CIRSA

# FOURTH QUARTER 2021 RESULTS
**February 23, 2022**

- **For 4Q-2021, we report EBITDA of €121.2 million.**
- **For FY 2021, we report EBITDA of €331.4 million.**

| **Ebitda Mix** *by Country* | **FY 2020** | **FY 2021** |
|---|---|---|
| Spain | 77,3% | 62,0% |
| Italy | 2,2% | 0,8% |
| Panama | 9,7% | 13,4% |
| Colombia | 10,9% | 12,4% |
| Mexico | -0,7% | 5,2% |
| Peru | -2,1% | 0,8% |
| Other | 2,7% | 5,5% |

- **As of December 31, 2021, our financial position is:**
  - Total net debt of €2,361.9 million. -1.0% or -€24.5 million vs September 30, 2021.
  - Cash of €280.2 million. €8.9 million reduction vs September 30, 2021.
  - Net debt to LTM EBITDA ratio stands at 7.1x.

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## Overview

- Robustness of the business is proven again by 4Q-2021 EBITDA of €121.2 million, above guidance despite Omicron wave having impacted across our different geographies.

- More efficient cost structure allows for sustainable EBITDA margin on revenues above pre-pandemic levels.

- On-line business continues to develop significantly, increasing its contribution to Group EBITDA. Spain based 'On-line Gaming & Betting' division already generates 13% of Group EBITDA in Spain.

- High conversion of EBITDA into Cash Flow provides for FOCF generation of €182.8 million in FY 2021 (after lease payments), already above pre-pandemic level.

- Leverage ratio evolution continues on track to recover 4´x levels. The ratio is targeted to be below 5.0 already by the end of 2022.

- ESG strategy and its implementation continues to be core for Cirsa. First public ESG report to be released in May together with the 1Q-2022 results presentation.

## Operational Highlights

EBITDA is increasing in all our divisions and 4Q-2021 EBITDA of €121.2 million is above the guided range of €112-120 million despite recent Omicron wave.

Omicron wave has had a lower impact on restrictions to operational hours than in previous waves, having had a significant impact on night hours and weekends. Omicron wave has implied specific restrictions in each country. Conditions of access such as COVID certificate requirements and increased cases of COVID have had an impact across all businesses.

Overall, impact of Omicron wave increased during December with significant impact in the last two weeks of the month, continued in January and witnessing a declining trend in February:

- Night hour restrictions have had low impact on our slot division which has almost fully recovered 2019 EBITDA even amid access restrictions like COVID certificate requirement or increased COVID cases.
- On the other side, our bingo business is more impacted by night hours restrictions and, having significantly improved vs previous quarter, has not yet reached 2019 EBITDA levels but is clearly improving in February as restrictions are being released.
- Our Latam casinos division is recovering EBITDA as operational hours and other capacity restrictions are being released and it is forecast to continue doing so.
- Only our Moroccan operations remain closed.

### Restrictions to the operation

Average operating hours for 4Q-2021 reached 95% of pre-pandemic levels, increasing from 89% in 3Q-2021.

Operational hours per geography vs 2019 are as follows:

| **Operational Hours** *by Country* | **3Q 2021** | **4Q 2021** |
|---|---|---|
| Spain | 95% | 99% |
| Italy | 100% | 100% |
| Latam | 75% | 91% |
| Morocco | 0% | 0% |
| **Total** | **89%** | **95%** |

However, the requirement of COVID certificate to enter our premises has affected our operation mainly between mid December and end of January. Restrictions like capacity reduction or ban on food and beverage and others continue to affect some operations in certain countries.

Rates of ´unvaccinated´ population in countries where COVID certificate is or has been required ranges from 18% to 47%, thus having an effect on clients visiting our premises which is currently only a percentage of potential customers.

## Customers & EBITDA recovery

Our local gaming model strategy based on sustainable proximity customer base is fully aligned with ESG principles and in particular with responsible gaming targets. This strategy has proven again its resilience and sustainability, continuing with the constant recovery of customers as restrictions are being released:

- EBITDA recovery at constant perimeter progressed from 80% vs 2019 in 3Q-2021 to 87% in 4Q-2021. A further improvement is expected for 1Q-2022.
- EBITDA in our Spanish Slots operation in Q4 is already above 97% of 2019 levels, showing the effect of cost reductions and a strong recovery of revenues and customers in a business where hourly and other restrictions have had less impact.

## Cost structure

Cost efficiency gains increased EBITDA margin on revenues despite a lower level of revenues vs pre-pandemic situation. We maintain our target of EBITDA margin above the pre-pandemic level of 29%.

Main cost reductions are as follows:

- Personnel costs are 18% below 4Q-2019 levels, compared to a level of activity in 4Q-2021 which is just 5% below 4Q-2019 operational hours.
- Gaming taxes on revenues are 1pp below 4Q-2019.
- Other supplies and services are 15% below 4Q-2019.

We reiterate our estimate of yearly cost recurrent savings vs pre-pandemic levels in a range of €54 to €57 million.

## On-line business

'On-line Gaming & Betting' division EBITDA in 4Q-2021 of €10.1 million increases by 100% vs 4Q-2019 and already accounts for 13% of total EBITDA in Spain.

72% of EBITDA generated in 4Q-2021 corresponds to pure on-line revenues whilst the remaining 28% of EBITDA comes from retail/omnichannel operations.

The omnichannel strategy of Sportium in Spain together with the successful integration of acquisitions in the on-line space is yielding excellent results and the Group is in the process of deploying the same omnichannel and pure on-line model into different Latam countries where there is the potential to follow the track of the Spanish operation.

## Financial Highlights

Strong Free Operating Cash Flow generation of €53.4 million in the quarter (after lease payments) and €182.8 million for the full year are above pre-pandemic levels.

Strong cash position at 31st Dec 2021 of €280.2 million and total availability of €299.5 million.

NFD at 31st Dec 2021 is €2,361.9 million, a €24.5 million reduction vs previous quarter. Cash Flow generation is the main driver for the reduction.

Leverage ratio stands at 7.1x as of 31st Dec 2021, in line with the guidance provided of being below 7.5x and reducing from 9.1x in the previous quarter. Increased LTM EBITDA by €70 million or 27% is the main driver for the improvement in the ratio, together with the before mentioned reduction of NFD.

Further reductions of NFD and increases of LTM EBITDA are expected for the oncoming quarters which will drive the leverage ratio to lower levels on its way back to pre-pandemic levels.

### Cash generation

Free Operating Cash Flow (after lease payments) has the following composition:

| ***€ millions*** | **Q4 2021** | **FY 2021** |
|---|---|---|
| EBITDA | 121.2 | 331.4 |
| Working capital & other | -0.3 | 46.3 |
| Income Taxes paid * | -10.7 | -10.2 |
| CAPEX | -33.2 | -110.3 |
| Other investing activities | -9.4 | -24.1 |
| Lease payments | -14.2 | -50.3 |
| **FOCF** | **53.4** | **182.8** |

*Income Taxes paid correspond to Corporate Income Tax. Gaming taxes are included under EBITDA.

Proactive management of CAPEX and costs have allowed to offset the negative effect of the significant loss in revenues (approximately €500 million in 2021) caused by the pandemic and to generate over €180 million of FOCF in FY 2021 of which, over €115 million were generated during 2H-2021.

Cirsa has generated positive FOCF in every quarter of FY 2021, even in 1Q-2021 when COVID restrictions reduced our activity to below 35% of pre-pandemic hours.

Cirsa has also generated Free Cash Flow (after accrued financial interest) from 2Q-2021 as soon as operational hours were above 60% of pre-pandemic levels.

During 4Q-2021, deferred gaming taxes balance has been reduced by €19.6 million to €7.1 million, which are expected to be repaid in the first months of 2022. Total reduction of deferred gaming taxes during FY 2021 has been of €73.1 million.

Refinancing of bonds executed in September 2021 will allow for annual savings of approximately €15 million in financial expenses which will improve FCF generation in 2022.

## Deleveraging capacity

Cirsa has historically proven its capacity to deleverage by both increasing its EBITDA generation and reducing its NFD.

During FY 2021 and despite the significant impact of COVID related restrictions on our operations, NFD has been significantly reduced from 1Q-2021 once FCF became positive again:

| *€ millions* | 1Q 2021 | 2Q 2021 | 3Q 2021 | 4Q 2021 |
|---|---|---|---|---|
| NFD | 2,423.5 | 2,397.4 | 2,386.4 | 2,361.9 |

NFD has been reduced by €61.6 million from 1Q-2021 to 4Q-2021.

NFD reduction is mainly driven by FCF (based on accrued financial expenses) generation of €64.7 million from 1st April 2021 to 31st December 2021.

FOCF on NFD ratio stands at 7.7% for FY 2021.

FY 2021 EBITDA conversion into FOCF (after lease payments) stands at 55%. Measuring Cash Flow generation as EBITDA after CAPEX payments results in a Cash Flow generation ratio of 67%.

Leverage ratio based on current quarterly EBITDA generation would already be at 5.0x.

The very high level of EBITDA conversion into cash together with the conversion of growth CAPEX into future EBITDA will enable Cirsa to steadily reduce its leverage ratio, as it has been doing for many years.

## Current situation & Outlook

As of February 16, 2022, COVID certificate is required to enter all or some of our premises in Spain, Italy, Mexico and Peru. Additionally, capacity restrictions, bans on service over the counter and other restrictions still apply in some geographies.

A significant percentage of population being under self-isolation after testing positive for COVID has had an impact during January but the situation is clearly improving in February in most of our geographies.

Under the current COVID situation and based on a reasonable evolution of the pandemic, we are forecasting an EBITDA level in 1Q-2022 in the range of €110 million to €115 million.

Leverage ratio at the end of 1Q-2022 is forecast to be below 5.9x.

Leverage ratio target for 2022 year end is to be at 4.9x or below.

We are targeting total recovery of 2019 PF EBITDA run rate during 2022. As explained in previous presentations, the timing in which the full recovery of EBITDA will occur depends on the moment in which COVID related restrictions cease to affect our operation. More precise EBITDA guidance for FY 2022 will be provided in our investors presentation in June as in previous years.

## Consolidated P&L and divisions

### CIRSA Enterprises S.L.U.

| P&L Consolidated<br>*Thousands of Euros* | Fourth Quarter 2020 | Fourth Quarter 2021 | Fourth Quarter Dif. | YTD December 31 2020 | YTD December 31 2021 | YTD December 31 Dif. |
|---|---|---|---|---|---|---|
| **Operating Revenues** | **252,031** | **449,213** | **197,182** | **1,013,635** | **1,337,319** | **323,685** |
| Variable rent | -40,530 | -70,842 | -30,312 | -171,264 | -220,016 | -48,752 |
| **Net Operating Revenues** | **211,501** | **378,371** | **166,870** | **842,371** | **1,117,303** | **274,933** |
| Consumptions | -4,151 | -13,823 | -9,672 | -29,659 | -45,629 | -15,970 |
| Personnel | -44,843 | -62,001 | -17,158 | -202,216 | -208,832 | -6,616 |
| Gaming taxes | -67,139 | -120,544 | -53,405 | -304,903 | -319,215 | -14,312 |
| External supplies & services | -44,260 | -60,842 | -16,582 | -179,540 | -212,192 | -32,652 |
| Depreciation, amort. & impairment | -95,373 | -82,401 | 12,972 | -335,086 | -306,190 | 28,896 |
| **EBIT** | **-44,264** | **38,760** | **83,024** | **-209,034** | **25,245** | **234,279** |
| Financial results | -39,764 | -33,287 | 6,477 | -154,286 | -163,159 | -8,873 |
| Foreign exchange results | 19,563 | 950 | -18,613 | 31,395 | -18,156 | -49,551 |
| Results on sale of non-current assets | 663 | -1,317 | -1,980 | -1,692 | -2,258 | -566 |
| **Profit before Income Tax** | **-63,802** | **5,106** | **68,908** | **-333,617** | **-158,328** | **175,289** |
| Income Tax | 55,734 | -11,880 | -67,614 | 64,874 | 12,250 | -52,624 |
| Minority interest | -13 | -4,117 | -4,104 | 14,104 | -4,798 | -18,902 |
| **Net Profit** | **-8,081** | **-10,891** | **-2,810** | **-254,639** | **-150,876** | **103,763** |
| **EBITDA** | **51,109** | **121,161** | **70,052** | **126,053** | **331,435** | **205,383** |

***Fourth quarter 2021 compared to fourth quarter 2020***

Net operating revenues and EBITDA increased by €166.9 million and €70.1 million, respectively, driven both by the low comparable quarter last year, when most of our operations had operational restrictions or temporary closures, and the strong recovery following the softening of operating restrictions and our efficiency measures across all our businesses and markets.

Financial expenses decreased by €6.5 million due to a lower level of indebtedness and a reduction in financial costs as the bonds issued in September 2021 have a lower coupon than the refinanced bonds.

| **Average Exchange Rates**<br>***One Euro equals:*** | **YTD**<br>***Dec. 31, 2020*** | **YTD**<br>***Dec. 31, 2021*** | **Variation** |
|---|---|---|---|
| Colombia Peso | 4,274.65 | 4,466.33 | 4.5% |
| Costa Rica Colon | 679.00 | 739.03 | 8.8% |
| Dominican Republic Peso | 65.18 | 67.58 | 3.7% |
| Mexico Peso | 24.79 | 24.08 | -2.9% |
| Morocco Dirham | 10.85 | 10.64 | -1.9% |
| Panama US Dollar | 1.15 | 1.18 | 3.0% |
| Peru Nuevo Sol | 4.03 | 4.61 | 14.3% |

## Slots Division

| P&L Consolidated *Thousands of Euros* | Fourth Quarter 2020 | 2021 | Dif. | YTD December 31 2020 | 2021 | Dif. |
|---|---|---|---|---|---|---|
| **Operating Revenues** | **140,264** | **259,343** | **119,079** | **633,581** | **744,795** | **111,215** |
| Variable rent | -39,640 | -69,279 | -29,639 | -167,384 | -214,476 | -47,092 |
| **Net Operating Revenues** | **100,624** | **190,064** | **89,440** | **466,197** | **530,319** | **64,123** |
| Consumptions | -2,869 | -8,913 | -6,044 | -21,815 | -27,777 | -5,962 |
| Personnel | -12,252 | -19,250 | -6,998 | -62,485 | -64,734 | -2,249 |
| Gaming taxes | -48,763 | -91,529 | -42,766 | -239,239 | -226,241 | 12,998 |
| External supplies & services | -12,485 | -18,461 | -5,976 | -56,930 | -58,684 | -1,754 |
| Depreciation, amort. & impairment | -30,251 | -28,008 | 2,243 | -121,584 | -110,618 | 10,966 |
| **EBIT** | **-5,996** | **23,903** | **29,899** | **-35,857** | **42,265** | **78,122** |
| **EBITDA** | **24,255** | **51,911** | **27,656** | **85,728** | **152,883** | **67,156** |

***Fourth quarter 2021 compared to fourth quarter 2020***

Net operating revenues and EBITDA grew by €89.4 million and €27.7 million, mainly impacted by the low comparable quarter last year with full closure of all our operations in Italy, from November 2020, and temporary operational restrictions and regional closures in Spain.

EBITDA margin grew from 25.3% in 4Q-2019 to 27.3% in 4Q-2021 due to cost optimizations mainly in Personnel and Gaming taxes.

The 4Q-2021 EBITDA reported by country is as follows:

- EBITDA of Spanish operations was €46.8 million vs €24.6 million in 4Q-2020.
- EBITDA of Italian operations was €5.1 million vs -€0.3 million in 4Q-2020.

| Slot Machines *As of December 31* | 2020 | 2021 | Var. units | Var. % |
|---|---|---|---|---|
| Slot machines, Spain | 34,741 | 34,272 | -469 | -1.3 |
| Slot machines, Italy | 7,165 | 7,060 | -105 | -1.5 |
| VLTs, Italy | 2,468 | 2,425 | -43 | -1.7 |
| **Total** | **44,374** | **43,757** | **-617** | **-1.4** |

***Projects & main operational issues***

Despite the requirement of a COVID certificate to access gaming halls and indoor bars and the increase in cases of the Omicrom variant, 4Q-2021 EBITDA reached 94.6% compared with 4Q-2019 EBITDA.

In 4Q-2021, we have resumed our successful strategy of selective asset acquisitions taking advantage of good market opportunities at attractive multiples.

## Casinos Division

| P&L Consolidated *Thousands of Euros* | Fourth Quarter 2020 | 2021 | Dif. | YTD December 31 2020 | 2021 | Dif. |
|---|---|---|---|---|---|---|
| **Operating Revenues** | **60,369** | **104,843** | **44,474** | **179,684** | **325,669** | **145,985** |
| Variable rent | -334 | -365 | -31 | -1,354 | -1,440 | -86 |
| **Net Operating Revenues** | **60,035** | **104,478** | **44,443** | **178,330** | **324,229** | **145,899** |
| Consumptions | -415 | -1,360 | -945 | -2,666 | -3,592 | -926 |
| Personnel | -12,846 | -18,861 | -6,015 | -53,201 | -59,625 | -6,424 |
| Gaming taxes | -9,767 | -16,269 | -6,502 | -30,094 | -52,193 | -22,099 |
| External supplies & services | -14,778 | -21,577 | -6,799 | -58,211 | -73,464 | -15,253 |
| Depreciation, amort. & impairment | -43,745 | -39,260 | 4,485 | -143,977 | -130,598 | 13,379 |
| **EBIT** | **-21,516** | **7,151** | **28,667** | **-109,819** | **4,757** | **114,576** |
| **EBITDA** | **22,229** | **46,411** | **24,182** | **34,158** | **135,355** | **101,197** |

***Fourth quarter 2021 compared to fourth quarter 2020***

Net operating revenues and EBITDA were positively impacted by the increase in operational hours of all our operations, with our two main markets (Panama and Colombia) being particularly noteworthy. Our two Moroccan casinos still remain closed, as in 4Q-2020.

EBITDA margin has also recovered to pre-pandemic levels despite the reduced level of activity and has increased to 44.4% on Net operating revenues compared to 43.0% in 4Q-2019. Margin recovery is based on revenue mix improvement site by site and cost optimizations, mainly for the reduction of Personnel costs from €25.2 million in 4Q-2019 to €18.9 million in 4Q-2021 (- 25.1%).

| *As of December 31* | 2020 Casinos | Slots | Tables | 2021 Casinos | Slots | Tables | Variation Casinos | Slots | Tables |
|---|---|---|---|---|---|---|---|---|---|
| Panama | 33 | 7,803 | 19 | 33 | 7,884 | 20 | 0 | 81 | 1 |
| Colombia | 72 | 7,242 | 243 | 72 | 7,204 | 261 | 0 | -38 | 18 |
| Peru | 24 | 3,597 | 38 | 22 | 3,365 | 38 | -2 | -232 | 0 |
| Costa Rica | 8 | 855 | 25 | 8 | 861 | 22 | 0 | 6 | -3 |
| Dominican Republic | 6 | 853 | 82 | 6 | 841 | 75 | 0 | -12 | -7 |
| Spain | 6 | 516 | 52 | 6 | 525 | 57 | 0 | 9 | 5 |
| Morocco | 2 | 281 | 29 | 2 | 281 | 29 | 0 | 0 | 0 |
| **Total** | **151** | **21,147** | **488** | **149** | **20,961** | **502** | **-2** | **-186** | **14** |

***Projects & main operational issues***

Restrictions have been significantly reduced in the region from the beginning of February and as of today, hourly restrictions apply in Costa Rica and capacity restrictions apply in Peru. Impact of customers under self-isolation is lower in February than in January but it is still significant in some geographies.

We have implemented several action plans to adapt our cost structure to the different operating restrictions and customer demand levels. Cost reduction programs have been implemented, on an ongoing basis, to increase our margin and to increase productivity vs pre-pandemic levels.

## Bingo Division

| P&L Consolidated *Thousands of Euros* | Fourth Quarter 2020 | Fourth Quarter 2021 | Fourth Quarter Dif. | YTD December 31 2020 | YTD December 31 2021 | YTD December 31 Dif. |
|---|---|---|---|---|---|---|
| **Operating Revenues** | **19,066** | **47,475** | **28,409** | **97,257** | **140,384** | **43,127** |
| Variable rent | -576 | -1,285 | -709 | -2,771 | -4,266 | -1,495 |
| **Net Operating Revenues** | **18,490** | **46,190** | **27,700** | **94,486** | **136,118** | **41,632** |
| Consumptions | -980 | -2,029 | -1,049 | -4,839 | -5,937 | -1,098 |
| Personnel | -6,742 | -10,288 | -3,546 | -31,687 | -33,871 | -2,184 |
| Gaming taxes | -3,902 | -7,739 | -3,837 | -19,486 | -23,603 | -4,117 |
| External supplies & services | -6,826 | -11,919 | -5,093 | -32,905 | -39,327 | -6,422 |
| Depreciation, amort. & impairment | -12,497 | -11,988 | 509 | -50,873 | -48,456 | 2,417 |
| **EBIT** | **-12,456** | **2,227** | **14,683** | **-45,304** | **-15,076** | **30,228** |
| **EBITDA** | **41** | **14,215** | **14,174** | **5,569** | **33,380** | **27,811** |

***Fourth quarter 2021 compared to fourth quarter 2020***

Net operating revenues and EBITDA grew by €27.7 million and €14.1 million due to the recovery of revenues as operational hours increased during 4Q-2021 leading to the reopening of all our bingo halls in Mexico despite sizeable restrictions in hours and capacity.

EBITDA margin in 4Q-2021 (30.7%) is very close to 4Q-2019 EBITDA margin of 31.6%, achieved with a higher level of revenues.

The 4Q-2021 EBITDA reported by country is as follows:

- EBITDA of Spanish operations was €5.7 million vs €0.1 million in 4Q-2020.
- EBITDA of Mexican operations was €8.5 million vs €0 million in 4Q-2020.

| **Bingo Halls** ***As of December 31*** | **2020** | **2021** | **Var.** |
|---|---|---|---|
| Spain | 39 | 40 | 1 |
| Mexico | 28 | 28 | 0 |
| Italy | 12 | 12 | 0 |
| **Total** | **79** | **80** | **1** |

***Projects & main operational issues***

Spanish operations have been impacted by the restrictions introduced due to the Omicron variant, especially the limitation of night opening hours both during the week and specially on weekends and the requirement of a COVID certificate.

Mexican operations are recovering month after month slower than other markets due to the constant changes in the restrictions imposed.

We are actively working to recover 100% of our customer base through targeted marketing campaigns and actions, driven by our CRM systems.

In all cases, the cost structure is being adapted to demand levels to increase our margin and to be as efficient as possible.

## On-line Gaming & Betting Division

| P&L Consolidated *Thousands of Euros* | Fourth Quarter 2020 | 2021 | Dif. | YTD December 31 2020 | 2021 | Dif. |
|---|---|---|---|---|---|---|
| **Operating Revenues** | **33,537** | **37,513** | **3,976** | **110,589** | **129,988** | **19,399** |
| Variable rent | -40 | -34 | 6 | -121 | -104 | 17 |
| **Net Operating Revenues** | **33,497** | **37,479** | **3,982** | **110,468** | **129,884** | **19,416** |
| Consumptions | -177 | -142 | 35 | -682 | -553 | 129 |
| Personnel | -5,552 | -5,847 | -295 | -19,044 | -20,245 | -1,201 |
| Gaming taxes | -4,666 | -4,936 | -270 | -15,824 | -17,072 | -1,248 |
| External supplies & services | -15,618 | -16,470 | -852 | -56,201 | -69,006 | -12,805 |
| Depreciation, amort. & impairment | -3,972 | -4,990 | -1,018 | -13,844 | -19,072 | -5,228 |
| **EBIT** | **3,512** | **5,094** | **1,582** | **4,873** | **3,936** | **-937** |
| **EBITDA** | **7,484** | **10,084** | **2,600** | **18,717** | **23,008** | **4,291** |

***Fourth quarter 2021 compared to fourth quarter 2020***

We were able to reach EBITDA of €10.1 million (+34.8% vs 4Q-2020) with an increase in our EBITDA margin from 22.3% in 4Q-2020 to 26.9% in 4Q 2021.

Pure On-line gaming business has increased EBITDA by 78.8% vs 4Q-2020.

| POS *As of December 31* | Betting Points 2020 | 2021 | Var. | Terminals 2020 | 2021 | Var. |
|---|---|---|---|---|---|---|
| Spain | 2,579 | 2,384 | -195 | 8,766 | 8,609 | -157 |
| Colombia | 152 | 209 | 57 | 54 | 65 | 11 |
| Panama | 28 | 35 | 7 | 214 | 259 | 45 |
| **Total** | **2,759** | **2,628** | **-131** | **9,034** | **8,933** | **-101** |

***Projects & main operational issues***

Our On-line gaming and betting division generates the vast majority of its EBITDA through pure on-line transactions and is significantly increasing the omnichannel component of the retail business.

We are in the process of deploying the Sportium omnichannel and on-line gaming model to our geographies in Latam where we expect to be able to mirror the successful growth pace of our business in Spain.

We strongly believe that our retail presence in Latam together with our wide customer base in the region will give us a significant competitive advantage to profitably grow the business there, avoiding excessive customer acquisition costs.

We will also keep searching for selective M&A opportunities in all our markets

## B2B Division

| P&L Consolidated *Thousands of Euros* | Fourth Quarter 2020 | 2021 | Dif. | YTD December 31 2020 | 2021 | Dif. |
|---|---|---|---|---|---|---|
| **Operating Revenues** | **8,436** | **17,954** | **9,518** | **39,810** | **51,167** | **11,357** |
| Variable rent | 0 | 0 | 0 | 0 | 0 | 0 |
| **Net Operating Revenues** | **8,436** | **17,954** | **9,518** | **39,810** | **51,167** | **11,357** |
| Consumptions | -4,163 | -8,851 | -4,688 | -19,735 | -26,614 | -6,879 |
| Personnel | -4,462 | -5,397 | -935 | -17,554 | -17,791 | -237 |
| Gaming taxes | -29 | -34 | -5 | -166 | -156 | 10 |
| External supplies & services | -1,642 | -1,877 | -235 | -6,363 | -6,155 | 208 |
| Depreciation, amort. & impairment | -2,163 | -1,837 | 326 | -7,470 | -6,537 | 933 |
| **EBIT** | **-4,023** | **-42** | **3,981** | **-11,478** | **-6,086** | **5,392** |
| **EBITDA** | **-1,860** | **1,795** | **3,655** | **-4,008** | **451** | **4,459** |

***Fourth quarter 2021 compared to fourth quarter 2020***

Net operating revenues and EBITDA were positively impacted by the re-opening of all gaming segments in Spain, allowing us to recover orders from our customers.

4Q-2021 Net operating revenues are 112.8 % higher compared to those in 4Q-2020, showing the recovery of the Spanish market.

EBITDA margin remains stable compared to pre-pandemic situation: 10.1 % in 4Q-2019 vs 10.0% in 4Q-2021.

***Projects & main operational issues***

In line with the re-opening of all gaming segments in Spain, we have also recovered part of our B2B activities in this market, keeping a clear market leadership position through the launching of top performing slots models, despite supply chain issues and raw materials cost increases.

## Structure & Adjustments

| P&L Consolidated *Thousands of Euros* | Fourth Quarter 2020 | 2021 | Dif. | YTD December 31 2020 | 2021 | Dif. |
|---|---|---|---|---|---|---|
| **Operating Revenues** | **-9,641** | **-17,915** | **-8,274** | **-47,286** | **-54,684** | **-7,398** |
| Variable rent | 60 | 121 | 61 | 366 | 270 | -96 |
| **Net Operating Revenues** | **-9,581** | **-17,794** | **-8,213** | **-46,920** | **-54,414** | **-7,494** |
| Consumptions | 4,453 | 7,472 | 3,019 | 20,078 | 18,844 | -1,234 |
| Personnel | -2,989 | -2,358 | 631 | -18,245 | -12,566 | 5,679 |
| Gaming taxes | -12 | -37 | -25 | -94 | 50 | 144 |
| External supplies & services | 7,089 | 9,462 | 2,373 | 31,070 | 34,444 | 3,374 |
| Depreciation, amort. & impairment | -2,745 | 3,682 | 6,427 | 2,662 | 9,091 | 6,429 |
| **EBIT** | **-3,785** | **427** | **4,212** | **-11,449** | **-4,551** | **6,898** |
| **EBITDA** | **-1,040** | **-3,255** | **-2,215** | **-14,111** | **-13,642** | **469** |

***Millions of Euros***

| **CAPEX** ***YTD December 31*** | **2020** | **2021** | **Var.** |
|---|---|---|---|
| Slots | 60.1 | 60.4 | 0.3 |
| Casinos | 40.2 | 32.3 | -7.9 |
| Bingo | 14.4 | 8.0 | -6.4 |
| On-line Gaming & Betting | 6.3 | 6.8 | 0.5 |
| B2B | 3.0 | 2.6 | -0.4 |
| Structure | 1.2 | 0.2 | -1.0 |
| **Total** | **125.2** | **110.3** | **-14.9** |

CAPEX in 4Q-2021 was €33.2 million.

| Millions of Euros | | | | | | Adjusted Ebitda | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2020 | 2021 | | | | 2020 | 2021 | | | |
| Leverage | Dec-31 | Mar-31 | Jun-30 | Sep-30 | Dec-31 | Dec-31 | Mar-31 | Jun-30 | Sep-30 | Dec-31 (1) |
| LTM Ebitda | 126.1 | 65.9 | 198.3 | 261.4 | 331.4 | 526.2 | 529.3 | 529.3 | 529.3 | 529.3 |
| Net Interest Expense (2) | 154.3 | 156.3 | 153.3 | 159.8 | 153.3 | | | | | |
| Cash & Cash Equivalents | 283.3 | 267.4 | 262.3 | 289.1 | 280.2 | | | | | |
| Total Debt | 2,654.1 | 2,690.9 | 2,659.8 | 2,675.5 | 2,642.1 | | | | | |
| Total Net Debt | 2,370.8 | 2,423.5 | 2,397.4 | 2,386.4 | 2,361.9 | | | | | |
| **Total Net Debt to Ebitda** | **18.8x** | **36.8x** | **12.1x** | **9.1x** | **7.1x** | **4.4x** | **4.6x** | **4.5x** | **4.5x** | **4.5x** |
| Ebitda to Net Interest Expense | 0.8x | 0.4x | 1.3x | 1.6x | 2.2x | 3.5x | 3.4x | 3.5x | 3.3x | 3.5x |

**(1) LTM December 31 adjusted EBITDA includes €197.9 million of adjustments relating to the estimated EBITDA impact from unprecedented year-on-year volume declines due to the COVID-19 pandemic, beginning in March 2020.**

**(2) Net interest expense does not include €9.8 million of premium paid in 3Q-2021 for the redemption of USD495 million of Senior Notes due 2023 and €100 million of Senior Notes due 2023.**

| *Millions of Euros* | | | | | |
|---|---|---|---|---|---|
| **Financial Debt** | **2020** | **2021** | | | |
| ***As of*** | **Dec-31** | **Mar-31** | **Jun-30** | **Sep-30** | **Dec-31** |
| Bank Loans | 352.6 | 347.2 | 356.1 | 295.2 | 289.8 |
| Capital Lease Agreements | 1.5 | 1.4 | 1.3 | 1.2 | 1.1 |
| Senior Notes | 1,917.7 | 1,961.9 | 1,935.2 | 2,050.2 | 2,042.7 |
| Tax Deferrals | 80.2 | 61.7 | 53.3 | 26.7 | 7.1 |
| Capitalization of Operating Leases | 283.5 | 293.5 | 290.3 | 285.0 | 274.3 |
| Other Loans | 18.6 | 25.2 | 23.5 | 17.2 | 27.0 |
| **Total Financial Debt** | **2,654.1** | **2,690.9** | **2,659.8** | **2,675.5** | **2,642.1** |
| Cash & Cash Equivalents | 283.3 | 267.4 | 262.3 | 289.1 | 280.2 |
| **Total Net Financial Debt** | **2,370.8** | **2,423.5** | **2,397.4** | **2,386.4** | **2,361.9** |

Cirsa and any of its subsidiaries, as well as its direct and indirect equity holders, and their respective affiliates (or funds managed or advised by such persons), and members of Cirsa's management may continue to trade in the notes of any series issued by Cirsa or any of its subsidiaries or affiliates at any time and from time to time in the open market or otherwise.

| Cash-flow Statement<br>*Millions of Euros* | YTD December 31<br>2020 | <br>2021 | <br>Dif. |
|---|---|---|---|
| ***Cash-flows from operation activities*** | | | |
| Profit before tax, as per the consolidated P&L accounts | -333.6 | -158.3 | 175.3 |
| Adjustments for non-cash revenues and expenses: | | | |
| Depreciation, amortization and impairment | 326.5 | 305.7 | -20.8 |
| Allowances for doubtful accounts & inventories | 8.6 | 0.5 | -8.1 |
| Other | 4.4 | 7.6 | 3.2 |
| Financial items included in profit before tax: | | | |
| Financial results | 154.3 | 163.2 | 8.9 |
| Foreign exchange results | -31.4 | 18.2 | 49.6 |
| Results on sale of non-current assets | 1.7 | 2.3 | 0.6 |
| **Adjusted profit from operations before tax and changes in net operating assets** | **130.5** | **339.2** | **208.7** |
| Variations in: | | | |
| Receivables | 11.6 | -9.7 | -21.3 |
| Inventories | 1.0 | -0.5 | -1.5 |
| Suppliers, gaming taxes and other payables | -39.8 | 42.9 | 82.7 |
| Accruals, net | -4.0 | 5.8 | 9.8 |
| **Cash generated from operations** | **99.3** | **377.7** | **278.4** |
| Income taxes paid | -14.8 | -10.2 | 4.6 |
| **Net cash-flows from operating activities** | **84.5** | **367.5** | **283.0** |
| ***Cash-flows from / used in investing activities*** | | | |
| Purchase and development of property, plant and equipment | -78.4 | -59.8 | 18.6 |
| Purchase and development of intangibles | -46.8 | -50.5 | -3.7 |
| Acquisition of participating companies, net of cash acquired | -26.9 | -21.2 | 5.7 |
| Proceeds from other financial assets | 34.0 | 5.0 | -29.0 |
| Purchase of other financial assets | -0.2 | -9.0 | -8.8 |
| Interest received on loans granted & cash revenues from other financial assets | 1.2 | 1.1 | -0.1 |
| **Net cash-flows used in investing activities** | **-117.1** | **-134.4** | **-17.3** |
| ***Cash-flows from / used in financing activities*** | | | |
| Cash inflows in bank accounts | 1,184.2 | 1,759.1 | 574.9 |
| Cash outflows in bank accounts | -925.7 | -1,823.3 | -897.6 |
| Issuance of bonds | | 615.0 | 615.0 |
| Repayment of bonds | | -530.3 | -530.3 |
| Deferred taxes, payables | 80.2 | -73.1 | -153.3 |
| Capital lease payments | -0.2 | -0.7 | -0.5 |
| Lease principal payments | -48.6 | -50.3 | -1.7 |
| Interest paid on financial debt | -122.8 | -125.8 | -3.0 |
| Dividends and other | -4.1 | -6.0 | -1.9 |
| **Net cash-flows from / used in financing activities** | **163.0** | **-235.4** | **-398.4** |
| **Net variation in cash & cash equivalents** | **130.4** | **-2.2** | **-132.6** |
| **Net foreign exchange difference** | **-6.8** | **-0.9** | **5.9** |
| **Cash & cash equivalents at January 1** | **159.7** | **283.3** | **123.6** |
| **Cash & cash equivalents at December 31** | **283.3** | **280.2** | **-3.1** |

| Consolidated Balance Sheet<br>*Thousands of Euros* | 31-Dec-20 | 31-Dec-21 |
|---|---|---|
| ***Assets*** | | |
| Intangibles | 1,002,439 | 944,573 |
| Goodwill | 1,228,609 | 1,228,475 |
| Property, plant & equipment | 318,908 | 266,809 |
| Right of use assets | 255,590 | 236,774 |
| Financial assets | 69,705 | 71,482 |
| Deferred income tax | 98,584 | 98,595 |
| **Total non-current assets** | **2,973,835** | **2,846,708** |
| Inventories | 18,361 | 19,357 |
| Accounts receivable | 79,302 | 86,463 |
| Financial assets | 8,388 | 14,616 |
| Cash & cash equivalents | 283,267 | 280,201 |
| Other | 9,222 | 14,685 |
| **Total current assets** | **398,540** | **415,322** |
| **Total Assets** | **3,372,375** | **3,262,030** |
| ***Liabilities*** | | |
| Share capital | 70,663 | 70,663 |
| Share premium | 626,793 | 626,583 |
| Reserves | -202,158 | -458,589 |
| Cumulative translation reserve | -85,585 | -62,432 |
| Consolidated result for the period | -254,639 | -150,876 |
| Minority interest | 104,073 | 97,399 |
| **Total net equity** | **259,147** | **122,748** |
| Provisions | 15,372 | 16,068 |
| Credit institutions | 64,682 | 64,050 |
| Bonds | 1,914,639 | 2,033,563 |
| Lease liabilities | 237,590 | 228,759 |
| Tax authorities | 9 | 0 |
| Other creditors | 36,024 | 32,153 |
| Deferred income tax | 248,078 | 230,432 |
| **Total non-current liabilities** | **2,516,394** | **2,605,025** |
| Credit institutions | 289,417 | 226,897 |
| Bonds | 3,091 | 9,184 |
| Lease liabilities | 45,877 | 45,522 |
| Accounts payable | 23,261 | 34,906 |
| Other creditors | 233,146 | 208,046 |
| Current income tax payable | 2,042 | 9,702 |
| **Total current liabilities** | **596,834** | **534,257** |
| **Total equity & liabilities** | **3,372,375** | **3,262,030** |

**DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS**

This interim report of our results includes forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes," "estimates," "anticipates," "expects," "intends", "may," "will" or "should" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this interim report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees for future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this interim report. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we operate are consistent with the forward-looking statements contained in this interim report, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause those differences include, but are not limited to:

- *Public health outbreaks, epidemics or pandemics, such as the Covid-19, could have a material adverse effect on our business, financial position, results of operations and cash flows.*
- *Our business may be negatively impacted by the economic volatility and political conditions in Spain and other markets in which we operate.*
- *There are risks associated with our operations outside of Spain.*
- *We do not control certain of our joint venture businesses.*
- *We may experience significant losses with respect to individual events or betting outcomes and the failure to determine accurately the odds at which we will accept bets in relation to any particular event or any failure of our risk management processes may adversely affect our results.*
- *The technological solutions we have in place to block access to our online services by players in certain jurisdictions may prove inadequate, which may harm our business and expose us to liability.*
- *The gaming industry is subject to extensive regulation (including applicable anti-corruption and economic sanctions laws) and licensing requirements and our business may be adversely affected by our inability to comply with these extensive regulation and licensing requirements, regulatory changes and increases in the taxation of gaming, which could result in litigation.*
- *Failure to maintain our online gaming licenses or comply with online gaming rules and regulations could adversely affect our business.*
- *Our failure to keep up with technological developments in the online gaming market could negatively impact our business, results of operations and financial condition.*
- *We may not be able to manage growth in our business.*
- *We are dependent upon our ability to provide secure gaming products and maintain the integrity of our employees in order to attract customers, and any event damaging our reputation could adversely affect our business.*
- *We are in a competitive business environment and, as a result, our market share and business position may be adversely affected by factors beyond our control.*
- *Changes in consumer preferences could also harm our business.*
- *Our success is dependent on maintaining and enhancing our brand.*
- *We may fail to detect money laundering or fraudulent activities of our customers or third parties.*
- *Our results of operations could be adversely affected by a disruption of operations at our manufacturing facilities.*
- *Certain countries in which we operate have been subject to significant security issues in the past several years, and if such issues continue or worsen, our operations could be materially adversely affected.*
- *The Group's significant leverage and debt service obligations could materially adversely affect its business.*
- *We are subject to restrictive covenants under our Revolving Credit Facility Agreement and Indentures, which may limit our ability to operate our business, finance our future operations and capital needs and to pursue business opportunities and activities.*
- Our failure to comply with regulations regarding the use of personal customer data could subject us to lawsuits, administrative fines or result in the loss of goodwill of our customers.
- Our systems may be vulnerable to hacker intrusion, distributed denial of service attack, malicious viruses and other cybercrime attacks.
- We are subject to taxation which is complex and often requires us to make subjective determinations.
- Our results of operations are impacted by fluctuations in foreign currency exchange rates.
- Terrorist attacks and other acts of violence or war may affect our business and results of operations.
- Negative perceptions and negative publicity surrounding the gaming industry could damage our reputation or lead to increased regulation or taxation, which could adversely affect our business.

We urge you to read the sections of our **2020 Annual Report** entitled "Risk Factors," "Operating and Financial Review and Prospects" and "Business" for a more complete discussion of the factors that could affect our future performance and the industry in which we operate. In light of these risks, uncertainties and assumptions, the forward-looking events described in this interim report may not occur.

We undertake no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this interim report and the Annual Report.