

ANNUAL REPORT
2015



SZERENCSEJÁTÉK ZRT.

Contents

Company description	4
The basis of our operations: Player's trust	16
Responsible gaming and prevention	20
Our employees and their motivation	26
Community investment and contributions	32
Supplier relations	38
Environmental impacts	40
Appendices	43
Imprint	58



DEAR READER!

The day-to-day life of a lottery company revolves around numbers, and nor is it any different at Szerencsejáték Zrt., which is now celebrating the twenty-fifth anniversary of its existence.

We draw numbers every week, providing excitement to millions around the country. The second biggest prize in the history of Pick-5 Lotto was won last year, in 2015. One lucky player became more than 5 million HUF richer.

Our business performance can be seen in numbers, too. We are proud that over the last five years our national lottery company has steadily increased its revenue as a result of its responsible financial management and market innovations. 2015 proved no different: we posted a record revenue of more than 351 billion.

And to what may we attribute our quantifiable achievements?

The renewal of our gaming and sports betting system, which increased the

speed of the terminals at our points of sale, enabled them to work more effectively and in a way that meets the demands of players even better, played a key role in achieving last year's business successes. Due to developments lasting about two and a half years, since August 2015 Szerencsejáték Zrt. has been offering even more betting events and types of betting and has ensured the faster payment of prizes and live betting opportunities on the domestic market. The success of our innovations also contributed to the outstanding performance of our bookmaker bets (Tippmix and TippmixPro) this year. The long lasting roll-up of Pick-5 Lotto, the growing popularity of the Eurojackpot and the successful issue of our new scratch cards were all instrumental in generating our outstanding revenue.

There also exist numbers which may be less visible to the world at large, but which are just as characteristic of the way our company operates as our business performance. In our annual report, you can find, for example, details about the number of volunteers we have, the contributions we have made to domestic cultural, sporting and social events, and information about the kind of efforts we have made to ensure we operate in an environmentally sustainable way, including figures about our use of resources and emissions of harmful substances.

It is a basic principle of our company that particular attention is paid to raising awareness of the risks of psychological dependency on gambling, the prevention and treatment of addiction and familiarizing people with related programmes and initiatives. In 2015, our model programme for the prevention of gambling addiction "Gaming within

Limits" continued to be a great success with hundreds of student participants. Szerencsejáték Zrt. is a founding member of the Global Lottery Monitoring System, which was created to improve the integrity of sports betting and which has by now grown into a global collaborative effort. Social sensitisation to disabilities and supporting the employment of people with a different ability for work were treated as priorities this year because these two noble causes were the subject matter of the co-operative agreement which was signed by the Council for Organisations of Persons with Disabilities, the ONCE and Szerencsejáték Zrt. in December 2015.

What also proves to us that we are on the right track is that, on the basis of last year's net revenue, Szerencsejáték Zrt. improved its ranking by seven places to become one of the twenty biggest companies, of which – apart from us – only Hungarian Electricity Ltd. (*Magyar Villamos Művek Zrt., or MVM*) represents itself among the national companies.

However, these results could not have been achieved without our approximately 1,600 employees and over 4,000 sales partners. We proudly stand by our motto which states that "luck happens in a team", and we believe that in 2016 we will further improve the more-than-a-quarter-of-a-century-old history of Szerencsejáték Zrt. by delivering even more successful business figures.

Dr. Márton Braun

Chairman-CEO

Budapest, August 2016

Company description

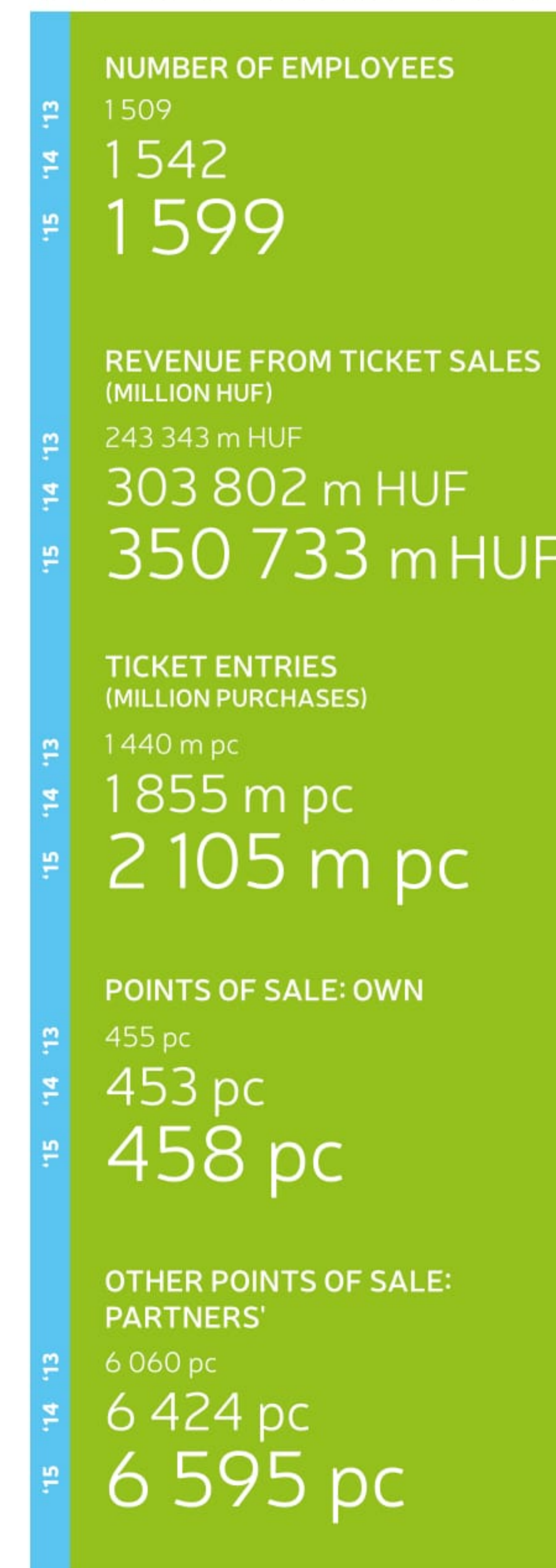
As the national lottery company of Hungary, Szerencsejáték Zrt. has the exclusive right to sell draw-based games and pari-mutuel bets within the territory of the country. It also has the sole licence to organise bookmaker sports betting.

It conducts gaming activities only in Hungary, and its operations are based in four sales regions including Budapest, Miskolc, Pécs and Szeged.¹ Its corporate headquarters are in Budapest.

In accordance with the effective legislation, the state has a permanent 100% interest in the company, meaning that Szerencsejáték Zrt. is a fully state-owned company. The owner's rights and responsibilities are exercised by the Minister of State Property, who performs these duties through Hungarian National Asset Management Ltd. (*Magyar Nemzeti Vagyonkezelő Zrt.*, or *MNV Zrt.* for short).

¹ As of 1st January 2016, the sales region of Budapest has been divided into two: the Capital City Sales Region and the North Transdanubian Sales Region.

NUMBERS OF SZERENCSEJÁTÉK ZRT.



PRODUCTS

DRAW-BASED GAMES:

Pick-5 Lotto (a 5-from-90 format lottery), Pick-6 Lotto (a 6-from-45 format lottery), Scandinavian Lotto, Eurojackpot, Joker, Keno, Luxor, Putto, scratch cards

PARI-MUTUEL BETS:

Toto Pools, Goal Toto

BOOKMAKER SPORTS BETTING:

Tippmix, TippmixPro

Gambling is a popular and widespread form of entertainment: three quarters of the adult Hungarian population buy our products with varying degrees of regularity. Due to its extensive sales network and its widely known products, Szerencsejáték Zrt. plays a key role in shaping betting habits in Hungary. We strive to maintain a balance between successfully managing the national assets in the care of the company, contributing to public expenditure and taking responsibility for society and our players.

MISSION AND CORE VALUES

The mission of Szerencsejáték Zrt. is to meet the gambling entertainment needs of the adult Hungarian population in a professional way within the boundaries of responsible gaming and, in the meantime, contribute to financing national public expenditure as well as to the process of social value creation.

Our core values are sustainable and moderate growth, responsible gaming, the provision of an excellent product and service quality, customer orientation, reliability and social responsibility.

We are aware that games of chance cannot be considered standard commercial products since – due to the risk of addiction – they can pose a menace to public health, public order and public safety. The protection of high-risk groups (e.g., youth) is one of our first priorities. In the communication related to our games, we provide players with accurate information and give them a true picture of their chances of winning. We never suggest that prizes can substitute for income earned from work, and we never encourage our players to spend money beyond their means.

In order to shape betting habits, we co-operate with governmental and supervisory organs, research institutions that examine the psychological effects of gambling, along with health care institutions. You can read about these in detail in later sections of this report.

INTER-ORGANISATIONAL CO-OPERATION, MEMBERSHIP OF OTHER BODIES

Szerencsejáték Zrt. is a member of the EL (European Lotteries) and the WLA (World Lottery Association). We participate in the professional programmes of these organisations in order to learn from them and adopt the best industry methods and procedures. Our activities adhere to common gaming principles, which are founded upon responsible gaming and information security standards. We regard as guidance the collaboratively developed system of values that focuses on the promotion of a diverse set of societal values. This co-operation enabled us to join the Eurojackpot in 2014, which is

jointly organised by 32 European lottery companies.

In January 2015, a new international organisation called the **Global Lottery Monitoring System** (GLMS) was set up to promote the integrity of sports betting. Szerencsejáték Zrt. is among the founding members of this non-profit organisation, which is designed to supervise sports betting activities as well as to detect unusual betting patterns as part of the battle against betting fraud.

The organisation was jointly established by 27 EL and WLA member companies and is built on the practice and experience gained by the European Lottery Monitoring System (ELMS), which has been in operation since 2009. Spanning the whole world, the new GLMS is built on state-of-the-art technology, operates continuously 365 days of the year and sends warnings and signals to its members.

Currently, the Hungarian gambling industry does not have a relevant professional organisation of its own. However, we have committed ourselves to co-operating with a number of organisations, all of which we are connected to through different features of our business. We have kept in close touch with the Hungarian Advertising Self-Regulatory Board (*Önszabályozó Reklám Testület*, or *ÖRT* for short) for several years. We always advertise according to their guidelines. Our company is a member of the Hungarian Donors Forum (*Magyar Adományozói Fórum*), and we take part in chairing and in promoting good practise among companies. At the beginning of

the reporting year, we also joined the Employers' Forum for Equal Opportunities (*Munkáltatók Esélyegyenlőségi Fóruma*).

PORTFOLIO

The portfolio of Szerencsejáték Zrt. underwent a few changes in 2015. SZZRT-Service Kft. joined the parent company, and Belvárosi Kaszinó Kft. is no longer active.

The concession of Soproni Casino Kft., which is owned by Pannon-Partner Befektetéskezelő Kft., expired at the end of 2015. Based on a governmental decision, the state shall no longer have a direct role in operating concession casinos as of 1st January 2016. In order to implement the owner's decision, Szerencsejáték Zrt. came to an agreement with Casino Austria International GmbH about the sale of its minority stake (25%) in Pannon-Partner Kft.

Szerencsejáték Zrt. founded Szerencsejáték Service Nonprofit Kft. in December 2014. The company was established for the purposes of advertising, making sponsorships and public donations. In 2015, Szerencsejáték Service Nonprofit Kft. was responsible for managing a budget of 2,255 million HUF.

Similarly to the practices of other European countries, the rolling back of the profits of state-organised gambling significantly contributes to the financing of national sports. By buying sports associations' pecuniary media rights and establishing the business based on them at the end of 2015, Szerencsejáték Zrt. took a direct institutional role in promoting the success of high-priority sports.

Corporate governance, management

Trust plays a key role in shaping public perceptions about Szerencsejáték Zrt. Our corporate governance principles, which ensure transparency, the optimal degree of regulation and strict conformity with legal rules, provide a firm foundation for maintaining the trust of our players and partners. As the national lottery company of Hungary, we are tasked with providing opportunities for safe and moderate betting in the country and, at the same time, must keep up with technological development.

SUSTAINABLE DEVELOPMENT

We have been committed to operating responsibly and sustainably for many years. This objective is clearly defined among our core values. As of 2010, the Corporate Social Responsibility Department, a separate organisational unit, has been in charge of these operating activities.

LEGAL COMPLIANCE

Abiding with the law is a basic, inescapable principle for our company. It is confirmed in our Code of Ethics that the activities of the company must fully comply with the relevant Hungarian and EU regulations. As a result, we only offer fair and legal games, we take action against illegal gambling, and we behave reasonably towards our competitors.

Our games are properly regulated, and they are also fairly and safely organised. Szerencsejáték Zrt. is hardly ever involved in legal disputes or litigation with regard to the claiming of prizes. Thus, these disputes have practically no consequences for us.

NAV Gaming Inspectorate regularly audits our operations and our network, which is made up of more than 7,000 points of sale. The results of these audits are discussed in detail in the section entitled "[Economic value creation](#)".

TRANSPARENT AND ETHICAL BUSINESS OPERATIONS

Szerencsejáték Zrt. believes it is essential that its employees establish and maintain their employment status in legal security. This is facilitated by our Collective Agreement, which clearly defines the rights and duties of employers and employees. All of the employees of the company, except the Chairman-CEO and the deputy CEO, fall within its scope.

Our Collective Agreement is a bilateral contract that can be modified by management only with the agreement of the Trade Union. The Trade Union and the Works Council represent employees' rights relating to the establishment of working conditions and decisions about wages and benefits, and they also ensure that employee opinions are communicated to management.

Since 2007 the Ethics Committee has been at the disposal of employees to help clarify any ethical issues.

As of 1st February 2015, a new Code of Ethics came into operation. This was made available in a printed format and was also made public on the homepage of the company. The new code regulates the acceptance and offering of gifts for our employees in accordance with ISO/WLA expectations.

With regard to company employees, the Code of Ethics is designed to:

- define a set of rules for ethical behaviour,
- provide them with assistance in complying with these rules,
- inform the public about behaviours that employees can be expected to demonstrate,
- protect them from attempts to involve them in corrupt practices, from arbitrary measures which may be taken by employers, and from being unjustifiably held responsible.

The Code declares that a person who reports in good faith a suspected act of corruption or the risk it potentially involves can be put at no disadvantage.

Our company defines specifications about ethical and transparent business operating processes for itself. These cover the topics of law-abiding behaviour, data security and confidentiality, ethical relations with players and efforts to reduce the risk of corrupt practices.

The Code of Ethics is reviewed by the company on a regular – at least triennial – basis. In order to enforce the rules of ethics, the company can request guidance from an Ethics Committee with permanent members, which is tasked with preparing annual reports for the Chairman-CEO.

In 2015, only one ethical procedure was started based on an employee's report. The subject matter of the complaint related to the differences in the level of wages of employees working in jobs with the same titles in different regions, and also sexual discrimination, which was thought to be underlying reason for this discrepancy. The Ethics Committee investigated the case and stated that no violation of the norms described in the Code of Ethics had been committed.

Our Code of Ethics is public and can be read on our webpage, where we also disclose data of public interest. Following the guidelines of Transparency International Hungary (TIH), we made even more data publicly available in the first half of 2015 to increase corporate transparency. This data includes information about basic procurement principles, anti-corruption guidelines and basic risk management principles. In June 2015, a composite index with the title "Hungarian state companies' transparency and data disclosure practices" ranked Szerencsejáték Zrt. in first place.

MANAGEMENT

The company's executive body is the Board of Directors, which has the exclusive authority to make decisions about the issues listed in the Memorandum of Association. The Chief Executive Officer (CEO) is responsible for the company's operative leadership and is also the Chairman of the Board. The CEO is always appointed by Hungarian National Asset Management Ltd., which is entitled to exercise ownership rights.

MEMBERS OF THE BOARD OF DIRECTORS IN 2015

Name	Position
DR. MÁRTON BRAUN (from 30th June 2015)	Chairman of the Board of Directors
DR. KÁLMÁN SZENTPÉTERY (until 29th June 2015)	
KÁROLY ATTILA KOLLÁR	Member of the Board of Directors
CSABA NÁNÁSY	Member of the Board of Directors
GÁSPÁR LÁSZLÓ KOSZORÚS (from 22th June 2015)	Member of the Board of Directors
DR. ZSOLT PÉTER (from 30th June 2015)	Member of the Board of Directors
MARIANNA SEBŐK (until 29th June 2015)	Member of the Board of Directors

The company's executive body is supervised by the Supervisory Board, one-third of whose members are employee representatives. The duties and responsibilities of the Supervisory Board are determined by the Memorandum of Association and the Rules of Procedure for the Supervisory Board.

MEMBERS OF THE SUPERVISORY BOARD IN 2015

Name	Position
ISTVÁN ZSOLT INCZE	Chairman of the Supervisory Board
GYULA MUCSI	Member of the Supervisory Board
ISTVÁN KNAPP	Member of the Supervisory Board
DR. NÓRA TURÓS	Member of the Supervisory Board
DR. ÁKOS GERGELY KUCZORA	Member of the Supervisory Board

Chief Executive Officers shall always perform their duties within the scope of legal regulations, the Articles of Association and the resolutions issued by the General Meeting and the Board of Directors. They shall also act on behalf of the company and exercise ownership rights at members' meetings of subsidiaries according to the conditions defined in the Memorandum of Association.

At our organisation, operational business processes were carried out in six independent directorates in 2015. Until November, the Deputy Chief Executive Officer is also leader of the Directorate-General for Economic and Financial Affairs. As of 1st January 2016, the Organisational and Operational Regulation of Szerencsejáték Zrt. was modified. We will be reporting on the changes in the organisational structure in our annual report for 2016. You can see our current organisational diagram and a list of our executive officers on the company homepage: <http://rolunk.szerencsejatek.hu/szervezeti-szemelyzeti-adatok>.

LEADERS OF OUR ORGANISATION IN 2015

Name	Position
DR. MÁRTON BRAUN (from 30th June 2015)	Chairman - Chief Executive Officer
DR. KÁLMÁN SZENTPÉTERY (until 29th June 2015)	
MRS SZABÓ, ÉVA HORVÁTH	Deputy Chief Executive Officer
ANITA BÁNKI (from 15th September 2015)	Director of Marketing and Communications
ÁDÁM BALOGH (until 10th July 2015)	
ZOLTÁN CSELOVSZKI	Director of Sales and Game Organisation
LÁSZLÓ DANKÓ	Director of Security
DR. EDINA HORVÁTH	Director of Legal Affairs and Control
ÁBEL KNUTH	Director of Information Technology
DR. GYULA SZTRUHÁR (from 1st November 2015)	Director of Economic and Financial Affairs

Stakeholders and their involvement

When defining our strategic goals and planning projects, we consider it essential to revise our stakeholder map and to update our previously prepared analysis of stakeholders.

It is essential to make a situation analysis in order to create a realistic map of the interests of the different parties. This also enables us to maximise their commitment and social capital while minimizing conflicts and protecting the interests of volatile groups.

We have defined the groups listed below as stakeholders of the company:

- internal stakeholders: owner, Board of Directors, Supervisory Board, management and employees.
- external stakeholders: legislators, authorities, media, industrial organisations, organisations that deal with prevention and addiction, NGOs, competitors, suppliers, players, gambling addicts, minors and sales partners.

These stakeholders are prioritised according to two distinct features: one is the influence of the stakeholders on the company, and the other one is their dependency on it.

Communication with stakeholders takes place by means of regular and ad hoc dialogue tailored to the particular stakeholder group, depending on the nature of the relationship or the topic. Dialogue within the company helps considerably sharing tasks and time management between the different organisational units. External communication, especially having conversations and participating in workshop projects with organisations knowledgeable about the issues of prevention and addiction, brings us significant new knowledge and new perspectives for corporate research and development, and increases our sensitivity towards the topic of addiction. You can read more about this in the section of this report that deals with individual stakeholder groups (players, employees, local communities, suppliers, the environment).

STAKEHOLDER PRIORITISATION

		STAKEHOLDER INFLUENCE ON THE COMPANY	
		LOW	HIGH
STAKEHOLDER DEPENDENCY ON THE COMPANY	HIGH	NGOs, organisations that deal with prevention and addiction, gambling addicts	players, employees, management, sales partners
	LOW	minors, competitors, the natural environment	owner, Board of Directors, Supervisory Board, legislators, authorities, media, professional organisations, industrial organisations, suppliers

Strict industrial regulation

We undertake our activities under conditions strictly regulated by law and in a sector traditionally controlled by the government. This fundamentally defines our stakeholder relationships. The regulations serve, on the one hand, to protect players and, on the other hand, to maintain control over public revenue.

REGULATION OF THE EUROPEAN GAMBLING MARKET

On the basis of the recommendations of the European Commission, EU member states are encouraged to ensure the high-level protection of players and minors through the adoption of measures that deal with online gambling and related services. As reflected in the legal practices of the European Commission, the involvement of national game organisers in protecting players is generally favourably received.

The **prevention of money laundering** is a regulatory field we consider to be a priority. The new, relevant EU guiding principle (4.) accepted in 2015 will need to be adopted by member countries into their own legal framework and applied to the field of gambling by 2017. This is a task that Szerencsejáték Zrt. also has to prepare for.

International trends are characterised by increasing demand for faster-paced, thus riskier, games, which is fostered by the spread of new electronic communication devices and – mostly illegal – trans-boundary online gambling. While national lottery companies facilitate the provision of services within national confines in order to more effectively take on responsibility for players, profit-oriented private enterprises aim to cross national boundaries and take advantage of tax benefits in well-chosen locations.

The agreement which was signed in July within the framework of the Commission in order to promote the integrity of sports made an enormous difference in terms of meeting the market challenges caused by online gambling. With regard to sports betting, the agreement stipulates that due to the fact that games of chance are not purely of a commercial nature, such services can be provided only with the permission of the legal authority that is competent according to the domicile of the player. European Union regulation is advancing toward a situation in which service providers will have to pay taxes according to the domicile of their buyers if purchases are made online.

CHANGES IN THE DOMESTIC REGULATORY ENVIRONMENT; ACTION AGAINST ILLEGAL BETTING AGENCIES

The volatility of the regulation of the domestic gambling market poses a risk to our company's operations. Due to frequent amendments, the operative Gambling Act (Act No. XXXIV of 1991) is structurally difficult to apply. As a result, Szerencsejáték Zrt. continuously has to face the challenge of having to adapt to a changing regulatory and legal environment. To provide a high standard of service to the domestic gambling market, the company is striving to broaden its range of activities and is also committed to contributing to reforming the regulatory background with its expert knowledge.

The gambling supervisory body, the National Tax and Customs Administration of Hungary (*Nemzeti Adó- és Vámhivatal*, or NAV for short) has blocked a total of 342 unlicensed sports betting and gambling websites in less than two years. As a result of various infringements, the authority has imposed penalties of hundreds of millions of HUF penalty on those involved. The tax authority has announced that unlicensed online games will become the priority targets of inspection priorities, and that they are also prepared to inspect online casino games and remote games of chance.

The importance of responsible gaming has been confirmed by the government, too. Detailed rules for responsible gaming were issued in Government Decree No 329/2015 in November 2015. The

pertinent measures will be discussed in the section entitled "[Responsible gaming and prevention](#)".

CHANGES IN THE STRUCTURE OF THE MARKET

The restriction of the operation of slot machines and then the closure of gaming rooms at the end of 2012 restructured the legal domestic gambling market and reduced its size by about 40 per cent. However, mainly due to the increase in revenue of Szerencsejáték Zrt. last year, the market again reached the size it had been before the restrictions. 85 per cent of the legal market, which – based on our clear revenue (meaning our total revenue reduced by payments of prizes) – is estimated to be 168 billion HUF in size, is now under the control of our company.

During 2015, four new casinos were opened in the capital city and two outside. These have brought about a considerable change in the regulatory environment for gambling and have had a negative impact on demand for faster-paced games. There has been a slowing in the growth rate of the revenue they formerly generated.

Economic value creation

Innovation and continuous technological development has an important role in the operation of Szerencsejáték Zrt.

A three-year project aimed at replacing our **central sales system** was completed in 2015. Our terminal park was renewed and we also reconfigured the data transmission processes necessary to operate the system. Due to the new so-called AEGIS system, we will be able to implement numerous developments designed to increase competitiveness and enhance gaming experience. The new system will also create opportunities for expanding our live betting and other offers, integrating POS gaming platforms and interactive gaming platforms and developing customised services for players. In the reporting year, **Tippmix was renewed**, and Eurojackpot was also made available on the Internet.

In 2015, the Hungarian economy grew by 2.9 percent, to which – on the expenditure side – dynamic growth in investment and an increase in household consumption contributed. As a consequence of these favourable market trends, the CPI (consumption price index) remained stable, and annual inflation remained in the negative (-0.1 percent). Retail sales increased year-on-year by 6 percent. Three-quarters of the adult population take an interest in playing the national lottery. The number of wage-earners and the size of their incomes affect the demand for games of chance. The adult population of Hungary spend an estimated monthly average of over 3,000 HUF per capita on gambling.

Innovation shows up in our financial performance:

In 2015, revenue reached a record high:

350.7
billion HUF, which exceeded that of 2014 by **15.4%**

The company sold **2.105 billion** entries, setting a new record

Our profit before taxation was **22.2** billion HUF

from which we paid **13** billion HUF the owner in dividends

Balance sheet profit amounted to almost **6.2** billion HUF

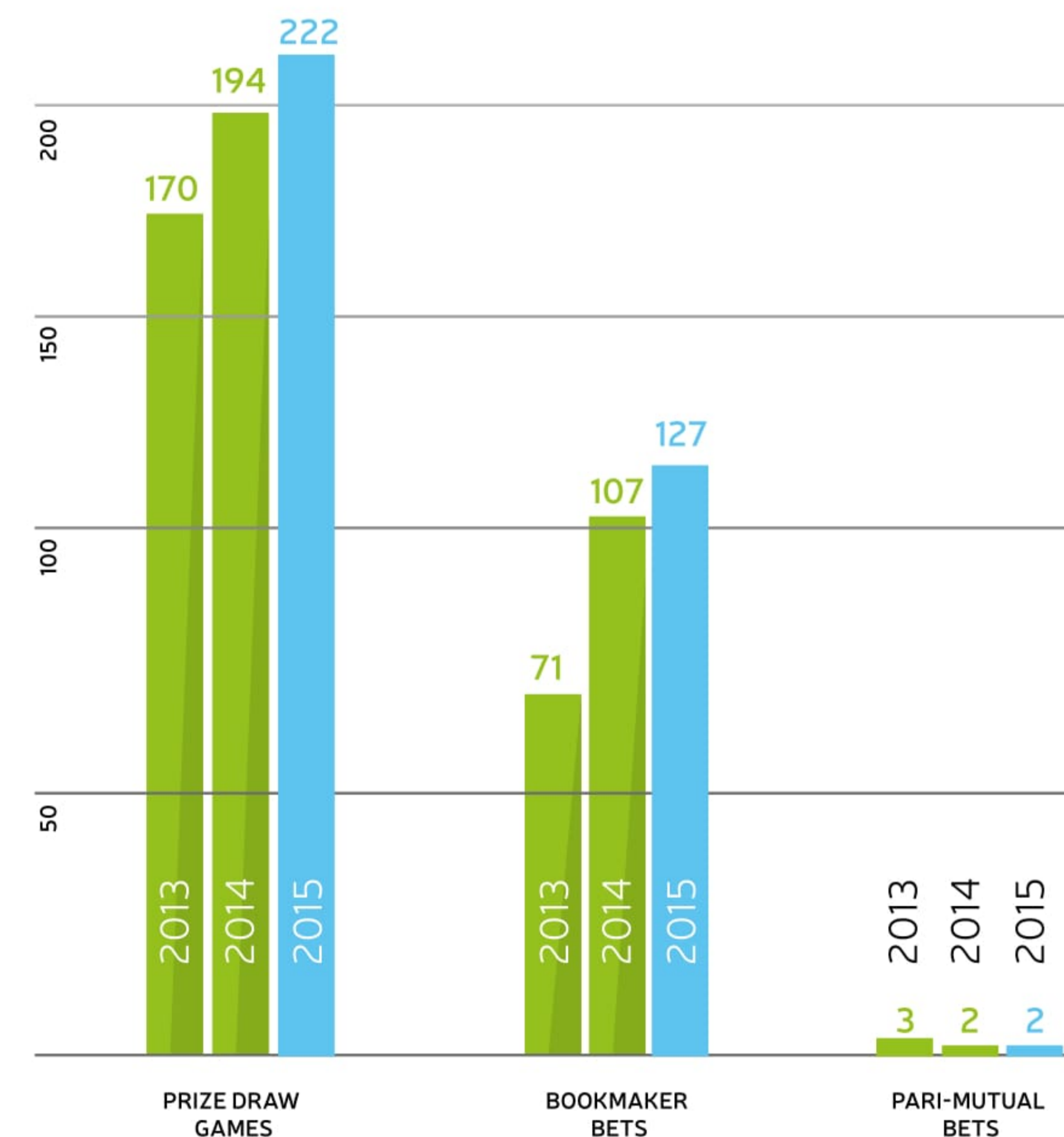
(You can find further details about this in the "**Profit and loss account and balance sheet section**" of the "**Appendices**")

OUR PRODUCTS AND THEIR AVAILABILITY

At the end of 2015, we were offering a range of 12 continuously organised individual games, and a collection of 18 types of scratch card during the year (10-12 of these scratch cards in circulation at any one time). We offer a wide selection of games according to price as well as type, so anybody can find an interesting way to entertain themselves.

One unique feature of the domestic market is that there is dynamically growing demand for bookmaker bets, fast-paced games and scratch cards, whereas pari-mutuel bets are decreasing in popularity. The demand for numbers games, especially the traditional types of lottery, remains stable, while the revenue-increasing effect of major high-value prizes is decreasing. The revenue that each game generates is described in detail in the "**Appendices**".

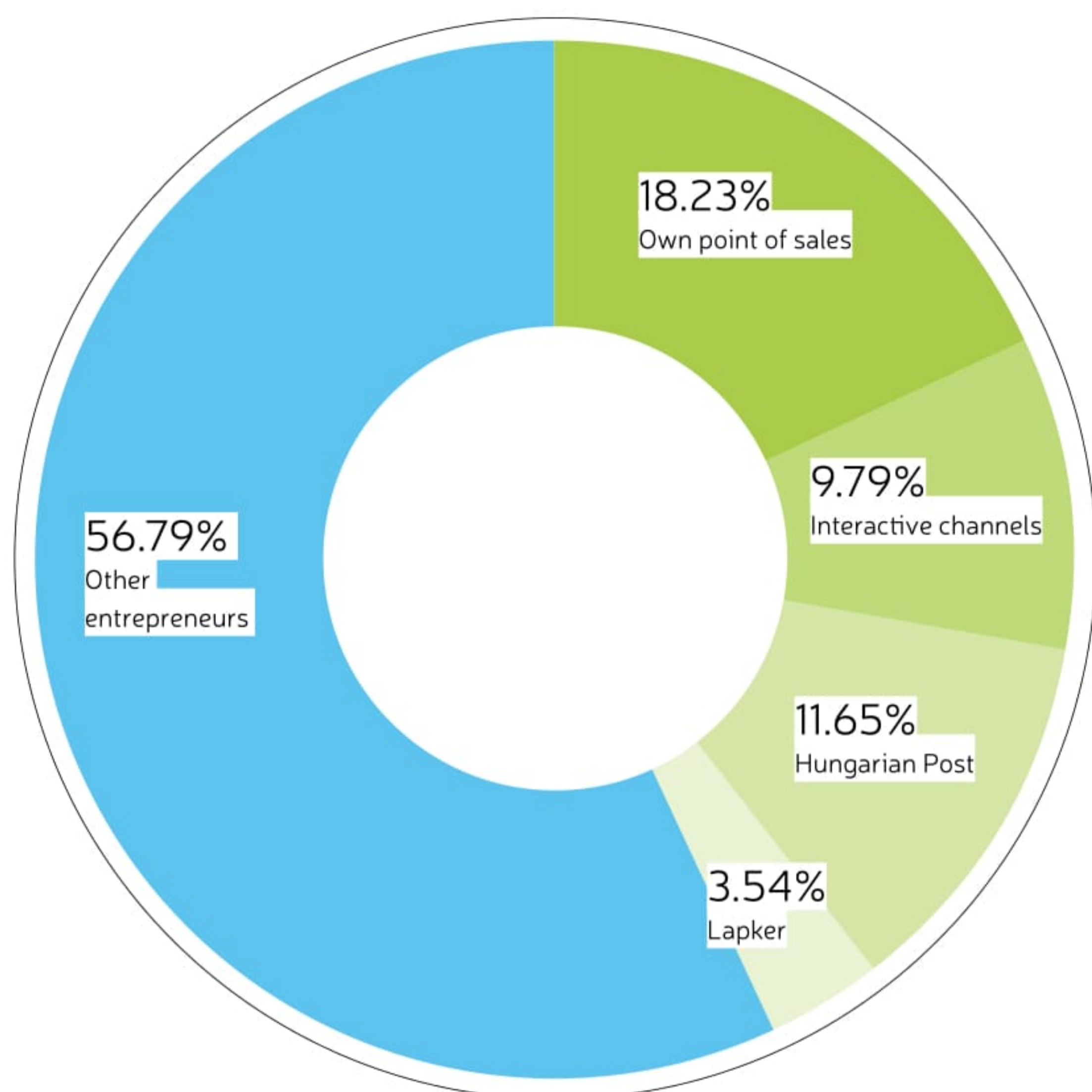
GAMING REVENUE ACCORDING TO CORE GAME GROUPS (BILLION HUF)



The sales of numbers games are significantly influenced by so-called roll-up. If there is no single winner in a prize category in a particular week, then the potential winnings from the prize pool that falls into the given category will "roll over" and proportionally increase the prize pool of the same category the following week. The roll-up of the pick-5

lotto attracts most publicity. In practice, however, it is only the prizes from the primary prize division that roll up because, due to the great number of lottery entries bought before a draw, there is a winner from the secondary division after virtually every draw.

In 2015, in the pick-5 lottery there was a roll-up of over a billion HUF on two occasions. The value of the prize at the beginning of the year was more than 5 billion HUF, the all-time second highest roll-up.



Contribution of individual sectors to revenue (2015)

Our extensive sales network ensures countrywide coverage, and our products are available through interactive channels (on the Internet, via text messaging and through cash points). Due to marginal demand, betting by fixed-line phone was discontinued in April 2015.

The major consideration we have when developing our sales channels is that they should be within the easiest possible reach of our customers. The network which connects over 7,000 points of sale, 4,450 of which are equipped with terminals, is operated partly by Szerencsejáték Zrt. and partly by its sales partners.

Szerencsejáték Zrt. is primarily represented by its own shops, which are present in all big towns. In 2015, we had a total of 281 lottery agencies of our own and 177 charity points of sale. During the year, 12 lottery agencies were redesigned, and in 20 charity points of sale sales counters were given a new appearance and configuration.

Our major partners are Hungarian Post, with over 2,600 points of sale, and Lapker, with over 400 points of sale. Apart from these two operators, among our partners there are a variety of businesses with diverse business profiles that are responsible for over 3,500 points of sale.

Interactive sales, the most dynamically developing segment of the company, posted turnover of 34.3 billion HUF in 2015, which accounts for as much as 10 percent of our total revenue.

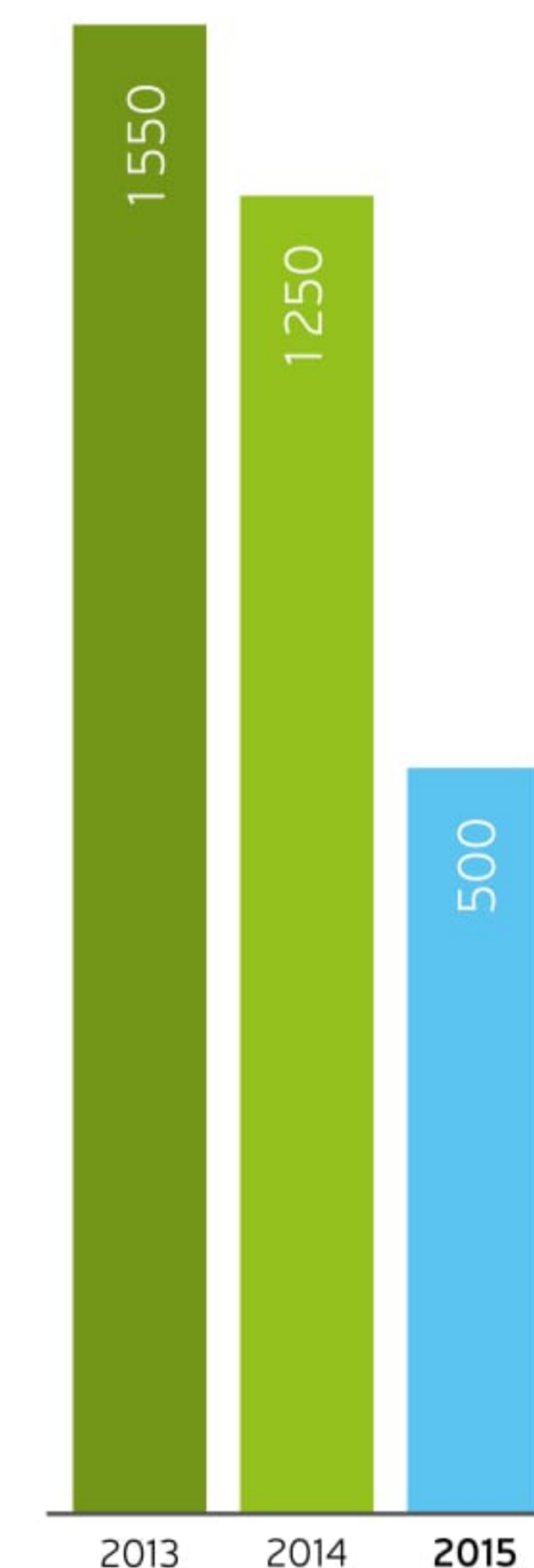
Szerencsejáték Zrt. provides job opportunities and sources of income for thousands of retailers who co-operate in selling its games, as well as for about 12,000 people who are employed by its sales partners. We sign entrepreneurial contracts with our sales partners and define the requirements for the legal employment of terminal operators, who must also be provided with training opportunities. Our company offers participation in two training courses at a symbolic cost and, to some priority partners, free of charge. The wages and benefits paid by our partners are not separately regulated. There are relevant statutory provisions pertaining to them.

At the initiative of the owner, preparations were made for joining in the selling of "Kincsem+Tuti", the new product from Magyar Lóversenyfogatást Szervező Kft. As part of these preparations, in the second half of 2015 over 500 people received training, regulations were transformed, terminal software specifications were ordered and newly received terminals were installed. Sales began only in January 2016.

The NAV Gaming Inspectorate regularly inspects our sales network. In 2015, it imposed a fine on the company on only three occasions. On one occasion, a Tippmix invalidation problem was qualified as an act contrary to the provisions of the law related to organised gambling (warranting a fine of 200,000 HUF). On the two other occasions, non-compliance

events were observed at our points of sales. We were fined once for lacking Rules for Participation and once for serving an individual younger than 18 years old. The sales assistant who served the under-18 was issued a written warning and was obliged by the company to compensate us for the financial damage caused (100,000 HUF). The total amount of penalties levied on Szerencsejáték Zrt. was 500,000 HUF.

Fines, penalties (thousand HUF)



The basis of our operations:
Player's trust

Reliability is the grounding principle of our company.

As a result of being a state-owned company, we are responsible for providing safe and legal gaming opportunities to our players. We go to every length to ensure that there is no room to doubt the integrity of draws, data protection, bettors' anonymity and the payment of prizes.

Our community investments, supplier relations, the company's impact on the environment and our responsible gaming activities all have a significant influence on public trust in our company. These topics are discussed in detail in the rest of the report.

SUPERVISED DRAWS

With regard to maintaining confidence in the operations of our company, the integrity and the authenticity of draws plays a highly important role. Our draws are made in public, so anybody who is interested can observe for themselves the security and unquestionable authenticity of the draws that are made following our strict regulations. Employees of the NAV Gaming Inspectorate inspected a total of 49 draws in person on 18 occasions in 2015, and no objections were raised.

Our drawing equipment is licensed and authenticated by the National Metrology Institute (*Metrológiai Hatóság*, formerly

known as *Országos Mérésügyi Hivatal*). The verification procedure takes place twice a year. During verification, hundreds of trial draws are conducted to examine the authenticity of our equipment and to ensure that winning numbers are selected on a purely mathematically random basis. During this procedure, even the physical properties of the numbered balls – such as their diameter, their colour, whether they can be pressed together or perhaps wetted – come under scrutiny. Following the inspections, each ball is affixed with a seal and handed over to us. The affixed seals can only be broken and the drawing equipment used in the presence of a public notary who has been assigned to a particular draw. After each draw, the public notary in charge will reseal the set of numbered balls.

WHAT HAPPENS IF DRAWING EQUIPMENT GOES WRONG?

If any malfunctions are observed during a draw, the Drawing Committee must decide whether to continue. Normally, spare equipment that is required to be available by law and which can be quickly put into operation during a draw, as well as a set of spare balls, are deployed. (Before draws, this equipment is also inspected and authenticated by the designated public notary and the Drawing Committee.)

The Drawing Committee will then decide whether the draw in question may be restarted and if the numbers that have been drawn may be retained and the draw continued. (Naturally, in the latter case, the numbers that have previously been drawn are removed from the drawing equipment.)

HAVE ANY PROBLEMS EVER ARISEN DURING A DRAW?

Yes, a few times. For example, at the beginning of 2010 while Pick-6 Lotto was being drawn, the balls rolled about in all directions. The Drawing Committee decided to continue the draw and to use manually operated drawing equipment and a set of sealed spare balls – naturally, in the presence of and in co-operation with the public notary.

WHAT IS THE DRAWING COMMITTEE RESPONSIBLE FOR?

The Drawing Committee makes sure that appropriate personal and technical conditions for draws are ensured, rules are followed and enforced, draws are made in a safe manner and also that results are forwarded to the headquarters of Szerencsejáték Zrt., where our employees can continue working with this data.

SAFE DATA-HANDLING

Guaranteeing data security is essential to our sales process. If a single system error were to occur, it would shake public confidence in our company to its foundations.

The terminals that operate at our points of sale and lottery agencies transmit betting and gambling data to a central system. Back-up copies are made of the data that is stored in the central system. The betting data that has been stored is then locked online before the draw. A trusted third-party provider that operates in accordance with international standards locks the data using a timestamp. The authentication of betting data is ensured through the use of the highest-level legally prescribed signatures and other verification methods. A draw is always followed by an examination of the authenticity of the betting data, which is done in co-operation with an assigned public notary and randomly checked by the NAV Gaming Inspectorate.

Since 2012, the processes and systems related to our scratch card games, draw-based games and sports betting games have been subjected to ISO 27001 and WLA SCS information security audits. The three-year period of validity of the ISO 27001 and WLA SCS certificates, which also serve as the operating standards for the Eurojackpot numbers game, expired in June 2015. During the period 15th-19th June, at which time the renewal audit was being carried out, our company obtained an updated certificate for a further three years.

ACTION AGAINST ONLINE CORRUPTION

Our company lays great emphasis on maintaining the integrity of games played via online interfaces and on preventing instances of corruption. A department specifically created for this purpose closely co-operates with financial institutes and telephone companies with which our company has signed contracts. If a player's involvement in any act of corruption is confirmed following a process of checking, then according to the operative rules they will be banned from online gambling. Furthermore, – depending on the nature of corruption – legal action against perpetrators may follow.

GUARANTEED PAYMENT OF PRIZES

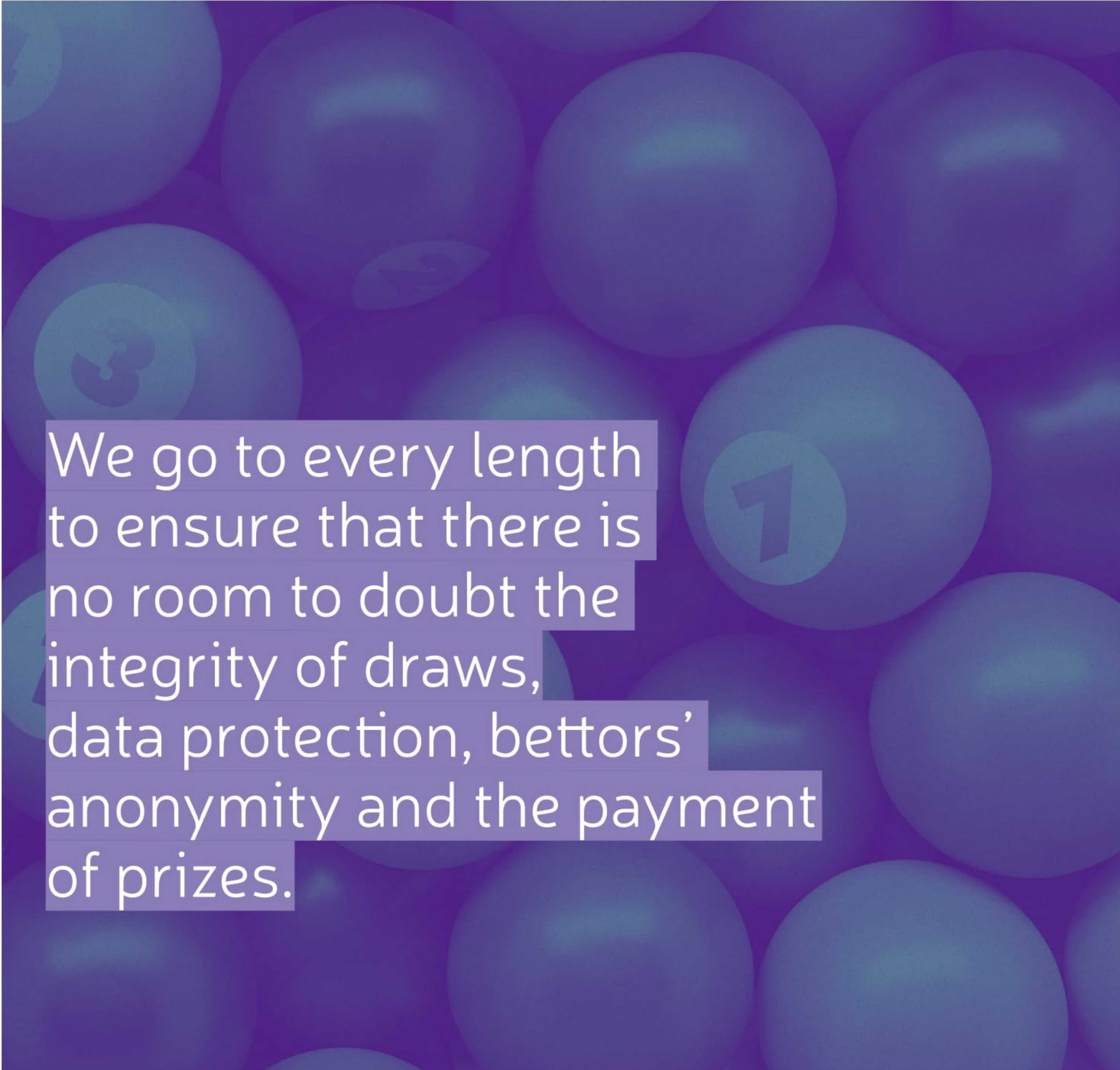
As a state-owned company, Szerencsejáték Zrt. guarantees payment of prizes. Players have the opportunity to collect their winnings at intervals specified by the law and the rules of participation. If a winner does not appear (whether to collect a low or high value prize), the unclaimed prize is rolled back, mainly by means of separate draws, but it may also be used to increase the size of a prize pool (dotation) as well as to round up the value of prizes.

We allow players who are registered online to collect smaller prizes through automated transfer.

WINNER ANONYMITY

The **payment of prizes** is a sensitive as well as a confidential issue. We handle our clients' data discreetly. The online terminals at our points of sale never display the exact amounts when reading receipts of prize confirmation but only indicate that a particular player has won a large or special prize. Winners' data is always handled as confidential business information by our sales staff at all of our points of sale.

When large winnings are collected, only exclusively assigned sales staff (2-3 people) are permitted to be in attendance on behalf of Szerencsejáték Zrt. Very few of our employees, who have all been sworn to secrecy, know the identities of winners.



We go to every length to ensure that there is no room to doubt the integrity of draws, data protection, bettors' anonymity and the payment of prizes.

Responsible gaming and prevention

Responsible gaming is the basis of our corporate social responsibility policy.

It comprises all the conscious activities which go beyond legal obligations and with which we strive to protect our players from the harmful consequences of excessive gambling, even though the games we offer are primarily not dangerous and do not promote addictions.

For our company, promoting responsible gaming is a strategic goal to which our employees contribute during their everyday work. Our activities adhere to the responsible gaming principles defined by the international lottery associations (EL, WLA).

As responsible game organisers

We regularly conduct research to measure the social impacts of gambling.

- In the course of game development, we always carry out a preliminary risk assessment of both our newly developed products that are due to be launched and old products which are being renewed.
- We pay special attention to raising awareness the risks of gambling addiction and prevention and treatment options.
- We never sell games of chance to under-eighteens, and we do not target minors with our advertising activities.
- We help our players by providing information about games which assists them to make more responsible decisions

by learning about the risks that are involved.

- Through our electronic channels players are given the opportunity to define their own restrictions on playing (and to exclude themselves from playing entirely) and to specify when warnings are provided.
- We forbid our sales staff from selling games of chance on credit and entering into agreements about splitting prizes.

INTERNATIONAL RECOGNITION

Szerencsejáték Zrt. was awarded a European Lotteries' (hereafter, 'EL') Responsible Game Organiser certificate in 2010 and had it renewed in 2013. To adhere to the standard, a partial compliance audit must be carried out by an independent auditing organisation at least once during the three-year renewal period.

This partial audit took place in October 2015. This time, game planning, remote game channels and advertisement and marketing processes were analysed by the employees of PricewaterhouseCoopers Auditing Ltd. The screening was successfully completed, thus we were able to prepare for the complete audit that will be due in 2016 and which will enable us to retain our EL Responsible Game Organiser certificate.

LEGISLATIVE CHANGES

Since 2015, the importance of responsible gaming has been confirmed by the government because in November detailed rules for responsible gaming were issued in Government Decree No 329/2015 (XI.10.). In accordance with the government decree, all our points of sale must provide our players with **information brochures about the protection of players and lists of service centres** which have been drawn up by the Ministry for National Economy. Szerencsejáték Zrt. publishes the documents; however, it exerts no meaningful influence over their content.

Government decree also prescribes that notices or stickers which show the Green Number related to the protection of players must be placed somewhere visible at all points of sale. By calling the green number, you can make proposals, reports or complaints using a recorded message, but callers cannot make personal contact with an operator or ask for help. The telephone number is made public by Szerencsejáték Zrt.; however, the company exerts no impact on its operation and the processing of incoming messages.

In accordance with the government decree, most responsible gaming organiser measures we have so far volunteered for have been included in our game plans and rules for participation.

PARTNER CO-OPERATION

We have been co-operating with the National Healthcare Service Centre (Állami Egészségügyi Ellátó Központ, or ÁEEK for short) and its predecessor since 2010. As a result, a subpage dedicated to gambling addiction (www.eski.hu/jatekfuggoseg/) and the so-called "Dr.Info" service (www.dr.info.hu/drinfo) are available on the website of the centre.

In 2015, we renewed a contract signed in 2012 with the Pro Psychologia Foundation, the operator of **ELTE's emergency line for players** that exists to provide help to people affected by problem gambling and their family members by e-mail, telephone or in person. How to reach the helpline is indicated at all of our points of sale.

Our relationship with The Hungarian Advertising Self-Regulatory Board (Önszabályozó Reklámtestület, or ÖRT for short) dates back a long time. We always involve them as an external consultant in the creative planning process of our advertisements.

ELTE's phone-based help service is designed to provide help for and give advice to problem gamblers and their kin, as required, to intervene in times of crisis, and where possible, to direct callers to the appropriate specialised service centre.

Telephone duties are undertaken by volunteers working in pairs for a total of 20 hours a week. Both problem gamblers and their relatives (parents, children, spouses) called the helpline in 2015. During the year,

a total of 69 genuine calls were received, about one-third of which were made by women, and two-thirds men. Most female callers who use the line are relatives of individuals with gambling issues. Generally speaking, during the calls, most of the individuals with problems were directed to a service centre where treatment could be provided.

PRODUCT INFORMATION, EDUCATION

In the spirit of raising awareness, we help our players by providing guide booklets and videos about the rules of the games which ensure that players can familiarise themselves with the features and odds of winning certain games. We always launch our products accompanied by a booklet entitled "How to play", and when games are modified, we refresh these in another effort to promote more conscious gaming.

Our information publication called "**Let it remain a game**" is designed to give guidance to players with gambling-related problems and their family members about gambling addictions. When required, this must be made available to all players at all of our points of sale.

Points of sale always put up warning notices such as "People under the age of 18 are not allowed to participate in gambling", and "If overdone, gambling can cause psychological problems and lead to addiction".

As the online version of the "**Let it remain a game**" booklet, we operate the webpage

www.maradjonjatek.hu, where we publish need-to-know information related to gambling addiction, as well as news and a summary of recent events.

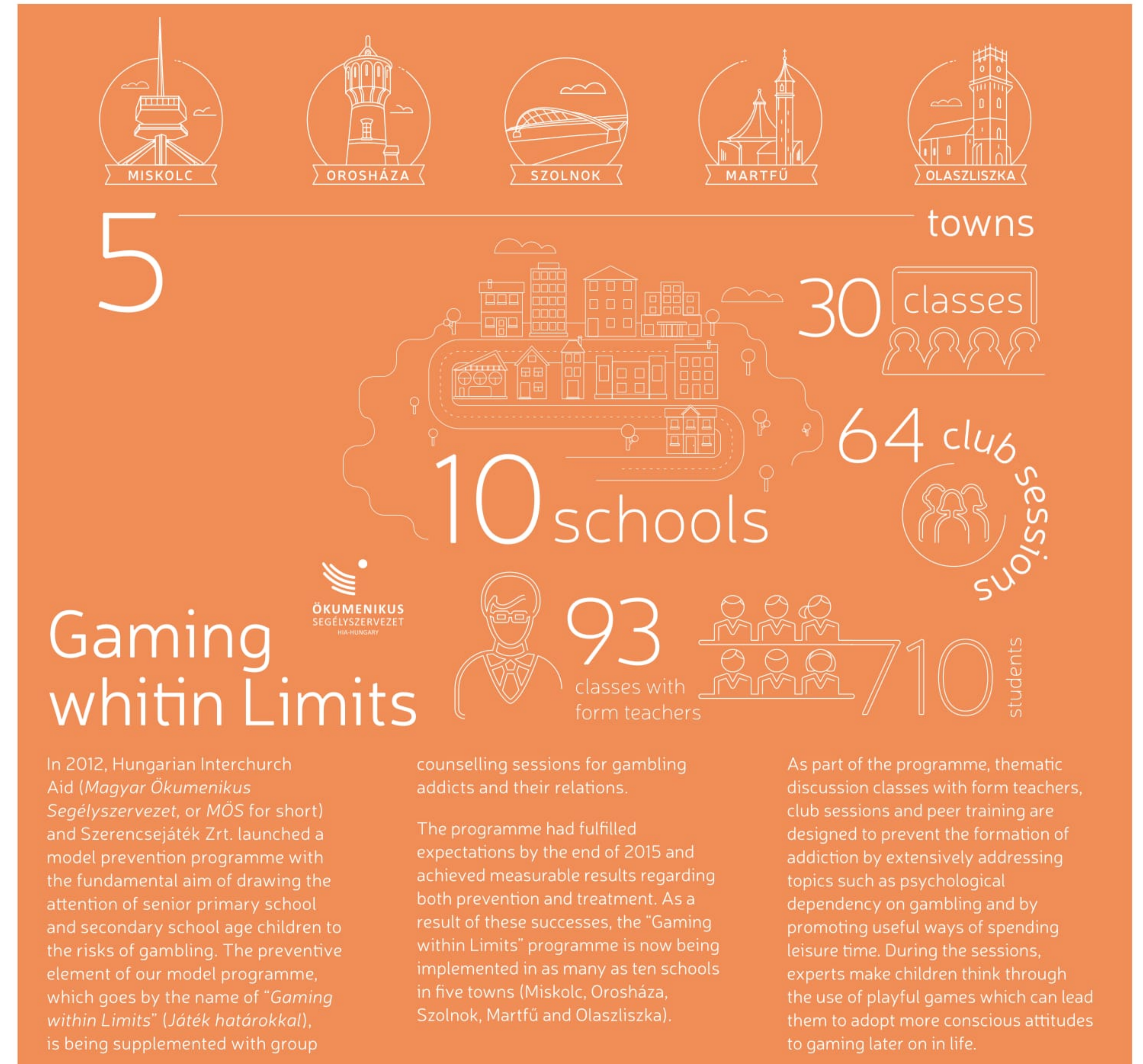
RESEARCH

We have conducted research for years to survey the Hungarian gambling situation. This gives us a clear picture of what percentage of the population may be addicted to gambling.

In 2015, we placed orders for two complex research studies. One survey of 4000 people carried out by Kutatópont Kft. mapped attitudes toward gambling among the over-15-year-old Hungarian population, while another conducted by the Faculty of Psychology and Pedagogy of Eötvös Lóránd University (Eötvös Lóránd Tudományegyetem, or ELTE for short) examined the same issues among 7-14-year-old students.

According to the survey by Kutatópont Kft., 1.34 percent of the population who are older than 15 are addicted to gambling, which is approximately the European average.

It was demonstrated by both the Kutatópont and the ELTE research efforts that nearly 40 percent of the young generation are involved in some kind of gambling activity. This fact clearly indicates that under-18s are at risk of developing an addiction to gambling. Accordingly, it is very important to carry out prevention activities.



**INTERVIEW WITH TAMÁS FIGECZKI,
LEADER OF THE SOCIAL CENTRE OF
HUNGARIAN INTERCHURCH AID IN
DEBRECEN**

Which was the most memorable moment for you from the "Gaming within Limits" programme?

To name one specific moment, this involved a creative art competition entry entitled "Children's sorrow over their parents' gambling addiction", which was created by a primary school student from Debrecen. The title touched me deeply. According to the principles of individualism, people are free to do anything they want with their lives. If you want to destroy yours, destroy it. If you want to build it, build it. How simple would it be if you owed responsibility only to yourself? This title implies a sense of pain and helplessness, so much that it is enough for the whole exhibition. What can children do if their parents are addicted to gambling? To tell the truth, not much. They feel sorrow about it, and this sorrow over their helplessness and an unfulfilled childhood will follow them throughout their lives. My father/mother does not play with me but with slot machines. This title in itself made the birth of the programme Gaming within Limits worth its while. If the hundreds of students who participated in the programme have understood that addiction can be fatal not only to players but also to their whole environment, their family and friends, then they will also start thinking about how to help prevent

their friend, their sibling or their parent becoming addicted.

What difficulties did you face during the programme?

"Gaming within Limits" started as a model programme, so first we had to prepare the model, and then we had to see if it could fly. During a test flight, some things always have to be modified. And not only one or two things. We had to persuade schools, pedagogues and students. It was uncertain whether we would be able to maintain the interest in our club sessions and to continue the programme after the schools joined *KLIK* (the *Klebelsberg Intézményfenntartó Központ*, or Klebelsberg Institution Maintenance Centre). Each stage of the programme had its own pitfalls, but in retrospect it was worth taking the plunge. I might now say we have taken wing.

What are your plans concerning the future of the programme?

To begin with, we implemented the programme at 4 schools in Debrecen. Now we are running the programme, which is recommended by NEFI (Nemzeti Egészségfejlesztési Intézet, or the National Institute for Health Development), in 10 institutions in 5 towns. I think we can increase the number of schools that join the programme, but we are also thinking about adapting it to the circumstances of other educational establishments. By involving our institutions, we would love to set up a national "information point" network to which anyone can turn for information about and help with gambling addiction.

COMPLEX PREVENTION PLANS

In 2015, we expanded our room for action in terms of preventing gambling addiction because we wanted to open a new front line in fighting addiction besides our "Gaming within Limits" programme. We explored potential opportunities for preventing addiction with the help of experts from *Alternate Tanácsadó Kft.*, and the involvement of other experts on the topic (addiction specialists, sociologists, psychologists, pedagogues) in the context of personal interviews and workshop sessions.

The experts from the different institutions concurred that the most effective way to prevent addiction is to develop a comprehensive, not solely gambling-specific prevention programme. The reason for this is that multiple forms of addiction generally co-occur; furthermore, their development can be traced back to common causes. Consequently, it would be ideal to create an intermediary organisation to promote initiatives which support mental health and self-awareness. The practical steps needed to achieve this will have to be considered next year.

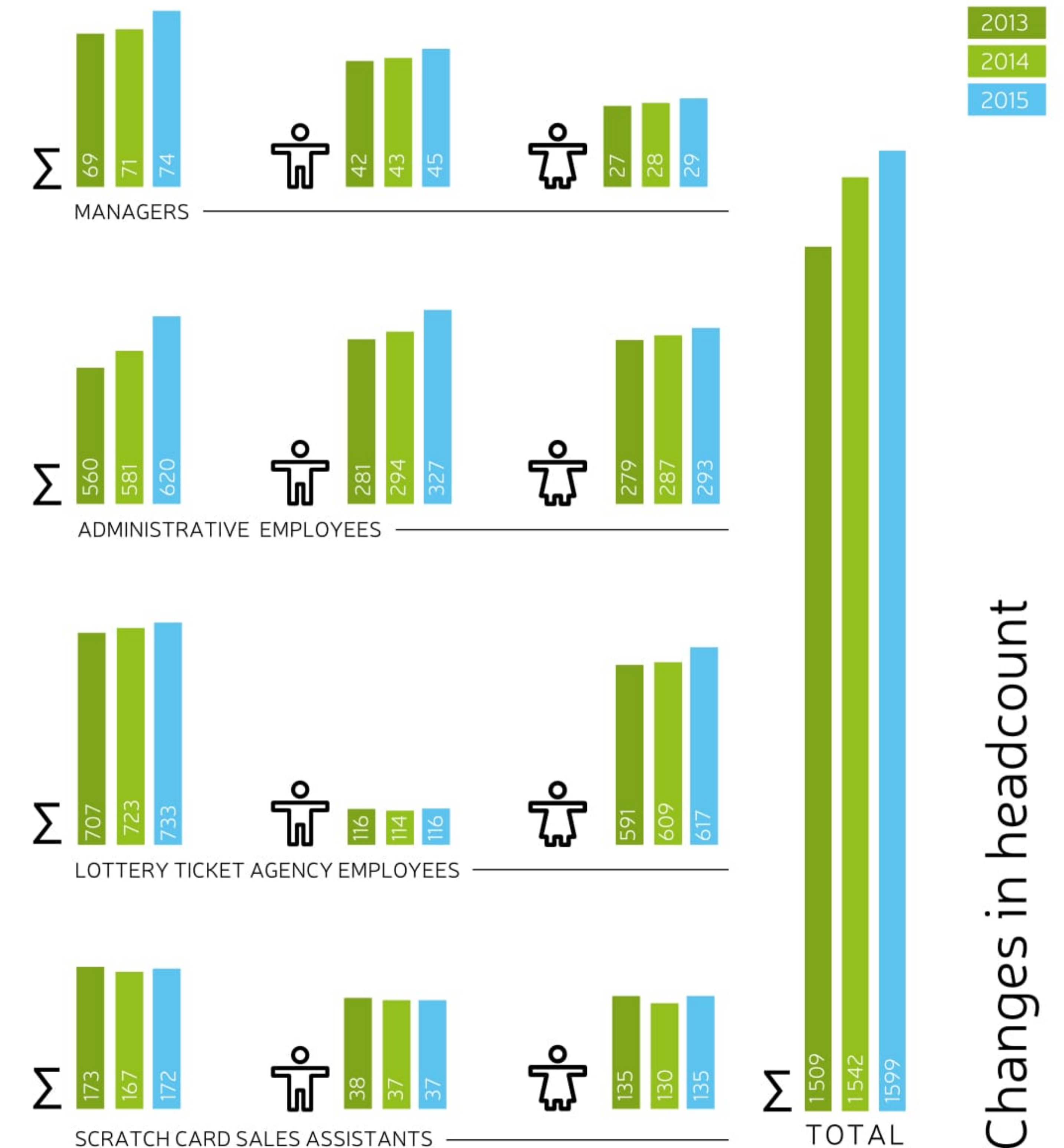
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Our employees and their motivation

Szerencsejáték Zrt. provides secure jobs and a living for its employees.

The turnover of the company has doubled since 2010, thus the load on the traditional sales network, the running of interactive gaming channels and the service and support organisations has increased on an ongoing basis. In 2015 we employed almost 1600 people. Among them, 905 people were working in the front lines of our own sales network. Among our own sales staff, 172 people have a reduced capacity for work.

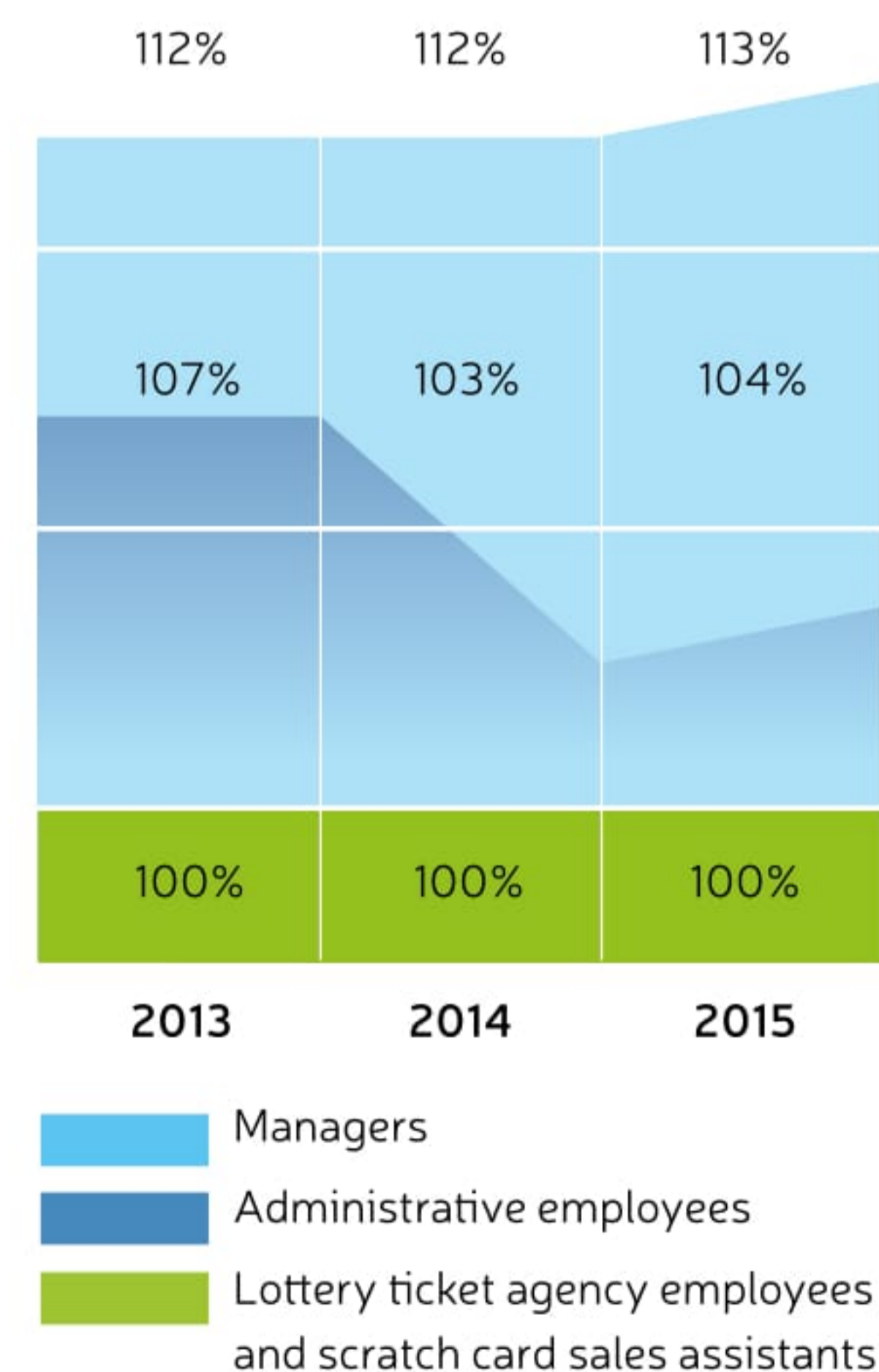
Our company considers it of paramount importance to retain employees who are highly skilled, as well as those who have considerable professional experience. Accordingly, it is essential that we offer them proper working conditions and opportunities for further training, and that we also create equal opportunities and a decent work-life balance.



Changes in headcount

As a responsible employer, we follow the principle of equal treatment in terms of salaries (men and women, full-time and part-time employees) and when employing people with a reduced capacity for work. When we determine the salary and remuneration we offer to employees, the basic principle we follow is the need to ensure equal treatment. The ratio of the basic salary paid to men compared to women improved in this direction by 2014.

RATIO OF BASIC SALARY PAID TO MEN VS. WOMEN (MEN/WOMEN, AS %)



Offering **performance-related pay is already basically** a smoothly-working, well-established practice in sales-related jobs. A part of sales employees' salaries is given in the form of performance-related pay. Administrative employees are given financial incentives based on the profitability of the company.

Traditionally, Szerencsejáték Zrt. pays close attention to maintaining the **welfare and social** care of its employees. We offer the same benefits to part-time employees as full-time employees, on a proportionate basis. In 2015, our company employed 428 part-time employees, more than a quarter of total employee headcount.

Our employees can select their fringe benefits from the "cafeteria" system (Erzsébet vouchers, voluntary health fund services, voluntary pension contributions, the Széchenyi Recreation Card, local travel passes and mortgage repayments) up to an annually defined limit according to their personal demands (living circumstances, consumption habits, state of health, etc.). Employees can also take advantage of healthcare services as part of our service-financing health insurance package.

TRAINING AND DEVELOPMENT

We consider it important to define the nature of jobs according to our employees' qualifications and abilities. Jobs should also be in harmony with the professional development needs of employers and employees. Career plans are not put in writing for employees, but there are

a few "small career paths" which are well-established in practice and offer the opportunity for advancing within the company. Employees working as sales assistants in lottery agencies have the opportunity to train for sales organizing jobs in regional centres. We also incentivise the advancement of employees who have already gained experience in the company by signing study contracts with them and providing support for the training they need to undertake more challenging jobs.

The training of our employees takes place according to the Professional Training Rules. The most complex training is given to those who work in sales. In accordance with our Employment Contract, these individuals must hold a valid exam certificate in terminal handling, order of business, money and wealth handling and security. Their training is supplemented with refresher exams and skill-developing training courses and before a product is launched, they must also participate in training that ends with an exam. Training and examination materials for all employees place significant emphasis on responsible gaming, or more specifically, on issues related to gambling addiction.

It was the launch of our AEGIS project that posed the greatest educational challenge of 2015. Some 14,000 terminal handlers from across the commercial network received training and successfully passed their technical exams.

In order to provide professional services to people living with disabilities, we help our

sales staff with study material specifically prepared for them. The professional implementer of the programme is the Salva Vita Foundation, with whom we signed a three-year contract in 2015. By the end of the contractual period, all of our lottery agency employees will have received training on this topic. Over 200 employees of ours attended training courses from the second half of 2015 until the end of the year.

International professional conferences also provide our employees with a great opportunity to familiarise themselves with the "good practices" of foreign lottery companies and to build and strengthen corporate relations.

EMPLOYING PEOPLE WITH A REDUCED CAPACITY FOR WORK

As a responsible employer, Szerencsejáték Zrt. considers it crucial to take part in employing people with a reduced capacity for work who live in Hungary. In 2003, we set up a scratch card sales system that employs only people with a reduced capacity for work. Until 1st January 2012, it operated as part of our subsidiary SZZRT Service Kft. and was then transferred to the parent company. We consider the tasks related to the establishment, operation and development of our scratch card sales network to be part of our societal mission, which we can use as an example to other companies. In recognition of our efforts, we are proud to have been awarded a "Disability-friendly workplace" certificate for many years.

Players can meet 172 employees of ours at more than 100 venues all across the country. Counters which sell scratch cards are typically located at the entrance halls of grocery stores and department stores and in health care institutions.

At the initiative of our Charity Department, in December 2015 a trilateral cooperation agreement was signed between the Council for Organisations of Persons with Disabilities (FESZT), which is a Hungarian umbrella organisation working for people living with disabilities, the National Organization of Spanish blind people (ONCE), which organises gambling and also operates in an exemplary way on a global scale, and our company. The agreement also enjoys the support of the Hungarian government. It aims to promote the employment of persons with a reduced capacity for work, to raise social awareness of disabilities and to share examples of best international and national practice. The related work will effectively start in 2016.

THE NATIONAL ORGANIZATION OF SPANISH BLIND PEOPLE (ORGANIZACIÓN NACIONAL DE CIEGOS ESPAÑOLES, OR ONCE)

- is a non-profit organisation which has been operating since 1938.
- extensively helps the blind and the disabled.
- is self-supporting. In Spain, some percentage of scratch cards and lottery tickets are sold through ONCE. The

organisation has 63 thousand members and employs 17 thousand blind people along with another 6,000 people living with disabilities in its gambling business division.

- has expanded its activities in the last ten years by starting to work with the deaf. The organisation now has a presence in South America, too.

THE COUNCIL FOR ORGANISATIONS OF PERSONS WITH DISABILITIES (COMMONLY KNOWN AS FESZT, OR FOGYATÉKOS EMBEREK SZERVEZETEINEK TANÁCSA)

- aims to draw appropriate public and political attention to the special situation and needs of the disabled.
- consists of member organisations which represent a total membership of over 600,000 individuals.
- is comprised of member organisations, including:

- › The Hungarian Autistic Society (Autisták Országos Szövetsége, or AOSZ)
- › The Hungarian Association for the Mentally Disabled and their Helpers (Értelmi Fogyatékosokkal Élők és Segítőik Országos Érdekvédelmi Szövetsége, or ÉFOÉSZ)
- › The Hungarian Federation for the Associations for the Physically Disabled (Mozgáskorlátozottak Egyesületeinek Országos Szövetsége, or MEOSZ)

- › The Hungarian Association for Organ Recipients (*Magyar Szervátültetettek Szövetsége*, or MSZSZ)
- › The Hungarian Association for the Deaf and Hard of Hearing (*Siketek és Nagyothallók Országos Szövetsége*, or SINOSZ)
- › The Hungarian Association for the Deaf-blind (*Siketvakok Országos Egyesülete*, or SVOE)
- › The Central Hungarian Association for the Blind and Visually Impaired (*Vakok és Gyengénlátók Közép-magyarországi Regionális Egyesülete*, or VGYKE).

OCCUPATIONAL SAFETY

All our employees – regardless of their roles – attend educational events about work safety. We have our own security guidelines which only stipulate how sales staff should proceed in the case of extraordinary events (e.g. robberies). We also guarantee the protection and handling of extraordinary events **with security devices** such as time-lock protected multi-safes, strong boxes and banknote-checking devices.

We pay special attention to creating **healthy working conditions**. We recognise the importance of both labour safety and occupational health, with priority given to work which requires the use of a computer screen.

Maintaining our employees' mental well-being is just as important a task as preserving their physical health. Accordingly, we consider it of cardinal importance to vigorously raise awareness of the risks posed by addiction to gambling, as well as of prevention and treatment options. In order to foster such intense awareness, from time to time we address this issue on the Intranet and in monthly newsletters about gambling (called "*Szerencselevelek*"). In addition, we provide opportunities for our sales staff to be tested on a yearly basis to examine to what extent they are affected by problem gambling and if they are at risk of becoming addicted.

WORK-LIFE BALANCE

We organise events for our employees and their close families so as to help **soften the sharp boundaries that often exist between work and private life**. Such events include our Santa Claus' festivities, the Children's Day programme series, which is held at several venues in numerous regions across the country, as well as a corporate sports day. Our cafeteria system also supports participation in recreational activities.

Szerencsejáték Zrt. provides employees who have returned from maternity leave with an opportunity to re-enter the world of work part-time, thereby easing the burden of harmonising work and private life.

In 2015, our company was awarded the gold level of the "**Social Label – socially responsible employer**" and will be a proud and responsible holder of this accolade until 2017. During the audit, the operating practices of Szerencsejáték Zrt. were examined in various fields such as recruitment and selection, working circumstances and conditions, wages and benefits, training, careers, communication and the representation of interests.



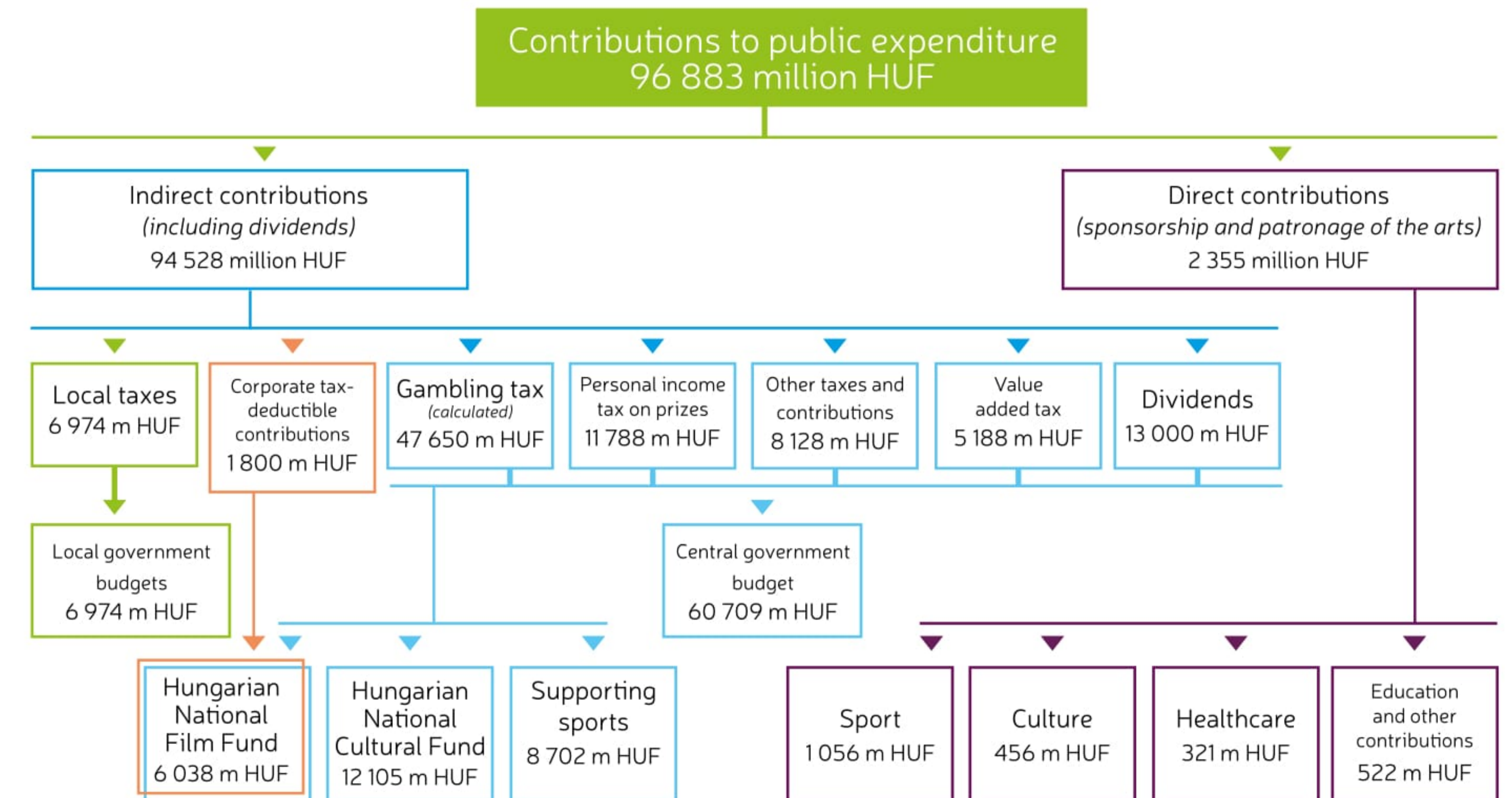
In 2015, our company was awarded the gold level of the “Social Label – socially responsible employer” and will be a proud and responsible holder of this accolade until 2017.

Community investment and contributions

Two-thirds of the gambling tax on state-run games is earmarked for community goals that are defined by law.

According to the payments we made in 2015, 90 percent of the gambling tax on the Pick-5 Lotto (which amounts to 12.1 billion HUF) went to the Hungarian National Cultural Fund, while 80 percent of the gambling tax on the Pick-6 Lotto (4.2 billion HUF) contributed to the Hungarian National Film Fund.

At the behest of our owner, our company made two contributions to the Hungarian National Film Fund in 2015: a total of 1.8 billion HUF (deductible partly from corporate tax).



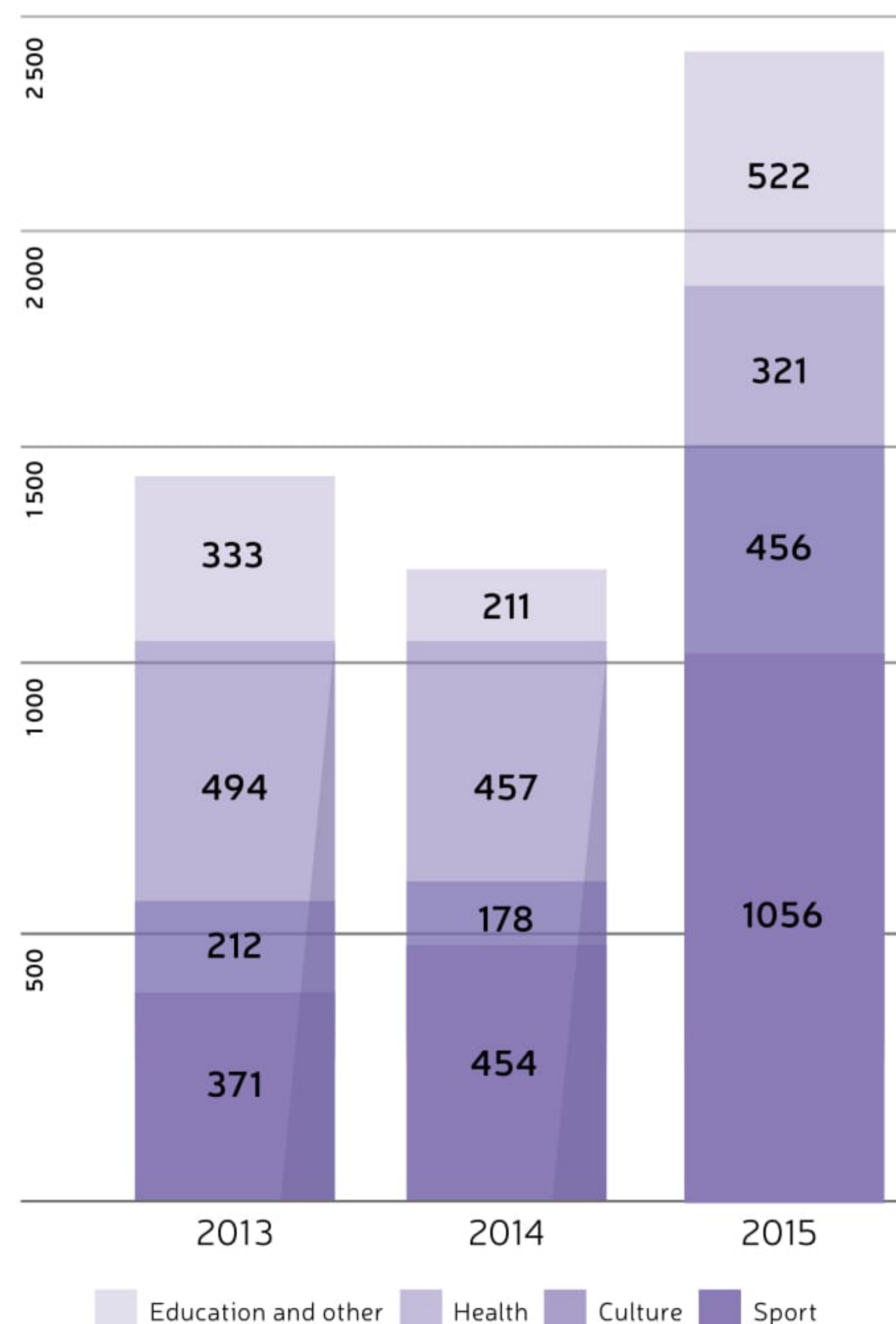
The contribution given to the Hungarian National Film Fund was comprised of 4,238 million HUF, which is 80 percent of the gambling tax levied on Pick-6 Lotto, and 1.8 billion HUF, deductible partly from corporate tax.

Direct contributions (million HUF)

In accordance with the law on sports, 8.7 million HUF from the gambling tax on state-run games goes to supporting national sports movements through the central government budget. Our company exerts no influence over the use of government expenditure.

We are allowed to spend 0.75% of our (estimated) revenue on donations and sponsorship, as determined by the owner. In 2015, Szerencsejáték Service Nonprofit Kft. managed a contribution budget of 2.253 billion HUF, a part of which functioned as operating costs.

It is important to note that following the establishment of Szerencsejáték Service Nonprofit Kft. at the end of 2014, the technical accounting process for the contributions awarded in the reporting year but whose payment was deferred to the following year was modified. The total contribution made in 2014 may appear less than in the previous year since it does not include the contributions which were awarded in 2014 but were paid only during 2015. Nevertheless, the total amount given in the form of donations and sponsorships in 2015 was significantly higher, totalling about 2.355 billion HUF, including all the contributions paid in 2015 and contributions which were awarded in 2015 but deferred to 2016.



Voluntary programmes

200 volunteer employees altogether



Food collection for the Hungarian Food Bank in 2 days 2,5 tons of food

Painting the fence of the Dripstone Children's Home



In 2015, we made 445 donations and participated in 93 sponsorship deals to support culture, education and other common causes, healthcare and sports being the main priorities.

We have been co-operating with Hungarian Interchurch Aid for several years to respond to applications made by individuals for social support. We always forward the applications for help we receive to this relief organisation, who then do a thorough background check before deciding on what type of (non-financial) assistance to provide. Last year, we forwarded the foundation 422 requests, of which the aid organisation supported 367. In 2015, most requests were put in for accessibility, hygiene- and medicine-related support, foodstuffs, infant nutrition and fuel.

The voluntary activity undertaken by our employees is also treated as part of our social commitment. For many years,

the voluntary programmes across the country in which our employees willingly take part have been integral parts of our internal corporate events. In 2014, we incorporated these charity programmes into a framework programme which was named "Contribute" (Adj bele!). Within this frame our employees continue to provide voluntary help through corporate programmes, but we pay special attention to also motivating them to engage in both individual and group initiatives.

In 2015, nearly 200 employees participated in the "Contribute" programme. Diverse collection programmes, blood donations and renovation-related work were the topics of the most popular voluntary initiatives.

For our first centrally-organised mercy mission we helped our former strategic partner, the Camp of Courage Foundation (Bátor Tábor). A total of 20 of our employees participated in painting

decorations for the camp riding hall. Just as previously, this was an unforgettable experience.

In August, we undertook to paint the fence of the Dripstone Children's Home (Cseppkö Gyermekotthon). In addition to improving the environment of the children who live at the home, we organised a charity donation programme among our employees so we could provide the children with gifts. Twenty people joined in the painting work, and a great number of employees also made donations.

For the second time we joined in the food collection programme of the Hungarian Food Bank Association, during which we encouraged customers at the Campona Shopping Centre to make donations. During the two days of the programme our employees managed to contribute nearly 2.5 tons of food to make Christmas better for the needy.

"I think the right way to live your life is to take an active part in several fields of community life, whether this is private life or work. All this strengthens the community. When, three years ago, following a longer period of leave, I returned to my company, I was pleased to hear that it was possible to participate in aid programmes at Szerencsejáték Zrt., and I could bring my little daughter, too.

I spent some years during my leave in an ill-fated country south of Hungary, where – despite the difficulties they face – people are particularly vivacious and support each other. Albeit it had never been alien to me to help other people, their exemplary behaviour deeply touched me. My daughter started to attend nursery there, and she was given an emotionally strong bundle of love as a parting gift. I had the feeling that it would be good to continue this process, if she were also able to see and experience in Hungary how she could improve our community life, both generally and specifically, through participating with others, and in what ways the human tragedies we see around us could be mitigated through providing not only individuals, but also enthusiastic communities, with the opportunity to help. In my opinion, the quality of a society relates to the way in which it behaves with and treats its fellow members that have been pushed to the margins. The only one way "we" can build the society of the future in the present is by providing an example in a positive and supportive way."

Hajnalka Zemen, Volunteer of the Year (2015)

OUR SCRATCH CARDS IN THE SERVICE OF GOOD CAUSES

Szerencsejáték Zrt. has often issued for sale scratch cards and spent the related sales revenue on supporting useful community initiatives. In 2015, we entrusted our employees and those who liked our Facebook page with the task of choosing who to support.

From the revenue of our new scratch card "**Domestic favourite**" (*Házi kedvenc*), – in line with the topic – we wished to support organisations that deal with the protection of animals. Therefore, on the recommendation of the Hungarian Animal-protection and Environmentally-friendly Association (*Magyar Állatvédő- és Természetbarát Szövetség*), we organised a Facebook vote to select a worthy cause. The scratch card contribution (worth a total 6 million HUF) was divided between two organisations: the Bottyán Equus Horse and Dog Shelter (*Bottyán Equus Ló-és Kutyaotthon*) and the Derecske Association of Animal Friends (*Derecskei Állatbarátok Egyesülete*).

This time it was our employees who chose who to support with the end-year scratch card "**Merry Christmas**" (*Boldog karácsonyt!*), which we launch every year. In the first round of the process, we told them to recommend to us potential organisations, and then in the second stage we asked them to choose the first-place finisher from among the most popular entries. Based on the final vote count, the 'Let's Do Something for Children and Patients with Leukaemia Foundation' (*Tegyünk a Leukémiás Gyermekéért és Betegekéért Alapítvány*) was the winner, and became 6 million HUF richer in 2015.

CIVIL-CORPORATE RELATIONS

Apart from voluntary programmes, the company also implemented programmes in cooperation with numerous NGOs and foundations in 2015.

2015 was the thirteenth time the "**HBLF Wheelchair Basketball Competition**" (*HBLF Kerekesszékes Kosár Bajnokság*) was organised. Our company has been a permanent participant at this event since 2008. The event is designed to sensitise the public to disability-related matters, to popularise the sport of wheelchair basketball and to improve the financial situation of the sport.

On the last day of May, a few enthusiastic employees of ours took part in a run around Lake Balaton within the frame of the programme "**Swap Smiles**" (*Mosolyváltó*), which was organised by Smile Foundation (*Mosoly Alapítvány*) and is designed to connect charities with sports and sporting events.

As part of an ongoing tradition, at the end of each year – as the holidays approach – we brighten up the Christmas of disadvantaged children. In 2015, with the help of the "**League of Guardian Angels**" (*Őrangyalok Ligája*) we gave the nearly two hundred inhabitants of five children's homes an unforgettable experience. Among other things, we organised a trip to a water park, had make-up and hair-do activities and gave the children an opportunity to try go-carting. Some of the children also went to the Eötvös Circus show, or went to a Virtuoso concert.

At the corporate year-end closing event, our employees prepared Christmas and floral decorations with the help of the members of the "**Future for them too**" foundation (*Jövőt nekik is alapítvány*).

In 2015, we made 445 donations and participated in 93 sponsorship deals to support culture, education and other common causes, healthcare and sports being the main priorities.

Supplier relations

Given the nature of our products, there are relatively few global service providers that are acknowledged by the international gambling market and that can also supply us with the IT systems we need to sell them.

Among these few are included Scientific Games (SG), whose Hungarian subsidiary our company has been co-operating with for more than 20 years. IGT is the IT supplier of our independent online sports betting system, which started operating in 2013. It also ranks among the biggest suppliers of gambling companies on the global market. Both companies have ISO27001 and WLA/SCS information security certificates.

We order our **scratch cards** from 3 big scratch card producers: Scientific Games International (SGI), IGT Corporation and Pollard Banknote. The producers must meet strict quality and security criteria that we have drawn up. Environmental consciousness, too, is an important issue when producing scratch cards. We describe this in detail in the section of this report called "[Environmental impacts](#)".

We do not have an impact on the employment practices of international supply partners. However, due to the strict professional standards of this industry, legal and human rights issues cannot even arise.

Apart from the giant international companies mentioned above, we mainly collaborate with **domestic suppliers**.

Our research projects in 2015 were carried out by Kutatópont Kft., Kantar Média Kft. and Nielsen Közönségmérés Kft.

Further contracts of higher value include agreements about creative design, the production of programmes, media buying, market research, telecommunications and public utility services. In 2015, we had media planning and buying and creative design and production tasks carried out within the budget allocated to framework contracts we signed with

Young and Partners Kommunikációs és Tanácsadó Kft. and Trinity International Communications Kft.

In our contracts we have not defined requirements concerning the ethics and legality of our supply partners for the time being. However, our Corporate Security Department always checks all the information that is available about potential partners before we enter into contracts of higher value.

Environmental impacts

Our company's use of materials, energy consumption and emission of harmful substances pose no risk to the physical environment.

Nevertheless, when our operative processes are designed, we strive to **cut down on environmental load** in proportion to the opportunities that are available.

The raw material for our **scratch cards** is sourced from responsible and sustainable forest farms. The commissioned scratch-ticket printing presses are all run by certified environmentally responsible publishers who use ink (water-based and UV-cured) and packaging that is environmentally friendly. The ready-made tickets are fully recyclable.

The foil used to manufacture **play slip holders** contains neither heavy metal nor environmentally harmful substances. Both sides of the ready-made play slip holders are made of multi-layer foil, so in no way can the ink used for printing come into direct contact with users.

In order to cut down on the amount of **paper we use at our offices**, we introduced an electronic document

management system in 2014. In another effort to reduce paper use, we created a so-called Sales Support Page for our partners and replaced paper-based controlling documents with a tablet-based application. In 2015, use of the **in-house printing works resulted in** a significant rise in paper consumption. Therefore, the aggregate index shows a rise.

The year 2015 saw a slight increase in our electricity, gas and water consumption which can be attributed to the weather, growth in the size of our operations and the deployment of new information display devices. The company's CO₂ emissions also remained stable.

In 2015, there were no cases in which remediation was required, nor did we emit any substances in amounts above threshold limits. Consequently, we paid no environmental fines or penalties, and no other (non-financial) sanctions were imposed on our company. As standard, we pay an "air loading fee" (*levegőterhelési*

díj, or *LTD*) on the air pollutants that are emitted by boilers.

The production companies we commission always charge us the environmental protection product fee that is levied on them, thus this environmental expense continues to be indirectly incurred by Szerencsejáték Zrt. The product fee paid on marketing tools, Gambling mix (*Szerencsemix*) magazines, posters announcing results, Rules for Participation, play slips, thermal paper rolls, scratch tickets, and their wooden and foil packaging materials amounted to over 56 million HUF in 2015.

	2013	2014	2015
PAPER CONSUMED (KG)			
	36 334	36 874	52 862
SELECTIVE WASTE (KG)			
Paper waste	31 398	48 310	86 820
PET bottles	551	642	640
Other selective waste	5 877	25 200	16 839
ELECTRICITY CONSUMPTION (GJ)			
	18 156	17 494	17 800
GAS CONSUMPTION (GJ)			
	12 972	10 523	11 935
WATER CONSUMPTION (m³)			
	11 707	11 472	11 909
CO₂ EMISSIONS (TONNA)			
Indirect	1 840	1 774	1 773
Direct	742	602	602
ENVIRONMENTAL IMPACTS (THOUSAND HUF)			
Fines and penalties	0	0	0
Air loading fee	8	9	9
Environmental protection product fees	29 401	45 886	56 173

As a result of our employees' environmentally friendly behaviour, there has been a year-on-year increase in the amount of waste that is selectively collected in our office buildings.

What also demonstrates our employees' commitment to environmental protection is the fact that we participated in the countrywide waste collection initiative called **YouPick (TeSzedd)** for the fifth year running.

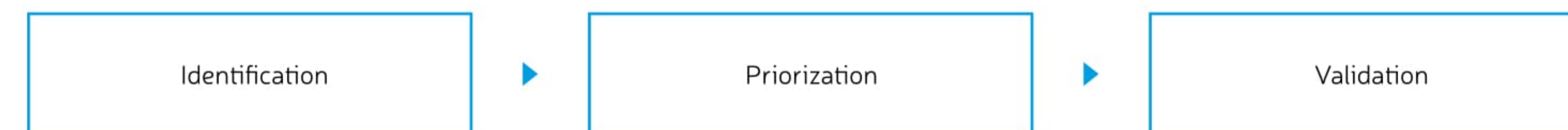
The climate protection movement called **Living Planet** was joined by 350 of our employees as signatories, for which they were commended by the Hungarian President of the Republic.

Appendices

ABOUT THE REPORT

Since 2011, Szerencsejáték Zrt. has been publishing a CSR report to describe its annual performance. In 2015, we switched to using the newest GRI G4 reporting guidelines. The target group of our report has been defined to include players, employees and representatives of the press and the media.

THE REPORTING PROCESS OF SZERENCSEJÁTÉK ZRT. IN 2015



In the first step of this reporting process in 2015, on the basis of internal documents, research studies and projects, media analyses, press reviews and benchmark research that were available, we identified the economic, social and environmental features of material interest to our stakeholders. Subsequently, we classified them by their impact(s) on our stakeholders and by their relevance to our company. At this stage we first co-operated with an internal working group and we then classified the features of material interest by having them validated by management and through a process of professional facilitation under the supervision of external sustainability experts in order to promote objectivity.

In 2016, the list of material aspects compiled in this manner was first reviewed and then validated by management.

You can see a list of these material aspects on the next pages.

Reporting period: Calendar year 2015

Date of last report: October 2015
(GRI 'In Accordance – Core')

Reporting cycle: Annual

GRI application level: 'In Accordance – Core'

The level of compliance of this report has not been assured by an external organisation.

The boundary of the report encompasses all points of sale and central office buildings owned by Szerencsejáték Zrt. The activities of other organisations within our portfolio are not covered within the boundaries of the report. Material aspects are those high-priority topics that determine the short-term and long-term success of a company. Consequently, in the report we do not differentiate between internal stakeholders in terms of how they are affected by these aspects.

Material aspect(s)	Indicator(s)	Page No.	Direct impact(s) on external stakeholders
ECONOMIC			
Industrial regulation in Hungary and in the European Union	<i>Risk management: G4-45</i>	10-11.	Regulators Sales partners Players Owner
Product portfolio	G4-4	5.	Players
Innovation	Innovative solutions that have been implemented	6., 12., 15., 18., 21.	Players Sales partners
Economic value creation	G4-EC1	12.	Owner
Company reputation	<i>Risk management: G4-45</i>	8-9.	Owner
Company governance, management	G4-34	7-9.	Owner
Ratings, certificates	G4-15	6.	Players Sales partners
Supplier relations	<i>Suppliers: G4-12</i>	39.	Supply partners
International co-operation	<i>Membership: G4-16 Stakeholders: G4-27</i>	6.	Players
Ethical and transparent business operation	G4-15 <i>Ethics: G4-56, G4-57, G4-58</i>	7.	Players Sales partners
State property	G4-7	5.	Regulators
Value of prize, roll-up	Prizes of above 1 billion HUF	13.	Players Owner Sales partners
Legal compliance	<i>Environmental protection: G4-EN29</i>	42.	Players
Data security, protection of personal data	<i>Data security: G4-PR8</i>	18.	Players Sales partners
Action against illegal gambling	<i>Ethics: G4-56, G4-57, G4-58 Stakeholders: G4-27</i>	11.	Players Owner Sales partners
Macro factors affecting spendable income	<i>Risk management: G4-45, G4-46, G4-47</i>	12.	Players
Fair market conduct	<i>Ethics: G4-56, G4-57, G4-58</i>	7.	Players Sales partners
Reliability	<i>Risk management: G4-45, Ethics: G4-56, G4-57, G4-58, Stakeholders: G4-27</i>	7., 17., 21.	Players

Material aspect(s)	Indicator(s)	Page No.	Direct impact(s) on external stakeholders
INTERNAL AND SOCIAL			
Internal innovation, organisational culture	<i>Values, etc.: G4-56</i>	27-30.	
Impact on employment	<i>Employment: G4-10, G4-LA1</i>	15., 27.	
Recognition and career opportunities	<i>Career: G4-LA10, G4-LA11</i>	28.	
Training and development	<i>Career: G4-LA10, G4-LA11</i>	28.	
Benefits and incentive scheme	<i>Benefits: G4-LA2</i>	28.	
Occupational safety	Proportion of employees that have attended training related to the topic	30.	
Equal treatment, equal opportunities	<i>Equal opportunities: G4-LA13 Discrimination: G4-HR3</i>	28-29.	
Employing the disadvantaged	<i>Equal opportunities: G4-LA13</i>	29.	
Protecting employee rights	G4-11	7.	
Work-life balance and work-related stress	<i>Employment: G4-10, G4-LA1, G4-LA3</i>	30.	
EXTERNAL AND SOCIAL			
Customer confidence	<i>Satisfaction: G4-PR5</i>	16-18.	Players
Product availability and marketing	G4-8	14., 22.	Players
Product information, lucidity of communication	<i>Product information: G4-PR3, G4-PR4</i>	22.	Players
Responsible gaming, protection of minors	<i>Customer health: G4-PR1</i>	20-25.	Players Sales partners
Local community investments, support	<i>Local communities: G4-SO1</i>	32-37.	Society
Responsible employment in the value chain	G4-EC8	15.	Sales partners
ENVIRONMENTAL			
Using environmentally friendly technologies and environmentally friendly methods of operation (priorities: reduce paper use, climate protection)	<i>Product: G4-EN27 Legal compliance: G4-EN29</i>	40-42.	Society Natural environment

TYPES OF DIALOGUE WITH SPECIFIC STAKEHOLDER GROUPS

Stakeholder group(s)	Specific Stakeholder(s)	Type(s) of dialogue
Owner	Hungarian National Asset Management Ltd.	<ul style="list-style-type: none"> • Internal Audit Report (annual) • Report on the fulfilment of the Founding Declaration (biannual) • Report on the activities of the Supervisory Board (annual) • Balance sheet and profit and loss statement (monthly) • Annual forecast figures (biannual)
Players	Customers that purchase our company's games	<ul style="list-style-type: none"> • Points of sale communication: educational leaflets • Internet (website, Facebook, YouTube) • Frequent research studies • Draws (daily) • Gambling news ("SzerencseHíradó") • Customer service (telephone, e-mail and post) • Public reports • "History of gambling" exhibition (seasonal)
Employees	All company employees (administrative and sales)	<ul style="list-style-type: none"> • Trade Union • Works Council • Ethics Committee • Intranet • Printed newsletters (monthly) • Chief Executive Officer's instructions • Internal employee satisfaction survey (annual) • Regular training courses • Corporate events (Christmas party, sports day, Santa Claus' party, Children's Day events, Women's Day) • Shop managers' forum • Professional/open days • Annual report (annual) • Performance appraisals • Volunteer programmes
Suppliers	Our company's large, specifically industrial suppliers (the IT developers of our sales system, lottery ticket and scratch card manufacturers) and other supply partners	<ul style="list-style-type: none"> • International, professional events and programmes • audits
Sales partners	Entrepreneurs, Hungarian Post Ltd. (<i>Magyar Posta Zrt.</i>), Lapker Zrt.	<ul style="list-style-type: none"> • Partner meetings • Regular training courses • Web-based sales support

Stakeholder group(s)	Specific Stakeholder(s)	Type(s) of dialogue
Gambling addicts	Persons affected by any kind of gambling addiction	<ul style="list-style-type: none"> • Educational materials (POS) • Website sub-page dedicated to problem gambling • Problem gambling TV spots • In-depth interviews • "Gaming within limits" model prevention project group sessions
Minors	People under the age of 18 (both "concerned" and "not concerned" individuals)	<ul style="list-style-type: none"> • Research studies (focus groups) • Model school-based prevention program
Media	National and regional	<ul style="list-style-type: none"> • Annual report • Website press page
Authorities, organisations that co-operate in regulatory affairs	NAV Gaming Inspectorate, National Metrology Institute, Hungarian Advertising Self-Regulatory Board	<ul style="list-style-type: none"> • Official correspondence, gambling licences, operational control
Legislators	Parliament, The government, the Ministry for National Economy	<ul style="list-style-type: none"> • Preparation of expert reports
NGOs (Non-governmental organisations)	Organisations that have been supported by or which have co-operated with our organisation	<ul style="list-style-type: none"> • Professional events and programmes • Audits • Volunteer programmes
Industrial organisations	Other participants on the international and Hungarian gambling market	<ul style="list-style-type: none"> • European Lotteries events • World Lottery Association events • Regular professional seminars, working groups • Audits
Organisations dealing with prevention and addiction	Professional organisations and experts that co-operate with our company	<ul style="list-style-type: none"> • Professional round-table discussions • Conferences • Presentations • Professional co-operation in research projects • In-depth interviews

GAMING REVENUE

REVENUE (MILLION HUF)	2010	2011	2012	2013	2014	2015
Betting games	39 357	44 411	54 394	73 226	109 357	129 083
Toto pools	2 371	2 263	2 083	2 423	2 274	2 055
Goal toto	104	154	104	90	152	71
Tippmix	36 125	41 360	51 275	64 851	88 518	98 828
Tippmax	758	635	932	359	/	/
Tippmixpro	/	/	/	5 504	18 414	28 129
Numbers games	99 699	97 682	110 074	104 951	109 711	126 568
Pick-5 lotto	49 412	47 048	55 326	49 710	50 755	55 993
Pick-6 lotto	21 651	21 236	24 166	23 205	22 444	22 073
Joker	4 518	4 389	4 944	5 065	5 462	6 065
Keno	4 451	4 320	5 257	5 240	5 232	4 954
Luxor	3 664	3 410	3 616	3 957	3 867	3 791
Scandinavian lotto	16 002	17 279	16 764	17 774	17 878	18 050
Eurojackpot	/	/	/	/	4 075	15 642
Instant win games	11 680	12 051	13 331	17 469	21 304	23 061
Putto	11 680	12 051	13 331	17 469	21 304	23 061
Scratch cards	17 755	26 342	34 992	47 697	63 431	72 021
Total	168 490	180 485	212 790	243 343	303 802	350 733

CLEAR REVENUE (MILLION HUF)	2010	2011	2012	2013	2014	2015
Betting games	10 807	12 234	14 807	18 584	26 224	31 347
Toto pools	1 517	1 350	1 243	1 329	1 242	1 123
Goal toto	67	67	62	49	83	39
Tippmix	9 144	10 726	13 383	16 238	21 863	25 729
Tippmax	79	90	119	53	/	/
Tippmixpro	/	/	/	915	3 036	4 456
Numbers games	64 669	59 276	66 948	63 625	66 741	76 488
Pick-5 lotto	32 365	28 868	33 948	30 502	31 143	34 357
Pick-6 lotto	14 182	13 031	14 829	14 239	13 771	13 544
Joker	2 959	2 693	3 034	3 108	3 351	3 721
Keno	2 817	2 627	3 257	3 105	3 367	2 829
Luxor	2 345	2 035	2 158	2 361	2 308	2 262
Scandinavian lotto	10 001	10 022	9 723	10 309	10 369	10 469
Eurojackpot	/	/	0	0	2 432	9 304
Instant win games	4 957	5 189	5 672	7 445	9 133	9 853
Putto	4 957	5 189	5 672	7 445	9 133	9 853
Scratch cards	6 768	9 654	12 647	17 099	22 495	25 239
Total	87 201	86 353	100 075	106 752	124 593	142 927

PROFIT AND LOSS STATEMENT, BALANCE SHEET

Profit and loss statement	2013	2014	2015
		million HUF	
Net domestic sales revenue	244 016	304 510	351 468
Of which: gambling revenue	243 343	303 802	350 733
Net sales revenue	244 016	304 510	351 468
Change in self-produced inventory	/	/	/
Capitalised value of self-produced assets	/	/	/
Capitalised value of own performance	/	/	/
Other revenue	166	201	168
Of which: impairment loss reversal	/	/	/
Material costs	2 427	3 059	3 241
Value of services used	26 130	29 592	37 618
Value of other services	575	666	778
Cost of goods sold	6	16	5
Value of sold (resold) services	201	214	242
Material expenses	29 340	33 547	41 884
Salaries and wages	6 299	6 664	7 212
Other payments to personnel	1 953	2 080	2 212
Contributions on wages and salaries	2 108	2 226	2 427
Personnel expenses	10 360	10 970	11 851
Depreciation	2 535	2 988	3 441
Other expenses	187 837	237 129	271 310
Of which: impairment loss	33	24	591
Gross value of prizes accounted for as expenses	146 736	189 923	220 885
OPERATING PROFIT (LOSS)	14 110	20 077	23 150
Dividends and profit shares received (receivable)	50	5000	/
Of which: received from related companies	50	5000	/
Exchange gains on sales of profit shares	/	/	331
Of which: received from related companies	/	/	/

Profit and loss statement	2013	2014	2015
		million HUF	
Interest and exchange gains on financial investments	3	11	11
Of which: received from related companies	/	/	/
Of which: interest received (receivable)	986	486	417
Of which: received from related companies	/	/	/
Other revenue from financial transactions	15	98	208
Revenue from financial transactions	1 055	5 595	967
Exchange losses on financial investments	/	/	/
Of which: given to related companies	/	/	/
Expenses on interest payable	/	/	/
Of which: given to related companies	/	/	/
Impairment loss on profit shares, securities, bank deposits	42	47	/
Other expenses incurred through financial transactions	13	25	75
Expenses on financial transactions	55	72	75
PROFIT/LOSS ON FINANCIAL TRANSACTIONS	1 000	5 522	892
PROFIT/LOSS ON ORDINARY ACTIVITIES	15 110	25 600	24 042
Extraordinary revenue	/	3	1
Extraordinary expenses	2 287	2 165	1810
PROFIT/LOSS ON EXTRAORDINARY EVENTS	-2 287	-2 162	-1 809
PROFIT/LOSS BEFORE TAXATION	12 823	23 438	22 234
Tax payable	1 149	2 450	2 996
Profit/loss after taxation	11 673	20 988	19 238
Retained profit/loss used for payment of dividends and profit shares	/	/	/
Dividends and profit shares paid (payable)	8 500	15 000	13 000

BALANCE SHEET PROFIT/LOSS	3 173	5 988	6 238
	2013	2014	2015
		million HUF	
FIXED ASSETS	16 169	16 360	19 571
Intangible assets	1 764	1 837	2 793
Capitalised value of formation and restructuring expenses	/	/	/
Capitalised value of research and development	/	/	/
Pecuniary rights	1 678	1 763	2 717
Trade-marks, patents and similar assets	86	73	76
Pre-payments for intangible assets	/	/	/
Value adjustment of intangible assets	/	/	/
Tangible assets	12 293	12 642	13 241
Property and related pecuniary rights	6 680	6 655	7 406
Technical equipment, machinery, vehicles	2 981	3 273	3 747
Other equipment, fixtures and fittings, vehicles	691	914	1 189
Capital work in progress, reconstruction	1 941	1 782	899
Pre-payments for capital work in progress	/	18	/
Value adjustment of tangible assets	/	/	/
Long-term financial assets	2 113	1 881	3 536
Long-term investments in related companies	1 852	1 805	1 003
Long-term loans granted to related companies	/	/	/
Other long-term investments	/	/	/
Long-terms loans granted to other investments	/	/	/
Other long-term loans	57	77	76
Long-term debt securities	204	/	2 457
Value adjustment of long-term financial assets	/	/	/
CURRENT ASSETS	20 263	32 207	32 159
Inventory	815	1 157	1 157
Materials	747	1 111	1 065
Goods	66	46	92
Advance payment for inventory	3	/	/

	2013	2014	2015
		million HUF	
Balance sheet, assets			
Receivables	10 274	14 393	15 408
Accounts receivable from supply of goods and services (trade debtors)	2 153	2 490	2 810
Receivables from related companies	66	5 004	1
Receivables from other investments	/	/	/
Bills of exchange receivable	/	/	/
Other receivables	8 055	6 899	12 597
Securities	7 847	15 070	11 320
Investments in related companies	/	/	/
Other investments	/	/	/
Treasury shares, partnership shares	/	/	/
Debt securities held for trading	7 847	15 070	11 320
Liquid assets	1 327	1 588	4 273
Cash in hand, cheques	278	363	348
Bank deposits	1 049	1 255	3 926
Accrued and deferred assets	1 043	1 264	4 008
Accrued revenue	536	811	2 060
Pre-paid costs and expenses	507	452	1 948
Deferred expenses	/	/	/
ASSETS	37 475	49 831	55 737

Balance sheet, liabilities	2013	2014	2015
	million HUF		
Shareholder equity	11 905	17 893	24 103
Share capital	3 000	3 000	3 000
Capital reserve	/	/	/
Retained profit (loss)	5 732	8 905	14 865
Non-distributable reserve	/	/	/
Valuation reserve	/	/	/
Balance sheet profit/loss	3 173	5 988	6 238
PROVISIONS	763	806	755
LIABILITIES	23 264	29 278	29 186
Subordinated liabilities	/	/	/
Long-term liabilities	/	/	/
Short-term liabilities	23 264	29 278	29 186
Short-term borrowing and loans received:	/	/	/
of which: convertible bonds	/	/	/
Short-term credit	/	/	/
Pre-payments received from debtors	251	355	372
Accounts payable from supply of goods and services (trade creditors)	3 492	1 447	2 289
Bills of exchange payable	/	/	/
Short-term debt to related companies	11	11	/
Short-term debt on other investments	/	/	/
Other short-term liabilities	19 509	27 464	26 525
Accrued and deferred liabilities	1 544	1 854	1 693
Pre-paid revenue	1 038	1 321	1 067
Accrued expenses and costs	506	533	623
Deferred revenue	/	/	3
LIABILITIES	37 475	49 831	55 737

GRI INDEX

Indicator	Short description	Page number
Strategy and analysis		
G4-1	A statement about the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability.	3.
Organisational profile		
G4-3	The organisation's name	5.
G4-4	Primary brands, products and/or services	5.
G4-5	The location of the organisation's headquarters	5.
G4-6	The countries where the organisation operates	5.
G4-7	The nature of ownership and legal form	5.
G4-8	The markets served	5.
G4-9	The organisation's scale: the number of employees, net revenues, total capitalisation broken down in terms of debt and equity, quantity of products or services provided	5.
G4-10	The total number of workforce by employment type, employment contract and region	5.
G4-11	The percentage of total employees covered by collective bargaining agreements	7.
G4-12	Description of the organisation's supply chain	38.
G4-13	Significant changes during the reporting period regarding the organisation's size, structure, ownership	None
Commitments to external initiatives		
G4-14	The way in which the precautionary principle is addressed by the organisation	7.
G4-15	Charters, principles, or other initiatives to which the organisation subscribes or which it endorses	6.
G4-16	Memberships of associations (e.g., professional/industrial associations) and/or national/international advocacy organisations	6.
Identified Material Aspects and Boundaries		
G4-17	a) All entities included in the organisation's consolidated financial statements b) Any entity not covered by the report but included in the organisation's consolidated financial statements	6.
G4-18	The process for defining the report content.	43.
G4-19	All the material aspects identified in the process for defining report content.	44-45.
G4-20	For each material aspect, all the entities impacted within the organisation	44-45.

Indicator	Short description	Page number
Identified Material Aspects and Boundaries		
G4-21	For each material aspect, all the stakeholders directly impacted outside the organisation	44-45.
G4-22	The reasons for any restatements of information provided in previous reports and an explanation about the effect of such restatements	Per indicator
G4-23	Any significant changes from previous reporting periods in the scope, the aspect boundaries or measurement techniques	No change
Stakeholder engagement		
G4-24	A list of stakeholder groups engaged in any form of dialogue with the organisation	10., 46.
G4-25	The basic principles and processes for the selection of stakeholders with whom to engage	10.
G4-26	Description of the organisation's approach to stakeholder engagement	46.
G4-27	The key topics and concerns that have been raised through stakeholder engagement	10., 46.
Report profile		
G4-28	Defining the reporting period	43.
G4-29	Date of most recent previous report	43.
G4-30	Defining the reporting cycle	43.
G4-31	The contact point for those who wish to ask any questions regarding the report or its contents	58.
G4-32	GRI Content Index	55.
G4-33	Practice with regard to seeking external assurance for the report	43.
Governance		
G4-34	Description of the governance structure of the organisation	8-9.
G4-45	The highest governance body's role in the identification and management of economic, environmental and social risks and related issues	8-9.
Ethics and integrity		
G4-56	Internal statements about the organisation's mission, values, norms of behaviour and other basic principles	7.
G4-57	The internal mechanisms for seeking advice on ethical and lawful behaviour	7.
G4-58	The internal and external mechanisms for reporting unethical or unlawful behaviour patterns and concerns about them	7.

Indicator	Short description	Page number
Governance approach		See description of data
Economic performance indicators		
G4-EC1	The direct economic value generated and distributed including revenues, operating costs, employee wages and benefits, donations, community investments, economic value retained, payments to providers of capital and the government	12., 33.
G4-EC8	Understanding and describing the significant identified direct economic impacts the organisation has and the significance of these impacts	12.
Labour practices and decent work		
G4-LA2	The benefits of full-time and part-time employees by significant locations of operation.	28.
G4-LA10	Programs for skills management and lifelong learning	28.
G4-LA11	Percentage of employees who receive regular performance and career development reviews	28.
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category	28.
Product responsibility		
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	22.
G4-PR3	The types of product and service information required by various related procedures and the percentage of significant products and services subject to such information requirements	21.
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	21-22.
G4-PR8	Number of substantiated complaints regarding breaches of customer privacy and losses of customer data	18.
Society		
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	32-37.
Environmental performance indicators		
G4-EN27	Initiatives for the mitigation of environmental impacts of products and services	41.
G4-EN29	Value of significant fines	42.

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