

# Q3 2021 RESULTS

15 December 2021

**Sazka**  
GROUP

# Presenting today



**Robert Chvatal, CEO**



**Kenneth Morton, CFO**

# Business and strategic update

# Q3 2021 highlights

- Record financial performance in first quarter of 2021 without COVID-related restrictions
  - Highest Gross gaming revenue ever
  - Profitability at structurally higher levels
- Continuing to deliver on organic and inorganic growth strategies, leveraging our unique international B2C lottery platform
  - Another quarter of strong online growth
  - Digitalization of retail channel
  - Product and technology innovation
  - Submitted bid to operate the UK National Lottery

## Consolidated GGR

€876m

**+14.0%**

vs Q3'20

**+87.6%**

vs Q3'19

## Consolidated Adjusted EBITDA

€285m

**+40.0%**

vs Q3'20

**+99.4%**

vs Q3'19

## Online % of GGR



**+11.9%**

vs Q3'20



**+59.2%**

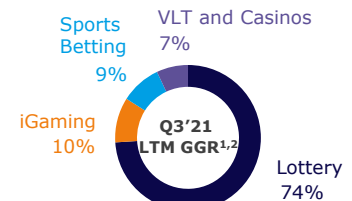
vs Q3'20



**+26.7%**

vs Q3'20

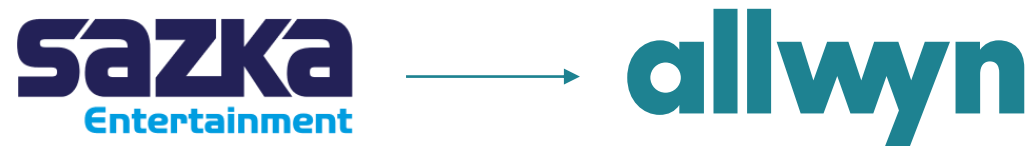
## Product split



Notes:  
 1. GGR for Italy calculated as stakes – payout  
 2. Based on pro-rata GGR

# SAZKA Entertainment re-brands to Allwyn

- SAZKA Entertainment, the parent company of SAZKA Group, has rebranded to Allwyn
- The name was inspired by an Anglo-Saxon word that meant “wise friend” or “guardian”
- The Allwyn brand will support our long-term global growth ambitions
- Allwyn will continue to operate its games under its iconic local brands



## Local brands



# COVID impact summary

The first quarter in 2021 without material impact from COVID-related restrictions

## Q1 – Q2 2021

- POS in the Czech Republic, Austria and Italy open and functional, no material impact from restrictions
- Substantial impact on physical retail operations in Greece and Cyprus as well as casino business
  - Agents' stores in Greece and VLT halls shut for almost all of Q1 and into Q2
  - Casinos and gaming halls in Austria and most international casinos closed throughout Q1 and into Q2
- Online sales at structurally higher levels

## Q3 2021

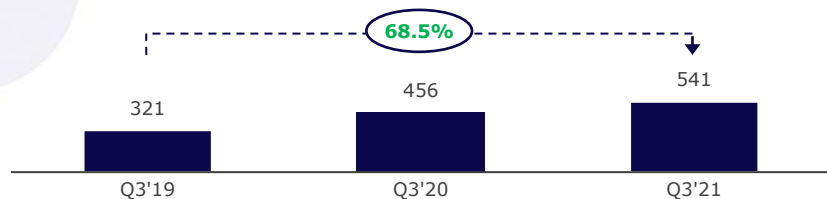
- All physical retail operations open, no material restrictions
- Online sales growth momentum continues

# Strong financial performance continues

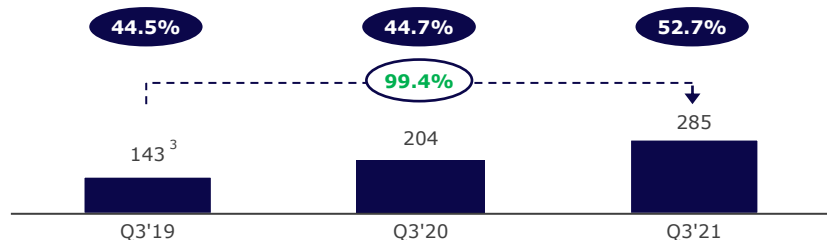
Revenues and profitability significantly above pre-pandemic levels

## Consolidated financials

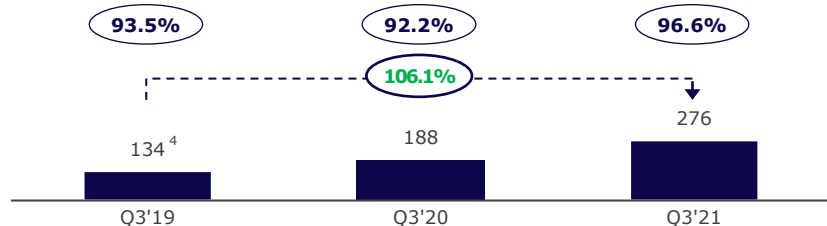
### NGR



### Adjusted EBITDA

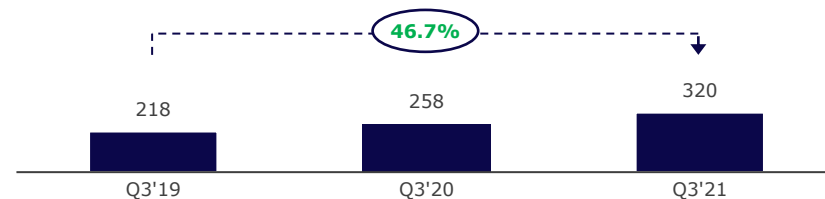


### Adjusted FCF (Adjusted EBITDA – Capex)

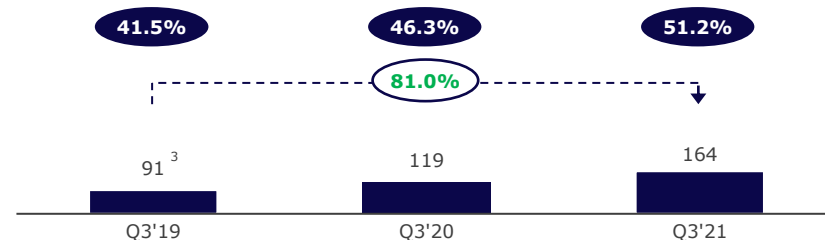


## Pro-rata basis

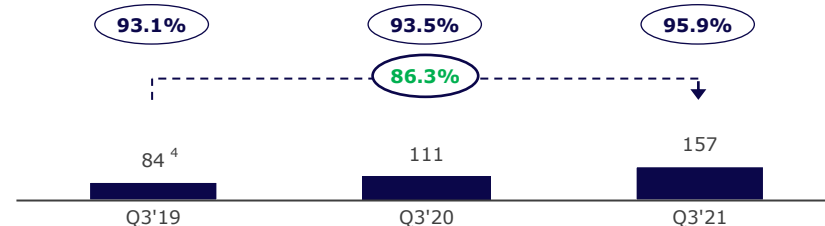
### NGR



### Adjusted EBITDA



### Adjusted FCF (Adjusted EBITDA – Capex)



EBITDA Margin<sup>1</sup>
 Cash Conversion<sup>2</sup>

Notes:

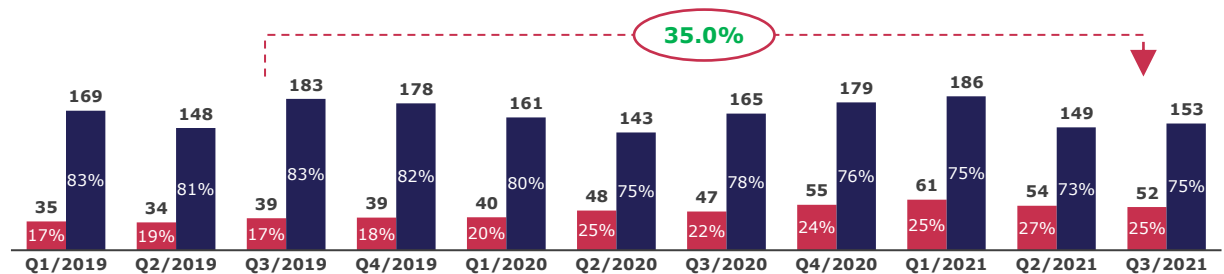
1. Calculated as Adj. EBITDA/NGR; 2. Calculated as (Adj. EBITDA – Capex)/Adj. EBITDA; 3. Operating EBITDA; 4. Capex for Q3'19 illustratively assumed as FY 2019 divided by four

# Strong online growth continues

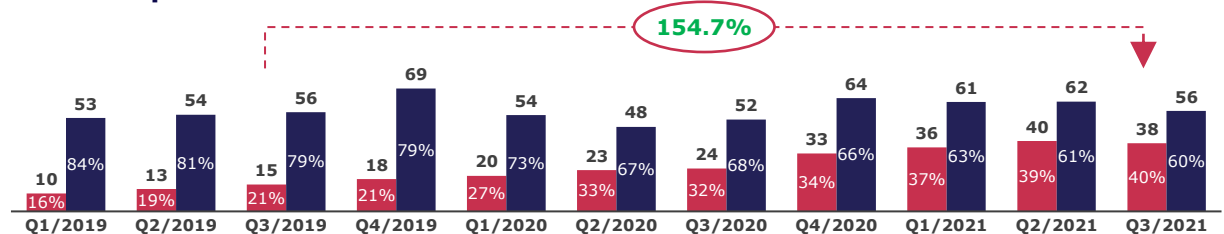
Data drives growth through cross-sell and supports player protection

- Strong online momentum continued in Q3 2021, including sales of lottery products through online channel and iGaming
- Online growth supported by
  - Cross-selling, leveraging brands, website and app traffic from lottery players
  - New product launches
  - Acquisition of leading online player in Greece, Stoiximan (consolidated from December 2020)
- Sales through physical retail also remain strong, once again demonstrating that the online growth does not cannibalize physical retail sales

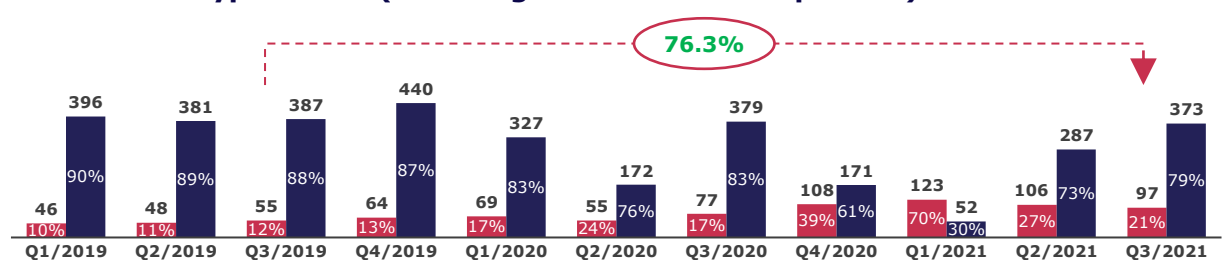
## Austria GGR (excl. casinos and land-based sports betting)



## Czech Republic GGR



## Greece and Cyprus GGR (including Stoiximan for all periods)



Growth

Online channel  
Physical retail channel

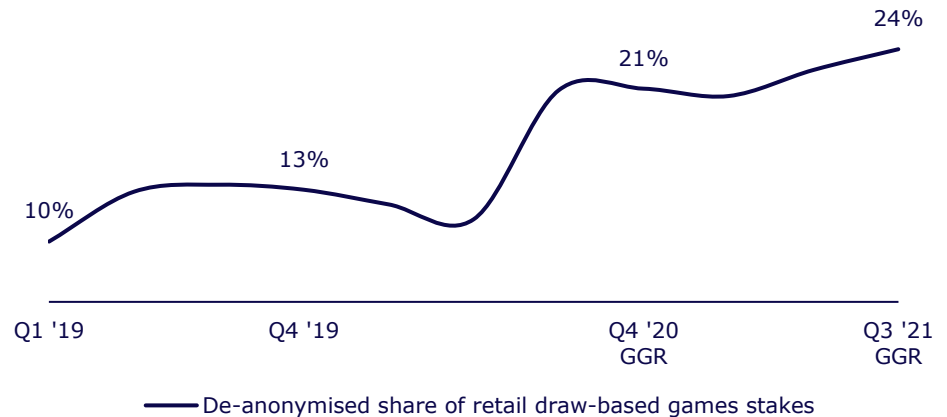


# Loyalty programs drive retail de-anonymisation

Bringing the benefits of online to physical retail

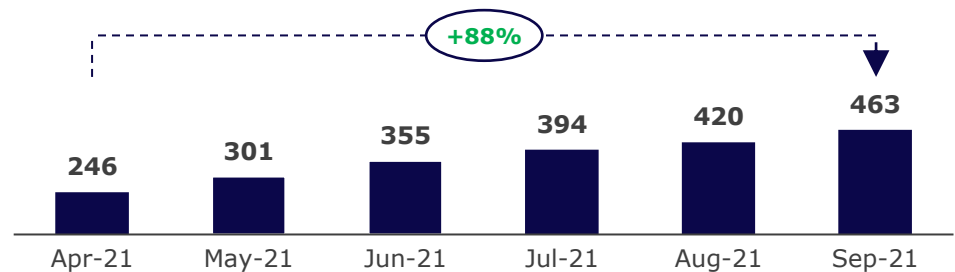
- Through loyalty programs we continue to de-anonymise our physical retail customer base
  - allows us to realize benefits (data, player protection) similar to data on online users
- Fully registered player base now similar in size to registered online players in the Czech Republic
- OPAP's loyalty program, launched in Q1 continues to build up, reaching almost 500k players by end of Q3
  - Higher ARPU of draw-based games loyalty program customers

## A quarter of retail Numerical Lottery stakes in the Czech Republic is de-anonymised



## Strong momentum on loyalty program registrations in Greece

Base evolution (thousands players)



# Product launches and innovation

We continue to expand and improve our product offering, UX and technology

- We continue to successfully implement proven innovations across our geographies
- Leveraging our unique international B2C lottery platform
  - Digitalisation of physical retail via loyalty scheme (Czech Republic → Greece)
  - Event draws (Czech Republic → Austria)
  - Online products and know-how (Czech Republic → Austria)
  - Group play / syndicates (Austria → Czech Republic)
  - Advent scratch cards (coordinated across Austria, Czech Republic and Greece)

## New and revitalised products



**NEW** special event draws



**NEW** group play feature



**NEW Q3** →  
**NEW** OPAP Store App



**NEW Q3** →  
**NEW** Advent scratch card

## New technology and UI



**NEW** in-house sports-betting platform at Stoiximan



**NEW** sports-betting app enhancements



**NEW** iGaming app tournaments integration

## Digitalising physical retail



**NEW** retail loyalty scheme

# Key strategic developments

Continuing to deliver on our inorganic growth strategy

## UK National Lottery bid

- Submitted our bid to operate the fourth UK National Lottery concession in October
- Result expected to be announced in Q1

## Further increase in OPAP shareholding

- Continued to increase our interest in OPAP, including through open market purchases and by electing to receive dividend as scrip
- Interest increased from 45.36% at 30 June to 47.04% currently (economic interest of 40.19%)



# Financial update

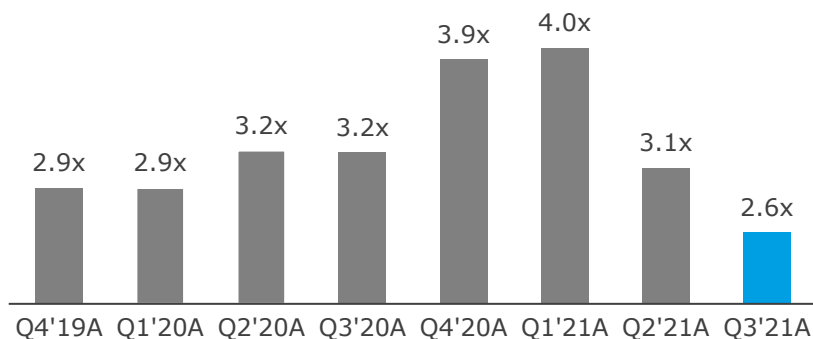
# Q3 2021 financial highlights

Strong performance exceeding pre-pandemic levels, driving strong de-leveraging

- Financial performance above pre-pandemic levels in all segments
- Top-line growth and improved margins drive profitability
- Significant de-leveraging to close to 2.5x

Consolidated	
<b>GGR</b>	<b>+14.0%</b> vs Q3'20
<b>€876m</b>	<b>+87.6%</b> vs Q3'19
<b>Adjusted EBITDA</b>	<b>+40.0%</b> vs Q3'20
<b>€285m</b>	<b>+99.4%</b> vs Q3'19

## Pro-rata Net Debt / pro-rata LTM Adj. EBITDA



Pro-rata	
<b>GGR</b>	<b>+18.4%</b> vs Q3'20
<b>€650m</b>	<b>+36.6%</b> vs Q3'19
<b>Adjusted EBITDA</b>	<b>+37.4%</b> vs Q3'20
<b>€164m</b>	<b>+81.0%</b> vs Q3'19

# Consolidated P&L

- Both Q3 2020 and Q3 2021 largely unaffected by Covid-19 restrictions
- Strong GGR growth reflects
  - Organic growth (primarily in the online channel)
  - Consolidation of Stoiximan, the leading iGaming and online sports betting operator in Greece (acquired majority and consolidated in Q4 20)
- Profitability at structurally higher levels, reflecting
  - Benefit of restructuring in Austria
  - Higher profitability of online channel
  - Structurally more favourable taxation in Greece after start of new concession in Q4 20

€ millions	Q3'21	Q2'21	Δ Q2'21	Q3'20	Δ Q3'20
<b>GGR</b>	<b>876.2</b>	<b>740.1</b>	<b>18%</b>	<b>768.9</b>	<b>14%</b>
<b>NGR</b>	<b>541.0</b>	<b>449.1</b>	<b>20%</b>	<b>455.8</b>	<b>19%</b>
Revenue from non-gaming activities <sup>1</sup>	50.9	35.9	42%	50.4	1%
Other operating income	69.5	105.5	(34%)	11.3	515%
Operating expenses	(398.1)	(373.0)	7%	(344.4)	16%
Share of profit of equity investees	18.2	21.4	(15%)	23.5	(23%)
Operating EBITDA	281.5	238.9	18%	196.6	43%
<b>Adjusted EBITDA</b>	<b>285.1</b>	<b>252.8</b>	<b>13%</b>	<b>203.7</b>	<b>40%</b>
Adjusted EBITDA margin	52.7%	56.3%	(4 p.p.)	44.7%	8 p.p.
Profit before tax	197.5	163.3	21%	70.0	182%
Profit after tax	151.5	140.1	8%	52.1	191%

Notes:

1. Captures benefit from OPAP GGR tax prepayment

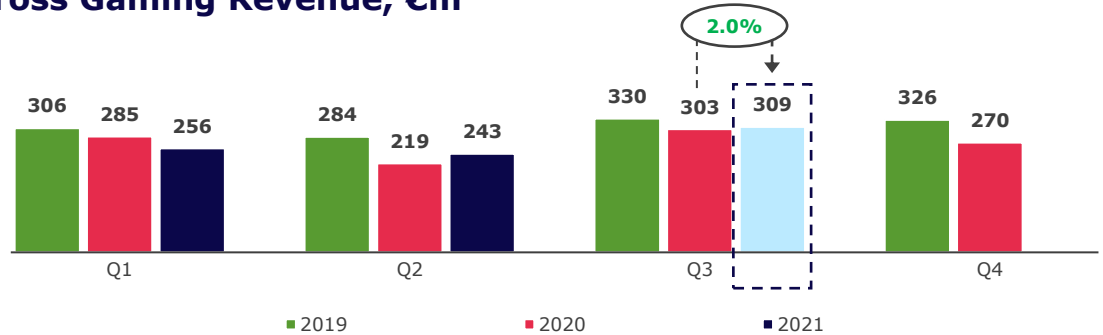
# Quarterly segmental business highlights - Austria



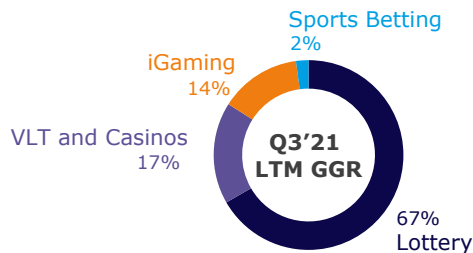
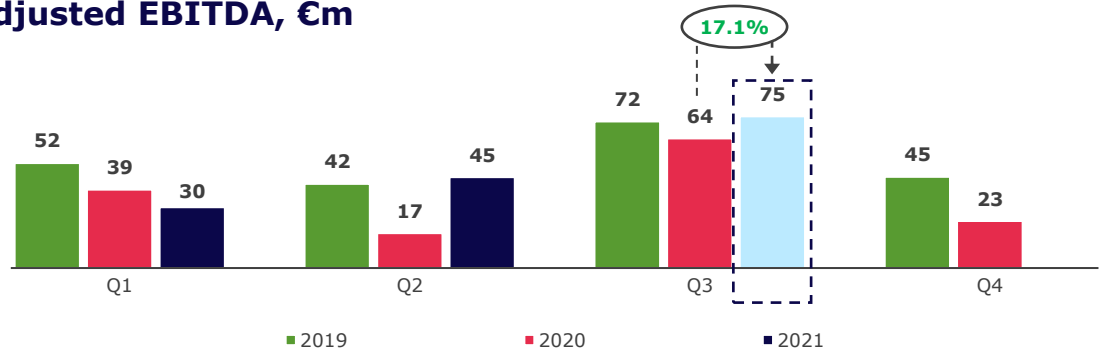
## Restructuring program drives profitability

- Lotteries and iGaming continued to perform well though somewhat impacted by low jackpots
- Casinos operated without restrictions for first time in 21, delivering revenues at pre-pandemic revenues despite lower tourist footfall
- iGaming continued to grow very strongly (+21% yoy)
- Profitability significantly improved due to successful execution of restructuring program (€45m run-rate cost savings)

### Gross Gaming Revenue, €m



### Adjusted EBITDA, €m



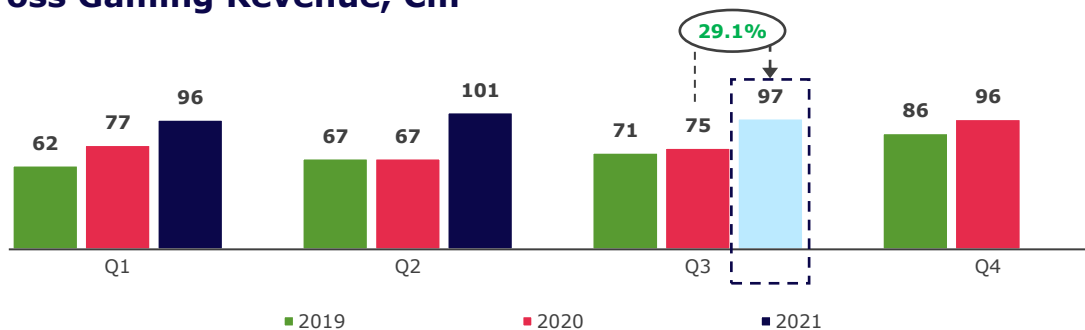
# Quarterly segmental business highlights - Czech Republic

## Strong GGR growth and profitability continues

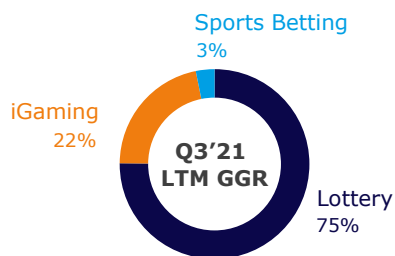
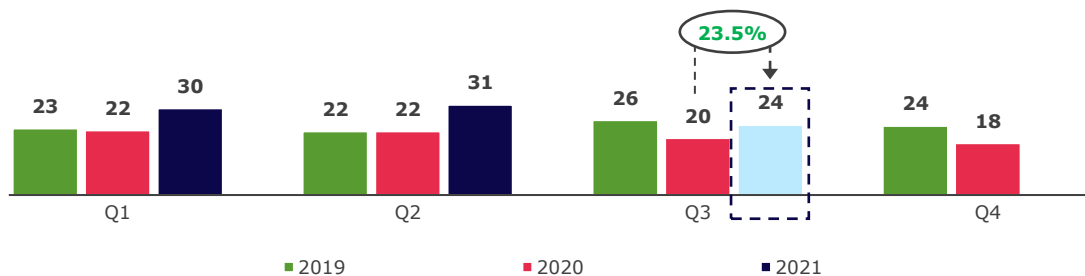


- Another quarter of strong topline growth and profitability
- Growth across all products and channels
- Online +59% YOY
- Retail + 9% YOY
- Numerical Lotteries + 23% YOY
- Instant Lotteries + 10% YOY
- iGaming + 68% YOY

### Gross Gaming Revenue, €m



### Adjusted EBITDA, €m





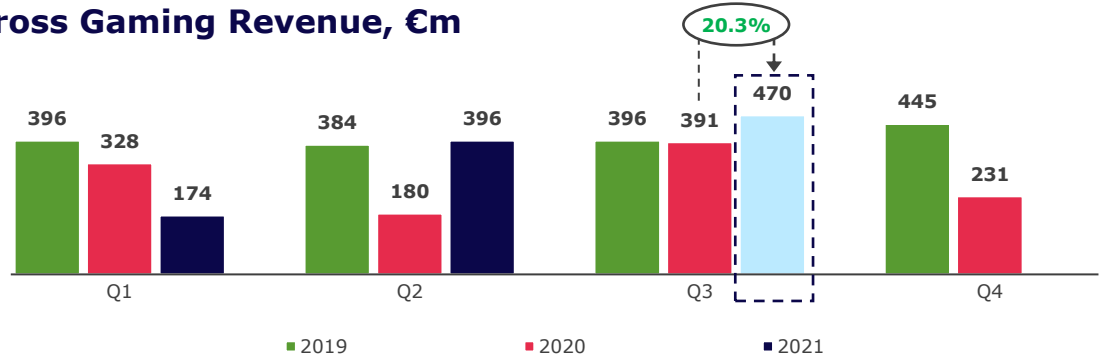
# Quarterly segmental business highlights - Greece and Cyprus



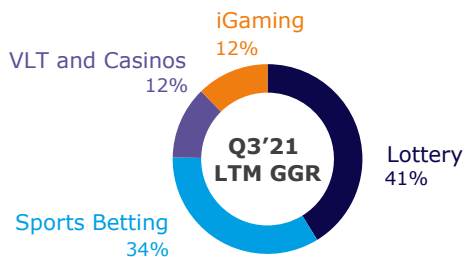
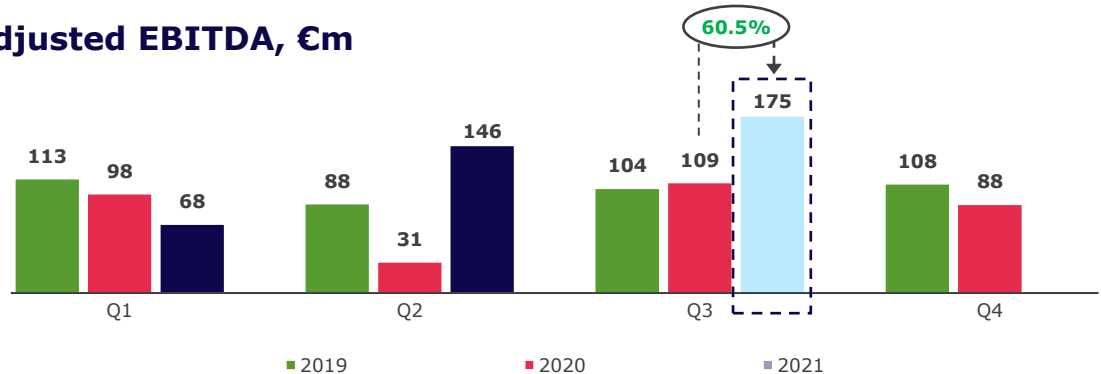
Bolt-on acquisition and structurally higher margin drive step change in performance

- Strong recovery after removal of COVID-related restrictions
- Both GGR and EBITDA significantly exceeded pre-pandemic levels
- Continuing strong performance at Stoiximan (leading online sports betting and iGaming operator in Greece, acquired majority and consolidated in Q4 20)
- Profitability supported by structurally more favourable taxation in Greece after start of new concession for largest games in Q4 20

Gross Gaming Revenue, €m



Adjusted EBITDA, €m



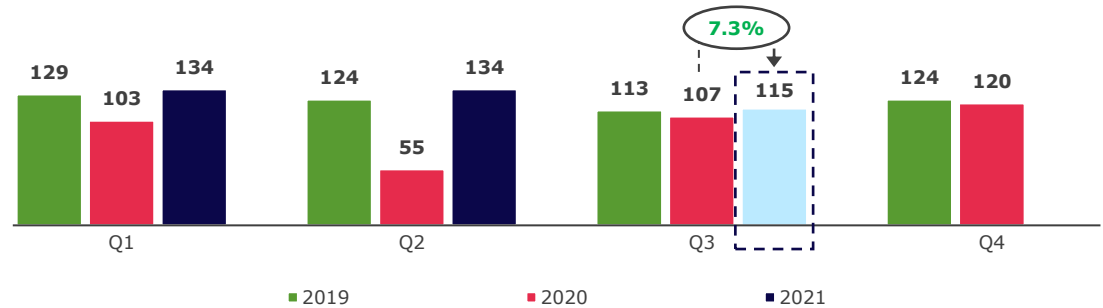
# Quarterly segmental business highlights - Italy

Another strong quarter

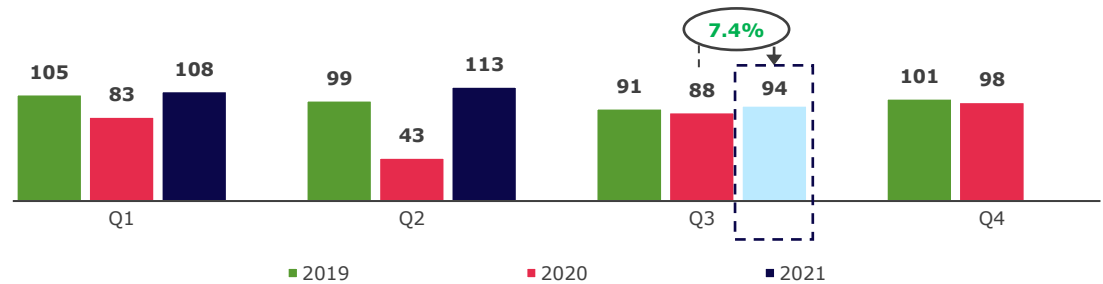


- Revenue above pre-pandemic levels
- Stable high profitability and cashflow generation

Revenue, €m



Adjusted EBITDA, €m



Numerical Lottery  
100%

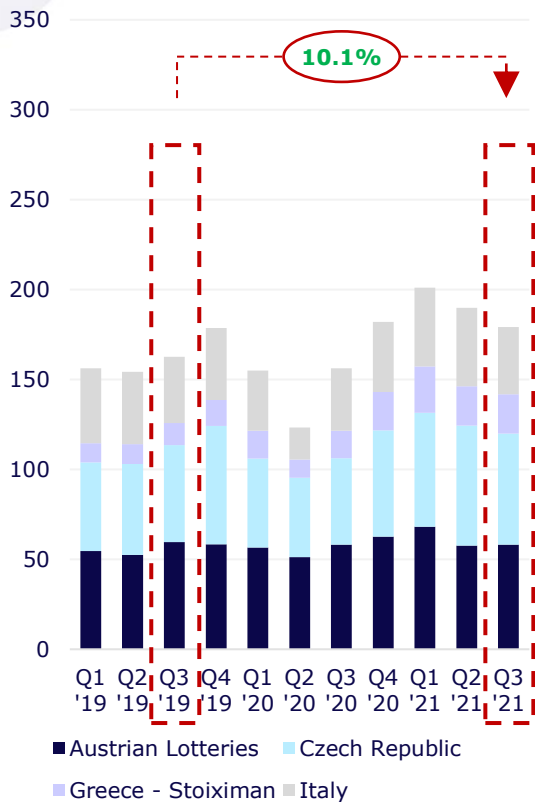


# Pro-rata NGR development

Strong performance of COVID-impacted segments in quarter without material restrictions

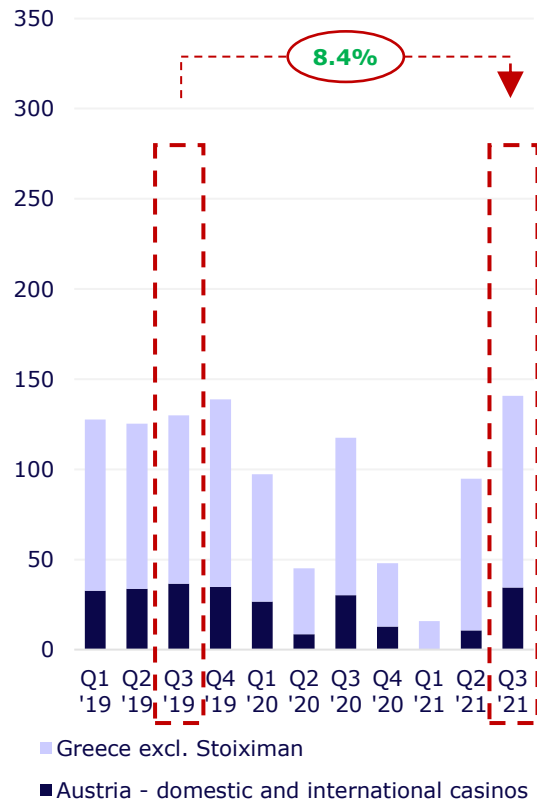
## Segments with limited impact from COVID

NGR, €m



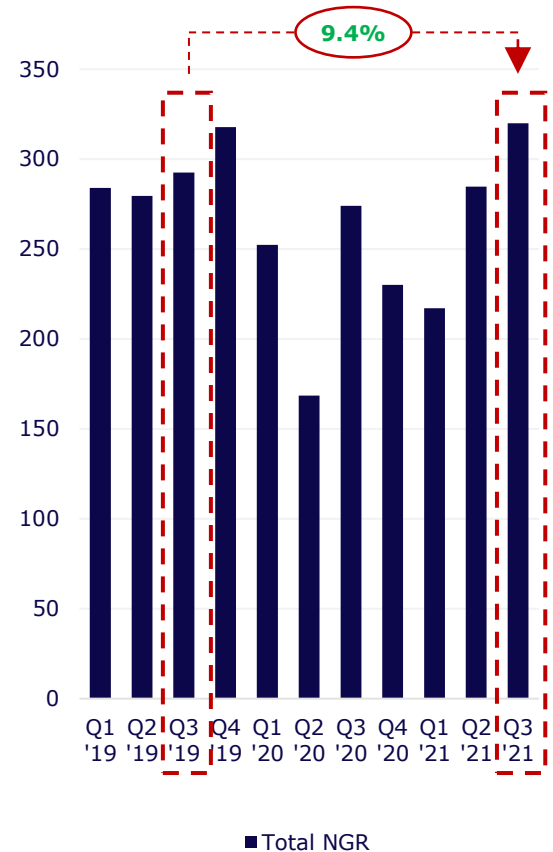
## More impacted segments

NGR, €m



## Combined performance

NGR, €m



Notes: Pro-rata calculations for each quarter illustratively based on current stakes as of Q3 2021

# Pro-rata net leverage

Net leverage close to 2.5x at the end of Q3 2021

As at 30 September 2021, pre IFRS 16 basis						
€ millions	Austria	Czech Republic	Greece and Cyprus	Italy	Corporate <sup>1</sup>	Total
Consolidated LTM Adjusted EBITDA	153.1	96.4	412.1	412.5	(29.8)	1,044.3
Interests owned	59.70%	100.00%	39.56%	32.50%	100% <sup>2</sup>	-
<b>Pro-rata LTM Adjusted EBITDA<sup>1</sup></b>	<b>93.2</b>	<b>100.4</b>	<b>180.6</b>	<b>134.1</b>	<b>(6.7)</b>	<b>501.6</b>
<b>Pro-rata net debt</b>	<b>(156.9)</b>	<b>(45.2)</b>	<b>149.7</b>	<b>(79.9)</b>	<b>1,416.2</b>	<b>1,283.9</b>
<i>Gross debt (100%)</i>	148.1	--	1044.9	--	1,473.1	2666.1
<i>Cash and equivalents and ST financial assets (100%)</i>	(411.0)	(45.2)	(666.5)	(245.8)	(57.9)	(1,426.3)
<b>Pro-rata net leverage</b>	<b>(1.7x)</b>	<b>(0.5x)</b>	<b>0.8x</b>	<b>(0.6x)</b>	<b>N/M</b>	<b>2.6x</b>
<b>Pro-rata priority net leverage</b>						<b>(0.4x)</b>

Calculated as pro-rata priority net debt of negative €(189)m divided by pro-rata Q3'21 LTM Adjusted EBITDA of €502m

1. Includes SAZKA Group a.s., service companies and holding companies  
2. Except SAZKA Delta (79.2%)

# Key financing transactions

- In July 2021, SAZKA Group received a capital contribution of €75m from its parent
- Subsequently, SAZKA Group repaid €30m of RCF and made a €55m scheduled amortization payment on its bank loan
- €140m is available under the RCF as of 30 September 2021
- In October, in support of our UK National Lottery bid
  - A syndicate of banks issued guarantees in support of SAZKA Group's obligations to fund the bidco
  - The bidco entered into a revolving credit facility agreement (currently undrawn)
  - The guarantee banks benefit from a non-recourse security package in line with SAZKA Group's other secured debt and covenants in line with our bank facility
  - The RCF is non-recourse to SAZKA Group

# Update on current trading

# Update on current trading

- Limited COVID-related restrictions introduced in Austria and Greece after end of quarter
  - Measures and impact considerably more targeted and limited in scope than in previous waves
- Casinos in Austria were closed during 3-week general lockdown which ended on 13 December
  - All casinos have now reopened / will reopen this week
  - Land-based POS network for lottery products was unaffected by the lock-down, in line with previous restrictions
- Customers currently required to demonstrate vaccination status to visit stores and VLT halls in Greece and casinos in Austria
- Trading in other geographies and online channel in line with expectations
  - No material restrictions on physical retail channel
  - Online continues to perform well

**Thank you!**



# Appendix

# Summary of adjustments to EBITDA

## Standalone, 100% (€m)

Operating EBITDA		2019	2020	9M 20	9M 21
Austria		211	147	124	151
Czech Republic		95	84	66	81
Greece and Cyprus		413	260	208	380
Italy		396	311	213	315
Corporate		(27)	(30)	(15)	(15)

## Adjustments to Operating EBITDA

Austria		--	(4)	(4)	(1)
Czech Republic		--	(2)	(2)	4
Greece and Cyprus		1	66	31	9
Italy		--	--	--	--
Corporate		10	15	7	18

## Adjusted EBITDA

Austria		211	143	120	150
Czech Republic		95	82	64	85
Greece and Cyprus		413	326	238	389
Italy		396	311	213	315
Corporate		(17)	(15)	(8)	3

## EBITDA adjustments breakdown

Austria adjustments	2019	2020	9M 20	9M 21
Casino Linz insurance gain + restructuring non-personal costs	--	(4)	1	(1)
Other	--	--	(5)	(1)
<b>Total Austria adjustments</b>	<b>--</b>	<b>(4)</b>	<b>(4)</b>	<b>(1)</b>

Czech Republic adjustments	2019	2020	9M 20	9M 21
Gain from cancellation of obligation to acquire entity	--	(2)	(2)	--
Charitable donation to support disaster relief and other	--	--	--	4
<b>Total Czech Republic adjustments</b>	<b>--</b>	<b>(2)</b>	<b>(2)</b>	<b>4</b>

Greece and Cyprus adjustments	2019	2020	9M 20	9M 21
Hellenic Lotteries minimum gaming tax adjustment	--	38	19	14
Litigation provision	(16)	5	--	(1)
COVID-19 related extraordinary costs	--	10	8	(4)
Other non-recurring costs and write-offs	17	13	4	0
<b>Total Greece and Cyprus adjustments</b>	<b>1</b>	<b>66</b>	<b>31</b>	<b>9</b>

Corporate adjustments	2019	2020	9M 20	9M 21
Inorganic business development costs	10	15	7	18
<b>Total Corporate adjustments</b>	<b>10</b>	<b>15</b>	<b>7</b>	<b>18</b>

# Dividends and distributions

€ millions	end of Sept	2020				2021			Q1-Q3	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	2020	2021
Austrian Lotteries	9.45%		77	100			61		177	61
CASAG	59.70%									
SDHH	79.23%		5		2	2	2	2	5	5
LOTTOITALIA	32.50%		150	64	23	176	47	47	214	269
OPAP	39.56%	320		100				187	420	187
SAZKA	100.00%			37		8	9	44	37	61
<b>Net to SG economic interest at end of Sept. 2021</b>		127	60	107	9	67	31	134	293	232
of which OPAP scrip dividend		127		38				72	164	72
Net to SG economic interest at end of quarter		107	59	103	9	67	31	134	269	232
of which OPAP scrip dividend		107		34				72	141	72
<b>Net to SG economic interest at end of Sept. 2021 - Cash</b>			60	69	9	67	31	62	129	160
Net to SG economic interest at end of quarter - Cash			59	69	9	67	31	62	129	160

# Capital structure overview

€ millions, Q3'21A (Pre-IFRS16)	Amount	X LTM Adj. EBITDA <sup>1</sup>
Pro-rata cash and cash equivalents	(691.0)	
Pro-rata Subsidiary debt	501.8	
<b>Total Pro-rata net debt</b>	<b>(189.2)</b>	<b>(0.4x)</b>
€200m Revolving Credit Facility	60.0	
Bank Term Loans	382.1	
€200mm 4% Slovak Notes	199.2	
CZK6bn 5.2% Czech Notes	232.8	
€300mm 4.125% SSNs	301.6	
€300mm 3.875% SSNs	297.4	
<b>Pro-rata total net debt</b>	<b>1,283.9</b>	<b>2.6x</b>

- €140m available under the RCF as of 30 September 2021

1. Pro-rata LTM Adjusted EBITDA of €501.6m as of Q3 2021

# Alternative performance measures

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

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

Pro-rata ownership % indicates the effective economic interest of the Company in each entity as of the date of our most recent financial statements, which is assumed to have been held throughout the previous twelve months.

As there are no generally accepted accounting principles governing the calculation of non-IFRS financial and operating measures, other companies may calculate such measures differently or may use such measures for different purposes than we do, and therefore you should exercise caution in comparing these measures as reported by us to such measures or other similar measures as reported by other companies. These measures may not be indicative of our historical operating results or financial condition, nor are such measures meant to be predictive of our future results or financial condition. Even though the non-IFRS financial measures are used by management to assess our financial position, financial results and liquidity and these types of measures are commonly used by investors, they have important limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our financial position or results of operations as reported under IFRS.

# Disclaimer

This presentation was produced by SAZKA Group a.s. This presentation is not to be reproduced or distributed, in whole or in part, by any person other than SAZKA Group a.s. This presentation does not represent an offer, constitute or form part of, and should not be construed as an advertisement, recommendation or an invitation to subscribe to or to purchase securities of SAZKA Group a.s. or its subsidiaries.

This presentation does not form, and should not be construed as, the basis of any credit analysis or other evaluation, or as providing an investment or lending recommendation, advice, a valuation or a due diligence review. The information contained in this presentation is for informational purposes only. This presentation may include forward-looking statements regarding certain of our plans and our current goals, intentions, beliefs and expectations concerning, among other things, our future results of operation, financial condition, liquidity, prospects, growth, strategies and the industries in which we operate. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Generally, but not always, words such as "guidance," "may," "could," "should," "will," "expect," "intend," "estimate," "anticipate," "assume," "believe," "plan," "seek," "continue," "target," "goal," "would" or their negative variations or similar expressions identify forward-looking statements. By their nature, forward-looking statements are inherently subject to risks and uncertainties because they relate to events and/or depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that the actual results of operations, financial condition and liquidity and the development of the industries in which we operate may differ materially (positively or negatively) from those made in or suggested by the forward-looking statements contained in this presentation. In addition, even if our results of operations, financial condition and liquidity and the development of the industries in which we operate are consistent with the forward-looking statements contained in this document, those past results or developments may not be indicative of results or developments in future periods.

We do not undertake any obligation to review, update or confirm expectations or estimates contained herein or to release publicly any revisions to any forward-looking statements contained herein in order to reflect events that occur or circumstances that arise after the date of this document.

No warranty or representation of any kind, express or implied, is or will be made in relation to, and to the fullest extent permissible by law, no responsibility or liability in contract, tort, or otherwise, is or will be accepted by us or any of our officers, employees, advisers or agents, or any other party, as to the accuracy, completeness or reasonableness of the information contained in this presentation, including any guidance, opinions, forecasts or projections. Nothing in this document shall be deemed to constitute such a representation or warranty. Any estimates and projections in this presentation were developed solely for our use at the time at which they were prepared and for limited purposes which may not meet the requirements or objectives of the recipient of this presentation. Nothing in this document should be considered to be a forecast of future profitability or financial position and none of the information in the document is or is intended to be a profit forecast or profit estimate. The financial information included in this presentation have not been subject to any review or audit process by our independent auditors and may be subject to changes after a review or audit process.

We are not providing any advice herein (whether in relation to legal, tax or accounting issues or otherwise). You should seek legal, tax, accounting and any other necessary advice from your advisors in relation to the contents of this presentation.

This presentation has not been approved by any regulatory authority and does not represent financial statements or annual report within the meaning of applicable Czech law.