	Preliminary fair values
Property, plant and equipment	5.8
Other non-current assets	1.6
Deferred tax assets	0.1
Cash and cash equivalents	0.4
Other current assets	0.1
Current liabilities and provisions	-3.4
Currency difference	0.6
Net assets	5.3
Non-controlling interests (at the proportionate share of the identifiable net assets)	-1.4
Goodwill	17.2
Consideration	21.1

The consideration of EUR 21,1 million has already been fully paid in cash. Goodwill resulting from the acquisition reflects expected strategic advantages for the Group due to the further expansion of operational business activities and further potential growth through synergies. The goodwill resulting from this acquisition will probably not be tax-deductible. Revenues since the acquisition date amounted to EUR 6,8 million, whereas the result for the period since the acquisition date came in at EUR -1,4 million.

(7) Notes to the Consolidated Balance Sheet

(7.1) Intangible Assets in EUR m

Goodwill is reported under intangible assets with a carrying amount of EUR 298.4 million (previous year: EUR 280.7 million). The change results mainly from the preliminary accounting of the acquisitions mentioned above.

(7.2) Right-of-Use Assets

The right-of-use assets recognized in connection with IFRS 16 Leases relate to the following types of assets:

EUR m	Real estate	Gaming devices	Office and business equipment, vehicle fleet	Total
As of 1/1/2021	491.6	24.1	5.2	520.9
Currency translation adjustments	2.3	0.0	0.0	2.4
Additions	79.1	3.4	1.6	84.1
Disposals	-16.3	-0.5	-0.3	-17.1
Depreciation/amortization	-47.9	-5.6	-1.6	-55.1
Impairment	-8.7	0.0	0.0	-8.8
Reversal of an impairment	8.2	0.0	0.0	8.2
As of 6/30/2021	508.3	21.4	4.9	534.6

Depreciation is carried out using the straight-line method over the underlying contractual term or economic useful life.

(7.3) Impairments and Reversals of Impairments

The comparison of carrying amounts with the recoverable amounts for the (groups of) cash-generating units is carried out once every year as part of the annual impairment test on September 30. Assets are also tested for impairment if indications of impairment arise during the current financial year.

The COVID-19 pandemic continued to have a significant impact on the Group companies' operations in the first half of 2021. Due to extensive site closures, operating companies were not able to generate sales during this period, while on the other hand, the sales market for distribution companies was limited. Based on management's assessment, this development had already been anticipated at the end of 2020 and taken into account as an indication of impairment pursuant to IAS 36. Towards the end of the first half of the year, the government's COVID-19 measures were relaxed in almost all markets in which NOVOMATIC operates. Based on the results since the reopening, a positive development has already become evident.

In Germany, the State Treaty on Gaming 2021 came into force on July 1, 2021. The state-specific implementation provisions and transitional regulations for existing gaming arcades resulted in a lower number of site closures than originally assumed.

Based on the analysis of the past surpluses in earlier impairment tests, the experience to date from the reopenings after the local lockdowns as well as the corresponding expectations for the future, the following groups of cash-generating units (CGUs) were identified for the calculation of impairment pursuant to IAS 36:

Groups of cash-generating units	Recoverable amount	Discount rate	Pre-tax/post-tax interest rate
Gaming Operations – Germany	Value-in-use	11.76%	Pre-tax interest rate
Gaming Technology – Ainsworth	Value-in-use	12.83%	Pre-tax interest rate

Based on the impairment tests performed, an impairment loss of EUR 6.5 million is required for the CGU Gaming Technology – Ainsworth as of June 30, 2021.

Furthermore, the evaluation of the individual gaming facilities resulted in a write-up of EUR 16.6 million in Germany. This is offset by an impairment in the amount of EUR 10.0 million. As a result of the new market knowledge, the assessment of the usability of certain device types changed, which led to a reversal of impairments in the amount of EUR 3.6 million.

Impairments in the remaining markets amount to EUR 0.2 million. No write-ups have been carried out in other markets.

(7.4) Financial Assets

The NOVOMATIC Group indirectly holds a 9.45 percent interest in Österreichische Lotterien Gesellschaft m.b.H. (ÖLG) which is recognized under "Other investments" with a fair value of EUR 128.5 million (previous year: EUR 125.6 million).

(7.5) Cash and Cash Equivalents

Bank balances amounted to EUR 306.3 million (previous year: EUR 424.3 million). The stated cash in the amount of EUR 128.2 million (previous year: EUR 107.5 million) largely serves as cash reserves and base filling of the gaming machines at the various gaming establishments.

(7.6) Non-Current and Current Financial Liabilities

Regarding non-current financial liabilities, the Company drew a further amount of EUR 80 million on its revolving credit line.

The bond (ISIN AT0000A182L5) with a nominal value of EUR 200 million, which was reported under current financial liabilities in the previous year, was redeemed at maturity on June 23, 2021.

Current financial liabilities also include a new bilateral non-revolving credit line in the amount of EUR 100 million.

(7.7) Non-Current and Current Lease Liabilities

The lease liabilities recognized in the balance sheet result from the application of IFRS 16 Leases. The lease payments are divided into a repayment component and a financing component. The repayment portion is offset against the existing lease liabilities, while the financing component is recognized as interest expense in the income statement.

(8) Notes to the Income Statement

The income statement was prepared applying the total cost method.

(8.1) Revenues

EUR m	1-6/2021	1-6/2020
Sale revenues	129.5	94.4
Income from slot machines	153.1	335.2
Live game	3.6	15.3
Income from rent and management services	168.3	186.1
Betting revenues	64.8	63.0
eBusiness income	124.1	106.1
Income from food and beverage	2.5	10.1
Other sales	16.4	19.4
Sales reduction	-32.8	-24.3
Total	629.3	805.4

(8.2) Taxes on Income

Taxes are calculated during the year using the income tax rate applicable in each country.

(9) Notes on Segment Reporting

Segment Revenues

EUR m						1-6/2021
	Gaming Technology	Gaming Operations	Other	Reconciliation	Total	
External revenues	336.5	291.9	1.0	0.0	629.3	
Inter-segment revenues	54.2	5.3	3.6	-63.0	0.0	
Total revenues	390.7	297.2	4.5	-63.0	629.3	

EUR m						1-6/2020
	Gaming Technology	Gaming Operations	Other	Reconciliation	Total	
External revenues	313.5	490.6	1.3	0.0	805.4	
Inter-segment revenues	59.0	4.6	3.4	-67.1	0.0	
Total revenues	372.5	495.2	4.7	-67.1	805.4	

Segment Result

EUR m						1-6/2021
	Gaming Technology	Gaming Operations	Other	Reconciliation	Total	
Segment result (EBIT)	31.8	-68.0	-1.2	0.3	-37.0	
Financial result					-17.4	
Earnings before taxes					-54.4	
Taxes on income					-4.5	
Net result for the period from continued operations					-58.9	

EUR m						1-6/2020
	Gaming Technology	Gaming Operations	Other	Reconciliation	Total	
Segment result (EBIT)	-15.7	-80.2	0.0	-2.6	-98.6	
Financial result					-11.3	
Earnings before taxes					-109.9	
Taxes on income					-0.2	
Net result for the period from continued operations					-110.1	

Geographical Information

The Group recorded the following revenues in the individual regions:

EUR m										1-6/2021
	Austria	Germany	Italy	United Kingdom	Spain	The Netherlands	Eastern Europe	Other countries	Online	Total
Gaming Technology	12.4	121.8	10.7	4.4	16.3	2.3	45.5	71.9	51.1	336.5
Gaming Operations	56.4	21.8	24.0	28.5	32.1	6.0	71.0	0.0	52.0	291.9
Other	0.0	0.4	0.0	0.2	0.0	0.0	0.0	0.3	0.0	1.0
Revenues	68.8	144.1	34.7	33.2	48.4	8.3	116.5	72.2	103.1	629.3

EUR m										1-6/2020
	Austria	Germany	Italy	United Kingdom	Spain	The Netherlands	Eastern Europe	Other countries	Online	Total
Gaming Technology	18.4	130.8	29.4	4.0	16.2	2.6	25.2	44.3	42.6	313.5
Gaming Operations	94.3	135.6	49.6	41.8	21.1	21.3	76.5	0.0	50.5	490.6
Other	0.0	0.5	0.0	0.3	0.0	0.0	0.0	0.5	0.0	1.3
Revenues	112.7	266.9	79.0	46.0	37.3	23.9	101.7	44.8	93.1	805.4

(10) Notes on Financial Instruments

Valuation of Financial Instruments

For financial instruments, the following tables show the carrying amounts and fair values of the individual financial assets and liabilities by category pursuant to IFRS 9.

a) Fair Value of Financial Assets and Liabilities Carried at Regularly Evaluated Fair Value

For financial reporting purposes, some of the Group's assets and liabilities are measured at fair value in accordance with the Fair-Value-Hierarchy.

EUR m	6/30/2021	12/30/2020	Hierarchy
Financial assets			
Holdings in non-consolidated entities	5.8	4.1	Level 3
Investments – Other	23.1	28.2	Level 3
Investments – Financial investments	128.4	125.6	Level 3
Securities – Equity instruments	23.5	20.7	Level 1
Securities – Debt instruments	1.1	0.7	Level 1
Securities – Investment funds	0.0	0.0	Level 1
Derivatives (positive market values)	0.1	0.3	Level 2
Financial liabilities			
Purchase price obligations – Contingent considerations	5.5	5.1	Level 3

Shares in non-consolidated companies are recognized at fair value through profit or loss and other investments at fair value through other comprehensive income. The valuation is based on recognized income approaches. The expected cash flows from the multi-year planning are discounted with a specific country discount rate.

The financial investments include the indirectly held 9.45 percent interest in Österreichische Lotterien Gesellschaft m.b.H. (ÖLG). For the market value measurement of the financial investment in ÖLG, internally created company valuations were used, applying recognized multiplier methods. An industry multiple derived from a peer group of seven international lottery companies was applied. The main input factor for this is the average ratio of enterprise value (EV) to EBITDA or to EBIT for the selected peer group which is based on current market data and represents the average market capitalization. At the time of submitting the offer or acquiring the interest, the EV/EBITDA multiplier was 7.83 and the EV/EBIT multiplier 8.89. The updated determination of the stated multipliers led to an EV/EBITDA multiplier of 8.48 and an EV/EBIT multiplier of 12.45. Firstly, the pro-rated EBITDAs and EBITs of ÖLG and its (sub-)subsidiaries from the most recent financial information were calculated using these two multipliers. The entity value so calculated was increased by the net financial assets or reduced by the net financial liabilities, and adjusted for the pro rata equity of subordinated investments. Based on this equity value for 100 percent of the shares, the proportional market value for the 9.45 percent investment was determined. This remeasurement of financial investments was recorded in equity, resulting in a revaluation of around EUR 2.8 million which had no impact on income in the current reporting period. An increase in the multiplier by 0.5 would lead to an increase in the fair value by EUR 6.0 million, and an increase in the underlying EBITDA/EBIT of the valuation item by 10 percent would result in an increase in the fair value of around EUR 12.2 million.

Securities relate to listed equity instruments (e.g. shares) or debt instruments (e.g. bonds). For the valuation, the bid prices quoted on an active market are used.

The Group has designated the aforementioned equity instruments – other investments, financial investments and securities – at fair value through equity in other comprehensive income.

The derivative financial instruments comprise forward currency contracts, the fair value of which is ascertained using the discounted cash flow method. For this, the future cash flows determined as of the valuation date are discounted using suitable discount rates with matching maturities (observable interest rate curves on the balance sheet date or the most recently applicable interest rate curve prior to the balance sheet date (June 30, 2021)). Market valuations of derivative financial instruments are carried out by the Group's own treasury management system, as well as the banks involved. The market value of derivatives corresponds to the value that the individual company would receive or have to pay if the contract was settled as of the balance sheet date. Changes in fair value are recorded in profit and loss.

To hedge financial risks, the NOVOMATIC Group entered into the following derivative contracts:

EUR m	6/30/2021		12/31/2020	
	Nominal value	Market value	Nominal value	Market value
USD forward contract – positive market value	7.7	0.1	8.7	0.3
USD forward contract – negative market value	0.0	0.0	1.5	0.0
Total	7.7	0.1	10.1	0.3

For USD forward contracts, the change in fair value is recognized in the income statement.

The contingent considerations from business combinations result from the contractual obligations of the acquiring Group company to pay an additional purchase price to the seller if certain contractually agreed financial performance indicators (e.g. revenue or EBITDA goals) are reached within a certain period after closing. The valuation of the obligations from contingent purchase prices is based on updated revenue and/or EBITDA estimates. The contingent considerations are shown in the balance sheet with EUR 3.2 million (previous year: EUR 3.0 million) under the other non-current liabilities (purchase price obligations) and with EUR 2.2 million (previous year: EUR 2.1 million) under the other current liabilities (purchase price obligations).

b) Fair Value of Other Financial Assets and Liabilities

For financial instruments valued at cost, the following table provides an overview of the book values as well as the corresponding fair values:

		6/30/2021		12/31/2020	
EUR m	Carrying amount	Fair value	Carrying amount	Fair value	Hierarchy
Financial liabilities					
Bonds	497.5	491.1	696.9	681.6	Level 1
Bank liabilities	911.9	914.0	767.9	770.5	Level 2

For the fair value of the bonds, the stock market price on the valuation date or the last valid market price prior to the balance sheet date (June 30, 2021) was used. The market value of bank obligations is determined by discounting future fixed cash flows related to these obligations at the market interest rate on the balance sheet date.

For cash, trade receivables, trade payables, other current receivables and other current liabilities, the fair value roughly corresponds to the carrying amount due to the short residual maturities.

For loans and borrowings, as well as other non-current financial receivables and liabilities, no major deviations between fair value and carrying amount are assumed. The default risk is taken into consideration through the application of valuation allowances.

(11) Other Information

Related Party Transactions

There were no significant changes regarding ongoing transactions from the delivery of goods, services, rental fees as well as research and development services with related companies and persons.

Seasonality of the Business

The business performance of the NOVOMATIC Group is generally not characterized by any significant seasonal fluctuations. Due to the COVID-19 pandemic, however, the volatility of revenues and earnings figures continues to be significantly higher.

Contingent Liabilities

There were no material changes to the contingent liabilities.

Dividends

The Annual General Meeting on March 25, 2021 approved the carryforward of the entire annual result for 2020, including the retained earnings. No dividend was distributed to the shareholders of NOVOMATIC AG.

Compulsory Statement on the Review by an Auditor

The interim financial report 2021 was subject to neither a complete audit nor a review by an auditor.

(12) Subsequent Events after the End of the Interim Reporting Period

No significant events occurred after the end of the interim reporting period.

Statement by the Executive Board

We confirm that to the best of our knowledge the Consolidated Interim Financial Statements of NOVOMATIC AG as of June 30, 2021 give a true and fair view of the net assets, financial position and results of operations of the Group as required by the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), and that the consolidated management report for the first half of the year 2021 gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties which the Group faces.

Gumpoldskirchen, September 3, 2021

The Executive Board of NOVOMATIC AG

Ryszard Presch

Member of the Executive Board

Johannes Gratzl

Member of the Executive Board