

**NOVOMATIC AG**  
Annual Financial Report 2020



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# FOREWORD BY THE EXECUTIVE BOARD

Dear Ladies and Gentlemen,

The coronavirus outbreak at the start of 2020 and the associated measures to contain the pandemic were a major and unprecedented challenge for companies around the world, including the NOVOMATIC AG Group. The scope of the extensive lockdowns and coronavirus-related restrictions imposed in every key market meant that the operating business of casinos, slot arcades and betting sites was interrupted for nearly many months. Revenue from the Gaming Technology segment also dropped significantly as a result of the revenue losses suffered by our international customers. All this led to the Group's revenues declining from EUR 2,607.3 million in the previous year to EUR 1,743.6 million in 2020. The Online segment is however a source for optimism, experiencing significant increases in 2020.

Since the very beginning of the pandemic, NOVOMATIC's utmost concern has been to protect the health of its customers and employees, as well as to safeguard jobs. A Group-wide task force was also set up with the aim of working together with our country organizations and subsidiaries to swiftly develop and implement measures and solutions in the fight against the pandemic. In order to counter the drop in business caused by the coronavirus, we pressed ahead with efforts to optimize corporate structures across the Group, and introduced further long-term measures to optimize costs and improve efficiency. The course charted in the previous fiscal year confirms that a consistent, Group-wide continuation of our consolidation strategy is the right one to follow.

The core focus of our Group remains on developing innovative and high-quality gaming technologies for the global market. The combination of gaming operations and gaming technology has allowed our company to establish itself, over the course of its over 40 years of history, as a top player and leading full-service provider in the gaming industry. During Europe's most important trade fair, ICE Totally Gaming in London, for example, for the third time in a row, NOVOMATIC received the Global Gaming Award in the category "Casino Supplier of the Year" in February 2020. NOVOMATIC has locations in over 45 countries and, in the year under review, exported innovative gaming equipment, system solutions, and services to around 90 nations.

The effects of the coronavirus pandemic and the regulatory challenges in Germany and Italy meant that we recorded revenues of EUR 1,071.6 million (-35.4 percent) in the Gaming Operations segment, a decline due in particular to the forced closure of numerous locations for several months. The NOVOMATIC AG Group now operates some 151,000 gaming terminals and video lottery terminals (VLTs), either in approximately 1,900 Group owned gaming facilities or via leasing models. Sales revenues in the Gaming Tech-

nology segment amounted to EUR 670.0 million in the reporting period, compared with EUR 946.0 million in the previous year, this year-on-year reduction also being due to the significant restrictions imposed as a result of the COVID-19 pandemic.

A promissory note bond totaling EUR 247.5 million were successfully repaid on the financial market in October 2020. Despite this difficult environment, we succeeded in reducing net debt at EUR 1,460.2 million in 2020. At 27.7 percent, the equity ratio was slightly below that in the previous year and free cash flow remains clearly positive at EUR 296.6 million.

As a globally operating gaming technology group, we are fully aware of the serious responsibility we have both towards our customers and towards our some 21,000 employees around the globe. That is why NOVOMATIC is committed to socially responsible and environmentally sustainable company development. This commitment takes into account more than just economic aspects, it also considers environmental, social, and employee issues, respect for human rights, the fight against corruption, as well as other material issues. With this in mind, we are delighted that NOVOMATIC has achieved top marks with leading international Environmental, Social & Governance (ESG) rating agencies. Information on the programs we use to engage with these issues can be found in the non-financial part of this report.

We are proud of being able to create a safe haven for the NOVOMATIC family in these challenging times, true to our motto "We can do this." It is for this reason that our employees will continue to have a key role to play in 2021. Without their tireless dedication, we would not have managed to keep offering our customers the best possible service in times of lockdowns and global restrictions. We would therefore like to take a moment to particularly thank you, the people who work tirelessly every day on behalf of the Group – after all, it is you that have guaranteed NOVOMATIC's success for more than 40 years now. This fills us with pride and optimism that we will be able to master the coming challenges and continue our success story in the future.

The Executive Board of NOVOMATIC AG



Ryszard Presch

Member of the Executive Board



Johannes Gratzl

Member of the Executive Board



NOVOMATIC  
Consolidated Financial Statement

# NOVOMATIC AG MANAGEMENT REPORT

for the 2020 Consolidated Financial Statement, NOVOMATIC AG, Gumpoldskirchen

## (1) Purpose of the Business and Strategy

NOVOMATIC<sup>1</sup> 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 1,900 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 has also established itself as a content provider of games for licensed online and offline suppliers and as an operator 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

Macroeconomic development in 2020 is overshadowed by the COVID-19 pandemic that broke out in the first quarter of the year. The various different measures taken by many countries to combat the spread of the virus, such as curfews or temporarily closing business premises, resulted in a projected decline in global gross domestic product (GDP) of -3.5 percent for 2020<sup>2</sup> – more severe than during the 2008/2009 global financial crisis.

<sup>1</sup> 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.

<sup>2</sup> According to the World Economic Outlook Update of January 2021 provided by the International Monetary Fund (IMF)

Economic growth in %*	2021f	2020	2019
Austria	4.1	-7.1	1.4
Germany	3.5	-5.6	0.6
Italy	4.1	-9.9	0.3
United Kingdom	3.3	-10.3	1.3
Spain	5.4	-12.4	2.0
The Netherlands	2.2	-5.3	1.7
Central and Eastern Europe	4.0	-2.8	2.2
USA	5.1	-3.4	2.2
Latin America	4.1	-7.4	0.2

\* Growth in Austria, Germany, Italy, Great Britain, Spain and the Netherlands are taken from the forecast of the European Union. Growth in Central and Eastern Europe, the USA and Latin America are taken from the International Monetary Fund's World Economic Outlook January 2021 Update.

Economic output in the eurozone is expected to drop by 7.2 percent in 2020, while outside the eurozone, only the United Kingdom shows a higher projected decline of 10.3 percent among the countries and country groups examined here.

According to the European Commission, Austria's economic output in 2020 is expected to have declined by 7.1 percent, due mainly to the lack of private consumption (-7.2 percent), exports (-11.5 percent) and investments (-6.0 percent).

In Germany, NOVOMATIC's strongest market in terms of sales, forecasts show that the COVID-19 pandemic also caused exports to fall (-9.7 percent), due in particular to interrupted supply chains and lower private consumption in the target countries. Private consumption also declined (-7.2 percent). Germany's unemployment rate remained relatively low, however, due to the measures introduced on temporarily reduced working hours. The decline in GDP is expected to be 5.6 percent in 2020.

Italy was particularly affected by the COVID-19 pandemic in the first quarter of 2020, resulting in a projected 9.9 percent decline in economic output, with low levels of private consumption and the lower volume of exports being the main factors here.

Unlike most other large European countries, the UK has a positive trade balance given the fact that its imports are low. Nevertheless, due to the large decline in private and public consumption (-12.6 percent and -6.5 percent, respectively), the UK is forecast to see a 10.3 percent decline in economic output in 2020.

Spain, like Italy, had already been severely affected by the COVID-19 pandemic at the end of the first quarter of 2020 and thus taken extremely restrictive measures to contain the virus, which is why GDP contracted sharply in the first half of the year. Similarly, the lack of private consumption (-14.6 percent) was the biggest factor influencing the decline in Spain's GDP, which is expected to come in at -12.4 percent in 2020.

The Netherlands also faced declining private consumption (-7.1 percent) in 2020 due to the COVID-19 pandemic. Again, this is the biggest driver of the expected 5.3 percent decline in economic output in 2020.

Countries in the Central and Eastern Europe region were affected to varying degrees by the COVID-19 pandemic, yet each market shows a decline in economic output, with the largest decline here being predicted for Montenegro and Croatia. Overall, the IMF experts forecast a decline in economic output of 2.8 percent for the region in 2020.

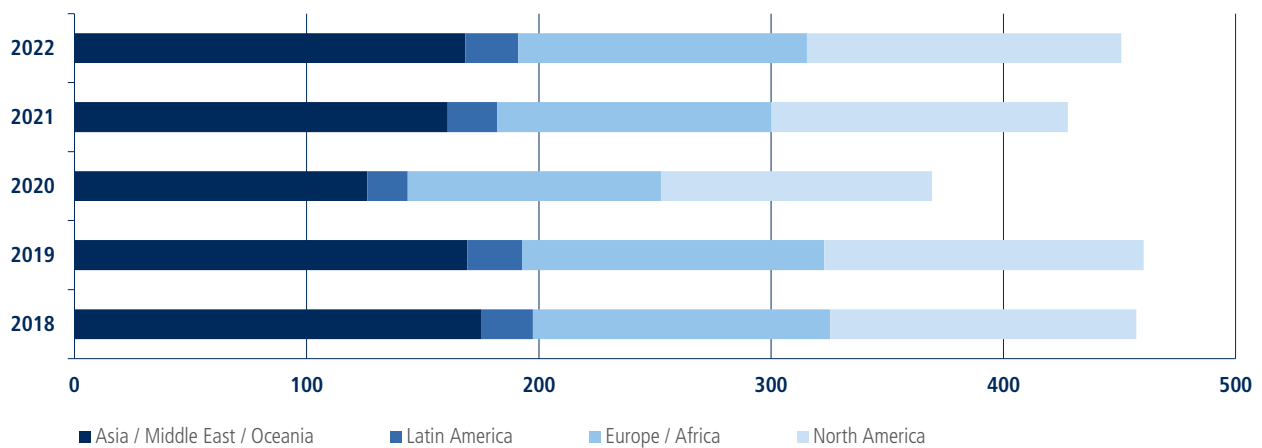
The decline in the USA's GDP is estimated at 3.4 percent in 2020. While furloughs prevented a sharper rise in unemployment during the COVID-19 pandemic, they, along with temporary closures of shops and businesses, caused lower private consumption similar to the European model of temporarily reduced working hours.

In Latin America, several countries were heavily affected by the COVID-19 pandemic in 2020. In particular, the hard-hit tourism sector and the overstretched health system are behind the 7.4 percent decline in economic output as forecast by the IMF.

## Development of the Gaming Market

### WORLDWIDE GAMING REVENUES

in billion USD (source: GBGC)



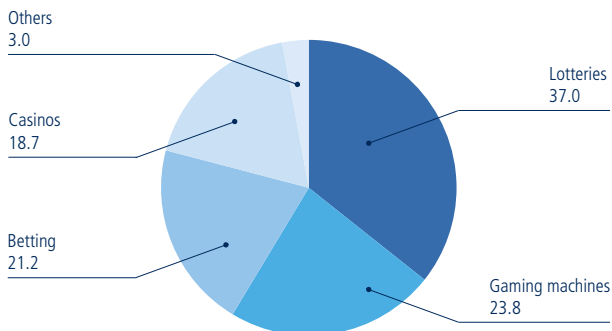
The COVID-19 pandemic and the associated restrictions (curfews, social distancing measures, etc.) meant that worldwide gaming revenues fell in 2020 for the first time since 2015, dropping to USD 369.3 billion according to the Global Gambling Report produced by Global Betting and Gaming Consultants (GBGC).<sup>3</sup> This represents a decrease of 19.8 percent over the previous year. The most substantial decline, both in absolute and percentage terms, was recorded in the casino sector, which generated around 30.3 percent less revenue in 2020 than in 2019, a fact attributable to the lack of visitors caused by the aforementioned restrictions. GBGC experts forecast a two-year recovery phase for the gaming market, with revenues of USD 450.8 billion ultimately being generated in 2022. This corresponds to around 97.9 percent of revenues in 2019.

In Europe, NOVOMATIC's most important gaming market, gaming revenues amounted to USD 103.6 billion in 2020, 35.7 percent of which are attributable to the lottery sector, which is the largest sector in Europe with a total revenue of USD 37.0 billion and declined by 6.1 percent over 2019. Gaming machines not located in casinos continue to make up the second-largest sector in Europe, but the revenue generated by them fell by 22.6 percent due to the COVID-19 pandemic. Overall, the European market recorded a 16.1 percent decline in revenue. The experts at GBGC anticipate average growth of around 5.7 percent for the coming years until 2023, although this figure depends heavily on how the COVID-19 pandemic continues to unfold, as well as on regulations in place in the various individual European markets.

<sup>3</sup> According to the Global Gambling Report of the GBGC, August 2020.



### GAMING REVENUES IN EUROPE, USD BILLIONS



Gaming revenues in the North American gaming market amounted to USD 116.7 billion in 2020, representing a decline of 15.1 percent over 2019. The other gaming (e.g. bingo) and the casino sectors have seen the highest declines in this market, recording drops of 20.9 percent and 19.7 percent, respectively. The North American gaming market is forecast to grow at a median rate of 6.4 percent from 2020 to 2023, driven by the COVID-19 pandemic.

The South American gaming market saw revenue drop by 26.0 percent compared with 2019, resulting in gaming revenues of USD 17.4 billion in 2020. The absence of visitors to the casinos was clearly felt here as well, with casino gross gaming revenues falling by -31.0 percent compared with 2019. Despite a subsequent average annual growth rate of 11.1 percent, the importance of this gaming market remains subordinate to that of the rest of the region. With gaming revenues of USD 17.4 billion in 2020, the market accounts for only 4.7 percent of global gaming revenues.

Global online gaming revenues fell in 2020 for the first time since 2015, mostly due to the canceled sporting events and the resulting lack of betting business, and only reached a value of USD 49.7 billion (-7.7 percent).

## (3) Business Performance

### General Business Development in the Reporting Period

For the NOVOMATIC AG Group, the 2020 fiscal year is overshadowed by the effects of the COVID-19 pandemic in all core regions. During March, national governments in Europe in particular used temporary lockdowns to contain the spread of COVID-19, some of which extended into July. Business activity subsequently recovered quickly under restrictive conditions, before being followed by further lockdowns again from November onwards and which were gradually extended beyond the end of the fiscal year.

Due to the prolonged lockdowns lasting several months and the associated closures of gaming facilities (casinos, slot arcades, betting shops), the Gaming Operations segment saw substantial revenue losses. The Gaming Technology segment was impacted by the lockdowns and reduced willingness on the part of customers to invest due to the unpredictability of developments. While the online business was able to achieve significant revenue increases in both segments in this environment, this was in no way enough to offset the losses in the brick-and-mortar business. As a result of these framework conditions, Group revenue (before gaming taxes and betting fees) decreased from EUR 2,607.3 million in the previous year to EUR 1,743.6 million in 2020, representing a decrease of EUR 863.7 million (-33.1 percent) or a no revenue generated for around four months compared with 2019.

Numerous cost optimization and efficiency enhancement measures were taken throughout the Group to counteract this decline in business.

In addition to the necessary ongoing evaluation of lockdowns, any prolongations thereof or subsequent reopening measures, and the restrictive framework 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 covering of personnel expenses (temporarily reduced working hours program), tax deferrals and non-interest-bearing loans to making up for lost revenue or covering costs, the amount and timing of which are, however, sometimes difficult to estimate.

In addition to the effects of the COVID-19 measures, regulatory action also had impact, such as the PREU (uniform tax on certain gaming machines) for VLT machines (Video-Lottery-Terminals) and AWP machines (Amusement With Prizes), which has been higher in Italy since January 1, 2020, and the further reduction in market size resulting from the State Treaty amending the Gaming Act in Germany.

As a result of the uncertain and challenging business environment, it was necessary to recognize a larger number of write-downs on receivables as well as non-current assets, particularly in the operating segment.

The restrictions on business activities caused by the COVID-19 pandemic meant that earnings before interest, taxes, depreciation, amortization, impairment and impairment reversals (EBITDA) amounted to EUR 305.9 million in the 2020 fiscal year, EUR 379.4 million (-55.4 percent) below the figure for the same period last year. Earnings before interest and taxes (EBIT) fell by EUR 414.7 million (-247.8 percent) from EUR 167.4 million in the previous year to EUR -247.3 million. The net result in 2020 amounted to EUR -262.8 million, EUR 360.1 million (-370.1 percent) lower than in the previous year.

## Important Events

The NOVOMATIC AG Group's business operations were significantly affected by the COVID-19 pandemic.

The course of consolidation adopted in 2019 was continued in 2020. For example, 100% of the shares in HTL Montenegro d.o.o. and its subsidiary MNA Gaming d.o.o. were sold in February 2020. The sale of the shares held in Casinos Austria AG was completed on June 26, 2020. A majority interest in an Austrian company and its subsidiary, which were mainly active in the manufacturing segment, was also sold.

In the 2020 fiscal year, the decision was made to sell real estate in Austria and the USA. As of December 31, 2020, EUR 18.5 million was recognized for assets held for sale.

Two tranches of a promissory note bond totaling EUR 247.5 million were repaid as agreed in October 2020. The utilization of the revolving credit line of EUR 1.0 billion amounted to EUR 390.0 million as at December 31, 2020.

NOVOMATIC AG is regularly rated by the ratings agency Standard & Poor's (S&P) and consistently held an investment grade rating until June 2019. The rating was last downgraded by one notch from BB+ with a negative outlook to BB with a negative outlook on December 9, 2020, the reasons given for this being the ongoing COVID-19 pandemic and the associated closure of gaming facilities, as well as the evaluation of vaccine availability in 2021.

## Consolidated Financial Statement for NOVOMATIC

### Earnings Position

EUR m	2020	2019	Difference absolute	Difference in %
Revenues	1,743.6	2,607.3	-863.7	-33.1%
Gaming taxes and betting fees	-214.8	-312.3	97.5	-31.2%
<b>Revenues after deduction of gaming taxes and betting fees</b>	<b>1,528.7</b>	<b>2,295.0</b>	<b>-766.2</b>	<b>-33.4%</b>
Changes in inventories of finished goods and work in progress	0.1	16.9	-16.8	-99.4%
Own work capitalized	73.0	69.8	3.1	4.5%
Other operating income	76.9	97.8	-20.9	-21.4%
Cost of material and other purchased services	-180.6	-326.2	145.6	-44.6%
Personnel costs	-606.9	-772.8	165.9	-21.5%
Other operating expenses	-585.3	-695.3	110.0	-15.8%
<b>EBITDA</b>	<b>305.9</b>	<b>685.3</b>	<b>-379.4</b>	<b>-55.4%</b>
<b>EBITDA margin</b>	<b>17.5%</b>	<b>26.3%</b>	<b>-8.7 PP</b>	<b>-</b>
Depreciation and amortization, impairment and reversal of impairment	-553.2	-517.9	-35.3	6.8%
<b>EBIT</b>	<b>-247.3</b>	<b>167.4</b>	<b>-414.7</b>	<b>-247.8%</b>
<b>EBIT margin</b>	<b>-14.2%</b>	<b>6.4%</b>	<b>-20.6 PP</b>	<b>-</b>
Financial result	-31.7	-16.9	-14.8	87.5%
<b>Earnings before taxes</b>	<b>-279.0</b>	<b>150.4</b>	<b>-429.5</b>	<b>-285.5%</b>
Tax expenses	14.3	-46.5	60.8	-130.7%
<b>Net result from business segments to be continued</b>	<b>-264.7</b>	<b>103.9</b>	<b>-368.7</b>	<b>-354.8%</b>
Result from discontinued operations	2.0	-6.6	8.6	-129.6%
<b>Result for the year</b>	<b>-262.8</b>	<b>97.3</b>	<b>-360.1</b>	<b>-370.1%</b>

Key figures from earnings position	2020	2019
Earnings before interest and tax (EBIT) (in EUR m)	-229.9	199.2
Profit margin	-13.2%	7.6%
Return on equity	-26.4%	10.7%
Return on total capital	-6.0%	4.6%
Interest coverage ratio	n.a.	343.5%
Effective tax rate	-5.1%	-30.9%

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. 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 corresponds to a proportion of earnings before interest and tax to revenues. Interest coverage is the ratio between EBIT and interest expenses. The effective tax rate is the ratio of income tax to profit before taxes.

In the 2020 fiscal year, the NOVOMATIC Group's revenues were EUR 1,743.6 million, compared with EUR 2,607.3 million in the same period of 2019. The revenue loss of EUR 863.7 million (-33.1 percent) resulted from almost every market: Italy (EUR -199.3 million), Germany (EUR -174.4 million), Eastern Europe (EUR -142.4 million), Austria (EUR -112.2 million), Other markets (EUR -97.8 million), United Kingdom (EUR -89.1 million), Spain (EUR -67.4 million), and the Netherlands (EUR -39.5 million). The depth of the lockdowns, which brought slot arcade, casino and betting site operations to a virtual standstill for around four months, meant that the online segment was able to generate significant revenue growth (EUR +58.3 million).

The largest decline in revenue in absolute terms is attributable to gaming machine revenues, which fell by EUR 524.8 million (-41.5 percent). Germany (EUR -143.1 million), Eastern Europe (EUR -109.9 million) and the United Kingdom (EUR -77.6 million), and thus those markets with the largest number of operating gaming terminals, accounted for the largest share of this decline.

In addition to gaming machine revenues, rental and management revenues also declined significantly by EUR 144.4 million (-26.8 percent) to EUR 393.4 million, a large part of this being attributable to Italy, with a decrease of EUR 81.1 million. The Other markets (EUR -23.6 million) and Eastern Europe (EUR -16.0 million) regions also recorded sharp declines.

Similarly, sales revenues decreased and, at EUR 205.8 million, were around EUR 189.8 million (-48.0 percent) down year-on-year. In particular, the Other markets (EUR -107.1 million), Austria (EUR -25.4 million) and Spain (EUR -19.5 million) regions reported significantly lower revenues in this area than in the previous year.

There were also year-on-year declines in catering and lodging revenues (EUR -23.9 million), live game revenues (EUR -22.9 million), other revenues (EUR -22.5 million), and betting revenues (EUR -21.8 million) due to the COVID-19 pandemic. Only eBusiness revenues were able to benefit from the current conditions and record an increase of EUR 62.4 million.

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, decreased in 2020 from EUR 312.3 million to EUR 214.8 million. The decline of EUR 97.5 million (-31.2 percent) stemmed primarily from lower business activity due to the temporary closure of gaming facilities in all of the NOVOMATIC AG Group's markets.

The cost of material and other purchased services decreased by EUR 145.6 million to EUR 180.6 million in the reporting period, with this decline being mainly due to the drop in orders related to the COVID-19 pandemic.

The own work capitalized increased by EUR 3.1 million (+4.5 percent) to EUR 73.0 million in 2020. This decrease is attributable to the gaming technology segment in Germany.

Personnel costs in the NOVOMATIC Group came in at EUR 606.9 million in 2020, compared with EUR 772.8 million in the previous year. The 165.9 million decrease is mainly due to the COVID-19 pandemic.

Other operating expenses decreased by EUR 110.0 million (-15.8 percent) from EUR 695.3 million in the previous year to EUR 585.3 million in the reporting period, being partly due to the reduced business activity as a result of the COVID-19 pandemic and which led to a significant reduction in almost all expenses. It was in the marketing area where the largest savings were achieved, with expenses here falling by EUR 43.3 million from EUR 120.3 million in 2019 to EUR 77.0 million in 2020.

There were also three items that caused expenses to rise in the pandemic year of 2020. Bad debt and valuation adjustments increased from EUR 7.2 million in the previous year to EUR 31.1 million in 2020. This increase is mainly attributable to irrecoverable equipment rentals, mainly in the Other markets region (EUR 12.4 million). Similarly, exchange rate losses were up significantly by EUR 12.9 million (+165.4 percent) to EUR 20.7 million. The third item is development expenses, which increased from EUR 24.6 million in 2019 to EUR 28.6 million (+16.1 percent).

Earnings before interest, taxes, depreciation and amortization (EBITDA) came in at EUR 305.9 million at the end of 2020, thus remaining clearly positive despite the COVID-19 pandemic and the associated temporary closure of almost all operational sites. EBITDA in 2019 amounted to EUR 685.3 million. The EBITDA margin in 2020 was 17.5 percent, 8.7 percentage points below the previous year's level. Depreciation, amortization, impairment and reversals of impairment losses increased by EUR 35.3 million (+6.8 percent) compared with the previous year, from EUR 517.9 million to EUR 553.2 million in 2020. While depreciation and amortization was lower at EUR 336.2 million (-8.2 percent) due to the continued decline in the volume of capital expenditure in 2020, impairments, net of reversals of impairment losses due to one-off effects, increased by EUR 65.6 million (+273.0 percent) from EUR 24.0 million in 2019 to EUR 89.7 million in 2020. In addition to the impact of the COVID-19 pandemic on the basis for calculating these values, this increase in 2020 was also caused by various regulatory framework conditions primarily affecting the Gaming Operations segment. Earnings before interest and taxes (EBIT) decreased by EUR 414.7 million from EUR 167.4 million in 2019 to EUR -247.3 million in 2020 due to the decline in revenues.

The financial result declined from EUR -16.9 million in the previous year to EUR -31.7 million. The most significant deviations relate to higher currency losses from intra-Group financing (EUR -6.6 million) and lower investment income (EUR -5.9 million).

The earnings before taxes decreased to EUR -279.0 million during the reporting period. This corresponds to a decrease of EUR 429.5 million. After taking income tax amounting to EUR 14.3 million and the results of discontinued operations of EUR 2.0 million into consideration, the Group recorded a net result for the year of EUR -262.8 million compared with EUR 97.3 million for the previous year.

## Important Key Figures

### Leased gaming devices<sup>45</sup>

	Group	Austria	Germany	Italy	United Kingdom	Spain	The Netherlands	Eastern Europe	Other markets	Online
2020	<b>150,824</b>	<b>2,428</b>	<b>77,845</b>	<b>38,987</b>	<b>0</b>	<b>6,411</b>	<b>22</b>	<b>15,568</b>	<b>9,563</b>	-
2019	153,033	2,385	78,664	40,726	0	6,243	42	15,206	9,767	-

### Operated gaming devices<sup>6</sup>

	Group	Austria	Germany	Italy	United Kingdom	Spain	The Netherlands	Eastern Europe	Other markets	Online
2020	<b>63,261</b>	<b>2,244</b>	<b>11,951</b>	<b>7,541</b>	<b>17,957</b>	<b>3,496</b>	<b>4,402</b>	<b>15,283</b>	<b>387</b>	-
2019	63,770	2,244	12,429	7,835	17,437	3,954	4,537	14,945	389	-

### Sold gaming devices<sup>7</sup>

	Group	Austria	Germany	Italy	United Kingdom	Spain	The Netherlands	Eastern Europe	Other markets	Online
2020	<b>15,046</b>	<b>2,242</b>	-	<b>82</b>	<b>521</b>	<b>4,774</b>	<b>382</b>	<b>2,301</b>	<b>4,744</b>	-
2019	29,670	3,469	-	266	772	9,607	1,000	3,491	11,065	-

## Segment Analysis

EUR m	2020	Austria	Germany	Italy	United Kingdom	Spain	The Netherlands	Eastern Europe	Other markets	Online
<b>Revenues</b>	<b>1,743.6</b>	<b>244.1</b>	<b>533.9</b>	<b>185.5</b>	<b>111.2</b>	<b>89.1</b>	<b>56.4</b>	<b>233.1</b>	<b>102.7</b>	<b>187.7</b>
Gaming Technology	670.0	36.7	259.9	73.5	9.3	33.2	6.0	62.6	102.0	86.7
Gaming Operations	1,071.6	207.4	273.1	112.0	101.5	55.9	50.4	170.5	0.0	100.9
Other	2.0	0.0	0.9	0.0	0.4	0.0	0.0	0.0	0.8	0.0

EUR m	2019	Austria	Germany	Italy	United Kingdom	Spain	The Netherlands	Eastern Europe	Other markets	Online
<b>Revenues</b>	<b>2,607.3</b>	<b>356.3</b>	<b>708.3</b>	<b>384.7</b>	<b>200.2</b>	<b>156.4</b>	<b>95.9</b>	<b>375.5</b>	<b>200.6</b>	<b>129.3</b>
Gaming Technology	946.0	66.4	284.1	167.5	20.6	61.2	10.8	85.5	198.6	51.3
Gaming Operations	1,658.9	289.9	423.9	217.2	179.6	95.2	85.1	290.0	0.0	78.1
Other	2.3	0.0	0.3	0.0	0.1	0.0	0.0	0.0	2.0	0.0

EUR m	Change	Austria	Germany	Italy	United Kingdom	Spain	The Netherlands	Eastern Europe	Other markets	Online
<b>Revenues</b>	<b>-863.7</b>	<b>-112.2</b>	<b>-174.4</b>	<b>-199.3</b>	<b>-89.1</b>	<b>-67.4</b>	<b>-39.5</b>	<b>-142.4</b>	<b>-97.8</b>	<b>58.3</b>
Gaming Technology	-276.1	-29.7	-24.2	-94.0	-11.3	-28.0	-4.8	-22.9	-96.6	35.5
Gaming Operations	-587.3	-82.5	-150.8	-105.2	-78.1	-39.3	-34.7	-119.5	0.0	22.9
Other	-0.3	0.0	0.6	0.0	0.3	0.0	0.0	0.0	-1.2	0.0

<sup>4</sup> Number to third parties at the end of the period, irrespective of lockdowns at the end of the year

<sup>5</sup> Previous year's values were adjusted due to an adapted counting method

<sup>6</sup> Number at the end of the period, irrespective of lockdowns at the end of the year

<sup>7</sup> 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.

Numerous measures were implemented in all markets during the COVID-19 pandemic to contain the spread of the virus. In particular, the lockdowns introduced in most countries had a significant impact on the NOVOMATIC AG Group's revenues in 2020 and are the main reason behind the year-on-year revenue losses. On top of this, the maximum number of visitors allowed in gaming facilities has been reduced to further contain the spread of COVID-19. In addition to the minimum spacing between individual gaming machines being increased by law and the installation of partition walls, substantial hygienic concepts were implemented to protect the customers.

### Gaming Technology

External revenues in the Gaming Technology segment amounted to EUR 670.0 million in the reporting period, representing a decrease of EUR 276.1 million (-29.2 percent) over the previous year's level. The year-on-year decline is primarily due to the COVID-19 pandemic, which resulted in lower demand and therefore lower sales revenues due in part to the closures of gaming facilities. Detailed explanations regarding the lockdowns and other measures in the respective regions in 2020 can be found in the Gaming Operations segment report.

#### Austria

At EUR 36.7 million, revenues in the Gaming Technology segment in 2020 were EUR 29.7 million (-44.7 percent) lower than in the previous year (EUR 66.4 million). The decline was due to the COVID-19 pandemic, which caused a sharp drop in sales revenues. Amounting to EUR 50.9 million in 2019, they fell to EUR 25.4 million in 2020 (-50.0 percent).

#### Germany

The focus of the Germany-based Group company LÖWEN ENTERTAINMENT GmbH in the Gaming Technology segment is in the area of gaming machine rental.

The predominance of the rental model here meant that the sales of the companies in this segment were less affected by COVID-19 than those of the markets in which other sales models are more dominant. However, the introduction of a COVID-19 rent reduction model for contracting partners meant a reduction in income rental and management services. Moreover, the declining rental portfolio due to regulatory changes and framework conditions resulted in lower revenues compared with the previous year. Total revenue of the Gaming Technology segment in Germany decreased by EUR 24.2 million (-8.5 percent) from EUR 284.1 million in 2019 to EUR 259.9 million in 2020. The rental portfolio decreased from approximately 78,700 gaming machines in 2019 to around 77,800 in 2020. Nevertheless, the group's market share in the German market was increased in 2020.

## Italy

The Italian market was hit particularly hard by the COVID-19 pandemic in 2020, with the lockdown beginning as early as March 8, 2020, and remaining in place until July 15, 2020. The Italian market's first lockdown was therefore not only the first one to be implemented, but also it also lasted the longest. Restrictive measures, such as curfews, were reintroduced in the fall of 2020. In terms of revenues, these strict restrictions on movement to contain the spread of COVID-19 were reflected particularly in income from rental and management services, which decreased from EUR 109.6 million in 2019 to EUR 46.0 million (-58.0 percent). Total revenue of the Italian companies falling into the Gaming Technology segment fell to a level of EUR 73.5 million in 2020, compared with EUR 167.5 million in the previous year, corresponding to a decrease of EUR 94.0 million (-56.1 percent).

## United Kingdom

The British market is one of the largest gaming markets in Europe and includes around 192,000 gaming machines<sup>8</sup>, which are mostly located in pubs, licensed betting offices (LBOs), slot arcades, casinos, and bingo centers. The COVID-19 pandemic also saw a sharp reduction in business activity in the United Kingdom. All facilities operated by gaming providers throughout the country were temporarily closed on March 23, 2020, and successive reopening did not take place until the beginning of July 2020. While the following months enabled business to recover somewhat, a new wave of restrictions in the fall of 2020 and another national lockdown between November 5 and December 2, 2020, followed by a three-tier early warning system, again resulted in lower sales figures. Sales of companies in the UK falling under the Gaming Technology segment amounted to EUR 9.3 million in 2020, down EUR 11.3 million (-54.7 percent) on the figure for the previous year 2019 (EUR 20.6 million).

## Spain

The Spanish market, just like the UK, 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 wide range of products, with NOVOMATIC devices becoming increasingly popular in the bar sector and replacing the classic Spanish bar machines with mechanical reels. As Spain was hit particularly hard by the COVID-19 pandemic in the first half of 2020, the government imposed a strict limit on movements between March 14 and 16, which lasted in some regions until June 21, 2020. The government is also running a nationwide anti-gaming campaign, which has already had a negative impact on sales in some regions in 2020. Sales of companies falling under the Gaming Technology segment in Spain amounted to EUR 33.2 million in 2020. In comparison to the previous year, this equates to a decrease of EUR 28.0 million (-45.8 percent).

## The Netherlands

In the Netherlands, the first lockdown, which included temporarily closing gaming facilities, came into effect on March 15, 2020 and lasted until June 1 for cash businesses, and June 30, 2020 for slot arcades and casinos. Restrictive measures were reintroduced in the fall of 2020. These temporary closures caused a lack of demand for gaming machines in 2020. The decline in revenues caused by COVID-19 meant that revenues of the Dutch companies falling under the Gaming Technology segment decreased by EUR 4.8 million (-44.1 percent) from EUR 10.8 million in 2019 to EUR 6.0 million in 2020.

<sup>8</sup> According to UK Gambling Commission industry statistics, accessed on March 4, 2021



### Eastern Europe

Sales of companies in the Eastern Europe region falling under the Gaming Technology segment amounted to EUR 62.6 million in the reporting period, down EUR 22.9 million (-26.8 percent) on the previous year's figure of EUR 85.5 million. All markets included in this region reported lower sales than in the same period in 2019 as a result of the COVID-19 pandemic, with the extent of measures taken to contain the spread of the virus varying from market to market. The largest negative difference in revenue stems from the Romanian market, where a revenue loss of EUR 11.1 million was recorded due to lower income from rental and management services caused by COVID-19.

### Other countries

Revenues of the companies falling under the Gaming Technology segment in the Other markets region dropped to a level of EUR 102.0 million in 2020 compared with EUR 198.6 million in the previous year, representing a decline of EUR 96.6 million (-48.6 percent). The largest deviation is to be found in the Australian group Ainsworth Game Technology Ltd., which reported a revenue loss of EUR 71.1 million due to the COVID-19 pandemic. Overall, the Australian group generated revenues of EUR 67.9 million in 2020 compared with EUR 139.0 million in 2019. South American subsidiaries generated sales of EUR 5.2 million in 2020, representing a decline of EUR 20.5 million (-79.7 percent). This is mainly due to the COVID-19 pandemic, which meant that many operators experienced payment difficulties and thus led to a sharp decline in the number of orders. The fact that the products performed very well, translating into higher sales figures in the first quarter of 2020, sales in North America rose by EUR 3.8 million (+28.4 percent) from EUR 13.5 million in 2019 to EUR 17.4 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 across the various markets had a positive impact on online business activity. One negative effect was the temporary shutdown of equipment for the server-based Plurius playing system in Luxembourg from mid-March to June 15, 2020, from November 26 to December 31, 2020, and further beyond. The Greentube Group companies falling under the Gaming Technology segment generated revenue of EUR 86.7 million in 2020, representing an increase of EUR 35.5 million (+69.2 percent). This growth in revenues stemmed mainly from the effects of COVID-19 as well as from the continuous expansion of the B2B client base. The markets of Paraguay, Mexico, Belarus and Poland were entered in 2020.

## Gaming Operations

External revenues in the Gaming Technology segment amounted to EUR 1,071.6 million in the reporting period, corresponding to a decrease of EUR 587.3 million (-35.4 percent) against the previous year (EUR 1,658.9 million). This decline is mainly due to the COVID-19 pandemic, as a result of which numerous locations were closed for several months. For instance, around 75 percent of the gaming facilities in the European countries in which the Group operates were temporarily closed in March 2020. This initial lockdown continued for most of the remainder of the first half of 2020; however, as of June 30, 2020, approximately 83 percent of gaming facilities were already open and operating again. While the summer showed a positive sales trend due to the lower number of new COVID-19 infections around the world, translating into fewer restrictive measures, COVID-19 cases rose again to a higher level in the fall of 2020 in almost every market in which the Group is active. This meant that many governments introduced a second or third lockdown, which also affected NOVOMATIC's operating companies and gaming facilities. These second and third lockdowns lasted in some cases until the end of 2020 and even beyond (e.g., Austria, Germany, Netherlands), which is why revenue in the third and fourth quarters of the reporting year again fell sharply in a year-on-year comparison. Approximately 76 percent of all the NOVOMATIC AG Group's gaming facilities were closed at the end of the year, with most of the open gaming facilities being in Eastern Europe. In addition to temporary closures, measures to contain the spread of COVID-19, such as minimum spacing between gaming machines, shorter opening hours, or the introduction of caps on the number of customers at a location at any one time, also resulted in lower revenues during the months that the slot arcades were open. These measures were implemented by the NOVOMATIC AG Group in all markets, which is why they are not mentioned again in the following analysis of the individual regions.

### Austria

Locations in Austria were temporarily closed on March 17, 2020 due to the COVID-19 pandemic. Most of them reopened on May 29, 2020, and all locations were back in service again on June 15, 2020. However, the numbers of new COVID-19 infections started rising again in the fall of 2020, the locations were again temporarily closed on November 3, 2020, in accordance with the COVID-19 Protective Measures Ordinance. This closure continued up to and including December 31, 2020, and on into the new year. Although the locations were closed, it was still possible to place sports bets online. Sales of all Austrian gaming and betting operations of the NOVOMATIC AG Group amounted to EUR 207.4 million in the reporting period, meaning that they were EUR 82.5 million (-28.5 percent) below those of the previous period (EUR 289.9 million).

### Germany

The major part of the revenues in the German market is generated in the area of commercial electronic gaming, in which NOVOMATIC has a strong presence.

The first quarter developed positively until the slot arcades were forced to close as a result of COVID-19 between March 14 and March 17, 2020. The closures ordered as part of the restrictive measures taken to prevent the spread of the virus led to a massive slump in revenues in the Gaming Operations segment. Once gaming facilities were successively opened at different times in the respective federal states, all of the Group's slot arcades in Germany were open again on June 30, 2020, which led to a recovery in revenues. As the number of new COVID-19 infections began rising sharply again in the fall of 2020, a further lockdown, and with it the closure of all slots arcades, was also introduced in Germany on November 2, 2020. This second lockdown lasted up to and including December 31, 2020, and on into the new year, again causing a decline in operating revenues.

The NOVOMATIC AG Group also has four casinos in Germany. With the venerable Spielbank Berlin, NOVOMATIC operates one of the highest revenue generating live game casinos in Germany.

However, NOVOMATIC's German casino revenue deteriorated by EUR 40.8 million (-37.8 percent) compared with 2019 due to the COVID-19 measures listed above and amounted to EUR 67.2 million in 2020.

NOVOMATIC is present in the sports betting market in Germany with Novo Interactive GmbH, which closed all sports betting branches in 2020 and closed stands at third-party sites. This meant that 2020 saw the Company shift its operations completely from terrestrial business to the online sector. Despite the COVID-19 pandemic and the resulting cancellation of various sporting events, the Company's revenues were EUR 0.7 million higher than in 2019 and amounted to EUR 3.1 million in 2020.

Revenues of the Group companies in Germany falling under the Gaming Operations segment decreased by EUR 150.8 million (-35.6 percent) compared with 2019 and amounted to EUR 273.1 million.

### Italy

Italy was hit particularly hard by the COVID-19 pandemic in 2020, which meant it was one of the first countries to declare a national lockdown that took effect from March 8, 2020. This lockdown lasted until July 15, 2020 and meant the closure of all NOVOMATIC Group facilities in the Italian market. As in the rest of Europe, restrictive measures and business closures resulted in lower COVID-19 new infections in the summer of 2020, enabling restrictions to be eased and which then contributed to the recovery in revenues. The second wave of the COVID-19 pandemic at the end of summer 2020 led to the Italian government successively tightening the measures again from October 18, 2020. As of November 5, 2020, all NOVOMATIC AG Group gaming facilities in Italy are closed. On December 21, 2020, another nationwide lockdown was implemented, which lasted through to the new year.

In addition to the COVID-19 pandemic, the Italian market was again affected by regulatory changes in 2020. On January 1, 2020, the PREU was raised to 8.5 percent for VLTs and 23.9 percent for AWP's with effect from the end of 2020. This tax increase is to be compensated by reducing the payout ratio. The course of consolidation in Italy was systematically continued in 2020.

Revenues of all Italian companies falling under in the Gaming Operations segment amounted to EUR 112.0 million in 2020, down by approximately EUR 105.2 million (-48.4 percent) compared with 2019 (EUR 217.2 million).

### United Kingdom

The COVID-19 pandemic meant that slot arcade operators in the United Kingdom were required to close their doors from March 23 to July 4, 2020. Restrictive measures were then introduced on a regional basis in the fall of 2020, depending on the situation in the respective regions of the UK. Despite this, a second national lockdown was introduced between November 5 and December 2, 2020, which also meant the closure of all of the NOVOMATIC AG Group's locations. This was then again followed by a three-tier early warning system up to December 31, 2020 and beyond, in which different measures are taken per region on the basis of the current situation. The lack of business activity due to the COVID-19 pandemic had a tangible effect on the development of sales. At EUR 101.5 million, sales of the operating companies in the UK were down EUR 78.1 million (-43.5 percent) on the previous year's figure of EUR 179.6 million.

### Spain

Similar to Italy, Spain was also severely affected by the COVID-19 pandemic in the first half of 2020. The high infection rates meant that all slot arcades were closed between March 14 and 16, 2020, depending on the respective region. These were then reopened between June 8 and 22 based on a three-step plan (staggered by region). 162 of the 164 slot arcades had reopened as of June 30, 2020. There was no further lockdown in Spain in the second half of the year; all the government did was limit opening hours. Due to the COVID-19 pandemic, revenues fell to EUR 55.9 million, down EUR 39.3 million (-41.3 percent) on the level of the previous year (EUR 95.2 million).

### The Netherlands

On March 15, 2020, all of the Company's locations in the Netherlands were temporarily closed due to the COVID-19 pandemic. While single sites (bar business) were allowed to reopen on June 1, 2020, slot arcades and casinos had to remain closed until June 30, 2020. As was the case in most other markets, measures in the Netherlands were relaxed in the summer due to the lower number of COVID-19 infections. However, a reversal in this trend towards the end of the summer caused renewed closures and lockdowns in the second half of the year in this market as well. The bar business was closed again on October 14 and was not reopened before December 31, 2020. Slot arcades were closed from November 4 to 19, 2020, and from December 15, 2020. This last closure continued on into the new year. As a result of these restrictions on business activity, revenues decreased by EUR 34.7 million (-40.8 percent) from EUR 85.1 million in 2019 to EUR 50.4 million in 2020.

### Eastern Europe

In 2020, the companies falling under in this segment generated combined sales of EUR 170.5 million, representing a decrease of EUR 119.5 million (-41.2 percent) over the previous year. The most significant declines were recorded in the markets of Latvia (EUR -66.2 million), North Macedonia (EUR -18.9 million) and Romania (EUR -14.5 million) and were mainly attributable to the COVID-19 pandemic and the associated temporary closures.

The lockdowns introduced in Eastern European counties began at different times. In the first half of 2020, the majority of the NOVOMATIC AG Group's operating subsidiaries in Eastern Europe were able to reopen their gaming facilities before June 30, 2020, given that most lockdowns were started in mid-March. Latvia's first lockdown lasted from March 12 to June 10, 2020, during which the online offering of the Latvian subsidiaries also had to be temporarily shut down. The second lockdown, following a summer in which new COVID-19 infection rates were lower, was implemented by the government on November 9, 2020, continuing past December 31, 2020 and on into the new year. This time, however, online services were not restricted again. In North Macedonia, the first and only lockdown began on March 16 and ended on June 24, 2020. The second half of 2020 saw only isolated national measures being taken. In Romania, the first and only national lockdown was introduced on March 17 and ended on June 15, 2020. Following a summer in which there were few restrictions, a program of measures based on a two-week incidence rate by region was implemented in September. This program continued up to and beyond December 31, 2020.

### 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). The online market's business activities meant that revenues were not negatively impacted by the COVID-19 pandemic, unlike those of the remaining markets. In 2019, the Greentube Group, which belongs to the NOVOMATIC AG Group, recorded an increase in revenues of EUR 22.9 million (+23.9 percent) to EUR 100.9 million in the Gaming Operations segment in 2020. This increase is due, among other things, to the excellent development in the two areas of social casinos and real-money casinos. Continuous product improvements and innovations also contributed to this growth in sales. The Swiss market was entered in 2020.

## Net Assets

EUR m	31.12.2020	31.12.2019	Difference absolute	Difference %
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	760.5	804.8	-44.3	-5.5%
Right-of-use assets	520.9	664.1	-143.3	-21.6%
Property, plant and equipment	888.5	1,058.4	-169.9	-16.1%
Financial assets	177.7	289.1	-111.4	-38.5%
Other non-current assets	279.5	258.1	21.4	8.3%
	<b>2,627.0</b>	<b>3,074.6</b>	<b>-447.5</b>	<b>-14.6%</b>
<b>Current assets</b>				
Inventories	252.2	263.9	-11.7	-4.4%
Trade receivables, other receivables and assets	347.7	424.8	-77.1	-18.1%
Cash and cash equivalents	531.8	531.1	0.7	0.1%
Other current assets	36.3	51.4	-15.1	-29.4%
Non-current assets and disposal groups held for sale	18.5	3.6	15.0	419.4%
	<b>1,186.6</b>	<b>1,274.8</b>	<b>-88.3</b>	<b>-6.9%</b>
<b>TOTAL ASSETS</b>	<b>3,813.6</b>	<b>4,349.4</b>	<b>-535.8</b>	<b>-12.3%</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	26.6	26.6	0.0	0.0%
Capital reserves	85.4	85.4	0.0	0.0%
Retained earnings	844.3	1,103.5	-259.2	-23.5%
Revaluation reserve	27.4	43.3	-15.9	-36.6%
Currency translation adjustment	-97.0	-70.0	-27.1	38.7%
Non-controlling interests	168.5	211.3	-42.7	-20.2%
	<b>1,055.2</b>	<b>1,400.1</b>	<b>-344.9</b>	<b>-24.6%</b>
<b>Non-current liabilities</b>				
Non-current financial liabilities	1,166.8	1,222.1	-55.3	-4.5%
Non-current lease liabilities	477.3	567.9	-90.6	-16.0%
Non-current provisions	77.4	77.6	-0.3	-0.3%
Other non-current liabilities	119.3	127.8	-8.5	-6.6%
	<b>1,840.8</b>	<b>1,995.4</b>	<b>-154.7</b>	<b>-7.8%</b>
<b>Current liabilities</b>				
Current financial liabilities	306.1	316.4	-10.2	-3.2%
Current lease liabilities	112.6	121.1	-8.5	-7.0%
Trade payables and other liabilities	420.5	439.2	-18.7	-4.3%
Other current liabilities	78.4	77.2	1.2	1.6%
	<b>917.7</b>	<b>953.9</b>	<b>-36.2</b>	<b>-3.8%</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,813.6</b>	<b>4,349.4</b>	<b>-535.8</b>	<b>-12.3%</b>

Key figures on net worth and financial position	2020	2019
Gross debt (in EUR m)	2,062.8	2,227.5
Net debt (in EUR m)	1,460.2	1,626.8
Working capital (in EUR m)	268.9	321.0
Equity ratio	27.7%	32.2%
Net gearing ratio	4.8	2.4
ROCE	-8.5%	4.9%

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 and 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. Net gearing ratio corresponds to the portion of net debt in relation to operating result added back 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 amounting to EUR 3,813.6 million as of 31 December, 2020 fell by EUR -535.8 million (-12.3 percent) compared with the figure of December 31, 2019.

Non-current assets decreased by EUR 447.5 million (-14.6 percent) to EUR 2,627.0 million. The main contributors to this reduction were property, plant and equipment, right-of-use assets, and financial assets.

Property, plant and equipment decreased by EUR 169.9 million (-16.1 percent) year-on-year to EUR 888.5 million. This is mainly due to the decrease in the gaming device assets (EUR -103.8 million) caused by the depreciation, thereof EUR 52.5 million was attributable to Germany and EUR 22.9 to the Other markets region. Land and buildings decreased by EUR 45.4 million compared with 2019, thereof EUR 25.9 million being generated in Austria, EUR 12.9 million in Italy, and EUR 9.6 million in the Other markets region.

Right-of-use assets decreased by EUR 143.3 million (-21.6 percent) compared with 2019, the year in which IFRS 16 was first applied, and amounted to EUR 520.9 million in 2020. This decrease resulted mainly from the right-of-use assets for real estate, which fell by EUR 129.4 million. The largest decreases here are attributable to Germany (EUR -45.9 million), Austria (EUR -20.7 million) and Italy (EUR -20.0 million) and are due to the ongoing amortization of right-of-use assets.

As of December 31, 2020, financial assets mainly comprised a minority interest in Österreichische Lotterien GmbH. This item decreased by EUR 111.4 million (-38.5 percent) year on year and amounted to EUR 177.7 million in 2020. The decrease is largely attributable to the sales of the shares in Casinos Austria AG, which was completed on June 26, 2020.

Current assets declined by a total of EUR 88.3 million (-6.9 percent) and amounted to EUR 1,186.6 million in 2020. The largest decrease here relates to trade and other receivables, which were down EUR 77.1 million in 2020 compared with 2019, this mostly being attributable to Italy. Receivables from assets held for sale increased by EUR 15.0 million to EUR 18.5 million in 2020 and mainly included a property in Austria. Inventories decreased by EUR 11.7 million (-4.4 percent) and amounted to EUR 252.2 million in 2020, a fact primarily attributable to the Other markets region. Income tax receivables amounted to EUR 18.8 million in 2020 compared with EUR 23.0 million in 2019, with the majority of this reduction being attributable to Austria (EUR -2.1 million) and the online segment (EUR -1.6 million).

Equity decreased by EUR 344.9 million (-24.6 percent) to EUR 1,055.2 million during the reporting period. The revaluation reserve item decreased by EUR 15.9 million (-36.6 percent) to EUR 27.4 million, mainly due to the sale of the shares held in Casinos Austria AG. Retained earnings fell by EUR 259.2 million (-23.5 percent) from EUR 1,103.5 million in 2019 to EUR 844.3 million in 2020. The currency translation adjustment item decreased by EUR 27.1 million to EUR -97.0 million.

Non-current liabilities, at EUR 1,840.8 million in 2020, showed a year-on-year reduction of EUR 154.7 million (-7.8 percent). The decline was primarily attributable to lease liabilities, which fell by EUR 90.6 million (-16.0 percent) to EUR 477.3 million, and non-current financial liabilities, which shrank by EUR 55.3 million (-4.5 percent) to EUR 1,166.8 million.

Current liabilities in 2020 decreased by EUR 36.2 million (-3.8 percent) to EUR 917.7 million, a fact attributable to several items. The trade payables and other liabilities item amounted to EUR 420.5 million in 2020, a decrease of EUR 18.7 million compared with 2019. The current financial liabilities fell by EUR 10.2 million to EUR 306.1 million in 2020. The current lease liabilities decreased by EUR 8.5 million and amounted to EUR 112.6 million in 2020.

## Financial Position

EUR m	2020	2019	Change absolute	Change %
EBIT	-247.3	167.4	-414.7	-247.8%
Cash flow from operating activities	378.0	606.7	-228.7	-37.7%
Cash flow from investing activities	-81.3	-74.0	-7.3	9.9%
Free cash flow	296.6	532.7	-236.0	-44.3%
Cash flow from financing activities	-299.2	-551.4	252.2	-45.7%
Changes to cash and cash equivalents	0.7	-7.3	8.0	-109.5%

Cash flow from operating activities in 2020 amounted to EUR 378.0 million, which was EUR 228.7 million lower than in the previous year (EUR 606.7 million), a decrease mainly due to the COVID-19 pandemic, causing operating income to be EUR 414.7 million lower than in 2019. The largest offsetting, and thus cash-increasing, effect was the decrease in the change in receivables and other assets of EUR 126.6 million, driven mostly by improved receivables management and the COVID-19-related business performance in 2020. The EUR 34.2 million increase in depreciation and amortization, attributable to various one-off effects, and lower payments for income taxes as a result of the lower earnings also had a compensating effect.

Cash flow from investing activities amounted to EUR -81.3 million in the reporting year, a decrease of EUR 7.3 million compared with 2019 (EUR -74.0 million). Behind this decrease is the sale of the subsidiaries in the United Kingdom and Croatia in the previous year, causing proceeds from the sale of consolidated companies to be EUR 138.7 million lower in 2020 than in 2019. Proceeds from the sale of fixed assets also fell in 2020 by EUR 41.1 million due to there being less appetite among NOVOMATIC's customers to invest, while cash outflows for the acquisition of consolidated companies increased by EUR 39.3 million compared with the previous year. These effects were partly offset by the sale of the shares held in Casinos Austria AG, which resulted in an increase in proceeds from the sale of financial assets of EUR 107.7 million in 2020. Another offsetting effect could be seen in the reduction in capital expenditure on intangible assets and property, plant and equipment of EUR 80.6 million due to the 2020 lockdowns lasting several months.

While lower operating cash flow meant that free cash flow declined in 2020, it remained clearly positive at EUR 296.6 million despite the challenging framework conditions.

Cash flow from financing activities saw a year-on-year increase from EUR -551.4 million to EUR -299.2 million in the 2020 fiscal year. This increase of EUR 252.2 million stemmed almost exclusively from the repayment of a bond amounting to EUR 246.0 million in the previous fiscal year. Payouts from financial loans and financial liabilities remained on a par with the previous year due to the repayment of a promissory note bond, which was refinanced by utilizing the credit line, and the financing provided by ÖKB of EUR 390.2 million. Proceeds from financial loans and financial liabilities also remained largely unchanged at EUR 321.6 million in 2020 compared with 2019 due to the credit line being utilized. Credit lines available at the end of 2020 amounted to around EUR 630.0 million.

## (4) Non-Financial Performance Indicators

Regarding the reporting of the consolidated non-financial statement, reference is made to the separate non-financial report 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 5.5 percent<sup>9</sup> for 2021, representing a 9.0 percent rise year-on-year. In the gaming market, the gaming revenues are expected to increase by 15.8 percent<sup>10</sup>.

NOVOMATIC has pursued a growth strategy in recent years aimed at occupying market leadership positions in large, regulated gaming markets. In recent years, NOVOMATIC has successfully focused on consolidating existing investments and increasing synergies, a course which will systematically be continued in the 2021 fiscal year.

The beginning of 2021 continues where the 2020 fiscal year left off, overshadowed by lockdowns and restrictive measures to contain the spread of the COVID-19 pandemic in many core regions. New COVID-19 mutations in particular lead to a course which is difficult to assess, resulting in the above-mentioned measures being gradually tightened again by the respective national governments. This development means that state subsidy and support programs are being reassessed on an ongoing basis, making it difficult to determine the exact scope of these programs in numerous countries and when payouts can be expected.

Cost optimization and efficiency enhancement measures will continue to be implemented throughout the Group in 2021 to counteract the negative impact of COVID-19.

One positive development is the growing availability of vaccines, which reduces the number of new infections and reduces the severity of the virus itself. This is cause for hope that an end to the lockdowns is in sight and that framework conditions will continue on their path to normalization.

Changes in the gaming laws and tax conditions in the countries in which the NOVOMATIC Group operates have had a significant impact on NOVOMATIC's business.

In Austria, gaming activities are subject to different regulations from one state to the next. In Vienna, a new betting law came into force on January 1, 2021. ADMIRAL Sportwetten GmbH has been granted a license for all locations operated, safeguarding sports betting operations for the next few years. An amendment to Lower Austria's Betting Act is also expected in 2021.

In Germany, NOVO INTERACTIVE GmbH was granted a license to operate sports betting on the Internet and in on-site operations by the Darmstadt Regional Council on October 9, 2020, which is valid throughout Germany. Preparations also continue to be made to offer virtual slot machine gaming. The target start date is July 1, 2021, when the new State Treaty on Gaming comes into force. This results in additional growth potential for the NOVOMATIC AG Group in the German market.

The Italian gaming market, a core market of the NOVOMATIC AG Group, continues to be faced with legal changes and tax increases. Although there were no changes to tax legislation at the end of 2020, the increase in PREU already adopted in a previous amendment to the law was implemented as expected with effect from January 1, 2021. Tax on VLTs is now 8.6 percent (previously: 8.5 percent) and on AWPps 24.0 percent (previously: 23.85 percent).

Following a change in the law in 2019, the reduction in minimum stakes in FOBTs triggered an exceptionally positive development for operating business in the United Kingdom. It is to be expected that this trend will continue in the future, thus enabling a positive business development to continue in NOVOMATIC UK's operating segment. This creates opportunities for expansion, which is why further site openings are also planned in the 2021 fiscal year.

<sup>9</sup> According to the World Economic Outlook 2021 provided by the International Monetary Fund (IMF)

<sup>10</sup> According to the Global Gambling Report of the GBGC, August 2020

The Eastern Europe region remains an important growth market for NOVOMATIC, not least due to the development of new markets such as Ukraine. In Serbia, one of the largest markets in the region, there is particular potential for growth in the online sports betting sector through ZBET RS d.o.o, acquired in January 2021, and its subsidiary.

Given that the slot arcade boom and the associated course of growth in Spain peaked in 2019, the focus for the coming period is on consolidating the business. Efforts in 2021 will also center on taking advantage of synergy effects and efficiency enhancement measures.

In 2021, the strategy of opening up the highly competitive US market will be continued. Since PASPA (Professional and Amateur Sports Provision Act 1992) was repealed in 2018, a growing number of states have been gradually legalizing the sports betting sector, although the COVID-19 pandemic slowed this process down in 2020. Nevertheless, as of February 8, 2021, a total of 20 states already allow sports betting, five other states have already approved laws and regulations in this regard, and a total of 15 states have approved online sports betting. There are also discussions in other states to regarding the legalization of video gaming terminals as per the approach being taken in Illinois. This market is also due to be opened in the US territory of Puerto Rico in 2021. Given the liberalization of the gaming market in the USA, NOVOMATIC sees potential to successfully serve the market.

Overall, the business environment for the NOVOMATIC AG Group remains very dynamic. Considering these framework conditions, the current assessment is that it will be possible to make up some of the sales and earnings shortfalls in 2020 during the 2021 fiscal year.

## (6) Risk Management

Within the scope of its business, the NOVOMATIC AG Group is subject to a number of risks which inevitably arise in connection with entrepreneurial activities. Risk management, as it is understood and applied within the NOVOMATIC AG Group, aims at both securing the long-term existence of the company and increasing the added value. It therefore represents a major factor in the Group's success.

### Risk Management System

NOVOMATIC engages in extensive risk management that involves all major Group companies. The risk management system aims at systematically identifying, evaluating, controlling, monitoring and documenting material risks and risks directly jeopardizing the company's existence in order to ensure achievement of the corporate objectives and to increase risk awareness within the Group.

All risks, which are determined and analyzed systematically, are recorded within a professional, IT-based risk management system which ensures that risks, as well as the assigned management measures and control mechanisms are monitored on a permanent basis.

For continued monitoring of the risk situation and to ensure active controlling, the risks are assigned to the responsible individuals within the individual corporate areas and Group companies. It lies within the responsibilities of the risk officers to define and implement measures aimed at dealing with the individual risks, to document emergent risks, and to perform reassessments of the identified risks at regular, defined intervals. Central risk management supports the individual areas in a consulting function and ensures the continuous updating and further development of the risk management system.

### Compliance

In addition to the types of risk described below, there are also threats related to the reputation and the competitiveness of the company as a whole. As one of the basic principles of entrepreneurial activities, NOVOMATIC pays particular attention to compliance with statutory and ethical regulations.

The term "compliance" is used to describe all measures with which the company ensures that laws, regulations and voluntary codes are adhered to. NOVOMATIC's compliance activities focus mainly on measures aimed at ensuring that national and international laws on the avoidance of criminal acts, such as corruption, market abuse, money laundering and misuse of data are adhered to.

The Group's compliance management system is based on the seven core elements of the German audit standard for compliance management systems, IDW PS 980, and pursues the goal of ensuring compliance with legal provisions and corporate values set out in the Code of Conduct of NOVOMATIC AG. In the Code of Conduct, employees find guidelines and principles for values-based and lawful behavior during day-to-day business activities. This Code of Conduct also provides the basis for training activities related to integrity and compliance. Depending on the risk and the target group, training sessions requiring personal attendance, as well as web-based training events, are held. In-house-developed e-learning tools allow a large number of employees to be educated on issues such as data protection or the fight against corruption.

All major subsidiaries have appointed compliance officers for each country or region. The relevant duties of the local compliance managers are defined as binding in a separate Group guideline and include in particular advising the local Group subsidiaries on compliance issues, monitoring local law, training employees, implementing Group guidelines and reporting to Group Legal Compliance. This is intended to make a significant contribution to ensuring that ethical and rule-abiding behavior is sustainably anchored throughout the entire Group.

## Significant Risks and Uncertainties

The following is a detailed description of the risks and uncertainties that can have a major influence on the net assets, financial and earnings position as well as the reputation of the NOVOMATIC AG Group.

### Business and Market Risks

#### General Economic Conditions, M&A Risks, Innovation Risks, and IT Risks

The NOVOMATIC AG Group's business is dependent on general economic conditions. A deterioration of general economic conditions, increasing unemployment, declining real incomes and increased volatility in the capital markets, could have a significant negative impact on the net assets, financial and earnings positions of the NOVOMATIC AG Group.

A central element of the NOVOMATIC AG Group's strategy is the geographic diversification of its business by entering markets that offer opportunities for growth. There is a risk that in the future, for various reasons including legal conditions, the NOVOMATIC AG Group may not or may only to a limited extent be able to pursue this strategy, or may not be able to expand its product and/or service offerings.

The NOVOMATIC AG Group generates the majority of its revenues in a limited number of markets. As these are relatively well-developed markets, further growth opportunities are rather limited. The NOVOMATIC AG Group plans to expand its business activities in other markets, an effort for which appropriate resources are being deployed. There is a risk that the anticipated growth in these countries and regions will not be realized, and/or that the NOVOMATIC AG Group will not be successful in implementing its strategies there.

Generally speaking, the gaming industry is characterized by rapid technological development, which forces the NOVOMATIC AG Group to continuously develop new products and enter new markets. The NOVOMATIC AG Group's success therefore depends on its ability to continuously enhance the development of its products and systems in order to integrate new technologies and expand into new markets created by new technologies. In a highly technology-dependent field of business where new technologies are developed or used within short innovation cycles, there is a risk that NOVOMATIC may not recognize innovative technologies and developments at a sufficiently early stage.

By the same token, the integrity, reliability and operative performance of the NOVOMATIC AG Group's IT systems are essential to the business. In particular, device manipulation could force the NOVOMATIC AG Group to use considerable financial resources to remedy the situation.

The COVID-19 pandemic and the associated economic restrictions continue to challenge the Group, due to the temporary closures, the duration of which cannot currently be estimated. It is not yet possible to definitively assess the medium and long-term impact of the COVID-19 pandemic, but it is entirely possible that the Group's net assets, financial and earnings position will continue to be negatively impacted by the COVID-19 pandemic.

### Personnel Risks

#### Key Personnel Risks, Knowledge Risk

NOVOMATIC's business success comes thanks to the existing knowledge and expertise of its management and employees. Should one or several individuals in key positions leave the company, there is a risk that NOVOMATIC might not be able to recruit or train qualified individuals with comparable know-how within an appropriate period of time to deal with emerging challenges.

## Legal and Political Risks

### Political Instability, Regulatory Changes: Gaming and Other Laws, Dependency on Licenses and Competition Regulations; Intellectual Property, Privacy

The NOVOMATIC AG Group's international business entails economic, political, legal and other risks. The NOVOMATIC AG Group conducts business in more than 70 countries. Some of these countries are politically or economically unstable which subjects NOVOMATIC to risks. Social unrest or strikes could force the NOVOMATIC AG Group to interrupt or halt its business activities.

The gaming industry is subject to particularly frequent and sudden legal amendments that can make business significantly more difficult or prohibit it entirely. Insufficient legal or administrative conditions in some countries can furthermore provide insufficient protection for the NOVOMATIC AG Group's intellectual property or other rights. In some of these countries, crime and corruption are widespread, which could have a negative impact on the NOVOMATIC AG Group's business.

The NOVOMATIC AG Group operates on the basis of currently prevailing political, economic, legal, and fiscal conditions, and is subject to the risk of changes to legal and taxation-related framework conditions. Changes which have already been adopted or other restrictions in other jurisdictions (e.g. gaming tax hikes or stricter competition laws) also have a sustained impact on the NOVOMATIC AG Group's business activities.

Gaming, and in particular online gaming, is currently not harmonized at the EU level. The individual legal frameworks of the EU Member States are, in some cases, disputed among gaming law experts. There is a risk that, in the future, limitations with regard to gaming and betting could be implemented at a national level. In addition to this, regulatory measures (e.g. access restrictions, stricter player protection measures, provisions for the protection of non-smokers, technical requirements, advertising bans or location requirements) could be introduced. Such measures could result in a decline in the number of visitors and the revenues earned.

There continue to be risks due to the dependence on national licenses, regulations on competition and statutory provisions regarding the operation of gaming and betting facilities as well as risks due to the dependence on production, sales and product licenses: In the countries where the NOVOMATIC AG Group does business, the operation of gaming and betting facilities requires a license, concession or other type of permission from the authorities in charge. Such licenses/concessions are usually granted for a limited period of time or in the form of license agreements with limited duration. Should no option for prolongation be provided or if an extension were only possible under economically unacceptable or untenable conditions or requirements, the NOVOMATIC AG Group would need to participate in new tender procedures in order to recover such a license/concession.

Moreover, in the countries where the NOVOMATIC AG Group does business, a permit from a state gaming authority is frequently required in order to be able to sell gaming machines and other gaming products and services. Both manufacturing and sales licenses are generally granted for a limited period of time and are subject to an audit plus subsequent certification by the competent inspecting authorities. Once licenses have been granted, they are usually extended automatically, provided that all license requirements are met. The possibility cannot be excluded that, despite the utmost care, legal provisions, regulatory requirements, technical standards or licensing conditions may not be complied with within the NOVOMATIC AG Group, which could result in the partial or complete withdrawal of a license, the determination of breaches of competition laws, or other types of damage to the NOVOMATIC AG Group's net assets, financial and earnings positions or reputation.

The NOVOMATIC AG Group develops, produces and sells sophisticated technological gaming equipment and systems that are to a large extent protected by industrial property rights such as trademark protection rights, patent rights and rights for the protection of registered designs, as well as copyright. There is a risk in respect of intellectual property (third parties violating industrial property rights or copyrights belonging to the NOVOMATIC AG Group, as well as of the NOVOMATIC AG Group violating the industrial property rights or copyrights of third parties). In particular, there is a risk that developments owned by the NOVOMATIC AG Group might be copied and illegally used or introduced to the market by third parties.

The NOVOMATIC AG Group is subject to the risk of being unable to sufficiently protect its customer data. The NOVOMATIC AG Group holds information about its customers which is in part sensitive (name, address, age, bank data and gaming tendencies) and must follow the strict data protection rules stipulated by the EU and other jurisdictions. Despite the security systems implemented by the NOVOMATIC AG Group, there is the risk that customer data could be retrieved and/or used illegally, either by employees or by customers or third parties. There is also the risk that customer data might be deleted, disclosed or edited involuntarily or in violation of data protection regulations. Should the NOVOMATIC AG Group or one of its external service providers transmit customer data without sufficient protection, or should confidential customer data be lost in any other way, the NOVOMATIC AG Group might be held liable under data protection laws, which would also damage the Group's reputation.

## Financial Risks

### Liquidity Risks, Counterparty Risks, Interest Rate Risks, Currency Risks, Impairment Risks in Connection with Investment Valuations and Risks in Connection with Capital Investments

The NOVOMATIC AG Group is subject to financial risks in the form of capital risks, liquidity risks, counterparty risks, interest rate risks, currency risks, impairment risks related to investment valuations and risks related to capital investments. In order to limit these risks, NOVOMATIC makes use of risk management measures and financial instruments, if necessary.

Extensive descriptions of the individual risks, including the methods used to hedge the risks mentioned above, are provided in the notes to the consolidated financial statement.

Due to its contractually agreed financial covenants, the NOVOMATIC AG Group is required in its major financing agreements to maintain an equity ratio of at least 15.0 percent and net debt in relation to the EBITDA of not more than 4.625x. The financing agreements provide for certain adjustments to the above standard calculation when determining these two ratios. When considering this adjusted calculation, the NOVOMATIC AG Group has complied with the contractually agreed financial covenants as per December 31, 2020. Please refer to the explanations after the balance sheet date in the notes to the Consolidated Financial Statement in respect of the adjustment of the financial covenants.

## (7) Important Features of the Internal Control System Relevant to the Financial Reporting Process (Section 243a (2) UGB)

As part of the Company's risk management system, the aim of the internal control system (ICS) is to ensure the reliability of financial reporting along with compliance with legal and internal requirements.

NOVOMATIC AG's Executive Board is responsible for the establishment of an appropriate ICS concerning the accounting process.

Starting with the main financial items on the balance sheet and income statement, the ICS must consider the most important transaction flows in terms of their risks. The ICS is managed in a structured way in line with the areas of responsibility as defined by the organizational structure. Internal rules and procedural guidelines are also an essential part of the control environment.

In order to avoid material misstatements when presenting transactions, any identified risks are analyzed and assessed with a view to introducing meaningful and effective control mechanisms to ensure accuracy in the ongoing accounting process. As part of the activities involved in preparing the annual report, additional targeted risk analyses are carried out to ensure that accounts are closed properly and carefully.

In accordance with the transaction flows defined as significant, which then are ultimately included in the finance division's financial reports, workflows are analyzed with regard to their inherent risks and corresponding control activities are defined. The aim of this procedural approach is to ensure that the individual transactions are correctly recorded in the annual financial statement. The various controls of varying degrees and intervals comprise automated controls in the accounting software on the one hand and manual controls by employees in accounting and the departments upstream of the accounting process on the other. The accounting department carries out extensive plausibility and data quality checks, among other things, to ensure that data destined for the annual report is correctly recorded. The accounting department also draws on the support of external service providers for some matters that require specialized knowledge, such as the valuation of pension obligations and entitlements to severance pay. Any changes in accounting and valuation policies are reviewed to ensure that they are in compliance with the law.

For the accounting-related IT system, access privileges have been defined to ensure that sensitive data is protected from unauthorized access, use and modification.

The Executive Board of NOVOMATIC AG keeps abreast of relevant developments in the Company through regular reports prepared by the financial department. This includes, above all, the current earnings development as well as any major deviation from the approved annual budget detected, the calculation of the cash flow and the calculation of result- and value-oriented key figures.

The Supervisory Board of NOVOMATIC AG is also included in the control system via the auditing committee. The auditing committee's main responsibilities include monitoring the accounting process, monitoring the internal control and risk management system, monitoring the audit of the financial statement and critically appraising the audited financial statement, as well as the management report.

## **(8) Research and Development**

Thanks to its numerous technology centers, the NOVOMATIC AG Group is a pioneer in the development of innovative products and system solutions in the gaming sector. The Group's development activities focus both on "Distributed Gaming Solutions" and on gaming content and application software. The developed software system solutions include management information systems, ticketing and smart card systems, access systems, video lottery systems, biometric player recognition, links to government regulators, player protection programs, "gaming as a service", online and mobile gaming system solutions, jackpot systems, multiplayer and community gaming systems, as well as tournament systems. Both the modular software architecture and the various developments' interoperability are crucially important.

Development activities should be equally efficient for homogeneous markets and highly specialized niche markets. This is ensured by an open platform architecture and development teams that are specialized in individual market segments. The open platform infrastructure allows for the integration of third-party providers and their gaming applications to be able to satisfy market needs in a better and faster manner.

In developing the newest generation of cabinet variants and models, which start new industry trends, industrial design is an extremely important factor. Innovation in terms of hardware includes new and ergonomic cabinet designs for casino, video lottery and Amusement With Prizes („AWP") gaming markets with control possible of up to five monitors, skill-based roulette terminals with state-of-the-art ball release mechanisms, the new PANTHERA™ cabinet, as well as V.I.P. terminals with giant screen technology and dynamic lighting effects based on single LED technology.

Linked Progressive Jackpots are another addition to the games on offer. They made it possible to successfully establish new jackpot families such as THUNDER CASH™ for the US market and CASH CONNECTION™ for the European market and then expand them with a variety of new game titles. In addition, the myCash product line was developed for the Coolfire™ platform.

Development is supported by hardware and software development teams in Austria, Germany, the United Kingdom, Spain, the Netherlands, Serbia, Russia, Argentina, Canada, and Poland, working either in-house or closely with the Group, as well as by exclusive partnerships with developers in Slovenia, Greece, the USA, and Australia.

The global importance of intellectual property protection is on the rise. With approx. 4,400 registered IP trademarks and in excess of 100 registrations per year, special attention is paid to this area. The Group is constantly developing new products and product variations, resulting in over 200 new gaming variants per year. With the help of the NOVOMATIC software development kit (NSDK), it is possible to add games developed by third parties (who use this SDK) to the portfolio immediately.



## (9) Acknowledgments

We would like to thank all employees of the NOVOMATIC AG Group for their strong commitment, with which they have made a major contribution to the company's further development and success. Our special thanks also go to the Supervisory Board under the leadership of Dr. Bernd Oswald and we would also like to acknowledge the positive relationships with our capital providers and business partners, relationships which have always been characterized by a pleasant collaboration.

Gumpoldskirchen, March 24, 2021



**Ryszard Presch**

Member of the Executive Board



**Johannes Gratzl**

Member of the Executive Board

## Consolidated Balance Sheet as of December 31, 2020

EUR m	Notes	12/31/2020	12/31/2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	(7.1, 7.4)	760.5	804.8
Right-of-use assets	(7.2, 7.4)	520.9	664.1
Property, plant and equipment	(7.3, 7.4)	888.5	1,058.4
Investment property	(7.5)	25.9	28.5
Investments in associated companies	(7.6)	2.2	2.1
Financial assets	(7.7)	177.7	289.1
Deferred tax assets	(7.8)	139.5	118.5
Other non-current assets	(7.9)	111.8	109.1
		<b>2,627.0</b>	<b>3,074.6</b>
<b>Current assets</b>			
Inventories	(7.10)	252.2	263.9
Trade receivables, other receivables and assets	(7.11)	347.7	424.8
Current tax receivables	(7.8)	18.8	23.0
Current financial assets	(7.12)	17.5	28.4
Cash and cash equivalents	(7.13)	531.8	531.1
Non-current assets and disposal groups held for sale	(8.17)	18.5	3.6
		<b>1,186.6</b>	<b>1,274.8</b>
<b>Total ASSETS</b>		<b>3,813.6</b>	<b>4,349.4</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	(7.14)	26.6	26.6
Capital reserve	(7.15)	85.4	85.4
Retained earnings	(7.16)	844.3	1,103.5
Revaluation reserve	(7.17)	27.4	43.3
Currency translation adjustment	(7.18)	-97.0	-70.0
		886.6	1,188.8
Non-controlling interests	(7.19)	168.5	211.3
		<b>1,055.2</b>	<b>1,400.1</b>
<b>Non-current liabilities</b>			
Non-current financial liabilities	(7.20)	1,166.8	1,222.1
Non-current lease liabilities	(7.21)	477.3	567.9
Non-current provisions	(7.22)	77.4	77.6
Deferred tax liabilities	(7.8)	102.8	121.4
Other non-current liabilities	(7.23)	16.6	6.3
		<b>1,840.8</b>	<b>1,995.4</b>
<b>Current liabilities</b>			
Current financial liabilities	(7.24)	306.1	316.4
Current lease liabilities	(7.25)	112.6	121.1
Current provisions	(7.26)	46.7	55.8
Current tax liabilities	(7.8)	31.7	21.4
Trade payables and other liabilities	(7.27)	420.5	439.2
		<b>917.7</b>	<b>953.9</b>
<b>Total EQUITY AND LIABILITIES</b>		<b>3,813.6</b>	<b>4,349.4</b>

## Consolidated Profit and Loss Account for Financial Year 2020

EUR m	Notes	2020	2019
Revenues	(8.1)	1,743.6	2,607.3
Gaming taxes and betting fees	(8.2)	-214.8	-312.3
<b>Revenues less gaming taxes and betting fees</b>		<b>1,528.7</b>	<b>2,295.0</b>
Changes in inventories of finished goods and work in progress	(8.3)	0.1	16.9
Own work capitalized	(8.3)	73.0	69.8
Other operating income	(8.4)	76.9	97.8
Cost of material and other purchased services	(8.5)	-180.6	-326.2
Personnel costs	(8.6)	-606.9	-772.8
Amortization, depreciation, impairment and reversal of impairment for intangible assets, property, plant and equipment, and investment property	(8.7)	-389.3	-387.8
Amortization, depreciation, impairment and reversal of impairment for right-of-use assets	(8.8)	-163.9	-130.2
Other operating expenses	(8.9)	-585.3	-695.3
<b>Operating profit</b>		<b>-247.3</b>	<b>167.4</b>
Share of profit/loss of associated companies		0.3	-0.5
Interest income	(8.10)	7.1	9.0
Other financial income	(8.11)	27.5	36.0
Interest expenses	(8.12)	-26.1	-28.8
Interest expenses for leases	(8.13)	-23.0	-19.9
Other financial expenses	(8.14)	-11.6	-13.6
Currency exchange gains/losses from intra-group financing	(8.15)	-5.8	0.8
<b>Financial result</b>		<b>-31.7</b>	<b>-16.9</b>
<b>Earnings before taxes</b>		<b>-279.0</b>	<b>150.4</b>
Income taxes	(8.16)	14.3	-46.5
<b>Net result from continued operations</b>		<b>-264.7</b>	<b>103.9</b>
Result from discontinued operations	(8.17)	2.0	-6.6
<b>Annual result</b>		<b>-262.8</b>	<b>97.3</b>
thereof attributable to non-controlling interests		-35.0	8.5
thereof attributable to shareholders of the parent (net profit)		-227.8	88.8

## Consolidated Statement of Comprehensive Income for the 2020 Fiscal Year

EUR m	Notes	2020	2019
<b>Annual result</b>		<b>-262.8</b>	<b>97.3</b>
Amounts that will be reclassified to profit and loss account in subsequent periods			
Currency translation	(7.18, 7.19)	-30.9	22.4
Currency translation for discontinued operations		0.0	5.1
Amounts that will not be reclassified to profit and loss account in subsequent periods			
Revaluation of the net defined benefit liability	(7.16)	-0.3	-4.0
Apportionable income taxes		0.1	1.1
Financial assets measured at fair value through other comprehensive income (equity instruments)		-2.1	-51.7
Apportionable income taxes		5.3	12.9
<b>Other comprehensive income after taxes</b>		<b>-27.9</b>	<b>-14.2</b>
<b>Total comprehensive income</b>		<b>-290.7</b>	<b>83.1</b>
thereof attributable to non-controlling interests		-37.8	10.8
thereof attributable to shareholders of the parent (net profit)		-252.9	72.3

## Consolidated Cash Flow Statement for the 2020 Fiscal Year

EUR m	Notes	2020	2019
<b>Operating profit</b>		<b>-247.3</b>	167.4
<b>Result from discontinued operations</b>		<b>2.0</b>	-6.6
		<b>-245.3</b>	160.7
Loss (+) / Gain (-) from the disposal of fixed assets		-5.3	-16.2
Depreciation (+) / Appreciation (-) of fixed assets		553.1	518.9
Loss (+) / Gain (-) from the disposal of companies and other non-cash income and expenses		-5.2	20.3
		<b>297.2</b>	<b>683.8</b>
Increase (-) / Decrease (+) in inventories		2.7	32.4
Increase (-) / Decrease (+) in receivables and other assets		84.8	-41.8
Increase (+) / Decrease (-) in provisions		-8.2	-10.9
Increase (+) / Decrease (-) in liabilities and other liabilities		-2.4	-24.2
Interest received and interest-related income		13.2	9.9
Taxes paid		-9.2	-42.6
<b>Cash flow from operating activities</b>		<b>378.0</b>	<b>606.7</b>
Proceeds from the disposal of fixed assets (excluding financial assets)		52.9	93.9
Proceeds from the disposal/repayment of financial assets		110.8	3.1
Proceeds from the sale of consolidated companies, net of cash		12.9	151.6
Acquisition of intangible assets, property, plant and equipment		-223.0	-303.6
Acquisition of financial assets and other financial investments		-3.8	-33.3
Acquisition of consolidated companies, net of cash (incl. prepayments)		-52.0	-12.7
Results from associated companies and investments		21.0	27.0
<b>Cash flow from investing activities</b>		<b>-81.3</b>	<b>-74.0</b>
Dividend payments		-55.9	-33.3
Proceeds from shareholders (non-controlling interests)		0.0	1.0
Expenditures for change in interests in subsidiaries (without change of control)		-1.7	-5.7
Expenditures from the repayment of bonds		0.0	-246.0
Proceeds from bank loans and financial liabilities		321.6	324.4
Payouts from bank loans and financial liabilities		-390.2	-404.1
Payouts from leasing obligations		-118.5	-127.7
Interest paid and interest-related payments		-54.6	-60.1
<b>Cash flow from financing activities</b>		<b>-299.2</b>	<b>-551.4</b>
<b>Net change in cash and cash equivalents</b>		<b>-2.6</b>	<b>-18.7</b>
Currency translation adjustments		2.7	9.0
Changes in cash and cash equivalents due to changes in scope of consolidation		0.6	2.4
<b>Net change in cash and cash equivalents</b>		<b>0.7</b>	<b>-7.3</b>
Cash and cash equivalents at the beginning of the period	(7.13, 9)	531.1	538.5
Cash and cash equivalents at the end of the period	(7.13, 9)	531.8	531.1
<b>Net change in cash and cash equivalents</b>		<b>0.7</b>	<b>-7.3</b>

## Consolidated Statement of Changes in Equity for the 2020 Fiscal Year

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		
<b>As of 1/1/2020</b>	<b>26.6</b>	<b>85.4</b>	<b>1,103.5</b>	<b>43.3</b>	<b>-70.0</b>	<b>1,188.8</b>	<b>211.3</b>	<b>1,400.1</b>
1) Total comprehensive income								
Annual result	0.0	0.0	-227.8	0.0	0.0	-227.8	-35.0	-262.8
Other comprehensive income	0.0	0.0	18.9	-15.9	-28.1	-25.1	-2.8	-27.9
2) Dividend payments	0.0	0.0	-50.0	0.0	0.0	-50.0	-5.9	-55.9
3) Change in non-controlling interests	0.0	0.0	-0.4	0.0	0.0	-0.4	1.6	1.1
4) Changes in the scope of consolidation	0.0	0.0	-1.8	0.0	1.0	-0.8	-0.7	-1.5
5) Obligation from written put-options over non-controlling interests	0.0	0.0	1.9	0.0	0.0	1.9	0.0	1.9
<b>As of 12/31/2020</b>	<b>26.6</b>	<b>85.4</b>	<b>844.3</b>	<b>27.4</b>	<b>-97.0</b>	<b>886.6</b>	<b>168.5</b>	<b>1,055.2</b>

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		
<b>As of 1/1/2019</b>	<b>26.6</b>	<b>85.4</b>	<b>1,042.2</b>	<b>82.2</b>	<b>-89.9</b>	<b>1,146.4</b>	<b>212.2</b>	<b>1,358.6</b>
1) Total comprehensive income								
Annual result	0.0	0.0	88.8	0.0	0.0	88.8	8.5	97.3
Other comprehensive income	0.0	0.0	2.4	-38.8	19.9	-16.5	2.3	-14.2
2) Dividend payments	0.0	0.0	-22.0	0.0	0.0	-22.0	-11.3	-33.3
3) Change in non-controlling interests	0.0	0.0	-5.7	0.0	0.0	-5.7	0.7	-5.1
4) Changes in the scope of consolidation	0.0	0.0	-3.4	0.0	0.0	-3.4	-1.1	-4.5
5) Obligation from written put-options over non-controlling interests	0.0	0.0	1.2	0.0	0.0	1.2	0.0	1.2
<b>As of 12/31/2019</b>	<b>26.6</b>	<b>85.4</b>	<b>1,103.5</b>	<b>43.3</b>	<b>-70.0</b>	<b>1,188.8</b>	<b>211.3</b>	<b>1,400.1</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

as of December 31, 2020

## (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.

NOVOMATIC 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 1,900 gaming facilities, which include casinos, slot arcades, sports betting outlets and bingo facilities.

In addition to the development of terrestrial gaming equipment, the NOVOMATIC Group has also established itself as a content provider of games for licensed online and offline suppliers and as an operator of online gaming platforms.

The NOVOMATIC Group is aware of its considerable social responsibility and pursues business activities only in markets with a clearly defined legal framework.

## (2) Accounting Principles

The present consolidated financial statement as of December 31, 2020 was prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as well as with the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union (EU). The additional requirements of section 245a para 1 of the Austrian Commercial Code have likewise been fulfilled.

The fiscal year corresponds to the calendar year. The financial statements of every fully consolidated domestic or foreign company included in the Consolidated Financial Statement for 2020 were prepared as of the balance sheet date of the consolidated financial statements. Consequently, a subgroup with a different regular balance sheet date has prepared interim financial statements for consolidation purposes as of the balance sheet date of the Consolidated Financial Statement.

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

### (3) Scope of Consolidation

This Consolidated Financial Statement covers NOVOMATIC AG and the companies that it controls. The control over a subsidiary is assumed if NOVOMATIC AG can exercise control over the associated company either directly or indirectly, is exposed to fluctuating returns on its investment, and can influence returns in terms of their size due to the power to control. Subsidiaries are fully consolidated from the acquisition date, i.e. the date on which the Group gains control over the company. Inclusion in the consolidated financial statements ends when the parent no longer exercises control over the subsidiary.

The equity method is applied for companies that are significantly influenced – but cannot be considered to be controlled – by NOVOMATIC AG.

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.

The scope of consolidation has developed as follows:

Scope of consolidation	Fully consolidated	valued at-equity
As of 1/1/2020	199	4
First-time inclusion in 2020	4	0
Disposed of in 2020	-9	-1
Merged in 2020	-5	0
As of 12/31/2020	189	3
of which non-Austrian companies	176	2

A summary of fully consolidated subsidiaries, companies consolidated using the equity method, and non-consolidated affiliated companies can be found under other disclosures.

During 2020, the Group consolidated the following subsidiaries:

- Greentube Malta SEE Limited, Malta
- Queensgate Leisure (Bradford) Ltd., United Kingdom
- Speelautomatenexploitatie Topa BV, the Netherlands
- Spiellounge Entertainment GmbH, Germany

Information about the subsidiaries sold in 2020 can be found under Note (6).

## (4) Accounting and Valuation Methods

### Standards and Interpretations to be Applied for the First Time in the 2020 Fiscal Year

The following new or revised standards and interpretations were adopted by EU legislation and implemented for the first time in financial year 2020:

Standard bzw. Interpretation	
Framework	Amendments: References to the Framework Concept in the IFRS Standards
IAS 1/IAS 8	Amendment: Definition of Materiality
IFRS 3	Amendment: Definition of a Business
IFRS 9/IAS 39/IFRS 7	Amendment: Interest Rate Benchmark Reform
IFRS 16	Amendment: COVID-19 Related Rent Concessions

The amendments that took effect had no significant impact on the Consolidated Financial Statement. With the aforementioned amendment to IFRS 16, lessees have the option of not treating rental concessions in connection with the COVID-19 pandemic as lease modifications within the scope of IFRS 16, but rather realizing the effects of the rental concessions in the periods in which they are granted. The change has no effect on NOVOMATIC Group, as NOVOMATIC does not apply the option contained therein with regard to the treatment of rental concessions in connection with the COVID-19 pandemic and treats such rental concessions as lease modifications.

### Standards and Interpretations Already Published, but only to be Applied in Future Periods

At the date upon which this financial statement was authorized for publication, the following standards and interpretations relevant to the NOVOMATIC- Group were already published but not yet mandatory and were not voluntarily applied in advance:

Standard bzw. Interpretation		Obligatory application for the fiscal years from
IAS 1	Amendment: Classification of liabilities as current or non-current	January 1, 2023
IFRS 17	Insurance Contracts	January 1, 2023

The introduction and implementation of the aforementioned standards and interpretations in the NOVOMATIC Group is intended from the time of mandatory application taking into account any potential exemptions. These new or amended standards are not expected to have any (material) effects on the Group.

### Consolidation Procedures

First-time consolidation of acquired companies is carried out according to the purchase method at the date of acquisition. The consideration transferred in the case of a business combination is measured at its fair value, which is an aggregate of the fair values of the assets acquired and liabilities taken over from the former owner of the acquired company at the date of acquisition in exchange for control of the company. The contingent consideration is treated as part of the transferred consideration and is measured at its fair value at the date of acquisition. If the business combination is achieved in stages, the previously held interest in the acquired entity is revalued at the fair value prevailing at the acquisition date and the resulting profit or loss is recognized in the Consolidated Profit and Loss Account. Additional acquisition costs are directly recognized as expense.



The acquired identifiable assets and liabilities taken over are measured at their fair value at the date of acquisition, unless exceptions thereto exist. In accordance with IFRS 3, any excess of the consideration transferred over the fair values of the identifiable net assets acquired is recognized as goodwill. If the consideration transferred is below the identifiable net assets, the difference is recognized against income after a reevaluation of the acquired net assets.

Non-controlling interests are valued initially at either their respective share of the identifiable net assets or their fair value. During the subsequent accounting, the profit/loss of the subsidiary is attributed proportionally to the non-controlling interests, even if this results in a negative balance. Presentation is within the equity and is separate from the equity attributable to the shareholders of NOVOMATIC AG.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal.

Changes in interests in subsidiaries without loss of control are recognized as equity transactions.

The results, as well as the assets and liabilities of associated companies, are included using the equity method. Investments in associated companies are recognized on the balance sheet at acquisition costs, adjusted by post-acquisition changes of the Group's share of net assets, as well as by losses resulting from impairment. Losses exceeding the Group's share of the associated company are not taken into account.

All insignificant intercompany receivables, liabilities, expenses and earnings, as well as intragroup profits, are eliminated.

#### **Foreign Currency Translation**

Foreign currency transactions are presented in the functional currency by applying the exchange rate between the functional currency and the foreign currency at the time of the transaction. Exchange rate differences from the payment of monetary items at conversion rates that deviate from those initially recognized are recognized immediately in profit or loss.

Foreign fully consolidated subsidiaries are considered as independent companies because they are financially, economically and organizationally independent. Their functional currencies are usually the respective national currencies. Apart from the positions within equity, all balance sheet items are translated into the reporting currency at the exchange rate prevailing on December 31, 2020. Income and expense items of foreign consolidated companies are translated at average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income. Upon the elimination of a foreign company from the consolidation scope, the exchange difference is recognized in profit or loss.

The exchange rates used for the currency translation developed as follows:

Equivalent amount = EUR 1	Exchange rate prevailing at balance sheet date		Average exchange rate for the year	
	12/31/2020	12/31/2019	2020	2019
Australian Dollar	1.5886	1.5986	1.6549	1.6103
British Pounds	0.8956	0.8466	0.8891	0.8772
Croatian Kuna	7.5475	7.4418	7.5384	7.4173
Mazedonian Denar	61.6150	61.4900	61.6349	61.5096
Peruvian New Sol	4.4461	3.7237	3.9888	3.7370
Romanian Lei	4.8683	4.7879	4.8377	4.7456
US Dollar	1.2225	1.1229	1.1413	1.1196

### Intangible Assets and Goodwill

Acquired intangible assets are capitalized at acquisition costs and amortized on a scheduled straight-line basis according to their economic useful life or contract period. Internally generated intangible assets are capitalized at production costs if the criteria for inclusion are met and amortized on a scheduled straight-line basis according to their economic useful life.

Trademarks and licenses can have indefinite useful lives. The assessment of intangible assets with an indefinite useful life is reviewed once a year to decide if the assumption of an indefinite useful life is still justified. If this is not the case, the assumption of an indefinite useful life is changed prospectively to a limited useful life.

For intangible assets with an indefinite useful life, an impairment test is carried out at least annually or, in cases where indications of impairment arise, also during the year. Impairment is given if the recoverable amount is lower than the carrying amount. The recoverable amount is the higher value of the fair value and the value-in-use. Impairment is recognized in the year during which the event causing the impairment arises. Where an impairment loss subsequently reverses, the assets are written up.

In the case of business combinations, any excess of the consideration transferred over the fair values of the identifiable net assets acquired is shown as goodwill and allocated to cash-generating units for the purpose of an impairment test. The allocation to cash-generating units or groups of cash-generating units is carried out on the identified business segments that are expected to profit from it. The carrying amounts of goodwill are determined annually as of September 30 (except: Ainsworth Game Technology Ltd., Australia, as of December 31) and are subject to an impairment test if there is any indication of impairment. The carrying amount is compared to the recoverable amount for the cash-generating unit to which it is allocated. An impairment loss is recognized immediately as an expense. An impairment loss recognized for goodwill may not be reversed in future periods.

The estimated useful lives for intangible assets and goodwill are:

	Useful life in years	
	from	to
Goodwill		Indefinite
Trademarks and patents	3	20 or indefinite
Licenses and concessions	5	20 or indefinite
Customer relationships	3	20
Development and software	3	10
Other intangible assets	3	10

### Right-of-Use Assets and Leases

In the NOVOMATIC Group, it is determined at the start of a contract as to whether it constitutes or contains a lease.

If it is a lease, a right of use is capitalized and a lease liability is recognized at the start of use. The amount of the right of use corresponds to the amount of the lease liability when the contract is recorded for the first time, adjusted for any initial direct costs of the lessee, prepayments, lease incentives or dismantling obligations, among other things.

The carrying amount of the lease liability is determined by discounting the lease payments agreed during the term of the lease, expected payments from residual value guarantees issued, the exercise prices of purchase options (if it is reasonably certain that they will be exercised), and any payments as a result of a premature termination of the lease (if the premature termination is reasonably certain). The agreed lease payments include all fixed and semi-fixed payments as well as variable payments which are linked to an index or a rate. Discounting is carried out at the interest rate underlying the lease, provided that this can be readily determined. In all other cases, the incremental borrowing rate is used for discounting.

When being remeasured, right-of-use assets are depreciated to the end of the useful life of the assets or the end of the lease term, and adjusted to reflect any impairment loss identified. With regard to impairment tests in cases where the corresponding indications arise, reference to the above remarks will be made.

The lease liability is subsequently measured and updated using the effective interest method.

In the event of lease modifications and a reassessment of certain parameters relevant to measurement (such as the term of the lease or the lease payments), the lease liability is generally remeasured and, as a rule, the carrying amount of the right-of-use asset is adjusted without affecting income.

### Property, Plant, and Equipment

Property, plant and equipment are stated on the balance sheet at acquisition or production costs less the scheduled straight-line depreciation and amortization. Depreciation of property, plant and equipment begins when they are ready for use. For the determination of the estimated useful life of property, plant and equipment, their expected economic life is taken into account. With regard to impairment tests in cases where the corresponding indications arise, reference to the above remarks will be made.

The estimated useful lives for property, plant and equipment are:

	Useful life in years	
	from	to
Buildings	20	50
Investments in rented property	10	20
Plant and machinery	3	10
Gaming machines	3	7
Factory and office equipment	3	10

### Investment Property

Investment property denotes land and buildings held but not used in business operations. They are stated at amortized cost. Buildings are written off over their estimated useful lives of 25 to 50 years using the straight-line method.

### Inventories

Inventories are stated at acquisition or production cost, or at the lower net realizable value. Costs of raw materials and supplies are calculated using the weighted average price method. Aside from individual manufacturing and material costs, finished and unfinished goods contain reasonable shares of material and production overheads. Inventories are reviewed for slow movement or obsolete items and, if necessary, appropriate adjustments are made. Advance payments concerning inventory are related to advance payments for deliveries.

### Other Assets

Precious metals (gold) are valued and recognized in accordance with the current market value. Due to the high liquidity and volatility, a measurement at fair value is usual and considered the most suitable valuation method.

### Assets Held for Sale and Sale Groups

Non-current assets and sale groups classified as held for sale are measured at the lower amount of their original book value and the fair value minus the cost of sale. In the event that the Group has agreed on a sale that will result in the loss of control over a subsidiary, all asset positions and debts from said subsidiary will be classified as held for sale.

## Financial Instruments

A financial instrument is a contract that is simultaneously recognized by one entity as a financial asset and by that entity's counterparty as a financial liability or an equity instrument. The recognition of the financial instrument in the balance sheet occurs only when the Group is a party to the contract.

Upon first-time recognition, a financial asset or liability is classified as follows:

- Financial Asset Recognized at Amortized Cost
- Financial Assets Measured at Fair Value Through Other Comprehensive Income (FVTOCI)
- Financial Asset at Fair Value Through Profit or Loss (FVTPL)
- Financial Liabilities Recognized at Amortized Cost
- Financial Liabilities Measured at Fair Value Through Profit or Loss

### Financial Asset Recognized at Amortized Cost

A financial asset is measured at amortized cost if it is held as part of a business model, the objective of which is to hold financial assets in order to collect the contractual cash flows and the contractual terms of the financial asset result in cash flows at specified points in time that represent only principal and interest payments on the outstanding capital amount. This applies above all to receivables, loans, and bank balances.

### Financial Assets Measured at Fair Value Through Other Comprehensive Income

If, on the other hand, the financial asset is held within the framework of a business model, the objective of which is both the receipt of the contractual cash flows and the sale of financial assets, it is measured at fair value through other comprehensive income (FVTOCI).

### Financial Assets Measured at Fair Value Through Profit or Loss

Derivatives, equity instruments (except when the FVTOCI option is exercised) and investment fund units are measured at fair value through profit or loss.

### Financial Liabilities Recognized at Amortized Cost

Financial liabilities, which include bonds, borrowings from banks, lease liabilities, and other liabilities, are carried at amortized cost. Non-current liabilities are discounted using the effective interest method, with the interest expense, calculated in accordance with the effective interest rate, recognized in profit or loss. Foreign currency liabilities are valued using the prevailing rates on the balance sheet date and the resulting currency translation differences are recognized in profit or loss.

### Financial Liabilities Measured at Fair Value Through Profit or Loss

A financial liability is measured at fair value through profit or loss when it is classified as a derivative or contingent consideration from company acquisitions.

The Group uses derivatives as hedging instruments against interest and currency risks in the operating business. These derivatives are valued at fair value on the basis of generally accepted financial mathematical models. Derivatives are recognized as assets when their fair value is positive, and as liabilities when their fair value is negative.

For the initial recognition of contingent considerations in a business combination, the facts and circumstances surrounding the contingent consideration that existed at the time of acquisition are disclosed. Subsequent valuation is measured at fair value through profit or loss.

### **Impairment of Financial Assets**

Impairment losses on financial assets measured at amortized cost or at fair value through other comprehensive income are recognized using the expected credit loss model. The expected credit losses (ECL) are defined as the difference between all contractual payments due to an entity under the contract and all payments expected to be received by the entity.

The expected credit losses are recorded in several stages. For financial assets with a low credit risk at the balance sheet date and financial assets whose credit risk has not increased significantly since first-time recognition, the impairment loss is measured on the basis of the expected twelve-month credit loss (Level 1). The twelve-month credit loss is the credit loss resulting from default events possible within the next twelve months. A low credit risk is assumed if there is an external rating in the investment grade range or if an internal rating corresponds to an external rating in this range.

If there is a significant increase in credit risk since first-time recognition, an impairment loss in the amount of the expected credit loss over the term is required (Level 2). A significant increase in credit risk is assumed if the financial asset is more than 30 days overdue.

The expected credit losses on loans, bank balances and other debt instruments are determined methodically using probabilities of default that depend on the rating category. For the items affected, however, the expected credit losses thus determined are of minor significance.

In addition, an assessment is made at each balance sheet date as to whether there is objective evidence of impairment of a financial asset (Level 3). This is the case, for example, when the issuer or borrower has significant financial difficulty or when the financial asset is 90 days overdue.

For trade receivables and contract assets from customer contracts, the simplified impairment model is applied by taking into account expected losses over the entire term. For these receivables and assets, an impairment loss is recognized in the amount of the expected credit losses over the term of the receivable using an impairment loss table. Forward-looking information is also evaluated and, if necessary, the failure rates used are adjusted.

### **Recognition and Derecognition**

Financial assets and financial liabilities are recognized on the Group's balance sheet when the Group becomes a party to the contractual provisions of the financial instrument. Recognition and derecognition are booked at the trading date.

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset along with all significant risks and rewards associated with ownership of the asset to another entity.

The Group derecognizes a financial liability when the Group's obligations related to that financial liability have been discharged or canceled, or have expired.

## Provisions

Provisions for pensions or similar obligations, as well as provisions for severance and jubilee payments, are measured according to the regulations of IAS 19 using the projected unit credit method. The costs of the estimated benefit entitlements are allocated over the whole period of employment. Future increases in remuneration are taken into account. Actuarial gains and losses concerning provisions for severance payments and pensions are recognized in other comprehensive income or charged against income when it comes to jubilee payments. Past service costs are recognized as an expense at the time of plan adjustment. Provisions correspond to the present value of the obligations (DBO). The accrued amounts are based on the expert opinion of qualified actuaries as of the respective balance sheet date.

Other provisions are stated at the amount necessary to cover uncertain payment obligations and result from careful consideration of all the facts involved.

## Contingent Liabilities

Contingent liabilities are possible current obligations that arise from past events, where an outflow of resources is nonetheless not probable. If, in rare cases, a present obligation is not recognized in the consolidated financial statements as a provision because the amount of the obligation cannot be measured with sufficient reliability, this is also classified as contingent liability. Contingent liabilities are not stated in the consolidated balance sheet but are disclosed in the notes to the Consolidated Financial Statement.

## Revenue and Expense Recognition

The NOVOMATIC Group recognizes revenues from the sale and rental of gaming machines, from the operation of casinos and electronic casinos, as well as from online gaming (e-business) and from betting. Pursuant to IFRS 15, revenues are to be recognized when the customer acquires the power to dispose of the agreed goods and services and may derive a benefit therefrom. The standard provides for a five-step model to recognize revenues. The first step is to identify the contract/contracts with customers and the independent performance obligations so as then to determine the transaction price and to divide up the contractual performance obligations. Revenues are recognized either on a time-related basis or at a specific point in time.

Revenues from the **sale** of gaming machines are recognized when the control over the promised goods or services passes to the customer. The form and scope of the contracts with customers depend on the respective jurisdiction. The following potential separate performance obligations were essentially identified: Gaming machine, contractually agreed regular software updates, spare parts and other services (e.g. business analytics, reports). For any additional costs arising from the initiation of a contract (e.g. sales commissions), the practical exception according to IFRS 15.94 is applied, as the amortization period is generally less than one year.

Revenue from the **rental** of gaming machines, classified as operating leases, is recognized on a straight-line basis over the period in which the underlying services are rendered. Lease agreements with customers may have different characteristics, particularly with regard to the agreed payments (fixed rent or revenue share models). The following possible separate leasing and non-leasing components were identified: Gaming machine, contractually agreed regular software updates, maintenance/spare parts/other services and customer loyalty programs. Rental prepayments (up-front fees) are recognized as revenue on a straight-line basis over the term of the contract. Customer loyalty programs are deferred so that this portion is not recognized as revenue until the Group has fulfilled the obligation.

Revenues from the **operation of electronic slot machines (slot arcades)** and **casinos with live games** are recorded as net amount (net gaming revenue). The net amount is calculated as the balance of amounts used by customers (IN) less payments to customers (OUT) less all incentives and accruals. In a few jurisdictions, the payout of a jackpot may have a mandatory scope; then a corresponding accrual (refund liability) is made. Other discretionary incentives (free catering) and non-discretionary incentives (customer loyalty programs) are not available or only to a minor extent.

Revenues from **bets** are recognized when the underlying betting event has occurred. The turnover corresponds to the net amount of wagers and payouts from the betting business. Those amounts used by players for events that have not yet taken place are accounted for as a deferred contract item.

Revenues from **online gaming** include online casinos, games and platform services and are recognized as soon as the underlying games have taken place or services have been rendered. A contract liability is recorded for unused customer credit balances.

Revenues in the other areas are recognized as soon as the respective services have been rendered.

Operating expenses are recognized when incurred or at the date of use of the service.

#### **Financial Result**

Interest expense is comprised of interest accrued on debt financing. Other finance cost relates to the impairment of financial assets, losses on the disposal of financial assets and expenses related to derivatives.

Interest income includes realized interest income from the investment in funds and investments in financial assets. Other finance income is comprised of dividends and similar income, profits from the sale of financial assets, and income from derivatives.

Foreign currency effects resulting from intragroup financing are stated separately in the financial result because of their close connection to financing activities.

#### **Taxes**

The income tax expense disclosed is comprised of the income tax payments by each subsidiary based on its taxable profit for the year and calculated using the applicable tax rate for the respective jurisdiction (actual taxes), as well as of changes in the deferred taxes.

Deferred taxes are accounted for using the balance sheet liability method and are recognized for temporary differences arising between the carrying amounts stated in the consolidated balance sheet as per IFRS and the corresponding tax base used on the balance sheet of the subsidiary. Furthermore, the probable tax advantages resulting from tax loss carried forward are also taken into account for the determination of deferred taxes. Temporary differences arising from non-deductible goodwill or (under certain circumstances) from the initial recognition of an asset or liability are not recognized.

Deferred tax assets and liabilities are shown net in the Group if a right of set-off exists and the taxes relate to taxpayers in the same tax group.



Important average tax rates used by Group companies are:

Country	2020 tax rate	2019 tax rate
Australia	30%	30%
Germany	14.17% – 57.2%	15.8% – 57.2%
United Kingdom	19%	17% and 19%
Italy	24% – 27.9%	24% – 27.9%
Latvia	0% and 20%	0% and 20%
Malta	5% and 35%	5% and 35%
Macedonia	10%	10%
Netherlands	25%	25%
Austria	25%	25%
Peru	29.5%	29.5%
Romania	16%	16%
Spain	24% and 25%	25%
USA	26%	26%

#### Fair Value Measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The NOVOMATIC Group uses the following hierarchy to allocate certain assets and/or liabilities, which are either to be stated at fair value or at least where the fair value has to be disclosed, to a certain measurement method:

Level 1: Measurement on the basis of quoted (unadjusted) prices in active markets.

Level 2: Measurement on the basis of market prices for similar instruments or on the basis of valuation methods, relying solely upon parameters observable in the market.

Level 3: Measurement on the basis of parameters that significantly affect the fair value and are not based on observable market data.

In the face of varying influencing factors, the fair values presented can only be considered as indicators of the values that could actually be generated on the market.

## Estimates and Judgments

For the preparation of the financial statements, assumptions and estimates were made that influence the amount of assets and liabilities, income and expenses, for the review period. Even under a high degree of diligence, these assumptions may differ from the actual circumstances.

For the following situations, the assumptions made at the balance sheet date are of particular importance:

The assessment of recoverability of intangible assets, right-of-use assets, property, plant and equipment is based on assumptions for the future. For the impairment tests, several assumptions to determine the recoverable amount are taken into account. Of particular importance are future cash flows as well as the discount rate. Cash flow predictions are based on financial plans approved by the management. In addition, assumptions for the presence of indicators for impairments or the reversal of impairments are necessary.

Significant estimates are made when measuring the right-of-use assets to be recognized and the associated lease liabilities in the case of leases under IFRS 16 as lessee. This is due to the fact that many leases in the Group have single or multiple extension options, have an indefinite term with corresponding termination rights, or also contain termination rights in the case of terms that are limited. The length of the term on the basis of the estimates made is the main factor determining the amount of the lease liabilities.

Concerning purchase price allocations performed for business combinations, assumptions are made concerning the existence and valuation of assets (in particular intangible assets), liabilities, and contingent liabilities received. The evaluation of their fair value is based on several different assumptions, especially for future cash flows and the discount rate. For the evaluation of contingent considerations, assumptions are made concerning the probability of achieving the defined objectives.

Deferred tax assets are recognized to the extent that it is probable that sufficient taxable income will be generated in future periods to utilize deductible temporary differences or existing tax loss carryforwards.

The fair value of financial assets, as well as derivatives, is derived based on market information available on the balance sheet date. Shares in non-consolidated companies and other investments reported under financial assets are measured in accordance with recognized capitalized earnings methods. When calculating the market value of financial investments, a multiplier method is used as there is no active market available for this. The parameters used in the measurement may be fraught with predictive uncertainty and, similarly, the selection of the suitable peer group requires assumptions about their comparability. In the face of varying influencing factors, the values disclosed may deviate from values realized at a later point in time.

Concerning the valuation of inventories, assumptions must be made regarding market development and economic exploitability.

In the case of receivables, valuation adjustments are made on the basis of assumptions about the probability of default in accordance with the model of expected credit losses.

The assumptions upon which estimates are based are subject to constant scrutiny and adjustment.

The long-term operational and economic impact of the ongoing COVID-19 pandemic can only be predicted to a limited extent from today's perspective. Estimates and assumptions relevant to the financial statements were made to the best of our knowledge, based on current events and country-specific government-imposed measures. Assumptions were made and discretionary powers were exercised in particular in the course of the assessment of the impairment of assets.

## (5) Impact of the COVID-19 Pandemic

Business development in 2020 was significantly impacted by the effects of the COVID-19 pandemic, which led to widespread lockdown measures and numerous restrictions on public life in many countries.

The Group was directly affected in the Gaming Operations segment by the nationwide closure of gaming facilities and in the Gaming Technology segment by the reduced willingness of customers to invest combined with temporary cutbacks in equipment production. These restrictions and challenges have resulted in a significant decline in sales in key markets.

After the operation of the Group's own locations (casinos, gaming arcades, sports betting outlets and bingo operations) had been temporarily disallowed altogether, sales from slot machines and live games as well as betting revenues declined. Business relations with customers in the rental and sales area were also affected by this unfavorable environment. Income from variable rental models (such as revenue sharing agreements) was lost due to the required closure of the locations operated by customers. In the case of rental models with fixed rental agreements, country-specific solutions (rent reductions or extended payment terms) were agreed with customers on an individual basis for the duration of the crisis. Sales revenues were also down due to lower sales volumes resulting from reduced demand for gaming machines. During this time, a shift of activities to the online sector (eBusiness) became evident among customers, which led to an increase in sales from our portfolio in this area. However, it was nowhere near able to offset the sales losses in the other categories.

In response to this unfavorable business situation, the Group has introduced various savings and optimization measures to improve its expense structure. Production capacities were temporarily reduced or bundled at specific locations in order to respond to the shift in demand. State subsidies for personnel costs were claimed in order to secure and maintain jobs. The extent of these support measures varies from country to country (where applicable), with short-time work models and subsidies being particularly noteworthy. In addition, the leased properties could not be used properly for several months due to the aforementioned closures. Depending on the jurisdiction, statutory regulations or individual agreements with landlords on rent reductions or deferrals were applied here. Gambling taxes and betting fees, which are mainly variable, came in lower due to the decline in underlying revenues. In addition, the Group availed itself of reductions in advance tax payments and longer payment terms offered by the authorities in order to strengthen its liquidity position.

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.

## (6) Company Acquisitions and Company Sales

### (6.1) Company Acquisitions

On February 10, 2020, 100 percent of the shares in Speelautomatenexploitatie Topa B.V. in the Netherlands were acquired. The acquired company operates a slot arcade in Rotterdam.

On February 27, 2020, 100 percent of the shares in Spiellounge Entertainment GmbH in Germany were acquired. The acquired company operates eleven gaming arcades in Lower Saxony.

On March 11, 2020, 100 percent of the shares in Queensgate Leisure (Bradford) Ltd. in the United Kingdom were acquired. The acquired company operates three gaming facilities in Bradford.

The aim of the aforementioned acquisitions in the European core markets is to further strengthen the Group's market position.

An asset deal was also concluded with MTD Gaming Inc. in the USA on March 9, 2020. MTD is a developer and provider of high-quality poker, keno and video reel content for multi-games and video lottery terminals (VLTs). The transaction contributes to Ainsworth's growth and profitability strategy.

Smaller acquisitions were also made in Italy in the area of slot arcade operators.

These acquisitions have been accounted for in accordance with IFRS 3. The following table summarizes the fair values of these company acquisitions:

EUR m	Fair values
Intangible assets	26.1
Right-of-use assets	3.7
Property, plant and equipment	2.1
Cash and cash equivalents	1.3
Other current assets	0.2
Non-current liabilities and provisions	-6.1
Deferred tax liabilities	-3.6
Current liabilities and provisions	-1.1
<b>Net assets</b>	<b>22.4</b>
Goodwill	20.9
<b>Consideration</b>	<b>43.2</b>

The consideration of EUR 43.2 million comprises a share of EUR 38.4 million already paid in cash and a contingent consideration of EUR 4.8 million. Goodwill resulting from the acquisitions reflects expected strategic advantages for the Group due to the further expansion of operational business activities and further potential growth through synergies. Goodwill of EUR 11.9 million is expected to be deductible for tax purposes.

Revenue amounts to EUR 7.9 million since the acquisition date, whereas the result for the period since the acquisition date amounts to EUR -1.2 million.

The disclosure of revenues and profit or loss of the acquired companies under the assumption that the acquisition date of all business combinations is the beginning of the reporting period was omitted, since its informative value in terms of the Consolidated Financial Statement would be insignificant.

**(6.2) Company Disposals**

In February 2020, the 100 percent shareholding in HTL Montenegro d.o.o. and its subsidiary MNA Gaming d.o.o. was sold. The business activities of the companies included renting out gaming devices and operating slot arcades in Montenegro.

In July 2020, 100 percent of the shares in Octavian Game Art OOO were sold. This Russian-based company was involved in the development of gaming software and graphics.

July 2020 also saw the sale of the 100 percent share in Admiral Gaming Andalucia S.A., whose business activities included operating slot arcades in Málaga, Spain.

Furthermore, a majority stake in an Austrian company and its subsidiary, which mainly performed manufacturing activities, was sold.

The respective carrying amounts of the assets and liabilities at the time of the sale are as follows:

EUR m	Book value
Intangible assets	2.0
Right-of-use assets	7.9
Property, plant and equipment	9.0
Other non-current assets	0.2
Deferred tax assets	0.4
Inventories	2.1
Cash and cash equivalents	5.5
Other current assets	6.2
Non-current liabilities and provisions	-13.1
Deferred tax liabilities	0.0
Current liabilities and provisions	-7.4
Currency difference	-0.8
<b>Net assets</b>	<b>12.1</b>

The purpose of these sales is to streamline the Group's portfolio. The consideration amounted to EUR 15.2 million and has already been paid in full. The sale of the shares in the above-mentioned companies resulted in a gain on final consolidation of EUR 3.1 million (reported under other operating income) for the Group.

**(7) Notes to the Consolidated Balance Sheet****(7.1) Intangible Assets in EUR m**

Acquisition costs	Goodwill	Trademarks and patents	Licenses and concessions	Customer relationships	Development and Software	intangible	Other assets	Total
As of 1/1/2019	430.7	90.3	648.0	151.8	286.5		73.7	1,681.0
Currency translation adjustments	4.1	2.7	7.7	1.0	2.3		0.1	17.8
Acquisitions through business combinations	4.3	0.0	2.1	0.0	0.3		0.0	6.6
Additions	0.1	0.0	3.4	0.0	13.1		5.4	22.0
Disposals	-7.6	-1.5	-2.4	-18.1	-14.6		-5.5	-49.7
Assets held for sale	0.0	0.0	0.0	0.0	0.0		0.1	0.1
Reclassifications	0.0	0.0	0.0	0.0	2.4		-2.5	0.0
<b>As of 12/31/2019</b>	<b>431.6</b>	<b>91.5</b>	<b>658.7</b>	<b>134.7</b>	<b>289.9</b>		<b>71.2</b>	<b>1,677.7</b>
Acquisition costs	Goodwill	Trademarks and patents	Licenses and concessions	Customer relationships	Development and Software	intangible	Other assets	Total
As of 1/1/2020	431.6	91.5	658.7	134.7	289.9		71.2	1,677.7
Currency translation adjustments	-1.3	-1.7	-7.6	-0.8	-0.9		-0.1	-12.4
Acquisitions through business combinations	20.9	0.8	15.0	3.3	7.1		0.0	47.0
Additions	1.7	0.0	3.2	0.0	9.2		4.1	18.1
Disposals	-5.1	0.0	-3.6	0.0	-3.7		-3.3	-15.6
Reclassifications	0.0	0.0	0.2	0.0	0.3		-0.3	0.2
<b>As of 12/31/2020</b>	<b>447.7</b>	<b>90.5</b>	<b>665.8</b>	<b>137.2</b>	<b>302.0</b>		<b>71.6</b>	<b>1,714.8</b>
Cumulative depreciation and amortization	Goodwill	Trademarks and patents	Licenses and concessions	Customer relationships	Development and Software	intangible	Other assets	Total
As of 1/1/2019	163.8	50.7	241.4	96.4	224.8		49.5	826.5
Currency translation adjustments	2.1	1.2	0.1	0.6	1.6		0.1	5.6
Acquisitions through business combinations	0.0	0.0	0.0	0.0	0.1		0.0	0.1
Additions	0.0	3.3	39.8	7.3	17.6		3.8	71.7
Impairment	4.2	0.0	8.2	1.7	0.3		1.6	16.1
Disposals	-7.4	-1.3	-1.2	-18.0	-13.3		-1.3	-42.6
Assets held for sale	0.0	0.0	0.0	0.0	0.0		0.1	0.1
Reclassifications	0.0	0.0	0.0	0.0	0.0		0.0	0.0
Impairment reversals	0.0	0.0	-2.7	-1.7	-0.2		0.0	-4.6
<b>As of 12/31/2019</b>	<b>162.8</b>	<b>53.7</b>	<b>285.6</b>	<b>86.3</b>	<b>230.8</b>		<b>53.7</b>	<b>872.9</b>
Cumulative depreciation and amortization	Goodwill	Trademarks and patents	Licenses and concessions	Customer relationships	Development and Software	intangible	Other assets	Total
As of 1/1/2020	162.8	53.7	285.6	86.3	230.8		53.7	872.9
Currency translation adjustments	0.0	-0.6	-0.1	0.0	0.4		-0.1	-0.5
Acquisitions through business combinations	0.0	0.0	0.0	0.0	0.0		0.0	0.0
Additions	0.0	3.3	39.9	6.9	18.2		3.4	71.7
Impairment	8.0	0.0	16.3	1.5	0.8		0.2	26.6
Disposals	-3.8	0.0	-1.2	0.0	-3.6		-2.3	-10.9
Reclassifications	0.0	0.0	0.1	0.0	0.0		-0.1	0.0
Impairment reversals	0.0	0.0	-5.5	0.0	0.0		0.0	-5.5
<b>As of 12/31/2020</b>	<b>167.0</b>	<b>56.4</b>	<b>335.1</b>	<b>94.7</b>	<b>246.6</b>		<b>54.6</b>	<b>954.4</b>
<b>Carrying amounts as of 12/31/2019</b>	<b>268.8</b>	<b>37.8</b>	<b>373.1</b>	<b>48.4</b>	<b>59.1</b>		<b>17.6</b>	<b>804.8</b>
<b>Carrying amounts as of 12/31/2020</b>	<b>280.7</b>	<b>34.1</b>	<b>330.8</b>	<b>42.6</b>	<b>55.4</b>		<b>17.0</b>	<b>760.5</b>

## Goodwill

Goodwill is allocated to the following groups of cash-generating units:

EUR m	12/31/2020	12/31/2019
Gaming Operations – Germany	74.7	72.2
Gaming Operations – United Kingdom	26.6	26.5
Gaming Operations – Italy	52.2	57.3
Gaming Operations – Netherlands	14.7	10.6
Gaming Operations – Online	10.3	10.3
Gaming Operations – Spain	30.1	29.2
Gaming Technology – Germany	5.9	5.9
Gaming Technology – United Kingdom	4.4	4.4
Gaming Technology – Italy	25.0	23.8
Gaming Technology – Spain	7.0	7.9
Gaming Technology – Ainsworth	10.5	0.0
Other	19.4	20.8
<b>Total</b>	<b>280.7</b>	<b>268.8</b>

Goodwill with a single value below EUR 4.0 million is summarized under "Other."

## Intangible Assets with Indefinite Useful Lives

Intangible assets include licenses amounting to EUR 199.9 million (previous year: EUR 201.6 million) and for trademarks in the amount of EUR 17.5 million (previous year: EUR 16.9 million) with indefinite useful lives. The licenses and trademarks are allocated to the following groups of cash-generating units. Single values below EUR 4.0 million are summarized under "Other".

Licenses EUR m	12/31/2020	12/31/2019
Gaming Operations – Latvia	18.8	18.7
Gaming Operations – Spain	47.6	47.7
Gaming Operations – United Kingdom	129.4	131.5
Other	4.1	3.8
<b>Total</b>	<b>199.9</b>	<b>201.6</b>

Trademarks EUR m	12/31/2020	12/31/2019
Gaming Technology – Ainsworth	15.3	14.7
Other	2.2	2.2
<b>Total</b>	<b>17.5</b>	<b>16.9</b>

The useful life of the preceding intangible assets is indefinite because there is no prospect of an end to their economic use at the moment.

### Impairments and Reversals of Impairments

Details concerning impairment tests for intangible assets may be found under note (7.4).

### Research and Development Expenses

Internally generated intangible assets are only capitalized if the criteria stipulated by IAS 38.57 are fulfilled. Development costs that cannot be capitalized of EUR 105.4 million (previous year: EUR 108.5 million) were recognized through profit and loss under "Personnel costs" and "Other operating expenses" in the 2020 fiscal year.

### (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 1/1/2020	621.0	36.0	7.1	664.1
Currency translation adjustments	-4.2	0.0	-0.1	-4.3
Acquisitions through business combinations	3.4	0.2	0.0	3.7
Additions	86.8	6.2	2.5	95.5
Disposals	-70.3	-3.1	-0.8	-74.3
Depreciation and amortization	-108.7	-15.2	-3.4	-127.3
Impairment	-36.4	0.0	-0.1	-36.6
<b>Balance as of 12/31/2020</b>	<b>491.6</b>	<b>24.1</b>	<b>5.2</b>	<b>520.9</b>

The right-of-use assets stem primarily from the large number of gaming facilities operated (comprising slot arcades, casinos, sports betting outlets and bingo operations), most of which were rented from third parties. The underlying leases are negotiated individually and include a range of different conditions.

In the course of the Covid-19 pandemic, rental concessions were continuously agreed, especially for arcades that had to close due to lockdown measures. Rental concessions that represent a contract amendment were therefore accounted for as a contract modification in accordance with IFRS 16. This leads to a revaluation of the lease liability on the basis of the marginal borrowing rate at the time of the change and an adjustment of the right of use with no effect on income. Any effects on profit or loss from variable rent reductions were only insignificant. Agreed rent deferrals had no relevant effect on the recorded leases as of December 31, 2020.



## (7.3) Property, Plant and Equipment in EUR m

	Land and buildings	Plant and machinery	Factory and office equipment	Prepayments and property under construction	Total
Acquisition costs					
As of 1/1/2019	844.6	1,141.1	520.9	58.1	2,564.7
Currency translation adjustments	4.0	5.3	2.9	0.0	12.3
Acquisitions through business combinations	3.1	0.2	1.4	0.0	4.7
Additions	59.0	132.3	61.7	28.7	281.6
Disposals	-25.9	-174.2	-36.4	-6.0	-242.5
Assets held for sale	0.0	0.0	0.0	0.0	0.0
Reclassifications	7.8	16.8	1.1	-25.7	0.0
<b>As of 12/31/2019</b>	<b>892.6</b>	<b>1,121.4</b>	<b>551.7</b>	<b>55.2</b>	<b>2,620.9</b>

	Land and buildings	Plant and machinery	Factory and office equipment	Prepayments and property under construction	Total
Acquisition costs					
As of 1/1/2020	892.6	1,121.4	551.7	55.2	2,620.9
Currency translation adjustments	-10.5	-17.0	-4.3	0.0	-31.8
Acquisitions through business combinations	1.5	1.3	2.1	0.0	4.9
Additions	35.3	106.3	42.5	20.8	204.9
Disposals	-21.1	-100.9	-40.2	-2.3	-164.4
Assets held for sale	-21.3	0.0	0.0	0.0	-21.3
Reclassifications	3.0	19.9	0.9	-22.7	1.2
<b>As of 12/31/2020</b>	<b>879.5</b>	<b>1,131.0</b>	<b>552.8</b>	<b>51.0</b>	<b>2,614.4</b>

	Land and buildings	Plant and machinery	Factory and office equipment	Prepayments and property under construction	Total
Cumulative depreciation and amortization					
As of 1/1/2019	443.3	577.5	359.3	35.8	1,415.9
Currency translation adjustments	1.6	3.7	2.2	0.0	7.5
Acquisitions through business combinations	0.4	0.0	0.2	0.0	0.6
Additions	36.8	205.6	51.4	0.0	293.7
Impairment	5.1	7.3	1.9	4.5	18.8
Disposals	-13.9	-128.9	-22.8	0.0	-165.6
Assets held for sale	0.0	0.0	0.0	0.0	0.0
Reclassifications	0.2	1.2	-0.1	-1.3	0.0
Impairment reversals	-1.3	-0.4	-0.8	-5.9	-8.4
<b>As of 12/31/2019</b>	<b>472.1</b>	<b>666.1</b>	<b>391.2</b>	<b>33.2</b>	<b>1,562.5</b>

	Land and buildings	Plant and machinery	Factory and office equipment	Prepayments and property under construction	Total
Cumulative depreciation and amortization					
As of 1/1/2020	472.1	666.1	391.2	33.2	1,562.5
Currency translation adjustments	-3.5	-10.6	-3.0	0.0	-17.1
Acquisitions through business combinations	0.0	1.2	1.6	0.0	2.7
Additions	37.8	179.3	46.5	0.0	263.6
Impairment	22.0	22.3	6.7	3.8	54.7
Disposals	-14.8	-73.3	-26.3	0.0	-114.5
Assets held for sale	-2.8	0.0	0.0	0.0	-2.8
Reclassifications	-0.7	-1.9	1.0	1.5	0.0
Impairment reversals	-5.6	-1.8	-0.5	-15.5	-23.4
<b>As of 12/31/2020</b>	<b>504.6</b>	<b>781.2</b>	<b>417.1</b>	<b>23.0</b>	<b>1,725.9</b>

<b>Carrying amounts as of 12/31/2019</b>	<b>420.6</b>	<b>455.4</b>	<b>160.5</b>	<b>22.0</b>	<b>1,058.4</b>
<b>Carrying amounts as of 12/31/2020</b>	<b>374.9</b>	<b>349.8</b>	<b>135.8</b>	<b>28.0</b>	<b>888.5</b>

Plant and machinery contains slot machines with a carrying amount of EUR 339.4 million (previous year: EUR 443.3 million) for the Group's own operations and rental.

In order to collateralize loans, liens were registered on property, plant and equipment (particularly property) in the amount of EUR 0.1 million (previous year: EUR 0.4 million).

### **Impairments and Reversals of Impairments**

Details concerning impairment tests for property, plant and equipment may be found under note (7.4).

#### **(7.4) Impairments and Reversals of Impairments**

##### **7.4.1 Calculation Model and Principles**

The recoverable amount is the higher value of the fair value less costs to sell and the value-in-use. Where capitalized earnings methods are applied, cash flow projections for a five-year period based on financial plans approved by the management are used. The cash flow projections are based on the detailed budget for the following fiscal year as well as forecasts for the subsequent four years derived therefrom. The main assumptions are based on the previous fiscal year, experiences of comparable businesses and the overall economic development. During the planning period, these base values are increased by development improvements estimated by the management in light of comparable projects, market potentials and risks.

Cash flows occurring after this detailed planning period of five years are calculated with a growth rate of 0.00 percent to 2.00 percent and, finally, on the basis of a perpetual annuity without a growth rate. The discount rates used for the cash flow forecasts are post-tax interest rates when calculating the fair value less costs to sell and pre-tax interest rates when calculating the value-in-use, taking respective country-specific risks into consideration.

The COVID-19 pandemic continues to have a significant impact on the business activities of the group companies. The other effects (e.g. persistent lockdowns or uncertainties regarding the reopening possibilities in 2021) were evaluated and taken into account in the cash flow forecasts according to management's assessment. Experience from reopenings after local lockdowns and ongoing analyzes of the respective market situation were used as a basis.

The recognized recoverable amounts of the (groups of) cash-generating units therefore correspond to valuation Level 3 according to the Fair-Value-Hierarchy.

Groups of cash-generating units	Recoverable amount	Discount rate	Pre-tax/post-tax interest rate
Gaming Operations – Germany	Value-in-use	11.93%	Pre-tax interest rate (09/30)
Gaming Operations – United Kingdom	Value-in-use	11.10%	Pre-tax interest rate (09/30)
Gaming Operations – Italy	Value-in-use	12.31%	Pre-tax interest rate (12/31)
Gaming Operations – Netherlands	Value-in-use	11.11%	Pre-tax interest rate (09/30)
Gaming Operations – Online	Value-in-use	12.32%	Pre-tax interest rate (09/30)
Gaming Operations – Spain	Value-in-use	13.64%	Pre-tax interest rate (09/30)
Gaming Technology – United Kingdom	Value-in-use	9.64%	Pre-tax interest rate (09/30)
Gaming Technology – Italy	Value-in-use	15.36%	Pre-tax interest rate (09/30)
Gaming Technology – Spain	Value-in-use	12.29%	Pre-tax interest rate (12/31)
Gaming Technology – Germany	Value-in-use	12.25%	Pre-tax interest rate (09/30)
Gaming Technology – Ainsworth	Value-in-use	13.02%	Pre-tax interest rate (12/31)
Other	Fair value* and value-in-use	7.63% to 28.7%	Post-tax interest rate and pre-tax interest rate (09/30)

\* Fair value less costs to sell

#### 7.4.2 Goodwill and Intangible Assets with Indefinite Useful Lives

The comparison of carrying amounts with the recoverable amounts for the (groups of) cash-generating units that was undertaken as part of the annual impairment test for goodwill and intangible assets with indefinite useful lives, which was carried out on September 30, 2020, resulted in an impairment to the amount of EUR 8.0 million (previous year: EUR 7.3 million). The underlying cash flow forecasts are based on the financial plans approved by the company management (detailed budget for the following fiscal year and the derived forecasts for the subsequent four years).

The impairments made relate to the (group of) cash-generating units Gaming Operations – Italy in the amount of EUR 7.7 million. These impairments relate to goodwill allocated to certain gaming facilities as a result of asset deals.

Goodwill and intangible assets with indefinite useful lives resulting from acquisitions or the occurrence of a triggering event after September 30, 2020 were tested for impairment as of December 31, 2020. No required impairment was identified.

In addition, the impairment test for the (group of) cash-generating units Gaming Technology – Ainsworth was performed on December 31, 2020. This did not result in any impairment losses for intangible assets with indefinite useful lives in the fiscal year.

- The capital costs considered in the model (WACC before tax) are 13.02 percent.
- The growth rate considered in the model is 0.00 percent per annum.

For the (group of) cash-generating units Gaming Technology – Spain, the recoverable amount (value-in-use) exceeded the book value by EUR 6.5 million. An increase in the discount rate to 13.56 percent or a decline in the growth rate to -0.63 percent would consume this exceeding amount.

### 7.4.3 (Other) Intangible Assets, Right-of-Use Assets, and Property, Plant and Equipment

The impairment tests performed resulted in write-downs of EUR 110.6 million on (other) intangible assets and property, plant and equipment (previous year: EUR 27.8 million) and write-ups of EUR 28.9 million (previous year: EUR 13.4 million). The depreciations made (with an individual value of over EUR 4.0 million) relate to the (group of) cash-generating units Gaming Operations – Italy with EUR 21.7 million (previous year: EUR 7.7 million), Gaming Operations – Germany with EUR 42.2 million (previous year: EUR 6.1 million), Gaming Technology – Germany with EUR 5.2 million (previous year: EUR 4.4 million) and Gaming Technology – Ainsworth with EUR 21.6 million (previous year: EUR 1.7 million). Impairment reversals relate to the (group of) cash-generating units Gaming Operations – Germany with EUR 16.5 million (previous year: EUR 5.9 million) and Gaming Operations – Macedonia casinos with EUR 5.1 million (previous year: EUR 0.0 million). The impairments and reversals of impairments in the (group of) cash-generating units Gaming Technology – Germany result from a changed assessment of the usability of different types of gaming devices.

The following takes a closer look at selected core markets.

#### Gaming Operations / Technology – Germany

In Germany, the First State Treaty amending the State Treaty on Gaming in Germany (Glücksspieländerungsstaatsvertrag, GlüÄndStV) came into effect from July 1, 2012. The First State Treaty amending the State Treaty regarding Gaming in Germany essentially involves creating distance regulations between gaming arcades and youth facilities. It also contains a ban on multiple concessions, and therefore limits one location to a maximum of 12 gaming devices. A (fundamental) transitional period of five years was granted to implement the restrictive new regulations, which means that the provisions were applicable from July 1, 2017. For supplementary provisions, the GlüÄndStV refers to the executive regulations of the individual states stipulated by state laws on gaming arcades. These individual state laws on gaming arcades vary considerably.

As a result of the implementation of the State Treaty on Gaming Law and the accompanying state laws on gaming arcades, a noticeable market reduction has occurred since 2017 in the slot arcade sector.

The focus of the German Group company LÖWEN ENTERTAINMENT GmbH in the Gaming Technology segment is on the area of gaming machine rental. In light of the stricter regulatory framework and the COVID-19 pandemic, however, the number of rented gaming machines decreased during the reporting period by around 800 gaming terminals to some 77,800 units (as at the balance sheet date).

Taking into account the impairment test in the Gaming Technology segment, there is a required impairment of EUR 5.2 million for the fiscal year. This required impairment is offset by impairment reversals of EUR 16.5 million. When it came to valuing the stock of new equipment, old equipment, new components and old components, the decisive factor was whether the existing quantities could be used in the future. Write-downs were made if it was assumed that the inventories would not be usable. New market insights meant that the assessment regarding the usability of certain equipment types changed, resulting in impairment reversals.

An impairment test was also carried out on the assets (in particular the goodwill) of the Gaming Technology – Germany cash-generating unit, resulting in a clear surplus.

- The capital costs considered in the model (WACC before tax) are 12.25 percent.
- The growth rate considered in the model is 2.00 percent per annum.

In the Gaming Operations segment, NOVOMATIC had a strong market position with the German operating companies, which has been expanded in recent years through the acquisition of several small companies.

As in previous years, impairment tests were carried out in 2020 for the assets of the German operating companies. The scope of the impairment test included all slot arcades run by the operating companies active in the area of commercial machine gaming. Locations with final permit approval were included in the impairment test on this basis. Scenarios for site and concession closures were in the foreground for all other locations, with the impact assessment of the gaming facilities taking into account the experience gained in the application process.

Given the ongoing restrictions on operations as a result of the COVID-19 measures, which could not have been foreseen to this extent at the time the underlying financial plans were prepared as of September 30, a "triggering event" was identified at the slot arcade level in the fourth quarter of the fiscal year. This meant that an impairment test was again carried out as of December 31.

In total, the required impairment amounted to EUR 42.2 million (previous year: EUR 6.1 million). The highest share in terms of amount is attributable to the impairment of the right-of-use assets of the rental locations. The impairment test led to the conclusion that a reversal of impairment was required for certain gaming facilities, as the assessment regarding the impact on the individual locations in question had changed. In total, the required impairment reversal amounted to EUR 2.6 million (previous year: EUR 2.8 million).

An impairment test was also carried out on the assets (in particular the goodwill) of the Gaming Operations Germany cash-generating unit, resulting in a clear surplus.

- The capital costs considered in the model (WACC before tax) are 11.93 percent.
- The growth rate considered in the model is 2.00 percent per annum.

#### **Gaming Operations / Technology – Italy**

The Italian gaming market is characterized by annual changes in the legislation. While in the past it was primarily increases in stake dependent gaming taxes that had an impact on business, additional mandatory regulatory measures were introduced in January 2020.

Business activities were also severely restricted as a result of COVID-19 measures, particularly for slot arcades. Given the ongoing restrictions on operations, which were not foreseeable to this extent at the time the underlying financial plans were prepared as of September 30, a "triggering event" was identified in the fourth quarter of the fiscal year. This meant that an impairment test was again carried out as of December 31.

For slot arcades, the circumstances set out above resulted in impairments of EUR 21.7 million and impairment reversals of EUR 0.1 million. Impairments of EUR 1.7 million were identified in the technology area.

#### **Gaming Technology – Ainsworth**

The financial planning for a planning period of five years prepared by Ainsworth Game Technology Ltd. was used as the basis for the impairment test. The current business development was taken into account when preparing the financial plan.

The COVID-19 pandemic meant that operations in the regions were affected to varying degrees in Ainsworth Game Technology Ltd's area of activity. In the Latin American market in particular, the outlook for business development darkened. In this context, impairments of EUR 21.6 million were identified, mainly due to the negative development in Latin America. The standard impairment test as of December 31 resulted in there being no significant additional impairment or reversal of impairment for the (group of) cash-generating units Gaming Technology – Ainsworth.

A sensitivity analysis was carried out as part of the impairment test, in the course of which a possible range for the enterprise value was determined by changes in the expected EBITDA using discount rates. For the change in EBITDA, a change of -2.5 and +2.5 percent, respectively, of the discount rate applied was assessed. No significant need for impairment or reversal of impairment losses arose, taking into account the sensitivities performed.

#### (7.5) Investment Property

EUR m	12/31/2020	12/31/2019
Balance as of 1/1	28.5	14.7
Currency translation adjustments	-1.0	0.3
Additions	1.2	14.0
Reclassifications	-1.4	0.0
Depreciation and amortization	-1.0	-0.8
Impairment	-0.3	-0.1
Impairment reversals	0.0	0.4
<b>Balance as of 12/31</b>	<b>25.9</b>	<b>28.5</b>

Investment property denotes land and buildings held but not used in business operations. The gross carrying amounts amount to EUR 43.0 million (previous year: 44.7 EUR million) and cumulative depreciation to EUR 17.0 million (previous year: 16.2 EUR million). Largely external valuation reports from regional independent experts were created to determine the fair value. If the underlying assumptions have not materially changed, the reports are not updated. The fair value (Fair-Value-Hierarchy – level 3) amounts to a total of EUR 25.9 million (previous year: 28.5 EUR million).

Both income and expenditures from investment property were insignificant.

#### (7.6) Investments in Associated Companies

EUR m	12/31/2020	12/31/2019
Balance as of 1/1	2.1	2.9
Additions	0.0	0.0
Impairment	0.0	-1.2
Share of post-acquisition profits	0.3	0.5
Other changes	-0.2	-0.2
<b>Balance as of 12/31</b>	<b>2.2</b>	<b>2.1</b>

The companies recognized using the equity method on the consolidated balance sheet are shown in the investment schedule. The following table shows the basic data from the balance sheet as well as the profit and loss account of the companies recognized at equity, whereas the data corresponds to 100 percent and not to the percentage of shares owned by NOVOMATIC Group in associated companies:

EUR m	12/31/2020	12/31/2019
Assets	22.7	23.0
Liabilities	15.9	16.9
Revenues	10.2	13.8
Result for the year	0.8	1.6

**(7.7) Financial Assets**

EUR m	12/31/2020	12/31/2019
Investments in affiliated companies, non-consolidated	4.1	4.7
Securities	19.8	22.7
Other investments	153.8	261.7
<b>Total</b>	<b>177.7</b>	<b>289.1</b>

The NOVOMATIC Group indirectly holds 9.45 percent of the shares in Österreichische Lotterien Gesellschaft m.b.H. (ÖLG), which is reported under other investments with a fair value of EUR 125.6 million. The 17.19 percent stake in Casinos Austria Aktiengesellschaft (CASAG) was sold in the first half of 2020. Please refer to the notes on financial instruments for further details.

The securities primarily comprise stocks and promissory notes. They are not subject to any restraint of disposal.

**(7.8) Taxes**

Current taxes:

EUR m	12/31/2020	12/31/2019
Current tax receivables	18.8	23.0
Current tax liabilities	31.7	21.4

Deferred taxes:

EUR m	12/31/2020	12/31/2019
Deferred tax assets	139.5	118.5
Deferred tax liabilities	-102.8	-121.4
<b>Total</b>	<b>36.7</b>	<b>-3.0</b>

Deferred tax assets and liabilities result from the following temporary valuation and accounting differences between the carrying amounts of the financial statement prepared according to IFRS and their respective tax bases.

EUR m	12/31/2020	12/31/2019
Intangible assets	-67.2	-80.2
Right-of-use assets	-112.6	-145.4
Property, plant and equipment	29.6	46.4
Financial assets	-11.6	-18.9
Other non-current assets	1.2	-0.7
Inventories	12.2	14.8
Current financial assets	-1.3	0.7
Trade and other receivables	12.7	3.8
Non-current financial liabilities	-0.5	0.5
Non-current lease liabilities	105.4	124.9
Other non-current liabilities	0.2	0.2
Non-current provisions	4.4	6.1
Current financial liabilities	1.1	0.0
Current lease liabilities	24.0	26.6
Current provisions	-1.2	1.2
Trade payables and other liabilities	1.5	9.9
Tax loss carry forward	38.9	7.1
<b>Total</b>	<b>36.7</b>	<b>-3.0</b>

Income taxes recognized directly in other comprehensive income:

EUR m	2020	2019
Revaluation of financial assets	-9.7	-15.0
Remeasurement of the net defined benefit liability	5.0	4.9

The sale of the shares in CASAG resulted in a release of the deferred tax liability via the other comprehensive income. This effect is included in the revaluation of financial assets presented above. In the absence of a positive tax result in the company concerned, there was no effect for the current tax from this transaction.

Deferred taxes are both non-current at EUR -12.3 million (previous year: EUR -60.0 million) and current at EUR 49.0 million (previous year: EUR 57.0 million).

Pursuant to IAS 12, deferred tax assets on existing loss carryforwards were capitalized in the amount of EUR 38.9 million (previous year: EUR 7.1 million) as these can be offset against future taxable profits. Tax assets are netted with tax liabilities if they concern the same tax authority, and if the right and intention to offset exist.

In 2020, subsidiaries that incurred losses in the current year or previous years carried forward tax losses in the amount of EUR 558.5 million (previous year: EUR 387.7 million) that can no longer be utilized. Of the deferred taxes not recognized and amounting to EUR 137.3 million (previous year: EUR 94.4 million) for taxable losses, EUR 0.3 million will expire in 2021 (previous year: EUR 0.5 million in 2020) and EUR 137.0 million in the years after 2022 (previous year: EUR 93.9 million in the years after 2021).



No deferred tax liabilities were carried for temporary differences between the pro rata IFRS equity and the taxable carrying amount of subsidiaries amounting to EUR 231.0 million (previous year: EUR 200.6 million), as the Group is able to control when the temporary differences are reversed and will probably not reverse the temporary differences in the foreseeable future.

#### (7.9) Other Non-Current Assets

EUR m	12/31/2020	12/31/2019
Loans	20.3	21.0
Finance lease receivables	13.8	21.3
Purchase price receivables	5.7	6.9
Deposits with gaming authorities	8.5	19.7
Miscellaneous other non-current assets	32.0	15.2
Trade receivables	31.6	24.9
<b>Total</b>	<b>111.8</b>	<b>109.1</b>

The miscellaneous other non-current assets include EUR 15.4 million in advance payments for the acquisition of the shares in ZBET RS d.o.o, Serbia. Further information can be found under (14) Events after the balance sheet date.

The trade receivables amounting to EUR 31.6 million (previous year: EUR 24.9 million) relate to sales transactions with long-term payment terms. The gross carrying amounts of EUR 33.7 million (previous year: EUR 26.2 million) were reduced by impairments of EUR -2.2 million (previous year: EUR -1.3 million); this corresponds to an expected loss ratio of 6.4 percent (previous year: 5.1 percent).

Finance lease receivables arise from agreements with customers for gaming machines. Please see Note (12) for information on the maturities.

#### (7.10) Inventories

EUR m	12/31/2020	12/31/2019
Raw materials and supplies	101.4	102.6
Work in progress	13.9	18.3
Finished goods and trade goods	135.0	140.5
Prepayments	1.9	2.5
<b>Total</b>	<b>252.2</b>	<b>263.9</b>

The inventory total includes inventory write-downs amounting to EUR 81.0 million (previous year: EUR 82.1 million).

**(7.11) Trade Receivables, Other Receivables and Assets**

EUR m	12/31/2020	12/31/2019
Trade receivables	194.8	280.0
Receivables from non-consolidated affiliated companies	2.2	4.0
Contract assets	0.4	0.0
Prepaid expenses	34.1	37.1
Purchase price receivables	1.2	1.9
Precious metals	49.3	43.8
Other tax receivables, excluding income taxes	10.7	6.3
Other current receivables and assets	54.9	51.8
<b>Total</b>	<b>347.7</b>	<b>424.8</b>

Trade receivables and valuation allowances are broken down as follows:

EUR m	12/31/2020			
	Gross amount	Valuation allowances	Expected loss ratio	Carrying amount
Receivables not overdue	104.3	-6.8	6.5%	97.5
overdue up to 30 Days	22.5	-2.0	8.8%	20.5
overdue between 30 and 60 Days	15.6	-1.7	11.2%	13.8
overdue between 60 and 90 Days	9.3	-0.7	7.3%	8.7
overdue for more than 90 Days	87.1	-32.8	37.7%	54.3
<b>Total</b>	<b>238.8</b>	<b>-44.0</b>		<b>194.8</b>

EUR m	12/31/2019			
	Gross amount	Valuation allowances	Expected loss ratio	Carrying amount
Receivables not overdue	145.4	-2.5	1.7%	142.9
overdue up to 30 Days	57.0	-1.1	1.9%	55.9
overdue between 30 and 60 Days	19.5	-0.7	3.4%	18.8
overdue between 60 and 90 Days	14.3	-0.5	3.4%	13.8
overdue for more than 90 Days	69.0	-20.5	29.7%	48.5
<b>Total</b>	<b>305.2</b>	<b>-25.3</b>		<b>280.0</b>

The trade receivables shown above include impairment charges amounting to EUR -44.0 million (previous year: EUR -25.3 million). The impairment expenses for the reporting period are recognized as other operating expenses in the profit and loss account.

Receivables from non-consolidated affiliated companies contain trade receivables of EUR 1.8 million (previous year: EUR 3.4 million).

The prepaid expenses include in particular disgios and expenses that relate to the year 2021 and subsequent years.

Precious metals with a carrying amount of EUR 49.3 million (previous year: EUR 43.8 million) are measured through profit and loss at the current market value (Fair-Value-Hierarchy – level 2). The change in value of EUR 5.6 million (previous year: EUR 7.6 million) resulting from the revaluation of the precious metals is reported under other operating income.

Other current receivables and assets are comprised primarily of the offset with payment service providers, prepayments and deferred income.

#### (7.12) Current Financial Assets

EUR m	12/31/2020	12/31/2019
Securities	1.6	3.1
Loans	3.7	14.6
Finance lease receivables	11.3	9.7
Derivatives	0.3	0.0
Other current financial assets	0.6	1.0
<b>Total</b>	<b>17.5</b>	<b>28.4</b>

#### (7.13) Cash and Cash Equivalents

EUR m	12/31/2020	12/31/2019
Cash	107.5	163.6
Bank balances	424.3	367.5
<b>Total</b>	<b>531.8</b>	<b>531.1</b>

The stated cash in the amount of EUR 107.5 million (previous year: EUR 163.6 million) largely serves as cash reserves and base filling of the gaming machines at the various gaming establishments.

#### (7.14) Share Capital

The share capital of EUR 26.6 million (previous year: EUR 26.6 million) is fully paid up and is divided into 26,590,000 registered no-par value shares. Each share corresponds to EUR 1.0 of the share capital.

#### (7.15) Capital Reserves

The capital reserves of EUR 85.4 million (previous year: EUR 85.4 million) are tied-up reserves.

#### (7.16) Retained Earnings

The retained earnings consist of the Group's consolidated profit for the year and of the accumulated profits from previous periods. Retained earnings also include the revaluation of the net defined benefit liability with EUR -13.5 million (previous year: EUR -13.2 million). The change of EUR -0.3 million (previous year: EUR -2.9 million) is reported under other comprehensive income. The sale of the shares in CASAG resulted in a reclassification from valuation reserves to retained earnings of EUR 19.1 million.

No distribution is planned from the balance sheet profit of NOVOMATIC AG in accordance with the Austrian Commercial Code (öUGB).

#### (7.17) Revaluation Reserve

The revaluation reserve includes the revaluation of financial assets (FVTOCI) with EUR 27.4 million (previous year: EUR 43.3 million). The change of EUR -15.9 million (previous year: EUR -38.9 million) is reported under other comprehensive income.

**(7.18) Currency Translation Adjustment**

Upon consolidation, differences from the translation of foreign subsidiaries at the exchange rates prevailing on the balance sheet date are transferred to this position. For the 2020 fiscal year, changes in the currency translation adjustment amount to EUR -28.1 million (previous year: EUR 19.9 million) in other comprehensive income. The final consolidation led to a reclassification of EUR 0.8 million (previous year: EUR 2.0 million) from other comprehensive income to the income statement.

**(7.19) Non-Controlling Interests**

Non-controlling interests consist of the interests in equity of consolidated subsidiaries held by other shareholders. The portion allocable to the non-controlling interests from change of foreign currency translation adjustments in the amount of EUR -2.8 million (previous year: EUR 2.4 million) is stated in other comprehensive income.

Subsidiaries with non-controlling interests:

EUR m	12/31/2020			12/31/2019		
	Non-controlling interests (%)	Profit / Loss attributable to non-controlling interests	Accumulated non-controlling interest	Non-controlling interests (%)	Profit / Loss attributable to non-controlling interests	Accumulated non-controlling interest
<b>Gaming Technology</b>						
Ainsworth Game Technology Limited, Australia	47.1%	-26.5	95.9	47.1%	-2.5	125.4
<b>Gaming Operations</b>						
Admiralu Klubs SIA, Latvia	40%	-0.9	24.4	40%	3.4	25.2
Alfor SIA, Latvia	40%	-5.1	10.8	40%	8.4	20.7
Basque Gaming S.L., Spain	49%	1.8	30.7	49%	1.4	28.9
<b>Other non-controlling interest</b>		<b>-4.3</b>	<b>6.8</b>		<b>-2.2</b>	<b>11.0</b>
		<b>-35.0</b>	<b>168.5</b>		<b>8.5</b>	<b>211.2</b>

The amounts held as non-controlling interest correspond to the voting rights.

A summary of financial information regarding Group subsidiaries with significant non-controlling interests (before Group-internal elimination) is presented in the following table:

EUR m	12/31/2020			
	Ainsworth Game Technology Limited, Australia	Admiralu Klubs SIA, Latvia	Alfor SIA, Latvia	Basque Gaming S.L., Spain
<b>Balance sheet</b>				
Non-current assets	169.3	59.4	33.3	73.9
Current assets	108.1	10.0	13.7	7.2
Non-current liabilities	26.2	6.3	12.9	16.7
Current liabilities	49.7	2.1	7.1	1.8
<b>Profit and loss account</b>				
Revenues	68.9	10.7	36.3	10.2
Result for the year	-56.4	-2.1	-12.7	3.6
Dividends paid to non-controlling interest	0.0	0.0	-4.8	0.0
<b>Cash flow</b>				
from operating activities	12.8	2.5	3.7	4.7
from investing activities	-28.9	-3.8	-3.9	0.9
from financing activities	3.9	-1.5	-15.1	-4.7
Net change in cash and cash equivalents	-12.3	-2.8	-15.4	0.9

EUR m	12/31/2019			
	Ainsworth Game Technology Limited, Australia	Admiralu Klubs SIA, Latvia	Alfor SIA, Latvia	Basque Gaming S.L., Spain
<b>Balance sheet</b>				
Non-current assets	181.3	59.1	40.9	73.5
Current assets	152.2	13.5	31.8	5.5
Non-current liabilities	41.8	6.1	11.6	17.0
Current liabilities	27.5	3.4	9.5	2.9
<b>Profit and loss account</b>				
Revenues	139.1	28.2	85.0	16.4
Result for the year	-5.3	8.5	21.1	2.8
Dividends paid to non-controlling interest	0.0	3.8	7.0	0.0
<b>Cash flow</b>				
from operating activities	35.7	12.7	33.0	8.8
from investing activities	-17.7	-7.8	-7.6	-3.9
from financing activities	-24.0	-11.0	-21.1	-5.0
Net change in cash and cash equivalents	-6.0	-6.2	4.4	-0.1

**(7.20) Non-Current Financial Liabilities**

EUR m	12/31/2020	12/31/2019
Bonds	497.0	695.7
Bank loans	663.8	515.1
Other long-term financial liabilities	6.0	11.3
<b>Total</b>	<b>1,166.8</b>	<b>1,222.1</b>

The long-term bond issued by NOVOMATIC AG has the following conditions:

Nominal value	500 EUR m
Term	2016–2023
Denomination	EUR 500.–
Nominal interest rate	1,625% p.a.
Coupon	9/20 every year
Redemption	9/20/2023 bullet
Closing price 12/31/2020	EUR 96.243
ISIN	AT0000A1LHT0

The bond is listed on the Official Market of the Vienna Stock Exchange. The fair value of the bond amounts to EUR 481.2 million (previous year: EUR 508.0 million). Please refer to note (7.24) on current financial liabilities for information on the short-term bond.

The fair value of bank loans amounts to EUR 666.3 million (previous year: EUR 519.4 million). Bank loans with a term of between one and five years amount to EUR 654.8 million (previous year: EUR 423.6 million) and to EUR 9.0 million (previous year: EUR 91.5 million) with a term of over five years.

The weighted average interest rate comes to 1.413 percent (previous year: 1.891 percent).

**(7.21) Non-Current Lease Liabilities**

Non-current lease liabilities of EUR 477.3 million (previous year: EUR 567.9 million) are due to 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.

**(7.22) Non-Current Provisions**

EUR m	12/31/2020	12/31/2019
Provision for severance payments	40.6	38.4
Provision for Pensions	13.6	17.8
Provision for Jubilee Payments	9.3	8.6
Other non-current Provisions	13.9	12.9
<b>Total</b>	<b>77.4</b>	<b>77.6</b>

### Provision for Severance Payments

Due to legal or collectively agreed obligations, employees in Austria and Italy are entitled to receive severance payments upon termination of employment or upon reaching normal retirement age. Such entitlements depend on their years of service and final compensation levels. For the future liabilities, provisions are generated according to actuarial principles. The provision for pensions was calculated in accordance with IAS 19 (projected unit credit method) using an interest rate of 0.37 percent to 0.86 percent (previous year: 0.71 percent to 1.07 percent) and assuming a pay increase from 1.0 percent to 2.5 percent (previous year: 1.0 percent to 2.5 percent). The estimated retirement age refers to the earliest possible retirement age according to local legislation. Discounts due to fluctuations or other factors are not taken into account.

Development of the provision for severance payments:

EUR m	12/31/2020	12/31/2019
Balance as of 1/1	38.4	33.9
<b>Amounts recognized in the profit and loss account</b>		
Current service cost (+)	3.5	4.2
Interest cost (+)	0.1	0.7
<b>Remeasurement of the period (other comprehensive income)</b>		
Actuarial gains/losses from the change in demographic assumptions	0.1	1.2
Actuarial gains/losses from the change in financial assumptions	0.1	1.3
Payments (-)	-1.4	-2.8
Change in the scope of consolidation	0.0	-0.3
<b>Present value of obligation as of 12/31</b>	<b>40.6</b>	<b>38.4</b>

Sensitivity analysis for severance payments:

EUR m	Change of the parameter	Change in the present value of obligation 12/31/2020
Discount rate	0.5%	-1.2
Discount rate	-0.5%	1.2
Salary increase	0.5%	1.2
Salary increase	-0.5%	-1.2

As of December 31, 2020, the average maturity of severance obligations is 10 to 11 years (previous year: 10 to 12 years), depending on the country. Payments in the amount of EUR 5.5 million (previous year: EUR 5.2 million) are expected for the next fiscal year.

### Provision for Pensions

Due to individual agreements, some Group companies are obligated to accord a pension allowance to Executive Board members and employees beginning with the date of their retirement. The amounts of such entitlements depend on years of service and final compensation levels. Measurement was made pursuant to IAS 19 using the projected unit credit method with an interest rate of up to 0.6 percent (previous year: up to 0.9 percent) and a value adjustment of up to 1.75 percent (previous year: up to 1.75 percent).

Development of the provision for pensions:

EUR m	12/31/2020	12/31/2019
Balance 1/1	17.8	19.7
<b>Amounts recognized in the profit and loss account</b>		
Current service cost (+)	0.1	0.2
Interest cost (+)	0.1	0.4
Profits from settlement (-)	0.0	-3.8
<b>Remeasurement of the period (other comprehensive income)</b>		
Actuarial gains/losses from the change in financial assumptions	0.4	1.7
Payments (-)	-4.9	-0.5
<b>Present value of obligation as of 12/31</b>	<b>13.6</b>	<b>17.8</b>

Sensitivity analysis for pensions:

EUR m	Change of the parameter	Change in the present value of obligation
		12/31/2020
Discount rate	0.5%	-0.7
Discount rate	-0.5%	1.2
Pension increase	0.5%	1.0
Pension increase	-0.5%	-0.7

As of December 31, 2020, the average maturity of pension obligations is between less than 1 year and 14 years (previous year: less than 1 up to 14 years), depending on the country. Payments in the amount of EUR 0.5 million (previous year: EUR 0.5 million) are expected for the next fiscal year.



### Provision for Jubilee Payments

After a long period of service with the company, employees are entitled to jubilee payments arising from collective agreements. The amount of these obligations was calculated under the assumptions of a discount rate of 0.65 percent to 1.17 percent (previous year: 0.95 percent to 1.48 percent) and a pay increase of 2.0 percent to 4.0 percent (previous year: 2.0 percent to 4.0 percent). A fluctuation discount based on an internal statistic concerning withdrawals of the previous three years and considering probable individual continuance in the company until the jubilee payment is due was taken into account.

Development of the provision for jubilee payments:

EUR m	12/31/2020	12/31/2019
Balance as of 1/1	8.6	7.5
<b>Amounts recognized in the profit and loss account</b>		
Current service cost (+)	1.1	1.1
Interest cost (+)	0.1	0.1
Net actuarial gains/losses	-0.2	0.3
Payments (-)	-0.3	-0.3
Change in the scope of consolidation	0.0	-0.1
<b>Present value of obligation as of 12/31</b>	<b>9.3</b>	<b>8.6</b>

### Other Non-Current Provisions

The other non-current provisions essentially concern provisions for dismantling and restoration obligations, as well as anticipated losses from orders. The development of other non-current provisions is shown below:

EUR m	12/31/2020	12/31/2019
Balance as of 1/1	12.9	34.6
Currency translation adjustments	-0.2	0.3
Change in the scope of consolidation	0.0	-8.1
Utilization	-2.6	-13.2
Release	-3.2	-6.3
Allocation	7.0	5.6
Compounding	0.0	-0.1
<b>Balance of provisions as of 12/31</b>	<b>13.9</b>	<b>12.9</b>

**(7.23) Other Non-Current Liabilities**

EUR m	12/31/2020	12/31/2019
Deferred income	0.7	0.5
Other non-current liabilities	11.9	3.3
Purchase price obligations	4.0	2.5
<b>Total</b>	<b>16.6</b>	<b>6.3</b>

The other non-current liabilities primarily include gaming taxes and tax obligations, as well as deposits received.

Purchase price obligations cover contingent considerations from business combinations as well as purchase price components from business combinations not yet due.

**(7.24) Current Financial Liabilities**

EUR m	12/31/2020	12/31/2019
Bond	199.9	0.0
Current bank liabilities	104.1	314.8
Current financial liabilities	2.0	1.3
Derivatives	0.0	0.3
<b>Total</b>	<b>306.1</b>	<b>316.4</b>

The conditions of the bond issued by NOVOMATIC AG are:

Nominal value	200 EUR m
Term	2014–2021
Denomination	EUR 500.–
Nominal interest rate	3.00% p.a.
Coupon	6/23 every year
Redemption	6/23/2021 bullet
Closing price 12/31/2020	EUR 100.1865
ISIN	AT0000A182L5

The bond is listed on the Official Market of the Vienna Stock Exchange. The fair value of the bond amounts to EUR 200.4 million (previous year: EUR 206.5 million under non-current financial liabilities).

**(7.25) Current Lease Liabilities**

Current lease liabilities of EUR 112.6 million (previous year: EUR 121.1 million) are due to 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.

**(7.26) Current Provisions**

EUR m	Other provisions for personnel	Warranties	Obligations for legal issues	Other current provisions	Total
As of 1/1/2020	15.8	3.1	5.3	31.5	55.8
Currency translation adjustments	-0.3	0.0	0.0	-0.5	-0.8
Change in the scope of consolidation	0.0	0.0	0.0	-0.1	-0.1
Utilization	-12.7	-0.9	-3.2	-19.0	-35.8
Release	-1.7	-1.1	-1.6	-2.0	-6.4
Allocation	8.6	0.7	3.6	21.1	34.0
Reclassifications	-0.1	0.0	0.0	0.1	0.0
<b>As of 12/31/2020</b>	<b>9.6</b>	<b>1.8</b>	<b>4.2</b>	<b>31.1</b>	<b>46.7</b>

The other current provisions primarily relate to taxes and fees, as well as provisions for anticipated losses from orders.

**(7.27) Trade Payables and Other Liabilities**

EUR m	12/31/2020	12/31/2019
Trade payables	75.0	85.1
Payables to non-consolidated affiliated companies	1.7	1.8
Contract liabilities	8.5	19.1
Reimbursement liability	5.9	3.9
Deferred income	31.3	40.0
Liabilities to employees	57.1	62.0
Other liabilities from social security obligations	11.1	13.4
Other tax liabilities, excluding income taxes	136.8	121.4
Purchase price obligations	48.9	49.2
Other current liabilities	44.0	43.1
<b>Total</b>	<b>420.5</b>	<b>439.2</b>

Deferred income consists mainly of special rent payments for slot machines and loyalty rewards for clients in Germany.

The other tax liabilities (excluding income taxes) essentially relate to VAT, gaming taxes and betting fees.

Purchase price obligations comprise contingent considerations from business combinations, purchase price components from business combinations not yet due, as well as obligations from written put options for non-controlling interests.

Other current liabilities consist mainly of deposits received, outstanding invoices and accrued interest.

## (8) Notes to the Consolidated Income Statement

The income statement was prepared applying the total cost method.

### (8.1) Revenues

EUR m	2020	2019
Sales revenues	205.8	395.6
Income from slot machines	741.1	1,265.9
Live game	24.6	47.5
Income from rent and management services	393.4	537.8
Betting revenues	153.6	175.3
eBusiness income	214.5	152.2
Income from food and beverage	18.7	42.6
Other sales	47.1	69.6
Sales reduction	-55.2	-79.3
<b>Total</b>	<b>1,743.6</b>	<b>2,607.3</b>

Revenues are recognized at EUR 1,347.0 million (previous year: EUR 2,069.5 million) from customer contracts and EUR 396.5 million (previous year: EUR 537.8 million) from other sources – rental income.

Revenues result from the settlement of performance obligations of EUR 1,330.6 million (previous year: EUR 2,043.3 million) at a certain point in time and EUR 412.9 million (previous year: EUR 563.9 million) over a period of time. Revenues realized at a point in time of EUR 278.3 million (previous year: EUR 444.7 million) relate to the “Gaming Technology” segment, EUR 1,051.8 million (previous year: EUR 1,597.1 million) to the “Gaming Operations” segment and EUR 0.5 million (previous year: EUR 1.5 million) to the “Other” segment. Revenues realized over a period of time of EUR 391.6 million (previous year: EUR 510.3 million) relate to the “Gaming Technology” segment, EUR 19.8 million (previous year: EUR 52.9 million) to the “Gaming Operations” segment and EUR 1.5 million (previous year: EUR 0.8 million) to the “Other” segment.

### (8.2) Gaming Taxes and Betting Fees

EUR m	2020	2019
Gaming taxes	-196.5	-287.8
Betting fees	-18.3	-24.5
<b>Total</b>	<b>-214.8</b>	<b>-312.3</b>

### (8.3) Changes in Inventories of Finished Goods and Work in Progress as Well as Own Work Capitalized

EUR m	2020	2019
Changes in inventories of finished goods and work in progress	0.1	16.9
Own work capitalized	73.0	69.8
<b>Total</b>	<b>73.1</b>	<b>86.7</b>

Own work capitalized consists mainly of internally produced electronic gaming machines.

**(8.4) Other Operating Income**

EUR m	2020	2019
Income from the disposal of intangible assets and property, plant and equipment	15.1	23.0
Foreign exchange gains	4.5	7.3
Sale of companies	3.3	4.3
Other operating income	54.0	63.2
<b>Total</b>	<b>76.9</b>	<b>97.8</b>

Income from the sale of companies is generated from the sale of fully consolidated subsidiaries.

Other operating income includes, in particular, revaluation of precious metals, onward charging, proceeds from tronc (voluntarily surrendered share of players' winnings), insurance, charter services and other ancillary income.

**(8.5) Cost of Material and Other Purchased Services**

EUR m	2020	2019
Cost of material	-172.0	-317.6
Purchased services	-8.6	-8.6
<b>Total</b>	<b>-180.6</b>	<b>-326.2</b>

**(8.6) Personnel Costs**

EUR m	2020	2019
Wages and salaries	-477.4	-619.9
Expenses for severance payments	-9.3	-10.7
Expenses for pensions	-4.1	-0.7
Cost of statutory social security, payroll-related taxes and mandatory contributions	-111.3	-128.5
Other social expenses	-4.8	-12.9
<b>Total</b>	<b>-606.9</b>	<b>-772.8</b>

Expenses for severance payments include EUR 0.4 million (previous year: EUR 1.7 million) and expenses for pensions include EUR 1.1 million (previous year: EUR 0.1 million) for defined contribution plans.

The average number of employees (Heads) developed as follows:

	2020	2019
Salaried employees	7,286	7,725
Workers	13,703	14,542
<b>Total</b>	<b>20,989</b>	<b>22,267</b>

**(8.7) Amortization, Depreciation, Impairment and Reversal of Impairment for Intangible Assets, Property, Plant and Equipment, and Investment Property**

EUR m	2020	2019
Scheduled depreciation/amortization	-336.2	-366.1
Impairment	-82.0	-35.1
Impairment reversals	28.9	13.4
<b>Total</b>	<b>-389.3</b>	<b>-387.8</b>

The breakdown of the depreciation/amortization for the year according to the individual asset classes is shown in notes (7.1), (7.3) and (7.4).

Impairments of EUR 33.4 million (previous year: EUR 13.2 million) relate to the "Gaming Technology" segment, EUR 48.5 million (previous year: EUR 21.9 million) to the "Gaming Operations" segment and EUR 0.2 million (previous year: EUR 0.0 million) to the "Other" segment. Impairment reversals of EUR 16.9 million (previous year: EUR 7.7 million) relate to the "Gaming Technology" segment, EUR 11.5 million (previous year: EUR 5.1 million) to the "Gaming Operations" segment and EUR 0.5 million (previous year: EUR 0.6 million) to the "Other" segment.

**(8.8) Amortization, Depreciation, Impairment and Reversal of Impairment for Right-Of-Use Assets**

EUR m	2020	2019
Scheduled depreciation/amortization	-127.3	-127.9
Impairment	-36.6	-2.2
<b>Total</b>	<b>-163.9</b>	<b>-130.2</b>

The breakdown of the depreciation/amortization for the year according to the individual asset classes is shown in notes (7.2) and (7.4). Impairments amount to EUR 1.2 million (previous year: EUR 0.6 million) for the "Gaming Technology" segment and EUR 35.4 million (previous year: EUR 1.6 million) for the "Gaming Operations" segment.

**(8.9) Other Operating Expenses**

EUR m	2020	2019
Other taxes, fees and charges	-56.8	-78.2
Maintenance	-47.7	-55.1
Energy costs	-28.7	-38.5
Telephone, communications	-18.0	-18.5
Rental, lease and operating expenses	-24.4	-36.5
Insurance costs	-6.2	-6.6
Vehicle fleet operation costs	-11.4	-15.1
Legal, audit and consulting costs	-32.5	-36.6
Other services received	-36.1	-40.2
Advertising costs	-77.0	-120.3
Traveling costs	-7.0	-16.5
Development costs	-28.6	-24.6
License costs	-18.6	-19.5
Commissions	-12.7	-17.9
Partners' shares	-18.0	-27.0
Bad debt and valuation adjustment	-31.1	-7.2
Loss from the disposal of property, plant and equipment	-9.8	-6.9
Security costs	-15.6	-23.8
Foreign exchange losses	-20.7	-7.8
Other expenses	-92.3	-115.2
Utilization / Release of provisions	7.9	16.8
<b>Total</b>	<b>-585.3</b>	<b>-695.3</b>

Other expenses include, in particular, outgoing freight, charged costs, various services, fees for money transactions, contributions, and administrative costs.

**(8.10) Interest Income**

EUR m	2020	2019
Interest income	5.3	6.1
Interest income from finance leases	1.8	2.9
<b>Total</b>	<b>7.1</b>	<b>9.0</b>

**(8.11) Other Financial Income**

EUR m	2020	2019
Dividends from other investments	21.0	26.9
Fair value valuation of interest rate swaps	0.0	0.3
Other financial income	6.5	8.8
<b>Total</b>	<b>27.5</b>	<b>36.0</b>

Dividends from other investments of EUR 16.7 million (previous year: EUR 22.5 million) were generated by financial investments and around EUR 4.2 million (previous year: EUR 4.4 million) by other investments.

#### (8.12) Interest Expenses

EUR m	2020	2019
Interest expenses	-11.5	-13.5
Interest expenses on bonds	-14.6	-15.3
<b>Total</b>	<b>-26.1</b>	<b>-28.8</b>

#### (8.13) Interest Expenses for Leases

EUR m	2020	2019
Interest expenses for leases	-23.0	-19.9
<b>Total</b>	<b>-23.0</b>	<b>-19.9</b>

#### (8.14) Other Financial Expenses

EUR m	2020	2019
Losses from the disposal of financial assets	-0.4	-1.6
Impairment on financial assets, loans and securities	-5.7	-2.1
Other financial expenses	-5.5	-9.8
<b>Total</b>	<b>-11.6</b>	<b>-13.6</b>

#### (8.15) Currency Exchange Gains/Losses from Intra-Group Financing

Foreign currency effects resulting from intra-group financing are stated separately in this item because of their close connection to financing activities. Currency exchange gains and losses from intra-group financing amount to EUR -5.8 million (previous year: EUR 0.8 million).

#### (8.16) Income taxes

EUR m	2020	2019
Current income tax expenses	-21.1	-44.1
Current income taxes relating to other periods	-0.8	-8.2
Deferred tax income/expense	36.1	5.7
<b>Total</b>	<b>14.3</b>	<b>-46.5</b>



The reconciliation of the income tax burden applying the Austrian corporation tax rate of 25 percent (previous year: 25 percent) on the effective tax rate for the 2020 fiscal year is as follows:

EUR m	2020	2019
<b>Earnings before taxes</b>	<b>-279.0</b>	<b>150.4</b>
<b>Computed income tax of 25 percent (previous year: 25 percent)</b>	<b>69.8</b>	<b>-37.6</b>
<b>Adjustment of the computed income tax</b>		
Adjustment for differing foreign tax rates	-6.5	5.9
Effects of non-taxable income	6.7	10.4
Effects of non-deductible expenses	-13.5	-11.7
Effects of tax advantages	1.2	1.7
Actual income tax relating to other periods	-1.1	0.0
Effects of change in tax rate on deferred taxes	0.3	-0.2
Effects of initially not recognized and unused tax losses and possible offsets on the actual income taxes	0.2	6.2
Effects of initially not recognized and unused tax losses and possible offsets on the deferred income taxes	7.1	10.9
Effects of adjustments or of the reversal of a previous adjustment of a deferred tax asset	-1.7	-3.7
Effects of unused tax losses carry forward and possible offsets not recognized as deferred taxes	-56.6	-27.9
Withholding tax	-0.3	-0.5
Other	8.8	-0.1
<b>Effective income taxes</b>	<b>14.3</b>	<b>-46.5</b>
Effective income tax rate	5.1%	30.9%

Income taxes included in the other comprehensive income:

EUR m	2020	2019
Revaluation of financial assets (FVTOCI)	5.3	12.9
Revaluation of the net defined benefit liability	0.1	1.1

#### **(8.17) Non-Current Assets and Disposal Groups Held for Sale and Liabilities Directly Related to Non-Current Assets and Disposal Groups Held for Sale, as Well as Result from Discontinued Operations**

Non-current assets held for sale of EUR 18.5 million comprise the NOVOMATIC Forum in Vienna and an undeveloped plot of land in Las Vegas, Nevada, both of which are held for sale as of December 31, 2020.

The property in eastern Austria reported under this item in the previous year was sold in 2020.

The result from discontinued operations amounted to EUR 2.0 million and included a final payment from the sale of the UK Gaming Technology sub-segment completed in 2019. This item includes the results from the discontinued operations UK Gaming Technology (EUR 5.0 million), Croatia (EUR 0.9 million) and the NLS Group (EUR -12.5 million) in the comparative period.

## (9) Notes on the Cash Flow Statement

Cash flow from operating, investing and financing activities is shown separately in the consolidated cash flow statement. The consolidated cash flow statement was prepared in accordance with the indirect method. Liquid funds correspond to cash and cash equivalents as well as bank balances stated on the balance sheet.

The Group undertook the following non-cash investing and financing activities that are not reflected in the cash flow statement: Liabilities or charges from the acquisition of companies at EUR 5.1 million (previous year: EUR 0.0 million). The recognized right-of-use assets and lease liabilities constitute non-cash items to begin with. Only the ongoing lease payments lead to an outflow of funds, which is shown in the cash flow statement under financing activities. Open lease liabilities amounted to EUR 589.9 million at the end of the year (previous year: EUR 689.0 million).

## (10) Notes on Segment Reporting

For management purposes, the NOVOMATIC Group is divided into two business segments. These strategic segments form the basis for the segment reporting.

The "Gaming Technology" segment includes the production, sale and rental of gaming and entertainment machines, and the online B2B business.

The "Gaming Operations" segment consists of the operation of casinos and electronic gaming machine casinos, the betting business (in particular sports and horse-racing betting), and the online B2C business.

The valuations for the segment reporting correspond to the accounting policies used for the IFRS consolidated financial statement. Those assets and liabilities that are not directly related to the gaming operation are summarized under the segment "Other". Reconciliation comprises adjustments due to the consolidation.

The inter-segment exchange of goods and services shows the supply and service relationships between the operating segments. The charging is carried out at arm's length. Intercompany expenses, income and profits are eliminated in the reconciliation of segment revenues and/or segment results to the amounts disclosed in the consolidated financial statement.

Segment assets consist mainly of intangible assets, right-of-use assets, property, plant and equipment, inventories, trade receivables, and cash balances. In line with the internal reporting system and segment management, intra-group leases are not recognized for the lessee, but are instead carried as expenses for the period. Segment liabilities consist mainly of trade payables, leasing liabilities, provisions, and deferred income. During the reconciliation of the segment assets and liabilities, intercompany receivables and liabilities are eliminated as part of the consolidation of debts.

Unallocated assets and/or debts comprise those items on the balance sheet that are not defined as segment assets or segment debts and are used for the reconciliation with the consolidated value.

## Segment Revenues

EUR m					2020
	Gaming Technology	Gaming Operations	Other	Reconciliation	Total
External revenues	670.0	1,071.6	2.0	0.0	1,743.6
Inter-segment revenues	125.6	10.1	6.9	-142.6	0.0
<b>Total revenues</b>	<b>795.6</b>	<b>1,081.7</b>	<b>8.9</b>	<b>-142.6</b>	<b>1,743.6</b>

EUR m					2019
	Gaming Technology	Gaming Operations	Other	Reconciliation	Total
External revenues	955.0	1,650.0	2.3	0.0	2,607.3
Inter-segment revenues	142.8	16.0	6.0	-164.8	0.0
<b>Total revenues</b>	<b>1,097.8</b>	<b>1,665.9</b>	<b>8.3</b>	<b>-164.8</b>	<b>2,607.3</b>

## Segment Result

EUR m					2020
	Gaming Technology	Gaming Operations	Other	Reconciliation	Total
<b>Segment result (EBIT)</b>	<b>-45.4</b>	<b>-199.3</b>	<b>0.7</b>	<b>-3.4</b>	<b>-247.3</b>
Financial result					-31.7
Earnings before taxes					-279.0
Income taxes					14.3
<b>Net result from continued operations</b>					<b>-264.7</b>

EUR m					2019
	Gaming Technology	Gaming Operations	Other	Reconciliation	Total
<b>Segment result (EBIT)</b>	<b>76.7</b>	<b>101.6</b>	<b>-10.7</b>	<b>-0.3</b>	<b>167.4</b>
Financial result					-16.9
Earnings before taxes					150.4
Income taxes					-46.5
<b>Net result from continued operations</b>					<b>103.9</b>

## Segment Assets and Liabilities

EUR m						2020
	Gaming Technology	Gaming Operations	Other	Reconciliation	Not-Allocated Assets/Liabilities	Total
Segment assets	1,390.0	1,641.7	76.0	-160.3	866.2	3,813.6
Segment liabilities	431.9	818.5	6.1	-158.9	1,660.7	2,758.4

EUR m						2019
	Gaming Technology	Gaming Operations	Other	Reconciliation	Not-Allocated Assets/Liabilities	Total
Segment assets	1,578.1	1,812.3	64.3	-75.2	969.9	4,349.4
Segment liabilities	392.1	940.7	6.0	-76.8	1,687.3	2,949.3

## Other Segment Information

EUR m					2020
	Gaming Technology	Gaming Operations	Other	Reconciliation	Total
Scheduled depreciation/amortization	-209.9	-250.7	-3.0	0.0	-463.6
Impairment	-34.6	-83.8	-0.2	0.0	-118.6
Impairment reversals	16.9	11.5	0.5	0.0	28.9
Investments	105.9	111.5	5.6	0.0	223.0
Investments in right-of-use assets	4.0	91.4	0.1	0.0	95.5
Investments through business combinations	22.8	30.0	0.0	0.0	52.8
Income from associates	0.0	0.0	0.3	0.0	0.3
Carrying amount of associated companies	0.0	0.0	2.2	0.0	2.2

EUR m					2019
	Gaming Technology	Gaming Operations	Other	Reconciliation	Total
Scheduled depreciation/amortization	-242.3	-248.6	-3.0	0.0	-494.0
Impairment	-13.8	-23.6	0.0	0.0	-37.4
Impairment reversals	7.7	5.2	0.6	0.0	13.5
Investments	153.0	138.1	12.5	0.0	303.6
Investments in right-of-use assets	17.5	76.1	0.0	0.0	93.6
Investments through business combinations	0.2	12.0	0.0	0.0	12.2
Income from associates	-1.2	0.0	0.7	0.0	-0.5
Carrying amount of associated companies	0.1	0.0	2.0	0.0	2.1

## Geographical Information

The Group recorded the following revenues and assets in the individual regions:

EUR m											2020
	Austria	Germany	Italy	United Kingdom	Spain	The Netherlands	Eastern Europe	Other countries	Online	Non-allocated assets	Total
Gaming Technology	36.7	259.9	73.5	9.3	33.2	6.0	62.6	102.0	86.7	–	670.0
Gaming Operations	207.4	273.1	112.0	101.5	55.9	50.4	170.5	0.0	100.9	–	1,071.6
Other	0.0	0.9	0.0	0.4	0.0	0.0	0.0	0.8	0.0	–	2.0
<b>Revenues</b>	<b>244.1</b>	<b>533.9</b>	<b>185.5</b>	<b>111.2</b>	<b>89.1</b>	<b>56.4</b>	<b>233.1</b>	<b>102.7</b>	<b>187.7</b>	<b>–</b>	<b>1,743.6</b>
<b>Assets</b>	<b>444.3</b>	<b>623.2</b>	<b>330.1</b>	<b>335.7</b>	<b>283.9</b>	<b>112.8</b>	<b>388.3</b>	<b>358.9</b>	<b>70.2</b>	<b>866.2</b>	<b>3,813.6</b>

EUR m											2019
	Austria	Germany	Italy	United Kingdom	Spain	The Netherlands	Eastern Europe	Other countries	Online	Non-allocated assets	Total
Gaming Technology	66.4	284.1	167.5	20.6	70.2	10.8	85.5	198.6	51.3	0.0	955.0
Gaming Operations	289.9	423.9	217.2	179.6	86.3	85.0	290.0	0.0	78.1	0.0	1,649.9
Other	0.0	0.3	0.0	0.1	0.0	0.0	0.0	2.0	0.0	0.0	2.3
<b>Revenues</b>	<b>356.3</b>	<b>708.3</b>	<b>384.7</b>	<b>200.2</b>	<b>156.4</b>	<b>95.8</b>	<b>375.5</b>	<b>200.6</b>	<b>129.3</b>	<b>0.0</b>	<b>2,607.2</b>
<b>Assets</b>	<b>541.6</b>	<b>745.1</b>	<b>474.1</b>	<b>353.1</b>	<b>327.2</b>	<b>100.8</b>	<b>390.1</b>	<b>387.6</b>	<b>60.0</b>	<b>969.9</b>	<b>4,349.4</b>

Revenues are allocated to the individual regions based on the domicile of the company recording such revenues. The geographical segment Online includes all companies whose business activities are mainly or exclusively in the online area.

**(11) Notes on Financial Instruments**

12/31/2020

Measurement acc. to IFRS 9

EUR m	Financial assets and financial liabilities at fair value through profit or loss			Financial assets at fair value through other comprehensive income		
	Holdings in non-consolidated entities and securities	Derivatives	Purchase price obligations (contingent considerations)	Investments	Financial investments	Securities
<b>Financial assets</b>						
Non-current financial assets	4.1			28.2	125.6	19.8
Other non-current assets						
Trade receivables, other receivables and assets						
Current financial assets	0.0	0.3				1.6
Cash and cash equivalents						
<b>TOTAL</b>	<b>4.1</b>	<b>0.3</b>	<b>0.0</b>	<b>28.2</b>	<b>125.6</b>	<b>21.4</b>
<b>Financial liabilities</b>						
Non-current financial liabilities						
Other non-current liabilities			3.0			
Current financial liabilities		0.0				
Trade payables and other liabilities			2.1			
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>5.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

12/31/2019

Measurement acc. to IFRS 9

EUR m	Financial assets and financial liabilities at fair value through profit or loss			Financial assets at fair value through other comprehensive income		
	Holdings in non-consolidated entities and securities	Derivatives	Purchase price obligations (contingent considerations)	Investments	Financial investments	Securities
<b>Financial assets</b>						
Non-current financial assets	4.8			29.9	231.8	18.1
Other non-current assets						
Trade receivables, other receivables and assets						
Current financial assets						3.1
Cash and cash equivalents						
<b>TOTAL</b>	<b>4.8</b>	<b>0.0</b>	<b>0.0</b>	<b>29.9</b>	<b>231.8</b>	<b>21.2</b>
<b>Financial liabilities</b>						
Non-current financial liabilities						
Other non-current liabilities						
Current financial liabilities		0.3				
Trade payables and other liabilities						
<b>TOTAL</b>	<b>0.0</b>	<b>0.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Measurement acc. to IFRS 9

## Financial assets and financial liabilities at amortized cost

Cash and cash equivalents	Trade receivables and Lease	Loans	Bonds	Bank liabilities	Lease liabilities	Trade payables	Other receivables and liabilities	Purchase price obligations (written put options)
	45.3	26.0					40.5	
	196.6						53.3	
	11.3	3.7					0.6	
531.8								
<b>531.8</b>	<b>253.2</b>	<b>29.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>94.4</b>	<b>0.0</b>
		0.3	497.0	663.8	477.3		5.7	
							11.8	0.0
		0.1	199.9	104.1	112.6		1.9	
						76.1	46.1	45.4
<b>0.0</b>	<b>0.0</b>	<b>0.4</b>	<b>696.9</b>	<b>767.9</b>	<b>589.9</b>	<b>76.1</b>	<b>65.6</b>	<b>45.4</b>

## Measurement acc. to IFRS 9

## Financial assets and financial liabilities at amortized cost

Cash and cash equivalents	Trade receivables and Lease	Loans	Bonds	Bank liabilities	Lease liabilities	Trade payables	Other receivables and liabilities	Purchase price obligations (written put options)
	46.2	27.9					30.1	
	283.4						39.2	
	9.7	14.6					1.0	
531.1								
<b>531.1</b>	<b>339.3</b>	<b>42.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>70.4</b>	<b>0.0</b>
		1.4	695.7	515.1	567.9		9.9	
							4.8	
		1.3		314.8	121.1			
						86.4	35.6	47.4
<b>0.0</b>	<b>0.0</b>	<b>2.7</b>	<b>695.7</b>	<b>829.9</b>	<b>689.0</b>	<b>86.4</b>	<b>50.3</b>	<b>47.4</b>

## 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

Some of the Group's assets and liabilities are measured at fair value using the Fair-Value-Hierarchy for financial reporting purposes.

EUR m	12/31/2020	12/31/2019	Hierarchy
<b>Financial assets</b>			
Holdings in non-consolidated entities	4.1	4.7	Level 3
Investments – Other	28.2	29.9	Level 3
Investments – Financial investments	125.6	231.8	Level 1/3
Securities – Equity instruments	20.7	20.4	Level 1
Securities – Debt instruments	0.7	0.8	Level 1
Securities – Investment funds	0.0	0.1	Level 1
Derivatives (positive market values)	0.3	0.0	Level 2
<b>Financial liabilities</b>			
Derivatives (negative market values)	0.0	0.3	Level 2
Purchase price obligations – Contingent considerations	5.1	0.0	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 now only include the indirectly held 9.45 percent interest in Österreichische Lotterien Gesellschaft mbH. (ÖLG), while the previous year still included the direct 17.19 percent share in Casinos Austria Aktiengesellschaft (CASAG). On December 10, 2019, NOVOMATIC AG had concluded an agreement with the SAZKA Group on the sale of its 17.19 percent stake in CASAG, subject to certain conditions precedent, including obtaining official approval and the applicable rights of other CASAG shareholders. The transaction was completed on June 26, 2020.

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 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 8.51 and an EV/EBIT multiplier of 12.44. 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. The proportional market value for the 9.45 percent investment was determined from this equity value for 100 percent of the shares. Due to the changes that have occurred in the shareholder structure in the meantime, a surcharge for the acquisition of shares at that time was no longer applicable. This subsequent measurement of the financial investments resulted in a recognition through other comprehensive income (devaluation) of approximately EUR 1.2 million in equity in the current reporting period. An increase in the multiplier of 0.5 would lead to an increase in the fair value of EUR 5.9 million or an increase in the underlying EBITDA/EBIT of the valuation item of 10 percent to an increase in the fair value of around EUR 11.9 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. These equity instruments relate to financial investments that the Group intends to hold for strategic purposes.

The derivative financial instruments mainly comprise interest rate swaps and 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 curves on the balance sheet date (or the most recently applicable interest curve before the balance sheet date (December 31, 2020)). 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	12/31/2020		12/31/2019	
	Nominal value	Market value	Nominal value	Market value
USD forward contract – positive market value	8.7	0.3	0.0	0.0
USD forward contract – negative market value	1.5	0.0	0.0	0.0
Interest rate swap	0.0	0.0	77.5	-0.3
<b>Total</b>	<b>10.1</b>	<b>0.3</b>	<b>77.5</b>	<b>-0.3</b>

The change in fair value is recognized in the income statement for USD forward contracts and interest rate swaps.

The interest rate swap of EUR 77.5 million in place as of December 31, 2019, expired as agreed in October 2020 due to the maturity of the corresponding underlying transaction (variable promissory note bond tranche of EUR 75.0 million in October 2020).

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 3.0 million (previous year: EUR 0.0 million) under the other non-current liabilities (purchase price obligations) and with EUR 2.1 million (previous year: EUR 0.0 million) are reported under other current liabilities (purchase price obligations) in the balance sheet.

## b) Fair Value of Financial Assets and Liabilities Not Carried at Fair Value Regularly, Whereby the Fair Value Has to Be Disclosed

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	12/31/2020		12/31/2019		Hierarchy
	Book value	Fair value	Book value	Fair value	
<b>Financial liabilities</b>					
Bonds	696.9	681.6	695.7	714.5	Level 1
Bank liabilities	767.9	770.5	829.9	834.2	Level 2

For the fair value of the bonds, the stock market price on the valuation date or the last valid market price before the balance sheet date (December 31, 2020) 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.

### Net Result by Category

12/31/2020			Subsequent measurement		
EUR m	Allowances	at fair value through income statement	at fair value through other comprehensive income	Disposal results	Net results
Financial Assets measured at amortized cost	-34.6				-34.6
Financial assets measured at fair value through profit or loss		-1.4			-1.4
Financial assets measured at fair value through other comprehensive income			-2.1	0.0	-2.1
Financial liabilities measured at fair value through profit or loss		0.6			0.6

12/31/2019			Subsequent measurement		
EUR m	Allowances	at fair value through income statement	at fair value through other comprehensive income	Disposal results	Net results
Financial Assets measured at amortized cost	-4.0				-4.0
Financial assets measured at fair value through profit or loss		-0.1			-0.1
Financial assets measured at fair value through other comprehensive income			-51.7	0.0	-51.7
Financial liabilities measured at fair value through profit or loss		0.1			0.1

## Capital Risk Management

The purpose of capital risk management is the active control of the capital structure of the entire NOVOMATIC Group as well as the individual Group companies. It ensures the maintenance of an appropriate equity ratio in order to reduce debt costs and the safeguarding of sustained profitability so that all Group companies and the entire NOVOMATIC Group are able to operate under the going concern principle.

The development of the capital structure is supervised by means of the equity ratio and the ratio of net indebtedness to EBITDA. These ratios are regularly quantified and reported on a biannual basis at least to the Executive Board, which uses those ratios, in addition to other key figures, to guide further corporate development.

The equity ratio is calculated as the ratio of equity to balance sheet total. Equity consists of the issued capital, capital reserves, retained earnings, as well as the revaluation reserve plus currency translation adjustments and non-controlling interests.

Net debt is calculated as the sum of current and non-current financial liabilities, as well as lease liabilities, less cash and cash equivalents, precious metals, and stock-market-traded securities. The debt ratio is calculated accordingly as the ratio of net debt to earnings before interest, taxes, depreciation and amortization (EBITDA).

The equity ratio and the ratio of net indebtedness to EBITDA as per December 31, 2020, and as per December 31, 2019, are calculated as follows, although most of the changes result from the impact of the COVID-19 pandemic:

	2020	2019
Equity ratio (equity/balance sheet total)	27.7%	32.2%
Net debt to EBITDA (net debt/EBITDA)	4.8	2.4

Due to its contractually agreed financial covenants, the NOVOMATIC AG Group is required in its major financing agreements to maintain an equity ratio of at least 15.0 percent and net debt in relation to the EBITDA of not more than 4.625x. The financing agreements provide for certain adjustments to the above standard calculation when determining these two ratios. When considering this adjusted calculation, the NOVOMATIC AG Group has complied with the contractually agreed financial covenants as per December 31, 2020. Please refer to the explanations after the balance sheet date regarding the amendment of the financial covenants.

In October 2015, NOVOMATIC AG received a rating for the first time from the ratings agency Standard & Poor's (S&P) and consistently held an investment grade rating until June 2019. On December 9, 2020 (last rating change), S&P downgraded NOVOMATIC AG's rating by one notch from BB+ with negative outlook to BB with negative outlook. The primary reason given by S&P for the rating change was the continued high level of uncertainty caused by the prevailing COVID-19 pandemic and the resulting negative impact on the business activities and profitability of the NOVOMATIC AG Group.

## Financial Risk Management

The NOVOMATIC Group controls, monitors and limits the financial risks associated with the business segments in which it is active. Control of financial risks is supported by a treasury management system that is established in the industrial and bank sector. The financial risks relevant to the Group are monitored on a regular basis and, if necessary, collateralized via suitable measures and instruments (e.g. derivative financial instruments such as interest rate swaps and forward currency contracts) to reduce the risk resulting from the underlying transaction.

The identification, analysis and assessment of financial risks as well as the analysis and selection of potential hedging instruments to be used are tasks that are generally performed by the Group Treasury. The Executive Board has the final say on which (if any) derivative financial instruments are selected and used. Any use of derivative financial instruments at the Group company level is coordinated in advance with Group Treasury in accordance with the Group policy and must be approved in advance by the Executive Board.

## Liquidity Risk

Liquidity or financing risk is the risk associated with remaining solvent at any given moment and/or having the ability to obtain the necessary funds from investors at arm's length so as to fulfill any due obligations on time and to provide intercompany financing and guarantees for internal Group purposes. Furthermore, the need for cash in the gaming industry is high, especially in terms of cash in the company's own gaming arcades. Therefore, part of the indicated cash comprises base filling of the slot machines and cash reserves in the gaming arcades.

A short-term and a long-term continuous liquidity plan is compiled based on the results of the Group's strategy and planning processes in order to provide an up-to-date impression of the expected development of liquidity at the Group level. Medium-term and long-term liquidity and financing needs of the NOVOMATIC Group are determined based on projected cash flows.

Thanks to the NOVOMATIC Group's conservative financing and debt policy, as well as the conservative investment policy, the NOVOMATIC Group's liquidity risk throughout the Group is limited. Even so, the NOVOMATIC Group accords high priority to the topic of liquidity risk and its control. In order to guarantee the Group's solvency and financial flexibility at all times, the Group maintains a liquidity reserve in the form of revolving usable credit lines, short-term overdrafts, bank deposits payable on demand, and short-term investments.

As of December 31, 2020, EUR 390.0 million of the syndicated revolving credit facility of EUR 1.0 billion with a term until March 1, 2024 was utilized and EUR 610.0 million was freely available.

In October 2020, two promissory note bond tranches in the amount of EUR 75.0 million and EUR 172.5 million were repaid as agreed.

The following table shows all payments for redemptions and interest from financial liabilities including derivative financial instruments that had been contractually fixed as of the consolidated balance sheet date. Derivative instruments are shown at their market value, whereas the other liabilities are shown in the amount of the non-discounted cash flows for the following financial years:

EUR m	Current year		Previous year	
	2021	2022–2025	2020	2021–2024
Bonds	214.1	516.3	14.1	725.1
Bank loans	108.6	665.5	322.1	430.2
Lease liabilities	132.5	319.6	135.6	344.2
Trade payables	76.1	0.0	86.4	0.0
Loans	0.1	0.3	1.3	1.4
Derivatives	0.0	0.0	0.3	0.0
Purchase price obligations	47.5	3.0	47.4	0.0
Other payables	48.0	17.5	35.6	14.7

## Counterparty Risk

Counterparty risk constitutes the risk of delay or default in payment by any contractual partners. In the NOVOMATIC Group's financing activities, credit relationships with banks and insurance companies that can boast appropriately high ratings (at least an investment grade rating from S&P, Moody's or Fitch) predominate.

To screen the default risk for financial investments (i.e. bank balances, money market investments, capital market investments, securities) and for derivative financial instruments (i.e. positive market value of derivatives), the NOVOMATIC Group works to ensure that funds are evenly distributed and any non-diversification risks avoided.

Apart from financing, the NOVOMATIC Group is also exposed to counterparty credit risk in the area of sales, since customers might not fulfill their payment obligations in full or when they are due. The default risk is in some cases reduced even further via additionally demanded collateral such as e.g. received deposits or documentary letters of credit for exports. This applies in particular to new customers. Additionally, contractually secured reservations of title, advance payment in part or in full, direct debiting and requiring shorter payment terms, attempt to further minimize the risk to which the NOVOMATIC Group is exposed. Thanks to the high number of external customers, there is currently no material concentration of default risk.

The maximum risk in cases of default on receivables from customers to third parties and loans to business partners is limited to their carrying amount. For other financial assets (cash and cash equivalents, investments, other financial instruments with the exception of derivatives), the maximum credit risk in the event of counterparty default is likewise the carrying amount of these financial instruments. For derivative financial instruments, the maximum credit risk in cases of default is equivalent to the positive fair value of the derivative as of the valuation date.

## Market Risk

### a) Interest Rate Risk

In the context of its financing and investment activities, the NOVOMATIC Group is exposed to risk related to changes in interest rates. Interest rate fluctuations can have a positive or negative effect on the value of financial instruments (present value risk) as well as on the resulting cash flows (cash flow risk). For risk reasons, attention is paid to a balanced fixed interest rate balance sheet or a balanced mix of variable and fixed interest rates with short and long-term interest rates in order to avoid non-diversification risks.

In order to limit interest rate risks, current interest rate developments are monitored on an ongoing basis and, if necessary, interest rate risks are hedged with suitable measures, including derivative instruments such as interest rate swaps, interest rate options, etc. Given the high level of fixed-interest financial liabilities held by the NOVOMATIC Group (2020 average around 59 percent; 2019 average around 67 percent) and given the current and foreseeable future development of interest rates, the risk posed to cash flow by rising interest rates is limited.

In the past, attention was paid primarily to the risk and hedging of rising lending rates. Maintaining a balanced relationship between variable-interest financial liabilities and financial assets has, in the past, served as a largely natural hedge of the interest rate risk for variable-interest financial instruments.

The ongoing decline in lending rates since 2007 and particularly since money and capital market interest rates turned negative for the first time in 2015 (and banks increasingly agreed an interest rate floor of EUR 0.0 percent with their customers), the natural hedge between variable-rate financial liabilities in EUR and financial investments in EUR has become progressively less effective.

The further reduction of the ECB's interest rate for the deposit facility from -0.4 percent to -0.5 percent p.a. in September 2019 means that virtually every major bank of the NOVOMATIC Group has now passed on these "negative interest rates" to customers in the form of a deposit custody fee on sight deposits in EUR. The banks sometimes only pass on these negative interest rates to customers once an agreed threshold value has been exceeded, yet in other cases do so from the first euro.

The current interest rate landscape now requires even more work to manage interest rate risk, in particular to manage the liquidity reserve required from a risk perspective. Group Treasury attempts to manage the liquidity reserve available at short notice (financial assets and financial liabilities) in such a way that solvency can be guaranteed at all times, thereby hedging the liquidity risk on the one hand and the interest rate risk for variable-rate financial assets in particular on the other. Efforts are also made to minimize the interest costs arising from the utilization of credit lines and the deposit custody fees payable for the liquidity reserve held.

The combination of interest rate floors on variable-rate euro-denominated financial liabilities and deposit custody fees on variable-rate euro-denominated financial assets now represents a one-sided risk for the NOVOMATIC Group (in contrast, a reduction in interest rates was perceived both as a risk (for financial assets) and an opportunity (for financial liabilities) in the past).

The basis for the use of derivative hedging instruments is a Group-wide guideline defined by the Executive Board. Derivative financial instruments are only used to hedge against financial risks arising from an existing or highly probable future underlying transaction (e.g. a variable rate loan) and are not taken out for speculative purposes or to generate a business contribution.

The following schedule shows the impact of potential interest rate changes (+/- 50.0 basis points or + 50.0/- 25.0 basis points) on earnings before taxes and on equity based on reasonable judgment. The interest rate sensitivity analysis includes the effects of variable-interest bank liabilities and bank deposits, as well as the derivatives contracts as per the reporting date. The calculation simulated an interest rate increase of 50.0 basis points for variable rate bank liabilities, variable interest bank deposits and payments from derivatives. Furthermore, when calculating the effects of a potential interest rate reduction of 50.0 basis points, only the effects on bank balances with variable interest rates were simulated. Only a potential interest rate reduction of 25.0 basis points was simulated for the variable-rate financial liabilities, as approximately half of the variable-rate bank liabilities as of December 31, 2020 have a contractual lower interest rate limit of 0.0 percent ("floor") and are therefore not affected by a further reduction in the interest rate level. Payments from current interest rate derivatives as at the reporting date are also not affected by any interest rate reduction.

EUR m	2020				2019
	+50 basis points	-50 basis points	+50 basis points	-50 basis points	
Change (in basis points)					
Change in earnings before taxes	-1.1	-3.3	-1.1	-0.6	
Change in equity	-0.8	-2.4	-0.8	-0.4	

The average weighted interest rate for funds borrowed by the NOVOMATIC Group (across all currencies) was 1.413 percent p.a. in the 2020 fiscal year (2019: 1.891 percent p.a.). The average weighted interest rate for variable-rate financing was 0.766 percent p.a. in 2020 (2019: 0.929 percent p.a.) and the average 3M EURIBOR (market interest rate) for 2020 was -0.427 percent p.a. (2019: -0.391 percent p.a.). The average weighted interest rate for fixed-rate financing was 1.942 percent p.a. in 2020 (2019: 2.365 percent p.a.).

The development of EUR money and capital market interest rates (annual average) over the past five years has remained "negative" (e.g. 3M EURIBOR from -0.020 percent (2015) to -0.427 percent (2020) and 5Y swap rate from 0.338 percent (2015) to -0.458 percent (2020)). The development of the ECB interest rate on the deposit facility has been consistently negative since June 2007 (e.g. from -0.1 percent (2014) to -0.5 percent (2019)). According to current market opinion, a further reduction in interest rates of 0.5 percent within the next fiscal year 2021 is deemed rather unrealistic, especially since the ECB interest rate for the deposit facility was reduced in the past from 0.0 percent to -0.5 percent within a period of approximately five years.

## B) Foreign Exchange Risk

The risk resulting from fluctuations in the value of financial instruments, other balance sheet positions (e.g. receivables and liabilities), and/or cash flows denominated in foreign currencies due to exchange rate fluctuations, is called currency risk or exchange risk. This risk exists in particular where business transactions, such as the purchase of materials, merchandise or purchase price payments for company acquisitions, are in a currency other than the accounting currency (foreign currency) of a company and where prices for products and services depend on a currency other than the invoicing currency (indirect currency risk). For example, materials and merchandise are invoiced by suppliers in EUR or USD, although pricing is indirectly dependent on a third currency or another price (e.g. commodity price).

In order to limit foreign currency risks, the related foreign currency risk is calculated regularly on a rolling basis for business transactions made in foreign currencies or where the transaction price depends on foreign currencies. This involves determining a net position from holdings of the relevant foreign currency at the start of the planning period, planned incoming and outgoing payments in the relevant foreign currency, and existing derivative hedging instruments for the relevant foreign currency in the planning period. A relevant foreign currency risk that exceeds the thresholds defined in the Group guidelines is hedged by means of appropriate hedging transactions in order to reduce the risk from exchange rate fluctuations in future reporting periods. An initial hedge for currency risk is provided through foreign currency items that are naturally self-contained (natural hedge), for instance, the payments received from deliveries and services in USD are balanced by payments made for deliveries and services in USD. The remaining net foreign currency exposure that exceeds the defined threshold is generally hedged using symmetrical hedging instruments (e.g. forward currency contracts). Asymmetrical hedging instruments (e.g. currency options) would only be used in exceptional cases or if required by the underlying transaction.

In the 2020 reporting period, USD forward foreign exchange contracts with a net value of USD 3.0 million were due for the operating business. As of the reporting date, subsequent periods have USD forward currency contracts of USD 12.0 million, as no new forward contracts were re-contracted in the reporting period.

In the 2020 reporting period, the NOVOMATIC Group did not take out any further derivative hedging instruments to reduce its foreign currency risk.

The relevant foreign currencies in the NOVOMATIC Group as at the reporting date include the USD and GBP. Exchange rate fluctuations of these two foreign currencies have a potential effect on the income statement and equity.

Within the framework of the analysis to measure the sensitivity towards exchange rate movements, the impacts of a change in the exchange rate of +/- 10 percent on foreign currency ("FX") bank balances (i.e. USD, GBP), loans received or given in FX as at the reporting date and on market values are simulated.

The following schedule, which is based on reasonable judgment, shows the effects of possible EUR/USD exchange rate movements by +/- 10 percent on earnings before taxes and on equity:

EUR m	2020		2019	
	Appreciation USD by 10%	Depreciation USD by 10%	Appreciation USD by 10%	Depreciation USD by 10%
Exchange rate fluctuation, foreign currency to EUR				
Change in earnings before taxes	-0.6	0.5	2.6	-2.1
Change in equity	-0.5	0.4	2.0	-1.6

The following schedule, which is based on reasonable judgment, shows the effects of possible EUR/GBP exchange rate movements by +/- 10 percent on earnings before taxes and on equity:

EUR m	2020		2019	
	Aufwertung GBP um 10%	Abwertung GBP um 10%	Aufwertung GBP um 10%	Abwertung GBP um 10%
Exchange rate fluctuation, foreign currency to EUR				
Change in earnings before taxes	1.1	-0.9	3.1	-2.5
Change in equity	0.8	-0.7	2.3	-1.9

In the reporting period, average financial liabilities in the NOVOMATIC Group were mainly denominated in EUR (around 94 percent) as well as in part in another currency such as USD (around six percent). Group companies with an accounting currency other than their financing currency were hence exposed to foreign exchange risk in terms of the financing currency (mainly EUR).

### c) Capital Investments

Risks in capital investments essentially cover market price and valuation risks. The capital investments held by the NOVOMATIC Group are comprised mainly of precious metals as well as exchange-traded shares and were hence exposed to price fluctuations during the fiscal year.



## (12) Notes on Leases and Contingent Liabilities

### NOVOMATIC Group as Lessee

The Group has evaluated and accounted for existing leases (primarily from rented gaming facilities) in accordance with IFRS 16. The right-of-use assets and lease liabilities were reported separately in the balance sheet. The maturity analysis of the reported non-current lease liabilities of EUR 477.3 million (previous year: EUR 567.9 million) and current lease liabilities of EUR 112.6 million (previous year: 121.1 million) is as follows:

EUR m	Non-discounted lease payments	
	12/31/2020	12/31/2019
within one year	133.8	137.3
between two and five years	319.5	351.1
between six and ten years	192.5	211.6
after ten years	65.5	70.2
<b>Total</b>	<b>711.2</b>	<b>770.3</b>
Less financial expenses not yet realized	-121.3	-81.2
<b>Present value of lease payments to be made</b>	<b>589.9</b>	<b>689.0</b>

The reported rental expenses for real estate, gaming machines, and other assets for the 2020 fiscal year include expenses from short-term leases of EUR 2.2 million (previous year: EUR 7.9 million), from leases with low-value assets of EUR 0.9 million (previous year: EUR 1.7 million), and from variable lease payments not included in the measurement of the lease liability of EUR 1.6 million (previous year: EUR 4.7 million).

Total cash outflows from leases (repayment and interest portion) comprise EUR -140.8 million (previous year: EUR -147.6 million).

**NOVOMATIC Group as Lessor**

The Group has concluded finance lease agreements with customers for gaming machines. The term of the concluded finance lease agreements is between 1 and 5 years. When the agreement is concluded, the revenue is recorded under the item "Sales revenue". Outstanding lease payments are shown in the balance sheet as receivables, with the maturity analysis being as follows:

EUR m	Non-discounted lease payments	
	12/31/2020	12/31/2019
within one year	11.8	20.2
within the second year	9.9	10.3
within the third year	2.7	2.2
within the fourth year	1.3	1.4
within the fifth year	0.3	0.4
after five years	2.2	0.0
<b>Total</b>	<b>28.2</b>	<b>34.6</b>
Less financial income not yet realized	-3.1	-3.5
<b>Present value of lease payments to be received</b>	<b>25.0</b>	<b>31.0</b>

The Group also concluded operating lease contracts for the rental of gaming machines with mainly non-cancellable terms of between 12 and 24 months. The gaming machines continue to be shown under property, plant and equipment as plant and machinery. The rent payments during the reporting period are shown as sales revenue under income from rent and management services.

The claims for future lease payments from these operating leases are as follows:

EUR m	Non-discounted lease payments	
	12/31/2020	12/31/2019
within one year	163.8	247.9
within the second year	98.3	81.2
within the third year	3.7	8.0
within the fourth year	0.8	7.5
within the fifth year	0.7	7.4
after five years	2.3	3.9

Rental concessions granted for operating leases as part of the Covid-19 pandemic were treated as modifications in accordance with IFRS 16. Depending on the design of the concession, this was either distributed over the term of the contract or recognized immediately in profit or loss. The effects of these adjustments are of minor extent.

**Contingent Liabilities**

Contingent liabilities from sureties and guarantees amount to EUR 18.5 million (previous year: EUR 17.0 million) and were largely issued vis-à-vis the Italian regulator ADM.

## (13) Other Disclosures

### Group Audit Expenses

The expenses for services provided by the Group auditor (including the network in accordance with Sec. 271b of the Austrian Company Code) are as follows:

EUR m	2020	2019
Group audit and audit of financial statements	1.9	2.7
Audit-related services	0.1	0.0
Tax advisory services	0.8	0.6
Other consultancy	0.2	0.4

Expenses for services provided by Deloitte Audit Wirtschaftsprüfungs GmbH in 2020 amounted to EUR 0.6 million for the Group audit and audit of financial statements and EUR 0.2 million for other advisory services.

### Related Party Transactions

The parent company of NOVOMATIC AG is Novo Invest GmbH in Gumpoldskirchen. This consolidated financial statement of the NOVOMATIC AG is therefore included in the consolidated financial statements of Novo Invest GmbH being the ultimate parent company and is filed at the Regional Court of Wiener Neustadt under FN 381832v.

The related parties furthermore include the members of the bodies (Executive Board and Supervisory Board), non-consolidated affiliated subsidiaries, associated companies, as well as companies under the control of bodies or the shareholders of NOVOMATIC AG.

The following table summarizes the scope of business relationships with related parties for the individual financial years:

EUR m	Other		Management	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Receivables	8.7	10.3	0.0	0.0
Liabilities	6.5	5.3	0.1	0.4
Revenues	17.1	33.9	0.0	0.1
Material cost	30.3	31.9	0.0	0.0
Consulting services	0.0	0.0	0.3	0.4
Research and development	12.4	6.2	0.0	0.0
Other expenses	4.6	9.7	0.0	0.2
Interest income	0.1	0.1	0.0	0.0

The item "Management" comprises the Supervisory Board and the Executive Board of NOVOMATIC AG. The management's remuneration is disclosed in note (15) "Company Bodies of NOVOMATIC AG".

The information provided for "Other" essentially relates to companies that are controlled by the shareholders of NOVOMATIC AG. The transactions result from the delivery of goods and services, rental fees, and research and development services. Accounts receivable are unsecured and settled in cash. Guarantees were neither given nor received.

Furthermore, the majority stakes in the Russian, the Spanish, the Montenegrin and an Austrian company and their subsidiaries were sold to related parties. The purchase price agreed in each case was set by means of externally prepared appraisals and has already been paid in full.

## Fully Consolidated Subsidiaries

IC-Code	Company, domicile	Superordinate company	Group share	Direct share
ACEAT	ADMIRAL Casinos & Entertainment AG, Austria	NAG	100.00%	100.00%
ADCLES	Admiral Gaming Castilla y Leon S.L., Spain	ADGMES	100.00%	100.00%
ADGMES	Admiral Operations Spain S.L., Spain	NOGES	100.00%	100.00%
ADLERO	Admiral Leisure SRL, Romania	NOVORO / NMIIAT	99.00% / 1.00%	99.00% / 1.00%
ADMICS	Admira d.o.o., Serbia	NOVOCS	100.00%	100.00%
ADMILV	Admiralu Klubs SIA, Latvia	NAG	60.00%	60.00%
ADOSES	Admiral Gaming Madrid S.L., Spain	SAMAES / ADGMES	45.00% / 40.00%	60.00% / 40.00%
ADRIAL	Adriatik Game Sh.a., Albania	EAGAL	100.00%	100.00%
ADRIT	NOVOMATIC Italia S.p.A., Italy	NAG	100.00%	100.00%
ADSLES	Admiral Slots S.A., Spain	NOGES	100.00%	100.00%
AGIAR	NOVOMATIC Argentina S.R.L., Argentina	NAG / HTM	97.23% / 2.77%	97.23% / 2.77%
AGIHU	NOVOMATIC Hungária Kft., Hungary	NAG	100.00%	100.00%
AGIMX	Crown Gaming Services Mexico S. de R.L. de C.V., Mexico	NAG / NMIIAT	80.00% / 20.00%	80.00% / 20.00%
AGISA	NOVOMATIC Africa (Pty) Ltd., South Africa	NAG	100.00%	100.00%
AGTAU	Ainsworth Game Technology Ltd., Australia	NAG	52.90%	52.90%
AINSFR	Novomatic Services FRA SAS, France	NAG	100.00%	100.00%
AINSUK	Ainsworth (UK) Ltd., United Kingdom	ASTUK	100.00%	100.00%
AIRO	Airoline GmbH, Austria	NAG	100.00%	100.00%
ALEARO	Alea Leisure SRL, Romania	NOVORO / NMIIAT	99.00% / 1.00%	99.00% / 1.00%
ALFLV	Alfor SIA, Latvia	NAG	60.00%	60.00%
ALLIT	Allstar S.r.l., Italy	ADRIT	100.00%	100.00%
ALLOAT	Albanisch Österreichische Lotterien Holding Gesellschaft m.b.H., Austria	NAG	100.00%	100.00%
ALORES	Aloragaming S.L., Spain	BAGAES	51.00%	100.00%
ALPDE	Admiral Play GmbH, Germany	NSMLDE	100.00%	100.00%
ALPSIT	Alp S.r.l., Italy	ADRIT	70.00%	70.00%
AMONBA	AMONIQ d.o.o. Zenica, Bosnia and Herzegovina	HTLBA	100.00%	100.00%
ARGAR	Octavian de Argentina S.A., Argentina	NAG / HTM	90.00% / 10.00%	90.00% / 10.00%
ASCGUK	Luxury Leisure Holdings Ltd., United Kingdom	ASTUK	100.00%	100.00%
ASTRAL	Astra Albania Sh.a., Albania	EAGAL	100.00%	100.00%
ASTUK	NOVOMATIC UK Ltd., United Kingdom	NAG	100.00%	100.00%
ASW	Admiral Sportwetten GmbH, Austria	NAG	100.00%	100.00%
ASWDE	NOVO INTERACTIVE GmbH (until January 13, 2021: ADMIRAL Sportwetten GmbH), Germany	NSMLDE	100.00%	100.00%
ATSIPL	NOVOMATIC Technologies Poland S.A., Poland	ATTPL / NAG	51.22% / 48.78%	51.22% / 48.78%
ATTPL	ATT S.A., Poland	NAG	100.00%	100.00%
AUSPDE	Automaten Service Playtime GmbH, Germany	EXTDE	100.00%	100.00%
AUSUES	Automaticos Surmatic S.L., Spain	ADGMES	60.00%	60.00%
AWPDNL	Eurocoin Interactive B.V., Netherlands	JVHPNL	100.00%	100.00%
AZARLT	Azarto Technika UAB, Lithuania	NAG	80.00%	80.00%
BAGAES	Basque Gaming S.L., Spain	ADGMES	51.00%	51.00%
BEAMT	Beatya Online Entertainment p.l.c, Malta	GTA	100.00%	100.00%
BEKUDE	BeKu Automaten & Gastronomie Service GmbH, Germany	EXTDE	100.00%	100.00%
BEMARO	Bet Master SRL, Romania	NOVORO / NMIIAT	99.89% / 0.11%	99.89% / 0.11%

IC-Code	Company, domicile	Superordinate company	Group share	Direct share
BIERNL	Biermann's Bingo B.V., Netherlands	CAHONL	100.00%	100.00%
BLUECA	Bluebat Games Inc., Canada	GTCACA	100.00%	100.00%
BPAFDE	BPA Freizeit- & Unterhaltungsbetriebe GmbH, Germany	EXTDE	100.00%	100.00%
BRONDE	BRONCO Automaten Immobilien und Gaststätten GmbH, Germany	ALPDE	100.00%	100.00%
CAAPNL	Casino Admiral Appelscha B.V., Netherlands	CAHONL	100.00%	100.00%
CAH3NL	Casino Admiral Holland III B.V., Netherlands	CAHONL	100.00%	100.00%
CAHONL	Casino Admiral Holland B.V., Netherlands	JVHPNL	100.00%	100.00%
CAMADE	Casino Macau GmbH, Germany	WGVEDE	100.00%	100.00%
CANONL	Casino Admiral Noordwijk B.V., Netherlands	CAHONL	100.00%	100.00%
CARODE	Casino Royal GmbH, Germany	NAG	100.00%	100.00%
CAS1DE	Casino Deluxe Beteiligungsgesellschaft mbH I, Germany	BPAFDE	100.00%	100.00%
CAS3DE	Casino Deluxe Beteiligungsgesellschaft mbH III, Germany	BPAFDE	100.00%	100.00%
CASINL	Casino Sevens Simpelveld B.V., Netherlands	SUGANL	100.00%	100.00%
CASKDE	Casino Entertainment GmbH & Co. KG, Germany	EXTDE	100.00%	100.00%
CASTNL	Casino Admiral Staff B.V., Netherlands	CAHONL	100.00%	100.00%
CAZENL	Casino Admiral Zeeland B.V., Netherlands	JVHPNL	100.00%	100.00%
CITYDE	City Freizeitanlagen GmbH, Germany	EXTDE	100.00%	100.00%
COMEBA	AK COMET d.o.o. Zivinice, Bosnia and Herzegovina	HTLBA	100.00%	100.00%
COMEES	Comercial Txartel S.L., Spain	BAGAES	40.80%	80.00%
COSPDE	Conrad Spielautomaten Gesellschaft mit beschränkter Haftung, Germany	EXTDE	100.00%	100.00%
CROMX	Crown Gaming Mexico S.A. de C.V., Mexico	NAG / NMIIAT	99.99% / 0.01%	99.99% / 0.01%
CROPE	Crown Gaming S.A.C, Peru	NOVOPE	100.00%	100.00%
DOMIDE	Domino-Automaten-Betriebs-GmbH, Germany	EXTDE	100.00%	100.00%
EAGAL	Eagle Investment Sh.a., Albania	NAG	100.00%	100.00%
ELSYIT	Electro System S.p.A., Italy	ADRIT	100.00%	100.00%
ERGAES	Erreka Games S.L., Spain	BAGAES	51.00%	100.00%
ESTRPL	Estrada Polska Sp. z o.o., Poland	NAG	100.00%	100.00%
EUCGNL	Eurocoin Gaming B.V., Netherlands	JVHPNL	100.00%	100.00%
EXTDE	ADMIRAL ENTERTAINMENT GmbH, Germany	NSMLDE	100.00%	100.00%
EZEADE	EZEA GmbH, Germany	EXTDE	100.00%	100.00%
FMASK	Greentube Slovakia s.r.o., Slovakia	FST / GTA	0.38% / 99.62%	0.38% / 99.62%
FST	Funstage GmbH, Austria	GTA	100.00%	100.00%
GALUK	Greentube Alderney Ltd., United Kingdom	GTMT	100.00%	100.00%
GEAUDE	Gelsenautomaten Verwaltungsgesellschaft mbH, Germany	CARODE	100.00%	100.00%
GIGAES	GiGames S.L., Spain	NOGES	100.00%	100.00%
GMAIT	Admiral Gaming Network S.r.l., Italy	ADRIT	100.00%	100.00%
GSM	Giochi San Marino S.p.A., San Marino	NAG	93.00%	93.00%
GTA	Greentube Internet Entertainment Solutions GmbH, Austria	NAG	100.00%	100.00%
GTCACA	Greentube Canada Interactive Entertainment Corp., Canada	GTA	100.00%	100.00%
GTGIGI	Greentube (Gibraltar) Ltd., Gibraltar	GTA	100.00%	100.00%
GTMT	Greentube Malta Ltd., Malta	GTA	100.00%	100.00%

IC-Code	Company, domicile	Superordinate company	Group share	Direct share
GTSEMT	Greentube Malta SEE Limited, Malta	GTMT	100.00%	100.00%
GTUKUK	Greentube UK Ltd., United Kingdom	GTA	100.00%	100.00%
HGVADE	HGV Automatenaufstell- und Spielhallen GmbH, Germany	CARODE	100.00%	100.00%
HISPES	Recreativos Hispajuegos S.L., Spain	ADGMES / SAMAES	24.00% / 27.07%	24.00% / 36.09%
HOCAPE	Hotel Carrera S.A.C., Peru	INKEPE	100.00%	100.00%
HPABDE	HP Automatenbetriebs GmbH, Germany	EXTDE	100.00%	100.00%
HTBLBA	RSA Gaming d.o.o., Bosnia and Herzegovina	NOVOBA	100.00%	100.00%
HTLBA	HTL d.o.o. Sarajevo, Bosnia and Herzegovina	NAG	100.00%	100.00%
HTLMK	HTL Makedonija DOOEL, Macedonia	NAG	100.00%	100.00%
HTLUA	HTL Ukraine TOV, Ukraine	NAG	100.00%	100.00%
HTM	HTM Hotel und Tourismus Management GmbH, Austria	NAG	100.00%	100.00%
IDEADE	Ideal Entertainment GmbH, Germany	NWCKDE	100.00%	100.00%
IGROUA	IgroTech-Import TOV, Ukraine	AZARLT	80.00%	100.00%
IKGDE	Novo Immobilien GmbH, Germany	NAG	100.00%	100.00%
INKEPE	Inversiones Kerala S.A.C., Peru	CROPE	100.00%	100.00%
INT7ES	Interseven Gaming Team S.L., Spain	GIGAES / NOGES	50.00% / 50.00%	50.00% / 50.00%
INTRO	Intertop Leisure SRL, Romania	NOVORO / NMIIAT	99.98% / 0.02%	99.98% / 0.02%
ISPAIT	Admiral Pay Istituto di Pagamento S.r.l., Italy	ADRIT	100.00%	100.00%
IVGDE	Novo Immobilien Verwaltungsgesellschaft mbH, Germany	IKGDE	100.00%	100.00%
JANOES	Juegos Automaticos Nacidos para el Ocio S.L., Spain	SAMAES	60.00%	80.00%
JVHENL	NOVOMATIC Exploitatie NL II B.V., Netherlands	JVHPNL	100.00%	100.00%
JVHMNL	NOVOMATIC Development NL B.V., Netherlands	JVHPNL	100.00%	100.00%
JVHPNL	NOVOMATIC Services NL B.V., Netherlands	NOVONL	100.00%	100.00%
KOENDE	Königstrasse Spielstätten und Automaten UG (haftungsbeschränkt), Germany	EXTDE	100.00%	100.00%
KSBKDE	Kurhessische Spielbank Kassel/Bad Wildungen GmbH & Co. KG, Germany	SBNKDE	100.00%	100.00%
LOONNL	NOVOMATIC Exploitatie NL III B.V., Netherlands	JVHPNL	100.00%	100.00%
LORZNL	Recreatieprojecten Zeeland B.V., Netherlands	CAZENL	100.00%	100.00%
LOTAAL	Lotaria Kombetare Sh.p.k., Albania	ALLOAT	100.00%	100.00%
LUXLUK	Luxury Leisure Ultd., United Kindom	ASCGUK	100.00%	100.00%
LWAUDE	ADMIRAL Spielhalle Wolfsburg GmbH, Germany	EXTDE	100.00%	100.00%
MAGMK	MA Gaming DOOEL, Macedonia	HTLMK	100.00%	100.00%
MAKOMK	Makoten DOOEL, Macedonia	NAG	100.00%	100.00%
MASTMK	Masterbet DOOEL, Macedonia	HTLMK	100.00%	100.00%
MIBECS	Millennium Bet d.o.o., Serbia	NOVOCS	100.00%	100.00%
MILLIT	Admiral Sport S.r.l., Italy	ADRIT	100.00%	100.00%
MOISDE	Moislinger Spielstätten Automaten UG (haftungsbeschränkt), Germany	EXTDE	100.00%	100.00%
MUEHDE	Mühlenstraße Spielstätten und Automaten UG (haftungsbeschränkt), Germany	EXTDE	100.00%	100.00%
NAG	NOVOMATIC AG, Austria	NIG	89.96%	89.96%
NAHUS	NOVOMATIC Americas Holdings Inc., USA	NAG	100.00%	100.00%
NAINUS	NOVOMATIC Americas Investments Inc., USA	NAHUS	100.00%	100.00%
NASUS	NOVOMATIC Americas Sales LLC, USA	NAHUS / NAINUS	99.00% / 1.00%	99.00% / 1.00%

IC-Code	Company, domicile	Superordinate company	Group share	Direct share
NDSKDE	NOVO Data Solutions GmbH & Co. KG, Germany	NSMLDE	75.00%	75.00%
NEE	Novoloto OÜ, Estonia	ADMILV	60.00%	100.00%
NEULDE	Neulin GmbH, Germany	HGVADE	100.00%	100.00%
NEWTUK	Brian Newton Leisure Ltd., United Kingdom	LUXLUK	100.00%	100.00%
NGEXNL	NOVOMATIC Exploitatie NL I B.V., Netherlands	JVHPNL	100.00%	100.00%
NGMTAT	Novo Gaming M Technologies GmbH, Austria	NAG	100.00%	100.00%
NHCLL	Novomatic Holdings Chile Ltda., Chile	NICCL	100.00%	100.00%
NICCL	Novomatic Investment Chile S.A., Chile	NAG	100.00%	100.00%
NLAHES	Novomatic LatAm Holding S.L., Spain	NAG	100.00%	100.00%
NMIIAT	NMI Invest GmbH, Austria	NAG	100.00%	100.00%
NMN	NMN Immo GmbH, Austria	NAG	100.00%	100.00%
NOGES	NOVOMATIC Gaming Spain S.A., Spain	NAG	100.00%	100.00%
NORERO	Norebo SRL, Romania	INTRO	99.98%	100.00%
NOSES	NOVOMATIC Services Spain S.L.U., Spain	NOGES	100.00%	100.00%
NOVGUK	Novomatic Gaming UK Ltd., United Kingdom	ASTUK	100.00%	100.00%
NOVOBA	NOVO RS d.o.o., Bosnia and Herzegovina	NAG	100.00%	100.00%
NOVOBG	Novo Investment Bulgaria EOOD, Bulgaria	NAG	100.00%	100.00%
NOVOCL	Novochile Ltda., Chile	NAG / NMIIAT	99.00% / 1.00%	99.00% / 1.00%
NOVOC	Novo Investment d.o.o., Serbia	NAG	100.00%	100.00%
NOVOLT	Novogaming Vilnius UAB, Lithuania	NAG	80.00%	80.00%
NOVOMD	NOVO INVESTMENT MLD S.R.L., Moldavia	NGMTAT	100.00%	100.00%
NOVONL	NOVOMATIC Netherlands B.V., Netherlands	NAG	100.00%	100.00%
NOVOPA	Novo Panama S. de R.L., Panama	NLAHES / NMIIAT	99.90% / 0.10%	99.90% / 0.10%
NOVOPE	NOVOMATIC Perú S.A.C., Peru	NAG / NMIIAT	99.99% / 0.01%	99.99% / 0.01%
NOVORO	Novo Investment RO SRL, Romania	NAG / NMIIAT	99.80% / 0.20%	99.80% / 0.20%
NSMLDE	LÖWEN ENTERTAINMENT GmbH, Germany	NAG	100.00%	100.00%
NVLTAT	Novo VLTech GmbH, Austria	NAG	100.00%	100.00%
NVLTRO	Novo VLTech Solutions SRL, Romania	NAG / NVLTAT	0.01% / 99.99%	0.01% / 99.99%
NWCKDE	NWC NORD WEST CASINO GmbH, Germany	EXTDE	100.00%	100.00%
OLACO	NOVOMATIC Gaming Colombia S.A.S., Columbia	NAG	100.00%	100.00%
PLAAT	Platogo Interactive Entertainment GmbH, Austria	GTA	100.00%	100.00%
PLANBY	Planeta IGR PUE, Belarus	AZARLT	80.00%	100.00%
PLAYDE	Play-Point Spielhallen- und Automatenbetriebs-gesellschaft m.b.H., Germany	EXTDE	100.00%	100.00%
QUEEUK	Queensgate Leisure (Bradford) Ltd., United Kingdom	LUXLUK	100.00%	100.00%
RALLUK	RAL Ltd., United Kingdom	TALAUK	100.00%	100.00%
RECRES	Recreativos del Este S.L., Spain	ADGMES	60.00%	60.00%
REDDDE	Red Devil Spielothek GmbH, Germany	EXTDE	100.00%	100.00%
RIVUNL	Rio Vught B.V., Netherlands	CAHONL	100.00%	100.00%
SALLUK	S.A.L Leisure Ltd., United Kingdom	ASCGUK	100.00%	100.00%
SAMAES	Salones Macao S.L., Spain	ADGMES	75.00%	75.00%
SBBKDE	Spielbank Berlin GmbH & Co. KG, Germany	SBNKDE	60.00%	60.00%
SBEKDE	Spielbank Berlin Entertainment GmbH & Co.KG, Germany	NAG	60.00%	60.00%
SBMKDE	Spielbanken MV GmbH & Co. KG, Germany	SBNKDE	100.00%	100.00%
SLENDE	Spie lounge Entertainment GmbH, Germany	EXTDE	100.00%	100.00%

IC-Code	Company, domicile	Superordinate company	Group share	Direct share
SBNKDE	NOVOMATIC Spielbanken Holding Deutschland GmbH & Co. KG, Germany	NAG	100.00%	100.00%
SBPRU	Octavian SPb OOO, Russia	NAG	100.00%	100.00%
SPGEDE	Spieloose GeBo GmbH & Co. KG, Germany	CARODE	100.00%	100.00%
SPHEDE	Spieloose Herne GmbH, Germany	CARODE	100.00%	100.00%
SPREDE	Spieloose Relax Automatenaufstellungs- und Vertriebs – GmbH, Germany	CARODE	100.00%	100.00%
SPTRDE	Spieloose TRIO – Automatenaufstellungs- und Vertriebs-GmbH, Germany	CARODE	100.00%	100.00%
SPVEDE	Spielinsel Vermietungs GmbH, Germany	BRONDE	100.00%	100.00%
SUGANL	Super Game B.V., Netherlands	CAHONL	100.00%	100.00%
TALAUK	Talarius Ltd., United Kingdom	ASTUK	100.00%	100.00%
TAXILT	Taxillus UAB, Lithuania	AZARLT	80.00%	100.00%
TOPANL	Speelautomatenexploitatie Topa BV, Netherlands	CAHONL	100.00%	100.00%
TURHDE	Turhan Spielsalon GmbH, Germany	EXTDE	100.00%	100.00%
UGIRU	United Gaming Industries OOO, Russia	NAG /NMIAT	99.99% / 0.01%	99.99% / 0.01%
VERAES	Verajuegos S.L., Spain	ADGMES / SAMAES	24.00% / 27.04%	24.00% / 36.05%
VGSBDE	VGS Betriebsgesellschaft mbH, Germany	CARODE	100.00%	100.00%
VIDDE	Casino Deluxe Beteiligungsgesellschaft mbH IV, Germany	BPAFDE	100.00%	100.00%
VILLBG	Villox Group EOOD, Bulgaria	NOVOBG	100.00%	100.00%
VSGALT	VSGA UAB, Lithuania	AZARLT	80.00%	100.00%
WETTRO	Wettpunkt International SRL, Romania	NOVORO	100.00%	100.00%
WGVEDE	WGV Entertainment GmbH, Germany	CARODE	100.00%	100.00%
ZSCADE	ZS Casino Emsland GmbH, Germany	EXTDE	100.00%	100.00%

#### Non-Consolidated Affiliated Companies

IC-Code	Company, domicile	Superordinate company	Group share	Direct share
ABZOGR	AbZorba Games I.K.E., Greece	GTA	100.00%	100.00%
ADMIRO	ADMIRAL ONLINE SRL, Romania	NMI / NOVORO	1.00% / 99.00%	100.00%
BAGYHU	Admiral Hungaria Kft., Hungary	AGIHU	100.00%	100.00%
BDGABA	BD GAMING d.o.o., Bosnia and Herzegovina	HTBLBA	100.00%	100.00%
BETBMT	BetCave Betting Solutions Ltd., Malta	BETHMT	100.00%	100.00%
BETHMT	BetMen Holding Ltd., Malta	ASW	100.00%	100.00%
BETOMT	BetMen Operations Ltd, Malta	BETHMT	100.00%	100.00%
BLUHMT	Bluebet Holding Ltd., Malta	ASWDE	100.00%	100.00%
BLUOMT	Blubet Operations Ltd.,Malta	BLUOMT	100.00%	100.00%
CAH2NL	Casino Admiral Holland II B.V., Netherlands	CAHONL	100.00%	100.00%
CAH4NL	Casino Admiral Holland IV B.V., Netherlands	CAHONL	100.00%	100.00%
CAH5NL	Casino Admiral Holland V B.V., Netherlands	CAHONL	100.00%	100.00%
CAH6NL	Casino Admiral Holland VI B.V., Netherlands	CAHONL	100.00%	100.00%
CASVDE	Casino Entertainment Verwaltungs-GmbH, Germany	EXTDE	100.00%	100.00%
CELIAT	celix Solutions GmbH, Austria	NAG	80.00%	80.00%



IC-Code	Company, domicile	Superordinate company	Group share	Direct share
CPASPH	CP Asian Solutions Corp., Philippines	ASTUK	51.00%	51.00%
CRVBA	CRVENO-CRNO d.o.o. Mostar, Bosnia and Herzegovina	HTLBA	100.00%	100.00%
GIPDE	NOVOMATIC Spielbanken Holding Deutschland Verwaltungs GmbH, Germany	SBNKDE	100.00%	100.00%
GTUSUS	Greentube USA LLC, USA	GTA	100.00%	100.00%
INLOLB	Interlog SAL i. L., Lebanon	INTLB	95.00%	100.00%
INTLB	Interinvest Holding SAL i. L., Lebanon	NAG	95.00%	95.00%
KSBDE	Kurhessische Spielbank Kassel/Bad Wildungen Verwaltungs GmbH, Germany	SIMKDE	100.00%	100.00%
NDSVDE	NOVO Data Solutions Verwaltungs GmbH, Germany	NDSKDE	100.00%	100.00%
NOBEPL	NOVOBET.PL Sp. z o.o., Poland	ATTPL	100.00%	100.00%
NOINPL	NOVO Investment PL Sp. z o.o., Poland	ATTPL	100.00%	100.00%
NOLOLT	Novoloto Vilnius UAB, Lithuania	AZARLT	80.00%	100.00%
NORDDE	Norddeutsche Spielbanken GmbH i. L., Germany	NAG	100.00%	100.00%
NOVOHN	Novo Gaming Honduras S. de R.L. de C.V. i. L., Honduras	NLAHES / HTM	99.95% / 0.05%	99.95% / 0.05%
NOVOTZ	NOVOMATIC TANZANIA Ltd., Tanzania	NAG	100.00%	100.00%
NOVOZA	NOVOMATIC South Africa (Pty) Ltd., South Africa	AGISA	100.00%	100.00%
NSBSAT	NOVOMATIC Sports Betting Solutions GmbH, Austria	NAG	100.00%	100.00%
NTSCS	NOVOMATIC TECHNOLOGIES RS d.o.o. Beograd, Serbia	NAG	100.00%	100.00%
SBBVDE	Spielbank Berlin Verwaltungs GmbH, Germany	SBBKDE	59.50%	100.00%
SBEVDE	Spielbank Berlin Entertainment Verwaltungs-GmbH, Germany	SBEKDE	60.00%	100.00%
SBMVDE	Spielbanken MV Verwaltungs-GmbH, Germany	SBMKDE	100.00%	100.00%
SIMDE	SIM Spielbanken Investitions- und Management GmbH i. L., Germany	NAG	100.00%	100.00%
TECHAT	Technoconsult, technisches Büro, Gesellschaft m.b.H., Austria	SBPRU	100.00%	100.00%

In addition, the Group holds the majority of shares in another non-consolidated affiliated company.

#### Companies Consolidated Using the Equity Method

IC-Code	Company, domicile	Superordinate company	Group share	Direct share
PRAGA	Pratergarage Errichtungs- und Betriebsges. m.b.H., Austria	NAG	47.50%	47.50%
SMABDE	Spielbank Mainz Beteiligungs-GmbH, Germany	SBNKDE	33.00%	33.00%
SMAKDE	Spielbank Mainz GmbH & Co. KG, Germany	SBNKDE	33.00%	33.00%

### Exemption from disclosure for Group companies

The following German companies are included in NOVOMATIC AG's Consolidated Financial Statement as per IFRS as fully consolidated companies and avail themselves of the possibility of exemption from a disclosure of their financial statements as of December 31, 2020, as granted under Sec. 264 para 3 and Sec. 264 b of the German Commercial Code (HGB):

- LÖWEN ENTERTAINMENT GmbH, Bingen
- ADMIRAL ENTERTAINMENT GmbH, Pfullendorf
- ADMIRAL Play GmbH, Düsseldorf
- ADMIRAL Spielhalle Wolfsburg GmbH, Pfullendorf
- Automaten Service Playtime GmbH, Pfullendorf
- Beku Automaten & Gastronomie Service GmbH, Pfullendorf
- BPA Freizeit- & Unterhaltungsbetriebe GmbH, Pfullendorf
- BRONCO Automaten Immobilien und Gaststätten GmbH, Pfullendorf
- Casino Deluxe Beteiligungsgesellschaft mbH I, Pfullendorf
- Casino Deluxe Beteiligungsgesellschaft mbH III, Pfullendorf
- Casino Deluxe Beteiligungsgesellschaft mbH IV, Pfullendorf
- Casino Entertainment GmbH & Co. KG, Pfullendorf
- Casino Macau GmbH, Pfullendorf
- Casino Royal GmbH, Pfullendorf
- City Freizeitanlagen GmbH, Pfullendorf
- Conrad Spielautomaten GmbH, Pfullendorf
- Domino-Automaten-Betriebs-GmbH, Pfullendorf
- EZEА GmbH, Pfullendorf
- Gelsenautomaten Verwaltungsgesellschaft mbH, Pfullendorf
- HGV Automatenaufstell- und Spielhallen GmbH, Pfullendorf
- HP Automatenbetriebs GmbH, Pfullendorf
- Ideal Entertainment GmbH, Pfullendorf
- Königstrasse Spielstätten und Automaten UG, Pfullendorf
- Moislinger Spielstätten und Automaten UG, Pfullendorf
- Mühlenstrasse Spielstätten und Automaten UG, Pfullendorf
- Neulin GmbH, Pfullendorf
- Novo Immobilien GmbH, Bingen
- Novo Immobilien Verwaltungsgesellschaft mbH, Bingen
- NOVO Data Solutions GmbH & Co. KG, Bingen
- NOVO INTERACTIVE GmbH, Rellingen (until January 13, 2021: ADMIRAL Sportwetten GmbH)
- NWC Nord West Casino GmbH, Pfullendorf
- Play-Point Spielhallen- u. Automatenbetriebsges.m.b.H., Pfullendorf
- Red Devil Spielothek GmbH, Pfullendorf
- Spielinsel Vermietungs GmbH, Pfullendorf
- Spiellounge Entertainment GmbH, Pfullendorf
- Spieloase GeBo GmbH & Co. KG, Pfullendorf
- Spieloase Herne GmbH, Pfullendorf
- Spieloase Relax Automatenaufstellungs- und Vertriebs-GmbH, Pfullendorf
- Spieloase TRIO – Automatenaufstellungs- und Vertriebs-GmbH, Pfullendorf
- Turhan Spielsalon GmbH, Pfullendorf
- VGS Betriebsgesellschaft mbH, Pfullendorf
- WGV Entertainment GmbH, Pfullendorf
- ZS Casino Emsland GmbH, Pfullendorf

## (14) Subsequent Events After the Balance Sheet Date

In January 2021, the acquisition of 70 percent of the shares in ZBET RS d.o.o., the closing of which was subject to the necessary formal approval requirements of the supervisory and competition authorities, was completed. Together with its subsidiary, the acquired company operates 150 betting shops and 3 slot arcades in Serbia and complements the Group's existing activities in this market. The agreed purchase price amounts to EUR 20.9 million.

The purchase price allocation in accordance with IFRS 3 had not yet been completed as at the reporting date, with the result that the following information is based on preliminary figures.

EUR m	preliminary fair values
Property, plant and equipment	5.8
Inventories	0.1
Cash and cash equivalents	0.8
Other current assets	0.6
Current liabilities and provisions	-1.6
<b>Net assets</b>	<b>5.6</b>

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, as well as the determination of goodwill to be capitalized, has also not yet been completed. Based on a preliminary assessment, goodwill will not be tax-deductible.

Due to the COVID-19 pandemic, which has been ongoing since March 2020, and the resulting decline in earnings, an amendment of the financial ratio of net debt to EBITDA was agreed with investors until June 29, 2022 as part of NOVOMATIC AG's main financing agreements. Various economic consequences are linked to these financial indicators, from interest rates to the lender's termination rights. As part of this financing, a maximum amount of 7x was agreed for the net debt/EBITDA financial indicator for the test dates of December 31, 2020, June 30, 2021, and December 31, 2021, and the need for the indicator to be fulfilled at any time between the test dates was completely suspended. The equity ratio was left unchanged at a minimum of 15 percent. Every investor has given their consent to the required changes in the contract, resulting in a 100 percent consent rate.

In March 2021, a bilateral non-revolving EUR 100.0 million credit line with a term of 1 year was concluded.

The year 2021 will also be characterized by further lockdowns and restrictive measures to contain the spread of the COVID-19 pandemic in numerous core regions. In particular, new mutations of COVID-19 lead to a course that is difficult to predict, which is why the measures mentioned are gradually being extended by the respective national governments. This development leads to the regular re-evaluation of state subsidies and grants, the amount and timing of which is difficult to estimate in some countries. In order to counteract the negative COVID-19 effects, measures to optimize costs and increase efficiency will also be implemented throughout the Group in 2021. A positive development is the increasing availability of vaccines, which reduce the number of new infections and weaken the course of the disease. This increases the expectation that lockdowns can be ended in the foreseeable future and that the framework conditions will continue to normalize. The COVID-19 pandemic therefore continues to have an impact on the Group's net assets, financial position and results of operations.

## (15) Company Bodies of NOVOMATIC AG

The following members of the Executive Board of NOVOMATIC AG were appointed for the 2020 fiscal year and beyond:

Ryszard Presch (Executive Board)  
Johannes Gratzl (Executive Board)  
Harald Neumann (CEO until February 29, 2020)

In the 2020 fiscal year and during the time of preparation of this report, the Supervisory Board of NOVOMATIC AG consisted of the following members:

Dr. Bernd Oswald (Chairman)  
Martina Flitsch (Deputy Chairwoman)  
Dr. Robert Hofians (Member)

The current total remuneration of the members of the Executive Board of NOVOMATIC AG amounted to EUR 1.2 million (previous year: EUR 3.1 million). Remuneration of EUR 4.0 million to former members of the Executive Board was recognized as an expense. The Executive Board accounted for EUR 0.0 million (previous year: EUR -4.1 million) of the expenses for severance payments and pensions. No advances or contingencies were granted to members of the Executive Board in the 2020 fiscal year. The members of the Supervisory Board received EUR 0.3 million (previous year: EUR 0.3 million) for their work.

## (16) Publication

The present Consolidated Financial Statement was released on March 24, 2021 by the Executive Board for examination by the Supervisory Board, for presentation at the general shareholders' meeting, and for subsequent publication.

Gumpoldskirchen, March 24, 2021

The Executive Board of NOVOMATIC AG



Ryszard Presch

Member of the Executive Board



Johannes Gratzl

Member of the Executive Board

## Statement by the Executive Board

We confirm that to the best of our knowledge, the consolidated financial statement of NOVOMATIC AG as of December 31, 2020, gives 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 as of December 31, 2020, 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.

We confirm that to the best of our knowledge, the annual financial statement of NOVOMATIC AG as of December 31, 2020, gives a true and fair view of the net assets, financial position and results of operations of the company as required by the Austrian Commercial Code (UGB), and that the management report as of December 31, 2020, gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties which the company faces.

Gumpoldskirchen, March 24, 2021

The Executive Board of NOVOMATIC AG



Ryszard Presch

Member of the Executive Board



Johannes Gratzl

Member of the Executive Board

# NOVOMATIC AG

# AUDITOR'S REPORT

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of NOVOMATIC AG, Gumpoldskirchen, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of profit and loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements comply with legal requirements and give a true and fair view of the consolidated financial position of the Group as at December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the additional requirements under section 245a UGB.

### Basis for Opinion

We conducted our audit in accordance with Regulation (EU) No. 537/2014 and with the Austrian Generally Accepted Auditing Standards. Those standards require the application of the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with laws and regulations applicable in Austria, and we have fulfilled our other professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained up to the date of our report is sufficient and appropriate to provide a basis for our opinion as of that date.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following matters were of most significance to our audit:

1. Valuation of Assets – Gaming Technology – Ainsworth
2. Subsequent events – amendment to major financing agreements

## 1. Valuation of Assets – Gaming Technology – Ainsworth

### Description and Issue

In 2018 approx. 52% of Ainsworth Game Technology Limited (“Ainsworth”) were acquired. As a result of the negative economic developments the forecasts had to be revised and significant impairments were recognized in prior years. In the course of the COVID-19 pandemic, Ainsworth's Latin American business deteriorated, resulting in additional impairments of EUR 21.6 million. For further information, reference is made to “(7.4) Impairments and Reversals of Impairments” in the notes of the consolidated financial statements. The underlying forecasts are, amongst other, based on estimates of the effects of these changes and are therefore subject to uncertainties. Due to that fact and the significance of Ainsworth's assets in the consolidated financial statements we identified this position as a key matter for our audit.

### Our Response

We evaluated the forecasts included in the valuation model and the estimates made by the legal representatives. The audit procedures primarily included the analytical review of the estimated development of significant elements of the forecasts, such as the forecasted revenue and earnings development or the working capital development, the inquiry of those responsible for investment controlling on the plausibility of the estimates and assumptions made, the assessment of the forecast accuracy by comparing the results with estimates in previous years and reconciling the forecasts with the group planning presented to the Supervisory Board.

We have also tested the calculation model used. We checked the plausibility of the discount rates applied using ranges calculated by ourselves.

## 2. Subsequent events – amendment to major financing agreements

### Description and Issue

Due to the decline in earnings associated with the COVID-19 pandemic, NOVOMATIC AG negotiated an amendment to the financial covenants contained in these contracts with various lenders of existing major financing agreements. Various economic consequences are linked to these financial covenants, ranging from interest terms to lender's termination rights. The adjusted financial covenants were contractually agreed in February and March 2021. For further information we refer to chapter “(14) Subsequent Events After the Balance Sheet Date” included in the notes. Compliance with these financial covenants is of particular importance for maintaining the financing of NOVOMATIC AG and its subsidiaries. For this reason, we have determined this fact as a key audit matter for our audit.

### Our response

We have reconciled the amended financial covenants with the contractual documents. We reviewed the forecast and scenario analysis applying the amended financial covenants for 2021, inquired with responsible Company officials the plausibility of the assumptions included in the forecast and scenario analysis, and considered the results in our audit procedures regarding the going concern assumption.

### Other Information

Management is responsible for the other information. The other information comprises all information in the consolidated non-financial report, which we obtained prior to the date of this auditor's report, as well as the in the annual report but does not include the financial statements and the consolidated financial statements, the management report and the consolidated management report and our auditor's report on the financial statements and the consolidated financial statements thereon. The annual report is expected to be made available to us after the date of the auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. With respect to the information in the consolidated management report we refer to the section "Report on the Audit of the Consolidated Management Report".

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements**

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, the additional requirements under section 245a UGB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Regulation (EU) No 537/2014 and with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Regulation (EU) No 537/2014 and with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit.



We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the Audit of the Consolidated Management Report

Pursuant to statutory provisions, the consolidated management report is to be audited as to whether it is consistent with the consolidated financial statements and whether it has been prepared in accordance with the applicable legal requirements.

Management is responsible for the preparation of the consolidated management report in accordance with the Austrian Commercial Code.

We conducted our audit in accordance with laws and regulations applicable with respect to the consolidated management report.

## Opinion

In our opinion, the consolidated management report is prepared in accordance with the applicable legal requirements, includes appropriate disclosures according to section 243a UGB and is consistent with the consolidated financial statements.

## Statement

In the light of the knowledge and understanding of the Group and its environment obtained in the course of our audit of the consolidated financial statements, we have not identified material misstatements in the consolidated management report.

## Other Matters which we are required to address according to Article 10 of Regulation (EU) No 537/2014

We were appointed as auditors by the annual general meeting on March 24, 2020 and commissioned by the supervisory board on September 21, 2020 to audit the consolidated financial statements for the financial year ending December 31, 2020. We have been auditing the Group uninterrupted since the financial year ending December 31, 2004.

We confirm that our opinion expressed in the section "Report on the Audit of the Consolidated Financial Statements" is consistent with the additional report to the audit committee referred to in Article 11 of Regulation (EU) No 537/2014.

We declare that we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 and that we remained independent of the Group in conducting the audit.

Vienna

March 24, 2021

Deloitte Audit Wirtschaftsprüfungs GmbH

**Mag. Walter Müller**

Certified Public Accountant (Austria)

This report is a translation of the long-form audit report according to section 273 of the Austrian Commercial Code (UGB). The translation is presented for the convenience of the reader only. The German wording of the long-form audit report is solely valid and is the only legally binding version. Section 281(2) UGB applies.

The consolidated financial statements and our auditor's report may be published or transmitted together only if the consolidated financial statements and the consolidated management report are identical with the confirmed version. Section 281 para 2 Austrian Commercial Code applies to versions that differ.

# SUPERVISORY BOARD REPORT OF NOVOMATIC AG

for the Fiscal Year 2020



The Supervisory Board held seven meetings during the 2020 fiscal year in which the Executive Board reported on business policy, and the Supervisory Board discussed, in detail, business developments and the position of the company, including all material Group companies. In addition, the Supervisory Board auditing committee received reports from the Executive Board and the auditor in seven meetings. The Supervisory Board also received reports in three meetings, as part of its CR Committee, regarding the company's non-financial activities.

The annual and consolidated financial statements as at December 31, 2020 and the Executive Board management report have been examined with the involvement of accounting by Deloitte Audit Wirtschaftsprüfungs GmbH, who were appointed as auditor by the Annual General Meeting and who have issued an unqualified audit opinion.

The examination of the annual and consolidated financial statements by the Supervisory Board did not give rise to any objections. The Supervisory Board agrees with the proposal of the Executive Board regarding the use of the net profits from 2020. The annual financial statements drawn up by the Executive Board were approved by the Supervisory Board and hence adopted in accordance with the Austrian Stock Corporation Act (AktG).

The legal representatives of the company have also issued a special consolidated non-financial report that was checked by the Supervisory Board. No complaints were noted. The auditor provided a report regarding the voluntary audit of the disclosure of the information required by sections 243b and 267a of the Austrian Commercial Code (UGB) (Sustainability and Diversity Improvement Act, NaDiVeG) and of the GRI standards, core option, in the (consolidated) non-financial report for 2020, from which no complaints emerged.

The Supervisory Board acknowledges and thanks the Executive Board and all employees of NOVOMATIC AG's companies for their work during the 2020 fiscal year.

Gumpoldskirchen, March 2021

The Supervisory Board

**Dr. Bernd Oswald**  
(Chairman)



NOVOMATIC  
Individual Financial Statement

# NOVOMATIC AG MANAGEMENT REPORT

for the 2020 Financial Statement, NOVOMATIC AG, Gumpoldskirchen

## (1) Purpose of the Business and Strategy

NOVOMATIC<sup>1</sup> 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 1,900 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 has also established itself as a content provider of games for licensed online and offline suppliers and as an operator 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.

NOVOMATIC AG, as an individual company, assumes key functions in this context: It is first of all a holding company, which is reflected, for example, in the definition and monitoring of Group standards, but also in the centralization of financing and exchange rate issues. In addition, it plays a central role in the development of gaming equipment and content by its own development departments as well as by controlling the development centers distributed around the world, and holds the majority of the intellectual property rights of the NOVOMATIC AG Group. In addition, it has a major involvement in production through its own capacities, but also through the integration of other production companies in the Group and the purchase of supplies and services from third parties and related parties. In addition, it is the owner of significant parts of the Group's property portfolio in Austria.

## (2) Economic Conditions

### Macroeconomic Development

Macroeconomic development in 2020 is overshadowed by the COVID-19 pandemic that broke out in the first quarter of the year. The various different measures taken by many countries to combat the spread of the virus, such as curfews or temporarily closing business premises, resulted in a projected decline in global gross domestic product (GDP) of -3.5 percent for 2020<sup>2</sup> – more severe than during the 2008/2009 global financial crisis.

<sup>1</sup> 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.

<sup>2</sup> According to the World Economic Outlook Update of January 2021 provided by the International Monetary Fund (IMF)

Economic growth in %*	2021f	2020	2019
Austria	4.1	-7.1	1.4
Germany	3.5	-5.6	0.6
Italy	4.1	-9.9	0.3
United Kingdom	3.3	-10.3	1.3
Spain	5.4	-12.4	2.0
The Netherlands	2.2	-5.3	1.7
Central and Eastern Europe	4.0	-2.8	2.2
USA	5.1	-3.4	2.2
Latin America	4.1	-7.4	0.2

\* Growth in Austria, Germany, Italy, Great Britain, Spain and the Netherlands are taken from the forecast of the European Union. Growth in Central and Eastern Europe, the USA and Latin America are taken from the International Monetary Fund's World Economic Outlook January 2021 Update.

Economic output in the eurozone is expected to drop by 7.2 percent in 2020, while outside the eurozone, only the United Kingdom shows a higher projected decline of 10.3 percent among the countries and country groups examined here.

According to the European Commission, Austria's economic output in 2020 is expected to have declined by 7.1 percent, due mainly to the lack of private consumption (-7.2 percent), exports (-11.5 percent) and investments (-6.0 percent).

In Germany, NOVOMATIC's strongest market in terms of sales, forecasts show that the COVID-19 pandemic also caused exports to fall (-9.7 percent), due in particular to interrupted supply chains and lower private consumption in the target countries. Private consumption also declined (-7.2 percent). Germany's unemployment rate remained relatively low, however, due to the measures introduced on temporarily reduced working hours. The decline in GDP is expected to be 5.6 percent in 2020.

Italy was particularly affected by the COVID-19 pandemic in the first quarter of 2020, resulting in a projected 9.9 percent decline in economic output, with low levels of private consumption and the lower volume of exports being the main factors here.

Unlike most other large European countries, the UK has a positive trade balance given the fact that its imports are low. Nevertheless, due to the large decline in private and public consumption (-12.6 percent and -6.5 percent, respectively), the UK is forecast to see a 10.3 percent decline in economic output in 2020.

Spain, like Italy, had already been severely affected by the COVID-19 pandemic at the end of the first quarter of 2020 and thus taken extremely restrictive measures to contain the virus, which is why GDP contracted sharply in the first half of the year. Similarly, the lack of private consumption (-14.6 percent) was the biggest factor influencing the decline in Spain's GDP, which is expected to come in at -12.4 percent in 2020.

The Netherlands also faced declining private consumption (-7.1 percent) in 2020 due to the COVID-19 pandemic. Again, this is the biggest driver of the expected 5.3 percent decline in economic output in 2020.

Countries in the Central and Eastern Europe region were affected to varying degrees by the COVID-19 pandemic, yet each market shows a decline in economic output, with the largest decline here being predicted for Montenegro and Croatia. Overall, the IMF experts forecast a decline in economic output of 2.8 percent for the region in 2020.

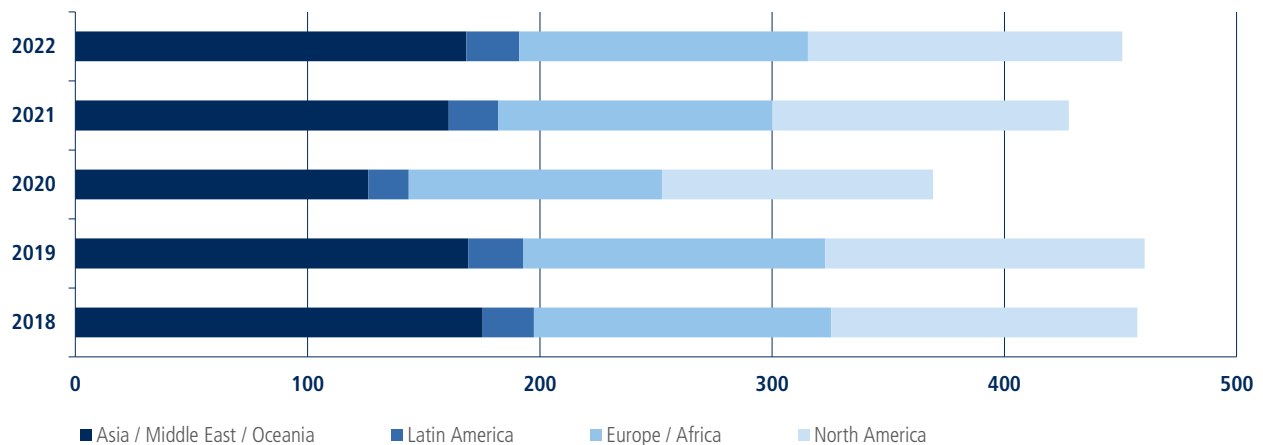
The decline in the USA's GDP is estimated at 3.4 percent in 2020. While furloughs prevented a sharper rise in unemployment during the COVID-19 pandemic, they, along with temporary closures of shops and businesses, caused lower private consumption similar to the European model of temporarily reduced working hours.

In Latin America, several countries were heavily affected by the COVID-19 pandemic in 2020. In particular, the hard-hit tourism sector and the overstretched health system are behind the 7.4 percent decline in economic output as forecast by the IMF.

## Development of the Gaming Market

### WORLDWIDE GAMING REVENUES

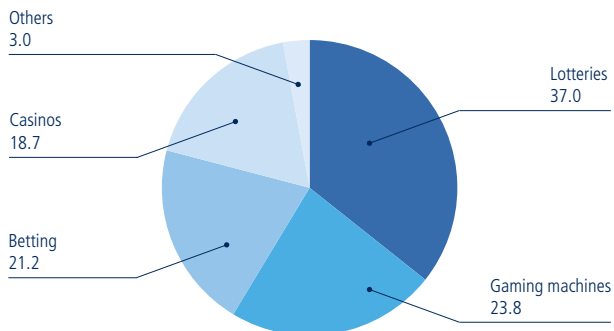
in billion USD (source: GBGC)



The COVID-19 pandemic and the associated restrictions (curfews, social distancing measures, etc.) meant that worldwide gaming revenues fell in 2020 for the first time since 2015, dropping to USD 369.3 billion according to the Global Gambling Report produced by Global Betting and Gaming Consultants (GBGC).<sup>3</sup> This represents a decrease of 19.8 percent over the previous year. The most substantial decline, both in absolute and percentage terms, was recorded in the casino sector, which generated around 30.3 percent less revenue in 2020 than in 2019, a fact attributable to the lack of visitors caused by the aforementioned restrictions. GBGC experts forecast a two-year recovery phase for the gaming market, with revenues of USD 450.8 billion ultimately being generated in 2022. This corresponds to around 97.9 percent of revenues in 2019.

In Europe, NOVOMATIC's most important gaming market, gaming revenues amounted to USD 103.6 billion in 2020, 35.7 percent of which are attributable to the lottery sector, which is the largest sector in Europe with a total revenue of USD 37.0 billion and declined by 6.1 percent over 2019. Gaming machines not located in casinos continue to make up the second-largest sector in Europe, but the revenue generated by them fell by 22.6 percent due to the COVID-19 pandemic. Overall, the European market recorded a 16.1 percent decline in revenue. The experts at GBGC anticipate average growth of around 5.7 percent for the coming years until 2023, although this figure depends heavily on how the COVID-19 pandemic continues to unfold, as well as on regulations in place in the various individual European markets.

<sup>3</sup> According to the Global Gambling Report of the GBGC, August 2020.

**GAMING REVENUES IN EUROPE, USD BILLIONS**

Gaming revenues in the North American gaming market amounted to USD 116.7 billion in 2020, representing a decline of 15.1 percent over 2019. The other gaming (e.g. bingo) and the casino sectors have seen the highest declines in this market, recording drops of 20.9 percent and 19.7 percent, respectively. The North American gaming market is forecast to grow at a median rate of 6.4 percent from 2020 to 2023, driven by the COVID-19 pandemic.

The South American gaming market saw revenue drop by 26.0 percent compared with 2019, resulting in gaming revenues of USD 17.4 billion in 2020. The absence of visitors to the casinos was clearly felt here as well, with casino gross gaming revenues falling by -31.0 percent compared with 2019. Despite a subsequent average annual growth rate of 11.1 percent, the importance of this gaming market remains subordinate to that of the rest of the region. With gaming revenues of USD 17.4 billion in 2020, the market accounts for only 4.7 percent of global gaming revenues.

Global online gaming revenues fell in 2020 for the first time since 2015, mostly due to the canceled sporting events and the resulting lack of betting business, and only reached a value of USD 49.7 billion (-7.7 percent).

**(3) Business Performance****General Business Development in the Reporting Period**

For NOVOMATIC AG, the 2020 fiscal year is overshadowed by the effects of the COVID-19 pandemic. As a result of the measures to contain the spread and the associated temporary closures of gaming facilities in the key core markets of the NOVOMATIC AG Group, the sales volume of gaming devices also fell accordingly. This resulted in a significant decline in revenues by EUR 129.3 million to EUR 231.8 million. Despite a decrease in the revenue-related cost of materials and services by EUR 68.1 million to EUR 154.1 million and lower personnel costs (EUR -13.4 million) as a result of measures according to the COVID-19 pandemic as well as a reduction of EUR 3.2 million in other operating expenses, it was not possible to fully compensate for the revenue loss, as a result of which the operating result fell by EUR 48.6 million to EUR -84.7 million in a year-on-year comparison. The additional decline in the financial result to EUR 94.1 million (EUR -124.7 million) meant that earnings before taxes came to EUR 9.4 million, EUR 173.3 million lower than in the previous year.



## Important Events

In addition to the ongoing global pandemic and the associated measures to optimize costs and improve efficiency, the Group continued on the consolidation course it has set for itself. For example, the sale of shares in Casinos Austria AG was completed on June 26, 2020. In February 2020, 100% of the shares in HTL Montenegro d.o.o. and its subsidiary MNA Gaming d.o.o. were also sold. A majority stake in an Austrian company and its subsidiary, which were mainly in the manufacturing segment, was also sold. In addition, properties in Oberwaltersdorf and Graz were sold. Furthermore, the decision was made in the 2020 fiscal year to sell the NOVOMATIC Forum in Vienna.

Due to the economic effects of the COVID-19 pandemic on the gaming industry and thus also on the demand for gaming equipment, NOVOMATIC AG registered 120 jobs with the Austrian public employment service for the early warning system in accordance with Section 45a of the Labor Market Promotion Act (AMFG) in the 2020 financial year.

Two tranches of a promissory note bond totaling EUR 247.5 million were repaid as agreed in October 2020. EUR 390.0 million of the EUR 1.0 billion revolving credit line had been utilized as at 31 December, 2020.

NOVOMATIC AG is regularly rated by the ratings agency Standard & Poor's (S&P) and consistently held an investment grade rating until June 2019. The rating was last downgraded by one notch from BB+ with a negative outlook to BB with a negative outlook on December 9, 2020, the reasons given for this being the ongoing COVID-19 pandemic and the associated closure of gaming facilities, as well as the evaluation of vaccine availability in 2021.

## EARNINGS POSITION

EUR m	2020	2019
<b>Revenues</b>	<b>231.8</b>	<b>361.2</b>
Changes in inventory	3.0	-3.0
Own work capitalized	2.2	5.1
Other operating income	15.7	26.4
Cost of material and other purchased services	-154.1	-222.1
Personnel costs	-82.7	-96.1
Total other operating expenses	-81.7	-84.9
<b>EBITDA</b>	<b>-65.7</b>	<b>-13.5</b>
<b>EBITDA margin</b>	<b>-28.4%</b>	<b>-3.7%</b>
Depreciation and amortization	-19.0	-22.7
<b>EBIT</b>	<b>-84.7</b>	<b>-36.1</b>
<b>EBIT margin</b>	<b>-36.5%</b>	<b>-10.0%</b>
Financial result	94.1	218.9
Earnings before taxes	9.4	182.7
Income tax	2.0	2.0
<b>Annual profit</b>	<b>11.4</b>	<b>184.8</b>

Key figures on the earnings situation		12/31/2020	12/31/2019
Earnings before taxes	EUR m	9.4	182.7
Minus interest expenses	EUR m	-27.1	-31.8
Earnings before interest and taxes	EUR m	36.5	214.5
Return on equity (earnings before interest and taxes / equity)	[%]	5.3	29.3
Return on sales (earnings before interest and taxes / revenues)	[%]	15.7	59.4
Return on investment (earnings before interest and taxes / total capital)	[%]	1.5	8.6
Turnaround time inventories (inventories x 365 / total operating performance)	[days]	125.5	80.3
Material usage ratio (material usage / production revenue)	[%]	110.7	92.6
Personnel cost ratio (personnel costs / total operating performance)	[%]	32.7	24.7

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. Return on equity is the proportion of earnings before interest and tax to equity. Profit margin corresponds to a proportion of earnings before interest and tax to revenues. Return on total capital is derived from earnings before interest and tax in relation to total capital. The time of turnover is a key figure that indicates the time span in which an item of stock has been turned around once. The material usage ratio puts the cost of materials in a period in relation to the production revenues of the same period. The personnel costs ratio is a business key figure that expresses the ratio of personnel expenses reported in the income statement to total operating performance or sales.

In the 2020 fiscal year, revenues reached EUR 231.8 million, representing a decrease of EUR 129.3 million (-35.8 percent) over the previous year. The ongoing COVID-19 pandemic and the resulting drop in orders had a significant impact on business performance. The largest share of revenues is generated by production revenues of EUR 139.2 million, which fell by EUR 100.8 million (-42.0 percent) in a year-on-year comparison. These comprise EUR 85.8 million from gaming machines (EUR -59.1 million), EUR 43.0 million from construction/conversion kits and spare parts (EUR -31.3 million), EUR 4.6 million from large devices (EUR -6.2 million) and EUR 5.8 million from casino equipment and other merchandise (EUR -4.1 million).

The cost of material and other purchased services decreased by EUR 68.1 million (-30.6 percent) compared with the previous year and amounts to EUR 154.1 million. This decrease is mainly due to lower production revenues. Purchased services include development expenses of EUR 41.7 million. Development expenses decreased by EUR 4.6 million (-9.9 percent) compared with the previous year.

Personnel expenses amounted to EUR 82.7 million and decreased by EUR 13.4 million (-14.0 percent). This decrease results mainly from the COVID-19 pandemic measures. Personnel costs include salary adjustments under collective bargaining agreements as well as voluntary increases. The average number of employees during the fiscal year declined by 40 to 1,197.

Other operating expenses were reduced by EUR 3.2 million to EUR 81.7 million (-3.8 percent). While bad debt allowances of EUR 15.2 million (EUR +5.9 million) and taxes and duties of EUR 4.4 million (EUR +3.6 million) increased, advertising expenses in particular fell by EUR 7.7 million (EUR -7.2 million) due to the absence of costs for the Las Vegas trade fair and a NOVOMATIC advertising medium, support and development expenses of EUR 3.0 million (EUR -1.4 million) due to the lower volume of gaming machines produced, and travel expenses of EUR 0.8 million (EUR -1.7 million) due to the reduction in business travel.

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR -65.7 million compared to EUR -13.5 million in 2019. The EBITDA margin in 2020 was -28.4 percent, 24.7 percentage points below the previous year's level (-3.7 percent). Operating profit (EBIT) came in at EUR -84.7 million, down by around EUR 48.6 million compared to the previous year.

The financial result decreased by EUR 124.7 million in the previous year to EUR 94.1 million (-57.0 percent). As regards income, the financial result comprises income from investments of EUR 152.2 million (EUR -73.2 million), income from securities and loans of EUR 12.6 million (EUR -1.6 million), and other financial income of EUR 30.7 million (EUR +3.7 million). Financial income is offset primarily by expenses from financial assets and securities held as current assets of EUR 74.3 million (EUR -58.3 million). EUR 27.1 million (EUR -4.7 million) in interest and similar expenses is also reported.

Positive earnings before taxes of EUR 9.4 million were generated in the 2020 fiscal year, which corresponds to a decrease of EUR 173.3 million or -94.8 percent compared with the previous year. In addition to the lower operating result (EUR -48.6 million), the decline is attributable to the lower financial result (EUR -124.7 million).

As in the previous year, income taxes in the 2020 financial year include income from tax allocation in the amount of EUR 2.0 million.

Net income came in at EUR 11.4 million, down from EUR 184.8 million in the previous year. This corresponds to a decrease of EUR 173.3 million (-93.8 percent).

## Net Assets

### BALANCE SHEET

#### Condensed Version

EUR m	12/31/2020	12/31/2019
<b>Fixed assets</b>	<b>1,932.9</b>	<b>2,100.3</b>
thereof intangible assets	12.5	11.9
thereof property, plant and equipment	126.6	142.6
thereof financial assets	1,793.8	1,945.9
<b>Current assets</b>	<b>449.4</b>	<b>379.3</b>
thereof inventories	86.9	85.7
thereof receivables and other assets	234.9	237.3
thereof securities and interests	1.0	2.3
thereof cash and cash equivalents	126.6	54.0
<b>Prepaid expenses</b>	<b>5.3</b>	<b>8.9</b>
<b>ASSETS</b>	<b>2,387.7</b>	<b>2,488.5</b>
<b>Equity</b>	<b>693.8</b>	<b>732.3</b>
thereof share capital	26.6	26.6
thereof reserves	303.4	303.4
thereof retained profits/merger result	363.7	402.3
<b>Provisions</b>	<b>41.4</b>	<b>43.7</b>
<b>Liabilities</b>	<b>1,651.4</b>	<b>1,712.3</b>
thereof bonds	700.0	700.0
thereof liabilities due to banks	726.9	795.4
thereof advance payments received	1.3	0.6
thereof trade payables	15.4	13.5
thereof payables to affiliated companies	196.9	191.4
thereof other liabilities	11.0	11.4
<b>Deferred income</b>	<b>1.0</b>	<b>0.1</b>
<b>EQUITY AND LIABILITIES</b>	<b>2,387.7</b>	<b>2,488.5</b>

Key figures on the financial position		12/31/2020	12/31/2019
Asset structure (fixed assets / total assets)	[%]	81.0	84.4
Equity ratio (equity / total capital)	[%]	29.1	29.4
Asset coverage (equity / fixed assets)	[%]	35.9	34.9

The asset structure represents the ratio of fixed assets to total assets. Equity ratio exhibits the portion of equity to total capital. The asset coverage is calculated as the ratio of equity to fixed assets.

Fixed assets decreased from EUR 2,100.3 million in the previous year to EUR 1,932.9 million (EUR -167.4 million), being mainly attributable to the decrease in financial assets (EUR -152.1 million). In addition to disposals of financial assets (EUR -96.8 million – thereof EUR 85.9 million for the sale of the Casinos Austria AG shares), this was mainly due to write-downs on financial assets (EUR

-72.3 million). The decrease in property, plant and equipment of EUR 16.0 million resulted not only from depreciation of EUR 16.4 million but also from disposals of properties (EUR 3.9 million), which was then offset by investments of EUR 5.8 million.

Current assets increased from EUR 379.3 million in the previous year to EUR 449.4 million (EUR +70.1 million). This growth is mainly attributable to the increase in cash and cash equivalents (EUR +72.6 million).

Equity decreased by EUR 38.6 million (-5.3 percent) to EUR 693.8 million during the reporting period. The decrease in equity is mainly due to the lower current result and a dividend payment of EUR 50 million. Equity's share of total capital now amounts to 29.1 percent, compared to 29.4 percent in the previous year.

Provisions decreased from EUR 43.7 million to EUR 41.4 million (EUR -2.3 million). While other tax provisions increased (EUR +3.7 million), provisions for pensions (EUR -4.5 million) were paid out in full in February 2020. Liabilities to affiliated companies rose from EUR 191.4 million to EUR 196.9 million (EUR +5.5 million). This was the result of increased cash pooling liabilities (EUR +44.6 million) and concurrently lower loan liabilities (EUR -37.0 million). Liabilities due to credit institutions declined by EUR 68.5 million to EUR 726.9 million. While a promissory note bond of EUR -247.5 million was repaid and current and non-current banks liabilities (EUR -51.0 million) were reduced in the financial year, the revolving credit line was utilized by a further EUR 230.0 million.

During the past fiscal year, NOVOMATIC AG's balance sheet total fell slightly from EUR 2,488.5 million to EUR 2,387.7 million.

## Financial Position

EUR m	2020	2019
Cash flow from operating activities	73.8	356.0
Cash flow from investing activities (excluding acquisitions)	198.5	164.9
Free cash flow before acquisitions	272.4	520.9
Cash flow from acquisitions	-88.0	-126.3
Free cash flow after acquisitions	184.3	394.6
Cash flow from financing activities	-111.7	-364.0
Net change in cash and cash equivalents	72.6	30.6

Cash flow from operating activities totaled EUR 73.8 million in 2020, compared to EUR 356.0 million the previous year. The operating result fell from EUR -36.1 million to EUR -84.7 million due an order situation heavily affected by COVID-19. In addition, the financial result was EUR 64.1 million lower than in the previous year due to lower investment income. In the 2020 financial year, there were no significant cash changes from the development of receivables from affiliated companies (EUR 153.6 million in the previous year).

Cash flow from investing activities amounted to EUR 110.5 million in the reporting year, compared with EUR 38.6 million for 2019. Payments for additions to financial assets are particularly noteworthy here. While cash outflows for the acquisition of financial assets were lower at EUR 88.0 million in the 2020 fiscal year, cash outflows totaling EUR 126.3 million were reported under this item in the previous year, in particular due to higher loans of cash and cash equivalents to affiliated companies (EUR 33.9 million compared with EUR 12.7 million in 2020) and the acquisition of securities amounting to EUR 18.7 million. In addition, investments in intangible assets and property, plant and equipment decreased by EUR 12.6 million in the reporting period.

Cash flow from financing activities decreased in a year-on-year comparison from EUR -364.0 million to EUR -111.7 million in the 2020 fiscal year. While in the previous year a bond in the amount of EUR 250 million was repaid without any significant counter-financing, the cash outflow from the repayment of a promissory note bond in the amount of EUR 247.5 million in the 2020 fiscal year was offset by the fact that EUR 230 million of the revolving credit line was utilized.

## Investments in Intangible Assets, and Property, Plant and Equipment

Investments in intangible assets, and property, plant and equipment came to a total of EUR 9.0 million in 2020. The most significant items are prepayments made for software, equipment and the vehicle fleet.

## Investments in Financial Assets (Acquisitions)

The main items relate to capital increases (EUR 74.3 million) and loans to existing subsidiaries (EUR 12.7 million).

## Financing

In the 2020 fiscal year, liabilities due to banks and liabilities from bonds were reduced by EUR 68.5 million.

In October 2020, two promissory note bond tranches of EUR 75.0 million and EUR 172.5 million were repaid as agreed.

As of December 31, 2020, EUR 390.0 million of the EUR 1.0 billion syndicated revolving usable credit line available until March 1, 2024 had been utilized, and EUR 610.0 million were freely available.

## (4) Non-Financial Performance Indicators

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

## (5) Prospective Development of the Company

NOVOMATIC AG, as a sole proprietorship and industrial enterprise, anticipates an increase in revenues in 2021. This is due in particular to the growing production revenues from intra-Group business relations, which will return to normal levels as a result of the rising sales volume once gaming facilities in the core markets reopen. With a reduction in personnel costs as a result of a lower number of employees, reduced other operating expenses as a result of cost optimization measures, stable depreciation and amortization, and an increasing financial result, results from ordinary activities will therefore increase.

## (6) Risk Management

Within the scope of its business, the NOVOMATIC AG Group is subject to a number of risks which inevitably arise in connection with entrepreneurial activities. Risk management, as it is understood and applied within the NOVOMATIC AG Group, aims at both securing the long-term existence of the company and increasing the added value. It therefore represents a major factor in the Group's success.

### Risk Management System

NOVOMATIC engages in extensive risk management that involves all major Group companies. The risk management system aims at systematically identifying, evaluating, controlling, monitoring and documenting material risks and risks directly jeopardizing the company's existence in order to ensure achievement of the corporate objectives and to increase risk awareness within the Group.

All risks, which are determined and analyzed systematically, are recorded within a professional, IT-based risk management system which ensures that risks, as well as the assigned management measures and control mechanisms are monitored on a permanent basis.

For continued monitoring of the risk situation and to ensure active controlling, the risks are assigned to the responsible individuals within the individual corporate areas and Group companies. It lies within the responsibilities of the risk officers to define and implement measures aimed at dealing with the individual risks, to document emergent risks, and to perform reassessments of the identified risks at regular, defined intervals. Central risk management supports the individual areas in a consulting function and ensures the continuous updating and further development of the risk management system.

### Compliance

In addition to the types of risk described below, there are also threats related to the reputation and the competitiveness of the company as a whole. As one of the basic principles of entrepreneurial activities, NOVOMATIC pays particular attention to compliance with statutory and ethical regulations.

The term "compliance" is used to describe all measures with which the company ensures that laws, regulations and voluntary codes are adhered to. NOVOMATIC's compliance activities focus mainly on measures aimed at ensuring that national and international laws on the avoidance of criminal acts, such as corruption, market abuse, money laundering and misuse of data are adhered to.

The Group's compliance management system is based on the seven core elements of the German audit standard for compliance management systems, IDW PS 980, and pursues the goal of ensuring compliance with legal provisions and corporate values set out in the Code of Conduct of NOVOMATIC AG. In the Code of Conduct, employees find guidelines and principles for values-based and lawful behavior during day-to-day business activities. This Code of Conduct also provides the basis for training activities related to integrity and compliance. Depending on the risk and the target group, training sessions requiring personal attendance, as well as web-based training events, are held. In-house-developed e-learning tools allow a large number of employees to be educated on issues such as data protection or the fight against corruption.

All major subsidiaries have appointed compliance officers for each country or region. The relevant duties of the local compliance managers are defined as binding in a separate Group guideline and include in particular advising the local Group subsidiaries on compliance issues, monitoring local law, training employees, implementing Group guidelines and reporting to Group Legal Compliance. This is intended to make a significant contribution to ensuring that ethical and rule-abiding behavior is sustainably anchored throughout the entire Group.

## Significant Risks and Uncertainties

The following is a detailed description of the risks and uncertainties that can have a major influence on the net assets, financial and earnings position as well as the reputation of the NOVOMATIC AG Group.

### Business and Market Risks

#### General Economic Conditions, M&A Risks, Innovation Risks, and IT Risks

The NOVOMATIC AG Group's business is dependent on general economic conditions. A deterioration of general economic conditions, increasing unemployment, declining real incomes and increased volatility in the capital markets, could have a significant negative impact on the net assets, financial and earnings positions of the NOVOMATIC AG Group.

A central element of the NOVOMATIC AG Group's strategy is the geographic diversification of its business by entering markets that offer opportunities for growth. There is a risk that in the future, for various reasons including legal conditions, the NOVOMATIC AG Group may not or may only to a limited extent be able to pursue this strategy, or may not be able to expand its product and/or service offerings.

The NOVOMATIC AG Group generates the majority of its revenues in a limited number of markets. As these are relatively well-developed markets, further growth opportunities are rather limited. The NOVOMATIC AG Group plans to expand its business activities in other markets, an effort for which appropriate resources are being deployed. There is a risk that the anticipated growth in these countries and regions will not be realized, and/or that the NOVOMATIC AG Group will not be successful in implementing its strategies there.

Generally speaking, the gaming industry is characterized by rapid technological development, which forces the NOVOMATIC AG Group to continuously develop new products and enter new markets. The NOVOMATIC AG Group's success therefore depends on its ability to continuously enhance the development of its products and systems in order to integrate new technologies and expand into new markets created by new technologies. In a highly technology-dependent field of business where new technologies are developed or used within short innovation cycles, there is a risk that NOVOMATIC may not recognize innovative technologies and developments at a sufficiently early stage.

By the same token, the integrity, reliability and operative performance of the NOVOMATIC AG Group's IT systems are essential to the business. In particular, device manipulation could force the NOVOMATIC AG Group to use considerable financial resources to remedy the situation.

The COVID-19 pandemic and the associated economic restrictions continue to challenge the Group, due to the temporary closures, the duration of which cannot currently be estimated. It is not yet possible to definitively assess the medium and long-term impact of the COVID-19 pandemic, but it is entirely possible that the Group's net assets, financial and earnings position will continue to be negatively impacted by the COVID-19 pandemic.

### Personnel Risks

#### Key Personnel Risks, Knowledge Risk

NOVOMATIC's business success comes thanks to the existing knowledge and expertise of its management and employees. Should one or several individuals in key positions leave the company, there is a risk that NOVOMATIC might not be able to recruit or train qualified individuals with comparable know-how within an appropriate period of time to deal with emerging challenges.



## Legal and Political Risks

### Political Instability, Regulatory Changes: Gaming and Other Laws, Dependency on Licenses and Competition Regulations; Intellectual Property, Privacy

The NOVOMATIC AG Group's international business entails economic, political, legal and other risks. The NOVOMATIC AG Group conducts business in more than 70 countries. Some of these countries are politically or economically unstable which subjects NOVOMATIC to risks. Social unrest or strikes could force the NOVOMATIC AG Group to interrupt or halt its business activities.

The gaming industry is subject to particularly frequent and sudden legal amendments that can make business significantly more difficult or prohibit it entirely. Insufficient legal or administrative conditions in some countries can furthermore provide insufficient protection for the NOVOMATIC AG Group's intellectual property or other rights. In some of these countries, crime and corruption are widespread, which could have a negative impact on the NOVOMATIC AG Group's business.

The NOVOMATIC AG Group operates on the basis of currently prevailing political, economic, legal, and fiscal conditions, and is subject to the risk of changes to legal and taxation-related framework conditions. Changes which have already been adopted or other restrictions in other jurisdictions (e.g. gaming tax hikes or stricter competition laws) also have a sustained impact on the NOVOMATIC AG Group's business activities.

Gaming, and in particular online gaming, is currently not harmonized at the EU level. The individual legal frameworks of the EU Member States are, in some cases, disputed among gaming law experts. There is a risk that, in the future, limitations with regard to gaming and betting could be implemented at a national level. In addition to this, regulatory measures (e.g. access restrictions, stricter player protection measures, provisions for the protection of non-smokers, technical requirements, advertising bans or location requirements) could be introduced. Such measures could result in a decline in the number of visitors and the revenues earned.

There continue to be risks due to the dependence on national licenses, regulations on competition and statutory provisions regarding the operation of gaming and betting facilities as well as risks due to the dependence on production, sales and product licenses: In the countries where the NOVOMATIC AG Group does business, the operation of gaming and betting facilities requires a license, concession or other type of permission from the authorities in charge. Such licenses/concessions are usually granted for a limited period of time or in the form of license agreements with limited duration. Should no option for prolongation be provided or if an extension were only possible under economically unacceptable or untenable conditions or requirements, the NOVOMATIC AG Group would need to participate in new tender procedures in order to recover such a license/concession.

Moreover, in the countries where the NOVOMATIC AG Group does business, a permit from a state gaming authority is frequently required in order to be able to sell gaming machines and other gaming products and services. Both manufacturing and sales licenses are generally granted for a limited period of time and are subject to an audit plus subsequent certification by the competent inspecting authorities. Once licenses have been granted, they are usually extended automatically, provided that all license requirements are met. The possibility cannot be excluded that, despite the utmost care, legal provisions, regulatory requirements, technical standards or licensing conditions may not be complied with within the NOVOMATIC AG Group, which could result in the partial or complete withdrawal of a license, the determination of breaches of competition laws, or other types of damage to the NOVOMATIC AG Group's net assets, financial and earnings positions or reputation.

The NOVOMATIC AG Group develops, produces and sells sophisticated technological gaming equipment and systems that are to a large extent protected by industrial property rights such as trademark protection rights, patent rights and rights for the protection of registered designs, as well as copyright. There is a risk in respect of intellectual property (third parties violating industrial property rights or copyrights belonging to the NOVOMATIC AG Group, as well as of the NOVOMATIC AG Group violating the industrial property rights or copyrights of third parties). In particular, there is a risk that developments owned by the NOVOMATIC AG Group might be copied and illegally used or introduced to the market by third parties.

The NOVOMATIC AG Group is subject to the risk of being unable to sufficiently protect its customer data. The NOVOMATIC AG Group holds information about its customers which is in part sensitive (name, address, age, bank data and gaming tendencies) and must follow the strict data protection rules stipulated by the EU and other jurisdictions. Despite the security systems implemented by the NOVOMATIC AG Group, there is the risk that customer data could be retrieved and/or used illegally, either by employees or by customers or third parties. There is also the risk that customer data might be deleted, disclosed or edited involuntarily or in violation of data protection regulations. Should the NOVOMATIC AG Group or one of its external service providers transmit customer data without sufficient protection, or should confidential customer data be lost in any other way, the NOVOMATIC AG Group might be held liable under data protection laws, which would also damage the Group's reputation.

## Financial Risks

### Liquidity Risks, Counterparty Risks, Interest Rate Risks, Currency Risks, Impairment Risks in Connection with Investment Valuations and Risks in Connection with Capital Investments

The NOVOMATIC AG Group is subject to financial risks in the form of capital risks, liquidity risks, counterparty risks, interest rate risks, currency risks, impairment risks related to investment valuations and risks related to capital investments. In order to limit these risks, NOVOMATIC makes use of risk management measures and financial instruments, if necessary.

Extensive descriptions of the individual risks, including the methods used to hedge the risks mentioned above, are provided in the notes to the consolidated financial statement.

Due to its contractually agreed financial covenants, the NOVOMATIC AG Group is required in its major financing agreements to maintain an equity ratio of at least 15.0 percent and net debt in relation to the EBITDA of not more than 4.625x. The financing agreements provide for certain adjustments to the above standard calculation when determining these two ratios. When considering this adjusted calculation, the NOVOMATIC AG Group has complied with the contractually agreed financial covenants as per December 31, 2020. Please refer to the explanations after the balance sheet date in the notes to the Consolidated Financial Statement in respect of the adjustment of the financial covenants.

## (7) Important Features of the Internal Control System Relevant to the Financial Reporting Process (Section 243a (2) UGB)

As part of the Company's risk management system, the aim of the internal control system (ICS) is to ensure the reliability of financial reporting along with compliance with legal and internal requirements.

NOVOMATIC AG's Executive Board is responsible for the establishment of an appropriate ICS concerning the accounting process.

Starting with the main financial items on the balance sheet and income statement, the ICS must consider the most important transaction flows in terms of their risks. The ICS is managed in a structured way in line with the areas of responsibility as defined by the organizational structure. Internal rules and procedural guidelines are also an essential part of the control environment.

In order to avoid material misstatements when presenting transactions, any identified risks are analyzed and assessed with a view to introducing meaningful and effective control mechanisms to ensure accuracy in the ongoing accounting process. As part of the activities involved in preparing the annual report, additional targeted risk analyses are carried out to ensure that accounts are closed properly and carefully.

In accordance with the transaction flows defined as significant, which then are ultimately included in the finance division's financial reports, workflows are analyzed with regard to their inherent risks and corresponding control activities are defined. The aim of this procedural approach is to ensure that the individual transactions are correctly recorded in the annual financial statement. The various controls of varying degrees and intervals comprise automated controls in the accounting software on the one hand and manual controls by employees in accounting and the departments upstream of the accounting process on the other. The accounting department carries out extensive plausibility and data quality checks, among other things, to ensure that data destined for the annual report is correctly recorded. The accounting department also draws on the support of external service providers for some matters that require specialized knowledge, such as the valuation of pension obligations and entitlements to severance pay. Any changes in accounting and valuation policies are reviewed to ensure that they are in compliance with the law.

For the accounting-related IT system, access privileges have been defined to ensure that sensitive data is protected from unauthorized access, use and modification.

The Executive Board of NOVOMATIC AG keeps abreast of relevant developments in the Company through regular reports prepared by the financial department. This includes, above all, the current earnings development as well as any major deviation from the approved annual budget detected, the calculation of the cash flow and the calculation of result- and value-oriented key figures.

The Supervisory Board of NOVOMATIC AG is also included in the control system via the auditing committee. The auditing committee's main responsibilities include monitoring the accounting process, monitoring the internal control and risk management system, monitoring the audit of the financial statement and critically appraising the audited financial statement, as well as the management report.

## **(8) Research and Development**

Thanks to its numerous technology centers, the NOVOMATIC AG Group is a pioneer in the development of innovative products and system solutions in the gaming sector. The Group's development activities focus both on "Distributed Gaming Solutions" and on gaming content and application software. The developed software system solutions include management information systems, ticketing and smart card systems, access systems, video lottery systems, biometric player recognition, links to government regulators, player protection programs, "gaming as a service", online and mobile gaming system solutions, jackpot systems, multiplayer and community gaming systems, as well as tournament systems. Both the modular software architecture and the various developments' interoperability are crucially important.

Development activities should be equally efficient for homogeneous markets and highly specialized niche markets. This is ensured by an open platform architecture and development teams that are specialized in individual market segments. The open platform infrastructure allows for the integration of third-party providers and their gaming applications to be able to satisfy market needs in a better and faster manner.

In developing the newest generation of cabinet variants and models, which start new industry trends, industrial design is an extremely important factor. Innovation in terms of hardware includes new and ergonomic cabinet designs for casino, video lottery and Amusement With Prizes („AWP") gaming markets with control possible of up to five monitors, skill-based roulette terminals with state-of-the-art ball release mechanisms, the new PANTHERA™ cabinet, as well as V.I.P. terminals with giant screen technology and dynamic lighting effects based on single LED technology.

Linked Progressive Jackpots are another addition to the games on offer. They made it possible to successfully establish new jackpot families such as THUNDER CASH™ for the US market and CASH CONNECTION™ for the European market and then expand them with a variety of new game titles. In addition, the myCash product line was developed for the Coolfire™ platform.

Development is supported by hardware and software development teams in Austria, Germany, the United Kingdom, Spain, the Netherlands, Serbia, Russia, Argentina, Canada, and Poland, working either in-house or closely with the Group, as well as by exclusive partnerships with developers in Slovenia, Greece, the USA, and Australia.

The global importance of intellectual property protection is on the rise. With approx. 4,400 registered IP trademarks and in excess of 100 registrations per year, special attention is paid to this area. The Group is constantly developing new products and product variations, resulting in over 200 new gaming variants per year. With the help of the NOVOMATIC software development kit (NSDK), it is possible to add games developed by third parties (who use this SDK) to the portfolio immediately.

## (9) Acknowledgments

We would like to thank all employees of NOVOMATIC AG Group for their strong commitment, with which they have made a major contribution to the company's further development and success. Our special thanks also go to the Supervisory Board under the leadership of Dr. Bernd Oswald and we would also like to acknowledge the positive relationships with our capital providers and business partners, relationships which have always been characterized by a pleasant collaboration.

Gumpoldskirchen, March 24, 2021



**Ryszard Presch**  
Executive Board



**Johannes Gratzl**  
Executive Board

# NOVOMATIC AG

# BALANCE SHEET

as of December 31, 2020

## Assets

	12/31/2020	12/31/2019
	EUR	KEUR
<b>A. Fixed assets</b>		
<b>I. Intangible Assets</b>		
1. Concessions, industrial property rights and similar rights and benefits and licenses derived therefrom	6,631,765.65	8,880
2. Advance payments	5,851,153.46	2,974
	12,482,919.11	11,854
<b>II. Property, plant and equipment</b>		
1. Land, buildings and improvements to third-party buildings	108,728,040.16	117,039
2. Plant and machinery	8,804,147.59	13,474
3. Other equipment, factory and office equipment	8,988,307.08	12,042
4. Prepayments and tangible assets in course of construction	68,414.06	0
	126,588,908.89	142,556
<b>III. Financial assets</b>		
1. Shares in affiliated companies	1,503,362,332.39	1,500,824
2. Loans to affiliated companies	240,050,527.22	302,071
3. Investments	24,175,444.55	24,175
4. Loans to associated companies	339,704.92	350
5. Securities held as fixed assets (value rights)	17,613,129.78	108,338
6. Other loans	8,267,226.35	10,107
	1,793,808,365.21	1,945,866
	<b>1,932,880,193.21</b>	<b>2,100,276</b>

<b>B. Current assets</b>		
<b>I. Inventories</b>		
1. Raw materials and supplies	38,056,408.88	38,378
2. Work in progress	12,994,700.83	15,783
3. Finished goods and trade goods	34,700,698.61	29,672
4. Advance payments	1,160,601.51	1,836
	86,912,409.83	85,669
<b>II. Receivables and other assets</b>		
1. Trade receivables, thereof with a remaining term of more than one year EUR 156,686.25 (previous year KEUR 559)	26,831,220.19	32,640
2. Receivables from affiliated companies, thereof with a remaining term of more than one year EUR 2,570,824.64 (previous year KEUR 2,710)	168,583,003.41	164,330
3. Other receivables and assets, thereof with a remaining term of more than one year EUR 20,382.96 (previous year KEUR 34)	39,515,068.95	40,327
	234,929,292.55	237,297
<b>III. Securities and interests</b>		
Other securities and interests	979,430.74	2,325
<b>IV. Cash, bank deposits</b>		
	126,618,871.31	53,999
	<b>449,440,004.43</b>	<b>379,291</b>
<b>C. Prepaid expenses</b>		
Prepaid expenses	5,339,634.75	8,905
	<b>2,387,659,832.39</b>	<b>2,488,472</b>

## Equity and Liabilities

	12/31/2020	12/31/2019
EUR	EUR	KEUR
<b>A. Equity</b>		
<b>I. Requested and paid-up share capital</b>		
	26,590,000.00	26,590
<b>II. Capital reserves</b>		
Appropriated capital reserves	85,386,371.00	85,386
<b>III. Retained earnings</b>		
1. Legal reserve	1,623,629.00	1,624
2. Tied-up reserves from the merger	216,400,000.00	216,400
3. Other reserves (free reserves)	15,395.39	15
	218,039,024.39	
<b>IV. Retained profits</b>		
thereof profit carryforward EUR 352,316,804.69 (previous year: KEUR 217,553)	363,745,511.68	402,317
	<b>693,760,907.07</b>	<b>732,332</b>
<b>B. Provisions</b>		
1. Provisions for severance payments	10,933,197.00	10,904
2. Provisions for pensions	0.00	4,457
3. Provisions for taxes	4,524,832.00	862
4. Other provisions	25,988,609.65	27,475
	<b>41,446,638.65</b>	<b>43,698</b>

<b>C. Liabilities</b>		
thereof with a remaining term of up to one year	EUR 487,761,783.14	(previous year KEUR 514,403)
thereof with a remaining term of more than one year	EUR 1,163,666,946.86	(previous year KEUR 1,197,911)
<b>1. Bonds</b>		
thereof with a remaining term of up to one year		
EUR 200,000,000.00		(previous year KEUR 0)
thereof with a remaining term of more than one year		
EUR 500,000,000.00	700,000,000.00	(previous year KEUR 700,000)
		700,000
<b>2. Due to banks</b>		
thereof with a remaining term of up to one year		
EUR 63,704,545.45		(previous year KEUR 298,477)
thereof with a remaining term of more than one year		
EUR 663,193,181.82	726,897,727.27	(previous year KEUR 496,898)
		795,375
<b>3. Prepayments on orders received</b>		
thereof with a remaining term of up to one year		
EUR 1,270,549.90	1,270,549.90	(previous year KEUR 568)
		568
<b>4. Trade payables</b>		
thereof with a remaining term of up to one year		
EUR 15,358,335.97	15,358,335.97	(previous year KEUR 13,527)
		13,527
<b>5. Liabilities towards affiliated companies</b>		
thereof with a remaining term of up to one year		
EUR 196,893,512.75	196,893,512.75	(previous year KEUR 191,424)
		191,424
<b>6. Other liabilities</b>		
thereof with a remaining term of up to one year		
EUR 10,534,839.07		(previous year KEUR 10,406)
thereof with a remaining term of more than one year		
EUR 473,765.04		(previous year KEUR 1,014)
thereof from taxes		
EUR 288,201.85		(previous year KEUR 250)
thereof social security		
EUR 1,714,630.59	11,008,604.11	(previous year KEUR 1,792)
		11,420
	<b>1,651,428,730.00</b>	<b>1,712,314</b>
<b>D. Prepaid expenses</b>		
Prepaid expenses	<b>1,023,556.67</b>	128
	<b>2,387,659,832.39</b>	<b>2,488,472</b>



# NOVOMATIC AG

# INCOME STATEMENT

For the period from January 1 to December 31, 2020

	01-12/2020	01-12/2019
	EUR	KEUR
1. Sales	231,839,016.60	361,174
2. Changes in inventories of finished goods and work in progress	2,981,205.51	-2,964
3. Other own work capitalized	2,209,887.24	5,124
4. Other operating income		
a) Income from the disposal of and additions to fixed assets, excluding financial assets	8,674,320.13	3,214
b) Income from the release of provisions	2,732,136.25	3,279
c) Other	4,314,816.78	19,875
	15,721,273.16	26,368
5. Expenses for material and other purchased manufacturing services		
a) Cost of material	-105,379,270.92	-163,730
b) Cost of purchased services	-48,686,333.06	-58,408
	-154,065,603.98	-222,138
6. Personnel costs		
a) Wages thereof from reimbursements for temporarily reduced working hours EUR 1,946,836.86 (previous year: KEUR 0)	-7,061,932.80	-9,254
b) Salaries thereof from reimbursements for temporarily reduced working hours EUR 7,362,091.41 (previous year: KEUR 0)	-55,092,927.41	-67,500
c) Social expenses		
aa) Expenses for pensions	0.00	3,821
bb) Expenses for severance payments and contributions to external severance payments funds	-1,739,081.58	-2,588
cc) Cost of statutory social security, payroll-related taxes and mandatory contributions	-18,019,955.38	-18,852
dd) Other	-772,108.26	-1,737
	-20,531,145.22	-19,356
	-82,686,005.43	-96,110
7. Amortization and Depreciation of intangible assets and of tangible assets	-18,965,702.01	-22,665
8. Other operating expenses		
a) Taxes not included in line 18	-4,384,505.64	-822
b) Other	-77,358,901.36	-84,115
	-81,743,407.00	-84,937
<b>9. Subtotal of lines 1 to 8 (Operating profit)</b>	<b>-84,709,335.91</b>	<b>-36,147</b>

10. Investment income thereof from affiliated companies EUR 148,065,876.42 (previous year KEUR 219,435)	152,232,626.42	225,476
11. Income from other investments and long-term loans thereof from affiliated companies EUR 11,444,281.44 (previous year KEUR 13,362)	12,637,160.81	14,212
12. Other interest and similar income thereof from affiliated companies EUR 3,453,710.52 (previous year KEUR 2,169)	3,960,497.43	3,000
13. Income from the disposal of and the appreciation to financial assets	26,734,255.42	24,021
14. Expenses from financial assets and securities held as current assets	-74,348,780.53	-16,034
a) Depreciation EUR -73,664,514.33 (previous year KEUR -14,595)		
b) Expenses from affiliated companies EUR -70,185,477.83 (previous year KEUR -14,600)		
15. Interest and similar expenses thereof from affiliated companies EUR -140,433.85 (previous year KEUR -327)	-27,077,368.63	-31,807
<b>16. Subtotal of lines 10 to 15 (Financing result)</b>	<b>94,138,390.92</b>	<b>218,869</b>
<b>17. Earnings before tax (Subtotal of lines 9 and 16)</b>	<b>9,429,055.01</b>	<b>182,722</b>
18. Taxes on income thereof tax apportionment EUR 2,354,599.10 (previous year KEUR 4,069)	1,999,651.98	2,043
<b>19. Earnings after taxes = Net income of the year</b>	<b>11,428,706.99</b>	<b>184,764</b>
20. Profit carryforward from the previous year	352,316,804.69	217,553
<b>21. Retained profits</b>	<b>363,745,511.68</b>	<b>402,317</b>

# NOTES

for the 2020 fiscal year

## I. ACCOUNTING AND VALUATION PRINCIPLES

The accounting principles of the Austrian Commercial Code as amended have been applied to these financial statements as of December 31, 2020.

The annual accounts were prepared in compliance with the relevant requirements and generally accepted accounting principles to present a true and fair view, in all material respects, of the net asset and of the financial and earnings position of the company.

The principles of completeness and non-arbitrariness were applied. Valuation followed the principles of adequate and orderly accounting as well as the going concern assumption, and was based upon the valuation principles applied to last year's annual accounts, unless changes in the valuation principles are explicitly stated for individual items. Assets and liabilities were assessed individually as of the balance sheet date.

In accordance with the principle of prudence, only profits realized as of balance sheet date are shown, and all apparent risks and impending losses that incurred during the current period or in previous periods were considered.

The profit and loss account was prepared according to the total expenditure format. Items of the balance sheet or the profit and loss account showing a zero balance for the current and the previous period were not listed in accordance with section 223(7) of the Austrian Commercial Code (UGB).

The intangible assets, only if acquired against payment, as well as the property, plant and equipment were stated at cost of acquisition or production less the scheduled depreciation corresponding to the expected useful life and less any potentially necessary extraordinary depreciation. Low-value assets with cost of acquisition of less than EUR 800.00 are fully depreciated in the year of acquisition or manufacture.

In principle, inventories were valued at acquisition or production cost. In the event of a lower fair value due to economic or technical impairments, such lower fair value was applied.

Receivables and other assets were stated at nominal value less necessary allowances, discounts for above-average time outstanding and a global valuation allowance of two percent of the net receivables outstanding as of the balance sheet date. Foreign currencies were valued at the foreign exchange rate at the date of transaction or at the offered rate as of the balance sheet date, if lower.

In application of the principle of prudence, all identifiable risks and all liabilities of uncertain amount and/or origin were considered by setting up provisions according to reasonable commercial judgment.

Liabilities were valued at their settlement amount. Liabilities in foreign currency were valued at the foreign exchange rate offered at the balance sheet date or at a higher purchase rate at the date of transaction.

## II. EXPLANATIONS CONCERNING THE BALANCE SHEET

### ASSETS

#### A. Fixed Assets

##### 1. Intangible Assets and Property, Plant and Equipment

Fixed assets are stated at cost of acquisition or production less planned linear depreciation corresponding to the estimated useful life. Write-downs and write-ups are made if the corresponding conditions exist according to the provisions of Section 204 para. 2 and Section 208 para. 1 of the Austrian Commercial Code.

The development of each item in the fixed assets and the breakdown of the annual depreciation are shown in the fixed assets schedule attached as Supplement 1.

##### 1.1 Intangible Assets

Intangible assets are stated at acquisition cost less planned linear depreciation according to a useful life of 4 to 10 years.

The intangible assets can be broken down as follows:

TEUR	31.12.2020	31.12.2019
Rights	1,239	1,393
Software	3,143	4,112
Technical software	2,250	3,375
Advance payments	5,851	2,974
<b>Total</b>	<b>12,483</b>	<b>11,854</b>

There were no additions to rights in the 2020 fiscal year (previous year: KEUR 0).

With regard to standard and administrative software, acquisition costs (including transfers) of KEUR 288 (previous year EUR 3,231) were capitalized.

There were no additions to technical software in the 2020 fiscal year (previous year KEUR 4,500).

The advance payments of KEUR 5,851 (previous year KEUR 2,974) continue to relate to the current SAP project.

## 1.2 Property, Plant and Equipment

### Land, Buildings and Improvements to Third-Party Buildings

The real estate value of undeveloped and developed land amounts to KEUR 31,933 (previous year KEUR 34,679).

Land, buildings and improvements to third-party buildings are valued at cost less depreciation (spread over 10 – 50 years for buildings).

Additions (including transfers) to building values, investments in rental properties and buildings on non-owned land amounting to KEUR 315 (previous year KEUR 812) mainly relate to conversion work at the rented warehouses in Guntramsdorf and Vösendorf.

### Machines, Tools and Gaming Machines

This item breaks down as follows:

TEUR	31.12.2020	31.12.2019
Plant and machines	1,531	2,838
Tools and tool costs	1,589	2,910
Gaming machines	5,684	7,727
<b>Total</b>	<b>8,804</b>	<b>13,475</b>

Machines, tools and gaming machines are valued at cost less depreciation (spread over 1 – 19 years for machines, 1 – 5 years for tools and 4 years for gaming machines).

Additions of KEUR 1,786 (previous year KEUR 4,064) relate to own made gaming devices and betting terminals. Other acquisitions in the area of production machinery and tools (production forms) were to be capitalized in the amount of KEUR 33 (previous year KEUR 214) or KEUR 676 (previous year KEUR 2,202).

### Factory and Office Equipment

Factory and office equipment are valued at cost less depreciation (spread over 1 – 10 years for buildings).

Additions mainly relate to IT hardware, other office equipment amounting to KEUR 944 (previous year KEUR 2,654) and fleet acquisitions of KEUR 1,695 (previous year KEUR 3,172).

Low-value assets with a cost of acquisition of less than EUR 800.00 are fully depreciated in the year of acquisition or production.

## 2. Financial Assets

Financial assets are valued at their cost of acquisition.

Securities are valued at their cost of acquisition or at their lower market values as of the balance sheet date.

NOVOMATIC AG annually evaluates the value of shares in affiliated companies. Carrying amounts of domestic and foreign investments will be written down in case of:

- a persistent deterioration of earnings
- the necessity of support from the shareholder
- deficient means and measures as a result of the acquisition
- reorganization measures that will not result in substantial profits in the foreseeable future and represent deficiencies that cannot be eliminated anytime soon
- losses that can no longer be absorbed by the affiliated company alone.

Impairment is not made in cases of mere start-up losses.

If the grounds for an impairment made in the past disappear, an addition is to be made up to the amount of the original costs of acquisition.

Additions (including transfers) of KEUR 74,327 to shares in affiliated companies mainly due to acquisitions and capital increases of companies in Argentina, Ukraine, Austria, the Netherlands, Serbia, and Albania.

Disposals of KEUR 14,232 relating to shares in affiliated companies mainly concern the sale of the companies Octavian Game Art OOO and HTL Montenegro d.o.o..

Impairments for shares in affiliated companies in the fiscal year amount to KEUR 70,801 and relate primarily to the following subsidiaries: Ainsworth Game Technology Ltd. (KEUR 38,000), Casino Royal GmbH (KEUR 21,170), Makoten DOOEL (KEUR 4,700) and Airoline GmbH (KEUR 1,629).

Shares in affiliated companies are presented in detail under item IV. Information on significant investments.

Disposal of securities (value rights) relates mainly to the sale of the 17.19%-shares in CASAG to SAZKA Group.

Additions to loans granted to affiliated companies amount to KEUR 12,659 (previous year KEUR 33,936). These relate in particular to long-term investments in subsidiaries in Germany and Spain. Disposals totaling KEUR 74,680 (previous year KEUR 111,768) related in particular to repayments of Dutch, Italian and Spanish subsidiaries.

Additions to other loans amount to KEUR 1,002 (previous year KEUR 4,124). This largely comprises a newly granted loan to a business partner for the African market amounting to KEUR 500. Disposals relate mainly to the timely repayment of loans of KEUR 797. The impairment of KEUR 11,573 increased to KEUR 13,619 as a result of the critical assessment of the value of individual loans.

Of loans granted to affiliated companies, an amount of KEUR 20,033 (previous year KEUR 43,877) is due within one year.

Of the other loans, an amount of KEUR 2,289 (previous year KEUR 1,460) is due within one year.

## B. Current Assets

### 1. Inventories

Inventories were valued at acquisition costs in observance of the strict lowest value principle. In determining the production costs for finished goods, the directly allocated costs as well as the proportionate share in overhead costs were taken into account.

In the event of a lower fair value, an according adjustment was made. In particular slow sellers which have remained untouched for six months or more were depreciated by 30 to 100 %. For inventories with a stock level which makes an above-average term appear probable, an adjustment was made based on the principle of loss-free valuation. In addition to this, any decreased fair value was taken into account through lower cost prices.

### 2. Receivables and Other Assets

#### 2.1 Trade Receivables

Trade receivables are stated at nominal value. In cases of apparent individual risk, the probable recoverable amount was recognized. In order to take the receivables' time outstanding into account, a discount was applied for maturities of more than two months.

For general credit risks, a valuation allowance of 2% of the outstanding and unsecured net receivables was applied.

This resulted in the following individual receivable amounts.

KEUR	31.12.2020	31.12.2019
Trade receivables towards third parties	35,896	38,567
Valuation allowances	-7,997	-5,052
Discount due to long maturity	-253	-494
Global valuation allowance	-164	-326
Foreign currency valuation	-651	-55
<b>Carrying out as of 31/12/2020</b>	<b>26,831</b>	<b>32,640</b>

#### 2.2 Receivables from Affiliated Companies

Receivables from affiliated companies in the amount of KEUR 168,583 (previous year KEUR 164,330) relate, with KEUR 142,189, to trade receivables (previous year KEUR 150,446). Other receivables from affiliated companies in the amount of KEUR 26,394 (previous year KEUR 13,884) mainly relate to cash pooling, tax charges and dividend receivables.

#### 2.3 Other Receivables and Assets

Other receivables and assets amounting to KEUR 39,515 (previous year KEUR 40,327) mainly concern a deposit related to precious metals amounting to KEUR 36,291 (previous year KEUR 36,291) as well as credit balances with the tax authorities.

The maturities of the receivables and other assets are as follows:

	31.12.2020			31.12.2019		
	Total	Residual term of up to 1 year	Residual term of more than 1 year	Total	Residual term of up to 1 year	Residual term of more than 1 year
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Trade receivables	26,831	26,674	157	32,640	32,081	559
Receivables from Affiliated Companies	168,583	166,012	2,571	164,330	161,620	2,710
Other Receivables and Assets	39,515	39,495	20	40,327	40,293	34

Other receivables and assets do not contain any material income that will only become cash-effective after the balance sheet date.

### C. Prepaid Expenses

The prepaid expenses amounting to KEUR 5,340 (previous year KEUR 8,905) consist of capitalized discounts and expenditures pertaining to 2021 and the following years.

### D. Deferred Tax Assets

Deferred tax assets are reported using the balance sheet liability method for all temporary differences between the tax valuation amounts of assets and liabilities and the book values in the individual financial statement, to the extent that positive tax results can be expected in the future.

The income tax rate underlying the calculation of deferred taxes is 25 % (previous year: 25 %).

Since a tax relief due to reversal of the above-mentioned temporary differences in the foreseeable future cannot be reliably predicted at the balance sheet date, the deferred tax assets in the amount of KEUR 56,549 (previous year KEUR 59,277) are not formed as a precautionary measure. The composition of deferred taxes is shown in the following table.

As the Group parent, NOVOMATIC AG has tax losses of KEUR 409,160 (previous year KEUR 280,750), for which no deferred tax assets were recognized.



The non-capitalized deferred tax assets resulting from differences in the amounts reported in the individual financial statement and their respective tax bases are as follows:

"+ = deferred tax asset "- = deferred tax liability	Difference Current financial year	Deferred taxes Current financial year	Deferred taxes Previous year	Change Deferred taxes
	KEUR	KEUR	KEUR	KEUR
Property, plant and equipment	11,409	2,852	2,573	279
Investments in affiliated companies	197,428	49,357	51,434	-2,077
Investments	0	0	17	-17
Receivables and Other Assets	164	41	82	-41
Prepaid expenses	3,648	912	1,213	-301
Provisions	13,546	3,387	3,958	-571
<b>Total for 2020 balance = deferred tax assets</b>	<b>226,195</b>	<b>56,549</b>	<b>59,277</b>	<b>-2,728</b>

## EQUITY AND LIABILITIES

### A. Equity

The share capital of the company amounts to KEUR 26,590 in the 2020 fiscal year (previous year: KEUR 26,590).

The tied-up capital reserves of KEUR 85,386, statutory revenue reserves of KEUR 1,624 and retained earnings of KEUR 15 remained unchanged compared with the previous year.

As part of the merger with NOVOMATIC Gaming Industries GmbH in 2018, NOVOMATIC AG undertook to form a voluntarily tied-up reserve of KEUR 216,400 from the resulting merger gain. This amount is subject to a payout block of 60 months after registration of the merger. This was completed on October 5, 2018.

### B. Provisions

In compliance with the principle of prudence, all identifiable risks and liabilities of an uncertain amount and/or origin at the balance sheet date were accounted for by setting up provisions according to reasonable commercial judgment.

The provisions for severance payments were calculated applying actuarial principles according to IAS 19 using the projected unit credit method with a discount rate of 0.86% (previous year 1.07%) and assuming a pay increase of 2.5% (previous year 2.5%). The minimum legal retirement age according to ASVG-regulations was assumed. Discounts due to fluctuations or other circumstances were not included. The item "Expenses for severance payments and contributions to external severance payments funds" contained an expense from the change to the provision amounting to KEUR 29 (previous year KEUR 774).

Due to irrevocable pension commitments, a pension provision was formed in prior years. The calculation was based on actuarial principles in accordance with IAS 19 using the projected unit credit method. The option to settle the capital amount was exercised in the 2020 fiscal year once the payout phase was reached. The payout of KEUR 4,457 was made in the first half of 2020.

The provisions for taxes on income and the other tax provisions mainly related to provisions from previous periods.

Other provisions mainly relate to provisions for impending losses as a provision for the future liquidity requirements of Lotaria Kombetare Sh.p.k. amounting to KEUR 800 (previous year KEUR 1,850). Other provisions include audit and consulting costs, costs for preparing annual reports, provisions for legal disputes, guarantees, discounts in kind, commission provisions, unconsumed vacation for employees and for jubilee payments. The reversal of other provisions of KEUR 1,018 relates to provisions for impending losses of subsidiaries formed in previous years amounting to KEUR 550, which are shown in the financial result.

The provisions for jubilee payments were calculated applying actuarial principles according to IAS 19 using the projected unit credit method with a discount rate of 0.86% (previous year 1.07%) and assuming a pay increase of 2.5% (previous year 2.5%). A fluctuation discount based on an internal statistic concerning withdrawals of the previous 3 years and considering probable individual continuance in the company until the jubilee payment is due was taken into account.

The provision for unused vacation is calculated under the assumption of a divider of 18 working days per month.

We refer to the enclosed Supplement 2 showing the development of provisions.

## C. Liabilities

### Maturity:

KEUR	Total amount of Liabilities		
	with a maturity of less than 1 year	with a residual term of 1 to 5 years	with a residual term of over 5 years
<b>Bond</b>	<b>200,000</b>	<b>500,000</b>	<b>0</b>
(previous year)	0	700,000	0
<b>Due to banks</b>	<b>63,705</b>	<b>654,193</b>	<b>9,000</b>
(previous year)	298,477	405,443	91,455
<b>Prepayments on orders received</b>	<b>1,271</b>	<b>0</b>	<b>0</b>
(previous year)	568	0	0
<b>Trade payables</b>	<b>15,358</b>	<b>0</b>	<b>0</b>
(previous year)	13,527	0	0
<b>Due to affiliated companies</b>	<b>196,894</b>	<b>0</b>	<b>0</b>
(previous year)	191,424	0	0
<b>Other liabilities</b>	<b>10,535</b>	<b>474</b>	<b>0</b>
(previous year)	10,406	1,014	0

In 2014 and 2016, bonds with a total value of KEUR 700,000 were issued to support further growth in the areas of development, production and gaming operations. The bond of KEUR 200,000 issued in 2014 will be due for repayment on June 23, 2021.

The liabilities from affiliated companies include trade payables in the amount of KEUR 6,897 (previous year KEUR 10,076). This item also includes other liabilities of KEUR 189,997 (previous year KEUR 181,348). These primarily relate to KEUR 164,677 (previous year KEUR 120,083) from the cash pooling agreements concluded in 2013, intercompany deposits of KEUR 24,010 (previous year KEUR 0) and short-term loans of KEUR 0 (previous year KEUR 61,024) with domestic and foreign subsidiaries.

Other liabilities include expenses in the amount of KEUR 5,675 (previous year KEUR 5,675) that will become only cash-effective after the balance sheet date.

## D. Contingent Liabilities, Other Contingent Liabilities, and Physical Securities

At the balance sheet date, there are contingent liabilities amounting to KEUR 110,878 (previous year KEUR 57,497), of which KEUR 108,878 (previous year KEUR 55,497) concerns affiliated companies.

Contingent liabilities comprise comfort letters or guarantees for bank loans for affiliated companies, and are composed as follows:

### a) Contingent Liabilities

Bank	Beneficiary company	Security	Ceiling KEUR	As of 12/31/20 KEUR
UniCredit Bank Austria AG Vienna	HTM Hotel- und Tourismus Management GmbH	Comfort letter	9,000	9,000
Raiffeisenlandesbank OOE	ADMIRAL Casinos & Entertainment AG	Comfort letter	581	581
Erste Group Bank AG USD forward contract to 03/16/21	ADMIRAL Casinos & Entertainment AG	Guarantee	3,153	3,153
Hypo Bank Burgenland	ADMIRAL Casinos & Entertainment AG	Guarantee	176	176
UniCredit Bank Austria AG Vienna	Novo Gaming M Technologies GmbH	Guarantee	500	500
Hypo Bank Burgenland	Admiral Sportwetten GmbH	Guarantee	12,000	12,000
Raiffeisenbank NOE-Wien	Admiral Sportwetten GmbH	Comfort letter	1,500	0
LBBW, DE	Admiral Entertainment GmbH, DE	Comfort letter	3,000	3,000
UniCredit Bank Austria AG Vienna	Novomatic Gaming Spain S.A.	Guarantee	1,000	1,000
UniCredit Bank Austria AG Vienna	Novomatic Gaming Spain S.A.	Guarantee	500	500
UniCredit Bank Austria AG Vienna	Admiral Gaming Andalucia S.A.	Guarantee	500	500
UniCredit Bank Austria AG Vienna	Admiral Slots S.A.	Guarantee	500	500
Raiffeisenbank SHA Albania	Lotaria Kombetare Sh.p.k.	Guarantee	162	162
Erste Bank, Novi Sad	Millenium Bet d.o.o.	Comfort letter	870	870
UniCredit Bank Austria AG Vienna	RSA Gaming d.o.o.	Guarantee	885	885
Credit Tiriac SA	BetMaster Srl, Alea Leisure Srl, Admiral Leisure Srl, Intertop Leisure Srl	Guarantee	247	247
UniCredit Bank Austria AG Vienna	Admira d.o.o.	Guarantee	510	510
Erste Group Bank AG USD forward contract to 03/16/21	Next Generation Lotteries GmbH (formerly NOVOMATIC Lottery Solutions GmbH)	Guarantee	2,000	2,000
Sparkasse Makedonija	MA Gaming DOOEL	Guarantee	505	505
Sparkasse Makedonija	Makoten DOOEL	Guarantee	326	326
Sparkasse Makedonija	Masterbet DOOEL	Guarantee	505	505
Recreatieprojecten Zeeland BV	NOVOMATIC Exploitatie NL III B.V.	Comfort letter	342	342
Barclays Bank PLC	NOVOMATIC UK Ltd.	Comfort letter	27,916	27,916
LBBW, DE	Casino Royal GmbH, DE	Comfort letter	1,200	1,200
UniCredit Bank Austria AG, Munich	Casino Royal GmbH, DE	Guarantee	1,300	1,300
UniCredit Bank Austria AG, Munich	Casino Royal GmbH, DE	Guarantee	3,000	3,000
UniCredit Bank Austria AG	Admiral Online Srl	Guarantee	200	200
UniCredit S.p.A., Italy	NOVOMATIC Italia SpA	Guarantee	40,000	40,000
<b>TOTAL</b>			<b>112,378</b>	<b>110,878</b>

**b) Other Contingent Liabilities**

NOVOMATIC AG has issued comfort letters in favor of the following subsidiaries:

Novo VLTech Solutions S.R.L., Romania  
 Lotaria Kombetare Sh.p.k., Albania  
 NOVOMATIC Gaming Spain S.A., Spain  
 NOVOMATIC Argentina S.R.L., Argentina

**c) Information Regarding the Nature of Provided Physical Securities:**

No physical securities were provided for liabilities in the 2020 fiscal year.

**E. Other Financial Obligations**

Obligations from current lease contracts comprise:

TEUR	Due within the following fiscal year	Due within the next five fiscal years
Obligations from current lease contracts	2,871	14,353
(in the previous year)	4,428	17,863
of which to affiliated companies	1,624	7,249
(in the previous year)	2,742	9,444

### III. EXPLANATIONS CONCERNING THE PROFIT AND LOSS ACCOUNT

#### 1. Breakdown of Sales

##### 1.1 by segments:

TEUR	Year under review	Previous year
Income from trademarks and licenses	55,228	61,589
Income from production	139,208	240,002
Equipment rental	22,005	32,985
Provision of personnel	3,390	3,631
Repairs, service	1,932	4,922
Other income (incl. rental and operating costs)	10,839	18,247
Sales reductions	-763	-202
<b>Total</b>	<b>231,839</b>	<b>361,174</b>

##### 1.2 by geographical markets:

TEUR	Year under review	Previous year
Domestic income	44,358	64,597
International income (EU)	124,741	202,279
Third-country income	62,740	94,298
<b>Total</b>	<b>231,839</b>	<b>361,174</b>

#### 2. Personnel Costs

The item "Expenses for severance payments and contributions to external severance payment funds" include payments to external severance payment funds amounting to KEUR 878 (previous year KEUR 867).

### 3. Other Operating Expenses

Other operating expenses mainly comprise:

KEUR	2020	2019
Taxes and charges	4,385	822
Rental expenses	3,538	4,336
Maintenance	7,018	6,994
License fees	5,358	4,909
Valuation allowances for current assets	15,238	9,336
Legal and consulting fees	10,707	11,154
Insurance costs	2,297	2,571
Other services received	8,973	8,800
Support and development costs	2,958	4,375
Advertising costs	7,694	14,942

Valuation allowances for current assets mainly relate to provisions for outstanding trade receivables, the recoverability of which is subject to higher risk due to the current economic environment and adverse exchange rate developments

### 4. Investment Income

Income from investments of KEUR 152,233 (previous year KEUR 225,476) primarily includes profit distributions from Austria, Germany, Latvia, South Africa and Hungary.

### 5. Expenses From Financial Assets and Securities Held as Current Assets

These relate primarily to write-downs on shares in affiliated companies. For more information refer to II. Explanations concerning the balance sheet item 2. Financial assets.

### 6. Taxes on Income

NOVOMATIC AG has taken the opportunity of forming a tax group pursuant to Sec. 9 of the Austrian Corporate Income Tax Act (KStG).

Group members are:

- HTM Hotel- und Tourismus Management GmbH, Austria
- ADMIRAL Casinos & Entertainment AG, Austria
- NMN Immo GmbH, Austria
- ADMIRAL Sportwetten GmbH, Austria
- Novo VLTech GmbH, Austria

In the tax apportionment contract with the domestic tax group members, negative as well as positive tax apportionments within the tax group were stipulated. The profits allocated by the tax group member to the parent company are, depending on the usability of the losses, to be compensated at 21.5% or 25% (tax rate pursuant to Sec. 22(1) of the Austrian Corporate Income Tax Act [KStG]) by the tax group member. A symmetrical agreement exists for the allocated losses, whereby losses that cannot be allocated are to be credited as "internal tax loss carried forward" at 21.5% of the assessment basis if they are usable.

No tax apportionment contracts were concluded with the foreign group members.

Taxes on income is broken down specifically as follows:

KEUR	2020	2019
Corporate income tax expense in 2020	14	14
Corporate income tax expense in previous years	56	1,546
Foreign withholding tax expense	285	465
Corporate income tax expense, abroad	0	1
Income from tax apportionment „tax group“ in previous years	0	-1,247
Income from tax apportionment „tax group“	-2,355	-2,822
<b>Total</b>	<b>-2,000</b>	<b>-2,043</b>

#### IV. INFORMATION ON SIGNIFICANT INVESTMENTS

Company, domicile	Share	Carrying amount as of	Equity	Annual result
		12/31/2020	KEUR	KEUR
ADMIRAL Casinos & Entertainment AG, Austria	100%	35,100	33,022	-2,695
Admiral Sportwetten GmbH, Austria	100%	19,612	39,880	11,009
Admiralu Klubs SIA, Latvia	60%	22,736	18,402	-890
Ainsworth Game Technology Ltd., Australia	52.90%	107,719	182,067	-54,656
Airoline GmbH, Austria	100%	4,559	4,775	-337
Albanisch Österreichische Lotterien Holding GmbH, Austria	100%	0	53	-1,309
Alfor SIA, Latvia	60%	2,836	29,601	-8,835
ATT S.A., Poland	100%	51,480	16,718	373
Azarto Technika UAB, Lithuania	80%	2,820	2,436	695
Casino Royal, Germany	100%	46,390	*)	*)
celix Solutions GmbH, Austria	80%	235	712	127
Crown Gaming Mexico S.A. de C.V., Mexico	100%	12,266	-5,820	-10,038
Crown Gaming Services Mexico S. d. R.L. de C.V., Mexico	80%	13	62	17
Eagle Investment Sh.A., Albania	100%	0	7,270	-132
Estrada Polska sp.z.o.o., Poland	100%	4,467	2,911	-240
Giochi San Marino S.p.A., San Marino	93%	6,685	8,689	-174
Greentube Internet Entertainment, Austria	100%	26,673	82,792	28,025
HTL d.o.o. Sarajevo, Bosnia and Herzegovina	100%	3,630	14,538	83
HTL Macedonia DOOEL, Macedonia	100%	27,378	27,226	279
HTL Ukraine TOV, Ukraine	100%	1,426	891	-214
HTM Hotel und Tourismus Management GmbH, Austria	100%	1,073	32,340	-14,640
Interinvest Holding SAL , Lebanon	95%	137	n.A.	n.A.
Löwen Entertainment GmbH, Germany	100%	0		*)
LTB Beteiligungs GmbH, Austria	33.33%	23,938	13,053	12,502
Makoten DOOEL, Macedonia	100%	37,734	23,807	-5,813
NMI Invest GmbH, Austria	100%	1,000	976	-5
NMN Immo GmbH, Austria	100%	618	513	-4



Company, domicile	Share	Carrying amount as of 12/31/2020 KEUR	Equity KEUR	Annual result KEUR
Norddeutsche Spielbanken GmbH, Germany	100%	25	n.A.	n.A.
Novo Gaming M Technologies GmbH, Austria	100%	2,753	5,740	-32
Novo Immobilien GmbH, Germany	100%	7,990	35,154	3,177
Novo Investment Bulgaria EOOD, Bulgaria	100%	30,420	26,931	-457
Novo Investment d.o.o., Belgrad, Serbia	100%	72,690	80,215	855
Novo Investment RO SRL, Romania	99.80%	57,787	35,499	-771
NOVO RS d.o.o., BiH	100%	8,962	10,851	978
Novo VLTech GmbH, Austria	100%	10,100	11,354	4,965
Novo VLTech Solutions SRL, Romania	0.01%	0	4,251	3,940
Novochile Ltda., Chile	99%	88	242	169
Novogaming Vilnius UAB, Lithuania	80%	5,944	659	-708
NOVOMATIC Africa (PTY) Ltd., South Africa	100%	5,956	18,190	-501
NOVOMATIC Americas Holdings Inc., Florida, USA	100%	21,385	26,291	-176
NOVOMATIC Argentina S.R.L., Argentina	97.23%	2,513	-454	-2,924
NOVOMATIC Gaming Colombia S.A.S., Colombia	100%	4,908	6,561	-519
NOVOMATIC Gaming Spain S.A., Spain	100%	56,857	73,948	-16,721
NOVOMATIC Hungaria Kft., Hungary	100%	23,518	19,247	1,612
NOVOMATIC Investment Chile S.A., Chile	100%	744	2,638	-80
NOVOMATIC Italia SpA, Italy	100%	376,109	223,123	-92,225
NOVOMATIC Latin-American Holding S.L.U, Spain	100%	2,678	2,727	-354
NOVOMATIC Netherlands B.V. , Netherlands	100%	73,871	70,396	419
NOVOMATIC Peru S.A.C., Peru	100%	6,650	32,451	63
NOVOMATIC Tanzania Ltd.	80%	85	n.A.	n.A.
NOVOMATIC Technologies RS d.o.o., Serbia	100%	200	600	306
Novomatic Services FRA SAS, France	100%	1,354	2,040	418
NOVOMATIC Spielbanken Holding Deutschland GmbH & Co.KG, Germany	100%	19,708	20,816	555
NOVOMATIC Sports Betting Solutions GmbH, Austria	100%	1,000	647	-14
NOVOMATIC Technologies Poland S.A., Poland	48.80%	22,688	20,674	5,448
NOVOMATIC UK Ltd., United Kingdom	100%	194,227	206,834	1,530
Octavian de Argentina S.A., Argentina	90%	743	378	-50
Octavian SPb OOO, Russia	99.20%	890	1,084	82
Pratergarage Errichtungs- und Betriebsgesellschaft m.b.H., Wien Austrai	47.50%	238	649	-78
RSV Beteiligungs GmbH, Austria	100%	72,331	13,034	12,510
SIM Spielbanken Investitions- und Management GmbH, Germany	100%	26	61	0
Spielbank Berlin Entertainment GmbH & Co.KG, Germany	60%	49	-2,420	-7
Treuhandgesellschaft 16, Austria*)	100%	40	n.A.	n.A.
United Gaming Industries OOO, Russia	100%	1,487	3,138	-297

Section 242(2) Z 2 of the Austrian Commercial Code (UGB) applies to individual subsidiaries [see \*) above].

The LÖWEN Group and the CASINO ROYAL Group are included in the consolidated financial statements of NOVOMATIC AG and make use of the possibility of exemption from disclosure of their financial statements as of 31.12.2020 in accordance with Sec. 264 para 3 and Sec. 264 b of the German Commercial Code (HGB). Consequently, the individual financial statements of NOVOMATIC AG also do not include the disclosure of financial data on the German companies. Otherwise, there would be a loss of strategic advantage and unequal treatment of market participants.

The equity and annual results presented are preliminary values determined in accordance with applicable local law.

Relationships to affiliated companies mainly comprise services rendered or procured for branding and licensing rights, the sale and rental of gaming facilities, expenses for the provision of personnel for administrative departments, cash pooling/financing, development services, and real estate rental. Agreements with commitment for voluntary loss assumption were concluded with two German subsidiaries.

## V. INFORMATION ON FINANCIAL INSTRUMENTS

On October 16, 2015, an interest rate swap with a nominal value of KEUR 77,500 and maturity date of October 8, 2020, was concluded. The interest rate swap ended as a result of its expiration.

Due to the high purchasing volumes in USD, parts of the current USD demand were hedged by futures transactions. These are several USD forwards due on a monthly basis.

Following derivatives were concluded:

	31.12.2020	31.12.2020
KEUR	Nominal amount	Market value
Erste Group Bank AG USD-forward contract to 03/16/21	1,469	-45
Raiffeisen Bank International AG USD-forward contract 07/13/21	8,658	322

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. Current market conditions, in particular the current interest rate level, are taken into account. A corresponding provision was created for the negative market values in the financial statements.

## VI. MANDATORY INFORMATION CONCERNING MANAGEMENT BODIES AND EMPLOYEES

### 1.1 Average Number of Employees during the Fiscal Year

	2020	2019
Number of employees	929	962
Number of workers	268	275

### 1.2 Members of the Executive Board and the Supervisory Board during the Fiscal Year

Members of the Executive Board:

- Ryszard Presch, (Executive Board)
- Johannes Gratzl (Executive Board)
- Harald Neumann (CEO until February 29, 2020)

Supervisory Board:

- Dr. Bernd Oswald (Chairman)
- Martina Flitsch (Deputy Chairwoman)
- Dr. Robert Hofians (Member)

### 1.3 Other Disclosures

During the 2020 fiscal year, gross payments of KEUR 996 (previous year KEUR 2,794) and payments from affiliated companies of KEUR 201 (previous year KEUR 320) were made to the members of the Executive Board. To former members of the Board of Management, remuneration of KEUR 3,976 was recognised in the expense. No advances or guarantees were granted to members of the Executive Board. Payments made to members of the Supervisory Board during the year under review amounted to KEUR 250 (previous year KEUR 286).

Expenses for severance payments and pensions concern with KEUR 24 (previous year KEUR -4,107) the Board of Management and with KEUR 1,715 (previous year KEUR 2,874) other employees.

### 1.4 Consolidated Financial Statement

NOVOMATIC AG is required by law to prepare and disclose a subgroup consolidated financial statement according to section 246(3) of the Austrian Commercial Code (UGB). The financial statement for the subgroup NOVOMATIC AG are included in the consolidated financial statement of Novo Invest GmbH with its registered office in Gumpoldskirchen – as head of the Group – and are filed at the Regional Court of Wiener Neustadt under FN 381832v.

### 1.5 Audit Fees

Fees for the audit of the financial statement and expenses for other services of the auditor are presented in the subgroup consolidated financial statement of NOVOMATIC AG.

## 1.6 Appropriation of Earnings

The balance sheet profit of KEUR 363,746, comprising the profit of financial year 2020 amounting to KEUR 11,429 and profit carried forward of KEUR 352,317 should be carried forward to new account.

## 1.7 Subsequent Events after the Balance Sheet Date

Due to the COVID-19 pandemic, which has been ongoing since March 2020, and the resulting decline in earnings, an adjustment of the net debt to EBITDA key figure was agreed with investors until June 29, 2022 as part of NOVOMATIC AG's main financing agreements. As part of this financing, a maximum amount of 7x was agreed for the net debt/EBITDA key figure for the test dates December 31, 2020, June 30, 2021, and December 31, 2021, and compliance with the indicator at all times between the test dates was completely suspended. The equity ratio was left unchanged at a minimum of 15 %. Each investor gave its declaration of consent to the required contractual amendments, resulting in a 100 % rate of consent.

In March 2021, a bilateral non-revolving EUR 100.0 million credit line with a term of 1 year was concluded.

The year 2021 will also be marked by further lockdowns and restrictive measures to curb the spread of the COVID 19 pandemic in many core regions. In particular, new mutations of COVID 19 lead to a difficult-to-predict process, which is why these measures are gradually being extended by the respective national governments. This development leads to the regular re-evaluation of state support measures and support, the amount and timing of which is difficult to estimate in some countries. In order to counteract the negative COVID 19 effects, cost optimization and efficiency improvement measures will also be implemented throughout the Group in 2021. A positive development is the increasing availability of vaccines, which reduces the number of new infections and reduces disease progression. This raises the expectation that lockdowns can be terminated in the foreseeable future and that the framework conditions will continue to normalise. The Corona crisis therefore continues to have an impact on the Group's financial position, financial position and results of operations.

## VII. SPECIAL INFORMATION FOR STOCK CORPORATIONS

The share capital of EUR 26,590,000.00 is fully paid up and is divided into 26,590,000 registered no-par value shares. The nominal value per share amounts to EUR 1.00.

Gumpoldskirchen, March 24, 2021

NOVOMATIC AG



Ryszard Presch  
Executive Board



Johannes Gratzl  
Executive Board

# NOVOMATIC AG

# SCHEDULE OF FIXED ASSETS

as of December 31, 2020

EUR	Development at cost of acquisition and production					Balance as of 12/31/2020
	Balance as of 12/31/2019	Additions	Transfers	Disposals		
<b>A. FIXED ASSETS</b>						
<b>I. Intangible assets</b>						
1. Concessions and industrial property rights						
Rights	16,648,236.46	0.00	0.00	-15,261.30		16,632,975.16
Technical software	130,040,100.36	0.00	0.00	0.00		130,040,100.36
Software	16,994,785.60	273,405.27	14,550.00	-212,202.12		17,070,538.75
2. Goodwill	0.00	0.00	0.00	0.00		0.00
3. Advance payments	2,974,177.03	2,944,514.57	-14,550.00	-52,988.14		5,851,153.46
<b>Total</b>	<b>166,657,299.45</b>	<b>3,217,919.84</b>	<b>0.00</b>	<b>-280,451.56</b>		<b>169,594,767.73</b>
<b>II. Property, plant and equipment</b>						
1. Improvements to third-party buildings undeveloped Land						
	9,293,159.41	0.00	0.00	-209,000.00		9,084,159.41
Buildings – real estate value	31,087,828.14	148,709.85	0.00	-2,684,900.52		28,551,637.47
Buildings – value of building	137,772,349.14	39,177.03	0.00	-1,950,442.68		135,861,083.49
Structural investments in leased property	3,155,033.29	124,695.55	0.00	-658,790.92		2,620,937.92
Buildings on non-owned land	24,404,777.67	2,613.80	0.00	-6,541.00		24,400,850.47
<b>Total</b>	<b>205,713,147.65</b>	<b>315,196.23</b>	<b>0.00</b>	<b>-5,509,675.12</b>		<b>200,518,668.76</b>
2. Plant and machinery						
Plant and machinery	16,229,936.25	33,465.74	0.00	-61,900.99		16,201,501.00
Gaming machines	33,484,123.17	1,785,600.68	0.00	-2,099,574.84		33,170,149.01
Tools and tool costs	23,206,203.14	607,151.84	68,881.60	-14,262.67		23,867,973.91
<b>Total</b>	<b>72,920,262.56</b>	<b>2,426,218.26</b>	<b>68,881.60</b>	<b>-2,175,738.50</b>		<b>73,239,623.92</b>
3. Factory and office equipment						
Factory and office equipment	46,111,370.88	943,660.31	0.00	-4,097,403.90		42,957,627.29
Aircraft	0.00	0.00	0.00	0.00		0.00
Ships	0.00	0.00	0.00	0.00		0.00
Car pool	14,837,373.91	1,695,389.55	0.00	-3,010,706.41		13,522,057.05
Low-value assets	0.00	298,413.28	0.00	-298,413.28		0.00
<b>Total</b>	<b>60,948,744.79</b>	<b>2,937,463.14</b>	<b>0.00</b>	<b>-7,406,523.59</b>		<b>56,479,684.34</b>
4. Prepayments and tangible assets						
Prepayments	0.00	122,624.80	-68,881.60	0.00		53,743.20
Tangible assets in course of construction	6,290,171.84	14,670.86	0.00	0.00		6,304,842.70
<b>Total</b>	<b>6,290,171.84</b>	<b>137,295.66</b>	<b>-68,881.60</b>	<b>0.00</b>		<b>6,358,585.90</b>
<b>Total</b>	<b>345,872,326.84</b>	<b>5,816,173.29</b>	<b>0.00</b>	<b>-15,091,937.21</b>		<b>336,596,562.92</b>
<b>III. Financial assets</b>						
1. Shares in affiliated companies	1,898,303,201.04	74,327,034.56	0.00	-14,231,573.93		1,958,398,661.67
2. Loans to affiliated companies	303,821,257.03	12,658,628.66	0.00	-74,679,358.47		241,800,527.22
3. Investments	24,412,944.55	0.00	0.00	0.00		24,412,944.55
4. Loans to associated companies	700,000.00	59,643.44	0.00	-94,938.52		664,704.92
5. Securities	108,498,362.87	0.00	0.00	-90,318,505.42		18,179,857.45
6. Other loans	21,680,837.42	1,001,520.64	0.00	-796,521.57		21,885,836.49
<b>Total</b>	<b>2,357,416,602.91</b>	<b>88,046,827.30</b>	<b>0.00</b>	<b>-180,120,897.91</b>		<b>2,265,342,532.30</b>
<b>TOTAL FIXED ASSETS</b>	<b>2,869,946,229.20</b>	<b>97,080,920.43</b>	<b>0.00</b>	<b>-195,493,286.68</b>		<b>2,771,533,862.95</b>

Development of Amortization/Depreciation					Carrying amounts	
Balance as of 12/31/2019	Additions	Disposals	Write-ups	Balance as of 12/31/2020	Balance as of 12/31/2019	Balance as of 12/31/2020
-15,255,271.35	-153,974.86	15,261.30	0.00	-15,393,984.91	1,392,965.11	1,238,990.25
-126,665,100.36	-1,125,000.00	0.00	0.00	-127,790,100.36	3,375,000.00	2,250,000.00
-12,882,988.08	-1,256,201.79	211,426.52	0.00	-13,927,763.35	4,111,797.52	3,142,775.40
0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	2,974,177.03	5,851,153.46
<b>-154,803,359.79</b>	<b>-2,535,176.65</b>	<b>226,687.82</b>	<b>0.00</b>	<b>-157,111,848.62</b>	<b>11,853,939.66</b>	<b>12,482,919.11</b>
-0.30	0.00	0.00	0.00	-0.30	9,293,159.11	9,084,159.11
-5,701,883.79	-1,247.26	0.33	0.00	-5,703,130.72	25,385,944.35	22,848,506.75
-58,214,325.01	-4,490,595.52	1,000,071.50	0.00	-61,704,849.03	79,558,024.13	74,156,234.46
-2,929,430.52	-50,594.54	651,202.23	0.00	-2,328,822.83	225,602.77	292,115.09
-21,828,173.26	-232,193.46	6,541.00	0.00	-22,053,825.72	2,576,604.41	2,347,024.75
<b>-88,673,812.88</b>	<b>-4,774,630.78</b>	<b>1,657,815.06</b>	<b>0.00</b>	<b>-91,790,628.60</b>	<b>117,039,334.77</b>	<b>108,728,040.16</b>
-13,392,020.78	-1,340,450.30	61,900.99	0.00	-14,670,570.09	2,837,915.47	1,530,930.91
-25,757,450.45	-3,568,486.17	1,839,789.91	0.00	-27,486,146.71	7,726,672.72	5,684,002.30
-20,296,414.68	-1,996,607.52	14,262.67	0.00	-22,278,759.53	2,909,788.46	1,589,214.38
<b>-59,445,885.91</b>	<b>-6,905,543.99</b>	<b>1,915,953.57</b>	<b>0.00</b>	<b>-64,435,476.33</b>	<b>13,474,376.65</b>	<b>8,804,147.59</b>
-40,359,920.01	-2,711,730.17	4,054,875.39	0.00	-39,016,774.79	5,751,450.87	3,940,852.50
0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00
-8,546,884.66	-1,740,207.17	1,812,489.36	0.00	-8,474,602.47	6,290,489.25	5,047,454.58
0.00	-298,413.28	298,413.28	0.00	0.00	0.00	0.00
<b>-48,906,804.67</b>	<b>-4,750,350.62</b>	<b>6,165,778.03</b>	<b>0.00</b>	<b>-47,491,377.26</b>	<b>12,041,940.12</b>	<b>8,988,307.08</b>
0.00	0.00	0.00	0.00	0.00	0.00	53,743.20
-6,290,171.84	0.00	0.00	0.00	-6,290,171.84	0.00	14,670.86
-6,290,171.84	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>-6,290,171.84</b>	<b>0.00</b>	<b>68,414.06</b>
<b>-203,316,675.30</b>	<b>-16,430,525.39</b>	<b>9,739,546.66</b>	<b>0.00</b>	<b>-210,007,654.03</b>	<b>142,555,651.54</b>	<b>126,588,908.89</b>
-397,479,300.05	-70,801,211.63	7,764,182.40	5,480,000.00	-455,036,329.28	1,500,823,900.99	1,503,362,332.39
-1,750,000.00	0.00	0.00	0.00	-1,750,000.00	302,071,257.03	240,050,527.22
-237,500.00	0.00	0.00	0.00	-237,500.00	24,175,444.55	24,175,444.55
-350,000.00	0.00	25,000.00	0.00	-325,000.00	350,000.00	339,704.92
-160,245.22	-456,469.24	0.00	49,986.79	-566,727.67	108,338,117.65	17,613,129.78
-11,573,414.59	-2,360,906.06	315,710.51	0.00	-13,618,610.14	10,107,422.83	8,267,226.35
<b>-411,550,459.86</b>	<b>-73,618,586.93</b>	<b>8,104,892.91</b>	<b>5,529,986.79</b>	<b>-471,534,167.09</b>	<b>1,945,866,143.05</b>	<b>1,793,808,365.21</b>
<b>-769,670,494.95</b>	<b>-92,584,288.97</b>	<b>18,071,127.39</b>	<b>5,529,986.79</b>	<b>-838,653,669.74</b>	<b>2,100,275,734.25</b>	<b>1,932,880,193.21</b>

# NOVOMATIC AG

# PROVISIONS

as of December 31, 2020

	Balance as of 01/01/2020	Consumption
	EUR	EUR
<b>A. PROVISIONS</b>		
<b>1. Provisions for severance payments and pensions</b>		
Provisions for severance payments	10,904,016.00	498,412.30
Provision for pensions	4,456,668.56	4,456,668.56
	15,360,684.56	4,955,080.86
<b>2. Provisions for taxes</b>		
Provision for corporate income tax	524,000.00	0.00
Provision for corporate income tax DE	338,000.00	0.00
Other provisions for taxes	0.00	0.00
	862,000.00	0.00
<b>3. Other provisions</b>		
Provisions for consulting fees	1,647,903.35	1,514,808.52
Provisions for unconsumed vacation	6,660,436.66	84,755.85
Provisions for time credits	456,775.75	0.00
Provisions for special payments	15,977.45	0.00
Other current provisions for personnel	6,651,250.00	3,140,219.92
Damages	2,460,600.00	511,100.00
Provisions for jubilee payments	3,733,317.90	83,707.34
Provisions for guarantees	2,464,600.00	0.00
Customer bonuses, discounts	97,402.47	14,966.22
Other provisions	3,286,847.76	2,042,134.67
	27,475,111.34	7,391,692.52
<b>TOTAL PROVISIONS</b>	<b>43,697,795.90</b>	<b>12,346,773.38</b>

Release	Allocation	Balance as of 12/31/2020
EUR	EUR	EUR
74,697.70	602,291.00	10,933,197.00
0.00	0.00	0.00
74,697.70	602,291.00	10,933,197.00
0.00	55,319.00	579,319.00
0.00	0.00	338,000.00
0.00	3,607,513.00	3,607,513.00
0.00	3,662,832.00	4,524,832.00
32,376.33	1,082,190.67	1,182,909.17
0.00	0.00	6,575,680.81
82,429.30	0.00	374,346.45
0.00	6,485.87	22,463.32
75,405.00	4,256,751.00	7,692,376.08
975,000.00	2,064,500.00	3,039,000.00
114,945.09	628,612.36	4,163,277.83
1,053,700.00	0.00	1,410,900.00
9,240.94	6,034.78	79,230.09
1,017,904.92	1,221,617.73	1,448,425.90
3,361,001.58	9,266,192.41	25,988,609.65
<b>3,435,699.28</b>	<b>13,531,315.41</b>	<b>41,446,638.65</b>



# NOVOMATIC AG

# AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of NOVOMATIC AG, Gumpoldskirchen (the Company), which comprise the balance sheet as at December 31, 2020, the income statement for the financial year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements comply with legal requirements and give a true and fair view of the financial position of the Company as at December 31, 2020 and its financial performance for the year then ended in accordance with Austrian Generally Accepted Accounting Principles.

### Basis for Opinion

We conducted our audit in accordance with Regulation (EU) No. 537/2014 and the Austrian Generally Accepted Auditing Standards. Those standards require the application of the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with laws and regulations applicable in Austria, and we have fulfilled our other professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained up to the date of our report is sufficient and appropriate to provide a basis for our opinion as of that date.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following matters were of most significance to our audit:

1. Shares in affiliated companies – valuation
2. Subsequent events – amendment to major financing agreements

#### 1. Shares in affiliated companies – valuation

##### Description and Issue

NOVOMATIC AG evaluates impairment of the shares in affiliated companies on an annual basis. For this purpose, the enterprise value for all material investments is calculated using discounted cash flows based on the latest forecasts. Subsequently, the equity value is derived from the enterprise value and compared with the carrying amount of the respective investment. For the valuation of shares in affiliated companies, which are held for sale, the estimated purchase price is used as a valuation benchmark. Due to changes in the legal or economic environment in 2020, mainly due to the COVID-19 pandemic, the forecasts for several markets

were revised. This resulted in an impairment of shares in affiliated companies in the amount of kEUR 70.801. For further details please refer to chapter "II. A. 2. Financial Assets" included in the notes.

The underlying forecasts are, amongst other factors, based on estimates of the effects of changes in the economic environment and are therefore subject to significant uncertainties. Due to that fact and the significance of the shares in affiliated companies in the financial statements we identified this position as a key audit matter for our audit.

#### **Our Response**

We evaluated the forecasts included in the valuation model and the estimates made by the legal representatives. The audit procedures primarily included the analytical review of the estimated development of significant elements of the forecasts, such as the forecasted revenue and earnings development or the working capital development, the inquiry of those responsible for investment controlling on the plausibility of the estimates and assumptions made, the assessment of the forecast accuracy by comparing the results with estimates in previous years and reconciling the forecasts with the group planning presented to the Supervisory Board.

We have also tested the calculation model used. We checked the plausibility of the discount rates applied using ranges calculated by ourselves.

## **2. Subsequent events – amendment to major financing agreements**

#### **Description and Issue**

Due to the decline in earnings associated with the COVID-19 pandemic, NOVOMATIC AG negotiated an amendment to the financial covenants contained in these contracts with various lenders of existing major financing agreements. Various economic consequences are linked to these financial covenants, ranging from interest terms to lender's termination rights. The adjusted financial covenants were contractually agreed in February and March 2021. For further information we refer to chapter "VI. 1.7 Subsequent Events after the Balance Sheet Date" included in the notes. Compliance with these financial covenants is of particular importance for maintaining the financing of NOVOMATIC AG and its subsidiaries. For this reason, we have determined this fact as a key audit matter for our audit.

#### **Our response**

We have reconciled the amended financial covenants with the contractual documents. We reviewed the forecast and scenario analysis applying the amended financial covenants for 2021, inquired with responsible Company officials the plausibility of the assumptions included in the forecast and scenario analysis, and considered the results in our audit procedures regarding the going concern assumption.

## **Other Information**

Management is responsible for the other information. The other information comprises all information in the consolidated non-financial report, which includes information regarding the parent company and which we obtained prior to the date of this auditor's report, as well as the annual report, but does not include the financial statements and the consolidated financial statements of the Company, the management report and our auditor's report thereon. The annual report is expected to be made available to us after the date of the auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. With respect to the management report we refer to the section "Report on the Audit of the Management Report".

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and the Audit Committee for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with Austrian Generally Accepted Accounting Principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Regulation (EU) No 537/2014 and with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Regulation (EU) No 537/2014 and with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the Audit of the Management Report

Pursuant to statutory provisions, the management report is to be audited as to whether it is consistent with the financial statements and whether it has been prepared in accordance with the applicable legal requirements.

Management is responsible for the preparation of the management report in accordance with the Austrian Commercial Code.

We conducted our audit in accordance with laws and regulations applicable with respect to the management report.

### Opinion

In our opinion, the management report is prepared in accordance with the applicable legal requirements, includes appropriate disclosures according to section 243a UGB and is consistent with the financial statements.

### Statement

In the light of the knowledge and understanding of the Company and its environment obtained in the course of our audit of the financial statements, we have not identified material misstatements in the management report.

## Other Matters which we are required to address according to Article 10 of Regulation (EU) No 537/2014

We were appointed as auditors by the annual general meeting on March 24, 2020 and commissioned by the supervisory board on September 21, 2020 to audit the financial statements for the financial year ending December 31, 2020. We have been auditing the Company uninterrupted since the financial year ending December 31, 2004.

We confirm that our opinion expressed in the section "Report on the Audit of the Financial Statements" is consistent with the additional report to the audit committee referred to in Article 11 of Regulation (EU) No 537/2014.

We declare that we did not provide any prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) No 537/2014 and that we remained independent of the Company in conducting the audit.

Vienna, March 24, 2021

Deloitte Audit Wirtschaftsprüfungs GmbH

**Mag. Walter Müller**

Certified Public Accountant (Austria)

This report is a translation of the long-form audit report according to section 273 of the Austrian Commercial Code (UGB). The translation is presented for the convenience of the reader only. The German wording of the long-form audit report is solely valid and is the only legally binding version. Section 281(2) UGB applies.



NOVOMATIC  
Non-Financial Report 2020

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# NONFINANCIAL MANAGEMENT

NOVOMATIC is committed to transparency and regularly enters into dialog with its stakeholders to provide information on further developments for significant non-financial issues, as well as to receive valuable inspiration for continued development.

In the last few years at NOVOMATIC, management of non-financial aspects has been continuously developed. The focus was on expanding the organizational structure, the relevant roles and responsibilities within the company, the development of a Group-wide Corporate Responsibility (CR) strategy and principles, introduction of a Group-wide key indicator system, as well as increased stakeholder dialogs. These measures form a foundation for structured development, control, and performance measurement.

Today, to be viewed as responsible, a company must exhibit measurable developments and positive changes with regard to the significant ecological, social, and corporate fields of action that fall under company responsibility.

NOVOMATIC is working on expanding responsibilities, structures, and processes in the area of Environmental Social Governance (ESG) across the Group. This allows the company to actively control non-financial developments and provide relevant information at a Group level. All measures are targeted towards a long-term corporate strategy.

The added value provided by CR & ESG can thus be measured concretely as an indicator of corporate success. This includes, for example, obtaining and securing licenses, guaranteeing legal certainty, lowering costs through efficient use of resources, preventing accidents and illness, recruiting the best talents in the market and of course creating long-term relationships with customers, business partners and other stakeholders.

## Environmental Social Governance, a Value Driver at NOVOMATIC

### REDUCE COSTS & RISKS



- Energy efficiency
- Resource efficiency
- Waste and waste water prevention
- Accident prevention
- Reducing sick leave days

### SECURE MARKET POSITION



- Securing licenses
- Legal certainty
- Attractiveness as an employer
- Attractiveness as an investment
- Long-term relationship with customers and partners



### Strategic Fields of Action

The five areas of action (Responsible Entertainment, Enjoy Working With Us, Always Compliant, Going Green, and Active in the Community), create the strategic pillars of the company’s corporate responsibility and environmental social governance activities. The motto behind these efforts is: winning responsibly. The goal is to become the most innovative and most responsible provider of responsible entertainment in the world. The specific issues and measures within these strategic areas have been determined using the materiality analysis and the issues defined by same. The non-financial key figures rolled out across the Group for the first time in 2017 allow for the structured performance control and communication of ESG development.

The company values “do – enjoy – respect” are taken into account for all activities. The trust and support of all stakeholders of the company build the foundation.

While revising the strategic NOVOMATIC fields of action, the CR & ESG team worked together with representatives from the subsidiaries to determine Group principles of action. These describe the company’s aspirations for avoiding negative impacts and facilitating positive results. These describe the company’s aspirations for avoiding negative impacts and facilitating positive results. They, therefore, serve as a guideline for individual measures and are each listed at the beginning of the chapters in this report. To expand on this, the team identified important indicators for performance development in each strategic field of action.

### NOVOMATIC’s Strategic CR & ESG House



## The NOVOMATIC AG Group Business Model

### STAKEHOLDERS

**External stakeholders:**

customers, business partners, political bodies and authorities, industry experts and representatives, trade associations, investors and financial institutions, media, sponsoring and donation partners, training institutions, player protection and therapy institutions, NGOs (not focused on player protection), experts in the area of social responsibility.

**Internal stakeholders:**

owners, management, employees

### BUSINESS ASSETS USED EVERY DAY

#### INPUTS WE NEED

**Financial capital**

- Equity and debt, trust from investors

**Production capital**

- Infrastructure, systems, machines, semi-finished and finished parts, commodities (metal, wood, plastic, paint etc.)

**Human capital**

- Employee competence and performance, attractiveness as an employer

**Intellectual capital**

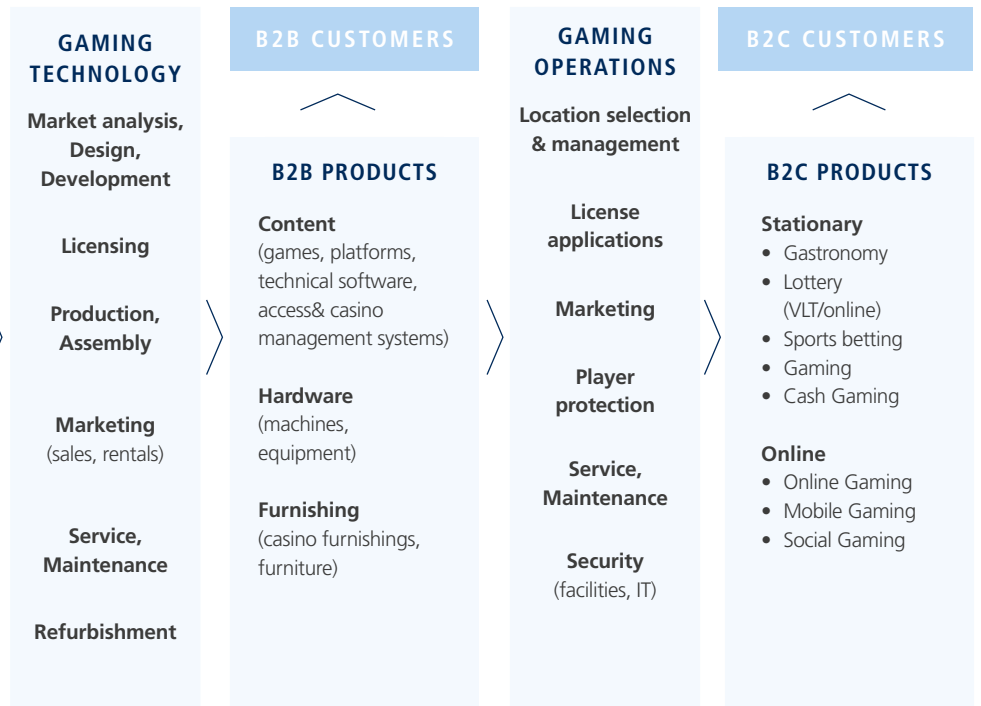
- Intellectual property rights (patents), software, innovative employees, organizational structures

**Natural capital**

- Energy, water, commodities

**Social capital**

- Customer trust, licenses provided by authorities, partnerships with business partners and suppliers, stakeholder support for business activities, image, brand value



#### IMPACTS WE SEEK TO AVOID

- Problematic player behavior
- Misuse of products
- Accidents at work
- Negative health effects
- Discrimination and unequal treatment
- Corruption and breach of legal provisions
- Resource consumption e.g.: water, energy, raw materials
- Waste e.g.: hazardous and non-hazardous waste
- Emissions e.g.: direct and indirect emissions caused by energy consumption and transport

## POSITIVE OUTPUTS WE CREATE

### Financial

- Economic success for investors and owner
- Local and international tax payments
- Company value
- Income for suppliers and business partners
- Employee wages

### Non-financial

- Entertainment value (products)
- Jobs created
- Trained employees
- Strengthening innovation in the region
- Support for charitable initiatives (sponsoring activities, donations, volunteer work)
- Safety (for customers and employees)
- Fight against illegal gaming
- Fair competition

## ADDITIONAL INPUTS

- Software and hardware
- Logistics services
- Infrastructure and locations
- Security services
- Catering products

## Stakeholder Dialog

Transparent and open dialog with all company stakeholders is a central element of NOVOMATIC's CR activities. The stakeholders include all legal entities and natural persons on which our corporate activities have any sort of effect or that can influence NOVOMATIC in some way. The goal is to understand the requirements, expectations and development perspectives of the stakeholders with regard to the company's CR activities. For this reason, the company maintains a dialog with all these different stakeholder groups. This helps to maintain a balance between the company's stakeholders' requirements and its corporate goals. This balance allows for proper evaluation of significant CR issues from a stakeholder perspective and helps identify potential areas of improvement, which in turn helps to set priorities within CR & ESG Management.

NOVOMATIC is aware that not all stakeholders share its perspective and that there are some critical elements. Transparency is, therefore, an important corporate value that helps to maintain an open and constructive dialog with stakeholders. In 2017, the company carried out a comprehensive process to identify the most important stakeholders. Their perspectives, expectations and priorities regarding ESG issues at NOVOMATIC were recorded and evaluated. The company carried out an online stakeholder questionnaire with 120 participants, structured interviews with experts in the area of player protection and gaming addiction prevention, as well as bilateral conversations with selected stakeholders. The results of this process were then used to identify and evaluate the most material non-financial fields of action. How the stakeholders view the individual fields of action is represented by the materiality matrix.

Due to the increasing importance of environmental, social, and governance evaluations, NOVOMATIC has carried out numerous conversations with its major investors and banks. It has since continued this proactive dialog with relevant stakeholders. Every NOVOMATIC subsidiary is involved in direct dialog with its stakeholders.

NOVOMATIC communicates with its stakeholders across a variety of channels, for example direct conversation, working groups, workshops, at events, through reports, via the website, and social media. In this report, all stakeholders can view information on CR objectives, principles, measures, and results.

 GRI 102-21, -40, -42, -43

The following summary is a list of different types of information, dialogs and direct cooperation with our stakeholders:

Information	Dialogs	Participation
Creating transparency, providing information	Open exchange, listen and learn	Active participation, project realization
<ul style="list-style-type: none"> <li>• Website: <a href="http://www.novomatic.com/cr">www.novomatic.com/cr</a></li> <li>• Annual Group reporting: In accordance with GRI standards, the EU Directive on Non-Financial Information as audited by the NaDiVeG, progress report in accordance with the UN Global Compact and the Sustainable Development Goals (SDGs)</li> <li>• Additional local non-financial information and communication via subsidiaries</li> <li>• Regular reporting to regulatory bodies and the Supervisory Board</li> <li>• Intranet news for employees</li> </ul>	<ul style="list-style-type: none"> <li>• Personal talks with relevant stakeholders and specialists</li> <li>• Participation in international expert conferences</li> <li>• Dialog on ESG issues with investors and banks</li> <li>• NOVOMATIC Stakeholder Forum</li> <li>• Dialog on ESG issues with employees as part of NOVOMATIC Welcome Days and the NOVOCCompany Days</li> </ul>	<ul style="list-style-type: none"> <li>• Partnerships in the area of addiction prevention, science and research, social affairs, and long-term financial support for addiction therapy centers</li> <li>• Proactive dialog and continued development with the industry in committees on CR, ESG, and in particular player protection issues as part of the industry associations EUROMAT (Europe) and AGA (USA).</li> <li>• Active exchange and cooperation with local issue specific platforms, interest groups, events, and workshops</li> <li>• Internal CR Board meetings for ongoing coordination within the NOVOMATIC AG Group</li> </ul>

NOVOMATIC views membership in interest and industry groups, as well as in organizations with agendas focusing on Corporate Responsibility (CR)- or Environmental Social Governance (ESG), as an important part of its dialog with relevant stakeholders. The following memberships allow NOVOMATIC to apply its experience to a variety of issues, such as protection of players and minors, both within and outside of the industry and allow the company to share its expertise not just internally, but also with other corporations.

NOVOMATIC Companies	Interest Groups
Group-wide	Relevant local chambers of commerce, industry and business associations, CR, ESG and Responsible Entertainment associations (excerpt)
Austria	Industriellenvereinigung Österreich, Wirtschaftskammer Österreich, respACT – austrian business council for sustainable development, Österreichischer Buchmacherverband (OBMV)
Germany	Automaten-Verband Baden-Württemberg e.V., Automaten-Verband Rheinland-Pfalz e.V., Automaten-Verband Schleswig-Holstein e.V., Bayerischer Automaten Verband e.V., Bundesverband mittelständische Wirtschaft (BVMW), Bundesvereinigung privater Spielbanken (BUPRIS), Deutscher Automatengroßhandelsverband e.V. (DAGV), Deutscher Sportwettenverband (DSW), Die deutsche Automatenwirtschaft e.V. (DAW), FORUM der Automatenunternehmer e.V., Hamburger Automaten Verband e.V., Hessischer Münzautomaten-Verband e.V., Industrie- und Handelskammer zu Berlin (IHK), Verband der Automatenkaufleute Berlin und Ostdeutschland e.V., Verband der deutschen Automatenwirtschaft e.V. (VDAI), Verein Berliner Kaufleute und Industriellen e.V., Zukunftsinitiative Rheinland-Pfalz (ZIRP)
Italy	Association Concessionari Public Game (ACADI), Assotrattenimento 2007 (ASTRO), CSR Manager Network Italy, Association of Machine Manufacturers for Entertainment (ACMI), Exercisers Public Games (EGP), Services Appliances for Public Recreational Attractions (SAPAR), Servizi Apparecchi per le Pubbliche Attrazioni Ricreative (SAPAR)
United Kingdom	British Amusement Catering Trade Association (BACTA), British Bingo Association, Betting and Gaming Council, Gambling Business Group (GBG), Information Commissioners Office (ICO)
Spain	Asociación Catalana de Adicciones Sociales (ACENCAS), Asociación de Empresarios de Salas de Juego de Castilla y León (SAJUCAL), Asociación Española de Empresarios de Salones de Juego y Recreativos (ANESAR), Asociación Nacional de Casinos (AECJ), Club de Convergentes, Consejo Empresarial del Juego (CEJUEGO), Federación Andaluza de Asociaciones de Máquinas Recreativas, La Asociación de Empresarios de Máquinas Recreativas de la Comunidad Valenciana (ANDEMAR CV), Plataforma del Juego Sostenible, Salones y Ocio (ANMARE)
The Netherlands	Gaming in Holland, Sectie Amusementscentra (SAC), Sectie exploitanten horeca (SHE), VAN
Romania	ROMSLOT – Asociatia Organizatorilor de Sloturi
Serbia	The Serbian Chamber of Commerce and Industry of Serbia (CCIS)
North Macedonia	APIS Association
Poland	Polish Committee for Standardization (Polski Komitet Normalizacyjny – PKN)
Australia	Australia Hotels Association (AHA), Club Managers Association, Clubs Queensland, ClubsNSW, Gaming Technologies Association
USA	Canadian Gaming Association (CGA), Illinois Gaming Machine Operators Association (IGMOA), Las Vegas Chamber of Commerce, National Indian Gaming Association (NIGA), Oklahoma Indian Gaming Association (OIGA), Pennsylvania Video Gaming Association (PaVGA), The Association of Gaming Equipment Manufacturers (AGEM), The California Nations Indian Gaming Association (CNIGA)
Online	Betting and Gaming Council, Deutscher Onlinecasino Verband, Deutscher Verband für Telekommunikation, Gamble Aware, International Social Games Association, Remote Gambling Association

## Material Issues

Within the five strategic pillars, there are many fields of action for which NOVOMATIC assumes responsibility. These fields of action are included and prioritized in the materiality matrix.

NOVOMATIC implemented a comprehensive process for identifying and evaluating material corporate responsibility issues. In doing so, NOVOMATIC applies the materiality process from the international Global Reporting Initiative (GRI) standards and orients towards good practice in the industry. For this purpose, the following steps were implemented:

### IDENTIFICATION OF RELEVANT ISSUES

#### Compilation of all potentially relevant issues and fields of action using:

- Previously identified issues
- Industry and peer group analysis
- Workshop carried out with all Group department heads
- Workshop carried out with CR representatives from subsidiaries

### EVALUATION OF ISSUES

#### Relevance for Stakeholders

- Online stakeholder survey
- Stakeholder forum
- Structured interviews

#### Company Impact

- Structured interviews with experts
- Industry impact analysis
- Feedback from consultants

#### Relevance to company business

- Evaluation by Group department heads and the management

### MATERIALITY MATRIX

Includes all material issues that are priority

Further development in the fields of action using measures at both the Group level and within the subsidiaries.

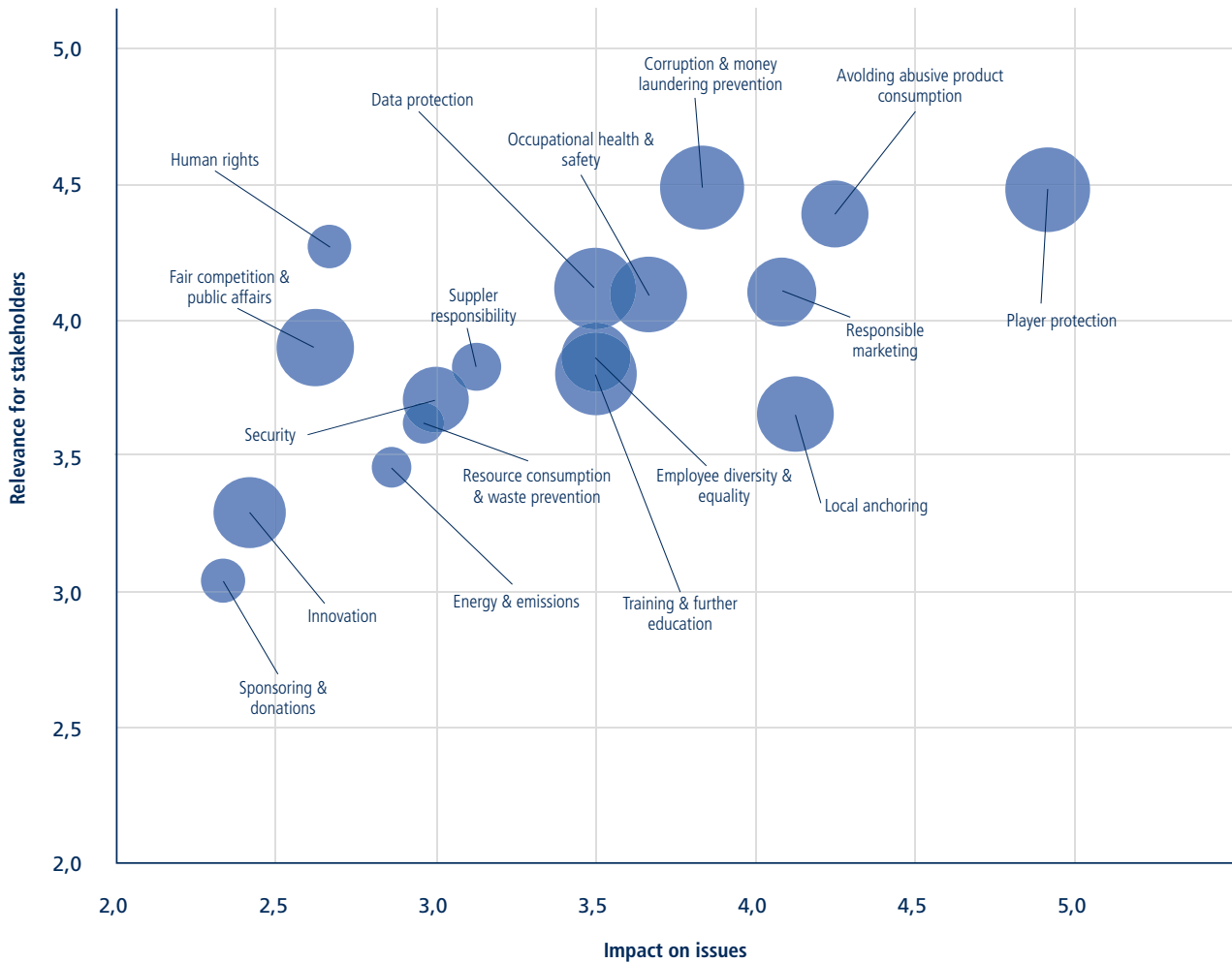
The following image of the materiality matrix shows those issues that are relevant from the point of view of external stakeholders, as well as on which of NOVOMATIC's business activities have an impact and are important for the company's success. All issues represented are part of CR & ESG Management.

The Y-axis shows the relevance of the ESG issues according to NOVOMATIC's external stakeholders (for example: authorities, customers, partners, interest groups, opinion leaders, experts etc.). The X-axis shows the degree of positive or negative impact that business activities have on each issue. The size of the circle shows the relevance of the issue for NOVOMATIC's business activity. The evaluation goes from 0 – not relevant/ no impact to 5 – very relevant/very large impact.

The higher the relevance to stakeholders and the impact of the company's activities, the higher the prioritization for structured further development as well as improvement of ESG performance in these topics. The display can therefore be read from top right to bottom left.

In this matrix, the assessment of the impact of the company's activities is covered, as required by the EU Directive on Non-Financial Reporting and the GRI standards. The business relevance is a new dimension shown in size of the circles. In this report, all ESG issues identified as material are mentioned based on their priority in this matrix. The topic of local anchoring can be found in numerous paragraphs as it is a cross-sectional issue.

**Materiality Matrix 2020**



GRI 102-44, -46, -47, 103-1, -3

## CR & ESG Program

Due to the ongoing expansion of the subsidiaries covered by the CR & ESG Management and resulting difficulty of

calculating meaningful annual values, qualitative objectives and where meaningful also quantitative targets defined.

Strategic Fields of Action	Material Issues	Action Principles
<p><b>Responsible Entertainment</b></p> 	<ul style="list-style-type: none"> <li>• Player protection</li> <li>• Responsible marketing</li> </ul>	<ul style="list-style-type: none"> <li>• "We offer responsible entertainment and ensure that our products and services are used conscientiously."</li> <li>• "We make sure our employees are well trained in player protection and that they pay close attention to identifying problematic behavior and act accordingly."</li> <li>• "We prevent minors and other vulnerable groups from using our products."</li> </ul>
<p><b>Always Compliant</b></p> 	<ul style="list-style-type: none"> <li>• Corruption &amp; money laundering prevention</li> <li>• Data protection</li> <li>• Security</li> <li>• Avoiding abusive product consumption</li> <li>• Supplier responsibility</li> <li>• Human rights</li> <li>• Fair competition &amp; public affairs</li> </ul>	<ul style="list-style-type: none"> <li>• "We implement systems that support our legal compliance and act in accordance with the standards set out in the Code of Conduct."</li> <li>• "We are all required to make every effort to identify and prevent any and all fraudulent and criminal behavior within the company."</li> <li>• "We ensure that our customers' and stakeholders' data protection rights are always taken care of."</li> </ul>
<p><b>Enjoy Working with Us</b></p> 	<ul style="list-style-type: none"> <li>• Training &amp; further education</li> <li>• Occupational health &amp; safety</li> <li>• Employee diversity &amp; equality</li> <li>• Innovation</li> </ul>	<ul style="list-style-type: none"> <li>• "We support employee development and offer training and continued education opportunities."</li> <li>• "We see our employees as an important source of innovation that we strengthen."</li> <li>• "We value the diversity of our staff and stakeholders and treat all people equally."</li> <li>• "We create safe and healthy working conditions in order to avoid accidents and illness"</li> </ul>
<p><b>Going Green</b></p> 	<ul style="list-style-type: none"> <li>• Energy consumption &amp; emissions</li> <li>• Resource consumption &amp; waste prevention</li> </ul>	<ul style="list-style-type: none"> <li>• "We minimize our environmental footprint through efficient handling of energy and resources, as well as by reducing the waste and emissions that we produce."</li> <li>• "We strive to make positive contributions to environmental protection using both production and operational measures."</li> </ul>
<p><b>Active in the Community</b></p> 	<ul style="list-style-type: none"> <li>• Sponsoring &amp; donations</li> <li>• Local anchoring</li> </ul>	<ul style="list-style-type: none"> <li>• "We contribute to society with sponsoring activities, donations and volunteer activities."</li> <li>• "We are active and responsible citizens and invest in our local communities."</li> <li>• "We promote valuable partnerships and sustainable initiatives."</li> </ul>



The following chart shows the strategic fields of action, the significant issues, the relevant principles of action, key figures for control and the goals.

Together, they represent NOVOMATIC's "Winning Responsibly" program for the coming years.

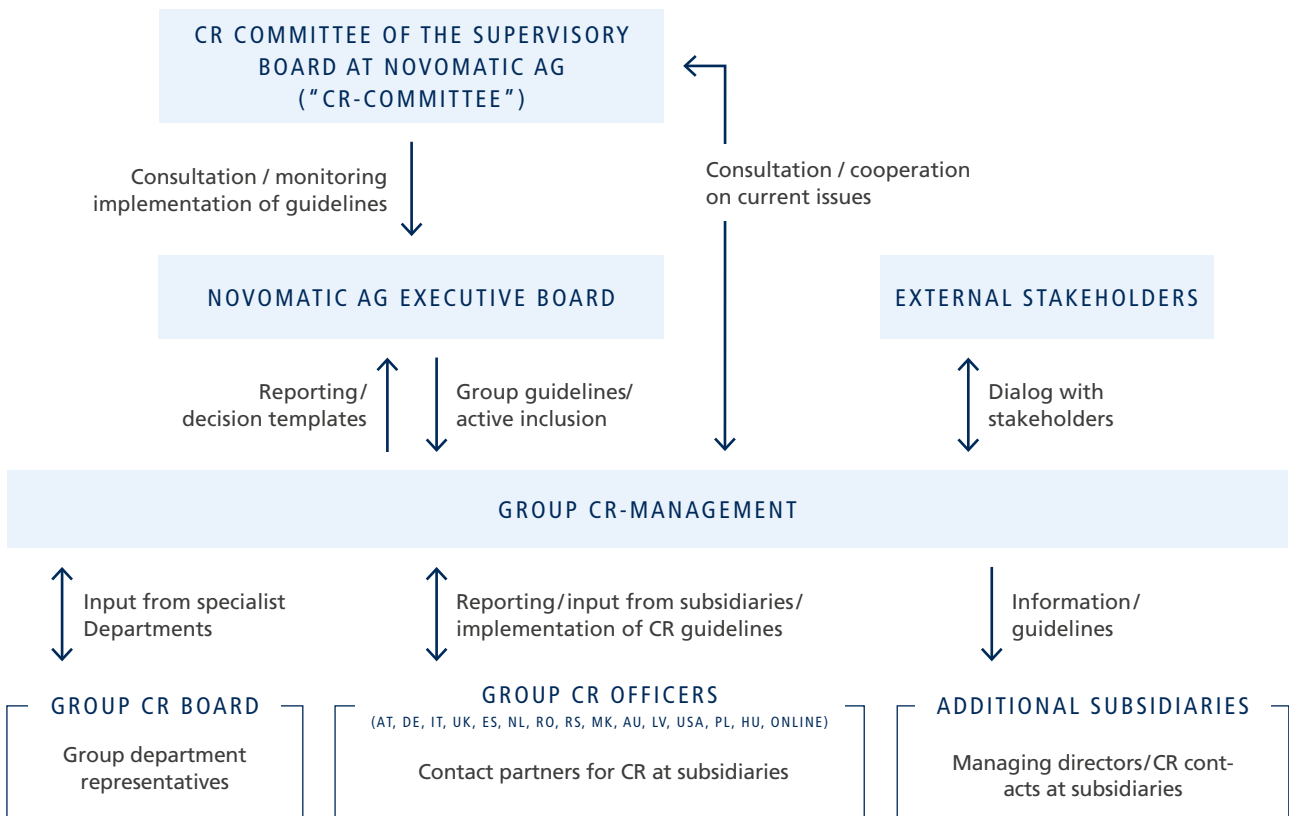
Control Indicators	Strategic Goals
<ul style="list-style-type: none"> <li>Degree of implementation for Responsible Entertainment (RE) measures</li> <li>RE-certifications within the Group</li> <li>RE-policy implementation</li> </ul>	<ul style="list-style-type: none"> <li>Obtaining and maintaining licenses using RE measures</li> <li>Prevent problematic gaming and protect vulnerable groups</li> <li>100% of Group companies implement RE policy</li> <li>Minimum of 70% of Group revenue is certified in accordance with the G4 player protection standard</li> </ul>
<ul style="list-style-type: none"> <li>Degree of training implementation on the Code of Conduct and company guidelines</li> <li>Reported violations of legal requirements, the Code of Conduct and company guidelines</li> </ul>	<ul style="list-style-type: none"> <li>100% of Group subsidiaries comply with legal requirements and the Code of Conduct</li> <li>Prevent corruption and money laundering</li> <li>Protection of personal data belonging to customers and other stakeholders</li> </ul>
<ul style="list-style-type: none"> <li>Percentage of women in total and in management positions</li> <li>Percentage of resignations by employees</li> <li>Sick leave rate</li> <li>Accident rate</li> <li>Training and further education hours per employee</li> </ul>	<ul style="list-style-type: none"> <li>Positioning in the market as an attractive employer</li> <li>Creation of a safe and healthy work environment that supports diversity and innovation</li> <li>Continuous reduction of accident rate and 0 deaths</li> </ul>
<ul style="list-style-type: none"> <li>Energy consumption in MWh</li> <li>CO<sub>2</sub> equivalent (CO<sub>2</sub>e) emissions in tons</li> <li>Water consumption in m<sup>3</sup></li> <li>Waste in tons</li> </ul>	<ul style="list-style-type: none"> <li>Continuous reduction of absolute and relative energy use, as well as Scope-1- and Scope-2-CO<sub>2</sub>e emissions</li> <li>Continuous increase in electricity from renewable sources</li> <li>Continuous reduction of absolute and relative water consumption and waste generated</li> <li>Contribution to environmental protection in the manufacturing and operational segments</li> </ul>
<ul style="list-style-type: none"> <li>Social impact of sponsoring activities, donations and volunteer work</li> </ul>	<ul style="list-style-type: none"> <li>Contribution to corporate responsibility via sponsoring activities, donations, and volunteer work.</li> </ul>

### Anchoring Within the Organization

The Group CR & ESG Department is responsible for the strategic, structural, and impact oriented management of environmental social governance at NOVOMATIC. This department reports directly to the NOVOMATIC AG Executive Board. Coordination of strategic ESG challenges, as well as opportunities and risks, is based on regular conversation, both with the management of the company, and with NOVOMATIC AG's Supervisory Board CR committee. The committee is made up of members from the Supervisory Board. Their job is, in cooperation with Group CR & ESG Management, to identify strategic ESG issues, risks, and opportunities, and to present corresponding action proposals to the Managing Directors. The Committee highlights how strategically important CR and ESG are at NOVOMATIC. It meets several times a year as needed.

In addition, the CR Board also holds several meetings each year to support continued development and conversations on issues related to ESG within the Group. The CR Board is made up of representatives from the most important Group functions, Austrian operative units, and internal experts on relevant ESG issues. The Board shares relevant information and presents and discusses suggestions on implementation. This ensures a high level of CR & ESG integration in all operative and supporting business units.




The major subsidiaries are integrated into the CR team to achieve international coordination, control, and measurement of fields of action. Each Officer within a subsidiary delivers ESG relevant information to headquarters, implements measures and projects, ensures guidelines are met, and maintains a dialog with local stakeholders. They engage regularly in team calls, international meetings, and a continuous bilateral exchange of information.



GRI 102-18, -19, -20

## Environmental Social Governance Ratings

The ESG is designed as a clear, measurable, and transparent evaluation, similar to corporate financial rating evaluations, and has therefore become an important criterion for investors and financial decision makers. External ESG evaluations are becoming increasingly important, and as such NOVOMATIC AG remains in close contact regarding these issues with its investors, banks, and insurance companies. The Group has been rated as follows based on the ESG risks and ESG performance.

 SUSTAINALYTICS	<p><b>Sustainalytics ESG Risk Rating</b></p> <p>In April, 2020, the renowned international ESG ratings agency Sustainalytics evaluated NOVOMATIC AG's ESG profile, judging it to have a "Low risk of material financial impacts driven by ESG factors." NOVOMATIC received a specific ESG risk rating of 18.8 points, thus reaching 3rd place among 80 international gaming companies rated by Sustainalytics. This places NOVOMATIC in the 100 top rated companies in the broader Consumer Services category.</p> <p><a href="http://www.sustainalytics.com">www.sustainalytics.com</a></p>
	<p><b>ISS ESG Corporate Rating</b></p> <p>In June, 2020, ISS ESG awarded NOVOMATIC a "C-" rating, placing it in the top 40% of electronics industry companies.</p> <p><a href="http://www.issgovernance.com/esg-de">www.issgovernance.com/esg-de</a></p>
	<p><b>VigeoEiris ESG Rating</b></p> <p>In August, 2020, NOVOMATIC was evaluated by VigeoEiris ESG Rating, placing 19 out of 43 companies in its European technology hardware company peer group.</p> <p><a href="http://www.vigeo-eiris.com">www.vigeo-eiris.com</a></p>
 RepRisk ESG data science and quantitative solutions	<p><b>RepRisk Rating</b></p> <p>RepRisk Rating considers NOVOMATIC to have a low ESG risk, with a risk rating of "A" possible ratings range from D to AAA.</p> <p><a href="http://www.reprisk.com">www.reprisk.com</a></p>

In addition, NOVOMATIC also received ratings for specific ESG categories from MSCI and Trucost (part of S&P).

## Principles, Standards, Systems and Certifications

In order to proactively manage performance progress and improvement on ESG issues, as well as to proactively manage stakeholders, the company uses a series of ESG relevant principles, standards, management systems and certifications. The NOVOMATIC AG Group uses a variety of standards and tools to manage ESG issues across its numerous international production locations and operational subsidiaries. As a base for Group-wide CR & ESG management, NOVOMATIC applies

relevant standards and guidelines, such as the Sustainable Development Goals (SDGs), the principles of the UN Global Compact (UNGC), the Global Reporting Initiative standards, the guidelines on non-financial reporting as published by the European Commission and also the Austrian Law on the Improvement of Sustainability and Diversity (NaDiVeG).

In addition there are standards and additional tools that are applied across the entire NOVOMATIC AG Group.




Tool	Context	Applied since
United Nations Global Compact (UNGC) Principles	Company initiative founded in 2000 by UN General Secretary Kofi Annan, encompassing ten principles for responsible action.	2014
United Nations Sustainable Development Goals (UN SDGs)	17 measurable sustainable goals adopted by the United Nations. NOVOMATIC uses these SDGs as a strategic guide, and provides information within the framework of this report.	2015
Global Reporting Initiative Standards (GRI)	Worldwide de facto standards (GRI Standards) for environmental social governance and sustainability reporting. This report is written in compliance with the standards as laid out in the Global Reporting Initiative (GRI), application scope 'core'.	2011
Austrian Law on the Improvement of Sustainability and Diversity (NaDiVeG)	Austrian law for implementing Directive 2014/95/EU on non-financial reporting within the European Union.	2017
Quality Management standard ISO 9001	ISO 9001 is also an International Organization for Standardization (ISO) standard for managing quality aspects.	2005
Environmental Management standard ISO 14001	ISO 14001 is an ISO standard for managing performance evaluations in regard to ecological aspects.	2014
Health and Safety standard ISO 45001	ISO 45001 is an ISO standard for managing work health and safety within a company.	2014
Information security standard ISO 27001	ISO 27001 is an ISO standard for managing information security within an organization.	2009
G4 player protection standard	G4 is the international standard for responsible gaming.	2019

### Sustainable Development Goals (SDGs)

Ever since they were published in 2015, NOVOMATIC AG has supported the globally applicable Sustainable Development Goals (SDGs). NOVOMATIC uses these SDGs as a strategic guide, and provides information within the framework of this report.

The following summary shows the contributions that the NOVOMATIC AG Group has made to the SDGs. These contributions were determined using the document "An analysis of the goals and targets".



You can find a summary of every SDG goal and page numbers for the contents in the "GRI, SDG, UNGC and NaDiVeG Index" of this report.

 United Nations Sustainable Development Goals: <https://sustainabledevelopment.un.org>



**NOVOMATIC’S Contribution to the Sustainable Development Goals**

SDG Goals	Supported Sub-Goals	NOVOMATIC Contribution
 <p><b>3</b> GOOD HEALTH AND WELL-BEING</p>	<p>3.9. Reduction of deaths and illnesses caused by air, water and ground pollution.</p>	<ul style="list-style-type: none"> <li>• Health and occupational safety measures for all employees.</li> <li>• Environmental management for reducing waste and emissions.</li> </ul>
 <p><b>4</b> QUALITY EDUCATION</p>	<p>4.5. Eliminating gender-specific disparities in training and ensuring equal-opportunity access to training and educational levels.</p>	<ul style="list-style-type: none"> <li>• Extensive training and further education opportunities for all employees.</li> <li>• Support for apprentices.</li> <li>• Measures to ensure diversity and equality.</li> </ul>
 <p><b>5</b> GENDER EQUALITY</p>	<p>5.1. Ending all forms of discrimination against women.</p>	<ul style="list-style-type: none"> <li>• Supporting women in management positions.</li> <li>• Measures to ensure diversity and equality.</li> </ul>
 <p><b>7</b> AFFORDABLE AND CLEAN ENERGY</p>	<p>7.2. Increasing the share of renewable energy in the energy mix. 7.3. Increasing energy efficiency.</p>	<ul style="list-style-type: none"> <li>• Group monitoring of absolute and relative energy consumption, energy sources in use and the associated emissions.</li> </ul>
 <p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p>	<p>8.1. Contribution to local and regional economic growth. 8.2. Increased economic productivity via diversification, technological modernization and innovation. 8.4. Contribution to uncoupling economic growth and resource consumption as well as preventing environmental degradation. 8.5. Contribution to productive full-time and humane employment. 8.8. Protection of labor rights and creation of a safe work environment for all employees.</p>	<ul style="list-style-type: none"> <li>• Measurement of NOVOMATIC AG’s economic footprint.</li> <li>• Contribution to local economic performance via job creation, paying local taxes and using regional suppliers.</li> <li>• Supporting innovation via education and training, as well as innovation projects.</li> <li>• Measures to increase energy and resource efficiency.</li> <li>• Creation of thousands of jobs in the consolidated group in more than 50 countries.</li> <li>• Occupational health and safety measures, guaranteed equal opportunities, as well as protection of employee rights within the Group.</li> </ul>
 <p><b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>9.2. Contribution to broadly effective and sustainable industrialization.</p>	<ul style="list-style-type: none"> <li>• Job creation in more than 50 countries.</li> <li>• Environmental Social Governance Management for social and ecological development within the Group.</li> </ul>
 <p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>12.6. Introduction of sustainable practices and sustainability reporting.</p>	<ul style="list-style-type: none"> <li>• Recording of non-financial performance indicators in a non-financial report, starting in 2017.</li> <li>• Transparent communication with relevant stakeholders regarding environmental, social and corporate responsibility.</li> </ul>

SDG Goals	Supported Sub-Goals	NOVOMATIC Contribution
<p><b>13</b> CLIMATE ACTION</p> 	<p>13.1. Increase in flexibility in terms of climate related risks and natural disasters.</p>	<ul style="list-style-type: none"> <li>• Measurement of direct and indirect CO<sub>2</sub>e emissions.</li> <li>• Measures to reduce energy consumption and emissions.</li> </ul>
<p><b>16</b> PEACE, JUSTICE AND STRONG INSTITUTIONS</p> 	<p>16.3. Supporting rule of law and the equal access to justice.</p>	<ul style="list-style-type: none"> <li>• Ensuring legal regulations are followed using the Code of Conduct and corporate guidelines.</li> <li>• Organization and processes in order to report violations or identify them in other manners.</li> </ul>

### United Nations Global Compact (UNGC) Principles

The NOVOMATIC AG Annual Report serves as Communication on Progress in line with the UNGC principles. This Communication on Progress is also available online on the United Nations Global Compact website.

 United Nations Global Compact – NOVOMATIC AG profile: [www.unglobalcompact.org/what-is-gc/participants/36511](http://www.unglobalcompact.org/what-is-gc/participants/36511)


NOVOMATIC is committed to the ten United Nations Global Compact (UNGC) principles. You can find a summary of every SDG goal and page numbers for the contents in the “GRI, SDG, UNGC and NaDiVeG Index” of this report.

## WE SUPPORT



### Global Reporting Initiative (GRI) Standards

This report is written in compliance with the standards as laid out in the Global Reporting Initiative (GRI), application scope ‘core’. The 2017 fiscal year saw the transition from GRI G4 guidelines to GRI standards.

 Global Reporting Initiative (GRI): [www.globalreporting.org](http://www.globalreporting.org)

 GRI 102-54

### Austrian Law on the Improvement of Sustainability and Diversity (Nachhaltigkeits- und Diversitätsverbesserungsgesetz, NaDiVeG)

This report was written to meet requirements listed in Sections §§ 243b and 267a of the Austrian Commercial Code (Nachhaltigkeits- und Diversitätsverbesserungsgesetz – NaDiVeG), and thus serves as a (consolidated) non-financial report within the framework of the Annual Report. It implements, at a national level, EU Directive 2014/95/EU on non-financial reporting.

 European Commission Guidelines on non-financial reporting: <https://eur-lex.europa.eu/>

In addition to the information provided in the Annual Report, there are further GRI key figures in the notes. The notes is included in the digital version of the report. The print version indicates that the notes can be downloaded separately on the NOVOMATIC website, which is accessible to everyone.

 Environmental Social Governance notes to the NOVOMATIC AG Group Annual Report: [www.novomatic.com/cr](http://www.novomatic.com/cr)

## About the Report

The non-financial report is published annually. The previous report was released on April 3, 2020. Unless otherwise stated, all information and data refer to the 2020 fiscal year from January 1 to December 31. Figures are taken from the cut-off date of December 31.

 GRI 102-50, -51, -52


The report includes, unless otherwise stated, all those companies within the scope of consolidation, with information recorded via direct data collection or extrapolation.


For the fiscal year 2020, this report includes data collected directly on companies making up 92 % of the NOVOMATIC AG Group revenue. The remaining amount is extrapolated to reach a total 100%. You can find a summary in the Segment Analysis chapter included in the notes for this Consolidated Financial Statement.


The report, including the integrated index and all non-financial key figures, can be accessed online at:

 [www.novomatic.com/cr](http://www.novomatic.com/cr)

In the report, the following symbols are used for orientation of the reader:

 Reference to an indication relating to the United Nations Sustainable Development Goals (SDGs)

 Reference to an indicator according to Global Reporting Initiative standards, application level "core"

 Reference to further information or cross references in the report

In order to improve readability, terminology is used only in its masculine form. Any wording relating to persons is to be understood as gender neutral.

## Changes 2020

- Expanded ESG ratings information
- Expanded information on handling the COVID-19 pandemic and the new Supplier Code of Conduct have been added
- The CR & ESG risk matrix has been updated
- Expansion of integrated subsidiaries to include amongst others large corporations from the USA and Latvia
- Data from 2017 – 2020 was updated where necessary, in order to meet the scope of reporting for 2020
- More precise extrapolation of the companies not directly recorded
- KPIs that were not directly measured were, for the first time, extrapolated using non-financial reporting software
- Photos and numerous highlight texts were cut

The implementation of requirements from Sections §§ 243b and 267a (NaDiVeG) of the Austrian Commercial Code, as well as the compliance with the GRI standards option "core" was audited by the certified public accounting firm Deloitte Audit Wirtschaftsprüfungs GmbH. You find the independent audit report at the end of this report.

 GRI 102-48, -49

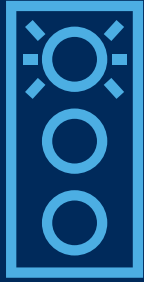
**WE THANK YOU FOR YOUR FEEDBACK AND  
SUGGESTIONS TO THE  
GROUP CR & ESG DEPARTMENT.**

**Group CR & ESG**

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 GRI 102-53



# RESPONSIBLE ENTERTAINMENT

This section provides a summary of the most important results and measures described in this chapter.

## GROUP COMMITMENT ON RESPONSIBILITY

- “We offer responsible entertainment, and ensure that our products and services are used conscientiously.”
- “We make sure our employees are well trained in player protection and that they pay close attention to identifying problematic behavior and act accordingly.”
- “We prevent minors and other vulnerable groups from using our products.”

## Responsible Entertainment



# 11

In total 11 most important Group companies certified with the G4 responsible gaming standard (represents 56 % of Group revenue)

## Responsible Technology



# 12

Introduction of the NOVOMATIC Biometric System™ (NBS) in 12 countries

## PRINCIPLES OF THE RESPONSIBLE ENTERTAINMENT CODE

- I  
NOVOMATIC always acts in accordance with the law.
- II  
NOVOMATIC represents strict protection of minors.
- III  
NOVOMATIC values informed customers.
- IV  
NOVOMATIC advertises its services responsibly.
- V  
NOVOMATIC employs competent staff members.



# RESPONSIBLE ENTERTAINMENT

The company acts as a welcoming and responsible host at its branches and gaming facilities. That is why it offers only responsible gaming options and creates suitable framework conditions to keep gaming fun.

The figures and displays presented in this chapter apply, unless otherwise indicated, to all NOVOMATIC AG core companies.

At NOVOMATIC, Responsible Entertainment covers measures for gaming addiction prevention in the gaming segment but also includes measures in the sports betting, lottery, and online gaming segments. The company is well aware of the requirements and expectations of authorities, customers, business partners, and other stakeholders. Responsible Entertainment is a key element in the implementation of business activities at NOVOMATIC.

The provision of gaming services is strictly regulated and monitored by the government in many countries. The requirements are defined very differently across Europe, and even within individual countries. The concrete definition of responsible gaming measures primarily depends on the legal framework of the individual markets in which NOVOMATIC is active. The company welcomes clear, legal regulations, and is only active in regulated gaming markets.

Player protection is guaranteed using technical expertise, many years of international experience, and by working together with experts and institutions. NOVOMATIC takes a proactive approach to Responsible Entertainment, which involves all business areas, from the casinos and gaming facilities to sports betting and online gaming. The company uses all available means to implement measures for the protection of players and minors that go above and beyond the legal requirements. Some examples include biometric access restrictions, extensive employee training on gaming addiction prevention, and measures designed to aid responsible marketing practices. You can find more extensive information on these subjects in each relevant section of this chapter.

The most important thing for fun and responsible gaming, in addition to technical player protection measures, is that players assume a degree of responsibility for their own actions. This is why NOVOMATIC takes care to inform players about the risks of excessive use. In addition, depending on local regulations, there may be limitations on the amount of time a person can play, how often they can visit a facility, or the amount they can spend, in order to prevent problematic player behavior.

### Summary of Responsible Entertainment Measures

This summary shows the most important responsible entertainment and compliance measures taken in various countries:

Responsible Entertainment Measures	AT		DE					ITA		
	ADMIRAL Casinos & Entertainment AG	ADMIRAL Sportwetten GmbH	ADMIRAL Spielhallen Gesellschaften	Admiral Sportwetten GmbH	Kurhessische Spielbank Kassel/ Bad Wildungen GmbH & Co. KG	LÖWEN ENTERTAINMENT GmbH	Spielbank Berlin GmbH & Co. KG (Potsdamer Platz)	Allstar S.r.l. & Admiral Gaming Network S.r.l.	NOVOMATIC Italia S.p.A.	Admiral Sport S.r.l.
Employee training	●	●	●	●	●	●	●	●	●	●
Protection of minors	●	●	●	●	●	●	●	●	●	●
Provision of information	●	●	●	●	●	●	●	●	●	●
Contacts	●	●	●	●	●	●	●	●	●	●
Cooperation with therapy & counseling institutions	●	●	●	●	●	●	●	●	●	●
Support for research institutes	●	●	●	●	●	●	●	●	●	●
Helpline	●	●	●	●	●	●	●	●	●	●
Access control system	●	●	●	●	●	●	●	●	●	●
Access restrictions	●	●	●	●	●	●	●	●	●	●
Technical prevention measures	●	●	●	●	●	●	●	●	●	●
Active Responsible Entertainment communication	●	●	●	●	●	●	●	●	●	●

● implemented    ● currently not implemented or not applicable

The measures shown correspond to or exceed local legal requirements. Only those companies are represented where operational player protection in the core business is relevant. Changes to the previous year are the result of changes to the scope of consolidation.

The following companies whose implementation is identical in each country are summarized as follows:

ADMIRAL Spielhallen Gesellschaften: includes all operative companies active in Germany and not listed in this table

NOVOMATIC Netherlands Operations: Biermann’s Bingo B.V., Casino Admiral Appelscha B.V., Casino Admiral Holland B.V., Casino Admiral Noordwijk B.V., Casino Admiral Staff B.V., Casino Admiral Zeeland B.V., Casino Sevens Simpelveld B.V., NOVOMATIC Exploitatie NL I B.V., NOVOMATIC Exploitatie NL II B.V.,

NOVOMATIC Exploitatie NL III B.V., NOVOMATIC Services NL B.V., Recreatieprojecten Zeeland B.V., Rio Vught B.V., Speelautomatenexploitatie Topa B.V., Super Game B.V.

NOVOMATIC Romanian Operations: Admiral Leisure SRL, Alea Leisure SRL, Intertop Leisure SRL

Online Operations: BeatYa Online Entertainment plc, Funstage GmbH, Greentube Alderney Ltd., Greentube Internet Entertainment Solutions GmbH, Greentube Malta Ltd., Greentube UK Ltd.

- **Employee training:** Training with a focus on player protection and gaming addiction prevention for employees who have customer contact.
- **Protection of minors:** In every gaming segment, the company ensures that minors are not allowed to use their products (the relevant local laws apply, e.g. no entry for anyone under the age of 18).
- **Information offering:** Customers are provided with information designed to raise their awareness of gaming addiction (e.g. self-check, information brochures, etc.). These are designed to support informed and responsible gaming.
- **Contacts:** Customers have access to contact information for the gaming facility manager or for Responsible Entertainment experts.
- **Support for research institutions:** Sponsoring activities and partnerships with research, therapeutic, and counseling institutions in order to improve gaming addiction prevention and player protection measures.
- **Counseling hotline:** Telephone hotline staffed by gaming addiction experts, among others, available to all customers seeking help.
- **Access control system:** System for collecting specific information in regards to player protection before the gaming device is used.
- **Access restrictions:** Measures implemented for limiting product use for specific people (e.g. vulnerable groups such as minors).
- **Technical prevention measures:** Measures to prevent problematic gaming (some but not all symptoms of gaming addiction are present).
- **Responsible entertainment dialog:** Measures for proactively communicating and entering into dialog with customers and other stakeholders regarding gaming addiction prevention and player protection.

UK	ES		NL	RO	RS		MK		PL	LVA		Online
Luxury Leisure Ultd. & RAL Ltd.	Admiral Slots S.A. & Salones Macao S.L.	Basque Gaming S.L.	NOVOMATIC Netherlands Operations	NOVOMATIC Romania Operations	Admira d.o.o & Millennium Bet d.o.o.	Novo Investment d.o.o.	MA Gaming DOOEL	Masterbet DOOEL	Makoten DOOEL	Estrada Polska Sp. z o.o.	Alfor SIA & Admiralu Klubs SIA	Online Operations
●	●	●	●	●	●	●	●	●	●	●	●	●
●	●	●	●	●	●	●	●	●	●	●	●	●
●	●	●	●	●	●	●	●	●	●	●	●	●
●	●	●	●	●	●	●	●	●	●	●	●	●
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●	●	●	●	●	●	●	●	●	●	●	●	●
●	●	●	●	●	●	●	●	●	●	●	●	●
●	●	●	●	●	●	●	●	●	●	●	●	●
●	●	●	●	●	●	●	●	●	●	●	●	●

The CR & ESG Management collects all information on the requirements and activities concerning this issue. Group companies remain in regular contact with one another to exchange examples of good practice. The goal is to improve player protection and acquire and maintain licenses.

These activities include the following Responsible Entertainment aspects: compliance, protection of minors, information for customers, responsible advertising, trained employees. The Responsible Entertainment Code is used in internal training sessions on the topic of player protection, and is provided to every new employee.

It is available both to the public and on the NOVOMATIC intranet (NOVONET) in German, English, and Italian, and was updated in 2020.

 Responsible Entertainment: [www.novomatic.com/cr](http://www.novomatic.com/cr)

NOVOMATIC also lobbied for a proactive approach to the issue of responsibility within the core business at various trade associations. Together with the members of The European Gaming and Amusement Federation (EUROMAT), NOVOMATIC developed principles of social responsibility within the industry that were adopted in 2018.

The following sections describe Group management approaches for significant issues.

 GRI 103-2, 417-1

## Player Protection & Gaming Addiction Prevention

Player protection and gaming addiction prevention are central fields of action for CR & ESG Management. They include all measures used for recognizing and preventing problematic gaming, and offering relevant help if required. This applies not just to gaming in electronic casinos, but also to sports betting, lottery, and online gaming. The relevant measures implemented within the Group have been recorded.

A recurring theme is the question of whether player protection and profit contradict each other. However, surveyed player protection experts and NOVOMATIC as a company do not believe this to be the case. Customers that enjoy gaming, and are able to and want to use NOVOMATIC products over the long term, are the basis for successful business. Every customer that displays problematic player behavior, and therefore is no longer allowed to play, is a customer lost. Effective player protection is important for the customer's sense of wellbeing and is the basis of NOVOMATIC's business model.

GOALS 2020	HIGHLIGHTS 2020	PLANNED 2021
<p><b>PLAYER PROTECTION</b></p> <p><b>Group:</b></p> <ul style="list-style-type: none"> <li>• Approve the amended Group Responsible Entertainment Code</li> <li>• Expand G4 certification</li> <li>• Expand NOVOMATIC Biometric Systems™</li> </ul>	<p><b>Principles:</b> Prevent problematic gaming and protect vulnerable groups</p> <p><b>Group:</b></p> <ul style="list-style-type: none"> <li>• The Group Responsible Entertainment Code was revised in 2020 and will be rolled out in 2021</li> <li>• Workshop run by the Anton Proksch Institute with representatives of Group Management and Group Departments for sensitivity training in regard to gaming addiction prevention</li> </ul> <p><b>Austria:</b></p> <ul style="list-style-type: none"> <li>• Rolled out the NOVOMATIC Biometric Systems™ (NBS) fingerprint system in Lower Austria</li> <li>• Creating awareness for employees regarding the importance of player protection</li> <li>• Expanded Customer Care system (technical player protection)</li> <li>• Revised information folder on responsible gaming and responsible betting for customers</li> </ul> <p><b>Germany:</b></p> <ul style="list-style-type: none"> <li>• New access terminal as responsible gaming tool in gaming venues and restaurants</li> <li>• Implemented RE employee training, gaming venue visits and workshops in cooperation with the Gesellschaft für Spielerschutz und Prävention (Society for Player Protection and Prevention, GSP)</li> <li>• Development of a comprehensive social program for sports betting businesses together with the GSP</li> <li>• New employees hired for the Spielbank Berlin administration team, mainly responsible for player protection</li> <li>• Spielbank Kassel player protection flyer now available in two additional languages (Spanish, Turkish)</li> </ul> <p><b>Spain:</b></p> <ul style="list-style-type: none"> <li>• Active cooperation on RE agenda on industry platforms</li> <li>• Founding member of the RE platform Plataforma para el Juego Sostenible and implementation of RE principles</li> </ul> <p><b>United Kingdom:</b></p> <ul style="list-style-type: none"> <li>• Installed the Gamblewise RE tool in gaming venues</li> <li>• Introduced safer gambling information to all B3 digital machines</li> <li>• Participated in new provider-independent platform on responsible game design</li> <li>• Participated in country-wide Safer Gambling Week</li> </ul>	<p><b>Group:</b></p> <ul style="list-style-type: none"> <li>• Approval, communication and roll-out the new Group Responsible Entertainment Code (was postponed due to COVID-19)</li> <li>• Expand G4 certification to Italy and Spain (did not take place in 2020 due to COVID-19)</li> </ul> <p><b>Austria:</b></p> <ul style="list-style-type: none"> <li>• Update RE area on website</li> <li>• Evaluate player protection measures</li> <li>• Further training measures for facility and service center employees</li> <li>• G4 recertification</li> </ul> <p><b>Germany:</b></p> <ul style="list-style-type: none"> <li>• New access terminal for self-exclusion file queries and device access</li> <li>• Develop new social concept for casinos</li> <li>• Continue player protection activities in gaming venues and casinos</li> <li>• G4 recertification</li> </ul> <p><b>Italy:</b></p> <ul style="list-style-type: none"> <li>• New RE employee training</li> <li>• Initial G4 certification</li> </ul> <p><b>Spain:</b></p> <ul style="list-style-type: none"> <li>• Actively participate on RE platform Plataforma para el Juego Sostenible and implement RE principles</li> <li>• Initial G4 certification</li> </ul> <p><b>United Kingdom:</b></p> <ul style="list-style-type: none"> <li>• Introduce the Gamblewise tool in all gaming venues</li> <li>• Introduce limit options on digital machines</li> <li>• Participate in country-wide Safer Gambling Week</li> <li>• G4 recertification</li> </ul>

**GOALS 2020****HIGHLIGHTS 2020****PLANNED 2021****The Netherlands:**

- Introduced the 'play well' concept, including comprehensive RE communication
- Continued NOVOMATIC Biometric Systems™ test
- RE workshop and e-learning program for employees
- Animation on RE policy principles

**Romania:**

- Implemented a RE questionnaire for customers

**Serbia:**

- RE communication to customers, employees, included in marketing materials, on the website, and on social media

**USA:**

- Participated in the American Gaming Association Responsible Gaming Week and in AGA seminars
- Responsible betting campaign: "Have a Game Plan™ Bet Responsibly"

**Australia:**

- Use of ClubSAFE self-suspension tool
- Participated in Australian Gaming Council RE activities

**Online:**

- Implemented RE tool "Mentor", which uses artificial intelligence to recognize problematic player behavior, informs the customer care team and sends messages to the customer
- New team of RE experts at Greentube UK

**The Netherlands:**

- Participate in central player register
- Implement an addiction prevention app
- Update player protection policy
- RE information and communication materials for employees and customers
- G4 recertification

**Romania:**

- Active cooperation with ROMSLOT on RE issues

**USA:**

- Repeated RE training for employees
- Participate in industry RE activities (e.g. AGA)
- Expand Responsible Betting information and PIKS™ Plan activities: Play Legally, Initiate Self Analysis, Know the Odds, Set a Budget!

**Australia:**

- Actively participate in RE activities on the industry platform

**Online:**

- Roll out "Mentor" tool for further Greentube brands
- G4 recertification

**G4 Certifications within the Group**

The Group is committed to improving player protection. Beginning in 2019, all important Group corporations – covering the majority (56%) of Group revenue – have been certified in accordance with the international player protection standard as set out by the Global Gambling Guidance Group (G4). This exceeds legal requirements and specialists consider it the most accepted player protection standard in the world. Multiple concrete measures are checked before the certification is awarded.



**Certification degree in accordance with the G4 player protection standard**

Country	Company	Certified since
Austria	NOVOMATIC AG	8/27/2019
	ADMIRAL Casinos & Entertainment AG	4/25/2019
	ADMIRAL Sportwetten GmbH	4/25/2019
	Greentube Internet Entertainment Solutions GmbH	8/27/2019
Germany	LÖWEN ENTERTAINMENT GmbH	6/19/2019
	ADMIRAL Entertainment GmbH	6/19/2019
	Spielbank Berlin GmbH & Co. KG	11/28/2019
The Netherlands	NOVOMATIC Netherlands	11/29/2018
United Kingdom	RAL Ltd.	5/16/2019
	Luxury Leisure Ultd.	5/16/2019
Malta	Greentube Malta Ltd.	8/27/2019

**G4 Player Protection Certification Criteria**

**Responsible Gaming Code of Practice:**

Code of conduct regarding player protection

**Responsible Gaming Mission Statement:**

Clear commitment to comprehensive player protection by company management

**Corporate Standards:**

Minimum standards for licensing, auditing, playing on credit, money laundering prevention, data protection, dealing with complaints, research, engaging stakeholders, guidelines.

**Operational Code of Practice:**

Rules regarding age verification, information on player protection, advertising and marketing, rewards and incentives, employee training, free games, customer registration, taxes on gaming pools.

**Player Protection Tools:**

Implementation of reality checks, information on the game, limits, self-suspension, suspension from specific products, identifying problematic player behavior.

**Staff and Problem Gambling:**

Implementing an employee assistance program.

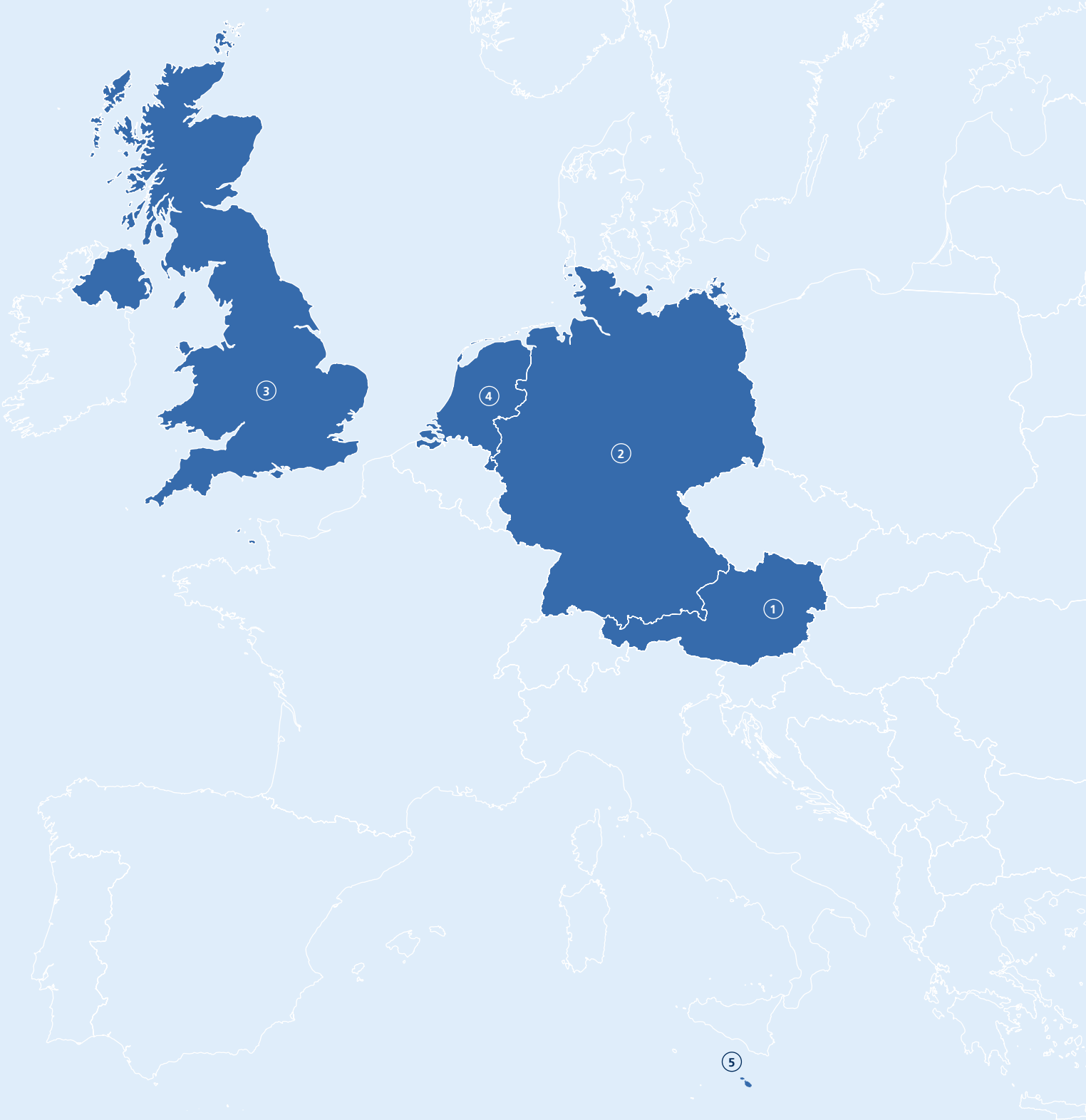
**Player Protection Framework:**

Document all player protection measures.

These include internal company guidelines and Codes of Conduct, quality checks on training for personnel, proof of age, information for customers regarding the risks of gaming, or options for limiting playing time or suspending a customer completely. Recertification and initial certification is in planning for further corporations.

GRI 416-1

Eleven G4 certifications in five countries



① Austria

② Germany

③ United Kingdom

④ The Netherlands

⑤ Malta



### Responsible Gaming


Responsibility begins with technical player protection. NOVOMATIC AG, with headquarters in Gumpoldskirchen (Lower Austria) is one of the world's leading locations for both research and development on and the production of gaming machines.

One NOVOMATIC innovation in the area of responsible entertainment is NOVOMATIC Biometric Systems™ (NBS). This biometric system allows for unique authentication of registered customers using fingerprints, and offers the advantage of fully automated access. Every device can be played without a customer card or a password. At the same time, the fingerprint serves as an e-wallet, allowing uncomplicated transfer of credits between gaming terminals. Customers can also use payout machines and pay for catering in this manner. The ad-

### Responsible Sports Betting

NOVOMATIC runs sports betting facilities in Austria and Germany, and also offers mobile and online sports betting services. ADMIRAL Sportwetten GmbH (ASW) operates over 260 gaming facilities in Austria. Customers have the option of limiting the amount they can bet, and therefore take personal responsibility for adjusting their betting behavior. In addition to information brochures, such as the customer folder "Responsible Entertainment – tips for responsible handling of sports betting", the company provides contact to support and therapy facilities. The ASW customer card helps to guarantee comprehensive player protection. The Responsible Betting Code, which all employees must follow, serves as a guideline on responsible betting. All employees receive the Code when they are hired, and it is also the subject of many employee training sessions.

In Germany, sports betting is offered on the online market by NOVO INTERACTIVE (previously ADMIRAL Sportwetten) under the ADMIRALBET brand name. The company met the strict requirements set out in the comprehensive licensing process, including requirements on protection of players and minors, IT security, payment methods, and sales concepts.

 Sportwetten Responsible Betting:  
[www.admiral.ag/responsible-entertainment/](http://www.admiral.ag/responsible-entertainment/)

vantage for player protection is the unique allocation of biometric data to a registered guest. This means vulnerable groups such as minors and also customers who have been banned from the location can be quickly identified and excluded.

NBS facial recognition is currently in use for automatic access to gaming areas and at payout machines. An NFC token serves as identification. One positive side effect of biometrics: unique recognition is also a more effective measure for preventing money laundering. Every existing casino system can be equipped with NBS.

NBS biometric systems will be installed in the following countries by the end of 2020: Bulgaria, Croatia, Macedonia, Montenegro, The Netherlands, Austria, Romania, Switzerland, Serbia, Slovakia, Spain, and the Czech Republic.

### Online Gaming Responsibility

All around the world, the online gaming market is growing. However, in addition to new gaming options, it also presents challenges for preventing problematic gaming behavior. At the same time, technical possibilities open up new paths to player protection. An example are the Responsible Entertainment measures of the Greentube Group. The player protection tool "Mentor" was introduced in 2020. This tool uses artificial intelligence to recognize problematic player behavior in customers and then communicates directly with them in order to facilitate a change in behavior. Employees carry out a detailed check of the player's profile from the point of view of gaming addiction prevention, as well as for preventing money laundering. If necessary, the customer is contacted by experts so that additional measures can be taken.

As a developer of online gaming solutions, Greentube also equips its products with technical player protection solutions, such as time limits, betting limits, or self-suspension options. Implementation was carried out by a team made up of experts for Responsible Gaming, Customer Service employees, Compliance employees, as well as Brand Management employees.

 Greentube Responsible Gaming:  
[www.greentube.com/csr/](http://www.greentube.com/csr/)

## Responsible Marketing

Responsible marketing for the products and services provided by NOVOMATIC is another important aspect of Responsible Entertainment. The guiding principles of responsible marketing are described in the Group Responsible Entertainment Code and go above and beyond local laws or product specific requirements. The Code describes the following principles that are applied Group-wide:

- No direct advertising to children or minors, to customers who do not wish to receive advertisements or to those suspended from play.
- No implication that gaming and betting can be a source of income, and no exaggeration of the likelihood of winning.
- No sponsoring activities or advertisements in daycares, elementary schools, child or youth organizations or at events aimed at children and minors.

Not only that, the company takes care, when using communication channels such as social media, to comply with regulations designed for the protection of minors.

100% of products and services offered by the Group must comply with all relevant legal requirements. All subsidiaries must follow Group guidelines, such as the Code of Conduct, the Responsible Gaming Code, etc.

 GRI 417-1

GOALS 2020	HIGHLIGHTS 2020	PLANNED 2021
<p><b>RESPONSIBLE MARKETING</b></p>	<p><b>Principles:</b> Compliance with Group principles regarding responsible marketing</p>	
<p><b>Group:</b></p> <ul style="list-style-type: none"> <li>• Improve implementation of Responsible Marketing principles</li> </ul>	<p><b>Group:</b></p> <ul style="list-style-type: none"> <li>• The newly revised Group Responsible Entertainment Code includes new responsible marketing principles</li> <li>• Responsible marketing was the subject of information provided to Group management and subsidiaries</li> </ul>	<p><b>Group:</b></p> <ul style="list-style-type: none"> <li>• Communicate and roll-out new Group Responsible Entertainment Code including Responsible Marketing Principles</li> <li>• Implement Responsible Marketing Principles in Group communications and on social media</li> </ul>



# ALWAYS COMPLIANT

This section provides a summary of the most important results and measures described in this chapter.

## GROUP COMMITMENT ON RESPONSIBILITY

- "We implement systems that support our legal compliance and act in accordance with the standards set out in the Code of Conduct."
- "We are all required to make every effort to identify and prevent any and all fraudulent and criminal behavior within the company."
- "We ensure that our customers' and stakeholders' data protection rights are always taken care of."

## ESG RISKS

- Loss of license due to violation of player protection standards
- Lawsuits due to violation of player protection standards
- Loss of customers due to self-exclusions
- Violation of legal requirements, the Code of Conduct (CoC) or other Group requirements
- Work safety and health incidents
- Violation of employee rights
- Fire damage
- Pollution and large environmental footprint
- Violation of sponsoring and donation guidelines



**0** confirmed corruption cases within the Group

## CODE OF CONDUCT PRINCIPLES

- Basic rules of conduct
- Responsibility to customers
- Treatment of business partners and other third parties
- Ways to conduct the business
- Company property, confidentiality, and property rights
- Dealing with conflicts of interest
- Correct reporting and data protection
- Money laundering
- Environmental protection
- Contact
- Outlook and consequences in the event of violations

# ALWAYS COMPLIANT

The Group Legal, Group Legal Compliance, Group Risk Management, and Group Internal Audit departments ensure that all legal requirements are met.

It goes without saying that all legal requirements and framework conditions must be met. To ensure that this is the case, the company identifies all significant financial and non-financial risks at an early stage, evaluates them, and minimizes them using suitable measures. The Group Legal, Group Legal Compliance, Group Risk Management, and Group Internal Audit departments are responsible for providing legal certainty.

## Group Legal & Group Legal Compliance

The Group Legal Team (Group Legal Department) is the point of contact for all Group specialist departments and therefore the port of call for legal questions of all types. The focus here is on the review and preparation of contracts, as well as providing comprehensive legal support for projects and processes. This applies in particular to the areas of mergers and acquisitions, finance, capital measures, or even business development.

In addition, Group Legal is responsible for industrial property rights. This covers all legal tasks, including enforcement measures related to technical and non-technical trademarks.

Group Legal Compliance is focused on preventative measures, with the goal of reducing or where possible avoiding the risk of breaching legal provisions, in particular in the areas of anti-corruption, data protection, money laundering prevention, as well as capital market law. To achieve this goal, the team translates legal requirements into preventative measures. These include, for example, Group-wide binding guidelines, guidelines on instruction manuals, implementation of in-person training sessions, and Group-wide e-learning programs.

Every important company subsidiary has local compliance officers, one per country and region. The relevant duties for local compliance managers are defined in a separate Group guideline. All local measures are documented via regular reports. In addition, Compliance Committees make suggestions for improving the Compliance Management System (CMS).

The goal of the NOVOMATIC CMS is to guarantee compliance with legal regulations and company values. This is part of the Code of Conduct, which is binding for all NOVOMATIC AG Group employees (including the Executive Board and the Supervisory Board). Binding Group regulations are created to solidify the Code of Conduct, taking into account the legal framework and a risk-based approach (one example is the Group anti-corruption guidelines).

These goals are supported by in-person training sessions and creation of e-learning modules. The local compliance managers prescribe reporting duties to encourage compliance with Group standards. The CMS is based on the seven core elements laid out in the German audit standard for compliance management systems IDW PS 980, which is considered a good practice approach.

 IDW PS 980 [www.idw.de](http://www.idw.de)

The whistleblowing e-mail hotline serves to identify violations of legal requirements or the internal Code of Conduct. Any employee or business partner can use this hotline to report violations of the Code of Conduct or the law. The report can be made openly or anonymously. All such reports are then discussed by the Compliance Committee, who determine the next steps. If required, the committee will prepare suggestions for the Executive Board and the Supervisory Board. Every employee, upon beginning their employment, receives a copy of all important guidelines and documents, such as the Code of Conduct, the Responsible Entertainment (RE) Code, or the safety guidelines for their location.

 GRI 102-17

### Risk Management

The Group division Risk Management & Insurance is responsible for risk management at NOVOMATIC AG. The division introduced a process, based on international approaches in this segment, for identifying and evaluating Group risks, as well as controlling and monitoring them.

This central risk management approach is designed to ensure that all risks are recognized and analyzed early on and then managed and controlled in a meaningful manner. Discussion and analysis of uncertainties regarding operative and strategic issues within the Group is designed to increase awareness of these issues, as well as increase transparency surrounding processes and value streams. Risk management encompasses not just those financial, operational, or strategic risks listed in

the Notes for this Annual Report, but also non-financial aspects, such as securing licenses by way of comprehensive player protection concepts or environmentally conscious use of resources. However, risks in various categories can correlate, overlap or be mutually dependent on one another, thus the goal is a holistic, integrated umbrella strategy for risk management.

The Group company and business segment executives are responsible for continuous observation of the risk situation, as well as the active management thereof. Risk officers define measures for managing risks. New risks are documented and re-evaluated at regular intervals. The central Risk Management department takes on a consulting and coordinating role while ensuring continued development of the risk management system.

In 2017, ecological and social risks were recorded for the first time. These types of risks were identified by experts from all relevant departments on a Group level. They were then evaluated by CR officers in each subsidiary.

The risks are aggregated and summarized in an easy to digest form in a centrally managed environmental social governance risk matrix. The issues contained therein are also part of risk management for the entire Group (Enterprise Risk Management).

The following risks within the ESG risk matrix include only topics related to the social responsibility of the company.

Significant Fields of Action	Effect on Interests and Stakeholders	Risks	Opportunities
Player protection & responsible marketing	Social concerns: <ul style="list-style-type: none"> <li>• Problematic player behavior</li> <li>• Misuse of products</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of license due to violation of player protection standards</li> </ul>	<ul style="list-style-type: none"> <li>• Securing and receiving new licenses based on excellent player protection standards</li> </ul>
Player protection & responsible marketing	Social concerns: <ul style="list-style-type: none"> <li>• Problematic player behavior</li> <li>• Misuse of products</li> </ul>	<ul style="list-style-type: none"> <li>• Lawsuits due to violation of player protection standards</li> </ul>	<ul style="list-style-type: none"> <li>• Avoiding lawsuits</li> </ul>
Player protection & responsible marketing	Social concerns: <ul style="list-style-type: none"> <li>• Problematic player behavior</li> <li>• Misuse of products</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of customers due to suspensions</li> </ul>	<ul style="list-style-type: none"> <li>• Winning and retaining customers long-term</li> </ul>
Corruption & money laundering prevention	Fighting corruption and bribery: <ul style="list-style-type: none"> <li>• Corruption and breach of legal provisions</li> </ul>	<ul style="list-style-type: none"> <li>• Violation of legal requirements, the Code of Conduct (CoC) or other Group requirements</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with the law and Group guidelines</li> </ul>
Occupational safety & employee health  Safety	Employee issues: <ul style="list-style-type: none"> <li>• Accidents at work</li> <li>• Negative health effects</li> </ul>	<ul style="list-style-type: none"> <li>• Work safety and health incidents</li> </ul>	<ul style="list-style-type: none"> <li>• Protection of employee health and safety</li> </ul>
Employee diversity & equality  Human rights	Employee issues: <ul style="list-style-type: none"> <li>• Discrimination and unequal treatment</li> <li>• Violation of human rights</li> </ul>	<ul style="list-style-type: none"> <li>• Violation of employee rights</li> </ul>	<ul style="list-style-type: none"> <li>• Protection of employee rights</li> </ul>
Occupational safety & employee health  Safety	Employee issues: <ul style="list-style-type: none"> <li>• Accidents at work</li> <li>• Security incidents</li> </ul>	<ul style="list-style-type: none"> <li>• Fire damage</li> </ul>	<ul style="list-style-type: none"> <li>• Prevention of accidents and losses</li> </ul>
Energy consumption & emissions Resource consumption Waste prevention	Environmental concerns: <ul style="list-style-type: none"> <li>• Greenhouse gas emissions</li> <li>• Resource consumption</li> <li>• Waste</li> </ul>	<ul style="list-style-type: none"> <li>• Pollution and large environmental footprint</li> </ul>	<ul style="list-style-type: none"> <li>• Reduction of operative costs</li> <li>• Reduction of environmental footprint</li> </ul>
Sponsoring activities & donations	Social concerns: <ul style="list-style-type: none"> <li>• Support for player protection research and treatments</li> <li>• Support for charitable initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• Violations of sponsoring and donation guidelines</li> </ul>	<ul style="list-style-type: none"> <li>• Positive effect on research, treatment and support for player protection</li> <li>• Positive effect on charitable causes</li> </ul>

Effect on NOVOMATIC

Risk Reduction Measures / Taking Advantage of Opportunities

<ul style="list-style-type: none"> <li>• Market limitation/protection</li> <li>• Possible fines</li> <li>• Lawsuits brought forward by players</li> <li>• Worsening/improving ESG ratings</li> <li>• Damage/improvement to image</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance, licensing, and responsible entertainment (RE) management</li> <li>• Group wide player protection policy</li> <li>• Internal audits regarding compliance with the law, with licensing criteria and with internal guidelines</li> <li>• External certification (e.g. G4, TÜV)</li> </ul>
<ul style="list-style-type: none"> <li>• Market limitation/protection</li> <li>• Possible fines</li> <li>• Lawsuits brought forward by players</li> <li>• Worsening/improving ESG ratings</li> <li>• Damage/improvement to image</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance, licensing, and responsible entertainment (RE) management</li> <li>• Group wide player protection policy</li> <li>• Internal audits regarding compliance with the law, with licensing criteria and with internal guidelines</li> <li>• Employee sensitivity training and other training</li> <li>• External certification (e.g. G4, TÜV)</li> </ul>
<ul style="list-style-type: none"> <li>• Improvement/worsening of customer base</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance, licensing, and responsible entertainment (RE) management</li> <li>• Group wide player protection policy</li> <li>• Internal audits regarding compliance with the law, with licensing criteria and with internal guidelines</li> <li>• Employee sensitivity training and other training</li> <li>• External certification (e.g. G4, TÜV)</li> </ul>
<ul style="list-style-type: none"> <li>• Possible fines</li> <li>• Worsening/improving ESG ratings</li> <li>• Damage/improvement to image</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance Management (e.g. training sessions, e-learning programs, workshops)</li> <li>• Group guidelines (e.g. anti-corruption, Code of Conduct, data protection)</li> <li>• Internal audits regarding compliance with the law, with licensing criteria and with internal guidelines</li> </ul>
<ul style="list-style-type: none"> <li>• Lawsuits brought by employees</li> <li>• Legal consequences</li> <li>• Worsening/improving ESG ratings</li> <li>• Damage/improvement to image</li> <li>• Production downtime/uninterrupted production</li> </ul>	<ul style="list-style-type: none"> <li>• Work safety and health management</li> <li>• Internal audits regarding compliance with the law, with licensing criteria and with internal guidelines</li> <li>• External certification (e.g. ISO 45001)</li> </ul>
<ul style="list-style-type: none"> <li>• Lawsuits brought by employees</li> <li>• Legal consequences</li> <li>• Worsening/improving ESG ratings</li> <li>• Damage/improvement to image</li> </ul>	<ul style="list-style-type: none"> <li>• Human Resources (HR), equal opportunities &amp; diversity management</li> <li>• Internal audits regarding compliance with the law, with licensing criteria and with internal guidelines</li> <li>• External certification (e.g. HR guidelines, UNGC principles)</li> </ul>
<ul style="list-style-type: none"> <li>• Legal consequences</li> <li>• Financial damages</li> <li>• Damage/improvement to image</li> <li>• Production downtime / uninterrupted production</li> </ul>	<ul style="list-style-type: none"> <li>• Quality, environmental, and occupational safety management</li> <li>• Internal audits regarding compliance with the law, with licensing criteria and with internal guidelines</li> <li>• External certifications (e.g. ISO 9001, ISO 14001, ISO 45001)</li> </ul>
<ul style="list-style-type: none"> <li>• Legal consequences</li> <li>• Worsening/improving ESG ratings</li> <li>• Future cost of emissions</li> <li>• Damage/improvement to image</li> </ul>	<ul style="list-style-type: none"> <li>• Quality, environmental, and occupational safety management</li> <li>• Internal audits regarding compliance with the law, with licensing criteria and with internal guidelines</li> <li>• External certifications (e.g. ISO 9001, ISO 14001, ISO 45001)</li> </ul>
<ul style="list-style-type: none"> <li>• Market limitation/protection</li> <li>• Possible fines</li> <li>• Lawsuits brought forward by players</li> <li>• Worsening/improving ESG ratings</li> <li>• Damage/improvement to image</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance, donation, &amp; sponsoring management</li> <li>• Internal audits regarding compliance with the law, with licensing criteria and with internal guidelines</li> </ul>

Once measures for mitigating the risks in each area have been put into place, then these risks can turn into opportunities. For example, proactive player protection can help ensure better conditions for attaining licenses. A very low accident, illness, or energy consumption rate as compared to the rest of the industry improves cost efficiency and leads to better environmental, social, and governance ratings.

 GRI 103-2

**Internal Audit**

The internal audit checks compliance with Group rules (e.g. Group guidelines, Code of Conduct, data protection, responsible gaming), as well as the internal control and risk management system.

The goal is to recognize deficits early on and provide suggestions for improvement. Individual audits are carried out based on audit plans approved by the Executive Board and the Supervisory board, and supplemented by special audits. The audit reports include recommendations and measures for improvement. Periodic follow-ups ensure that suggested improvements have been implemented.

The following sections describe Group management approaches for material issues.

**Corruption & Money Laundering Prevention**

NOVOMATIC is dedicated to always acting fairly, honestly, and respectably in all business and social activities. The Anti-Corruption Group Guideline defines strict regulations that apply to all Group companies and employees. The goal of the guideline is to prevent corruption before it happens. That is why the Anti-Corruption Group Guideline contains specific conduct obligations and value limits for certain business activities (for example offering or accepting gifts, invitations to events). As such, providing money or in-kind donations to political or non-political organizations is subject to very strict conditions in regard to transparency and documentation. Not only that, exceeding certain value thresholds requires a recommendation from the Compliance Committee as well as approval from the NOVOMATIC AG Executive Board.

GOALS 2020	HIGHLIGHTS 2020	PLANNED 2021
<p><b>CORRUPTION &amp; MONEY LAUNDERING PREVENTION</b></p> <p><b>Group:</b></p> <ul style="list-style-type: none"> <li>• Evaluate and follow-up on Compliance Management Assessment 2019</li> <li>• Increase anti-corruption measures (e.g. e-learning programs)</li> <li>• Group Legal Compliance Manager Days with focus on practical case solutions</li> <li>• Continue in-person training sessions</li> </ul>	<p><b>Principles:</b> Prevent corruption and money laundering</p> <p><b>Group:</b></p> <ul style="list-style-type: none"> <li>• Risks identified during the compliance assessment were evaluated, and action plans put into place to implement specific measures. Catalog of questions was amended and expanded.</li> <li>• Group-wide anti-corruption e-learning program was created and rolled out step by step</li> <li>• Group-wide compliance documentation for implementing Know Your Customer (KYC) assessments was updated and improved</li> <li>• Compliance training video developed for NOVOWelcome Day</li> </ul>	<p><b>Group:</b></p> <ul style="list-style-type: none"> <li>• Repeat Group-wide compliance assessment and trend analysis</li> <li>• Finalize Group-wide roll out of the corruption prevention e-learning program</li> <li>• 4<sup>th</sup> Compliance Manager Days</li> </ul>



Compliance with Group guidelines requirements must be confirmed by Group subsidiaries via semi-annual reports. Any situations that are criminal or require reporting must be reported as they are discovered to Group Legal Compliance. Based on the existing reports, there were no court-confirmed cases of corruption within the Group in 2020. In connection with the "Ibiza" video that became known in May 2019, official investigations into corruption allegations are currently underway in Austria (see the NOVOMATIC statement on the following page). Another legal proceeding was initiated at a subsidiary and was discontinued in 2020.

The issue of anti-corruption is an important segment in the Group-wide e-learning program, primarily aimed at management, which focuses on the NOVOMATIC AG Code of Conduct.

All members of the controlling body (Supervisory Board), the Executive Board, as well as all employees, in all countries in which the Group has a presence, have access to the anti-corruption guideline on the Group-wide Intranet "NOVONET" and must implement it. Last year, members of the controlling body (NOVOMATIC AG Supervisory Board and Executive Board) were informed as part of regular compliance reports as to the results of the Group-wide compliance notifications and procedures as related to anti-corruption measures, and agreed on specific measures for improving Group-wide compliance management.

Local management teams must inform all employees as to the binding, Group-wide anti-corruption guidelines. Local implementation of these regulations is checked during the Group audit. Selected managers were trained using e-learning programs on the rules listed in the Group anti-corruption guidelines. In addition, an anti-corruption e-learning program developed by the Group has been available since 2020 and is being rolled out for access by all managers and employees. At time of reporting, nearly 8,700 people had completed the program. The entire Supervisory Board was covered by these training courses until March 2021.

Newly hired employees receive basic training on relevant compliance issues. Special compliance training sessions are part of the NOVOMATIC training catalog every year, the contents of which are available to NOVOMATIC AG employees as well as employees of the Austrian subsidiaries ADMIRAL Casinos & Entertainment AG and ADMIRAL Sportwetten GmbH.

Contracts with business partners and compliance documents within the KYC contractual partner assessment framework contain information regarding the binding Code of Conduct and regulatory rules for fighting corruption. Business partners are urged to comply with these regulations.

Potential local risk areas are identified based on a CMS risk-based management model as part of regular and Group-wide Compliance Management Assessments carried out by Group Legal Compliance, and suitable measures for minimizing risks are requested in the form of action plans.

In the area of money laundering prevention, risk-based regulations are further fleshed out, audit processes are expanded and Group-wide reporting requirements are enhanced on a continual basis. Compliance with Group guidelines, which deal with minimum requirements for payment transaction and accounting processes, as well as assessing contracting partners and reporting, were evaluated as part of the 2019 Compliance Management Assessment.

The Group Legal Compliance department provides methods for ensuring a risk-based audit of contracting partners. Due diligence questionnaires, designed in-house, help provide adequate transparency regarding the identity and integrity of potential contracting partners. Online screening tools that were rolled out across the Group aid in ensuring defined standards are maintained when complying with legal audit obligations, in particular international economic sanctions.

 GRI 205-2, -3  
 SDG 16.5

**NOVOMATIC Statement on the government investigations into allegations of corruption:**

In the wake of the “Ibiza” video that became public in May 2019, anonymous accusations were placed, on the basis of which official investigations into suspected corruption were initiated in Austria. NOVOMATIC is only affected by some of these allegations, namely those in which the suspicion of unduly influencing the federal government in connection with gaming regulations is investigated, and allows the following statement:

- As far as the company is affected by the allegations made in the anonymous accusations, they will be rejected by all persons concerned, including NOVOMATIC.
- NOVOMATIC has been and will continue to be transparent and cooperative in connection with the clarification of the situation and will cooperate with the investigating authorities.
- Please note that the appointment of gaming licenses or agreements in Austria is possible only within a legal framework, and within said framework only as part of an international, transparent, and public tender or search for interested parties.
- All licenses/agreements obtained by NOVOMATIC in the past, in particular those for operating state-licensed facilities with gaming terminals in Austria, have been obtained solely thanks to the many years of experience and expertise the company can demonstrate within this segment. Besides, in all of these proceedings, other applicants had the option of review by independent courts so that the legality of the decision is ensured.
- In particular, NOVOMATIC states that no party donations were made or offered to any political party in Austria and that the allegations made in this context are inaccurate.

**Data Protection**

On the Group level, a Data Protection Advisory Board has been established that manages implementation of rules and duties as set out in the General Data Protection Regulation (GDPR) and provides measures for improving the Group-wide Data Protection Management System (DMS) based on regular data protection reports. This Advisory Board is made up of the NOVOMATIC AG Executive Board. In addition,

it is responsible for setting key strategies for Group-wide compliance with requirements under the GDPR.

The Group also created a Data Protection Committee, which consists of the Chief Information Security Officer and the Head of Data Protection. This committee works on recommendations for mitigating risks that are designed to support local data protection managers within the NOVOMATIC AG Group.

GOALS 2020	HIGHLIGHTS 2020	PLANNED 2021
<b>DATA PROTECTION</b>	<b>Principles:</b> Guarantee protection for personal data from customers, employees, and partners	
<b>Group:</b> <ul style="list-style-type: none"> <li>• In-person data protection training</li> <li>• Continuously evaluate the Group-wide semi-annual report</li> <li>• Stipulate data protection measures for complying with GDPR requirements</li> <li>• Continue to expand the e-learning program on data protection</li> </ul>	<b>Group:</b> <ul style="list-style-type: none"> <li>• Data protection reports are used to determine measures for risk reduction and ensuring GDPR compliance. These measures are then provided to Group companies for local implementation</li> <li>• Special data protection training sessions for local data protection officers</li> <li>• Continued Group-wide data protection e-learning roll out</li> </ul>	<b>Group:</b> <ul style="list-style-type: none"> <li>• Implement internal data protection audit (focus on HQ)</li> <li>• Evaluate Group-wide semi-annual report</li> <li>• Stipulate data protection measures for Group-wide GDPR compliance</li> </ul>

To ensure continuous compliance with GDPR regulations, local data protection officers have access to a variety of guidelines such as the Data Breach Notification Policy, process descriptions and contract templates, as well as IT applications. An e-learning program has been rolled out for Group-wide training for employees involved in data processing, and must be completed by new employees.

In 2020, no Group company reported a customer complaint regarding violation of personal data protection. Group-wide, there was a report regarding the violation of the protection of personal employee data that was submitted in a timely manner. The investigation was closed without the relevant data protection authority imposing any penalties.

Since its establishment, NOVOMATIC has had an information security management system (ISMS) in place, certified in accordance with the international ISO standard ISO/IEC 27001. This standard describes, in 114 points, which requirements must be fulfilled in order to receive official certification.

 ISO Standard ISO/IEC 27001:  
[www.iso.org/isoiec-27001-information-security.html](http://www.iso.org/isoiec-27001-information-security.html)

 GRI 418-1  
 SDG 16.3

## Safety

Current risks and threats – in particular regarding communication infrastructure, real estate security, personal protection, etc. – mean that the safety team are faced with more

new and complex challenges than ever before, for which normal defense strategies and counter-measures may no longer offer adequate protection.

GOALS 2020	HIGHLIGHTS 2020	PLANNED 2021
<b>SAFETY</b>	<b>Principles:</b> Effective and efficient management of safety challenges	
<b>Group:</b> <ul style="list-style-type: none"> <li>Introduce the NOVOMATIC Security &amp; Safety Committee (SSC) for improving Group-wide safety</li> <li>Comprehensive analysis of current status</li> <li>Develop a master plan for consistent security and safety frameworks and standards</li> <li>Establish a Security &amp; Safety Expert Network within the core markets</li> <li>Develop a good practice model for dealing with emergencies and crises</li> <li>Networking and experience exchange with national and international security managers and experts</li> </ul>	<b>Group:</b> <ul style="list-style-type: none"> <li>Expand the SSC expert network and improvement of safety culture</li> <li>Maintain local security measures and improve situation for local security managers</li> <li>Customize the integrated, software-supported Critical Incident Reporting System (CIRS)</li> <li>Develop Crisis &amp; Emergency Response Teams at Group headquarters and selected subsidiaries</li> <li>Practical trial of crisis management organization in light of the COVID-19 crisis</li> <li>Various IT tools for video and teleconferencing trialed together with internal company "Security &amp; Safety" stakeholders</li> <li>Security and safety anchored in the Group's organizational structures and processes (including internal regulations)</li> </ul>	<b>Group:</b> <ul style="list-style-type: none"> <li>SSC to place more focus on service, sustainability, added-value, and efficiency</li> <li>Roll out Group-wide guideline for effective, efficient, 24/7 emergency and crisis management</li> <li>Further develop unified, Group-wide frameworks and standards</li> <li>Standardize reporting for security-related incidents</li> <li>Evaluate COVID-19 crisis management</li> </ul>

The “NOVOMATIC Security & Safety Committee (SSC)” was founded to effectively and efficiently manage these challenges. The aim is for the committee to work with the relevant line officers to better bundle the existing expertise within the Group and to structure and optimize the flow of information, as well as to develop and implement effective measures based on current needs. The following Group-wide safety areas have been defined for this task:

- Risk management
- Occupational health & safety management (new in 2020)
- Security management
- Legal compliance management (new in 2020)
- Information security management
- Emergency and crisis management

The core SSC tasks are largely focused on establishing an internal network of experts and developing Group-wide unified frameworks, standards, strategies, guidelines, processes,

as well as the associated implementation, reporting and monitoring mechanisms for security and safety issues (plan, do, check, act).

Group companies in the following countries are under SSC management: Germany, Italy, Spain, the UK, the Netherlands, and Balkan countries. In 2020, the Security & Safety Committee was made the responsibility of Group Risk Management (it was previously the responsibility of Group Internal Audit) and the role of the Group Security Manager was established. The goal of these organizational interrelationships is to combine responsibilities for both tasks and resources, and to shift focus to practical control of risks and optimization of processes.

Implementation of a praxis-based Emergency and Crisis Management based on the ISO 31000 and ONR 49002-3 standards, knowledge of risk management, and expertise from employees is intended, in particular, to ensure that the company will survive any emergency or crisis situation.

### Avoiding Abusive Product Consumption

The often imprecise media opinions regarding the division between legal and illegal gaming options present a particular challenge. They mean that the negative effects of illegal gaming are rarely compared objectively to the advantages and necessity of legal and regulated gaming services.

NOVOMATIC clearly and firmly distances itself from any and all illegal and unregulated gaming services. The company believes that gaming is a delicate service that requires clear legal framework conditions. Therefore NOVOMATIC, as a

responsible company, is playing a major role in the fight against illegal gaming, in particular in the form of private enforcement. This refers to enforcement under private law of requirements based on the laws against unfair competition and the Markenschutzgesetz (Law on Protection of Trade Marks). The goal is to prevent unfair market practices and abusive use of NOVOMATIC products and services. These claims provide support for authorities in implementing current law; not only that, NOVOMATIC thereby makes a major contribution to protection of players and minors.

GOALS 2020	HIGHLIGHTS 2020	PLANNED 2021
<b>AVOIDING PRODUCT MISUSE</b>	<b>Principles:</b> Contribute to avoiding misuse of products	
<b>Group:</b> <ul style="list-style-type: none"> <li>• Continue working well with authorities</li> </ul>	<b>Group:</b> <ul style="list-style-type: none"> <li>• Worked together with authorities regarding requirements related to unfair competition and trademark violations</li> </ul>	<b>Group:</b> <ul style="list-style-type: none"> <li>• Continue working well with authorities</li> </ul>

## Supplier Responsibility

NOVOMATIC as a Group has multiple regional and international suppliers for raw materials, goods, and services. Customers, government authorities and financial markets increasingly expect to see good ESG practices along company supply chains. In order to minimize ESG risks in the supply chain, NOVOMATIC requires all business partners to commit to compliance with the law and, beyond that, to compliance with the NOVOMATIC Supplier Code of Conduct.

This covers all material environmental, social, and governance risks in the supply chain. All NOVOMATIC AG suppliers must obey this Code of Conduct. If a violation comes to light, NOVOMATIC reaches out to the supplier in order to ensure that the Code is implemented as quickly as possible. The ultimate consequence for violations is an end to the business relationship.

The Supplier Code of Conduct covers the following issues:

**Environment:**

- Quality and environmental protection regulations
- Quality requirements
- Product safety
- Environmental protection
- Resource and climate protection
- REACH/RoHS conformity

**Social:**

- Child labor
- Ban on discrimination
- Humane treatment
- Working conditions
- Occupational health and safety
- Free choice of employment
- Working hours and other benefits
- Freedom of association

**Governance:**

- Compliance with laws and regulations
- Integrity in business dealings
- Avoidance of conflicts of interest
- Free competition
- Money laundering
- Protection of confidential information & intellectual property rights
- Responsible procurement of raw materials / avoidance of conflict resources
- Compliance with export restrictions

Business partners worldwide deliver supplies to NOVOMATIC’s headquarters in Gumpoldskirchen. The most lucrative suppliers, together making up around 75 % of the total purchasing volume at the company’s headquarters, were subjected at the beginning of 2021 to an ESG country, industry and company analysis carried out by consulting firm PwC. Almost all suppliers showed a low risk. The increased ESG risk at one supplier was minimized by taking note of the new supplier's code of conduct and submitting ESG relevant certifications. The overall low ESG risk is explained by the majority of the suppliers for whom European law is applied, which requires that minimum standards are met in the areas of environmental protection, employment law, and safety.

Within the last year, nearly 90 % of the suppliers of NOVOMATIC’s manufacturing companies were analysed according to environmental criteria (e.g. environmental standard ISO 14001) and social criteria (e.g. occupational safety standard OHSAS 18001). The degree of certification was recorded for all companies where there are significant suppliers and weighted for the total group value according to the FTE share.

 GRI 308-1, 414-1, 102-9

GOALS 2020	HIGHLIGHTS 2020	PLANNED 2021
<b>SUPPLIER RESPONSIBILITY</b>	<b>Principles:</b> Prevent ecological and social misconduct by suppliers	
<b>Group:</b> <ul style="list-style-type: none"> <li>• Governance, environmental, and social criteria as an integral part of a new Supplier Code of Conduct</li> </ul>	<b>Group:</b> <ul style="list-style-type: none"> <li>• Published new Supplier Code of Conduct</li> <li>• Carried out ESG risk analysis for largest Group suppliers</li> <li>• Subsidiaries expanded recorded supplier certification lists in regard to environmental and social issues</li> </ul>	<b>Group:</b> <ul style="list-style-type: none"> <li>• Stipulation that all subsidiaries take ecological and social aspects into account when purchasing materials and services</li> </ul>

## Human rights

NOVOMATIC and its subsidiaries are committed to complying with all legal regulations. The company therefore supports compliance with international norms for the protection of human rights within its scope of business. Employees must comply with the Group-wide Code of Conduct, which references human rights' issues.

### United Nations Global Compact Principles

 [www.unglobalcompact.org/what-is-gc/mission/principles](http://www.unglobalcompact.org/what-is-gc/mission/principles)

NOVOMATIC is a member of the world-wide company platform United Nations Global Compact (UNGC), and supports its ten principles. Principles 1 and 2, regarding implementation of international human rights standards and avoiding violating human rights, are particularly relevant.

### OECD Guidelines for Multinational Companies

 [www.oecd.org/corporate/mne/](http://www.oecd.org/corporate/mne/)

In accordance with OECD guidelines for multinational companies, NOVOMATIC supports:

- Compliance with the United Nations Charter of Human Rights;
- Implementation of international human rights without contradicting applicable national laws;
- Compliance with the United Nations Charter of Human Rights;
- Implementation of work and social standards set out by the International Labor Organization (ILO);
- Reduction of any negative effects on human rights as much as possible within the company's activities, and campaigning for improvements;

- Addressing misconduct in the area of human rights within its business relationships, and using its influence to improve the situation;
- Clear commitment to maintaining human rights from the Managing Directors;
- Human rights due diligence by including human rights in the materiality process and risk management assessments;
- Implementation of due diligence, by having the Internal Audit department check (e.g. via whistleblowing hotlines) for any potential violations of local laws, international norms, or internal regulations.

All subsidiaries have to report that they have implemented Group-wide guidelines on compliance with human rights and that they are aware of the Equal Opportunities and Compliance e-mail hotlines.

The whistleblowing e-mail hotline provides an instrument for all employees and business partners to help uncover any human rights violations, and to react appropriately as required. All stakeholders also have the option of contacting the company using the publicly available contact details published in this report for the CR & ESG department.

An additional tool for ensuring that human rights are upheld, particularly with regard to equality, is the Equal Opportunities point of contact. The point of contact serves to implement the Group guidelines on equal opportunities introduced in 2017. An e-mail account that can be reached by all employees is available to report any violation of human rights in regard to equality.

 GRI 412-1  
 SDG 8.5, 16.3

GOALS 2020	HIGHLIGHTS 2020	PLANNED 2021
<b>HUMAN RIGHTS</b>	<b>Principles:</b> Ensure business activities comply with human rights	
<b>Group:</b> <ul style="list-style-type: none"> <li>• Measures to safeguard the right not to be discriminated against</li> </ul>	<b>Group:</b> <ul style="list-style-type: none"> <li>• Implemented United Nations Global Compact (UNGC) Principles</li> <li>• Continued to ensure access to the whistleblowing and equal opportunities e-mail hotlines</li> </ul>	<b>Group:</b> <ul style="list-style-type: none"> <li>• Continue to implement human rights in Group policies, training, etc.</li> </ul>

### Fair Competition & Public Affairs

The NOVOMATIC Code of Conduct clearly states the company's commitment to fair competition. The NOVOMATIC AG Group will not make any agreements with its competition that could lead to distortion of competition, market-sharing, or price fixing. The Group ensures that company products and

services are created using innovation from within the company, and that trademark rights (e.g. patents and brand rights) belonging to others are respected.

No legal procedures were carried out due to anti-competitive conduct last year.

GOALS 2020	HIGHLIGHTS 2020	PLANNED 2021
<p><b>FAIR COMPETITION &amp; PUBLIC AFFAIRS</b></p>	<p><b>Principles:</b></p> <ul style="list-style-type: none"> <li>• Clear commitment to fair competition</li> <li>• Promote regulated and legal gaming</li> </ul>	
<p><b>Group:</b></p> <ul style="list-style-type: none"> <li>• Maintain measures designed to promote fair competition and transparency</li> </ul>	<p><b>Group:</b></p> <ul style="list-style-type: none"> <li>• Enforcement under private law of rights based on laws against unfair competition and the Markenschutzgesetz (Law on Protection of Trade Marks)</li> <li>• Developed and rolled out a binding Group guideline on staying legally compliant with anti-trust and competition laws, Group-wide</li> <li>• Published an accompanying guide with 8 specific conduct requirements, practical examples, and additional information</li> </ul>	<p><b>Group:</b></p> <ul style="list-style-type: none"> <li>• Maintain measures designed to promote fair competition and transparency</li> <li>• Create and roll out a Group-wide e-learning program on complying with anti-trust and competition laws</li> </ul>

NOVOMATIC pledges conscientious and transparent dealing with all national authorities, and has even created a binding Code of Conduct for NOVOMATIC AG Public Affairs activities. Active participation, such as the provision of expertise as part of legal decision-making processes, is carried out solely in compliance with all legal requirements.

[www.novomatic.com/en/node/1792](http://www.novomatic.com/en/node/1792)

This particularly applies to commitments to transparency. The persons responsible for public affairs on behalf of the company are, for example, registered with the Austrian Public Affairs and Interest Group Register.

When providing information to stakeholders, the company engages in a fact-based dialog. This particularly applies to the sensitive issue of player protection and gaming addiction prevention. This fact-based discussion, which relies on scientific knowledge, is the foundation for continued effective development and implementation of player protection measures.

GRI GRI 206-1



# ENJOY WORKING WITH US

This section provides a summary of the most important results and measures described in this chapter.

## GROUP COMMITMENT ON RESPONSIBILITY

- "We support employee development and offer training and con-tinued education opportunities."
- "We see our employees as an important source of innovaton that we strengthen."
- "We value the diversity of our staff and stakeholders and treat all people equally."
- "We create safe and healthy working conditions in order to avoid accidents and illness"

### Employees



**20,585**

total on day of reporting  
December 31, 2020

**12 %**

Turnover rate

### Accident Rate LTIFR



**3.8**

### Percentage of women



**56 %**

Total

**39 %**

In management positions

### IP trademark rights



**~4,400**

### Training and Further Education



**~17,000**

Days total

### Awards for Employers



**11**



# ENJOY WORKING WITH US

Employees are the foundation of sustainable success at the NOVOMATIC AG Group. Healthy, safe, and motivated employees are innovative, which increases customer satisfaction.

The figures and graphics presented in this chapter apply, unless otherwise indicated, to all NOVOMATIC AG companies.

## Summary of Major Indicators

	2017	2018	2019	2020	Goal
Proportion of women <sup>1*</sup>	49%	54%	56%	56%	Maintain balance
Of which NOVOMATIC AG**	33%	32%	31%	31%	
Women in leadership positions <sup>2</sup>	34%	44%	40%	39%	Maintain diversity
Of which NOVOMATIC AG	12%	13%	17%	19%	
Turnover rate (employee resignations) <sup>3</sup>	12%	18%	17%	12%	Keep stable
Of which NOVOMATIC AG	2%	4%	4%	4%	
Sick leave rate <sup>4</sup>	65%	54%	57%	51%	Reduction
Of which NOVOMATIC AG	68%	73%	71%	57%	
Accident rate <sup>5</sup>	5.2	4.6	4.2	3.8	Reduction
Of which NOVOMATIC AG	6.0	4.6	2.5	2.7	
Training and further education hours per employee <sup>6</sup>	10.5	12.4	10.7	6.8	Stabilization at a high level
Of which NOVOMATIC AG	9.9	16.5	19.3	6.5	

All data is for the reporting period 01/01 to 12/31 or at deadline of 12/31.

\* Total values represent the sum of the directly recorded data and the projection for companies that are not directly recorded of the NOVOMATIC AG Group consolidation scope.

\*\* NOVOMATIC AG only presents those directly recorded data without subsidiaries.

<sup>1</sup> The total proportion of women is the percentage of female employees compared to the total number of employees.

<sup>2</sup> Leadership positions are jobs with leadership responsibilities.

<sup>3</sup> The employee resignations are the percentage of employees who instigated their own resignation.

<sup>4</sup> The sick leave rate is the percentage of employees that took at least one sick day. In 2019, to enhance comparability, a switch was made from health rate to sick leave rate.

<sup>5</sup> The accident rate is the Lost Time Injury Frequency Rate (LTIFR), which is the number of accidents requiring notification per million work hours. This is an internationally defined relative value, providing enhanced comparability, which represents the number of accidents to a reference value of one million work hours. In 2019, the numbers were specified to the number of accidents needing to be reported where the person needed more than three days off work, and not including accidents on the way to or from work. In 2020 there was a more precise definition of the total accidents per calendar year, which resulted in minor changes in accident frequency, total accidents and number of hours worked per year.

<sup>6</sup> Training and further education hours per employee provide the total number of training hours that employees received on average. Changes to the data from the previous year are explained in this chapter in the relevant paragraphs.

Employees are the company's most valuable capital. It is only thanks to their skills and commitment that NOVOMATIC has been writing success stories for more than 40 years. As a leading production and service operator in the area of gaming technology, talented people who work with us to innovate for the future are always welcome. Employees profit from a creative working environment, exciting tasks, and the potential to apply and further develop their knowledge and skills.

The NOVOMATIC AG Group has 20,585 employees worldwide in the scope of consolidation. Of these employees, approximately 3,000 are employed in the Austrian home market, around 1,000 of those at the company's headquarters in Gumpoldskirchen. Almost half of those work in the manufacturing or research and development segments.

Employees are offered the best possible framework conditions for a healthy, secure, and motivating work environment. This includes offers and activities related to education and training, health, occupational safety, work-life balance, equal opportunities, and diversity. Regardless of the form of employment, the same company offers and social benefits are available to all employees in Austria.

 More information on NOVOMATIC as an employer in Austria: [www.novomatic.com/careers](http://www.novomatic.com/careers)







All employee-related activities are planned and implemented by the Human Resources (HR) officers at NOVOMATIC AG Group headquarters and at company subsidiaries. To ensure coordination across the Group, as well as information offerings, the Group HR department is always in contact with Group subsidiaries.

The NOVOMATIC Human Resource Circle meets once a year in Austria; the meeting is attended by many HR officers from the subsidiaries. In 2020, due to the coronavirus, this meeting was held online via video conference. The online meeting was such a success that all subsequent meetings will be held online. At the Circle, new HR and NOVOMATIC Group guidelines are explained, focus issues are discussed, and new HR projects are introduced.

The company is proud to be an attractive employer. This is underlined by the following awards and certificates.

 GRI 102-8

## Awards: a Summary

Awards granted to NOVOMATIC AG	Description	Award holder since
	<b>Best Recruiters</b> Silver Seal of Quality <a href="http://www.bestrecruiters.at">www.bestrecruiters.at</a>	Bronze 2017 Gold 2018 Silver 2019/2020 & 2020/2021
	<b>kununu</b> Received TOP Company & OPEN Company Awards <a href="http://www.kununu.com/at/novomatic">www.kununu.com/at/novomatic</a>	2017
	<b>Trend Austria's top 300 employers</b> <a href="http://www.trend.at/toparbeitgeber/ranking">www.trend.at/toparbeitgeber/ranking</a>	2020
	<b>Leading Companies Austria</b> Recognized as a leading company <a href="http://www.leitbetriebe.at">www.leitbetriebe.at</a>	2015
	<b>berufundfamilie (career and family) Audit</b> Full certificate berufundfamilie (career and family) Audit <a href="http://www.familieundberuf.at">www.familieundberuf.at</a>	Basic certificate 2015  Full certificate 2018
	<b>Corporate health management network (BGF)</b> Seal of Quality in Corporate Health Promotion <a href="http://www.netzwerk-bgf.at">www.netzwerk-bgf.at</a>	Certification 2017  Recertification 2019

Awards granted to NOVOMATIC AG	Description	Award holder since
 <p><b>Great Place to Start</b> Silver certification <a href="http://www.greatplacetowork.at">www.greatplacetowork.at</a></p>	<p>The award "Österreichs Beste Lehrbetriebe 2018 / 2019" (Austria's best Apprenticeship Training Companies), part of the Great Place To Work seal of quality, is given to those companies with excellent professional apprenticeship training. This year, NOVOMATIC received the silver award in this category for the first time. The certificate is still valid.</p>	2018/2019
 <p><b>Business Superbrand Austria Award</b> Superbrand award <a href="http://www.superbrands.at">www.superbrands.at</a></p>	<p>NOVOMATIC was recognized as one of the best Business Superbrands in Austria by the Superbrands Austria Corporation in 2019. This award is proof of its successful and consistent brand management and positioning. In addition to the evaluation by an independent panel of experts, this award is based on the results of consumer surveys.</p>	2019
 <p><b>Austrian Brand Value Study</b> <a href="http://www.europeanbrand-institute.com">www.europeanbrand-institute.com</a></p>	<p>NOVOMATIC received the award for second place, an excellent result, in the ranking of Austria's most valuable brands.</p>	2020
<p><b>Top-Gewinn Image Ranking</b> <a href="http://www.gewinn.com">www.gewinn.com</a></p> <p>Top Gewinn</p>	<p>In the image ranking of the business magazine GEWINN in 2020 in the special category "Capital strength of Company" NOVOMATIC took third place in Austria.</p>	2020
<p><b>Top 250 companies in Austria</b> <a href="http://www.industriemagazin.at">www.industriemagazin.at</a></p> <p>Industriemagazin</p>	<p>NOVOMATIC AG once again achieved the 1st place ranking for Lower Austria in Industriemagazin's "TOP 250 Companies in Austria" competition. The criteria are the revenue generated and the number of jobs created in Austria. Even when considering all of Austria, NOVOMATIC AG placed within the Top 20 companies.</p>	2019

GRI 103-2

The following sections describe the management approach and some highlights of the HR Department's activities over the last year. These are just a few examples of the numerous measures taken across the entire NOVOMATIC AG Group.

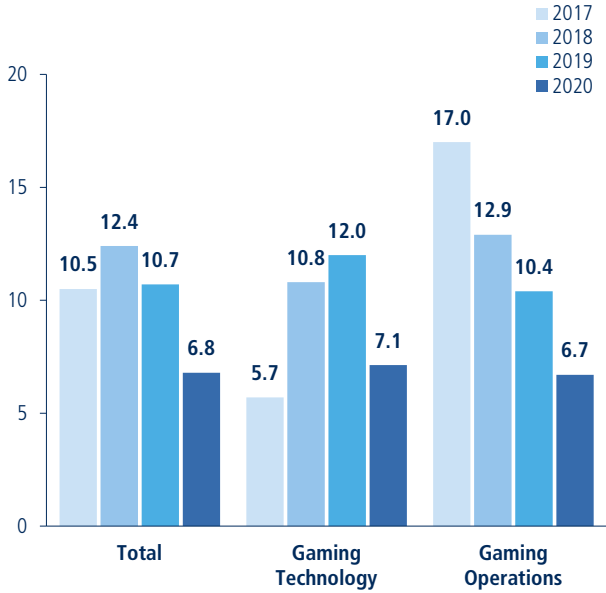
### Training and Further Education

NOVOMATIC employee qualifications are a significant element when it comes to securing sustainable success for the company. As such, maintaining and expanding employee's existing high levels of competence is a central personnel management strategy issue. The Learning and Development Team handles training needs, training requirements, training offers, and individual development goals across all departments and business segments.

The coronavirus pandemic has really highlighted the importance of digitalization. In the future, acquiring new skills for the digital transformation, also known as Industry 4.0, will be a new aspect to consider for NOVOMATIC staff. Training and further education is also being adapted for digital learning.

NOVOMATIC already began some time ago to consistently align its operating processes as well as products and services to the requirements and opportunities of the digital world. That has now proven itself in the crisis. Digital technologies quickly became the new standard also in education and training.

**TRAINING AND FURTHER EDUCATION HOURS PER EMPLOYEE 2017 – 2020**



This is the average number of training hours per employee. Due to the COVID-19 pandemic, training and further education had to be reduced. The focus in the second half of 2020 was on the transformation towards COVID -19 compliant training measures, e.g. online training.

GOALS 2020	HIGHLIGHTS 2020	PLANNED 2021
<p><b>TRAINING AND FURTHER EDUCATION</b></p> <p><b>Group:</b></p> <ul style="list-style-type: none"> <li>Graduation from the International Casino Management Program and hiring of graduates at Group subsidiaries</li> </ul> <p><b>Austria:</b></p> <ul style="list-style-type: none"> <li>Participated in 4GAMECHANGERS Festival: trade fair stand to represent the company (canceled due to COVID-19)</li> </ul> <p><b>Germany:</b></p> <ul style="list-style-type: none"> <li>Training events on the subjects of healthy eating and health at work</li> </ul>	<p><b>Principles:</b> Well trained employees</p> <p><b>Group:</b></p> <ul style="list-style-type: none"> <li>Talent recruitment at job and career fairs, conferences, and festivals – in 2020 many of these events were online</li> <li>Continued the International Casino Management Program (ICMP)</li> <li>Implemented department specific management development training</li> <li>E-learning on a variety of topics (e.g. anti-corruption, social media, etc.)</li> <li>Continued the NOVO-Talent program</li> <li>International Human Resources Circle with HR officers from the subsidiaries (online for the first time due to the coronavirus)</li> </ul> <p><b>Austria:</b></p> <ul style="list-style-type: none"> <li>Hired developers trained at the Corporate Coding Academy (CCA)</li> <li>Digitalized a variety of e-learning programs and the NOVOWelcome Days during the coronavirus pandemic</li> <li>Free webinars on the topics of digitalization, management, and health</li> <li>NOVOMATIC Material Design System Workshop (collection of rules and guidelines implemented in design and code for designers and developers)</li> </ul>	<p><b>Group:</b></p> <ul style="list-style-type: none"> <li>Continue the NOVO-Talent program</li> <li>Develop training and further education on the topic of digitalization</li> <li>Further roll-out of subject-specific e-learning modules (compliance, operations)</li> <li>Hold international HR Circle (from now on a virtual, semi-annual event)</li> </ul>

## Occupational Safety & Employee Health

A company is only as successful as the people who run it. A healthy and a safe workplace is a basic requirement here. This is why NOVOMATIC goes above and beyond the legal requirements in this regard.

In 2020, the occupational safety and employee health indicators were expanded slightly in accordance with Global Reporting Initiative requirements. Good practice measures in these areas were exchanged between subsidiaries by the CR & ESG Management. Occupational safety is also a part of the NOVOMATIC Security & Safety Committee (SSC). The committee bundles Group expertise on safety and structures and optimizes the information flow on safety issues, among other things.

The international ISO 45001 occupational health and safety standard is implemented in various forms at the group subsidiaries. The subsidiaries are required to implement this or other certifications, especially in manufacturing companies. Occupational health and safety hazards and risks are carried out by the local health & safety experts and respond to them accordingly with appropriate measures.

A group-wide survey in 2020 showed that the majority of occupational accidents only caused temporary impairment. The greatest sources of danger are unsafe behavior, slipping and

falling or improper use of tools. The typical injuries from this are fingers, hand, arm, or bruised legs and wounds, head injuries or sprains. Measures to improve occupational safety and health are, for example, information to raise awareness, training on the safe use of tools, first aid courses, fire safety information, checking the functionality of production machines, use of less harmful substances in production, improvement of the near-accident reporting system, improvement of health & safety procedures and processes, regular inspections and occupational safety meetings.

The company gives all non-salaried employees the same scope and access to non-occupational health services and services as employees. This is given according to the local regulation.

Employee training, employee participation, consultation and communication and measures to avoid accidents and protect health are carried out by the local Health & Safety experts in accordance with local requirements.

The prohibition of the use of the company's products and services, except for professional purposes, avoids negative health effects on employees.

The e-mail hotline [novohealth@novomatic.com](mailto:novohealth@novomatic.com) gives all employees the possibility to communicate on health & safety topics.

GOALS 2020	HIGHLIGHTS 2020	PLANNED 2021
<b>HEALTH &amp; SAFETY</b>	<b>Principles:</b> The top priority is avoiding accidents and illness and keeping customers and employees safe.	
<b>Group:</b> <ul style="list-style-type: none"> <li>Safety performance benchmarking for Group companies</li> <li>Exchange good practice policy between Group companies</li> </ul>	<b>Group:</b> <ul style="list-style-type: none"> <li>Additional work safety indicators added in order to fully meet requirements set out in the Global Reporting Initiative</li> <li>Group-wide internal benchmarking on safety performance</li> <li>Exchanged good practice policy between Group companies</li> </ul>	<b>Group:</b> <ul style="list-style-type: none"> <li>Safety performance benchmarking for Group companies</li> <li>Exchange good practice policy between Group companies</li> </ul> <b>Austria:</b> <ul style="list-style-type: none"> <li>Hold 3rd NOVOCCompany Day (was canceled in 2020 due to the coronavirus)</li> </ul>

GOALS 2020	HIGHLIGHTS 2020	PLANNED 2021
<p><b>Austria:</b></p> <ul style="list-style-type: none"> <li>• Certification in accordance with the standard ISO 45001</li> <li>• 3rd NOVOCCompany Day</li> <li>• 3rd ADMIRALfit Day</li> </ul> <p><b>Italy:</b></p> <ul style="list-style-type: none"> <li>• Newsletter with safety tips</li> </ul> <p><b>United Kingdom:</b></p> <ul style="list-style-type: none"> <li>• 2nd Wellbeing Week</li> </ul>	<p>Specific measures introduced due to COVID-19:</p> <ul style="list-style-type: none"> <li>• Extensive COVID-19 protection measures for employees and customers in the Group and in specific countries (see infobox and country-specific measures)</li> <li>• Participated in virtual running events</li> <li>• Switched to online support from the occupational therapist</li> <li>• Continued the NOVOHelp hotline, focused particularly on questions and issues surrounding the COVID-19 crisis</li> <li>• Online access to ergonomic information and videos</li> </ul> <p><b>Austria:</b></p> <ul style="list-style-type: none"> <li>• Continued the NOVOHelp Employee Assistance Programs</li> <li>• First aid courses for employees on location</li> <li>• Certification in accordance with the ISO 45001:2018 standard</li> <li>• Updated hazardous materials database</li> <li>• Measures to further reduce accident rate</li> <li>• Ergonomics videos for employees</li> </ul> <p><b>Germany:</b></p> <ul style="list-style-type: none"> <li>• "JobRad" health project: employees were offered access to a low-cost bicycle leasing program</li> <li>• Offer of flu vaccination at company costs for employees of Spielbank Berlin</li> <li>• Sleep consultations for shift workers at casinos</li> </ul> <p><b>Italy:</b></p> <ul style="list-style-type: none"> <li>• Initial certification in accordance with the ISO 45001:2018 standard</li> <li>• Switched to / continued SA 8000 certification at individual companies</li> <li>• Updated risk assessment documentation</li> </ul> <p><b>United Kingdom:</b></p> <ul style="list-style-type: none"> <li>• Introduced a program for assessing the risk of Legionella in the water</li> </ul> <p><b>Spain:</b></p> <ul style="list-style-type: none"> <li>• Special COVID-19 measures such as ozone generators, air purifiers, sensors, UV lights, thermometers</li> </ul> <p><b>The Netherlands:</b></p> <ul style="list-style-type: none"> <li>• Expanded support options for managing stress and building resilience for employees</li> </ul> <p><b>Serbia &amp; North Macedonia:</b></p> <ul style="list-style-type: none"> <li>• Continued specialized health and safety training</li> </ul> <p><b>Hungary:</b></p> <ul style="list-style-type: none"> <li>• Optional mobile health check-ups for employees</li> </ul>	<ul style="list-style-type: none"> <li>• Hold 3rd ADMIRALfit Day (was canceled in 2020 due to the coronavirus)</li> <li>• Further optimize prevention processes in accordance with ISO 45001:2018</li> <li>• Vaccinate employees with coronavirus vaccine</li> </ul> <p><b>Germany:</b></p> <ul style="list-style-type: none"> <li>• Consolidate work safety management</li> <li>• Work safety training for forklift operators</li> </ul> <p><b>Italy:</b></p> <ul style="list-style-type: none"> <li>• Expand ISO 45001 certification to additional companies</li> <li>• New employee health and safety newsletter</li> </ul> <p><b>United Kingdom:</b></p> <ul style="list-style-type: none"> <li>• Implement measures based on the Legionella risk analysis</li> <li>• Train employees using the "Managing Safely Certificate"</li> </ul> <p><b>The Netherlands:</b></p> <ul style="list-style-type: none"> <li>• New cooperation with health and safety experts</li> </ul> <p><b>Romania:</b></p> <ul style="list-style-type: none"> <li>• Continue health promotion activities which were stopped in 2020 due to the pandemic</li> </ul> <p><b>Hungary:</b></p> <ul style="list-style-type: none"> <li>• Expand mobile health check-up offer</li> </ul> <p><b>USA:</b></p> <ul style="list-style-type: none"> <li>• Continue employee first aid training</li> </ul>

**GOALS 2020**

**HIGHLIGHTS 2020**

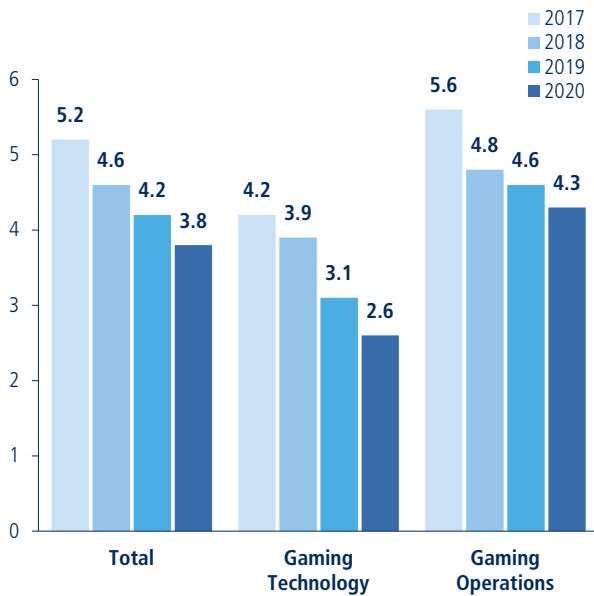
**PLANNED 2021**

- USA:**
- Extensive COVID-19 disinfection measures
  - Employee first aid training
- Australia:**
- Support for employee health insurance during health check-ups
  - Yearly health check-ups and extensive health measures for employees
  - Online training courses with lots of safety content
- Online:**
- Greentube Running Challenge to keep employees healthy and connected to one another

- Australia:**
- Expand current offer and external health services for employees
- Online:**
- Implement measures based on the employee satisfaction survey

**Occupational Safety**

ACCIDENT RATE 2017 – 2020



The accident rate is the Lost Time Injury Frequency Rate (LTIFR), that is the number of accidents requiring notification per million work hours. For this purpose, the accidents at work that are notifiable under local law and result in three or more days of downtime were recorded in relation to the number of hours worked per million hours worked in the same period. The graph represents data that is directly available. As these numbers represent a ratio, extrapolation for the companies not directly recorded in the scope of consolidation is not necessary. The total accident rate was reduced due to expanded focus on employee safety. There were no deaths in the past year.

**Employee Health**

Only healthy employees perform at 100% and are therefore the key to a competitive and successful company. Time off work caused by accidents or illness leads to both direct and indirect costs. Therefore, one of NOVOMATIC’s goals is to protect and support employee health as much as possible.

Group subsidiaries have implemented multiple health programs under the NOVOHealth initiative. An exchange of good practice principles on the Group level has also improved the health programs on offer, which in many places go above and beyond what is legally required.





## Comprehensive Protective Measures against COVID-19

Starting in 2020, NOVOMATIC, like all companies, felt the effects of the coronavirus pandemic. Multiple measures were put in place in order to provide the best possible protection to employees and customers.

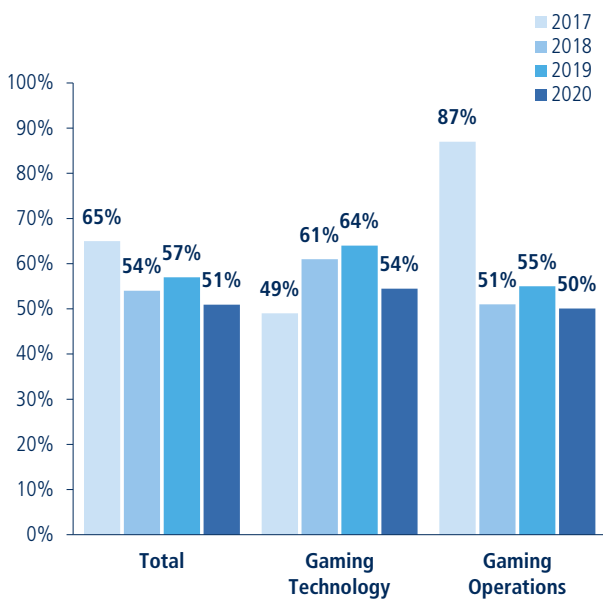
### Group-wide:

- Created a Group Coronavirus Crisis Unit with members from all relevant Group departments, reporting directly to the Executive Board
- Information provided to and communication with subsidiaries regarding COVID-19 preventative measures, creation of crisis units, securing business continuity, etc.
- Strategically purchased personal protective equipment for the Group (e.g. masks, disinfectant, gloves)

### Austria:

- Created an interdisciplinary team for implementing coronavirus protective measures, providing information to employees, etc.
- Created a dedicated team for contact tracing and testing of suspected COVID-19 cases
- Comprehensive information provided to management and employees by Group Human Resources and NOVOHealth
- Weekly COVID-19 news sent to all employees, as well as communication regarding coronavirus protective measures, rules of conduct, and other information using multiple communication channels
- Distributed personal protective equipment (e.g. masks) to employees and customers
- Set up disinfectant dispensers, thermometers, and multiple signs listing the rules of conduct
- Introduced work from home measures and provided required technical infrastructure for same
- Introduced a short-time work scheme to protect jobs
- New e-mail hotlines for all employees for COVID-19 specific questions
- Set up Plexiglas barriers at work stations and in customer areas
- Release of employees of the corona risk groups
- Additional comprehensive hygiene and COVID-19 prevention measures for employees and customers, continuously adjusted based on the state of the pandemic

### SICK LEAVE RATE 2017 – 2020



The sick leave rate is the percentage of employees that took at least one sick day. The graph includes all directly available data and, in the event that data is not available, extrapolation for all consolidated companies included in the scope of consolidation.

A variety of preventative measures were used to keep the sick leave rate under 60%, despite the COVID-19 pandemic. In individual countries, there has been a significant decrease in sick leave due to country specifics.



## Employee Diversity & Equality

Embracing diversity, integration, and equal opportunities is a basic principle of the NOVOMATIC corporate culture. Doing so also provides a decisive competitive edge for sustainable corporate success. For years, the Code of Conduct, valid for the entire Group, has stated that any type of discrimination within the company or towards third parties (e.g. customers, suppliers) has no place at NOVOMATIC.

NOVOMATIC acknowledges that it is responsible for creating fair working conditions, for example when hiring and selecting personnel, during career development, as part of the compatibility of family and career, and as part of generation management.

GOALS 2020	HIGHLIGHTS 2020	PLANNED 2021
<p><b>EMPLOYEE DIVERSITY &amp; EQUALITY</b></p> <p><b>Group:</b></p> <ul style="list-style-type: none"> <li>• Continue the employee connection programs NOVOSilver Family and NOVOMoms &amp; Dads</li> <li>• Year-round child care on offer</li> <li>• Photo subjects displayed on additional channels to emphasize diversity</li> <li>• Further roll out of blended learning program on discrimination and bullying</li> <li>• New questionnaire for apprentices via Great Place to Work</li> </ul>	<p><b>Principles:</b></p> <p>Promoting diversity and equality for all groups, regardless of age, ethnicity, religion, gender, sexual orientation, etc.</p> <p><b>Group:</b></p> <ul style="list-style-type: none"> <li>• Diversity and equal opportunities as main topics at the NOVOWelcome Days for all employees</li> </ul> <p><b>Austria:</b></p> <ul style="list-style-type: none"> <li>• Continued cooperation with the job platform “WisR”, specially designed for older applicants (only implemented in a limited fashion due to the coronavirus)</li> <li>• Continued the NOVOSilver Family and NOVOMoms &amp; Dads programs (only implemented in a limited fashion due to the coronavirus)</li> <li>• Maintained 3rd gender (m/f/d, where d stands for diverse) in job postings, used gender neutral language with applicants</li> </ul>	<p><b>Group:</b></p> <ul style="list-style-type: none"> <li>• Further roll out of blended learning program on discrimination and bullying (e-learning)</li> </ul> <p><b>Austria:</b></p> <ul style="list-style-type: none"> <li>• Continue the employee connection programs NOVOSilver Family and NOVOMoms &amp; Dads</li> <li>• Year-round child care on offer</li> <li>• New questionnaire for apprentices via Great Place to Work</li> </ul>

Company commitment to supporting equal opportunities and fairness at work has been formalized in the Group Equal Opportunities Guideline. The goal of the guideline is to ensure that no-one is disadvantaged due to their sex, age, ethnicity, nationality, physical and mental abilities, or sexual orientation. Along with many other subjects, the Equal Opportunities Guideline is always on the agenda during the onboarding process, and is also covered at the NOVOWelcome Days, which are attended primarily by new employees in Austria in the first few weeks after they start working for the company. This year, the NOVOWelcome Day went digital and the presentations were recorded on video so that new employees could take part even during the coronavirus pandemic.

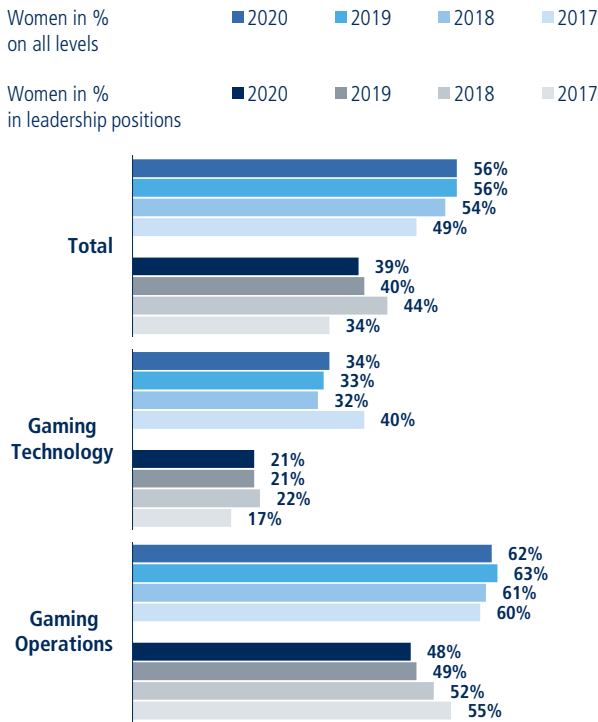
The team responsible for implementing the Group guideline is led by the Global HR Director. In the event that employees experience discrimination, or notice that a co-worker is subjected to discrimination, they are able to report the incident via an e-mail address set up specifically for that purpose. Quite apart from that, any violation of the law, of the Code of Conduct, or of human rights in general can be reported at the whistleblowing e-mail address.

 Equal Opportunities e-mail: [equalopportunities@novomatic.com](mailto:equalopportunities@novomatic.com)

 Whistleblowing e-mail hotline: [compliance@novomatic.com](mailto:compliance@novomatic.com)

Many company subsidiaries offer transition phases between full-time employment and retirement. In most cases, this is done by gradually reducing the number of working hours.

PROPORTION OF WOMEN 2017 – 2020



Management positions are those positions including employee management tasks. Recorded for the first time in 2017. The graph represents data that is directly available. In the event that data is not available, it represents extrapolation of all consolidated companies in accordance with the scope of consolidation. The proportion of women stabilized at a high level.

GRI 405-1  
SDG 5.1, 8.5

Innovation

In addition to its high-quality products and services, a great deal of NOVOMATIC’s success is based on employee innovation. As a top international gaming technology company, it is crucial that NOVOMATIC not only recognize trends early on, but also trigger and drive new trends. Operational processes, products, and services are consistently adjusted to ensure they are digital-ready and able to take advantage of opportunities offered by digitalization.

The large majority of company innovation is produced within the research and development departments. NOVOMATIC runs 25 research & development competence centers in Europe. Approximately 4,400 intellectual property rights prove that the company is extremely innovative. In addition, NOVOMATIC is committed to partnerships in the areas of technology and innovation.

GOALS 2020	HIGHLIGHTS 2020	PLANNED 2021
<b>INNOVATION</b>	<b>Principles:</b> Maintaining highest quality innovation skills	
<b>Group:</b> <ul style="list-style-type: none"> <li>Support innovation in training and further education</li> <li>Support innovative employee projects (e.g. blockchain project)</li> <li>Participation in re-research group Digital Champions Network</li> </ul>	<b>Group:</b> <ul style="list-style-type: none"> <li>Support for innovation in training and further education</li> <li>Continued digitalization project Enterprise 4.0 with a new framework and a new name – DCN Digital Champions Network</li> </ul> <p>Specific measures introduced due to COVID-19:</p> <ul style="list-style-type: none"> <li>Developed the NOVOMATIC Biometric Systems™ Body Temperature Terminal (measures temperature, checks if customer is wearing a mask)</li> <li>Automatically suspended neighboring gaming terminals in order to guarantee social distancing, games could start only once the device had been disinfected</li> <li>Produced face shields using 3D printing, injection molding, and laser cutting using plastics manufacture and mechatronics</li> </ul>	<b>Group:</b> <ul style="list-style-type: none"> <li>Support innovation in training and further education</li> <li>Participation in re-research group Digital Champions Network (DCN)</li> <li>Cooperation with the international knowledge network "Talent Cloud"</li> </ul>



# GOING GREEN

This section provides a summary of the most important results and measures described in this chapter.

## TAKING ON RESPONSIBILITY

- "We minimize our environmental footprint through efficient handling of energy and resources, as well as by reducing the waste and emissions that we produce."
- "We strive to make positive contributions to environmental protection using both production and operational measures."

### Total Energy Consumption



**319,864**  
MWh

### Water consumption



**492,225**  
m<sup>3</sup>

### CO<sub>2</sub> Emissions



**146,288**  
Tons

### Waste



**3,458**  
Tons

# GOING GREEN

The way in which a company handles energy, CO<sub>2</sub> emissions, waste and water consumption has a major impact on the environment. The main priority is to keep consumption of all resources as low as possible in both manufacturing and gaming facility operations.

The figures and graphics presented in this chapter apply, unless otherwise indicated, to all NOVOMATIC AG companies.

## Summary of Major Indicators

	2017	2018	2019	2020	Goal
Energy consumption in MWh total <sup>1*</sup>	330,564	339,488	371,837	319,684	Reduction
Of which NOVOMATIC AG**	20,845	21,093	21,393	18,182	
CO <sub>2</sub> e emissions in tons total <sup>2</sup>	176,856	170,466	172,366	146,288	Reduction
Of which NOVOMATIC AG	3,367	3,927	3,486	2,179	
Scope 1 CO <sub>2</sub> e emissions in tons total <sup>3</sup>	25,237	26,588	28,472	22,463	Reduction
Of which NOVOMATIC AG	2,433	2,614	2,473	2,006	
Scope 2 CO <sub>2</sub> e emissions in tons total <sup>4</sup>	80,448	76,651	82,108	68,675	Reduction
Of which NOVOMATIC AG	0	0	0	0	
Scope 3 CO <sub>2</sub> e emissions in tons total <sup>5</sup>	71,171	67,226	61,787	55,150	Reduction
Of which NOVOMATIC AG	934	1,313	1,012	173	
Water use in m <sup>3</sup> total <sup>6</sup>	574,786	598,393	628,298	492,225	Reduction
Of which NOVOMATIC AG	19,015	22,362	20,280	13,461	
Waste in tons total <sup>7</sup>	3,131	3,569	9,021	3,458	Reduction
Of which NOVOMATIC AG	1,236	1,484	1,380	922	

All data is for the reporting period 01/01 to 12/31 or at deadline of 12/31.

\* Total values represent the sum of the directly recorded data and the projection for companies that are not directly recorded of the NOVOMATIC AG Group consolidation scope.

\*\* NOVOMATIC AG only presents those directly recorded data without subsidiaries.

<sup>1</sup> The energy consumption includes electricity, natural gas, fuel for transport such as diesel and petrol, heating oil, and self-generated energy (solar panels). Sold energy is deducted from this value.

<sup>2</sup> The CO<sub>2</sub> emissions are compiled from CO<sub>2</sub> equivalents (CO<sub>2</sub>e) of the direct Scope 1 emissions from fuel consumption, indirect Scope 2 emissions from energy consumption and Scope 3 emissions from the sold and rented equipment as well of air travel.

<sup>3</sup> The direct Scope 1 CO<sub>2</sub>e emissions include those caused by the combustion of transport fuels diesel and petrol, as well as natural gas emissions.

<sup>4</sup> The indirect Scope 2 CO<sub>2</sub>e emissions include those caused by the generation of electricity and district heating by the energy supplier.

<sup>5</sup> The indirect Scope 3 CO<sub>2</sub>e emissions include those from air travel and those based on sold and rented equipment. NOVOMATIC AG did not have any Scope 2 emissions due to the purchase of green electricity.

<sup>6</sup> Water consumption is measured from water used for manufacture, cleaning, sanitary facilities, or irrigation.


<sup>7</sup> Waste consists of non-hazardous and hazardous waste. This value is recorded only for the Gaming Technology companies. Changes to the data from the previous year are explained in this chapter in the relevant paragraphs.


NOVOMATIC is one of the world's largest gaming technology producers. The majority of manufacturing steps are carried out in-house at the Austrian production location in Gumpoldskirchen. This is also where the majority of gaming terminals are produced or refurbished for the Group. An internal joinery, printing shop, metal working shop, plastics manufacture, circuit board assembly, as well as internal assembly and shipping logistics allow for vertical integration of more than 50%, unique within the industry.

During manufacture, NOVOMATIC makes use of a variety of resources from raw materials and primary products to electrical parts and technological components. Logistics is run in part using company-owned trucks, and NOVOMATIC's service technicians make use of company-owned cars.

The company uses resources such as electricity, water, heat, and vehicle fuel to run production and logistics. The majority of environmentally harmful substances are generated during production as a result of waste and waste water as well as by greenhouse gas emissions from energy generation and the combustion of fuels.

In addition to the production of high-tech gaming equipment, NOVOMATIC also operates casinos, electronic casinos, and sports betting facilities, and offers comprehensive solutions both in the areas of lottery and sports betting, as well as in online, mobile, and social gaming. Globally, the NOVOMATIC Group runs around 1,800 gaming facilities, including casinos in North Macedonia, Lithuania, and Spielbank Berlin, the casino with the highest revenue in Germany. In terms of gaming operations, the largest environmental effect comes from electricity consumption used to run gaming and betting terminals, lighting, heating, and air conditioning. Water use is relatively low for gaming operations, however the vehicles used by service technicians cause appreciable emissions due to fuel use.

 Information on interactive gaming products: [www.greentube.com](http://www.greentube.com)

 Information on sports betting solutions: [www.novomatic-sbs.com](http://www.novomatic-sbs.com)

NOVOMATIC acknowledges its ecological footprint and assumes responsibility for using resources efficiently and sparingly. Implementation of environmental management and measures for reducing the ecological footprint are carried out in every subsidiary based on local requirements. The Group companies who manufacture products have their own environmental protection officers who monitor all required operational environmental protection measures. Several companies are certified in accordance with the environmental management norm ISO 14001. As part of this certification, and as part of requirements from the European Energy Efficiency Directive, concrete goals are set and implementation is checked by external authorities. In the subsidiaries responsible for gaming operations, environmental management is sometimes carried out by property management. This is because most buildings containing gaming operations are not owned by NOVOMATIC or its subsidiaries.

In order to record the extent of the ecological footprint and the measures implemented against it, NOVOMATIC also records environmental key figures in its ESG Indicator system. These were recorded for the first time in 2017 using a new online data tool. Good practice examples on new and successful environmental measures are shared between the companies. In the future, the plan is to specify qualitative goals and move towards quantitative goals.

The following sections describe the management approach and the highlights of the company's activities over the last year. These are just a few examples of the numerous measures taken across the entire NOVOMATIC Group.

 GRI 103-2

## Energy & Emissions

Reduction of energy consumption and the associated CO<sub>2</sub>e emissions is increasingly important in light of climate change. The gaming industry is not subject to the same challenges as more energy intensive industries but there is still a great deal of energy consumed by manufacture and in particular by gaming operations. NOVOMATIC is determined to continue to reduce this CO<sub>2</sub>e footprint in the future.

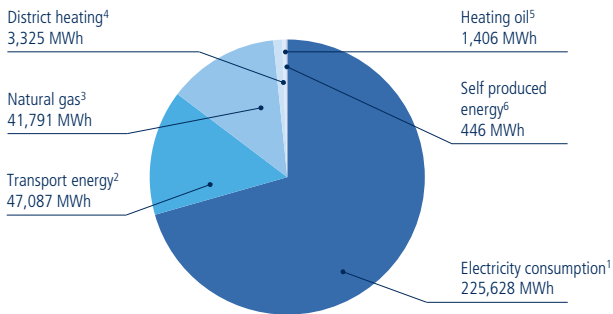
GOALS 2020	HIGHLIGHTS 2020	PLANNED 2021
<p><b>ENERGY CONSUMPTION &amp; EMISSIONS</b></p> <p><b>Group:</b></p> <ul style="list-style-type: none"> <li>• Provide detailed feedback to companies on environmental footprint along with suggestions for improving, and sharing good practice examples throughout the Group</li> </ul> <p><b>Austria:</b></p> <ul style="list-style-type: none"> <li>• New heating system at the ADMIRAL headquarters</li> <li>• Modernize other facilities</li> <li>• Roll out the 'Going Green' awareness campaign aimed at employees</li> </ul> <p><b>Germany:</b></p> <ul style="list-style-type: none"> <li>• Energy audit for the Kurhesische Spielbank</li> <li>• More LED lighting</li> </ul> <p><b>Italy:</b></p> <ul style="list-style-type: none"> <li>• Expand ISO 14001 certification to additional locations</li> <li>• Continue switching vehicle fleet to more environmentally friendly vehicles</li> </ul> <p><b>Spain:</b></p> <ul style="list-style-type: none"> <li>• More LED lighting</li> <li>• Continue switching to green electricity</li> </ul> <p><b>The Netherlands:</b></p> <ul style="list-style-type: none"> <li>• More solar panels</li> <li>• More LED lighting</li> </ul> <p><b>Romania:</b></p> <ul style="list-style-type: none"> <li>• More solar panels</li> <li>• More LED lighting</li> </ul> <p><b>Serbia:</b></p> <ul style="list-style-type: none"> <li>• Switching to more environmentally friendly leased hybrid vehicles</li> <li>• More LED lighting</li> </ul> <p><b>Hungary:</b></p> <ul style="list-style-type: none"> <li>• More LED lighting</li> </ul>	<p><b>Principles:</b> Reduction of energy consumption and emissions</p> <p><b>Group:</b></p> <ul style="list-style-type: none"> <li>• Report to the Executive Board and Supervisory Board on environmental footprint, Group and competitor benchmarking, suggested improvements</li> <li>• Provide detailed feedback to companies on environmental footprint along with suggestions for improving, and sharing good practice examples throughout the Group</li> </ul> <p><b>Austria:</b></p> <ul style="list-style-type: none"> <li>• Monitoring audit in accordance with ISO 14001</li> <li>• Switching from gas to district heating at ADMIRAL headquarters</li> <li>• Revitalize 18 facilities (e.g. lighting, electronics)</li> <li>• Energy efficiency measures (e.g. ventilation and air conditioning)</li> </ul> <p><b>Spain:</b></p> <ul style="list-style-type: none"> <li>• Expand use of renewable energy at facilities (Basque Gaming and Salones Macao already use 100% renewable energy)</li> <li>• More LED lighting</li> </ul> <p><b>United Kingdom:</b></p> <ul style="list-style-type: none"> <li>• More LED lighting</li> <li>• Expand vehicle fleet with hybrid electric vehicles</li> </ul> <p><b>The Netherlands:</b></p> <ul style="list-style-type: none"> <li>• Introduce digital energy management system</li> <li>• More LED lighting</li> </ul> <p><b>Romania:</b></p> <ul style="list-style-type: none"> <li>• More LED lighting</li> <li>• Environmentally friendly vehicles, as part of the ADMIRAL marketing campaign</li> </ul> <p><b>Australia:</b></p> <ul style="list-style-type: none"> <li>• Self-generated energy via solar panels</li> <li>• More LED lighting (90% of manufacturing locations have already switched)</li> </ul> <p><b>USA:</b></p> <ul style="list-style-type: none"> <li>• Measures to reduce energy consumption</li> <li>• Recycle packaging materials</li> </ul>	<p><b>Group:</b></p> <ul style="list-style-type: none"> <li>• Provide detailed feedback to companies on environmental footprint along with suggestions for improving, and sharing good practice examples throughout the Group</li> </ul> <p><b>Austria:</b></p> <ul style="list-style-type: none"> <li>• Recertification in accordance with the ISO 14001:2015 standard</li> <li>• Revitalize facilities</li> </ul> <p><b>Germany:</b></p> <ul style="list-style-type: none"> <li>• Optimize electricity meter processes and introduce intelligent electricity meters</li> <li>• Introduce timers to software platform testing terminals</li> <li>• Modernize compressed air system at Bingen facility</li> <li>• More LED lighting</li> </ul> <p><b>Spain:</b></p> <ul style="list-style-type: none"> <li>• Increase electricity from renewable sources</li> <li>• Expand e-mobility in vehicle fleet</li> </ul> <p><b>United Kingdom:</b></p> <ul style="list-style-type: none"> <li>• Add a fully electric car to the vehicle fleet</li> </ul> <p><b>Australia:</b></p> <ul style="list-style-type: none"> <li>• Reduce energy by improving electronic controls or renewing units</li> </ul>

**Energy consumption**

During production of entertainment devices, energy is required in the form of electricity for running machines, lighting, heating, air conditioning, and use of district heating. The majority of NOVOMATIC’s electricity consumption, however, comes from gaming facilities which run gaming and betting terminals, as well as other electronic devices. A smaller amount of energy is used for lighting, heating, and air conditioning of the space. NOVOMATIC also uses fuel in the form of petrol and diesel for its vehicle fleet. One example of fleet use is transportation of technical maintenance workers.

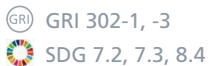
The goal is to continue to reduce total and relative energy consumption in the future. The graphic provides a comparison between different types of energy consumption.

**TOTAL ENERGY CONSUMPTION BY TYPE 2020**

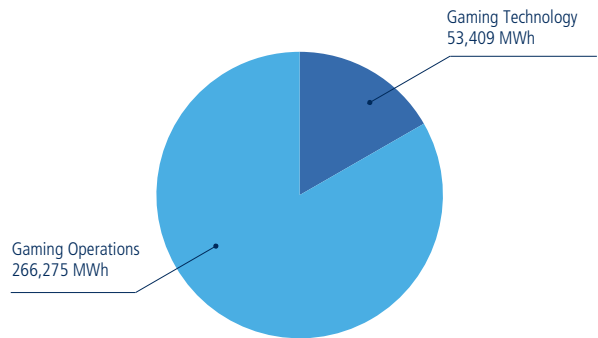


<sup>1</sup> Energy consumption is the electricity taken from the energy service provider.  
<sup>2</sup> Transport energy consists of diesel and petrol consumption by the company vehicle fleets.  
<sup>3</sup> Natural gas is the natural gas taken from the energy service provider and used, for example, for heating, air conditioning, or lighting.  
<sup>4</sup> District heating is the heat taken from the energy service provider.  
<sup>5</sup> Heating oil is fuel used for energy creation.  
<sup>6</sup> Self-generated energy is renewable energy, e.g. from solar panels. The energy sold is not pictured, as it was not consumed

A total of 319,684 MWh was consumed in 2020. 25% of the company uses renewable energy with 0 emissions. Changes to the previous year are largely due to reduction in manufacturing activities and limited operational activities caused by the COVID-19 pandemic. Economic lockdowns were introduced as a response to the pandemic, leading to reduced demand for products. Not only that, gaming venues had to be shut down and more people worked from home. Additional reductions are the result of multiple energy saving measures – see Highlights. The graph includes all directly available data and, in the event that data is not available, extrapolation for all consolidated companies included in the scope of consolidation. Energy used for heating and cooling is included in the values for district heating, natural gas, and electricity consumption, depending on the method in question. Conversion factor source: Umweltbundesamt, as of August 2018 <http://www5.umweltbundesamt.at/emas/co2mon/co2mon.html>

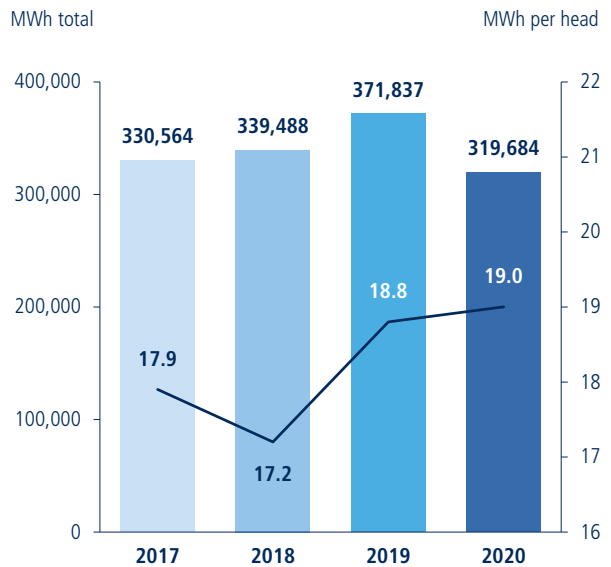


**ENERGY CONSUMPTION 2020**



The energy consumption represented includes electricity, district heating, fuels, natural gas, heating oil, as well as self-generated energy (solar energy). Energy sold is subtracted from this figure. The image includes all directly available data and, in the event that data is not available, extrapolation for all consolidated companies included in the scope of consolidation.

**ENERGY CONSUMPTION IN COMPARISON 2017 – 2020**



The graph includes all directly available data and, in the event that data is not available, extrapolation for all consolidated companies included in the scope of consolidation. Energy intensity is calculated based on the respective listed energy consumption for each respective type of energy and as a quotient of the full-time employee equivalents of salaried and other employees excluding absences (e.g. parental leave, long-term sick leave).

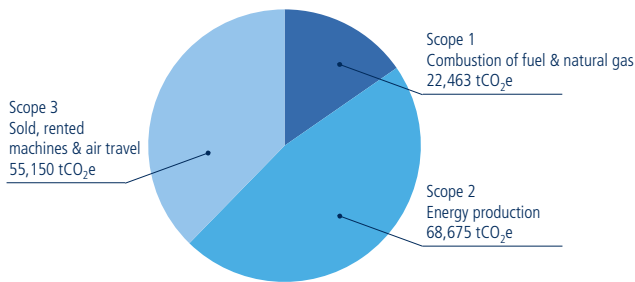


**Emissions**

NOVOMATIC is responsible for directly produced CO<sub>2</sub>e emissions caused by fuel consumption (Scope-1-emissions). Consumption of electricity and district heating is responsible for CO<sub>2</sub>e emissions from energy providers (Scope-2-emissions). Other emissions are caused by air travel required for business and gaming terminals that have been rented or sold (Scope-3-emissions).

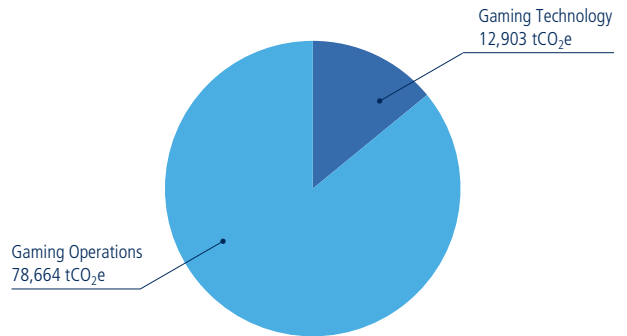
The goal is to continue to reduce total and relative CO<sub>2</sub>e emissions in the future. The graphic shows the comparison between the company's CO<sub>2</sub>e emissions at manufacturing locations and in gaming facilities.

**CO<sub>2</sub> EMISSIONS BY SOURCE 2020**



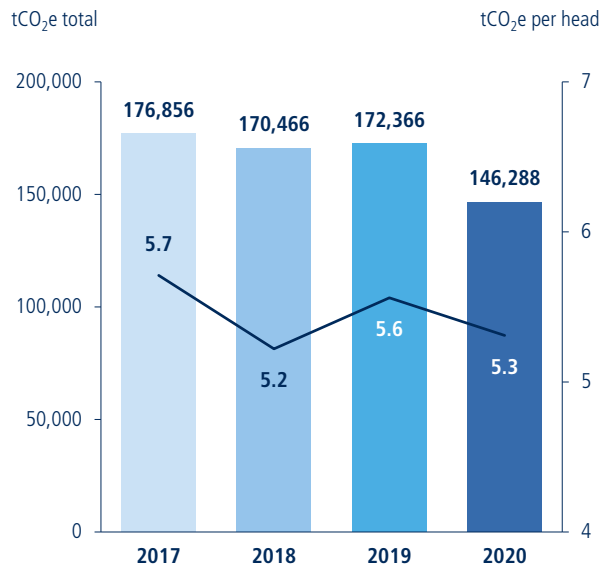
The total amount of emitted in 2020 was 146,288.  
 The difference to the previous year is caused by different reasons for energy consumption.  
 : Equivalent unit emissions in tons  
 The image includes Scope 1, 2, and 3 emissions from directly available data and, in the event that data is not available, extrapolation for all consolidated companies included in the scope of consolidation.  
 Aside from , no other greenhouse gases were recorded, as the materiality matrix identified as the most important emission factor.  
 There are no biogenic emissions caused by burning or biodegradation of biomass.  
 Scope 1: These are the emissions from the combustion of fuel and natural gas. Emissions from fuel are calculated using the following conversion factors: 2.68787 kg per liter of diesel and 2.31467 kg per liter of petrol. Source: UK government "Conversion factors 2020 – Condensed set (for most users)" <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2020>  
 Scope 2: These are the emissions from energy generation. Emissions values come directly from the energy suppliers (market based). In the case of certified green electricity, emissions are zero.  
 Scope 3: These are the emissions from air travel as well as rented and sold gaming devices. Scope 3 emissions were recorded using direct data on flights and extrapolated based on the number of devices rented or sold outside of the Group. Here the factor of 275 kg/MWh of the intensity based on the data from the European Environment Agency was used. The total value is thus lower than previously reported, as the value of 500 kg/MWh was assumed.  
[https://www.eea.europa.eu/data-and-maps/daviz/co2-emission-intensity-6#tabgoogle-chartid\\_googlechartid\\_googlechartid\\_chart\\_11111](https://www.eea.europa.eu/data-and-maps/daviz/co2-emission-intensity-6#tabgoogle-chartid_googlechartid_googlechartid_chart_11111)  
 The data is based on the international Greenhouse Gas Protocol (GHG): <https://ghgprotocol.org/corporate-standard>

**CO<sub>2</sub> EMISSIONS 2020**

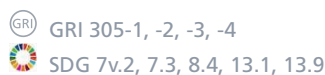


The difference to the previous year is caused by different reasons for energy consumption. For information on the factors, see the image "emissions per source."  
 : Equivalent unit emissions in tons  
 The image includes Scope 1, 2, and 3 emissions from directly available data and, in the event that data is not available, extrapolation for all consolidated companies included in the scope of consolidation.

**CO<sub>2</sub>-EMISSIONS IN COMPARISON 2017 – 2020**



The difference to the previous year is caused by different reasons for energy consumption.  
 : Equivalent unit emissions in tons  
 The image includes Scope 1, 2, and 3 emissions from directly available data and, in the event that data is not available, extrapolation for all consolidated companies included in the scope of consolidation. In contrast to the per head emissions, the total emissions include the Scope 3 emissions from rented or sold devices.  
 The information per head includes full-time employee equivalents for employees and workers not including absences (e.g. parental leave, long-term sick leave).  
 For information on the factors, see the image "emissions per source."



### Resource conservation

In terms of NOVOMATIC’s business activities, it is the production of gaming technology in particular, which consumes various resources. This includes plastics, metals, electronic components, screens, cables, paints and varnish, up to and including timber products and various primary products. Due to high levels of vertical integration and the use of numerous different commodities, materials, and primary products in production, the conservation of resources is more than just about complying with local environmental laws, but is in fact a significant cost factor across all measures.

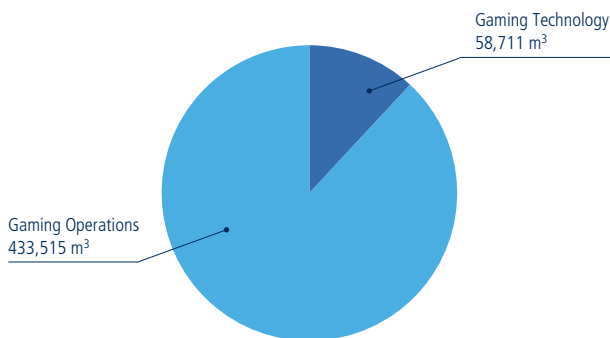
Resource management is strictly regulated in all production locations and adjusted to match local requirements and conditions.

#### Water

Water is used in all locations for cleaning and sanitary applications, as well as for irrigation of green areas. The majority of water consumption takes place in gaming facilities. The goal is to continue to reduce total and relative water consumption in the future.

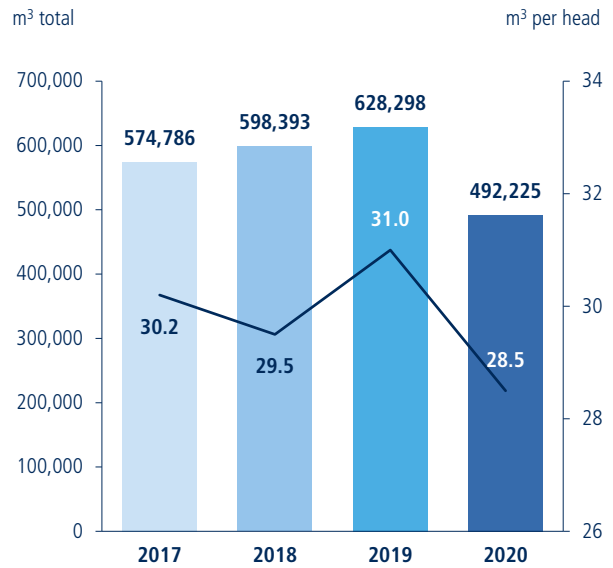
GRI 303-3

#### WATER CONSUMPTION 2020



A total of 492,225 m<sup>3</sup> of water was consumed in 2020. Changes to the previous year are largely due to reduction in manufacturing activities and limited operational activities caused by the COVID-19 pandemic. Economic lockdowns were introduced as a response to the pandemic, leading to reduced demand for products. Not only that, gaming venues had to be shut down and more people worked from home. Further reductions were the result of Group water saving measures, like e.g. awareness creation, reuse of domestic water, etc. on the one hand – see Highlights. These figures include water consumption (fresh water only) from public water supply networks. No water is taken from areas experiencing water stress. The graph includes all directly available data and, in the event that data is not available, extrapolation for all consolidated operative companies included in the scope of consolidation. In individual companies, water values were recorded more precisely or extrapolated.

#### WATER CONSUMPTION IN COMPARISON 2017 – 2020



Water from the public water mains is included under water consumption. The graph includes all directly available data and, in the event that data is not available, extrapolation for all consolidated operative companies included in the scope of consolidation. The information per head includes full-time employee equivalents for employees and workers not including absences (e.g. parental leave, long-term sick leave).

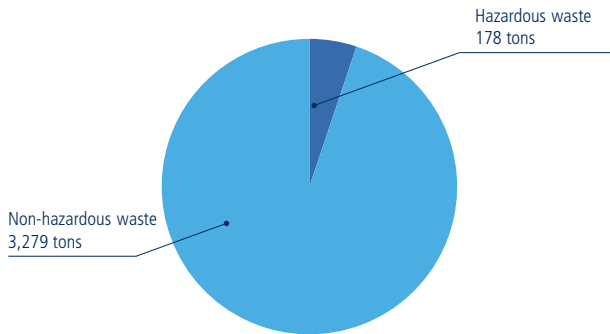
#### Waste

Production, in particular, produces non-hazardous and hazardous waste. The waste amounts, recorded for the first time in 2017, showed that only 6% of waste is caused by Gaming Operations. For this reason, only waste from technology companies within the Group has been recorded from 2018 onwards.

Evaluation of previous years shows clearly that the majority of waste produced is non-hazardous. This includes, for example, cardboard, metal, plastic, wood, glass, etc. The smaller amount is taken up by hazardous waste such as electronic waste, varnish, paint, and other hazardous materials. The goal is to continue to reduce total and relative waste volume in the future. Waste that cannot be avoided is separated into various categories, collected, and disposed of in accordance with the law. In addition to environmental protection, reduction of waste results in fewer costs for waste removal.

GOALS 2020	HIGHLIGHTS 2020	PLANNED 2021
<p><b>RESOURCE CONSUMPTION &amp; WASTE</b></p> <p><b>Group:</b></p> <ul style="list-style-type: none"> <li>• Provide detailed feedback to companies on environmental footprint along with suggestions for improving, and sharing good practice examples throughout the Group</li> </ul> <p><b>Austria:</b></p> <ul style="list-style-type: none"> <li>• Optimize waste management (production)</li> </ul> <p><b>Italy:</b></p> <ul style="list-style-type: none"> <li>• Improved garbage collection system in Rome and Rimini HQs</li> <li>• Switching to double-sided printing</li> <li>• Reduce plastic waste in HQ</li> </ul> <p><b>United Kingdom:</b></p> <ul style="list-style-type: none"> <li>• Reduce plastic waste at facilities</li> </ul> <p><b>Romania:</b></p> <ul style="list-style-type: none"> <li>• Reduce plastic waste at facilities</li> <li>• Switching to using recyclable water bottles at HQ</li> </ul>	<p><b>Principles:</b></p> <ul style="list-style-type: none"> <li>• Reduction of resource consumption, as well as waste and waste water</li> <li>• Highest possible degree of recyclability and lifespan for products</li> </ul> <p><b>Group:</b></p> <ul style="list-style-type: none"> <li>• Provide detailed feedback to companies on environmental footprint along with suggestions for improving, and sharing good practice examples throughout the Group</li> </ul> <p><b>Austria:</b></p> <ul style="list-style-type: none"> <li>• Introduced reusable glass bottles at NOVOMATIC AG HQ</li> <li>• Improve waste separation and reduction via awareness raising</li> </ul> <p><b>Germany:</b></p> <ul style="list-style-type: none"> <li>• Established a bee colony at the Bingen location</li> <li>• The Bingen location received the ÖKOPROFIT-Betrieb seal of approval</li> <li>• Switched to electronic invoicing for casino suppliers (reduction)</li> </ul> <p><b>Italy:</b></p> <ul style="list-style-type: none"> <li>• Reduced mixed waste and improved garbage separation</li> <li>• Reduced plastic waste in HQ (e.g. switched to recyclable plastic bottles)</li> </ul> <p><b>Spain:</b></p> <ul style="list-style-type: none"> <li>• Waste reduction measures and hired a waste manager</li> </ul> <p><b>Romania:</b></p> <ul style="list-style-type: none"> <li>• Information on saving water and growing an on-site vegetable garden</li> </ul> <p><b>Hungary:</b></p> <ul style="list-style-type: none"> <li>• Water saving measures (e.g. irrigation, compressor cooling)</li> </ul> <p><b>Australia:</b></p> <ul style="list-style-type: none"> <li>• Expanded reuse of waste water (e.g. toilet facilities)</li> <li>• Almost 100% of recyclable waste was prepared for further processing</li> </ul> <p><b>USA:</b></p> <ul style="list-style-type: none"> <li>• Packaging made of 100% recyclable materials</li> </ul> <p><b>Online:</b></p> <ul style="list-style-type: none"> <li>• Information on environmentally friendly energy and water consumption, waste management</li> </ul>	<p><b>Group:</b></p> <ul style="list-style-type: none"> <li>• Provide detailed feedback to companies on environmental footprint along with suggestions for improving, and sharing good practice examples throughout the Group</li> </ul> <p><b>Italy:</b></p> <ul style="list-style-type: none"> <li>• Improve waste management processes</li> </ul> <p><b>United Kingdom:</b></p> <ul style="list-style-type: none"> <li>• Reduce plastic waste at facilities</li> <li>• Remove water dispensers</li> </ul> <p><b>Online:</b></p> <ul style="list-style-type: none"> <li>• Environmental supplier audit</li> </ul>

WASTE 2020



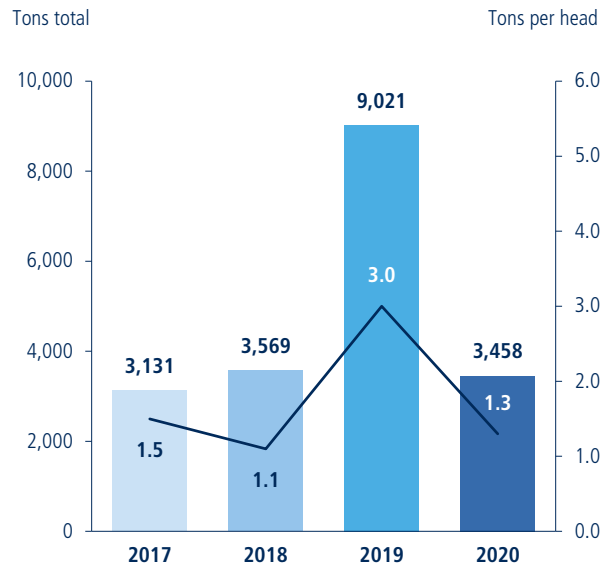
Non-hazardous waste includes: aluminum, glass, paper, cardboard, residual waste, plastic, metal, wood, etc. Hazardous waste includes: Electronic waste, paints, oils, etc. The graph includes all directly available data and, in the event that data is not available, extrapolation for all manufacturing consolidated companies included in the scope of consolidation.

Due to materiality, waste is only recorded for manufacturing technology companies. A total of 3,458 tons of waste was produced in 2020. Changes to the previous year are largely due to the discontinuation of the device conversion to the TR 5.0 standard in Germany as in the previous year, through measures to reduce the amount of waste and better waste separation and to reduction in manufacturing activities and limited operational activities caused by the COVID-19 pandemic. Economic lockdowns were introduced as a response to the pandemic, leading to reduced demand for products. Not only that, gaming venues had to be shut down and more people worked from home.

Recyclability

NOVOMATIC does not create single-use products. New legal requirements or technical updates mean that used devices are sent to NOVOMATIC to be updated. This is known as refurbishment. After an in-depth technical inspection, various components, from monitors to circuit boards, can be switched out in working machines. Even without a specific customer request, functioning components from old machines are removed and refurbished. This means that refurbished components are available at all times. In addition, entire used devices can be repaired so that they meet customer requirements. Due to requirements that change from year to year based on customer requests and country-specific regulations it is not possible to determine a set refurbishment rate. If it is reasonable and the customer requests it, NOVOMATIC aims for a very high refurbishment rate for its products.

WASTE IN COMPARISON 2017 – 2020



The information per head includes full-time employee equivalents for employees and workers not including absences (e.g. parental leave, long-term sick leave). Due to materiality, waste is only recorded for manufacturing technology companies. The amount of waste produced in 2019 was greater than average, due to the non-recurring impact of converting devices in Germany to comply with new laws.



There are a variety of procedures for used devices that are not refurbished. The large majority are stored at NOVOMATIC until, for example, they can be used in a different market. Badly damaged devices are removed and the pieces that cannot be recycled are sent to waste disposal. Some of the devices are refurbished in the country in question and then used again in the market.

In the last year, the Group produced or installed more than 31,000 gaming terminals and repaired around 13,300 terminals in the same time period. This represents a refurbishment rate of 43%.

All other devices that cannot be used for refurbishment were properly disposed of as waste as per relevant laws, by either NOVOMATIC or the customer.





# ACTIVE IN THE COMMUNITY

This section provides a summary of the most important results and measures described in this chapter.

## GROUP COMMITMENT ON RESPONSIBILITY

- "We contribute to society with sponsoring activities, donations and volunteer activities."
- "We are active and responsible citizens and invest in our local communities."
- "We promote valuable partnerships and sustainable initiatives."

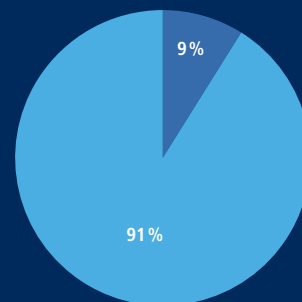
## FOCUS DONATIONS

- Urgent Help
- Help for self-help
- Regionality

Criteria for selection:

- Certification with a donation seal of quality
- Transparency concerning the use of funds
- Long-term nature and scope of the effect

## Sponsoring- and Donations expenses in %



● Sponsoring ● Donations

## FOCUS SPONSORING

- Sports & competition
- Prevention & player protection
- Art & culture
- Strengthening the Economy

Criteria for selection:

- International and regional connection
- Promotion of education and talent
- Long-term cooperation in place of short-term activism

# ACTIVE IN THE COMMUNITY

NOVOMATIC is an active participant in society and takes on social responsibility. Together, we want to provide a valuable contribution to society via sponsoring activities, donations, as well as volunteer activities.

NOVOMATIC, as international industry leader, takes social responsibility seriously. This becomes visible through sponsorships, donations and the support of voluntary activities, because in addition to its economic and regional importance for the economy, the labor market and tax revenue, NOVOMATIC makes an important contribution to society with its social commitment.

In order to better portray the relationship between success and sustainable corporate values, the company defined the areas to actively support through sponsoring activities and donations. This strategic focus came about after feedback from the stakeholder dialog as well as an internal evaluation of existing sponsoring and donation projects. The new focus, as well as the criteria defined for sponsoring activities and donations, provides a clear framework for making decisions and taking action. As such, external stakeholders know exactly which initiatives, donation requests, or ideas for volunteer work are worthy of support.

The year 2020 was particularly challenging due to the corona pandemic and also had an impact on the company's sponsoring and donation activities, which had to be adapted to the changed market environment.

## Sponsoring Activities & Partnerships

Sponsoring activities are an important method of creating valuable partnerships with initiatives and partners that deserve support, and therefore of living up to our social responsibility. NOVOMATIC strives to support long-term partnerships and transparent implementation. These are the most important sponsoring activity criteria. After all, this is the only way to ensure a sustainable, positive effect.

### Sponsoring focus:

- Sports & competition
- Prevention & player protection
- Art & culture
- Strengthening the Economy

### Criteria for selection:

- International and regional connection
- Promotion of education and talent
- Long-term cooperation in place of short-term activism

As NOVOMATIC constantly receives many requests, an appropriate selection must be made. For this purpose, the company adheres strictly to these main focal areas. Every request is checked to see if it meets the criteria and an answer is provided as quickly as possible.

*“Sponsoring activities relate to the planning, implementation, and monitoring of all activities connected to the provision of funds, equipment, services, or expertise by companies and institutions to support individuals and/or organizations in the areas of sport, culture, social issues, environment, and/or media in accordance with contractual regulations for services provided by the sponsor and those provided by the sponsored party in order to achieve combined marketing and corporate communication goals.”*

 Gabler Wirtschaftslexikon:  
[www.wirtschaftslexikon.gabler.de](http://www.wirtschaftslexikon.gabler.de)

 GRI 103-2

### Sports & Competition

Competition, and dealing with risks, play a special role in the gaming industry. That is why the company has partnered with sports federations and clubs, both in competitive and recreational sport.

### Prevention & Player Protection

Player protection is not just important on-site at gaming facilities, it also takes on central importance in connection with sustainable funding. NOVOMATIC uses long-term partnerships to support initiatives that deliver important scientific information and help to improve treatment options.

The following applies in accordance with the Group-wide player protection policy: "NOVOMATIC does not offer sponsoring activities to organizations such as daycares, elementary schools, youth organizations or at events primarily aimed at children and minors."

### Art & Culture

When supporting art and culture, the focus is on support for activities that strengthen regional anchoring and international networking. For many years, the Group has fostered partnerships for sponsoring cultural institutions, cultural prizes, events, as well as associations.

### Strengthening the Economy

As an internationally active company and a flagship Austrian enterprise, NOVOMATIC is committed to an open exchange with industry and the economy.

 SDG 8.1

## Donations & Volunteer Work

NOVOMATIC also supports charitable organizations as part of its social commitment. The company always ensures that all donations and grants are used as intended and that the funds bit donates have the greatest possible impact.

### Donation focus:

- Urgent help
- Help for self-help
- Regionality

### Criteria for selection:

- Certification with a donation seal of quality
- Transparency concerning the use of funds
- Long-term nature and scope of the effect

NOVOMATIC receives many requests for donations. Because it is not possible to meet every request, there are clearly defined focal points and criteria for selecting those projects worthy of support. Every request is considered and answered in a timely manner. NOVOMATIC and its subsidiaries make numerous donations each year, or donate their time via volunteer work (corporate volunteering). The donations largely go towards local organizations or current issues.

Another pillar of NOVOMATIC's social commitment is the donation of time and resources. Through corporate volunteering, the company supports projects with a social benefit with the help of the energy, know-how and time of employees.

*"Donations are voluntary contributions provided without any services in return, but usually made with a specific purpose in mind. The person or company donating has no economic expectations vis-à-vis the person or charity receiving the donation. There is no exchange of services between the person or company donating and the recipient of the donation."*

 Gabler Wirtschaftslexikon:  
[www.wirtschaftslexikon.gabler.de](http://www.wirtschaftslexikon.gabler.de)

 GRI 103-2

# STATEMENT BY THE EXECUTIVE BOARD

The following (consolidated) non-financial report was compiled in accordance with requirements of the Austrian Law on the "Improvement of Sustainability and Diversity (NaDiVeG)" and contains all information with regard to non-financial key figures. In addition, the company is dedicated to supporting the Sustainable Development Goals (SDGs), compliance with the United Nations Global Compact (UNGC) Principles, and implementation of the GRI standards, option "core".

We confirm that, to the best of our knowledge, this report complies the §§ 243b and 267a of the Austrian Commercial Code, and provides an overview of the non-financial key figures that is as accurate as possible.

Gumpoldskirchen, March 24, 2021

The Executive Board of NOVOMATIC AG:



**Ryszard Presch**

Member of the Executive Board



**Johannes Gratzl**

Member of the Executive Board



# GRI, SDG, UNGC, AND NADIVEG INDEX

The index hereinafter provides a summary of the application of relevant Environmental Social Governance Guidelines and standards implemented by NOVOMATIC.

The following chart presents, in integrated form, the GRI Index as well as references to information regarding the SDG goals, UNGC Principles and the NaDiVeG requirements.

The material issues are listed based on their priority within the materiality matrix. In addition to a GRI label per material issue, the name used in the Annual Report is listed in brackets.

The index shows the applied guidelines and standards in each column. The rows contain the SDG Goals, UNGC Principles, GRI Indicators, and NaDiVeG requirements. The order of the contents is based on the GRI standards' standard information, and the priority of those issues identified as material.

GRI standard	GRI disclosure	Page numbers and references
<b>GRI 101: Foundation 2016</b>		
GRI 101	Foundation 2016	
<b>GRI 102: General Disclosures 2016</b>		
<b>Organizational Profile</b>		
GRI 102-1	Name of the organization	
GRI 102-2	Activities, brands, products and services.	Pages 26 – 39
GRI 102-3	Location of headquarters	
GRI 102-4	Locations of operations	Pages 12 – 13
GRI 102-5	Ownership and legal form	Pages 6 – 7
GRI 102-6	Markets serviced	Pages 12 – 13
GRI 102-7	Scale of the organization	Pages 6 –7, 12 – 13
GRI 102-8	Information on employees and other workers	Pages 83 – 84
GRI 102-9	Supply chain	Page 79
GRI 102-10	Significant changes to the organization and its supply chain	Pages 14 – 15
GRI 102-11	Precautionary Principle or approach	
GRI 102-12	External initiatives	Page 47
GRI 102-13	Membership of associations	Page 47
<b>Strategy</b>		
GRI 102-14	Declaration from the most senior decision-maker	Page 23
GRI 102-15	Key impacts, risks, and opportunities	Pages 44 – 45
<b>Ethics and Integrity</b>		
GRI 102-16	Values, principles, standards, and norms of behavior	Pages 50 – 51
GRI 102-17	Mechanisms for advice and concerns about ethics	Pages 70 – 71
<b>Governance</b>		
GRI 102-18	Governance structure	Page 52
GRI 102-19	Delegating authority	Page 52
GRI 102-20	Executive-level responsibility for economic, environmental, and social topics	Page 52
GRI 102-21	Consulting stakeholders on economic, environmental, and social topics	Pages 45 – 46
GRI 102-22	Composition of the highest governance body and its committees	
GRI 102-23	Chair of the highest governance body	
<b>Stakeholder Engagement</b>		
GRI 102-40	List of stakeholder groups	Pages 44 – 45
GRI 102-41	Collective bargaining agreements	
GRI 102-42	Identifying and selecting stakeholders	Pages 44 – 46
GRI 102-43	Approach to stakeholder engagement	Pages 44 – 46
GRI 102-44	Key topics and concerns raised	Pages 44, 48 – 49
<b>Reporting Practice</b>		
GRI 102-45	Entities included in the consolidated financial statements	
GRI 102-46	Defining report content and topic Boundaries	Pages 48 – 49
GRI 102-47	List of material topics	Pages 48 – 49
GRI 102-48	Restatements of information	Page 57
GRI 102-49	Changes in reporting	Page 57
GRI 102-50	Reporting period	Page 57
GRI 102-51	Date of most recent report	Page 57
GRI 102-52	Reporting cycle	Page 57
GRI 102-53	Contact point for questions regarding the report	Page 57
GRI 102-54	Claims of reporting in accordance with the GRI Standards	Page 56
GRI 102-55	GRI content index	Pages 107 – 1115
GRI 102-56	External assurance	Pages 116 – 117

Explanation regarding information required by GRI, SDGs, UNGC, NaDiVeG and omissions in accordance with GRI

SDG Goals  
UN Global Compact Principles  
NaDiVeG Requirements

The principles of reporting for determining the contents and quality of the report have been met.

NOVOMATIC AG

“NOVOMATIC in Detail”, “Management Report”

Wiener Straße 158, 2352 Gumpoldskirchen, Austria

“NOVOMATIC: Global Activities”

“Organizational Chart”

“NOVOMATIC: Global Activities”

“Organizational Chart”, “NOVOMATIC: Global Activities”, “Consolidated Financial Statement”

Business model

Business model

Business model

Business model

Business model

Business model

“Growth of the NOVOMATIC Group”, “Consolidated Financial Statement”

Business model

The precautionary approach is shown separately for the individual fields of action.

Principle 7

“Foreword”

SDG 16 Peace, Justice and strong institutions, Target 16.3

The NOVOMATIC AG Group Executive Board is the highest governing body, and delegates authority regarding economic, ecological, and social issues.

“Organs of NOVOMATIC AG”

“Organs of NOVOMATIC AG”

In countries in which there are corresponding provisions for collective bargaining, these also apply to the employment contracts. Thus, the percentage is 100%.

How the organization reacted to important topics can be read in the relevant chapters and management approaches.  
The topics for each stakeholder group are not reported in detail.

“Other information”, non-financial information and data in the non-financial report were recorded by direct data collection or via extrapolation to the consolidation scope of NOVOMATIC AG Group.

Business model

Explanations within the text, as well as footnotes in the case of key figures and graphs.

Unless otherwise stated, all information and data refer to the 2020 fiscal year from January 1 to December 31. Figures are taken from the cut-off date of December 31.

April 3, 2019 Annual Report 2019 – NOVOMATIC AG Group

Annually

Group CR & ESG Management is the point of contact  
E-mail: cr@novomatic.com, Telephone: +43 2252 606 0

This report was created in compliance with the GRI standards option ‘core’.

National, union-based and international frameworks

This non-financial report was audited by the certified public accounting firm Deloitte Audit Wirtschaftsprüfungs GmbH in regard to selected information and fulfillment of the requirements in the Austrian Law on the Improvement of Sustainability and Diversity. For details, see the audit report for the non-financial report.

GRI standard	GRI disclosure	Page numbers and references
<b>GRI 103:</b>	<b>Management Approach 2016</b>	
GRI 103-1	Explanation of the material topic and its Boundary	Pages 48 – 49
GRI 103-2	The management approach and its components	Pages 59 – 62, Pages 70 – 74, Pages 83 – 86, Pages 95 – 96, Pages 104 – 105
GRI 103-3	Evaluation of the management approach	Pages 48 – 49
<b>Player Protection (no GRI Standards)</b>		
No GRI Indicator	Information on dealing with player protection	Pages 59 – 68
<b>GRI 416: Customer Health and Safety 2016 (Responsible Marketing)</b>		
GRI 416-1	Assessment of the health and safety impacts of product and service categories	Pages 60 – 67
<b>GRI 417: Marketing and Labeling 2016 (Responsible Marketing)</b>		
GRI 417-1	Requirements for product and service information and labeling	Pages 68
<b>GRI 205: Anti-corruption 2016 (Corruption &amp; Money Laundering Prevention)</b>		
GRI 205-2	Communication and training on anti-corruption policies and procedures	Pages 74 – 75
GRI 205-3	Confirmed incidents of corruption and actions taken	Page 75
<b>GRI 201: Economic Performance 2016 (Local Anchoring)</b>		
GRI 201-1	Direct economic value generated and distributed	
<b>GRI 403: Occupational Safety and Health Protection 2018 (Occupational Safety &amp; Employee Health)</b>		
GRI 403-1	Occupational health and safety management system	Pages 88 – 90
GRI 403-2	Hazard identification, risk assessment, and incident investigation	Pages 88 – 90
GRI 403-3	Occupational health services	Pages 88 – 90
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	Pages 88 – 90
GRI 403-5	Worker training on occupational health and safety	Pages 88 – 90
GRI 403-6	Promotion of worker health	Pages 88 – 91
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Pages 88 – 90
GRI 403-9	Work-related injuries	Pages 88 – 90
<b>GRI 418: Protection of Customer Data 2016 (Data Protection)</b>		
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Pages 76 - 77

Explanation regarding information required by GRI, SDGs, UNGC, NaDiVeG and omissions in accordance with GRI

SDG Goals  
UN Global Compact Principles  
NaDiVeG Requirements

<p>The identification and delimitation of material fields of action is provided by the materiality matrix and the description provided in each section (for material issues, see the headings in this index). The impact of business activities, as well as participation of the organization in same, are displayed in the representation of the value-added chain, as well as per issue in the relevant chapters. Limitations and exclusions are covered in the GRI, SDG, UNGC, and NaDiVeG Index.</p>																
<p>The management approach to strategic ESG fields of action is explained in the “CR &amp; ESG Management” chapter. The management approach for the material issues in these fields of action is explained at the beginning of each chapter on the issue, and a short description is given for each section on the issue. In addition, the summary pages at the beginning of each chapter provide information on goals, measures taken in previous years, and measures for the coming year.</p>																
<p>The “CR &amp; ESG Management” chapter describes in detail how the effectiveness of the management approach is audited and improved for each issue. The chapter “Always Compliant” describes the mechanism for auditing the management approach.</p>	<p>Applied due diligence processes</p>															
<p>No GRI, SDG, UNGC, and NaDiVeG equivalents</p>																
<p>100% of material product and service categories are evaluated both in terms of effect on the health and safety of customers and in regard to how they might be improved upon.</p>	<p>Industry-specific issues</p>															
<p>100% of products and services offered by the Group must comply with all relevant legal requirements. Not only that, the social, ecological, and governance aspects listed in the Group Guidelines apply to all subsidiaries.</p>	<p>Industry-specific issues</p>															
<p>In 2020 two out of three and in 2021 the third out of three supervisory board members were demonstrably trained on anti-corruption policies and procedures.</p>	<p>SDG 16 Peace, Justice and strong institutions, Target 16.5 UNGC: Principle 10 NaDiVeG: Fighting corruption and bribery</p> <p>SDG 16 Peace, Justice and strong institutions, Target 16.5 UNGC: Principle 10 NaDiVeG: Fighting corruption and bribery</p>															
<p>“Consolidated Financial Statement”, “Revenues”, “Overview of Key Figures”, and “Notes on Segment Reporting”</p>	<p>SDG 8 Decent work and Economic Growth Targets 8.1, 8.2</p>															
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<p>SDG 8 Decent Work and Economic Growth, Target 8.8 NaDiVeG: Social and employee issues</p>																
<p>SDG 16 Peace, Justice and strong institutions, Target 16.3 NaDiVeG: Industry-specific issues</p>																

GRI standard	GRI disclosure	Page numbers and references
GRI 405: Diversity and Equal Opportunity 2016 (Employee Diversity & Equality)		
GRI 405-1	Diversity of governance bodies and employees	Page 93
GRI 404: Training and Further Education 2016		
GRI 404-1	Average hours of training per year per employee	Page 87
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	Pages 86 – 87
GRI 308: Supplier Environmental Analysis 2016 (Supplier Responsibility)		
GRI 308-1	New suppliers that were screened using environmental criteria	Page 79
GRI 414: Supplier Social Analysis 2016 (Supplier Responsibility)		
GRI 414-1	New suppliers that were screened using social criteria	Page 79
GRI 306: Effluents and Waste 2016 (Waste)		
GRI 306-2	Waste by type and disposal method	Page 102
GRI 301: Materials (Resource Consumption, Recyclability) 2016		
GRI 301-3	Reclaimed products and their packaging materials	Page 102
GRI 302: Energy 2016 (Energy Consumption & Emissions)		
GRI 302-1	Energy consumption within the organization	Page 98
GRI 302-3	Energy intensity	Page 98
GRI 305: Emissions 2016 (Energy Consumption & Emissions, Emissions From Transport & Logistics)		
GRI 305-1	Direct (Scope 1) GHG emissions	Page 99
GRI 305-2	Energy indirect (Scope 2) GHG emissions	Page 99

Explanation regarding information required by GRI, SDGs, UNGC, NaDiVeG and omissions in accordance with GRI	SDG Goals UN Global Compact Principles NaDiVeG Requirements
The percentage of salaried employees per category of salaried employee, was not reported due to data limitations.	SDG 5 Gender Equality, Target 5.1 SDG 8 Decent work and Economic Growth, Target 8.5 UNGC: Principle 6 NaDiVeG: Social and employee issues
Division based on gender and category of salaried employee was not reported due to data limitations.	SDG 4 Quality Education, Target 4.5 SDG 5 Gender Equality, Target 5.1 SDG 8 Decent Work and Economic Growth, Targets 8.2, 8.5 NaDiVeG: Social and employee issues
"Enjoy Working with Us", "Training and Further Education", "Employee Diversity & Equality"	SDG 4 Quality Education SDG 8 Decent Work and Economic Growth, Target 8.5 NaDiVeG: Social and employee issues
	UNGC: Principles 8 & 9 NaDiVeG: Environmental concerns
	SDG 8 Decent Work and Economic Growth, Target 8.8 NaDiVeG: Social and employee issues
The breakdown of waste removal procedures and methods was not reported due to data limitations.	SDG 3 Good Health and Wellbeing, Target 3.9 SDG 12 Responsible Consumption and Production, Target 12.5 UNGC: Principles 7 & 8 NaDiVeG: Environmental concerns
Packaging materials were not included in the report due to data limitations.	UNGC: Principles 7 & 8 NaDiVeG: Environmental concerns
	SDG 7 Affordable and Clean Energy Targets 7.2, 7.3 SDG 8 Decent Work and Economic Growth, Target 8.4 SDG 12 Responsible Consumption and Production, Target 12.5 SDG 13 Climate Action, Target 13.1 UNGC: Principles 7 & 8 NaDiVeG: Environmental concerns
	SDG 7 Affordable and Clean Energy, Targets 7.2, 7.3 SDG 8 Decent Work and Economic Growth, Target 8.4 SDG 12 Responsible Consumption and Production, Target 12.5 SDG 13 Climate Action, Target 13.1 UNGC: Principles 7 & 8 NaDiVeG: Environmental concerns
	SDG 3 Good Health and Wellbeing, Target 3.9 SDG 13 Climate Action, Target 13.1 UNGC: Principles 7 & 8 NaDiVeG: Environmental concerns
	SDG 3 Good Health and Wellbeing, Target 3.9 SDG 13 Climate Action, Target 13.1 UNGC: Principles 7 & 8 NaDiVeG: Environmental concerns

GRI standard	GRI disclosure	Page numbers and references
GRI 305-3	Other indirect (Scope 3) GHG emissions	Page 99
GRI 305-4	GHG emissions intensity	Page 99
<b>GRI 412: Human Rights Assessment 2016 (Human Rights)</b>		
GRI 412-1	Operations that have been subject to human rights reviews or impact assessments	Page 80
<b>Security (no GRI Standards)</b>		
	Security information	Pages 77 – 78
<b>GRI 206: Anti-competitive Behavior 2016 (Fair Competition)</b>		
	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Page 81
<b>Public Affairs (no GRI Standards)</b>		
	Information on public affairs activities	Page 81
<b>GRI 303: Water and Effluents 2018 (Resource Consumption)</b>		
GRI 303-3	Water withdrawal	Page 100
<b>Innovation (no GRI Standards)</b>		
	Information on innovation	Page 93
<b>Sponsoring &amp; Donations (no GRI Standards)</b>		
	Information on sponsoring, donations, and volunteer work	Pages 104 – 105
<b>United Nations Global Compact specific information</b>		
	UNGC support	Page 106
	Freedom of association	
	Forced labor	
	Child labor	
<b>General Standards in regard to the Austrian Law on the Improvement of Sustainability and Diversity</b>		
	Material issues	Pages 72 – 73
	Description of the business model	Pages 44 – 45
	Approach used per concern	
	Result of this approach	
	Applied due diligence	Pages 74 – 75
	Material risks	Pages 72 – 73
	Non-financial performance indicators	
	Applied international frameworks	Pages 53 – 57



Explanation regarding information required by GRI, SDGs, UNGC, NaDiVeG and omissions in accordance with GRI	SDG Goals UN Global Compact Principles NaDiVeG Requirements
Only emissions from passenger air travel were recorded directly. Emissions from leased and sold devices were extrapolated. In doing so, the assumption was CO <sub>2</sub> e emissions of 275 kg/MWh based on the average CO <sub>2</sub> e intensity factor of electricity consumption within the Group.	SDG 3 Good Health and Wellbeing, Target 3.9 SDG 13 Climate Action, Target 13.1 UNGC: Principles 7 & 8 NaDiVeG: Environmental concerns
intensity is calculated based on the respective listed energy consumption and the resulting scopes -1-, -2-, and -3- emissions for each respective type of energy and as a quotient of the full-time employee equivalents of salaried and other employees excluding absences (e.g. parental leave, long-term sick leave).	SDG 3 Good Health and Wellbeing, Target 3.9 SDG 13 Climate Action, Target 13.1 UNGC: Principles 7 & 8 NaDiVeG: Environmental concerns
	UNGC: Principles 1 & 2 NaDiVeG: Respect of human rights
No GRI or UNGC equivalents.	NaDiVeG: Social and employee issues
	SDG 16 Peace, Justice and strong institutions, Target 16.3
No GRI or UNGC equivalents.	NaDiVeG: Industry-specific issues
	UNGC: Principles 7 & 8 NaDiVeG: Environmental concerns
No GRI or UNGC equivalents.	NaDiVeG: Industry-specific issues
No GRI or UNGC equivalents.	UNGC: Principle 9 NaDiVeG: Industry-specific issues
Declaration of the Executive Board in support of the UNGC principles.	UNGC: Principles 1–10
NOVOMATIC respects the right to freedom of association in all subsidiaries. Employment contracts within the subsidiaries are subject to various degrees of collective bargaining agreements.	UNGC: Principle 3
NOVOMATIC is against any form of forced labor within its business and that of suppliers.	UNGC: Principle 4
NOVOMATIC is against any form of child labor within its business and that of suppliers.	UNGC: Principle 5
For all material issues the context of business activities, concepts, results of concepts, applied due diligence, material risks and non-financial performance indicators are described in the relevant chapters and paragraphs. All material issues are covered in the materiality matrix.	NaDiVeG: Material issues
See introduction to each relevant chapter and issue section.	NaDiVeG: Business model
See key figures and measures tables for each respective topic.	NaDiVeG: Applied concepts
See key figures and measures tables for each respective topic.	NaDiVeG: Result of concepts
	NaDiVeG: Due diligence processes
	NaDiVeG: Material risks
See key figures in the relevant chapters and issue paragraphs, as well as the inside cover and key figures notes on the non-financial report	NaDiVeG: Non-financial performance indicators
Non-financial reporting is carried out in accordance with the reporting standards listed in the Global Reporting Initiative (GRI), with the Sustainable Development Goals (SDGs), and taking into account the United Nations Global Compact (UNGC) principles.	SDG 12 Responsible Consumption and Production, Target 12.6 NaDiVeG: National, union-based and international frameworks

# COURTESY TRANSLATION OF THE AUDIT REPORT OF THE INDEPENDENT ASSURANCE

on Non-Financial Reporting\*

## Introduction

We performed procedures to obtain limited assurance, if the (consolidated) non-financial report as at December 31, 2020 was prepared in accordance with the reporting criteria. The reporting criteria include the Sustainability Reporting Standards (GRI Standards: Core option) issued by the Global Sustainability Standards Board (GSSB) and the reporting requirements mentioned in §§ 243b and 267a UGB.

## Responsibility of the management

The preparation of the report in accordance with the reporting criteria as well as the selection of the scope of the engagement is the responsibility of the management of NOVOMATIC AG. The reporting criteria include the Sustainability Reporting Standards (GRI Standards: Core option) issued by the Global Sustainability Standards Board (GSSB) and the reporting requirements mentioned in §§ 243b and 267a UGB.

This responsibility includes the selection and application of appropriate methods for preparing the report, making assumptions and estimates of individual non-financial disclosures that are plausible under the given circumstances. The responsibility of the management includes further designing, implementing and maintaining internal controls, which have been determined as necessary by management for the preparation of the report free from misstatement, whether due to fraud or error.

## Responsibility of the auditor

Our responsibility is to express a limited assurance opinion on the (consolidated) non-financial report based on our review, whether all the reporting requirements mentioned in the Sustainability Reporting Standards (GRI Standards: Core option) issued by the Global Sustainability Standards Board (GSSB) and §§ 243b and 267a UGB are met.

We conducted our engagement in accordance with the International Standard on Assurance Engagements ISAE 3000 (Revised), "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board (IAASB) in order to obtain limited assurance on the subject matters.

ISAE 3000 (Revised) requires us to plan and perform the engagement in a way that enables us to obtain limited assurance that nothing has come to our attention that causes us to believe that the (consolidated) non-financial report has not, in any material aspect been prepared in accordance with the reporting criteria of GRI Standards: Core option and §§ 243b and 267a UGB.

In a limited assurance engagement, the evidence-gathering procedures are more limited than in a reasonable assurance engagement and therefore, less assurance can be obtained. The choice of audit procedures lies in the due discretion of the auditor.

As part of our audit, we have performed, inter alia, the following audit procedures and other activities as far as they are relevant to the limited assurance engagement:

- Interview of the employees named by NOVOMATIC AG regarding the sustainability strategy, sustainability principles and sustainability management
- Interview of employees of NOVOMATIC AG to assess the methods of data collection, data processing and internal controls
- Execution of a media analysis
- Video conference with responsible parties for non-financial data of a Spanish subsidiary
- Comparison of the non-financial disclosures shown in the (consolidated) non-financial report with the calculation documents provided
- Furthermore, we conducted procedures regarding whether the reporting requirements of §§ 243b and 267a UGB (NaDiVeG) were met with the (consolidated) non-financial report.

We performed the audit partly at our premises in Vienna using electronic forms of communication.

## Summarized Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the (consolidated) non-financial report has not, in any material aspects, been prepared in accordance with the reporting criteria of the Sustainability Reporting Standards (GRI Standards: Core option) issued by the Global Sustainability Board (GSSB).

Furthermore, nothing has come to our attention that causes us to believe that the reporting requirements of §§ 243b and 267a UGB are not met with the (consolidated) non-financial report.

## Engagement approach

The basis for this engagement are the “General Conditions of Contract for the Public Accounting Professions”, as issued by the Chamber of Tax Advisers and Auditors in Austria (refer to appendix). In accordance with chapter 7, our liability shall be limited to intent and gross negligence. In cases of gross negligence, the maximum liability is limited to a maximum of five times the fee.

This amount constitutes a total maximum liability cap, which may only be utilized once up to this maximum amount, even if there is more than one claimant or more than one claim has been asserted.

Vienna, 24. March 2021

**Deloitte Audit Wirtschaftsprüfungs GmbH**

**Mag. Gerhard Marterbauer m.p.**  
Austrian Certified  
Public Accountant

**Mag. Walter Müller m.p.**  
Austrian Certified  
Public Accountant

\*) **Attention:** This letter has been translated from German to English for referencing purposes only. Please refer to the officially legally binding version as written and signed in German. Only the German version is the legally binding version

# IMPRINT

In order to improve readability, some terminology is used only in its masculine form. Nevertheless, all passages refer equally to members of both genders.

We have prepared this report with the utmost care and have checked the data therein. Nevertheless, errors arising from rounding, typesetting or printing cannot be excluded. The aggregation of rounded amounts and percentages may result in rounding differences due to the use of automated computational aids.

This report includes forward-looking statements based on information currently available to us. These forward-looking statements are usually identified by expressions such as "expect", "estimate", "plan", "calculate", etc. Please note that various factors could cause actual circumstances – and therefore also actual results – to deviate from the expectations outlined in this report. Statements referring to people apply to both men and women.

This annual report is also available in German. In the event of disputes, the German version shall take precedence.

## **Media Owner and Publisher**

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## **Project Lead and Editorial Department**

**NOVOMATIC AG:** Group Marketing & Communications,  
Group CR & ESG and Group Finance  
**Editorial deadline:** April 1, 2021

## **Concept and Design**

**NOVOMATIC AG:** Group Marketing & Communications and  
Kobza and the Hungry Eyes GmbH

## **Implementation and Editing**

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Thomas Meyer Photography, NOVOMATIC, Katharina Schiffl

## **Print**

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**NOVOMATIC AG**

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