

Response to Hellenic Capital Market Commission letter

OPAP S.A. (“Company”), in response to the Hellenic Capital Market Commission relevant request for clarifications received on 15.01.2021 and following its previous publications of:

- 2019 Annual Financial Report (01.04.2020)
- OPAP bond prospectus (16.10.2020)
- Nine-month financial results press release (25.11.2020)

clarifies the following:

a. Legal framework

In accordance with the provision of article 2, par. 1 of L. 4093/2012 (GG A 222/12.11.2012), it was stipulated that the participation of Hellenic State will be 30% in the revenues generated from the games of chance conducted by OPAP S.A. by virtue of its agreement dated 15.12.2000 concluded with the Hellenic State as amended and applicable, exceptionally until 12.10.2020. Under par. 9 of the foregoing article of L. 4093/2012, it has been determined that the effect of the said regulation starts as from 1.1.2013.

Furthermore, the provision of article 50, par. 5 of L. 4002/2011, as applicable, following L. 4093/2012, as amended anew by article 56 of L. 4389/2016 (GG A 94/27.5.2016), under which (article) the said Hellenic State’s participation in the license holder’s gross revenues was retroactively increased from 30% to 35% as from 1.1.2016.

On 13.10.2020, the addendum agreement dated 12.12.2011, which was concluded between OPAP S.A. and HRADF, entered into force by virtue of which the Concession Agreement dated 15.12.2000 was extended for 10 years and a 30% GGR Contribution was defined (i.e. 13.10.2020-12.10.2030), (the “Addendum”).

b. Financial Impact

In relation to the financial impact of the “Addendum” it is noted:

From 13.10.2020 onwards, the Company will record a 30% GGR contribution rate on a P&L basis in the respective ‘GGR contribution and other levies and duties’ line. OPAP will also recognize as income, above EBITDA, the amount it has already prepaid (equal to €1,831m or €183.1m on an annual basis) adjusted for any corporate tax impact.

Below the EBITDA line, OPAP will record both the amortization of the license cost (€375m or €37.5m on an annual basis) as well as income tax based on the applicable rate (currently standing at 24%).

Additionally, as per the “Addendum” a settlement will take place at the end of the 10-year period taking into consideration the cumulative 10-year, 30% GGR contribution amount, adjusted for any corporate tax impact vs. the actual GGR contribution payments for the same period plus the 1.831bn prepayment.

The settlement could result in a payment either way based on the difference of the aforementioned amounts.

Finally, the company will further comment on the “Addendum” and its actual impact with the FY 2020 results announcement and conference call in late March 2021.

Athens, 19.01.2021

OPAP S.A.