Income 1st half-year 2019/2020
Operation performance impacted by the sanitary issue
Solid financial situation

- **Turnover: € 183.6 M (-17.3%)**
- **EBITDA : € 29.8 M, i.e. a margin of 16.2%**
- **Net Income : - € 3.9 M**
- **Solid Financial Situation (gearing of 0.2x & leverage of 1.7x)**

Paris, 16th July 2020, 06:00 pm

During the meeting it held on the 15th of July 2020 and after having reviewed the management report of Groupe Partouche Executive Board, the Supervisory Board examined the audited accounts for the 1st half-year 2019-2020 (November to April).

Operation performance impacted by the sanitary issue, solid financial situation

In view of the Covid 19 pandemic, business activity during the first half of the current financial year was penalized by the cessation of the Group's activities as from mid-March, with the exception of sports betting and online gaming in Belgium.

Over the period under review, the Gross Game Revenue (GGR) recorded a decrease of -20.6% to € 261.6 M and the turnover of -17.3% to € 183.6 M.

However, two indications of activity should be distinguished during the period: the GGR recorded satisfactory growth of + 5.1% between 1st November 2019 and the closure mid-March of the French casinos and those abroad, with the exclusion of sports betting and online gaming in Belgium, compared to the same period of the previous year; in addition, by neutralizing Boulogne-sur-Mer casino, included in the scope of consolidation in N-1 and whose operations ceased on 27th June, 2019, the growth of the GGR would amount to + 6.3%.

The Group's EBITDA[1] fell to € 29.8 M, compared to € 44.8 M in the first half of 2019. This decrease was, however, mitigated by the first application of IFRS 16 during the period under review, which has the mechanical effect of improving EBITDA of € 7.3 M.

The current operating income (COI) reached € 0.3 M compared to € 23.3 M a year earlier, this contraction is directly correlated with the cessation of activity and therefore the turnover as of mid-March.

Under activity divisions, the COI of the casino sector reached € 6.6 M, compared to € 27.1 M in 2019 impacted by the closing of all the Group's casinos from mid-March, with the exception of the Aix-en-Provence Pasino which benefits from its renovation works, the first phase of which was completed in early April 2019 and whose COI is almost stable (- € 0.1 M).

The operating loss of COI in the "Other" sector increased mechanically to - € 4.7 M during the first half of 2020 (vs. - € 2.3 M in 1HY 2019), due to the increase in depreciation and impairment linked to the application of IFRS 16 for € 2.0 M.

[1] Warning : the accounts include the first application of the IFRS 16 norm, "lease agreements", whose impacts can be found in the current press release annex and are detailed in the half-year consolidated accounts annex (note 2.1.2)

Lastly, the operating income of the hotel sector slightly decreased to - € 1.7 M compared to - € 1.4 M in 2019, penalized by the renovation of the Aquabella in Aix-en-Provence.

The non-current operating income represents a net expense of - € 2.7 M, compared to a net expense of - € 1.9 M during 1HY 2019. In 2019, the expense included in particular the estimated cost of the ongoing restructuring of the Pasino in Aix-en-Provence and the shutdown of the activity at the 3.14 Hotel. Impairment of goodwill constitutes the main part of the net expense for the six-month period and is made up of the calculated impairments (- € 2.7 M).

In the end, the net income represents a loss of - € 3.9 M against a profit of € 16.6 M at 30th April, 2019, after taking into account the following items:

- a financial income - € 0.8 M (compared to - € 0.4 M in 1HY 2019), impacted by the application of IFRS 16 (for an amount of - € 0.6 M), while the decrease in the net financial expenses excluding IFRS 16 continues. The latter benefit from a slightly lower half-yearly average interest rate;
- a tax expense (including CVAE) with a significant decrease (- € 0.6 M compared to - € 4.2 M in 1HY 2019), mainly due to the decrease of the tax due to the business activity of the Group at mid-March;
- the share in losses from equity-accounted associates (- € 0.1 M)

Furthermore, the impact of the application of IFRS 16 on consolidated net income is not significant (- € 0.1 M).

The Group's financial structure remains very healthy and solid with "cash net of levies" of € 78.9 M, shareholders' equity of € 384.1 M and a "net debt" of € 89.9 M (set up as provided by the terms of the syndicated loan agreement, according to the former IAS 17 standard, except IFRS 16).

RECENT EVENTS & PERSPECTIVES

Acquisition of Club Berri

Groupe Partouche acquired on 20th May 2020, mainly from Delahaye & Co, 95% of the shares of CLUB BERRI SAS.

Groupe Partouche now possesses a gaming club in Paris, thus completing its regional network.

« Club Berri » is located 11 rue de Berri, next to the Champs-Elysées, in the former premises of the Cercle Gaillon, a legendary gaming address in Paris. It is renowned for its setting and its quality clientele. Since mid-October 2019, "Club Berri" has been the 6th Parisian gaming club to be granted an operating license, among the 8 authorized to date. The club reopened on 24th June.

Reopening the casinos

All of the Group's casinos reopened as follows: 2nd June in France, 4th June in Tunisia, 6th June in Switzerland and 1st July in Belgium, thus respecting strict health protocols. This reopening concerned only slot machines and electronic forms of traditional games. The table games have been gradually re-operated and again available in France since 22nd June.

The activities of slot machines and electronic forms of traditional games resumed with a very satisfactory trend.

State guaranteed loan

In the context of the health crisis, a State Guaranteed Loan (PGE) was granted by the Group's partner banks on 5th June, 2020 for an amount of € 19.5 M, thereby strengthening its cash flow and making it possible to fully support the resumption of its business activities.

Launching of the online gaming in Switzerland

The Federal Council has extended the Meyrin casino concession in Switzerland, allowing the operations of the online casino gaming. The launching of the online site is scheduled for the end of summer 2020, under the brand Pasino.ch.

Ostend

The Ostend City Hall recently awarded again the future concession (which will start in August 2021) to a competing operator, in contradiction with the decision of the Belgian Council of State to suspend the award decision, followed by the decision of the City Hall to cancel the allocation granted in June 2019 (decisions given following anomalies noted in this allocation). New appeals will therefore be brought.

Upcoming events :

- 3rd quarter financial information : Wednesday 9th September, after Paris stock market close

- Turnover 4th quarter: Wednesday 9th December, after Paris stock market close

Groupe Partouche was established in 1973 and has grown to become one of the market leaders in Europe in its business sector. Listed on the stock exchange, it operates casinos, a gaming club, hotels, restaurants, spas and golf courses. The Group operates 42 casinos and employs nearly 4,000 people. It is well known for innovating and testing the games of tomorrow, which allows it to be confident about its future, while aiming to strengthen its leading position and continue to enhance its profitability. Groupe Partouche was floated on the stock exchange in 1995, and is listed on Euronext Paris, Compartment

ISIN : FR0012612646 - Reuters : PARP.PA - Bloomberg : PARP:FP

FINANCIAL INFORMATION

Groupe Partouche
Valérie Fort, Chief Financial Officer

Phone : 01.47.64.33.45 – Fax : 01.47.64.19.20
Info-finance@partouche.com

Annex

1st application of the IFRS 16 financial instrument

IFRS 16 "lease agreements" is applicable to the Group as of the fiscal year beginning 1st November, 2019. It replaces IAS 17 and the associated interpretations. This standard removes the distinction to be made between operating leases and financial leases. All rental contracts, with the exception of contracts not exceeding 12 months and contracts relating to assets of low value, must now be recognized in the tenant's balance sheet by the recognition of a right to use the asset rented, in return for a debt representing the rents to be paid over the expected duration of the rental contract.

In its transition, the Group adopted the "simplified retrospective" method, which allows the recognition of a liability on the transition date equal to only discounted residual rents, in return for a user right adjusted by the amount of advance payments of rents or accrued liabilities.

- Impact on the balance sheet

○ NET ASSETS in €k	30th April 2020 (*)	1st November 2019
Rights of use relating to lease terms	76 790	55 236
Non-current assets	(23)	(877)
TOTAL NON-CURRENT ASSETS	**76 767**	**54 359**
Other current assets	(808)	(73)
TOTAL CURRENT ASSETS	**(808)**	**(73)**
TOTAL NET ASSETS	**75 958**	**54 285**

NET LIABILITIES in €k	30 April 2020	1er November 2019
Consolidated reserves	446	134
Net income, Group' share	(58)	-
GROUP EQUITY	**388**	**134**
MINORITY INTERESTS	**(10)**	**2**
TOTAL EQUITY	**378**	**136**
Non-current financial debt	62 514	43 115
TOTAL NON-CURRENT LIABILITIES	**62 514**	**43 115**
Current financial debt	13 085	11 126
Trade and other payables	(19)	(91)
TOTAL CURRENT LIABILITUES	**13 066**	**11 034**
TOTAL LIABILITIES	**75 958**	**54 285**

(*) : The impacts as of 30th April, 2020 include the Pornic property leasing formerly restated in accordance with IAS 17.

- Impact on the income statement

INCOME STATEMENT in €k	30 April 2020
Purchases & external expenses	7 257
Depreciation, amortization & impairment of fixed assets	(6 764)
Other current operating income & expenses	19
CURRENT OPERATING INCOME	**513**
OPERATING INCOME	**513**
FINANCIAL INCOME	**(583)**
TOTAL NET INCOME	**(70)**
o/w GROUP SHARE	**(58)**

Insignificant impact on the consolidated net income

Consolidated income statement

In €M – at 30th April (6 months)	2020	2019	ECART	*Var.*
Turnover	**183.6**	**221.9**	**(38.3)**	***-17.3%***
Purchases & external expenses	(68.0)	(76.2)	8.2	*-10.7%*
Taxes & duties	(8.8)	(9.8)	1.0	*-10.5%*
Employee expenses	(73.6)	(88.4)	14.8	*-16.8%*
Depreciation, amortisation & impairment of fixed assets	(29.0)	(21.8)	(7.2)	*+64.9%*
Other current income & operating expenses	(4.0)	(2.4)	(1.6)	*+20.8%*
Current Operating Income	**0.3**	**23.3**	**(23.0)**	***-98.9%***
Other non-current income & operating expenses	0.0	(1.9)	1.9	*n/a*
Gain (loss) on the sale of consolidated investments	-	-	-	-
Impairment of non-current assets	(2.7)	(0.0)	(2.7)	*n/a*
Non-current operating income	**(2.7)**	**(1.9)**	**(0.8)**	***-43.1%***
Operating income	**(2.4)**	**21.4**	**(23.8)**	***-111.3%***
Financial income	**(0.8)**	**(0.4)**	**-0.4**	***+110.9%***
Income before tax	**(3.3)**	**21.0**	**(24.3)**	***-115.5%***
Corporate income tax	1.0	(2.3)	3.3	*-143.0%*
CVAE tax	(1.6)	(1.9)	0.3	*-16.2%*
Income after tax	**(3.8)**	**16.9**	**(20.7)**	***-122.7%***
Share in earnings of equity-accounted associates	(0.1)	(0.3)	0.2	*-76.6%*
Total net income	**(3.9)**	**16.6**	**(20.5)**	***-123.6%***
o/w group share	*(5.3)*	*13.1*	*(18.5)*	*140.5%*

EBITDA (*)	**29.8**	**44.8**	**(15.0)**	**-33.5%**
Margin EBITDA / TURNOVER	***16.2%***	***20.2%***		***-4.0 pts***

(*) taking into account the first application of IFRS 16 in the half-year under review, which has the mechanical effect of improving EBITDA by €7.3 M.

Purchases and external expenses decreased by € 8.2 M (-10,7 %), impacted mainly by:

- purchasing of raw materials down € 3.7 M (-18.6%) directly related to the closure of establishments and the drop in turnover from related activities;
- neutralization of rental expenses of € 7.3 M, taking into account the application of IFRS 16 over the half-year;
- in the opposite direction, the change in outsourcing costs (+ € 2.0 M), mainly linked to (i) the increase in costs associated with online licenses in Belgium (+ € 3.2 M in costs), correlatively to the € 3.6 M increase in turnover generated by this activity (online casino and sports betting) and (ii) to the savings in subcontracting (caretaking, cleaning) made due to the closure of the establishments;
- an increase in expenses for Pasino Bet (+ € 1.2 M) following its launch in September 2019 and for the Aix-en-Provence casino (+ € 0.9 M) which was under construction most of the 1st half-year 2019;
- costs relating to the launching of the online casino in Switzerland planned for the summer of 2020 (+€0.4M).

The employee expenses amounted to € 73.5 M, down € 14.8 M (-16.8%) due in particular to the effects of the health crisis and partial unemployment. The compensation received for partial unemployment accounts for € 8.3 M, to which are added the savings generated in employer contributions. In addition, the Macron premium was not renewed this year (impact + € 0.4 M) and the net impact induced by the abolition of the Competitiveness and Employment Tax Credit (CICE) amounted to - € 0.9 M.

Depreciation and impairment on fixed assets increased by 32.9% to - € 29.0 M, mainly impacted by the application of IFRS 16 (negative impact of € 6.8 M) over the half-year and the sustained investments made in recent years.

Other current operating income and expenses represent a net expense of € 4.0 M compared to € 2.4 M in the first half of 2019, which increased due to the approach of the expiration of the property development contract at La Grande Motte (impact of - € 0.7 M) and changes in provisions.

Non-current operating income was impacted mainly by the impairment of goodwill carried out at the casinos of Andernos (- € 0.6 M) and Val-André (- € 0.5 M), as well as on the SEGR Le Laurent restaurant (- € 1.6 M)

Given the above developments, operating profit amounted to -€ 2.4 M compared to +€ 21.4 M in 1HY 2019.

The financial result is a net expense of - € 0.8 M compared to - € 0.4 M in 1HY 2019, an expense doubled by the application of IFRS 16 (- € 0.6 M) while the drop in costs net financial expenses excluding IFRS 16 continues. These benefit from a slightly lower half-yearly average interest rate.

Income before tax is a loss of - € 3.3 M compared to a profit of € 21.0 M in HY 2019.

Tax expense (including CVAE) reaches - €0.6 M against -€ 4.2 M in 1HY 2019, mainly due to the decrease in tax payable after the cessation of business activities of the Group at mid-March.

The share in income from equity-accounted associates is a deficit of € 0.1 M and follows the acquisition, on 29th January, 2020, of a 15% minority stake in La Pensée Sauvage Lifestyle and three companies wholly owned (La Pensée Sauvage, SCI Pierre Blanche and SCI Plan B). Leader in its market, La Pensée Sauvage is involved in food detox cures.

Consolidated net income for the 1HY is a loss of € 3.9 M compared to a profit of € 16.6 M at 30th April 2019.
The impact of the application of IFRS 16 on the net consolidated income is insignificant (- € 0,1 M).

Balance sheet

Total net assets at 30th April, 2020 increased sharply and represent € 786.3 M compared to € 720.0 M at 31st October, 2019, an increase of € 66.3 M, of which € 76.0 M are related to the reprocessing induced by the application of the IFRS 16 standard over the six-month period (including the Pornic property leasing, previously restated according to the old IAS 17 standard). The remarkable developments of the period are as follows:

- An increase in non-current assets of € 56.6 M mainly due to the impact of the first application of IFRS 16 (+ € 54.4 M), to which are added movements in net fixed assets restated according to the new standard (acquisitions, depreciation and amortization, etc.), the acquisition of an equity stake in companies consolidated using the La Pensée Sauvage division, and other non-current assets (+1.6 M €, including reimbursements of direct debits to be received at the Aix-en-Provence casino under the MAQ and article 34 mechanisms for € 1.0 M). Conversely, we note the decrease in "Goodwill" for € 2.7 M, mainly related to the impairment of goodwill of certain sensitive CGUs recorded over the half-year.

- An increase in current assets of € 9.7 M, mainly due to an increase in accounts receivables and other receivables of € 8.1 M (including € 6.1 M increase in receivables from social organizations due to partial unemployment benefits to be received in the context of the Covid-19 crisis and € 2.3 M in compensation to be received from the City Hall of Trinité-sur-Mer for the assets of the old casino) as well as cash savings of €2.3M.

On the liabilities side, equity including minority interests, decreased from € 391.9 M at 31st October, 2019 to € 384.1 M at 30th April 30, 2020. Financial debt increased by € 60.8 M. It should be noted that:

- the recording of rental debts under the rental payment obligation provided for in the new IFRS 16 standard (€ 75.6 M of IFRS 16 debt at closing date, including, among other things, € 54.2 M of the first application of the standard, the implementation of a new real estate leasing of € 11.2 M for the premises of the Group's headquarters, treated as financial debts according to this standard, and the real estate leasing of Pornic, already positioned in financial debts under the old standard IAS 17);
- the quarterly maturity of the syndicated loan settled on 31st January, 2020 in the amount of - € 2.7 M, as well as the reimbursement of other bank loans for - € 4.1 M;
- the postponement of maturities (in capital and, for the most part, in interest) of 6 months of the Group's bank debts and property leases for an amount of € 11.8 M;
- the implementation of new bank loans for + € 5.3 M.

Financial structure – Summary of net debt

The Group's financial structure can be assessed using the following table (set up as provided by the terms of the syndicated loan contract, according to the old IAS 17 standard, excluding IFRS 16):

In €M	**30/04/2020**	**31/10/2019**	**30/04/2019**
Equity	384.1	391.9	382.9
Gross debt (*)	168.8	159.3	157.5
Cash less gaming levies	78.9	86.6	67.0
Net debt	89.9	72.8	90.6
Ratio net debt / equity (« gearing »)	0.2x	0.2x	0.2x
Ratio net debt / consolidated EBITDA (« leverage ») (**)	1.7x	1.0x	1.3x

(*)The gross deb includes bank borrowings, bond loans and restated leases, accrued interest, miscellaneous loans and financial debts, bank loans and financial instruments.
(**) *The EBITDA used to determine the "leverage" is calculated over a rolling 12-month period, according to the old IAS 17 standard (that is to say before application of IFRS 16), at namely € 54.3 M at 30/04/2020, € 75.7 M at 31/10/2019 and € 69.4 M at 30/04/2019.*

Glossary

The "Gross Gaming Revenue" corresponds to the sum of the various operated games, after deduction of the payment of the winnings to the players. This amount is debited of the "levies" (i.e. tax to the State, the city halls, CSG, CRDS).

The «Gross Gaming Revenue» after deduction of the levies, becomes the "Net Gaming Revenue ", a component of the turnover.

"Current Operating Income" COI includes all the expenses and income directly related to the Group's activities to the extent that these elements are recurrent, usual in the operating cycle or that they result from specific events or decisions pertaining to the Group's activities.

Consolidated EBITDA is made up of the balance of income and expenses of the current operating income, excluding depreciation (allocations and reversals) and provisions (allocations and reversals) linked the Group' business activity included in the current operating income but excluded from Ebitda due to their non-recurring nature.