A Work Project presented as part of the requirements for the Award of a Master's degree in Finance from the Nova School of Business and Economics.

Underpricing in the listing processes: Sisal's case

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12/09/2022

This paper offers a comprehensive analysis of the underpricing phenomenon.
Starting with the description of Sisal, an Italian company operating in the gambling industry, the paper continues with a detailed valuation to define the Enterprise Value. Sisal represents a real case because the listing process started in 2021 failed also because of underpricing.
In the second part, there is a summary of the literary references of the researchers who have dealt with the subject. This rich literature mainly highlights six reasons, which will also be empirically corroborated by a multiple linear regression.

Keywords: Valuation, DCF, IPO, Underpricing

This work used infrastructure and resources funded by Fundação para a Ciência e a Tecnologia (UID/ECO/00124/2013, UID/ECO/00124/2019 and Social Sciences DataLab, Project 22209), POR Lisboa (LISBOA-01-0145-FEDER-007722 and Social Sciences DataLab, Project 22209) and POR Norte (Social Sciences DataLab, Project 22209).

1. **Sisal Overview**

1.1 Sisal Description

The Sisal Group contributed to the reconstruction of Italy in the post-war period, giving the Italians new cheerful moments. In a destroyed Milan of 1946 where people had to roll up their sleeves and start again in the middle of the rubble. The friendship that binds the 3 Geo journalists Molo, Fabio Jegher, and Massimo Della Pergola, gives strength to a common project: to give back life to Italian Sport. They pay a total capital of 900 thousand lire and they founded Milan Sport Italia s.r.l. SISAL. Thus, was born the first Italian company to operate in the gaming sector as a State Concessionaire. A dream that took shape as early as January '46 when the newspaper Sport Italia was instituted and the "Schedina Sisal" was launched to provide for the reconstruction of the sports facilities. In 1948, the successful launch of Top, a prediction game based on horse racing horses, was still famous after the great wave of the Italian horse-racing season. Top soon became a pleasant fixture in the leisure time of Italians, helping to make the popularity of the Sisal brand. The 1950s also saw the beginning of the development of the commercial network, consisting of the area offices and the ticket offices. The 1960s saw the Group active in introducing the levers of marketing in the gaming industry to promote its products. The 1970s and 1980s are characterized by heavy investments in communication and training on the sales points in the network. In the early 1990s, the Group obtained a concession to collect the bet Tris, which is thus offered not only in betting agencies and racetracks but also in the outlets of betting stores, thus expanding the number of players and once again reintroducing the image and popularity of horse racing among the general public. In the same years, the first automated system to manage gaming operations was inaugurated and the Group consolidates its presence in the gaming market. In those years, “Sisal TV” was also launched, a satellite channel dedicated to gaming and aimed exclusively to points of sale in the distribution network. In 1996 Sisal wins the tender for the management of Enalotto and within a year transforms it entirely and relaunches it under the Superenalotto brand. With its million-dollar Jackpots, SuperEnalotto becomes the most popular game in Italy. In 1997 with the launch of SuperEnalotto, the Group enriches its game offerings and successfully enters the lottery market. SuperEnalotto in a short time achieves the highest brand awareness in the market of games in Italy. In 2016, it is renewed with a complete relaunch, both in the game formula and in the image. The Sisal Group reaches the pinnacle of digital and retail innovation in games and, in 2004 with the launch of the gaming site, Sisal brings the world of entertainment online as well. The evolution of the retail model leads to the launch of Sisal Wincity, the innovative point of sale based on the "eat drink play" concept. The Lottery portfolio expands with the inclusion of distinctive games with unique positioning such as Win for Life and VinciCasa. During these years, the Group launches the payments and reloads business, which reaches its peak in 2013 with the birth of the SisalPay brand, the network dedicated to services payment and top-up services. In 2018, the Group also launches a corporate reorganization project, with the main objective of separating the activities related to payment services and the business related to the services of telephone top-ups and other services from the activities of gaming and betting. On July 30, 2019, the Parent Company, together with some of its subsidiaries, signed an investment agreement with Banca 5 S.p.A. ("Banca 5"), belonging to the Intesa Sanpaolo banking group, for the creation of a partnership aimed at offering banking products and payment and transactional services. From this partnership was born Mooney Group S.p.A. (formerly SisalPay S.p.A.), the first Italian network built with a "proximity banking" model, owned 70% by the Company and 30% by Banca 5 (the "2019 Reorganization"). The Parent Company, both directly and through its subsidiaries, and Bank 5 will contribute their respective payment and telco businesses to Mooney Group S.p.A. (formerly SisalPay S.p.A.) and its subsidiaries. The completion of the 2019 Reorganization was implemented through the partial proportional demerger of the Company in favor of the newly established company SG2 S.p.A. Since

February 2020, Money Group S.p.A.'s shares were incorporated through reverse merger by this satellite company. The Mooney Group Demerger and the related demerger plan were approved by the Company's extraordinary shareholders' meeting on 28th July 2021 and the effectiveness of the Mooney Group Demerger was realized on 11th November 2021 through the filing of the related deed. Also in July 2021, the Group launches a corporate reorganization operation aimed at a rationalization and reorganization of the chain of control, to be carried out including through the demerger of certain assets of the subsidiary Sisal Lottery Italia S.p.A. (formerly Sisal S.p.A.). This reorganization is being implemented through a process of demerger that includes the partial demerger of Sisal Lottery Italia S.p.A. in favor of the Company (the "Sisal Lottery Italia Spin-off"). In consideration of the fact that Sisal S.p.A. was and remained, as a result of the Demerger Sisal Lottery Italia, the sole shareholder of Sisal Lottery Italia S.p.A., the demerger took place without assignment of shares or determination of any exchange ratio. Building on its capacity in lottery and gaming management and leveraging on the solid expertise gained in 75 years of experience, Sisal's approach always aimed at product innovation and consumers' centrality, lately the Group has embarked a path of internationalization to develop new business opportunities. Currently, the Company is present in Morocco, Spain and Turkey, with a wide range of offerings including lotteries, betting, online and entertainment.

1.2 Organizational Structure

The Group's current organizational structure is based on two objectives: i) strengthen Sisal's positioning in the Italian Gaming market, and ii) support the expansion of Sisal's businesses in International markets. The new organization consists of three Strategic Business Units (Retail Italia, Online Italia and International), and three Product Divisions (Lottery, Betting, and Gaming Machines & Online Casino), whose goal is to develop the best offer to compete successfully.

The Online Italy strategic business unit is in charge of developing and managing the online business in Italy through the Group's portals and mobile applications. It manages the processes, services and online sales activities of the products betting (sports, horse racing and on simulated events), lotteries (both national totalizator numerical games and games related to the Lotto and Gratta&Vinci concession), bingo, casino games (both table games such as roulette and black jack and online slots and instant games), poker and other card games in the Italian tradition. It also deals with consumers' relation-management, in different stages of clients acquisition, such as enhancement of the acquired customers, consumers' assistance, and promotion of responsible and sustainable gaming. Finally, it is responsible for ensuring compliance of the online business with both the requirements of the remote gaming concession and the current regulations (anti-money laundering, GDPR, etc.).

The strategic business unit Retail Italia is in charge of the development and management of the business on the physical market Italian. Managing the processes, services and activities of sale and distribution to the final consumer of all products of the Group: lotteries, betting, entertainment equipment (ADI). It also takes care of the connection to the central gaming machines AWP (Amusement With Prize) system belonging to third-party operators (Providing activities), AWP properties connected to the telematics network of other dealers (Management activities), and sale of AWP gaming software and cabinets.

This business unit distributes Lottery, Betting, and Gaming Machines through two different Point of Sales (POS) network: Branded or Affiliated. It operates on point of sales specialized in gaming (Specialized Channel) both directly managed and partnered, and on channels that make the game an ancillary activity to other prevalent activities, such as, but not limited to Bars, Tobacconists, Newsstands, etc. (Generalist Channel). In particular, the Group operates (as December 2021) through 35,668 Point of Sales: 1,698 Branded, of which 93 directly managed and the others managed by third parties and connected electronically with the Group's IT systems. The other part of the network is made up of 33,970 Affiliated Channel" that, thanks to their widespread diffusion, allowed Sisal to reach a wide audience of consumers.

Among Branded Channels Sisal Wincity and Sisal MatchPoint are the most popular ones. The first one is an innovative concept based on the "Eat, Drink and Play" model, which combines play, catering, and entertainment. A welcoming and functional environment where consumers can have fun with the products the most innovative on the market enjoying the excellence of Italian cuisine. At the moment, Wincity POS are 34 and are present in the main Italian cities, like Milan, Rome, Turin, Brescia, Pescara, Florence, Catania, Bologna. MatchPoint is the brand dedicated to horse racing and sports betting and Virtual Races. The 385 MatchPoint point of sales offer the complete portfolio of Sisal products, within environments highly technological and with special attention to customer needs. In addition to them, there are 1,279 Corner Equestrian (PGI) and Sports (PGS) MatchPoint Game Points.

The International business unit relates to the Group's presence on international markets through the award of competitions (e.g. in the context of Lotteries) as well as the acquisition of licenses (e.g. in the context of online games and online sports betting). Thanks to its ability in the management of lotteries and gaming, the Group has embarked on a path of internationalization to develop new business opportunities and affirm its leadership in new markets. Since 2018, the Group has defined a long-term international development strategy, which balances the expansion in the different markets through sustainability and adaptation of their organizational structure, with the aim of becoming an international key-player in lotteries and online. Indeed, the Group has started its expansion path in countries whose markets are more limited in size, but which have significant development potential, such as Morocco and online gaming in Spain. In 2018, The Group won the tender launched by the Morocco National Lottery Management Company (SGLN). In the same year, Sisal Maroc was born in Casablanca, which now has 68 employees. In July 2019, the Group expanded its international presence in the Spanish market with the acquisition of Betting and Casino&Slot licenses. The choice to focus on Spain, as the first country within the online gaming internationalization strategy is derived from the strong trend of growth and dynamism of the market. In 2019, thanks to the strong reputation gained through the award and the perfect transition in Morocco, and the quick set-up in Spain, the Group was invited to participate in tenders in larger markets such as Turkey. Tender that was awarded in August 2019 and with a successful start in August 2020, in the midst of the Covid-19 pandemic. In August 2020 the Group officially launched a partnership resulting from the collaboration with Şans Digital ve Interaktif Hizmetler Teknoloji Yatirim A.S., a company of the Demirören Group – one of the most important entrepreneurial realities in Turkey, especially in the world of media and communication. The headquarters of Istanbul with a local team of 118 people manages and develops an articulated portfolio consisting of lotteries also instantaneous, distributed on the retail channel with a network of about 10,000 points of sale and online for a new experience of the multi-channel game also enriched by virtual races. Thanks to this gradual approach, the Group has therefore built an increasingly strong credibility as an International player, based on three cornerstones: (i) the ability to win in all the races in which had participated in competition with the international market leaders, (ii) the solidity of its technological skills and operating model in managing of the successions from the outgoing dealers and, finally, (iii) their management skills for a significant development, but responsible for the business.

The entire strategy of internationalization and growth of the various operating companies is based on two principles: (i) digital and product innovation as a lever for growth in its leadership and (ii) the strategy to protect the consumer, unique in the gaming industry.

The broad product portfolio is transversal to the various strategic business units and includes the following macro-categories that are entrusted to as many product divisions that operate in support of each of the three strategic business units:

Lottery: responsible for the management and development of Totalizer Numerical Games National (GNTN), of which Sisal Lottery Italia has been an exclusive dealer since 1997. THE GNTN include products that dominate the preferences of Italian consumers: i) SuperEnalotto, conceived by the Group in 1997 as the dream jackpot game, relaunched in 2016 with a renewed and successful formula, always synonymous with luck and an integral part of the Italian costume; ii) its complementary and optional SuperStar game, developed in 2006, which multiplies its winnings; (iii) Win For Life, the first game in Italy that allows you to win a twenty-year annuity, launched in 2009 to support reconstruction after the earthquake of Abruzzo; (iv) SiVinceTutto, launched in 2011, which offers the entire prize pool in one evening; (v) Eurojackpot, the game that since 2012 sees 18 European countries compete for the millionaire Jackpot; (vi) Play Six, launched in 2013, the only number game available online only; (vii) VinciCasa, launched in 2014, the first game in Italy whose winnings are destined to the purchase of the home of your dreams.

On 1st October 2021, WinBox, the latest innovation at SuperEnalotto, was also launched SuperStar, which offers a renewed and digital gaming experience, along with new opportunity to win at the same price. SuperEnalotto WinBox involves players from the moment of play, with the possibility of an immediate win, until the extraction of the traditional sestina, when those who have played SuperStar but have not won anything yet, can bet on a second chance. The GNTN collection activity takes place on the physical network and in prevalence, given the affinity of targets, of opportunities for consumption and widespread distribution in the territory, takes place through the Affiliate Channel, which is composed of third-party points of sale (bars, tobacconists, newsagents). Since 2009, the GNTN offer is also available online, through the Group's websites and Apps and 11 other retailers online authorized by the ADM: the GNTN gaming offer is the same for all retailers, in what is defined and managed by the dealer Sisal

Lottery Italia, through the platform of online gaming, which is supplemented by remote retailers. The Group as of 2020 holds a share of more than 86.9% of the market in the online collection of GNTN.

Betting: in charge of the management of activities in the fixed odds betting sector and totalizer, in addition to the traditional competitions to sports predictions. The Group's offer includes bets on about 500,000 sporting and costume events each year as well as the possibility of focus daily on about 200 horse races, both national and international, and almost 3,000 virtual events (so-called virtual races) per day, choosing between multiple alternatives, such as the dog racing, horse racing or motoring, in addition to virtual football matches. The bettor may also request new types of bets (bets on demand) through the appropriate form on the website Sisal.it both in pre-match and live mode.

Gaming Machines & Online Casino: in charge of the management of activities in the ADI (Entertainment Equipment), AWP and VLT, through a network of about 5,500 points of sale and 21,950 machines for AWP, and 592 points of sale and 5,771 total rights for display screens. In addition to the aforementioned products, for the online collection sector it is in charge of the Casino Games (Slots, Table games and Instant/Quick Games), Poker, Card Games and Bingo through the portal Sisal.it and the mobile apps with a portfolio with more than 1000 games.

2. Market Overview & Valuation

2.1 Lottery and Gaming Industry

The global gambling market has grown at a compound annual rate (CAGR) of 2.1% since 2015: from a total market of $465,764 million in 2020 is expected to grow at a CAGR of 7.7% to $674,704 million in 2025 and then at a CAGR of 5.8% reaching $895,720 million in 2030.

Historically, the gambling market has grown in parallel with the experience economy, the emerging markets growth, increase of number of gamblers among women, legalization of gambling and rise in mobile gambling, but also favorable visa policies. Going forward, legalization of gambling, changing consumer gambling habits and use of social media are expected to drive the market. While stringent government regulations and demographic changes represent the biggest threats. During the past period, there was an important shift of the channel type from offline that accounted for 88% in 2020, to the online and virtual reality segment that are expected to be the fastest growing. Although in the past Asia Pacific and North America regions were the most active in the gambling market, several analysis suggest that the fastest growing geographic areas will be Middle East and Eastern Europe with 12.0% and 10.8% respectively. Being a very regulated industry, also at a regional level there are a lot of local players in the market serving customers in their specific geography, therefore the market is relatively fragmented. The top ten competitors in the market made up to 20.1% of the total market in 2020.

Within the market there are several segments: lotteries, casinos sports betting and others. Until 2020, lotteries cover the largest part of the total gambling market, but the growth rate is slowing down, indeed it is projected to reach $450,460 million by 2027, from $341,000 million in 2020 at a CAGR of 4.1%. In the coming years sports betting is expected to be the fast growing one at a CAGR of 8.4%., driven by the digital revolution, increasing commercialization of sports events, and the legalization of sports betting.

In the last period the Online Gambling is gaining more and more importance, its Market Size is expected to reach a market value of around $172 billion by 2030 with a CAGR of 11.6% over the forecast timeframe. Online gambling, also known as e-gambling is witnessing an increase in demand thanks to the massive shifting towards online platforms and online gambling in general (ease of access, convenience, and corporate sponsorship). Casinos worldwide are predicted to have huge success due to the multi-layer taxation environment in the business. Without any doubt, Covid-19 was a booster for the online growth as consumer turned more to online platforms to overcome their financial, psychological, and social crises. Moreover, Europe dominated the market in 2021 with a market size of $14 billion, mainly due to the legalization of gambling in various European countries, including Italy, Malta, France, and Germany. As before, sport betting is the most common form of mobile gambling, despite its association with gambling-related harm, live-action betting is aggressively gaining market, the global sports betting Market is expected to reach $139 billion by 2028 with a considerable CAGR of 10.2% until 2028. Others important drivers to mention are the introduction of 5G, growing application of artificial intelligence and block chain technologies. In addition to that, the ancillary introduction of online payments methods have accelerated the growth, especially in regions where betting regulations is more permissive. [Appendix 1]

2.2 Sisal by numbers in a growing industry

The strategic directions and guidelines developed by the company will be further pursued in the coming years, with the aim of: (i) strengthening leadership in the Online market in Italy, through the implementation of the digital transformation projects and the further development of the omni-channel strategy (ii) to further develop the business international business through the consolidation of business in countries where the company already operates, and through the evaluation of further development opportunities in other countries, also thanks to the recent acquisition by Flutter Entertainment plc (iii) to consolidate the Retail business in Italy, innovating the gaming experience in the channel through integration between the physical and online channels. [Appendix 2, 3, 4]

The Company will pursue its growth objectives considering responsibility and sustainability as core values, continuing to integrate ESG issues within its development strategy. In 2021, Revenues was at €682,301 growing +31.4% versus previous year. This increase is mainly attributable to the strategic business unit Online Italy, which recorded a growth of 53% in terms of inflows compared to the same period of the previous year, thanks to the positive contribution of Betting in terms of payout and event portfolio, as well as the enrichment of the product offering and the expansion of the customer base and to the strategic International business unit (+158% in terms of inflows), whose increase is mainly attributable to the Turkey business, launched in August 2020.

In the analysis, Revenue is expected to grow at a CAGR of 1.4% reaching €774.641 by 2030, mainly driven by the Online segment (CAGR of 5.2%) and the International business (CAGR 9.0%) considering the high potential of the market already opened and the ones which could probably follow (e.g. United Kingdom).

The historical Cost of Sales was computed by summing up Raw Material, Gaming Running Costs, Commercial Services and Personnel Cost. After that, the Gross Profit was calculated through a comparison with the main peers divided by business focus (Retail or Online/International). During the forecasted period the Gross Profit improves by 4.7% thanks to the shifting to the Online Channel that guarantees a greater marginality. Similarly, the EBITDA has improved over the period from €246,550 in 2021 to €390,740 in 2030 at a CAGR of 5.2%, thanks to an efficient cost management that guarantees an improvement in marginality of 1431bps. Consequently, the Ebit has a good marginality that increase overtime because thank to the massive shifting forward online platforms, there is a consistent reduction in Tangible Asset Depreciation and Amortization.

The first metric analyzed in the reformulation of Balance Sheet was Net Working Capital, through Trade accounts receivables, Inventory and Trade Accounts payables. The receivables projection was made starting by the computation of the average collection period in days of the historical values (divided by 365 days) and then multiplied by the projected Revenues. Similarly, for the Inventory and the Trade Account Payables where average holding period and payable period in days were computed and afterwards multiplied by the projected Cost of Sales. The Net Working Capital is expected to decrease over the period. The projections of Other Current Assets was made by calculating the average growth rate between 2019 and 2021 then multiplied by the relative Revenues of the future years. Consequently, the Total Invested Capital increases from €967,985 in 2021 to €977,885 in 2030. Net Financial Position grows over the period at a CAGR of 2.3%, although the Cash & Cash Equivalent slowly grows over the analyzed period. Correspondingly, the Equity value passes from €700,342 in 2021 to €649,925 in 2030.

2.3 Sisal Valuation

The first step to perform Cash-Flow based valuations [Appendix 5] with the four methods: Adjusted Present Value, Discounted Cash Flow, Flow to Equity, and Economic Value Added is to reformulate the Cash-Flow. Starting from the EBIT (Earning Before Interests and Taxes), the NOPLAT (Net Operating Profit Less Adjusted Taxes) was computed deducting taxes. After that, it is possible to obtain the Operating Gross Cash Flow by subtracting Amortization and Depreciation. Then, the investments in Capex, NWC and Intangible Assets were deducted as well as the active and passive operating taxes. The Operating Free Cash Flow obtained shows a positive trend, with a CAGR of 10.3% starting from €66,774 in 2022 and ending with €132,319 in 2030. The Total Unlevered FCF increases over the period, from €76,558 in 2022 to €132,219 in 2030, therefore with a lower CAGR of 8.1%. Additionally, it is fundamental to compute the Cost of Capital and the WACC for the actualization and normalization of the Cash Flow though the different methods. Firstly, a set of trading comparable were selected according to a uniformity of their Raw Beta in the last 5 years. Once seven peers were selected, they were analyzed on the basis of their Market Cap, Net Debt and Current EV.

On the other hand, for Sisal Capital Structure shows a Net Debt of €267,643 and an Equity Value of €700,342. Assuming a Share Price of €10 the total outstanding shares are 70,034. From the Company's Annual Report the Tax Rate resulted equal to 24%, while the Risk free rate was assumed equal to 3.46% as the 10 years BTP yield as of (11th August 2022). From the

Damodaran Database, it was possible to extract the Market Risk Premium (MRP) for the Equities in Italy of 6.42%, leading to a Market Return equal to 9.88%. [Appendix 6]

The cost of Debt (@Rd) was computed from the Annual Report as the ratio between the Financial Expenses in 2022 (€36,727) and the Total Financial Liabilities in 2022, resulting in @Rd equal to 7.87%. Through this it was possible to calculate the Debt Beta (βd) of 0.69.

$$\beta_{\mathrm{d}} = \frac{\left(R_d - R_f\right)}{MRP}$$

After that, the unlevered Beta was computed for each company as:

$$\beta_{\mathrm{u}} = \beta_{\mathrm{d}} \frac{D}{EV} + \beta_e \frac{E}{EV}$$

From the average of all the unlevered Beta the unlevered Beta industry was obtained (equal to 1). Afterwards the Beta levered (equal to 1.15) was computed as:

$$\beta_{\mathrm{lev}} = \beta_u + \frac{D}{E}(\beta_u - \beta_{\mathrm{d}})$$

Thanks to the CAPM (Capital Asset Pricing Model) it was possible to obtain the Cost of Equity levered (Re=11.08%) and the Cost of Equity unlevered (Ru= 10.09%)

$$R_{\mathrm{e}} = R_f + \beta_{lev} MRP \qquad\qquad R_u = R_f + \beta_u MRP$$

And finally the @wacc (8.50%) as a weighted average:

$$\mathrm{WACC} = R_d \frac{D}{EV} (1 - Tax\ Rate) + R_e \frac{E}{EV}$$

The Adjusted Present Value (APV) [Appendix 7] consists in separately valuing the tax benefits related to the tax deductibility of interest expenses and adding them to the unlevered value, calculated based on the rate @Ru (unlevered cost of equity 10.09%) starting from the Operating Cash Flow. Following this methodology, the Total enterprise value (EV) obtained is equal to €1,716,970 from which subtracting the Net Financial Position (€267,643) to obtain €1,449,327 as the Value of Equity. Assuming a total number of shares equal to 70,034, the share price following this analysis is equal to €20.69.

The Discounted Cash Flow (DCF) [Appendix 8] is based on the projection of Operating Cash Flow which are discounted at @wacc (8.50%). The terminal value is estimated on the back of the last year of projections, discounted by the difference between the @wacc and the perpetuity growth rate (estimated at 2.00%). After the computation of the Operating EV the Non-Operating Value was added to compute the Total Enterprise Value equal to €1,957,249. As before, after subtracting the Net Financial Position an Implied Share Price of €24.13 was computed.

The Free Cash Flow to Equity [Appendix 9] is calculated by summing to the Operating Free Cash Flow the Net Interest Expenses, the tax shield and the Change in Net Financial Assets. This cash flow is discounted at @Re (Levered Cost of Equity 10.82%), and then the Non-operating Value is summed on top to achieve a Total Equity Value of €1,109,097 which led to an Implied share price of €15.84.

The Economic Value Added [Appendix 10] method starts from the Noplat which is divided by the Invested Capital in order to find the ROIC (%Return On Invested Capital), which is compared to the @wacc to find the Annual Economic Profit. After that this value is actualized and summed with the Initial Invested Capital. Then, the Non-Operating value is added and the Net Financial Position subtracted to find the Total Equity, from which computing an Implied Share Price of €19.23.

The multiples [Appendix 11] method allows the value of corporate capital to be determined on the basis of traded prices for equity securities of comparable companies. The purpose of this method is to identify the multiple that links the market price of company capital with the company's economic variables. In this document, the two multiples analyzed are EV/EBITDA and EV/EBIT. The first one is a sort of financial pay-back index of the price paid for the acquisition, it relates the value of an enterprise to its gross cash generation, while the multiple EV/EBIT shows the advantage not to be influenced by the capital structure.

Among the trading comparable there are: Betsson AB, Entain PLC, Flutter Entertainment plc, International Game Technology PLC, Kindred Group plc, LeoVegas AB, Organization of Football Prognostics S.A. [Appendix 13]

From this set of comparable the average and median value of EV/EBITDA 11.4x, 7.9x that lead to a median Equity Value of €1,681,270 and an Implied Share Price of €24.01, while for EV/EBIT the multiples are 15.1x and 12.1x with a median equity value of €1,684,713 and an Implied Share Price of €24.06.

The comparable transactions [Appendix 11] analysis allows to obtain crucial information about the possible market price of the company, their value heavily relies on the market condition and on the negotiating power (bargaining power of the potential buyers).

The average and median EV/EBITDA that emerge from the analysis of seven past transactions are 10.4x and 7.6x which lead to a Median Equity Value of €1,606,137 and an implied share price if €22.9. [Appendix 12]

The historical pattern which is observable is that usually the transactions with a strategic buyer, unlike the theory, have lower multiples than the deals with a financial counterparty.

2.4 Flutter Acquisition VS Sisal IPO

The purchase of 100% of Sisal from the CVC Capital Partners Fund was announced on December 23, 2021, by Flutter Entertainment, the largest online betting company in the world, for a sum of €1.913 billion. In order to obtain the required regulatory authorizations from ADM in Italy, the relevant authorities in Turkey (TWF), and Morocco (SGLN), as well as in antitrust matters, authorization procedures have been started. It is anticipated that, subject to obtaining the aforementioned authorizations, the Transaction will be completed during the second quarter of 2022. The Group anticipates gains in operational efficiency as a result of this transaction, primarily due to the consolidation of negotiations with specific international and product suppliers as well as a further solidification of its leadership in the markets in which it operates.

In addition, Sisal S.p.A. made an application to Borsa Italiana S.p.A. in October 2021 for approval to list its common shares on the Mercato Telematico, which is owned and operated by the latter. The company had already negotiated with Joint Global Coordinators and Joint Bookrunners of the Placing (Deutsche Bank, Equita SIM, J.P. Morgan and UniCredit Corporate & Investment Banking, and Lazard acting as Financial Advisor). Several factors led to the shift from listing to the strategic sale to Flutter. First of all, the synergies obtained between two market leading players, especially with a view to expansion in different European regions and gaining market share in the online channel.

On the other side, also the condition of the very crowded market did not represent a prolific environment for listing, especially for a company that operates in a very regulated market and that could probably underpin additional taxes and regulations in the online division. Due to all these factors of uncertainties, investors were not very interested in shares of a business that did not transmit a high level of confidence, therefore maybe a greater level of underpricing of the Share Price could have helped in the success of the process. Moreover, leading players in the online gambling market are focused on continuous innovations to differentiate and personalize their product offerings for potential users. Mergers and acquisitions, product launches, and partnerships are the primary methods these companies adopt to establish and compete in the gambling market.

3. Underpricing Analysis

3.1 Underpricing: Literature Review

The amount of shares that are subscribed by investors might indicate whether an IPO is successful or unsuccessful. The best price must be chosen in order to appeal to underwriters and make the shares desirable. Due to this, a market phenomena known as "underpricing" of shares has gained popularity.

Ritter and Welch in one of their research[1] provides one of the most acclaimed explanations for underpricing through **information asymmetry** that leads to a twofold view. The first one explains how issuers, having more information at their disposal, can use the underpricing strategy, which cannot be replicated by all companies, to distinguish themselves from lower quality companies. The second theory illustrates how the different allocation of information is a benefit for investors, which occurs when issuers are faced with an unforeseen demand curve for shares. This second scenery is very common therefore different demand curve were analyzed to explain the underpricing existence. One of these theories assumes that all investors have the same level of information; thus each one of them will only buy shares at a price below their common valuation. On the other hand, when there is an information waterfall, so that different investors have different information the message spreads in the market is crucial and higher the price, higher the probability of a failure in the listing process. Another theory by Baron (1982)[2] assumes that the underwriter has information on both the potential demand for the supply and on the market conditions. Since the issuer does not have access to this information, the underwriter is delegated to choose the offer price according to market information; and the bank is well compensated for setting the offer price. The optimal offer price should deviate from the solution that would be found in the absence of information asymmetries in order to resolve this agency conflict between the issuer and middleman. Kevin Rock[3] proves through a model how underpricing is the main factor for the underpricing. Starting from two possible different activities one with certain return (1) and the others where the shares are issued through an IPO (v: uncertain value – riskier). Before the emission, the issuer set the price (P) and the number of shares to issue (Z). Moreover, there are two types of issuers, the ones informed and the others without information. This second scenario is possible because the information advantage is

[1] A Review of IPO Activity, Pricing, and Allocations" Ritter J. R. ,Welch I. (2002), The Journal of Finance, Vol.4, pp. 1795-1828
[2] "A model of the demand for investment banking advising and distribution services for new issues", Baron, David P., 1982, Journal of Finance 37, 955-976. 1823
[3] ",Why New Issues Are Underpricing" ,Kevin Rock ,1984, Journal of Financial Economics 15 (1986). NorthHolland, pp.187-212

canceled by making public all the information or through an aggressive strategy, otherwise because is true that the issuer has more information than one investor, but no more than all the investors aggregated.

Rock puts six hypotheses at the basis of his model: i) Informed investors have perfect understanding of shares return; ii) Informed investors cannot borrow or short-sell shares; iii) Informed investors demand is lower than the average value of the issued shares ($v\%Z$); iv) Non-informed investors have homogenous information about P distribution; v) All the investors have the same Wealth (equal to 1) and the same utility; vi) The investment bank is an invisible intermediary.

From the first hypothesis is clear that informed investors will buy shares only if their value ($v\%$) is lower than the offer price (P). If this condition is verified the investors will buy shares for a value equal to their total wealth, therefore informed investors' demand will be equal to 1 if $p<v\%$ or 0 if $p>v\%$. While non-informed investors (N number of non-informed) will buy equal to max (0;T), considering that short-selling is banned in the model. Therefore, the total demand will be $NT+1$ if $p<v\%$ or NT if $p>v\%$

Rock defines b the probability that the demand is fulfilled in the $p<v\%$ scenario (underpricing due to the excess of demand), and probability b' when orders are met in the case of $p>v\%$ (overpricing due to offer excess). These odds are comparable to a lottery, indeed for each order received, the issuer assigns a number. If that number is drawn, just as in a lottery, the associated order will be fulfilled. Thus, in the event of excess demand, supply being rationed of supply, the value of the shares will be equal to the value of the fulfilled orders plus a small error due to the incomplete fulfillment of a drawn order.

$NuT + Ni = pZ$ if $b<1$ (Nu number of orders Satisfied of non-informed investors, Ni number of orders Satisfied of non-informed investors) and adding expectations $bNT + bI= pZ$ if $b<1$ from which

$$b = min\left(\frac{pZ}{NT + I}; 1\right) \; b' = min\left(\frac{pZ}{NT}; 1\right)$$

b < b' so the probability of receiving an under-quoted bid is less than or equal to the probability of receiving an over-quoted one. This distortion causes less informed investors to revalue the new shares negatively. For this reason, the issuer must make its shares even more attractive, by lowering the offer price.

Investment banks are essential to the listing process, and various studies have found that the relationship between the issuer and the investment bank is a primary factor in underpricing.

Randolph et al.[4] in their paper show that the Investment bank's presence in a listing process reduces the level of underpricing. Firstly, they define a new variable 'Uncertainty ex-ante' which derives from the lack of knowledge about the future price of the share issued in the IPO. This data will be available through the prospectus presented during IPO, even though companies will be reluctant to publish details, both because they don't want to communicate valuable information to competitors and to reduce their legal liability exposures. This uncertainty leads to a Winner's Course problem, in other words considering the risks that shares could trade at a lower price after listing, investors would buy only if they are underpriced. The higher the risk of market undervaluation of the new-issued shares, the higher the premium asked by the investors, in other words, the higher the underpricing. This is demonstrated by the two authors through a regression of the weighted least squares regression since there is a heteroscedasticity problem (when the standard deviations of a predicted variable, monitored over different values of an independent variable or as related to prior time periods, are non-constant). The evidence indicates a correlation between underpricing and uncertainty, but the issuer, who is typically a new entrant to the market, is unaware that the underpricing is a poor signal to the investor.

[4] " Investment Banking , Reputation and The Underpricing of initial public offering", Randolph P. Beatty e Jay R. Ritter, Journal of Financial Economics 15 (1986) 213-232.

The investment bank as an intermediary has a reputation that this will have no incentive to engage in opportunistic behavior. Therefore, the presence of the investment bank during the IPO causes the price of the new shares to be pushed towards an equilibrium underpricing level. This happens for three reasons: i) The bank is unsure of the share's future value as a market agent, but as an underwriter, it can easily set the offer price; ii) Unlike the issuer, the investment bank puts its reputation on the line during the process; iii) If it tried to cheat the market, it would lose credibility and thus clients. In another paper, Schenone[5] highlights the correlation among underpricing and the relationship between the company and the investment bank. The study shows how companies that collaborate with an Investment Bank with which they have a stable pre-IPO relationship to carry out the listing transaction, have a lower value of underpricing because there is a reduction of information asymmetry.

When a company decides to go public, three possible cases can occur: i) The bank with which the company has a stable relationship can be the global coordinator; ii) The bank to which the company has a stable relationship may act as the book-runner but the firm entrusts another bank as a global coordinator; iii) The bank to which the firm has a stable relationship is unable to act as the role of IPO manager. In the first scenario, the bank has an information advantage over other investors and this advantage will be used to be able to set the offer's price. For this reason, a lower level of undercutting is expected, since the company will not have to "repay" the investors for the increased information provided, being the more informed investor. Moreover, the reputation of the bank will be sufficient to guarantee the good quality of the offer, so it will not be necessary to have a high level of underpricing.

A low level of underpricing is also expected in the second case, while by relying on a bank with little information about the company, the latter will have to give information of its quality to

[5] "The Effect of Banking Relationships on the Firm's IPO U

nderpricing", Carola Schenone, The Journal of Finance, Vol. 59, No. 6 (Dic., 2004), pp. 2903-2958 the market. Investors are highly interested in the value on the secondary market of the shares issued during the IPO. Ellul et al.[6] use a model to explain the correlation between liquidity and underpricing. They split the model into three phases: i) t=0 is the IPO moment; ii) t=1 when the shares are negotiated in the aftermarket; iii) t=2 the shares are liquidated.

This model presents two cases of information asymmetry both in the primary and the secondary market. When all the investors are neutral to risk, the underpricing depends on the information asymmetry and on the aftermarket spread. The method used for analysis is that of instrumental variables because of the errors caused by the different sample moments. The model's explanatory variables are information asymmetry and liquidity. Underpricing is positively correlated with secondary market liquidity as well as liquidity risk. The liquidity premium implicit in underpricing is smaller the more liquid the secondary market. The issuer will list a large number of shares on the market if it is aware that its business is of low quality. The availability of stock options will help tell the market about the caliber of the business. This will result in significant underpricing. Additionally, underpricing is reduced when the directors have a large number of options, when venture money is backing the company, and when a reputable underwriter is backing the company. Ellul and Pagano perform also an empiric analysis, starting with an univariate regression to understand the influence of each variable, then a multivariate regression to evaluate the total effect. The results of the univariate analysis show that underpricing is decreasing with respect to the free float placed through the IPO, while it increases, although not very significantly, as the retention rate increases. Underpricing appears to have a direct relationship with the share of the offer intended for institutional investors, thus confirming the hypothesis that these investors are repaid through a strong discount of the shares for the information disclosed during the bookbuilding phase. Over-subscription also manifests itself with a higher level of underpricing, although this means that more shares will be placed

[6] "Ipo Underpricing and After-Market Liquidity ",Andrew Ellul eMarco Pagano, Review of Financial Studies, Vol. 19, No. 2, pp. 381-421, 2006

on the secondary market and this will buffer the effects of flipping (buy and sell fast to gain some profits).

From Palmucci's analysis,[7] the variables that influence underpricing the most are the ones connected to the aftermarket. In particular, the three most important ones are flipping, the first-day spread, and over-subscription. These three variables together show that excess demand in the primary market affects the after-market by generating an excess of liquidity that leads to a greater spread that results in a higher level of underpricing. What is interesting from the multivariate analysis is the effect of turnover, interpreted as an index of market liquidity, on underpricing. While in the univariate analysis these two variables had a positive correlation, in the multivariate analysis the relationship changes sign. This is a consequence of the influence of excess demand. This result leads to the conclusion that underpricing can be seen as the price paid for the consumption of liquidity associated with the sale of a large block of shares. Therefore, the more liquid the market, the lower this price will be, i.e. the underpricing.

According to Peter K. Pham, Petko S. Kalev and Adam B. Steen[8], what influences underpricing is liquidity but also the type of ownership structure the company expects to have after the IPO. It is the choice of whether to favour liquidity benefits or the number of new shareholders that conditions the level of discount of the new shares. What the analysis shows is that: i) Underpricing is positively influenced by the number of shareholders and negatively influenced by the asymmetry in the distribution of shares between the different shareholders; ii) Post-IPO liquidity is positively influenced by the number of shareholders and negatively influenced by the asymmetry in the distribution of shares among the different shareholders as before; iii) Between underpricing and post-IPO liquidity there is a relationship.

[7] " IPO Undepricing: a liquidity issue", Fabrizio Palmucci, convegno ADEIMF , Palermo 2009

[8] "Underpricing, stock allocation, ownership structure and post-listing liquidity of newly listed firms", Peter K. Pham, Petko S. Kalev *, Adam B. Steen, Journal of Banking & Finance 27 ,2003, pp. 919– 947

In conclusion, the main takeaway is that a company that relies on a high level of underpricing will aim to enjoy the benefits of the liquidity, trying to attract the greatest number of shareholders. The choice of a low level of discount leads to the conclusion that the company has the objective of attracting a small number of large shareholders. Hanley in his paper[9] divides the investor demand in three different types: i) offer with a final price higher to the one in the prospect (positive news); ii) offers without a price range; iii) offers with a final price lower to the one in the prospectus (negative news). The data show that the greater the price range in the prospectus, the greater the change in the offer price. On the other hand, the overallotment option is negatively related to possible change in the share price because there are fewer shares to allocate. While a higher reputation of the investment bank that act an underwriter will increase the possibility of a change in the shares' price, because the bank can rely on a wider investors' portfolio to gather information. Therefore, the underpricing is higher when the offer price is modified upwards, thanks to the positive news of the shareholders during the waiting period (when drafting the offer prospectus). Ultimately what emerges from the Hanley work is that both underpricing and the increase in the number of shares offered to be allocated are a way of rewarding the investors for the information given.

Roni Michaely and Wayne H. Shaw[10] demonstrate how the phenomenon of adverse selection influences underpricing. What emerges from the analysis is that underpricing occurs in the case of heterogeneity of information causing an adverse selection problem to the detriment of less informed investors. This inhomogeneity is caused by the presence of institutional investors and better-informed investors. In fact, as verified the two authors, in the case of the absence of these two classes of investors, for example in the case of IPOs conducted by master limited partnership (MPL - This type of company form can only be used by legally determined

[9] "The underpricing of initial public offerings and the partial adjustment phenomenon," Hanley, K. W, 1993, Journal of Financial Economics, Vol. 34, pp. 231-250

[10] "The Pricing of Initial Public Offerings: Tests of Adverse-Selection and Signaling Theories" , Roni Michaely and Wayne H. Shaw Source: The Review of Financial Studies, Vol. 7, No. 2 (1994), pp. 279-319

companies mostly operating in the natural resources sector) type of companies, the value of underpricing is zero.

3.2 Empirical demonstration

The literature explained above clearly states that underpricing is a phenomenon that derives from a lot of different factors together with market conditions. But to summarize six key drivers would be: information asymmetry, the relationship between the company and the bank that act as a global coordinator before the IPO, the liquidity of the secondary market, the demand from investors, the ownership structure the company expects to have after the IPO and the adverse selection. What it is important to mention is that balance sheet variables have never been cited as an explanation for underpricing. To better understand this point I have developed a regression using 259 IPOs from January 2000 to December 2020 whose shares are traded in Italy. Then, for each company I collected the Return on Assets (ROA), Return on Equity (ROE), and Earnings per share (EPS), Revenues per share, Ebitda Margin at the date of the IPO [Appendix 14]. These five variables are the independent variable of the regression while the dependent variable is the underpricing. To determine the underpricing, I have started from its main effect, in other words the positive return of the price in the first days after the listing. For this reason, I have calculated the return between the price ten days after the IPO and the price the day of the launch of the IPO, excluding then the outlier values. What emerged is that all the value are not significant and not useful to explain the growth of the price in those ten days. [Appendix 15]

4. Conclusion

This investigation showed that a number of phenomena can account for underpricing. The prevalence of information asymmetries inside markets is undoubtedly the most relevant. The necessity for issuing firms to undervalue their shares in order to attract investors who are less knowledgeable is caused by the varying ways that different investors allocate information. Adverse selection is probably connected to this occurrence. To the detriment of the less knowledgeable investors, who will demand a significant share discount, the existence of such heterogeneity of information will result in an unfavorable selection dilemma. The relationship between the issuer and the underwriter is another feature that helps to explain the existence of underpricing. The knowledge asymmetry between the offering firm and the investor will be reduced the more reputable the underwriter is. As a result, there will be less underpricing of shares. The tax advantages of distributing the shares to the company's employees is another occurrence that pushes the issuing company to underprice its shares. To conclude, it seems that underpricing is a strategy to encourage the acquisition of additional shares to ensure the success of the IPO, otherwise, as in the Sisal’s case, it could fail or switch in another type of process.

5. Appendix

1. Focus on Italy

In 2020, the total gaming volume reached €88.38 billion, 17.3% less than in 2018. A figure that corresponds to the average monthly income of €51.1 million Italians and the purchase of almost 100 million iPhones. Winnings amounted to €75.36bn, with a net loss of €13.02bn. Card or skill games represent the main source of gaming revenue (€37.5 billion), followed by newslots and VLT (€18.97 billion), sports/horse-racing betting (€11.34 billion), lotteries and scratch cards (€8.17 billion), lotto (€6.41 billion), virtual betting and betting exchange (€3.81 billion), numerical totalizator games (€1.26 billion) and, finally, bingo (€0.92 billion). In the year of the pandemic, the share attributable to remote games increased by 27%, overtaking the 'physical network': 56% versus 44%. Lombardy is the region where the highest 'physical network' collection was recorded (€7,204 billion on €39.1 billion) followed by Campania (€4,349), Lazio (€3,902) and Emilia Romagna (€3,058). In Italy the average amount of bets is €31.6 for men and €22.9 for women: for both, the age group that spends the most is that between 25 and 34 years old.

2. Historical Income Statement

	2017A	2018A	2019A	2020A	2020A	2021A
Revenues	**724,622**	**724,014**	**731,851**	**696,489**	**388,095**	**524,741**
% growth		*(0.08%)*	*1.08%*	*(4.83%)*		*35.21%*
Fixed amount Betting Proceeds	102,973	114,046	135,058	128,428	128,428	155,762
Other proceeds	4,388	1,813	2,478	2,988	2,796	1,798
Total Revenues	**831,983**	**839,873**	**869,387**	**827,905**	**519,319**	**682,301**
Raw Material	14,418	12,211	15,264	16,136	12,944	17,000
Services Costs	455,734	452,493	465,055	456,722	237,957	311,771
Gaming running costs					*121,641*	*166,545*
Commercial services					*16,633*	*22,181*
Consulting					*15,141*	*26,164*
Other Costs					*82,325*	*96,076*
Third parties uses					*2,217*	*805*
Personnel Costs	87,954	91,746	97,034	99,119	77,217	95,225
Other Operating Costs	21,818	21,831	31,735	34,336	25,630	36,340
R&D	14,546	14,554	21,157	22,891	17,087	24,227
Expenses with different classification	(1,964)	3,178	668		23,899	48,812
Cost of thirdy Users	22,273	22,373	-		-	-
EBITDA - continuing operarations	**213,276**	**227,843**	**239,810**	**198,701**	**172,383**	**246,550**
% growth		*6.83%*	*5.25%*			*43.02%*
%margin	*25.63%*	*27.13%*	*27.58%*	*24.00%*	*33.19%*	*36.14%*
Depreciation of Financial Activities	-	-	-	12,263	12,263	1,655
Depreciation and Impairment of Tangible and Intangible Assets	114,812	115,865	153,704	155,901	122,434	138,808
Expenses with different classification	1,964	(3,178)	(668)		(23,899)	(48,812)
EBIT	**100,428**	**108,800**	**85,438**	**30,537**	**13,787**	**57,275**
% growth		*8.34%*	*(21.47%)*			*315.43%*
%Revenues	*12.07%*	*13.08%*	*10.27%*		*1.66%*	*6.88%*
Financial Proceeds	198	25	37	579	9,717	11,563
Financial Expenses	57,185	56,686	74,735	72,535	28,982	36,737
Financial Expenses due to Equity Method	50	600	127		-	-
EBT	**43,391**	**51,539**	**10,613**	**(41,419)**	**(5,478)**	**32,101**
% growth		*18.78%*	*(79.41%)*	*(490.27%)*		*486.00%*
%margin	*5.22%*	*6.14%*	*1.22%*	*(5.00%)*	*(1.05%)*	*4.70%*
Taxes	16,066	15,096	24,251	(1,155)	7,700	(89,028)
Income Result - continuing operations	**27,325**	-	-	-	**(13,178)**	**121,129**
Income Result - discontinuing operations	-	-	-	-	(27,082)	(29,576)
Net Income	**27,325**	**36,443**	**(13,638)**	**(40,264)**	**(40,260)**	**91,553**
% growth		*33.37%*	*(137.42%)*	*195%*		*127.40%*
%margin	*3.28%*	*4.34%*	*(1.57%)*	*(4.86%)*	*(4.84%)*	*11.00%*
Minorities	76	80	(2,103)	(9,987)	(9,987)	(4,617)
Continuing Operations	-	-	-		(671)	4,618
Discontinuing Operations	-	-	-		(9,316)	(9,235)
Net Income	**27,249**	**36,363**	**(11,535)**	**(30,277)**	**(30,273)**	**96,170**
% growth		*33.45%*	*(131.72%)*	*(362.48%)*		*217.68%*
%margin	*3.28%*	*4.37%*	*(1.39%)*	*(3.64%)*	*(3.64%)*	*11.56%*
Continuing Operations	-	-	-	(30,277)	(12,511)	116,511
Discontinuing Operations	-	-	-	-	(17,766)	(20,341)

2. Historical Balance Sheet

	2017A	2018A	2019A	2020A	2021A
Tangible Assets	96,577	108,740	224,750	245,872	198,002
Goodwill	569,275	569,275	785,195	795,076	260,974
Immateria Activity	521,550	497,523	534,635	545,803	394,625
Participation	-		3,309	20	20
Deffered Active Tax	13,596	17,515	-	-	11,199
Other Non Current Activity	22,713	20,844	22,663	243,299	331,623
Total Non Current Activity	**1,223,711**	**1,213,897**	**1,570,552**	**1,830,070**	**1,196,443**
Inventory	10,024	11,760	10,958	11,823	6,366
Receivables	181,341	145,529	113,439	101,267	33,411
Financial Current Activity	-				25,670
Tax Credits	268	77	231	63	3,801
Other Current Activity	155,478	61028	175,402	50,781	60,092
Secured Cash	211,402	201,552	148,585	240,531	224,124
Cash & Cash Equivalents	45,683	254,892	172,014	215,709	173,758
Total Current Activity	**604,196**	**674,838**	**620,629**	**620,174**	**527,222**
TOTAL ASSETS	**1,827,907**	**1,888,735**	**2,191,181**	**2,450,244**	**1,723,665**
Social Capital	102,500	102,500	102,500	102,500	102,500
Reserves	161,127	161,110	350,127	337,343	495,818
Net Income of the Group	26,209	62,684	(11,535)	(30,277)	96,170
Equity	**289,836**	**326,294**	**441,092**	**409,566**	**694,488**
Minorities	1,157	1,097	(63,491)	(64,163)	5,854
TOTAL EQUITY	**290,993**	**327,391**	**377,601**	**345,403**	**700,342**
Financial Non Current Liabilities	696,721	701,499	1,019,607	1,209,219	332,189
Pension funds	8,757	8,381	10,125	12,900	7,957
Risk Provision Funds	132,915	127,636	17,685	27,074	50,210
Deferred Passive Taxes	13,409	15,477	116,071	101,791	-
Other Non Current Liability	1,182	709	236	5,751	9,964
Total Non Current Liabilities	**852,984**	**853,702**	**1,163,724**	**1,356,735**	**400,320**
Payables	330,481	334,756	301,783	308,920	110,907
Financial Current Liabilities	46,338	55,864	37,722	41,937	134,882
Tax Debt	15,916	10,942	5,529	19,029	4,533
Other Current Liabilities	291,195	306,080	304,822	378,220	372,681
Total Current Liabilities	**683,930**	**707,642**	**649,856**	**748,106**	**623,003**
TOTAL LIABILITIES	**1,827,907**	**1,888,735**	**2,191,181**	**2,450,244**	**1,723,665**
	TRUE	*TRUE*	*TRUE*	*TRUE*	*TRUE*

3. Historical Cash-Flow

	2017A	2018A	2019A	2020A	2020A	2021A
Income Before Taxes	43,392	51,539	10,613	(41,419)	(41,419)	(7,991)
Depreciation of Financial Activities	99,296	100,380	140,609	163,653	122,187	137,771
Depreciation of Material and Immaterial Activities	157	4,870	13,627	15,644	11,182	1,655
Other Depreciation of Material and Immaterial Act.	13,395	13,426	11	247	247	1,036
Personnel Risk Reserve	2,228	3,020	5,021	13,613	11,546	25,943
Net financial Expenses	56,986	56,661	74,698	71,955	19,264	25,174
Non meretary cash flows	50	0	(1,614)		1,464	5,695
Operating Cash Flow before discontinued operations WC variations					99,222	101,979
OPERARATING CASH FLOW before NWC	**215,504**	**229,896**	**242,965**	**223,693**	**223,693**	**291,262**
Surplus Variation	(853)	(1,736)	802	(1,125)	(2,630)	886
Receivables Variations	(16,086)	22,386	22,588	(4,706)	10,273	38,097
Payables Variations	49,176	(30,392)	(21,684)	2,615	(37,970)	(85,795)
Current Activities and Liabilities Variations	5,204	(11,274)	(119,663)	(115,669)	(39,128)	(2,887)
Taxes payed	(6,675)	(21,599)	(39,584)	(179)		(11,529)
Operating Cash Flow by discontinued operations			-		(49,609)	11,501
Net Operating Cash Flow	**246,270**	**187,281**	**85,424**	**104,629**	**104,629**	**241,535**
Material Investments	(39,309)	(45,332)	(38,564)	(59,441)	(53,217)	(42,218)
Immaterial Investments	(20,395)	(48,103)	(66,282)	(94,331)	(69,333)	(61,029)
Deferred payments of acquisition or participations			(1,635)	(1,278)		(2,265)
Other Activities Variations	(50)	(272)	(4,676)	1,472	2,080	1,969
Consolidation Liquidity Loss		(444)				(47,862)
Net Cash Flow absorbed by Discontinued Operations					(33,108)	(32,703)
Investment Cash Flow	**(59,754)**	**(94,151)**	**(111,157)**	**(153,578)**	**(153,578)**	**(184,108)**
Settlement of long funds	0	0	530,000	11,655	11,655	
Current Financial Activities			(33,741)			(25,670)
Settlement of Short Term Financial Liabilities	14,671	17,307		157,353	100,000	24,000
Repayment of Short Term Financial Liabilities	(69,000)	(15,000)				(24,000)
Repayment of Medium Term Financial Liabilities	(642)	(273)	(450,127)	(410)		(8,208)
Repayment of Leasing	(524)	(98)	(22,424)	(26,432)	(23,213)	(24,926)
Third-party Capital Investments					3,692	
Not payed interests	(54,800)	(51,576)	(80,854)	3,692	(20,783)	(23,550)
Financial Cash Flow absorbed by discontinuing operations				(52,120)	22,387	(14,089)
Net Cash Flow from Financial Activities	**(110,295)**	**(49,640)**	**(57,146)**	**93,738**	**93,738**	**(96,443)**
Total Liquidity & Cash Equivalents Variation	**76,221**	**43,490**	**(82,879)**	**44,789**	**(39,016)**	**44,789**
Liquidity at the beggining of the period	**135,181**	**211,402**	**254,892**	**172,014**	**215,709**	**172,014**
Change in Liquidity				(1,094)	(2,935)	(1,094)
Liquidity at the end of the period	**211,402**	**254,892**	**172,014**	**215,709**	**173,758**	**215,709**

4. Free Cash-Flow Map

(in €000)	2022	2023	2024	2025	2026	2027	2028	2029	2030
EBIT	123,943	129,484	136,246	148,232	154,311	161,461	169,721	179,136	189,763
Notional taxes	(29,746)	(31,076)	(32,699)	(35,576)	(37,035)	(38,751)	(40,733)	(42,993)	(45,543)
NOPLAT	94,197	98,408	103,547	112,656	117,276	122,710	128,988	136,144	144,220
Depreciation	145,872	148,594	151,423	154,459	157,420	160,482	163,647	166,916	170,290
Expenses with different classification	27,809	27,770	27,889	28,470	28,650	28,962	29,405	29,980	30,688
Operating Gross Cash Flow	267,878	274,772	282,859	295,585	303,346	312,155	322,041	333,040	345,197
Investment in Capex	(69,347)	(56,044)	(56,116)	(54,209)	(58,018)	(58,329)	(58,670)	(59,035)	(59,418)
Investment in NWC	(432)	(5,747)	6,621	6,004	5,498	5,002	4,550	4,136	3,759
Investment in Intangible Assets	(88,447)	(93,259)	(89,827)	(88,738)	(87,822)	(89,594)	(91,007)	(92,279)	(93,508)
Secured Cash	-	-	-	-	-	-	-	-	-
Other current assets	3,086	(7,099)	(6,799)	(6,160)	(6,960)	394	560	726	(6,854)
Other current liabilities	14,674	28,542	26,745	15,252	5,419	4,239	10,592	2,343	1,497
Expenses with different classification	(36,948)	(36,897)	(37,055)	(37,827)	(38,066)	(38,480)	(39,070)	(39,833)	(40,773)
Current tax assets	(1,414)	(3)	10	50	15	27	38	49	61
Deffered Active Tax	(7,466)	-	-	3,733	-	-	-	-	-
Income taxes payable	(770)	7	(23)	(111)	(34)	(59)	(85)	(110)	(135)
Non current deferred tax liabilities	(14,039)	(6,990)	(7,130)	(7,773)	(7,459)	(7,783)	(8,206)	(16,297)	(17,278)
Operating Free Cash Flow	**66,774**	**97,282**	**119,284**	**125,806**	**115,919**	**127,571**	**140,743**	**132,741**	**132,548**
Non-Operating Free Cash Flow	9,784	-199	-203	8,562	-211	-216	-220	-224	-229
Total Unlevered FCF	**76,558**	**97,083**	**119,081**	**134,368**	**115,708**	**127,355**	**140,523**	**132,517**	**132,319**
[-] Interest expenses	(39,755)	(37,143)	(39,755)	(37,143)	(39,755)	(36,220)	(37,526)	(37,988)	(38,141)
[+] tax shield	9,541	8,914	9,541	8,914	9,541	8,693	9,006	9,117	9,154
Change in Net Financial Assets	(12,268)	(5,598)	(5,710)	(5,824)	(5,941)	(6,060)	(6,181)	(6,304)	(6,431)
Transactions with Shareholders (in cash)	(34,077)	(63,256)	(83,157)	(92,849)	(79,553)	(93,768)	(105,822)	(97,342)	(96,901)
Financing CF	**(76,558)**	**(97,084)**	**(119,081)**	**(126,902)**	**(115,708)**	**(127,355)**	**(140,523)**	**(132,517)**	**(132,319)**

5. Beta Analysis

Company	Market Cap (USDm)	Net Debt (USDm)	Current EV (USD)	Raw Beta (5Y)	Weight	D/EV	E/EV	D/E	Unlevered Beta	Weighted unlevered Beta
Betsson	897.0	0.3	897.3	0.81	0.02	0.00	1.00	--	0.81	0.02
Entain plc	11,919.1	2,549.3	14,468.4	1.17	0.28	0.18	0.82	0.21	1.08	0.30
Flutter Entertainment plc	18,691.5	3,630.0	22,321.5	0.91	0.43	0.16	0.84	0.19	0.87	0.38
IGT plc	4,164.9	6,526.0	10,690.9	1.86	0.10	0.61	0.39	1.57	1.14	0.11
Kindred Group plc	1,861.3	-99	1,762.2	1.40	0.04	--	--	--		
LeoVegas	587.7	22.7	610.4	0.91	0.01	0.04	0.96	0.04	0.90	0.01
Opap	4,875.8	127.9	5,003.7	1.40	0.11	0.03	0.97	0.03	1.38	0.16
TOTAL	**42,997**	**12,757**	**55,754**	**1.21**	**0.14**	**0.17**	**0.83**	**0.41**	**1.03**	**0.98**

6. Capital Structure and WACC

Net Debt	267,643
Equity Value (k€)	700,342
Share price (€)	10
No. outstanding shares (thousand)	70,034
Tax Rate	24%

D/EV	27.6%
E/EV	61.8%
D/E	44.8%

Risk-free*	3.46%
Market Return	9.88%
Market Risk Premium**	6.42%

β levered (Equity beta)	1.19
β debt	0.69
β unlevered (industry)	1.03

Cost of equity levered (Re)	11.08%
Cost of equity unlevered (Ru)	10.09%
Cost of debt (Rd)	7.87%

**10 year BTP Yield as of 08/11/2022*

**Damodaran Equity Risk Premium Italy 2022

WACC	
	2022
re	11.08%
rd	7.87%
E/EV	61.78%
D/EV	27.65%
Tax Rate	24.00%
WACC	8.50%

7. Adjusted Present Value

		2022	2023	2024	2025	2026	2027	2028	2029	2030
Operating Cash Flow		66,774	97,282	119,284	125,806	115,919	127,571	140,743	132,741	132,548
@ Ru		10.09%	10.09%	10.09%	10.09%	10.09%	10.09%	10.09%	10.09%	10.09%
Operating EV (Unlevered)	1,352,178	1,421,824	1,467,988	1,496,808	1,522,014	1,559,649	1,589,430	1,609,044	1,638,637	0
Tax Shields		9,541	8,914	9,541	8,914	9,541	8,693	9,006	9,117	9,154
@Ru	10.09%	10.09%	10.09%	10.09%	10.09%	10.09%	10.09%	10.09%	10.09%	10.09%
Value tax Shields	101,300	101,979	103,353	104,239	105,841	106,978	109,078	111,077	113,166	0
Operating EV (Levered)	1,453,478	1,523,803	1,571,341	1,601,047	1,627,855	1,666,628	1,698,509	1,720,120	1,751,804	0
Other Non Current Activity	331,623	331,623	331,623	331,623	331,623	331,623	331,623	331,623	331,623	331,623
Other Non Current Liability	-9,964	-9,964	-10,163	-10,367	-10,574	-10,785	-11,001	-11,221	-11,446	-11,674
Pension benefit obligations, net	-7,957	-7,957	-7,957	-7,957	-7,957	-7,957	-7,957	-7,957	-7,957	-7,957
Postretirement benefit obligations, net	-50,210	-40,426	-40,426	-40,426	-31,656	-31,656	-31,656	-31,656	-31,656	-31,656
Non-operating value	263,492	273,276	273,077	272,873	281,436	281,224	281,009	280,789	280,564	280,335
Total EV	**1,716,970**	**1,797,079**	**1,844,418**	**1,873,921**	**1,909,291**	**1,947,852**	**1,979,517**	**2,000,909**	**2,032,368**	**280,335**
+ Value Fin. Debt	-267,643	-279,911	-285,509	-291,219	-297,043	-302,984	-309,044	-315,225	-321,529	-327,960
= Value of Equity	1,449,327	1,517,168	1,558,909	1,582,701	1,612,248	1,644,868	1,670,473	1,685,684	1,710,838	-47,625

Implied share price	**20.69**

8. Discounted Cash-Flow

		2022	2023	2024	2025	2026	2027	2028	2029	2030
Operating Cash Flow		66,774	97,282	119,284	125,806	115,919	127,571	140,743	132,741	132,548
@ WACC		8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%
Operating EV (Levered)	1,693,757	1,770,968	1,824,234	1,860,027	1,892,341	1,937,288	1,974,405	2,001,504	2,038,909	
Other Non Current Activity	331,623	331,623	331,623	331,623	331,623	331,623	331,623	331,623	331,623	331,623
Other Non Current Liability	-9,964	-9,964	-10,163	-10,367	-10,574	-10,785	-11,001	-11,221	-11,446	-11,674
Pension benefit obligations, net	-7,957	-7,957	-7,957	-7,957	-7,957	-7,957	-7,957	-7,957	-7,957	-7,957
Postretirement benefit obligations, net	-50,210	-40,426	-40,426	-40,426	-31,656	-31,656	-31,656	-31,656	-31,656	-31,656
Non-operating value	263,492	273,276	273,077	272,873	281,436	281,224	281,009	280,789	280,564	280,335
Total EV	**1,957,249**	**2,044,244**	**2,097,311**	**2,132,900**	**2,173,776**	**2,218,512**	**2,255,413**	**2,282,293**	**2,319,473**	**280,335**
+ Value Fin. Debt	-267,643	-279,911	-285,509	-291,219	-297,043	-302,984	-309,044	-315,225	-321,529	-327,960
= Value of Equity	**1,689,606**	**1,764,333**	**1,811,802**	**1,841,681**	**1,876,733**	**1,915,528**	**1,946,369**	**1,967,068**	**1,997,944**	**-47,625**

Implied Share Price	**24.13**

9. Flow to Equity

		2022	2023	2024	2025	2026	2027	2028	2029	2030
Cash Flow Equity		24,293	63,455	83,360	91,752	79,765	93,983	106,042	97,566	97,130
@ Re		11.084%	11.084%	11.084%	11.084%	11.084%	11.084%	11.084%	11.084%	11.084%
= Operating Equity	**845,605**	**915,039**	**953,006**	**975,277**	**991,624**	**1,021,771**	**1,041,040**	**1,050,386**	**1,069,244**	
Non-operating value	263,492	273,276	273,077	272,873	281,436	281,224	281,009	280,789	280,564	280,335
Total Equity Value	**1,109,097**	**1,188,315**	**1,226,083**	**1,248,150**	**1,273,060**	**1,302,995**	**1,322,049**	**1,331,175**	**1,349,809**	**280,335**

Implied Share Price	**15.84**

10. Economic Value Added

		2022	2023	2024	2025	2026	2027	2028	2029	2030
NOPLAT		94,197	98,408	103,547	112,656	117,276	122,710	128,988	136,144	144,220
Invested Capital	967,985	950,346	949,022	964,556	978,802	977,233	981,877	993,413	989,786	977,885
ROIC		9.7%	10.4%	10.9%	11.7%	12.0%	12.6%	13.1%	13.7%	14.6%
WACC		8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Annual Economic Profit (%)		1.2%	1.9%	2.4%	3.2%	3.5%	4.1%	4.6%	5.2%	6.1%
Annual Economic Profit (€)		11909	17619	22871	30660	34069	39637	45519	51694	60079
PV Economic Value Added	646,698	689,764	730,781	770,033	804,833	839,182	870,883	899,397	924,160	0
Initial Invested Capital	967,985	950,346	949,022	964,556	978,802	977,233	981,877	993,413	989,786	977,885
= Levered EV	1,614,683	1,640,110	1,679,803	1,734,589	1,783,634	1,816,415	1,852,761	1,892,810	1,913,946	977,885
+ Value Fin. Debt	-267,643	-279,911	-285,509	-291,219	-297,043	-302,984	-309,044	-315,225	-321,529	-327,960
= Value of Operating Equity	**1,347,040**	**1,360,200**	**1,394,294**	**1,443,370**	**1,486,591**	**1,513,430**	**1,543,717**	**1,577,585**	**1,592,416**	**649,925**
Non-operating value		273,276	273,077	272,873	281,436	281,224	281,009	280,789	280,564	280,335
Total Equity	**1,347,040**	**1,633,476**	**1,667,371**	**1,716,243**	**1,768,027**	**1,794,655**	**1,824,725**	**1,858,373**	**1,872,980**	**930,260**

Implied Share Price	**19.23**

11. Trading Multiples (Capital IQ)

(Values in USDm, as of 08.11.2022)

Company	Country	Market capitalization	Net debt	EV	EBITDA	EBIT	EPS	Price	EV/EBITDA	EV/EBIT	P/E
Betsson	Sweden	897.0	0.3	897	127	121	7.04	6.94	7.0x	7.4x	1.0x
Entain plc	United Kingdom	11,919	2,549	14,468	897	700	0.36	16.56	16.1x	20.7x	46.0x
Flutter Entertainment plc	Ireland	18,691	3,630	22,321	1,310	931	3.44	114.41	17.0x	24.0x	33.3x
IGT plc	United Kingdom	4,165	6,526	10,691	1,363	883	0.77	21.61	7.8x	12.1x	28.1x
Kindred Group plc	Malta	1,861	- 99	1,762	351	330	1.24	9.36	5.0x	5.3x	7.5x
LeoVegas	Sweden	588	23	610	32	23	0.10	6.04	19.0x	26.3x	60.4x
Opap	Greece	4,876	128	5,004	633	516	0.97	13.52	7.9x	9.7x	13.9x
Average		**6,142**	**1,822**						**11.4x**	**15.1x**	**27.2x**
Median		**4,165**	**128**						**7.9x**	**12.1x**	**28.1x**
Weighted average									**14.2x**	**19.2x**	**32.7x**

Price		
EBITDA	246,550	as of 31.12.2021
Adj. EBIT	129,559	
Net Debt	267,643	
#shares outstanding (mn)	70,034	

Equity value			
in USD	Min	Median	Max
EV/EBITDA	1,429,080	1,681,270	1,933,461
EV/EBIT	1,432,006	1,684,713	1,937,420

RANGE:	0.15

Share price			
in USD	Min	Median	Max
EV/EBITDA	20.41	24.01	27.61
EV/EBIT	20.45	24.06	27.66

12. Transaction multiples (Capital IQ)

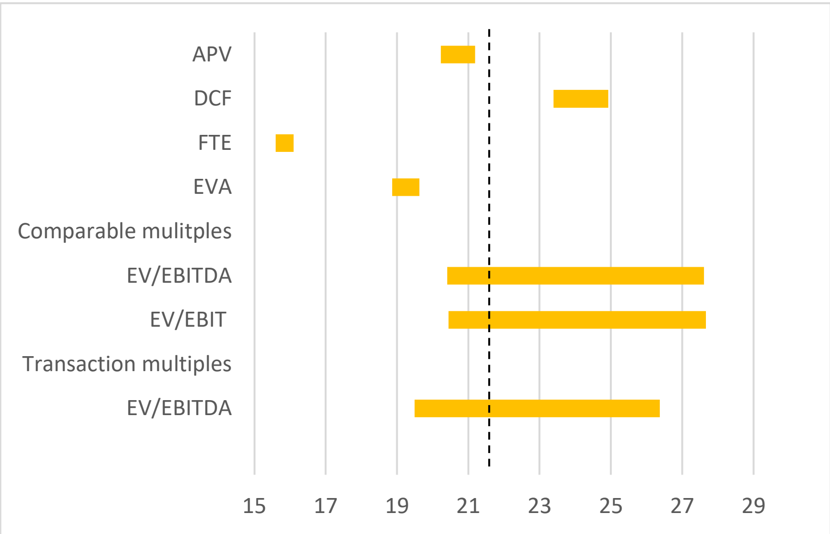
Target Name	Deal Value (USD mn)	EV/EBITDA	Date
Scientific Games	876.10	13.7x	9/14/2020
Lottomatica	1100.00	5.3x	7/12/2020
Gamenet Group	725.80	6.8x	10/23/2019
Opap	223.66	8.4x	7/8/2019
GoldBet	272.00	6.6x	7/24/2018
Wynn Resorts	1214.27	15.3x	3/22/2018
Bwin	1579.30	19.8x	9/4/2015
Average		**10.4x**	
Median		**7.6x**	
Weighted average		**12.7x**	

Equity value			
in USD	Min	Median	Max
EV/EBITDA	1,365,216	1,606,137	1,847,058

Share price			
in USD	Min	Median	Max
EV/ adj. EBITDA	19.49	22.9	26.37

13. Valuation Summary

	Lower bound	*Share price*	*Upper bound*	*Range*
Cash-flow methods				
APV	20.23	20.69	21.20	0.97
DCF	23.39	24.13	24.93	1.54
FTE	15.59	15.84	16.09	0.50
EVA	18.87	19.23	19.63	0.76
Comparable mulitples				
EV/EBITDA	20.41	24.01	27.61	7.20
EV/EBIT	20.45	24.06	27.66	7.22
Transaction multiples				
EV/EBITDA	19.49	22.93	26.37	6.88



13. Trading comparable description

Betsson AB, through its subsidiaries, engages in the online gaming business primarily in the Nordic countries, Western Europe, Central and Easter Europe, Central Asia, and internationally. It offers poker, casino, sportsbook, scratch cards, bingo, and other games. The company serves its customers under several different brands (e.g. Betsafe, Betsson, Casino DK, etc. etc.) and it also offers systems solutions to other gaming operators. Betsson AB was incorporated in 1963 and is based in Stockholm, Sweden. With a Market Capitalization of $897million and 7.0x EV/EBITDA and 7.4x EV/EBIT.

Entain PLC operates as a sports-betting and gaming company. The company provides online betting, casino, poker, and bingo services through mobile and web under several subsidiaries (e.g. bwin, Ladbrokes, Coral, Sportingbet, Betboo, Crystalbet as well as Gamebookers, a full-service sportsbook). Entain PLC was founded in 2004 and is headquartered in London, the United Kingdom. With a Market Capitalization of $11,919million and 16.1x EV/EBITDA and 20.7x EV/EBIT.

Flutter Entertainment plc operates as a sports betting and gaming company in the United Kingdom, Ireland, Australia, the United States, and internationally. It offers sportsbooks and exchange sports betting products, daily fantasy sports products, and pari-mutuel betting products; fixed odds games betting products; online games and casinos; peer-to-peer games, including online bingo, rummy, and poker; and business-to-business services. Flutter Entertainment plc was incorporated in 1958 and is headquartered in Dublin, Ireland. With a Market Capitalization of $18,961 million and 17.0x EV/EBITDA and 24.0x EV/EBIT.

International Game Technology PLC operates and provides gaming technology products and services in North America, Europe, the Middle East, Africa, Asia-Pacific, Latin America, and the Caribbean. It operates in three segments: Global Lottery, Global Gaming, and Digital & Betting. The company designs, sells, operates, and leases a suite of point-of-sale machines that reconciles lottery funds between the retailer and lottery authority; provides online lottery transaction processing systems; produces instant ticket games; and offers printing services, such as instant ticket marketing plans and graphic design, programming, packaging, shipping, and delivery services. It was founded in 2014 and is headquartered in London, the United Kingdom. With a Market Capitalization of $4,165 million and 7.8x EV/EBITDA and 12.1x EV/EBIT.

Kindred Group plc operates an online gambling business primarily in Europe, Australia, and North America. The company offers sports betting, including horse racing; poker; casino and games; and bingo through various brands, such as the 32 Red, bingo.com, Casinohuone, Kolikkopelit, Maria Casino, Storspelare, Unibet, Vlad Cazino, and OttoKasino. As of March 15, 2022, it had approximately 30 million registered customers worldwide. Kindred Group plc was founded in 1997 and is headquartered in Sliema, Malta. With a Market Capitalization of $1,861 million and 5.0x EV/EBITDA and 5.3x EV/EBIT.

LeoVegas AB operates as a mobile gaming company in Malta, Sweden, and internationally. It offers casino games under the LeoVegas, GoGoCasiono, LiveCasiono, Bet UK, Pink Casino, 21.co.uk, and Slot Boss brands. The company also operates Pixel.bet, an e-sports betting operator; Expekt, which offers sports betting; and CasinoGrounds, a platform for casino streaming. LeoVegas AB was incorporated in 2010 and is headquartered in Stockholm, Sweden. With a Market Capitalization of $588million and 19.0x EV/EBITDA and 26.3x EV/EBIT.

Organization of Football Prognostics S.A., together with its subsidiaries, operates and manages numerical lottery and sports betting games in Greece. The company operates through Lotteries, Betting (Land Based), Online Betting, Other Online Games, Instant & Passives, VLTs (video lottery terminals), Telecommunication & eMoney Services, and Other segments. The company was founded in 1958 and is based in Athens, Greece. With a Market Capitalization of $4,876 million and 7.9x EV/EBITDA and 9.7x EV/EBIT.

14. *Dependent variables analysis*

```
      roe                   eps              salespershare
 Min.   :-0.98620   Min.   : -778.46    Min.   : 0.000
 1st Qu.: 0.04755   1st Qu.:    0.05    1st Qu.: 1.532
 Median : 0.10305   Median :    0.17    Median : 3.253
 Mean   : 0.13141   Mean   :  223.28    Mean   : 7.042
 3rd Qu.: 0.19930   3rd Qu.:    0.37    3rd Qu.: 8.322
 Max.   : 1.18840   Max.   :57814.29    Max.   :94.692
      roa              ebitdamargin
 Min.   :-0.43920   Min.   :-14.24940
 1st Qu.: 0.01575   1st Qu.:  0.02205
 Median : 0.03940   Median :  0.07515
 Mean   : 0.05021   Mean   :  0.01399
 3rd Qu.: 0.07285   3rd Qu.:  0.16517
 Max.   : 0.40110   Max.   :  0.85900
```

15. *Regression Results*

```
Call:
lm(formula = return ~ roa + roe + eps + salespershare + ebitdamargin,
    data = R_DATI_PROVA1)

Residuals:
     Min       1Q   Median       3Q      Max
-0.13535 -0.05051 -0.02659  0.01842  0.54901

Coefficients:
                Estimate Std. Error t value Pr(>|t|)
(Intercept)    4.781e-02  8.481e-03   5.638  4.6e-08 ***
roa           -1.389e-01  1.447e-01  -0.960   0.3380
roe            5.091e-02  5.078e-02   1.003   0.3170
eps            1.169e-07  1.708e-06   0.068   0.9455
salespershare -1.153e-03  5.664e-04  -2.036   0.0428 *
ebitdamargin   6.428e-03  7.147e-03   0.899   0.3693
---
Signif. codes:  0 ‘***’ 0.001 ‘**’ 0.01 ‘*’ 0.05 ‘.’ 0.1 ‘ ’ 1

Residual standard error: 0.09842 on 252 degrees of freedom
Multiple R-squared:  0.01999,   Adjusted R-squared:  0.000546
F-statistic: 1.028 on 5 and 252 DF,  p-value: 0.4015
```

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