THIS DOCUMENT IS A TRANSLATION OF A SLOVAK VERSION OF THE APPROVED PROSPECTUS MADE UNDER THE SOLE RESPONSIBILITY OF THE PERSON RESPONSIBLE FOR THE APPROVED PROSPECTUS.

EMMA GAMMA FINANCE A.S.

Securities Prospectus
Notes EMG 5.25 / 2022
with a fixed interest rate of 5.25% p.a.
in the anticipated aggregate value of EUR 120,000,000
due in 2022

ISIN SK4120013012

This document is a prospectus for securities ("the **Prospectus**") with a fixed interest rate of 5.25% p.a., in the anticipated aggregate value (i.e. the highest amount of nominal values of the Notes) of EUR 120,000,000 (in words: one hundred and twenty million euros), with a nominal value of each Note of EUR 1,000 (one thousand euros), due in 2022, issued under Slovak law as book-entered securities in bearer form by EMMA GAMMA FINANCE a.s., located at Dúbravská cesta 14, 841 04 Bratislava - Karlova Ves, Slovak Republic, ID-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**"). Centrálny depozitár cenných papierov SR, a.s (the Central Securities Depository of the Slovak Republic) (hereinafter referred to as "**CDCP**") has assigned to the Issuer the pre-LEI code: 097900BHGQ0000078428.

The Notes will bear interest at a fixed rate of 5.25 per cent (%) p.a. Interest income will be paid quarter-annually in arrears, always on 21 January, 21 April, 21 July and 21 October of each year, as detailed in the "Terms and Conditions of the Notes" section, which contains the wording of the terms and conditions of the Notes (hereinafter referred to as the "**Terms and Conditions**"). The first Interest Payment Date will be 21 October 2017.

The Issuer has the right (even repeatedly), at its sole discretion, to decide on early redemption of a total or partial nominal value of the Notes before maturity (amortisation), including an extraordinary instalment, always as at the payment date (as defined in the Terms and Conditions), starting from 21 July 2018. 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. Noteholders may request early repayment of the Notes under certain conditions.

The Issue Date is set at 21 July 2017.Unless the Notes are repaid prematurely, the nominal value of the Notes (or their remaining portion after amortisation) will be repaid in a single payment on 21 July 2022.

As at the Issue Date, any payment obligations under the Notes will be secured by a first-ranking pledge over ordinary certificated shares issued by SAZKA Group a.s., with its registered office at Vinohradská 1511/230, Strašnice, Postal Code: 100 00 Prague 10, Czech Republic, IČO: 242 87 814, registered under File No. B 18161 maintained by the Municipal Court in Prague ("**SAZKA Group a.s.**"), representing a 25-per cent equity interest in the registered capital of SAZKA Group a.s. (the "**Shares**"). The holder and pledgor of the Shares is a shareholder of SAZKA Group, a.s., EMMA GAMMA LIMITED, located at Esperidon 12, 4th floor, 1087, Nicosia, Republic of Cyprus, registered in the register maintained by the Cypriot Ministry of Energy, Trade, Industry and Tourism under registration number HE 347073, which is at the same time the sole shareholder of the Issuer (hereinafter referred to as the "**Shareholder**" and the Pledge over Shares only "the **Pledge over Shares**").

In connection with the Pledge over Shares, as at the Issue Date the Notes will further be secured by a first-ranking pledge over receivables arising from the Shareholder's account opened with the Fiscal and Paying Agent, or with another bank or branch of a foreign bank in the Czech Republic to which will be credited (i)

proceeds from the sale of Shares permitted under these Terms and Conditions up to the amount equal to the sum of the aggregate nominal value of all issued and outstanding Notes (save for the Notes held by the Issuer) and interest accrued on each such Note for two Interest Periods, and (ii) share in profit (if any) in the form of dividends paid to the Shareholder by SAZKA Group a.s. (save for dividends under the relevant limit as described in greater detail in the Terms and Conditions) (hereinafter "**Pledge over Accounts Receivable**"). Therefore, the Collateral – by its very nature – represents one form of security consisting of two interrelated elements – the Pledge over Shares and the Pledge over Accounts Receivable (jointly the "**Collateral**"). The subject of the Collateral, i.e. the pledge, primarily includes the Shares which – upon the sale permitted under these Terms and Conditions – will be transferred to the acquirer without being encumbered with the Pledge over Shares; the proceeds from the sale of the Shares will subsequently become the subject of the Pledge over Accounts Receivable to be created in favour of the Noteholders up to the amount determined in these Terms and Conditions. If the Collateral is realized, the Noteholders may thus satisfy, or seek satisfaction of, their receivables under the Notes from either of the pledges, or from both pledges, in accordance with applicable laws and these Terms and Conditions.

The Collateral will be established under Czech law (with the exception provided for in the Terms and Conditions) in favour of the Noteholders and solely in the name of the security agent, i.e. J & T BANKA, a.s., with its registered office at Pobřežní 297/14, Postal Code: 186 00 Prague 8, Czech Republic, IČO: 471 15 378, registered under File No B 1731 maintained by the Municipal Court in Prague (the "**Security Agent**"). Upon the Shareholder's request addressed to the Security Agent, all the Shares can be – for purposes of the Collateral – replaced in full by New Shares (as defined in the Terms and Conditions).

Note payments will in all cases be executed solely in the currency of the Euro and in accordance with the laws in force 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 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 subject to a tax deducted from the interest of the Notes. For details see the chapter entitled "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, 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 (the "**BSSE**").

The Prospectus will be approved by the National Bank of Slovakia (hereinafter "**NBS**"). Not later than after 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 SK4120013012 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.

This Prospectus was prepared as at 20 June 2017. If a new significant fact or material error or material inaccuracy in relation to the data included in this Prospectus 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 free 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.co.uk/obligatory-disclosures, and can also be inspected at the Issuer's headquarters 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 newspaper.

Lead Manager
J & T BANKA, a.s.

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CONTENTS

I. SUMMARY

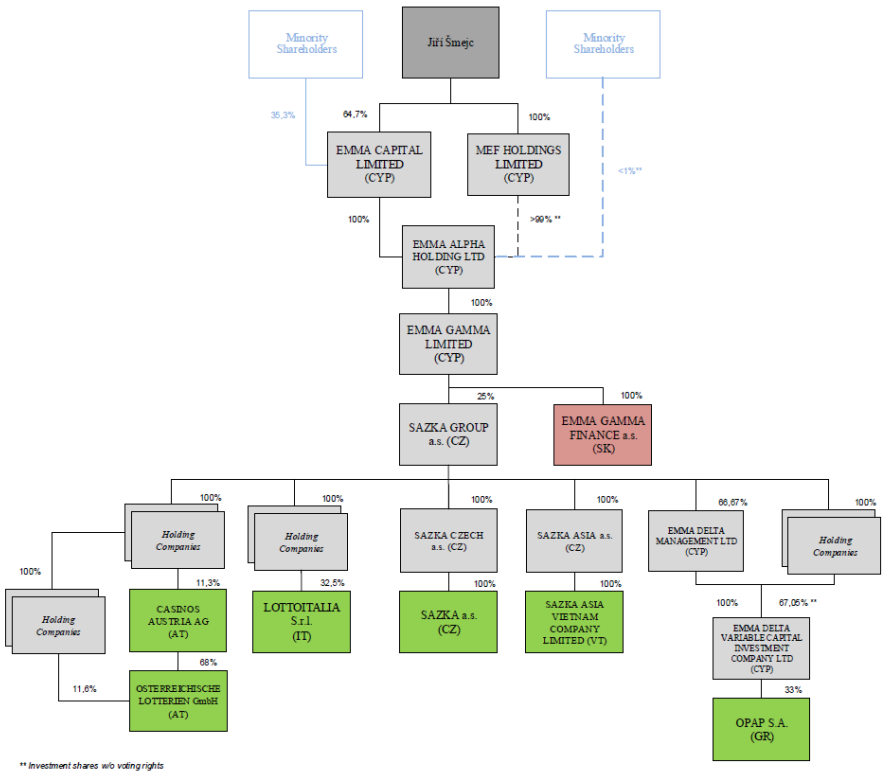
Each summary consists of requirements that are called elements. These elements are contained in sections A to E (A 1 - E 7) in the tables below. This summary contains all the elements required for the Issuer and Notes Summary. Because some elements are not required for the Issuer or the Notes, gaps may 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**	This summary is an introduction to the Notes Prospectus. 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). 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. 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. The Issuer is the responsible person, on whose behalf the following two members of the Board of Directors are acting: Monika Špilbergerová and Petr Stöhr.
A.2	**Issuer's consent to the use of the Prospectus for the subsequent offer by selected financial intermediaries**	The Issuer has consented to the use of this Prospectus for the purposes of the subsequent (secondary resale) of Notes of J & T BANKA as (hereinafter "**the Lead Manager**") and PPF banka a.s. This consent to the use of the Prospectus is granted from the start of the primary offer until 12 months has passed from the effective date of the NBS decision to approve this Prospectus. **Information on the Terms and Conditions of the offer of a financial intermediary will be provided to the investor by the Lead Manager and PPF banka a.s. as at the time of the Notes offer.**

SECTION B - ISSUER

B.1	**Business Name of the Issuer**	The Issuer's business name is EMMA GAMMA FINANCE a.s.
B.2	**Registered office and legal form of the Issuer, country of registration and the legislation under which the Issuer operates**	Address: Dúbravská cesta 14, Postal Code: 841 04, Bratislava – Karlova Ves, Slovak Republic Legal form: Joint stock company Home and Country of Establishment: Slovak Republic pre-LEI: 097900BHGQ0000078428 The Issuer was founded and exists under the law of the Slovak Republic and is registered in the Commercial Register maintained by District Court of Bratislava I, Section: Sa, Insert No.: 6599/B, IČO: 50 897 942. The Issuer operates in accordance with the laws of the Slovak Republic, including in particular the following legislation (as amended): Act No 513/1991, the Commercial

		Code, Act No 455/1991, on Trade Licensing (the Trade Licensing Act), Act No 40/1964, the Civil Code, Act No 595/2003, on Income Tax and Act No 7/2005, on Bankruptcy and Restructuring (the "**Bankruptcy Act**").
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 prospectus for at least the current financial year.
B.5	**Issuer Group**	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 **Shareholder**"). EMMA GAMMA LIMITED owns 100% of the Issuer's shares and holds 100% of the voting rights attached to the shares. Below is a chart depicting the Issuer 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):  The Issuer and the companies listed in the organisational structure above the Issuer up to the ultimate owner together collectively as the "**EMMA Group**" and SAZKA Group a.s. and all the subsidiaries listed in the organisational structure below it, whether directly or indirectly jointly owned, also as the "**SAZKA Group**".
B.9	**Profit Forecasts or Estimates**	Not applicable; The Issuer has not made a profit forecast or estimate.
B.10	**Reservations in auditor's reports**	Not applicable
B.12	**Historical financial and operational information**	Due to the fact that the Issuer was incorporated in the Commercial Register on 2 June 2017 and has not carried out any business since its inception, no audited annual financial statements or other historical financial information have been prepared. The financial data below is selected from the opening balance sheet prepared in accordance with International Financial Reporting Standards, as adopted by the EU

		(IFRS): **Opening balance sheet in accordance with IFRS at 2.6. 2017** EUR **Non-current assets** 0 **Current assets** 27 500 Subscribed legal capital receivable 27 500 **TOTAL ASSETS** 27 500 **EQUITY AND LIABILITIES** **Equity** 27 500 Share capital 25 000 Legal reserve 2 500 **TOTAL EQUITY** 27 500 **Non-current liabilities** 0 **Current liabilities** 0 **TOTAL LIABILITIES** 0 **TOTAL EQUITY AND LIABILITIES** 27 500 *Source: Issuer's accounting* The Issuer's opening balance sheet has not been audited.
B.13	**A description of all recent events specific to the Issuer**	Not applicable; The Issuer is a newly-formed company that has never been insolvent during its existence, has not undertaken any activity and has not entered into any commitments.
B.14	**Dependence on subjects in the group**	The Issuer is dependent on its Cypriot parent EMMA GAMMA LIMITED, which results from the latter's 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 to its shareholder, or more exactly through it to other members of the EMMA Group. The ability of the Issuer to meet its obligations will thus be significantly affected by the EMMA Group's ability to meet its obligations to the Issuer, which creates a dependence of the Issuer's sources of income on the given member of the EMMA Group and on its business performance. As at the date of preparation of this Prospectus, the Issuer has not issued any loans or issued any investment instruments that would create a credit exposure of the Issuer to a third party.
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 the EMMA Group. Apart from providing funding to companies in the 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 Šmejc.
B.17	**Rating of the Issuer or its debt securities**	Neither the Issuer, the Note nor any other debt security of the Issuer have been assigned a rating.

SECTION C - SECURITIES

C.1	**Status of Notes**	Type of security: Note Note Name: Note EMG 5,25/2022 ISIN: SK4120013012 Type and Form of Notes: Book-entry form and bearer form Nominal value of one Note: EUR 1,000 Anticipated aggregate value (i.e. the highest amount of nominal values): EUR 120,000,000 The Note Issue Date (Issue Date) is set at 21 July 2017 Closing date of Notes: 21 July 2022
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 execution 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, in accordance with the Terms and Conditions and the Prospectus. The rights attached to the Notes also include the Noteholders' right to request early redemption of the Notes (i) if a Change of Control Event occurs and/or if the Shares are sold in accordance with the Terms and Conditions (as defined in the Terms and Conditions), (ii) if any Event of Default occurs and/or (iii) in the event of certain amendments to the 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 Bonds Act and/or under the Terms and Conditions. The Issuer may, at its sole discretion and needs, decide on early redemption of a total or 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 amortisation specified in the Issuer's notice addressed to the Noteholders hereinafter as the "**Amortisation Date**"); the first proposed Amortisation Date is 21 July 2018. The Issuer is entitled to carry out the amortisation on a recurring basis (subject to a maximum of 15 times in total). The Issuer's notice of its decision to exercise the right to repay a total or partial nominal value must be published not earlier than eighty (80) and not later than sixty (60) days before the relevant Amortisation Date. Extra interest on one Note will be equal to the product of the respective amount of the nominal value by which the aggregate outstanding nominal value of a Note is reduced and the interest rate of the Notes (expressed in decimal form), multiplied by the ratio of whole calendar months remaining from the relevant Amortisation Date until the Final Redemption Date to the number sixty (60). As at the Issue Date, any payment obligations under the Notes will be secured by a first-ranking pledge over ordinary certificated shares issued by SAZKA Group a.s., with its registered office at Vinohradská 1511/230, Strašnice, Postal Code: 100 00 Prague 10, Czech Republic, IČO: 242 87 814, registered under File No B 18161 maintained by the Municipal Court in Prague ("**SAZKA Group a.s.**")., and representing a 25-per cent equity interest in the registered capital of SAZKA Group a.s. (the "**Shares**"). The shares are owned and held by the shareholder of SAZKA Group, a.s., EMMA GAMMA LIMITED, located at Esperidon 12, 4th floor, 1087, Nicosia, Republic of Cyprus, registered in the register maintained by the Cypriot Ministry of Energy, Trade, Industry and Tourism under registration number HE 347073, which is at the same time the sole shareholder of the Issuer (hereinafter

		referred to as the "**Shareholder**" and the Pledge over Shares only the "**Pledge over Shares**"). In connection with the Pledge over Shares, as at the Issue Date the Notes will further be secured by a first-ranking pledge over receivables arising from the Shareholder's account opened with the Fiscal and Paying Agent, or with another bank or branch of a foreign bank in the Czech Republic to which will be credited (i) proceeds from the sale of Shares permitted under these Terms and Conditions up to the amount equal to the sum of the aggregate nominal value of all issued and outstanding Notes (save for the Notes held by the Issuer) and interest accrued on each such Note for two Interest Periods, and (ii) share in profit (if any) in the form of dividends paid to the Shareholder by SAZKA Group a.s. (save for dividends under the relevant limit as described in greater detail in the Terms and Conditions) (hereinafter "**Pledge over Accounts Receivables**"). Therefore, the Collateral – by its very nature – represents one form of security consisting of two interrelated elements – the Pledge over Shares and the Pledge over Accounts Receivable (jointly as the "**Collateral**"). The subject of the Collateral, i.e. the pledge, primarily includes the Shares which – upon the sale permitted under these Terms and Conditions – will be transferred to the acquirer without being encumbered with the Pledge over Shares; the proceeds from the sale of the Shares will subsequently become the subject of the Pledge over Accounts Receivable to be created in favour of the Noteholders up to the amount determined in these Terms and Conditions. If the Collateral is realized, the Noteholders may thus satisfy, or seek satisfaction of, their receivables under the Notes from either of the pledges, or from both pledges, in accordance with applicable laws and these Terms and Conditions. The Collateral will be established under Czech law (with the exception provided for in the Terms and Conditions) in favour of the Noteholders and solely in the name of the security agent, i.e. J & T BANKA, a.s., with its registered office at Pobřežní 297/14, Postal Code: 186 00 Prague 8, Czech Republic, IČO: 471 15 378, registered under File No B 1731 maintained by the Municipal Court in Prague (the "**Security Agent**"). Upon the Shareholder's request addressed to the Security Agent, all the Shares can be – for purposes of the Collateral – replaced in full by the corresponding number of shares issued by a company founded under the law of any of the countries of the European Economic Area or Switzerland, or the United Kingdom (if in the meantime it ceases to be a contracting part of the EU or the European Economic Area) (the "**FinCo**") and representing 25 per cent (%) of the FinCo's registered capital (or by other similar participating interest, if FinCo is not a joint-stock company) (the "**New Shares**"). The Notes constitute direct, general, unconditional and unsubordinated obligations of the Issuer secured by the Collateral (as defined below), 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. Notes shall be freely transferable without limitation, with no pre-emption or exchange right being associated with them. Notwithstanding the above, under the Bankruptcy Act 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 Collateral 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, 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 system or similar foreign organised market had not been aware of the affiliated nature of such

		receivables. No other entity except EMMA GAMMA LIMITED makes any warranty or other security in relation to the Notes in favour of the Noteholders.
C.9	**Note interest**	The Notes will bear interest at a fixed rate of 5.25 per cent (%) p.a., until the due date for the Notes. Interest will be paid quarter-annually in arrears always on 21 January, 21 April, 21 July and 21 October of each year, for the first time on 21 October 2017. The interest will accrue evenly from the first day of each Interest Period (including that day) to the last day included in that Interest Period (without that day). 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. 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. The interest rate is not derived from the underlying instrument. There is no amortisation of the monetary loan. A common proxy of the Noteholders within the meaning of Section 5d of the Bonds Act was not established at the date of this Prospectus.
C.10	**Derivative payment component of yield**	Not applicable; the Notes do not contain any derivative component.
C.11	**Acceptance of Notes on a regulated or other market**	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 Bratislava Stock Exchange, joint-stock company (the "**BSSE**") regulated free market. Trading in 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 free 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, the EMMA Group and the SAZKA Group**	The risk factors related to the Issuer, the Shareholder (and the EMMA Group) and SAZKA Group a.s. (and the SAZKA Group) are set out below. These risk factors may negatively affect the Issuer's ability to repay the Notes and reduce the value of the Collateral. ***Major risk factors related to the Issuer:*** • The principal object of the Issuer's activities is the provision of loans / credit to the Shareholder, or through the latter to other companies directly or indirectly controlled by EMMA Capital Limited. There is no guarantee that the Shareholder will be able to repay his due liabilities to the Issuer in a properly and timely manner and that the Issuer will thus obtain cash to enable him to pay his Note obligations properly and in a timely manner. • The Issuer is fully dependent on the Shareholder, and consequently also the EMMA Group, which may significantly affect the Issuer's ability to meet its Note obligations on a timely basis.

		• Through issuing the Notes the Issuer enter a crisis within the meaning of the Commercial Code, which may affect the manner in which the Noteholders' rights are exercised vis-à-vis the Issuer and the Shareholder. • The Issuer's activities depend on EMMA Group's sharing of information technology and other infrastructure. • EMMA Group or the Shareholder 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. ***The major risk factors related to SAZKA Group a.s. (and the SAZKA Group) are set out below:*** • The SAZKA Group is exposed to a competitive environment, which is influenced by gradual liberalisation of the market and strong pressure to innovate the product portfolio. • The SAZKA Group is exposed to risks associated with reputation and socio-cultural aspects. • In the lottery and gaming industry the SAZKA Group is struggling with the negative impact of the illegal market. • The SAZKA Group may fail to maintain the brand, and the success of the SAZKA Group is dependent on the strength and value of all brands falling under the SAZKA Group. • The SAZKA Group is dependent on a relatively low number of suppliers. • The SAZKA Group is exposed to risks related to possible changes and tightening of the legal and regulatory framework to which the group is exposed in the countries in which it operates. • The SAZKA Group is exposed to risks related to the potential loss of exclusive rights to lottery and sports betting and/or potential changes in licenses and concessions. • The SAZKA Group could be subject to unpredictable taxes, tax penalties, and special levies and fees, including specific gaming sector taxes. • The SAZKA Group is exposed to risks in the countries where it is established (in respect of the registered office of the parent company and the registered office of the subsidiaries) as well as in the countries where the SAZKA Group operates. • The SAZKA Group is exposed to the risk that the whole region or type of investment will cease to be favoured by international investors. • The SAZKA Group is exposed to the Brexit risk of the United Kingdom's withdrawal from the EU. • The SAZKA Group is dependent on the operation of lotteries and games of chance and related business activities in several areas of the globe. • The SAZKA Group is exposed to the risk of failing to manage operating continuity and setting up a disaster recovery plan for crisis situations. • A substantial part of the SAZKA Group's costs are fixed costs and any decrease in sales can therefore have a significant impact on SAZKA Group's profitability. • The operating systems and networks of the SAZKA Group will continue to be exposed to the risks associated with technical failures and security

		breaches. • The SAZKA Group is affected by the risk of data leakage. • SAZKA Group is partially dependent on sports betting operations, which are significantly affected by the development of sporting events during the calendar year. • Developing sports betting is dependent on maintaining partnerships with sports associations, clubs and governmental bodies in the field of sport. • The SAZKA Group is exposed to the risks arising from dependence on a network of agents for operating terminals. • The SAZKA Group is exposed to a location-related risk where the SAZKA Group operates casinos and VLTs. • The SAZKA Group may not be able to attract, train or retain qualified employees. • The SAZKA Group may fail to obtain the expected benefits from existing or future strategic investments and partnerships. • The SAZKA Group can make significant acquisitions in the future, which means the risk 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 pre-acquisition due diligence may not reveal all the facts and risks of a target company. • The SAZKA Group has only emerged in its existing form recently as the result of a series of acquisitions made in recent years and there is a risk that the SAZKA Group may not be able to continue with the successful integration and management of the operating subsidiaries forming the SAZKA Group. • The SAZKA Group may not be successful in implementing key strategies. • The SAZKA Group participates in joint ventures in which it has granted the rights to minority shareholders or otherwise holds shares in entities in which it owns fewer than a majority of the voting rights or which it does not control or otherwise manage, which poses certain risks; it may in the future participate in other such agreements. • The SAZKA Group is exposed to currency fluctuation risk. • The SAZKA Group is exposed to interest rate risk. • The SAZKA Group is exposed to credit risk. • The SAZKA Group is exposed to liquidity risk. • The SAZKA Group has significant debt obligations and is subject to restrictive debt agreements. • The insurance on the SAZKA Group's business activities may not be adequate. • Unless the SAZKA Group 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. • The SAZKA Group is exposed to the risk of a breach of intellectual property. • The SAZKA Group is a party to legal proceedings with potentially adverse

		effects. ***Major risk factors pertaining to the Shareholder (and the EMMA Group):*** • The main subject of the Shareholder's activity is the management of its own equity interests in the SAZKA Group. There is no guarantee that the SAZKA Group will be able to make payments to the Shareholder, which may adversely affect the financial and economic situation of the Shareholder and, ultimately, the ability of the Shareholder to meet its obligations towards the Issuer. • The Shareholder is active in asset management, which is associated with higher risks than is usual in most other business sectors. This are primarily regulatory, credit, operational and market risks and liquidity risks. • The Shareholder is at risk of losing key persons. • The shareholder 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 Shareholder. • The Shareholder 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.
D.3	**Major risks specific to the Notes**	The risk factors relating to the Notes include, in particular, the following factors: • Notes are a comprehensive financial instrument, and the investor has to carefully consider the suitability of such an investment in light of his knowledge and circumstances. • Notes, like any other loan, are at risk of default. • Acceptance of any other debt financing by the Issuer may ultimately mean that if the Bankruptcy is declared to the Issuer, the Bondholders' 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. • 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. • A change in legislation or its interpretation may in the future negatively affect the value of the Notes. • The investment activities of some investors are subject to regulation and it is for the investor to consider whether the investment in the Notes is admissible. • The return on Note investments may be negatively affected by the various third-party fees (e.g. Note management fees). • 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. • Fixed interest rate Notes are exposed to the risk of their price decline due to a rise in market interest rates. • Collateral in the form of a Pledge over Shares and Receivables from an Escrow Account, where, among other things, the Shareholder's earnings will be credited from the sale of Shares permitted under the Emission Terms and Conditions, may not be sufficient to cover all Note liabilities.

		• Under certain circumstances, the Shareholder may request the replacement of shares based on Notes with shares of another company incorporated and existing under other than Czech or Slovak law, and a Pledge Agreement to New Shares may be governed by other than Slovak or Czech law (in connection with there may also be a replacement of the Security Agent); this may have a negative impact on the enforceability of Note security rights. • Under certain conditions, part of the Collateral in the form of Shares may be released for the purpose of sale to a third party or persons; This release, even though limited in time, may have a negative effect on the enforceability of the rights to secure the obligations of the Notes. • 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 the law or good morals. • In relation to banking and credit relations, the Lead Manager and the Security Agent have access to certain information that is not publicly accessible and which the Noteholders will not have at their disposal, which may create a potential conflict of interest. • The conditions of primary public offer (made by the Issuer via the Lead Manager) and the secondary public offer (made by the Lead Manager), if the offers are made in parallel, may vary (including the Notes price and fees charged to the investor). • The Issuer may decide (and repeatedly) to repay a portion of the nominal value or the entire nominal value before maturity, at the earliest on 21 July 2018, thereby exposing the investor to the risk of a lower-than-expected return.

SECTION E - OFFER

E.2b	**Reasons for offering and using revenue**	The purpose of using the funds obtained through the Issue of the Notes, upon payment of all earnings, expenses and expenditure 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 for Notes, of legal services and other professional activities is the provision of financing (loans) to the Shareholder. The net earnings of the Issue after all eligible earnings, expenses and expenditure in connection with the Issue at an estimated value of approximately EUR 116,360,000 will be used for the aforementioned purpose.
E.3	**Description of offer terms**	The anticipated aggregate value of the Issue (i.e. the highest amount of nominal values of the Notes) is EUR 120,000,000. The nominal value of each Note is EUR 1,000. Notes will be offered in the Slovak Republic on the basis of a public offering of securities under the provision in Section 120 of the Securities Act and in the Czech Republic pursuant to the provision in Section 34 of the Capital Market Undertakings Act. The initial sale (i.e. initial offer and subscription) of the Notes will last from 4 July 2017 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 21 July 2017. In primary sales (subscription), the activities associated with the issue and subscription of all Notes will be provided by the Lead Manager. 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 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 amount 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 remuneration, fees, or expenses associated with the subscription and purchase of the Bonds. A condition of participation in a public offer is proof of the identity of the investor using a valid identity document. Investors will be satisfied in line with the time of their orders, and after completing the total volume of the Issue, no further orders will be accepted or satisfied, so that no downsizing can occur. Any overpayments will be returned by the investor to the account from which they were sent. 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 free market. 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. For the successful settlement of the primary sale of the Notes (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 his/her representatives. After the sale of Notes in the primary offer, the secondary Note offer can be run. 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 PPF banka a.s. 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 at a price determined and published by the BSSE under the Stock Exchange Rules. If a new significant fact or material error or material inaccuracy in relation to the data included in this Prospectus 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 free 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 and CNB shall confirm receipt of the notification to NBS. Along with a 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.
E.4	**Interest of natural and legal persons involved in the Issue / offer**	As far as the Issuer is aware, none of the natural or legal persons involved in the Note offer has such interest as would be material to the offer except for the Lead Manager who places the Notes under a "best effort" agreement and the Shareholder, who through the offer of Notes indirectly acquires the ability to finance entities within the EMMA Group. The Lead Manager also acts as Fiscal and Paying Agent and as Listing Agent.
E.7	**Estimated costs charged to the investor**	Neither the Issuer nor the Lead Manager charges any costs or fees to investors in connection with the primary sale (subscription) of the Notes. In the subsequent sale of Notes on the secondary market by means of a public offer based on the Issuer's consent to the Lead Manager as a financial intermediary using this Prospectus, the Lead Manager charges investors according to its current rate

		schedule, currently at 0.60% of the volume of the trade. 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 480 euros. The current Lead Manager's rate schedule is published (i) for the purposes of the offer in the Slovak Republic at www.jtbanka.sk, in the Useful Information section, Rate Schedule subsection of J & T Bank, a.s., foreign bank branch, and (ii) for the purposes of the offer in the Czech Republic at www.jtbank.cz, in the Useful Information section, Rate Schedule subsection.

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 its 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 exist, 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 is a newly established company with no business history. The Issuer has been established solely for the purpose of issuing Notes and its main business activity is to provide loans/credit to the Shareholder, 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 Shareholder, or through the Shareholder to other members of EMMA Group. The principal source of income for the Issuer will be repayments of loans/borrowings from the Shareholder. In the event of a change in the regulatory environment or the stricter enforcement of 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 Shareholder 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 Shareholder 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 Shareholder will be able to repay his liabilities to the Issuer in a properly and timely manner and that the Issuer will thus obtain cash to enable him to pay his Note obligations.

(b) *A potential clash of interests between the Issuer's shareholder and the Noteholders*

The Issuer is a 100% subsidiary of the Shareholder. Changes in the strategy of the Shareholder or the EMMA Group cannot be ruled out in the future, nor that the Shareholder or one of the members of the EMMA Group will take steps (mergers, acquisitions, profit sharing, asset sales, etc.) that may be carried out rather in favour of the Shareholder 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*

The Issuer is aware of plans to change the shareholding structure of the EMMA Group, specifically in the case of plans to sell some of the shares in SAZKA Group a.s. This may result in a change to the Issuer's business strategy. A change to the Issuer's strategy may subsequently 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.

(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 level of harassment. 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 6 to 100 or 8 to 100 (in 2018 and later), 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 the modification of the exercise of rights to the Collateral. Such a significant modification arises if the 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 under the Terms and Conditions by the Collateral only to the extent of the difference between the amount of the receivable and the value of the Collateral. As the Collateral 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 he will be able to pursue this claim directly against the Shareholder, but of course only if the due receivable from the Notes has not been paid duly and on time by the Issuer.

Under Section 67g of the Commercial Code, if the Shareholder during a crisis (i.e. only if a pledge is created during the Issuer's crisis) secures the Issuer's commitment to any creditor, including the Noteholder, any such creditor may be satisfied from the Collateral 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 Collateral, if the Issuer fails to meet its obligations under the Notes as secured by the Collateral, each Noteholder will be entitled to claim directly against the Shareholder.

These provisions do not have a significant adverse effect on the ability of the Noteholders to ultimately satisfy their claims from the Notes through the exercise of claims against the Collateral, 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 Shareholder.

The Issuer and the Shareholder have agreed to potentially reduce the risk associated with an Issuer's crisis as outlined above by concluding a "Project Support Agreement" dated 20 June 2017. Under this Agreement, the Shareholder 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.

(f) ***Risk associated with possible insolvency proceedings***

If the Issuer will not be 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 (as this term is defined in Article 3(1) of the EU Regulation on Insolvency Proceedings). 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. In addition, the newly adopted EU Insolvency Regulation, which will be applied in the EU with few exceptions as of 26.6.2017, brings about changes in the definition of the centre of the main interests of a company. 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 SAZKA GROUP A.S. AND THE SAZKA GROUP

The risk factors related to the SAZKA Group include the risks associated with the 25% stake of the Shareholder in SAZKA Group a.s., which is the subject of the Collateral. Any occurrence of the risks listed below may adversely affect the financial and economic situation of the SAZKA Group, its business activities, its market position and hence the value of the Collateral. 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 SAZKA Group's operating activities, financial performance or operating results. The existence of one or more of these risks could also have a detrimental effect on the development of the SAZKA Group.

Market risks

(a) ***The SAZKA Group is exposed to a competitive environment, which is influenced by gradual liberalisation of the market and strong pressure to innovate the product portfolio.***

The SAZKA Group is exposed to the activities of a large number of competitors from numerous digital lottery providers, scratch cards, sports betting, slot machines, online and classic casinos, and other types of games of chance on the market. The lottery and gaming industry are generally facing strong competition as they go through a period of gradual liberalisation, with the possibility opening up of entering new markets. Thanks to this, both local and foreign competitors have an effect on the SAZKA Group. Growing competition is also faced by the SAZKA Group in obtaining licenses and concessions for gaming operations.

Furthermore, the SAZKA Group is influenced by the rapidly evolving popularity of online gaming, which puts pressure on the general development and innovation of the lottery and gaming products offered by the SAZKA Group. 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 SAZKA Group's activities are exposed to competition not only from legal players but also from players operating on the illegal market. Within the online lottery 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.

In the event that SAZKA Group entities lose an exclusive license, or the SAZKA Group will be forced to increase the cost of acquiring / retaining existing licenses, or the SAZKA Group will not move fast enough in the light of developments in technological progress and innovation of its products and will not also 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 SAZKA Group's activities.

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

The gaming industry is basically a service that represents an alternative to the leisure activities of the population. In this regard, the SAZKA Group understands the strong responsibility and risk that this service may have for the whole of society. Participation in lottery 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, the SAZKA Group monitors customer behaviour. The SAZKA Group 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, the SAZKA Group is still exposed to the risk of prevention and monitoring failure. Furthermore, in the event of a growth in lotteries and gaming activities with a negative impact on the population in those markets in which the SAZKA Group operates, a subsequent response by the state in the form of tightening regulation of the sector can be envisaged. If the SAZKA Group is not successful in these activities, it may have a negative impact on the Group's reputation, customer loyalty, and SAZKA Group's performance and therefore the value of the Collateral.

(c) ***In the lottery and gaming industry the SAZKA Group 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 the individual countries in which the SAZKA Group operates and which competes with it. 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. Illegal activities also affect the sports betting market, and not only providers of lottery and gaming services, but they also occur on the customer side. The lottery and gaming services sector is also negatively affected by potential illegal activity of a financial nature, such as money laundering. The SAZKA Group is aware of these aspects and acts in accordance with all regulations and provisions that cover the aforementioned risk. SAZKA Group seeks to monitor possible negative aspects of illegal activities of a financial nature and compliance with anti-money laundering rules. However, the SAZKA Group is still exposed to the risk of prevention and monitoring failure. In view of the development and state of the illegal market, individual countries are trying to implement new measures in their legislation. The existence of an illegal market and the possible increase in its popularity may lead to greater restrictions on the part of the state. In this case, the SAZKA Group's overall prosperity may decrease, either within individual countries or as a whole, due to the tightening of regulation. Consequently, a further decline in SAZKA Group's sales, business activities may occur, as well as a negative impact on financial results and the SAZKA Group's financial position, which may cause difficulty or an inability to meet its financial obligations.

(d) ***Brand retention failure may have a significant impact on SAZKA Group's business, financial and management policies***

The success of the SAZKA Group is dependent on the strength and value of all brands falling under the SAZKA Group. The SAZKA Group believes that the long history, tradition and good reputation of brands representing the parent company and its subsidiaries will continue to mean a competitive advantage in the development of lottery and gaming activities. Competition in the lottery and gaming industry is growing and the success of the SAZKA Group will depend on maintaining and developing brand value. If the SAZKA Group is unable to maintain brand value, it will not be able to expand its customer base. This may be further reflected in the attractiveness of the SAZKA Group as a business partner. Maintaining and developing a 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 brand value also depends on the ability of the SAZKA Group to respond in a timely manner to innovation and technological progress. Any error in this area will have a negative impact on the SAZKA Group's brand value, business activities, the financial conditions and management.

(e) ***The SAZKA Group is dependent on a relatively low number of suppliers.***

The required game and product devices (such as hardware, software, and dedicated staff) are provided by a very limited number of vendors within each entity. The SAZKA Group uses the services of a small group of suppliers from service providers who operate hardware and software devices, and deliver technology to create and maintain a working technology platform that enables electronic betting over several electronic media (mobile phones, computers, tablets, etc.). The platform also allows live betting through a Group retail network. Thus, the SAZKA Group is heavily dependent on these suppliers, and in case of default by the supplier, this may affect the activities of the SAZKA Group and hence the value of the Collateral.

State regulation and policy

(f) ***The SAZKA Group is exposed to risks related to possible changes and tightening of the legal and regulatory framework to which the group is exposed in the countries in which it operates.***

The lottery and gaming sector is intensively regulated in individual countries. National authorities have the right to unilaterally change the legal and regulatory framework governing the game plans of the games offered by the SAZKA Group.

At present, changes in country regulatory frameworks are focused on developing regulation in the online lottery and gaming market. The introduction of regulation brings with it the necessity of obtaining a licence for the operation of online lotteries and games. Although the SAZKA Group seeks to expand its online lottery and gaming activities, it cannot be guaranteed that the regulator will grant its licence applications or, in the case of an existing licence, that it will not withdraw the licence for regulatory reasons. Also, the SAZKA Group faces the risk that regulatory changes will open up the market to competition, such as for example the new Czech

Gambling Act (No 186/2016) which on 1 January 2017 opened up the market in the Czech Republic to foreign operators.

In addition, in the future, the SAZKA Group could be affected by other regulatory rules from the EU. The operation of lotteries 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 SAZKA Group's business may have a material impact on its financial position, operating results and prospects and will have a significant adverse impact on the value of the SAZKA Group.

(g) ***The SAZKA Group is exposed to risks related to the potential loss of exclusive rights to lottery and sports betting and/or potential changes in licences and concessions.***

The products and business activities of the SAZKA Group are subject to licensing or, in the case of activities on the Italian market, operating the company under a concession contract.

Individual state authorities within countries where the SAZKA Group operates have the right to terminate licences or concession contracts or have the right to impose sanctions in certain cases, for example in the event of non-compliance with these concessions by individual SAZKA Group operators. Loss of exclusive rights in the distribution of bets, lotteries, casinos, VLTs and other products falling within the SAZKA Group's portfolio and the ability to further offer sports betting will have a very negative impact on consolidated sales and, in general, on SAZKA Group's business operations and may affect the value of the Collateral.

Possible application of implementing regulations, e.g. approval of gaming plans, innovations, marketing campaigns, and also the risk of negative effects caused by the withdrawal of a licence, the loss of the rights to operate on a concession basis with any legitimate objective will adversely affect the functioning of the entire SAZKA Group and hence the value of the Collateral.

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

The SAZKA Group's business activities are regulated by the state in respect of various tax and other financial burdens, including specific gaming sector taxes.

The setting of regulatory frameworks is subject to the administrative organisation of the countries in which the SAZKA Group operates. The SAZKA Group 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 an inability to meet its obligations and have an adverse impact on the value of the Collateral.

The SAZKA Group is further subject to tax laws in several different jurisdictions. SAZKA Group a.s. or any of its subsidiaries can be viewed as resident for tax purposes and/or otherwise may be subject to tax in jurisdictions other than the one where it was established. In this case, there is a significant risk for the SAZKA Group from a possible sudden change in the tax burden within the country/countries where the SAZKA Group operates. The effect of applying the tax laws of a number of jurisdictions, including the application or non-application of tax agreements concluded by the countries concerned, and/or a change of interpretation by the competent tax authorities could in certain circumstances give rise to conflicting results and related tax obligations for the SAZKA Group and could have a significant adverse impact on its business and financial situation, operating results, cash flows and prospects, and therefore the value of the Collateral.

Macroeconomic indicators

(i) ***The SAZKA Group is exposed to risks in the countries where it is established (in respect of the registered office of the parent company and the registered office of the subsidiaries) as well as in the countries where the SAZKA Group operates.***

The SAZKA Group operates primarily in the Czech Republic, Greece, Cyprus, Italy and Austria and is therefore exposed to the political and economic factors of these countries in particular. 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 in a given country, and other policy choices. Macroeconomic factors in those countries where the SAZKA Group operates, 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 behavior and spending patterns. The SAZKA Group is not only influenced by the political and

economic situation within the countries in which it operates, but is also significantly influenced by the status and functionality of the European Union (hereinafter referred to as the "**EU**") and the eurozone.

An important factor in assessing country risk is rating. Although the rating of these countries (in particular the Czech Republic and Austria) may appear to be stable, there is no guarantee that events that negatively affect investors' confidence in the markets in which the SAZKA Group operates will not be repeated and will lead to a lower rating for these countries. 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 the SAZKA Group.

Italy

The SAZKA Group entered the Italian market in 2016 by acquiring a 32.5% stake in LOTTOITALIA (operating entry from 30.11.2016). The Italian economy is experiencing recovery after four years of recession in 2010-2014. The rating of this country is Moody's: Baa2; S&P: BBB-, stable outlook; Fitch: BBB +, negative outlook.

Czech Republic

Part of the SAZKA Group's economic activities is concentrated in the Czech Republic where it holds its market presence through SAZKA a.s. and where the SAZKA Group has a 100% stake, the Czech Republic is one of the so-called "Emerging markets". These markets carry a higher degree of risk compared to more developed markets, including possible legal, economic and political risks. Unfavorable developments in the Czech Republic or other emerging markets could have a negative impact on the financial and economic situation of the SAZKA Group, its business activities, its market position and hence the value of the Collateral.

The current rating of the Czech Republic is Moody's: A1; S&P: AA-, stable outlook; Fitch: A+, stable outlook.

Austria

The SAZKA Group entered the Austrian market in 2016 through an indirect 11.3% stake in the CASINOS AUSTRIA Group and 11.6% indirect stake in the Austrian Lottery Company. Other transactions are still ongoing and subject to regulatory approval. Austria is one of the most prosperous economies in Europe as well as in the world. Austria's current rating is Moody's:Aa1; S&P: AA+, stable outlook; Fitch: AA+ stable outlook.

Greece

The SAZKA Group is represented on the Greek market through OPAP, where it currently holds the position of the largest investor in EMMA Delta, which owns a 33% stake. The rating of this country is Moody's: Caa3; S&P: B-, stable outlook; Fitch: CCC. At the macroeconomic level, the implementation of the Third Economic Adjustment Program of the Greek economy continues to depend on the fulfilment of a set of conditions, however its implementation does not guarantee the expected return of the Greek economy to sustainable growth, which may have a significant negative impact on the SAZKA Group's business activities, and its financial situation.

In addition, any exit by Greece from the euro area would have a significant adverse effect on the SAZKA Group's activities, its financial situation and its results, including higher financing costs and hence on the value of the Collateral.

(j) ***Risk of contagion***

The SAZKA Group and the countries in which it operates may be affected by negative economic or financial developments in other European countries or countries with similar credit ratings to the individual countries where the SAZKA Group operates. Last but not least, mention must be made of the debt crisis in some euro area countries, namely Greece, Italy, Ireland, Spain, Portugal and Cyprus, combined with the risk of the crisis spreading to other euro area countries, which brings some uncertainties about the functioning of the European currency union. 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 SAZKA Group sales.

(k) ***The risk of the United Kingdom withdrawal from the European Union***

The SAZKA Group is exposed to the Brexit risk of the United Kingdom's withdrawal from the EU. It is not known at this time when, and under what specific conditions, Brexit will take place. Uncertainty relates primarily to the effects on exchange rates, the regulatory environment, the overall economic position of the United Kingdom and inflation, and expectations for these. The impact of Brexit affects all EU member states,

including those in which the SAZKA Group operates. Global impacts at the financial and political levels cannot be excluded, particularly with regard to international trade, contract execution, banking, financial and labour markets.

Company operation, operating risks

(l) ***The SAZKA Group is dependent on the operation of lotteries and games of chance and related business activities in several areas of the globe.***

The SAZKA Group and its entities operate lottery and gaming services in several areas of Europe, Asia, North and South America and Australia. The SAZKA Group is headquartered in the Czech Republic (Prague), where the registered office of the parent company is located and is the strategic and operating center of the SAZKA Group and the operating centre of its SAZKA subsidiary. CASINOS AUSTRIA and Austrian Lottery are operated from their headquarters in Austria (Vienna). However, the CASINOS AUSTRIA group represents a wide network of entities throughout the world, in the United Kingdom (London), Switzerland (Luzern, Lugano, St. Moritz, Chur, Bern), Hungary (Sopron), Denmark (Copenhagen, Helsingor, Vejle, Odense), Germany (Hannover), the Czech Republic (Prague), Belgium (Brussels), Macedonia (Skopje), Canada (Port Perry), USA (Fort Lauderdale), Liechtenstein (Vaduz), Georgia (Batumi), Chile (Puerta Arenas), Argentina (Salta), Australia (Brisbane). The OPAP group is operated in Greece with its headquarters in Athens, with the Cypriot market also covered by OPAP. LOTTOITALIA operates its activities in Italy, based in Rome.

In the event of one of the branches within the SAZKA Group being forced to temporarily suspend or completely cease its business, this situation may have a material impact on business activities, financial position, operating and economic results, and this situation may then result in the SAZKA Group's inability to meet its obligations.

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

The SAZKA Group 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 the SAZKA Group and its experience with the products offered. The SAZKA Group uses two methods in its approach to ensuring business continuity management within its entities in several locations. In the event that one of the entities within the SAZKA Group does not have this management approach covered directly, these business continuity management approaches can be shared with other affiliates within the retail network. Failure by the SAZKA Group 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 the SAZKA Group's operations.

(n) ***A substantial part of the SAZKA Group's costs are fixed costs and any decrease in sales can therefore have a significant impact on SAZKA Group's profitability.***

For the SAZKA Group, 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 the SAZKA Group will not be able to flexibly address this potential cost reduction in this regard. This phenomenon will affect SAZKA Group's business activities, financial conditions and operations.

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

The ability of the SAZKA Group 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 SAZKA Group's operating system is secured using external 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, SAZKA Group's operating system 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 the SAZKA Group has introduced security countermeasures. Any such interruption, malfunction, or cyber security breach could result in additional costs, cause damage to the SAZKA Group's business reputation and the imposition of penalties, thus reducing SAZKA Group revenues. Consequently, this could have a

negative impact on the SAZKA Group's business activities, its financial results and the overall value of the Collateral.

(p) ***The SAZKA Group is affected by the risk of data leakage.***

The SAZKA Group and its entities are subject to regulation related to the use of customers' personal data and their debit and credit card information. The SAZKA Group works with sensitive personal data of its clients (name, address, date of birth, bank details, debit and credit cards, gaming history). Thus, 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 SAZKA Group's ability to collect and use personal information about existing and potential customers that the SAZKA Group and its entities may also use as part of their marketing activities.

The SAZKA Group is also dependent on contractual relationships with third parties and its employees who manage databases of sensitive data. The SAZKA Group is aware of the risk derived from the possible leakage of data and its influence. For this reason, the SAZKA Group 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 the SAZKA Group in this regard, customer data protection and payment data failures cannot be ruled out. Any error by the SAZKA Group at this stage would imply sanction by the relevant regulators as well as damage to the reputation of the SAZKA Group in the eyes of the customer, which may have a material effect on the SAZKA Group's business activities, financial conditions and economic results.

(q) ***SAZKA Group is partially dependent on sports betting operations, which are significantly affected by the development of sporting events during the calendar year.***

Operation of sports betting is one of the important products offered by the SAZKA Group 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 so on. These negative aspects affect the perception of the lottery and gaming sector by the general public, which will be reflected in the growth of the sales, economic results, financial position of the SAZKA Group and a consequent inability to meet its obligations.

(r) ***Developing sports betting is dependent on maintaining partnerships with sports associations, clubs and governmental bodies in the field of sport.***

The success of the SAZKA Group's business activities depends on maintaining good relations with the relevant government bodies governing sport, and with sports associations, federations and clubs. The integrity of sports betting with the rules and regulations of the sports industry is an important factor for the SAZKA Group, which influences the growth of the SAZKA Group's business activities. The SAZKA Group supports the development of sport through financial support and sponsorship of specific events. A failure to cooperate with the aforementioned entities may have a negative impact on the SAZKA Group's publicity. This subsequently may have a material effect on the business and financial situation of the SAZKA Group.

(s) ***The SAZKA Group is exposed to the risks arising from dependence on a network of agents for operating terminals.***

Companies in the SAZKA Group receive bets from bettors through authorised sales terminals with which they have entered into a commercial agency agreement. 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 the SAZKA Group 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 agent relationships may have a negative impact on business operations, financial performance, operating results, and therefore the value of the Collateral.

(t) ***Location-related risk where the SAZKA Group operates casinos and VLTs.***

Appropriate location selection in relation to the type of activity being performed is an important factor in the profitability of the SAZKA Group. The locations in which the SAZKA Group 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. In addition, the major part of the SAZKA Group's activities takes 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 the SAZKA Group does not correctly assess site suitability or is unable to adapt to site changes adequately, this may negatively affect its economic and financial situation.

(u) ***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 the SAZKA Group***

The ability of the SAZKA Group 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 the SAZKA Group 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 subsidiary Companies and hence the value of the Collateral.

The SAZKA Group uses bookmakers for making and setting rates and uses the skills of the relevant risk managers to manage its commitments. Although the SAZKA Group 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 the SAZKA Group.

Development of activities and strategy

(v) ***The SAZKA Group may fail to obtain the expected benefits from existing or future strategic investments and partnerships.***

The SAZKA Group invests selectively in new opportunities and explores strategic partnerships and alliances as a means to gain access to new business opportunities and know-how. The results of these partnerships will depend, among other things, on the ability of the SAZKA Group to locate and evaluate potential partners, investments and their funding, and to successfully complete their integration. Although the SAZKA Group seeks to ensure that its shareholders or partners act in accordance with high professional and ethical standards, it cannot guarantee that its partners and shareholders will always maintain these high standards.

Furthermore, the risk of a change in the shareholder structure that may result in a change in the controlling shares, in the SAZKA Group's strategy, and this may have a negative impact on the economic results and thus cause a difficulty or inability to meet its financial obligations, which may subsequently adversely affect the value of the Collateral.

(w) ***The SAZKA Group can make significant acquisitions in the future, which means the risk 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 SAZKA 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, SAZKA Group prospects and therefore the value of the Collateral.

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 SAZKA Group. It is possible that the SAZKA 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 SAZKA Group and hence the value of the Collateral.

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

Following an acquisition, the SAZKA 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 SAZKA 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 SAZKA Group and hence the value of the Collateral.

(y) ***The SAZKA Group has only emerged in its existing form recently as the result of a series of acquisitions made in recent years and there is a risk that the SAZKA Group may not be able to continue with the successful integration and management of the operating subsidiaries forming the SAZKA Group.***

The SAZKA Group was established in 2016 by bringing together the lottery and gaming activities of companies from the KKCG and EMMA groups. The SAZKA Group is the largest provider of digital lotteries in Europe. It is present in key markets in continental Europe where lotteries are under private control.

Although the SAZKA Group has implemented a series of intensive internal controls and risk management strategies to reduce operational risks, the progressive expansion of its business requires sufficient managerial and operational knowledge to ensure an efficient management system. SAZKA Group has to care for a continually growing base of customers, contractors, service providers, credit institutions and other third parties. For this, it is necessary for the SAZKA Group to further monitor and strengthen its functions and controls to ensure compliance with statutory regulatory and contractual obligations. It is not possible to guarantee that the measures taken to increase and manage its future growth will be effective, which may subsequently adversely affect the value of the Collateral.

(z) ***The SAZKA Group may not be successful in implementing key strategies.***

The key strategies of the SAZKA Group cover two main areas:

- organic growth through expanding the customer portfolio, increasing brand value, developing a distribution network, and promoting service attractiveness; and
- acquisition growth through portfolio expansion in the context of investing in new assets that are characterised by positive and strong cash flow growth while improving the risk profile of the SAZKA Group.

The SAZKA Group faces many risks that could negatively affect its ability to implement these key strategies, either from a regulatory or economic standpoint. Any failure to implement the key strategies could have a significant negative impact on the business, financial situation, operating results, cash flow and prospects of the SAZKA Group and thus make it more difficult or unable to meet its financial obligations and thus negatively affect the value of the Collateral.

(aa) ***The SAZKA Group participates in joint ventures in which it has granted the rights to minority shareholders or otherwise holds shares in entities in which it owns fewer than a majority of the voting rights or which it does not control or otherwise manage, which poses certain risks; it may in the future participate in other such agreements.***

The SAZKA Group has concluded joint ventures contracts and holds shares in entities in which it owns fewer than a majority of the voting rights. In these cases, the SAZKA Group is dependent on the approval of certain matters by its joint venture partners, and may also be dependent on the joint venture partners to operate these entities and may not have the experience, expertise, human resources, management or other factors necessary for the optimal operation of these entities. The consent of these partners may also be necessary to achieve the disbursement of funds from projects or entities or to transfer their participation in projects or entities. Joint ventures where the SAZKA Group operates with a minority share are subject to the risk of a possible divergent approach to the envisaged strategies and to management when compared to the SAZKA Group's own strategies and management.

The financial results of the companies (in particular OPAP) are fully consolidated in the consolidated financial statements of the SAZKA Group as at 31.12.2016, but they own (directly or indirectly) less than 100% of the business share in these companies. SAZKA Group a.s. therefore has less than 100% access to the EBITDA and net assets of these companies.

Any occurrence of such risks could have a detrimental effect on the success of the joint venture agreement or the SAZKA Group's participation therein, and hence on its business, financial situation, activity results, cash flows and hence the value of the Collateral.

Financial risks

(bb) ***The SAZKA Group is exposed to the risk of currency fluctuations that may adversely affect its profitability***

The financial results of the SAZKA Group may, at any time, be adversely affected by fluctuations in the value of currencies (in particular the Czech crown) in relation to the euro. Despite the fact that the SAZKA Group currently reports its results in euros, it realises part of its business activity in Czech crowns. Therefore, the SAZKA Group is exposed to the risks associated with currency fluctuations. The Italian, Greek, Austrian and Cypriot activities of the SAZKA Group are held mainly in Euros, while Czech activity is conducted in Czech crowns.

The management of the SAZKA 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 SAZKA Group's business, its economic results, its financial situation and, ultimately, the value of the Collateral.

(cc) ***Interest rate risk***

SAZKA Group's business 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 interest rate risk. The risk associated with a change in market interest rates relates mainly to the SAZKA Group's long-term liabilities with a floating interest rate.

The SAZKA Group carries out stress testing using a standardised interest rate shock, which means that the interest rate positions of the portfolio are immediately reduced/increased by +/- 0.45%. Testing is applied consistently to all loans and borrowings, whether fixed or floating rate.

Despite the measures taken, it is not possible to exclude losses due to unfavourable movements in interest rates that could negatively affect the SAZKA Group's business, its economic results, its financial situation and, ultimately, the value of the Collateral.

(dd) ***Credit risk***

Credit risk is the risk of a financial loss threatening the SAZKA Group if a customer or counterparty in a transaction with a financial instrument fails to meet its contractual obligations. The SAZKA Group 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, the SAZKA Group 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 group management on a regular basis.

Despite all measures from the SAZKA Group to limit the consequences of credit risk, a failure of a counterparty or counterparties of the SAZKA Group may cause losses that could negatively affect the SAZKA Group's business, its economic results, its financial situation and ultimately the value of the Collateral.

(ee) ***Liquidity risk***

Liquidity risk is the risk that the SAZKA Group 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 the SAZKA Group 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.

One part of the liquidity risk management strategy is also the fact that the SAZKA Group holds part of its assets as highly liquid funds.

In spite of these measures, it cannot be ruled out that the SAZKA Group could for these reasons face a lack of liquidity that could negatively affect SAZKA Group's business, its economic results, its financial situation and, ultimately, the value of the Collateral.

(ff) ***The SAZKA Group has significant debt obligations and is subject to restrictive debt agreements.***

Substantial liabilities of the SAZKA Group 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 the SAZKA Group 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 loan agreements include a number of consenting and negative settlements. All these limitations are subject to exceptions and reservations. Agreements that apply to the SAZKA Group 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, the provisions of certain loan agreements for subsidiaries may limit the payout paid by these companies to SAZKA Group a.s.

This may have a significant adverse impact on SAZKA Group's ability to meet its debt obligations and therefore on the value of the Collateral.

(gg) ***The insurance on the SAZKA Group's business activities may not be adequate.***

The SAZKA Group maintains insurance for cover 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 the SAZKA Group. 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, the SAZKA Group may not continue to have insurance available under conditions similar to current conditions, nor need such insurance be available at all.

(hh) ***Unless the SAZKA Group 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.***

The SAZKA Group 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. The SAZKA Group 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. In spite of the fact that the SAZKA Group has introduced a series of intensive internal controls to ensure the accuracy and consistency of financial reporting and other related processes, it does not have integrated information systems and each subsidiary has its own accounting platform and methodology. Subsidiaries prepare separate financial statements in accordance with applicable local accounting standards for statutory purposes. Additionally, if the SAZKA Group 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 Collateral.

Legal risks / litigation

(ii) ***The SAZKA Group is exposed to the risk of a breach of intellectual property.***

The SAZKA Group 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 SAZKA Group's intellectual property rights. Although the SAZKA Group is the owner of trademarks and copyrights, the enforcement of these rights falls, because of its international scope, under different jurisdictions and legislations that differ in their enforceability and degree of intellectual property protection.

The SAZKA Group can also face claims on the rights of third parties, and these entities may insist on determining the breadth and validity of intellectual property. The legal process in this respect is usual for companies providing their services on the Internet, in technology and on-line lottery 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 the SAZKA Group with regard to business activities, which will subsequently have an impact on the brand value, business activities, financial conditions and operations of the SAZKA Group.

(jj) ***The SAZKA Group is a party to legal proceedings with potentially adverse effects.***

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

SAZKA Group is engaged in legal proceedings in Italy: Stanley International Betting Limited and Stanleybet Malta Ltd filed appeals against the Italian regulator ADM (Agenzia delle Dogane e dei Monopoli) and Lottomatica SpA with a demand to cancel the ADM Decree dated 16.5.2016, granting a concession to the LOTTOITALIA concessionaire for the operation of the Lotto game. At a hearing on19.10.2016 in the presence of Lottomatica S.p.A and LOTTOITALIA the case was postponed to a date to be determined later.

Stanley International Betting Limited and Stanleybet Malta Ltd have also lodged an appeal against the decision of the administrative courts which rejected the first appeal (against the decision in the first instance) requesting the cancellation of the tender procedure for the Lotto game operation concession contract. At a hearing on 11.5.2017, LOTTOITALIA and ADM upheld the request to dismiss the appeal of Stanley International Betting Limited and Stanleybet Malta Ltd. A final ruling has yet to be issued.

Discussions are currently also ongoing between the European Commission and Greece on the legal environment for betting and operation of VLT terminals in Greece.

If the SAZKA Group 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 the SAZKA Group as well as the value of the Collateral.

3. MAJOR RISK FACTORS RELATING TO THE SHAREHOLDER AND THE EMMA GROUP

(a) *Risk associated with the Shareholder's business*

The shareholder is a company incorporated in the Republic of Cyprus. The bulk of its activities focus on the management of its own equity interests in the SAZKA Group. The ability of the Shareholder to meet its obligations in relation to the ownership of the Collateral subject is to a large extent dependent on the payments received from the SAZKA Group and on payments from external entities. If the ability of the SAZKA Group 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 Shareholder 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 SAZKA Group companies, this may affect the Shareholder's financial and economic situation, his business activity, market standing and, ultimately, the ability of the Shareholder to meet his obligations towards the Issuer and the Noteholders.

(b) *Risk management of asset management*

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 are associated higher-risk types than is common in most other business sectors. These are primarily regulatory, credit, operational and market risks and liquidity risks.

(c) *Risk of losing key staff*

Key Shareholder staff, i.e. members of management, and of senior management in particular, will be jointly involved in the creation and implementation of the key strategies of the Shareholder and the EMMA Group. Their activity is crucial to the overall management of the EMMA Group and the Issuer and to its ability to introduce and implement these strategies. The Issuer believes that the Shareholder will be able to maintain and motivate these individuals, despite the strong demand for qualified persons. However, the Issuer cannot guarantee that the Shareholder will be able to retain and motivate these key staff, or that he will be able to recruit new key staff. The shareholder 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 Shareholder's and Issuer's business, their business results and the financial situation, which could negatively affect the Shareholder's and Issuer's ability to meet their Note obligations.

(d) *Country risk of the Shareholder's registered address*

The Shareholder has its registered address 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 Shareholder (in the past, for example, the Republic of Cyprus has taxed bank deposits).

(e) *Risk of the different legal form of the Shareholder*

The Shareholder was established and is governed by the laws of the Republic of Cyprus. The Shareholder was established and exists in the legal form of a "*limited by shares*" Cypriot company. This is a legal form which is different from the legal forms of Czech and Slovak commercial companies. A Cypriot "*limited by shares*" company 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 "*limited by shares*" company is limited and a member (shareholder) is responsible only for repayment of the issue price of shares. Cypriot legislation including, for example, enforced (judicial or administrative) abolition of a Cyprus "*limited by shares*" company or declaration of its invalidity may differ significantly from Czech or Slovak legislation. A Cypriot company of the "*limited by shares*" type may, among other things, be abolished by the court if the company is unable to repay its obligations or if the court considers it to be fair and justified to abolish the company. It is assumed that the company is not able to repay its liabilities, for example, if the creditor to whom the company owes an amount in excess of EUR 45,000 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 title/order or its equivalent 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 liabilities when they become due (in determining whether the company is capable of repaying its liabilities when thy 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 abolition 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. The *Registrar of Companies* is another authority that is entitled to abolish a company of the "*limited by shares*" type. The Registrar of Companies is entitled to abolish a company of the "*limited by shares*" type 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, the application shall be published in the *Official Gazette* of the Republic of Cyprus, with the company's name to be deleted from the Registrar of Companies. If the Registrar of Companies does not receive any response or receives the response that the company is not operating, it will send the company a notification that the company's name will be removed from the Registrar of Companies three months after the date of the notification and the company will be abolished. A company is abolished by the publication of a Notification of Deletion 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 abolition of the Shareholder or a declaration of invalidity may have a negative impact on the Shareholder's ability to meet its obligations under the Notes.

4. 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 his 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 or development of any relevant index or 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-adjusted 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 he 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 all or part of the nominal value (depreciation) before the Maturity Date of the Bonds*

The Issuer has the right to decide to repay part (or all) of the nominal value of the Notes prior to their final maturity, at the earliest on 21 July 2018; The Issuer is entitled to carry out amortisation on a recurring basis (subject to a maximum of 15 times in total). If the Issuer decides, prior to the Maturity Date of the Notes, to

repay all or part of the nominal value (amortisation), the Noteholder is exposed to the risk of less than the 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 Notes may be affected by the level of fees charged by the Securities Broker or other intermediary for the purchase/sale of 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. Some official tax authority or court ruling on financial instruments such as notes may not 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 Bonds.

(i) ***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.

(j) ***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.

Similarly, the value in the Escrow Account (as defined in the Terms and Conditions) may be lower due to the denomination of the bid price for Shares in a currency other than EUR. Therefore, the value in the Escrow Account may be exposed to risk in the event of an unfavourable movement of the currency exchange rate.

(k) ***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.

(l) ***Change of law***

The Terms and Conditions of the Notes are governed by the Slovak law valid on the date of this Prospectus. The Collateral is governed by the Czech law valid on the date of this Prospectus (in the future the Collateral, in

respect of the Shares, may, however, be governed by a different foreign law as described in the Terms and Conditions). 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.

With effect from 1 January 2014, the Czech Republic has undergone extensive recodification of private law, in particular the entry into effect of the new Civil Code (Act No 89/2012), the Act on Commercial Corporations (Act No 90/2012) and a number of other related legal regulations which will apply to both the Issuer and the Collateral and relations between the Issuer and the Security Agent and the Noteholders (including the realisation of the Collateral). The new legislation, among other things, introduced a series of new legal institutions, to a great extent changing the concept of absolute and relative invalidity of legal acts and the mandatory and non-mandatory nature of legal standards. Given the relatively short time span between the entry into effect of the new legislation and the Issue Date, there is no relevant court practice for the new institutions and legal situations, and comments and legal interpretations of individual provisions of the new legislation vary significantly in many cases. The absence of relevant case law and the lack of consistency of interpretations of the new legislation - and resulting legal uncertainty - may have a negative impact on the meeting of debts arising from the Notes.

(m) ***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, 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.

(n) ***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.

(o) ***Risk of an unpredictable situation***

An unpredictable event (natural disaster, terrorist attack) that causes disturbances in the financial markets, 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.

(p) ***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), 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.

(q) ***Risk of subordination***

Under the Bankruptcy Act, any obligation 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 Obligation**") (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 security, and the Related Obligation will not be satisfied before all other liabilities of the Issuer shall be satisfied

to creditors who have filed their claims in the bankruptcy against the Issuer's assets and the security is disregarded; (ii) in any restructuring of the Issuer, the Related Obligation cannot be satisfied in the same or better way than any other non-subordinate obligations of the Issuer to creditors who have filed their claims in the Issuer's restructuring. Considering the Bankruptcy Act wording, this may mean that a creditor to a Related Obligation 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 Obligation), 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 been 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 subordination of some of the Notes.

(r) ***Risks associated with Collateral***

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 Shareholder (i) on share certificates issued by SAZKA Group, a.s. representing 25% of the share capital of SAZKA Group, a.s. (the "**Shares**") and owned by the Shareholder and (ii) on receivables from the Shareholder's account, to which will be credited, inter alia, any proceeds from the sale of Shares permitted under the Terms and Conditions (the "**Escrow Account**"). Based on the Terms and Conditions, the Shareholder has the option of dealing with the Collateral only after the Issue Date.

The Shareholder may, at any time after the Issue Date, contribute the Shares to the registered capital of a business company ("**FinCo**") a 100% share of which will be directly or indirectly owned by the current ultimate owners of SAZKA Group a.s. At the Shareholder's request, all the Shares can be – for purposes of the Collateral – replaced by the corresponding number of shares issued by FinCo and representing 25 per cent (%) of FinCo's registered capital (or by other similar participating interest, if FinCo is not a joint-stock company) (the "**New Shares**"). In such a case, the Shareholder will request the release of the Pledge over Shares against the establishment of a Pledge over New Shares under the conditions set forth in the Terms and Conditions and the New Shares will continue to be fully considered as "the Shares".

The Shareholder is also entitled to request the Security Agent at any time to release up to 50% of the volume of the Shares (including the New Shares) for the purpose of their sale to a third party or parties. The Shareholder shall be obliged to place the funds thus obtained from the sale of the released shares into an Escrow Account established for the benefit of the Security Agent.

As of the date of this Prospectus, the Shareholder had not decided on the jurisdiction, legal form or form of FinCo and any possible New Shares. Although under the Terms and Conditions the Issuer and the Shareholder are required to ensure that the collateral through the New Shares is substantially comparable in all material respects to the original collateral through the Shares, there is a risk that the New Shares will be qualitatively different (in terms of the substantive aspects of the establishment of the collateral and its duration or in terms of the method of implementing the collateral under the law of the jurisdiction concerned), thereby impairing the position of the Noteholders. It is probable that neither the Czech Republic nor the Slovak Republic will be the headquarters of FinCo issuing the New Shares, so that the New Shares documentation will be governed by a legal order other than Czech or Slovak, which may ultimately jeopardize the possible implementation of the Collateral or increase the costs of realising the security (thereby reducing the yield from the Collateral).

If it is appropriate or expedient in connection with the replacement of the Collateral (in particular with regard to the administration and possible performance or other implementation of the Collateral in the relevant foreign jurisdiction), the Issuer shall, at the request of the Security Agent, promptly mandate in connection with the Notes a new Security Agent, i.e. another person with authority as a securities trader authorised to perform the function and services provided by a security agent in the jurisdiction under which the lawful and contractual effects of a new Pledge Agreement or similar securing documentation for the New Shares will be governed., This may ultimately increase the cost of realising the Collateral (and thereby reduce the Collateral yield).

For the purposes of selling part of the Shares as allowed under the Terms and Conditions (including any Shareholder's obligation to return the relevant portion of the released but unsold Shares back to Collateral), there will be a period up to a maximum of 60 (sixty) calendar days, following which the Collateral volume will fall by

up to 50% without there being any deposit from the sale of the Shares on the Escrow Account. During such a period, the LTV indicator may not be met as assumed in the Terms and Conditions, but this is not considered to be a case of breach of duty and will not otherwise be reason to convene a Meeting. During this time, however, Noteholders will be exposed to an increased risk that their Note receivables will not be adequately satisfied in the event of the realisation of this reduced Collateral. Also, the risk cannot be excluded that the proceeds from the sale of the released Shares will ultimately be less than anticipated and that the amount of funds placed on the Escrow Account will ultimately be less than the most recent value of the Shares.

Subject to certain conditions set forth in the Terms and Conditions (performance of the LTV below 50% inclusive), the Security Agent will be obliged, at the request of the Shareholder, to release part or all of the amount of funds allocated to the Escrow Account in favour of the Shareholder, which may ultimately reduce the value of the Collateral and the ability of the Noteholders to be satisfied from the Collateral.

A pledge securing the Notes shall be set up only in the name of the Security Agent as Security Administrator in the meaning of Section 2010(2) of the New Civil Code. The Security Agent is neither a common proxy of the Noteholders under Section 5d of the Bonds Act nor a joint and several creditor of the Issuer with each individual Noteholder, but administers and, if applicable, implements the Collateral 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 on 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 Collateral.

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

(s) ***The Collateral may not be sufficient to cover all obligations under the Notes***

The value of the assets represented by the Shares is to a large extent dependent on the income from the subsidiaries of the SAZKA Group. The value of these assets may fluctuate over time as a result of various factors and at the point of realisation of the Collateral in the form of a Pledge over Shares may be less than the amount of repayable Note liabilities (that is, their nominal value and the unspent yield that has not yet been paid). For the avoidance of doubt, in spite of the floating value of the Shares, payable obligations on the Notes or part thereof may at any given moment be satisfied by the realisation of the Pledge over Account Receivables.

There is, therefore, a risk that, in the event of the realisation of the Collateral, the funds allocated to distribution to the Noteholders will not be sufficient to cover their outstanding claims against the Issuer.

The proceeds from the realisation of the Collateral shall be further reduced by the costs of the Security Agent and, as the case may be, additional costs of third parties associated with the performance of the Collateral and the remuneration of the Security Agent to the amount of 3 (three) % of the Collateral realisation. There is, therefore, a risk that, in the event of realisation of the Pledge over the Collateral, the funds allocated to distribution to the Noteholders will not be sufficient to cover their outstanding claims against the Issuer. Furthermore, there is a risk that Shares serving as Collateral will be difficult, or as a result of a lack of interest, impossible to monetise when realising the Collateral, or that the sales process will be unusually long - all of which may result in the Noteholders' claims against the Issuer not being fully and reasonably satisfied.

(t) ***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 his duties at all times and in all respects, or that he 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 his duties as Security Agent.

In the event of a change in 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 his duties properly, which may as a consequence endanger satisfaction of the claims of the individual Noteholders.

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

As the Czech and 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 creditor, Collateral or its realisation. Although the Issuer has undertaken to do its utmost to ensure that the Collateral 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 Collateral.

(v) ***Risks associated with Security Agent fee***

Notes are secured by Collateral established in the name of the Security Agent as the Collateral Administrator as specified in the Terms and Conditions. In the event of realisation of the Collateral, 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 (three)% of the amount earned from realisation of the Collateral. Depending on how realisation of the Collateral is performed, it may be necessary or appropriate for this purpose to engage third parties who 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.

(w) ***Risk of potential conflict of interest***

The Lead Manager and members of his group have provided or are providing credit financing to some members of the SAZKA 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 Shareholder, 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.

(x) ***Risks associated with a future court decision***

It is not possible to exclude a future court ruling that weakens or excludes the establishment, validity, or enforceability of the Collateral and possible problems with its eventual registration or realisation cannot be ruled out, and the Issuer does not make any representations or assurances regarding the establishment, validity and enforceability of the Security. This may have a negative effect on the repayment of obligations under the Notes.

III. IMPORTANT NOTICE

This document is a prospectus for notes pursuant to Section 121 of Act No 566/2001, 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 were 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 offer of 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.*

Bidders for 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 acquirers.

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" are given only as general and not as exhaustive information based on the situation as of the date of this Prospectus and were obtained from publicly available sources that were not processed or independently verified by the Issuer. Potential acquirers of Notes 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 opening balance sheet and future financial statements of the Issuer, including a copy of the Auditor's Reports, as well as all the documents included in this Prospectus by reference, are available free of charge to all interested parties at the Issuer's address at Dúbravská cesta 14, 841 04 Bratislava, 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 Fiscal and Paying Agent's website of Admin www.jtbank.sk and for perusal at the Fiscal and Paying Agent'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 Bonds remains unpaid, a copy of the Contract with the Fiscal and Paying Agent, of the Contract with the Security Agent and the Pledge Agreements will be available on request at the Designated Office of the Fiscal and Paying Agent 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 in the Slovak language.

IV. TERMS AND CONDITIONS OF THE 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, ID-No.: 50 897 942 , registered in the Commercial Register maintained by the District Court of Bratislava I, Section: Sa, Insert No. 6599/B (the "**Issuer**"), in the anticipated aggregate value (i.e. the highest amount of nominal values of the Notes) of EUR 120,000,000 (in words: one hundred and twenty million euros), bearing a fixed interest rate of 5.25 per cent (%) p.a., due in 2022 (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 Bonds, as amended (the "**Bonds Act**"). The Notes Issue was adopted by a decision of the Issuer's Board of Directors dated 20 June 2017 and by a decision of the Issuer's sole shareholder exercising the powers of the General Meeting dated 20 June 2017. The Notes have been assigned the identification code ISIN SK4120013012.

Payment obligations (liabilities) under the Notes have been secured by a Pledge over Shares and by a Pledge over Accounts Receivables under Czech law, as specified hereinafter.

Services of a fiscal and paying agent related to interest payments and Notes 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, 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., a branch of a foreign bank, having its registered office at Dvořákovo nábrežie 8, Postal Code: 811 02 Bratislava, Slovak Republic, ID-No.: 35 964 693, registered in the Commercial Register maintained by the District Court of Bratislava I, 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 favour 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 during regular business 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., a branch of a foreign bank (the "**Listing Agent**"), to have the Notes admitted to trading on a regulated free market of the Bratislava Stock Exchange, joint-stock company (the "**BSSE**"). If the Issue is admitted to trading on the BSSE's regulated free market, the Notes will become securities admitted to trading on a regulated market.

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 Collateral (as defined below). The title of the Notes is "EMG 5.25/2022".

The Notes will be issued as book-entered securities (type) (registered at the CDCP) in bearer form. The Notes have been assigned the identification code ISIN SK4120013012.

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 120,000,000 (in words: one hundred and twenty million euros). The Issue will consist of 120,000 (in words: one hundred and twenty 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) occurs and/or if the Shares (as defined below) are sold in accordance with these Terms and Conditions, (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 Bonds Act and/or under 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 6.2 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 favour 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 the 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 the Noteholder and to exercise all legal acts *vis-à-vis* the Issuer on the account of that Noteholder in relation to the Notes (whether denominated in the Noteholder's or the Issuer's currency), 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, ID-No.: 31 338 976, registered with the Commercial Register maintained by the District Court of Bratislava I, 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. 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 the Noteholder for the Notes registered on the holder's account maintained for that person by the CDCP.

1.5 Rating

The Issuer's financial standing (rating) has not been assigned by any ratings 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, Issue Period, Issue Price, Method of Note Issue

2.1 Issue Date; Issue Period

The initial sale (i.e. initial offer and subscription) of the Notes will last from 4 July 2017 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 21 July 2017 (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 par 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:

$$K = 100\ \% + \left(\frac{5.25\ \%}{360} \times PD\right)$$

where *K* is the increased issue price expressed as a percentage (%) of the nominal value of a Note and *PD* 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 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**"), conducting its business in the Slovak Republic through its branch office J & T BANKA, a.s., a branch of a foreign bank, 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 ("**CNB**") with a notification of the Prospectus approval certifying that the Prospectus has been prepared and approved in compliance with special legislation and EU law and CNB shall confirm receipt of the notification to NBS. Along with a 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 Notes can be subscribed from the beginning of the Issue Period 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

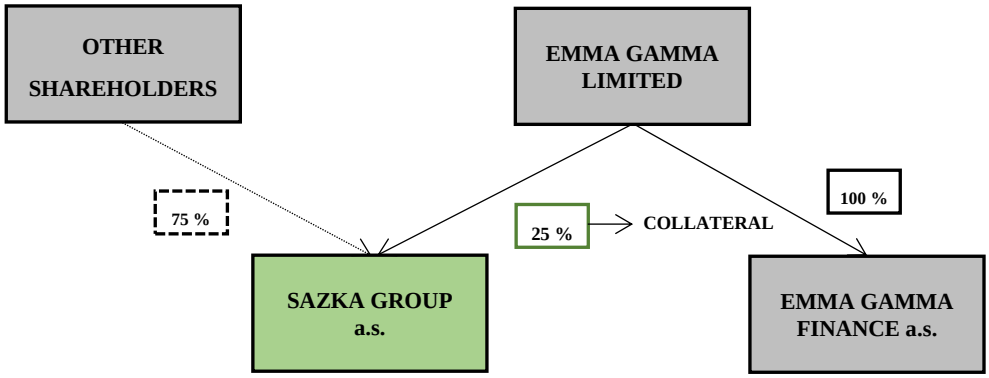
The Notes constitute direct, general, unconditional and unsubordinated obligations of the Issuer secured by the Collateral (as defined below), which rank and will always rank *pari passu* without preference among themselves, and at least *pari passu* with any other present or future direct, general, 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 Collateral 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 system or similar foreign organized market had not been aware of the affiliated nature of such receivables.

3.2 Security for Payment Obligations under Notes

As at the Issue Date, any payment obligations under the Notes will be secured by a first-ranking pledge over ordinary certificated shares issued by SAZKA Group a.s., with its registered office at Vinohradská 1511/230, Strašnice, Postal Code: 100 00, Prague 10, Czech Republic, ID-No.: 242 87 814, registered under File No. B 18161 maintained by the Municipal Court in Prague ("**SAZKA Group a.s.**"), representing a 25-per cent equity interest in the registered capital of SAZKA Group a.s. (the "**Shares**"). The holder and pledgor of the Shares is a shareholder of SAZKA Group, a.s., i.e. EMMA GAMMA LIMITED having its registered office at Esperidon 12, 4th floor, 1087, Nicosia, Republic of Cyprus, recorded under Reg. No.: HE 347073 in the register of companies maintained by the Ministry of Energy, Commerce, Industry and Tourism of the Republic of Cyprus, which is simultaneously the sole shareholder of the Issuer (the "**Shareholder**" and a pledge over the Shares as the "**Pledge over Shares**").

The Pledge over Shares can be simply expressed using the following structure (the percentage stated in the chart below represents the property interest as well as the interest in voting rights of the relevant entity):



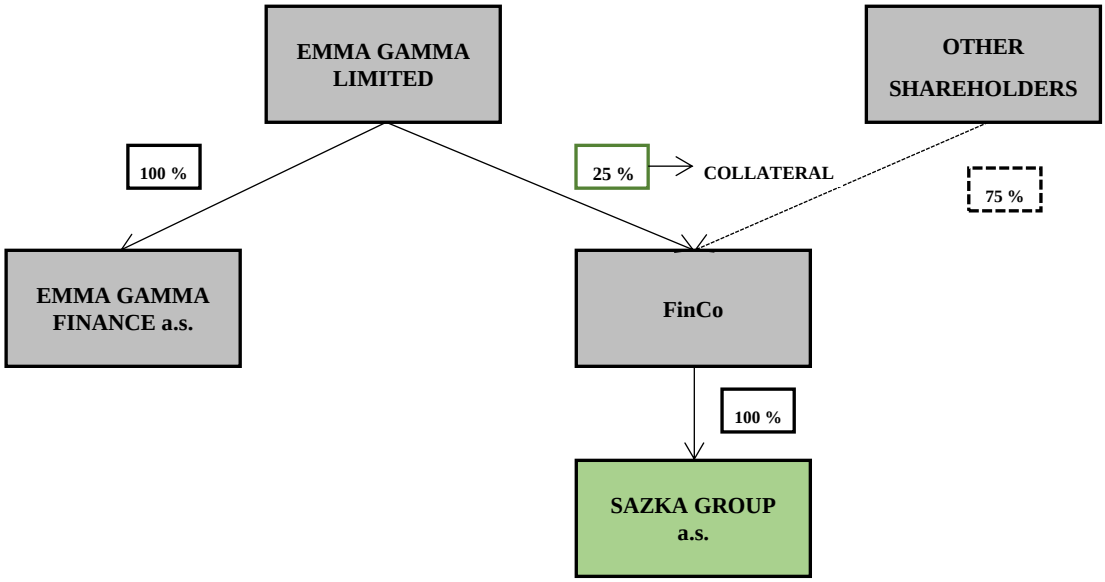
In connection with the Pledge over Shares, as at the Issue Date the Notes will further be secured by a first-ranking pledge over receivables arising from the Shareholder's account opened with the Fiscal and Paying Agent, or with another bank or branch of a foreign bank in the Czech Republic; this account will have two (2) separate sub-accounts denominated in EUR and GBP (the account together with both sub-accounts as the "**Escrow Account**"). The following amounts of money will be credited to the Escrow Account: (i) proceeds from the sale of Shares permitted under these Terms and Conditions up to the amount equal to the sum of the aggregate nominal value of all issued and outstanding Notes (save for the Notes held by the Issuer) and interest accrued on each such Note for two (2) Interest Periods, and (ii) share in profit (if any) in the form of dividends paid to the Shareholder by SAZKA Group a.s. (except for dividends below the relevant threshold limit specified in Article 4.5.4 below) (the "**Pledge over Accounts Receivable**"). Therefore, the Collateral – by its very nature – represents one form of security consisting of two interrelated elements – the Pledge over Shares and the Pledge over Accounts Receivable (jointly as the "**Collateral**"). The subject of the Collateral, i.e. the pledge, primarily includes the Shares which – upon the sale permitted under these Terms and Conditions – will be transferred to the acquirer without being encumbered with the Pledge over Shares; the proceeds from the sale of the Shares will subsequently become the subject of the Pledge over Accounts Receivable to be created in favour of the Noteholders up to the amount determined in these Terms and Conditions. If the Collateral is realized, the Noteholders may thus satisfy, or seek satisfaction of, their receivables under the Notes from either of the pledges or from both pledges, in accordance with applicable laws and these Terms and Conditions.

The Collateral will be established under Czech law (with the exception provided for in Article 4.5.2 below) in favour of the Noteholders and solely in the name of the security agent, i.e. J & T BANKA, a.s., with its registered office at Pobřežní 297/14, Postal Code: 186 00 Prague 8, Czech Republic, ID-No.: 471 15 378, registered under File No. B 1731 maintained by the Municipal Court in Prague (the "**Security Agent**"). Throughout the Issue, all copies of the respective pledge agreements relating to the subject of the Collateral (in Czech and English) (jointly as the "**Pledge Agreements**" and each individually as the "**Pledge Agreement**") will be available for inspection by the Noteholders, upon their request, at a pre-agreed time during regular business hours from 9 a.m. to 4 p.m. at the Specified Office.

In the respective Pledge Agreement(s) or in other arrangements entered into in favour of the Noteholders, the Shareholder shall undertake to meet any and all conditions and requirements imposed under these Terms and Conditions.

As specified in Article 4.5.2 below, for purposes of the Collateral the Shares may be fully replaced – upon the Shareholder's request addressed to the Security Agent – with a corresponding number of shares issued by a company incorporated under the laws of a Member State of the European Economic Area (EEA), or Switzerland, or Great Britain (if, in the meantime, Great Britain ceases to be a contracting party to the EU or the EEA) ("**FinCo**"), representing 25 per cent (%) of the registered capital of FinCo (or other similar participating interest, if FinCo is not a joint-stock company with issued shares).

Collateral in the form of such new shares and/or other participating interest can be simply expressed as follows (the percentage stated in the chart below represents the property interest as well as the interest in voting rights of the relevant entity):



3.3 Security Agent

3.3.1 Status of Security Agent

In an effort to enhance the position of the Noteholders, the Issuer has decided to secure redemption of the Notes by establishing the Collateral through the use of a Security Agent, which is contractually obliged – in particular – to pay to the Fiscal and Paying Agent the proceeds realized from the Collateral for the purpose of their payment to the Noteholders in the amount of the Issuer's outstanding payment obligations. To avoid any doubt, neither the provisions of Section 5d of the Bonds 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 activity 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 Shareholder as any of the Noteholders.

The relationship between the Issuer and the Security Agent in connection with a possible future realization of the Collateral in favour of the Noteholders, as well as in connection with some other administrative actions related to the Collateral, 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 during regular business hours from 9 a.m. to 4 p.m. at the Specified Office.

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 below), as provided below, except when – at the Security Agent's discretion – 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 Collateral.

3.3.2 Rights and Obligations of Security Agent

The Security Agent is entitled and obliged, 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.

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 Collateral in accordance with these Terms and Conditions, the Security Agent Agreement and relevant Pledge Agreements.

By subscribing or purchasing the Notes, every Noteholder further agrees to and appoints the Security Agent as the sole party to any Pledge Agreement (in whose favour the Collateral is established) 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 Agreements.

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.

3.3.3 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 pursue its core business activities (due to a revocation of relevant trade licences, 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. 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 Collateral established in favour 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.

3.4 Establishment of Collateral

The Shareholder shall create the Pledge over Shares as a first-ranking pledge in favour of the Security Agent by the Issue Date (for this purpose, the Shares duly endorsed in the name of the Security Agent will be delivered to the Security Agent). The Shareholder shall further create the Pledge over Accounts Receivable as a first-ranking pledge in favour of the Security Agent by the Issue Date. The Shareholder shall duly maintain all the Collateral until all of the Issuer's payment obligations under the Notes have been discharged in full.

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

3.5 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 a realization of the Collateral (established solely in favour 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 Collateral (including the application, recovery and satisfaction of any monetary receivable(s) under the Notes towards the Issuer by realizing the Collateral) only in cooperation with and through the Security Agent. If any Event of Default (as defined in Article 9.1 below) occurs and, at the same time, the Shares are not sold to a Designated Person in accordance with Article 3.6 hereof, the recovery of the Issuer's payment obligations through the Security Agent (including the realization of the Collateral) 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 realization of the Collateral) by an absolute majority of votes of the Noteholders attending the Meeting, and it will also determine the joint actions of the Noteholders and the manner in which the pledge is to be exercised in compliance with the law, these Terms and Conditions and relevant Pledge Agreements; when deciding on the manner of exercising the pledge, the Meeting shall in particular respect the exercise methods, deadlines and arrangements set forth in the Pledge Agreements.

3.6 Security Agent's Action when Recovering Payment Obligations and Realizing Collateral

If any Event of Default occurs and the Meeting subsequently decides, in accordance with Article 3.5 hereof, on the recovery of the Issuer's payment obligations through the Security Agent and on a future realization of the Collateral (including the manner in which the Collateral is to be realized), the Security Agent shall act in line with the Meeting's resolution, including realization of the Collateral in a specified manner, without delay after having received minutes of the Meeting from the Issuer, the Fiscal and Paying Agent or any Noteholder.

The Noteholders hereby acknowledge and agree that before starting to exercise the Pledge over Shares in any way, not later than ten (10) Business Days after the Security Agent received the minutes of the Meeting that decided on the realization of the Collateral, the Security Agent shall send to the Shareholder a notice of the option to exercise the pre-emptive right to purchase the Shares (call option) and discharge its payment obligations under the Notes from funds obtained from the purchase of the Shares (the "**Call Option Notice**"). The Shareholder shall, without undue delay, designate a person – acceptable to the Security Agent – who will purchase the Shares from the Shareholder under the set conditions and who will be a member of the Shareholder's group at the moment the transfer of the Shares is settled (the "**Designated Person**"). The Designated Person shall, within ten (10) Business Days after the Call Option Notice is delivered to the Shareholder, provide the Security Agent and the Shareholder with a binding and unconditional written offer to purchase all (not only some) the Shares from the Shareholder (the "**Call Option Offer**") at a total purchase price equal to at least a 1.1 (one point one) multiple of the nominal value of all hitherto issued and outstanding Notes (except for the Notes held by the Issuer) plus accrued and outstanding interest on the Notes. The transfer of the Shares to the Designated Person, including the payment of the full purchase price for the Shares, must be effected within ten (10) Business Days after the date of submission of the Call Option Offer; the Designated Person shall pay the full purchase price for the Shares to a bank account of the Fiscal and Paying Agent within the set time limit for the purpose of paying any amounts due to the Noteholders in accordance with these Terms and Conditions – the Shareholder will be entitled to receive a net surplus (if any), after deducting the Security Agent's costs related to the sale and discharge of all payment obligations under the Notes. If the transfer of the Shares to the Designated Person is not settled under the conditions and within the time limit set out above, the Call Option Notice will be disregarded and the Security Agent will be entitled and obliged to proceed in compliance with the relevant resolution of the Meeting and to realize the Collateral in the manner specified in that resolution.

Before starting to realize the Collateral, the Security Agent is entitled to request from the Noteholders a reasonable advance on the costs of realizing the Collateral and for other necessary cooperation or assurances (including the promise of indemnity for the Issuer's overdue payment obligations incurred in connection with the Collateral's realization) related to the Security Agent's services provided when realizing the Collateral. After deducting its own costs, other possible expenses associated with realizing the Collateral and a remuneration of 3 (three) per cent (%) of the proceeds from realizing the Collateral, the Security Agent shall subsequently transfer the proceeds from the realization of the Collateral 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 realization of the Collateral do not sufficiently cover all payment obligations under the Notes, the individual Noteholders will be satisfied from the proceeds of realization of the Collateral 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 Shareholder 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 realizing the Collateral 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 (especially from the Shareholder or Designated Person) in connection with the Collateral, and namely in the manner specified in a respective resolution of the Meeting.

4. Issuer's Representations; Negative Pledge and other Issuer's Covenants

4.1 Issuer's Representations and Covenants

The Issuer hereby 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 on the Notes within the set limit limits in accordance with these Terms and Conditions and the Prospectus.

4.2 Negative Pledge

So long as any of its payment obligations arising from the issued and outstanding Notes under these Terms and Conditions remain due and unpaid, the Issuer shall not establish, or allow the establishment of, any security for

any Liabilities by way of pledges or other similar third-party rights that would restrict the Issuer's rights over its present or future assets or income, unless the Issuer procures on or before date of the establishment of such pledges or other similar third-party rights that its payment obligations stemming from the Notes are secured (i) on a *pari passu* basis with its Liabilities so secured, or (ii) in any other manner approved by a resolution of the Meeting (as defined in Article 12 of these Terms and Conditions).

The provision of the preceding paragraph does not apply to:

(a) any pledges or other similar third-party rights that are created in the ordinary course of the Issuer's business operations or in connection therewith; or

(b) any (existing or future) pledges or other third-party rights resulting from the Issuer's contractual arrangements in force on the Issue Date; or

(c) any pledges or other third-party 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 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 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 Czech: *směnečné rukojemství*) or assumption of joint and severe liability.

4.3 Observation of LTV ratio

So long as any of its payment obligations under the Notes remain outstanding, the Issuer shall maintain the LTV ratio at a level below **60 per cent (%)** (inclusive).

The LTV ratio is defined as follows:

LTV = I / (S + C) (v %)

where

I is the Financial Indebtedness (to avoid any doubt, with the exception of the payment obligations under the Notes held by the Issuer) at the moment the LTV ratio is assessed;

S is the value of the Shares determined by Ernst & Young, s.r.o., a company having its registered office at Na Florenci 2116/15, Postal Code: 110 00, Prague 1 – Nové Město (New Town), Czech Republic, ID-No: 267 05 338, registered in the Commercial Register under File No. C 108716 maintained by the Municipal Court in Prague, or by another independent auditor or expert acceptable to the Security Agent; a list of acceptable auditors/experts will be included in the Security Agent Agreement. The evaluation must be prepared in a form and content satisfactory to the Security Agent and must comply with the established standards and methods for evaluation of participating securities on the domestic market; and

C is the remaining balance on the Escrow Account.

For the purpose of the LTV calculation, any and all input values will be denominated in euros (EUR). If any of the input values are denominated in a different currency, its equivalent value in EUR will be determined using the foreign exchange reference rate announced by the European Central Bank (ECB) on the date of the LTV calculation.

Neither the LTV ratio, nor any individual partial elements served as a LTV calculation basis, are and will be published in the Issuer's financial statements; the LTV value will be available to the Noteholders in the form of a LTV Certificate (as defined below).

For the purpose of the LTV calculation, any and all input values as well as the calculation itself (i.e. the date the input values are determined and the calculation is made) may not be older than three (3) months before the date on which the LTV Certificate is submitted to the Security Agent, as specified hereinafter. If the Shares are admitted to trading on a European regulated market, the input values and the calculation itself (i.e. the date the input values are determined and the calculation is made) may not be older – for LTV calculation purposes – than ten (10) Business Days before the date on which the LTV Certificate is submitted to the Security Agent.

The observation of the LTV ratio is subject to the following rules:

If, at the moment of LTV assessment, the LTV ratio exceeds the threshold level of **60 per cent (%)**, an Event of Default according to Article 9.1 will occur, except when the Shareholder transfers sufficient cash money to the Escrow Account within one (1) month after the Event of Default resulting in a reduction of the LTV ratio below the required threshold.

The Issuer shall submit the LTV ratio calculation to the Security Agent on 30 April 2018 and, afterwards, always on 30 April of each year throughout the Issue (if any date falls on a day that is not a Business Day, then the LTV ratio will be submitted on the next Business Day). The Issuer shall submit the LTV calculations to the Security Agent in the form of a certificate of compliance with the LTV ratio (the "**LTV Certificate**") issued and undersigned by the respective acceptable auditor/expert; an LTV Certificate template will be attached as an annex to the Security Agent Agreement. The Issuer shall simultaneously ensure that the LTV Certificate is available to the Noteholders in the manner set forth in Article 13 hereof; the availability of the LTV Certificate might be conditional upon disclosing the Noteholders' identification data. If the Shares are admitted to trading on a European regulated market, the LTV Certificate will always be submitted to the Security Agent twice a year, namely on 30 April and on 30 September of each year throughout the Issue; for the purpose of the LTV calculation, the "S" input value will be obtained as the market value from public information available on the relevant regulated market, i.e. as the price equal to the closing quote of the Share at the close of a trading day on the relevant regulated market.

4.4 Transactions with Related Parties

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

4.5 Permitted Disposal of Shares and Funds on Escrow Account

Any permitted disposal of the Shares and of funds held in the Escrow Account as specified in this Article 4.5 does not constitute *ipso jure* an Event of Default under Article 9.1 above or the reason for convening the Meeting in accordance with Article 12 of these Terms and Conditions.

4.5.1 Change in Form of Shares

The Noteholders acknowledge and agree that the Shareholder may, at any time after the Issue Date, decide on a change in the form of the Shares to book-entry shares and *vice versa* (in that case the Pledge over Shares will be maintained in full force and effect and the Issuer shall provide the Security Agent with all necessary cooperation as may be required by the Security Agent in connection with maintaining and protecting the Collateral).

4.5.2 Replacing Shares by New Shares or Another Participation Interest

The Noteholders further acknowledge and agree that the Shareholder may, at any time after the Issue Date, contribute the Shares to the registered capital of the business company FinCo as consideration for the acquisition of 25 per cent (%) of shares in FinCo (or other similar participating interest in the registered capital and voting rights, if FinCo is not a joint-stock company), it being assumed that a 100 per cent (%) interest in FinCo will be directly or indirectly held by the existing ultimate beneficial owners of SAZKA Group a.s. Upon the Shareholder's request addressed to the Security Agent, all the Shares can be – for purposes of the Collateral – replaced by the corresponding number of shares issued by FinCo and representing 25 per cent (%) of the FinCo's registered capital (or by other similar participating interest, if FinCo is not a joint-stock company) (the "**New Shares**"). The condition of replacing the Shares with the New Shares is that none of the Events of Default referred to in Article 9.1 hereof has occurred or is continuing and that the Security Agent received, before the Collateral replacement, (i) a legal opinion prepared by a renowned external law firm, in form and content acceptable to the Security Agent, stating that a valid and effective pledge or other similar security in respect of the New Shares under applicable (foreign) law will be created in the name of the Security Agent and in favour of the Noteholders on the date of the Collateral replacement, and (ii) a confirmation from an acceptable auditor/expert, in form and content satisfactory to the Security Agent, that FinCo has no material payment obligations *vis-à-vis* third parties with the exception of arm's length obligations related to the incorporation and management of FinCo, i.e. the acquisition of shareholders' interests in FinCo. The Collateral will be replaced by way of creating a pledge (or other similar right) over the New Shares in exchange for a waiver of the Pledge over Shares (the Security Agent shall waive the Pledge over Shares without undue delay after a valid and effective pledge (or other similar right) over the New Shares is created); in connection with the Collateral replacement, the Security Agent may at any time request from the Issuer, the Shareholder or the New Shareholder any information, (expert) opinions or documents as may be considered appropriate or necessary by the Security Agent to maintain the Collateral and protect the Noteholder's rights.

In order to replace the Shares by the New Shares, the Shareholder shall enter – sufficiently in advance (as necessary) – a pledge or other similar agreement in respect of the New Shares, in a form and content satisfactory to the Security Agent (such agreement will be deemed to be a Pledge Agreement for purposes of these Terms and Conditions). Under any such pledge agreement concluded under the laws of the relevant jurisdiction (in accordance with conflict-of-law provisions of international private law) acceptable to the Security Agent, a pledge (or other similar right) over the New Shares will be created not later than the moment the Pledge over

Shares under the original Pledge Agreement is terminated. For this purpose, the Security Agent may request any appropriate or necessary cooperation from the Issuer, the Shareholder and/or New Shareholder, who will be obliged to provide such cooperation to the Security Agent or, to be more precise, the Issuer shall ensure that the required cooperation is provided. The Issuer shall notify the Noteholders of the Collateral replacement in the manner set out in Article 13 of these Terms and Conditions.

For purposes of the definition of Collateral and these Terms and Conditions, any New Shares will be fully deemed to be the "Shares" and the pledge over the New Shares will be fully deemed to be the "Pledge over Shares" following the Collateral replacement. The Noteholders hereby acknowledge that the number of New Shares or their nominal value does not have to correspond to the number or nominal value of the original Shares.

If it is appropriate or purposeful in connection with the Collateral replacement (notably with regard to the administration and potential exercise or other realization of the Collateral in the relevant foreign jurisdiction), the Issuer shall forthwith – at the Security Agent's request (made at the Security Agent's sole discretion) – authorize a New Security Agent to act as Security Agent in respect of the Notes, i.e. any other person holding the relevant securities broker's license authorizing it to act as security agent in a jurisdiction governing the substantive-legal and contractual effects of a new Pledge Agreement or other similar security documentation in respect of the New Shares. For this purpose, the Issuer and/or the Shareholder shall promptly enter with a New Security Agent into new Pledge Agreements or other similar security documentation, corresponding in all material respects to the current security documentation (except for specification of the subject of the Collateral and necessary deviations stemming from applicable laws governing the new security documentation), and the existing Security Agent shall provide all cooperation as may be required in connection with the Security Agent's replacement. In any case it applies that a replacement of the Security Agent will not take effect unless a New Security Agent assumes any and all rights and obligations of the existing Security Agent resulting from these Terms and Conditions, including the conclusion of new security documentation, so that not later than the moment the Security Agent is replaced, valid Collateral has been established in favour 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.

4.5.3 Sale of Shares

The Shareholder is entitled (even repeatedly) to sell up to one half (½) of all the Shares to any third person(s) at arm's length terms and solely against financial consideration (no set-off), after giving prior notice to the Issuer and the Security Agent of at least thirty (30) calendar days before the required waiver of a pledge over the Shares to be sold (the date specified in the Shareholder's notice as the "**Share Release Date**"), subject to the terms and conditions provided for in Article 4.5.4 below (the "**Share Release Notice**"). In that case, the Security Agent shall – by the Share Release Date – provide the Shareholder with a written confirmation of waiver of the pledge over the respective Shares, however, not earlier than after the Shareholder informs the Security Agent – to the extent and in a manner acceptable to the Security Agent – about the procedure regarding the sale of the Shares and about the fact that the obligations set forth in Article 4.5.4 below will be met without delay after the sale is effected (for the purpose of the intended transfer, the Security Agent may request from the Shareholder or the Issuer any documents or information which are/is, in the Security Agent's sole discretion, necessary for a consideration whether or not the transfer of the respective Shares will occur in accordance with Article 4.5.4 below).

The Shareholder may not transfer any of the Shares if any of the Event of Defaults referred to in Article 9.1 hereof has occurred or is continuing.

After any of the Shares are sold in accordance with this Article 4.5.3, the sold shares will no longer be deemed the Shares that form the Collateral subject to the obligations and restrictions provided for in these Terms and Conditions.

However, if the respective Shares are not sold within thirty (30) calendar days after the Share Release Date, the Shareholder will be obliged to ensure that all of the unsold Shares will be forthwith, but not later than by the expiry of such period, re-pledged in favour of the Security Agent acting on the Noteholders' behalf, to the same extent and under the same conditions under which such Shares had been pledged before they were released for the purpose of sale. The Security Agent is entitled (at its sole discretion and at the Shareholder's request) to decide on extending the re-pledging period by additional thirty (30) calendar days. The Issuer shall notify the Noteholders of such facts in the manner set forth in Article 13 of these Terms and Conditions.

Throughout the permitted release of any part of the Collateral (as it is envisaged in this Article 4.5.3), the LTV ratio may temporarily exceed the 60-per cent (%) threshold; such excess will not be considered an Event of Default under Article 9.1, neither will it constitute *ipso jure* the reason for convening the Meeting.

From the moment the Share Release Notice is delivered to the Security Agent in accordance with this Article 4.5.3 until the security collateral is re-established in respect of any unsold Shares or until funds raised from the sale of the Shares are deposited into the Escrow Account according to Article 4.5.4 below, whichever is relevant or occurs later, the Issuer is not allowed to sell or otherwise dispose of its Notes to any third persons.

4.5.4 Escrow Account

The Shareholder shall open an Escrow Account to collect funds obtained from, *inter alia*, the sale of the Shares permitted under this Article 4.5 for the purpose of discharging any payment obligations under the Notes. To secure the payment obligations under the Notes, any receivables resulting from the Escrow Account will be pledged in favour of the Security Agent in compliance with Article 3.2 and within the time limit set out in Article 3.4 above.

The Shareholder will be entitled to sell any of the Shares up to one half (1/2) of all pledged Shares. The Shareholder shall deposit into the Escrow Account any financial consideration (counter-performance) for the Shares up to the sum of the aggregate nominal value of all hitherto issued and outstanding Notes (except for the Notes held by the Issuer) and interest accrued on each such Note for two (2) Interest Periods, namely without delay after the receipt of consideration but not later than three (3) Business Days after the sale of the Shares is settled. The Shareholder shall further deposit into the Escrow Account any amounts received as a profit share (dividend) from SAZKA Group a.s. provided that the amount of such profit share (dividend) exceeds in each individual case (for one accounting period) EUR 10,000,000 (in words: ten million euros); the Shareholder shall notify the Security Agent of this fact in advance.

The Shareholder may only dispose of funds on the Escrow Account in accordance with these Terms and Conditions. Until the Notes are redeemed in full, the funds held in the Escrow Account may only be used to discharge the payment obligations under the Notes (e.g. as expressly set forth in Articles 6.5 and 6.6 below), except as otherwise stipulated in the provisions of this Article 4.5.4 hereinafter.

The Issuer will, after the sale of the respective Shares, ensure that an LTV Certificate (the "**Release LTV Certificate**") is prepared ad hoc and delivered to the Security Agent. The Issuer shall further ensure that the Release LTV Certificate is available to the Noteholders in the manner set forth in Article 13 hereof; the availability of the Release LTV Certificate might be conditional upon disclosing the Noteholders' identification data. If the LTV value is lower than 50 per cent (%) following the sale of the Shares, the Shareholder may reduce the volume of funds held in the Escrow Account by such an amount, so that the LTV ratio is equal to 50 per cent (%) as a result of reduced funds in the Escrow Account (however provided that the permitted reduction of funds in the Escrow Account does not result in the LTV ratio exceeding the 50-per cent (%) threshold). The Release LTV Certificate must specify the required amount to be released and must contain an assurance that even after the required amount is released, the LTV ratio will be kept below the level of 50 per cent (%). Regarding the form, content, denomination and requirement for the age of input values used for calculating the LTV ratio, the rules set out in Article 4.3 above will apply *mutatis mutandis* to the Release LTV Certificate (taking into account whether or not the Shares are admitted to trading on a European regulated market at the moment the Release LTV Certificate is prepared). For the purpose of releasing funds from the Escrow Account hereunder, the Security Agent shall provide the Shareholder with the necessary cooperation so that the funds will be released within five (5) Business Days after the Security Agent received the Release LTV Certificate (if the LTV Certificate is not delivered to the Security Agent, the funds may not be released from the Escrow Account).

At any time during the Issue, the Shareholder may – through and at the expense of the Issuer – initiate (even repeatedly) an ad hoc preparation of the Release LTV Certificate and take, under the Release LTV Certificate, a further course of action according to the foregoing paragraph, i.e. reduce the volume of funds held in the Escrow Account by such an amount so that the LTV ratio is equal to 50 per cent (%) as a result of the reduced funds in the Escrow Account.

4.6 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 the Security Agent with the following documents and information or, to be more precise, shall ensure that such documents or information are provided by the Shareholder and SAZKA Group a.s., and FinCo:

- audited non-consolidated annual reports of the Issuer and the Shareholder, as well as audited consolidated annual reports of SAZKA Group a.s., and FinCo (always by the end of April of each year for the preceding year);
- semi-annual non-consolidated financial statements of the Issuer and the Shareholder, as well as semi-annual consolidated financial statements of SAZKA Group a.s., and FinCo (always by the end of September of each year after the end of a half-year for the preceding year);
- documents evidencing the observance of the LTV ratio, always as at 30 April or 30 September of the respective year throughout the Issue, or as at another date if the LTV Certificate or the Release LTV Certificate is issued on that date in accordance with these Terms and Conditions;
- the LTV Certificate or the Release LTV Certificate; and
- other relevant information as may be reasonably required by the Security Agent in connection with the fulfilment of the Issuer's obligations under these Terms and Conditions.

Furthermore, until full redemption of the Notes the Issuer shall – in the manner specified in Article 13 of these Terms and Conditions – submit the following documents and information or, to be more precise, shall ensure that such documents or information are provided by the Shareholder and SAZKA Group a.s., and FinCo:

- audited non-consolidated annual reports of the Issuer and audited consolidated annual reports of SAZKA Group a.s., and FinCo (always by the end of April of each year for the preceding year);
- semi-annual non-consolidated financial statements of the Issuer and semi-annual consolidated financial statements of SAZKA Group a.s., and FinCo (always by the end of September of each year after the end of a half-year for the preceding year); and
- the LTV Certificate or the Release LTV Certificate.

4.7 Definitions

For purposes of this Article 4, the following terms have the meanings set out below. Unless provided otherwise, the Issuer's non-consolidated financial statement prepared in conformity with International Financial Reporting Standards (IFRS) is the source of information with respect to individual items.

"**Subsidiary**" means, in relation to a company (the "First Person") at a specific time, any other company (the "Second Person"),

(a) whose matters and business policy the First Person independently controls or has the power to control, regardless whether through the registered capital, an agreement, the right to appoint or recall members of the controlling body of the Second Person or otherwise; and/or

(b) whose financial statements are consolidated with the financial statements of the First Person in accordance with applicable laws and generally established accounting principles.

"**IFRS**" means International Financial Reporting Standards (IFRS and IFRIC Interpretations), as amended, adopted by the European Union, and consistently applied.

"**Related Party**" means any member of the EMMA Group and/or SAZKA Group.

"**Financial Indebtedness**" means, in relation to the Issuer (including its Subsidiaries, if any) (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 by acceptance under any acceptance or discount credit facility (or its equivalent in dematerialized form);

(c) 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, bonds (obligations), loan stock or any other similar instruments;

(d) financial or capital lease in accordance with IFRS;

(e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis subject to the fulfilment of the requirement for exclusion from a balance sheet (debiting) in accordance with IFRS);

(f) 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;

(g) the amount of any liability in respect of any advance / deferred purchase agreement if (i) one of the main reasons for entering into any such agreement is to raise funds or to finance the acquisition or construction of relevant assets (property) or services; and (ii) the subject-matter of an agreement is the delivery of assets (property) or services and the payment is due and payable for more than 180 days after the date of delivery;

(h) any amount raised under any other transaction (including any forward sale or purchase agreement, sale and re-sale agreement or sale and lease-back agreement) having commercial effects as a borrowing or otherwise classified as a borrowing under IFRS; and

(i) (without double counting) the amount of any liability under guarantee or indemnity in respect of any items referred to in (a) through (i) above.

The term "**Financial Indebtedness**" does not include:

(a) any lease of movables and real estate that would be considered an operating lease under IFRS (as applied on the Issue Date), or any guarantee provided by a relevant person in the ordinary course of business solely in connection with and in relation to liabilities of the relevant person under the operating lease; *on condition that* if any change in IFRS occurs after the Issue Date, the consideration and determination whether or not the lease is deemed to be an operating lease under IFRS, as applied on the Issue Date, will be made (i) subject to the reasonable *bona fide* discretion of the chief financial officer (CEO) of the relevant person (or any other person in a similar senior accounting role with the relevant person) made in accordance with the established practices, and (ii) following the application of IFRS principles (as applied on the Issue Date);

(b) potential liabilities arising in the ordinary course of business;

(c) in connection with the purchase or sale of any enterprise by a relevant person, any adjustments (adjusting entries) following the completion of a transaction (settlement) to the performance of which the seller may be entitled in the amount of payment specified in the closing balance sheet or to the extent to which the payment is dependent on the economic performance of such enterprise after the transaction is completed (settled); and

(d) to avoid any doubt, any potential liabilities in relation to employees' claims to compensation for damage (damages), liabilities deriving from early retirement or early termination of a contract, or liabilities resulting from a pension fund or pension fund contributions, and/or other similar claims, liabilities or contributions, social security charges and wage tax.

The Financial Indebtedness, *per se*, is not mentioned/published in the Issuer's financial statements. In case of the Noteholders' interest or need, the calculation of the Financial Indebtedness will be available for inspection by the Noteholders, at their expense, at a pre-agreed time during regular business hours at the Specified Office.

5. Interest

5.1 Method of Interest Calculation; Interest Period

The Notes will bear interest at a fixed rate of 5.25 per cent (%) p.a. The interest will be paid quarter-annually in arrears, always on 21 January, 21 April, 21 July and 21 October of each year (each such date as the "**Interest Payment Date**"). The first Interest Payment Date will be 21 October 2017.

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 three (3) months beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date, and each immediately following period of three (3) 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 of Notes

6.1 Final Redemption

The nominal value of the Notes will be repaid in a single payment on 21 July 2022 (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 6.5, 6.6, 9 and 12.4.1 of these Terms and Conditions.

6.2 Repayment of Total or 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 total or 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 21 July 2018. The Issuer is entitled to carry out the amortization under this Article 6.2 on a recurring basis (within 15 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 6.2 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 6.2.

6.2.1 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 sixty (60) 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 the 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 6.2.2 below.

6.2.2 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 favour of any Authorized Person (as defined in Article 7.4 below). Extra interest on one (1) Note will equal to the product of a respective amount of the nominal value by which the aggregate outstanding nominal value of a Note is reduced and the interest rate of the Notes (expressed in decimal form), multiplied by

the ratio of whole calendar months remaining from the relevant Amortization Date until the Final Redemption Date to the number sixty (60).

6.3 Purchase of Notes

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

6.4 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 dispose of the Notes at its sole discretion (with the exception referred to in Article 4.5.3 above). 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).

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

6.5.1 Change of Control Event

If a Change of Control Event occurs, 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 Šmejc ceases to be a direct or indirect holder of at least 51 per cent (%) of the Issuer's shares, or otherwise ceases to have an influence on the management, corporate strategy and business policy of the Issuer, whether directly or indirectly, through the ownership of an interest with voting rights attached thereto, an agreement or otherwise.

To avoid any doubt, "Change-of-Control Event" does not include the situation where SAZKA Group a.s.' shares are contributed into the FinCo's registered capital, as envisaged in Article 4.5.2 above.

6.5.2 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 nominal value of the Notes held by that Noteholder – which the Noteholder undertakes not to dispose of from the moment the Early Redemption Notice is delivered – along with any accrued and undistributed interest thereon according to Article 5.1 of these Terms and Conditions, as at the Early Redemption Date (as defined in Article 9.2 below). The Issuer is obliged to redeem such Notes (along with accrued and undistributed interest thereon) within the deadline set out in Article 9.2 of these Terms and Conditions.

6.5.3 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 6.5.2 above. However, such withdrawal of the Early Redemption Notice is without prejudice to any Early Redemption Notices given by the other Noteholders.

6.5.4 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 6.5.

For the purpose of discharging the payment obligations (liabilities) under the Notes according to Article 6.5 hereof, the Shareholder is entitled to provide the Issuer with any and all funds held in the Escrow Account; neither the release of funds from the Escrow Account nor their utilization will be deemed *ipso jure* to be an Event of Default under Article 9.1 of these Terms and Conditions.

6.6 Early Redemption of Notes at Option of Noteholders when Selling Shares

6.6.1 Sale of Shares

If any of the Shares are sold in accordance with Article 4.5.3 above, the Issuer shall report this fact in writing to the Fiscal and Paying Agent without undue delay, however not later than three (3) Business Days after having become aware thereof, as well as to the Noteholders in the manner specified in Article 13 of these Terms and Conditions (the "**Share Sale Notice**").

6.6.2 Noteholders' Right to Request Early Redemption

Any Noteholder may, at its sole discretion, within ten (10) Business Days after the Share Sale 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 nominal value of the Notes held by that Noteholder – which the Noteholder undertakes not to dispose of from the moment the Early Redemption Notice is delivered – along with any accrued and undistributed interest thereon in accordance with Article 5.1 of these Terms and Conditions. Any amounts owed by the Issuer to any Noteholder according to the preceding sentence of this Article 6.6.2 become due and payable on the fifteenth (15^{th}) Business Day following the date of publication of the Share Sale Notice (addressed to the Issuer) to the Fiscal and Paying Agent's Specified Office (the "**Early Redemption Date**").

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 the respective amounts become due and payable according to Article 6.6.2 above. However, such withdrawal is without prejudice to any Early Redemption Notice served by the other Noteholders.

6.6.4 Other Early Redemption Terms

The Issuer shall redeem the Notes, in respect of which the Issuer was requested to make the early redemption, only in a volume corresponding (in percentage) to the total volume of the Shares whose sale has resulted in the publication of the Share Sale Notice (e.g. if 25 per cent (%) of the Shares are sold, the Issuer will be obliged to early redeem the Notes up to the maximum aggregate nominal value equal to 25 per cent (%) of the aggregate nominal value of all issued and outstanding Notes held by third parties; i.e. excluding the Notes held by the Issuer). For this purpose, the Issuer is entitled to proportionally (i.e. always on a pro rata basis) reduce the number of the Notes specified in the Early Redemption Notice and, in cooperation with the Fiscal and Paying Agent, to round down the number of the Notes requested to be early redeemed to whole numbers; the Issuer shall notify the individual Noteholders in writing of any potential reduction and rounding event.

For the purpose of discharging the payment obligations (liabilities) under the Notes according to Article 6.6 above, the Shareholder is entitled to provide the Issuer with any and all funds deposited into the Escrow Account; neither the release of funds from the Escrow Account nor their utilization will be deemed *ipso jure* to be an Event of Default under Article 9.1 of these Terms and Conditions.

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 following 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 a 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**" is a day falling thirty (30) calendar days before 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 6.2 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 6.2 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**" is a day falling thirty (30) calendar days before 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.

Solely for the purposes of early redemption of the Notes according to Article 6.6 of these Terms and Conditions, "**Record Date for Nominal Value Repayment**" and "**Record Date for Interest Payment**" means the date of publication of the respective Share Sale Notice under Article 6.6.1 of these Terms and Conditions. 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 the 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 sufficient details of that account in order to allow the Fiscal and Paying Agent to make the payment. The Instructions will be accompanied by an original or officially certified copy of a certificate evidencing the tax domicile of the recipient of the respective payment for the relevant tax period and, if the payee is a legal entity, also 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. 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, 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 Notes 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 Shareholder 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, or any material obligation under the Fiscal and Paying Agent Agreement, the Security Agent Agreement or any Pledge Agreement, 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 or the Security Agent by means of a letter delivered to the Issuer at the address of the Specified Office; or

(c) *Other Default by Issuer or Material Subsidiary*

Any other liabilities of the Issuer or any Material Subsidiary exceeding in aggregate EUR 40,000,000 (in words: forty 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

"**Material Subsidiary**" means SAZKA Group a.s. and any Subsidiary (as defined in Article 4 above) of SAZKA Group a.s., whose share in the consolidated EBITDA exceeds 10 per cent (%) according to the last consolidated financial statements;

or

(d) *Court Judgments and other Decisions*

The Issuer or any Material Subsidiary fails to comply with any of its payment obligations exceeding, individually or in aggregate, EUR 40,000,000 (in words: forty 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 Material Subsidiary or within any longer period set forth in the relevant decision; or

(e) *Issuer's Unauthorized Transformation*

The Issuer carries out any transformation involving – within the meaning of the Slovak Act No. 513/1991 Coll., the Commercial Code – 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 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 any part thereof); or

(f) *Illegality*

The Issuer'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 material obligations under these Terms and Conditions or under the Notes becomes illegal; or

(g) *Insolvency*

The Issuer or any Material Subsidiary 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 any Material Subsidiary 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 any Material Subsidiary'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 any Material Subsidiary'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 Czech court renders a final judgment or the General Meeting of SAZKA Group a.s. passes a resolution on the winding up of SAZKA Group a.s. with liquidation; or

(i) *Non-Establishment or Cessation of Collateral in favour of Security Agent*

The Collateral (or any part thereof) in favour of the Security Agent is not established within the set time limit or ceases to be in full force and effect at any time for whatever reason (with the exceptions permitted under these Terms and Conditions), and the Issuer is in delay with convening the Meeting or the Issuer challenges the validity or effectiveness of the Collateral (or any part thereof) in favour of the Security Agent; or

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

The General Director or other competent body of BSSE (whichever is relevant) 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 Activities*

The Issuer or any Material Subsidiary ceases to conduct or to be authorized to conduct its core business activities;

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 - which the Noteholder undertakes not to dispose of from the moment the Early Redemption Notice is delivered - plus any accrued and undistributed Interest thereon pursuant to Article 5.1. of these Terms and Conditions, 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.

9.2 Maturity of Accelerated Bonds

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 Notice 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 and Specified Office

J & T BANKA, a.s., conducting its business in the Slovak Republic through its branch office J & T BANKA, a.s., 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:

J & T BANKA, a.s., branch of a foreign bank
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 (30^{th}) day following the 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., a 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 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 obligations set out in Article 4 of these Terms and Conditions and/or any proposed change(s) to the scope or other conditions of the Collateral under Articles 3.2 through 3.6 of these Terms and Conditions (except for any actions expressly permitted in Articles 3.2 through 3.6 and 4 hereof), 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 the Security Agent, or 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. 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 the 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 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 6.4 of these Terms and Conditions, or b) any Notes held by the Shareholder, or persons controlled by or affiliated with the Issuer or Shareholder, 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 6.4 of these Terms and Conditions and any Notes held by the Shareholder, or persons controlled by or affiliated with the Issuer or Shareholder, 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 in accordance with Section 5d of the Bonds Act. However, the common proxy's activities may not be contrary to the Security Agent's authority or activities under these 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 3/4 (three-quarters) 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 obligation referred to in Article 4 hereof or any proposed changes to the scope and other conditions of the Collateral set forth in Articles 3.2 through 3.6 of these Terms and Conditions, 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 favour 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.

12.5 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: 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.

14. Governing Law; Language

Any rights and obligations under the Notes (except for the Collateral and its recovery by the Security Agent) will be governed by, and construed in accordance with, the laws of the Slovak Republic. Any rights and obligations resulting from the Collateral (including its valid establishment and recovery by the Security Agent) will be governed by, and construed in accordance with, the laws of the Czech Republic. In the future the Collateral, in respect of the Shares, may, however, be governed by a different foreign law provided the Shares are replaced by other shares or participation interest(s) (as described in Article 4.5.2 above). 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 or these Terms and Conditions will be finally resolved by the competent Slovak court. The relevant Czech court will be competent to decide any dispute arising between the Shareholder and the Noteholders in respect of the Collateral.

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

As far as the Issuer is aware, none of the natural persons or legal entities involved in the Note Offer, except the Lead Manager who places the Notes under a "best efforts" agreement, has an interest in the Note Offer that would be material to such Bid.

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, Bus. ID: 247 66 259 (hereinafter referred to as the "Arranger"), operating in the Slovak Republic through its organisational unit J&T IB and Capital Markets, a.s., organizational unit, located at Dvořákovo nábrežie 10, 811 02 Bratislava, Slovak Republic, ID: 46 588 345. The subject of the Note Issue 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 law firm of PRK Partners s.r.o.

In addition, the Issuer has entrusted arrangements for placement of the Notes, on the basis of a Note Issue Agreement, to J & T BANKA, a.s., registered office at Pobřežní 297/14, 186 00 Prague 8, Czech Republic, Bus. ID: 471 15 378 (hereinafter also referred to as "**Lead Manager**"), operating in the Slovak Republic through its branch, J & T BANKA, a.s., foreign bank branch. The Issuer has also entrusted to J & T BANKA, a.s., operating in the Slovak Republic through its branch, J & T BANKA, a.s., foreign bank branch, the activities of Fiscal and Paying Agent 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 3,640,000 if the entire estimated volume of the Notes (i.e. EUR 120,000,000) 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 2,000, in accordance with the Stock Exchange Rate Schedule.

The Issuer expects the net total Note Issue Earnings to be approximately EUR 116,360,000 for the issue of the entire expected Note volume (i.e. EUR 120,000,000) by the Issue Date. The net Note Issue Earnings will be primarily used to provide an interest-bearing loan to the Shareholder.

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 120,000,000 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; 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 ("best efforts" commitment). The estimated Lead Manager's remuneration (commission) represents approximately 2.60% of the total nominal value of the Notes placed.

Primary Bond 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 will last from 4 July 2017 until the term of this Prospectus expires. 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 21 July 2017.

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 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 amount 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 remuneration, fees, or expenses associated with the subscription and purchase of the Bonds. A condition of participation in a public offer is proof of the identity of the investor using a valid identity document. Investors will be satisfied in line with the time of their orders, and after completing the total volume of the Issue, no further orders will be accepted or satisfied, so that no downsizing can occur. Any overpayments will be returned by the investor to the account from which they were sent. 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 relevant Regulated Market. There are no pre-emption rights or pre-subscription rights in relation to the Notes.

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. 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. Neither the Issuer nor the Lead Manager charges any taxes, costs or fees to investors in connection with the primary sale (subscription) of the Notes.

For the successful settlement of the primary sale of the Notes (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 his/her 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 PPF banka a.s., 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. No other conditions relevant to the use of the Prospectus are linked to the Issuer's consent. If a new significant fact or material error or material inaccuracy in relation to the data included in this Prospectus arises or is discovered prior to the conclusion of the public offering of Notes or the commencement of trading of the Notes on the relevant Regulated 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 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 by the Lead Manager at a price determined and published by the BSSE under the Stock Exchange Rules. In the subsequent sale of Notes on the secondary market by means of a public offer based on the Issuer's consent to the Lead Manager as a financial intermediary using this Prospectus, the Lead Manager charges investors according to its current rate schedule, currently at 0.60% of the volume of the trade. 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 Lead Manager’s rate schedule is published for the purposes of the offer in the Slovak Republic at www.jtbanka.sk, in the Useful Information section, Rate Schedule subsection of J & T Bank, a.s., foreign bank branch, and for the purposes of the offer in the Czech Republic at www.jtbank.cz, in the Useful Information section, Rate Schedule subsection.

NOTICE TO INVESTORS:

Information on the Terms and Conditions of the offer of a financial intermediary must be provided by the financial intermediary to each specific investor as at the time of the offer.

The Lead Manager and PPF banka a.s. using the Prospectus must state on their website that the Prospectus is being used in accordance with the consent and conditions attached thereto.

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 authorising 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 and 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 acquirers 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 Bonds, 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 a 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 Republic 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 Bonds 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 cautions prospective Note acquirers 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 authorised 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 free 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, endeavour to take steps that it deems necessary and reasonable to stabilise or maintain a market price for the Notes that would otherwise not prevail. The Lead Manager may terminate this stabilisation at any time. No person has adopted the obligation to act as a mediator in secondary trading (secondary market maker).

The Issuer has not issued any securities that would be admitted to trading on a regulated or other equivalent securities market.

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 20 June 2017

For EMMA GAMMA FINANCE a.s.

[signed in the Slovak original version of the Prospectus]	[signed in the Slovak original version of the Prospectus]
Petr Stöhr	Monika Špilbergerová
member of the Board of Directors	*member of the Board of Directors*

VIII. INFORMATION ABOUT THE ISSUER

1. AUTHORISED AUDITORS

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

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

2. RISK FACTORS

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

3. SELECTED FINANCIAL INFORMATION

Due to the fact that the Issuer was incorporated in the Commercial Register on 2.6.2017 and has not carried out any business since its inception, no audited annual financial statements or other historical financial information have been prepared.

The financial information below is selected from the Issuer's opening balance sheet prepared under IFRS and should therefore be read in conjunction with them.

Opening balance sheet in accordance with IFRS
at 2.6. 2017

EUR	
Non-current assets	**0**
Current assets	**27 500**
Subscribed legal capital receivable	27 500
TOTAL ASSETS	**27 500**
EQUITY AND LIABILITIES	
Equity	**27 500**
Share capital	25 000
Legal reserve	2 500
TOTAL EQUITY	**27 500**
Non-current liabilities	**0**
Current liabilities	**0**
TOTAL LIABILITIES	**0**
TOTAL EQUITY AND LIABILITIES	**27 500**

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
pre-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 IČO: 50 897 942. The Issuer is a company founded for a specific purpose and the Issuer has not carried out any business activity in the past.

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 Shareholder, 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 organisation of sporting, cultural and other social events
- Performing extra-curricular educational activities
- Advertising and marketing services, market research and public opinion research
- Administrative and support 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
- Rental of immovable property
- 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

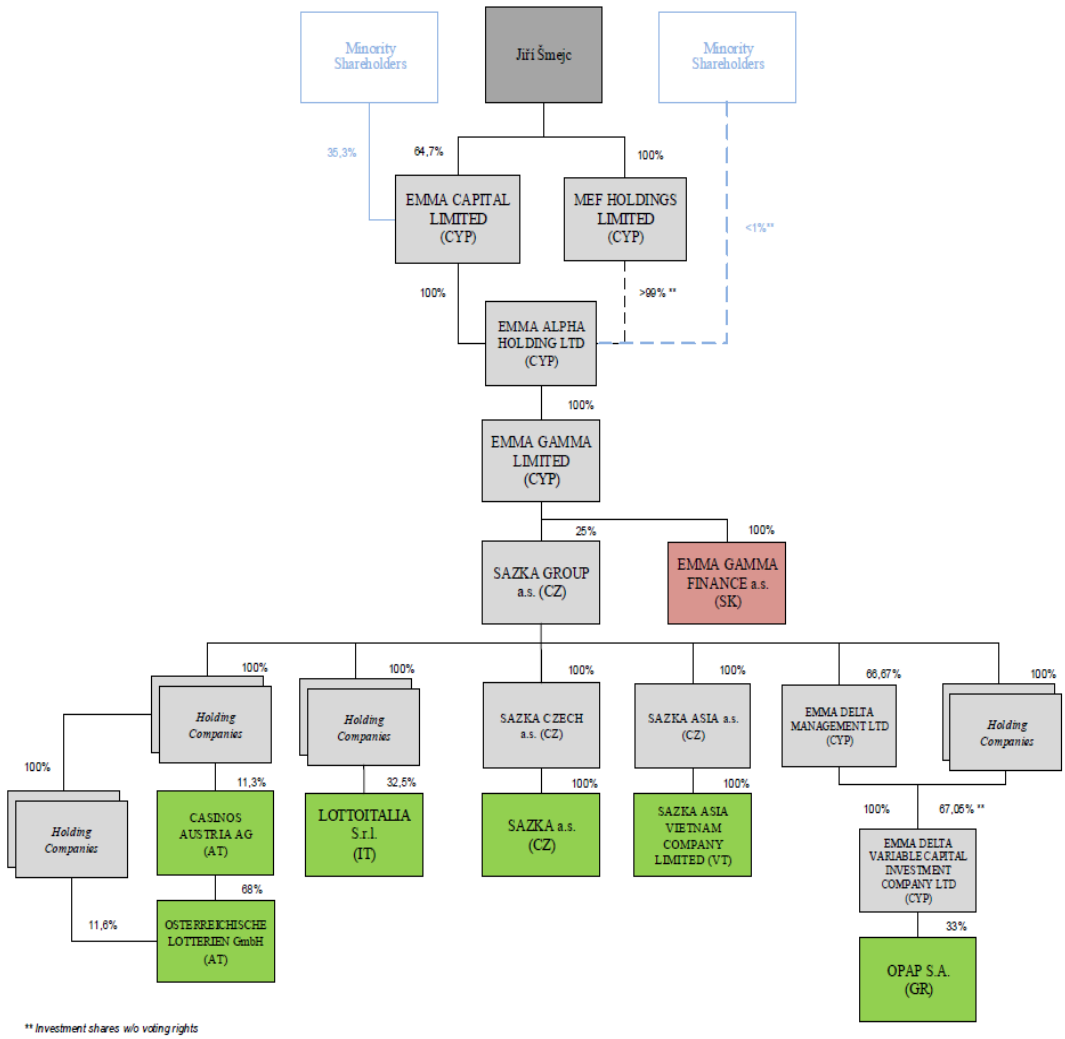
5.2 ISSUER MARKET POSITION

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

6. ORGANIZATION STRUCTURE AND SUBSIDIARIES

6.1 GROUP ORGANIZATION STRUCTURE

Below is a chart depicting the EMMA Group. made up of the Issuer and the companies given in the organisation structure above the Issuer (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):



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 Esperidon 12, 4th Floor, 1087, Nicosia, Republic of Cyprus and registered in the registry maintained by the Cyprus Ministry of Energy, Trade, Industry and Tourism, registration number HE 347073 (hereinafter referred to as "**EMMA GAMMA LIMITED**" or "the **Shareholder**"). 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 person.

More detailed information on the Shareholder and its organisational and shareholder structure is provided in Chapter VIII, Section 10, and Chapter IX.

6.3 DEPENDENCE OF THE ISSUER ON GROUP ENTITIES

The Issuer is dependent on its parent company EMMA GAMMA LIMITED, resulting from its 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 Shareholder 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 Shareholder’s ability to meet its obligations to the Issuer, which creates a dependence of the Issuer's sources of income on the Shareholder 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 bond 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, Member of the Board of Directors

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

Date of Birth: 8. 2. 1972

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
- Member 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

Petr Stöhr, Member of the Board of Directors

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

Date of Birth: 29. 6. 1975

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 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

Monika Špilbergerová, Member of the Board of Directors

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

Date of Birth: 4. 7. 1990

Monika Špilbergerová graduated from the three-year programme at the Faculty of Management at the Comenius University in Bratislava. After graduating in 2015, she worked briefly as a assistant at the Legiotour travel company and agentcy at and later as a business assistant for Activa Slovakia. From 2016 she has worked for Global Solutions Services SR as a manager.

Monika Špilbergerová does not act in the statutory and supervisory bodies of other companies of importance to the Issuer.

The working address of all the members of the Board of Directors of the Issuer is Dúbravská cesta 14, 841 04 Bratislava - city district 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:

Radka Fišerová

Date of appointment: 2. 6. 2017

Date of Birth: 3. 7. 1974

Radka Fišerová graduated from the Faculty of Economics of the West Bohemian University in Cheb and then from the Faculty of Business Economics at the University of Economics in Prague. In the EMMA Group, she has been CFO and a member of the statutory bodies since the first day. She is responsible for all of the Issuer’s financial and accounting transactions as well of those of the entire EMMA Group.

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

- Director of MEF Holdings Limited, Cyprus
- Director of EMMA Capital Limited, Cyprus
- Director of Emma Alpha Holding Ltd, Cyprus
- Director of Emma Omega Ltd, Cyprus
- Director of Emma Gamma limited, Cyprus
- Member of the Board of Directors of Emerging Markets Capital a.s., Czech Republic

Irena Doleželová Sokolíková

Date of appointment: 2. 6. 2017

Date of Birth: 5. 12. 1976

Irena Doleželová Sokolíková studied pedagogy at the University of West Bohemia in Pilsen and law at Masaryk University in Brno. She started her legal career in 2005 at PRK Partners, from where she moved to the Clifford Chance international law office after a year. In 2013 she joined EMMA Group as its Chief Legal Officer. Here she is responsible for all of EMMA Group's corporate law and international transactions.

Irena Doleželová Sokolíková 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 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 Italian Gaming Holding a.s., Czech Republic
- Member of the Supervisory Board of IGH Financing a.s., Czech Republic

David Havlín

Date of appointment: 2. 6. 2017

Date of Birth: 15. 2. 1985

David Havlín graduated from the Prague University of Economics in two specialisations: Business and Law; and Enterprise Valuation. He is also a graduate of the Master in International Management (MIM) programme 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 lottery 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
- Director at Came Holding GmbH, Austria

The working address of all the members of the Supervisory Board of the Issuer is Dúbravská cesta 14, 841 04 Bratislava - city district 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 Section34(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: Radka Fišerová, Irena Doleželová Sokolíková and David Havlín.

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 Shareholder - EMMA GAMMA LIMITED. The Shareholder is a limited liability company established in 2015 under the laws of the Republic of Cyprus. Both the Issuer and the Shareholder 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 Shareholder and its 100% parent company, Emma Alpha Holding Ltd., which acts as an umbrella holding company for all project subsidiaries of the EMMA 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.

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 Šmejc with a direct interest of 64.7%. The remaining 35.3% of EMMA Capital Limited is owned by five minority shareholders.

MEF Holdings Limited is an investment company whose sole shareholder is Mr. Jiří Šmejc. Other minority shareholders with voting rights in EMMA Capital Limited have 0.53% 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

Due to the fact that the Issuer was incorporated in the Commercial Register on 2.6.2017 and has not carried out any business since its inception, no audited annual financial statements or other historical financial information have been prepared.

The opening balance sheet was not audited. The Issuer's Opening Balance is set out below and in Appendix no. 1 of this Prospectus.

Opening balance sheet in accordance with IFRS
at 2.6. 2017

EUR	
Non-current assets	**0**
Current assets	**27 500**
Subscribed legal capital receivable	27 500
TOTAL ASSETS	**27 500**
EQUITY AND LIABILITIES	
Equity	**27 500**
Share capital	25 000
Legal reserve	2 500
TOTAL EQUITY	**27 500**
Non-current liabilities	**0**
Current liabilities	**0**
TOTAL LIABILITIES	**0**
TOTAL EQUITY AND LIABILITIES	**27 500**

Source: Issuer's accounting

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 since the Issuer was established which could have, or have recently, have 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

There has been no material change in the financial or trading situation of the Issuer or its Group from the date of the Issuer's establishment until the date of preparation of this Prospectus.

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 lodged 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 lodged 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 Shareholder have agreed to potentially reduce the risk associated with an Issuer's crisis by concluding a "Project Support Agreement" dated 20 June 2017. Under this Agreement, the Shareholder 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 Shareholder, 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 another 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 SAZKA GROUP A.S.

Note liabilities are secured *inter alia* by a Pledge on 25% of ordinary shares issued by SAZKA Group a.s. In order to increase investors' awareness of the value of the shares as a subject of the Pledge, the Issuer provides investors with selected information about the company that issued the pledged shares.

1.1 BASIC DATA

Company:	SAZKA Group a.s.
Place of registration:	Czech Republic, Prague Municipal Court, file ref. B 18161
Bus. ID:	242 87 814
Date of establishment:	SAZKA Group a.s. was established on 2.4.2012. The company was established for an indefinite period.
Legal form:	Joint stock company
Applicable law:	The company is governed by Czech legislation in particular by Act No. 89/2012, the Civil Code, as amended, Act No 90/2012, on Commercial Companies and Cooperatives (the Act on Commercial Corporations), as subsequently amended and Act No 182/2006, on Insolvency and methods for its Resolution (the Insolvency Act), as amended, and Act No 186/2016, (Lotteries Act), as amended.
Address:	Vinohradská 1511/230, Strašnice, 100 00 Prague 10
Website:	www.sazkagroup.com

1.2 HISTORY AND DEVELOPMENT

The SAZKA Group was established in 2016 by bringing together the lottery and gaming activities of companies from KKCG a.s and the Shareholder. It is the largest provider of digital lotteries in Europe. It is present in all major markets in continental Europe where lotteries are under private control. SAZKA Group's portfolio sales amounted to EUR 637.2 million for the year 2016 and a total comprehensive income of EUR 88.9 million. The overall comprehensive result for 2016 includes the consolidation of OPAP from 1.10.2016, LOTTOITALIA from 30.11.2016, and Austrian Lotteries from 7.12.2016.

SAZKA Group a.s. is the sole owner of the SAZKA a.s. lottery company. It is also the largest investor in the EMMA Delta fund, which has a 33% stake in Greek lottery company OPAP. In 2015, the SAZKA Group acquired an indirect stake of 11.3% in CASINOS AUSTRIA and in 2016 it acquired an indirect stake of 11.6% in Austrian Lotteries. In 2016, through Italian Gaming Holding, SAZKA Group a.s. acquired a 32.5% stake in LOTTOITALIA which was granted a 9-year concession to operate the Italian Lotto from 30.11.2016.

At the same time SAZKA Group a.s. established a new company for the expansion on the Asian market, where it now operates in Vietnam as an official distributor of the local state lottery. Activities in Asia are of a development nature and therefore do not show significantly in the financial results of SAZKA Group a.s.

The SAZKA Group fully complies with the principle of responsible gaming. All of its companies are members of the World Lottery Association and are bound by the regulations issued by this association.

1.3 INVESTMENTS

SAZKA Group a.s. has in the past made several acquisitions. Significant investments include its share in SAZKA a.s., in the Greek company OPAP, the company has benefited significant from recent acquisitions in a part of its share in the Italian company LOTTOITALIA and is also successfully involved in the development of the Austrian CASINOS AUSTRIA Group.

Acquisition of SAZKA a.s.

In 2011, KKCG became the co-owner of SAZKA a.s. (**SAZKA**) and in 2012 it became the sole owner. In 2016, SAZKA became a member of the SAZKA Group. Through SAZKA Group a.s., KKCG has a 75% stake in SAZKA, while the EMMA Group has a 25% stake in this company. SAZKA is a lottery company based in the Czech Republic, which has a significant share of the lottery market. The company operates an extensive network of 7,000 sales points equipped with online terminals for both lottery and non-lottery services. Since SAZKA was founded in 1956, it has been one of the most traditional and most iconic brands in the whole Czech

market. In 2014 and 2015 SAZKA was the fastest growing lottery company in the world. The launch of Eurojackpot, the expansion of the scratch card portfolio and the revival of its traditional draw based games, contributed to this. SAZKA has also expanded its portfolio of non-lottery products through sports betting and financial transaction services. It has also launched a virtual mobile operator - among established companies it is currently the fourth largest provider of mobile services in the Czech Republic. In 2017, in connection with new legislation legalising the online lottery and gaming market based on granted licences, SAZKA expanded its product portfolio into online lottery and gaming -.

Acquisition of a stake in OPAP

The main player in the Greek lottery and gaming market is OPAP. OPAP operates 7 games in the field of digital lotteries, 4 games falling under sports betting products, horse races and most recently will operate 35,000 VLTs. The most successful games include Kino (KENO) and Stihima (sports betting).

A positive impact on the company's development as well as the overall Greek gaming and lottery market involved the privatization of the OPAP Lottery in 2013, which the EMMA Group successfully pursued in its acquisition of a 33% stake. Under the new management, the operations segment of the company was streamlined and the strategy for the operation and configuration of the product portfolio and its further development was strengthened. OPAP is traded on the Athens Stock Exchange.

From the perspective of market regulation, the exclusive licence to operate the lottery and sports betting lasts until 2030, the scratch licence lasts until 2026, the licence for horse racing lasts until 2036. OPAP also holds an exclusive licence to operate VLTs for 10 years. As part of the acquisition of OPAP, the SAZKA Group has also entered the Cypriot market.

Acquisition of a stake in LOTTOITALIA

In 2016, SAZKA Group a.s. acquired a 32.5% stake in LOTTOITALIA by establishing a joint venture with Lottomatica SpA – an established Italian lottery operator. This joint venture won a concession tender for the Italian Lotto lottery. LOTTOITALIA was awarded the Lotto concession for 9 years and began operations on 30.11.2016. The concession permits the exclusive operation of two national games: Lotto and 10e Lotto. Lotto is an old numbers lottery dating back to the 16th century, while the 10e Lotto game was introduced in 2009 and is based on the KENO game. Both games are offered through 35,000 sales points all over Italy. The competitive market can be labelled as limited, LOTTOITALIA, which is part of the SAZKA Group, holds the position of the major market player. Its main success, along with the stable development of the Lotto game, was the launch of the new 10e Lotto game, which is very popular especially among the younger population.

Acquisition of a stake in the Austrian CASINOS AUSTRIA Group

After performing a series of transactions during 2015 and 2016, SAZKA Group a.s. indirectly accounted for 11.3% of the CASINOS AUSTRIA Group and further transactions (an additional 22.7%) are still subject to regulatory approval. The SAZKA Group also indirectly owns 11.6% of Austrian Lotteries. The CASINOS AUSTRIA Group is an important player on the Austrian market, accounting for around a 50% share of the lottery and gaming market. In addition to successful local and worldwide casino operations, the CASINOS AUSTRIA Group considers its 68% stake in Austrian Lotteries as its main asset, under which Austrian Lotteries operates numerical lotteries and other betting games in Austria. In 2011, the company was granted concessions for the operation of numerical lotteries, sports betting and lottery gaming terminals until 2027. As already mentioned, classical lotteries are among the company’s main products, making up about 40% of the amount bet in the entire Austrian market. The main game is the Lotto 6 aus 45 game, while the next major game is the international Euromillions game.

1.4 MAIN ACTIVITIES

The SAZKA Group provides through its own companies, through a majority or minority shareholding, the operation of gambling and lottery companies. Specifically, the product portfolio includes:

- Number lotteries
- Scratch cards
- Sports betting
- Casinos
- VLT gaming terminals
- Online lottery and gaming activities

1.5 MARKET POSITION

The SAZKA Group is the owner of lottery companies in five EU countries - the Czech Republic, Greece, Cyprus, Italy and Austria. In 2016, the SAZKA Group served 90 million customers through more than 51,000 distribution locations. The group employs over 6,000 staff.

The SAZKA Group is growing faster than the market as a whole as well as in comparison with the main competitors in the gaming and lottery market.

The following figure shows an overview of the SAZKA Group's activities within the European gaming market, while pointing to the division of the ownership of lottery and gaming companies in Europe, i.e. state-owned companies, non-profit organizations and companies owned by private owners:

Source: World Lotteries Association[1]

1.6 TREND INFORMATION

Due to the fact that the SAZKA Group operates in the lottery and gaming market, there are a number of factors and trends that may affect the SAZKA Group (and thus indirectly the Shareholder and the Issuer also).

The main trends affecting the lottery and gaming market include in particular the growth of the European lottery and gaming market, the increasing share of the online lottery and gaming market, privatization and regulation.

Growth of the European lottery and gaming market

The European lottery and gaming market, which includes the activities of European legalised gambling and lottery companies with products such as number lotteries, scratch cards, casino operations, gaming machines, video lottery terminals, sports betting, horse racing, grew from 2003 to 2016 by Gross Gaming Revenue (GGR) at an average annual rate of 3.6% p.a. In 2016, the European market reached a total GGR of 98 billion. EUR. According to estimates from H2 Gambling Capital, the expected growth in the European lottery and gaming market for the years 2017 to 2020 is with an average annual rate of 2.5% p.a. However, a slowdown in the pace of growth in the European market may also lead to a slowdown in the growth rate of the SAZKA Group operating within this market[2].

[1] World Lottery Association, 2016, The WLA Global Lottery Data Compendium, available at: <https://www.world-lotteries.org/images/publications/compendia/wla-compendium-2016-rev4.pdf >

[2] The data in this section are taken from H2 Gambling Capital monitoring company, March 2017

Online lottery and gaming market

The online lottery and gaming market is generally influenced by emerging demand especially for online lottery and gaming products, which has gained increasing popularity over recent years. While in 2009 the online lottery and gaming market had only a 10% market share, it reached 21% in 2016. With respect to EU trends, compared to the development of traditional number games, scratch cards, sports betting, slot machines and casinos, the online lottery and gaming market enjoys greater popularity within the Nordic region. On the other hand, the countries of the southern part of the EU still prefer more traditional forms of betting. This difference is influenced, first of all, by the development of regulation, by the demographic differences between these regions, but also by the maturity of economies, cultures and lifestyles. With regard to the increasing share of the online lottery and gaming market, more significant pressures on innovation in product portfolios, increased service offerings, lower barriers to entry into the industry, the diminishing importance of a branch network and gaming machines can all be expected. The SAZKA Group is actively responding to these changes and spends considerable funds on product development and launch.

Privatisation

A trend of the most recent period is the privatization of the state lotteries. The SAZKA Group views this trend as an opportunity to expand its activities to other countries. Although growth by acquisition is associated with risks, it also offers an opportunity to increase performance and development within a given country. The SAZKA Group has historically successfully participated in four transactions. Lotteries operated on a private basis generally show higher revenue growth. In total, eight lotteries in Europe are now run by private investors. Private lotteries are operated in Albania, Austria, Cyprus, the Czech Republic, Greece, Ireland, Italy and the UK.

Regulation

Although the lottery and gaming market is not subject to regulation at pan-European level, regulation at country level is increasing. In particular, it aims to develop responsible betting, to protect end-consumers, secure state revenues and reduce the share of illegal lottery and gaming markets. As a result, the regulatory regime is tightening, the demands on the operator of lottery and gaming market activities are increasing, and this is associated with an increase in costs (including the introduction/increase in taxes on activities in the lottery and gaming market). These measures can contribute to the pressure on declining returns on assets.

1.7 SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following tables present a summary of SAZKA Group's selected historical financial data from the audited consolidated financial statements of SAZKA Group a.s., including comparable IFRS data for years 2015 and 2014, and should therefore be read in conjunction with them.

The historical financial information of SAZKA Group a.s. for the years 2016, 2015 and 2014 has been audited by KPMG Česká republika Audit, s.r.o. The auditor has issued the statement "Unqualified" to these financial statements. From the date of the last audited financial statement, i.e. on 31.12.2016, until the date of this Prospectus, there has been no significant negative change in the prospects of SAZKA Group a.s. nor any significant changes in the financial or business situation of SAZKA Group a.s.

Financial Position Statement (consolidated) - summary

In thousands of EUR	2016	2015	2014
Assets			
Intangible assets	2 021 609	79 051	75 813
Goodwill	561 937	356 564	347 561
Land, buildings, and equipment	92 515	24 079	24 520
Other non-currrent assets	407 909	275 394	1 849
Non-current assets total	**3 083 970**	**735 088**	**449 743**
Short-term financial assets	13 606	44 979	4 127
Cash and cash equivalents	365 999	24 627	39 294
Trade receivables and other assets	178 785	14 818	9 164
Current assets total	**558 390**	**84 424**	**52 585**
Total assets	**3 642 360**	**819 512**	**502 328**
Equity total	**1 752 368**	**308 262**	**132 146**
Bank loans and other borrowings – non-current portion	990 296	265 521	209 093
Other non-current liabilities	265 275	10 814	7 716
Non-current liabilities total	**1 255 571**	**276 335**	**216 809**
Bank loans and other borrowwings – current portion	292 052	104 041	104 066
Short-term trade and other liabilities	342 368	130 874	49 307
Current liabilities total	**634 421**	**234 915**	**153 373**
Liabilities total	**1 889 992**	**511 250**	**370 182**
Equity and liabilities total	**3 642 360**	**819 512**	**502 328**

Source: SAZKA Group a.s. accounting

Statement of comprehensive income (consolidated) - summary

In thousands of EUR	2016	2015	2014
Total income	**637 193**	**218 030**	**162 342**
Materials, consumables and services	(260 939)	(66 092)	(58 138)
Personnel expenses	(28 039)	(12 193)	(9 375)
Depreciation and amortization	(16 934)	(1 940)	(1 855)
Other operating costs	(215 016)	(54 397)	(47 705)
Profit from operating activities	**116 265**	**83 408**	**45 269**
Profit/(loss) from financial operations	**(20 918)**	**9 006**	**(22 094)**
Share of profit of investments accounted for using the equity method (net of tax)	15 890	915	--
Profit (loss) before income tax	**111 237**	**93 329**	**23 175**
Income tax expense	(18 962)	(8 991)	(4 415)
Profit for the year	**92 275**	**84 338**	**18 760**
Total comprehensive income income attributable to:			
Equity holders of the Company	53 397	86 889	16 885
Non-controlling interests	35 531	(62)	--
Total comprehensive income for the year	**88 928**	**86 827**	**16 885**

Source: SAZKA Group a.s. accounting

Comment on the Financial Statements as at 31.12.2016:

The SAZKA Group's consolidated statements were affected by a change in ownership structure in 2016, when 75% was acquired by the KKCG group and 25% by EMMA Group. Furthermore, the financial statements were influenced by acquisitions incorporated into SAZKA Group a.s. In particular, this was the transfer of the investor shares in Emma Delta (owns the stake in OPAP), the ownership interest after the acquisition of the share in LOTTOITALIA and Austrian Lotteries. These acquisitions impacted the size of revenues, expenses and the balance sheet. Total comprehensive result for 2016 includes the consolidation of OPAP from 1.10.2016, LOTTOITALIA from 30.11.2016 and Austrian Lotteries from 7.12.2016.

Total revenues in 2016 grew from a value of 218,030 thousand EUR to 637,193 thousand EUR. The operating costs of the lottery companies grew year-on-year from a value of 134 622 thousand EUR to 520,928 thousand EUR. Through the growth of the above mentioned items the operating profit increased from a value of 83,408 thousand EUR to 116,265 thousand EUR. Financial profit in the year 2015 of 9,006 thousand EUR, due to an increase in interest expense fell in 2016 to a financial loss of 20,918 thousand EUR. Over this period gross profit grew year-on-year by 18 % to 111,237 thousand EUR. The consequent net profit grew by 9% year-on-year to 92 275 thousand EUR. The complete business result came in 2016 to a value of 88,928 thousand EUR. The complete business result due to the company's owners decreased year-on-year from a value of 86,889 thousand. EUR to 53,397 thousand EUR.

The Balance Sheet totalled 3,642,360 thousand at 31.12.2016, with a year-on-year increase from a value of 819,512 thousand EUR. The total value of long-term assets grew year-on-year from a value of 735,088 thousand EUR to 3,083,970 thousand EUR. This increase was recorded mainly in intangible assets from a value of 79,051 thousand EUR to 2,021,609 thousand EUR, the value of goodwill having increased from 356,564 thousand EUR to 561,937 thousand EUR. With regard to the development and manner of incorporation of companies into the group, there were changes in the adjustment of the investment values and financial assets in the balance sheet total. Current assets amounted to 558,390 thousand EUR, with year-on-year growth from 84,424 thousand EUR. Current assets were mainly made up of short-term trade receivables amounting to 134,488 thousand EUR, which rose from 12,580 thousand EUR. Furthermore, cash and cash equivalents, which grew year-on-year from a value of 24,627 thousand EUR to 365,999 thousand EUR, are significantly represented.

The company's equity amounted to 1,752,368 thousand EUR, with year-on-year growth from 308,262 thousand EUR. Total liabilities amount to 1,889,992 thousand EUR, with year-on-year increase from 511,250 thousand EUR. Long-term liabilities amounted to 1,255,571 thousand EUR and consist mainly of bank loans worth 990,296 thousand EUR and a deferred tax liability of 219,543 thousand EUR. Short-term liabilities increased year-on-year from 234,915 thousand EUR to 634,421 thousand EUR, consisting mainly of short-term bank loans amounting to 292,052 thousand EUR and short-term trade payables of 327,418 thousand EUR.

1.8 Significant contracts

SAZKA Group a.s. and the Sazka Group have entered into a number of contractual relationships as part their business activities. These are, in particular, relationships arising from the subject of their business activity. Furthermore, there are relationships related to securing their operations, safety, risk limitation, use of external specialists and consultants, etc. Herein under SAZKA Group a.s. gives the contractual relationships and other commitments that may be considered significant from the point of view of SAZKA Group a.s. and the Sazka Group.

- Shareholder agreement between KKCG AG, EMMA Gamma Limited, MEF Holdings Limited,

X. INFORMATION ABOUT EMMA GAMMA LIMITED

Note liabilities are *inter alia* secured by a Pledge on 25% of ordinary shares issued by SAZKA Group a.s., which is formed by the shareholder of SAZKA Group as, EMMA GAMMA LIMITED. In order to increase investors' awareness of the Pledgor, the Issuer herewith provides investors with selected information about the Shareholder, EMMA GAMMA LIMITED.

1.1 BASIC DATA

Company:	EMMA GAMMA LIMITED
Place of registration:	The shareholder is registered in the registry maintained by the Cypriot Ministry of Energy, Trade, Industry and Tourism
Registration number:	HE 347073
Date of establishment:	The Shareholder was established on the date of entry in the register maintained by the Cypriot Ministry of Energy, Trade, Industry and Tourism (Section for Company Entries and Official Registrar and Administrator) on 16.9.2015
Legal form:	Limited liability company - *private company limited by shares*
Applicable law:	The Shareholder is governed by Cypriot law
Address:	Esperidon 12, 4th. floor, 1087, Nicosia, Republic of Cyprus
Website:	http://www.emmacapital.cz/

1.2 HISTORY AND DEVELOPMENT

The Shareholder was formed on 16.9.2015 under Cypriot law as a Cypriot joint stock company. The Shareholder was formed on the basis of the registration of the company in the relevant business register under registration number HE 347073.

EMMA GAMMA LIMITED is part of the EMMA investment holding company, founded in 2012 at the initiative of Jiří Šmejc. In 2013, the group made its first major acquisition: the international consortium it set up won a tender for the privatisation of the one-third state stake in the Greek lottery company OPAP. In 2015, the EMMA Group entered together with a partner company KKCG into negotiations on acquisition of a stake in the CASINOS AUSTRIA Group and Austrian Lotteries in Austria. The result of the whole process is its capital entry into the CASINOS AUSTRIA Group. In 2016, the EMMA Group and the KKCG Group also acquired a minority stake in the Italian company LOTTOITALIA, which operates the state lottery in Italy. Lottomatic S.p.A. is their partner in this project.

Thanks to the successful cooperation in these projects, the EMMA Group and the KKCG Group have achieved significant business convergence, culminating in an agreement between their key personalities - Jiří Šmejc and Karel Komárek - on the merger of all their activities in the lottery and gaming market. The result is the creation of the SAZKA Group, in which the KKCG Group owns a 75% stake and the EMMA Group a 25% stake.

1.3 INVESTMENTS

In 2016, the Shareholder acquired 25% stake in the SAZKA Group. Specific information on the SAZKA Group's business is provided in Chapter IX of this Prospectus.

1.4 MAIN ACTIVITIES

The Shareholder was established to hold a stake in the SAZKA Group and to provide/receive financing within the SAZKA Group.

1.5 SELECTED FINANCIAL INFORMATION

The selected historical financial information below is derived from the audited individual financial statements of the Shareholder for the period from 16.9.2015 to 31.12.2016, prepared under IFRS, and should therefore be read in conjunction with these.

Historical financial information of the Shareholder for the accounting period from 16.9.2015 to 31.12.2016 was certified by KPMG Limited as auditor. The auditor has issued the statement "Unqualified" to these financial

statements. From the date of the last audited financial statement, i.e. on 31.12.2016, until the date of this Prospectus, there has been to the best of the Issuer's knowledge no significant negative change in the prospects of the Shareholder nor any significant changes in the financial or business situation of the Shareholder.

STATEMENT OF FINANCIAL POSITION

In thousands of EUR	**At 31.12.2016**
Assets	
Investments in associates	157 553
Loans receivables	14 032
Total non-current assets	**171 585**
Cash at bank	9
Total current assets	**9**
Total assets	**171 594**
Equity	
Share Capital	1
Share premium	107 319
Reserves	(1 503)
Equity total	**105 818**
Liabilities	
Short term loans	50 526
Other paybles	15 251
Total current liabilities	**65 776**
Total liabilities	**65 776**
Total equity and liabilities	**171 594**

Source: Shareholders' accounting

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In thousands of EUR

	16.09.2015 - 31.12.2016
Revenue	
Interest income	419
Total revenue	**419**
Administrative expenses	(77)
Other operating expenses	(12)
Operating profit	**330**
Finance income	0
Finance expenses	(1 832)
Net finance expenses	**(1 832)**
Loss before tax	**(1 503)**
Tax	
Loss for period	**(1 503)**
Other comprehensive income	**0**
Total comprehensive expense for the period	**(1 503)**

Source: Shareholders' accounting

Commentary on selected financial information for the period from 16.9.2015 to 31.12.2016

The company generated revenues of 419 thousand EUR in this period, with this being exclusively interest income. The administrative costs of the company were of the order of 77 thousand EUR and other operating expenses for this period at the level of 12 thousand EUR. In this period, the Company recorded significant financial expenses amounting to 1,832 thousand EUR, representing in particular interest expense on loans received. For this reason, the company generated a net loss of CZK 1,503 thousand EUR.

The company's balance sheet as at 31.12.2016 amounted to 171,594 thousand EUR. Within the assets, almost 92% represent investments in the subsidiary, amounting to 157,553 thousand EUR - a 25% stake in SAZKA Group a.s., which in the Shareholder's accounting at the purchase price. Loans granted as long-term assets are at the level of 14,032 thousand EUR. This is a loan to the subsidiary Sazka a.s. Cash and cash equivalents amounted to 9 thousand EUR in this period. The equity is positive, worth 105,818 thousand EUR. The value of the Equity / Total Assets ratio is 62%. Foreign liabilities consist of short-term liabilities amounting to 65,776 thousand EUR. Short-term loans amount to CZK 50,526 thousand EUR. At the beginning of the year, the company received a loan from KKCG Structured Finance AG due in 2017, which represents a significant portion of total loans received. Other liabilities amount to 15,251 thousand EUR, which is a bill of exchange issued by KKCG AG issued in connection with the acquisition of 25% of the share in SAZKA Group a.s.

The company was established on 16.9.2015, therefore a year-on-year comparison cannot be provided.

XI. THIRD PARTY INFORMATION AND DOCUMENTS ON DISPLAY; INFORMATION REVIEWED BY THE AUDITOR

1. THIRD PARTY INFORMATION

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

In Section 1.5 of Chapter IX of the Prospectus, data published by the World Lotteries Association were used to illustrate the SAZKA Group's performance within the European gaming market.

In Section 1.6 of Chapter IX of the Prospectus, data published by H2 Gambling Capital were used to determine the growth of the European lottery and game market.

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 ON DISPLAY

The full version of the obligatory audited financial statements of the Issuer, including the attachments and the audit statements thereto, are, or respectively, will be available upon request at a pre-agreed time during working hours at the Issuer's registered office.

All other documents and materials mentioned in this Prospectus concerning the Issuer, the Shareholder and SAZKA Group a.s. including the Issuer's opening balance sheet are available for inspection, at a pre-agreed time inspection at the Issuer's registered office. It is also possible to inspect the foundation documents at a pre-agreed time inspection and the Articles of Association of the Issuer, Shareholder and SAZKA Group a.s., the Agreements with the Fiscal and Paying Agent, Contracts with the Security Agent and the Pledge Agreements.

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

3. INFORMATION STATED IN THE PROSPECTUS THAT HAVE BEEN REVIEWED BY THE AUDITOR

The Prospectus contains no Issuer's data that has been reviewed by the auditor. Selected financial information about SAZKA Group a.s. and EMMA GAMMA LIMITED listed in the Prospectus comes from audited financial statements.

XII. TAXATION IN THE SLOVAK REPUBLIC

Future Note acquirers 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 yields in the Slovak Republic

Non-Slovak Tax Resident

Yields from Notes for a taxpayer with limited tax liability in Slovakia (hereinafter referred to as a "**Non-Slovak Tax Resident**") shall not be considered as income from sources in the Slovak Republic. They are subject to tax in Slovakia only if they are attributable to its permanent establishment in Slovakia.

Permanent establishment of Non-Slovak Tax Resident in Slovakia

Note yields attributable to a permanent establishment of a Non-Slovak Tax Resident in Slovakia are deemed income from sources in the territory of the Slovak Republic. These yields are included in the tax base of that permanent establishment and subject to income tax at the appropriate rate of 21% for legal entities or 19%/25% for individuals.

If these payments are attributable to a permanent establishment of a Non-Slovak Tax Resident that is not a tax resident of an EU/EEA Member State, 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 yield 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"**) a tax rate of 35 % will be applied. The Issuer will not be obliged to make any tax deduction if the Non-Slovak Tax Resident presents 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 mechanics for the collection of tax on the yields from the Notes of the permanent establishment of a Non-Slovak Tax Resident that is an individual or a taxpayer not founded or 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** ") is unclear. It is likely that such yields are subject to a 19% withholding tax (35% in the case of a Non-Contracting State Taxpayer) as follows:

a) The tax from the income of the permanent establishment of a Non-Slovak Tax Resident - individual in Slovakia must be withheld by the Issuer when paying out the yield, respectively by the securities trader who holds Notes for such individual. The tax in respect of the yield from Notes is deemed paid when the corresponding withholding tax deduction is made.

b) The payer of the withholding tax on the yield from the permanent establishment of a Non-Slovak Tax Resident Specific Subject in Slovakia is the beneficiary - Specific subject. The tax of Specific Subject in relation to the yield from Notes is deemed paid when the corresponding withholding tax deduction is made.

Tax resident - individual

The yield from Notes to a taxpayer with unlimited tax liability in Slovakia (hereinafter referred to as "**Slovak Tax Resident** ") - individual is subject to withholding tax at a rate of 19% (35% in the case of a Non-Contracting State Taxpayer). The tax must be withheld by the Issuer when paying out the yield, respectively by the securities trader who holds Notes for the individual. The tax in respect of the yield from Notes is deemed paid when the corresponding withholding tax deduction is made.

Tax resident - legal entity

A tax resident - legal entity, other than a Specific Subject, includes the yield from Notes in its tax base and taxes it 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). The payer of the withholding tax in this case is the beneficiary - Specific Subject. The tax in respect of the yield from Notes is deemed paid when the corresponding withholding tax deduction is made.

Taxation of income from Note transfers in the Slovak Republic

Non-Slovak Tax Resident

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

If a Non-Slovak Tax Resident is not a tax resident of an EU/EEA Member State, a Slovak Tax Resident or a permanent establishment of a Non-Slovak Tax Resident in Slovakia paying out the proceeds is required to withhold tax at a 19% rate (35% in the case of Non-Contracting State Taxpayer) from the paid proceeds. No tax will have to be withheld if the Non-Slovak Tax Resident presents a confirmation from the Slovak Tax Administrator that he is paying tax advances.

The amount of the withheld tax is deemed a tax advance. The Tax Administrator may decide that the taxpayer's tax liability is settled from this withheld tax if the taxpayer fails to submit a tax return.

Permanent establishment of Non-Slovak Tax Resident in Slovakia

Proceeds from the transfer of Notes attributable to a permanent establishment of a Non-Slovak Tax Resident in Slovakia are deemed income from sources in the territory of the Slovak Republic. These are included in the tax base of that permanent establishment and subject to income tax at the appropriate rate of 21% for legal entities or 19%/25% for individuals. The loss resulting from the transfer of a Note below the acquisition price is generally deemed a non-taxable expense, with certain exceptions defined in the Income Tax Act, for example in relation to taxpayers trading with securities.

In the case of a permanent establishment of a Non-Slovak Tax Resident that is not a tax resident of an EU/EEA Member State, the Slovak Tax Resident or a permanent establishment of a Non-Slovak Tax Resident in Slovakia paying out the relevant proceeds is required to withhold 19% tax (35% in the case of a Non-Contracting State Taxpayer) from the proceeds. No withholding tax will have to be withheld if the Non-Slovak Tax Resident presents a confirmation from the Slovak Tax Administrator that he is paying tax advances.

The amount of the withheld tax is deemed a tax advance. The Tax Administrator may decide that the taxpayer's tax liability is settled from this withheld tax if the taxpayer fails to submit a tax return.

Tax resident - individual

The proceeds from the transfer of Notes (i.e. the difference between the income from the sale of the Note and the purchase price demonstrably paid for the Note) are included among so-called Other Income of the Slovak Tax Resident - individual and is included in the income tax base of that taxpayer. Progressive tax rates of 19% or 25% are applied to the individual’s tax base.

Depending on the other income included in the taxpayers 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 acquisition price is generally deemed a non-taxable expense, with the exception of specific cases defined in the Income Tax Act.

Tax resident - legal entity

A tax resident - legal entity, other than Specific Subjects, includes the proceeds from the transfer of the Notes in its tax base and taxes them at a rate of 21% The loss resulting from the transfer of a Note below the acquisition price is generally deemed a non-taxable 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 Subject are subject to withholding tax at a rate of 19% (35% in the case of a Non-Contracting State Taxpayer). The payer of the withholding tax in this case is the beneficiary - Specific Subject. The tax in respect of the proceeds from transfer of Notes is deemed paid when the corresponding withholding tax deduction is made.

XIII. RECOVERY OF PRIVATE LAW OBLIGATIONS VIS-À-VIS THE ISSUER

The information in this chapter is presented only as general information on the characteristics of the laws on the recovery of the private law obligations in relation to the Notes vis-à-vis the Issuer in the Slovak Republic effective as of the date of this Prospectus and was 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 acquirers of any Notes should not solely rely on the information provided herein and it is recommended that they assess together with their legal advisors the issues of recovering private law obligations vis-à-vis the Issuer in each relevant country.

The Terms and Conditions state the jurisdiction of the Slovak courts for resolution of disputes between the Issuer and the Noteholders in relation to the Notes (except for disputes arising from the Collateral). The Issuer neither has given its consent to a 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 Collateral) nor has it appointed any representative for proceedings in any country. As a consequence, the acquirer of any Notes may have limited possibilities to initiate any proceedings or to request foreign courts to issue judgments against the Issuer (and its founder) or to enforce court judgments issued by such courts on the basis of foreign laws. The security documentation regarding the Collateral is governed by the laws of the Czech Republic and states the jurisdiction of the Czech courts for resolution of disputes arising therefrom, while any possible change to the Collateral may also change the governing law of the new security documentation as well as the dispute resolution jurisdiction.

In connection with the accession of the Slovak Republic to the European Union, Regulation (EU) No 1215/2012 of the European Parliament and of the Council, 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. This applies similarly 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, if concluded between the Slovak Republic and such country, shall apply for the purposes of the recognition and enforcement of judgments in the Slovak Republic. In the event that such a treaty has not been concluded, the judgments of foreign courts may be recognised 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 "**PPIL**").

According to the PPIL, it is not possible to generally recognise and enforce in the Slovak Republic decisions of foreign state authorities, agreements and settlements approved by them in respect of rights and obligations in private law relationships which would be decided in the Slovak Republic by courts, as well as foreign notarial deeds in such matters ("**Foreign Decisions**") **if** (i) the matter falls within exclusive jurisdiction of the Slovak courts, or if in application of Slovak law on determination of jurisdiction, a the foreign state authority would not have jurisdiction to decide, **or** (ii) these Foreign Decisions are not final or enforceable in the country in which they were issued, **or** (iii) are not decisions on merits, **or** (iv) the party to the proceedings against whom recognition of the decision is sought has been deprived by procedures of a foreign state authority of opportunity to participate in the proceedings before it, in particular he has not duly served with the summons or a document which instituted the proceedings; the court shall not review fulfilment of this condition if the Foreign Decision has been duly served on the party and the party has not appealed against it or if this party has declared that it does not insist on the review of this 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 recognised 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 maintained by the Municipal Court in Prague.

"Shareholder" or **"EMMA GAMMA LIMITED"** means EMMA GAMMA LIMITED located at Esperidon 12, 4th floor, 1087, Nicosia, Republic of Cyprus, registered in the register maintained by the Cypriot Ministry of Energy, Trade, Industry and Tourism 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, operating in the Slovak Republic through its organisational unit J&T IB and Capital Markets, a.s., organizational unit, located at Dvořákovo nábrežie 10, 811 02 Bratislava, Slovak Republic, ID: 46 588 345.

" 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 maintained by the District Court of Bratislava I, Section Sa, Insert 117/B.

"CASINOS AUSTRIA Group" means CASINOS AUSTRIA AG, established under the law of the Republic of Austria, with its registered office at Rennweg 44, 1038, Vienna, Republic of Austria, registered in the Commercial Register maintained by the Commercial Court in Vienna under number FN 99 639 d.

"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 maintained by the District Court of Bratislava I, Section: Sa, Insert No. 493/B.

"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.

"**Foreign Decisions**" means decisions of foreign state authorities, agreements and settlements approved by them in respect of , and judgments on rights and obligations in private law relationships matters on which would be decided the courts would rule in the Slovak Republic by courts, as well as foreign notarial deeds in such matters.
"Non-Slovak Tax 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 5.25% p.a. in the anticipated aggregate value (i.e. the highest amount of nominal values of the Notes) of EUR 120,000,000, due in 2022, 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 with a fixed interest rate of 5.25% p.a. in the anticipated aggregate value (i.e. the highest amount of nominal values of the Notes) of EUR 120,000,000, due in 2022, issued by the Issuer under Slovak law.

"Terms and Conditions" means the Terms and Conditions of Notes 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 maintained 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, 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.

"IFRS" means International Financial Reporting Standards in the wording adopted by the European Union.

"Listing Agent" means J & T BANKA, as, 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.

"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.

"NOZ" means Czech Act No 89/2012, the Civil Code, as amended.

"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.

"PPF banka a.s" means PPF banka a.s., established under the law of the Czech Republic, with its registered office at Evropská 2690/17, 160 41 Prague 6, Czech Republic, Bus ID: 47116129, registered in the Commercial Register maintained by the Municipal Court in Prague, file ref.: B 1834.

"Prospectus" means the security prospectus prepared for the Notes.

"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 maintained 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 maintained by the Municipal Court in Prague, file ref.: B 18161.

"EMMA Group" means the Issuer, Shareholder and the companies listed in the organizational structure from the Issuer up to the ultimate owner.

"SAZKA Group" means SAZKA Group a.s. and all companies held directly or indirectly by SAZKA Group a.s.

"Prospectus Directive" means Directive 2003/71/EC of the European Parliament and of the Council.

"VLT" or "Video Lottery Terminal" means a type of gaming machine that is connected over the Internet to a larger network connected to a central dispatching. Because of this connection, the jackpots are made up from all the players playing within the network.

"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.

"**PPIL**" means Act no. 97/1963, on Private and Procedural International Law, as amended.

"**ZOK**" means Czech Act No 90/2012, on Commercial Companies and Cooperatives (the Commercial Companies Act), as amended.

XV. GENERAL INFORMATION

1. The Notes Issue was adopted by a decision of the Issuer's Board of Directors dated 20 June 2017 and by a decision of the Issuer's sole shareholder exercising the powers of the General Meeting dated 20 June 2017.

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 business situation of the Issuer between the date of its incorporation and the date of preparation of this Prospectus that would be material to the Issue.

4. This Prospectus was prepared on 20 June 2017.

XVI. ANNEXES

1. OPENING BALANCE SHEET OF THE ISSUER PREPARED UNDER INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) IN THE WORDING ADOPTED BY THE EUROPEAN UNION

Opening balance sheet in accordance with IFRS
at 2.6. 2017

EUR	
Non-current assets	**0**
Current assets	**27 500**
Subscribed legal capital receivable	27 500
TOTAL ASSETS	**27 500**
EQUITY AND LIABILITIES	
Equity	**27 500**
Share capital	25 000
Legal reserve	2 500
TOTAL EQUITY	**27 500**
Non-current liabilities	**0**
Current liabilities	**0**
TOTAL LIABILITIES	**0**
TOTAL EQUITY AND LIABILITIES	**27 500**

Source: Issuer's accounting

In Prague, on 2 June 2017

EMMA GAMMA FINANCE a.s.

[signed in the Slovak original version of the Prospectus]

Monika Špilbergerová

member of the Board of Directors

[signed in the Slovak original version of the Prospectus]

Petr Stöhr

member of the Board of Directors

ADDRESSES

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via its branch office
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ARRANGER
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acting in the Slovak Republic
through its organizational unit
J & T IB and Capital Markets, a.s., organizational unit
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PRK Partners s.r.o.
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Fiscal and Paying Agent and Listing Agent
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via its branch office
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