

14 June 2021

SAZKA Group Q1 2021 Results and Update on Current Trading

SAZKA Group a.s. (“SAZKA Group” or the “Company”, and, together with its subsidiaries, joint ventures and associates, the “Group” or “we”) announces its financial results for the three months to 31 March 2021 and provides an update on recent developments and current trading.

Q1 2021 financial highlights

- Consolidated Gross gaming revenue (“GGR”) increased by 30% year-on-year to €526 million.
- Consolidated Operating EBITDA increased by 20% year-on-year to €133 million.
- Consolidated Adjusted EBITDA, which excludes certain one-off items, increased by 4% year-on-year to €144 million.
- Consolidated profit after tax increased by 44% year-on-year to €35 million.

Pro-rata LTM Q1 2021 highlights¹

- Pro-rata LTM Adjusted EBITDA was €360 million (on a pre-IFRS 16 basis).
- Pro-rata net debt / Adjusted EBITDA was 4.0x and Pro-rata priority net debt / Adjusted EBITDA was -0.3x at 31 March 2021 (before giving effect to expected cost savings from the restructuring of the Austrian casinos).

Key strategic initiatives

- In January 2021, the Group acquired a 4.31% shareholding in CASAG, resulting in an economic interest of 59.80%.
- During the first quarter of 2021 the Group increased its direct shareholding in OPAP by 0.99% through open market purchases, as a result of which the Group’s shareholding increased to 44.11% and its economic interest to 37.08%.
- In March 2021, funds advised by Apollo completed their investment of €500 million in SAZKA Entertainment, the immediate parent of the Company.

Trading update

- Certain COVID-19 restrictions were reintroduced in our markets in November 2020 which continued to impact our physical retail network in Greece and our casinos in Austria and internationally in Q1.
- The vast majority of the physical retail POS of our businesses in the Czech Republic, Austria and Italy have remained open and continue to sell our products. Therefore, the measures have once again not had a material impact on our sales through the physical retail channel in Austria, the Czech Republic and Italy.
- Online sales, which increased significantly during 2020, have continued to grow strongly.
- Our physical retail business in Greece and Cyprus as well as our casinos were largely shut as a result of restrictions in Q1. However, they have all reopened since the end of Q1.

¹ Pro-rata LTM data presented excluding the impact of IFRS 16

Robert Chvatal, SAZKA Group CEO, commented:

"I am pleased to report that SAZKA Group delivered a robust performance in Q1. Our GGR increased by 30% year on year and our Adjusted EBITDA increased by 4% with a healthy margin of 51%.

The first three months of 2021 have once again shown that we are well positioned thanks to our diverse range of products, sales channels and geographical exposure, our rapidly expanding online business, our favourable cost structure, and the strong cash flow generation of our business.

I am particularly encouraged by the trading performance of our businesses in the Czech Republic and Italy and of Austrian Lotteries, all of which posted record sales in the quarter. Our new products and improvements to our existing portfolio across geographies - for example, a new annuity game in the Czech Republic, and fun, themed event draws in Austria - continue to drive sales.

Another reason for this excellent performance has been our strong online momentum. Online was already a major strategic focus for us before COVID-19 and our experience in the last year has only emphasised the benefits of the online channel. COVID-19 has allowed us to increase our user base faster than would have otherwise been the case, with significant increases in registrations and active users, as well as several exciting product launches. Importantly, we have maintained this strong momentum as restrictions have eased.

In the Czech Republic our online business delivered 37% of GGR in Q1 and Stoiximan in Greece - which is a fully online business - had another extremely strong quarter delivering €103m of GGR, an increase of 61% year on year, and €28m of EBITDA in Q1.

Whilst our Greece business and the Austrian and international Casinos were impacted by COVID-19 in Q1, restrictions have now eased. Our experience of Q3 last year when restrictions were relaxed and our most recent trading data gives us confidence us that activity in these areas will recover well.

We have also continued our solid progress on our strategic objectives. In Q1 2020, the Group acquired another 4.31% shareholding in Casinos Austria AG which takes our shareholding to almost 60%. We are now making good progress in the restructuring of the Austrian casinos, which we expect to deliver around €45 million of annual cost savings, future-proofing the casinos to deliver a flexible, resilient, and profitable business. Taken together with the good performance of Austrian Lotteries we are very pleased with the improved performance of our Austrian business since we acquired control in June 2020, and delighted to have increased our interest further.

On the tech side, we have continued to focus on first party data as a source of value and for player protection, and we have made numerous exciting improvements to our customer proposition, for example tournaments integration for our recently launched sports betting app in the Czech Republic. We are also very pleased to have launched Stoiximan's in-house sports betting platform.

Overall, I am very pleased with SAZKA Group's continuing strong performance in Q1 2021. I look forward to a great year as our strong trading momentum persists, our impacted businesses in Greece and Austria return to normal conditions, and we continue to make progress on our strategic objectives."

Selected consolidated financial data (Q1/Q1)

€ millions	Q1 2021	Q1 2020	Δ
Gross gaming revenue (GGR)	526.3	405.3	30%
Net gaming revenue (NGR)	283.0	266.8	6%
Operating EBITDA	132.6	110.2	20%
Adjusted EBITDA	144.4	138.4	4%
Adjusted EBITDA margin	51.0%	51.9%	-0.9 p.p
Profit before income tax	48.1	43.4	11%
Profit after tax	35.2	24.4	44%

Selected consolidated financial data (Q1/Q4)

€ millions	Q1 2021	Q4 2020	Δ
Gross gaming revenue (GGR)	526.3	597.2	-12%
Net gaming revenue (NGR)	283.0	327.9	-14%
Operating EBITDA	132.6	95.8	38%
Operating EBITDA margin	46.9%	29.2%	17.6 p.p
Profit before income tax	48.1	139.6	-66%
Profit after tax	35.2	134.2	-74%

Q1 2021 financial review

For the three months ending 31 March 2021, consolidated GGR increased by 30% year-on-year to €526 million.

Excluding CASAG and Stoiximan, Q1 2021 consolidated GGR decreased by 59% year-on-year to €166 million, as physical retail revenues in the Czech Republic performed well but activity in Greece was impacted by COVID restrictions. Revenues from iGaming and online sales of other products remained strong and grew in absolute terms and as a proportion of total sales in all our markets.

Consolidated Adjusted EBITDA increased by 4% year-on-year to €144 million. Consolidated Operating EBITDA increased by 20% year-on-year to €133 million. Excluding CASAG and Stoiximan, consolidated Operating EBITDA decreased by 33% year-on-year to €75 million.

With consolidated Adjusted EBITDA at €144 million and acquisition of property, plant and equipment and intangible assets at €13 million, Adjusted Free cash flow was €131 million.

Pro-rata net debt as of 31 March 2021 was €1,443 million. LTM pro-rata adjusted EBITDA was €360 million on a pre-IFRS 16 basis. Pro-rata net debt / adjusted EBITDA was 4.0x and pro-rata priority net debt / adjusted EBITDA was -0.3x at 31 March 2021 (before giving effect to expected cost savings from the restructuring of the Austrian casinos). These numbers are excluding the impact of IFRS 16.

Key financing transactions

During the first quarter of 2021 the Company drew €80.0 million from its revolving credit facility. The undrawn capacity under the revolving credit facility is €110 million.

In February 2021 OPAP extended the maturity of a €100 million undrawn credit facility from 27 March 2021 to 27 March 2022.

Dividends and distributions

In March 2021, Austrian Lotteries declared a dividend to be distributed in two instalments. The first part, of €60.7 million, was paid in April 2021 and the second part, of €30.3 million, is to be paid in October 2021.

In March 2021, the Board of Directors of OPAP S.A. resolved to propose a dividend of €0.45 per share to the AGM. This was subsequently increased to €0.55 per share.

Q1 2021 business review

Overall, the performance of the Group has been resilient in Q1 2021 although sales through the physical retail channel in Greece as well as Austrian and international casinos were impacted by COVID-19 related closures and restrictions in the quarter.

In Austria, Austrian Lotteries' business remained largely unaffected by the pandemic and delivered strong GGR both offline and online. However, casinos and VLT halls were closed during Q1.

In the Czech Republic, the physical retail network remained operational throughout the quarter. The top line has also been supported by online sales of lotteries and iGaming, which were very strong in Q1, while sales through the physical retail channel were broadly flat year-on-year.

In Greece, OPAP stores and PLAY gaming halls were closed in January and March with around 40% of the network open in February. The online channel has however been strong, growing well from a relatively low base. Stoiximan, the leading online gaming business in Greece and Cyprus, which we have consolidated since December, had another very strong quarter with GGR of €103 million, up 61% YoY, and EBITDA of €28 million.

In Italy the physical retail network remained operational throughout the quarter. Trading was particularly strong.

In Q1 2021, Numerical Lotteries' GGR increased by 29% to €278 million, Instant Lotteries' GGR increased by 109% to €48 million, Sports Betting's GGR increased by 2% to €92 million, iGaming GGR grew by 875% to €106 million, and VLTs and Casinos' GGR decreased by 98% to €1 million. The movements reflect, among other factors, strong online sales and iGaming sales in the Czech Republic, the impact of COVID-19 related restrictions on OPAP's agents stores and VLT halls in Greece, as well as the closure of casinos in Austria, and the consolidation of CASAG and Stoiximan.

Austria: Q1 2021 GGR and EBITDA reflect a strong performance in lotteries and iGaming but almost zero contribution from the Austrian and international casinos. Austrian Lotteries' GGR grew by 24% compared with Q1 2020, with Operating EBITDA up 54%.

Czech Republic: GGR increased by 24% and Operating EBITDA increased by 34% compared with Q1 2020, thanks to strong momentum in iGaming and lottery sales, particularly online.

Greece and Cyprus: Q1 2021 GGR was 47% below Q1 2020 reflecting the closure of physical retail activities during much of the quarter. Operating EBITDA decreased by 29% compared with Q1 2020 due to these closures but was partly offset by good cost control, the benefit of lower Gaming taxes due to the prepayment made in 2011 and the positive contribution from an increased interest in Stoiximan's Greek and Cypriot business, which is now consolidated. Stoiximan GGR increased by 61% versus Q1 2020.

Equity method investees: Q1 2021 equity income reflects a strong period at Lottitalia, which enjoyed its best quarter ever with both Revenues and Operating EBITDA up 31% year on year.

Selected financial data by segment

€ millions	Q1 2021	Q1 2020	Δ
Austria			
GGR	257.4	308.9	-17%
Operating EBITDA	29.9	46.1	-36%
- of which Austrian Lotteries			
GGR	255.0	206.3	24%
Operating EBITDA	57.3	37.1	54%
Czech Republic			
GGR	95.7	77.0	24%
Operating EBITDA	29.9	22.3	34%
Greece and Cyprus¹			
GGR	174.2	328.3	-47%
Operating EBITDA	61.2	86.3	-29%
- of which Stoiximan			
GGR	103.4	64.2	61%
Operating EBITDA	27.8		
Italy			
Revenues from contract with customers	134.3	102.8	31%
Operating EBITDA	108.3	82.9	31%

¹ Includes Stoiximan as equity investee in Q1 2020 and consolidated in Q1 2021.

Q1 2021 strategic review

The Group continued to implement its strategy of increasing its interest in its existing businesses in Q1.

In January, the Group acquired a 4.31% shareholding in Casinos Austria AG, resulting in an economic interest of 59.80%.

During the first quarter, the Company increased its direct shareholding in OPAP by 0.99% through open market purchases, as a result of which the Group's shareholding in OPAP increased to 44.11% and its economic interest to 37.08%.

Implementation of Project ReFIT, our programme to optimise the cost structure of our casino business in Austria, is well underway and expected to generate cost savings of c.€45 million per year, with the full run-rate achieved from 2022.

In March, funds advised by Apollo completed their investment of €500 million in SAZKA Entertainment, the immediate parent of the Company.

Pro-rata financial data as of 31 March 2021 (pre-IFRS 16 basis)¹

€ millions	Austria	Czech Republic	Greece and Cyprus	Italy	Corporate ²	Total
LTM Operating EBITDA	117.9	90.2	231.5	335.9	(33.2)	742.4
LTM Adjusted EBITDA	116.8	88.2	292.6	335.9	(16.0)	817.5
Gross debt	153.3	-	1,042.5	-	1,547.7	2,743.5
Cash and equivalents and ST financial assets	(296.7)	(63.3)	(489.8)	(174.0)	(105.2)	(1,129.0)
Net debt	(143.4)	(63.3)	552.8	(174.0)	1,422.5	1,614.5
Pro-rata ownership %	59.80%	100.00%	37.08%	32.50%	100.00% ³	
LTM pro-rata Adjusted EBITDA	69.9	88.2	108.5	109.2	(15.4)	360.3
Pro-rata net debt	(85.8)	(63.3)	205.0	(56.6)	1,443.4	1,442.7
Pro-rata net debt to LTM Adjusted EBITDA	-1.2x	-0.7x	1.9x	-0.5x	n/m	4.0x
Pro-rata priority net debt to LTM Adjusted EBITDA						-0.3x

The data presented in this table does not give effect to transactions after 31 March 2021, or give effect to expected cost savings from the restructuring of the Austrian casinos.

¹ All data presented in this table excludes the impact of IFRS 16. The information in the table above has been derived or calculated from the financial statements and financial information of SAZKA a.s., OPAP, CASAG, Stoiximan, equity method investees, the Company and certain other entities within the Group. Pro-rata ownership % indicates the effective economic interest of the Company in each entity as of 31 March 2021, which is assumed to have been held constant throughout the twelve months ended 31 March 2021. We present these pro rata financial measures because compliance with certain of the covenants in the indenture governing the Company's 3 7/8% Senior Notes due 2027 is determined with reference to the pro rata financial ratios set forth above.

² Includes the Company, service companies and holding companies.

³ Except SAZKA Delta (78.6%).

Developments after the end of the period

Strategic

So far in Q2 2021 the Company has increased its direct shareholding in OPAP by 0.44% to 11.65% through market purchases, as a result of which the Group's shareholding in OPAP increased to 44.55% and its economic interest to 37.52%.

Financing

On 30 April 2021, Lottitalia declared a distribution of €46.6 million. The Group received its share of €15.1 million on 5 May 2021.

COVID update

In late October/early November 2020, a number of regions in Europe implemented tighter COVID-19 related restrictions. A number of these restrictions have continued into Q1 2021 and in some cases, beyond.

While all our online channels continued to operate without interruption, our physical retail networks have to various degrees been affected by these restrictions, with no material impact in Austria (with the exception of casino operations), the Czech Republic and Italy but a greater impact in Greece and Cyprus and at casino operations in Austria and internationally.

Below is a brief overview of the current situation in our main markets:

Austria: The Austrian Government imposed a number of restrictions from November 2020. Many of these restrictions have since been eased. As was the case during the restrictions in force earlier in 2020, these measures have had no material impact on the availability of Austrian Lotteries products through its land-based channels. Austrian Lotteries' online gaming offerings remain available as normal. Available products include draw based games (including Austrian Lotteries' major products Lotto and EuroMillions), and online casino, poker, and sports betting. CASAG had closed all its casinos and gaming halls in Austria in accordance with the restrictions but as of 19 May reopened all locations and Austrian Lotteries reopened its VLT halls. At present, they are operated under certain restrictions, but it is expected that the measures will be further eased in the coming weeks. All international casinos have now reopened.

Czech Republic: The Czech Government imposed a number of restrictions from late October 2020. However, in recent weeks, many of these restrictions have been eased. As was the case in 2020, and similar to the impact of similar restrictions on Austrian Lotteries, these measures have had no material impact on the availability of our products through land-based channels, as key categories of points of sale (including newsstands, convenience stores and post offices) have remained open throughout the period. Our online gaming offerings remain available to the public as normal. In 2020, 31% of our sales were via online channels and this figure rose to 37% in Q1 2021.

Greece and Cyprus: Beginning in early November 2020, the Greek Government introduced a series of measures including nationwide and regional restrictions on the operation of various categories of retail and other venues. These restrictions resulted in total or partial shutdown of OPAP stores and gaming halls at various times. However, as part of the gradual lifting of restrictive measures, OPAP stores across Greece resumed operations as of 12 April. PLAY gaming halls and VLT operations were reopened on 24 May. During periods when the store network was shut, OPAP's online offerings continued to be available, offering an extended range of products (sports betting, Tzoker, virtual games and iGaming) after the expansion of OPAP's online offering in 2020.

At the same time, the full range of Stoiximan's products has been available throughout 2021.

Retail activity in Cyprus reopened on 10 May under social distancing measures which are gradually becoming less restrictive.

Italy: The Italian Government announced a number of new provisions from early November 2020 and some of these have continued into 2021. However, LottolItalia continues to offer its games (which were suspended by the regulator during the first wave) and convenience stores (LottolItalia's largest category of points of sale) remain open in all regions.

Conference Call

Later today at 14:00 UK time / 15:00 CET / 09:00 EST, management will host a conference call to discuss the Q1 2021 results and the current trading. The live stream can be accessed through the following link: <https://87399.choruscall.eu/links/sazkagroup210614.html> or you can call in at:

UK (TF): + 44 (0) 800 368 1063

UK & International: + 44 (0) 203 059 5872

US: + 1 516 447 5632

DE: + 49 (0) 69-2 2224 493

FR: + 33 (0) 170918711

We recommend that you call any of the above numbers 5 to 10 minutes before the scheduled start.

About SAZKA Group

SAZKA Group is the leading pan-European lottery-led gaming entertainment platform and the largest pan-European lottery operator. The Group operates lotteries in most of the European countries where lotteries are privately operated, including Austria, the Czech Republic, Greece and Cyprus, and Italy. The Group primarily focuses on lotteries, including draw-based and instant win lottery games, and distributes its products through both physical retail and online channels. The Group leverages its strong lottery brands, customer base and physical retail and online distribution networks to provide other entertainment offerings, including sports betting, online instant win games, online casino and VLTs.

Investor and media enquiries

Lena Thakkar

+44 (0) 7494 175 105

lena.thakkar@sazkagroup.com

www.sazkagroup.com

Definitions and abbreviations

In this document:

“AGH”	refers to Austrian Gaming Holding a.s.
“Austrian Lotteries”	refers to Österreichische Lotterien Gesellschaft m.b.H.
“CAME”	refers to CAME Holding GmbH
“CASAG”	refers to Casinos Austria AG
“IGH”	refers to Italian Gaming Holding a.s.
“KKCG”	refers to KKCG AG
“LottoItalia”	refers to LOTTOITALIA S.r.l.
“LTM”	refers to last twelve months
“Medial”	refers to Medial Beteiligungs-Gesellschaft m.b.H.
“ÖBAG”	refers to Österreichische Beteiligungs AG
“OPAP”	refers to OPAP S.A.
“POS”	refers to point of sale
“SAZKA Czech”	refers to SAZKA Czech a.s.
“SAZKA Delta”	refers to SAZKA DELTA HELLENIC HOLDINGS LIMITED together with SAZKA DELTA AIF VARIABLE CAPITAL INVESTMENT COMPANY LTD
“SDHH”	refers to SAZKA DELTA HELLENIC HOLDINGS LIMITED
“SGF”	refers to SAZKA Group Financing a.s.
“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 31.96%

Alternative performance measures (“APMs”)

This document contains certain unaudited financial and operating measures that are not defined or recognized under IFRS that we use to assess the performance of our business. Explanations of these measures are set out below. For example, in this document, we present non-IFRS financial measures such as amount staked, Operating EBITDA, Operating EBITDA margin, Adjusted EBITDA, net debt, capital expenditures, free cash flow, which we use to, among other things, evaluate the performance of our operations, develop budgets, and measure our performance against those budgets. We present some of these numbers on a pro-rata and / or pre-IFRS 16 basis. We believe that Operating EBITDA and Adjusted EBITDA assist in understanding our trading performance as they give an indication of our ability to service our indebtedness.

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. An investor should not consider these non-IFRS measures (a) as a substitute for operating results (as determined in accordance with IFRS) or as a measure of our operating performance, (b) as a substitute for cash flow from or used in operating, investing and financing

activities (as determined in accordance with IFRS) or as a measure of our ability to meet cash needs or (c) as a substitute for any other measure of performance under IFRS. 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.

Reconciliations of APMs

Adjusted Free cash flow

€ millions	Q1 2021	Q1 2020
Adjusted EBITDA	144.4	138.4
Acquisition of property, plant and equipment and intangible assets	-13.1	-13.1
Adjusted free cash flow	131.3	125.3

For reconciliations of other APMs, please see our Management’s discussion and analysis of financial condition and results of operations for the three month period ended 31 March 2021.

Disclaimer

This announcement does not represent an offer, constitute or form part of, and should not be construed as an advertisement, an offer or an invitation to subscribe to or to purchase securities of SAZKA Group a.s. or its subsidiaries from time to time.

This announcement does not form, and should not be construed as, the basis of any credit analysis or other evaluation an investment or lending recommendation, advice, a valuation or a due diligence review. This announcement 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, pending acquisitions or other transactions, financing plans 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 “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 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 Group’s actual results of operations, financial condition and liquidity and the development of the industries in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this announcement. 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 or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise after the date of this document.

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

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