SAZKA Group a.s.

Condensed consolidated interim financial statements for the nine months period ended 30 September 2019

prepared in accordance with IAS 34 Interim Financial Reporting

Condensed consolidated interim statement of financial position	**Note**	**30/09/2019**	**31/12/2018**
ASSETS			
Intangible assets		1 884 027	1 989 714
Goodwill	6.2	598 676	892 149
Property, plant and equipment	2f	196 853	142 732
Investment property		1 732	903
Other non-current investments		10 953	2 201
Equity method investees	3	633 589	670 729
Long-term receivables and other non-current assets		85 372	86 323
Deferred tax asset		16 120	2 046
Total non-current assets		**3 427 322**	**3 786 797**
Inventories		19 580	11 266
Short-term trade receivables and other current assets		250 190	206 556
Current tax asset		421	288
Short-term financial assets	4	12 444	15 010
Cash and cash equivalents	5	555 191	312 678
Total current assets		**837 826**	**545 798**
Total assets		**4 265 148**	**4 332 595**

The notes on pages 10 to 46 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of financial position (continued)	**Note**	**30/09/2019**	**31/12/2018**
EQUITY AND LIABILITIES			
Equity			
Share capital	7	81	81
Capital contributions and other reserves	7	42 312	473 034
Translation reserve		-11 952	-9 842
Retained earnings and profit for the year		734 764	347 849
Total equity attributable to owners of the Company		765 205	811 122
Non-controlling interest	8	877 405	961 960
Total equity		**1 642 610**	**1 773 082**
Liabilities			
Bank loans and other borrowings – non-current portion	9	1 570 438	1 653 740
Other long-term liabilities	6.2	22 013	129 484
Long-term lease liabilities	9	60 533	--
Long term provisions	20	10 016	31 688
Employee benefits		2 659	4 807
Deferred tax liability		246 646	234 005
Total non-current liabilities		**1 912 305**	**2 053 724**
Bank loans and other borrowings, current portion	9	342 867	113 172
Short-term lease liabilities	9	8 379	--
Short-term trade and other payables		313 784	363 379
Current tax liability		30 141	16 600
Employee benefits		3 260	--
Short-term provisions		11 802	12 638
Total current liabilities		**710 233**	**505 789**
Total liabilities		**2 622 538**	**2 559 513**
Total equity and liabilities		**4 265 148**	**4 332 595**

The notes on pages 10 to 46 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of comprehensive income for the nine-month period ended 30 September	**Note**	**9M 2019**	**9M 2018 Restated***
Amount staked		3 907 649	3 736 900
Condensed consolidated statement of comprehensive income is as follows:			
Continuing operations:			
Gross gaming revenue (GGR)	11	1 371 497	1 288 180
Lottery tax	11	-429 158	-406 405
Net gaming margin **	11	942 339	881 775
Revenue from sale of goods and services	11	94 604	92 942
Other operating income		7 489	8 664
Agent´s commissions		-301 606	-293 511
Materials, consumables and services	12	-235 119	-237 846
Marketing services	13	-64 305	-59 710
Personnel expenses	14	-77 590	-71 036
Other operating expenses	15	-26 764	-34 119
Share of profit of equity method investees (net of tax)	16	90 565	75 360
Operating EBITDA * **	17	**429 613**	**362 519**
Depreciation and amortization	18	-89 386	-73 630
Profit from operating activities		**340 227**	**288 889**
Interest income calculated using the effective interest method		5 686	1 455
Other finance income		2 740	1 769
Finance costs		-60 697	-65 199
Finance costs, net		**-52 271**	**-61 975**
Profit before income tax		**287 956**	**226 914**
Income tax expense		-70 903	-57 895
Profit for the period after tax from continuing operations		**217 053**	**169 019**
Gain on disposal of subsidiaries	6.2	277 267	--
Profit for the period from discontinued operations, exluding gain on disposal	6.2	15 571	21 297
Profit for the period after tax from discontinued operations		**292 838**	**21 297**
Profit for the period after tax		**509 891**	**190 316**
Items that are or may subsequently be reclassified to profit or loss:			
Foreign currency translation differences for foreign operations		392	-71
Foreign currency translation differences of disposed foreign operations transferred to profit or loss		-2 528	--
Remeasurement of hedging derivatives (net of tax)		-6 435	-1 058
Share of other comprehensive income of equity method investees		-6 373	-4 865
Other comprehensive income / (loss) for the period from continuing operations		**-14 944**	**-5 994**
Other comprehensive income for the period from discontinued operations		**17**	**2 851**
Total other comprehensive income / (loss) for the period		**-14 927**	**-3 143**
Total comprehensive income for the period		**494 964**	**187 173**

* The Group restated condensed comparatives upon completion of acquisition accounting for NEUROSOFT S.A. (Note 2h)
** Usually referred to as Net gaming revenue (NGR).
*** Operating profit before interest, tax, depreciation and amortization.

Condensed consolidated interim statement of comprehensive income for the nine-month period ended 30 September	***Note***	**9M 2019**	**9M 2018 Restated***
Profit for the period after tax attributable to:			
Owners of the Company		**399 573**	**101 841**
– *continuing operations*		*112 919*	*88 152*
– *discontinued operations*	6.2	*286 654*	*13 689*
Non-controlling interests		**110 318**	**88 475**
– *continuing operations*		*104 134*	*80 893*
– *discontinued operations*	6.2	*6 184*	*7 582*
Profit for the period after tax		**509 891**	**190 316**
Total comprehensive income attributable to:			
Owners of the Company		**386 099**	**99 196**
– *continuing operations*		*99 419*	*82 656*
– *discontinued operations*	6.2	*286 680*	*16 540*
Non-controlling interests		***108 865***	**87 977**
– *continuing operations*		*102 690*	*80 440*
– *discontinued operations*	6.2	*6 175*	*7 537*
Total comprehensive income for the period		**494 964**	**187 173**

* The Group restated condensed comparatives upon completion of acquisition accounting for NEUROSOFT S.A. (Note 2h)
** Usually referred to as Net gaming revenue (NGR).
*** Operating profit before interest, tax, depreciation and amortization.

The notes on pages 10 to 46 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of changes in equity	**Note**	**Share capital**	**Reserve fund**	**Other funds**	**Currency translation reserve**	**Hedging reserve**	**Retained earnings and profit for the period**	**Total equity attributable to owners of the Company**	**Non-controlling interest**	**Total equity**
Balance at 1 January 2019		***81***	***229***	***463 119***	***-9 842***	***9 686***	***347 849***	***811 122***	***961 960***	***1 773 082***
Profit for the period		--	--	--	--	--	399 573	**399 573**	110 318	**509 891**
Other comprehensive loss		--	--	-6 353	-2 110	-5 011	--	**-13 474**	-1 453	**-14 927**
Total comprehensive income for the period		**--**	**--**	**-6 353**	**-2 110**	**-5 011**	**399 573**	**386 099**	**108 865**	**494 964**
Transactions with owners, recorded directly in equity:										
Dividends declared		--	--	--	--	--	--	**--**	-165 866	**-165 866**
Other movements in equity		--	--	--	--	--	453	**453**	-517	**-64**
Decrease of other funds	7	--	--	-419 358	--	--	--	**-419 358**	--	**-419 358**
Effect of disposals of subsidiaries	6.2	--	--	--	--	--	--	**--**	-22 436	**-22 436**
Effect of scrip dividend in OPAP		--	--	--	--	--	3 126	**3 126**	21 954	**25 080**
Purchase of non-controlling interest in subsidiaries	6.1	--	--	--	--	--	-16 237	**-16 237**	-26 555	**-42 792**
Total transactions with owners		**--**	**--**	**-419 358**	**--**	**--**	**-12 658**	**-432 016**	**-193 420**	**-625 436**
Balance at 30 September 2019	7	**81**	**229**	**37 408**	**-11 952**	**4 675**	**734 764**	**765 205**	**877 405**	**1 642 610**

The notes on pages 10 to 46 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of changes in equity	**Note**	**Share capital**	**Reserve fund**	**Other funds**	**Currency translation reserve**	**Hedging reserve**	**Retained earnings and profit for the period**	**Total equity attributable to owners of the Company**	**Non-controlling interest**	**Total equity**
Balance at 1 January 2018 as originally presented		***81***	***197***	***469 443***	***-12 462***	***15 799***	***250 063***	***723 121***	***927 718***	***1 650 839***
Impact of restatement		--	--	--	--	--	-59	**-59**	1 354	**1 295**
Balance at 1 January 2018*		***81***	***197***	***469 443***	***-12 462***	***15 799***	***250 004***	***723 062***	***929 072***	***1 652 134***
Profit for the period		--	--	--	--	--	101 841	**101 841**	88 475	**190 316**
Other comprehensive loss		--	--	-4 355	2 827	-1 117	--	**-2 645**	-498	**-3 143**
Total comprehensive income for the period				**-4 355**	**2 827**	**-1 117**	**101 841**	**99 196**	**87 977**	**187 173**
Transactions with owners, recorded directly in equity:										
Reallocation of previous profit		--	3	--	--	--	-3	**--**	--	**--**
Business combinations	6.1	--	--	--	--	--	--	**--**	26 839	**26 839**
Dividends declared		--	--	--	--	--	--	**--**	-68 034	**-68 034**
Other movements in equity		--	--	--	--	--	-462	**-462**	-8 595	**-9 057**
Total transactions with owners		**--**	**3**	**--**	**--**	**--**	**-465**	**-462**	**-49 790**	**-50 252**
Balance at 30 September 2018*	7	**81**	**200**	**465 088**	**-9 635**	**14 682**	**351 380**	**821 796**	**967 259**	**1 789 055**

* The Group restated consolidated comparative information upon completion of acquisition accounting for NEUROSOFT S.A. (Note 2h)

The notes on pages 10 to 46 are an integral part of these c ondensed consolidated interim financial statements.

Condensed consolidated interim statement of cash flows	**Note**	**9M 2019**	**9M 2018 Restated***
OPERATING ACTIVITIES			
Profit (+) for the period from continuing operation		217 053	169 019
Profit (+) for the period from discontinued operation		292 838	21 297
Profit (+) for the period		509 891	190 316
Adjustments for:			
Income tax expense		70 903	57 895
Depreciation and amortization	18	89 386	73 630
Profit (-) on sale of property, plant and equipment and intangible assets		--	-34
Gain on disposal of subsidiaries	6.2	-277 267	--
Net interest expense (+)		45 001	54 092
Net FX gains (-) / losses (+)		-2 486	-1 140
Other financial gains (dividends)		-53	--
Share of profit (-) of equity method investees	16	-90 565	-75 360
Operating result before changes in working capital and provisions		**344 810**	**299 399**
Increase (+) / decrease (-) in provisions		-21 396	101
Increase (-) / decrease (+) in inventories		-8 314	-3 042
Increase (-) / decrease (+) in trade receivables and other assets		-78 975	18 070
Increase (+) / decrease (-) in trade and other payables		-17 244	-65 108
Cash generated from operating activities		**218 881**	**249 420**
Interest paid		-50 998	-55 577
Income tax paid		-47 012	-42 656
Net cash generated from operating activities		**120 871**	**151 187**
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment and intangible assets		-22 543	-44 017
Acquisition of subsidiaries, net of cash acquired		--	-200 915
Acquisition of equity method investees	3	--	-117 454
Dividends and distribution received from equity method investees	3	121 332	97 902
Proceeds from sale of subsidiary, net of cash disposed of***	6.2	272 407	--
Proceeds from sale of property, plant and equipment and intangible assets		145	257
Dividends received from financial investments		53	--
Interest income received		2 778	398
Net movement in short-term financial assets**		806	-1 263
Proceeds from assignment of loan receivable	6.2	117 150	--
Net cash used in investing activities		**492 128**	**-265 092**
FINANCING ACTIVITIES			
Dividends paid to non-controlling interest	8	-140 786	-68 034
Loans and borrowings received	9	346 169	733 454
Repayment of loans and borrowings	9	-108 637	-621 955
Distribution of Other funds	7	-419 358	--
Payment of principal element lease liabilities		-7 127	--
Net movement in restricted cash related to financing activities		1 759	--
Other capital transactions with owners		--	-6 261
Purchases of non-controlling interest in subsidiaries	1.3	-42 792	--
Net cash generated from (+) / used in (-) financing activities		**-370 772**	**37 204**
Net decrease (-) / increase (+) in cash and cash equivalents		**242 227**	**-76 702**
Effect of currency translation on cash and cash equivalents		286	760
Cash and cash equivalents at the beginning of the year	5	**312 678**	**410 288**
Cash and cash equivalents at the end of the period	5	**555 191**	**334 346**

* The Group restated condensed comparatives upon completion of acquisition accounting for NEUROSOFT S.A. (Note 2h)
** Net results from cashpooling transactions.
*** For cash flows of discontinued operations see note 6.2
The notes on pages 10 to 46 are an integral part of these condensed consolidated interim financial statements.

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Notes to the condensed consolidated interim financial statements

1. General information about the Group

1.1 Description

SAZKA Group a.s. ("the Company") was established on 2 April 2012 and registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 18161. The Company's registered office is at Vinohradská 1511/230, Strašnice, 100 00 Praha 10, and its Identification Number is 242 87 814. The Company's purpose is to hold investments in other group entities.

The group SAZKA Group a.s. ("the Group") operates lottery, betting and non-lottery businesses in the Czech Republic, Greece, Cyprus, Austria, Italy and other countries. The immediate parent company of the Group is KKCG AG (for more details see also Note 1.5 below).

Mr. Karel Komárek is the beneficial owner (in Czech: skutečný majitel) of SAZKA Group a.s. pursuant to the Czech Act No. 253/2008 Coll., on certain measures against the legalization of proceeds of crime and the financing of terrorism, as amended.

1.2 Principal activity

The principal activity of the Group is the operation of lotteries and other similar games in accordance with applicable legislation, i.e. the operation of instant and numerical lotteries, sports and odds betting and other similar games.

In addition to lottery and betting activities, the Group also operates non-lottery business activities through points of sale and terminals (e.g. telecommunication, payment services, etc.). Furthermore, the Group invests in companies with similar business activities.

1.3 Group companies

Companies included in the consolidated group as of 30 September 2019 and 31 December 2018 and their effective proportions of ownership interest are as follows (divided per main streams of business activities of the Group):

Parent company:	**Note**	**Country**	**30/09/2019**	**31/12/2018**
SAZKA Group a.s.		Czech Republic	Parent company	Parent company
		Effective portion of ownership interest at Sazka Group a.s. level		
Subsidiaries:	**Note**	**Country**	**30/09/2019**	**31/12/2018**
Austrian Gaming Holding a.s.		Czech Republic	100.00%	100.00%
CAME Holding GmbH		Austria	100.00%	100.00%
Emma Delta Finance Plc	(a)	Cyprus	75.48%	71.87%
Emma Delta Hellenic Holdings Limited	(a)	Cyprus	75.48%	71.87%
Emma Delta Management Ltd	(c)	Cyprus	66.70%	66.70%
EMMA DELTA VARIABLE CAPITAL INVESTMENT COMPANY LTD	(a)	Cyprus	75.48%	71.87%
HELLENIC LOTTERIES S.A.	(b)	Greece	20.63%	15.89%
HORSE RACES S.A.	(b)	Greece	24.71%	23.71%
IGH Financing a.s.		Czech Republic	100.00%	100.00%

			Effective portion of ownership interest at Sazka Group a.s. level	
Subsidiaries:	**Note**	**Country**	**30/09/2019**	**31/12/2018**
Italian Gaming Holding a.s.		Czech Republic	100.00%	100.00%
Italian GNTN Holding a.s.		Czech Republic	100.00%	--
Kavárna štěstí s.r.o.		Czech Republic	100.00%	100.00%
Medial Beteiligungs GmbH		Austria	99.66%	99.66%
Minus5 d.o.o.		Croatia	--	51.00%
Neurosoft S.A.	(b)	Greece	16.73 %	16.06%
OPAP CYPRUS LTD	(b)	Cyprus	24.71%	23.71%
OPAP INTERNATIONAL LTD	(b)	Cyprus	24.71%	23.71%
OPAP INVESTMENT LTD	(b)	Cyprus	24.71%	23.71%
OPAP S.A.	(b)	Greece	24.71%	23.71%
OPAP SERVICES S.A.	(b)	Greece	24.71%	23.71%
OPAP SPORTS LTD	(b)	Cyprus	24.71%	23.71%
PUNI BROJ d.o.o.		Croatia	--	67.00%
RUBIDIUM HOLDINGS LIMITED		Cyprus	100.00%	100.00%
SAZKA a.s.		Czech Republic	100.00%	100.00%
SAZKA Asia a.s.		Czech Republic	100.00%	100.00%
Sazka Asia Vietnam Company Limited		Vietnam	100.00%	100.00%
SAZKA Czech a.s.		Czech Republic	100.00%	100.00%
Sazka Distribution Vietnam Joint Stock Company		Vietnam	100.00%	100.00%
SAZKA FTS a.s.		Czech Republic	100.00%	100.00%
SAZKA Group Adriatic d.o.o.		Croatia	--	100.00%
SAZKA Group Financing a.s.		Slovakia	100.00%	100.00%
SAZKA Group Russia LLC		Russia	100.00%	100.00%
SPORTLEASE a.s.		Czech Republic	100.00%	100.00%
SUPER SPORT d.o.o.		Croatia	--	67.00%
TORA DIRECT S.A.	(b)	Greece	24.71%	23.71%
TORA WALLET S.A.	(b)	Greece	24.71%	23.71%
Vitalpeak Limited		Cyprus	100.00%	100.00%

			Effective portion of ownership interest at Sazka Group a.s. level	
Associates:	**Note**	**Country**	**30/09/2019**	**31/12/2018**
Casinos Austria AG *		Austria	38.16%	38.16%
CLS Beteiligungs GmbH *	(d)	Austria	66.67%	66.67%
LOTTOITALIA S.r.l.		Italy	32.50%	32.50%
LTB Beteiligungs GmbH *	(e)	Austria	66.67%	66.67%
TCB Holdings Ltd *	(b)	Malta	9.08%	8.71%

*The equity method investee comprises a group of entities.

(a) The controlling interest in EMMA DELTA VARIABLE CAPITAL INVESTMENT COMPANY LTD is represented by 100% of voting rights held by parent companies. However, the economic interest attributable to the Group is represented by 75.48% (31 December 2018: 71.87%) of investor shares owned by the company RUBIDIUM HOLDINGS LIMITED.

(b) The Group has de-facto control over the OPAP sub-group. The OPAP sub-group ("OPAP") includes the entities HELLENIC LOTTERIES S.A., HORSE RACES S.A., Neurosoft S.A., OPAP CYPRUS LTD, OPAP INTERNATIONAL LTD, OPAP INVESTMENT LTD, OPAP S.A., OPAP SERVICES S.A., OPAP SPORTS LTD,

TORA DIRECT S.A., TORA WALLET S.A. Moreover, OPAP acquired an interest in TCB Holdings Ltd. in 2018 as a result of which this company became an associate (see Note 3).

The decision on the Group's de-facto control over OPAP represents significant judgement, which is based on the following facts and circumstances.

The Group holds its interest in OPAP through a 66.70% voting interest in Emma Delta Management Limited ("Emma") which in turn holds an indirect 32.73% interest in OPAP. The remaining 33.30% voting interest in Emma is held by a third party investor. Emma is the manager of, and owner of, all voting management shares in Emma Delta Variable Capital Investment Company Limited which through an intermediate company holds the 32.73% interest in OPAP.

Under the terms of a shareholders' agreement between the shareholders of Emma, the Group is entitled to nominate a majority of the directors to the board of Emma, one of whom is to act as a chairperson.

Although Emma's shareholding in OPAP is below 50%, its 32.73% shareholding is by far the largest individual shareholding in OPAP. The remaining 67.27% of shares are widely dispersed among numerous public market investors with none holding more than 3% stake. Since Emma acquired stake in OPAP an average shareholders' attendance on OPAP general meetings was 71% with average Emma's relative share on present voting rights of 46%, however approximately 60 different AGM attending shareholders (based on 2019 AGM) would have to get together in order to outvote Emma. All shareholders' resolutions proposed at general meetings that Emma has voted "in favor of" have been approved.

Apart from the dispersed shareholders' structure, there are also other barriers, such as regulatory approvals, preventing others from taking control of OPAP.

There are neither potential voting rights nor other contractual arrangements relevant to Emma's stake in OPAP.

The Group's appointees make up a majority of the OPAP Board (including in the roles of CEO and Executive Chairman). There are no restrictions of the OPAP Board's authority and power. It can direct OPAP to enter into significant transactions (e.g. acquisitions, etc.).

OPAP S.A. paid a dividend per OPAP share of EUR 0.60 on 15 July 2019 to shareholders of record on 26 June 2019, providing shareholders the option of receiving cash or OPAP S.A. shares via a new scrip program. The Group elected to receive cash. As a result of the scrip program, the Group's shareholding in OPAP was diluted from 33.00% to 32.73% (with effective ownership of 24.71%).

In Q4 2019, as a result of a voluntary tender offer, the Group's shareholding in OPAP was increased to 39.98% (with effective ownership of 31.96%) (see Note 22 Subsequent events).

(c) 66.70% represents voting shares, the Group's total economic share in Emma Delta Management Ltd is 75.48% (31 December 2018: 71.87%).

(d) According to the company´s Articles of Association, the company is able to make a decision only with the approval of 75% of shareholders. Therefore, the Group considers it as an investment in an associate and the company is accounted for using the equity method.

CLS Beteiligungs GmbH ("CLS") holds a 27.08% share in Lotto-Toto-Holding GmbH, which owns 26.17% of investors shares in Österreichische Lotterien GmbH "OLG" (31 December 2018: 32%). Alongside its shareholding in LTB Beteiligungs GmbH, SAZKA Group a.s. effective share in OLG is 9.45% (31 December 2018: 11.55%).

Casinos Austria AG increased its share in OLG from 67.98% to 73.81% through an equity contribution to OLG of EUR 24 500 thousand and through a restructuring process where 50% of Entertainment Glücks und Unterhaltungsspiel Gesellschaft m.b.H. originally owned by Casinos Austria AG was merged into OLG as of 1 January 2019. Therefore, Lotto-Toto-Holding GmbH decreased its share in OLG from 32% to 26.17% during the reporting period. This transaction is presented as a change of "Equity method investment in OLG" (see Note 3).

(e) According to the company´s Articles of Association, the company is able to make a decision only with 100% voting shares. Therefore, the Group considers it as an investment in an associate and the company is accounted for using the equity method.

LTB Beteiligungs GmbH holds a 27.08% share in Lotto-Toto-Holding GmbH, which owns 26.17% of investors shares in OLG (31 December 2018: 32%), Alongside its shareholding in CLS, SAZKA Group a.s. effective share in OLG is 9.45% (31 December 2018: 11.55%).

Casinos Austria AG increased its share in OLG from 67.98% to 73.81% through an equity contribution to OLG of EUR 24 500 thousand and through a restructuring process where 50% of Entertainment Glücks und Unterhaltungsspiel Gesellschaft m.b.H. originally owned by Casinos Austria AG was merged into OLG as of 1 January 2019. Therefore, Lotto-Toto-Holding GmbH decreased its share in OLG from 32% to 26.17% during the reporting period. This transaction is presented as a change of "Equity method investment in OLG" (see Note 3).

Changes in the Group

1. Acquisitions and changes in ownership interest

In the nine months to September 2019 and during 2018 the Group acquired an interest in (Note 6.1), or incorporated, the following companies and groups of companies (the percentage stated below represents the interest acquired in the period):

Company / Group companies	2019	2018	Type of transaction	Date of transaction
EMMA DELTA VARIABLE CAPITAL INVESTMENT COMPANY LTD (a)	3.61%	--	acquisition	24.5.2019
Italian GNTN Holding a.s.	100.00%	--	incorporation	20.2.2019
PUNI BROJ d.o.o.	--	100.00%	purchase	26.4.2018
Medial Beteiligungs GmbH (b)	--	70.03%	purchase	15.1.2018, 5.10.2018
Minus5 d.o.o.	--	51.00%	purchase	26.4.2018
Sazka Distribution Vietnam Joint Stock Company	--	10.00%	purchase	14.3. 2018
SAZKA Group Adriatic d.o.o.	--	100.00%	purchase	30.1.2018
SUPER SPORT d.o.o.	--	67.00%	purchase	26.4.2018
TCB Holdings Ltd	--	36.75%	purchase	18.12.2018

The above stated percentages in companies reflect direct share acquired by its parent company.

(a) As at 24 May 2019 the Group acquired an additional 3.61% investors shares in EMMA DELTA VARIABLE CAPITAL INVESTMENT COMPANY LTD. The increase represents an increase in economic share in the company without change of control. This transaction is presented as purchase of non-controlling interest in the consolidated statement of changes in equity for 2019 – Purchase of non-controlling interest in subsidiaries.

(b) The Group held a share of 29.63% (without control) in Medial Beteiligungs GmbH as at 31 December 2017 and therefore the company was accounted for using the equity method.

On 15 January 2018 the Group acquired an additional 59.26% share of Medial Beteiligungs-GmbH, obtaining control and the company became fully consolidated (see Note 6.1). Non-controling interest was recognised in Consolidated statement of changes in equity – line Business combinations in the amount of EUR 5 933 thousand.

On 5 October 2018 the Group acquired an additional 10.77%. This additional purchase was presented as a purchase of non-controlling interest.

Both acquisitions of shares in Medial Beteiligungs-GmbH represented an increase of the Group's indirect share in its equity method investment Casinos Austria AG. Therefore the purchase price allocation was performed at the level of the equity method investment Casinos Austria AG (see Note 3).

2. Disposals

In 2019, the following companies (Note 6.2) were disposed of from the Group (the percentage stated below represents the interest sold during the period):

Company / Group companies	2019	Type of transaction	Date of transaction
PUNI BROJ d.o.o. (c)	100.00%	sale	25.4.2019
Minus5 d.o.o. (c)	51.00%	sale	25.4.2019
SAZKA Group Adriatic d.o.o. (c)	100.00%	sale	25.4.2019
SUPER SPORT d.o.o. (c)	67.00%	sale	25.4.2019

The above stated percentages in companies reflect direct share acquired by its parent company.

(c) Following the management decision, the Group classified the Croatian subgroup (SAZKA Group Adriatic d.o.o. and all of its subsidiaries, including SUPER SPORT d.o.o., PUNI BROJ d.o.o., and Minus 5 d.o.o.) as discontinued operation according to IFRS 5 on 31 March 2019 (see Note 6.2). The comparative condensed consolidated interim statement of comprehensive income has been re-presented to show the continuing operations separately from the discontinued operations.

The Croatian subgroup was sold to EMMA GAMMA LIMITED with effective date of 30 April 2019.

There were no disposals of subsidiaries or associates in 2018.

1.4 Statutory body and supervisory board

The board of directors as at 30 September 2019:

Chairman of the board of directors:	Karel Komárek
Member of the board of directors:	Pavel Šaroch
Member of the board of directors:	Robert Chvátal

Supervisory board as at 30 September 2019:

Member of the supervisory board:	Tomáš Porupka

1.5 Shareholder as at 30 September 2019

KKCG AG	100%
Registered office:	
Kapellgasse 21,	
6004 Luzern	
Switzerland	

2. Basis of preparation

(a) Statement of compliance

The condensed consolidated interim financial statements have been prepared in compliance with IAS 34 Interim Financial Reporting. These financial statements do not disclose all information that is required to be disclosed in the financial statements in full format prepared in compliance with IFRS and therefore should be read and interpreted along with the consolidated financial statements of SAZKA Group a.s. for the year ended 31 December 2018.

However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

These condensed consolidated interim financial statements were approved by the board of directors on 20 January 2020.

(b) Basis of measurement

The condensed consolidated interim financial statements have been prepared on a going concern basis, using the historical cost method, unless otherwise stated in the accounting policies.

The accounting policies applied in the condensed consolidated interim financial statements are the same as the accounting policies applied by the Group in the last annual consolidated financial statements for the period ended 31 December 2018, except for the adoption of new and amended standards as set out in Note 2f.

(c) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('functional currency'). The functional currency of SAZKA Group a.s. is the Czech Crown (CZK). The presentation currency of the Group is the Euro (EUR) as the majority of the Group's transactions representing its assets, liabilities and related profit & loss accounts are in EUR.

These condensed consolidated interim financial statements are presented in Euro (EUR) for Group reporting purposes. All financial information is rounded to the nearest thousand, unless stated otherwise.

Any differences between the amounts included in the condensed consolidated interim financial statements and the respective amounts included in the notes are attributable to rounding.

(d) Use of estimates and judgements

The preparation of the condensed consolidated interim financial statements in conformity with IAS 34 requires the use of certain critical accounting estimates that affect the reported amounts of assets, liabilities, income and expenses. It also requires the Group's management to make assumptions based on its own judgement in applying accounting policies. Consequently, actual results may differ from the estimates.

When preparing the financial statements, the Group's management makes estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. These estimates, judgements and assumptions are based on past experience and other various factors deemed appropriate as at the date of preparation of financial statements and are used where the carrying amounts of assets and liabilities are not readily available from other sources or where uncertainty exists in applying the individual accounting policies. Impacts of changes in estimates are described in individual notes.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future period if the revision affects both current and future periods. As at 30 September 2019 no significant impacts were identified.

Significant assumptions used by the Group when applying the Group's accounting policies and key sources of uncertainty upon making estimates during the preparation of the condensed consolidated interim financial statements were the same as those used during the preparation of consolidated financial statements for the period ended 31 December 2018.

The use of judgements affects mainly the following areas:

- Judgement with respect to de-facto control over OPAP – Note 1.3.

(e) Significant accounting policies

The accounting policies and methods of computation applied in the condensed consolidated interim financial statements are the same as the accounting policies applied by the Group in the annual consolidated financial statements for the period ended 31 December 2018 except for the adoption of new and amended standards as set out in Note 2f below.

Current income tax is calculated on the basis of the tax laws enacted, or substantively enacted, at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income.

Deferred tax is calculated using valid tax rates that are also expected to be valid when the asset is realised or the liability settled. The tax rates are country dependent and following local legislations.

(f) New standards and amendments applicable from 1 January 2019

The Group applied for the first time certain standards and amendments to the standards, which are effective for annual periods beginning on or after 1 January 2019.

The Group's leasing activities and how these are accounted for

The Group has adopted IFRS 16 from 1 January 2019 and has applied IFRS 16 using the modified retrospective approach along with certain simplifications.

IFRS 16 supersedes IAS 17 Leases and related interpretations. The Standard eliminates the dual accounting model for lessees and instead requires companies to bring most leases on-balance sheet under a single model, eliminating the distinction between operating and finance leases.

Under the previously used model of IAS 17, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease. The Group as at 31 December 2018 did not recognize any finance leases.

Under IFRS 16, a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For such contracts, the new model requires a lessee to recognize a right-of-use asset and a lease liability.

As at the date of initial application of IFRS 16, a lease liability is measured at the present value of the remaining lease payments including those to be made over reasonably certain lease extension periods (when extension options exist) or excluding those in periods covered by lease termination options that are reasonably certain to be exercised (in case termination rights exist) discounted using the Group's incremental borrowing rate.

Right-of-use asset is measured at cost comprising the amount of the initial measurement of recognized lease liability plus advance payments or related accrued payments. Further, the initial measurement of the right of use should be increased by the following items, when sgnificant:

- Initial direct lease costs paid by the lessee, and
- Provision for estimated costs of dismantling and removal of the identified asset or restoration of the site where the asset was installed.

The right-of-use asset is depreciated and the liability accrues interest. This results in a front-loaded pattern of expense for most leases, even when the lessee pays constant annual rentals.

The Group leases the following material types of underlying assets resulting from contractual arrangements that are in the scope of the new standard (previously treated as operating lease) as at 1 January 2019:

- Premises
- Cars

Right-of-use assets are presented in the condensed consolidated interim statement of financial position as part of the line Property, plant and equipment.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life or the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise printers and small items of office furniture.

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts.

Adjustments recognized on adoption of IFRS 16

At the date of the initial application, the Group recognized a right of use asset in an amount equal to the lease liability and adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application.

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- Right of use assets – EUR 77 081 thousand
- Lease liabilities – EUR 77 081 thousand

The Group did not recognize any deferred tax effects and, accordingly, the adoption of IFRS 16 had no impact on equity as at 1 January 2019.

Operating lease commitments disclosed as at 31 December 2018	**65 548**
Discounted using the Group's incremental borrowing rate at 1 January 2019	57 223
Short-term and low-value leases recognized on a straight-line basis as expense	-704
Adjustments as a result of a different treatment of extension and termination options	20 562
Lease liability recognized as at 1 January 2019	**77 081**
Lease liability recognized as at 1 January 2019 as discontinued operation	-8 232
Lease liability recognized as at 1 January 2019 less discontinued operations	**68 849**

The recognized right of use assets relate to the following type of assets:

	Right of use asset recognized as at 1 January 2019	Discontinued operation	Right of use asset recognized as at 1 January 2019 less discontinued operations
Right of use buildings and halls	73 256	-8 232	65 024
Right of use tools, machinery and equipment (cars)	3 674	--	3 674
Right of use other tangible assets	151	--	151
Total	**77 081**	**-8 232**	**68 849**

Practical expedients the Group applied:

- leases with a lease term of 12 months or less and containing no purchase options are accounted for as short-tem leases, and
- leases where the underlying asset has a low value ('small-ticket' leases) up to approximately EUR 4 500 thousand are accounted for as low-value leases, and
- application of a single discount rate to a portfolio of leases with reasonably similar characteristics.

Impact on entity wide information:

Entity wide information	Czech Republic	Greece	Cyprus	Austria	Italy	Croatia*	Other	Total
As at 31 December 2018								
Previously published								
Segment Assets	549 384	2 143 652	327 685	330 309	301 538	102 938	577 089	**4 332 595**
Segment Liabilities	371 347	1 165 418	192 327	108 721	--	22 814	698 886	**2 559 513**
IFRS 16 impact	3 368	64 026	646	--	--	8 232	809	**77 081**
Adjusted for IFRS 16 impact								
Segment Assets	552 752	2 207 678	328 331	330 309	301 538	111 170	577 898	**4 409 676**
Segment Liabilities	374 715	1 229 444	192 973	108 721	--	31 046	699 695	**2 636 594**

*Discontinued operation

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations),

- require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in an subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

IFRS 9 (Amendments) "Prepayment Features with Negative Compensation"

Effective for annual periods beginning on or after 1 January 2019.

These amendments allow companies to measure particular prepayable financial assets with so-called negative compensation at amortized cost or at fair value through other comprehensive income if a specified condition is met, instead of at fair value through profit or loss.

The amendments did not have any material impact on the financial statements of the Group.

IFRIC 23 Uncertainty over Income Tax Treatments (issued by IASB on 7 June 2017)

The interpretation explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. IFRIC 23 shall be applied when determining taxable income (tax losses), taxable bases, unutilised tax losses, unutilised tax offsets and tax rates where uncertainty over the accounting for income tax exists.

IFRIC 23 is effective for annual periods beginning on or after 1 January 2019. It did not have any material effect on these financial statements.

IAS 28 (Amendments) "Long term interests in associates and joint ventures"

Effective for annual periods beginning on or after 1 January 2019.

The amendments clarify that reporting entities should apply IFRS 9 to long-term loans, preference shares and similar instruments that form part of a net investment in an equity method investee before they can reduce such carrying value by a share of loss of the investee that exceeds the amount of investor's interest in ordinary shares.

The amendments did not have an impact on the financial statements of the Group.

IAS 19 (Amendments) "Plan amendment, curtailment or settlement"

The amendment is effective for annual periods beginning on or after 1 January 2019.

These amendments clarify the accounting for defined benefit plan amendments, curtailments and settlements.

The amendments did not have an impact on the financial statements of the Group.

Annual Improvements to IFRSs 2015 (2015 – 2017 Cycle)

The amendments are effective for annual periods beginning on or after 1 January 2019 and did not have any material effect on the financial statements of the Group.The improvements set out below describe the key changes in the following IFRSs:

- **IFRS 3 "Business combinations"**

The amendments clarify that a company remeasures its previously held interest in a joint operation when it obtains control of the business.

- **IFRS 11 "Joint arrangements"**

IFRS 11 now explicitly explains that the investor should not remeasure its previously held interest when it obtains joint control of a joint operation, similarly to the existing requirements when an associate becomes a joint venture and vice versa.

- **IAS 12 "Income taxes"**

The amendments clarify that a company accounts for all income tax consequences of dividend payments in the same way.

- **IAS 23 "Borrowing costs"**

The amendments clarify that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

(g) Standards, interpretations and amendments to standards issued before 30 September 2019 but not yet effective

The following standards, amendments and interpretations have not yet been endorsed by the EU and are not expected to have a significant impact on the Group's consolidated financial statements.

IASB effective date 1 January 2020:

- Amendment to IFRS 3: Business combinations
- Amendments to IAS 1 and IAS 8: Definition of a material
- Amendments to References to the Conceptual Framework in IFRS Standards
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- IFRS 14 Regulatory Deferral Accounts
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

IASB effective date 1 January 2021:

- IFRS 17 Insurance contracts

(h) Restatement of condensed comparative financial information

Restatement of condensed comparatives upon completion of acquisition accounting for NEUROSOFT S.A

On 2 August 2017 the Group, through its subsidiary OPAP INVESTMENT LTD, acquired 38.19% of NEUROSOFT S.A. at a purchase price of EUR 34 197 thousand and increased its participation from 29.53% to 67.72%.

As allowed by IFRS 3, the acquisition accounting of NEUROSOFT S.A. was finalized in 2018. As a result, the Group retrospectively adjusted the amounts recognized at the acquisition date in order to reflect new information obtained about facts and circumstances that existed at the acquisition date and affected the measurement of the amounts recognized in 2018 consolidated financial statements.

The adjustments of the 2018 condensed consolidated interim financial statements as of 30 September 2018 are:

- depreciation and amortization in amout of EUR 148 thousand,
- income tax expense in amount of EUR -37 thousand.

(i) Revision of prior period financial statements

In connection with the preparation of our interim financial statements for the nine-month period ended 30 September 2019, we identified the following matter related to the condensed consolidated interim financial statements for the six-month period ended 30 June 2019:

The dividends declared by OPAP on 22 May 2019 but paid only after the 30 June 2019 period-end were presented in the cash flow statement as having been paid during the period ended 30 June 2019. This resulted in the line item "Dividends paid to non-controlling interest" being presented as (EUR 159 717 thousand) instead of (EUR 32 577 thousand) and the line item "Increase (+) / decrease (-) in trade and other payables" being presented as EUR 135 680 thousand instead of EUR 8 540 thousand. The effect of these items offset each other, resulting in no impact to the "Net decrease (-) / increase (+) in cash and cash equivalents.

The revision only affects the cash flows for the six-month period ended 30 June 2019. It does not impact the statement of financial position (including, for the avoidance of doubt, balance of cash and cash equivalents) and statement of comprehensive income as at, and for the period ended 30 June 2019. The note disclosing events after the 30 June 2019 reporting period stated that the dividend was paid in July 2019. Management is of a view that the presentation of the imputed dividend in the statement of cash flows for the period ended 30 June 2019 did not affect the users of the financial statements.

The following table summarizes the effects of the revision on our condensed consolidated interim statement of cash flows for the six-month period ended 30 June 2019:

	Previously reported	Adjustment	As revised
Increase (+) / decrease (-) in trade and other payables	135 680	-127 140	8 540
Cash generated from operating activities	**-150 646**	**-127 140**	**-277 786**
Net cash generated from operating activities	**-191 957**	**-127 140**	**-319 097**
Dividends paid to non-controlling interest	-159 717	127 140	-32 577
Net cash generated from (+) / used in (-) financing activities	**-147 834**	**127 140**	**-20 694**

3. Equity method investees

		30/09/2019	31/12/2018
Equity method investees	**Ownership interest (%)**	**633 589**	**670 729**
Casinos Austria AG (1)	38.29%	242 123	225 671
LTB Beteiligungs GmbH (2)	66.67%	50 004	46 739
CLS Beteiligungs GmbH (3)	66.67%	43 398	46 693
LOTTOITALIA S.r.l. (4)	32.50%	245 594	301 538
TCB Holdings Ltd (5)	36.75%	52 470	50 088

The above stated percentages in companies reflect the direct share owned by their respective parent company.

Change in value of investments accounted for using the equity method reflects increases or decreases in the amount of investments by the owner, share of profit or loss and other comprehensive income of the equity accounted investments less paid dividends.

The following tables represent assets and liabilities, revenues, profit/loss and total comprehensive income related to significant equity method investments:

1) Casinos Austria AG is a worldwide gaming and entertainment group based in Austria. As at 30 September 2019, Medial Beteiligungs-GmbH holds a share of 38.29% in Casinos Austria AG.

By acquiring an additional 70.03% share the Group gained control over Medial Beteiligungs-GmbH in 2018. Through control over Medial Beteiligungs-GmbH, Casinos Austria AG became a new associate of the Group. Medial Beteilligungs-GmbH is a holding company the only significant asset of which is an investment in Casinos Austria AG and thus consideration paid for Medial Beteilligungs-GmbH was included in the calculation of the equity method investment in Casinos Austria AG.

The table below presents consideration paid for the economic interest acquired in Casinos Austria AG of 26.81% in 2018 (70.03% * 38.29%):

Acquisition of additional economic interest in Casinos Austria AG

Additional economic interest (26.81%) acquired in the net identifiable assets	56 769
Goodwill	79 761
Consideration paid for additional economic interest acquired (26.81%)	**136 530**
Initial economic interest held as at 31 December 2017	79 039
Total carrying amount of equity method investee as at the date of purchase of the addition ownership interest	215 569

Casinos Austria AG	**30/09/2019**	**31/12/2018**
Non-current assets	905 048	813 264
Current assets	347 368	334 982
Non-current liabilities	-436 683	-399 770
Current liabilities	-438 900	-393 522
Net assets	376 833	354 954
Non-controlling interest	-57 288	-78 377
Net assets attributable to Casino Austria AG equity holders	319 545	276 577
Group‘s share (38.29%)	122 354	105 902
Goodwill	119 769	119 769
of which Goodwill from initial economic share	40 008	*40 008*
of which Goodwill from additional economic share	79 761	*79 761*
Carrying amount of interest in associate	**242 123**	**225 671**

Casinos Austria AG	**For the Period Ended 30/09/2019**	**For the Period Ended 30/09/2018**
Revenues	3 447 159	3 225 757
Profit (100%)	73 294	54 116
Total comprehensive income (100%)	57 968	42 512
Group‘s share of total comprehensive income	**22 196**	**16 278**
Dividends received by the Group	5 743	11 486

2) LTB Beteiligungs GmbH (“LTB“) is a company holding participations in lottery and gaming businesses. The Group holds a total share of 66.67% in LTB through CAME Holding GmbH. The shares in the company were acquired on 7 December 2016. According to the company´s Articles of Association, the company is able to make a decision only with 100% voting shares approval. Therefore the Group considers it as an investment in associate and the company is accounted for using the equity method.

LTB holds a 27.08% share in Lotto-Toto-Holding GmbH, which owns 26.17% of investors shares in Österreichische Lotterien GmbH (“OLG“) (31 December 2018: 32%). Alongside its shareholding in CLS Beteiligungs GmbH, the Group‘s effective share in OLG is 9.45% (31 December 2018: 11.55%).

LTB Beteiligungs GmbH	**30/09/2019**	**31/12/2018**
Equity method investment in OLG	64 072	70 081
Current assets	10 942	33
Non-current liabilities	--	--
Current liabilities	-11	-8
Net assets (100%)	75 003	70 106
Group's share (66.67%) = carrying amount of interest in associate	**50 004**	**46 739**

LTB Beteiligungs GmbH	**For the Period Ended 30/09/2019**	**For the Period Ended 30/09/2018**
Profit for the period	5 280	4 329
of which share of profit of equity accounted method investments OLG	5 286	4 340
of which net profit of LTB	-6	-11
share of OCI of equity accounted method investments OLG	-379	-198
Total comprehensive income (100%)	4 902	4 131
Group's share of total comprehensive income	**3 268**	**2 754**
Dividends received by the Group	**--**	**--**

3) CLS Beteiligungs GmbH ("CLS") is a company holding participations in lottery and gaming businesses. The share of 66.67% in CLS is owned through CAME Holding GmbH and was acquired on 7 December 2016. According to the compan's Articles of Association the company is able to make a decision only with 75% shareholders approval. Therefore the Group considers it as an investment in associate and the company is accounted for using the equity method.

CLS holds a 27.08% share in Lotto-Toto-Holding GmbH, which owns 26.17% of investors shares in OLG (31 December 2018: 32%). SAZKA Group a.s. effective share in OLG is 9.45% (31 December 2018: 11.55%) through its CLS and LTB shareholdings.

CLS Beteiligungs GmbH	**30/09/2019**	**31/12/2018**
Equity method investment in OLG	64 546	69 998
Current assets	572	53
Non-current liabilities	--	--
Current liabilities	-24	-15
Net assets (100%)	65 094	70 036
Group's share (66.67%) = carrying amount of interest in associate	**43 398**	**46 693**

CLS Beteiligungs GmbH	**For the Period Ended 30/09/2019**	**For the Period Ended 30/09/2018**
Profit for the period	5 814	4 312
of which share of profit of equity accounted method investments OLG	5 286	4 340
of which net profit of CLS	528	-28
of which share of OCI of equity accounted method investments OLG	-379	-198
Total comprehensive income (100%)	5 435	4 114
Group's share of total comprehensive income	**3 623**	**2 742**
Dividends received by the Group	6 920	4 020

4) LOTTOITALIA S.r.l. is a company that organizes and manages a lottery and gaming business in Italy. The Group holds a share of 32.5%, acquired on 5 May 2016. The company is accounted for using the equity method.

LOTTOITALIA S.r.l.	**30/09/2019**	**31/12/2018**
Non-current assets	632 145	708 206
Current assets	205 940	259 470
Non-current liabilities	-36	--
Current liabilities	-82 375	-39 867
Net assets (100%)	755 674	927 809
Group´s share (32.50%)	245 594	301 538
Carrying amount of interest in associate	**245 594**	**301 538**

LOTTOITALIA S.r.l.	**For the Period Ended 30/09/2019**	**For the Period Ended 30/09/2018**
Revenues	301 108	291 482
Profit (100%)	155 150	149 906
Total comprehensive income (100%)	155 150	149 906
Group´s share of total comprehensive income	**50 424**	**48 719**
Reserve distributions received by the Group	40 222	24 597
Dividends received by the Group	66 145	57 799

5) On 18 December 2018, OPAP INVESTMENT LTD, completed the acquisition of a 36.75% stake in TCB Holdings Ltd for a total consideration of EUR 50 000 thousand and measured as an investment in associate for the year ending on 31 December 2018.

EUR 2 000 thousand of the total consideration was recognized as a contingent payment obligation according to the respective contract. The liability was settled in February 2018.

TCB HOLDINGS LTD	**30/09/2019**	**31/12/2018**
Non-current assets	12 480	9 097
Current assets	78 470	53 361
Non-current liabilities	-3 388	-559
Current liabilities	-56 956	-37 752
Net assets (100%)	30 606	24 147
Group´s share (36.75%)	11 248	8 874
Post audit adjustment	8	--
Goodwill	41 214	41 214
Carrying amount of interest in associate	**52 470**	**50 088**

TCB HOLDINGS LTD	**For the Period Ended 30/09/2019**	**For the Period Ended 30/09/2018**
Revenues	168 900	**--**
Profit (100%)	12 721	--
Total comprehensive income (100%)	12 721	--
Group´s share of total comprehensive income	**4 675**	**--**
Dividends received by the Group	2 302	--

4. Short-term financial assets

Short-term financial assets in the amount of EUR 12 444 thousand (31 December 2018: EUR 15 010 thousand) consist of receivable under a cashpooling agreement in the amount of EUR 402 thousand (31 December 2018: EUR 1 209 thousand) and restricted cash in the amount of EUR 12 042 thousand (31 December 2018: EUR 13 801 thousand). Restricted cash represents the interest which will be incurred and paid in the next 12 months.

5. Cash and cash equivalents

	30/09/2019	31/12/2018
Cash and cash equivalents	**555 191**	**312 678**
Bank accounts	234 436	217 503
Fixed-term deposits	318 458	90 489
Cash in hand	2 297	4 686

As at 30 September 2019, the Group has pledged bank accounts with a total balance of EUR 39 277 thousand (31 December 2018: EUR 39 756 thousand) under various borrowing facilities. The balances on these bank accounts are unrestricted.

6. Acquisitions and disposals of subsidiaries, joint ventures and associates

6.1 Acquisitions

i. For the period ending 30 September 2019

On 24 May 2019, the Group acquired an additional 3.61% investors share in EMMA DELTA VARIABLE CAPITAL INVESTMENT COMPANY LTD. The increase represents an increase in economic share in the company without change of control. This transaction is presented as purchase of non-controlling interest in the condensed consolidated interim statement of changes in equity for the period ended 30 September 2019 – Purchase of non-controlling interest in subsidiaries.

ii. For the year ending 31 December 2018

In 2018 the Group acquired interest in the following companies or group of companies:

Company	Ownership interest	Acquisition date	Purchase price in th. EUR
SUPER SPORT d.o.o. sub-group (1)	67%	26 April 2018	
Minus5 d.o.o.	51%	26 April 2019	
Total			**334 497**

(1) SUPER SPORT d.o.o. sub-group was acquired on 26 April 2018. On 26 April SUPER SPORT d.o.o. acquired Puni broj d.o.o. (see Note 1.3).

The acquisitions of investments had the following effect on the Group:

	Recognized values on acquisition		
	SUPER SPORT d.o.o. sub-group	Minus5 d.o.o.	Total
Tangible fixed assets	2 140	29	2 169
Brands	55 268	--	55 268
Licenses	18	4	22
Other intangible assets	93	--	93
Short-term receivables	4 201	145	4 346
Cash and cash equivalents	20 500	138	20 638
Other current assets	338	--	338
Deferred tax liability	-9 948	--	-9 948
Other current liabilities	-9 614	-75	-9 689
Net identifiable assets and liabilities	62 996	241	63 237
Goodwill	291 495	672	292 167
Non-controlling interest acquired	-20 789	-118	-20 907
Consideration *	333 702	795	334 497
Consideration paid, satisfied in cash	220 758	795	221 553
Cash acquired	-20 500	-138	-20 638
Cash outflow in 2018	200 258	657	200 915

* Deferred consideration of EUR 92 444 thousand represents the fair value of a liability payable in 2021. The consideration of EUR 20 499 thousand represents the fair value of a contingent consideration payable also in 2021 which is subject to potential change based on the financial performance of the acquired entity. The fair value was estimated by calculating the present value of the expected future cash flows. The estimates are based on a discount rate of 4.35% and assumed probability-adjusted sales of SUPER SPORT d.o.o.

The Group presents below the significant assumptions and judgements for each type of asset and liability and recognition of following assets and liabilities at fair value at the acquisition date:

- Newly identifiable intangible asset was recognized referring to an internally generated brand (SUPER SPORT). In order to determine the fair value of the brand, the income approach, i.e. relief from royalty method, was applied. This method assumes the fair value of brand is represented by present value of hypothetical royalty fee saved, which would otherwise be paid in the form of licence fee to the licensor. The royalty rate of 5% was applied. Financial projections were performed based on business plans covering a period of five years, followed by a perpetuity, which was used to calculate the terminal value. For the calculation of terminal value, terminal growth model was chosen. Net royalties after tax were discounted using the weighted average cost of capital (WACC) with an uplift of 1%p. The brand was valued at EUR 55 268 thousand.
  The brand was determined as intangible asset with indefinite useful life grounded by its establishment in the market and its significant contributions to the business. The Group will perform impairment testing of the brand annually in line with the Group's policy.
- Deferred tax liability of EUR 9 948 thousand resulting from the recognition of the brand was recognized. The corporate income tax rate of 18% valid in Croatia was used.
- All of SUPER SPORT's licences were acquired in the past from the Croatia government at adetermined price and for a limited time, with pre-negotiated renewal. The licences are therefore amortised and regularly tested for impairment. As the value of the licences is regularly reviewed, the management considers the book values being approximate for the fair values at acquisition and therefore no revaluation of licences was performed at the acquisition date.
- The Group did not identify any other identifiable intangible assets or liabilities assumed to be recognized. Furthermore, all other acquired assets and liabilities were considered as adequate (the values are approximate to fair values) and are in line with the Group accounting policies and therefore no revaluation adjustment would be required.

Goodwill which was recognized separately as a result of the acquisition is attributable mainly to synergies between operating business of the Group and the acquiree and the value of intangibles not meeting the criteria for recognition, subsumed in the goodwill. Goodwill from the acquisition is not deductible for tax purposes.

The Group revised the acquisitions accounting as at the date of the financial statements and no changes from Purchase Price Allocation analysis were identified.

For the period from April to December 2018 SUPER SPORT d.o.o. sub-group contributed consolidated NGR of EUR 70 099 thousand and consolidated profit for the period after tax of EUR 36 809 thousand to the Group's result. If the acquisition had occurred on 1 January 2018, management estimates that consolidated NGR would have been higher by EUR 30 719 thousand and consolidated profit for the period after tax would have been higher by EUR 20 063 thousand. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same as if the acquisition had occurred on 1 January 2018.

For the December 2018 period Minus5 d.o.o. contributed consolidated profit for the period after tax of EUR 128 thousand. If the acquisition had occurred on 1 January 2018, the Group assumes that the impact on consolidated profit would have been immaterial.

As at 31 December 2017, the company Medial Beteiligungs-GmbH (including all its investments) was accounted for using the equity method as the Group held a share of 29.63% and did not control the entity.

On 15 January 2018 the Group acquired 59.26% of Medial Beteiligungs-GmbH and the company became fully consolidated (see Note 1.3). Non-controling interest was recognised in Consolidated statement of changes in equity – line business combinations in the amount of EUR 5 932 thousand.

On 5 October 2018 the Group acquired additional 10.77% share of Medial Beteiligungs-GmbH (see Note 1.3) by purchase of non-controlling interest.

Both acquisitions of Medial Beteiligungs-GmbH were representing an increase of indirect share in equity method investment Casinos Austria AG. Therefore the purchase price allocation was performed at the level of equity method investment Casinos Austria AG (see Note 3).

6.2 Disposal of investments

i. For the period ending 30 September 2019

Following the management decision of the Group, the Group has classified the Croatian subgroup (SAZKA Group Adriatic d.o.o. and all of its subsidiaries, including SUPER SPORT d.o.o., PUNI BROJ d.o.o., and Minus 5 d.o.o.) as a discontinued operation on 31 March 2019 (see Note 1.3). The comparative condensed consolidated statements of profit or loss and OCI [please see comment under 1.3] has been re-presented to show the continuing operations separately from the discontinued operations.

The Croatian subgroup was sold to EMMA GAMMA LIMITED with regulatory approvals granted on 25 April 2019 and effective date of 30 April 2019.

Cash consideration for the sale of the Croatian business was EUR 302 607 thousand.

The Company also assigned to EMMA GAMMA LIMITED receivables of EUR 117 393 thousand arising from a loan provided to Sazka Group Adriatic d.o.o. The consideration paid by EMMA GAMMA LIMITED for the assigned receivable was EUR 117 150 thousand.

The effects of disposals are provided in the following table:

Sazka Group Adriatic sub-group	30/09/2019
Cosideration received or receivable:	302 607
Cash	*302 607*
Fair value of contingent consideration	--
Total disposal consideration	**302 607**
Carrying amount of net assets sold	-27 868
Gain on sale of investment before reclassification of foreign translation reserve	**274 739**
Reclassification of foreign currency translation reserve from othe comprehensive income to profit or loss upon disposal	2 528
Gain on sale of investment	**277 267**

Financial performance and cash flow information of Sazka Group Adriatic sub-group

The financial performance and cash flow information presented below are for four months ended 30 April 2019 (4M 2019 column) and for the period of five months since acquisition of Sazka Group Adriatic business on 26 April 2018 till 30 September 2018 (5M 2018 column).

Result of discontinued operation	4M 2019	5M 2018
Amount staked	173 022	177 522
Consolidated statement of comprehensive income is as follows:		
Gross gaming revenue (GGR),	47 187	52 620
Lottery tax	-9 952	-10 340
Net gaming margin	37 235	42 280
Revenue from sale of goods and services	374	96
Other operating income	58	123
Materials, consumables and services	-5 856	-7 462
Marketing services	-455	-537
Personnel expenses	-4 972	-5 496
Other operating expenses	-1 321	-1 260
Operating EBITDA	**25 063**	**27 744**
Depreciation and amortization	-1 078	-453
Profit from operating activities	**23 985**	**27 291**
Interest income	339	58
Finance income	188	1 738
Finance cost	-3 707	-3 252
Loss from financial operations	**-3 180**	**-1 456**
Profit before income tax	**20 805**	**25 835**
Income tax expense	-5 234	-4 564
Profit after income tax of discontinued operation	**15 571**	**21 271**
Gain on sale of subsidiary	**277 267**	**--**
Profit from discontinued operation	**292 838**	**21 271**
Items that are or may subsequently be reclassified to profit or loss:		
Foreign currency translation differences for foreign operations	17	2 851
Other comprehensive income / (loss)	**17**	**2 851**
Total comprehensive income from discontinued operation	**292 855**	**24 122**

Cash flow from (used in) discontinued operations	2019	2018
Net cash flow from (used in) operating activities	13 715	29 500
Net cash flows from (used in) investing activities	-2 180	-201 853
Net cash flows from (used in) financing activities	-23 665	217 742
Net increase in cash generated by the subgroup	**-12 130**	**45 389**

	Sazka Group Adriatic sub-group
	Net assets sold in 2019
Tangible fixed assets	10 028
Brands	55 349
Licenses	22
Goodwill	292 167
Other intangible assets	87
Long-term receivables	23
Short-term receivables	4 643
Cash and cash equivalents	30 200
Other current assets	2 574
Deferred tax liability	-9 963
Bank loans and other borrowings*	-209 991
Other non-current liabilities	-113 432
Other current liabilities	-11 403
Net identifiable assets and liabilities	**50 304**
Non-controlling interest	-22 436
Net assets value disposed	**27 868**
Sales price	302 607
Gain on sale of investment before reclassification of foreign translation reserve	**274 739**

*Bank loans and other borrowings include a loan provided by Sazka Group a.s. to Sazka Group Adriatic d.o.o. in the amount of EUR 117 393 thousand which was as of 31 December 2018 eliminated as an intragroup transaction during the consolidation process.

ii. 31 December 2018

During the year 2018 the Group did not dispose of any of its investments.

7. Equity

Share capital

The Group's share capital consists of 20 ordinary shares in certificated form with a nominal value of CZK 100 000 per share. The share capital is fully paid-up. No changes were made in the share capital in the periods ended 30 September 2019 or in 30 September 2018.

A right to vote is attached to each share. Each share of nominal value of CZK 100 000 bears 1 vote. The total number of votes in SAZKA Group a.s. is 20. There is no distinction of any classes of shares. Possible restrictions on transferability and dividend payments, or conditions under which these may be done, might arise, in general, from the applicable laws, articles of association, contractual arrangements or bonds. Each shareholder has the right to a share in profit that has been approved by the general meeting for distribution, corresponding to such shareholder´s participation in the share capital of the company. Similarly, in the event of company liquidation, each shareholder has the right to a share in the liquidation residue.

No shares of the Company are held by the Group or its subsidiaries or associates.

Capital contributions and other reserves

On 2 May 2019, the Company provided Financial Assistance in the form of a loan in the amount of EUR 420 140 thousand to the parent company KKCG AG. On 30 July 2019 the Company distributed its other capital fund in the amount of CZK 10 778 327 thousand (in EUR equivalent using FX as of 30 September 2019 EUR 419 358 thousand), this liability was offset on 30 July 2019 against the receivable arising from the loan provided as Financial assistance. The impact of these transactions on the cash flow statement is presented as cash outflow from financing activities on the row Distribution of Other funds.

8. Non-controlling interests

The Group´s non-controlling interests amount to EUR 877 405 thousand as of 30 September 2019 and relate mainly to the OPAP S.A. sub-group with non-controlling interest of 67.27% (including 16.5% non-controlling interest in its subsidiary HELLENIC LOTTERIES S.A. and 32.28% non-controlling interest in its subsidiary Neurosoft S.A.), where the Group has an economic interest of 32.73% in the equity.

Other non-controlling interests represent 24.52% in the equity of the Emma Delta Management Ltd sub-group.

The reconciliation of non-controlling interest is presented in the table below:

30/09/2019	*HELLENIC LOTTERIES S.A.*	*NEUROSOFT S.A.*	*OPAP S.A. sub-group*	**ED Management sub-group (incl. OPAP S.A. subgroup)***	**Others (individually immaterial)**	**TOTAL**
Direct non-controlling interest percentage	*16.50%*	*32.28%*	*67.27%*	24.52%		
Non-current assets	114 671	11 276	2 121 143	2 106 959		
Current assets	101 708	6 845	353 171	430 371		
Non-current liabilities	-50 118	-3 372	-969 386	-978 848		
Current liabilities	-74 657	-4 189	-280 839	-534 662		
Net assets	91 604	10 560	1 224 089	1 023 820		
Sub-group's non-controlling interest	--	--	18 523	829 507		
Net assets attributable to the Group	91 604	10 560	1 205 566	194 313		
Non-controlling interest calculation	**15 115**	**3 408**	**810 984**	**47 646**		
Sub-group's non-controlling interest entering into consolidation	--	--	18 523	829 507		
Carrying amount of non-controlling interest	15 115	3 408	829 507	**877 153**	**252**	**877 405**
Net assets excluding net assets of sub-group on lower level (Note 1.3)	91 604	10 560	1 121 925	-200 269		
Effective non-controlling interest share	79.37%	83.27%	75.30%	24.52%		
Effective non-controlling interest	**72 707**	**8 793**	**844 760**	**-49 107**	**252**	**877 405**

* Carrying amount of non-controlling interest is mainly derived from Emma Delta Management sub-group which holds shares in OPAP S.A. and acquisition margin loan. As a result, net assets of Emma Delta Management sub-group consist mainly of further diluted net assets from OPAP S.A. and respective margin loan.

				Continuing operation	Discontinued operation		
9M 2019	*HELLENIC LOTTERIES S.A.*	*NEUROSOFT S.A.*	*OPAP S.A. sub-group*	**ED Management sub-group (incl. OPAP S.A. subgroup)***	**SUPER SPORT sub-group**	**Others (individually immaterial)**	**TOTAL**
Direct non-controlling interest percentage	*16.50%*	*32.28%*	*67.27%*	24.52%	33.00%		
Summarized information from SOCI for the year							
Net gaming margin	70 061	--	790 721	790 721	37 235		
Profit	4 592	-1 917	140 198	39 107	18 750		
Other comprehensive income	--	--	-1 862	-699	-28		
Total comprehensive income	4 592	-1 917	138 336	38 408	18 722		
Profit allocated to non-controlling interest	**757**	**-619**	**94 311**	**9 589**	**6 188**	**92**	**110 318**
OCI allocated to non-controlling interest	--	--	**-1 253**	**-171**	**-9**	**-20**	**-1 453**
Share of profit of sub-group's non-controlling interest entering into consolidation	--	--	*138*	94 449	--		
Share of other comprehensive income of sub-group's non-controlling interest entering into consolidation	--	--	--	-1 253	--		
Total comprehensive income attributable to non-controlling interest	757	-619	93 196	**102 614**	**6 179**	**72**	**108 865**
Summarized cash flow information for the year							
Net cash from operating activities	-1 649	432	200 956	**168 256**	18 159		
Cash flows used in investing activities	-61	-572	-37 734	**-14 849**	-180		
Net cash from financing activities	-10 064	-238	-175 819	**-111 358**	-31 769		
Net inflow / outflow (-) of cash and cash equivalents for the year	-11 774	-378	-12 597	**42 049**	**-13 790**		
Dividends paid to NCI			**-105 365**	**-24 617**	**-10 785**	**-19**	**-140 786**

9. Loans and borrowings and lease liabilities

	30/09/2019	31/12/2018
Bank loans and other borrowings – non-current portion	**1 570 438**	**1 653 740**
Long-term bank loans	484 866	798 688
Long-term loans from companies outside the Group	9 463	8 622
Long-term liabilities arising from debt securities (bonds)	1 076 109	846 430

	30/09/2019	31/12/2018
Bank loans and other borrowings – current portion	**342 867**	**113 172**
Current portion of long-term bank loans and borrowings	87 577	109 176
Short-term bank loans and borrowings received	254 320	3 383
Short-term liabilities arising from debt securities (bonds)	691	422
Overdrafts	279	191

	30/09/2019	31/12/2018
Lease liabilities	**68 912**	**--**
Long-term liabilities arising from leases	60 533	--
Short-term liabilities arising from leases	8 379	--

Reconciliation of movements of short-term/long-term loans and borrowings and lease liabilities to cash flow:

	9M 2019
Balance 1 January	**1 766 912**
Cash flows	
Loans and borrowings received	346 169
Repayment of loans and borowings	-108 637
Payment of lease liabilities	-7 127
Non-cash changes	
Change in accrued unpaid interest	5 790
Non-cash settlement *	73 398
Effect of disposal of subsidiaries	-92 841
Effect of FX differences recognized in profit or loss	968
Effect of FX differences recognized in other comprehensive income	-2 415
Balance 30 September	**1 982 217**

* The most significant portion of non-cash settlement represent long-term and short-term lease liabilities of EUR 68 912 thousand.

Loans received from related parties

As at 30 September 2019 and 31 December 2018, the Group had no loans from related parties.

Issued bonds

On 23 September 2019, SAZKA Group issued CZK 6 000 000 thousand (in EUR equivalent using FX as of 30 September 2019 EUR 232 423 thousand) fixed rate notes in book-entry form. The prospectus for the notes had been prepared and published pursuant to Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 and the notes were offered in a public offering. The notes are accepted for trading on the regulated market of the Prague Stock Exchange (Burza cenných papírů Praha, a.s), ISIN CZ0003522930. The notes are due on 23 September 2024 and have a fixed interest rate equal to 5.20% p.a. The interest is paid semi-annually in arrears on 23 March and 23 September each year. The nominal value of each note is CZK 10 thousand. The total nominal value is CZK 6 000 000 thousand. The notes are governed by Czech law.

On 15 November 2019, the Company issued EUR 300 000 thousand senior notes to, among others, repay and cancel a syndicated loan facility which was drawn in connection with the acquisition of 7.25% of outstanding shares in OPAP S.A. acquired by the Company pursuant to a voluntary tender offer submitted on 8 July 2019 and commenced on 1 October 2019. The notes are due on 20 November 2024 and have a fixed interest rate equal to 4.125% p.a. The interest is paid semi-annually in arrears on 20 May and 20 November each year. The minimum nominal value of each note is EUR 100 thousand and the total nominal value is EUR 300 000 thousand. The notes are governed by the laws of the State of New York.

On 12 December 2017, SAZKA Group Financing a.s. ("SAZKA Group Financing"), a fully owned subsidiary of SAZKA Group, issued EUR 200 000 thousand fixed rate notes in book-entry form. The prospectus for the notes had been prepared and published pursuant to Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 and the notes were offered in a public offering. The notes are accepted for trading on the regulated market of Bratislava Stock Exchange (Burza cenných papierov v Bratislave, a.s.), ISIN SK4120013475. The notes are due on 12 December 2022 and have a fixed interest rate equal to 4.00% p.a. The interest is paid quarterly in arrears on 12 March, 12 June, 12 September and 12 December each year. The nominal value of each note is EUR 1 thousand and the total nominal value is EUR 200 000 thousand. The notes are governed by Slovak law and the obligations of SAZKA Group Financing under the notes are secured by a financial guarantee issued by SAZKA Group pursuant to Czech law.

10. Derivatives

As at 30 September 2019, the Group had the following financial derivatives for hedging:

The Group uses interest rate derivatives (IRS) to mitigate the risk of negative impact on future cash flow due to increases in interest rates. The future cashflow is determined by loan agreements with interest payments. Interest payments are based on floating rates (EURIBOR, PRIBOR), which might have negative effect on the cashflow of the Group. The hedge accounting requirements are fulfilled for these derivatives, consequently the interest rate derivatives are designated and recognized as hedging derivatives. The changes in fair value of hedging derivatives are recognized through equity and other comprehensive income.

The Group also uses currency derivatives (FX forwards, FX swaps and FX Options) to mitigate the currency risk. Although currency derivatives economically ofset the currency risk, the hedge accounting criterias are not fulfiled for them. Consequently, the currency derivatives are recognized as trading derivatives classified as financial instruments at fair value through profit or loss.

The Group held following hedging derivatives:

Hedging derivatives	Due date	Fixed rate	Nominal value as at 30/09/2019	Average fixed rate 30/09/2019	Fair value as at 30/09/2019
Interest rate swap	2020	3M PRIBOR	17 432	0.310	407
Interest rate swaps	2024	3M PRIBOR	75 901	1.649	403
Interest rate swaps	2024	3M PRIBOR	42 972	2.142	-295
Interest rate swaps	2025	3M PRIBOR	125 896	1.920	-2 858
Interest rate swap	2023	3M EURIBOR	100 000	0.004	-3 753
Total hedging derivatives			**362 201**	**--**	**-6 096**

Hedging derivatives	Due date	Fixed rate	Nominal value as at 31/12/2018	Average fixed rate 31/12/2018	Fair value as at 31/12/2018
Interest rate swap	2020	3M PRIBOR	17 493	0.310	577
Interest rate swaps	2024	3M PRIBOR	115 610	1.783	187
Interest rate swaps	2025	3M PRIBOR	126 336	1.922	-2 067
Interest rate swap	2022	3M EURIBOR	79 203	-0.248	60
Interest rate swap	2023	3M EURIBOR	100 000	0.004	-1 271
Total hedging derivatives			**438 642**	**--**	**-2 514**

The effect of hedge accounting recognized in profit or loss and other comprehensive income during the year were as follows:

Cash flow hedges	9M 2019	9M 2018
1 January	-6 719	16 462
Hedging gains / (losses) recognized in OCI	-3 981	-19 313
Cash flow hedge effects recognized in profit of loss	4 265	1 793
30 September	-6 435	-1 058

Effects of cash flow hedge are recognized in other comprehensive income under the line item "Remeasurement of hedging derivatives" and in profit or loss under the line item "Finance cost".

The hedged cash flows are presented by interest payments from the bank loan provided by consorcium of banks in 2018 in actual amount as of 30 September 2019 of EUR 578 623 thousand (31 December 2018: EUR 657 060 thousand). The IRSes designated as hedging instruments perfectly match the critical terms of the loan, which ensures high effectivity of the hedge relationship for the life-time of the hedge. Subsequently, the Group applies a Dollar offset method to measure the effectivness of the hedge relationship. The effectiveness of hedging as of 30 September 2019 and 31 December 2018 was meeting IFRS criteria.

The summary of fair values of trading derivatives held by the Group:

Trading derivatives	Due date	Nominal value as at 30/09/2019	Fair value as at 30/09/2019	Nominal value as at 31/12/2018	Fair value as at 31/12/2018
FX forwards	2019	--	--	50 000	-81
FX options	2019	8 800	6 702	8 800	6 702
FX swaps	2021	--	--	197 681	-553
FX swaps	2022	14 924	-117	41 068	-167
FX swap	2023	154 144	-1 570	--	--
Total trading financial derivatives		**177 868**	**5 015**	**297 549**	**5 901**

All financial derivatives at fair value as at 30 September 2019 and 31 December 2018 were categorised to Level 2 in the fair value hierarchy.

Valuation techniques used to value financial instruments include:

- for interest rate swaps – the present value of the estimated future cash flows based on observable yield curves,
- for foreign currency forwards and swaps – present value of future cash flows based on the forward exchange rates at the balance sheet date,
- for foreign currency options – option pricing models

The group also has a number of financial instruments which are not measured at fair value in the balance sheet. For all of these instruments, the fair values are not materially different to their carrying amounts, since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature.

11. Revenues and Revenue from sale of goods and services

	9M 2019	9M 2018
Amount staked	3 907 649	3 736 900
Gross gaming revenues (GGR)	**1 371 497**	**1 288 180**
Lottery tax	-429 158	-406 405
Net gaming margin	**942 339**	**881 775**

Revenue from sale of goods and services	**94 604**	**92 942**
Sales of goods	70 103	67 887
Sales of services	24 162	24 758
Revenues from lease of real estates	339	297

Disaggregation of revenues according to timing of revenue recognition for the 9 month period ended 30 September 2019:

	At a point in time	Over time	Total
Mobile virtual network operator (MVNO)	7 787	--	**7 787**
Mobile phone top-up service	72 822	--	**72 822**
Other	13 995	--	**13 995**
Total revenues from contracts with customers	94 604	**--**	**94 604**
Gross gaming revenues			1 371 497
Total revenues			**1 466 101**

Disaggregation of revenues according to timing of revenue recognition for the 9 month period ended 30 September 2018:

	At a point in time	Over time	Total
Mobile virtual network operator (MVNO)	7 588	--	7 588
Mobile phone top-up service	68 951	--	68 951
Other	16 403	--	16 403
Total revenues from contracts with customers	92 942	--	**92 942**
Gross gaming revenues			1 288 180
Total revenues			**1 381 122**

12. Materials, consumables and services

	9M 2019	9M 2018
Materials, consumables and services	**-235 119**	**-237 846**
Fees to system providers	-72 587	-51 474
Cost of goods sold	-71 015	-69 366
Advisory and other professional services	-50 734	-43 856
Cost of IT and software services	-11 498	-37 629
Telecommunication services	-7 589	-7 996
Scratch card production cost	-5 172	-4 728
Cost of operating leases	-1 436	-8 653
Materials and consumables	-1 069	-1 154
Other services	-14 019	-12 990

The majority of expenses is directly related to revenue from lottery and betting activities.

13. Marketing services

	9M 2019	9M 2018
Marketing services	**-64 305**	**-59 710**
Advertising	-49 270	-44 185
Sponsorship and donations	-15 035	-15 525

14. Personnel expenses

	9M 2019	9M 2018
Personnel expenses	**-77 590**	**-71 036**
Wages and salaries	-57 890	-56 087
Social security and health insurance	-13 609	-12 190
Other social expenses	-1 397	-1 393
Retirement benefit costs	-4 694	-1 366

The social security and health insurance expense includes amount of EUR 11 413 thousand (9M 2018: EUR 8 123 thousand) related to contribution to state pension funds. The Group's legal and constructive obligation for these pension state plans is limited to the contributions.

Payments to private social security funds are insignificant.

15. Other operating expenses

	9M 2019	9M 2018
Other operating expenses	**-26 764**	**-34 119**
Other taxes	-9 542	-10 035
Travel expenses	-2 777	-2 764
Repair and maintenance	-1 454	-1 692
Fees	-1 285	-1 012
Insurance premiums	-797	-711
The remaining portion of operating expenses	-10 909	-17 905

16. Share of profit of equity method investees

	9M 2019	9M 2018
Share of profit of equity method investees (net of tax)	**90 565**	**75 360**

As at 30 September 2019 the Group has significant influence in associated companies Casinos Austria AG, LTB Beteiligungs GmbH, CLS Beteiligungs GmbH, LOTTOITALIA S.r.l. and TCB Holdings Ltd, as described in Note 3.

17. Operating EBITDA

The Directors of the Group have presented the performance measure operating EBITDA as they monitor this performance measure at a consolidated level. Operating EBITDA is not a defined performance measure in IFRS.

Operating EBITDA is calculated as profit for the period before income tax expense, other financial costs/income, interest expense, interest income and depreciation and amortization.

18. Depreciation and amortization

	9M 2019	9M 2018 Restated*
Depreciation and amortization	**-89 386**	**-73 630**
Depreciation of property, plant and equipment incl. investment property	-17 130	-15 527
Amortisation of intangible assets	-65 594	-58 103
Depreciation of right of use asset	-6 662	--

*The Group restated condensed comparatives upon completion of acquisition accounting for NEUROSOFT S.A. (Note 2h)

19. Segment information

(a) Operating segments

30 September 2019 OPERATING SEGMENTS	Numerical lotteries	Instant lotteries	Sports betting	Digital games	VLTs & gaming machines	Total reportable segments	Unallocated items*	Total
Amounts Staked	2 096 642	296 985	1 264 388	36 952	212 682	**3 907 649**	--	**3 907 649**
Gross Gaming Revenue	748 861	103 823	288 344	17 787	212 682	**1 371 497**	--	**1 371 497**
Net gaming revenue	**515 088**	**76 258**	**189 815**	**12 301**	**148 877**	**942 339**	**--**	**942 339**
Revenue from sale of goods and services and other operating income	21	33	813	--	--	**867**	101 226	**102 093**
Agents´ commission	-159 842	-22 538	-66 210	-30	-50 590	**-299 210**	-2 396	**-301 606**
Operating expenses	-123 648	-25 722	-55 266	-8 088	-61 596	**-274 320**	-129 458	**-403 778**
Share on profit of equity method investees	68 470	-457	527	8 777	986	**78 303**	12 262	**90 565**
Operating EBITDA	**300 089**	**27 574**	**69 679**	**12 960**	**37 677**	**447 979**	**-18 366**	**429 613**
Depreciation and amortization	-27 778	-8 437	-13 005	-686	-28 374	**-78 280**	-11 106	**-89 386**
Profit/loss from operating activities	**272 311**	**19 137**	**56 674**	**12 274**	**9 303**	**369 699**	**-29 472**	**340 227**
Profit for the period from discontinued operations, exluding gain on disposal	**--**	**--**	**8 088**	**13 787**	**1 257**	**23 132**	**-7 561**	**15 571**

* Unallocated items represents non-lottery operations and headquarter expenses.

30 September 2018 Restated* OPERATING SEGMENTS	Numerical lotteries	Instant lotteries	Sports betting	Digital games	VLTs & gaming machines	Total reportable segments	Unallocated items*	Total
Amounts staked	2 048 009	275 231	1 257 009	16 428	140 223	**3 736 900**	--	**3 736 900**
Gross gaming revenue	744 391	94 408	304 076	5 082	140 223	**1 288 180**	--	**1 288 180**
Net gaming revenue	**511 919**	**68 093**	**199 948**	**3 659**	**98 156**	**881 775**	**--**	**881 775**
Revenue from sale of goods and services and other operating income	17	26	617	--	--	**660**	100 946	**101 606**
Agents´ commission	-160 981	-23 041	-72 971	-62	-33 871	**-290 926**	-2 585	**-293 511**
Operating expenses	-145 497	-23 561	-70 882	-2 732	-44 699	**-287 371**	-115 340	**-402 711**
Share on profit of equity method investees	64 330	163	196	6 930	648	**72 267**	3 093	**75 360**
Operating EBITDA	**269 788**	**21 680**	**56 908**	**7 795**	**20 234**	**376 405**	**-13 886**	**362 519**
Depreciation and amortization	-23 246	-8 483	-11 523	-552	-25 308	**-69 112**	-4 518	**-73 630**
Profit/loss from operating activities	**246 542**	**13 197**	**45 385**	**7 243**	**-5 074**	**307 293**	**-18 404**	**288 889**
Profit for the period from discontinued operations	**--**	**--**	**7 593**	**6 095**	**7 513**	**21 201**	**96**	**21 297**

*The Group restated condensed comparatives upon completion of acquisition accounting for NEUROSOFT S.A. (Note 2h)

(b) Entity wide information

As at 30 September 2019, the Group´s operations were in the Czech Republic, Greece, Cyprus, Austria, Italy and Other. Other and headquarter costs includes Russia, Slovakia, Vietnam, and overheads. Companies in Other countries are financing vehicles or dormant companies.

Entity wide information	Czech Republic	Greece and Cyprus	Austria	Italy	Croatia	Other and headquarter costs	Total
For the period ended 30 September 2019							
Gross Gaming Revenue	200 264	1 171 233	--	--	--	--	**1 371 497**
Net gaming revenue	153 607	788 732	--	--	--	--	**942 339**
Share of profit of equity method investees	--	4 683	35 458	50 424	--	--	**90 565**
Operating EBITDA	**70 002**	**302 955**	**35 458**	**50 424**	**--**	**-29 226**	**429 613**
Profit for the period from discontinued operations, exluding gain on disposal	**--**	**--**	**--**	**--**	**15 571**	**--**	**15 571**

As at 30 September 2018 and 31 December 2018 Group´s operations were in Czech Republic, Greece, Cyprus, Austria, Italy, Croatia and Other. Other and headquarter costs includes Russia, Slovakia, Vietnam and overheads.

Entity wide information	Czech Republic	Greece and Cyprus	Austria	Italy	Croatia	Other and headquarter costs	Total
For the period ended 30 September 2018							
Gross Gaming Revenue	181 853	1 106 327	--	--	--	--	**1 288 180**
Net gaming revenue	138 756	743 019	--	--	--	--	**881 775**
Share of profit of equity method investees	--	--	26 640	48 720	--	--	**75 360**
Operating EBITDA	**59 410**	**244 599**	**26 640**	**48 720**	**--**	**-16 850**	**362 519**
Profit for the period from discontinued operations	**--**	**--**	**--**	**--**	**21 297**	**--**	**21 297**

20. Contingencies

Legal matters

The Group estimates legal claims for which a negative outcome is likely and therefore results in a provision, including interest, amounting to EUR 8 322 thousand (2018: EUR 26 579 thousand).

Total cummulative provision against OPAP S.A. is analysed below:

	30/09/2019	31/12/2018
Labor disputes	1 617	5 481
Lawsuites from individuals or legal entities	6 671	21 064
Total provisions	**8 288**	**26 544**

The highest portion of change in provision as of 30 September 2019 represents release of litigation provision in the amount of EUR 17 212 thousand (31 December 2018: EUR 3 529 thousand) which was driven by closure of legal proceedings due to receipt of positive outcome for the case from the Supreme Court of Greece and reaching an arrangement with the counterparty.

Furthermore, according to Greek legal counsel, third party lawsuits against OPAP have been filed for a total claim of EUR 307 263 thousand (2018: EUR 138 459 thousand), for which the outcome is estimated as positive for OPAP and consequently, no provision is required. The majority of these claims relate to old distribution agent arrangements where similar cases were recently all ruled with a positive outcome for OPAP. In 2019, an additional number of former agents became a party to the lawsuit which resulted in an increase in the total potential claim.

21. Related parties

Related party transactions are transfers of resources, services or obligations between the reporting entity and related party. Relations between the Group and its related parties include relationships with companies related through common shareholders or directors of the company.

All the transactions disclosed below are related to the Group due to their relationships within KKCG AG group and Emma Gamma Limited group in the reported periods.

All material transactions with related parties were carried out on an arm's length basis.

There were no material transactions with equity method investees (Note 3) neither in current period nor in prior year period, except for dividends received in the amount of EUR 81 110 thousand in 9M 2019 (9M 2018: EUR 73 305 thousand) and distribution from other funds of equity method investee in the amount of EUR 40 222 thousand (9M 2018: EUR 24 597 thousand).

(a) Outstanding related party balances as at 30 September 2019 and 31 December 2018:

The following table presents outstanding receivables and payables from related parties of the Group as at 30 September 2019 and 31 December 2018:

	30/09/2019	31/12/2018
ASSETS		
Long-term trade receivables and other non-current assets	1 356	1 360
Short-term financial assets	--	1 061
Short term trade receivables and other current assets	303	250
LIABILITIES		
Short-term trade and other payables	1 475	3 073

(b) Transactions with related parties for the year ended 30 September 2019 and 30 September 2018:

In April 2019, the Croatian subgroup was sold to EMMA GAMMA LIMITED for EUR 302 607 thousand. The company also assigned to EMMA GAMMA LIMITED the receivables of EUR 117 393 thousand arising from a loan provided to Sazka Group Adriatic d.o.o. (Note 6.2).

The following table presents other transactions with related parties of the Group with effect in Consolidated statement of comprehensive income for the periods ended 30 September 2019 and 30 September 2018:

	9M 2019	9M 2018
Revenue from sale of goods and services	--	--
Other revenues	265	212
Other operating income	35	27
Interest income	259	--
Finance income	93	35
Materials, consumables and services	4 433	4 196
Marketing expenses	5	--
Personnel expenses	13	11
Other operating expenses	1 530	231

(c) Transactions with members of the Group's bodies for the period ended 30 September 2019 and 30 September 2018:

In 2019, the Group paid out bonuses to members of the Group entities' bodies amounting to EUR 653 thousand (2018: EUR 672 thousand).

Bonuses, remuneration and other personal expenses incurred in respect of members of the board of directors, supervisory board and executive management of the consolidated entities:

	9M 2019		9M 2018	
	Board of directors and supervisory board	Executive management	Board of directors and supervisory board	Executive management
Wages and salaries	--	9 195	--	7 148
Social and health insurance	75	1 668	80	492
Other social expenses	--	104	--	--
Retirement benefit costs	--	--	--	864
Remuneration of members of statutory bodies	653	--	672	--
Total	**728**	**10 967**	**752**	**8 504**

Following table summarises SAZKA Group securities owned by the Board of Directors:

	Nominal value per note	Number of shares/notes	Total nominal value in TEUR	Total market value in TEUR
SAZKA Group CZK bond	10 000 CZK	345	134	--
SAZKA Group Financing bond	1 000 EUR	25	25	--
OPAP shares	--	5 387	--	51

22. Subsequent events

Description of significant subsequent events that occurred after 30 September 2019:

1. On 3 October 2019, OPAP drew down on a new EUR 50 000 thousand bond loan. Furthermore, on 4 October 2019 OPAP drew down on a EUR 100 000 thousand bond loan while repaying a EUR 50 000 thousand bond loan.

2. The Group (through CAME Holding GmbH) received dividends from LTB Beteiligungs GmbH in the amount of EUR 6 924 thousand on 22 October 2019.

3. A voluntary tender offer by the Company to the shareholders of OPAP S.A. commenced on 1 October 2019 and expired on 29 October 2019. 23,323,179 shares were tendered and acquired by the Company, representing approximately 7.25% of the total shares outstanding of OPAP S.A. The total purchase price for the shares in the amount of EUR 212 707 thousand was paid on 4 November 2019.

   The Company subsequently terminated financing facilities contracted in connection with the voluntary tender offer and paid bank fees of EUR 30 000 thousand on these terminated facilities.

4. The Group repaid the Emma Delta Hellenic Holdings Limited credit facility of EUR 252 437 thousand on 31 October 2019. The loan principal was EUR 250 000 thousand.

5. In October the Company drew on a senior secured loan in the amount of EUR 300 000 thousand, the proceeds of which were used to repay the Emma Delta Hellenic Holdings Limited credit facility as well as to partially fund the acquisition of the OPAP S.A. shares acquired via the voluntary tender offer.

6. The Company paid a dividend to its shareholder of CZK 3 827 000 thousand (EUR 149 873 thousand) on 5 November 2019.

7. On 15 November 2019, the Company issued Euro denominated senior notes in the amount of EUR 300 000 thousand due in 2024 (Note 9). Proceeds from this financing were used for the repayment of the senior secured loan with an outstanding principal of EUR 300 000 thousand mentioned above.

8. On 10 December 2019, the Company announced that it has reached an agreement with Novomatic AG to acquire Novomatic's 17.19% shareholding in Casinos Austria AG (the "Transaction").

   The Transaction is subject to various conditions precedent including, without limitation, applicable regulatory approvals and notifications. The completion of the Transaction is also subject to applicable pre-emptive rights of other Casinos Austria AG shareholders, the result of which the Company may directly or indirectly acquire a lower shareholding amount than indicated above. For this reason the estimate of the financial effect of the Transaction cannot be made. However, as a result of this Transaction, the Company may need to raise up to EUR 100 million of additional financing.

9. On 12 December 2019, Katarína Kohlmayer became a member of the board of directors.

10. On 17 December 2019, the Czech parliament approved several amendments which adjust various tax bills, one of the amendments changes the gaming tax on lottery products. Gaming tax on lottery products, calculated from GGR, was increased from 23% to 35% starting on 1 January 2020.

    Holding GGR constant, the impact of a 12% increase in GGR tax on the NGR of SAZKA a.s. for the twelve months ended September 30, 2019 would have been approximately €30 million. However, we have taken several measures to reduce the impact of this increase, including the renegotiation of certain contracts with suppliers so that our costs under these contracts are linked to NGR rather than GGR, which would partially mitigate the impact on our EBITDA.

11. On 20 December 2019, OPAP drew down on a new EUR 300 000 thousand bond loan (signed in November 2019).

12. On 8 January 2020, the board of directors of OPAP approved the distribution of an extraordinary dividend of €1.00 per share to be paid on February 10, 2020. The amount of the extraordinary dividend will be approximately EUR 319.8 million. The dividend is payable either in cash or in the form of a scrip dividend, i.e. new OPAP shares, or a combination cash and new OPAP shares, at the discretion of shareholders.

Except for the above, no other subsequent events that would have a material impact on the consolidated financial statements as at 30 September 2019 occured.

Date: 20 January 2020	Signature of the authorised representative Pavel Šaroch Member of the Board of Directors Robert Chvátal Member of the Board of Directors

Report on review of interim financial information

to the board of directors of SAZKA Group a.s.

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of SAZKA Group a.s. and its subsidiaries (the 'Group') as of 30 September 2019 and the related condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the nine-month period then ended and selected explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34, *Interim Financial Reporting*, ("IAS 34") as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34 as adopted by the European Union.

20 January 2020

PricewaterhouseCoopers Audit, s.r.o.

represented by

Jiří Zouhar

Petra Jirková Bočáková
Statutory Auditor, Licence No. 2253

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