



SAZKA Group a.s.

Report for the six month period ended 30 June 2020

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1. Management's discussion and analysis of financial condition and results of operations for the six month period ended 30 June 2020

The financial and operating information contained in this "Management's discussion and analysis of financial condition and results of operations" comprises information of SAZKA Group a.s. ("SAZKA Group" or the "Company" and, together with its subsidiaries and associates, the "Group" or "we".)

You should read the following discussion and analysis ("MD&A") of our financial condition and results of operations for the six month period ended 30 June 2020 together with our unaudited condensed consolidated interim financial statements for the six months period ended 30 June 2020. The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". These condensed consolidated interim financial statements should be read together with the audited consolidated financial statements for the year ended 31 December 2019 prepared in accordance with International Financial Reporting Standards.

This MD&A contains certain forward-looking statements, which are based on assumptions about our future business. Our actual results could differ materially from those contained in forward-looking statements as a result of many factors, including, but not limited to, those described under "Forward-Looking Statements" and "Risk Factors".

Significant transactions and developments for the six month period ended 30 June 2020**Financing**

In February 2020, we completed an offering of €300 million aggregate principal amount of 3 7/8% Senior Notes due 2027 (the “2027 Senior Notes”). The 2027 Senior Notes were priced at 99.240% of par. The proceeds were used to repay and cancel debt at CAME and IGH.

In March 2020, OPAP prepaid a €200 million retail bond.

In April 2020, OPAP drew a €200 million bank loan with a maturity date of 30 September 2020.

In May 2020, OPAP signed a new bank loan in the amount of €100 million. This bank loan has not been drawn.

In June 2020, CAME drew a €105 million bank loan with a maturity date of 30 September 2025. The proceeds were used to pay the consideration for the acquisition of Novomatic’s stake in CASAG.

Acquisitions

In June 2020, we entered into a share sale and transfer agreement whereby EDHH sold and transferred to SAZKA Group 7.4 million OPAP shares for €65.9 million. The transaction was settled on a non-cash basis, with the purchase price being offset against the balance of an intragroup loan from SAZKA Group to EDHH.

In the six-month period ended 30 June 2020 we purchased 1.2m shares in OPAP on the open market for €9.3 million, equivalent to 0.35% of the total issued share capital of OPAP at 30 June 2020.

In March 2020, we signed a shareholder agreement with ÖBAG, an entity owned by the Austrian government. In June 2020, our subsidiary CAME purchased a 17.19% interest in CASAG from Novomatic and a 0.34% interest in Medial from CASAG. As a result, our shareholding in CASAG increased to 55.48 % and CASAG has been consolidated as a subsidiary from 26 June

The consolidation as a subsidiary has the following effect on our financial statements. The Group Consolidated statement of financial position as of 30 June 2020 consolidates CASAG as a subsidiary. The Group Consolidated statement of cash flows presents the acquisition in investing activities as an “Acquisition of subsidiaries, net of cash acquired”. The acquisition does not have effect on the Group Consolidated statement of comprehensive income for six month period ended 30 June 2020 as the acquisition happened at the end of June. A pro forma income statement was prepared. Please see *Pro forma income statement for the twelve month period ended 30 June 2020, pro forma for consolidation of CASAG* in Other information below.

Other developments

OPAP declared an extraordinary dividend in the amount of €1.00 per share in January 2020, the total approved gross dividend amount was €319.8 million. The dividend was paid in February 2020.

OPAP declared an ordinary dividend in the amount of €0.30 per share in June 2020, the total approved gross dividend amounted to € 99.9 million. The dividend was paid in August 2020.

In both cases, shareholders had the option of receiving cash or shares under OPAP’s scrip dividend programme. The Group elected to receive scrip in both cases.

As a result of the scrip dividend programme and the above-mentioned purchases, the Group’s shareholding in OPAP increased from 40.01% to 43.33% of the total issued share capital (equivalent to an economic interest of 35.39%).

COVID-19 impact*Czech Republic*

On 16 March, the Government of the Czech Republic implemented restrictions on movement in order to contain the spread of COVID-19. These restrictions were lifted in mid May. At least 70% of SAZKA's POS network remained operational throughout the period, which recovered to over 95% before the end of restrictions.

Greece

All of the OPAP stores and PLAY gaming halls in Greece were closed from 14 March as a result of measures introduced by the Greek government. OPAP stores reopened on 11 May. PLAY gaming halls reopened on 8 June. Activities continued to be subject to certain restrictions, including social distancing and a prohibition on seating. Most of these restrictions were subsequently relaxed, e.g., seating has been allowed since June 6.

Austria

CASAG's land-based casinos and VLT halls in Austria were closed on March 13. Land-based casinos and most of the VLT halls in Austria were reopened on 29 May, subject to certain social distancing restrictions. Most of CASAG's International casinos restarted in June. The physical point of sale network for lottery products was be resilient throughout the period.

Italy

The 10e Lotto and Millionday games were suspended by the regulator from March 31, while the Lotto game was also suspended. Sales of 10eLotto and Millionday games restarted on April 27 (without results monitors for 10eLotto). Lotto sales restarted on 4 May and 10eLotto monitors were switched back on from 28 May.

Comparison of results of operations for the six month periods ended 30 June 2020 and 30 June 2019

Consolidated statement of comprehensive income

Gross gaming revenue (GGR)

Our GGR for the six months ended 30 June 2020 was €651.9 million, a decrease of €256.6 million, or 28.2%, compared to €908.5 million in the six months ended 30 June 2019.

The decrease in GGR was primarily caused by the impact of COVID-19, with revenues in different geographies and segments affected to varying degrees. The reduction of sales of certain products through physical retail networks was partly offset by strong performance in Digital-only Games and online sales.

In Greece GGR dropped by €271.7 million, with the largest reduction in the following segments: Numerical Lotteries (decrease by €132.9 million), Sports Betting (decrease by €65.1 million), VLTs (decrease by €51.5 million) and Instant Lotteries (decrease by €23.8 million).

In the Czech Republic GGR increased by €18.2 million. The growth was primarily attributable to growth in Digital-only Games in the amount of €13.5 million, Numerical Lotteries in the amount of €4.8 million. Revenues in Digital-only Games were already substantially up compared to the same period last year before the impact of COVID-19 and performed well both during the period when restrictions were in place and after they were relaxed.

Lottery tax

Our lottery tax expense for the six months ended 30 June 2020 was €223.1 million, a decrease of €60.1 million, or 21.2%, compared to €283.2 million in the six months ended 30 June 2019. This decrease was not as significant as the decrease in GGR, due to an increase of Lottery tax in Czech Republic and minimum tax payments required by a license in Greece.

Net gaming margin (NGR)

Our net gaming margin for the six months ended 30 June 2020 was €428.8 million, a decrease of €196.5 million, or 31.4%, compared to €625.3 million in the six months ended 30 June 2019. This was due to the factors set forth above.

Agents' commissions

Our agents' commissions for the six months ended 30 June 2020 were €133.7 million, a decrease of €66.7 million, or 33.3%, compared to €200.3 million in the six months ended 30 June 2019. This was primarily due to the decrease in amount staked and GGR.

Materials, consumables and services

Our materials, consumables and services expenses for the six months ended 30 June 2020 were €121.5 million, a decrease of €30.6 million, or 20.1%, compared to €152.0 million in the six months ended 30 June 2019. This was primarily due to a decrease in cost of goods sold and cost of IT and software services, primarily due to the decrease in amount staked and GGR.

Marketing services

Our marketing services expenses for the six months ended 30 June 2020 were €35.3 million, a decrease of €9.7 million, or 21.6%, compared to €45.0 million in the six months ended 30 June 2019. This was primarily due to optimisation of marketing spending in the context of COVID, with marketing expenditure focused on channels and products that performed well during COVID.

Personnel expenses

Our personnel expenses for the six months ended 30 June 2020 were €50.0 million, a decrease of €2.0 million, or 3.9%, compared to €52.0 million in the six months ended 30 June 2019.

Revenue from sale of goods and services

Our revenue from sale of goods and services for the six months ended 30 June 2020 was €55.7 million, a decrease of €6.3 million, or 10.1%, compared to €62.0 million in the six months ended 30 June 2019.

Other operating income

Our other operating income for the six months ended 30 June 2020 was €21.5 million, an increase of €17.8 million, or 490.0%, compared to €3.6 million in the six months ended 30 June 2019. Other operating income for the six months ended 30 June 2020 includes an amount of €12.3 million, which represent a 25% discount of certain tax liabilities of OPAP. Under measures introduced by the Greek authorities, OPAP was eligible to delay payment of these liabilities or receive this discount if it paid on the normal schedule. Other operating income for the six months ended 30 June 2020 also includes a gain of €2.0 million as a result of SAZKA a.s. ceasing to be subject to an obligation to acquire a 37% stake in IGT Czech Republic LLC.

Other operating expenses

Our other operating expenses for the six months ended 30 June 2020 were €31.2 million, an increase of €19.3 million, or 162.4%, compared to 11.9 million in the six months ended 30 June 2019. This was primarily due to OPAP providing financial support to some of its agents in the amount of €5.2 million, increase of loss allowance for receivables in the amount of €3.6 million and an impairment of a prepaid tax asset in the amount of €3.7 million.

Share of profit of equity method investees (net of tax)

Our share of profit of equity method investees (net of tax) for the six months ended 30 June 2020 was €32.7 million, a decrease of €24.2 million, or 42.5%, compared to €57.0 million in the six months ended 30 June 2019. This was primarily due to the decrease of profit after tax of LOTTOITALIA by €18.0 million and CASAG by €10.0 million, primarily due to the impact of COVID-19. This was partly offset by an increase of profit after tax of Stoiximan by €3.5 million.

Operating EBITDA

Our operating EBITDA for the six months ended 30 June 2020 was €167.1 million, a decrease of €119.5 million, or 41.7%, compared to €286.6 million in the six months ended 30 June 2019. This was due to the factors set forth above.

Depreciation and amortization

Our depreciation and amortization for the six months ended 30 June 2020 was €69.0 million, an increase of €9.5 million, or 16.0%, compared to €59.4 million in the six months ended 30 June 2019. This was primarily due to an impairment of assets at OPAP's subsidiary HORSE RACES S.A. in the amount of €8.0 million and an impairment of goodwill in the amount of €3.0 million.

Profit from operating activities

Our profit from operating activities for the six months ended 30 June 2020 was €98.1 million, a decrease of €129.0 million, or 56.8%, compared to €227.2 million in the six months ended 30 June 2019. This was due to the factors set forth above.

Finance costs, net

Our net finance costs for the six months ended 30 June 2020 were €42.5 million, an increase of €7.7 million, or 22.2%, compared to €34.8 million in the six months ended 30 June 2019. This was primarily due to an increase of interest expenses by €14.2 million, primarily as a result of senior notes issued in 2019 and 2020 at SAZKA Group and increase of bank loans at OPAP and an increase of foreign exchange losses by €3.4 million. Foreign exchanges losses primarily reflect changes in the EUR/CZK exchange rate which cause translation gains or losses on consolidation of entities whose functional currency is not the EUR (including the Company and IGH whose functional currency is CZK) into the presentation currency. This was partly offset by an increase of finance income

in the amount €8.1 million as a result of OPAP's renegotiation of two loan facilities to take advantage of lower interest rates and a gain in the amount of €7.8 million from the disposal of financial investments.

Profit before income tax

Our profit before income tax for the six months ended 30 June 2020 was €55.7 million, a decrease of €136.8 million, or 71.1%, compared to €192.4 million in the six months ended 30 June 2019. This was due to the factors set forth above

Income tax expense

Our income tax expense for the six months ended 30 June 2020 was €13.7 million, a decrease of €33.6 million, or 71.0%, compared to €47.3 million in the six months ended 30 June 2019. This was primarily due to the decrease in profit before income tax.

Profit for the period after tax from continuing operations

Our profit for the period after tax from continuing operations for the six months ended 30 June 2020 was €42.0 million, a decrease of €103.2 million, or 71.1%, compared to €145.1 million in the six months ended 30 June 2019. This was due to the factors set forth above.

Profit for the period after tax from discontinuing operations

Our profit after tax from discontinued operations for the six months ended 30 June 2020 was €0.0 million, compared to €15.6 million in the six months ended 30 June 2019. This reflects the fact that SAZKA Group Adriatic d.o.o. was accounted for as a discontinued operation for 4 months in 2019.

Gain on disposal of subsidiaries

Our gain on disposal of subsidiaries for the six months ended 30 June 2020 was €0.0 million, compared to €277.3 million in the six months ended 30 June 2019. This reflects the fact that SAZKA Group Adriatic d.o.o. was disposed of in April 2019.

Profit for the period after tax attributable to non-controlling interests

Our profit attributable to non-controlling interests for the six months ended 30 June 2020 was €8.9 million, a decrease of €64.8 million, or 88.0%, compared to €73.6 million in the six months ended 30 June 2019. This was primarily due to the decrease in profit for the period after tax and changes of ownership in our subsidiaries, the disposal of SAZKA Group Adriatic d.o.o., in which we owned a 67% interest, and an increase of our interest in OPAP.

Comparison of results of operations for the three month periods ended 30 June 2020 and 30 June 2019

Consolidated statement of comprehensive income

Gross gaming revenue (GGR)

Our GGR for the three months ended 30 June 2020 was €246.6 million, a decrease of €204.1 million, or 45.3%, compared to €450.7 million in the three months ended 30 June 2019.

The decrease in GGR was primarily caused by the impact of COVID-19, with revenues in different geographies and segments affected to varying degrees. The reduction of sales of certain products through physical retail networks was partly offset by strong performance in Digital-only Games and online sales.

In Greece GGR dropped by €203.9 million, with the largest reduction in the following segments: Numerical Lotteries (decrease by €92.6 million), Sports Betting (decrease by €51.4 million), VLTs (decrease by €47.5 million) and Instant Lotteries (decrease by €12.5 million).

In the Czech Republic GGR was broadly stable, decreasing by €0.1 million. This was primarily attributable to growth in Digital-only Games in the amount of €6.7 million, which approximately offset a decrease in Numerical Lotteries in the amount of €5.0 million, in Instant Lotteries in the amount of €1.5 million and Sports Betting in the amount of €0.3 million.

Lottery tax

Our lottery tax expense for the three months ended 30 June 2020 was €84.6 million, a decrease of €56.8 million, or 40.2%, compared to €141.5 million in the three months ended 30 June 2019. This decrease was not as significant as the decrease in GGR, due to an increase of Lottery tax in Czech Republic and minimum tax payments required by a license in Greece.

Net gaming margin (NGR)

Our net gaming margin for the three months ended 30 June 2020 was €161.9 million, a decrease of €147.3 million, or 47.6%, compared to €309.2 million in the three months ended 30 June 2019. This was due to the factors set forth above.

Agents' commissions

Our agents' commissions for the three months ended 30 June 2020 were €46.8 million, a decrease of €51.2 million, or 52.2%, compared to €98.0 million in the three months ended 30 June 2019. This was primarily due to the decrease in amount staked and GGR.

Materials, consumables and services

Our materials, consumables and services expenses for the three months ended 30 June 2020 were €55.1 million, a decrease of €26.0 million, or 32.1%, compared to €81.1 million in the three months ended 30 June 2019. This was primarily due to a decrease in cost of goods sold and cost of IT and software services, primarily due to the decrease in amount staked and GGR.

Marketing services

Our marketing services expenses for the three months ended 30 June 2020 were €16.1 million, a decrease of €9.4 million, or 36.9%, compared to €25.5 million in the three months ended 30 June 2019. This was primarily due to optimisation of marketing spending in the context of COVID, with marketing expenditure focused on channels and products that performed well during COVID.

Personnel expenses

Our personnel expenses for the three months ended 30 June 2020 were €25.0 million, a decrease of €2.5 million, or 9.2%, compared to €27.5 million in the three months ended 30 June 2019.

Revenue from sale of goods and services

Our revenue from sale of goods and services for the three months ended 30 June 2020 was €27.7 million, a decrease of €4.7 million, or 14.4%, compared to €32.4 million in the three months ended 30 June 2019.

Other operating income

Our other operating income for the three months ended 30 June 2020 was €9.3 million, an increase of €7.2 million, or 337.0%, compared to €2.1 million in the three months ended 30 June 2019. Other operating income for the six months ended 30 June 2020 includes an amount of €4.5 million, which represent a 25% discount of certain tax liabilities of OPAP. Under measures introduced by the Greek authorities, OPAP was eligible to delay payment of these liabilities or receive this discount if it paid on the normal schedule. Other operating income for the six months ended 30 June 2020 also includes a gain of €2.0 million as a result of SAZKA a.s. ceasing to be subject to an obligation to acquire a 37% stake in IGT Czech Republic LLC.

Other operating expenses

Our other operating expenses for the three months ended 30 June 2020 were €21.2 million, an increase of €8.5 million, or 67.3%, compared to 12.7 million in the three months ended 30 June 2019. This was primarily due to OPAP providing financial support to some of its agents in the amount of €5.2 million, increase of loss allowance for receivables in the amount of €3.6 million and an impairment of a prepaid tax asset in the amount of €3.7 million.

Share of profit of equity method investees (net of tax)

Our share of profit of equity method investees (net of tax) for the three months ended 30 June 2020 was €7.8 million, a decrease of €18.2 million, or 70.1%, compared to €25.9 million in the three months ended 30 June 2019. This was primarily due to the decrease of profit after tax of LOTTOITALIA by €12.7 million and CASAG by €6.7 million, primarily due to the impact of COVID-19. This was partly offset by an increase of profit after tax of Stoiximan by €0.4 million.

Operating EBITDA

Our operating EBITDA for the three months ended 30 June 2020 was €42.6 million, a decrease of €82.3 million, or 65.9%, compared to €124.9 million in the three months ended 30 June 2019. This was due to the factors set forth above.

Depreciation and amortization

Our depreciation and amortization for the three months ended 30 June 2020 was €40.1 million, an increase of €9.3 million, or 16.0%, compared to €30.8 million in the three months ended 30 June 2019. This was primarily due to an impairment of assets at OPAP's subsidiary HORSE RACES S.A. in the amount of €8.0 million and an impairment of goodwill in the amount of €3.0 million.

Profit from operating activities

Our profit from operating activities for the three months ended 30 June 2020 was €2.5 million, a decrease of €91.6 million, or 97.4%, compared to €94.1 million in the three months ended 30 June 2019. This was due to the factors set forth above.

Finance costs, net

Our net finance costs for the three months ended 30 June 2020 were €8.5 million, a decrease of €6.4 million, or 43.3%, compared to €14.9 million in the three months ended 30 June 2019. This was primarily due to an increase of finance income by €14.9 million, primarily as a result of OPAP's renegotiation of two loan facilities to take advantage of lower interest rates of in the amount €8.1 million and a gain in the amount of €7.8 million from the disposal of financial investments. This finance income was partially offset by an increase in finance cost due to senior notes issued in 2019 and 2020 at SAZKA Group and increase of bank loans at OPAP.

Profit/Loss before income tax

Our loss before income tax for the three months ended 30 June 2020 was €6.0 million, a decrease of €85.2 million, or 107.5%, compared to €79.2 million in the three months ended 30 June 2019. This was due to the factors set forth above.

Income tax expense

Our income tax charge for the three months ended 30 June 2020 was positive €5.3 million, compared to €20.8 million in the three months ended 30 June 2019. This was primarily due to the loss before income tax.

Profit/Loss for the period after tax from continuing operations

Our loss for the period after tax from continuing operations for the three months ended 30 June 2020 was €0.6 million, a decrease of €59.1 million, or 101.1%, compared to €58.5 million in the three months ended 30 June 2019. This was due to the factors set forth above.

Profit for the period after tax from discontinuing operations

Our profit after tax from discontinued operations for the three months ended 30 June 2020 was €0.0 million, compared to €4.3 million in the three months ended 30 June 2019. This reflects the fact that SAZKA Group Adriatic d.o.o. was accounted for as a discontinued operation for 4 months in 2019.

Gain on disposal of subsidiaries

Our gain on disposal of subsidiaries for the three months ended 30 June 2020 was €0.0 million, compared to €277.3 million in the three months ended 30 June 2019. This reflects the fact that SAZKA Group Adriatic d.o.o. was disposed of in April 2019.

Profit for the period after tax attributable to non-controlling interests

Our profit attributable to non-controlling interests for the three months ended 30 June 2020 was €11.8 million, a decrease of €39.3 million, or 142.7%, compared to €27.6 million in the three months ended 30 June 2019. This was primarily due to the loss for the period after tax and changes of ownership in our subsidiaries, the disposal of SAZKA Group Adriatic d.o.o., in which we owned a 67% interest, and an increase of our interest in OPAP.

Consolidated statement of cash flows**Net cash generated from operating activities**

Our net cash generated from operating activities for the six months ended 30 June 2020 was €82.5 million, an increase of €411.6 million, compared to net cash used of €319.1 million in the six months ended 30 June 2019.

Our operating result before changes in working capital and provisions for the six months ended 30 June 2020 was €141.2 million, a decrease of €102.7 million, or 42.1%, compared to €243.8 million in the six months ended 30 June 2019. This was primarily due to the decrease in profit for the period after tax from continuing operations.

Cash used in working capital and provisions for the six months ended 30 June 2020 was €5.7 million primarily due to an increase of payables in OPAP arising from dividend payables in the amount of €62.0 million to non-controlling interest and decrease of receivables due to the impact of COVID-19.

Cash used in working capital and provisions for the six months ended 30 June 2019 was €515.1 million primarily due to granting of a financial assistance loan in the principal in the amount of €420.0 million in connection with the SAZKA Group Adriatic d.o.o. disposition as described below, and dividend declared by OPAP in the amount of €127.1 million. The financial assistance loan was extinguished on 30 July 2019 through SAZKA Group's equity distribution of other capital funds and dividend paid on 15 July 2019. If we had not made the financial assistance loan, our net cash generated from operating activities for the six months ended June 30, 2019 would have been €228.0 million.

Interest paid for the six months ended 30 June 2020 was €45.6 million, an increase of €16.3 million, or 55.5%, compared to €29.3 million in the six months ended 30 June 2019 due to the reasons described under movement in Finance costs, net above.

Income tax paid for the six months ended 30 June 2020 was in the amount of €7.4 million, a decrease in the amount of €11.1 million, or 59.9%, compared to €18.5 million in the six months ended 30 June 2019.

Net cash generated from/used in investing activities

Our net cash generated from investing activities for the six months ended 30 June 2020 was in the amount of €249.5 million. This included cash used in acquisition of property, plant and equipment and intangible assets in the amount of €18.9 million, acquisition of subsidiaries, net of cash acquired in the amount of €209.0 million due to the consolidation of CASAG and dividend received from equity method investees in the amount of €57.7 million.

Our net cash used from investing activities for the six months ended 30 June 2019 was €472.2 million. Pursuant to the SAZKA Group Adriatic d.o.o. disposition, we received €272.4 million (net of cash disposed), and pursuant to the assignment of an intragroup loan provided to SAZKA Group Adriatic d.o.o. to the purchaser, we received €117.2 million. If we had not received the proceeds from the SAZKA Group Adriatic d.o.o. disposition and the loan assignment, our net cash generated from investing activities for the six months ended 30 June 2019 would have been in the amount of €82.6 million, consisting of dividends and distributions received from equity method investees in the amount of €104.6 million and cash used in acquisition of property, plant and equipment and intangible assets for in the amount of €16.3 million and cash used in other movements for in the amount of €5.6 million.

Net cash generated from/used in financing activities

Our net cash used in financing activities for the six months ended 30 June 2020 was €7.8 million. Dividends of €163.4 million were paid to non-controlling interest by OPAP. We issued certain bonds and loans in the amount of €685.8 million, including the 2027 Senior Notes and new bank loans at OPAP, and repaid loans in the amount of €510.4 million, including repayment of facilities at CAME and IGH and a retail bond at OPAP.

Our net cash used in financing activities for the six months ended 30 June 2019 was €20.7 million. This was primarily attributable to the repayment of certain loans and dividends paid by SuperSport, partially offset by certain loans drawn.

Dividends, shareholder distributions and intragroup interest payments made

The table below sets out the aggregate amount of dividends, share premium reductions and interest paid on intragroup loans by the entities below in the periods indicated.

€ millions	Six months ended 30 June:		Three months ended 30 June:	
	2019	2020	2019	2020
Austrian Lotteries	120.0	76.7	--	76.7
CASAG	15.0	--	--	--
EDHH	--	4.1	--	4.1
LOTTOITALIA	304.0	149.7	304.0	149.7
OPAP ¹	0.2	319.8	0.2	--
SAZKA	18.7	--	18.7	--
Stoiximan	0	18.5	--	--

¹ In January 2020, OPAP declared a dividend in the total amount of €319.8 million, out of which €169.6 million was paid in cash and the remaining part was settled by issuance of new OPAP shares in February 2020. In June 2020, OPAP declared a dividend in the total amount of €99.9 million. This amount was paid in August 2020.

Capital expenditures

The table below presents a breakdown of additions to property, plant and equipment and intangible assets and goodwill for the periods indicated.

<i>€ millions</i>	Six months ended 30 June:	
	2019	2020
Intangible assets and goodwill	12.3	21.9
Property, plant and equipment	9.5	7.2

Further information

For further information on our liquidity and capital resources, and a discussion of material commitments and contingencies and critical accounting policies, please see our Financial statements and notes.

Liquidity is described in Note 7 "Cash and cash equivalents" and capital resources are described in Note 10 "Equity" and Note 12 "Bank loans and other borrowings".

Material commitments and contingencies are described in Note 12 "Bank loans and other borrowings", Note 13 "Lease liabilities" and Note 26 "Contingencies".

Critical accounting policies are described in Note 2 "Basis of preparation".

Pro-rata financial information is available in the Investor Relations section of the Group's website.

From time to time, subject to market conditions, the Company (directly or through a subsidiary) may engage in bond repurchase transactions in the open market or in privately negotiated transactions.

From time to time, subject to market conditions, the Company (directly or through a subsidiary) intends to acquire shares of OPAP in the open market or in privately negotiated transactions.

Definitions

In this document:

“Austrian Lotteries”	refers to Österreichische Lotterien Gesellschaft m.b.H.
“CAME”	refers to CAME Holding GmbH,
“CASAG”	refers to Casinos Austria AG
“CLS”	refers to CLS Beteiligungs GmbH
“EDHH”	refers to EMMA DELTA HELLENIC HOLDINGS LIMITED
“EMMA Delta”	refers to Emma Delta Management Ltd
“KKCG”	refers to KKCG AG
“IGH”	refers to Italian Gaming Holding a.
“LOTTOITALIA”	refers to LOTTOITALIA S.r.l.
“LTB”	refers to LTB Beteiligungs GmbH
“LTM”	refers to last twelve months
“Medial”	refers to Medial Beteiligungs-Gesellschaft m.b.H.
“Novomatic”	refers to Novomatic AG
“ÖBAG”	refers to Österreichische Beteiligungs AG
“OPAP”	refers to OPAP S.A.
“POS”	refers to point of sale
“SGF”	refers to SAZKA Group Financing a.s.
“Stoiximan”	refers to TCB Holdings Ltd, parent company of Stoiximan Group
“VLT”	refers to video lottery terminal
“VTO”	refers to the voluntary tender offer by the Company for OPAP shares in 2019, upon conclusion of which the Group’s economic interest in OPAP was increased to 31.99%

2. Other information

2.1 Pro forma income statement for the twelve month period ended 30 June 2020, pro forma for consolidation of CASAG

(in 000' EUR)	SAZKA Group twelve months ended 30 June 2020	Adjustments	CASAG six months ended 30 June		CASAG FY 2019	CASAG PF LTM	Pro forma for twelve months ended 30 June 2020
			2019	2020			
Amounts staked	4,710,521	--	2,257,425	2,213,892	4,666,545	4,623,012	9,333,533
Gross gaming revenue (GGR) ¹	1,649,468	--	646,385	534,456	1,359,147	1,247,218	2,896,686
Lottery tax	(534,851)	--	(300,352)	(265,539)	(640,272)	(605,459)	(1,140,310)
Net gaming revenue (NGR)	1,114,617	--	346,033	268,917	718,875	641,759	1,756,376
Revenue from sale of goods and services	141,069	--	--	--	--	--	141,069
Other operating income	30,367	--	9,176	31,108	19,887	41,819	72,186
Agent's commissions	(353,168)	--	(43,619)	(43,687)	(93,127)	(93,375)	(446,543)
Materials, consumables and services	(299,606)	--	(8,171)	(5,303)	(17,383)	(14,515)	(314,121)
Marketing expenses	(82,687)	--	(32,213)	(28,101)	(72,782)	(68,670)	(151,357)
Personnel expenses	(104,068)	--	(140,923)	(111,587)	(264,430)	(235,094)	(339,162)
Other operating expenses	(69,945)	--	(40,628)	(39,384)	(88,784)	(87,540)	(157,485)
Restructuring expenses	--	--	(1,010)	--	(5,971)	(4,961)	(4,961)
Share of profit of equity method investees (net of tax) ²	96,155	(32,616)	3,608	(2,655)	8,253	1,990	65,529
Operating EBITDA	472,734	(32,616)	92,253	69,128	204,538	181,413	621,531
Depreciation and amortization	(131,149)	--	(25,273)	(26,910)	(51,962)	(53,599)	(184,748)
Profit from operating activities	341,585	(32,616)	66,980	42,218	152,576	127,814	436,783
Interest income	5,189	--	--	--	--	--	5,189
Finance income	18,622	--	6,513	2,312	8,290	4,089	22,711
Finance cost ³	(144,527)	(4,524)	(8,268)	(9,352)	(13,094)	(14,178)	(163,229)
Loss from financial operations	(120,716)	(4,524)	(1,755)	(7,040)	(4,804)	(10,089)	(135,329)
Profit before income tax	220,869	(37,141)	65,225	35,178	147,772	117,725	301,453
Income tax expense	(12,681)	--	(15,357)	(10,893)	(34,116)	(29,652)	(42,333)
Profit for the period after tax from continuing operations	208,188	(37,141)	49,868	24,285	113,656	88,073	259,120

¹ CASAG's Gross gaming revenue (GGR) includes also certain non-gaming revenues, which were in the amount of €19.3 million in full year 2019.

² Adjustment to Share of profit of equity method investees (net of tax) excludes profit from our equity method investees, which are eliminated once CASAG is fully consolidated.

³ Adjustment to Finance cost includes interest expense arising from the bank loan which we used to finance the acquisition of Novomatic's stake in CASAG.

Note: The Group Consolidated statement of financial position as of 30 June 2020 consolidates CASAG as a subsidiary. The Group Consolidated statement of cash flows presents the acquisitions in investing activities as an "Acquisition of subsidiaries, net of cash acquired".

2.2 Outlook for the six month period ended 31 December 2020

We saw a gradual recovery of sales of most products through our land-based networks at the end of the second quarter and after the end of the period. Digital-only Games and online sales of our other products continue to be strong.

We expect performance to remain at similar levels for the rest of 2020 assuming no new material new restrictions or other impacts as a result of COVID-19.

We are constantly assessing the implications of COVID-19 on the Group's performance. Any future local or national lockdowns, changes in behaviour and deterioration of GDP and private consumption could result in lower customer activity and negative impact on our sales.

3. Risk factors

SAZKA Group has identified the following risks and uncertainties, the occurrence of any of which, individually or in the aggregate, could have a material adverse effect on our business, prospects, results of operations and financial condition. The order in which the risks are presented does not reflect their materiality, potential impact or probability of occurrence. Please note that the risks described below are not the only risks we face.

The ongoing outbreak of COVID-19 and adopted legislative measures taken in response

We cannot predict the ultimate effects that the outbreak of COVID-19, any resulting unfavourable social, political and economic conditions and decrease in discretionary spending or travel would have on us, as they would be expected to impact our customers, suppliers and business partners in varied ways in different communities.

The measures implemented by relevant government authorities in response to the COVID-19 pandemic have included, among others, suspensions in the provision of public services, travel restrictions, closure of or restrictions on the normal operation of shops and other businesses, border controls and other measures intended to discourage or prohibit the movement and gathering of people.

Some of these restrictive measures have since been lifted. Please refer to "Management's discussion and analysis of financial condition and results of operations for the six-month period ended 30 June 2020" for further information on the situation in the markets where we operate.

However, there is a great degree of uncertainty as to whether our physical networks will be allowed to continue their operations should the pandemic worsen, as governments may respond to increases in infection rates by reintroducing restrictions such as those described above or by implementing new restrictions in order to contain the pandemic.

The pandemic and responses thereto have also led to a material deterioration in both the national economies of the countries where we carry out our business activities and the global economy. The economic downturn may lower consumer spending on our products, as reductions in income of our players can make them less willing to place bets or decrease their betting amounts.

In addition, the COVID-19 pandemic has caused and may continue to cause voluntary changes in behaviour of a large proportion of the population, including our customers, including unwillingness to spend time in shops. Businesses may also change their operations and policies in ways which could affect the behaviour of our customers. For example, sales of our products could decrease if customers prefer to minimise the time they spend in the locations where our products are sold or if shops introduce new restrictions on customer behaviour.

Our agents and suppliers may be at risk of decreasing revenue, liquidity issues and insolvency because of the economic downturn. Consequently, since our business is reliant on them (please refer to "Risk arising from dependence on agents' networks and a few technology suppliers" for more details), the inability of our agents and suppliers to honour their commitments to us due to these factors may negatively affect our ability to reliably provide our products to consumers.

If a significant percentage of our workforce is unable to work, either because of illness or travel or government restrictions in connection with the COVID-19 pandemic, our operations may be negatively impacted.

Government restrictions led to the suspension or cancellation of substantially all racing and sporting events during some periods. This has negatively affected sales in our sports betting operations. While some events, leagues and sporting events have already resumed, further suspensions and cancellation could take place in the future, for example, in communities where there is a resurgence in cases. The longer such suspensions last, the greater their adverse impact on the financial performance of our business will be. The revenues generated from games related to events or leagues that are not cancelled or suspended and new products might not be sufficient to cover any resulting revenue shortfall.

Governments have also proposed measures intended to protect debtors from insolvency, for example moratoria on interest payments. Continued implementation of these measures may decrease lenders' willingness to

extend credit to us. This, along with potential decreased demand for debt securities, could lead to an increase in our cost of capital, which may reduce our liquidity, or prevent us from accessing debt capital at all. Additionally, prolonged volatility in the financial markets or disruption to the banking system may limit our access to debt capital. These factors may further increase the financial risks our business is already exposed to (please refer to "Risks associated with our indebtedness" and "Other financial risks" for more details).

Any of the above factors could result in a material adverse effect on our business, results of operations, financial condition and prospects.

Regulatory risks, risk of potential loss of licenses or exclusive rights to operate our business activities

The lottery and gaming industry is highly regulated at the national level in each jurisdiction in which our subsidiaries are licensed or operate. Regulations generally govern the types of games that our businesses may operate, the rules of the games and the manner in which our businesses may operate their games.

Our businesses are required to obtain, maintain and comply with the terms of licenses and concessions in order to operate gaming businesses in each country where we operate. New games often need to be approved by the relevant regulator. The terms of licenses may also require that our direct and indirect shareholders and other relevant persons, such as directors, prove to the regulator's satisfaction that they are and continue to be suitable to be associated with the licensed company or game. Public authorities have the right to amend the regulatory framework and terminate licenses or concession contracts and have the right to impose sanctions in certain cases. Despite our best efforts to comply with the relevant regulations and to cooperate with regulators, our businesses may be unable to obtain, maintain and renew all necessary registrations, licenses, permits and approvals or could incur fines or experience delays in the licensing process. Our businesses are also exposed to the risk of alteration or termination of their licenses prior to their expiration, and our licenses may also be challenged by potential competitors.

OPAP's licenses in Greece and Cyprus, CASAG's licenses in Austria and LOTTOITALIA's licenses in Italy provide them with exclusive rights to operate certain lottery and gaming activities in each of their respective jurisdictions. These exclusive licenses and concession agreements are time-limited and will eventually expire. Upon expiration, new licenses or concessions may be awarded to one or more parties through a competitive bidding process. We may be unable to obtain new licenses to allow us to continue our current operations or may only be able to do so on less favourable terms. Our businesses also face the risk that regulatory changes may open the market to broader competition.

The legal, compliance and regulatory departments of SAZKA Group and the relevant subsidiaries strive to ensure compliance with all applicable rules and regulations in the relevant jurisdictions and oversee obtaining and maintaining of and compliance with the relevant licenses and concessions. However, if we are unable to, or fail to, comply with all applicable regulatory requirements, or if the applicable regulatory environments change in a way that is adverse to us, this could result in a material adverse effect on our business, results of operations, financial condition and prospects.

Risk associated with changes in taxation and fees for licenses, tax audits and penalties

Our businesses are required to make payments to the countries where they operate through fees for licenses (to obtain and/or to maintain), taxes on revenues (including VAT) and general corporate taxes on profits. Our businesses may be subject to increases in these taxes or introduction of new taxes. For example, with effect from 1 January 2020, the Czech government increased GGR tax from 23% to 35%. We may also be exposed to Czech corporate income tax liability on unrealized foreign exchange gains, which are non-cash revenues.

Our businesses are from time to time subject to tax audits and investigations by tax authorities, which include review of our compliance with the direct tax or indirect tax regimes affecting our businesses and transactions. Although our tax departments aim to ensure compliance with tax regulations, the tax authorities may interpret applicable laws and rules differently or change their interpretation in ways that we have not anticipated, which may result in penalties, assessments of tax for previous periods, and interest on such amounts.

To minimize the risk of any penalties the finance departments of SAZKA Group and relevant subsidiaries together with our advisors monitor developments in the tax policy of each jurisdiction and create policies and procedures to ensure full compliance with all applicable tax regimes.

Risks associated with changing consumer preferences, changes in technologies, brand loyalty and competition

Our success depends on our ability to recognize market trends and opportunities and develop appropriate strategies in response, including the introduction of new games or new variations on ways to play existing games.

The gaming industry is characterized by rapidly changing technology, including the increasing importance of online and mobile channels, which has accelerated during the COVID-19 pandemic and lockdowns. The future competitiveness of our businesses depends on our ability to respond to technological changes effectively.

The introduction of new games or the modification of existing games may require the approval of the relevant regulatory authorities. We may face regulatory conditions and restrictions that limit our ability to create new games, enter into new market segments or otherwise grow our business.

Our future success also depends on attracting and retaining players. In order to achieve this, we aim to maintain the value of the key brands that our businesses own or use in their operations. Failing to maintain the high profile, positive perception and consumer recognition of our brands may prevent expansion of, or lead to losses in, our existing customer base.

Our businesses compete with other forms of recreational and leisure activities and other gaming vendors and venues. While our businesses hold exclusive licenses and concessions for land-based sales of certain products and games, in certain markets, such as Austria and Greece, our businesses face online competition for certain products. This risk may be further intensified by governmental measures which may force some of our physical points of sale (POS) to close due to the spread of COVID-19 or changes in customer behaviour as a result of COVID-19.

Furthermore, illegal online lotteries, games, VLTs, slot machines and casino and sports betting, or games whose legal and regulatory status is unclear, compete with our businesses and in some cases their illegal status may allow them to offer products which are more attractive than our products to customers. This competition may affect our businesses negatively as it may deprive them of significant volumes of business and attract a portion of our customer base.

To mitigate these risks, we aim to increase engagement and retention of customers and focus on product development, active monitoring of trends and customer behaviour and efficient implementation of product and technology innovations.

Political and macroeconomic risks

Our businesses operate primarily in the Czech Republic, Greece, Cyprus, Austria and Italy, and are exposed to the political, economic and financial market conditions in these countries as well as of the EU and other countries into which our businesses may expand. For example, Greece has encountered and continues to encounter significant fiscal challenges and structural weaknesses in its economy. In addition, the government responses to the COVID-19 pandemic have resulted in severe economic dislocations, including an extreme drop in economic activity and higher rates of unemployment, to varying degrees in the countries where our businesses operate. Our businesses are also exposed to global factors and changes such as climate change which may adversely affect the political and economic situation of the countries in which our business operate.

Political and economic events or changes may result in changes in regulation, taxes, restrictions on capital flows and dividend payments and on business in any given country, as well as other policy decisions.

Macroeconomic factors in the countries where our businesses operate (such as gross domestic product growth, unemployment rates and wage growth) can affect consumer behaviour and spending patterns. Any material future deterioration in global or local economic conditions in the markets in which our businesses operate and the surrounding countries could lead to a decrease in consumer confidence and spending affecting our products.

We engage with advisors and monitor developments in the political and economic situation, and financial markets on a regular basis to ensure that our policies and strategies (short, mid and long term) are up to date and appropriate.

Risks associated with less than majority ownership of certain subsidiaries

We indirectly own less than a majority of the shares of several of the entities that operate our businesses, including OPAP, LOTTOITALIA and STOIXIMAN as well as certain other subsidiaries. We might have different interests and views on certain issues than other shareholders (for example, business strategy and financial policy, including regarding payment of dividends).

In some cases we are party to agreements with the other shareholders prescribing governance rights and other matters which limit our ability to control such entities. As a result, we may in some circumstances need to reach agreement with the other shareholders who are party to these agreements in order to achieve certain outcomes.

The other shareholders in these entities might face reputational and financial issues and problems that are out of our control, but which may negatively influence the business or brands of the relevant subsidiary, of other subsidiaries, and of SAZKA Group itself. Although we screen potential partners and seek to ensure that they act in accordance with high professional and ethical standards, we cannot guarantee that they will always maintain these high standards.

Risks associated with our corporate structure

As a holding company that conducts no business operations of its own and has no significant assets other than the equity interests and the intercompany receivables it holds in its subsidiaries and affiliates, we are dependent on payments from our subsidiaries and other affiliates – mainly dividends, which depend on the profitability and cash flows of their respective subsidiaries. Even if the subsidiaries generate sufficient cash from their operations, their ability to provide funds to us is subject to, among other factors, local tax restrictions and local corporate law restrictions as well as regulatory restrictions related to earnings, the level of legal or statutory reserves, losses from previous years and capitalization requirements, capital controls and the terms of any applicable shareholder agreements, or might be further limited by measures implemented by local government authorities, including in connection with the ongoing COVID-19 pandemic.

Risks associated with new acquisitions

Any future acquisitions of companies, investments or partnerships could expose us to a number of risks or result in additional liabilities. The process of integrating businesses may be disruptive to the operations of our existing and new businesses due to unforeseen legal, regulatory, contractual, technological or other issues, difficulties in realizing operating synergies, or a failure to maintain the quality of services.

In addition, there are considerable costs associated with participation in public tenders and pursuing potential M&A transactions, and we may not be successful in winning the tenders or closing the transactions we pursue.

Furthermore, companies acquired or acquired through tenders may not achieve the levels of returns, profits or productivity expected from them.

Risk of inadequate compliance procedures and policies

The operations of our businesses are subject to anti-money laundering, anti-bribery, fraud detection, and data protection laws and regulations, and economic sanctions programs, including those administered by national regulators, the United Nations and the EU. Our businesses are exposed to the risk of money laundering and fraudulent activities by our customers, employees, agents or other third parties (including criminal organizations), including with respect to our financial and payment service offerings. In addition, our businesses are exposed to a risk of violating anti-corruption laws and sanctions regulations applicable in those countries where they, their partners or their agents operate. Failure to comply with the above laws and regulations in these jurisdictions could result in significant fines, loss of licenses and damage to the reputation and brand of our businesses.

Compliance systems are established in SAZKA Group and the relevant key subsidiaries in order to minimize risks in the aforementioned areas. Each relevant subsidiary has units/departments tasked with ensuring compliance with legislation and license conditions relating to anti-money laundering, anti-bribery and other similar matters.

Risks associated with negative perceptions and publicity about the lottery and gaming industry

The gaming industry is exposed to negative perceptions and publicity generated by a variety of sources, including citizens' groups, non-governmental organizations, politicians, the media, national and local authorities, and other groups, individuals and institutions. In particular, public attention has been drawn to findings or allegations related to participation or alleged participation in gaming activities by minors, the location and concentration of gaming machines, the features of certain types of gaming machines, risks related to social ills such as addiction to gaming, risks related to data protection and payment security in connection with online gaming and fraud and alleged associations with money laundering. Excessive participation in certain games may for some individuals lead to problem gambling, which can have a significant adverse impact on their economic and psychological well-being.

The nature of lotteries (which account for a majority of our profit from continuing operations) limits the frequency players are able to wager, and prize distributions reduce the frequency of wins compared to other forms of gaming, making the player less likely to form addictive behaviour. This is in contrast to certain other forms of gaming where players are more susceptible to addiction and losing large amounts of money due to the frequency with which they are able to play and larger stake sizes. There is however a risk that the public and political representatives do not distinguish between lotteries and other types of gaming and do not recognize that lower risk is associated with lotteries.

Negative perceptions about lotteries and the gaming industry in general, and our business in particular, may result in lower revenues, loss of brand value, loss of customer goodwill, changes in regulation and higher taxes, among other consequences that may be detrimental to our business.

Our businesses monitor negative gaming behaviour and actively communicate with the public and other stakeholders about responsible gaming. The company and our businesses have adopted compliance policies and procedures and are focused on the integrity of their management, employees and third-party suppliers and partners.

Responsible gaming principles are applied throughout our operations. All our subsidiaries and equity method affiliates which offer lotteries have been awarded the Level 4 Responsible Gaming Certification, the highest level of responsible gaming certification issued by the World Lottery Association. For more information about responsible gaming please see the description of Responsible Gaming in the Company's CSR Report available on its website.

Risks associated with technical failures and security breaches

The ability of our businesses to successfully operate and manage their lottery and gaming products depends on the capacity and reliability of their network, internet infrastructure, central system operations and the security of their computer hardware, software and online platform infrastructure, including products and services provided by third parties. There is a risk of interruption caused by human error, problems relating to the network, central systems, software failure, natural disasters, sabotage, computer viruses, hacking, malicious software, phishing attacks and similar events. A system interruption, including one caused by third parties, may entitle the relevant regulatory agencies to revoke a concession or require us to pay damages or compensation under the concession as well as degrade customer experience and cause customers to lose confidence in our product offerings.

A growing proportion of customers use our online product offerings (and this trend is expected to continue) and as it relates to online platforms, our businesses are dependent on the interoperability of such platforms with popular operating systems, technologies, networks and standards that we do not control.

Our businesses are subject to regulation related to the use of customers' personal data and their debit and credit card information, including the obligation to keep the identity of winners confidential. Our businesses work with

the sensitive personal data of customers and data about their agents, suppliers or employees. If we or our partners fail to protect personal data of customers, our businesses could face liability and fines under data protection laws and loss of goodwill.

Our businesses have prepared contingency plans and implemented various mechanisms to prevent or mitigate the interruption of their technological infrastructure by the aforementioned events. Protection of personal data is covered by close cooperation between the legal departments and data protection officers in our key subsidiaries and technology departments.

Risks arising from dependence on agents' networks and a few technology suppliers

Our businesses offer a significant portion of their lottery and gaming products to their customers through authorized POS operators under commercial agency agreements. The responsibility of POS operators includes accepting stakes from customers, paying out small wins, providing information, promoting sales and handling complaints and claims.

Certain key products and services required for the operation of our games (such as hardware, software, and services and support provided by staff with specialist expertise) are provided by a very limited number of suppliers and in many cases our businesses only have one supplier of such services. This dependence on single suppliers and the small number of such suppliers can make it difficult or costly to replace them. Moreover, some of our suppliers might also be our direct competitors in different business dealings, including competition for licenses and concessions.

Our businesses rely on the products and services of their agents and suppliers to a significant degree and, in the event that they do not or are unable to fulfil their obligations under the applicable contractual arrangements, our businesses may face delays or disruptions in their operations if they need to find a new supplier.

Risks associated with online gaming

Although the regulatory regime for land-based gaming operations is well established in many countries, regulation in these countries may not necessarily have been amended to take account of the ability to offer gaming services online. Some jurisdictions have introduced regulations attempting to restrict or prohibit online gaming, while others have taken the position that online gaming should be licensed and regulated. The success of the online offering of our businesses will be affected by, among other things, developments in social networks, mobile platforms, legal and regulatory developments and other factors that we are unable to predict and which are beyond our control.

Our businesses have systems and controls in place seeking to ensure that they offer their gaming products via the Internet only to players who are legally permitted to access our sites and purchase our products in the relevant jurisdictions. Despite that, there can be no assurance that our businesses will successfully block customers from accessing our products in countries that restrict or prohibit online gaming or in countries that our respective businesses are not licensed to conduct online gaming. Public authorities could take the view that the systems and controls of our businesses are inadequate, either currently or as a result of technological developments affecting the Internet.

Risks from legal, administrative and arbitration proceedings

Our businesses may be involved in a number of legal, administrative and arbitration proceedings or investigations by government authorities in the future. Such proceedings or investigations could involve various governmental agencies and result in judgment or settlement agreements.

A provision is recognized in the consolidated statement of financial position if the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognized at the expected settlement amount.

Risks associated with our indebtedness

We have substantial indebtedness, including bank loans and bonds which require us to pay interest and principal amounts according to a fixed schedule and contain restrictive covenants and financial maintenance covenants that limit our financial and operational flexibility, as well as events of default and cross-default provisions. Failure to make payments as they are due or to adhere to these covenants, or a deterioration of our financial condition such that we breach the maintenance covenants, or ability to secure external financing to pay amounts due, could cause insolvency or liquidation or bankruptcy of SAZKA Group and / or one or more of its subsidiaries or affiliates.

Other financial risks

We are exposed to certain other financial risks, including currency risk, credit risk and interest rate risk. For further information on such risks please refer to "Risk management and disclosure methods", starting on page 133 of SAZKA Group's Annual Report for the year 2019 available on its website.

Forward-looking statements

This Report contains “forward-looking statements” within the meaning of the securities laws of certain jurisdictions. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the words “believes,” “estimates,” “anticipates,” “expects,” “intends,” “may,” “will,” “plans,” “continue,” “ongoing,” “potential,” “predict,” “project,” “target,” “seek” or “should” or, in each case, their negative or other variations or comparable terminology or by discussions of strategies, plans, objectives, targets, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate.

By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. You should not place undue reliance on these forward-looking statements.

Any forward-looking statements are only made as of the date of this Report and we do not intend, and does not assume any obligation, to update forward-looking statements set forth in this Report.

Many factors may cause our results of operations, financial condition, liquidity and the development of the industry in which we operate to differ materially from those expressed or implied by the forward-looking statements contained in this Report.

These factors include, among others:

- the ongoing outbreak of COVID-19 and legislative measures taken in response;
- the impact of regulations, loss of licenses or exclusive rights to operate our business activities;
- the impact of changes in taxation and fees for licenses, tax audits and penalties;
- changing consumer preferences, changes in technologies, brand loyalty and competition;
- the impact of politics and macroeconomy;
- our corporate structure and the impact of having less than majority ownership of certain subsidiaries;
- the impact of new acquisitions;
- inadequate compliance procedures and policies;
- negative perceptions and publicity about the lottery and gaming industry;
- technical failures and security breaches;
- dependence on agents’ networks and a few technology suppliers;
- the impact of regulations and other factors that affect the success of our on-line gaming offerings;
- the impact of legal, administrative and arbitration proceedings;
- the impact of our indebtedness; and
- other factors discussed under “Risk Factors”.

These risks and others described under “Risk Factors” are not exhaustive. Other sections of this Report describe additional factors that could adversely affect our results of operations, financial condition, liquidity and the development of the industry in which we operate. New risks can emerge from time to time, and it is not possible for us to predict all such risks, nor can we assess the impact of all such risks on our business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not rely on forward-looking statements as a prediction of actual results.

With the use of all reasonable care and to the best of our knowledge, we confirm that the Consolidated Half Year Report for the year 2020 gives a true and fair view of the financial situation, business activities and economic results of the Company and its consolidated group for the relevant accounting period, and perspective for future financial situation, business activities and economic results of the Company and its consolidated group.

Date:	Signature of the authorised representative:	
11 September 2020		
	Pavel Šároch Member of the Board of Directors	Robert Chvátal Member of the Board of Directors



SAZKA Group a.s.

**Condensed consolidated interim financial statements
for the six month period ended 30 June 2020**

prepared in accordance with IAS 34 "Interim Financial Reporting"

Consolidated statement of financial position	Note	30/06/2020	31/12/2019
ASSETS			
Intangible assets		2,444,249	1,879,140
Goodwill		742,657	600,626
Property, plant and equipment		461,251	194,700
Investment property		1,655	1,703
Equity method investees	3	354,622	649,065
Long-term receivables and other non-current assets	4	35,875	29,667
Long-term derivative financial instruments	15	8,359	9,510
Other long-term financial assets	5	238,161	15,509
Deferred tax asset		45,906	20,013
Total non-current assets		4,332,735	3,399,933
Inventories		16,428	7,432
Short-term trade receivables and other current assets	4	240,755	246,008
Short-term derivative financial instruments	15	29	3,493
Current tax asset		1,848	5,130
Other short-term financial assets	6	47,670	12,547
Cash and cash equivalents	7	1,109,379	763,673
Assets held for sale		783	--
Total current assets		1,416,892	1,038,283
Total assets		5,749,627	4,438,216
EQUITY AND LIABILITIES			
Share capital	10	81	81
Capital contributions and other reserves		25,673	55,423
Translation reserve		9,599	-15,341
Retained earnings and profit for the year		461,611	488,003
Total equity attributable to owners of the Company		496,964	528,166
Non-controlling interest	11	988,170	855,946
Total equity		1,485,134	1,384,112
Bank loans and other borrowings, non-current portion	12	2,311,672	2,252,527
Long-term lease liabilities	13	133,774	59,949
Other long-term liabilities	14	47,631	9,975
Long-term derivative financial instruments	15	16,168	3,716
Long term provisions		35,015	8,517
Employee benefits		123,364	2,993
Deferred tax liability		356,058	212,839
Total non-current liabilities		3,023,682	2,550,516
Bank loans and other borrowings, current portion	12	378,242	99,414
Short-term lease liabilities	13	24,279	8,261
Short-term trade and other payables	14	802,040	380,890
Short-term derivative financial instruments	15	5,598	--
Current tax liability		11,494	6,866
Short-term provisions		19,158	8,157
Total current liabilities		1,240,811	503,588
Total liabilities		4,264,493	3,054,104
Total equity and liabilities		5,749,627	4,438,216

The Notes on pages 9 to 64 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income		Six month ended 30 June:		Three month ended 30 June:	
	Note	2020	2019	2020	2019
Amount staked *	17	1,842,046	2,588,359	706,815	1,280,200
Consolidated statement of comprehensive income is as follows:					
Gross gaming revenue (GGR)	17	651,897	908,512	246,588	450,664
Lottery tax	17	(223,128)	(283,243)	(84,648)	(141,470)
Net gaming margin **	17	428,769	625,269	161,940	309,194
Revenue from sale of goods and services	17	55,696	61,961	27,716	32,387
Other operating income		21,475	3,640	9,347	2,139
Agents' commissions		(133,682)	(200,336)	(46,808)	(97,968)
Materials, consumables and services	19	(121,458)	(152,017)	(55,078)	(81,069)
Marketing services	20	(35,273)	(44,983)	(16,063)	(25,462)
Personnel expenses	21	(49,984)	(52,002)	(25,010)	(27,537)
Other operating expenses	22	(31,203)	(11,890)	(21,190)	(12,668)
Share of profit of equity method investees (net of tax)		32,738	56,971	7,759	25,924
Operating EBITDA ***	23	167,078	286,613	42,613	124,940
Depreciation and amortization	24	(68,952)	(59,442)	(40,119)	(30,821)
Profit from operating activities		98,126	227,171	2,494	94,119
Interest income		1,387	3,704	438	2,140
Other finance income		16,581	1,277	16,099	1,222
Finance cost		(60,427)	(39,731)	(24,990)	(18,262)
Finance costs, net	25	(42,459)	(34,750)	(8,453)	(14,900)
Profit before income tax		55,667	192,421	(5,959)	79,219
Income tax expense		(13,699)	(47,284)	5,334	(20,765)
Profit for the period after tax from continuing operations		41,968	145,137	(625)	58,454
Gain on disposal of subsidiaries		--	277,267	--	277,267
Profit for the period from discontinued operations, excluding gain on disposal		--	15,571	--	4,335
Profit for the period after tax from discontinuing operations	9	--	292,838	--	281,602
Profit for the period after tax		41,968	437,975	(625)	340,056

*"Amount staked" represents the total value of bets before wins are deducted, except for "VLTs and Casinos" and certain "Digital-only Games" products where Amount staked is presented net of wins as the difference between stakes placed and wins paid during the player's session.

** Usually referred to as "Net gaming revenue" or "NGR".

***"Operating EBITDA" is calculated as "Profit before income tax" less "Finance costs, net" less "Depreciation and amortization".

Consolidated statement of comprehensive income		Six month ended 30 June:		Three month ended 30 June:	
	Note	2020	2019	2020	2019
<i>Items that are or may subsequently be reclassified to profit or loss:</i>					
Translation of foreign operations into the Group's presentation currency		24,896	2,238	(11,298)	2,241
Foreign currency translation differences of foreign operations disposed of transferred to profit or loss	9	43	(2,528)	37	(2,528)
Remeasurement of hedging derivatives (net of tax)	15	(43,576)	(3,530)	11,128	(2,240)
Net change in fair value of cash flow hedges transferred to profit or loss, net of tax	15	1,803	--	1,803	--
Share of other comprehensive income of equity method investees		3,844	(3,984)	2,263	(4,478)
Other comprehensive income / (loss) for the period from continuing operations		(12,990)	(7,804)	3,933	(7,005)
<i>Items that are or may subsequently be reclassified to profit or loss:</i>					
Translation of foreign operations into the Group's presentation currency		--	17	--	(409)
Other comprehensive income for the period from discontinued operations	9	--	17	--	(409)
Total other comprehensive income / (loss) for the period		(12,990)	(7,787)	3,933	(7,414)
Total comprehensive income for the period		28,978	430,188	3,308	332,642
Profit for the period after tax attributable to:					
Owners of the Company		33,110	364,344	11,148	312,488
– continuing operations		33,110	77,690	11,148	25,834
– discontinued operations	9	--	286,654	--	286,654
Non-controlling interests		8,858	73,631	(11,773)	27,568
– continuing operations		8,858	67,447	(11,773)	21,384
– discontinued operations	9	--	6,184	--	6,184
Profit for the period after tax		41,968	437,975	(625)	340,056
Total comprehensive income attributable to:					
Owners of the Company		20,327	357,722	15,171	305,625
– continuing operations		20,327	71,042	15,171	18,945
– discontinued operations	9	--	286,680	--	286,680
Non-controlling interests		8,651	72,466	(11,863)	27,017
– continuing operations		8,651	66,291	(11,863)	20,842
– discontinued operations	9	--	6,175	--	6,175
Total comprehensive income for the period		28,978	430,188	3,308	332,642

The Notes on pages 9 to 64 are an integral part of these consolidated financial statements.

<i>Consolidated statement of changes in equity</i>	Note	Share capital	Reserve fund	Capital contributions	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 2020		81	313	38,398	(15,341)	16,712	488,003	528,166	855,946	1,384,112
Profit for the period ended 30 June 2020		--	--	--	--	--	33,110	33,110	8,858	41,968
Other comprehensive loss for the period ended 30 June 2020		--	--	3,844	24,939	(41,566)	--	(12,783)	(207)	(12,990)
Total comprehensive income for the period		--	--	3,844	24,939	(41,566)	33,110	20,327	8,651	28,978
Transactions with owners, recorded directly in equity:										
Business combinations under common control	8	--	--	--	--	--	82	82	--	82
Reclassification of accumulated OCI from equity method investees to retained earnings		--	--	7,973	--	--	(7,973)	--	--	--
Business combinations	8	--	--	--	--	--	--	--	307,485	307,485
Dividends declared		--	--	--	--	--	--	--	(250,456)	(250,456)
Effect of scrip dividend		--	--	--	--	--	--	--	25,078	25,078
Effect of change in ownership due to scrip dividend programme		--	--	--	--	--	(34,934)	(34,934)	34,934	--
Purchase of non-controlling interest in subsidiaries		--	--	--	--	--	(16,032)	(16,032)	5,939	(10,093)
Other movements in equity		--	--	--	--	--	(645)	(645)	593	(52)
Total transactions with owners		--	--	7,973	--	--	(59,502)	(51,529)	123,573	72,044
Balance at 30 June 2020	10	81	313	50,215	9,598	(24,854)	461,611	496,964	988,170	1,485,134

Total dividend declared to non-controlling interest was €250,456 thousand including withholding tax, consisting of dividend paid to non-controlling interest of OPAP S.A. in the amount of €188,487 thousand, of which €163,409 thousand was paid in cash and €25,078 thousand was settled by issuance of new OPAP S.A. shares and unpaid dividend to non-controlling interest of OPAP S.A. in the amount of €61,969 thousand.

OPAP S.A. provides shareholders the option of receiving dividends as cash or OPAP S.A. shares via a scrip dividend programme. The Group elected to receive its dividends as OPAP S.A. shares via a scrip dividend programme (see Note 1.3). "Effect of change in ownership due to scrip dividend programme" reflects the issuance of these shares at a price above their book value per share.

The Notes on pages 9 to 64 are an integral part of these consolidated financial statements.

<i>Consolidated statement of changes in equity</i>	Note	Share capital	Reserve fund	Capital contributions	Translation reserve	Hedging reserve	Retained earnings and profit for the period	Total equity attributable to owners of the Company	Non-controlling interest	Total equity
Balance at 1 January 2019		81	229	463,119	(9,842)	9,686	347,849	811,122	961,960	1,773,082
Profit for the period ended 30 June 2019		--	--	--	--	--	364,344	364,344	73,631	437,975
Other comprehensive loss for the period ended 30 June 2019		--	--	(3,972)	(264)	(2,387)	--	(6,623)	(1,165)	(7,788)
Total comprehensive income for the period		--	--	(3,972)	(264)	(2,387)	364,344	357,721	72,466	430,187
Transactions with owners, recorded directly in equity:										
Dividends declared		--	--	--	--	--	--	--	(159,717)	(159,717)
Reallocation of previous profit to Capital contributions		--	--	420,033	--	--	(420,033)	--	--	--
Effect of disposals of Croatian business	9	--	--	--	--	--	--	--	(22,436)	(22,436)
Purchase of non-controlling interest in subsidiaries		--	--	--	--	--	(15,465)	(15,465)	(7,326)	(22,791)
Other movements in equity		--	--	--	--	--	(318)	(318)	263	(55)
Total transactions with owners		--	--	420,033	--	--	(435,816)	(15,783)	(189,216)	(204,999)
Balance at 30 June 2019	10	81	229	879,180	(10,106)	7,299	276,377	1,153,060	845,210	1,998,270

The Notes on pages 9 to 64 are an integral part of these consolidated financial statements.

<i>Consolidated statement of cash flows</i>	Note	Six month ended 30 June: 2020	2019
OPERATING ACTIVITIES			
Profit (+) for the year from continuing operations		41,968	145,137
Profit (+) for the year from discontinued operations	9	--	292,838
Profit (+) for the year		41,968	437,975
<i>Adjustments for:</i>			
Income tax expense		13,699	52,519
Depreciation and amortization	24	57,492	60,520
Impairment losses on intangible assets and goodwill	24	11,460	--
Profit (-) on sale of property, plant and equipment and intangible assets		(8)	(57)
Gain on disposal of subsidiaries	9	--	(277,267)
Net interest expense (+)	25	45,944	28,251
Net FX gains (-) / losses (+)	25	3,359	(1,084)
Other financial gains (dividends)	25	--	(53)
Share of profit (-) of equity method investees		(32,738)	(56,971)
Operating result before changes in working capital and provisions		141,176	243,833
Increase (+) / decrease (-) in provisions		(2,175)	(23,449)
Increase (-) / decrease (+) in inventories		(5,996)	(3,852)
Increase (-) / decrease (+) in trade receivables and other assets		69,974	(497,621)
Increase (+) / decrease (-) in trade and other payables		(67,531)	9,787
Cash generated from operating activities		135,448	(271,302)
Interest paid		(45,580)	(29,317)
Income tax paid		(7,408)	(18,478)
Net cash generated from operating activities		82,460	(319,097)
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment and intangible assets		(18,944)	(16,337)
Acquisition of subsidiaries, net of cash acquired	8	209,043	--
Dividends and distribution received from equity method investees	3	57,746	104,537
Proceeds from sale of subsidiary, net of cash disposed of		--	272,407
Proceeds from sale of property, plant and equipment and intangible assets		505	133
Dividends received from financial investments	25	--	53
Interest income received		1,138	1,451
Net movement in short-term financial assets		--	(7,223)
Proceeds from assignment of loan receivable		--	117,150
Net cash generated from (+) / used in (-) investing activities		249,488	472,171
FINANCING ACTIVITIES			
Dividends paid to non-controlling interest	11	(163,409)	(32,577)
Loans and borrowings received	12	685,763	115,784
Repayment of loans and borrowings	12	(510,381)	(84,261)
Repayment of principal element lease liabilities	13	(3,069)	(4,475)
Net movement in restricted cash related to financing activities		8,943	7,626
Purchase of non-controlling interest in subsidiaries		(10,093)	(22,791)
Net cash generated from (+) / used in (-) financing activities		7,754	(20,694)
Net decrease (-) / increase (+) in cash and cash equivalents		339,702	132,380
Effect of currency translation on cash and cash equivalents		6,004	929
Cash and cash equivalents at the beginning of the year	7	763,673	312,678
Cash and cash equivalents at the end of the period	7	1,109,379	445 987

The Notes on pages 9 to 64 are an integral part of these consolidated financial statements.

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1. General information about the Group

1.1 Description

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

The Group operates lottery, betting and non-lottery business in the Czech Republic, Greece, Cyprus, Italy, Austria and other countries.

The immediate parent of the Company is KKCG AG and its ultimate controlling party pursuant to IFRS standards is VALEA FOUNDATION (see Note 1.5).

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 engages in certain non-lottery business activities through its points of sale and terminals (e.g. telecommunication and payment services).

1.3 Group companies

Companies included in the consolidated group as at 30 June 2020 and 31 December 2019 and the Company’s effective ownership interest are as follows:

		Effective ownership	
	Note	Country	
			30/06/2020
			31/12/2019
Parent company:			
SAZKA Group a.s.		Czech Republic	n/a
Subsidiaries:			
Austrian Gaming Holding a.s.		Czech Republic	100.00%
CAME Holding GmbH		Austria	100.00%
Casinos Austria AG	(a)	Austria	55.48%
AleaX AG	(a)	Liechtenstein	--
Cachi Valle Aventuras S.A.	(a)	Argentina	55.48%
CAI Hungary Kft.	(a)	Hungary	30.51%
CAI Ontario Inc.	(a)	Canada	55.48%
CAIO AG	(a)	Switzerland	55.48%
CAIO DK ApS	(a)	Denmark	55.48%
Casino Event Immobilien GmbH	(a)	Germany	55.48%
Casino Sopron Kft.	(a)	Hungary	30.51%
Casino St. Moritz AG	(a)	Switzerland	55.48%
Casinoland IT-Systeme GmbH	(a)	Germany	55.48%
Casinos Austria (Liechtenstein) AG	(a)	Liechtenstein	55.48%
Casinos Austria (Swiss) AG	(a)	Switzerland	55.48%
Casinos Austria AG			
Liegenschaftsverwaltungs- und Leasing GmbH	(a)	Austria	55.48%

	Note	Country	Effective ownership	
			30/06/2020	31/12/2019
Casinos Austria International (Mazedonien) Holding GmbH	(a)	Austria	55.48%	38.16%
Casinos Austria International Belgium S.A.	(a)	Belgium	55.48%	38.16%
Casinos Austria International GmbH	(a)	Austria	55.48%	38.16%
Casinos Austria International Holding GmbH	(a)	Austria	55.48%	38.16%
Casinos Austria International Ltd.	(a)	Australia	55.48%	38.16%
Casinos Austria Management AG	(a)	Switzerland	55.48%	38.16%
Casinos Austria Management GmbH	(a)	Austria	55.48%	38.16%
Casinos Austria Maritime Corp.	(a)	USA	55.48%	38.16%
Casinos Austria VLT AG	(a)	Switzerland	55.48%	38.16%
Casinos Odense K/S	(a)	Denmark	55.48%	38.16%
CAST Casinos Austria Sicherheitstechnologie GmbH	(a)	Austria	55.48%	38.16%
CCB Congress Center Baden BetriebsgmbH	(a)	Austria	49.38%	33.96%
Complejo Monumento Güemes S.A.	(a)	Argentina	55.48%	38.16%
Cuisino Ges.m.b.H.	(a)	Austria	55.48%	38.16%
Deutsche Sportwetten GmbH	(a),(b)	Germany	32.39%	25.23%
Entretenimientos y Juegos de Azar S.A.	(a)	Argentina	55.45%	38.14%
Fortuna 1 Aps	(a)	Denmark	55.48%	38.16%
Glücks- und Unterhaltungsspiel BetriebsgesmbH	(a),(b)	Austria	50.41%	37.62%
Great Blue Heron Gaming Com.	(a)	Canada	39.95%	27.48%
Inmobiliaria Ovalle S.A.	(a)	Chile	55.48%	38.16%
Leisure & Entertainment S.A.	(a)	Argentina	55.48%	38.16%
LIE2 AG	(a)	Liechtenstein	55.48%	38.16%
ÖLG Holding GmbH	(a)	Austria	55.48%	38.16%
Österreichische Klassenlotterie Vertriebsgesellschaft m.b.H.	(a),(b)	Austria	50.41%	37.62%
Österreichische Lotterien GmbH	(a),(b)	Austria	50.41%	37.62%
Österreichische Sportwetten GmbH	(a),(b)	Austria	32.39%	25.23%
Rabcat Computer Graphics GmbH	(a),(b)	Austria	48.36%	36.22%
Spielbanken Niedersachsen GmbH	(a)	Germany	55.48%	38.16%
Viage Productions S.A.	(a)	Belgium	55.48%	38.16%
Win2day International GmbH	(a),(b)	Austria	50.41%	37.62%
WinWin International GmbH	(a),(b)	Austria	50.41%	37.62%
Emma Delta Finance Plc	(c)	Cyprus	--	75.48%
Emma Delta Hellenic Holdings Limited	(c)	Cyprus	75.48%	75.48%
Emma Delta Management Ltd	(e)	Cyprus	66.70%	66.70%
EMMA DELTA VARIABLE CAPITAL INVESTMENT COMPANY LTD	(c)	Cyprus	75.48%	75.48%

	Note	Country	Effective ownership	
			30/06/2020	31/12/2019
IGH Financing a.s.		Czech Republic	--	100.00%
Italian Gaming Holding a.s.		Czech Republic	100.00%	100.00%
Italian GNTN Holding a.s.		Czech Republic	100.00%	100.00%
Kavárna štěstí s.r.o.		Czech Republic	100.00%	100.00%
Medial Beteiligungs GmbH		Austria	100.00%	99.66%
OPAP S.A.	(d)	Greece	34.22%	31.99%
DAEDALUS TECHNOLOGIES FZC	(d)	Dubai	23.17%	--
HELLENIC LOTTERIES S.A.	(d)	Greece	28.57%	26.71%
HORSE RACES S.A.	(d)	Greece	34.22%	31.99%
Neurosoft S.A.	(d)	Greece	23.17%	21.66%
OPAP CYPRUS LTD	(d)	Cyprus	34.22%	31.99%
OPAP INTERNATIONAL LTD	(d)	Cyprus	34.22%	31.99%
OPAP INVESTMENT LTD	(d)	Cyprus	34.22%	31.99%
OPAP SPORTS LTD	(d)	Cyprus	34.22%	31.99%
TORA DIRECT S.A.	(d)	Greece	34.22%	31.99%
TORA WALLET S.A.	(d)	Greece	34.22%	31.99%
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 Company Limited		Vietnam	100.00%	100.00%
SAZKA FTS a.s.		Czech Republic	100.00%	100.00%
SAZKA Group Financing a.s.		Slovakia	100.00%	100.00%
SAZKA Group Russia LLC		Russia	--	100.00%
SAZKA Group UK Limited (formerly KKCG UK Limited)		United Kingdom	100.00%	--
SPORTLEASE a.s.		Czech Republic	100.00%	100.00%
Vitalpeak Limited		Cyprus	100.00%	100.00%

			Effective ownership	
	Note	Country	30/06/2020	31/12/2019
Joint ventures:				
Casino Copenhagen K/S	(a)	Denmark	27.74%	19.08%
Casino Marienlyst A/S	(a)	Denmark	27.74%	19.08%
Casino Munkebjerg Vejle A/S	(a)	Denmark	27.74%	19.08%
Casino Vesterport Copenhagen K/S	(a)	Denmark	27.74%	19.08%
Casinos Austria International (Cairns) Pty Ltd.	(a)	Australia	27.74%	19.08%
Casinos Austria International Macedonia d.o.o.	(a)	Macedonia	19.42%	13.36%
Casinos Austria of Egypt AG	(a)	Liechtenstein	27.74%	19.08%
Casinos Denmark A/S	(a)	Denmark	27.74%	19.08%
Cocino GmbH	(a)	Germany	26.08%	17.94%
Glücksrad Kft.	(a)	Hungary	27.19%	18.70%
National Videolottery of the Rep. of Macedonia-Casinos Austria LLC-Skopje	(a)	Macedonia	9.51%	6.54%
Reef Casino Investments Pty Ltd.	(a)	Australia	27.74%	19.08%
Reef Casino Trust	(a)	Australia	23.30%	16.03%
Reef Corporate Services Ltd.	(a)	Australia	27.74%	19.08%
Revolutionary Technology Systems AG	(a)	Switzerland	27.74%	19.08%
Associates:				
Casino Lugano S.A.	(a)	Switzerland	15.96%	10.97%
CLS Beteiligungs GmbH *	(f)	Austria	66.67%	66.67%
Grand Casino Kursaal Bern AG	(a)	Switzerland	7.49%	5.15%
Inversiones Anacaldo S.A. i.L.	(a)	Chile	13.87%	9.54%
KAIZEN GAMING LIMITED (formerly TCB Holdings Ltd) *	(d)	Malta	12.58%	11.75%
LOTTOITALIA S.r.l.		Italy	32.50%	32.50%
LTB Beteiligungs GmbH *	(g)	Austria	66.67%	66.67%

*The equity method investees consist of a group of entities.

- (a) The Group holds part of its interest in Casinos Austria AG subgroup ("CASAG") through its 100.00% (31 December 2019: 99.66%) interest in Medial Beteiligungs GmbH, which holds a 38.29% share in CASAG. On 26 June 2020, the Group acquired an additional share of 17.19% in CASAG through CAME Holding GmbH. As a result of this transaction and a parallel acquisition of a 0.34% stake in Medial Beteiligungs GmbH from CASAG, the Group's total effective shareholding in CASAG increased to 55.48% (31 December 2019: 38.16%). The Group indirectly holds more than 50% of CASAG's total ordinary shares and voting rights. Since 26 June 2020, SAZKA Group started to fully consolidate CASAG. On 6 March 2020, the Group signed a shareholders' agreement ("SHA") with Österreichische Beteiligungs AG ("ÖBAG"), with 33.24% interest in CASAG its second largest shareholder. The remaining minority interest of 11.28% is held by a variety of third-party investors. The SHA will provide, once various regulatory and antitrust approvals are granted and it becomes fully effective, for a framework for the cooperation between the Group and ÖBAG with respect to, *inter alia*, the corporate governance of CASAG.
- (b) Through the acquisition of CASAG, the Group gained control over CASAG and its subsidiaries including Österreichische Lotterien GmbH subgroup ("ÖLG").

CASAG holds a controlling stake in ÖLG of 73.83%. Non-controlling interest in ÖLG consists of a stake of 26.17% stake held by Lotto-Toto Holding GmbH ("LTH"). Therefore on the CAME Holding GmbH level the Group holds a controlling interest of 40.96% through CASAG and a minority interest in ÖLG of 9.45% through LTH and through equity method investees CLS Beteiligungs GmbH ("CLS") and LTB Beteiligungs GmbH ("LTB") (see (f), (g)). Thus, the Group's total effective interest in ÖLG is 50.41%.

Neither IFRS 10 nor IAS 28 prescribes how to account for non-controlling interest when the Group owns an equity method investee that has a holding in a subsidiary. Non-controlling interest is defined as "the equity in a subsidiary not attributable, directly or indirectly to a parent".

The decision on the Group's presentation of non-controlling interest of 9.45% in ÖLG represents a significant judgment, which is based on the following facts and circumstances.

CLS and LTB are holding companies owning participations in ÖLG without any additional economic activities. The Group only holds its share in these investees in order to indirectly hold their interests in ÖLG. Since the value of equity method investees CLS and LTB were historically equal to their investments in ÖLG, which became fully consolidated through CASAG, the carrying amount of the Group's interest in equity method investees CLS and LTB became a part of total consideration in the acquisition of CASAG (see Note 3, Note 8).

Consequently, ÖLG is from 26 June 2020 a fully consolidated subsidiary of the Group with a total effective share of 50.41%. Equity method investees CLS and LTB ceased to be recognised as at 26 June 2020.

- (c) The controlling interest in EMMA DELTA VARIABLE CAPITAL INVESTMENT COMPANY LTD is represented by the 100% of its voting rights held by Emma Delta Management Ltd. However, the economic interest attributable to the Group consists of the 75.48% of its investor shares owned by RUBIDIUM HOLDINGS LIMITED.
- (d) The Group has de-facto control over OPAP S.A. subgroup ("OPAP"). OPAP includes HELLENIC LOTTERIES S.A., HORSE RACES S.A., Neurosoft S.A., OPAP CYPRUS LTD, OPAP INTERNATIONAL LTD, OPAP INVESTMENT LTD, OPAP S.A., OPAP SPORTS LTD, KAIZEN GAMING LIMITED (formerly TCB Holdings Ltd), TORA DIRECT S.A., and TORA WALLET S.A. Moreover, OPAP through investment in Neurosoft S.A. acquired an interest in DAEDALUS TECHNOLOGIES FZC in 2020 as a result of which this company became a subsidiary (see Note 8).

As at 30 December 2019, OPAP SERVICES S.A. legally merged with OPAP S.A.

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

The Group holds part of its interest in OPAP through a 66.70% voting interest in Emma Delta Management Ltd subgroup ("Emma Delta Management"). The remaining 33.30% voting interest in Emma Delta Management is held by a third-party investor. Emma Delta Management is the owner of all voting management shares in EMMA DELTA VARIABLE CAPITAL INVESTMENT COMPANY LTD which through an intermediate company holds the 31.89% interest in OPAP (31 December 2019: 32.73%).

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

Apart from the indirect interest, the Company holds a direct 10.15% interest in OPAP (31 December 2019: 7.28%).

The Group's total shareholding in OPAP was 42.05% as at 30 June 2020 (31 December 2019: 40.01%), equivalent to an economic interest of 34.22% (31 December 2019: 31.99%).

Although the Group's shareholding in OPAP is below 50%, it is by far the largest individual shareholding. The remaining shares are widely dispersed among numerous public market investors. Since Emma Delta Management acquired the share in OPAP in 2013, shareholder attendance at OPAP S.A.'s general meetings have never reached 80%, therefore the Group controls the majority of votes present at OPAP S.A.'s general meetings. All shareholders' resolutions proposed at general meetings that the Group has voted in favour of have been approved. The Group's appointees make up a majority of the OPAP S.A. Board of Directors (including CEO, CFO and Executive Chairman).

- (e) 66.70% represents voting shares, the Group's economic interest in Emma Delta Management is 75.48%.
- (f) According to the company's Articles of Association the General Meeting of the company is able to make a decision only with the approval of 75% of shares. The Group holds 66.67% of shares through CAME Holding GmbH. Until 26 June 2020 the Group considered CLS as an investment in an associate and the company was accounted as an equity method investee. From 26 June 2020 CLS became a part of total consideration in the acquisition of CASAG.

CLS holds a 27.08% share in LTH, which owns 26.17% of shares in ÖLG. Together with its shareholding in LTB, the Group's effective share in ÖLG is 9.45%.

In 2019, CASAG increased its share in ÖLG from 67.98% to 73.81% through an equity contribution to ÖLG of €24,500 thousand and through a restructuring process whereby 50% of Entertainment Glücks und Unterhaltungsspiel GmbH originally owned by CASAG was merged into ÖLG as of 1 January 2019. Therefore, LTH decreased its share in ÖLG from 32% to 26.17% during the reporting period of 2019. This transaction is presented as a change of "Equity method investee in ÖLG" (see Note 3).

- (g) According to the company's Articles of Association the General Meeting of the company is able to make a decision only with the approval of 100% of shares. The Group holds 66.67% of shares through CAME Holding GmbH. Until 26 June 2020 the Group considered LTB as an investment in an associate and the company was accounted as an equity method investee. From 26 June 2020 LTB became a part of total consideration in the acquisition of CASAG.

LTB holds a 27.08% share in LTH, which owns 26.17% of shares in ÖLG. Together with its shareholding in CLS, the Group's effective share in ÖLG is 9.45%.

In 2019, CASAG increased its share in ÖLG from 67.98% to 73.81% through an equity contribution to ÖLG of €24,500 thousand and through a restructuring process where 50% of Entertainment Glücks und Unterhaltungsspiel GmbH originally owned by CASAG was merged into ÖLG as of 1 January 2019. Therefore, LTH decreased its share in ÖLG from 32% to 26.17% during the reporting period of 2019. This transaction is presented as a change of "Equity method investee in ÖLG" (see Note 3).

Changes in the Group

1. Acquisitions and changes in ownership interest

Between 2019 and 2020, the Group acquired interest in, or incorporated, the following companies:

Company / Group companies	2020	2019	Type of transaction	Date of transaction
Casinos Austria AG (a)	17.19%	--	Acquisition	26 June 2020
DAEDALUS TECHNOLOGIES FZC (b)	100.00%	--	Acquisition	31 March 2020
EMMA DELTA VARIABLE CAPITAL INVESTMENT COMPANY LTD (c)	--	3.61%	Acquisition	24 May 2019
HELLENIC LOTTERIES S.A. (d)	--	16.50%	Acquisition	17 September 2019
Italian GNTN Holding a.s.	--	100.00%	Incorporation	20 February 2019
Medial Beteiligungs GmbH (e)	0.34%	--	Acquisition	26 June 2020
OPAP S.A. (f)	--	-0.27%,	Scrip dividend	15 July 2019
	--	7.28%	Acquisition	November 2019
	1.68%	--	Scrip dividend	6 February 2020
	0.35%	--	Acquisition	April 2020 – June 2020
SAZKA Group UK Limited (formerly KKCG UK Limited) (g)	100.00%	--	Acquisition	20 May 2020

The above stated percentages represent the direct share acquired by the parent company of each company.

- (a) On 31 December 2019, the Group owned a 38.29% share in CASAG, which was presented as an equity method investee. On 26 June 2020, the Group acquired an additional 17.19% share in CASAG and from that date the subgroup is fully consolidated (see Note 8).
- (b) On 31 March 2020, the Group through its subsidiary NEUROSOFT S.A., acquired 100% of DAEDALUS TECHNOLOGIES FZC for €50 thousand plus contingent consideration to a maximum amount of €250 thousand (see Note 8).
- (c) On 24 May 2019, the Group acquired an additional 3.61% of the investor shares in EMMA DELTA VARIABLE CAPITAL INVESTMENT COMPANY LTD. The increase represents an increase in economic interest in the company without change of control. This additional purchase is presented as “Purchase of non-controlling interest in subsidiaries” in the Consolidated statement of cash flows for year end 2019.
- (d) On 17 September 2019, OPAP INVESTMENT LTD acquired an additional 16.50% of HELLENIC LOTTERIES S.A. This additional purchase is presented as a “Purchase of non-controlling interest in subsidiaries” in the Consolidated statement of cash flows for year end 2019.
- (e) On 26 June 2020, the Group acquired an additional 0.34% share in Medial Beteiligungs GmbH for €753 thousand. The increase represents an increase in share in the company without change of control. This additional purchase is presented as “Purchase of non-controlling interest in subsidiaries” in the Consolidated statement of cash flows for the six month period ended 30 June 2020.
- (f) On 15 July 2019, OPAP S.A. paid a dividend of €0.60 per share to shareholders of record on 26 June 2019, providing shareholders the option of receiving cash or OPAP S.A. shares via a new scrip dividend programme. The Group elected to receive cash. As a result of other shareholders electing to receive shares under the scrip dividend programme, the Group’s shareholding in OPAP S.A. was diluted from 33.00% to 32.73% (equivalent to an economic interest of 24.71%).

On 8 July 2019, the Group announced its intention to launch a voluntary tender offer the (“VTO”) for the acquisition of all of the shares of OPAP S.A. not held by itself or its concert parties. Pursuant to the VTO,

which expired on 29 October 2019, the Company acquired 23,323,179 shares on 5 November 2019, comprising 7.25% of the outstanding shares of OPAP S.A. In November 2019, after the settlement of the VTO, the Group acquired an additional 0.03% share in OPAP S.A. through open market purchases. As a result of the VTO and the open market purchases, the direct economic interest in OPAP S.A., together with the existing indirect interest in OPAP S.A. held through EMMA DELTA VARIABLE CAPITAL INVESTMENT COMPANY LTD, was equivalent to an economic interest of 31.99% at the end of December 2019.

On 6 February 2020 OPAP S.A. paid an extraordinary dividend of €1.00 per share. Shareholders had the option of receiving cash or shares under OPAP S.A.'s scrip dividend programme. The Group elected to receive scrip. As a result, Emma Delta Hellenic Holding Limited's shareholding in OPAP S.A. increased from 32.73% to 34.10%, the Company's direct shareholding increased from 7.28% to 7.59%, and the Group's shareholding increased from 40.01% to 41.69% (equivalent to an economic interest of 33.33%) at the end of March 2020.

During second quarter of 2020, the Company acquired an additional 0.35% share in OPAP S.A. through open market purchases for €9,340 thousand. The Company's direct shareholding increased from 7.59% to 7.94% and the Group's shareholding increased from 41.69% to 42.05% at the end of June 2020. This additional purchase is presented as "Purchase of non-controlling interest in subsidiaries" in the Consolidated statement of cash flows for the six month period ended 30 June 2020.

On 24 June 2020, Emma Delta Hellenic Holding Limited sold a 2.21% share of OPAP S.A. to the Company. As a result, Emma Delta Hellenic Holding Limited's shareholding in OPAP S.A. decreased from 34.10% to 31.89% and the Company's direct shareholding increased from 7.94% to 10.15%. The Group's share in OPAP was unchanged, however the Group's economic interest increased from 33.68% to 34.22% at the end of June 2020. This additional purchase is presented as "Purchase of non-controlling interest in subsidiaries" in the Consolidated statement of changes in equity for the six month period ended 30 June 2020.

- (g) On 20 May 2020, the Group acquired KKCG UK Limited for €530 thousand from KKCG AG. The acquisition is considered as acquisition under common control (see Note 8). After the acquisition the company was renamed SAZKA Group UK Limited.

2. Disposals

In 2020 and 2019, the following companies (see Note 9) were disposed of from the Group:

Company / Group companies	2020	2019	Type of transaction	Date of transaction
Emma Delta Finance Plc	100.00%	--	Liquidation	18 January 2020
IGH Financing a.s.	100.00%	--	Liquidation	1 June 2020
Minus5 d.o.o. (a)	--	51.00%	Sale	25 April 2019
PUNI BROJ d.o.o. (a)	--	100.00%	Sale	25 April 2019
SAZKA Group Adriatic d.o.o. (a)	--	100.00%	Sale	25 April 2019
SAZKA Group Russia LLC (b)	100.00%	--	Sale	27 March 2020
SUPER SPORT d.o.o. (a)	--	67.00%	Sale	25 April 2019

The above stated percentages reflect the direct share disposed of by the parent company of each company.

- (a) Following the management decision, the Group classified the Croatian subgroup (SAZKA Group Adriatic d.o.o. and all of its subsidiaries, including SUPER SPORT d.o.o., PUNI BROJ d.o.o., and Minus 5 d.o.o.) as discontinued operations according to IFRS 5 on 30 June 2019 (see Note 9). The comparative Consolidated statement of comprehensive income has been re-presented to show the continuing operations separately from the discontinued operations.

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

- (b) On 27 March 2020, the Group sold SAZKA Group Russia LCC. The effect of the sale was immaterial and is presented in Note 25 as "Net profit from the sale of securities".

1.4 Statutory body and Supervisory Board

The Board of Directors as at 30 June 2020:

Chairman of the Board of Directors:	Karel Komárek
Member of the Board of Directors:	Pavel Šároch
Member of the Board of Directors:	Robert Chvátal
Member of the Board of Directors:	Katarína Kohlmayer

Supervisory Board as at 30 June 2020:

Chairman of the Supervisory Board:	Tomáš Porupka
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1.5 Shareholder as at 30 June 2020

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

2. Basis of preparation

(a) Statement of compliance

The condensed consolidated interim financial statements have been prepared in compliance with IAS 34 “Interim Financial Reporting”. These financial statements do not disclose all information that is required to be disclosed in the financial statements in full format prepared in compliance with IFRS and therefore should be read and interpreted along with the consolidated financial statements of SAZKA Group a.s. for the year ended 31 December 2019.

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

These condensed consolidated interim financial statements were approved by the Board of Directors on 11 September 2020.

(b) Basis of measurement

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

The accounting policies applied in the condensed 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 2019.

(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 (its “functional currency”). The functional currency of the Company is the Czech Crown (CZK). The presentation currency of the Group is Euro (€) as the majority of Group’s transactions representing its assets, liabilities and related profit or loss accounts are in Euro.

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 attributable to rounding.

(d) Use of estimates and judgements

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period,

or in the period of the revision and future periods if the revision affects both current and future periods. As at 30 June 2020 no significant impacts were identified.

Significant assumptions used by the Group when applying the Group's accounting policies and key sources of uncertainty upon making estimates during the preparation of the condensed consolidated interim financial statements were the same as those used during the preparation of consolidated financial statements for the period ended 31 December 2019.

The use of estimates and judgements affects mainly the following areas:

- goodwill, trademarks and brands with indefinite useful lives,
- judgement with respect of control over Casinos Austria AG subgroup (see Note 1.3),
- judgement with respect of accounting non-controlling interest when the Group owns an equity method investee that has a holding in a subsidiary (see Note 1.3)
- judgement with respect of de-facto control over OPAP S.A. subgroup (see Note 1.3).

(e) Significant accounting policies

The accounting policies and methods of computation applied in the condensed consolidated interim financial statements are the same as the accounting policies applied by the Group in the annual consolidated financial statements for the period ended 31 December 2019, except for the adoption of new and amended standards as set out in Note 2f below.

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

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

(f) New standards and amendments applicable from 1 January 2020

The Group has applied for the first-time certain standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2020.

Amendment to IFRS 3 "Business combinations"

The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term "outputs" is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

These amendments did not have any material impact on the Group's condensed consolidated interim financial statements.

Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark ("IBOR") reform

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

These amendments did not have any material impact on the Group's condensed consolidated interim financial statements.

Amendments to IAS 1 and IAS 8 - Definition of material

The IASB has made amendments to IAS 1 “Presentation of financial statements” and IAS 8 “Accounting policies, changes in accounting estimates and errors” which use a consistent definition of materiality throughout International Financial Reporting Standards and the “Conceptual Framework” for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

In particular, the amendments clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- the meaning of “primary users of general purpose financial statements” to whom those financial statements are directed, by defining them as “existing and potential investors, lenders and other creditors” that must rely on general purpose financial statements for much of the financial information they need.

These amendments did not have any material impact on the Group’s condensed consolidated interim financial statements.

Amendments to References to the “Conceptual Framework” in IFRS Standards

The IASB has issued a revised “Conceptual Framework” which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting,
- reinstating prudence as a component of neutrality,
- defining a reporting entity, which may be a legal entity, or a portion of an entity,
- revising the definitions of an asset and a liability,
- removing the probability threshold for recognition and adding guidance on derecognition,
- adding guidance on different measurement basis, and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in Other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the “Conceptual Framework” in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised “Conceptual Framework” from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised “Conceptual Framework”.

These amendments did not have any material impact on the Group’s condensed consolidated interim financial statements.

(g) Standards, interpretations and amendments issued before 30 June 2020 but not yet effective

The following standards, amendments and interpretations are not yet effective and are not expected to have a significant impact on the Group’s consolidated financial statements.

Documents not yet endorsed by the EU:**IFRS 17 “Insurance contracts”**

IFRS 17 was issued in May 2017 as replacement for IFRS 4 “Insurance contracts”. It requires a current measurement model where estimates are re-measured in each reporting period. Contracts are measured using the building blocks of:

- discounted probability-weighted cash flows,
- an explicit risk adjustment, and
- a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period.

The standard allows a choice between recognising changes in discount rates either in the Statement of profit or loss or directly in Other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.

An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.

There is a modification of the general measurement model called the “variable fee approach” for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity’s share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model.

The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.

It is expected to be endorsed before its effective date. IASB effective date is 1 January 2021.

The Group does not expect that IFRS 17 to have a significant impact on the Group’s consolidated financial statements.

Amendments to IAS 1 “Presentation of financial statements” - Classification of liabilities as current or non-current

The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists, and management expectations about events after the balance sheet date, for example on whether a covenant will be breached, or whether early settlement will take place, are not relevant.

The amendments clarify the situations that are considered settlement of a liability.

It is expected to be endorsed before its effective date. IASB effective date is 1 January 2022.

The Group is evaluating the impact of adoption of this amendment.

Amendments to IFRS 16 “Leases” - COVID-19 related rent concessions

As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 “Leases” which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications.

In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted. Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the

contracts to which it has been applied, as well as the amount recognised in profit or loss arising from the rent concessions.

The Group is evaluating the impact of adoption of this amendment.

Amendments to IFRS 3 “Business combination” - Reference to “Conceptual framework” & Amendments to IAS 37 “Provisions, Contingent liabilities and Contingent Assets” - cost of fulfilling a contract

Minor amendments were made to IFRS 3 “Business Combinations” to update the references to the “Conceptual Framework” for financial reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” and Interpretation 21 “Levies”. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

The Group does not expect these amendments to have a significant impact on the Group’s consolidated financial statements.

Amendments to IAS 16 “Property, Plant and Equipment” (“PPE”)

The amendment to IAS 16 “Property, Plant and Equipment” prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is “testing whether the asset is functioning properly” when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity’s ordinary activities.

The Group does not expect these amendments to have a significant impact on the Group’s consolidated financial statements.

Annual Improvements 2018 - 2020

The following improvements were finalised in May 2020:

- IFRS 9 “Financial Instruments” - clarifies which fees should be included in 10% test for derecognition of financial liabilities,
- IFRS 16 “Leases” - amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives,
- IFRS 1 “First time Adoption of International Financial Reporting Standards” - allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent’s books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption, and
- IAS 41 “Agriculture” - removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

The Group does not expect these amendments to have a significant impact on the Group’s consolidated financial statements.

(h) Changes in accounting policies

In 2020 the Group adopted the new accounting standards described in Note 2f. There were no other significant changes in accounting policies in 2020 and the Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

3. Equity method investees

		30/06/2020	31/12/2019
Equity method investees	Parent ownership interest (%)	354,622	649,065
Casino Lugano S.A. (a)	28.76%	20,674	--
Casinos Austria AG (b)	38.29%	--	249,977
CLS Beteiligungs GmbH (c)	66.67%	--	43,847
Grand Casino Kursaal Bern AG (d)	13.50%	16,466	--
KAIZEN GAMING LIMITED (formerly TCB Holdings Ltd) (e)	36.75%	53,719	54,235
LOTTOITALIA S.r.l. (f)	32.50%	226,194	257,114
LTB Beteiligungs GmbH (g)	66.67%	--	43,892
Reef Casino Trust (h)	42.00%	23,369	--
Other individually insignificant	--	14,200	--

The above stated percentages represent the direct share owned by the parent company of each company.

Change in value of the equity method investees includes increase in the amount of an investment by the owner and the share of profit or loss and other comprehensive income of the equity method investees less dividends declared and distributions made by the equity method investees.

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

(a) Casino Lugano S.A.

Casino Lugano S.A. operates a casino complex in Switzerland.

Casino Lugano S.A.	30/06/2020	31/12/2019
Non-current assets	27,462	--
Current assets	25,573	--
Non-current liabilities	(4,284)	--
Current liabilities	(9,968)	--
Net assets (100%)	38,783	--
Group's share (28.76%)	11,154	--
Goodwill	8,326	--
Carrying value license right	1,194	--
Carrying amount of interest in associate	20,674	--
	For the period ended	For the period ended
Casino Lugano S.A.	30/06/2020	30/06/2019
Profit for the period	(1,073)	--
Total comprehensive income (100%)	1,477	--
Group's share of total comprehensive income	--	--
Dividends received by subsidiary of the Company (Casinos Austria (Swiss) AG)	1,755	--

(b) Casinos Austria AG

The Group holds part of its interest in Casinos Austria AG subgroup ("CASAG") through its 100.00% (31 December 2019: 99.66%) interest in Medial Beteiligungs GmbH, which holds a 38.29% share in CASAG. On 26 June 2020, the Group acquired an additional share of 17.19% in CASAG through CAME Holding GmbH. As a result of this transaction and a parallel acquisition of a 0.34% stake in Medial Beteiligungs GmbH, the Group's total effective shareholding in CASAG increased to 55.48% (31 December 2019: 38.16%). Since 26 June 2020, CASAG has been a fully consolidated subsidiary (see Note 1.3).

As part of accounting for a business combination achieved in stages, the acquirer remeasures any previously held interest at fair value and enter this amount into purchase price allocation. As at 30 June 2020, the carrying amount of interest in equity method investee CASAG was considered as approximate to fair value in the amount of €257,973 thousand (see Note 8).

Casinos Austria AG	30/06/2020	31/12/2019
Non-current assets	--	915,801
Current assets	--	351,889
Non-current liabilities	--	(426,362)
Current liabilities	--	(431,921)
Net assets	--	409,407
Non-controlling interest	--	(69,349)
Net assets attributable to Casino Austria AG equity holders	--	340,058
Group's share (38.29%)	--	130,208
Goodwill	--	119,769
of which Goodwill from initial economic share	--	40,008
of which Goodwill from additional economic share	--	79,761
Carrying amount of interest in associate	--	249,977
Casinos Austria AG	For the period ended 30/06/2020	For the period ended 30/06/2019
Profit for the period	24,080	48,811
of which attributable to shareholders of the equity method investee	11,056	38,040
Total comprehensive income (100%)	34,272	38,355
of which attributable shareholders of the equity method investee	20,882	27,590
Group's share of total comprehensive income	7,996	10,564
Dividends received by subsidiary of the Company (Medial Beteiligungs GmbH)	--	5,744

(c) CLS Beteiligungs GmbH

CLS Beteiligungs GmbH ("CLS") holds a 27.08% share in Lotto-Toto-Holding GmbH ("LTH"), which owns 26.17% of shares in Österreichische Lotterien GmbH subgroup ("ÖLG"). The Company has an indirect share of 66.67% through CAME Holding GmbH.

Together with its shareholding in LTB Beteiligungs GmbH ("LTB"), the Group's effective share in ÖLG is 9.45%.

According to the company's Articles of Association the General Meeting of the company is able to make a decision only with the approval of 75% of shares. The Group holds 66.67% of shares through CAME Holding GmbH. Until 26 June 2020 the Group considered CLS as an investment in an associate and the company was accounted as an equity method investee. From 26 June 2020 CLS became a part of total consideration in the acquisition of CASAG.

CLS is holding company owning an interest in ÖLG without any additional economic activities. The Group only holds its share in this investee in order to indirectly hold its interest in ÖLG. Since the value of equity method investee CLS was historically equal to its investment in ÖLG, which became fully consolidated through CASAG, the carrying amount of the Group's interest in equity method investee CLS became a part of total consideration in the acquisition of CASAG (see Note 1.3, Note 8).

As part of accounting for a business combination achieved in stages, the acquirer remeasures any previously held interest at fair value and enter this amount into purchase price allocation. As at 30 June 2020, the carrying amount of interest in equity method investee CLS was considered as approximate to fair value in the amount of €46,250 thousand (see Note 8).

CLS Beteiligungs GmbH	30/06/2020	31/12/2019
Equity method investee in ÖLG	--	65,746
Current assets	--	50
Non-current liabilities	--	--
Current liabilities	--	(29)
Net assets (100%)	--	65,767
Group's share (66.67%) = carrying amount of interest in associate	--	43,847
CLS Beteiligungs GmbH	For the period ended 30/06/2020	For the period ended 30/06/2019
Profit for the period	3,356	3,143
of which share of profit of equity method investee ÖLG	3,366	3,156
of which net profit of CLS	(10)	(13)
Share of OCI of equity method investee ÖLG	249	(241)
Total comprehensive income (100%)	3,605	2,902
Group's share of total comprehensive income	2,403	1,935
Dividends received by subsidiary of the Company (CAME Holding GmbH)	--	--

(d) Grand Casino Kursaal Bern AG

Grand Casino Kursaal Bern AG operates a casino complex in Switzerland.

Grand Casino Kursaal Bern AG	30/06/2020	31/12/2019
Non-current assets	17,407	--
Current assets	17,922	--
Non-current liabilities	(8,233)	--
Current liabilities	(9,774)	--
Net assets (100%)	17,322	--
Group's share (13.50%)	2,338	--
Goodwill	14,128	--
Carrying amount of interest in associate	16,466	--
	For the period ended	For the period ended
	30/06/2020	30/06/2019
Profit for the period	(1,989)	--
Total comprehensive income (100%)	2,315	--
Group's share of total comprehensive income	--	--
Dividends received by subsidiary of the Company (Casinos Austria (Swiss) AG)	--	--

(e) KAIZEN GAMING LIMITED (formerly TCB Holdings Ltd)

On 18 December 2018, OPAP INVESTMENT LTD completed the acquisition of a 36.75% share in TCB Holdings Ltd for a total consideration of €50,000 thousand and measured it as an investment in associate for the year ending on 31 December 2018. In second quarter of 2020 TCB Holdings Ltd was renamed KAIZEN GAMING LIMITED.

KAIZEN GAMING LIMITED (formerly TCB Holdings Ltd)	30/06/2020	31/12/2019
Non-current assets	24,176	20,692
Current assets	69,176	68,970
Non-current liabilities	(3,864)	(1,068)
Current liabilities	(55,483)	(53,184)
Net assets (100%)	34,005	35,410
Group's share (36.75%)	12,497	13,013
Post audit adjustment	8	8
Goodwill	41,214	41,214
Carrying amount of interest in associate	53,719	54,235
	For the period ended	For the period ended
	30/06/2020	30/06/2019
Revenues	145,487	104,886
Profit for the period	16,890	7,547
Total comprehensive income (100%)	16,890	7,547
Group's share of total comprehensive income	6,207	2,774
Dividends received by subsidiary of the Company (OPAP S.A. subgroup)	6,799	--

(f) LOTTOITALIA S.r.l

LOTTOITALIA S.r.l. organizes and manages a lottery and gaming business in Italy. The Group holds a share of 32.50%.

LOTTOITALIA S.r.l.	30/06/2020	31/12/2019
Non-current assets	555,773	606,892
Current assets	200,236	218,050
Non-current liabilities	--	(24)
Current liabilities	(60,029)	(33,796)
Net assets (100%)	695,980	791,122
Group's share (32.50%) = carrying amount of interest in associate	226,194	257,114
LOTTOITALIA S.r.l.	For the period ended 30/06/2020	For the period ended 30/06/2019
Profit for the period	54,590	110,057
Total comprehensive income (100%)	54,590	110,057
Group's share of total comprehensive income	17,742	35,769
Dividends received by LOTTOITALIA S.r.l. (net to stake of Italian Gaming Holding a.s.) *	48,663	66,145
Reserve distribution received by subsidiary of the Company (Italian Gaming Holding a.s.)	--	32,648

(g) LTB Beteiligungs GmbH

LTB Beteiligungs GmbH ("LTB") holds a 27.08% share in Lotto-Toto-Holding GmbH ("LTH"), which owns 26.17% of shares in Österreichische Lotterien GmbH subgroup ("ÖLG"). The Company has an indirect share of 66.67% through CAME Holding GmbH.

Together with its shareholding in CLS Beteiligungs GmbH ("CLS"), the Group's effective share in ÖLG is 9.45%.

According to the company's Articles of Association the General Meeting of the company is able to make a decision only with the approval of 100% of shares. The Group holds 66.67% of shares through CAME Holding GmbH. Until 26 June 2020 the Group considered LTB as an investment in an associate and the company was accounted as an equity method investee. From 26 June 2020 LTB became a part of total consideration in the acquisition of CASAG.

LTB is holding company owning an interest in ÖLG without any additional economic activities. The Group only holds its share in this investee in order to indirectly hold its interest in ÖLG. Since the value of equity method investee LTB was historically equal to its investment in ÖLG, which became fully consolidated through CASAG, the carrying amount of the Group's interest in equity method investee LTB became a part of total consideration in the acquisition of CASAG (see Note 1.3, Note 8).

As part of accounting for a business combination achieved in stages, the acquirer remeasures any previously held interest at fair value and enter this amount into purchase price allocation. As at 30 June 2020, the carrying amount of interest in equity method investee LTB was considered as approximate to fair value in the amount of €46,300 thousand (see Note 8).

LTB Beteiligungs GmbH	30/06/2020	31/12/2019
Equity method investee in ÖLG	--	65,814
Current assets	--	26
Non-current liabilities	--	--
Current liabilities	--	(5)
Net assets (100%)	--	65,835
Group's share (66.67%) = carrying amount of interest in associate	--	43,892
LTB Beteiligungs GmbH	For the period ended 30/06/2020	For the period ended 30/06/2019
Profit for the period	3,364	3,150
of which share of profit of equity method investee ÖLG	3,366	3,156
of which net profit of LTB	(2)	(6)
Share of OCI of equity method investee ÖLG	249	(241)
Total comprehensive income (100%)	3,613	2,909
Group's share of total comprehensive income	2,408	1,940
Dividends received by subsidiary of the Company (CAME Holding GmbH)	--	--

(h) Reef Casino Trust

Reef Casino Trust owns a hotel and a casino complex in Cairns (Australia). It is listed on the Australian Stock Exchange in Brisbane.

Reef Casino Trust	30/06/2020	31/12/2019
Non-current assets	57,634	--
Current assets	1,034	--
Non-current liabilities	(2,759)	--
Current liabilities	(997)	--
Net assets (100%)	54,912	--
Group's share (42.00%)	23,063	--
Goodwill	306	--
Carrying amount of interest in joint venture	23,369	--
	For the period ended	For the period ended
Reef Casino Trust	30/06/2020	30/06/2019
Profit for the period	(2,911)	--
Total comprehensive income (100%)	(1,394)	--
Group's share of total comprehensive income	--	--
Dividends received by subsidiary of the Company (Casinos Austria International Ltd.)	529	--

4. Trade and other receivables

“Long-term receivables and other non-current assets” consist of advances and deposits provided that are due in more than 12 months after the reporting date.

	30/06/2020	31/12/2019
Long-term receivables and other non-current assets	35,875	29,667
Receivables from VLT vendors	21,301	22,816
Long-term advances and deposits provided	1,368	1,387
Long-term loans provided	1,217	1,971
Advances for pension benefits	220	221
Other long-term receivables	11,769	3,272

“Receivables from VLT vendors” are not interest bearing and the amounts presented are at an immaterial discount to the face value of the receivables.

	30/06/2020	31/12/2019
Short-term trade receivables and other current assets	240,755	246,008
Short-term receivables from agents	128,944	151,929
Short-term loans provided	19,465	19,177
Short-term prepaid expenses	19,153	13,977
Short-term trade receivables	17,264	21,767
Receivables from VAT and other taxes	12,780	19,603
Short-term receivables from VLT vendors	3,439	3,439
Short-term loans to group undertakings	270	--
Other short-term receivables	39,440	16,116

“Short-term receivables from agents” are collected on weekly basis in SAZKA a.s. (“SAZKA”) and Österreichische Lotterien GmbH subgroup (“ÖLG”) or twice a week in OPAP S.A. subgroup (“OPAP”). Agents of SAZKA and OPAP must deposit cash, which can be set off against receivables from the agent, to the Group’s bank accounts. These deposits are recognized in “Guarantee deposits from lottery agents” (see Note 14). The Group also uses direct debit to transfer money from agents’ bank accounts to the Group’s bank accounts.

“Short-term prepaid expenses” mainly consist of prepayments made to football clubs for advertising and sponsorship services. They also include prepaid consultancy fees and prepaid rent for storage facilities.

“Short-term trade receivables” consist mainly of trade receivables related to non-gaming activities in the amount of €10,924 thousand (31 December 2019: €14,156 thousand).

5. Other long-term financial assets

“Other long-term financial assets” in the amount of €238,161 thousand (31 December 2019: €15,509 thousand) consist of long-term financial investments revaluated through the profit or loss in the amount of €233,966 thousand (31 December 2019: €4,487 thousand), other investments in the amount of €2,138 thousand (31 December 2019: €2,228 thousand) and restricted cash in the amount of €2,057 thousand (31 December 2019: €8,794 thousand).

The increase in “Other long-term financial assets” relates mainly to the acquisition of an additional stake of 17.19% in Casinos Austria AG subgroup (“CASAG”) and subsequent consolidation of CASAG (see Note 1.3 and Note 8).

CASAG holds long-term financial investments in funds managed by a number of fund managers in the amount of €233,966 thousand. The investments are held as long-term financial assets revaluated through profit or loss, categorised to Level 2 in the fair value hierarchy.

	30/06/2020	31/12/2019
Long-term financial assets revaluated through profit or loss	233,966	4,487
Managed by Raiffeisen Capital Management	53,746	--
Managed by Erste Asset Management	53,773	--
Managed by Amundi, Fund 1	33,821	--
Managed by Amundi, Fund 2	28,614	--
Managed by Amundi, Fund 3	27,092	--
Managed by Bankhaus Schelhammer Schattera	26,062	--
Other	10,858	4,487

6. Other short-term financial assets

“Short-term financial assets” in the amount of €47,670 thousand (31 December 2019: €12,547 thousand) consist of short-term financial investments in funds in the amount of €37,329 thousand, receivables under a cash pooling agreement in the amount of €399 thousand (31 December 2019: €399 thousand) and restricted cash in the amount of €9,942 thousand (31 December 2019: €12,148 thousand).

Restricted cash represents interest which will be incurred and paid in the next 12 months on certain debt facilities. The decrease in restricted cash was caused by the repayment of a bank loan at CAME Holding GmbH and a bank loan at Italian Gaming Holding a.s. (see Note 14).

The increase in “Other short-term financial assets” relates mainly to the acquisition of an additional stake of 17.19% in Casinos Austria AG subgroup (“CASAG”) and subsequent consolidation of CASAG (see Note 1.3 and Note 8).

Short-term financial investments in funds presents mainly deposits in money market funds, of which €28,061 thousand are related to contractual obligations arising from Österreichische Lotterien GmbH subgroup (“ÖLG”) participation in the game “EuroMillions”. The investments are held as short-term financial assets revaluated through profit or loss, categorised to Level 2 in the fair value hierarchy.

7. Cash and cash equivalents

	30/06/2020	31/12/2019
Cash and cash equivalents	1,109,379	763,673
Fixed-term deposits	564,063	504,250
Bank accounts	511,689	255,794
Cash in hand	33,627	3,629

As at 30 June 2020, the Group has bank accounts with a total balance of €73,627 thousand (31 December 2019: €59,218 thousand) pledged under various borrowing facilities. The balances on these bank accounts are unrestricted.

The increase in "Cash and cash equivalents" relates mainly to the acquisition of an additional stake of 17.19% in Casinos Austria AG subgroup ("CASAG") and subsequent consolidation of CASAG (see Note 1.3 and Note 8).

8. Acquisitions of subsidiaries

For the six month period ended 30 June 2020

For the six month period ended 30 June 2020 the Group acquired interests in the following companies or groups of companies:

Company	Ownership interest	Acquisition date
Casinos Austria AG subgroup (a)	17.19%	26 June 2020
DAEDALUS TECHNOLOGIES FZC (see Note 1.3)	100.00%	31 March 2020
Medial Beteiligungs GmbH (see Note 1.3)	0.34%	26 June 2020
OPAP S.A. subgroup (see Note 1.3)	0.35%	April – June 2020
SAZKA Group UK Limited (formerly KKCG UK Limited) (see Note 1.3)	100.00%	20 May 2020

The above stated percentages represent the direct share acquired by the parent company of each company.

(c) On 31 December 2019, the Group owned a 38.29% share in Casinos Austria AG subgroup ("CASAG"), which was presented as an equity method investee. On 26 June 2020, the Group acquired an additional 17.19% share in CASAG and from that date the subgroup is fully consolidated (see Note 1.3).

For a list of companies within CASAG see Note 1.3.

As acquisition accounting has not been finalised, the Group has recognised several intangible assets and provisional goodwill.

As part of accounting for a business combination achieved in stages, the acquirer remeasures any previously held interest at fair value and enters this amount into the purchase price allocation calculation. As at 30 June 2020, the carrying amounts of interest in equity method investee CASAG, CLS Beteiligungs GmbH ("CLS") and LTB Beteiligungs GmbH ("LTB") were considered as approximate to fair values (see Note 3).

Newly identifiable intangible assets were recognized in relation to internally generated brands, licenses and customer base.

In order to determine the fair value of the brands owned by CASAG the income approach, i.e. relief from royalty method, was applied. The brands were recognised in the amount of €267,129 thousand.

In order to determine fair value of gaming licences in the amount of €243,474 thousand, the multiple period excess earnings method was applied.

In order to determine fair value of the customer base in the amount of €54,808 thousand, historical information regarding churn rates and net gaming per costumer were used.

A deferred tax liability of €141,353 thousand resulting from the recognition of the brands, licenses and customer base was recognized. The corporate income tax rate of 25% valid in Austria was used.

Based on its previous experience with similar transactions, the Group expects to revalue to fair value further acquired assets – e.g. equity method investees and properties held by CASAG. The respective value of the deferred tax liability will be updated in the light of the finalisation of the purchase price allocation.

The remaining goodwill (difference between provisional goodwill and newly revaluated other assets) will be attributable mainly to synergies between the 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 will not be deductible for tax purposes.

Since the acquisition of CASAG occurred on 26 June 2020, CASAG did not contribute to consolidated “Net gaming margin” or “Profit for the period after tax” for the six month ended 30 June 2020.

If the acquisition had occurred on 1 January 2020, management estimates that consolidated “Net gaming margin” would have been higher by €268,920 thousand and consolidated “Profit for the period after tax” would have been higher by €15,367 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 2020.

The acquisitions had the following effect on the Group:

Recognized values on acquisition	Casinos Austria AG subgroup	Other individually immaterial***	Total
Intangible assets	590,034	--	590,034
Brand	267,129	--	267,129
Licenses	243,474	--	243,474
Consumer base	54,808	--	54,808
Other intangible assets	24,623	--	24,623
Property, plant and equipment	285,104	125	285,229
Other long-term financial assets	233,986	--	233,986
Equity method investees	74,709	--	74,709
Long-term receivables and other non-current assets	6,850	--	6,850
Deferred tax asset	20,643	--	20,643
Other short-term financial assets	37,329	--	37,329
Inventories	3,000	--	3,000
Short-term trade receivables and other current assets	66,353	877	67,230
Current tax asset	205	--	205
Cash and cash equivalents	314,406	217	314,623
Assets held for sale	783	--	783
Bank loans and other borrowings, non-current portion	(146,708)	--	(146,708)
Other long-term liabilities	(15,297)	--	(15,297)
Long-term lease liabilities	(77,997)	--	(77,997)
Long-term derivative financial instruments	(588)	--	(588)
Long term provisions	(26,318)	--	(26,318)
Employee benefits	(120,112)	--	(120,112)
Deferred tax liability	(144,432)	--	(144,432)
Bank loans and other borrowings, current portion	(37,407)	(35)	(37,442)
Short-term lease liabilities	(15,764)	(116)	(15,880)
Short-term trade and other payables	(427,895)	(401)	(428,296)
Short-term derivative financial instruments	(999)	--	(999)
Current tax liability	(21)	(12)	(33)
Short-term provisions	(13,285)	(71)	(13,356)
Net identifiable assets and liabilities	606,579	584	607,163
Goodwill *	163,815	78	163,893
Non-controlling interest acquired	(307,485)	--	(307,485)
Fair value of previously held interest (see Note 3)	(350,523)	--	(350,523)
Impact of acquisition under common control	--	(82)	(82)
Consideration	112,386	580	112,966
Consideration paid, satisfied in cash	105,000	580	105,580
Deferred consideration **	7,386	--	7,386
Cash acquired	(314,406)	(217)	(314,623)
Net cash inflow (-) /outflow (+)	(209,406)	363	(209,043)

*subject to ongoing acquisition accounting

**variable part that can change in time

*** impact of acquisition of DAEDALUS TECHNOLOGIES FZC and SAZKA Group UK Limited (formerly KKCG UK Limited)

For the year ended 31 December 2019

In 2019 the Group acquired additional shares in HELLENIC LOTTERIES S.A., OPAP S.A. and EMMA DELTA VARIABLE CAPITAL INVESTMENT COMPANY LTD. These changes were presented in Consolidated statement of cash flow as "Purchase of non-controlling interest in subsidiaries" (see Note 1.3).

9. Disposals of subsidiaries

For the six month period ended 30 June 2020

During the year 2020 the Group sold SAZKA Group Russia LLC. The impact of sale is immaterial and is presented as "Net profit from sale of securities" (see Note 25). Emma Delta Finance Plc and IGH Financing a.s. were liquidated. The impact of liquidation is immaterial and is presented as a part of "Other finance income".

For the year ended 31 December 2019

Following the management decision of the Group, the Group classified the Croatian subgroup (SAZKA Group Adriatic d.o.o. and all of its subsidiaries, including SUPER SPORT d.o.o., PUNI BROJ d.o.o., and Minus 5 d.o.o.) as discontinued operations on 31 March 2019 (see Note 1.3).

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

Cash consideration for the sale of the Croatian subgroup was €302,607 thousand.

The Company also assigned to EMMA GAMMA LIMITED receivables of €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 €117,150 thousand.

The effects of the disposal are provided in the following table:

Croatian subgroup	31/12/2019
Consideration received or receivable:	302,607
Cash	302,607
Total disposal consideration	302,607
Carrying amount of net assets sold	(27,868)
Gain on sale of investment before reclassification of foreign translation reserve	274,739
Reclassification of foreign currency translation reserve from other comprehensive income to profit or loss upon disposal	2,528
Gain on sale of investment	277,267

Financial performance and cash flow information of Croatian subgroup

The financial performance and cash flow information presented below are for the four months ended 30 April 2019 (Four months ended 30 April 2019 column) and for the period of eight months between the acquisition on 26 April 2018 and 31 December 2018 (Eight months ended 31 December 2018 column).

Result of discontinued operations	Four months ended 30 April 2019	Eight months ended 31 December 2018
Amount staked	173,022	306,125
Consolidated statement of comprehensive income is as follows:		
Gross gaming revenue (GGR)	47,187	87,443
Lottery tax	(9,952)	(17,344)
Net gaming margin*	37,235	70,099
Revenue from sale of goods and services	374	145
Other operating income	58	930
Materials, consumables and services	(5,856)	(12,983)
Marketing services	(455)	(1,178)
Personnel expenses	(4,972)	(9,229)
Other operating expenses	(1,321)	(2,933)
Operating EBITDA**	25,063	44,851
Depreciation and amortization	(1,080)	(741)
Profit from operating activities	23,983	44,110
Interest income	339	100
Other finance income	188	12
Finance cost	(3,705)	(4,582)
Finance costs, net	(3,178)	(4,470)
Profit before income tax	20,805	39,640
Income tax expense	(5,234)	(7,224)
Profit after income tax of discontinued operations	15,571	32,416
Gain on sale of subsidiary	277,267	--
Profit from discontinued operations	292,838	32,416
<i>Items that are or may subsequently be reclassified to profit or loss:</i>		
Translation of foreign operations into the Group's presentation currency	17	2,533
Other comprehensive income / (loss)	17	2,533
Total comprehensive income from discontinued operations	292,855	34,949

* Usually referred to as "Net gaming revenue" or "NGR".

** "Operating EBITDA" is calculated as "Profit before income tax" less "Finance costs, net" less "Depreciation and amortization".

Cash flow from (used in) discontinued operations	2019	2018
Net cash flow from (used in) operating activities	13,715	40,657
Net cash flows from (used in) investing activities	(2,180)	(201,934)
Net cash flows from (used in) financing activities	(23,665)	203,607
Net decrease (-) / increase (+) in cash generated by the subgroup	(12,130)	42,330

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

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

10. Equity

Share capital

The Group's share capital consists of 20 ordinary shares in certificated form with a nominal value of CZK 100 thousand per share. The share capital is fully paid-up. No changes were made in the share capital in the periods ended 30 June 2020 or 31 December 2019.

No shares of the Group are held by the Group or its subsidiaries or equity method investees.

Reallocation of previous profit to Capital contributions

The Company provided financial assistance on 2 May 2019 in the form of a loan in the amount of €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 at 30 July 2019 €420,033 thousand), this liability was offset on 30 July 2019 against the receivable arising from a loan provided as financial assistance.

11. Non-controlling interests

The Group's non-controlling interests amount to €988,170 thousand as at 30 June 2020 and relate mainly to OPAP S.A. subgroup ("OPAP") and Casinos Austria AG subgroup ("CASAG").

The Group holds an interest of 31.89% in OPAP through Emma Delta Management Ltd subgroup ("Emma Delta Management") with non-controlling interest of 68.11%. Non-controlling interest in OPAP includes a 16.50% non-controlling interest in OPAP S.A.'s subsidiary HELLENIC LOTTERIES S.A. and a 32.28% non-controlling interest in its subsidiary Neurosoft S.A.

As a result of the scrip dividend programme and open market purchases, the Group's shareholding in OPAP increased in 2020 to 42.05%, out of it a direct share of 10.15% held by the Company (see Note 1.3).

Other non-controlling interests represent 24.52% of the equity of the whole Emma Delta Management (including OPAP).

The Group holds an economic interest of 55.48% in Casinos Austria AG subgroup ("CASAG") with non-controlling interest of 44.52%. Non-controlling interest in CASAG includes non-controlling interest of 26.17% in its subsidiary Österreichische Lotterien GmbH subgroup ("ÖLG"), 45.00% non-controlling interest in its subsidiaries Casino Sopron Kft, CAI Hungary Kft and 11.00% non-controlling interest in its subsidiary Congress Center Baden BetriebsgesmbH.

The Group holds a 40.96% share in ÖLG through CASAG and 9.45% through the equity method investees CLS Beteiligungs GmbH ("CLS") and LTB Beteiligungs GmbH ("LTB") (see Note 1.3). Thus, the total effective share held in ÖLG is 50.41%.

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

30/06/2020	ÖLG subgroup	Casinos Austria AG subgroup (incl. ÖLG subgroup) ⁽¹⁾	Share in ÖLG through CLS, LTB	OPAP S.A. subgroup	Emma Delta Management subgroup (incl. OPAP S.A. subgroup) ⁽²⁾	Direct share in OPAP S.A. subgroup of SAZKA Group a.s.	Total
Direct share in OPAP S.A. subgroup						10.15%	
Share in ÖLG subgroup			9.45%				
Direct non-controlling interest percentage	26.17%	44.52%		68.11%	24.52%		
Non-current assets	839,473	1,211,327		2,033,987	2,019,806		
Current assets	186,420	422,075		815,592	826,140		
Non-current liabilities	(67,036)	(531,452)		(1,111,771)	(1,118,943)		
Current liabilities	(391,271)	(495,372)		(670,253)	(767,916)		
Net assets	567,586	606,578		1,067,555	959,087		
Subgroup's non-controlling interest	2,726	163,690		14,756	731,817		
Net assets attributable to the Group	564,860	442,888		1,052,799	227,270		
Non-controlling interest calculation	147,824	197,174	(53,379)	717,061	55,727	(106,859)	
Subgroup's non-controlling interest entering consolidation	2,726	163,690		14,756	731,817		
Carrying amount of non-controlling interest	150,550⁽³⁾	360,864	(53,379)⁽³⁾	731,817⁽⁴⁾	787,544	(106,859)⁽⁴⁾	988,170

(1) Net assets of CASAG include the net assets of ÖLG, which are further diluted on the CASAG level.

(2) Net assets of Emma Delta Management consist mainly of the net assets of OPAP, which are further diluted on the Emma Delta Management level.

(3) Non-controlling interest of €150,550 thousand is further decreased by €53,379 thousand which represents the share of the Group through the equity method investees CLS and LTB in ÖLG.

(4) Non-controlling interest of €731,817 thousand is further decreased by €106,859 thousand which represents the direct share of Sazka Group a.s. in OPAP (rather than the interest held indirectly through Emma Delta Management).

2020	ÖLG subgroup	Casinos Austria AG subgroup (incl. ÖLG subgroup) ⁽¹⁾	Share in ÖLG subgroup through CLS, LTB	OPAP S.A. subgroup	Emma Delta Management subgroup (incl. OPAP S.A. subgroup) ⁽²⁾	Direct share in OPAP S.A. subgroup of SAZKA Group a.s.	Total
Direct share in OPAP S.A. subgroup						10.15%	
Share in ÖLG subgroup			9.45%				
Direct non-controlling interest percentage	26.17%	44.52%		68.11%	24.52%		
Net gaming margin	--	--		335,236	335,236		
Profit	--	--		20,219	2,418		
Other comprehensive income	--	--		(309)	(105)		
Total comprehensive income	--	--		19,910	2,313		
Profit allocated to non-controlling interest	--	--	--	13,324 ⁽⁴⁾	521 ⁽⁴⁾	(1,534) ⁽⁴⁾	
OCI allocated to non-controlling interest	--	--	--	(204) ⁽⁴⁾	(26)	23 ⁽⁴⁾	
Share of profit of subgroup's non-controlling interest entering consolidation	--	--		(3,453)	9,871		
Share of other comprehensive income of subgroup's non-controlling interest entering consolidation	--	--		--	(204)		
Total comprehensive income attributable to non-controlling interest	--	--	--	9,667	10,162	(1,511)	8,651
Net inflow (+) / outflow (-) of cash and cash equivalents for the year	--	--		(5,568)	(5,362)		(5,362)
Dividends declared to NCI ⁽³⁾	--	--		(250,455)	--		(250,455)

(1) Net assets of CASAG consist of the net assets of ÖLG, which are further diluted on the CASAG level.

(2) Net assets of Emma Delta Management consist mainly of the net assets of OPAP, which are further diluted on the Emma Delta Management level.

(3) Total dividend declared to non-controlling interest was €250,456 thousand including withholding tax, consisting of dividend paid to non-controlling interest of OPAP S.A. in the amount of €188,487 thousand, of which €163,409 thousand was paid in cash and €25,078 thousand was settled by issuance of new OPAP S.A. shares.

(4) Profit and OCI allocated to non-controlling interest do not mathematically agree to profit and OCI multiplied by non-controlling interest percentage due to the changes of interest percentage during the year.

12. Bank loans and other borrowings

	30/06/2020	31/12/2019
Bank loans and other borrowings – non-current portion	2,311,672	2,252,527
Long-term bank loans	1,285,387	1,532,174
Long-term liabilities arising from debt securities (bonds)	1,026,285	720,353

	30/06/2020	31/12/2019
Bank loans and other borrowings – current portion	378,242	99,414
Short-term bank loans	330,484	5,055
Current portion of long-term bank loans	35,849	83,288
Short-term liabilities arising from debt securities (bonds)	11,448	9,287
Overdrafts	362	1,784
Short-term loans from equity method investees	99	--

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

Balance at 1 January 2020	2,351,941
Cash flows	
Effect of new acquisitions	184,150
Loans and borrowings received	685,763
Repayment of loans and borrowings	(510,381)
Interest for previous year paid *	(11,302)
Non-cash changes	
Accrued unpaid interest	13,053
Non-cash settlement	(1,296)
Effect of FX differences	(22,014)
Balance at 30 June 2020	2,689,914

*Included in "Interest paid" in "Net cash generated from operating activities".

Debt instruments

Borrower / Issuer	Currency	Principal amount in thousands of EUR 30/06/2020	Maturity	Interest rate	Book value 30/06/2020	Book value 31/12/2019
Bank loans					1,651,720	1,620,517
CAME Holding GmbH (a)	EUR	95,709	2020	3M EURIBOR + margin*	--	96,574
CAME Holding GmbH (b)	EUR	105,000	2025	6M EURIBOR + margin*	105,062	--
Casinos Austria AG	EUR	68,572	2026	3M EURIBOR + margin*	67,839	--
Casinos Austria AG	EUR	70,000	2026	3M EURIBOR + margin*	70,000	--
Casinos Austria AG	EUR	25,000	2021	3M EURIBOR + margin*	25,000	--
Casinos Austria (Swiss) AG	CHF	704	2021	Fixed	704	--
Casinos Austria (Swiss) AG	CHF	1,878	2024	Fixed	1,878	--
HELLENIC LOTTERIES S.A.	EUR	50,000	2023	Fixed	50,044	49,828
HORSE RACES S.A.	EUR	5,000	2020	6M EURIBOR + margin*	5,016	5,055
Italian Gaming Holding a.s. (c)	EUR	212,828	2023	3M EURIBOR + margin*	--	211,926
OPAP S.A.	EUR	573	2025	3M EURIBOR + margin*	532	573
OPAP S.A.	EUR	250,000	2023	Fixed	246,461	249,393
OPAP S.A. (d)	EUR	200,000	2022	Fixed	--	200,133
OPAP S.A.	EUR	100,000	2023	3M EURIBOR + margin*	95,968	100,029
OPAP S.A.	EUR	300,000	2024	3M EURIBOR + margin*	298,894	298,812
OPAP S.A.	EUR	100,000	2024	Fixed	100,554	100,565
OPAP S.A.	EUR	50,000	2022	3M EURIBOR + margin*	50,223	50,189
OPAP S.A. (e)	EUR	200,000	2020	3M EURIBOR + margin*	200,855	--
OPAP S.A. (f)	EUR	100,000	2021	3M EURIBOR + margin*	99,613	--
SAZKA a.s.	CZK	105,180	2024	3M PRIBOR + margin*	92,836	109,860
SAZKA a.s.	CZK	140,239	2025	3M PRIBOR + margin*	140,241	147,580

Borrower / Issuer	Currency	Principal amount in thousands of EUR 30/06/2020	Maturity	Interest rate	Book value 30/06/2020	Book value 31/12/2019
Bonds					1,037,733	729,640
Casinos Austria International Holding GmbH	EUR	18,679	2021	4.75%	18,595	--
SAZKA Group Financing a.s. - EUR 200m**	EUR	200,000	2022	4.00%	197,942	197,490
SAZKA Group a.s - CZK 6bn	CZK	224,383	2024	5.20%	223,720	234,954
SAZKA Group a.s - EUR 300m **	EUR	300,000	2024	4.13%	297,669	297,196
SAZKA Group a.s - EUR 300m (g)	EUR	300,000	2027	3.88%	299,807	--
Other					461	1,784
Total					2,689,914	2,351,941

* Margin applicable to the outstanding bank loans as at 31 December 2019 is in the range of 2.05%-4.25% p.a.

** A proportion of issued bonds and loans in the amount of €376 million is used as a hedging instrument in the "Net investment hedge" (see Note 15).

- (a) On 10 February 2020, CAME Holding GmbH fully repaid a bank loan. The total amount of the prepayment (principal, interest and break costs) was €96,982 thousand.
- (b) On 26 June 2020, CAME Holding GmbH drew a new bank loan of €105,000 thousand to finance acquisition of Novomatic AG's stake in Casinos Austria AG subgroup ("CASAG").
- (c) On 17 February 2020, Italian Gaming Holding a.s. fully repaid a bank loan. The total amount of the prepayment (principal and interest) was €214,773 thousand.
- (d) On 23 March 2020, OPAP S.A. prepaid a retail bond. The total amount of the prepayment (principal and interest) was €200,539 thousand.
- (e) On 31 March 2020, OPAP S.A. drew a bank loan of €200,000 thousand.
- (f) On 27 March 2020, OPAP S.A. drew a bank loan of €100,000 thousand.
- (g) On 5 February 2020, the Company issued €300,000 thousand of senior notes. Proceeds were used, together with cash on balance sheet, to repay and cancel bank loans at CAME Holding GmbH and Italian Gaming Holding a.s. as described above in (a) and (c) and to pay certain fees and expenses in connection with the issuance of the senior notes. The issue price for the senior notes was 99.24%. The notes are due on 15 February 2027 and have a fixed interest rate equal to 3.88% p.a. Interest is paid semi-annually in arrear on 15 August and 15 February each year.

13. Lease liabilities

Balance at 1 January 2020	68,210
Effect of new acquisitions	93,877
Payment of lease liabilities	(3,069)
New lease contracts	(794)
Effect of currency translation	(171)
Balance at 30 June 2020	158,053

14. Trade and other payables

	30/06/2020	31/12/2019
Other long-term liabilities	47,631	9,975
Deferred purchase price for intangible assets	15,974	--
Liabilities arising from extended payout and unclaimed prizes	12,780	--
Deferred consideration for the purchase of shares in CASAG (see Note 8)	7,386	--
Deferred consideration for the purchase of shares in OPAP S.A.	7,172	6,709
Payables to employees	576	--
Obligation to purchase IGT Czech Republic LLC	--	2,069
Other payables	3,743	1,197

	30/06/2020	31/12/2019
Short-term trade and other payables	802,040	380,890
Liabilities arising from unclaimed prizes	238,593	126,043
Lottery tax liabilities	196,129	80,908
Payables to state (social and health insurance liabilities, other taxes)	81,988	16,171
Short-term trade payables	65,861	73,214
Liability for dividends declared to non-controlling interest	61,969	--
Payables to employees	39,295	18,040
Vouchers	22,442	--
Guarantee deposits from lottery agents	15,133	14,745
Prepaid stakes	9,450	13,946
Deferred consideration for the purchase of shares in OPAP S.A.	3,000	3,000
Contract liabilities	1,216	1,140
Deferred purchase price for intangible assets	1,200	--
Other payables	65,764	33,683

“Deferred purchase price for intangible assets” represent intangible assets acquired by Sazka a.s. (“SAZKA”) that will be paid for over the next twelve years.

“Liabilities arising from extended payout and unclaimed prizes” represent winnings from certain games which are paid out over an extended period and winnings which are unclaimed for longer periods.

“Lottery tax liabilities” are due when cash for stakes is accepted. Lottery tax is calculated as the tax base multiplied by a rate, which varies based on the type of game and country by country. The tax base is the difference between “Amount staked” and prizes paid.

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

Casinos Austria AG subgroup (“CASAG”) sells vouchers including vouchers for accommodation and food and beverages. “Vouchers” presents the amount of unredeemed vouchers.

As at 30 June 2020 and 31 December 2019 "Trade and other payables" were not secured.

15. Derivatives

Derivatives are only used for economic hedging purposes. When the hedge accounting requirements are fulfilled, derivatives are designated and recognized as hedging derivatives. The changes in fair value of hedging derivatives are recognized through equity and other comprehensive income. However, where derivatives do not meet the hedge accounting criteria, they are classified as "held for trading" for accounting purposes and are accounted for at fair value through profit or loss.

The Group uses interest rate derivatives (IRS) to mitigate the risk of negative impact on future cash flow due to an increase in interest rates. The future cashflows relate to interest payments under loan agreements, in which interest payments are based on floating rates (EURIBOR, PRIBOR).

The Group uses currency derivatives (FX forwards, FX swaps) to mitigate currency risk. Although the currency derivatives economically offset the currency risk, hedge accounting criteria are not fulfilled for these derivatives, apart from derivatives designated as hedging instruments under net investment hedges (see below). Consequently, such currency derivatives are recognized as trading derivatives classified as financial instruments at fair value through profit or loss.

The Group uses non-derivative financial liabilities (see Note 12) to hedge foreign currency risks resulting from net investments, provided that these other financial liabilities meet the same requirements as a hedging derivative. The non-derivative financial liabilities can only be used for hedging of foreign currency risks. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that the economic relationship exists between the hedged item and the hedging instrument. The Group also enters into currency forwards that have similar critical terms as the hedged item, such as currency or notional amount, to hedge foreign currency risks resulting from net investments. As all critical terms matched during the period, the economic relationship was 100% effective. The Group does not recognize any hedge ineffectiveness from net investment hedges in the consolidated profit or loss statement. The gain or loss on the hedging instrument that is determined to be an effective hedge of the net investment is recognised in other comprehensive income and is included in hedging reserve.

The Group held the following hedging derivatives:

Hedging derivatives	Due date	Fixed rate	Nominal value as at 30/06/2020	Average fixed rate 30/06/2020	Fair value as at 30/06/2020
Interest rate swaps	2020	3M PRIBOR	16,829	0.310	29
Interest rate swaps	2024	3M PRIBOR	96,640	1.827	(3,141)
Interest rate swaps	2025	3M PRIBOR	121,541	1.922	(9,510)
Interest rate swaps	2021	3M EURIBOR	123,000	0.473	(1,587)
Interest rate swaps	2023	3M EURIBOR	100,000	0.365	(2,929)
CZK/EUR forwards *	2020	--	230,000	26.214	(4,599)
Total hedging derivatives			688,010	--	(21,737)

* FX forwards represent hedging instruments under a net investment hedge.

Hedging derivatives	Due date	Fixed rate	Nominal value as at 31/12/2019	Average fixed rate 31/12/2019	Fair value as at 31/12/2019
Interest rate swaps	2020	3M PRIBOR	17,710	0.310	341
Interest rate swaps	2024	3M PRIBOR	91,499	1.729	851
Interest rate swaps	2024	3M PRIBOR	22,912	2.215	(50)
Interest rate swaps	2025	3M PRIBOR	121,999	1.894	300
Interest rate swaps	2025	3M PRIBOR	5,903	2.512	(185)
Interest rate swaps	2023	3M EURIBOR	100,000	0.365	(2,524)
CZK/EUR forwards *	2020	--	230,000	26.214	3,152
Total hedging derivatives			590,023	--	1,885

* FX forwards represent hedging instruments under a net investment hedge.

Fair values in the tables above were obtained from the financial institution with whom the Group entered into the derivative transaction in question.

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

	Hedging gains (+)/losses (-) recognized in OCI	Cash flow hedge reclassified to profit or loss (the hedged item affected profit or loss)	Change in the six month period ended 2020
Cash flow hedging reserve, net of tax	(43,576)	1,803	(41,773)
attributable to owners of the Company	(43,369)*	1,803	(41,566)
attributable to non-controlling interest	(207)	--	(207)

*of which revaluation of hedging instruments under net investment hedges in relation to foreign operations in the amount of €(24,202) thousand. "Translation of foreign operations into the Group's presentation currency" in other comprehensive income includes translation gains in relation to these foreign operations, in the amount of €34,623 thousand during the period.

	Hedging gains (+)/losses (-) recognized in OCI	Cash flow hedge reclassified to profit or loss (the hedged item affected profit or loss)	Change in the six month period ended 2019
Cash flow hedging reserve, net of tax	(3,530)	--	(3,530)
attributable to owners of the Company	(2,387)	--	(2,387)
attributable to non-controlling interest	(1,143)	--	(1,143)

Effects of cash flow hedges are recognized in other comprehensive income under the line item "Remeasurement of hedging derivatives".

The Group has hedged interest payments on bank loans in principal amount as at 30 June 2020 of €333,732 thousand (31 December 2019: €571,093 thousand). The IRSs designated as hedging instruments match the critical terms of the loans, which ensures high effectiveness of the hedge relationship for the life-time of the hedge. The Group applies a dollar offset method to measure the effectiveness of the hedge relationship. The effectiveness of hedging as at 30 June 2020 and 31 December 2019 met IFRS criteria for recognition as hedging derivatives. The Group has not recognized any hedge ineffectiveness arising from these hedges in the consolidated statement of profit or loss.

The Group held the following trading derivatives:

Trading derivatives	Due date	Nominal value as at 30/06/2020	Fair value as at 30/06/2020	Nominal value as at 31/12/2019	Fair value as at 31/12/2019
FX swaps	2022	--	--	14,136	(74)
FX swaps	2023	--	--	148,286	(883)
Call option	2023	8,359	8,359	8,359	8,359
Total trading financial derivatives		8,359	8,359	170,781	7,402

Fair values presented in the table above were obtained from the financial institution with whom the Group entered into the derivative transaction in question.

All financial derivatives at fair value as at 30 June 2020 and 31 December 2019 were categorised to Level 2 in the fair value hierarchy.

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

16. Employee benefits

The increase in “Long-term employee benefits” relates mainly to the acquisition of an additional stake of 17.19% in Casinos Austria AG subgroup (“CASAG”) and subsequent consolidation of CASAG (see Note 1.3 and Note 8).

Jubilee bonuses of Casinos Austria AG

A number of employees in the Casinos Austria AG subgroup (“CASAG”) are entitled to long-service bonuses when they reach a specified number of years of employment with the company. Employee benefit liability is recognized for these obligations in the amount of €6,480 thousand.

Long-term incentive scheme of OPAP S.A.

On 28 March 2017 the Board of Directors of OPAP S.A., following a recommendation of the Remuneration and Nomination Committee of OPAP S.A., 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 the CEO. The programme’s duration was 3 years, for the period 2017-2019.

The targets relate to:

- the profitability of OPAP S.A. for the 3-year period mentioned above, and
- increasing OPAP S.A.’s share price on the Athens Exchange.

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

As at 30 June 2020, the liability that relates to the above scheme amounts to €2,772 thousand (31 December 2019: €3,578 thousand). The amount is reflected in “Payables to employees”, Note 14.

On 22 May 2019, the 20th Ordinary General Meeting of the OPAP S.A., following a recommendation of the Remuneration and Nomination Committee and in accordance with Greek law, as in force and the OPAP S.A. Remuneration Policy, approved a Long term incentive scheme with distribution of part of the OPAP’s net profits to Executive Members of the Board of Directors and other key management personnel. The programme’s duration is 3 years, for the period 2020-2022.

The targets relate to:

- the EBITDA of OPAP S.A. for the 3-year period, and
- the total shareholders' return.

The relevant liability as at 30 June 2020 amounts to €576 thousand and is reflected in "Payables to employees", Note 14.

Bonus programme of Sazka a.s.

In 2015 a long-term bonus programme for Sazka a.s. ("SAZKA") was approved. The aim of the long-term bonus programme is to motivate the management of SAZKA to meet long-term growth targets. A short-term payable is also recognised relating to bonuses for employees other than management.

A short-term payable totalling €1,378 thousand (31 December 2019: €5,453 thousand) was recognised in the amount of €466 thousand (31 December 2019: €1,365 thousand) in respect of the bonus programme to motivate the management and short-term payable of €912 thousand (31 December 2019: €4,088 thousand) in respect of the bonus programme to motivate the employees other than management. The total short-term payable is presented in "Payables to employees" (see Note 14).

Severance payments of Casinos Austria AG

Austrian labour legal regulations grant Austrian employees the right to a lump-sum payment at retirement or termination by the employer, with the amount of the payment being dependent on the length of service. These future obligations are reflected as employee benefit liability in the amount of €59,527 thousand.

The last actuarial valuation was undertaken in December 2019. Quarterly amounts are calculated based on adjusted forecasts and accounted on an accrual basis. The provisions for severance payments are calculated according to actuarial principles based on the projected unit credit method.

Defined Benefit Plan of Casinos Austria AG

Austrian labour legal regulations grant Austrian employees the right to post-employment benefit with the amount of the benefit being dependent on the length of service. The liability arising from these obligations is valued by an independent firm of actuaries. The last actuarial valuation was undertaken in December 2019. These future obligations are reflected as employee benefit liability in the amount of €54,105 thousand.

The last actuarial valuation was undertaken in December 2019. Quarterly amounts are calculated based on adjusted forecasts and accounted on an accrual basis.

Defined Benefit Plan of OPAP S.A.

Under Greek labour 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 valued by an independent firm of actuaries. The last actuarial valuation was undertaken in December 2019. The employee benefit liability as at 30 June 2020 was €3,252 thousand (31 December 2019: €2,993 thousand).

17. Revenues and Revenue from sale of goods and services

	Six month ended 30 June:	
	2020	2019
Amount staked	1,842,046	2,588,359
Pay-outs to winners	(1,190,149)	(1,679,847)
Gross gaming revenue (GGR) (see Note 27.3)	651,897	908,512
Lottery tax	(223,128)	(283,243)
Net gaming margin*	428,769	625,269
Revenue from sale of goods and services	55,696	61,961
Sales of goods	38,540	46,031
Sales of services	17,077	15,704
Revenues from lease of real estates	79	226

* Usually referred to as "Net gaming revenue" or "NGR".

Disaggregation of revenues according to timing of revenue recognition for the six month period ended 30 June 2020:

	At a point in time	Over time	Total
Mobile virtual network operator (MVNO)	5,097	--	5,097
Mobile phone top-up	41,814	--	41,814
Other	8,785	--	8,785
Total revenues from contracts with customers	55,696	--	55,696
Gross gaming revenue (GGR)			651,897
Total revenues			707,593

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

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

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

	30/06/2020	31/12/2019
Current contract liabilities relating to MVNO contracts	1,070	1,140
Current contract liabilities arising from accommodation contracts	146	--
Total current contract liabilities (see Note 14)	1,216	1,140

18. Other operating income

	Six month ended 30 June:	
	2020	2019
Other operating income	21,475	3,640
Discount on tax liability	12,251	--
Revenue from operating leases	1,886	2,196
Income from subsidies	547	133
Penalties and default interests	154	1
Proceeds from the sale of non-current assets	--	57
Remaining portion of operating income	6,637	1,253

“Discount on tax liability” of €12,251 thousand represent a 25% discount of certain tax liabilities of OPAP S.A. Under measures introduced by the Greek authorities, OPAP S.A. was eligible to delay payment of these liabilities or receive this discount if it paid on the normal schedule.

“Remaining portion of operating income” primarily consists a tax return of €2,593 thousand relating to OPAP INVESTMENT LTD dividends received.

19. Materials, consumables and services

	Six month ended 30 June:	
	2020	2019
Materials, consumables and services	(121,458)	(152,017)
Cost of goods sold	(38,995)	(46,818)
Fees to system providers	(32,740)	(47,925)
Advisory and other professional services	(24,347)	(30,247)
Cost of IT and software services	(8,413)	(7,716)
Telecommunication services	(5,133)	(4,896)
Scratch card production cost	(2,280)	(3,381)
Expense relating to leases	(847)	(1,037)
Materials and consumables	(630)	(741)
Other services	(8,073)	(9,256)

The majority of “Materials, consumables and services” are directly related to revenue from lottery and betting activities.

20. Marketing services

	Six month ended 30 June:	
	2020	2019
Marketing services	(35,273)	(44,983)
Advertising	(25,844)	(33,947)
Sponsorship and donations	(9,429)	(11,036)

21. Personnel expenses

	Six month ended 30 June:	
	2020	2019
Personnel expenses	(49,984)	(52,002)
Wages and salaries	(39,196)	(37,137)
Social security and health insurance	(9,381)	(9,857)
Other social expenses	(956)	(899)
Retirement benefit costs	(451)	(4,109)

“Social security and health insurance” expense includes an amount of €6,044 thousand (six month ended 30 June 2019: €8,551 thousand) related to contributions to state pension funds. The Group’s legal and constructive obligation for these pension state plans is limited to the contributions.

22. Other operating expenses

	Six month ended 30 June:	
	2020	2019
Other operating expenses	(31,203)	(11,890)
Other taxes	(6,450)	(6,104)
Financial support to agents	(5,161)	--
Impairment recognised in GGR contribution asset of Hellenic Lotteries S.A.	(3,700)	--
Increase / decrease of loss allowance for receivables	(3,639)	--
Travel expenses	(1,113)	(1,807)
Repair and maintenance	(1,008)	(903)
Fees	(786)	(807)
Insurance premiums	(625)	(472)
Remaining portion of operating expenses	(8,721)	(1,797)

“Financial support to agents” represents extraordinary financial support of €5,161 thousand provided by OPAP S.A. in order to mitigate the financial impact of COVID-19 on its agents.

For the six month period ended 30 June 2020, “Remaining portion of operating expenses” primarily consists of expenses related to OPAP S.A. subgroup (“OPAP”) amounting to €8,284 thousand (six month ended 30 June 2019: €1,207 thousand). These include immediate consumption materials in the amount of €1,164 thousand (six month ended 30 June 2019: €916 thousand), subscriptions to international organizations in the amount of €915 thousand (six month ended 30 June 2019: €957 thousand) and other individually immaterial items.

23. 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 before income tax” less “Finance costs, net” less “Depreciation and amortization”.

24. Depreciation and amortization

	Six month ended 30 June:	
	2020	2019
Depreciation and amortization	(68,952)	(59,442)
Amortisation of intangible assets	(33,943)	(43,847)
Depreciation of right of use asset	(12,291)	(4,369)
Depreciation of property, plant and equipment incl. investment property	(11,258)	(11,226)
Impairment of right of use asset	(7,354)	--
Impairment of goodwill	(3,000)	--
Impairment of intangible fixed assets	(646)	--
Impairment of tangible fixed assets	(460)	--

Following the operational challenges brought on by the COVID-19 pandemic, there were indications that the HORSE RACES S.A. license carrying value exceeds its recoverable amount and consequently management considered that an impairment test should be conducted. The Group recognized an impairment of €8,000 thousand of which the amount of €646 thousand was allocated to "Impairment of intangible fixed assets" and the remaining amount of €7,354 thousand to "Impairment of right of use asset".

During the period from 1 January 2020 to 30 June 2020, NEUROSOFT S.A. contributed to the Group losses before tax €1,590 thousand. Therefore, an impairment test was carried out since there were indications that the carrying value of the company exceeds the recoverable amount. The impairment loss of €3,000 thousand was recognized as "Impairment of goodwill".

25. Finance costs, net

	Six month ended 30 June:	
	2020	2019
Interest income	1,387	3,704
Other finance income	16,581	1,277
Finance income from modification of loans	8,096	--
Net profit from sale of securities	7,824	--
Income from ownership of securities	--	53
Foreign exchange gains	--	1,084
Other finance income	661	140
Finance cost	(60,427)	(39,731)
Interest expense on bonds	(39,893)	(15,746)
Interest expense on bank loans	(6,213)	(16,209)
Foreign exchange losses	(3,359)	--
Interest expense on leases	(1,225)	--
Other finance expenses	(9,737)	(7,776)
Finance costs, net	(42,459)	(34,750)

IOPAP S.A. renegotiated two of its existing loan facilities to take advantage of lower interest rates which resulted in the recognition of a modification gain of €8,096 thousand, which is included in "Finance income from modification of loans".

The increase in "Interest expense on bonds" primary relates to new bonds issued by the Company and new bank loan issued by OPAP S.A. (see Note 12). The decrease in "Interest expense on bank loans" primarily relates to the repayment of bank loans.

“Foreign exchanges losses” primarily reflect changes in the EUR/CZK exchange rate which cause translation gains or losses on consolidation of entities whose functional currency is not the EUR (including the Company and Italian Gaming Holding a.s., whose functional currency is CZK) into the presentation currency.

26. Contingencies

Legal matters

OPAP S.A. has appealed to the administrative courts, awaiting the hearing, for the imposition in 2014 of additional taxes and surcharges for the fiscal year 2020 of a total amount of €29,568 thousand and at the same time OPAP SERVICES S.A. has also exercised legal right against the imposition of additional taxes and surcharges totalling €2,773 thousand resulting from the tax audit conducted in 2016 for the fiscal year 2012. Both amounts have already been paid to the respective authorities.

Third party lawsuits against OPAP S.A. subgroup (“OPAP”) have been filed of a total claim of €388,333 thousand (31 December 2019: €366,696 thousand), for which the outcome is estimated as positive for the subgroup 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.

Off balance sheet items and pledged assets

Off-balance sheet assets	30/06/2020	31/12/2019
Guarantees received (bank and other guarantees)	25,571	27,956
Total	25,571	27,956

Off-balance sheet liabilities	30/06/2020	31/12/2019
Guarantees granted (notes, other guarantees)	78,500	53,500
Total	78,500	53,500

Guarantees granted include guarantees granted by OPAP to the Hellenic Republic Asset Development Fund, including €75,000 thousand (31 December 2019: €50,000 thousand) related to HELLENIC LOTTERIES S.A. and €3,500 thousand (31 December 2019: €3,500 thousand) to HORSE RACES S.A. and referring to performance obligations arising from the respective concession agreements.

Pledged assets for loans received	30/06/2020	31/12/2019
Tangible and intangible fixed assets	91,589	96,594
Bank accounts	73,627	59,218

The highest portion of pledged tangible and intangible assets represent trademarks with carrying value of €70,005 thousand (31 December 2019: €73,669 thousand).

The following shares were pledged:

SAZKA a.s. shares pledged in relation to a loan to SAZKA a.s. in the principal amount of €245,419 thousand. The net assets of SAZKA a.s. are €232,300 thousand as at 30 June 2020 (31 December 2019: €223,958 thousand) and consist of the following:

	30/06/2020	31/12/2019
Assets		
Intangible assets	101,207	88,883
Goodwill	360,364	379,226
Property, plant and equipment	28,356	30,271
Other non-current investments	735	774
Long-term receivables and other non-current assets	1,757	1,814
Long-term restricted cash	2,057	2,165
Long-term derivative financial instruments	--	1,151
Total non-current assets	494,476	504,284
Inventories	394	458
Short-term trade receivables and other current assets	8,628	7,885
Short-term derivative financial instruments	29	341
Cash and cash equivalents	73,916	59,523
Total current assets	82,967	68,207
Total assets	577,443	572,491
Total liabilities	345,143	348,533
Net assets	232,300	223,958

OPAP S.A. shares pledged in relation to a loan to Emma Delta Hellenic Holdings Limited which was fully repaid in November 2019. The related pledge agreement was terminated in March 2020.

LOTTOITALIA S.r.l. shares pledged and enterprise pledge in relation to a bank loan to Italian Gaming Holding a.s. which was fully repaid in February 2020 (see Note 12). The related pledge agreement was terminated in March 2020.

Medial Beteiligungs GmbH shares pledged in relation to a bank loan to CAME Holding GmbH which was fully repaid in February 2020 (see Note 12). The related pledge agreement was terminated on 14 February 2020.

On 26 June 2020, the Group drew a new bank loan at CAME Holding GmbH, under which CAME Holding GmbH's shares in Medial Beteiligungs GmbH and LTB Beteiligungs GmbH ("LTB") were pledged in the principal amount of €105,000 thousand (see Note 12). The net assets of Medial Beteiligungs GmbH are €142,447 thousand as at 30 June 2020. Medial Beteiligungs GmbH is a company holding participations in Casinos Austria AG subgroup ("CASAG") without any additional economic activities (see Note 3.b).

27. Operating segments

27.1 Product segments

Six month ended 30 June 2020 FINANCIAL PRODUCT SEGMENTS	Numerical Lotteries	Instant Lotteries	Sports Betting	Digital - only Games	VLTs and Casinos	Total reportable segments	Unallocated items*	Total
Amount staked	978,152	123,564	606,637	43,613	90,080	1,842,046	--	1,842,046
Gross gaming revenue (GGR)	364,505	43,751	130,026	23,535	90,080	651,897	--	651,897
Net gaming revenue	238,609	26,522	85,757	14,909	62,972	428,769	--	428,769
Revenue from sale of goods and services and other operating income	6,341	404	4,700	--	2,352	13,797	63,374	77,171
Agents' commission	(71,948)	(9,882)	(29,104)	(21)	(21,374)	(132,329)	(1,353)	(133,682)
Operating expenses	(79,127)	(13,015)	(39,542)	(8,190)	(34,241)	(174,115)	(63,803)	(237,918)
Share of profit of equity method investees	27,297	347	4,158	7,713	(6,777)	32,738		32,738
Operating EBITDA	121,172	4,376	25,969	14,411	2,932	168,860	(1,782)	167,078
Depreciation and amortization	(18,573)	(4,844)	(8,973)	(646)	(21,459)	(54,495)	(2,997)	(57,492)
Impairment of intangible assets and goodwill	--	--	(8,000)	--	--	(8,000)	(3,460)	(11,460)
Profit/loss from operating activities from continuing operations	102,599	(468)	8,996	13,765	(18,527)	106,365	(8,239)	98,126

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

Condensed consolidated interim financial statements for the six month period ended 30 June 2020 (in thousands of Euro)

Six month ended 30 June 2019 FINANCIAL PRODUCT SEGMENTS	Numerical Lotteries	Instant Lotteries	Sports Betting	Digital - only Games	VLTs and Casinos	Total reportable segments	Unallocated items*	Total
Amount staked	1,396,890	197,700	831,210	22,671	139,888	2,588,359	--	2,588,359
Gross gaming revenue (GGR)	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 of 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 from continuing operations	180,735	12,690	44,262	2,244	6,423	246,354	(19,183)	227,171
Profit for the year from discontinued operations	--	--	8,088	13,787	1,257	23,132	(7,561)	15,571

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

27.2 Entity wide information

As at 30 June 2020, the Group's operations were in the Czech Republic, Greece, Cyprus, Austria and Italy. The Group also had financing vehicles, service companies and dormant companies in certain other countries including the United Kingdom, Slovakia and Vietnam.

Entity wide information	Czech Republic	Greece and Cyprus	Austria	Italy	Croatia	Other and headquarter costs	Total
Gross gaming revenue (GGR)	143,971	507,926	--	--	--	--	651,897
Net gaming revenue	93,534	335,235	--	--	--	--	428,769
Share of profit of equity method investees	--	6,282	8,714	17,742	--	--	32,738
Operating EBITDA	45,779	102,169	8,714	17,742	--	(7,326)	167,078

As at 30 June 2019 Group's operations were in Czech Republic, Greece, Cyprus, Austria, Italy and Croatia. The Group also had financing vehicles and dormant companies in certain other countries including Russia, Slovakia and Vietnam.

Entity wide information	Czech Republic	Greece and Cyprus	Austria	Italy	Croatia	Other and headquarter costs	Total
Gross gaming revenue (GGR)	128,920	779,592	--	--	--	--	908,512
Net gaming revenue	99,673	525,596	--	--	--	--	625,269
Share of profit of equity method investees	--	2,781	18,421	35,769	--	--	56,971
Operating EBITDA	44,416	200,579	18,412	35,769	--	(12,563)	286,613
Operating EBITDA from discontinued operations	--	--	--	--	25,101	--	25,101

27.3 Gross gaming revenue (GGR) according to Entity wide information

Six month ended 30 June 2020 Gross gaming revenue (GGR)	Czech Republic	Greece and Cyprus	Total
Numerical Lotteries	91,335	273,170	364,505
Instant Lotteries	25,818	17,933	43,751
Sports Betting	3,283	126,743	130,026
Digital-only Games	23,535	--	23,535
VLTs and Casinos	--	90,080	90,080
Total	143,971	507,926	651,897

Six month ended 30 June 2019 Gross gaming revenue (GGR)	Czech Republic	Greece and Cyprus	Total
Numerical Lotteries	88,692	406,109	494,801
Instant Lotteries	27,265	41,741	69,006
Sports Betting	2,663	191,854	194,517
Digital-only Games	10,300	--	10,300
VLTs and Casinos	--	139,888	139,888
Total	128,920	779,592	908,512

28.Related parties

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

The transactions below were related party transaction for the Group due to the counterparty being within the KKCG group.

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

There were no material transactions with equity method investees (see Note 3) in the current year or in prior year periods, except for dividends declared in the amount of €57,746 thousand in 2020 (30 June 2019: €72,110 thousand) and reserve distribution of equity method investee in the amount of €0 thousand (30 June 2019: €32,648 thousand).

On 20 May 2020, the Group acquired KKCG UK Limited for €530 thousand from KKCG AG. The acquisition is considered as acquisition under common control (see Note 8). After the acquisition the company was renamed SAZKA Group UK Limited.

28.1 Outstanding related party balances as at 30 June 2020 and 31 December 2019:

The following tables present outstanding receivables and payables from related parties of the Group as at 30 June 2020 and 31 December 2019:

Transactions with shareholders	30/06/2020	31/12/2019
ASSETS		
Long-term trade receivables and other non-current assets	--	8,532
EQUITY		
Dividends paid	--	149,073

Transactions with related parties of the Group other than shareholders	30/06/2020	31/12/2019
ASSETS		
Long-term trade receivables and other non-current assets	1,410	1,377
Short-term financial assets	--	399
Short term trade receivables and other current assets	68	272
LIABILITIES		
Short-term trade and other payables	1,202	3,127

28.2 Transactions with related parties of the Group for the six month period ended 30 June 2020 and 30 June 2019:

The following tables present transactions with related parties of the Group with effect on the Consolidated statement of comprehensive income for the six month period ended 30 June 2020 and 30 June 2019:

	Six month ended 30 June:	
Transactions with shareholders	2020	2019
Other operating income	49	--
Materials, consumables and services	--	(95)
Interest income	--	140

	Six month ended 30 June:	
Transactions with related parties of the Group other than shareholders	2020	2019
Revenue from sale of goods and services	149	178
Other operating income	21	22
Materials, consumables and services	(3,006)	(2,763)
Personnel expenses	(8)	(10)
Other operating expenses	(180)	(1,373)
Interest income	210	--

28.3 Transactions with members of the Group's Board of Directors, Supervisory Board and executive management ended 30 June 2020 and 30 June 2019:

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 of the Group:

	Six month ended 30 June 2020		Six month ended 30 June 2019	
	Board of Directors and Supervisory Board	Executive management	Board of Directors and Supervisory Board	Executive management
Wages and salaries	--	(5,560)	--	(5,100)
Social and health insurance	(45)	(1,300)	(51)	(1,389)
Other social expenses	--	(61)	--	(51)
Remuneration of members of statutory bodies	(442)	--	(391)	--
Total	(487)	(6,921)	(442)	(6,540)

The following tables summarise the Group securities owned by members of the Board of Directors as at 30 June 2020:

	Minimum denomination	Number of notes	Total nominal value (in thousands of Euro)
SAZKA Group CZK bond	10,000 CZK	345	129
SAZKA Group EUR bond	100,000 EUR	1	100
SAZKA Group Financing bond	1,000 EUR	25	25

	Number of shares	Total market value (in thousands of Euro)
OPAP shares	5,387	45

29. Subsequent events

Significant subsequent events that occurred after 30 June 2020:

1. On 1 July 2020, OPAP S.A. prepaid €50,000 thousand of a bank loan.
2. On 13 July 2020, OPAP INVESTMENT LTD acquired from KAIZEN GAMING LIMITED (formerly TCB Holdings Ltd) the pre-agreed 51% direct stake in Stoiximan Group's Greek and Cypriot business ("SMGC") currently operated by KAIZEN INTERNATIONAL GAMING LIMITED (formerly GML INTERACTIVE LTD), for aggregate net consideration (i.e. after subtracting OPAP's subgroup ("OPAP") 36.75% stake in KAIZEN GAMING LIMITED (formerly TCB Holdings Ltd)) of €90,196 thousand plus net cash of €3,015 thousand.

Additionally, OPAP INVESTMENT LTD will pay earnout payments for 2020 and 2021 subject to the performance criteria set for SMGC.

Following the completion of the aforementioned transaction, OPAP effectively holds 69% stake in SMGC, while it retains its 36.75% stake in Stoiximan Group's operations outside of Greece and Cyprus under the BETANO brand.

Finally, OPAP INVESTMENT LTD will proceed with (i) the acquisition of an additional 15.48% indirect stake in SMGC for aggregate net consideration of €43,302 thousand plus net cash (plus earn-out payments for 2020 and 2021), resulting in a 84.49% combined stake, and (ii) acquisition of sole control over SMGC for the net consideration of €30,000 thousand upon receipt of the requisite regulatory and competition approvals. It is envisaged that SMGC will operate under the Stoiximan brand through a separate legal entity.

3. In December 2018, Emma Delta Hellenic Holdings Ltd. ("EDHH") and Emma Delta Variable Capital Investment Company Ltd commenced arbitration proceedings against the Hellenic Asset Development Fund ("TAIPED") and the Hellenic Republic in the London Court of International Arbitration, alleging breaches of the share purchase agreement relating to the privatisation of OPAP by the Hellenic Republic in 2013, pursuant to which EDHH acquired its shares in OPAP. In its claim, EDHH sought damages which at the date of EDHH's last submission on 16 July 2020 totalled €67 million plus interest. TAIPED filed a counterclaim against EDHH, in which the damages sought were not at the time quantified. In its second pleading on 16 July 2020, TAIPED quantified the damages sought in its original counterclaim in the amount of €1.3 million plus interest and raised additional counterclaims against EDHH seeking total damages in the amount of €73 million plus interest. TAIPED's counterclaims against EDHH allege breaches by EDHH of its obligations under the share purchase agreement. EDHH intends to defend against TAIPED's counterclaims on both procedural and substantive grounds. At this time, the Group does not expect these claims to result in a provision in its statement of financial position.
4. On 27 July 2020, the Group through Italian Gaming Holding a.s. received a dividend from LOTTOITALIA S.r.l. in the amount of €20,855 thousand.
5. On 31 July 2020, the Group through CAME Holding GmbH received a dividend from CLS Beteiligungs GmbH ("CLS") in the amount of €3,607 thousand.
6. In July 2020, the Supervisory Board of CASAG approved a plan to optimise the cost structure of the casino business in Austria.
7. On 11 August 2020, OPAP S.A. paid an ordinary dividend in the amount of €0.30 per share. Shareholders had the option of receiving cash or shares under OPAP's scrip dividend programme. The Group elected to receive scrip.

The Company so far in third quarter of 2020 purchased 2,096 thousand pieces of OPAP shares representing 0.61% of the total issued share capital, in the amount of €17,564 thousand. As a result of the scrip dividend programme and the aforementioned open market purchases, the Group's shareholding in OPAP increased from 42.05% to 43.33% (equivalent to an economic interest of 35.39%).

8. On 7 September 2020, the Group through CAME Holding GmbH received a dividend from LTB Beteiligungs GmbH ("LTB") in the amount of €3,627 thousand.

11 September 2020	<p>Signature of the authorised representative:</p> <div> Pavel Šároch Member of the Board of Directors</div> <div> Robert Chvátal Member of the Board of Directors</div>
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