

FY 2020 RESULTS

30 April 2021

Sazka
GROUP



Robert Chvatal, CEO

Kenneth Morton, CFO

Business and strategic update

FY 2020 highlights

- Robust FY20 performance
 - Highlights the resilience of our businesses in a volatile year
 - Boosted by consolidation of CASAG and Stoiximan
 - Amounts staked +25% and GGR +6%
 - Adjusted EBITDA margin of 44%, despite COVID impact in Q2 and Q4
- Key strategic developments include:
 - Acquisition of additional stake and control in CASAG (now 59.8%)
 - Acquisition of additional stake in Stoiximan (now 84.5%)
 - Major restructuring of Austrian casinos
 - Apollo investment of €500m

€ millions	FY 2020	FY 2019	Δ
Amounts staked	6,831.4	5,456.8	25%
GGR	2,018.0	1,906.1	6%
NGR	1,212.5	1,311.1	-8%
Operating EBITDA	459.3	592.2	-22%
Adjusted EBITDA	538.1	603.2	-11%
Adjusted EBITDA margin	44.4%	46.0%	-1.6 p.p
Profit before tax	260.1	357.6	-27%
Pro-rata LTM Adjusted EBITDA ⁽¹⁾	374.3	410.7	-9%

Notes:

This presentation includes non-IFRS performance measures, including amounts staked, Operating EBITDA, Adjusted EBITDA, Operating EBITDA margin and pro-rata financial information. Please refer to slide 25.
Revenues for 2019 include €8.4 million from the Company's parent KKCG AG, representing recharges of certain expenses relating to the VTO (as defined below) incurred by the Company

Quarterly and FY business highlights

Austria:

- GGR and Operating EBITDA reflect strong performance of Austrian Lotteries while casinos impacted by closure and fixed employee costs
- Operating EBITDA of €147.1 million is before exceptional restructuring provision (€50.6 million) for domestic casinos

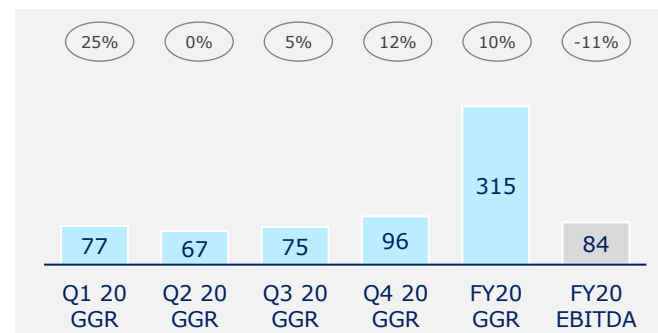
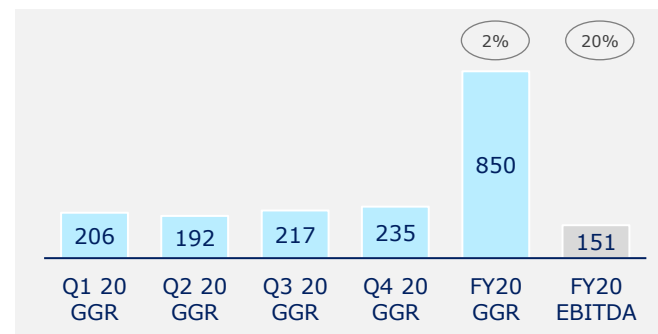
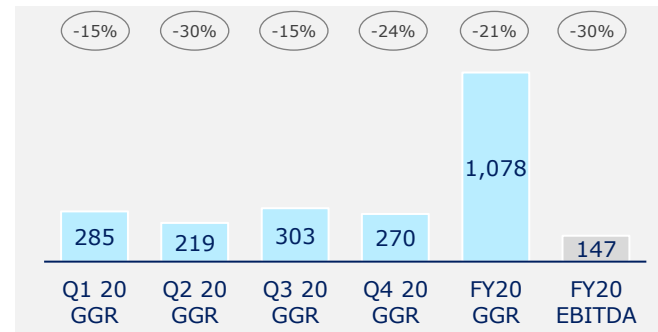
Austria – Austrian Lotteries only:

- FY20 GGR +2% and Operating EBITDA +20%
- Strong revenue performance with new lottery initiatives and growth in online and Digital, good cost control
- Especially strong performance in Q3 and Q4

Czech Republic:

- FY20 GGR +10%, NGR -8% due to increase in lottery tax from 23% to 35% from 1 January 2020
- FY20 Operating EBITDA -11% YOY due to lottery tax increase and investment in strategic marketing initiatives

GGR and Operating EBITDA by entity (€ millions) and % change vs. 2019



Quarterly and FY business highlights (continued)

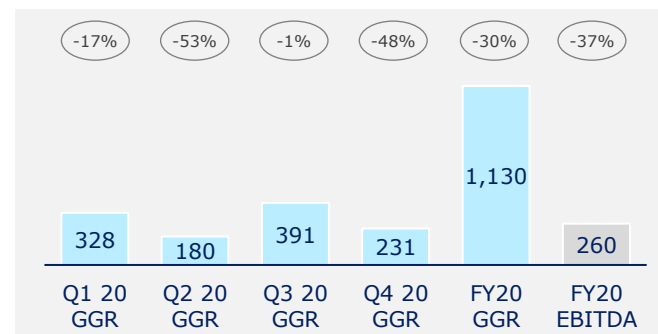
Greece and Cyprus¹:

- FY20 GGR -30% and NGR -32% due to agents' stores and gaming hall closures in end of Q1, Q2 and Q4
- Operating EBITDA -37%, supported by cost control and contribution from increased stake in Stoiximan from December
- Good recovery after in Q3 after end of restrictions: GGR -1%
- Great performance at Stoiximan even during disruption of sports calendar in Q2, however only consolidated from 18 November

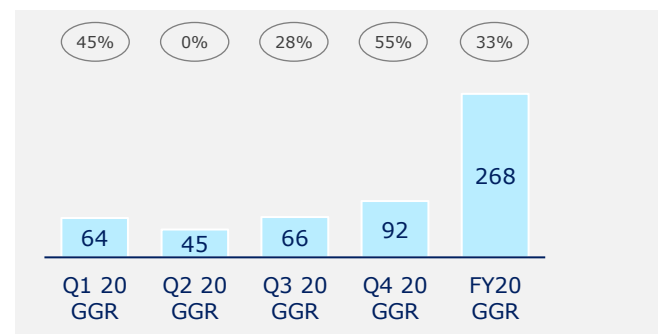
Equity method investees:

- Share of profit of equity method investees down 29% to €49.5 million (excluding CASAG and Stoiximan for comparability)
- Primarily driven by LottoItalia: steady performance, other than period in Q2 when draws were suspended by regulator

GGR and Operating EBITDA by entity (€ millions) and % change vs. 2019



Stoiximan



Notes:

¹ Includes Stoiximan as equity investee before 18 November and subsidiary thereafter

COVID – Q4 and current impact summary

Q4

- A new wave of COVID restrictions was introduced in October/November mainly impacting our physical retail businesses in Greece and casinos in Austria and internationally
- Online sales remained at structurally higher levels, all digital channels continue to operate without interruption
- Physical retail businesses in the Czech Republic, Austria and Italy remain open and functional
 - Minimal impact on POS network from restrictions
 - Key categories of points of sale (convenience stores, newsstands, petrol stations and post offices) remain open
- Physical retail operations in Greece and Cyprus as well as CASAG's casino businesses most impacted
 - Agents' stores in Greece and VLT halls shut
 - Most casinos and gaming halls in Austria and most international casinos closed

Subsequent

- Many of the restrictions introduced in Q4 continued into 2021
- Agents' stores in Greece reopened as of 12 April, VLTs and Gaming halls remain shut

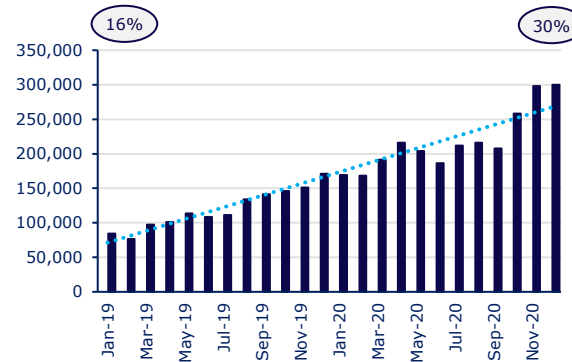
COVID impact summary – first wave vs. current

	First wave	Current
Government restrictions	<ul style="list-style-type: none"> ▪ Full lock-downs, extensive restrictions 	<ul style="list-style-type: none"> ✓ More selective approach by region ✓ Focus on supporting economy
Consumer behaviour	<ul style="list-style-type: none"> ▪ Significant risk aversion 	<ul style="list-style-type: none"> ✓ More used to “new normal” environment ✓ Shift to online across demographics
Physical POS network:		
- Czech Rep. and Austrian Lotteries	<ul style="list-style-type: none"> ▪ Limited impact 	<ul style="list-style-type: none"> ▪ Limited impact
- Greece (OPAP)	<ul style="list-style-type: none"> ▪ Closed 	<ul style="list-style-type: none"> ✓ Recently reopened
- Italy	<ul style="list-style-type: none"> ▪ Sales suspended 	<ul style="list-style-type: none"> ✓ Sales allowed at key POS categories
- Austrian casinos	<ul style="list-style-type: none"> ▪ Closed 	<ul style="list-style-type: none"> ▪ Most closed
- International casinos	<ul style="list-style-type: none"> ▪ Closed 	<ul style="list-style-type: none"> ▪ Most closed
Online:		
- Czech Rep. and Austrian Lotteries	<ul style="list-style-type: none"> ▪ Comprehensive range of products 	<ul style="list-style-type: none"> ▪ Comprehensive range of products ✓ Larger user base
- Greece (OPAP)	<ul style="list-style-type: none"> ▪ Limited range of products 	<ul style="list-style-type: none"> ✓ Broad range of products
- Greece (Stoiximan)	<ul style="list-style-type: none"> ▪ Fully online ▪ Sports calendar impacted 	<ul style="list-style-type: none"> ▪ Fully online ✓ Less impact on sports calendar
Corporate	<ul style="list-style-type: none"> ▪ Minority stake in CASAG ▪ Minority stake in Stoiximan 	<ul style="list-style-type: none"> ✓ Majority in CASAG ✓ Majority in Stoiximan Greece and Cyprus

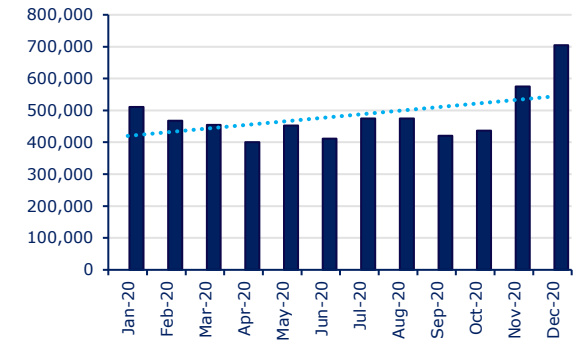
Online and digital-only momentum

- **Online – not just a key channel but also a tool to drive growth and player protection through data**
- Strong growth in revenues from Digital-only Games and sales of other products through online channels sustained
- Sales through physical retail also remain strong – e.g. flat y-o-y in Czech Republic
- Supported by
 - Acquisition of leading online player in Greece, Stoiximan
 - Cross-selling, leveraging brands, website and app traffic from lottery players, increasingly granular knowledge of customer base
 - New product launches
 - UX improvements and optimisations

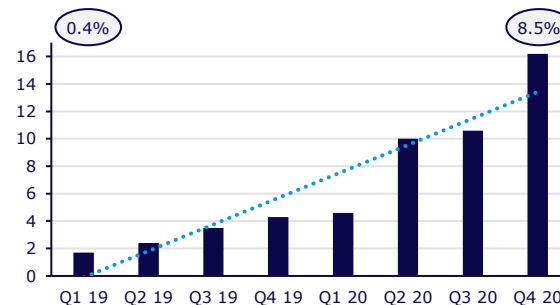
Czech Republic – online GGR in CZK thousands



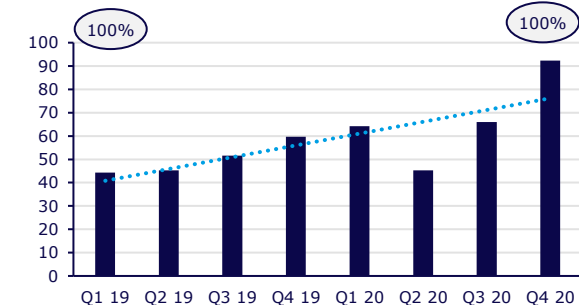
Czech Republic – physical retail GGR in CZK thousands



Greece and Cyprus - OPAP – online GGR in € millions



Greece and Cyprus - Stoiximan – online GGR in € millions





[.]% Online GGR as % of total GGR

Product launches and innovation – FY 2020 and YTD


- Continuing to grow and improve our products, channels and technology throughout the year
- Successfully implementing proven innovations across our geographies
 - Digitalisation of physical retail via loyalty scheme (Czech Republic → Greece)
 - Event draws (Czech Republic → Austria)
 - Online products and know-how (Czech Republic → Austria)

New and revitalised products







NEW special event draws




REVITALISED jackpot game




NEW third-party digital-only games






NEW annuity jackpot game




Additional draw of jackpot game



NEW scratch card family (2021)





NEW In-house developed game





Additional draw of jackpot game



Product launches and innovation – FY 2020 and YTD (continued...)

- Continuing to grow and improve our products, channels and technology throughout the year
- Successfully implementing proven innovations across our geographies
 - Digitalisation of physical retail via loyalty scheme (Czech Republic → Greece)
 - Event draws (Czech Republic → Austria)
 - Online products and know-how (Czech Republic → Austria)

Online launches




ONLINE LAUNCH of jackpot game





LAUNCH of digital-only games

Digitalising physical retail





NEW loyalty scheme (2021)



New technology and UI



NEW in-house sports-betting platform (2021)



NEW sports-betting app



NEW digital-only games app

Key strategic developments

FY20

▪ **Austria:**

- In March, we signed a SHA with ÖBAG (Austrian government)
- In June, we acquired a 17.19% stake in CASAG taking the shareholding to 55.48%. CASAG has been fully consolidated as a subsidiary from 26 June
- In July, plan approved to restructure the casino business in Austria, expected to generate cost savings of ~€45 million per year with run-rate achieved by 2022

▪ **Stoiximan:**

- In July and November, we acquired an additional stake in Stoiximan, the leading online gaming business in Greece and Cyprus, giving an 84.49% combined effective stake
- We retain a 36.75% stake in Stoiximan's operations outside of Greece and Cyprus (Betano)
- In November, funds advised by **Apollo** Global Management, Inc. agreed to invest €500 million in SAZKA Entertainment, immediate parent of SAZKA Group
- We increased our stake **in OPAP** from 40.01% to 43.12% (from 31.99% to 36.10% economic interest) including via open market purchases and scrip dividend

Key strategic developments (continued)

Subsequent

- Shareholding in **OPAP** increased to 44.33% (economic interest to 37.30%) through market purchases
- In January, we acquired a 4.31% shareholding in **CASAG**, taking our interest to 59.80%
- In March, **Apollo's** investment in SAZKA Entertainment was completed
 - €300 of the €500 million investment will be used to capitalise on acquisition and growth opportunities in Europe and North America, with a focus on lotteries



Financial update

Consolidated P&L

- Consolidated P&L reflects consolidation of CASAG since Q3
- GGR +6% for FY
- Adjusted EBITDA -11%
- Adjusted EBITDA margin down only 1.6%, supported by large proportion of variable costs, specific cost-saving initiatives and targeted approach to marketing
- €50.6 million restructuring cost relating to restructuring of CASAG Austrian casinos in Q3 recorded below Operating EBITDA
- Gain on revaluation of previous Stoiximan stake is a non-cash IFRS item
- Key EBITDA adjustments are COVID-related items, primarily in Greece and Austrian casinos

€ millions	FY 2020	FY 2019	Δ
GGR	2,018.0	1,906.1	6%
NGR	1,212.5	1,311.1	-8%
Operating expenses	-1,072.7	-999.1	7%
Share of profit of equity investees	79.5	120.4	-34%
Operating EBITDA	459.3	592.2	-22%
Operating EBITDA margin	37.9%	45.2%	-7.3 p.p
Adjusted EBITDA	538.1	603.2	-11%
Adjusted EBITDA margin	44.4%	46.0%	-1.6 p.p
Restructuring personnel cost	-50.6	0.0	n/m
Gain from revaluation of STX	142.7	1.0	n/m
Financing costs, net	-115.6	-113.0	2%
Profit before tax	260.1	357.6	-27%
Profit after tax	224.4	311.3	-28%

P&L analysed excluding CASAG & Stoiximan

- Numbers presented excluding CASAG and Stoiximan for easier comparability
 - Consolidated from Q3/Q4 respectively, equity method investees previously
- FY20 GGR -26%
- Adjusted EBITDA -25%

€ millions	FY 2020	FY 2019	Δ
GGR	1,404.7	1,906.1	-26%
NGR	913.7	1,311.1	-30%
Operating expenses	-814.5	-999.1	-18%
Share of profit of equity investees	49.5	69.5	-29%
Operating EBITDA	335.4	541.3	-38%
Operating EBITDA margin	36.7%	41.3%	-4.6 p.p
Adjusted EBITDA	414.2	552.3	-25%
Adjusted EBITDA margin	45.3%	42.1%	3.2 p.p
Financing costs, net	-109.2	-113.0	-3%
Profit before tax	86.9	306.7	-72%
Profit after tax	57.9	260.4	-78%

LTM pro-rata data

As at 31 December 2020, pre IFRS 16 basis

€ millions	SAZKA a.s.	OPAP ¹	CASAG	Equity method investees	Holding level ²	Total
Pro-rata LTM Adjusted EBITDA ¹	80.7	121.4	69.4	100.9	(14.8)	357.6
Pro-rata net debt	(56.8)	191.1	(76.9)	(80.7)	1,423.3	1,400.0
<i>Gross debt (100%)</i>	<i>(0.0)</i>	<i>1,040.9</i>	<i>152.9</i>	<i>-</i>	<i>1,468.3</i>	<i>2,662.2</i>
<i>Cash and equivalents and ST financial assets (100%)</i>	<i>(56.8)</i>	<i>(511.5)</i>	<i>(291.5)</i>	<i>(248.4)</i>	<i>(46.3)</i>	<i>(1,154.5)</i>
Pro-rata net debt to Adjusted EBITDA	-0.7x	1.6x	-1.1x	-0.8x	NM	3.9x
Pro-rata priority net debt to Adjusted EBITDA						-0.2x

- Adjusted EBITDA and ratios do not include any adjustment for expected cost savings from restructuring of CASAG domestic casinos

¹ Includes Stoiximan

² Includes the Company, AGH, CAME, SAZKA Czech, IGH and EMMA Delta.

Key financing transactions

- Continued to simplify and optimize our capital structure
 - In February, SAZKA Group issued €300 million 3.875% senior notes due 2027
 - In June, CAME drew a €105 million bank loan to fund the acquisition of the stake in CASAG.
 - In October, OPAP issued a €200 million retail bond: 7NC2, 2.1% yield
 - In October, SAZKA Group signed a €100 million bilateral bank loan
 - In December, SAZKA Group signed a €640 million syndicated loan
 - Including €200 million RCF
 - Drew €450 million in December to refinance existing subsidiary and SAZKA Group debt
- Capital structure of the Group now consists of the syndicated loan facility, international and local bonds at the level of the Company, debt (primarily bank debt) at OPAP and CASAG
 - Previous midco facilities and the facility at SAZKA a.s. have now been fully repaid
 - Priority net debt now negative
- Bonds issued by SAZKA Group a.s. and SAZKA Group Financing a.s. benefit from security package and guarantees pari passu with the syndicated loan

Dividends and distributions

FY 2020

- Strong cash upstreaming from all segments throughout 2020 despite COVID
 - The Group received €77.1 million in dividends and distributions of share capital from LottoItalia
 - The Group elected to receive the two dividends paid by OPAP in both January and June as scrip, as a result of which the Group's economic interest in OPAP increased by 1.88%
 - SAZKA a.s. (our key subsidiary in the Czech Republic) paid dividends of €37.1 million
 - Austrian Lotteries paid dividends of €176.7 million
- SAZKA Group paid dividends of €150 million

Subsequent

- In March, LottoItalia declared a dividend and distribution of €175.7 million of which the group received €57.1 million
- In March, OLG declared a dividend to be distributed in two instalments; €60.7 million was paid in April and €30.3 million is to be paid in October
- In March, OPAP's Board proposed a dividend of €0.45/share to be paid in August

Thank you!

Appendix

Apollo investment

- Strategic investment by Apollo funds to support Sazka Group's global expansion in the lottery and gaming sectors
- Apollo is one of the world's leading investors in gaming and largest alternative investment managers
- Effected through an investment into SAZKA Entertainment AG, a newly-established wholly-owned subsidiary of KKCG which is now the 100% owner of SAZKA Group
- €300 of the €500 million investment will be used to capitalise on acquisition and growth opportunities in Europe and North America, with a focus on lotteries
- Transaction closed in March 2021

OPAP GGR contribution

- OPAP paying cash GGR contribution on Lottery and Betting concession revenues at 5% of GGR since mid-October vs 35% previously
- The Lottery and Betting Concessions include lottery and keno games and sports betting, but do not include VLTs, scratchcards, or horse racing
 - ~70% of OPAP's GGR
- Reflects €1.8bn prepayment GGR contribution asset in connection with extension of concession as agreed in 2011 and 2013
 - New concession period runs from October 2020 to October 2030
- OPAP will record 30% GGR contribution rate in P&L for Lottery and Betting games, however benefit will be reflected in EBITDA and cashflow
- Settlement mechanism between the Greek State and OPAP provides for either way true-up payment in 2031

Alternative performance measures

This presentation includes non-IFRS performance measures, including amounts staked, Operating EBITDA, Adjusted EBITDA, Operating EBITDA margin and pro rata financial information.

Please refer to SAZKA Group's press release dated the same date as this presentation for definitions of these non-IFRS measures and reconciliations to the most directly comparable IFRS measures.

Pro rata financial information has been derived or calculated from the separate financial statements of SAZKA a.s., OPAP, equity method investees, the Company and SGF and certain other entities within the Group. Pro-rata ownership % indicates the effective economic interest of the Company in each entity as of the date of our most recent financial statements, which is assumed to have been held throughout the previous twelve months.

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