



EMMA GAMMA FINANCE A.S.

Securities Prospectus

Notes EMG 4.90/2024

with a fixed interest rate of 4.90% p.a.

**in the anticipated aggregate nominal issue value of up to EUR 90,000,000
due in 2024**

ISIN SK4000015210

This document is a prospectus for securities ("**the Prospectus**") with a fixed interest rate of 4.90% p.a., in the anticipated aggregate nominal issue value (i.e. the highest sum of nominal values of the Notes) of up to EUR 90,000,000 (ninety million euros), with a nominal value of each Note of EUR 1,000 (one thousand euros), due in 2024, issued under Slovak law as book-entered securities in bearer form by EMMA GAMMA FINANCE a.s., with the registered office at Dúbravská cesta 14, 841 04 Bratislava - Karlova Ves, Slovak Republic, Company identification No.: 50 897 942, registered in the Commercial Register maintained by the District Court of Bratislava I, Section: Sa, Insert No.: 6599/B (hereinafter referred to as the "**Issuer**" and the notes hereinafter referred to as the "**Notes**" (this term also including a single "**Note**") or "**the Issue**"). The Central Securities Depository of the SR, a.s. (hereinafter referred to as "**CDCP**") has assigned to the Issuer the LEI code: 097900BHGQ0000078428.

The Notes will bear interest at a fixed rate of 4.90% p.a. The interest income will be paid semiannually in arrears, always as of 29 May and 29 November of each year, as detailed in the "Notes Terms and Conditions" section, which contains the wording of the Note Issue Conditions (hereinafter referred to as "**the Terms and Conditions**"). The first Interest Payment Date will be 29 November 2019.

The Issuer has (even repeatedly) the right, at its sole discretion, to decide to repay a portion of the nominal value of the Notes before maturity (amortisation), including extraordinary interest income, always as at the Payment Date (as defined in the Terms and Conditions), starting on 29 May 2020. In the event of the use of the Issuer's right under the preceding sentence and a reduction of the unpaid portion of the nominal value of the Notes under the Terms and Conditions, in this Prospectus according to context the "nominal value" of the Notes continues to mean the remaining and as yet unpaid portion of the nominal value of such Notes. Moreover, the Issuer has the right, at its sole discretion, to decide on early repayment of the Notes (in the full nominal value including the premium amounting to the extraordinary interest income), no earlier than as of the first anniversary of the Issue Date (as defined below). Noteholders may request early repayment of the Notes as well, under certain conditions. The Notes may be repaid early (without any extraordinary income or premium) automatically, if the SGA Transaction Closing fails to occur by 14 December 2019 (inclusive).

The Note Issue Date is set for 29 May 2019 (hereinafter referred to as "**the Issue Date**"). Unless the Notes are repaid prematurely, the nominal value of the Notes (or their remaining portion after amortisation) will be repaid on a one-off basis as of 29 May 2024.

The Notes obligations shall be secured (i) by a guarantor's declaration of the Guarantor, which is the sole shareholder of the Issuer – EMMA GAMMA LIMITED, with the registered office at Themistokli Dervi Avenue 48, Athienitis Centennial Building, 3rd floor, room No. 303, 1066 Nicosia, the Republic of Cyprus, registered in the register maintained by the Cypriot Ministry of Energy, Trade and Industry under registration number HE 347073, (hereinafter also referred to as "**the Guarantor**"), in favour of the Noteholders (hereinafter also referred to as "**the Guarantor's Declaration**") and (ii) until the SGA Transaction Closing (as defined below) occurs, also by a first-ranking pledge over accounts receivable from the escrow account of the Issuer established under Czech law (hereinafter also referred to as "**the Pledge**") in favour of the Noteholders and solely in the name of the security agent, namely J & T BANKA, a.s., with the registered office at Pobřežní 297/14, 186 00 Praha 8, Czech Republic, Company identification No.: 471 15 378, incorporated in the Companies Register kept by the Municipal Court in

Prague, under File No. B 1731 (hereinafter referred to as "**the Security Agent**") that has also opened and maintained the escrow account for the Issuer.

Note payments will in all cases be executed solely in euro and in accordance with the laws applicable in the Slovak Republic at the time of the respective payment. If required by legislation effective in the Slovak Republic at the time of repayment of the nominal value or the payment of the interest, the respective taxes and charges will be deducted from payments to the Noteholders. The Issuer will not be obliged to make any further payments to the Noteholders as compensation for such tax or levy deductions. Under certain conditions, the Issuer is obliged to deduct withholding tax from the yield of the Notes. For details see the chapter "Taxation in the Slovak Republic".

Investors should consider the risk factors associated with investing in the Notes. The risk factors that the Issuer considers to be significant are listed in the chapter "Risk Factors".

This document is a prospectus for notes pursuant to Section 121 of Act No. 566/2001 Coll., on Securities and Investment Services, as amended, (hereinafter referred to as "**the Securities Act**"), Article 5 of the European Parliament and Council Directive No. 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading and drawn up in accordance with Annexes IV, V, XXII and XXX of Commission Regulation (EC) No. 809/2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards the information contained in prospectuses as well as their format, the references and the publication of such prospectuses and the dissemination of advertising.

This Prospectus will be published for the purposes of a public offer of Notes in the Slovak Republic and the Czech Republic and for the purpose of accepting Notes for trading on the regulated free market of the Bratislava Stock Exchange, joint-stock company (hereinafter referred to as "**the BSSE**").

The Prospectus will be approved by the National Bank of Slovakia (hereinafter referred to as "**NBS**"). Not later than the subscription of the total nominal value of the Notes or after the deadline for subscription of the Notes (whichever occurs first), the Issuer shall request the admission of the Notes for trading on the BSSE regulated free market. The Issuer anticipates that the Notes will be admitted for trading on the BSSE regulated free market but cannot guarantee this. The CDCP has assigned ISIN code SK4000015210 to the Notes.

The dissemination of this Prospectus, as well as the offer, sale or purchase of the Notes are limited by law in some countries. Neither the Prospectus nor the Notes were authorised or approved by any administrative body of any jurisdiction except for the approval of the Prospectus by the NBS; the Issuer intends to apply to NBS for a certificate of approval of the Prospectus for the purpose of public offering of the Notes in the Czech Republic.

This Prospectus was prepared as of 10 May 2019. If a new significant fact or material error or material inaccuracy in relation to the data included in this Prospectus that may affect the Notes evaluation arises or is discovered prior to the conclusion of the public offering of Notes or the commencement of trading of the Notes on the BSSE regulated open market, whichever occurs first, the Issuer shall publish an addendum to this Prospectus, following its earlier approval by the NBS. To the extent stipulated by law, the Issuer shall publish reports on the results of its operations and its financial situation and shall comply with its information obligations. After the date of closure of the public offer, or more precisely, commencement of trading on the BSSE regulated free market, the investment decision of bidders to buy Notes must be based not only on this Prospectus but also on the basis of further information published by the Issuer after the date of preparation of this Prospectus or on other publicly available information.

The Prospectus (including any supplements), all annual and semi-annual financial reports of the Issuer published after the date of preparation of this Prospectus will be published in electronic form at the Issuer's web site <http://www.emmacapital.cz/obligatory-disclosures>, and can also be inspected at the Issuer's registered office at Dúbravská cesta 14, 841 04 Bratislava - Karlova Ves, Slovak Republic, on working days at a pre-agreed time between 9:00 and 16:00 (for more information, see "Important Notice"). A notice of publication of the Prospectus will be published in the Pravda daily newspaper.

Lead Manager

J & T BANKA, a.s.

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I. SUMMARY

Each summary consists of requirements that are called elements. These elements are contained in sections A to E (A 1 - E 7) in the tables below. This summary contains all the elements required for the Issuer and Notes Summary. Because some elements are not required for the Issuer or the Notes, gaps may occur in the numbering of the elements and their sequence. Due to the fact that a particular element is required for the Issuer and the Notes, it is possible that the given element will not be relevant. In this case, the summary contains a short description of the element and the phrase "not applicable".

SECTION A - INTRODUCTION AND NOTICE

A.1	Notice	<p>This summary is an introduction to the Notes Prospectus.</p> <p>Any decision to invest in Notes should be based on the fact that the investor considers the Notes prospectus as a whole i.e. this Prospectus (including any supplements).</p> <p>If a claim is made in court on the basis of the information contained in the Prospectus, the complainant investor may, under the national law of the Member States, be required to bear the costs associated with the translation of the Prospectus prior to the commencement of legal proceedings unless otherwise provided for in law.</p> <p>The person who produced the Summary of the Prospectus, including its translation, is responsible for the accuracy of the data in the Prospectus Summary only if the Prospectus Summary contained misleading or inaccurate data or these data were inconsistent with the other parts of the Prospectus or in connection with other parts of the Prospectus did not contain key information intended to assist investors in deciding whether to invest in the Notes.</p> <p>The Issuer is responsible, on whose behalf the following two members of the Board of Directors are acting: Pavel Horák a Martin Hruška.</p>
A.2	Issuer's consent to the use of the Prospectus for the subsequent offer by selected financial intermediaries	<p>The Issuer grants consent to the use of this Prospectus for a subsequent sale of the Notes or final placement of the Notes (within) J & T BANKA a.s., with the registered office at Pobřežní 297/14, 186 00 Prague 8, Czech Republic (hereinafter also as "Lead Manager") and eventually other selected financial intermediaries (securities brokers). Information about selected financial intermediaries to which the Issuer will grant its consent to use the Prospectus and which are not yet known as at the date of approval of the Prospectus, will be published on the Issuer's website http://www.emmacapital.cz/obligatory-disclosures.</p> <p>The consent to the use of the Prospectus is granted from the start of the primary offer until the lapse of 12 months after the day when the NBS decision on approving the Prospectus becomes effective.</p> <p>The Issuer expressly assumes responsibility for the Prospectus' content and also in relation to the subsequent sale or final placement of the Notes by a selected financial intermediary.</p> <p>No other conditions relevant for use of the Prospectus are attached to the Issuer's consent.</p> <p>Information on the terms and conditions financial intermediary's offer will be provided to the investor by the financial intermediary as at the time of the Notes offer.</p>

SECTION B - ISSUER

B.1	Business Name of the Issuer	The Issuer's business name is EMMA GAMMA FINANCE a.s.
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B.2	Registered office and legal form of the Issuer, country of registration and the legislation under which the Issuer operates	<p>Registered office: Dúbravská cesta 14, 841 04 Bratislava – municipal district Karlova Ves, Slovak Republic</p> <p>Legal form: Joint stock company</p> <p>Domicile and country of foundation: Slovak Republic</p> <p>pre-LEI: 097900BHGQ0000078428</p> <p>The Issuer was founded and exists under the law of the Slovak Republic and is registered in the Commercial Register maintained by the District Court of Bratislava I, Section: Sa, Insert No.: 6599/B, ID: 50 897 942.</p> <p>The Issuer operates in accordance with the laws of the Slovak Republic, including in particular the following legislation (as amended): Act No 513/1991 Coll., the Commercial Code, Act No 455/1991 Coll., on Trade Licensing (the Trade Licensing Act), Act No 40/1964 Coll., the Civil Code, Act No 595/2003 Coll., on Income Tax and Act No 7/2005 Coll., on Bankruptcy and Restructuring (the "Bankruptcy Act").</p>
B.4b	Description of known trends	Not applicable; The Issuer is not aware of any trends, uncertainties, claims, liabilities, or events that are reasonably likely to have a material impact on the Issuer's perspective for at least the current financial year.
B.5	Issuer's Group	<p>The Issuer has a single shareholder, EMMA GAMMA LIMITED, established and existing under the laws of the Republic of Cyprus (hereinafter referred to as "EMMA GAMMA LIMITED" or "the Guarantor").</p> <p>EMMA GAMMA LIMITED owns 100% of the Issuer's shares and exercises 100% of the voting rights attached to the shares.</p> <p>Below is a chart depicting the Issuer's group (unless otherwise stated, the share of the Issuer's share of the voting rights of the person in question also corresponds to that of the person):</p> <p>* Investment shares without voting rights ** Subject to divestment *** Subject to acquisition **** The company is planned to be liquidated</p>

		<p>EMMA CAPITAL LIMITED and all its subsidiaries listed in the organisational structure below it, whether directly or indirectly owned, except for SAZKA Group a.s. and Sazka Group PLC, also as "EMMA Group".</p> <p>The Issuer, Guarantor and companies controlled by the Guarantor, except for SAZKA Group a.s. and Sazka Group PLC, hereinafter also as "EMMA GAMMA Group" and SAZKA Group Adriatic d.o.o. and all the subsidiaries listed in the organisational structure below it, whether directly or indirectly owned, also as "SAZKA Group Adriatic". Given the agreement between EMMA and KKCG groups on the division of assets of SAZKA Group a.s. (see Summary, Section B Guarantor, element B.13 below), SAZKA Group a.s. including its subsidiaries (hereinafter also as "SAZKA Group") is not a part of the Prospectus and SAZKA Group Adriatic represents the primary investment of EMMA Group.</p>																																																
B.9	Profit forecasts or estimates	Not applicable; The Issuer has not made a profit forecast or estimate.																																																
B.10	Audit opinion	Not applicable; auditor's opinions on the historical financial information have always "without reservations".																																																
B.12	Historical financial and operational information	<p>The Issuer was founded by incorporation in the Commercial Register on 2 June 2017.</p> <p>Selected historical financial data stated below are derived from audited individual (nonconsolidated) financial statements of the Issuer as at 31 December 2017 and 31 December 2018, each prepared according to the International Financial Reporting Standards as adopted by EU (IFRS):</p> <table border="1"> <thead> <tr> <th>ths EUR</th> <th>31/12/2018</th> <th>31/12/2017</th> </tr> </thead> <tbody> <tr> <td>Total current assets</td> <td>151</td> <td>163</td> </tr> <tr> <td>Total non-current assets</td> <td>121 338</td> <td>121 283</td> </tr> <tr> <td>Total assets</td> <td>121 489</td> <td>121 446</td> </tr> <tr> <td>Bonds issued</td> <td>120 000</td> <td>120 000</td> </tr> <tr> <td>Total liabilities</td> <td>121 259</td> <td>121 271</td> </tr> <tr> <td>Total equity</td> <td>230</td> <td>175</td> </tr> <tr> <td>Total equity and liabilities</td> <td>121 489</td> <td>121 446</td> </tr> </tbody> </table> <p>Source: Issuer's accounting</p> <table border="1"> <thead> <tr> <th>ths EUR</th> <th>2018</th> <th>2. 6. 2017 - 31. 12. 2017</th> </tr> </thead> <tbody> <tr> <td>Operating expenses</td> <td>(300)</td> <td>(3 671)</td> </tr> <tr> <td>Interest expenses</td> <td>(6 300)</td> <td>(2 800)</td> </tr> <tr> <td>Finance expenses</td> <td>(6 405)</td> <td>(2 846)</td> </tr> <tr> <td>Other operating income</td> <td>192</td> <td>3 644</td> </tr> <tr> <td>Finance income</td> <td>6 600</td> <td>2 933</td> </tr> <tr> <td>Profit/(loss) for the year</td> <td>55</td> <td>47</td> </tr> <tr> <td>Total comprehensive income for the year</td> <td>55</td> <td>47</td> </tr> </tbody> </table> <p>Source: Issuer's accounting</p> <p>Historical financial data of the Issuer for the accounting period ending on 31 December 2017 and 31 December 2018 were verified by an auditor, namely KPMG Slovensko spol. s.r.o. The auditor issued an "without reservations" opinion on the stated financial statements.</p> <p>The Issuer has not published any other audited financial information since the last audited financial report, i.e. 31 December 2018.</p> <p>No significant negative change in the outlooks of the Issuer or significant changes in the Issuer's financial or business situation have occurred from the last audited financial report, i.e. 31 December 2018 until the date of this Prospectus.</p>	ths EUR	31/12/2018	31/12/2017	Total current assets	151	163	Total non-current assets	121 338	121 283	Total assets	121 489	121 446	Bonds issued	120 000	120 000	Total liabilities	121 259	121 271	Total equity	230	175	Total equity and liabilities	121 489	121 446	ths EUR	2018	2. 6. 2017 - 31. 12. 2017	Operating expenses	(300)	(3 671)	Interest expenses	(6 300)	(2 800)	Finance expenses	(6 405)	(2 846)	Other operating income	192	3 644	Finance income	6 600	2 933	Profit/(loss) for the year	55	47	Total comprehensive income for the year	55	47
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B.13	A description of all recent events specific to the Issuer	On 23 April 2019 the entire nominal value of the Notes SK4120013012 issued by the Issuer was paid.																																																
B.14	Dependence on	The Issuer is dependent on its Cypriot parent, which is the Guarantor, arising from																																																

	subjects in the group	<p>the ownership of 100% share in the registered capital and voting rights in the Issuer.</p> <p>The Issuer was established for the purpose of issuing the Notes and providing loans and credit to its shareholder, or more exactly through it to other members of EMMA Group. The ability of the Issuer to meet its obligations will thus be significantly affected by EMMA Group's ability to meet its obligations towards the Issuer, which creates a dependence of the Issuer's sources of income on the given member of EMMA Group and on its business performance.</p> <p>As at the date of preparation of this Prospectus, the Issuer has not made any loans or issued any investment instruments that would create a credit exposure of the Issuer towards a third party.</p>
B.15	Principal activities of the Issuer	The principal activities of the Issuer include the provision of funds in the form of a loan or other forms of financing to its shareholder, or through the latter to other members of EMMA Group. Apart from providing funding to companies in EMMA Group through loans or other forms of financing, the Issuer does not perform any further activities.
B.16	Controlling person	The controlling person of the Issuer and its sole shareholder, EMMA GAMMA LIMITED, is EMMA CAPITAL LIMITED, the ultimate owner of which is Mr. Jiří Šmejč.
B.17	Rating of the Issuer or its debt securities	Neither the Issuer, the Notes nor any other debt security of the Issuer have been assigned a rating.

SECTION B – GUARANTOR

B.1	Business Name of the Guarantor	The Guarantor's business name is je EMMA GAMMA LIMITED.
B.2	Registered office and legal form of the Guarantor, country of registration and the legislation under which the Guarantor operates	<p>Registered office: Themistokli Dervi Avenue 48, Athienitis Centennial Building, 3rd floor, room No. 303, 1066 Nicosia, Republic of Cyprus</p> <p>Legal form: <i>private company limited by shares</i></p> <p>The Guarantor was founded and exists under the laws of the Republic of Cyprus and is incorporated in the register maintained by the Cyprian Ministry of Energy, Trade and Industry under registration number HE 347073.</p> <p>In its activity the Guarantor abides by Cyprian legal regulations.</p>
B.4b	Description of known trends	Given that EMMA GAMMA Group operates on the betting and gaming market in Croatia, there are a number of factors and trends which may affect EMMA GAMMA Group (and therefore indirectly also the Guarantor and Issuer). Growth of the gaming market, development of online gaming and regulation in particular are main trends affecting the betting and gaming market.
B.5	Guarantor's group	The Guarantor has a sole shareholder, EMMA ALPHA HOLDING LTD, founded and operating under the laws of the Republic of Cyprus. A simplified chart depicting EMMA GAMMA Group (as defined above) is portrayed in element B.5 (Issuer's group) in Section B Issuer of this Summary.
B.9	Profit forecasts or estimates	As far as the Issuer is aware the Guarantor has not made or published any profit forecast or estimate as at the date of the Prospectus.
B.10	Qualified audit opinions	Not applicable; auditor's opinions on the historical financial information have always been "without reservations".
B.12	Historical financial and operational information	Selected historical financial data stated below are derived from audited individual (non-consolidated) financial statements of the Issuer as of 31 December 2017 and 31 December 2018, each prepared in accordance with International Financial Reporting Standards, as adopted by the EU (IFRS):

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - summary			
EUR	2 018	2 017	16.09.2015 - 31.12.2016
Dividend income	10 000 000	-	-
Interest income	2 448 677	1 559 294	418 823
Total revenue	12 448 677	1 559 294	418 823
Operating profit	11 943 995	1 413 499	329 882
Finance expenses	(6 779 589)	(9 410 022)	(1 832 404)
Net finance expenses	(6 743 393)	(8 624 859)	(1 832 400)
Profit/(loss) before tax	5 174 602	(7 211 360)	(1 502 518)
Tax	(26 000)	(269)	-
Profit/(loss) for the year	5 174 602	(7 211 629)	(1 502 518)

Source: Guarantor's accounting

STATEMENT OF FINANCIAL POSITION - summary			
EUR	31/12/2018	31/12/2017	31/12/2016
Investments in associates	166 484 458	166 470 183	157 553 095
Loans receivable	-	-	14 031 962
Total non-current assets	166 611 958	166 597 683	171 585 057
Loans receivable	60 053 992	30 634 325	-
Cash at bank	3 012 141	27 274 176	9 163
Total current assets	63 066 133	57 908 501	9 163
Total assets	229 678 091	224 506 184	171 594 220
Total equity	108 300 989	103 126 387	105 818 016
Liabilities			
Loans and borrowings	120 000 000	120 000 000	-
Total non-current liabilities	120 000 000	120 000 000	-
Loans and borrowings	1 338 333	121 283 333	50 525 658
Total current liabilities	1 377 102	1 379 797	65 776 204
Total liabilities	121 377 102	121 379 797	65 776 204
Total equity and liabilities	229 678 091	224 506 184	171 594 220

Source: Guarantor's accounting

Historical financial information of the Guarantor for the accounting period ending on 31 December 2017 and 31 December 2018 were verified by an auditor, namely KPMG Limited (Republic of Cyprus). The auditor issued opinion "without reservations" on the stated financial statements.

The Guarantor has not published further audited financial information since the last audited financial report, i.e. 31 December 2018.

No significant negative change in the outlooks of the Guarantor or significant changes in the Issuer's financial or business situation have occurred from the last audited financial report, i.e. 31 December 2018 until the date of the Prospectus.

B.13 A description of all recent events specific to the Guarantor

In March 2019 EMMA and KKCG Group finished successfully the negotiations on the distribution of assets in SAZKA Group. Based on Share Transfer Agreements between the Guarantor and KKCG, signed on 14 March 2019, EMMA Group will acquire a 100% share in SAZKA Group Adriatic and KKCG will acquire 100 % of shares in SAZKA Group a.s. and also all the shares owned by SAZKA Group a.s. (among others) in Czech SAZKA a.s., Greek OPAP, Italian Lottoitalia, and Austrian CASINOS AUSTRIA ("Share Transfer Agreements").

Purchase prices under the Share Transfer Agreements have been already paid and termination and settlement of this transaction (Closing SG transaction and Closing SGA transaction), which means also legal transfer of titles, continues to be subject to conditions, among others also to the approval by competent anti trust authorities in countries where SAZKA Group is active. In spite of the above-mentioned, the Share Transfer Agreements are drawn up so that economic benefits and risks related to ownership of shares in SAZKA Group a.s., including the benefits and risks related to entire SAZKA Group, are transferred within the maximum possible extent to KKCG, and economic benefits and risks related to ownership of shares in SAZKA Group Adriatic, including the benefits and risks related to entire SAZKA Group Adriatic, are transferred to the Guarantor, as of the date of signing the Share Transfer Agreements (while observing the limitations arising from the right to protection of competition and other statutory limitations). Meeting the conditions precedent of both transactions proceeds independently on each other. The Guarantor expects that the titles to the share in SAZKA Group Adriatic should be transferred within 4 months after signing the Share Transfer Agreements. In case of transferring the titles to shares in SAZKA Group a.s. it is possible to expect that a high number of required approvals (with respect to a high number of countries where the groups

		are active) will take more time. Due to these facts the Guarantor describes SAZKA Group Adriatic in the Prospectus as its main investment.
B.14	Dependence on subjects in the group	The Guarantor in particular holds and manages share in the companies from EMMA GAMMA Group and also finances companies in EMMA Group. For this reason the Guarantor is significantly dependent on income from dividends and eventually interest from loans given to subsidiaries and these loans depend on the success of the subsidiaries' business. If the subsidiaries did not have the expected results, it would significantly affect the Guarantors' income and its capacity to fulfill its obligations from the Guarantor's Declaration.
B.15	Principal activities of the Guarantor	The Guarantor's main activity is management and financing of its shares and investments, previously in SAZKA Group, currently in SAZKA Group Adriatic. In addition to that, the Guarantor provides also managerial and administrative services, and administration of assets for its subsidiaries. The Guarantor's main activities include investments in betting and gaming activities.
B.16	Controlling person	The controlling person of the Guarantor and its sole shareholder is EMMA CAPITAL LIMITED, the ultimate owner of which is Mr. Jiří Šmejč within the meaning of Section 6a AML.
B.17	Rating of the Guarantor or its debt securities	Not applicable; the Guarantor nor any other debt security of the Guarantor have been assigned a rating by any rating agency, and we do not expect that rating will be assigned for the purposes of this Issue.

SECTION C - SECURITIES

C.1	Status of Notes	Type of security: Note Note Name: Note EMG 4,90/2024 ISIN: SK4000015210 Type and Form of Notes: Book-entry form and bearer form Nominal value of one Note: EUR 1,000 Anticipated total nominal value (i.e. the highest amount of nominal values): up to EUR 90,000,000 The Note Issue Date (Issue Date) is set at 29 May 2019 Maturity date of Notes: 29 May 2024
C.2	Note Currency	Euro (EUR)
C.5	Note Transferability	The transferability of the Notes is not limited.
C.8	Description of Rights attached to the Notes	The rights attached to the Notes and the procedures for their exercise are governed by the laws of the Slovak Republic, in particular the Bonds Act, the Securities Act, the Commercial Code and the Bankruptcy Act. In particular, the Noteholder has the right to repayment of the nominal value and to payment of the relevant interest yield, in accordance with the Issue Terms and Conditions and the Prospectus. The Notes are further linked to the Noteholders' right to request the early maturity of the Notes (i) in the event of a Change of Control in relation to the Issuer or the sale of Shares permitted under the Issue Terms and Conditions (as such terms are defined in the Issue Terms and Conditions); (ii) in cases of breach of obligation or (iii) the event of certain amendments to the Issue Terms and Conditions. The Notes are also linked to the right to participate and vote at meetings of Noteholders in cases where such a meeting is convened in accordance with the Bonds Act, or more exactly in line with the Issue Terms and Conditions.

The Issuer may, at its sole discretion and needs, decide on partial early pre-payment of all hitherto outstanding Notes by means of instalments before the Maturity Date of the Notes, always on the relevant Interest Payment Date (as defined in the Issue Terms and Conditions) (each day of the Notes amortization specified in the Issuer's notice addressed to the Noteholders hereinafter as the "**Amortization Date**"); the first such Amortization Date may be 29 May 2020. The Issuer is entitled to carry out the amortization on a recurring basis (up to 7 times in total). The Issuer's notice of its decision to exercise the right to for partial repayment of the Notes will be published not earlier than eighty (80) and not later than forty (40) days before the relevant Amortization Date.

Extra interest pertaining to one Note will be set depending on the Amortization Date as follows:

- (a) If the Amortization Date occurs between the first Issue Date anniversary (this date inclusive) and the second Issue Date anniversary (this date exclusive), the extra interest will be calculated as the product of (i) a respective amount of the nominal value by which the aggregate outstanding nominal value of a Note is reduced, (ii) the interest rate of the Notes (expressed in decimal form), (iii) the figure 1/48, and (iv) the number of whole calendar months (from the first until the last day of a calendar month) remaining from the relevant Amortization Date until the Maturity Date of the Notes);
- (b) if the Amortization Date occurs between the second Issue Date anniversary (this date inclusive) and the fourth Issue Date anniversary (this date exclusive), the extra interest will be calculated as the product of (i) a respective amount of the nominal value by which the aggregate outstanding nominal value of a Note is reduced, (ii) the interest rate of the Notes (expressed in decimal form), (iii) the figure 1/60, and (iv) the number of whole calendar months (from the first until the last day of a calendar month) remaining from the relevant Amortization Date until the Maturity Date of the Notes); and/or
- (c) if the Amortization Date occurs between the fourth Issue Date anniversary (this date inclusive) and the Maturity Date of the Notes, the extra interest will equal zero.

The total amount of the extra interest calculated under this paragraph will be mathematically rounded to two decimal points as in the case of interest.

Moreover, the Issuer has the right, at its sole discretion, to decide on early full payment of the Notes no earlier than as of the first anniversary of the Issue Date and inform the Noteholders of this fact at the latest 40 calendar days before the relevant Early Maturity Date at the Issuer's option. The Issuer is obliged to repay the nominal value of each Note together with the accrued and hitherto unpaid interest and premium amounting to the extra interest (determined according to the rules stated above) to the Noteholder on the Early Maturity Date.

The Notes may be repaid early automatically, if the SGA Closing Transaction does not occur by 14 December 2019, and as at 30 December 2019 aggregate nominal value of the Notes will be repaid together with the accrued and hitherto unpaid interest (however, without any extraordinary income or premium).

The Notes obligations will be secured

- (a) by a guarantee in the form of a Guarantor's Declaration (the "**Guarantor's Declaration**") under Slovak Law wherein the Guarantor irrevocably and unconditionally guarantees to each Noteholder that if the Issuer fails to meet its financial obligation towards a Noteholder arising from the Notes in accordance with the Issue Terms and Conditions, the Guarantor will – upon the Noteholder's request - fulfil the Issuer's obligations instead of the Issuer in the full amount and in the relevant currency in accordance with the Issue Terms and Conditions and in line with the conditions of the Guarantor's Declaration, at the latest within 10 (ten) days from the date on which the Noteholder (or the Noteholders' common proxyas referred to

		<p>below) delivers its request to the Guarantor. Under the Guarantor's Declaration, the Guarantor provides cover for the Issuer's obligations up to EUR 115,000,000.</p> <p>(b) and, until the SGA Transaction Closing occurs, also by a first-ranking Pledge over receivables from the Escrow Account created under Czech law in favor of the Noteholders and solely in the name of the Security Agent, namely J & T BANKA, a.s., with the registered office at Pobřežní 297/14, 186 00 Prague 8, Czech Republic, ID: 471 15 378, incorporated in the Commercial Register kept by the Municipal Court in Prague under file No. B 1731. However, if the SGA Transaction Closing occurs before the Issue Date of the Notes, no Pledge will be created and the obligations under the Notes will not be (even temporarily) secured by any Pledge. This is without prejudice to the security for the obligations under the Notes provided by the Guarantor's Declaration.</p> <p>The Notes constitute direct, general, unconditional and unsubordinated obligations of the Issuer secured by the Guarantor's Declaration and always until the SGA Transaction Closing, i.e. Pledge, which rank equally (<i>pari passu</i>) and will always rank <i>pari passu</i> without preference among themselves, and at least <i>pari passu</i> with any other present or future direct, general, unconditional, unsecured or similarly secured unconditional and unsubordinated obligations of the Issuer, except for such obligations of the Issuer that may be preferred by mandatory provisions of applicable laws</p> <p>Notes shall be freely transferable without limitation, with no pre-emption or exchange right being associated with them.</p> <p>Notwithstanding the above, under the Bankruptcy Act any of the receivables under the Notes from the Issuer whose creditor is or, at any time during its existence, was a person who is or, at any time after the receivable's origination, was an affiliated party to the Issuer within the meaning of Section 9 of the Bankruptcy Act, will be deemed to be a subordinated receivable from the Issuer and the security of such receivables would be disregarded in bankruptcy proceedings. The foregoing rule does not apply to any receivables of a creditor who is not affiliated with the bankrupt and who, at the moment of acquiring an affiliated receivable, did not and could not have known (even when acting with professional due care) that it was acquiring an affiliated receivable. It is assumed that a creditor of any receivable under the Notes acquired during trading on a regulated market, multilateral trading system or similar foreign organised market was not aware of the affiliated nature of such receivable.</p>
C.9	Note interest	<p>The Notes will bear interest at a fixed rate of 4.90 % p.a., until the due date of the Notes. Interest will be paid semi-annually in arrears, always as at 29 November and 29 May for the year in question, for the first time on 29 November 2019.</p> <p>The interest will accrue from the first day of each interest period (this date inclusive) to the last day included in that Interest Period (this day exclusive). Notes cease to bear interest on the maturity date of the Notes, respectively on the date of early maturity of the Notes unless, in spite of compliance with all conditions and requirements, the payment of the amount owed by the Issuer was unlawfully withheld or refused.</p> <p>For the purposes of calculating the interest attributable to the Notes for a period shorter than 1 (one) year, the convention for the calculation of interest "Standard BCK 30E/360" (i.e. for the purpose of calculating interest, it is assumed that one year has 360 (three hundred and sixty) days divided into 12 (twelve) months of 30 (thirty) calendar days, and in the case of an incomplete month the actual number of days is used.</p> <p>The interest rate is not derived from the underlying instrument.</p> <p>There is no amortization of the monetary loan.</p> <p>The Noteholders' common proxy within the meaning of Section 5d of the Bonds Act</p>

		was not established as at the date of this Prospectus.
C.10	Derivative payment component of interest	Not applicable; the Notes do not contain any derivative component.
C.11	Acceptance of Notes on a regulated or other market	At the latest upon subscription of the aggregate nominal value of the Notes or after the deadline for subscription of the Notes (whichever occurs first), the Issuer shall request the admission of the Notes for trading on Bratislava Stock Exchange, a.s. (the "BSSE") regulated free market. Trading of the Notes will commence upon their admission to trading on the BSSE regulated free market. Apart from requesting the admission of the Notes for trading on a regulated open market, the Issuer has not requested and does not intend to request the admission of the Notes for trading on any other domestic or foreign regulated market or stock exchange.

SECTION D - RISKS

D.2	Major risks specific to the Issuer, Guarantor and SAZKA Group Adriatic	<p>The risk factors related to the Issuer, the Guarantor (and EMMA GAMMA Group) and SAZKA Group Adriatic are set out below. These risk factors may negatively affect the Issuer's or Guarantor's ability to repay the Notes obligations.</p> <p>Major risk factors related to the Issuer:</p> <ul style="list-style-type: none"> • The principal object of the Issuer's activities is the provision of loans/credits to the Guarantor, or through the Guarantor to other companies directly or indirectly controlled by EMMA CAPITAL LIMITED. There is no guarantee that the Guarantor will be able to repay its due obligations to the Issuer in a properly and timely manner and that the Issuer will thus obtain cash to enable him to pay its Note obligations properly and in a timely manner. • The Issuer is fully dependent on the Guarantor, and consequently also EMMA Group, which may significantly affect the Issuer's ability to meet its Note obligations on a timely basis. • EMMA Group or the Guarantor as the Issuer's shareholder may pursue EMMA Group strategies that may not primarily pursue the interests of the Noteholders. • An unexpected change to the Issuer's shareholder structure may adversely affect the Issuer's business strategies. • Through issuing the Notes the Issuer may enter a crisis within the meaning of provisions of the Commercial Code, which may affect the manner in which the Noteholders' rights are exercised vis-à-vis the Issuer and the Guarantor. • The Issuer activities depend on sharing IT and other infrastructure of EMMA Group. <p>Major risk factors related to the Guarantor:</p> <ul style="list-style-type: none"> • The principal object of the Guarantor's activity is the management of its own equity interests in SAZKA Group Adriatic. There is no guarantee that SAZKA Group Adriatic will be able to make payments to the Guarantor, which may adversely affect the financial and economic situation of the Guarantor and, ultimately, the ability of the Guarantor to meet its obligations towards the Issuer. • The Guarantor is active in asset management, which is associated with higher risks than is usual in most other business sectors. These are primarily regulatory, credit, operational and market risks and liquidity risks. • The Guarantor is exposed to the risk of failure to acquire 100 % of share in
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		<p>SAZKA Group Adriatic which would lead to a significant change in the Guarantor’s business strategy.</p> <ul style="list-style-type: none"> • The Guarantor is at risk of losing key persons. • The Guarantor is domiciled in the Republic of Cyprus, where it cannot be ruled out that measures will be taken that may affect the economic situation and the financial position of the Guarantor. • The Guarantor is exposed to the risk of a different legal form, as its legal form is different from the legal forms of Czech and Slovak commercial companies. <p>Major risk factors related to SAZKA Group Adriatic:</p> <ul style="list-style-type: none"> • SAZKA Group Adriatic is exposed to a competitive environment on the betting and gaming markets. • SAZKA Group Adriatic is struggling with the negative impact of the illegal market in the betting and gaming industry. • Brand retention failure may have a significant impact on SAZKA Group Adriatic's business, financial and management policies. • Reputation of betting and gaming industry may affect revenue of SAZKA Group Adriatic. • SAZKA Group Adriatic is exposed to risks related to possible changes and tightening of the legal and regulatory framework. • SAZKA Group Adriatic is exposed to risks related to the potential failure to meet the obligations arising from regulations preventing money laundering and financing of terrorism. • SAZKA Group Adriatic is exposed to risks related to the potential loss of rights to gaming and betting services and/or potential changes in licenses. • SAZKA Group Adriatic could be subject to unpredictable taxes, tax penalties, and special levies and fees, including specific gaming sector tax. • SAZKA Group Adriatic is exposed to the risk of failing to manage operating continuity and setting up a recovery plan for crisis situations. • A substantial part of SAZKA Group Adriatic's costs are fixed costs and decrease in sales can therefore have a significant impact on SAZKA Group Adriatic's profitability. • SAZKA Group Adriatic is largely dependent on sports betting operations, which are significantly affected by the development of sporting events during the calendar year. • SAZKA Group Adriatic is exposed to currency fluctuation risk, in particular the Croatian Kuna exchange rate (Super Sport) towards EUR (currency of the Notes). • SAZKA Group Adriatic has significant debt obligations and is subject to restrictive debt agreements. • SAZKA Group Adriatic is exposed to the risk of a breach of intellectual property. • SAZKA Group Adriatic may be a party to legal proceedings with potentially adverse effects.
D.3	Major risks specific to the Notes	<p>The risk factors relating to the Notes include, in particular, the following factors:</p> <ul style="list-style-type: none"> • Notes are a complex financial instrument, and the investor has to carefully consider the suitability of such an investment in light of its knowledge and circumstances.

		<ul style="list-style-type: none"> • Acceptance of any other debt financing by the Issuer may ultimately mean that if Bankruptcy is declared over the Issuer, the Noteholders' receivables will be satisfied to a lesser extent than if such debt financing was not accepted. • Trading in Notes may be less liquid than trading in other debt securities. • The Issuer may decide on repayment of a part of the nominal value of all hitherto unpaid Notes or on Early Maturity Date, at the earliest as at 29 May 2020 and thereby expose an investor to the risk of a lower than expected return. • Notes, like any other loan, are at risk of default. • The return on investments in Notes may be negatively affected by tax burdens. • The return on investments in Notes may be negatively affected by the level of inflation. • If a Note is issued in a currency other than the Noteholder's domestic currency, the investment may lose its value in the event of an unfavourable movement of the exchange rate. • The investment activities of certain investors are subject to regulation and it is for the investor to consider whether the investment in the Notes is admissible. • A change in legislation or its interpretation may in the future negatively affect the value of the Notes. • Fixed interest rate Notes are exposed to the risk of their price decline due to a rise in market interest rates. • The Issuer also faces the risk that current or future debt financing will not be renewed or refinanced. • An unpredictable event (natural disaster, other negative effect of non-financial nature) able to cause disturbances in the financial markets and rapid movement of exchange rates, may affect the value of the Notes. • The conditions of primary public offer (made by the Issuer via the Lead Manager) and the subsequent sale of the Notes (secondary public offer made by the Lead Manager and other selected financial intermediaries (securities brokers)), if the offers are made in parallel, may vary (including the Notes price and fees charged to the investor). • The term and amount of the guarantee is restricted in a manner specified in the text of the Guarantor's Declaration and the obligations from the Guarantor's Declaration are not secured. • Security in the form of the Guarantor's Declaration may not be sufficient for covering all Notes obligations. • Security in the form of pledge to the receivables from the Escrow Account to which, <i>inter alia</i>, the proceeds from the Notes Issue will be credited, may not be sufficient for covering all Notes obligations. • The Security Agent is not obliged to act on the decision of the Noteholders Meeting if such Noteholders Meeting decision is considered by the Security Agent to be contrary to generally binding legal regulations or good morals. • In relation to banking transactions and credit relations, the Lead Manager and the Security Agent also have access to certain information that is not publicly available and which the Noteholders will not have at their disposal which may cause a potential conflict of interests.
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SECTION E - OFFER

<p>E.2b</p>	<p>Reasons for offering and use of bond proceeds</p>	<p>The use of proceeds from the Issue of the Notes, upon payment of all expenses and fees related to the Issue, in particular concerning the preparation of the Prospectus and related services, the approval of the Prospectus, the ISIN allocation, the Issue of Notes, the admission of Notes for trading on the BSSE regulated free market, legal services and other professional activities is the provision of financing (loan) to the Guarantor.</p> <p>The net proceeds of the Issue after payment of all expenses and fees in connection with the Issue at an estimated amount of approximately EUR 87,999,500 will be used for the aforementioned purpose.</p>
<p>E.3</p>	<p>Description of offer terms</p>	<p>The anticipated aggregate value of the Issue (i.e. the highest amount of nominal values of the Notes) is EUR 90,000,000. The nominal value of each Note is EUR 1,000.</p> <p>Notes will be offered in the Slovak Republic on the basis of a public offer of securities under the provision of Section 120 of the Securities Act and in the Czech Republic pursuant to the provision of Section 34 of the Capital Market Undertakings Act. The primary sale (i.e. initial offer and subscription) of the Notes will last from the day when a decision of NBS on approving this Prospectus becomes final until the lapse of term of this Prospectus; and in the Czech Republic from the day when a notification that the Prospectus was prepared and approved in accordance with the special regulation and EU law was delivered to the Czech National Bank until the until the term of the Prospectus expires (the "Issue Period"). The Prospectus will be valid for twelve (12) months following the day on which the NBS's decision on approval of the Prospectus became final. The issue date of the Notes, i.e. the first day on which the Notes are issued (and registered on accounts in the respective registry), is 29 May 2019. In primary sale (subscription), the activities associated with the issue and subscription of all Notes will be provided by the Lead Manager.</p> <p>The Notes will be issued in a single series on the Issue Date, or gradually in several series, where the anticipated issue period of the Notes (i.e. when the Notes are registered on the relevant owner's accounts) will end either: not later than one (1) month after the Issue Period of the Notes expires, or one (1) month after the highest amount of the nominal values of the Notes is subscribed (whichever occurs earlier). The Issuer is entitled to issue the Notes in a smaller amount than the maximum amount of the nominal value of the Notes, and the Issue will then be considered successful. The minimum order amount is set at one (1) Note. The maximum order amount (that is, the maximum amount of the nominal value of Notes requested by an individual investor) is limited only by the highest amount of nominal values of issued Notes. The net purchase price of the Notes that will be paid to the Issuer may be reduced by the expenses and fees associated with the subscription and purchase of the Notes.</p> <p>A condition for participation in a public offer is proof of investor's identity using a valid identity document. Investors in the Czech Republic as well as in the Slovak Republic will be contacted by means of remote communication in particular. The acquisition of the Notes through the Lead Manager is conditioned by the execution of a contract for the provision of investment services between the investor and the Lead Manager or a branch of the Lead Manager in the Slovak Republic and filing an instruction to purchase the Notes under the contract. In the case of a public offer in the Czech Republic, the Lead Manager will accept instructions through its headquarters in Prague and investors in the Slovak Republic will be able to file the instructions to purchase the Notes through the branch of the Lead Manager in the Slovak Republic, namely J & T Banka a.s., pobočka zahraničnej banky (foreign bank branch), Dvořákovo nábřeží 10, 811 02 Bratislava, Slovak Republic.</p> <p>The Lead Manager is entitled to reduce the amount of the Notes specified in the investors' orders/instructions at its sole discretion. If the amount of the Notes is reduced, the Lead Manager shall refund any payment in excess to the concerned investors without undue delay to the investor's bank account the Lead Manager was</p>

		<p>notified of for this purpose. Upon subscription and crediting of the Notes to the Noteholders' accounts, the Noteholders will be sent a Note subscription confirmation, and trading of Notes will be launched at the earliest after the Notes have been issued and admitted for trading on the relevant BSSE Regulated Market. On the Lead Manager's instruction, the Notes will be, without undue delay, credited to the Noteholders' accounts held in the relevant registry immediately upon payment of the issue price of the Notes concerned. For the successful settlement of the primary sale of the Notes (i.e. crediting of Notes to the relevant accounts following payment of the Issue Price), the Note subscribers must follow the instructions of the Lead Manager or its representatives.</p> <p>After the sale of Notes in the primary offer, the subsequent sale of the Notes may occur (secondary Note offer). The Issuer agrees to the subsequent public offering of Notes within the subsequent sale of the Notes in secondary market in the Slovak Republic and in the Czech Republic which will be executed by the Lead Manager and other selected financial intermediaries (securities brokers) and gives its consent to the use of this Prospectus for the purposes of such a subsequent public offer of Notes. Notes in the secondary offer will be offered by the Lead Manager and other selected financial intermediaries at a price determined and published by the BSSE under the Stock Exchange Rules.</p> <p>The issue price of all Notes issued on the Issue Date is 100% of the nominal value. The issue price of any Notes issued after the Issue Date will always be determined by the Lead Manager so that it reflects the expected proportional accrued interest for the period from the Issue Date to the issue price payment date and the current prevailing market conditions.</p> <p>If a new significant fact or material change or material inaccuracy in relation to the data included in this Prospectus (which may affect valuation of the Notes) arises or is discovered prior to the conclusion of the public offer of Notes or the commencement of trading of the Notes on the BSSE regulated open market, whichever occurs first, the Issuer will publish an addendum to this Prospectus, following its earlier approval by the NBS.</p> <p>A public offer in the Czech Republic may be made after the NBS, based on the Issuer's request, notifies the Czech National Bank that the Prospectus has been prepared and approved in compliance with special regulation and EU law. Along with a request for notification, the Issuer will submit to NBS the English version of the Prospectus and the Czech translation of the Summary of the Prospectus.</p>
E.4	Interest of natural and legal persons involved in the Issue/offer	<p>As far as the Issuer is aware, none of the natural or legal persons involved in the Note offer has interest that would be significant for the offer except for the Lead Manager which places the Notes under a "best efforts" agreement and the Guarantor, which indirectly acquires the ability to finance entities within EMMA GAMMA Group through the offer of Notes.</p> <p>Neither the Lead Manager, nor another person, has accepted the obligation towards the Issuer to subscribe or purchase the Notes.</p> <p>The Lead Manager also acts as Administrator and as Listing Agent.</p>
E.7	Estimated costs charged to the investor	<p>An investor that will subscribe (within primary offer) or purchase (within secondary market offer) the Notes through the Lead Manager and its headquarters in Prague, will pay the fees related to acquisition of the Notes based on the current standard rate schedule of the Lead Manager as at the date of the transaction, currently 0.15% of the transaction amount, no less than CZK 2,000. The current rate schedule of the Lead Manager is published on its Czech website: https://www.jtbank.cz, in the "Important Information" section, under "Fees Schedule".</p> <p>An investor that will subscribe (within primary offer) or purchase (within secondary market offer) the Notes through the Lead Manager's branch in the Slovak Republic, will pay the fees related to acquisition of the Notes based on the current standard rate schedule of the Slovak branch of the Lead Manager as of the date of the transaction, currently of 0.60% of the transaction amount. If settlement of a trade is made to other than a holder's account, the fee is a charge of 1.00%, with a minimum</p>

		<p>of EUR 480. The current rate schedule of the Slovak branch of the Lead Manager is published on its Slovak website: https://www.jtbanka.sk, in the "Useful Information" section, under "Fees".</p> <p>Fees charged by other financial intermediaries, as well as other terms and conditions of the offer will be disclosed to the investors by the financial intermediary at the time of the offer of the Notes.</p>
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II. RISK FACTORS

Those interested in buying Notes should acquaint themselves with this Prospectus as a whole. Every party interested in buying Notes should carefully assess the information that the Issuer presents in this chapter for consideration by potential Note purchasers as well as other information in this Prospectus, prior to making a Note investment decision. The purchase and holding of Notes is associated with a number of risks, of which the Issuer gives those it considers significant later in this chapter. The order in which these risk factors are presented is not a function of the likelihood of their occurrence or the extent of their possible commercial impact.

The following overview of risk factors does not replace any professional analysis or any provision of the Terms and Conditions of the Notes or the information contained in this Prospectus, does not restrict any rights or obligations arising from the Terms and Conditions and is in no case an investment recommendation. Any decision by those interested in subscribing to and/or buying Notes should be based on the information contained in this Prospectus, on the terms of the Notes Offer and, in particular, on their own analysis of the benefits and risks of investing in Notes made by a potential investor.

1. RISK FACTORS RELATED TO THE ISSUER

From the Issuer's point of view, there are, in particular, the following risk factors, which may have a negative impact on its financial and economic situation, business activities and its ability to repay debts from the Notes:

(a) Risk associated with the Issuer's business

The Issuer has been established solely for the purpose of issuing notes (including the Notes) and its main business activity is to provide loans/credit to the Guarantor, or through it to other companies directly or indirectly controlled by EMMA CAPITAL LIMITED. The Issuer intends to use the proceeds of the Notes to provide financing to the Guarantor, or through the Guarantor to other members of the EMMA Group. The principal source of income for the Issuer will be repayments of loans/borrowings from the Guarantor. In the event of a change in the regulatory environment or stricter enforcement of the existing regulations, the Issuer may be required to obtain a loan or credit authorisation, and it is not guaranteed that it will obtain such authorisation, and it may be penalised for breaches. The financial and economic circumstances of the Issuer, its business activity, market position, and ability to fulfil its obligations under the Notes depend on the ability of the Guarantor and consequently also the companies of the EMMA Group to fulfil their cash obligations in respect of the Issuer properly and in a timely manner. If the Guarantor is unable to fulfil its cash obligations in respect of the Issuer properly and in a timely manner, this may have an adverse impact on the financial and economic circumstances of the Issuer, its business activity and its ability to fulfil its obligations under the Notes. The provision of loans/credit is associated with a number of risks and there is no guarantee that the Guarantor will be able to repay his liabilities to the Issuer in a proper and timely manner and that the Issuer will thus obtain cash to enable the Issuer to pay the Note obligations.

(b) Potential conflict of interests between the Issuer's shareholder and the Noteholders

The Issuer is a 100% subsidiary of the Guarantor. Changes in the strategy of the Guarantor or the EMMA Group cannot be ruled out in the future, nor that the Guarantor or other member of the EMMA Group will take steps (mergers, acquisitions, profit sharing, asset sales, etc.) that may be carried out rather in favour of the Guarantor or the EMMA Group than to the benefit of the Issuer. Such changes may have a negative impact on the financial and economic situation of the Issuer, its business activity, and its ability to meet its obligations under the Notes.

(c) Risk of a change to the shareholding structure

In the event of unexpected circumstances, there may be a change of the shareholder or the number of the Issuer's shareholder may increase. This may result in a change of control and adjustment of the Issuer's business strategy. A change of the Issuer's strategy may subsequently have a negative impact on the financial and economic situation of the Issuer, its business activities and the ability to pay its debts and obligations under the Notes.

(d) Risk associated with the legal, regulatory and tax environment

Although the Issuer has no other significant obligations to date, the risk of litigation or execution cannot be ruled out, especially at the harassment level. Potential litigation could, to a certain extent and for a certain period of time, limit the Issuer's access to its assets, and could possibly incur additional costs on the part of the Issuer.

The legal, regulatory and tax environment in Slovakia is subject to change and laws may not always be applied uniformly by the courts and public authorities. Changes in laws or changes to their interpretation in the future may adversely affect the Issuer's operations and financial prospects.

Particular changes to tax regulations may adversely affect the repayment method and amount of the Issuer's proceeds from repayment of intragroup financing, which may have a detrimental effect on the Issuer's ability to meet its obligations under the Notes.

(e) Risk associated with a crisis in the Issuer's business

There is a risk that, as a result of the issue of the Notes, the ratio of the Issuer's equity to its liabilities will be lower than 8 to 100, and the Issuer will therefore find itself in crisis under Section 67a et seq. of the Commercial Code. If a company is in crisis, certain restrictions apply, in particular, to transactions with related parties of the Issuer referred to in Section 67c of the Commercial Code.

From the point of view of the Noteholders, there is potentially a significant risk related to modification of the exercise of rights under the Guarantor's Declaration. Under Section 67h of the Commercial Code, such a significant modification arises if a Noteholder subscribes to a Note and at the time of the subscription (i.e. the establishment of the Issuer's obligation under the Notes) the Noteholder knew or could have known from the Issuer's last published financial statements that the Issuer was in crisis. In this case, during the Issuer's crisis or until the declaration of bankruptcy or permission for restructuring, the Noteholder may satisfy a claim for reimbursement of a receivable from the Note, secured during the Issuer's crisis under the Terms and Conditions by the Guarantor's Declaration only to the extent of the difference between the amount of the receivable and the value of the Guarantor's Declaration. As the Guarantor's Declaration secures the receivables for the payment of the nominal value and the yield on the Notes in full, the Noteholder will not legally have a right to claim against the Issuer (that is, will not be able to sue the Issuer in court), but the Noteholder will be able to pursue this claim directly against the Guarantor, but of course only if the due receivable from the Notes has not been paid duly and in time by the Issuer.

Under Section 67g of the Commercial Code, if the Guarantor as the sole shareholder of the Issuer secures the Issuer's commitment to a Noteholder (creditor), including the Noteholder during a crisis, the Noteholder may be satisfied from the Guarantor's Declaration without having first made a claim against the Issuer. The Commercial Code stipulates that any possible other arrangements are disregarded. This means that, regardless of the terms of the Guarantor's Declaration, if the Issuer fails to meet its obligations under the Notes as secured by the Guarantor's Declaration, each Noteholder will be entitled to claim directly against the Guarantor.

The provisions of Sections 67g and 67h of the Commercial Code should be applied solely if the Issuer's obligations to the Noteholder arise during a crisis of the Issuer. If the Guarantor's Declaration was issued before the date of the Prospectus preparation, i.e. at a time when the Issuer was not in a crisis, in relation to all Notes, the Issuer believes the security of the Guarantor in the form of the Guarantor's Declaration shall not represent a security of the Issuer's obligations (under the Guarantor's Declaration) during a crisis and for this reason, the particular regime under Sections 67g and 67h of the Commercial Code should not be applied to the rights of the Noteholders under the Notes obligations (in particular the payment of the nominal value of the Notes and Notes yield) secured by the Guarantor's Declaration and the Noteholders should not be restricted in any way as far as the satisfaction of their rights under the Notes pertaining to the Issuer's assets are concerned.

Regardless of the above view of the Issuer, the provisions applying to crisis in the Commercial Code are relatively new and the wording of the provisions seems vague and unclear in some respects. The above poses legal uncertainty with regard to their interpretation and practical application. For this reason, the risk of courts or other relevant authorities in the future ruling that the Guarantor's Declaration in relation to issued Notes is also established later, at a time of the Issuer's crisis, and as a result, the rights of the Noteholders arising from the Note obligations in relation to the guarantee under the Guarantor's Declaration shall be governed by the provisions of Sections 67g and 67h of the Commercial Code, may not be ruled out.

If the Guarantee in relation to the Notes is considered a security for the time of the Issuer's crisis, the above statutory provisions should not have a significant adverse effect on the Noteholders' option to ultimately satisfy their claims from the Notes through the exercise of claims against the Guarantor's Declaration, provided that they act in accordance with the relevant provisions of the Commercial Code. Any ignorance or misunderstanding of these rules pertaining to a company in crisis may, however, have an adverse effect on the exercise of the rights of the Noteholders against the Issuer and the Guarantor.

If the Issuer finds itself in a crisis, this shall not represent a Case of a Breach of Duty and shall not establish a reason for early repayment of the Notes under the Terms and Conditions.

The Issuer and the Guarantor have agreed to potentially reduce the risk associated with an Issuer's crisis as outlined above by concluding a "Project Support Agreement" dated 10 May 2019. Under this Agreement, the Guarantor is required, but always in accordance with the law and the principles of sound corporate governance, to provide the Issuer on request with sufficient funds to overcome any Issuer's crisis so that the equity/liabilities ratio reaches the level required by the law, and to provide such cooperation that the Issuer meets its obligations under the Notes properly and in a timely manner.

(f) *Risk associated with possible insolvency proceedings*

If the Issuer is not able to meet its due liabilities, its assets may be subject to bankruptcy (insolvency) proceedings. In accordance with the EU Insolvency Regulation, the court with jurisdiction to initiate insolvency proceedings in respect of a company is a court of a Member State of the European Economic Area (hereinafter referred to as the Member State) (excluding Denmark) in whose territory the centre of main interests of the company lies. Determining the centre of main interests of a company is a matter of fact to which the courts of different Member States may have different and even conflicting views. As far as the Issuer is aware, at the date of the Prospectus no definitive decisions have been taken in any proceedings before the European Court of Justice on issues of the interpretation or effect of the EU Regulation on insolvency proceedings throughout the European Union (hereinafter also referred to as the "EU"). For these reasons, should the Issuer face financial problems, it may not be possible to foresee with certainty under which law or laws the bankruptcy or similar proceedings would be initiated and conducted.

(g) *Technological Infrastructure Risks*

The Issuer's activities depend on the use of EMMA Group's IT technologies, which may be adversely affected by a number of issues such as hardware or software malfunction, physical damage to important IT systems, computer hacker attacks, computer viruses. The Issuer's activities also depend on EMMA Group's sharing of administrative, management, accounting and IT infrastructure. Possible failure of some elements or the whole of the infrastructure may have a negative impact on the financial and economic situation of the Issuer, its business activities and its ability to meet its obligations under the Notes.

2. RISK FACTORS RELATING TO THE GUARANTOR AND SAZKA GROUP ADRIATIC

The occurrence of the risks listed below may adversely affect the financial and economic situation of the Guarantor, its business activities, its market position and hence the ability of the Guarantor to meet its obligations under the Guarantor's Declaration (as defined in the Terms and Conditions) provided to secure the Notes obligations. Additional risks may exist as at the date of this Prospectus which are either not currently known or unlikely to occur. Such additional risks could significantly and adversely affect the operating activities, financial performance or operating results of SAZKA Group Adriatic and therefore of the Guarantor as well. The risk factors include those related to the Guarantor individually, as well as the risk factors relating to the companies of SAZKA Group Adriatic. The risk factors relating to SAZKA Group Adriatic include the risks related to the 67% stake of SAZKA Group Adriatic in Super Sport (together with its 100% stake in PUNI BROJ) and the 51% stake of SAZKA Group Adriatic in minus5.

Risks associated with the Guarantor

(a) Risk associated with the Guarantor's business

The Guarantor is a company incorporated in the Republic of Cyprus. The bulk of its activities focus on the management of its own equity interests in SAZKA Group Adriatic. The ability of the Guarantor to meet its obligations is to a large extent dependent on the payments received from SAZKA Group Adriatic and on payments from external entities. If the ability of SAZKA Group Adriatic or, as the case may be, external entities to make payments (for example in the form of dividends, interest or in other forms) to the Guarantor is limited, e.g. through their current financial or commercial situation, the availability of free funds eligible for the respective payment, the relevant legal or tax arrangements and/or the contractual agreements entered into by the SAZKA Group Adriatic companies, this may have an adverse effect on the Guarantor's financial and economic situation, its business activity, market standing and, ultimately, the ability of the Guarantor to meet its obligations under the Guarantor's Declaration to the Issuer and the Noteholders.

(b) Asset management risk

Asset management services are characterised by high demands on expertise and experience, with the risks associated with this activity further increased by the volatile environment of financial markets, expanding regulation and high competition in the financial services market. It is therefore an entrepreneurial activity with which higher-risk types than is common in most other business sectors are associated. These are primarily regulatory, credit, operational and market risks and liquidity risks.

(c) Risk of unfinished acquisition of the 100% stake in SAZKA Group Adriatic

The acquisition of the 100% stake in SAZKA Group Adriatic was not fully completed before the date of the Prospectus preparation (the SGA Transaction Closing did not occur). If any conditions specified in the purchase agreement required for successful transaction completion are not met, the acquisition of the 100% stake in SAZKA Group Adriatic may not occur. Regardless of the above, the economic benefits and risks associated with the ownership of the 100% stake in SAZKA Group Adriatic were transferred to the Guarantor as of the date of the Agreement execution. This would not mean any substantial change in the Guarantor's business strategy. A change in the Guarantor's strategy may subsequently have a negative impact on the financial and economic situation of the Guarantor, its business activity, and its ability to meet its obligations under the Notes.

(d) The EMMA GAMMA Group is exposed to the risk of currency fluctuations that may adversely affect its profitability

The financial results of the EMMA GAMMA Group may, at any time, be seriously adversely affected by currency fluctuations, in particular of the euro to the Croatian kuna. Despite the fact that the EMMA GAMMA Group finances a portion of its activities in euros, it realises its business activity through Super Sport in Croatian kunas. Therefore, the EMMA GAMMA Group is exposed to the risks associated with currency fluctuations.

The management of the EMMA GAMMA Group regularly reviews potential currency risks prior to the conclusion of significant contracts or business transactions. Despite the measures taken, it is not possible to exclude losses due to unfavourable movements in currency rates that could negatively affect the business of the EMMA GAMMA Group, its economic results, its financial situation and, ultimately, the Guarantor's ability to meet its obligations under the Guarantor's Declaration.

(e) Risk of losing key staff

Key Guarantor staff, i.e. members of management, and of senior management in particular, are jointly involved in the creation and implementation of the key strategies of the Guarantor and the EMMA Group. Their activity is crucial to the overall management of the EMMA Group (including the Issuer) and the ability of the Guarantor to introduce and implement these strategies. The Issuer believes that the Guarantor will be able to maintain and motivate these individuals, despite the strong demand for qualified persons. However, the Issuer cannot guarantee that the Guarantor will be able to retain and motivate these key staff, or that it will be able to recruit new key staff. The Guarantor actively encourages and motivates these key staff to continually increase their qualifications and practical knowledge, thereby endeavouring to promote their career growth. Their potential loss could adversely affect the Guarantor's and Issuer's business, their business results and the financial situation, which could negatively affect the Guarantor's and Issuer's ability to meet their Note obligations.

(f) Country risk of the Guarantor's registered office

The Guarantor has its registered office in the Republic of Cyprus. In view of the economic situation of the Republic of Cyprus, it cannot be ruled out that measures are taken in the Republic of Cyprus that may affect the business situation and the financial position of the Guarantor (in the past, for example, the Republic of Cyprus taxed bank deposits).

(g) Risk of the different legal form of the Guarantor

The Guarantor was established and is governed by the laws of the Republic of Cyprus. The Guarantor was established and exists in the legal form of a Cypriot "*private company limited by shares*". This is a legal form which is different from the legal forms of Czech and Slovak commercial companies. A Cypriot "*private company limited by shares*" is a separate legal entity with its own rights and obligations which is separate from its members. The liability of the members (shareholders) of a Cypriot "*private company limited by shares*" is limited to the amount unpaid on its shares and a member (shareholder) is responsible only for repayment of the issue price of the shares. Cypriot legislation including, for example, enforced (judicial or administrative) dissolution of a "*private company limited by shares*" may differ significantly from Czech or Slovak legislation. A Cypriot "*private company limited by shares*" may, among other things, be dissolved by the court if the company is unable to repay its debts or if the court considers it to be fair and justified to dissolve the company. It is assumed that the company is not able to repay its debts, for example, if the creditor to whom the company owes an amount in excess of EUR 5,000 has sent the company at its registered office a request for payment of a due liability and the company does not pay the sum within the next three weeks or if the execution or other process issued on the basis of a decision or order of the court in favour of the creditor has not been satisfied at least in part, or if it is proved to the court that the company is not able to repay its debts when they become due (in determining whether the company is capable of repaying its debts when they become due, the court takes account of the contingent and future liabilities of the company) or, if it is demonstrated to the court that the value of the company's assets is less than the value of its liabilities, with the court also taking into account the contingent and future liabilities of the company. An application for the dissolution of a company may be filed, inter alia, by the company itself or by its creditors (including any contingent and future creditors) or by a contributor to debt cover in the event of a company's abolition (*contributor*) or an *examiner* or an *official receiver* under Section 222(1) of the Cypriot Companies Act or all or any of these persons, either alone or jointly. In addition, the *Registrar of Companies* is entitled to strike-off a "*private company limited by shares*". The Registrar of Companies is entitled to strike-off a "*private company limited by shares*" if it has reasonable grounds to believe that the company is failing to operate. In this case, the Registrar of Companies will send the company a letter asking if the company is operating and if it receives no reply within one month of sending the request, it will send a second application 14 days after the end of the month by registered mail, referring to the first application and stating that no information has been received from the company. If the company fails to send a reply to the Registrar of Companies within one month of the Registrar of Company's sending the second application, a notice shall be published in the *Official Gazette* of the Republic of Cyprus, with a view for the company's name to be struck off the Registrar of Companies' register. A company can be struck off the registry by the Registrar of Companies also by an application by its directors or in case of failure to pay the annual levy for a period of one year from when it was due. In the case where the Registrar of Companies sends a letter as per the above and does not receive any response or receives the response that the company is not operating or receives an application by the company's directors as per the above or determined that the company has failed to pay the annual levy as per the above, it will publish and send the company a notification that the company's name will, unless there is evidence that there is casue to the contrary, be struck off from the Registrar of Companies three months after the date of the notification and the company will be struck off. A company is struck off by the publication in the *Official Gazette* of the Republic of Cyprus. However, deletion from the Registrar of Companies does not affect the responsibility of the company's directors and shareholders. Enforced dissolution of the Shareholder or a declaration of invalidity may have a negative impact on the Shareholder's ability to meet its obligations under the Guarantor's Declaration.

Development of activities and strategy

- (h) *The EMMA GAMMA Group can make significant acquisitions in the future, which means that it may not be able to successfully integrate and manage the acquired entities and that the company may not be able to realize the expected synergies, growth potential and other expected benefits, or that due to this growth or acquisitions it may incur unexpected costs*

The EMMA GAMMA Group may make acquisitions in the future. It is not possible to guarantee that the expansion plans will not have a negative impact on existing companies. In addition, any future acquisitions of companies or facilities could pose a number of additional risks, including problems with effective company integration, an inability to retain key pre-acquisition business relationships, increased operating costs, exposure to unexpected commitments, and difficulties in delivering planned increases in efficiency, synergies and cost savings, each of which may have a significant adverse effect on business, financial condition, results of operations, cash flows, EMMA GAMMA Group prospects and therefore the ability of the Guarantor to meet the obligations under the Guarantor's Declaration.

In addition, companies acquired may not achieve the levels of returns, profits or productivity expected from them. It is not possible to guarantee that past or future acquisitions will contribute to revenue growth or otherwise meet their operational or strategic expectations. If there is a failure to successfully integrate and/or manage any acquired company, the transactions may not have the desired benefits. Some of the new acquisitions may present new risks or a growth in risks currently faced by the EMMA GAMMA Group. It is possible that the EMMA GAMMA Group will not be able to manage these risks and management's attention may be diverted from current business interests. Any of these risks could have a negative impact on the business, financial situation, results of operations, cash flow, and prospects of the EMMA GAMMA Group and hence the ability of the Guarantor to meet the obligations under the Guarantor's Declaration.

- (i) *The pre-acquisition due diligence may not reveal all the facts and risks of a target company*

Following an acquisition, the EMMA GAMMA Group may also uncover certain facts that it did not anticipate before the acquisition. Given limited time and limited access to the target company and its statements, it is not always possible to carry out sufficient in-depth scrutiny prior to making an acquisition, which may make it impossible to determine its value or achieve the strategic objective that is expected from the investment or may as a consequence result in the need for unforeseen capital expenditure. In addition, historical account books, records and contracts of acquired or newly consolidated companies may be incomplete and the EMMA GAMMA Group cannot be certain that all business and other measures have been recorded or performed as required by the relevant legislation. These factors could have adverse consequences, including possible contract disputes. The result may be a negative impact on the business, financial situation, results of operations, cash flow, and prospects of the EMMA GAMMA Group and hence the ability of the Guarantor to meet the obligations under the Guarantor's Declaration.

Risks relating to SAZKA Group Adriatic

Market risks

- (j) *Risks associated with reputation and socio-cultural aspects*

The betting and gaming industry is basically a service that represents an alternative to the leisure activities of the population. In this regard, SAZKA Group Adriatic understands the strong responsibility and risk that this service may have for the whole of society. Participation in betting games may in some cases lead to a build-up of customer dependence on gaming, which can have a significant adverse impact on an individual's economic and psychological being. With a view to eliminating the impact of this negative aspect, SAZKA Group Adriatic monitors customer behaviour. SAZKA Group Adriatic seeks to monitor possible negative aspects of gaming behaviour and at the same time tries to actively communicate with the public about keeping to the rules of responsible gaming. In spite of these systems and management of communication, SAZKA Group Adriatic is still exposed to the risk of prevention and monitoring failure. Furthermore, in the event of a growth in betting and gaming activities with a negative impact on the population, a subsequent response by the state in the form of tightening regulation of the sector can be envisaged. If SAZKA Group Adriatic is not successful in these activities, it may have a negative impact on the Group's reputation, customer loyalty, and performance of SAZKA Group Adriatic and therefore on the ability of the Guarantor to meet the obligations under the Guarantor's Declaration.

- (k) *SAZKA Group Adriatic is exposed to a competitive environment*

In the betting and gaming market, SAZKA Group Adriatic is facing strong competition and at the same time, it is influenced by the rapidly evolving popularity of online gaming, which puts pressure on the general development and innovation of the betting and gaming products offered by SAZKA Group Adriatic. It is therefore necessary to assume

increased costs for technological development and promotion of existing and new products. Different competitors benefit from a variety of competitive advantages, whether it be their access to financial resources or their experience of the field, or a combination of various factors such as product mix composition, product and service quality, functionality, reliability, marketing and distribution channels. It is necessary to further realise that the activities of SAZKA Group Adriatic are exposed to competition not only from legal players but also from players operating on the illegal market. Within the online betting and gaming market, it is also necessary to assess the speed and broad range of information that flows and the fact that thanks to this the online market can develop faster than the product market available in physical stores.

If SAZKA Group Adriatic fails to move fast enough in the light of developments in technological progress and innovation of its products and if it fails to have the ability to compete in a competitive fight, this may have a negative impact on customers' perceptions of the group's activities, which may adversely affect the development of sales, market position, marketing and product innovation cost development, overall business activities, financial results, financial position and approach to the strategy and planning of the outlook for the activities of SAZKA Group Adriatic.

(l) *In the betting and gaming industry, SAZKA Group Adriatic is struggling with the negative impact of the illegal market*

The Group's business activities are influenced by the functioning of an existing illegal gaming market that is beyond the regulatory framework of Croatia, which represents competition to the Group's business activities. Illegal market operators offer their products to the public both in providing standard products and sports betting as well as in the form of Internet products in their respective languages within the country of operation. In view of the development and state of the illegal market, individual countries are implementing new restrictions. For example, Croatia is currently expecting an implementing regulation to a new act providing for blocking of IP addresses of websites of illegal operators. Moreover, illegal operators have limited options of marketing activities. Despite of the above state measures that have a positive impact on SAZKA Group Adriatic, it may not be ruled out that the existence of an illegal market and the possible increase in its popularity may lead to greater restrictions. In this case, the overall prosperity of SAZKA Group Adriatic may decrease, due to the tightening of regulation. Consequently, a further decline in sales, business activities of SAZKA Group Adriatic may occur, as well as a negative impact on financial results and financial position of SAZKA Group Adriatic, which may cause difficulty or an inability to meet its financial obligations.

(m) *Brand retention failure may have a significant impact on business and financial conditions as well as management of SAZKA Group Adriatic*

The success of SAZKA Group Adriatic is dependent on the strength and value of the Super Sport brand. SAZKA Group Adriatic believes that the long history, tradition and good reputation of the brand will continue to mean a competitive advantage in the development of betting and gaming activities. Competition in the betting and gaming industry is growing and the success of SAZKA Group Adriatic will depend on maintaining and developing the brand value. If SAZKA Group Adriatic is unable to maintain the brand value, it will not be able to expand its customer base. This may be further reflected in the attractiveness of SAZKA Group Adriatic as a business partner. Maintaining and developing the brand can entail considerable investment costs, including support for "physical" and online products. There is no guarantee that the investments in these assets will be successful. Maintaining and developing the brand value also depends on the ability of SAZKA Group Adriatic to respond in a timely manner to innovation and technological progress. Any error in this area will have a negative impact on the brand value, business activities, financial conditions and management of SAZKA Group Adriatic.

(n) *The reputation of the betting and gaming industry as a whole may influence the revenues of SAZKA Group Adriatic*

The revenues of SAZKA Group Adriatic depend on the number of customers it attracts and on the average value of the *Gross Gaming Revenue* (GGR) it generates from each customer. At the same time, the number of customers of SAZKA Group Adriatic is directly dependent on the reputation of the betting and gaming industry and the general perception of betting and other games in Croatia.

Despite the fact that SAZKA Group Adriatic makes efforts to improve the image of betting and game services in Croatia, these services are often regarded as a type of entertainment that is less socially acceptable. Negativity aimed at the betting and gaming sector may appear time to time, which causes significant damage to the betting and gaming industry as a whole. Adverse changes in the perception of the betting and gaming sector by the general public may result in decreased demand for betting and gaming services or increased regulatory restrictions that may have a significant adverse effect on business, financial conditions and management of SAZKA Group Adriatic.

(o) *The EMMA GAMMA Group is dependent on a relatively low number of suppliers*

SAZKA Group Adriatic uses the services of a small group of suppliers, in particular in relation to products, provided through the online channel. These are primarily the providers of sports statistics and rates, streaming of sports matches and online casino content. A key supplier is minus5, in which SAZKA Group Adriatic has 51% stake and which is the primary provider of IT solutions for the online platform of Super Sport. Therefore, SAZKA Group Adriatic is strongly dependent on these suppliers and their employees, and if the suppliers fail to meet their obligations, this may affect the activities of SAZKA Group Adriatic and thus also the ability of the Guarantor to meet the obligations under the Guarantor's Declaration.

State regulation and policy

(p) *SAZKA Group Adriatic is exposed to risks related to possible changes and tightening of the legal and regulatory framework to which SAZKA Group Adriatic is exposed*

The betting and gaming sector is regulated in Croatia. National authorities in Croatia have the right to unilaterally change the legal and regulatory framework governing the game plans of the games offered by SAZKA Group Adriatic. SAZKA Group Adriatic may also be subject to restrictions relating to marketing and advertising. Such restrictions may result in reducing the potential of SAZKA Group Adriatic to attract new customers, introduce new products and expand its share in this market.

In addition, in the future, SAZKA Group Adriatic could be affected by other regulatory rules from the EU. The operation of gaming and sports betting games is currently not regulated at European level, but there are no guarantees that this could not change in the future. Any other legislation or regulations that would have a negative impact on the business of SAZKA Group Adriatic may have a material impact on its financial position, operating results and prospects and will have a significant adverse impact on the value of SAZKA Group Adriatic and thus also the ability of the Guarantor to meet the obligations under the Guarantor's Declaration.

(q) *SAZKA Group Adriatic is exposed to risks related to the potential failure to meet the obligations arising from regulations preventing money laundering and financing of terrorism*

The betting and gaming services sector is also negatively affected by potential illegal activity of a financial nature, such as money laundering. In 2017, the Croatian parliament adopted a new law on preventing money laundering and financing of terrorism (*Zakon o sprječavanju pranja novca i financiranja terorizma*) in order to transpose Directive (EU) 2015/849 on money laundering to the Croatian legal system. The new law affects the activities of the Croatian operators in the betting and gaming market as it requires them to comply with the rules setting a maximum limit for cash operations.

SAZKA Group Adriatic is aware of these aspects and acts in accordance with all regulations and provisions that cover the aforementioned risk. SAZKA Group Adriatic seeks to monitor possible negative aspects of illegal activities of a financial nature and compliance with the rules preventing money laundering and financing of terrorism. However, SAZKA Group Adriatic is still exposed to the risk of prevention and monitoring failure, which may result in the imposition of penalties and sanctions by the regulator, or licence withdrawal, which may in turn have a negative effect on the activities of SAZKA Group Adriatic and thus the ability of the Guarantor to meet the obligations under the Guarantor's Declaration.

(r) *SAZKA Group Adriatic exposed to risks related to the potential loss of rights to provide gaming and sports betting services and/or potential changes in licences*

The products and business activities of SAZKA Group Adriatic are subject to licensing by the Croatian Ministry of Finance.

The state authorities of Croatia, namely the Ministry of Finance, have the right to terminate licences or have the right to impose sanctions in certain cases, for example in the event of non-compliance with the licence terms and conditions by the individual SAZKA Group Adriatic operators. Loss of rights to offer betting and gaming services within the portfolio of SAZKA Group Adriatic will have a very negative impact on sales and, in general, on business activities of SAZKA Group Adriatic, the results of operation, and may affect the ability of the Guarantor to meet the obligations under the Guarantor's Declaration.

(s) *SAZKA Group Adriatic could be subject to unpredictable taxes, tax penalties, and special levies and fees, including specific gaming sector taxes*

The business activities of SAZKA Group Adriatic are regulated by the state in respect of various tax and other financial burdens, in particular the specific gaming sector taxes. SAZKA Group Adriatic and its subsidiaries are regularly audited regarding compliance with tax rules, in terms of both direct and indirect taxes. Any change in these

tax rules will have an impact on cash flow, business, financial performance, and the financial position as a whole, which may lead to the inability to meet its obligations and have an adverse impact on SAZKA Group Adriatic and hence the ability of the Guarantor to meet its obligations under the Guarantor's Declaration.

Macroeconomic indicators

(t) SAZKA Group Adriatic is exposed to risks in the countries where it operates

SAZKA Group Adriatic operates in Croatia and is therefore exposed to the political and economic factors of this country. From a political point of view, there is a risk of changing governance and government orientation, diversity of views and access to industry liberalisation, restrictions on business, and other political decisions. Macroeconomic factors, such as gross domestic product growth, unemployment rates, wage growth (nominal and real), interest rates, consumer credit availability and/or economic outlook, can affect consumer behaviour and spending patterns. SAZKA Group Adriatic is not only influenced by the political and economic situation in Croatia, but is also significantly influenced by the status and functionality of the EU.

An important factor in assessing country risk is rating. Although the rating of Croatia may appear to be stable, there is no guarantee that events that negatively affect investors' confidence in the Croatian market will not be repeated. These events would adversely affect national economies and the risk of a credit crunch, and would significantly increase the risk of liquidity shortages in the market. Moreover, such events could adversely affect economic growth, consumer spending development and, for example, adversely affect the income and profitability of SAZKA Group Adriatic.

Croatia is one of the Emerging Markets. There is a higher level of risk in these markets compared to the more developed markets, including potential legal, economic, and political risks. Adverse development in Croatia or in other emerging markets could have a negative impact on the financial and economic situation of SAZKA Group Adriatic, its business activities, market position and hence the ability of the Guarantor to meet the obligations under the Guarantor's Declaration.

(u) Risk of contagion

SAZKA Group Adriatic and the country in which it operates may be affected by negative economic or financial developments in other European countries or countries with a similar credit rating as Croatia. Moreover, given the fact that the response of international investors to events occurring in one market may cause a "contagion" effect, whereby the whole region or type of investment ceases to be favoured by international investors, any other political and economic factors may, as a result affect the sales of SAZKA Group Adriatic.

Company operation, operating risks

(v) SAZKA Group Adriatic is exposed to the risk of failing to manage operating continuity and to set up a disaster recovery plan for crisis situations

SAZKA Group Adriatic and its entities are exposed to risks arising from obstacles caused in particular by business continuity management failures that are affected by various external factors. The inability to respond adequately to these negative situations can lead to the loss of certain business activities, which may have a negative impact on the customer's perception of SAZKA Group Adriatic and their experience with the products offered. Failure by SAZKA Group Adriatic to manage the continuity of operations and to set up disaster recovery plans in the event of crises can have a material effect on the business and financial conditions and consequently on the results of operations of SAZKA Group Adriatic.

(w) A substantial part of the costs of SAZKA Group Adriatic are fixed costs and any decrease in sales can therefore have a significant impact on profitability of the SAZKA Group

For SAZKA Group Adriatic, the major part of its total cost are fixed costs, which consist mainly of IT costs, leases and the personnel costs of employees and management. Any decrease in sales for any reason will thus have a significant impact on the operating segment of the business, because SAZKA Group Adriatic will not be able to flexibly address this potential cost reduction in this regard. This phenomenon will affect the business activities, financial conditions and operations of SAZKA Group Adriatic.

(x) *The operating systems and networks of SAZKA Group Adriatic will continue to be exposed to the risks associated with technical failures and security breaches*

The ability of SAZKA Group Adriatic to successfully operate games and their management is based on the reliability of the network and the safe operation of hardware, software, as well as the technical infrastructure and telecommunication infrastructure owned by it. The operating system of SAZKA Group Adriatic is secured using database servers / backup security copies as well as other measures. Any system failure or limited operations could lead to a decrease in efficiency or to a loss of these services.

In addition, the operating system of SAZKA Group Adriatic remains vulnerable to technical failures or service disruption due to human error, system operating errors, natural disasters, sabotage, computer viruses and other similar events, although SAZKA Group Adriatic has introduced security countermeasures. Any such interruption, malfunction, or cyber security breach could result in additional costs, cause damage to the business reputation of SAZKA Group Adriatic and the imposition of penalties, thus reducing the revenues of SAZKA Group Adriatic. Consequently, this could have a negative impact on the business activities and financial results of SAZKA Group Adriatic and the ability of the Guarantor to meet the obligations under the Guarantor's Declaration.

(y) *Failure of the risk management system of SAZKA Group Adriatic can have a significant impact on the activities of the Group and its business results*

The success of SAZKA Group Adriatic depends on its risk management system. Within the risk management system, SAZKA Group Adriatic defines rates in order to secure their competitiveness and ensure the Group's profit. At the same time, it monitors the customers' bets to prevent any material expositions in relation to a particular sports event and to eliminate suspicious bets.

Moreover, SAZKA Group Adriatic monitors the results of sports events and payments of winnings. Risk management is performed by experienced "bookmaking" department employees with the required knowledge, experience and specialization, and it is supported by custom software.

Any failure of the risk management system of SAZKA Group Adriatic could have a negative impact on the business, financial situation, operating results and prospects of SAZKA Group Adriatic and also the ability of the Guarantor to meet its obligations under the Guarantor's Declaration.

(z) *SAZKA Group Adriatic is affected by the risk of data leakage*

SAZKA Group Adriatic and its entities are subject to regulation related to the use of customers' personal data and their debit and credit card information. SAZKA Group Adriatic works with sensitive personal data of its clients (name, address, date of birth, bank details, debit and credit cards, gaming history). Thus, a part of its business activities must be set up in accordance with data protection rules with regard to the relevant legal standards, whether from the EU or individual countries. These statutory rules determine the ability of SAZKA Group Adriatic to collect and use personal information about existing and potential customers that SAZKA Group Adriatic and its entities may also use as part of their marketing activities.

SAZKA Group Adriatic is also dependent on contractual relationships with third parties and its employees who manage databases of sensitive data. SAZKA Group Adriatic is aware of the risk implied by the possibility of data loss and its impact. For this reason, SAZKA Group Adriatic monitors and protects data flow through appropriate systems and internal procedures so that the risk of data leakage is eliminated. However, despite these measures implemented by SAZKA Group Adriatic in this regard, customer data protection and payment data failures cannot be ruled out. Any error by SAZKA Group Adriatic at this stage would imply sanction by the relevant regulators as well as damage to the reputation of SAZKA Group Adriatic in the eyes of the customer, which may have a material effect on the business activities, financial conditions and economic results of SAZKA Group Adriatic.

(aa) *The EMMA GAMMA Group is mostly dependent on sports betting operations, which are significantly affected by the sporting events during the calendar year*

Operation of sports betting is the most important product offered by SAZKA Group Adriatic to its customers. Sports betting depends on the number of sports events that can be organised either at regular intervals or completely randomly. Furthermore, sports betting is dependent on the development of the sporting performances of individual athletes. The risk in this case arises from a possible interruption of sports matches, misconduct on the part of sports teams or athletes, unsuccessful qualification in competitions, doping affairs, and the potential damage to the integrity of sports betting with the rules and regulations of the sports field. These negative aspects affect the perception of the betting and gaming sector by the general public, which will be reflected in the growth of the sales, economic results, financial position of SAZKA Group Adriatic and the consequent inability to meet its obligations.

(bb) SAZKA Group Adriatic is exposed to the risks arising from dependence on a network of partner facilities operating self-service terminals

Super Sport, a company within SAZKA Group Adriatic, receives bets from bettors not only in betting offices that operate Super Sport, but also through authorised self-service terminals placed in various facilities, such as bars and cafés, with which it has entered into commercial agency agreements. The responsibility of point-of-sale operators includes accepting stakes from customers, paying out small wins, providing information, promoting sales and handling complaints and claims. Although SAZKA Group Adriatic is convinced that the relationship with its agents is generally good, there is no guarantee that these positive relationships will continue in the future. Any disruption to the partner facility relationships may have a negative impact on business operations, financial performance, operating results, and therefore the ability of the Guarantor to meet the obligations under the Guarantor's Declaration.

(cc) Location risk of locations where SAZKA Group Adriatic operates casinos and betting offices

Appropriate location selection in relation to the type of activity being performed is an important factor in the profitability of SAZKA Group Adriatic. The locations in which SAZKA Group Adriatic operates are exposed to the risk of insolvency, changes in regulation at local level (or in neighbouring locations), a decrease in the popularity of the location with consumers and other factors. Moreover, all the activities of Super Sport take place in rented premises and there is therefore the risk of disturbing the relationship with the lessor, of an increase in rent or termination of the lease. If SAZKA Group Adriatic does not correctly assess site suitability or is unable to adapt to site changes adequately, this may negatively affect its economic and financial situation.

(dd) Inability to attract, train, or retain qualified employees could have a significant negative impact on the business, financial performance, operating results and prospects of operating subsidiaries and thus of SAZKA Group Adriatic as well

The ability of SAZKA Group Adriatic and its subsidiaries to meet their long-term strategies depends on the abilities and performance of their employees. The loss of key employees and the inability to attract, train and retain suitably qualified employees in positions requiring a technical background may affect the ability of SAZKA Group Adriatic to carry out its long-term strategy and may have a significant negative impact on the operations, financial performance, operating results and prospects of the subsidiaries and hence the ability of the Guarantor to meet the obligations under the Guarantor's Declaration.

SAZKA Group Adriatic uses bookmakers for making and setting rates and uses the skills of the relevant risk managers to manage its commitments. Although SAZKA Group Adriatic has a team that benefits from its rich experience and knowledge, it cannot rule out any errors that may be related to the incorrect set-up of the process for making and setting rates or errors in risk management. These negative aspects can result in a material effect on the business and operating activities of SAZKA Group Adriatic.

Financial risks

(ee) Interest rate risk

The business of SAZKA Group Adriatic is exposed to the risk of interest rate fluctuations to the extent that interest-bearing assets (including investments) and liabilities mature or are re-valued at different times or in different amounts. The time periods for which the interest rate on a financial instrument is fixed indicate the extent to which the instrument is exposed to the interest rate risk. Although SAZKA Group Adriatic secures the risk related to the floating interest rate of the market rates of its current long-term loan by hedging, potential future losses due to adverse interest rate fluctuations may not be ruled out, which could have a negative impact on the business of SAZKA Group Adriatic, its economic results, financial situation and ultimately the ability of the Guarantor to meet the obligations under the Guarantor's Declaration.

(ff) Credit risk

Credit risk is the risk of a financial loss threatening SAZKA Group Adriatic if a customer or counterparty in a transaction with a financial instrument fails to meet its contractual obligations. SAZKA Group Adriatic is exposed to credit risk mainly as a result of its operating activities (primarily trade receivables) and as a result of its financial activities, including bank deposits and financial loans granted to third parties, as well as other financial instruments.

For financial assets, the maximum credit risk is represented by their book value. With regard to cash and cash equivalents, SAZKA Group Adriatic has accounts in prestigious banks where minimum risk can be assumed.

One of the main tools for mitigating credit risk in the ordinary course of business is sureties received from partners (intermediaries). Receivables from partners are monitored by the group management on a regular basis.

Despite all measures taken by SAZKA Group Adriatic to limit the consequences of credit risk, a failure of a counterparty or counterparties of SAZKA Group Adriatic may cause losses that could negatively affect the business of SAZKA Group Adriatic, its economic results, its financial situation and ultimately the ability of the Guarantor to meet the obligations under the Guarantor's Declaration.

(gg) Liquidity risk

Liquidity risk is the risk that SAZKA Group Adriatic will face difficulties in meeting its obligations associated with liabilities that are settled by the provision of cash or other financial assets.

The management of SAZKA Group Adriatic minimizes liquidity risk through ongoing management and planning of its future cash flows. The main tool for cash-flow planning is the creation of a medium-term plan, which is compiled annually for the next three years. Cash flows for the coming years are then detailed in each month and updated on a continuous basis.

In spite of these measures, it cannot be ruled out that SAZKA Group Adriatic could for these reasons face a lack of liquidity that could negatively affect the business of SAZKA Group Adriatic, its economic results, its financial situation and, ultimately, the ability of the Guarantor to meet the obligations under the Guarantor's Declaration.

(hh) Currency risk

The Notes are issued in euros, whereas the main activity of the EMMA GAMMA Group (operation of Super Sport) is performed in Croatian kunas. Any decrease in the value of the Croatian kuna (e.g. as a result of currency policy) and the related strengthening of euro would thus result in a decrease in the value of the investment in SAZKA Group Adriatic and the related cash flows. The volatility of exchange rates can thus have a negative impact on the operating results of the Guarantor and the Issuer, their capital position and their ability to meet the Note obligations.

(ii) SAZKA Group Adriatic has significant debt obligations and is subject to restrictive debt agreements

Substantial liabilities of SAZKA Group Adriatic resulting from the use of leverage and debt service may adversely affect its business and make it impossible to meet its liabilities in relation to its indebtedness.

The level of indebtedness of SAZKA Group Adriatic could have serious consequences. In particular, it could:

- make it more difficult to meet debt-related commitments;
- increase its exposure to the risk of general economic conditions and sector conditions and limit its flexibility in response to these;
- require it to devote a significant part of its operating cash flows to cover principal and interest on debt, thereby reducing available cash flows and limiting the possibility of obtaining additional funding for operating capital, investment expenditure, acquisitions, joint ventures and other general corporate purposes;
- limit its ability to borrow additional funding and increase the cost of such loans;
- limit its strategic acquisitions and the opportunity to explore business opportunities;
- limit its flexibility in planning changes in its business or responding to these changes in the competitive environment and the industries in which it operates and disadvantage it competitively in comparison with its competitors to the extent that they are not so indebted or where they have greater financial reserves.

The provisions of the existing loan agreement of SAZKA Group Adriatic include a number of consenting and negative settlements. All these limitations are subject to exceptions and reservations. Agreements that apply to SAZKA Group Adriatic may limit its ability to finance its future activities and capital needs, to exploit business opportunities, and to engage in activities that may be in its interest. In addition, future loan agreements for subsidiaries of SAZKA Group Adriatic may not be ruled out, which may limit the payout paid to the companies by SAZKA Group Adriatic.

This may have a significant adverse impact on the ability of SAZKA Group Adriatic to meet its debt obligations and therefore the ability of the Guarantor to meet the obligations under the Guarantor's Declaration.

(jj) The insurance on the business activities of SAZKA Group Adriatic may not be adequate

SAZKA Group Adriatic maintains insurance of cash, insurance against natural disasters, thefts as well as injury and death of employees in the amount that it considers appropriate in the ordinary course of business. Although insurance is contracted in line with industry standards, it cannot be guaranteed that such insurance will be sufficient and provide effective cover in all circumstances and against all risks or liabilities of SAZKA Group Adriatic. Compensation for damages or third party claims that are not fully covered by insurance may have a significant adverse effect on its business, financial situation, operating results, cash flows and prospects. Moreover, as a result of

rising insurance costs and changes in the insurance market, SAZKA Group Adriatic may not continue to have insurance available under conditions similar to current conditions, nor need such insurance be available at all.

(kk) Unless SAZKA Group Adriatic continues to maintain an effective system of internal financial reporting controls, it may not report accurate financial results or successfully prevent fraud or other adverse transactions

SAZKA Group Adriatic has taken appropriate steps to introduce and maintain adequate procedures, systems and controls to enable it to comply with its legal, regulatory and contractual obligations, including those relating to financial reporting. SAZKA Group Adriatic regularly evaluates the effectiveness of the structure and functioning of its internal control system in order to provide reasonable assurance that (i) transactions are duly authorized; (ii) assets are protected against unauthorised or unauthorised use, and (iii) transactions are properly recorded and reported, all in order for financial information to be processed in accordance with the relevant accounting regulations. However, any control system, no matter how well it is designed and applied, can only provide reasonable and not absolute assurance that its objectives are being met. Moreover, the structure of any control system is partly based on certain assumptions as to the probable occurrence of future events. Because of these and other inherent limitations of control systems, there is no guarantee that any structure will succeed in all potential albeit distant future circumstances. Additionally, if SAZKA Group Adriatic acquires any companies in the future, it may have difficulty integrating these entities into the operating group and adapting the internal control system to such companies, which may increase the risk of financial reporting uncertainties.

The inability to maintain an adequate system of internal controls or to produce accurate financial information in a timely manner could increase operating costs and seriously impair its ability to conduct business, which could have a serious adverse impact on its business, financial situation, operating results, cash flows and prospects, and thus on the ability of the Guarantor to meet the obligations under the Guarantor's Declaration.

Legal risks / litigation

(ll) SAZKA Group Adriatic is exposed to the risk of a breach of intellectual property

SAZKA Group Adriatic owns the rights to trademarks, internet domains, copyrights, commercial secrets, a customer database, and other types of intellectual property that are important for its existence. These assets are governed by the legal standards, provisions and contracts used to protect intangible assets. It cannot be ensured that this endeavour to protect its assets is adequate or that there is no breach of the intellectual property rights of SAZKA Group Adriatic. SAZKA Group Adriatic can also face claims on the rights of third parties, and these entities may insist on determining the breadth and validity of the intellectual property rights. The legal process in this respect is usual for companies providing their services on the Internet, in technology and on-line betting and gaming environments. These disputes may result in costs of legal representation, damages, brand change, the need to design new products and services, purchase of new licenses from third parties or to change the management of SAZKA Group Adriatic with regard to business activities, which will subsequently have an impact on the brand value, business activities, financial conditions and operations of SAZKA Group Adriatic.

(mm) SAZKA Group Adriatic can be a party to legal proceedings with potentially adverse effects

In the future, SAZKA Group Adriatic can be a participant in various legal proceedings. In addition to the potential financial risk that SAZKA Group Adriatic may face in relation to these proceedings, successful and unsuccessful legal proceedings may seriously affect the reputation of SAZKA Group Adriatic in the market or the relationship with buyers or suppliers, who may cease trading with it.

If SAZKA Group Adriatic is unable to quantify sufficient reserves or assess the likely outcome of any action, it could have a significant adverse effect on the business, financial situation, operating results, cash flows and prospects of SAZKA Group Adriatic as well as the ability of the Guarantor to meet the obligations under the Guarantor's Declaration.

3. RISK FACTORS RELATED TO THE NOTES

The risks associated with the Notes include in particular the following risk factors:

(a) *General risks associated with Notes*

A potential Note investor must determine the suitability of such an investment according to their own circumstances. Each investor should primarily:

- have sufficient knowledge and experience to effectively evaluate the Notes, the benefits and risks of investing in Notes and to evaluate the information in this Prospectus (including any supplements);
- have knowledge of adequate analytical tools for valuation and access to them, always in the context of their particular financial situation, investment in Notes and its impact on his overall investment portfolio;
- have sufficient financial means and liquidity to be prepared to bear all the risks of investing in Notes;
- have an overall understanding of the terms of the Notes (in particular the Terms and Conditions and this Prospectus, including any supplements) and be aware of the conduct and development of any relevant indicator and financial market; and
- be able to estimate (either alone or with the help of a financial adviser) possible scenarios of further economic developments, interest rates or other factors that may affect his investment and his ability to bear potential risks.

The inappropriateness of a potential investor's investment in the Notes may have a negative impact on the value expected by the investor and the development of the Note investment.

(b) *Notes as a complex financial instrument*

Notes constitute a complex financial instrument. Investors do not usually buy complex financial instruments as their only investments. Investors acquire complex risk-assessed financial instruments whose levels they are aware of in order to reduce or increase the return on their total portfolios. A potential investor should not invest in Notes that are a complex financial instrument without a professional assessment (which the investor will perform himself or together with a financial adviser) of the Note's yield in the changing conditions that determine the value of the Notes and the impact that such investment will have on the investment portfolio of the potential investor. The inappropriateness of a potential investor's investment in the Notes may have a negative impact on the value expected by the investor and the development of the Note investment.

(c) *Risk of accepting further debt financing by the Issuer*

There is no significant legal limitation regarding the volume and conditions of any future undrawn debt financing of the Issuer (except for the limitations under the Terms and Conditions). Acceptance of any other debt financing may ultimately mean that in the event of bankruptcy or similar proceedings, the Noteholders' receivables will be satisfied to a lesser extent than would have been the case for if such debt financing had not been applied. With an increase in the Issuer's debt financing, there is also the growing risk that the Issuer may be delayed in fulfilling its debt obligations under the Notes.

(d) *Liquidity risk*

The Issuer shall request the admission of the Notes for trading on the BSSE regulated free market. Regardless of the admission of the Notes for trading on the regulated market, there is no certainty that a sufficiently liquid secondary Notes market will be created or if it is created that such a secondary market will last. The fact that Notes may be admitted to trading on a regulated market does not necessarily lead to a higher liquidity of such Notes than for Notes not admitted to trading on a regulated market. In the case of Notes not admitted to trading on a regulated market, it may indeed be more difficult to value such Notes, which may have a negative impact on their liquidity. In any illiquid market, the investor may not be able to sell the Notes at an adequate market price at any time.

(e) *Risk of the Issuer's decision to repay a part of the nominal value (amortisation) or to repay the Notes early, before the Maturity Date of the Notes*

The Issuer has the right to decide to repay a part of the nominal value of all the outstanding Notes prior to their final maturity, always at the Payment Date (as defined in the Terms and Conditions), starting on 29 May 2020; the Issuer is entitled to carry out amortisation on a recurring basis (subject to a maximum of 7 times in total). Moreover, the Issuer has the right, at its sole discretion, to decide on early repayment of the Notes (in the full nominal value including the bonus amounting to the extraordinary interest income), no earlier than as of the first anniversary of the Issue Date. The Notes may be repaid early (without any extraordinary income or bonus) automatically, if the SGA

Transaction Closing fails to occur by 14 December 2019. If the Issuer decides, prior to the Maturity Date of the Notes, to repay a part of the nominal value (amortisation) or to repay the Notes early or the early repayment becomes automatic, the Noteholder is exposed to the risk of a lower than expected return as a result of such early partial repayment. For example, the Issuer can exercise this right if yields of comparable Notes on capital markets are reduced, meaning that the investor may be able to reinvest paid-up returns only into lower-yield Notes.

(f) Fees

The total return on investments in the Notes may be affected by the level of fees charged by the Securities Broker or other intermediary for the purchase/sale of the Notes and/or billed by the relevant billing system used by the investor. Such person or institution may charge fees for the establishment and management of an investment account, securities transfers, services associated with the safekeeping of securities and so on. Therefore, the Issuer recommends future investors in the Notes to be aware of the basis on which the Note fees will be charged. This fact may have a negative impact on the expected yield from the Notes from the point of view of the investor.

(g) Risk of non-payment

Notes are subject to the risk of default just as with any other debt. Under certain circumstances, the Issuer may not be able to pay out the Notes' proceeds, and the redemption value may be lower for the Noteholder than the amount of the initial investment in the Notes, and may even be zero in certain circumstances.

(h) Taxation

Potential buyers or sellers of Notes should be aware of the fact that they may be required to pay taxes or other fees in accordance with the law and practice of the country in which the Notes are transferred or of which they are citizens or residents or other State relevant in the situation. No official tax authority or court ruling on financial instruments such as notes may be available in some countries. Potential investors should not rely on a brief summary of the tax issues contained in this Prospectus for the acquisition, sale or redemption of these Notes, but should, as far as their individual taxation is concerned, act on the advice of their tax advisers. Consideration of the risk-based investment in this section should be made at least after considering the "Taxation in the Slovak Republic" chapter of this Prospectus. Also, possible changes to tax rules may cause the resulting Note yield to be lower than the Noteholders originally assumed and/or that a Noteholder may receive a lower amount than originally assumed at the sale or maturity of the Notes.

(i) Risk that purchase orders for Notes will be reduced

The investors should be aware that the Lead Manager will be entitled to reduce the amount of Notes stated in the investors' orders / instructions at its sole discretion; a potential difference in excess, if any, shall be refunded to the investor's bank account without undue delay. In the event of order reduction, the potential investor will not be able to execute the investment in the Notes in the originally intended amount. Thus an order reduction may have a negative impact on the value of the Note investment. Moreover, the Issuer may interrupt or terminate the offer at its discretion, and after such an interruption or termination of offer, orders will no longer be accepted.

(j) Inflation

Potential buyers or sellers of Notes should be aware of the fact that Notes do not contain an anti-inflationary clause and that the real value of Notes may decline as inflation reduces the value of the currency. Inflation also causes a decline in real yields from Notes. If the value of inflation exceeds the nominal yields of the Notes, the value of the actual Note yield will be negative.

(k) Currency risk

If a Note is issued in a currency other than the Noteholder's domestic currency, the investment may lose its value in the event of an unfavourable movement of the exchange rate.

(l) Legality of purchase

Potential purchasers of Notes (mainly foreign persons) should be aware of the fact that the purchase of Notes may be subject to legal restrictions affecting the validity of their acquisition. The Issuer has neither any responsibility for the legality of the acquisition of the Notes by potential Note buyers, whether under the laws of the state (jurisdiction) of its establishment, or of which it is a resident or of the state (jurisdiction) where it is active (if different). Potential buyers cannot rely on the Issuer in their decision as to the legality of the acquisition of the Notes. This fact may have a negative impact on the value and development of an investment in the Notes.

(m) *Change of law*

The Terms and Conditions of the Notes are governed by the Slovak law valid on the date of this Prospectus. The escrow account and the Pledge are governed by the Czech law valid on the date of this Prospectus. No guarantee can be given as to the consequences of any judicial decision or change in the applicable law (Slovak, Czech or other) or official practice after the date of this Prospectus.

(n) *Fixed Interest Rate Notes*

The holder of the Fixed Interest Note is exposed to the risk of a decrease in the price of such a Note as a result of a change (growth) in market interest rates. While the nominal interest rate set in the Terms and Conditions is fixed for the duration of the Notes, the current interest rate on the capital market ("**market interest rate**") will generally change daily. With any changes in the market interest rate, the price of a fixed interest rate Note also changes, but in the opposite direction. Thus, if the market interest rate increases, the price of the fixed interest rate Note generally falls to a level where the yield on such a Note is approximately the same as the market rate. If the market interest rate declines, on the other hand, the price of the fixed interest rate Note generally increases to a level where the yield on such a Note is approximately the same as the market rate.

(o) *Refinancing risk*

The Issuer also faces the risk that current or future debt financing will not be renewed or refinanced at the latest by the maturity date. Given the conditions prevailing in the capital markets, it is also not excluded that the Issuer will not be able to refinance its present and future debts under favourable conditions. If the Issuer were unable to refinance its debts under acceptable conditions, or refinancing was not possible at all, the Issuer could be forced to sell its assets under unfavourable terms or reduce or suspend its operations, which would negatively affect the Issuer's economic situation.

(p) *Risk of an unpredictable event*

An unpredictable event (natural disaster, another negative effect of non-financial nature) able to cause disturbances in the financial markets and rapid movement of exchange rates, may affect the value of the Notes. The negative impact of such events could result in a reduction in the return on the funds invested by the Issuer, thus undermining the Issuer's ability to repay any debts resulting from the Notes. Furthermore, the value of the Notes and any revenues from them may be affected by a global event (political, economic or other) that occurs in a country other than that in which the Notes are issued and traded.

(q) *Risk of differences in terms and price of Notes in parallel primary/secondary public offering*

The conditions of the primary public offer (made by the Issuer via the Lead Manager) and the secondary public offer (made by the Lead Manager selected financial intermediaries (securities brokers)), if the offers are made in parallel, may vary (including the price and fees charged to the investor). In the event that an investor subscribes, or purchases, Notes at a higher price (by price is meant either the Issue Price in the primary offer or the secondary offer price), he bears the risk that the overall return on his investment will be lower than from subscribing, or purchasing Notes at the lower price. Additionally, the Lead Manager's or third party fees associated with the public offering (primary or secondary) and the Note records that are charged to the investor may also be reflected in the price and its total value.

(r) *Risk of subordination*

Under the Bankruptcy Act, any liability on the part of an Issuer whose creditor is or at any time during its existence was a person who is or was related to the Issuer in the meaning of Section 9 of the Bankruptcy Act (hereinafter referred to as a "**Related Liability**") (i) shall in bankruptcy of the Issuer's assets in the Slovak Republic be automatically subordinated to any other non-subordinate obligations of the Issuer, without regard to its collateral, and the Related Liability will not be satisfied before all other liabilities of the Issuer shall be satisfied to creditors who have filed their claims for bankruptcy against the Issuer's assets and the collateral is disregarded; (ii) in any restructuring of the Issuer, the Related Liability cannot be satisfied in the same or better way than any other non-subordinate liability of the Issuer to creditors who have filed their claims against the Issuer's restructuring. Considering the Bankruptcy Act, this may mean that a creditor to a Related Liability may also be Noteholder who is not himself related to the Issuer, if he acquires a Note that has previously been owned by a person related at any time in the past to the Issuer. The foregoing rule does not apply to any receivables of a creditor who is not related to the bankrupt and who, at the moment of acquiring a related receivable (i.e. a receivable arising from a Related Liability), did not and could not have known (even when acting with professional due care) that it/he/she was acquiring a Related Receivable. It is assumed that a creditor of any receivable under a Note acquired during trading on a regulated market, multilateral trading system or similar foreign organised market was not aware of the related nature of such a receivable.

Another potential risk is the assessment of the Issuer as a related party against itself in the meaning of Section 9 of the Bankruptcy Act. The Issuer may acquire Notes, which will not automatically lapse unless the Issuer decides to terminate them. The Bankruptcy Act does not explicitly address the question of whether the Issuer itself may be a related party. Although such an interpretation is unlikely, it cannot be totally excluded that the court could consider the Issuer as a related person to cause the subrogation of some of the Notes.

(s) *Restrictions of the Guarantor's Declaration, obligations under the Guarantor's Declaration are not secured*

The term and amount of the guarantee is restricted in a manner specified in the text of the Guarantor's Declaration. In the event of insolvency proceedings against the Guarantor, the position of the Noteholders will be weaker compared to the secured creditors of the Guarantor, as the secured creditors have the right, in particular, for their secured receivable to be satisfied from the sale of the security assets. Therefore, the receivables of unsecured creditors are generally satisfied from the sale of assets not subject to the security and, after the satisfaction of any preferential receivables set out in the Cyprus Companies Act, Cap. 113 as amended are satisfied, proportionally if the revenue from sales is not sufficient to cover all the unsecured receivables in full.

(t) *The Guarantor's Declaration may not be sufficient to cover all debts under the Notes*

Although the Guarantor provides a guarantee in the Guarantor's Declaration for the obligations of the Issuer up to EUR 115.000.000 (one hundred and fifteen million), which is approximately 128% of the expected aggregate nominal value of the Issue (i.e. the highest sum of the nominal values of the Notes), there is a risk that if the Guarantor's Declaration is realized, not all receivables of the Noteholders payable by the Issuer (i.e. receivables for payment of the nominal value and the accrued and unpaid interest income) will be fully satisfied.

The payment under the Guarantor's Declaration is limited to the Guarantor's assets available at the moment of payment under the Guarantor's Declaration. The value of the Guarantor's assets is largely dependent on the revenues of the SAZKA Group Adriatic subsidiaries. The value of the Guarantor's assets may fluctuate further in time due to a number of factors and at the moment of the Guarantor's Declaration realization, it may be lower than the amount of the Note receivables due (i.e. their nominal value and the accrued and unpaid interest income in particular).

The payment under the Guarantor's Declaration may be further restricted if the Guarantor becomes insolvent in accordance with applicable laws and regulations governing insolvency. A lack of disposable assets or insolvency of the Guarantor may significantly limit the options of the Noteholders to satisfy their claims under the Guarantor's Declaration. Thus there is a risk that in the event of the Guarantor's Declaration realization, the money allocated to distribution to the Noteholders will not cover their receivables payable by the Issuer.

(u) *Risk that the Guarantor's Declaration will be ineffective*

Slovak laws and regulations lay down certain conditions under which the legal acts of a debtor may be ineffective towards third parties (debtor's creditors). An act by which the debtor reduces the possibility to satisfy creditors or favours certain creditors at the expense of others may be generally ineffective. Ineffective legal acts include but are not limited to legal acts without adequate consideration, legal acts favouring a creditor and legal acts deliberately reducing the satisfaction of a creditor. By accepting the guarantee under the Guarantor's Declaration, the Guarantor undertakes to meet the obligations of the Issuer, which is its subsidiary and with which it forms a consolidated unit.

If an insolvency court, based on a motion of an insolvency administrator, decides that the consideration under the Guarantor's Declaration is disproportionate to the provided guarantee, the Guarantor's Declaration may be deemed ineffective. If the Guarantor's Declaration is deemed ineffective, the Note obligations would become unsecured (if there has not yet been a payment under the Guarantor's Declaration) or the provided payment under the Guarantor's Declaration would have to be returned by the Noteholders to the assets for satisfaction of other obligations of the Guarantor.

The risk of ineffectiveness may also be implied by generally applicable provisions of civil law outside bankruptcy. Under the Civil Code, a creditor is entitled to require a court's decision that the debtor's act is ineffective against the creditor, if such an act reduces satisfaction of the creditor's enforceable receivable. In accordance with the Civil Code, ineffectiveness establishes the creditor's right to claim receivable satisfaction even from the portion reduced by the ineffective act of the debtor.

In the event of insolvency, bankruptcy or another similar event, the legal proceedings in relation to the Guarantor may be initiated in the Republic of Cyprus, if potential ineffectiveness of the debtor's legal acts towards third parties is to be assessed under Cypriot legislation or their invalidity under the Cypriot legislation. Under Cypriot law, preferential legal acts made during a certain period prior to the start of insolvency proceedings are invalid. In addition to insolvency proceedings, legal acts may be declared invalid on the basis of which sufficient commercial benefit has not been obtained..

(v) Risk of claim enforcement in various jurisdictions

The Notes will be issued by an Issuer that has been incorporated under Slovak law and secured by a Guarantor that is a "private company limited by shares" under the laws of the Republic of Cyprus, with the registered office in the Republic of Cyprus. The Notes and the Guarantor's Declaration are governed by the laws of the Slovak Republic. In the event of insolvency, bankruptcy or another similar event, the legal proceedings may be initiated in the Slovak Republic (in relation to the Issuer) or in the Republic of Cyprus (in relation to the Guarantor), or in another country, where the centre of main interests of the companies lies. Legal proceedings taking place in multiple jurisdictions may be complicated and costly for the creditors and may result in a higher degree of uncertainty and delays in relation to enforceability of the Note rights.

Moreover, the laws and regulations governing insolvency and bankruptcy, as well as the administrative and other legal regulations of the Slovak Republic and the Republic of Cyprus may differ or be in a mutual conflict. The application of such laws or any differences between them may pose a question of whether certain laws and regulations should be applied and/or have an adverse effect on the ability of the Noteholders to enforce their rights arising from the Notes and/or the Guarantor's Declaration.

(w) Risks related to the Pledge

The Notes will be secured by a pledge on behalf of the Security Agent and for the benefit of the Noteholders under Czech law set up by the Issuer to the receivables from the escrow account of the Issuer, to which the proceeds from the Notes Issue will be credited.

The Pledge securing the Notes shall be set up only in the name of the Security Agent as a security administrator in the meaning of Section 2010(2) of the New Civil Code. The Security Agent is not a joint agent of the Noteholders under Section 5d of the Bonds Act nor a joint and inseparable creditor of the Issuer with each individual Noteholder, but administers and, if applicable, implements the Pledge for the benefit of the Noteholders. All security documentation is concluded only by the Security Agent, which acts as the only secured creditor in the security documentation.

However, the Issuer points out that the Security Agent will not represent the Noteholders in any bankruptcy, or any restructuring of the Issuer's assets, or any other similar proceedings, when the creditors of the company are asked to file their claims within specified deadlines (e.g. in execution proceedings or in liquidation). Each Noteholder will be required to file his claim in such cases separately, properly and in time.

Furthermore, the Issuer cannot exclude that the Security Agent will not be changed on the grounds that the current Security Agent terminates its contract either at the decision of the Issuer or for other reasons. Although the Issuer proceeds with due caution when selecting a Security Agent, any new Security Agent may not have the same experience or reputation as the current Security Agent, and there may be a risk that he will not be able to sufficiently claim and recover Note receivables from the Issuer, thereby jeopardising satisfaction of the claims of the individual Noteholders.

The Security Agent is not obliged to act on the decision of the Noteholders' Meeting if such a Noteholders' Meeting decision is considered by the Security Agent as contrary to generally binding legal regulations or good morals. The Issuer cannot exclude that such failure to comply with the decision of the Noteholders' Meeting, if it turns out to be incorrect, may not reduce or prevent the successful realisation of the Security.

The above facts may result in a loss in the value of the Pledge and ability of the Noteholders to be satisfied from the Pledge.

(x) Risks associated with the Security Agent

Although the Issuer assumes that based on contract, the Security Agent undertakes to properly represent the interests of the Noteholders in respect of securing Note receivables, there is a risk that the Security Agent will not always perform its duties at all times and in all respects, or that it terminates that contract at an inappropriate time or without providing the Issuer with the necessary assistance to replace the Security Agent, which may cause damage to the rights of the Noteholders.

It cannot be ruled out that under certain circumstances the current Security Agent may be exposed to the risk of insolvency or other proceedings that could affect the performance of its duties as the Security Agent.

In the event of a change of the Security Agent, the Issuer will proceed with caution when choosing a new one. Nevertheless, there may be a risk that the new Security Agent will not be willing or able to perform its duties properly, which may as a consequence endanger satisfaction of the claims of the individual Noteholders.

(y) Risk of the absence of case-law in relation to the activity of the Security Agent as a security administrator

As the Slovak courts have no experience of deciding on the status, rights and obligations of a Security Agent as security administrator pursuant to Section 2010(2) of the New Civil Code, nor with the interpretation of certain provisions contained in the Terms and Conditions, the Issuer cannot guarantee that any court decision will not adversely affect the position of the Noteholders who are not in the position of secured creditors, the Pledge, its execution and realisation. Although the Issuer has undertaken to do its utmost to ensure that the Pledge is valid and effectively set up, it is not possible to exclude any problems with its registration or execution. It is not possible to exclude a future court decision that will weaken or exclude the establishment, validity or enforceability of the Pledge.

(z) Risk associated with Security Agent fee

The Notes are secured until the SGA Transaction Closing by the Pledge established under the name of the Security Agent as the Security administrator, as specified in the Terms and Conditions. In the event of execution and realisation of the Pledge, the yield will be curtailed, inter alia, by the remuneration and related costs of the Security Agent. Under the contract with the Security Agent, the Security Agent is entitled to a remuneration of 3% of the amount earned from execution and realisation of the Pledge. Depending on how the execution and realisation of the Pledge is performed, it may be necessary or appropriate to engage third parties for this purpose that may charge additional fees for these services whose exact amount will not be specified to the Noteholders but will be in line with the normal market standard.

(aa) Risk of potential conflict of interest

The Lead Manager and members of its group have provided or are providing credit financing to some members of the EMMA Group. In relation to banking transactions and credit relations, the Lead Manager and the Security Agent also have access to some information that is not publicly available and which the Noteholders will not have at their disposal. Such non-public information may, in general, favour the Lead Manager as a creditor ahead of other creditors of the Issuer or the Guarantor, including the Noteholders. However, the Issuer is not aware that the Lead Manager or the Security Agent are in a conflict of interest with regard to investors for the above reasons, when they are required to act with due care.

III. IMPORTANT NOTICE

*This document is a prospectus for notes pursuant to Section 121 of Act No. 566/2001 Coll., on Securities and Investment Services, as amended, (hereinafter referred to as "**the Securities Act**"), Article 5 of the European Parliament and Council Directive No. 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading and drawn up in accordance with Annexes IV, V, XXII and XXX of Commission Regulation (EC) No 809/2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards the information contained in prospectuses as well as their format, the references and the publication of such prospectuses and the dissemination of advertising.*

*The dissemination of this Prospectus, as well as the offer, sale or purchase of the Notes are limited by law in some countries. Neither the Prospectus nor the Notes will be authorised, approved or registered by any administrative or other body of any jurisdiction except for the approval of the Prospectus by the NBS; the Issuer wishes to request the NBS to issue a confirmation of its approval of the prospectus for the purposes of the public offering of the Notes in the Czech Republic. In particular, the Notes will not be registered in accordance with the United States Securities Act 1933 (the "**US Securities Act**") and may not be offered, sold or transferred in the territory of the United States of America or to persons resident in the United States (as defined in Regulation S on the conduct of the US Securities Act), other than by way of exemption from the registration obligation under the US Securities Act or in a business not subject to registration under the US Securities Act. Persons in possession of this Prospectus are responsible for complying with the restrictions on the offer, purchase or sale of the Notes in each country, or for the possession and distribution of any materials relating to the Notes.*

Those interested in purchasing the Notes are required to make their investment decision on the basis of the information contained in this Prospectus, as amended. In the event of a discrepancy between the information provided in this Prospectus and its addenda, the information published as the most recent shall always be valid. Any decision to purchase Notes must be based solely on the information contained in these documents as a whole and on the terms of the offer, including a separate risk assessment of the Note investment by each of the potential holders.

The Issuer has not approved any other statements or information about the Issuer or the Notes than those contained in this Prospectus and any addenda thereto. No such other statement or information can be relied upon as a declaration or information approved by the Issuer. Unless otherwise stated, all information in this Prospectus is given as at the date of this Prospectus. Provision of the Prospectus at any time after the date of its issue does not mean that the information contained therein is correct and up to date for any date after the date of issue of this Prospectus. Moreover, this information may be further amended or supplemented through individual Prospectus addenda.

The information contained in the chapters "Taxation in the Slovak Republic" and "Recovery of Private Liabilities to the Issuer" is given only as general and not as exhaustive information based on the situation as of the date of this Prospectus and was obtained from publicly available sources that were not processed or independently verified by the Issuer. Potential Note holders should rely solely on their own analysis of the factors mentioned in these chapters and their own legal, tax and other professional advisers. Any potential foreign acquirer of the Notes is advised to consult with its legal and other advisors on the provisions of the relevant laws, in particular the foreign currency and tax regulations of the Slovak Republic, the countries of their residence and other relevant countries as well as the provisions of all relevant international agreements and their impact on a particular investment decision.

Noteholders, including all potential foreign investors, are encouraged to keep abreast of all laws and other regulations governing the holding of Notes, the sale of Notes abroad, or the purchase of Notes from abroad as well as any other Note transactions, and to comply with these laws and regulations.

The Issuer will, to the extent set forth in the laws and regulations of each regulated securities market where the Notes will be admitted to trading (if relevant), to report on the results of its operations and its financial situation and to meet the information obligations.

The Prospectus (including any addenda), the financial statements of the Issuer as of 31 December 2017 and 31 December 2018 as well as all the documents included in this Prospectus by reference and related to the Issuer and the Guarantor apart from the significant contracts referred to in section 13 of Chapter VIII and Chapter IX, including the historical financial statements of the Guarantor for every two financial years preceding the publication hereof, are available free of charge to all interested parties at the Issuer's address at Dúbravská cesta 14, 841 04 Bratislava – Karlova Ves, Slovak Republic, on working days at a pre-arranged time during normal working hours from 9:00 to 16:00. These documents are also available electronically at the Issuer's website: <http://www.emmacapital.cz/obligatory-disclosures>.

The Prospectus (including any possible addenda) is available to all interested parties free of charge at the website of Administrator: www.jtbank.sk and for perusal at the Administrator's Designated Office on working days at a pre-arranged time during normal business hours from 9:00 to 16:00.

For as long as any part of the Notes remains unpaid, a copy of the Contract with the Administrator (in English) will be available for consultation on request at the Designated Office of the Administrator on working days at a pre-arranged time during normal working hours from 9:00 to 16:00.

Any assumptions and prospects regarding the future development of the Issuer, its financial situation, its business activities or market position cannot be considered as a declaration or binding promise of the Issuer regarding future events or results as these future events or results depend wholly or in part on circumstances and events that the Issuer cannot directly or fully influence. Potential bidders for the Notes should make their own analysis of any development trends or prospects listed in this Prospectus, or perform further separate research, and base their investment decision on the results of such separate analyses and research.

Unless stated otherwise, all of the Issuer's financial information is based on International Financial Reporting Standards (IFRS). Some of the values listed in this Prospectus have been adjusted by rounding. This means, inter alia, that the values given for the same item of information may differ slightly at different points, and the values given as sums of some values may not be the arithmetical sum of the values on which they are based.

If this Prospectus is translated into another language, the decisive version of the Prospectus in the case of an interpretational conflict between the Slovak language version of the Prospectus and the version of the Prospectus translated into another language is the Slovak language.

IV. TERMS AND CONDITIONS OF NOTES

The substitutable notes issued by EMMA GAMMA FINANCE a.s., with its registered office at Dúbravská cesta 14, Postal Code: 841 04, Bratislava – Karlova Ves, Slovak Republic, Company ID-No.: 50 897 942, registered in the Commercial Register maintained by the Bratislava I District Court, Section: Sa, Insert No. 6599/B (the "**Issuer**"), in the anticipated aggregate nominal value (i.e. the highest amount of nominal values of the Notes) of up to EUR 90,000,000 (in words: ninety million euros), bearing a fixed interest rate of 4.90 per cent (%) p.a., due in 2024 (the "**Issue**" and individual notes within the Issue as the "**Notes**"), are governed by these Terms and Conditions of the Notes (the "**Terms and Conditions**") and by Act No. 530/1990 Coll., on Notes, as amended (the "**Notes Act**"). The Notes issue was adopted by a decision of the Issuer's Board of Directors dated 23 April 2019 and by a decision of the Issuer's sole shareholder exercising the powers of the General Meeting dated 24 April 2019. The Notes have been assigned the identification code ISIN SK4000015210.

Payment obligations (liabilities) under the Notes have been unconditionally and irrevocably secured by

- (a) suretyship (guarantee) in the form of a guarantor's declaration (the "**Guarantor's Declaration**") under Slovak Law. In the Guarantor's Declaration, the Guarantor (as defined below) irrevocably and unconditionally guarantees to each Noteholder (as defined below) that if the Issuer fails to meet its obligations towards a Noteholder arising from the Notes in accordance with these Terms and Condition, the Guarantor will – upon the Noteholder's request - fulfil the Issuer's obligations instead of the Issuer in the full amount and in the relevant currency subject to these Terms and Conditions and in conformity with the provisions of the Guarantor's Declaration, namely within ten (10) days from the date on which the Noteholder (or the Noteholders' common proxy as referred to below) delivers its request to the Guarantor. Under the Guarantor's Declaration, the Guarantor provides cover for the Issuer's obligations up to EUR 115,000,000. A copy of the Guarantor's Declaration is enclosed as Annex No. 5 to the Prospectus;
- (b) unless the SGA Closing (as defined below) occurs, also by a first-ranking pledge over receivables from the Escrow Account (as defined below) created under Czech law in favour of the Noteholders and solely in the name of the Security Agent (as defined below); however, the pledge is to secure the obligations arising from the Notes only temporarily and in the manner set forth in Article 6.5.1 hereof (the "**Pledge**"). However, if the SGA Closing occurs before the first issue date of the Notes, no Pledge will be created and the obligations under the Notes will not be (even temporarily) secured by any Pledge. This is without prejudice to the security for the obligations under the Notes provided by the Guarantor's Declaration.

Services of the fiscal and paying agent related to interest payments and Notes' nominal value redemption will be provided by J & T BANKA, a.s., with its registered office at Pobřežní 297/14, Postal Code: 186 00, Prague 8, Czech Republic, Company ID-No.: 471 15 378, registered in the Commercial Register maintained by the Municipal Court in Prague under File No. B 1731, conducting its business in the Slovak Republic through its branch office J & T BANKA, a.s., pobočka zahraničnej banky (branch of a foreign bank), having its registered office at Dvořákovo nábřežie 8, Postal Code: 811 02 Bratislava, Slovak Republic, Company ID-No.: 35 964 693, registered in the Commercial Register maintained by the Bratislava I District Court, Section: Po, Insert No.: 1320/B (the "**Fiscal and Paying Agent**"). The relationship between the Issuer and the Fiscal and Paying Agent in connection with the performance of payment services in favor of the Noteholders and some other administrative acts related to the Issue is governed by an agreement entered into between the Issuer and the Fiscal and Paying Agent (the "**Fiscal and Paying Agent Agreement**"). A copy of the Fiscal and Paying Agent Agreement is available for inspection by the Noteholders, upon their request, at a pre-agreed time on Business Days during regular office hours from 9 a.m. to 4 p.m. at the Specified Office set forth in Article 11.1.1 of these Terms and Conditions.

The Issuer will apply, through J & T BANKA, a.s., conducting its business in the Slovak Republic through its branch office J & T BANKA, a.s., pobočka zahraničnej banky (the "**Listing Agent**"), to have the Notes admitted to trading on a regulated free market of Burza cenných papierov v Bratislave, a.s. (Bratislava Stock Exchange) (the "**BSSE**").

1. GENERAL CHARACTERISTICS OF NOTES

1.1 Class, Name, Type, Form, Nominal Value and Anticipated Aggregate Nominal Value

The class of securities includes notes secured by the Guarantor's Declaration (as defined below) and, unless the SGA Closing (as described below) occurs, also by the Pledge. The title of the Notes is "EMG 4.90/2024".

The Notes will be issued as book-entered securities (registered at the CDCP) in bearer form. The Notes have been assigned the identification code ISIN SK4000015210.

The Notes will be denominated in euros (EUR). The nominal value of each Note is EUR 1,000 (in words: one thousand euros). The anticipated aggregate nominal value of the Issue (i.e. the highest amount of nominal values of the Notes) is EUR 90,000,000 (in words: ninety million euros). The Issue will consist of 90,000 (in words: ninety thousand) pieces of Notes.

1.2 Rights Attached to Notes; Detachment of Right to Interest; Pre-Emptive and Exchange Rights

The rights attached to the Notes include, in particular, the right to payment of the nominal value of the Notes on the Final Redemption Date (as defined below) and the right to receive interest payable on the Notes on the Interest Payment Date (as defined below). The rights attached to the Notes also include the Noteholders' (as defined below) right to request early redemption of the Notes (i) if a Change of Control Event (as defined below) in respect of the Issuer, the Guarantor, SGA and/or Super Sport (as defined below) occurs, (ii) if any Event of Default (as defined below) occurs and/or (iii) in the event of certain amendments to these Terms and Conditions. One of the other rights attached to the Notes is the right to attend and vote at a Noteholders' meeting where any such meeting is convened in compliance with the Notes Act and/or these Terms and Conditions. The Issuer has the right to decide (even repeatedly) on a partial redemption of the nominal value of the Notes (amortization) and on payment of extra interest, as specified in Article 6.4 hereinafter.

There will be no detachment of the right to receive interest payable on the Notes. No pre-emptive or exchange rights are attached to the Notes.

1.3 Noteholders

For the purpose of these Terms and Conditions and the Prospectus, "**Noteholder**" means any person in whose favor the Note is registered (i) on an owner's account maintained by the CDCP and/or (ii) in the registry of a person maintained by any CDCP's member, for whom the CDCP opened a member's client account, i.e. in the registry of a person for whom the CDCP opened the holder's account. If certain Notes are registered on a holder's account maintained by the CDCP, the Issuer reserves the right to rely on the authorization of each person registering Noteholders for the Notes registered on the holder's account, to fully (directly or indirectly) represent a Noteholder and to exercise all legal acts (whether in the Noteholder's or the Issuer's name) *vis-à-vis* the Issuer on the account of that Noteholder in relation to the Notes, as if the person were the owner of the Notes.

"**CDCP**" means Centrálny depozitár cenných papierov SR, a.s., with its registered office at ul. 29. augusta 1/A, Postal Code: 814 80, Bratislava, Slovak Republic, Company ID-No.: 31 338 976, registered with the Commercial Register maintained by the Bratislava I District Court, Section: Sa, Insert No. 493/B.

Unless applicable laws or any court decisions delivered to the Issuer state otherwise and/or unless the Issuer is conclusively notified of facts evidencing that a Noteholder is not the owner of the relevant Notes, the Issuer and the Fiscal and Paying Agent will consider each Noteholder in all aspects as the beneficial owner thereof and will make payments to that Noteholder in accordance with these Terms and Conditions. Persons who are Noteholders holding Notes which have not been registered for any reason in the relevant records of book-entered securities (on their owner's account) will be obliged to promptly notify the Issuer and the Fiscal and Paying Agent of that fact and of their acquisition title to the Notes, by means of a notice delivered to the address of the Specified Office.

1.4 Transfer of Notes

The transferability of the Notes is not limited. However, unless it is contrary to applicable laws, upon the repayment of the nominal value of the Notes (or a part thereof) according to Article 6 below, the transfer of the Notes at the CDCP may be suspended from the date immediately following the Record Date until the relevant Payment Date (as defined below), on which the nominal value of the Notes will be repaid. In accordance with applicable laws and the CDCP's rules, the Notes will transfer upon registration of that transfer effected by the CDCP, a CDCP member or a person registering a Noteholder for the Notes registered on the holder's account maintained for that person by the CDCP. Before submitting an application for approval of the Prospectus to the National Bank of Slovakia, the Notes were neither admitted to trading on any listed or other market of any stock exchange nor traded on any foreign regulated public market.

1.5 Rating

The Issuer's financial standing (rating) has not been assigned by any credit rating agency registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council. No separate financial rating of the Issue has been assigned, and therefore the Issue does not have a separate rating.

2. ISSUE DATE, SUBSCRIPTION PERIOD, ISSUE PRICE, METHOD OF NOTE ISSUE

2.1 Issue Date, Subscription Period

The initial sale (i.e. initial offer and subscription) of the Notes will last, in the Slovak Republic, from the effective date of the NBS's decision approving the Prospectus and, in the Czech Republic, from the date the Czech National Bank receives a notification that the Prospectus was prepared and approved in compliance with special legislation and EU law, until the term of the Prospectus expires (the "**Issue Period**"). The Prospectus will be valid for twelve (12) months following the day on which the NBS's decision on approval of the Prospectus became final. The issue

date of the Notes, i.e. the first day on which the Notes are issued (and registered on accounts in the respective registry), is 29 May 2019 (the "**Issue Date**").

The Notes will be issued in a single series on the Issue Date, or gradually in several series, where the anticipated issue period of the Notes (i.e. when the Notes are registered on the relevant owner's accounts) will end either: not later than one (1) month after the Issue Period expires, or one (1) month after the highest amount of the Notes' nominal values is subscribed (whichever occurs earlier).

2.2 Issue Price

The issue price of all Notes issued on the Issue Date is equal to 100 per cent (%) of the notes' nominal value (the "**Issue Price**"). The issue price of any Notes issued within the Issue Period (of the initial sale) will be increased every day by a corresponding proportional accrued interest according to the following formula:

$$K = 100 \% + \left(\frac{4.90 \%}{360} \times ND \right)$$

where K is the increased issue price expressed as a percentage (%) of the nominal value of a Note and ND is the number of days following the Issue Date (or the last Interest Payment Date, if any of the Notes are issued after that date) until the date of the Note subscription (sale); the "Standard BCK 30E/360" day count convention – as specified in [Article 5.3](#) of these Terms and Conditions - will be used for calculating it.

2.3 Method and Place of Note Subscription

Under these Terms and Conditions, the Notes will be offered for sale by the lead manager of the Issue, J & T BANKA, a.s. (the "**Lead Manager**"), based on an offer of securities to the public (public offering) within the meaning of Section 120 of the Securities Act, to all categories of investors in the Slovak Republic (including retail investors) and selected qualified foreign investors (and/or also to other investors provided that the offeror's obligation to prepare and publish a prospectus does not apply in the relevant jurisdiction, except for the Czech Republic – as stated below), always in accordance with applicable laws of any jurisdiction where the Notes will be offered for sale.

Under these Terms and Conditions, the Notes will be concurrently offered by the Lead Manager for subscription and purchase in the form of a public offering to investors in the Czech Republic in accordance with Section 36f (1) of the Capital Market Undertaking Act (including retail investors) and selected qualified investors, always in accordance with applicable Czech laws. The Issuer will ask NBS to provide the Czech National Bank with a notification of the Prospectus approval certifying that the Prospectus has been prepared and approved in compliance with special legislation and EU law. Along with a request for notification, the Issuer shall submit to NBS the English version of the Prospectus and the Czech translation of the Prospectus summary.

In compliance with the Prospectus and subject to the Issuer's consent provided therein, the Lead Manager and/or other selected financial intermediaries (securities dealers) are entitled to offer the Notes for resale or ultimate placement. The information about the selected financial intermediaries authorized by the Issuer to use the Prospectus and whose names are not known at the moment of the Prospectus approval, will be published on the Issuer's website at <http://www.emmacapital.cz/obligatory-disclosures>. The information about the conditions of a financial intermediary's offer will be provided by the respective financial intermediary to investors at the moment the offer for the Notes is made.

The Notes can be subscribed from the beginning of the Issue Period both in the Slovak Republic and the Czech Republic in compliance with applicable laws at a place and in the manner specified in the Prospectus.

3. STATUS OF NOTES

3.1 Status of Notes

The Notes constitute direct, general, unconditional and unsubordinated obligations of the Issuer secured by the Guarantor's Declaration (as defined below) and, unless the SGA Closing (as described below) occurs, also by the Pledge, which rank and will always rank *pari passu* without preference among themselves, and at least *pari passu* with any other present or future direct, general, unconditional, unsubordinated and similarly secured obligations of the Issuer, except for such obligations of the Issuer that may be preferred by mandatory provisions of applicable laws.

Notwithstanding the above, Act No. 7/2005 Coll., on Bankruptcy and Restructuring, as amended (the "**Bankruptcy Act**") lays down that any of the receivables under the Notes whose creditor is or, at any time during its existence, was a person who is or, at any time after the receivable's origination, was an affiliated party to the Issuer within the meaning of Section 9 of the Bankruptcy Act, will be deemed to be a subordinated receivable towards the Issuer; the security for such receivables would be disregarded in bankruptcy proceedings. The foregoing rule does not apply to any receivables of a creditor who is not affiliated with the bankrupt and who, at the moment of acquiring an affiliated

receivable (according to the preceding sentence), did not and could not have known (even when acting with professional due care) that it/he/she was acquiring an affiliated receivable. It is assumed that a creditor of any receivables under the Notes acquired during trading on a regulated market, multilateral trading facility or similar foreign organized market had not been aware of the affiliated nature of such receivables.

3.2 Security for Payment Obligations under Notes

3.2.1 General Provisions on Security

The Issuer's payment obligations under the Notes will be secured:

- (a) by the Guarantor's Declaration made by EMMA GAMMA LIMITED, duly established and existing under the laws of the Republic of Cyprus, with its registered office at Themistokli Dervi Avenue 48, Athienitis Centennial Building, 3rd floor, room No. 303, 1066 Nicosia, Republic of Cyprus, registered in the register maintained by the Cypriot Ministry of Energy, Commerce and Industry under registration number HE 347073 (the "**Guarantor**"), who is a single shareholder of the Issuer;
- (b) unless the SGA Closing (as described below) occurs, by the Pledge created as a first-ranking pledge over receivables under the Escrow Account under Czech law in favour of the Noteholders and solely in the name of the Security Agent, J & T BANKA, a.s., with its registered office at Pobřežní 297/14, Postal Code:186 00 Prague 8, Czech Republic, Company ID-No.: 471 15 378, registered in the Commercial Register maintained by the Municipal Court in Prague under File No.. B 1731 (the "**Security Agent**").

3.2.2 Suretyship – Guarantor's Declaration

Pursuant to section 303 of the Commercial Code, in the Guarantor's Declaration the Guarantor unconditionally and irrevocably guarantees to each Noteholder that if the Issuer fails to duly and timely meet any of its obligations towards a Noteholder arising from the Notes in accordance with these Terms and Condition for any reason whatsoever, the Guarantor shall – upon request of the Noteholder (or the Noteholders' common proxy) - fulfil the Issuer's obligations instead of the Issuer in the full amount and in the relevant currency subject to these Terms and Conditions and in conformity with the provisions of the Guarantor's Declaration, namely within ten (10) days from the date on which the Noteholder (or the Noteholders' common proxy) delivers its request to the Guarantor. Under the Guarantor's Declaration, the Guarantor provides cover for the Issuer's obligations up to EUR 115,000,000. A copy of the Guarantor's Declaration is enclosed as Annex No. 5 to the Prospectus.

3.2.3 Pledge

Unless the SGA Closing (as described below) occurs, the Issuer shall secure redemption of the Notes also by the Pledge created in favour of the Noteholders under Czech law and through, and solely in the name of, the Security Agent who is obliged to pay (i) all funds deposited in the Escrow Account to the Issuer, in case of the successful SGA Closing, and/or (ii) all funds deposited in the Escrow Account to the Fiscal and Paying Agent for the purpose of pay-out to the Noteholders (the Issuer shall additionally pay any amounts needed to fully pay out the nominal value of the Notes, along with any accrued and unpaid interest thereon, to the Noteholders beyond the scope of funds in the Escrow Account), in case of the unsuccessful SGA Closing that automatically results in an early redemption of the Notes according to Article 6.5.1 below, and/or (iii) proceeds from exercise of the Pledge to the Fiscal and Paying Agent for the purpose of pay-out to the Noteholders to the extent of the Issuer's outstanding financial obligations under the Notes. However, if the SGA Closing occurs prior to the Issue Date, no Pledge will be created and the obligations under the Notes will not be (even temporarily) secured by any Pledge. This is without prejudice to the security for the obligations under the Notes provided by the Guarantor's Declaration.

4. ISSUER'S REPRESENTATIONS, NEGATIVE PLEDGE, OTHER COVENANTS OF ISSUER AND GUARANTOR

4.1 Issuer's Representations and Covenants

The Issuer represents that it owes the nominal value of the Notes to the Noteholders. The Issuer undertakes to repay the nominal value of the Notes to the Noteholders and pay interest revenues accrued on the Notes within the set time limits and in accordance with these Terms and Conditions and the Prospectus.

4.2 Negative Pledge

So long as any of Liabilities arising from the issued and outstanding Notes under these Terms and Conditions remain due and unpaid, the Issuer and the Guarantor shall not establish, or cause/allow the establishment of, any security for any Liabilities by pledges or other similar third-party rights that would restrict the Issuer's rights to its present or future assets or income, unless the Issuer or the Guarantor procures on or before date of the establishment of such pledges or other similar third-party rights that its Liabilities stemming from the Notes are secured (i) by a priority right (i.e. registered as a first-ranking or other preferential right) against such pledges or other similar third-party rights (i.e. the Noteholders will have priority claims over secured obligations and claims of third parties, in whose

favour the pledge or other similar right has been created or has arisen), or (ii) in any other manner approved by a resolution of the Meeting (as defined in [Article 12](#) of these Terms and Conditions). The Guarantor shall cause SGA to comply, to the same extent, with the covenant according to the preceding sentence.

The provision of the above-stated paragraph does not apply to:

- (a) any security rights attached to shares, interests or other similar direct or indirect capital interests and participations of the Guarantor in a subsidiary that does not belong to the EMMA GAMMA Group and/or in any other subsidiary whose shares, interests or other similar direct or indirect capital interests or participations are acquired by the Guarantor after the Issue Date; or
- (b) any third-party security rights created based on or in relation to the Permitted Indebtedness; or
- (c) any third-party security rights created by operation of law or under a judicial or administrative ruling.

For the purposes of these Terms and Conditions, "**Liabilities**" means the Issuer's, the Guarantor's or SGA's obligations to pay any outstanding amounts arising from debt financing, including the guarantor's obligations. For the purposes of the definition of Liabilities, "**guarantor's obligations**" means obligations assumed by the Issuer, the Guarantor or SGA for third-party liabilities under debt financing in the form of a guarantor's declaration, financial guarantee or other forms of assurance, surety, aval (in Slovak: *směněčné rukojemství*) or assumption of joint and several liability.

4.3 Additional Indebtedness

So long as any of payment obligations arising from the issued and outstanding Notes under these Terms and Conditions remain due and unpaid, the Issuer and the Guarantor shall not enter - except for the Permitted Indebtedness - into any transaction (or assume any unilateral commitments) that would directly or indirectly result in an increase of the EMMA GAMMA Group's Indebtedness for purposes of calculating financial indicators, where the Net Debt Ratio reaches or exceeds 4 as a result thereof. The Guarantor shall cause SGA to comply, to the same extent, with the covenant according to the preceding sentence.

4.4 Debt-Ratio Compliance Covenant

Until all payment obligations arising from the issued and outstanding Notes under these Terms and Conditions have been fulfilled, the Issuer and the Guarantor shall maintain the Net Debt Ratio at a level below 4.

The Guarantor shall calculate the Net Debt Ratio on 31 December and 30 June of each year throughout the Issue based on financial data and figures stated in the Guarantor's consolidated financial statement and (to the extent necessary to adjust items relevant for calculating the Net Debt Ratio) in individual financial statements of Super Sport, PUNI BROJ and minus5.

If the calculation is made, among others, based on data from

- (a) an audited consolidated financial statement of the Guarantor (generally as at 31 December of the respective year), the Auditor shall check the accuracy of the Net Debt Ratio calculation and shall issue a report of factual findings relating to the Net Debt Ratio compliance; the Net Debt Ratio calculation will form an annex to the report (the "**Report of Factual Findings – Debt Ratio Compliance**"); and/or
- (b) an unaudited consolidated financial statement of the Guarantor (generally as at 30 June of the respective year), the Guarantor's statutory body shall issue a certificate of Net Debt Ratio compliance; the Net Debt Ratio calculation will form an annex to the certificate (the "**Debt Ratio Compliance Certificate**").

The Guarantor shall make the first calculation of the Net Debt Ratio on 30 June 2019 based on the Guarantor's unaudited (voluntary) consolidated financial statement as at 30 June 2019, in which the interest in Sazka Group a.s. in the previous periods is presented "at cost" (because such interest forms neither the subject of security, nor any material part of the EMMA GAMMA Group in the future and the inclusion of such interest performance might result in a distorted view of the EMMA GAMMA Group's overall performance in 2019), although such classification may not have to comply with IFRS. The other calculation data sources include management accounts of Super Sport, PUNI BROJ and minus5 as at 30 June 2019, 30 June 2018 and individual audited financial statements of Super Sport, PUNI BROJ and minus5 for the year 2018. The Issuer shall publish the first Debt Ratio Compliance Certificate by 30 September 2019.

In the audited consolidated financial statement as at 31 December 2019, as well as in the "previous period" of the financial statements as at 30 June 2020 (the previous period means a six(6)-month period ending on 30 June 2019) and 31 December 2020 (the previous period means a one(1)-year period ending on 31 December 2019), the interest in Sazka Group a.s. in the previous periods will be presented "at cost" - although such classification may not have to

comply with IFRS. Reflection of the interest in Sazka Group a.s. (as described above) is the only classification in the Guarantor's consolidated financial statement that does not comply with IFRS.

With effect from 2021, the calculation of the Net Debt Ratio will be made based on a (voluntary) consolidated financial statement of the Guarantor in line with IFRS.

4.4.1 Commitment to Cure Default in Complying with Net Debt Ratio Requirements

If the Net Debt Ratio reaches or exceeds 4, the Guarantor may cure (or cause to be cured) that financial indicator by increasing the Issuer's registered capital, by making a contribution to capital funds from contributions of the Issuer's shareholders (*equity cure*) or by providing a credit or loan facility as an obligation subordinated to payment obligations under the Notes, namely within fifteen (15) Business Days from the date the Issuer becomes aware of such default and notifies the Fiscal and Paying Agent thereof.

The volume and frequency of the equity cure is not limited. However, following each equity cure the Guarantor shall ensure that the contribution to increase the Issuer's registered capital or the contribution to capital funds from contributions of the Issuer's shareholders will be paid up without delay, and shall make the Net Debt Ratio calculation on the date immediately following the effective date of such equity cure. The Auditor shall confirm the calculation accuracy and compliance with the Debt Net Ratio requirements within twenty (20) Business Days from the date the Issuer becomes aware and notifies the Fiscal and Paying Agent thereof, in a report of factual findings relating to the Net Debt Ratio compliance; the Net Debt Ratio calculation will form an annex to the report (the "**Ad Hoc Report of Factual Findings – Debt Ratio Compliance**").

4.5 Transactions with Related Parties

The Issuer and the Guarantor may enter into any agreements with a Related Party, perform any transactions or adopt any measures *vis-à-vis* a Related Party solely on arm's length terms.

4.6 Limitation on Distribution Payments

Each of the Issuer and the Guarantor hereby personally covenants that so long as any of payment obligations arising from the issued and outstanding Notes under these Terms and Conditions remain due and unpaid, it will not decide on or effect the payment of (or set off any receivables against) any dividends or other profit distributions or shares in the registered capital (including interest on unpaid dividends or other payments) to its Member and other companies controlled by Jiří Šmejč, nor will it provide any credit/loan or other payments to any of such entities (the "**Distribution**"), if the Net Debt Ratio reaches or exceeds 4 as a result of the Distribution.

If the Distribution results in the Net Debt Ratio being equal to or greater than 3.50 (but lower than 4), the Guarantor may carry out the Distribution only if the Distribution of some funds related to the exceeded Net Debt Ratio according to the first sentence of this paragraph is made by means of an intragroup loan, including the borrower's obligation to early repay the loan (resulting in the loan being immediately due and payable) in the event of insufficient funds for the payment of any obligations under the Notes; the repayment of such intragroup loan will precede the repayment of the nominal value of the Notes. The Guarantor shall forthwith notify the Security Agent that an intragroup loan agreement has been executed and shall provide the Security Agent with a copy thereof.

The Distribution must be carried out within four (4) months from the record date of the Guarantor's last consolidated financial statement and the Guarantor shall ensure that - in respect of the planned Distribution - the Net Debt Ratio calculation (reflecting the Distribution) will be made and confirmed by

- (a) the Auditor in the Report of Factual Findings – Debt Ratio Compliance, provided the calculation is made based on an audited consolidated financial statement of the Guarantor and the Distribution must be carried out within four (4) months from the record date of the Guarantor's audited consolidated financial statement; and/or
- (b) the Guarantor's statutory body in the Debt Ratio Compliance Certificate, provided the calculation is made based on an unaudited consolidated financial statement of the Guarantor and the Distribution must be carried out following the expiry of the period specified under letter (a), however, no later than within four (4) months from the record date of the Guarantor's unaudited consolidated financial statement.

The limitations and obligations specified in this [Article 4.6](#) do not apply to any Distribution(s) directly made by the Issuer to the Guarantor, or any Distribution(s) made by the Issuer and/or Guarantor to the companies from the EMMA GAMMA Group – such Distributions are permitted without limitation and are not subject to any of the obligations set forth in this [Article 4.6](#).

The Distribution of net proceeds from the issue of the Notes by the Guarantor to companies that are not members of the EMMA GAMMA Group controlled by Jiří Šmejč will be made - provided the Net Debt Ratio does not exceed 4 - by means of an intragroup loan facility including the borrower's obligation to early repay the loan (resulting in the loan being immediately due and payable) in the event of insufficient funds for the payment of any obligations under

the Notes; the repayment of such intragroup loan will precede the repayment of the nominal value of the Notes. If the Debt Ratio Compliance Certificate as at 30 June 2019 published by 30 September 2019 confirms that the Debt Net Ratio is lower than 3.50, the Guarantor is allowed to make the Distribution of net proceeds from the Issue without any further limitation. The paragraph 3 of this Article 4.6 does not apply to the Distribution of net proceeds from the Notes made by the Guarantor to companies that are not members of the EMMA GAMMA Group controlled by Jiří Šmejč.

4.7 Asset Disposal

Each of the Issuer and the Guarantor covenants not to sell, transfer or otherwise alienate any of its assets within a single transaction or multiple transactions ("**Asset Disposal**") until all payment obligations arising from the issue and outstanding Notes under these Terms and Conditions have been fulfilled, provided the Asset Disposal results in the Net Debt Ratio being equal to or greater than 4. The Guarantor shall cause the other companies from the EMMA GAMMA Group to comply with the covenant not to dispose of assets according to the preceding sentence.

Any Asset Disposal must be carried out on arm's length terms, at a fair market value and against financial consideration, except for the sale of interests in Super Sport under participation programs for managers, namely in a maximum total amount of 2 per cent (%) (of the value of Super Sport's registered capital as at the Issue Date) in the period from the Issue Date until the date on which all payment obligations under the issued and outstanding Notes under these Terms and Conditions have been discharged.

The Guarantor shall ensure that in respect of the planned Asset Disposal in the total amount of at least EUR 20,000,000 (in words: twenty million euros) (whether within a single transaction or multiple transactions), the calculation of the Net Debt Ratio (reflecting the value of Asset Disposal) will be made and the calculation accuracy and compliance with the Net Det Ratio requirements will be confirmed by the Auditor in an Ad Hoc Report of Factual Findings – Debt Ratio Compliance.

For the purposes of this Article, it applies that the SG Closing, SGA Closing, liquidation or winding-up of SAZKA Group PLC or capitalization of the Guarantor's receivables towards SGA is not deemed to be Asset Disposal.

4.8 Issuer's Information Duty

The Issuer undertakes to publish, within the statutory limits and in accordance with the BSSE rules, its annual reports and perform any other information duties required under applicable laws until all payment obligations arising from the Notes hereunder have been satisfied in full.

So long as any of its payment obligations under the Notes remain outstanding, the Issuer shall provide – particularly in relation to the financial indicators monitoring - the following documents and information or, to be more precise, shall ensure that such documents or information are provided by the Guarantor, namely in the manner set forth in Article 13 of these Terms and Conditions:

- (a) annual audited individual financial reports (within the meaning of applicable laws) of the Issuer - in Slovak;
- (b) annual audited consolidated financial statements of the Guarantor (voluntarily consolidated by the Guarantor for the purposes of financial indicators monitoring in conformity with the IFRS principles (except for the years 2019 and 2020 when the IFRS principles cannot be applied to the full extent, as it is described in Article 4.4 above)) in English and/or Slovak (always by 30 April of the respective year for the previous years, for the first time, for 2019 as at 31 December 2019);
- (c) semi-annual individual financial reports (within the meaning of applicable laws) of the Issuer - in Slovak;
- (d) semi-annual consolidated financial statements of the Guarantor (voluntarily consolidated by the Guarantor for the purposes of financial indicators monitoring in conformity with the IFRS principles (except for the years 2019 and 2020 when the IFRS principles cannot be applied to the full extent, as it is described in Article 4.4 above)) with the limited scope of publication in English and/or Slovak (always by 30 September of the respective year following the end of the half-year for the previous year, for the first time, by 30 September 2019 for the first half-year 2019 ending on 30 June 2019);
- (e) each Report of Factual Findings – Debt Ratio Compliance, always by 30 April of the respective year, relating to the Net Debt Ratio calculation as at 31 December according to Article 4.4(a) of these Terms and Conditions;
- (f) each Report of Factual Findings – Debt Ratio Compliance, always within ten (10) Business Days from the date of the permitted Distribution under Article 4.6(a) of these Terms and Conditions;
- (g) each Debt Ratio Compliance Certificate, always by 30 September of the respective year, relating to the Net Debt Ratio calculation as at 30 June according to Article 4.4(b) of these Terms and Conditions;
- (h) each Debt Ratio Compliance Certificate, always within ten (10) Business Days from the date of the planned

Distribution under Article 4.6(b) of these Terms and Conditions, however, always prior to the date of such Distribution;

- (i) each Ad Hoc Report of Factual Findings – Debt Ratio Compliance in the event of default in complying with the Net Debt Ratio requirements under Article 4.4.1 of these Terms and Conditions, within twenty (20) Business Days from the date the Issuer became aware of such default and notified the Fiscal and Paying Agent thereof;
- (j) each Ad Hoc Report of Factual Findings – Debt Ratio Compliance in case of the planned Asset Disposal according to Article 4.7 hereof, within ten (10) Business Days from the date the Issuer became aware or was notified by the Guarantor of the planned Asset Disposal in the total amount of at least EUR 20,000,000 (in words: twenty million euros).

If any of the above-stated notification dates falls on a day that is not a Business Day, the notification will be made on the next Business Day.

4.9 Definitions

For purposes of this Article 4, the following terms have the meanings set out below. Unless provided otherwise, the Guarantor's consolidated financial statement (voluntarily consolidated by the Guarantor for the purposes of financial indicators monitoring) is the data source with respect to individual items; if the calculation is made on a non-balance day, the input information is based on accounting books of the Guarantor and subsidiaries from the EMMA GAMMA Group for Purposes of Financial Indicators Calculation in line with IFRS (excepting the Guarantor's financial statements and accounts for the years 2019 and 2020 when the IFRS principles cannot be applied to the full extent, as it is described in Article 4.4 above).

"Security Agent" means J & T BANKA, a.s., with its registered office at Pobřežní 297/14, Postal Code: 186 00, Prague 8, Czech Republic, Company ID-No.: 471 15 378, registered in the Commercial Register maintained by the Municipal Court in Prague under File No. B 1731.

"Auditor" means any auditor and/or auditing company from the *Big Four* (PwC, KPMG, EY and Deloitte), with its registered office in the Slovak Republic, the Czech Republic and/or the Republic of Cyprus.

"SG Closing" means the fulfilment of conditions precedent and the effective date of the sale of 25 per cent (%) of the Guarantor's shares in SAZKA Group a.s. to KKCG AG in accordance with an agreement concluded between the Guarantor, as seller, and KKCG AG, as purchaser, on 14 March 2019.

"SGA Closing" means the fulfilment of conditions precedent and the effective date of the sale of 100 per cent (%) of shares held by SAZKA Group a.s. in SAZKA Group Adriatic to the Guarantor in accordance with an agreement concluded between SAZKA Group a.s., as seller, and the Guarantor, as purchaser, on 14 March 2019.

"Net Debt" means the total Indebtedness of the EMMA GAMMA Group for Purposes of Financial Indicators Calculation on a consolidated basis (in line with IFRS except for the years 2019 and 2020 when the IFRS principles cannot be applied to the full extent, as it is described in Article 4.4 above) as at the record date for determining the Net Indebtedness hereunder, however

reduced by (minus):

- (a) the amount of Indebtedness of Super Sport declared in the company's individual financial statement prepared as at the record date, as a pro-rata interest in Super Sport that is not (directly or indirectly) owned by the Guarantor on the record date;
- (b) the amount of Indebtedness of PUNI BROJ declared in the company's individual financial statement prepared as at the record date, as a pro-rata interest in PUNI BROJ that is not (directly or indirectly) owned by the Guarantor on the record date;
- (c) the total amount of the Indebtedness of the company minus⁵ declared in the company's individual financial statement prepared as at the record date;
- (d) the total amount of funds and Cash Equivalents held by the EMMA GAMMA Group for Purposes of Financial Indicators Calculation on a consolidated basis (in line with IFRS except for the years 2019 and 2020 when the IFRS principles cannot be applied to the full extent, as it is described in Article 4.4 above) at the time and to the extent to which it is not subject to any other deductions.

increased by (plus):

- (e) the amount of cash funds and Cash Equivalents held by Super Sport declared in the company's individual financial statement prepared as at the record date, as a pro-rata interest in Super Sport that is not (directly or indirectly) held by the Guarantor on the record date;

- (f) the amount of cash funds and Cash Equivalents held by PUNI BROJ declared in the company's individual financial statement prepared as at the record date, as a pro-rata interest in PUNI BROJ that is not (directly or indirectly) held by the Guarantor on the record date;
- (g) the total amount of cash funds and Cash Equivalents held by minus5 declared in the company's individual financial statement prepared as at the record date.

The above is a calculation indicator for the purposes of these Terms and Conditions.

"**Net Debt Ratio**" means, as at any record date of its determination for the purposes of these Terms and Conditions, the ratio of (a) Net Debt to (b) Consolidated Adjusted EBITDA calculated based on financial data and figures stated in the Guarantor's last consolidated financial statement and (to the extent necessary to adjust items relevant for calculating the Net Debt Ratio) in the individual financial statements of Super Sport, PUNI BROJ and minus5. To calculate the Net Debt Ratio for the purpose of an Ad Hod Report of Factual Findings – Debt Ratio Compliance (i.e. as at the date other than 30 June or 31 December of the respective year), the value of (a) Net Debt is determined as the value of Net Debt on the date that may not precede the record date by more than 60 days; for purposes of calculation under Article 4.4 hereof, such value will be further adjusted by the amounts of Indebtedness in connection with the equity cure, and (b) Consolidated Adjusted EBITDA is determined for the Relevant Period immediately preceding the record date. To avoid any doubt, if – when calculating the particular Net Debt Ratio – the Consolidated Adjusted EBITDA will reflect transactions with *pro forma* effect, the indebtedness relating to this type of transactions must also be reflected in the Net Debt indicator.

The above is a calculation indicator for the purposes of these Terms and Conditions.

"**Pre-Expansion European Union**" means the European Union as at 1 January 2004, including the following member states: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Luxembourg, Italy, Ireland, Netherlands, Portugal, Spain, Sweden and the United Kingdom, excluding countries that became or will become the EU member states after 1 January 2004.

"**Finance lease**" means any lease agreement or instalment agreement, which is considered finance or capital lease under IFRS, as amended before the adoption of IFRS 16.

"**IFRS**" means the International Financial Reporting Standards (IFRS and IFRIC interpretation), in the valid wording adopted by the European Union, consistently applied.

"**Consolidated Adjusted EBITDA**" is calculated as:

- (a) the Adjusted EBITDA based on the Guarantor's consolidated financial statement for the Relevant Period;
- (b) reduced by the Adjusted EBITDA attributable to Super Sport for the Relevant Period, as a pro-rata interest in Super Sport that is not (directly or indirectly) held by the Guarantor at the end of the Relevant Period;
- (c) reduced by the Adjusted EBITDA attributable to PUNI BROJ for the Relevant Period, as a pro-rata interest in PUNI BROJ that is not (directly or indirectly) held by the Guarantor at the end of the Relevant Period;
- (d) reduced by the Adjusted EBITDA attributable to minus5 in the total amount for the Relevant Period.

Acquisitions that have been made by the specified person or any of its subsidiaries, including through mergers or consolidations, and/or by any person or any of its subsidiaries acquired by the specified person, including all related financing transactions and including increases in ownership of subsidiaries, during or after the Relevant Period and on or prior to the calculation date, or that are to be made on the calculation date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Guarantor) as if they had occurred on the first day of the Relevant Period. In case of concessions or other similar authorizations containing no historical financial data, information from business plans and managerial budgets will be used as the data source for the purpose of determining *pro forma* effect. For the avoidance of doubt, for the purposes of calculating the Consolidated Adjusted EBITDA as of 30 June 2019, the Adjusted EBITDA of the Guarantor and Issuer as well as SGA, Super Sport and PUNI BROJ for the period from 1 July 2018 to 30 June 2019 shall be used as a pro-rata interest in the relevant company owned by the Guarantor as of 30 June 2019 (or which will be owned by the Guarantor after the SGA Closing). The same rule shall apply analogically as of 31 December 2019.

The above is a calculation indicator for the purposes of these Terms and Conditions.

"**minus5**" means the company minus5 d.o.o. duly established and existing under the laws of Croatia, with its registered office at Karlovačka cesta 24, Zagreb, Croatia, registered in the Court Register maintained by the Commercial Court in Zagreb under company registration number (MBS) 080697041 and identification number (OIB): 55684722851.

"**Adjusted EBITDA**" is a financial measure used to assess a company's profitability, reflecting its overall financial performance – i.e. earnings before interest, taxes, depreciation and amortization. With respect to any person, the

Adjusted EBITDA based on data from profit & loss accounts and financial statements of such person for the Relevant Period is calculated as:

- (a) operating profit (profit & loss account);
- (b) plus (before) depreciation, amortization, adjustments or decreased/impaired value of assets (disregarding the cancellation of prior accounting for a decreased value of assets in the Relevant Period);
- (c) less lease instalments in the Relevant Period, except for lease that is considered a finance or capital lease under IFRS, as amended before the adoption of IFRS 16;
- (d) increased or decreased - in case of investments accounted for using the *equity* method - by a corresponding share in profit/loss from investments (except for a share in profit/loss from revaluation); increased or decreased – in case of investments accounted for as the other long-term investments – by a corresponding share in profit/loss from investments (except for a share in profit/loss from revaluation).

"Trade Instruments" means any guarantee for the performance of a contract (*performance bond*), guarantee for advance payments (*advance payment bond*) or documentary letters of credit, save for bank guarantees not exceeding a total amount of EUR 5,000,000 that have been issued at the request of Super Sport in favour of the Croatian Ministry of Finance with respect to licenses owned by Super Sport.

"Cash Equivalents" means:

- (a) direct obligations (or certificates representing an interest in such obligations) issued by, or unconditionally guaranteed by, the government of a member state of the Pre-Expansion European Union, the United States of America, the Czech Republic, the Slovak Republic or Switzerland (including, in each case, any agency or subordinate government body thereof), the payment of which is backed by the full faith and credit of the relevant state and which are not prematurely callable (repurchasable) or redeemable at the specified person's option;
- (b) overnight bank deposits, time deposit accounts, certificates of deposit, banker's acceptances and money market deposits with agreed maturities (and similar instruments) of 12 months or less from the date of acquisition;
- (c) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (a) and (b) above entered into with any financial institution meeting the qualifications specified in clause (b) above;
- (d) commercial paper having one of the two highest ratings obtainable from Moody's or S&P and, in each case, maturing within one year after the date of acquisition; and
- (e) money market funds representing at least 95 per cent (%) of the assets constituting Cash Equivalents of the kinds described in clauses (a) through (d) of this definition.

"Permitted Indebtedness" means:

- (a) any lease of property which was considered an operating lease before the adoption of IFRS 16 (under which any such lease of property is considered a finance lease) and any guarantee given by the relevant person in the ordinary course of business solely in connection with, and in respect of, the obligations of the relevant person under any operating lease;
- (b) the Issuer's loan obligations that are subordinated to the Notes;
- (c) SGA's obligations and debts (i) to the extent permitted in the Syndicated Loan Facility Agreement, dated 27 March 2018, concluded among (*inter alia*) SGA as borrower, UNICREDIT BANK AG, LONDON BRANCH as facility agent and ZAGREBAČKA BANKA D.D. as security agent, as amended, novated, supplemented, extended (as regards maturity or other aspects), restated or replaced in connection with acquiring an interest in Super Sport from the other shareholders of such companies and/or (ii) due to the acquisition of an interest in minus5 from the other shareholders;
- (d) SGA's obligations and debts from refinancing of the Syndicated Loan Facility Agreement, dated 27 March 2018, concluded among (*inter alia*) SGA as borrower, UNICREDIT BANK AG, LONDON BRANCH as facility agent and ZAGREBAČKA BANKA D.D. as security agent.

"Related Party" means (i) each company of the EMMA GAMMA Group, (ii) each Member (as defined below), and (iii) each legal entity that is controlled or jointly controlled by legal entities or natural persons referred to under (i) and (ii) of this definition.

"PUNI BROJ" means PUNI BROJ d.o.o., a company duly established and existing under Croatian law, with its registered office at Krčka 18/d, Zagreb, Croatia, registered in the Court Register maintained by the Commercial

Court in Zagreb under company registration number (MBS) 080449012 and identification number (OIB): 27011922678.

"**Relevant Period**" means – provided that the respective entity prepares internal quarterly financial statements – the last four full fiscal quarters for which the relevant financial statements have been prepared and made available or, if the respective entity does not prepare – or if it decides at its sole discretion to discontinue preparation of - quarterly financial statements, the last two full fiscal half-years for which the relevant financial statements have been prepared and made available. Notwithstanding the foregoing, for purposes of calculating the Adjusted EBITDA and Consolidated Adjusted EBITDA, no more than 6 months may elapse between the end of the Relevant Period determined according to the preceding sentence and the record date as of which the Adjusted EBITDA and Consolidated Adjusted EBITDA are calculated; if more than 6 months elapses, the Relevant Period must include an additional full fiscal quarter regardless of whether or not the respective entity prepares quarterly financial statements or decides, at its sole discretion, to discontinue preparation of quarterly financial statements.

"**SGA**" means SAZKA Group Adriatic d.o.o., a company duly established and existing under Croatian law, with its registered office at Ivana Lučića 2a, Zagreb, Croatia, registered in the Court Register maintained by the Commercial Court in Zagreb under company registration number (MBS) 081147835 and identification number (OIB): 01606227035.

"**EMMA GAMMA Group**" has the meaning ascribed to it in the Prospectus.

"**EMMA GAMMA Group for Purposes of Financial Indicators Calculation**" means, on any day (after the SGA Closing), the Guarantor (without its interest in SAZKA Group a.s. and SAZKA Group PLC, as it is explained hereinafter), the Issuer, SGA and, on the respective day, a pro-rata direct or indirect interest of the Guarantor in Super Sport, PUNI BROJ and minus5 on that day.

To avoid any doubt, the financial data of the EMMA GAMMA Group for Purposes of Financial Indicators Calculations on a consolidated basis (in line with IFRS except for the years 2019 and 2020 when the IFRS principles cannot be applied to the full extent, as it is described in [Article 4.4](#) above) to be used in calculations according to this [Article 4](#) do not contain financial data relating to (i) SAZKA Group a.s. (due to the SG Closing), (ii) SAZKA GROUP PLC (UK) (due to its planned winding up and liquidation).

"**Member**" means any existing or future direct or indirect member or shareholder of the Issuer and/or Guarantor.

"**Super Sport**" means Super Sport d.o.o., a company duly established and existing under Croatian law, with its registered office at Krčka 18/d, Zagreb, Croatia, registered in the Court Register maintained by the Commercial Court in Zagreb under company registration number (MBS) 080352592 and identification number (OIB): 48471634697.

"**Indebtedness**" means, save for letter (b) of the definition of the Permitted Indebtedness, in relation to any person on the record date (without double counting - duplicity), an aggregate outstanding amount of the principal, capital and/or nominal value (including any fixed and/or minimum bonus payable upon early redemption/repurchase) of liabilities in respect of:

- (a) moneys borrowed and debit balances on accounts at banks or other financial institutions;
- (b) any amount raised under any note purchase facility and/or the issue of notes (except for the Notes held by the Issuer), debentures, bills of exchange/promissory notes, notes (obligations), loan stock or any other similar instruments;
- (c) Finance lease;
- (d) any amount raised by the issue of redeemable shares (otherwise than of the Issuer's choice) or shares that are otherwise classified as borrowings under IFRS; and
- (e) (without double counting) the amount of any liability under the Trade Instruments, guarantee or indemnity in respect of any items referred to in (a) through (d) above.

The above is a calculation indicator for the purposes of these Terms and Conditions.

The Indebtedness, Net Debt or Consolidated Adjusted EBITDA of the EMMA GAMMA Group for Purposes of Financial Indicators Calculation is not and will not be presented or disclosed in any financial statements of the Issuer or Guarantor. For the purposes of financial indicators monitoring, the Guarantor will voluntarily prepare consolidated financial statements (for the first time, as at 30 June 2019); however, the calculation of individual items of the Indebtedness, Net Debt and Consolidated Adjusted EBITDA on a consolidated basis will be subject to additional adjustments specified in the definitions above.

In these Terms and Conditions, the Issuer does not provide for the calculation formula of the Net Debt Ratio as at 31 December 2018 because there is no specific identifiable data source. The individual financial statements of SGA,

Super Sport and PUNI BROJ as at 31 December 2018 have not be published and the individual calculation input items would have to be further adjusted on a "consolidated basis."

The calculation formula of the Indebtedness, Net Debt and Consolidated Adjusted EBITDA of the EMMA GAMMA Group for Purposes of Financial Indicators Calculation will be stated in a schedule to the Report of Factual Findings – Debt Ratio Compliance, the Debt Ratio Compliance Certificate, and Ad Hoc Report of Factual Findings – Debt Ratio Compliance provided by the Issuer in the manner set out in [Article 13](#) of these Terms and Conditions.

4.10 Common Provisions on the Issuer's and Guarantor's Obligations

In the Guarantor's Declaration the Guarantor agreed to perform all its obligations and duties specified in this [Article 4](#).

5. INTEREST

5.1 Method of Interest Calculation; Interest Period

The Notes will bear interest at a fixed rate of 4.90 per cent (%) p.a. Interest is payable semi-annually in arrears, always on 29 November and 29 May of each year (each such date as the "**Interest Payment Date**"). The first Interest Payment Date will be 29 November 2019.

The interest will accrue evenly from the first day of each Interest Period to the last day included in that Interest Period.

The amount of interest accrued on one (1) Note over any period of one (1) current year will be calculated as a multiple of the nominal value of such Note and the relevant interest rate (expressed in decimal form). The amount of interest accrued on one (1) Note over any period shorter than one (1) current year will be calculated as a multiple of the nominal value of such Note, the relevant interest rate (expressed in decimal form) and the relevant day-count fraction determined according to the Day Count Convention under [Article 5.3](#) of these Terms and Conditions. The total interest amount calculated according to this paragraph will be rounded to two decimal places.

For the purposes of these Terms and Conditions, "**Interest Period**" means a period of six (6) months beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date, and each immediately following period of six (6) months from (and including) the Interest Payment Date to (but excluding) the next Interest Payment Date until the maturity date of the Notes. Where the running of any Interest Period is concerned, the Interest Payment Date will not be adjusted according to the Business Day Convention (see [Article 7.3](#) of these Terms and Conditions).

5.2 End of Interest Accrual

The Notes will cease to bear interest on the Final Redemption Date (as defined in [Article 6.1](#) hereof) or on the Early Redemption Date (as defined in [Articles 9.2](#) and [12.4.1](#) hereof), unless the payment of any amount due is unlawfully retained or refused by the Issuer even though all relevant conditions and requirements have been complied with. In such event, interest will continue to accrue at the interest rate set forth in [Article 5.1](#) above until the earlier of (i) the date on which all amounts due and payable as of that date in accordance with these Terms and Conditions are paid to the Noteholders, or (ii) the date on which the Fiscal and Paying Agent notifies the Noteholders that it has received all amounts payable in connection with the Notes, unless any additional unlawful retention or refusal of payments occurs after such notice.

5.3 Day Count Convention for Interest Calculation

For the purposes of calculating the interest payable on the Notes for a period of less than one (1) year, the "BCK Standard 30E/360" day-count convention (day-count fraction) will be used, i.e. a year is deemed to consist of three hundred sixty (360) days divided into twelve (12) months of thirty (30) calendar days each; in the event of an incomplete month, the number of days actually elapsed will apply.

6. REDEMPTION AND REPURCHASE

6.1 Final Redemption of Notes

The nominal value of the Notes will be repaid in a single payment on 29 May 2024 (the "**Final Redemption Date**"), unless the Notes are redeemed early or unless any part of the nominal value of the Notes is repaid within the deadline(s) before the Final Redemption Date or unless the Notes are repurchased by the Issuer and cancelled as specified below.

A Noteholder is not entitled to demand early redemption of the Notes before the Final Redemption Date with the exception of an early redemption of the Notes in accordance with Articles 6.6, 9 and 12.4.1 of these Terms and Conditions.

6.2 Purchase of Notes

The Issuer is entitled to purchase the Notes at any time on the market or otherwise at any price.

6.3 Cancellation of Notes

Notes purchased by the Issuer will not be cancelled, unless the Issuer decides otherwise. Except when the Issuer decides on the cancellation of the Notes purchased by it, the Issuer will be entitled to transfer the Notes at its sole discretion or to make them early redeemable (mature) upon giving notice to the Fiscal and Paying Agent on the day on which the Fiscal and Paying Agent receives the notice of early redemption, unless a later date is provided in that notice. In such case, the rights and obligations arising from the Notes will automatically cease to exist as a result of confusion of rights and obligations in one person. Unless previously cancelled at the option of the Issuer, any rights and obligations related to the Notes held by the Issuer will cease to exist on the Final Redemption Date (as defined in Article 6.1 above) as a result of confusion of rights and obligations in one person.

6.4 Repayment of Partial Nominal Value of Notes before Final Redemption Date at Option of Issuer (Notes amortization)

The Issuer may, at its sole discretion and needs, decide on early redemption of a partial nominal value of all hitherto outstanding Notes by means of instalments before the Final Redemption Date, always on the relevant Interest Payment Date (each day of the Notes amortization specified in the Issuer's notice addressed to the Noteholders hereinafter as the "**Amortization Date**"); the first proposed Amortization Date is 29 May 2020. The Issuer is entitled to carry out the amortization under this Article 6.4 on a recurring basis (within 7 deadlines in total).

For the purposes of these Terms and Conditions, once an extraordinary instalment of a part of the nominal value of all outstanding Notes is made in accordance with this Article 6.4 and the outstanding nominal value of the Notes is reduced on the Amortization Date, any reference to the nominal value of a Note or Notes will then refer to the remaining (i.e. outstanding) part of the nominal value of a Note or Notes following the amortization under this Article 6.4.

6.4.1 Amortization Notice

The Issuer's notice of its decision to exercise the right to repay a total or partial nominal value of the Notes (the "**Amortization Notice**") must be published not earlier than eighty (80) and not later than forty (40) days before the relevant Amortization Date, in the manner set forth in Article 13 hereof; if the Issuer knows the Noteholders' identity, the Amortization Notice can also be delivered to the individual Noteholders in writing. The Amortization Notice must specify, at least, the relevant Amortization Date, the amount of an extraordinary instalment of a total or partial nominal value of one (1) Note and the amount of extra interest on one (1) Note in compliance with Article 6.4.2 below.

6.4.2 Amortization Bonus (Extra Interest)

Together with an instalment of a partial nominal value of the Notes, the Issuer shall make an extra interest payment in favor of any Authorized Person (as defined in Article 7.4 below). The extra interest on one (1) Note will be calculated depending upon the Amortization Date as follows:

- (a) If the Amortization Date occurs between the first Issue Date anniversary (this date inclusive) and the second Issue Date anniversary (this date exclusive), the extra interest will be calculated as the product of (i) a respective amount of the nominal value by which the aggregate outstanding nominal value of a Note is reduced, (ii) the interest rate of the Notes (expressed in decimal form), (iii) the figure 1/48, and (iv) the number of whole calendar months (from the first until the last day of a calendar month) remaining from the relevant Amortization Date until the Final Redemption Date);
- (b) if the Amortization Date occurs between the second Issue Date anniversary (this date inclusive) and the fourth Issue Date anniversary (this date exclusive), the extra interest will be calculated as the product of (i) a respective amount of the nominal value by which the aggregate outstanding nominal value of a Note is reduced, (ii) the interest rate of the Notes (expressed in decimal form), (iii) the figure 1/60, and (iv) the number of whole calendar months (from the first until the last day of a calendar month) remaining from the relevant Amortization Date until the Final Redemption Date); and/or
- (c) if the Amortization Date occurs between the fourth Issue Date (this date inclusive) and the Final Redemption Date, the extra interest will equal zero.

As in the case of interest yield, the total extra interest calculated according to this article will be rounded to two decimal places.

Upon any purchase and/or other acquisition of the Notes, each of the Noteholders agrees to the above agreement on calculating the amount of an extra interest payment that represents a written regulation of rights and obligations of the Issuer and Noteholders.

6.4.3 Other Conditions Precedent to Notes Amortization

The provisions of Article 7 of these Terms and Conditions will apply *mutatis mutandis* to amortization of the Notes pursuant to this Article 6.4.

6.5 Early Redemption

6.5.1 Unsuccessful SGA Closing

If the SGA Closing does not occur in accordance with the terms and conditions of a respective share/interest transfer agreement by 14 December 2019, all the Notes - in their total nominal value together with accrued and unpaid interest thereon (however without any extra interest or bonus) - will automatically become early redeemable (mature) as at 30 December 2019 (the "**Early Redemption Date**").

For the above purpose, the Issuer shall open an escrow account at a bank that concurrently acts as the Security Agent (the "**Escrow Account**"), to which funds obtained from the Issue Price and increased Issue Price (i.e. total proceeds from the Issue) according to Article 2.2 above must be credited immediately after any Notes have been issued if the SGA Closing does not occur by the Issue Date.

A Pledge over receivables from the Escrow Account will be created under Czech law in the order that is decisive for the satisfaction of receivables registered as a first-ranking pledge or a pledge with other similar priority right over any other pledgees and/or persons, namely in favour of the Noteholders and solely in the name of the Security Agent acting on behalf of the Noteholders. The creation and termination of the Pledge is conditional upon the SGA Closing. If the SGA Closing occurs prior to the Issue Date, no Pledge will be created and the obligations under the Notes will not be (even temporarily) secured by any Pledge. This is without prejudice to the security for the obligations under the Notes provided by the Guarantor's Declaration.

The Escrow Account and the Pledge are to serve only for the purpose of an early redemption of the Notes according to this Article 6.5.1 and, temporarily, for the performance of the Issuer's outstanding payment obligations under the Notes. The Security Agent shall pay (i) all funds in the Escrow Account to the Issuer in case of the successful SGA Closing, and/or (ii) all funds in the Escrow Account to the Fiscal and Paying Agent for the purpose of pay-out to the Noteholders (the Issuer shall additionally pay any amounts needed to fully pay out the nominal value of the Notes, along with any accrued and unpaid interest thereon, to the Noteholders beyond the scope of funds in the Escrow Account), in case of the unsuccessful SGA Closing that automatically results in an early redemption of the Notes according to this Article 6.5.1, and/or (iii) proceeds from exercise of the Pledge to the Fiscal and Paying Agent for the purpose of their pay-out to the Noteholders to the extent of the Issuer's outstanding financial obligations under the Notes. The Pledge will automatically cease to exist upon the payment of all funds from the Escrow Account according to the preceding sentence.

In accordance with Article 13 below, the Issuer shall notify the Noteholders and the Security Agent, in writing, (i) on the Issue Date, whether or not the SGA Closing occurred – i.e. whether the Pledge was created on the Issue Date, and (ii), without undue delay, that the SGA Closing occurred.

The Security Agent shall transfer all the funds to (i) the Issuer's account specified by the Issuer in case of the successful SGA transaction, namely within five (5) Business Days from the date the Issuer provides evidence that the SGA Closing was successful (through a certificate of closing or other affidavit made by the Issuer); if the issuer fails to provide the appropriate evidence, the Security Agent will not release the funds from the Escrow Account, and/or (ii) the Fiscal and Paying Agent for the purpose of pay-out to the Noteholders due to an early redemption of the Notes according to this Article 6.5.1, namely by 20 December 2019.

(a) Status of the Security Agent

In addition to acting as the Fiscal and Paying Agent, J & T BANKA, a.s., was also authorized to act as the Security Agent in respect of the Notes. However, J & T BANKA, a.s. will not perform the Security Agent's tasks through its Slovak branch office (as in the case of acting as the Fiscal and Paying Agent).

To avoid any doubt, neither the provisions of Section 5d of the Notes Act nor the provisions of Section 1868(1) of Czech Act No. 89/2012 Coll., the Civil Code, as amended (the "NCC") (or any related provisions, particularly Section 1126 *et seq.* of the NCC) apply to the activity of the Security Agent. The Security Agent performs its duties and responsibilities in accordance with Section 2010(2) of the NCC, under which the Security Agent may assert the same rights and perform the same obligations *vis-à-vis* the Issuer and the Guarantor as any of the Noteholder.

The relationship between the Issuer and the Security Agent in connection with a potential exercise of the Pledge in favor of the Noteholders, as well as in connection with some other administrative actions related to the Pledge, is

regulated in an agreement between the Issuer and the Security Agent (the "**Security Agent Agreement**"). A copy of the Security Agent Agreement is available for inspection by the Noteholders, upon their request, at a pre-agreed time on Business Days during regular office hours from 9 a.m. to 4 p.m. at the Specified Office and at the address of the Security Agent's registered seat: Pobřežní 297/14, Postal Code: 186 00 Prague 8, Czech Republic, or at any other address, especially at the address of a new security agent if appointed.

When discharging its duties and responsibilities, the Security Agent is obliged to act with due care and in compliance with instructions issued by the Noteholders in the form of a resolution of the Meeting (as defined in [Article 12.1.1](#) hereinafter), as provided below, except when – in the Security Agent's opinion – any resolutions of the Meeting are contrary to the generally binding legal regulations or good morals.

The only rights and obligations the Security Agent has are those provided for in these Terms and Conditions, the Security Agent Agreement and in the security documentation related to the subject of the Pledge.

(b) Rights and obligations of Security Agent

The Security Agent is entitled and obliged, (i) in compliance with a respective resolution of the Meeting, to claim from the Issuer payment of any amounts owed by the Issuer to any Noteholder(s) with regard to the Issuer's payment obligations arising from the Notes, and (ii) in accordance with this [Article 6.5.1](#), upon the Issuer's notice, to release the funds directly from the Escrow Account in favour of the Issuer or, in the event of an early redemption of the Notes, in favour of the Noteholders.

The Security Agent is further entitled and obliged to exercise any and all rights, powers, authorizations and decision-making rights resulting from the security documentation in respect of the Pledge in accordance with these Terms and Conditions and the Security Agent Agreement.

By subscribing, purchasing or acquiring the Notes, every Noteholder further agrees to and appoints the Security Agent as the sole party to any pledge agreement (under which the Pledge is created) to exercise – in its name and on the account of the respective Noteholder – any and all rights, powers, authorizations and decision-making rights arising from the pledge agreement (including the exercise of the Pledge falling within the exclusive competence of the Security Agent and not the individual Noteholders) and to enter into the Security Agent Agreement.

Unless provided otherwise in these Terms and Conditions, the Security Agent is obliged to transfer any sums of money received on behalf of the Noteholders to a bank account of the Fiscal and Paying Agent, within five (5) Business Days after receipt thereof, in order to pay any outstanding amounts to the Noteholders in accordance with these Terms and Conditions. The Security Agent is not obliged to pay interest on any amounts held by it and owed to the Noteholders.

(c) Termination of Security Agent's Office

If the Security Agent ceases to exist without any legal successor, resigns as Security Agent or is unable to conduct its regular business activities (due to a revocation of relevant trade licenses, insolvency proceedings, etc.) or if the Security Agent materially breaches any of its duties and responsibilities as Security Agent, then the Issuer shall forthwith authorize another person (holding the relevant securities broker's license authorizing it to act as a security agent based on a permit issued by the competent authority) to act as Security Agent in respect of the Notes (the "**New Security Agent**"). However, any such change may not affect the position or interests of the Noteholders. For this purpose, the Issuer shall forthwith enter into new security documentation with a new Security Agent; the new security documentation must correspond in all material respects with the current security documentation, including the specific term of the Pledge. The existing Security Agent is obliged to provide all cooperation necessary in relation to its recall and replacement. If the Security Agent Agreement is prematurely terminated in any other way, the notice of termination of / notice of withdrawal from the Security Agent Agreement will not take effect unless a new Security Agent is appointed in respect of the Notes who will assume any and all the rights and obligations of the existing Security Agent resulting from the Security Agent Agreement and these Terms and

Conditions, including entering into new pledge agreements so that not later than the moment the Security Agent is replaced, there is valid Pledge created in favor of the new Security Agent. The Issuer shall immediately notify the Noteholders of the Security Agent's replacement in accordance with [Article 13](#) of these Terms and Conditions

After the Security Agent has been replaced for any reason in compliance with these Terms and Conditions, the new Security Agent will continue to be fully considered as the "Security Agent" for purposes of the definition of Security Agent and these Terms and Conditions.

(d) Creation of Pledge

The Issuer shall create the Pledge and the Pledge will come into existence on the Issue Date, at the latest (except when the SGA Closing occurs prior to the Issue Date, as stated above). The Issuer shall duly maintain the Pledge to the full extent until the Pledge terminates (as described above). To avoid any doubt, termination of the Pledge is without prejudice to the Guarantor's Declaration that remains in full force and effect.

The Security Agent holds no responsibility to the Noteholders if the Pledge is not validly established or does not become effective, or if the Security Agent takes or fails to take any actions in connection with any pledge agreement, except in the event of the Security Agent's gross negligence or willful unlawful misconduct.

(e) Recovery of Issuer's Payment Obligations through Security Agent

The Security Agent may claim from the Issuer payment of any amounts owed by the Issuer to any Noteholder in respect of the Issuer's payment obligations arising from the Notes, including the recovery of such amounts through the exercise of the Pledge (created solely in favor of the Security Agent). Therefore, all Noteholders are obliged to exercise their rights from the Notes that could in any way threaten the existence or quality of the Pledge (including the individual application, recovery and satisfaction of any monetary receivable(s) under the Notes towards the Issuer by exercising the Pledge) only in cooperation with and through the Security Agent. If any Event of Default (as defined in Article 9.1 below) occurs prior to termination of the Pledge, the recovery of the Issuer's payment obligations through the Security Agent (including the exercise of the Pledge) will be decided at a Meeting convened in accordance with these Terms and Conditions. The Meeting will decide on the recovery of the Issuer's payment obligations through the Security Agent (including the exercise of the Pledge) by an absolute majority of votes of the Noteholders attending the Meeting.

(f) Security Agent's Action when Recovering Payment Obligations and exercising the Pledge

If any Event of Default occurs and the Meeting subsequently decides on the recovery of the Issuer's payment obligations through the Security Agent and on a future exercise of the Pledge, the Security Agent shall act in line with the Meeting's resolution, without delay after having received minutes of the Meeting from the Issuer, the Fiscal and Paying Agent or any Noteholder.

Before starting to exercise the Pledge, the Security Agent is entitled to request from the Noteholders a reasonable advance on the costs of exercising the Pledge and for other necessary cooperation or assurances from the Noteholders (including the promise of indemnity for the Issuer's overdue payment obligations incurred in connection with the exercise of the Pledge) related to the Security Agent's services provided when exercising the Pledge. After deducting its own costs, other possible expenses associated with exercising the Pledge and a remuneration of 3 (three) per cent (%) of the proceeds from exercising the Pledge, the Security Agent shall subsequently transfer the proceeds from the exercise of the Pledge to the Fiscal and Paying Agent's account in order to pay any amounts due to the Noteholders in conformity with these Terms and Conditions. If, after deducting any and all costs and expenses according to the preceding sentence, the proceeds from exercise of the Pledge do not sufficiently cover all payment obligations under the Notes, the individual Noteholders will be satisfied from the proceeds from exercise of the Pledge on a proportionate basis. Any unsatisfied part of the payment obligations under the Notes will be enforceable against the Issuer in accordance with applicable laws. Any surplus incurred will be returned to the Issuer after all payment obligations under the Notes have been met. During the discharge of its duties and responsibilities, the Security Agent shall notify (by itself or through the Fiscal and Paying Agent) the Noteholders of the procedure followed when exercising the Pledge and of the content of any statement/document which is, in the Security Agent's sole discretion, significant and which the Security Agent has made/executed or received from the Issuer or any other person in connection with the Pledge, and namely in the manner specified in a respective resolution of the Meeting.

6.5.2 Another Decision of Issuer on Early Redemption

No earlier than from the first anniversary of the Issue Date until the Final Redemption Date, the Issuer may – upon notice to the Noteholders – order that all the Notes (in their total nominal value) become early redeemable (mature) (the "**Early Redemption Date**"). The early redemption notice must be given within forty (40) calendar days prior to the relevant Early Redemption Date (early redemption at the Issuer's option).

The determination of the Early Redemption Date (early redemption at the Issuer's option) is irrevocable and is subject to the Business Day Convention.

On the Early Redemption Date (early redemption at the Issuer's option), the Issuer shall repay to the Noteholders the nominal value of all the Notes, along with any accrued and undistributed interest thereon and any bonus determined according to the rules set forth in Article 6.4.2 above.

6.6 Early Redemption at Option of Noteholders due to Change-of-Control Event

6.6.1 Change of Control Event

If a Change of Control Event occurs in relation to the Issuer and/or the Guarantor or, after the SGA Closing, in relation to SGA and/or Super Sport, the Issuer shall notify the Fiscal and Paying Agent in writing of such fact without undue delay, however not later than three (3) Business Days after having become aware thereof, as well the Noteholders in the manner set forth in Article 13 of these Terms and Conditions (the "**Change-of-Control Notice**").

"**Change-of-Control Event**" occurs if Mr. Jiří Šmejč ceases to be authorized to (directly or indirectly) exercise more than 51 per cent (%) of the voting rights in the Issuer, the Guarantor and/or SGA, or otherwise ceases to have an

influence on the management, corporate strategy and business policy of the Issuer, the Guarantor, SGA and/or Super Sport, whether directly or indirectly, through the ownership of an interest with voting rights attached thereto, an agreement or otherwise.

6.6.2 Noteholders' Right to Request Early Redemption

Any Noteholder may, at its sole discretion, within thirty (30) calendar days after the Change-of-Control Notice is published, request – by means of a written notice addressed to the Issuer and delivered to the Fiscal and Paying Agent at the address of the Specified Office (the "**Early Redemption Notice**") – early redemption of the Notes held by that Noteholder – which the Noteholder undertakes not to dispose of from the moment the Early Redemption Notice is delivered - according to Article 5.1 above, as at the Early Redemption Date (as defined in Article 9.2 below). The Issuer is obliged to redeem such Notes (along with any accrued and undistributed interest and lump-sum extra interest equal to 1 per cent (%) of each Note's nominal value) within the deadline set out in Article 9.2 of these Terms and Conditions.

6.6.3 Withdrawal of Early Redemption Notice

Any Noteholder may withdraw the Early Redemption Notice, in writing, but only in respect of the Notes held by that Noteholder and only if such withdrawal is addressed to the Issuer and delivered to the Fiscal and Paying Agent at the address of the Specified Office within three (3) Business Days before the date when the respective amounts become due and payable according to Article 6.6.2 above. However, such withdrawal of the Early Redemption Notice is without prejudice to any Early Redemption Notices given by the other Noteholders.

6.6.4 Other Early Redemption Terms

The provisions of Article 7 of these Terms and Conditions will apply *mutatis mutandis* to early redemption of the Notes under this Article 6.6.

6.7 Deemed Payment

For the purpose of Article 4 of these Terms and Conditions, all payment obligations (liabilities) of the Issuer under the Notes will be deemed fully discharged on the date on which the Issuer pays to the Fiscal and Paying Agent the full amount of the nominal value of the Notes along with interest accrued thereon (if relevant) payable in accordance with Articles 5, 6, 9, and 12.4.1 hereof.

7. PAYMENT TERMS

7.1 Currency of Payments

The Issuer undertakes to pay interest on and repay the nominal value of the Notes solely in euros (EUR), or in any other lawful currency of the Slovak Republic that might replace the euro. The interest will be paid and the nominal value of the Notes will be repaid to the Noteholders subject to and in accordance with these Terms and Conditions, and the tax, foreign exchange and other applicable laws of the Slovak Republic in effect at the time of the relevant payment.

7.2 Payment Date

Payment of interest on, and the repayment of the nominal value (including a part thereof) of, the Notes will be made by the Issuer through the Fiscal and Paying Agent on the dates specified in these Terms and Conditions (each such date being hereinafter referred to, according to its meaning, as the "**Interest Payment Date**" or "**Amortization Date**" or "**Final Redemption Date**" or "**Early Redemption Date**" or also as the "**Payment Date**").

7.3 Business Day Convention

If any Payment Date falls on a day that is not a Business Day, then such Payment Date will instead fall on the next subsequent Business Day, and the Issuer will not be obliged to pay any interest or any other additional charges because of any delay in payment resulting from the application of the Business Day Convention.

For the purposes of these Terms and Conditions, "**Business Day**" means any calendar day (other than a Saturday or Sunday) on which banks in the Slovak Republic are generally open for business, and on which foreign exchange transactions and interbank payments in euros, or in any other lawful currency of the Slovak Republic that might replace the euro, are settled.

7.4 Determination of Right to Receive Payments Related to Notes

The authorized persons (payees) to whom the Issuer is to pay interest on the Notes are persons, on whose owner's account kept with the Central Depository or a CDCP's member, or in the registry of a person whose holder's account is maintained by the CDCP and who keeps follow-up records relating to the central registry for securities, the Notes are recorded at the close of the relevant Record Date for Interest Payment (the "**Authorized Persons**"). For the

purpose of determining the Authorized Person, neither the Issuer nor the Fiscal and Paying Agent will take account of any transfers of the Notes effected after the Record Date for Interest Payment.

"Record Date for Interest Payment" means the thirtieth (30th) calendar day preceding the relevant Payment Date; however, for the purpose of determining the Record Date for Interest Payment, the Payment Date will not be adjusted according to the Business Day Convention.

The authorized persons (payees) to whom the Issuer is to repay the nominal value (or its respective part according to Article 6.4 above) of the Notes are persons, on whose owner's account kept with the Central Depository or a CDCP's member, or in the registry of a person whose holder's account is maintained by the CDCP and who keeps follow-up records relating to the central registry for securities, the Notes are recorded at the close of the relevant Record Date for Nominal Value Repayment (the **"Authorized Persons"**). For the purpose of determining the beneficiary of the nominal value (or its respective part according to Article 6.4 above) of the Notes, neither the Issuer nor the Fiscal and Paying Agent will take account of any transfers of the Notes effected after the Record Date for Nominal Value Repayment.

"Record Date for Nominal Value Repayment" means the thirtieth (30th) calendar day preceding the relevant Final Redemption Date or Early Redemption Date or Amortization Date; however, for the purpose of determining the Record Date for Nominal Value Repayment, such Payment Date will not be adjusted according to the Business Day Convention. Unless it is contrary to applicable laws, any transfers of all the Notes can be suspended with effect from the date immediately following the Record Date for Nominal Value Repayment until the relevant Payment Date.

7.5 Payments

The Fiscal and Paying Agent will make payments in respect of the Notes to the Authorized Persons only by means of wire transfer to their accounts kept at a bank, or a branch of a foreign bank, in a Member State of the European Union according to instructions communicated by the Authorized Person to the Fiscal and Paying Agent at the address of the Specified Office in a verifiable manner (the **"Instructions"**). The Instructions will be in the form of a signed, written statement (with an officially legalized/notarized signature or signatures by an authorized employee of the Fiscal and Paying Agent) containing sufficiently accurate details of that account in order to allow the Fiscal and Paying Agent to make the payment. If the payee is a legal entity, the Instructions will be accompanied by an original or a copy of a valid excerpt from the Commercial Register in respect of the Authorized Person, or other similar registry where the Authorized Person is registered – the accuracy of information contained in the excerpt from the Commercial Register or other similar registry will be verified by a Fiscal and Paying Agent's employee on the relevant Payment Date. Any Authorized Person, who has claimed tax benefits in accordance with any applicable international double-taxation treaty (to which the Slovak Republic is a party), is obliged to provide the Fiscal and Paying Agent, in addition to the Instructions, with the current certificate evidencing the payee's tax domicile and with other documents as may be requested by the Fiscal and Paying Agent or any competent tax authorities; such documents form an integral part of the Instructions. Notwithstanding the foregoing, neither the Fiscal and Paying Agent nor the Issuer will be obliged to verify the correctness, completeness or authenticity of any such Instructions, or be liable for any damage incurred in connection with any delay in the delivery of the Instructions by any Authorized Person or with the delivery of an incorrect or otherwise defective Instructions. If an Authorized Person fails to deliver the above-specified documents, particularly the certificate of tax domicile, to the Fiscal and Paying Agent within the set time limit, the Fiscal and Paying Agent shall proceed as if the documents had not been delivered at all. The Authorized Person may deliver the requested documents evidencing the claim to tax benefits subsequently, asking the Issuer for refund of withholding tax. In such case, the Issuer reserves the right to demand from the Authorized Person the reimbursement of all direct and indirect costs related to tax refund. If any of the required documents are executed in any language other than the Slovak or Czech languages, the originals or officially certified copies of such documents must be presented along with their official translation into Slovak language. Any originals of foreign official instruments or any deeds notarized abroad (except for the Czech Republic) must be super-legalized or certified by an apostille under the Convention Abolishing the Requirement of Legalization for Foreign Public Documents (the Hague Convention) (whichever is relevant). The Instructions must be reasonable satisfactory in form and content to the Fiscal and Paying Agent. The Fiscal and Paying Agent may require that reasonably satisfactory evidence be given of the authority of the signatory to the Instructions on behalf of the Authorized Person. Such evidence must be delivered to the Fiscal and Paying Agent together with the Instructions. In this respect, the Fiscal and Paying Agent will be in particular authorized to require (i) a power of attorney be delivered in the event that the Authorized Person is acting through an agent (if required, along with an officially certified translation into Slovak) and (ii) the Instructions from the Authorized Person be subsequently confirmed. Notwithstanding the foregoing rights, neither the Fiscal and Paying Agent nor the Issuer will be obliged to verify the accuracy, completeness or authenticity of the Instructions, in any manner whatsoever, or be liable for any damage incurred in connection with any delay in the delivery of the Instructions by any Authorized Person, or with the delivery of inaccurate or otherwise defective Instructions. The Instructions will be deemed properly made, if they contain all items required by this Article, are communicated to the Fiscal and Paying Agent in accordance with this Article and comply with the requirements of this Article in all other respects.

The Instructions will be deemed filed in a timely manner, if they are communicated to the Fiscal and Paying Agent not later than five (5) Business Days before the relevant Payment Date.

The Issuer's duty to pay any amount due in connection with the Notes will be deemed discharged in a proper and timely manner if the relevant amount has been remitted to the Authorized Person in compliance with proper Instructions according to this [Article 7.5](#) and if, on or before the relevant maturity date, such amount has been debited from the Fiscal and Paying Agent's account.

Neither the Issuer nor the Fiscal and Paying Agent will be liable for any delay in the payment of any amount due caused by the Authorized Person, e.g. by failure to deliver the Instructions in a timely manner. If any Authorized Person fails to communicate the proper Instructions to the Fiscal and Paying Agent in time according to this [Article 7.5](#) hereof, the Issuer's duty to pay any amount due will be deemed discharged in a proper and timely manner *vis-à-vis* such Authorized Person provided that the relevant amount has been remitted to the Authorized Person in accordance with the proper Instructions under this [Article 7.5](#) and the amount has been debited from the Fiscal and Paying Agent's account not later than 10 (ten) Business Days following the day on which the Fiscal and Paying Agent received the proper Instructions. No Authorized Person will be entitled in any such event to receive any additional payment, other compensation or interest for any such delay in the relevant payment.

Neither the Issuer nor the Fiscal and Paying Agent will be liable for any damage suffered due to (i) a failure of the Authorized Person to deliver in time the proper Instructions or any other documents or information required under this [Article 7.5](#), or (ii) the Instructions and/or any related documents or information being inaccurate, incomplete or untrue, or (iii) circumstances beyond control of the Issuer or the Fiscal and Paying Agent. No Authorized Person will be entitled in any such event to receive any additional payment, other compensation or interest for any such delay in the relevant payment.

If, within a reasonable period after the Payment Date, the Fiscal and Paying Agent is not able to pay any amount due under the Notes due to delay or other reasons on the part of the Authorized Person (e.g. in case of death), the Fiscal and Paying Agent may – without prejudice to the rights set forth in Section 568 of the Slovak Act No. 40/1964 Coll., the Civil Code – at its sole discretion or upon the Issuer's instructions, place the amount due into its own or notarial custody at the expense of the Authorized Person (or its legal successor). By placing the amount due into custody, the Issuer's and Fiscal and Paying Agent's liability for the payment of any such amount due will be deemed to be discharged. No Authorized Person (or its legal successor) will be entitled in any such event to receive any additional payment, other compensation or interest in connection with placing the respective amount into custody and its subsequent release.

7.6 Change in Payment Procedure

The Issuer and the Fiscal and Paying Agent are jointly entitled to decide on a change in the payment procedure (payment office). However, the change may not cause any detriment to the Noteholders' status or interests. A decision on changing the payment procedure will be communicated to the Noteholders in the manner set forth in [Article 13](#) hereof or, as the case may be, in any other manner required by law.

8. TAXATION

The repayment of the nominal value of, and payments of interest on, the Note will be made without withholding any taxes or charges of any nature whatsoever, unless the withholding is required by applicable laws of the Slovak Republic in effect on the date of the relevant payment. If any withholding of taxes or charges is required by applicable Slovak laws in effect on the date of the relevant payment, the Issuer will not be obliged to pay to the Noteholders any additional amounts as compensation for such withholdings. Any potential withholding tax will be collected at source (by the Issuer upon interest payment).

9. EARLY REDEMPTION OF NOTES UPON OCCURRENCE OF EVENTS OF DEFAULT

9.1 Events of Default

If any of the following events occurs and is continuing (each an "**Event of Default**"):

(a) *Payment Default*

Any payment in respect of the Notes is not made in accordance with [Article 7](#) of these Terms and Conditions, and such default is not remedied for more than ten (10) Business Days from the date the Issuer was notified in writing thereof by any Noteholder by means of a letter delivered to the Issuer at the address of the Specified Office; or

(b) *Breach of other Obligations*

The Issuer or the Guarantor fails to fulfil or to comply with any obligation (other than the one referred to in (a) above) in respect of the Notes under these Terms and Conditions and the Guarantor's Declaration, and

such default is not remedied for more than twenty (20) calendar days from the date the Issuer was notified in writing thereof by any Noteholder by means of a letter delivered to the Issuer at the address of the Specified Office; or

(c) *Other Default by Issuer or Guarantor*

Any other liabilities of the Issuer or the Guarantor exceeding in aggregate EUR 30,000,000 (in words: thirty million euros), or its equivalent in any other currency, are not duly paid by the respective debtor on their due date and remain unpaid after the expiration of any applicable grace period (originally agreed); and/or any such liabilities are declared due and payable before the original due date otherwise than at the option of the respective debtor or (if no Event of Default, however described, has occurred) at the option of any creditor; or

(d) *Court Judgments and other Decisions*

The Issuer or the Guarantor fails to comply with any of its payment obligations exceeding, individually or in aggregate, EUR 30,000,000 (in words: thirty million euros) or its equivalent in any other currency, as determined by a final and binding decision of the competent court, arbitration court or administrative authority, within thirty (30) calendar days after the delivery of the final decision to the Issuer or the Guarantor or within any longer period set forth in the relevant decision; or

(e) *Issuer's or Guarantor's Unauthorized Transformation*

The Issuer or the Guarantor carries out any transformation involving – in accordance with the Slovak Act No. 513/1991 Coll., the Commercial Code and Cap. 113 of the Cyprus Companies Law – in particular, a company merger, consolidation or division, cross-border merger and/or consolidation, change in the legal form and/or transfer of a company's registered office abroad, or if the Issuer or the Guarantor is directly or indirectly engaged in any such transformation, and/or sells or contributes to the registered capital of another company or otherwise transfers, pledges or leases its enterprise or a material part thereof (to avoid any doubt, any potential change in the Guarantor's shareholder structure is not deemed to be unauthorized transformation); or

(f) *Illegality*

The Issuer's or the Guarantor's obligations under the Notes cease to be partially or fully legally enforceable or become in breach of applicable laws or performance of any of the Issuer's or the Guarantor's material obligations under these Terms and Conditions or under the Notes becomes illegal; or

(g) *Insolvency*

The Issuer or the Guarantor becomes insolvent or files a petition for bankruptcy over its assets, petition for permission of restructuring or any other similar insolvency petition with a court; or an insolvency petition (not manifestly unfounded) in respect of the Issuer or the Guarantor is filed with a court; or the court or any other authority of the relevant jurisdiction delivers a decision on the bankruptcy in respect of the Issuer's or the Guarantor's assets, on the restructuring or any other similar decision; or any such insolvency petition or proceeding is suspended by court due to a lack of the Issuer's or the Guarantor's assets to cover the costs of proceedings; or

(h) *Liquidation*

(i) The relevant Slovak court renders a final judgment or the Issuer's General Meeting passes a resolution on the winding up of the Issuer with liquidation; or (ii) the relevant Cypriot court renders a final judgment or the Guarantor's shareholder passes a resolution on the winding up of the Guarantor with liquidation; or

(i) *Termination/Invalidity of Guarantor's Declaration or Pledge*

The Guarantor's Declaration (or any of its provisions) or the Pledge has ceased to be valid and effective at any time and for any reason (to avoid any doubt, this is without prejudice to permitted replacement of the Guarantor under [Article 3.2.2](#) above or to termination of the Pledge anticipated in a pledge agreement, under which the Pledge was created), or the Guarantor has raised an objection of invalidity or ineffectiveness of the Guarantor's Declaration; or

(j) *Exclusion or Delisting of Notes from Trading on BSSE's Regulated Market*

BCPB decides on the exclusion or delisting of the Notes from trading on the regulated market to which the Notes have been admitted to trading and/or the regulated market to which the Notes have been admitted to trading ceases to be a regulated market within the meaning of applicable laws (and the Notes are not simultaneously admitted to trading on any other regulated market); or

(k) *Cessation of Business / Activity*

The Issuer or the Guarantor ceases to conduct, or to be authorized to conduct, its core business or activity;

then

the Meeting, convened according to Article 12.1.1 hereof, can decide that any Noteholder may, at its discretion, by a written notice addressed to the Issuer and delivered to the Fiscal and Paying Agent at the address of the Specified Office (the "**Early Redemption Notice**"), request early redemption of the Notes held by that Noteholder on the Meeting Attendance Record Date - which the Noteholder undertakes not to transfer from that moment - plus any accrued and undistributed Interest thereon pursuant to Article 5.1, above, as at the Early Redemption Date (as defined below), and the Issuer is obliged to redeem those Notes (together with accrued and undistributed Interest thereon) in accordance with Article 9.2 of these Terms and Conditions.

If the quorate Meeting convened according to the preceding paragraph does not adopt any decision by which the Noteholders would be authorized to request early redemption of the Notes, each Noteholder who - according to the minutes of the Meeting - voted for early redemption but was outvoted by a resolution adopted by the Meeting, may at its sole discretion request - by giving an Early Redemption Notice - early redemption of the Notes held by that Noteholder on the Meeting Attendance Record Date and which the Noteholder undertakes not to transfer from that moment, along with any accrued and unpaid interest on the Notes, in accordance with Article 5.1 above on the Early Redemption Date, and the Issuer is obliged to redeem those Notes (along with any accrued and unpaid interest thereon) pursuant to Article 9.2 of these Terms and Conditions.

If the Meeting convened by resolution according to this Article elects a common proxy of the Noteholders in accordance with Article 12.3.3 of these Terms and Conditions, the common proxy will be authorized to exercise - on behalf of all the Noteholders - the Noteholders' rights arising from the Guarantor's Declaration *vis-à-vis* the Guarantor, as well as any other rights to the extent determined by a resolution adopted by the Meeting. To the extent the common proxy is authorized to exercise the Noteholders' rights in respect of the Notes, the Noteholders are not allowed to exercise any of such rights individually (this is without prejudice to the Noteholders' voting rights and the Meeting's authority to recall the common proxy or replace him/her with a new common proxy). However, if the quorate Meeting does not elect any common proxy for the purpose of exercising

the Noteholders' rights under the Guarantor's Declaration, the respective Noteholders will be entitled to individually assert their claims against the Guarantor.

9.2 Maturity of Accelerated Notes

Any and all amounts payable by the Issuer to any Noteholder according to foregoing Article 9.1 of these Terms and Conditions will become due and payable on the last Business Day of the month following the month in which the Noteholder delivered the relevant Early Redemption Notice, addressed to the Issuer, to the Fiscal and Paying Agent's Specified Office (the "**Early Redemption Date**"), unless the Issuer remedies the relevant Event of Default before it receives the Early Redemption Notice in respect of the relevant Notes or unless the Early Redemption Notice is withdrawn in accordance with Article 9.3 of these Terms and Conditions.

9.3 Withdrawal of Early Redemption Notice

Any Noteholder may withdraw the Early Redemption Notice, in writing, but only with respect to the Notes held by that Noteholder and only if the withdrawal is addressed to the Issuer and delivered to the Fiscal and Paying Agent at the address of the Specified Office within three (3) Business Days before the date the respective amounts become due and payable according to preceding Article 9.2 of these Terms and Conditions. However, such withdrawal of the Early Redemption Notice is without prejudice to any Early Redemption Notices given by the other Noteholders.

9.4 Other Early Redemption Terms

The provisions of Article 7 of these Terms and Conditions will apply *mutatis mutandis* to early redemption of the Notes under this Article 9.

10. STATUTE OF LIMITATIONS (PRESCRIPTION)

Any claims associated with the Notes will become statute-barred (prescribed) within ten (10) years from the date when those claims become due.

11. FISCAL AND PAYING AGENT

11.1 Fiscal and Paying Agent

11.1.1 Fiscal and Paying Agent; Specified Office

J & T BANKA, a.s., conducting its business in the Slovak Republic through its branch office J & T BANKA, a.s., pobočka zahraničnej banky (branch of a foreign bank), will act as the Fiscal and Paying Agent. The Fiscal and Paying Agent's specified office and point of sale (the "**Specified Office**") will be at the following address or any other address notified to the Noteholders in the manner set forth in Article 13 of these Terms and Conditions:

J & T BANKA, a.s., pobočka zahraničnej banky

Dvořákovo nábrežie 8

811 02 Bratislava

Slovak Republic

11.1.2 Additional and Other Fiscal and Paying Agents and Specified Office

The Issuer reserves the right to appoint, at any time, an additional or another Fiscal and Paying Agent and to designate an additional or another Specified Office, or to appoint additional payment providers.

The Issuer shall notify the Noteholders of a change in the Fiscal and Paying Agent or Specified Office and/or of the appointment of additional payment providers in the manner set forth in Article 13 of these Terms and Conditions, or in any other manner required by law. Any such change will become effective upon the expiration of fifteen (15) calendar days following the date of the notice, unless a later effective date is specified in the notice. Any change that would otherwise become effective less than thirty (30) calendar days before or after the Payment Date for any amount(s) payable under the Notes will become effective on the thirtieth (30th) day following the relevant Payment Date.

11.1.3 Relationship between Fiscal and Paying Agent and Noteholders

Unless provided otherwise by law or by the Fiscal and Paying Agent Agreement, in performing its duties arising from the Fiscal and Paying Agent Agreement the Fiscal and Paying Agent will act as an agent of the Issuer providing no guarantee or security for the Issuer's liabilities under the Notes and will be in no legal relationship with the Noteholders.

11.2 Listing Agent

11.2.1 Listing Agent

J & T BANKA, a.s., conducting its business in the Slovak Republic through its branch office, J & T BANKA, a.s., pobočka zahraničnej banky (branch of a foreign bank), will act as the Listing Agent.

11.2.2 Additional and Other Listing Agents

The Issuer reserves the right to appoint an additional or another Listing Agent (holding the relevant license authorizing it to act as Listing Agent) in connection with admitting the Notes to trading on the relevant regulated market.

The Issuer shall notify the Noteholders of the change in the Listing Agent and/or of the appointment of an additional or another Listing Agent in the manner set forth in Article 13 of these Terms and Conditions, or in any other manner required by law.

11.2.3 Relationship between Listing Agent and Noteholders

In connection with the discharge of its obligations arising under the Listing Agent Agreement, the Listing Agent will act as the Issuer's agent and will not be in any legal relationship with the Noteholders.

12. MEETING AND AMENDMENTS TO TERMS AND CONDITIONS

12.1 Authority and Convening Meeting

12.1.1 Meeting Convened by Issuer

The Issuer is obliged to promptly convene a meeting of the Noteholders (the "**Meeting**") in accordance with these Terms and Conditions and applicable laws in the following cases, in particular: (i) a proposal for any amendment(s) to these Terms and Conditions that requires the Noteholders' consent under applicable laws, including a proposal for any change(s) in the Issuer's or Guarantor's obligations set out in Article 4 of these Terms and Conditions, and to request an opinion of the Noteholders thereon at such Meeting, (ii) default in the satisfaction of any rights attached to the Notes, (iii) upon a written request of any Noteholders holding at least 10 per cent (%) of the nominal value of the outstanding Notes, which will provide certain information on such Noteholders and will specify the number of all the Notes evidencing the Noteholders' authority to request a convocation of the Meeting, or (iv) an Event of Default has occurred and is continuing or, to the best of the Issuer's knowledge, is threatening. The costs of organizing and convening the Meeting will be borne by the Issuer. However, the Issuer has the right to claim reimbursement of costs related to the Meeting convocation from those Noteholders who submitted a request for convening the Meeting unreasonably, i.e. without serious cause, especially in the situation where the Issuer was properly discharging its obligations under these Terms and Conditions and no Event of Default has occurred. Each attendee is responsible for his/her own expenses related to a participation in the Meeting.

In other cases, the Issuer is entitled to convene a Meeting at any time.

12.1.2 Notice of Meeting

The Issuer is obliged to give notice of the Meeting in the manner set forth in Article 13 of these Terms and Conditions, not later than fifteen (15) calendar days before the date of the Meeting. If the Meeting is convened upon request of any Noteholder(s), the convening Noteholder(s) shall deliver a written request for convening the Meeting (containing all statutory elements) sufficiently in advance (at least twenty (20) calendar days before the proposed date of the Meeting) to the Issuer at the address of the Specified Office. The Issuer shall promptly ensure that the notice of the Meeting is published in the manner and within the time limit specified in the first sentence of this Article 12.1.2 (in the event of the Issuer's delay of more than ten (10) Business Days in giving notice of the Meeting, the Fiscal and Paying Agent shall publish the notice of the Meeting on its website at the Issuer's expense). The notice of the Meeting must contain at least (i) the business name, company identification number (ID-No.) and the registered office of the Issuer, (ii) the designation of the Notes, to the minimum extent of the Note title, the Issue Date and the ISIN, (iii) the venue, date and time of the Meeting, with the venue being solely a place in Bratislava, the date being a Business Day and the time being not earlier than 11 a.m., (iv) the agenda of the Meeting and, in the case of any proposed amendments to these Terms and Conditions referred to in Article 12.1.1 above, the specification of proposed amendments and justification thereof, (v) the day that is the record (conclusive) date for attendance at the Meeting. The Meeting will only be authorized to adopt draft resolutions contained in the notice of the Meeting. Any matters not included in the proposed agenda of the Meeting may only be decided in the presence and upon the consent of all Noteholders entitled to vote at the Meeting (to avoid any doubt, this does not apply to any amendments to these Terms and Conditions, which may only be proposed by the Issuer).

If there is no longer a reason to convene the Meeting, the Issuer will call off the Meeting in the same manner as convened.

12.2 Persons Entitled to Attend and Vote at Meetings

12.2.1 Authorized Attendees

To be entitled to attend and vote at a Meeting, a person must be a Noteholder (the "**Authorized Attendee**") who was registered as a Noteholder in the register kept by the CDCP, a CDCP member or a person for whom the CDCP maintains the holder's account provided that the relevant Notes are registered on that holder's account, and which is – to the extent of a respective Issue – recorded in the list of Noteholders issued by the CDCP by the close of a calendar day that is seven (7) calendar days before the date of the relevant Meeting (the "**Meeting Attendance Record Date**"), or any person who produces a certificate of custodian on whose holder's account with the CDCP the relevant number of the Notes was recorded on the Meeting Attendance Record Date evidencing that the person is a Noteholder and that the Notes held by that person are registered in the account of the custodian by reason of their custodianship. The certificate according to the preceding sentence must be satisfactory in form and substance to the Fiscal and Paying Agent. No transfers of the Notes made after the Meeting Attendance Record Date will be taken into account.

12.2.2 Voting Right

Any Authorized Attendee will have a number of votes of the total number of votes as corresponds to the ratio of the nominal value of the Notes held by such person on the Meeting Attendance Record Date to the aggregate outstanding nominal value of the Issue on the Meeting Attendance Record Date. No voting right will be attached to: a) any Notes held by the Issuer on the Meeting Attendance Record Date that were not redeemed (cancelled) at the option by the Issuer within the meaning of Article 6.3 of these Terms and Conditions, or b) any Notes held by the Guarantor, or persons controlled by or affiliated with the Issuer or the Guarantor, on the Meeting Attendance Record Date; no such Notes will be counted in determining the presence of a quorum at the Meeting or the number of Noteholders' vote for the purpose of decision making. If the Meeting decides on recalling a common proxy, the common proxy (if he/she is an Authorized Attendee) may not exercise his/her voting right.

12.2.3 Attendance of Other Persons at Meeting

The Issuer is obliged to attend the Meeting, either in person or by proxy. Other persons entitled to attend the Meeting are proxies of the Fiscal and Paying Agent, a common proxy of the Noteholders under Article 12.3.3 of these Terms and Conditions (unless he/she is an Authorized Attendee) and any guests invited by the Issuer and/or the Fiscal and Paying Agent.

12.3 Course of Meeting; Action by Meeting

12.3.1 Quorum

The Meeting will constitute a quorum if attended by Authorized Attendees who were, on the Meeting Attendance Record Date, holders of the Notes the nominal value of which represents more than fifty (50) per cent (%) of the aggregate nominal value of the issued and outstanding Notes under the Issue. Any Notes held by the Issuer on the

Meeting Attendance Record Date that have not been redeemed (cancelled) at the option of the Issuer within the meaning of Article 6.3 of these Terms and Conditions and any Notes held by the Guarantor, or persons controlled by or affiliated with the Issuer or Guarantor, will not be counted in determining the Meeting's quorum. If the Meeting decides on recalling a common proxy, any votes belonging to the common proxy (if he/she is an Authorized Attendee) will not be included in the total number of votes. Before opening the Meeting, the Issuer or the Fiscal and Paying Agent shall provide information on the number of all Notes in respect of which the Authorized Attendees are entitled to attend and vote at the Meeting in accordance with these Terms and Conditions

12.3.2 Chairman of Meeting

A Meeting convened by the Issuer will be presided over by a chairman appointed by the Issuer.

A Meeting convened by a Noteholder or Noteholders will be presided over by a temporary chairman appointed by the Issuer until the Meeting elects a chairman. The election of the chairman must be the first item on the agenda of that Meeting. If the election of the chairman by the Meeting is not successful, the entire session of the Meeting will be presided over by a person appointed by the Issuer.

12.3.3 Common Proxy

The Meeting may elect, by resolution, an individual or a legal entity to act as a common proxy. The common proxy is authorized under the law (i) to enforce, on behalf of all of the Noteholders, any rights associated with the Notes to the extent specified in these Terms and Conditions or in a resolution adopted by the Meeting, (ii) to supervise the compliance with these Terms and Conditions by the Issuer, (iii) to execute, on behalf of all of the Noteholders, any other acts or protect the Noteholders' interests in the manner and to the extent specified in a resolution adopted by the Meeting, and (iv) inform the Noteholders about all matters of material significance, e.g. non-compliance with the Terms and Conditions. The Meeting may recall the common proxy in the same way in which the common proxy was elected or replace him/her with a new common proxy.

12.3.4 Decision-making at Meetings

The Meeting will decide on any issues on its agenda in the form of resolutions. Unless provided otherwise by law, the Meeting will adopt its resolutions by an absolute majority of votes of the Authorized Attendees present at the Meeting. Any matters not included in the proposed agenda of the Meeting may only be decided in the presence and upon consent of all Authorized Attendees. Any resolution that appoints or recalls a common proxy of the Noteholders will require at least 2/3 (two-thirds) of votes of the Authorized Attendees present.

12.3.5 Adjourned Meeting

If within one (1) hour from the scheduled opening of the Meeting a quorum is not present, then the Meeting will be automatically dissolved (*ipso jure*).

If within one (1) hour from the scheduled opening of the Meeting, the agenda of which is to decide on any amendment(s) to these Terms and Conditions, a quorum is not present, then, if still necessary, the Issuer shall convene a substitute Meeting to be held not earlier than two (2) and not later than six (6) weeks after the scheduled date of the original Meeting. The holding of a substitute Meeting with an unchanged agenda will be notified to the Noteholders within fifteen (15) calendar days after the scheduled date of the original Meeting. A substitute Meeting deciding on amendments to these Terms and Conditions will constitute a quorum regardless of the conditions for quorum referred to in Article 12.3.1 above.

12.4 Certain Additional Rights of Noteholders

12.4.1 Consequences of Voting against Certain Resolutions of Meeting

If the Meeting approved any amendments to these Terms and Conditions relating to the prescribed particulars of the Notes (i.e. nominal value, redemption date, interest amount/interest calculation method/interest payment date, transferability or limitation on transferability, or security relating to Notes), the Authorized Attendee who, according to the minutes of such Meeting, voted against the resolution or failed to attend the Meeting (the "**Applicant**") may request (i) early repayment of the nominal value of the Notes held by the Applicant on the Meeting Attendance Record Date and which will not be disposed of from that time, together with any pro-rata interest accrued on those Notes in compliance with these Terms and Conditions (if relevant), or (ii) maintaining the rights and obligations of the Issuer and a Noteholder under the original Terms and Conditions. If the Meeting approved any changes to the Issuer's or Guarantor's obligations referred to in Article 4 hereof, the Applicant may only request early repayment under (i) above. The right according to (i) or (ii) above must be exercised by the Applicant within thirty (30) days from the date of the Meeting by written notice (the "**Application**") addressed to the Issuer and delivered to the Specified Office of the Fiscal and Paying Agent; failure to do this, the right terminates. Within thirty (30) days from the date the Application was delivered to the Fiscal and Paying Agent (the "**Early Redemption Date**"), the Issuer shall make either: respective payments in favor of the Noteholders in accordance with Article 7 hereof (when exercising the right under (i) above), or take appropriate actions for maintaining the rights and obligations of the

Issuer and a Noteholder under the original Terms and Conditions in the manner set out therein (when exercising the right under (ii) above).

12.4.2 Required Content of Application

The Application must specify the number of Notes whose early redemption is claimed in compliance with Article 12.4.1 above. The Application must be in writing and signed by the Applicant or persons authorized to act on behalf of the Applicant, the authenticity of such signatures to be officially verified. Within the same time limit, the Applicant is obliged to deliver to the Specified Office of the Fiscal and Paying Agent all documents required for making the payment under Article 7 of these Terms and Conditions.

12.4.3 Withdrawal of Application

A Noteholder may withdraw an Application, in writing, but only with respect to the Notes held by that Noteholder and only if the withdrawal is addressed to the Issuer and delivered to the Fiscal and Paying Agent at the address of the Specified Office, at least three (3) Business Days before the relevant amounts become due and payable according to Article 12.4.1 above. However, any such withdrawal of the Application will not affect any Applications submitted by the other Noteholders.

12.5 Minutes of Meeting

The Meeting will be recorded in minutes containing the conclusions reached by the Meeting, including, without limitation, any resolutions adopted by the Meeting. The Issuer is obliged to archive the minutes of the Meeting until the rights under the Notes come under the statute of limitations (i.e. become prescribed). The minutes of the Meeting will be available for inspection by the Noteholders at the Specified Office during regular business hours. Without undue delay after the minutes of the Meeting are executed, the Issuer is obliged, in person or through his/her authorized person (especially the Fiscal and Paying Agent), to make accessible all resolutions of the Meeting in the manner set forth in Article 13 of these Terms and Conditions, or in any other manner required by law. If the Meeting has discussed a resolution on any amendments to these Terms and Conditions, a notarial record must be drawn with respect to the attendance at the Meeting specifying the names of the Authorized Attendees who validly voted for the adoption of that resolution and the number of Notes held by those persons on the Meeting Attendance Record Date.

13. NOTICES

Any notice to the Noteholders will be valid and effective upon its publication in Slovak on the Issuer's website at <http://www.emmacapital.cz/obligatory-disclosures>. If the mandatory provisions of applicable laws or these Terms and Conditions require a different method of public announcement for any specific notice(s) given hereunder, such notice(s) will be deemed to be valid upon having been published in the manner prescribed by the relevant legislation. If any notice is published in multiple ways, the publication date of that notice will be deemed to be the date of its first publication.

Any notice by any Noteholder to the Issuer in accordance with these Terms and Conditions is deemed to have been duly given, if delivered in writing to the address of the Specified Office.

The Prospectus (incorporating these Terms and Conditions), including any amendments thereto, is published in electronic form on the Issuer's website at <http://www.emmacapital.cz/obligatory-disclosures>.

14. GOVERNIGN LAW, LANGUAGE AND DISPUTE RESOLUTION

Any rights and obligations under the Notes (including the Guarantor's Declaration) are governed by, and construed in accordance with, the laws of the Slovak Republic. Any rights and obligations resulting from the Pledge are governed by, and construed in accordance with, the laws of the Czech Republic. These Terms and Conditions may be translated into other languages. In the event of any discrepancy between the various language versions, the Slovak language version prevails.

Any dispute between the Issuer and the Noteholders arising out of or in connection with the issue of the Notes (except for disputes relating to the Pledge), including any disputes over these Terms and Conditions, as well as those arising between the Guarantor and any Noteholders under the Guarantor's Declaration, will be finally resolved by the competent Slovak court. The relevant Czech court will be competent to finally resolve any disputes arising between the Security Agent and/or the Issuer and the Noteholders in respect of the Pledge.

V. INTERESTS OF PARTIES TO THE ISSUE; USE OF PROCEEDS

As far as the Issuer is aware, none of the natural persons or legal entities involved in the Note Offer (except for the Lead Manager that places the Notes under a "best efforts" agreement), has an interest in the Note Offer that would be material to such Offer. Neither the Lead Manager, nor another person, has accepted the obligation to the Issuer to subscribe or purchase the Notes.

The Issuer's advisor in connection with the issue of the Notes is J&T IB and Capital Markets, a.s., with its registered office at Pobřežní 297/14, 186 00 Prague 8, Czech Republic, Company identification No.: 247 66 259 (hereinafter referred to as the "**Arranger**"). The subject of the arrangement agreement concluded between the Issuer and the Arranger are the activities associated with the preparation and arrangement of the issue of the Notes, with the Arranger carrying out these activities within the meaning of Section 6(2)(f) of the Securities Act. The Arranger's legal advisor is the PRK Partners s.r.o. law firm.

In addition, under the Note Issue Agreement, the Issuer has appointed J & T BANKA, a.s., registered office at Pobřežní 297/14, 186 00 Prague 8, Czech Republic, Bus. ID: 471 15 378 to perform the activities of the Lead Manager in relation to arrangement of the Notes placement and the activities of the Security Agent as the Noteholders' common proxy, solely in relation to the Pledge. The Issuer has also mandated J & T BANKA, a.s., operating in the Slovak Republic through its branch, J & T BANKA, a.s., foreign bank branch, as the Administrator and Listing Agent in connection with the admission of Notes to the BSSE regulated free market. The Issuer expects that the total cost of preparing the Notes issue, i.e. the costs of the Auditor, Lead Manager, Arranger, CDCP, BSSE, NBS, Arranger's legal advisor fees and certain other Note issue or market placement costs, will amount to approximately EUR 2.000.5000 if the entire estimated volume of the Notes (i.e. EUR 90,000,000) is issued by the Issue Date. The Issuer's costs associated with the admission of Notes for trading on the BSSE regulated free market will be EUR 3,500, in accordance with the Stock Exchange Rate Schedule.

The Issuer expects the net total proceeds from Note issue to be approximately EUR 87.999.500 for the issue of the entire expected Note volume (i.e. € 90,000,000) by the Issue Date. The net proceeds will be primarily used to provide an interest-bearing loan to the Guarantor.

VI. NOTES OFFER

1. PLACEMENT AND SUBSCRIPTION OF NOTES

The Notes will be offered up to the total estimated nominal value of the Issue, i.e. EUR 90,000,000 through the Lead Manager for subscription and purchase through a public offer to investors (including retail investors) in the Slovak Republic under Section 120 et seq. of the Securities Act and in the Czech Republic pursuant to Section 34 et seq. of the Capital Market Undertaking Act and to selected qualified investors (and, if applicable, other investors, on Terms and Conditions that do not imply an obligation on the offeror to prepare and publish a securities prospectus for a given country) abroad, always in accordance with the applicable laws in force in each country in which the Notes will be offered.

The Lead Manager has made a contractual commitment to the Issuer to make the maximum effort reasonably required to place the Notes on the market ("best efforts" commitment); however, if the Notes are not placed to the total nominal value of the Issue, the Lead Manager or any other obliged person will not be required to subscribe the unplaced Notes to their own account. The estimated Lead Manager's remuneration (commission) represents approximately 1.90% of the total nominal value of the Notes placed.

Primary Note Initial Subscription Offer - Primary Sales in the Slovak Republic and the Czech Republic

In primary sales (primary offer and subscription), the activities associated with the issue and subscription of all Notes will be arranged by the Lead Manager. The initial sale (initial offer and subscription) of the Notes in the Slovak Republic will last from the day on which the NBS's decision on approval of the Prospectus comes in force, in the Czech Republic from the day of the notification delivery to the Czech National Bank about the Prospectus preparation and approval in accordance with the applicable regulation and legislation of the EU, until the end of the term of the Prospectus. The Prospectus will be valid for twelve (12) months following the day on which the NBS's decision on approval of the Prospectus became final. The Issue Date of the Notes, i.e. the first day on which the Notes are issued (and registered on accounts in the respective registry), is 29 May 2019.

The Notes will be issued in a single series on the Issue Date, or gradually in several series, where the anticipated issue period of the Notes (i.e. when the Notes are registered on the relevant owner's accounts) will end either: not later than one (1) month after the Issue Period expires, or one (1) month after the highest amount of the Notes' nominal values is subscribed (whichever occurs earlier). The Issuer is entitled to issue the Notes in a smaller amount than the maximum amount of the nominal Note values, and even then the Issue will be considered successful. The minimum order amount is set at one (1) Note. The maximum order amount (that is, the maximum amount of the nominal amount of Notes requested by an individual investor) is limited only by the highest amount of nominal values of the issued Notes. The net purchase price of the Notes that will be paid to the Issuer may be reduced by the remuneration, fees, or expenses associated with the subscription and purchase of the Notes.

A condition of participation in the public offering is proof of the identity of the investor using a valid identity document. Investors in the Czech Republic as well as in the Slovak Republic will be contacted by means of remote communication in particular. The acquisition of Notes through the Lead Manager is conditioned by the conclusion of a contract on the provision of investment services between the investor and the Lead Manager or a branch of the Lead Manager in the Slovak Republic and filing an instruction to purchase the Notes under the contract. For the offering in the Czech Republic, the Lead Manager will accept instructions through its headquarters in Prague and investors in the Slovak Republic will be able to file the instructions to purchase the Notes through the branch of the Lead Manager in the Slovak Republic, namely J & T Banka a.s., foreign bank branch, Dvořákovo nábrežie 10, 811 02 Bratislava, Slovak Republic.

The Lead Manager is entitled to reduce the amount of the Notes specified in the investors' orders / instructions at its sole discretion. If the amount of the Notes is reduced, the Lead Manager shall refund any payment in excess to the concerned investors without undue delay to the investor's bank account the Lead Manager was notified of for this purpose. Upon subscription and assignment of the Notes to the Noteholders' accounts, the Noteholders will be sent a Note receipt confirmation, with trading in Notes being launched at the earliest after Notes are issued and Notes are admitted for trading on the BSSE regulated market. On the Lead Manager's instruction, the Notes will, without undue delay, be credited to the Noteholders' accounts held in the relevant registry without undue delay upon payment of the issue price of the Notes concerned.

The issue price of all Notes issued on the Issue Date is 100% of the par value. The issue price of any Notes issued after the Issue Date will always be determined by the Lead Manager so that it reflects the expected proportional yield for the period from the Issue Date to the issue price due date and the current prevailing market conditions.

If a new significant fact or material change or material inaccuracy in relation to the data included in this Prospectus that may affect the Notes evaluation arises or is discovered prior to the conclusion of the public offering of Notes or

the commencement of trading of the Notes on the BSSE regulated open market, whichever occurs first, the Issuer shall publish an addendum to this Prospectus, following its earlier approval by the NBS.

A public offer in the Czech Republic may be made after the NBS based on the Issuer's request, notifies the Czech National Bank ("CNB") that the Prospectus has been prepared and approved in compliance with special legislation and EU law. Along with the request for notification, the Issuer shall submit to NBS the English version of the Prospectus and the Czech translation of the Summary of the Prospectus.

The results of the primary sale (subscription) will be published in a publicly accessible place at the Designated Office on the day following the end of the Note Issue Period. On the Lead Manager's instruction, the Notes will, without undue delay, be credited to the Noteholders' accounts held in the relevant registry without undue delay upon payment of the issue price of the Notes concerned.

An investor that will subscribe Notes in the initial offering through the Lead Manager and its headquarters in Prague, shall pay the fees related to acquisition of the Notes based on the current standard rate schedule of the Lead Manager as of the date of the transaction, currently of 0.15% of the transaction amount, no less than CZK 2,000. The current rate schedule of the Lead Manager is published on its Czech website: <https://www.jtbank.cz>, in the "Important Information" section, under "Fees".

An investor that will subscribe Notes in the initial offering through the Lead Manager's branch in the Slovak Republic, shall pay the fees related to acquisition of the Notes based on the current standard rate schedule of the Slovak branch of the Lead Manager as of the date of the transaction, currently of 0.60% of the transaction amount. If settlement of a trade is to other than a holder's account, the fee is a charge of 1.00%, with a minimum of EUR 480. The current rate schedule of the Slovak branch of the Lead Manager is published on its Slovak website: <https://www.jtbanka.sk>, in the "Useful Information" section, under "Rate Schedule".

For the successful settlement of the primary sale of the Issue (i.e. allocation of Notes to the relevant accounts following payment of the Issue Price), the Note subscribers must follow the instructions of the Lead Manager or its representatives. In particular, if a Note subscriber is not itself a member of the CDCP, he/she must set up the relevant account at the CDCP or with a member of the CDCP. It is not possible to guarantee that the Notes will be properly delivered to the first acquirer if the first acquirer or the person holding the account in question does not comply with all procedures and fails to comply with all relevant instructions for the primary settlement of the Notes.

Secondary offer of Notes and consent to the use of the Prospectus in a subsequent public offer in the Slovak Republic and in the Czech Republic

The Issuer agrees to the subsequent public offering of Notes within the secondary market in the Slovak Republic and in the Czech Republic to be executed by the Lead Manager and selected financial intermediaries (securities brokers), and gives its consent to the use of this Prospectus for the purposes of such a subsequent public offer of Notes. The Issuer's consent to a subsequent public offering of Notes within the secondary market is limited to a period of 12 months from the effective date of the decision of the NBS to approve this Prospectus.

The Issuer expressly accepts responsibility for the content of the Prospectus, also with respect to a secondary Note offer through the Lead Manager and selected financial intermediaries (securities brokers). No other conditions relevant to the use of the Prospectus are linked to the Issuer's consent. If a new significant fact or material change or material inaccuracy in relation to the data included in this Prospectus that may affect the Notes evaluation arises or is discovered prior to the conclusion of the public offering of Notes or the commencement of trading of the Notes on the BSSE regulated open market, whichever occurs first, the Issuer shall publish an addendum to this Prospectus, following its earlier approval by the NBS.

In particular, with regard to a secondary Note offer by the Lead Manager, the minimum nominal value of the Notes that the individual investor will be entitled to buy will be limited to one (1) unit of the Notes. The maximum amount of the nominal value of Notes requested by an individual investor in an order is limited by the total volume of the Notes on offer. The final nominal value of the Notes allocated to an individual investor will be stated in the acknowledgment of receipt of offer to be sent by the Lead Manager to individual investors (in particular using on-line communications). Notes in the secondary offer will be offered at a price determined and published by the BSSE under the Stock Exchange Rules.

An investor that will buy Notes in the secondary market offering through the Lead Manager and its headquarters in Prague, shall pay the fees related to acquisition of the Notes based on the current standard rate schedule of the Lead Manager as of the date of the transaction, currently of 0.15% of the transaction amount, no less than CZK 2,000. The current rate schedule of the Lead Manager is published on its Czech website: <https://www.jtbank.cz>, in the "Important Information" section, under "Fees".

An investor that will buy Notes in the secondary market offering through the Lead Manager's branch in the Slovak Republic, shall pay the fees related to acquisition of the Notes based on the current standard rate schedule of the Slovak branch of the Lead Manager as of the date of the transaction, currently of 0.60% of the transaction amount. If settlement of a trade is to other than a holder's account, the fee is a charge of 1.00%, with a minimum of EUR 480. The current rate schedule of the Slovak branch of the Lead Manager is published on its Slovak website: <https://www.jtbanka.sk>, in the "Useful Information" section, under "Rate Schedule".

Fees charged by other financial intermediaries, as well as other terms and conditions of the offering will disclosed to the investors by the financial intermediary at the time of the offer of the Notes.

NOTICE TO INVESTORS:

Information on conditions of financial intermediary offer must be provided by the financial intermediary to each specific investor as at the time of the offer.

2. LIMITATIONS CONCERNING THE DISTRIBUTION OF THE PROSPECTUS AND OFFER AND SALE OF THE NOTES

The dissemination of this Prospectus, as well as the offer, sale or purchase of the Notes are limited by law in some countries. The Issuer has not applied for the approval or recognition of this Prospectus (including any addenda thereto) in any other country and its offer will similarly not be permitted with the exception of the Slovak Republic and the Czech Republic (or other countries that will anyway recognize a Prospectus approved by the NBS as a prospectus authorizing a public Note offer in that country). Persons in possession of this Prospectus are responsible for complying with the restrictions on the offer, purchase or sale of the Notes in each country, or for the possession and distribution of any materials relating to the Notes, including this Prospectus.

A public offer of Notes may be made in the Slovak Republic only if, at the latest at the beginning of such a public offer, the Prospectus (including any amendments thereto) has been approved by the NBS and published. A public offer in the Czech Republic may be made after the NBS based on the Issuer's request, notifies the Czech National Bank ("CNB") that the Prospectus has been prepared and approved in compliance with special legislation and EU law; the CNB shall confirm receipt of the notification to NBS. Along with the request for notification, the Issuer shall submit to NBS the English version of the Prospectus and the Czech translation of the Summary of the Prospectus. A public offer of Notes in other countries may be restricted by law in such countries and may require the approval, recognition or translation of the Prospectus or part thereof or other documents to that effect by the competent authorities.

In addition to the above, the Issuer asks all Note holders to comply with the provisions of all applicable laws in each country (including the Slovak Republic and the Czech Republic) where they will purchase, offer or sell Notes, or distribute, make available or otherwise circulate this Prospectus, including any addenda or other offer or promotional material or information relating to the Notes, in all cases at their own expense and regardless of whether this Prospectus or its addenda or other offer or promotional material or information relating to the Notes will be captured in printed form or in electronic or other intangible form.

Prior to approving the Prospectus, the Issuer, the Lead Manager, potential investors, and any other person to whom the Prospectus is made available are obliged to comply with the above limitations for the public offer, and if they offer the Notes in the Slovak or Czech Republic, they must do so exclusively in way that does not constitute public offer. In such a case, they should inform the persons to whom they make a Note offer of the fact that the Prospectus has not yet been approved by the NBS or published, and that such offer cannot be a public offer and if the offer is made in such a manner that, pursuant to the provisions of the Securities Act (or the Capital Market Undertaking Act), it does not constitute a public offer, and also to inform those persons of the related restrictions. In connection with any possible offer of Notes (including the distribution of this Prospectus to selected investors on a confidential basis) in the Slovak or Czech Republic prior to the approval of this Prospectus, for which, pursuant to the provisions of Section 120(3) of the Securities Act, respectively Section 35(2) of the Capital Market Undertaking Act does not require prior publication of the Prospectus, the Issuer points out that, in the case of the exception relating to the limitation of the total value of Notes obtained by one investor (the provision in Section 120(3)(c) of the Securities Act, Section 35(2)(c) the Capital Market Undertakings Act the Notes may be offered only at a price that exceeds the statutory limit in euros per investor (at the date of this Prospectus EUR 100,000) and for this reason, the Issuer will not be bound by any order by a potential investor to subscribe or buy the Notes prior to the approval and publication of the Prospectus if their total issue price in euro is lower than the statutory limit in euros.

Any person who acquires any Note will be deemed to have declared and agreed that (i) that person is aware of all relevant restrictions on offering and selling the Notes that apply to it and the relevant method of offering and selling; that (ii) that person further does not offer for sale or then sells the Notes without complying with all applicable restrictions on such a person and the relevant offer and selling method and that (iii) before the Notes are further offered or resold, this person will inform prospective buyers that other offers or sales of the Notes may be subject in various countries to statutory limitations that must be observed.

The Issuer points out to prospective Note holders that the Notes are not and will not be registered in accordance with the US Securities Act or any Securities Commission or other regulatory authority of any State of the United States of America and as a consequence may not be offered, sold or surrendered in the United States of America or to US residents (as defined in Regulation S issued on the implementation the US Securities Act) otherwise than by virtue of an exemption from registration under the US Securities Act or within a trade that is not subject to registration under the US Securities Act. The Issuer further notes that the Notes may not be offered or sold in the United Kingdom of Great Britain and Northern Ireland ("the **United Kingdom**") through the dissemination of any material or announcement, except for an offer to sell to persons authorized to trade in securities in the United Kingdom on their own or a foreign account, or in circumstances that do not constitute a public offer of securities under the Companies Act of 1985, as amended. All legal acts relating to Notes carried in the United Kingdom, from the United Kingdom or otherwise related to the United Kingdom then also have to be carried out in accordance with the Financial

Services and Markets Act 2000 (FSMA 2000), as amended, the Regulation on the Promotion of Financial Services (Financial Promotion Order), as amended, and the Prospectus Regulations 2005, as amended.

3. ADMISSION FOR TRADING

The Issuer shall request the admission of the Notes for trading on the BSSE regulated free market. The Issuer assumes that the Notes will be accepted for trading on the Issue Date. Apart from requesting the admission of the Notes for trading on the BSSE regulated open market, the Issuer has not requested and does not intend to request the admission of the Notes for trading on any other domestic or foreign regulated market or stock exchange.

The Lead Manager is entitled to effect the stabilization of the Notes in accordance with applicable regulations and may, at its discretion, endeavor to take steps that it deems necessary and reasonable to stabilize or maintain a market price for the Notes that would otherwise not prevail. The Lead Manager may terminate this stabilization at any time. No person has adopted the obligation to act as a mediator in secondary trading (secondary market maker).

On 21 July 2017 the Issuer issued 120,000 pcs of booked bearer Notes, in the total amount of nominal values of EUR 120,000,000, with the nominal value of EUR 1,000 per Note, interest yield of 5,25 % p.a., ISIN: SK4120013012. Notes were accepted for the BSSE regulated free market under title EMG 5,25/2022. On 22 February 2019 the Issuer decided on repayment of the total nominal value of all the unpaid EMG 5,25/2022 Notes, and on 23 April 2019 the Issuer repaid an extraordinary instalment of the total nominal value along with the extraordinary interest premium.

VII. RESPONSIBLE PERSONS

The person responsible for the accuracy and completeness of the data provided in this Prospectus is the Issuer, i.e. EMMA GAMMA FINANCE a.s., with its registered office at Dúbravská cesta 14, 841 04 Bratislava – city district of Karlova Ves, Slovak Republic, Bus. ID: 50 897 942, registered in the Commercial Register maintained by the District Court in Bratislava I, Section: Sa, Insert No: 6599/B, on behalf of which the persons listed below act.

The Issuer declares that, while exercising all due care, to the best of his knowledge the information contained in the Prospectus is in line with the facts and that there are no facts in it or concealed that could change its meaning.

In Bratislava, on 10 May 2019

For **EMMA GAMMA FINANCE a.s.**

[signed in the Slovak original version of
the Prospectus]

Pavel Horák

Chairman of the Board of Directors

[signed in the Slovak original version of
the Prospectus]

Martin Hruška

Member of the Board of Directors

VIII. INFORMATION ABOUT THE ISSUER

1. AUTHORIZED AUDITORS

The Issuer's opening balance sheet has not been audited. The Issuer's auditor is:

<i>Audit firm:</i>	KPMG Slovensko spol. s.r.o.
<i>Certificate No:</i>	SKAU license No. 96
<i>Address:</i>	Dvořákovo nábrežie 10, 811 02 Bratislava
<i>Professional organization membership:</i>	Slovak Chamber of Auditors (SKAU)
<i>Responsible person:</i>	Ing. Michal Maxim, FCCA
<i>Certificate No:</i>	UDVA license No.1093

2. RISK FACTORS

These are listed in the introduction to this Prospectus - in Chapter II. (Risk factors).

3. SELECTED FINANCIAL INFORMATION

Selected historical financial information which the Issuer mentions in the below text is derived from audited individual (non-consolidated) financial statements of the Issuer as of 31. 12. 2017 and 31. 12. 2018 therefore it should be read in connection therewith.

These Issuer's financial statements are set forth as Annex 1 to 2 hereto.

The Issuer's historical financial information for the accounting period ending on 31. 12. 2017 and 31. 12. 2018 was audited by the auditor - KPMG Slovensko spol. s r.o. The auditor issued its "without reservations" statement to the mentioned financial statements.

ths EUR	31/12/2018	31/12/2017
Total current assets	151	163
Total non-current assets	121 338	121 283
Total assets	121 489	121 446
Bonds issued	120 000	120 000
Total liabilities	121 259	121 271
Total equity	230	175
Total equity and liabilities	121 489	121 446

Source: Issuer's accounting

ths EUR	2018	2. 6. 2017 - 31. 12. 2017
Operating expenses	(300)	(3 671)
Interest expenses	(6 300)	(2 800)
Finance expenses	(6 405)	(2 846)
Other operating income	192	3 644
Finance income	6 600	2 933
Profit/(loss) for the year	55	47
Total comprehensive income for the year	55	47

Source: Issuer's accounting

ths EUR	2018	2. 6. 2017 - 31. 12. 2017
Net cash generated from/(used in) operating activities	55	(91)
Net cash (used in)/generated from financing activities	-	128
Net (decrease)/increase in cash and cash equivalents	55	37
Cash and cash equivalents at beginning of the year	37	-
Cash and cash equivalents at end of the year	92	37

Source: Issuer's accounting

4. INFORMATION ABOUT THE ISSUER

4.1 BASIC DATA

Company: EMMA GAMMA FINANCE a.s.

Place of registration: Commercial Register maintained by the District Court Bratislava I, Section: Sa, Insert No.: 6599/B

Bus. ID: 50 897 942

Date of establishment: 2. 6.2017, the Issuer was founded for an indefinite period

Legal form: Joint stock company

LEI: 097900BHGQ0000078428

Applicable law: The Issuer operates in accordance with the laws of the Slovak Republic, including, but not limited to, the following legislation (as amended): Act No 513/1991, the Commercial Code, Act No 455/1991, on Trade Licensing (the Trade Licensing Act) as amended, Act No 40/1964, the Civil Code, Act No 595/2003, on Income Tax and Act No 7/2005, on Bankruptcy and Restructuring.

Address: Dúbravská cesta 14, Postal Code: 841 04, Bratislava – city district of Karlova Ves, Slovak Republic

Telephone number: + 420 226 291 600

E-mail: info@emmacapital.cz

Website: <http://www.emmacapital.cz/obligatory-disclosures>

4.2 HISTORY AND DEVELOPMENT OF THE ISSUER

The Issuer was founded on 19.4.2017 under Slovak law as a Slovak joint-stock company. The Issuer was established on 2.6.2017 on the basis of an Issuer's record in the Commercial Register of the Bratislava County District Court I. The Issuer's Identification Number is: 50 897 942. The Issuer is a company founded for a specific purpose.

On 21 July the Issuer issued 120,000 pcs of booked bearer Notes, in the total amount of nominal values of EUR 120,000,000, with the nominal value of EUR 1,000 per Note, interest yield of 5,25 % p.a., ISIN: SK4120013012. Notes were accepted for the BSSE regulated free market under title EMG 5,25/2022. On 22 February 2019 the Issuer decided on repayment of the total nominal value of all the unpaid EMG 5,25/2022 Notes, and on 23 April 2019 the Issuer repaid an extraordinary installment of the total nominal value along with the extraordinary interest yield.

4.3 INVESTMENTS

No investments have been initiated or completed by the Issuer as the date of the Prospectus nor been approved by any body of the Issuer nor has the Issuer committed to any future investments that would be relevant in relation to an assessment of the Issuer's ability to repay its obligations under the Notes.

5. BUSINESS OVERVIEW

5.1 MAIN ACTIVITIES

The Issuer is a company founded for the specific purpose of issuing Notes. The principal object of the Issuer's activities is the provision of funds and the provision of loans / credit or other forms of financing to the Guarantor, or, through the latter to other companies directly or indirectly controlled by EMMA CAPITAL LIMITED.

According to the entry in the Commercial Register the subject of the Issuer's activities is:

- Purchase of goods for sale to final consumers (retail) or other business operators (wholesale)
- Intermediary business, services and manufacturing
- The organization of sporting, cultural and other social events
- Performing extra-curricular educational activities
- Advertising and marketing services, market research and public opinion research
- Administrative services
- Implementation of buildings and changes thereto
- Freight carried by vehicles with a gross weight of 3.5 tons including the trailer
- Computer services and services related to data processing
- Activities of business, organizational and economic advisers
- Rental of real estate associated with the provision of non-essential services related to renting
- Providing loans or loans from cash resources obtained exclusively without a public call and without public offer of assets
- Mediation of lending or borrowing from cash resources obtained exclusively without a public call and without public offer of assets

5.2 ISSUER MARKET POSITION

Because of its core business, the Issuer as such does not compete in any market and has no relevant market shares and position.

6. ORGANIZATIONAL STRUCTURE AND SUBSIDIARIES

6.1 GROUP ORGANIZATIONAL STRUCTURE

More detailed information concerning the SAZKA Group Adriatic Group, which the Issuer and Guarantor are part of, is specified in Clause 6, Chapter IX.

6.2 POSITION OF THE ISSUER WITHIN THE GROUP

The Issuer has a single shareholder, EMMA GAMMA LIMITED, established and existing under the Republic of Cyprus, located at Themistokli Dervi Avenue 48, Athienitis Centennial Building, 3rd floor, room No. 303, 1066 Nicosia, Republic of Cyprus, and registered in the registry maintained by the Cypriot Ministry of Energy, Trade and Industry, registration number HE 347073. EMMA GAMMA LIMITED owns 100% of the Issuer's shares and holds 100% of the voting rights attached to the shares.

The Issuer has no equity interest in any other entity.

More detailed information concerning EMMA GAMMA Group and its organizational and shareholder structure is specified in Section 4, 5 and 6, Chapter IX.

6.3 DEPENDENCE OF THE ISSUER ON GROUP ENTITIES

The Issuer is dependent on its parent company EMMA GAMMA LIMITED, resulting from ownership of a 100% stake in the Issuer's share capital and voting rights.

The Issuer was established for the purpose of issuing Notes and providing loans and credit and other funding to the Guarantor or through it to other companies directly or indirectly controlled by EMMA CAPITAL LIMITED. The ability of the Issuer to meet its obligations will thus be significantly affected by the Guarantor's ability to meet its obligations to the Issuer, which creates a dependence of the Issuer's sources of income on the Guarantor and on its business performance.

As at the date of preparation of this Prospectus, the Issuer has not provided any loans or issued any investment instruments that would create a credit exposure of the Issuer to a third party.

7. TREND INFORMATION

The Issuer is not aware of any trends, uncertainties, claims, liabilities, or events that are reasonably likely to have a material impact on the Issuer's prospects.

8. PROFIT FORECASTS OR ESTIMATES

The Issuer has not included either a forecast or estimate of profits in the Prospectus, nor has it prepared or published such as at the date of the Prospectus.

9. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

9.1 BOARD OF DIRECTORS OF THE ISSUER

The Board of Directors is the statutory body of the Issuer. It is entitled to act on behalf of the Issuer in all matters and represents the Issuer in respect of third parties, in court proceedings and before other bodies. The Board of Directors directs the company's activities and decides on all company matters unless the laws or statutes reserve this for other bodies of the company. In particular, the Board of Directors carries on the business management of the company, ensures all its operational and organizational matters, executes the rights of the employer, convenes the General Meeting, executes the resolutions of the General Meeting, secures the maintenance of the prescribed accounting and other records, business books and other documents of the company, maintains the list of shareholders, appoints and revokes power of attorney, issues additional written powers of attorney, submits proposals for resolutions to the General Meeting, in particular proposals for amendments to the statutes, proposals for any increase or reduction of share capital and note issues, proposals for the approval of formal individual financial statements, extraordinary individual financial statements, the distribution of profits made, including the determination of the amount, the method of payment of dividends and royalties, the proposal for the payment of losses and any proposal for the dissolution of the Issuer. The Board of Directors then submits for discussion by the Supervisory Board the material

specified in the Articles of Association and submits to the Supervisory Board a proposal for an auditor. The Board of Directors submits to the General Meeting a report on the results of the business activities, the business plan and the financial budget and annual report.

The Board of Directors has three members, one of whom acts as Chairman of the Board of Directors. Members of the Board of Directors are elected and recalled by the General Meeting. Only a natural person (individual) may be a member of the Board of Directors. The term of office of a member of the Board of Directors is five years.

Two members of the Board of Directors jointly act in the name of the Issuer, and sign for the Issuer.

Members of the Issuer's Board of Directors at the date of this Prospectus are:

Pavel Horák, Chairman of the Board of Directors

Date of appointment as member of the Board of Directors: 2. 6. 2017

Pavel Horák graduated from the Faculty of Economics and Administration at the Masaryk University in Brno and then from the University of Economics in Prague. In 2001, he joined NOVA Television as Financial Director (CFO). In 2006 he left NOVA Television to join the PPF Group. He served as the Chief Financial Officer (CFO) of the entire group, and since 2012 performed the same role in the Home Credit group, a key PPF portfolio company. In 2014, he became the Investment Manager and Partner at the EMMA Group.

Pavel Horák also acts in the statutory and supervisory bodies of these companies, or more precisely performs the following principal activities relevant to the Issuer:

- Member of the Board of Directors of SAZKA Group, a.s., Czech Republic
- Vice-Chairman of the Board of Directors of Austrian Gaming Holding a.s., Czech Republic
- Member of the Board of Directors of SAZKA Asia, a.s., Czech Republic
- Vice-Chairman of the Board of Directors of SAZKA a.s., Czech Republic
- Vice-Chairman of the Board of Directors of SAZKA Czech a.s., Czech Republic
- Vice-Chairman of the Board of Directors of Italian Gaming Holding a.s., Czech Republic
- Vice-Chairman of the Board of Directors of IGH Financing a.s., Czech Republic
- Member of the Board of Directors of OPAP S.A., Greece
- Member of the Supervisory Board of Super Sport d.o.o., Croatia
- Managing Director of SAZKA GROUP PLC, Great Britain
- Member of the Supervisory Board of CASINOS AUSTRIA AG, Austria
- Member of the Board of Directors of Sazka Group Financing, a.s., Slovak Republic

Radka Blažková

Date of appointment as member of the Board of Directors: 18. 6. 2018

Radka Blažková studied the Faculty of Economics, Západočeská univerzita, Cheb, and the Faculty of Corporate Economy at the University of Economics, Prague. She has been a CFO and member of statutory bodies in the EMMA Group since the very first day. She is responsible for all the financial and accounting transactions of the Issuer and of the entire EMMA Group.

Radka Blažková is also active in statutory and supervisory bodies of the following companies, respectively she executes the following main activities which are important for the Issuer:

- Managing Director of EMMA CAPITAL LIMITED, Cyprus
- Managing Director of MEF Holdings Limited, Cyprus
- Managing Director of Emma Alpha Holding Ltd, Cyprus
- Managing Director of Emma Omega Ltd, Cyprus
- Member of the Board of Directors of Emerging Markets Capital a.s., Czech Republic
- Guarantor's Managing Director
- Member of the Supervisory Board of Sazka Group Financing, a.s., Slovak Republic
- Member of the Supervisory Board of Austrian Gaming Holding a.s., Czech Republic

- Member of the Supervisory Board of SAZKA Czech a.s., Czech Republic
- Member of the Supervisory Board of Sazka Group a.s., Czech Republic
- Member of the Supervisory Board of IGH Financing a.s., Czech Republic
- Member of the Supervisory Board of Italian Gaming Holding a.s., Czech Republic

Martin Hruška, Member of the Board of Directors

Date of appointment as member of the Board of Directors: 31. 3. 2018

Martin Hruška studied 2nd level at the Faculty of Management, Comenius University in Bratislava. After graduating from the university in 2013 he took part in a six-month internship in Poštová banka and since 2014 he has been working for Global Solutions Services SR as an administrator.

Martin Hruška is not active in statutory and supervisory bodies of other companies which are important for the Issuer.

The working address of all the Members of the Issuer's Board of Directors is Dúbravská cesta 14, 841 04 Bratislava – city part of Karlova Ves, Slovak Republic.

9.2 SUPERVISORY BOARD OF THE ISSUER

The Supervisory Board is the supreme control body of the Issuer. It oversees the performance of the Board of Directors and the conduct of the Issuer's business. In the event of a serious breach of the Issuer's management, and in other cases where the Issuer's interests so require, the Supervisory Board shall convene a General Meeting. The Supervisory Board verifies procedures in relation to the Issuer and is entitled to inspect accounting documents, files and records relating to the Issuer's activity at any time and to determine the status of the Issuer. The Supervisory Board examines the due individual financial statements, extraordinary individual financial statements, consolidated financial statements and any proposal for profit distribution or loss settlement, and is required to report the results of such review to the General Meeting.

The Issuer's Supervisory Board has three members. The members of the Supervisory Board are elected and dismissed by the General Meeting, unless the Issuer has at the time of election more than 50 employees in full-time employment; in which case two-thirds of the members of the Supervisory Board are elected and recalled by the General Meeting and one-third of the members are elected and recalled by the Issuer's employees. The Chairman of the Supervisory Board is elected and recalled by the members of the Supervisory Board from their own number. Only a natural person (individual) may be a member of the Supervisory Board. The term of office of a member of the Supervisory Board is five years. A decision of the Supervisory Board is adopted when more than half of all members of the Supervisory Board have voted for it.

Members of the Issuer's Supervisory Board at the date of this Prospectus are:

David Havlín, Chairman of the Supervisory Board

Date of appointment: 2. 6. 2017

David Havlín graduated from the Prague University of Economics in two specializations: Business and Law; and Enterprise Valuation. He is also a graduate of the Master in International Management (MIM) program at the University of Cologne. He joined the EMMA Group in 2014 as an investment manager and has contributed significantly to the development of SAZKA Group betting and gaming activities.

David Havlín also acts in the statutory and supervisory bodies of these companies, or more precisely performs the following principal activities relevant to the Issuer:

- Member of the Board of Directors of SAZKA a.s., Czech Republic
- Managing Director of Came Holding GmbH, Austria
- Managing Director of minus5 d.o.o., Croatia
- Managing Director of PUNI BROJ d.o.o., Croatia
- Managing Director of SAZKA Group Adriatic d.o.o., Croatia
- Managing Director of SUPER SPORT d.o.o., Croatia
- Managing Director of LTB Beteiligungs GmbH, Austria
- Managing Director of CLS Beteiligungs GmbH, Austria

- Managing Director of BAIH Beteiligungsverwaltungs GmbH, Austria

Petr Stöhr, Member of the Supervisory Board

Date of appointment: 18. 6. 2018

Petr Stöhr graduated from the University of Colorado at Boulder in Accounting and Logistics, and later received his MBA at both London Business School and at Columbia Business School. Until 2010 he worked as a Vice President for Citigroup Private Equity in London. In 2010, he accepted an offer to join the PPF Group, where he was involved in a number of important investment projects. He has been working for the EMMA Group since 2013 as an M&A Director, becoming a partner in 2016.

Petr Stöhr also acts in the statutory and supervisory bodies of these companies, or more precisely performs the following principal activities relevant to the Issuer:

- Member of the Supervisory Board of SAZKA a.s., Czech Republic
- Member of the Board of Directors of Austrian Gaming Holding a.s., Czech Republic
- Member of the Board of Directors of SAZKA Czech a.s., Czech Republic
- Member of the Board of Directors of Italian Gaming Holding a.s., Czech Republic
- Member of the Board of Directors of IGH Financing a.s., Czech Republic
- Member of the Board of Directors of LOTTOITALIA S.r.l., Italy
- Member of the Board of Directors of Sazka Group Financing, a.s., Slovak Republic

Radka Hudcová, Member of the Supervisory Board

Date of appointment: 13. 12. 2017

She studied the Faculty of Law at the Charles University in Prague. From 2011 to 2017 she was active in the international law office White & Case where she focused on financial law, especially in the field of bank credits. She started her carrier in the EMMA Group in September 2017 as a senior lawyer. Radka Hudcová is not active in statutory and supervisory bodies of other companies which are important for the Issuer.

The working address of all the members of the Issuer's Supervisory Board is Dúbravská cesta 14, 841 04 Bratislava - city part of Karlova Ves, Slovak Republic.

9.3 CONFLICT OF INTEREST AT THE LEVEL OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

The Issuer is not aware of any possible conflict of interest between the obligations of the members of the Issuer's Board of Directors or the members of the Supervisory Board in respect of the Issuer and their private interests or other obligations.

9.4 AUDIT COMMITTEE

The Issuer does not have a separate Audit Committee. Pursuant to Section 34(5)(d) of Act No 423/2015, on Statutory Audit and on changes and additions to Act No 431/2002, on Accounting, as amended, the Issuer's Supervisory Board carries out the activities of the Audit Committee. The Issuer's Supervisory Board, in exercising the responsibility of the Audit Committee, monitors the approach to preparing the financial statements and the conduct of its statutory audit, monitors the effectiveness of internal control and risk management systems at the Issuer and performs the other tasks entrusted to it by the Articles of Association (or its Article, if adopted) or the relevant legislation.

The members of the Issuer's Supervisory Board, which performs the activity of the Audit Committee, are, at the date of this Prospectus: David Havlín, Petr Stöhr and Radka Hudcová.

9.5 COMPANY MANAGEMENT AND ADMINISTRATION SCHEMES

The Issuer currently manages and complies with all company management and administration requirements as laid down by the laws of the Slovak Republic, in particular by the Commercial Code. The issuer is under no obligation to comply with, nor does it comply with any other corporate governance regime.

The Issuer did not adopt and does not apply the Slovak Corporate Governance and Management Code issued by the

Central European Association of Corporate Governance, as it is currently only a recommendation and is not a generally binding rule whose observance would be compulsory in the Slovak Republic. The rules laid down in the Code overlap to some extent with the requirements imposed on the Issuer's administration and management laid down in Slovak Republic legislation, therefore it can be stated that the Issuer has in fact complied with some of the rules set out in the Code at the date of drawing up the Prospectus; however in view of the fact that the Issuer has not yet implemented the rules set out in the Code in its management and administration nor does it follow the Code in its administration and management, the Issuer gives the above statement for the purposes of this Prospectus, for the reason that legislation does not oblige it to comply with these rules.

10. SOLE SHAREHOLDER

The sole shareholder of the Issuer is the Guarantor - EMMA GAMMA LIMITED. The Guarantor is a limited liability company established in 2015 under the laws of the Republic of Cyprus. Both the Issuer and the Guarantor are part of the EMMA Group established in 2012 with its managerial and economic base in Cyprus.

From a management perspective the Issuer is indirectly controlled, through the Guarantor and its 100% parent company, EMMA ALPHA HOLDING LTD., which acts as an umbrella holding company for all project subsidiaries of the EMMA GAMMA Group, by the main administering company EMMA CAPITAL LIMITED. Indirect investment (without voting rights) of 99.34% is then held in the Issuer by MEF HOLDINGS LIMITED.

EMMA CAPITAL LIMITED was established in 2012 as the main management and holding company in the newly created EMMA Group. The ultimate owner of EMMA CAPITAL LIMITED is Mr. Jiří Šmejč with a direct interest of 64.7%. The remaining 35.3% of EMMA CAPITAL LIMITED is owned by six minority shareholders.

MEF HOLDINGS LIMITED is an investment company whose sole shareholder is Mr. Jiří Šmejč. Other minority shareholders with voting rights in EMMA CAPITAL LIMITED have 0.91% of the non-voting share of the project company EMMA ALPHA HOLDING LTD at the time of issue of this Prospectus.

The Issuer is unaware of any arrangements that could lead to a change in control over the Issuer.

11. FINANCIAL INFORMATION ON THE ASSETS AND LIABILITIES, FINANCIAL SITUATION AND THE PROFIT AND LOSS OF THE ISSUER

11.1 HISTORICAL FINANCIAL INFORMATION

The following charts show an overview of selected historical financial information about the Issuer from audited individual (non-consolidated) financial statements, including the comparable data as of 31. 12. 2017 and 31. 12. 2018, as presented in accordance with IFRS, therefore it should be read in connection therewith.

The Issuer's historical financial information was audited by the auditor - KPMG Slovensko spol. s r.o. The auditor issued its "without reservations" statement to the mentioned financial statements. From the date of the last audited financial statement, i.e. 31. 12. 2018, to the date of this Prospectus, there was, to the Issuer's best knowledge, no significant negative change of the Issuer's forecasts or any significant change of the financial or trading situation of the Issuer's company, except for the information set forth in this Prospectus.

ths EUR	31/12/2018	31/12/2017
Cash and cash equivalents	92	37
Deferred tax asset	3	4
Other assets	56	122
Total current assets	151	163
Finance assets	121 338	121 283
Total non-current assets	121 338	121 283
Total assets	121 489	121 446
Liabilities		
Trade payables	19	22
Bonds issued	1 225	1 225
Other payables	15	24
Total current liabilities	1 259	1 271
Bonds issued	120 000	120 000
Total non-current liabilities	120 000	120 000
Total liabilities	121 259	121 271
Equity		
Share capital	25	25
Legal reserve	5	3
Other capital funds	100	100
Accumulated profit/(losses)	45	-
Total comprehensive income for the year	55	47
Total equity	230	175
Total equity and liabilities	121 489	121 446

Source: Issuer's accounting

ths EUR	2018	2. 6. 2017 - 31. 12. 2017
Service costs	(40)	(27)
Other operating expenses	(260)	(3 644)
Operating expenses	(300)	(3 671)
Interest expense	(6 300)	(2 800)
Other finance expenses	(105)	(46)
Net finance expenses	(6 405)	(2 846)
Other operating income	192	3 644
Operating income	192	3 644
Interest income	6 600	2 933
Finance income	6 600	2 933
Profit/(loss) before tax	87	60
Tax	(32)	(13)
Profit/(loss) for the year	55	47
Other comprehensive income	-	-
Total comprehensive income for the year	55	47

Source: Issuer's accounting

ths EUR	2018	2. 6. 2017 - 31. 12. 2017
Profit/(loss) before tax	87	60
<i>Adjustments for:</i>		
Interest expense	6 300	2 800
Interest income	(6 600)	(2 933)
Impairment loss on other receivables	66	-
(Decrease)/increas on trade payables	(3)	22
Decrease/(increase) on other assets and receivables	1	(126)
(Decrease)/increas on other payables	(9)	24
Interest paid	(6 300)	(1 575)
Interest received	6 545	1 650
Others	(32)	(13)
<i>Net cash generated from/(used in) operating activities</i>	<u>55</u>	<u>(91)</u>
Cash flows from financing activities		
Proceeds from bonds issued	-	120 000
Loans granted	-	(120 000)
Increase of share capital	-	28
Increase of other capital funds	-	100
<i>Net cash (used in)/generated from financing activities</i>		<u>128</u>
Net (decrease)/increase in cash and cash equivalents	55	37
Cash and cash equivalents at beginning of the year	37	-
Cash and cash equivalents at end of the year	<u>92</u>	<u>37</u>

Source: Issuer's accounting

ths EUR	Share capital	Legal reserve fund	Other capital funds	Total comprehensive income	Total equity
Balance at 2 June 2017	25	3			28
Total comprehensive income for the year					
Profit/(loss) for the year	-	-	-	47	47
Contribution to other capital funds	-	-	100	-	100
Balance at 31 December 2017	25	3	100	47	175

Source: Issuer's accounting

ths EUR	Share capital	Legal reserve fund	Other capital funds	Profit/loss of previous years	Total comprehensive income	Total equity
Balance at 1 January 2018	25	3	100	-	47	175
Total comprehensive income for the year						
Allocation of profit	-	2	-	45	(47)	-
Profit/(loss) for the year	-	-	-	-	55	55
Balance at 31 December 2018	25	5	100	45	55	230

Source: Issuer's accounting

The main items of the balance sheet are represented by the issued bonds in the total amount of 120 mil. EUR and the related loans provided to the Guarantor as the main items of the Issuer's financial assets, amounting to 121.3 mil. EUR (31. 12. 2017: EUR 121.3 million). The Issuer's total balance sheet amounted to CZK 121.5 million as at 31 December 2018; EUR (31 December 2017: EUR 121.4 million).

The Issuer's profit and loss statement for 2018 consists mainly of interest expenses on bond issues and expenses related to administration and issuance of bonds totaling EUR 6.3 million. EUR (2. 6. 2017 – 31. 12. 2017: EUR 2.8

million). Revenues for 2018 represent mainly interest income on loans granted in the total amount of 6.6 mil. EUR (2. 6. 2017 – 31. 12. 2017: EUR 2.9 million).

11.2 JUDGMENTS AND ARBITRATION PROCEEDINGS

To the best of the Issuer's knowledge, no kind of judicial or arbitration proceedings are taking place or are imminent or have taken place in the last 12 months, which could have, or have recently, had a significant effect on the financial position or profitability of the Issuer or its group.

11.3 IMPORTANT CHANGE TO THE FINANCIAL OR TRADING SITUATION OF THE ISSUER

In the period from 31. 12. 2018 to the date of this Prospectus there has not been significant change to the financial or trading situation of the Issuer or its group.

12. ADDITIONAL INFORMATION

12.1 SHARE CAPITAL

The Issuer's share capital is fully repaid, amounting to EUR 25,000 and consists of 25 ordinary shares in a documentary form, with a nominal value per share of EUR 1,000. The shares are transferable without restriction.

12.2 FUNDAMENTAL DOCUMENTS AND ARTICLES OF ASSOCIATION

Articles of Association: In accordance with the legal regulations, the Articles of Association are deposited in the collection of documents in the Commercial Register.

Establishment of the Company: The company was founded by a foundation deed dated 19.4.2017. In accordance with the legal regulations, the foundation deed is deposited in the collection of documents in the Commercial Register.

Scope of activity: The objectives and purpose of the Issuer are governed by the specification in the subject of business - Article II of the Articles of Association - and in Section 5.1 of this Prospectus.

13. SIGNIFICANT CONTRACTS

The Issuer and the Guarantor have agreed to potentially reduce the risk associated with an Issuer's crisis by concluding a "Project Support Agreement" dated 10 May 2019. Under this Agreement, the Guarantor is required, but always in accordance with the law and the principles of sound corporate governance, to provide the Issuer with sufficient funds to overcome any Issuer's crisis so that the equity/liabilities ratio reaches the level required by the law, and to provide such cooperation that the Issuer meets its obligations under the Notes properly and in a timely manner.

As at the date of preparation of this Prospectus, the Issuer has not entered into any other significant agreement. It is assumed that after the Issue Date the Issuer will conclude a Loan Agreement with the Guarantor, in which it undertakes to provide the net proceeds of the issue of the Notes in the form of an interest-bearing loan. It is not expected that the Issuer will conclude any other contract that could give rise to a liability or claim from any member of the EMMA Group that would be material to the Issuer's ability to meet its obligations to the Noteholders.

IX. INFORMATION ABOUT THE GUARANTOR

1. AUTHORIZED AUDITORS

Individual (non-consolidated) audited financial statements of the Issuer as of 31. 12. 2017 and 31. 12. 2018, containing a financial situation statement, complete operating result statement, statement of changes in equity, and cash flow statement for 2017 and 2018, as well as notes on these financial statements prepared in compliance with the International Financial Reporting Standards, as adopted by EU (IFRS), have been audited by:

<i>Audit firm:</i>	KPMG Limited
<i>License No.:</i>	E194/A/2013
<i>Registered office:</i>	14 Esperidon Street, 1087 Nicosia, Republic of Cyprus
<i>Membership in professional organization:</i>	INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF CYPRUS
<i>Responsible person:</i>	Haris A. Kakoullis, CPA
<i>License No.:</i>	1471/E/2013

2. RISK FACTORS

Risk factors are specified in the introduction to this Prospectus - Chapter II. (Risk factors).

3. SELECTED FINANCIAL INFORMATION

Selected historical financial information which the Guarantor mentions in the below text is derived from audited individual financial statements of the Guarantor as of 31. 12. 2017 and 31. 12. 2018 therefore it should be read in connection therewith.

Guarantor's financial statements are set forth as Annex 3 and 4 hereto.

Guarantor's historical financial information for the accounting period ending on 31. 12. 2017 and 31. 12. 2018 was audited by the auditor - KPMG Limited. The auditor issued its "without reservations" statement to Guarantor's financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - summary

EUR	2 018	2 017	16.09.2015 - 31.12.2016
Dividend income	10 000 000	-	-
Interest income	2 448 677	1 559 294	418 823
Total revenue	12 448 677	1 559 294	418 823
Operating profit	11 943 995	1 413 499	329 882
Finance expenses	(6 779 589)	(9 410 022)	(1 832 404)
Net finance expenses	(6 743 393)	(8 624 859)	(1 832 400)
Profit/(loss) before tax	5 174 602	(7 211 360)	(1 502 518)
Tax	(26 000)	(269)	-
Profit/(loss) for the year	5 174 602	(7 211 629)	(1 502 518)

Source: Guarantor's accounting

STATEMENT OF FINANCIAL POSITION - summary

EUR	31/12/2018	31/12/2017	31/12/2016
Investments in associates	166 484 458	166 470 183	157 553 095
Loans receivable	-	-	14 031 962
Total non-current assets	166 611 958	166 597 683	171 585 057
Loans receivable	60 053 992	30 634 325	-
Cash at bank	3 012 141	27 274 176	9 163
Total current assets	63 066 133	57 908 501	9 163
Total assets	229 678 091	224 506 184	171 594 220
Total equity	108 300 989	103 126 387	105 818 016
Liabilities			
Loans and borrowings	120 000 000	120 000 000	-
Total non-current liabilities	120 000 000	120 000 000	-
Loans and borrowings	1 338 333	121 283 333	50 525 658
Total current liabilities	1 377 102	1 379 797	65 776 204
Total liabilities	121 377 102	121 379 797	65 776 204
Total equity and liabilities	229 678 091	224 506 184	171 594 220

Source: Guarantor's accounting

STATEMENT OF CASH FLOWS - summary

EUR	2018	2017	16.09.2015 - 31.12.2016
Net cash generated from/(used in) operating activities	9 565 125	(18 347 554)	(13 621 861)
Net cash used in investing activities	(27 109 167)	(24 085 863)	(142 383 413)
Net cash (used in)/generated from financing activities	(6 546 525)	69 529 923	156 014 437
Net (decrease)/increase in cash and cash equivalents	(24 090 567)	27 096 506	9 163
Cash and cash equivalents at end of the year	3 012 141	27 274 176	9 163

Source: Guarantor's accounting

4. INFORMATION ABOUT THE GUARANTOR**4.1 BASIC DATA***Commercial company:* EMMA GAMMA LIMITED*Registered in:* Companies Register kept by the Cypriot Ministry of Energy, Commerce and Industry*Registration No.:* HE 347073*Date of establishment:* The Guarantor was established on a day of its incorporation in the Companies Register of Cyprus, i.e. on 16. 9. 2015*Legal form:* "private company limited by shares"

Governing law: basic legal regulations which the Issuer is governed by when executing its activity are mainly the following acts: Cyprus Companies Law, Cap. 113.

Registered office: Themistokli Dervi Avenue 48, Athienitis Centennial Building, 3rd floor, room No. 303, 1066 Nicosia, Republic of Cyprus

Phone: +357 222 22 024

E-mail: daletraris@emmacapital.com.cy

Website: <http://www.emmacapital.cz/>

4.2 HISTORY AND DEVELOPMENT OF THE GUARANTOR

The Guarantor was founded on 16. 9. 2015 under the Cyprus law as a Cypriot private company limited by shares by incorporation in the Companies Register kept by the Ministry of Energy, Commerce and Industry, under file No. HE 347073.

EMMA GAMMA LIMITED belongs to the EMMA Group which was founded in 2012 based on the incentive of Jiří Šmejč. In 2013 the Group obtained its first large acquisition: international consortium created by the Group won in the competition for privatization of a one-third state share in the Greek lottery company called OPAP. In 2015 the EMMA Group together with its partner company KKCG AG started negotiating on purchase of a share in the CASINOS AUSTRIA Group and in Austrian lotteries in Austria. The result of the entire process was capital admission to the CASINOS AUSTRIA Group. In 2016 the EMMA Group and the KKCG Group obtained also a minority share in the Italian company LOTTOITALIA operating state lottery in Italy. Lottomatica S.p.A. is a partner to this project. The same year meant also a merger of betting and gaming activities of the KKCG Group and EMMA Group in the SAZKA Group where the KKCG Group holds a share of 75 % and the EMMA Group holds a share of 25 %.

In 2018 the SAZKA Group became a strategic partner holding and controlling a 67% share in the Croatian company Super Sport, which is the biggest service provider of sport betting in the Croatian market. The SAZKA Group holds the share in Super Sport by means of SAZKA Group Adriatic.

In March 2019 the EMMA and KKCG Group finished successfully the negotiations on the distribution of assets in the SAZKA Group. Based on Share Transfer Agreements between the Guarantor and KKCG, signed on 14 March 2019, the EMMA Group will acquire a 100% share in SAZKA Group Adriatic and KKCG will acquire 100 % of shares in SAZKA Group a.s. and also all the shares owned by SAZKA Group a.s. (among others) in the Czech SAZKA a.s., Greek OPAP, Italian Lottomatica, and Austrian company CASINOS AUSTRIA (“**Share Transfer Agreements**”).

Purchase prices under the Share Transfer Agreements have been already paid and termination and settlement of this transaction (Closing SG transaction and Closing SGA transaction), which means also legal transfer of titles, continues to be subject to conditions, among others also to the approval by competent anti trust authorities in countries where the SAZKA Group is active. In spite of the above-mentioned, the Share Transfer Agreements are drawn up so that economic benefits and risks related to ownership of shares in SAZKA Group a.s., including the benefits and risks related to the entire SAZKA Group, are transferred within the maximum possible extent to KKCG, and economic benefits and risks related to ownership of shares in SAZKA Group Adriatic, including the benefits and risks related to the entire SAZKA Group Adriatic Group, are transferred to the Guarantor, as of the date of signing the Share Transfer Agreements (while observing the limitations arising from the right to protection of competition and other statutory limitations). Meeting the conditions precedent of both transactions proceeds independently on each other. The Guarantor expects that the titles to the share in SAZKA Group Adriatic should be transferred within 4 months after signing the Share Transfer Agreements. In case of transferring the titles to shares in SAZKA Group a.s. it is possible to expect that a high number of required approvals (with respect to a high number of countries where the groups are active) will take more time.

Due to these facts the Guarantor describes in the Prospectus the SAZKA Group Adriatic Group as its main investment.

4.3 INVESTMENTS

Since the balance sheet date of the last published audited financial statements the Guarantor signed an agreement on distribution of assets in the SAZKA Group, based on which the Guarantor acquires a share in the SAZKA Group Adriatic Group (as described above).

In addition to that, no investments have been initiated or completed by the Guarantor as of the date of the Prospectus, nor been approved by any body of the Guarantor, nor has the Guarantor committed to any future investments that would be relevant in relation to the assessment of the Guarantor's solvency.

5. BUSINESS OVERVIEW

5.1 MAIN ACTIVITIES

The Guarantor's main activity is management and financing of its shares and investments, previously in the SAZKA Group, currently in the SAZKA Group Adriatic Group. In addition to that, the Guarantor provides also managerial and administrative services, and administration of assets for its subsidiaries. The Guarantor's main activities include investments in betting and gaming activities.

The Guarantor is a legal entity founded under the law of Cyprus. In accordance with its memorandum of association 3, the Guarantor's subject of business includes mainly:

- Acquisition and holding of titles, investments and assets,
- Financing of companies,
- Activity of sales representatives.

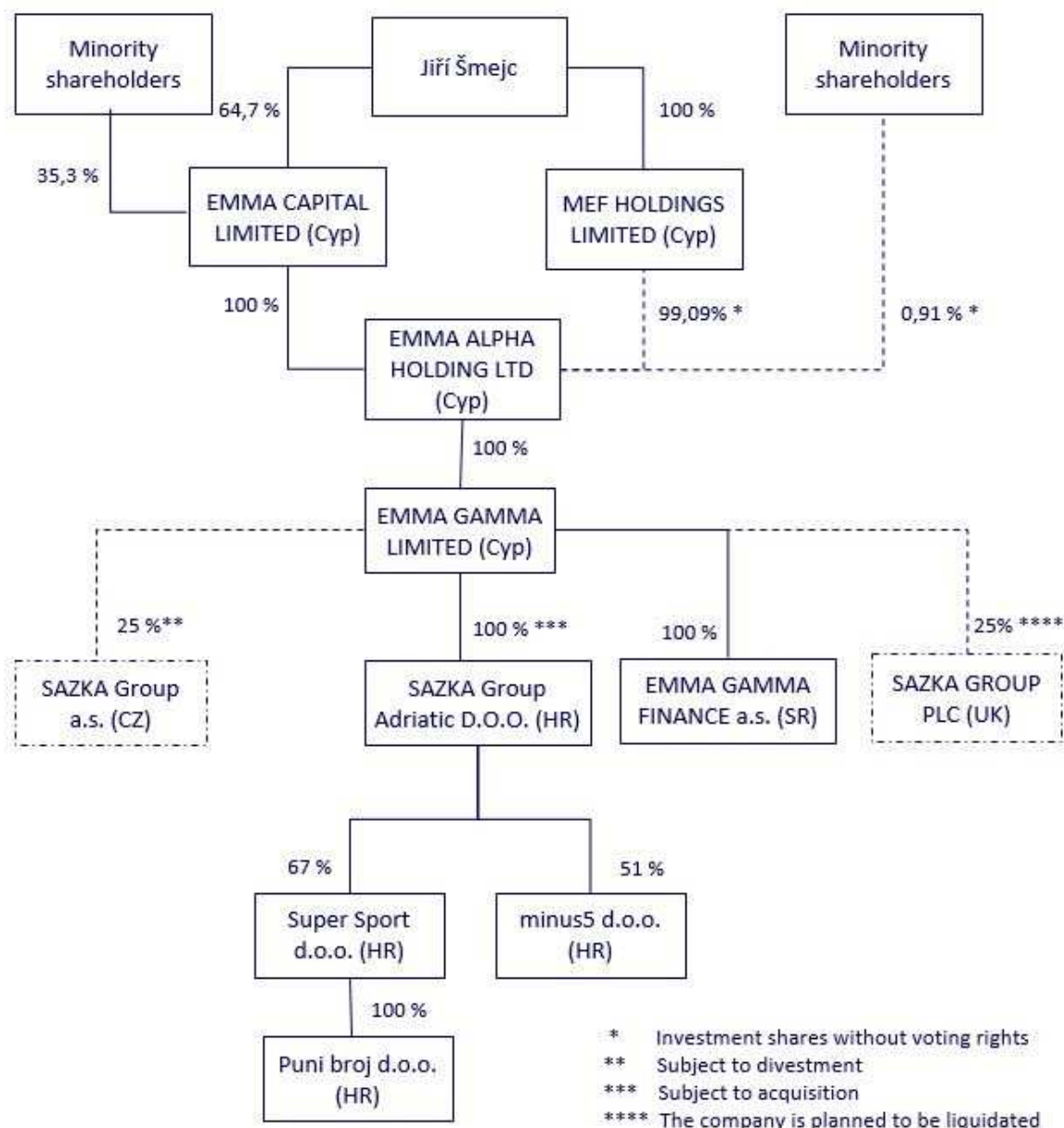
5.2 GUARANTOR'S MARKET POSITION

Except for the counselling services, the Guarantor as a parental company does not perform any other significant activity, save to administration of its capital participation, provision of securities, provision of credits, and financing. The Guarantor, as a separate entity, does not compete in any betting and gaming market.

6. ORGANIZATIONAL STRUCTURE AND SUBSIDIARIES

6.1 GROUP ORGANIZATIONAL STRUCTURE

The simplified graphic scheme below depicts the EMMA GAMMA Group and companies included in the organizational structure above EMMA GAMMA LIMITED (unless provided otherwise, a property share corresponds always also to a share in voting rights of a given person):



As of the date of the Prospectus, the Guarantor waits for obtaining of all the approvals necessary to transfer the shares in SAZKA Group Adriatic based on Share Transfer Agreements. After obtaining such approvals and after closing SGA transaction, SAZKA Group Adriatic and its subsidiaries will become a part of the EMMA GAMMA Group.

As of the date of the Prospectus, the Guarantor holds a 25% share in SAZKA Group a.s. After Closing SG transaction, i.e. after meeting the conditions precedent and after obtaining all the regulatory approvals, the ownership will be transferred and SAZKA Group a.s. and its subsidiaries will cease to be a part of the EMMA GAMMA Group.

6.2 POSITION OF THE GUARANTOR WITHIN THE GROUP

The Guarantor supports its companies in the field of central management, strategic management, development of existing and new sales channels and technologies, innovative gaming formats and marketing strategies.

6.3 DEPENDENCE OF THE GUARANTOR ON GROUP ENTITIES

The Guarantor is also a holding company dealing especially with administration of its own capital participations and provision of credits. Therefore, the Guarantor is dependent on dividend and other incomes from its subsidiaries. The Guarantor's ability to meet its obligations will thus be significantly affected by the value of its capital participations

and by a financial and economic situation of individual members of the EMMA GAMMA Group. The Guarantor's dependency on its shareholders results from their property shares and shares in voting rights.

7. TREND INFORMATION

The Issuer declares there has not been any significant negative change in the Guarantor's prospects, since the date of the Guarantor's last published audited financial statements, to the best of the Issuer's knowledge.

To the best of the Issuer's knowledge, the Issuer is not aware of any trends, uncertainties, claims, liabilities, or events that are reasonably likely to have a material impact on the Guarantor's prospects, as of the date of the Prospectus.

With respect to the fact the EMMA GAMMA Group is, by means of its investment in the SAZKA Group Adriatic Group, a recipient of economic benefits and risks from the field of sport betting and online gaming, there is a wide range of aspects and trends that might affect the EMMA GAMMA Group (and indirectly also the Guarantor and Issuer). The main trends include especially growth of the Croatian market, increasing share of online gaming, and regulation.

Growth of gaming market in Croatia

The Croatian betting and gaming market which includes the activities of Croatian licensed companies and their products, including but not limited to lottery games, sport betting, operation of brick-and-mortar casinos, VLT gaming terminals and other games, was growing pursuant to GGR for the period from 2003 to 2018 at the average annual rate of 7,3 % p.a. In 2018 the Croatian market in its entirety achieved the aggregate GGR of EUR 312 mil.¹ According to the data of H2 Gambling Capital, the Croatian market is expected to grow in the period from 2019 to 2023 at the average annual rate of 2,4 % p.a. The expected slowdown of the growth rate of the Croatian betting and gaming market can lead also to slowdown of the growth rate of the SAZKA Group Adriatic Group which is active in this market as well.

Online gaming

The gaming market in Croatia is generally affected by a growing demand for online gaming (games or bets realized via Internet regardless the type of an activity – sport betting, lottery, online casino, poker-type games, etc.) which has become more and more popular in the last years. While online gaming had only a 1% market share in 2013, it is expected according to the estimates of H2 Gambling Capital that it will achieve in 2018 the level of 17 %. The growth rate of online gaming achieved 34 % p.a. for the same period, as compared to the growth rate of GGR accepted in betting offices and casinos – 6 % p.a.²

With respect to trends within the EU and in comparison with the expected growth of GGR accepted in betting offices and casinos where the growth of 0,9 % p.a. is expected in the period from 2019 to 2023, online gaming is expected to grow annually in average by 9 % p.a. Online gaming has become more popular therefore it is possible to assume a more significant pressure on innovations within the product portfolio, increasing offer of services, lower barriers to entry into this field, decreasing significance of branch network and VLT gaming terminals. Therefore, the SAZKA Group Adriatic Group reacts actively on such changes and spends significant expenses for development and marketing of online products.

Regulation

Though the gaming market is not subject to any regulation at the all-European level yet, the regulation at the level of individual countries shows a developing trend with the objective to support mainly responsible betting, protection of customers, maintaining and increasing the state income and decreasing the share of the illegal gaming market. Due to this fact the regulation mode is made more restrictive, requirements on operation of betting and gaming activities are increasing, and costs are increasing as well (including a risk of possible increase of taxes from betting and gaming activities). Such measures can contribute to pressure on decreasing the profitability of assets.

8. PROFIT FORECASTS OR ESTIMATES

The Guarantor has not included either a forecast or estimate of profits in the Prospectus, nor has it prepared or published such as at the date of the Prospectus.

¹ Source: H2 Gambling Capital Database, March 2019, bets accepted online as well as in brick-and-mortar betting offices

² Source: H2 Gambling Capital Database, March 2019

³ Guarantor's calculation based on annual reports of Super Sport, Hrvatska Lutrija and Hattrick-PSK, for 2017.

9. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

9.1 BUSINESS MANAGEMENT OF THE GUARANTOR

The Managing Directors perform business management of the Guarantor and any other competence not delegated by the statutes, law or by a decision of a public authority to any other Guarantor's body. The Managing Directors ensure proper bookkeeping, they submit to the General Meeting proper and consolidated financial statements for approval, and in compliance with the statutes they submit also a proposal to allocate profit. The Guarantor has 3 Managing Directors. They have been elected for an indefinite period. The meeting of the Managing Directors is quorate if the majority of all the Managing Directors is present.

The Guarantor is represented always by two Managing Directors acting jointly.

The Managing Directors of the Guarantor at the date of this Prospectus are:

Radka Blažková

Guarantor's Managing Director since: 16. 9. 2015

Radka Blažková studied the Faculty of Economics, Západočeská univerzita, Cheb, and the Faculty of Corporate Economy at the University of Economics, Prague. She has been a CFO and member of statutory bodies in the EMMA Group since the very first day. She is responsible for all the financial and accounting transaction of the Issuer and of the entire EMMA Group.

Radka Blažková is also active in statutory and supervisory bodies of the following companies, respectively she executes the following main activities which are important for the Issuer:

- Managing Director of MEF Holdings Limited, Cyprus
- Member of the Supervisory Board of the Issuer
- Managing Director of MEF Holdings Limited, Cyprus
- Managing Director of EMMA CAPITAL LIMITED, Cyprus
- Managing Director of Emma Alpha Holding Ltd, Cyprus
- Managing Director of Emma Omega Ltd, Cyprus
- Member of the Board of Directors of Emerging Markets Capital a.s., Czech Republic
- Member of the Supervisory Board of Sazka Group Financing, a.s., Slovak Republic
- Member of the Supervisory Board of Austrian Gaming Holding a.s., Czech Republic
- Member of the Supervisory Board of SAZKA Czech a.s., Czech Republic
- Member of the Supervisory Board of Sazka Group a.s., Czech Republic
- Member of the Supervisory Board of IGH Financing a.s., Czech Republic
- Member of the Supervisory Board of Italian Gaming Holding a.s., Czech Republic

Demetrios Aletraris

Guarantor's Managing Director since: 16. 9. 2015

He studied the Economics at the London School of Economics and Political Science. After finishing the studies he started his carrier in KPMG Peat Marwick in London and later on he performed managerial offices in many corporations. He served as a CFO in General Insurance of Cyprus and Pancyprian Insurance, and from 2004 he was a Managing Director of CP Reinsurance for eight years. He joined the EMMA Group immediately after its foundation in 2012 and became a CEO of EMMA Capital Limited. As an expert in the field of effective functioning of companies, he was also selected to become a CEO of the lottery company OPAP Cyprus. Managed by Demetris, the company was significantly reorganized and achieved the biggest profitability for the whole period of its existence. Demetris Aletraris has been active in statutory bodies of the EMMA Group since 2012.

Demetris Aletraris is also active in statutory and supervisory bodies of the following companies, respectively she executes the following main activities which are important for the Issuer:

- Managing Director of MEF Holdings Limited, Cyprus

- Managing Director of EMMA Capital Limited, Cyprus
- Managing Director of Emma Alpha Holding Ltd, Cyprus
- Managing Director of Emma Omega Ltd, Cyprus
- Managing Director of EMMA DELTA VARIABLE CAPITAL INVESTMENT COMPANY LTD, Cyprus
- Managing Director of EMMA DELTA MANAGEMENT LTD, Cyprus
- Managing Director of EMMA DELTA HELLENIC HOLDINGS LIMITED, Cyprus

Androula Pangalou

Guarantor's Managing Director since: 16. 9. 2015

After graduating from the high school where she obtained a certificate in the field of economics, she studied the European University in Nicosia. In 2012 she joined Athena High Technology Incubator in Nicosia where she was responsible for communication with state authorities and European Union authorities. She performs similar tasks also in Cyproman Services where she has been working successfully since 2004. She manages a big part of the corporate legal agenda and conducts negotiations with state authorities in Cyprus as well as with international institutions. She has been active in statutory bodies of the EMMA Group since 2012.

Androula Pangalou is also active in statutory and supervisory bodies of the following companies, respectively she executes the following main activities which are important for the Issuer:

- Managing Director of MEF Holdings Limited, Cyprus
- Managing Director of EMMA Capital Limited, Cyprus
- Managing Director of Emma Alpha Holding Ltd, Cyprus
- Managing Director of Emma Omega Ltd, Cyprus

9.2 SUPERVISORY BOARD OF THE GUARANTOR

The Guarantor has not established any supervisory board.

9.3 CONFLICT OF INTERESTS AT THE LEVEL OF ADMINISTRATIVE, MANAGING AND SUPERVISORY BODIES

The Issuer is not aware of any possible conflict of interests between the obligations of the members of the Guarantor's Board of Directors or Supervisory Board towards the Guarantor and their private interests or other obligations.

9.4 AUDIT COMMITTEE

The Guarantor has not established any Audit Committee.

9.5 CORPORATE GOVERNANCE MODES

The Guarantor is currently governed by and observes all the requirements for corporate governance, as stipulated by the legal regulations of the Republic of Cyprus, especially by the Cyprus Companies Law, Cap. 113.

The Guarantor's financial statements for individual accounting periods are audited by external auditors in compliance with the relevant legal and accounting regulations.

10. MAIN SHAREHOLDER

The EMMA GAMMA Group is owned by EMMA ALPHA HOLDING LTD, which is owned by MEF HOLDINGS LIMITED (99,09 % of investment shares without voting rights), minority shareholders (0,91 % of investment shares without voting rights) and by EMMA CAPITAL LIMITED holding 100 % of voting rights. EMMA GAMMA LIMITED is controlled by EMMA CAPITAL LIMITED where the final beneficiary is Mr. Jiří Šmejč.

As of the date of this Prospectus no other specific measures have been adopted that might ensure no misuse of control.

11. FINANCIAL INFORMATION ON ASSETS AND LIABILITIES, FINANCIAL SITUATION AND PROFIT AND LOSS OF THE GUARANTOR

11.1 HISTORICAL FINANCIAL INFORMATION

The following charts show an overview of selected historical financial information of the Guarantor from audited individual (non-consolidated) financial statements, including the comparable data as of 31. 12. 2017 and 31. 12. 2018, presented in accordance with IFRS, therefore it should be read in connection therewith.

The Guarantor's historical financial information was audited by the auditor - KPMG LIMITED. The auditor issued its "without reservations" statement to the mentioned financial statements. From the date of the last audited financial statement, i.e. 31. 12. 2018, to the date of this Prospectus, there was, to the Issuer's best knowledge, no significant negative change of Guarantor's prospects or any significant change of the financial or trading situation of the Guarantor, except for the information set forth in this Prospectus.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

EUR	2018	2017	16.09.2015-31.12.2016
Revenue			
Dividend income	10 000 000	-	-
Interest income	2 448 677	1 559 294	418 823
Total revenue	12 448 677	1 559 294	418 823
Administrative expenses	(344 584)	(145 795)	(76 637)
Impairment loss on trade receivables and contract assets	(160 098)	-	-
Other operating expenses	-	-	(12 304)
Operating profit	11 943 995	1 413 499	329 882
Finance income	36 196	785 163	4
Finance expenses	(6 779 589)	(9 410 022)	(1 832 404)
Net finance expenses	(6 743 393)	(8 624 859)	(1 832 400)
Profit/(loss) before tax	5 200 602	(7 211 360)	(1 502 518)
Tax	(26 000)	(269)	-
Profit/(loss) for the year	5 174 602	(7 211 629)	(1 502 518)
Other comprehensive income	-	-	-
Total comprehensive income for the year	5 174 602	(7 211 629)	(1 502 518)

Source: Guarantor's accounting

STATEMENT OF FINANCIAL POSITION

EUR	31/12/2018	31/12/2017	31/12/2016
Investments in subsidiaries	127 500	127 500	-
Investments in associates	166 484 458	166 470 183	157 553 095
Loans receivable	-	-	14 031 962
Total non-current assets	166 611 958	166 597 683	171 585 057
Loans receivable	60 053 992	30 634 325	-
Cash at bank	3 012 141	27 274 176	9 163
Total current assets	63 066 133	57 908 501	9 163
Total assets	229 678 091	224 506 184	171 594 220
EQUITY			
Share capital	1 253	1 253	1 251
Share premium	111 839 281	111 839 281	107 319 283
Accumulated losses	(3 539 545)	(8 714 147)	(1 502 518)
Total equity	108 300 989	103 126 387	105 818 016
LIABILITIES			
Loans and borrowings	120 000 000	120 000 000	-
Total non-current liabilities	120 000 000	121 283 333	-
Loans and borrowings	1 338 333	1 283 333	50 525 658
Other payables	34 393	96 464	15 250 546
Tax liability	4 376	-	-
Total current liabilities	1 377 102	1 379 797	65 776 204
Total liabilities	121 377 102	121 379 797	65 776 204
Total equity and liabilities	229 678 091	224 506 184	171 594 220

Source: Guarantor's accounting

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Accumulated losses	Total
Balance at 1 January 2016				
Comprehensive income				
Loss for the year	-	-	(1 502 518)	(1 502 518)
Other comprehensive income				
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	(1 502 518)	(1 502 518)
Transactions with owners of the Company				
Issue of share capital	1 251	107 319 283	-	107 320 534
Total transactions with owners	1 251	107 319 283	-	107 320 534
Balance at 31 December 2016	1 251	107 319 283	(1 502 518)	105 818 016
Balance at 1 January 2017				
Comprehensive income				
Loss for the year	-	-	(7 211 629)	(7 211 629)
Other comprehensive income				
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	(7 211 629)	(7 211 629)
Transactions with owners of the Company				
Issue of share capital	2	4 519 998	-	4 520 000
Total transactions with owners	2	4 519 998	-	4 520 000
Balance at 31 December 2017	1 253	111 839 281	(8 714 147)	103 126 387
Balance at 1 January 2018				
Comprehensive income				
Loss for the year	-	-	5 174 602	5 174 602
Other comprehensive income				
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	5 174 602	5 174 602
Balance at 31 December 2018	1 253	111 839 281	(3 539 545)	108 300 989

Source: Guarantor's accounting

STATEMENT OF CASH FLOWS

EUR	2018	2017	16.09.2015 - 31.12.2016
Cash flows from operating activities			
Profit/(loss) for the year	5 174 602	(7 211 629)	(1 502 518)
Adjustments for:			
Unrealised exchange loss/(profit)	171 468	(168 507)	417
Impairment loss on trade receivables and contract assets	160 098	-	-
Loss (+) from sale of investments in associated undertakings	-	-	9 901
Dividend income	(10 000 000)	-	-
Interest income	(2 484 873)	(1 561 088)	(418 824)
Interest expense	6 601 525	5 747 752	1 831 756
Income tax expense	26 000	269	-
Cash used in operations before working capital changes	(351 180)	(3 193 203)	(79 268)
Decrease in other payables	(62 071)	(15 154 082)	70 811
Assignment of loan receivable	-	-	(13 613 404)
Cash used in operations	(413 251)	(18 347 285)	(13 621 861)
Dividends received	10 000 000	-	-
Tax paid	(21 624)	(269)	-
Net cash generated from/(used in) operating activities	9 565 125	(18 347 554)	(13 621 861)
Cash flows from investing activities			
Payment for acquisition of investments in subsidiaries	(14 275)	(27 500)	-
Payment for acquisition of investments in associated undertakings	-	-	(142 391 578)
Payment for capital contribution to investments	-	(9 017 088)	(1 000 000)
Loans granted	(69 542 127)	(30 190 712)	-
Loan repayments received	41 156 131	15 147 643	-
Proceeds from sale of investments in associated undertakings	-	-	1 008 164
Interest received	1 290 200	1 794	1
Net foreign exchange loss	904	-	-
Net cash used in investing activities	(27 109 167)	(24 085 863)	(142 383 413)
Cash flows from financing activities			
Proceeds from issue of share capital	-	4 520 000	107 320 534
Repayment of borrowings	(1 914 436)	(59 940 077)	(1 000 000)
Proceeds from borrowings	1 914 436	124 950 000	51 498 751
Proceeds from loans from shareholders	-	-	(1 804 848)
Interest paid	(6 546 525)	-	-
	(6 546 525)	69 529 923	156 014 437
Net (decrease)/increase in cash and cash equivalents	(24 090 567)	27 096 506	9 163
Effect of exchange rate fluctuations on cash held	(171 468)	168 507	-
Cash and cash equivalents at beginning of the year	27 274 176	9 163	-
Cash and cash equivalents at end of the year	3 012 141	27 274 176	9 163

Source: Guarantor's accounting

Guarantor's profit and loss statement consists mainly of interest expense on loans received from the Issuer and the re-invoicing of costs associated with the issue and administration of bonds totaling EUR 6.8 mil. EUR (2017: EUR 9.4 mil). Revenues represent interest income on loans to related parties in the amount of EUR 2.4 mil for 2018 (2017: EUR 1.6 mil), which amounted to EUR 60.1 mil as at 31. 12. 2018. EUR (31. 12. 2017: EUR 30.6 mil).

The total balance sheet of the Guarantor as at 31. 12. 2018 was EUR 229.7 mil (31. 12. 2017: EUR 224.5 mil). The main balance sheet item represents a 25% stake in SAZKA Group a.s. in the total amount of EUR 166,5 mil (31. 12. 2017: EUR 166.5 mil). These shares were pledged to the bond holders (ISIN: SK4120013012) and these bonds were fully repaid on 23. 4. 2019.

11.2 JUDGMENTS AND ARBITRATION PROCEEDINGS

To the best of the Issuer's knowledge, no kind of judicial or arbitration proceedings are taking place or are imminent or have taken place for the last 12 months, which could have, or have recently, have had a significant effect on the financial position or profitability of the Guarantor or its group.

11.3 IMPORTANT CHANGE TO THE FINANCIAL OR TRADING SITUATION OF THE GUARANTOR

Except for the below stated, there was no significant change in the financial or trading situation of the EMMA GAMMA Group from 31. 12. 2018 to the date of this Prospectus.

In March 2019 the EMMA and KKCG Group finished successfully the negotiations on the distribution of assets in the SAZKA Group. The EMMA GAMMA Group will hold the shares in SAZKA Group Adriatic owning a 67% share in the Croatian betting office Super Sport. On the other hand, 100 % of shares in SAZKA Group a.s. and also all the shares which SAZKA Group a.s. holds (among others) in Czech SAZKA Group a.s., Greek OPAP, Italian Lottoitalia and Austrian Casinos Austria, will be allocated to the KKCG Group after distribution. The above-mentioned sale of shares in SAZKA Group, a.s., to the KKCG Group has led (in individual statements of the Guarantor) to profit of approximately EUR 463,000,000 (before considering transaction expenses, etc.).

12. ADDITIONAL INFORMATION

12.1 SHARE CAPITAL

The Guarantor's issued share capital is fully paid, amounting to EUR 1,253 and consists of 1,253 ordinary shares, with a nominal value per share of EUR 1. According to the articles of association shareholder is entitled to transfer his shares in Guarantor to a third party without any restriction with the exception of Guarantor's managing directors, who can block the share transfer if they disagree with it, or with the exception of pre-emptive rights of other shareholders, if there will be some in the future.

12.2 FUNDAMENTAL DOCUMENTS AND ARTICLES OF ASSOCIATION

Articles of Association: The last amendment to the Guarantor's Articles of Association was on 30. 8. 2016.

Establishment of the Company: The company was founded by its incorporation in the Commercial Register on 16. 9. 2015.

Scope of activity: The objectives and purpose of the Guarantor are governed by the specification in the subject of business - Article III of the Articles of Association - and in Section 5 of this Prospectus.

13. SIGNIFICANT CONTRACTS

Below, the Guarantor lists contractual relations and other obligations of EMMA GAMMA Group which can be considered as material. These are, in particular, relationships arising from the subject of their business activity and relationships related to securing their operations, safety, risk limitation, use of external specialists and consultants, etc.

- Credit Agreement between the Guarantor as a debtor and J&T Private Investments II B.V. as a creditor, based on which the Guarantor was provided with credit of EUR 20,000,000, which will be repaid by the Guarantor latest after receiving the resources from the Notes
- Agreement with KKCG concerning distribution of assets in the SAZKA Group
- Option Contract to acquire a 100% share in Super Sport, concluded between Danko Ćorić as a seller, SAZKA Group Adriatic as a shareholder, and Emma Alpha Holding Ltd as a guarantor, originally of 26. 4. 2018, as amended
- Agreement with minority shareholders of minus5, concluded on 26. 4. 2018 between SAZKA Group Adriatic, Igor Anić, and Hrvoj Zlatar

- Credit Assignment Agreement between Sazka Group a.s. as an original creditor, Guarantor as a new creditor, and Sazka Group Adriatic as a debtor, concluded on 14. 3. 2019, based on which credit of EUR 112,000,000 was assigned to the Guarantor whereas the credit is subordinated to the syndicated loan described below
- Syndicated loan provided to SAZKA Group Adriatic and related Lien Agreements for shares of SAZKA Group Adriatic and of Super Sport, and Lien Agreement for receivables from the bank account of SAZKA Group Adriatic

It is assumed the Issuer will conclude with the Guarantor a Loan Agreement after the Issue Date whereas the Issuer will undertake in the Loan Agreement to provide net proceeds from the issue of Notes in the form of an interest-bearing loan.

It is not expected that the Guarantor will conclude any another contract that could give rise to a liability or claim from any member of the EMMA GAMMA Group that would be material to the Issuer's ability to meet its obligations to the Noteholders.

X. INFORMATION ABOUT THE SAZKA GROUP ADRIATIC GROUP

The obligations from Notes are secured by a guarantee by the Guarantor who is the sole shareholder of the Issuer – EMMA GAMMA LIMITED. The only source of the Guarantor’s income is ownership of SAZKA Group Adriatic and its two subsidiaries – Super Sport (together with the subsidiary PUNI BROJ) and minus5 – identified together as SAZKA Group Adriatic Group.

To increase the investors’ awareness of credibility of the liability bond securing debts from Notes, the Issuer provides the investors with selected information about the SAZKA Group Adriatic Group.

SUPER SPORT

1. BASIC DATA

<i>Company:</i>	Super Sport d.o.o.
<i>Place of registration:</i>	Republic of Croatia
<i>Bus. ID:</i>	48471634697
<i>Date of establishment:</i>	The company was established on a day of its incorporation in the Croatian Commercial Register on 23. 6. 2000.
<i>Legal form:</i>	limited liability company (“ <i>društvo s ograničenom odgovornošću</i> ”, <i>d.o.o.</i> ”)
<i>Applicable law:</i>	Super Sport performs its activity in compliance with the legal regulations of the Republic of Croatia, including but not limited to the following legal regulations (always as amended): <ul style="list-style-type: none">• Act on Games of Chance (Official Journal No. 87/2009, 35/2013, 158/2013, 41/2014, 143/2014)• Act on Corporations (Official Journal No. 110/2015)• Act on Taxes (Official Journal No. 115/2016)• Labor Code (Official Journal No. 93/2014)
<i>Address:</i>	Zagreb (Grad Zagreb), Krčka 18/d
<i>Website:</i>	https://www.supersport.hr/

2. HISTORY AND DEVELOPMENT

Super Sport was established in 2000 in Zagreb and it has gradually built its firm position of the leader in the Croatian sport betting market. The company offers a wide range of gaming services, such as sport betting, virtual sport betting, brick-and-mortar casinos and online casinos, bets on world lottery results with fixed rate and Poker. The company products can be accessed within its own branch network as well as online via Internet.

The company strategy was to build on an extensive network of betting offices in all the important cities in Croatia. Currently, Super Sport offers its services by means of 331 own betting offices, more than 923 self-service betting terminals, and online platform for virtual services. Nowadays, the company runs the most extensive network of brick-and-mortar betting offices in the sport betting market in Croatia.

In line with the world market trend development the company introduces continuously new products, which is reflected in a change of its business trends, whereas it is primarily a transfer from traditional betting in brick-and-mortar offices to online and mobile betting services. The company enables its customers sport betting via Internet since 2010. Online offer of gaming services of Super Sport is available by means of its own proprietary platform which supports the most devices, from web browsers to tablets, mobile phones and native applications for iOS as well as Android devices. The proprietary betting platform represents a globally unique solution and the websites of Super Sport belong globally to the fastest and most reliable ones. In January 2017 Super Sport launched the platform for online casino products.

In 2018 the SAZKA Group and its owners – EMMA and KKCG Groups - obtained a controlling share in Super Sport.

As of 31. 12. 2018 the company had 1,024 employees (1,041 employees as of 31. 12. 2017). More than 90 % are employees within the branch network of betting offices.

3. INVESTMENTS

In 2018 Super Sport realized acquisition of a 100% share in PUNI BROJ. The acquisition of PUNI BROJ was related to acquisition of Super Sport by the SAZKA Group.

4. MAIN ACTIVITIES

The specific product portfolio of Super Sport includes:

- Sport betting in brick-and-mortar betting offices
- Sport betting via self-service terminals
- Sport betting via Internet
- Sport betting on virtual sports
- Casino games in brick-and-mortar casinos
- Casino games via Internet
- Betting on lottery results

Sport betting

Since the foundation the main activity of the company has been provision of a wide range of sport betting on all significant types of world sport and sport events. The company offer contains ordinary types of betting such as pre-match bets on results, as well as more and more popular live bets during ongoing matches. The company offers its customers more than 170,000 live matches annually and up to 50,000 live matches can be watched by registered customers for free. Customers have a possibility to bet on an individual match or on several matches and eventually place a system bet. Customers can realize their bets by means of a wide range of betting offices, eventually via Internet from their own computer or mobile devices. While the customers' deposits in current 331 betting offices are realized exclusively in cash, customers can choose in the online environment from a wide offer of electronic payments (wire transfer, card payment and specialized electronic payment services such as Skrill). Deposits on the customers' online accounts can be realized also in branch offices, but exclusively in accordance with the requirements of Croatian Act on the Prevention of Legalization of Proceeds of Criminal Activity and Terrorist Financing.

A smaller part of betting services of the company is realized by means of self-service betting terminals located in brick-and-mortar betting offices, especially in specialized bars or cafeterias. Such appliances enable the visitors simple bet placement and eventual wins are subsequently paid out directly by the staff of the given facility. Owners of such facilities receive contractual commissions calculated as a share in GGR generated by a given appliance.

In compliance with the global betting trend customers in Croatia convert gradually from physical betting offices to the online environment. Super Sport has an essential competitive advantage which is its own proprietary IT platform where complex online betting services are provided. While the most world betting companies use products of some of the specialized providers of solutions for betting services, Super Sport relies from the very beginning on its own solution which is developed by minus5 (subsidiary within the SAZKA Group Adriatic Group). Thanks to its design and quality this platform represents a unique solution and was an important aspect when deciding on acquisition of Super Sport by the SAZKA Group.

Minus5 was established in 2009 in the Croatian Zagreb and it is focused on digital technologies in the field of sport betting. Its main services include development, implementation and maintenance of the platform for sport betting, virtual sports and lottery betting, provided exclusively for Super Sport. Minus5 develops all the new products of Super Sport, except for the contents for online casino which is supplied by a small group of specialized external providers. Intellectual property rights and source code for platform software are owned jointly by Super Sport and minus5 in the same proportion.

Casino games

Super Sport runs one brick-and-mortar casino in Zagreb. From the viewpoint of revenues, the contribution of the casino to the company results is insignificant but operation of a licensed brick-and-mortar casino is a statutory condition to obtain a license to operate online casino games. Super Sport launched a new line of online casino games in January 2017 – two years later than the state lottery company Hrvatská Lutrija. Nevertheless, Super Sport managed to build a leading position in the gaming segment already at the end of 2017.

Super Sport profits successfully from its wide network of customers who visit more often also the offer of online casino, thanks to successful marketing of sport betting. Within the online casino a wide offer of casino games or card

games (like Poker) is available to customers. The contents of online casino are supplied by world leading producers of this type of games and it is localized in the Croatian language. The company adjusts and completes continuously the offer of online casino in accordance with the last world trends and preferences of customers.

Other games

The gaming platform of Super Sport includes also sport betting on virtual sports and Croatia-specific bets on lottery games. Within the offer of virtual sports the customers have a possibility to place bets on virtual football, basketball or tennis matches, like in case of ordinary sport matches. The design of matches is very realistic and these matches attract more and more loyal customers.

In case of bets on lottery games a customer chooses some of the offered world lottery games and tips numbers or characteristics of numbers to be drawn within drawing (e.g. even / odd numbers). In contrast to ordinary “jackpot” lotteries, a customer knows in advance which amount he can win if he succeeds because winning depends on the value of deposit and fixed rate. A customer playing such type of game cannot win high jackpots which are offered by ordinary lotteries. This type of betting on world lotteries does not have anything in common with the so-called “secondary lotteries” which parasitize on underlying lotteries and customers often cannot see the difference between the official and secondary lottery. Bets on world lotteries contribute to the company revenues in percentage units.

5. MARKET POSITION

Market shares

In 2018 Super Sport achieved GGR in the segment of sport betting in the aggregate volume of EUR 87,2 mil. Based on the database data of the leading provider of statistics in the field of gaming industry, H2 Gambling Capital, the aggregate GGR in the field of sport betting in the Republic of Croatia is estimated at the level of EUR 147 mil., thus the market share of Super Sport in this segment should be approximately 59 % in 2018.

With respect to a lack of reported financial data during the preparation of the Prospectus it was not possible to determine the market share of the company in the casino segment in 2018. However, it is possible, based on the officially reported results of competitors in the relevant segment in 2017, to calculate reliably the company market share. The market share of Super Sport in the casino segment in 2017 was 56 %³, which corresponds to the calculated share of the company in the sport betting market.

Competition

The main competitor of Super Sport in the sport betting segment as well as in the online casino segment is Hattrick-PSK, the second biggest operator of betting offices in Croatia, belonging to the Fortuna Group. Hattrick-PSK is the biggest operator of self-service betting terminals in Croatia with more than 2,500 self-service betting terminals, but its network of betting offices is significantly smaller than in case of Super Sport. Other sport betting market players are Hrvatska Lutrija, Germania, Favbet and Stanleybet – companies owned by the state. With respect to rather strict regulatory requirements, introduction of a new more significant competitor in the Croatian sport betting market is not expected. Introduction of a new market player is limited by statutory conditions such as the obligation to have registered office in Croatia. Data servers being used for online gaming must be also physically located in Croatia. An applicant for license is also obliged to operate at least 50 active payment sides (brick-and-mortar betting offices) and employ at least 100 employees.

Except for Super Sport and Hattrick-PSK, Hrvatska Lutrija is active in the online casino segment. This company held approximately a 33% market share in 2017. In spite of the fact Hrvatska Lutrija launched the online casino 2 years before Super Sport, it was not able to keep its market share. This example illustrates well the power of brand and quality of the customer network which Super Sport has. It is possible that with respect to the fast-growing market of online casino other smaller companies providing sport betting will be interested in this market.

Like in other EU countries there is an illegal market of sport betting and online casino service providers in Croatia. The size of this market cannot be exactly determined but it could amount to several tens of percentage of the legal market. Currently, Croatia does not have any sufficient instruments to suppress completely those companies but conditions for implementation of blocking the access of Croatian citizens to websites of unlicensed operators by means of “IP blocking” are being prepared.

³ Guarantor’s calculation based on annual reports of Super Sport, Hrvatska Lutrija and Hattrick-PSK, for 2017.

Super Sport brand

Before Super Sport was acquired by the SAZKA Group, there had been an online questionnaire survey⁴ in late August and early September 2017, in which more than 1,000 players of sport betting in Croatia had taken part. The objective of the survey was to map the sport betting market, determine the power of brands of individual providers and verify satisfaction and loyalty of customers. It resulted from the survey that sport betting players in Croatia are very loyal to their preferred providers and are generally satisfied. Based on the survey, Super Sport showed to be a dominant brand, in many aspects even more powerful than Hrvatska Lutrija which represents a state provider of lottery and other gaming services and thus it should be generally more famous. A positive conclusion of the survey was mainly the fact that the Super Sport brand is popular and preferably used by young generation of players, which is an important presumption for keeping and increasing of results of the company within the long-term horizon.

6. LICENSE AND REGULATION

Like in other developed world countries the Croatian sport betting market is regulated. Super Sport holds a license to provide sport betting by means of brick-and-mortar betting offices and via Internet, whereas the license was issued by the Croatian Ministry of Finance for a period of 15 years and the license is valid by October 2025. Nowadays, obtaining a license for sport betting in Croatia is of a claim nature. Thus, a company which meets all the statutory requirements will be granted with a license. A risk that Super Sport would not renew the license in 2025 is minor. The company holds also a license for brick-and-mortar casino and online casino games whereas this license is valid by October 2026. The Croatian government can limit the total number of licenses for operation of sport betting. The current limit is 20 licenses whereas only 7 of them are used.

The segment of lotteries, sport betting and gambling is regulated by the Croatian Ministry of Finance. On 1 July 2013 Croatia became a member of the European Union and had to harmonize its legal regulations concerning the gaming sector with the EU requirements. On 1 January 2015 the amendment to the 2010 Act on Games of Chance (Zakon o igrama na sreću) became effective and this version is still effective. This specific Act regulates all the general aspects of the gambling sector. Specific topics relating to the provision of online games are subject to a regulation which became effective on 1 January 2015.

In compliance with the 2014 Act on Games of Chance, lottery games (number lotteries and scratch cards) can be organized and offered exclusively by Hrvatska Lutrija – company owned by the state. Any other gaming activities can be licensed by private operators who meet statutory conditions. The Act on Games of Chance contains an express ban on games at foreign unlicensed providers and service providers are subject to strict sanctions.

The Croatian Ministry of Finance as a sector regulatory authority is responsible for issuance of all the types of licenses for games. In accordance with the Act on Games of Chance, licenses can be granted only to entities having their registered office in Croatia and data servers being used for online gaming must be also physically located in Croatia. Licenses are issued for 15 years based on a standardized procedure of license granting. Gaming licenses for sport betting and casino games via Internet can be granted only to companies with existing brick-and-mortar locations in Croatia. In case of sport betting an applicant is obliged to operate at least 50 active payment sides (brick-and-mortar betting offices) and employ at least 100 employees. In case of on-line casino an applicant must operate at least one licensed brick-and-mortar casino.

In accordance with the regulatory requirements, Super Sport must have bank guarantees in the amount of HRK 15 mil. for betting games because it generates more than HRK 1 bil. of annual revenues. An annual fee of HRK 1 mil. must be paid for operation of sport betting by means of betting offices and betting terminals. An operator who accepts bets also via Internet, in addition to sport betting in brick-and-mortar betting offices, must pay an additional annual fee of HRK 3 mil. An operator of online casino must pay an annual fee of HRK 3 mil.

On 27 October 2017 the Croatian Parliament adopted a new Act on Prevention of Money-Laundering and Terrorist Financing (Zakon o sprječavanju pranja novca i financiranja terorizma) with the objective to transpose the 4th directive on money laundering (EU directive 2015/849) into the Croatian legal regulations. This new Act affects already the activity of operators of lottery and betting games as it is required from the operators to observe the rules for cash transactions beyond the specific limits.

The activities of Super Sport are fully in compliance with the provisions of the Croatian Act on Games of Chance and with all the relevant Articles of Association. The age of every customer in a brick-and-mortar betting office is verified by the staff of the given office whereas every customer must be 18. Online registration is rugged and

⁴ Survey realized by Kanatr TNS, 2017

sophisticated. It enables participation only to Croatian citizens because all the players must enter their individual tax ID number upon registration. This number is verified according to the register kept by the Ministry of Finance. After this verification a player obtains a temporary account which must be activated in any brick-and-mortar betting office. When depositing money to the player's account, the staff of a betting office requires submission of the player's ID card. If money is deposited by means of a wire transfer, the company asks the player's bank for verification. In January 2018 Croatia implemented the Act on Prevention of Money-Laundering based on the directive of the European Parliament No. 2015/849. In compliance with this Act, the maximum limit for cash transactions has been decreased to the equivalent of EUR 2,000.

7. TREND INFORMATION

In spite of a small number of providers, the Croatian sport betting market is highly developed and relatively saturated. In principle, all the licensed companies being active in the market offer traditional betting in betting offices as well as a modern alternative of online and mobile betting via Internet. Introduction of competitors is currently not very probable, with respect to the strict regulatory environment, and key market players have changed their ownership structure quite recently (admission of SAZKA Group to Super Sport in 2018 and acquisition of Hattrick-PSK by Fortuna in 2017).

Since the online and mobile betting system was introduced, traditional sales channels (betting offices and self-service betting terminals) have experienced gradual decrease of their user baseline and paid deposits, and more and more customers convert to the Internet virtual environment. This transfer has a positive impact on the number and volume (deposits) of individual bets realized via Internet but at the expense of a lower average margin than achieved usually in case of betting in brick-and-mortar betting offices.

A reliable and user-friendly technological platform for placement of sport bets via Internet, favorable sport betting offer, wide offer of matches, and mainly wide range of live bets on ongoing matches, is important for customers. Online casino which is available since 2015 has significantly changed the Croatian market. Nowadays, three operators offer the Internet casino to their customers and this segment belongs to unambiguously fastest-growing segments in the gaming market in Croatia. We can assume that the online casino segment will be also in the next years a main reason of growth of the Croatian gaming market. Such growth will be supported by extension of the offer of games of existing operators and probably also by launching of new online casinos by other companies being active in the market.

The existence of a significant illegal market of sport betting and online casino is generally expected in Croatia, whereas the competitive advantage of such market, as compared to the legal operators, is a more favorable rate for customers, resulting from non-payment of taxes from gambling. The objective of the prepared legislation is to eliminate such illegal market. Effective implementation of measures could cause the future growth for licensed companies in the market. A legal regulation which should set the conditions for blocking of IP addresses of unlicensed operators when offering online games in the Croatian territory should be implemented in 2019.

8. SELECTED FINANCIAL INFORMATION

The following charts show an overview of selected historical financial information⁵ about Super Sport from its audited financial statements, as presented in accordance with IFRS, therefore it should be read in connection therewith.

The historical financial information of Super Sport for 2018 and 2017 was audited by the auditor - KPMG Croatia. The auditor issued its "without reservations" statement to the mentioned financial statements. From the date of the last audited financial statement, i.e. 31. 12. 2018, to the date of this Prospectus, there was, to the Issuer's best knowledge, no significant negative change of the forecasts of Super Sport or any significant change of the financial or trading situation of Super Sport.

⁵This historical financial data is entered in the financial statements of Super Sport in Croatian Kuna and is recalculated in the Prospectus in euros by the relevant exchange rate of the Croatian National Bank. The balance sheet items are recalculated by the exchange rate of the Croatian National Bank as of 31 December of a given year and the items in the profit and loss statement are recalculated by the average exchange rate of the Croatian National Bank in a given year.

ths EUR	2018	2017	2016
Total operating income	95 384	76 376	50 996
Total operating expenses	36 418	29 833	24 087
Operating profit	58 966	46 543	26 909

ths EUR	31.12.2018	31.12.2017	31.12.2016
Total assets	82 288	97 199	69 369
Total equity	69 512	86 292	63 122

Economic performance in 2018:

In 2018 the total operating revenues of Super Sport amounted to EUR 95,4 mil., which means an annual increase by c. 25 % driven mainly by online casino growth. While online casino revenues have been growing rapidly, revenues from brick-and-mortar locations have remained relatively constant. Revenues from betting activities amounted to EUR 66,4 mil., whereas revenues from casino (brick-and-mortar casinos as well as online casinos) amounted to EUR 27,3 mil. Regarding the revenues by the sales channels, revenues from online activities amounted to EUR 62,0 mil., whereas revenues from brick-and-mortar locations amounted to EUR 31,8 mil.

In 2018 operating profit increased by 27 % to EUR 59,0 mil., as compared to EUR 46,5 mil. in 2017, mainly due to the increase of revenues.

The total balance sheet sum as of 31. 12. 2018 amounted to EUR 82,3 mil., which was an annual decrease of 15 % and the equity amounted to EUR 69,5 mil. The company did not have any bank debt as of 31. 12. 2018.

Economic performance in 2017:

In 2017, the total operating revenues of Super Sport amounted to EUR 76,4 mil., which means an annual increase by c. 50 %, as compared to 2016. Increase in revenues has been mainly driven by the start of online casino in January 2017. Revenues from betting activities amounted to EUR 61,3 mil., whereas revenues from casino (brick-and-mortar casinos as well as online casino) amounted to EUR 14,8 mil. Regarding the revenues by the sales channels, revenues from online activities amounted to EUR 45,4 mil. whereas revenues from brick-and-mortar locations amounted to EUR 30,7 mil.

In 2017 operating profit increased by c. 73 % to EUR 46,5 mil., as compared to EUR 26,9 mil. in 2016, mainly due to the increase of revenues.

The total balance sheet sum as of 31. 12. 2017 amounted EUR 97,2 mil., which was an annual decrease of 40 % and the equity amounted to EUR 86,3 mil. The company did not have any bank debt as of 31. 12. 2017.

9. SIGNIFICANT CONTRACTS

Super Sport has entered into a number of contractual relationships as part of its business activities. These are, in particular, relationships arising from the subject of its business activity. Furthermore, there are relationships related to securing its operations, safety, risk limitation, use of external specialists and consultants, etc. Below Super Sport gives the contractual relationships and other commitments that may be considered significant from the point of view of Super Sport.

In 2009 minus5 and Super Sport entered into a Technical Cooperation Agreement based on which minus5 provides Super Sport with services related to maintenance, upgrade and adjustment of the IT system, user and technical support, and counselling services.

In 2018 minus5 and Super Sport entered into a Copyright Agreement, based on which both companies own equally the intellectual property rights and software source code for betting, virtual sport, horse racing, and lotto betting.

PUNI BROJ

1. BASIC DATA

Company: PUNI BROJ d.o.o.

Place of registration: Republic of Croatia

<i>Bus. ID:</i>	27011922678
<i>Date of establishment:</i>	The company was established on a day of its incorporation in the Croatian Commercial Register on 30. 12. 2002.
<i>Legal form:</i>	<i>limited liability company (“društvo s ograničenom odgovornošću”, d.o.o.)</i>
<i>Applicable law:</i>	PUNI BROJ performs its activity in compliance with the legal regulations of the Republic of Croatia, including but not limited to the following legal regulations (always as amended): <ul style="list-style-type: none"> • Act on Games of Chance (Official Journal No. 87/2009, 35/2013, 158/2013, 41/2014, 143/2014) • Act on Corporations (Official Journal No. 110/2015) • Act on Taxes (Official Journal No. 115/2016) • Labor Code (Official Journal No. 93/2014)
<i>Address:</i>	Zagreb (Grad Zagreb), Krčka 18/d

2. HISTORY AND DEVELOPMENT

PUNI BROJ was established in 2002 in the Croatian Zagreb and it holds a license to operate VLT gaming terminals in Croatia. Its main activities and sources of income include operation of VLTs located in Super Sport betting offices and operation of two gaming clubs with VLTs and electronic roulette in Zagreb.

PUNI BROJ and Super Sport entered in January 2016 in a Cooperation Agreement when placing VLTs in Super Sport betting offices. Placement of VLTs in Super Sport betting offices was selected by the original owner of the company as a measure to compensate the decrease of revenues from customers of brick-and-mortar locations. PUNI BROJ has gradually increased the number of VLTs located in Super Sport betting offices from 9 at the beginning of 2016 to the total number of 488 in March 2019. Further 36 VLTs and two electronic roulettes are located in two gaming clubs operated by the company in Zagreb. These gaming clubs contain also a cafeteria / bar offering refreshment for its customers. PUNI BROJ operates also a cafeteria / bar which is located in the casino operated directly by Super Sport in Zagreb.

In 2018 SAZKA Group a.s. and its then owners – the EMMA and KKCG Group - acquired a controlling share in PUNI BROJ. Since 2018 the company has been 100% owned by Super Sport. Previously, it was owned by the original owner as a natural person.

3. INVESTMENTS

PUNI BROJ did not realize any investments in the last period. On the contrary, it became a 100% subsidiary of Super Sport in 2018.

4. MAIN ACTIVITIES

- Operation of VLTs
- Operation of gaming clubs
- Catering

5. MARKET POSITION

Results of PUNI BROJ depend mostly on Super Sport as the most turnover of this company comes from services being provided within the branch network of Super Sport. PUNI BROJ belongs to less significant operators of VLTs in Croatia and its market share according to the number of operated VLTs is estimated around 5-10 %.

6. TREND INFORMATION

The activity of PUNI BROJ is affected by similar trends as in case of Super Sport. Even in case of VLTs the demand will be gradually transferred from brick-and-mortar locations to the online environment. However, as compared to sport betting, slower transfer is expected in this segment and the company expects stable revenues also in next years of operation.

7. SELECTED FINANCIAL INFORMATION

The following charts show an overview of selected historical financial information about PUNI BROJ from its audited financial statements, as presented in accordance with the Croatian accounting standards, therefore it should be read in connection therewith.

The historical financial information of PUNI BROJ for 2018 and 2017 was audited by the auditor - KPMG Croatia. The auditor issued its "without reservations" statement to the mentioned financial statements. From the date of the last audited financial statement, i.e. 31. 12. 2018, to the date of this Prospectus, there was, to the Issuer's best knowledge, no significant negative change of the forecasts of PUNI BROJ or any significant change of the financial or trading situation of PUNI BROJ.

ths EUR	2018	2017	2016
Total operating income	6 897	5 097	2 203
Total operating expenses	2 258	2 111	1 473
Operating profit	4 639	2 986	730
ths EUR	31.12.2018	31.12.2017	31.12.2016
Total assets	5 287	4 241	2 213
Total equity	4 527	3 546	1 115

Economic performance in 2018:

In 2018 the total operating revenues of PUNI BROJ amounted to EUR 6,9 mil., which means an annual increase by c. 35 %. Revenues from operation of gaming clubs amounted to EUR 1,5 mil., whereas revenues from lease of VLTs amounted to EUR 5,3 mil.

In 2018 operating profit increased by c. 55 % to EUR 4,6 mil., as compared to EUR 3,0 mil. in 2017.

The total balance sheet sum as of 31. 12. 2018 amounted to EUR 5,3 mil. which was an annual decrease of 25 % and the equity amounted to EUR 4,5 mil. The company did not have any bank debt as of 31. 12. 2018.

Economic performance in 2017:

In 2017 the total operating revenues of PUNI BROJ amounted to EUR 5,1 mil., which means an annual increase by c. 131 %. Revenues from operation of gaming clubs amounted to EUR 1,2 mil., whereas revenues from lease of VLTs amounted to EUR 3,7 mil.

In 2017 operating profit increased more than four times to EUR 3,0 mil., as compared to EUR 0,7 mil. in 2016.

The total balance sheet sum as of 31. 12. 2017 amounted to EUR 4,2 mil. which was an annual decrease of more than 92 % and the equity amounted to EUR 3,5 mil. The company did not have any bank debt as of 31. 12. 2017.

8. SIGNIFICANT CONTRACTS

Super Sport and PUNI BROJ have entered into a Business Cooperation Agreement in the form of a Lease Agreement. The Agreement is signed for 10 years and it can be terminated only if agreed by both Parties.

XI. THIRD PARTY DATA AND DOCUMENTATION FOR INSPECTION; DATA CHECKED BY THE AUDITOR

1. THIRD PARTIES DATA

No statement or report by any person acting as an expert is included in the Prospectus.

In Section 7 of Chapter IX of the Prospectus, data published by the monitoring company H2 Gambling Capital was used to illustrate the growth of the Croatian gaming market and growth of online gaming.

In Section 5 of Chapter X of the Prospectus, data published by the monitoring company H2 Gambling Capital and data resulting from annual reports of Super Sport, Hrvatska Lutrija and Hattrick-PSK were used to determine the growth of the market shares of Super Sport.

In Section 5 of Chapter X of the Prospectus, data from the survey made by Kantar TNS was used to map the sport betting market, determine the power of brands of individual providers, and to verify satisfaction and loyalty of customers.

Such information has, to the knowledge of the Issuer, been accurately reproduced, and to the extent it is able to ascertain from the information disclosed by the third party concerned, no facts have been omitted that would render the reproduced information inaccurate or misleading.

2. DOCUMENTS FOR INSPECTION

The full version of the obligatory audited financial statements of the Issuer and of the Guarantor, including the attachments and the audit statements thereto, are available upon request during working hours at the Issuer's registered office.

All other documents and materials mentioned in this Prospectus concerning the Issuer and the Guarantor (except for significant contracts set forth in Section 13 of Chapter VIII and Chapter IX), including the Guarantor's historical consolidated financial data for each of two financial years prior to publishing this Prospectus are available for inspection at the Issuer's registered office. It is also possible to inspect the foundation documents and the Articles of Association of the Issuer and of the Guarantor, the Agreements with the Fiscal and Paying Agent.

All the documents referred to in this point 2 will be available at these locations until the Maturity Date of the Notes.

3. INFORMATION REFERRED TO IN THE PROSPECTUS AS CHECKED BY THE AUDITOR

In addition to the selected information from the Issuer's and Guarantor's audited historical financial information for 2017 and 2018, the Prospectus contains no Issuer's data that has been checked by the auditor. Selected financial information about the Issuer and Guarantor listed in the Prospectus comes from audited financial statements.

XII. TAXATION IN THE SLOVAK REPUBLIC

Future Note holders are advised to consult with their legal and tax advisors on the tax consequences of the purchase, sale and holding of Notes and accepting Note yield payments under the tax laws in force in the Slovak Republic and in the countries in which they are taxpayers with unlimited tax liability, as well as in other countries where the proceeds from the holding and sale of the Notes may be taxed.

*The following short summary of taxation in the Slovak Republic is based mainly on Act No. 595/2003, as amended (hereinafter referred to as the “**Income Tax Act**”) and related legislation effective at the date of preparation of this Prospectus as well as from the normal interpretation of these laws and other regulations applied by the Slovak tax authorities and known to the Issuer at the date of this Prospectus. All of the information below may vary depending on changes in the applicable legislation that may occur after that date or in the interpretation of this legislation that may be applied after that date.*

In the event of a change in the applicable law or its interpretation in relation to the taxation of Notes, the Issuer will proceed under this new scheme and not under the regime given below. If on the basis of a change in the applicable law or its interpretation, the Issuer is required to make income tax deductions or other deductions or contributions from the Notes, the Issuer shall not incur any liability for the payment of any such deductions or any contributions in respect of the Noteholders in respect of such deductions or contributions.

Taxation of Note income in the Slovak Republic

Non-resident taxable person

Income from Notes for a taxpayer with limited tax liability in Slovakia (hereinafter referred to as a “Non-resident taxable person”) shall not be considered as income from sources in the Slovak Republic. They are therefore subject to taxation in Slovakia only if they are attributable to its permanent establishment in Slovakia.

Permanent non-resident tax establishment in Slovakia

Note income attributable to a permanent non-resident tax establishment in Slovakia are income from sources in the territory of the Slovak Republic. This income is included in the tax base of that permanent establishment and the resulting taxable amount from the tax return is subject to income tax at the appropriate rate of 21% for legal entities or 19%/25% for natural persons (individuals).

In the case of the permanent establishment of a non-resident taxpayer who is not a taxpayer of an EU Member State or of a State making up the European Economic Area, the Issuer is required to make a 19% tax deduction from the payment of the yield, unless the relevant double taxation convention specifies otherwise. If the entity to which the aforementioned income is paid is a taxpayer of a so-called non-contracting country, i.e. a natural person who does not have permanent residence, or a legal entity not having its registered office, in a state listed in the list of countries published on the website of the Ministry of Finance of the Slovak Republic (hereinafter referred to as “Non-Contracting State Taxpayer”), or if an income payer is not able to prove the final recipient of the paid income, a tax rate of 35 % will be applied. The income payer will not be obliged to make any tax deduction if the Non-resident taxable person submits to the paying entity a confirmation from the Slovak Tax Administrator that he is paying tax advances.

The amount of the tax deduction is considered as a tax advance. The tax administrator may decide that the taxpayer's tax liability is met if the taxpayer fails to submit a tax return.

The revenues from the Notes of the associated permanent establishment of a non-resident tax payer in Slovakia, who is a natural person or a taxpayer not founded or not established for business (such as a foundation, a civic association, a municipality, a higher territorial unit, etc.) and the National Bank of Slovakia (hereinafter referred to as “Specific subjects”) would be subject to a 19% withholding tax (35% in the case of a Non-Contracting State Taxpayer) as follows :

- a) The withholding tax from the income of the permanent establishment of a Non-resident Taxpayer - natural person in Slovakia must be executed by the Issuer when paying out the income, respectively by the securities trader who holds Notes for a natural person - individual. The tax liability in respect of the yield from Notes is met when the withholding tax deduction is made.
- b) The payer of the withholding tax on the income from the permanent establishment of a Non-resident Taxpayer - Specific entity in Slovakia is the beneficiary - Specific subject. The tax liability of Specific entities in relation to the yield from Notes is met when the withholding tax deduction is made.

Tax resident - natural person

The income from Notes to a taxpayer with unlimited tax liability in Slovakia (“**Resident Taxpayer**”) - a natural person is subject to withholding tax at a rate of 19% (35% in the case of a Non-Contracting State Taxpayer or if an income payer is not able to prove the final recipient of the paid income). The withholding tax must be executed by

the Issuer when paying out the yield, respectively by the securities trader who holds Notes for a natural person - individual. The tax liability in respect of the yield from Notes is met when the withholding tax deduction is made.

Tax resident - legal entity

A tax resident - legal entity, other than a Specific entity, includes the income from Notes in their tax base and taxes them at a rate of 21%.

Tax resident - Specific subject

Note yields for Specific subjects are subject to withholding tax at a rate of 19% (35% in the case of Non-Contracting State Taxpayers or if an income payer is not able to prove the final recipient of the paid income). The payer of the withholding tax in this case is the beneficiary - Specific subject. The tax liability in respect of the yield from Notes is met when the withholding tax deduction is made.

Taxation of income from Note transfers in the Slovak Republic

Non-resident taxable person

The proceeds from the transfer of Notes (i.e. the difference between the Note sale income and the purchase price demonstrably paid for the Note) are income from sources in the Slovak Republic only if they are proceeds from remittances from Tax Residents or from permanent establishments of Tax Non-Residents in Slovakia, and provided that the relevant double taxation convention does not otherwise provide.

If a non-resident taxpayer is not a taxpayer of an EU Member State or of a state making up the European Economic Area, a tax resident or a permanent establishment of a non-resident taxpayer in Slovakia paying out the relevant proceeds is required to deduct withholding tax of 19% (35% in the case of Non-Contracting State Taxpayer or if an income payer is not able to prove the final recipient of the paid income) from the cash proceeds. No withholding tax will not have to be deducted if the Non-resident Taxpayer submits to the paying entity a confirmation from the Slovak tax administrator that he is paying tax advances.

The amount of the tax deduction is considered as a tax advance. The tax administrator may decide that the taxpayer's tax liability is met if the taxpayer fails to submit a tax return.

Permanent non-resident tax establishment in Slovakia

Proceeds from the transfer of Notes attributable to a permanent non-resident tax establishment in Slovakia are income from sources in the territory of the Slovak Republic. These incomes are included in the tax base of that permanent establishment and the resulting tax base from the tax return is subject to income tax at the appropriate rate of 21% for legal entities or 19%/25% for natural persons (individuals). The loss resulting from the transfer of a Note below the entry price is generally not a tax expense, with certain exceptions as defined in the Income Tax Act, for example in relation to taxable persons who trade in securities.

In the case of the permanent establishment of a Non-resident Taxpayer who is not a taxpayer of an EU Member State or a country making up the European Economic Area, the Tax Resident or a permanent establishment of a Non-resident Taxpayer in Slovakia paying out the relevant proceeds is required to deduct 19% withholding tax (35% in the case of a Non-contracting State Taxpayer or if an income payer is not able to prove the final recipient of the paid income) from the cash proceeds. No withholding tax will not have to be deducted if the Non-resident Taxpayer submits to the paying entity a confirmation from the Slovak tax administrator that he is paying tax advances.

The amount of the tax deduction is considered as a tax advance. The tax administrator may decide that the taxpayer's tax liability is met if the taxpayer fails to submit a tax return.

Tax resident - natural person

The proceeds from the transfer of Notes (i.e. the difference between the Note's sale income and the purchase price demonstrably paid for the Note) are included among so-called Other Income of the Tax resident - natural person and is included in the taxable income tax base of that taxpayer. Progressive tax rates of 19% or 25% are applied to the taxpayer – natural person's tax base and incomes from transfer of securities are subject to a 14% contribution to health insurance company.

Depending on the other income included in the taxable person's tax base, an exemption of up to EUR 500 may be applied within one tax period. If the revenue for which exemption can be claimed cumulatively exceeds EUR 500, only revenue over this amount will be included in the tax base. The loss resulting from the transfer of a Note below the entry price is generally not a tax expense, with the exception of specific cases defined in the Income Tax Act. In case the Notes are determined for trading in a regulated market and a natural person holds them longer than 1 year, incomes from their transfer are tax-exempt.

Tax resident - legal entity

A tax resident - legal entity, other than Specific entities, includes the yield from Notes in their tax base and taxes them at a rate of 21%. The loss resulting from the transfer of a Note below the entry price is generally not a tax expense, with the exception of specific cases defined in the Income Tax Act.

Tax resident - Specific subject

The proceeds from the sale of Notes paid out to a Specific Entity are subject to withholding tax at a rate of 19% (35% in the case of a Non-Contracting State Taxpayer or if an income payer is not able to prove the final recipient of the paid income). The payer of the withholding tax in this case is the beneficiary - Specific subject. The tax liability in respect of the proceeds from transfer of Notes is met when the withholding tax deduction is made.

XIII. RECOVERY OF PRIVATE DEBT LIABILITIES TO THE ISSUER

The information in this chapter is presented only as general information on the characteristics of the law on the recovery of the private liabilities of the Issuer in the Slovak Republic effective as of the date of this Prospectus and were obtained from publicly available documents. Neither the Issuer nor its advisors make any representations regarding the accuracy or completeness of the information provided herein. Potential Note holders should not solely rely on the information provided herein and it is recommended that they review with their legal advisors the issues of recovering private liabilities to the Issuer in each relevant country.

The Terms and Conditions determine the jurisdiction of the Slovak courts in settling disputes between the Issuer and the Noteholders in relation to the Notes. The Issuer has not agreed to the jurisdiction of a foreign court in connection with any legal proceedings initiated on the basis of the acquisition of any Notes (except for disputes arising from the Lien) nor has it appointed any representative to act in any country. As a consequence, the holder of any Notes may have a limited opportunity to initiate any proceedings or to request foreign courts to issue judgments against the Issuer (and its founder) or to execute court rulings issued by such courts based on foreign law provisions. The security documentation regarding the Lien is governed by the laws of the Czech Republic and establishes the jurisdiction of the Czech courts to resolve disputes arising therefrom.

In connection with the accession of the Slovak Republic to the European Union, Regulation of the European Parliament and Council (EU) No 1215/2012, on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters is directly applicable. Under this Regulation, judgments in civil and commercial matters issued by judicial authorities in the Member States of the European Union are generally recognized and enforceable in the Slovak Republic and vice versa. The same applies in the same way to the Czech Republic.

When recognizing judgments given in countries which are not Member States of the European Union, the relevant international treaty on the recognition and enforcement of judgments shall apply for the purposes of the recognition and enforcement of judgments in the Slovak Republic if it has been concluded between the Slovak Republic and such country. In the event that such a treaty has not been concluded, the decisions of foreign courts may be recognized and enforced in the Slovak Republic under the conditions laid down by Act No 97/1963, on Private and Procedural International Law, as amended (hereinafter referred to as “**ZMPS**”).

According to the “**ZMPS**”, it is not possible to generally recognize and execute in the Slovak Republic decisions of bodies of a foreign country, agreements and judgments approved by them on rights and obligations in private law on which the courts would rule in the Slovak Republic, as well as foreign notarial documents in these matters (“**foreign decisions**”) **if** (i) the matter falls under the sole jurisdiction of the Slovak courts, or the body of the foreign state would not have the power to decide whether the provisions of Slovak law could be used to assess its jurisdiction, **or** (ii) those foreign decisions are not lawful or executable in the country in which they were issued, **or** (iii) are not a decision in the main proceedings, **or** (iv) the party to the proceedings against whom the decision is to be declared is withdrawn from the proceedings by the procedure of a foreign authority, in particular where he has not duly received the summons or motion to initiate proceedings; the fulfilment of this condition is not examined by the court if the foreign decision has been duly served on that participant and the participant has not appealed against it or if the participant has declared that it does not insist on review of the condition **or** (v) the Slovak court has already adjudicated in the matter or there is an earlier foreign decision in the same matter that has been recognized or meets the conditions for recognition, **or** (vi) recognition would be contrary to Slovak public order.

XIV. SOME DEFINITIONS

“Fiscal and Paying Agent” means J & T BANKA, a.s., with its registered office at Pobřežní 297/14, 186 00 Prague 8, Czech Republic, ID: 471 15 378, conducting its business in the Slovak Republic through its branch office J & T BANKA, a.s., a branch of a foreign bank, having its registered office at Dvořákovo nábrežie 8, Postal Code: 811 02 Bratislava, Slovak Republic, Bus. ID: 35 964 693.

“Security Agent” means J & T BANKA, a.s., with its registered office at Pobřežní 297/14, 186 00 Prague 8, Czech Republic, ID: 471 15 378, registered under File No. B 1731 kept by the Municipal Court in Prague.

“Guarantor” means EMMA GAMMA LIMITED located at Themistokli Dervi Avenue 48, Athienitis Centennial Building, 3rd floor, room No. 303, 1066, Nicosia, Republic of Cyprus, registered in the register maintained by the Cypriot Ministry of Energy, Trade and Industry under registration number HE 347073.

“Arranger” means J&T IB and Capital Markets, a.s., with its registered office at Pobřežní 297/14, 186 00 Prague 8, Czech Republic, Bus. ID: 247 66 259.

“Auditor” means any auditing firm out of Big Four group (PWC, KPMG, EY, Deloitte) with seat in the Slovak republic, Czech republic or Cyprus.

“BSSE” means the Burza cenných papírů v Bratislave, a.s., (Bratislava Stock Exchange) with its registered office at Vysoká 17, 811 06 Bratislava, Slovak Republic, Bus. ID: 00 604 054, registered in the Commercial Register kept by the District Court of Bratislava I, Section Sa, Insert 117/B.

“CDCP” means Centrálny depozitár cenných papierov SR, a.s., with its registered office at ul. 29. augusta 1/A, Postal Code: 814 80, Bratislava, Slovak Republic, Bus. ID.: 31 338 976, registered with the Commercial Register kept by the District Court of Bratislava I, Section: Sa, Insert No. 493/B.

“Closing SG transaction” means meeting of the conditions precedent and coming into force of the sale of 25 % of the Guarantor’s shares in SAZKA Group a.s. to KKCG, based on the Agreement concluded on 14. 3. 2019 between the Guarantor as a seller and KKCG as an acquirer.

“Closing SGA transaction” means meeting of the conditions precedent and coming into force of the sale of 100 % of shares of SAZKA Group a.s. in SAZKA Group Adriatic to the Guarantor, based on the Agreement concluded on 14. 3. 2019 between SAZKA Group a.s. as a seller and the Guarantor as an acquirer.

“Foreign decisions” means decisions of foreign state authorities, agreements approved by them, and judgments on rights and obligations in private law matters on which the courts would rule in the Slovak Republic, as well as notarial deeds in such matters.

“CNB” means the Czech National Bank which supervises the capital market in accordance with Czech Act No. 15/1998, on Capital Market Supervision and on a change and amendments to other laws, as amended, or any other person who may in future have the powers of the Czech National Bank.

“Tax non-resident” means a taxpayer with limited tax liability in Slovakia.

“Non-contracting State Taxpayer” means a natural person who does not have permanent residence, or a legal entity not having its registered office, in a state listed in the list of countries published on the website of the Ministry of Finance of the Slovak Republic.

“Issue Date” is the first day on which the Notes are issued (the start of registration of Notes on accounts in the respective registry).

“Notes” means notes with a fixed interest rate of 4.90% p.a. in the anticipated aggregate value (i.e. the highest amount of nominal values of the Notes) of EUR 90,000,000, due in 2024, issued by the Issuer under Slovak law.

“EBITDA” means operating profit before depreciation, interest and taxes and is defined as the sum of the following items in the statement of comprehensive income - operating profit or loss, depreciation of tangible and intangible fixed assets, including any negative goodwill.

“**Issue**” means the issue of Notes. “**Terms and Conditions**” means the Note Issue Conditions specified in Chapter IV of this Prospectus.

“**Issue Price**” means the issue price of the Notes issued on the Issue Date and representing 100% of their nominal value.

“**Issuer**” means EMMA GAMMA FINANCE a.s., with its registered office at Dúbravská cesta 14, Postal Code: 841 04, Bratislava – Karlova Ves, Slovak Republic, ID-No.: 50 897 942, registered with the Commercial Register kept by the District Court of Bratislava I, Section: Sa, Insert No.: 6599/B.

“**GGR**” means Gross Gaming Revenue: bets received less winnings paid out.

“**Lead Manager**” means J & T BANKA, as, with its registered office at Pobřežní 297/14, 186 00 Prague 8, Czech Republic, ID: 471 15 378,

“**IFRS**” means International Financial Reporting Standards in the wording adopted by the European Union.

“**KKCG**” means KKCG AG, established under the Swiss law, with its registered office at Kapellgasse 21, 6004 Lucerne, Switzerland, incorporated under registration No.: CHE-326.367.231.

“**Listing Agent**” means J & T BANKA, a.s., with its registered office at Pobřežní 297/14, 186 00 Prague 8, Czech Republic, ID: 471 15 378, conducting its business in the Slovak Republic through its branch office J & T BANKA, a.s., a branch of a foreign bank, having its registered office at Dvořákovo nábrežie 8, Postal Code: 811 02 Bratislava, Slovak Republic, Bus. ID: 35 964 693.

“**LOTTOITALIA**” means LOTTOITALIA S.r.l., established under the laws of the Italian Republic, located at Viale Del Campo Boario 56/D, CAO 00154, Rome, Italy, Bus ID: 13854281006, registered in the Commercial Register of the Italian Chamber of Commerce and Industry.

“**Noteholder**” means a holder of the Notes issued by the Issuer.

“**minus5**” means minus5 d.o.o., established under the Croatian law, with its registered office at Karlovačka cesta 24, Zagreb, Croatia, and incorporated in the Register kept by the Commercial Court in Zagreb under registration No. (MBS) 080697041 and ID (OIB): 55684722851.

“**Prospectus Regulation**” means Commission Regulation (EC) No. 809/2004 implementing the Prospectus Directive.

“**NBS**” means a legal person established by Act No. 566/1992, on the National Bank of Slovakia, as amended, or any legal successor thereof in accordance with the laws of the Slovak Republic.

“**NGR**” means gross gaming revenue (GGR) minus GGR contributions/other fees and levies.

“**Commercial Code**” means Act No. 513/1991, the Commercial Code, as amended.

“**OPAP**” means OPAP S.A., established under the laws of the Hellenic Republic, with its registered office at 62-64 Kifisou Avenue, 12132 Persiteri - Athens, Greece, registered in the Athens Chamber of Commerce under registration number 46329/06/B/00/15.

“**Prospectus**” means the security prospectus prepared for the Notes.

“**PUNI BROJ**” means PUNI BROJ d.o.o., established under the Croatian law, with its registered office at Krčka 18/d, Zagreb, Croatia, incorporated in the Register kept by the Commercial Court in Zagreb under registration No. (MBS) 080449012 and ID (OIB): 27011922678.

“**Austrian Lotteries**” means the company Oesterreichische Lotterien GmbH, established under the laws of the Republic of Austria, located at Rennweg 44, 1038, Vienna, Austria, registered in the Commercial Register kept by the Commercial Court in Vienna under number 54472G.

“SAZKA Group a.s.” means SAZKA Group a.s., established under the laws of the Czech Republic, with its registered office at Vinohradská 1511/230, Strašnice, 100 00 Prague 10, Czech Republic, Bus. ID: 24287814, registered in the Commercial Register kept by the Municipal Court in Prague, file ref.: B 18161.

“SAZKA Group Adriatic” means SAZKA Group Adriatic d.o.o., established under the Croatian law, with its registered office at Ivana Lučića 2a, Zagreb, Croatia, incorporated in the Register kept by the Commercial Court in Zagreb under registration No. (MBS) 081147835 and ID (OIB): 01606227035.

“CASINOS AUSTRIA Group” means CASINOS AUSTRIA AG, established under the laws of the Republic of Austria, with its registered office at Rennweg 44, 1038, Vienna, Austria, registered in the Commercial Register kept by the Commercial Court in Vienna under number FN 99 639 d.

“EMMA Group” means EMMA CAPITAL LIMITED and all its subsidiaries listed in the organizational structure depicted in picture B.5 (Issuer’s Group), Section B “Issuer”, Chapter I (Summary), as controlled or owned directly or indirectly, except for SAZKA Group a.s. and Sazka Group PLC

“EMMA GAMMA Group” means the Issuer, Guarantor and companies controlled by the Guarantor, except for SAZKA Group a.s. and Sazka Group PLC

“SAZKA Group” means SAZKA Group a.s. and all its subsidiaries.

“SAZKA Group Adriatic Group” means SAZKA Group Adriatic and all its subsidiaries listed in the organizational structure depicted in picture B.5 (Issuer’s Group), Section B “Issuer”, Chapter I (Summary), as controlled or owned directly or indirectly.

“Prospectus Directive” means Directive 2003/71/EC of the European Parliament and of the Council.

“Super Sport” means Super Sport d.o.o., established under the Croatian law, with its registered office at Krčka 18/d, Zagreb, Croatia, incorporated in the Register kept by the Commercial Court in Zagreb under registration No. (MBS) 080352592 and ID (OIB): 48471634697.

“Securities Act” means Act No. 566/2001, on Securities and Investment Services, as amended.

“Income Tax Act” means Act No. 595/2003, on Income Tax, as amended.

“Bonds Act” means Act No. 530/1990, on Bonds, as amended.

“Bankruptcy Act” means Act No. 7/2005, on Bankruptcy and Restructuring and on an amendment and additions to certain laws, as amended.

“Capital Market Undertakings Act” means Czech Act No. 256/2004, on Capital Market Undertakings, as amended.

“US Securities Act” means the United States Securities Act of 1933, as amended.

“Shares Transfer Agreement” means the Agreement concluded on 14. 3. 2019 between the Guarantor and KKCG on transfer of shares in SAZKA a.s., based on which KKCG will acquire 100 % of shares in SAZKA Group a.s., and the Agreement concluded on 14. 3. 2019 between SAZKA Group a.s. and the Guarantor on transfer of shares in SAZKA Group Adriatic, based on which the Guarantor will acquire 100 % of shares in SAZKA Group Adriatic.

“ZMPS” means Act No. 97/1963, on Private and Procedural International Law, as amended.

XV. GENERAL INFORMATION

1. The Notes Issue was adopted by a decision of the Issuer's Board of Directors dated 23 April 2019 and by a decision of the Issuer's sole shareholder exercising the powers of the General Meeting dated 24 April 2019.
2. The prospectus will be approved by a decision of the National Bank of Slovakia. For the purposes of a public offer in the Czech Republic, the Issuer asks the National Bank of Slovakia for notification of the approved prospectus to the Czech National Bank.
3. There was no adverse change in the Issuer's prospects or financial or trading situation of the Issuer between 31. 12. 2018 and the date of preparation of this Prospectus that would be material to the Issue.
4. This Prospectus was prepared on 10 May 2019.

XVI. ANNEXES

- 1. THE AUDITED INDIVIDUAL FINANCIAL STATEMENTS OF THE ISSUER PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION FOR THE PERIOD FROM 2 JUNE 2017 TO 31 DECEMBER 2017**

EMMA GAMMA FINANCE a.s.

ANNUAL REPORT

2017

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1. BASIC INFORMATION ABOUT THE COMPANY

Business name:	EMMA GAMMA FINANCE a.s.
Company´s headquarters:	Dúbravská cesta 14 Bratislava – Karlova Ves City District 841 04
Company ID-No.:	50 897 942
Registration date:	2 June 2017
Legal form:	Joint-stock company
Equity capital:	EUR 25,000
Incorporation in the Companies Register:	maintained by the District Court of Bratislava I, Section: Sa, Insert No.: 6599/B

(hereinafter referred to as the "Company")

2. COMPANY´S HISTORY

The Company was founded on 19 April 2017 and it was incorporated by the Companies Register of the District Court of Bratislava I in Bratislava, Section Sa, Insert 6599/B on 2 June 2017.

3. INFORMATION ABOUT BUSINESS OBJECTIVES

- Purchase of goods for the purposes of their resale to the final consumer (retail) or to other trade operators (wholesale).
- Agency activities in the area of trade, services and production.
- Organization of sports, cultural and other social events.
- Extracurricular educational activities.
- Advertising and marketing services, market research and public opinion surveys.
- Administrative services.
- Constructions and their adaptations.
- Haulage with vehicles having the total weight not higher than 3.5 tonnes including trailers.
- Computer services and services related to data computer-processing.
- Activities of business, organizational and economic advisors.
- Renting real estate related to the provision of other than basic services related to rent.
- Granting credits or loans from funds acquired exclusively without a public call and without a public offer of property values.
- Mediation of granting credits or loans from funds acquired exclusively without a public call and without a public offer of property values.

4. LIST OF THE MEMBERS OF THE COMPANY´S STATUTORY, SUPERVISORY AND OTHER BODIES DURING THE ACCOUNTING PERIOD

During the period from 2 June 2017 to 31 December 2017, the Board of Directors consisted of the following individuals:

- Pavel Horák – Chairman of the Board of Directors
- Petr Stöhr – Member of the Board of Directors
- Monika Špilbergerová – Member of the Board of Directors

During the period from 2 June 2017 to 13 December 2017, the Supervisory Board consisted of the following individuals:

- David Havlín – Member of the Supervisory Board
- Radka Fišerová – Member of the Supervisory Board

- Irena Doleželová Sokolíková – Member of the Supervisory Board

During the period from 13 December 2017 to 31 December 2017, the Supervisory Board consisted of the following individuals:

- David Havlín – Member of the Supervisory Board
- Radka Fišerová – Member of the Supervisory Board
- Radka Zemanová – Member of the Supervisory Board

Acting on behalf of the Company:

Two members of the Board of Directors act on behalf of the Company and sign together for the Company, while signing on behalf of the Company takes place so that the signing person adds his/her signature to the Company's printed or written trade name, his/her name and position.

Information about a consolidated unit:

The Company is included into the consolidation unit of EMMA ALPHA HOLDING Ltd.

The Company had no employees in 2017.

The Company's financial statements as of 31 December 2017 are prepared as ordinary financial statements in compliance with Section 17 (6) of Act NR SR No. 431/2002 Coll., on accounting, in compliance with International Financial Reporting Standards in the wording adopted by the European Union, for an accounting period from 2 June 2017 to 31 December 2017.

The Company's economic activities do not represent any risk and they have no impact on the quality of the environment.

The risks and uncertainties which the Company is exposed to are described in the part containing information about the issuer of securities, on pages 6 – 8 hereof.

5. DEVELOPMENT OF ACTIVITIES, THE COMPANY'S FINANCIAL SITUATION AND ADDITIONAL INFORMATION ABOUT PAST BUSINESS DEVELOPMENT

EMMA GAMMA FINANCE a.s. (hereinafter referred to as the "Company") was founded on 19 April 2017 and it was incorporated into the Companies Register of the Slovak Republic on 2 June 2017. Company's main purpose is to act as bond issuer in the securities market.

The subscribed and paid-up equity capital as of 31 December 2017 consists of 25 ordinary shares at the face value of EUR 1,000 per share; the shares are registered and have the form of share certificates. The holders of ordinary shares have a voting right equaling to one vote per ordinary share. No special rights of control nor restrictions on voting rights are related to the ordinary shares. The rights and obligations related to the ordinary shares are defined in more detail in the Company's Articles of Association. The Company's equity capital amounting to EUR 25,000 was entered into the Companies Register on 2 June 2017.

On 19 July 2017, the Board of Directors of the Bratislava Stock Exchange (hereinafter referred to as "BSE") decided to accept the issue of the Company's bonds, ISIN: SK4120013012, in registered form as bearer securities, with total nominal value of EUR 120,000,000, at the face value per bond amounting to EUR 1,000, in the number of 120,000 pieces to the regulated free market of BSE.

The date of issue of the Company's bonds was determined for 21 July 2017. On 21 July 2017, the bonds started to be traded under the name EMG 5,25/2022, ISIN: SK4120013012, volume of the issue: EUR 120,000,000 at the nominal value of EUR 1,000 and interest of 5.25% p.a. (30E/360) paid out for each quarter retroactively.

21 October 2017 is the first day of the payment of the coupon. If the bonds are not paid up earlier, the face value of the bonds will be paid up in a single transaction on 21 July 2022.

As of 31 December 2017, the number of subscribed and issued bonds was 120,000.

Annual Report of EMMA GAMMA FINANCE a. s.

On 21 July 2017, the Company entered into a loan agreement with EMMA GAMMA LIMITED (hereinafter referred to as "EGL"), registered office at: Esperidon, 5, 4th floor, Strovolos, Nicosia, Cyprus, Company ID-No.: HE 347073, incorporated by the Ministry of Energetics, Trade, Industry and Tourism, Department of Incorporations and the official registrar and administrator of Nicosia, by which it agreed to grant a loan by the total amount of the funds of the already subscribed bonds, however, not more than EUR 120,000,000 with the due date of 21 July 2022. EGL agrees to pay to the Company an interest totaling 5.50% p.a. In addition, it agrees to pay to the Company any and all fees for the administration of the bonds and costs related to the issue of the bonds, costs related to meeting statutory and similar requirements. As of 31 December 2017, the loan granted was totaling EUR 120,000,000.

In the course of the accounting period from 2 June 2017 to 31 December 2017, the Company acted as issuer of bonds. Revenues are represented exclusively by financial revenues namely by interest income from in total amount of EUR 2,933 thous.. As of the end of 2017, the Company reported profit totaling EUR 47 thous. EUR and shareholders' equity of EUR 175 thous.

Principal economic indicators

In EUR thous.	2017
Total assets	121,446
Non-current assets	121,283
Current assets	107
Accruals	56
Total liabilities	121,446
Equity capital	25
Reserve fund	3
Other capital funds	100
Profit/loss of past years	-
Profit/loss	47
Foreign resources	121,271
Deferrals	-

Financial situation indicators

	2017
Total indebtedness	99.86%
Long-term indebtedness	98.81%
Cash position ratio	0.03
Current ratio	0.13
Total liquidity	0.13

Total indebtedness = liabilities / total assets

Long-term indebtedness = (long-term liabilities + long-term bank credits) / total assets

Cash position ratio = cash and cash equivalents / (short-term liabilities + current bank credits + short-term financial loans)

Current ratio = (cash and cash equivalents + short-term receivables) / (short-term liabilities + current bank credits + short-term financial loans)

Total liquidity = (cash and cash equivalents + short-term receivables + inventory) / (short-term liabilities + current bank credits + short-term financial loans)

Economic efficiency indicators

	2017
Return on assets ROA	2.34%
Return on sales	-
Return on equity capital	188%
Return on equity ROE	26.86%

Return on assets ROA = (profit/loss for the accounting period + interests payable) / total shareholders' equity and liabilities

Return on sales = profit/loss for the accounting period / (sales for goods + sales for own products and services)
The indicator of return on sales is not specified because the Company reports no sales for the period under review.

Return on equity capital = profit/loss for the accounting period / equity capital

Return on equity ROE = profit/loss for the accounting period / shareholders' equity

6. INFORMATION ABOUT THE ISSUER OF SECURITIES IN COMPLIANCE WITH SECTION 20 (5), (6) and (7) OF THE ACCOUNTING ACT

• Objectives and methods to manage risks in the Company

Within the scope of activities, the EMMA Group (hereinafter referred to as the "Group"), i. e. indirectly also the issuer, is exposed to the below-specified market risks.

To reduce financial risks, the Group tries to maintain a strong capital structure, to manage its cash flow in an appropriate manner and to minimize financial risks concerning the movements of rates of exchange and currencies by means of derivative contracts and other instruments.

• Risks to which the Company is exposed to

The Company is exposed to risks as an issuer and indirectly, by means of the loan granted, to the risks at the part of EGL as the debtor and guarantor. In addition, the Company is indirectly exposed to risks at the part of SAZKA Group a.s., and SAZKA Group by means of the pledge on the shares of SAZKA Group a.s. held by EGL in favor of the pledgee J&T BANKA a.s. SAZKA ensures, in the framework of its companies or through its majority or minority share in their ownership, the operation of gaming and lottery companies in five EU countries.

Risk at the part of the Company and through the EMMA Group:

- (a) The risk related to the Company's business – the Company is a newly-founded company with no business history. The Company is founded exclusively with the objective to issue bonds and the principal objective of its activities is to grant credits/loans or other forms of financing to EGL or by means of it to the other members of the Group. The Company intends to use income from the bonds to provide financing to EGL or, by means of it, to the other members of the Group. The principal source of the Company's income will come from the repayment of credits/loans from the Group. In case the regulatory environment changes or existing laws are enforced more strictly, the Company could be obliged to obtain a permit to grant credits or loans while it is not guaranteed that it obtains such a permit or it could be imposed fines for infringements. The Company's financial and economic situation, its business activities, position in the market and ability to meet obligations from bonds depend on the Company's ability to meet its financial obligations in respect of the Company properly and duly. If the Group is not able to meet its due financial obligations in respect of the Company properly and duly, it could negatively affect the Company's financial and economic situation, its business activities and the Company's ability to meet obligations from bonds;
- (b) Possible conflict of interests between the Company's shareholder and the holders of the bonds – the Company is a 100% subsidiary of EGL. In future, one cannot exclude changes in the strategy of EGL or the Group;
- (c) Risk of change in the shareholders' structure – In future, a change in the shareholders' structure of EGL cannot be excluded;
- (d) Risk related to legal, regulatory and fiscal environment – Possible legal disputes could, to a certain extent and for a certain time, limit the Company in disposing of its assets or cause additional costs for the Company. Legal, regulatory and fiscal environment in Slovakia is subject to changes and laws are not always necessarily applied by courts and public authorities consistently;
- (e) Risks related to the Company's crisis – There is a risk that, as a consequence of the issue of bonds, the indicator of the ratio of the amount of the Company's

shareholders' equity and its liabilities will be lower than 6 to 100 (in 2017) or 8 to 100 (in 2018 and later) and, therefore, the Company will be in crisis under the provisions of Section 67a et seq. of the Commercial Code. When a company is in crisis, certain restrictions mainly concerning transactions with the Company's related entities specified in Section 67c of the Commercial Code are applicable. From the point of view of the holders of the bonds, there is a possible significant risk concerning the modification of enforcing rights from the financial guarantee. The Company and EGL agreed to reduce the risk related to the Company's crisis possibly by concluding the Project Support Agreement dated 20 June 2017. Based on that agreement, EGL is obliged to provide, at request, sufficient funds to the Company to overcome the Company's crisis;

- (f) Risk related to bankruptcy (insolvency) proceedings, if any;
- (g) Risks of technological infrastructure – The Company's activities are dependent on using the Group's information technology.

The full description of risks is a part of the prospectus of the bonds.

Risks to which the Company is indirectly exposed by means of SAZKA Group a.s. and SAZKA Group:

a) Financial risks:

- "Credit risk" – a financial risk of the SAZKA Group in case that customers or another counterparty fail to meet agreed contracting terms and conditions;
- "Liquidity risk" – a financial risk following from problems in meeting their obligations, if any;
- "Interest rate risk" – SAZKA Group is exposed to risks resulting from the movements of interest rates;
- "Currency risk" – SAZKA Group is exposed to risks resulting from the movement of foreign-exchange rates;
- "Capital management" – SAZKA Group is exposed to risks resulting from its indebtedness.

b) Regulatory risk:

- Lottery industry is regulated intensively by state bodies and other state authorities. State bodies, authorities are entitled to amend legislative framework that are stipulated by business methods in this industry.

The full description of risks at the part of Group a.s. and SAZKA Group is a part of the prospectus of the bonds.

• **Declaration on the Company's administration and management (the issuer of securities)**

- The Company has not adopted and has not been applying the Company's Management Code because it is only recommended at the moment and it is not regarded as a set of generally binding rules of which compliance would be obligatory in the Slovak Republic. The Company meets all the requirements for the administration and management of a company that are stipulated by generally binding legal regulations of the Slovak Republic. In the sense of the Securities Act, it follows the prospectus that contains all information about the issuer of securities, guarantor and bonds. The prospectus as well as all the documents specified therein are available at the Company's headquarters as well as in electronic form at the website <http://www.emmacapital.cz/obligatory-disclosures>.
- *Basic information about administration and management methods* are contained in the Company's Certificate of Incorporation and the Company's Articles of Association. At present, the Company is governed and meets all the requirements for administration and management of a company that stipulate generally binding legal regulations of the Slovak Republic.
- *Internal control and risk management system* – A system of keeping books is governed by the applicable provisions of acts and public notices applicable in the Slovak Republic and International Financial Reporting Standards (IFRS EU). The Company keeps double-entry bookkeeping. The chart of accounts is provided in two accounting classes, for international standards and for Slovak accounting standards. Changes can be made only by a designated workplace. The balances of all accounts are checked as of balance sheet date. The Company is managed by means of controlling instruments too. These instruments are focused on the

evaluation of key financial and non-financial performance indicators aiming at achieving the Company's economic plans. Audit Committee supervises bookkeeping.

- *Powers of a statutory body* – The Board of Directors is the Company's statutory body and is authorized to act, on behalf of the Company, in all affairs and represents the Company before third parties, court and other authorities. The Board of Directors is obliged to follow decisions and to execute the decisions of the General Meeting. As of 31 December 2017, it has three members of the Board of Directors: Pavel Horák – Chairman of the Board of Directors (from 2 June 2017), Petr Stóhr – Member of the Board of Directors (from 2 June 2017) and Monika Špilbergerová – Member of the Board of Directors (from 2 June 2017). The members of the Board of Directors can represent the Company in all affairs so that two members of the Board of Directors act on behalf of the Company and sign on behalf of the Company, while signing on behalf of the Company takes place so that the signing person adds his/her signature to the Company's printed or written trade name, his/her name and position. The competencies of the Board of Directors are defined in the Company's Articles of Association. The Board of Director manages the Company's activities in sense of them and decides on all the Company's affairs unless they are included into the powers of the Company's other bodies with legal regulations and the Company's Articles of Association. They have not special powers to decide to issue or repurchase bonds.
- *Powers of the General Meeting* – The General Meeting is the Company's highest body and can reserve to itself decision-making on the affairs that belong among the powers of the Company's other bodies otherwise. It consists of all shareholders present therein. Also all the members of the Board of Directors, the Supervisory Board and persons whose participation was approved by the General Meeting have the right to participate in the negotiation of the General Meeting. A shareholder can exercise his/her rights in the General Meeting by means of a representative as well. The General Meeting is summoned by the Board of Directors unless a legal regulation stipulates otherwise. The Board of Directors is obliged to summon an ordinary General Meeting not less than once a calendar year in the month of June. The General Meeting decides by voting at the invitation of the chairman of the General Meeting. A decision on the amendment to the Articles of Association, increasing or decreasing equity capital, the authorization of the Board of Directors to increase equity capital, the issue of priority bonds or exchangeable bonds, the Company's discontinuation or the change of its legal form require two-third majority of votes of present shareholders and a notarial record has to be taken on it. In other affairs, the General Meeting decides by simple majority of the votes of present shareholders, unless the law stipulates otherwise. The General Meeting votes and dismisses members of the Board of Directors.
- The Company declares that, as of the date of the Annual Report, it has concluded no material agreement of which validity would terminate as a consequence of change in its controlling relations and it has not concluded any agreements with the members of its bodies or employees based on which compensation should be provided to them for the reason of the termination of their employment.
- As of the date of the Annual Report, the Company holds and issued no other securities accepted for trading in a regulated market in any Member State or a state of the European Economic Area.
- The Company declares that exercising voting rights by shareholders is not limited in the Company's Articles of Association.
- The Company is not aware of any agreements between the holders of securities that could result in restricting the transferability of the securities. The holders of bonds acquire, by their purchase, no voting rights in the Company or the rights of control.

7. EVENTS THAT TOOK PLACE AFTER THE END OF THE ACCOUNTING PERIOD

After 31 December 2017, the following events took place:

- As of 31 March 2018, the composition of the members of the Company's Board of Directors changed. Ms Monika Špilbergerová was dismissed from the position of the member of the Board of Directors and Mr Martin Hruška was appointed a new member of the Board of Directors.

8. INFORMATION ABOUT EXPECTED ECONOMIC AND FINANCIAL SITUATION FOR 2018

In 2018, EMMA GAMMA FINANCE a.s. will make every effort to achieve profit and work efficiently. In the following accounting period, the Company will keep on working in the securities market by issuing bonds. The Company expects profit in the following accounting period as well that will be reported mainly due to positive interest margin.

9. PROPOSAL FOR PROFIT DISTRIBUTION

In 2017, the Company reported profit totaling EUR 47 thous. The Company's General Meeting will decide about the profit distribution during its meeting in 2018. The Company's statutory body proposes to the General Meeting to use the profit amounting to EUR 47 thous. by transferring to the account of Retained earnings from past years.

10. EXPENSES FOR ACTIVITIES IN RESEARCH AND DEVELOPMENT

The Company did not realize any expenses for activities in research and development in 2017 and does not plan to invest into this area in 2018 either.

11. ACQUISITION OF OWN SHARES, TEMPORARY CERTIFICATES, BUSINESS PARTICIPATIONS AND SHARES, TEMPORARY CERTIFICATES AND BUSINESS PARTICIPATIONS OF THE PARENT ACCOUNTING UNIT

In 2017, the Company acquired no own shares, temporary certificates, business participations and shares, temporary certificates and business participations of the parent accounting unit.

12. STRUCTURE OF THE COMPANY'S OWNERS

The Company's sole shareholder is EGL owning 100% business share and exercises 100% voting rights in the Company. The Company's controlling relationship by EGL is based exclusively based on the ownership of 100% business share. The share in the voting rights corresponds to the share in the Company's equity capital and supervises the management of the members of the Company's Board of Directors. Security measures aiming at avoiding the abuse of supervision result from generally binding legal regulations. The Company has not adopted any special measures above the framework of the generally binding legal regulations.

Ownership structure from 2 June 2017 to 31 December 2017 was as follows:

Shareholder	Share in the equity capital		Voting rights
	EUR	%	%
EMMA GAMMA LIMITED, Esperidon, 4th floor, Strovolos, Nicosia, Republic of Cyprus	25,000	100	100
Total	25,000	100	100

13. ORGANISATIONAL UNIT ABROAD

The Company has not and does not plan to establish any unit abroad.

14. REPORT OF THE COMPANY ´S BOARD OF DIRECTORS

In the course of the accounting period from 2 June 2017 – 31 December 2017, the Company as bond issuer.

In the accounting period of 2017, the Company reported profit totaling EUR 47 thous. The interest revenue related to loans granted had the greatest influence on the profit achieved. Achieving profit will be the Company ´s objective for the next period.

In Bratislava, on 25 April 2018

.....
Petr Stóhr
Member of the Board of Directors
EMMA GAMMA FINANCE a.s.

.....
Martin Hruška
Member of the Board of Directors
EMMA GAMMA FINANCE a.s.



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Správa nezávislého audítora

Akcionárom, dozornej rade a predstavenstvu spoločnosti EMMA GAMMA FINANCE a.s.

Správa z auditu účtovnej závierky

Názor

Uskutočnili sme audit účtovnej závierky EMMA GAMMA FINANCE a.s. („Spoločnosť“), ktorá obsahuje výkaz o finančnej situácii k 31. decembru 2017, výkazy ziskov a strát a ostatných súčastí komplexného výsledku, zmien vlastného imania a peňažných tokov za obdobie od 2. júna 2017 do 31. decembra 2017 a poznámky účtovnej závierky, ktoré obsahujú súhrn významných účtovných zásad a účtovných metód.

Podľa nášho názoru, priložená účtovná závierka poskytuje pravdivý a verný obraz finančnej situácie Spoločnosti k 31. decembru 2017, výsledku jej hospodárenia a peňažných tokov za obdobie končiacie sa k uvedenému dátumu podľa Medzinárodných štandardov finančného výkazníctva v znení prijatom Európskou úniou.

Základ pre názor

Audit sme vykonali podľa medzinárodných auditorských štandardov (International Standards on Auditing, ISA). Naša zodpovednosť podľa týchto štandardov je uvedená v odseku Zodpovednosť audítora za audit účtovnej závierky. Od Spoločnosti sme nezávislí podľa ustanovení zákona č. 423/2015 Z. z. o štatutárnom audite a o zmene a doplnení zákona č. 431/2002 Z. z. o účtovníctve v znení neskorších predpisov („zákon o štatutárnom audite“) týkajúcich sa etiky, vrátane Etického kódexu audítora, relevantných pre náš audit účtovnej závierky a splnili sme aj ostatné požiadavky týchto ustanovení týkajúcich sa etiky. Sme presvedčení, že auditorské dôkazy, ktoré sme získali, poskytujú dostatočný a vhodný základ pre náš názor.

Kľúčové záležitosti auditu

Kľúčové záležitosti auditu sú záležitosti, ktoré sú podľa nášho odborného posúdenia v našom audite účtovnej závierky za bežné obdobie najzávažnejšie. V súvislosti s auditom účtovnej závierky a pri formulovaní nášho názoru na ňu sme sa zaoberali týmito záležitosťami a neidentifikovali sme žiadne kľúčové záležitosti, ktoré by predstavovali závažné riziko.

Zodpovednosť predstavenstva a osôb poverených správou a riadením za účtovnú závierku

Predstavenstvo je zodpovedné za zostavenie tejto účtovnej závierky tak, aby poskytovala pravdivý a verný obraz podľa Medzinárodných štandardov finančného výkazníctva v znení prijatom Európskou úniou a za tie interné kontroly, ktoré považuje za potrebné na zostavenie účtovnej závierky, ktorá neobsahuje významné nesprávosti, či už v dôsledku podvodu alebo chyby.

Pri zostavovaní účtovnej závierky je predstavenstvo zodpovedné za zhodnotenie schopnosti Spoločnosti nepretržite pokračovať vo svojej činnosti, za opísanie skutočností týkajúcich sa nepretržitého pokračovania v činnosti, ak je to potrebné, a za použitie predpokladu nepretržitého pokračovania v činnosti v účtovníctve, ibaže by

mal v úmysle Spoločnosť zlikvidovať alebo ukončiť jej činnosť, alebo by nemal inú realistickú možnosť než tak urobiť.

Osoby poverené správou a riadením sú zodpovedné za dohľad nad procesom finančného výkazníctva Spoločnosti.

Zodpovednosť audítora za audit účtovnej závierky

Našou zodpovednosťou je získať primerané uistenie, či účtovná závierka ako celok neobsahuje významné nesprávnosti, či už v dôsledku podvodu alebo chyby, a vydať správu audítora, vrátane názoru. Primerané uistenie je uistenie vysokého stupňa, ale nie je zárukou toho, že audit vykonaný podľa medzinárodných audítorských štandardov vždy odhalí významné nesprávnosti, ak také existujú. Nesprávnosti môžu vzniknúť v dôsledku podvodu alebo chyby a za významné sa považujú vtedy, ak by sa dalo odôvodnene očakávať, že jednotlivé alebo v súhrne by mohli ovplyvniť ekonomické rozhodnutia používateľov, uskutočnené na základe tejto účtovnej závierky.

V rámci auditu uskutočneného podľa medzinárodných audítorských štandardov, počas celého auditu uplatňujeme odborný úsudok a zachovávame profesionálny skepticizmus. Okrem toho:

- Identifikujeme a posudzujeme riziká významnej nesprávnosti účtovnej závierky, či už v dôsledku podvodu alebo chyby, navrhujeme a uskutočňujeme audítorské postupy reagujúce na tieto riziká a získavame audítorské dôkazy, ktoré sú dostatočné a vhodné na poskytnutie základu pre náš názor. Riziko neodhalenia významnej nesprávnosti v dôsledku podvodu je vyššie ako toto riziko v dôsledku chyby, pretože podvod môže zahŕňať tajnú dohodu, falšovanie, úmyselné vynechanie, nepravdivé vyhlásenie alebo obídenie internej kontroly.
- Oboznamujeme sa s internými kontrolami relevantnými pre audit, aby sme mohli navrhnúť audítorské postupy vhodné za daných okolností, ale nie za účelom vyjadrenia názoru na efektívnosť interných kontrol Spoločnosti.
- Hodnotíme vhodnosť použitých účtovných zásad a účtovných metód a primeranosť účtovných odhadov a uvedenie s nimi súvisiacich informácií, uskutočnené predstavenstvom Spoločnosti.
- Robíme záver o tom, či predstavenstvo vhodne v účtovníctve používa predpoklad nepretržitého pokračovania v činnosti a na základe získaných audítorských dôkazov záver o tom, či existuje významná neistota v súvislosti s udalosťami alebo okolnosťami, ktoré by mohli významne spochybniť schopnosť Spoločnosti nepretržite pokračovať v činnosti. Ak dospejeme k záveru, že významná neistota existuje, sme povinní upozorniť v našej správe audítora na súvisiace informácie uvedené v účtovnej závierke alebo, ak sú tieto informácie nedostatočné, modifikovať náš názor. Naše závery vychádzajú z audítorských dôkazov získaných do dátumu vydania našej správy audítora. Budúce udalosti alebo okolnosti však môžu spôsobiť, že Spoločnosť prestane pokračovať v nepretržitej činnosti.
- Hodnotíme celkovú prezentáciu, štruktúru a obsah účtovnej závierky vrátane informácií v nej uvedených, ako aj to, či účtovná závierka zachytáva uskutočnené transakcie a udalosti spôsobom, ktorý vedie k ich vernému zobrazeniu.

S osobami poverenými správou a riadením komunikujeme okrem iného o plánovanom rozsahu a harmonograme auditu a o významných zisteniach auditu, vrátane všetkých významných nedostatkov internej kontroly, ktoré počas nášho auditu zistíme.

Osobám povereným správou a riadením tiež poskytujeme vyhlásenie o tom, že sme splnili príslušné požiadavky týkajúce sa nezávislosti, a komunikujeme s nimi o všetkých vzťahoch a iných skutočnostiach, pri ktorých sa možno opodstatnene domnievať, že majú vplyv na našu nezávislosť, ako aj o prípadných súvisiacich ochranných opatreniach.

Zo skutočností komunikovaných osobám povereným správou a riadením určíme tie, ktoré mali najväčší význam pri audite účtovnej závierky bežného obdobia, a preto sú kľúčovými záležitosťami auditu. Tieto záležitosti opíšeme v našej správe audítora, ak zákon alebo iný právny predpis ich zverejnenie nevyklučuje, alebo ak v mimoriadne zriedkavých prípadoch nerozhodneme, že určitá záležitosť by sa v našej správe uviesť nemala, pretože možno odôvodnene očakávať, že nepriaznivé dôsledky jej uvedenia by prevážili nad verejným prospechom z jej uvedenia.

Správa k ďalším požiadavkám zákonov a iných právnych predpisov

Správa k informáciám, ktoré sa uvádzajú vo výročnej správe

Predstavenstvo je zodpovedné za informácie uvedené vo výročnej správe, zostavenej podľa požiadaviek zákona č. 431/2002 Z. z. o účtovníctve v znení neskorších predpisov („zákon o účtovníctve“). Náš vyššie uvedený názor na účtovnú závierku sa nevzťahuje na iné informácie vo výročnej správe.

V súvislosti s auditom účtovnej závierky je našou zodpovednosťou oboznámenie sa s informáciami uvedenými vo výročnej správe a posúdenie, či tieto iné informácie nie sú vo významnom nesúlade s auditovanou účtovnou závierkou alebo našimi poznatkami, ktoré sme získali počas auditu účtovnej závierky, alebo sa inak zdajú byť významne nesprávne.

Posúdili sme, či výročná správa Spoločnosti obsahuje informácie, ktorých uvedenie vyžaduje zákon o účtovníctve.

Na základe prác vykonaných počas auditu účtovnej závierky, podľa nášho názoru:

- informácie uvedené vo výročnej správe zostavenej za obdobie od 2. júna 2017 do 31. decembra 2017 sú v súlade s účtovnou závierkou za dané obdobie,
- výročná správa obsahuje informácie podľa zákona o účtovníctve.

Okrem toho, na základe našich poznatkov o Spoločnosti a situácii v nej, ktoré sme získali počas auditu účtovnej závierky, sme povinní uviesť, či sme zistili významné nesprávne vo výročnej správe, ktorú sme obdržali pred dátumom vydania tejto správy audítora. V tejto súvislosti neexistujú zistenia, ktoré by sme mali uviesť.

Ďalšie požiadavky na obsah správy audítora v zmysle Nariadenia Európskeho parlamentu a Rady (EÚ) č. 537/2014 zo 16. apríla 2014 o osobitných požiadavkách týkajúcich sa štatutárneho auditu subjektov verejného záujmu

Vymenovanie a schválenie audítora

Za štatutárneho audítora sme boli vymenovaní predstavenstvom 26. januára 2018 na základe nášho schválenia valným zhromaždením Spoločnosti 22. januára 2018. Celkové neprerušené obdobie našej zákazky, vrátane predchádzajúcich obnovení

zákazky (predĺženie obdobia, na ktoré sme boli pôvodne vymenovaní) a našich opätovných vymenovaní za štatutárnych audítorov, predstavuje jeden rok.

Konzistentnosť s dodatočnou správou pre dozornú radu spoločnosti, ktorá plní funkciu výboru pre audit

Náš názor audítora vyjadrený v tejto správe je konzistentný s dodatočnou správou vypracovanou pre dozornú radu spoločnosti, ktorá plní funkciu výboru pre audit, ktorú sme vydali v ten istý deň ako je dátum vydania tejto správy.

Neaudítorské služby


Neboli poskytované zakázané neaudítorské služby uvedené v článku 5 ods. 1 Nariadenia Európskeho parlamentu a Rady (EÚ) č. 537/2014 zo 16. apríla 2014 o osobitných požiadavkách týkajúcich sa štatutárneho auditu subjektov verejného záujmu a pri výkone auditu sme zostali nezávislí od Spoločnosti.

Okrem služieb štatutárneho auditu a služieb zverejnených vo výročnej správe alebo v účtovnej závierke sme Spoločnosti a účtovným jednotkám, v ktorých má Spoločnosť rozhodujúci vplyv, neposkytli žiadne iné služby.

25. apríl 2018
Bratislava, Slovenská republika

Audítorská spoločnosť:
KPMG Slovensko spol. s r.o.
Licencia SKAU č. 96




Zodpovedný audítor:
Ing. Michal Maxim, FCCA
Licencia UDVA č. 1093

Independent Auditors' Report

To the Shareholders, Supervisory Board and Board of Directors of EMMA GAMMA FINANCE a.s.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of EMMA GAMMA FINANCE a.s. ("the Company"), which comprise the statement of financial position as at 31 December 2017, statements of profit or loss and other comprehensive income, changes in equity and cash flows for the period from 2 June 2017 to 31 December 2017, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section. We are independent of the Company in accordance with the ethical requirements of the Act No. 423/2015 Coll. on statutory audit and on amendments to Act No. 431/2002 Coll. on accounting as amended ("the Act on Statutory Audit") including the Code of Ethics for an Auditor that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We have not identified any key audit matters that would represent significant risk.

Responsibilities of the Statutory Body and Those Charged with Governance for the Financial Statements

The statutory body is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the statutory body 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 statutory body 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 statutory body either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' 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 auditors' 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 ISAs 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 ISAs, we exercise professional judgment and maintain professional skepticism 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 statutory body.
- Conclude on the appropriateness of the statutory body's 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 auditors' 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 auditors' 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 those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Reporting on Information in the Annual Report

The statutory body is responsible for the information in the Annual Report prepared in accordance with the Act No. 431/2002 Coll. on Accounting as amended ("the Act on Accounting"). Our opinion on the financial statements does not cover other information in the Annual Report.

In connection with our audit of the financial statements, our responsibility is to read the Annual Report and, in doing so, consider whether the other information is materially inconsistent with the audited financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Annual Report of the Company, we consider whether it includes the disclosures required by the Act on Accounting.

Based on the work undertaken in the course of the audit of the financial statements, in our opinion:

- the information given in the Annual Report for the period from 2 June 2017 to 31 December 2017 is consistent with the financial statements prepared for the same period; and
- the Annual Report contains information according to the Act on Accounting.

In addition to this, in light of the knowledge of the Company and its environment obtained in the course of audit, we are required to report if we have identified material misstatement in the Annual Report that we have obtained prior to the date of this auditors' report. We have nothing to report in this respect.

Additional requirements on the content of the auditors' report according to Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities

Appointment and approval of an auditor

We have been appointed as a statutory auditor by the statutory body of the Company on 26 January 2018 on the basis of approval by the General Meeting of the Company on 22 January 2018. The period of our total uninterrupted engagement, including previous renewals (extensions of the period for which we were originally appointed) and reappointments as statutory auditors, is one year.

Consistency with the additional report to the Supervisory Board acting in the capacity of the audit committee

Our audit opinion as expressed in this report is consistent with the additional report to the Supervisory Board acting in the capacity of the audit committee, which was issued on the same date as the date of this report.

Non-audit services

No prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities were provided and we remained independent of the Company in conducting the audit.

In addition to the statutory audit services and services disclosed in the Annual Report or the financial statements of the Company, we did not provide any other services to the Company or accounting entities controlled by the Company.

25 April 2018
Bratislava, Slovak Republic

Auditing company:
KPMG Slovensko spol. s r.o.
License SKAU No. 96

Responsible auditor:
Ing. Michal Maxim, FCCA
License UDVA No. 1093

EMMA GAMMA FINANCE a.s.

Financial statements

prepared under the International
Financial Reporting Standards
as amended by the European Union

for the period from 2 June to 31 December 2017

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EMMA GAMMA FINANCE a.s.
Statement of financial position as of 31 December 2017

	Notes	31 December 2017 In thous. EUR
Assets		
Cash and cash equivalents	7	37
Deferred tax asset	8	4
Other assets	9	122
Total current assets		163
Financial assets	6	121,283
Total non-current assets		121,283
Total assets		121,446
Liabilities		
Trade payables	10	22
Bonds issued	11	1,225
Other payables	12	24
Total short-term payables		1,271
Bonds issued	11	120,000
Total long-term payables		120,000
Total payables		121,271
Equity		
Registered capital	13	25
Statutory reserve fund	14	3
Other capital funds	14	100
Comprehensive profit/loss for the period	14	47
Total equity		175
Total equity and liabilities		121,446

Financial statements, including notes on pages 21 to 38, were prepared on 25 April 2018.

.....
Martin Hruška
Member of the Board

.....
Petr Stöhr
Member of the Board

EMMA GAMMA FINANCE a.s.

Profit and loss statement and statement of other components of the comprehensive result for the period from 2 June 2017 to 31 December 2017

		for the period from 2 June to 31 December 2017
	Notes	In thous. EUR
Costs of services	15	(27)
Other costs of economic activities	19	(3,644)
Operating costs		<u>(3,671)</u>
Interest costs	16	(2,800)
Other financial costs	17	(46)
Financial costs		<u>(2,846)</u>
Revenues from economic activities	19	3,644
Other revenues from economic activities		<u>3,644</u>
Interest revenues		
Financial revenues	18	2,933
		<u>2,933</u>
Profit before tax		60
Costs of income tax	20	(13)
Profit after tax		<u>47</u>
Other parts of comprehensive result		<u>–</u>
Total comprehensive result for the period		<u><u>47</u></u>

The notes on pages 21 to 38 are inseparable parts of these financial statements.

EMMA GAMMA FINANCE a.s.**Statement of decreases/increases in equity for the period from 2 June to 31 December 2017**

<i>In thous. EUR</i>	Registered capital	Statutory reserve fund	Other capital funds	Comprehensive profit/loss	Total equity
Balance as of 2 June 2017	25	3	–	–	28
Total comprehensive result for the period					
Profit for the period	–	–	–	47	47
Contribution to other capital funds	–	–	100	–	100
Balance as of 31 December 2017	25	3	100	47	175

The notes on pages 21 to 38 are inseparable parts of these financial statements.

EMMA GAMMA FINANCE a.s.
Cash flow statement for a year ending on 31 December 2017

	Notes	Year ending on 31 December 2017 In thous. EUR
Profit before tax		60
<i>Adjustments to:</i>		
Interest costs		2,800
Interest revenues		(2,933)
Decrease/increase in working capital:		
Decrease/increase in trade payables		22
(Increase)/decrease in trade receivables		–
Increase in other assets		(126)
Increase in other payables		24
Cash flow used for operating activities		<u>(153)</u>
Interest paid		(1,575)
Interest received		1,650
Other		(13)
<i>Net cash flow used for operating activities</i>		<u><i>(91)</i></u>
Cash flow from financial activities		
Income from bonds issued		120,000
Expenses for loans granted		(120,000)
Increase in registered capital		28
Increase in other capital funds		100
<i>Net cash flow from financial activities</i>		<u><i>128</i></u>
Net decrease/increase in cash and cash equivalents		37
Cash and cash equivalents as at the beginning of the reporting period	7	<u>–</u>
Cash and cash equivalents as at the end of the reporting period	7	<u><u>37</u></u>

The notes on pages 21 to 38 are inseparable parts of these financial statements.

EMMA GAMMA FINANCE a.s.
Notes on the financial statements as of 31 December 2017

1. General information

EMMA GAMMA FINANCE, a. s. (hereinafter referred to as the “Company”) was founded in the Slovak Republic with the Certificate of Incorporation and it is incorporated in the Companies Register of the District Court in Bratislava I, Section: Sa, Insert No.: 6599/B. The incorporation into the Companies Register was made on 2 June 2017.

Identification number (“ID-No.)) and Tax identification number (“TIN”) are as follows:

Identification number: 50 897 942
Tax identification number: 2120527640

Company’s headquarter is at: Dúbravská cesta 14, 841 04 Bratislava

Shareholders’ structure as of 31 December 2017 was as follows:

	Voting right in %	Share in registered capital in %
EMMA GAMMA LIMITED	100%	100%
Total	100%	100%

As of 31 December 2017, the Board of Directors consisted of the following individuals:

- Pavel Horák – Chairman of the Board of Directors
- Petr Stöhr – Member of the Board of Directors
- Monika Špilbergerová – Member of the Board of Directors (by 31 March 2018)
- Martin Hruška – Member of the Board of Directors (appointed as of: 31 March 2018)

As of 31 December 2017, the Supervisory Board consisted of the following individuals:

- David Havlín – Member of the Supervisory Board
- Radka Fišerová – Member of the Supervisory Board
- Radka Zemanová – Member of the Supervisory Board

The number of the Company’s employees during 2017 was: 0. No loans, guarantees or other forms of securities or cash or other payments for private purposes that are accounted for were granted to the members of the statutory body or the members of the supervisory bodies in 2017.

Activities

The Company’s principal activities are as follows:

- Purchase of goods for the purposes of their resale to the final consumer (retail) or to other trade operators (wholesale)
- Agency activities in the area of trade, services and production
- Organization of sports, cultural and other social events
- Extracurricular educational activities
- Advertising and marketing services, market research and public opinion surveys
- Administrative services
- Constructions and their adaptations
- Haulage with vehicles having the total weight not higher than 3.5 ton including trailers
- Computer services and services related to computer data processing
- Activities of business, organizational and economic advisors
- Renting real estate related to the provision of other than basic services related to rent
- Granting credits or loans from funds acquired exclusively without a public call and without a public offer of property values

EMMA GAMMA FINANCE a.s.
Notes on the financial statements as of 31 December 2017

- Mediation of granting credits or loans from funds acquired exclusively without a public call and without a public offer of property values

2. Bases to prepare the financial statements

(a) Declaration of conformity

The Company's financial statements as of 31 December 2017 were prepared in compliance with the International Financial Reporting Standards (hereinafter referred to as "IFRS"), as amended by the European Union.

(b) Legal basis to prepare the financial statements

The Company's financial statements as of 31 December 2017 are prepared as ordinary financial statements in compliance with Section 17 (6) of Act NR SR No. 431/2002 Coll., on accounting (hereinafter referred to as the "Accounting Act").

These financial statements were prepared in compliance with IFRS, as amended by the EU. The Company has been applying all IFRS EU standards published by the International Accounting Standards Board (hereinafter referred to as "IASB") and interpretations published by the International Financial Reporting Interpretation Committee (hereinafter referred to as "IFRIC"), as amended by the European Union, which were effective as of 31 December 2017.

The financial statements were prepared on the accrual basis and subject to the going-concern principle.

(c) Basis for measurement

The financial statements were prepared on a historical cost approach.

The historical cost is based on fair value of the consideration provided in exchange of goods and services.

The fair value is the price that would be obtained by the sale of the asset or would be paid for the transfer of an obligation in a usual transaction between market participants as of the date of measurement (i. e. "exit" price or output price).

When determining the fair value of assets and liabilities, the Company uses market (observable) inputs always when possible. In case the market is not active, the fair value of assets and liabilities is determined using measurement techniques. In the application of measurement techniques, estimates and assumptions are used that are consistent with information about estimates and assumptions that are at disposal and that market participants would use when determining the price.

According to the inputs used when determining fair value of assets and liabilities, different levels of fair value were defined:

Level 1: quoted prices (unadjusted) in active markets for identical items of assets and liabilities.

Level 2: inputs different from quoted prices specified in level 1 that can be observed in the assets and liabilities in question either directly (as prices) or indirectly (derived from prices).

Level 3: inputs for assets and liabilities that are not based on observable market data (unobservable inputs).

The financial statements were prepared subject to the going-concern principle.

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(d) Comparability of data

Since the Company was founded in the course of 2017, no data for a comparable period of past year (containing opening balances as of the date of foundation) are included in these financial statements.

(e) Functional currency and presentation currency

These financial statements are prepared in EUR (€) that is the Company's functional currency.

Sums in EUR are expressed in thousands and rounded off except for those where it is specified otherwise.

Negative values are in brackets.

(f) Use of estimates and judgments

Preparing financial statements requires the management to use judgments, estimates and assumptions that affect the application of accounting principles and accounting methods and the amount of assets, liabilities, revenues and costs recognized. Factual results can differ from these estimates.

Estimates and related assumptions are updated on an ongoing basis. Adjustments to accounting estimates are recognized in the period in which the estimation is corrected and in all future affected periods that are affected by such adjustment.

Information about significant areas of the uncertainty of the estimates and significant judgments in the accounting principles and accounting methods applied that have the most significant impact on the sums recognized in the financial statements are described in items 4 and 5 of the Notes.

3. Significant accounting principles and accounting methods

(a) Interest revenues and interest costs

Interest revenues and costs are recognized in the profit and loss statement and other parts of the comprehensive income using the effective interest rate. The effective interest rate is a rate that exactly discounts estimated future cash payments and income during the lifetime of a financial asset or a liability (or a shorter period, if appropriate) towards the book value of the financial asset or the liability. The effective interest rate is determined in the initial recognition of the financial asset and the liability and it is not reviewed afterwards.

The calculation of the effective interest rate includes all fees paid and basis points or received transaction costs and discounts or premiums that form inseparable parts of the effective interest rate. The transaction costs are incremental costs that can be directly attributed to the acquisition, issue or disposal of financial assets or liabilities.

(b) Income tax

The income tax includes current and deferred tax. The income tax is recognized in the profit and loss statement and other parts of the comprehensive income, except for the items that are recognized directly in equity.

The current tax is an expected tax liability resulting from taxable income for the year recalculated with the applicable tax rate as of the date of the financial statements adjusted with sums related to past periods.

The deferred tax is calculated using balance sheet method that brings a temporary difference between the book value of assets and liabilities for the purposes of reporting and their values for tax purposes. The deferred tax is calculated using tax rates in case of which it is expected to be

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used for temporary differences at the moment of their realization based on law applicable or adopted as of the date of the financial statements.

A deferred tax asset is recognized only to the extent to which it is possible that, in future, taxable profits will be achieved against which the liability could be used. Deferred tax assets are reviewed as of the date of the financial statements and decreased to the extent to which it is improbable that it will be possible to realize the tax benefit that concerns them.

(c) Cash and cash equivalents

Cash and cash equivalents include available cash in bank accounts.

Cash and cash equivalents are recognized in the statement of financial position at nominal value.

(d) Categories of financial instruments

Financial instruments

A financial instrument is each contract which incurs a financial asset in one accounting unit and a financial liability or an equity instrument in another accounting unit.

(e) Measurement of financial assets and financial liabilities

Financial instruments are initially recognized at fair value including directly attributable transaction costs. After the initial recognition, they are measured at amortized cost using the method of effective interest rate.

In the subsequent periods, they are recognized in the statement of financial position in the amount of amortized cost; the difference between this cost and the cost in which credits, loans and bonds are repaid are recognized as costs/revenues based on effective interest rate in profit/loss.

(f) Financial assets

The Company's financial assets are included in the category of credits and receivables.

Credits and receivables

Credits and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not classified as securities for sale or financial assets held by maturity or financial assets measured at fair value through profit or loss. They incur when the Company provides funds, goods or services directly to the debtor without intending to trade in the receivable.

In the Company's statement of financial position, these financial assets are recognized as: loans granted, trade receivables and other financial assets.

Receivables are initially recognized at fair value along with directly related transaction cost and, consequently, are measured at their amortized cost using the method of effective interest rate.

An allowance is created in case that there is an objective reason that the Company will not be able to collect all sums due according to the original maturity conditions. The debtor's significant financial problems, probability that the debtor will be declared bankrupt or will be subject to financial reorganization, insolvency or delay in payments are regarded as indicators that the receivable is impaired. The amount of the allowance represents the difference between the book value of the receivable in question and present value of anticipated future cash flow discounted with the effective interest rate.

(g) Financial liabilities

The Company's financial liabilities are included into one of the following categories: financial liabilities measured at fair value through profit or loss or other financial liabilities.

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Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss are derivative financial instruments. In the Company's statement of financial position, these derivative financial instruments are recognized in the item of trade payables and other payables.

Other financial liabilities

Other financial liabilities are various financial liabilities that are not measured at fair value through profit or loss. In the Company's statement of financial position, these liabilities are recognized as bank credits, loans yielding interest, bonds issued and trade payables and other payables. Bonds issued are measured at amortized cost using the method of effective interest rate.

(h) International Financial Reporting Standards

New standards and interpretations that have not yet entered into effect

The following new standards, amendments and additions to the standards and interpretations are not yet binding for the accounting period starting from 1 January 2017 and later and they have been used to prepare these financial statements.

IFRS 9 Financial instruments (2014): Effective for the accounting periods starting on 1 January 2018 or later; it is supposed to be applied retrospectively with certain exceptions. Adjustments in past periods is not required and it is allowed only in case that information is at disposal without retroactive review. Earlier application is allowed.

The standard replaces IAS 39 Financial instruments: Recognition and measurement, except for the exceptions in compliance with IAS 39 to secure fair value of the interest risk of the financial assets portfolio or financial liabilities that maintain their force. The Companies have the possibility to choose the accounting policy between hedge accounting in accordance with IFRS 9 or by continuing in hedge accounting in compliance with IAS 39 for all hedge transaction by the moment when the standard resulting from the IASB project on macro hedge accounting enters into effect.

Although the allowed measurement of financial assets – amortized value, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) – is similar as in IAS 39, criteria for classification into appropriate categories for measurement are significantly different.

Financial assets are measured at amortized cost if the following two conditions are met:

- assets are kept in the framework of a business model of which objective is to keep assets for the purpose of receiving contracting cash flow, and
- contracting conditions result in the designated date for cash flows that represent exclusively payments of principal and interest from the outstanding principal.

Besides, the Company can decide, in case of the non-tradable equity instruments, irrevocably to recognize subsequent changes in fair value (including exchange rate profit or loss) in other comprehensive result. Under no circumstances, they cannot be requalified into profit/loss later.

In case of debt financial instruments measured at FVOCI, interest revenues, expected credit losses and exchange rate profit and loss are recognized in the profit and loss statement in the same way as in case of assets measured at amortized cost. Other profits and losses are recognized in other comprehensive result and they are requalified into the profit and loss statement in case of disposal.

The model of assets impairment "loss incurred" in is replaced, in IFRS 9, by the model of "expected credit loss" ("ECL"), which means that the event causing loss shall not occur before an allowance is recognized. The new impairment model will be applicable to the financial assets that

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are measured at amortized cost or FVOCI, except for investments into equity instruments and contract assets.

According to IFRS 9, the allowance is measured using one of the following approaches:

- 12month ECL: these are ECL that result from possible cases of insolvency during 12 months as of the date of the financial statements; and
- Lifetime ECL: these are ECL that result from all possible cases of insolvency in the course of expected lifetime of the financial instrument.

IFRS 9 contains a new model of hedge accounting that brings hedge accounting closer to risk management. Types of hedging relationships – fair value hedge, cash flow hedge and hedge of net investments in foreign operations – they remain unchanged but additional judgments are required.

The standard contains new requirements to achieve, continue and terminate hedge accounting and permits to determine other risks as hedged items.

Extensive additional disclosures about the Company's risk management and its hedge activities are required.

With regard to the business model and characteristics of cash flow of a significant part of financial assets, the Company expects that the financial assets will be recognized at amortized cost and expected credit loss will not be significant.

IFRS 15 Revenues from contracts with customers and Clarifications to IFRS 15 Revenues from contracts with customers: Effective for the accounting periods starting on 1 January 2018 or later. Earlier application is allowed.

The new standard brings a framework that replaces the existing instruction in IFRS to recognize revenues. Companies have to adopt a 5-step model in order to determine when a revenue is to be recognized and in what amount. The new model specifies that revenues are to be recognized when the company transfers control over the goods and services to the customer and in the amount for which the company expects to be eligible. According to the fact whether certain criteria are met, a revenue shall be recognized:

- over time, in the manner that reflects the company's performance, or
- in the moment when the control over the goods and services is transferred to the customer.

IFRS 15 stipulates principles as well that the company is to apply when introducing qualitative and quantitative disclosures that provide useful information to the addressees of the financial statements as regards the character, amount, time and uncertainty of revenues and cash flow that incur from a contract with the customer.

The Clarifications to IFRS 15 explain certain requirements of the standard and allow further simplifications in the transfer to the new standard for the companies that implement the new standard.

The Clarifications explain how:

- to identify a performance obligation – a promise to provide the customer with goods or a service – in a contract;
- to determine whether a company is a principal (the provider of a good or service) or an agent (a person responsible for arranging for the good or service to be provided); and
- to determine whether the revenue from granting a license should be recognized at a point in time or over time.

The additions also provide the companies with two additional practical exceptions:

- The company has not to adjust contracts retroactively that are terminated as of the beginning of this accounting period which is the earliest presented (it is applicable only to companies that apply the full retrospective adjustment method);
- The company has not to adjust contracts retroactively that were modified prior to the beginning of the earliest presented accounting period, but, instead, it must specify a summary

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effect of all the modifications that took place prior to the beginning of the earliest presented accounting period (it is applicable also to companies that report cumulative effect in the first application of the standard as of the date of its first application).

The Company does not expect that the new standard will have a significant influence on the financial statements in its first application.

IFRS 16 Leases: Effective for the accounting periods starting on 1 January 2019 or later. Earlier application is allowed if the company applies IFRS 15 too.

IFRS 16 replaces IAS 17 Leases and related interpretations. The standard replaces the current dual model of accounting for the lessee. Instead, it requires that companies recognize the majority of leases in the balance sheet according to a single model, eliminating the differentiation between operating and finance lease.

According to IFRS 16, a contract is a lease or contains a lease if it transfers the right of control the use of an identified asset during a certain period for consideration. In case of such contracts, the new model requires that the lessee recognizes the right of use and liability from lease as an asset. The right of use is amortized and a liability yields interest. It will result in higher costs of the majority of leases already at the beginning although the lessee pays a constant annual rent.

The new standard brings also a number of exceptions for the lessee that contain:

- leases with the lease period of 12 months or less and that do not contain a purchase option,
- leases in case of which the subject matter of the lease has low value (so-called “small-ticket leases”).

Introducing the new standard has largely no influence on reporting for the lessor. The lessor will keep on distinguishing between finance and operating lease.

The Company does not expect that the new standard will have a significant influence on the financial statements in its first application.

Additions to IFRS 4: The application of IFRS 9 Financial instruments and IFRS 4 Insurance contracts. Effective for the accounting periods starting on 1 January 2021 or later; they are supposed to be applied prospectively.

The additions are responses to concerns related to the implementation of IFRS 9 before the implementation of the standard that is supposed to replace IFRS 4 and that is being prepared by IASB. The additions introduce two optional solutions. One solution is a temporary exception from IFRS 9 that basically postpones its application for certain insurers. The other solution is to access a presentation so that volatility is reduced that can appear if IFRS 9 is applied before a new standard for insurance contracts.

The Company does not expect that the additions will have significant impact on the presentation of the Company's financial statements in their first application.

Additions to IFRS 10 and IAS 28: Sale or contribution of assets between the investor and its associates and joint-ventures. IASB has not yet determined as of when the addition is effective but earlier application is allowed.

The additions clarify that profit or loss are recognized, in transactions with associates or joint-ventures, in such extent and according to the fact whether the assets sold or contributed are created by the enterprise as follows:

- profit or loss is recognized in full amount if the transaction between the investor and its associate or joint-venture includes the transfer of assets or assets that represent an enterprise (regardless the fact whether it is placed in a subsidiary or not), while

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- profit or loss is recognized partially if the transaction between the investor and its associate and joint-venture includes assets that do not represent an enterprise although these assets are placed in a subsidiary.

The Company does not expect that the additions will have significant impact on the presentation of the Company's financial statements in their first application.

4. Use of estimates and judgments

These declarations complement notes on the management of financial risks.

Key sources of uncertainty in estimates

Determination of fair value

The determination of the fair value of financial assets and liabilities for which there is no market price that can be established requires the use of measurement techniques as described in the accounting principles. In case of financial instruments that are traded only rarely and have low price transparency, the fair value is less objective and requires a different extent of judgment depending on liquidity, concentration, uncertainty of market factors, price forecasts and other risks affecting a specific instrument.

Measurement of financial instruments

The accounting methods and methods to determine fair value are included in note 3(e).

The Company uses the following hierarchy of fair values that classifies the inputs of measurement techniques used to measure fair value into three levels:

- Quoted market price in an active market for an identical instrument (Level I) – fair value is primarily measured based on external data sources (in particular, prices at stock exchange or price offers from brokers in high-liquidity markets). Financial instruments that are measured with quoted market prices are mainly quoted securities and derivatives.
- The measurement techniques based on observable inputs – in case of market measurement in case of which the market cannot be regarded as an active market for the reason of its limited liquidity, the underlying financial instrument is attributed Level II. of the fair value hierarchy. If market values are not available, these financial instruments are measured by means of measurement models based on observable market data. These observable market data are mainly reproducible yield curves, credit margins and volatility.
- The measurement techniques using significant unobservable inputs – if fair value cannot be measured either at sufficiently regularly quoted market prices (Level I) or using measurement models that are based exclusively on observable market prices (Level II), then the individual input parameters that are not observable in the market are estimated using appropriate assumptions. When parameters that are not observable in the market have significant impact on measuring an underlying financial instrument, they are attributed to Level III of the fair value hierarchy. These measurement parameters that are not observable regularly are mainly credit margins derived from internal estimations

Measurement techniques include net present value and models of discounted cash flow, comparison with similar instruments for which there is a market of observable prices and other measurement models. Assumptions and inputs used in the measurement techniques contain risk-free and benchmarking interest rates, interest spread and other premiums used to estimate discount rates. The Company uses a combination of measurement techniques that include, in particular, the method of discounted cash flow and market inputs like market interest revenues, credit margins, underlying index prices and volatility. The objective of the measurement techniques is to

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determine fair value that reflects the price of the financial instrument as of the reporting date and that was determined by market participants in market conditions.

The management assessed the use of estimates and judgments and concluded that, at present, the Company is not subject to significant uncertainty in estimates and judgments. This evaluation will be reviewed by the management regularly.

5. Management of financial and operational risks

The Company is exposed to operational risk and following risks due to the use of financial tools:

- Credit risk
- Interest risk
- Liquidity risk

a. Credit risk

The credit risk takes into account the risk that a contracting party fails to meet its contracting obligations, as a consequence of which the Company will suffer loss. The Company adopted a principle that it will make business only with reliable contracting partners and, if required, it has to obtain sufficient security as means to reduce the risks of financial loss as a consequence of failure to meet obligations. Financial transactions are performed only through renowned financial institutions. The Company has not limited the amount of the open position in respect of any financial institution. The credit risk results, in particular, from a loan granted by the Company to the parent company.

b. Interest risk

The Company's operations are subject only to a limited risk of changes in interest rates. The volume of this risk equals the sum of assets yielding interest and liabilities yielding interest in case of which the interest rate at the moment of maturity or at the moment of the change is different from the present interest rate. Therefore, the time for which a fixed rate is set for the financial instrument expresses exposure to risks of changes in interest rates. The loan to the parent accounting unit and bonds issued are subject to a fixed interest and change in interest rates should not have impact on net interest revenue.

c. Liquidity risk

Liquidity risk incurs in the usual financing of the Company's activities, in the ability to repay its obligations at maturity and in the management of financial positions. It represents the risk of disability to finance assets within a reasonable time of maturity and interest rate and the risk of disability to realize assets for a reasonable price within a reasonable time frame. The liquidity risk is managed on the level of the group. On the level of the Company, the liquidity risk is managed, in particular, by setting the maturity of financial assets and liabilities so that their maturity is not earlier than the maturity of the assets.

d. Operational and legal risk

The operational risk is the risk of direct or indirect loss resulting from a wide range of causes related to processes in the Company, employees, technology and infrastructure and, from external factors except for credit market risk and liquidity risk, e. g. risks resulting from legal and regulatory requirements and generally accepted standards of corporate conduct.

Legal risk is a part of the operational risk, i. e. loss resulting mainly from non-enforceability of contracts, threats of unsuccessful judicial proceedings or judgments with negative impact on the Company.

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6. Financial assets

	31 December 2017
	In thous. EUR
Loan to the parent accounting unit	<u>121,283</u>
Total	<u><u>121,283</u></u>

Division into short-term and long-term part is included in item 21.

Loans were granted to the parent company, EMMA GAMMA LIMITED, with its due date on 21 July 2022. The loan yields interest at the fixed rate of 5.50%.

7. Cash and cash equivalents

	31 December 2017
	In thous. EUR
Current bank accounts	<u>37</u>
Total	<u><u>37</u></u>

8. Deferred tax asset

	31 December 2017
	In thous. EUR
<i>As of 2 June 2017</i>	–
Through profit and loss statement (item 20 of Notes)	4
Recognized into other parts of comprehensive result	<u>–</u>
As of 31 December 2017	<u><u>4</u></u>

The deferred tax asset is calculated using the income tax rate for legal entities in the amount of 21%.

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9. Other assets

	31 December 2017
	In thous. EUR
Other receivables	–
Deferred expenses	56
Accrued revenues	–
	<hr/>
Total	<u>56</u>

Deferred expenses mostly consist of the administrator’s remuneration for the administration of the issue.

10. Trade payables

	31 December 2017
	In thous. EUR
Trade payables	7
Uninvoiced deliveries	15
	<hr/>
Total	<u>22</u>

Division into short-term and long-term part is included in item 21.

All payables are before maturity.

11. Bonds issued

The Company records bonds issued as of 31 December 2017 in the following structure:

In thous. EUR		Original currency of the issue	Face value of the issue in the original currency in thousands	Effective interest rate in %	Amortized cost 31 December 2017
Type	ISIN				
Bearer security	SK4120013012	EUR	120,000	5.25	121,225
Total					<u>121,225</u>

Bonds having the title “Dlhopis EMG 5,25/2022” (Bond EMG 5,25/2022) with identification code ISIN SK4120013012 were issued on 21 July 2017 with the total amount of EUR 120,000 thous. The face value of each bond amounts to EUR 1,000. As 31 December 2017, 120,000 bonds with nominal value of EUR 120,000 thous. were issued, which constitutes the entire volume of the issue. The bonds carry fixed interest rate of 5.25% p.a., while the total face value of the issue is due on 21 July 2022. The bonds were accepted and are traded in a regulated free market of the Bratislava Stock Exchange.

Security

The bonds are secured with 25% share in the stock of SAZKA Group, a.s., that are held by EMMA GAMMA LIMITED (hereinafter referred to as the “Guarantor”).

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Covenants

The prospectus of the security determines certain financial indicators (covenants). In case that these financial indicators are not met, the holders of the bonds of which face value is not less than 10% of the total face value of the issued and not repaid bonds can ask to summon a meeting for the purpose of voting about the possibility of exercising the right to request earlier maturity of the bonds. In this context, the Company monitors meeting the financial indicators according to the provisions of the prospectus of the security. The Company received, in this context, a report from an external expert from which it follows that the financial indicators have not been breached.

12. Other payables

	31 December 2017
	In thous. EUR
Tax payables	24
Deferred revenues	—
	<hr/>
Total	24
	<hr/> <hr/>

13. Registered capital

	31 December 2017
	In thous. EUR
Issued and repaid in full amount:	
As of 2 June 2017	—
Paying-up of registered capital	25
	<hr/>
Balance as of 31 December 2017	25
	<hr/> <hr/>

The subscribed and paid-up registered capital as of 31 December 2017 consists of 25 ordinary shares at the face value of EUR 1,000 per share; the share is registered and has the form of a share certificate. The holders of ordinary shares dispose of a voting right equaling to one vote per ordinary share.

The Company's registered capital amounting EUR 25 thous. was entered into the Companies Register on 2 June 2017.

14. Reserve funds and profit/loss

	Profit/loss of past years	Profit for the account ing period In thous. EUR	Statutory reserve fund In thous. EUR	Other capital funds In thous. EUR	Total In thous. EUR
Balance as of 2 June 2017	–	–	–	–	–
Contribution to the statutory reserve fund	–	–	3	–	3
Contribution to other capital funds	–	–	–	100	100
Profit for the period from 2 June 2017 to 31 December 2017	–	47	–	–	47
Balance as of 31 December 2017	–	47	3	100	150

(a) Statutory reserve fund

The statutory reserve fund was created, during the Company's establishment, by the amount of 10% of the registered capital in compliance with the Company's Articles of Association. The statutory reserve fund can be used only to settle losses and it is a non-distributable fund.

15. Costs of services

	Period from 2 June 2017 to 31 December 2017 In thous. EUR
Auditing and advisory services	(15)
Bookkeeping	(4)
Other services	(8)
Total	(27)

In 2017, the costs of auditing services amounted to EUR 15 thous. The statutory auditor did not provide the Company with any other services than the services of the statutory audit during the reporting period.

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16. Interest costs

	Period from 2 June 2017 to 31 December 2017 In thous. EUR
Interest costs	<u>(2,800)</u>
Total	<u><u>(2,800)</u></u>

The interest costs concern the bonds issued. Information about the bonds are included in item 11.

17. Other financial costs

	Period from 2 June 2017 to 31 December 2017 In thous. EUR
Financial costs – operations in securities	<u>(46)</u>
Total	<u><u>(46)</u></u>

18. Interest revenues

	Period from 2 June to 31 December 2017 In thous. EUR
Interest revenues	<u>2,933</u>
Total	<u><u>2,933</u></u>

Interest revenues concern the loans granted. Information about the loans are included in item 6.

19. Other costs of and revenues for economic activities

	Period from 2 June to 31 December 2017 In thous. EUR
Other costs of economic activities	<u>(3,644)</u>
Total	<u><u>(3,644)</u></u>

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**Period from 2 June 2017
to 31 December 2017
In thous. EUR**

Other revenues from economic activities	3,644
	<hr/>
Total	3,644
	<hr/> <hr/>

Other costs of economic activities are related to fees to administer bonds and costs related to the issue of the bonds. At the same time, the parent company agrees to settle these costs, which results in consequent re-invoicing of these costs and incurring revenues in the same amount.

20. Income tax

**Period from 2 June 2017
to 31 December 2017
In thous. EUR**

<i>Recognized in profit and loss statement</i>	
Income tax due in the current period	(17)
Deferred tax (item 8 of the Notes)	4
	<hr/>
Total income tax	(13)
	<hr/> <hr/>

The tax is calculated from the Company's tax base in the year in question using the 21%-rate.

Transfer from theoretical to recognized income tax as of 31 December 2017 is as follows:

	Tax base 31 December 2017 In thous. EUR	21% 31 December 2017 In thous. EUR
Profit before tax and theoretical income tax	60	13
Costs not recognized for tax purposes	20	4
Non-taxable income	–	–
	<hr/>	<hr/>
Recognized income tax due	80	17
	<hr/> <hr/>	<hr/> <hr/>

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Notes on the financial statements as of 31 December 2017

21. Analysis of maturity

The remaining time of the maturity of assets and liabilities as of 31 December 2017 had the following structure:

	Less than 1 year In thous. EUR	1 to 5 years In thous. EUR	Total In thous. EUR
Assets			
Cash and cash equivalents	37	–	37
Financial assets	1,283	120,000	121,283
Trade receivables	–	–	–
Deferred tax asset	4	–	4
Other assets	–	–	–
	<hr/>	<hr/>	<hr/>
Total	1,324	120,000	121,324
	<hr/>	<hr/>	<hr/>
Liabilities			
Trade payables	22	–	22
Bonds issued	1,225	120,000	121,225
Other payables	–	–	–
	<hr/>	<hr/>	<hr/>
Total	1,247	120,000	121,247
	<hr/>	<hr/>	<hr/>

22. Fair values

The fair value of the financial instruments is the price that would be obtained by the sale of the asset or would be paid for the transfer of an obligation in a proper transaction between market participants as of the date of measurement.

Estimated fair values of the Company's financial assets and liabilities were, as of 31 December 2017, as follows:

	Book value 31 December 2017 In thous. EUR	Fair value 31 December 2017 Level 2 In thous. EUR
Financial assets		
Cash and cash equivalents	37	37
Financial assets	121,283	124,337
Trade receivables	0	0
	<hr/>	<hr/>
Total	121,320	124,374
	<hr/>	<hr/>
Financial liabilities		
Trade payables	22	22
Bonds issued	121,225	123,395
	<hr/>	<hr/>

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Notes on the financial statements as of 31 December 2017

Total	121,247	123,417
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When estimating the fair values of the Company's financial assets and financial liabilities, the following methods and assumptions were used:

Cash and cash equivalents

Fair values of the balances of current accounts equal their book value approximately. In case of the accounts that have their remaining time of maturity shorter than three months, it is suitable to regard their book value as approximate fair value.

Trade receivables

Trade receivables have their remaining time of maturity shorter than three months, and, therefore, it is suitable to regard their book value as approximate fair value.

Loans and credits

Fair value of 31 December 2017 was calculated based on anticipated future discounted income from the repayment of principal and interest. In estimating anticipated future cash flow, also risks of defaults as well as facts that can indicate decrease in value were taken into account.

Trade payables

Estimated fair value of liabilities approximates their book value. Fair value in liabilities with remaining period of maturity of more than three months is estimated by means of discounting their future expected cash flow in the application of the appropriate interest curve.

Bonds issued

Fair value of bonds issued was calculated based on anticipated future discounted expenses from the repayment of principal and interest.

23. Associates

The Company's associates are: the Company's shareholder, shareholders in the parent company, companies controlled by the Company's shareholder, the Company's key management and companies controlled by the Company's key management.

(a) Shareholders

	31 December 2017
	In thous. EUR
<i>Assets</i>	
Financial assets	120,000
Trade receivables	–
Other assets	–
<i>Liabilities</i>	
Other payables	–
<i>Transactions during the year were as follows:</i>	
	31 December 2017
	In thous. EUR
Interest revenues	2,933
Other revenues	–

24. Contingent assets and liabilities

The Company has the following guarantees received (see note 11).

The Company's bonds are secured with 25% share in the stock of SAZKA Group, a.s., that are held by EMMA GAMMA LIMITED (hereinafter referred to as the "Guarantor").

Considering the fact that many areas of Slovak tax law have not been checked in practice so far, there is an uncertainty of how tax authorities will apply them. The extent of this uncertainty cannot be quantified and it will disappear only when legal precedents or official interpretations of the competent authorities are available.

25. Events that took place after the date of the financial statements

After 31 December 2017, no events took place having significant impact on the fair presentation of the facts that are subject to the accounting.

2. **THE AUDITED INDIVIDUAL FINANCIAL STATEMENTS OF THE ISSUER PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION FOR THE PERIOD ENDED 31 DECEMBER 2018**

EMMA GAMMA FINANCE a.s.

ANNUAL REPORT

2018

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1. BASIC INFORMATION ABOUT THE COMPANY

Business name:	EMMA GAMMA FINANCE a.s.
Company´s headquarters:	Dúbravská cesta 14 Bratislava – Karlova Ves City District 841 04
Company ID-No.:	50 897 942
Registration date:	2 June 2017
Legal form:	Joint-stock company
Equity capital:	EUR 25,000
Entry in the companies register:	maintained by the District Court of Bratislava I, Section: Sa, Insert No.: 6599/B

(hereinafter referred to as the "Company")

2. COMPANY´S HISTORY

The Company was founded on 19 April 2017 and it was incorporated by the Companies Register of the District Court of Bratislava I in Bratislava, Section Sa, Insert 6599/B on 2 June 2017.

3. INFORMATION ABOUT BUSINESS OBJECTIVES

- Purchase of goods for the purposes of their resale to the final consumer (retail) or to other trade operators (wholesale).
- Agency activities in the area of trade, services and production.
- Organization of sports, cultural and other social events.
- Extracurricular educational activities.
- Advertising and marketing services, market research and public opinion surveys.
- Administrative services.
- Constructions and their adaptations.
- Haulage with vehicles having the total weight not higher than 3.5 ton including trailers.
- Computer services and services related to data computer-processing.
- Activities of business, organizational and economic advisors.
- Renting real estate related to the provision of other than basic services related to rent.
- Granting credits or loans from funds acquired exclusively without a public call and without a public offer of property values.
- Mediation of granting credits or loans from funds acquired exclusively without a public call and without a public offer of property values.

4. LIST OF THE MEMBERS OF THE COMPANY´S STATUTORY, SUPERVISORY AND OTHER BODIES DURING THE ACCOUNTING PERIOD

During the period from 1 January 2018 to 31 March 2018, the Board of Directors consisted of the following individuals:

- Pavel Horák – Chairman of the Board of Directors
- Petr Stöhr – Member of the Board of Directors
- Monika Špilbergerová – Member of the Board of Directors

During the period from 31 March 2018 to 18 June 2018, the Board of Directors consisted of the following individuals:

- Pavel Horák – Chairman of the Board of Directors
- Petr Stöhr – Member of the Board of Directors
- Martin Hruška – Member of the Board of Directors

During the period from 18 June 2018 to 31 December 2018, the Board of Directors consisted of the following individuals:

- Pavel Horák – Chairman of the Board of Directors
- Radka Blažková (born Fišerová) – Member of the Board of Directors
- Martin Hruška – Member of the Board of Directors

During the period from 1 January 2018 to 18 June 2018, the Supervisory consisted of the following individuals:

- David Havlín – Member of the Supervisory Board
- Radka Blažková (born Fišerová) – Member of the Supervisory Board
- Radka Hudcová (born Zemanová) – Member of the Supervisory Board

During the period from 18 June 2018 to 31 December 2018, the Supervisory consisted of the following individuals:

- David Havlín – Member of the Supervisory Board
- Petr Stöhr – Member of the Supervisory Board
- Radka Hudcová (born Zemanová) – Member of the Supervisory Board

Acting on behalf of the Company:

Two members of the Board of Directors act on behalf of the Company and sign together on behalf of the Company, while signing on behalf of the Company takes place so that the signing person adds his/her signature to the Company's printed or written trade name, his/her name and position.

Information about a consolidated unit:

The Company is included into the consolidation unit of EMMA ALPHA HOLDING Ltd.

The Company had no employees in 2018.

The Company's financial statements as of 31 December 2018 are prepared as ordinary financial statements in compliance with Section 17 (6) of Act NR SR No. 431/2002 Coll., on accounting, in compliance with International Financial Reporting Standards in the wording adopted by the European Union, for the year ending on 31 December 2018.

The Company's economic activities do not represent any risk and they have no impact on the quality of the environment.

The risks and uncertainties which the Company is exposed to are described in the part containing information about the issuer of securities, on pages 6 – 8 hereof.

5. DEVELOPMENT OF ACTIVITIES, THE COMPANY'S FINANCIAL SITUATION AND ADDITIONAL INFORMATION ABOUT PAST BUSINESS DEVELOPMENT

EMMA GAMMA FINANCE a.s. (hereinafter referred to as the "Company") was founded on 19 April 2017 and it was incorporated into the Companies Register of the Slovak Republic on 2 June 2017. Company's main purpose is to act as bond issuer in the securities market.

The subscribed and paid-up equity capital as of 31 December 2018 consists of 25 ordinary shares at the face value of EUR 1,000 per share; the share is registered and has the form of a share certificate. The holders of ordinary shares have a voting right equaling to one vote per ordinary share. No special rights of control nor restrictions on voting rights are related to the ordinary shares. The rights and obligations related to the ordinary shares are defined in more detail in the Company's Articles of Association. The Company's equity capital amounting to EUR 25,000 was entered into the Companies Register on 2 June 2017.

On 19 July 2017, the Board of Directors of the Bratislava Stock Exchange (hereinafter referred to as "BSE") decided to accept the issue of the Company's bonds, ISIN: SK4120013012, in registered form, as bearer securities, with total nominal value of EUR 120,000,000, at the face value per bond amounting to EUR 1,000 in the number of 120,000 pieces to the regulated free market of BSE.

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The date of issue of the Company's bonds was determined for 21 July 2017. On 21 July 2017, the bonds started to be traded under the name EMG 5,25/2022, ISIN: SK4120013012, volume of the issue: EUR 120,000,000 at the nominal value of EUR 1,000 and the interest of 5.25% p.a. (30E/360) paid out for each quarter retroactively.

In July 2017, all 120,000 bonds were subscribed and issued. As of 31 December 2018, the number of subscribed and issued bonds was equal as on 31 December 2017, i. e. 120,000 pieces. 21 October 2017 is the first day of the payment of coupon. If the bonds are not paid up earlier, the face value of the bonds will be paid up in a single transaction on 21 July 2022.

On 22 February 2019, the Company announced earlier repayment of the issue of bonds EMG 5,25/2022 in its full amount as of 23 April 2019.

On 21 July 2017, the Company entered into a loan agreement with EMMA GAMMA LIMITED (hereinafter referred to as "EGL"), registered office at: Themistokli Dervi 48, Athienitis Centennial Building, Nicosia, Cyprus, Company ID-No.: HE 347073, incorporated by the Ministry of Energetics, Trade, Industry and Tourism, Department of Incorporations and the official registrar and administrator of Nicosia, by which it agreed to grant a loan by the total amount of the funds of the already subscribed bonds, however, not more than EUR 120,000,000 with the due date of 21 July 2022. EGL agreed to pay to the Company an interest totaling 5.50% p.a. In addition, it agreed to pay to the Company any and all fees for the administration of the bonds and costs related to the issue of the bonds, costs related to meeting statutory and similar requirements. As of 31 December 2018, the loan granted was totaling EUR 120,000,000.

In relation to the planned earlier repayment of the bonds, this credit between the Company and EGL will be repaid with an extraordinary installment as of 23 April 2019.

In the course of the accounting period from 1 January 2018 – 31 December 2018, the Company acted as an issuer of bonds. Revenues are represented exclusively by financial revenues namely by interest income from in total amount of EUR 6,600 thous. As of the end of 2018, the Company reported profit totaling EUR 55 thous. EUR and shareholders' equity of EUR 230 thous.

Principal economic indicators

In EUR thous. EUR	2018
Total assets	121,489
Non-current assets	121,338
Current assets	95
Accruals	56
Total liabilities	121,489
Registered capital	25
Reserve fund	5
Other capital funds	100
Profit/loss of past years	45
Profit/loss	55
Foreign resources	121,259
Deferrals	-

Financial situation indicators

	2018
Total indebtedness	99.81%
Long-term indebtedness	98.77%
Cash position ratio	0.07
Current ratio	0.12
Total liquidity	0.12

Total indebtedness = liabilities / total assets

Long-term indebtedness = (long-term liabilities + long-term bank credits) / total assets

Cash position ratio = cash and cash equivalents / (short-term liabilities + current bank credits + short-term financial loans)

Current ratio = (cash and cash equivalents + short-term receivables) / (short-term liabilities + current bank credits + short-term financial loans)

Total liquidity = (cash and cash equivalents + short-term receivables + inventory) / (short-term liabilities + current bank credits + short-term financial loans)

Economic efficiency indicators

	2018
Return on assets ROA	5.23%
Return on sales	-
Return on equity capital	220%
Return on equity ROE	23.91%

Return on assets ROA = (profit/loss for the accounting period + interests payable) / total shareholders' equity and liabilities

Return on sales = profit/loss for the accounting period / (sales for goods + sales for own products and services)

The indicator of return on sales is not specified because the Company reports no sales for the period under review.

Return on equity capital = profit/loss for the accounting period / equity capital

Return on equity ROE = profit/loss for the accounting period / shareholders' equity

6. INFORMATION ABOUT THE ISSUER OF SECURITIES IN COMPLIANCE WITH SECTION 20 (5), (6) and (7) OF THE ACCOUNTING ACT

• Objectives and methods to manage risks in the Company

Within the scope of its activities, the EMMA Group (hereinafter referred to as the "Group"), i. e. indirectly also the issuer, is exposed to the below-specified market risks.

To reduce financial risks, the Group tries to maintain a strong capital structure, to manage its cash flow in an appropriate manner and to minimize financial risks concerning the movements of rates of exchange and currencies by means of derivative contracts and other instruments.

• Risks to which the Company is exposed to

The Company is exposed to risks as an issuer and indirectly, by means of the loan granted, to the risks at the part of EGL as the debtor and guarantor. In addition, the Company is indirectly exposed to risks at the part of SAZKA Group a.s., and SAZKA Group by means of the pledge on the shares of SAZKA Group a.s. held by EGL in favor of the pledgee J&T BANKA a.s. The pledge on the shares of SAZKA Group a.s. will terminate along with the earlier repayment of bonds on 23 April 2019. SAZKA Group ensures, in the framework of its companies, both through its majority and minority share in their ownership, the operation of gaming and lottery companies in five EU countries.

Risk at the part of the Company and through the EMMA Group:

- (a) The Company is founded exclusively with the objective to issue bonds and the principal objective of its activities is to grant credits/loans or other forms of financing to EGL or by means of it to the other members of the Group. The Company intends to use income from the bonds to provide financing to EGL or, by means of it, to the other members of the Group. The principal source of the Company's income comes from the repayment of credits/loans from the Group. In case the regulatory environment changes or existing laws are enforced more strictly, the Company could be obliged to obtain a permit to grant credits or loans while it is not guaranteed that it obtains such a permit or it could be imposed fines for infringements. The Company's financial and economic situation, its business activities, position in the market and ability to meet obligations from bonds depend on the Company's ability

to meet its financial obligations in respect of the Company properly and duly. If the Group is not able to meet its due financial obligations in respect of the Company properly and duly, it could negatively affect the Company's financial and economic situation, its business activities and the Company's ability to meet obligations from bonds;

- (b) Possible conflict of interests between the Company's shareholder and the holders of the bonds – the Company is a 100% subsidiary of EGL. In future, one cannot exclude changes in the strategy of EGL or the Group;
- (c) Risk of change in the shareholders' structure – In future, a change in the shareholders' structure of EGL cannot be excluded;
- (d) Risk related to legal, regulatory and fiscal environment – Possible legal disputes could, to a certain extent and for a certain time, limit the Company in disposing of its assets or cause additional costs for the Company. Legal, regulatory and fiscal environment in Slovakia is subject to changes and laws are not always necessarily applied by courts and public authorities consistently;
- (e) Risks related to the Company's crisis – There is a risk that, as a consequence of the issue of bonds, the indicator of the ratio of the amount of the Company's shareholders' equity and its liabilities will be lower than 8 to 100 (in 2018 and later) and, therefore, the Company will be in crisis under the provisions of Section 67a et seq. of the Commercial Code. When a company is in crisis, certain restrictions mainly concerning transactions with the Company's related entities specified in Section 67c of the Commercial Code are applicable. From the point of view of the holders of the bonds, there is a possible significant risk concerning the modification of enforcing rights from the financial guarantee. The Company and EGL agreed to reduce the risk related to the Company's crisis possibly by concluding the Project Support Agreement dated 20 June 2017. Based on that agreement, EGL is obliged to provide, at request, sufficient funds to the Company to overcome the Company's crisis;
- (f) Risk related to bankruptcy (insolvency) proceedings, if any;
- (g) Risks of technological infrastructure – The Company's activities are dependent on using the Group's information technology.

The full description of risks is a part of the prospectus of the bonds.

Risks to which the Company is indirectly exposed by means of SAZKA Group a.s. and SAZKA Group:

- a) Financial risks:
 - o "Credit risk" – a financial risk of the SAZKA Group in case that customers or another counterparty fail to meet agreed contracting terms and conditions;
 - o "Liquidity risk" – a financial risk following from problems in meeting their obligations, if any;
 - o "Interest rate risk" – SAZKA Group is exposed to risks resulting from the movements of interest rates;
 - o "Currency risk" – SAZKA Group is exposed to risks resulting from the movement of foreign-exchange rates;
 - o "Capital management" – SAZKA Group is exposed to risks resulting from its indebtedness.
- b) Regulatory risk:
 - o Lottery industry is regulated intensively by state bodies and other state authorities. State bodies, authorities are entitled to amend legislative framework that stipulate business methods in this industry.

The full description of risks at the part of Group a.s. and SAZKA Group is a part of the prospectus of the bonds.

• Declaration on the Company's administration and management (the issuer of securities)

- The Company has not adopted and has not been applying the Company's Management Code because it is only recommendation at the moment and it is not regarded as a set of generally binding rules of which compliance would be obligatory in the Slovak Republic. The Company meets all the requirements for the administration and management of a company that stipulate generally binding legal regulations of the Slovak Republic. In the sense of the Securities Act, it follows the prospectus that contains all information about the issuer of securities, guarantor and bonds. The prospectus as well as all the documents specified therein are available at the

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Company's headquarters as well as in electronic form at the website <http://www.emmacapital.cz/obligatory-disclosures>.

- *Basic information about administration and management methods* are contained in the Company's Certificate of Incorporation and the Company's Articles of Association. At present, the Company is governed and meets all the requirements for administration and management of a company that stipulate generally binding legal regulations of the Slovak Republic.
- *Internal control and risk management system* – A system of keeping books is governed by the applicable provisions of acts and public notices applicable in the Slovak Republic and International Financial Reporting Standards (IFRS EU). The Company keeps double-entry bookkeeping. The chart of accounts is provided in two accounting classes, for international standards and for Slovak accounting standards. Changes can be made only by a designated workplace. The balances of all accounts are checked as of balance sheet date. The Company is managed by means of controlling instruments too. These instruments are focused on the evaluation of key financial and non-financial performance indicators aiming at achieving the Company's economic plans. Audit Committee supervises bookkeeping.
- *Powers of a statutory body* – The Board of Directors is the Company's statutory body and is authorized to act, on behalf of the Company, in all affairs and represents the Company before third parties, court and other authorities. The Board of Directors is obliged to follow decisions and to execute the decisions of the General Meeting. As of 31 December 2018, it has three members of the Board of Directors: Pavel Horák – Chairman of the Board of Directors (from 2 June 2017), Radka Blažková – Member of the Board of Directors (from 18 June 2018) and Martin Hruška – Member of the Board of Directors (from 31 March 2018). The members of the Board of Directors can represent the Company in all affairs so that two members of the Board of Directors act on behalf of the Company and sign on behalf of the Company, while signing on behalf of the Company takes place so that the signing person adds his/her signature to the Company's printed or written trade name, his/her name and position. The competencies of the Board of Directors are defined in the Company's Articles of Association. The Board of Director manages the Company's activities in sense of them and decides on all the Company's affairs unless they are included into the powers of the Company's other bodies with legal regulations and the Company's Articles of Association. They have not special powers to decide to issue or repurchase bonds.
- *Powers of the General Meeting* – The General Meeting is the Company's highest body and can reserve to itself decision-making on the affairs that belong among the powers of the Company's other bodies otherwise. It consists of all shareholders present therein. Also all the members of the Board of Directors, the Supervisory Board and persons whose participation was approved by the General Meeting have the right to participate in the negotiation of the General Meeting. A shareholder can exercise his/her rights in the General Meeting by means of a representative as well. The General Meeting is summoned by the Board of Directors unless a legal regulation stipulates otherwise. The Board of Directors is obliged to summon an ordinary General Meeting not less than once a calendar year in the month of June. The General Meeting decides by voting at the invitation of the chairman of the General Meeting. A decision on the amendment to the Articles of Association, increasing or decreasing equity capital, the authorization of the Board of Directors to increase equity capital, the issue of priority bonds or exchangeable bonds, the Company's discontinuation or the change of its legal form require two-third majority of votes of present shareholders and a notarial record has to be taken on it. In other affairs, the General Meeting decides by simple majority of the votes of present shareholders, unless the law stipulates otherwise. The General Meeting votes and dismisses members of the Board of Directors.
- The Company declares that, as of the date of the Annual Report, it has concluded no material agreements of which validity would terminate as a consequence of change in its controlling relations and it has not concluded any agreements with the members of its bodies or employees based on which compensation should be provided to them for the reason of the termination of their employment.
- As of the date of the Annual Report, the Company holds and issued no other securities accepted for trading in a regulated market in any Member State or a state of the European Economic Area.

- The Company declares that exercising voting rights by shareholders is not limited in the Company's Articles of Association.
- The Company is not aware of any agreements between the holders of securities that could result in restricting the transferability of the securities. The holders of bonds acquire, by their purchase, no voting rights in the Company or the rights of control.

7. EVENTS THAT TOOK PLACE AFTER THE END OF THE ACCOUNTING PERIOD

After 31 December 2018, the following events took place:

- On 22 February 2019, the Company published a decision about the earlier repayment of the issue of bonds EMG 5,25/2022 in its full amount as of 23 April 2019.
- At the same time, the Company considers a new issue of bonds.

8. INFORMATION ABOUT EXPECTED ECONOMIC AND FINANCIAL SITUATION FOR 2018

In 2019, EMMA GAMMA FINANCE a.s. will make every effort to achieve profit and work efficiently. In the following accounting period, the Company will keep on working in the securities market by issuing bonds. The Company expects profit in the following accounting period as well that will be reported mainly due to positive interest margin.

9. PROPOSAL FOR PROFIT DISTRIBUTION

In 2018, the Company reported profit totaling EUR 55 thous. The Company's General Meeting will decide about the profit distribution during its meeting in 2019. The Company's statutory body proposes to the General Meeting to use the profit amounting to EUR 55 thous. by transferring to the account of Retained earnings from past years.

10. EXPENSES FOR ACTIVITIES IN RESEARCH AND DEVELOPMENT

The Company did not realize any expenses for activities in research and development in 2018 and does not plan to invest into this area in 2019 either.

11. ACQUISITION OF OWN SHARES, TEMPORARY CERTIFICATES, BUSINESS PARTICIPATIONS AND SHARES, TEMPORARY CERTIFICATES AND BUSINESS PARTICIPATIONS OF THE PARENT ACCOUNTING UNIT

In 2018, the Company acquired no own shares, temporary certificates, business participations and shares, temporary certificates and business participations of the parent accounting unit.

12. STRUCTURE OF THE COMPANY'S OWNERS

The Company's sole shareholder is EGL owning 100% business share and exercises 100% voting rights in the Company. The Company's controlling relationship by EGL is based exclusively based on the ownership of 100% business share. The share in the voting rights corresponds to the share in the Company's equity capital and supervises the management of the members of the Company's Board of Directors. Security measures aiming at avoiding the abuse of supervision result from

generally binding legal regulations. The Company has not adopted any special measures above the framework of the generally binding legal regulations.

Ownership structure as of 31 December 2018 was as follows:

Shareholder	Share in the equity capital		Voting rights
	EUR	%	%
EMMA GAMMA LIMITED, Themistokli Dervi 48, ATHIENITIS CENTENNIAL BUILDING, 3rd floor, Flat/Office 103, Nicosia, Republic of Cyprus	25,000	100	100
Total	25,000	100	100

13. ORGANISATIONAL UNIT ABROAD

The Company has not and does not plan to establish any unit abroad.

14. REPORT OF THE COMPANY'S BOARD OF DIRECTORS

In the course of the accounting period from 1 January 2018 – 31 December 2018, the Company acted as bond issuer.

In the accounting period of 2018, the Company reported profit totaling EUR 55 thous. The interest revenue related to loans granted had the greatest influence on the profit achieved. Achieving profit will be the Company's objective for the next period.

In Bratislava, on 17 April 2019

.....
 Pavel Horák
 Chairman of the Board of Directors
EMMA GAMMA FINANCE a.s.

.....
 Radka Blažková
 Member of the Board of Directors
EMMA GAMMA FINANCE a.s.



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Správa nezávislého audítora

Akcionárom, dozornej rade a predstavenstvu spoločnosti EMMA GAMMA FINANCE a.s.

Správa z auditu účtovnej závierky

Názor

Uskutočnili sme audit účtovnej závierky EMMA GAMMA FINANCE a.s. („Spoločnosť“), ktorá obsahuje výkaz o finančnej situácii k 31. decembru 2018, výkazy ziskov a strát a ostatných súčastí komplexného výsledku, zmien vlastného imania a peňažných tokov za rok končiaci sa k uvedenému dátumu a poznámky účtovnej závierky, ktoré obsahujú súhrn významných účtovných zásad a účtovných metód.

Podľa nášho názoru, priložená účtovná závierka poskytuje pravdivý a verný obraz finančnej situácie Spoločnosti k 31. decembru 2018, výsledku jej hospodárenia a peňažných tokov za rok končiaci sa k uvedenému dátumu podľa Medzinárodných štandardov finančného výkazníctva v znení prijatom Európskou úniou.

Základ pre názor

Audit sme vykonali podľa medzinárodných audítorských štandardov (International Standards on Auditing, ISA). Naša zodpovednosť podľa týchto štandardov je uvedená v odseku Zodpovednosť audítora za audit účtovnej závierky. Od Spoločnosti sme nezávislí podľa ustanovení zákona č. 423/2015 Z. z. o štatutárnom audite a o zmene a doplnení zákona č. 431/2002 Z. z. o účtovníctve v znení neskorších predpisov („zákon o štatutárnom audite“) týkajúcich sa etiky, vrátane Etického kódexu audítora, relevantných pre náš audit účtovnej závierky a splnili sme aj ostatné požiadavky týchto ustanovení týkajúcich sa etiky. Sme presvedčení, že auditorské dôkazy, ktoré sme získali, poskytujú dostatočný a vhodný základ pre náš názor.

Kľúčové záležitosti auditu

Kľúčové záležitosti auditu sú záležitosti, ktoré sú podľa nášho odborného posúdenia v našom audite účtovnej závierky za bežné obdobie najzávažnejšie. V súvislosti s auditom účtovnej závierky a pri formulovaní nášho názoru na ňu sme sa zaoberali týmito záležitosťami a neidentifikovali sme žiadne kľúčové záležitosti, ktoré by predstavovali závažné riziko.

Zodpovednosť predstavenstva a osôb poverených správou a riadením za účtovnú závierku

Predstavenstvo je zodpovedné za zostavenie tejto účtovnej závierky tak, aby poskytovala pravdivý a verný obraz podľa Medzinárodných štandardov finančného výkazníctva v znení prijatom Európskou úniou a za tie interné kontroly, ktoré považuje za potrebné na zostavenie účtovnej závierky, ktorá neobsahuje významné nesprávnosti, či už v dôsledku podvodu alebo chyby.

Pri zostavovaní účtovnej závierky je predstavenstvo zodpovedné za zhodnotenie schopnosti Spoločnosti nepretržite pokračovať vo svojej činnosti, za opísanie skutočností týkajúcich sa nepretržitého pokračovania v činnosti, ak je to potrebné, a za použitie predpokladu nepretržitého pokračovania v činnosti v účtovníctve, ibaže by mal

v úmysle Spoločnosť zlikvidovať alebo ukončiť jej činnosť, alebo by nemal inú realistickú možnosť než tak urobiť.

Osoby poverené správou a riadením sú zodpovedné za dohľad nad procesom finančného výkazníctva Spoločnosti.

Zodpovednosť audítora za audit účtovnej závierky

Našou zodpovednosťou je získať primerané uistenie, či účtovná závierka ako celok neobsahuje významné nesprávnosti, či už v dôsledku podvodu alebo chyby, a vydať správu audítora, vrátane názoru. Primerané uistenie je uistenie vysokého stupňa, ale nie je zárukou toho, že audit vykonaný podľa medzinárodných audítorských štandardov vždy odhalí významné nesprávnosti, ak také existujú. Nesprávnosti môžu vzniknúť v dôsledku podvodu alebo chyby a za významné sa považujú vtedy, ak by sa dalo odôvodnene očakávať, že jednotlivito alebo v súhrne by mohli ovplyvniť ekonomické rozhodnutia používateľov, uskutočnené na základe tejto účtovnej závierky.

V rámci auditu uskutočneného podľa medzinárodných audítorských štandardov, počas celého auditu uplatňujeme odborný úsudok a zachováваме profesionálny skepticizmus. Okrem toho:

- Identifikujeme a posudzujeme riziká významnej nesprávnosti účtovnej závierky, či už v dôsledku podvodu alebo chyby, navrhujeme a uskutočňujeme audítorské postupy reagujúce na tieto riziká a získavame audítorské dôkazy, ktoré sú dostatočné a vhodné na poskytnutie základu pre náš názor. Riziko neodhalenia významnej nesprávnosti v dôsledku podvodu je vyššie ako toto riziko v dôsledku chyby, pretože podvod môže zahŕňať tajnú dohodu, falšovanie, úmyselné vynechanie, nepravdivé vyhlásenie alebo obídenie internej kontroly.
- Oboznamujeme sa s internými kontrolami relevantnými pre audit, aby sme mohli navrhnúť audítorské postupy vhodné za daných okolností, ale nie za účelom vyjadrenia názoru na efektívnosť interných kontrol Spoločnosti.
- Hodnotíme vhodnosť použitých účtovných zásad a účtovných metód a primeranosť účtovných odhadov a uvedenie s nimi súvisiacich informácií, uskutočnené predstavenstvom Spoločnosti.
- Robíme záver o tom, či predstavenstvo vhodne v účtovníctve používa predpoklad nepretržitého pokračovania v činnosti a na základe získaných audítorských dôkazov záver o tom, či existuje významná neistota v súvislosti s udalosťami alebo okolnosťami, ktoré by mohli významne spochybniť schopnosť Spoločnosti nepretržite pokračovať v činnosti. Ak dospejeme k záveru, že významná neistota existuje, sme povinní upozorniť v našej správe audítora na súvisiace informácie uvedené v účtovnej závierke alebo, ak sú tieto informácie nedostatočné, modifikovať náš názor. Naše závery vychádzajú z audítorských dôkazov získaných do dátumu vydania našej správy audítora. Budúce udalosti alebo okolnosti však môžu spôsobiť, že Spoločnosť prestane pokračovať v nepretržitej činnosti.
- Hodnotíme celkovú prezentáciu, štruktúru a obsah účtovnej závierky vrátane informácií v nej uvedených, ako aj to, či účtovná závierka zachytáva uskutočnené transakcie a udalosti spôsobom, ktorý vedie k ich vernému zobrazeniu.

Osobám povereným správou a riadením tiež poskytujeme vyhlásenie o tom, že sme splnili príslušné požiadavky týkajúce sa nezávislosti, a komunikujeme s nimi o všetkých vzťahoch a iných skutočnostiach, pri ktorých sa možno opodstatnene domnievať, že majú vplyv na našu nezávislosť, ako aj o prípadných súvisiacich ochranných opatreniach.

Zo skutočností komunikovaných osobám povereným správou a riadením určíme tie, ktoré mali najväčší význam pri audite účtovnej závierky bežného obdobia, a preto sú kľúčovými záležitosťami auditu. Tieto záležitosti opíšeme v našej správe audítora, ak zákon alebo iný právny predpis ich zverejnenie nevyklučuje, alebo ak v mimoriadne zriedkavých prípadoch nerozhodneme, že určitá záležitosť by sa v našej správe uviesť nemala, pretože možno odôvodnene očakávať, že nepriaznivé dôsledky jej uvedenia by prevážili nad verejným prospechom z jej uvedenia.

Správa k ďalším požiadavkám zákonov a iných právnych predpisov

Správa k informáciám, ktoré sa uvádzajú vo výročnej správe

Predstavenstvo je zodpovedné za informácie uvedené vo výročnej správe, zostavenej podľa požiadaviek zákona č. 431/2002 Z. z. o účtovníctve v znení neskorších predpisov („zákon o účtovníctve“). Náš vyššie uvedený názor na účtovnú závierku sa nevzťahuje na iné informácie vo výročnej správe.

V súvislosti s auditom účtovnej závierky je našou zodpovednosťou oboznámenie sa s informáciami uvedenými vo výročnej správe a posúdenie, či tieto iné informácie nie sú vo významnom nesúlade s auditovanou účtovnou závierkou alebo našimi poznatkami, ktoré sme získali počas auditu účtovnej závierky, alebo sa inak zdajú byť významne nesprávne.

Posúdili sme, či výročná správa Spoločnosti obsahuje informácie, ktorých uvedenie vyžaduje zákon o účtovníctve.

Na základe prác vykonaných počas auditu účtovnej závierky, podľa nášho názoru:

- informácie uvedené vo výročnej správe zostavenej za rok 2018 sú v súlade s účtovnou závierkou za daný rok,
- výročná správa obsahuje informácie podľa zákona o účtovníctve.

Okrem toho, na základe našich poznatkov o Spoločnosti a situácii v nej, ktoré sme získali počas auditu účtovnej závierky, sme povinní uviesť, či sme zistili významné nesprávnosti vo výročnej správe, ktorú sme obdržali pred dátumom vydania tejto správy audítora. V tejto súvislosti neexistujú zistenia, ktoré by sme mali uviesť.

Ďalšie požiadavky na obsah správy audítora v zmysle Nariadenia Európskeho parlamentu a Rady (EÚ) č. 537/2014 zo 16. apríla 2014 o osobitných požiadavkách týkajúcich sa štatutárneho auditu subjektov verejného záujmu

Vymenovanie a schválenie audítora

Za štatutárneho audítora sme boli vymenovaní predstavenstvom 26. januára 2018 na základe nášho schválenia valným zhromaždením Spoločnosti 22. januára 2018. Celkové neprerušené obdobie našej zákazky, vrátane predchádzajúcich obnovení zákazky (predĺžení obdobia, na ktoré sme boli pôvodne vymenovaní) a našich opätovných vymenovaní za štatutárnych audítorov, predstavuje dva roky.

Konzistentnosť s dodatočnou správou pre dozornú radu spoločnosti, ktorá plní funkciu výboru pre audit

Náš názor audítora vyjadrený v tejto správe je konzistentný s dodatočnou správou vypracovanou pre dozornú radu spoločnosti, ktorá plní funkciu výboru pre audit, ktorú sme vydali v ten istý deň ako je dátum vydania tejto správy.

Neaudítorské služby

Neboli poskytované zakázané neaudítorské služby uvedené v článku 5 ods. 1 Nariadenia Európskeho parlamentu a Rady (EÚ) č. 537/2014 zo 16. apríla 2014 o osobitných požiadavkách týkajúcich sa štatutárneho auditu subjektov verejného záujmu a pri výkone auditu sme zostali nezávislí od Spoločnosti.


Okrem služieb štatutárneho auditu a služieb zverejnených vo výročnej správe alebo v účtovnej závierke sme Spoločnosti a účtovným jednotkám, v ktorých má Spoločnosť rozhodujúci vplyv, neposkytli žiadne iné služby.

17. apríl 2019

Bratislava, Slovenská republika

Audítorská spoločnosť:
KPMG Slovensko spol. s r.o.
Licencia SKAU č. 96




Zodpovedný audítor:
Ing. Michal Maxim, FCCA
Licencia UDVA č. 1093

Independent Auditors' Report

To the Shareholders, Supervisory Board and Board of Directors of EMMA GAMMA FINANCE a.s.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of EMMA GAMMA FINANCE a.s. ("the Company"), which comprise the statement of financial position as at 31 December 2018, statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section. We are independent of the Company in accordance with the ethical requirements of the Act No. 423/2015 Coll. on statutory audit and on amendments to Act No. 431/2002 Coll. on accounting as amended ("the Act on Statutory Audit") including the Code of Ethics for an Auditor that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We have not identified any key audit matters that would represent significant risk.

Responsibilities of the Statutory Body and Those Charged with Governance for the Financial Statements

The statutory body is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the statutory body 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 statutory body 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 statutory body either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' 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 auditors' 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 ISAs 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 ISAs, we exercise professional judgment and maintain professional skepticism 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 statutory body.
- Conclude on the appropriateness of the statutory body's 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 auditors' 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 auditors' 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 those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Reporting on Information in the Annual Report

The statutory body is responsible for the information in the Annual Report prepared in accordance with the Act No. 431/2002 Coll. on Accounting as amended ("the Act on Accounting"). Our opinion on the financial statements does not cover other information in the Annual Report.

In connection with our audit of the financial statements, our responsibility is to read the Annual Report and, in doing so, consider whether the other information is materially inconsistent with the audited financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Annual Report of the Company, we consider whether it includes the disclosures required by the Act on Accounting.

Based on the work undertaken in the course of the audit of the financial statements, in our opinion:

- the information given in the Annual Report for the year 2018 is consistent with the financial statements prepared for the same financial year; and
- the Annual Report contains information according to the Act on Accounting.

In addition to this, in light of the knowledge of the Company and its environment obtained in the course of audit, we are required to report if we have identified material misstatement in the Annual Report that we have obtained prior to the date of this auditors' report. We have nothing to report in this respect.

Additional requirements on the content of the auditors' report according to Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities

Appointment and approval of an auditor

We have been appointed as a statutory auditor by the statutory body of the Company on 26 January 2018 on the basis of approval by the General Meeting of the Company on 22 January 2018. The period of our total uninterrupted engagement, including previous renewals (extensions of the period for which we were originally appointed) and reappointments as statutory auditors, is two years.

Consistency with the additional report to the Supervisory Board acting in the capacity of the audit committee

Our audit opinion as expressed in this report is consistent with the additional report to the Supervisory Board acting in the capacity of the audit committee, which was issued on the same date as the date of this report.

Non-audit services

No prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities were provided and we remained independent of the Company in conducting the audit.

In addition to the statutory audit services and services disclosed in the Annual Report or the financial statements of the Company, we did not provide any other services to the Company or accounting entities controlled by the Company.

17 April 2019
Bratislava, Slovak Republic

Auditing company:
KPMG Slovensko spol. s r.o.
License SKAU No. 96

Responsible auditor:
Ing. Michal Maxim, FCCA
License UDVA No. 1093

EMMA GAMMA FINANCE a.s.

Financial statements

prepared under the International
Financial Reporting Standards,
as amended by the European Union,

for a year ending on 31 December 2018

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EMMA GAMMA FINANCE a.s.
Statement of financial position as of 31 December 2018

	Note	31 December 2018 In thous. EUR	31 December 2017 In thous. EUR
Assets			
Cash and cash equivalents	7	92	37
Deferred tax asset	8	3	4
Other assets	9	56	122
Total current assets		151	163
Financial assets measured at amortized cost	6	121,338	121,283
Total non-current assets		121,338	121,283
Total assets		121,489	121,446
Liabilities			
Trade payables	10	19	22
Bonds issued	11	1,225	1,225
Other payables	12	15	24
Total short-term payables		1,259	1,271
Bonds issued	11	120,000	120,000
Total long-term payables		120,000	120,000
Total payables		121,259	121,271
Equity			
Registered capital	13	25	25
Statutory reserve fund	14	5	3
Other capital funds	14	100	100
Retained earnings of past years	14	45	–
Comprehensive profit/loss for the period	14	55	47
Total equity		230	175
Total equity and liabilities		121,489	121,446

Financial statements, including notes on pages 21 to 45, were prepared and approved on 17 April 2019.

.....
Pavel Horák
Chairman of the Board

.....
Radka Blažková
Member of the Board

EMMA GAMMA FINANCE a.s.

Profit and loss statement and statement of other components of the comprehensive result for a year ending on 31 December 2018

		Year ending on 31 December 2018	Period from 2 June 2017 to 31 December 2017
	Notes	In thous. EUR	In thous. EUR
Costs of services	15	(40)	(27)
Other costs for economic activities	19	<u>(260)</u>	<u>(3,644)</u>
Operating costs		<u>(300)</u>	<u>(3,671)</u>
Interest costs	16	(6,300)	(2,800)
Other financial costs	17	<u>(105)</u>	<u>(46)</u>
Financial costs		<u>(6,405)</u>	<u>(2,846)</u>
Other revenues from economic activities	19	<u>192</u>	<u>3,644</u>
Revenues from economic activities		<u>192</u>	<u>3,644</u>
Interest revenues calculated using the effective interest method	18	<u>6,600</u>	<u>2,933</u>
Financial revenues		<u>6,600</u>	<u>2,933</u>
Profit before tax		87	60
Costs of income tax	20	<u>(32)</u>	<u>(13)</u>
Profit after tax		55	47
Other parts of comprehensive result		<u>–</u>	<u>–</u>
Total comprehensive result for the period		<u><u>55</u></u>	<u><u>47</u></u>

The notes on pages 21 to 45 are inseparable parts of these financial statements.

EMMA GAMMA FINANCE a.s.

Statement of decreases/increases in equity for a year ending on 31 December 2018

<i>In thous. EUR</i>	Registered capital	Statutory reserve fund	Other capital funds	Profit/loss of past years	Comprehensive profit/loss	Total equity
Balance as of 1 January 2018	25	3	100	–	47	175
Total comprehensive result for the year						
Allocation of profit/loss	–	2	–	45	(47)	–
Profit for the year	–	–	–	–	55	55
Balance as of 31 December 2018	25	5	100	45	55	230

<i>In thous. EUR</i>	Registered capital	Statutory reserve fund	Other capital funds	Comprehensive profit/loss	Total equity
Balance as of 2 June 2017	25	3	–	–	28
Total comprehensive result for the period					
Profit for the period	–	–	–	47	47
Contribution to other capital funds	–	–	100	–	100
Balance as of 31 December 2017	25	3	100	47	175

The notes on pages 21 to 45 are inseparable parts of these financial statements.

EMMA GAMMA FINANCE a.s.
Cash flow statement for a year ending on 31 December 2018

	Notes	Year ending on 31 December 2018 In thous. EUR	Period from 2 June 2017 to 31 December 2017 In thous. EUR
Cash flow from operating activities			
Profit before tax		87	60
<i>Adjustments to:</i>			
Interest costs		6,300	2,800
Interest revenues		(6,600)	(2,933)
Adjustments for other receivables		66	
(Decrease)/increase in trade payables		(3)	22
Decrease/(increase) in other assets and receivables		1	(126)
(Decrease)/increase in other payables		(9)	24
Interest paid		(6,300)	(1,575)
Interest received		6,545	1,650
Expenses for income tax		(32)	(13)
<i>Net cash flow from/(used for) operating activities</i>		<u>55</u>	<u>(91)</u>
Cash flow from financial activities			
Income from bonds issued		–	120,000
Expenses for loans granted		–	(120,000)
Income from loans granted		–	–
Increase in registered capital		–	28
Increase in other capital funds		–	100
<i>Net cash flow from financial activities</i>		<u>–</u>	<u>128</u>
Net decrease/increase in cash and cash equivalents		55	37
Cash and cash equivalents as at the beginning of the reporting period	7	<u>37</u>	<u>–</u>
Cash and cash equivalents as at the end of the reporting period	7	<u><u>92</u></u>	<u><u>37</u></u>

The notes on pages 21 to 45 are inseparable parts of these financial statements.

1. General information

EMMA GAMMA FINANCE, a. s. (hereinafter referred to as the “Company”) was founded in the Slovak Republic with the Certificate of Incorporation and it is incorporated in the Companies Register of the District Court in Bratislava I, Section: Sa, Insert No.: 6599/B. The incorporation into the Companies Register was made on 2 June 2017.

Identification number (“ID-No.”) and Tax identification number (“TIN”) are as follows:

Identification number: 50 897 942
Tax identification number: 2120527640

Company’s headquarter is at: Dúbravská cesta 14, 841 04 Bratislava

Shareholders’ structure as of 31 December 2018 was as follows:

	Voting right in %	Share in registered capital in %
EMMA GAMMA LIMITED	100%	100%
Total	100%	100%

Shareholders’ structure as of 31 December 2017 was as follows:

	Voting right in %	Share in registered capital in %
EMMA GAMMA LIMITED	100%	100%
Total	100%	100%

As of 31 December 2018, the Board of Directors consisted of the following individuals:

- Pavel Horák – Chairman of the Board of Directors
- Radka Blažková – Member of the Board of Directors
- Martin Hruška – Member of the Board of Directors

As of 31 December 2018, the Supervisory Board consisted of the following individuals:

- David Havlín – Member of the Supervisory Board
- Radka Hudcová – Member of the Supervisory Board
- Peter Stöhr – Member of the Supervisory Board

Number of the Company’s employees during 2018 was 0 (2017: 0). No loans, guarantees or other forms of securities or cash or other payments for private purposes that are accounted for were granted to the members of the statutory body or the members of the supervisory bodies in 2018 (2017: none).

Activities

The Company’s principal activities are as follows:

- Purchase of goods for the purposes of their resale to the final consumer (retail) or to other trade operators (wholesale)
- Agency activities in the area of trade, services and production
- Organization of sports, cultural and other social events
- Extracurricular educational activities
- Advertising and marketing services, market research and public opinion surveys

- Administrative services
- Constructions and their adaptations
- Haulage with vehicles having the total weight not higher than 3.5 ton including trailers
- Computer services and services related to computer data processing
- Activities of business, organizational and economic advisors
- Renting real estate related to the provision of other than basic services related to rent
- Granting credits or loans from funds acquired exclusively without a public call and without a public offer of property values
- Mediation of granting credits or loans from funds acquired exclusively without a public call and without a public offer of property values

2. Bases to prepare the financial statements

(a) Declaration of conformity

The Company's financial statements as of 31 December 2018 were prepared in compliance with the International Financial Reporting Standards (hereinafter referred to as "IFRS"), as amended by the European Union.

(b) Legal basis to prepare the financial statements

The Company's financial statements as of 31 December 2018 are prepared as ordinary financial statements in compliance with Section 17 (6) of Act NR SR No. 431/2002 Coll., on accounting (hereinafter referred to as the "Accounting Act"), for the accounting period from 1 January 2018 to 31 December 2018 (hereinafter referred to as the "year").

These financial statements were prepared in compliance with IFRS, as amended by the EU. The Company has been applying all IFRS EU standards published by the International Accounting Standards Board (hereinafter referred to as "IASB") and interpretations published by the International Financial Reporting Interpretation Committee (hereinafter referred to as "IFRIC"), as amended by the European Union, which were effective as of 31 December 2018.

The financial statements were prepared on the accrual basis and subject to the going-concern principle.

(c) Basis for measurement

The financial statements were prepared on a historical cost approach.

The historical cost is based on fair value of the consideration provided in exchange of goods and services.

The fair value is the price that would be obtained from the sale of an asset or would be paid for the transfer of an obligation in a usual transaction between market participants as of the date of measurement (i. e. "exit" price or output price).

When determining the fair value of assets and liabilities, the Company uses market (observable) inputs always when possible. In case the market is not active, the fair value of assets and liabilities is determined using measurement techniques. In the application of measurement techniques, estimates and assumptions are used that are consistent with information about estimates and assumptions that are at disposal and that market participants would use when determining the price.

According to the inputs used when determining fair value of assets and liabilities, different levels of fair value were defined:

Level 1: quoted prices (unadjusted) in active markets for identical items of assets and liabilities.

Level 2: inputs different from quoted prices specified in level 1 that can be observed in the assets and liabilities in question either directly (as prices) or indirectly (derived from prices).

Level 3: inputs for assets and liabilities that are not based on observable market data (unobservable inputs).

(d) Functional currency and presentation currency

These financial statements are prepared in EUR (€) that is the Company's functional currency.

Sums in EUR are expressed in thousands and rounded off except for those where it is specified otherwise.

Negative values are in brackets.

(e) Use of estimates and judgments

Applicable only to 2018:

Impairment to financial instruments: determining inputs into the model to measure ECL (note 6).

Applicable to 2018 and 2017:

Preparing financial statements requires the management to use judgments, estimates and assumptions that affect the application of accounting principles and accounting methods and the amount of assets, liabilities, revenues and costs recognized. Factual results can differ from these estimates.

Estimates and related assumptions are updated on an ongoing basis. Adjustments to accounting estimates are recognized in the period in which the estimation is corrected and in all future affected periods that are affected by such adjustment.

Information about significant areas of the uncertainty of the estimates and significant judgments in the accounting principles and accounting methods applied that have the most significant impact on the sums recognized in the financial statements are described in items 4 and 5 of the Notes.

3. Accounting principles and accounting methods

3.1 Changes in accounting principles and methods

As of 1 January 2018, the Company adopted IFRS 9 accounting standard published by IASB in July 2014. The Company did not adopt any IFRS 9 area earlier in the previous periods.

The adoption of IFRS 9 resulted in changes in the Company's accounting principles and methods for recognition, classification and measurement of financial assets and liabilities and for reducing the value of financial assets. IFRS 9 also significantly changes and complements other standards that deal with financial instruments like IFRS 7 *Financial instruments: Disclosure*, as a consequence of which it was necessary to adjust information disclosed for financial instruments, however, that supplement was not applied to comparable data.

The Company decided not to recalculate comparable data as allowed by transitional arrangements of IFRS 9. The Company restructured items from the previous year, if applicable, according to the names of lines in a current period in order to use consistent names of the lines both in the current as well as in the previous period. Adjustments to the accounting value of financial assets and liabilities as of the date of initial application would be recognized in the opening balance of retained earnings for the current period. However, this impact was not significant and, therefore, the Company does not recognize adjusted opening balance of retained profit as of 1 January 2018.

See below for the information on the impact of the adoption of IFRS 9.

According to IAS 39, the Company had a credit provided to the parent company that was measured at amortized cost. This credit is held in the framework of a business model to hold financial assets in order to acquire contracting cash flow and, at the same time, criteria have been met that cash flow from the credit include exclusively the payments of principal and interest. Therefore, the Company keeps on measuring the credit in question at amortized cost.

As of 1 January 2018, the Company has been applying IFRS 15 *Revenue from Contracts with Customers* that had not significant impact on the Company.

3.2 Significant accounting principles and accounting methods

(a) Interest revenues and interest costs

Interest revenues and costs are recognized in the profit and loss statement and other parts of the comprehensive result using the effective interest rate. The effective interest rate is a rate that exactly discounts estimated future cash payments and income during the useful life of a financial asset or a liability (or a shorter period, if appropriate) towards the book value of the financial asset or the liability. The effective interest rate is determined in the initial recognition of the financial asset and the liability and it is not reviewed afterwards.

The calculation of the effective interest rate includes all fees paid and basis points or received transaction costs and discounts or premiums that form inseparable parts of the effective interest rate. The transaction costs are incremental costs that can be directly attributed to the acquisition, issue or disposal of financial assets or liabilities.

(b) Income tax

The income tax includes current and deferred tax. The income tax is recognized in the profit and loss statement and other parts of the comprehensive result, except for the items that are recognized directly in equity.

The current tax is an expected tax liability resulting from taxable income for the year recalculated with the applicable tax rate as of the date of the financial statements adjusted with sums related to past periods.

The deferred tax is calculated using balance sheet method that brings a temporary difference between the book value of assets and liabilities for the purposes of reporting and their values for tax purposes. The deferred tax is calculated using tax rates in case of which it is expected to be used for temporary differences at the moment of their realization based on law applicable or adopted as of the date of the financial statements.

A deferred tax asset is recognized only to the extent to which it is possible that, in future, taxable profits will be achieved against which the liability could be used. Deferred tax assets are reviewed as of the date of the financial statements and decreased to the extent to which it is improbable that it will be possible to realize the tax benefit that concerns them.

(c) Cash and cash equivalents

Cash and cash equivalents include available cash in bank accounts.

Cash and cash equivalents are recognized in the statement of financial position at nominal value.

(d) Categories of financial instruments

Financial instruments

A financial instrument is each contract which incurs a financial asset in one accounting unit and a financial liability or an equity instrument in another accounting unit.

(e) Measurement of financial assets and financial liabilities

Financial instruments are initially recognized at fair value including directly attributable transaction costs. After the initial recognition, they are measured at amortized cost using the method of effective interest rate.

In the subsequent periods, they are recognized in the statement of financial position in the amount of amortized cost; the difference between this cost and the cost in which credits, loans and bonds are repaid are recognized as costs/revenues based on effective interest rate in profit/loss.

(f) Financial assets

Accounting principles and accounting methods applicable as of 1 January 2018

i. Initial recognition

The Company initially recognizes credits and advances and other financial assets as of the date of their origin. All purchases and sales of securities are recognized as of the date of the settlement of the deal. Derivative instruments are initially recognized as of the date when the deal was concluded when the Company became a contracting party in relation to the instrument in question.

Financial assets are initially measured at fair value, including transaction costs that are directly related to their acquisition or issue (for items that are not measured at FVTPL). Expected Credit Losses ("ECL"), i. e. allowances, are calculated and recognized into financial assets measured at amortized cost or FVOCI immediately after initial recognition.

ii. Classification and subsequent measurement

The Company classifies its financial assets into the following categories of measurement:

- Amortized cost ("AC");
- Fair value through profit or loss ("FVTPL");
- Fair value through other comprehensive income ("FVOCI").

Requirements for the classification of debt instruments and equity instruments under IFRS 9 are specified below.

Debt instruments

Debt instruments are instruments complying with the definition of a financial liability from the point of view of the issuer like credits, state or corporate bonds, factoring trade receivables and other financial assets.

Classification and subsequent measurement of debt instruments depend on:

a. Business model for asset management

The business model reflects in which way the Company manages financial assets from the point of view of cash flow – whether the Company's objective is to collect contracting cash flow or collect contracting cash flow and, at the same time, cash flow from the sale of assets too. If the Company does not apply any of these models (e. g. financial assets are held for trading purposes), the financial assets are classified as parts of "other" business model and they are measured at FVTPL. The factors that the Company takes into account when determining the business model for assets, or a group of assets, if applicable, include past experience with how cash flow from these assets were collected, the way in which asset's performance is assessed and reported to key management, how risks are assessed and managed and how management is remunerated.

The business model to control assets is assessed on portfolio basis, if applicable.

b. Characteristics of the cash flow of assets

If the intention of the business model is to hold assets with the objective of collecting contracting cash flow or collecting contracting cash flow as well as collecting cash flow from the sale of financial assets, the Company will evaluate whether the cash flow of the financial instrument consists exclusively of the payments of principle and interest (“SPPI test”). In the assessment, the Company will consider whether the contracting cash flows comply with the basic credit agreement, i. e. whether interest takes into account only the time value of money, credit risk, other basic risks and profit margin. If contracting conditions specify exposition to risks or volatility that are not in compliance with the basic credit agreement, the related financial assets are classified and measured at fair value through profit or loss.

The financial assets with embedded derivatives are assessed as a whole when determining whether their cash flows consist exclusively of the payments of principal and interest.

The Company reclassifies debt instruments exclusively when it changes its business model to manage these assets. The reclassification is made as of the beginning of the first reporting period following the change. One expects that there will be no such changes or they will be very irregular.

The Company classifies its debt instruments, based on the business model and SPPI test, only in the category of amortized cost.

Cash and cash equivalents

Cash and cash equivalents include available cash in bank accounts. Collateral on accounts in other credit institutions which can be used only to a limited extent is recognized to Financial assets measured at amortized cost.

Financial assets measured at amortized cost

Financial assets held for the purpose of collecting contracting cash flow where cash flow consists exclusively of the payments of principal and interest and are not determined as measured at fair value through profit or loss are measured at amortized cost. The amortized cost of financial assets is a sum at which assets are measured in their initial recognition, decreased by the repayments of principal, decreased or increased with accumulated amortized cost of the difference between the initially recognized cost and the cost on maturity, in the application of the effective interest rate. The book value of these assets is adjusted with an allowance. The interest revenue resulting from these financial assets is included in the Interest revenues calculated using the effective interest rate.

iii. Identification and measurement of credit losses

Credit loss is the difference between all contracting cash flow that belong to the accounting unit in compliance with the contract and all cash flow expected to be received, discounted at the original effective interest rate. In estimating cash flow, the Company takes into account all contracting conditions of the financial assets during expected useful life of these financial assets. Cash flow taken into account should include also cash flow from the sale of collateral held or another form of decreasing credit risk that is an inseparable part of the contracting conditions.

The Company recognizes allowances for expected credit losses of such assets in each accounting period. The resulting ECL reflects:

- unbiased and probability-weighted amount of expected cash flow that is determined by the assessment of more possible scenarios;
- time value of money;
- reasonable and provable information, available as of the reporting date, without unreasonable expenses or efforts about past events, current conditions and forecasts of future economic conditions.

For more detailed information about the determination of ECL see note 5, Management of financial and operational risks and note 6. Financial assets.

iv. Termination of recognition

The Company terminates the recognition of financial assets when contracting rights to cash flow from financial assets terminate or contracting rights to cash flow from financial assets are transferred by transferring a significant part of risks and benefits resulting from the ownership of financial assets. The Company's created or maintained share in the financial assets transferred is recognized as a separate asset.

If the Company keeps all or a significant part of risks and benefits, the recognition of transferred assets in the statement of financial position is not terminated.

Transactions like lending securities and transactions in the purchase and repurchase represent transactions when the Company keeps all or a considerable part of risks and benefits.

The Company terminates the recognition of certain assets as well when it writes off balances that are considered to be unenforceable.

Accounting principles and accounting methods applicable by 1 January 2018

The Company's financial assets are included in the category of credits and receivables.

Credits and receivables

Credits and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not classified as securities for sale or financial assets held by maturity or financial assets measured at fair value through profit or loss. They originate when the Company provides funds, goods or services directly to the debtor without intending to trade in the receivable.

In the Company's statement of financial position, these financial assets are recognized as: loans granted, trade receivables and other financial assets.

Receivables are initially recognized at fair value along with directly related transaction costs and, consequently, are measured at their amortized cost using the method of effective interest rate.

An allowance is created in case that there is an objective reason that the Company will not be able to collect all sums due according to the original conditions of maturity. The debtor's significant financial problems, probability that the debtor will be declared bankrupt or will be subject to financial reorganization, his insolvency or delay in payments are regarded as indicators that the receivable is impaired. The amount of the allowance represents the difference between the book value of the receivable in question and present value of anticipated future cash flow discounted with the effective interest rate.

(g) Financial liabilities

The Company's financial liabilities are included into one of the following categories: financial liabilities measured at fair value through profit or loss or other financial liabilities.

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss are derivative financial instruments. In the Company's statement of financial position, these derivative financial instruments are recognized in the item of trade payables and other payables.

Other financial liabilities

Other financial liabilities are various financial liabilities that are not measured at fair value through profit or loss. In the Company's statement of financial position, these liabilities are recognized as bank credits, loans subject to interest, bonds issued and trade payables and other payables. Bonds issued are measured at amortized cost using the method of effective interest rate.

(h) Decreasing the value of non-financial assets

The book value of the Company's non-financial assets, other than a deferred tax asset, is reviewed as of the date of the financial statements with the objective to find out whether there is an indication that the value of the asset decreased. If there is an indication that the value of the asset decreased, recoverable value is estimated afterwards.

Losses from the decrease in value is recognized when the book value of the asset or a cash-generating unit exceeds its recoverable value. A cash-generating unit is the smallest identifiable group of assets that generates cash revenues that are, to a great extent, independent from other assets or groups of assets.

Losses from decrease in value are recognized directly in the profit and loss statement. Losses from decrease in value recognized in relation to cash-generating units are, at first, recognized as decrease in the book value of goodwill corresponding to these units that are, consequently, recognized as the decrease of book values of other assets in the unit (a group of units) on a proportional basis.

The sum that can be obtained from the assets in question or the cash-generating unit is either net sales price or value in use of the unit, whichever of them is higher. For the value in use, the estimation of future cash flow is discounted to their present value with the discount rate before taxes that reflects present market assessment of the time value of money and risks specific for the assets in question.

Losses from decreases in value recognized in the previous periods are revalued as of the date of the financial statements depending on whether there is an indication that the loss decreases or that there is no loss anymore. Loss from decreases in value is canceled if there is a change in the estimation used for determining recoverable value. Decrease in value is canceled only to such extent that the book value of assets does not exceed its book value that it would have after adjustment with amortizations if decrease in values is not recognized.

(i) International Financial Reporting Standards

New standards and interpretations that have not yet entered into effect

The following new standards, amendments and additions to the standards and interpretations are not yet binding for the accounting period starting from 1 January 2018 and later and they were not used to prepare these financial statements.

Additions to IFRS 9: Financial instruments with the possibility of prepayment with negative compensation

The additions respond to concerns as regards posting financial assets with a contracting arrangement of the possibility of prepayment. The concerns dealt with the fact, in particular, how companies will classify and measure debt instruments if a debtor can prepay an instrument at a lower value than the value of outstanding principal and interest due. Such prepayments are usually described as such containing "negative compensation".

In the application of this addition, companies would measure financial assets with so-called negative compensation at fair value through profit or loss. The additions allow that companies to measure financial assets with the possibility of prepayment with negative compensation at amortized cost.

The Company does not expect that the additions will have a significant impact on its financial statements because the Company has no financial assets with the possibility of prepayment with negative compensation.

IFRS 16 Leases: Effective for the accounting periods starting on 1 January 2019 or later. Later application is allowed if the company applies IFRS 15 too.

IFRS 16 replaces IAS 17 Leases and related interpretations. The standard replaces the current dual model of accounting for the lessee. Instead, it requires that companies recognize the majority of leases in the balance sheet according to a single model, eliminating the differentiation between operating and finance lease.

According to IFRS 16, a contract is a lease or contains a lease if it transfers the right of control the use of the identified assets during a certain period for consideration. In case of such contracts, the new model requires that the lessee recognizes the right of use and liability from lease as an asset. The right of use is amortized and liability is subject to interest. It will result in higher costs for the majority of leases already at the beginning although the lessee pays a constant annual rent.

The new standard brings also a number of exceptions for the lessee that contain:

- leases with the lease period of 12 months or less and that do not contain a purchase option,
- leases in case of which the subject matter of the lease has low value (so-called “small-ticket leases”).

Introducing the new standard has largely no influence on reporting for the lessor. The lessor will keep on distinguishing between finance and operating lease.

The Company does not expect that the new standard will have a significant influence on the financial statements in its first application.

IFRIC 23: Uncertainty over income tax treatments

IFRIC 23 explains how to account for tax approaches that have not yet been accepted by tax authorities, while its objective is also to increase transparency. According to IFRIC 23, a key test consists in the assessment whether it is probable that tax authorities accept a tax approach for which the company decided. If it is probable that tax authorities accept this uncertain tax approach, then the tax sum recognized in the financial statements is consistent with the sum in the tax return without uncertainty that would be taken into account in the measurement of current and deferred tax.

On the contrary, taxable income (or tax loss), tax bases and unused tax losses should be determined in such a manner that forecasts the solution of uncertainty better while it uses either one most probable value or expected value (the sum of probable weighted values). A company has to assume that tax authorities will investigate position and will have knowledge of all relevant information.

The Company does not expect that the interpretation, in its first application, will have significant influence on the financial statements because it does not work in a complex multinational tax environment and has no significant uncertain tax positions.

You find below other new standards, interpretations and additions that are not yet effective for the accounting period ending on 31 December 2018 and were not applied in the preparation of the financial statements and will not have a significant effect on the Company:

- IFRS 17 Insurance contracts
- Additions to IFRS 10 and IAS 28: Sale or contribution of assets between the investor and its associates and joint-ventures,
- Additions to IAS 28 Long-term shares in associates and joint-ventures,
- Additions to IAS 19 Employee benefits,
- Additions to IFRS 3 Business combinations,
- Additions to IAS 1 Presentation of financial statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

4. Use of estimates and judgments

These declarations complement notes on the management of financial risks.

Key sources of uncertainty in estimates

Determination of fair value

The determination of the fair value of financial assets and liabilities for which there is no market price that can be established requires the use of measurement techniques as described in the accounting principles. In case of financial instruments that are traded only rarely and have low price transparency, the fair value is less objective and requires a different extent of judgment depending on liquidity, concentration, uncertainty of market factors, price forecasts and other risks affecting a specific instrument.

Measurement of financial instruments

The accounting methods and methods to determine fair value are included in note 3(e).

The Company uses the following hierarchy of fair values that classifies the inputs of measurement techniques used to measure fair value into three levels:

- Quoted market price in an active market for an identical instrument (Level I) – fair value is primarily measured based on external data sources (in particular, prices at stock exchange or price offers from brokers in high-liquidity markets). Financial instruments that are measured at quoted market prices are mainly quoted securities and derivatives.
- The measurement techniques based on observable inputs – in case of market measurement in case of which the market cannot be regarded as an active market for the reason of its limited liquidity, the underlying financial instrument is attributed Level II. of the fair value hierarchy. If market values are not available, these financial instruments are measured by means of measurement models based on observable market data. These observable market data are mainly reproducible yield curves, credit margins and volatility.
- The measurement techniques using significant unobservable inputs – if fair value cannot be measured either at sufficiently regularly quoted market prices (Level I) or using measurement models that are based exclusively on observable market prices (Level II), then the individual input parameters that are not observable in the market are estimated using appropriate assumptions. When parameters that are not observable in the market have significant impact on measuring an underlying financial instrument, they are attributed to Level III of the fair value hierarchy. These measurement parameters that are not observable regularly are mainly credit margins derived from internal estimations

Measurement techniques include net present value and models of discounted cash flow, comparison to similar instruments for which there is a market of observable prices and other measurement models. Assumptions and inputs used in the measurement techniques contain risk-free and benchmarking interest rates, interest spread and other premiums used to estimate discount rates. The Company uses a combination of measurement techniques that include, in particular, the method of discounted cash flow and market inputs like market interest revenues, credit margins, underlying index prices and volatility. The objective of the measurement techniques is to determine fair value that reflects the price of the financial instrument as of the reporting date and that was determined by market participants in market conditions.

The management assessed the use of estimates and judgments and concluded that, at present, the Company is not subject to significant uncertainty in estimates and judgments. This evaluation will be reviewed by the management regularly.

Expected credit loss

Measuring ECL of financial assets measured at amortized cost is an area that requires the use of models and significant assumptions on future economic conditions and credit behavior (e. g. probability that debtors will fail to meet their obligations and resulting losses).

In the application of accounting requirements to measure ECL, several significant judgments are required, for instance:

- Determination of criteria to increase credit risk significantly;
- Choice of suitable models and assumptions to measure ECL;
- Determination of the number and relative weights of scenarios focused on the future for each type of product / market and related ECL;
- Creating groups of similar financial assets in order to measure ECL, if applicable.

For other information about the determination of ECL see note 5 Management of financial and operational risks and note 6 Financial assets.

5. Management of financial and operational risks

The Company is exposed to operational risk and following risks due to the use of financial tools:

- Credit risk
- Interest risk
- Liquidity risk

a. Credit risk

The credit risk takes into account the risk that a contracting party fails to meet its contracting obligations, as a consequence of which the Company will suffer loss. The Company adopted a principle that it will make business only with reliable contracting partners and, if required, it has to obtain sufficient security as means to reduce the risks of financial loss as a consequence of failure to meet obligations. Financial transactions are performed only through renowned financial institutions. The Company has not limited the amount of the open position in respect of any financial institution. The credit risk results, in particular, from a loan granted by the Company to the parent company.

Measurement of expected credit losses

IFRS 9 stipulates a three-stage model of impairment based on the change in credit quality as of the initial recognition as it is summarized below:

- Stage 1: A financial instrument that is not impaired in the initial recognition is included in Stage 1 and its credit risk is continuously monitored by the Company. All financial instruments are included here in case of which credit risk has not significantly increased as of the moment of their initial recognition.
- Stage 2: In case of the identification of significant increase in credit risk (hereinafter referred to as "SICR") as of the initial recognition or if the Company has no rating information in the initial recognition, the financial assets are included in Stage 2, however, they are not regarded as credit-impaired,
- Stage 3: If a financial instrument is credit-impaired, it is included in Stage 3.

ECL of the financial assets in Stage 1 is measured at cost equaling the part of expected credit losses during the entire useful life resulting from the cases of defaults that can possibly take place during consequent 12 months as of the reporting date. ECL of the financial assets in Stage 2 or Stage 3 is measured based on expected credit losses during entire useful life.

General approach to measure ECL is to take into account information focused on the future.

Considering the character of the Company's financial assets, they are assessed on individual basis.

EMMA GAMMA FINANCE a.s.
Notes on the financial statements for a year ending on 31 December 2018

Key judgments and assumptions adopted by the Company in the solution of the requirements of the standards are described below:

Significant increase in credit risk (SICR)

The Company assumes that the financial assets recorded a significant increase in credit risk if one or more of the following criteria are met:

- If the debtor is in default of its contracting payments for more than 30 days.
- The debtor breached financial covenants or a contract;
- Factual or expected significant adverse change in the debtor's operating results;
- Negative information about the debtor from external sources;
- A significant adverse change in business, financial and/or economic conditions where the debtor works;
- A significant change in the value of security (only in case of secured instruments) that could increase the risk of default;
- Factual or expected relief, restructuring or change in the schedule of payments.

SICR of individually assessed exposures is assessed on the level of the counterparty continuously. Criteria used to identify SICR are reviewed not less than once a year in order to assess their suitability.

The definition of defaulted and credit-impaired financial assets

The Company defines financial assets as defaulted if it is fully in compliance with the definition of credit-impairment when one or more events took place that have harmful impact on estimated future cash flow of these financial assets.

- Any material credit liability of the debtor towards the Company is more than 90 days overdue;
- The debtor declared bankruptcy or another form of reorganization;
- The debtor asked the Company for a relief for economic or contracting reasons related to the debtor's financial difficulties and apparent significant decrease in credit quality;
- The credit was made due;
- Signs of impairment that result in the assumption that the debtor will fail to repay its credit obligations in respect of the bank in full amount and in time without any actions being made by the Company, like the realization of security;
- The debtor's default in another financial institution;
- Any other warning signs identified in the debtor's monitoring process and engagement that, in the Company's assessment, will result in the fact that the debtor will fail to repay his credit obligations in respect of the Company in full amount and in time without any actions being made by the Company to secure the return of the credit.

Information focused on the future

The assessment of SICR, as well as the calculation of ECL, contain the following information focused on the future (forward looking information, FLI):

Therefore, the Company assesses the influence of macroeconomic changes, if any, individually in relation to individual scenarios.

Calculation of ECL

In general, the calculation of ECL is based on several scenarios and certain probability is attributed to each scenario. Scenarios take into account the probability of default and loss in default.

Consequently, ECL is calculated as the amount of expected cash flow from each scenario discounted with original EIR weighted with probability.

b. Interest risk

The Company's operations are subject only to a limited risk of changes in interest rates. The volume of this risk equals the sum of assets subject to interest and liabilities subject to interest in case of which the interest rate at the moment of maturity or at the moment of the change is different from the present interest rate. Therefore, the time for which a fixed rate is set for the financial instrument expresses exposure to risks of changes in interest rates. The loan to the parent accounting unit and bonds issued are subject to a fixed interest and change in interest rates should not have impact on net interest revenue.

c. Liquidity risk

Liquidity risk originates in the usual financing of the Company's activities, in the ability to repay its obligations at maturity and in the management of financial positions. It represents the risk of disability to finance assets within a reasonable time of maturity and interest rate and the risk of disability to realize assets for a reasonable price within a reasonable time frame. The liquidity risk is managed on the level of the group. On the level of the Company, the liquidity risk is managed, in particular, by setting the maturity of financial assets and liabilities so that their maturity is not earlier than the maturity of the assets.

d. Operational and legal risk

The operational risk is the risk of direct or indirect loss resulting from a wide range of causes related to processes in the Company, employees, technology and infrastructure and, from external factors except for credit market risk and liquidity risk, e. g. risks resulting from legal and regulatory requirements and generally accepted standards of corporate conduct.

Legal risk is a part of the operational risk, i. e. loss resulting mainly from non-enforceability of contracts, threats of unsuccessful judicial proceedings or judgments with negative impact on the Company.

6. Financial assets measured at amortized cost

	31 December 2018	31 December 2017
	In thous. EUR	In thous. EUR
Loans to the parent company	<u>121,338</u>	<u>121,283</u>
Total	<u>121,338</u>	<u>121,283</u>

Division into short-term and long-term part is included in item 21.

Loans were granted to the parent company, EMMA GAMMA LIMITED, with its due date on 21 July 2022. The loan is subject to interest at the fixed rate of 5.50%.

The Company regards the loan as an exposition in case of which there is no significant increase in credit risk and it is an exposition in Stage 1.

When considering conditions to calculate Expected Credit Losses (ECL), the Company worked on the situation as of the end of 2018 when it was very probable that the Company agrees to prepay this receivable. The Company took it into account when determining the probability of individual possible situations. In addition, the Company took into account the value of security of the bonds that is indirectly also the security of the Company's receivable in respect of EMMA GAMMA LIMITED. The value of this security exceeded many times the value of the secured receivable. It affected the calculation of the amount of expected credit loss. Having calculated the Expected Credit Losses that resulted in a possible adjustment in the amount of several thousand EUR, the Company decided not to post it because it is negligible from the point of view of total statements. The Company carried out also the sensitivity analysis of ECL for the assumptions of the probability of default and loss in default and the resulting ECL would not change considerably.

7. Cash and cash equivalents

	31 December 2018	31 December 2017
	In thous. EUR	In thous. EUR
Current bank accounts	<u>92</u>	<u>37</u>
Total	<u>92</u>	<u>37</u>

8. Deferred tax asset

	31 December 2018
	In thous. EUR
<i>As of 1 January 2018</i>	4
Through profit and loss statement (item 20 of Notes)	(1)
Recognized into other parts of comprehensive result	—
	<hr/>
As of 31 December 2018	<u>3</u>
	31 December 2017
	In thous. EUR
<i>As of 2 June 2017</i>	—
Through profit and loss statement (item 20 of Notes)	4
Recognized into other parts of comprehensive result	—
	<hr/>
As of 31 December 2017	<u>4</u>

The deferred tax asset is calculated using the income tax rate for legal entities in the amount of 21%.

9. Other assets

	31 December 2018	31 December 2017
	In thous. EUR	In thous. EUR
Receivables from VAT	66	—
Deferred expenses	56	56
Accrued revenues	—	—
	<hr/>	<hr/>
	122	56
Allowance for the receivable from VAT	(66)	—
Total	<u>56</u>	<u>56</u>

Deferred expenses mostly consist of the administrator's remuneration for the administration of the issue.

10. Trade payables

	31 December 2018	31 December 2017
	In thous. EUR	In thous. EUR
Trade payables	6	7
Uninvoiced deliveries	13	15
	<hr/>	<hr/>
Total	<u>19</u>	<u>22</u>

Division into short-term and long-term part is included in item 21. All payables are before maturity.

11. Bonds issued

The Company records bonds issued as of 31 December 2018 in the following structure:

In thous. EUR		Original currency of the issue	Face value of the issue in the original currency in thousands	Effective interest rate in %	Amortized cost 31 December 2018
Type	ISIN				
Bearer security	SK4120013012	EUR	120,000	5.25	121,225
Total					121,225

Overview of bonds issued as of 31 December 2017:

In thous. EUR		Original currency of the issue	Face value of the issue in the original currency in thousands	Effective interest rate in %	Amortized cost 31 December 2017
Type	ISIN				
Bearer security	SK4120013012	EUR	120,000	5.25	121,225
Total					121,225

Bonds having the title “Dlhopis EMG 5,25/2022” (Bond EMG 5,25/2022) with identification code ISIN SK4120013012 were issued on 21 July 2017 with total amount of EUR 120,000 thous. The face value of each bond amounts to EUR 1,000. As of 31 December 2018, 120,000 pieces of bonds with nominal value of EUR 120,000 thous. were issued, which represents the entire volume of the issue (as of 31 December 2017: 120,000 pieces of bonds issued at face value of EUR 120,000 thous.). The bonds carry fixed interest rate of 5.25% p.a., while the total face value of the issue is due on 21 July 2022. The bonds were accepted and are traded in regulated free market of the Bratislava Stock Exchange. On 22 February 2019, the Company announced prepayment of the issue of bonds EMG 5,25/2022 in its full amount as of 23 April 2019.

Security

The bonds are secured with 25% share in the stock of SAZKA Group, a.s., that are held by EMMA GAMMA LIMITED (hereinafter referred to as the “Guarantor”).

Covenants

The prospectus of the security stipulates certain financial indicators (covenants). In case that these financial indicators are not met, the holders of the bonds of which face value is not less than 10% of the total face value of the issued and not repaid bonds can ask to summon a meeting for the purpose of voting about the possibility of exercising the right to request prepayment of the bonds. In this context, the Company monitors meeting the financial indicators according to the provisions of the prospectus of the security. The Company received, in this context, a report from an external expert from which it follows that the financial indicators have not been breached.

12. Other payables

	31 December 2018 In thous. EUR	31 December 2017 In thous. EUR
Tax payables	15	24
Deferred revenues	–	–
Total	15	24

13. Registered capital

	31 December 2018 In thous. EUR
Issued and repaid in full amount:	
As of 1 January 2018	–
Paying-up of registered capital	25
Balance as of 31 December 2018	25
	31 December 2017 In thous. EUR
Issued and repaid in full amount:	
As of 2 June 2017	–
Paying-up of registered capital	25
Balance as of 31 December 2017	25

The subscribed and paid-up registered capital as of 31 December 2018 consists of 25 ordinary shares at face value of EUR 1,000 per share (as of 31 December 2017: 25 ordinary shares at the face value of EUR 1,000 per share); the share is registered and has the form of a share certificate. The holders of ordinary shares dispose of a voting right equaling to one vote per ordinary share.

The Company's equity capital amounting EUR 25 thous. was entered into the Companies Register on 2 June 2017.

14. Reserve funds and profit/loss

	Profit/loss of past years	Profit for the account ing period In	Statutory reserve fund	Other capital funds	Total
	In thous. EUR	thous. EUR	In thous. EUR	In thous. EUR	In thous. EUR
Balance as of 1 January 2018	–	47	3	100	150
Contribution to the statutory reserve fund	–	–	2	–	2
Allocation of profit/loss	45	(47)	–	–	(2)
Profit for the period from 1 January 2018 to 31 December 2018	–	121	–	–	121
Balance as of 31 December 2018	45	121	5	100	271

Overview for the previous accounting period:

	Profit/loss of past years	Profit for the account ing period In	Statutory reserve fund	Other capital funds	Total
	In thous. EUR	thous. EUR	In thous. EUR	In thous. EUR	In thous. EUR
Balance as of 2 June 2017	–	–	–	–	–
Contribution to the statutory reserve fund	–	–	3	–	3
Contribution to other capital funds	–	–	–	100	100
Profit for the period from 2 January 2017 to 31 December 2017	–	47	–	–	47
Balance as of 31 December 2017	–	47	3	100	150

Notes on the financial statements for a year ending on 31 December 2018

Profit/loss for 2017 in the amount of EUR 47 thous. was transferred to the account of retained earnings of past years and for the creation of a reserve fund.

The statutory reserve fund was created, during the Company's establishment, by the amount of 10% of the registered capital in compliance with the Company's Articles of Association. The statutory reserve fund can be used only to settle losses and it is a non-distributable fund.

15. Costs of services

	Year ending on 31 December 2018 In thous. EUR	Year ending on 31 December 2017 In thous. EUR
Auditing and advisory services	(19)	(15)
Bookkeeping	(6)	(4)
Other services	(15)	(8)
Total	(40)	(27)

In 2018, the costs of the services of the statutory audit amounted to EUR 13 thous. (2017: EUR 15 thous.). The statutory auditor did not provide the Company with any other services than the services of the statutory audit during the reporting period (or in the previous one).

16. Interest costs

	Year ending on 31 December 2018 In thous. EUR	Year ending on 31 December 2017 In thous. EUR
Interest costs	(6,300)	(2,800)
Total	(6,300)	(2,800)

The interest costs concern the bonds issued. Information about the bonds are included in item 11.

17. Other financial costs

	Year ending on 31 December 2018 In thous. EUR	Year ending on 31 December 2017 In thous. EUR
Financial costs – operations in securities	(102)	(46)
Exchange-rate losses	(3)	–
Total	(105)	(46)

18. Interest revenues calculated using the effective interest method

	Year ending on 31 December 2018 In thous. EUR	Period from 2 June 2017 to 31 December 2017 In thous. EUR
Interest revenues calculated using the effective interest method	6,600	2,933
Total	6,600	2,933

Interest revenues concern the loans granted. Information about the loans are included in item 6.

19. Other costs and revenues for economic activities

	Year ending on 31 December 2018 In thous. EUR	Period from 2 June 2017 to 31 December 2017 In thous. EUR
Other costs for economic activities	(192)	(3,644)
Statutory authority	(2)	–
Total	(194)	(3,644)

	Year ending on 31 December 2018 In thous. EUR	Period from 2 June 2017 to 31 December 2017 In thous. EUR
Other revenues for economic activities	192	3,644
Total	192	3,644

20. Income tax

	Year ending on 31 December 2018 In thous. EUR	Period from 2 June 2017 to 31 December 2017 In thous. EUR
<i>Recognized in profit and loss statement</i>		
Income tax due in the current period	(31)	(17)
Deferred tax (item 8 of the Notes)	(1)	4
Total income tax	(32)	(13)

Notes on the financial statements for a year ending on 31 December 2018

The tax is calculated from the Company's tax base in the year in question using the 21%-rate.

Transfer from theoretical to recognized income tax as of 31 December 2018 is as follows:

	Tax base 31 December 2018 In thous. EUR	21% 31 December 2018 In thous. EUR
Profit before tax and theoretical income tax	153	32
Costs not recognized for tax purposes – decrease	(6)	(1)
Non-taxable income	–	–
	<u>147</u>	<u>31</u>
Recognized income tax due	<u>147</u>	<u>31</u>

Transfer from theoretical to recognized income tax as of 31 December 2017 is as follows:

	Tax base 31 December 2017 In thous. EUR	21% 31 December 2017 In thous. EUR
Profit before tax and theoretical income tax	60	13
Costs not recognized for tax purposes	20	4
Non-taxable income	–	–
	<u>80</u>	<u>17</u>
Recognized income tax due	<u>80</u>	<u>17</u>

21. Analysis of maturity

The contracting remaining time of the maturity of assets and liabilities as of 31 December 2018 had the following structure:

	Less than 1 year In thous. EUR	1 to 5 years In thous. EUR	Total In thous. EUR
Assets			
Cash and cash equivalents	92	–	92
Financial assets at amortized cost	1,338	120,000	121,338
Trade receivables	–	–	–
Deferred tax asset	3	–	3
Other assets	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>

EMMA GAMMA FINANCE a.s.

Notes on the financial statements for a year ending on 31 December 2018

Total	1,433	120,000	121,433
Liabilities			
Trade payables	19	–	19
Bonds issued	1,225	120,000	121,225
Other payables	–	–	–
Total	1,244	120,000	121,244

As it is mentioned in note 25, on 22 February 2019, the Company announced prepayment of the issue of bonds EMG 5,25/2022 in its full amount (including the premium for prepayment) as of 23 April 2019. In relation to the planned prepayment of the bonds, the loan between the Company and Emma Gamma Limited will be prepaid also as of 23 April 2019. Consequently, the expected maturity of the financial assets at amortized cost and the bonds issued is within the time frame of less than 1 year.

The contracting remaining time of the maturity of assets and liabilities as of 31 December 2017 had the following structure:

	Less than 1 year In thous. EUR	1 to 5 years In thous. EUR	Total In thous. EUR
Assets			
Cash and cash equivalents	37	–	37
Financial assets	1,283	120,000	121,283
Trade receivables	–	–	–
Deferred tax asset	4	–	4
Other assets	–	–	–
Total	1,324	120,000	121,324
Liabilities			
Trade payables	22	–	22
Bonds issued	1,225	120,000	121,225
Other payables	–	–	–
Total	1,247	120,000	121,247

22. Fair values

The fair value of the financial instruments is the price that would be obtained by the sale of the asset or would be paid for the transfer of an obligation in a proper transaction between market participants as of the date of measurement.

Estimated fair values of the Company's financial assets and liabilities were, as of 31 December 2018, as follows:

	Book value 31 December 2018 In thous. EUR	Fair value 31 December 2018 Level 2 In thous. EUR
<i>Financial assets</i>		
Cash and cash equivalents	92	92
Financial assets	121,338	124,392
Trade receivables	–	–
Total	121,430	124,484
<i>Financial liabilities</i>		
Trade payables	19	19
Bonds issued	121,225	123,395
Total	121,244	123,414

Estimated fair values of the Company's financial assets and liabilities were, as of 31 December 2017, as follows:

	Book value 31 December 2017 In thous. EUR	Fair value 31 December 2017 Level 2 In thous. EUR
<i>Financial assets</i>		
Cash and cash equivalents	37	37
Financial assets	121,283	124,337
Trade receivables	–	–
Total	121,320	124,374
<i>Financial liabilities</i>		
Trade payables	22	22
Bonds issued	121,225	123,395
Total	121,247	123,417

Notes on the financial statements for a year ending on 31 December 2018

When estimating the fair values of the Company's financial assets and financial liabilities, the following methods and assumptions were used:

Cash and cash equivalents

Fair values of the balances of current accounts equal their book value approximately. In case of the accounts that have their remaining time of maturity shorter than three months, it is suitable to regard their book value as approximate fair value.

Trade receivables

Trade receivables have their remaining time of maturity shorter than three months, and, therefore, it is suitable to regard their book value as approximate fair value.

Loans and credits

Fair value as of 31 December 2018 and as of 31 December 2017 was calculated based on anticipated future discounted income from the repayment of principal and interest. In estimating anticipated future cash flow, also risks of defaults as well as facts that can indicate decrease in value were taken into account.

Trade payables

Estimated fair value of liabilities approximates their book value. Fair value in liabilities with remaining period of maturity of more than three months is estimated by means of discounting their future expected cash flow in the application of the appropriate interest curve.

Bonds issued

Fair value of bonds issued was calculated based on anticipated future discounted expenses from the repayment of principal and interest.

23. Associates

The Company's associates are: the Company's shareholder, shareholders in the parent company, companies controlled by the Company's shareholder, the Company's key management and companies controlled by the Company's key management.

(a) Shareholders

	31 December 2018	31 December 2017
	In thous. EUR	In thous. EUR
<i>Assets</i>		
Financial assets	120,000	120,000
Trade receivables	–	–
Other assets	–	–
<i>Liabilities</i>		
Other payables	–	–
<i>Transactions during the year were as follows:</i>		
	31 December 2018	31 December 2017
	In thous. EUR	In thous. EUR
Interest revenues	6,600	2,933
Other revenues	–	–

24. Contingent assets and liabilities

The Company has the following guarantees received (see note 10).

The Company's bonds are secured with 25% share in the stock of SAZKA Group, a.s., that are held by EMMA GAMMA LIMITED (hereinafter referred to as the "Guarantor").

Considering the fact that many areas of Slovak tax law have not been checked in practice so far, there is an uncertainty of how tax authorities will apply them. The extent of this uncertainty cannot be quantified and it will disappear only when legal precedents or official interpretations of the competent authorities would be available.

25. Events that took place after the date of the financial statements

On 22 February 2019, the Company announced prepayment of the issue of bonds EMG 5,25/2022 in its full amount (including the premium for prepayment) as of 23 April 2019. This announcement was made in relation to the expected sale of 25% share in Sazka Group, a.s., which is owned by Emma Gamma Limited, and that consists of the security of bonds. In relation to the planned prepayment of the bonds, the credit between the Company and Emma Gamma Limited will be prepaid also as of 23 April 2019. On 14 March 2019, the parent company, Emma Gamma Limited, signed contracts resulting in the sale of the 25% share in Sazka Group, a.s.

The Company plans to issue new bonds in the course of 2019.

After 31 December 2018, no other events took place having significant impact on the fair presentation of the facts that are subject to the accounting.

3. THE AUDITED INDIVIDUAL FINANCIAL STATEMENTS OF THE GUARANTOR PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION FOR THE PERIOD ENDED 31 DECEMBER 2017

EMMA GAMMA LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2017

EMMA GAMMA LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2017

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EMMA GAMMA LIMITED**OFFICERS AND PROFESSIONAL ADVISORS**

Board of Directors	Demetrios Aletraris Radka Fiserova Andri Pangalou
Secretary	Cymanco Services Limited
Independent Auditors	KPMG Limited Certified Public Accountants and Registered Auditors 14 Esperidon Street 1087 Nicosia Cyprus
Bankers	PPF Banka a.s. - Czech Republic J&T Banka a.s. - Czech Republic
Registered Office	Esperidon 5, 4th Floor 2001, Nicosia Cyprus

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *"Auditors' responsibilities for the audit of the financial statements"* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants ("IESBA Code") and the ethical requirements in Cyprus that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS-EU and the requirements of the Companies Law, Cap. 113, 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 there is an intention to either liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditors' 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 auditors' 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 ISAs 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 ISAs, we exercise professional judgment and maintain professional skepticism 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.

Auditors' responsibilities for the audit of the financial statements (continued)

- 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 auditors' 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 auditors' 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 a true and fair view.

We communicate with the Board of Directors 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.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors' Law of 2017, L.53(I)/2017, as amended from time to time, and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.



Haris A. Kakoullis, CPA
Certified Public Accountant and Registered Auditor
for and on behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors
14 Esperidon Street
1087 Nicosia
Cyprus

24 April 2018

EMMA GAMMA LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Note	2017 €	16.09.2015- 31.12.2016 €
Revenue			
Interest income	10	1.559.294	418.823
Total revenue		<u>1.559.294</u>	<u>418.823</u>
Administrative expenses			
Administrative expenses	4	(145.795)	(76.637)
Other operating expenses	5	-	(12.304)
Operating profit		<u>1.413.499</u>	<u>329.882</u>
Finance income			
Finance income		785.163	4
Finance expenses		(9.410.022)	(1.832.404)
Net finance expenses	6	<u>(8.624.859)</u>	<u>(1.832.400)</u>
Loss before tax			
Loss before tax		(7.211.360)	(1.502.518)
Tax	7	(269)	-
Loss for the year/period		<u>(7.211.629)</u>	<u>(1.502.518)</u>
Other comprehensive income			
Other comprehensive income		-	-
Total comprehensive income for the year/period		<u>(7.211.629)</u>	<u>(1.502.518)</u>

The notes on pages 9 to 26 are an integral part of these financial statements.

EMMA GAMMA LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Note	2017 €	2016 €
ASSETS			
Non-current assets			
Investments in subsidiaries	8	127.500	-
Investments in associates	9	166.470.183	157.553.095
Loans receivable	10	-	14.031.962
Total non-current assets		<u>166.597.683</u>	<u>171.585.057</u>
Current assets			
Loans receivable	10	30.634.325	-
Cash at bank	11	<u>27.274.176</u>	<u>9.163</u>
Total current assets		<u>57.908.501</u>	<u>9.163</u>
Total assets		<u>224.506.184</u>	<u>171.594.220</u>
EQUITY			
Share capital	12	1.253	1.251
Share premium	12	111.839.281	107.319.283
Accumulated losses		<u>(8.714.147)</u>	<u>(1.502.518)</u>
Total equity		<u>103.126.387</u>	<u>105.818.016</u>
LIABILITIES			
Non-current liabilities			
Loans and borrowings	13	<u>121.283.333</u>	-
Total non-current liabilities		<u>121.283.333</u>	-
Current liabilities			
Short term loans	13	-	50.525.658
Other payables	14	<u>96.464</u>	<u>15.250.546</u>
Total current liabilities		<u>96.464</u>	<u>65.776.204</u>
Total liabilities		<u>121.379.797</u>	<u>65.776.204</u>
Total equity and liabilities		<u>224.506.184</u>	<u>171.594.220</u>

On 24 April 2018, the Board of Directors of Emma Gamma Limited approved and authorised these financial statements for issue.

.....
Demetrios Alextraris
Director

.....
Radka Fiserova
Director

The notes on pages 9 to 26 are an integral part of these financial statements.

EMMA GAMMA LIMITED

STATEMENT OF CHANGES IN EQUITYFor the year ended 31 December 2017

	Note	Share capital €	Share premium €	Accumulated losses €	Total €
Comprehensive income					
Loss for the period		-	-	(1.502.518)	(1.502.518)
Other comprehensive income					
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		-	-	(1.502.518)	(1.502.518)
Transactions with owners of the Company					
Contributions and distributions					
Issue of share capital	12	1.251	107.319.283	-	107.320.534
Total transactions with owners		1.251	107.319.283	-	107.320.534
Balance at 31 December 2016		1.251	107.319.283	(1.502.518)	105.818.016
Balance at 1 January 2017		1.251	107.319.283	(1.502.518)	105.818.016
Comprehensive income					
Loss for the year		-	-	(7.211.629)	(7.211.629)
Other comprehensive income					
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	(7.211.629)	(7.211.629)
Transactions with owners of the Company					
Contributions and distributions					
Issue of share capital	12	2	4.519.998	-	4.520.000
Total transactions with owners		2	4.519.998	-	4.520.000
Balance at 31 December 2017		1.253	111.839.281	(8.714.147)	103.126.387

The notes on pages 9 to 26 are an integral part of these financial statements.

EMMA GAMMA LIMITED

STATEMENT OF CASH FLOWSFor the year ended 31 December 2017

	Note	2017 €	16.09.2015- 31.12.2016 €
Cash flows from operating activities			
Loss for the year/period		(7.211.629)	(1.502.518)
Adjustments for:			
Unrealised exchange (profit)/loss		(168.507)	417
Loss from the sale of investments in associated undertakings		-	9.901
Interest income	6&10	(1.561.088)	(418.824)
Interest expense	6	5.747.752	1.831.756
Income tax expense		269	-
Cash used in operations before working capital changes		<u>(3.193.203)</u>	<u>(79.268)</u>
(Decrease)/increase in other payables		(15.154.082)	70.811
Assignment of loan receivable		-	(13.613.404)
Cash used in operations		<u>(18.347.285)</u>	<u>(13.621.861)</u>
Tax paid		(269)	-
Net cash used in operating activities		<u>(18.347.554)</u>	<u>(13.621.861)</u>
Cash flows from investing activities			
Payment for acquisition of investments in subsidiaries	8	(27.500)	-
Payment for acquisition of investments in associated undertakings	9	-	(142.391.578)
Payment for capital contribution to investments		(9.017.088)	(1.000.000)
Loans granted		(30.190.712)	-
Loans repayments received		15.147.643	-
Proceeds from sale of investments in associated undertakings		-	1.008.164
Interest received		1.794	1
Net cash used in investing activities		<u>(24.085.863)</u>	<u>(142.383.413)</u>
Cash flows from financing activities			
Proceeds from issue of share capital		4.520.000	107.320.534
Repayment of borrowings		(59.940.077)	(1.000.000)
Proceeds from borrowings		124.950.000	51.498.751
Proceeds from loans from shareholders		-	(1.804.848)
Shares issued		-	-
Net cash generated from financing activities		<u>69.529.923</u>	<u>156.014.437</u>
Net increase in cash and cash equivalents		27.096.506	9.163
Effect of exchange rate fluctuations on cash held		168.507	-
Cash and cash equivalents at beginning of the year/period		9.163	-
Cash and cash equivalents at end of the year/period	11	<u>27.274.176</u>	<u>9.163</u>

The notes on pages 9 to 26 are an integral part of these financial statements.

EMMA GAMMA LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2017

1. INCORPORATION AND PRINCIPAL ACTIVITIES

Emma Gamma Limited (the "Company") was incorporated in Cyprus on 16 September 2015 as a private limited liability company under the Cyprus Companies Law, Cap. 113. Its registered office is at Esperidon 5, 4th Floor, 2001, Nicosia, Cyprus.

The principal activities of the Company are the holding of investments and the provision of financing to related parties.

2. BASIS OF PREPARATION**(a) Statement of compliance**

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113.

These financial statements are separate financial statements. The Company has not prepared consolidated financial statements using the equity method of accounting, as the exemption from consolidation in paragraph 4(a) of IFRS10 'Consolidated Financial Statements' has been used. The Company's parent Emma Alpha Holding Ltd, a Company incorporated in Cyprus, prepares consolidated financial statements available for public use that comply with IFRS as issued by the IASB. These consolidated financial statements are available at 5 Esperidon Street, 4th floor, 2001 Nicosia, Cyprus.

(b) Basis of measurement

The financial statements have been prepared under the historical cost convention.

(c) Adoption of new and revised IFRSs and Interpretations as adopted by the EU

As from 1 January 2017, the Company adopted all changes to IFRS, which are relevant to its operations. This adoption did not have a material effect on the accounting policies of the Company.

At the date of approval of these financial statements, standards, revised standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the EU and others not yet. The Board of Directors expects that the adoption of these financial reporting standards in future periods will not have a significant effect on the financial statements of the Company.

(d) Use of estimates and judgements

The preparation of financial statements in accordance with IFRSs requires from Management the exercise of judgement, to make estimates and assumptions that influence the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such estimates.

The estimates and underlying assumptions are revised on a continuous basis. Revisions in accounting estimates are recognised in the period during which the estimate is revised, if the estimate affects only that period, or in the period of the revision and future periods, if the revision affects the present as well as future periods.

EMMA GAMMA LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2017

2. BASIS OF PREPARATION *(continued)***(d) Use of estimates and judgements** *(continued)**Assumptions and estimation uncertainties*

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in the following notes:

- Note 7 "Income taxes" - to determine any provision for income taxes.
- Notes 3, 8 and 9 "Impairment of investments in subsidiaries/associates" - determine the recoverability of investments in subsidiaries/associates whenever indicators of impairment are present.

(e) Functional and presentation currency

The financial statements are presented in Euro (€), which is the functional currency of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently for all the years presented in these financial statements.

Investments in subsidiaries

Subsidiaries are entities controlled by the Group. Control exists where the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiaries are stated at cost, which includes transaction costs, less provision for permanent diminution in value, which is recognised as an expense in the period in which the diminution is identified.

Investments in associates

Associates are those entities in which the Company has significant influence but no control or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee. Investments in associates are initially recognised at cost, which includes transactions costs, and are accounted for using the equity method.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Company's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Revenue recognition

- *Interest income*

Interest income is recognised on a time-proportion basis using the effective interest rate method.

Finance income

Interest income is recognised on a time-proportion basis using the effective interest rate method.

EMMA GAMMA LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2017****3. SIGNIFICANT ACCOUNTING POLICIES (continued)****Finance expenses**

Interest expense and other borrowing costs are recognised in profit or loss using the effective interest rate method.

Foreign currency translation**(i) Functional currency**

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined.

Tax

Tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date. Current tax includes any adjustments to tax payable in respect of previous periods.

Dividends

Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the year in which they are approved by the Company's shareholders.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

(i) Loans granted

Loans originated by the Company by providing money directly to the borrower are categorised as loans and are carried at amortised cost. The amortised cost is the amount at which the loan granted is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. All loans are recognised when cash is advanced to the borrower.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

EMMA GAMMA LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2017

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)***Financial instruments** (continued)*(ii) Cash and cash equivalents*

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank.

(iii) Borrowings

Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest rate method.

(iv) Trade and other payables

Trade payables are stated at their nominal values.

Derecognition of financial assets and liabilities*Financial assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the contractual rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

EMMA GAMMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

4. ADMINISTRATIVE EXPENSES

	2017	16.09.2015-
	€	31.12.2016
		€
Directors' fees	1.666	922
Registrar annual fee	350	350
Administration fees	26.494	54.616
Independent auditors' remuneration - current year	14.420	16.000
Independent auditors' remuneration - prior year	(9.000)	-
Legal fees	41.298	3.827
Secretarial fees	1.666	922
Irrecoverable VAT	68.901	-
	<u>145.795</u>	<u>76.637</u>

5. OTHER OPERATING EXPENSES

	2017	16.09.2015-
	€	31.12.2016
		€
Incorporation expenses	-	2.403
Loss from sale of investments in associates (note 9)	-	9.901
	<u>-</u>	<u>12.304</u>

EMMA GAMMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

6. NET FINANCE INCOME AND EXPENSES

	2017 €	16.09.2015- 31.12.2016 €
Interest income	1.794	1
Net foreign exchange transaction profit	<u>783.369</u>	<u>3</u>
	<u>785.163</u>	<u>4</u>
Net foreign exchange transaction losses	-	(417)
Interest expense	(5.747.752)	(1.831.756)
Other financing expenses	<u>(3.662.270)</u>	<u>(231)</u>
Finance expenses	<u>(9.410.022)</u>	<u>(1.832.404)</u>
Net finance expenses	<u>(8.624.859)</u>	<u>(1.832.400)</u>

Current year other finance charges includes expenses charged by Emma Gamma Finance a.s. to the Company as per the agreement signed on 21 July 2017 for the bonds issued by Emma Gamma Finance a.s. (note 18).

7. TAXATION

	2017 €	16.09.2015- 31.12.2016 €
Overseas tax	<u>269</u>	<u>-</u>
Charge for the year/period	<u><u>269</u></u>	<u><u>-</u></u>

EMMA GAMMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

7. TAXATION (continued)

Reconciliation of tax based on the taxable income and tax based on accounting losses:

	2017	2017 €	16.09.2015- 31.12.2016	16.09.2015- 31.12.2016 €
Accounting loss before tax		<u>(7.211.360)</u>		<u>(1.502.518)</u>
Tax calculated at the applicable tax rates	12,50 %	(901.420)	12,50 %	(187.815)
Tax effect of expenses not deductible for tax purposes	(13,93)%	1.004.763	(12,00)%	180.377
Tax effect of allowances and income not subject to tax	1,36 %	(98.144)	- %	-
Tax effect of tax losses brought forward	0,07 %	(5.199)	- %	-
Tax effect of loss for the year/period	- %	-	(0,50)%	7.438
Overseas tax in excess of credit claim used during the year	- %	269	- %	-
Tax as per statement of profit or loss and other comprehensive income - charge	- %	<u>269</u>	- %	<u>-</u>

The corporation tax rate is 12,5%.

The Company's chargeable income for the year amounted to €41.592 which has been set off against tax losses brought forward. Under current legislation, tax losses may be carried forward and be set off against taxable income of the following five years. As at 31 December 2017 the balance of tax losses which is available for offset against future taxable profits amounts to €17.915.

EMMA GAMMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

8. INVESTMENTS IN SUBSIDIARIES

	2017 €	2016 €
Additions	<u>127.500</u>	<u>-</u>
Balance at 31 December	<u><u>127.500</u></u>	<u><u>-</u></u>

On 12 April 2017, the Directors of the Company established a wholly-owned subsidiary Emma Gamma Finance a.s., incorporated in Slovakia, for a total consideration of €27.500.

On 17 August 2017, the Company entered into an agreement of providing a capital contribution for the amount of €100.000 to Emma Gamma Finance a.s., which is recorded as an increase on the cost of the investment.

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	2017 Holding %	2016 Holding %	2017 €	2016 €
Emma Gamma Finance a.s.	Slovak Republic	Provision of finance to related parties	100	-	<u>127.500</u>	<u>-</u>
					<u><u>127.500</u></u>	<u><u>-</u></u>

The Company periodically evaluates the recoverability of investments in subsidiaries whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries may be impaired, the estimated future discounted cash flows associated with these subsidiaries would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

9. INVESTMENTS IN ASSOCIATED UNDERTAKINGS

	2017 €	2016 €
Balance at 1 January/16 September	157.553.095	-
Additions	8.917.088	157.572.992
Disposals	-	(1.027.085)
Contributions	<u>-</u>	<u>1.007.188</u>
Balance at 31 December	<u><u>166.470.183</u></u>	<u><u>157.553.095</u></u>

EMMA GAMMA LIMITED

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2017**9. INVESTMENTS IN ASSOCIATED UNDERTAKINGS** *(continued)*

On 22 February 2016, the Company acquired 25% in Italian Gaming Holding A.S. incorporated in the Czech Republic, for the total consideration of €18.483 (CZK500.000). On 2 May 2016, the Company disposed its entire shareholding by way of capital contribution in kind to IGH Financing A.S. for the amount of €7.188 (CZK194.500). The transaction resulted to a loss on disposal of €11.295.

On 26 April 2016, the Company acquired 25% in IGH Financing A.S. incorporated in the Czech Republic, for the total consideration of €18.500 (CZK500.000). On 2 May 2016, the Company made a capital contribution in kind to IGH Financing A.S. by contributing its shares in Italian Gaming Holding A.S. for the value of €7.188 (CZK194.500). On 6 May 2016, an additional capital contribution of €1.000.000 was made. On 17 August 2016, the investment was fully sold to a related party for €1.027.085 consideration. The transaction resulted in a gain on disposal of €1.394.

On 17 August 2016, the Company acquired 25% in SAZKA Group a.s. for the total consideration of €157.553.095 consisting of €142.373.095 due payable immediately and a deferred consideration in the form of a promissory note for the amount of €15.180.000 due payable on 31 October 2017 (note 14). As at the year end, the holding in SAZKA Group a.s. remained unchanged.

On 31 May 2017, the Company entered into an agreement with Sazka Group a.s., for a provision of a capital contribution for the amount of €8.917.088 (CZK 237.723.221), which was treated as an increase in the cost of the investment.

Investments in associates

The details of the investment are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	2017 Holding %	2016 Holding %	2017 €	2016 €
SAZKA Group a.s.	Czech Republic	Operation of lottery and betting games	25	25	<u>166.470.183</u>	<u>157.553.095</u>
					<u>166.470.183</u>	<u>157.553.095</u>

The Company periodically evaluates the recoverability of investments in associates whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in associates may be impaired, the estimated future discounted cash flows associated with these associates would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

On 12 July 2017, the pledged shares in Sazka Group a.s., were fully released upon the full repayment of the facility agreement dated 17 August 2016. Additionally, on 14 July 2017, the shares in Sazka Group a.s. became fully pledged to J&T Banka a.s., as a security for the bond issuance in Emma Gamma Finance a.s.

EMMA GAMMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

10. LOANS RECEIVABLE

	2017 €	2016 €
Balance at 1 January/16 September	14.031.962	-
New loans granted	30.190.712	12.952.893
Interest charged	1.559.294	418.823
Accrued interest assigned	-	660.598
Repayments	(15.147.643)	-
Net foreign exchange loss	-	(352)
	<u>30.634.325</u>	<u>14.031.962</u>
	2017 €	2016 €
Loans to related companies (note 15 (ii))	<u>30.634.325</u>	<u>14.031.962</u>
	<u>30.634.325</u>	<u>14.031.962</u>
Non-current portion	-	14.031.962
Current portion	<u>30.634.325</u>	<u>-</u>
	<u>30.634.325</u>	<u>14.031.962</u>

The exposure of the Company to credit risk is reported in note 16 to the financial statements.

The fair values of non-current receivables approximate to their carrying amounts as presented above.

11. CASH AT BANK

Cash balances are analysed as follows:

	2017 €	2016 €
Cash at bank	<u>27.274.176</u>	<u>9.163</u>
	<u>27.274.176</u>	<u>9.163</u>

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 16 to the financial statements.

EMMA GAMMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

12. SHARE CAPITAL AND SHARE PREMIUM

Issued and fully paid	Number of shares	Share capital €	Share premium €	Total €
Balance at 16 September 2015	-	-	-	-
Issue of shares	1.200	1.200	-	1.200
Issue of additional shares	20	20	19.980	20.000
Issue of additional shares	30	30	29.970	30.000
Issue of additional shares	<u>1</u>	<u>1</u>	<u>107.269.333</u>	<u>107.269.334</u>
Balance at 31 December 2016	<u>1.251</u>	<u>1.251</u>	<u>107.319.283</u>	<u>107.320.534</u>
Balance at 1 January 2017	1.251	1.251	107.319.283	107.320.534
Issue of additional shares	1	1	4.019.999	4.020.000
Issue of additional shares	<u>1</u>	<u>1</u>	<u>499.999</u>	<u>500.000</u>
Balance at 31 December 2017	<u>1.253</u>	<u>1.253</u>	<u>111.839.281</u>	<u>111.840.534</u>

Authorised capital

Under its Memorandum, the Company fixed its share capital at 2.400 ordinary shares of nominal value of €1 each.

Issued capital

Upon incorporation, on 16 September 2015, the Company issued to the subscribers of its Memorandum of Association 1.200 ordinary shares of €1 each at par.

On 17 February 2016, the Company made an issue of 20 ordinary shares of €1 each. The new shares were issued at a premium of €999 each, with a total value of €20.000.

On 25 April 2016, the Company made an additional issue of 30 ordinary shares of €1 each. The new shares were issued at a premium of €999 each, with a total value of €30.000.

On 17 August 2016, the Company made an issue of 1 ordinary share of €1. The share was issued at a premium of €107.269.333, with a total value of €107.269.334.

On 3 May 2017, the Company made an issue of 1 ordinary share of €1. The share was issued at a premium of €499.999 with a total value of €500.000.

Finally, on 29 May 2017, the Company made an issue of 1 ordinary share of €1. The new share was issued at a premium of €4.019.999, with a total value of €4.020.000.

EMMA GAMMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

13. LOANS AND BORROWINGS

	2017 €	2016 €
Balance at 1 January/16 September	50.525.658	-
Additions	124.950.000	51.498.750
Repayments	(59.940.077)	(2.804.848)
Interest charged	<u>5.747.752</u>	<u>1.831.756</u>
Balance at 31 December	<u>121.283.333</u>	<u>50.525.658</u>
Maturity of borrowings:		
	2017 €	2016 €
Within one year	-	50.525.658
Between one and five years	<u>121.283.333</u>	<u>-</u>
	<u>121.283.333</u>	<u>50.525.658</u>

On 5 May 2016, the Company received a loan from KKCG Structured Finance AG for an amount of €1.000.000 with annual interest rate of 3% and repayment date 5 May 2017. On 17 August 2016, the loan was re-assigned to KKCG AG by KKCG Structured Finance AG. On that date, it was fully repaid by the Company.

On 17 August 2016, KKCG AG and the Company, entered into a facility agreement as per which the first party provided to the latter a loan facility up to €200.000.000 with an annual interest rate of 10% and maturity date of 31 October 2017. During the year ended 31 December 2016, the Company utilised only €48.698.751 of the facility. On 24 July 2017, the loan was fully repaid and the relevant securities were fully released.

On 30 December 2016, Bellville Services Limited and the Company, entered into a loan facility agreement with annual interest rate of 3% and maturity date of 28 December 2017. During the year ended 31 December 2016, the Company utilised only €1.800.000 of the facility and the balance as at the year end is €1.800.296 consisting of €1.800.000 loan principal and €296 accrued interest. On 18 May 2017, the loan was fully repaid.

On 21 July 2017, Emma Gamma Finance a.s. and the Company, entered into a loan facility agreement with an annual interest rate of 5,5% and a maturity date of 21 July 2022. During the year, the Company utilised the whole amount of €120.000.000 of the facility and the balance as at year end is €121.283.333, consisting of €120.000.000 the loan principal and €1.283.333 the accrued interest.

EMMA GAMMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

14. OTHER PAYABLES

	2017 €	2016 €
VAT	68.825	-
Accruals	27.639	30.565
Other creditors	-	39.981
Other payables	<u>-</u>	<u>15.180.000</u>
	<u>96.464</u>	<u>15.250.546</u>

Other payables relate to a promissory note due to KKCG AG regarding a deferred consideration on the acquisition of the 25% shareholding in SAZKA Group a.s. (note 9), which was fully repaid during the current year.

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

15. RELATED PARTY TRANSACTIONS

The Company is controlled by Emma Alpha Holding Ltd, incorporated in Cyprus, which owns 100% of the Company's shares. The ultimate parent of the Company is MEF Holdings Limited, incorporated in Cyprus.

The transactions and balances with related parties are as follows:

(i) Directors' remuneration

The remuneration of Directors and other members of key management was as follows:

	2017 €	16.09.2015- 31.12.2016 €
Directors' fees	<u>1.666</u>	<u>922</u>
	<u>1.666</u>	<u>922</u>

EMMA GAMMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

15. RELATED PARTY TRANSACTIONS (continued)

(ii) Loans receivables from related companies

		2017 €	2016 €
<u>Name</u>	<u>Nature of transactions</u>		
Sazka a.s.	Financing	-	14.031.962
MEF Holdings Ltd	Financing	17.367.456	-
Marjolendo Ltd	Financing	10.223.719	-
Gaz Sud a.s.	Financing	<u>3.043.150</u>	<u>-</u>
		<u>30.634.325</u>	<u>14.031.962</u>

On 17 August 2016, the Company was assigned the receivable balance of 25% of an existing loan between KKCG AG and Sazka a.s. for the consideration of €13.613.491. The amount assigned comprised of €12.952.893 (CZK349.987.181) and €660.598 (CZK17.849.346) accrued interest. The loan assigned carries interest at the rate of 8,50% per annum. During the current year, Sazka a.s. has fully repaid the loan receivable to the Company and the pledge on the above receivable in favor of KKCG AG with regards to the Company's borrowings from KKCG AG (note 13) was fully released.

On 24 July 2017, the Company granted a loan to MEF Holdings Limited, at an annual interest rate of 5,85% and a maturity date 31 July 2018. The balance as at the year end was €17.367.456, consisting of €17.065.712 principal amount and €301.744 accrued interest.

On 29 September 2017, the Company granted a loan to Gaz Sud a.s., at an annual interest rate of 6% and maturity date 30 May 2018. The balance as at year end is €3.043.151, consisting of €3.000.000 principal amount and €43.150 accrued interest.

On 31 October 2017, the Company granted a loan to Marjolendo Limited, at an annual interest rate 5,85% and maturity date 31 October 2018. The balance as at year end was €10.223.719, consisting of €10.125.000 principal amount and €98.719 accrued interest.

(iii) Loans from related companies (note 13)

	2017 €	2016 €
Bellville Services Limited	-	1.800.296
Emma Gamma Finance a.s.	<u>121.283.333</u>	<u>-</u>
	<u>121.283.333</u>	<u>1.800.296</u>

On 30 December 2016, Bellville Services Limited and the Company entered into a loan facility agreement with annual interest rate of 3% and maturity date of 28 December 2017 (note 13).

On 21 July 2017, Emma Gamma Finance a.s. and the Company entered into a loan facility agreement with annual interest rate 5,5% and maturity date of 21 July 2022.

EMMA GAMMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

16. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT**Financial risk factors**

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Company's activities.

A. Financial risk management**(i) Credit risk**

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company has no significant concentration of credit risk. The Company has policies in place to ensure that sales of services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables.

(ii) Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following are the contractual maturities of financial liabilities at the reporting date. The amounts are gross and are undiscounted, and include estimated interest payments:

31 December 2017	Carrying amounts €	Contractual cash flows €	3 months or less €	Between 3-12 months €	Between 1-5 years €	Over than 5 years €
Loans from related companies	<u>121.283.333</u>	<u>151.955.000</u>	<u>1.668.333</u>	<u>5.005.000</u>	<u>145.281.667</u>	<u>-</u>
	<u>121.283.333</u>	<u>151.955.000</u>	<u>1.668.333</u>	<u>5.005.000</u>	<u>145.281.667</u>	<u>-</u>

EMMA GAMMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

16. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)

(ii) *Liquidity risk (continued)*

31 December 2016	Carrying amounts €	Contractual cash flows €	3 months or less €	Between 3-12 months €	Between 1-5 years €	More than 5 years €
Other creditors	39.981	39.981	-	39.981	-	-
Other payables	15.180.000	15.180.000	-	15.180.000	-	-
Loans from related companies	1.800.296	1.853.704	-	1.853.704	-	-
Borrowings	<u>48.725.362</u>	<u>52.780.026</u>	-	<u>52.780.026</u>	-	-
	<u>65.745.639</u>	<u>69.853.711</u>	-	<u>69.853.711</u>	-	-

(iii) *Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Czech Koruna (CZK). The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The Company's exposure to foreign currency risk was as follows:

31 December 2017	CZK €
Assets	
Loan receivable	-
Net exposure	<u>-</u>
31 December 2016	CZK €
Assets	
Loan receivable	14.031.962
Net exposure	<u>14.031.962</u>

EMMA GAMMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

16. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)(iii) Market risk (continued)*Currency risk* (continued)Sensitivity analysis

A 10% strengthening of the Euro against the following currencies at 31 December 2017 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. For a 10% weakening of the Euro against the relevant currency, there would be an equal and opposite impact on the profit and other equity.

	Equity		Profit or loss	
	2017 €	2016 €	2017 €	2016 €
Czech Koruna	-	(1.275.633)	-	(1.275.633)
	<u>-</u>	<u>(1.275.633)</u>	<u>-</u>	<u>(1.275.633)</u>

Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern while increasing the return to shareholders through the strive to improve the debt to equity ratio. The Company's overall strategy remains unchanged from last year.

17. CONTINGENT LIABILITIES

The Company had no contingent liabilities as at 31 December 2017.

18. COMMITMENTS**Capital commitments**

Capital expenditure contracted for at the reporting date but not yet incurred is as follows:

	2017 €	2016 €
Amount under guarantee	<u>10.000.000</u>	<u>-</u>

During the current year, Emma Gamma Finance a.s., issued bonds for the value of €120 million, which are traded on the Slovak and Czech Republic markets. The proceeds from the bonds were provided to the Company as a loan.

On 20 June 2017, the Company and its subsidiary, Emma Gamma Finance a.s., signed a Project Support Agreement, where the Company is obliged to its subsidiary and upon request for any cash or equity deficiency relating to the Notes issued, for the maximum amount of €10 million.

EMMA GAMMA LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2017****19. EVENTS AFTER THE REPORTING PERIOD**

There were no other material events after the reporting period, which have a bearing on the understanding of the financial statements.

On 24 April 2018, the Board of Directors of Emma Gamma Limited approved and authorised these financial statements for issue.

4. THE AUDITED INDIVIDUAL FINANCIAL STATEMENTS OF THE GUARANTOR PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION FOR THE PERIOD ENDED 31 DECEMBER 2018

EMMA GAMMA LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2018

EMMA GAMMA LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2018

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EMMA GAMMA LIMITED**OFFICERS AND PROFESSIONAL ADVISORS**

Board of Directors	Demetrios Aletraris Radka Blazkova Andri Pangalou
Secretary	Cymanco Services Limited
Independent Auditors	KPMG Limited Certified Public Accountants and Registered Auditors 14 Esperidon Street 1087 Nicosia Cyprus
Bankers	PPF Banka a.s. - Czech Republic J&T Banka a.s. - Czech Republic
Registered Office	48 Themistokli Dervi Avenue Athienitis Centennial Building, 3rd Floor, Office 303, 1066, Nicosia Cyprus

KPMG Limited
Chartered Accountants
14 Esperidon Street, 1087 Nicosia, Cyprus
P.O. Box 21121, 1502 Nicosia, Cyprus
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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

EMMA GAMMA LIMITED

Report on the audit of the financial statements

Opinion

We have audited the accompanying separate financial statements of the parent company Emma Gamma Limited (the "Company"), which are presented on pages 5 to 30 and comprise the statement of financial position as at 31 December 2018, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the parent company Emma Gamma Limited as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "Companies Law, Cap.113").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report. We remained independent of the Company throughout the period of our appointment in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants ("IESBA Code") and the ethical requirements in Cyprus that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

EMMA GAMMA LIMITED

Report on the audit of the financial statements (continued)

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS-EU and the requirements of the Companies Law, Cap. 113, 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 there is an intention to either liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditors' 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 auditors' 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 ISAs 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 ISAs, we exercise professional judgment and maintain professional skepticism 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
EMMA GAMMA LIMITED

Report on the audit of the financial statements *(continued)*

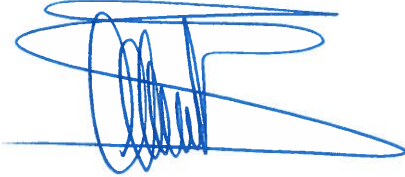
Auditors' responsibilities for the audit of the financial statements *(continued)*

- 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 a true and fair view.

We communicate with the Board of Directors 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.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of Law L.53(I)/2017, as amended from time to time and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.



Haris A. Kakoullis, CPA
Certified Public Accountant and Registered Auditor
for and on behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors
14 Esperidon Street
1087 Nicosia
Cyprus

17 April 2019

EMMA GAMMA LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOMEFor the year ended 31 December 2018

	Note	2018 €	2017 €
Revenue			
Dividend income	15(ii)	10.000.000	-
Interest income	9	<u>2.448.677</u>	<u>1.559.294</u>
Total revenue		<u>12.448.677</u>	<u>1.559.294</u>
Administrative expenses	4	(344.584)	(145.795)
Impairment loss on trade receivables and contract assets	9	<u>(160.098)</u>	<u>-</u>
Operating profit		<u>11.943.995</u>	<u>1.413.499</u>
Finance income		36.196	785.163
Finance expenses		<u>(6.779.589)</u>	<u>(9.410.022)</u>
Net finance expenses	5	<u>(6.743.393)</u>	<u>(8.624.859)</u>
Profit/(loss) before tax		5.200.602	(7.211.360)
Tax	6	<u>(26.000)</u>	<u>(269)</u>
Profit/(loss) for the year		<u>5.174.602</u>	<u>(7.211.629)</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>5.174.602</u>	<u>(7.211.629)</u>

The notes on pages 9 to 30 are an integral part of these financial statements.

EMMA GAMMA LIMITED

STATEMENT OF FINANCIAL POSITIONAs at 31 December 2018

	Note	2018 €	2017 €
ASSETS			
Investments in subsidiaries	7	127.500	127.500
Investments in associates	8	<u>166.484.458</u>	<u>166.470.183</u>
Total non-current assets		<u>166.611.958</u>	<u>166.597.683</u>
Loans receivable	9	60.053.992	30.634.325
Cash at bank	10	<u>3.012.141</u>	<u>27.274.176</u>
Total current assets		<u>63.066.133</u>	<u>57.908.501</u>
Total assets		<u>229.678.091</u>	<u>224.506.184</u>
EQUITY			
Share capital	11	1.253	1.253
Share premium	11	111.839.281	111.839.281
Accumulated losses		<u>(3.539.545)</u>	<u>(8.714.147)</u>
Total equity		<u>108.300.989</u>	<u>103.126.387</u>
LIABILITIES			
Loans and borrowings	12	<u>120.000.000</u>	<u>120.000.000</u>
Total non-current liabilities		<u>120.000.000</u>	<u>120.000.000</u>
Loans and borrowings	12	1.338.333	1.283.333
Other payables	13	34.393	96.464
Tax liability	14	<u>4.376</u>	<u>-</u>
Total current liabilities		<u>1.377.102</u>	<u>1.379.797</u>
Total liabilities		<u>121.377.102</u>	<u>121.379.797</u>
Total equity and liabilities		<u>229.678.091</u>	<u>224.506.184</u>

On 17 April 2019, the Board of Directors of Emma Gamma Limited approved and authorised these financial statements for issue.

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Demetrios Aletraris
Director

.....
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Radka Blazkova
Director

The notes on pages 9 to 30 are an integral part of these financial statements.

EMMA GAMMA LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Note	Share capital €	Share premium €	Accumulated losses €	Total €
Balance at 1 January 2017		<u>1.251</u>	<u>107.319.283</u>	<u>(1.502.518)</u>	<u>105.818.016</u>
Comprehensive income					
Loss for the year		-	-	(7.211.629)	(7.211.629)
Other comprehensive income					
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	(7.211.629)	(7.211.629)
Transactions with owners of the Company					
Contributions and distributions					
Issue of share capital	11	<u>2</u>	<u>4.519.998</u>	-	<u>4.520.000</u>
Total transactions with owners		<u>2</u>	<u>4.519.998</u>	-	<u>4.520.000</u>
Balance at 31 December 2017		<u>1.253</u>	<u>111.839.281</u>	<u>(8.714.147)</u>	<u>103.126.387</u>
Balance at 1 January 2018		<u>1.253</u>	<u>111.839.281</u>	<u>(8.714.147)</u>	<u>103.126.387</u>
Comprehensive income					
Profit for the year		-	-	5.174.602	5.174.602
Other comprehensive income					
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	5.174.602	5.174.602
Balance at 31 December 2018		<u>1.253</u>	<u>111.839.281</u>	<u>(3.539.545)</u>	<u>108.300.989</u>

The notes on pages 9 to 30 are an integral part of these financial statements.

EMMA GAMMA LIMITED

STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	Note	2018 €	2017 €
Cash flows from operating activities			
Profit/(loss) for the year		5.174.602	(7.211.629)
Adjustments for:			
Unrealised exchange loss/(profit)		171.468	(168.507)
Impairment loss on trade receivables and contract assets		160.098	-
Dividend income		(10.000.000)	-
Interest income	5&9	(2.484.873)	(1.561.088)
Interest expense	5	6.601.525	5.747.752
Income tax expense		26.000	269
Cash used in operations before working capital changes		(351.180)	(3.193.203)
Decrease in other payables		(62.071)	(15.154.082)
Cash used in operations		(413.251)	(18.347.285)
Dividends received		10.000.000	-
Tax paid		(21.624)	(269)
Net cash generated from/(used in) operating activities		<u>9.565.125</u>	<u>(18.347.554)</u>
Cash flows from investing activities			
Payment for acquisition of investments in associated undertakings	8	(14.275)	(27.500)
Payment for capital contribution to investments		-	(9.017.088)
Loans granted		(69.542.127)	(30.190.712)
Loan repayments received		41.156.131	15.147.643
Interest received		1.290.200	1.794
Net foreign exchange loss		904	-
Net cash used in investing activities		<u>(27.109.167)</u>	<u>(24.085.863)</u>
Cash flows from financing activities			
Proceeds from issue of share capital		-	4.520.000
Repayment of borrowings		(1.914.436)	(59.940.077)
Proceeds from borrowings		1.914.436	124.950.000
Interest paid		(6.546.525)	-
Net cash (used in)/generated from financing activities		<u>(6.546.525)</u>	<u>69.529.923</u>
Net (decrease)/increase in cash and cash equivalents		(24.090.567)	27.096.506
Effect of exchange rate fluctuations on cash held		(171.468)	168.507
Cash and cash equivalents at beginning of the year		27.274.176	9.163
Cash and cash equivalents at end of the year	10	<u>3.012.141</u>	<u>27.274.176</u>

The notes on pages 9 to 30 are an integral part of these financial statements.

EMMA GAMMA LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2018

1. INCORPORATION AND PRINCIPAL ACTIVITIES

Emma Gamma Limited (the "Company") was incorporated in Cyprus on 16 September 2015 as a private limited liability company under the Cyprus Companies Law, Cap. 113. Its registered office is at Themistokli Dervi Avenue 48, Athienitis Centennial Building, 3rd Floor, Office 303,1066, Nicosia, Cyprus.

The principal activities of the Company are the holding of investments and the provision of financing to related parties.

2. BASIS OF PREPARATION**(a) Statement of compliance**

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113.

These financial statements are separate financial statements. The Company has not prepared consolidated financial statements using the equity method of accounting, as the exemption from consolidation in paragraph 4(a) of IFRS10 'Consolidated Financial Statements' has been used. The Company's parent, Emma Alpha Holding Ltd, a Company incorporated in Cyprus, prepares consolidated financial statements available for public use that comply with IFRS as adopted by the EU. These consolidated financial statements are available at Themistokli Dervi Avenue 48, Athienitis Centennial Building, 3rd Floor, Office 303,1066, Nicosia, Cyprus.

(b) Basis of measurement

The financial statements have been prepared under the historical cost convention.

(c) Adoption of new and revised IFRSs and Interpretations as adopted by the EU

As from 1 January 2018, the Company adopted all of the IFRS and International Accounting Standards (IAS), which are relevant to its operations. This adoption, apart from the adoption of IFRS 9 described in paragraph 2(f) "Change in accounting policy", did not have a material effect on the accounting policies of the Company.

At the date of approval of these financial statements, standards, revised standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the EU and others not yet. The Board of Directors expects that the adoption of these financial reporting standards in future periods will not have a significant effect on the financial statements of the Company.

(d) Use of estimates and judgements

The preparation of financial statements in accordance with IFRSs requires from Management the exercise of judgement, to make estimates and assumptions that influence the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such estimates.

EMMA GAMMA LIMITED

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2018**2. BASIS OF PREPARATION** *(continued)***(d) Use of estimates and judgements** *(continued)*

The estimates and underlying assumptions are revised on a continuous basis. Revisions in accounting estimates are recognised in the period during which the estimate is revised, if the estimate affects only that period, or in the period of the revision and future periods, if the revision affects the present as well as future periods.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in the following notes:

- Note 6 and Note 14 "Income taxes" - to determine any provision for income taxes.
- Notes 3, 7 and 8 "Impairment of investments in subsidiaries/associates" - determine the recoverability of investments in subsidiaries/associates whenever indicators of impairment are present.

(e) Functional and presentation currency

The financial statements are presented in Euro (€), which is the functional currency of the Company.

(f) Change in accounting policy

The Company has initially applied IFRS 9 from 1 January 2018. A number of other new standards are also effective from 1 January 2018 but they do not have a material effect on the Company's financial statements.

Due to the transition methods chosen by the Company in applying this standard, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standard.

The effect of initially applying these standards is mainly attributed to an increase in impairment losses recognised on financial assets.

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9, the Company has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and Other comprehensive income (OCI). Impairment losses on other financial assets are presented under 'finance costs', similar to the presentation under IAS 39, and not presented separately in the statement of profit or loss and OCI due to materiality considerations.

Additionally, the Company has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018, but have not been generally applied to comparative information.

EMMA GAMMA LIMITED

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2018**2. BASIS OF PREPARATION** *(continued)***(f) Change in accounting policy** *(continued)**(i) Classification and measurement of financial assets and financial liabilities*

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL (Fair Value through Profit or Loss). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities.

(ii) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

3. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently for all the years presented in these financial statements.

Investments in subsidiaries

Subsidiaries are entities controlled by the Group. Control exists where the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiaries are stated at cost, which includes transaction costs, less provision for permanent diminution in value, which is recognised as an expense in the period in which the diminution is identified.

Investment in associates

Associates are those entities in which the Company has significant influence but no control or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee. Investments in associated undertakings are stated at cost, which includes transaction costs, less provision for permanent diminution in value, which is recognised as an expense in the period in which the diminution is identified.

Revenue recognition

- *Interest income*

Interest income is recognised on a time-proportion basis using the effective interest rate method.

EMMA GAMMA LIMITED

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2018**3. SIGNIFICANT ACCOUNTING POLICIES** *(continued)*Finance income

Interest income is recognised on a time-proportion basis using the effective interest rate method.

Finance expenses

Interest expense and other borrowing costs are recognised in profit or loss using the effective interest rate method.

Foreign currency translation*(i) Functional currency*

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss and presented within finance costs.

However, foreign currency differences arising from the translation of an investment in equity securities designated as at FVOCI (2017: available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss)) are recognised in OCI.

Tax

Tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date. Current tax includes any adjustments to tax payable in respect of previous periods.

Dividends

Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the year in which they are approved by the Company's shareholders.

Financial instruments*(i) Recognition and initial measurement*

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

EMMA GAMMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*Financial instruments (continued)*(ii) Classification and subsequent measurement*Financial assets - Policy applicable for 1 January 2018

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost, if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model, whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI, if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model, whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI, as described above, are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL, if doing so, eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment: Policy applicable from 1 January 2018

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level, because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

EMMA GAMMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*Financial instruments (continued)*(ii) Classification and subsequent measurement* (continued)

- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest: Policy applicable from 1 January 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

EMMA GAMMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

3. **SIGNIFICANT ACCOUNTING POLICIES** (continued)Financial instruments (continued)(ii) *Classification and subsequent measurement* (continued)Financial assets – Subsequent measurement and gains and losses: Policy applicable from 1 January 2018

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt Investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets – Policy applicable before 1 January 2018

The Company classified its financial assets into one of the following categories:

- loans and receivables;
- held to maturity;
- available for sale; and
- at FVTPL, and within this category as:
 - held for trading;
 - designated as at FVTPL.

EMMA GAMMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)(ii) *Classification and subsequent measurement* (continued)Financial assets – Subsequent measurement and gains and losses: Policy applicable before 1 January 2018

Financial assets at FVTPL	Measured at fair value and changes therein, including any interest or dividend income, were recognised in profit or loss.
Held-to-maturity financial assets	Measured at amortised cost using the effective interest method.
Loans and receivables	Measured at amortised cost using the effective interest method.
Available-for-sale financial assets	Measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments, were recognised in OCI and accumulated in the fair value reserve. When these assets were derecognised, the gain or loss accumulated in equity was reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) *Derecognition*Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

EMMA GAMMA LIMITED

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2018**3. SIGNIFICANT ACCOUNTING POLICIES** *(continued)*Financial instruments (continued)*(iii) Derecognition* (continued)Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

ImpairmentPolicy applicable from 1 January 2018*Financial instruments and contract assets*

The Company recognises loss allowances for ECLs on financial assets measured at amortised cost and contract assets. The Company measures loss allowances at an amount equal to lifetime ECLs.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and 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.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

EMMA GAMMA LIMITED

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2018**3. SIGNIFICANT ACCOUNTING POLICIES** *(continued)*Financial instruments (continued)Impairment (continued)

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

4. ADMINISTRATIVE EXPENSES

	2018	2017
	€	€
Directors' fees	1.000	1.666
Registrar annual fee	350	350
Administration fees	14.903	26.494
Independent auditors' remuneration - current year	16.000	14.420
Independent auditors' remuneration - prior year	(2.130)	(9.000)
Legal fees	71.565	41.298
Other professional fees	197.201	-
Secretarial fees	1.000	1.666
Irrecoverable VAT	<u>44.695</u>	<u>68.901</u>
	<u><u>344.584</u></u>	<u><u>145.795</u></u>

EMMA GAMMA LIMITED

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2018**5. NET FINANCE INCOME AND EXPENSES**

	2018 €	2017 €
Interest income	36.196	1.794
Net foreign exchange transaction profit	<u>-</u>	<u>783.369</u>
	<u>36.196</u>	<u>785.163</u>
Net foreign exchange transaction losses	(177.665)	-
Interest expense	(6.601.525)	(5.747.752)
Other financing expenses	<u>(399)</u>	<u>(3.662.270)</u>
Finance expenses	<u>(6.779.589)</u>	<u>(9.410.022)</u>
Net finance expenses	<u><u>(6.743.393)</u></u>	<u><u>(8.624.859)</u></u>

In 2017, other finance charges includes expenses charged by Emma Gamma Finance a.s. to the Company as per the agreement signed on 21 July 2017 for the bonds issued by Emma Gamma Finance a.s. (note 18).

6. TAXATION

	2018 €	2017 €
Corporation tax	12.546	-
Overseas tax	<u>13.454</u>	<u>269</u>
Charge for the year	<u><u>26.000</u></u>	<u><u>269</u></u>

Reconciliation of tax based on the taxable income and tax based on accounting profits:

	2018	2018 €	2017	2017 €
Accounting profit/(loss) before tax		<u>5.200.602</u>		<u>(7.211.360)</u>
Tax calculated at the applicable tax rates	12,50 %	650.075	12,50 %	(901.420)
Tax effect of expenses not deductible for tax purposes	11,90 %	618.862	(13,93)%	1.004.763
Tax effect of allowances and income not subject to tax	(24,12)%	(1.254.550)	1,36 %	(98.144)
Tax effect of tax losses brought forward	(0,04)%	(2.239)	0,07 %	(5.199)
10% additional charge	0,01 %	398	- %	-
Overseas tax in excess of credit claim used during the year	<u>0,26 %</u>	<u>13.454</u>	<u>- %</u>	<u>269</u>
Tax as per statement of profit or loss and other comprehensive income - charge	<u>0,50 %</u>	<u>26.000</u>	<u>- %</u>	<u>269</u>

EMMA GAMMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

6. TAXATION *(continued)*

The corporation tax rate is 12,5%.

The Company's chargeable income for the year amounted to €115.101 which has been partly set off against tax losses brought forward. Under current legislation, tax losses may be carried forward and be set off against taxable income of the following five years.

7. INVESTMENTS IN SUBSIDIARIES

	2018 €	2017 €
Balance at 1 January	127.500	-
Additions	<u>-</u>	<u>127.500</u>
Balance at 31 December	<u>127.500</u>	<u>127.500</u>

On 12 April 2017, the Directors of the Company established a wholly-owned subsidiary Emma Gamma Finance a.s., incorporated in Slovakia, for a total consideration of €27.500.

On 17 August 2017, the Company entered into an agreement of providing a capital contribution for the amount of €100.000 to Emma Gamma Finance a.s., which is recorded as an increase on the cost of the investment.

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	2018 Holding %	2017 Holding %	2018 €	2017 €
Emma Gamma Finance a.s.	Slovak Republic	Provision of finance to related parties	100	100	<u>127.500</u>	<u>127.500</u>
					<u>127.500</u>	<u>127.500</u>

The Company periodically evaluates the recoverability of investments in subsidiaries whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries may be impaired, the estimated future discounted cash flows associated with these subsidiaries would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

EMMA GAMMA LIMITED

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2018**8. INVESTMENTS IN ASSOCIATED UNDERTAKINGS**

	2018 €	2017 €
Balance at 1 January	166.470.183	157.553.095
Additions	<u>14.275</u>	<u>8.917.088</u>
Balance at 31 December	<u>166.484.458</u>	<u>166.470.183</u>

On 17 August 2016, the Company acquired 25% in SAZKA Group a.s. for the total consideration of €157.553.095. As at the year end, the holding in SAZKA Group a.s. remained unchanged.

On 31 May 2017, the Company entered into an agreement with Sazka Group a.s., for a provision of a capital contribution for the amount of €8.917.088 (CZK 237.723.221), which was treated as an increase in the cost of the investment.

On 2 February 2018, the Company subscribed for 25% of shares in Sazka Group Plc, incorporated in the United Kingdom for the total consideration of €14.725. This is payable by 2 May 2019 the latest. As at 31 December 2018, Sazka Group Plc was recognised as an associate.

Investments in associates

The details of the investment are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	2018 Holding %	2017 Holding %	2018 €	2017 €
SAZKA Group a.s.	Czech Republic	Operation of lottery and betting games	25	25	166.470.183	157.553.095
SAZKA Group Plc	United Kingdom	Operation of lottery and betting games	25	-	<u>14.275</u>	<u>-</u>
					<u>166.484.458</u>	<u>157.553.095</u>

The Company periodically evaluates the recoverability of investments in associates whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in associates may be impaired, the estimated future discounted cash flows associated with these associates would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

EMMA GAMMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

8. INVESTMENTS IN ASSOCIATED UNDERTAKINGS *(continued)*

The shares in Sazka Group a.s. became fully pledged to J&T Banka a.s., as a security for the bond issuance in Emma Gamma Finance a.s.

9. LOANS RECEIVABLE

	2018 €	2017 €
Balance at 1 January	30.634.325	14.031.962
New loans granted	69.542.128	30.190.712
Interest charged	2.448.677	1.559.294
Impairment loss on trade receivables and contract assets	(160.098)	-
Repayments	(42.410.136)	(15.147.643)
Net foreign exchange loss	(904)	-
	<u>60.053.992</u>	<u>30.634.325</u>
Balance at 31 December	<u>60.053.992</u>	<u>30.634.325</u>
	2018 €	2017 €
Loans to related companies (note 15 (iii))	60.214.090	30.634.325
Provisions for doubtful loans	(160.098)	-
	<u>60.053.992</u>	<u>30.634.325</u>
Non-current portion	-	-
Current portion	<u>60.053.992</u>	<u>30.634.325</u>

The exposure of the Company to credit risk is reported in note 16 to the financial statements.

The fair values of non-current receivables approximate to their carrying amounts as presented above.

10. CASH AT BANK

Cash balances are analysed as follows:

	2018 €	2017 €
Cash at bank	<u>3.012.141</u>	<u>27.274.176</u>
	<u>3.012.141</u>	<u>27.274.176</u>

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 16 to the financial statements.

EMMA GAMMA LIMITED

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2018**11. SHARE CAPITAL AND SHARE PREMIUM**

Issued and fully paid	Number of shares	Share capital €	Share premium €	Total €
Balance at 1 January 2017	1.251	1.251	107.319.283	107.320.534
Issue of shares	<u>2</u>	<u>2</u>	<u>4.519.998</u>	<u>4.520.000</u>
Balance at 31 December 2017	<u>1.253</u>	<u>1.253</u>	<u>111.839.281</u>	<u>111.840.534</u>
Balance at 1 January 2018	<u>1.253</u>	<u>1.253</u>	<u>111.839.281</u>	<u>111.840.534</u>
Balance at 31 December 2018	<u>1.253</u>	<u>1.253</u>	<u>111.839.281</u>	<u>111.840.534</u>

Authorised capital

Under its Memorandum, the Company fixed its share capital at 2.400 ordinary shares of nominal value of €1 each.

Issued capital

On 3 May 2017, the Company made an issue of 1 ordinary share of €1. The share was issued at a premium of €499.999 with a total value of €500.000.

On 29 May 2017, the Company made an issue of 1 ordinary share of €1. The new share was issued at a premium of €4.019.999, with a total value of €4.020.000.

12. LOANS AND BORROWINGS

	2018 €	2017 €
Balance at 1 January	121.283.333	50.525.658
Additions	1.914.436	124.950.000
Repayments	(8.460.961)	(59.940.077)
Interest charged	<u>6.601.525</u>	<u>5.747.752</u>
Balance at 31 December	<u>121.338.333</u>	<u>121.283.333</u>
Maturity of borrowings:		
	2018 €	2017 €
Within one year	1.338.333	1.283.333
Between one and five years	<u>120.000.000</u>	<u>120.000.000</u>
	<u>121.338.333</u>	<u>121.283.333</u>

EMMA GAMMA LIMITED

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2018**12. LOANS AND BORROWINGS** *(continued)*

On 17 August 2016, KKCG AG and the Company, entered into a facility agreement as per which the first party provided to the latter a loan facility up to €200.000.000 with an annual interest rate of 10% and maturity date of 31 October 2017. During the year ended 31 December 2016, the Company utilised only €48.698.751 of the facility. On 24 July 2017, the loan was fully repaid and the relevant securities were fully released.

On 30 December 2016, Bellville Services Limited and the Company, entered into a loan facility agreement with annual interest rate of 3% and maturity date of 28 December 2017. During the year ended 31 December 2016, the Company utilised only €1.800.000 of the facility and the balance as at the year end is €1.800.296 consisting of €1.800.000 loan principal and €296 accrued interest. On 18 May 2017, the loan was fully repaid.

On 21 July 2017, Emma Gamma Finance a.s. and the Company, entered into a loan facility agreement with an annual interest rate of 5,5% and a maturity date of 21 July 2022. During the year ended 31 December 2017, the Company utilised the whole amount of €120.000.000 of the facility and the balance as at year end is €121.338.333, consisting of €120.000.000 the loan principal and €1.338.333 the accrued interest.

On 13 July 2018, Marjolendo Limited and the Company, entered into a loan facility agreement with an annual interest of 2,65% and a maturity date of 13 July 2019. During the year, the Company utilised only the amount of €1.914.435 of the facility. On 31 July 2018, the loan was fully repaid.

13. OTHER PAYABLES

	2018	2017
	€	€
VAT	160	68.825
Accruals	19.958	27.639
Payables to related companies (note 15)	<u>14.275</u>	<u>-</u>
	<u><u>34.393</u></u>	<u><u>96.464</u></u>

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

EMMA GAMMA LIMITED

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2018**14. TAX LIABILITY**

	2018 €	2017 €
Corporation tax	<u>4.376</u>	<u>-</u>
	<u>4.376</u>	<u>-</u>

There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

15. RELATED PARTY TRANSACTIONS

The Company is controlled by Emma Alpha Holding Ltd, incorporated in Cyprus, which owns 100% of the Company's shares. The ultimate parent of the Company is MEF Holdings Limited, incorporated in Cyprus.

The transactions and balances with related parties are as follows:

(i) Directors' remuneration

The remuneration of Directors and other members of key management was as follows:

	2018 €	2017 €
Directors' fees	<u>1.000</u>	<u>1.666</u>
	<u>1.000</u>	<u>1.666</u>

EMMA GAMMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

15. RELATED PARTY TRANSACTIONS *(continued)***(ii) Dividends received from group companies**

	2018 €	2017 €
Dividend income	<u>10.000.000</u>	<u>-</u>
	<u>10.000.000</u>	<u>-</u>

During the year, the amount of €10.000.000 was received as dividend from the Company's associate, Sazka Group a.s.

(iii) Loans receivables from related companies

<u>Name</u>	<u>Nature of transactions</u>	2018 €	2017 €
MEF Holdings Ltd	Financing	-	17.367.456
Marjolendo Ltd	Financing	-	10.223.719
Gaz Sud a.s.	Financing	-	3.043.150
Emma Alpha Holding Ltd	Financing	<u>60.053.992</u>	<u>-</u>
		<u>60.053.992</u>	<u>30.634.325</u>

On 24 July 2017, the Company granted a loan to MEF Holdings Limited, at an annual interest rate of 5,85% and a maturity date 31 July 2018. The balance as at 31 December 2017 was €17.367.456, consisting of €17.065.712 principal amount and €301.744 accrued interest. The loan was fully repaid during the year.

On 29 September 2017, the Company granted a loan to Gaz Sud a.s., at an annual interest rate of 6% and maturity date 30 May 2018. The balance as at 31 December 2017 was €3.043.151, consisting of €3.000.000 principal amount and €43.150 accrued interest. The loan was fully repaid during the year.

On 31 October 2017, the Company granted a loan to Marjolendo Limited, at an annual interest rate 5,85% and maturity date 31 October 2018. The balance as at 31 December 2017 was €10.223.719, consisting of €10.125.000 principal amount and €98.719 accrued interest. The loan was fully repaid during the year.

On 25 May 2018, the Company granted a loan to Emma Alpha Holdings Limited, at an annual interest rate of 5,85% and maturity date 21 July 2019. The balance as at year end, after the impairment provision, was €60.053.992, including accrued interest.

On 16 October 2018, the Company granted a loan to a related party, at an annual interest rate of 5,85% and maturity date 31 December 2018. The principal amount of CZK17.500.000 and CZK93.600 accrued interest, was fully repaid.

EMMA GAMMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

15. RELATED PARTY TRANSACTIONS *(continued)***(iv) Payables to related companies (note 13)**

		2018 €	2017 €
<u>Name</u>	<u>Nature of transactions</u>		
Sazka Group PLC	Financing	<u>14.275</u>	<u>-</u>
		<u>14.275</u>	<u>-</u>

Payable to Sazka Group PLC relates to the acquisition of 25% in SAZKA Group PLC. This is payable by 2 May 2019 the latest.

(v) Loans from related companies (note 12)

	2018 €	2017 €
Emma Gamma Finance a.s.	<u>121.338.333</u>	<u>121.283.333</u>
	<u>121.338.333</u>	<u>121.283.333</u>

On 21 July 2017, Emma Gamma Finance a.s. and the Company entered into a loan facility agreement with annual interest rate 5,5% and maturity date of 21 July 2022.

16. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT**Financial risk factors**

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Company's activities.

EMMA GAMMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

16. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT *(continued)***A. Financial risk management***(i) Credit risk*

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company has no significant concentration of credit risk. The Company has policies in place to ensure that sales of services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables.

Impairment of financial assets

The Company hold two types of financial assets that are subject to credit loss risk:

- Trade receivables and
- Other current assets.

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

	2018 €	2017 €
Balance at 1 January	-	-
Impairment losses recognised on receivables	<u>160.098</u>	<u>-</u>
Balance at 31 December	<u><u>160.098</u></u>	<u><u>-</u></u>

The Company applies the IFRS 9 simplified approach to measure expected credit losses using a lifetime expected loss allowance for all trade receivables and other current assets. It is mentioned that the expected credit losses are based on the difference between the cash inflows which are receivable and the actual cash inflows that the Company expects to receive. All cash inflows in delay are discounted.

Cash and cash equivalents

The table below shows an analysis of the Company's bank deposit by the credit rating of the bank in which they are held:

	2018 €	2017 €
<u>Bank group based on credit ratings by Moody's</u>		
	<u>No of banks</u>	
Without credit rating	<u>2</u>	<u>3.012.141</u> <u>27.274.176</u>

(ii) Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

EMMA GAMMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

16. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)(ii) Liquidity risk (continued)

The following are the contractual maturities of financial liabilities at the reporting date. The amounts are gross and are undiscounted, and include estimated interest payments:

31 December 2018	Carrying amounts €	Contractual cash flows €	3 months or less €	Between 3-12 months €	Between 1-5 years €	Over than 5 years €
Other payables	14.275	14.275	-	14.275	-	-
Loans from related companies	<u>121.338.333</u>	<u>145.135.000</u>	<u>1.723.333</u>	<u>5.005.000</u>	<u>138.406.667</u>	<u>-</u>
	<u>121.352.608</u>	<u>145.149.275</u>	<u>1.723.333</u>	<u>5.019.275</u>	<u>138.406.667</u>	<u>-</u>
31 December 2017	Carrying amounts €	Contractual cash flows €	3 months or less €	Between 3-12 months €	Between 1-5 years €	More than 5 years €
Loans from related companies	<u>121.283.333</u>	<u>151.955.000</u>	<u>1.668.333</u>	<u>5.005.000</u>	<u>145.281.667</u>	<u>-</u>
	<u>121.283.333</u>	<u>151.955.000</u>	<u>1.668.333</u>	<u>5.005.000</u>	<u>145.281.667</u>	<u>-</u>

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Czech Koruna (CZK). The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern while increasing the return to shareholders through the strive to improve the debt to equity ratio. The Company's overall strategy remains unchanged from last year.

17. CONTINGENT LIABILITIES

The Company had no contingent liabilities as at 31 December 2018.

EMMA GAMMA LIMITED

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2018**18. COMMITMENTS****Capital commitments**

Capital expenditure contracted for at the reporting date but not yet incurred is as follows:

	2018 €	2017 €
Amount under guarantee	<u>10.000.000</u>	<u>10.000.000</u>

During 2017, Emma Gamma Finance a.s., issued bonds for the value of €120 million, which are traded on the Slovak and Czech Republic markets. The proceeds from the bonds were provided to the Company as a loan.

On 20 June 2017, the Company and its subsidiary, Emma Gamma Finance a.s., signed a Project Support Agreement, where the Company is obliged to its subsidiary and upon request for any cash or equity deficiency relating to the Notes issued, for the maximum amount of €10 million.

19. EVENTS AFTER THE REPORTING PERIOD

On 14 March 2019, the Company agreed to sell its entire holding in SAZKA Group a.s. for the total consideration of €630.000.000 split in four variable installments. As of today, the first installment of €90.000.000 has been paid.

On 14 March 2019, the Company agreed to acquire 100% of shareholding in SAZKA Group Adriatic d.o.o. and subordinated debt due from SAZKA Group Adriatic for the aggregate consideration of €420.000.000.

On 17 April 2019, the Board of Directors of Emma Gamma Limited approved and authorised these financial statements for issue.

5. GUARANTOR'S DECLARATION

RUČITEĽSKÉ VYHLÁSENIE

Emisia dlhopisov

EMG 4,90/2024

s pevným úrokovým výnosom 4,90 % p.a.
v predpokladanej celkovej menovitej hodnote
emisie do 90.000.000 eur
splatné v roku 2024
ISIN SK4000015210

(ďalej len "Ručiteľské vyhlásenie")

TOTO RUČITEĽSKÉ VYHLÁSENIE vystavuje spoločnosť

EMMA GAMMA LIMITED, so sídlom na adrese Themistokli Dervi Avenue 48, Athienitis Centennial Building, 3. poschodie, miestnosť č. 303, 1066 Nikózia, Cyperská republika, zapísaná v registri vedenom Cyperským ministerstvom energetiky, obchodu a priemyslu pod registračným číslom HE 347073 (ďalej len "Ručiteľ")

v prospech všetkých Majiteľov Dlhopisov (ako sú definovaní v Emisných podmienkach).

VZHEADOM NA TO, ŽE:

(A) Spoločnosť EMMA GAMMA FINANCE a.s., so sídlom na adrese Dúbravská cesta 14, 841 04 Bratislava - mestská časť Karlova Ves, Slovenská republika, IČO: 50 897 942, zapísaná v Obchodnom registri vedenom Okresným súdom Bratislava I, Oddiel: Sa, Vložka č.: 6599/B (ďalej len "Emitent"), sa rozhodla vydať dlhopisy s pevným úrokovým výnosom 4,90 % p.a. v predpokladanej celkovej menovitej hodnote emisie (t.j. najvyššej sume menovitých hodnôt dlhopisov) do 90.000.000 (deväťdesiat miliónov) eur, s menovitou hodnotou jedného dlhopisu 1.000 (jeden tisíc) eur, so splatnosťou v roku 2024, ISIN SK4000015210 (ďalej len "Emisia" a jednotlivé dlhopisy v rámci Emisie ďalej len "Dlhopisy"), a to v súlade so slovenským zákonom č. 530/1990 Zb., o dlhopisoch, v znení neskorších predpisov a ďalšími právnymi predpismi.

GUARANTEE

Notes issue

EMG 4.90/2024

with a fixed interest rate of 4.90 % p.a.
in the anticipated aggregate nominal value of
up to EUR 90,000,000
due in 2024
ISIN SK4000015210

(hereinafter the "Guarantee")

THIS GUARANTEE is issued by the company

EMMA GAMMA LIMITED, with its registered seat at Themistokli Dervi Avenue 48, Athienitis Centennial Building, 3rd floor, Flat/Office 303, 1066, Nicosia, Republic of Cyprus, registered with the register of the Cypriot Ministry of Energy, Commerce and Industry under registration number HE 347073 (hereinafter the "Guarantor")

in favour of all Noteholders (as defined in the Terms and Conditions).

WHEREAS:

(A) EMMA GAMMA FINANCE a.s., with its registered seat at Dúbravská cesta 14, 841 04 Bratislava – mestská časť Karlova Ves, Slovak Republic, ID No.: 50 897 942, registered with the Commercial Register of District Court Bratislava I, Section: Sa, Insert No.: 6599/B (hereinafter the "Issuer"), has decided to issue notes with a fixed interest rate of 4.90% p.a. in the anticipated aggregate nominal value (i.e. the highest amount of nominal values of the notes) of up to EUR 90,000,000 (ninety million euro), with a nominal value of one note of EUR 1,000 (one thousand euro), due in 2024, ISIN SK4000015210 (hereinafter the "Issue" and individual note within the Issue hereinafter the "Notes"), in accordance with Slovak Act No. 530/1990 Coll., on Notes, as amended, and other legal regulations.

- (B) Ručiteľ, ktorý je jediným akcionárom Emitenta, má v úmysle sa zaručiť za záväzky Emitenta zo všetkých Dlhopisov vydaných v rámci Emisie prostredníctvom ručiteľského vyhlásenia v zmysle ustanovenia § 303 zákona č. 513/1991 Zb., Obchodný zákonník, v znení neskorších predpisov (ďalej len "**Obchodný zákonník**").
- (C) Dlhopisy sú vydávané podľa slovenského práva v súlade s emisnými podmienkami Dlhopisov (ďalej len "**Emisné podmienky**") a prospektom, ktorý bude predložený na schválenie Národnej banke Slovenska (ďalej len "**Prospekt**"). Toto Ručiteľské vyhlásenie tvorí neoddeliteľnú súčasť Emisných podmienok.
- (D) Pojmy, ktoré sú definované v Emisných podmienkach a nie sú definované inak v tomto Ručiteľskom vyhlásení, majú rovnaký význam i v tomto Ručiteľskom vyhlásení.
- (B) *The Guarantor, which is the sole shareholder of the Issuer, intends to guarantee the Issuer's liabilities arising from all Notes issued within the Issue by means of the guarantee under Section 303 of Act No. 513/1991 Coll. the Commercial Code, as amended, (hereinafter the "**Commercial Code**").*
- (C) *The Notes are issued under Slovak law in accordance with the terms and conditions of the Notes (hereinafter the "**Terms and Conditions**") and the prospectus, which will be submitted to the National Bank of Slovakia for approval (hereinafter the "**Prospectus**"). This Guarantee forms an integral part of the Terms and Conditions.*
- (D) *The terms that are defined in the Terms and Conditions and are not defined otherwise in this Guarantee shall have the same meaning also in this Guarantee.*

1. Ručiteľské vyhlásenie

1. The Guarantee


- 1.1 Ručiteľ v zmysle § 303 Obchodného zákonníka vyhlasuje, že sa bezpodmienečne a neodvolateľne zaväzuje každému Majiteľovi Dlhopisov, že v prípade, ak Emitent z akéhokoľvek dôvodu nesplní riadne a včas akýkoľvek peňažný záväzok Emitenta voči Majiteľom Dlhopisov v deň jeho splatnosti a takéto neplnenie pretrváva dlhšie ako 10 (desať) dní, Ručiteľ na písomnú výzvu Majiteľa Dlhopisov zaplatí takúto čiastku (s prihliadnutím na článok 1.3 tohto Ručiteľského vyhlásenia nižšie) v plnej výške a v príslušnej mene namiesto Emitenta, a to najneskôr do 10 (desiatich) Pracovných dní od doručenia výzvy Majiteľa Dlhopisov Ručiteľovi v súlade s článkom 7 tohto Ručiteľského vyhlásenia. Ustanovenie § 306 ods. 1 Obchodného zákonníka sa nepoužije a Majiteľ Dlhopisov tak nebude povinný vyzvať Emitenta na splnenie jeho záväzku predtým, ako sa bude domáhať splnenia záväzku od Ručiteľa.
- 1.1. *In accordance with Section 303 of the Commercial Code, the Guarantor declares that it unconditionally and irrevocably undertakes to each Noteholder that in the event the Issuer for any reason fails to duly and timely fulfil any of its monetary obligation to the Noteholders on its due date and such failure persists longer than 10 (ten) days, the Guarantor shall, upon the written request of the Noteholder, pay such amount (taking into account Article 1.3 hereof) in full and in the relevant currency instead of the Issuer no later than 10 (ten) Business Days from the delivery of the Noteholder's request to the Guarantor in accordance with Article 7 hereof. Section 306(1) of the Commercial Code shall not apply and the Noteholder will not be obliged to call on the Issuer to fulfil its obligation before requesting the fulfilment of the obligation from the Guarantor.*

ad

- 1.2 Pre účely tohto Ručiteľského vyhlásenia sa za záväzky Emitenta voči Majiteľom Dlhopisov zabezpečené Ručiteľským vyhlásením považujú najmä peňažný záväzok splatiť menovitú hodnotu Dlhopisov a vyplatiť príslušný úrokový výnos (vrátane akéhokoľvek mimoriadneho úrokového výnosu a prémie) v súlade s Emisnými podmienkami a akýkoľvek peňažný záväzok Emitenta voči niektorému z Majiteľov Dlhopisov, ktorý vznikol alebo môže vzniknúť v dôsledku neplatenia, neúčinnosti, zdanlivosti alebo nevymáhateľnosti povinností z Dlhopisov (vrátane záväzkov zodpovedajúcich nárokom z bezdôvodného obohatenia a zo zodpovednosti za škodu), pričom každý horeuvedený záväzok je zabezpečený vrátane akéhokoľvek úroku, úroku z omeškania a iného príslušenstva, ktoré môžu vzniknúť.
- 1.3 Ručiteľ poskytuje na základe tohto Ručiteľského vyhlásenia ručenie za záväzky Emitenta voči Majiteľom Dlhopisov do výšky 115.000.000 (sto pätnásť miliónov) eur.
- 1.4 Toto Ručiteľské vyhlásenie predstavuje zabezpečenie Dlhopisov v zmysle § 20b zákona č. 530/1990 Zb., o dlhopisoch, v znení neskorších predpisov.
2. **Status záväzkov z Ručiteľského vyhlásenia**
- 1.2. *For the purposes of this Guarantee, the Issuer's obligations towards the Noteholders secured by the Guarantee include, in particular, a monetary obligation to pay the nominal value of the Notes and to pay the relevant interest rate (including any extraordinary interest rate and premium) in accordance with the Terms and Conditions and any Issuer's monetary obligation towards any Noteholder, that arose or may arise as a result of invalidity, ineffectiveness, appearance or unenforceability of obligations under the Notes (including obligations corresponding to claims for unjust enrichment and liability for damages), with each of the above liabilities being secured including any interest, late payment interest and other appurtenances that may arise.*
- 1.3. *The Guarantor provides under this Guarantee a guarantee for the Issuer's obligations towards the Noteholders in the amount of up to EUR 115,000,000 (one hundred fifteen million) euros.*
- 1.4. *This Guarantee represents the security of the Notes pursuant to Section 20b of Act No. 530/1990 Coll., on Notes, as amended.*
2. **Status of obligations under the Guarantee**

Záväzky Ručiteľa vyplývajúce z tohto Ručiteľského vyhlásenia predstavujú priame, všeobecné, nepodmienené, nezabezpečené a nepodriadené záväzky Ručiteľa, ktoré majú navzájom rovnocenné postavenie (*pari passu*) bez akýchkoľvek vzájomných preferencií a prinajmenšom rovnocenné postavenie (*pari passu*) so všetkými ostatnými súčasnými alebo budúcimi priamymi, všeobecnými, nepodmienenými, nezabezpečenými a nepodriadenými záväzkami Ručiteľa, s výnimkou tých záväzkov Ručiteľa, o ktorých tak stanovia

The Guarantor's obligations under this Guarantee represent direct, general, unconditional, unsecured and unsubordinated obligations of the Guarantor which rank and will always rank pari passu without any preferences among themselves and at least pari passu with any other present or future direct, general, unconditional, unsecured and unsubordinated obligations of the Guarantor, except for such obligations of the Guarantor, as set out in mandatory legal provisions generally applicable to rights of creditors.



kogentné ustanovenia právnych predpisov aplikujúce sa všeobecne na práva veriteľov.

3. Záväznosť iných dokumentov emisie

Ručiteľ vyhlasuje, že sa oboznámil s Emisnými podmienkami a Prospektom, súhlasí s nimi, zaväzuje sa ich dodržiavať (najmä bude dodržiavať akékoľvek obmedzenia a plniť záväzky uvedené v článku 4 Emisných podmienok a v súvislosti s nimi zabezpečí potrebné finančné informácie a správy audítora) a bude nimi viazaný aj v znení ich prípadných zmien a dodatkov v rozsahu, v akom tieto dokumenty upravujú jeho práva, povinnosti a postavenie.

4. Platby Ručiteľa

Všetky platby Ručiteľa podľa tohto Ručiteľského vyhlásenia Majiteľom Dlhopisov budú v rozsahu povolenom rozhodným právom vykonávané bez akéhokoľvek započítania či protinároku, zrážky daní, odvodov alebo iných poplatkov, pokiaľ to nebudú vyžadovať príslušné právne predpisy alebo by takéto zrážky bol povinný uskutočniť aj Emitent podľa Emisných podmienok. V prípade, že takúto zrážku daní, odvodov alebo iných poplatkov právne predpisy vyžadujú, zaplatí Ručiteľ Majiteľom Dlhopisov takúto zrazenú čiastku navyše tak, aby Majitelia Dlhopisov dostali rovnakú čiastku, akú by dostali, keby záväzok voči nim plnil riadne a včas Emitent.

5. Predchádzajúce platby Emitenta

Pokiaľ bude platba prijatá Majiteľom Dlhopisov, alebo iná povinnosť plnená v prospech alebo na pokyn Majiteľa Dlhopisov, vyhlásená za neplatnú podľa akéhokoľvek ustanovenia vzťahujúceho sa na konkurzné a reštrukturalizačné konanie proti Emitentovi, alebo konanie obdobné nútenej správe alebo likvidácii Emitenta, nemá to vplyv na záväzok Ručiteľa podľa tohto Ručiteľského vyhlásenia a takáto platba či povinnosť neznižuje rozsah povinností Ručiteľa a toto Ručiteľské vyhlásenie bude naďalej platiť, ako by takáto platba bola splatná či povinnosť splniteľná zo strany Emitenta.

3. Binding nature of other issue documents

The Guarantor declares that it has read the Terms and Conditions and the Prospectus, agrees with them and undertakes to comply with them (in particular, to comply with any restrictions and obligations under Article 4 of the Terms and Conditions and to provide necessary financial information and auditor's reports) and will be bound by them, as well as by any amendments thereto, to the extent that such documents govern Guarantor's rights, duties and status.

4. Guarantor's payments

All Guarantor's payments under this Guarantee to the Noteholders shall, to the extent permitted by applicable law, be exercised without any offsetting or counterclaim, taxes, levies or other charges, unless required by law or when the Issuer would be required to make such deductions under the Terms and Conditions. In the event that such taxes, levies or other charges are required by law, the Guarantor shall pay such withheld amount to the Noteholders in a way that the Noteholders receive the same amount as they would have received if the Issuer had duly fulfilled its obligation towards them.

5. Previous payments of the Issuer

If the payment received by the Noteholder or any other obligation performed in favour of or instructed by the Noteholder is declared invalid under any provision relating to bankruptcy and restructuring proceedings against the Issuer, or proceeding similar to forced administration or liquidation of the Issuer, such payment shall not affect the Guarantor's obligation under this Guarantee and such payment or obligation does not reduce the scope of the Guarantor's obligations and this Guarantee will continue to apply as such payment would be due or the Issuer's obligation would be achievable.

6. Vyhlásenia Ručiteľa

Ručiteľ týmto vyhlasuje a potvrdzuje, že (i) je spoločnosťou riadne založenou a existujúcou podľa cyperského práva; (ii) získal všetky potrebné súhlasy, ktoré sú potrebné na vystavenie tohto Ručiteľského vyhlásenia a na plnenie záväzkov z tohto Ručiteľského vyhlásenia, (iii) je oprávnený platne vystaviť toto Ručiteľské vyhlásenie, vykonávať práva a povinnosti vyplývajúce z tohto Ručiteľského vyhlásenia, ktoré sú proti nemu plne vykonateľné a vymáhateľné, (iv) vystavenie a plnenie Ručiteľského vyhlásenia nie je v rozpore so žiadnou inou zmluvou či dokumentom, ktorým je Ručiteľ viazaný, ani pravidlami na udržanie kapitálu alebo obdobnými obmedzeniami, ktoré sa na Ručiteľa vzťahujú, a vystavenie a plnenie Ručiteľského vyhlásenia neobmedzí uspokojenie veriteľov Ručiteľa do takej miery, aby bola platnosť, účinnosť alebo vymáhateľnosť Ručiteľského vyhlásenia akokoľvek ohrozená alebo obmedzená, (v) v rozsahu povolenom rozhodným právom neuplatní právo subrogácie (právo vstupu Ručiteľa do práv a právneho postavenia Majiteľa Dlhopisu vo vzťahu k Emitentovi), ani neuskutoční žiadne kroky k vymáhaniu práv či nárokov voči Emitentovi do doby, kým budú uspokojené všetky záväzky z Dlhopisov zabezpečené týmto Ručiteľským vyhlásením, (vi) jeho povinnosti vyplývajúce z tohto Ručiteľského vyhlásenia nebudú podmienené platnosťou alebo výkonom akéhokoľvek zabezpečenia poskytnutého Emitentom alebo akoukoľvek inou osobou Majiteľom Dlhopisov alebo existenciou či zriadením akéhokoľvek zabezpečenia v prospech Majiteľov Dlhopisov, (vii) voľba slovenského práva ako rozhodného práva tohto Ručiteľského vyhlásenia a všetkých mimozmluvných záväzkov vznikajúcich na základe tohto Ručiteľského vyhlásenia alebo v súvislosti s ním by bola potvrdená ako platná voľba práva súdmi Slovenskej republiky alebo súdmi Cyperskej republiky, a že slovenské alebo cyperské súdy by aplikovali slovenské právo na toto Ručiteľské vyhlásenie a všetky mimozmluvné záväzky vznikajúce na základe tohto Ručiteľského vyhlásenia alebo v súvislosti s ním ako rozhodné právo tohto Ručiteľského vyhlásenia a všetkých mimozmluvných záväzkov vznikajúcich na základe tohto Ručiteľského vyhlásenia alebo v súvislosti s ním a (viii) súdy Slovenskej republiky a Cyperskej republiky budú vo všeobecnosti

6. Guarantor's declarations

The Guarantor hereby declares and confirms that it (i) is a company duly established and existing under Cypriot law; (ii) has obtained all the necessary approvals required to issue this Guarantee and to fulfil the obligations under this Guarantee; (iii) is entitled to validly issue this Guarantee, exercise the rights and obligations under this Guarantee which are fully enforceable against the Guarantor, (iv) the issuance and performance of the Guarantee is not contrary to any other contract or document binding to the Guarantor, or to the rules of capital maintenance or similar restrictions applicable to the Guarantor and the issuance and performance of the Guarantee does not restrict the satisfaction of the Guarantor's creditors to the extent that the validity, effectiveness or enforceability of the Guarantee is in any way endangered or restricted; (v) does not exercise the right of subrogation to the extent permitted by applicable law (the Guarantor's right to enter the rights and legal status of the Noteholders in relation to the Issuer), or take any action to enforce rights or claims against the Issuer until all obligations under the Notes provided by this Guarantee are satisfied, (vi) its obligations under this Guarantee will not be conditional upon the validity or performance of any security provided by the Issuer or any other person to the Noteholders or the existence or establishment of any security in favour of the Noteholders, (vii) the choice of Slovak law as the governing law of this Guarantee and any non-contractual obligations arising out of or in connection with this Guarantee would be upheld as a valid choice of law by the courts of the Slovak Republic and the Republic of Cyprus, respectively, and Slovak law would be applied by the Slovak and Cypriot courts, respectively, in relation to this Guarantee and any non-contractual obligations arising out of or in connection with this Guarantee as the governing law of this Guarantee and any non-contractual obligations arising out of or in connection with this Guarantee, and (viii) the courts of the Slovak Republic and the Republic of Cyprus will generally respect the provision in this Guarantee under which the Guarantor submits to the exclusive jurisdiction of the Slovak courts, except that the Cypriot courts could in general take jurisdiction in relation to provisional or protective matters even if the courts of the Slovak Republic have jurisdiction as to the substance of the dispute.



rešpektovať ustanovenia tohto Ručiteľského vyhlásenia, podľa ktorého sa Ručiteľ podriaďuje výhradnej právomoci slovenských súdov, okrem toho, že cyperské súdy by vo všeobecnosti mohli mať právomoc rozhodovať o predbežných či ochranných opatreniach, aj keby mali súdy Slovenskej republiky právomoc rozhodovať vo veci samej.

7. Výzva Ručiteľovi

7.1 Akákoľvek výzva podľa tohto Ručiteľského vyhlásenia musí byť písomná a doručená na adresu sídla Ručiteľa, ako je táto adresa aktuálne zapísaná v príslušnom obchodnom registri. Takto podaná výzva bude považovaná za účinne doručení okamihom jej skutočného doručenia adresátovi, avšak s tým, že výzva, ktorá by inak nadobudla účinnosť v deň, ktorý nie je Pracovným dňom alebo po 12:00 hodine ktoréhokoľvek Pracovného dňa, nadobudne účinnosť až v prvý bezprostredne nasledujúci Pracovný deň.

7.2 Právo na plnenie z tohto Ručiteľského vyhlásenia môže v súlade s Emisnými podmienkami voči Ručiteľovi uplatňovať a výzvu podľa predchádzajúceho odseku podať aj spoločný zástupca Majiteľov Dlhopisov ustanovený Schôdzou, ako predpokladá článok 9.1 Emisných podmienok. V prípade, že (i) Schôdza nebude z akýchkoľvek dôvodov riadne a včas zvolaná (alebo sa nebude konať) z dôvodov na strane Emitenta alebo (ii) spoločný zástupca nebude na uznávaniaschopnej Schôdzi ustanovený, môžu voči Ručiteľovi uplatňovať svoje nároky príslušní Majitelia Dlhopisov samostatne.

8. Rozhodné právo a riešenie sporov

Toto Ručiteľské vyhlásenie, ako aj všetky mimozmluvné záväzky vznikajúce na základe tohto Ručiteľského vyhlásenia alebo v súvislosti s ním sa riadia právnym poriadkom Slovenskej republiky. Na rozhodovanie sporov súvisiacich s

7. Call to the Guarantor

7.1 Any call under this Guarantee must be in writing and delivered to the address of the Guarantor's registered office currently registered with the relevant Commercial Register. Such call will be deemed as efficiently delivered at the moment of its actual delivery to the addressee, provided that the call, which would otherwise take effect on a day other than the Business Day or after 12:00 o'clock of any Business Day, will take effect on first immediately following Business Day.

7.2 In accordance with the Terms and Conditions, the right for the fulfilment under this Guarantee may be exercised and the call under the previous Article may be served by the joint representative of the Noteholders appointed by the Meeting, as provided in Article 9.1 of the Terms and Conditions. In the event that (i) the Meeting will not be duly and timely convened (or will not be held) for any reason on the part of the Issuer, or (ii) the joint representative will not be appointed at the Meeting with quorum, the relevant Noteholders may exercise their claims towards the Guarantor independently.

8. Applicable law and dispute resolution

This Guarantee and any non-contractual obligations arising out of or in connection with this Guarantee are governed by the laws of the Slovak Republic. The courts in the Slovak Republic are competent to decide disputes related to this

týmto Ručiteľským vyhlásením sú príslušné súdy *Guarantee*.
v Slovenskej republike.

9. Čiastočná neplatnosť

Ak niektoré ustanovenie tohto Ručiteľského vyhlásenia je alebo sa stane v akejkoľvek ohľade nezákonným, neplatným alebo nevymáhateľným, nebude tým dotknutá platnosť ani vymáhateľnosť ostatných ustanovení tohto Ručiteľského vyhlásenia ani právoplatnosť a vymáhateľnosť tohto ustanovenia.

9. Partial invalidity

If any provision of this Guarantee is or becomes unlawful, invalid or unenforceable in any respect, this shall not affect the validity or enforceability of the other provisions of this Guarantee or the validity and enforceability of this provision.

10. Platnosť a účinnosť Ručiteľského vyhlásenia

Toto Ručiteľské vyhlásenie nadobúda platnosť a účinnosť jeho podpisom Ručiteľom. Povinnosti Ručiteľa vyplývajúce z tohto Ručiteľského vyhlásenia zostanú platné a plne účinné až do doby, kým budú uspokojené všetky záväzky z Dlhopisov zabezpečené týmto Ručiteľským vyhlásením.

10. Validity and effectiveness of the Guarantee

This Guarantee shall be valid and effective upon its signing by the Guarantor. The Guarantor's obligations under this Guarantee shall remain valid and in full force until all obligations under the Notes secured by this Guarantee are fulfilled.

Toto Ručiteľské vyhlásenie je vyhotovené v slovenskom a anglickom jazyku. V prípade rozporov je slovenská verzia rozhodujúca.

This Guarantee is prepared in Slovak and English language. In case of discrepancies, the Slovak version prevails.

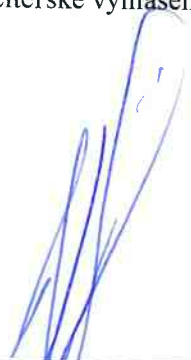
NA DÔKAZ VYŠŠIE UVEDENÉHO podpísal
Ručiteľ toto Ručiteľské vyhlásenie.

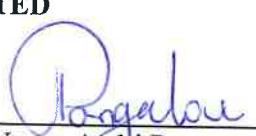
IN WITNESS WHEREOF, the Guarantor has signed this Guarantee.

V / In Nicosia, dňa / on 10.05.2019

Za a v mene / For and on behalf of

EMMA GAMMA LIMITED


Meno/Name: Demetrios Aletraris
Funkcia/Function: Riaditeľ /Director


Meno/Name: Andri Pangalou
Funkcia/Function: Riaditeľ /Director

ADDRESSES

ISSUER

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Dúbravská cesta 14
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LEAD MANAGER

J & T BANKA, a.s.
Pobřežní 297/14
186 00 Prague 8, Czech Republic

ARRANGER

J&T IB and Capital Markets, a.s.
Pobřežní 297/14
186 00 Prague 8, Czech Republic

GUARANTOR

EMMA GAMMA LIMITED
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LEGAL ADVISOR TO THE ARRANGER

PRK Partners s.r.o.
lawyer's office
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Fiscal and Paying Agent and Listing Agent

J & T BANKA, a.s.
Pobřežní 297/14
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acting in the Slovak Republic by means of its branch office
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ISSUER'S AUDITOR

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GUARANTOR'S AUDITOR

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