

INTRALOT Group

MANAGEMENT'S DISCUSSION & ANALYSIS

**of our financial condition and results of operations
for the period 1/1-31/3/2021**

intralot

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Overview

We are a global leader in the supply of integrated gaming systems and services. We design, develop, operate and support customized software and hardware for the gaming industry and provide innovative technology and services to state and state licensed lottery and gaming organizations worldwide. Since our establishment more than 20 years ago, we have developed innovative technological and operating know-how and experience, which are central to maintaining our existing customer relationships as well as winning new contracts. Our long-standing relationships with our customers give us valuable insight into their strategic and other business needs. We operate a diversified and stable portfolio in 41 jurisdictions worldwide. Our business activities range from the provision of customized gaming platforms to full management of end-to-end gaming operations either for our own or other licensed operations, depending upon the market in which we operate. In the twelve months period ended March 31, 2021, we had revenue of €373,5 million and EBITDA of €74,9 million on continuing basis for entities that we consolidate, though we have minority ownership in some of such subsidiaries. In addition, in the twelve months ended March 31, 2021, our revenue from Greece, Rest of Europe, the Americas and the Rest of the World represented 1,8%, 31,9%, 53,0% and 13,3% of total revenue, respectively.

Results of Operations of the INTRALOT Group

Comparison of the three months period ended March 31, 2020 with the three months period ended March 31, 2021

Overview

Income Statement Information (€ in million) (unaudited)	three months ended March 31,		% change
	2020	2021	
Revenue	93,3	102,0	9,3%
Less: Cost of sales	-74,2	-75,9	2,3%
Gross profit	19,1	26,1	36,6%
Other operating income	3,6	5,5	52,8%
Selling expenses	-6,6	-6,6	-
Administrative expenses	-17,5	-15,2	-13,1%
Research and development expenses	-0,7	-0,4	-42,9%
Reorganization expenses	-0,3	-5,0	-
Other operating expenses	-0,5	-1,0	100,0%
EBIT	-2,9	3,4	n/a
EBITDA	15,7	24,4	55,4%
Income/(expenses) from participations and investments	0,8	1,1	37,5%
Gain/(loss) from assets disposal, impairment and write-off	0,0	0,0	-
Interest and similar expenses	-12,7	-12,2	-3,9%
Interest and related income	0,7	0,4	-42,9%
Exchange differences	-0,5	3,7	n/a
Profit/(loss) equity method consolidation	-0,5	0,1	n/a
Gain/(loss) on net monetary position	0,2	0,1	-50,0%
Operating profit/(loss) before tax	-14,9	-3,4	77,2%
Less: taxes	-1,9	-2,1	10,5%
Net profit/(loss) from continuing operations (a)	-16,8	-5,5	67,3%
Net Profit / (loss) from Discontinued Operations (b) ¹	0,0	-0,9	n/a

Net Profit /(Loss) after taxes (Continuing and Discontinued Operations) (a) + (b)	-16,8	-6,4	61,9%
Attributable to:			
Equity holders of parent			
-Profit/(loss) from continuing operations	-17,3	-7,3	57,8%
-Profit/(loss) from discontinued operations ¹	-0,3	-0,9	-200,0%
	-17,6	-8,2	53,4%
Non-Controlling Interest			
-Profit/(loss) from continuing operations	0,5	1,8	260,0%
-Profit/(loss) from discontinued operations ¹	0,3	0,0	n/a
	0,8	1,8	125,0%

¹ The activities of Group subsidiaries and associates in Poland (Totolotek S.A.), in Bulgaria (Bilot EOOD, Eurofootball Ltd, Bilot Investment Ltd, Eurobet Ltd, Eurobet Trading Ltd, ICS S.A.) and Peru (Intralot de Peru SAC) are presented as discontinued operations pursuant to IFRS 5.

Sales Overview

Total revenue increased by €8,7 million, or 9,3%, from €93,3 million in the three months period ended March 31, 2020 to €102,0 million in the three months period ended March 31, 2021. This increase was mainly driven by increased revenue in management contracts segment.

Revenue by Business Activity

The following table sets forth our revenue for each business activity for the three months period ended March 31, 2020 and 2021.

Revenue by Business Activity (€ in million) (unaudited)	three months period ended March 31,		% change
	2020	2021	
Licensed operations	32,9	34,2	3,9%
Management contracts	8,1	13,4	65,4%
Technology and support services	52,3	54,4	4,0%
Total	93,3	102,0	9,3%

Revenue in our licensed operations activity line increased by €1,3 million, or 3,9%, from €32,9 million in the three months period ended March 31, 2020 to €34,2 million in the three months period ended March 31, 2021. The increase is attributed mainly to the higher revenue in **Malta** by €2,8 million due to COVID-19 impact at the end of the first quarter of 2020, which was mitigated by the lower performance in **other Licensed Operations** (Argentina and Brazil), which dropped by €-1,5 million, impacted mainly by the FX currency translation.

Revenue in our management contracts activity line increased by €5,3 million, or 65,4%, from €8,1 million in the three months period ended March 31, 2020 to €13,4 million in the three months period ended March 31, 2021. The increase is mainly driven by the surplus from our **Turkish** operations (€+3,1 million), driven by Bilyoner's improved top line performance, favored by the strong growth of the online market. In 1Q21, the Sports Betting market expanded close to 2,0 times y-o-y, with the online segment representing close to 92% of the market. Performance in Euro terms was only partially mitigated by the headwinds in Turkish lira (32,3% Euro appreciation versus a year ago – in YTD average terms). The surplus in our management contracts was further increased by **US** Sports Betting in Montana and Washington, D.C. (€+1,3 million) and **Morocco's** improved performance (€+0,9 million or +31,2% y-o-y), due to the impact of COVID-19 pandemic in 1Q20.

Revenue in our technology and support services line increased by €2,1 million, or 4,0%, from €52,3 million in the three months period ended March 31, 2020 to €54,4 million in the three months period ended March 31, 2021. The increase is attributed to **US** operations' increased revenue (€+5,5 million), following strong growth in our Lottery operations and a significant jackpot in January 2021. The increase in our Technology and Support services activity line was mitigated by the lower performance in the **Netherlands** (€-1,2 million), due to the revised commercial terms which affected half of the first quarter of 2020 versus full effect in 1Q21, **Australia** (€-1,1 million), driven mainly by a one-off merchandise sale, as well as sales from **other jurisdictions** (€-1,1 million) impacted mainly by lower merchandise sales and COVID-19 pandemic impact.

Gross Gaming Revenue (GGR) by Business Activity

The following table sets forth our gross gaming revenue for each business activity for the three months period ended March 31, 2020 and 2021.

GGR by Business Activity (€ in million) (unaudited)	three months period ended March 31,		% change
	2020	2021	
Licensed operations	13,9	12,7	-8,6%
Management contracts	8,1	13,4	65,4%
Technology and support services	52,3	54,4	4,0%
Total	74,3	80,5	8,3%

Gross Gaming Revenue (GGR) from continuing operations increased by 8,3% (from €74,3 million to €80,5 million) year over year, driven by the increase in the non-payout related GGR (+12,7% y-o-y or €+7,7m vs. 1Q20), mainly due to the increased top line contribution of our US operations and the improved performance of Bilyoner, which was partially counterbalanced by the decrease in our payout related GGR (-10,9% y-o-y or €-1,5 million vs. 1Q20), driven mainly by the higher average payout ratio across all licensed operations in 1Q21 and especially in Malta, combined with the adverse FX impact from our licensed operations in Latin America (+2,8% y-o-y on wagers from licensed operations¹). 1Q21 Average Payout Ratio² increased by 5,5pps vs. LY (64,0% vs. 58,5%), affected mainly by the higher weighted contribution from our operations in Malta.

Gross Profit Margin

The Gross profit margin in the three months period ended March 31, 2021 was 25,6%, from 20,5% in the three months period ended March 31, 2020, positively affected by the Gross Profit margin improvement in US and Bilyoner. Overall, Gross Profit increased by 36,6% (or €7,0 million) compared to 1Q20.

Other Operating Income

Other operating income increased by €1,9 million, or 52,8%, from €3,6 million in the three months period ended March 31, 2020 to €5,5 million in the three months period ended March 31, 2021. The major driver of this increase was the higher income equipment lease income and insurance indemnities in USA.

Selling Expenses

Selling expenses remained unchanged in the level of €6,6 million, despite the increase of Sale proceeds by 9,3%.

Administrative Expenses

Administrative expenses decreased by €2,3 million, or 13,1%, from €17,5 million in the three months period ended March 31, 2020 to €15,2 million in the three months period ended March 31, 2021. This decrease was primarily due to lower costs in Greece and USA.

Research and Development Expenses

Research and development expenses decreased by 0,3 million or 42,9%, from €0,7 million in the three months period ended March 31, 2020 to €0,4 million in the three months period ended March 31, 2021.

¹ Licensed Operations Revenue also include a small portion of non-Payout related revenue, i.e., value-added services, which totaled €0,8 million and €0,4 million for 1Q21 and 1Q20, respectively.

² Payout ratio calculation excludes the IFRS 15 impact for payments to customers.

Reorganization expenses

Reorganization expenses of €5,0 million in the three months period ended March 31, 2021 and €0,3 million in the three months period ended March 31, 2020 refer to advisors' fees regarding the 2021 and 2024 Bonds restructuring.

Other Operating Expenses

Other operating expenses increased by 0,5 million, from €0,5 million in the three months period ended March 31, 2020 to €1,0 million in the three months period ended March 31, 2021. This increase was mainly due to the higher impairments, write-offs, and doubtful provisions of receivables in 2021.

EBITDA

As a result of the above and the FX loss (€3,9 million³) from translation to EUR, EBITDA increased by €8,7 million, or 55,4%, from €15,7 million in the three months period ended March 31, 2020 to €24,4 million in the three months period ended March 31, 2021, while EBITDA margin increased from 16,8% in the three months period ended March 31, 2020 to 23,9% in the three months period ended March 31, 2021. The margin increase is primarily driven by the revenue growth (mainly in the US and Turkey), combined with operating expenses containments across many regions (mainly in Greece, US and Morocco).

Income / (expenses) from participations and investments

Income/(expenses) from participations and investments came up to net income of €1,1 million in the three months period ended March 31, 2021 from net income of €0,8 million in the three months period ended March 31, 2020. This improvement is mainly due to the increased net gains from investments disposals in 2021.

Interest and Similar Expenses

Interest and similar expenses decreased by €0,5 million, or 3,9%, from €12,7 million in the three months period ended March 31, 2020 to €12,2 million in the three months period ended March 31, 2021. This decrease was primarily due to the lower interest expenses because of the repayment of loan agreements in USA in the fourth quarter of 2020, as well as the lower LG fees in 2021.

Interest and Related Income

Interest and related income decreased by €0,3 million, or 42,9% from €0,7 million in the three months period ended March 31, 2020 to €0,4 million in the three months period ended March 31, 2021, primarily due to lower interest income on bank deposits and trade receivables in 2021.

Exchange Differences

The account "Exchange Differences" in the three months period ended March 31, 2021 of €3,7 million mainly refers to gains of approximately €0,1 million from valuation of cash balances in foreign currency other than the functional currency of each entity, gain of €0,8 million from reclassification of exchange differences reserves to Income Statement applying IFRS 10, as well as gain of approximately €2,8 million mainly from valuation of commercial and borrowing liabilities (intercompany and non) in EUR that various subsidiaries abroad had as at 31/3/2021, with a different functional currency than the Group's.

Profit/(loss) from equity method consolidation

Consolidation of associates and joint ventures through the equity method contributed profit of €0,1 million in the three months period ended March 31, 2021 compared to the losses of €0,5 million in the three months period ended March 31, 2020, mainly deriving by the Group's associates in Asia.

Operating Profit/(Loss) before Tax

As a result of the above, and due to exchange differences from a loss of €0,5 million in the three months period ended March 31, 2020 to a gain of €3,7 million in the three months period ended March 31, 2021, and decreased depreciation and

³ No CPI adjustment y-o-y; adjusting for inflation in Turkey and Argentina (proxy), FX loss y-o-y is estimated at €2,1 million.

amortization by €2,2 million, operating loss before tax improved by €11,5 million from a loss of €14,9 million in the three months period ended March 31, 2020, to a loss of €3,4 million in the three months period ended March 31, 2021.

Taxes

Taxes in the three months period ended March 31, 2021 amounted to expense €2,1 million, versus expense €1,9 million in the three months period ended March 31, 2020. This increase was primarily due to the negative effect of deferred taxation.

Net Profit/(Loss) from Continuing Operations (a)

As a result of the above, net loss from continuing operations improved by €11,3 million, from a loss of €16,8 million in the three months period ended March 31, 2020 to a loss of €5,5 million in the three months period ended March 31, 2021.

Net Profit/(Loss) from Discontinued Operations (b)

Discontinued operations in Poland (Totolotek S.A.), in Bulgaria (Bilot EOOD, Eurofootball Ltd, Bilot Investment Ltd, Eurobet Ltd, Eurobet Trading Ltd, ICS S.A.) and Peru (Intralot de Peru SAC) resulted in a loss of €0,9 million in the three months period ended March 31, 2021 compared to a break-even result in the three months period ended March 31, 2020.

Analysis of discontinued operations:

A) Poland

On March 26, 2019 INTRALOT Group announced that it has reached an agreement with Merkur Sportwetten GmbH, a subsidiary of the Gauselmann Group based in Espelkamp, Germany to take over the renowned sports betting company Totolotek SA – an INTRALOT subsidiary in Poland. The transfer of Totolotek SA shares was completed at the end of April 2019 and the Group consolidated it by 30/4/2019. The final consideration for the disposal of Totolotek SA amounted to approximately €8,0 million, including the contingent consideration, in case of meeting certain terms and requirements within 2 years, amounting to approximately €1,8 million on a discounted basis (€2,0 million in future value). From the above consideration amount approximately €5,5 million was paid in the first six-months of 2019 and amount approximately €0,8 million in July 2019. On 30/6/2020 the Group recognized a loss of €1,0 million from the non-collection of contingent consideration of Totolotek S.A. disposal, since the relevant terms and requirements were not met.

B) Peru

On February 2021 INTRALOT announced that it has reached a binding agreement with Nexus Group in Peru to sell its entire stake of 20% in Intralot de Peru SA, an associate of INTRALOT Group, which is consolidated through the Equity method, for a cash consideration of \$21 million (twenty-one million USD). In addition, the Company has signed a three-year extension of its current contract with Intralot de Peru SA through 2024, to continue to provide its gaming technology and support services. From 31/12/2020 the above activities of the Group in Peru were classified as discontinued operations pursuant to IFRS 5 par.8. Meanwhile, the Group's investment to Intralot de Peru SAC was classified as at 31/12/2020 to "Assets held for sale". The above transaction was completed within February 2021 and the net price after taxes and transaction costs amounted to \$16,2 million (€13,3 million).

Below are presented the results of the Group's discontinued operations in Peru (Intralot de Peru SAC) for the periods 1/1-31/3/2020 and 1/1-31/1/2021 (in 2021 was consolidated through equity method until 31/1/2021):

	1/1-31/3/2020	1/1-31/1/2021
Sale proceeds	0,0	0,0
EBITDA	0,0	0,0
Profit/(loss) after tax	0,3	0,1
Gain/(loss) from disposal of discontinued operations	0,0	1,1
Corresponding tax	0,0	-1,3
Expenses and exchange differences occurred from sale	0,0	-0,2
Reclassification of exchange differences reserve to Income Statement	0,0	-0,6
Profit/(loss) after tax from discontinued operations	0,3	-0,9

Attributable to:		
Equity holders of parent	0,3	-0,9
Non-Controlling Interest	0,0	0,0

C) Bulgaria

On 17/12/2020 the Group disposed 100% of subsidiaries Bilot EOOD and Bilot Investment Ltd, that held by 49% the associates Eurofootball Ltd and Eurobet Ltd group respectively. As of 17/12/2020 the above activities of the Group in Bulgaria have been classified as discontinued operations. These transactions were completed within December 2020 following the necessary approvals by the relevant local authorities. The net assets held for sale of the above Bulgarian entities (including the Group liabilities to them) amounted on 17/12/2020 to €506 thousand, forming the loss from disposal of discontinued operations to €506 thousand.

Below are presented the results of the Group's discontinued operations in Bulgaria (Bilot EOOD, Eurofootball Ltd, Bilot Investment Ltd, Eurobet Ltd, Eurobet Trading Ltd and ICS S.A.) for the period 1/1-31/3/2020 (subsidiaries Bilot EOOD and Bilot Investment Ltd in 2020 were consolidated through full consolidation method until 17/12/2020, the entity Eurofootball Ltd until 5/12/2019 through full method and for the period 6/12-31/12/2019 through equity method, and the entities Eurobet Ltd, Eurobet Trading Ltd and ICS S.A. until end March 2020 through full method).

	1/1-31/3/2020
Sale proceeds	8,7
EBITDA	0,4
Profit/(loss) after tax	-0,3
Gain/(loss) from disposal of discontinued operations	0,0
Corresponding tax	0,0
Profit/(loss) after tax from discontinued operations	-0,3
Attributable to:	
Equity holders of parent	-0,6
Non-Controlling Interest	0,3

Net Profit/(Loss) from Continuing and Discontinued Operations (a) + (b)

As a result of the above, net loss from total operations (continuing and discontinued) improved by €10,4 million, from a loss of €16,8 million in the three months period ended March 31, 2020 to a loss of €6,4 million in the three months period ended March 31, 2021.

Net Income Attributable to Owners of the Parent

After deducting non-controlling interests, total operations net loss attributable to the owners of the parent improved by €9,4 million, from a loss of €17,6 million in the three months period ended March 31, 2020 to a loss of €8,2 million in the three months period ended March 31, 2021.

Net loss from continuing operations attributable to the owners of the parent improved by €10,0 million, from a loss of €17,3 million in the three months period ended March 31, 2020 to a loss of €7,3 million in the three months period ended March 31, 2021.

Net Cash Flows from total operations (continuing and discontinued)

Cash Flow Statement (€ in million) (unaudited)	three months period ended March 31,	
	2020	2021
Operating activities		
Profit / (loss) before tax from continuing operations	-14,9	-3,4
Profit / (loss) before tax from discontinued operations	0,0	0,5
Profit / (loss) before Taxation	-14,9	-2,9
Plus / Less adjustments for:		
Depreciation and Amortization	18,4	16,0
Provisions	0,4	1,0
Results (income, expenses, gain and loss) from Investing Activities	0,5	-5,4
Interest and similar expenses	12,7	12,2
Interest and similar Income	-0,7	-0,4
(Gain) / loss on net monetary position	-0,2	-0,1
Plus / Less adjustments for changes in working capital:		
Decrease / (increase) of Inventories	1,0	-1,3
Decrease / (increase) of Receivable Accounts	-0,2	13,5
(Decrease) / increase of Payable Accounts (except Banks)	-2,0	-17,6
Income Tax Paid	-5,5	6,6
Total inflows / (outflows) from operating activities (a)	9,5	21,6
Investing Activities		
(Purchases) / Sales of subsidiaries, associates, joint ventures and other investments	-0,5	13,3
Restricted bank deposits	-0,7	-3,2
Purchases of tangible and intangible assets	-5,6	-2,9
Proceeds from sales of tangible and intangible assets	0,0	0,0
Interest received	0,6	0,3
Dividends received	1,0	0,0
Total inflows / (outflows) from investing activities (b)	-5,2	7,5
Financing Activities		
Proceeds from loans	27,5	0,0
Repayment of loans	-27,2	-11,2
Repayments of lease liabilities	-1,8	-1,4
Interest and similar expenses paid	-22,1	-21,4
Dividends paid	-7,9	-5,1
Total inflows / (outflows) from financing activities (c)	-31,5	-39,1
Net increase / (decrease) in cash and cash equivalents for the period (a) + (b) + (c)	-27,2	-10,0
Cash and cash equivalents at the beginning of the period	171,1	100,0
Net foreign exchange difference	-1,9	0,6
Cash and cash equivalents at the end of the period from total operations	142,0	90,6

Net Cash from Operating Activities

Net cash from operating activities comprises net profit before tax adjusted for working capital, cash taxes as well as certain non-cash items such as provisions and depreciation.

Cash inflows from operating activities increased by €12,1 million, or 127,4%, from €9,5 million in the three months period ended March 31, 2020 to €21,6 million in the three months period ended March 31, 2021. This increase was primarily driven by the following:

- loss before taxation from total operations (continuing and discontinued) improved by €12,0 million, from a loss of €14,9 million in the three months period ended March 31, 2020 to a loss of €2,9 million in the three months period ended March 31, 2021, due to the improvement by €11,5 million of profit before

- taxation from continuing operations as described above, as well as due to the increased profit from discontinued operations (profit €0,5 million in 2021, versus profit €0,0 million in 2020);
- > depreciation and amortization from total operations decreased by 13,0% from €18,4 million in the three months period ended March 31, 2020 to €16,0 million in the three months period ended March 31, 2021, due to increased impairments, entities liquidation/change of consolidation method and discontinued operations in 2020, as well as and the end of useful life of older assets;
 - > the effect of provisions on cash flow was positive €0,4 million in the three months period ended March 31, 2020, versus a positive effect of €1,0 million in the three months period ended March 31, 2021, mainly due to higher doubtful provisions and receivables write-offs in 2021.
 - > the effect of results from investing activities on cash flow was positive €0,5 million in the three months period ended March 31, 2020, versus a negative effect of €5,4 million in the three months period ended March 31, 2021, mainly due to the higher net FX gain (€3,4 million y-o-y) in 2021, the higher (€2,1 million y-o-y) net gain from investments disposals in 2021 (mainly due to the Peru disposal in 2021 versus the Bulgarian entities deconsolidation in 2020), and the higher (€0,4 million y-o-y) net gain from share of associates results in 2021 (due to the losses in Asian Associates in 2020 because of the COVID-19 impact);
 - > Net interest expenses in the three months period ended March 31, 2021 was €12,2 million (1Q20: €12,7 million), as described above;
 - > changes in our working capital, which led to a cash outflow of €5,4 million in the three months period ended March 31, 2021, compared with a cash outflow of €1,2 million in the three months period ended March 31, 2020;
 - > In particular, there was an increase of €1,3 million in inventories in the three months period ended March 31, 2021, compared to a decrease of €1,0 million in the three months period ended March 31, 2020, mainly due to the timing of roll out of new the projects under construction;
 - > also, there was a decrease of €13,5 million in receivables in the three months period ended March 31, 2021, compared to an increase of €0,2 million in the three months period ended March 31, 2020 mainly due to the timing of revenue receipts in various projects;
 - > also, there was a decrease of €17,6 million in payables towards our suppliers in the three months period ended March 31, 2021 compared to a decrease of €2,0 million in the three months period ended March 31, 2020, mainly due to the timing of payments in various projects;
 - and
 - > income tax paid improved from payments of €5,5 million in the three months period ended March 31, 2020 to receipts of €6,6 million in the three months period ended March 31, 2021, mainly due to the negative effect of the tax audit in Intralot SA. in 2020, versus the positive effect in 2021 due to the appeals won by Intralot SA.

On a pro-forma basis, i.e., excluding the operating cash-flow contribution of our discontinued operations in Bulgaria, there is an increase of €13,1m in Cash inflows from operating activities (21,6m in 1Q21 vs. €8,5 million in 1Q20 pro-forma). Adjusting the above pro-forma data for the capital structure optimization costs paid in 1Q21 and 1Q20, adjusted pro-forma Cash inflows from operating activities improved by €15,9 million (24,7m in 1Q21 vs. €8,8 million in 1Q20).

Net Cash from Investing Activities

Cash flow from investing activities generally consists of cash outflows for investments in tangible and intangible assets as well as interest and dividends received.

In the three months period ended March 31, 2021, net cash inflows from investing activities were €7,5 million, which was an increase of €12,7 million, from net outflows of €5,2 million in the three months period ended March 31, 2020. This increase is mainly attributable to the higher net inflow of €13,8 million for (Purchases)/Sales of subsidiaries, associates, joint ventures and other investments in the three months period ended March 31, 2021 (mainly due to the inflow of €13,3 million in 2021 because of the disposal of Intralot de Peru investment), the higher net outflow of €2,5 million in 2021 for restricted bank deposits as security coverage for banking facilities, the lower outflow of €2,7 million in 2021 for net capital expenditure, the lower inflow of €0,3 million in 2021 for interest received from bank deposits and trade receivables, and the lower inflow of €1,0 million in 2021 for dividends received.

Our capital expenditure in the three months period ended March 31, 2021 reached €2,9 million while in the three months period ended March 31, 2020 reached €5,6 million. Major capital expenditure items in the three months period ended March 31, 2021 include €0,9 million in the US, €0,9 million towards R&D and project pipeline delivery, and €1,1 million account for all other net additions.

Maintenance capital expenditure during the three months period ended March 31, 2021 was €0,8 million in comparison to

€1,4 million in the three months period ended March 31, 2020 (excluding discontinued operations in Bulgaria).

Net Cash from Financing Activities

Net cash from financing activities comprises net cash proceeds from financing arrangements as well as payment of cash interest and the payment of dividends to our shareholders or to minority interests.

In the three months period ended March 31, 2021, net cash outflows from financing activities were €39,1 million, compared to net cash outflows of €31,5 million in the three months period ended March 31, 2020. This increase of net cash outflows from financing activities consisted of €11,1 million y-o-y outflow in net cash flows from financing arrangements (mainly due to the net outflow of €19,2 million of Intralot Global Holdings BV revolving facility due to repayment in 2021, and the net inflow of €8,1 million of local facilities and leasing arrangements mainly in USA), lower interest payments by €0,7 million in the three months period ended March 31, 2021, and lower dividends distribution to minority interests by €2,8 million in the three months period ended March 31, 2021.

Cash & Cash Equivalents

The following table sets forth our Cash & Cash Equivalents as of March 31, 2021 and December 31, 2020.

Cash & Cash Equivalents (€ in million)	December 31, 2020	March 31, 2021	% change
Partnerships ¹	13,8	7,8	-43,5%
All other Operating Entities (with revenue contracts) & HQ	86,2	82,8	-3,9%
Total	100,0	90,6	-9,4%

¹ As Partnerships we define our Operations in Turkey and Argentina

Cash and cash equivalents at the end of the 1Q21 period decreased by €9,4 million vs. FY20. Of the Cash & Cash Equivalents as of March 31, 2021, €7,8 million are located in our partnerships, and the rest across all other Operating entities (with revenue contracts) and HQ, with an amount close to €25,0 million allotted as Working Capital in the operating entities (with revenue contracts).

Proportionate & Pro Forma Results of Operations of the INTRALOT Group

Proportionate Financial Metrics

Pro-Forma comparison of selected Proportionate Financial Metrics for the three months period ended March 31, 2020 with the three months period ended March 31, 2021.

Proportionate Financial Metrics ¹ – Pro Forma (€ in million)	three months period ended March 31,		% change
	2020	2021	
Proportionate Revenue	78,2	84,3	7,8%
Proportionate GGR	65	69,4	6,8%
Proportionate EBITDA	13,2	20,7	56,8%
Adjusted EBITDA ²	13,3	20,8	56,4%
	December 31, 2020	March 31, 2021	
Proportionate Gross Debt	750,5	733,7	-
Proportionate Cash & Cash Equivalents	88,0	82,3	-

¹ The activities of Group subsidiaries in Poland (Totolotek S.A.), and Bulgaria (Bilot EOOD, Eurofootball Ltd, Bilot Investment Ltd, Eurobet Ltd, Eurobet Trading Ltd, ICS S.A.) are presented as discontinued operations pursuant to IFRS 5.

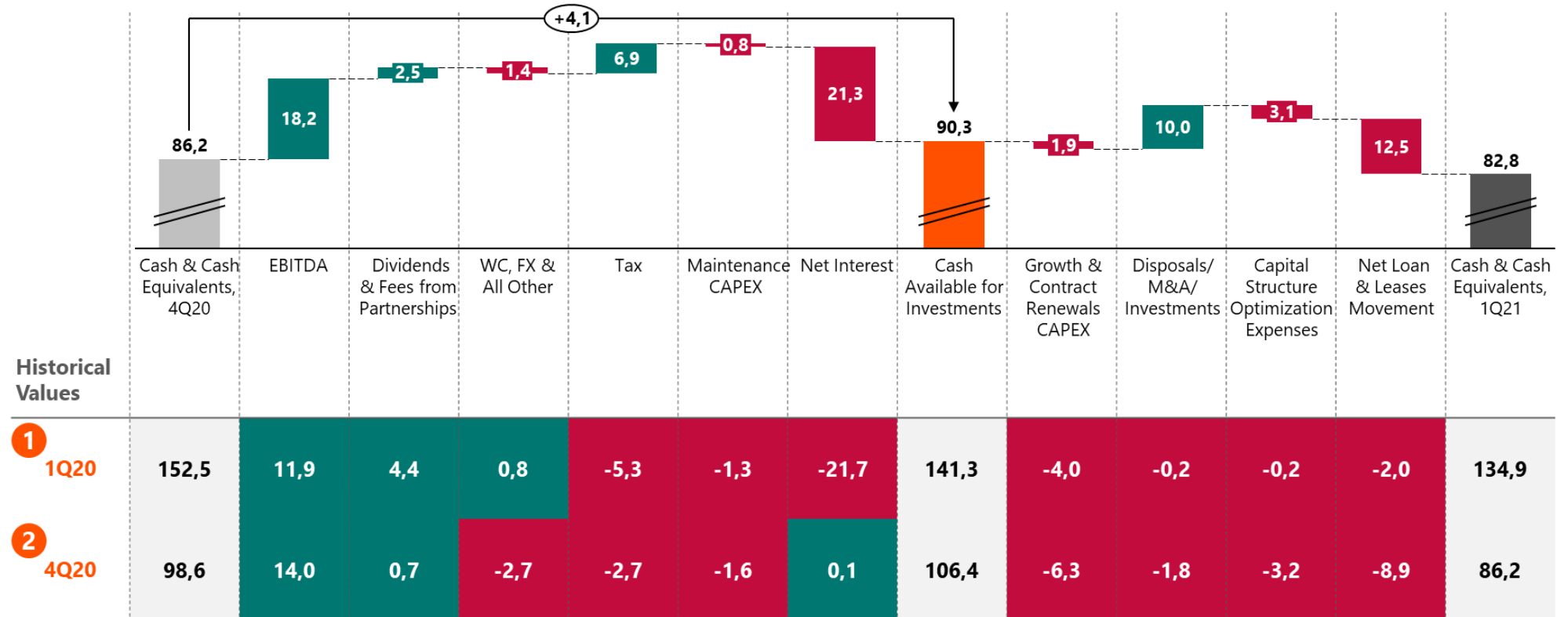
² Calculated as Proportionate EBITDA of fully consolidated entities including EBITDA from equity investments in Taiwan.

Pro-Forma Cash Flow – Shareholders of the Parent View (1/2)

The following chart portrays the Shareholders of the Parent View of the Cash Flow Movement (Pro-Forma) for the three-month period ended March 31, 2021, as well as the historical values of 1Q20 and 4Q20.

Pro-Forma Cash Flow – Shareholders of the Parent View, 1Q21

€m



The main variance (YoY and QoQ) drivers are portrayed in the table below:

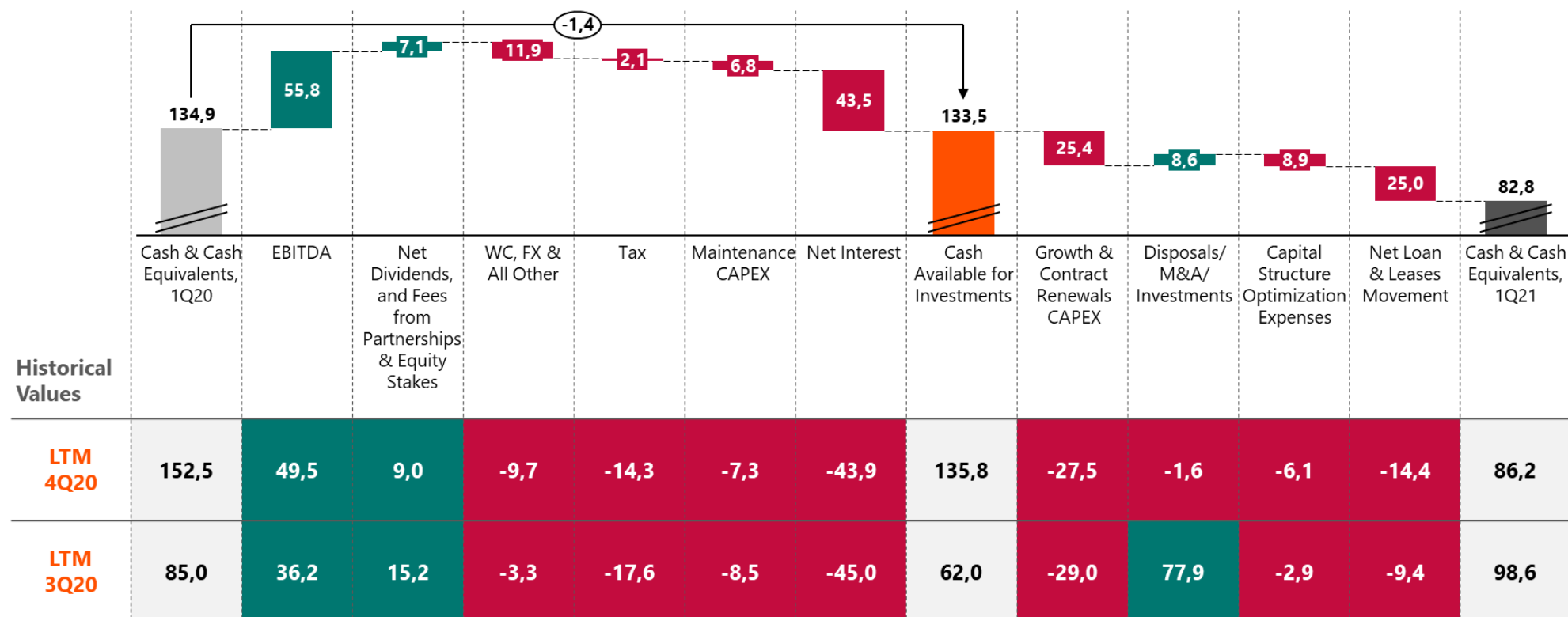
Shareholders of the Parent View	YoY Variances Explained 1	QoQ Variances Explained 2
EBITDA	<ul style="list-style-type: none"> EBITDA positive variance driven primarily by strong y-o-y growth of US business, partially counterbalanced by Malta's higher payout in 1Q21 and a one-off revenue recognition in Australia in 1Q20 	<ul style="list-style-type: none"> Positive variance driven mainly by US top line (Jackpot in January 2021), lower opex (mainly in Greece and Morocco) and decreased COVID-19 impact, offsetting the adverse effect from higher payout in Malta
Net Dividends, and Fees from Partnerships	<ul style="list-style-type: none"> Negative variance from Turkey net dividends, due to Inteltek's dividend receipt in 1Q20 offsetting the positive variance from Bilyoner dividend in 1Q21 	<ul style="list-style-type: none"> Higher inflow QoQ, mainly due to timing of Bilyoner's dividend distribution
WC, FX & All Other	<ul style="list-style-type: none"> WC negative swing vs. LY driven mainly by the advance payment received for Netherlands' project in 1Q20 and the negative timing regarding receivables and payables in US, offsetting the positive impact from 1Q20 adverse receivables movement in Morocco. Positive FX variance vs. a year ago (mainly US, Oceania, and Morocco) 	<ul style="list-style-type: none"> QoQ positive variance is mainly due to positive impact from receivables movement and payables timing benefit in US and Australia, partially counterbalanced by unfavorable timing in payables movement in HQ perimeter Positive FX impact QoQ (mainly US)
Tax	<ul style="list-style-type: none"> Positive swing mainly due to the negative effect of the tax audit in Intralot SA in the previous year, versus the positive effect in 1Q21 following the appeals won 	<ul style="list-style-type: none"> Positive movement for the same reason as in YoY variance
Maintenance CAPEX	<ul style="list-style-type: none"> Lower Maintenance CAPEX outflows vs. a year ago. 	<ul style="list-style-type: none"> Decreased Maintenance CAPEX outflows vs. previous Q
Net Interest	<ul style="list-style-type: none"> Lower interest payments attributed to the repayment of loan agreements in USA 	<ul style="list-style-type: none"> Variance stemming from coupon payments timing (2 coupon payments in 1Q21 vs. none in 4Q20)
Growth & Contract Renewals CAPEX	<ul style="list-style-type: none"> Decreased capex in 1Q21 as a result of lower outflows in HQ perimeter 	<ul style="list-style-type: none"> Decreased capex in 1Q21 vs. 4Q20 as a result of lower outflows in US and HQ perimeter
Disposals/ M&A/ Investments	<ul style="list-style-type: none"> Driven by Peru disposal proceeds in 1Q21, in part offset by an outflow for collateralized bank deposits 	<ul style="list-style-type: none"> Driven by Peru disposal proceeds in 1Q21, in part offset by higher outflow for collateralized bank deposits
Capital Structure Optimization Expenses	<ul style="list-style-type: none"> Higher outflows vs. LY 	<ul style="list-style-type: none"> On par outflows with 4Q20
Net Loan & Leases Movement	<ul style="list-style-type: none"> Negative variance driven mainly by the net outflow of a revolving facility in Intralot Global Holdings BV (repaid in 1Q21), offset by the positive variance from the repayment of US local facility and leasing arrangements in the LY 	<ul style="list-style-type: none"> Adverse variance is driven by higher outflows in 1Q21 of the revolving facility in Intralot Global Holdings BV, offsetting the positive impact from lower repayment of leasing arrangements in USA

Pro-Forma Cash Flow – Shareholders of the Parent View (2/2)

The following chart portrays the Shareholders of the Parent View of the Cash Flow Movement (Pro-Forma) for the last twelve months ended March 31, 2021, as well as the historical values of LTM 4Q20 and LTM 3Q20.

Pro-Forma Cash Flow – Shareholders of the Parent View, LTM 1Q21







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Major Contracts Overview & Update

Overview & LTM Contribution

Selected Entities/ Projects contribution in the twelve months ended March 31, 2021 after Intragroup eliminations.

Entity/ Project/ Description	Partnership	Contract type	Revenue Contribution	GGR Contribution	GP Contribution	EBITDA Contribution	Contract Expiry (w/o Renewals) ³
 12 Technology Contracts with State Lotteries ¹	DC only	Technology	38%	47%	47%	81%	2030
 12 Technology Contracts with State Lotteries and 1 Licensed Operation	Yes	Technology/ Licensed Operations	9%	7%	11%	11%	2027
 2 VLT Monitoring Contracts and 1 Technology Contract ²		Technology	4%	5%	15%	10%	2027
 Bilyoner	Yes	Management Contracts	6%	8%	24%	14%	2029
 Intralot Maroc		Management Contract	3%	4%	11%	0%	2022
 Maltco		Licensed Operations	22%	10%	8%	13%	2022
Subtotal (% of LTM 1Q21)			82%	81%	116%	129%	
LTM 1Q21 (in million €)			373,5	299,1	82,3	74,9	

¹ USA figures include also the Philippines and BCLC projects contribution.

² New Zealand Monitoring ends in 2025 while that in Victoria (Australia) ends in 2027; the Lottery West contract ends in 2022 (without considering extension options).

³ If multiple contracts exist, the one with the longest maturity is displayed (without considering extension options).

Headquarters in Greece

Cost & Effort Allocation

In Greece, we provide technology support and support services for the operation of private gaming and the lottery through INTRALOT S.A., our parent company. Originally incorporated in Athens in 1992, we won our first domestic contract in 1993. We currently operate three contracts in Greece.

As the center of our Global operations, Greece is also home to our betting-trading center that controls our global fixed-odds betting activity, and significant research and development programs (Technology Hub), as well as our corporate headquarters which supports the wider INTRALOT ecosystem, employing approx. 590 employees at the end of March 31, 2021. As such, INTRALOT S.A. expenses serve the different projects, including among others the Greek projects, but the majority of the effort is distributed towards servicing and supporting the pipeline of won and upcoming contracts, as well as supporting INTRALOT's subsidiaries and R&D efforts.