

**ANNUAL REPORT**  
**2022**

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## Identification data

SAZKA a.s.

Registered office: Prague 6, Evropská 866/69, postal code 160 00 Vokovice

Identification number: 26493993

Tax identification number: CZ699003312

Incorporated in the Commercial Register by the Municipal Court in Prague, File no. B 7424

## Business activities:

- publishing activities, polygraphic production, bookbinding and copying work,
- production, reproduction, distribution, sale, rental of audio and audio-visual recordings and production of unrecorded data carriers and recordings,
- intermediation of trade and services,
- wholesale and retail,
- provision of software, consulting in the field of information technology, data processing, hosting and related activities, and web portals,
- rental and lending of movable property,
- advisory and consulting activities, processing of professional studies and assessments,
- advertising activity, marketing, media representation,
- services in the field of administrative management and services of an organizational economic character,
- operation of games of chance in accordance with generally binding legislation,
- work of accounting consultants, bookkeeping, maintaining tax records,
- registry management,
- performing communication activities pursuant to Act No. 127/2005 Coll., on electronic communications and on the amendment of some related acts, which is a business in electronic communications.

## Subject of activity:

- rental of property, residential and non-residential premises.

## Company profile

SAZKA a.s. (hereinafter also the “Company”) is a part of the KKCG Group consisting of companies that are all, directly or indirectly, controlled by KKCG AG, with its registered office at Kapellgasse 21, 6004 Lucerne, Swiss Confederation, registration. no. CHE-326.367.231.

The Company is also part of the international lottery holding Allwyn. The Allwyn parent group also operates lotteries in Austria, Greece, Cyprus and Italy and will also become the UK National Lottery operator from 2024. At the end of 2022, it also agreed to take over Camelot LS Group, which operates a lottery in the US state of Illinois.

The Company is the oldest lottery company in the Czech Republic.

The main lottery products of the Company are numerical lotteries with the most famous game Sportka with a history of more than 65 years. Since 2014, the Company has been the operator of the Eurojackpot lottery, one of the largest European games. In addition to numerical lotteries, which are also operated via the Internet, in the area of gambling, the product offer includes instant lotteries - scratch cards, also operated at points of sale and on the Internet, as well as Internet odds bets, technical games and live games.

The Company provides its products on the online gaming portal Sazka.cz and through a unique sales network with more than 7,600 points of sale throughout the Czech Republic. A number of common transactions can be handled at the Company's terminals, from paying bills to topping up mobile phone credit to picking up a package. Non-lottery services also include the operation of the largest Czech mobile virtual operator SAZKAmobil.

The Company is a leader in responsible gaming. In addition to the international audited certifications of the European Lotteries and the World Lottery Association, it develops its own „Hraj s rozumem“ project and preventive programs in cooperation with non-profit organizations. The Company is one of the fastest growing lottery companies in the EU and offers a complete game portfolio. It has undergone a transformation from a traditional lottery to a modern entertainment company driven by technology and top specialists, on whose success and foundations the entire story of the international Allwyn Group and its expansion abroad was born.

In its activities, the Company complies with the principles of environmental protection and labour law regulations.

The Company does not have a branch or any other part of the business plant abroad. The Company does not carry out any activities in the area of research and development. The Company did not do a buyback of its shares during 2022.

It is a stabilized company and will continue to actively strive to further strengthen its position on the Czech gambling market.

Significant events that occurred after the balance sheet date are described in the notes to the financial statements. The Company has no additional disclosure information required by special legislation.

Composition of bodies as at 31 December 2022:

**Board of Directors:**

Robert Chvátal, Chairman of the Board of Directors

Pavel Šaroch, member of the Board of Directors

Kamil Ziegler, member of the Board of Directors

**Supervisory Board:**

Tomáš Porupka, Chairman of the Supervisory Board

Robert Kolář, member of the Supervisory Board

Petr Luňák, member of the Supervisory Board

**Entries in the Commercial Register:**

On 14 December 2021, the sole shareholder elected Petr Luňák as a new member of the Supervisory Board within the scope of the general meeting. The entry in the Commercial Register was made on 4 February 2022.

As at 5 October 2022, the name of the sole shareholder's trade company was changed from SAZKA Czech a.s. to Allwyn Czech Republic Holding a.s. The entry in the Commercial Register was made on 7 October 2022.

On 9 December 2022, the subject of business activity "provision of small-scale payment services according to Act No. 370/2017 Coll., on payment systems, as amended" was deleted from the Commercial Register.

## **Significant events in 2022**

In 2022, the Company was authorized to operate 10 numerical lotteries with simultaneous operation at points of sale and on the Internet (of which 1 internationally shared, 7 extra lotteries, 1 numerical lottery exclusively at points of sale and 2 numerical lotteries exclusively on the Internet), 73 instant lotteries (scratch cards) at points of sale and 121 instant lotteries on the Internet. Furthermore, 1 totalizator game was operated at points of sale, the operation of which was permanently discontinued in November 2022. Odds bets, technical games and live games were operated on the Internet. The Company had an authorization to operate 488 technical games and 3 live games. There was also a sports fantasy game on the Internet, which was free for customers (without bets).

Last year, the Company generated a record number and volume of winnings. 450 customers enjoyed million-winnings in lotteries and lottery tickets, which is the most in history – the previous record was 250 millionaires in 2021. Last year's highest winning was Sportka's Superjackpot, from which the bettor took home 155 million crowns. The number of millionaires betting online has also skyrocketed. High winnings were won in both number lotteries, traditional scratch cards and online lottery tickets on the Internet. On average, the Company created at least one millionaire every day. At the same time, it distributed almost 170,000 winnings daily, there were 62 million winnings for the year 2022, on which 10 billion crowns was paid out.

The Company continuously complies with the strict international rules on responsible gaming set by the European Lotteries and World Lottery Association. The Company is constantly developing a comprehensive responsible gaming strategy that protects customers and society. At the same time, the Company continues to develop its own platform for responsible gaming, "Hraj s rozumem". In the past year, the Company has continued to cooperate with the Institute for Gambling Regulation to promote responsible gaming across the entire market. It mainly devoted to the creation of a detection and intervention model, educational projects and participated in the second annual Responsible Gaming Week.

## **Human resources**

### **Number of employees:**

As at 31 December 2022: 506

## **Report of the SAZKA a.s. activities for the year 2022**

SAZKA a.s. deals mainly with the operation of games of chance. Its core business consists of the operation of numerical lotteries and instant games, odds betting and technical games.

In 2022, the Company also continued to strengthen its activities in other areas, especially through its virtual mobile operator SAZKAmobil.

In 2022, the Company reached a profit before tax of CZK 2,228 mil. The total amount of bets at the Company was CZK 26,288 mil.

The state of the Company's assets as at 31 December 2022 was as follows:

Non-current assets in the amount of CZK 13,711 mil., of which intangible non-current assets amounted to CZK 2,809 mil., tangible non-current assets amounted to CZK 218 mil., right-to-use assets amounted to CZK 598 mil., goodwill amounted to CZK 9,636 mil., real estate investment amounted to CZK 393 mil., other non-current assets amounted to CZK 57 mil.

Current assets in the amount of CZK 1,945 mil., of which short-term trade receivables and other current assets amounted to CZK 287 mil. and cash and cash equivalents amounted to CZK 1,658 mil.

Equity as at 31 December 2022 amounted to CZK 7,399 mil. and liabilities including external sources of capital amounted to CZK 8,257 mil.

### **Risk management**

Company's risk management includes identification, quantification, control and subsequent monitoring of those facts, which could lead to a financial impact or the loss of the Company's market position.

The basic tool for risk management is the risk catalogue, which contains all identified risks of the Company and their severity. For each risk, the impact of the risk and the probability of its occurrence are assessed. Each risk in the risk catalogue has its owner, who proposes measures to mitigate the risk and is responsible for its implementation and regular updating.

The entire risk management process is regularly evaluated through a risk analysis report, which is submitted and approved by the Company's management at least once a year.

### **Numerical lotteries**

395 millionaires appeared thanks to the lottery only – within a decade, their number increased five and a half times. The highest numbers of new millionaires were created by the Eurojackpot and Sportka numerical lotteries, which together generated a total of 363 new millionaires. The popular numerical lottery Sportka reached its 65th birthday last April and generated a record 244 new millionaires. Half of the adult population of the Czech Republic plays it at least occasionally. The introduction of the “Stokrát milion“ extra lottery, which replaced the “Dvěstěkrát milion“ extra lottery, contributed to breaking the historical record. The reason for this adjustment was that Sportka bettors would have more opportunities to play for million winnings more often. From this additional lottery, called in marketing communication the Million Storm („Milionová bouře“), exactly one hundred new millionaires emerged.

European format shared lottery Eurojackpot added another chance to become a billionaire in the spring of last year, the regular Tuesday draw became the main driver of lottery sales in 2022. In total, Eurojackpot in the Czech Republic created 119 millionaires last year.

In March and September, three winners of the Extra rent lottery emerged with the main prize, an annuity of CZK 100,000 per month for 20 years, with a total value of CZK 72 million.

The portfolio was supplemented with a new game Quick 6 (“Rychlá 6”) and a unique one-minute game Everything of nothing (“Všechno nebo nic”).

### **Instant lotteries - scratch cards and e-lotteries**

Scratch cards are increasingly popular among Czechs, especially during the Christmas holidays. The Company launched a total of 22 new scratch tickets. At least once a year, 2/3 of the adult population in the Czech Republic try their luck in the scratch cards. The novelty was the second chance in Tutovka 2, in which 13 SEAT Leon cars could be won. In the scratch lottery segment, four dozen customers scratched off at least one million crowns and divided 111 million crowns among themselves. Bettors in Plzeň region enjoyed at the biggest, ten-million prize on the Maxi black pearl (“Maxi černá perla”) lottery ticket, while bettors in the Rentier lottery also had a lucky hand when wiping.

The Company also operates and develops its own scratch-off e-lotteries sold through the Sazka.cz website. Last year, the portfolio was changed and new lots from our own creative workshop were also launched. Gold horseshoe (“Zlatá podkova”) became a hit.

In total, five billion crowns were paid out last year in lotteries and e-lotteries.

### **Technical and live games**

The Company under the Sazka Games brand launched 488 new online technical games and launched 120 novelties in 2022.

### **Odds betting**

Last year was full of big changes for SAZKABET. The Company launched a new odds betting system from OPENBET LIMITED and at the same time introduced a new website and mobile application.

### **Customer relations**

The program for registered customers in the Sazka Klub retail network managed to develop even in 2022. The growth is mainly helped by the Wheel of Fortune (“Kolo štěstí”) game, which is intended for members of the loyalty program. Almost 30% of lottery sales in retail were made by registered customers with a SAZKA card.

In 2022, the Company opened three new branded stores – in Liberec, České Budějovice and Ostrava. In total, it already has 21 own branded stores with points of sale throughout the country.

It provides its products on the online gaming portal Sazka.cz and through a unique sales network with more than 7,600 sales points throughout the Czech Republic.

The Company also continued to modernize and automate the contact centre, which handled more than 1.5 million interactions with customers and business partners last year.



## **Technology**

In 2022, the Company successfully completed the largest project of recent years - Futurum, which implements the replacement of the central lottery system and the transition to the new IGT lottery system with higher capacity and new functions. The new system provides all data in real time. The project also included the replacement of all the Company's terminals at more than 7,600 points of sale.

The game portal Sazka.cz has been expanded to include loyalty programs for online players Golden wheel ("Zlaté kolo") and Bonus machine ("Bonusomat"). A new gaming platform for odds betting has also been integrated. Several customer journeys have been improved and simplified, the biggest change being the online gaming registration process itself.

Points of sale received a brand-new Extranet, which is a source of news, product information and training materials for the Company's sales network. In addition to the information role, the Extranet also brings several useful tools, such as cash books, sales inventories, management of financial agendas, management of sales points and their employees. Thanks to the new tools, the Company managed to digitize and fully automate several previously manual tasks.

## **Other activities**

The Company's terminals offer a range of non-lottery services in addition to traditional betting. The option of picking up a stored package from the e-shop is becoming more and more popular. From the autumn of 2021, the possibility of submitting a package is also available at the Company's sales points, specifically through Česká pošta, s.p. and its Balíkovna. Last year, the possibility of submitting a shipment via DPD was also launched. The Company provides parcel services at more than 2,000 locations and in 2022, in cooperation with partners, processed more than 3.1 million parcels.

Since last year, customers of the mobile operator Vodafone can also use payment services at the Company's terminals, where they can pay for their landline or mobile service bills.

SAZKA mobil still holds the status of the largest independent virtual operator on the Czech market. In 2022, as the first virtual operator, it enabled its customers to use the 5G network.

## **A responsible company**

A responsible approach to gaming is one of the main priorities of the Company, which has a clear ambition to be a leader in this market. Last year, it significantly expanded communication with the public through the Play smart ("Hraj s rozumem") website. It also participated in the second year of Responsible Gaming Week, which is organized by Institute for the Gambling Regulation as part of the Responsible Gaming project. The project aims to educate the public about the principles and tools that players can use when playing online and in establishments. The next edition of the Budget it („Rozpočti si to“) competition, which supports education and financial literacy in schools, was also held.

The long-term vision of the Company is to support sports of all generations, from amateur sports of individuals and families to professionals. It is a long-term and strong partner of Czech Olympians and, in partnership with the Czech Olympic Committee, proudly supports current and future champions in fulfilling their dreams. The Company significantly entered the field of cycling, becoming the general partner of the largest race on Czech roads, the Sazka Tour. It also participated in two-stage world cups of the Peace Race, the first in the under-19 years category and the second in the under-23 years category. The Company also linked cycling with charitable activities. For each winner, the Company donated a BMX bike and a safety helmet to children's homes throughout the Czech Republic.

The Company is a strategic partner of Czech e-sport and the largest Czech-Slovak league SAZKA eLEAGUE. In 2022, it continued to cooperate with the best CS:GO team Sinners Esports and further expanded the SAZKA eSport portal.

The Company received the prestigious title of Employer of the Decade. It was also awarded by the students, who chose it as the third most attractive employer. The Company also continued with the digitization of HR processes, when it launched a new onboarding application for new employees.

The Company's interiors won the 6th annual Office of the Year competition in the Employee Friendly category, where the jury primarily evaluated the quality of the work environment and the exceptional working conditions for the employees.

### **Outlook for the future development of the Company's activities and management**

In 2022, the Company continued to modernize and innovate its portfolio and in fulfilling the ambition to be a trustworthy and responsible entertainment company that, through innovation, provides customers with the widest portfolio of games and everyday entertainment.

Digitization and de-anonymization of the customer base are still a great potential for the Company to maintain its growing development. The impact on the Company's economy in 2023 will primarily be the expansion of the portfolio, investment in loyalty and gamification in all gaming verticals.

The key to long-term growth is the SAZKA brand, which wants to connect the Company with positive emotions in order to make it more attractive to the widest part of the population.

### **Russia - Ukraine conflict**

The Company's management assessed the impact of Russia's ongoing invasion of Ukraine beginning in 2022, resulting in increased volatility in financial and commodity markets, business risks associated with the adverse effects of economic sanctions imposed on Russia, disruption of supply chains and others. It concluded that these events did not have a significant impact on the Company, as the Company does not have any operations in Ukraine, Russia or Belarus, and its suppliers also did not experience any significant disruptions.

In Prague, on 19 June 2023

.....  
Pavel Šaroch  
Member of the Board of Directors  
SAZKA a.s.

.....  
Robert Chvátal  
Chairman of the Board of Directors  
SAZKA a.s.

## **Report of the Board of Directors of SAZKA a.s. on the relations between the controlling entity and the controlled entity and between the controlled entity and other entities controlled by the same controlling entity**

The company SAZKA a.s., with its registered seat at Evropská 866/69, 160 00 Prague 6, Vokovice, Identification No. 26493993, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 7424 (hereinafter the “**Company**”) in the accounting period from 1 January 2022 to 31 December 2022 (hereinafter the “**Accounting Period**”) was a controlled entity within the meaning of Section 74 et seq. of Act No. 90/2012 Coll., on Commercial Companies and Cooperatives, as amended (hereinafter the “**Business Corporations Act**” or “**BCA**”).

The Board of Directors of the Company, as a controlled entity, in accordance with Section 82 of Business Corporations Act has drafted for the lapsed Accounting Period this Report on the relations between the controlling entity and the controlled entity and between the controlled entity and other entities controlled by the same controlling entity (hereinafter also the “**Report on Relations**” and “**Related Entities**”). The Report on Relations is structured in accordance with Section 82 (2) and (4) of BCA.

### **1. The structure of relations between the Company and other related entities**

Throughout the accounting period, the Company was member of the KKCG group consisting of companies which are all, directly or indirectly, controlled by KKCG AG, with its registered seat at Kapellgasse 21, 6004 Lucerne, Swiss Confederation, Reg. No. CHE-326.367.231 (hereinafter “**KKCG AG**”).

The Company is controlled by **KKCG AG** indirectly, through the parent company **Allwyn Czech Republic Holding a.s.** (formerly **SAZKA Czech a.s.**), with its registered seat at Evropská 866/71, Vokovice, 160 00 Prague 6, Identification No. 24852104, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 18644, which is further controlled by **Allwyn International a.s.** (formerly **SAZKA Group a.s.**), with its registered seat at Evropská 866/71, Vokovice, 160 00 Prague 6, Identification No. 24287814, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 18161. Allwyn International a.s. is further controlled by **Allwyn AG** (formerly **SAZKA Entertainment AG**), with registered office at Weinmarkt 9, 6004 Lucerne, Swiss Confederation, Reg. No. CHE-366.705.452 (this company is directly controlled by KKCG AG).

A list of all companies in the KKCG Group, which are directly or indirectly controlled by KKCG AG, including the Company, constitutes an Annex 1 to this Report on Relations. Information on companies in the KKCG group are disclosed as of 31 December 2022.

### **2. The role of the Company**

The Company has an important role within the KKCG group, it is the largest lottery operator in the Czech Republic. The main business activity is the operation of games of chance in accordance with generally binding legal regulations, in particular in accordance with Act No. 186/2016 Coll. on Gambling. In addition to games of chance, as amended. The Company also operates other business activities through points of sale and terminals.

### **3. The method and means of control**

The control is exercised against the Company through a 100% share in the voting rights at the Company’s general meeting.

#### 4. A summary of significant actions

In the Accounting Period, at the initiative or in the interest of KKCG AG or Related Entities the Company took the following actions concerning assets that exceed 10% of own capital of the Company as determined from the last financial statements preceding the issue of this report:

- Ongoing placement of free funds based on the CASH POOLING AGREEMENT with KKCG Structured Finance AG dated 31 May 2016 (as stated in Section 5.2);
- Deposit of free funds based on the Framework Deposit Agreement with Allwyn International a.s. (*formerly SAZKA Group a.s.*) dated 17 September 2018 (as stated in Section 5.2.);
- The sole shareholder of the Company approved the proposal of the Board of Directors for the distribution of profit for the year 2022, in which the Board of Directors proposed, among other things, the payment of a dividend in the total amount of CZK 1,000,000,000; The dividend was paid in two parts, namely on 29 June 2022 – CZK 700,000,000 and 15 September 2022 – CZK 300,000,000;
- Regular instalments of principal and interest in the total amount of CZK 1,075,971,604.47 based on the FACILITY AGREEMENT with Allwyn International a.s. (*formerly SAZKA Group a.s.*) dated 21 December 2020 (as stated in Section 5.2.).

#### 5. An overview of mutual contracts

5.1. In the Accounting Period, the following contracts were concluded between the Company and KKCG AG, or between the Company and the Related Entities controlled by KKCG AG:

- Agreement on the termination of the Agreement for the provision of the VMaas service related to the Tenable.io system delivered on the basis of the Work Agreement No. 2020/032/102 with AEC a.s. dated 26 July 2022;
- Amendment No. 1 to the Agreement on the provision of security monitoring services using the AEC EDR tool with AEC a.s. dated 1 August 2022;
- Work contract with AEC a.s. dated 24 August 2022;
- FRAMEWORK AGREEMENT ON PROVISION OF ADVISORY SERVICES with Allwyn Entertainment Ltd. dated 22 December 2022;
- Microsoft Enterprise Agreement for the company/Proposal to renewal of Microsoft licenses under the multitenant EA Allwyn Services Czech Republic a.s. from AUTOCONT a.s. dated 14 October 2022;
- Amendment No. 5 to the Agreement on the supply and implementation of hardware and software for backup including maintenance with AUTOCONT a.s. (contract concluded with DataSpring s.r.o., whose legal successor is AUTOCONT a.s.) dated 14 December 2022;
- Contract for the provision of asset management and maintenance services with FM&S Czech a.s. dated 4 March 2022;
- Amendment No. 1 to the Lease and Services Agreement with FM&S Czech a.s. dated 10 November 2022;
- Contract for the provision of filing services with JTU Czech, s.r.o. dated 24 February 2022;
- Contract for the provision of mailroom services with KKCG Development a.s. dated 24 February 2022;
- SERVICE AGREEMENT with KKCG Industry B.V. dated 30 December 2022;
- Agreement on assignment of receivables with Mindsquared a.s. (*formerly Media Marketing & Communication, a.s.*) dated 22 February 2022;
- Gift agreement with MND a.s. dated 30 September 2022;
- Gift agreement with MND a.s. dated 14 December 2022;
- Agreement on combined electricity supply services with MND Energie a.s. dated 9 December 2022 (merchant contract no. 2400018632);

- Agreement on combined natural gas supply services with MND Energie a.s. dated 9 December 2022 (merchant contract no. 1400025495);
- Agreement on combined natural gas supply services with MND Energie a.s. dated 14 December 2022 (merchant contract no. 1231643446);
- Contract for the lease of business premises with NOVECON a.s. dated 1 August 2022;
- Agreement on sublease of business premises with SAZKA FTS a.s. dated 30 September 2022;
- Contract for the provision of filing services with STR Czech s.r.o. dated 24 February 2022;
- Purchase contract with Vinohradská 230 a.s. dated 15 March 2022;
- Purchase contract with Vinohradská 230 a.s. dated 26 September 2022;
- Amendment to the Guarantee with Italian Gaming Holding a.s., Allwyn International a.s. (formerly SAZKA Group a.s.), Allwyn Financing Czech Republic a.s. (formerly SAZKA Group Financing (Czech Republic) a.s.), SAZKA Group Financing a.s., Allwyn Czech Republic Holding a.s. (formerly SAZKA Czech a.s.) and SAZKA Austrian Gaming Holding a.s. dated 14 April 2022 (and Komerční banka, a.s.);
- Amendment to the Guarantee with Italian Gaming Holding a.s., Allwyn International a.s. (formerly SAZKA Group a.s.), Allwyn Financing Czech Republic a.s. (formerly SAZKA Group Financing (Czech Republic) a.s.), SAZKA Group Financing a.s., Allwyn Czech Republic Holding a.s. (formerly SAZKA Czech a.s.) and SAZKA Austrian Gaming Holding a.s. dated 14 June 2022 (and UniCredit Bank Czech Republic and Slovakia a.s.);
- Amendment to the Guarantee with Italian Gaming Holding a.s., Allwyn International a.s. (formerly SAZKA Group a.s.), Allwyn Financing Czech Republic a.s. (formerly SAZKA Group Financing (Czech Republic) a.s.), SAZKA Group Financing a.s., Allwyn Czech Republic Holding a.s. (formerly SAZKA Czech a.s.) and SAZKA Austrian Gaming Holding a.s. dated 13 April 2022 (and Česká spořitelna, a.s.);
- DEED OF CONFIRMATION OF THE GUARANTEE AND INDEMNITY UNDER THE INTERCREDITOR AGREEMENT with Allwyn International a.s. (formerly SAZKA Group a.s.), Allwyn Czech Republic Holding a.s. (formerly SAZKA Czech a.s.), Italian Gaming Holding a.s., SAZKA Austrian Gaming Holding a.s., Allwyn Austria Holding 2 GmbH (formerly CAME Holding GmbH), Allwyn Entertainment Financing (UK) Plc (a Komerční banka, a.s.) dated 18 November 2022;
- Guarantee Fee Agreement with Allwyn International a.s. (formerly SAZKA Group a.s.), Allwyn Financing Czech Republic a.s. (formerly SAZKA Group Financing (Czech Republic) a.s.), Allwyn Czech Republic Holding a.s. (formerly SAZKA Czech a.s.), Italian Gaming Holding a.s., SAZKA Austrian Gaming Holding a.s. (a ING Bank N.V.) dated 8 February 2022;
- Guarantee with Allwyn International a.s. (formerly SAZKA Group a.s.), Allwyn Financing Czech Republic a.s. (formerly SAZKA Group Financing (Czech Republic) a.s.), SAZKA Group Financing a.s., Allwyn Czech Republic Holding a.s. (formerly SAZKA Czech a.s.), Italian Gaming Holding a.s., SAZKA Austrian Gaming Holding a.s. (and ING Bank N.V.) dated 6 December 2022.

5.2. The following contracts concluded between the Company and KKCG AG, or between the Company and the other entities controlled by KKCG AG prior to the commencement of the Accounting Period were still in force during the Accounting Period:

- Framework agreement on the performance of penetration tests with AEC a.s. dated 30 May 2016, as amended by Appendix No. 1;
- Confidentiality and information protection agreement with AEC a.s. dated 16.5.2018 as amended by Appendix No. 1;
- Agreement on the processing of personal data with AEC a.s. dated 16 April 2019;

- Agreement on confidentiality and information protection with AEC a.s. dated 1 July 2019
- Agreement on the provision of Cyber Defence Centre services with AEC a.s. dated 1 October 2019;
- Contract for work with AEC a.s. dated 14 October 2019;
- VMS Tenable service support agreement with AEC a.s. dated 29 November 2019;
- Framework agreement on the provision of services in the area of security services and technology with AEC a.s. dated 4 June 2020;
- Agreement on the supply of HW with AEC a.s. dated 12 October 2020 (12 months of technical support from HW delivery);
- Contract for the provision of the VMAas service related to the Tenable.io system delivered on the basis of the Work Contract No. 2020/032/102 with AEC a.s. dated 29 June 2021 (effective until 30 June 2022);
- Agreement on the provision of security monitoring services using the AEC EDR tool with AEC a.s. dated 9 December 2021 as amended by Appendix No. 1;
- FRAMEWORK DEPOSIT AGREEMENT with Allwyn International a.s. (formerly SAZKA Group a.s.) dated 17 September 2018 as amended by Appendix No. 1;
- FRAMEWORK AGREEMENT ON PROVISION OF ADVISORY SERVICES with Allwyn International a.s. (formerly SAZKA Group a.s.) dated 16 June 2020;
- FACILITY AGREEMENT with Allwyn International a.s. (formerly SAZKA Group a.s.) dated 21 December 2020;
- Agreement on the provision of services of the registrar with Allwyn Services Czech Republic a.s. (formerly SAZKA Group CZ a.s.) dated 10 August 2021;
- Accession of SAZKA a.s. to SENIOR FACILITIES AGREEMENT with Allwyn International a.s. (formerly SAZKA Group a.s.), Allwyn Financing Czech Republic a.s. (formerly SAZKA Group Financing (Czech Republic) a.s.) and other entities dated 16 December 2020 / in connection with refinancing, its replacement SENIOR FACILITIES AGREEMENT between Allwyn International a.s. (formerly SAZKA Group a.s.), Allwyn Entertainment Financing (UK) Plc and other entities dated 17 November 2022/, and to INTERCREDITOR AGREEMENT with Allwyn International a.s. (formerly SAZKA Group a.s.) and other entities dated 16 December 2020 based on Accession Deed dated 23 December 2020 and PARALLEL DEBT AND LOCAL SECURITY AGENCY AGREEMENT with Allwyn International a.s. (formerly SAZKA Group a.s.), KROLL TRUSTEE SERVICES LIMITED (formerly LUCID TRUSTEE SERVICES LIMITED) and other entities dated 23 December 2020;
- Guarantee with Allwyn International a.s. (formerly SAZKA Group a.s.), Italian Gaming Holding a.s., Allwyn Financing Czech Republic a.s. (formerly SAZKA Group Financing (Czech Republic) a.s.), SAZKA Group Financing a.s., Allwyn Czech Republic Holding a.s. (formerly SAZKA Czech a.s.) and SAZKA Austrian Gaming Holding a.s. dated 31 May 2021 (and Česká spořitelna, a.s.) as amended by Appendix dated 13 April 2022;
- Guarantee with Allwyn International a.s. (formerly SAZKA Group a.s.), Italian Gaming Holding a.s., Allwyn Financing Czech Republic a.s. (formerly SAZKA Group Financing (Czech Republic) a.s.), SAZKA Group Financing a.s., Allwyn Czech Republic Holding a.s. (formerly SAZKA Czech a.s.) and SAZKA Austrian Gaming Holding a.s. dated 30 August 2021 (and Komerční banka, a.s.) as amended by Appendix dated 14 April 2022;
- Guarantee with Allwyn International a.s. (formerly SAZKA Group a.s.), Italian Gaming Holding a.s., Allwyn Financing Czech Republic a.s. (formerly SAZKA Group Financing (Czech Republic) a.s.), SAZKA Group Financing a.s., Allwyn Czech Republic Holding a.s. (formerly SAZKA Czech a.s.) and SAZKA Austrian Gaming Holding a.s. dated 30.11.2021 (and UniCredit Bank Czech Republic and Slovakia a.s.), as amended by Appendix dated 14 June 2022;
- Framework contract for the provision of consulting services with AUTOCONT a.s. (contract concluded with DataSpring s.r.o., whose legal successor is AUTOCONT

- a.s.) dated 30 June 2014;
- Contract for the supply and implementation of hardware and software for backup including maintenance with AUTOCONT a.s. (contract concluded with DataSpring s.r.o., whose legal successor is AUTOCONT a.s.) dated 20 October 2015, as amended by Appendices No. 1 - 5;
  - Agreement on confidentiality and protection of confidential information with AUTOCONT a.s.(contract concluded with DataSpring s.r.o., whose legal successor is AUTOCONT a.s.) dated 23 January 2018;
  - Purchase agreement with AUTOCONT a.s. dated 28 November 2019 as amended by Appendix No.1
  - Personal data processing agreement with AUTOCONT a.s. (contract concluded with DataSpring s.r.o., whose legal successor is AUTOCONT a.s.) dated 30 September 2019;
  - License agreement with AUTOCONT a.s. (contract concluded with DataSpring s.r.o., whose legal successor is AUTOCONT a.s.) dated 5 December 2019;
  - Contract for the provision of data center and cloud and other services with AUTOCONT a.s. (contract concluded with DataSpring s.r.o., whose legal successor is AUTOCONT a.s.) dated 4 June 2020;
  - Work contract with AUTOCONT a.s. and FM&S Czech a.s. dated 24/ February 2021 as amended by Appendix No. 1 - 3;
  - Sublicense agreement with AUTOCONT a.s. dated 21 October 2021;
  - Confidentiality and information protection agreement with Cleverlance Enterprise Solutions s.r.o. dated 25 June 2019;
  - Agreement on technical maintenance and development of the Parcel Point system with Cleverlance Enterprise Solutions s.r.o. dated 1 August 2019;
  - Agreement on the transfer of activities and services and Agreement on the provision of asset management and maintenance services with FM&S Czech a.s. dated 1.2.2016, as amended by Appendices no. 1 – 3;
  - Agreement on the processing of personal data with FM&S Czech a.s. dated 4 April 2019;
  - Lease and service agreement with FM&S Czech a.s. dated 1 July 2021 as amended by Appendix No. 1;
  - Contract for provision of fitness services with FM&S Czech a.s. dated 1 July 2021;
  - Contract for provision of catering with FM&S Czech a.s. dated 1 July 2021;
  - Contract for the provision of mailroom services with KKCG a.s. dated 22 September 2021;
  - Framework agreement on the provision of consulting services with KKCG a.s. effective 1 January 2016, as amended by Appendix no. 1;
  - Agreement on personal data processing with KKCG a.s. dated 18 June 2018;
  - Framework agreement on the provision of advertising space on the Internet with KKCG a.s. dated 1 April 2014 (SAZKA a.s. acceded to this agreement by Amendment no. 2 between SAZKA a.s., KKCG a.s. and Adexpres.com, s.r.o. dated 10 January 2019);
  - CASH POOLING AGREEMENT with KKCG Structured Finance AG dated 31 May 2016;
  - Contract for the provision of registrar services with KKCG Real Estate Group a.s. dated 27 October 2021;
  - Agreement on the provision of security services with Kynero Consulting a.s. dated 1 August 2015
  - Framework agreement on marketing and media cooperation with Mindsquared a.s. (formerly Media Marketing & Communication, a.s.) dated 13 May 2021;
  - Confidentiality agreement with MND a.s. dated 13 October 2017;
  - Agreement on business cooperation with MND a.s. dated 19 October 2017;

- Agreement on business cooperation with MND a.s. dated 8 August 2018;
- Agreement on confidentiality and protection of information with MND a.s. dated 2.6.2021;
- Agreement on combined electricity supply services with MND a.s. dated 6 December 2021 (*merchant contract no. 2400018379*, effective until 31 December 2022);
- Agreement on joint gas supply services with MND a.s. dated 6 December 2021 (*merchant contract no. 1400025352*; effective until 1 January 2023);
- Agreement on joint gas supply services with MND a.s. dated 6 December 2021 (*merchant contract no. 1400025341*; effective until 1 January 2023);
- Contract for the provision of services with MND Energie a.s. dated 2 June 2021 (*a contract concluded with MND a.s., with effect from 1 November 2021, MND Energie a.s. acquired part of the business plant – the retail division from MND a.s. and as a result of this step, MND Energie a.s. became the creditor of all receivables and the debtor of all debts of MND a.s. from this contract*);
- Personal data processing agreement with MND Energie a.s. dated 2 June 2021 (*a contract concluded with MND a.s., with effect from 1 November 2021, MND Energie a.s. acquired part of the business plant – the retail division from MND a.s. and as a result of this step, MND Energie a.s. became the creditor of all receivables and the debtor of all debts of MND a.s. from this contract*);
- Agreement on the adjustment of relations within the framework of group VAT with Cestovní kancelář FISCHER, a.s. dated 17 December 2013, as amended by Appendix No. 1 with MND a.s. and Cestovní kancelář FISCHER, a.s. and Appendix No. 2 with MND a.s., Cestovní kancelář FISCHER, a.s. and SAZKA FTS a.s.
- Agreement on the storage of file material in the archive of a commercial file store with SALEZA, a.s. dated 29 August 2012 as amended by Appendix no. 1;
- Agreement on the processing of accounting evidence, financial statements and tax returns with SAZKA FTS a.s. dated 17 December 2015;
- Service agreement with SAZKA FTS a.s. dated 17 December 2015, as amended by Appendix No. 1;
- Agreement on business representation with SAZKA FTS a.s. dated 15 December 2015, as amended by Appendices no. 1 to 3;
- Agreement on the cooperation on Balíkovna Project with SAZKA Services s.r.o. dated 17 December 2020 as amended by Amendment no. 1 and 2;
- Contract for the provision of filing services with SAZKA Services s.r.o. dated 3 August 2021;
- Agreement on bookkeeping and related agenda with SPORTLEASE a.s. dated 28 April 2003, as amended by Appendix No. 1;
- Contract for the provision of filing services with SPORTLEASE a.s. dated 6 August 2021.

## **6. The assessment of damage suffered and its settlement**

The Company did not suffer any damage as a result of agreements entered into between the Company and other parties from the KKCG Group or other negotiations performed by the Company in the interest of or at the instigation of these parties during the Accounting Period.

## **7. The evaluation of advantages and disadvantages resulting from the relations between the Related Entities**

Membership in the KKCG Group, with the Controlling Entity KKCG AG, enables the Company to benefit especially from the sharing of know-how and information (to the extent permitted by law and contractual arrangements with third parties), from the ability to take advantage from the good



reputation associated with the KKCG brand and to access intra-group and bank financing of the Company (for example, in the form of the possibility to have collateral for financial liabilities of the Company provided by other persons in the group).

The Company has not identified any disadvantages arising to it from the relationships between the Related Entities.

**Annex No. 1: List of Related Parties**

In Prague, on 24 March 2023

.....  
Pavel Šaroch  
Member of the Board of Directors  
SAZKA a.s

.....  
Robert Chvátal  
Chairman of the Board of Directors  
SAZKA a.s.

### Annex No. 1 - List of related parties

List of parties controlled by the company **KKCG AG**, with its registered seat at **Kapellgasse 21, 6004 Lucerne**,  
The Swiss Confederation, registration number **CHE-326.367.231**, as of **31 December 2022**

SPOLEČNOST / COMPANY	Seat, Identification No. / Registration No.
"Horyzonty" LLC	L'vivska Oblast, L'viv, 79005, Akademika Pavlova 6C, Office 7, Ukraine, reg. No. 36828617
AEC a.s.	Voctářova 2500/20a, Libeň, post code 180 00, Prague 8, Czech Republic, identification No. 04772148
AEC s.r.o.	Prievozká 1978/6, post code 821 09, Bratislava, Slovak Republic, identification No. 31384072
AleaX AG (v likvidaci / in liquidation)	Fabrikstraße 4, 9496 Balzers, Liechtenstein, registr. No. FL-0002.629.106-8
Allwyn AG (dříve /formerly SAZKA Entertainment AG)	Weinmarkt 9, 6004 Lucerne, Switzerland, reg. No. CHE-366.705.452
Allwyn Asia Holding a.s. (dříve /formerly SAZKA Asia a.s.)	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 05266289
Allwyn Austria Holding 2 GmbH (dříve/formerly CAME Holding GmbH)	Universitätsring 10, 1010 Vienna, Austria, reg No. 038898d
Allwyn Austria Holding 3 GmbH (dříve/formerly Medial Beteiligungs-Gesellschaft m.b.h.)	Universitätsring 10, 1010 Vienna, Austria, reg. No. FN117154k
Allwyn Czech Republic Holding a.s. (dříve / formerly SAZKA Czech a.s.)	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 24852104
Allwyn Entertainment AG	Weinmarkt 9, 6004 Lucerne, Switzerland, reg. No. CHE-157.119.805
Allwyn Entertainment Financing (UK) Plc	One Connaught Place, 5th Floor, W2 2ET London, United Kingdom, reg. No. 13841508
Allwyn Entertainment Ltd.	One Connaught Place, 5th Floor, W2 2ET London, United Kingdom, reg. No. 13157556
Allwyn Financing Czech Republic 2 a.s. (dříve / formerly SAZKA Group Financing (Czech Republic) 2, a.s.)	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 09771522
Allwyn Financing Czech Republic a.s. (dříve / formerly SAZKA Group Financing (Czech Republic) a.s.)	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 07877838
Allwyn Greece & Cyprus Holding 2 Ltd (dříve / formerly RUBIDIUM HOLDINGS LIMITED)	Arch. Makariou III, 195, Neocleous House, 3030 Limassol, Republic of Cyprus, registr. No. HE 287956
Allwyn Greece & Cyprus Holding Ltd (dříve / formerly SAZKA DELTA HELLENIC HOLDINGS LIMITED)	Arch. Makariou III, 195, Neocleous House, 3030 Limassol, Republic of Cyprus, registr. No. HE320752
Allwyn International a.s. (dříve / formerly SAZKA Group a.s.)	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 24287814
Allwyn Investments Cyprus Ltd (dříve / formerly RUBIDIUM HOLDING 2 LTD)	Arch. Makariou III, 195, Neocleous House, 3030 Limassol, Republic of Cyprus, registr. No. HE432870
Allwyn Services Czech Republic a.s. (dříve / formerly SAZKA Group CZ a.s.)	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 08993165
Allwyn Services UK Ltd (dříve / formerly SAZKA Group UK Limited)	One Connaught Place, 5th Floor, W2 2ET London, United Kingdom, reg. No. 08869774
Allwyn Services US LLC	125 High Street, Suite 1704, Boston, MA 02110, USA
Allwyn Sub AG	Weinmarkt 9, 6004 Lucerne, Switzerland, reg. No. CHE-348.874.140
Allwyn Sub LLC (v likvidaci / in liquidation)	251 Little Falls Drive, New Castle, Delaware 19808, USA
Allwyn UK Holding B Ltd (dříve / formerly Allwyn Financing (UK) Ltd)	One Connaught Place, 5th Floor, W2 2ET London, United Kingdom, reg. No. 13849924
Allwyn UK Holding C Ltd	One Connaught Place, 5th Floor, W2 2ET London, United Kingdom, reg. No. 14530228
Allwyn UK Holding Ltd (dříve / formerly SAZKA Group UK Holding Ltd)	One Connaught Place, 5th Floor, W2 2ET London, United Kingdom, reg. No. 13154201
Allwyn US HoldCo LLC (v likvidaci / in liquidation)	251 Little Falls Drive, New Castle, Delaware 19808, USA
Allwyn US Holding Inc.	251 Little Falls Drive, New Castle, Delaware 19808, USA
Aricoma Brand s.r.o.	Vinohradská 1511/230, Strašnice, post code 100 00, Prague 10, Czech Republic, identification No. 17867096
Aricoma CAD a.s.	Vinohradská 1511/230, Strašnice, post code 100 00, Prague 10, Czech Republic, identification No. 17865522
Aricoma CAD Capital a.s.	Vinohradská 1511/230, Strašnice, post code 100 00, Prague 10, Czech Republic, identification No. 17802733
Aricoma Capital a.s.	Vinohradská 1511/230, Strašnice, post code 100 00, Prague 10, Czech Republic, identification No. 11834587
Aricoma Digital CE a.s. (dříve / formerly Cleverlance Group a.s.)	Voctářova 2500/20a, Libeň, post code 180 00, Prague 8, Czech Republic, identification No. 04771915
Aricoma España S.L.	Calle Barcas 2 2 - EDIFICIO EPOCA. 46002, Valencia, Spain, reg. No.B72432248
Aricoma Group a.s.	Vinohradská 1511/230, Strašnice, post code 100 00, Prague 10, Czech Republic, identification No. 04615671

### Annex No. 1 - List of related parties

List of parties controlled by the company **KKCG AG**, with its registered seat at **Kapellgasse 21, 6004 Lucerne**,  
The Swiss Confederation, registration number **CHE-326.367.231**, as of **31 December 2022**

SPOLEČNOST / COMPANY	Seat, Identification No. / Registration No.
<b>Aricoma Group AB</b>	c/o Seavus AB, Scheelevägen 27, post code 223 36 Lund, Sweden, reg. No. 559239-3473
<b>Aricoma Group Finance a.s.</b>	Vinohradská 1511/230, Strašnice, post code 100 00, Prague 10, Czech Republic, identification No. 17848369
<b>Aricoma Group Holding a.s.</b>	Vinohradská 1511/230, Strašnice, post code 100 00, Prague 10, Czech Republic, identification No. 17848601
<b>Aricoma Group International AB</b>	c/o Aspia AB, Sandra Mattsson Flodmark, Box 6350, 102 00 Stockholm, Sweden, reg. No. 559235-9748
<b>AUTOCONT a.s.</b>	Hornopolní 3322/34, Moravská Ostrava, 702 00 Ostrava, Czech Republic, identification No. 04308697
<b>AUTOCONT s.r.o.</b>	Krasovského 14, Bratislava - mestská časť Petržalka, post code 851 01, Slovak Republic, identification No. 36396222
<b>AUTOCONT SRL</b>	Avenue Louise 231, 1050 Bruxelles, Belgium, reg. No. 0767.591.979
<b>Blue Rosemarine Development s.r.o.</b>	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 08797200
<b>Cachi Valle Aventuras S.A. (v likvidaci / in liquidation)</b>	Av. Francisco de Uriondo 330, 4400 Salta, Argentina, registr. No. IGTJ de Salta Folio 71/2 asiento 2465 L 10
<b>CAI Hungary Kft.</b>	Lackner Kristóf u. 33/A, 9400 Sopron, Hungary, registr. No. 08-09-027729
<b>CAI Ontario Inc. (v likvidaci / in liquidation)</b>	200 Bay Street, Royal Bank Plaza, M5J 2Z4 Ontario, Canada, registr. No.1164748
<b>CAIO AG (v likvidaci / in liquidation)</b>	c/o Reuss Treuhand AG, Furrengasse 11, 6004 Luzern, Switzerland, registr. No. CHE-159.186.971
<b>CAIO DK ApS (v likvidaci / in liquidation)</b>	c/o Nordic Gambling ApS, Flæsketorvet 68, 2, 1711 København V, Denmark, registration no. 40909990
<b>Casino Odense K/S</b>	Claus Bergs Gade 7, 5000 Odense C, Denmark, registr. No. 14920293
<b>Casino Sopron Kft.</b>	Lackner Kristóf u. 33/A, 9400 Sopron, Hungary, registr. No. 08-09-009273
<b>Casino St. Moritz AG</b>	Via Veglia 3, 7500 St. Moritz, Switzerland, registr. No. CHE-107.653.178
<b>Casinoland IT-Systeme GmbH</b>	Lister Meile 2, 30161 Hannover, Germany, registr. No. HRB 61326
<b>Casinos Austria (Liechtenstein) AG</b>	Vorarlberger Strasse 210, 9486 Schaanwald, Liechtenstein, registr. No. FL-0002.543.564-5
<b>Casinos Austria (Swiss) AG</b>	c/o Reuss Treuhand AG, Furrengasse 11, 6004 Luzern, Switzerland, registr. No. CHE-100.189.949
<b>Casinos Austria AG Liegenschaftsverwaltungs und Leasing</b>	Rennweg 44, 1038 Vienna, Austria, registr. No. FN114288x
<b>Casinos Austria Aktiengesellschaft</b>	Rennweg 44, 1038 Vienna, Austria, registr. No. FN99639d
<b>Casinos Austria International (Mazedonien) Holding GmbH</b>	Rennweg 44, 1038 Vienna, Austria, registr. No. FN 400167g
<b>Casinos Austria International Belgium S.A.</b>	Rue Grétry 16-20, 1000 Bruxelles, Belgium, registr. No. 0502.785.246
<b>Casinos Austria International GmbH</b>	Rennweg 44, 1038 Vienna, Austria, registr. No. FN 131441x
<b>Casinos Austria International Holding GmbH</b>	Rennweg 44, 1038 Vienna, Austria, registr. No. FN37681p
<b>Casinos Austria International Ltd.</b>	Sofitel Hotel, Level 3, 249 Turbot Street, 4000 Brisbane, QLD, Australia, registr. No. ACN: 065998807, ABN: 065998807
<b>Casinos Austria Management GmbH</b>	Rennweg 44, 1038 Vienna, Austria, registr. No. FN38657z
<b>CAST Casinos Austria Sicherheitstechnologie GmbH</b>	Rennweg 44, 1038 Vienna, Austria, registr. No. FN94404f
<b>Casinos Event Immobilien GmbH</b>	Lister Meile 2, 30161 Hannover, Germany, registr. No. HRB 201793
<b>"CCB" Congress Center Baden Betriebsgesellschaft m.b.H.</b>	Kaiser Franz Ring 1, 2500 Baden, Austria, regisitr. No. FN67046y
<b>CES EA s.r.o.</b>	Vinohradská 1511/230, Strašnice, post code 100 00, Prague 10, Czech Republic, identification No. 08028656
<b>Clearcode LLC</b>	222 Broadway, 19th floor, New York, NY 10038, United states of America, reg. No. 4645876
<b>Clearcode Services S.A.</b>	Św. Antoniego 2/4, 50-073 Wrocław, Poland, reg. No. 871153
<b>Cleverlance Deutschland GmbH</b>	Eduard-Schopf-Allee 1, 28217 Bremen, Germany, registration No. 32267
<b>Cleverlance Enterprise Solutions s.r.o.</b>	Vocťářova 2500/20a, Libeň, post code 180 00, Prague 8, Czech Republic, identification No. 27408787
<b>Cleverlance H2B s.r.o.</b>	Tuřanka 1519/115a, Brno, Slatina, post code 627 00, Czech Republic, identification No. 28223756
<b>Cleverlance Slovakia s.r.o.</b>	Prievozska 1978/6, post code 821 09, Bratislava, Slovak Republic, identification No. 35942487
<b>Cloud4com SK, s.r.o.</b>	Staré Grunty 36, post code 841 04, Bratislava, Slovak Republic, identification No. 50569694
<b>CLS Beteiligungs GmbH</b>	Goldschmiedg. 3, 1010 Vienna, Austria, reg. No. FN84419x

**Annex No. 1 - List of related parties**

**List of parties controlled by the company KKCG AG, with its registered seat at Kapellgasse 21, 6004 Lucerne, The Swiss Confederation, registration number CHE-326.367.231, as of 31 December 2022**

<b>SPOLEČNOST / COMPANY</b>	<b>Seat, Identification No. / Registration No.</b>
<b>Collington II Limited</b>	Custom House Plaza Block 6, International Financial Services Centre, Dublin 1, Republic of Ireland, reg. No. 506335
<b>Complejo Monumento Güemes S.A. (v likvidaci / in liquidation)</b>	Av. Francisco de Uriondo 330, 4400 Salta, Argentina, registr.No. FOLIO 187/88 ASIEN TO 2288 LIBRO 9
<b>Coopera Development s.r.o.</b>	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 08682802
<b>Cuisino Ges. m.b.H.</b>	Rennweg 44, 1038 Vienna, Austria, registr. No. FN54015i
<b>CYANVENUE LIMITED</b>	3096 Limassol, Alasias, 8 CHRISTODOULIDES BUILDING, Republic of Cyprus, reg. No. HE353101
<b>Deutsche Sportwetten GmbH</b>	Karmarschstr. 37+39, D-30159 Hannover, Germany, registr. No. 219939
<b>Društvo za Informatičku Technologiju Seavus DOO</b>	Vojvode Misica 9, 18 000 Nis, Republic of Serbia, reg. No. 20177861
<b>ECC Jenerálka, s.r.o.</b>	Na příkopě 859/22, Nové Město, post code 110 00 Prague 1, Czech Republic, identification No.03834131
<b>Entretenimientos y Jogos de Azar (EN.J.A.S.A.) S.A. (v likvidaci / in liquidation)</b>	Del Milagro 142, 4400 Salta, Argentina, registr. No. IGTJ de Salta Folio 65/6 asiento 2462 L 10
<b>FM&amp;S Czech a.s.</b>	Vinohradská 1511/230, Strašnice, post code 100 00, Prague 10, Czech Republic, identification No. 04283112
<b>Fortuna 1 ApS</b>	c/o Casino Odense K/S, Claus Bergs Gade 7, 5000 Odense C, Denmark, registr. No. 14909087
<b>FVE Tichá s.r.o.</b>	Úprkova 807/6, post code 695 01, Hodonín, Czech Republic, identification No. 28605233
<b>Geologichne byreau "Lviv" LLC</b>	L'vivska Oblast, L'viv, 79011, ul. Kubyiovicha 18, Office 6, Ukraine, reg. No. 31978102
<b>Gestate s.r.o.</b>	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 07957912
<b>G-JET s.r.o.</b>	Vinohradská 1511/230, Strašnice, post code 100 00, Prague 10, Czech Republic, identification No. 27079171
<b>Glücks- und Unterhaltungsspiel Betriebsgesellschaft m.b.H.</b>	Rennweg 44, 1038 Vienna, Austria, registr. No. FN241637z
<b>HELLENIC LOTTERIES S.A.</b>	112 Athinon Avenue, GR 104 42, Athens, Greece, registration No.132846101000
<b>HORSE RACES S.A.</b>	112 Athinon Avenue, GR 104 42, Athens, Greece, registration No. 25891401000
<b>IGNIS HOLDING a.s.</b>	Vinohradská 1511/230, Strašnice, post code 100 00, Prague 10, Czech Republic, identification No. 07435304
<b>Inmobiliara Ovale S.A.</b>	Ignacio Carrera Pinto 109, 2720426 San Antonio, Chile, registr. No. 14996/10019
<b>INTERMOS Praha s.r.o.</b>	Vinohradská 1511/230, Strašnice, post code 100 00, Prague 10, Czech Republic, identification No. 63076349
<b>INTERMOS VALVES, s.r.o.</b>	Bratislava-mestská časť Staré Mesto, Karpatská 8, post code 811 05, Slovak Republic, identification No. 35898411
<b>Internet Projekt, s.r.o.</b>	Vinohradská 1511/230, Strašnice, post code 100 00, Prague 10, Czech Republic, identification No. 08526541
<b>IPM – Industrial Portfolio Management a.s.</b>	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 04572033
<b>Italian Gaming Holding a.s.</b>	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 04828526
<b>JTU Czech, s.r.o.</b>	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 02612020
<b>KAIZEN Gaming Limited (pouze aktivity v Řecku a na Kypru/ only activities in Greece and Cyprus)</b>	Office 1/1007, Level G, Quantum House 75, Abate Rigord Street, Ta'Xbiex XBX 1120 Malta, registr. No. C58362
<b>KBOC Investing B.V.</b>	1101CT Amsterdam, Herikerbergweg 292, Kingdom of the Netherlands, reg. No. 52308944
<b>KKCG a.s.</b>	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 27107744
<b>KKCG Development a.s.</b>	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 08295484
<b>KKCG Industry B.V.</b>	1101CT Amsterdam, Herikerbergweg 292, Kingdom of the Netherlands, reg. No. 27271144
<b>KKCG Methanol Holdings LLC</b>	400 Capitol Street, Suite 200, Charleston WV 25301, United States of America, EI No. 36-4831670
<b>KKCG Real Estate Group a.s.</b>	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 24291633
<b>KKCG Structured Finance AG</b>	Kapellgasse 21, 6004 Lucerne, Switzerland, reg. No. CHE-292.174.442
<b>KKCG TechLabs s.r.o.</b>	Vinohradská 1511/230, Strašnice, post code 100 00, Prague 10, Czech Republic, identification No. 14042479
<b>KKCG Technologies Finance s.r.o.</b>	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 14038641
<b>KKCG Technologies s.r.o.</b>	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 07171234
<b>KKCG US Advisory LLC</b>	125 High Street, Boston, MA-02110, United States of America, reg. No. 84-2817214

### Annex No. 1 - List of related parties

List of parties controlled by the company **KKCG AG**, with its registered seat at **Kapellgasse 21, 6004 Lucerne**,  
The Swiss Confederation, registration number **CHE-326.367.231**, as of **31 December 2022**

SPOLEČNOST / COMPANY	Seat, Identification No. / Registration No.
<b>KOMIX Digital s.r.o.</b>	Drtinova 467/2a, Smíchov, post code 150 00, Prague 5, Czech Republic, identification No. 17222184
<b>KOMIX s.r.o.</b>	Drtinova 467/2a, Smíchov, post code 150 00, Prague 5, Czech Republic, identification No. 47117087
<b>KOMIX SK s.r.o.</b>	Plynárenská 1, post code 821 09, Bratislava, Slovak Republic, identification No. 54590345
<b>Kynero Consulting a.s.</b>	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 24193461
<b>Leisure &amp; Entertainment S.A. (v likvidaci / in liquidation)</b>	Del Milagro 142, 4400 Salta, Argentina, registr. No. IG TJ de Salta Folio 253/4 asiento 3484 L 13
<b>Liberty One Methanol LLC</b>	400 Capitol Street, Suite 200, Charleston WV 25301, United States of America, EI. No.32-0521898
<b>Liberty One O&amp;M LLC</b>	400 Capitol Street, Suite 200, Charleston WV 25301, United States of America, EI. No. 30-0975326
<b>Liberty Two Methanol LLC</b>	400 Capitol Street, Suite 200, Charleston WV 25301, United States of America, EI. No. 30-0988055
<b>LTB Beteiligungs GmbH</b>	Universitätsring 10, 1010 Vienna, Austria, reg. No. FN84439a
<b>MEDICEM Group a.s.</b>	Vinohradská 1511/230, Strašnice, post code 100 00, Prague 10, Czech Republic, identification No. 07118422
<b>Medicem Inc.</b>	125 High Street, Boston, MA-02110, United States of America, EI. No. 38-4126132
<b>MEDICEM Institute s.r.o.</b>	Kamenné Žehrovice, Karlovarská třída 20, post code 273 01, Czech Republic, identification No. 26493331
<b>MEDICEM Technology s.r.o</b>	Kamenné Žehrovice, Karlovarská třída 20, post code 273 01, Czech Republic, identification No. 48036374
<b>Metanol d.o.o.</b>	Lendava, Mlinska ulica 5, 9220 Lendava – Lendva, Slovenia, reg. No. 6564534000
<b>Mindsquared a.s. (dříve / formerly Media Marketing &amp; Communication, a.s.)</b>	Evropská 866/63, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 09771492
<b>MND a.s.</b>	Úprkova 807/6, post code 695 01, Hodonín, Czech Republic, identification No. 28483006
<b>MND Drilling &amp; Services a.s.</b>	Velkomoravská 900/405, post code 696 18, Lužice, Czech Republic, identification No. 25547631
<b>MND Drilling Germany GmbH</b>	31582 Nienburg, Domänenweg 7, Germany, reg. No. HRB206722
<b>MND Energie a.s.</b>	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 29137624
<b>MND Energy Storage a.s. (dříve / formerly MND Gas Storage a.s.)</b>	Úprkova 807/6, post code 695 01, Hodonín, Czech Republic, identification No. 27732894
<b>MND Energy Storage Germany GmbH (dříve / formerly MND Gas Storage Germany GmbH)</b>	64665 Alsbach-Hähnlein, Birkenweg 2, Germany, reg. No. HRB96046
<b>MND Germany GmbH</b>	Lüneburger Heerstraße 77A, 29223 Celle, Germany, reg. No. HRB207844
<b>MND Group AG</b>	Kapellgasse 21, 6004 Lucerne, Switzerland, reg. No. CHE-448.401.517
<b>MND Prodej a.s.</b>	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 09002359
<b>MND Ukraine a.s.</b>	Úprkova 807/6, post code 695 01, Hodonín, Czech Republic, identification No. 08957517
<b>Moravia Systems a.s.</b>	Vinohradská 1511/230, Strašnice, post code 100 00, Prague 10, Czech Republic, identification No. 26915189
<b>Musala Services EOOD</b>	36 Dragan Tsankov blvd, Office 505, 1057 Sofia, Bulgaria, reg. No. 205329279
<b>Musala Soft DOOEL</b>	3, Filip II Makedonski, Str., fl.4, office 4003, Skopje 1000, Republic of North Macedonia, reg. No. 7008040
<b>Musala Soft EAD</b>	36 Dragan Tsankov blvd, Office 505, 1057 Sofia, Bulgaria, reg. No. 202569949
<b>Musala Soft Kosovo LLC</b>	Str.Mujo Ulqinaku No 5-, Ap.10 Qyteza Pejton, 1000 Pristina, Kosovo, reg. No. 810171728
<b>Musala Soft LLC</b>	16 Khartoum St, Floor 4, Heliopolis Cairo, Egypt, reg. No. 180934
<b>NEUROSOFT S.A.</b>	466 Irakliou Avenue & Kiprou Street, 141 22 Iraklio Attikis, Athens, Greece, registration No. 84923002000
<b>Nikolajka Development s.r.o.</b>	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 08797072
<b>NOVECON a.s.</b>	Evropská 866/63, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 08270783
<b>ÖLG Holding GmbH</b>	Rennweg 44, 1038 Vienna, Austria, registr. No. FN268558p
<b>OPAP CYPRUS LTD</b>	128-130 Lemesos Avenue, Strovolos, 2015, Nicosia, Republic of Cyprus, registration No. HE140568
<b>OPAP INTERNATIONAL LTD</b>	128-130 Lemesos Avenue, Strovolos, 2015, Nicosia, Republic of Cyprus, registration No. HE145913

**Annex No. 1 - List of related parties**

**List of parties controlled by the company KKCG AG, with its registered seat at Kapellgasse 21, 6004 Lucerne, The Swiss Confederation, registration number CHE-326.367.231, as of 31 December 2022**

<b>SPOLEČNOST / COMPANY</b>	<b>Seat, Identification No. / Registration No.</b>
<b>OPAP INVESTMENT LTD</b>	128-130 Lemesos Avenue, Strovolos, 2015, Nicosia, Republic of Cyprus, registration No. HE297411
<b>OPAP S.A.</b>	112 Athinon Avenue, GR 104 42, Athens, Greece, registration No. 3823201000
<b>OPAP SPORTS LTD</b>	128-130 Lemesos Avenue, Strovolos, 2015, Nicosia, Republic of Cyprus, registration No. HE133603
<b>Oriv Holding a.s.</b>	Úprkova 807/6, post code 695 01, Hodonín, Czech Republic, identification No. 11735376
<b>Österreichische Klassenlotterie Vertriebsgesellschaft m.b.H.</b>	Rennweg 44, 1038 Vienna, Austria, registr. No. FN468412t
<b>Österreichische Lotterien Gesellschaft m.b.H.</b>	Rennweg 44, 1038 Vienna, Austria, registr. No. FN54472g
<b>Österreichische Sportwetten Gesellschaft m.b.H.</b>	Rennweg 44, 1038 Vienna, Austria, registr. No. FN196645i
<b>Pernerova Development s.r.o.</b>	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 08682844
<b>POM Czech, s.r.o.</b>	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 06773800
<b>Precarpathian energy company LLC</b>	Ivano-Frankovska Oblast, Bogorodchany, 77701, ul. Shevchenka, Ukraine, reg. No. 36042045
<b>Rabcat Computer Graphics GmbH</b>	Rennweg 40-50/1/6 (1.OG), 1030 Vienna, Austria, registr. No. FN276027y
<b>Relax Rezidence Cihlářka, s.r.o.</b>	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 05662079
<b>Rezervoarji d.o.o</b>	Lendava, Mlinska ulica 5, 9220 Lendava – Lendva, Slovenia, reg. No. 6564470000
<b>Sabris Consulting s.r.o.</b>	Pekařská 621/7, Jinonice, post code 155 00, Prague 5, Czech Republic, identification No. 04701780
<b>SALEZA, a.s. (v konkurzu, v úpadku, zahájeno insolvenční řízení / in bankruptcy, insolvency proceedings initiated)</b>	K Žižkovu 851, post code 19093, Prague 9, Czech Republic, identification No. 47116307
<b>SAZKA a.s.</b>	Evropská 866/69, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 26493993
<b>SAZKA Austrian Gaming Holding a.s.</b>	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 04047788
<b>SAZKA DELTA AIF VARIABLE CAPITAL INVESTMENT COMPANY LTD</b>	Arch. Makariou III, 195, Neocleous House, 3030 Limassol, Republic of Cyprus, registr. No. HE314350
<b>SAZKA DELTA MANAGEMENT LTD</b>	Arch. Makariou III, 195, Neocleous House, 3030 Limassol, Republic of Cyprus, registr. No. HE314151
<b>SAZKA FTS a.s.</b>	Evropská 866/69, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 01993143
<b>SAZKA Group Financing a.s.</b>	Dúbravská cesta 14, 841 04 Bratislava - mestská časť Karlova Ves, Slovak Republic, identification No. 51142317
<b>SAZKA Services s.r.o.</b>	Evropská 866/69, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 05111901
<b>SAZKAmobil 5G a.s.</b>	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 07911319
<b>SC Czech ACI, s.r.o.</b>	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 10969551
<b>SC Czech ACJ, s.r.o.</b>	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 10969560
<b>SC Czech ADV, s.r.o.</b>	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 11977051
<b>SC Czech AER, s.r.o.</b>	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 117084458
<b>SC Czech AES, s.r.o.</b>	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 17084539
<b>Seavus DOOEL</b>	11 Oktomvri 33A, 1000 Skopje, Republic of North Macedonia, reg. No. 5323983
<b>Seavus AB</b>	Scheelevägen 27, floor 16, 223 63 Lund, Sweden, reg. No. 556588-5935
<b>Seavus DOO (BA)</b>	Ivana Franje Jukica 7, Banja Luka, Bosnia and Hercegovina, Republic of Serbia, reg. No. 57-01-0252-17
<b>Seavus Educational and Development Center DOO</b>	Vojvode Misica 9, 18 000 Nis, Republic of Serbia, reg. No. 29508429
<b>Seavus Educational and Development Center DOOEL</b>	11 Oktomvri 33A, 1000 Skopje, Republic of North Macedonia, reg. No. 6643140
<b>Seavus FLLC</b>	FLLC SEAVUS, 25A Internatsionalnaya st., office 420, Minsk, 220 030, Republic of Belarus, reg. No. 190835458
<b>Seavus GmbH</b>	Itziker Dorf Strasse 57, 8627 Grüningen, Switzerland, reg. No. CHE-020.4.049.285-2
<b>Seavus S.R.L.</b>	MD-2071, str. Alba-Iulia, 79/1, mun. Kishinev, Republic of Moldova, reg. No. 1020600026584
<b>Seavus SHPK (v likvidaci / in liquidation)</b>	Njësia Bashkiake nr. 5, Rruga Abdyl Frasherit, Ndërtesa 8, Hyrja 7, Ap. 25, 1019 Tirana, Republic of Albania, reg. No. L62225007B
<b>SEAVUS SOFTWARE TECHNOLOGIES J.S.C.</b>	Fulya Mah. Büyükdere Cad. Pekintaş Group Blok No: 32 İç Kapı No: 4 Şişli / İstanbul, Turkey, reg. No. 352133

**Annex No. 1 - List of related parties**

**List of parties controlled by the company KKCG AG, with its registered seat at Kapellgasse 21, 6004 Lucerne, The Swiss Confederation, registration number CHE-326.367.231, as of 31 December 2022**

<b>SPOLEČNOST / COMPANY</b>	<b>Seat, Identification No. / Registration No.</b>
<b>Seavus Sp. z o.o.</b>	59 Zlota Street, 00-120 Warsaw, Poland, reg. No. 913203
<b>Seavus USA Inc.</b>	2352 Main Street, Suite 200, Concord, MA 01742, United states of America, reg. No. 000873055
<b>Spielbanken Niedersachsen GmbH</b>	Karmarschstraße 37-39, 30159 Hannover, Germany, registr. No. HRB 50373
<b>SPORTLEASE a.s.</b>	Evropská 866/69, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 62361546
<b>Springtide Ventures s.r.o.</b>	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 01726587
<b>Stoiximan Limited</b>	Flat B8, The Atrium West Street Msida, MSD1731 Malta, registr. No. C95597
<b>STR Czech s.r.o.</b>	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 07728344
<b>Stratiteq Sweden AB</b>	Gustav Adolfs Torg 10 A, 211 39 Malmö, Sweden, reg. No. 556622-2682
<b>SUPERMARINE, s.r.o.</b>	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 08062773
<b>Sweetspot CZ s.r.o.</b>	Evropská 866/63, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 09858636
<b>Theta Real s.r.o.</b>	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 27631842
<b>ThreatMark s.r.o.</b>	Hlinky 505/118, Pisárky, post code 603 00, Brno, Czech Republic, identification No. 04222091
<b>ThreatMark, Inc.</b>	19801 Wilmington, New Castle, Delaware, Orange Street 1209, United states of America, reg. No. 6381229
<b>TORA DIRECT S.A.</b>	108 Athinon Avenue and Chrimatistiriou Street, Athens, Greece, registr. No. 5641201000
<b>TORA WALLET SINGLE MEMBER S.A.</b>	108 Athinon Avenue and Chrimatistiriou Street, Athens, Greece, registr. No. 139861001000
<b>US Methanol LLC</b>	400 Capitol Street, Suite 200, Charleston WV 25301, United States, EI. No. 81-1952040
<b>US Methanol Midco LLC</b>	400 Capitol Street, Suite 200, Charleston WV 25301, United States of America, EI. No. 81-1952040
<b>VESTINLOG, s.r.o.</b>	Evropská 866/71, Vokovice, post code 160 00, Prague 6, Czech Republic, identification No. 05629276
<b>Viage Production S.A.</b>	Rue Grétry 16-20, 1000 Bruxelles, Belgium, registr. No. 0474.725.225
<b>Vinohradská 230 a.s.</b>	Vinohradská 1511/230, Strašnice, post code 100 00, Prague 10, Czech Republic, identification No. 26203944
<b>win2day International GmbH (v likvidaci /in liquidation)</b>	Rennweg 44, 1038 Vienna, Austria, registr. No. FN371257t

# **Financial statements**

**For the year ended 31 December 2022**

prepared in accordance with International Financial Reporting Standards  
as adopted by the European Union



**Statement of profit and loss and other comprehensive income**

	Note	For the year 2022	For the year 2021
Revenue from gaming activities ("GGR")	4	11,131	10,462
Revenues from the sale of goods and services	4	448	444
<b>Total revenues</b>	4	<b>11,579</b>	<b>10,906</b>
Other operating income		46	43
Gaming taxes	5	(3,852)	(3,669)
Agents' commissions	6	(1,079)	(949)
Materials, consumables, and services	7	(1,782)	(1,465)
Marketing services	8	(1,199)	(982)
Personnel expenses	9	(646)	(619)
Other operating expenses	10	(106)	(532)
Depreciation and amortisation	14, 15, 16	(303)	(218)
Impairment of tangible and intangible assets	15, 16	-	(159)
<b>Profit from operating activities</b>		<b>2,658</b>	<b>2,356</b>
Interest income	12	18	7
Interest expense	12	(511)	(320)
Other finance income / (expense)	12	63	(47)
<b>Financial result</b>		<b>(430)</b>	<b>(360)</b>
<b>Profit before tax</b>		<b>2,228</b>	<b>1,996</b>
Income tax expense	13	(458)	(375)
<b>Profit after tax</b>		<b>1,770</b>	<b>1,621</b>
<b>Total comprehensive income</b>		<b>1,770</b>	<b>1,621</b>

The notes to the financial statements on pages 7 to 53 form an integral part of these financial statements.

SAZKA a.s.

Financial statements for the year ended 31 December 2022 (in CZK million)

<i>Statement of financial position</i>	Note	31.12.2022	31.12.2021
<b>Assets</b>			
Intangible assets	14	2,809	2,781
Goodwill	14	9,636	9,636
Property, plant, and equipment	15	218	240
Investment property	16	393	405
Right-of-use asset	17	598	568
Other financial assets		20	20
Restricted cash	20	5	55
Long-term receivables and other non-current assets	19	32	34
<b>Total non-current assets</b>		<b>13,711</b>	<b>13,739</b>
Inventories		4	6
Short-term receivables and other current assets	19	287	313
Cash and cash equivalents	20	1,654	1,564
<b>Total current assets</b>		<b>1,945</b>	<b>1,883</b>
<b>Total assets</b>		<b>15,656</b>	<b>15,622</b>

The notes to the financial statements on pages 7 to 53 form an integral part of these financial statements.

<i>Statement of financial position (continued)</i>	Note	31.12.2022	31.12.2021*
<b>LIABILITIES</b>			
<b>Equity</b>			
Share capital	21	450	450
Capital contributions and other reserves	21	1,454	1,454
Retained earnings		5,495	4,725
<b>Total equity</b>		<b>7,399</b>	<b>6,629</b>
<b>Liabilities</b>			
Loans and borrowings	22	3,555	4,179
Long-term payables	23	351	431
Lease liabilities	17	468	453
Deferred tax liability	18	234	231
<b>Total non-current liabilities</b>		<b>4,608</b>	<b>5,294</b>
Loans and borrowings	22	646	634
Short-term and other payables	23	2,862	2,881
Lease liabilities	17	60	67
Current tax liability	13	81	117
<b>Total current liabilities</b>		<b>3,649</b>	<b>3,699</b>
<b>Total liabilities</b>		<b>8,257</b>	<b>8,993</b>
<b>Total equity and liabilities</b>		<b>15,656</b>	<b>15,622</b>

\* see Note 2 (f)

The notes to the financial statements on pages 7 to 53 form an integral part of these financial statements.

SAZKA a.s.

Financial statements for the year ended 31 December 2022 (in CZK million)

***Statement of changes in equity***

	Note	Share capital	Capital contributions and other reserves	Retained earnings	Total equity
<b>Balance at 1 January 2022</b>		<b>450</b>	<b>1,454</b>	<b>4,724</b>	<b>6,628</b>
Dividends declared	21	-	-	(1,000)	(1,000)
Profit for the year / Total comprehensive income for the year 2022		-	-	1,770	1,770
<b>Balance at 31 December 2022</b>		<b>450</b>	<b>1,454</b>	<b>5,494</b>	<b>7,398</b>

	Note	Share capital	Capital contributions and other reserves	Retained earnings	Total equity
<b>Balance at 1 January 2021</b>		<b>450</b>	<b>1,454</b>	<b>4,003</b>	<b>5,907</b>
Dividends declared	21	-	-	(900)	(900)
Profit for the year / Total comprehensive income for the year 2021		-	-	1,621	1,621
<b>Balance at 31 December 2021</b>		<b>450</b>	<b>1,454</b>	<b>4,724</b>	<b>6,628</b>

The notes to the financial statements on pages 7 to 53 form an integral part of these financial statements.

SAZKA a.s.

Financial statements for the year ended 31 December 2022 (in CZK million)

<b><i>Statement of cash flows</i></b>	<b>Note</b>	<b>For the year 2022</b>	<b>For the year 2021*</b>
<b><u>OPERATING ACTIVITIES</u></b>			
Profit for the year		1,770	1,621
<i>Adjustments for:</i>			
Income tax expense	13	458	375
Depreciation and amortisation	14, 15, 16	303	218
(Profit) / loss on sale of property, plant and equipment and intangible assets			
Net interest expense	12	493	319
Impairment losses	15, 16	-	160
Net foreign exchange (profit) / loss		(68)	(7)
Other financial (profit) / loss		(19)	(5)
Other non-cash operations		(47)	59
<b>Operating result before changes in working capital</b>		<b>2,989</b>	<b>2,739</b>
(Increase) / decrease in inventories		2	3
(Increase) / decrease in trade receivables and other assets	19	86	32
Increase / (decrease) in trade and other payables	23	58	235
<b>Cash generated from operations</b>		<b>3,035</b>	<b>3,009</b>
Interest paid	12	(500)	(318)
Income tax paid		(491)	(447)
<b>Net cash generated from operating activities</b>		<b>2,044</b>	<b>2,244</b>
<b><u>INVESTING ACTIVITIES</u></b>			
Acquisition of property, plant, and equipment	15	(29)	(102)
Acquisition of intangible assets	14	(188)	(156)
Proceeds from sale of property, plant and equipment and intangible assets		9	1
Interest income received	12	4	1
<b>Net cash used in investing activities</b>		<b>(204)</b>	<b>(256)</b>
<b><u>FINANCING ACTIVITIES</u></b>			
Repayment of loans and borrowings	22	(624)	(867)
Repayment of principal element of lease liabilities	17	(84)	(112)
Repayment of liabilities from licences		(42)	(33)
Dividends paid	21	(1,000)	(900)
<b>Net cash used in financing activities</b>		<b>(1,750)</b>	<b>(1,912)</b>
<i>Net (decrease) / increase in cash and cash equivalents</i>		<b>90</b>	<b>76</b>
<b>Cash and cash equivalents at the beginning of the year</b>	20	<b>1,564</b>	<b>1,488</b>
<b>Cash and cash equivalents at the end of the year</b>	20	<b>1,654</b>	<b>1,564</b>

\* see Note 2 (f)

The notes to the financial statements on pages 7 to 53 form an integral part of these financial statements.

## Notes to the financial statements

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## **1. General information on the Company**

### **1.1. Description**

SAZKA a.s. (“the Company”) is a company with its registered office in the Czech Republic, established under the laws of the Czech Republic (a change in the business name of the Company, originally called SAZKA sázková kancelář, a.s., was recorded in the Commercial Register on 27 June 2014). SAZKA a.s. is the largest domestic operator of numerical and instant lotteries. The Company’s core business activities consist of the operation of numerical and instant lotteries, and odds betting.

SAZKA a.s. is a joint-stock company recorded in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 7424, Czech Republic, on 19 August 2011. The Company’s registered office is at Evropská 866/69, Prague 6, post code 160 00, identification number 264 93 993.

The ultimate controlling party pursuant to IFRS standards is VALEA FOUNDATION with its registered office in Liechtenstein. The beneficiary of VALEA FOUNDATION is Karel Komárek.

### **1.2. Business activities**

The principal business activities consist of the operation of lotteries and other similar games in accordance with the generally binding legislation, i.e. the operation of instant and numerical lotteries, and odds betting and other similar games in accordance with Act No. 186/2016 Coll., on Gambling (“the Lottery Act”).

In addition to lottery and betting activities, SAZKA a.s. also pursues non-lottery business activities through points of sales and terminals (such as topping up prepaid cards for mobile phones; arranging sales of tickets for diverse cultural, sporting, and social events; payment of money orders through a network of terminals). SAZKA a.s. also operates SAZKAmobil, a virtual mobile network operator.

### **1.3. Statutory body and Supervisory Board**

Members of the Board of Directors as at 31 December 2022:

Robert Chvátal, chairman of the Board of Directors  
Pavel Šaroch, member of the Board of Directors  
Kamil Ziegler, member of the Board of Directors

Members of the Supervisory Board as at 31 December 2022:

Tomáš Porupka, chairman of the Supervisory Board  
Robert Kolář, member of the Supervisory Board  
Petr Luňák, member of the Supervisory Board

### **1.4. Sole shareholder of the Company**

Allwyn Czech Republic Holding a.s. (formerly SAZKA Czech a.s.).  
Evropská 866/71, Vokovice, 160 00 Prague 6  
Identification number: 248 52 104

The consolidated financial statements of the widest group of entities to which the Company as a consolidated entity belongs are prepared by KKCG AG, with its registered office at Kapellgasse 21, 6004 Lucerne, Swiss Confederation.

SAZKA a.s.

Financial statements for the year ended 31 December 2022 (in CZK million)

The consolidated financial statements of the narrowest group of entities to which the Company as a consolidated entity belongs are prepared by Allwyn International a.s. (previously SAZKA Group a.s.), with its registered office at Evropská 866/71, Vokovice, 160 00 Prague 6, Czech Republic.

### **1.5. Changes in the Commercial Register in the accounting period**

On 14 December 2021, the sole shareholder appointed Petr Luňák as a new member of the Supervisory Board. The entry in the Commercial Register was made on 4 February 2022. As at 5 October 2022, the name of the sole shareholder's company SAZKA Czech a.s. was changed to Allwyn Czech Republic Holding a.s. It was entered in the Commercial Register on 7 October 2022.

On 9 December 2022, the business activity "provision of small-scale payment services pursuant to Act No. 370/2017 Coll., on payment transactions, as amended" was deleted from the Commercial Register.

### **1.6. The Russia-Ukraine conflict**

The Company's management has assessed the impact of Russia's ongoing invasion of Ukraine commencing in 2022, which has resulted in increased volatility in the financial and commodity markets, the business risks associated with the adverse impact of economic sanctions imposed on Russia, disruption to supply chains and others, and concluded that these events did not have a material impact on the Company as the Company does not have any operations in Ukraine, Russia or Belarus and its suppliers also did not experience any material disruptions.

## **2. Basis for preparation of the financial statements**

### **(a) Statement of compliance**

The financial statements were prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union ("IFRS").

The accounting policies specified in Note 3 were applied in the preparation of the financial statements for the year ended 31 December 2022 and also in the preparation of comparative information, i.e. as at 31 December 2021.

The separate financial statements were approved for publication by the Board of Directors and were signed on his authority. The separate financial statements are approved by the shareholders at the general meeting. Until this time, the separate financial statements may be amended.

### **(b) Valuation method**

The financial statements were prepared on a going concern basis using the historic cost method, except for the cases in accounting policies specified below.

The Company applies accounting policies described below in a consistent manner.

### **(c) Functional and presentation currency**

The financial statements are presented in Czech crowns ("CZK"), which constitute the Company's functional currency. All financial information stated in CZK was rounded the nearest million ("CZK million"), unless stipulated otherwise.

### **(d) Use of estimates and assumptions**

The preparation of the financial statements in accordance with IFRS requires the application of certain critical accounting estimates that affect the recognised items of assets, liabilities, revenues, and expenses. It also requires the accounting entity's management to use assumptions based on its own judgement



during the application of accounting policies. The resulting accounting estimates, because they are the estimates, rarely correspond with the respective actual values.

The estimates and assumptions are reviewed on an ongoing basis. The reviews of accounting estimates are considered in the accounting period in which the respective estimate is reviewed (if the review of the estimate relates only to this period), or in the period of review and subsequent periods (if the review relates to the current and subsequent periods).

The information on the application of accounting policies and assumptions with a more significant impact on the amounts reported in the financial statements, are specified in the following notes:

- Note 3(m) and Note 14 – assessment of impairment of goodwill, assessment of impairment of intangible assets with indefinite useful life.

### **(e) Determination of fair value**

A number of the Company's accounting policies and a wide range of its disclosed information require determination of the fair value of financial and non-financial assets and liabilities. Fair values were determined for the purposes of valuation or disclosure by applying the methods indicated below. Further information on the prerequisites applied in determining the fair value is indicated in the notes that are specifically concerned with the given asset or liability, where appropriate.

#### **Fair value hierarchy**

A number of the Company's accounting procedures and published information require the determination of the fair value of financial and non-financial assets and liabilities.

Fair value is defined as the price that would be received to sell an asset or paid to assume a liability in an ordinary transaction between market participants at the measurement date under normal market conditions, regardless of whether the price is directly observable or determined using an estimate made on the basis of valuation methods. Fair values are determined based on quoted market prices, discounted cash flows or using valuation methods.

When determining the fair value of an asset or liability, the Company uses market data where possible.

The Company applies the following hierarchy to determine and report the fair value of financial instruments according to valuation procedures:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: other procedures based on input data that have a significant impact on the reported fair value and which are observable, directly, or indirectly
- Level 3: procedures based on input data that have a significant impact on the reported fair value and the input data are not based on observable market data.

The Company reports transfers between individual levels of the hierarchy at the end of the accounting period during which the change occurred.

### **(f) Changes to the presentation**

The Company has made changes to the presentation of particular balance sheet items and presented the comparative period accordingly.

#### ***Provisions on jackpots, lotteries, and prizes***

The Company has changed the presentation of all liabilities related to future pay-outs from lottery games within current "Trade and other payables". Previously, payables from jackpots, lotteries and prizes were presented within current "Provisions", while the new presentation better reflects the working capital nature of these balances.

<b>Impact on statement of financial position as of:</b>	<b>31.12.2021</b>
Short-term and other payables	390
Sort-term provisions	(390)

**(g) Significant changes in accounting policies**

The accounting policies stated in Note 3 have been consistently applied to the accounting periods presented in these financial statements, unless otherwise stated.

In 2022, the Company adopted the new accounting standards and amendments to the accounting standards listed below. There were no other significant changes in accounting policies in 2022 and the Company applied these accounting policies consistently for all periods presented in these financial statements.

**(i) New standards and amendments applicable from 1 January 2022**

All the new standards and amendments are stated in the following table. Most of these did not have any material impact on the Company's financial statements; those that are material are described further below.

Standard / Amendment	Title	IASB effective date	EU effective date	Endorsed by EU
Amendments to IFRS 3, IAS 37	Reference to Conceptual framework and cost of fulfilling a contract	01.01.2022	01.01.2022	Yes
Amendments to IAS 16	Proceeds before intended use	01.01.2022	01.01.2022	Yes
Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	Annual Improvements to IFRS 2018–2020	01.01.2022	01.01.2022	Yes

**(ii) Standards, interpretations and amendments issued but not yet effective**

The following standards and interpretations were issued by the International Accounting Standards Board and were not effective as of 31 December 2022.

The Company has not early adopted these standards and interpretations and will apply them as of their IASB effective date, which is expected to be the same as the endorsement by the EU.

The Company does not expect that the following standards, amendments and interpretations will have a significant or material impact on the Company's financial statements.

Standard / Amendment	Title	IASB effective date	EU effective date	Endorsed by EU
Amendments to IAS 1	Disclosure Initiative – Accounting Policies	01.01.2023	01.01.2023	Yes
IFRS 17 including amendments to IFRS 17	Insurance Contracts (issued on 18 May 2017) including Amendments to IFRS 17 (issued on 25 June 2020)	01.01.2023	01.01.2023	Yes
Amendments to IFRS 17	Initial Application of IFRS 17 and IFRS 9 – Comparative Information	01.01.2023	01.01.2023	Yes
Amendments to IAS 8	Definition of accounting estimate	01.01.2023	01.01.2023	Yes
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	01.01.2023	01.01.2023	Yes
Amendments to IFRS 16	Leases: Lease Liability in a Sale and	01.01.2024	To match IASB	No*

	Leaseback (issued on 22 September 2022)			
Amendments to IAS 1	Classification of liabilities as current or non-current	01.01.2024	To match IASB	No*

\* EFRAG expects endorsement process to be finished before the effective date of IASB with EU effective date same as IASB.

### 3. Significant accounting policies

The accounting policies described were applied consistently in all accounting periods reported in these financial statements, unless stipulated otherwise.

#### (a) Financial instruments

Financial assets and financial liabilities are reported as soon as the Company becomes party to contractual provisions of a financial instrument.

##### *Effective interest method*

The effective interest method is a method of calculating the residual value of a financial liability and the allocation of interest expense for the given period. The effective interest rate is the interest rate that exactly discounts the estimated future cash payments over the expected term of a financial liability or, if applicable, over a shorter period, using the residual value of a financial liability.

The effective interest method is a method of allocating interest income or interest expense over the relevant period in such a way as to achieve a constant periodic interest rate (effective interest rate) on the book value. The effective interest rate is the rate that accurately discounts the estimated future cash payments or income (excluding future credit losses) over the expected life of the financial instrument, or a shorter period, to the gross carrying amount of the financial instrument. The effective interest rate discounts the cash flows of floating rate instruments to the nearest interest revaluation date, excluding a premium or discount that reflects the credit spread above the floating rate specified in the instrument or other variables that are not set to market rates. These premiums or discounts are amortized over the expected life of the instrument. The present value calculation includes all fees paid or received between the contracting parties that are an integral part of the effective interest rate. For assets that are purchased or originated credit impaired ("POCI") at initial recognition, the effective interest rate is adjusted for credit risk, i.e. it is calculated based on expected cash flows at initial recognition instead of contractual payments.

#### (b) Non-derivative financial assets (Note 19 and 20)

##### *Financial assets measured at amortised cost*

Loans and receivables (including bank balances) are financial assets held within a business model whose objective is to obtain contractual cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. Therefore, the Company measures these assets at amortised cost using the effective interest method less any impairment losses. These assets arise when the Company provides cash, goods, or services directly to a debtor and has no intention to trade the receivable.

Allowances for losses from receivables are reported in the amount of expected credit losses from the financial asset and their creation is reported in other operating expenses. At each financial statement date, a reduction in the value of a financial asset is reported in the amount of expected credit losses for the lifetime, if the credit risk related to this financial asset has increased significantly since initial recognition, or in an amount equal to the expected credit losses for 12 months (hereinafter referred to as "ECL") if the credit risk has not increased significantly.

The Company reports the following financial assets at amortized value: cash and cash equivalents, trade receivables, escrow accounts, other receivables and loans granted.

***i. Reporting and Valuation***

Receivables and held-to-maturity financial assets are measured at amortised acquisition cost less appropriate impairment losses.

Upon valuation at amortised acquisition cost, all differences between the acquisition cost (including allocable transaction costs) and the value upon repayment are reported in the statement of profit or loss and other comprehensive income as long as the relevant asset or liability exists, using the effective interest rate.

***ii. Derecognition***

A financial asset is derecognised when the contractual right to cash flows from the relevant asset expires or when the right to receive contractual cash flows is transferred within a transaction where, as a rule, all the risks and benefits associated with the ownership of the relevant asset are transferred. Any interest in the transferred financial assets acquired or retained by the Company is reported as a separate asset or liability.

A financial asset is also derecognised if the Company does not transfer or retain in principle all risks and rewards arising from the ownership of the given financial asset and at the same time the Company does not retain control over the financial asset. In such a case, the Company derecognizes the financial asset and reports separately as assets or liabilities all rights and obligations arising or retained during the transfer.

***iii. Mutual offset of financial assets and liabilities***

If the Company has a legally enforceable right to offset the reported amounts and the transaction is to be settled on a net basis, financial assets and liabilities are mutually offset and the resulting net amount is reported in the statement of financial position.

**(c) Non-derivative financial liabilities (Note 23)**

***Financial liabilities measured at amortised cost***

The Company has the following financial liabilities that do not constitute derivatives (“non-derivative financial liabilities”): trade and other payables, interest-bearing loans, and borrowings. Upon initial recognition, these financial liabilities are reported as at the settlement date at fair value increased by all respective directly associated transaction costs, except for financial liabilities at fair value reported in profit or loss. The financial liabilities are subsequently measured at amortised acquisition cost using the effective interest rate.

The Company classifies as current any part of non-current loans and borrowings that is due within one year of the date of the statement of financial position.

The Company is released from financial liability when its contractual obligations are fulfilled, cancelled, or expire.

Any change in contractual terms that results in more than a 10% difference in the present value of future cash flows discounted using the original interest rate is accounted for as extinguishing the financial liability. Otherwise, the change is accounted for as an adjustment to the financial liability and the profit or loss is reported in the Statement of profit and loss.

**Financial guarantees**

Financial guarantees require the Group to make specified payments, thereby indemnifying the holder of the guarantee for the loss it will suffer if the original obligor fails to make payment when due in accordance with the terms of the debt instrument. Financial guarantees are initially booked at their fair value, which is usually evidenced by the amount of fees received. This amount is amortized evenly over the warranty period. At the end of each accounting period, the guarantees are valued at the higher of (i) the amount of the allowance for guaranteed exposure determined based on the expected loss model and (ii) the remaining unamortized balance of the value determined at initial recognition.

**(d) Financial assets measured at fair value through profit or loss (“FVTPL“)**

An instrument is classified as measured at FVTPL if it is held for trading or within a business model whose objective is to manage a financial asset on the basis of fair value, i.e. it will be realised through sale, in contrast to the objective of holding this asset to obtain contractual cash flows. This category presents the “initial” or “residual” category unless the requirements for classifying a financial asset as a financial asset at amortised cost or a financial asset at FVOCI are met. At initial recognition, the related transaction costs are reported in profit or loss at the moment they are incurred. Financial instruments at FVTPL are measured at fair value and their changes are reported in the profit or loss from financial operations.

**(e) Financial assets measured at fair value through other comprehensive income (“FVOCI“)**

FVOCI is the classification of financial instruments for which dual business model applies, i.e. they are held for the purposes of both collecting contractual cash flows and selling financial assets. Contractual cash flows of instruments in this category are solely payments of principal and interest.

At initial recognition, an entity may classify an equity instrument as measured at FVOCI based on an irrevocable decision. This option may be applied only in respect of instruments that are not held for trading.

Changes in the fair value of debt instruments measured at FVOCI are reported in other comprehensive income. Interest income, foreign exchange gains/losses and impairment losses are immediately reported in profit or loss. Changes in the fair value previously reported in other comprehensive income are reclassified to profit or loss at the moment the debt instrument is sold.

Gains or losses recognised in other comprehensive income for capital instruments are never reclassified from equity to profit or loss.

**(f) Financial derivatives and hedging instruments**

Hedging derivatives are reported in the balance sheet at fair value (see Note 2(e)). Positive fair values of derivatives are reported in assets in the item "Short-term receivables from financial instruments" or "Long-term receivables from financial instruments". Negative fair values of derivatives are reported in liabilities in the item "Current liabilities from financial instruments" or "Long-term liabilities from financial instruments".

***Gaming contracts***

Gaming contracts are considered financial derivatives under IFRS 9 if the operator of lotteries concludes a position against its customer in the transaction. The value of individual positions depends on the result of a specific event and the operator is not guaranteed a specific fee or revenue. Gaming contracts are financial derivatives, not insurance contracts, even though the variable component of the contract is specific for each contract separately. The definition of insurance requires the exposure to an existing risk that had existed before the contract was concluded. This requirement is not fulfilled in case of gaming contracts.

Profits and losses from gaming contracts considered as financial derivatives are reported on the line "Revenue from gaming activities (GGR)". Accounting policies for gaming contracts are described in Note 3(r).

***Separable embedded derivatives***

Financial and non-financial contracts (which, per se, are not measured at fair value through profit or loss) are assessed to identify whether the contracts contain any embedded derivatives.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract are not closely linked with the characteristics and risks

of the embedded derivative; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; a combined instrument is not measured at fair value reported in profit or loss.

Any changes in the fair value of separable embedded derivatives are immediately recorded in profit/loss.

**(g) Share capital (Note 21)**

***Ordinary shares***

Ordinary shares are classified as equity. Any additional costs directly attributable to the issuance of new shares and share options are accounted for as a decrease in equity after considering the tax effect.

**(h) Cash and cash equivalents (Note 20)**

Cash and cash equivalents include cash, cash at the banks and short-term highly liquid investments, including fixed-term deposits with the original maturity not exceeding three months from the acquisition date, that are exposed to an insignificant risk of changes in fair value and used by the Company to manage its current liabilities. Bank accounts and deposits that are payable on demand and form an integral part of the Company's cash management are reported as part of cash and cash equivalents for the purposes of the cash flow statement.

**(i) Restricted cash**

Balances of restricted cash are not immediately available to meet the needs of the Company. Restricted cash represent cash pool provided in favour of the Ministry of Finance as a guarantee for the issued gaming license pursuant to the above Act No. 202/1990 Coll., on Lotteries and Other Similar Games.

**(j) Impairment of financial assets**

Except for assets at fair value reported in profit or loss, financial assets are always assessed in terms of the expected credit loss at the moment the asset is recognised.

***Current receivables - a simplified model***

For the purposes of determining the expected credit losses, the Company applies a simplified approach under IFRS 9 which uses the assessment of lifetime expected credit losses for all current trade receivables. The simplified model is applied to current trade receivables that do not contain a significant financing component. Based on a generated impairment matrix, which includes historical inputs and forward-looking inputs, the Company calculates allowance for receivables assessed in terms of portfolio.

***Other financial assets – Expected Credit Loss model (ECL model)***

The Company assesses expected credit losses based on risk exposures arising from loan commitments, contractual assets, and other financial assets under the Standard ECL model. The Group measures expected credit losses at the end of each reporting period and recognises net expected credit losses from impairment of financial and contractual assets. The measurement of expected credit loss reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) the time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions, and forecasts of future economic conditions.

Contractual assets and other financial assets subject to the Standard ECL model are presented in the statement of financial position net of allowances for expected credit losses. For loan commitments and financial guarantees, a separate allowance for expected credit losses is recognised as a liability in the statement of financial position.

The Standard ECL model developed by the Company applies a three-stage approach for impairment, based on changes in credit quality since initial recognition as required by IFRS 9. A financial instrument

that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their expected credit losses measured at an amount equal to expected credit losses within the next 12 months (“12 Months Expected Credit Losses”). If the Company identifies a significant increase in credit risk since initial recognition, the asset is transferred to Stage 2 and its expected credit losses are measured based on expected credit losses for the entire life of the financial asset (“Lifetime Expected Credit Losses”). If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its expected credit losses are measured as expected credit losses for the entire life of the financial asset. The Company’s definition of credit impaired assets and definition of default is explained below. For financial assets that are purchased as credit-impaired, the expected credit losses are always measured as a Lifetime Expected Credit Losses.

Current accounts and term deposits which are placed in strong and stable credit institutions meeting all capital and liquidity requirements as set out by Basel III are considered to bear a “low credit risk”. In these cases, the Company applies a “low credit risk” exemption from the Standard ECL model and consequently does not assess the significant increase in credit risk for these financial assets.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Company considers reasonable and supportable information that is available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company’s historical experience and informed credit assessment and including forward-looking information.

Significant increase in credit risk is considered to have occurred if the asset is at least 30 days past due, if the external rating grade has decreased by 2 notches since initial recognition, or if asset-specific qualitative information or forward-looking information that suggests that a significant increase in credit risk has occurred is available.

The Company considers the situation as a default when:

- the borrower is unlikely to pay its credit obligations to the Company in full without the Company taking action against the borrower (e.g. realization of collateral or guarantees); or
- the financial asset is more than 90 days past due.

For purposes of disclosure, the Company has fully aligned the definition of default with the definition of credit-impaired assets. The default definition stated above is applied to all types of financial assets of the Company.

The input parameters into the ECL model calculations are based on two approaches:

1. External rating-based approach;
2. Internal rating-based approach.

The external rating-based approach is used for loans to and deposits with counterparties with an external credit rating from one of the Big Three rating agencies. The internal rating approach is used for loans to and deposits with counterparties without such external credit rating; the credit spread for the individual ratings is calibrated on regular basis.

The forward-looking information considered by the Company in the Standard ECL model has been derived from correlation analysis. The information considered is publicly available information about the expected year-to-year changes of GDP in the Czech Republic.

The following was considered objective evidence of impairment of a financial asset: default or delay on the side of a debtor; restructuring of the Company’s receivables under conditions that would not be considered by the Company in standard circumstances; signals indicating that insolvency against the debtor or issuer is imminent; or the fact that an active market no longer exists for a security.

Current receivables were not discounted. In determining the recoverable amount of loans and receivables, the debtor’s creditworthiness, and economic performance as well as the value of all pledges and third-party guarantees were also taken into account.

**(k) Property, plant, and equipment (Note 15)*****i. Assets owned***

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and any impairment loss.

The cost includes expenses that can be directly attributed to the acquisition of the relevant asset.

If an item of property, plant and equipment consists of parts with different economic useful lives, the individual parts are accounted for as separate items (main components) of property, plant, and equipment.

***ii. Subsequent expenses***

Subsequent expenses are capitalised only if it is probable that the Company will receive future economic benefits from a specific item of property, plant, and equipment and that the relevant expenses can be reliably measured. All other expenses, including expenses incurred on daily servicing of property, plant, and equipment, are reported directly in the statement of profit or loss and other comprehensive income.

***iii. Depreciation***

Depreciation is reported in the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful life of the given item of property, plant, and equipment. Property is not depreciated

The estimated useful lives of individual asset categories are as follows:

- |  |               |
|--|---------------|
| • Buildings and constructions – own    | 30 - 60 years |
| • Machinery and equipment – own        | 2 - 14 years  |
| • Other property, plant, and equipment | 4 - 20 years  |

Depreciation methods, useful lives and net book values are reassessed at the end of each accounting period and adjusted, if necessary.

**(l) Investment property (Note 16)**

Investment property is a long-term asset held for the purpose of generating rental income or capital appreciation. Investments in real estate are accounted for at purchase price less depreciation and impairment losses. Depreciation is recognized in the statement of profit and loss and other comprehensive income on a straight-line basis over the estimated useful life of the property, which is 60 years for the administrative building and 30 years for the support building. Land is not depreciated.

The fair value of an investment property is determined by the Company as of the balance sheet date, either based on the opinion of an expert with appropriate qualifications in the field of real estate valuation, or in another way based on an internal estimate by the Company's management, for example based on the offer price.

**(m) Intangible assets (Note 14)*****i. Goodwill and intangible assets***

Goodwill represents an amount by which the acquisition cost of the acquired enterprise exceeds the fair value of the Company's share in net identifiable assets of the acquired enterprise as at the acquisition date. Goodwill is reported in intangible assets and annually tested for impairment.

Upon initial recognition, goodwill is measured at cost less cumulative impairment losses and is tested for impairment every year.

Intangible assets acquired through acquisition are accounted for at fair value as at the acquisition date if the asset is separable or was created as a result of contractual or other statutory rights. Intangible assets with indefinite useful life are not amortised and are reported at cost less any impairment losses.



Intangible assets with definite useful life are amortised over their useful life and are reported at cost less accumulated amortisation (see below) and any impairment losses.

#### ***ii. Software other intangible assets***

Software and other intangible assets with a final (definite) useful life acquired by the Company are reported at cost less accumulated amortisation (see below) and any impairment losses.

Intangible assets with indefinite useful life are not amortised and instead are tested for impairment every year. At the end of each accounting period, their useful life is reassessed to identify whether the events and circumstances that occurred continue to support the indefinite useful life.

#### ***iii. Subsequent expenditures***

Subsequent expenditures on intangible assets are capitalised only if they increase future economic benefits arising from a specific asset to which they relate. All other expenditures are accounted for in the statement of profit or loss and other comprehensive income in the period in which they were incurred.

#### ***iv. Amortisation***

Amortisation of intangible assets, except for goodwill, trademarks, and licences of lottery operators, are accounted for in the statement of profit or loss and other comprehensive income on a straight-line basis over their estimated useful life, beginning on the date when the given asset is put into use. The estimated useful lives for the current and comparative periods are as follows:

• Software	2 - 7 years
• Intellectual property rights - licence of a lottery operator	indefinite
• Intellectual property rights - other	6 - 10 years
• Distribution network (contracts with providers)	20 years
• Trademarks	indefinite
• Goodwill	indefinite

Amortisation methods, useful lives and net book values are reassessed at the end of each accounting period and adjusted, if necessary.

#### ***v. Impairment testing***

For goodwill and intangible assets that have an indefinite useful life, the recoverable amount is estimated at least once a year at the same time (see note 14).

The recoverable amount of an asset or cash-generating unit is the higher of its value in use or fair value less costs to sell. In determining value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets that cannot be tested individually are grouped into the smallest identifiable group of assets that generate cash flows from continuing use that are largely independent of cash flows from other assets or groups of assets (the so-called "cash-generating unit" or "CGU"). For the purposes of goodwill impairment testing, the CGUs to which goodwill has been assigned are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes.

An impairment loss is recognized if the carrying amount of the asset or its CGU exceeds its recoverable amount.

Impairment losses are recognized in the income statement and other comprehensive income. Impairment losses recognized in relation to a CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (CGU group) and then to reduce the carrying amount of the other assets in the CGU (CGU group) on a pro rata basis.

The reported goodwill impairment loss is not subsequently reversed. For other assets, impairment losses recognized in prior periods are reviewed at each balance sheet date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortization if no impairment loss had been recorded.

**(n) Other non-current investments**

Other non-current investments are comprised of investments in associates.

Investments in associates are reported at cost less any impairment losses.

**(o) Inventories**

Inventories are stated at the lower of the cost and net realisable value.

The cost of inventories includes the purchase price, duties on import and other taxes (except for those that are subsequently reimbursed to the enterprise by tax authorities), transportation, handling costs and other costs directly attributable to the acquisition of finished goods, material, and services. The cost is reduced by trade deductions, discounts, and other similar items.

Net realisable value is the value of an asset that can be realised during the sale of the asset, less the estimated costs of completion or potential sale of the given asset.

**(p) Allowances**

Allowances to non-current assets and inventories are determined based on information primarily ascertained during a physical stock-take and subsequent approval process.

**(q) Provisions**

Provisions are reported in the statement of financial position if the Company has a current legal or non-contractual obligation arising from an event that occurred in the past and if the settlement of such an obligation is likely to require outflow of economic benefits and the relevant amount can be reliably estimated.

Provisions are reported at the expected amount of the settlement. Non-current liabilities are reported as liabilities at the current value of the expected amount of their settlement; if discounting has a significant effect, the rate before tax reflecting the existing market assessment of the time value of money and the obligation-specific risks is applied as the discount rate. Amounts of additions and the effects of changes in interest rates are reported in the statement of profit or loss and other comprehensive income in financial income and expenses.

Changes in estimated provisions can primarily arise as a result of deviations from the originally estimated expenses or as a result of a changed settlement date or changed extent of the given obligation. Generally, any changes in estimates are reported in the statement of profit or loss and other comprehensive income as at the date the given estimate changes. The amount of provisions is reviewed on an ongoing basis.

The increase in a provision is recognised in the relevant expense account that corresponds with the substance of the provision. Adjustment of the provision to present value is recognised as interest expense in financial expenses. The release of a provision is recognised as a decrease in the relevant expense account.

**(r) Recognition of revenues and accounting for winnings (Note 4)**

Gaming contracts are transactions in which the Company enters into a position against its customer. Revenues from gaming contracts are reported according to IFRS 9, and revenues, including gains and

losses from revaluation of derivatives from gaming contracts, are reported on the line Revenue from gaming activities (GGR).

Revenues are recognized net of winnings.

Deposits received relating to future lottery periods and future bets are accounted for as a liability (“Number Lottery Subscriptions”) and measured at fair value. Unpaid winning claims are reported as trade payables and other current liabilities for the duration of the winning claim.

Short-term trade payables include both unpaid winning claims and estimates on winnings from numerical and instant lotteries, including estimates on unclaimed jackpots. If the prizes are not paid in full within 12 months of the reporting date (i.e. games where the prizes are paid as annuity), the non-current portion is reported under non-current trade and other liabilities.

Unclaimed winnings (expired winnings that winners have not been able to claim) are handled in accordance with applicable lottery license terms and conditions. In general, unclaimed winnings remain recorded as a liability to game participants. Occasionally, unclaimed, and expired winnings are written off to earnings.

### **Numerical lotteries**

Revenues are recognized in the period when the bet is placed, net of the obligation to pay future winnings valued at fair value.

#### *Numerical lotteries, winnings, and lottery tax*

Claims for winnings are recognised in individual periods based on winning rolls for lottery periods and are fully accrued/deferred as at the balance sheet date. An estimate is created for unused jackpots/superjackpots.

Lottery tax representing 35% (35% in 2021) of deposits less winnings is reported based on recognised revenues reduced by winnings in the given period.

### **Instant lotteries**

Revenues from the sale of scratch cards are recognised in the period of the transaction less of the obligation to pay future winnings. Obligation to pay future winnings is calculated based on the sales revenue and the expected share of the winnings according to the game conditions.

#### *Winnings in instant lotteries and lottery tax*

Winnings in instant lotteries are reported on an accrual basis. Winnings include winnings paid and an estimate created based on historical experience.

The lottery tax of 35% (35% in 2021) of deposits less winnings is reported based on recognised revenues reduced by winnings in the given period.

### **Odds betting**

In accordance with the gaming plan, odds betting is organised through an online system and online betting linked to a central IT system.

Revenues from betting are accounted for at the time a betting event occurs on a net basis, less relevant winnings. In case of a series of events, revenues are accounted for at the time the last betting event occurs.

#### *Winnings from odds betting and lottery tax*

Winnings awarded based on claimed winnings and tables of winnings are fully accrued/deferred in all the events that occurred.

Lottery tax, which is 23% (23% in 2021) of the revenues from betting reduced by winnings in the given period, is fully accrued/deferred as at the date of the financial statements.

### **Technical games**

The revenue (GGR) is recognised as the difference between the sum of deposits in games and the sum of winnings paid out to the players during playing time, running from the moment the sum of money is put in the game until the final amount is collected from the game.

Lottery tax is 35% (35% in 2021).

### **Revenue from sale of goods and services**

The Company recognises revenue when the obligation to perform by transferring the promised goods or services to the customer, which acquires control of the asset, is fulfilled, which means after delivery of the services and goods and their acceptance by the customer. Revenue from the provision of services is reported net of value added tax and after deducting discounts. Revenue is measured at the transaction price that is allocated to the performance obligation.

- **Mobile virtual network operator (MVNO)**

Revenues consist mainly of revenues from the provision of telecommunications network services to end customers.

Revenues from voice services represent the main part of total revenues and consist mainly of domestic and foreign (roaming) call of customers. The most significant part of the revenue is realized through prepaid phone cards, where the revenue is reported continuously at the moment of credit use by the customer. Another significant part of revenues is represented by revenues from non-voice services such as SMS, data transmission and MMS.

In the case of contracts with more than one element, the transaction price is allocated between the performances arising from the contract in proportion to their separate selling prices. The Company considers the effect of variable performance and the financing component to be insignificant.

If discounts on service charges are provided unequally over the life of the contract, while the monthly service is provided to the customer evenly, total service revenue is recognised on a straight-line basis.

- **Topping-up of mobile phones**

Expenses and revenues connected with the topping-up of prepaid cards in mobile phones (GSM) are reported on an accrual basis in the period of the transaction.

Under the terms and conditions of contracts concluded with mobile network operators, revenues equal to a fixed amount calculated from the GSM sales. Invoice period corresponds to a week (always from Monday to Sunday). The Company acts as an agent for mobile network operators; revenues are reported only in the amount equalling the commission on sale.

- **Sale of tickets**

Revenues from the sale of tickets are reported on an accrual basis in the period of the transaction. The Company acts as an agent; revenues are reported only in the amount equalling the commission on sale.

- **Other activities**

Revenues and expenses related to other activities are reported on an accrual basis in the period of the transaction and always attributed to the period to which they relate in terms of substance and time.

In most other activities, the Company acts as an agent; revenues are reported on a net basis, i.e. only in the amount equalling the commission on sale.

### **(s) Financial income and expenses (Note 12)**

Financial income includes interest income from invested funds (bank interest, interest on loans provided), foreign exchange gains and gains from derivative instruments accounted for in the profit or loss.

Financial expenses include interest expense for loans and borrowings, finance lease, bank fees, losses from the sale of available-for-sale financial assets, foreign exchange losses and losses from derivative instruments accounted for in the profit or loss.

***i. Interest income***

Interest income is accounted for in the profit or loss upon its occurrence by applying the effective interest method and includes interest income from invested funds (bank loans or loans provided).

***ii. Interest expense***

Interest expense is accounted for in the profit or loss upon its occurrence by applying the effective interest method and includes interest expense from bank loans and other borrowings and from finance lease.

***iii. Other profit and loss from financial activity***

Other profit and loss from financial activity primarily include foreign exchange gains and losses, revenue from the holding of securities, bank fees and losses from early realized derivative instruments.

**(t) Income tax expense (Note 13)**

Income tax expense is comprised of current tax and deferred tax. Income tax expense is reported in the statement of profit or loss and other comprehensive income.

Current tax includes tax estimate (tax liability or tax asset) calculated from the taxable income or loss for the current period using tax rates applicable as at the balance sheet date, as well as any adjustments to the current tax relating to prior years.

Deferred tax is calculated using the balance sheet liability method, which is based on temporary differences between the book values of assets and liabilities in the balance sheet and their values for tax purposes. Deferred tax is not calculated based on temporary differences in respect of those assets and liabilities whose initial recognition does not have impact on the accounting or taxable profit. Deferred tax is not reported upon initial recognition of goodwill.

The amount of deferred tax is based on the anticipated method of realisation or settlement of temporary differences by applying tax rates valid or basically enacted as at the balance sheet date.

Tax assets and liabilities from deferred tax are mutually offset if there is a legally enforceable right to mutual compensation (offset) of current tax assets and liabilities and if they relate to income taxes imposed by the same tax authority on the same tax entity, with the aim of settling current tax assets and liabilities on a net basis; tax assets and liabilities can also be mutually offset if realised simultaneously.

Tax asset from deferred tax is reported only if future taxable profits are likely to be available, against which any unclaimed tax losses, tax credits and deductible temporary differences can be utilised. Deferred tax assets are reduced to an extent in which the realisation of any related tax relief is not probable.

**(u) Transactions in foreign currencies**

Transactions in foreign currencies are translated to Czech crowns (functional currency) using the Czech National Bank official exchange rate valid as at the transaction date.

As at the date of the financial statements, assets and liabilities denominated in a foreign currency are translated to the functional currency using the Czech National Bank official exchange rate valid on the given day.

Foreign exchange differences arising on the translation of foreign currencies are reported as profit or loss the statement of profit or loss and other comprehensive income.

**(v) Related parties** *(Note 27)*

A related party is a person or entity that is related to an entity preparing its financial statements (the “reporting entity”)

A. A person or a close member of that person’s family is related to the reporting entity if that person:

- has control or joint control over the reporting entity;
- has significant influence over the reporting entity; or
- is a member of the key management personnel of the reporting entity or its parent company.

B. An entity is related to the reporting entity if any of the following conditions apply:

- (I) The entity and the reporting entity are members of the same group (which means that all parents, subsidiaries, and affiliate companies are mutually related).
- (II) One entity is an associated company or a joint venture of another entity (or an associated company or a joint venture of a member of a group, of which the other entity is a member).
- (III) Both entities are joint ventures of the same third party.
- (IV) One entity is a joint venture of a third entity, and the other entity is an associated company of the third entity.
- (V) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the financially contributing employers are also related to the reporting entity.
- (VI) The entity is controlled or jointly controlled by a person identified in (A).
- (VII) A person identified in B. (I) above has a significant influence over the entity or is a member of the key management personnel of the entity (or its parent company).

**(w) Leases** *(Note 17)*

The Company leases various premises, cars, and IT equipment. Lease contracts are usually concluded for fixed periods, but may also have extension options, as described below.

Contracts may contain both lease and non-lease components. The Company allocates the contract consideration to lease, and non-lease components based on their relative stand-alone prices. However, in the case of leases of real estate for which the Company is the lessee, the Company has decided not to separate the lease components from the non-lease components and instead to account for them as a single lease component.

Lease conditions are negotiated individually and contain a wide range of different contractual conditions. Leases do not impose any covenants other than collateral on leased assets held by the lessor. Leased assets may not be used as collateral for lending purposes.

Lease liabilities are initially measured at present value. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including essentially fixed payments) less any lease incentives receivable,
- variable lease payments depending on an index or a rate that were initially measured at the index or rate at the commencement date,
- amounts expected to be payable by the Company under the residual value guarantees,
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for termination of the lease, if the lease term reflects the Company exercising an option to terminate the lease.

Options to extend or terminate a lease are included in several of the Company's property and equipment leases. These conditions are used to maximize operational flexibility in terms of managing the assets used in the Company's activities. Most extension and termination options held can only be exercised by the Company and not by the relevant lessor. Extension options (or the period after termination options) are included in the lease term only if it is reasonably certain that the lease will be extended (or not terminated). Lease payments to be made based on reasonably certain extension options are also included in the measurement of the liability.

Lease payments are discounted using the lease's implicit interest rate. If this rate cannot be readily determined, the Company's incremental borrowing rate is used, which is the rate the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar rules, collateral, and conditions.

To determine the incremental borrowing rate, the Company:

- if possible, will use as a starting point recent third-party funding adjusted to reflect changes in conditions from the date of receipt of such third-party funding,
- will apply an approach that begins with a risk-free interest rate adjusted for credit risk, and
- will make adjustments specific to the lease, such as period, country, currency, and collateral.

The Company is exposed to a potential future increase in index- or rate-dependent variable lease payments that are not included in the lease liability until they become effective. When index or rate dependent adjustments to lease payments take effect, the lease liability is reassessed and adjusted based on the right of use asset.

Lease payments are divided into principal and finance costs. Finance costs are recognised in profit or loss over the lease term so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period.

The cost of a right-of-use asset includes:

- the amount of the initial measurement of the lease liability,
- any lease payments made on or before the commencement date after deducting any lease incentives received,
- any initial direct costs incurred by the Company, and
- the estimated costs to be incurred by the Company in dismantling and removing the underlying asset.

Right-of-use assets are depreciated on a straight-line basis over the lease term. If the Company is reasonably certain that it will exercise the purchase option, the right-of-use asset is depreciated over underlying asset's useful life.

Estimated useful life for individual categories of right-of-use assets:

Buildings and constructions (the Company's headquarters)	10 years
Machines, devices, and equipment	3 – 5 years

Payments related to current leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense to profit or loss. Current lease is a lease with a lease term of 12 months or less. Low-value assets include IT equipment and small items of office furniture with a value of up to approximately CZK 110 thousand, or lower.

Leases of terminals contain variable payment terms, which vary depending on the amount of gross revenue achieved. For individual terminals, 100% of leasing payments are based on variable payment terms with percentages ranging from 5% to 20% of gross revenue. Variable payment terms are used for a variety of reasons, including minimizing fixed costs. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that gives rise to those payments occurs.

In order to optimize lease costs during the contract period, in some cases the Company provides guarantees of residual values in connection with the leasing of equipment. The Company initially estimates and reports the amounts expected to be due under the residual value guarantees as part of the lease liability. The expected residual value at the inception of the lease is usually equal to or higher than the guaranteed amount, so the Company does not expect to pay anything under the guarantees. At the end of each reporting period, the expected residual values are reviewed and, if necessary, adjusted to reflect the actual residual values achieved for comparable assets and expectations about future prices.

#### 4. Revenues

All the Company's revenues were generated in the Czech Republic.

In 2022, revenues were generated by numerical and instant lotteries (both classic printed and electronic), odds betting, Sazka games and non-lottery activities. In 2022, revenues increased comparing to 2021 mainly thanks to online gaming. In lotteries, Eurojackpot was the most successful, thanks to the introduction of a second draw and printed lottery tickets, in online betting, the growth is mainly due to electronic lottery tickets and Sazka games. For non-lottery services, sales were at a similar level as in 2021, there is a decrease in revenues from top-ups and from the virtual mobile operator, on the contrary, revenues from packages are increasing.

Distribution of revenue according to the products:

	2022	2021
Mobile virtual network operator	279	286
Service of topping-up credit in mobile phones ("GSM")	69	76
Sale of tickets	3	2
Other	97	80
<b>Total revenue from contracts with customers</b>	<b>448</b>	<b>444</b>
<b>Lottery and betting activities</b>	<b>11,131</b>	<b>10,462</b>
<b>Total revenue</b>	<b>11,579</b>	<b>10,906</b>

The value of the transaction price assigned to performance obligations that were not fulfilled at the end of the accounting period for 2022 amounted to CZK 28 million (in 2021: CZK 29 million).

#### 5. Gaming taxes

	2022	2021
<b>Gaming taxes</b>	<b>3,852</b>	<b>3,669</b>
Gaming taxes	3,852	3,669

A gaming tax is a levy on gaming activities as defined by local legislation or regulations. It is generally calculated as a fixed percentage of the gross game revenue (amounts bet net of pay-outs) or just the amount bet depending on the game.

The Company recognizes gambling tax expenses and liabilities in the period in which the relevant gaming revenues are recorded.

#### 6. Agents' commissions

	2022	2021
<b>Agents' commissions</b>	<b>1,079</b>	<b>949</b>
Agents' commissions	1,079	949



Agents' commissions include fees for agents, such as kiosks, supermarkets, petrol stations and post offices of the Česká pošta, s.p. and represent commission for their services. These fees are linked to revenues. Since 2022, there is unclaimed VAT in the amount of CZK 161 million presented under this FSLI.

## 7. Material, consumables, and services

	2022	2021
<b>Materials, consumables, and services</b>	<b>1,782</b>	<b>1,465</b>
Fees for system providers	998	768
Telecommunication services	195	180
IT infrastructure and project management	242	209
The cost of producing the lottery tickets	131	105
Other services	216	203

The largest items are payments to system suppliers, IT infrastructure, production costs for instant lotteries and telecommunications services (purchase for MVNO). In the others, the most significant items are related to the management and maintenance of offices, transport, and assessable rights outside the DM. In addition, since 2022, unclaimed VAT in the amount of EUR 152 million is reflected in the individual lines.

## 8. Marketing expenses

	2022	2021
<b>Marketing expenses</b>	<b>1,199</b>	<b>982</b>
Advertising, promotion, and other related costs	1,108	883
Sponsorship and donations	91	99

The biggest increase in marketing costs is for television and internet advertising, increased outdoor promotion (primarily Dvořákova Praha), shooting of new advertising clips. In addition, since 2022, unclaimed VAT in the amount of CZK 118 million is reflected in the individual lines.

## 9. Personnel expenses

	2022	2021
<b>Personnel expenses</b>	<b>646</b>	<b>619</b>
Wages and salaries	467	464
Social and health insurance	69	49
Pension insurance	85	83
Other social expenses	23	23

The Company's liabilities under pension insurance are limited by the amount of the contribution to the supplementary pension insurance. The Company does not provide any post-employment benefits.

## 10. Other operating expenses

	2022	2021
<b>Other operating expenses</b>	<b>106</b>	<b>532</b>
Unclaimed VAT	-	424
Other operating expenses	106	108

Notary fees, winnings from consumer competitions and other small items forms a part of other operating costs. In addition, since 2022, unclaimed VAT in the amount of CZK 30 million is reflected under Other operating expenses line.

The costs for unclaimed VAT for 2021 relate to the following cost categories by its nature: CZK 123 million Marketing costs (see also Note 8), CZK 128 million Consumption of materials, energy, and services (see also Note 7), 164 CZK million Rewards to partners (see also Note 6) and CZK 9 million to other categories. In 2022, CZK 461 million was allocated directly to costs.

## 11. Fees payable to statutory auditors

The information is disclosed in the notes to the consolidated financial statements prepared for the Allwyn International a.s. (formerly SAZKA Group a.s.) consolidated group, in which the Company is included.

## 12. Financial income and expenses

	2022	2021
<b>Interest income</b>	<b>18</b>	<b>7</b>
Bank interest	18	7
<b>Interest expense</b>	<b>(511)</b>	<b>(320)</b>
Interest on bank loans	-	-
Other interest	(511)	(320)
<b>Other profit (+)/loss (-) relating to financial activity</b>	<b>63</b>	<b>(47)</b>
Profit (+)/loss (-) from foreign exchange operations	67	7
Other financial expenses	5	(54)
Other financial income	(9)	-
<b>Profit/loss from financial operations</b>	<b>(430)</b>	<b>(360)</b>

In 2022, the financial costs consisted primarily of interest from the intragroup loan and bank fees. Thanks to the increase in PRIBOR interest rates, there was also an increase in interest. After the revaluation of the rental agreement in Bořislavka and the agreement with IGT, there was an increase in profits from exchange rate operations, due to the strengthening of the Czech crown to Euro.

## 13. Income tax expense

	2022	2021
<b>Income tax expense</b>	<b>458</b>	<b>375</b>
Current income tax	455	441
Deferred income tax	3	(66)

Deferred tax is calculated using the applicable tax rates expected to be valid at the time the asset is realised, or the liability is settled. According to the Czech legislation, the corporate income tax rate is 19 % for the 2022 and 2021 financial years.

In 2022, in the statement of financial position, tax estimate was CZK 455 million (2021 – CZK 451 million) reduced by paid advances for income tax in the amount of CZK 374 million (2021 – CZK 334 million) and the resulting liability in the amount of CZK 81 million was reported in the item Current income tax liability (2021 – CZK 117 million).

### Reconciliation of effective tax rate

		2022		2021
<b>Profit before tax</b>		<b>2,228</b>		<b>1,996</b>
Income tax based on the applicable domestic tax rate	19.00%	(424)	19.00%	(379)
Other tax/tax-exempt items	1.52%	(34)	(0.20%)	4
<b>Income tax expense reported in the statement of profit or loss and other comprehensive income</b>	<b>20.52%</b>	<b>(458)</b>	<b>18.80%</b>	<b>(375)</b>

#### 14. Intangible assets and goodwill

2021	Trademarks	Intellectual property rights	Software	Other intangible assets	Goodwill	Total
<b>Acquisition cost</b>						
<b>Balance as at 1/1/2022</b>	<b>1,890</b>	<b>666</b>	<b>588</b>	<b>94</b>	<b>9,636</b>	<b>12,874</b>
Additions	2	27	99	60	--	188
Disposals	--	--	(33)	--	--	(33)
Transfers	--	--	82	(82)	--	--
<b>Balance as at 31/12/2022</b>	<b>1,892</b>	<b>693</b>	<b>736</b>	<b>72</b>	<b>9,636</b>	<b>13,029</b>
<b>Accumulated amortisation</b>						
<b>Balance as at 1/1/2022</b>	<b>--</b>	<b>(116)</b>	<b>(335)</b>	<b>(6)</b>	<b>--</b>	<b>(457)</b>
Amortisation expense	--	(51)	(109)	--	--	(160)
Disposals	--	--	33	--	--	33
<b>Balance as at 31/12/2022</b>	<b>--</b>	<b>(167)</b>	<b>(411)</b>	<b>(6)</b>	<b>--</b>	<b>(584)</b>
<b>Net book value 1/1/2022</b>	<b>1,890</b>	<b>550</b>	<b>253</b>	<b>88</b>	<b>9,636</b>	<b>12,417</b>
<b>Net book value 31/12/2022</b>	<b>1,892</b>	<b>526</b>	<b>325</b>	<b>66</b>	<b>9,636</b>	<b>12,445</b>

2021	Trademarks	Intellectual property rights	Software	Other intangible assets	Goodwill	Total
<b>Acquisition cost</b>						
<b>Balance as at 1/1/2021</b>	<b>1,887</b>	<b>654</b>	<b>491</b>	<b>35</b>	<b>9,636</b>	<b>12,703</b>
Additions	3	12	86	70	--	171
Transfers	--	--	11	(11)	--	--
<b>Balance as at 31/12/2021</b>	<b>1,890</b>	<b>666</b>	<b>588</b>	<b>94</b>	<b>9,636</b>	<b>12,874</b>
<b>Accumulated amortisation</b>						
<b>Balance as at 1/1/2021</b>	<b>--</b>	<b>(74)</b>	<b>(264)</b>	<b>(3)</b>	<b>--</b>	<b>(341)</b>
Amortisation expense	--	(42)	(71)	(3)	--	(116)
<b>Balance as at 31/12/2021</b>	<b>--</b>	<b>(116)</b>	<b>(335)</b>	<b>(6)</b>	<b>--</b>	<b>(457)</b>
<b>Net book value 1/1/2021</b>	<b>1,887</b>	<b>580</b>	<b>227</b>	<b>32</b>	<b>9,636</b>	<b>12,362</b>
<b>Net book value 31/12/2021</b>	<b>1,890</b>	<b>550</b>	<b>253</b>	<b>88</b>	<b>9,636</b>	<b>12,417</b>

Intangible assets include mostly trademarks, intellectual property rights, software and goodwill. The goodwill of CZK 9,636 million arose as a result of an acquisition of the Company and the subsequent merger of companies under joint control as of 1 January 2013 (using the so-called predecessor value from the highest level of consolidation).

In 2022, the major additions to intangible fixed assets were development of gaming platform, loyalty program and implementation of the new sports betting environment in the total amount of CZK 133 million and acquisition of software licenses in the total amount of CZK 24 million.

A significant intangible investment in the acquisition phase is the ongoing development of a new customer sales and gaming systems and implementation of the new HR environment in the amount of CZK 39 million.

SAZKA a.s.

Financial statements for the year ended 31 December 2022 (in CZK million)

Trademarks relate primarily to lotteries. Individual significant trademark items are the SAZKA trademark with a residual value of CZK 1,049 million and the Sportka trademark with a residual value of CZK 560 million, the Šťastní 10 trademark with a residual value of CZK 171 million and the Šance trademark with a residual value of CZK 48 million. CZK.

Intellectual property rights relate primarily to licences. An individual significant item in the Intellectual property rights category is a combined software license for lotteries and extended services acquired in 2020, that had a residual value of CZK 356 million as of 31 December 2022 (as of 31 December 2021: CZK 396 million) and a lottery operator license with a residual value of CZK 87 million (as of 31 December 2021: CZK 87 million).

### **Intangible assets with indefinite useful life, goodwill and impairment testing**

In compliance with IAS 36, the Company tested the impairment of goodwill and intangible assets with indefinite useful life (trademarks) in 2022.

Impairment testing is performed annually as of 31 December. Goodwill impairment testing is performed at the CGU level, which is considered to be the entire Company. The recoverable amount was estimated at 31 December 2022 (and at 31 December 2021) using value in use. Value in use "VIU" is based on the forecasts of future cash flows. The forecasts are prepared and updated by the Company's management. The weighted average cost of capital before tax is used as an appropriate discount rate to estimate the net present value of future cash flows allocated to each cash-generating unit, which was 11.4% for the year ended 31 December 2022 (as at 31 December 2021 10.8%). A cash flow forecast is always prepared based on specific expected operating results and a business plan covering at least three years. For business continuity over the explicit forecast, the model of terminal value 2% for 2022 and 2021 year (the Gordon growth model) is used.

The resulting recoverable amount calculated based on VIU exceeded the relevant book value which led to a conclusion that no impairment of tested assets should have been accounted for as at 31 December 2022 or 31 December 2021. Moreover, the Company's management performed a sensitivity analysis of factors impacting the calculation of the recoverable amount. The expected movements of these factors do not indicate any impairment of goodwill.

### **Trademarks**

Testing of trademark impairment was performed at the CGU level, which is considered to be the entire Company. Testing was performed using the fee exemption method. As in the paragraphs above, an explicit cash flow forecast was prepared based on a business plan covering at least three years. The budgets have been approved by management and are valid at the time the impairment test is performed. These budgets are based on past experience as well as future expectations and market trends. For trademark continuity even over the explicit forecast, the model of terminal value (the Gordon growth model) is used. A terminal growth rate of 2 % (2021: 2 %) is used. Net fees after tax (using the 5 % royalty rate for both years) were discounted using the weighted average cost of capital (WACC) before tax. The resulting WACC reaches 12.4% (2021: 10.8 %). Savings from the tax shield were also included in the calculation.

The determination of the indefinite term of use of trademarks is based on historical experience, marketing considerations and the nature of the industries in which the mark is operated. SAZKA's trademarks are well established in their respective markets with a significant market share. All brands generate stable cash flows and SAZKA is one of the key brands in the Czech Republic. SAZKA continues to invest in increasing brand awareness and recognition and expects to use these brands for the foreseeable future. In view of the above, the useful life of a brand cannot be clearly predicted; useful life is defined as indefinite and is tested annually for impairment.

The resulting recoverable amount exceeded the book value of trademarks, which supported the conclusion that no impairment of trademarks should have been accounted for as at 31 December 2022 or 31 December 2021. Moreover, the Company's management performed a sensitivity analysis of factors impacting the calculation of recoverable amounts. The expected movements of these factors do not indicate any impairment of trademarks.

**15. Property, plant and equipment**

2022	Land	Buildings and structures	Machinery and equipment	Other property, plant and equipment	Property, plant and equipment in the acquisition stage	Total
<b>Acquisition cost</b>						
<b>Balance as at 1/1/2022</b>	--	14	318	33	11	376
Additions	--	1	27	--	1	29
Disposals	--	--	(41)	(4)	--	(45)
Transfers	--	--	11	--	(11)	--
<b>Balance as at 31/12/2022</b>	--	15	315	29	1	360
<b>Accumulated depreciation</b>						
<b>Balance as at 1/1/2022</b>	--	--	(136)	--	--	(136)
Depreciation expense	--	(1)	(42)	--	--	(43)
Adjustments to disposals	--	--	37	--	--	37
Impairment of assets	--	--	--	--	--	--
<b>Balance as at 31/12/2022</b>	--	(1)	(141)	--	--	(142)
<b>Net book value 1/1/2022</b>	--	14	182	33	11	240
<b>Net book value 31/12/2022</b>	--	14	174	29	1	218

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<b>2021</b>	<b>Land</b>	<b>Buildings and structures</b>	<b>Machinery and equipment</b>	<b>Other property, plant and equipment</b>	<b>Property, plant and equipment in the acquisition stage</b>	<b>Total</b>
<b>Acquisition cost</b>						
<b>Balance as at 1/1/2021</b>	<b>65</b>	<b>593</b>	<b>217</b>	<b>41</b>	<b>31</b>	<b>947</b>
Additions	--	15	82	--	10	107
Disposals	--	--	(8)	(8)	--	(16)
Transfers investment property	(65)	(597)	--	--	--	(662)
Transfers	--	3	27	--	(30)	--
<b>Balance as at 31/12/2021</b>	<b>--</b>	<b>14</b>	<b>318</b>	<b>33</b>	<b>11</b>	<b>376</b>
<b>Accumulated depreciation</b>						
<b>Balance as at 1/1/2021</b>	<b>--</b>	<b>(87)</b>	<b>(118)</b>	<b>--</b>	<b>--</b>	<b>(205)</b>
Depreciation expense	--	(11)	(26)	--	--	(37)
Adjustments to disposals	--	--	8	--	--	8
Impairment of assets	--	(159)	--	--	--	(159)
Transfers – investment property	--	257	--	--	--	257
<b>Balance as at 31/12/2021</b>	<b>--</b>	<b>--</b>	<b>(136)</b>	<b>--</b>	<b>--</b>	<b>(136)</b>
<b>Net book value 1/1/2021</b>	<b>65</b>	<b>506</b>	<b>99</b>	<b>41</b>	<b>31</b>	<b>742</b>
<b>Net book value 31/12/2021</b>	<b>--</b>	<b>14</b>	<b>182</b>	<b>33</b>	<b>11</b>	<b>240</b>

In 2022, the major additions to tangible fixed assets are investment in IT safety technology in the amount of CZK 13 million, expansion of the server farm in the amount of CZK 5 million, modernization of studio technologies in the amount of CZK 5 million and replacement of employee IT equipment in the amount of CZK 5 million.

There is no investment in excess of CZK 1 million in the acquisition phase as at 31 December 2022.

## 16. Investment property

2022	Land	Buildings and structures	Total
<b>Acquisition cost</b>			
<b>Balance as at 1/1/2022</b>	<b>65</b>	<b>340</b>	<b>405</b>
Additions	--	--	--
Disposals	--	--	--
<b>Balance as at 31/12/2022</b>	<b>65</b>	<b>340</b>	<b>405</b>
<b>Depreciation expense and provisions</b>			
<b>Balance as at 1/1/2022</b>	--	--	--
Depreciation expense	--	(12)	(12)
<b>Balance as at 31/12/2022</b>	--	<b>(12)</b>	<b>(12)</b>
<b>Net book value 1/1/2022</b>	<b>65</b>	<b>340</b>	<b>405</b>
<b>Net book value k 31/12/2022</b>	<b>65</b>	<b>328</b>	<b>393</b>
<b>2021</b>			
<b>Acquisition cost</b>			
<b>Balance as at 1/1/2021</b>	--	--	--
Transfers – investment property	65	597	662
<b>Balance as at 31/12/2021</b>	<b>65</b>	<b>597</b>	<b>662</b>
<b>Depreciation expense and provisions</b>			
<b>Balance as at 1/1/2021</b>	--	--	--
Transfers – investment property	--	(257)	(257)
<b>Balance as at 31/12/2021</b>	--	<b>(257)</b>	<b>(257)</b>
<b>Net book value 1/1/2021</b>	--	--	--
<b>Net book value k 31/12/2021</b>	<b>65</b>	<b>340</b>	<b>405</b>

Investment property relates to the area of the former headquarters of the Company K Žižkovu 851/4, Prague 9. The building's remaining period of commercial activity is 50 years. The residual value corresponds to the fair value. The Company determined the fair value on the basis of an internal estimate using independent offers and using procedures according to Level 3 of the fair value determination hierarchy.

The Company did not have significant rental income from the investment property or significant repair and maintenance costs. The investment is not subject to any restrictions on the realization of income from the investment property, and the Company has no obligations or contingent obligations due to repairs, maintenance or technical evaluation of the building.

**17. Leases**

	31/12/2022	31/12/2021
<b>Right-of-use assets</b>		
Leased premises	563	539
Cars	35	29
<b>Total</b>	<b>598</b>	<b>568</b>
<b>Lease liabilities</b>		
Current lease liabilities	60	67
Non-current lease liabilities	468	453
<b>Total</b>	<b>528</b>	<b>520</b>
	<b>2022</b>	<b>2021</b>
<b>Depreciation expense of right-of-use assets</b>		
Leased premises	70	47
Cars	18	18
<b>Total</b>	<b>88</b>	<b>65</b>
Costs of short-term lease and low-value assets lease	12	9



**18. Deferred tax assets and liabilities**

The following deferred tax assets and liabilities and their year-on-year changes were reported as at 31 December 2022, 31 December 2021 and 31 December 2020:

	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	Assets		Liabilities		Net	
<b>Deferred tax asset (+)/ liability (-) attributable to:</b>	--	--	(234)	(231)	(234)	(231)
Non-current assets (difference between net book value and the value for tax purposes)	--	--	(345)	(451)	(345)	(451)
Current and non-current provisions	118	74	--	--	118	74
Other temporary differences	25	146	(32)	--	(7)	146
Calculated deferred tax assets and liabilities	143	220	(377)	(451)	(234)	(231)
Offset of deferred tax assets and liabilities	(143)	(220)	143	220	--	--

	31/12/2022	2022	31/12/2021	2021	31/12/2020
	Deferred tax Asset (+) / liability (-)	Recognised in statement of profit or loss and other comprehensive income	Deferred tax Asset (+) / liability (-)	Recognised in statement of profit or loss and other comprehensive income	Deferred tax Asset (+) / liability (-)
<b>Deferred tax asset (+)/ liability (-) attributable to:</b>	(234)	(3)	(231)	66	(297)
Non-current assets (difference between net book value and the value for tax purposes)	(345)	106	(451)	(73)	(378)
Current and non-current provisions	118	44	74	22	52
Other temporary differences*	(7)	(153)	146	117	29

\* Deferred tax from other temporary differences consists mainly of the bonus program for employees and management of the Company.

## 19. Trade receivables and other assets

Non-current receivables include provided advances and deposits that are due in more than twelve months from the balance sheet date.

	31/12/2022 Third parties	31/12/2022 Related parties	31/12/2021 Third parties	31/12/2021 Related parties
<b>Non-current receivables and other non-current assets</b>	<b>16</b>	<b>16</b>	<b>13</b>	<b>21</b>
Non-current advances and deposits provided	16	16	13	21

Non-current advances and deposits provided mainly represent the deposit paid to Vodafone (due to the transfer of revenues for GSM recharging), the deposit for the operation of the Eurojackpot game and provided advance rent-related services on the basis of the Lease Agreement with BOŘISLAVKA OFFICE & SHOPPING CENTRE s.r.o.

	31/12/2022 Third parties	31/12/2022 Related parties	31/12/2021 Third parties	31/12/2021 Related parties
<b>Current receivables and other current assets</b>	<b>249</b>	<b>38</b>	<b>290</b>	<b>23</b>
Current receivables	121	37	123	12
Current advances and deposits provided	--	1	30	4
VAT receivable	--	--	5	--
Current prepaid expenses	128	--	132	7

Prepaid expenses represent in particular expenses connected with the acquisition of scratch cards that will enter the sales process in 2023 in the amount of CZK 68 million (2021 - CZK 65 million) and also invoices received that in terms of substance relate to the 2023 supplies in the amount of CZK 48 million (2021 - CZK 45 million).

The Company tested its receivables based on the expected credit loss model (ECL model). The expected credit losses are insignificant due to the following reasons. The Company has trade receivables from partners that operate as POS (point of sale) for the Company as part of its activities. The partners have an obligation to lodge a deposit at the Company's account before the business relation commences (the deposit amount is specified in Note 23). The deposit is subsequently adjusted twice a year based on sales that are generated at terminals located at the partners. In case a partner does not pay the liability, the Company can satisfy its receivable from the deposit lodged by the partner in the Company (see note 23(e)).

By combining the above methods of credit risk hedging (short turnover period of receivables, access to the deposit lodged at the Company's bank account) and a high credit quality of the business partner portfolio, the Company assessed the potential adjustment according to the ECL model as insignificant.

## 20. Cash and cash equivalents

	31/12/2022	31/12/2021
<b>Cash and cash equivalents</b>	<b>1,654</b>	<b>1,564</b>
Cash	5	5
Bank accounts	1,649	1,559

In addition to Cash and cash equivalents, the Company has restricted cash of CZK 5 million (2021 – CZK 55 million) due to gaming deposits. This amount is recognised in the statement of financial position on the line Restricted cash.

## 21. Equity

### Share capital and share premium

The Company's share capital consists of 4,500 pieces of authorised ordinary certificated registered shares in nominal value of CZK 100 thousand. No changes were made in the Company's share capital in 2022 or 2021.

Each share in nominal value of CZK 100 thousand is connected with one voting right at the general meeting. Except for ordinary shares, the Company did not issue any shares of different types. Potential limited transferability of the ownership right, share of profit or loss or conditions under which the pay-out is made, can be connected only with generally applicable laws, the Company's statutes and contractual arrangement. Each shareholder has a right for the pay-out of the profit share approved by the general meeting that corresponds with the shareholder's share in the share capital. At the same time, if the Company is declared insolvent, each shareholder has the rights for the share in the liquidation balance. Unless the Company's statutes or the shareholders' agreement stipulate otherwise, the liquidation balance is first divided among the shareholders up to the amount of their share in the share capital.

The Company's share capital has been fully paid up.

### Capital and Other funds

Capital and other funds in amount of CZK 1,454 million (as at 31 December 2021: 1,454 million) primarily represent voluntary contributions from the Company's shareholders in previous years and are fully distributable.

### Retained earnings and profit/loss for the current period

In 2022, the Company made a dividend payment in the amount of CZK 1,000 million, i.e. CZK 222 thousand per 1 share (2021- CZK 900 million, i.e. CZK 200 thousand per 1 share).

## 22. Loans

	31/12/2022	31/12/2021
<b>Bank loans and other borrowings - non-current portion</b>	<b>3,555</b>	<b>4,179</b>
Non-current loans from related parties – principal	3,555	4,179
	31/12/2022	31/12/2021
<b>Bank loans and other borrowings - current portion</b>	<b>646</b>	<b>634</b>
Current loans from related parties – principal	624	624
Current loans from related parties – interest	22	10
<b>Reconciliation of movements in current and non-current loans and borrowings in the cash flow:</b>	<b>2022</b>	<b>2021</b>
<b>Balance at the beginning of the period</b>	<b>4,813</b>	<b>5,678</b>
<i>Cash flows</i>		
Loans paid	(624)	(867)
Payment of interest accumulated from previous years*	(10)	(8)
<i>Non-cash changes</i>		
Outstanding interest	22	10
<b>Balance at the end of the period</b>	<b>4,201</b>	<b>4,813</b>

\* The payment of interest accumulated from previous years represents a portion of interest paid in the "Interest paid" item in the Statement of cash flows

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<b>Reconciliation of movements in current and non-current leasing in the cash flow:</b>	<b>2022</b>	<b>2021</b>
<b>Balance at the beginning of the period</b>	<b>520</b>	<b>58</b>
<i>Cash flows</i>		
Cash flows used in investing activities	(84)	(112)
Payment of interests	(30)	(19)
<i>Non-cash changes</i>		
New lease agreements and lease modifications	118	574
Interest expense	30	19
Foreign currency revaluation	(26)	--
<b>Balance at the end of the period</b>	<b>528</b>	<b>520</b>

### Loans received from related parties

As at 31 December 2022, the Company reported the following loans received from related parties:

<b>31/12/2022</b>	<b>Maturity</b>	<b>Interest rate</b>	<b>Principal balance k 31/12.2022</b>	<b>Principal balance k 31/12.2021</b>
Allwyn International a.s. (former SAZKA Group a.s.)	15/9/2029	4.5%+3M PRIBOR	4,179	4,803

On 21 December 2020, SAZKA a.s. entered into a FACILITY AGREEMENT with Allwyn International a.s. (former SAZKA Group a.s.) for CZK 5,670,000,000.

On 21 December 2020, the Company drew a loan in the amount of CZK 5,670,000,000 based on this agreement and repaid early all liabilities arising from the loan agreement concluded on 25 July 2018 with Komerční banka, a.s., Česká spořitelna, a.s., Československá obchodní banka, a.s., UniCredit Bank Czech Republic and Slovakia, a.s. and Sberbank CZ, a.s.

As at 31 December 2022, liabilities due to unpaid interest for the above loan in the total amount of CZK 22 million were recognised.

SAZKA a.s. guarantees the obligations of Allwyn Entertainment Financing (UK) Plc. These are mainly loan agreements (Senior Facilities Agreement) concluded by the aforementioned companies (on 17 November 2022) and for liabilities arising from the bonds issued by Allwyn Entertainment Financing (UK) Plc. The liabilities of SAZKA a.s. under the guarantee are limited in the Intercreditor Agreement to a certain amount, the calculation of which is based on the net book value of the assets of SAZKA a.s. and the share of the secured creditors in the total liabilities of SAZKA a.s.

### 23. Trade and other payables

As at 31 December 2022, the Company reported a non-current payable due to the reported combined license for software for lotteries and extended services in the amount of CZK 309 million (as at 31 December 2021: CZK 377 million), see Note 13.

	31/12/2022 third parties	31/12/2022 related parties	31/12/2021* third parties	31/12/2021 related parties
<b>Current trade and other payables</b>	<b>2,804</b>	<b>58</b>	<b>2,794</b>	<b>87</b>
Current trade payables	393	58	323	87
Current deposits received 1)	131		138	
Payables from unpaid winnings 3)	753		630	
Personal income tax payables	27		61	
Lottery tax payables	1,028		1,045	
Social and health insurance liabilities	44		51	
Payables to employees	124		166	
Estimated payables 2)	235		292	
Prepayments	68		87	
Other payables	1		1	

\*see note 2(f)

- 1) As at 31 December 2022, the Company recognised a payable of CZK 131 million (31 December 2021 – CZK 138 million) relating to received deposits. Agreements concluded with partners contain an entitlement for an immediate refund of the given deposit after their activities are terminated and all their liabilities to the Company are settled.
- 2) As at 31 December 2022, estimated payables were mainly comprised of estimated payables relating to supplier invoices of CZK 235 million (31 December 2021 – CZK 292 million).
- 3) As at 31 December 2022, the Company has recognised a liability of CZK 753 million (31 December 2021 - CZK 630 million) in respect of unpaid prizes. These include payouts due to players from draws and bets and the betting on future payouts, including the betting on the jackpot. See note 3(q) for further information on the accounting for gaming revenue.

Trade and other payables were not secured as at 31 December 2022 and 31 December 2021.

The currency and liquidity risks to which the Company is exposed in relation to the trade and other payables are described in Note 26 – Risk management policies and information disclosure.

## 24. Profit/loss from operating activities before interest, tax, depreciation and amortisation (EBITDA)

The Company's Board of Directors has disclosed the EBITDA indicator in compliance with the internal methodology for preparing and disclosing the indicator. The EBITDA indicator is not defined as a performance indicator under IFRS.

The EBITDA indicator is calculated as the profit/loss before tax, other financial expenses/income, interest expense/income, depreciation and amortisation.

	2022	2021
<b>Net profit / (loss) for the financial period</b>	<b>1,770</b>	<b>1,621</b>
Income tax	458	375
Financial result	430	360
Depreciation and amortisation (including impairment)	303	377
<b>EBITDA</b>	<b>2,961</b>	<b>2,733</b>

## 25. Contingent liabilities

There are no legal disputes pending against the Company and the Company has no other contingent liabilities of a material nature.

The Company has a potential liability as a guarantor for value added tax liabilities for companies in the joint VAT group. As of 31 December 2022, this liability amounted to CZK 95 million, as of 31 December 2021 related parties had a receivable.

## 26. Risk management policies and information disclosure

This section describes in detail the financial and operating risks to which the Company is exposed and the methods of managing these risks. The most important financial risks for the Company are the credit risk and the liquidity risk. Given that the Company is encumbered with loans, the interest rate risk can also be considered significant.

**(a) Credit risk**

*i. Threat of credit risk*

Credit risk is a risk of financial loss the Company faces if its customer or counterparty in a transaction with a financial instrument fails to perform its contractual obligations. The Company is exposed to credit risk especially as a result of its operating activity (especially with respect to trade receivables) and as a result of its financial activity, including deposits with banks and financial institutions, loans provided to third parties and other financial instruments.

For financial assets, the maximum credit risk (if the counterparties fail to meet all their contractual obligations and, at the same time, it is determined that the provided guarantees or collateral are worthless) is represented by their carrying amount. In the case of guarantees issued, the maximum credit risk is the total amount of the guaranteed obligation.

As for the cash and cash equivalents, the Company has accounts with renowned banks, where minimum risk is expected. Most of the available funds are deposited in a selected bank in the Czech Republic with a credit rating of "A". Furthermore, the Company trades primarily with verified partners in respect of which it follows the principle that all customers that want to use credit facilities undergo procedures for individual credit risk assessment. The Group continuously monitors the balance of receivables on an individual and aggregate level.

One of the main instruments to mitigate the credit risk within ordinary business activities are deposits received from partners (agents) – see Note 23(1). Receivables from partners are monitored by the Company's management on a regular basis.

As at the balance sheet date, the maximum credit risks, broken down based on the type of counterparties are given in the following tables.

**Credit risk based on a counterparty**

<i>at 31 December 2022</i>	<b>Enterprises (non-financial institutions)</b>	<b>Financial institutions</b>	<b>Total</b>
<b>Assets</b>			
Non-current receivables and other non-current receivables	16	--	16
Non-current escrow accounts	--	5	5
Current receivables and other current receivables	157	--	157
Cash and cash equivalents	5	1,649	1,654
Financial guarantees provided (Note 22)	13,414	--	13,414
<b>Total</b>	<b>13,592</b>	<b>1,654</b>	<b>15,246</b>

<i>at 31 December 2021</i>	<b>Enterprises (non-financial institutions)</b>	<b>Financial institutions</b>	<b>Total</b>
<b>Assets</b>			
Non-current receivables and other non-current receivables	18	--	18
Non-current escrow accounts	--	55	55
Current receivables and other current receivables	156	--	156
Cash and cash equivalents	5	1,559	1,564
Financial guarantees provided (Note 22)	12,629	--	12,629
<b>Total</b>	<b>12,808</b>	<b>1,614</b>	<b>14,422</b>

**Credit risk based on a territory**

Credit risk is located in the Czech Republic.



**ii. Impairment losses**

Ageing structure of financial assets:

<i>at 31 December 2022</i>	Within due date	Overdue < 90 days	Overdue 91(180) days	Overdue 181(365) days	Overdue >365 days	Allowance	Total
<i>Non-current receivables and other non-current receivables</i>	16	--	--	--	--	--	16
- Other receivables	16	--	--	--	--	--	16
<i>Current receivables and other current receivables</i>	155	4	--	1	9	(12)	157
- receivables	155	4	--	1	9	(12)	157
<i>Non-current escrow accounts</i>	5	--	--	--	--	--	5
- escrow accounts	5	--	--	--	--	--	5
<i>Cash and cash equivalents</i>	1,654	--	--	--	--	--	1,654
- Cash in hand	5	--	--	--	--	--	5
- Bank accounts	1,649	--	--	--	--	--	1,649
<i>Financial guarantees provided</i>	13,414	--	--	--	--	--	13,414
<b>Total</b>	<b>15,244</b>	<b>4</b>	<b>--</b>	<b>1</b>	<b>9</b>	<b>(12)</b>	<b>15,246</b>

<i>at 31 December 2021</i>	Within due date	Overdue < 90 days	Overdue 91(180) days	Overdue 181(365) days	Overdue >365 days	Allowance	Total
<i>Non-current receivables and other non-current receivables</i>	18	--	--	--	--	--	18
- Other receivables	18	--	--	--	--	--	18
<i>Current receivables and other current receivables</i>	156	3	--	--	8	(11)	156
- Trade receivables	156	3	--	--	8	(11)	156
<i>Non-current escrow accounts</i>	55	--	--	--	--	--	55
- escrow accounts	55	--	--	--	--	--	55
<i>Cash and cash equivalents</i>	1,564	--	--	--	--	--	1,564
- Cash in hand	5	--	--	--	--	--	5
- Bank accounts	1,559	--	--	--	--	--	1,559
<i>Financial guarantees provided</i>	12,629	--	--	--	--	--	12,629
<b>Total</b>	<b>14,422</b>	<b>3</b>	<b>--</b>	<b>--</b>	<b>8</b>	<b>(11)</b>	<b>14,422</b>

The Company's management is convinced that overdue amounts that are not impaired can still be recovered in their full amount, considering the historical experience of payment of receivables based on the analysis of credit risk and customer rating, if it is available.

The financial guarantees provided represent the full amount that the Company is obliged to pay in the event that the original debtor does not make payment when due in accordance with the terms of the debt instrument.

### *iii. Credit quality of financial assets at amortized cost*

The Company classifies financial assets into credit quality classes. Class 1 consists of high-quality financial assets that do not have any indicators of impairment and fulfils the definition for "low credit risk" exemption. Class 2 consists of all other financial assets.

<i>At 31 December 2022</i>	Stage 1	Stage 2	Stage 3	Impairment matrix	Expected credit losses	Net carrying amount
<b>Class 1</b>						
<b>Cash and cash equivalents</b>	<b>1,654</b>	--	--	--	--	<b>1,654</b>
- Bank accounts	1,649	--	--	--	--	1,649
- Cash in hand	5	--	--	--	--	5
<b>Non-current escrow accounts</b>	<b>5</b>	--	--	--	--	<b>5</b>
- Escrow accounts	5	--	--	--	--	5
<b>Class 2</b>						
<b>Current receivables and other current receivables</b>	<b>37</b>	--	--	<b>132</b>	<b>(12)</b>	<b>157</b>
- Receivables	37	--	--	132	(12)	157
<b>Non-current receivables</b>	<b>16</b>	--	--	--	--	<b>16</b>
- Other receivables	16	--	--	--	--	16
<b>Financial guarantees provided</b>						
	13,414	--	--	--	--	13,414
<b>Total</b>	<b>15,126</b>	--	--	<b>132</b>	<b>(12)</b>	<b>15,246</b>

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<i>At 31 December 2021</i>	Stage 1	Stage 2	Stage 3	Impairment matrix	Expected credit losses	Net carrying amount
<b>Class 1</b>						
<b>Cash and cash equivalents</b>	<b>1,564</b>	--	--	--	--	<b>1,564</b>
- Bank accounts	1,559	--	--	--	--	1,559
- Cash in hand	5	--	--	--	--	5
<b>Non-current escrow accounts</b>	<b>55</b>	--	--	--	--	<b>55</b>
- Escrow accounts	55	--	--	--	--	55
<b>Class 2</b>						
<b>Current receivables and other current receivables</b>	--	--	--	<b>167</b>	<b>(11)</b>	<b>156</b>
- Receivables	--	--	--	167	(11)	156
<b>Non-current receivables</b>	<b>18</b>	--	--	--	--	<b>18</b>
- Other receivables	18	--	--	--	--	18
<b>Financial guarantees provided</b>	<b>12,629</b>	--	--	--	--	<b>12,629</b>
<b>Total</b>	<b>14,266</b>	--	--	<b>167</b>	<b>(11)</b>	<b>14,422</b>

Movements of allowances were as follows:

	Stage 1	Stage 2	Stage 3	Impairment matrix	Total
<b>Balance at 1 January 2021</b>	--	--	--	<b>10</b>	<b>10</b>
Additions – increase in allowance recognised in profit or loss during the year	--	--	--	1	1
<b>Balance at 31 December 2021</b>	--	--	--	<b>11</b>	<b>11</b>
Additions – increase in allowance recognised in profit or loss during the year	--	--	--	1	1
<b>Balance at 31 December 2022</b>	--	--	--	<b>12</b>	<b>12</b>

## Impairment matrix for current receivables as of 31 December 2022:

	Gross carrying amount	Expected credit loss rate	ECL allowance	Net carrying amount
<b>Before due date</b>	<b>121</b>	<b>2.50%</b>	<b>(3)</b>	<b>115</b>
- Receivables	12	25.00%	(3)	9
- Receivables from agents	106	0.00%	--	106
<b>Past due &lt; 90 days</b>	<b>4</b>	<b>0.00%</b>	<b>--</b>	<b>4</b>
- Receivables from agents	4	0.00%	--	4
<b>Past due 91 – 180 days</b>	<b>--</b>	<b>0.00%</b>	<b>--</b>	<b>--</b>
- Receivables	--	0.00%	--	--
<b>Past due 181 – 365 days</b>	<b>1</b>	<b>50.00%</b>	<b>--</b>	<b>1</b>
- Receivables	1	50.00%	--	1
<b>Past due &gt; 365 days</b>	<b>9</b>	<b>100.00%</b>	<b>(8)</b>	<b>--</b>
- Receivables	8	100.00%	(8)	--
- Receivables from agents	1	100.00%	(1)	--
<b>Total</b>	<b>132</b>	<b>9.10%</b>	<b>(12)</b>	<b>120</b>

## Impairment matrix for current receivables as of 31 December 2021

	Gross carrying amount	Expected credit loss rate	ECL allowance	Net carrying amount
<b>Before due date</b>	<b>156</b>	<b>3.00%</b>	<b>(2)</b>	<b>154</b>
- Receivables	16	3.00%	(2)	14
- Receivables from agents	140	0.00%	--	140
<b>Past due &lt; 90 days</b>	<b>3</b>	<b>35.00%</b>	<b>(1)</b>	<b>2</b>
- Receivables	3	35.00%	(1)	2
<b>Past due 91 – 180 days</b>	<b>--</b>	<b>0.00%</b>	<b>--</b>	<b>--</b>
- Receivables	--	0.00%	--	--
<b>Past due 181 – 365 days</b>	<b>--</b>	<b>0.00%</b>	<b>--</b>	<b>--</b>
- Receivables	--	0.00%	--	--
<b>Past due &gt; 365 days</b>	<b>8</b>	<b>100.00%</b>	<b>(8)</b>	<b>--</b>
- Receivables	8	100.00%	(8)	--
<b>Total</b>	<b>167</b>	<b>6.57%</b>	<b>(11)</b>	<b>156</b>

**(b) Liquidity risk**

Liquidity risk is the risk that the Company will have difficulties with performing obligations associated with its financial liabilities that are settled using money or other financial assets.

The Company monitors liquidity and maturity of investments, other financial assets, expected cash flows from its activity in individual currencies and fulfilment of bank liabilities, on an ongoing basis (see Note 22).

The Company's management minimises liquidity risk (i.e. the risk of insufficient funds to cover liabilities) through regular management and planning of its future cash flows. The main instrument for cash flow planning is the creation of a medium-term plan, which is always made every year for the following three years. Cash flows for closest following years are consequently broken down in detail according to the individual months and updated regularly.

The liquidity risk management strategy also includes the fact that the Company holds a part of its assets in highly liquid financial means.

The Company uses its own IT tools to manage liquidity risks, market risks and the measurement of financial instruments, or their trading.

The table below provides an analysis of the Company's financial assets and liabilities broken down according to the due dates, in particular based on the time left from the balance sheet date to the contractual maturity date. If an option of earlier repayment exists, the Company opts for the most prudent manner of assessment; payables are thus expected to be paid as soon as possible and receivables are expected to be collected on the latest possible date. Assets and liabilities with no contractually fixed maturity are grouped in the "on-demand" category.

<i>at 31 December 2022</i>	Carrying amount	Contractual cash flows <sup>(1)</sup>	Within 1 year	1(5) years	More than 5 years	On demand
<b>Assets</b>						
Non-current receivables and other non-current receivables	16	16	--	--	--	16
Non-current escrow accounts	5	5	5	--	--	--
Current receivables and other current receivables	157	157	157	--	--	--
<b>Total</b>	<b>178</b>	<b>178</b>	<b>162</b>	<b>--</b>	<b>--</b>	<b>16</b>
<b>Cash and cash equivalents</b>	<b>1,654</b>					
<b>Liabilities</b>						
Bank loans and other borrowings (Note 22)	4,201	5,641	1,086	3,399	1,156	--
Non-current liabilities	351	409	--	259	150	--
Current payables and other current payables	1,612	1,612	1,612	--	--	--
Lease liabilities	528	672	89	316	267	--
Financial guarantees provided (Note 22)	--	13,414	13,414	--	--	--
<b>Total</b>	<b>6,692</b>	<b>21,748</b>	<b>16,201</b>	<b>3,974</b>	<b>1,573</b>	<b>--</b>
<b>Net liquidity risk</b>	<b>(4,860)</b>	<b>(21,570)</b>	<b>(16,039)</b>	<b>(3,974)</b>	<b>(1,573)</b>	<b>16</b>

(1) Contractual cash flows not adjusted by the discounting to the net present value but including any outstanding interest.

SAZKA a.s.  
 Financial statements for the year ended 31 December 2022 (in CZK million)

<i>at 31 December 2021</i>	<b>Carrying amount</b>	<b>Contractual cash flows<sup>(1)</sup></b>	<b>Within 1 year</b>	<b>1(5) years</b>	<b>More than 5 years</b>	<b>On demand</b>
<b>Assets</b>						
Non-current receivables and other non-current receivables	18	18	--	--	--	18
Non-current escrow accounts	55	55	--	55	--	--
Current receivables and other current receivables	156	156	156	--	--	--
<b>Total</b>	<b>229</b>	<b>229</b>	<b>156</b>	<b>55</b>	<b>--</b>	<b>28</b>
<b>Cash and cash equivalents</b>	<b>1,564</b>					
<b>Liabilities</b>						
Bank loans and other borrowings (Note 22)	4,813	6,301	977	3,445	1,878	--
Non-current liabilities	431	503	--	254	249	--
Current payables and other current payables*	1,471	1,471	1,471	--	--	--
Lease liabilities	520	670	93	337	240	--
Financial guarantees provided (Note 22)	--	12,629	12,629	--	--	--
<b>Total</b>	<b>7,235</b>	<b>21,574</b>	<b>15,170</b>	<b>4,036</b>	<b>2,367</b>	<b>--</b>
<b>Net liquidity risk</b>	<b>(5,442)</b>	<b>(21,345)</b>	<b>(15,014)</b>	<b>(3,981)</b>	<b>(2,367)</b>	<b>18</b>

\*see Note 2(f)

The Company's management does not expect the cash flows included in the liquidity risk analysis to be realised in a significant amount earlier than scheduled. The Company's management anticipates sufficient cash flows to meet its short-term obligations.

The financial guarantees provided represent the full amount that the Company is obliged to pay in the event that the original debtor does not make payment at the due date in accordance with the terms of the debt instrument (Note 22).

**(c) Offsetting arrangements****Effects of offsetting on the financial position of 2022**

	Gross value	Offset amounts	Net amounts presented in the Statement of financial position	<u>Potential amounts to be offset</u>		Net value
				Cash collateral	Financial instruments	
<b>Assets</b>						
Current receivables and other current receivables	180	(23)	157	--	(131)	26
<b>Total</b>	<b>180</b>	<b>(23)</b>	<b>157</b>	<b>--</b>	<b>(131)</b>	<b>26</b>
<b>Liabilities</b>						
Current payables and other current payables	1,635	(23)	1,612	--	(131)	1,481
<b>Total</b>	<b>1,635</b>	<b>(23)</b>	<b>1,612</b>	<b>--</b>	<b>(131)</b>	<b>1,481</b>

**Effects of offsetting on the financial position of 2021**

	Gross value	Offset amounts	Net amounts presented in the Statement of financial position	<u>Potential amounts to be offset</u>		Net value
				Cash collateral	Financial instruments	
<b>Assets</b>						
Current receivables and other current receivables	179	(23)	156	--	(137)	19
<b>Total</b>	<b>179</b>	<b>(23)</b>	<b>156</b>	<b>--</b>	<b>(137)</b>	<b>19</b>
<b>Liabilities</b>						
Current payables and other current payables	1,494	(23)	1,471	--	(137)	1,334
<b>Total</b>	<b>1,494</b>	<b>(23)</b>	<b>1,471</b>	<b>--</b>	<b>(137)</b>	<b>1,334</b>

\* see Note 2 (f)

**Offset amounts**

Payables arising from agents' commissions are offset against receivables from agents and only the net amounts are settled. The relevant amounts have therefore been presented net in the Statement of financial position.

**Potential Offset Amounts**

Deposits received from agents can be potentially offset against the Company's trade receivables.

**(d) Interest rate risk**

In its activities, the Company is exposed to the risk of interest rate fluctuations, as the interest-bearing assets and interest-bearing liabilities have different due dates or dates of remeasurement or are payable or remeasured at different amounts. The period during which a certain financial instrument has a fixed interest rate therefore shows the extent to which a given financial instrument is exposed to the interest rate risk. The risk related to a change in market interest rates primarily applies to the Company's non-current liabilities with variable interest rates (held-to-maturity financial assets and liabilities arising from finance lease bear a fixed interest rate).

**Sensitivity analysis**

In connection with unsecured loans, an increase/decrease in PRIBOR interest rates by 1 percentage point would cause an increase/decrease in interest expense by CZK 46.7 million.

**(e) Currency risk**

Currency risk is the risk that the fair value of future cash flows from financial instruments will change as a result of changes in foreign exchange rates.

The Company is exposed to risks arising from foreign currency transactions. These risks arise from purchases in currencies other than the functional currency.

The Company monitors currency risks and evaluates the potential impact of fluctuations in the currency exchange rates on the Company's operations on an ongoing basis. The management also evaluates regularly potential currency risks prior to the conclusion of significant contracts or business transactions.

<i>As at 31 December 2022</i>	<b>EUR</b>	<b>USD</b>	<b>Other</b>	<b>Total</b>
Cash and cash equivalents	9	1	--	10
<b>Total assets</b>	<b>9</b>	<b>1</b>	<b>--</b>	<b>10</b>
Current payables and other current payables	18	35	--	53
Non-current payables	--	309	--	309
<b>Total liabilities</b>	<b>18</b>	<b>344</b>	<b>--</b>	<b>362</b>
<b>Total</b>	<b>(9)</b>	<b>(343)</b>	<b>--</b>	<b>(352)</b>

<i>As at 31 December 2021</i>	<b>EUR</b>	<b>USD</b>	<b>Other</b>	<b>Total</b>
Cash and cash equivalents	1	--	--	1
<b>Total assets</b>	<b>1</b>	<b>--</b>	<b>--</b>	<b>1</b>
Current payables and other current payables	50	54	--	104
Non-current payables	--	377	--	377
<b>Total liabilities</b>	<b>50</b>	<b>431</b>	<b>--</b>	<b>481</b>
<b>Total</b>	<b>(49)</b>	<b>(431)</b>	<b>--</b>	<b>(480)</b>



The strengthening (weakening) of foreign currencies compared to the Czech crown as of 31 December 2022 would have an impact on the valuation of financial instruments denominated in foreign currency and on equity before tax and on the pre-tax profit or loss in the amounts listed below.

<i>CZK million</i>	Profit before tax		Equity excluding tax impact	
	10% strengthening + profit / - loss	10% weakening + profit / - loss	10% strengthening + increase / - decrease	10% weakening + increase / - decrease
<b>31/12/2022</b>				
EUR	(1)	1	--	--
USD	(34)	34	--	--
<b>31/12/2021</b>				
EUR	(5)	5	--	--
USD	(43)	43	--	--

## (f) Capital management

The Company strives to maintain a strong capital base with the objective to maintain trust of the ultimate shareholder, creditors and markets, and manage future development of its own business activities.

By managing the capital and optimising the debt-to-equity ratio (up to the ratio of 3), the Company intends to secure preconditions for conducting its business activities under the going concern principle and maximising dividends for its shareholders.

As at the end of the period, the Company reported the following debt-to-equity ratio:

	31/12/2022	31/12/2021
Total bank loans and other borrowings	4,201	4,813
Less cash and cash equivalents (Note 20)	1,654	1,564
<b>Net debt</b>	<b>2,547</b>	<b>3,249</b>
<b>Company's total equity</b>	<b>7,399</b>	<b>6,629</b>
<b>Net debt to equity ratio</b>	<b>0.344</b>	<b>0.490</b>

## (g) Risk of regulation changes

The gaming sector is regulated intensively by the state authorities. These authorities have the right to change unilaterally the legislative and regulatory framework governing the method of operating the games that the Company offers.

Changes in the regulatory environment can have a considerable impact by limiting betting activities or changing of expenses on adherence to regulations and taxes. The Company strictly complies with regulatory standards and effectively and efficiently understands and addresses the changing regulatory requirements. Potential non-compliance with the rules and regulatory framework by the Company as well as enacting new acts and/or further enforcement of legislation could have a negative impact on the Company's business activities.

## (h) Financial instruments and fair values

The fair values and book values of financial assets and liabilities are set out in the Statement of financial position as follows:

Fair values and book values of financial assets and liabilities	Book value		Fair value	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
<b>Assets</b>				
Non-current receivables and other non-current receivables	16	18	16	18
Current receivables and other current receivables	157	156	157	156
Non-current escrow accounts	5	55	5	55
Cash and cash equivalents	1,654	1,564	1,654	1,564
<b>Total</b>	<b>1,832</b>	<b>1,793</b>	<b>1,832</b>	<b>1,793</b>
<b>Liabilities</b>				
Bank loans and other borrowings - non-current portion	3,555	4,179	3,555	4,179
Non-current liabilities	351	381	351	381
Bank loans and other borrowings - current portion	646	634	646	634
Current payables and other current payables	1,612	1,471	1,612	1,471
<b>Total</b>	<b>6,164</b>	<b>6,665</b>	<b>6,164</b>	<b>6,665</b>

### Fair value hierarchy

The Company applied the following hierarchy to determine and report the fair value of financial instruments according to valuation procedures:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: other procedures based on input data that have a significant impact on the reported fair value and which are observable, directly or indirectly.
- Level 3: procedures based on input data that have a significant impact on the reported fair value and the input data are not based on observable market data.

As of 31 December 2022 (and as of 31 December 2021), the Company did not record any financial assets and liabilities reported at fair value.

The Company considers the book values of financial assets and liabilities in amortized value to be very close to their fair value.

## 27. Related parties

Related party transactions are represented by transfer of resources, services or obligations between the Company and a related party. All material transactions with related parties were carried out based on the arm's length principle.

### (a) Relations with the Company's Shareholder

During 2022 (and 2021), there were no significant transactions between the Company and the sole shareholder of the Company, excluding the payment of dividends - see Note 21.

**(b) Relations with other KKCG AG Group companies**

**Overview of outstanding balances as at 31 December 2022 and 31 December 2021:**

	31/12/2022	31/12/2021
<b>Receivables</b>		
Current receivables	37	12
Other receivables	25	25
Current prepaid expenses	--	7
<b>Liabilities</b>		
Current payables	58	87
Loans from Group companies (Note 22)	4,201	4,813
Current liabilities from leasing according to IFRS 16 (note 17)	--	38
Non-current liabilities from leasing according to IFRS 16 (note 17)	--	413

Other receivables as of 31 December 2022 mainly represent provided advances for rent and rent-related services and advertising services in the amount of CZK 25 million (31 December 2021: CZK 25 million).

Current and non-current lease liabilities as at 31 December 2022 and 31 December 2021 relate to the lease agreement with BOŘISLAVKA OFFICE & SHOPPING CENTRE s.r.o., as at 31 December 2022 this company is no longer member of the KKCG AG Group.

The Company has a potential liability in the form of guaranty for the value added tax liabilities of the companies in the group, more in note 25.

**Overview of transactions in 2022 and 2021:**

	2022	2021
Revenue from sale of goods and services and other operating income	54	26
Materials, consumables and services and other operating expenses	505	324
Other finance income	5	5
Interest income	14	1
Interest expense	463	283

Revenues and expenses for the period 2022 from transactions with other companies relate mainly to purchased and provided services within the KKCG AG Group.

During 2022, the Company provided related parties with financial resources in the form of short-term deposits with an interest rate of 03.47 – 6.53% in the total amount of CZK 5,163 million, which were repaid in full as of 31 December 2022.

**(c) Relations with key members of the Company's management**

Personnel expenses	2022		2021	
	Members of the Company's bodies	Executives	Members of the Company's bodies	Executives
Short-term benefits	20	190	18	212
Pension insurance contributions	--	32	--	33
Other long-term benefits	--	20	3	19
<b>Total</b>	<b>20</b>	<b>242</b>	<b>21</b>	<b>264</b>

In 2015, a bonus programme was introduced. It aims at motivating the management to achieve the Company's long-term growth targets. In connection with this, a liability of CZK 20 million was recorded as at 31 December 2022 (as at 31 December 2021: CZK 42 million).

No loans or borrowings were provided to the members of the Board of Directors, members of the Supervisory Board and other members of the Company's management in 2022 or 2021. Company's cars are available to the Company's management according to its internal rules. The annual accounting depreciation for this category of vehicles was CZK 10.9 million as at 31 December 2022 (31 December 2021 CZK 10.4 million).

**28. Subsequent events**

In April 2023, Allwyn Entertainment Financing (UK) plc. issued new bonds, where SAZKA a.s. again guarantees the obligations arising from these issued bonds. However, the total amount of the guarantee, as described in note 22, has not changed.

As of the date of the financial statements, management is not aware of any other material subsequent events that would affect the financial statements as of 31 December 2022.

Date: 19 June 2023	Signature of the Statutory Representatives:
	Pavel Šaroch Member of the Board of Directors
	Robert Chvátal Chairman of the Board of Directors



English translation

## Independent Auditor's Report

To the shareholder of SAZKA a.s.

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### Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of SAZKA a.s., with its registered office at Praha 6, Evropská 866/69 (the "Company") as at 31 December 2022, and of the Company's financial performance and cash flows for the year ended 31 December 2022 in accordance with IFRS Accounting Standards as adopted by the European Union.

### What we have audited

The Company's financial statements comprise:

- the Statement of profit and loss and other comprehensive income for the year ended 31 December 2022,
- the Statement of financial position as at 31 December 2022,
- the Statement of changes in equity for the year ended 31 December 2022,
- the Statement of cash flows for the year ended 31 December 2022, and
- the Notes to the financial statements, comprising material accounting policy information and other explanatory information.

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### Basis for opinion

We conducted our audit in accordance with the Act on Auditors and Standards on Auditing of the Chamber of Auditors of the Czech Republic (together the "Audit regulations"). These standards consist of International Standards on Auditing as supplemented and modified by related application guidance. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted by the Chamber of Auditors of the Czech Republic and with the Act on Auditors. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Act on Auditors.

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### Other information

The board of directors is responsible for the other information. As defined in Section 2(b) of the Act on Auditors, the other information comprises the annual report but does not include the financial statements and our auditor's report thereon.

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Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge about the Company obtained in the audit or otherwise appears to be materially misstated. In addition, we assessed whether the other information has been prepared, in all material respects, in accordance with applicable legal requirements, i.e. whether the other information complies with the legal requirements both in terms of formal requisites and the procedure for preparing the other information in the context of materiality.

Based on the procedures performed in the course of our audit, to the extent we are able to assess it, in our opinion:

- the other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- the other information has been prepared in accordance with the applicable legal requirements.

In addition, in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the other information. We have nothing to report in this regard.

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### Responsibilities of the board of directors and supervisory board of the Company for the financial statements

The board of directors is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the European Union and for such internal control as the board of directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board of directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The supervisory board of the Company is responsible for overseeing the financial reporting process.

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### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Audit regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Audit regulations, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors and supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

19 June 2023

PricewaterhouseCoopers Audit, s.r.o.  
represented by Partner

Jiří Zouhar  
Statutory Auditor, Licence No. 2542

Translation note

This version of our report is a translation from the original, which was prepared in the Czech language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the Czech version of our report takes precedence over this translation.