

SAZKA Group a.s.

**Condensed consolidated interim financial statements
for the six months period ended 30 June 2019**

prepared in accordance with IAS 34 Interim Financial Reporting

SAZKA Group a.s.
Condensed interim consolidated financial statements for the six months period ended 30 June 2019 (in thousands of Euro)

<i>Condensed consolidated interim statement of financial position</i>	Note	30/06/2019	31/12/2018
ASSETS			
Intangible assets	4	1 903 615	1 989 714
Goodwill	4	604 104	892 149
Property, plant and equipment	5	202 690	142 732
Investment property		1 140	903
Other non-current investments		10 016	2 201
Equity method investees	6	619 179	670 729
Long-term receivables and other non-current assets	8	86 033	86 323
Deferred tax asset	7	16 322	2 046
Total non-current assets		3 443 099	3 786 797
Inventories		15 118	11 266
Short-term trade receivables and other current assets	8	672 744	206 556
Current tax asset		393	288
Short-term financial assets	9	14 607	15 010
Cash and cash equivalents	10	445 987	312 678
Total current assets		1 148 849	545 798
Total assets		4 591 948	4 332 595

The notes on pages 10 to 59 are an integral part of these condensed consolidated interim financial statements.

SAZKA Group a.s.
 Condensed interim consolidated financial statements for the six months period ended 30 June 2019 (in thousands of Euro)

Condensed consolidated interim statement of financial position (continued)	Note	30/06/2019	31/12/2018
EQUITY AND LIABILITIES			
Equity			
Share capital	12	81	81
Capital contributions and other reserves		886 708	473 034
Translation reserve		-10 106	-9 842
Retained earnings and profit for the year		276 377	347 849
Total equity attributable to owners of the Company		1 153 060	811 122
Non-controlling interest	13	845 210	961 960
Total equity		1 998 270	1 773 082
Liabilities			
Bank loans and other borrowings – non-current portion	14	1 613 563	1 653 740
Other long-term liabilities	16	21 474	129 484
Long-term lease liabilities	14	62 915	--
Long term provisions	15	12 689	31 688
Employee benefits	18	2 564	4 807
Deferred tax liability	7	246 898	234 005
Total non-current liabilities		1 960 103	2 053 724
Bank loans and other borrowings, current portion	14	101 182	113 172
Short-term lease liabilities	14	7 996	--
Short-term trade and other payables	16	471 585	363 379
Current tax liability		42 381	16 600
Employee benefits	18	2 941	--
Short-term provisions	15	7 490	12 638
Total current liabilities		633 575	505 789
Total liabilities		2 593 678	2 559 513
Total equity and liabilities		4 591 948	4 332 595

The notes on pages 10 to 59 are an integral part of these condensed consolidated interim financial statements.

SAZKA Group a.s.

Condensed interim consolidated financial statements for the six months period ended 30 June 2019 (in thousands of Euro)

Condensed consolidated interim statement of comprehensive income	Note	Six months ended 30 June 2019	Six months ended 30 June 2018 Restated*
Amount staked		2 588 359	2 493 741
Condensed consolidated statement of comprehensive income is as follows:			
Continuing operations:			
Gross gaming revenue (GGR)	19	908 512	856 919
Lottery tax	19	-283 243	-271 640
Net gaming margin **	19	625 269	585 279
Revenue from sale of goods and services	19	61 961	62 346
Other operating income	20	3 640	5 928
Agent´s commissions	21	-200 336	-196 034
Materials, consumables and services	22	-152 017	-159 496
Marketing services	23	-44 983	-44 534
Personnel expenses	24	-52 002	-47 855
Other operating expenses	25	-11 890	-23 540
Share of profit of equity method investees (net of tax)	26	56 971	48 783
Operating EBITDA ***	27	286 613	230 877
Depreciation and amortization	28	-59 442	-48 357
Profit from operating activities		227 171	182 520
Interest income	29	3 704	1 121
Finance income	29	1 277	2 096
Finance cost	28	-39 731	-43 427
Loss from financial operations		-34 750	-40 210
Profit before income tax		192 421	142 310
Income tax expense	30	-47 284	-37 627
Profit for the half-year after tax from continuing operations		145 137	104 683
Gain on disposal of subsidiaries	11.2	274 739	--
Profit for the half-year from discontinued operations	31	15 571	5 628
Profit for the half-year after tax from discontinuing operations		290 310	5 628
Profit for the half-year after tax		435 447	110 311
<i>Items that are or may subsequently be reclassified to profit or loss:</i>			
Foreign currency translation differences for foreign operations		2 254	167
Foreign currency translation differences of disposed foreign operations transferred to profit or loss		-2 528	--
Remeasurement of hedging derivatives (net of tax)	17	-3 530	-5 477
Share of other comprehensive income of equity method investees		-3 984	-5 197
Other comprehensive income / (loss) for the half-year from continuing operations		-7 788	-10 507
Other comprehensive income for the half-year from discontinued operations		--	-659
Total other comprehensive income / (loss) for the half-year	32	-7 788	-11 166
Total comprehensive income for the half-year		427 659	99 145

* The Group restated condensed consolidated interim comparative information upon completion of acquisition accounting for NEUROSOFT S.A. The condensed comparative statement of profit or loss and OCI has been re-presented to show continuing operations separately from the discontinued operation. (Note 2 (i)).

** Usually referred to as Net gaming revenue (NGR).

*** Operating profit before interest, tax, depreciation and amortization.

SAZKA Group a.s.

Condensed interim consolidated financial statements for the six months period ended 30 June 2019 (in thousands of Euro)

Condensed consolidated interim statement of comprehensive income for the six-month period ended 30 June	Note	Six months ended 30 June 2019	Six months ended 30 June 2018 Restated*
Profit for the half-year after tax attributable to:			
Owners of the Company		361 816	57 576
– continuing operations		77 690	51 948
– discontinued operations		284 126	5 628
Non-controlling interests		73 631	52 735
– continuing operations		67 447	50 524
– discontinued operations		6 184	2 211
Profit for the half-year after tax		435 447	110 311
Total comprehensive income attributable to:			
Owners of the Company		355 193	47 183
– continuing operations		71 042	42 214
– discontinued operations		284 151	4 969
Non-controlling interests		72 466	51 962
– continuing operations		66 291	49 719
– discontinued operations		6 175	2 243
Total comprehensive income for the period		427 659	99 145

* The Group restated condensed consolidated interim comparative information upon completion of acquisition accounting for NEUROSOFT S.A. The condensed comparative statement of profit or loss and OCI has been re-presented to show continuing operations separately from the discontinued operation. (Note 2 (i)).

** Usually referred to as Net gaming revenue (NGR).

*** Operating profit before interest, tax, depreciation and amortization.

The notes on pages 10 to 59 are an integral part of these condensed consolidated interim financial statements.

SAZKA Group a.s.

Condensed interim consolidated financial statements for the six months period ended 30 June 2019 (in thousands of Euro)

<i>Condensed consolidated interim statement of changes in equity</i>	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 half-year		--	--	--	--	--	361 816	361 816	73 631	435 447
Other comprehensive loss		--	--	-3 972	-264	-2 387	--	-6 623	-1 165	-7 788
Total comprehensive income for the half-year		--	--	-3 972	-264	-2 387	361 816	355 193	72 466	427 659
Transactions with owners, recorded directly in equity:										
Reallocation of previous profit	12,16	--	--	420 033	--	--	-420 033	--	--	--
Dividends paid		--	--	--	--	--	--	--	-159 717	-159 717
Other movements in equity		--	--	--	--	--	-318	-318	263	-55
Effect of disposals of subsidiaries	11.2	--	--	--	--	--	2 528	2 528	-22 436	-19 908
Purchase of non-controlling interest in subsidiaries	11.1	--	--	--	--	--	-15 465	-15 465	-7 326	-22 791
Total transactions with owners		--	--	420 033	--	--	-433 288	-13 255	-189 216	-202 471
Balance at 30 June 2019	12	81	229	879 180	-10 106	7 299	276 377	1 153 060	845 210	1 998 270

The notes on pages 10 to 59 are an integral part of these condensed consolidated interim financial statements.

SAZKA Group a.s.

Condensed interim consolidated financial statements for the six months period ended 30 June 2019 (in thousands of Euro)

<i>Condensed consolidated interim statement of changes in equity</i>	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 half-year		--	--	--	--	--	57 576	57 576	52 735	110 311
Other comprehensive loss		--	--	-4 648	-524	-5 221	--	-10 393	-773	-11 166
Total comprehensive income for the half-year		--	--	-4 648	-524	-5 221	57 576	47 183	51 962	99 145
Transactions with owners, recorded directly in equity:		--	--							
Reallocation of previous profit		--	3	--	--	--	-3	--	--	--
Business combinations	11.1	--	--	--	--	--	--	--	26 839	26 839
Dividends paid		--	--	--	--	--	--	--	-68 028	-68 028
Other movements in equity		--	--	--	--	--	-328	-328	-8 423	-8 751
Total transactions with owners		--	3	--	--	--	-331	-328	-49 612	-49 940
Restated balance at 30 June 2018*	12	81	200	464 795	-12 986	10 578	307 249	769 917	931 422	1 701 339

* The Group restated condensed consolidated interim comparative information upon completion of acquisition accounting for NEUROSOFT S.A. The condensed comparative statement of profit or loss and OCI has been re-presented to show continuing operations separately from the discontinued operation. (Note 2 (i)).

The notes on pages 10 to 59 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of cash flows	Note	Six months ended 30 June 2019	Six months ended 30 June 2018 Restated*
<u>OPERATING ACTIVITIES</u>			
Profit (+) for the half-year from continuing operation		145 137	104 683
Profit (+) for the half-year from discontinued operation		290 310	5 628
Profit (+) for the half-year		435 447	110 311
<i>Adjustments for:</i>			
Income tax expense	30	47 284	37 627
Depreciation and amortization	28	59 442	48 357
Profit (-) on sale of property, plant and equipment and intangible assets	20,25	-57	-24
Gain on disposal of financial investments		-274 739	--
Net interest expense (+)	29	28 251	35 264
Net FX gains (-) / losses (+)	29	-1 084	-562
Other financial gains (dividends)	29	-53	--
Share of profit (-) of equity method investees	26	-56 971	-48 783
Operating result before changes in working capital and provisions		237 520	182 190
Increase (+) / decrease (-) in provisions		-23 449	4 673
Increase (-) / decrease (+) in inventories		-3 852	-296
Increase (-) / decrease (+) in trade receivables and other assets		-496 545	99 808
Increase (+) / decrease (-) in trade and other payables		135 680	-48 461
Cash generated from operating activities		-150 646	237 914
Interest paid		-29 317	-46 312
Income tax paid		-11 994	-18 908
Net cash generated from operating activities		-191 957	172 694
<u>INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment and intangible assets		-16 337	-24 681
Acquisition of subsidiaries, net of cash acquired		--	-200 915
Acquisition of equity method investees	6	--	-117 453
Proceeds from sale of subsidiary, net of cash disposed***	11.2	272 407	--
Dividends and distribution received from equity method investees	6	104 590	16 398
Proceeds from sale of property, plant and equipment and intangible assets		133	344
Interest income received		1 451	960
Net movement in short-term financial assets**		-7 223	6 493
Proceeds from assignment of loan receivable		117 150	--
Net cash used in investing activities		472 171	-318 854
<u>FINANCING ACTIVITIES</u>			
Dividends paid to non-controlling interest	13	-159 717	-68 028
Loans and borrowings received	14	115 784	504 743
Repayment of loans and borrowings	14	-84 261	-379 952
Payment of principal element lease liabilities		-4 475	--
Net movement in restricted cash related to financing activities	9	7 626	--
Other capital transactions with owners		--	-6 266
Purchases of non-controlling interest in subsidiaries		-22 791	--
Net cash generated from (+) / used in (-) financing activities		-147 834	50 497
Net decrease (-) / increase (+) in cash and cash equivalents		132 380	-95 663
Effect of currency translation on cash and cash equivalents		929	2 061
Cash and cash equivalents at the beginning of the half-year	10	312 678	410 288
Cash and cash equivalents at the end of the half-year	10	445 987	316 686

*The Group restated condensed consolidated interim comparative information upon completion of acquisition accounting for NEUROSOFT S.A. The condensed comparative statement of profit or loss and OCI has been re-presented to show the continuing operations separately from discontinued operation (Note 2 (i)).

** Net results from cashpooling transactions.

*** For cash flows of discontinued operations see note 31.

The notes on pages 10 to 59 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.

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. for the reason indicated in Section 4 Para. 4 of the Czech Act No. 253/2008 Coll., on certain measures against the legalization of proceeds of crime and the financing of terrorism, as amended, so by reason that Mr. Karel Komárek is a natural person who has (pursuant to the aforementioned Act) actual possibility to perform the indirect decisive control over SAZKA Group a.s.

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 also invests in companies with similar business activities.

1.3 Group companies

Companies included in the consolidated group as of 30 June 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	30/06/2019	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	30/06/2019	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	16.77%	15.89%
HORSE RACES S.A.	(b)	Greece	25.03%	23.71%
IGH Financing a.s.		Czech Republic	100.00%	100.00%
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%

SAZKA Group a.s.
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Effective portion of ownership interest at Sazka Group a.s. level				
Subsidiaries:	Note	Country	30/06/2019	31/12/2018
Medial Beteiligungs GmbH		Austria	99.66%	99.66%
Minus5 d.o.o.		Croatia	--	51.00%
Neurosoft S.A.	(b)	Greece	16.95 %	16.06%
OPAP CYPRUS LTD	(b)	Cyprus	25.03%	23.71%
OPAP INTERNATIONAL LTD	(b)	Cyprus	25.03%	23.71%
OPAP INVESTMENT LTD	(b)	Cyprus	25.03%	23.71%
OPAP S.A.	(b)	Greece	25.03%	23.71%
OPAP SERVICES S.A.	(b)	Greece	25.03%	23.71%
OPAP SPORTS LTD	(b)	Cyprus	25.03%	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	25.03%	23.71%
TORA WALLET S.A.	(b)	Greece	25.03%	23.71%
Vitalpeak Limited		Cyprus	100.00%	100.00%

Effective portion of ownership interest at Sazka Group a.s. level				
Associates:	Note	Country	30/06/2019	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	9.20%	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% (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. OPAP sub-group ("OPAP") includes 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 interest in TCB Holdings Ltd. in 2018 and this company became an associate (see Note 6).*

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 33% interest in OPAP. The remaining 33.30% voting interest in Emma is held by a 3rd 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 33% 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 33% shareholding is by far the largest individual shareholding in OPAP. The remaining 67% of shares are widely dispersed among numerous public market investors with none holding more than a 3% stake. Since Emma acquired the 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 over OPAP's control.

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 OPAP Board's authority and power. It can direct OPAP to enter into significant transactions (e.g. acquisitions, etc.).

- (c) 66.70% represents voting shares, total economic share in Emma Delta Management Ltd is 75.48% (2018: 71.87%).*
- (d) According to the company'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 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 6).

- (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 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 6).

Changes in the Group*1. Acquisitions and changes in ownership interest*

In the six months to June 2019 and during 2018 the Group acquired interest in (Note 11.1), 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 – effect of change in ownership interests.*

(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 11.1). Non-controlling 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 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 6).

2. Disposals

In 2019, the following companies (Note 11.2) 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*

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5 d.o.o.) as discontinued operation according to IFRS 5 on 31 March 2019 (see Note 11.2 and 31). The comparative condensed consolidated statements of profit or loss and OCI 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 June 2019:

Chairman of the board of directors:	Karel Komárek
Member of the board of directors:	Jiří Šmejč
Member of the board of directors:	Pavel Šaroch
Member of the board of directors:	Pavel Horák

Supervisory board as at 30 June 2019:

Chairman of the supervisory board:	Tomáš Porupka
Member of the supervisory board:	Jakub Sokol
Member of the supervisory board:	Radka Blažková

Prior to the issue of these financial statements there were changes in the shareholder structure of the Company, which are described in Note 36 - Subsequent events.

1.5 Shareholders as at 30 June 2019:

KKCG AG 75%

Registered office:
Kapellgasse 21,
6004 Luzern
Switzerland

EMMA GAMMA LIMITED 25%

Registered office:
Esperidon 12, 4th floor
1087 Nicosia
Cyprus

Prior to the issue of these financial statements there were changes in the shareholder structure of the Company, which are described in Note 36 - Subsequent events.

2. Basis of preparation

(a) Statement of compliance

The condensed interim consolidated 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 accounting period 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 Company's financial position and performance since the last annual financial statements.

These condensed interim consolidated financial statements were approved by the board of directors on 13 September 2019.

(b) Basis of measurement

The condensed interim consolidated 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 interim consolidated financial statements are the same as the accounting policies and computation methods 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). Presentation currency of the Group is Euro (EUR) as the majority of the Group's transactions representing its assets, liabilities and related profit & loss accounts are in EUR.

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

Any differences between the amounts included in the financial statements and the respective amounts included in the notes are attributed to rounding.

(d) Use of estimates and judgements

The preparation of the condensed interim consolidated 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 Company'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.

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 interim consolidated 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 estimates affects mainly the following areas:

- Goodwill, trademarks and brands with indefinite useful lives impairments – with sufficient headroom in impairment calculation, no material differences are expected within the following 12 months with exception of NEUROSOFT S.A. - Note 4);
- Provision for litigations – Note 15;
- Judgement with respect to de-facto control over OPAP – Note 1.3.

(e) Significant accounting policies

Accounting policies applied in the condensed interim consolidated 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 below.

(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.

Adjustments recognized on adoption of IFRS 16

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

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. The right-of-use asset is depreciated and the liability accrues interest. This will result 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 would be in the scope of the new standard (treated as operating lease) as at 1 January 2019:

- Premises
- Cars

The lease liability recognized by the Group at the date of the initial application 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.

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

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.

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-term 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.

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.

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

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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 a 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 are not expected to have an 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.

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

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 are not expected to have an impact on the financial statements of the Group.

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

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 are not expected to have an impact on the financial statements of the Group.

Annual Improvements to IFRSs 2015 (2015 – 2017 Cycle)

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

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 June 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: Definition of a business
- Amendments to IAS 1 and IAS 8: Definition of a material
- Amendments to the Conceptual Framework for Financial Reporting (Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23)
- IFRS 17 Insurance contracts

(h) Changes in accounting policies

Except as described above, the accounting policies applied in these interim financial statements are the same as those applied in the last annual financial statements, except for the adoption of new and amended standards as set out in Note 2(f).

(i) Restatement of condensed comparative financial information

1) 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 the 2018 consolidated financial statements. The adjustments of the 2018 condensed consolidated financial statements are presented in the following table.

2) Re-presentation of condensed comparatives to show continuing operations separately from the discontinued operation

Following the management decision, 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.,

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and Minus 5 d.o.o.) as discontinued operation according to IFRS 5 on 31 March 2019 (see Note 1.3, 11.2 and 31). The comparative condensed consolidated statements of profit or loss and OCI have 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 30 April 2019.

The adjustments of the 2018 condensed consolidated financial statements are presented in the following table.

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30 June 2018	Restated	Previously published	NEUROSOFT S.A. (1) Difference	Sazka Group Adriatic sub-group (2) Difference	TOTAL Difference
Amount staked	2 493 741	2 559 862	--	-66 121	-66 121
Consolidated statement of comprehensive income is as follows:					
Gross gaming revenue (GGR)	856 919	875 228	--	-18 309	-18 309
Lottery tax	-271 640	-275 981	--	4 341	4 341
Net gaming margin **	585 279	599 247	--	-13 968	-13 968
Revenue from sale of goods and services	62 346	62 378	--	-32	-32
Other operating income	5 928	6 001	--	-73	-73
Agent 's commissions	-196 034	-196 394	--	360	360
Materials, consumables and services	-159 496	-162 000	--	2 504	2 504
Marketing services	-44 534	-44 813	--	279	279
Personnel expenses	-47 855	-50 073	--	2 218	2 218
Other operating expenses	-23 540	-24 100	--	560	560
Share of profit of equity-accounted investees (net of tax)	48 783	48 783	--	--	--
Operating EBITDA ***	230 877	239 029	--	-8 152	-8 152
Depreciation and amortization	-48 357	-48 425	-148	216	68
Profit from operating activities	182 520	190 604	-148	-7 936	-8 084
Interest income	1 121	1 257	--	-136	-136
Interest expense	--	-37 394	-7 694	1 661	-6 033
Finance income	2 096	--	2 606	-510	2 096
Finance cost	-43 427	--	--	--	--
Other financial loss	--	-5 088	5 088	--	5 088
Loss from financial operations*	-40 210	-41 225	--	1015	1 015
Profit before income tax	142 310	149 379	-148	-6 921	-7 069
Income tax expense	-37 627	-38 957	37	1 293	1 330
Profit for the half-year after tax from continuing operations	104 683	110 422	-111	-5 628	-5 739
Profit for the period from discontinued operations	5 628	--	--	5 628	5 628
Profit for the period after tax	110 311	110 422	-111	--	-111
<i>Items that are or may be reclassified to profit or loss:</i>					
Foreign currency translation differences for foreign operations	167	-492	--	659	659
Remeasurement of hedging derivatives (net of tax)	-5 477	-5 477	--	--	--
Share of other comprehensive income of equity accounted investees	-5 197	-5 197	--	--	--
Other comprehensive income/loss for the period continuing operation	-10 507	-11 166	--	659	659
Other comprehensive income/loss for the period discontinuing operation	-659	--	--	-659	-659
Total comprehensive income for the period	99 145	99 256	-111	--	-111

* The Group have changed the classification of the financial operations for the year-end 2018.

** Usually referred to as Net gaming revenue (NGR).

*** Operating profit before interest, tax, depreciation and amortization.

4. Intangible assets and goodwill

2019	Note	Licences & property rights	Brands and trademarks	Software	Intangible assets not yet available for use	Other intangible assets	Goodwill	Total
Acquisition cost								
Balance at 1/1/2019		1 216 363	852 484	82 713	561	10 511	909 649	3 072 281
Additions		--	--	12 062	214	--	--	12 276
Transfer		250	--	264	-514	--	--	--
Disposals		--	--	-2 087	--	--	--	-2 087
Disposals of subsidiaries	11.2	-22	-55 349	--	--	-100	-292 167	-347 638
Effect of currency translation		54	797	150	3	25	4 122	5 151
Balance at 30/06/2019		1 216 645	797 932	93 102	264	10 436	621 604	2 739 983
Accumulated amortisation								
Balance at 1/1/2019		-144 762	--	-26 474	--	-1 682	-17 500	-190 418
Amortisation expense		-33 697	--	-9 817	--	-333	--	-43 847
Disposals		--	--	2 073	--	--	--	2 073
Disposals of subsidiaries	11.2	--	--	--	--	13	--	13
Amortization expense of discontinued operation	31	--	--	--	--	-4	--	-4
Effect of currency translation		-5	--	-68	--	-8	--	-81
Balance at 30/06/2019		-178 464	--	-34 286	--	-2 014	-17 500	-232 264
Net book value at 1/1/2019		1 071 601	852 484	56 239	561	8 829	892 149	2 881 863
Net book value at 30/06/2019		1 038 181	797 932	58 816	264	8 422	604 104	2 507 719

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2018	Note	Licences & property rights	Brands and trademarks	Software	Intangible assets not yet available for use	Other intangible assets	Goodwill	Total
Acquisition cost								
Balance at 1/1/2018		1 220 706	797 658	45 730	487	10 426	620 195	2 695 202
Business combinations	11.1	22	55 268	--	--	94	292 167	347 551
Additions		50	--	32 981	311	6	--	33 348
Transfers		-4 380	--	4 587	-209	2	--	--
Disposals		--	--	-501	-24	--	--	-525
Effect of currency translation		-35	-442	-84	-4	-17	-2 713	-3 295
Balance at 31/12/2018		1 216 363	852 484	82 713	561	10 511	909 649	3 072 281
Accumulated amortisation								
Balance at 1/1/2018		-77 627	--	-15 795	--	-1 013	--	-94 435
Amortisation expense		-67 219	--	-11 046	--	-675	--	-78 940
Transfers		103	--	-105	--	2	--	--
Disposals		--	--	481	--	--	--	481
Impairment		--	--	-41	--	--	-17 500	-17 541
Effect of currency translation		-19	--	32	--	4	--	17
Balance at 31/12/2018		-144 762	--	-26 474	--	-1 682	-17 500	-190 418
Net book value at 1/1/2018		1 143 079	797 658	29 935	487	9 413	620 195	2 600 767
Net book value at 31/12/2018		1 071 601	852 484	56 239	561	8 829	892 149	2 881 863

Intangible assets primarily comprise intellectual property rights (mainly licenses), brands and trademarks, software and goodwill.

Additions in first half of 2018 were EUR 10 000 thousand. The most significant amount was software of EUR 9 772 thousand mainly relating to VLT's rollout in OPAP.

As at 30 June 2019 and 31 December 2018, trademarks with a carrying value of EUR 73 568 thousand (as at 31 December 2018: EUR 72 768 thousand) were pledged as collateral. Refer to Note 33.

The most significant additions to intangible assets in the period ending 30 June 2019 and during 2018 were the acquisitions of new software for draw based games and sports betting.

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Brands and trademarks

	30/06/2019	31/12/2018
SAZKA	73 568	72 768
OPAP	724 364	724 364
SUPER SPORT	--	55 352
Total	797 932	852 484

Goodwill

	30/06/2019	31/12/2018
SAZKA a.s.	378 703	374 581
Emma Delta Management Ltd sub-group	205 309	205 309
NEUROSOFT S.A.	20 092	20 092
SUPER SPORT d.o.o. sub-group	--	291 495
Minus5 d.o.o.	--	672
Total	604 104	892 149

Indefinite-lived intangible assets, goodwill, and impairment testing

Impairment is determined by estimating the recoverable amount of the cash-generating unit to which goodwill and other non-depreciable assets relate.

Goodwill and indefinite-lived intangible assets (i.e. trademarks and the lottery licence), were tested for impairment at the end of the previous period.

For the purpose of preparing this interim report, the Group did not identify any internal or external impairment indicators that would result in the necessity to update the above testing.

5. Property, plant and equipment, investment property

2019	Note	Land – owned	Buildings – owned	Buildings – leased	Machinery and equipment – owned	Machinery and equipment – leased	Tangible assets under construction	Other tangible assets	Total
Acquisition cost									
Balance at 1/1/2019		11 474	45 317	--	62 049	147	976	56 760	176 723
Recognition of right of use assets at 1.1.2019 upon adoption of IFRS 16, Leases.	2(f)	--	--	73 256	--	3 674	--	151	77 081
Additions		--	129	4 658	684	1 358	30	2 674	9 533
Transfers		-141	-112	--	241	--	-952	66	-898
Disposals		--	-327	-7	-38	-147	--	-16 634	-17 153
Disposals of subsidiaries	11.2	--	--	-8 403	-3 424	--	--	-8	-11 835
Effect of currency translation		29	253	7	70	21	3	16	399
Balance at 30/06/2019		11 362	45 260	69 511	59 582	5 053	57	43 025	233 850
Accumulated depreciation									
Balance at 1/1/2019		--	-9 579	--	-4 097	-147	--	-20 168	-33 991
Depreciation expense		--	-1 349	-3 573	-4 193	-798	--	-5 662	-15 575
Transfer		--	638	--	2	--	--	--	640
Disposals		--	327	--	-15	147	--	16 634	17 093
Disposals of subsidiaries	11.2	--	--	721	1 086	--	--	--	1 807
Depreciation expense of discontinued operations	31	--	--	-720	-354	--	--	--	-1 074
Effect of currency translation		--	-26	-5	-29	--	--	--	-60
Balance at 30/06/2019		--	-9 989	-3 577	-7 600	-798	--	-9 196	-31 160
Net book value at 1/1/2019		11 474	35 738	--	57 952	--	976	36 592	142 732
Net book value at 30/06/2019		11 362	35 271	65 934	51 982	4 255	57	33 829	202 690

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2018	Note	Land – owned	Buildings – owned	Machinery and equipment – owned	Machinery and equipment – leased	Tangible assets under construction	Other tangible assets	Total
Acquisition cost								
Balance at 1/1/2018		11 493	43 458	60 119	188	1 620	46 235	163 113
Business combinations	11.1	--	--	2 161	--	--	8	2 169
Additions		--	1 504	8 995	--	1 048	13 743	25 290
Transfers		--	515	1 051	--	-1 566	--	--
Disposals		--	-3	-10 231	-41	-116	-3 215	-13 606
Effect of currency translation		-19	-157	-46	--	-10	-11	-243
Balance at 31/12/2018		11 474	45 317	62 049	147	976	56 760	176 723
Accumulated depreciation								
Balance at 1/1/2018		--	-6 225	-5 968	-188	--	-12 550	-24 931
Depreciation expense		--	-3 368	-8 221	--	--	-10 816	-22 405
Disposals		--	--	10 071	41	--	3 198	13 310
Effect of currency translation		--	14	21	--	--	--	35
Balance at 31/12/2018		--	-9 579	-4 097	-147	--	-20 168	-33 991
Net book value at 1/1/2018		11 493	37 233	54 151	--	1 620	33 685	138 182
Net book value at 31/12/2018		11 474	35 738	57 952	--	976	36 592	142 732

Additions in first half of 2018 were EUR 14 681 thousand. The most significant amount was EUR 9 632 thousand mainly relating to lottery terminals, printers and monitors as well telecommunication equipment for OPAP network.

As at 30 June 2019, the net book value of the building and the adjacent land, pledged as a collateral (see Note 33), totals EUR 22 968 thousand (2018: EUR 21 820 thousand).

Machinery and equipment - leased comprise primarily the draw equipment which the Group has acquired under finance lease.

6. Equity method investees

		30/06/2019	31/12/2018
Equity method investees	Ownership interest (%)	619 179	670 729
Casinos Austria AG (1)	38.29%	230 492	225 671
LTB Beteiligungs GmbH (2)	66.67%	48 676	46 739
CLS Beteiligungs GmbH (3)	66.67%	48 628	46 693
LOTTOITALIA S.r.l. (4)	32.50%	238 513	301 538
TCB Holdings Ltd (5)	36.75%	52 870	50 088

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

Change in value of the investments accounted for using the equity method contains increase in the amount of an investment by the owner and the share of profit or loss, 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 account investments:

- 1) Casinos Austria AG is a worldwide gaming and entertainment group based in Austria. As at 30 June 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 has become a new associate of the Group. Medial Beteiligungs-GmbH is a holding company where the only significant asset is an investment in Casinos Austria AG and thus consideration paid for Medial Beteiligungs-GmbH was included into the calculation of equity method investment in Casinos Austria AG.

Table below presents consideration paid for the economic share 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 share (26.81%) acquired in the net identifiable assets	56 769
Goodwill	79 761
Consideration paid for additional economic share acquired (26.81%)	136 530
Initial economic share held as at 31 December 2017	79 039
Total carrying amount of equity method investee as at the date of acquisition	215 569

Casinos Austria AG	30/06/2019	31/12/2018
Non-current assets	905 990	813 264
Current assets	271 452	334 982
Non-current liabilities	-473 955	-399 770
Current liabilities	-364 387	-393 522
Net assets	339 100	354 954
Non-controlling interest	-49 932	-78 377
Net assets attributable to Casino Austria AG equity holders	289 168	276 577
Group's share (38.29%)	110 723	105 902
Goodwill	119 769	119 769
<i>of which Goodwill from initial economic share</i>	40 008	40 008
<i>of which Goodwill from additional economic share</i>	79 761	79 761
Carrying amount of interest in associate	230 492	225 671
Casinos Austria AG	30/06/2019	30/06/2018
Profit (100%)	38 040	--
Total comprehensive income (100%)	27 590	--
Group's share of total comprehensive income	10 564	--
Dividends received	5 743	--

- 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, SAZKA Group a.s. effective share in OLG is 9.45% (31 December 2018: 11.55%).

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LTB Beteiligungs GmbH	30/06/2019	31/12/2018
Equity method investment in OLG	62 594	70 081
Current assets	10 428	33
Non-current liabilities	--	--
Current liabilities	-11	-8
Net assets (100%)	73 011	70 106
Group's share (66.67%) = carrying amount of interest in associate	48 676	46 739
LTB Beteiligungs GmbH	30/06/2019	30/06/2018
Profit for the period	3 151	2 835
of which share of profit of equity accounted method investments OLG	3 156	2 843
of which net profit of LTB	-6	-8
share of OCI of equity accounted method investments OLG	-241	-191
Total comprehensive income (100%)	2 909	2 644
Group's share of total comprehensive income	1 940	1 763
Dividends received	--	--

- 3) CLS Beteiligungs GmbH ("CLS") is a company holding participations in lottery and gaming businesses. The share of 66.67% is owned in CLS through CAME Holding GmbH and was acquired on 7 December 2016. According to the company'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 both its CLS and LTB shareholdings.

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CLS Beteiligungs GmbH	30/06/2019	31/12/2018
Equity method investment in OLG	62 512	69 998
Current assets	10 443	53
Non-current liabilities	--	--
Current liabilities	-16	-15
Net assets (100%)	72 939	70 036
Group's share (66.67%) = carrying amount of interest in associate	48 628	46 693
CLS Beteiligungs GmbH	30/06/2019	30/06/2018
Profit for the period	3 143	2 819
of which share of profit of equity accounted method investments OLG	3 156	2 843
of which net profit of CLS	-13	-24
of which share of OCI of equity accounted method investments OLG	-241	-191
Total comprehensive income (100%)	2 902	2 628
Group's share of total comprehensive income	1 935	1 752
Dividends received	--	--

- 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%, the share in the company was acquired on 5 May 2016. The company is accounted for using the equity method.

LOTTOITALIA S.r.l.	30/06/2019	31/12/2018
Non-current assets	657 494	708 206
Current assets	162 980	259 470
Non-current liabilities	--	--
Current liabilities	-86 588	-39 867
Net assets (100%)	733 886	927 809
Group 's share (32.50%)	238 513	301 538
Carrying amount of interest in associate	238 513	301 538
LOTTOITALIA S.r.l.	30/06/2019	30/06/2018
Revenues	209 570	198 094
Profit (100%)	110 057	100 139
Total comprehensive income (100%)	110 057	100 139
Group 's share of total comprehensive income	35 769	32 545
Dividends received	66 145	57 799

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- 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 from the total consideration was recognized as a contingent payment obligation according to the respective contract. The liability was settled in February 2018. The share of profit of the associate TCB HOLDINGS LTD recognized by the Group for the period 19 December 2018 - 31 December 2018 amounts to EUR 88 thousand.

TCB HOLDINGS LTD	30/06/2019	31/12/2018
Non-current assets	10 720	9 097
Current assets	59 087	53 361
Non-current liabilities	-2 938	-559
Current liabilities	-35 175	-37 752
Net assets (100%)	31 694	24 147
Group´s share (36.75%)	11 648	8 874
Post audit adjustment	8	--
Goodwill	41 214	41 214
Carrying amount of interest in associate	52 870	50 088
TCB HOLDINGS LTD	30/06/2019	30/06/2018
Revenues	104 886	--
Profit (100%)	7 547	--
Total comprehensive income (100%)	7 547	--
Group´s share of total comprehensive income	2 774	--
Dividends received	--	--

7. Deferred tax assets and liabilities

The deferred tax was calculated using tax rates applicable in individual companies.

A total increase in the net deferred tax liability of EUR 1 383 thousand relates to the following:

- change in deferred tax asset of EUR 976 thousand relating to hedging accounting, recorded against equity;
- change in deferred tax in profit or loss of EUR 9 614 thousand (see Note 30);
- disposal of Sazka Group Adriatic sub-group of EUR 9 963 thousand (see Note 11.2);
- FX translation adjustment (gain) of EUR 58 thousand.

8. Trade and other receivables

Long-term receivables comprise advances and deposits provided that are due in more than 12 months after the reporting date.

	30/06/2019	31/12/2018
Long-term receivables and other non-current assets	86 033	86 323
Long-term advances and deposits provided	1 362	3 442
Advances for pension benefits	221	221
Long-term receivables from financial derivatives (Note 17)	707	72
Receivables from VLT vendors	23 530	25 223
Long-term loans provided	56 670	54 842
Other long-term receivables	3 543	2 523

Receivables from VLT vendors are not interest bearing and the discount is immaterial.

	30/06/2019	31/12/2018
Short-term trade receivables and other current assets	672 744	206 556
Financial Assistance to KKCG AG	420 140	--
Short-term receivables from agents	96 317	110 127
Short-term trade receivables	33 027	38 857
Receivables from VAT and other taxes	19 425	16 919
Short-term receivables from financial derivatives (Note 17)	6 702	6 702
Short-term loans provided	67 450	3 458
Short-term prepaid expenses	12 780	20 553
Other short-term receivables	16 903	9 940

The Company provided Financial Assistance on 2 May 2019 in the form of a loan in the amount of EUR 420 140 thousand to parent company KKCG AG. On 30 July 2019 the Company distributed its other capital funds in the amount of CZK 10 778 327 thousand (in EUR equivalent using FX as of 30 July 2019 EUR 420 033 thousand), offsetting the receivable arising from the loan provided as Financial assistance (see also Note 12).

The short-term receivables from agents are collected on a weekly basis (SAZKA) or semi-weekly basis (OPAP). The agents, in order to qualify as a POS, must deposit the cash on the Group account. The deposit serves as a security which might be offset against company receivables. The Group uses also direct debit to transfer the money from agents to the Group's bank account. Combination of the above mentioned methods (very frequent payment of receivables, access to agents account and cash deposited as a security) results in limited unpaid receivables and the allowances based on ECL are immaterial.

Short-term prepaid expenses consist mainly of prepayments made to football clubs for advertising and sponsoring services according to the terms of separate contracts with each of those associations. Furthermore, it also includes prepaid consultancy fees, prepaid rent and storages.

Short-term trade receivables comprise mainly trade receivables of non-gaming activities in the amount of EUR 23 898 thousand (31 December 2018: EUR 26 696 thousand).

9. Short-term financial assets

Short-term financial assets in the amount of EUR 14 607 thousand (31 December 2018: EUR 15 010 thousand) consist of receivable based on a cashpooling agreement EUR 8 432 thousand (31 December 2018: EUR 1 209 thousand) and restricted cash in the amount of EUR 6 175 thousand (31 December 2018: EUR 13 801 thousand). Restricted cash represents the interest which will be incurred and paid in the next 12 months.

10. Cash and cash equivalents

	30/06/2019	31/12/2018
Cash and cash equivalents	445 987	312 678
Bank accounts	238 043	217 503
Fixed-term deposits	205 202	90 489
Cash in hand	2 742	4 686

As at 30 June 2019, the Group has pledged bank accounts with a total balance of EUR 17 889 thousand (31 December 2018: EUR 39 756 thousand) under various borrowing facilities. The balances on these bank accounts are unrestricted.

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

11.1 Acquisitions

i. For the period ending 30 June 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 consolidated statement of changes in equity for 2019 – effect of change in ownership interests.

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). Consideration paid for SUPER SPORT d.o.o. sub-group includes variable parts that can change in time.

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 (Note 4)	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 a 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 future expected 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 is presenting below the significant assumptions and judgements for each type of assets and liabilities 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 (see also Note 4).
- 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 a determined 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.

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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-controlling 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 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 6).

11.2 Disposal of investments

i. For the period ending 30 June 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 discontinued operation on 31 March 2019 (see Note 1.3, 2i and 31). The comparative condensed consolidated statements of profit or loss and OCI has been re-presented to show the continuing operations separately from the discontinued operations.

The Croatian subgroup was sold to EMMA GAMA LIMITED with regulatory approvals granted on 25 April 2019 with 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 the 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 117 393 thousand.

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The effects of disposals are provided in the following table:

Sazka Group Adriatic sub-group	30/06/2019
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	274 739

	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 – non-current portion	-209 811
Other non-current liabilities	-113 432
Total current liabilities	-11 583
Net identifiable assets and liabilities	50 304
Non-controlling interest	-22 436
Net assets value disposed	27 868
Sales price	302 607
Gain (loss) on disposal	274 739

ii. 31 December 2018

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

12. 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 June 2019 or in 30 June 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 on profit that has been approved by the general meeting for distribution, corresponding to such shareholder's participation on the share capital of the company. Similarly, in the event of company liquidation, each shareholder has the right to a share on the liquidation residue.

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No share of the Company are held by the Group or its subsidiary or associate.

Capital contributions and other reserves

In 2019 there was no increase in Capital contributions and other reserves (30 June 2018: EUR 0 thousand).

The Company provided Financial Assistance on 2 May 2019 in the form of a loan in the amount of EUR 420 140 thousand to 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 July 2019 EUR 420 033 thousand), this liability was offset after the reporting period on 30 July 2019 against the receivable arising from the loan provided as Financial assistance (see also Note 8).

13. Non-controlling interests

The Group's non-controlling interests amount to EUR 845 210 thousand as of 30 June 2019 and relate mainly to the OPAP S.A. sub-group with non-controlling interest of 67% (including 33% 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 33% on its equity.

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

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

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30/06/2019	<i>HELLENIC LOTTERIES S.A.</i>	<i>NEUROSOFT S.A.</i>	<i>OPAP S.A. sub-group</i>	ED Management sub-group (incl. OPAP S.A. subgroup)*	Others (individually immaterial)	TOTAL
Direct non-controlling interest percentage	33.00%	32.28%	67.00%	24.52%		
Non-current assets	118 709	10 449	2 144 112	2 129 928		
Current assets	98 989	7 266	472 086	576 890		
Non-current liabilities	-49 976	-3 134	-972 468	-1 231 643		
Current liabilities	-77 248	-3 510	-473 310	-477 013		
Net assets	90 474	11 071	1 170 420	998 162		
Sub-group's non-controlling interest	--	--	33 428	795 213		
Net assets attributable to the Group	90 474	11 071	1 136 992	202 949		
Non-controlling interest calculation	29 855	3 573	761 785	49 763		
Sub-group's non-controlling interest entering into consolidation	--	--	33 428	795 213		
Carrying amount of non-controlling interest	29 855	3 573	795 213	844 976	234	845 210
Net assets excluding net assets of sub- group on lower level (Note 1.3)	90 474	11 071	1 068 875	-172 258		
Effective non-controlling interest share	83.31%	83.13%	75.09%	24.52%		
Effective non-controlling interest	75 375	9 204	802 635	-42 239	234	845 210

* 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.

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2019	Continuing operation				Discontinued operation		TOTAL
	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)	
Direct non-controlling interest percentage	33.00%	32.28%	67.00%	24.52%	33.00%		
Summarized information from SOCI for the year							
Net gaming revenue	47 952	--	525 596	525 596	37 235		
Profit	1 229	-1 405	91 796	24 248	18 750		
Other comprehensive income	--	--	-1 499	-568	-28		
Total comprehensive income	1 229	-1 405	90 297	23 680	18 722		
Profit allocated to non-controlling interest	405	-455	61 503	5 946	6 188		
OCI allocated to non-controlling interest	--	--	-1 004	-139	-9		
Share of profit of sub-group's non-controlling interest entering into consolidation	--	--	-50	61 453	--		
Share of other comprehensive income of sub-group's non-controlling interest entering into consolidation	--	--	--	-1 004	--		
Total comprehensive income attributable to non-controlling interest	405	-455	60 449	66 255	6 179	32	72 466
Summarized cash flow information for the year							
Net cash from operating activities	-2 458	126	129 776	242 976	18 159		
Cash flows used in investing activities	-87	-406	-14 857	-22 440	-180		
Net cash from financing activities	-10 013	-46	-8 119	-91 877	-31 769		
Net inflow / outflow (-) of cash and cash equivalents for the year	-12 558	-325	106 800	128 658	-13 790		
Dividends paid to NCI	--	--	-130 445	-18 487	-10 785	--	-159 717

14. Loans and borrowings and lease liabilities

	30/06/2019	31/12/2018
Bank loans and other borrowings – non-current portion	1 613 563	1 653 740
Long-term bank loans	756 692	798 688
Long-term loans from companies outside the Group	9 176	8 622
Long-term liabilities arising from debt securities (bonds)	847 695	846 430

	30/06/2019	31/12/2018
Bank loans and other borrowings – current portion	101 182	113 172
Current portion of long-term bank loans and borrowings	94 575	109 176
Short-term bank loans and borrowings received	6 005	3 383
Short-term liabilities arising from debt securities (bonds)	422	422
Overdrafts	180	191

	30/06/2019	31/12/2018
Lease liabilities	70 911	--
Long-term liabilities arising from leases	62 915	--
Short-term liabilities arising from leases	7 996	--

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

	2019
Balance 1 January	1 766 910
<i>Cash flows</i>	
Loans and borrowings received	115 784
Repayment of loans and borrowings	-84 261
Proceeds from assignment of loan receivable	117 150
Payment of lease liabilities	-4 475
<i>Non-cash changes</i>	
Unpaid interest	7 492
Non-cash settlement	73 615
Effect of disposal of subsidiaries	-209 991
Effect of FX differences recognized in profit or loss	-2 272
Effect of FX differences recognized in other comprehensive income	5 705
Balance 30 June	1 785 656

The most significant portion of non-cash settlement represent long-term and short-term lease liabilities of EUR 70 911 thousand.

Loans received from related parties

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

15. Provisions

Long-term provisions	Note	Litigation provision	Other long-term provisions	Total
Balance at 1/1/2018		29 493	4 274	33 767
Additions		1 776	856	2 632
Utilisation		-1 161	--	-1 161
Release		-3 529	--	-3 529
Effect of currency translation		--	-21	-21
Balance at 31/12/2018		26 579	5 109	31 688
Balance at 1/1/2019		26 579	5 109	31 688
Additions		1 114	--	1 114
Utilisation		-485	--	-485
Release		-16 213	--	-16 213
Transfer		--	-3 420	-3 420
Effect of currency translation		--	5	5
Balance at 30/06/2019		10 995	1 694	12 689

Release of litigation provision as of 30 June 2019 in the amount of EUR 16 213 thousand (31 December 2018: EUR 3 529 thousand) 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 (see Note 33).

The aim of the long-term bonus programme (other long-term provisions) is to motivate the management to meet the long-term growth target of the Group. Long-term provision totalling EUR 735 thousand (31 December 2018: EUR 3 415 thousand) was recognized in this respect.

Short-term provisions	Note	Short-term provision for jackpots and scratch cards	Other short-term provisions	Total
Balance at 1/1/2018		7 324	2 365	9 689
Additions		8 762	3 917	12 679
Utilisation		-7 296	-2 355	-9 651
Effect of currency translation		-56	-23	-79
Balance at 31/12/2018		8 734	3 904	12 638
Balance at 1/1/2019		8 734	3 904	12 638
Additions		5 527	1 893	7 420
Utilisation		-8 748	-7 330	-16 078
Transfer		--	3 420	3 420
Effect of currency translation		66	24	90
Balance at 30/06/2019		5 579	1 911	7 490

The provision for jackpots is generated cumulatively till the jackpot is won.

16. Trade and other payables

	30/06/2019	31/12/2018
Long-term trade and other payables	21 474	129 484
Deferred consideration to purchase SUPER SPORT d.o.o. (Note 11)	--	112 943
Obligation to purchase IGT Czech Republic LLC	2 050	2 011
Guarantee deposits from lottery agents	10 030	9 771
Long-term payables from financial derivatives (Note 17)	8 086	3 306
Other payables	1 308	1 453

	30/06/2019	31/12/2018
Short-term trade and other payables	471 585	363 379
Liabilities arising from unclaimed prizes	90 352	121 793
Short-term trade payables	66 118	86 060
Lottery tax liabilities	56 261	74 534
Payables to state (social and health insurance liabilities, other taxes)	13 781	11 758
Payables to employees	7 000	10 796
Short-term payables from financial derivatives (Note 17)	--	81
Prepaid stakes	11 162	9 593
Contract liabilities	1 376	1 388
Dividends payable	128 878	--
Other payables	96 657	47 376

Lottery tax is due when cash for stakes is accepted. Lottery tax is calculated as tax base multiplied by the tax rate, which varies based on type of game and country. Lottery tax base is the difference between amounts staked (cash IN) and prize paid (cash OUT).

Trade payables comprise items arising from the Group's ordinary course of business and are due as specified in the respective payment terms.

As at 30 June 2019 and 31 December 2018, trade and other payables were not secured.

17. Derivatives

As at 30 June 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 offset the currency risk, the hedge accounting criterias are not fulfilled 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:

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Hedging derivatives	Due date	Fixed rate	Nominal value as at 30/06/2019	Average fixed rate 30/06/2019	Fair value as at 30/06/2019
Interest rate swap	2020	3M PRIBOR	17 685	0.020	459
Interest rate swaps	2024	3M PRIBOR	70 823	1.828	248
Interest rate swaps	2024	3M PRIBOR	56 372	1.828	-490
Interest rate swaps	2025	3M PRIBOR	127 726	0,921	-2 788
Interest rate swap	2023	3M EURIBOR	100 000	0.004	-3 269
Total hedging derivatives			327 606	--	-5 840

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			438 641	--	-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	2019	2018
1 January	-6 719	16 462
Hedging gains / losses recognized in OCI	850	-23 735
Cash flow hedge effects recognized in profit of loss	4 039	1 796
30 June	-3 530	-5 477

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 consortium of banks in 2018 in actual amount as of 30 June 2019 of EUR 594 191 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 effectiveness of the hedge relationship. The effectiveness of hedging as of 30 June 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 30/06/2019	Fair value as at 30/06/2019	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	15 712	-121	41 068	-167
FX swap	2023	159 999	-1 418	--	--
Total trading financial derivatives				297 548	5 901

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

18. Employee benefits

Long-term incentive scheme OPAP S.A. subgroup

The Board of Directors of the OPAP S.A. subgroup, following a recommendation of the Remuneration and Nomination Committee, on 28 March 2017, approved a long term incentive scheme with distribution of part of the net profits to Executive Members of the board of directors and other key management personnel, excluding CEO. The program's duration is 3 years, for the period 2017-2019.

The targets relate to:

- the profitability of the Company for the 3 year period mentioned above, and
- increasing share price in Athens Exchange.

Finally, the scheme defines that the maximum amount to be distributed to up to 30 beneficiaries is EUR 7 000 thousand.

As of 30 June 2019 the liability related to the above scheme amounts to EUR 2 941 thousand (31 December 2018: EUR 2 305 thousand) for the Group.

Long-term bonus programme in Sazka a.s.

The aim of the long-term bonus programme (other long-term provisions) is to motivate the management in Sazka a.s. to meet the long-term growth target of the Sazka a.s company. Long-term provision totalling EUR 735 thousand (31 December 2018: EUR 3 415 thousand) was recognized in this respect see also Note 15.

Defined Benefit Plan

Under Greek labor law, employees are entitled to termination payments in the event of retirement with the amount of payment varying in relation to the employee's compensation and length of service. The liability arising from the above obligation is actuarially valued by an independent firm of actuaries. The last actuarial valuation was undertaken in December 2018.

The liability as at 30 June 2019 was EUR 5 505 thousand (31 December 2018: EUR 4 807 thousand).

19. Revenues and Revenue from sale of goods and services

	1H 2019	1H 2018 Restated*
Amount staked	2 588 359	2 493 741
Gross gaming revenues (GGR)	908 512	856 919
Lottery Tax	-283 243	-271 640
Net gaming margin**	625 269	585 279
Revenue from sale of goods and services	61 961	62 346
Sales of goods	15 704	16 786
Sales of services	46 031	45 362
Revenues from lease of real estates	226	198

* The Group re-presented condensed comparatives to show continuing operations separately from the discontinued operation (Note 2 (i)).

**Also related to within the industry as Net gaming revenue (NGR)

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In the following table Total revenue is diasaggregated by major product/services lines and timing of revenue recognition. The table also includes a reconciliation of disaggregated revenue with the Group's operating segments (see Note 34).

For the 6 month period ended 30 June 2019							
Gross Gaming Revenues (GGR) and Revenue from sale of goods and services according to major products/service lines	Numerical Lotteries	Instant lotteries	Sports Betting	Digital games	VLTs & gaming machines	Other	Total
Draw based games	468 040	--	--	--	--	--	468 040
Passive lotteries	26 761	--	--	--	--	--	26 761
Instant lotteries	--	69 006	--	3 561	--	--	72 567
Sports Betting	--	--	194 517	--	--	--	194 517
VLT & gaming machines revenues	--	--	--	6 739	139 888	--	146 627
Mobile virtual network operator (MVNO)	--	--	--	--	--	4 955	4 955
Mobile phone top-up service	--	--	--	--	--	47 369	47 369
Ticket sale	--	--	--	--	--	107	107
Other	--	--	--	--	--	9 530	9 530
Total Gross Gaming Revenues (GGR) and Revenue from sale of goods and services	494 801	69 006	194 517	10 300	139 888	61 961	970 473
Lottery tax							-283 243
Total Net gaming revenues (NGR) and Revenue from sale of goods and services							687 230
For the 6 month period ended 30 June 2018*							
Gross gaming revenues (GGR) and Revenue from sale of goods and services according to major products/service lines	Numerical Lotteries	Instant lotteries	Sports Betting	Digital games	VLTs & gaming machines	Other	Total
Draw based games	466 768	--	--	15	--	--	466 783
Passive lotteries	29 710	--	--	--	--	--	29 710
Instant lotteries	--	63 607	--	2 167	--	--	65 774
Sports Betting	--	--	205 065	--	--	--	205 065
VLT & gaming machines revenues	--	--	--	183	89 404	--	89 587
Mobile virtual network operator (MVNO)	--	--	--	--	--	5 007	5 007
Mobile phone top-up service	--	--	--	--	--	46 311	46 311
Ticket sale	--	--	--	--	--	89	89
Other	--	--	--	--	--	10 939	10 939
Total Gross gaming revenues (GGR) and Revenue from sale of goods and services	496 478	63 607	205 065	2 365	89 404	62 346	919 265
Lottery Tax							-271 640
Total Net gaming revenue (NGR) and Revenue from sale of goods and services							647 625

* The Group restated condensed consolidated interim comparative information upon completion of acquisition accounting for NEUROSOFT S.A. The condensed comparative statement of profit or loss and OCI has been re-presented to show continuing operations separately from the discontinued operation (Note 2 (i)).

Disaggregation of revenues according to timing of revenue recognition for the 6 month period ending 30 June 2019:

	At a point in time	Over time	Total
Mobile virtual network operator (MVNO)	4 955	--	4 955
Mobile phone top-up service	47 369	--	47 369
Other	9 637	--	9 637
Total revenues from contracts with customers	61 961	--	61 961
Gross gaming revenues			908 512
Total revenues			970 473

Disaggregation of revenues according to timing of revenue recognition for the 6 month period ending 30 June 2018:

	At a point in time	Over time	Total
Mobile virtual network operator (MVNO)	5 007	--	5 007
Mobile phone top-up service	46 311	--	46 311
Other	11 028	--	11 028
Total revenues from contracts with customers	62 346	--	62 346
Gross gaming revenues			856 919
Total revenues			919 265

The Group recognized the following assets and liabilities related to contracts with customers:

	30/06/2019	31/12/2018
Current contract liabilities relating to MVNO contracts	1 376	1 388

20. Other operating income

	1H 2019	1H 2018 Restated*
Other operating income	3 640	5 928
Revenue from the leases	2 196	1 748
Income from subsidies	133	246
Other	1 311	3 934

* The Group re-presented condensed consolidated interim comparative information to show continuing operations separately from the discontinued operation (Note 2 (i)).

21. Agents' commissions

In general, agent's commissions are commissions accrued to the agents for their services and they are accounted for as a portion of amounts staked, GGR or NGR (depending on operating segment).

22. Materials, consumables and services

	1H 2019	1H 2018 Restated*
Materials, consumables and services	-152 017	-159 496
Fees to system providers	-47 925	-35 443
Cost of goods sold	-46 818	-46 191
Advisory and other professional services	-30 247	-28 678
Cost of IT and software services	-7 716	-25 779
Telecommunication services	-4 896	-5 242
Scratch card production cost	-3 381	-3 122
Cost of operating leases	-1 037	-5 807
Materials and consumables	-741	-751
Other services	-9 256	-8 483

* The Group re-presented condensed consolidated interim comparative information to show continuing operations separately from the discontinued operation (Note 2 (i)).

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

23. Marketing services

	1H 2019	1H 2018 Restated*
Marketing services	-44 983	-44 534
Advertising	-33 947	-31 773
Sponsorship and donations	-11 036	-12 761

* The Group re-presented condensed consolidated interim comparative information to show continuing operations separately from the discontinued operation (Note 2 (i)).

24. Personnel expenses

	1H 2019	1H 2018 Restated*
Personnel expenses	-52 002	-47 855
Wages and salaries	-37 137	-37 338
Social security and health insurance	-9 857	-8 752
Other social expenses	-899	-820
Retirement benefit costs – Defined Benefit Plan	-4 109	-945
<i>of which termination compensation</i>	-3 865	-116

* The Group re-presented condensed consolidated interim comparative information to show continuing operations separately from the discontinued operation (Note 2 (i)).

The social security and health insurance expense includes amount of EUR 8 551 thousand (2018: EUR 5 886 thousand) related to contribution to pension state fund. 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.

25. Other operating expenses

	1H 2019	1H 2018 Restated*
Other operating expenses	-11 890	-23 540
Other taxes	-6 104	-6 719
Travel expenses	-1 807	-1 871
Repair and maintenance	-903	-1 034
Fees	-807	-662
Insurance premiums	-472	-498
The remaining portion of operating expenses	-1 797	-12 756

* The Group re-presented condensed consolidated interim comparative information to show continuing operations separately from the discontinued operation (Note 2 (i)).

26. Share of profit equity method investees

	1H 2019	1H 2018
Share of profit on equity method investees (net of tax)	56 971	48 783

As at 30 June 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 6. None of these companies are publicly traded.

27. 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.

28. Depreciation and amortization

	1H 2019	1H 2018 Restated*
Depreciation and amortization	-59 442	-48 357
Depreciation of property, plant and equipment incl. investment property	-11 226	-9 828
Amortisation of intangible assets	-43 847	-38 529
Depreciation of right of use	-4 369	--

*The Group restated condensed consolidated interim comparative information upon completion of acquisition accounting for NEUROSOFT S.A. The condensed comparative statement of profit or loss and OCI has been re-presented to show continuing operations separately from the discontinued operation (Note 2 (i)).

29. Interest income, finance income and finance costs

	1H 2019	1H 2018 Restated*
Interest income	3 704	1 121
Interest income from loans	2 907	769
Income from bonds	797	352
Finance income	1 277	2 096
Income from ownership of securities	53	--
Other finance income	140	1 534
Foreign exchange gains	1 084	562
Finance cost	-39 731	-43 427
Interest expense	-16 209	-19 774
Bond-related interest and expense	-15 746	-16 611
Other finance expenses	-7 776	-7 042
Finance costs, net	-34 750	-40 210

*The Group restated condensed consolidated interim comparative information upon completion of acquisition accounting for NEUROSOFT S.A. The condensed comparative statement of profit or loss and OCI has been re-presented to show continuing operations separately from the discontinued operation (Note 2 (i)).

30. Income tax expense

	1H 2019	1H 2018
Income tax expense	-47 284	-37 628
Current income tax	-37 670	-33 379
Deferred income tax	-9 614	-4 249

*The Group restated condensed consolidated interim comparative information upon completion of acquisition accounting for NEUROSOFT S.A. The condensed comparative statement of profit or loss and OCI has been re-presented to show continuing operations separately from the discontinued operation (Note 2 (i)).

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.

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.

31. Discontinued operations

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 discontinued operation on 31 March 2019 (see Note 1.3, 2i and 11.2). The comparative condensed consolidated statements of profit or loss and OCI have been re-presented to show the continuing operations separately from the discontinued operations.

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

Cash consideration for the sale of Croatian business was 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. The consideration paid by EMMA GAMMA LIMITED for the assigned receivable is EUR 117 393 thousand.

Financial information relating to the discontinued operation is set out below and in Note 11.2.

(a) 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 (2019 column) and for the period of 2 months since acquisition of Sazka Group Adriatic business on 26 April 2018 till 30 June 2018 (2018 column).

Result of discontinued operation	4M 2019	2M 2018
Amount staked	173 022	66 121
Consolidated statement of comprehensive income is as follows:		
Gross gaming revenue (GGR),	47 187	18 309
Lottery tax	-9 952	- 4 341
Net gaming margin **	37 235	13 968
Revenue from sale of goods and services	374	32
Other operating income	58	73
Agent´s commissions	--	-360
Materials, consumables and services	-5 856	-2 504
Marketing services	-455	-279
Personnel expenses	-4 972	-2 218
Other operating expenses	-1 321	-560
Operating EBITDA ***	25 063	8 152
Depreciation and amortization	-1 078	-216
Profit from operating activities	23 985	7 936
Interest income	339	136
Finance income	188	510
Finance cost	-3 707	-1 661
Loss from financial operations	-3 180	-1 015
Profit before income tax	20 805	6 921
Income tax expense	-5 234	-1 293
Profit from discontinued operations	15 571	5 628
<i>Items that are or may subsequently be reclassified to profit or loss:</i>		
Foreign currency translation differences for foreign operations	17	-659
Other comprehensive income / (loss)	17	-659
Total comprehensive income	15 588	3 912

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Cash flow from (used in) discontinued operations	2019	2018
Net cash flow from (used in) operating activities	13 715	5 386
Net cash flows from (used in) investing activities	-2 180	-195 820
Net cash flows from (used in) financing activities	-23 665	218 694
Net increase in cash generated by the subgroup	-12 130	28 260

32. Other comprehensive income/loss for the year

	1H 2019	1H 2018 *Restated
Items that are or may be reclassified to profit or loss:		
Foreign currency translation differences for foreign operations	2 254	--
Foreign currency translation differences of disposed foreign operations transferred to profit or loss	-2 528	167
Foreign currency translation differences for foreign operations total	-274	167
Share of OCI of equity method investments	-3 984	-5 197
Share of OCI of equity method investments	-3 984	-5 197
Effective portion of changes in fair value of cash flow hedges, before tax	-4 506	-6 820
Deferred tax	976	1 343
Effective portion of changes in fair value of cash flow hedges, net of tax	-3 530	-5 477
Other comprehensive income/(loss) for the period, net of income tax	-7 788	-10 507

* The Group re-presented condensed consolidated interim comparative information to show continuing operations separately from the discontinued operation (Note 2 (i)).

33. Contingencies

Legal matters

The Group estimates legal claims against OPAP S.A., for which a negative outcome is likely and therefore results in a provision, including interest, amounting to EUR 10 995 thousand (2018: EUR 26 579 thousand). Total cumulative provision is analysed below:

	30/06/2019	31/12/2018
Labor disputes	2 815	5 481
Lawsuits from individuals or legal entities	8 145	21 064
Total provisions	10 960	26 544

Furthermore, according to Greek legal counsel, third party lawsuits against OPAP have been filed for a total claim of EUR 256 018 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.

Off balance sheet items and pledged assets

Off-balance sheet assets	30/06/2019	31/12/2018
Guarantees received (bank and other guarantees)	39 647	39 666
Other	--	--
Total	39 647	39 666

Pledged assets for the loans received by the company	30/06/2019	31/12/2018
Tangible and intangible fixed assets	96 536	94 588
Securities, shares	1 563 394	1 612 431
Bank accounts	17 889	39 756

The highest portion of pledged tangible and intangible assets represent trademarks with carrying value of EUR 73 568 thousand (2018: EUR 72 768 thousand).

The pledged securities and shares are mainly represented by (all numbers are book values except for listed OPAP shares which are in fair values):

- pledge of OPAP shares – as OPAP S.A. is a listed company on the Athens stock exchange, disclosed value of pledged shares represents the Group's stake in OPAP S.A. amounting to EUR 1 029 541 thousand (2018: EUR 799 526 thousand);
- pledge of LOTTOITALIA shares and enterprise pledge – pledged value of equity method investees represents the share on equity attributable to the Group of EUR 238 513 thousand (2018: EUR 301 538 thousand);
- pledge of Medial Beteiligungs-GmbH shares (company holding participations in Casinos Austria AG without any additional economic activities – for further detail see Note 6.1) – pledged value of its equity method investees represents the share on equity attributable to the Group of EUR 230 491 thousand (2018: EUR 225 670 thousand);
- pledge of SUPER SPORT d.o.o. and Minus5 d.o.o. shares and enterprise pledge – value of pledged shares of EUR 0 thousand (2018: EUR 221 554 thousand);
- pledge of SAZKA a.s. shares – value of pledged shares represents book value of the Group's stake of EUR 64 849 thousand (2018: EUR 64 144 thousand).

34. Segment information**(a) Operating segments**

30 June 2019	OPERATING SEGMENTS	Numerical Lotteries	Instant lotteries	Sports Betting	Digital games	VLTs & gaming machines	Total reportable segments	Unallocated items *	Total
Amounts Staked		1 396 890	197 700	831 210	22 671	139 888	2 588 359	--	2 588 359
Gross Gaming Revenue		494 801	69 006	194 517	10 300	139 888	908 512	--	908 512
Net gaming revenue		341 545	50 890	127 884	7 029	97 921	625 269	--	625 269
Revenue from sale of goods and services and other operating income		22	33	415	--	--	470	65 131	65 601
Agents' commission		-106 155	-14 607	-44 775	-21	-33 171	-198 729	-1 607	-200 336
Operating expenses		-81 982	-17 798	-36 181	-4 647	-40 050	-180 658	-80 234	-260 892
Share on profit of equity method investees		45 718	-276	5 702	333	614	52 091	4 880	56 971
Operating EBITDA		199 148	18 242	53 045	2 694	25 314	298 443	-11 830	286 613
Depreciation and amortization		-18 413	-5 552	-8 783	-450	-18 891	-52 089	-7 353	-59 442
Profit/loss from operating activities		180 735	12 690	44 262	2 244	6 423	246 354	-19 183	227 171
Profit for the period from discontinued operations		--	--	8 088	13 787	1 257	23 132	-7 561	15 571

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

30 June 2018	OPERATING SEGMENTS Restated*	Numerical Lotteries	Instant lotteries	Sports Betting	Digital games	VLTs & gaming machines	Total reportable segments	Unallocated items	Total
Amounts staked		1 369 278	187 935	837 599	9 525	89 404	2 493 741	--	2 493 741
Gross gaming revenue		496 478	63 607	205 065	2 365	89 404	856 919	--	856 919
Net gaming revenue		340 348	45 763	134 798	1 788	62 582	585 279	--	585 279
Revenue from sale of goods and services and other operating income		16	24	306	--	--	346	67 928	68 274
Agents' commission		-107 922	-15 456	-49 206	-50	-21 886	-194 520	-1 514	-196 034
Operating expenses		-98 990	-17 460	-51 384	-1 393	-28 521	-197 748	-77 677	-275 425
Share on profit of equity method investees		42 060	99	119	4 224	395	46 897	1 886	48 783
Operating EBITDA		175 512	12 970	34 633	4 569	12 570	240 254	-9 377	230 877
Depreciation and amortization		-14 879	-5 592	-7 685	-361	-16 872	-45 389	-2 968	-48 357
Profit/loss from operating activities		160 633	7 378	26 948	4 208	-4 302	194 865	-12 345	182 520
Profit for the period from discontinued operations		--	--	2 251	2 776	532	5 559	69	5 628

*The Group restated condensed consolidated interim comparative information upon completion of acquisition accounting for NEUROSOFT S.A. The condensed comparative statement of profit or loss and OCI has been re-presented to show the continuing operations separately from discontinued operation (Note 2 (i)) and in line with information provided internally to chief operating decision maker.

SAZKA Group a.s.

Condensed interim consolidated financial statements for the six months period ended 30 June 2019 (in thousands of Euro)

(b) Entity wide information

As at 30 June 2019, the Group's operations were in the Czech Republic, Greece, Cyprus, Austria, Italy, Croatia and Other. Other includes Russia, Slovakia, Vietnam, and overheads.

Entity wide information	Czech Republic	Greece	Cyprus	Austria	Italy	Croatia	Other	Total
For the period ended 30 June 2019								
Net gaming revenue	99 673	487 606	37 990	--	--	--	--	625 269
Share of profit of equity method investees	--	2 781	--	18 421	35 769	--	--	56 971
Operating EBITDA	44 416	202 663	-2 084	18 412	35 769	--	-12 563	286 613
Profit for the period from discontinued operations	--	--	--	--	--	15 571	--	15 571
As at 30 June 2019								
Segment Assets	597 962	2 342 554	367 729	344 139	238 513	--	701 051	4 591 948
Segment Liabilities	407 933	1 350 649	313 464	109 234	--	--	412 398	2 593 678

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

Entity wide information	Czech Republic	Greece	Cyprus	Austria	Italy	Croatia**	Other	Total
For the period ended 30 June 2018								
Restated *								
Net gaming revenue	89 819	459 331	36 129	--	--	--	--	585 279
Share of profit of equity method investees	--	--	--	16 237	32 546	--	--	48 783
Operating EBITDA	36 503	152 142	4 836	16 092	32 546	--	-11 242	230 877
Profit for the period from discontinued operations	--	--	--	--	--	5 628	--	5 628
As at 31 December 2018								
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

*The Group restated condensed consolidated interim comparative information upon completion of acquisition accounting for NEUROSOFT S.A. The condensed comparative statement of profit or loss and OCI has been re-presented to show the continuing operations separately from discontinued operation (Note 2 (i)).

** discontinued operations

35. 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 6) neither in current year nor in prior year period, except for dividends received in the amount of EUR 72 110 thousand in 2019 (2018: EUR 77 380 thousand) and distribution from other funds of equity method investee in the amount of EUR 32 648 thousand (2018: EUR 32 796 thousand).

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

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

	30/06/2019	31/12/2018
ASSETS		
Long-term trade receivables and other non-current assets	1 375	1 360
Short-term financial assets	--	1 061
Short term trade receivables and other current assets	420 319	250
LIABILITIES		
Short-term trade and other payables	1 512	3 073

The highest portion of the Short term trade receivables and other current assets represents the financial assistance amounting to EUR 420 140 thousand provided to parent company KKCG AG.

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

In April 2019, the Croatian subgroup was sold to EMMA GAMA 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 11.2).

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 June 2019 and 30 June 2018:

	1H 2019	1H 2018
Revenue from sale of goods and services	--	144
Other revenues	178	--
Other operating income	22	26
Interest income	140	--
Materials, consumables and services	2 858	2 288
Personnel expenses	10	7
Other operating expenses	1 373	1 634

SAZKA Group a.s.

Condensed interim consolidated financial statements for the six months period ended 30 June 2019 (in thousands of Euro)

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

In 2019, the Group paid out bonuses to members of the Group entities' bodies amounting to EUR 391 thousand (2018: EUR 456 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:

	1H 2019		1H 2018	
	Board of directors and supervisory board	Executive management	Board of directors and supervisory board	Executive management
Wages and salaries	--	5 100	--	8 001
Social and health insurance	51	1 389	54	1 618
Other social expenses	--	51	--	--
Retirement benefit costs	--	--	--	596
Remuneration of members of statutory bodies	391	--	456	--
Total	442	6 540	510	10 215

36. Subsequent events



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

1. KKCG AG became the sole owner of the Company on 11 July 2019, after regulatory approvals were granted.

Also as of 11 July 2019, the Company changed its members in the board of directors with Jiří Šmejč and Pavel Horák being replaced by Robert Chvátal. Furthermore, Jakub Sokol and Radka Blažková left the Supervisory board on 11 July 2019. Tomáš Porupka is currently the sole member of the supervisory board.

2. The Company provided Financial Assistance on 2 May 2019 in the form of a loan in the amount of EUR 420 140 thousand to parent company KKCG AG. On 30 July 2019 the Company distributed its other capital funds in the amount of CZK 10 778 327 thousand (in EUR equivalent using FX as of 30 July 2019 EUR 420 032 thousand), offsetting the receivable arising from the loan provided as Financial assistance.
3. The Group announced on 8 July 2019 the submission of a voluntary tender offer (the "VTO") to all holders of shares in OPAP S.A., for the acquisition of all of their shares. The tender offer price is EUR 9.12 per share and the aggregate consideration for the VTO, assuming all shareholders (except for the shares held by the Group) accept the VTO, is estimated to be approximately EUR 2.06 billion.
4. OPAP S.A. paid a dividend per OPAP share of €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, shareholding in OPAP was diluted to 32.73% (with effective ownership of 24.71%).
5. EMMA DELTA VARIABLE CAPITAL INVESTMENT COMPANY LTD paid a dividend in the amount of EUR 25 000 thousand on 9 August 2019 (amount paid to non-controlling interest was EUR 6 130 thousand).
6. The Company has mandated J&T BANKA a.s., Česká spořitelna a.s., Komerční banka a.s. and UniCredit Bank Czech Republic and Slovakia a.s. to place a new 5 year senior bond issuance with a value of 5,000,000,000 CZK and with a potential increase to 6,000,000,000 CZK. The Czech national bank approved the prospectus in its decision ref. no.2019/090866/570, file no. S-Sp-2019/00052/CNB/572 dated 22 August 2019, which became final and effective as of 23 August 2019. The notes bear fixed interest rate of 5.20% p.a. The issue date of the notes will be 23 September 2019 and the ISIN allocated is CZ0003522930.

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

Date:	Signature of the authorised representative:	
13 September 2019		
	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 June 2019 and the related condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the six-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.

13 September 2019

PricewaterhouseCoopers Audit, s.r.o.
represented by

Jiří Zouhar
Jiří Zouhar

Petr Burget
Petr Burget
Statutory Auditor, Licence No. 2019

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