ΟΠΑΠ ΥΠΗΡΕΣΙΩΝ

Annual Financial Report

FOR THE FINANCIAL YEAR FROM 01.01.2018 TO 31.12.2018

According to International Financial Reporting Standards

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I. Representation of the Members of the Board of Directors

The members of the Board of Directors of OPAP SERVICES S.A (the “Company”):

1. Damian Cope, Chairman,
2. Michal Houst, Member of the BoD,
3. Spyridon Fokas, Member of the BoD

Certify and declare, as far as we know, that:

- the attached Financial Statements of OPAP SERVICES S.A. for the period 01.01.2018 to 31.12.2018 which have been prepared in accordance with the applicable International Financial Reporting Standards, provide a true and fair view of the assets and liabilities, the equity and the results of the Company.

- the Board of Directors’ report provides a true and fair view of the financial position and the performance of the Company, including a description of the main risks and uncertainties.

Athens, 3 June 2019

Chairman of the BoD	A Member of the BoD	A Member of the BoD
Damian Cope	Michal Houst	Spyridon Fokas

II. OPAP SERVICES S.A. Board of Directors' Report

Under the provisions of Law 2190/1920, Article 43a, as such have been replaced as of 01.01.2019 by the articles 150-154 of L.4548/2018, and the Company's Articles of Association, we submit you for the period 01.01.2018 until 31.12.2018 the annual Board of Directors' Report, which includes the audited corporate Financial Statements, notes to the Financial Statements and audit report by the certified auditor.

The present report includes information pertaining to the Company, including financial information aimed at providing general information to shareholders and investors about the financial position and results, the overall progress and changes made during the financial year closing (01.01.2018 - 31.12.2018), significant events that occurred and their impact on the Financial Statements for that period. A description of principal risks and uncertainties that the Company is expected to face in the future as well as the most important transactions which occurred between the issuer and related parties are also mentioned.

1. General Information

OPAP SERVICES S.A., is a Société Anonyme and is 100% subsidiary of OPAP SA. Its objective is to provide a full range of support / advisory services in relation to the various operational functions and needs of OPAP SA and to support and / or coordinate its sales network, and in particular its agencies.

The Company is headquartered in Athens, 112 Athinon Av., 104 42, Greece.

Number and nominal value of shares

The share capital on 31.12.2018 amounts to Euro forty eight million (€ 48,000,000), divided into forty eight million (48,000,000) common shares with a nominal value of € 1 each.

The share capital of the Company since its establishment has been developed as follows:

1. The Company's share capital at the time of its establishment was Euro twenty million (€ 20,000,000) divided into twenty million (20,000,000) common shares with a nominal value of € 1 per share and paid in cash.
2. Pursuant to the decision of the Extraordinary General Assembly of the Company dated 08.03.2016, its share capital was increased by the amount of Euro 5 million (€ 5,000,000) by the issue of five million (5,000,000) new common shares of a nominal value per share of one Euro (1 €).
3. According to the decision of the Extraordinary General Assembly of the Company dated 26.09.2016, its share capital was increased by the amount of Euro three million (€ 3,000,000)

by the issue of three million (3,000,000) new common shares with a nominal value of € 1 per share.

4. According to the decision of the Extraordinary General Meeting of the Company dated 24.03.2017, its share capital was increased by the amount of Euro 15 million (€ 15,000,000) by the issuance of fifteen million (15,000,000) new common shares of nominal value of € 1 each.
5. According to the decision of the Extraordinary General Meeting of the Company dated 13.07.2018, its share capital was increased by the amount of Euro 5 million (€ 5,000,000) by the issuance of five million (5,000,000) new common shares of nominal value of € 1 each.

Other Information

Legal Form: Société Anonyme

General Electronic Commercial Registry No: 5873501000

Athens Chamber of Commerce and Industry

VAT No.: 999213048

Auditors: KPMG Certified Auditors A.E. (AM SOEL 114), Nikolaos Vouniseas Certified Auditor Accountant (AM SOEL 18701).

2. Financial Progress and Performance for the Year

For the fiscal year 2018 economic figures are as follows:

(Amounts in thousands Euro)	2018	2017	Δ
Revenues	22,447	27,526	(18.5%)
Cost of services	(21,745)	(26,624)	(18.3%)
Profit before tax	481	878	(45.3%)
Loss after tax	(646)	(106)	511.2%
Net cash used in operating activities	(6,042)	(5,173)	16.8%
Net cash used in investing activities	(5,083)	(3,558)	42.9%
Net cash from financing activities	4,945	14,835	(66.7%)

The Standard financial ratios are as follows:

	2018	2017
1. Degree of Financing of Assets from Equity (%)		
Equity / Total Non Current Assets	128.8%	111.3%
2.General liquidity ratio		
Current Assets / Current Liabilities	224.6%	192.1%
3. Working Capital		
Current Assets less Current Liabilities	19,337	18,287
4. Return on Equity (%)		
Net profit before tax / Equity	1.7%	3.8%
5. Gross Margin (%)		
Gross profit/ Revenues	3.1%	3.3%

3. Significant events during 2018 and their effect on the Financial Statements

The following events affected significantly the Company's operations during 2018. Most of them relate to the Company's readiness to provide enhanced services to its parent company OPAP S.A.

More specifically, the Company focused on the following:

1. Following the agreements with OPAP S.A dated 19.10.2015 and 17.12.2015, the Company due to its long experience and know-how in construction and renovation of OPAP's agencies network (Corporate Branding project), undertook for a fee the architectural design, construction and layout of VLT stores (Gaming Halls). It should be noted that during 2018, 132 Gaming Halls in total, were constructed (2017: 233).
2. Following the above, the Company undertook for a fee the configuration of the VLT machines' area in Opap Stores according to predetermined specifications.

Amendment of Income Tax Code

The Law 4579/2018 (Government's Gazette A' 201/03.12.2018), amended the Income Tax Code (Law 4172/2013) regarding the corporate income tax, resulting in a gradual reduction of the corporate income tax rates as follows:

- 28% for the 2019 fiscal year
- 27% for the 2020 fiscal year
- 26% for the 2021 fiscal year
- 25% for the fiscal years from 2022 onwards.

This amendment affected the calculation of deferred tax of the Company.
Specifically, the impact in statement of comprehensive income was a deferred tax expense of € 358 th..

4. Description of main risks and uncertainties

The main risk and uncertainties that the Company may be exposed to described below:

Risk related to political and economic conditions, as well as market conditions and developments in Greece

On a macroeconomic level, Greek economy demonstrates signs of moderation in both its fiscal and trade balances, while it continuous its expansion at a growth rate in the era of 2%.
At the same time, robust improvement in labour market contributed to a further decline in unemployment in 2018, especially for the tourism and retail sector, as a result of the strong performance of consumer confidence and the relaxation of capital controls.
Nevertheless, the third adjustment program of the Greek economy was completed at a time where both the European and the global economies seem to enter a period of slowing growth, while there are also concerns for a mild recession.
The progress of the Greek economy this year largely depends on the regaining of confidence and competitiveness that will set the basis for sustainable growth.
The Company's activity is significantly affected by the disposable income, private consumption, which in turn are affected by the current economic conditions in Greece, such as the unemployment rate, interest rates, inflation rate, tax rate and the increase in GDP rate. Moreover, the economic recession, financial uncertainty and a number of the Company's customers potential interpretation that the economic conditions are deteriorating, could result in a decrease of the usage of the various gaming services that the Company offers to the public.

The return to economic stability depends greatly on the actions and decisions of the institutions both in the country and abroad, as well as from the assessment of the Greek economy from international creditors in the context of the adjustment programs.

Any further negative development in the economy would affect the normal operations. However, Management is continually adjusted to the situation and ensures that all necessary actions are taken, to maintain undisturbed activities.

Market risk

Market risk arises from the possibility that changes in market prices such as exchange rates and interest rates affect the results of the Company or the value of financial instruments held. The management of market risk consists in the effort of the Company to control its exposure to acceptable limits.

The following describes in details the specific risks that make the market risk and their management policies by the Company:

- **Currency risk**

Currency risk is the risk that the fair values of the cash flows of a financial instrument fluctuate due to foreign currency changes. The Company faces no currency rate risk as all its transactions are in Euro.

- **Interest rate risk**

The Company is not exposed to interest rate risk, as it has no outstanding debt.

- **Capital management**

The primary objective of the Company regarding capital management are to safeguard the Company's ability to remain a going concern in order to produce profits for shareholders and benefits for other stakeholders and to maintain an optimal capital structure in order to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends distributed to shareholders, return capital to shareholders or issue new shares in case that additional funds are required in order to retain its operation activities.

Credit risk

The basic credit risk of the Company, which is not considered important, arises from bad debts from agents and Gaming Hall’s buyers, with the appropriate provisions being made, taking into account forward-looking factors specific to the agents and Gaming Hall’s buyers and the economic environment. At the same time an efficient credit risk policy is in place maintaining credit exposure at manageable levels. Additionally, the Company is taking all necessary steps to mitigate credit risk exposure towards financial institutions. The Company is also exposed towards credit risk in respect of entities with which it has deposited funds or with which it has other contractual relationships.

Potential credit risk may occur from Company's cash and cash equivalents in the case a financial institution fails to meet its obligations. To minimize such risk the Company has placed limits which constitute the maximum amounts placed in any financial institution.

Impairment of financial assets

The Company holds two types of financial assets that are subject to credit loss risk:

- Trade receivables and
- Other current assets.

While cash and cash equivalents are also subject to the impairment under IFRS 9, the identified impairment loss was not significant due to the fact that the cash and cash equivalents of the Company are held in reliable financial institutions within the European Union.

The Company applies the IFRS 9 simplified approach to measure expected credit losses using a lifetime expected loss allowance for all trade receivables and other current assets. It is mentioned that the expected credit losses are based on the difference between the cash inflows which are receivable and the actual cash inflows that the Group expects to receive. All cash inflows in delay are discounted.

Liquidity risk

The Company does not face any liquidity risk as such due to the fact that the investment of its available funds and the short payback period, primarily from the parent company, coupled with a sound financial management, are all factors that combined guarantee adequate liquidity.

Cash flows risk and fair value change risk due to interest changes

No such a risk exists.

Tax charges

The Company has been tax audited by the Greek tax authorities for the year 2012 while recently, it received a tax audit mandate for the years 2014 and 2015.

Following the legal framework, the Company is subject to tax audit by Certified Auditors Accountants and for the years that ended up to 2017 it has received Tax Compliance Reports that do not include any significant findings. Specifically, for the year that ended on 31.12.2018 the tax audit is still in progress by the firm KPMG Certified Auditors S.A.

As far as the unaudited by the Greek tax authorities periods are concerned, a possible tax audit may impose further taxes and fines, upon completion.

5. Related Party significant transactions

The amounts of expenses and income undertaken in 2018, and the balances of payables and receivables as at 31.12.2018 for the Company, arising from transactions between related parties are presented in the following tables:

Company's transactions with related parties

	Income	Expenses	Payables	Receivables
	(Amounts in thousands euro)			
OPAP S.A.	5,174	112	14,677	409
HORSE RACES S.A.	1	-	-	-
Total	**5,175**	**112**	**14,677**	**409**

Transaction with Board of Directors members

(Amounts in thousands euro)		
Category	**Description**	**01.01-31.12.2018**
BOARD OF DIRECTORS	Salaries	47
	Cost of social insurance	10
Total		**57**

6. Dividends policy – Profit Distribution

The Company has no profits to distribute.

(Amounts in thousands Euro)	2018	2017
Loss after tax	(646)	(106)

7. Strategy - Prospects for 2019

The Company's main objectives for the year 2019 are the following:

- The constant improvement of services and support provided to OPAP S.A. and its agencies network.
- Cost optimization of the services provided.
- New projects and expansion of supporting services provided for new business, commissioned by the parent company.

8. Subsequent events

Pursuant to the decision of the Extraordinary General Assembly of the Company dated 12.02.2019, its share capital was increased by the amount of Euro 5 million (€ 5,000,000) by the issuance of five million (5,000,000) new common shares of a nominal value per share of one Euro (1 €).

Athens, 3 June 2019

Chairman of the BoD	A Member of the BoD	A Member of the BoD
Damian Cope	Michal Houst	Spyridon Fokas

III. Annual Financial Statements

The attached Financial Statements as at 31.12.2018 were approved by the Board of Directors of OPAP SERVICES S.A. on 3 June 2019 and have been posted at the Company's website, www.opapservices.gr. It is noted that the published attached financial information arise from the Financial Statements, which aim to provide the reader with a general information about the financial status and results of the Company, but they do not present a comprehensive view of the financial position and results of financial performance and cash flows of the Company, in accordance with the International Financial Reporting Standards (IFRS).

The attached notes on pages 21 to 58 form an integral part of the Financial Statements.

Independent Auditor's Report
(Translated from the original in Greek)

To the Shareholders of
OPAP SERVICES S.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Financial Statements of OPAP SERVICES S.A. (the "Company") which comprise the Statement of Financial Position as at 31 December 2018, the Statements of Comprehensive Income, Changes in Equity and Cash Flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of OPAP SERVICES S.A. as at 31 December 2018 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA), which have been incorporated in Greek legislation. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the ethical requirements that are relevant to the audit of the financial statements in Greece and we have fulfilled our ethical responsibilities in accordance with the requirements of the applicable legislation and the aforementioned Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Board of Directors' Report, which is further referred to in the "Report on Other Legal and Regulatory Requirements", but does not include the Financial Statements and our auditor's report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this respect, other than those referred to in relation to the Board of Directors' Report in the "Report on Other Legal and Regulatory Requirements" below.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, which have been incorporated in Greek legislation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

— Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

Board of Directors' Report

Management is responsible for the preparation of the Board of Directors' Report. Pursuant to the provisions of paragraph 5 of Article 2 (part B) of Law 4336/2015, we note that:

(a) In our opinion, the Board of Directors' Report has been prepared in accordance with the applicable legal requirements of Article 150 of L. 4548/2018 and its contents correspond with the accompanying Financial Statements for the year ended 31 December 2018.

(b) Based on the knowledge acquired during our audit, relating to the Company and its environment, we have not identified any material misstatements in the Board of Directors' Report.

Athens, 4 June 2019

KPMG Certified Auditors S.A.
AM SOEL 114

Nikolaos Vouniseas, Certified Auditor Accountant
AM SOEL 18701

A. Statement of Financial Position

As at 31 December 2018 and for the year then ended

(Amounts in thousands Euro)

	Notes	31.12.2018	31.12.2017
ASSETS			
Non - current assets			
Property, plant & equipment	5.1	18,954	17,518
Other non - current assets		185	-
Deferred tax asset	5.2	2,256	3,382
Total non - current assets		**21,395**	**20,900**
Current assets			
Cash and cash equivalents	5.3	2,413	8,593
Inventories	5.4	7,255	5,070
Trade receivables	5.5	18,759	17,423
Other current assets	5.6	6,433	7,062
Total current assets		**34,860**	**38,148**
TOTAL ASSETS		**56,256**	**59,048**
EQUITY & LIABILITIES			
Equity			
Share capital	5.7	48,000	43,000
Reserves	5.8	363	363
Retained earnings		(20,811)	(20,106)
Total equity		**27,553**	**23,257**
Non current liabilities			
Employee benefit plans	5.9	17	12
Provisions	5.10	1,346	1,346
Other non-current liabilities	5.11	11,818	14,572
Total non-current liabilities		**13,180**	**15,930**
Current liabilities			
Trade payables	5.12	12,485	16,654
Tax liabilities	5.13	79	148
Other current liabilities	5.14	2,958	3,059
Total current liabilities		**15,523**	**19,861**
Total liabilities		**28,703**	**35,791**
TOTAL Equity & Liabilities		**56,256**	**59,048**

The attached notes from page 21 to page 58 form an integral part of the Financial Statements.

B. Statement of Comprehensive Income

As at 31 December 2018 and for the year then ended

(Amounts in thousands Euro)

	Notes	01.01-31.12.2018	01.01-31.12.2017
Revenues	5.15	22,447	27,526
Cost of services	5.16	(21,745)	(26,624)
Gross profit		**702**	**901**
Other operating income		3	452
Administrative expenses	5.16	(196)	(250)
Other operating expenses	5.18	(22)	(284)
Operating result		**487**	**819**
Financial income		20	79
Financial expenses		(26)	(20)
Profit before tax		**481**	**878**
Income tax expense	5.19	(1,127)	(984)
Loss after tax		**(646)**	**(106)**
Other comprehensive income – items that will not be reclassified subsequently			
Actuarial loss	5.9	(4)	(5)
Deferred tax	5.19	1	1
Other comprehensive income net of tax		**(3)**	**(4)**
Total comprehensive income net of tax		**(649)**	**(109)**

The attached notes from page 21 to page 58 form an integral part of the Financial Statement

C. Statement of Changes in Equity

As at 31 December 2018 and of the year then ended

(Amounts in thousands Euro)

	Share capital	Reserves	Retained earnings	Total equity
Balance as of 1 January 2017	**28.000**	**363**	**(19.832)**	**8.531**
Loss for the year	-	-	(106)	**(106)**
Other comprehensive loss	-	-	(4)	**(4)**
Total comprehensive income	**-**	**-**	**(109)**	**(109)**
Share capital increase	15.000	-	-	**15.000**
Share capital increase expenses	-	-	(165)	**(165)**
Balance as of 31 December 2017	**43.000**	**363**	**(20.106)**	**23.257**
Balance as of 1 January 2018	**43.000**	**363**	**(20.106)**	**23.257**
Loss for the year	-	-	(646)	**(646)**
Other comprehensive loss	-	-	(3)	**(3)**
Total comprehensive income	**-**	**-**	**(649)**	**(649)**
Share capital increase (Note 5.7)	5.000	-	-	**5.000**
Share capital increase expenses	-	-	(55)	**(55)**
Balance as of 31 December 2018	**48.000**	**363**	**(20.811)**	**27.553**

The attached notes from page 21 to page 58 form an integral part of the Financial Statements.

D. Cash Flow Statement

As at 31 December 2018 and for the year then ended

(Amounts in thousands Euro)

	Notes	31.12.2018	31.12.2017
OPERATING ACTIVITIES			
Profit before tax		481	878
Adjustments for:			
Depreciation & Amortisation	5.1	3,377	2,894
Net finance costs		6	(59)
Employee benefit plans	5.9	-	4
Provisions for bad debts	5.5	186	14
Other provisions	5.10	-	(30)
Total		**4,050**	**3,703**
Changes in Working capital			
(Increase)/decrease in inventories		(2,185)	4,038
Increase in receivables		(788)	(19,078)
Increase / (decrease) in payables (except banks)		(7,024)	6,522
Decrease in taxes payable		(69)	(338)
Total		**(6,016)**	**(5,153)**
Interest paid		(26)	(20)
Net cash used in operating activities		**(6,042)**	**(5,173)**
INVESTING ACTIVITIES			
Purchase of tangible assets	5.1	(4,813)	(3,637)
Interest received		20	79
Loans granted to third parties		(297)	-
Loans repayments from third parties		6	-
Net cash used in investing activities		**(5,083)**	**(3,558)**
FINANCING ACTIVITIES			
Share capital increase	5.7	5,000	15,000
Share capital increase expenses		(55)	(165)
Net cash from financing activities		**4,945**	**14,835**
Net increase/(decrease) in cash and cash equivalents		**(6,180)**	**6,105**
Cash and cash equivalents at the beginning of the year	5.3	8,593	2,488
Cash and cash equivalents at the end of the year	**5.3**	**2,413**	**8,593**

The attached notes from page 21 to page 58 form an integral part of the Financial Statements.

1. Company Information

1.1 General Information

OPAP SERVICES S.A., is 100% subsidiary of OPAP SA. The Company is headquartered in Athens, 112 Athinon Av., 104 42, Greece.

Its purpose of business is to provide a full range of support/advisory services in relation to the various operational functions and needs of OPAP S.A. and to support and/or coordinate its sales network, and in particular its agencies

The Financial Statements for the year ended on 31.12.2018, including the comparatives for the year ended on 31.12.2017, were approved by the Board of Directors on 03.06.2019 and are subject to approval by the General Shareholders Meeting.

1.2 Nature of operations

The main areas, within which the Company operates, are:

1. Providing a full range of support services in relation to both OPAP S.A.'s various business functions and needs, support and/or coordination of the sales network, in particular OPAP S.A. agencies.
2. Providing support services in relation to the Company's activities and OPAP S.A.'s activities.
3. The co-ordination of athletic and cultural oriented activities, conventions and exhibitions relevant to both the activities of the Company and OPAP S.A.
4. Providing services and organizing events with a sports and cultural content, including tourism activities and events, and providing advisory services on matters of sports tourism, technical and other development projects and related services.
5. The issuance, distribution and management of tickets for athletic, cultural and other entertainment activities.
6. The development and construction of athletic premises and facilities as well as the exploitation of existing facilities.
7. To exploit the existing and future OPAP S.A. infrastructure, as well as sales points for both products and services for advertisement and product promotion, for the sale of athletic and other relevant products in addition to providing financial and other services.
8. To research, promote and exploit the athletic market as well as implement all types of financial, economic, technical and commercial types of research.
9. The operation, management and sale of sports rights of limited liability companies, associations and any other sports entity and in general their optimal use with any suitable means.
10. The construction, repair, restoration and maintenance of all types of construction projects that promote the purposes of the Company aimed at the implementation of these projects.

2. Basis of preparation

The Financial Statements of the Company have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations issued by IFRS Interpretations Committee, as adopted by the European Union.

The Financial Statements have been prepared under the historical cost and going concern conventions.

The preparation of the Financial Statements in conformity with the IFRS requires the use of certain critical accounting estimates. It also requires that the Company's management exercise its judgment in the process of applying the appropriate accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Notes 2.2 and 2.3.

All amounts presented in the Financial Statements are in thousands euro unless otherwise stated.

Any differences between the amounts included in the Financial Statements and the respective amounts included in the notes are attributed to rounding.

2.1 New standards, amendments to standards and interpretations

Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning during the current financial year and subsequent years. There is no effect in the financial results of the Company under these new standards, amendments to standards and interpretations that are listed below:

Standards and Interpretations effective for the current financial period

Improvements to International Accounting Standards (Cycle 2014-2016) *(effective for annual periods beginning on or after January 1, 2018)*

As part of the annual improvements project, the International Accounting Standards Board issued non-urgent but necessary amendments to IFRS 1 and IAS 28.

The adoption of these improvements had no effect at the Financial Statements of the Company.

International Financial Reporting Standard 9 "Financial Instruments"*: (effective for annual periods beginning on or after January 1, 2018)*

IFRS 9 replaces the provisions of IAS 39 relating to classification and measurement of financial assets and financial liabilities and also includes an expected credit loss model which replaces the model on realized credit losses that is applied today. It also introduces an approach for hedge accounting based on principles and addresses inconsistencies and weaknesses in the current model of IAS 39.

Pursuant to the provisions of the new standard, financial instruments are classified and measured based on the context of the business model in which they are held and the characteristics of contractual cash flows. The effect to the Company from the application of this standard is described at note 2.3.

International Financial Reporting Standard 15 "Revenue from Contracts with Customers" *(effective for annual periods beginning on or after January 1, 2018)*

The purpose of the standard is to provide a single, comprehensible revenue recognition model to all contracts with customers in order to improve comparability between companies in the same industry, different sectors and different markets. It contains the principles to be applied by an entity to determine the amount of revenues and the timing of their recognition. The basic principle is that an entity would recognise revenue in a way that depicts the transfer of goods or services to customers at the amount that it expects to be entitled in exchange for these goods or services.

The effect to the Company from the application of this standard is described at note 2.3.

Amendment to International Financial Reporting Standard 2 "Share-based Payment": Classification and Measurement of Share-based Payment Transactions *(Effective for annual periods beginning on or after 1.1.2018)*

On 20.6.2016 the International Accounting Standards Board issued an amendment to IFRS 2 with which the following were clarified:

• in estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions shall follow the same approach as for equity-settled share-based payments,

•where tax law requires an entity to withhold a specified amount of tax (that constitutes a tax obligation of the employee) that relates to share-based payments and shall be remitted to the tax authority, such an arrangement shall be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature,

• if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification.

The adoption of this amendment had no effect at the Financial Statements of the Company.

***Amendment to International Financial Reporting Standard 4 "Insurance Contracts"** (Effective for annual periods beginning on or after 1.1.2018)*

On 12.9.2016 the International Accounting Standards Board issued an amendment to IFRS 4 with which:

• It provides insurers, whose activities are predominantly connected with insurance, with a temporary exemption from application of IFRS 9 and

•following full adoption of IFRS 9, it gives all entities with insurance contracts the option to present changes in fair value on qualifying designated financial assets in other comprehensive income instead of profit or loss.

The amendment above is not applicable to the Financial Statements of the Company.

***International Accounting Standard 40 "Investment Property": Transfers of Investment Property** (Effective for annual periods beginning on or after 1.1.2018)*

The International Accounting Standards Board issued an amendment to IAS 40 with which it clarified that an entity shall reclass a property to, or from, investment property when, and only when, there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A change in management's intentions for the use of a property does not provide evidence of a change in use. In addition, the examples of evidence of a change in use were expanded to include assets under construction and not only transfers of completed properties.

The adoption of this standard had no effect at the Financial Statements of the Company.

***IFRIC Interpretation 22 "Foreign Currency Transactions and Advance Consideration"** (Effective for annual periods beginning on or after 1.1.2018)*

The Interpretation covers foreign currency transactions when an entity recognises a non-monetary asset or liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income. The Interpretation clarified that the date of the transaction, for the purpose of determination of exchange rate to use on initial recognition of the asset, the income or expense, is the date of initial recognition of the non-monetary asset or liability (i.e. advance consideration). Additionally, if there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

The adoption of this interpretation had no effect at the Financial Statements of the Company.

Standards and Interpretations effective for subsequent periods

IFRIC 23 "Uncertainty over income tax treatments" *(effective for annual periods beginning on or after 1 January 2019)*

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. IFRIC 23 applies to all aspects of income tax accounting where there is such uncertainty, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

The interpretation has not yet been adopted by the European Union. The adoption of the aforementioned interpretation is not expected to have impact on the Company's Financial Statements.

International Financial Reporting Standard 16 "Leases" *(Effective for annual periods beginning on or after 1.1.2019)*

The new standard significantly differentiates the accounting of leases for lessees while essentially, maintaining the existing requirements of IAS 17 for the lessors. In particular, IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee and introduces a single lessee accounting model under which the lessee is required to recognise a right-of-use asset and a lease liability for all leases unless applying recognition exemption. Accordingly, the nature of the expenses connected with the aforementioned leases will change and the lessee will recognise depreciation for the right-of-use of and interest expense for the lease liabilities. Finally, it should be mentioned that the actual impact of adopting the standard on 01.01.2019 may change because:

- the Company has not finalized yet the testing and assessment of controls over its new IT systems, and
- the new accounting policies are subject to change until the Company presents the first financial statements that include the date of initial application.

Leases in which the Company is a lessee

The Company will apply the new standard, using the modified retrospective approach under which prior-year comparatives will not be restated. Instead, the Company will recognise the cumulative effect of initially applying the standard as an adjustment to equity. Short-term leases (lease within 1 year) and leases for which the underlying asset is of low value (lower than € 4,500) will not be treated under IFRS 16.

The lease liability which will be recognised by the Company at the date of the initial application will be measured at the present value of the remaining lease payments discounted using the lessee's incremental borrowing rate. At the date of the initial application the Company will also recognise a right of use asset in amount equal to the lease liability and adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application. The lease payments mostly relate to leases of building rentals for administrative purposes, cars, and VLTs Stores (which are sub-leased to agents under operating lease). As a result, in the Statement of Financial Position, a significant increase in total assets and liabilities is anticipated on first-time adoption due to the capitalization of right-of-use assets and the recognition of lease liabilities. Additionally, as far as the Income Statement is concerned, the nature of expenses related to those leases will also change since IFRS 16 replaces the operating lease expense with a depreciation charge for the right-of-use assets and interest expense on lease liabilities. This will give rise to a significant improvement in EBITDA.

The actual impact of applying IFRS 16 will depend on Company's incremental borrowing rate as of 01.01.2019, the identification of lease contracts included in scope of the new standard at that date and the Company's latest assessment of the lease term, particularly in respect of exercising any lease extension or termination options. Based on the management latest assessment, the expected impact of the IFRS 16 adoption is as follows:

- **Statement of Financial position as of 01.01.2019:**

Upon initial application of the new standard, the estimated impact is an increase in Company's total assets due to the capitalization of right-of-use assets by € 16 (excluding any adjustments for prepaid or accrued lease payments) and a respective increase of lease liabilities.

- **Income Statement 2019:**

In the Company's Income Statement, it is expected that the 'Depreciation, amortisation and impairment' will be increased approximately by € 5 due to the right-of-use assets depreciation, the 'Financial cost' will be increased approximately by € 1 due to the interest expense on lease liabilities and the 'Operating Expenses' will be decreased approximately by € 5 , resulting in improvement of EBITDA.

IFRS 9 (Amendments) "Prepayment Features with Negative Compensation" *(effective for annual periods beginning on or after January 1, 2019)*

These amendments allow companies to measure particular pre-payable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met, instead of at fair value through profit or loss.

The amendments are not expected to have an effect at the Financial Statements of the Company.

IAS 28 (Amendments) "Long term interests in associates and joint ventures" *(effective for annual periods beginning on or after January 1, 2019)*

These amendments clarify that companies account for long-term interests in an associate or joint venture, to which the equity method is not applied, using IFRS 9.

The amendments are not expected to have an effect at the Financial Statements of the Company.

***IAS 19 (Amendments) "Plan amendment, curtailment or settlement"** (effective for annual periods beginning on or after January 1, 2019)*

These amendments specify how companies determine pension expenses when changes to a defined benefit pension plan occur.

The amendments are not expected to have an effect at the Financial Statements of the Company.

***Annual Improvements to IFRSs 2015 (2015 – 2017 Cycle)** (effective for annual periods beginning on or after January 1, 2019)*

The improvements set out below describe the key changes to certain IFRSs.

The improvements are not expected to have an effect at the Financial Statements of the Company.

IFRS 3 "Business combinations"

The amendments clarify that a company remeasures its previously held interest in a joint operation when it obtains control of the business.

IFRS 11 "Joint arrangements"

The amendments clarify that a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

IAS 12 "Income taxes"

The amendments clarify that a company accounts for all income tax consequences of dividend payments in the same way.

IAS 23 "Borrowing costs"

The amendments clarify that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

***IFRS 3 (Amendments) "Definition of a business" (**effective for annual periods beginning on or after January 1, 2020)*

The amended definition emphasises that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others.

The Company is evaluating the impact of adoption of these amendments at the Financial Statements. The amendments have not yet been endorsed by the EU.

IAS 1 and IAS 8 (Amendments) "Definition of a material" *(effective for annual periods beginning on or after January 1, 2020)*

The amendments clarify the definition of material and how it should be applied by including in the definition guidance which until now was featured elsewhere in IFRS. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS.

The Company is evaluating the impact of adoption of these amendments at the Financial Statements. The amendments have not yet been endorsed by the EU.

International Financial Reporting Standard 17 "Insurance contracts" *(Effective for annual periods beginning on or after 1.1.2021)*

On 18 May 2017, the IASB finished its long-standing project to develop an accounting standard on insurance contracts and published IFRS 17, 'Insurance Contracts'. IFRS 17 replaces IFRS 4, which currently permits a wide variety of practices. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

This standard is not applicable at the Financial Statements of the Company.

Amendment to International Financial Reporting Standard 10 "Consolidated Financial Statements" and to International Accounting Standard 28 "Investments in Associates and Joint Ventures" *(the date of compulsory application has not yet determined)*

Amendments settle in an inconsistency between the provisions of IFRS 10 and IAS 28 on the sale or contribution of assets between an investor and an associate or joint venture. The main effect of the changes is that it is recognised the entire gain or loss of a transaction that includes an activity (either in the form of a subsidiary or not). Partial profit or loss is recognised when the transaction includes assets that do not constitute an activity, even if these assets are in the form of a subsidiary.

2.2 Important accounting decisions, estimations and assumptions

The preparation of the Financial Statements requires management to make estimations and judgments that affect the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenue and expenses during the reporting period. Actual events could differ from those estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The effect of a change in an accounting estimate or judgement shall be recognized prospectively.

2.2.1 Judgements

The preparation of the Financial Statements in accordance with the IFRS requires that the Company's management carry out judgments that affect the reported amounts.

The most significant judgments concern the following:

- **Recoverability of accounts receivable**

Management examines at each period of Financial Statements preparation the recoverability of the amounts included in accounts receivable, in combination with external information (such as credibility databases, lawyers estimation, etc.) in order to estimate the recoverability of accounts receivable.

2.2.2 Estimations and assumptions

Certain amounts included in or affecting the Financial Statements and related disclosures must be estimated, requiring Management to make assumptions with respect to values or conditions which cannot be known with certainty at the time that the Financial Statements are prepared A "critical accounting estimate" is one which is both important to the portrayal of the Company's financial condition and results and requires Management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. The Company evaluates such estimates on an ongoing basis, based upon historical results and experience, consultation with experts, trends and other methods considered reasonable in the particular circumstances, as well as forecasts as to how these might change in the future. Also, see Note No. 3 on the "Summary of significant accounting policies" which refers to accounting principles selected from proposed acceptable alternatives.

Provisions

See Note 3.10.

Income taxes

See Note 3.9.

Contingent assets and liabilities

See Note 3.10.

Useful life of depreciable assets

See Note 3.2.

2.3 Changes in accounting policies

On 01.01.2018 the Company adopted and applied for the first time IFRS 15 "Revenue from Contracts with customers" and IFRS 9 "Financial Instruments" following the modified retrospective approach under which the cumulative impact of the adoption was recognised during the initial application on 01.01.2018, while the information of 2017 were not restated but presented according to the previous standards and interpretations. The impact of the two aforementioned standards for the Company are presented below.

IFRS 15 "Revenue from Contracts with customers"

IFRS 15 replaces IAS 11 "Construction Contracts", IAS 18 "Revenue" and all related Interpretations which apply to revenues arising from contracts with customers, unless those contracts are under the scope of other standards.

Under IFRS 15 revenue is recognised and measured using the following five step model:

1. Identify the contract with a customer.
2. Identify the separate performance obligations.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations.
5. Recognise revenue when (or as) a performance obligation is satisfied.

The main principle is that an entity would recognise revenue in a way that depicts the transfer of goods or services to customers at the amount that it expects to be entitled in exchange for these goods or services. It also contains the principles that an entity should apply in order to determine the measurement of revenues and the timing of their recognition. Thus, Under IFRS 15, revenue is recognised when the entity satisfies a performance obligation by transferring the control of a promised good or service to the customer at a point in time or over time.

The purpose of the standard is to provide a single, comprehensible revenue recognition model to all contracts with customers in order to improve comparability between companies in the same industry, different sectors and different markets.

On 1.1.2018, the Company adopted IFRS 15 by using the modified retrospective approach, meaning that the cumulative impact of the adoption was recognised in retained earnings without restatement of the comparative period. However, according to management's assessment, the new standard had no impact on the profitability and financial position of the Company upon IFRS 15 first time adoption. Therefore, opening retained earnings for 2018 were not adjusted. Finally, as far as the future reporting periods are concerned, the impact that the Company expects from the IFRS 15 application is immaterial and it will concern contracts with customers which will have not been completed as at the reporting date.

IFRS 9 "Financial Instruments"

IFRS 9 replaces the guidance of IAS 39 which deals with the classification and the measurement of financial assets and financial liabilities and it also, includes an expected credit losses model which replaces the incurred loss impairment model. Moreover, IFRS 9 establishes a new more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the model in IAS 39.

a) Classification and measurement of financial assets and financial liabilities

The adoption of IFRS 9 had no effect on the Company's accounting policies relating to financial liabilities. However, as far as the classification and measurement of financial assets is concerned, it should be mentioned the following:

Except for the trade receivables that are initially measured at the transaction price, the Company measures a financial asset at fair value plus transaction costs with the exception of those financial assets which are measured at fair value through profit or loss.

Subsequently, under IFRS 9 the financial instruments are measured at fair value through profit or loss (FVTPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria:

- The business model within which the financial asset is held, i.e. whether the entity's objective is to hold the financial asset in order to collect cash inflows or to collect cash inflows and sell it, and
- Whether the instruments' contractual cash inflows represent exclusively, payments of principal and interest on the outstanding principal amount (the 'SPPI criterion').

Under the IFRS 9 guidance, the new classification and measurement of the financial assets are as follows:

- **Financial assets at amortised cost**

  The category includes the financial assets that are held within the business model with the objective to hold them and collect cash inflows that meet the SPPI criterion.

  All the financial assets of the Company are measured at amortised cost.

- **Financial assets at fair value through profit or loss (FVTPL)**

  The category includes financial assets which do not meet the criteria for measurement at amortised cost. The Company does not hold financial assets it this category.

It should be noted that as at 01.01.2018, there was no impact resulted from the aforementioned new classification.

b) Impairment

The Company holds two types of financial assets that are subject to IFRS 9 new expected credit loss model:

- Trade receivables
- Other financial assets at amortised cost

While cash and cash equivalents are also subject to the impairment under IFRS 9, the identified impairment loss was not significant due to the fact that the cash and cash equivalents of the Company are held in reliable financial institutions within the European Union.

Under IFRS 9 the Company should adopt the expected credit losses (ECL) model for both types of financial assets, trade receivables and other financial assets at amortised cost. It is mentioned that the ECL model is based on the difference between the cash inflows which are receivable and the actual cash inflows that the Company expects to receive. All cash inflows in delay are discounted.

Trade receivables

The Company applies the IFRS 9 simplified approach in order to measure the expected credit losses using a lifetime expected loss allowance for all trade receivables.

To measure the expected credit loss in relation to trade receivables, the Company has established a provision matrix relying on aging analysis, which is based on the Company’s historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

As at 01.01.2018, the Company had no impact from the adoption of the standard, however for the year 2018 the additional amount of allowance for trade receivables that resulted from the adoption of IFRS 9 was € 4.

Other financial assets at amortised cost

Relating to the other Company’s financial assets at amortised cost, the general approach is applied. These assets are considered to have low credit risk and any loss allowance is therefore, limited to 12 months’ expected losses. It is noted that there was no impact for the Company, as at 01.01.2018 relating to the other financial assets at amortised cost.

3. Summary of significant accounting policies

The significant accounting policies that have been used in the preparation of these Financial Statements are summarised below. It should be noted, as aforementioned in paragraph 2.2, that accounting estimates and assumptions are used in preparing the Financial Statements. Although these estimates are based on Management's best knowledge of current events and actions, actual events may ultimately differ from those estimates.

3.1 Recognition of income and revenues

The Company has initially applied IFRS 15 from 01.01.2018. Information about the Company's accounting policy relating to contracts with customers is provided in Note 2.3.

The recognition of revenue is as follows:

• **Revenue:** Revenue is recognised when it is probable that future economic benefits will flow to the Company and the amount of revenue can be reliably measured. Revenue is measured at the fair value of the consideration received and is shown net of value-added tax, returns and discounts. The amount of revenue is considered to be reliably measurable when all contingencies relating to the sale have been resolved.

• **Rendering of services:** Prior to the adoption of IFRS 15, Company recognised revenue from fixed price contracts according to the stage of completion at the reporting date. Revenues from rendering of services will continue to be accounted for over the time of the contract by using an estimation method similar to the percentage of completion method in relation to the total cost required for the service. When the outcome of the transaction cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable. The amount associated with a later service, is deferred and recognised over the period when the service is provided. This deferred income is included in "Other liabilities" in the Statement of Financial Position.

• **Interest income:** Interest income is recognised using the effective interest method that is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When a receivable is impaired, the Company reduces the carrying amount to the amount expected to be recovered, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

• **Expenses:** Expenses are recognised in the Statement of Comprehensive Income on accrual basis. Interest expenses are recognised on accrual basis..

3.2 Tangible assets

Fixed assets (furniture and fixtures) are measured at historical cost less accumulated depreciation and any impairment in value. The acquisition cost includes all the directly attributable expenses for the acquisition of the assets. Subsequently, they are valued at undepreciated cost less any impairment.

Subsequent expenditure is added to the carrying value of property, plant and equipment or is booked as a separate fixed asset only if it is probable that future economic benefits will flow to the Company and their cost can be accurately and reliably measured. The repair and maintenance cost is presented in the Statement of Comprehensive Income when such is realized.

Upon sale of property, plant and equipment, any difference between the proceeds and the book value is presented as profit or loss in the Statement of Comprehensive Income. Expenditure on repairs and maintenance is presented as an expense in the period they occur.

Depreciation of property, plant and equipment (other than Land which is not depreciated) is calculated using the straight line method over their useful life, as follows:

Vehicles	**passenger vehicles: 10 years, trucks: 8.3 years**
Furniture and Fixtures	**10 years**

The residual values and useful economic life of property, plant and equipment are subject to reassessment at each reporting date. When there are objective indications that the book value of property, plant and equipment exceeds their recoverable amount, the difference (impairment) is immediately presented as expense in the Statement of Comprehensive Income.

Assets up to a value of € 1.5 are amortised during the year. Property, plant and equipment is annually tested for impairment.

3.3 Impairment of non-financial assets

Other assets are reviewed for impairment annually when certain events indicate that the carrying value may not be recoverable. The recoverable amount is the greater amount between the net selling price and value in use. The net sales value is considered the amount from the sale of an asset at an arm's length transaction between knowledgeable parties, who are willing, after deducting any additional direct costs pertaining to the disposal of the asset, while the use value is based on evaluation of this value of future cash flows, as the present value of estimated future cash flows expected to accrue to the company from using an asset and from its disposal at the end of its useful life.

For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist and therefore the recognized impairment is reversed.

3.4 Leases

The Company enters into agreements that are not those of the legal type of a lease but pertain to the transfer of the right to use assets (property, plant and equipment) as against certain payments.

The consideration of whether an agreement contains an element of lease is made at the inception of the agreement, taking into account all the available data and particular circumstances. After the inception of the agreement, there is conducted its revaluation concerning whether it still contains an element of a lease in case any of the below mentioned happen:

a) there is a change in the conditions of the leases apart from cases when the leases is simply prolonged or renewed,

b) there is exercised the right to renew the leases or a prolongation of the leases is decided apart from the cases when the terms of prolongation and renewal were initially included in the leasing period,

c) there is a change in the extent to which the realization depends on the defined assets and

d) there is a material change in the assets.

The Company as a lessee

The ownership of a leased asset is transferred to the lessee in case all the risks and rewards of ownership of the leased assets have been transferred to the lessee irrespective of the legal type of the agreement. At the commencement of the lease term, lessees shall recognise finance leases as assets and liabilities in their statements of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

Subsequent accounting treatment of assets acquired through finance leases is that the leased land and buildings are revalued at fair value. The leased assets are depreciated over the shorter period between the term of the lease and the useful life unless it is almost certain that the lessee will assume the property of the asset upon the termination of the contract. If the lease transfers the ownership of the asset upon the termination of the contract or if there is the option of purchase at a lower price, then the depreciable period is the asset's useful life. Lease payments are distinguished in the amount referring to interest repayment and capital repayment. The distinction is made in order to achieve a fixed repayment schedule. Interest payments are charged to the income statement.

All the remaining leases are treated as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

3.5 Financial assets

Financial assets include cash and other financial instruments. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and subsequent measurement of financial assets

From January 1, 2018, the financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVPL). The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the business model within which the financial asset is held.

With the exception of trade receivables, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are initially measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI criterion and is performed at an instrument level.

For the purpose of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income
- Financial assets at fair value through profit or loss

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The fair values of quoted investments are based on quoted market bid prices. For investments where there is no quoted market price, fair value is determined using valuation techniques, unless the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed, where the entity is precluded from measuring these investments at fair value. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognised on the settlement date (i.e. the date that the asset is transferred or delivered to the Company).

Impairment of financial assets

The Company assesses at each reporting date, whether a financial asset or group of financial assets is impaired as follows:

The Company recognises an allowance for Expected Credit Losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, and the Company do not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date.

Derecognition of financial assets

A financial asset (or, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the assets, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

3.6 Cash and cash equivalents

Cash and cash equivalents include cash at bank accounts and in hand as well as short term highly liquid investments such as money market instruments and bank deposits with an original maturity of three months or less. Restricted cash is also included in Cash and Cash Equivalents. Restricted cash is cash not available for immediate use. Such cash cannot be used by a Company until a certain point or event in the future.

3.7 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the yearly weighted average cost formula. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. When there is any subsequent increase of the net realizable value of inventories that have been previously written-down, the amount of the write-down is reversed.

3.8 Equity

Share capital

Share capital is determined using the nominal value of shares that have been issued. Ordinary shares are classified as equity. Share capital issuance costs, net of related tax, are reflected as a deduction from retained earnings.

Statutory reserves

The reserves consist of the mandatory amounts deducted from previous years' earnings for the formation of the statutory reserves.

The statutory reserves amount to at least 5% of annual net profits that are added every year. The obligation seizes when at least the level of 1/3 of paid up share capital is reached. The amount in question is not available for distribution.

3.9 Income tax and deferred tax

Income tax for the period comprises current and deferred tax, i.e. the tax charges or tax credits that are associated with economic benefits accruing in the period but have been assessed by the tax authorities in different periods.. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax is measured on the taxable income for the year using enacted or substantively enacted tax rate at the reporting date. It also includes any additional income taxes relating to prior years' calculations. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided on all temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized. Deferred tax liabilities are recognised for all taxable temporary differences.

However, in accordance with the rules set out in IAS 12, no deferred taxes are recognised in conjunction with goodwill.

No deferred tax is recognised from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss. No deferred taxes are recognised to temporary differences associated with shares in subsidiaries and joint ventures if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits are assessed for recognition as deferred tax assets.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Most changes in deferred tax assets or liabilities are recognised as a part of tax expense in the income statement. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that is charged directly to equity are charged or credited directly to equity. Deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. The Company recognises previously unrecognised deferred tax asset are reassessed at each balance sheet date to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

3.10 Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Timing or amount of the outflow may still be uncertain. No provisions are recognised for future operating losses.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when it is virtually certain that reimbursement will be received if the entity settles the obligation and it is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision. The expense relating to a provision is presented in the Statement of Comprehensive Income, net of the amount recognised for a reimbursement. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount pre-tax rate reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as borrowing cost in the Statement of Comprehensive Income.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognised unless assumed in the course of a business combination. These contingent liabilities are recognised in the course of the allocation of purchase price to the assets and liabilities acquired in the business combination. Contingent liabilities are not recognised in the Financial Statements but are disclosed, except if the probability that there will be an outflow of resources that embody economic benefits is minimum.

Probable inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets. Contingent assets are not recognised in the Financial Statements but are disclosed provided that the inflow of economic benefits is probable.

3.11 Financial Liabilities

Financial liabilities include bank loans and overdrafts, trade and other payables and finance leasing liabilities.

Initial recognition and subsequent measurement of financial liabilities

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The measurement of financial liabilities depends on their classification.

Finance lease liabilities are measured at initial value less the capital element of lease repayments.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Comprehensive Income.

The loans are divided into long term (mature in more than one year) and short term (mature in one year or less).

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position only when the Company has a legally enforceable right to set off the recognised amounts and intends either to settle such asset and liability on a net basis or to realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

3.13 Retirement benefits costs

The Company pay contributions to employee benefit plans after leaving the service in accordance with the laws. These programs are separated into defined benefit plans and defined contribution plans.

Defined benefit plans

As defined benefit plan is a benefit plan to an employee after leaving the service, in which benefits are determined by certain parameters such as age, years of service or salary. At defined benefit plan, the value of the liability is equal to the present value of defined benefit payable at the reporting date less the fair value of plan assets and of past services cost. The defined benefit liability and the related expense is estimated annually by independent actuaries using the projected credit unit method. The present value of the liability is determined by discounting the estimated future cash flows to the interest rate of high quality corporate bonds or government bonds in the same currency as the liability with proportional liability duration, or interest rate that takes into account the risk and duration of the liability, where the market depth for such bonds is weak. The costs of liability are recognised in income during the rendering of insured services. The expenses for defined benefit plans, as estimated, are recognised in the Statement of Comprehensive Income and are included in the account "Staff Costs". Additionally, based on the requirements of IAS 19 (Amendment) the actuarial profits/(losses) are recognised in the Statement of Comprehensive Income.

Defined contribution plans

A defined contribution plan is where the entity pays fixed contributions into a separate entity and no legal or constructive obligation to pay further contributions if the fund does not have sufficient assets to pay all employees the benefits relating to employee service in current or prior years. The contributions are recognised as employee benefit expense on an accrual basis. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

4. Dividend distribution

The distribution of a dividend to the Company's shareholders is recognised as a liability named "Other short term liabilities" at the date at which the distribution is approved of by the Shareholders' General Meeting.

5. Notes on the Financial Statements

5.1 Property, plant & equipment

COMPANY	Vehicles & Equipment	Total
Year that ended on 31 December 2017		
Opening net book amount (1 January 2017)	**16,776**	**16,776**
Additions	3,637	**3,637**
Depreciation charge	(2,894)	**(2,894)**
Net book amount (31 December 2017)	**17,518**	**17,518**
Year that ended on 31 December 2018		
Opening net book amount (1 January 2018)	**17,518**	**17,518**
Additions	4,813	**4,813**
Depreciation charge	(3,377)	**(3,377)**
Net book amount (31 December 2018)	**18,954**	**18,954**

In 2018, the additions of € 4,813 relate to telecommunication equipment for the Opap Stores.

Property, plant and equipment of the Company have not been pledged.

5.2 Deferred tax asset

The movement in deferred tax asset is as follows:

	31.12.2018	31.12.2017
Opening balance, net deferred asset	**3,382**	**4,365**
Charge recognised in profit or loss (Note 5.19)	(1,127)	(984)
Charge recognised in other comprehensive income (Note 5.19)	1	1
Closing balance, net deferred asset	**2,256**	**3,382**

The movement in deferred tax asset per category during the year is as follows:

	Net balance at 1 January 2018	Recognised in profit or loss (note 5.19)	Recognised in Other Comprehensive Income (note 5.19)	Balance at 31 December 2018
Property, plant and equipment	(518)	(77)	-	(595)
Employee benefits	4	-	1	4
Provisions	(166)	200	-	33
Accrued liabilities	4,063	(1,249)	-	2,814
Total asset	**3,382**	**(1,127)**	**1**	**2,256**

The movement in deferred tax asset per category during the previous year is as follows:

	Net balance at 1 January 2017	Recognised in profit or loss (note 5.19)	Recognised in Other Comprehensive Income (note 5.19)	Balance at 31 December 2017
Property, plant and equipment	(533)	15	-	(518)
Employee benefits	3	(1)	1	4
Provisions	34	(200)	-	(166)
Accrued liabilities	4,862	(799)	-	4,063
Total asset	**4,365**	**(984)**	**1**	**3,382**

On 31.12.2018, the Company had accumulated tax losses of € 22,351 (31.12.2017: € 20,454). For these accumulated tax losses, no deferred tax asset has been recognised due to the uncertainty of the timing of available taxable profits against which these losses could be offset.

The income tax rate to which the Company is subject for 2018 equals to 29%. However, according to Article 23 of L. 4579/2018, the corporate income tax rate will be gradually reduced by 1% per annum as follows:

- 28% for the 2019 fiscal year
- 27% for the 2020 fiscal year
- 26% for the 2021 fiscal year
- 25% for the fiscal years from 2022 onwards.

The financial effect of these changes, results in decrease of deferred tax asset by € 359.

Taking into account the above eminent changes in income tax rate, deferred tax asset for the Company amounts to € 2,256.

5.3 Cash and cash equivalents

The analysis of cash and cash equivalents is as follows:

	31.12.2018	31.12.2017
Short term bank deposits	2,413	8,593
Total	**2,413**	**8,593**

Short term bank deposits are comprised by current accounts and time deposits. The effective interest rates are based on floating rates and are negotiated on a case by case basis.

In short term bank deposits is included restricted cash of amount € 20 due to a court decision relating to a third party claim against the Company.

In accordance with the latest amendment of 01.10.2018 relating to the capital controls which initially imposed on 28.06.2015, there are no more restrictions on cash withdrawal and working capital transfers within the country while the restrictions for the transaction outside the country have been gradually eased.

5.4 Inventories

The Company's inventories of € 7,255 (2017: € 5,070) relates to Gaming Halls stores under construction that will be sold after their completion.

Following the agreements with OPAP S.A dated 19.10.2015 and 17.12.2015, the Company due to its long experience and know-how in construction and renovation of OPAP's agencies network (Corporate Branding project), undertook for a fee the architectural design, construction and layout of VLT stores (Gaming Halls).

The VLT stores under construction are being monitored in the Company's books as inventory until their completion and sale to the owners.

The Company has not pledged its inventories as collateral.

5.5 Trade receivables

The analysis of trade receivables is as follows:

	31.12.2018	31.12.2017
Receivables from related parties	409	3,710
Receivables from third parties	18,550	13,727
Sub total short term trade receivables	**18,959**	**17,438**
Less provisions for bad and doubtful debts	(200)	(14)
Total trade receivables	**18,759**	**17,423**

The amount of receivables from related parties relates to receivable from the parent company OPAP S.A. in the context of the Company's contractual responsibilities for the provision of several services.

A significant part of the receivables from third parties, and specifically the amount of € 6,800 (2017: € 6,306), constitutes receivable for the sale of VLT stores (Gaming Halls), while the remaining amount of € 11,750 (€ 7,421) is a receivable from the agents of OPAP S.A. relating to the construction and the configuration of the area where the VLTs are installed in the Opap Stores as well as rendering of services (telecommunications, pay TV, etc).

Management considers that the Company's arises from bad debts from agents and Gaming Hall's buyers. In order to cover this risk, the Company established cumulative provision of € 200 (2018: € 14).

5.6 Other current assets

The other current assets analysis is as follows:

	31.12.2018	31.12.2017
Receivables from taxes	4,617	4,019
Other receivable - revenue receivable	135	249
Prepaid expenses	1,681	2,793
Total	**6,433**	**7,062**

Receivables from taxes include mainly receivable from the Greek tax authorities regarding to value added tax (VAT) of € 4,599 (2017: € 3,782). Other receivable- revenue receivable include prepayments to the Company's suppliers and receivables from employees. Prepaid expenses and specifically, the amount of € 1,679 relates to pay TV subscription for Opap Stores for the period that ends on 31.12.2019.

5.7 Share capital

During the year 2019, the Company increased its share capital. Specifically, following the Extraordinary General Meeting decision of 13.07.2018, the Company's share capital was increased by € 5,000 in cash through the issuance of 5,000,000 new common shares with a nominal value of € 1 each.

Consequently, the Company's share capital at 31.12.2018 amounted to € 48,000 (2017: € 43,000), which is fully submitted and divided into 48,000,000 common shares with a nominal value of € 1 each. All shares are of equal value concerning the dividend distribution and capital return and represent one vote at the General Meeting of the shareholders of the Company.

5.8 Reserves

Statutory reserves reflect the addition of a minimum of 5% of the annual net profit of parent company added each year, subject to a maximum balance of 1/3 of the outstanding share capital. This amount is not available for distribution. The Company has not reached the statutory amount.

As at 31.12.2018 and 31.12.2017, the statutory reserve amounted to € 363.

5.9 Employee benefit plans

Defined benefit plans

Under Greek labor law (L.2112/1920), employees are entitled to termination payments in the event of retirement with the amount of payment varying in relation to the employee's compensation and length of service. The liability arising from the above obligation is actuarially valued by an independent firm of actuaries. The last actuarial valuation was undertaken in December 2018.

The analysis of the plan in Statement of Financial Position is as follows:

	31.12.2018	31.12.2017
Opening balance	**12**	**10**
Current service cost	1	7
Cost of transfers	-	(3)
Total cost recognised in Statement of Comprehensive Income	**1**	**4**
Actuarial loss	4	5
Total actuarial loss recognised in Equity	**4**	**5**
Payments	-	(7)
Closing balance	**17**	**12**

The principal actuarial assumptions used in the actuarial valuations as at 31.12.2018 and 31.12.2017 are the following:

	2018	2017
Discount rate	1.40%	1.40%
Expected salary increase percentage	2.00%	2.00%
Average service in the company	7.33	8
Inflation rate	2.00%	2.00%

The table below presents the change of the actuarial liability if the discount interest rate was 0.5% higher or lower than the one used and the respective change if the expected rate of salaries increase was 0.5% higher or lower than the one used.

Sensitivity analysis	Actuarial liability	Percentage change
Increase in discount rate by 0.5%	16	-3%
Decrease in discount rate by 0.5%	17	3%
Increase of the expected wages' increase by 0.5%	17	3%
Decrease of the expected wages' increase by 0.5%	16	-3%

5.10 Provisions

Provisions of the Company as at 31.12.2018 amount to € 1,346 (2017: € 1,346), out of which the amount of € 1,258 refers to a cumulative provision for unaudited tax years (Note 5.22A). The remaining amount of € 88 relates to provisions made against losses from lawsuits against the Company.

5.11 Other non-current liabilities

Other non-current liabilities of € 11,818 (2017: € 14,572) relate exclusively, to the long-term portion liability of the Company to its parent company, as a result of the implementation of the Corporate Branding project to the OPAP's network.

5.12 Trade payables

The analysis of trade payables is as follows:

	31.12.2018	31.12.2017
Short term liabilities to related parties	105	681
Short term liabilities to third parties	12,380	15,972
Total	**12,485**	**16,654**

Trade payables are non-interest bearing and are settled upon a regular basis.

5.13 Tax liabilities

Tax liabilities as at 31.12.2018 amount to € 79 (2017: € 148) and mainly include withheld contractors' tax of amount € 66 (2017: € 138) for the construction services offered.

5.14 Other current liabilities

The other current liabilities analysis is as follows:

	31.12.2018	31.12.2017
Other short-term liabilities to related parties	2,755	2,755
Other short-term liabilities	204	305
Total	**2,958**	**3,059**

Other short term liabilities to related parties relate to the short-term part of the Company's liability to its parent company, as a result of the implementation of the Corporate Branding project to OPAP's network.

5.15 Revenues

The revenue analysis is as follows:

Year that ended on December 31,	2018	2017
Revenues from OPAP S.A. relating to the implementation of the Corporate Branding project	2,755	2,755
Revenues from OPAP S.A. for the sale of consumables & other equipment	101	127
Revenues from OPAP S.A. for other services	2,319	1,514
Revenues from HORSE RACES S.A. for other services	1	-
Revenues from other services	3,722	1,779
Revenues from the sale of VLT stores (Gaming Halls)	9,441	15,069
Revenues from the configuration of the Opap Stores	4,109	6,283
Total	**22,447**	**27,526**

The Company during 2018 recognised a revenue of € 2,755 (2017: € 2,755) relating to the implementation of the Corporate Branding project in Opap Stores.

Additionally, following the agreement with OPAP S.A. dated 22.06.2009 and its amendment of 13.01.2014 (SLA), during 2018, the Company recognised revenue of € 101 (2016: € 127).

Moreover, during 2018 a revenue of € 2,319 (2017: € 1,514) was recognised for rendering of services (mainly pay TV) to OPAP S.A..

Revenues from other services include, among others, rendering of telecommunication and pay TV services to Opap stores and Gaming Halls.

For the current period the Company recognised a revenue of € 9,441 (2017: € 15,069) from the sale of 132 VLT stores (Gaming Halls) (2017: 233) and of € 4,109 (€ 6,283) from the Opap Stores configuration. The aforementioned amount, equals to the construction cost plus the predetermined, by the agreement with OPAP S.A. dated 17.12.2015, as amended on 26.09.2017, commission.

5.16 Expenses per category

The analysis of expenses per category is as follows:

Year that ended on December 31,	2018	2017
Inventory consumption cost	9,140	14,539
Payroll expenses (Note 5.17)	87	112
Professional fees and expenses	357	254
Third party expenses	28	39
Taxes and duties	4	-
Other expenses	8,948	9,036
Depreciation	3,377	2,894
Total	**21,941**	**26,874**

Inventory consumption costs relate to the consumption of inventory relating to the sales of Gaming Halls. Other expenses include among others, an amount of € 4,416 (2017: € 6,100) which relates to the configuration of the Opap Stores and an amount of € 4,373 (2017: € 2,784) which relates to the provision of pay TV services to the Opap Stores.

The allocation of the aforementioned expenses by function is as follows:

Year that ended on December 31,	2018	2017
Cost of services	21,745	26,624
Administrative expenses	196	250
Total	**21,941**	**26,874**

5.17 Payroll expenses

The analysis of payroll expenses is as follows:

Year that ended on December 31,	2018	2017
Wages and salaries	59	75
Social security costs	26	29
Employee benefit plans	-	4
Other staff cost	3	3
Total	**87**	**112**

The number of permanent employees of the Company as of 31.12.2018 and 31.12.2017 is 3 employees, respectively.

5.18 Other operating expenses

The other operating expenses analysis is as follows:

Year that ended on December 31,	2018	2017
Taxes and duties	14	281
Other expenses	9	3
Total	**22**	**284**

5.19 Income Tax

The income tax charged to the statement of profit or loss and other comprehensive income for the years ended 31 December 2018 and 2017 is analysed as follows:

Amounts recognised in income statement

Year that ended on December 31,	2018	2017
Current income tax expense	-	-
Deferred tax	(768)	(984)
Deferred tax effect from tax rate change	(359)	-
Total income taxes	**(1,127)**	**(984)**
Effective tax rate	**(5533.9%)**	**(1247.3%)**

The effective tax rate differ significantly compared to the domestic tax rate (29%) due to the fact that the Company has not recognised a deferred tax asset for the tax losses since there was no business plan resulting to enough taxable profits for the next years (Note 5.2).

The deferred tax effect from tax rate of amount € 358 is attributed to the gradual reduction of the income tax rate in Greece in the following years from the revaluation of deferred tax assets and liabilities.

Amounts recognised in profit or loss and other comprehensive income

Year that ended on December 31,	2018	2017
Deferred tax on remeasurement of defined benefit liability (Note 5.9)	1	1
Total	**1**	**1**

Based on International Accounting Standard 12 “Income Taxes” deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply at the period of realization, provided they are enacted or substantively enacted at the reporting date.

The Law 4579/2018 (Government's Gazette A' 201/03.12.2018), amends the Income Tax Code (Law 4172/2013) regarding the corporate income tax, resulting in a gradual reduction in corporate income tax rates as follows:

- 28% for the 2019 fiscal year
- 27% for the 2020 fiscal year
- 26% for the 2021 fiscal year
- 25% for the fiscal years from 2022 onwards

Consequently, for the current year the income tax expense was calculated using 29% rate while, the deferred tax was calculated using rates from 25% to 28%.

The Company for the current year presents cumulative tax losses of € 22,351 out of which the amount of € 1,896 relates to the current period. The tax losses of the year 2017 were € 6,077, of the year 2016 € 3,256 and of the year 2014 were € 14,065, while the year 2015 the Company presented tax profits of € 2,946. The above tax losses can be offset against future tax losses in the following 5 years , i.e. can be offset from 2019 to 2023. A deferred tax asset on tax losses is recognised as long as future tax benefits via future tax profits are probable.
It is worth noting that the Company has not recognised any deferred tax asset for the tax losses since there was no business plan resulting to sufficient taxable profits for the next years.

A reconciliation between the income tax expense and the accounting profit before tax multiplied by the applicable tax rate (29%) is as follows:

Year that ended on December 31,	2018	2017
Profit before tax	**481**	**878**
Tax calculated at statutory tax rate (29%)	(139)	(255)
Provisions' adjustments of the previous year	-	1,508
Effect of unrecognised deferred tax asset on tax carry forward losses	(550)	(1,762)
Tax effect from non-deductible expenses	(22)	(585)
Permanent and other differences	(57)	(4)
Tax effect from non-taxable profits	-	114
Effect from tax rate change	(359)	-
Total tax expense	**(1,127)**	**(984)**

5.20 Transactions with related parties

The term “related parties” includes not only the OPAP Group companies, but also companies in which the parent participates in their share capital with a significant percentage, companies that belong to parent’s main shareholders, companies controlled by members of the BoD or key management personnel, as well as close members of their family.

The Company’s income and expenses for the years of 2018 and 2017 as well as the balances of receivables and payables for the same period that have arisen from related parties’ transactions, as defined by IAS 24, as well as their relevant figures are analysed as follows:

Revenues	01.01-31.12.2018	01.01-31.12.2017
OPAP S.A.	5,174	4,541
HORSE RACES S.A.	1	-
Total	**5,175**	**4,542**

Cost of services	01.01-31.12.2018	01.01-31.12.2017
OPAP S.A.	112	114
Total	**112**	**114**

Receivables	31.12.2018	31.12.2017
OPAP S.A.	409	3,710
Total	**409**	**3,710**

Payables	31.12.2018	31.12.2017
OPAP S.A.	14,677	18,007
HORSE RACES S.A.	-	2
Total	**14,677**	**18,008**

All the above intercompany transactions have been dealt at arm’s length.

5.21 Transactions with Board of Directors

The remuneration of the BoD and key management personnel of the Company is analyzed as follows:

	01.01-31.12.2018	01.01-31.12.2017
BoD salaries	57	57
Total	**57**	**57**

5.22 Other disclosures

Information related to contingent liabilities

A. Unaudited tax years

The tax audit for the year 2012 conducted to OPAP SERVICES S.A. by the Greek tax authorities resulted to extra fines and surcharges of a total amount of € 2,773. Part of the aforementioned amount and specifically € 2,297 as at 31.12.2016 had been fully repaid. Following the above decision, the Company formed a provision of € 5,201 relating to tax fines and surcharges after the submission of corrective VAT statements with proviso, for the period from January 2013 to January 2014 while on 31.03.2017 the relevant amount which finally was paid amounted to € 5,477. It should be noted that the Company has enforced its legal right to receive the above as undue payments.

As far as the tax certificate from legal tax auditors is concerned, the Company has though been subject to tax audit for the years 2011, 2013-2017 according to the terms of article 82, par. 5 of the Law 2238/1994 and the article 65A, par. 1 of L. 4174/2013 that has been accordingly revised by L. 4262/2014, and received the Tax Compliance Reports without any findings. In any case and according to POL. 1006/05.01.2016, Greek companies subject to the Tax Certificate process are not excluded from a tax audit by the tax authorities. Subsequently, tax liabilities for these fiscal years are not considered to be final. For the years 2014-2015 a tax audit has been issued and may result in further taxes and fines. For the tax audit of fiscal year 2018 which is conducted by legal auditors (KPMG Certified Auditors S.A.) and is in progress, it is not expected to arise significant tax differences.

Finally, it should be noted that the Company's provision for unaudited tax year as at 31.12.2018 amounts to € 1,258.

B. Legal matters

According to a letter from the Legal Department, lawsuits of € 940 concerning third party claims against the Company were delivered, for which a provision of € 88 has been raised to cover against the possibility of negative outcome (Note 5.10).

Furthermore, according to the Legal Counsel, third party lawsuits against the Company have been filed of a total claim of € 5,983, for which the outcome is estimated as positive for the Company and consequently, no provisions were required.

Commitments

Total future minimum payments for contracts that the Company has entered into, are analyzed below:

	31.12.2018	31.12.2017
Less than 1 year	5,048	7,778
1 - 5 years	6,089	6,670

5.23 Financial risk factors

Main risks and uncertainties to which the Company may be exposed are the following.

Risk related to political and economic conditions, as well as market conditions and developments in Greece

On a macroeconomic level, Greek economy demonstrates signs of moderation in both its fiscal and trade balances, while it continuous its expansion at a growth rate in the era of 2%. At the same time, robust improvement in labor market contributed to a further decline in unemployment in 2018, especially for the tourism and retail sector, as a result of the strong performance of consumer confidence and the relaxation of capital controls. Nevertheless, the third adjustment program of the Greek economy was completed at a time where both the European and the global economies seem to enter a period of slowing growth, while there are also concerns for a mild recession. The progress of the Greek economy this year largely depends on the regaining of confidence and competitiveness that will set the basis for sustainable growth.

The Company’s activity is significantly affected by the disposable income, private consumption, which in turn are affected by the current economic conditions in Greece, such as the unemployment rate, interest rates, inflation rate, tax rate and the increase in GDP rate. Moreover, the economic recession, financial uncertainty and a number of the Company’s customers potential interpretation that the economic conditions are deteriorating, could result in a decrease of the usage of the various gaming services that the Company offers to the public.

The return to economic stability depends greatly on the actions and decisions of the institutions both in the country and abroad, as well as from the assessment of the Greek economy from international creditors in the context of the adjustment programs.

Any further negative development in the economy would affect the normal operations. However, Management is continually adjusted to the situation and ensures that all necessary actions are taken, to maintain undisturbed activities.

Market risk

Market risk arises from the possibility that changes in market prices such as exchange rates and interest rates affect the results of the Company or the value of financial instruments held. The management of market risk consists in the effort of the Company to control their exposure to acceptable limits.

The following describes in details the specific risks that make the market risk and their management policies by the Company:

- **Currency risk**

Currency risk is the risk that the fair values of the cash flows of a financial instrument fluctuate due to foreign currency changes. The Company faces no currency rate risk as all its transactions are in Euro.

- **Interest rate risk**

The Company is not exposed to interest rate risk, as it has no outstanding debt.

- **Capital management**

The primary objective of the Company regarding capital management is to safeguard the Company's ability to remain a going concern in order to produce profits for shareholders and benefits for other stakeholders and to maintain an optimal capital structure in order to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends distributed to shareholders, return capital to shareholders or issue new shares in case that additional funds are required in order to retain its operation activities.

Credit risk

The basic credit risk of the Company, which is not considered important, arises from bad debts from agents and Gaming Hall’s buyers, with the appropriate provisions being made, taking into account forward-looking factors specific to the agents and Gaming Hall’s buyers and the economic environment.. At the same time an efficient credit risk policy is in place maintaining credit exposure at manageable levels. Additionally, the Company is taking all necessary steps to mitigate credit risk exposure towards financial institutions. The Company is also exposed towards credit risk in respect of entities with which it has deposited funds or with which it has other contractual relationships.

Potential credit risk may occur from Company’s cash and cash equivalents in the case a financial institution fails to meet its obligations. To minimize such risk the Company has placed limits which constitute the maximum amounts placed in any financial institution.

Impairment of financial assets

The Company holds two types of financial assets that are subject to credit loss risk:

- Trade receivables and
- Other current assets.

While cash and cash equivalents are also subject to the impairment under IFRS 9, the identified impairment loss was not significant due to the fact that the cash and cash equivalents of the Company are held in reliable financial institutions within the European Union.

The Company applies the IFRS 9 simplified approach to measure expected credit losses using a lifetime expected loss allowance for all trade receivables and other current assets. It is mentioned that the expected credit losses are based on the difference between the cash inflows which are receivable and the actual cash inflows that the Group expects to receive. All cash inflows in delay are discounted.

Assets subject to credit risk as at the date of the Statement of Financial Position are analysed as follows:

Year that ended on December 31,	2018	2017
Financial Assets Categories		
Cash and cash equivalents	2,413	8,593
Trade and other receivables	25,192	24,485
Other non - current assets	185	-
Σύνολο	**27,791**	**33,078**

The ageing of the above financial assets is as follows:

Year that ended on December 31,	2018	2017
Within 3 months	26,792	33,078
From 3 months to 6 months	68	-
From 6 months to 1 year	745	-
Over 1 year	185	-
Σύνολο	**27,791**	**33,078**

All the financial assets in the table above are not yet due or impaired except for bad debts that are not only due but also impaired and receivables by agents that are not due but are impaired. Both these categories are included in Trade Receivables (see Note 5.5) and are fully covered through provisions.

Liquidity risk

The Company does not face any liquidity risk as such due to the fact that the investment of its available funds and the short payback period, primarily from the parent company, coupled with a sound financial management, are all factors that combined guarantee adequate liquidity.

The maturity of the financial liabilities as of 31.12.2018 and 31.12.2017 for the Company is analyzed as follows:

	Short Term		Long Term	Total of undiscounted liabilities
Year that ended on December 31, 2018	**Within 6 months**	**6 till 12 months**	**1 till 5 years**	
Trade payables	12,485	-	-	12,485
Tax liabilities	79	-	-	79
Other liabilities	38	2,921	11,818	14,776
Total	**12,602**	**2,921**	**11,818**	**27,341**

Cash flows risk and fair value change risk due to interest changes

No such a risk exists.

5.25 Subsequent events

Following the decision of the Extraordinary General Assembly of the Company dated 12.02.2019, its share capital was increased by the amount of Euro 5 million (€ 5,000,000) by the issue of five million (5,000,000) new common shares of a nominal value per share of one Euro (1 €).

Athens, 3 June 2019

Chairman of the BoD	Member of the BoD	Accounting and Consolidation Director
Damian Cope	Michal Houst	Petros Xarchakos

IV. Summary Financial Information for the fiscal year 2018

OPAP SERVICES S.A.
General Electronic Commercial Registry-G.E.MI. Number: 5873501000 (former Registry No 57177/01/ΑΤ/Β/04/23 2009)
112, Athinon Ave, 104 42 Athens
SUMMARY FINANCIAL INFORMATION
FROM 1 JANUARY TO 31 DECEMBER 2018
(Published according to L. 2190/20, article 135 for companies preparing annual financial statements, consolidated or not, in accordance with the I.F.R.S.)

The following information deriving from the financial report aims at a general presentation of OPAP SERVICES S.A. financial status and results. Therefore, it is recommended to the reader, prior to proceeding to any kind of investment decision or transaction, to visit Hellenic Lotteries S.A. site, where the financial statements and the legal auditors' review report (the latter whenever required) are posted.

Website:	www.opapservices.gr
Approval date of the financial report:	3 June 2019
Chartered Accountant:	Nikolaos Vouniseas (Registry No SOEL 18701)
	KPMG Certified Auditors S.A. (Registry No SOEL 114)
Review report:	Unqualified
Responsible Supervisory Authority:	Athens Chamber of Commerce & Industry, General Electronic Commercial Registry (G.E.MI)
Board of Dierctors	Damian Cope, Michal Houst, Spyridon Fokas

FINANCIAL POSITION STATEMENT INFORMATION (Amounts in thousands of euro)

	31.12.2018	31.12.2017
ASSETS		
Property, plant & equipment	18,954	17,518
Inventories	7,255	5,070
Trade receivables	18,759	17,423
Other assets	11,287	19,037
TOTAL ASSETS	**56,256**	**59,048**
EQUITY AND LIABILITIES		
Provisions	1,346	1,346
Other non-current liabilities	11,834	14,585
Trade payables	12,485	16,654
Other current liabilities	3,038	3,207
TOTAL LIABILITIES (A)	**28,703**	**35,791**
Share capital	48,000	43,000
Other items of shareholders' equity	(20,447)	(19,743)
TOTAL EQUITY (B)	**27,553**	**23,257**
TOTAL EQUTY AND LIABILITIES (A+B)	**56,256**	**59,048**

COMPREHENSIVE INCOME STATEMENT INFORMATION (Amounts in thousands of euro)

	01.01 - 31.12.2018	01.01 - 31.12.2017
Revenues	22,447	27,526
Gross profit	702	901
Operating result	487	819
Profit before tax	481	878
Loss after tax (a)	(646)	(106)
Other comprehensive income, net of tax (b)	(3)	(4)
Total comprehensive income (a) + (b)	(649)	(109)
Profit before tax, interest, depreciation, and amortization	3,863	3,714

CASH FLOW STATEMENT INFORMATION (Amounts in thousands of euro)

	01.01 - 31.12.2018	01.01 - 31.12.2017
Operating Activities		
Profit before tax	481	878
Plus/(minus) adjustments for:		
Depreciation & Amortization	3,377	2,894
Net finance costs	6	(59)
Employee benefit plans	0	4
Provisions for bad debts	186	14
Other provisions	-	(30)
	4,050	**3,703**
Changes in Working capital		
(Increase)/decrease in inventories	(2,185)	4,038
(Increase)/decrease in receivables	(788)	(19,078)
Increase/(decrease) in payables (except banks)	(7,024)	6,522
Increase/(decrease) in taxes payable	(69)	(338)
Minus:	**(6,016)**	**(5,153)**
Interest paid	(26)	(20)
Net cash used in operating activities (a)	**(6,042)**	**(5,173)**
Investing activities		
Purchase of tangible assets	(4,813)	(3,637)
Interest received	20	79
Loan granted to third parties	(297)	-
Loans repayments from third parties	6	-
Net cash used in investing activities (b)	**(5,083)**	**(3,558)**
Financing activities		
Share capital increase	5,000	15,000
Share capital increase expenses	(55)	(165)
Net cash from financing activities (c)	**4,945**	**14,835**
Net increase/(decrease) in cash and cash equivalents (a) + (b) +	**(6,181)**	**6,105**
Cash and cash equivalents at the beginning of the year	8,593	2,488
Cash and cash equivalents at the end of the year	**2,413**	**8,593**

CHANGES IN EQUITY STATEMENT INFORMATION (Amounts in thousands of euro)

	01.01 - 31.12.2018	01.01 - 31.12.2017
Balance as of January 1st, 2018 and 2017 respectively	**23,257**	**8,531**
Total comprehensive income	(649)	(109)
Share capital increase	5,000	15,000
Share capital increase expenses	(55)	(165)
Balance as of December 31st, 2018 and 2017	**27,553**	**23,257**

ADDITIONAL INFORMATION (Amounts in thousands of euro)

1. The unaudited by the tax authorities fiscal years of the Company are stated in detail at note 5.22 of annual report.
2. The assets of the Company have not been pledged.
3. The number of the employees on 31.12.2018 was 3.
4. OPAP S.A. is the sole shareholder of OPAP SERVICES S.A., fully consolidating the financial statements of the Company.
5. The fixed assets purchases concerning the period 1.1-31.12.2018 reached € 4,813 thousand (€ 3,637 thousand for the period 01.01-31.12.2017).
6. The Company's total inflow, outflow, receivables and payables to related companies and related parties, according to IAS 24, are as follows :

	COMPANY
Inflow	5,175
Outflow	112
Receivables	409
Short-term liabilities to related parties	14,677
Transactions and salaries of executive and administration members	57
Receivables from executive and administration members	-
Liabilities to executive and administration members	-

7. Total cumulative provision per category is analyzed as follows:
i) for unaudited fiscal years by tax authorities € 1,258 thousand and
ii) for legal issues € 88 thousand.
No other legal cases have arisen from third parties, companies or individuals, that will require the formation of a relevant provision due to a negative outcome.
8. The financial statements were approved by the Company BoD on 03.06.2019.

Athens, 3 June 2019

Chairman of the Board	Member of the BoD	Accounting and Consolidation Director
Damian Cope	Michal Houst	Petros Xarchakos