FitchRatings

Corporates
Gaming, Lodging & Leisure
Greece

Intralot S.A.

Ratings

Foreign Currency	
Long-Term IDR	CCC+
Outlook/Watch	
Long-Term Foreign-Currency IDR	Rating Watch Positive

Click here for the full list of ratings

2035 Climate Vulnerability Signal: 24

The Rating Watch Positive (RWP) status on Intralot's Issuer Default Rating (IDR) reflects Intralot's improving operating performance, resulting in organic deleveraging in 2022 that Fitch Ratings expects to continue in 2023. We believe stronger leverage metrics improve Intralot's ability to refinance its upcoming 2024 debt maturities. Subject to the completion of the 2024 notes refinancing, we believe Intralot's credit profile will be commensurate with a 'B-' rating, based on our current rating case to 2026, resolving the RWP.

Key Rating Drivers

US Operations Driving Performance: As of 2022, over 60% of Intralot's EBITDAR was generated in the US and Canada markets through Intralot Inc., its wholly-owned US subsidiary. Fitch forecasts that the new contracts signed in 2023 in Ohio, British Columbia and Wyoming, will additionally support low-to-mid single-digit revenue growth in the region over the medium term. We expect Intralot's US operations to continue showing strong profitability, with EBITDAR margins maintained above 40%.

Refinancing Risk Looming: Uncertainty around the refinancing risk present in our rating case to 2026 currently constrains the rating, with the majority of Intralot's debt maturing in 2024 and 2025. However, the RWP reflects our belief that, based on its improving operating performance, the company is facing its debt maturities with strengthening credit metrics. We expect the company to proactively address the refinancing well ahead of September 2024 maturities. The equity placement, in October 2023, will further reduce refinancing risk.

The successful refinancing of the 2024 debt, completed six months before its due date, would lead Fitch to review the RWP, with a possible one-notch upgrade based on our current rating case, assuming continuation of the positive operational momentum and prudent capital allocation.

Change in Financial Strategy: Fitch acknowledges the shift in Intralot's financial strategy towards greater conservatism and disciplined capital allocation. In 2022, Intralot used equity placement to streamline its capital structure and refinanced its US subsidiary debt with less restrictive terms and gradual principal repayment. However, this US subsidiary debt remains structurally senior to Intralot's 2024 notes.

Low Leverage for the Rating: Organic deleveraging and net debt reduction in 2022 allowed Intralot to improve its EBITDAR leverage to 4.9x in 2022 from 5.7x in 2021. Fitch models that upon the EUR135 million equity placement EBITDAR leverage would reduce further by end-2023 to less than 4.0x, which would be commensurate with a higher rating.

Contract Portfolio Expiration Risks: Fitch views Intralot's contracted revenue as more visible and predictable, but also subject to license/contract renewal risks, and the company is not always able to compete for renewals with local or international peers. The current portfolio has a moderate license/contract expiration profile, with no large renewals in the medium term, except for the expiration of a license in Morocco in 2023 that Fitch assumes will not be renewed in its rating case.

Applicable Criteria

Corporate Rating Criteria (October 2022)

Corporates Recovery Ratings and Instrument Ratings Criteria (October 2023)

Related Research

Global Corporates Macro and Sector Forecasts (September 2023)

Global Gaming Dashboard: 3Q23

Intralot S.A. - Recovery Tool (November 2023)

Analysts

Anton Shishov
+46 85051 7802
anton.shishov@fitchratings.com

Joanna Ropska
+49 69 768076 133
joanna.ropska@fitchratings.com

However, contracts in Argentina and Australia that collectively generate 27% of EBITDAR (as of 2022) will expire in 2027. Intralot's ability to maintain a portfolio with balanced license expiration profile remains important for the rating trajectory.

Exposure to Emerging Market Currencies: Intralot's ratings reflect the fact that most of its revenue is not generated in its reporting currency, increasing its exposure to FX market volatility. In 2022, Turkey and Argentina accounted for around 25% of Intralot's revenue (up from around 20% in 2021) and continued depreciation of the Turkish lira and Argentine peso in 2023 will affect consolidated revenue and operating results.

Intralot does not employ financial derivatives to hedge its exposure to currency risk. Exposure to currency volatility, especially in emerging markets, could materially affect its performance.

Financial Summary

(EUR millions)	2020	2021	2022	2023F	2024F	2025F
Gross revenue	365	414	393	381	364	379
EBITDAR	60	111	123	131	124	129
EBITDAR margin (%)	16.3	26.7	31.3	34.3	34.1	33.9
EBITDAR leverage (x)	14.6	5.7	4.9	3.6	3.7	3.7
EBITDAR fixed-charge coverage (x)	1.0	1.8	2.8	2.7	2.7	2.9

F — Forecast
Source: Fitch Ratings, Fitch Solutions

Rating Derivation Relative to Peers

Intralot's current financial profile is not comparable with that of other more business-to-consumer EMEA gaming companies, such as Flutter Entertainment plc (BBB-/Stable), Entain plc (BB/Stable), Allwyn International a.s. (Sazka; BB-/Stable), or its B2B peers International Game Technology plc (BB+/Stable) and Light & Wonder, Inc. (BB/Stable).

After the completion of its 2021 restructuring, Intralot has similar scale and financial profile to Inspired Entertainment, Inc. (B/Stable). Inspired has slightly lower leverage with longer maturities and a more intact, albeit higher geographically concentrated, business model, resulting in a two-notch difference between the ratings.

Navigator Peer Comparison

Issuer		Business profile						Financial profile		
	IDR/Outlook	Operating Environment	Management and Corporate Governance	Industry Profile	Project Pipeline & Funding Strategy	Market Position	Diversification	Profitability	Financial Structure	Financial Flexibility
Flutter Entertainment plc	BBB-/Stable	aa	bbb	bb	bbb	bbb	bbb-	bbb-	bb+	bbb
Entain plc	BB/Stable	aa-	bbb	bb	bbb	bbb	bb+	bbb-	bb	bb+
Allwyn International a.s.	BB-/Stable	a	bb	bb	bb	bb	bb	bbb-	bb-	bb-
Meuse Bidco SA	B+/Stable	bbb	b+	bb	bb+	bb	b+	bbb-	b+	bb
Inspired Entertainment, Inc.	B/Stable	bbb+	bb+	b+	bb-	b	b	bb	bb	b
Intralot S.A.	CCC+/RWP	b+	bb-	b+	b	b	bb-	bb	bb	b-

Source: Fitch Ratings. Relative Importance of Factor: Higher / Moderate / Lower

Issuer		Business profile						Financial profile		
Name	IDR/Outlook	Operating Environment	Management and Corporate Governance	Industry Profile	Project Pipeline & Funding Strategy	Market Position	Diversification	Profitability	Financial Structure	Financial Flexibility
Flutter Entertainment plc	BBB-/Stable	+7	+1	-2	+1	+1	0	0	-1	+1
Entain plc	BB/Stable	+8	+3	0	+3	+3	+1	+2	0	+1
Allwyn International a.s.	BB-/Stable	+7	+1	+1	+1	+1	+1	+3	0	0
Meuse Bidco SA	B+/Stable	+5	0	+2	+3	+2	0	+4	0	+2
Inspired Entertainment, Inc.	B/Stable	+7	+4	+1	+2	0	0	+3	+3	0
Intralot S.A.	CCC+/RWP	+3	+4	+3	+2	+2	+4	+5	+5	+1

Source: Fitch Ratings. Factor Score Relative to IDR: Worse positioned than IDR / Within one notch of IDR / Better positioned than IDR

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- Completion of refinancing of the 2024 maturities, leading to an upgrade in combination with:
- Healthy liquidity, evidenced by positive free cash flow (FCF) and lack of permanent revolving credit facility (RCF) drawdowns;

- Funds from operations (FFO) margin above 10% on a sustained basis;
- FFO-based gross adjusted leverage below 6.0x and total adjusted debt/EBITDAR below 5.5x;
- FFO fixed-charge coverage above 1.8x on a sustained basis.

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- Failure to refinance the 2024 maturities six months before maturity, leading to a removal of the RWP with further negative pressure on the rating should operating performance deteriorate as evidenced by:
- FFO adjusted gross leverage above 7.5x and total adjusted debt/EBITDAR above 7x;
- FFO fixed-charge coverage below 1.5x;
- Sustained negative or volatile FCF and lack of sufficient operational liquidity cushion to support operations within the next 12-18 months.

Liquidity and Debt Structure

Pressure on Liquidity From Maturities: Virtually all of Intralot's debt matures in 2024 and 2025. We do not forecast Intralot to be able to fund the 2024 maturities with equity placement and FCF and therefore expect the company to proactively address 2024 refinancing.

Refinancing risk aside, we expect Intralot to have sufficient liquidity to funds its operations, with positive forecast FCF and a USD50 million RCF providing additional flexibility for growing US operations.

ESG Considerations

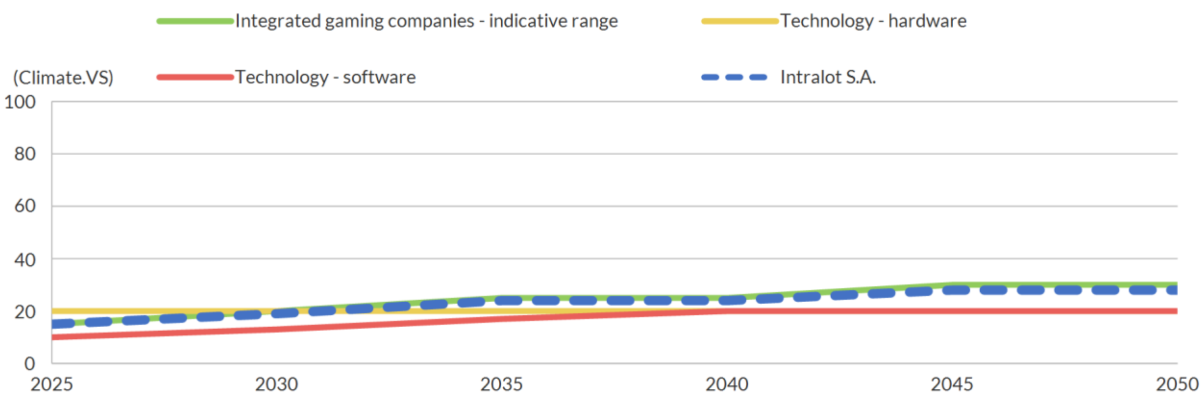
The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

Climate Vulnerability Considerations

Fitch's *Climate Vulnerability in Corporate Ratings Criteria* report describes how we use Climate Vulnerability Signals (Climate.VS) as a screening tool to identify sectors and Fitch-rated issuers that are potentially most exposed to credit-relevant climate transition risks and, therefore, require additional consideration of these risks in rating reviews. Climate.VS range from 0 (lowest risk) to 100 (highest risk). Click here for the criteria.

The FY22 revenue-weighted Climate.VS for Intalot S.A. for 2035 is 24 out of 100, suggesting low exposure to climate-related risks in that year. For further information on how Fitch perceives climate related risks in the lodging and gaming sector, see Lodging & Gaming – Long-Term Climate Vulnerability Signals.

Climate.VS Evolution
As of Dec. 31, 2022



Source: Fitch Ratings

Liquidity and Debt Maturities

Liquidity Analysis - Pro Form for the Equity Issue

(EUR Millions)	2023F	2024F	2025F
Available liquidity			
Beginning cash balance	57	200	-155
Rating case FCF after acquisitions and divestitures	26	24	1
Other	-2	-2	—
Equity Issuance	135	—	—
Total available liquidity (A)	**216**	**222**	**-154**
Liquidity uses			
Debt maturities	-17	-377	-180
Total liquidity uses (B)	**-17**	**-377**	**-180**
Liquidity calculation			
Ending cash balance (A+B)	200	-155	-334
Revolver availability	46	—	—
Ending liquidity	**245**	**-155**	**-334**
Liquidity score (x)	7.8	0.6	-0.9

F – Forecast.
Source: Fitch Ratings, Fitch Solutions, Intralot S.A.

Scheduled Debt Maturities

(EUR Millions)	31-Dec-22
2023	17
2024	377
2025	180
2026	—
2027	—
Thereafter	4
Total	**577**

Source: Fitch Ratings, Fitch Solutions, Intralot S.A.

Key Assumptions

Fitch's Key Assumptions Within Our Rating Case for the Issuer:

- FY23 and FY24 revenue declining by low-to-mid single digits, driven by FX volatility in Argentina (as assumed by Fitch) as well as the expiration of the Moroccan license in FY24
- Average FY24-FY26 annual revenue growth of less than 3%, mainly driven by Intralot's operations in the US (EUR160 million-170 million contribution per year)
- Improved profitability for operations in the US and Croatia, resulting in the EBITDA margin stabilising at around 33%
- Average annual capex of 12% of revenue required primarily for the suite of contract renewals and new projects in the US segment as well as ongoing maintenance for the lottery segment and growth initiatives within US operations
- Net working capital around 10%-13% of revenue
- EUR135 million equity placement in FY23

Financial Data

Financial Data

(EUR millions)	2020	2021	2022	2023F	2024F	2025F
Summary income statement						
Gross revenue	365	414	393	381	364	379
Revenue growth (%)	-16.6	13.5	-5.1	-3.0	-4.4	4.1
EBITDA before income from associates	52	106	120	128	121	126
EBITDA margin (%)	14.4	25.5	30.4	33.4	33.2	33.1
EBITDA after associates and minorities	47	107	121	121	113	112
EBITDAR	60	111	123	131	124	129
EBITDAR margin (%)	16.3	26.7	31.3	34.3	34.1	33.9
EBIT	-10	39	52	62	57	62
EBIT margin (%)	-2.7	9.3	13.3	16.2	15.6	16.5
Gross interest expense	-48	-44	-37	-43	-40	-37
Pretax income including associate income/loss	-94	37	30	21	20	28
Summary balance sheet						
Readily available cash and equivalents	46	53	57	48	49	50
Debt	739	593	577	425	404	404
Lease-adjusted debt	797	632	603	451	430	430
Net debt	693	540	519	378	355	354
Summary cash flow statement						
EBITDA	52	106	120	128	121	126
Cash interest paid	-45	-56	-41	-43	-40	-37
Cash tax	-15	4	-12	-4	-4	-8
Dividends received less dividends paid to minorities (inflow/outflow)	-5	1	1	-7	-8	-14
Other items before FFO	1	23	4	—	—	—
FFO	-10	80	74	76	72	68
FFO margin (%)	-2.6	19.2	18.9	20.0	19.6	18.0
Change in working capital	-8	-12	-17	-13	4	-8
CFO (Fitch-defined)	-18	67	57	64	75	61
Total non-operating/nonrecurring cash flow	—	-17	-1	—	—	—
Capex	-36	-23	-27	—	—	—
Capital intensity (capex/revenue) (%)	9.9	5.6	6.8	—	—	—
Common dividends	—	-7	-4	—	—	—
FCF	-54	20	26	—	—	—
FCF margin (%)	-14.7	4.9	6.6	—	—	—
Net acquisitions and divestitures	-4	11	-125	—	—	—
Other investing and financing cash flow items	-6	-17	-7	-3	-2	—
Net debt proceeds	-8	-7	-27	-152	-21	-0
Net equity proceeds	—	0	129	135	—	—
Total change in cash	-71	7	-5	-10	1	1
Leverage ratios (x)						
EBITDA leverage	15.6	5.5	4.8	3.5	3.6	3.6
EBITDA net leverage	14.7	5.1	4.3	3.1	3.1	3.2
EBITDAR leverage	14.6	5.7	4.9	3.6	3.7	3.7
EBITDAR net leverage	13.8	5.2	4.4	3.3	3.3	3.3
EBITDAR net fixed-charge coverage	1.1	1.9	3.0	2.8	2.9	3.0
FFO adjusted leverage	19.5	4.6	5.2	3.7	3.8	4.0

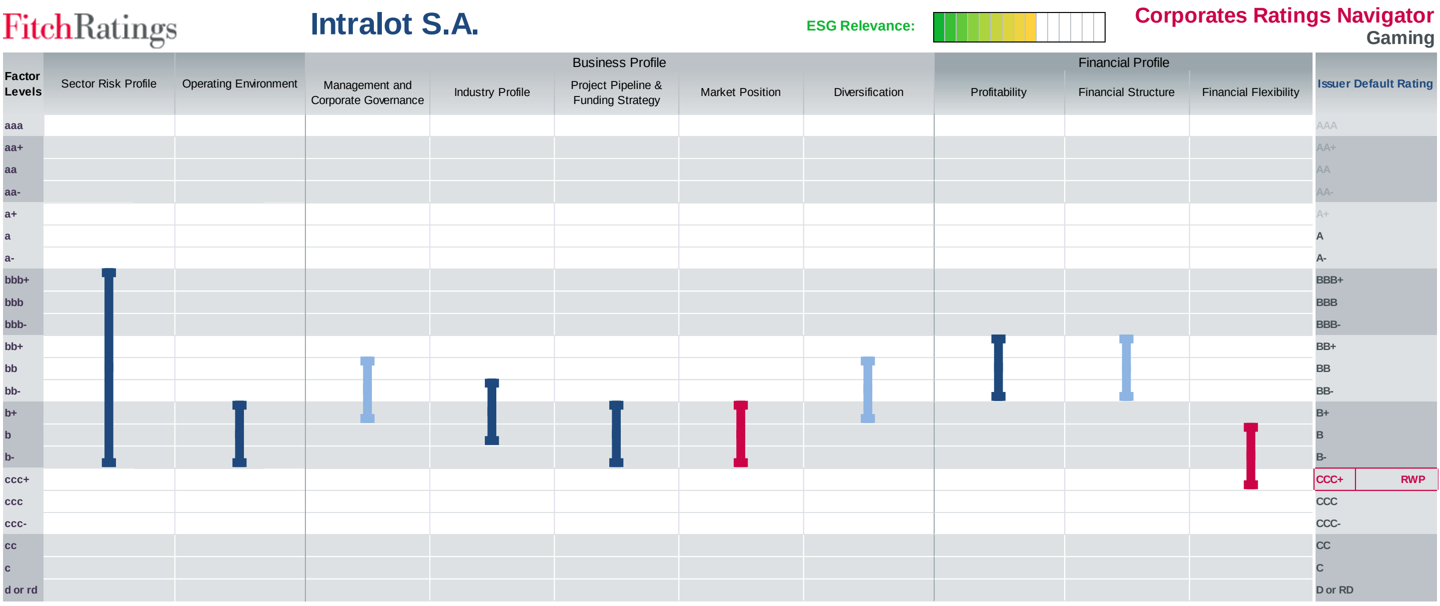
FFO adjusted net leverage	18.4	4.2	4.7	3.4	3.4	3.6
FFO leverage	22.0	4.4	5.1	3.6	3.7	3.9
FFO net leverage	20.6	4.0	4.6	3.2	3.3	3.4
Calculations for forecast publication						
Capex, dividends, acquisitions and other items before FCF	-40	-36	-157	-37	-52	-59
FCF after acquisitions and divestitures	-57	31	-99	26	24	1
FCF margin after net acquisitions (%)	-15.6	7.5	-25.3	6.9	6.5	0.4
Coverage ratios (x)						
FFO interest coverage	0.7	2.4	2.7	2.7	2.8	2.8
FFO fixed-charge coverage	0.8	2.3	2.6	2.6	2.6	2.7
EBITDAR fixed-charge coverage	1.0	1.8	2.8	2.7	2.7	2.9
EBITDA interest coverage	1.0	1.9	2.9	2.8	2.9	3.0
Additional metrics (%)						
CFO-capex/debt	-7.2	7.4	5.3	5.5	5.9	0.3
CFO-capex/net debt	-7.7	8.2	5.9	6.2	6.7	0.4
CFO/capex	-48.6	289.7	215.9	158.8	145.9	102.4

CFO – Cash flow from operations
Source: Fitch Ratings, Fitch Solutions

How to Interpret the Forecast Presented

The forecast presented above is based on Fitch Ratings' internally produced, conservative rating case forecast. It does not represent the forecast of the rated issuer. The forecast set out above is only one component used by Fitch Ratings to assign a rating or determine a rating outlook, and the information in the forecast reflects material but not exhaustive elements of Fitch Ratings' rating assumptions for the issuer's financial performance. As such, it cannot be used to establish a rating, and it should not be relied on for that purpose. Fitch Ratings' forecasts are constructed using a proprietary internal forecasting tool, which employs Fitch Ratings' own assumptions on operating and financial performance that may not reflect the assumptions that you would make. Fitch Ratings' own definitions of financial terms such as EBITDA, debt or free cash flow may differ from your own such definitions. Fitch Ratings may be granted access, from time to time, to confidential information on certain elements of the issuer's forward planning. Certain elements of such information may be omitted from this forecast, even where they are included in Fitch Ratings' own internal deliberations, where Fitch Ratings, at its sole discretion, considers the data may be potentially sensitive in a commercial, legal or regulatory context. The forecast (as with the entirety of this report) is produced strictly subject to the disclaimers set out at the end of this report. Fitch Ratings may update the forecast in future reports but assumes no responsibility to do so. Original financial statement data for historical periods is processed by Fitch Solutions on behalf of Fitch Ratings. Key financial adjustments and all financial forecasts credited to Fitch Ratings are generated by rating agency staff.

Ratings Navigator



Bar Chart Legend:	
Vertical Bars = Range of Rating Factor	Bar Arrows = Rating Factor Outlook
Bar Colors = Relative Importance	⇧ Positive
Higher Importance	⇩ Negative
Average Importance	⇳ Evolving
Lower Importance	☐ Stable

FitchRatings

Intralot S.A.

Corporates Ratings Navigator
Gaming

Operating Environment

bb-	Economic Environment	bbb	Average combination of countries where economic value is created and where assets are located.
b+	Financial Access	b	Weak combination of issuer specific funding characteristics and of the strength of the relevant local financial market.
	Systemic Governance	bbb	Systemic governance (eg rule of law, corruption; government effectiveness) of the issuer's country of incorporation consistent with 'bbb'.
b-			
ccc+			

Management and Corporate Governance

bb+	Management Strategy	b	Strategy lacking cohesion and/or some weakness in implementation.
bb	Corporate Governance	bb	Board effectiveness questionable with few independent directors. "Key person" risk from dominant CEO or shareholder.
bb-	Group Structure	bb	Complex group structure. Related-party transactions exist but with reasonable economic rationale.
b+	Financial Transparency	bb	Financial reporting is appropriate but with some failings (eg lack of interim or segment analysis).
b			

Industry Profile

bb	Barriers to Entry	b	Exposure to markets easily susceptible to new competition. High likelihood that new entrants could emerge.
bb-	Supply/Demand	bb	Exposure to markets that have modest gaming supply growth prospects, which can be absorbed by stable growth in demand.
b+	Promotional Environment		n.a.
b	Gaming Regulatory Environment	bb	Exposure to jurisdictions that have short or volatile histories of regulating gaming and tax regimes.
b-			

Project Pipeline & Funding Strategy

bb-	Growth Appetite	b	Growth investments exceeding discretionary FCF and pressuring the liquidity profile. Investments may have poor ROI prospects or strategic benefits, and/or the issuer has weak or no record in execution.
b+	Funding	b	Growth spending is likely to be funded largely by debt.
b			
b-			
ccc+			

Market Position

bb-	Market Share	b	Small participant in most markets and segments, including online.
b+	Competitive Advantage; Brand Recognition	b	Little brand or property identification. Gaming value proposition is largely commodity-based. Intermittent brand maintenance.
b	Property Quality		n.a.
b-	Market Exposure/Opportunities; Multi-Channel Offering	bb	Some opportunities in underserved markets or new distribution channels (eg online) and/or solid position in stable markets.
ccc+			

Diversification

bb+	Geographic and Channel	bb	Exposure to more than one market/jurisdiction, but still highly concentrated Some revenue diversification between online and physical channel.
bb	Business and Customer Segment	b	Weak diversification of products/services, no diversification into non-gaming business
bb-			
b+			
b			

Profitability

bbb-	EBITDAR Margin	bb	15% with medium volatility through average downturn (approx. 13% margin at trough)
bb+	EBIT Margin	bb	10% with medium volatility through average downturn (approx. 8% margin at trough)
bb	FFO Margin	bb	10% with some volatility at the trough.
bb-	FCF Margin	bb	Mid- to high single digit margin, with medium volatility through average downturn
b+			

Financial Structure

bbb-	EBITDAR Leverage or EBITDA Leverage	bb	5.0x or 5.0x
bb+	EBITDAR Net Leverage or EBITDA Net Leverage	bb	4.5x or 4.5x
bb	FFO Adjusted Leverage	bb	5.0x
bb-	FFO Adjusted Net Leverage	bb	4.5x
b+			

Financial Flexibility

b+	Financial Discipline	b	No financial policy or record of ignoring it. Opportunistic behavior.
b	Liquidity	b	Liquidity ratio below 1.0x. Overly reliant on one funding source.
b-	EBITDAR Fixed Charge Coverage	b	2.0x
ccc+	FX Exposure	bb	FX exposure on profitability and/or debt/cash flow match. Some hedging in place but only partly effective.
ccc			

How to Read This Page: The left column shows the three-notch band assessment for the overall Factor, illustrated by a bar. The right column breaks down the Factor into Sub-Factors, with a description appropriate for each Sub-Factor and its corresponding category.

Credit-Relevant ESG Derivation

Overall ESG

Intralot S.A. has 8 ESG potential rating drivers

- Facilities' exposure to climate change
- Responsible gaming
- Impact of labor negotiations and employee (dis)satisfaction
- Social attitudes toward gaming
- Governance is minimally relevant to the rating and is not currently a driver.

key driver	0	issues	5
driver	0	issues	4
potential driver	8	issues	3
not a rating driver	0	issues	2
	6	issues	1

For further details on Credit-Relevant ESG scoring, see page 3.

FitchRatings

Intralot S.A.

Corporates Ratings Navigator
Gaming

Credit-Relevant ESG Derivation

Intralot S.A. has 8 ESG potential rating drivers
- Intralot S.A. has exposure to extreme weather events but this has very low impact on the rating.
- Intralot S.A. has exposure to product safety/ethical marketing risk but this has very low impact on the rating.
- Intralot S.A. has exposure to labor relations & practices risk but this has very low impact on the rating.
- Intralot S.A. has exposure to social resistance but this has very low impact on the rating.
- Governance is minimally relevant to the rating and is not currently a driver.

			ESG Relevance to Credit Rating
key driver	0	issues	5
driver	0	issues	4
potential driver	8	issues	3
not a rating driver	0	issues	2
	6	issues	1

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference	E Relevance
GHG Emissions & Air Quality	1	n.a.	n.a.	5
Energy Management	1	n.a.	n.a.	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.	2
Exposure to Environmental Impacts	3	Facilities' exposure to climate change	Diversification; Profitability; Financial Flexibility	1

How to Read This Page
ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.
The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.
The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to result in a negative impact unless indicated with a '+' sign for positive impact.
Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance
Human Rights, Community Relations, Access & Affordability	1	n.a.	n.a.	5
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Responsible gaming	Diversification; Competitive Environment; Company's Market Position; Profitability	4
Labor Relations & Practices	3	Impact of labor negotiations and employee (dis)satisfaction	Diversification; Profitability; Financial Structure; Financial Flexibility	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	3	Social attitudes toward gaming	Profitability; Financial Structure; Financial Flexibility	1

Governance (G) Relevance Scores

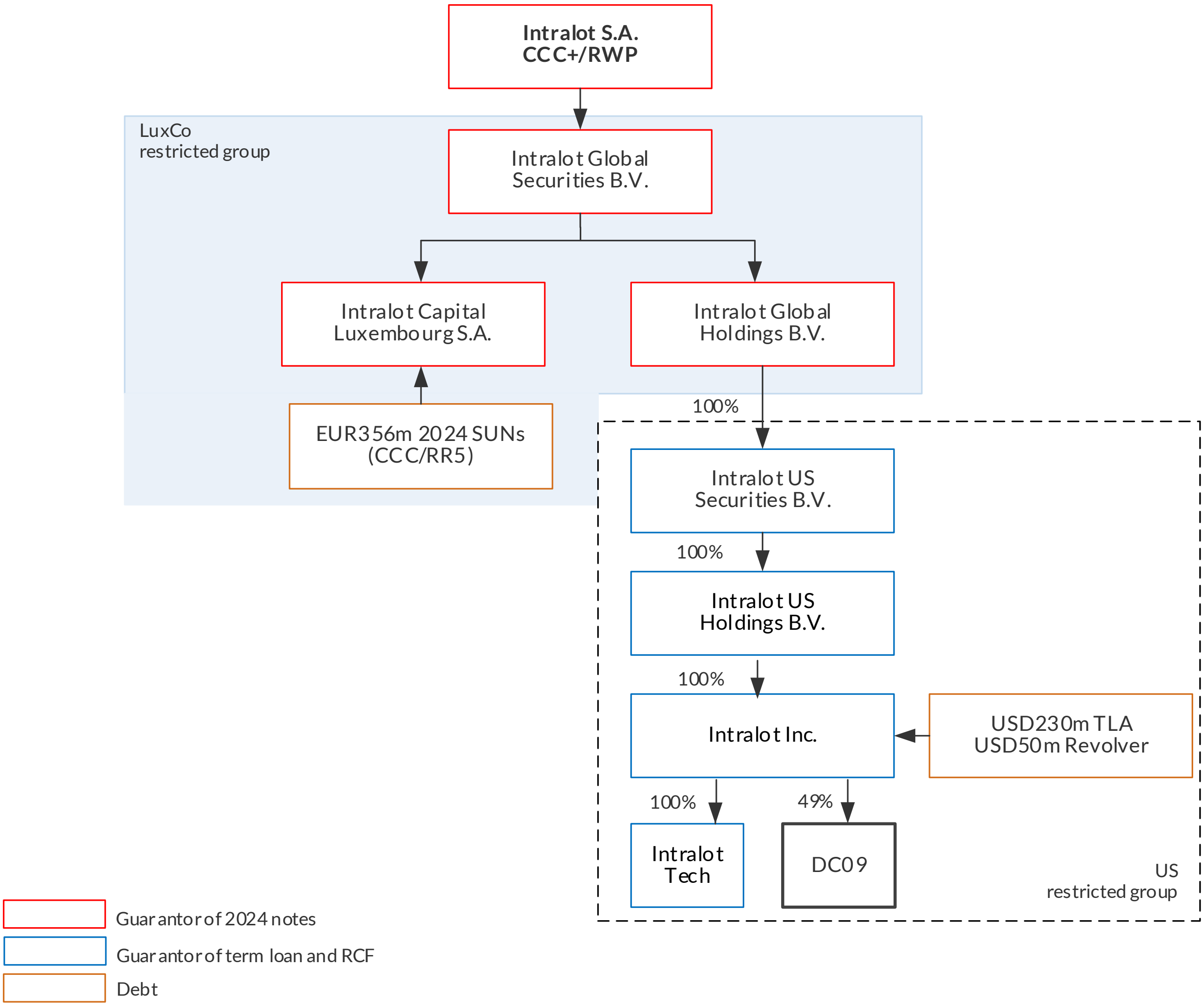
General Issues	G Score	Sector-Specific Issues	Reference	G Relevance
Management Strategy	3	Strategy development and implementation	Management and Corporate Governance	5
Governance Structure	3	Board independence and effectiveness; ownership concentration	Management and Corporate Governance	4
Group Structure	3	Complexity, transparency and related-party transactions	Management and Corporate Governance	3
Financial Transparency	3	Quality and timing of financial disclosure	Management and Corporate Governance	2
				1

CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

Simplified Group Structure Diagram



Source: Fitch Ratings, Fitch Solutions, Intralot S.A., as of October 2023

Peer Financial Summary

Company	Issuer Default Rating	Financial statement date	Gross revenue (EURm)	EBITDAR (EURm)	FCF margin (%)	EBITDAR leverage (x)	EBITDAR fixed-charge coverage (x)
Intralot S.A.	CCC+						
	CCC+	2022	393	123	6.6	4.9	2.8
	CCC	2021	414	111	4.9	5.7	1.8
	CC	2020	365	60	-14.7	14.6	1.0
Allwyn International a.s.	BB-						
	BB-	2022	2,823	1,084	19.4	3.5	6.2
	BB-	2021	2,350	928	26.5	3.1	7.4
	BB-	2020	1,453	419	-10.2	9.1	2.8
Flutter Entertainment plc	BBB-						
	BBB-	2022	8,704	1,182	0.7	6.1	4.6
	BBB-	2021	7,170	1,147	5.3	4.3	5.0
	BBB-	2020	4,851	981	13.8	4.1	5.3
Entain plc	BB						
	BB	2022	4,862	1,067	7.6	3.9	6.1
	BB	2021	4,549	1,012	9.3	3.4	6.6
	BB	2020	3,929	915	13.2	3.4	5.2
Inspired Entertainment, Inc.	B						
	B-	2022	267	100	-2.1	3.4	3.3
	B-	2021	182	58	-9.5	5.8	1.7
	CCC+	2020	130	29	14.5	10.2	1.8

Source: Fitch Ratings, Fitch Solutions

Fitch Adjusted Financials

(EURm as of 31 December 2022)	Notes and formula	Reported values	Sum of adjustments	Lease treatment	Other adjustments	Adjusted values
Income statement summary						
Revenue		393				393
EBITDAR		122	1		1	123
EBITDAR after associates and minorities	(a)	123	1		1	124
Lease expense	(b)	0	3	3		3
EBITDA	(c)	122	-2	-3	1	120
EBITDA after associates and minorities	(d) = (a-b)	123	-2	-3	1	121
EBIT	(e)	52	1	-1	1	52
Debt and cash summary						
Other off balance sheet debt	(f)	0				0
Debt	(g)	593	-16	-16	-0	577
Lease-equivalent debt	(h)	0	26	26		26
Lease-adjusted debt	(i) = (g+h)	593	10	10	0	603
Readily available cash and equivalents	(j)	102	-50			52
Not readily available cash and equivalents		0	50			50
Cash flow summary						
EBITDA after associates and minorities	(d) = (a-b)	123	-2	-3	1	121
Preferred dividends paid	(k)	0				0
Interest received	(l)	3				3
Interest paid	(m)	-42	1	1	0	-41
Cash tax paid		-12				-12
Other items before FFO		4				4
FFO	(n)	76	-2	-3	1	74
Change in working capital (Fitch-defined)		-17				-17
CFO	(o)	59	-2	-3	1	57
Non-operating/nonrecurring cash flow		0	-1		-1	-1
Capex	(p)	-27				-27
Common dividends paid		-4				-4
FCF		29	-3	-3	-0	26
Gross leverage (x)						
EBITDAR leverage[a]	(i/a)	4.8				4.9
FFO adjusted leverage	(i/(n-m-l-k+b))	5.2				5.2
FFO leverage	(i-h)/(n-m-l-k)	5.2				5.1
EBITDA leverage[a]	(i-h)/d	4.8				4.8
(CFO-capex)/debt (%)	(o+p)/(i-h)	5.5				5.3
Net leverage (x)						
EBITDAR net leverage[a]	(i-j)/a	4.0				4.4
FFO adjusted net leverage	(i-j)/(n-m-l-k+b)	4.3				4.8
FFO net leverage	(i-h-j)/(n-m-l-k)	4.3				4.7
EBITDA net leverage[a]	(i-h-j)/d	4.0				4.3
(CFO-capex)/net debt (%)	(o+p)/(i-h-j)	6.6				5.9
Coverage (x)						
EBITDAR fixed-charge coverage[a]	a/(-m+b)	2.9				2.8
EBITDA interest coverage[a]	d/(-m)	2.9				2.9
FFO fixed-charge coverage	(n-l-m-k+b)/(-m-k+b)	2.7				2.6
FFO interest coverage	(n-l-m-k)/(-m-k)	2.7				2.7

[a]EBITDA/R after dividends to associates and minorities.
CFO – Cash flow from operations.
Note: Debt includes other off balance sheet debt.
Source: Fitch Ratings, Fitch Solutions, Intralot S.A.

B+ and Below Considerations

Considerations	B+	B	B-	CCC+	CCC	CCC-	CC	Trend	Fitch's View
Business model	Robust	Sustainable	Intact	Redeemable	Compromised	Disrupted	Irredeemable	◀▶	Intralot's business model remains dependent on regulation and constant contract renewals. Its relatively small scale leaves it vulnerable to both competition and oneoff regulatory challenges.
Strategy/ execution risk	Limited	Moderate	Meaningful	Challenging yet achievable	Uncertain	Highly speculative	Not credible	◀▶	We believe that significant challenges continue to underpin Intralot's operations in the ex-US segment. With little new opportunities and multiple contracts approaching expiry, the long-term viability of the business, outside of the US, is questionable.
Cash flow	Consistently positive	Neutral to positive	Volatile	Mostly negative	Constantly negative	Accelerating cash outflow	Irreversible outflow	◀▶	While still volatile, cash flow generation at the consolidated level is substantially stronger due to the higher profitability at Intralot Inc. Cash flow at the level of Intralot has also improved due to increased access to cash upstream.
Leverage profile	Clear deleveraging path	Deleveraging capacity	High but sustainable	Significant outlier	Unsustainable	Disproportionate and increasing	Unrecoverable	▲	While leverage at the consolidated level is materially lower than on a standalone basis, it remains high in light of upcoming debt maturities in 2024. Given the successful equity placement leading to a lower quantum of refinanced debt, and coupled with resilient performance, we expect deleveraging towards levels commensurate with a higher rating.
Governance and financial policy	Committed	Some commitment to deleveraging	Aggressive	Ineffective	Uncommitted	Hostile	Inevitable balance-sheet restructuring	◀▶	While the company has successful completed an equity issuance, there is still no clear plan on broader refinancing of the 2024 notes and harmonisation of the capital structure.
Refinancing risk	Limited	Manageable	High	Off-market options	Excessive	Unavailable	Imminent	▲	Refinancing risk continues to be affected by the debt maturing in 2024-2025, as well as a degree of ring-fencing retained within current capital structure.
Liquidity	Comfortable	Satisfactory	Limited	Minimal headroom	Poor/partly funded	Unfunded	De facto insolvent	▲	Refinancing risk aside, we expect Intralot to have sufficient liquidity to funds its operations, with positive forecast FCF and a USD50 million RCF providing additional flexibility for growing US operations.
Conclusion	CCC+/RWP								

Source: Fitch Ratings

Recovery Analysis

Issuer	Intralot S.A.		
Issuer Default Rating	CCC+	**As of**	31 December 2022
Sector	Gaming, Leisure and Entertainment	**Currency**	(EURm)
Country	Greece	**Country group**	C

Going concern (GC) enterprise value (EV)	
GC EBITDA	64
EBITDA multiple (x)	5.0
Additional value from affiliates, minority interest, other	22.8
GC EV	**344**

Liquidation value	**Book value**	**Advance rate (%)**	**Available to creditors**
Cash	58	0	-
Accounts receivable	73	75	54
Inventory	24	50	12
Net property, plant and equipment	114	50	57
Liquidation value of off-balance-sheet assets	-	100	-
Additional value from affiliates, minority interest, other	23	100	23
Total liquidation value			**146**

EV for claims distribution	
Greater of GC enterprise or liquidation value	344
Less administrative claims	34
Total EV	**310**

Distribution of value

					Before country-specific considerations			After country-specific considerations		
Priority	**Amount**	**Concession allocation**	**Value recovered**	**Recovery (%)**	**Recovery Rating**	**Notching**	**Rating**	**Recovery Rating**	**Notching**	**Rating**
Opco Debt	258	0	258	100	RR1	+3	B+	RR3	+1	B-
2024 Notes	358	0	52	14	RR5	-1	CCC	RR5	-1	CCC

Source: Fitch Ratings, Fitch Solutions, Intralot S.A.

The recovery analysis assumes that Intralot would be considered a going concern in bankruptcy and that it would be reorganised rather than liquidated. We have assumed a 10% administrative claim.

We applied a distressed enterprise value (EV)/EBITDA multiple of 5.0x to Intralot's wholly-owned operations.

The going concern EBITDA of Intralot S.A. of EUR64 million reflects our view of a sustainable, post-reorganisation EBITDA level, upon which we base the valuation of the group excluding JVs. JVs in Turkiye and Argentina are assumed to provide an additional around EUR23 million to the going-concern EV.

After deducting 10% for administrative claims, our principal waterfall analysis would generate a ranked recovery in the 'RR5' band, indicating a lower rating for the unsecured debt at parent company than its IDR. In the debt waterfall we treat the Intralot Inc.'s term loan and RCF - assumed fully-drawn in distress – as senior to the 2024 notes. This results in a waterfall generated recovery calculation of 14% for the 2024 notes issued by Intralot Intralot Capital Luxembourg S.A. based on current assumptions.

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