

NOVOMATIC AG

INTERIM FINANCIAL REPORT
as of June 30, 2023



Overview of Key Figures

EUR m	01-06/2023	01-06/2022	Change	
			million	%
Revenues	1,582.6	1,319.1	+263.6	+20.0 %
EBITDA	386.1	371.7	+14.4	+3.9 %
Operating profit (EBIT)	197.8	162.1	+35.6	+22.0 %
Result for the period	98.3	122.9	-24.6	-20.0 %
EBITDA margin (EBITDA/revenues)	24.4 %	28.2 %		
Free cash flow before acquisitions	117.6	243.7	-126.1	-51.7 %
Free cash flow after acquisitions	60.7	243.1	-182.4	-75.0 %
Number of employees (average)	24,590	21,721		+13.2 %

EUR m	06/30/2023	12/31/2022	Change	
			million	%
Balance sheet total	4,559.7	4,324.1	+235.5	+5.4 %
Equity	1,397.1	1,337.2	+59.9	+4.5 %
Equity ratio (equity/balance sheet total)	30.6 %	30.9 %		

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NOVOMATIC AG

MANAGEMENT REPORT

for the 2023 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 over 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 2,100 own gaming facilities, which include casinos, slot arcades, sports betting outlets and bingo facilities.

In addition to the development of terrestrial gaming equipment, the NOVOMATIC AG Group's business activity also covers the development of game content for licensed online and offline suppliers as well as the operation of 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 of May 2023, COVID-19 is no longer classified as a global health crisis by the WHO. For the most part, global supply chains have recovered and returned to pre-crisis levels. In the first half of 2023, the global economy continued to be impacted by the persistence of last year's inflation. While energy prices have fallen significantly from their 2022 peak and food price increases have also begun to level off slowly, core inflation has remained above country-specific targets in most countries. The restrictive monetary policies introduced by central banks in response led to rising interest rates, which in some cases have restricted economic activity. At the end of June 2023, the ECB's key interest rate for the main refinancing operation was 4.0 percent, while that of the U.S. Federal Reserve was between 5.0 and 5.25 percent.

The increase in global GDP in 2023 is forecast to come in at 3.0 percent², while the euro area is predicted to see an increase of 1.1 percent³.

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

² According to the World Economic Outlook Update dated July 2023 provided by the International Monetary Fund (IMF)

³ According to the European Economic Forecast Spring 2023.

Economic growth in %*	2024f	2023f	2022
Austria	1.6	0.4	5.0
Germany	1.4	0.2	1.8
Italy	1.1	1.2	3.7
United Kingdom	1.0	0.4	4.1
Spain	2.0	1.9	5.5
The Netherlands	1.2	1.8	4.5
Central and Eastern Europe	2.2	1.8	0.8
USA	1.0	1.8	2.1
Latin America	2.2	1.9	3.9
World	3.0	3.0	3.5

* Growth in Austria, Germany, Italy, Spain and the Netherlands are taken from the Spring 2023 economic forecast of the European Union. Growth in the UK, Central and Eastern Europe, the United States, Latin America and the world is taken from the International Monetary Fund's July 2023 World Economic Outlook Update. The previous year's data were updated on the basis of the available reports.

(3) Business Performance

General business development in the reporting period

Our international growth strategy of recent years was successfully continued in the reporting period. The acquisition of several companies in various markets increased the number of consolidated companies in the Group to a total of 220.

The Group also benefited from the strong product performance of NOVOMATIC equipment. The number of gaming devices operated increased to 77,042 (+3,555 compared to the same period in the previous year), while the number of leased gaming devices stood at 142,159 as of June 30, 2023 (+3,093 compared to the same period in the previous year). At 13,912, the number of gaming devices sold was lower than in the same period of the previous year (15,141 units), while the order backlog increased significantly compared to the first half of 2022.

Group revenue (before gaming taxes and betting fees) increased from EUR 1,319.1 million in the previous year to EUR 1,582.6 million in the first half of 2023. This corresponds to an increase by EUR 263.6 million (+20.0 percent). Both the Gaming Technology and Gaming Operations segments reported higher revenues than in the prior year period. Positive developments were evident in all regions.

In the Gaming Technology segment, the acquisition of the Italian HBG Group in November 2022 in particular resulted in higher revenues, mainly due to revenues from concessionaire activities. In Germany, revenues from rent and management services increased despite a shrinking overall market. In Austria and in the Other Markets region, the positive development was mainly driven by sales revenues as well as income from rent and management services. The Online division recorded growth in eBusiness revenues as a result of its expansion strategy.

In the Gaming Operations segment, all regions reported an increase in revenues in the first half of 2023. The strongest revenue growth was achieved with the operation of slot machines, where revenues increased by EUR 124.6 million in the first half of 2023. This growth is due to both the good product performance of NOVOMATIC's gaming machines and the Group's expansion strategy. In addition to revenues from the operation of slot machines, increases were also recorded in the items live game (EUR +31.2 million), betting revenues (EUR +16.8 million), eBusiness revenues (EUR +15.8 million) and catering and hospitality revenues (EUR +8.1 million).

NOVOMATIC's business was also affected by global economic developments. Due to the development of the procurement market and the high demand for NOVOMATIC products, inventories increased at the Group level. In line with general price developments, the volatility of most expense items, such as energy costs, decreased during the year. Continued high inflation, restrictive monetary policies and interest rate developments in many markets resulted in higher wage and salary settlements and rising financing costs. In contrast to the same period of the previous year, the COVID-19 pandemic did not have any impact on the NOVOMATIC AG Group's operating business. The ongoing conflict between Ukraine and Russia also had no significant direct impact on the net assets, financial position and results of operations of the NOVOMATIC AG Group due to the low overall level of exposure in these markets.

Earnings before interest, tax, depreciation and amortization (EBITDA) came in at EUR 386.1 million in the first half of 2023. Operating profit (EBIT) increased from EUR 162.1 million in the previous year's period by EUR 35.6 million to EUR 197.8 million. The result for the period was EUR 98.3 million, EUR 24.6 million below the previous year's level.

Important Events

Several acquisitions were completed in the first half of 2023. In the Online segment, the Greentube Group was able to further expand its international portfolio in both software development and system and platform technology through the acquisition of Ineor d.o.o. and the Alteatec Group. The acquisition of Italy's 187 S.r.l., which operates approximately 630 AWP's and 690 VLT's in 25 gaming arcades, enabled the Company to advance its growth strategy in one of the world's highest-grossing gaming markets.

Further acquisitions of smaller companies, primarily focused on the operation of gaming arcades, were made in several markets. In the United Kingdom, for example, five acquisitions of smaller operators with a total of 15 arcades were completed. With these and other acquisitions, the Group aims to further consolidate and enhance its market position in the corresponding core markets.

Spielbank Berlin's main location at Potsdamer Platz was reopened with a grand inauguration ceremony in the second quarter. With a total area of 8,500 m² on six floors, 500 slot machines, and 40 gaming tables with roulette, touch-bet, blackjack and poker, this is now one of the most modern casinos in Germany.

Austria's ADMIRAL Casinos & Entertainment AG successfully applied to renew its license for regional games of chance by gaming machines in Upper Austria. According to the notice of June 2023, the corresponding permit has been issued by the Province of Upper Austria.

At the end of May 2023, the construction of the photovoltaic system at the headquarters in Gumpoldskirchen was started. With approximately 4,800 panels and a maximum production capacity of approximately 2,264,000 kWh, one of the largest photovoltaic installations in Lower Austria is being built on the roofs of NOVOMATIC AG. In the future, a significant part of the electricity consumed will be generated from emission-free solar energy, making a sustainable contribution to the protection of our environment.

The utilization of the revolving credit line of EUR 800.0 million amounted to EUR 550.0 million as of June 30, 2023. Of the 2016-2023 bond, bonds with a nominal amount of EUR 237.6 million remained outstanding as of June 30, 2023, with final redemption on September 20, 2023.

With regard to long-term financing, new credit facilities with a volume of EUR 120.0 million were taken out and an existing credit line of EUR 100.0 million was extended.

NOVOMATIC AG is assessed on an ongoing basis by the rating agency Standard & Poor's (S&P). With the rating report of June 20, 2023, the rating for NOVOMATIC AG was improved from "BB" to "BB+". Both the solid operating performance and the debt reduction were cited as reasons for the rating upgrade.

Consolidated Financial Statement for NOVOMATIC

Earnings Position

EUR m	1-6/2023	1-6/2022	Difference absolute	Difference %
Revenues	1,582.6	1,319.1	263.6	20.0 %
Gaming taxes and betting fees	-207.5	-160.2	-47.3	29.6 %
Revenues less gaming taxes and betting fees	1,375.1	1,158.9	216.2	18.7 %
Changes in inventories of finished goods and work in progress	30.7	15.7	14.9	94.9 %
Own work capitalized	31.5	39.3	-7.8	-19.9 %
Other operating income	57.3	58.2	-0.9	-1.6 %
Cost of material and other purchased services	-168.3	-154.3	-14.0	9.1 %
Personnel costs	-498.5	-397.1	-101.4	25.5 %
Other operating expenses	-441.8	-349.1	-92.7	26.5 %
EBITDA	386.1	371.7	14.4	3.9 %
EBITDA margin	24.4 %	28.2 %	-3.8 PP	-
Depreciation and amortization, impairment and reversal of impairment	-188.3	-209.6	21.3	-10.1 %
EBIT	197.8	162.1	35.6	22.0 %
EBIT margin	12.5 %	12.3 %	0.2 PP	-
Financial result	-36.6	-0.6	-36.0	>100 %
Earnings before taxes	161.2	161.6	-0.4	-0.2 %
Income Taxes	-62.9	-38.6	-24.2	62.8 %
Result for the period	98.3	122.9	-24.6	-20.0 %

Key figures from earnings position (in EUR m)	1-6/2023	1-6/2022
EBITDA	386.1	371.7
Operating Result (EBIT)	197.8	162.1
Earnings before interest expense and tax	209.1	180.7
Profit margin	13.2 %	13.7 %
Return on equity	21.8 %	26.8 %
Return on total capital	8.3 %	10.0 %
Interest coverage ratio	413.1 %	846.0 %
Effective tax rate	39.0 %	23.9 %

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. The EBITDA margin or EBIT margin is defined as being the ratio of EBITDA or EBIT to revenue. 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 revenues. Return on equity is calculated as the ratio of profit before taxes of the past twelve months to equity. Return on assets describes the ratio of earnings before interest and taxes of the last twelve months to total capital. The interest coverage ratio is derived from EBIT in relation to interest expenses. The effective tax rate is the ratio of income tax to earnings before taxes.

In the first half of 2023, the NOVOMATIC AG Group generated EUR 1,582.6 million in revenues, compared to EUR 1,319.1 million in the same period of 2022. The increase in revenues of EUR 263.6 million (+20.0 percent) is due to the good performance and demand for NOVOMATIC products as well as the acquisitions made. The increase in Group revenues was attributable to all markets: Italy (EUR +99.9 million), Germany (EUR +49.4 million), Eastern Europe (EUR +29.8 million), Austria (EUR +21.8 million), the Online division (EUR +21.7 million), the Other Markets region (EUR +15.1 million), the United Kingdom (EUR +12.6 million), the Netherlands (EUR +8.0 million) and Spain (EUR +5.2 million).

Revenue increases in 2023 compared to the 2022 period were also observed across all revenue items. The largest increase in revenue in absolute terms was attributable to the item Operation of slot machines, which rose by EUR 124.5 million (+20.8 percent). Here, the markets of Germany (EUR +40.2 million), Italy (EUR +25.8 million) and Eastern Europe (EUR +24.9 million) recorded the most significant advances.

The item Other revenues rose by EUR 36.4 million (+88.3 percent) to EUR 77.5 million. The increase is mainly due to the Italian market (EUR +31.1 million), as a result of the acquisition of the HBG Group in November 2022 and the related revenues from concessionaire activities. The EUR 31.2 million (+133.3 percent) increase in live gaming revenues to EUR 54.6 million was also mainly due to the acquisition of the HBG Group.

eBusiness revenues went up by EUR 24.3 million (+19.1 percent) to EUR 151.4 million. The increase in this item was mainly attributable to the Greentube Group (EUR +19.3 million).

Revenues from rent and management services amounted to EUR 263.4 million in the first half of 2023. (EUR +19.1 million). The positive development of this item is largely attributable to the Italian (EUR +6.6 million) and German (EUR +6.1 million) markets.

Increases in revenues were also recorded in the betting revenues (EUR +16.8 million), catering and hospitality revenues (EUR +8.3 million) and sales revenues (EUR +3.5 million) items. Sales reductions increased by EUR 0.5 million year-on-year, in line with sales revenues, and amounted to EUR 42.0 million in the reporting period.

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

Gaming taxes and betting fees, which depend largely on slot machine and betting revenues, increased from EUR 160.2 million to EUR 207.5 million (+29.6 percent) as a result of the positive business development.

The cost of materials and other purchased services increased by EUR 14.0 million (+9.1 percent) to EUR 168.3 million due to the higher number of leased gaming devices in the reporting period. As a result of increased production, the item Changes in inventories of finished goods and work in progress amounted to EUR 30.7 million compared to EUR 15.7 million in the same period of the previous year. Own work capitalized amounted to EUR 31.5 million (-19.9 percent).

Personnel costs increased by EUR 101.4 million to EUR 498.5 million in the first half of 2023 (+25.5 percent). The increase was due to the completed acquisitions, higher capacity utilization as a result of the positive business development, as well as continued high inflation and related wage and salary increases.

Other operating expenses increased by EUR 92.7 million, from EUR 349.1 million in the first half of 2022 to EUR 441.8 million in the first half of 2023. The increase was mainly due to higher advertising expenses (EUR +18.3 million), primarily in the regions of Eastern Europe, in the Online segment as well as in Italy and Austria. Energy costs (EUR +11.4 million) and foreign exchange losses (EUR +9.8 million) due to global economic developments also had a significant impact.

Earnings before interest, taxes, depreciation and amortization (EBITDA) for the reporting period amounted to EUR 386.1 million. The increase by EUR 14.4 million (+3.9 percent) compared to the first half of 2022 (EUR 371.7 million) was due to higher revenues, offset by higher operating expenses, mainly as a result of the overall economic development. At 24.4 percent, the EBITDA margin was 3.8 percentage points under the previous year's level. Depreciation, amortization, impairment losses and reversals of impairment losses decreased by EUR 21.3 million (-10.1 percent) and amounted to EUR 188.3 million in the first half of 2023 after EUR 209.6 million in the previous year. Depreciation and amortization of property, plant and equipment, intangible assets and right-of-use assets decreased by EUR 6.5 million (-3.4 percent) to EUR 185.9 million, while impairment losses, net of impairment reversals, changed from EUR -17.1 million to EUR -2.4 million.

Operating profit (EBIT) increased from EUR 162.1 million in the previous year by EUR 35.6 million to EUR 197.8 million in the first half of 2023.

The financial result decreased from EUR -0.6 million to EUR -36.6 million. The decrease (EUR -36.0 million) was mainly due to higher interest expenses as a result of the increase in central bank interest rates as well as due to valuation effects from finance investments.

Earnings before taxes decreased by EUR 0.4 million to EUR 161.2 million during the period under review. After taking income tax amounting to EUR -62.9 million into consideration, the Group recorded a profit of EUR 98.3 million for the reporting period, compared to EUR 122.9 million in the previous year.

Important Key Figures

Leased gaming devices⁴

	Group	Austria	Germany	Italy	United Kingdom	Spain	The Netherlands	Eastern Europe	Other Markets	Online
1-6/2023	142,159	2,393	75,123	32,804	-	7,328	60	12,344	11,563	544
1-6/2022	139,066	1,846	75,763	33,250	-	4,262	65	14,005	9,532	343

Operated Gaming Devices⁵

	Group	Austria	Germany	Italy	United Kingdom	Spain	The Netherlands	Eastern Europe	Other Markets	Online
1-6/2023	77,042	2,256	9,448	17,650	22,779	4,393	3,916	16,007	593	-
1-6/2022	73,487	2,256	10,183	14,992	20,042	6,183	4,147	15,233	451	-

Sold Gaming Devices⁶

	Group	Austria	Germany	Italy	United Kingdom	Spain	The Netherlands	Eastern Europe	Other Markets	Online
1-6/2023	13,912	929	-	85	367	4,138	214	2,953	5,226	-
1-6/2022	15,141	633	-	126	885	4,473	232	3,243	5,549	-

Segment Analysis

EUR m	1-6/2023	Austria	Germany	Italy	United Kingdom	Spain	The Netherlands	Eastern Europe	Other Markets	Online
Revenues	1,582.6	189.5	368.8	254.9	154.5	82.4	42.8	209.3	129.9	150.6
Gaming Technology	574.2	31.8	148.3	105.2	10.1	30.8	3.1	45.2	129.3	70.3
Gaming Operations	1,007.5	157.6	220.3	149.7	144.2	51.5	39.7	164.1	0.0	80.3
Other	1.0	0.0	0.3	0.0	0.2	0.0	0.0	0.0	0.5	0.0

EUR m	1-6/2022	Austria	Germany	Italy	United Kingdom	Spain	The Netherlands	Eastern Europe	Other Markets	Online
Revenues	1,319.1	167.7	319.4	155.0	141.8	77.2	34.7	179.5	114.8	128.9
Gaming Technology	504.8	22.6	141.5	69.1	16.8	29.9	2.7	47.9	114.3	60.1
Gaming Operations	813.3	145.1	177.7	85.9	124.9	47.3	32.0	131.6	0.0	68.8
Other	0.9	0.0	0.2	0.0	0.2	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	263.6	21.8	49.4	99.9	12.6	5.2	8.0	29.8	15.1	21.7
Gaming Technology	69.3	9.2	6.8	36.1	-6.7	0.9	0.4	-2.7	15.1	10.2
Gaming Operations	194.2	12.5	42.6	63.8	19.3	4.3	7.6	32.5	0.0	11.5
Other	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

⁴ Number to third parties at the end of the period

⁵ Number at the end of the period

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.

Revenues of the NOVOMATIC AG Group increased from EUR 1,319.1 million to EUR 1,582.6 million in the first half of 2023 due to the positive business development. In the year under review, the Gaming Technology segment generated revenues of EUR 574.2 million, the Gaming Operations segment EUR 1,007.5 million, and the Other segment EUR 1.0 million.



External revenues in the Gaming Technology segment amounted to EUR 574.2 million in the reporting period, representing an increase of EUR 69.3 million (+13.7 percent) over the previous year's level. The increase compared to the prior year period was driven by several regions. The largest increase was recorded in the Italian market, in which the revenues increased by EUR 36.1 million (+52.3 percent) from EUR 69.1 million to EUR 105.2 million, primarily due to the acquisition of the HBG Group in the previous year. The Australian Ainsworth Group increased its revenues by EUR 11.3 million (+14.4 percent) from EUR 78.6 million to EUR 90.0 million. The Greentube Group was able to increase its revenues by EUR 10.2 million (+16.9 percent) to EUR 70.3 million. Due to the previous year's catch-up effects following the COVID-19 pandemic, revenues in the United Kingdom were lower than in the same period of the previous year (EUR -6.7 million).

External revenues in the Gaming Operations segment amounted to EUR 1,007.5 million in the first half of 2023. This corresponds to an increase of EUR 194.2 million or +23.9 percent compared to the prior-year period (EUR 813.3 million). All regions of the NOVOMATIC AG Group contributed to the positive revenue development in the first half of 2023. The largest positive changes in revenues were recorded in Italy (EUR +63.8 million), Germany (EUR +42.6 million) and Eastern Europe (EUR +32.5 million) and were due to acquisitions as well as positive product performance and COVID-19 measures that had been in place in individual markets in the first quarter of the previous year.

The external revenues of the Other segment amounted to EUR 1.0 million in the first half of 2023 what represents an increase of 6.1 percent.

Austria

Gaming Technology

The focus of the companies in Austria allocated to the Gaming Technology segment is on the production and distribution of gaming devices.

The Gaming Technology segment generated revenues of EUR 31.8 million in the first half of 2023, an increase of EUR 9.2 million (+40.9 percent) over the same period last year. The positive development of revenues was primarily due to higher sales revenues at NOVOMATIC AG, which as a result of greater demand increased by EUR 8.4 million. Demand was particularly strong for gaming devices, assembly and conversion kits, and spare parts. NOVOMATIC AG's licensing income increased by EUR 0.9 million.

Gaming Operations

Most of the revenue generated by the companies active in Austria in the operating segment is derived from the sports betting market and terrestrial electronic gaming.

The Austrian gaming and betting operations of the NOVOMATIC AG Group generated revenues of EUR 157.6 million in the first half of 2023, an increase of EUR 12.5 million (+8.6 percent) over the same period of the previous year. This growth was largely due to the higher betting revenues (EUR +9.1 million) of Admiral Sportwetten GmbH, which recorded a particularly positive performance in its online betting business. In addition, terrestrial machine gaming benefited from improved customer traffic, resulting in an increase in gaming machine revenues (EUR +3.9 million) in the first half of the year. Intensive marketing efforts to attract and retain customers resulted in higher sales reductions compared to the prior year. A cyber attack in January 2023 had a negative impact on the operations of the Austrian operators. The resulting economic impact was mitigated through rapid countermeasures and the activation of contingency plans put in place for such events.

Germany

Gaming Technology

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

The number of gaming machines leased in Germany during the reporting period was 75,123, down slightly from 75,763 in the prior year. However, thanks to higher average rents, a stronger level of rental income was generated. Revenues of Group companies in Germany allocated to the Gaming Technology segment increased by EUR 6.8 million (+4.8 percent) from EUR 141.5 million to EUR 148.3 million.

Gaming Operations

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

In the first half of 2023, the German market continued to be impacted by the State Treaty on Gaming, which came into effect in 2021, although most of the implementing legislation passed by the respective states to date has resulted in fewer mandatory closures than originally anticipated. In addition to these mandatory closures, the number of operating sites was also reduced as a result of profitability assessments. The number of sites in operation (excluding casinos) decreased from 499 in the prior period to 434 as of June 2023.

Despite the closures, gaming operations (excluding casinos) increased revenues by approximately EUR 21.9 million (+18.8 percent). The increase is partially due to the first quarter of the prior year being impacted by restrictive COVID-19 measures, resulting in higher average revenue per unit in the current reporting period.

The NOVOMATIC AG Group also operates casinos in Germany. With the venerable Spielbank Berlin, NOVOMATIC operates one of the highest revenue generating live casinos in Germany. Its main location at Potsdamer Platz was reopened in the second quarter of 2023. NOVOMATIC's German casinos generated revenues of EUR 82.1 million in the first half of 2023 (EUR +20.8 million).

Revenues of the Group companies in Germany falling under the Gaming Operations segment increased by EUR 42.6 million (+24.0 percent) compared with the previous year and amounted to EUR 220.3 million in the first half of 2023.

Italy

Gaming Technology

The Italian Group companies in the Gaming Technology segment generate their revenues both from the rental of gaming terminals and through revenue-sharing models.

Total revenues of the Italian companies falling into the Gaming Technology segment came in at EUR 105.2 million in the reporting period, compared to EUR 69.1 million in the previous year. The increase of EUR 36.1 million (+52.3 percent) is largely due to concessionaire activities and is primarily attributable to the acquisition of the HBG Group in November 2022.

Gaming Operations

The majority of revenues in the Gaming Operations segment in Italy are generated by terrestrial electronic gaming. With the acquisition of the HBG Group in November 2022, the live game segment was also successfully expanded.

The revenues of all Italian companies operating in the Gaming Operations segment amounted to EUR 149.7 million in the reporting period, coming in approximately EUR 63.8 million (+74.3 percent) higher than in the previous year (EUR 85.9 million). In addition to the acquisitions of the HBG Group in the prior year and 187 S.r.l. in the reporting period, NOVOMATIC's strong product portfolio, particularly in the areas of AWP and VLT equipment, led to an increase in revenues from the operation of slot machines and live games.

United Kingdom

Gaming Technology

The British market is one of the largest gaming markets in Europe. Gaming devices are distributed among pubs, licensed betting offices (LBOs), slot arcades, casinos and bingo centers.

The companies falling under the Gaming Technology segment in the United Kingdom generated revenues of EUR 10.1 million in the first half of 2023, down EUR 6.7 million (-39.8 percent) year-on-year. The lower revenues are mainly due to catch-up effects recorded in the prior year as a result of the COVID-19 pandemic. A total of 367 gaming machines were sold during the reporting period (previous year: 885 units).

Gaming Operations

In the United Kingdom, the Gaming Operations segment's revenues are primarily derived from slot machine revenues at gaming arcades.

NOVOMATIC's operating business in the UK developed positively in the first half of 2023. The number of locations was increased to 270 as a result of acquisitions and newly opened facilities (previous year: 248 locations). In total, the operating companies in the UK generated revenues of EUR 144.2 million, an increase of EUR 19.3 million (+15.5 percent) compared with the first half of 2022.

Spain

Gaming Technology

The Spanish market is also one of the largest gaming markets in Europe and therefore represents an important core market for the NOVOMATIC AG Group. Both the slot arcade and bar sectors are served with a comprehensive range of products.

Revenues of the Spanish companies assigned to the Gaming Technology segment amounted to EUR 30.8 million, EUR 0.9 million (+3.2 percent) higher than in the same period of the previous year (EUR 29.9 million). The increase was driven by revenues from rent and management services, which rose to EUR 7.5 million (+30.4 percent) due to the higher number of machines leased in the market.

Gaming Operations

The Spanish companies included in the Gaming Operations segment generated revenues of EUR 51.5 million in the first half of 2023. This corresponds to an increase of EUR 4.3 million (+9.0 percent) compared to the previous year (EUR 47.3 million). The increase was mainly due to the successful expansion strategy in the Spanish market, which boosted revenues from the operation of slot machines by EUR 3.1 million (+7.7 percent) and betting revenues by EUR 1.4 million (+33.8 percent).

The Netherlands

Gaming Technology

The focus of the Netherlands-based companies in the Gaming Technology segment is in the area of gaming machine rental and sales. Revenues of the Dutch companies falling under the Gaming Technology segment increased by EUR 0.4 million (+14.6 percent) from EUR 2.7 million in the prior year to EUR 3.1 million in the reporting period. The moderate increase was primarily due to delays in the supply chain, which resulted in a lower number of gaming machines sold than in the prior period.

Gaming Operations

The Dutch market is divided into the operation of slot arcades and the bar business (single sites). The Dutch companies falling under the Gaming Operations segment generated revenues of EUR 39.7 million in the first half of 2023. The increase of EUR 7.6 million (+23.8 percent) over the prior year period (EUR 32.0 million) is mainly due to the acquisition of new arcades. The strong performance of the NOVOMATIC product portfolio also resulted in an increase in average revenue per gaming machine.

Eastern Europe

Gaming Technology

The companies falling into the Gaming Technology segment within the region of Eastern Europe recorded revenues of EUR 45.2 million in the first half of 2023, down EUR 2.7 million (-5.6 percent) year-on-year. Poland (EUR -1.4 million) and Romania (EUR -1.2 million) recorded the largest declines. While in Poland it was the demand from individual large customers that declined, demand in Romania suffered from the uncertain legal situation regarding technical standards. The highest growth in revenues was achieved in the Serbian market (EUR +2.1 million) due to strong demand.

Gaming Operations

Combined, the companies included in this segment generated revenues of EUR 164.1 million in the first half of 2023. This corresponds to an increase of EUR 32.5 million (+24.7 percent) compared to the previous year. Revenue growth was strongest in Serbia (EUR +15.0 million), Northern Macedonia (EUR +7.7 million) and Latvia (EUR +5.6 million). The increase in revenues in these markets was largely the result of the development of the revenues from the operation of slot machines. While the increase in Serbia was mainly driven by the Grand Casino, which opened at the end of 2022, Northern Macedonia saw strong visitor numbers contributing to the positive development. In Latvia, revenues from the operation of slot machines increased in the first half of 2023, largely due to COVID-19 measures still in effect in the first quarter of 2022.

Other Markets

Gaming Technology

Revenues of the companies falling under the Gaming Technology segment in the Other Markets region reached a level of EUR 129.3 million in the first half of 2023, compared to EUR 114.3 million in the previous year – an increase by EUR 15.1 million or +13.2 percent. The largest divergence can be found in the Australian group Ainsworth Game Technology which increased its revenues by EUR 11.3 million. Overall, the Australian group generated revenues of EUR 90.0 million in the first half of 2023, compared with EUR 78.6 million in the previous year.

Online

Gaming Technology

This business 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 companies of the Greentube Group allocated to the Gaming Technology segment generated revenues of EUR 70.3 million in the first half of 2023, an increase of EUR 10.2 million (+16.9 percent) compared with the first half of 2022. After the acquisition of the development studio Present Creative at the end of 2022, the growth course was accelerated in the first half of 2023, in particular through the acquisitions of the software developer Ineor d.o.o. and the Alteatec Group, a provider of system and platform technology.

Gaming Operations

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).

The Greentube Group, which belongs to the NOVOMATIC AG Group, recorded an increase in revenues in the Gaming Operations segment by EUR 11.5 million (+16.8 percent) to EUR 80.3 million. The increase was due in part to growth in the real cash casino segment.

Net Assets

EUR m	06/30/2023	12/31/2022	Difference absolute	Difference %
ASSETS				
Non-current assets				
Intangible assets	990.2	893.8	96.4	10.8 %
Right-of-use assets	609.0	569.2	39.8	7.0 %
Property, plant and equipment	890.8	867.5	23.3	2.7 %
Financial assets	230.7	211.6	19.2	9.1 %
Other non-current assets	262.8	289.0	-26.3	-9.1 %
	2,983.5	2,831.2	152.3	5.4 %
Current assets				
Inventories	384.0	332.9	51.1	15.3 %
Trade receivables, other receivables and assets	545.9	510.5	35.4	6.9 %
Cash and cash equivalents	591.4	606.2	-14.8	-2.4 %
Other current assets	54.9	43.4	11.5	26.6 %
	1,576.2	1,492.9	83.2	5.6 %
TOTAL ASSETS	4,559.7	4,324.1	235.5	5.4 %
EQUITY AND LIABILITIES				
Equity				
Share capital	26.6	26.6	0.0	0.0 %
Capital reserve	85.4	85.4	0.0	0.0 %
Retained earnings	1,148.6	1,106.6	42.0	3.8 %
Revaluation reserve	64.1	54.7	9.5	17.3 %
Currency translation adjustment	-91.9	-97.8	5.9	-6.0 %
Non-controlling interests	164.3	161.8	2.6	1.6 %
	1,397.1	1,337.2	59.9	4.5 %
Non-current liabilities				
Non-current financial liabilities	1,044.2	867.9	176.3	20.3 %
Non-current lease liabilities	591.8	555.5	36.3	6.5 %
Non-current provisions	77.4	73.2	4.2	5.7 %
Other non-current liabilities	222.3	207.4	14.9	7.2 %
	1,935.7	1,704.0	231.7	13.6 %
Current liabilities				
Current financial liabilities	341.8	450.1	-108.4	-24.1 %
Current lease liabilities	108.8	109.7	-1.0	-0.9 %
Trade payables and other liabilities	631.5	577.2	54.2	9.4 %
Other current liabilities	144.9	145.8	-1.0	-0.7 %
	1,226.9	1,282.9	-56.1	-4.4 %
TOTAL EQUITY AND LIABILITIES	4,559.7	4,324.1	235.5	5.4 %

Key figures on net worth and financial position	06/30/2023	12/31/2022
Gross debt (in EUR m)	2,086.5	1,983.3
Net debt (in EUR m)	1,408.4	1,295.6
Working capital (in EUR m)	349.3	210.0
Equity ratio	30.6 %	30.9 %
Net gearing ratio	1.8	1.7
ROCE	10.6 %	10.5 %

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. The equity ratio is the ratio of equity to total capital. The net gearing ratio is the ratio of net debt to operating profit plus depreciation, amortization, impairments and reversals of impairments (EBITDA). ROCE is calculated as the sum of equity and non-current liabilities in relation to EBIT for the last 12 months.

The balance sheet total increased by EUR 235.5 million (+5.4 percent) compared to December 31, 2022 and amounted to EUR 4,559.7 million as of June 30, 2023.

Non-current assets increased from EUR 2,831.2 million in the previous year by EUR 152.3 million (+5.4 percent) to EUR 2,983.5 million. The majority of this increase was attributable to the items intangible assets (EUR +96.4 million) and right-of-use assets (EUR +39.8 million), which rose in particular as a result of the acquisition of the Italian company 187 S.r.l.

Financial assets increased by EUR 19.2 million (+9.1 percent) year-on-year to EUR 230.7 million, mainly due to valuation effects.

Property, plant and equipment increased by EUR 23.3 million (+2.7 percent) to EUR 890.8 million in the first half of 2023. This resulted primarily from the increase in the item Developed land and buildings (EUR +25.6 million), which was largely attributable to the renovation of the main site of Spielbank Berlin.

Other non-current assets decreased by EUR 26.3 million (-9.1 percent) to EUR 262.8 million. The decrease was mainly due to higher deposits with gaming authorities in the prior year.

Current assets increased by EUR 83.2 million (+5.6 percent) and amounted to EUR 1,576.2 million as of June 30, 2023. The largest increase in this item relates to inventories, which rose by EUR 51.1 million (+15.3 percent) to EUR 384.0 million due to the development of the procurement market. Trade receivables, other receivables and assets increased by EUR 35.4 million (+6.9 percent) due to stronger business activities in Austria and the acquisition of 187 S.r.l. in Italy. Cash and cash equivalents decreased by EUR 14.8 million to EUR 591.4 million.

Equity increased by EUR 59.9 million (+4.5 percent) to EUR 1,397.1 million during the reporting period. This increase was mainly due to retained earnings, which rose by EUR 42.0 million (+3.8 percent) to EUR 1,148.6 million.

At EUR 1,935.7 million, non-current liabilities increased by EUR 231.7 million (+13.6 percent). The increase was mainly due to non-current financial liabilities, which rose to EUR 1,044.2 million (+20.3 percent), mainly as a result of two bilateral financing agreements with a total volume of EUR 120.0 million.

Current liabilities decreased by EUR 56.1 million (-4.4 percent) to EUR 1,226.9 million in the first half. The decrease was mainly due to current financial liabilities, which were down EUR 108.4 million (-24.1 percent) as a result of the extension of a EUR 100 million credit line and its subsequent reclassification to non-current financial liabilities. This decrease was partially offset by an increase in trade payables and other liabilities (EUR +54.2 million).

Financial Position

EUR m	1-6/2023	1-6/2022	Difference absolut	Difference %
Operating Result (EBIT)	197.8	162.1	35.6	22.0 %
Cash flow from operating activities	263.6	346.3	-82.8	-23.9 %
Cash flow from investing activities	-202.9	-103.2	-99.7	96.6 %
Free cash flow	60.7	243.1	-182.4	-75.0 %
Cash flow from financing activities	-82.4	-263.8	181.4	-68.8 %
Changes to cash and cash equivalents	-14.8	-24.0	9.1	-38.1 %

Across the Group, cash flow from earnings totaled EUR 369.7 million in the first half of 2023, compared to EUR 377.1 million in the previous year. Cash flow from operating activities comprises the operating profit, adjusted for depreciation, amortization and impairment losses and impairment reversals on fixed assets, losses and gains on the disposal of fixed assets and businesses, and other non-cash income and expenses.

Cash flow from operating activities amounted to EUR 263.6 million. The decrease of EUR -82.8 million compared to the first half of 2022 is mainly due to an increase in receivables and other assets as well as higher income tax payments.

Cash flow from investing activities amounted to EUR -202.9 million in the first half of 2023. At EUR -190.9 million, investments in intangible assets and property, plant and equipment were EUR -61.6 million higher than in the previous year, confirming the Company's continued growth course. Payments made for the acquisition of consolidated companies, net of cash and cash equivalents, amounted to EUR -60.7 million. The increase in cash flow from investing activities was partly offset by the sale of non-current assets in the amount of EUR 44.9 million.

Free cash flow is calculated as the sum of cash flows from operating activities and investing activities, and amounted to EUR 60.7 million in the first half of 2023.

Cash flow from financing activities amounted to EUR -82.4 million for the reporting period. Significant effects resulted from two new bilateral financing agreements (total volume: EUR 120.0 million), dividend payments (EUR -52.8 million) and the repayment of ÖKB loans (EUR -31.9 million). While payouts from leasing obligations of EUR -58.4 million came in lower than in the previous year, interest paid and interest-related payments of EUR -40.8 million were EUR -17.2 million higher than in the previous year.

(4) Non-Financial Performance Indicators

Regarding the reporting of the consolidated non-financial statement, reference is made to the separate Non-Financial Report 2022 of NOVOMATIC AG according to the Sustainability and Diversity Improvement Act (NaDiVeG).

(5) Prospective Development of the Group

In its latest analysis, the International Monetary Fund (IMF) assumes a global growth rate of 3.0 percent⁷ for 2023, representing a 0.5 percentage point decline against the previous year (3.5 percent). The forecast for 2024 calls for growth of 3.0 percent.

In the United Kingdom, a Gambling White Paper was published in April 2023, setting out proposals for the future regulation of gaming. The most substantial proposed amendments include stricter regulation of maximum stakes in the online sector, an increase in the maximum number of "B1 devices" permitted per casino, a relaxation of the mandatory device mix in gaming arcades, and the introduction of a mandatory levy based on gross gaming revenue.

The 2016-2023 bond (ISIN AT0000A1LHT0) will be redeemed as agreed on September 20, 2023. Of the original nominal amount of EUR 500 million, EUR 237.6 million remain outstanding following a buy-back offer in 2022.

Developments in the global economic market are expected to continue to affect the interest rate landscape and inflation in the second half of 2023. The impact on the cost structure, including, for example, the already increasing interest expenses and foreign exchange losses, remains difficult to assess.

Overall, the business environment for the NOVOMATIC AG Group remains very dynamic. Taking these general conditions and developments into account, business is expected to continue to develop positively in 2023 and 2024.

(6) Risk Management

NOVOMATIC's annual financial report for the 2022 fiscal year details the important risks and uncertainties that could have a significant negative impact on the NOVOMATIC AG Group's asset, financial and earnings position.

The annual report for the 2022 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.

⁷ According to the World Economic Outlook Update dated July 2023 provided by the International Monetary Fund (IMF)

Consolidated Balance Sheet

EUR m	06/30/2023	12/31/2022
ASSETS		
Non-current assets		
Intangible assets	990.2	893.8 ¹
Right-of-use assets	609.0	569.2
Property, plant and equipment	890.8	867.5
Investment property	19.0	22.5
Investments in associated companies	11.9	6.7
Financial assets	230.7	211.6 ²
Deferred tax assets	129.1	138.3
Other non-current assets	102.8	121.5
	2,983.5	2,831.2
Current assets		
Inventories	384.0	332.9
Trade receivables, other receivables and assets	545.9	510.5
Current tax receivables	30.9	24.2
Current financial assets	24.0	19.1
Cash and cash equivalents	591.4	606.2 ²
	1,576.2	1,492.9
Total ASSETS	4,559.7	4,324.1
EQUITY AND LIABILITIES		
Equity		
Share capital	26.6	26.6
Capital reserve	85.4	85.4
Retained earnings	1,148.6	1,106.6
Revaluation reserve	64.1	54.7
Currency translation adjustment	-91.9	-97.8
	1,232.8	1,175.5
Non-controlling interests	164.3	161.8 ¹
	1,397.1	1,337.2
Non-current liabilities		
Non-current financial liabilities	1,044.2	867.9
Non-current lease liabilities	591.8	555.5
Non-current provisions	77.4	73.2
Deferred tax liabilities	131.1	127.4 ¹
Other non-current liabilities	91.3	80.0
	1,935.7	1,704.0
Current liabilities		
Current financial liabilities	341.8	450.1
Current lease liabilities	108.8	109.7
Current provisions	92.9	94.7
Current tax liabilities	52.0	51.1
Trade payables and other liabilities	631.5	577.2
	1,226.9	1,282.9
Total EQUITY AND LIABILITIES	4,559.7	4,324.1

¹⁾ Adjustment of previous year's figures according to IFRS 3 Business combinations

²⁾ Adjustment of previous year's figures according to IAS 8 (Reclassification)

Consolidated Income Statement

EUR m	01-06/2023	01-06/2022
Revenues	1,582.6	1,319.1
Gaming taxes and betting fees	-207.5	-160.2
Revenues less gaming taxes and betting fees	1,375.1	1,158.9
Changes in inventories of finished goods and work in progress	30.7	15.7
Own work capitalized	31.5	39.3
Other operating income	57.3	58.2
Cost of material and other purchased services	-168.3	-154.3
Personnel costs	-498.5	-397.1
Amortization, depreciation, impairment and reversal of impairment for intangible assets, property, plant and equipment, and investment property	-134.1	-145.7
Amortization, depreciation, impairment and reversal of impairment for right-of-use assets	-54.2	-63.9
Other operating expenses	-441.8	-349.1
Operating profit	197.8	162.1
Share of profit/loss of associated companies	0.0	0.7
Interest income	8.2	4.4
Other financial income	13.3	14.0
Interest expenses	-28.6	-6.1
Interest expenses for leases	-19.3	-13.1
Other financial expenses	-11.7	-4.3
Currency exchange gains/losses from intra-group financing	1.6	3.7
Financial result	-36.6	-0.6
Earnings before taxes	161.2	161.6
Income taxes	-62.9	-38.6
Result for the period	98.3	122.9
thereof attributable to non-controlling interests	3.3	3.5
thereof attributable to shareholders of the parent (net profit)	95.1	119.4

Consolidated Statement of Comprehensive Income

EUR m	01-06/2023	01-06/2022
Result for the period	98.3	122.9
Amounts that will be reclassified to income statement in subsequent periods		
Currency translation	2.1	6.9
Amounts that will not be reclassified to income statement in subsequent periods		
Financial assets measured at fair value through other comprehensive income (equity instruments)	12.0	-17.2
Apportionable income taxes	-2.6	4.5
Other comprehensive income after taxes	11.6	-5.8
Total comprehensive income	109.9	117.1
thereof attributable to non-controlling interests	-0.5	8.8
thereof attributable to shareholders of the parent (net profit)	110.3	108.3

Consolidated Cash Flow Statement

EUR m	01-06/2023	01-06/2022
Operating profit	197.8	162.1
Loss (+) / Gain (-) from the disposal of fixed assets	-18.3	-3.7
Depreciation (+) / Appreciation (-) of fixed assets	190.5	218.7
Loss (+) / Gain (-) from the disposal of companies and other non-cash income and expenses	-0.2	0.0
	369.7	377.1
Increase (-) / Decrease (+) in inventories	-52.9	-49.9
Increase (-) / Decrease (+) in receivables and other assets	-19.3	13.0
Increase (+) / Decrease (-) in provisions	-2.6	8.6
Increase (+) / Decrease (-) in liabilities and other liabilities	20.7	26.5
Interest received and interest-related income	8.8	5.1
Taxes paid	-60.8	-34.1
Cash flow from operating activities	263.6	346.3
Proceeds from the disposal of fixed assets (excluding financial assets)	44.9	26.7
Proceeds from the disposal/repayment of financial assets	7.9	1.4
Proceeds from the disposal of consolidated companies, net of cash	4.1	0.1
Acquisition of intangible assets, property, plant and equipment	-190.9	-129.3
Acquisition of financial assets and other financial investments	-21.8	-4.9
Acquisition of consolidated companies, net of cash (incl. prepayments)	-60.7	-11.0
Net proceeds from associated companies and investments	13.4	13.8
Cash flow from investing activities	-202.9	-103.2
Dividend payments	-52.8	0.0
Expenditures for change in interests in subsidiaries (without change of control)	0.0	-0.7
Payouts from the repayment of bonds	0.0	-262.4
Proceeds from bank loans and financial liabilities	144.6	275.0
Payouts from bank loans and financial liabilities	-75.0	-189.8
Payouts from leasing obligations	-58.4	-62.3
Interest paid and interest-related payments	-40.8	-23.6
Cash flow from financing activities	-82.4	-263.8
Net change in cash and cash equivalents	-21.7	-20.7
Currency translation adjustments	6.9	-3.3
Net change in cash and cash equivalents	-14.8	-24.0
Cash and cash equivalents at the beginning of the period	606.2	563.0
Cash and cash equivalents at the end of the period	591.4	539.0
Net change in cash and cash equivalents	-14.8	-24.0

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 1/1/2023	26.6	85.4	1,106.6	54.7	-97.8	1,175.5	161.8¹⁾	1,337.2
1) Total comprehensive income								
Result for the period	0.0	0.0	95.1	0.0	0.0	95.1	3.3	98.3
Other comprehensive income	0.0	0.0	0.0	9.5	5.8	15.3	-3.7	11.6
2) Dividend payments	0.0	0.0	-50.0	0.0	0.0	-50.0	-2.8	-52.8
3) Obligation from written put-options over non-controlling interests	0.0	0.0	-2.8	0.0	0.0	-2.8	0.0	-2.8
4) Changes in the scope of consolidation	0.0	0.0	-0.2	0.0	0.0	-0.2	5.9	5.7
As of 06/30/2023	26.6	85.4	1,148.6	64.1	-92.0	1,232.8	164.3	1,397.1

¹⁾ Adjustment of previous year's figures according to IFRS 3 Business combinations

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 1/1/2022	26.6	85.4	932.9	66.4	-81.6	1,029.7	142.6	1,172.3
1) Total comprehensive income								
Result for the period	0.0	0.0	119.4	0.0	0.0	119.4	3.5	122.9
Other comprehensive income	0.0	0.0	0.0	-12.7	1.6	-11.1	5.3	-5.8
2) Dividend payments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3) Change in non-controlling interests	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.5
4) Changes in the scope of consolidation	0.0	0.0	0.3	0.0	-0.4	-0.1	0.0	-0.1
As of 06/30/2022	26.6	85.4	1,052.6	53.7	-80.4	1,137.9	151.8	1,289.7

Selected Explanatory Notes to the

CONSOLIDATED INTERIM FINANCIAL STATEMENT

(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, 2023, 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, 2022 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, 2022.

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

- INEOR informacijske tehnologije d.o.o., Slovenia
- S&S Capitals Limited, Malta
- Alatec IT Solutions Limited, Malta
- Alatec IT Services d.o.o., Serbia
- Alatec IT Solutions Private Ltd., India
- Sugorri S.L., Spain
- Segurgames S.L., Spain
- Bingo Boing S.r.l., Italy
- 187 S.r.l., Italy

The scope of consolidation has developed as follows:

Scope of consolidation	fully-consolidated	valued at-equity
As of 1/1/2023	211	4
First-time inclusion in 2023	9	1
Disposed of in 2023	-4	0
Merged in 2023	-1	0
As of 06/30/2023	215	5
of which non-Austrian companies	200	4

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 2023 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	Must be applied in fiscal years from
IAS 1 Amendment: Disclosure of accounting policies	1. January 2023
IAS 8 Amendment: Definition of accounting estimates	1. January 2023
IAS 12 Amendment: Deferred Tax related to Asset and Liabilities arising from a Single Transaction	1. January 2023

(5) Company Acquisitions

(5.1) Company acquisitions in 2022

In the 2022 Consolidated Financial Statements, the company acquisitions – subdivided into “HBG Group” and “Other Company Acquisitions” – were explained in detail (section 6 Company Acquisitions). The acquisition of the HBG Group continues to be accounted for using the provisional values.

The accounting for the other acquisitions has now been finalized in accordance with IFRS 3, and the final fair values at the date of acquisition are as follows:

EUR m	Fair values
Intangible assets	17.6
Right-of-use assets	2.3
Property, plant and equipment	2.8
Other non-current assets	0.2
Deferred tax assets	0.7
Inventories	0.0
Cash and cash equivalents	8.9
Other current assets	1.1
Non-current liabilities and provisions	-2.5
Deferred tax liabilities	-3.0
Current liabilities and provisions	-4.9
Net assets	23.2
Non-controlling interests	-2.2
Goodwill	25.1
Received surplus affecting income	-0.8
Consideration	45.3

The other disclosures relating to these other company acquisitions have not changed.

(5.2) Company acquisitions in 2023

In January 2023, an 80 percent stake was acquired in Ineor d.o.o., a development company in Slovenia focused on gaming and betting software. Call and put options have been agreed upon for the remaining 20 percent stake of non-controlling interests. The obligation resulting from the written put option was recognized as a liability.

Furthermore, 65.04 percent of the shares in the Maltese company S&S Capitals Ltd. and its subsidiaries (together referred to as the Alteatec Group) were also acquired in January 2023. The Alteatec Group is a B2B provider of iGaming management systems and platforms.

The acquisition of 100 percent of the shares of Sugorri S.L. was completed in January 2023 and of Segurgames S.L. in March 2023. These acquired companies operate a total of 2 gaming arcades in Spain.

In February 2023, 100 percent of the shares of the Italian arcade operator Bingo Boing S.r.l. were acquired.

In April 2023, 100 percent of the shares of 187 S.r.l. in Italy were acquired. This acquired company operates a total of 25 gaming arcades.

These acquisitions and other smaller asset deals are intended to further strengthen the Group's market position in its core European markets and to expand its online gaming activities.

These company acquisitions have been recognized pursuant to IFRS 3, and in part provisional values have been applied 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 provisional fair values.

The following table summarizes the preliminary fair values of these company acquisitions:

EUR m	preliminary fair values
Intangible assets	24.0
Right-of-use assets	24.8
Property, plant and equipment	5.2
Other non-current assets	1.9
Deferred tax assets	0.3
Inventories	0.6
Cash and cash equivalents	5.2
Other current assets	10.5
Non-current liabilities and provisions	-26.5
Deferred tax liabilities	-1.9
Current liabilities and provisions	-16.2
Net assets	27.9
Non-controlling interests	-5.9
Goodwill	61.8
Consideration	83.8

The consideration for these acquisitions is amounting to EUR 83.8 million (thereof EUR 62.3 million had been paid in cash as of reporting date and the majority of the remaining amount has been paid before the publication of these financial statements).

Non-controlling interests have been valued at their respective shares of the recognized identifiable net assets at the acquisition date.

Goodwill resulting from these acquisitions 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.

Revenue amounts to EUR 9.7 million since the acquisition date, whereas the result for the period since the acquisition date amounts to EUR 1.1 million.

(6) Notes to the Consolidated Balance Sheet

(6.1) Intangible Assets

Goodwill is reported under intangible assets with a carrying amount of EUR 441.3 million (previous year: EUR 378.4 million). The change results mainly from the preliminary accounting of the acquisitions mentioned above.

(6.2) 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 1/1/2023	541.0	21.9	6.3	569.2
Currency translation adjustments	1.6	0.0	0.1	1.7
Acquisitions through business combinations	25.8	0.0	0.0	25.8
Additions	71.1	3.4	2.4	76.9
Disposals	-9.5	-0.7	-0.4	-10.6
Depreciation/amortization	-46.9	-4.9	-1.9	-53.8
Impairment	-0.3	0.0	0.0	-0.3
As of 06/30/2023	582.8	19.7	6.4	609.0

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

(6.3) Impairments and Reversals of Impairments

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

Based on the analysis of the past surpluses in earlier impairment tests, past experience from operating activities as well as the corresponding expectations for the future, impairments in the amount of EUR 3.8 million and impairment reversals of EUR 1.4 million were recognized as of June 30, 2023.

(6.4) 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 165.8 million (previous year: EUR 152.0 million).

(6.5) Cash and Cash Equivalents

Bank balances amounted to EUR 422.2 million (previous year: EUR 426.7 million). The stated cash in the amount of EUR 169.1 million (previous year: 179,5 EUR million) largely serves as cash reserves and base filling of the gaming machines at the various gaming establishments.

(6.6) Non-Current and Current Financial Liabilities

With regard to long-term financing, new credit facilities with a volume of EUR 120.0 million were taken out and an existing credit line of EUR 100.0 million (previously short-term) was extended.

Current financial liabilities include the bond with a nominal value of EUR 237.6 million and a final repayment date of September 20, 2023.

(6.7) 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.

(7) Notes to the Income Statement

The income statement was prepared applying the total cost method.

(7.1) Revenues

EUR m	01-06/2023	01-06/2022
Sales revenues	193.2	189.7
Operation of slot machines	724.7	600.2
Live game	54.6	23.4
Rent and management services	263.4	244.3
Betting revenues	135.9	119.1
eBusiness revenues	151.4	127.1
Food and beverage revenues	23.7	15.4
Other sales	77.5	41.2
Sales reduction	-42.0	-41.4
Total	1,582.6	1,319.1

(7.2) Income taxes

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

(8) Notes on Segment Reporting

Segment Revenues

EUR m	01-06/2023				
	Gaming Technology	Gaming Operations	Other	Reconciliation	Total
External revenues	574.2	1,007.5	1.0		1,582.6
Intra-segment revenues	72.9	10.4	4.0	-87.3	0.0
Total revenues	647.0	1,017.9	5.0	-87.3	1,582.6

EUR m	01-06/2022				
	Gaming Technology	Gaming Operations	Other	Reconciliation	Total
External revenues	504.8	813.3	0.9		1,319.1
Intra-segment revenues	65.2	7.3	3.7	-76.2	0.0
Total revenues	570.1	820.6	4.7	-76.2	1,319.1

Segment Result

EUR m	01-06/2023				
	Gaming Technology	Gaming Operations	Other	Reconciliation	Total
Segment result (EBIT)	114.5	76.1	11.1	-3.9	197.8
Financial result					-36.6
Earnings before taxes					161.2
Income taxes					-62.9
Result for the period					98.3

EUR m	01-06/2022				
	Gaming Technology	Gaming Operations	Other	Reconciliation	Total
Segment result (EBIT)	116.3	48.5	-1.1	-1.5	162.1
Financial result					-0.6
Earnings before taxes					161.6
Income taxes					-38.6
Result for the period					122.9

Geographical Information

The Group recorded the following revenues in the individual regions:

EUR m										01-06/2023
	Austria	Germany	Italy	United Kingdom	Spain	Netherlands	Eastern Europe	Other countries	Online	Total
Gaming Technology	31.8	148.3	105.2	10.1	30.8	3.1	45.2	129.3	70.3	574.2
Gaming Operations	157.6	220.3	149.7	144.2	51.5	39.7	164.1	0.0	80.3	1,007.5
Other	0.0	0.3	0.0	0.2	0.0	0.0	0.0	0.5	0.0	1.0
Revenues	189.5	368.8	254.9	154.5	82.4	42.8	209.3	129.9	150.6	1,582.6

EUR m										01-06/2022
	Austria	Germany	Italy	United Kingdom	Spain	Netherlands	Eastern Europe	Other countries	Online	Total
Gaming Technology	22.6	141.5	69.1	16.8	29.9	2.7	47.9	114.3	60.1	504.8
Gaming Operations	145.1	177.7	85.9	124.9	47.3	32.0	131.6	0.0	68.8	813.3
Other	0.0	0.2	0.0	0.2	0.0	0.0	0.0	0.5	0.0	0.9
Revenues	167.7	319.4	155.0	141.8	77.2	34.7	179.5	114.8	128.9	1,319.1

(9) Notes on Financial Instruments

Valuation of Financial Instruments

For financial instruments, the following tables show the carrying amounts and the fair values of the individual financial assets and liabilities by category in accordance with 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	06/30/2023	12/31/2022	Hierarchy
Financial assets			
Holdings in non-consolidated entities	20.3	10.4	Level 3
Investments – Other	14.7	18.0	Level 3
Investments – Financial investments	165.8	152.0	Level 3
Securities – Equity instruments	29.4	26.2	Level 1
Securities – Debt instruments	1.1	0.7	Level 1
Derivatives (positive market values)	0.1	0.0	Level 2
Financial liabilities			
Derivatives (negative market values)	0.1	0.9	Level 2
Purchase price obligations – Contingent considerations	4.7	7.5	Level 3

Shares in non-consolidated affiliated companies are recognized in the income statement at fair value through profit or loss and other equity interests are recognized at fair value in other comprehensive income with no effect on income. The valuation is based on recognized income approaches. The underlying cash flows from the multi-year plan are discounted using a country-specific interest 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 10.24 and an EV/EBIT multiplier of 14.51. Firstly, the pro-rated EBITDAs and EBITs of ÖLG and its (sub-)subsidiaries from the most recent financial information were extrapolated 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 13.8 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 6.6 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 EUR 15.8 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 (to hedge future foreign exchange cash flows) 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, 2023)). 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	06/30/2023		12/31/2022	
	Nominal value	Market value	Nominal value	Market value
USD forward contract – positive market value	7.5	0.1	0.0	0.0
USD forward contract – negative market value	2.2	-0.1	13.5	-0.9
Total	9.7	0.0	13.5	-0.9

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 2.3 million (previous year: EUR 2.3 million) under the other non-current liabilities (purchase price obligations) and with EUR 2.4 million (previous year: EUR 5.2 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:

EUR m	06/30/2023		12/31/2022		Hierarchy
	Book value	Fair value	Book value	Fair value	
Financial liabilities					
Bonds	237.5	233.8	237.0	234.9	Level 1
Bank liabilities	1,128.3	1,122.2	1,062.2	1,056.5	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, 2023) 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 and cash equivalents, trade receivables, trade payables, other current receivables and other current liabilities, the fair value 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.

(10) 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.

Contingent Liabilities

There were no material changes to the contingent liabilities.

Dividends

The General Meeting on March 29, 2023 agreed the payment of a dividend in the amount of EUR 50.0 million to the shareholders. The payment of the agreed dividends was made in March 2023.

Compulsory Statement on the Review by an Auditor

The interim financial report 2023 was subject to neither a complete audit nor a review by an auditor.

(11) Subsequent Events after the Interim Reporting Period

New bank financing with a volume of up to EUR 95.0 million was concluded in August 2023 and thereof EUR 91.0 million was utilized at the end of August. There were no other significant events 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, 2023 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 2023 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 01, 2023

The Executive Board of NOVOMATIC AG



Dipl.-Ing. Ryszard Presch

Member of the Executive Board



Mag. Johannes Gratzl

Member of the Executive Board