INTRALOT Group

MANAGEMENT'S DISCUSSION & ANALYSIS

of our financial condition and results of operations for the period 1/1-30/09/2020

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 42 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 September 30, 2020, we had revenue of €431,1 million and EBITDA of €54,2 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 September 30, 2020, our revenue from Greece, Rest of Europe, the Americas and the Rest of the World represented 1,8%, 44,0%, 42,9% and 11,3% of total revenue, respectively.

Results of Operations of the INTRALOT Group

Comparison of the nine months period ended September 30, 2019 with the nine months period ended September 30, 2020

Overview

Income Statement Information (€ in million) (unaudited)	nine months ended September 30, 2019	nine months ended September 30, 2020	% change
Revenue	555,6	266,1	-52,1%
Less: Cost of sales	-452,3	-214,6	-52,6%
Gross profit	**103,3**	**51,5**	**-50,1%**
Other operating income	13,5	12,5	-7,4%
Selling expenses	-30,2	-17,7	-41,4%
Administrative expenses	-58,3	-52,6	-9,8%
Research and development expenses	-3,0	-2,1	-30,0%
Other operating expenses	-8,5	-1,4	-83,5%
EBIT	**16,8**	**-9,8**	**n/a**
EBITDA	**78,8**	**45,2**	**-42,6%**
Income/(expenses) from participations and investments	10,8	-4,9	n/a
Gain/(loss) from assets disposal, impairment and write-off	-3,9	0,0	n/a
Interest and similar expenses	-40,2	-37,6	-6,5%
Interest and related income	4,1	1,4	-65,9%
Exchange differences	6,2	-4,8	n/a
Profit/(loss) equity method consolidation	-1,1	-1,3	-18,2%
Gain/(loss) on net monetary position	0,4	0,2	-50,0%
Operating profit/(loss) before tax	**-6,9**	**-56,8**	**n/a**
Less: taxes	-15,3	-5,2	-66,0%
Net profit/(loss) from continuing operations (a)	**-22,2**	**-62,0**	**n/a**
Net Profit / (loss) from Discontinued Operations (b) [1]	9,9	0,0	n/a

Net Profit /(Loss) after taxes (Continuing and Discontinued Operations) (a) + (b)	**-12,3**	**-62,0**	**n/a**
Attributable to:			
Equity holders of parent			
-Profit/(loss) from continuing operations	-41,7	-63,5	-52,3%
-Profit/(loss) from discontinued operations [1]	9,9	0,0	n/a
	-31,8	**-63,5**	**-99,7%**
Non-Controlling Interest			
-Profit/(loss) from continuing operations	19,5	1,5	-92,3%
-Profit/(loss) from discontinued operations [1]	0,0	0,0	n/a
	19,5	**1,5**	**-92,3%**

[1] The activities of Group subsidiary Totolotek S.A. (Poland) and the associate company Gamenet Group SpA (Italy) are presented as discontinued operations pursuant to IFRS 5.

Sales Overview

Total revenue decreased by €289,5 million, or 52,1%, from €555,6 million in the nine months period ended September 30, 2019 to €266,1 million in the nine months period ended September 30, 2020. This decrease was mainly driven by decreased revenue in licensed operations and management contracts segments.

Revenue by Business Activity

The following table sets forth our revenue for each business activity for the nine months period ended September 30, 2019 and 2020.

Revenue by Business Activity (€ in million)	**nine months ended September 30,**		**% change**
(unaudited)	**2019**	**2020**	
Licensed operations	339,6	91,6	-73,0%
Management contracts	58,2	20,6	-64,6%
Technology and support services	157,8	153,9	-2,5%
Total	**555,6**	**266,1**	**-52,1%**

Revenue in our licensed operations activity line decreased by €248,0 million, or 73,0%, from €339,6 million in the nine months period ended September 30, 2019 to €91,6 million in the nine months period ended September 30, 2020. The decrease is attributed to **Bulgaria** (€-213,1 million), driven by Eurofootball and Eurobet's change in consolidation method (full vs. equity method) and by the impact of discontinued contracts of Eurobet from mid-February onwards as well, to **Malta** (€-18,0 million), with the variance attributable mainly to COVID-19 impact, and to **other Licensed Operations** (Argentina and Brazil), which dropped by €-16,9 million impacted mainly by COVID-19 pandemic.

Revenue in our management contracts activity line decreased by €37,6 million, or 64,6%, from €58,2 million in the nine months period ended September 30, 2019 to €20,6 million in the nine months period ended September 30, 2020. The variance is mainly driven by the deficit from our **Turkish** operations (€-26,3 million), driven largely by Inteltek's contract discontinuation post August 2019, as well as by a decline in Bilyoner's top line performance, following the transition to the new Sports Betting era in Turkey (driven by a market share reduction and revised commercial terms), as well as the impact of the COVID-19 pandemic. In 9M20, the Sports Betting market expanded close to 3,0 times y-o-y (with the rate of expansion being lower compared to that of the first 4 months of the new era primarily due to the COVID-19 pandemic impact), with the online segment representing close to 88% of the market. Performance in Euro terms was further impacted by the devaluation of the local currency (19,9% Euro appreciation versus a year ago – in YTD average terms). The deficit in our management contracts was further increased by **Morocco's** (€-11,3 million or -63,2% y-o-y) performance, mainly impacted by the revised commercial terms following the transition to the new contract, being additionally deteriorated by the COVID-19 impact.

Revenue in our technology and support services line decreased by €3,9 million, or 2,5%, from €157,8 million in the nine months period ended September 30, 2019 to €153,9 million in the nine months period ended September 30, 2020. The decrease is mainly attributed to **Australia's** lower performance in 9M20 (€-4,4 million), driven by the COVID-19 pandemic impact, **Chile's** lower performance in 9M20 (€-4,4 million), largely because of a significant Lotto jackpot in 1Q19, the recent social unrest in the country, and COVID-19 impact, and sales from **other jurisdictions**, mainly Greece and Argentina, which dropped by €-8,0 million, impacted primarily by the COVID-19 pandemic, partially being offset by a one-off equipment sale in Germany. The decrease was partially offset by our **US** operations' increased revenue (€+9,7 million), mainly driven by the higher contribution of our new contract in Illinois in the current period (project launched in mid-February 2019), followed by a one-off revenue recognition in relation to our new project with BCLC in Canada, as well as the slow pickup of our new Sports Betting contracts in Montana and Washington DC., which fully absorbed the Ohio CSP contract termination impact (expired in June 2019) and the COVID-19 impact (There is no significant FX impact from USD movement vs. a year ago). Besides the US, **Netherlands'** performance (€+3,2 million) also supported in closing the y-o-y gap, favorably impacted by an one-off sale in 3Q20 (approximately €8,5 million in equipment and services sale), fully offsetting the impact from the revised commercial terms and from the COVID-19 pandemic.

Gross Gaming Revenue (GGR) by Business Activity

The following table sets forth our gross gaming revenue for each business activity for the nine months period ended September 30, 2019 and 2020.

GGR by Business Activity (€ in million)	**nine months ended September 30,**		**% change**
(unaudited)	**2019**	**2020**	
Licensed operations	102,0	35,0	-65,7%
Management contracts	58,2	20,6	-64,6%
Technology and support services	157,8	153,9	-2,5%
Total	**318,0**	**209,5**	**-34,1%**

Gross Gaming Revenue (GGR) from continuing operations decreased by 34,1% (€318,0 million to €209,5 million) year over year, driven by the decrease in our payout related GGR (-65,8% y-o-y or €-65,9 million vs. 9M19), following mainly the recent developments in Bulgaria (-73,1% y-o-y on wagers from licensed operations[1]). 9M20 Average Payout Ratio[2] was down by 8,0pps vs. LY (62,2% vs. 70,2%) primarily due to Eurofootball's change of consolidation method (with significantly higher than average Payout ratio), and the drop in the non-payout related GGR (-19,5% y-o-y or €-42,6 million vs. 9M19), mainly due to the reduced top line contribution of our Management contracts.

Gross Profit Margin

The Gross profit margin in the nine months period ended September 30, 2020 was 19,4%, from 18,6% in the nine months period ended September 30, 2019, positively affected by the one-off sale in the Netherlands and the Gross Profit mix reshuffle (i.e., impact from the recent developments in Bulgaria and Inteltek's contract discontinuation, as well as US Gross Profit margin improvement). Overall, Gross Profit decreased by 50,1% (or €51,8 million) compared to 9M19.

Other Operating Income

Other operating income decreased by €1,0 million, or 7,4%, from €13,5 million in the nine months period ended September 30, 2019 to €12,5 million in the nine months period ended September 30, 2020. The major driver of this decrease was the lower income form uncollected winning and POS network support in Bulgaria and Argentina, partly offset by higher equipment lease income in USA.

Selling Expenses

Selling expenses decreased by €12,5 million, or 41,4%, from €30,2 million in the nine months period ended September 30, 2019 to €17,7 million in the nine months period ended September 30, 2020. This decrease was primarily due to higher costs in USA in 2019 regarding training costs of the retailers' network for the roll out of the Illinois contract, as well as lower advertising costs in 2020 in Turkey, Bulgaria and Morocco.

[1] Licensed Operations Revenue also include a small portion of non-Payout related revenue, i.e. value-added services, which totaled €0.8m and €2.0m for 9M20 and 9M19 respectively.

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

Administrative Expenses

Administrative expenses decreased by €5,7 million, or 9,8%, from €58,3 million in the nine months period ended September 30, 2019 to €52,6 million in the nine months period ended September 30, 2020. This decrease was primarily due to lower costs in Turkey and Bulgaria, partially offset by capital structure optimization in 2020.

Research and Development Expenses

Research and development expenses decreased by 0,9 million or 30,0%, from €3,0 million in the nine months period ended September 30, 2019 to €2,1 million in the nine months period ended September 30, 2020.

Other Operating Expenses

Other operating expenses decreased by 7,1 million, from €8,5 million in the nine months period ended September 30, 2019 to €1,4 million in the nine months period ended September 30, 2020. This decrease was mainly due to the lower provisions for penalties in 2020, as well as the one-off provisions in 2019 for personnel dismissal allowances in Turkey following the Inteltek Internet AS contract expiration.

EBITDA

As a result of the above and the FX loss (€3,4 million[3]) from translation to EUR , EBITDA decreased by €33,6 million, or 42,6%, from €78,8 million in the nine months period ended September 30, 2019 to €45,2 million in the nine months period ended September 30, 2020 while EBITDA margin increased from 14,2% in the nine months period ended September 30, 2019 to 17,0% in the nine months period ended September 30, 2020. The margin increase is primarily driven by our US operations (mainly Illinois full contribution in the current year, and BCLC one-offs), and one-offs in the Netherlands' and Germany's projects, in part offset by the recent developments in Bulgaria, Inteltek's contract discontinuation post August 2019 and Morocco's new contract performance.

Income / (expenses) from participations and investments

Income/(expenses) from participations and investments came up to net expenses of €4,9 million in the nine months period ended September 30, 2020 from net income of €10,8 million in the nine months period ended September 30, 2019. This deterioration is mainly due to the decreased dividends income by €1,3 million in 2020, the lower by €10,3 million net income from sale of participations and investments in 2020 (mainly due to the loss of €0,6 million from the Eurobet Ltd group loss of control and the loss of €1,0 million from non-collection of contingent consideration of Totolotek S.A. disposal, in comparison to income in 2019 from Hellenic Lotteries SA investment disposal, as well as the net income from 2024 Notes repurchases), as well as the higher by €4,1 million losses of participations impairments in 2020 (due to provision for impairment of the Group's investment in the associate entity Goreward Ltd, mainly as a result of the COVID-19 pandemic).

Gain/(loss) from assets disposal, impairment and write-off

Gain/(loss) from assets disposal, impairment and write-off improved by €3,9 million, from loss of €3,9 million in the nine months period ended September 30, 2019 to €0,0 million in the nine months period ended September 30, 2020. This improvement was primarily due to higher provisions for assets impairment losses in 2019, mainly because of subsidiaries goodwill impairment provisions.

Interest and Similar Expenses

Interest and similar expenses decreased by €2,6 million, or 6,5%, from €40,2 million in the nine months period ended September 30, 2019 to €37,6 million in the nine months period ended September 30, 2020. This decrease was primarily due to the repayment/ cancellation of Intralot Finance UK Ltd loan agreements in the middle of 2019 and the bonds buy-back in the second half of 2019.

Interest and Related Income

[3] No CPI adjustment y-o-y; adjusting for inflation in Turkey and Argentina (proxy), FX loss y-o-y is estimated at €0,9 million primarily due to currencies movement in Turkey, Oceania, Argentina, and Chile.

Interest and related income decreased by €2,7 million, or 65,9% from €4,1 million in the nine months period ended September 30, 2019 to €1,4 million in the nine months period ended September 30, 2020, primarily due to lower interest income on bank deposits and debtors in 2020.

Profit/(loss) from equity method consolidation

Profit/(loss) from equity method consolidation decreased by €0,2 million from loss €1,1 million in the nine months period ended September 30,2019 to loss €1,3 million in the nine months period ended September 30, 2020, mainly deriving from Group associates in Asia and South America affected by COVID-19.

Operating Profit before Tax

As a result of the above and due to exchange differences from a gain of €6,2 million in the nine months period ended September 30, 2019 to a loss of €4,8 million in the nine months period ended September 30, 2020 and decreased depreciation and amortization by €9,9 million, operating profit before tax decreased by €49,9 million from a loss of €6,9 million in the nine months period ended September 30, 2019 to a loss of €56,8 million in the nine months period ended September 30, 2020.

Taxes

Taxes in the nine months period ended September 30, 2020 amounted to expense €5,2 million, versus expense €15,3 million in the nine months period ended September 30, 2019. This decrease was primarily due to lower burden in 2020 from the current income tax (mainly due to lower taxable incomes in Turkey, Australia and Malta), as well as, the positive effect of the deferred tax and the lower tax audits burden in 2020.

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

As a result of the above, net profit/(loss) from continuing operations decreased by €39,8 million, from a loss of €22,2 million in the nine months period ended September 30, 2019 to a loss of €62,0 million in the nine months period ended September 30, 2020.

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

Net profit/(loss) from discontinued operations in Totolotek S.A. (Poland) and Gamenet Group SpA (Italy) decreased by €9,9 million, from a profit of €9,9 million in the nine months period ended September 30, 2019 to €0,0 million in the nine months period ended September 30, 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.

Below are presented the results of discontinued operations of the Group in Poland (Totolotek SA) for the period 1/1-30/4/2019 (in 2019 it was consolidated with the full consolidation method until 30/4/2019):

	1/1-30/4/2019
Sale proceeds	28,6
EBITDA	**-1,8**

Profit/(loss) after tax	**-2,1**
Gain/(loss) from disposal of discontinued operations	7,4
Corresponding tax	0,0
Profit/(loss) after tax from discontinued operations	**5,3**
Attributable to:	
Equity holders of parent	5,3
Non-Controlling Interest	0,0

B) Italy

In October and in November 2019 INTRALOT announced that its subsidiary Intralot Italian Investments B.V. signed a share purchase agreement with the Italian company "Gamma Bidco S.r.l." (a company formed on behalf of funds managed by Apollo Management IX, L.P.) for the sale of its stake in Gamenet Group S.p.A. (6.000.000 shares or 20% of its share capital), for the mount of €78 million. The transaction was completed in mid-December 2019 following the necessary approvals by the relevant competition and regulatory authorities among with the payment of the above price. The selling price of Gamenet Group S.p.A. amounted to €78,0 million and it was paid in December 2019.

Below are presented the results of the Group's discontinued operations in Italy for the period 1/1-30/9/2019 (in 2019 were consolidated under the equity method until 22/10/2019):

	1/1-30/9/2019
Sale proceeds	0,0
EBITDA	**0,0**
Profit/(loss) after tax	**4,6**
Gain/(loss) from disposal of discontinued operations	0,0
Corresponding tax	0,0
Profit/(loss) after tax from discontinued operations	**4,6**
Attributable to:	
Equity holders of parent	4,6
Non-Controlling Interest	0,0

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

As a result of the above, net income from total operations (continuing and discontinued) decreased by €49,7 million, from a loss of €12,3 million in the nine months period ended September 30, 2019 to a loss of €62,0 million in the nine months period ended September 30, 2020.

Net Income Attributable to Owners of the Parent

After deducting non-controlling interests, total operations net loss attributable to the owners of the parent decreased by €31,7 million, from a loss of €31,8 million in the nine months period ended September 30, 2019 to a loss of €63,5 million in the nine months period ended September 30, 2020.

Net loss from continuing operations attributable to the owners of the parent decreased by €21,8 million, from a loss of €41,7 million in the nine months period ended September 30, 2019 to a loss of €63,5 million in the nine months period ended September 30, 2020.

Net Cash Flows from total operations (continuing and discontinued)

Cash Flow Statement (€ in million) (unaudited)	nine months ended September 30, 2019	2020
Operating activities		
Profit / (loss) before tax from continuing operations	-6,9	-56,8
Profit / (loss) before tax from discontinued operations	9,8	0,0
Profit / (loss) before Taxation	**2,9**	**-56,8**
Plus / Less adjustments for:		
Depreciation and Amortization	62,0	52,1
Provisions	5,3	1,2
Results (income, expenses, gain and loss) from Investing Activities	-27,8	10,4
Interest and similar expenses	40,3	37,6
Interest and similar Income	-4,1	-1,4
(Gain) / loss on net monetary position	-0,4	-0,2
Plus / Less adjustments for changes in working capital:		
Decrease / (increase) of Inventories	1,3	3,0
Decrease / (increase) of Receivable Accounts	-0,7	-7,8
(Decrease) / increase of Payable Accounts (except Banks)	4,1	-0,6
Less: Income Tax Paid	8,2	12,0
Total inflows / (outflows) from operating activities (a)	**74,7**	**25,5**
Investing Activities		
(Purchases) / Sales of subsidiaries, associates, joint ventures and other investments	28,3	-1,8
Purchases of tangible and intangible assets	-44,3	-27,8
Proceeds from sales of tangible and intangible assets	0,2	0,1
Interest received	3,9	1,0
Dividends received	8,8	3,1
Total inflows / (outflows) from investing activities (b)	**-3,1**	**-25,4**
Financing Activities		
Proceeds from loans	68,4	59,4
Repayment of loans	-79,3	-60,6
Bonds buy back	-2,4	0,0
Repayments of lease liabilities	-5,7	-5,3
Interest and similar expenses paid	-47,0	-45,0
Dividends paid	-36,4	-8,1
Total inflows / (outflows) from financing activities (c)	**-102,4**	**-59,6**
Net increase / (decrease) in cash and cash equivalents for the period (a) + (b) + (c)	**-30,8**	**-59,5**
Cash and cash equivalents at the beginning of the period	**162,5**	**171,1**
Net foreign exchange difference	2,0	-4,4
Cash and cash equivalents at the end of the period from total operations	**133,7**	**107,2**

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 decreased by €49,2 million, or 65,9%, from €74,7 million in the nine months period ended September 30, 2019 to €25,5 million in the nine months period ended September 30, 2020. This decrease was primarily driven by the following:

- profit before taxation from total operations (continuing and discontinued) deteriorated by €59,7 million, from a profit of €2,9 million in the nine months period ended September 30, 2019 to a loss of €56,8 million in the nine months period ended September 30, 2020, due to the decrease by €9,8 million of profit before taxation from discontinued operations (profit €9,8 million from operations in Poland and Italy in 2019, versus no discontinued operations in 2020), as well as due to decrease by €49,9 million of profit before taxation from continuing operations as described above;

- depreciation and amortization from total operations decreased by 16,0% from €62,0 million in the nine months period ended September 30, 2019 to €52,1 million in the nine months period ended September 30, 2020, due to increased impairments, entities liquidation/change of consolidation method and discontinued operations in 2019, as well as and the end of useful life of older assets;
- the effect of provisions on cash flow was positive €5,3 million in the nine months period ended September 30, 2019 , versus a positive effect of €1,2 million in the nine months period ended September 30, 2020, mainly due to higher impairment provisions of goodwill in 2019 because of the non-renewal of Spor Toto contract in Turkey (Inteltek).
- the effect of results from investing activities on cash flow was negative €27,8 million in the nine months period ended September 30, 2019, versus a positive effect of €10,4 million in the nine months period ended September 30, 2020, mainly due to the lower net FX gain (€10,7 million y-o-y) in 2020, the lower (€4,8 million y-o-y) net profit from associates equity method consolidation in 2020, the lower (€13,2 million y-o-y) net gain from investments disposals in 2020 (due to the Totolotek and Hellenic Lotteries disposals in 2019), the higher (€4,7 million y-o-y) investments impairments/losses in 2020 (due to the Eurobet consolidation method change and Goreward group COVID-19 impact), the bond buybacks gain (€2,5 million) in 2019, as well as the lower (€1,4 million y-o-y) dividend income in 2020;
- Net interest expenses remained stable in the nine months period ended September 30, 2020 (€36,2 million), as described above;
- changes in our working capital, which led to a cash outflow of €5,4 million in the nine months period ended September 30, 2020, compared with a cash inflow of €4,7 million in the nine months period ended September 30, 2019;
    - In particular, there was a decrease of €3,0 million in inventories in the nine months period ended September 30, 2020, compared to a decrease of €1,3 million in the nine months period ended September 30, 2019, mainly due to the timing of roll out of new the projects under construction;
    - also, there was an increase of €7,8 million in receivables in the nine months period ended September 30, 2020, compared to an increase of €0,7 million in the nine months period ended September 30, 2019, mainly due to the timing of revenue receipts in various projects;
    - also, there was a decrease of €0,6 million in payables towards our suppliers in the nine months period ended September 30, 2020 compared to an increase of €4,1 million in the nine months period ended September 30, 2019, mainly due to the timing of payments in various projects; and
- income tax paid increased from €8,2 million in the nine months period ended September 30, 2019 to €12,0 million in the nine months period ended September 30, 2020, mainly due to the negative effect of the tax audit in Intralot SA.

On a pro-forma basis, i.e., excluding the operating cash-flow contribution of our discontinued operations in Italy and Poland, there is a decrease of €50,5m in Cash inflows from operating activities (25,5m in 9M20 vs. €76,0 million in 9M19 pro-forma).

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 nine months period ended September 30, 2020, net cash outflows from investing activities was €25,4 million, which was an increase of €22,3 million, from net outflows of €3,1 million in the nine months period ended September 30, 2019. This increase is mainly attributable to higher net outflow of €30,1 million for (Purchases)/Sales of subsidiaries, associates, joint ventures and other investments in the nine months period ended September 30, 2020 (mainly due to the outflow of €0,7 million in 2020 because of the Eurobet group consolidation method change, the outflow of 0,7 million in 2020 due to the Inteltek 55% acquisition, as well as the outflow of €0,4 million from financial assets disposals in 2020, compared to an inflow of €20,0 million from Hellenic Lotteries disposal, an inflow of €5,1 million from Totolotek disposal, an inflow of €2,3 million from investment capital return, and an inflow of €0,6 million from financial assets disposal and time deposits release in 2019), lower outflow of €16,4 million in 2020 for net capital expenditure, lower inflow of €2,9 million in 2020 for interest received from bank deposits and debtors, and lower inflow of €5,7 million in 2020 for dividends received.

Our capital expenditure in the nine months period ended September 30, 2020 reached €27,8 million while in the nine months period ended September 30, 2019 reached €44,3 million. Major capital expenditure items in the nine months period ended September 30, 2020 include €11,0 million in the US, including outflows towards Ohio’s new terminals leasing agreement, Sports Betting drivers in Montana's, New Hampshire's, and Washington DC's contracts, and Louisiana's contract renewal, as well as €9,6 million towards R&D and project pipeline delivery .

Maintenance capital expenditure during the nine months period ended period September 30, 2020 was €6,0 million in comparison to €6,1 million in the nine months period ended September 30, 2019 (excluding discontinued operations in Poland).

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 nine months period ended September 30, 2020, net cash outflows from financing activities was €59,6 million, compared to net cash outflows of €102,4 million in the nine months period ended September 30, 2019. This decrease of net cash outflows from financing activities consisted of €12,5 million y-o-y inflow in net cash flows from financing arrangements (mainly due to the net inflow of €15,0 million of Intralot Finance UK Ltd term loan because of the €15,0 million repayment in 2019, the inflow of €17,4 million from Intralot Global Holdings BV revolving facility in 2020, the inflow of €2,4 million due to bond buy backs in 2019, and the net outflow of €22,3 million of local facilities and leasing arrangements mainly in USA), lower interest payments by €2,0 million in the nine months period ended September 30, 2020, and lower dividends distribution to minority interests by €28,3 million in the nine months period ended September 30, 2020.

Cash & Cash Equivalents

The following table sets forth our Cash & Cash Equivalents as of September 30, 2020 and December 31, 2019.

Cash & Cash Equivalents (€ in million)	December 31, 2019	September 30, 2020	% change
Partnerships[1]	18,6	8,6	-53,8%
All other Operating Entities (with revenue contracts) & HQ	152,5	98,6	-35,3%
Total	**171,1**	**107,2**	**-37,3%**

[1] As Partnerships we define our Operations in Turkey (Inteltek until 29/9/2020 & Bilyoner), Bulgaria (Eurofootball Group until 30/11/2019 & Eurobet Group until 31/3/2020), and Argentina

Cash and cash equivalents at the end of the 9M20 period decreased by €63,9 million vs. FY19. Of the Cash & Cash Equivalents at the end of September 30, 2020, €8,6 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 nine months period ended September 30, 2019 with the nine months period ended September 30, 2020

Proportionate Financial Metrics[1] – Pro Forma (€ in million)	nine months ended September 30,		% change
	2019	2020	
Proportionate Revenue	378,2	223,5	-40,9%
Proportionate GGR	247,1	185,1	-25,1%
Proportionate **EBITDA**	**54,2**	**38,8**	**-28,4%**

Adjusted EBITDA [2]	62,1	40,4	-34,9%
	December 31, 2019	**September 30, 2020**	
Proportionate Gross Debt	762,9	748,3	-
Proportionate Cash & Cash Equivalents	157,7	99,1	-

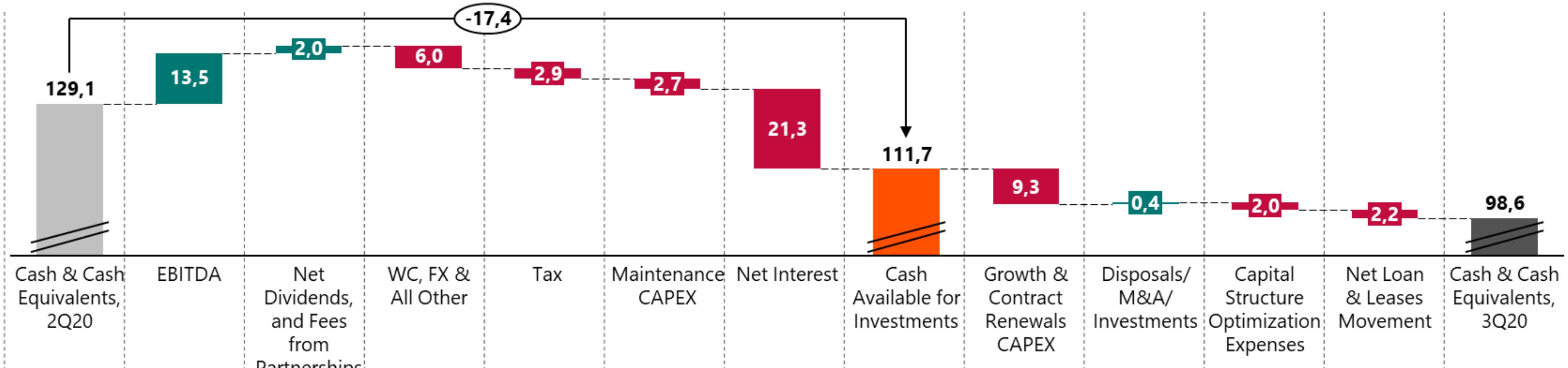
[1] The activities of Group subsidiary Totolotek S.A. (Poland) are presented as discontinued operations pursuant to IFRS 5.
[2] Calculated as Proportionate EBITDA of fully consolidated entities including EBITDA from equity investments in Peru, Greece, Taiwan, and Bulgaria.

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 September 30, 2020, as well as the historical values of 3Q19 and 2Q20.

Pro-Forma Cash Flow – Shareholders of the Parent View, 3Q20

€m



Historical Values

	Cash & Cash Equivalents, 2Q20	EBITDA	Net Dividends, and Fees from Partnerships & Equity Stakes	WC, FX & All Other	Tax	Maintenance CAPEX	Net Interest	Cash Available for Investments	Growth & Contract Renewals CAPEX	Disposals/ M&A/ Investments	Capital Structure Optimization Expenses	Net Loan & Leases Movement	Cash & Cash Equivalents, 3Q20
1 3Q19	**80,3**	13,1	3,8	8,9	-2,9	-1,4	-22,0	**79,8**	-9,4	21,0		-6,4	**85,0**
2 2Q20	**134,9**	9,7	1,9	-1,4	-3,4	-1,7	-1,0	**139,0**	-7,9		-0,6	-1,4	**129,1**

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

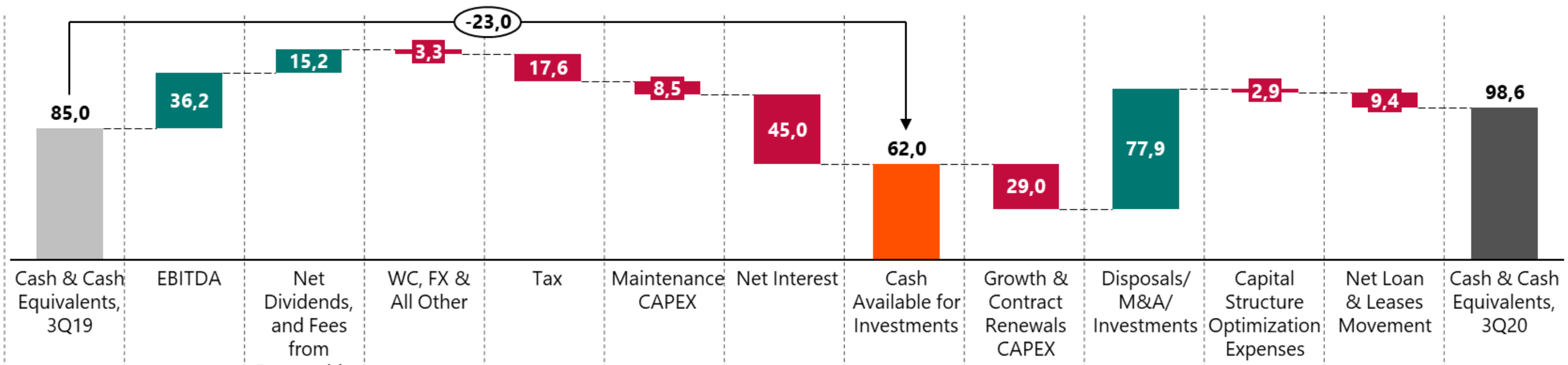
Shareholders of the Parent View	YoY Variances Explained 1	QoQ Variances Explained 2
EBITDA	▪ EBITDA at similar levels vs. a year ago as the improved performance of our US operations, and the one-off sale in the Netherlands was almost fully offset by the 3Q20 COVID-19 impact in key regions such as Oceania, Malta, Morocco and Chile and by the revised commercial terms impact (Morocco and Netherlands)	▪ Positive variance driven mainly by the favorable QoQ net effect of one-off sales (Netherlands equipment and services sales in 3Q20 vs. Germany equipment sales in 2Q20) and by the decreased COVID-19 impact across key regions QoQ
Net Dividends, and Fees from Partnerships	▪ Negative variance driven largely by Bulgarian entities LY dividend income, offset by a tax return related to Maltco's dividend distribution (timing; LY in Q2 vs. Q3 in CY)	▪ On par dividend income QoQ, as the 3Q20 tax return related to Maltco's dividend distribution, offset a dividend income from our investment in Taiwan in 2Q20
WC, FX & All Other	▪ WC swing vs. 3Q19 driven mainly by the advance payment received for our project in Canada in 3Q19 followed by a favorable liabilities movement in 3Q19 as well as an unfavorable timing in the revenue receipt in 3Q20 (impacted also by COVID-19 pandemic) ▪ Negative FX variance vs. a year ago (mainly US and Morocco)	▪ QoQ negative variance is mainly due to an unfavorable timing in the revenue receipt (impacted also by COVID-19 pandemic) ▪ Negative FX impact QoQ (mainly Morocco followed by Oceania and US)
Tax	▪ On par tax outflows, as the increased Parent company tax payments (tax audit driven) were offset by lower taxes across other jurisdictions y-o-y	▪ Positive variance driven mainly by the lower taxes across jurisdictions (excluding Greece)
Maintenance CAPEX	▪ Similar levels of Maintenance CAPEX outflows vs. a year ago.	▪ Similar levels of Maintenance CAPEX outflows vs. previous Q
Net Interest	▪ Favorable variance mainly due to the positive impact from the bond buybacks in FY19 and US revolving facility full repayment	▪ Higher interest driven by coupon payments timing (2 coupon payments in 3Q20 vs. none in 2Q20)
Growth & Contract Renewals CAPEX	▪ Similar y-o-y CAPEX levels	▪ Increased outflows in 3Q20 mainly due to Ohio's new terminals leasing agreement
Disposals/ M&A/ Investments	▪ Driven by 3Q19 PP from Hellenic Lotteries stake sale	▪ 3Q20 figure reflects the impact from completion of the 100% Inteltek acquisition
Capital Structure Optimization Expenses	▪ Paid portion of capital structure optimization expenses in 3Q20	▪ Higher capital structure optimization expenses in 3Q20 vs. 2Q20
Net Loan & Leases Movement	▪ Variance driven mainly by a partial repayment of our US revolving facility in 3Q19 as well as bond buybacks in 3Q19	▪ At similar levels

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 September 30, 2020, as well as the historical values of LTM 2Q20 and LTM 1Q20.

Pro-Forma Cash Flow – Shareholders of the Parent View, LTM 3Q20

€m



Historical Values	Cash & Cash Equivalents, 3Q19	EBITDA	Net Dividends, and Fees from Partnerships & Equity Stakes	WC, FX & All Other	Tax	Maintenance CAPEX	Net Interest	Cash Available for Investments	Growth & Contract Renewals CAPEX	Disposals/ M&A/ Investments	Capital Structure Optimization Expenses	Net Loan & Leases Movement	Cash & Cash Equivalents, 3Q20
LTM 2Q20	**80,3**	35,8	17,1	11,4	-17,6	-7,2	-45,7	**74,1**	-29,1	98,5	-0,8	-13,6	**129,1**
LTM 1Q20	**55,9**	36,1	36,0	20,2	-16,2	-7,4	-45,5	**79,1**	-32,5	111,8	-0.2	-23,3	**134,9**

Major Contracts Overview & Update[1]

Overview & LTM Contribution

Selected Entities/ Projects contribution in the twelve months ended September 30, 2020 after Intragroup eliminations.

Entity/ Project/ Description	Partnership	Contract type	Revenue Contribution	GGR Contribution	GP Contribution	EBITDA Contribution	Contract Expiry (w/o Renewals)[6]
12 Technology Contracts with State Lotteries[2]	DC only	Technology	28%	40%	39%	82%	2030
12 Technology Contracts with State Lotteries and 1 Licensed Operation	Yes	Technology/ Licensed Operations	9%	8%	12%	15%	2027
2 VLT Monitoring Contracts and 1 Technology Contract[3]		Technology	4%	6%	20%	18%	2027
Bilyoner	Yes	Management Contracts	4%	6%	18%	7%	Dec 2020 - Renewable at the discretion of the Administration
Intralot Maroc		Management Contract	3%	4%	13%	-14%	2027
Eurofootball Group	Yes	Licensed Operations	11%	3%	5%	5%	Open Market License[4]
Eurobet Group	Yes	Licensed Operations	5%	2%	5%	5%	Licenses Discontinued[5]
Maltco		Licensed Operations	18%	10%	9%	16%	2022
Subtotal *(% of LTM 3Q20)*			**82%**	**79%**	**121%**	**133%**	
LTM 3Q20 *(in million €)*			**431,1**	**300,6**	**74,2**	**54,2**	

[1] Inteltek's contract has been excluded from the summary of major contracts presented above given its immaterial contribution on Group totals following contract discontinuation post August 2019
[2] USA figures include also the Philippines and BCLC project contribution
[3] New Zealand Monitoring ends in 2025 while that in Victoria (Australia) ends in 2027; the Lottery West contract ends in 2021 (without considering extension options)
[4] Eurofootball's method of consolidation changed from Full to Equity in December 2019. In addition, the gaming licenses of Eurofootball have been temporarily suspended. For further details refer to the notes of the Interim Financial Report
[5] Eurobet's method of consolidation changed from Full to Equity after 1Q20. In addition, its licenses were discontinued within 1Q20. For further details refer to the notes of the Interim Financial Report
[6] 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. 660 employees at the end of September 30, 2020. 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.