

INTRALOT Group

MANAGEMENT'S DISCUSSION & ANALYSIS

**of our financial condition and results of operations
for the period 1/1-31/12/2022**

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 39 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 December 31, 2022, we had revenue of €392.8 million and EBITDA of €122.9 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 December 31, 2022, our revenue from Greece, Rest of Europe, the Americas and the Rest of the World represented 2.0%, 20.4%, 59.8% and 17.8% of total revenue, respectively.

Results of Operations of the INTRALOT Group

Comparison of the twelve months period ended December 31, 2021, with the twelve months period ended December 31, 2022.

Overview

Income Statement Information (€ in million)	Twelve months ended December 31,		% change
	2021	2022	
Revenue	414.0	392.8	-5.1%
Less: Cost of sales	-300.2	-265.1	-11.7%
Gross profit	113.8	127.7	12.2%
Other operating income	21.6	24.9	15.2%
Selling expenses	-22.6	-21.1	-6.6%
Administrative expenses	-68.0	-73.1	7.5%
Research and development expenses	-1.5	-1.5	-2.1%
Reorganization expenses	-17.2	-1.2	-92.9%
Other operating expenses	-3.9	-4.1	4.6%
EBIT	22.2	51.6	132.1%
EBITDA	110.4	122.9	11.3%
Income/(expenses) from participations and investments	45.1	-0.9	n/a
Gain/(loss) from assets disposal, impairment, and write-off	-16.3	0.6	n/a
Interest and similar expenses	-60.9	-38.9	-36.2%
Interest and related income	47.4	2.2	-95.4%
Exchange differences	-1.2	-0.4	-62.4%
Profit/(loss) equity method consolidation	0.2	0.3	20.2%
Gain/(loss) on net monetary position	0.6	15.4	n/a
Operating profit/(loss) before tax	37.1	29.8	-19.8%
Less: taxes	-4.4	-10.8	n/a
Net profit/(loss) from continuing operations (a)	32.7	19.0	-42.1%
Net Profit / (loss) from discontinued operations (b) ¹	-9.2	5.6	n/a

Net Profit /(Loss) after taxes (Continuing and Discontinued Operations) (a) + (b)	23.5	24.5	4.4%
Attributable to:			
Equity holders of parent			
-Profit/(loss) from continuing operations	26.6	6.3	-76.2%
-Profit/(loss) from discontinued operations ¹	-9.1	5.6	
	17.5	11.9	-31.9%
Non-Controlling Interest			
-Profit/(loss) from continuing operations	6.2	12.6	
-Profit/(loss) from discontinued operations ¹	-0.1	0.0	n/a
	6.0	12.6	109.5%

¹The activities of Group subsidiaries and associates in Poland (Totolotek S.A.), Brazil (Intralot do Brazil Ltda, OLTP Ltda), Peru (Intralot de Peru SAC), and Taiwan (Goreward) are presented as discontinued operations pursuant to IFRS 5.

Note: Due to rounding, numbers presented throughout this, and other documents may not add up precisely to the totals.

Sales Overview

Total revenue decreased by €21.2 million, or -5.1%, from €414.0 million in the twelve months period ended December 31, 2021, to 392.8 million in the twelve months period ended December 31, 2022.

Revenue by Business Activity

The following table sets forth our revenue for each business activity for the twelve months period ended December 31, 2021, and 2022.

Revenue by Business Activity (€ in million)	twelve months period ended December 31,		% change
	2021	2022	
Licensed operations	133.1	89.3	-32.9%
Management contracts	47.5	50.5	6.5%
Technology and support services	233.5	252.9	8.3%
Total	414.0	392.8	-5.1%

- €-43.7m (-32.9%) from our **Licensed Operations (B2C) activity** line with the variance driven by: lower revenue in Malta (€-51.5m or -54.0% y-o-y) due to the license expiration early July 2022 and higher revenue in Argentina (€+7.7m or +20.5% y-o-y), driven by local market growth. In local currency, current year results posted a +95.5% y-o-y increase.
- €+19.5m (+8.3%) from our **Technology and Support Services (B2B/ B2G) activity** line, with the variance driven by: higher revenue in US operations (€+8.9m or +6.0% y-o-y) positively affected by the EUR depreciation (-11.0% versus a year ago – in average terms), offsetting the lower merchandise sale in local currency, higher revenue in Croatia (€+5.8m) following the full contribution of our new contract (late April 2021 launch), higher revenue in Australia (€+5.7m or +36.8% y-o-y) triggered by the return of our operations to pre COVID-19 levels and lower revenue from other jurisdictions (€-0.9m).
- €+3.1m (or +6.5%) from our **Management (B2B/ B2G) contracts** activity line with the variance driven by: higher revenue from our Turkish² operations (€+1.7m), driven by Bilyoner's improved performance, favored by the growth of the online market. Performance in Euro terms was partially mitigated by the headwinds in Turkish lira (+31.1% Euro appreciation versus a year ago), higher revenue in Morocco (€+0.9m) led by the market growth and higher revenue from our US Sports Betting contracts in Montana and Washington, D.C. (€+0.4m).

² Turkish figures have been restated based on IAS 29 (Financial Reporting in Hyperinflationary Economies) to reflect current purchasing power.

The following table sets forth our Gross Gaming Revenue for each business activity for the twelve months period ended December 31, 2021, and 2022.

GGR by Business Activity (€ in million)	twelve months period ended December 31,		% change
	2021	2022	
Licensed operations	54.4	40.5	-25.6%
Management contracts	47.4	50.5	6.5%
Technology and support services	233.5	252.9	8.3%
Total	335.3	343.9	2.6%

Gross Gaming Revenue (GGR) from continuing operations concluded at €343.9m in FY22, posting an increase of 2.6% (or €+8.6m) year over year, attributable to the increase in the non-payout related GGR (+8.4% y-o-y or €+23.9m vs. FY21) driven by the improved performance across most key regions, followed by the decrease in the payout related GGR (-30.9% y-o-y or €-15.3m vs. FY21) arising mainly from the lower sales in Malta, in part mitigated by the better performance of Argentina and the lower payout ratio in Malta (-35.2% y-o-y on wagers from licensed operations³). FY22 Payout Ratio⁴ was lower by 2.6pps vs. FY21 (58.7% vs. 61.3%), significantly affected by the weighted contribution from our operations in Malta.

Gross Profit Margin

The Gross profit margin in the twelve months period ended December 31, 2022 was 32.5% from 27.5% in the twelve months period ended December 31, 2021.

Other Operating Income

Other Operating Income from continuing operations ended at €24.9 million presenting an increase of 15.2% y-o-y (or €+3.3m). The bulk of income is mainly driven by the equipment attributed leases in the USA.

Selling Expenses

Selling expenses decreased by €1.5 million, or -6.6% from €22.6 million in the twelve months period ended December 31, 2021, to €21.1 million in the twelve months period ended December 31, 2022. This decrease was driven by the lower costs in Malta and Morocco.

Administrative Expenses

Administrative expenses increased by €5.1 million, or 7.5%, from €68.0 million in the twelve months period ended December 31, 2021, to €73.1 in the twelve months period ended December 31, 2022.

Research and Development Expenses

Research and development expenses remained unchanged at €1.5 million for the twelve months period ended December 31, 2022, vs. the twelve months period ended December 31, 2021.

³Licensed Operations Revenue also include a small portion of non-Payout related revenue, i.e., value-added services, which totaled €6.1m and €4.7m for FY22 and FY21 respectively, and €1.0m and €1.6m for 4Q22 and 4Q21 respectively.

⁴Payout ratio calculation excludes the IFRS 15 impact for payments to customers.

Reorganization expenses

Reorganization expenses of €1.2 million in the twelve months period ended December 31, 2022, and €17.2 million in the twelve months period ended December 31, 2021, refer to advisors' fees regarding the 2021 and 2024 Bonds restructuring that took place in 2021.

Other Operating Expenses

Total Operating Expenses increased by €0.2 million (or +4.6%) from €3.9 million in the twelve months period ended December 2021, to €4.1 million in the twelve months period ended December 2022.

EBITDA

EBITDA amounted to €122.9m in FY22, posting an increase of 11.3% (or €12.4m) compared to FY21. This growth was driven by the improved operating performance across most markets and the continuous cost containment initiatives.

Income/ (expenses) from participations and investments

Lower income from participations and investments (€46.0m vs FY21) as a result of the one-off gain from the balance sheet optimization transaction that concluded within 3Q21.

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

Gain/ (loss) from assets disposal, impairment loss & write-off of assets came up to net gain of €0.6 million in the twelve months period ended December 31, 2022, arising from an impairment reversal of tangible assets, from net loss of €16.3 million in the twelve months period ended December 31, 2021. The loss recorded in 12M21 was a result of provisions for assets impairment losses, mainly due to COVID-19 pandemic.

Interest and Similar Expenses

Interest and similar expenses decreased by €22.0 million, or -36.2%, from €60.9 million in the twelve months period ended December 31, 2021, to €38.9 million in the twelve months period ended December 31, 2022. This decrease was mainly affected by the one-off cost from debt restructuring in 2021.

Interest and Related Income

The lower interest income arising mainly from the one-off benefit following the balance sheet optimization transaction that concluded within 3Q21 (€-45.2m vs 12M21),

Exchange Differences

The positive impact from FX results (€0.7 million vs FY21), as a result of the valuation of cash balances in foreign currency other than the functional currency of each entity, and the valuation of commercial and borrowing liabilities of various subsidiaries abroad in EUR, as well as the positive effect from the reclassification of FX reverses to Income Statement applying IFRS10.

Profit/ (loss) from equity method consolidation

Consolidation of associates and joint ventures through the equity method remained unchanged, exhibiting, a profit of €0.2 million in the twelve months period ended 2021 to €0.3 million in the twelve months period 2022 (mainly deriving by the Group's associates in Asia).

Operating Profit/(Loss) before Tax

Operating Profit/(Loss) before Tax in 12M22 totaled €29.8 million, compared to €37.1 million in FY21, with the variance driven by:

- the lower income from participations and investments (€46.0m vs FY21) and
- the lower interest income arising mainly from the settlement of the balance sheet optimization transaction during 3Q21 (€45.2m vs FY21).

With the decrease at EBT level being partially counterbalanced by:

- the lower interest expenses, a direct effect of the debt restructuring process (€22.0m vs. FY21),
- the absence of impairments and write-offs (€16.9m vs FY21) that took place in 2021,
- the lower reorganization expenses following the successful conclusion of our capital structure optimization process (€15.9m vs FY21),
- the gains on net monetary position (€14.8m vs FY21) arising mostly from Turkey due to IAS 29 (considered a hyperinflationary economy since June 2022),
- the impact of the increased EBITDA (€12.4m vs FY21),
- the lower D&A (€1.0m vs FY21) mainly due to the impairments realized in 2020-2021 and
- the positive impact from FX results (€0.7m vs FY21), as a result of the valuation of cash balances in foreign currency other than the functional currency of each entity, and the valuation of commercial and borrowing liabilities of various subsidiaries abroad in EUR, as well as the positive effect from the reclassification of FX reverses to Income Statement applying IFRS10.

Taxes

Taxes in the twelve months period ended December 31, 2022, amounted to expense €10.8 million, versus expense €4.4 million in the twelve months period ended December 31, 2021. This increase was mainly affected from our subsidiaries in USA and Turkey.

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

As a result of the above, net profit from continuing operations decreased by €-13.8 million, from a profit of €32.7 million in the twelve months period ended December 31, 2021, to a profit of €19.0 million in the twelve months period ended December 31, 2022.

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

Discontinued operations in Poland (Totolotek S.A.), Brazil (Intralot do Brazil Ltda, OLTP Ltda), Peru (Intralot de Peru SAC) and Taiwan (Goreward) resulted in a profit of €5.6 million in the twelve months period ended December 31, 2022, compared to a loss of €9.2 million in the twelve months period ended December 31, 2021.

Analysis of discontinued operations:

• 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 31/12/2021 and 31/12/2020 the Group recognized a loss of €996 thousand and €966 thousand respectively from the non-collection of contingent consideration of Totolotek S.A. disposal, since the relevant terms and requirements were not met.

- **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 1/1-31/12/2020 and 1/1-31/1/2021 (in 2021 was consolidated through equity method until 31/1/2021):

	1/1-31/1/2021
Gains / (losses) from consolidations under the equity method	0.1
Profit / (loss) before taxes	0.1
Income Tax	0,0
	0.1
Gain/(loss) from disposal of discontinued operations	1.1
Corresponding tax	-1.3
Expenses and exchange differences occurred from sale	-0.2
Reclassification of exchange differences reserve to Income Statement	-0.6
Profit/(loss) after tax from discontinued operations	-0.9
Attributable to:	
Equity holders of parent	-0.9
Non-Controlling Interest	0.0

- **Brazil**

On May 14, 2021, INTRALOT announced that it has reached a binding agreement with "SAGA CONSULTORIA E REPRESENTAÇÕES COMERCIAIS E EMPRESARIAIS" ("SAGA") in Brazil to sell its entire stake in "Intralot do Brasil Comércio de Equipamentos e Programas de Computador LTDA" ("Intralot do Brasil"), representing 80% of the company's voting capital. SAGA is the only other shareholder of Intralot do Brasil holding 20% of the company. INTRALOT will continue to provide its gaming technology to Intralot do Brasil following closing of the transaction. The total cash consideration for the stake sale amounts to EUR 700 thousand (seven hundred thousand EUR). Intralot do Brasil owes by 100% OLTP subsidiary. The subsidiary company Intralot do Brasil owns 100% of the subsidiary company OLTP Ltda.. The above price was paid for Euro 500 thousand within the second half of 2021 and the remaining balance of Euro 200 thousand was paid in the first quarter of 2022. The Group's net assets held for sale (including non-controlling interest rights and foreign exchange reserve) in Brazil amounted to €8.0 million as at 31/5/2021 forming a gross loss from disposal of discontinued operations to €7.3 million. Subtracting the exchange differences that were reclassified from foreign exchange differences reserve to Group's income statement, the net loss from disposal of discontinued operations amounted to €6.7 million.

Below are presented the results of the Group's discontinued operations in Brazil (Intralot do Brasil Ltda and OLTP Ltda) for the period 1/1-31/5/2021 (in 2021 were consolidated through full consolidation method until 31/5/2021).

	1/1-31/5/2021
Sale proceeds	7.2
EBITDA	-0.4
Profit/(loss) after tax	-0.6
Gain/(loss) from disposal of discontinued operations	-7.3
Corresponding tax	0.0

Reclassification of exchange differences reserve to Income Statement	0.6
Profit/(loss) after tax from discontinued operations	-7.3
Attributable to:	
Equity holders of parent	-7.2
Non-Controlling Interest	-0.1

- **Goreward – Discontinued Operations December 31, 2022**

On April 2022, the Group proceeded with the sale of the GoReward LTD group through its subsidiaries in Cyprus, INTRALOT INTERNATIONAL LTD and INTRALOT HOLDINGS INTERNATIONAL LTD, which held the Group's entire shareholding (38.84%). The total price from the sale of the participation amounts to Euro 170 thousand and has been collected entirely within June 2022.

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

As a result of the above, net gain/loss from total operations (continuing and discontinued) increased by €1.0 million, from a profit of €23.5 million in the twelve months period ended December 31, 2021, to a profit of €24.5 million in the twelve months period ended December 31, 2022.

Net Income Attributable to Owners of the Parent

After deducting non-controlling interests, total operations net gain/loss attributable to the owners of the parent decreased by €5.6 million, from a profit of €17.5 million in the twelve months period ended December 31, 2021, to a profit of €11.9 million in the twelve months period ended December 31, 2022.

Net gain/loss from continuing operations attributable to the owners of the parent decreased by €20.2 million, from a profit of €26.6 million in the twelve months period ended December 31, 2021 to a profit of €6.3 million in the twelve months period ended December 31, 2022.

Net Cash Flows from Total Operations (continuing and discontinued)

Cash Flow Statement (€ in million)	Twelve months period ended December 31,	
	2021	2022
Operating activities		
Profit / (loss) before tax from continuing operations	37.1	29.8
Profit / (loss) before tax from discontinued operations	-7.9	5.6
Profit / (loss) before Taxation	29.2	35.3
Plus / Less adjustments for:		
Depreciation and Amortization	71.2	70.1
Provisions	20.0	1.4
Results (income, expenses, gain and loss) from Investing Activities	-34.5	-4.1
Interest and similar expenses	61.0	38.9
Interest and similar Income	-47.4	-2.2
(Gain) / loss on net monetary position	-0.6	-15.4
Reorganization expenses	17.2	1.2
Plus / Less adjustments for changes in working capital:		
Decrease / (increase) of Inventories	-2.4	-6.5
Decrease / (increase) of Receivable Accounts	23.2	-6.8
(Decrease) / increase of Payable Accounts (except Banks)	-33.1	-3.4
Income Tax Paid	3.8	-12.2
Total inflows / (outflows) from operating activities (a)	107.6	96.3
Investing Activities		
(Purchases) / Sales of subsidiaries, associates, joint ventures and other investments	10.3	-125.1
Purchases of tangible and intangible assets	-23.2	-26.6
Proceeds from sales of tangible and intangible assets	0.3	0.1
Interest received	2.1	3.3
Dividends received	1.2	1.1
Total inflows / (outflows) from investing activities (b)	-9.3	-147.2
Financing Activities		
Proceeds from issues of shares and other equity securities	0.0	128.9
Sale of own shares	0.1	0.0
Proceeds from loans	10.1	226.4
Repayment of loans	-13.2	-253.8
Repayments of lease liabilities	-3.4	-5.4
Interest and similar expenses paid	-56.5	-41.8
Dividends paid	-6.5	-3.7
Reorganization expenses paid	-17.7	-1.0
Total inflows / (outflows) from financing activities (c)	-87.1	49.6
Net increase / (decrease) in cash and cash equivalents for the period (a) + (b) + (c)	11.1	-1.3
Cash and cash equivalents at the beginning of the period	100.0	107.3
Net foreign exchange difference	-3.8	-3.7
Cash and cash equivalents at the end of the period from total operations	107.3	102.4

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.

Operating Cash-flow in 12M22 amounted to €96.3 million, lower by €11.3 million, compared to 12M21. This decrease was primarily driven by the following:

- Net result before taxation from total operations (continuing and discontinued) increased by €6.1 million, from a profit of €29.2 million in the twelve months period ended December 31, 2021, to a profit of €35.3 million in the twelve months period ended December 31, 2022,
- Depreciation and amortization from total operations decreased by 1.6% from €71.2 million in the twelve months period ended December 31, 2021 to €70.1 million in the twelve months period ended December 31, 2022.
- The effect of provisions on cash flow, was positive €20.0 million in the twelve months period ended December 31, 2021, to a positive effect of €1.4 million in the twelve months period ended December 31, 2022, mainly due to the impairment and write off loss of Tangible and Intangible Assets for Intralot SA, Nederland and Turkey as well as the higher doubtful provisions and receivables write-offs in 2021.
- The effect of results from investing activities on cash flow was negative €34.5 million in the twelve months period ended December 31, 2021, versus a negative effect of €4.1 million in the twelve months period ended December 31, 2022, mainly due to the lower income from dividends (€2.0m) in the twelve months period ended 2022, the higher net FX gain (€10.1m y-o-y) in 2022, the higher net loss from investments disposals (€38.6m y-o-y) in 2022, out of which €8.0m resulted from Brazil Group and the lower net losses from associates (€0.1m y-o-y) in 2022;
- Net interest expenses in the twelve months period ended December 31, 2022, was €36.7 million (12M21: €13.6m);
- Reorganization expenses accrued in the twelve months period ended December 31, 2022, was €1.2 million (12M21: €17.2m);
- Changes in our working capital, which led to a cash outflow of €16.7 million in the twelve months period ended December 31, 2022, compared with a cash outflow of €12.3 million in the twelve months period ended December 31, 2021;
 - In particular, there was an increase of €6.5 million in inventories in the twelve months period ended December 31, 2022, compared to an increase of €2.4 million in the twelve months period ended December 31, 2021, mainly due to the timing of roll out of new the projects under construction;
 - also, there was an increase of €6.8 million in receivables in the twelve months period ended December 31, 2022, compared to a decrease of €23.2 million in the twelve months period ended December 31, 2021, mainly due to the receipts of receivables of Morocco in 2021;
 - also, there was a decrease of €3.4 million in payables towards our suppliers in the twelve months period ended December 31, 2022, compared to a decrease of €33.1 million in the twelve months period ended December 31, 2021, mainly due to the timing of payments in various projects and
 - there was a payment from income tax of €12.2 million in the twelve months period ended December 31, 2022 (mainly from USA, Australia and Spain) versus receipts of €3.8 in the twelve months period ended December 31, 2021. (deriving from appeals won by Intralot SA).

Net Cash from Investing Activities

Cash flow from investing activities generally consists of cash outflows for Purchases of Investments, for investments in tangible and intangible assets, interest and dividends received, as well as inflows/(outflows) from (Purchases) / Sales of subsidiaries, associates, joint ventures and other investments.

In the twelve months period ended December 31, 2022, net cash outflows from investing activities were €147.2 million, which was a decrease of €137.9 million, from net outflows of €9.3 million in the twelve months period ended December 31, 2021. This decrease is mainly attributable to the net investment outflow of €135.4 million in the twelve months period ended December 31, 2022, mainly coming from the outflow of €125.1 million following the repurchase of 34.27% of the share capital of Intralot US Securities B.V., indirectly parent company of Intralot Inc., versus net inflows from subsidiaries sale of €10.3 million in the twelve months period ended 2021, (direct effect of Intralot de Peru disposal) and the higher outflow of €3.4 million in the twelve months period ended December 31, 2022 for capital expenditure. Our capital expenditure in the twelve months period ended December 31, 2022, reached €26.6 million while in the twelve months period ended December 31, 2021, reached €23.2 million.

Net Cash from Financing Activities

Net cash from financing activities comprises net cash proceeds from Cash received from Share Capital increase, financing arrangements as well as payment of cash interest and the payment of dividends to our shareholders or to minority interests. In the twelve months period ended December 31, 2022 net cash inflows from financing activities were €49.6 million, compared to net cash outflows of €87.1 million in the twelve months period ended December 31, 2021. The increase of net cash inflows from financing activities consisted of €128.9 million y-o-y inflow in net cash flows from Share Capital increase, net cash outflows from financing activities of €32.8 million in the twelve months period ended December 2022, compared to net cash outflows of €6.6 million in the twelve months period ended December 31, 2021 (mainly due to the US Debt refinancing – impact of €22.8 million), lower interest payments by €14.7 million in the twelve months period ended December 31, 2022 (mainly due to the redemption fees and early coupons paid for the 2021 Notes Supplemental Indenture), lower dividends distribution to minority interests by €2.8 million in the twelve months period ended December 31, 2022, and lower payments towards capital restructuring expenses by €16.7 million in the twelve months period ended December 31, 2022.

Cash & Cash Equivalents

The following table sets forth our Cash & Cash Equivalents as of December 31, 2021, and December 31, 2022.

Cash & Cash Equivalents (€ in million)	December 31, 2021	December 31, 2022	% change
Partnerships (Operations in Turkey and Argentina)	9.7	19.5	101.0%
All other Operating Entities (with revenue contracts) & HQ	97.7	82.8	-15.2%
Total	107.3	102.4	-4.6%

Cash and cash equivalents at the end of the 12M22 period decreased by €4.9 million vs. FY21.

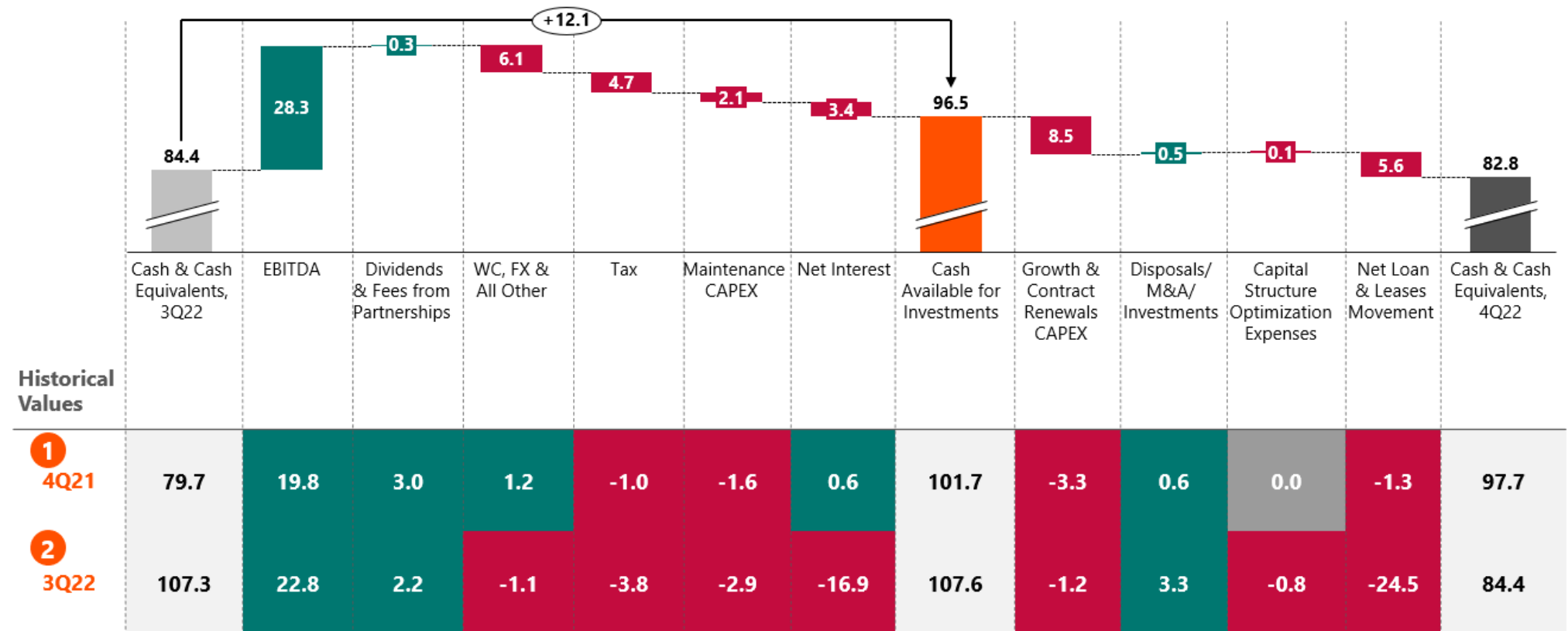
Pro Forma Results of Operations of the INTRALOT Group

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 December 31, 2022, as well as the historical values of 4Q21 and 3Q22.

Pro-Forma Cash Flow – Shareholders of the Parent View, 4Q22

€m



The main variance (YoY and QoQ) drivers are described 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 by better performance in most of the key regions, led by US and Croatia, offsetting the lower contribution from Malta following contract expiration 	<ul style="list-style-type: none"> Same drivers as described in YoY variance
Net Dividends, and Fees from Partnerships	<ul style="list-style-type: none"> Negative variance mainly due to timing difference from JVs dividend distribution and tax return related to Maltco's dividend in 4Q21 	<ul style="list-style-type: none"> Negative variance mainly due to dividend distribution from JV's in 3Q22
WC, FX & All Other	<ul style="list-style-type: none"> Negative variance in part comes from negative FX effect in US, followed by timing differences mostly coming from WC swing in US and Croatia 	<ul style="list-style-type: none"> Negative variance is mostly driven by unfavorable impact of FX in US, and further affected by timing difference coming from WC swing in Croatia, US and Malta
Tax	<ul style="list-style-type: none"> Higher tax paid mainly due to improved performance vs. prior year, especially in US 	<ul style="list-style-type: none"> Negative variance driven mainly by US
Maintenance CAPEX	<ul style="list-style-type: none"> At similar levels with 4Q21 	<ul style="list-style-type: none"> At similar levels with 3Q22
Net Interest	<ul style="list-style-type: none"> Variance driven by interest paid for new Term loan in US in 4Q22 	<ul style="list-style-type: none"> Variance stemming from coupon payments in 3Q22
Growth & Contract Renewals CAPEX	<ul style="list-style-type: none"> Increase is driven by Capital expenditures in US 	<ul style="list-style-type: none"> Same driver as described in YoY variance
Disposals/ M&A/ Investments	<ul style="list-style-type: none"> At similar levels vs 4Q21 	<ul style="list-style-type: none"> Impact from share capital increase after the repurchase of US minority shares in 3Q22
Capital Structure Optimization Expenses	<ul style="list-style-type: none"> At similar levels vs 4Q21 	<ul style="list-style-type: none"> Outflows in 3Q22
Net Loan & Leases Movement	<ul style="list-style-type: none"> Negative swing following the refinancing of US PIK Toggle Notes 	<ul style="list-style-type: none"> Variance driven by the US Debt refinancing in 3Q22

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 December 31, 2022, as well as the historical values of LTM 3Q22 and LTM 2Q22.

Pro-Forma Cash Flow – Shareholders of the Parent View, LTM 4Q22 €m

