INTRALOT Group

ANNUAL FINANCIAL STATEMENTS
(based on the Article 4 of L.3556/2007)
FOR THE PERIOD ENDED December 31, 2017
ACCORDING TO
INTERNATIONAL FINANCIAL REPORTING STANDARDS
(IFRS)

Contents

Representation of the Members of the Board of Directors
(according to article 4 par. 2 of L.3556/2007)

The

1. Socrates P. Kokkalis, Chairman of the Board of Directors
2. Antonios I. Kerastaris, Group CEO
3. Sotirios N. Filos , Member of the Board of Directors

CERTIFY THAT

As far as we know:

a. The enclosed financial statements of the company "INTRALOT S.A" for the year 1 January 2017 to 31 December 2017, drawn up in accordance with the applicable accounting standards, reflect in true manner the assets and liabilities, equity and results of the Company and the companies included in the consolidated financial statements taken as a total.

b. The attached Board of Directors' annual report truly presents the course, the performance and the position of the Company and the companies included in the consolidated financial statements taken as a total, including the description of the most important risks and uncertainties they are facing.

c. The attached Financial Statements are those approved by the Board of Directors of "INTRALOT S.A." at 28th March 2018 and have been published to the electronic address www.intralot.com.

Maroussi, 28 March 2018

The designees

Socrates P. Kokkalis	Antonios I. Kerastaris	Sotirios N. Filos
Chairman of the Board of Directors	Group CEO	Member of the Board

REPORT OF THE BOARD OF DIRECTORS-INTRALOT GROUP TO THE ANNUAL GENERAL ASSEMBLY OF THE SHAREHOLDERS FOR THE FISCAL YEAR 01/01/2017-31/12/2017

Dear Shareholders,

The past year was marked by milestone accomplishments in all areas of strategic priority for INTRALOT namely (i) developing new products (ii) focusing on strategic markets and (iii) improving the financial structure.

In 2017 we completed the acquisition of Bit8, the Maltese technology company that developed our new CRM suite of products that are a key component of our strategy for the digital transformation and modernization of Lotteries. We also signed a landmark agreement with British software developer AMELCO for the co-development of a unique Next Generation Sportsbook platform offering a uniform product for both the digital and retail channels. This omni-channel product will offer betting operators unparalleled opportunities to leverage their existing assets, to offer a universal customer experience, and to offer economies of scale that will help them boost their profitability.

We continued the restructuring of our market portfolio towards an asset light formula focusing on profitable markets and using proceeds from divestments to boost our Capex in new products and new markets, as well as to further optimize our capital structure. In 2017 we renewed our contract for numerical games with our strategic and historic client OPAP, we achieved the renewal of strategic contracts in the US, in particular with State Lotteries in Idaho, Ohio, Vermont, and Arkansas while in early 2018 we renewed the contract in Wyoming and obtained a landmark contract from CAMELOT for the technology and support of the Lottery of Illinois.

INTRALOT remains committed to a product roadmap that will drive development in our industry through flexible, reliable, and secure products and services that address modern player needs and help our clients minimize their time-to-market and total cost of ownership. INTRALOT’s new products and services aim to help minimize customization costs through a holistic cross-channel, cross vertical, and cross-platform approach securing optimal player engagement, experience, and satisfaction.

INTRALOT’s commitment to sustainable growth and responsible gaming is an integral pillar of our corporate strategy with upgraded participation to the UN Global compact. We strive to keep our employees motivated, to maintain a safe and stimulating working environment, creating value for all stakeholders through policies that promote transparency and integrity.

The successful completion of 7-year senior notes issue of €500 million with a 5,25% coupon was an unprecedented success and recognition of INTRALOTs long terms prospects, securing a long financial horizon and allowing the full repayment of syndicated loans. This issue was the last of four successful notes issues since 2014 resulting in extending the average maturity period from 3,5 to 6 years and reducing the average weighted interest rates from 8,25% to 5,75%. The participation of all major investment houses was a significant vote of confidence to our company from the international investment community.

Regarding the Group’s financial results in 2017, revenues increased by 11,4% to €1.104,2 million from €991,5 million in 2016. EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) increased by 5,5%, reaching €171,5 million from €162,5m in 2016. Profit before taxes from continuing operations increased to €10,3 million from €-7,6 million in 2016, while profit after taxes and after non-controlling interests from total operations developed to €-53,4 million from profit of €0,9 million in 2016. Concerning Parent Company results, revenues were €66,8 million in 2017, while losses after taxes €11,4 million.

WHO WE ARE

Company Profile

INTRALOT is a public listed company established in 1992, with €1,1 billion turnover and a global workforce of over 5.100 employees in 2017. The Company is a leading gaming solutions supplier and operator active in 52 regulated jurisdictions around the globe and offers flexible, stable and secure gaming products and services to lottery and gaming organizations across geographies.

In 2017, INTRALOT handled €23,7 billion of wagers. It currently has approximately 300.000 of its proprietary terminals deployed worldwide.

INTRALOT has recently invested in a next-generation portfolio of intelligent products and services to support Lotteries' modernization and digital transformation with solutions that focus on the players' modern needs and offers entertainment experiences through all distribution channels, across all verticals (Lottery, Betting, Interactive, VLT). An "All about the Player" product design strategy addresses modern consumer trends and harnesses IT potential for big data analytics and a personalized playing experience. INTRALOT has adopted a global growth strategy designed around synergies with local partners, which aims to expand its market penetration capacity and diversify its product portfolio in local markets.

As member of the UN Global Compact, INTRALOT is a global corporate citizen committed to sustainable development and is an active proponent of the principles of Responsible Gaming, being awarded with the WLA Responsible Gaming Framework Certificate.

The Company maintains the highest security certifications, as INTRALOT has been the first international vendor in the gaming sector to be certified under the World Lottery Association (WLA) Security Control Standard in 2008 and is being recertified with every Control Standard update. Moreover, the company's Information Security Management System (ISMS) was ISO 27001 certified in 2008. Our current WLA SCS:2016 and ISO 27001:2013 certifications cover INTRALOT Headquarters, and 19 additional subsidiaries' operations around the world. INTRALOT has also been ISO 9001 certified for Quality Management since 2002. INTRALOT is also in possession of ISO 14000 for Environmental Management, ISO 20000 for IT Service Management, ISO 29990 for Learning Services and ISO 37001 for Anti-Bribery Management Systems.

Among other distinctions, INTRALOT has received the GOLD SEE G award by European Business Ethics Network GR for Business Ethics, Corporate Governance, and Corporate Social Responsibility while our General Technical Division was awarded the Recognized for Excellence in Europe - 5 Stars distinction by the European Foundation for Quality Management (EFQM).

INTRALOT contributes decisively to the future developments of the industry being a member of the major Lottery and Gaming Associations around the globe: Platinum Contributor of WLA, Premium Partner of European Lotteries, Top Sponsor of North American Association of State & Provincial Lotteries, Star Contributor of CIBELAE (Lottery Association for South America and the Iberian Peninsula), Gold Sponsor of Asia Pacific Lottery Association, Member of Gaming Standards Association and Gold Member of the Association of Gaming Equipment Manufacturers.

Recent Company Developments

Projects/Significant Events

In February 2017, INTRALOT Inc, a subsidiary of INTRALOT Group in the United States, announced the signing of the contract with the Idaho Lottery to provide Lottery Gaming System services for the Idaho Lottery. The contract is for a ten-year period starting October 1, 2017, through September 30, 2027, with an option to extend for up to a maximum of two additional five-year terms. INTRALOT has been supplying the Idaho Lottery with Gaming systems services since 2007.

In the beginning of March 2017, INTRALOT and AMELCO announced the signing of a definitive agreement for a strategic partnership to develop a suite of next-generation sports betting products.

At the end of June 2017, INTRALOT Inc., a subsidiary of INTRALOT Group in the United States, announced the renewal of its current contract with the Ohio Lottery for the two-year period from July 1, 2017, through June 30, 2019, consistent with its existing agreement and the State of Ohio's Controlling Board, covering the period 2009-2021. In addition, our current agreement has been amended to include three additional two-year extension options, extending the contract term through June 30, 2027

In July 2017, INTRALOT Group announced the renewal of the current contract of INTRALOT Inc., a subsidiary of the INTRALOT Group in the United States, with the Vermont Lottery for the two-year period from July 1, 2018, through June 30, 2020, and consistent with its initial six-year contract with the option of exercising two two-year extensions, covering the period 2010-2020.

In the beginning of September 2017, INTRALOT Group announced the renewal of the current contract of INTRALOT Inc., a subsidiary of the INTRALOT Group in the United States, with the Arkansas Scholarship Lottery for the seven-year period from August 14, 2019, to August 19, 2026.

In November 2017, the first INTRALOT Hackathon was held with great success, at INTRALOT Innovation Center with the participation of over 50 employees and 16 mentors and coaches. INTRALOT Hackathon 2017 was an internal innovation contest for INTRALOT's employees in Greece, aiming at generating ideas for new products, distribution and support channels, as well as improving the Group's existing operational flows while promoting the spirit of collaboration and out-of-the box thinking to drive innovation and growth.

On December 4th, 2017, Gamenet Group S.p.A. completed the book–building process related to the offering of existing ordinary shares owned by TCP Lux Eurinvest to institutional investors. The offering price amounted to €7,50 per share, with the first day of trading December 6, 2017. The market capitalization of Gamenet amounted to €225 million. INTRALOT Group holding a 20% participation in Gamenet, through its subsidiary INTRALOT Italian Investments B.V.

In the beginning of December 2017, INTRALOT Group notified – through the announcement of its subsidiary in Cyprus, Royal Highgate Public Company Ltd - the suspension of the license of Class A Recipient ROYAL HIGHGATE PUBLIC COMPANY LTD from the National Betting Authority, requesting further actions in relation to specific terms and obligations of the license. INTRALOT Group disclosed to the investing public the Royal Highgate's contribution to the financial results, considering the subsidiary's participation to be not essential.

On December 7th, 2017, INTRALOT Group announced the extension of the cooperation with OPAP specifically in the field of numerical lotteries games with the signing of a new three-year contract that also includes an option for OPAP to renew for an additional two years.

Financing

On September 14th, 2017, INTRALOT Group announced the successful pricing of an offering of €500 million, 7-year Senior Notes due 2024 with a coupon of 5,25%, issued by its indirect subsidiary INTRALOT Capital Luxembourg S.A. The proceeds from the offering of the Notes have been used to fully redeem the Issuer's 6,00% senior notes due 2021, repay the outstanding syndicated facilities at that time, pay fees and expenses related thereto and to the offering and for general corporate purposes. More than 170 international institutional investors from Europe and North America participated in the Offering which was 3x oversubscribed with tenders exceeding €1,5 billion. Due to a strong international market performance, the originally planned offering size of €450 million was upsized by €50 million. The Notes were offered at an issue price of 100,000% and guaranteed by INTRALOT S.A. (the "Parent Guarantor") and certain of its subsidiaries.

M&A Activity

On October 11, 2017, INTRALOT Group notified that the transaction with Zodiac International Investments Ltd for the sale of its 50,05% stake in Intralot Caribbean Ventures Limited has been concluded. Intralot Caribbean Ventures Limited owns 49,9% of Supreme Ventures Limited, a company listed in the Jamaican Stock Exchange (JSE) The transaction amounted to $40,0 million, corresponding nearly 12 times to the annual net profit after tax attributable to the equity holders of INTRALOT.

On October 19, 2017, INTRALOT Group announced the signing of a Share Purchase Agreement to acquire, via INTRALOT Global Holdings BV, the remaining 65% of Bit8, a gaming technology company in Malta, in which INTRALOT first invested in 2015. Bit8 is an established gaming company with market-tested, award winning gaming platforms, stand-alone and hosted solutions and a large portfolio of international clients.

In December 2017, INTRALOT Group announced the sale of the 51% of shares held by its subsidiary, INTRALOT Global Holdings BV, in Slovenske Loterie a.s. that operates VLTs in Slovakia for the agreed amount of €1,75 million to a local Slovakian investor.

Organizational Changes

In May 2017, INTRALOT Group announced the appointment of John R. Donahue as CEO of its USA venture INTRALOT Inc. Mr. Donahue, with 30 years of lottery and gaming experience in the global market, he worked for 10 years as Managing Director of the International Systems Division at Scientific Games and previously as International Sales Director and Northern Europe Sales and Operations Vice President for IGT (GTECH Dreamport) and CEO of SIRIUS Gaming LLC.

Significant Events after the end of the FY2017 - until the date of the Financial Statements release

On January 16th 2018, INTRALOT Group notified – having received respective information - a significant change to the voting rights of NOVOMATIC AG, which reduced its stake in the share capital of the Company from 5,52% to 4,94%. Also on the same date, INTRALOT Group notified – having received respective information - a significant change to the voting rights of MAKURIA CREDIT MASTER FUND, which reduced its stake in the share capital of the Company from 5,0227% to 4,0742%.

On January 17th 2018, INTRALOT Group announced the completion of the acquisition of the 50% of the Cypriot company "KARENIA ENTERPRISES COMPANY LIMITED", through its subsidiary INTRALOT Global Holdings BV. KARENIA ENTERPRISES holds a 30% stake in "ATHENS RESORT CASINO S.A." which holds 51% of the Hellenic Casino Parnitha S.A.

On February 1st 2018, INTRALOT Group announced the signing of a new contract for INTRALOT Inc., a subsidiary of the INTRALOT Group in the United States, with CAMELOT Illinois LLC for the Illinois State Lottery through October 2027. INTRALOT will install technology solutions in approximately 7.500 retail locations. INTRALOT services are planned to transition in December 2018.

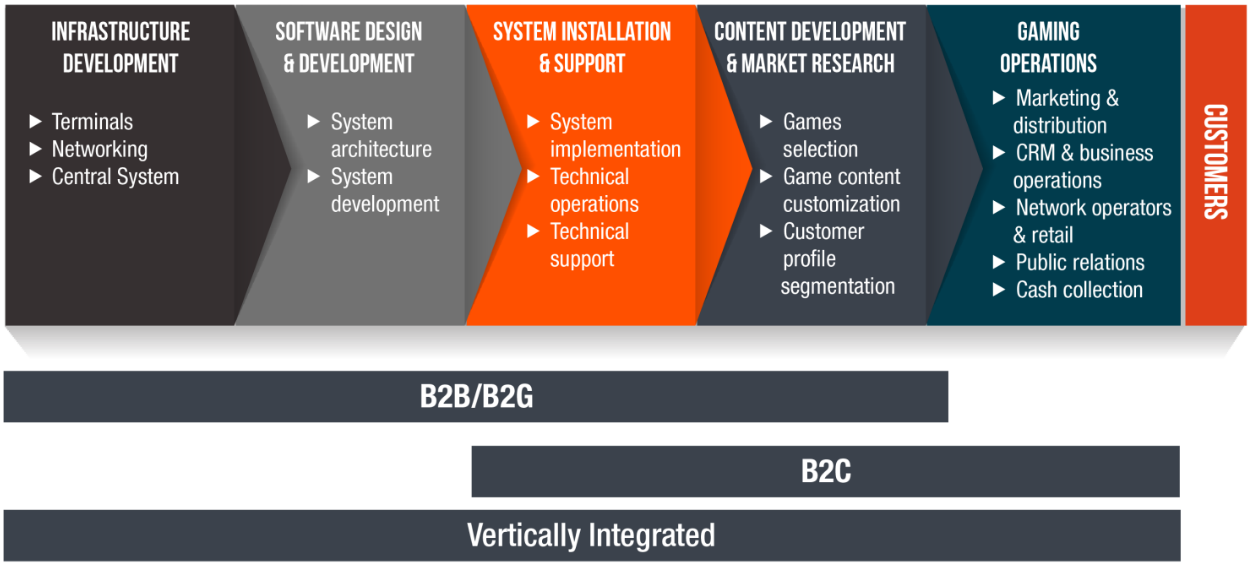
On February 14th 2018, INTRALOT Group announced the renewal of the current contract of INTRALOT Inc., a subsidiary of the INTRALOT Group in the United States, with the Wyoming Lottery for the five-year period from August 25, 2019, to August 25, 2024. This is the first of three five-year extension options in line with the initial contract terms.

In mid-March, INTRALOT Group proudly announced that it is one of the first companies in the gaming industry globally to be certified under the ISO 37001 standard for anti-bribery management systems. ISO 37001, Anti-bribery management systems, specifies a series of measures to help organizations prevent, detect and address bribery. These include adopting an anti-bribery policy, appointing a person to oversee anti-bribery compliance, training, risk assessments and due diligence on projects and business associates, implementing financial and commercial controls, and instituting reporting and investigation procedures.

Business Activities

INTRALOT taps the gaming market value chain end to end as one of the few vertically integrated operators that have the capabilities to manage and operate activities across the entire value chain. Our addressable market comprises of a large number of state owned and private licensed lottery operators.

Value chain of gaming market



The Group, under its contracts and licenses, functions both as a Business to Consumer ("B2C") operator, managing frontline customer facing activities, as well as a Business to Business ("B2B")/Business to Government ("B2G") operator, managing the support stages of the value chain for other "B2C" operators which may be public and or state owned. In practice, INTRALOT under its "B2B/B2G" operator hat provides hardware and software solutions as well as operational support services to "B2C" operators. Spanning end to end the gaming value chain offers INTRALOT a distinctive advantage as it has helped the Group to transfer knowledge and best practices from its "B2C" to "B2B/B2G" operations and vice versa.

Contractual Arrangements

Typically, "B2B/B2G" and "B2C" engagements are carried out under three types of contractual arrangements, namely technology contracts, management contracts and licensed operations.

Technology and Support Services Contracts

Our technology and support activities are primarily comprised of the supply of information technology software, network capabilities and other types of technological support. While we provide the technology, the operations are managed by another person, commonly a state or state-licensed gaming operator. Our contracts in this segment typically include the provision of equipment, software and maintenance and support services to lottery and gaming organizations pursuant to long-term contracts, which provide us with stable and recurring revenues. These contracts also include the design, development and implementation of custom-made software for the particular products and services necessary in each jurisdiction and operation. We currently manage 62 individual technology and support services contracts across 43 jurisdictions through 17 subsidiaries. We are a global market leader in gaming IT and we believe our technological expertise gives us a competitive advantage worldwide.

Under our technology and support services contracts, we typically earn a fee from the licensed operators, which are state or state-licensed gaming organizations. This fee is typically based on either (i) a pre-determined fixed percentage of customer sales (amounts wagered by players) or (ii) a fixed payment over the duration of the contract in respect of multi-year contracts. In addition, we occasionally sell technology equipment and relevant services to other lottery and gaming operators.

Revenues under our technology and support services contracts are not subject to payout costs for player winnings. Our technology and support services contracts represented approximately 21,1% of our revenue and 40,1% of our revenue net of payout in the twelve months ended December 31, 2017.

Management Contracts

Our management contracts activities include primarily the management of all aspects of a gaming organization. In addition to the provision of services included under our technology and support services activity described above, we manage day-to-day operations, marketing services, sales network and risk management/odds setting for sports betting on behalf of the relevant licenses operator. Under these contracts, the customer (who is the license holder of the gaming/lottery operation) typically retains responsibility for certain frontline tasks, as well as the management of retailers, cash management and game approvals in addition to oversight and regulatory control. We currently operate five management contracts in three jurisdictions through four subsidiaries.

We typically earn a fee from the licensed operator under our management contracts based on a fixed percentage of wagers. Revenue under our management contracts are not subject to payout costs for player winnings. Our management contracts represented approximately 10,6% of our revenue and 20,2% of our revenue net of payout in the twelve months ended December 31, 2017.

Licensed Operations

In our licensed operations activities, we are responsible for all aspects of a gaming operation, including the selection and provision of technology and its ongoing support, as well as the management of the operations. In addition, because we are typically the direct license holder, we are also responsible for our relationship with the local regulators. In many cases, our licenses are open-ended since they do not have a fixed term or are automatically renewable as long as the licensed terms are complied with. We currently operate under 23 individual licenses through a combination of wholly- and partially-owned subsidiaries and joint ventures, across 11 jurisdictions. We operate through retail locations and online channels.

The revenue we generate from our licensed operations is based on the total amount of money wagered by players on various gaming products before payout for players' winnings. Our licensed operations represented approximately 68,3% of our revenue and 39,7% of our revenue net of payout in the twelve months ended December 31, 2017.

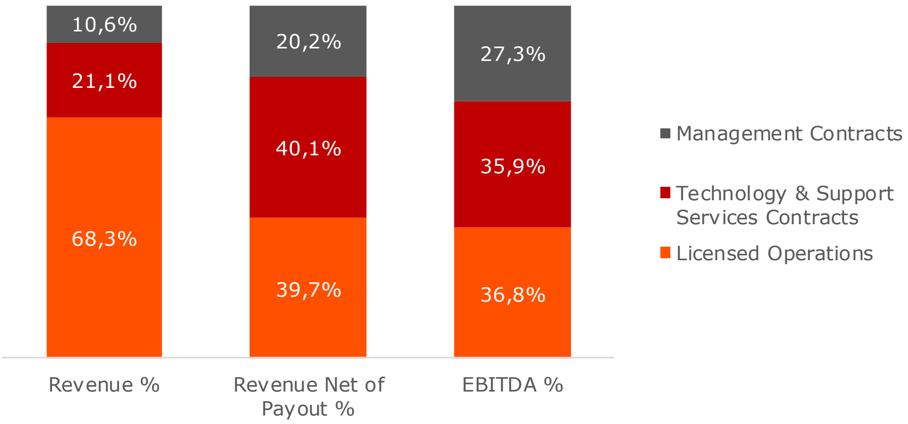
The following table summarizes the principal products and services provided in each of our business activities:

	Technology and Support Services Contracts	Management Contracts	Licensed Operations
Description	Provision of: • Central gaming system • Lottery terminals • Telecommunications system/solutions • Related peripheral equipment and software • Implementation services and/or • Maintenance and support services • Monitoring systems for VLT operations	Management of all the aspects of a gaming operation: • Provision of technology solutions as described under "Technology and Support Services Contracts" • Day-to-day operations • Marketing services • Sales network development and management and/or • Risk management/odds setting for sports betting games	Ownership of a license to operate games including: • Management of services as described under "Management Contracts" and/or • Provision of technology solutions as described under "Technology and Support Services Contracts"
Holder of License....	State or state-licensed operator maintains the license	State or state-licensed operator maintains the license	We or our associates maintain the license, which is acquired from a competent local/state government authority
Key Geographies	United States, Greece, Australia, New Zealand and Argentina	Turkey	Argentina, Bulgaria, Azerbaijan, and Malta
Other Geographies	Croatia, Chile, the Netherlands, Ireland, Germany, Jamaica, Nigeria, Malaysia, Taiwan, Philippines, South Korea, Czech Republic, Italy, Peru, Bosnia and Herzegovina, and Malta	Morocco, and Russia	Poland, Cyprus, Greece, Italy, Peru, South Korea, and Brazil

Our key geographies set forth in the table above represented 95,1% of our EBITDA in the twelve months ended December 31, 2017.

The following group of diagrams sets forth our revenue by region and business activity for the twelve months ended December 31, 2017.

The following view presents our percentage of revenue and EBITDA by business activity and our percentage of revenue net of payout by business activity, respectively, for the twelve months ended December 31, 2017:



Game Categories

Our services are offered across 5 distinct gaming market products, namely:

- ***Lottery games***, which represented 31,6% of our revenue in the twelve months ended December 31, 2017, include the operation, supply of technology services for numerical and traditional lottery games, instant tickets and fast draw games in around 70.000 POS with over 400 games across 34 jurisdictions on four continents in each of our three business activities.

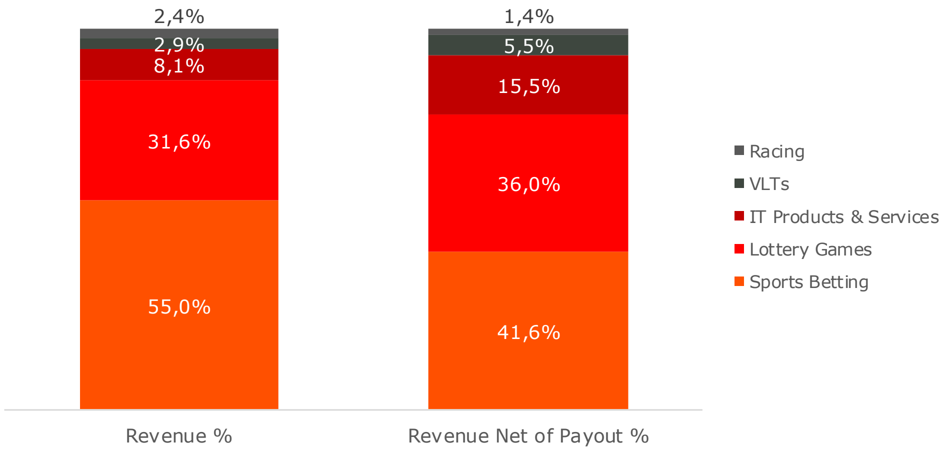
- ***Sports betting***, which represented 55,0% of our revenue in the twelve months ended December 31, 2017, includes the operation, supply of technology, bookmaking and risk management services for 12 jurisdictions, with a capacity of more than 12.000 events (pre-game and in-play) per month and more than 400 market types. We believe we are one of the leading sports betting providers in the state-sponsored gaming sector in the world. In the case of licensed operations, we primarily operate through agents who bear the cost of operation, while we manage the sports book.

• ***IT products and services***, which represented 8,1% of our revenue in the twelve months ended December 31, 2017, includes technology and operational services to state and state-licensed organizations. These services are done on a fixed payment basis rather than as a percentage of wagers.

• ***Video Lottery Terminals/Amusement with Prizes machines***, which represented 2,9% of our revenue in the twelve months ended December 31, 2017, include solutions and services for VLT monitoring, gaming venues and server-based gaming. We operate and/or service over 40.000 gaming machines in four jurisdictions.

• ***Racing***, which represented 2,4% of our revenue in the twelve months ended December 31, 2017, includes technology, content and integrated services for pari-mutuel and fixed odds race betting on horse and dog racing events as well as virtual racing, with contracts in seven jurisdictions.

The following diagram sets forth our revenue net of payout by type of product for the twelve months ended December 31, 2017.



Our Products and Research & Development

Product Strategy

INTRALOT's product strategy focuses on further enriching and strengthening our products and services portfolio, while placing the player at the center to offer a unique customer experience and to drive further player engagement through personalized and entertaining offerings.

Four pillars of our product strategy have been incorporated in our new products and services portfolio:

- **Customer experience** optimization through dedicated product surveys and usability tests of end-to end customer journeys
- **Modular platform architectures** to enable absorbing client needs with a flexible manner
- **Open** and **scalable** solutions to allow integrations with 3rd party products and services
- **Cost effectiveness** by decreasing development, maintenance and solution deployment costs

Our Product Portfolio

INTRALOT offers a broad range of technological solutions, products and services, in addition to extended know-how and experience in implementing essential solutions supporting lottery, sports betting, VLT/AWPs monitoring system, racing, and interactive games for our customers and operations. In 2017 INTRALOT continued to modernize the platforms ecosystem architecture and enhance its product portfolio by developing and introducing the evolution of its main core gaming platforms, namely the L10 Lottery Gaming Platform and the New Sports betting platform.

L10 Gaming Platform Ecosystem

The L10 platform ecosystem is the evolution of the LOTOS Back-office Platform and is designed to offer fast, efficient and secure central processing for all game and business-application implementations. The modular, open architecture guarantees quick integration and installation in the desired environment with minimal configuration, allowing for the entire architecture to be managed as a suite of independently deployable, modular applications. It also facilitates multivendor strategies, accelerating time to market and significant portfolio expansion without compromising security, reliability and data integrity. The L10 platform modules implement our customers' functional and non-functional requirements as services in the form of applications and game management systems, instantiated along with each individual application or games system, offering all the required functionality and lottery-grade platform packaging. To date, Components of the L10 platform ecosystem have been deployed to 10 customers worldwide.

L10 Lottery Game Engine

L10 Lottery Game Engine provides efficient centralized end-to-end management of all lottery products across multiple operations, platforms and sales channels. It provides an enhanced game and draw management system, administrative features that enable the definition of winning numbers, distribution of revenues, formula for apportioning the value of participations and calculation of dividends. L10 Lottery Game Engine incorporates all needs and functionalities gathered from INTRALOT operations and clients throughout the years, in a modular and customizable way as well as a personalized user management and permissions functionality that enables the operator to assign tasks respectively through the same mechanism. It is a constantly evolving module that already holds all most popular lottery game families. The L10 Lottery Engine is an alive-n-kicking product that evaluates and incorporates accordingly every operational and market need in order to be able to provide at all time, the most updated solution.

Sports Betting Platform

INTRALOT Sports Betting Platform, based upon our agreement with Amelco, is a WLA compliant, multi-lingual and multi-currency solution. It supports sports betting offering via multiple channels through a unified, single-sign-on (SSO) back-office and caters for the specific needs of online and in-play betting, by capitalizing on the company's solid retail and online experience; it provides a true omni-channel product, by focusing on the following pillars:

- Richer content for all channels: offers all known Sports, more events and all known markets including instant markets
- Risk Management automation through business rules configuration
- Multiple Feed aggregation

- Front end independence through an open API framework in order to facilitate omni-channel vision and plans
- Modern technology stack ensuring scalability, modularity and operational flexibility
- Enterprise Solution and Single Unified Back-office: Ability to have a centralized sports book that distributes downstream to remote instances; ability to support and manage multiple deployments

In terms of features, the Sports Betting Platform, with multiple pre-integrated sports betting feeds, provide operators with the necessary flexibility to create their own commercial strategy. It enhances our betting portfolio with player centric features such as Cash Out, both for Online and Retail environments, various Cash Out derivatives (partial cash out, change my bet, pre-ordering a cash out), an extensive list of bet type bonuses, as well as the ability to offer different odds to specific customers.

INTRALOT Player Pulse

INTRALOT Player Pulse is a complete online gaming platform that includes an advanced Player Account Management system and a superior Marketing Suite, covering both online and retail operations, and for all products. On top of that, it offers Risk, Fraud and Payment functionalities as well as Game Management. It is based on the award-winning Bit8 platform (Software Rising Star Winner- EGR B2B Awards 2014) and comes pre-integrated with all game verticals, from Betting and Lottery to Casino and e-Instants, as well as affiliates systems, payment providers, communication systems and more. Player Pulse is already installed in two (2) jurisdictions and is going live in more in 2018.

INTRALOT Retailer Pulse

INTRALOT Retailer Pulse is the next generation Retailer Relationship Management (RRM) system that offers 360-degree control for managing the retailers' operational aspects, increasing their commitment and loyalty as well as optimizing their performance. The platform consists of interconnected configurable features, from retail network management and financials to inventory management and reporting. An unmatched marketing toolbox, offers out-of-the-box micro-segmentation, incentives and retailer's club schemes, as well as bilateral communication, ensuring increased motivation on the brick & mortar ecosystem. In order to efficiently align operations under common goals, Retailer Pulse provides contributors of the retail ecosystem with personalized portals to enable optimal information flow and optimal user access while field units, such as sales representatives and field technicians are equipped with native mobile applications. With the tried and true Retailer Management System being installed in 35 jurisdictions around the world, the next generation Retailer Pulse, is already installed in one (1) jurisdiction and is going live in more in 2018.

INTRALOT Canvas™

INTRALOT Canvas™ is an innovative and integrated content management platform for lottery and gaming operators that want to create the optimal playing experience for their audiences. It is an advanced toolbox that allows centralized management and control of content distribution for multiple game verticals across all sales channels. INTRALOT Canvas™ is the quintessential solution for operators seeking maximum autonomy and minimum effort when striving to optimally run their gaming operations. It has been designed to work as a multi tool consisting of advanced content management, marketing and personalization features, all of which can be utilized through its advanced User Interface. The INTRALOT Canvas™ responsive desktop and mobile optimized portals are intuitive, engaging and offer immediate contextual sensitive information to the end user. As of December 2017, INTRALOT Canvas™ has been deployed to eleven customers.

INTRALOT Mobile

A whole new experience in mobile gaming. A collection of native mobile applications and responsive mobile web portals for all gaming verticals that complement each other, allowing operators to create comprehensive and engaging mobile experiences for their customers. INTRALOT Mobile comprises native applications for iOS and Android and optimized mobile web portals for all verticals, all driven by INTRALOT Canvas™ CMS. As of December 2017, INTRALOT mobile had been deployed to six customers.

Remote Gaming Server (RGS) & Interactive Instant Win Games

One of our recent product investments is the Remote Gaming Server (RGS) and a complete instant win games portfolio. The RGS is a software system that handles bet transactions from game clients and computes game mechanics based on random number generator values. The platform is designed to provide functional game content integration for server based, VLT/self-service terminals, mobile and online gaming platforms. Our in-house developed interactive Instant Win Games library (HTML5 & Flash) consists of various games types in different mechanics and play styles. Our interactive instant win games are delivered through our RGS and are open to integration with third party providers. As of December 2017, the company maintains a growing library of approximately 250 games, many of which are currently installed in online lotteries or self-service terminals in approximately 10 countries and states worldwide. For 2018, new releases are being scheduled in new jurisdictions while RGS is currently being developed to accomplish an RGS-to-RGS integration that will allow INTRALOT to connect to multiple 3rd parties game provides globally with minimum additional effort.

INTRALOT Horizon

INTRALOT Horizon is an intelligent multimedia content management system optimized for retail network environment in gaming business. The turn key solution comprises of an integrated product mix of software, hardware, and services providing top quality gaming content creation, management, delivery and playout. Horizon View provides Lottery operators and Retailers with the unique combination of Lottery, Betting, Racing, Virtuals, Gaming ("VLT") and Digital Signage content while providing first-in-class content delivery to thousands of shops, screens, and retail terminals in real-time, with optimal bandwidth usage and sophisticated data broadcasting / multimedia technologies. During 2017 Horizon solution powered the deployed retail terminals Photon Arm for displaying content on Player Advertisement Display Units (PAD), the new self-service terminals (FSST, Desktop, Kiosk), the vending machines (Dreamtouch, Dreamtouch compact) and the new Horizon media player while design of next generation Digital Signage solution planned in the product pipeline completed.

INTRALOT Commercial Retail Solutions

INTRALOT offers a wide range of gaming retail solutions, exclusively designed to serve new player habits and retailer's needs. INTRALOT, product solution for Retailers includes Photon, Proton, microLOT and Genion touch points along with Retailer Canvas S/W tool and Device Management System. INTRALOT self-service solutions and vending machines include Gablet, Kiosk, FSST, Coronis MPNG, Winstation and DREAMTOUCH innovative products. With approximately 300.000 lottery retail solutions deployed worldwide, all INTRALOT's Commercial Retail solutions can be sold either as standalone hardware or bundled with the POS application software, Retailer Canvas and Device Management platform. Retailer Canvas is our new advanced POS software solution for lottery and betting operators offering extensive flexibility, extended retail value added services, rapid and secure transaction processing.

Retail Solutions include:

- *Photon* - a fully functional, high performance camera based lottery terminal that incorporates a digital camera in a modern and ergonomic unit with large operator display.
- *Proton* - a compact, all in one, camera based lottery terminal, that offers the benefits of the digital reading technology in a minimum retail footprint.
- *microLOT* - our smallest full function terminal, an all in one device that supports validation and payments for all gaming ticket types, supporting mechanical scanner based technology.
- *Genion* - a multi-functional solution that can serve as, among other things, a game validation and payment terminal and an online and scratch ticket checker.
- *Retailer Canvas* – our advanced POS software solution designed for Lottery and Betting operators.
- *Device management platform* – a powerful operator tool providing overview and control of all active terminals in the field. Introduces the convenience of centralized device management for multiple retail channels and touch-points.

Self-service terminals:

- *Gablet Desktop* is an integrated tablet desktop solution serving as players' 1st touch point with digital playslip preparation. Featuring a 21,5'' FHD touchscreen, embedded barcode and smart card reader and the option of an external printer, consists of an innovative end-to-end solution in traditional retail stores.
- *Kiosk* (single or dual screen)—offers the Gablet Desktop solution in a minimal autonomous floor-standing kiosk version that can be extended to a dual-screen version with multiple game-participation methods.
- *Full Self-Service Terminal* ("FSST") is our next generation offering in self-service-terminals that integrates dual 23-inch displays, one with touchscreen functionality supporting customer interactions, and a wide range of optional game participation components.
- *Next generation of TapnBet self-service solution – TapnBet solution* with new innovative impressive industrial design for simplicity and easiness in betting play.
- *Coronis MPNG* is our self-service terminal, configured with a second monitor to display advertisements, information, results and programs.
- *DREAMTOUCH* vending machine is our next-generation version of vending machines for purchasing instant tickets and unlimited draw games, playing interactive games, and hosting TAPnBET simplified betting. The main feature and key point of this product family is the large, full-HD, colorful touch-screen display that utilizes an intuitive, user-friendly interface alongside innovative interactivity features, games and services. DREAMTOUCH product family is delivered in three flavors: DT Generic, DT Compact, and DT Lite, each serving different gaming purposes.
- *Winstation 30* is our revamped version of traditional vending machine with extended games capacity that provides both instant lottery tickets and online gaming

Services

Our offered services cover the whole spectrum of day-to-day operational activities of lottery organizations, and are categorized into the areas set forth below.

Technical Support and Training

We provide a broad range of sophisticated solutions and gaming products that require ongoing support and maintenance. As a result, we provide after-sales technical support to facilitate uninterrupted and efficient gaming operations and minimize sales downtime.

These support services include help desk support for retailers, lottery personnel and players as well as preventive and corrective maintenance of central systems as well as field maintenance of equipment installed at retailer locations. We offer a variety of service level options, which are customized to best serve each of our customers' individual needs and budgets.

We also provide a comprehensive training portfolio which includes detailed operational and technical support, marketing seminars and training modules. These training modules are tailored to each customer and can cover both new and experienced lottery and betting operators.

System Operation Services

Our system operation services include the operation and administration of gaming systems, networks and technology infrastructures to ensure continuous system availability, quality of delivered services, and flexibility in resource utilization. System operation services include typical information and communication technology operations, as well as game draw procedures, retailer management monitoring and accounting as well as information and statistics compilation for games and operations.

Marketing Services

We provide marketing consulting and support to our customers throughout the contract. Our local marketing teams provide consulting support and a full range of marketing services and are supported by our global marketing resource center, which brings global insight and an overall strategic perspective to each contract. Our services include:

- *Market Research and Analysis*: We seek to continuously enrich and deepen our player understanding by analyzing the tens of millions of player-initiated transactions we enable globally. We also stay in touch with our target players' preferences and habits by analyzing consumer response to market research commissioned and conducted in various countries across the world. Using insights discovered through over 30.000 questionnaires, we assist our customers in optimizing gaming performance and effectiveness and addressing opportunities.
- *Game Design and Analysis*: We continually test new gaming concepts (on average 30 per year) in order to maintain the appeal of our games library across diverse markets. In addition, we tailor each game to satisfy the particular needs of individual clients.
- *Marketing Communication*: We design appropriate marketing strategies based on the communication requirements set by the gaming operators, focusing on the development of tailored communication concepts such as advertising, branding, media buying programs, promotions and merchandising.
- *Sales Network Design and Development*: We offer know-how and experience in the design and implementation of extensive and efficient sales networks.

Sports Betting Risk Management and Footprint

We are one of the world's leading fixed odds betting operators in the traditional, retail based state sponsored gaming space. We operate sports betting contracts in 16 jurisdictions in 4 continents on a variety of operating models. Our contracts include some of the world's largest betting operations in terms of per capita spending. We provide operational support services for the organization and management of betting games to a variety of state lotteries and licensed operators worldwide, offering a wide variety of sports and pricing models, as well as more than 12.000 events (pre-game and in-play) per month and more than 400 market types.

Our portfolio is complemented by our Betting Entertainment propositions that include Racing and Virtuals, increasing player's life time value and commitment.

Our services include product customization, program and odds compilation, risk management/trading and training support. Through our risk management services, we assess and seek to limit, in real time, our customers' risk exposures as well as Operator's risk exposure, while maintaining the profitability of the games. For instance, under certain sports betting contracts, we track betting transactions in real time through our trading/risk management team, identify potential payout risk and/or abnormal player behavior and take corrective action, such as adjusting odds and blocking bets and/or events when necessary and also incorporating a sophisticated alerting system based on pattern recognition which allows setting up automated limits.

Interactive Managed Services

We offer interactive managed services to lotteries and state and state-licensed organizations, such as digital marketing, business analytics, media and gaming, as well as technology and operational services. Our offering is strictly dedicated to B2B, B2G and regulated B2C markets, using the "dotcountry" or "dotstate" model as opposed to the "dotcom" model. We offer a broad portfolio of our own games and content that can be deployed. In addition, games from third parties can also be seamlessly integrated into our Player Pulse platform. Our partner community program allows for the content to be instantly available and fully embedded in our solutions.

Our customers benefit from our multiple partnership models that are designed to advance their gaming operations. Our interactive services include customer acquisition and retention by helping gaming organizations to approach target groups through cross-channel marketing, search engine marketing, social media, mobile marketing and affiliated management.

Supply Chain Management

We design and offer warehousing, logistics and distribution services with the aim of optimizing supply chains, improving retailer satisfaction, reducing distribution costs and ensuring uninterrupted availability of stock. We have the necessary know-how and resources required to enhance productivity, efficiency and security throughout the entire supply chain management function of our gaming contracts and operations.

Media Broadcasting Portfolio of Services

In addition to the multimedia content that is displayed within the POS through LOTOS Horizon we offer a comprehensive media broadcasting portfolio of services and know-how in order to further enhance our customers' means of reaching audiences. The portfolio includes animated information and targeted messaging, the creation of a 24-hour television channel (lottery-dedicated media channel) and virtual studio draws, such as animated draws for broadcast.

Knowledge Transfer

Over the years, INTRALOT through its exposure in the licensed operations business has gained significant expertise and know-how. Its global presence has served to create pockets of expertise that are selectively seeded throughout our operations, either "B2C" or "B2B/B2G" operations, as well as incorporated during product design. Our Azerbaijan operation is one recent such example, where best practices from our Betting operations in Italy were transferred and applied successfully.

Besides operational excellence, product design and implementation services are revisited after each new project, as to transfer know-how to all future installations and product development efforts targeting to minimize effort. A characteristic example is our new contract in Chile, where the breadth and depth of our new developed portfolio has been implemented. The Chilean contract is considered a milestone for INTRALOT, as it has served to strengthen our product portfolio and enhance many of our leading technology and pioneering gaming services.

Research & Development

INTRALOT invests continuously in Research and Development of innovative solutions, based on novel product design and development as well as, on existing products evolution. We are constantly pushing the boundaries in search of increased quality, performance and flexibility while decreasing development, maintenance and deployment costs. In order to achieve a significant technological leap we are transforming three areas in parallel, our people, our processes and the R&D tools.

INTRALOT Group for the 11th consecutive year was ranked amongst the top 1.000 European organizations of the "2016 EU Industrial Research & Development Investment Scoreboard" prepared and published by the European Commission. Committed to a strategy with constant focus on Innovation, INTRALOT is the 643rd most significant R&D investor in Europe. The R&D Scoreboard measured the total value of INTRALOT's global R&D investment financed with its own funds, irrespectively of the location where the relevant R&D took place.

As a result, INTRALOT's customers constantly leverage the benefits of leading-edge technology. One of the main principles of our corporate philosophy and one that contributes to our leading position in the industry, revolves around our passion and emphasis in designing and developing customer centric solutions.

Further than the obvious central system needs of operators, INTRALOT's Research and Development focuses to enhance further the general platform integration capabilities, allowing us to partner with lotteries / operators that want to use our solutions as the center of a dynamic and flexible overall solution architecture. This will allow them to select as required, various prominent and industry-leading third-party solutions and services in order to complement the selected platform functionalities. INTRALOT's Research and Development teams designed a loosely coupled architecture with independent roadmaps under one roof of concerted business goals. In addition, the successful merging of on-line and retail world opened to our customers a new window of opportunities such as:

- Ability to continuously build upon and extend their offering through fast integrations with several 3rd parties (multi-vendor strategy)
- Ability to provide a seamless true Omni-channel experience

With our investments in Research and Development, we believe that we are at the forefront of gaming product development. Some of our recent achievement include:

- Vast improvement of our solutions through the creation of a pre-integrated cloud-based eco-system of 3rd party games applications & services.
- Ability to absorb individual client change requests faster, through a more flexible system and at a much lower cost.
- Adoption of a flexible development approach which allows for out-sourcing of small development or testing tasks to lower-cost partners.
- Adoption of modern technologies and open-source platform components, allowing us also to be able to benefit more in the future by technological advances driven by the leading internet and cloud companies which are now more and more the significant technology innovators.
- Adoption of agile methodologies and an agile culture.
- Design and implementation of software components to be used as building blocks for a variety of products and solutions of the company.
- Adoption of not only a microservices technological architecture, but also a microservices-inspired approach to product management and product evolution, allowing our customers to build certain applications or services themselves – or extend existing ones provided by their core vendor.
- Full support of any of the following deployments: local data center deployment (traditional WLA style), private cloud deployment, hybrid private/public cloud deployment – depending on customer requirements and business model.
- True hardware independence through the use of modern containerized technologies that achieve true independence of containerized applications from any target hardware platform, thus allowing for dynamic distributed deployments.

In addition, INTRALOT's Research and Development recently expanded to lead the way in new concepts for error self-detection mechanisms as well as, error early-warning reporting systems in an attempt to introduce for the first time, a very extensive ecosystem of functions and peripheral applications packaged in several distinct and independent product propositions. Apart from in-house Research and Development, INTRALOT is cooperating with leading educational institutions and Technology Vendors and has established Development Centers in several parts of the word (US, Greece, Bulgaria, Malta). Inside this collaboration framework several research projects have been conducted, in areas including Face Detection and Tracking as source of Marketing Analytics, Automated Content Authoring, Responsible Gaming and Collaborative Game development, among others. As a leading partner in the Corallia Gaming Cluster, we raised our efforts on the development of a dynamic, technology-oriented Gaming Innovation Cluster, based in Greece, and the introduction of a cooperation framework with the highly-skilled human capital of the sector. We actively support innovation and collaboration with dynamic new entities and highly skilled engineering capital and look forward to introducing more innovative technological solutions, pioneering gaming content and new gaming technologies.

As of December 2017, INTRALOT help approximately 169 patents and designs worldwide and has approximately 61 additional patents at various stages of approval. Our most recent patents include an innovative mobile lottery application, a novel fraud prevention and detection system for lottery and betting operators, a unique game that combines a selection of figures and numbers, a novel graphical representation method for displaying draw results and a high-end system using cameras for reading lottery / betting slips (coupons) in different conditions.

INTRALOT through its dedicated Innovation Lab (i-Lab) and Hackathon sessions provides all the necessary tools for enabling innovation, from ideation to exploration, research, development and exploitation, creating an environment in which innovative ideas can be conceived, validated and turned into state of the art solutions.

BUSINESS REVIEW

Industry Overview & Market Drivers

Global gaming market

Overview

The gaming industry comprises lottery games, casinos, sports betting, bingo, horse racing, gaming machines and online gaming. According to H2GC, revenue net of payout ("GGR"), which constitutes gross turnover in respect of gaming activities less the amount paid out to players as winnings, is estimated to have grown to €382,1 billion in 2017 from €222,6 billion in 2003, representing a CAGR of 3,9%. We consider 66,0% (as per 2017E figures) of total GGR as our addressable market, which includes lottery games, sports betting, horse racing, gaming machines, interactive gaming and other activities, such as bingo. Our addressable market excludes casinos and Native American (i.e. Indian) gaming.

The global gaming market increased by 4,0% in 2017, primarily driven by strong GGR YoY growth in Africa (11,1%), Asia/ME (6,7%) and Latin America - incl. the Caribbean - (9,9%). More specifically, for Latin America, Brazil and Colombia demonstrate significant YoY growth (28,3% and 24,5% respectively) while in Africa, the major region component – South Africa with 57,7% - presents strong YoY growth (15,6%) but mediocre prospects (CAGR 17E-22E at 1,9%),

In Asia/ME the growth highlights (versus last year) are Macau (+19,4%), Azerbaijan (+18,5%), and South Korea (+16,7%), while Japan continues to slow down at a negative rate of -2,2% putting pressure on the region's largest market (approx. 30,8% of the region's GGR as per 2017E).

On the other hand, Europe, North America and Oceania – which represent 61,6% of the Global GGR (based on 2017E figures) demonstrated mediocre growth versus 2016 (+2,2%, +1,9% and +4,5% respectively) with some key exceptions, such as Poland (+13,2%).

Each gaming jurisdiction is at a different stage of the development cycle and is therefore subject to its own distinct dynamics. The main drivers of the development cycle include introduction of stable and clear regulatory regimes, product innovation, liberalization and privatization.

Driven by country and state budget deficits and increased demand for social welfare spending, post financial crisis regulatory initiatives have fueled growth in the global gaming market. To meet spending demands regulators have liberalized gaming markets, mainly in internet and mobile, privatized state-owned lotteries and cracked down on illegal gaming.

Introduction of stable and clear regulatory regimes

Stable and clear regulatory regimes have proved favorable for operators and provide players with additional security. Regulation within such frameworks evolves in the direction of improving the perception of gaming as a pastime, taking into account the interest of all stakeholders, including governments' focus on higher revenue, wider private operators' involvement and consumers' interest in entertainment and chance to win.

Product innovation

The industry has seen a shift to focus on the players' end-to-end experience. This has led to new business models and products that focus on growing consumer demand for entertainment, personalization of game offerings and content and a deep dive into data mining and customer analytics. Technology convergence and customers' desire for an 'all-in-one' gaming platform has led gaming market providers to deliver unified customer experiences with a convergence toward land-based and interactive channels. While mobile was previously not the primary access point to online retail for most consumers to date, the mobile gambling industry has increased its user base each year since 2007. In 2017, mobile gambling accounted for 36,0% of the global interactive gambling and that number is projected to rise to 48,3% by 2022. Moreover, product innovation, particularly in the terminals market, has led to increased M&A activity with a focus on achieving synergies.

An example of product innovation is the introduction of VLTs, which are continuously being developed for a better and more complete player experience, a new generation of slot machines characterized by each terminal being connected to a centralized electronic system that allows the lottery jurisdiction to monitor game play and collect its share of revenue. Other examples include the introduction of linked jackpots, whereby the value of the jackpot increases on each iteration of a game (e.g. combination of EuroJackpot and national lottery), and of interactive gaming, fueled by the proliferation of smartphones and tablets.

Liberalization

Liberalization is often reflected in the legalization and opening of a new market, such as the online gaming market, as recently illustrated by the governments of Denmark and Germany. This ushers legal operators and consumers into a regulated environment.

Privatization

There is an increasing trend for governments to outsource the operation or management of their lotteries, which represents a significant opportunity for private operators. Recent examples include the New South Wales, Australia, Government's decision to award the concession to operate Lottery games to a private operator, the Irish Government's recent award of a concession to operate the Irish National Lottery, the Greek Government's award of a 12-year concession to operate and manage instant and draw tickets in the country, the Turkish Government's ongoing process to privatize its national lottery, Milli Piyango, through the sale of a multi-year concession, the Maltese Government awarding a 10-year license to Maltco Lotteries Limited, and Brazilian Government's ongoing process to privatize LOTEX.

Gaming market trends by region

The global gaming market GGR was estimated to have grown at 3,9% per year between 2003 and 2017, supported by growth in emerging markets (Latin America and Africa are estimated to have grown at 6,9% and 8,1% per year, respectively) and change in regulations and product innovation in mature economies (Oceania and Europe are estimated to have grown at 3,6% and 3,7% per year, respectively).

Total Global GGR (€bn)	**'12**	**'13**	**'14**	**'15**	**'16**	**'17E**	**'18E**	**'19E**	**'20E**	**'21E**	**'22E**	***CAGR 17-22***
Africa	2,7	3,0	3,1	3,3	3,6	4,0	4,1	4,2	4,3	4,4	4,5	*2,7%*
Asia / ME	127,5	137,6	140,7	126,5	125,6	133,9	137,4	140,9	144,5	147,9	151,5	*2,5%*
Europe	88,6	87,8	89,4	93,7	98,6	100,8	102,6	104,8	107,5	109,2	111,3	*2,0%*
Lat Am & the Caribbean	6,5	6,5	7,2	7,8	8,0	8,8	9,1	9,3	9,5	9,7	9,9	*2,3%*
N America	104,9	105,0	107,8	110,1	113,5	115,7	118,8	121,0	123,6	125,7	127,5	*2,0%*
Oceania	15,4	15,6	16,1	17,2	18,1	18,9	19,7	20,4	21,1	21,8	22,5	*3,5%*
Global Total	**345,5**	**355,5**	**364,3**	**358,7**	**367,4**	**382,1**	**391,6**	**400,6**	**410,5**	**418,6**	**427,2**	***2,3%***

Source: H2 Gambling Capital, Global Summary Jan '18. Data for Fiscal Years 2017 – 2022 are estimated by H2GC.

Asia and the Middle East together are estimated to be the largest gaming market by GGR and are estimated to have accounted for 35,0% of GGR in 2017 (€133,9 billion). According to H2GC, the market is forecast to grow at a relatively lower rate (CAGR 17-22 at 2,5%).

In 2017, Europe was estimated to have accounted for 26,4% of the global gaming market (€100,8 billion). Going forward, H2GC forecasts the European gaming market to continue to grow at below historical levels in spite of a challenging economic environment.

North America was estimated to have contributed to 30,3% of the global gaming market GGR in 2017 (€115,7 billion), 55,6% of which was attributable to casinos. H2GC forecasts the market to grow at slightly below historical levels as a result of same-store sales growth initiatives (e.g. Powerball), the ongoing outsourcing of lottery management and the introduction of a regulatory framework for online gaming.

Latin America (incl. the Caribbean) and Africa were estimated to have contributed to 2,3% and 1,0% of the global gaming market GGR in 2017 (€8,8 billion and €4,0 billion, respectively). Both regions are expected to grow at a lower rate in comparison to historical levels. Each of Argentina, Peru, South Africa, Nigeria and, to a lesser extent due to recent economic difficulties, Brazil, are expected to be the primary contributors to expansion given increased interest in retail, casino and gaming machines.

Gaming market trends by product

Our addressable market includes lottery games, sports betting, horse racing, gaming machines, interactive gaming and other activities, such as bingo. Casinos (incl. Native American gaming) are excluded.

Total Global GGR (€bn)	**'12**	**'13**	**'14**	**'15**	**'16**	**'17E**	**'18E**	**'19E**	**'20E**	**'21E**	**'22E**	***CAGR 17-22***
Betting	41,2	42,7	46,7	48,5	51,8	54,8	57,4	59,4	61,9	63,6	66,2	*3,9%*
Casino	119,9	126,3	128,5	119,2	121,1	129,9	134,5	138,3	141,9	145,1	148,0	*2,7%*
Gaming Machines	82,2	81,6	81,1	81,6	81,0	80,8	80,3	81,0	82,1	83,0	83,7	*0,7%*
Bingo/Other Gaming	11,2	11,2	11,4	11,8	12,1	12,7	12,9	13,0	13,2	13,4	13,5	*1,3%*
Lotteries	91,0	93,7	96,7	97,6	101,4	104,1	106,5	108,9	111,2	113,5	115,7	*2,1%*
Global Total	**345,5**	**355,5**	**364,3**	**358,7**	**367,4**	**382,1**	**391,6**	**400,6**	**410,5**	**418,6**	**427,2**	***2,3%***

Source: H2 Gambling Capital, Global Summary Jan '18. Data for Fiscal Years 2017 – 2022 are estimated by H2GC.

Lottery games represent the most traditional segment and have historically attracted the largest number of players. The segment was estimated to have contributed to 27,2% of the total global gaming market in 2017 (€14,1 billion). Overall, growth in the segment has been supported by a shift towards operations outsourcing and privatization. This segment, according to H2GC, is forecast to grow at 2,1% in the following 5 years, well below historical levels, with Asia & Middle East acting as the primary driver of expansion.

The gaming machines market was estimated to have accounted for 21,1% of the global gaming market in 2017 (€80,8 billion) and is forecast to grow at below historical levels. Much of this growth is expected to originate from content optimization (e.g. gaming, graphics), the roll-out of more sophisticated machines and yield management tools, particularly within North & Latin America.

Betting was estimated to have accounted for 14,3% of the global gaming market in 2017 (€54,8 billion) and is forecast to grow at near historical levels. In markets like the U.K., where the bulk of activity revolves around betting, activity tends to decline during recessionary periods but recovers quickly as consumer sentiment grows. As a response, operators are increasing the density of the network and improving their product offering. In relation to horse racing, in markets where activity levels are in decline, operators tend to increase attendance by increasing the number of races per track and cross-selling (i.e. racinos).

Interactive market trends

Interactive gambling, via desktop, mobile and iTV, has reached a penetration of approximately 10,6% of the total Global GGR (€40,7 billion) and is forecasted to reach 13,2% by 2022 (€56,4 billion). Betting is the strongest product as per the total interactive GGR and accounts for 49,3% (€20,1 billion); followed by casinos (26,0%), state lotteries (9,7%), poker (5,9%), skill/other gaming (4,7%), and bingo (4,4%). Lottery is the product with the highest potential for growth with 12,6% CAGR 17E-22E.

Interactive Global GGR (€bn)	**'12**	**'13**	**'14**	**'15**	**'16**	**'17E**	**'18E**	**'19E**	**'20E**	**'21E**	**'22E**	***CAGR 17-22***
Betting	12,2	13,4	15,1	16,6	18,5	20,1	21,6	22,9	24,4	25,6	27,1	*6,2%*
Casino	6,3	6,9	8,0	8,9	9,7	10,6	11,6	12,6	13,4	14,2	15,1	*7,3%*
Poker	2,4	2,3	2,3	2,4	2,4	2,4	2,5	2,6	2,6	2,6	2,7	*1,9%*
Bingo	1,1	1,2	1,4	1,6	1,7	1,8	1,9	2,0	2,1	2,1	2,2	*4,5%*
Skill/Other Gaming/Lotteries Resales	1,3	1,4	1,6	1,7	1,8	1,9	2,0	2,1	2,1	2,2	2,2	*3,2%*
State Lotteries	1,9	2,2	2,6	3,0	3,4	3,9	4,6	5,2	5,8	6,4	7,1	*12,6%*
Global Total	**25,2**	**27,5**	**31,0**	**34,1**	**37,4**	**40,7**	**44,3**	**47,4**	**50,5**	**53,2**	**56,4**	***6,8%***

Source: H2 Gambling Capital, Global Summary Jan '18. Data for Fiscal Years 2017 – 2022 are estimated by H2GC.

The estimate for 2017 shows that Europe holds the leading position of the global interactive GGR with a share of 52,3% and a forecasted 'interactive GGR over total GGR' ratio of 27,4% versus an expected global average of 13,2% in 2022. Along with Europe, Latin America (incl. the Caribbean), Africa and Asia / Middle East are expected to set a swift pace of expansion for the interactive channel. North America has the potential to drive the interactive market due to expectations that various legal changes will take place in the current legal framework.

Interactive Global GGR (€bn)	'12	'13	'14	'15	'16	'17E	'18E	'19E	'20E	'21E	'22E	*CAGR 17-22*
Africa	0,2	0,2	0,2	0,3	0,3	0,4	0,4	0,4	0,5	0,5	0,5	*7,6%*
Asia / ME	7,3	8,0	8,7	9,4	10,2	11,1	12,0	12,8	13,6	14,4	15,3	*6,7%*
Europe	12,1	13,2	15,4	17,4	19,3	21,3	23,5	25,3	27,2	28,7	30,5	*7,5%*
Lat Am & the Caribbean	0,3	0,4	0,4	0,5	0,6	0,6	0,7	0,8	0,9	0,9	1,0	*9,5%*
N America	3,8	4,0	4,2	4,3	4,5	4,7	5,1	5,4	5,6	5,8	6,0	*5,1%*
Oceania	1,5	1,7	2,0	2,2	2,6	2,7	2,6	2,7	2,8	2,9	3,1	*3,2%*
Global Total	**25,2**	**27,5**	**31,0**	**34,1**	**37,4**	**40,7**	**44,3**	**47,4**	**50,5**	**53,2**	**56,4**	***6,8%***

Source: H2 Gambling Capital, Global Summary Jan '18. Data for Fiscal Years 2017 – 2022 are estimated by H2GC.

Undoubtedly, the global interactive gaming GGR has been boosted by the high penetration of smartphones, whereas it is estimated that, in 2017, mobile will present a participation of 36,0% with an expected CAGR 17E-22E at 13,2%. Betting is the most popular vertical for the mobile gambling segment and generates most (68,2% or €10,0 billion) of the relative global GGR as per the 2017 estimation.

Competition

Competition in the gaming market is increasing due to the proliferation of destination gaming venues and the augmenting popularity of online gaming. Competition for lottery contracts is also rising.

The two international players that operate across B2B/B2G and B2C segments and compete with us for all types of contracts are International Game Technology ("IGT"), and Scientific Games Corporation ("Scientific Games"). In addition to these international competitors, in jurisdictions where we have B2C operations, we face competition from numerous local companies, particularly for licensed operations.

Competition in the B2C segment is a function of the regulation in each jurisdiction. For example, an operator owning an exclusive concession does not face competition from similar gaming offerings, while in open markets B2C players face competition from the other local operators.

Our Strategies

Maintain leadership in technology innovation and streamline technology development

We seek to develop leading technology in lottery gaming, sports betting, VLTs/AWPs, racing and IT products and services through continuously investing in innovative solutions and adopting proven methodologies and best practices in all of our designs and implementations. Our R&D efforts include partnerships and collaborative initiatives both in Greece and abroad. In January 2016, we began establishing competence centers which serve as innovation hubs in Malta and Greece. As of December 31, 2017, we held approximately 169 patents in gaming technology. See "Our Products and Research & Development—Research & Development". Our R&D efforts have led to the development of our modular Lotos platform, which we expect to become our universal platform to help us better tailor and continuously improve our product solutions. See "Our Products and Research & Development—Our Product Portfolio—L10 Gaming Platform Ecosystem". Our LOTOS gaming platform is a characteristic example of our innovative approach to attract new players through the adoption and implementation of recently developed technologies. Its service-oriented philosophy and modular architecture, in addition to its distinctive 3rd party integration, allows us to provide our players with a uniquely personalized gaming experience. Accordingly, its support for online, mobile and retail channels ensures higher player activity and increased business opportunities for Intralot.

We are streamlining our technology development model as part of our "asset-light" strategy which is intended to produce higher margins and facilitate lower capital expenditure resulting in enhanced cash flow resilience by combining global product and services offerings with the establishment of local partnerships. As the first pillar of our asset-light strategy and as part of our global product and services offerings, we intend to use our global technological and operational capabilities to minimize customization requirements allowing us to micro tailor products following local distribution. In order to expand access to our global product offerings, we are using new distribution channels including self-service terminals as well as mobile applications.

A recent Intralot invention which we consider to be one of the most innovative technologies in the gaming industry is the "Icon Digital Camera Technology" (patent granted, application number US8587663 B2). This camera scanning technology eliminates certain moving parts in terminals and increases POS reliability. The technology has been deployed to approximately 30.000 agents in the US and worldwide by helping to decrease operational expenditure and overall cost of an operator's ownership.

We are also continually committed to maintaining our technological leadership and growing our best-in-class product offerings. In early 2017, we developed and launched our Pulse family of products, a player- and retailer-centric suite of solutions designed to manage the gaming ecosystem, increase performance and reduce operating costs. Pulse will include customer relationship management (CRM) tools to drive player tracking, management and engagement while offering retailers robust content and management solutions. We have also recently announced our partnership with Amelco, a leading online sportsbook platform, to jointly develop a unique product that combines the strong retail expertise of Intralot with the innovative functionality of Amelco's online sportsbook platform. The new omni-channel sports betting product will build upon Amelco's flexible and scalable core sportsbook platform, which is already used by a range of top-tier operators. The new platform is expected to launch in the first half year of 2018, offering a strong competitive advantage in a fast-growing sports betting market.

Focus on establishing strong local partnerships

The second pillar of our asset-light strategy is focused on establishing strong local partnerships in certain markets. Historically, when we entered new markets (such as Italy and Peru), we funded our expansion, distributed our products and provided services on our own. Recently, we have shifted our growth focus to the establishment of new partnerships. We believe partnerships provide the best means to grow and operate efficiently in certain local markets as we benefit from our local partners' relationships, knowledge of regulatory constraints and the local industry. This also allows us to share financial and operational risk, reduce capital expenditure and improve access to local funding. The following is a list of our local partners, the results for which are fully consolidated in our financial statements, and their EBITDA contribution for the twelve months ended December 31, 2017:

Local Partnerships

Country	INTRALOT effective stake	Contract type	EBITDA contribution in the twelve months ended December 31, 2017[1]
Turkey (Inteltek)....	45,00%	Management contract	14%
Turkey (Bilyoner) ...	50,01%	Management contract	9%
Bulgaria (Eurofootball Group)..................	49,00% + option for additional 2,00%	Licensed operation	13%
Bulgaria (Eurobet Group)..................	49,00% + option for additional 2,00%	Licensed operation	4%
Azerbaijan.............	22,95%	Licensed operation	12%
Argentina	50,01%	12 facilities management (IT) contracts with state lottery operators and one licensed operation	10%
Total			**62%**

1 For purposes of this table, EBITDA contribution is calculated as a percentage of total Intralot Group EBITDA, including countries with a negative EBITDA

We derive further benefits from dividend streams, particularly with local partners whose results are not fully consolidated in our financial statements (such as our Italian operations, the operations of Intralot Peru, and Hellenic Lotteries), from our local partners as well as cost and operational synergies. In line with our asset-light model, we intend to pursue local partnerships with respect to existing businesses as well as new ventures. We are deliberate and strategic in our selection of local partners, only choosing partners who are well-capitalized, have an established presence in their respective markets, substantial experience in the local industry, and the ability to offer an extensive distribution chain. Often these partners are experienced retail operators, financial sponsors, or large utilities. For example, in Turkey we partner with Turkcell, a leading telecommunications provider, and in Italy we entered into a partnership with Gamenet, creating one of the largest local gaming companies.

Focus on increasing cash flow generation and revenue visibility

It is our strategy to improve our cash flow through synergies and efficiencies realized through strategic partnerships and the management of our long-term contracts. We expect that operating through local partnerships with well-established and experienced partners will help us realize operational and financial synergies at the local and headquarters levels. Furthermore, by partnering with well-established and capitalized local partners we will be able to minimize future required capital deployment without hindering our ability to compete for and win new contracts and tenders.

We also expect to improve our cash flow generation through the strategic and proactive management of our long-term contracts. We selectively seek to maintain and enter into contracts that match our stringent profitability and cash generation targets. These contracts are often for higher margin business activities such as providing technology or managed services. We continuously evaluate the profitability of our existing contracts and have selectively disengaged less profitable contracts such as certain of our contracts in the Czech Republic, Australia, Russia, and Slovakia. We also aim to enhance revenue visibility and expected cash flow by entering into long-term contracts or renewable licenses to provide revenue stream stability. For the year ended December 31, 2017, we estimate that approximately 76% (excluding extension options) of the revenues for the period were generated through multi-year contracts or renewable licenses that are available to us until 2022 (although actual revenues that may be generated in the future from those contracts may increase or decrease). If we take into consideration the extension options of our contracts, revenue visibility increases to 79% (until 2022).

De-lever and optimize our capital structure

Our strategy is to de-lever our business, with a target net leverage ratio below 2.0x within the next few years, through additional cash flow generated by expected operational and financial synergies and efficiencies as well as the expected positive cash flow impact from our shift to an "asset-light" model. By entering new markets through local partnerships, we expect to reduce our capital expenditures and to obtain assistance accessing local financing on more favorable terms. We also expect to receive dividends from subsidiaries where we hold a minority stake which, along with the cash proceeds from recent divestments, can be used to further reduce our debt. In addition, we seek to maintain a conservative financial policy focused on strong liquidity and we do not intend to undertake any material acquisitions in the medium-term or to pay dividends to our shareholders until our target leverage is achieved. In addition, we intend to have a disciplined capital expenditure policy in regards to undertaking projects that meet our investment-returns criteria. Maintenance capital expenditure for the years ended December 31, 2015 and 2016, and for the twelve months ended December 31, 2017 were €29,3 million, €26,8 million, and €21,8 million, respectively. We expect our maintenance capital expenditure to be in line with previous years. Any additional capital expenditure is expected to depend on contract renewals or growth.

Strong Values and Commitment to Responsible Gaming Operations

We seek to promote responsible gaming operations, which we believe are essential to renewing our existing contracts and winning new ones with lottery and gaming organizations. We strive to adhere to the following objectives across the Intralot Group network:

- comply with the applicable laws and regulations as set out by regulators in host countries;
- ensure that the interests of players and vulnerable groups are protected;
- continually develop appropriate practices and technologies on the basis of market research and information gathered from our global operations;
- promote the implementation of responsible gaming practices in our corporate activities and externally with our customers' activities; and
- educate and provide the public with accurate and balanced information so as to enable players to make informed gaming choices.

In general, regulators require us to provide well-designed games in a secure environment while preventing, to the maximum extent possible, underage, illegal and problem gambling and minimizing any potential harm to society.

Our Strength

Our global presence, proprietary technology and track record of innovation have led us to become a market leader in the gaming sector and create significant barriers for new entraAttractive Target Market Dynamics

We operate in a large and growing global market for gaming activities of all kinds. In 2017, global GGR, is estimated to reach €382 billion from €367 billion in 2016, and are presently estimated to reach €427 billion by 2022, primarily due to continued liberalization of markets, further privatizations of state-owned lotteries and the continued and accelerating convergence of physical and online or interactive gaming. This trend of growth is presently expected to continue, as global GGR is presently estimated to grow at a CAGR of 2,3% from 2017 through 2022, according to H2GC.

Similarly, the global lottery market has experienced notable stability and resilience, posting consistent growth in GGR since 2011. Worldwide lottery GGR is estimated to exceed €104 billion in 2017, posting a 2,7% CAGR since 2011, and is estimated to continue growing at a 2,1% CAGR between 2017 and 2022, reaching a level of over €116 billion by 2022, according to H2GC.

Leading Proprietary Technology and Track Record of Innovation Provide a Secure and Defensible Market Position

We believe that our significant and innovative technological and operating expertise has positioned us as a global leader in the supply of integrated gaming systems and services, with a balanced presence in both developed and developing markets. We hold a leading market position in the majority of the highly regulated markets in which we operate. We entered the United States in 2001 and have since grown our U.S. operations to include contracts in 12 states and the District of Columbia, which we believe demonstrates the value of our products and services. As of December 31, 2017, we enjoyed a leading market position in the technology and support services market for lotteries in the United States with a 26% share of the market (by number of total state lotteries) and a population coverage of approximately 62 million people (or 19%). From 2013 to 2016, we have won 42% of the international tenders in which we participated, which we believe demonstrates our continued track record of success. We believe our established presence, significant market share and position as the single licensed operator in many of our markets pose significant barriers to entry for new entrants.

We hold approximately 169 patents in gaming technology and we test numerous gaming concepts across our business activities annually to remain competitive in the latest games and concepts for the players. Our leading development capabilities also allow us to provide innovative and technologically advanced services across our three core business activities.

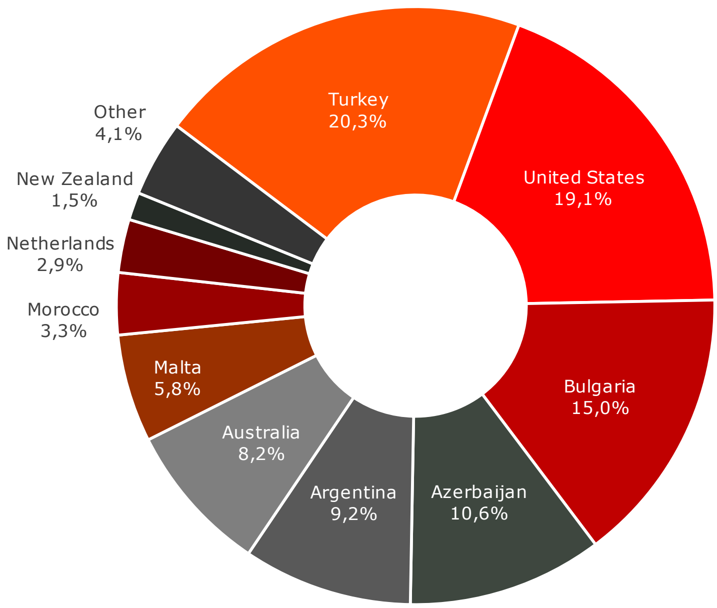
We also believe that our leading technology and R&D capabilities enable us to effectively compete with other technology providers and developers, decrease capital expenditures and upfront costs as well as reduce on-going maintenance costs. We spent on a continuing operations basis €17,9 million, €14,7 million, and €14,6 million on R&D in 2015, 2016, and 2017 respectively. In each of those years, we were included in the EU Industrial Research and Development Investment Scoreboard prepared and published by the European Commission for our significant investments in R&D, which we believe demonstrates our leadership and commitment as a technological provider.

The management and information systems we operate ensure compliance with industry standards and allow us to succeed in a highly regulated and competitive market, a success also highlighted by the important certifications we have received throughout our years in operation. We were the first international vendor to be awarded the Security Control Standards certification by the World Lottery Association, an award received by only a few vendors globally, which is an important distinction between us and our competitors. Accordingly, we were the first vendor to reach an ISO 20000 certification, and the World Lottery Association has also awarded us the Gaming Framework Certification. Among others, we hold the ISO 20000-1 certification on service management, the ISO 9001 certification on quality management and the ISO 14001 certification on environmental controls. We believe that our focus on data protection, game integrity and service quality towards our players and other stakeholders, will allow us to grow and retain our significant market position.

Broad-based Diversification across Contracts, Geographies and Business Activities

Our business is well-diversified geographically as our three core business activities of technology, and support services, management contracts and licensed operations are carried out across a large number of different countries. We currently have operations in 52 jurisdictions on five continents and in the twelve months ended December 31, 2017, no single country represented more than 22,8% of our EBITDA, and no single contract represented more than 13,6% of our EBITDA.

EBITDA by Geography in the twelve months ended December 31, 2017[1]



(1) Countries with negative EBITDA have been excluded from the chart

In the twelve months ended December 31, 2017, our total positive EBITDA (excluding countries with negative EBITDA) reached €193,3 million. Additionally, substantially all of our revenues and cash resources are located outside of Greece, which mitigates sovereign risk associated with economic and political developments in that country. In the twelve months ended December 31, 2017, Greece represented only 4,2% of our revenue. We also benefit from a balanced presence in both developed and developing markets. In developed markets, we benefit from stable recurring revenues through long-term contracts, while in developing countries (particularly in countries that typically achieve higher GDP growth) we have the opportunity to achieve higher growth. We believe our global footprint allows us to diversify market risks that are specific to certain regions and to mitigate the cyclical nature of the sports gaming industry. Moreover, we benefit from strong contract diversity with a diversified portfolio of 90 contracts and licenses, including: 62 technology and support services contracts, which comprised 40,1% of our revenue net of payout during the twelve months ended December 31, 2017; five management contracts, which comprised 20,2% of our revenue net of payout during the same period; and 23 licenses, which comprised 39,7% of our revenue net of payout during the same period.

Highly Visible Recurring Revenues and Cashflows

We believe that the long-term nature of our contracts and our strong track record of contract renewals provide us with significant revenue visibility. We estimate that approximately 76% of the revenues for the year ended December 31, 2017, were generated through multi-year contracts or renewable licenses that are available to us until 2022 (although the actual revenues that may be generated in the future from these contracts may increase or decrease). For instance, our multi-year contracts in the US have an average contract maturity of 7,1 years. The terms of our 62 technology and support services contracts range from 0,2 to 19,8 years, with an average remaining contract length of 4,1 years (or 5,5 years taking into account certain of our customers' renewal options), as of December 31, 2017. The terms of our five management contracts have an average remaining contract length of 1,9 years, as of December 31, 2017. During the period from 2006 to 2017, we grew our licensed operations significantly. Many of our licensed operations contracts are open-ended, which means that they do not have a fixed term or are automatically renewable on a periodic basis, subject to our compliance with the license terms. We believe the automatically renewable nature of these contracts adds to the stability of our revenue streams.

We also have a strong track record of renewing or extending our contracts as they come up for renewal, as demonstrated by our recent contract renewals and extensions in the United States. Since 2008, we have successfully renewed or extended approximately 90% of our USA contracts. Based on this experience, we expect to renew the substantial majority of our contracts upon their respective expirations, which we believe reflects the strength of our market position. In the twelve months ended December 31, 2017, we successfully launched our ten-year contract with the State Lottery organization in Chile, signed a ten-year contract with Idaho state lottery and also executed extensions with Ohio, Vermont and Arkansas state lotteries, as well as extended our cooperation with OPAP specifically in the field of numerical lotteries games. In February 2018, we also announced the signature of a 10-year contract with Camelot for Illinois State Lottery, and the successful renewal with Wyoming Lottery.

In addition to our exceptional product technology and service offerings, our track record of renewal is also supported by the fact that it is difficult for clients to switch technology or service providers due to high start-up expense in on-boarding new technology and replacing equipment (central systems and POS). Because the process to switch providers is lengthy and expensive, requiring advanced investment from a competitor in time, technology and equipment, we believe that we are ordinarily able to identify well in advance when a contract will not be renewed. In 2018, our contract in Turkey is up for renewal (Inteltek), which contributed 13,6% to EBITDA in the twelve months ended December 31, 2017. Given our strong track record of renewal and based our experience in these jurisdictions, including previously renewing our contract in Turkey, we reasonably expect that the contract will be renewed in 2018. However, no assurances can be made that such renewal or extension will actually occur.

Highly Scalable Asset-Light Operating Model

Our proprietary technology and expertise, along with our flexible operational model, allow us to create standardized products which can later be individually adapted for distribution. These technologies and operational capabilities reduce our costs. Additionally, our track record of successfully partnering with strong local operators has improved our ability to expand our global reach while minimizing required capital deployment, and leveraging local expertise and existing business relationships to drive synergies and operating efficiencies.

Our highly scalable operating model allows us to benefit from global growth opportunities while adhering to strict investment criteria, with the aim of achieving target threshold returns. We have a lean-organizational structure characterized by a highly-variable cost structure which we believe helps to mitigate possible top-line revenue pressure. Variable costs represented 80,2% of total operating costs in the twelve months ended December 31, 2017. Since the asset-light operating model has a highly variable cost base, we are able to scale our operations to meet customer demand and preserve our EBITDA margin.

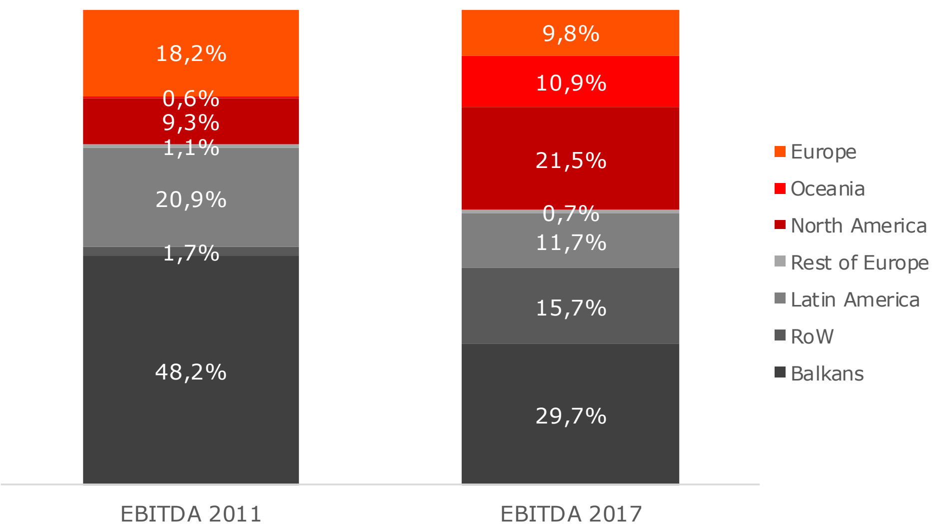
In addition, our scalable business model is supported by our advanced IT platform which allows us to optimize product development by minimizing customization requirements during development while at the same time providing for further product adaptation ("micro tailoring") upon distribution, making our product offering more adaptable. Our adaptable model enables us to provide technology to third-party operators, manage operations on behalf of licensees and hold and manage licenses directly as the IT platforms in various jurisdictions permit. It also enables us to address broader gaming sector trends such as increased demand for a personalized player experience, the development of a robust "all-in-one" gaming platform to ensure a unified customer experience converging land based and interactive channels while offering personalized game offerings and content and the shift towards mobile as the primary access point to online retail in the gaming sector.

Our asset-light operating model is also supported by our partnerships with local operators which allow us to share financial and operational risk, reduce capital investments and acquire new contracts and customers through our local partners' relationships. Due to the recent global trend towards liberalization of gaming regulations driven by country and state budget deficits and increased demand for social welfare spending, we are able to expand the jurisdictions in which we offer our products and services by leveraging our expertise and capabilities. Historically, we sought to enter new markets on our own. Recently, however, we have established a rigorous evaluation process for identifying potential partners present in markets where we already operate as well as in new promising markets. We believe these partnerships provide the best means to grow and operate efficiently in certain local markets, as we are able to benefit from our partners' local relationships, extensive know-how and access to capital. Recent examples include; first, the business combination of our Italian activities with those of Gamenet, following which we obtained a 20% interest in the combined company. The combined company is one of the largest operators in the Italian gaming market with a network of approximately 750 betting POS which will use the Intralot brand name and more than 60 directly owned and managed gaming halls. Second, the sale of an 80% stake in our Peru operations to a local partner, providing us with near-term liquidity and ongoing strategic benefits from partnering with an established local multi-format retail operator with leading supermarket and retail pharmacy businesses.

Strong and Experienced Management Team

We have a seasoned and experienced management team, many of whom have been with the Company since its establishment. Our management team has extensive experience in the industry and, under the leadership of our CEO, Antonios Kerastaris, has demonstrated a strong entrepreneurial and strategic perspective with respect to the international gaming industry. This approach enables us to identify and pursue strategic industry opportunities with significant revenue generation potential before our competitors. In recent years, our management team has refocused the operating model of the Company on establishing strong partnerships with local partners who can facilitate our growth in certain local markets while also helping us to operate more efficiently, as well as refocused the jurisdictions in which we operate.

The following diagram sets forth our EBITDA evolution by geographic area for the years ended December 31, 2011 and 2017.



*Rest of Europe includes Russia and Moldova; Rest of World includes Azerbaijan, South Korea, China, South Africa, Morocco; Balkans includes Greece, Turkey, Bulgaria, Croatia, Romania, Serbia, and Cyprus; European Union excludes the European Union countries included under the Balkans; and Oceania includes Australia and New Zealand.

Since 2011, management has begun shifting our operations from the greater Balkan region to more advanced economies, such as the United States, Oceania and the European Union (which for the purposes of the following calculation excludes the European Union countries included under the Balkans, which we define as Greece, Turkey, Bulgaria, Croatia, Romania, Serbia and Cyprus). In the year ended December 31, 2017, the United States, Oceania and the European Union represented 42,2% of our EBITDA, compared to 28,2% in the year ended December 31, 2011.

Management has also refocused the operating model of the Company on maintaining our leadership position in technology innovation and development, establishing strong local partnerships and enhancing cash flow generation through our local partnership model, which also facilitates efficient operations, provides for low capital expenditures and dividend streams. In addition, our contract management policy promotes the strategic consideration of potential as well as existing contracts to optimize cash generation.

Best-in-Class Risk Management and Corporate Controls

Our primary payout risk comes from our sports betting book. We manage this risk through best-in-class local odds setting as well as a main betting center in Greece, complemented by betting centers in Taiwan and Germany that controls our global fixed-odds betting activity and payout policy on a real-time basis. Our sports betting portfolio represented approximately 55% of our total revenue for the twelve months ended December 31, 2017, and we have a long track record of successfully managing payout risk. See "Our Products and Research & Development—Our Product Porftolio—Sports Betting Risk Management and Footprint." We also enter into risk exchange agreements with major international betting operators and early warning systems, as appropriate and applicable, when possible to further reduce our potential exposure.

Furthermore, we have rigorous internal controls and compliance procedures that are in line with listing standards and international best practices for cash management and legal and regulatory compliance. These include procedures to monitor transactions, maintain key back-up procedures and regular contingency planning as well as internal audits and procedures to detect money laundering. All of these procedures are facilitated in part by our central monitoring and control system that tracks all of our operations through Lotos. In August 2008, we became the first international lottery vendor to be certified according to the World Lottery Association Security Control Standard.

Strong and growing presence in the United States, driven by proactive client management and leading product and technology offerings

Proactive client management leading to increased revenues

The United States has become a key jurisdiction for our Group and a key part of our future growth strategy. Apart from our success in this region, the United States represents a large and attractive market, with advanced and stable regulatory frameworks and a long tradition in promoting and regulating profitable gaming operations. According to H2GC, GGR in the United States is estimated at €103,0 billion in 2017. To capitalize on this market, we have undergone rapid growth in the United States since 2015, whereby we have embarked on an aggressive strategy that involves increasing revenue on contracts through procurement processes, extending contracts where possible and profitable, and adding new contracts. As contracts with states such as Idaho, New Mexico, and Montana have matured from initial procurements (approximately ten years ago), we have succeeded in winning new procurements at rates that are on average 40% higher than the rates on contracts procured prior to this period. This success has been driven by our proactive portfolio management whereby we examine and speak with our customers in order to better understand their needs in today’s ever-changing, revenue-driven economy. This type of engagement has typically led to contract extensions and increased revenue opportunities with current customers. Examples of these successes include Arkansas (extended to 2026), Ohio (extended to 2027), Ohio CSP (extended to 2019), Vermont (extended to 2020), and Wyoming (extended to 2024) and we are currently in extension negotiations with New Hampshire and Louisiana. In addition, we have transitioned from a technology-driven organization to a marketing-driven organization, which we believe has allowed us to obtain key new client wins. We continue to add to our portfolio by positioning ourselves not as a commodity-driven business, but rather as a valued business partner. A recent such example is the signing of a contract with CAMELOT Illinois LLC for the Illinois State Lottery through October 2027.

As one of three primary competitors in the U.S. lottery industry, innovation is critical and Intralot continues to be a leader. Intralot has led the industry in the last three state lottery start-ups, establishing the Arkansas Lottery, Wyoming lottery, and Georgia Coin Operated Amusement Machines (approximately 21.000 devices) and not only selling in record time but sustaining and increasing sales since initiation.

Leading product and technology offerings

The lottery gaming landscape is changing, and we have positioned ourselves to not only assist our customers through this change, but to lead the industry in adapting to this change. As a marketing-driven organization, we believe that we lead the entire U.S. lottery industry in re-examining lottery gaming portfolios and conducting extensive portfolio analysis, each of which has enhanced our product offering and our ability to earn new client wins. For example, we have become the industry expert in the fastest-growing lottery gaming content channel, “Instant Online Games”—in 2017, our customers sold over $162 million in what was barely identified as a category as recently as 2011.

Furthermore, we continue to set the pace for the industry as the recognized self—service leader. In growing our self-service portfolio, we will soon debut an industry leading 30-Bin Instant Ticket Vending Machine. Our multi-purpose vending machine (which is currently deployed in four U.S. states, with the possibility of adding four more states by 2018) have recorded collectively over $414 million in sales in 2017 on nearly 5.000 devices. The multi-purpose machine is designed as the anchor for the innovative, rapidly growing, server-based system that not only carries state of the art digital gaming content that appeals to all ages, but also carries the classic lottery games that customers already know and love. This technology has placed us at the forefront for providing every U.S. lottery jurisdiction the ability to have several server-based systems providing different content to lottery players in distribution channels that previously have either not been used before or not used to their full capacity.

Meeting Shareholder Expectations

Financial Highlights[1]

The Group improved its operating profitability as it fully absorbed non-recurring income of 2016, with EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) posting a 5,5% year over year increase, reaching €171,5 million from €162,5 million in 2016.

Financial Data[2] *(in € million)*	**2017**	**2016**	**% change**
Revenue (Sale Proceeds)	1.104,2	991,5	11,4%
Licensed operations	754,6	662,5	13,9%
Management contracts	117,1	115,7	1,2%
Technology and support services	232,5	213,3	9,0%
GGR	579,2	527,2	9,9%
Gross Profit	241,9	203,8	18,7%
Gross Profit Margin (%)	*21,9%*	*20,6%*	*+1,3pps*
EBITDA	171,5	162,5	5,5%
EBITDA Margin on Sales (%)	*15,5%*	*16,4%*	*-0,9pps*
EBITDA Margin on GGR (%)	*29,6%*	*30,8%*	*-1,2pps*
Adjusted EBITDA[3]	131,1	125,5	4,5%
EBT (Profit/(loss) before tax from continuing operations)	10,3	-7,6	-
EBT Margin (%)	*0,9%*	*-0,8%*	*+1,7pps*
NIATMI (Profit/(loss) after tax attributable to the equity holders of the parent company from continuing operations)	-58,6	-74,2	-21,0%
NIATMI (Profit/(loss) after tax attributable to the equity holders of the parent company from total operations)	-53,4	0,9	-

Wagers Handled

During the twelve-month period ended December 31st, 2017, INTRALOT systems handled €23,7b of worldwide wagers (from continuing operations), a 2,6% y-o-y increase. South America's wagers increased by 31,1%, Africa's by 11,9%, Asia's by 7,1%, and West Europe's by 4,1%; while East Europe's wagers decreased by 9,6%, and North America's by 1,1%.

Revenue, GGR, EBITDA, EBT and NIATMI from Continuing Operations

Reported consolidated **revenues** increased by 11,4% compared to FY16, leading to total revenues for the twelve-month period ended in December 31st, 2017, of €1.104,2 million.

- Sports Betting was the largest contributor to our top line, comprising 55,0% of our revenues, followed by Lottery Games contributing 31,6% to Group turnover. Technology contracts accounted for 8,1% and VLTs represented 2,9% of Group turnover while Racing constituted the 2,4% of total revenues of FY17.
- Lottery and Sports Betting recorded double digit revenue growth, +16,1% and +11,2% respectively.

[1] For additional information on the Group's performance, please also consult the Management Discussion and Analysis Report published on our website
[2] The activities of Group subsidiaries in Italy and those of Intralot de Peru SAC (Peru), Favorit Bookmakers Office OOO (Russia), Intralot Caribbean Ventures Ltd (Santa Lucia), Supreme Ventures Ltd (Jamaica) and Slovenske Loterie AS (Slovakia) are presented as discontinued operations pursuant to IFRS 5 (note 2.32.A.VIII of annual financial statements of 31/12/2017)
[3] Calculated as Proportionate EBITDA of fully consolidated entities including EBITDA from equity investments in Italy, Peru, Greece, and Taiwan

- Adjusting for Eurobet's consolidation after 1H16 and Chile's new contract, the Sports Betting and Lottery Games growth rates drop to +10,9% and +4,5%, respectively

Reported consolidated revenues for the twelve-month period are up by €112,7 million year on year. The main factors that drove top line performance per Business Activity are,

- €+92,1 million (+13,9%) from our Licensed Operations activity line, with the increase attributed mainly to higher revenues in Azerbaijan (€+37,4 million), Poland (€+33,8 million), Bulgaria (€+15,4 million) and Argentina (€+7,1 million)
- €+1,4m (+1,2%) from our Management contracts activity line, with the increase driven by Morocco (€+2,2 million) partially offset by the softer performance of Russia (€-1,1 million)
- €+19,2 million (+9,0%) from our Technology and Support Services activity line, with the increase attributed mainly to Chile's new contract (€+6,9 million), Greece (€+7,2 million), Australia (€6,1 million) and Argentina's (€+2,8 million), partially offset by the softer performance of our US

Revenue net of payout (GGR) from continuing operations increased by 9,9% (€+52.0 million to €579,2 million) year over year supported by:

- The top line growth of our Licensed Operations activities (+14,4% y-o-y on wagers) as explained above, coupled with the decreased Payout Ratio of our Licensed Operations, which in FY17 dropped by 0,8pps vs. FY16 (70,9% vs. 70,1%) primarily due to decreased payout rates in Bulgaria, and Malta, in part offset by increased payout rates in Poland following the recent regulatory changes.
- The increase of all other contracts (+5,5%), directly correlates with the top line growth of our Management and Technology contracts explained previously

Adjusting for Eurobet and the Chilean contract, FY17 GGR increased by €35,2 million (+6,7%)

EBITDA, from continuing operations, developed to €171,5m in FY17, posting an increase of 5,5% (€+9,0m) compared to the FY16 results. Adjusting for Eurobet and the Chilean contract, FY17 EBITDA developed to €167,2 million posting a 2,3% increase vs. last year (€163,4 million).

The main FY17 EBITDA growth drivers, besides the improved FY17 GGR, are:

- the improvement in the Rest of Cost of Sales margin driven mainly by our USA operations following consumables optimization and less Liquidated Damages (LDs).
- OPEX margin normalization mainly driven by the less doubtful provisions compared to prior year and the improved administrative expenses in Azerbaijan, Turkey and Australia, partially diluted by increased advertising expenses in Turkey and Morocco.
- partially offset by the decrease in Other operating income in FY17, which totaled €17,2 million compared to €32,5 million in FY16. The 47,1% decrease is mainly driven by the non-recurring income in Australia due the Victoria State Lawsuit successful settlement in 4Q16, and a provision reversals in FY16.

On a yearly basis, **EBITDA margin on GGR**, from continuing operations, decreased to 29,6% compared to 30,8% in 2016, heavily affected by the decrease in Other operating income.

Earnings before Tax from continuing operations in FY17 totaled €10,3 million compared to €-7,6 million in FY16 positively affected by the significantly decreased finance expenses (lower by €17,2 million compared to FY16) as a result of the structural improvement in financing expenses (2016 refinancing and asset disposals).

NIATMI (*Net Income After Tax and Minority Interest*) from continuing operations in FY17 concluded at €-58,6 million compared to €-74,2 million in FY16, an improvement of 21.0%, following the positive EBT variance.

Adjusting for extraordinary or non-recurring refinancing expenses (€16,8 million in 2017 vs. €21,0 million in 2016) and impairment/write-off losses of participations and investments as well as tangible and intangible assets (€26,5 million in 2017 vs. €23,0 million in 2016) in both years, **Adjusted NIATMI[4] from continuing operations** at €-15,3 million in FY17 compared to €-30,2 million in FY16, an improvement of 49,3%.

Cash Flow & Net Debt

Statement of Financial Position/Cash Flows *(in € million)*	**2017**	**2016**
Total Assets	1.021,9	1.061,1
Total Equity	89,8	196,5
Cash & Cash Equivalents	238,0	164,4
Partnerships[5]	80,7	86,8
All other Operating Entities (with revenue contracts) & HQ	157,3	77,6
Net Debt	510,7	494,9
Adjusted Net Debt[6]	510,7	508,4
Operating Cash Flows	154,0	168,1
Net Capital Expenditure	-73,8	-62,8
Adjusted Free Cash Flow[7]	48,1	22,1

Operating Cash-flow posted a decrease in FY17 at €154,0 million vs. €168,1 million in FY16. On a pro-forma basis, i.e., excluding the operating cash-flow contribution of our discontinued operations (Italy, Peru, Jamaica, Russia and Slovakia) in both 2017 (€+12,7 million) and 2016 (€+20,7 million), the cash-flow from operating activities deteriorated by €6,1 million (€141,3 million in FY17 vs. €147,4 million in FY16 pro-forma). The decrease is attributed to the higher Taxes paid (mainly related to one-off profits of Intralot SA in 2016 vs. 2015) and to adverse working Capital (last cash receipt of terminals sale in Ohio occurred within 2018) that fully absorbed the EBITDA increase year over year.

Adjusted Free Cash Flow in FY17 totaled €48,1 million compared to €22,1 million a year ago (+117,6%). The increase is driven first by the improved Net Cash Finance Charges (approx. €+23,0 million –

[4] Calculated as NIATMI from continuing operations adjusted for extraordinary or non-recurring refinancing expenses and impairment/write-off losses of participations and investments as well as tangible and intangible assets
[5] For a list of our partnerships please see "Our Strategies— Focus on establishing strong local partnerships"
[6] Adjusted Net Debt for the impact of the discontinued operations
[7] Calculated as EBITDA – Maintenance CAPEX – Income Tax Paid – Net Cash Finance Charges (excluding refinancing charges) – Net Dividends Paid; all finance metrics exclude the impact of discontinued operations

excluding refinancing expenses in both years) as a result of the structural improvement in financing expenses (2016 refinancing and asset disposals) and second by the EBITDA improvement, partially offset though by the higher Cash Taxes (€-13,1 million).

Net Capex in FY17 was €73,8 million compared to €62,8 million in FY16. Headline Capex items in FY17 include €11,7 million towards the strategic partnership with AMELCO, €18,4 million towards R&D, €15,9 million in the US mainly towards the Idaho and Ohio contract renewals, €1,1 million in the Philippines, and €5,8 million in Jamaica mainly towards the acquisition of Caymanas Track. All other net additions amount to €20,9 million for FY17. Maintenance CAPEX for FY17 stood at €21,8 million, or 29,3% of the overall capital expenditure in FY17 (€74,3 million), which is 18,7% less than that of FY16 (€26,8 million)

Cash and cash equivalents at the end of the FY17 period increased by €73,6 million vs. FY16; Excluding the net cash generated from the refinancing that took place in FY17 (€+85.0 million) cash and cash equivalents balance decreased by €11,4 million. Main contributors to this movement are the €-18,1 million investments in software (AMELCO & Bit8), the refinancing expenses (€-23,9 million), and the dividend distribution to minorities (€-38,6 million) partially offset by the positive net M&A proceeds (€+14,5 million — including: Jamaica, Russia, Slovakia, and Eurobet), the released cash collaterals of €14,0 million, and the cash generated in the normal course of business. Of the Cash & Cash Equivalents at the end of December 31st 2017, €80,7 million are located in our partnerships, and the rest across all other Operating entities and HQ (€157,3 million), with an amount between €25,0 million and €30,0 million allotted as Working Capital in the operating entities.

Net Debt, as of December 31st, 2017, stood at €510,7 million, up €15,8 million compared to December 31st 2016 as a result of the decision to invest in software (AMELCO & Bit8), along with the refinancing impact, that were in part counterbalanced by the net cash impact (i.e. consideration received / given less cash held at the entity at the disposal/ acquisition date) of the M&A Activity that took place in FY17, and by the released cash collaterals.

The Group's financial covenants with respect to Net Debt to EBITDA (Leverage ratio), and financial expenses coverage ratio (Interest Cover ratio) are:

Financial Covenants	2017
Leverage ratio	2,98
Interest Cover ratio	4,35

Our Key Gaming Markets Performance[8]

United States

In the United States, we provide technology and support services to state lotteries through our wholly owned subsidiary Intralot Inc., which was established in December 2001. We are one of the only three vendors who hold contracts with the state lotteries for the supply of online gaming systems, retailer

[8] Financial figures refer to the subsidiaries' contribution to the Group

communication networks, and point of sale equipment such as terminals and vending machines. We became the first non-U.S. company to win a tender for the supply of lottery systems when we won a contract to supply the Nebraska state lottery in 2003.

We currently operate 14 contracts in 12 states and the District of Columbia, holding contracts for the supply and operation of online lottery gaming systems in Illinois, Ohio, South Carolina, Louisiana, Arkansas, New Hampshire, Idaho, Vermont, Wyoming, Montana, Washington, D.C., and New Mexico. We also hold a contract for the provision of central monitoring services for more than 21.000 Coin Operated Amusement Machines in Georgia. In Ohio, in addition to providing the central systems, terminals, equipment, vending machines and retailer network communications, we also provide central monitoring services for seven racinos operating video lottery terminals (VLTs). We also run Ohio's cooperative services program (CSP), an instant tickets product management contract where we are accountable for the warehousing, distribution and telemarketing of instant tickets to retailers across the state. In early 2018, Intralot signed a contract with CAMELOT Illinois LLC for the Illinois State Lottery, where we will provide innovative system solutions and a full suite of end-to-end systems through October 2027.

We have a strong track record in renewing and extending our contracts in the US, thus securing a long-term presence in the country. More specifically, in Idaho, following an open and highly competitive bidding process, we were selected as the preferred bidder for the provision of online lottery gaming services for a period of ten years up to September 2027, with the option to further extend the contract for two additional five-year terms, a testament to our long-lasting relationship with the State Lottery since 2007. In Vermont, we have secured the renewal of our existing contract for a two-year period up to June 2020. We have also recently renewed our online contract with the Ohio Lottery for a two-year period from July 2017 through June 2019 and have amended our current agreement to include three additional two-year extension options, extending the contract term through June 30, 2027. In Arkansas, we have secured a 7-year renewal, thus extending our contract with the State to 2026. The latest development was the extension of Wyoming lottery contract for 5 more years, thus extending our contract with the State to 2024. This is the first of three five-year extension options in line with the initial contract terms. On the contrary, our South Carolina contract is not to be renewed and Intralot is expected to serve the South Carolina Education Lottery up to the end of its existing contract term.

In 2017, our sales reached €93,4 million, posting a slight decrease, by 4,5%, over the prior year where our revenue amounted to €97,8 million. The moderate declining performance is first attributed to the $1,6 billion Powerball Jackpot in January 2016 (the biggest jackpot in the USA history) that boosted numerical games sales in 2016, and second to the reduced sale of Multi-Purpose Quick Keno (MPQKs) terminals in Ohio in 2017 over the prior year. The above two drivers were only partially offset by overachieving instants (the fastest growing part of North American lotteries) and additional revenue from Ohio CSP. Revenue for the twelve months ended December 31, 2017, was 8,5% of our Group's total revenue. In late December 2017, a computer glitch in South Carolina's lottery system occurred that potentially may result in claims for compensation (for more details please refer to the legal section). Intralot Inc. has engaged external counsel and has notified the incident to the issuer of the E&O insurance policy in place.

Key Financial Figures	2017	2016	Δ%
(in € million)			
Revenue	93,4	97,8	-4,5%
GGR	93,4	97,8	-4,5%
EBITDA	33,0	36,8	-10,3%
CAPEX (Paid)	17,2	10,2	68,6%

Greece

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 two contracts in Greece.

As the center of our operations, Greece is also home to our betting 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 more than 800 employees currently. As such, Intralot S.A. expenses are allocated across the different projects, including among others the Greek projects, as follows:

Twelve months ended December 31, 2017	OPAP	HL	Taiwan	Peru	Malaysia
Intralot S.A. expenses allocation per project					
CoS	33,8%	12,6%	2,0%	4,6%	5,0%
Selling	22,0%	27,8%	4,0%	2,0%	3,0%
Admin	22,0%	2,0%	4,0%	2,0%	2,0%
R&D	41,5%	12,9%	2,9%	3,5%	3,3%

Our relationship with Greek Organization of Football Prognostics S.A. began in 1999. The existing IT contract with OPAP, was signed in June 2014 and runs through July 31, 2018. Under this contract, we have undertaken the implementation of new Data Centers and the provision of hardware and system software as well as services for operation, maintenance, technical support and system evolution. The contract provides for the use of the hardware and system software of Data Centers, the migration of all existing data and functionalities to the new Central System, the upgrade of LOTOS O/S to Enhanced LOTOS O/S, and the granting of the licenses to use its software, in particular the iFLEX Sports Betting Platform, the Data Warehouse System and the Loyalty Program Players' Club. Moreover, we provide support services including the maintenance of the Data Centers and onsite maintenance of Points of Sale equipment, Support Center Services, Data Center Business Operation Support Services and Continuous Development Services of the Application Software, among others. The contract also includes the provision of equipment for a new Central System. On December 7, 2017 OPAP and INTRALOT have agreed the extension of their cooperation specifically in the field of numerical lotteries games with the signing of a new 3-year contract that also includes an option for OPAP to renew for an additional 2 years. The new agreement has different commercial terms from the existing one.

On July 26, 2013, in connection with our participation in a joint venture for a 12-year concession for the management of the Hellenic State Lotteries in Greece, we also signed a set of contracts with the joint venture (the company Hellenic Lotteries S.A. which was incorporated by the consortium members) to provide the IT infrastructure, technical services and logistics to operate the Hellenic State Lottery Tickets and also a contract to develop and manage a new sales network for selling the Hellenic State Lottery Tickets. As a result, we have two roles in the joint venture Hellenic Lotteries S.A., one as a 16.5% shareholder and one as a provider of technology and management services. Our contract runs through 2026.

Revenue from Greek operations in 2017 was €46,7 million compared to €39,6 million in 2016, and revenue for the twelve months ended December 31, 2017, was 4,2% of the Intralot Group's total revenue, primarily derived from our contract with OPAP (2,5% of our revenue for the last twelve months ended December 31, 2017). The top line improvement in 2017 is mainly attributed to the full year effect of our Peruvian contract following the recent M&A as well due to a one-off fee of €3,0 million received in relation to the Hellenic Lotteries project in 4Q17.

Key Financial Figures	**2017**	**2016**	**Δ%**
(in € million)			
Revenue	46,7	39,5	18,2%
GGR	46,7	39,5	18,2%
EBITDA	-10,6	-21,2	-50,0%
CAPEX (Paid)	15,5	18,5	-16,2%

Argentina

In Argentina, we provide technology support and support services mainly for the operation of lottery games and sports betting in 10 of the 23 jurisdictions in the country, and we are the lottery operator for the Province of Salta. We entered the market when we acquired a majority stake (50,01%) in our subsidiary Tecno Accion in 2007. We facilitate approximately 7.000 terminals throughout Argentina and operate approximately 1.000 terminals in Salta.

Through Tecno Accion we offer integrated technology solutions for lottery organizations such as portable terminals, provides gaming software and trade management systems and communication consultancy. In Salta, we act as the sole lottery operator in the province, with 13 numerical games. Our partners in Tecno Accion are HAPSA, the operator of horse racing in Buenos Aires, and the Casino Club, which manages casinos.

In 2017 we renewed four of our contracts (in the provinces of Jujuy, Neuquén, Corrientes and La Rioja), sustaining our footprint in the local market. In 2018 we expect to renew three more (in the provinces of Santiago de Estero, Tierra de Fuego, and Salta).

Our revenues from the Argentina facility management business in 2016 reached €24,9 million, and €27,9 million in 2017. The lottery operator business generated sales of €57,7 million in 2016, compared to €64,8 million in 2017, mainly due to the currency exchange rate fluctuation. Our total revenue in Argentina for 2017 was €92,7 million compared to €82,7 million in 2016. As a result of the relatively stable market share (operation in specific provinces), our business in Argentina showcased a consistent performance year over year in local currency (similar growth rates in 2017 and 2016 in local currency), heavily affected though by the local currency fluctuations (14,9% devaluation in 2017 against the Euro, versus 58,8% in 2017) which is also the main driver for the improved performance in Euro terms over the prior period. Revenue in the twelve months ended December 31 2017 was 8,4% of the Intralot Group's total revenue.

Key Financial Figures	**2017**	**2016**	**Δ%**
(in € million)			
Revenue	92,7	82,7	12,1%
GGR	53,1	48,8	8,8%
EBITDA	17,7	15,5	14,2%
CAPEX (Paid)	1,6	4,6	-65,2%

Oceania

In Australia, we provide technology and support services in two jurisdictions through our wholly owned subsidiaries Intralot Australia Pty Ltd and Intralot Gaming Services Pty Ltd. We originally entered the Australian market in 2006.

In Victoria, IGS supplies a remote monitoring system to control over 26.000 gaming machines under a 15-year contract signed in September 2011 with the State of Victoria. Our monitoring system is designed to ensure the accurate and uninterrupted monitoring of gaming machine transactions, single and multiple venue linked jackpot arrangements, and the capture of data and information with respect to gaming machines for regulatory, taxation, research and related purposes.

In 2014, we were directed by the Minister for Liquor and Gaming Regulation to be the provider of the State of Victoria's voluntary pre-commitment technology, under which all electronic gaming machines (EGMs) in Victoria were required to be connected to the state-wide pre-commitment system (PCS) from December 1, 2015. PCS was launched successfully on December of 2015 and has increased the monitoring revenue substantially. IGS will operate the pre-commitment scheme up to the end of the monitoring license referred above which expires on August 16, 2027.

In Western Australia, we provide the information technology and systems support for the Lotteries Commission of Western Australia (Lotterywest) in order to enable Lotterywest's retail and online gaming sales, through our wholly-owned subsidiary Intralot Australia Pty Ltd. Since 2014, we have provided support services for Lotterywest in its Retail Transformation Program (RTP) and secured an extension of our ongoing contract to 2019, with the option of two one-year extensions.

In New Zealand, we provide technology and support services through our wholly-owned subsidiary Intralot New Zealand Ltd Operations, which was first awarded the government contract in 2005. To the government we provide an electronic monitoring system to link approximately 16.000 electronic gaming machines (EGMs) in more than 1.100 locations. The electronic monitoring system is designed to guarantee the integrity of games and limit opportunities for fraud. Our contract was extended in 2010 after an international tender to 2020 and further extended in 2016 up to 2022. Additionally, in 2010 we were awarded the development and operation of an Integrated Gambling Platform responsible for electronic licensing up to 2020.

Excluding 2017 one-offs, revenue from our Oceania operations remained relatively flat between 2016 and 2017, at approximately €22,5 million for each year, as a result of the nature of our business and the maturity of the gambling market. 2017 Revenue have been positively impacted by a c.€4,0 million sale of a software license right in Australia. Revenue in the twelve months ended December 2017 was 2,4% of the Intralot Group's total revenue. The moderate decrease at EBITDA level is due to a non-recurring other operating income in Australia in 2016 following the Victoria State Lawsuit successful settlement.

Key Financial Figures	**2017**	**2016**	**Δ%**
(in € million)			
Revenue	26,3	22,8	15,4%
GGR	26,3	22,8	15,4%
EBITDA	18,7	19,9	-6,0%
CAPEX (Paid)	0,2	0,1	100,0%

Turkey

In Turkey, our subsidiary Inteltek manages sports betting operations on behalf of Spor Toto, which is the exclusive licensee in Turkey. We founded Inteltek as part of a consortium in 2002, and we have increased our stake to 45,0% alongside our partner Turkcell, which owns the remaining 55,0%.

In 2003 following an international tender, we won a contract to manage the introduction of sports betting operations into Turkey on behalf of Spor Toto. Through Inteltek, we developed and introduced the central network for the sports betting operations. In 2008 we won a new ten-year sports betting management contract following an international tender, extending our presence in the country for another ten years. Currently the games are distributed through an agents' network. Inteltek has been very successful in transforming the sports betting market in Turkey by growing the market nearly 20 times since 2004. Although the contract expires in August 2018, we expect, based on our experience with these clients, that it will be renewed or extended. However, no assurances can be made that such an extension or renewal will occur.

In addition, we currently own approximately 50,01% of Bilyoner, the leading online distributor of sports betting games in Turkey. Bilyoner, along with five other online providers, distributes the games which Inteltek manages on behalf of Spor Toto. Bilyoner was established in 2003 and had an estimated 3,5 million registered players as of December 31, 2017. The main contract expires in 2019 being renewable at the discretion of the administration. However, we expect it to be renewed due to commercial value principles. However, no assurances can be made that such an extension or renewal will occur.

The Sports Betting market in Turkey showcased a consistent performance year over year in local currency (similar growth rates in 2017 and 2016 in local currency – CAGR of c.9,0%). Deep diving, in the Retail and Online segments we notice a significant shift towards Online Betting in 2017 (trend continuation from 2016 - Online Betting 2-year CAGR of more than 30,0%), resulting in Online Betting being the dominant channel (over 50% market share), with the sales of the Retail channel declining year over year.

Inteltek's sales dropped from €52,7 million in 2016 to €44,2 million in 2017, heavily affected by the local currency devaluation (23,3% devaluation in 2017 against the Euro). On the other hand, Bilyoner's revenue increased from €39,0 million in €47,9 million over the same period, positively impacted by the shift towards Online Betting that fully mitigated the devaluation of the local currency. Overall revenue for Turkey was €92,0 million in 2017 compared to €91,7 million in 2016, and total revenue in Turkey for the twelve months ended December 31, 2017, was 8,3% of the Intralot Group's total revenue.

Key Financial Figures	**2017**	**2016**	**Δ%**
(in € million)			
Revenue	92,0	91,7	0,3%
GGR	92,0	91,7	0,3%
EBITDA	39,2	41,5	-5,5%
CAPEX (Paid)	1,2	0,7	71,4%

Morocco

We founded Intralot Maroc S.A. in 2010, with 100% of shares held by Intralot S.A. Intralot Maroc supports the operation of all games of the Morocco's two lotteries: Marocaine des Jeux et des Sports (MDJS) and

Societe de Gestion de la Loterie Nationale (SGLN). The two lotteries are complementary organizations and operate a broad gaming portfolio that ranges from sports betting and numerical games, to instants and fast draw entertainment games, sharing a distribution network of over 1.200 points of sale throughout Morocco.

Intralot Maroc undertakes the operation of all games, including risk management of fixed-odds sports betting, management of instant tickets and provides additional services, including marketing and promotions, technical operation and maintenance, warehousing and distribution, design and management of the telecommunications network, as well as training to retailers and Lotteries' personnel. The contract with both lotteries expires in December 2018. Intralot Maroc has already secured a one-year extension with MDJS up to December 2019.

In 2017, Intralot Maroc generated revenues of €22,5 million, while in 2016 the revenue amounted to €20,3 million. The drivers behind the more than 10,0% growth are the significant uplift in Sports Betting revenue attributed to the enhanced product offering, the increased focus on the Fast Draw Games category, with the introduction of Virtual Games and re-launch of Keno. On the other hand, the moderate performance in Lottery and Instant Games sectors has partially offset top line uplift. Revenue for the twelve months ended December 31, 2017 was 2,0% of our Group's total revenue. Overall, since 2011 Intralot Maroc's CAGR in local currency exceeded 10%, thus contributing substantially to the development of the sector in the country. In 2017, the EBITDA decrease year over year is due to the increased marketing spending and extraordinary penalty costs.

Key Financial Figures	**2017**	**2016**	**Δ%**
(in € million)			
Revenue	22,5	20,3	10,8%
GGR	22,5	20,3	10,8%
EBITDA	6,5	11,2	-42,0%
CAPEX (Paid)	0,8	2,1	-61,9%

Azerbaijan

In Azerbaijan, we operate, manage and develop fixed-odds and pari-mutual sports betting games and provide related services. We entered the market in 2011 through the award of an exclusive 10-year licensed operations contract to the locally-domiciled AzerInteltek, in which Inteltek, our 45% owned Turkish subsidiary, maintains a 51,0% stake. AzerInteltek manages a network of 480 POS across Azerbaijan, and we constantly review our options to expand and optimize the network. Azerinteltek also holds the license for distributing instant lottery games, which operates on a commission basis.

The management of our subsidiary Inteltek Internet AS, which is the parent company of Azerinteltek AS, decided in mid-February to examine the possibility of selling its stake (51%) in Azerinteltek AS.

Our total revenue from Azerbaijan in 2017 amounted to €153,3 million, in comparison to €116,0 million in 2016, as a result of significant growth in Sports Betting and Greyhounds Racing, driven by enhanced product offering and retail-oriented initiatives, only partially offset by unfavorable performance in Numerical Games and Horse Racing. Revenue net of gaming payout in 2017 reached € 50,2 million, compared to €37,4 million the previous year. Revenue from Azerbaijan for the twelve months ended December 31, 2017, was 13,9% of the Intralot Group's total revenue.

Key Financial Figures	**2017**	**2016**	**Δ%**
(in € million)			
Revenue	153,3	116,0	32,2%
GGR	50,2	37,4	34,2%
EBITDA	20,4	15,4	32,5%
CAPEX (Paid)	0,5	0,1	-

Bulgaria

In Bulgaria, we hold licenses through stakes in two local partners. We first entered the market in 2002 through Eurofootball OOD ("Eurofootball"), in which we hold a 49,0% stake through our wholly owned subsidiary Bilot EOOD. In July 2016, we announced the acquisition of 49,0% stake in Eurobet.

The Bulgarian sports betting market is liberalized, and Eurofootball operates as the sole sports betting provider through a network of approximately 900 POS. In August 2015, Eurofootball successfully launched its Virtual Football game, which reached a share of 35% of Eurofootball's total games portfolio in 2016. We have also offered Virtual and Live Greyhounds since 2012. Following the enactment internet gaming legislation in 2012, we were awarded a 10-year internet betting license in 2014, which we expect to employ in the near future.

Eurobet offers numerical games and scratch tickets through a network of more than 1,000 Points of Sales countrywide. The company offers the following games: Eurochance (started in 2006), Lotomania (started in 2010), scratch-cards (started in 2011), novelty betting (started in 2012) and Poker Chance (started in 2014). Eurobet also recently launched Virtual Football in some of its POS. Lotaria Bulgaria is distributed together with Eurochance and all Eurobet's other games in a network of more than 1,000 betting shops. The scratch cards of Lotaria Bulgaria are distributed in over 5.000 points of sale. The company also has a presence in Bulgaria's online gambling sector.

Eurofootball 2016 revenue amounted to €269,6 million, while in 2017 revenues reached €252,4 million. The main reason for this decrease was the lower sports betting revenue in Bulgaria due to a shift towards Online Betting, and conservative payout strategy, partially offset by the continuing growth performance of Virtual Sports. Our revenue net of gaming payout in 2016 was €59,8 million, while in 2017 it remained relatively stable to €59,3 million. The revenue of Eurobet OOD for the period July-December 2016 reached €27,9 million, while our revenue net of gaming payout was €9,2 million. In 2017, Eurobet OOD delivered sales of €60,4 million with revenue net of gaming payout at €20,4 million. Our overall 2017 revenue from Bulgaria was €312,8 compared to €297,5 in 2016. Revenue from Bulgaria in the twelve months ended December 31, 2017, was 28,3% of the Intralot Group's total revenue. 2017 GGR and EBITDA growth are mainly attributable to the full year effect of Eurobet.

Key Financial Figures	**2017**	**2016**	**Δ%**
(in € million)			
Revenue	312,8	297,5	5,1%
GGR	79,8	69,0	15,7%
EBITDA	29,4	24,6	19,5%
CAPEX (Paid)	0,5	0,9	-44,4%

Malta

We entered the lottery market of Malta in 2004 when we were awarded an eight-year exclusive license to operate all state lottery games. For this project, we established the subsidiary Maltco Lotteries Limited, in which we own a 73,0% stake. In 2012, upon the expiration of this license, Maltco was awarded a new ten-year concession and a license to operate the national lottery of Malta through a competitive tender process.

Currently we operate numerical games (the three national lottery games: Super 5, Saturday Lotto and Grand Lottery), fixed-odds betting both pre-game and live, a KENO game, a Bingo 75 and a Fast Bingo game, three horse racing games (ATG, GBI, Phumelela) and instant tickets in a network of approximately 230 POS.

The revenue of Maltco Lotteries in 2017 reached €92,6 million, relatively stable compared to the same period in 2016 (€91,9 million), while revenue net of gaming payout amounted to €36,4 million in 2017 compared to €35,8 million in 2016. Overall, Maltco showcased steady performance, in one of the most mature and highly competitive markets, with a conservative retail network. Maltco's efforts towards an enriched player proposition in both numerical and betting games, and with the launch of new games, sustained sales in a year of low jackpot levels. Our total revenue from Malta for the twelve months ended December 31, 2017, was 8,4% of the Intralot Group's total revenue.

Key Financial Figures	**2017**	**2016**	**Δ%**
(in € million)			
Revenue	92,6	91,9	0,8%
GGR	36,4	35,8	1,7%
EBITDA	11,4	11,3	0,9%
CAPEX (Paid)	0,2	0,2	0,0%

Looking Ahead

The lottery industry experiences significant changes and is facing both increased challenges and a wealth of opportunities. Regulatory initiatives, market liberalization, technological convergence and omni-channel approach, new business models and the need to attract new customer demographics all set the pace of change and the basis of very interesting developments. In this environment, INTRALOT is well positioned to succeed, targeting to reap the fruits of its clear strategy and transformation initiatives in the imminent future. Targeted synergies and efficiencies, strong partnerships and our unique product portfolio are the drivers for growth. We anticipate all our efforts and activities to be translated into profit delivery to the shareholders of the parent and positive cash flows for the Company within the next years.

CORPORATE RESPONSIBILITY

Scope

The information indicated below regarding the Corporate Responsibility program refers to:

- the period 01/01/2016 - 31/12/2016 (unless indicated otherwise in certain points). Due to procedural reasons the release of the 2017 Corporate Responsibility Report will be made available by the end of H1 2018.
- all activities of INTRALOT S.A. (referred as 'INTRALOT' or 'Company'), while further references to selected activities of other companies within the INTRALOT Group (referred as 'INTRALOT Group' or 'Group') are presented (without being included in this scope), with the exception of Responsible Gaming, which refer to the entire INTRALOT Group.

Drawing from its corporate strategy of sustainable leadership in the gaming sector, INTRALOT's sustainability strategy is to create shared value for all its stakeholders through the generation of economic resources for good causes, responsible gaming operations, technology and product innovation that fosters transparency, the development of education and human capital in the communities where the company operates, and a deep sense of environmental responsibility.

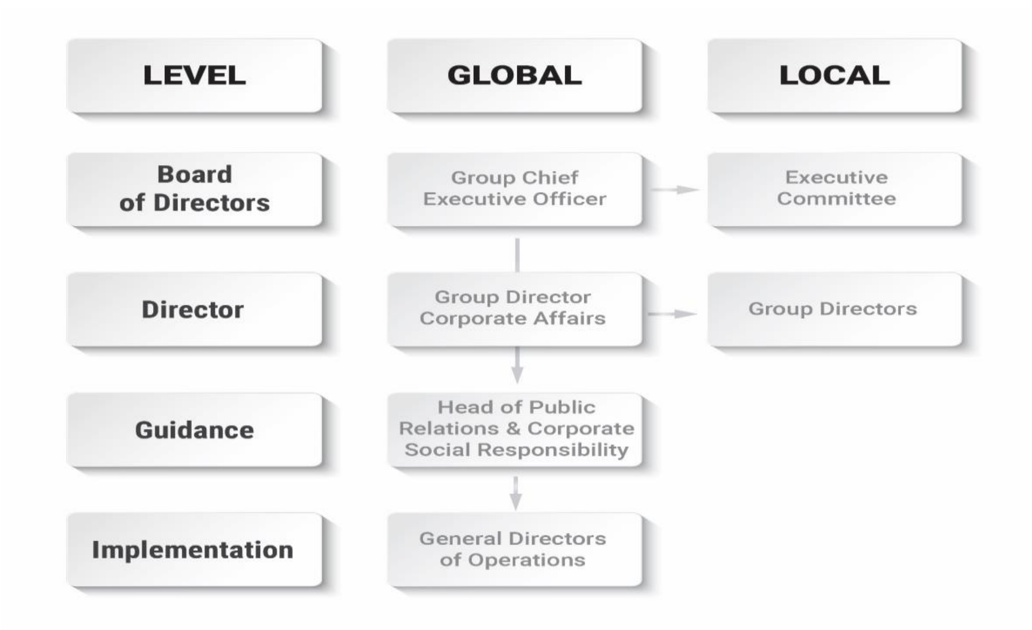
Managing Corporate Responsibility

Integrating Corporate Responsibility within the organizational structure

INTRALOT strives to create value for its Stakeholders and adhere to the highest levels of integrity, responsibility, innovation and sustainable growth. From an organizational perspective, the Group Corporate Affairs Division is assigned to manage the issue of Corporate Responsibility, in order to streamline activities and facilitate the Company's responsible operation, at a strategic, organizational and operational level.

INTRALOT's management structure related to Corporate Responsibility is depicted below:

CORPORATE RESPONSIBILITY MANAGEMENT



- At Board level, the overall responsible is the Group Chief Executive Officer, who is the Chairman of the Executive Committee, with the leadership on Corporate Responsibility plan.
- At director level, the Group Director Corporate Affairs is responsible to organize the relevant activities, as well as to review the Group's Responsible Gaming program. The Group Corporate Affairs Division is assigned to streamline activities and facilitate the Company's responsible operation, at a strategic, organizational and operational level.
- At operational level, the Head of Public Relations & Corporate Social Responsibility is responsible to guide, plan, implement and evaluate the Corporate Responsibility program, as well as cooperate with other departments.
- The Corporate Affairs Division interacts with General Directors of Operations and other Divisions within the Company, at a local and global level, to facilitate respective practices implemented.

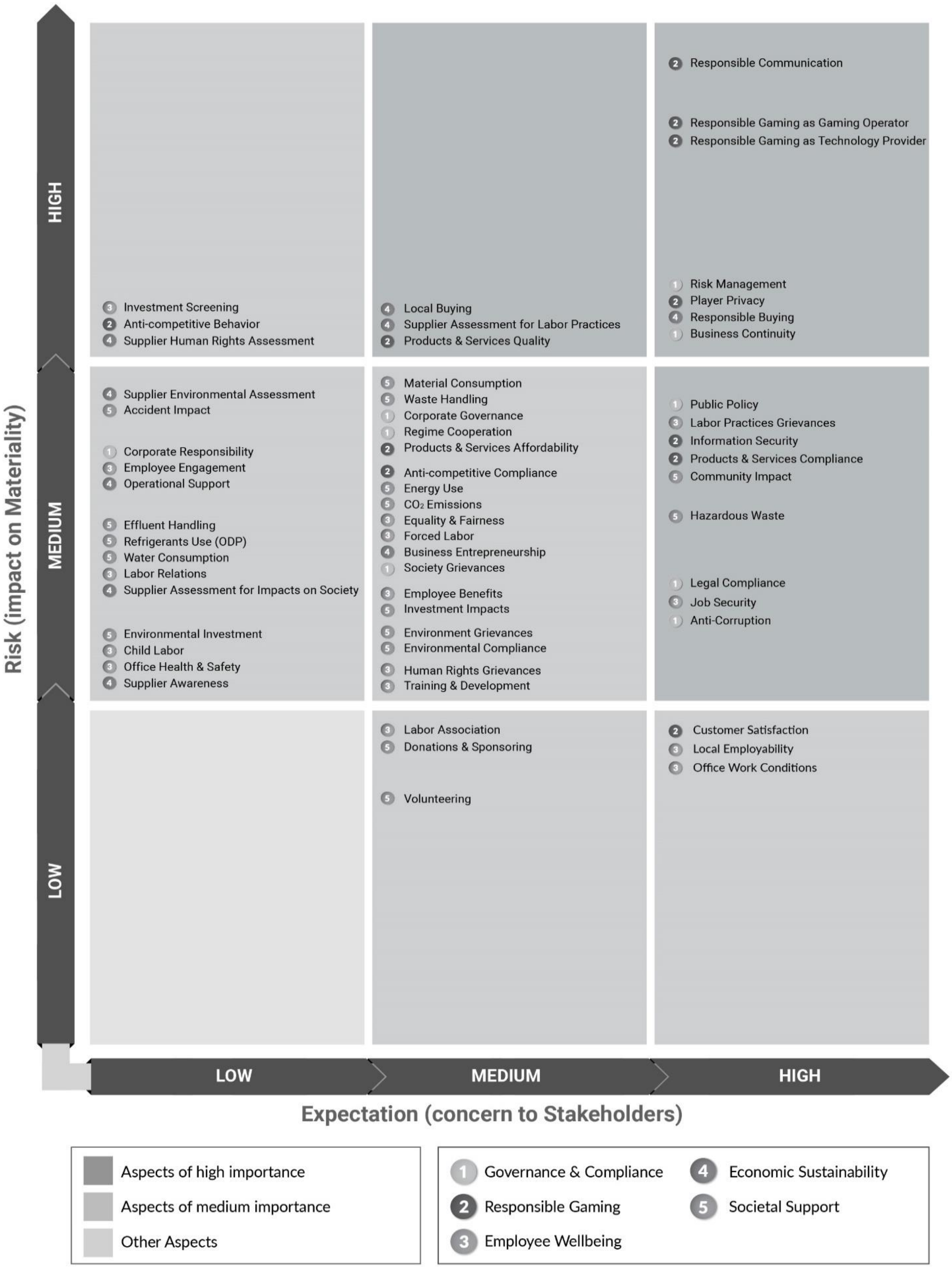
Material Issues

Recognizing Material Issues

In order to holistically examine issues that can or could affect its responsible operation and ensure that the content of this Report focuses on the Material Issues, INTRALOT conducted a Materiality Analysis, structured around four stages:

1. Identification of potential aspects, through which over 90 issues were considered by reviewing:
   a. Current industry practices.
   b. Future trends.
   c. Relevant industry related analyses by international organizations, such as the RobecoSAM's Sustainability Yearbook for the 'Casinos & Gaming' sector.
   d. Regulatory environment.
2. Analysis of these issues in terms of associated Risk, according to the significance of the economic, social and environmental impacts that the Company's activities, products and operations either have or could have.
3. Identification of Stakeholders' expectations, through the analysis of their views as a result of relevant surveys that have been conducted (e.g. Customer Survey) and the indirect input from the departments which interact with each Stakeholder group.
4. Combination of the Risk analysis and Stakeholders' expectations, which resulted in defining the Material Issues that INTRALOT should focus on.

The Materiality Analysis, as well as the current Report, which were approved by the Group Corporate Affairs Director, depicts the Material Issues for 2016 in the grey shaded area of the diagram in the next page.


HIGH
MEDIUM
LOW
Risk (impact on Materiality)
3 Investment Screening
2 Anti-competitive Behavior
4 Supplier Human Rights Assessment
4 Local Buying
4 Supplier Assessment for Labor Practices
2 Products & Services Quality
2 Responsible Communication
2 Responsible Gaming as Gaming Operator
2 Responsible Gaming as Technology Provider
1 Risk Management
2 Player Privacy
4 Responsible Buying
1 Business Continuity
4 Supplier Environmental Assessment
5 Accident Impact
1 Corporate Responsibility
3 Employee Engagement
4 Operational Support
5 Effluent Handling
5 Refrigerants Use (ODP)
5 Water Consumption
3 Labor Relations
4 Supplier Assessment for Impacts on Society
5 Environmental Investment
3 Child Labor
3 Office Health & Safety
4 Supplier Awareness
5 Material Consumption
5 Waste Handling
1 Corporate Governance
1 Regime Cooperation
2 Products & Services Affordability
2 Anti-competitive Compliance
5 Energy Use
5 CO2 Emissions
3 Equality & Fairness
3 Forced Labor
4 Business Entrepreneurship
1 Society Grievances
3 Employee Benefits
5 Investment Impacts
5 Environment Grievances
5 Environmental Compliance
3 Human Rights Grievances
3 Training & Development
1 Public Policy
3 Labor Practices Grievances
2 Information Security
2 Products & Services Compliance
5 Community Impact
5 Hazardous Waste
1 Legal Compliance
3 Job Security
1 Anti-Corruption
3 Labor Association
5 Donations & Sponsoring
5 Volunteering
2 Customer Satisfaction
3 Local Employability
3 Office Work Conditions
LOW
MEDIUM
HIGH
Expectation (concern to Stakeholders)
Aspects of high importance
Aspects of medium importance
Other Aspects
1 Governance & Compliance
2 Responsible Gaming
3 Employee Wellbeing
4 Economic Sustainability
5 Societal Support

Stakeholder Engagement

Interacting with Stakeholders

INTRALOT has a large number of internal and external Stakeholders, who can be defined as all those who are either affected by the Company's operations or affect its operations. Since Stakeholders increasingly require transparency and active involvement in issues, such as societal support and environmental protection, the Company intends to enhance its Stakeholder engagement program by expanding its participation in various business fora, such as the European Business Ethics Network and the Hellenic Business and Industry Federation's Sustainable Development Committee.
In addition, INTRALOT is actively engaged with business initiatives of industry associations, such as the World Lottery Association's Responsible Gaming Programs and the European Lotteries initiatives.

Societal Support

A key element of INTRALOT's approach to society is to understand the expectations of local community members and effectively contribute to their needs. The Company seeks to align its economic growth with support to society and strives to:

- Support knowledge and technological know-how sharing to local communities.
- Contribute to enhance the quality of life.
- Implement programs to create value to different groups and accelerate social growth and prosperity.

While environmental protection is a particularly important aspect for most industries, the gaming industry can be considered as of relatively low impact to the environment. However, improving its environmental performance is a challenge that the Company takes very seriously. Therefore, INTRALOT:

- Has established an Environmental Management System (EMS), fully compliant with ISO 14001:2015 requirements, which is continuously improved in accordance with INTRALOT Group strategic objectives. The EMS is audited annually by TUV Nord Group and re-certified every three years.
- Has established an Environmental Legislation Monitoring Procedure to ensure compliance with applicable environmental national and international laws and regulations.
- Has adopted eco-friendly processes, in order to conserve energy and natural resources to minimize the potential impact of its operations on the environment, as well as address environmental issues throughout its products and services' life cycle, such as:
    - Produce energy efficient and durable products.
    - Design products without any hazardous and restricted materials.
    - Increase the use of recyclable materials.
- Takes into consideration regular environmental impact assessments.

It must be noted that within 2016:

- There were no incidents with environmental impacts on local communities.
- There were no written notices regarding environmental issues by respective authorities.

- There were no complaints about environmental impacts filed through formal grievance mechanisms, no prosecutions or legal actions for environmental issues and no fines or non-monetary sanctions for non-compliance with environmental laws and regulations were imposed by the respective authorities.

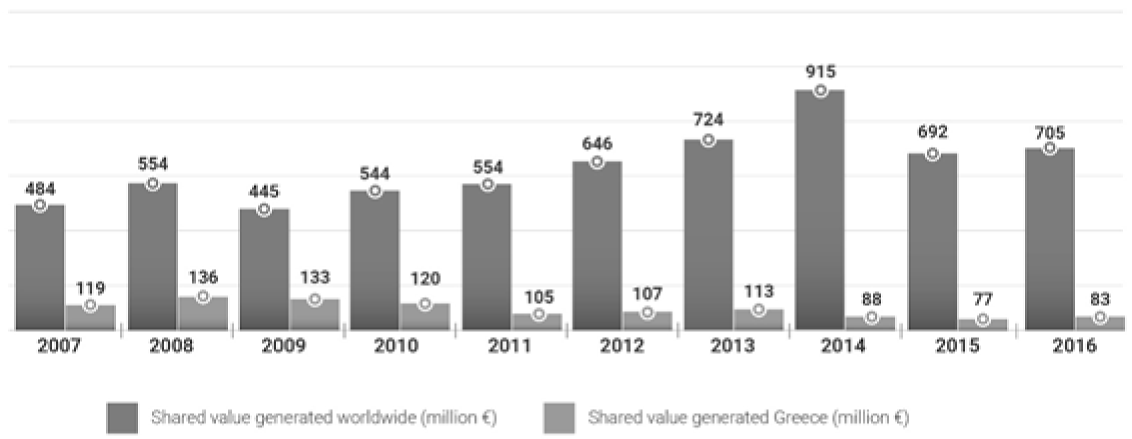
Sharing Value

INTRALOT Group generated €705 million of shared value for its Stakeholders in 2016, increased by 1,9% compared to €692 million in 2015. At INTRALOT level, the Company generated €83 million of shared value in 2016 in Greece.

The Group generated over **€6,**2 **billion** shared value in the last 10 years, with over €1 **billion** being in Greece

ANALYSIS OF THE SHARING VALUE OF THE GROUP

SHARING VALUE

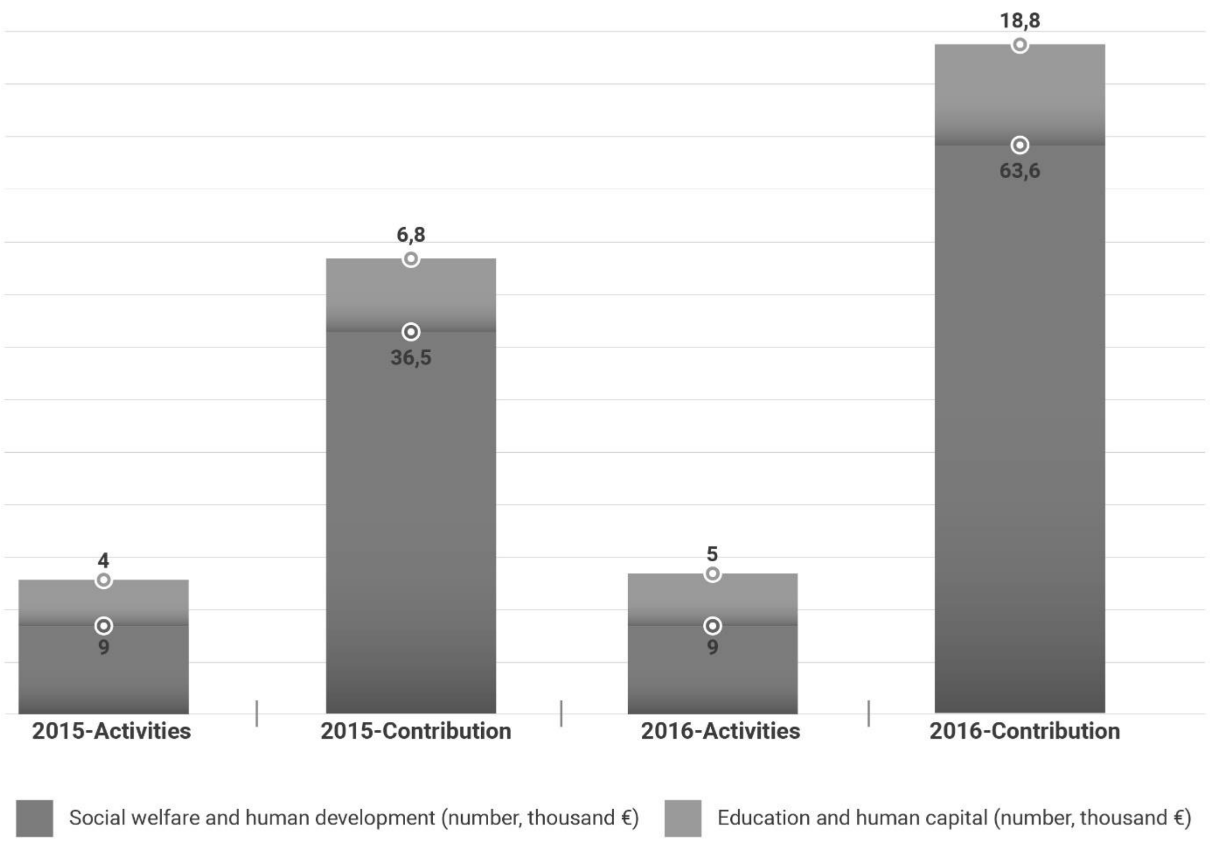


Contributing to Society

INTRALOT is committed to support the communities where it operates, as they provide the resources, infrastructure and markets for its businesses operations. Therefore, the Company has launched the targeted social support program 'INTRALOT – We Care a Lot', which included 14 activities in 2016, with a total investment of over €82.000 in two main areas:

- Advance education and human capital.
- Support social welfare and human development.

INTRALOT – WE CARE A LOT PROGRAM



Advancing education and human capital

Education and human capital constitutes an important priority and INTRALOT supports various activities, which include:

- Support to the University of Hohenheim's Gambling Research Center, which conducts research on the various economic and social aspects of gambling and its impact on player behaviour, habits and lifestyle.
- Support to the United States' Educational Foundation Fulbright.
- Support to the initiative 'Panorama of Entrepreneurship and Career Development'.
- Support to Arsakeia Schools for their Scholarship Fund program.

- Sponsor to the Economist's 20th Roundtable with the Government of Greece 'Europe: Shaken and Stirred? Greece: A Skillful Acrobat?', where INTRALOT's CEO also delivered a speech in the panel discussion 'Greece Today and Tomorrow: Envisaging New Business Models for Growth'.
- Sponsor to the American-Hellenic Chamber of Commerce's 27th The Greek Economy Annual Conference, titled 'Greece and the Global Disruptive Environment: A Look into the Future', where INTRALOT's CEO also delivered a speech in the panel discussion 'Strengthening Greece's Competitiveness and Stimulating Investment, Economic Growth and Job Creation'.
- Sponsor to the Institute of Internal Auditors Greece's 2016 Annual Conference 'Aiming for the Top'.
- Sponsorship to the Embassy of the Republic of Azerbaijan for a ceremony to celebrate the 98th anniversary of declaring the First Republic of Azerbaijan.

Supporting social welfare and human development

INTRALOT's initiatives focus on supporting underprivileged groups, in collaboration with various NGOs and institutions, with indicative examples being:

- Support to Nikaia-Athens Diocese of the Orthodox Church of Greece every Easter and Christmas season for the last eleven years.
- Official sponsor of the Olympic swimming athlete Apostolos Christou, for his preparation for the 2016 Olympic Games in Rio de Janeiro, Brazil.
- Support to the organizations 'Therapy Center for Dependent Individuals' (KETHEA) and 'SOS Children's Villages Greece'.
- Donations to the organizations 'Organization Earth' and 'Arc of the World' through an initiative to support refugees.

14 activities were supported through social support program, with €82.400 invested

Encouraging volunteerism

INTRALOT seeks to leverage corporate skills and resources and cultivates volunteerism through various activities, as described below:

INTRALOT Runners

Within 2016, INTRALOT participated with 57 runners to the 34th Athens Marathon, the Authentic, with over 48.000 participating athletes. For the fifth consecutive year, 'INTRALOT Runners' ran the 5km, 10km and 42km races of the Marathon to support the 'Therapy Center for Dependent Individuals' (KETHEA), the largest rehabilitation and social reintegration network in Greece.

Support refugees

Within 2016, INTRALOT organized a volunteer donation activity to support refugees and collected 35 boxes with clothing and essentials supplies and 20 boxes with food supplies and medicines, which were distributed to the non-profit organizations 'Organization Earth' and 'Arc of the World'.

Caring for the impact of operations

Local communities constitute an important Stakeholder of INTRALOT, as they are directly related with the Company and its activities. Therefore, the Company aims to remain aware of its operations' effects and identify their impacts on local communities. To this day, the Company has not identified any operations with significant actual or potential negative impacts on local communities.
It must be noted that within 2016:

- Approximately 75% of INTRALOT's premises are accessible by people with disabilities.
- There were no significant investment agreements and contracts with clauses on human rights.
- There were no significant investments on infrastructure to provide a public service or good rather than for commercial purpose (e.g. road, school, water supply and power lines/facilities).
- There were no accidents with significant impact on the local communities.
- There were no complaints about impacts on society filed through formal grievance mechanisms and no fines or non-monetary sanctions for non-compliance with relevant laws and regulations were imposed by the respective authorities.

Materials and Waste

Environmental Policy

The Company is committed to minimize its potential environmental impacts, conserve energy and natural resources and fulfill its obligations related to environmental legislation. According to the provisions of the Code of Conduct, INTRALOT is committed to being an environmentally accountable corporate citizen and strives to conserve resources and reduce waste and emissions through recycling and other energy conservation measures. For this reason, INTRALOT has established an Environmental Management System (EMS), fully compliant with the requirements of ISO 14001:2015, with the following key points:

- Exploit state-of-the-art technology to establish environmentally friendlier and efficient operations, which minimize waste, pollution, health and safety risks, as well as enable safe waste disposal.
- Be an environmentally responsible Company and address incidents or conditions that threaten health, safety or the environment.
- Meet or exceed the environmental legislation that relates to its operations and processes (i.e. national legislation, European regulations, legislation and non-normative directives).
- Minimize emissions through appropriate selection and use of vehicle fleet and employee travel methods.
- Actively promote recycling, both internally and amongst customers and partners.
- Set and evaluate achievable environmental performance goals to continuously improve the EMS.
- Use materials and technologies that comply with environmental standards and recycle old equipment in an environmentally responsible way.

Paper and toners consumption reduced by 34,7% and 43,0% respectively

INTRALOT's Top Management is responsible to ensure that the Environmental Management System incorporates all mandatory legal requirements and the Environmental Risk Officer monitors risks related to the environment, proposes changes to the Environmental Management System and ensures that all changes have been understood and are followed.

Reducing materials

Materials consumption at INTRALOT is a direct result of its operational needs (i.e. paper), according to the following classification. It must be noted that the Company has reduced its paper and toner consumption to produce bid documents and distribute press monitoring hard copies compared to previous years, as it only uses central printers to scan and electronically disseminate copies. At the same time, INTRALOT has installed centralized MPS printers and employees use their access cards to print any documents, in order to monitor and control printing volume.

Materials consumption

	2014	2015	2016
Wood (kg)	NR	NR	3,000
Plastic (kg)	NR	NR	1
Paper (kg)	13.550	10.425	6.800
Toners (units)	NR	419	239

NR = Not reported

It must be noted that manufacturing of gaming terminals complies with the Restriction of Hazardous Substances (RoHS) Directive 2002/95/EC, which limits or bans specific substances in new electronic and electric equipment (e.g. lead, cadmium, PBB, mercury, hexavalent chromium, PBDE flame retardants). At the same time, INTRALOT requires that its suppliers located in Europe comply with the RoHS Directive, as well as the Waste Electrical and Electronic Equipment (WEEE) Directive 2002/96/EC.

Recycling materials

In order to further reduce its environmental footprint, INTRALOT follows the relevant legislative framework concerning waste disposal and does not directly send any waste to landfills. Instead, all waste is systematically collected and sent to a licensed recycling partner, who handles waste disposal in an appropriate and environmentally friendlier manner.
At the moment, INTRALOT does not use recycled or FSC certified paper or any other recycled materials. It must be noted that the Company is responsible to remove hazardous waste included in hardware produced or traded by INTRALOT according to environmental procedures in cases of leased equipment that is removed after the expiration of the agreement.

Recycling bins

In order to collect and convert waste materials into reusable objects, INTRALOT has placed recycling bins, which include:

- Green recycling bins for paper on each floor. The Company has assigned specialized employees to handle collected paper and regularly sent it to a partner recycling company.
- Blue recycling bins for aluminum cans on each floor.
- Clear recycling bin for batteries at the main entrance.

Electronic equipment

The Company re-uses telecommunication devices and IT equipment (such as personal computers and mobile phones) if they are in working condition and re-assigns them to another user. In case they cannot be re-used, the Company stores certain components as spare parts (such as memory discs, batteries and hard discs) and forwards the remaining materials for recycling.

Materials recycling

	2011	2012	2013	2014	2015	2016
Operational needs						
Paper (kg)	7.200	7.350	7.125	10.162	2.500	3.000
Toners (units)	716	818	820	740	21*	14
Batteries (kg)	498**	93	33	40	63	34
Electrical and electronic equipment (WEEE) (kg)	NR	NR	NR	NR	NR	12.810
Packaging materials						
Cardboard / paper (kg)	2.500	2.500	NR	3.000	2.750	3.000
Cardboard packaging for liquids (kg)	0	0	NR	0	1	0
Plastic (kg)	10	0	NR	1	0	1
Wood (kg)	3.000	3.000	NR	3.500	3.200	3.000
Packaging pieces (units)	18.000	18.000	NR	20.000	19.000	19.000

*Toners from centralized printers (MPS) for June-December 2015.
**450kg were car batteries.
NR = Not reported

Monitoring water consumption

Water scarcity is highlighted as an extremely important environmental aspect which requires urgent action, as the needs and demand for this precious resource have been intensified during the last years. INTRALOT is aware of its relative scarcity and therefore strives to reduce water consumption, where feasible, and therefore:

- Monitors water consumption in its premises in Maroussi and Peania.
- Water supply is performed exclusively through the public water supply network and water utility companies, therefore no other water sources are affected.
- All liquid waste is directed to the public waste network.
- Does not use hazardous cleaning materials.
- At the moment, does not recycle or reuse water for its operations.
- Has implemented control mechanisms to respond to potential water supply failures and water leakages.
- Repaired the cooling towers for the air conditioning system in its building in Maroussi, in order to handle water leakages that were noticed.
- There were no planned or unplanned water discharges and no significant spills of chemicals or fuels or any other material.

Water consumption

	2015	2016
Water consumption (m_3)	4.816	9.676

The increased water consumption for 2016 can be attributed to the volume required to fill the cooling towers for the air conditioning system in INTRALOT's building in Maroussi.

Energy and Emissions

Analyzing energy impact

Although INTRALOT's operations are not energy intensive, the Company consciously seeks to reduce energy consumption, which is linked to global climate change. The main sources of its energy consumption are electricity (entirely purchased from the Public Power Corporation – Hellas) and heating petrol.

Energy consumption and intensity

	2015	2016
Heating petrol (lt)	65.000	60.000
Electricity (KWh)	2.101.838	3.408.380

Data refer to all buildings of INTRALOT S.A.

In order to reduce its energy consumption and air emissions, INTRALOT:

- Has implemented an energy saving program in all facilities.
- Complies with the necessary technical and maintenance requirements of petrol tanks used for heating.
- Regularly checks the electromechanical equipment (boilers) for heating and hot water, air conditioning systems, as well as computer and other office equipment according to global acceptable standards and practices.
- Monitors the fuel consumption of corporate leased vehicles, through corporate credit cards issued to users.
- Complies with the Euro 5 (2009/9) standard for light passenger and commercial vehicles for all corporate leased vehicles.
- Utilizes company buses from major public transportation stations to transport employees from/to Peania premises.
- Encourages car pooling of employees in Peania premises.
- Uses LED lamps in its building in Maroussi, while approximately 85% and 10% of lamps installed in Maroussi and Peania premises respectively are energy-efficient lamps.
- Has installed photoelectric cells in garage areas, in order to ensure that lights are turned off when no employee is in the garage areas.

- Has instructed the Building Security guards to perform regular inspections during their shifts (including late night shifts), in order to ensure that lights and the heating/cooling are turned off in workspace areas where no employee is present during late evening and night hours.
- Has installed and operates a Building Management System (BMS) in its building in Peania, which allows operations to automatically halt in case of malfunctions.

Monitoring greenhouse gas emissions

Direct and indirect energy consumption unavoidably lead to greenhouse gas emissions. Despite the fact that INTRALOT operates in a non-energy intensive industry with limited greenhouse gas emissions compared to other industries, the Company systematically measures and reports its greenhouse gas emissions due to its extensive operations and the issue's importance worldwide.

Greenhouse gas emissions

	2015	2016
Greenhouse gas emissions (tons CO_2)	1.686,6	2.374,1
Due to petrol consumption for heating (direct emissions) (tons CO_2)	173,3	160,6
Due to electricity consumption (indirect emissions) (tons CO_2)	1.513,3	2.213,5

Data refer to all buildings of INTRALOT S.A.

Sources of conversion factors: GHG Protocol GHG emissions from stationary combustion Calculation Tool V 4.1 May 2015 (Heating Petrol), IEA - CO_2 Emissions from Fuel Combustion 2015 edition 1 (Electricity)

Using environmentally friendlier refrigerants

The Company mainly utilizes chlorofluorocarbons (CFCs) free refrigerants to cool its servers, use in air-conditioning and fire suppression systems, as well as for its coolers, in order not to harm the ozone layer. Within this context, the Company replaced the R22 used in two coolers in its headquarters with the environmentally friendlier R407C within 2016.

Air Travel

INTRALOT strives to reduce the impact of its business operations on climate change. Because the climate impact of air transportation is currently not sufficiently regulated by national or international laws, the Company voluntarily commits to minimize air travel and travelled air miles. Therefore, INTRALOT:

- Uses other modes of regional travel, where possible.
- Utilizes remote session technologies (such as Skype, WebEx and conference calls), in order to reduce the number and frequency of business travels.
- Extensively uses e-learning training programs.
- Monitors the number of flights and greenhouse emissions due to employee air travel.
- Combines trips and activities, in order to minimize the number of flights required.
- Uses the most direct routes possible, since take-offs and landings increase the amount of fuel consumed.
- Prefers to utilize flights during the daytime, because relevant studies have showed that flying during nighttime increases the overall environmental impact.

- Encourages employees to fly economy seats, because more people per plane mean fewer emissions per person.
- Encourages employees not to carry heavy baggage during flights, because lighter planes mean less fuels consumed.

Air miles and CO_2 emissions from air travel

	2015	2016
Flights (number)	783	810
Long flights (>4 hours)	180	320
Short flights (<4 hours)	603	490
Travelled air miles (million miles)	3,5	1,4
CO_2 emissions (indirect emissions) (tons)*	549,6	585,1

*Estimation based on ICAO Carbon Emissions Calculator and EPA 430-R-08-006.

Promoting environmental awareness

INTRALOT seeks to promote environmental protection issues and encourages initiatives that relate to environmental protection. Therefore, the Company:

- Promotes employee environmental awareness through measures, which include the use of a dedicated reminder in corporate e-mail signatures to consider the environment before printing an e-mail.
- Briefs newly hired employees on recycling through the Corporate Induction Program.

Protecting biodiversity

Due to its negligible influence of activities and operations on biodiversity, INTRALOT does not have a separate policy on biodiversity. However, the Company takes this important environmental issue into consideration, as:

- All buildings are located in established industrial or residential areas, with no facilities located near protected NATURA or RAMSAR areas.
- All operation sites are not located near ecosystems and habitats or other areas of high biodiversity value outside protected areas.
- There are no IUCN Red List species and national conservation list species with habitats in areas affected by operations.

Responsible Gaming

Responsible Gaming is a concept according to which gaming operators, technology and software suppliers and associated service providers need to ensure that their products and services provide a fair and safe gaming experience that enables players to be protected from the adverse consequences of gaming. Whether players buy a lottery or scratch ticket, place their bets, play bingo or on a gaming machine or casino game, players have to view their activity as a form of entertainment in a balanced way. Thus, Responsible Gaming means that operators must aim to keep their games and gaming services profitable and reliable while, at the same time, ensure that all steps are taken to eliminate excessive behavior and protect vulnerable groups, which include:

- Individuals under legal age of play.
- Individuals with low income.
- Retailers, lottery employees and contractors.
- Individuals with a gaming addiction.
- Individuals with other psychiatric disorders, such as substance abuse and alcoholism.
- Individuals with a family history of problem gaming.
- Individuals not aware of risks of problem gaming.

Besides being an ethical and a regulatory requirement, Responsible Gaming is a business imperative for gaming companies, who are required to comply with applicable Responsible Gaming frameworks and implement specific measures and procedures to protect society and Stakeholders.

RESPONSIBLE GAMING APPROACH

An ethical & regulatory requirement expected by our Customers & by society in general

As an Associate member of WLA, INTRALOT abides by the WLA Responsible Gaming Framework, whose purpose is to integrate the Responsible Gaming Principles into the day-to-day operations of member lotteries. The Framework consists of:

- The 7 Responsible Gaming Principles, to which WLA members commit themselves to: Meet their objectives while, at the same time, protect their customers' and vulnerable groups' interests and uphold their respective commitments within their own jurisdiction.
- Ensure their practices and procedures reflect a combination of government regulations, operator self-regulation and individual responsibility.
- Develop their practices concerning Responsible Gaming on the best possible understanding of relevant information and analysis of documented research.

- Work with Stakeholders to share information, develop research and promote Responsible Gaming as broadly as possible and encourage a better understanding of the gaming's social impact.
- Promote Responsible Gaming in all activities, including development, sale and marketing of their products and other activities and ensure the same on behalf of their agents.
- Provide information to public in an accurate and balanced manner, in order to enable informed choices about gaming activities within their jurisdiction.
- Monitor, test, and revise as appropriate the activities and practices related to Responsible Gaming and publicly report their findings.

The 10 Responsible Gaming Framework program elements, which are described below:

Responsible Gaming Framework Program Elements

Element	Description
Stakeholder Engagement	Identify, understand and integrate interests of decision-makers, decision influencers and other society members into key Responsible Gaming related business decisions and Responsible Gaming program development.
Reporting and Measurement	Measure and report on lottery's commitments, actions and progress on Responsible Gaming to relevant internal and external Stakeholders.
Research	Support and/or conduct, integrate and disseminate Responsible Gaming related research.
Employee Program	Ensure and support efficient and effective application of Responsible Gaming principles by all relevant employees.
Retailer Program	Ensure and support efficient and effective application of Responsible Gaming principles by retailers and their front-line employees.
Game Design	Apply evidence-based Responsible Gaming considerations to design, selection and introduction of new lottery and gaming products.
Remote Gaming Channels	Ensure that interactive remote gaming platforms have safeguards in place that protect players.
Advertising and Marketing Communications	Ensure continuous improvement of responsible marketing and communications practices and application of regulatory codes.
Player Education	Support, integrate and disseminate information related to good practices in responsible play ('informed player choice') and treatment referral.
Treatment Referral	Offer support, guidance and referral to specialized services to customers with potential or actual gaming addiction problems, if needed.

Since 2014, INTRALOT S.A. holds the Certificate of alignment with the criteria set in the Responsible Gaming Certification Standards for Associate members, following an in-depth independent assessment performed on its products and services and Responsible Gaming practices communicated to lottery customers by TÜV NORD, the WLA approved assessor.

Ethics – Code of Conduct

Integrating responsibility in our everyday operations

The importance of responsible operation has been embedded in the way INTRALOT is managed, as the Company has adopted internal rules and regulations to govern its daily operations, such as the Internal Regulation Charter, the Code of Corporate Governance and the Code of Conduct, while at the same time, INTRALOT is committed to comply with the respective legislation in all countries of operations.

Internal Regulation Charter: The Company's Internal Regulation Charter regulates the structure of INTRALOT's Divisions, their responsibilities and the relationship with each other and with INTRALOT's management. Its primary objective is to ensure compliance with the provisions of the applicable legislation (such as the Law 3016/2002 on corporate governance, the Law 2190/1920 on public limited companies and the Law 3340/2005 on the capital market protection). The Charter defines the responsibilities, duties and obligations of each statutory body, under the provision of the Company's Articles of Association and the applicable legislation, and is binding for anyone who provides services to the Company, regardless of its nature and legal relationship, such as:

- The Board of Directors.
- The Group Chief Executive Officer, the Deputy Group Chief Executive Officer and all Division Directors, Department Managers and Supervisors.
- All employees with any type of employment relationship.
- All partners who provide their services through an independent services contract.

Code of Corporate Governance: INTRALOT has its own Code of Corporate Governance, which documents the practices of corporate governance undertaken by the Company both on its own initiative and according to the relevant legislation (such as Laws 2190/1920, 2778/1999, 3016/2002, 3693/2008 and 3884/2010). The Code is aligned with the Principles of OECD Corporate Governance as published in 2004 and the Code of Corporate Governance for the Listed Companies of the Hellenic Federation of Enterprises (SEV), as well as generally accepted corporate governance principles applied by European Union countries. The Code is posted on the corporate website (www.intralot.com) and its main goals are:

- To define corporate governance practices.
- To assure transparency in its operations and management procedures.
- To improve information sharing with shareholders.
- To comply with the requirements of the relevant legislation and regulatory framework.

The Code of Conduct has been communicated to all the employees

Code of Conduct: The Company's Code of Conduct defines the way its managers and employees behave, maintain respect of laws and regulations and foster relationships of trust with Stakeholders, business partners and other third parties and constitutes a statement of its principles on the following issues:

- Purpose.
- International Business Conduct.
- Information Security Policy Compliance.

- Social Media.
- Confidential Information.
- Protection and Use of Company Assets and Resources.
- Competition and Fair Dealing.
- Conflict of Interest.
- Corporate Opportunities – Inventions.
- Giving or Accepting Business Courtesies.
- Integrity/Probity.
- Corporate Travel Policy.
- Information and Technology Resources.
- Relationships with Suppliers.
- Relationships with Clients.
- Relationships with Competitors.
- Environment.
- Health and Safety.
- Equal Employment Opportunity and Harassment Policies.
- Alcohol and Drugs.
- Violence Prevention.
- Reporting a Breach of the Code of Conduct.

There were no reports or complaints for violations of the Code of Conduct

It must be noted that:

- The Code of Conduct is available on the corporate intranet portal (where all employees have access) and has been communicated to all employees, including all new employees who receive the Code via email.
- The Code of Conduct is incorporated in all employee contracts and their signature is considered as acknowledgement and acceptance of the Code's principles and provisions.
- All managers and employees despite contract type (permanent and temporary) and hierarchical level of INTRALOT Group, its subsidiaries and controlled affiliates are required to comply with the Code of Conduct at all times and everyone is expected to behave and conduct his/her business in line with this Code without any exception.
- In case there are any questions related to the Code of Conduct, employees can direct them to the Human Resources Department.
- In case anyone suspects that they have or may have a conflict of interest or something that others could reasonably perceive as a conflict of interest, they must report it to their Supervisor or their Director, who will discuss with the employee to determine whether he/she actually has a conflict of interest and, if so, how to best address it. No such cases have been reported within 2016.

HUMAN RESOURCES

Our Best Asset

Acknowledging the importance of Human Resources as the most important assets and competitive advantages of any Company, the policies pursued and the initiatives undertaken by INTRALOT and its subsidiaries abroad, aim at effectively attracting, enhancing and retaining talent. The continuous efforts and contribution of all INTRALOT employees as well as their unceasing trust and support of its shareholders remain a key factor in the advancement of the Company's competitiveness and further growth. The Company undertakes to provide its employees with a working environment that will constantly develop their capabilities and enhance their performance through reward and recognition schemes, always in accordance with the principles that govern the Group.

From an HR perspective, 2017 has been a year of introducing new policies and processes for the Headquarters and the Group, further upgrading our reporting and controlling systems, and continuing our effort to restructure, right size and rejuvenate our Human Capital. At HQ and Subsidiaries level, the total turnover rates were at the range of 13%, while the people who joined reached 15% of the total personnel base. High standards and recruitment methods were followed in order to enrich our resources.

Training and Development

In terms of Training and Development, our efforts have been focused on internal promotions and international moves. 3% of our people were internally promoted, while 10 persons have been assigned to new international projects and positions around the globe.

INTRALOT's Performance Management System was implemented for all personnel at Headquarters and is gradually being implemented to all our major subsidiaries. The aim of the performance system is to foster a highly-engaged workforce aligned with the Organization's goals and values. It is comprised of individual goals (metrics) and role-based competencies and results in targeted, individual development plans.

RISKS AND UNCERTAINTIES

Enterprise Risk Management

The Enterprise Risk Management (ERM) Framework documents the good practices adopted by the INTRALOT Group in order to identify, assess and manage risks related to the achievement of its business objectives.

INTRALOT ERM targets at the assurance of stakeholder and shareholder trust through the appropriate and continuous balancing of risk and value.

INTRALOT ERM follows a holistic approach for taking into account all parameters that drive the execution of INTRALOT Group Strategy, including INTRALOT's financial health, operations, people, technology, compliance, products and reputation.

ERM provides the means to continuously monitor risk, align it with the changing internal and external parameters and manage it according to the defined corporate risk appetite.

The Enterprise Risk Management (ERM) Framework is designed according to the specifications of COSO (Committee of Sponsorship Organizations of the Treadway Commission) and ISACA (COBIT for RISK). It is a holistic strategic framework taking into account risks related to the business objectives of INTRALOT GROUP.

The framework incorporates the following components:

1. Objective setting: Objectives are clearly defined in order to be used as a reference point for the identification of risks. A process is in place for setting objectives that align with INTRALOT's mission and are consistent with the corporate risk appetite.
2. Risk assessment: Risks are analyzed in relation to the objectives and by determining the likelihood of and impact from the realization of an adverse event.
3. Risk response: Management selects risk responses – avoiding, accepting, reducing, or sharing risk – developing a set of actions to align risks with the entity's risk tolerances and risk appetite.
4. Event identification: Internal and external events affecting the achievement of INTRALOT objectives are identified.
5. Internal environment: The internal environment sets the basis for how risk is viewed and addressed by people, including risk management philosophy and risk appetite, integrity and ethical values, and the environment in which they operate.
6. Control activities: Policies, procedures, strategies and action plans in general are established and implemented to help ensure the risk responses are effectively carried out.
7. Information and communication: Relevant information is identified, captured, and communicated in a form and time frame that enable people to carry out their responsibilities.
8. Monitoring: Risk is monitored and modifications made as necessary. Monitoring is accomplished through ongoing management activities, separate evaluations, or both.

Description of significant risks and uncertainties

FINANCIAL RISKS

The Group's international activities create several financial risks in the Group's operation, due to constant changes in the global financial environment. The Group beyond the traditional risks of liquidity risk and credit risk also faces market risk. The most significant of these risks are currency risk and interest rate risk. The risk management program is a dynamic process that is constantly evolving and adapted according to market conditions and aims to minimize potential negative impact on financial results. The basic risk management policies are set by the Group Management. The risk management policy is implemented by the Treasury Department of the Group which operates under specific guidelines approved by management.

Credit risk

The Group does not have significant credit risk concentration because of the wide dispersion of its customers and the fact that credit limits are set through signed contracts. The maximum exposure of credit risk amounts to the aggregate values presented in the balance sheet. In order to minimize the potential credit risk exposure arising from cash and cash equivalents, the Group sets limits regarding the amount of credit exposure to any financial institution. Moreover, in order to secure its transactions even more, the Group adopted an internal rating system, regarding credit rating evaluation, using the relevant financial indices.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group took measures to obtain certain policies to monitor the liquidity in order to hold liquid assets that can cover Group's liabilities.

Further analysis of the maturity of the financial liabilities of the Group is provided in note 2.34 of the annual financial statements.

Market Risk

1) Foreign Exchange risk

Fluctuations in exchange rates can have significant effects on the Group's currency positions. Group transactions are carried out in more than one currency and therefore there is a high exposure in foreign exchange rate fluctuations against the euro, which is the main underlying economic currency. On the other hand, the Group's activity abroad also helps to create an advantage in foreign exchange risk management, due to the diversification in the currency portfolio. This kind of risk mainly results from commercial transactions in foreign currency as well as investments in foreign entities. For managing this type of risk, the Group enters into derivative financial instruments with various financial institutions, such as foreign currency hedging for receipts of foreign currency dividends by abroad subsidiaries. The Group's policy regarding the foreign exchange risk concerns not only the parent company but also the Group's subsidiaries.

Further analysis of the sensitivity analysis on foreign exchange variations and currency hedging derivatives is provided in note 2.34 of the annual financial statements.

2) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's activities are closely linked to interest rates because of investment and long and short term borrowings. To manage this risk category, the Group uses financial hedging instruments in order to reduce its exposure to interest rate risk. The Group's policy on managing its exposure to interest rate risk affects not only the parent company but also its subsidiaries for the loans concluded in euros or local currency. The Group's exposure to the risk of changes in market interest rates relates primarily to long-term borrowings of the Group's with floating rate. The Group also manages interest rate risk by having a balanced portfolio of loans with fixed and floating rate borrowings. On 31 December 2017, taking into account the impact of financial hedging products, approximately 99% of the Group's borrowings are at a fixed rate (2016: 75%) with an average life of approximately 6 years. As a result, the impact of interest rate fluctuations in operating results and cash flows of the Group's operating activities is small.

Further analysis of the sensitivity analysis of the Group's loans to interest rate changes is provided in note 2.34 of the annual financial statements.

3) High leverage risk

INTRALOT's ability to incur significant additional amounts of debt so as to finance its operations and expansion depends on capital market conditions that influence the levels of new debt issues interest rates and relevant costs. Furthermore, INTRALOT may be able to incur substantial additional debt in the

future, however, under the Senior Notes terms INTRALOT will be able to incur additional debt so long as on a pro forma basis its consolidated fixed charge coverage ratio is at least 2,00 (31/12/2017: approximately 3,50), and will be able to incur additional senior debt so long as on a pro forma basis its consolidated senior leverage ratio is not more than 3,75 (31/12/2017: approximately 3,00). If new debt is added to INTRALOT's existing debt levels, the risks associated with its high leverage described above, including its possible inability to service its debt, will increase.
Further analysis of the Group's leverage is provided in note 2.34 of the annual financial statements.

OPERATING RISKS

Winners' payouts in sports betting

INTRALOT is one of the largest sports betting operator worldwide. The winners' payout in sports betting may fluctuate in the short-term since it depends on the outcome of the events. The fluctuation of the payout may affect the financial results of INTRALOT since it represents a significant cost element for the Company.

Gaming sector and economic activity

The gaming market is affected by the economic cycles since lottery products are consumer products. However, the gaming sector is more resilient than other sectors of the economy in periods of economic crisis. Specifically, during an economic downturn, frequent draw games (like KENO or VLTs) are most likely to present a reduction in revenues, while lotto type games are less affected. With its international expansion, INTRALOT has achieved significant diversification and has reduced its dependency on the performance of individual markets and economies.

Gaming Taxation

The financial crisis has increased the budget deficits of many countries. The increase of the taxation of lottery games constitutes sometimes an easy, but not correct in Group's opinion, solution for the governments to finance these deficits. Nevertheless, such measures may affect INTRALOT's financial results.

Regulatory risk

The gaming industry is subject to extensive regulations and oversight and regulatory requirements vary from jurisdiction to jurisdiction. Because of the broad geographical reach of INTRALOT's operations, it is subject to a wide range of complex gaming laws and regulations in the jurisdictions in which it is licensed or operate. These regulations govern, for example, advertisement, payouts, taxation, cash and anti-money laundering compliance procedures and other specific limitations, such as the number of gaming machines in a given POS and their proximity to each other. Most jurisdictions require that INTRALOT be licensed. If a license, approval or finding of suitability is required by a regulatory authority and INTRALOT fails to seek or does not receive the necessary approval, license or finding of suitability, then it may be prohibited from providing its products or services for use in the particular jurisdiction. INTRALOT relies on government licenses in order to conduct its main business activities and termination of these licenses would have a material adverse effect on Group revenue. The regulatory environment in any particular jurisdiction may change in the future, and any such change could have a material adverse impact on Group results of operations, business or prospects.

Technological changes

The gaming industry is characterized by rapidly changing technology and evolving industry standards. Many of INTRALOT's software and hardware products are based on proprietary technologies. INTRALOT's competitiveness in the future will depend its ability to respond to technological changes and satisfy future technology demands by developing or licensing innovative and appealing products in a timely and cost effective manner. INTRALOT invests significant financial resources in R&D efforts to develop innovative products so as to compete effectively in the gaming markets.

Emerging markets risk

INTRALOT operates and offers its products and services in many countries, actively operating in rapidly growing and emerging markets. Potential social, political, legal and economic instability in these markets, such as the political turmoil in Turkey in 2016, may pose significant risks to the Group ability to conduct its business and expand its activities in these markets. Although management believes its operations in Turkey have not been affected, there can be no assurances such events will not have an impact in the future.

Competition risk and margin squeeze

Intralot operates in a highly competitive industry and its success depends on its ability to effectively compete with numerous domestic and foreign companies. Also, Intralot is heavily dependent on its ability to renew its long term contracts with its customers and could lose substantial revenue and profits if is unable to renew such contracts or renew them with less favorable terms (profit margins, smaller range of services, etc.) due to high competition during public tender process.

Other Operating Risks

- risks posed by illegal betting (loss of market share),
- changes in consumer preferences,
- increased competition in the gaming industry,
- non-renewal or termination of material contracts and licenses,
- seasonality of sports schedules,
- player fraud.

MATERIAL TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES:

The most important transactions between the Company and its related parties as per IAS 24 are presented on the table below:

Group (total operations)	**Income**		**Expense**	
	01/01/2017-31/12/2017	**01/01/2016-31/12/2016**	**01/01/2017-31/12/2017**	**01/01/2016-31/12/2016**
Intracom Holdings Group	344	176	5.297	5.200
Hellenic Lotteries S.A.	6.450	5.545	0	0
Lotrich Information Co LTD	1.944	2.069	839	2
Intralot de Peru SAC	2.316	132	1	3
Other related parties	763	496	1.841	4.781
Executives and members of the board	0	0	10.101	10.550
Total	**11.817**	**8.418**	**18.079**	**20.536**

Company	**Income**		**Expense**	
	01/01/2017-31/12/2017	**01/01/2016-31/12/2016**	**01/01/2017-31/12/2017**	**01/01/2016-31/12/2016**
Hellenic Lotteries S.A.	5.600	5.545	0	0
Intracom Holdings Group	0	13	5.017	4.930
Lotrich Information Co LTD	2.147	2.069	839	2
Intralot de Peru SAC	2.758	3.016	1	0
Intralot Maroc S.A.	2.517	1.840	-76	-84
Maltco Lotteries Ltd	1.608	1.555	0	0
Intralot Finance UK LTD	0	0	13.079	15.549
Betting Company S.A.	9.901	399	1.553	975
Inteltek Internet AS	7.095	8.429	0	0
Azerinteltek AS	1.035	1.203	0	0
Intralot Do Brazil LTDA	1.546	1.546	-164	-202
Intralot Inc	5.745	5.125	217	50
Bilyoner Interaktif Hizmelter A.S.	4.450	4.641	0	0
Intralot Ireland LTD	1.358	1.599	0	0
Intralot Services S.A.	443	446	2.855	3.025
Ilot Capital UK LTD	0	0	1.445	1.610
Ilot Investments UK LTD	0	0	1.445	1.610
Intralot Gaming Services PTY LTD	3.931	723	0	0
Intralot Iberia Holdings S.A.	487	1.026	0	0
Intralot Chile SpA	29	5.411	-399	0
Other related parties	4.189	5.144	26	2.155
Executives and members of the board	0	0	5.145	4.806
Total	**54.839**	**49.730**	**30.983**	**34.426**

Group (total operations)	**Receivable**		**Payable**	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
Intracom Holdings Group	8.287	8.538	17.098	18.137
Inver Club S.A.	16	1.133	0	0
Eurobet Partners LTD	0	95	0	8.834
Bit8 Limited	0	1.057	0	504
Gamenet Group SpA	3.500	3.500	0	0
Hellenic Lotteries S.A.	0	1.547	432	0
Turkcell Group	1	0	3.512	0
Other related parties	9.899	10.712	1.448	3.724
Executives and members of the board	0	298	452	476
Total	**21.703**	**26.880**	**22.942**	**31.675**

Company	Receivable		Payable	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Hellenic Lotteries S.A.	0	1.547	432	0
Intracom Holdings Group	6.412	6.783	16.339	17.388
Intralot Australia PTY LTD	21	4.770	0	0
Intralot Do Brazil LTDA	23.406	21.701	0	0
Intralot Holdings International LTD	1.267	1.267	0	0
Loteria Moldovei S.A.	1.511	1.517	0	0
Pollot Sp.zoo	3.827	3.797	0	0
LotRom S.A.	1.663	1.663	13.509	13.857
Intralot Inc	16.361	11.291	468	290
Intralot Nederland B.V.	355	2.323	0	0
Intralot Dominicana S.A.	2.117	2.117	0	0
Betting Cyprus LTD	0	0	0	3.914
Intralot Finance UK LTD	0	0	190.164	194.397
Intralot Beijing Co LTD	0	0	2.349	2.769
Intralot Services S.A.	1.633	1.103	2.076	1.316
Ilot Capital UK LTD	0	0	21.008	21.475
Ilot Investments UK LTD	0	0	21.008	21.475
Intralot Chile SpA	4.342	5.411	-7	-8
Betting Company S.A.	908	451	1.408	5.996
Maltco LTD	1.503	1.397	0	0
Inteltek Internet AS	2.732	1.938	0	0
Intralot Gaming Services PTY LTD	3.531	3.978	0	0
Intralot Maroc S.A.	1.082	641	0	0
Totolotek S.A.	1.032	719	0	0
Intralot Betting Operations Russia Ltd	1.105	585	0	0
Other related parties	13.949	14.353	865	671
Executives and members of the board	0	0	222	239
Total	**88.757**	**89.352**	**269.841**	**283.779**

From the company profits in 2017, €21.330 thousand (2016: €13.329 thousand) refer to dividends from the subsidiaries Inteltek Internet AS, Bilyoner AS, Betting Company S.A., Intralot Maroc SA and associated companies Intralot de Peru SAC and Lotrich Information Co LTD.

The BoD and Key Management Personnel transactions and fees for the Group and the Company for the year 1/1/2017-31/12/2017 were €10,1 million and €5,1 million respectively (2016: €10,6 million and €4,8 million respectively).

ALTERNATIVE PERFORMANCE MEASURES (“APM”)

The Group uses Alternative Performance Measurements ("APM") in decision-making regarding its financial, operational and strategic planning as well as for the evaluation and publication of its performance. These APMs serve to better understand the financial and operating results of the Group, its financial position and the cash flow statement. Alternative indicators ("APM") should always be taken into account in conjunction with the financial results prepared in accordance with IFRS and under no circumstances replace them.

Definitions and reconciliation of APM

In the description of the Group's performance, "Adjusted” indicators are used:

- Adjusted EBITDA,
- Adjusted Net Debt,
- Adjusted free cash flow, and
- Adjusted Profit/(loss) from continuing operations attributable to equity holders of the Parent Company

Net Debt

Net debt is an APM used by the management to assess the capital structure of the Group. Net debt is calculated by adding to "Long-term debt" the "Long-term payable from finance leases" the "Short-term debt" and the "Short-term payable from finance leases" and deducting from total the "Cash and cash equivalents".

Net Debt (adjusted)

The adjusted net debt is defined as the net debt except for the discontinued operations of the Group in Favorit Bookmakers Office OOO (Russia), Intralot Caribbean Ventures Ltd (Santa Lucia), Supreme Ventures Ltd (Jamaica) and Slovenske Loterie AS (Slovakia). The relative calculations are presented below:

	GROUP	
	31/12/2017	31/12/2016 [1]
Long-term debt	727.988	643.892
Long-term payable from finance leases	1.389	684
Short-term debt	17.927	13.273
Short-term payable from finance leases	1.418	1.460
Total debt	**748.722**	**659.309**
Cash and cash equivalents	-238.041	-164.401
Net debt	**510.681**	**494.908**
Discontinued operations debt	0	-38
Discontinued operations cash and cash equivalents	0	13.553
Net debt (adjusted)	**510.681**	**508.423**
EBITDA from continuing operations	**171.466**	**162.506**
Leverage	**2,98**	**3,13**

[1] The Net Debt 31/12/2016 has been adjusted to exclude the balances of Group discontinued operations in Favorit Bookmakers Office OOO (Russia), Intralot Caribbean Ventures Ltd (Santa Lucia), Supreme Ventures Ltd (Jamaica) and Slovenske Loterie AS (Slovakia).

EBITDA

International Financial Reporting Standards (IFRS) do not define the content of the "EBITDA". The Group defines "EBITDA" as "Operating Profit/(Loss) before tax" adjusted for the figures "Profit/(loss) from equity method consolidations", "Exchange Differences", "Interest and similar income", "Interest and similar expenses", "Income/(expenses) from participations and investments", "Write-off and impairment loss of assets", "Gain/(loss) from assets disposal" and "Assets depreciation and amortization".

Reconciliation of operating profit before tax to EBITDA (continuing operations):	GROUP	
	1/1-31/12/2017	1/1-31/12/2016
Operating profit/(loss) before tax	**10.315**	**-7.539**
Profit/(loss) equity method consolidation	3.412	4.575
Foreign exchange differences	5.870	-3.037
Interest and similar income	-7.139	-11.303
Interest and similar expenses	70.019	87.170
Income / (expenses) from participations and investments	24.064	17.465
Gain / (loss) from assets disposal, impairment loss and write-off of assets	2.017	9.228
EBIT	**108.558**	**96.559**
Depreciation and amortization	62.908	65.947
EBITDA	**171.466**	**162.506**

Adjusted EBITDA

The adjusted EBITDA is presented in order to better analyze the Group's operating results in combination with its respective structure. As "Adjusted EBITDA" is defined the "Proportionate" EBITDA of the Group by adding the "Proportionate" EBITDA of the Group's most important associates and other companies. As "Proportionate" EBITDA of the Group is defined, the sum of the product of EBITDA contributed by each subsidiary (after the elimination of intra-group transactions) multiplied by the Group's participation percentage in that subsidiary. As "Proportionate" EBITDA of the most important associates and other companies of the Group is defined the sum of the product of EBITDA contributed by each company multiplied by the Group's participation percentage in that company.
The most important associates and other companies are those in which the Group participates with more than 15% and distribute dividends on a systematic basis. For 2016 and 2017 the most important associates and other companies are identified as: Gamenet Group S.p.A., Intralot de Peru SAC, Hellenic Lotteries S.A. and Lotrich Information Co. LTD. The relevant calculations are presented below:

	GROUP	
	1/1-31/12/2017	1/1-31/12/2016
EBITDA	**171.466**	**162.506**
"Proportionate" EBITDA of the Group	107.401	104.379
"Proportionate" EBITDA of the most important associates and other companies of the Group	23.729	21.154
Adjusted EBITDA	**131.130**	**125.533**

Adjusted free cash flows

The "Adjusted free cash flows" are defined as the EBITDA of the Group, subtracting the "Maintenance Capital Expenditure", the "Income tax paid", the "Interest and similar expenses paid" (except "Refinancing costs paid" included in "Interest and similar expenses paid"), the "Interest received", the "Dividends received" and "Dividends paid". The aforementioned amounts relate to Group's continuing operations (excluding discontinued operations in Italy, Intralot de Peru SAC, Favorit Bookmakers Office OOO, Intralot Caribbean Ventures Ltd, Supreme Ventures Ltd and Slovenske Loterie AS). As "Maintenance Capital Expenditure" is defined the cash outflow to acquire tangible and intangible fixed assets associated with existing Group projects in order to maintain, replace or upgrade the Group's Gaming Technology Equipment as required to maintain gaming systems in good operating mode during each contract. "Refinancing costs paid" are defined as the redemption premium and the tender offer premium and the issue costs of bank loans. The relevant calculations are presented below:

(continuing operation)	GROUP	
	1/1-31/12/2017	1/1-31/12/2016
EBITDA	**171.466**	**162.506**
Maintenance Capital Expenditure	-21.789	-23.372
Income tax paid	-33.939	-20.865
Interest and similar expenses paid	-51.452	-82.141
Refinancing costs paid	9.175	15.917
Interest received	6.281	7.077
Dividends received	2.377	1.011
Dividends paid	-34.016	-38.027
Adjusted free cash flows	**48.103**	**22.106**

Reconciliation with Group Cash Flow Statement:

GROUP 1/1-31/12/2017	Total Operations	Discontinued Operations	Continuing Operations
Income tax paid	-36.148	-2.209	-33.939
Interest and similar expenses paid	-51.761	-309	-51.452
Interest received	6.762	481	6.281
Dividends received	2.377	0	2.377
Dividends paid	-38.621	-4.605	-34.016

GROUP 1/1-31/12/2016	Total Operations	Discontinued Operations	Continuing Operations
Income tax paid	-26.204	-5.339	-20.865
Interest and similar expenses paid	-83.492	-1.351	-82.141
Interest received	7.741	664	7.077
Dividends received	1.011	0	1.011
Dividends paid	-42.161	-4.134	-38.027

Adjusted Profit / (loss) from continuing operations attributable to equity holders of the Parent Company

The "Adjusted Profit / (loss) from continuing operations attributable to equity holders of the Parent" are defined as "Profit / (loss) from continuing operations attributable to equity holders of the Parent" subtracting the effect of "Loss from impairment and write-off of participations and investments", the "Loss from impairment and write-off of tangible and intangible assets" and "Refinancing costs". As "Refinancing costs" are defined the burden on the Income Statement of the redemption premium and the tender offer premium, accelerated depreciation due to early repayment, bond issue and bank loans.

	GROUP	
	1/1-31/12/2017	1/1-31/12/2016
Profit/(loss) from continuing operations attributable to equity holders of the Parent	**-58.644**	**-74.224**
Loss from impairment and write-off of participations and investments, securities, tangible and intangible assets attributable to equity holders of the Parent	26.586	23.028
Refinancing expenses attributable to equity holders of the Parent	16.776	20.960
Adjusted Profit/(loss) from continuing operations attributable to equity holders of the Parent	**-15.282**	**-30.236**

From the information stated above and from the Financial Statements you are able to have a complete picture of the Group for the year 1/1/2017-31/12/2017.

Maroussi, 28/3/2018

Sincerely,

Group CEO

Antonios I. Kerastaris

Explanatory Report on Article 4 par. 7 & 8 of L. 3556/2007

1. Share capital structure.

The share capital of the Company amounts today to forty seven million six hundred eighty eight thousand five hundred sixteen euro and thirty cents (€47.688.516,30) divided by one hundred fifty eight million nine hundred sixty one thousand seven hundred twenty one (158.961.721) nominal shares at thirty cents (€0,30) each. All Company shares are introduced to the Athens Stock Exchange for negotiation, in the Mid-Capitalization category, under "Gaming Sector". Company shares are common registered shares with a voting right.

2. Restrictions on company share transfer.

Transfer of Company shares is made in accordance with the law, and the Company Statute contains no restrictions on transfer.

3. Major direct or indirect participation pursuant to the Articles 9 to 11 of L. 3556/2007

Socrates Kokkalis owned 20,005% of the corporate share capital as of 31/12/2017.
Konstantinos Dimitriadis owned 7,39% of the corporate share capital as of 31/12/2017.
NOVOMATIC AG owned 5,070% of the corporate share capital as of 31/12/2017. UNICREDIT BANK AUSTRIA AG possesses these shares on behalf of NOVOMATIC AG.
MAKURIA CRETID MASTER FUND LTD owned 5,941% of the corporate share capital as of 31/12/2017.
Mittleman Brothers LLC as of 31/12/2017 owned directly or indirectly and represented voting rights of 10,216% of the corporate share capital.

All other natural or legal person / entity own no more than 5% of the corporate share capital.

4. Shareholders with special control rights (all types of shares).

Corporate shares, which confer special control rights to their holders, have not been issued.

5. Restrictions on the voting right.

The Company Statute does not provide for restrictions on the voting right.

6. Agreements between Company Shareholders.

The Company has no notion of agreements between its shareholders that may result in restrictions both on share transfer and on the exercise of the related voting rights.

7. BoD members' appointment rules and replacement; Statute amendments.

The rules of the Company Statute concerning appointment and replacement of corporate BoD members, as well as amendments in the Statute provisions, are conformed with Codified Law 2190/1920.

8. BoD or BoD member responsibility for the issuance of new shares or the purchase of own shares.

Intralot BoD is responsible for issuing new shares in the following cases:

a. According to article 5 § 2, 3 and 4 of the corporate Statute:

«2. Without prejudice to §3 hereof, following relevant authorization by the General Assembly, and the decision of the Board of Directors by a two third (2/3) majority, the Board of Directors is entitled

to increase share capital in part or in whole by issuing new shares; the corresponding amount cannot exceed the capital paid-up at the date when the BoD was authorized. The above resolution of the General Assembly is subject to the publication obligations referred to in article 7b of the Codified Law 2190/20.

The above authorization of the BoD may be renewed by the General Assembly for an interval not exceeding five years for each renewal; its term starts upon termination of the previous 5-year interval.

3. Notwithstanding the provisions of the previous paragraph, if corporate reserves exceed one fourth (1/4) of the paid-up share capital, an increase of capital necessitates a resolution by the General Assembly extraordinary quorum and majority under article 15 hereof, and the relevant amendment of this article.

4. Increases of capital that are decided pursuant §2 hereof, do not constitute an amendment to the Statute.»

The above right has not been conferred to the corporate BoD.

b. In the cases referred to in article 13 § 13 of the Codified Law 2190/1920 (stock options right) and in accordance with the article 7 § 3 last quotation of Articles of Association (grant stock option rights).

In any case of increase of the share capital that is not made by contribution in kind or issue of bonds with a right of their conversion into shares, a right of preference on the whole new capital or bond loan is granted, in favor of the shareholders at the time of issue, in proportion to their participation in the existent share capital.

The right of preference is exercised within the deadline, which was determined by the company body that decided the increase. This deadline with the reservation of observing the deadline for capital payment, as it is provided for in article 11 of the Codified Law 2190/1920, cannot be less than fifteen (15) days. In the case of section 6, article 13 of the Codified Law 2190/1920, the deadline for the exercise of the right of preference does not begin before the resolution taken by the Board of Directors for the determination of the disposal price of the new shares. After the expiry of these deadlines, the shares that have not been undertaken according to the above are freely disposed by the Board of Directors of the company at a price not less than the price paid by the existent shareholders. In case that the company body that decided the increase of the share capital omitted to fix the deadline for the exercise of the right of preference, this deadline or its possible extension is fixed by the Board of Directors by its resolution within the time limits prescribed by article 11 of the Codified Law 2190/1920.

The invitation for the exercise of the right of preference, in which the deadline within which this right should be exercised should be also mentioned, is published on the company's initiative in the Issue of Societes Anonyme and Limited Liability Companies of the Official Gazette. With the reservation of section 6, article 13 of the Codified Law 2190/1920, the invitation and the notification of the deadline for the exercise of the right of preference, according to the above, may be omitted, should at the General Meeting shareholders be present who represented the whole share capital and be informed of the deadline set for the exercise of the right of preference or who have stated their decision for the exercise or not by them of the right of preference. The publication of the invitation may be replaced by registered "upon receipt" letter, should all shares be registered.

By a resolution of the general meeting taken pursuant to the provisions of sections 3 and 4, article 29 and section 2, article 31 of the Codified Law 2190/1920, the right of preference of section 7 of the Codified Law 2190/1920 may be restricted or abolished. In order to take this decision, the Board of Directors is obliged to submit to the general meeting a written report, in which the reasons that impose the restriction or abolishment of the right of preference are mentioned and in which the price proposed for the issue of the new shares is justified. The resolution of the general meeting falls under the formalities on publication of article 7b of the Codified Law 2190/1920. There is no exclusion from the right of preference according to the meaning of this paragraph, when the shares are undertaken by credit institutions or enterprises of rendering investment services, which have the right to accept securities for custody, in order to be offered to the shareholders pursuant to section 7 of the Codified Law 2190/1920. Moreover, there is no exclusion from the right of preference, when the capital increase aims at the staff participation in the company's capital according to the presidential decree 30/1988 (Official Gazette 13 A').

The capital may be increased partly by contributions in cash and partly by contributions in kind. In this case, a provision of the body that decides the increase, according to which the shareholders that contribute in kind do not participate also in the increase by contributions in cash, does not constitute exclusion of the right of preference. If the proportion of the value of the contributions in kind, in relation to the total increase, is at least the same with the proportion of the participation in the share capital of the shareholders who proceed to these contributions. In case of increase of the share capital by contributions partly in cash and partly in kind, the value of the contributions in kind should have been assessed pursuant to articles 9 and 9a of the Codified Law 2190/1920 before taking the relevant decision.

By a resolution of the general meeting taken pursuant to the provisions of sections 3 and 4, article 29 and section 2, article 31 of the Codified Law 2190/1920, a program can be set for share disposition to the members of the Board of Directors and the staff of the company, as well as of the associated with it companies according to the meaning of section 5, article 42e of the Codified Law 2190/1920, in the form of option for acquiring shares, according to the conditions of this resolution, a summary of which falls under the formalities of publication of article 7b of the Codified Law 2190/1920. Persons that render to the company services on a regular basis may be also appointed as beneficiaries. The nominal value of the shares disposed according to this paragraph cannot exceed totally the one tenth (1/10) of the capital, which is paid up on the date of the resolution of the general meeting. The resolution of the general meeting provides for if for the satisfaction of the right of preference the company will proceed to increase of its share capital or if it will use shares that it acquires or has acquired pursuant to article 16 of the Codified Law 2190/1920. In any case, the resolution of the general meeting should determine the maximum number of shares that may be acquired or issued, if the beneficiaries exercise the above right, the price and conditions of share disposition to the beneficiaries, the beneficiaries or their classes and the method of determination of the acquisition price, with the reservation of section 2, article 14 of the Codified Law 2190/1920, the program duration as well as any other relevant condition. By the same resolution of the general meeting, the determination of the beneficiaries or their classes may be assigned to the Board of Directors as well as the way of exercising the right and any other condition of the share disposition program. The Board of Directors, according to the program conditions, issues to the beneficiaries who exercised their right certificates of entitlement to share acquisition and, per calendar quarter at most delivers the shares already issued or issues and delivers the shares to the above beneficiaries, increasing the share capital of the company, and it certifies the capital increase. The resolution of the Board of Directors for the certification of payment of capital increase is taken per calendar quarter, notwithstanding those prescribed in article 11 of the Codified Law 2190/1920. These increases of the share capital do not constitute modifications of the articles of association, and sections 7 to 11 of the article 13 of the Codified Law 2190/1920 do not apply on these. The Board of Directors is obliged during the last month of the corporate year, within which capital increases took place, according to those prescribed above, to adjust by its resolution the article of the articles of association on capital, so that the capital amount be provided for, as it resulted following above increases, observing the formalities on publication of article 7 b of the Codified Law 2190/1920.

The general meeting, by its resolution taken pursuant to the provisions of sections 3 and 4, article 29 and section 2, article 31 of the Codified Law 2190/1920 and fallen under the formalities on publication of article 7b of the Codified Law 2190/1920, may authorize the Board of Directors to set a share disposition program according to the previous paragraph, possibly increasing the share capital and taking all other relevant decisions. This authorization is valid for five (5) years, unless the general meeting determines a shorter period of its validity and it is independent of the powers of the Board of Directors of section 1, article 13 of the Codified Law 2190/1920. The resolution of the Board of Directors is taken under the conditions of section 1, article 13 of the Codified Law 2190/1920 and under the restrictions of section 13, article 13 of the Codified Law 2190/1920.

C. Pursuant to the Codified Law 2190/1920 and specifically article 16 of the above mentioned law company may acquire own shares.

INTRALOT S.A., according to article 16, Law 2190/1920, article 4,1,4,2 of the regulation of ATHEX and based on the resolution of the Shareholder's Annual General Meeting which took place on the 26.05.2016, has approved a buy-back program of up to 10% of the paid share capital, for the time period of 24 months with effect from 11.06.2016 and until 11.06.2018, with a minimum price of €1.00 and maximum price of €12,00. It has also approved that the own shares which will eventually be

acquired may be held for future acquisition of shares of another company. Dated 8/12/2017, the Company proceeded with the sale of 470,746 own shares, 0,30% of its share capital, with a selling price of €1,05 per share and a total value of €494,283.30. The above shares were purchased pursuant to the decision of the Ordinary General Meeting of the Shareholders dated 11/6/2014 at an average price of €1.04 per share and a total value of €489,678.68.
Until 31/12/2017 the Company holds 1,981,254 own shares (1.246% of the corporate share capital) with average price €1.08 per share and a total purchase price of €2,148,730.94

9. Key agreement by the Company, which becomes effective, is amended or terminated in case the Company control changes hands following a public offer, and the results of such agreement.

There is no such agreement.

10. Any agreement between the Company and members of its BoD or its personnel providing for indemnification in case of non-well founded resignation or dismissal or termination of mandate/ employment due to a public offer.

There are no agreements between the Company and members of its BoD or its personnel providing for indemnification in case of non-well founded resignation or dismissal or termination of mandate/ employment due to a public offer.

CORPORATE GOVERNANCE STATEMENT

I. Reference to the Corporate Governance Code the Company is subject to and the location where this Code is available to the public.

INTRALOT (hereinafter "the Company"), is a Société Anonyme whose shares are listed in the Athens Stock Exchange.

This Corporate Governance Statement constitutes special part of the Annual Report of the Board of Directors, according to the provisions of par. 2 of article 2 of Greek Law 3873/2010 and art 43 bb of C.L. 2190/1920.

The Company is fully compliant with the relevant national laws, provisions and regulations, as well as with its internal corporate values regarding the development of the principles of corporate governance it applies, and adjusted to what is defined by the institutional framework for corporate governance.

The meeting of 16/03/2011 of the Board of Directors approved the Corporate Governance Code, as amended and in force from the meeting of 08/03/2012 of the Board of Directors to be found posted on the Company website www.intralot.com along with its English translation.

II. Reference to corporate governance practices applied by the Company in addition to provisions of the law, and reference to the location where they are published.

INTRALOT, in addition to the provisions of the Greek law included in particular in Laws 2190/1920, 3016/2002, 3693/2008, 3884/2010 and 3873/2010, 4403/2016 and 4449/2017, in drafting the Corporate Governance Code posted as applicable on the Company's website www.intralot.com, has considered and incorporated in its Code, and applies the best international practices for listed companies and the Principles of Corporate Governance of OECD.

III. Description of the main attributes of the Company's and the companies included in the consolidated financial statements taken as a total ,internal audit and risk management systems, in relation to the process of financial reports drafting.

- The BoD maintains an effective internal audit system whose purpose is to safeguard the investments and assets of the Company and to identify and resolve major risks. The internal audit system is defined as the set of procedures implemented by the Board of Directors, the Management and the employees of the Company, and aims to ensure the effectiveness and efficiency of corporate operations, the accuracy of financial reporting and the compliance with applicable legislation and regulations.
- The Board of Directors monitor and regularly review the implementation of corporate strategy. At the same time, it should regularly review the main risks faced by the company and the effectiveness of the internal audit system regarding the management of said risks. The review should comprise all vital audits, including financial and operational audits, compliance testing and the monitoring of risk management systems. The Board of Directors, through the Audit Committee, also develop direct and regular contact with external and internal auditors in order to receive regular updates from the latter in relation to the proper operation of the control system.
- The Board of Directors must certify in writing that the annual and interim financial statements reflect objectively the financial position of the company and the companies included in the consolidated financial statements taken as a total. This certification should follow the

corresponding certification by the Company auditors.

- The Board of Directors is responsible for the presentation of all significant business risks related to the operation of the company and the companies included in the consolidated financial statements taken as a total, providing explanations where it deems necessary, in the preparation of annual and interim financial statements.
- The Internal Audit Service has been appointed in accordance with the requirements of the Greek legislation, has been sufficiently staffed and assesses the adequacy of internal controls. The Internal Audit Service is independent from other business units, and in the fulfillment of its duties, all documents, divisions and employees must be made available to it. The Internal Audit Service reports to the Audit and Compliance Committee of the Board of Directors. The Internal Audit Service operates in accordance with a program established by it and approved by the Audit and Compliance Committee and the Board of Directors and submits reports on a three months basis before the publication of financial information.
- The members of the Board of Directors, through the Audit and Compliance Committee and the Internal Audit Service, are ultimately responsible for ensuring the adequacy and effectiveness of the internal control system and the monitoring and supervision of its effective implementation. The Management of the Company is responsible for the development of a strategy for the Board of Directors as regards a secure internal control system.
- The Internal Audit Service should assist in the assessment of internal control practices, while adopting a systematic and professional approach to the evaluation and improvement of the effectiveness of risk management procedures, internal audit systems and corporate governance.

Specifically,

  - Risks be identified and managed effectively.
  - Resources (assets) of the Company be protected and used efficiently.
  - Financial and management reporting be reliable, accurate and current.
  - Employees comply with the policies, procedures and standards of the Company.
  - Company conformance with the regulatory framework governing its operation.

- The Internal Audit Service, throughout the audit process, presents proposals aiming to continuously improve internal control systems in order to achieve high productivity and efficiency.

IV. Information demanded by the article 10 par. 1 of Directive 2004/25/EK of the European Parliament and Council.

The information demanded by article 10 par. 1 of Directive 2004/25/EK of the European Parliament and Council is included, according to article 4 par. 7 of L. 3556/2007, in the Explanatory Report which comprises part of the Annual Report of the Board of Directors.

V. Information regarding the function of the General Meeting of shareholders and its main authorities, description of shareholders' rights and of the manner they are exercised.

The Company's General Meeting of Shareholders is its supreme instrument and has the right to decide for all matters concerning the Company. Its legal decisions are binding for shareholders who are absent or in disagreement.

The General Meeting is singularly competent to decide over:

a) the Company's extension of duration, merger, dissolution, demerger, reorganization or restoration,

b) amendments of the articles of associations
c) the increase or decrease of share capital, with the exception of cases where the Board of Directors is competent according to Law or the Articles of Association, and increases or decreases are dictated by provisions of other laws.
d) the election of members of the Board of Directors, with the exception of the case of article 22 of the Articles of Association regarding the election of members by the Board of Directors to replace resigned, deceased or members who lost their status, for the remainder of the term of the members who are being replaced, and provided that these members cannot be replaced by replacement members elected by the General Meeting.
e) the election of auditors
f) the approval of annual accounts (annual financial reports) and the appropriation of annual profit.
g) the appointment of liquidators

The General Meeting of the shareholders is convoked by the Board of Directors and assembles regularly at the Company's registered offices or in another Municipality within the Prefecture of the registered offices or other neighboring Municipality, at least once for every year of account and no later than the 10th day of the ninth month of the end of the year of account. The General Meeting may also assemble in the vicinity of the Municipality where the Athens Stock Exchange is headquartered. The Board of Directors may convene an Extraordinary General Meeting of shareholders when they deem appropriate. The General Meeting, with the exception of repetitive meetings or those identifying with them, must be called at least twenty (20) clear days before the date of its meeting.
The invitation of the General Meeting must at least include the exact address of its location, the time and date of the meeting, a clear layout of items on the agenda, the shareholders entitled to participate, and precise instructions on how the shareholders may participate in the meeting and exercise their rights in person or by proxy. The invitation should at least also include information on the deadline for the exercise of minority rights, the record date, specifying that only persons who are shareholders on the record date are entitled to participate and cast a vote in the General Meeting, information on where the full documentation and the draft of resolutions to be proposed by the Board of Directors for every item on the agenda, and reference of the Company website, where all above information is available, as well as the forms to be used for proxy voting.
The invitation to the General Meeting must be published in whole or in summary (not failing to refer expressly to the website address, where the full text of the invitation and the information specified in par. 3 article 27 of the Codified Law 2190/1920, are available), in the printed media defined by article 26. par. 2 of C.L. 2190/1920, in the Issue of S.A. and L.C. of the Greek Government Gazette and on the websites of the Athens Stock Exchange and the Company, at least twenty days prior to the day of the meeting.

Right to attend General Assemblies

A person must hold shareholder status on the beginning of the fifth day before the day of assembly of the General Meeting (record date).
A person may prove their shareholder status by presenting in writing relevant certification by the Hellenic Exchanges S.A., pursuant to article 51 of law 2396/96 or alternatively, by direct link of the company with the records of the above body. The relevant written certification or electronic

authentication regarding shareholder status must be presented to the Company by the third day before the assembly of the General Meeting, at the latest.

Further to the above, exercising the right to attend the General Assembly is not subject to blocking the shares of the shareholder or complying with any other procedure binding to the ability to sell or transfer the shares in the period between the record date and the date of the General Assembly.

Shareholders or representatives of theirs not having complied with the above may only attend the General Assembly with its permission.

Shareholders with the right to participate in the General Assembly may be represented by a legally authorized person. Legal persons may participate in the General Assembly by appointing one to three natural persons as their representatives.

The company must be notified in writing for the appointment and revocation of a representative in the same manner, at least three (3) days prior to the date of the General Meeting. The Company should post on its website the forms shareholders must complete and present to the Company in order to appoint their representatives.

Quorum Majority

A quorum is present and validly convening on the items of the agenda at the General Meeting when at least twenty per cent (20%) of the fully-paid share capital is represented in the meeting.

If such quorum fails to be present in the first meeting, a repetitive meeting is held within twenty (20) days of the date of postponement, by invitation with notice of at least ten (10) days. In the repetitive meeting, a quorum is present and validly convening on items of the initial agenda, regardless of the segment of the fully-paid share capital represented in the meeting.

The decisions of the General Meeting are made by absolute majority of the votes cast in the Meeting.

With the exception of decisions regarding:

a) the extension of duration, merger, demerger, reorganization, restoration or dissolution of the Company, establishing or affirming the power of the Board of Directors to increase share capital

b) the change of the Company's nationality

c) the change of the Company's purpose

d) the increase or decrease of share capital, with the exception of increases per article 5 par. 2 of the articles of association where powers are delegated to the Board of Directors

e) the issuance of loan with convertible bonds or the right to share in profits according to articles 8 and 9 of Law 3156/2003

f) the increase of shareholders liability

g) the change in the manner of appropriation of profit

h) all other cases in which, by law, a quorum is present and validly convenes on the items of the agenda at the General Meeting, when shareholders representing the two thirds (2/3) of the fully-paid share capital are present in person or by proxy. In all of the above cases, decisions are made by a majority of two thirds (2/3) of the votes represented in the Meeting.

Should the above increased quorum not be present, the General Meeting is called and meets anew within twenty (20) days of the date of the postponed meeting, and a quorum is present and validly convening on the items of the initial agenda when at least half (1/2) of the fully-paid share capital is represented in the meeting. Should this quorum also fail to be present, the Meeting is convoked and meets anew within twenty (20) days, and a quorum is present and validly convening on the items of the initial agenda, when at least one fifth (1/5) of the fully-paid share capital is represented in the meeting.

No additional invitation is required, should the time and place of the repetitive meetings in case a quorum is not present, are defined in the initial invitation.

Rights of the Shareholders

Shareholders have the right to attend General Meetings in person or by proxy, shareholder or not. Each share entitles the owner to one vote.

Priority right

In case of increase of the Company's share capital, when that increase is not happening by contribution in kind or by issue of convertible bonds, priority rights for the entire new capital or the bond issue, are granted to the shareholders at the date of issue, proportionate to their holding in the existing share capital.

According to article 13 par. 10 of L. 2190/1920, priority rights may be limited or abolished, by decision of the General Meeting of Shareholders made by an increased quorum and majority, pursuant to the provisions of articles 29 par. 3 and 4 and 31 par. 2 of L. 2190/1920.

Minority rights

Following the request of shareholders representing one twentieth (1/20) of the paid up share capital, the Board of Directors is obligated to call an Extraordinary General Meeting of shareholders within forty five (45) days from the day that the relevant application is delivered to the chairman of the Board of Directors. The request should include the items of the agenda. Should the Board of Directors fail to call a General Meeting within twenty (20) days of the delivery of said application, the requesting shareholders may call a meeting at the expense of the company, after decision of the court of first instance with jurisdiction over the area of the Company's registered offices, issued during interim measures procedure. The time and place of the meeting, as well as the items of the agenda are defined in this decision.

Following the request of shareholders representing one twentieth (1/20) of the paid up share capital, the Board of Directors is obligated to record additional matters in the agenda of the General Meeting that has been called, provided the relevant application reaches the Board of Directors at least fifteen (15) days prior to the General Meeting. Pursuant to article 26 of C.L. 2190/1920, the Board of Directors is responsible for publishing or communicating additional matters at least seven (7) days prior to the General Meeting. Should these matters fail to be published, requesting shareholders are entitled to demand that the General Meeting be postponed pursuant to paragraph 3 article 39 of C.L. 2190/1920, and engage in the publication themselves as defined in the preceding paragraph, at the expense of the company.

Following the request of shareholders representing one twentieth (1/20) of the paid up share capital, the chairman of the meeting is obligated to postpone once the adoption of resolutions by an annual or extraordinary General Meeting, for all or certain items of the agenda, setting as date for the continuation of the meeting the date stated in the shareholders' request, which date cannot however be later than thirty (30) days from the date of postponement.

The General Meeting standing adjourned is a continuation of the previous meeting and the formalities of publication regarding the shareholders' invitation to it need not be repeated, while new shareholders may participate to it, subject to the provisions of articles 27 par. 2 and 28 of L. 2190/1920.

Company shareholders representing at least one twentieth (1/20) of its paid up share capital have the right to request that the company be audited by the Court of First Instance with jurisdiction over the area the company is headquartered in accordance to the provisions set out in article 40 paragraph 2 of L. 2190/1920.

Following the request of any shareholder, which is submitted to the company at least five (5) clear days before the General Meeting, the Board of Directors is obligated to provide at the General Meeting the information specifically requested regarding the affairs of the company, to the extent such information is useful towards a realistic assessment of the items on the agenda. Also, following the request of shareholders representing one twentieth (1/20) of the paid up share capital, the Board of Directors is obligated to announce at the annual General Meeting, the sums paid to each member of the Board of Directors or to the directors of the company in the previous two years, as well as all other benefits paid to these persons for any reason, or any contract between the company and them. In all above cases, the Board of Directors may refuse to disclose information with due cause, which is recorded.

Following the request of shareholders representing one fifth (1/5) of the paid up share capital, which is submitted to the company by the deadline of the preceding paragraph, the Board of Directors is obligated to provide information regarding company affairs and the financial standing of the company to the General Meeting. In all above cases, the Board of Directors may refuse to provide information with due cause, which is recorded.

At the request of shareholders representing one twentieth (1/20) of the paid up share capital, decisions on any item of the agenda of a General Meeting are made by roll-call vote.

Shareholders representing one fifth (1/5) of the paid up share capital have the right to request that the Court of First Instance with jurisdiction over the area of the company's registered offices, audit the Company in accordance to article 40 paragraph 3 of L. 2190/1920, provided that the course of the company indicates that the management of company affairs is not exercised in an appropriate and prudent manner.

Right to Dividends

According to the Articles of Association, the Company must distribute annually minimum dividend equal to the minimum annual dividend projected by law (Article 45 of C.L. 2190/1920), which according to article 3 of Development Law 148/1967 amounts to at least 35% of the company's net profit, following the deduction necessary for the establishment of statutory reserves.

The place and method of payment is announced in notices published in the press, the Daily Official List and the website of the ATHEX and the Company website.

Dividends are paid within two (2) months of the date of the Annual General Meeting of Shareholders which approves the Company's Financial Statements.

Dividends which remain unclaimed for a period of five years of the date they became payable, are forfeited
to the State.

Rights in product of liquidation

On conclusion of the liquidation, the liquidators return the contributions of the Shareholders in accordance with the Articles of Association and distribute the balance of the Company's assets' liquidation to the Shareholders in proportion to their share in the paid-up capital of the Company.

VI. Composition and manner of operation of the Board of Directors and other administrative, management or supervisory bodies or committees of the Company.

The purpose of the Board is the continuous enhancement of the long-term economic value of the Company and the safeguarding of general corporate interests. The Board of Directors is responsible for deciding on all matters pertaining to the management of the Company, administering company assets and the general pursuit of the company's purposes without any limitation (apart from matters pertaining exclusively to the General Meeting) and representing the Company both judicially and extra-judicially.

Composition

The Company is managed by a Board of Directors comprised of minimum seven (7) to eleven (11) members, who are elected by the General Meeting with simple majority of the shareholders who are present, which also determines the term of their service. A legal entity may also be elected to the Board. The members of the Board of Directors are elected by shareholders for a five year term which is automatically extended until the first annual General Meeting following the end of their term and is not permitted to exceed six years but does not preclude their re-election. The replacement of all members of the Board in one General Meeting should be avoided, and the succession of members of the Board of Directors must be conducted gradually.

The names of the members of the Board of Directors submitted for election or re-election will be accompanied by sufficient biographical details and the view of the Board on the independence of the proposed Board members, in accordance with the independence criteria set out in the Law, and any other relevant information to enable shareholders to make an informed decision.

The General Meeting may also elect alternate members of the Board, with the aim to replace resigning, deceased or retiring members of the Board.

Should the replacement by alternate members, as stated above, is not possible, the remaining members of the Board of Directors, provided they constitute at least three (3), may resolve to elect new members. Should the Board be deficient of members (due to resignation, death or any other loss of membership), the Board of Directors, provided the number of remaining members is more than half of the initial number of members, and in any event no less than three (3), may continue to manage and represent the Company, without proceeding to replacement of deficient members as stated in the previous paragraph.

The Board of Directors elects the Chairman, the Vice-Chairman and one or two Chief Executive Officers among its members. The Chairman or Vice-Chairman of the Board of Directors is not required to be an executive member of the Board of Directors.

In case of absence of impediment of the President, the latter shall be substituted (as regards all powers and authorities of his/hers) by the Vice-President, while in case of absence or impediment of the latter, the Vice-President shall be substituted by the Managing Director. In case of absence of impediment of the latter, the Managing Director shall be substituted by the senior councillor. The Board of Directors is comprised of a majority of non-executive members (including at least two independent non-executive members).

The independent non-executive members are exempt from conflicts of interest with the Company, and from close ties with Management, majority shareholders or the Company. For the duration of their term, the independent non-executive members are not permitted to hold more than 0,5% of the share capital of the Company or to maintain a dependant relationship with the Company or with persons affiliated with the Company. The independent members are elected by the General Meeting. The Board of Directors must determine whether the candidate fulfils the independence criteria before he/she is nominated by the General Meeting of Shareholders. In determining the independence of both candidates and current members, the Board of Directors should consider that a relation of dependence exists when the member:

- is (as stipulated in Law 3016/2002), or has been an employee, senior executive or Chairman of the Board of Directors of the Company or its subsidiaries within the last three (3) years;
- receives or has received during the 12 month prior to his appointment any compensation from the Company other than board membership fees approved by the General Meeting of Shareholders of the Company;
- has (as stipulated in Law 3016/2002) or had within the past year a material business relationship with the Company or its subsidiaries, particularly as a significant client, supplier or consultant of the Company or as a partner, shareholder or board member, or senior executive of an entity that has such a relationship with the Company or its subsidiaries;
- has been the external auditor of the Company or its subsidiaries or has been a partner or employee of a firm that provides external auditing services to the Company or its subsidiaries within the last three (3) years;
- has (as stipulated in Law 3016/2002) a second degree kinship with or is the spouse of a non-independent Board members, senior executive, adviser or significant shareholder of the Company or its subsidiaries;
- controls directly or indirectly through related parties , more than 10% of the voting rights of the Company or represents a significant shareholder of the Company or its subsidiaries.

The Company's current Board of Directors consists of nine (9) members and was elected by the Extraordinary General Meeting of shareholders of 10 April 2014, for a five-year term, has the following composition after the resignation of the member Mr. Nikolaos-Leon Papapolitis, and the reconstruction of the Board of Directors:

1. Socrates P. Kokkalis, Chairman, executive member,
2. Constantinos G. Antonopoulos, Vice Chairman, non-executive member,
3. Antonios I. Kerastaris, CEO, executive member,
4. Konstantinos S. Kokkalis, Director, non-executive member,
5. Dimitrios Ch. Klonis, Director, non-executive member,
6. Petros K. Souretis, Director, non-executive member,
7. Sotirios N. Filos, Director, independent-non-executive member,
8. Anastasios M. Tsoufis, Director, independent-non-executive member, and
9. Ioannis P. Tsoukaridis, Director, independent-non-executive member,

The CVs of all members of the Board of Directors are available on the Company's website (www.intralot.com).

Board of Director Meetings

The Board of Directors may validly convene, in addition to the company headquarters, elsewhere in Greece or abroad. The Board of Directors may also convene via teleconference; in such case, the invitation to the Board members includes information relevant to the teleconference.

The Board of Directors shall convene with the frequency required to ensure the effective performance of its duties and at least once per month.

The Chairman will preside over meetings of the Board of Directors and in the case of being absent, the Vice-Chairman will take the chair.

The Board of Directors decides with a majority of the members either physically present and/or represented by proxy except in case of Article 5 Paragraph 2 of the Company's Articles of Association.

The discussions and the resolutions of the Board are recorded in minutes. The minutes of each session must be distributed and approved at the subsequent Board meeting. Copies and extracts of the Minutes are ratified by the President of the Board of Directors or the Managing Director or by any other councilor.

Responsibilities of the Board of Directors

The responsibilities of the Board of Directors are clearly defined, apart from the legislation in force, by both the Company's Articles of Association and the internal Company regulation or other internal Company documents.

The Board of Directors is responsible for deciding on all matters pertaining to the management of the Company, administering company assets and the general pursuit of the company's purposes without any limitation (apart from matters pertaining exclusively to the General Meeting) and representing the Company both judicially and extra-judicially. Responsibilities of the Board of Directors include:

- approving the overall long-term strategy and operational goals of the Company;
- approving annual budgets and business plans and deciding on major capital expenditures, acquisitions and divestitures;
- approving the financial statements;
- selecting and replacing, if necessary, the executive leadership of the Company and overseeing succession planning;
- monitoring the performance of the Management and aligning executive remuneration with the longer term interests of the Company and its shareholders;
- ensuring the integrity of the Company's accounts, financial reporting systems and public disclosures, as well as the effectiveness of the systems of internal control and risk management;
- being alert and adequately addressing actual and potential conflicts of interest between the Company, on the one hand, and the Management, Board members or major shareholders on the other (including shareholders with direct or indirect power to control the Board's composition and behaviour); to this end, the Board should put a set of procedures in place for supervising transactions by all related persons (including transactions that must be submitted to the shareholders for approval) in order to ensure transparency and protect the Company's interests,
- ensuring that there is a satisfactory process for monitoring the Company's compliance with relevant laws and regulations;
- deciding on and monitoring the effectiveness of the Company's governance processes, including its system of decision–making and delegation of authorities and duties to other key executives, and the definition, circulation and implementation of the main values and principles of the Company which govern the relationships between all parties whose interests are associated with the Company;
- the issuance of all bond loans (which is a parallel duty of the General Meeting) except for the issuance of convertible bond loans with profit participation rights for which the General Meeting is responsible to resolve.

The Board of Directors may assign all or part of its managerial powers (except for those requiring collective action) and representation to one or more persons, either members or non-members of the Board of Directors, Company's employees or third parties, specifying the extent of the power granted. These persons may, if provided in the respective resolution of the Board of Directors, further delegate to third parties, wholly or partially, the aforementioned powers. The persons assigned with the aforementioned powers bind the Company as its corporate bodies to the full extent of the aforementioned powers.

The Board of Directors may assign committees which support its decision making process and ensure the effective management of potential conflicts of interest which may arise throughout the decision making process.

Responsibilities & Conduct of the members of the Board of Directors

Each Board member has a duty of loyalty to the Company. The Board members should act with integrity and in the best interests of the Company as well as protect the confidentiality of information that has not been disclosed to the public. They should not compete with the Company and must avoid any role or activity that creates or appears to create conflict between personal interests and the interests of the Company, including holding board or executive positions in competing companies, without the permission of the General Meeting of the shareholders. The Board members contribute their expertise and devote to their duties the necessary time and attention. They should also limit the number of other professional commitments (in particular any directorship held in other companies) to the extent necessary for the satisfactory execution of their duties as members of the Board.

Finally, the members of the Board must endeavour to attend all meetings of the Board and the committees of which they are members.

The division of responsibilities between the Chairman and the Chief Executive Officer, in case that both are executive members of the Board, should be clearly established by the Board, set out in writing and communicated to the shareholders. The same applies in the event that the duties of the Chairman and Chief Executive Officer are exercised by the same person.

The Chairman should facilitate the effective contribution by non-executive Board members to the work of the Board and ensure constructive relations between executive and non-executive members.

The Chairman and/or the Vice Chairman must have meetings with the non-executive members, without the presence of the executive members, in order to discuss the performance of the latter as well as other related matters.

The Board should ensure that an induction program is established for new Board members and that continuing professional development programs are available to other Board members, if this is considered to be required.

Board members should arrange to receive regular briefings on business developments and changes in the risk profile of the Company. They should be also appraised in a timely manner of changes in laws and the market environment. Board members should engage frequently with senior executives of the Company, attending regular presentations by heads of sectors and services.

Board members should have the right to request from the Management, via the Chief Executive Officer, any information they consider necessary to fulfill their responsibilities at any point of time.

The Board should appoint an independent vice chairman from among its independent Board members

where the Company chooses to combine the roles of Chairman and Chief Executive Officer.
A former executive of the Company who is appointed as Chairman within three (3) years as from his/her retirement as executive, he/she should be considered as being an executive chairman.
The Chairman is responsible for leading the Board.
He is responsible for determining the agenda of the meetings, (without limitation to the right of the deputy of the Chairman or two of its members as stipulated in the Articles of Association of the Company to convene a meeting of the Board of Directors), ensuring the organization of activities performed by the Board, and effectively conducting Board meetings. In addition, the Chairman or, should the Chairman be a non-executive director, the Vice Chairman, is responsible for ensuring that the members of the Board are informed in a timely manner and for effectively communicating with all shareholders, as well as the fair and equitable treatment of all shareholder interests . In case of absence of impediment of the President, the latter shall be substituted (as regards all powers and authorities of his/hers) by the Vice-President, while in case of absence or impediment of the latter, the Vice-President shall be substituted by the Managing Director. In case of absence of impediment of the latter, the Managing Director shall be substituted by the senior councillor. A Board member’s other professional commitments (including significant non-executive engagements in companies and non-profit institutions) should be disclosed to the Board before appointment. Changes to such commitments should be reported to the Board as they arise. Non-executive Board members should undertake at appointment that they will have sufficient time to meet what is expected of them.
An executive Board member’s appointment as a non-executive board member in a company other than a subsidiary or a related company should be approved by the Board.
Responsibilities of executive members of the Board of Directors:
The Board of Directors selects its executive members from within its members in accordance with the law and the Company’s Articles of Association and assigns to one or more members, to other corporate bodies or executives of the Company or to third parties (as per authorization of the abovementioned to this end) the daily management matters and part of its powers.
Responsibilities of non- executive members of the Board of Directors:
The Board of Directors selects its non-executive members from within its members in accordance with legislation and Company statute. The non-executive members are responsible for the advancement of corporate matters, they participate on boards and committees and are particularly responsible for upholding the principles of proper corporate governance.
The non-executive members maintain their independence as regards the matters they investigate, aiming to effectively perform their role and to create a trustworthy climate between the Board of Directors, senior executives and managers.
The non-executive members of the Board of Directors must have in-depth knowledge of both the operation and product of the Company and the broader market of the industry and should be provided with every assistance. In general, each non-executive member arranges for his/her continuing education so as to contribute effectively and efficiently to the proper and efficient operation of the Company.
At least of two of the non-executive members are elected by the General Meeting as independent and may, if deemed necessary, submit, individually or jointly, reports or studies independent from those of the Board of Directors to the Ordinary or Extraordinary General Meeting of the Company.

COMPENSATION POLICY

The formulation and flawless implementation of the Corporate Compensation and Benefits Policy, plays a fundamental role in the operation of INTRALOT and constitutes the focal point for the long-term retention of its Human Capital.

INTRALOT cooperates with international consultancy agencies in the field of Compensation and Benefits research, constantly monitoring world reward trends aiming to achieve a fair, objective and competitive reward strategy in comparison not only with international but with local labor market practices as well.

The Compensation and Benefits Policy regulates fixed salaries levels, benefits and performance-related variable remuneration systems concerning the executive members of Board of Directors. The job description, accountability and responsibility of the position in the Group along with the academic background, competencies, professional experience, and performance evaluation constitute the criteria of the above mentioned policy.

The implementation of the Compensation and Benefits Policy and its monitoring systems aim, in full transparency, to define the salaries and benefits' structure and to safeguard the internal corporate fairness and consistency.

The principles of the Compensation and Benefit Policy imbue the total of the employee force of the Company, including the executive members of the Board of Directors. The fixed salaries reviews, the granting of bonuses along with the benefits share the aforementioned common principles and regard the whole corporate ladder based on the corporate budget and the annual performance of the Group.

In addition to both the fixed and variable remuneration pertaining to the executive members of the Board of Directors, other incentives such as medical and life insurance, corporate car along with extra benefits are granted.

Additionally, the corporate stock option scheme constitutes a strong incentive contributing to the retention of highly performing executives and to the continuous effort for the improvement of the long term results of the Company. Such programs regard the executive members of the Board of Directors, top executives and key employees meeting the following criteria, hierarchy, personal contribution, importance of the role along with performance evaluation results.

Other Managerial and Supervisory Bodies

The Board of Directors may decide to establish committees governing human resources, scheduling, control or other responsibilities as it deems necessary to facilitate the purpose of the Company. The detailed terms of mandate, composition, term, the directorship and reporting frequency to the Board of Directors is determined at the time of establishment. The committees have consulting competence and submit their recommendations to the Board of Directors for due examination and action. Exceptionally, the Board of Directors may, at its discretion, delegate to these committees executive and/or decision making authorities in cases allowed by law and the Company's Articles of Association.

A. Audit and Compliance Committee

Chairman: Sotirios N. Filos, Independent - non-executive member

Members,

Anastasios M. Tsoufis, independent - non-executive member and

Ioannis P. Tsoukaridis, independent - non-executive member

The Audit and Appliance Committee is a committee of the Board of Directors and is established with the aim to assist the Board with its supervisory responsibilities as regards financial reporting and information, the compliance of the Company and its subsidiaries to the legislative and regulatory operational framework, audit system procedures and to exercise supervision over the auditing operation.

The members of the Audit and Compliance Committee are appointed by the Board of Directors. The Audit and Compliance Committee is comprised of at least two (2) non-executive members and one independent non-executive member of the Board of Directors who presides the meetings and has experience/knowledge on finance and accounting matters.

The Audit and Compliance Committee convenes as necessary but at a minimum four times per annum on invitation of its Chairman and also meets with the Company's auditor at least twice a year and not in the presence of Company's Management.

The main responsibilities of the Audit and Compliance Committee include:

- Monitoring and evaluation of the competence of the internal audit and risk management system of the Company.
- Monitoring the findings of the Supervisory and Taxation Authorities including the responses of the Management of the Company.
- Examination of the Internal Operational Regulation of the Company every two years.
- Monitoring of the financial reporting processes.
- Monitoring of the procedures of mandatory bi-annual and annual audits of the individual and consolidated financial statements of the Company which are prepared according to the International Financial Reporting Standards (IFRS) and recommends their approval or rejection to the Board of Directors of the Company.
- Supervision of the most significant financial accounting reporting matters and the notes to the financial statements, focusing on areas and methods used to evaluate assets and liabilities which are open to subjective interpretation.
- Supervision of all taxation or legal matters which may have a significant impact on financial statements.
- Examines, with the Management of the Company, the external and internal Auditors, the adequacy of Company's information systems including the significant risks and instituted controls to minimize risk.
- Recommends the external auditor or firm of auditors (the Auditor) to the Board of Directors, to enable the Board to submit its proposal to appoint an external or firm of auditors to the General Meeting.
- Ensures the independence and objectivity of the Auditor, reviewing the compliance of the firm as regards the rotation of the auditors, the fee paid by the Company and the provision of other services (for example consulting services) by the statutory auditor or firm of auditors.
- Is informed by the Auditor or the firm of auditors, at least once a year, on each matter related to the progress and results of the statutory audit. The Committee receives a report on the weaknesses of the internal audit system, specifying the weaknesses of procedures related to financial reporting and the preparation of financial statements.
- Ensures the Board of Directors is available to internal and external auditors by acting as intermediary.

- Meets with the Auditor (either in the presence of Management or not) to discuss the aforementioned matters, potential disputes which may arise between the Auditor and Management of the Company, and any significant changes which may arise in the audit plan.
- Proposes the appointment, replacement and termination of the Internal Auditor to the Board of Directors and is responsible for the periodic evaluation of the Internal Auditor's performance.
- Receives and examines the periodic reports of the internal audit and supervises the progress of recommendations made by the Internal Auditor and adopted by Management as expressed in the respective reports.
- Examines transparency matters pertaining to the procedures connected to the awarding and execution of public tenders in accordance with current legislation while aiming to ensure transparency.
- Controls the transactions of the subsidiaries and related corporations as stipulated in article 42 of Law 2190/1920 in Greece and abroad as regards the interests and activities of the group of the Company.
- Proposes the appointment of a person as responsible for the whistleblowing policy of the Company, determines the responsibilities and any remuneration.

The Financial Committee, which is responsible for the financial management of the Company, is a sub-committee of the Audit and Compliance Committee. More particularly, the Financial Committee is comprised of:
the Chief Financial Officer, the Director of Finance, the Accounting Director, the Subsidiaries and Business Development Director and other executives within the finance department as deemed necessary and recommends to the Audit and Compliance Committee and/or directly to the Board of Directors as follows:

a. to manage the Group's exposure to risk associated with interest rate fluctuations while taking into account the ratio between floating and fixed interest rates for the total net indebtedness of the Group.
To manage the risk ratio of fixed-floating interest rates, the Company and/or its subsidiaries may enter into financial derivative agreements such as: Interest Rate Swaps, Interest Rate Caps, Interest Rate Collars and other financial products offered by Greek and international banks. The abovementioned products "swap" the variable interest rate with a fixed one.
b. to manage the Group's exposure to risks associated with currency exchange rate fluctuations by proposing financial derivative agreements such as: Forward Contracts, Options, Currency Swaps and other financial products offered by Greek and international banks.
The abovementioned products "lock" the exchange rates (spot rate) of various currencies. Decisions regarding the advisability and risk management strategy are undertaken by the Financial Committee depending on the coverage percentage and market conditions and circumstances.
c. to manage risks which may arise from socio-political changes through products available on the market such as: Event Swaps - when a political event compels a business/investment interruption abroad (for example following a political resolution to expel all foreign companies), or Credit Default Swaps - when the credit-worthiness of a county deteriorates.

The Financial Committee will recognise potential risk in a timely manner and will discern the most appropriate and effective methods to manage said risks with the use of suitable financial tools. The Committee then proposes that divisions and/or subsidiaries of the Company enter into agreements.

B. Remuneration and Nomination Committee

Chairman: Konstantinos S. Kokkalis, Non-Executive member,

Members: Sotirios N. Filos, Independent - non-executive member,

Ioannis P. Tsoukaridis, Independent - non-executive member,

The Board of Directors of the Company assigns the responsibility of determining the employee remuneration policy of the Company to the Remuneration Committee. The Remuneration Committee recommends levels of remuneration to the Board of Directors for executives, managers and senior executives and concurrently regulates matters associated with the overall remuneration policy of the Company.

The Remuneration committee is comprised of three (3) members the majority of whom are non-executive members. The Chairman of the Remuneration Committee is appointed by the Board of Directors and must be a non-executive member. Should an executive be a member of the Remuneration Committee, this member may not attend discussions pertaining to his/her own remuneration.

The Remuneration Committee convenes at the invitation of its Chairman as deemed necessary and at least once per annum. The main responsibilities of the Remuneration Committee are as follows:

- Proposes the remuneration policy of the Company including incentive bonuses, stock options and employee loyalty incentive programs.
- Specifically for the remuneration of executives and managers, the Committee suggests an annual salary, performance related remuneration, pension plan and severance package.
- Suggests the level and structure of senior executive remuneration. The remuneration of the internal auditor is discussed with the Audit and Compliance Committee.
- Proposes the criteria and the overall framework for the selection of the members of the Board of Directors.
- Suggests the procedures for determining the internal relations of the members of the Board of Directors.
- Determines the criteria for selection of new directors and movements.

C. Management Committee

The Management Committee is comprised of the Chief Executive Officer and General Directors of the Company and examines all significant Company matters, formulates proposals and decides how to address them. The role of the Management Committee is also essential in the achievement of inter-company communication, the coordination of the departments' projects and the support of the Chief Executive Officer in both an informative and advisory capacity. The Management Committee provides an accurate and complete overview of the Company, emphasising critical operational issues, designs the development strategy of the Company and advances the implementation of major projects and objectives. The Management Committee may convene without the whole of its members on invitation of the Chief Executive Officer of the Company. Members of the Audit and Compliance Committee and senior executives may attend the meetings as deemed necessary.

Evaluation of the Board of Directors

The evaluation of the performance of the Board and its committees should take place at least every two (2) years in line with a clearly established procedure. The evaluation exercise should be led by the Chairman of the Board (or should the Chairman be a non-executive member, the Vice-Chairman of the Board of Directors) and of every committee, while following the evaluation, the Chairman should act on the results of the performance evaluation by addressing the weaknesses of the Board.

VII. Diversity Policy

The Company hasn't adopted specific policy of diversity including gender balance. But in the Code of Conduct of the Company is referred that INTRALOT is committed to the policy of equal employment opportunity for all employees and candidates in accordance with the appropriate employment laws. The procedures for hiring and evaluating candidates and employees are based on their respective qualifications, skills and performance. Additionally, both as a matter of law and common decency, each employee of INTRALOT is entitled to pursue his or her employment free of unlawful discrimination and harassment with regards to sex, race, color, nationality, ancestry, citizenship, sexual orientation, religion, age, physical of mental disability, medical condition or marital status.

Table of the members participations to the workings of the Board of Directors and its committees during the year

PARTICIPATIONS IN DECISION-MAKING OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

FULL NAME	51 PARTICIPATIONS IN DECISION MAKING PROCEDURES OF THE BoD		15 MEETINGS OF THE AUDIT & COMPLIANCE COMMITTEE		3 MEETINGS OF THE REMUNERATION and NOMINATION COMMITTEE	
	PRESENT	ABSENT	PRESENT	ABSENT	PRESENT	ABSENT
SOCRATES KOKKALIS	51					
CONSTANTINOS ANTONOPOULOS	51					
ANTONIOS KERASTARIS	51					
KONSTANTINOS KOKKALIS	51				3	
DIMITRIOS KLONIS	51					
PETROS SOURETIS	51					
SOTIRIOS FILOS	51		15		3	
ANASTASIOS TSOUFIS	51		15			
IOANNIS TSOUKARIDIS	51		15		3	

INDEPENDENT AUDITORS' REPORT

To the Shareholders of "INTRALOT S.A. INTEGRATED LOTTERY SYSTEMS AND SERVICES"

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying separate and consolidated financial statements of INTRALOT S.A. INTEGRATED LOTTERY SYSTEMS AND SERVICES (the Company) and its subsidiaries, which comprise the separate and consolidated statements of financial position as at December 31 2017, the separate and consolidated income statements, statements of comprehensive income, statements of changes in equity and cash flow statements for the year then ended, including a summary of significant accounting policies an selected explanatory notes to the financial statements. In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Company and its subsidiaries as at December 31 2017, the financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), as incorporated into the Greek Law. Our responsibilities, under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company and its subsidiaries, during the whole period of our audit, in accordance with the International Ethics Standards Board for Accountants "Code of Ethics for Professional Accountants" as incorporated into the Greek Law and we have fulfilled our ethical responsibilities in accordance with current legislation requirements and the aforementioned Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the separate and consolidated financial statements of the current year. These matters and the related risks of material misstatement were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not express a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matter
Evaluation of Trade receivables' recoverability (separate and consolidated financial statements)	
At 31.12.2017, the Group's and Company's trade receivables amounted to € 100 mil. and € 93.97 mil. respectively (€ 106.5 mil. and € 101.5 mil. at 31.12.2016), while the accumulated impairment amounted to € 13.1 mil. and € 27 mil. (€ 17.8 mil. and € 25.9 mil. at 31.12.2016) as stated in notes 2.19, 2.20 and 2.32 of the separate and consolidated financial statements. The Company's trade receivables mainly include receivables from foreign customers. The demanding operating international environment of the Group over the year has increased the risk of bad debts from these customers. In particular, in the case of the insolvency of these customers, the Company is exposed to increased credit risk when customers are unable to meet their contractual obligations.	Our audit procedures for the recoverability of trade receivables included, among others: ▪ Understanding and reviewing procedures for credit control and examination of key controls on granting credit to customers. ▪ Receipt of third party confirmation letters for a representative sample of trade receivables and execution of procedures subsequent to the date of the financial statements for receipts versus closing balances. ▪ Understand and evaluate the Group's process regarding the monitoring of trade receivables and the factors taken into consideration in estimating the provision for impairment. Assess whether the process is in line with the relevant accounting standards.

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Management assesses the amount of the impairment, evaluating the recoverability of the trade receivables by reviewing the maturity of customers' balances, their credit history and settlement made to outstanding balances through payments subsequent to the year-end. Given the importance of the issue and the level of judgment and estimates required, we consider the evaluation of Trade receivables' recoverability as a key audit matter.	▪ Evaluation of the legal advisors' letters for relevance with management assumptions about recoverability of claims. ▪ Evaluation of the Management's assertions for the recoverability of trade receivables. ▪ Evaluation of the adequacy and appropriateness of the Group's disclosures in note 2.20 of the separate and consolidated financial statements.

Evaluation of Impairment for Goodwill and Intangible Assets (separate and consolidated financial statements)

In the consolidated Statement of Financial Position as of 31 December 2017, the Group presented Goodwill amounting to € 58.0 mil., Software amounting to € 67.6 mil., Development Expenses amounting to € 88.3 mil., Licenses and Industrial Property Expenses amounting to € 92.0 mil. and Other intangibles amounting to € 18.5 mil. (Note 2.16).
The Group's disclosures regarding the accounting policy and the judgments and estimates used in the assessment of impairment are included in note 2.1.11 and 2.1.28 of the separate and consolidated financial statements.

According to the requirements of IAS 36, goodwill and intangible assets with indefinite useful lives are tested for impairment at least annually, and intangible assets with a finite useful life are tested for impairment whenever there are indications of impairment. For the determination of any impairment, Management compares the carrying amount of each cash-generating unit (CGU) with its recoverable amount.

Intangible assets acquired individually are recognized at cost and those acquired through business combinations are recognized at fair values at the date of acquisition.
For an intangible asset that does not generate significant independent cash inflows, the recoverable amount is determined based on the cash-generating unit to which the intangible asset belongs.

During the year ended 31 December 2017, an impairment loss of € 0.65 mil. was recognized and presented in the income statement (in "Profit / (Losses) from the sale of fixed assets, impairment losses and write-offs of assets"). An amount of € 0.565 mil. relates to a software's impairment loss in subsidiary Loteria Moldovei SA (cessation of activity due to state monopoly).

Given the significance of the balances of the above assets in the consolidated Statement of Financial Position, the degree of subjectivity to the assumptions underlying the impairment analysis and the significant judgments and estimates required by management, particularly in the context of the challenges and uncertainties posed by the domestic and the global business environment where the Group primarily operates, we consider the impairment of the above assets as a key audit matter.

Our audit procedures regarding the evaluation of impairment of Goodwill and Intangible Assets included, among other things,:

- Evaluation of the management's assessment of whether there are indications of impairment of these assets.
- Evaluation of the policies, methodology and internal control procedures adopted by the Group regarding the assessment of the impairment of these assets.
- Assessment of the suitability of the value-in-use models.
- Assessment of the reliability of business plans of Management including among others a comparison of the budgeted figures against the actual financial figures.
- Assessment of the reasonableness of key assumptions following comparison with external market information, including analyst reports as well as internal information. Key assumptions that were evaluated included revenue and profit margins, capital investments in licences and equipment-related assets and discount rates.
- Use of a specialist with expertise in valuation and business modeling, to evaluate the mathematical precision of the models' calculations and to assess the reasonableness of the discount rates used.
- Assessment of the sensitivity analysis on the underlying assumptions and the potential impact on the relevant assets' recoverable amount.
- Evaluation of the completeness of the required disclosures in the separate and consolidated financial statements based on the requirements of IAS 36.

Evaluation of Impairment in Investment in Subsidiaries (separate financial statements)

In the Statement of Financial Position as of 31 December 2017, the Company's investments in Subsidiaries amount to €130.8 mil. Investments in Subsidiaries are initially measured at cost, which is adjusted for any impairment losses.

For the determination of any impairment, Management compares the carrying amount of each subsidiary (CGU) with its recoverable amount. The recoverable amount is determined as the value in use, the determination of which is supported by forecasts of future operating flows, which are by nature subjective and depend on various factors.

For the evaluation of the impairment in respect with the Company's investments in subsidiaries, we conducted the audit procedures described in the key audit matter "Evaluation of impairment of Goodwill and Intangible Assets".

Following the completion of the procedures used for the Consolidated Financial Statements, we evaluated the analysis prepared by the Management, according to which the recoverable amounts of the CGUs were correlated with the respective investments in subsidiaries.

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Given the significance of the balance of investments in subsidiaries in the separate financial statements, the degree of subjectivity to the assumptions underlying the impairment analysis and the significant judgements and estimates required by management, particularly in the context of the challenges and uncertainties of the domestic business environment where the Group is primarily active, we consider the assessment of impairment of investments in subsidiaries as a key audit matter.

In addition, we focused on this area because the data described in the main audit issue "Evaluation of impairment for Goodwill and Intangible Assets" also has an impact on the investments in subsidiaries.

During the year ended 31 December 2017, an impairment loss of € 15.3 mil. was recognized.

In addition, we have confirmed the accuracy of the relevant disclosures in Note 2.17 of the separate and consolidated financial statements.

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Other Information

Management is responsible for the other information. The other information included in the Annual Financial Report is comprised of the Management Report of the Board of Directors, which mentioned in the "Report on Other Legal and Regulatory Requirements" and the Representations of the Members of the Board of Directors, but do not include the financial statements and the auditor's report thereon.

Our opinion on the separate and consolidated financial statements do not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If we conclude, based on our audit, that there is a material misstatement therein, we are required to communicate that matter. We have nothing to report, regarding the aforementioned matter.

Responsibilities of Management and Those Charged with Governance for the separate and consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with the IFRSs as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, management is responsible for assessing the Company's and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to liquidate the Company or the Group or to cease operations, or there is no realistic alternative but to do so.

The Audit Committee (artic. 44 Law 4449/2017) of the Company is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the separate and consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs, as incorporated into the Greek Law, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, as incorporated into the Greek Law, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group's ability to continue as a going concern. If we conclude that a material uncertainty

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exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company of the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and the Group to express audit opinions on the separate and consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters.

Report on Other Legal and Regulatory Requirements

1. Management Report of the Board of Directors

Taking into consideration that Management is responsible for the preparation of the Management Report of the Board of Directors for the year ended 31 December 2017, according to the provisions of paragraph 5 of article 2 of Law 4336/2015 (part B) we note the following:

a. The Management Report of the Board of Directors includes a statement of corporate governance that provides the information required by Article 43bb of Codified Law 2190/1920.

b. In our opinion, the Management Report of the Board of Director's has been prepared in accordance with the legal requirements of article 43a and 107A and paragraph 1 (c and d) of Article 43bb of the Codified Law 2190/1920 and the content of the report is consistent with the accompanying separate and consolidated financial statements for the year ended 31 December 2017.

c. Based on the knowledge we obtained during our audit of the Group and the Company "INTRALOT S.A. INTEGRATED LOTTERY SYSTEMS AND SERVICES" and their environment, we have not identified any material misstatements in the Management Report of the Board of Directors.

2. Complementary Report to the Audit Committee

Our audit opinion on the accompanying separate and consolidated financial statements is consistent with the complementary report to the Company's Audit Committee in accordance with Article 11 of the European Union (EU) Regulation 537/2014.

3. Non-audit Services

We have not provided the prohibited non-audit services referred to in Article 5 of EU Regulation 537/2014.
The permitted non-audit services that we have provided to the Company and its subsidiaries during the financial year that ended 31 December 2017, are disclosed in note 2.6 of the accompanying separate and consolidated financial statements.

4. Auditor's Appointment

We have been appointed as joint statutory auditors by the Annual General Meeting of the Company on 23/05/2013. Since then, we have been appointed as joint statutory auditors for a total period of four years based on the decisions of the shareholder's Annual General Meetings.

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Athens, 28 March 2018

The Chartered Accountants

Evagelos D. Kosmatos	Nikolaos Ioannou
SOEL Reg. No. 13561	SOEL Reg. No 29301

Associated Certified Public Accountants
s.a.
member of Crowe International
3, Fok. Negri Street – 112 57 Athens,
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ANNUAL FINANCIAL STATEMENTS

INCOME STATEMENT GROUP / COMPANY FOR THE YEAR 2017

Amounts reported in thousand €	Note	GROUP		COMPANY	
		1/1-31/12/2017	1/1-31/12/2016	1/1-31/12/2017	1/1-31/12/2016
Sale Proceeds	2.2	1.104.197	991.545	66.834	65.547
Less: Cost of Sales	2.4/2.6	-862.328	-787.688	-38.716	-44.853
Gross Profit /(loss)		**241.869**	**203.857**	**28.118**	**20.694**
Other Operating Income	2.3	17.168	32.495	1.993	14.673
Selling Expenses	2.4/2.6	-60.966	-51.869	-9.606	-10.278
Administrative Expenses	2.4/2.6	-76.341	-73.779	-14.425	-15.477
Research and Development Expenses	2.4/2.6	-6.147	-4.642	-6.147	-4.642
Other Operating Expenses	2.9	-7.025	-9.503	-4.536	-17.030
EBIT	2.1.27	**108.558**	**96.559**	**-4.603**	**-12.060**
EBITDA	2.1.27	**171.466**	**162.506**	**8.763**	**-495**
Income/(expenses) from participations and investments	2.7	-24.064	-17.465	7.136	45.921
Gain/(loss) from assets disposal, impairment loss and write-off of assets	2.8	-2.017	-9.228	-2	-7.667
Interest and similar expenses	2.10	-70.019	-87.170	-17.208	-19.878
Interest and similar income	2.10	7.139	11.303	3.254	3.636
Exchange Differences	2.11	-5.870	3.037	-589	-542
Profit / (loss) from equity method consolidations	2.32	-3.412	-4.575	0	0
Profit/(loss) before tax from continuing operations		**10.315**	**-7.539**	**-12.012**	**9.410**
Taxes	2.12	-28.306	-28.967	562	-9.850
Profit / (loss) after tax from continuing operations (a)		**-17.991**	**-36.506**	**-11.450**	**-440**
Profit / (loss) after tax from discontinued operations (b) [1]	2.32	11.970	81.371	0	0
Profit / (loss) after tax (continuing and discontinued operations) (a)+(b)		**-6.021**	**44.865**	**-11.450**	**-440**
Attributable to:					
Equity holders of parent					
-Profit/(loss) from continuing operations		-58.644	-74.224	-11.450	-440
-Profit/(loss) from discontinued operations [1]	2.32	5.258	75.154	0	0
		-53.386	**930**	**-11.450**	**-440**
Non-Controlling Interest					
-Profit/(loss) from continuing operations		40.653	37.718	0	0
-Profit/(loss) from discontinued operations [1]	2.32	6.712	6.217	0	0
		47.365	**43.935**	**0**	**0**
Earnings/(losses) after tax per share (in €) from total operations					
-basic	2.13	-0,3393	0,0059	-0,0728	-0,0028
-diluted	2.13	-0,3393	0,0059	-0,0728	-0,0028
Weighted Average number of shares		157.352.417	158.178.718	157.352.417	158.178.718

¹ The activities of Group subsidiaries in Italy and those of Intralot de Peru SAC (Peru) , Favorit Bookmakers Office OOO (Russia), Intralot Caribbean Ventures Ltd (Santa Lucia), Supreme Ventures Ltd (Jamaica) and Slovenske Loterie AS (Slovakia) are presented as discontinued operations pursuant to IFRS 5 (note 2.32.A.VIII)

STATEMENT OF COMPREHENSIVE INCOME GROUP / COMPANY FOR THE YEAR 2017

Amounts reported in thousand €	Note	GROUP		COMPANY	
		1/1-31/12/2017	1/1-31/12/2016	1/1-31/12/2017	1/1-31/12/2016
Net Profit / (loss) after tax (continuing and discontinued operations) (a)+(b)		**-6.021**	**44.865**	**-11.450**	**-440**
Attributable to:					
Equity holders of parent Company					
-Profit/(loss) from continuing operations		-58.644	-74.224	-11.450	-440
-Profit/(loss) from discontinued operations [1]	2.32	5.258	75.154	0	0
		-53.386	**930**	**-11.450**	**-440**
Non-Controlling Interest					
-Profit/(loss) from continuing operations		40.653	37.718	0	0
-Profit/(loss) from discontinued operations [1]	2.32	6.712	6.217	0	0
		47.365	**43.935**	**0**	**0**
Other comprehensive income after tax					
Amounts that may not be reclassified to profit or loss:					
Defined benefit plans revaluation for subsidiaries and parent company		-118	157	-104	-31
Defined benefit plans revaluation for associates and joint vetures	2.26	63	0	0	0
Amounts that may be reclassified to profit or loss:					
Valuation of available- for -sale financial assets of parent and subsidiaries	2.18	-357	-2.986	-240	-1.760
Share of valuation of available- for -sale financial assets of associates and joint ventures		86	0	0	0
Derivatives valuation of parent and subsidiaries		-18	0	-18	0
Exchange differences on subsidiaries consolidation	2.23	-14.187	-8.408	0	0
Share of exchange differences on consolidation of associates and joint ventures	2.23	-12.911	2.492	0	0
Other comprehensive income/ (expenses) after tax		**-27.442**	**-8.745**	**-362**	**-1.791**
Total comprehensive income / (expenses) after tax		**-33.463**	**36.120**	**-11.812**	**-2.231**
Attributable to:					
Equity holders of parent		-69.304	-3.562	-11.812	-2.231
Non-Controlling Interest	2.32	35.841	39.682	0	0

[1] The activities of Group subsidiaries in Italy and those of Intralot de Peru SAC (Peru) , Favorit Bookmakers Office OOO (Russia), Intralot Caribbean Ventures Ltd (Santa Lucia), Supreme Ventures Ltd (Jamaica) and Slovenske Loterie AS (Slovakia) are presented as discontinued operations pursuant to IFRS 5 (note 2.32.A.VIII)

INCOME STATEMENT GROUP / COMPANY FOR THE 4th QUARTER OF 2017

Amounts reported in thousand €	Note	GROUP		COMPANY	
		1/10-31/12/2017	1/10-31/12/2016	1/10-31/12/2017	1/10-31/12/2016
Sale Proceeds	2.2	309.471	278.656	23.731	18.261
Less: Cost of Sales	2.4/2.6	-230.946	-220.608	-10.281	-9.810
Gross Profit /(loss)		**78.525**	**58.048**	**13.450**	**8.451**
Other Operating Income	2.3	4.167	18.158	390	169
Selling Expenses	2.4/2.6	-20.286	-15.254	-2.162	-2.713
Administrative Expenses	2.4/2.6	-21.044	-20.513	-4.118	-5.877
Research and Development Expenses	2.4/2.6	-1.281	-566	-1.281	-566
Other Operating Expenses	2.9	-4.885	-8.344	-2.987	-4.675
EBIT	2.1.27	**35.196**	**31.529**	**3.292**	**-5.211**
EBITDA	2.1.27	**48.437**	**48.370**	**5.615**	**-2.220**
Income/(expenses) from participations and investments	2.7	-25.081	-15.390	-5.946	35.092
Gain/(loss) from assets disposal, impairment loss and write-off of assets	2.8	-1.109	-7.429	4	-7.672
Interest and similar expenses	2.10	-26.082	-32.563	-4.361	-5.368
Interest and similar income	2.10	2.342	3.717	785	1.563
Exchange Differences	2.11	105	4.579	151	-473
Profit / (loss) from equity method consolidations	2.32	-54	-1.971	0	0
Profit/(loss) before tax from continuing operations		**-14.683**	**-17.528**	**-6.075**	**17.931**
Taxes	2.12	-8.506	-9.819	-4.047	-11.439
Profit / (loss) after tax from continuing operations (a)		**-23.189**	**-27.347**	**-10.122**	**6.492**
Profit / (loss) after tax from discontinued operations (b) [1]	2.32	14.383	39.805	0	0
Profit / (loss) after tax (continuing and discontinued operations) (a)+(b)		**-8.806**	**12.458**	**-10.122**	**6.492**
Attributable to:					
Equity holders of parent Company					
-Profit/(loss) from continuing operations		-35.936	-38.991	-10.122	6.492
-Profit/(loss) from discontinued operations [1]	2.32	14.558	38.115	0	0
		-21.378	**-876**	**-10.122**	**6.492**
Non-Controlling Interest					
-Profit/(loss) from continuing operations		12.747	11.644	0	0
-Profit/(loss) from discontinued operations [1]	2.32	-175	1.690	0	0
		12.572	**13.334**	**0**	**0**
Earnings/(losses) after tax per share (in €) from total operations					
-basic	2.13	-0,1359	-0,0055	-0,0643	0,0410
-diluted	2.13	-0,1359	-0,0055	-0,0643	0,0410
Weighted Average number of shares		157.352.417	158.178.718	157.352.417	158.178.718

[1] The activities of Group subsidiaries in Italy and those of Intralot de Peru SAC (Peru) , Favorit Bookmakers Office OOO (Russia), Intralot Caribbean Ventures Ltd (Santa Lucia), Supreme Ventures Ltd (Jamaica) and Slovenske Loterie AS (Slovakia) are presented as discontinued operations pursuant to IFRS 5 (note 2.32.A.VIII)

STATEMENT OF COMPREHENSIVE INCOME GROUP / COMPANY FOR THE 4th QUARTER OF 2017

Amounts reported in thousand €	Note	GROUP		COMPANY	
		1/10-31/12/2017	1/10-31/12/2016	1/10-31/12/2017	1/10-31/12/2016
Net Profit / (loss) after tax (continuing and discontinued operations) (a)+(b)		**-8.806**	**12.458**	**-10.122**	**6.492**
Attributable to:					
Equity holders of parent Company					
-Profit/(loss) from continuing operations		-35.936	-38.991	-10.122	6.492
-Profit/(loss) from discontinued operations [1]	2.32	14.558	38.115	0	0
		-21.378	**-876**	**-10.122**	**6.492**
Non-Controlling Interest					
-Profit/(loss) from continuing operations		12.747	11.644	0	0
-Profit/(loss) from discontinued operations [1]	2.32	-175	1.690	0	0
		12.572	**13.334**	**0**	**0**
Other comprehensive income after tax					
Amounts that may not be reclassified to profit or loss:					
Defined benefit plans revaluation for subsidiaries and parent company		-123	-253	-104	-31
Defined benefit plans revaluation for associates and joint ventures	2.26	0	0	0	0
Amounts that may be reclassified to profit or loss:					
Valuation of available- for -sale financial assets of parent and subsidiaries	2.18	-185	-2.558	14	-1.758
Share of valuation of available- for -sale financial assets of associates and joint ventures		-43	0	0	0
Derivatives valuation of parent and subsidiaries		-18	-28	-18	-28
Exchange differences on subsidiaries consolidation	2.23	-5.992	-690	0	0
Share of exchange differences on consolidation of associates and joint ventures	2.23	-1.324	5.433	0	0
Other comprehensive income/ (expenses) after tax		**-7.685**	**1.904**	**-108**	**-1.817**
Total comprehensive income / (expenses) after tax		**-16.491**	**14.362**	**-10.230**	**4.675**
Attributable to:					
Equity holders of parent		-26.901	844	-10.230	4.675
Non-Controlling Interest	2.32	10.410	13.518	0	0

[1] The activities of Group subsidiaries in Italy and those of Intralot de Peru SAC (Peru) , Favorit Bookmakers Office OOO (Russia), Intralot Caribbean Ventures Ltd (Santa Lucia), Supreme Ventures Ltd (Jamaica) and Slovenske Loterie AS (Slovakia) are presented as discontinued operations pursuant to IFRS 5 (note 2.32.A.VIII)

STATEMENT OF FINANCIAL POSITION GROUP/COMPANY

Amounts reported in thousand €	Note	GROUP 31/12/2017	GROUP 31/12/2016	COMPANY 31/12/2017	COMPANY 31/12/2016
ASSETS					
Tangible assets	2.14	102.793	126.962	15.794	15.391
Investment property	2.15	0	6.038	0	0
Intangible assets	2.16	324.508	329.582	93.729	90.044
Investment in subsidiaries, associates and joint ventures	2.17	135.763	180.807	141.500	155.740
Other financial assets	2.18	21.524	21.910	1.243	1.483
Deferred Tax asset	2.12	4.749	6.750	0	0
Other long term receivables	2.19	16.515	22.407	142	144
Total Non-Current Assets		**605.852**	**694.456**	**252.408**	**262.802**
Inventories	2.21	31.482	32.250	18.839	18.888
Trade and other short term receivables	2.20	145.575	169.979	105.917	128.010
Other financial assets	2.18	914	0	0	0
Cash and cash equivalents	2.22	238.041	164.401	20.434	20.356
Total Current Assets		**416.012**	**366.630**	**145.190**	**167.254**
TOTAL ASSETS		**1.021.864**	**1.061.086**	**397.598**	**430.056**
EQUITY AND LIABILITIES					
Share capital	2.23	47.689	47.689	47.689	47.689
Treasury shares	2.23	-2.149	-1.709	-2.149	-1.709
Other reserves	2.23	56.738	56.036	43.579	43.936
Foreign currency translation	2.23	-76.747	-61.180	0	0
Retained earnings	2.24	32.291	86.706	-4.558	6.892
Total equity attributable to shareholders of the parent		**57.822**	**127.542**	**84.561**	**96.808**
Non-Controlling Interest		31.966	68.944	0	0
Total Equity		**89.788**	**196.486**	**84.561**	**96.808**
Long term debt	2.25	727.988	643.892	232.179	237.348
Staff retirement indemnities	2.26	5.451	5.382	3.489	3.396
Other long term provisions	2.32	7.993	10.891	7.612	10.088
Deferred Tax liabilities	2.26	15.054	16.036	5.803	6.548
Other long term liabilities	2.28	1.069	17.271	0	0
Finance lease obligation	2.33	1.389	684	0	0
Total Non-Current Liabilities		**758.944**	**694.156**	**249.083**	**257.380**
Trade and other short term liabilities	2.29	136.844	128.141	61.910	65.871
Short term debt and finance lease	2.30	19.345	14.733	0	0
Current income tax payable	2.12	11.084	17.610	1.953	6.037
Short term provision	2.32	5.859	9.960	91	3.960
Total Current Liabilities		**173.132**	**170.444**	**63.954**	**75.868**
TOTAL LIABILITIES		**932.076**	**864.600**	**313.037**	**333.248**
TOTAL EQUITY AND LIABILITIES		**1.021.864**	**1.061.086**	**397.598**	**430.056**

STATEMENT OF CHANGES IN EQUITY GROUP

STATEMENT OF CHANGES IN EQUITY INTRALOT GROUP (Amounts reported in thousands of €)	Share Capital	Treasury Shares	Legal Reserve	Other Reserves	Foreign currency translation[1]	Retained Earnings	Total	Non-Controlling Interest	Grand Total
Opening Balance 1 January 2017	**47.689**	**-1.709**	**27.076**	**28.960**	**-61.180**	**86.706**	**127.542**	**68.944**	**196.486**
Effect on retained earnings from previous years adjustments						9	**9**	-65	**-56**
Period's results						-53.386	**-53.386**	47.365	**-6.021**
Other comprehensive income / (expenses) after tax				-430	-15.567	79	**-15.918**	-11.524	**-27.442**
Dividends to equity holders of parent / non-controlling interest							**0**	-44.895	**-44.895**
Subsidiary disposal / liquidation							**0**	-27.834	**-27.834**
Effect due to change in ownership percentage						10	**10**	-25	**-15**
Transfer between reserves			1.125	2		-1.127	**0**		**0**
Repurchase / disposal of treasury shares		-440		5			**-435**		**-435**
Balances as at 31 December 2017	**47.689**	**-2.149**	**28.201**	**28.537**	**-76.747**	**32.291**	**57.822**	**31.966**	**89.788**

[1] The change of the Reserve "Foreign currency translation" includes an amount of €16.600 thousand relating to reclassification/recycling in the income statement (line "Profit / (loss) after tax from discontinued operations") of accumulated valuation losses from the translation of the financial statements of the subsidiaries (Favorit Bookmakers Office OOO, Supreme Ventures Ltd, Intralot Caribbean Ventures Ltd Slovenske Loterie AS) which were disposed in 2017.

STATEMENT OF CHANGES IN EQUITY INTRALOT GROUP (Amounts reported in thousands of €)	Share Capital	Treasury Shares	Legal Reserve	Other Reserves	Foreign currency translation	Retained Earnings	Total	Non-Controlling Interest	Grand Total
Opening Balance 1 January 2016	**47.689**	**-490**	**30.561**	**31.650**	**-59.410**	**79.563**	**129.563**	**77.819**	**207.382**
Effect on retained earnings from previous years adjustments						-20	**-20**	15	**-5**
Subsidiary share capital return							**0**	-3.292	**-3.292**
New consolidated entities							**0**	1.048	**1.048**
Period's results						930	**930**	43.935	**44.865**
Other comprehensive income / (expenses) after tax				-2.616	-1.770	-106	**-4.492**	-4.253	**-8.745**
Dividends to equity holders of parent / non-controlling interest							**0**	-43.548	**-43.548**
Effect due to change in ownership percentage						2.780	**2.780**	-2.780	**0**
Transfer between reserves			-3.485	-74		3.559	**0**		**0**
Treasury shares repurchase		-1.219					**-1.219**		**-1.219**
Balances as at 31 December 2016	**47.689**	**-1.709**	**27.076**	**28.960**	**-61.180**	**86.706**	**127.542**	**68.944**	**196.486**

STATEMENT OF CHANGES IN EQUITY COMPANY

STATEMENT OF CHANGES IN EQUITY INTRALOT S.A. (Amounts reported in thousands of €)	Share Capital	Treasury Shares	Legal Reserve	Other Reserves	Retained Earnings	Total
Opening Balance 1 January 2017	**47.689**	**-1.709**	**15.896**	**28.040**	**6.892**	**96.808**
Period's results					-11.450	**-11.450**
Other comprehensive income /(expenses) after taxes				-362		**-362**
Repurchase / disposal of treasury shares		-440		5		**-435**
Balances as at 31 December 2017	**47.689**	**-2.149**	**15.896**	**27.683**	**-4.558**	**84.561**
STATEMENT OF CHANGES IN EQUITY INTRALOT S.A. (Amounts reported in thousands of €)	**Share Capital**	**Treasury Shares**	**Legal Reserve**	**Other Reserves**	**Retained Earnings**	**Total**
Opening Balance 1 January 2016	**47.689**	**-490**	**15.896**	**29.831**	**7.332**	**100.258**
Period's results					-440	**-440**
Other comprehensive income /(expenses) after taxes				-1.791		**-1.791**
Repurchase / disposal of treasury shares		-1.219				**-1.219**
Balances as at 31 December 2016	**47.689**	**-1.709**	**15.896**	**28.040**	**6.892**	**96.808**

CASH FLOW STATEMENT GROUP/COMPANY

Amounts reported in thousands of € (total operations)	Note	GROUP 1/1-31/12/2017	GROUP 1/1-31/12/2016	COMPANY 1/1-31/12/2017	COMPANY 1/1-31/12/2016
Operating activities					
Profit / (loss) before tax from continuing operations		10.315	-7.539	-12.012	9.410
Profit / (loss) before tax from discontinued operations	2.32	15.096	96.820	0	0
Profit / (loss) before Taxation		**25.411**	**89.281**	**-12.012**	**9.410**
Plus / Less adjustments for:					
Depreciation and amortization	2.5	64.554	86.873	13.366	11.565
Provisions		5.673	25.402	4.125	11.129
Results (income, expenses, gain and loss) from investing activities		29.402	-88.875	-6.549	-45.385
Interest and similar expenses	2.10	70.605	88.825	17.212	19.878
Interest and similar income	2.10	-7.637	-11.952	-3.254	-3.636
Plus / less adjustments for changes in working capital:					
Decrease / (increase) of inventories		-5.072	2.756	-1.207	-980
Decrease / (increase) of receivable accounts		-13.718	-9.160	4.228	7.964
(Decrease) / increase of payable accounts (except banks)		20.961	11.156	-5.544	4.275
Less: Income tax paid		36.148	26.204	7.646	0
Total inflows / (outflows) from operating activities (a)		**154.031**	**168.102**	**2.719**	**14.220**
Investing Activities					
(Purchases) / Sales of subsidiaries, associates, joint ventures and other investments	2.18/ 2.32	18.342	4.499	14.000	42.611
Purchases of tangible and intangible assets	2.14 /2.16	-74.281	-65.420	-15.518	-18.464
Proceeds from sales of tangible and intangible assets	2.14 /2.16	513	2.566	120	13
Interest received		6.762	7.741	1.470	1.179
Dividends received		2.377	1.011	18.670	9.272
Total inflows / (outflows) from investing activities (b)		**-46.287**	**-49.603**	**18.742**	**34.611**
Financing Activities					
Subsidiary share capital return		0	-3.292	0	1.245
Repurchase of own shares	2.23	-440	-1.219	-440	-1.219
Cash inflows from loans	2.25	587.295	303.836	0	10.000
Repayment of loans	2.25	-509.527	-388.416	-18.700	-68.957
Bond buy backs	2.25	0	-3.742	0	0
Repayments of finance lease obligations	2.25	-3.215	-6.833	0	0
Interest and similar expenses paid		-51.761	-83.492	-1.812	-5.397
Dividends paid	2.24	-38.621	-42.161	0	0
Total inflows / (outflows) from financing activities (c)		**-16.269**	**-225.319**	**-20.952**	**-64.328**
Net increase / (decrease) in cash and cash equivalents for the period (a) + (b) + (c)		**91.475**	**-106.820**	**509**	**-15.497**
Cash and cash equivalents at the beginning of the period	2.22	**164.401**	**276.609**	**20.356**	**35.859**
Net foreign exchange difference		-17.835	-5.388	-431	-6
Cash and cash equivalents at the end of the period from total operations	2.22	**238.041**	**164.401**	**20.434**	**20.356**

1. GENERAL INFORMATION

INTRALOT S.A. – "Integrated Lottery Systems and Gaming Services", with the distinct title «INTRALOT» is a business entity that was established based on the Laws of Hellenic Republic, whose shares are traded in the Athens Stock Exchange. Reference to «INTRALOT» or the «Company» includes INTRALOT S.A. whereas reference to the «Group» includes INTRALOT S.A. and its fully consolidated subsidiaries, unless otherwise stated. The Company was established in 1992 and has its registered office in Maroussi of Attica.

INTRALOT, a public listed company, is the leading supplier of integrated gaming and transaction processing systems, innovative game content, sports betting management and interactive gaming services to state-licensed gaming organizations worldwide. Its broad portfolio of products & services, its know-how of Lottery, Betting, Racing & Video Lottery operations and its leading-edge technology, give INTRALOT a competitive advantage, which contributes directly to customers' efficiency, profitability and growth. With presence in 52 countries and states, with approximately 5.200 employees and revenues of €1,1 billion for 2017, INTRALOT has established its presence on all 5 major continents.

The annual financial statements of the Group and the Company for the period ended December 31, 2017 were approved by the Board of Directors on 28 March 2018.

2. NOTES TO ANNUAL FINANCIAL STATEMENTS

2.1.1 Basis of preparation of the Financial Statements

The attached financial statements have been prepared on the historical cost basis, except for the available-for-sale financial assets and the derivative financial instruments that are measured at fair value, or at cost if the difference is not a significant amount, and on condition that the Company and the Group would continue as a going concern. The attached financial statements are presented in Euros and all values are rounded to the nearest thousand (€000) except if indicated otherwise.

2.1.2 Statement of compliance

These financial statements for the period ended 31 December 2017 have been prepared in accordance with International Financial Reporting Standards (I.F.R.S.), including the International Accounting Standards (IAS) and Interpretations issued by International Financial Reporting Interpretations Committee (IFRIC), that have been endorsed by the European Union as of 31 December 2017.

2.1.3 Financial Statements

INTRALOT keeps its accounting books and records and prepares its financial statements in accordance with the International Financial Reporting Standards (IFRS) Law 4308/2014 chap. 2, 3 & 4 and current tax regulations and issues its financial statements in accordance with the International Financial Reporting Standards (IFRS).

INTRALOT's Greek subsidiaries keep their accounting books and records and prepare their financial statements in accordance with GAS (L.4308/2014), the International Financial Reporting Standards (IFRS) and current tax regulations. INTRALOT's foreign subsidiaries keep their accounting books and records and prepare their financial statements in accordance with the applicable laws and regulations in their respective countries. For the purpose of the consolidated financial statements, Group entities' financial statements are adjusted and prepared in relation to the requirements of the International Financial Reporting Standards (IFRS).

2.1.4 Changes in accounting policies

For the preparation of the financial statements of period ended December 31, 2017, the accounting policies adopted are consistent with those followed in the preparation of the most recent annual financial statements (31 December 2016), except for the below mentioned adoption of new standards and interpretations applicable for fiscal periods beginning at 1 January 2017.

Standards and Interpretations compulsory for the fiscal year 2017

New standards, amendments of published standards and interpretations mandatory for accounting periods beginning on 1st January 2017. The Group's assessment of the impact of these new and amended standards and interpretations is set out below.

IAS 7 (Amendment) "Statement of Cash Flows"

(COMMISSION REGULATION (EU) No. 2017/1990 of 6th November 2017, L 291/89 - 9/11/2017)
This applies to annual accounting periods starting on or after 1st January 2017. Earlier application is permitted.
In January 2016 the IASB issued amendments in IAS 7 "Statement of Cash Flows" about improvements to disclosures. These disclosures require companies to provide information about changes in their financing liabilities arising from financing activities, including changes from cash flows and non-cash changes (such as foreign exchange gains or losses).

IAS 12 (Amendment) "Income Taxes"

(COMMISSION REGULATION (EU) No. 2017/1989 of 6th November 2017, L 291/84 - 9/11/2017)
This applies to annual accounting periods starting on or after 1st January 2017. Earlier application is permitted.
In January 2016 the IASB issued amendments in IAS 12 "Income Taxes" about Recognition of Deferred Tax Assets for Unrealised Losses, clarifying how to account for deferred tax assets related to debt instruments measured at fair value to address diversity in practice.

IFRS 12 "Disclosure of Interests in Other entities"

The amendment holds for the annual fiscal periods beginning on or after the 1st of January, 2017.
The amendment clarifies that the disclosure requirements in IFRS 12 apply to interests in entities within the scope of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", apart from the requirements to disclose summarized financial information.

Standards and Interpretations compulsory after 31 December 2017

The following new standards, amendments and IFRICs have been published but are in effect for the annual fiscal period beginning the 1st of January 2018 and have not been adopted from the Group earlier.

IFRS 9 "Financial Instruments"

(COMMISSION REGULATION (EU) No. 2016/2067 of 22nd November 2016, L 323/1 - 29/11/2016)
This applies to annual accounting periods starting on or after 1st January 2018. Earlier application is permitted.
In July 2014, the IASB completed the last phase of IAS 39 replacement by issuing IFRS 9 "Financial Instruments".
The package of improvements introduced by IFRS 9 includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.
Classification and Measurement

Classification determines how financial assets and financial liabilities are accounted for in financial statements and, in particular, how they are measured on an ongoing basis. IFRS 9 introduces a logical approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach replaces existing rule-based requirements that are generally considered to be overly complex and difficult to apply. The new model also results in a single impairment model being applied to all financial instruments, thereby removing a source of complexity associated with previous accounting requirements.

Impairment

During the financial crisis, the delayed recognition of credit losses on loans (and other financial instruments) was identified as a weakness in existing accounting standards. As part of IFRS 9, the IASB has introduced a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

Hedge accounting

IFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

Own credit

IFRS 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss. Early application of this improvement to financial reporting, prior to any other changes in the accounting for financial instruments, is permitted by IFRS 9.

Based on the current assessment of the Group's management, IFRS 9 at its initial application and subsequent periods is not expected to have a material impact on the Group's financial statements. In particular, the following are estimated:

Classification and Measurement

The financial assets held by the Group on 31/12/2017, is estimated that would likely continue to be measured on the same basis under the new standard and so no significant changes on financial assets classification and measurement are expected.

Impairment

Applying the new impairment model based on expected losses may, in some cases, lead to an earlier recognition of expected credit losses, which is currently not estimated to be significant for the Group. Subsequent changes in market conditions and the business model of the Group may affect the above estimations.

Hedge accounting

The application of the reformed hedge accounting model is not expected to have a significant effect on the accounting treatment of the hedging contracts normally conducted by the Group.

Own credit

New standard is not expected to have any impact on the accounting treatment of the Group financial liabilities, since the Group does not have any financial liabilities at fair value through profit or loss, but only financial liabilities at amortized cost.

IFRS 9 (Amendment) "Financial Instruments"

(COMMISSION REGULATION (EU) No. 2018/498 of 22nd March 2018, L 82/3 -26/3/2018)
This applies to annual accounting periods starting on or after 1st January 2019. Earlier application is permitted.
In October 2017, the IASB issued amendments in IFRS 9 "Financial Instruments" allowing companies to measure particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met—instead of at fair value through profit or loss. The Group will assess the impact of these amendments on its financial statements.

IFRS 15 "Revenue from Contracts with Customers"

(COMMISSION REGULATION (EU) No. 2016/1905 of 22nd September 2016, L 295/19 - 29/10/2016)
This applies to annual accounting periods starting on or after 1st January 2018. Earlier application is permitted.
In May 2014, the International Accounting Standards Board (IASB), responsible for International Financial Reporting Standards (IFRS), and the Financial Accounting Standards Board (FASB), responsible for US Generally Accepted Accounting Principles (US GAAP), jointly issued a converged Standard on the recognition of revenue from contracts with customers. The Standard will improve the financial reporting of revenue and improve comparability of the financial statements globally.
Revenue is a vital metric for users of financial statements and is used to assess a company's financial performance and prospects. However, the previous requirements of both IFRS and US GAAP were different and often resulted in different accounting for transactions that were economically similar. Furthermore, while revenue recognition requirements of IFRS lacked sufficient detail, the accounting requirements of US GAAP were considered to be overly prescriptive and conflicting in certain areas.
Responding to these challenges, the boards have developed new, fully converged requirements for the recognition of revenue in both IFRS and US GAAP—providing substantial enhancements to the quality and consistency of how revenue is reported while also improving comparability in the financial statements of companies reporting using IFRS and US GAAP.
This new Standard replaces IAS 18, IAS 11 and the Interpretations IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31 that are related to revenue recognition. The core principle of the new Standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new Standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

The Group will apply the new Standard since 1 January 2018 with the cumulative effect of the initial application recognized in the opening balance of Equity at the date of initial application. In addition, the Group has chosen to apply the Standard retrospectively only for contracts that have not been completed on the date of initial application.

The Group made further in-depth analysis of the impact of the IFRS 15 application within the year 2017 and has assessed the following as the most significant impact of the adoption of this Standard by category of business activities:

a) Licensed operations (Game operation):
During fiscal year 2017 Group revenue from the activities of the category "Licensed operations" was 68,3% of total revenue from continuing operations and amounted to €754.567 thous.
In this category, INTRALOT Group has the full game operating license in a country. In the case of operating the game, each Group company undertakes the overall organization of the games provided. Based on current Standards, revenue recognition in this category occurs the moment that the player-customer pays the related consideration in order to participate in a game and equals the total amount received from the player-customer. The application of IFRS 15 does not affect the revenue recognition in this category.
b) Management contacts (Game management):
During fiscal year 2017 Group revenue from the activities of the category "Management contracts" was 10,6% of total revenue from continuing operations and amounted to €117.101 thous.
In this category, the Group undertakes the provision of value added services, such as the design, organization and/ or management of games, advertising and sales promotion, establishment of sales network, risk management (for fixed odds games) e.t.c, to Organizations internationally. Group revenue usually consist of a percentage of the turnover of the games to which the above services are provided, the size of which is contractually determined based on the market size, the type of services rendered, the duration of the contract and other parameters.
Based on current Standards, revenue recognition occurs the moment that the player-customer pays the related consideration in order to participate in a game and equals to an amount calculated as a percentage on the total amount received by the lottery games organization from the player-customer. The application of IFRS 15 does not affect the recognition of revenue in this category.
c) Technology (hardware and software) and support services (technical):
During fiscal year 2017 Group revenue from "Technology and support services" was 21,1% of total revenue from continuing operations and amounted to €232.529 thous.
This category includes largely multi-element arrangements, which include both the sale of technological products (hardware and software), as well as the provision of installation services and subsequent support and maintenance services. The effect of IFRS 15 is expected to arise from this kind of contracts.

The accounting treatment in accordance with the current Standards and in accordance with IFRS 15 is as follows:

i) Technology (hardware and software): This category includes the supply of hardware and software (gaming machines, central computer systems, gaming software, communication systems etc.) to Lotteries so that they can operate their on-line games. Revenue is recognized either (a) as a direct sale of hardware and software, or (b) as operating lease, or (b) as finance lease for a predetermined time period according to the contract with the customer.

   In the first (a) case, the revenue from the sales of hardware and software (in a determined value) is recognized when the significant risks and rewards arising from the ownership are transferred to the buyer. The application of IFRS 15 does not affect the recognition of revenue in this case, since the revenue recognition will occur at appoint of time when control of the technology (hardware and software) is transferred to the customer.

   In the second (b) case that consists revenue from operating lease, is defined per case either on straight-line basis over the lease term or as a percentage on the Lottery Organization's gross turnover received by the player-customer (in this case income recognition occurs the moment that the player-customer places the related consideration in order to participate in a game). The application of IFRS 15 does not affect the recognition of revenue in this case, since it is subject to the principles of IAS 17.

In the third (c) case that consists revenue from finance lease, is defined using the net investment method (the difference between the gross amount of the receivable and its present value is registered as a deferred financial income). This method represents a constant periodic return, recognizing the revenue from the finance lease in the period's income statement during the lease term. The application of IFRS 15 does not affect the recognition of revenue in this case, since it is subject to the principles of IAS 17.

ii) Installation, (technical) support and maintenance services: This category includes the rendering of installation, technical support and maintenance services to Lotteries so that they can operate their on-line games. These services, as mentioned above, are sold either bundled (multi-element arrangements) together with the sale of technology products (hardware and software) to customers, or on their own in separate contracts with the customers. The Group accounts for the sales technology products (hardware and software) and installation, technical support and maintenance services as separate deliverables of bundled sales and allocates consideration between these deliverables using the relative fair value approach. Revenue recognition related to support services occurs by reference to the stage of completion of the transaction, at the reporting date. When applying IFRS 15, in the case of multiple-element arrangements, the individual performance obligations, as defined in the Standard, are identified first and which may in some cases differ from those identified in accordance with the existing Standards. Subsequently, the transaction price is allocated on the basis of the relevant standalone selling prices of each performance obligation recognized. This results in both the timing of revenue recognition from each obligation execution and the amount of revenue being varied.

Finally, the Group has long-term contracts with clients for which it has incurred a high cost before commencing. In accordance with IFRS 15, those costs are initially recognized as an asset and then amortized on a systematic basis that is consistent with the transfer of the goods or services to which the asset relates to the client.

The impact of the IFRS 15 application in the above cases is expected to reach a range of €2,5 million to €3,5 million in the Group's Equity at the date of the initial application of the Standard, ie on 1 January 2018

IFRS 15 (Amendment) "Revenue from Contracts with Customers"

(COMMISSION REGULATION (EU) No. 2017/1987 of 31st October 2017, L 291/63 - 9/11/2017)

This applies to annual accounting periods starting on or after 1st January 2018. Earlier application is permitted. In April 2016, the IASB issued amendments in IFRS 15 "Revenue from Contracts with Customers" including clarifications about how IFRS 15 principles should be applied. They arise as a result of discussions of the Transition Resource Group (TRG). The TRG was set up jointly by the IASB and the US national standard-setter, the Financial Accounting Standards Board (FASB), to assist companies with implementing the new Standard. The amendments clarify how to:

- identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract;
- determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and
- determine whether the revenue from granting a license should be recognised at a point in time or over time.

In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for a company when it first applies the new Standard.

IFRS 16 "Leases"

(COMMISSION REGULATION (EU) No. 2017/1986 of 31st October 2017, L 291/1 - 9/11/2017)

This applies to annual accounting periods starting on or after 1st January 2019. Earlier application is permitted if IFRS 15 "Revenue from Contracts with Customers" has also been applied.

In January 2016, the IASB issued a new accounting Standard, called IFRS 16 "Leases" that replaces IAS 17 "Leases", and related Interpretations. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor').

As for lessee, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Applying that model, a lessee is required to recognise:

(a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and

(b) depreciation of lease assets separately from interest on lease liabilities in the income statement.

As for lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The new accounting standard will affect the accounting treatment of the operating leases of the Group as a lessee. On 31/12/2017 the Group had commitments from non-cancellable operating leases amounting to €11.766 thousand. (note 2.33.C). However, the Group has not yet determined to what extent these commitments will result in the recognition of liabilities for future payments, and how the new standard application will affect income statement as well as the classification of cash flows of the Group. Some of the above commitments may be exempted from the requirements of the new standard since they not meet criteria to qualify as leases or covered by the exception for short-term or/and low-value leases.

A more detailed assessment of the new standard effects will be carried out during the current year.

IFRS 10 & IAS 28 (Amendments) "Sale or contribution of Assets between an Investor and its Associate or Joint Venture"

In September 2014, the IASB announced that the amendments apply to annual accounting periods starting on or after 1st January 2016. In December 2015 it was announced that application is indefinitely deferred. Earlier application is permitted.

In September 2014, the IASB published amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures". The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The Group will assess the impact of the amendment on its financial statements. These amendments have not yet been endorsed by the European Union.

IAS 28 (Amendment) "Investments in Associates and Joint Ventures"

This applies to annual accounting periods starting on or after 1st January 2019. Earlier application is permitted.
In October 2017 the IASB issued amendments in IAS 28 "Investments in Associates and Joint Ventures" clarifying that companies account for long-term interests in an associate or joint venture—to which the equity method is not applied—using IFRS 9.
The Group will assess the impact of the amendment on its financial statements. These amendments have not yet been endorsed by the European Union.

IAS 19 (Amendment) "Employee benefits"

This applies to annual accounting periods starting on or after 1st January 2019. Earlier application is permitted.
In February 2018 the IASB issued amendments in IAS 19 "Employee benefits" that require a company to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. Until now, IAS 19 did not specify how to determine these expenses for the period after the change to the plan. By requiring the use of updated assumptions, the amendments are expected to provide useful information to users of financial statements.
The Group will assess the impact of the amendment on its financial statements. These amendments have not yet been endorsed by the European Union.

IFRS 2 (Amendment) "Share-based Payment"

(COMMISSION REGULATION (EU) No. 2018/289 of 26th February 2018, L 55/21 - 27/2/2018)
This applies to annual accounting periods starting on or after 1st January 2018. Earlier application is permitted.
In June 2016 the IASB issued amendments in IFRS 2 "Share-based Payment", clarifying how to account for certain types of share-based payment transactions. The amendments, which were developed through the IFRS Interpretations Committee, provide requirements on the accounting for:

a. the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
b. share-based payment transactions with a net settlement feature for withholding tax obligations; and
c. a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The Group will assess the impact of the amendment on its financial statements.

IFRS 4 (Amendment) "Insurance Contracts"

(COMMISSION REGULATION (EU) No. 2017/1988 of 3rd November 2017, L 291/72 - 9/11/2017)
This applies to annual accounting periods starting on or after 1st January 2018.
In September 2016 the IASB issued amendments in IFRS 4 "Insurance Contracts", addressing concerns arising from implementing the new financial instruments Standard, IFRS 9, before implementing the replacement Standard that the IASB is developing for IFRS 4. These concerns include temporary volatility in reported results. The amendments introduce two approaches: an overlay approach and a deferral approach. The amended Standard will:

- give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts Standard is issued; and

- give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments Standard—IAS 39.

The amendments to IFRS 4 supplement existing options in the Standard that can already be used to address the temporary volatility.

These amendments do not affect Group financial statements.

IAS 40 (Amendment) "Investment Property"

(COMMISSION REGULATION (EU) No. 2018/400 of 14th March 2018, L 72/13 - 15/3/2018)

This applies to annual accounting periods starting on or after 1st January 2018.

In December 2016 the IASB issued amendments in IAS 40 "Investment Property", clarifying that an entity shall transfer a property to, or form, investment property when, and only when, there is change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use.

These amendments do not affect Group financial statements.

IFRIC 22 "Foreign Currency Transactions and Advance Consideration"

This applies to annual accounting periods starting on or after 1st January 2018.

In December 2016 the IASB issued the Interpretation IFRIC 22 "Foreign Currency Transactions and Advance Consideration" providing guidance on how to determine the date of the transaction when applying IAS 21 about foreign currency transactions. This Interpretation applies to foreign currency transactions when an entity recognizes a payment or receipt of advance consideration before the entity recognizes the related asset, expense or income.

The Group will assess the impact of the new standard on its financial statements. These amendments have not yet been endorsed by the European Union.

IFRIC 23 "Uncertainty over Income Tax Treatments"

This applies to annual accounting periods starting on or after 1st January 2019.

In June 2017 the IASB issued the Interpretation IFRIC 23 "Uncertainty over Income Tax Treatments" to specify how to reflect uncertainty in accounting for income taxes.

The Group will assess the impact of the new standard on its financial statements. These amendments have not yet been endorsed by the European Union.

IFRS 17 "Insurance Contracts"

This applies to annual accounting periods starting on or after 1st January 2021. Earlier application is permitted.

In May 2017, the IASB issued a new accounting Standard, called IFRS 17 "Insurance Contracts" that replaces IFRS 4 "Insurance Contracts", which was brought in as an interim Standard in 2004. IFRS 4 has given companies dispensation to carry on accounting for insurance contracts using national accounting standards, resulting in a multitude of different approaches. As a consequence, it is difficult for investors to compare and contrast the financial performance of otherwise similar companies. IFRS 17 solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner, benefiting both investors and insurance companies. Insurance obligations will be accounted for using current values, instead of historical cost. The information will be updated regularly, providing more useful information to users of financial statements.

This new standard does not affect Group financial statements and has not yet been endorsed by the European Union.

IFRS 14 "Regulatory Deferral Accounts" (interim Standard)

This applies to annual accounting periods starting on or after 1st January 2016. Earlier application is permitted. The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard.

In January 2014, the IASB issued an interim Standard, IFRS 14 "Regulatory Deferral Accounts". The aim of this interim Standard is to enhance the comparability of financial reporting by entities that are engaged in rate-regulated activities. Many countries have industry sectors that are subject to rate regulation, whereby governments regulate the supply and pricing of particular types of activity by private entities. This can include utilities such as gas, electricity and water. Rate regulation can have a significant impact on the timing and amount of an entity's revenue. IFRS does not provide any specific guidance for rate-regulated activities. The IASB has a project to consider the broad issues of rate regulation and plans to publish a Discussion Paper on this subject. Pending the outcome of this comprehensive Rate-regulated Activities project, the IASB decided to develop IFRS 14 as an interim measure. IFRS 14 permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the Standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents IFRS financial statements is not eligible to apply the Standard. These amendments do not affect Group financial statements and have not yet been endorsed by the European Union.

Amendments that regard part of the annual improvement program of IASB (International Accounting Standards Board)

Annual Improvements to IFRSs 2014-2016 Cycle

(COMMISSION REGULATION (EU) No. 2018/182 of 7th February 2018, L 34/1 - 8/2/2018)

IASB in its annual improvement program, published in December 2016 a Cycle of minor amendments to existing Standards. The Group will assess the impact of the new standard on its financial statements.

IFRS 1 "First-time Adoption of International Financial Reporting Standards"

The amendment applies to the annual fiscal periods beginning on or after the 1st of January, 2018.

The amendment deletes short-term exemptions for first-time adopters.

IAS 28 "Investments in Associates and Joint Ventures"

The amendment applies to the annual fiscal periods beginning on or after the 1st of January, 2018.

The amendment clarifies that when an investment in an associate or a joint venture is held by an entity that is a venture capital organization, or a mutual fund, and similar entities apply the election to measure that investment at fair value through profit or loss in accordance to IFRS 9, this election shall be made separately for each associate or joint venture, at initial recognition.

Annual Improvements to IFRSs 2015-2017 Cycle

IASB in its annual improvement program, published in December 2017 a Cycle of narrow-scope amendments to existing Standards that apply to annual accounting periods starting on or after 1st January 2019. Earlier application is permitted. The Group will assess the impact of the new standard on its financial statements. These amendments have not yet been endorsed by the European Union.

IFRS 3 "Business Combinations"

The amendment clarifies that a company remeasures its previously held interest in a joint operation when it obtains control of the business.

IFRS 11 "Joint Arrangements"

The amendment clarifies that a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

IAS 12 "Income Taxes"

The amendment clarifies that a company accounts for all income tax consequences of dividend payments in the same way.

IAS 23 "Borrowing Costs"

The amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

2.5 Basis of Consolidation

The consolidated financial statements comprise the financial statements of INTRALOT S.A. and its subsidiaries as at the end of each reporting period. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Adjustments are made to bring in line any dissimilar accounting policies that may have existed. All intercompany balances and transactions, including unrealized profits arising from intra-group transactions, have been eliminated in full. Unrealized losses are eliminated unless costs cannot be recovered.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect the amount of its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of comprehensive income and financial position from the date the Group gains control until the date the Group ceases to control the subsidiary.

Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners).

Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control over a subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary,
- derecognizes the carrying amount of any non-controlling interests in the former subsidiary (including any components of other comprehensive income attributable to them),
- derecognizes the cumulative translation differences that have been recorded in equity,
- recognizes the fair value of the consideration received from the transaction,
- recognizes any investment retained in the former subsidiary at its fair value at the date when control is lost,
- reclassifies to profit or loss, (or transfers directly to retained earnings if required in accordance with other IFRSs), the amounts that have been recorded in the parent's share of other comprehensive income,
- recognizes any resulting difference as a gain or loss in profit or loss.

Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting year during which the Group has control.

2.1.5 Basis of Consolidation

The consolidated financial statements comprise the financial statements of INTRALOT S.A. and its subsidiaries as at the end of each reporting period. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Adjustments are made to bring in line any dissimilar accounting policies that may have existed. All intercompany balances and transactions, including unrealized profits arising from intra-group transactions, have been eliminated in full. Unrealized losses are eliminated unless costs cannot be recovered.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect the amount of its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of comprehensive income and financial position from the date the Group gains control until the date the Group ceases to control the subsidiary.

Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners).

Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control over a subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary,
- derecognizes the carrying amount of any non-controlling interests in the former subsidiary (including any components of other comprehensive income attributable to them),
- derecognizes the cumulative translation differences that have been recorded in equity,
- recognizes the fair value of the consideration received from the transaction,
- recognizes any investment retained in the former subsidiary at its fair value at the date when control is lost,
- reclassifies to profit or loss, (or transfers directly to retained earnings if required in accordance with other IFRSs), the amounts that have been recorded in the parent's share of other comprehensive income,
- recognizes any resulting difference as a gain or loss in profit or loss.

Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting year during which the Group has control.

2.1.6 Business combination and goodwill

a) Subsidiaries

Subsidiaries are entities that are controlled by the Group. Subsidiaries are consolidated using the acquisition method according to IFRS 3. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each subsidiary acquired, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included to income statement.

At the acquisition date, the Group classifies or designates the identifiable assets acquired and liabilities assumed on the basis of the contractual terms, economic conditions, its operating or accounting policies and other pertinent conditions as they exist at the acquisition date.

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value and recognizes the resulting gain or loss in profit or loss. In prior reporting periods, the Group may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income (i.e. due to the fact that the investment has been classified as available for sale). If so, the amount that was recognized in other comprehensive income shall be recognized on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

The Group recognizes any contingent consideration at the fair value, at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or a liability will be recognized in accordance with IAS 39 either in income statement or as a change in other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

Goodwill in a business acquisition is initially measured at cost being the excess of the consideration transferred, the amount recognized for non-controlling interests and any previous interest held, over the net fair value of the identifiable assets acquired and liabilities assumed of the acquiree. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss. Any goodwill arising on the acquisition of a foreign subsidiary and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate accordingly.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Based on IFRS 3 "Business combinations", Goodwill is not amortized. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates. Where recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized.

Where goodwill forms part of a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Any impairment losses that have been recognized for goodwill, will not be reversed in future periods.

Investments in subsidiaries are stated in the individual statement of financial position of the Company at their cost less any impairment in value.

b) Investment in associates and joint ventures

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in associates and joint ventures are accounted for using the equity method.

Under this method, investments in associates or joint ventures are carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate or joint venture. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The income statement reflects the Group's share of the post-acquisition associate's or joint venture's results after taxes and non-controlling interests of the associate's or joint venture's subsidiaries. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. Also, the Group's share of the changes in associates' or joint ventures' equity is directly recognized to the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

If an associate or joint venture uses accounting policies other than those of the Group for similar transactions and events in similar circumstances, adjustments are made to the associate's or joint venture's financial statements so as to apply the equity method.

The financial statements of associates or joint ventures are prepared for the same reporting period as the parent company.

If the Group's share of losses of an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group discontinues recognizing its share of further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group applies the requirements of the relative IFRSs to determine whether it is necessary to recognize any additional impairment loss with respect to its net investment in the associate or joint venture. The Group incurs impairment test at the end of each reporting period comparing the recoverable amount of the investment in associate or joint venture to its carrying value and recognizes the difference in the income statement of the period.

The Group discontinues the use of the equity method from the date when it ceases to have significant influence over an associate or joint control over a joint venture and accounts for the investment in accordance with IAS 39 measuring the investment at fair value. Any difference between the carrying amount and the fair value of the investment in associate or joint venture is recognized in the income statement of the period.

Investments in associates or joint venture are stated in the statement of financial position of the Company at their cost less any impairment in value.

2.1.7 Foreign Currency Translation

The functional and presentation currency of INTRALOT S.A. and its subsidiaries which are located in Greece is the euro (€). The Group's consolidated financial statements are presented in euros. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rates of exchange at the reporting date.

All resulting differences are taken to the consolidated income statement with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to Other Comprehensive Income until the disposal of the net investment, at which time they are recognized in the consolidated income statement. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in Other Comprehensive Income.

Exchange differences resulting from financial assets and liabilities (intragroup loans and long term non trade receivables/payables for which settlement is neither planned nor likely to occur in the foreseeable future) that has been classified as part of an entity's net investment in a subsidiary with foreign operations, are recognised in income statement in the separate financial statements of the entity or/and subsidiary. In the consolidated financial statements, the above exchange differences are recognised in other comprehensive income and included in the exchange differences reserve. When the settlement of the above financial assets and liabilities is planned or likely to occur in the foreseeable future, cumulative exchange differences in reserves are reclassified in consolidated income statement since the financial assets and liabilities cease to be part of an entity's net investment in a subsidiary with foreign operations. The same accounting treatment of reclassification applied on the subsidiary disposal.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

b) Group companies

The functional currency of the overseas subsidiaries is the currency of the country in which these subsidiaries are located and operate. As at the reporting date, the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of INTRALOT S.A. at the rate of exchange ruling at the reporting date and, their statements of comprehensive income are translated at the weighted average exchange rates for the year. The resulting exchange differences arising on the retranslation are taken directly to a separate component of Other Comprehensive Income. On disposal of a foreign entity, the deferred cumulative amount recognized in Other Comprehensive Income relating to that particular foreign operation shall be transferred to the income statement.

2.1.8 Tangible assets

Tangible assets are stated at cost less accumulated depreciation and any impairment in value. Such cost includes the cost of replacing the tangible assets and borrowing costs for long-term construction assets if the recognition criteria are met.

Depreciation is calculated on a straight-line basis over the useful life of the asset as follows:

• Buildings (owned)	20 to 30 years
• Installations on third party property	Over the duration of the lease but not less than 5% per annum
• Equipment	5 to 15 years
• Computer Hardware	20% to 30% per annum
• Transportation Equipment-Motor vehicles	7 years or 15% per annum
• Transportation Equipment-Trucks etc.	5 years or 20% per annum

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is derecognized. The assets' residual values and useful lives are reviewed at each financial year end, and adjusted prospectively, if appropriate.

As regards hardware and software leased under operating lease, these assets, in the group statement of financial position are disclosed in acquisition cost values and are depreciated using the straight line method and according to the lower period between the useful life and the contract life, taking also into account their residual value at the end of the relative contract life as well as the collecting cost. In case of the respective contracts renewal the assets' remaining net book value is depreciated according to the renewed contract life.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount is the greater of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using an after-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for public traded companies or other available fair value indicators. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the income statement.

2.1.9 Borrowing costs

Since January 1st 2009, borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

2.1.10 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at historical cost less provisions for depreciation and impairment. Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the carrying amount at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under tangible assets up to the date of change in use.

2.1.11 Intangible assets

Intangible assets acquired individually, are capitalized at cost and those acquired through a business combination at fair values at the acquisition date. After initial recognition, intangibles are valued at cost less accumulated amortization and any impairment in value. Useful lives of these intangibles are assessed to be either finite or indefinite. Intangibles with finite useful lives are amortized as follows:

• Software platforms • Central operating software • Central Network software • Licenses • Rights	Over the duration of the longest contract
• Other software	3 to 5 years

Central operating systems used for several projects are amortized over their expected useful life, up to 20 years. The expected useful life is determined by reference to the longest duration of the relevant contracts and the Intralot Group's renewal track record in respect of such contract. Software that does not fall within the scope of particular contracts, is amortized at the expected useful life.

Amortization of finite life intangibles is recognized as an expense in the income statement apportioned to the related cost centers. Intangible assets with indefinite useful life are not amortized, but are tested for impairment annually, either individually or at the cash generating unit level.

Intangibles, except development costs, internally generated are not capitalized and the costs are included in the income statement in the year they are incurred.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the intangible assets or cash-generating units are written down to their recoverable amount. The recoverable amount is the greater of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using an after-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the intangible asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for public traded companies or other available fair value indicators. For an intangible asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the intangible asset belongs. Impairment losses are recognized in the income statement.

Useful lives are also assessed annually and any revisions do not have retrospective application.

Gains or losses arising from derecognition of an intangible asset (that are measured as the difference between the net disposal proceeds and the carrying amount of the asset) are recognized in the income statement when the asset is derecognized.

Research and Development Costs

Research costs are expensed as incurred. Development expenditure incurred by individual project is capitalized if, and only if, the Group can demonstrate all of the following:

(a) the technical feasibility of completing the intangible asset so that it will be available for use or sale

(b) its intention to complete the intangible asset and use or sell it

(c) its ability to use or sell the intangible asset

(d) how the intangible asset will generate probable future economic benefits

(e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset

(f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.
Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the capitalized development expenditure begins when development is complete and the asset is available for use. Any expenditure capitalized is amortized over the period of expected future sales from the related project.
The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indicator of impairment arises during the reporting year indicates that the carrying value may not be recoverable.

2.1.12 Financial instruments

i) Financial assets

Financial assets within the scope of IAS 39 are classified according to their nature and characteristics in the below four categories:

- Financial assets at fair value through profit or loss,
- Loans and receivables,
- Financial assets held-to-maturity, and
- Available-for-sale financial assets.

All financial assets are recognized initially at cost, which is the fair value of the consideration given, including transaction costs, in some cases.
The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss:

Include trading portfolio investments that acquired for the purpose of selling them in the near future. Also, include derivatives financial instruments that are not designated as hedging instruments. Gain or losses from the measurement of these assets are recognized in income statement as financial income or expenses respectively.

Loans and receivables:

Include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method (EIR), less impairment. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on acquisition over the period to maturity. Gains or losses arising from derecognition and impairment are recognized in the income statement as finance costs or income, as well as the EIR income through the amortization process.

Financial assets held-to-maturity:

Include non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to maturity that the Group has the positive intention and ability to hold them to maturity. Financial assets that held for indefinite or non-predetermined period of time cannot be classified under this category. After initial measurement held-to-maturity investments are measured at amortized cost using the effective interest method. Gains or losses arising from derecognition and impairment are recognized in the income statement as finance costs or income, as well as the EIR income through the amortization process.

Available-for-sale financial assets:

Financial assets that cannot be included under the abovementioned categories are classified as available-for-sale financial assets. Available-for-sale financial investments include equity instruments and debt instruments. Equity instruments classified as available-for-sale are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt instruments in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement the available-for-sale financial assets are subsequently measured at fair value with unrealized gains or losses recognized as other comprehensive income in the available-for-sale reserve. When the investment is sold, derecognized or impaired the cumulative gains or losses are transferred from the relative reserve to the income statement of the period.

Derecognition of financial assets

The Group ceases recognizing a financial asset when and only when:

- the contractual rights to the cash flows from the financial asset expire or
- the Group has transferred its contractual right to receive cash flows from an asset, or retains this right to receive cash flows from an asset but has assumed a contractual obligation to pay the cash flows to a third or more parties, or has transferred substantially all risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred the control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has assumed a contractual obligation to pay the cash flows to a third or more parties, but in parallel has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset.

When the Group's continuing involvement takes the form of a guarantee over the transferred asset, the extent of continuing involvement is measured at the lower of the carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay ("the guarantee amount"). When the entity's continuing involvement takes the form of a written or purchased option (or both) on the transferred asset (including cash-settled options), the extent of the entity's continuing involvement is the amount of the transferred asset that the Group may repurchase. However, in case of a written put option on an asset that is measured at fair value, the extent of the continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise.

Impairment of financial assets

The Group assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event (s) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the holder of the asset about the following loss events:

(a) significant financial difficulty of the issuer or obligor;

(b) a breach of contract, such as a default or delinquency in interest or principal payments;

(c) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

(d) it becoming probable that the borrower will enter bankruptcy or other financial reorganization;

(e) the disappearance of an active market for that financial asset because of financial difficulties; or

(f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets.

Financial assets carried at amortized cost

For financial assets carried at amortized cost (loans and receivables or held-to-maturity investments), the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows
(excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (ie the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR. The carrying amount of the asset shall be reduced either directly or through use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced either directly or by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the income statement.

Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity instruments classified as available-for-sale, objective evidence would include a "significant" or "prolonged" decline in the fair value of the investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from other comprehensive income and recognised in the income statement. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale shall not be reversed through profit or loss; increases in their fair value after impairment are recognised directly in equity.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement. If, in a subsequent year, the fair value of a debt instrument classified as available for sale, increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments such as forward currency contracts, interest rate swaps, currency swaps and other derivatives in order to hedge risks related to interest rates and foreign currency fluctuations.

Such derivative financial instruments are measured at fair value at each reporting date. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The fair value of these derivatives is mainly measured by reference of the market value and is verified by the financial institutions.

Gains or losses from the change in derivatives fair value are recognized directly in income statement, except for the effective portion of cash flow hedges, which is recognized in Other Comprehensive Income.

For the purpose of hedge accounting, derivative financial instruments are classified as:

- **fair value hedge**: hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment
- **cash flow hedge**: hedging the exposure to variability in cash flows that is either attributable to particular risk associated with a recognized asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction
- **hedge of a net investment in a foreign operation.**

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument’s fair value in offsetting the exposure to changes in the hedged item’s fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedge accounting:

Fair value hedge:

Gains or losses from subsequent measurement of the hedging instrument at fair value are recognized in the income statement as finance income/expenses. Gains or losses from subsequent measurement of the hedged item at fair value are recognized as a part of the carrying value of the hedged item and is also recognized in the income statement as finance income/expenses.

Cash flow hedge:

The effective portion of the gain or loss on the hedging instrument is recognized directly as other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the income statement as finance income/expenses.

Amounts recognized as other comprehensive income are transferred to the income statement in the same period or periods during which the asset acquired or liability assumed affects profit or loss (such as in the periods when the hedged financial income or financial expense is recognized or when a forecast sale occurs).

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognized in other comprehensive income are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, any cumulative gain or loss previously recognized in other comprehensive income remains in other comprehensive income until the forecast transaction occurs, when is transferred to the income statement.

Hedge of a net investment in a foreign operation:

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized as other comprehensive income while any gains or losses relating to the ineffective portion are recognized in the income statement. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in other comprehensive income is transferred to the income statement.

Some derivatives while characterized as efficient hedging items, following group policy, they cannot qualify as hedging accounting according to IAS 39 and thus profit and loss are accounted directly in the income statement.

ii) Financial liabilities

Financial liabilities include trade and other liabilities, bank overdrafts, loans and borrowings, financial guarantee contracts and derivative financial instruments.

Financial liabilities are initially recognized at fair value and in case of loans and borrowings, plus directly attributable transaction costs.

After the initial measurement, the financial liabilities are measured as follows:

Interest bearing loans and borrowings:

All interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses are recognized in the income statement when the liabilities are derecognized or impaired, as well as through the amortization process.

Financial liabilities at fair value through profit or loss:

Include financial liabilities held for trading, that are acquired or incurred principally for the purpose of selling or repurchasing it in the near term, are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking, or it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). Such liabilities, including derivative instruments that are liabilities, are measured at fair value (except for a derivative liability that is linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured, which shall be measured at cost). Gains or losses from the measurement at fair value are recognized in the income statement.

Financial guarantee contracts:

Include contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. These contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently are measured at the higher of the amount determined in accordance with IAS 37 and the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with IAS 18.

Derecognition of financial liabilities

Financial liabilities are derecognized when the obligation is cancelled, extinguished or not exists any more. In the case that an existing liability is replaced by another from the same borrower but under substantially different terms, or in case that there are substantial changes in terms of an existing liability, then the initial financial liability is derecognized and a new liability recognized, and the resulting difference between balances is recognized in the income statement.

Offsetting of financial instruments

The financial instruments are offset when the Group, according to law, has this legal right and there is an intention to settle them on a net basis (among them) or to realize the asset and settle the liability simultaneously.

Fair value of financial instruments

For investments that are actively traded in organized markets, fair values are determined in relation to the closing traded values at the reporting date. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another item substantially similar, or is estimated based on the expected cash flows of the underlying net asset that consists the base of the investment or on acquisition cost.

2.1.13 Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business of the Group, less the estimated costs necessary to make the sale. Provisions for impairment of the inventories value are recorded when it is needed and recognized in the income statement.

2.1.14 Trade and other short term receivables

Trade receivables are recognized and carried at original invoice amount less an allowance for any uncollectible amount.

The Group makes an estimate for doubtful debts when collection of the full amount is no longer probable. Bad debts are written off when all possible legal actions have been exhausted.

When the inflow of cash or cash equivalents arising from goods sale or services rendering is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a finance transaction, the fair value of the consideration is determined by discounting all future receipts using the prevailing interest rate for a similar instrument of an issuer with a similar credit rating. The difference between the fair value and the nominal amount of the consideration is recognized as interest revenue in the future periods, in accordance with IAS 39 "Financial Instruments: Recognition and Measurement".

2.1.15 Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position include cash at bank, short-term deposits and cash in hand along with other high liquidity investments that are subject to an insignificant risk of changes in value and have an original maturity of three months or less.

Bank overdrafts are included in the short-term bank loans in the statement of financial position. Also, cheques payables that have not been paid at the reporting date are included in short-term liabilities.

For cash flow statement purposes, cash and cash equivalents include what is defined above, without the netting of outstanding bank overdrafts.

2.1.16 Long Term Liabilities

All long term liabilities are initially recognized at cost. Following initial recognition, liabilities that are denominated in foreign currency are valued at the closing exchange rate of each reporting date. Any interest expenses are recognized on an accruals basis.

2.1.17 Provisions and Contingent Liabilities

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain the expense relating to any provision is presented in the income statement net of any reimbursement. Provisions are re-examined at the reporting date and are adjusted so as to represent the present value of the expense that will be needed to settle the liability. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at an after-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

Contingent liabilities are not recognized in the financial statements but are disclosed, except if the probability of a potential outflow of funds embodying economic benefits is remote. Contingent assets are not recognized but are disclosed when the probability of a cash inflow is probable.

Provisions are recognized on each financial statements date (and interim) based on the best and reliable estimate for potential excess of cost (payments to winners) in games with predetermined odds, as this is provided by the contracts between the company and the clients. The provision amount arising from this calculation is recognized and booked as an expense.

2.1.18 Leases

Entity of the Group as lessee:

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the income statement. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

Entity of the Group as Lessor:

In cases of hardware and software leasing through operating lease, these assets are included in the Group's tangible assets. The lease income that occurs is recognized on a straight line basis through the contract period.

When fixed assets are leased through financial leasing, the present value of the lease is recognized as a receivable. The difference between the gross amount of the receivable and its present value is registered as a deferred financial income. The income from the lease is recognized in the period's income statement during the lease using the net investment method, which represents a constant periodic return.

2.1.19 Share capital – Treasury shares

Share capital includes common and preference shares without voting right, which have been issued and being traded. Share premium reserve includes the excess of the shares par value received consideration. Any costs directly attributable to the issue of new shares are shown as a deduction in share premium reserve.

Treasury shares represent shares of the parent company held by the Group. Treasury shares are stated at cost and are deducted from Equity. Upon acquisition, disposal, issuance or cancellation of treasury shares, no gain or loss is recognized in the income statement. The consideration given or received and the related gains or losses from the settlement are recognized directly in Equity.

2.1.20 Share Based Payments

IFRS 2 "Share-based Payment" requires an expense to be recognized where the Group buys goods and services in exchange for shares ("equity-settled transactions") or rights over shares (stock options), or in exchange for other assets equivalent in value to a given number of shares or rights over shares ("cash-settled transactions"). The Group provides stock options to executives and employees. The fair value of the executives and employees, who receive these stock options, is recognized according to IFRS 2 as expenditure in the income statement, with a respective increase of equity, during the period that these services are received and the options provided. The estimation of the total amount of the stock options expenditure during the vesting period is based on the provided stock options fair value at the grant date. The stock options fair value is measured using the proper valuation model depending on the terms of each program, taking into account the proper data such as volatility, discounting factor and dividend yield. Detailed information about the relative stock option programs of the Company included in note 2.27.

Any outstanding stock options during the reporting period are taken into account for the calculation of the diluted earnings per share.

2.1.21 Staff Retirement Indemnities

Staff retirement indemnities are measured at the present value of the defined benefit obligations at the reporting date, through the recognition of the employees' right to benefits based on years of service over their expected working life. The above liabilities are calculated using financial and actuarial assumptions and are determined based on an actuarial valuation method (Projected Unit Credit Method). The net pension costs for the period are included in the accompanying statement of comprehensive income and consists of the present value of the benefits earned during the year, interest cost on the benefit liability, past service cost and any other additional pension costs that are recognised within staff costs in income statement, and the actuarial gains or losses that are fully recognized when they occur, in other comprehensive income without future reclassification in income statement. Total past service costs are recognized in income statement at the earlier of when the amendment occurs or when the Group recognizes the related restructuring or termination costs. The Company's pension benefit schemes are not funded.

2.1.22 State Insurance Programs

The Company employees are covered by the main State Insurance Organization for the private sector (IKA) that provides pension and medical benefits.

Each employee is obliged to contribute a percentage of the monthly salary to IKA while part of the total contribution is covered by the Company. On retirement, IKA is responsible for the payment of pensions to employees. Consequently, the Company does not have any legal or constructive obligation for the payment of future benefits based on this scheme.

2.1.23 Revenue recognition

Revenues are recognized in the period they are realized and the related amounts can be reliably measured. Revenues are measured at their fair value of the consideration received excluding discounts, sales tax and duties. The following specific recognition criteria must also be met before revenue is recognized:

- ***Hardware and Software:*** This category includes the supply of hardware and software (gaming machines, central computer systems, gaming software, communication systems etc.) to Lotteries so that they can operate their on-line games. Revenue is recognized by the Company either (a) as a direct sale of hardware and software, or (b) as operating lease, or (c) as finance lease for a predetermined time period according to the contract with the customer.
  In the first (a) case, the income from the sales of hardware and software (in a determined value) is recognized when the significant risks and rewards arising from the ownership are transferred to the buyer.
  In the second (b) case that consists income from operating lease, is defined per case either on straight-line basis over the lease term or as a percentage on the Lottery Organization's gross turnover received by the player-customer (in this case income recognition occurs the moment that the player-customer places the related consideration in order to participate in a game).
  In the third (c) case that consists income from finance lease, it is defined using the net investment method (the difference between the gross amount of the receivable and its present value is registered as a deferred financial income). This method represents a constant periodic return, recognizing the revenue from the finance lease in the period's income statement during the lease term.
- ***Installation, (technical) support and maintenance services:*** This category includes the rendering of installation, technical support and maintenance services to Lotteries so that they can operate their on-line games. These services are sold either bundled (multi-element arrangements) together with the sale of

technology products (hardware and software) to customers or on their own in separate contracts with the customers. The Group accounts for the sales technology products (hardware and software) and installation, technical support and maintenance services as separate deliverables of bundled sales and allocates consideration between these deliverables using the relative fair value approach. Revenue recognition related to support services occurs by reference to the stage of completion of the transaction, at the reporting date.

- ***Game management:*** The Group undertakes the provision of value added services, such as the design, organization and/ or management of games, advertising and sales promotion, establishment of sales network, risk management (for fixed odds games) e.t.c to organizations internationally. Group revenues mainly consist of a percentage of the turnover of the games to which the above services are provided, the size of which is contractually determined based on the market size, the type of services rendered, the duration of the contract and other parameters. Revenue recognition occurs the moment that the player-customer pays the related consideration in order to participate in a game and equals to an amount calculated as a percentage on the total amount received by the lottery games organization from the player-customer.
- ***Game operation*:** In this category, the Group has the full game operating license in a country. In the case of operating the game each Group company undertakes the overall organization of the games provided (installation of information systems, advertising and promotion, establishment of sales network, receipt of the payments from players, payment of winnings to players, etc). Revenue recognition in this category occurs the moment that the player-customer pays the related consideration in order to participate in a game and equals the total amount received from the player-customer. Especially in the case of VLT revenue measured as the "net drop" (total price minus winnings/payout) received from the player-customer.
- ***Interest income:*** Interest income is recognized in the income statement using the effective interest rate method.
- ***Dividends:*** Dividend income is recognized in the income statement when the Group's right to receive the payment is established.
- ***Rental income:*** Rental income arising from operating leases on is accounted for on a straight-line basis during the lease term.

2.1.24 Taxes

Income tax

Current and deferred income taxes are calculated based on the financial statements of each entity included in the consolidated financial statements, based on the Greek tax laws or other tax frameworks within which the foreign subsidiaries operate. Income tax is calculated based on the profit of each entity as adjusted on their tax returns, for additional taxes arising from audits performed by the tax authorities and deferred taxes based on enacted or substantially enacted tax rates. In some foreign countries, a tax is calculated according to a simplified framework, sometimes referred to as a "simplified tax" which essentially replaces income tax to avoid the complex calculations required. The Group classifies the charge for the simplified tax in the Income Statement on the "Taxes" line.

Deferred income tax is provided, using the liability method, on all temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amount.

Deferred income tax liabilities are recognized for all taxable temporary differences except:

- If the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investment in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences and carry-forward unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, or the unused tax losses can be utilized except if:

- the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and,
- in respect of deductible temporary differences associated with investment in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that apply at the year when the asset is expected to be realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred income tax is not measured by the Group as regards the undistributed profits of subsidiaries, branches, associates and joint ventures due to the elimination of intercompany profits, from relevant transactions, as they are considered insignificant.

Income tax relating to items recognized directly in Other Comprehensive Income is recognized in Other Comprehensive Income and not in the income statement.

Sales tax

Revenues, expenses and assets are recognized net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, is included as part of receivables or payables in the statement of financial position.

2.1.25 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is presented in the statement of financial position as deferred income and is recognised as deduction in the relative expenses on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

When the grant relates to an asset, it is presented in the statement of financial position as deferred income and is recognised as income in the profit or loss on a systematic basis over the expected useful life of the related asset.

2.1.26 Earnings per share

The basic earnings per share (EPS) are calculated by dividing net profit by the weighted average number of ordinary shares outstanding during each year, taking into account the average number of ordinary shares of the parent held by the Group as treasury shares.

The diluted earnings per share are calculated by dividing the net profits attributable to the equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year (adjusted for the effect of the average number of share option rights outstanding during the year).

2.1.27 EBITDA & EBIT

International Financial Reporting Standards (IFRS) do not define the content of the "EBITDA" & "EBIT". The Group taking into account the nature of its activities, as well as the Decision 6/448/11.10.2007 of the BoD of Hellenic Capital Market Commission and the relative Circular no.34 defines "EBITDA" as "Operating Profit/(Loss) before tax" adjusted for the figures "Profit/(loss) from equity method consolidations", "Exchange Differences", "Interest and similar income", "Interest and similar expenses", "Income/(expenses) from participations and investments", "Write-off and impairment loss of assets", "Gain/(loss) from assets disposal" and "Assets depreciation and amortization". Also, the Group defines "EBIT" as "Operating Profit/(Loss) before tax" adjusted for the figures "Profit/(loss) from equity method consolidations", "Exchange Differences", "Interest and similar income", "Interest and similar expenses", "Income/(expenses) from participations and investments" ,"Write-off and impairment loss of assets" and "Gain/(loss) from assets disposal".

Reconciliation of operating profit before tax to EBIT and EBITDA (continuing operations):	GROUP 1/1-31/12/2017	1/1-31/12/2016
Operating profit/(loss) before tax	**10.315**	**-7.539**
Profit/(loss) equity method consolidation	3.412	4.575
Foreign exchange differences	5.870	-3.037
Interest and similar income	-7.139	-11.303
Interest and similar expenses	70.019	87.170
Income / (expenses) from participations and investments	24.064	17.465
Gain / (loss) from assets disposal, impairment losses & write-off of assets	2.017	9.228
EBIT	**108.558**	**96.559**
Depreciation and amortization	62.908	65.947
EBITDA	**171.466**	**162.506**

Reconciliation of operating profit before tax to EBIT and EBITDA (continuing operations):	COMPANY 1/1-31/12/2017	1/1-31/12/2016
Operating profit/(loss) before tax	**-12.012**	**9.410**
Foreign exchange differences	589	542
Interest and similar income	-3.254	-3.636
Interest and similar expenses	17.208	19.878
Income / (expenses) from participations and investments	-7.136	-45.921
Gain / (loss) from assets disposal, impairment losses & write-off of assets	2	7.667
EBIT	**-4.603**	**-12.060**
Depreciation and amortization	13.366	11.565
EBITDA	**8.763**	**-495**

Project EBITDA of the Company

For the calculation of the project EBITDA of the Company, the direct costs of the projects are allocated directly to the projects for which they are carried out. Payroll costs related to the Company's production segments are recorded in "Cost of Sales" and are allocated to projects based on man effort at Company level. "Distribution Expenses" and "Administration Expenses" are monitored per project and allocated to them based on man effort at Company level. "Research and Development Expenses" are allocated to the projects in proportion to the revenues of each project in the total revenue of the Company. Furthermore, for the calculation of the Company's "Gross" results per project, the relevant depreciation of tangible and intangible assets are accounted and the allocated operating "Distribution", "Administration" and "Research and Development" expenses are deducted.

2.1.28 Significant accounting judgments, estimates and assumptions

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the amounts of revenues, expenses, assets liabilities and disclosures of contingent liabilities that included in the financial statements. On an ongoing basis, management evaluates its judgements, estimates and assumptions that mainly refer to goodwill impairment, allowance for doubtful receivables, provision for staff retirement indemnities, provision for impairment of inventories value, impairment of tangible and intangible assets as well as estimation of their useful lives, recognition of revenue and expenses, pending legal cases, provision for income tax and recoverability of deferred tax assets. These judgements, estimates and assumptions are based on historical experience and other factors including expectations of future events that are considered reasonable under the circumstances.

The key judgements, estimates and assumptions concerning the future and other key sources of uncertainty at the reporting date and have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are the below:

Goodwill, tangible and intangible assets impairment

Management tests goodwill for impairment annually (as at 31 December) or more frequently if events occur or changes in circumstances indicate that the carrying value may be reduced in accordance with accounting policy described in note 2.16. The recoverable amounts of cash generating units (CGU) have been determined based on "value in use" calculations using appropriate estimates regarding future cash flows and discount rates. The determination of value in use is obtained by the present value of estimated future cash flows, as expected to be generated by each CGU (discounted cash flow method - DCF). The cash flows are derived from the most recent approved by the administration budgets for the next three years and does not include any estimated future cash inflows or outflows expected to arise from future restructurings or from improving or enhancing the asset's performance, which is tested for impairment. The expected cash flow projections beyond the period covered by the most recent budgets, estimated by extrapolating the projections based on the budgets using a steady or declining growth rate for subsequent years, which does not exceed the long-term average growth rate for products, industries, countries in which the Group operates, or for the market in which the asset is used. The Group makes estimates and beyond the period of five years where has signed revenue contracts beyond five years as well as in cases where management believes that based on market data and historical renewals track record of the Group, it is very possible to renew relevant contracts beyond this period. Cash flow projections are based on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset, giving greater weight to external evidence. Management assesses the reasonableness of the assumptions on which its current cash flow projections are based by examining the causes of differences between past cash flow projections and actual cash flows. Management also ensures that the assumptions on which its current cash flow projections are based are consistent with past actual outcomes, provided that effects of subsequent events or circumstances, that did not exist when those actual cash flows were generated, make this appropriate. Further details are provided in note 2.16.

The carrying values of tangible and intangible assets are reassessed for possible need for impairment whenever events or circumstances indicate that the value reported on may not be recovered in accordance with the accounting principle described in the notes 2.1.8 and 2.1.11.

Income Tax Provision

The companies of the Group are subject to income taxes in numerous jurisdictions. The provision for income taxes in accordance with IAS 12 "Income Taxes" refers to the amounts expected to be paid to the tax authorities and includes provision for current income taxes and the provision for any additional taxes that may arise as a result of the audit of the tax authorities. The provision for income tax of the Group for numerous transactions require significant subjective judgment, making tax exact calculation uncertain during the ordinary course of business of the Group. The estimate may differ from the final tax due to future changes in tax legislation or to unforeseen effects of the final determination of the tax liability for each year from the tax authorities. Where the final tax resulting from tax audits differ from the amounts that were initially assessed and recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination of tax differences occurred. Further details are provided in notes 2.12 and 2.33.B.

Deferred Tax Assets

Deferred tax assets and liabilities are recognized on temporary differences between the accounting basis and the tax basis of assets and liabilities using the tax rates that have been enacted and are expected to apply in the periods when the differences are expected to be eliminated. Deferred tax assets are recognized for the deductible temporary differences and tax losses carried forward to the extent that it is probable that there will be taxable income available to be used against which the deductible temporary differences and the carry forward of unused tax losses. The Group considers the existence of future taxable income and ongoing follow a conservative tax planning strategies in assessing the recoverability of deferred tax assets. The determination of future taxable income is made through the systematic process of budgeting, at the parent company level as well as at the level of subsidiaries, which are mainly based on already signed long-term revenue contracts. Almost all of the Group's revenue (parent and subsidiaries) derives from long-term contracts signed making the risk of discrepancies between budgeted and actual revenue as low, something that applies to the costs that usually are in a proportion relationship with the revenue of the related contracts. In any case there is a system of monitoring for the verification of these budgets and conducting relevant adjustments, resulting in the safe keeping of any final discrepancies at low levels. The accounting estimates related to deferred tax assets requires management to make assumptions about the timing of future events, the probability of expected future taxable income and available tax planning possibilities. Further details are provided in note 2.12.

Allowance for doubtful receivables

The Group impairs the value of receivables when there is evidence or indications which show that the recovery of the receivables in whole or in part is unlikely. The Group's Management periodically reassesses the adequacy of the allowance for doubtful accounts based on factors such as the credit policy, reports from the legal department for recent developments in cases handled by this, and its estimation of the influence of other factors related to the collectability requirements. Further details are provided in notes 2.19 and 2.20.

Provision for staff retirement indemnities

Liabilities for retirement benefits are calculated using actuarial methods that require management to assess specific parameters such as discount rates, future growth rates of employee wages, the future rate of employees' retirement and other factors such as the inflation rate. The Group's management estimates in the best possible way these parameters on an annual basis, for the relevant actuarial study.

Estimation of assets useful life

The Group reassesses at each year end and, when appropriate, prospectively adjusts useful lives of tangible and intangible assets that were recognized either through acquisition or business combination. These estimates take into account new data and current market conditions. Further details are provided in notes 2.1.8, 2.1.10, 2.1.11, 2.14 and 2.16.

Contingent liabilities

The Group reviews the status of each significant legal case on a periodic basis and assesses the potential risk, based partly on the view of legal department. If the potential loss from any litigation and legal matters is considered probable and the amount can be reliably estimated, the Group recognizes a liability for the estimated loss. In order to determine the probability and whether the risk can be estimated reliably, a considerable degree of judgment of management is required. When additional information becomes available, the Group reassesses the potential liability related to pending litigation and legal proceedings, and estimates for the probability of an unfavorable outcome and an assessment of potential loss may be revised. Such revisions in the estimates of the potential liability could have a material effect on the financial position and income statement of the Group. Further details are provided in note 2.33.A.

Provision for impairment of inventories value

The Group recognizes inventory at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated selling expenses. Provisions for impairment of inventories are formed when necessary and recognized in the income statement.

Consolidation of subsidiaries in which the Group holds less than a majority of voting right (de facto control)

The Group estimates that controls the subsidiaries Supreme Ventures LTD, Inteltek Internet AS, Eurofootball LTD, Eurobet LTD and DC09 LLC, even though it holds less than 50% of the voting rights, based on the conditions specified in IFRS 10. Specifically, the control of Supreme Ventures LTD based on the fact that the Group controls Intralot Caribbean Ventures LTD that holds 49,90% of Supreme Ventures Ltd voting rights, while the remainder of the shares of Supreme Ventures LTD is widely held in many other shareholders and since the acquisition date of Supreme Ventures LTD there is no history of the other shareholders collaborating to exercise their votes collectively or outvote the Group's proposals. The Group disposed its participation in Intralot Caribbean Ventures LTD in October 2017. As for the rest entities, the Group, based on its existing rights and the fact that has signed agreements with other shareholders, estimates that has the ability to direct the activities that significantly affect the returns of these entities, ie the "relevant activities". Furthermore, holds significant participations/investments, has rights to variable returns from its involvement with these entities and has the ability to affect the level of these returns. The above conditions of IFRS10 for the entities Inteltek Internet AS, Eurofootball LTD, Eurobet LTD and DC09 LLC, in which the Group holds 45%, 49%, 49% and 49% respectively of the voting rights, define the framework on the basis of which these entities are consolidated.

Business combination

Group when acquiring a company performs the necessary estimates in determining the fair value and the useful life of the acquired tangible and intangible assets. Future events could cause changes in the assumptions used in determining fair value with a corresponding effect on the results and equity of the Group. Further details are provided in note 2.1.6.a.

Contract of OPAP technical support

Intralot Group relationship with Greek Organization of Football Prognostics S.A. (OPAP) began in 1999. Most recently, the Group signed a four year technology contract with OPAP in June 2014. Under this contract, the Group has undertaken the implementation of new Data Centers and the provision of hardware and system software as well as services for operation, maintenance, technical support and system evolution. On February 1, 2017 OPAP announced that they will not seek to renew their technology contract with the Group, which expires on July 30, 2018, and instead will appoint another technology provider. OPAP contract represented 2,5% of Group revenue (from continuing operations) for the last twelve months ended 31/12/2017. In December 2017, the Group and OPAP agreed the extension of their cooperation specifically in the field of numerical lotteries and services with the signing of a new three-year contract that also includes an option for OPAP to renew for an additional two years.

2.2 INFORMATION PER SEGMENT

Intralot Group is active in 52 countries and states, and the segmentation of its subsidiaries is performed based on their geographical position. The financial results are presented in the following operating geographical segments:

European Union:	Greece, Italy, Malta, Cyprus, Poland, Luxembourg, Spain, United Kingdom, Nederland, Romania, Bulgaria, Germany, Slovakia, Croatia and Republic of Ireland.
Other Europe:	Russia, Moldova.
America:	USA, Peru, Brazil, Argentina, Mexico, Jamaica, Chile, Colombia, Guatemala, Dominican Republic, Suriname, Uruguay, Curacao and St. Lucia.
Other Countries:	Australia, New Zealand, China, South Africa, Turkey, South Korea, Lebanon, Azerbaijan, Taiwan and Morocco.

No two operating segments have been added.

The following information is based on the internal financial reports provided to the manager responsible for taking decisions who is the CEO. The performance of the segments is evaluated based on the sales and profit/(loss) before tax. The Group applies the same accounting policies for the financial results of the above segments as those of the consolidated financial statements. The transactions between segments are realized within the natural conditions present in the Group with similar way to that with third parties. The intragroup transactions are eliminated in group level and are included in the column “Eliminations”

1/1-31/12/2017

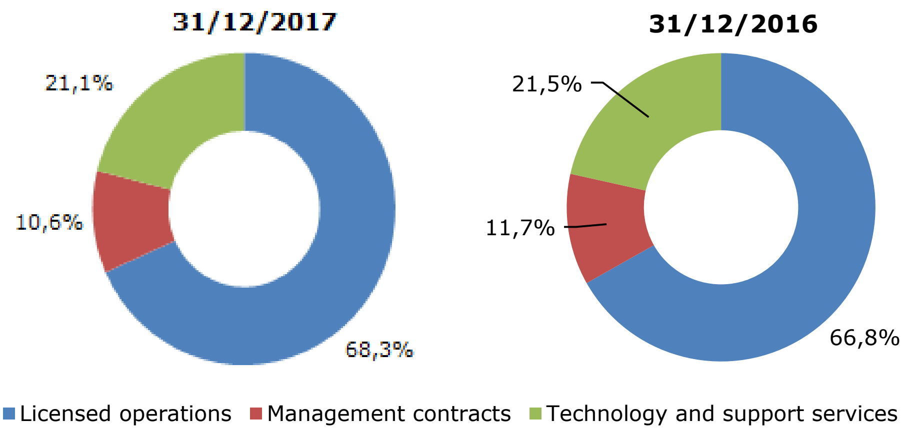
(in million €)	European Union	Other Europe	America	Other Countries	Eliminations	Total
Sales to third parties	576,08	2,60	230,26	295,26	0,00	1.104,20
Intragroup sales	59,56	0,00	0,73	0,01	-60,30	0,00
Total Sales	**635,64**	**2,60**	**230,99**	**295,27**	**-60,30**	**1.104,20**
Gross Profit	**83,11**	**0,24**	**32,57**	**129,29**	**-3,34**	**241,87**
(Debit)/Credit interest & similar (expenses)/income	-54,11	0,35	-5,06	3,06	-7,12	-62,88
Depreciation/Amortization	-35,08	-1,55	-21,08	-9,64	4,44	-62,91
Profit/(loss) consolidated with equity method	-1,19	0,00	0,89	-3,11	0,00	-3,41
Write-off & impairment of assets	-1,15	-1,32	-0,14	0,24	0,00	-2,37
Write-off & impairment of investments	-77,98	0,00	-0,22	0,00	53,57	-24,63
Doubtful provisions, write-off & impairment of receivables	-4,47	0,00	-4,46	-0,56	8,15	-1,34
Reversal of doubtful provisions & recovery of written off receivables	1,45	0,04	0,00	0,03	-1,49	0,03
Reversal of provisions for participations impairment	36,21	0,00	0,00	0,00	-36,21	0,00
Profit/(Loss) before tax and continuing operations	**15,76**	**-1,60**	**27,74**	**64,69**	**-96,27**	**10,32**
Tax	-3,11	-0,27	-4,33	-20,60	0,00	-28,31
Profit/(Loss) after tax from continuing operations	**12,65**	**-1,87**	**23,41**	**44,09**	**-96,27**	**-17,99**
Profit/(Loss) after tax from discontinued operations	-0,48	-0,35	12,77	0,00	0,03	11,97
Profit/(Loss) after tax from total operations	**12,17**	**-2,22**	**36,18**	**44,09**	**-96,24**	**-6,02**

1/1-31/12/2016

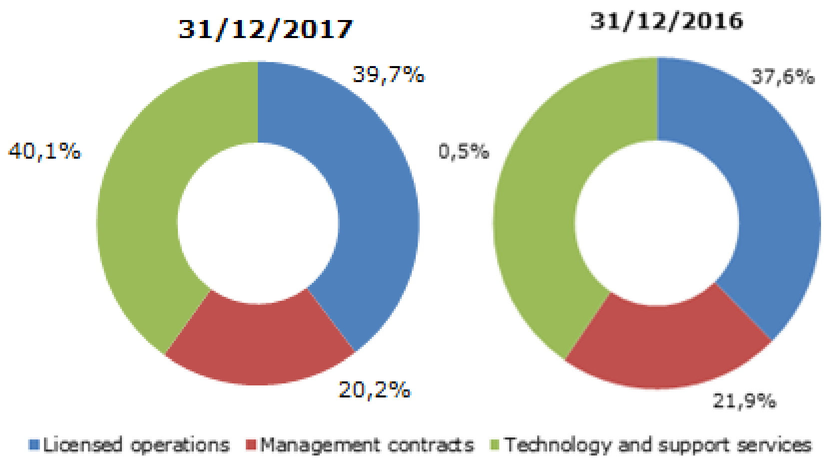
(in million €)	European Union	Other Europe	America	Other Countries	Eliminations	Total
Sales to third parties	520,52	4,33	214,81	251,89	0,00	991,55
Intragroup sales	66,30	0,00	0,85	0,02	-67,17	0,00
Total Sales	**586,82**	**4,33**	**215,66**	**251,91**	**-67,17**	**991,55**
Gross profit	**64,48**	**1,42**	**25,78**	**115,10**	**-2,92**	**203,86**
(Debit)/Credit interest & similar (expenses)/income	-77,82	-0,41	-4,59	3,95	3,00	-75,87
Depreciation/Amortization	-35,40	-1,52	-22,41	-10,56	3,94	-65,95
Profit/(loss) consolidated with equity method	-0,58	0,00	-1,04	-2,96	0,00	-4,58
Write-off & impairment of assets	-7,67	0,00	0,00	-0,15	0,00	-7,82
Write-off & impairment of investments	-55,81	0,00	-0,01	0,00	45,42	-10,40
Doubtful provisions, write-off & impairment of receivables	-26,85	0,00	-1,05	-0,53	20,08	-8,35
Reversal of doubtful provisions & recovery of written off receivables	21,37	0,00	1,60	0,34	-15,67	7,64
Profit/(Loss) before tax and continuing operations	**-54,38**	**-1,38**	**17,34**	**72,68**	**-41,80**	**-7,54**
Tax	-1,81	-0,82	-4,38	-21,96	0,00	-28,97
Profit/(Loss) after tax from continuing operations	**-56,19**	**-2,20**	**12,96**	**50,72**	**-41,80**	**-36,51**
Profit/(Loss) after tax from discontinued operations	-16,33	-14,99	14,59	0,00	98,10	81,37
Profit/(Loss) after tax from total operations	**-72,52**	**-17,19**	**27,55**	**50,72**	**56,30**	**44,86**

Sales per business activity (continuing operations) *(in thousand €)*	**31/12/2017**	**31/12/2016**	**Change**
Licensed operations	754.567	662.530	13,89%
Management contracts	117.101	115.726	1,19%
Technology and support services	232.529	213.289	9,02%
Total	**1.104.197**	**991.545**	**11,36%**

The sales of the above business activities are coming from all geographical segments



Revenue Net of Payout (GGR) per business activity (continuing operations) *(in thousand €)*	**31/12/2017**	**31/12/2016**	**Change**
Licensed operations	229.545	198.234	15,79%
Management contracts	117.101	115.726	1,19%
Technology and support services	232.529	213.288	9,02%
Total	**579.175**	**527.248**	**9,85%**



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Sales per product type (continuing operations)	31/12/2017	31/12/2016
Lottery games	31,6%	30,3%
Sports Betting	55,0%	55,1%
IT products & services	8,1%	8,1%
Racing	2,4%	3,4%
Video Lottery Terminals	2,9%	3,1%
Total	**100%**	**100%**

2.3 OTHER OPERATING INCOME

(continuing operations)	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Income from rents from third parties	12.404	12.953	0	0
Income from rents from subsidiaries	0	0	148	148
Income from litigation cases	0	8.501	0	0
Income from uncollected winnings	1.086	1.051	0	0
Income from reversal of doubtful provisions and proceeds for written off receivables from third parties	29	7.644	0	0
Income from reversal of doubtful provisions and proceeds for written off receivables from subsidiaries	0	0	1.449	14.371
Other income	3.649	2.346	365	154
Other income from affiliates	0	0	31	0
Total	**17.168**	**32.495**	**1.993**	**14.673**

2.4 STAFF COSTS

(continuing operations)	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Salaries	84.735	82.498	19.203	16.391
Social security contributions	12.895	11.839	4.307	3.358
Staff retirement indemnities provision (note 2.26)	1.803	1.225	1.344	967
Other staff costs	11.581	11.292	853	984
Total	**111.014**	**106.854**	**25.707**	**21.700**

Salaries & Social security contributions per cost center December 31, 2017
(continuing operations)

Group	Cost of Sales	Selling expenses	Administrative costs	R&D costs	Total
Salaries	42.229	9.427	30.646	2.433	84.735
Social security contributions	6.507	1.700	4.091	597	12.895
Staff retir. & other costs	7.790	1.403	3.856	335	13.384
Total	**56.526**	**12.530**	**38.593**	**3.365**	**111.014**

Company	Cost of Sales	Selling expenses	Administrative costs	R&D costs	Total
Salaries	5.543	3.954	7.272	2.434	19.203
Social security contributions	1.359	901	1.449	598	4.307
Staff retir. & other costs	1.030	310	521	336	2.197
Total	**7.932**	**5.165**	**9.242**	**3.368**	**25.707**

Salaries & Social security contributions per cost center December 31, 2016 (continuing operations)					
Group	**Cost of Sales**	**Selling expenses**	**Administrative costs**	**R&D costs**	**Total**
Salaries	41.005	9.563	30.482	1.448	82.498
Social security contributions	5.900	1.742	3.841	356	11.839
Staff retir. & other costs	7.340	1.479	3.434	264	12.517
Total	**54.245**	**12.784**	**37.757**	**2.068**	**106.854**

Company	Cost of Sales	Selling expenses	Administrative costs	R&D costs	Total
Salaries	3.422	4.053	7.468	1.448	16.391
Social security contributions	832	898	1.271	357	3.358
Staff retir. & other costs	939	296	452	264	1.951
Total	**5.193**	**5.247**	**9.191**	**2.069**	**21.700**

The number of employees of the Group at the end of the current period amounted to 5.149 persons (Company/subsidiaries 3.132 and associates 2.017) and the Company's 735 persons. At the end of the 2016 period the number of employees of the Group was 5.293 persons (Company/subsidiaries 3.449 and associates 1.844) and the Company's 689 persons.

2.5 DEPRECIATION AND AMORTIZATION

Depreciation and amortization recognized in the accompanying financial statements are analyzed as follows:

(continuing operations)	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Depreciation of tangible fixed assets (note 2.14)	32.754	37.805	1.975	1.718
Amortization of intangible assets (note 2.16)	30.154	28.142	11.391	9.847
Total	**62.908**	**65.947**	**13.366**	**11.565**

Depreciation and amortization per cost center 31/12/2017 (continuing operations)					
	Cost of Sales	**Selling expenses**	**Administrative costs**	**R&D costs**	**Total**
Group	50.128	1.726	9.584	1.470	**62.908**
Company	8.020	1.604	2.272	1.470	**13.366**

Depreciation and amortization per cost center 31/12/2016 (continuing operations)					
	Cost of Sales	**Selling expenses**	**Administrative costs**	**R&D costs**	**Total**
Group	53.617	1.577	9.481	1.272	**65.947**
Company	6.940	1.388	1.965	1.272	**11.565**

2.6 EXPENSES BY NATURE

(continuing operations)	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Personnel Costs (note 2.4)	111.014	106.854	25.707	21.700
Depreciation & amortization (note 2.5)	62.908	65.947	13.366	11.565
Change in inventories	7.179	7.981	3.585	9.576
Winners payout, game taxes and agent commissions	645.756	573.757	0	0
Consumables	10.393	10.023	0	0
Third party fees-benefits	35.091	35.905	14.214	18.672
Other expenses	133.441	117.511	12.022	13.737
Total	**1.005.782**	**917.978**	**68.894**	**75.250**

For the year ended December 31, 2017, operating expenses of the Group analyzed above, include fees of statutory auditors' networks other than statutory audit, amounted to €154 thousand for the issuance of Tax Compliance Certificate in accordance with the provisions of art. 65A of L. 4174/2013 and €228 thousand for other services provided. The corresponding amounts for the Company are €120 thousand and €224 thousand.

2.7 INCOME / (EXPENSES) FROM PARTICIPATIONS AND INVESTMENTS

(continuing operations)	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Income from dividends	1.840	1.025	21.379	13.418
Gain from sale of participations and investments	139	338	1.055	37.711
Other income from participations and investments	0	0	0	0
Total income from participations and investments	**1.979**	**1.363**	**22.434**	**51.129**
Loss from sale of participations and investments	-1.419	-3.634	-4	-129
Loss from impairment / write-offs of participations and investments[1]	-24.624	-15.194	-15.294	-5.079
Total expenses from participations and investments	**-26.043**	**-18.828**	**-15.298**	**-5.208**
Net result from participations and investments	**-24.064**	**-17.465**	**7.136**	**45.921**

[1]The Group on 31/12/2016 includes provisions related to a reduction estimate of recoverable amount of loans in joint venture amounting €4,8 million.

2.8 GAIN/(LOSSES) FROM ASSETS DISPOSAL, IMPAIRMENT LOSS & WRITE-OFF OF ASSETS

(continuing operations)	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Gain from disposal of tangible and intangible assets	480	219	4	5
Loss from disposal of tangible and intangible assets	-124	-1.628	-6	0
Loss from impairment and write-off of tangible and intangible assets	-2.373	-7.819	0	-7.672
Net result from tangible and intangible assets	**-2.017**	**-9.228**	**-2**	**-7.667**

2.9 IMPAIRMENT, WRITE OFF AND PROVISIONS FOR DOUBTFUL DEBTS

Included in other operating expenses:

(continuing operations)	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Provisions for doubtful receivables from subsidiaries	0	0	3.589	10.600
Provisions for doubtful receivables from joint ventures	0	4.348	0	4.348
Provisions for doubtful receivables from debtors	1.218	3.636	640	575
Write-off of receivables from subsidiaries	0	0	0	1.338
Write-off of receivables from associates	47	0	0	0
Write-off of receivables from debtors	74	362	0	0
Write-off of receivables from other related parties	0	3	0	0
Total	**1.339**	**8.349**	**4.229**	**16.861**

2.10 INTEREST AND SIMILAR EXPENSES / INTEREST AND SIMILAR INCOME

(continuing operations)	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Interest Expense[1]	-66.014	-80.001	-16.606	-19.540
Finance costs	-3.361	-5.269	-602	-338
Discounting	-644	-1.900	0	0
Total interest and similar expenses	**-70.019**	**-87.170**	**-17.208**	**-19.878**
Interest Income	6.369	9.679	3.254	3.636
Discounting	770	1.624	0	0
Total interest and similar income	**7.139**	**11.303**	**3.254**	**3.636**
Net interest and similar income / (expenses)	**-62.880**	**-75.867**	**-13.954**	**-16.242**

[1] Included amortized costs, expenses and bank institutions fees related to issuance of bond and syndicated facilities, as well as bond redemption costs.

2.11 EXCHANGE DIFFERENCES

The Group reported in the Income Statement of 2017 losses from «Exchange differences» amounting to €5.870 thousand (2016: gain €3.037 thousand) mainly from valuation of commercial and borrowing liabilities (intercompany and non) in EUR that various subsidiaries abroad, with a different functional currency than the Group, had at 31/12/2017 as well as from valuation of trade receivables (from third parties and associates) in USD of the Company on 31/12/2017.

2.12 INCOME TAXES

GROUP (continuing operations)	31/12/2017	31/12/2016
Current income tax	31.475	22.010
Deferred income tax	-1.996	975
Tax audit differences and other taxes non-deductible	-1.173	382
Provisions for unaudited fiscal years	0	5.600
Total income tax expense reported in income statement	**28.306**	**28.967**

The income tax expense for the Company was calculated to 29% on the taxable profit of the periods 1/1-31/12/2017 and 1/1-31/12/2016.

COMPANY	31/12/2017	31/12/2016
Current income tax	1.953	6.037
Deferred income tax	-703	-138
Tax audit differences and other taxes non-deductible	-1.812	-1.649
Provisions for unaudited fiscal years	0	5.600
Total income tax expense reported in income statement	**-562**	**9.850**

Income tax attributable to the Group's profit differs from the amount that would arise by applying the nominal tax rate applicable at the domicile of the Parent Company, as follows:

(continuing operations)	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Profit before income taxes	**10.315**	**-7.539**	**-12.012**	**9.410**
Income taxes based on the statutory income tax rate of the Parent 29% (2016: 29%)	2.991	-3.020	-3.483	2.729
Adjustments to income taxes related to:				
Adjustments in previous periods provisions	-41	36	0	0
Tax effect of non-deductible tax expenses	60.938	39.722	25.419	7.928
Tax effect of transferred losses, for which deferred tax asset was not recognized	22.280	6.386	0	-463
Tax effect of non-taxable profits	-47.040	-7.072	-19.983	-4.156
Tax effect of foreign subsidiaries' profits that are taxable at different tax rates	-8.357	-11.106	0	0
Other taxes non-deductible	2.778	-84	1.974	-1.042
Deferred tax effect due to tax rate change	342	317	0	0
Tax effect of losses for which deferred tax asset was recognized	-1.633	-2.277	-703	-139
Income tax of previous years after tax audit	-3.952	465	-3.786	-607
Provision for additional taxes from future tax audits	0	5.600	0	5.600
Income taxes reported in the income statement	**28.306**	**28.967**	**-562**	**9.850**

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Net deferred tax asset at beginning of the year	**-9.286**	**-7.027**	**-6.548**	**-6.700**
(Debit)/Credit to income statement (continuing operations)	1.996	-975	703	138
(Debit)/Credit to income statement (discontinued operations)	642	57	0	0
Effect of a subsidiary included for the first time in consolidation	-430	0	0	0
Exchange difference	31	374	0	0
Non-consolidated entity due to liquidation/disposal	-1.385	-1.788	0	0
Deferred tax on other comprehensive income	32	73	42	14
Transfer from income tax payable	-1.905	0	0	0
Net deferred tax asset at end of the fiscal year	**-10.305**	**-9.286**	**-5.803**	**-6.548**

The deferred tax asset and liability presented in the accompanying balance sheet are analyzed as follows:

31/12/2017	GROUP		COMPANY	
	Assets	Liabilities	Assets	Liabilities
Tax losses carried forward	3.953	0	0	0
Inventories–intercompany profit	98	0	0	0
Financial assets	722	-1	512	0
Long term receivables	44	-405	0	0
Provisions	1.764	240	1.012	0
Tangible assets	-5.517	4.485	135	0
Intangibles assets	76	-14.586	0	-6.200
Short term receivables	365	-1.301	0	-1.262
Accrued expenses	54	-180	0	0
Long term liabilities	50	-2.949	0	0
Short term liabilities	3.140	-280	0	0
Short term loans	0	-77	0	0
Total	**4.749**	**-15.054**	**1.659**	**-7.462**

1/1/2017 – 31/12/2017	Income Statement	
Deferred income tax (continuing operations)	GROUP	COMPANY
Prior years' tax losses utilized	2.098	0
Subsidiaries' tax losses carried forward	-3.178	0
Accrued expenses	43	0
Tangible assets	-179	-140
Investment properties	-63	0
Intangible assets	718	550
Financial assets	-192	0
Short term receivables	-312	-1.129
Long Term receivables	-616	0
Inventories–impairment	-56	0
Short term provisions	67	0
Short term liabilities	-3.767	0
Long term liabilities	2.799	16
Discontinued operations	642	0
Deferred Tax (income) / expense	**-1.996**	**-703**

On 31/12/2017 the most significant Group's subsidiaries (excluding Company) had accumulated tax losses amounting to about €202,7 million and had recognized a deferred tax asset of €4 million (2016: €5,8 million) attributable to tax losses amounting to €16,8 million. For the remaining tax losses amounting to €185,9 million there was no deferred tax asset recognized on 31/12/2017 since the recognition criteria under IAS 12 as described in notes 2.1.24 and 2.1.28 were not met. Of the above total accumulated tax losses amount of €109,1 million can be transferred up to the periods 2018-2022, amount of €49,9 million until the periods 2023-2042 and finally an amount of €43,7 million has no time limit.

Also on 31/12/2017 the Company did not have accumulated tax losses and had not recognized deferred tax asset.

31/12/2016	GROUP		COMPANY	
	Assets	Liabilities	Assets	Liabilities
Tax losses carried forward	5.825	0	0	0
Inventories–intercompany profit	53	0	0	0
Financial assets	550	-2	512	0
Long term receivables	36	-1.057	0	0
Provisions	1.766	177	985	0
Tangible assets	-3.334	2.253	0	-5
Investment properties	121	0	0	0
Intangibles assets	126	-13.681	0	-5.650
Short term receivables	1.224	-2.443	0	-2.390
Accrued expenses	55	-182	0	0
Long term liabilities	89	-302	0	0
Short term liabilities	239	-622	0	0
Short term loans	0	-177	0	0
Total	**6.750**	**-16.036**	**1.497**	**-8.045**

1/1/2016 – 31/12/2016 Deferred income tax (continuing operations)	Income Statement	
	GROUP	COMPANY
Prior years' tax losses utilized	2.952	0
Subsidiaries' tax losses carried forward	-2.789	0
Accrued expenses	70	20
Tangible assets	-61	-14
Investment property	148	0
Intangible assets	670	473
Financial assets	-508	-510
Short term receivables	-1.810	-525
Long term receivables	537	0
Inventories– impairment	519	508
Short term provisions	-490	0
Short term liabilities	1.492	-107
Long term liabilities	188	17
Discontinued operations	57	0
Deferred Tax (income) / expense	**975**	**-138**

2.13 EARNINGS / (LOSSES) PER SHARE

The calculation of basic and diluted earnings / (losses) per share is as follows:

Basic earnings / (losses) per share (EPS) are calculated by dividing net earnings / (losses) for the period attributable to equity holders of the parent by the weighted average number of common shares outstanding during the period, taking into account the average number of ordinary shares acquired by the Group as treasury shares.

(total operations)	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Net profit / (loss) attributable to equity holders of the parent	**-53.386**	**930**	**-11.450**	**-440**
Weighted average number of shares outstanding in the beginning of the period	157.378.952	158.490.975	157.378.952	158.490.975
Less: Weighted average number of treasury shares from period movements	26.535	312.257	26.535	312.257
Weighted average number of shares outstanding during the period	**157.352.417**	**158.178.718**	**157.352.417**	**158.178.718**
Basic earnings / (losses) per share (EPS) (in euro)	**€-0,3393**	**€0,0059**	**€-0,0728**	**€-0,0028**

Diluted earnings / (losses) per share are calculated by dividing net earnings / (losses) for the period attributable to equity holders of the parent by the weighted average number of shares outstanding during the period (adjusted for the effect of the average stock option plans outstanding during the period). During 2017 the Group had no stock option plan in effect.

(total operations)	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Weighted average number of shares outstanding (for basic EPS)	157.352.417	158.178.718	157.352.417	158.178.718
Effect of potential exercise of options (weighted average number for the period)	0	0	0	0
Weighted average number of shares outstanding (for diluted EPS)	**157.352.417**	**158.178.718**	**157.352.417**	**158.178.718**
Diluted earnings / (losses) per share (EPS) (in euro)	**€-0,3393**	**€0,0059**	**€-0,0728**	**€-0,0028**

The difference between the weighted average number of shares outstanding and the number of shares including those that would arise from a potential exercise of share options, is not significant.

2.14 TANGIBLE FIXED ASSETS

GROUP	LAND	BUILDINGS AND INSTALLATIONS	MACHINERY AND EQUIPMENT	TRANSPORT EQUIPMENT	FURNITURE AND FIXTURES	ASSETS UNDER CONSTRUCTION	OTHER TANGIBLE ASSETS	TOTAL
1 January 2017								
Cost	3.281	22.884	332.055	4.366	100.016	3.410	2.801	468.813
Accumulated depreciation	-1.200	-13.045	-236.477	-3.160	-86.608	0	-1.361	-341.851
Net Book value 1 January 2017	**2.081**	**9.839**	**95.578**	**1.206**	**13.408**	**3.410**	**1.440**	**126.962**
COST								
Additions of the period	0	3.549	18.628	432	1.568	3.670	379	28.226
Transfer of assets from (to) other category	0	153	2.065	0	37	-2.255	0	0
Transfer from (to) inventories and intangible assets	0	0	1.739	0	1.254	60	-10	3.043
Additions due to acquisition of subsidiaries	0	110	0	0	563	0	0	673
Disposal of subsidiaries/change in consolidation method	-222	-6.974	-8.823	-1.083	-4.284	-119	-32	-21.537
Disposals	0	0	-1.938	-431	-625	-95	-19	-3.108
Impairment/ write off	0	-10	-1.820	-51	-1.379	0	0	-3.260
Exchange differences	-29	-1.990	-29.921	-335	-1.145	-620	-208	-34.248
ACCUMULATED DEPRECIATION								
Depreciation of the period	0	-1.255	-29.157	-390	-2.649	0	-689	-34.140
Disposals	0	0	1.600	294	522	0	16	2.432
Impairment / write-off	0	5	520	50	962	0	0	1.537
Additions due to acquisition of subsidiaries	0	-11	0	0	-339	0	0	-350
Exchange differences	0	1.170	21.698	261	972	0	111	24.212
Transfer from (to) inventories and intangible assets	0	0	46	0	0	0	1	47
Disposal of subsidiaries/change in consolidation method	0	2.854	6.180	771	2.473	0	26	12.304
Net book value 31 December 2017	**1.830**	**7.440**	**76.395**	**724**	**11.338**	**4.051**	**1.015**	**102.793**
Cost	3.030	17.722	311.985	2.898	96.005	4.051	2.911	438.602
Accumulated depreciation	-1.200	-10.282	-235.590	-2.174	-84.667	0	-1.896	-335.809
Net Book value 31 December 2017	**1.830**	**7.440**	**76.395**	**724**	**11.338**	**4.051**	**1.015**	**102.793**

The Group (continuing operations) recognized impairment losses/write-offs of tangible fixed assets amounting to €1.723 thousand (discontinued operations €0 thousand) during the period 1/1-31/12/2017 that were recognized in the income statement (in "Gain / (Losses) from assets disposal, impairment losses & write-off of assets" - note 2.8). The largest portion, amounting €1,2 million regards impairment loss on machinery and equipment of subsidiary Loteria Moldovei S.A. (definite cease of activity due to state monopoly) and in subsidiary Royal Highgate Ltd (due to license suspension). The net book value of tangible assets held by finance lease was on 31/12/2017 €2.018 thousand (Buildings & Installations €3 thousand, Machinery & Equipment €2.006 thousand, Transport Equipment €8 thousand and Furniture & fixtures €1 thousand).

GROUP	LAND	BUILDINGS AND INSTALLATIONS	MACHINERY AND EQUIPMENT	TRANSPORT EQUIPMENT	FURNITURE AND FIXTURES	ASSETS UNDER CONSTRUCTION	OTHER TANGIBLE ASSETS	TOTAL
1 January 2016								
Cost	7.374	25.343	344.557	4.845	133.857	4.549	5.102	525.627
Accumulated depreciation	0	-12.112	-228.998	-3.053	-112.796	0	-2.223	-359.182
Net Book value 1 January 2016	**7.374**	**13.231**	**115.559**	**1.792**	**21.061**	**4.549**	**2.879**	**166.445**
COST								
Additions of the period	0	828	24.832	481	3.962	1.707	823	32.633
Transfer of assets from (to) other category	0	32	2.292	0	74	-2.398	0	0
Transfer from (to) inventories and intangible assets	0	-2	3	0	5.563	-238	-3	5.323
Additions due to acquisitions of subsidiaries	0	0	5.875	158	202	0	36	6.271
Disposal of subsidiaries/change in consolidation method	-432	-2.652	-45.906	-689	-31.721	0	-3.014	-84.414
Disposal	-3.662	0	-261	-284	-126	-73	0	-4.406
Impairment / write-off	0	-865	-5.025	-110	-11.438	78	-104	-17.464
Exchange differences	1	200	5.688	-35	-357	-215	-39	5.243
ACCUMULATED DEPRECIATION								
Depreciation of the period	0	-1.596	-38.021	-600	-5.469	0	-648	-46.334
Disposals	0	0	-20	197	87	0	0	264
Impairment / write-off	-1.200	62	4.642	74	5.966	0	104	9.648
Additions due to acquisitions of subsidiaries	0	0	-3.016	-135	-94	0	-26	-3.271
Exchange differences	0	-136	-3.529	17	297	0	12	-3.339
Transfer from (to) inventories and intangible assets	0	0	4	2	5	0	-1	10
Disposal of subsidiaries/change in consolidation method	0	737	32.461	338	25.396	0	1.421	60.353
Net book value 31 December 2016	**2.081**	**9.839**	**95.578**	**1.206**	**13.408**	**3.410**	**1.440**	**126.962**
Cost	3.281	22.884	332.055	4.366	100.016	3.410	2.801	468.813
Accumulated Depreciation	-1.200	-13.045	-236.477	-3.160	-86.608	0	-1.361	-341.851
Net book value 31 December 2016	**2.081**	**9.839**	**95.578**	**1.206**	**13.408**	**3.410**	**1.440**	**126.962**

The Group (continuing operations) recognized impairment losses/write-offs of tangible fixed assets amounting to €7.750 thousand (discontinued operations €66 thousand) during the period 1/1-31/12/2016 which were recognized in the income statement (in "Gain / (Losses) from assets disposal, impairment losses & write-off of assets" - note 2.8). The largest portion, amounting to €7,7 million relates to impairment loss on a building and land (€1,6 million) and loss on write-off of buildings and installations (€6,1 million) of the Company.
The net book value of tangible assets held by finance lease was on 31/12/2016 €6.201 thousand. (Buildings & Installations €4 thousand, Machinery & Equipment €6.109 thousand, Transport Equipment €87 thousand and Furniture & fixtures €1 thousand).

COMPANY	LAND	BUILDINGS AND INSTALLATIONS	MACHINERY AND EQUIPMENT	TRANSPORT EQUIPMENT	FURNITURE AND FIXTURES	TOTAL
1 January 2017						
Cost	3.030	7.356	1	920	83.214	94.521
Accumulated depreciation	-1.200	-3.325	-1	-631	-73.973	-79.130
Net Book value 1 January 2017	**1.830**	**4.031**	**0**	**289**	**9.241**	**15.391**
COST						
Additions of the period	0	6	0	98	1.140	1.244
Transfer from (to) inventories and tangible assets	0	0	0	0	1.256	1.256
Disposals	0	0	0	-211	0	-211
Impairment / write-off	0	0	0	0	-98	-98
ACCUMULATED DEPRECIATION						
Depreciation of the period	0	-237	0	-84	-1.654	-1.975
Disposals	0	0	0	89	0	89
Impairment / write-off	0	0	0	0	98	98
Net Book value 31 December 2017	**1.830**	**3.800**	**0**	**181**	**9.983**	**15.794**
Cost	3.030	7.362	1	807	85.512	96.712
Accumulated depreciation	-1.200	-3.562	-1	-626	-75.529	-80.918
Net Book value 31 December 2017	**1.830**	**3.800**	**0**	**181**	**9.983**	**15.794**

COMPANY	LAND	BUILDINGS AND INSTALLATIONS	MACHINERY AND EQUIPMENT	TRANSPORT EQUIPMENT	FURNITURE AND FIXTURES	TOTAL
1 January 2016						
Cost	3.030	7.962	1	940	82.645	94.578
Accumulated depreciation	0	-3.037	-1	-497	-73.705	-77.240
Net Book value 1 January 2016	**3.030**	**4.925**	**0**	**443**	**8.940**	**17.338**
COST						
Additions of the period	0	185	0	0	1.594	1.779
Transfer from (to) inventories and tangible assets	0	0	0	0	5.671	5.671
Disposals	0	0	0	-20	0	-20
Impairment / write-off	0	-791	0	0	-6.696	-7.487
ACCUMULATED DEPRECIATION						
Depreciation of the period	0	-288	0	-147	-1.283	-1.718
Disposals	0	0	0	13	0	13
Impairment / write-off	-1.200	0	0	0	1.015	-185
Net Book value 31 December 2016	**1.830**	**4.031**	**0**	**289**	**9.241**	**15.391**
Cost	3.030	7.356	1	920	83.214	94.521
Accumulated depreciation	-1.200	-3.325	-1	-631	-73.973	-79.130
Net Book value 31 December 2016	**1.830**	**4.031**	**0**	**289**	**9.241**	**15.391**

2.15 INVESTMENT PROPERTIES

The Group's investment properties consist of land and buildings in Jamaica, which are held by the subsidiary Supreme Ventures Ltd for the purpose of earning revenue from their long-term lease and are not owned by the Group. Buildings are depreciated on a straight-line basis and their useful life is 20 years. The Group sold Supreme Ventures Ltd on 2/10/2017 (note 2.32.A.VIII).

GROUP	INVESTMENT PROPERTIES
1 January 2016	
Cost	7.892
Accumulated depreciation	-2.087
Net Book value 1 January 2016	**5.805**
COST	
Exchange differences	-277
ACCUMULATED DEPRECIATION	
Depreciation of the period	-317
Reversal of impairment of previous fiscal years	744
Exchange differences	83
Net Book value 31 December 2016	**6.038**
Cost	7.615
Accumulated depreciation	-1.577
Net Book value 31 December 2016	**6.038**
COST	
Exchange differences	-898
Disposal of subsidiary	-6.717
ACCUMULATED DEPRECIATION	
Depreciation of the period	-229
Disposal of subsidiary	1.604
Exchange differences	202
Net Book value 31 December 2017	**0**
Cost	0
Accumulated depreciation	0
Net Book value 31 December 2017	**0**

Investment properties in Jamaica were valued by independent valuers "Allison Pitter & Co" on 31 December 2016, on the basis of open market value using the income approach. The fair value of investment properties on 31 December 2016 was estimated at €6,1 million (2015: €5,8 million) and was categorized as level 3 in the fair value hierarchy.

Supreme Ventures has leased its investment property to Exodus Gaming and Entertainment Limited (Exodus) for an initial period of 15 years with an option to renew the lease for a further 15 years.

GROUP	1/1-2/10/2017	1/1-31/12/2016
Rental income from investment properties	101	107
Direct operating expenses (including repairs and maintenance) arising from investment properties that resulted in income from rents	-29	-34
Net income / (loss) from investment properties	**-72**	**-73**

The Company did not hold investment properties as at 31/12/2017, apart from some buildings leased to its subsidiaries and therefore are classified as tangible assets.

2.16 INTANGIBLE ASSETS

GROUP	GOODWILL	SOFTWARE	DEVELOPMENT COSTS (Internally generated) [1]	OTHER	LICENCES [2]	TOTAL
1 January 2017						
Cost	84.993	116.491	108.189	40.608	192.870	543.151
Accumulated amortization	0	-65.364	-33.569	-18.581	-96.055	-213.569
Net Book value 1 January 2017	**84.993**	**51.127**	**74.620**	**22.027**	**96.815**	**329.582**
COST						
Additions of the period	0	28.488	9.688	886	4.413	43.475
Transfer of assets from (to) other categories	0	-591	591	0	0	0
Transfer from (to) inventories and tangible assets	0	3	0	0	0	3
Additions due to acquisition of subsidiaries	1.107	15	11.812	3	4.196	17.133
Disposal of subsidiaries/change in consolidation method	-20.115	-2.134	0	-18	-2.767	-25.034
Disposals	0	-200	-2	0	0	-202
Impairment / write-off	0	-651	0	-65	0	-716
Exchange differences	-7.944	-2.857	-989	-2.788	-1.982	-16.560
ACCUMULATED DEPRECIATION						
Amortization of the period	0	-9.833	-6.386	-3.574	-10.392	-30.185
Disposals	0	42	0	0	0	42
Impairment / write-off	0	66	0	0	0	66
Additions due to acquisition of subsidiaries	0	-15	-1.612	-3	0	-1.630
Exchange differences	0	2.062	669	2.071	1.554	6.356
Transfer of assets from (to) other categories	0	122	-122	0	0	0
Transfer from (to) inventories and tangible assets	0	11	0	0	-25	-14
Disposal of subsidiaries/change in consolidation method	0	1.990	0	8	194	2.192
Net Book value 31 December 2017	**58.041**	**67.645**	**88.269**	**18.547**	**92.006**	**324.508**
Cost	58.041	138.564	129.289	38.626	196.730	561.250
Accumulated amortization	0	-70.919	-41.020	-20.079	-104.724	-236.742
Net Book value 31 December 2017	**58.041**	**67.645**	**88.269**	**18.547**	**92.006**	**324.508**

[1] The internally generated intangible assets of the Group include an individually material intangible asset of net book value €72.779 thousand on 31/12/2017 (central operating system - LOTOS, which supports the majority of the contracts of the Group). The remaining amortization period of the central operating system is 20 years whereas additions, upgrades and improvements to this asset are constant.
[2] The Group "Licenses' include intangible assets with indefinite useful lives (lottery games intellectual property rights) amounting €2,3 million 31/12/2017.
The Group (continuing operations) recognized impairment losses/write-offs of intangible fixed assets amounting to €650 thousand (discontinued operations €0 thousand) during the period 1/1-31/12/2017 which were recognized in the income statement (in "Gain / (Losses) from assets disposal, impairment losses & write-off of assets" - note 2.8). The largest portion amounting to €565 thousand regards impairment loss on software of subsidiary Loteria Moldovei S.A. (definite cease of activity due to state monopoly).

GROUP	GOODWILL	SOFTWARE	DEVELOPMENT COSTS (Internally generated) [1]	OTHER	LICENCES [2]	TOTAL
1 January 2016						
Cost	74.438	117.882	96.296	27.847	316.964	633.427
Accumulated amortization	0	-68.358	-27.839	-15.125	-193.278	-304.600
Net Book value 1 January 2016	**74.438**	**49.524**	**68.457**	**12.722**	**123.686**	**328.827**
COST						
Additions of the period	0	13.881	11.184	1.471	12.119	38.655
Transfer of assets from (to) other categories	0	14	0	-14	0	0
Transfer from (to) inventories and tangible assets	0	574	0	3	92	669
Additions due to acquisition of subsidiaries	18.493	1.148	0	11.994	0	31.635
Disposal of subsidiaries/change in consolidation method	0	-17.657	0	-1.463	-123.536	-142.656
Impairment / write-off	0	-300	0	0	-14.241	-14.541
Exchange differences	-7.938	949	709	770	1.472	-4.038
ACCUMULATED DEPRECIATION						
Amortization of the period	0	-10.726	-5.431	-3.872	-20.193	-40.222
Impairment / write-off	0	-708	0	0	0	-708
Additions due to acquisition of subsidiaries	0	-586	0	0	0	-586
Exchange differences	0	-589	-299	-546	-370	-1.804
Transfer from (to) inventories and tangible assets	0	2	0	0	-3	-1
Disposal of subsidiaries/change in consolidation method	0	15.601	0	962	117.789	134.352
Net Book value 31 December 2016	**84.993**	**51.127**	**74.620**	**22.027**	**96.815**	**329.582**
Cost	84.993	116.491	108.189	40.608	192.870	543.151
Accumulated amortization	0	-65.364	-33.569	-18.581	-96.055	-213.569
Net Book value 31 December 2016	**84.993**	**51.127**	**74.620**	**22.027**	**96.815**	**329.582**

[1] The internally generated intangible assets of the Group include an individually material intangible asset of net book value €68.216 thousand on 31/12/2016 (central operating system - LOTOS, which supports the majority of the contracts of the Group). The remaining amortization period of the central operating system is 20 years whereas additions, upgrades and improvements to this asset are constant.

[2] The Group "Licenses' include intangible assets with indefinite useful lives (lottery games intellectual property rights) amounting €5,2 million on 31/12/2016.

The Group (continuing operations) recognized impairment losses/write-offs of intangible fixed assets amounting to €69 thousand (discontinued operations €15.180 thousand) during the period 1/1-31/12/2016 which were recognized in the income statement (in "Gain / (Losses) from assets disposal, impairment losses & write-off of assets" - note 2.8). The largest portion of discontinued operations, amounting to €14,5 million concerns an impairment loss of a wagering license as well as software of a subsidiary in Russia (note 2.32.A.VIII.

COMPANY	SOFTWARE	DEVELOPMENT COSTS (Internally generated) [1]	LICENCES	TOTAL
1 January 2017				
Cost	53.617	92.280	25.729	171.626
Accumulated amortization	-37.527	-24.064	-19.991	-81.582
Net Book value 1 January 2017	**16.090**	**68.216**	**5.738**	**90.044**
COST				
Additions of the period	5.297	9.002	777	15.076
ACCUMULATED DEPRECIATION				
Amortization of the period	-5.298	-4.439	-1.654	-11.391
Net Book value 31 December 2017	**16.089**	**72.779**	**4.861**	**93.729**
Cost	58.914	101.282	26.506	186.702
Accumulated amortization	-42.825	-28.503	-21.645	-92.973
Net Book value 31 December 2017	**16.089**	**72.779**	**4.861**	**93.729**

COMPANY	SOFTWARE	DEVELOPMENT COSTS (Internally generated) [1]	LICENCES	TOTAL
1 January 2016				
Cost	48.495	81.173	25.211	154.879
Accumulated amortization	-33.173	-20.201	-18.361	-71.735
Net Book value 1 January 2016	**15.322**	**60.972**	**6.850**	**83.144**
COST				
Additions of the period	4.637	11.107	518	16.262
Transfer from (to) inventories and tangible assets	485	0	0	485
ACCUMULATED DEPRECIATION				
Amortization of the period	-4.354	-3.863	-1.630	-9.847
Net Book value 31 December 2016	**16.090**	**68.216**	**5.738**	**90.044**
Cost	53.617	92.280	25.729	171.626
Accumulated amortization	-37.527	-24.064	-19.991	-81.582
Net Book value 31 December 2016	**16.090**	**68.216**	**5.738**	**90.044**

[1] The internally generated intangible assets of the Company include an individually material intangible asset (central operating system - LOTOS, which supports the majority of the contracts of the Group). The remaining amortization period of the central operating system is 20 years whereas additions, upgrades and improvements to this asset are constant.

Goodwill and Intangible assets with indefinite useful life impairment test

Management tests goodwill for impairment annually (31 December) or more frequently if events occur or changes in circumstances indicate that the carrying value may have been reduced in accordance with accounting practice described in note 2.1.6.a "Business Combination and Goodwill".

The Group tested goodwill for impairment on 31/12/2017 and the key assumptions that are used for the determination of the recoverable amount are disclosed below. The recoverable amounts of cash generating units have been determined based on value in use calculations using appropriate estimates regarding future cash flows and discount rates.

Specifically, goodwill arising on consolidation of acquired subsidiaries and intangible assets with indefinite useful life are allocated to the following cash generating units (CGU) by geographical area, which are the operating segments for impairment testing purposes:

Carrying amount:

CGU	Goodwill		Intangible assets with indefinite useful life	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
European Union	23.552	24.202	2.300	2.331
Other Europe	0	0	0	0
America	1.578	20.434	4	2.832
Other countries	32.911	40.357	0	0
Total	**58.041**	**84.993**	**2.304**	**5.163**

Key assumptions:

The recoverable amount of each CGU is determined according to the calculations of value in use. The determination is obtained by the present value of estimated future cash flows expected to be generated by each CGU (discounted cash flow method - DCF). The cash flows are derived from the most recent approved by the management budgets for the next three years and do not include estimated future cash inflows or outflows expected to arise from future restructurings or from improving or enhancing the asset's performance which is tested for impairment. The expected cash flow projections beyond the period covered by the most recent budgets estimated by extrapolating the projections based on the budgets using a steady or declining growth rate for subsequent years, which does not exceed the long-term average growth rate for products, industries, countries in which the Group operates, or for the market in which the asset is used. The Group makes estimates beyond the period of five years where has signed revenue contracts beyond five years as well as in cases where management believes that based on market data and renewals track record of the Group, it is very possible the renewal of the relevant contracts beyond the five year period. Cash flow projections are based on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset, giving greater weight to external evidence. Management assesses the reasonableness of the assumptions underlying the current cash flow projections by examining the causes of differences between past cash flow projections and actual cash flows. Man11agement also ensures that the assumptions on which its current cash flow projections are based are consistent with past actual outcomes, provided that subsequent events or circumstances that did not exist when those actual cash flows were generated make this appropriate. The use value for CGUs affected (has sensitivity) of the following key factors (assumptions):

- Sales
- Growth rate used to extrapolate cash flows beyond the budget period, and
- Discount rates

Sales:

Sales projections are derived from estimates of local management of various subsidiaries. These projections are based on careful assessments of various factors, such as past performance, estimates of growth of the local market, competition - if exists, possible changes in the institutional framework governing the gambling market, the economic situation of the gambling industry and the market in general, new opportunities such as lotteries privatizations, etc.

Sales growth rate:

CGU	2017	2016
European Union	-0,9% - 5,4%	-1,2% - 25,9%
Other Europe	n/a	n/a
America	0,0% - 33,7%	0,0% - 3,8%
Other countries	0,0% - 3,6%	0,0% - 16,6%

Growth rate used to extrapolate cash flows beyond the budget period:

The factors taken into account for the calculation of the growth rate beyond the budgets period derive from external sources and include among others, the level of maturity of each market, the existence of barriers to entry for competitors, the economic situation of the market, existing competition and technology trends.

Growth rate beyond the budget period:

CGU	2017	2016
European Union	0,0% - 2,4%	0,0% - 2,3%
Other Europe	n/a	n/a
America	0,0% - 20,0%	0,0% - 4,6%
Other countries	0,0% - 2,0%	0,0% - 3,6%

Discount rates:

The discount rates represent the current market assessments of the risks personalized for each CGU, having made the necessary adjustments for the time value of money and possible risks specific to any assets that have not been included in the cash flow projections. The calculation of discount rates based on specific conditions under which the Group and its operating segments operate and calculated through the weighted average cost of capital method (WACC). The WACC takes into account both debt and equity. The cost of equity derives from the expected return that Group investors have for their investment. Cost of debt based on the interest rate of the Group loans. The specific risk of each country is incorporated by implementing individualized sensitivity factors "beta" (beta factors). The sensitivity factors "beta" evaluated annually based on published market data.

Discount rates:

CGU	2017	2016
European Union	6,6% - 7,3%	6,2% - 8,0%
Other Europe	n/a	n/a
America	21,7% - 21,7%	17,5% - 28,1%
Other countries	14,3% - 15,1%	12,0% - 14,1%

Recoverable amount sensitivity analysis:

On 31/12/17, the Group analyzed the sensitivity of the recoverable amounts in a reasonable and possible change of some of the basic assumptions (such as the change of a percentage point to the growth rate beyond the budget period and the discount rates). This analysis does not show a situation in which the carrying amount of the Group's significant CGUs exceeds their recoverable amount.

2.17 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

GROUP INVESTMENT IN ASSOCIATES AND JOINT VENTURES	% Participation	Country	31/12/2017	31/12/2016
Lotrich Information Co LTD	40%	Taiwan	5.844	6.065
Goreward LTD Group	38,84%	China	47.000	70.501
Bit8 LTD Group	39%	Malta	0	5.492
Gamenet Group SpA	20%	Italy	67.523	83.532
Intralot de Peru SAC	20%	Peru	15.395	15.217
Other			1	0
Total			**135.763**	**180.807**

GROUP INVESTMENT IN ASSOCIATES AND JOINT VENTURES	31/12/2017	31/12/2016
Opening Balance	**180.807**	**40.863**
Participation in net profit / (loss) of associates and joint ventures	-3.412	-4.574
Companies merge (note 2.32.A.VIII)	0	83.520
Acquisition of additional stake	0	800
Change in consolidation method	-4.482	16.179
Additions/contribution in kind	848	51.104
Exchange differences	-12.912	3.325
Impairment	-24.624	-10.403
Dividends	-645	0
Other	183	-7
Closing Balance	**135.763**	**180.807**

COMPANY INVESTMENT IN ASSOCIATES AND JOINT VENTURES	% Participation	Country	31/12/2017	31/12/2016
Lotrich Information Co LTD	40%	Taiwan	5.131	5.131
Intralot De Peru SAC	20%	Peru	5.528	5.528
Total			**10.659**	**10.659**

COMPANY INVESTMENT IN SUBSIDIARIES	% Participation	Country	31/12/2017	31/12/2016
Intralot Holdings International LTD	100%	Cyprus	4.464	4.464
Betting Company S.A.	95%	Greece	139	139
Inteltek Internet AS	20%	Turkey	15.231	66.081
Bilyoner Interactif Hizmelter AS	50,01%	Turkey	10.751	10.751
Intralot Global Securities BV	100,00%	Nederland	57.028	57.028
Intralot Global Holdings BV	0,002%	Nederland	37.268	1
Loteria Moldovei SA	47,90%	Moldova	0	656
Intralot Iberia Holdings SA	100%	Spain	5.638	5.638
Other			322	323
Total			**130.841**	**145.081**
Grand Total			**141.500**	**155.740**

COMPANY INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES	31/12/2017	31/12/2016
Opening Balance	**155.740**	**172.294**
Capitalization of subsidiaries receivables	0	10.550
Disposal of subsidiaries share	0	-20.781
Provisions/ reversals of provisions for impairment of subsidiaries	-15.295	-4.078
Provisions for impairment of associates	0	-1.000
Contribution of investment of subsidiary	1.055	0
Return of capital from subsidiaries	0	-1.245
Closing Balance	**141.500**	**155.740**

2.18 OTHER FINANCIAL ASSETS

Other financial assets which in total have been classified by the Group as "Available for sale" and "Held to maturity" are analyzed as follows:

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Opening Balance	**21.910**	**26.085**	**1.483**	**3.243**
Purchases	2.260	2.453	0	0
Addition due to acquisition	0	90	0	0
Return of Capital	0	-3.292	0	0
Disposals	-921	-421	0	0
Fair value revaluation	-685	-2.974	-240	-1.760
Exchange differences	-112	-31	0	0
Disposal of subsidiary	-14	0	0	0
Closing balance	**22.438**	**21.910**	**1.243**	**1.483**
Quoted securities	1.600	1.949	60	24
Unquoted securities	20.838	19.961	1.183	1.459
Total	**22.438**	**21.910**	**1.243**	**1.483**
Long-term Financial Assets	21.524	21.910	1.243	1.483
Short-term Financial Assets	914	0	0	0
Total	**22.438**	**21.910**	**1.243**	**1.483**

During the 2017 the Group losses arising from the valuation at fair value of the above financial assets amounting to €685 thousand (2016: losses €2.974 thousand) are analyzed in losses amounting to €627 thousand (2016: losses €2.986 thousand) recorded in a separate equity reserve revaluation reserve) and in losses amounting to €58 thousand (2016: gains of €12 thousand) recognized in the income statement. Respectively for the Company, the losses amounting €240 thousand (2016: losses of €1.760 thousand) are analyzed in losses amounting to €240 thousand (2016: losses €1.760 thousand) recorded in a separate equity reserve (revaluation reserve).

For investments that are actively traded in organized financial markets, fair value is determined by reference to the closing price at the reporting date. For investments where there is no corresponding market price, fair value is determined by reference to the current market value of another instrument that is substantially the same or estimated based on expected cash flows of the net assets underlying the investment or acquisition value

2.19 OTHER LONG TERM RECEIVABLES

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Receivables	6.006	5.469	0	0
Receivables from related parties (note 2.32.E)	2.053	4.176	28	28
Guarantees	2.063	2.294	100	102
Minus: Provisions	0	0	0	0
Other receivables	6.393	10.468	14	14
Total	**16.515**	**22.407**	**142**	**144**

Reconciliation of changes in provisions for impairment of long-term receivables	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Opening Balance	**0**	**-7.000**	**0**	**0**
Reversal provisions for receivables from debtors [1]	0	7.000	0	0
Closing Balance	**0**	**0**	**0**	**0**

[1] Relating to reversal of provisions for impairment of receivables from debtors (third parties outside the Group) derived from commercial transactions in the ordinary course of business.

2.20 TRADE AND OTHER SHORT TERM RECEIVABLES

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Debtors (third parties)[2]	86.257	91.325	41.769	47.542
Receivables from related entities and other related parties (note 2.32.E)	19.650	22.704	88.728	89.324
Other receivables [1 2]	11.610	29.558	6.145	21.060
Less: Provisions	-13.117	-17.808	-49.079	-47.032
Prepaid expenses and other receivables	41.175	44.200	18.354	17.116
Total	**145.575**	**169.979**	**105.917**	**128.010**

[1] The Group includes collateralized bank deposits as security coverage for banking facilities amounting €30 thousand (31/12/2016: €14.030 thousand) and other collateralized bank deposits amounting to €360 thousand (31/12/2016: €370 thousand).
[2] The account «Trade receivables» and «Other receivables» of the Company and the Group include a receivable from the "Hellenic Organization of Horse Racing S.A." (ODIE) amounting to €27,1 million (31/12/2016: €30,0 million) that was overdue until November 2015 and had not been impaired. In November 2015 an agreement was signed between the Company and ODIE which set the repayment of all of the above receivables of the Company. With this agreement ODIE granted the Company 2/3 of the rent which it will receive from the lease of property of ODIE (Markopoulos facilities) to the company 'Ippodromies SA ". The payment of the assigned lease to the Company has already started. The whole of this receivable is covered by collateral as disclosed in note 2.32.A.O.c "Contingent liabilities" - "Litigation cases". We also note that the Company assesses the risk of non-collectability as minimum, given both the public character of ODIE, and the reception of physical collateral (first mortgage and note of mortgage) on the above mentioned property of ODIE. The record of the above physical collateral, was made for the amount of €20,9 million against the real estate and the facilities of ODIE in Markopoulos, that have a multiple fair value, making the collection of the claim as fully secured.

Reconciliation of changes in provisions for impairment of short-term receivables	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Opening Balance	**-17.808**	**-13.369**	**-47.032**	**-46.611**
Provisions for the period for receivables from affiliates [1]	0	0	-3.589	-10.600
Provisions for the period for receivables from associates / joint ventures [1]	0	-4.348	0	-4.348
Provisions for the period for receivables from debtors [2]	-1.405	-3.968	-640	-575
Provisions utilized for receivables from affiliates	0	0	733	731
Provisions utilized for receivables from debtors	2.635	29	0	0
Reversed provisions for receivables from affiliates	0	0	1.449	14.371
Reversed provisions for receivables from debtors	29	644	0	0
Subsidiaries disposal/change in consolidation method	2.885	3.185	0	0
Exchange differences	547	19	0	0
Closing Balance	**-13.117**	**-17.808**	**-49.079**	**-47.032**

1 Relating to impairment provision of receivables from affiliate and associate companies of the Group derived either from machinery and equipment disposal and services rendered or from loan contracts.
2 Relating to impairment provision of receivables from debtors (third parties outside the Group) derived from commercial transactions in the ordinary course of business.

The maturity information of short-term and long-term receivables is as follows:

RECEIVABLES	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Debtors	92.263	96.794	41.769	47.542
Receivables from related parties (note 2.32.E)	21.703	26.880	88.757	89.352
Prepaid expenses and other receivables	61.241	86.520	24.612	38.292
Provisions for doubtful debts	-13.117	-17.808	-49.079	-47.032
Total	**162.090**	**192.386**	**106.059**	**128.154**
MATURITY INFORMATION				
0-3 months	61.045	52.692	16.723	24.314
3-12 months	84.530	117.287	89.194	103.696
More than 1 year	16.515	22.407	142	144
Total	**162.090**	**192.386**	**106.059**	**128.154**

2.21 INVENTORIES

	GROUP		COMPANY	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
Merchandise – Equipment	29.217	30.841	18.839	18.888
Other	3.803	3.487	0	0
Total	**33.020**	**34.328**	**18.839**	**18.888**
Impairment	-1.538	-2.078	0	0
Total	**31.482**	**32.250**	**18.839**	**18.888**

The amount transferred to profit and loss during 2017, from disposal/usage and provisions for impairment of inventories for the Group was €7.179 thousand (2016: €7.981 thousand) while the respective amount for the Company was €3.585 thousand (2016: €9.576 thousand) and included in «Cost of sales».

Reconciliation of changes in inventories provision for impairment	GROUP		COMPANY	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
Opening balance for the period	**-2.078**	**-3.336**	**0**	**-1.753**
Period provisions*	0	-500	0	0
Transfer of inventories to tangible assets	500	0	0	0
Used provisions	0	1.753	0	1.753
Foreign exchange differences	40	5	0	0
Closing balance for the period	**-1.538**	**-2.078**	**0**	**0**

*Included in «Cost of sales»

There are no liens on inventories.

2.22 CASH AND CASH EQUIVALENTS

Bank current accounts are either non-interest bearing or interest bearing and yield income at the daily bank interest rates.

The short term deposits are made for periods from one day to three months depending on the Group's cash requirements and yield income at the applicable prevailing interest rates.

For the purposes of the statement of cash flows, cash and cash equivalents consist of**:**

	GROUP		COMPANY	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
Cash and bank current accounts	236.855	163.453	20.434	20.356
Short term time deposits/investments (cash equivalents)	1.186	948	0	0
Total	**238.041**	**164.401**	**20.434**	**20.356**

The time deposits denominated in foreign currency relate mainly to currency exchange contracts (which have the nature of a time deposit and not of a derivative financial asset).

2.23 SHARE CAPITAL, TREASURY SHARES AND RESERVES

Share Capital

Total number of authorized shares	31/12/2017	31/12/2016
Ordinary shares of nominal value €0,30 each	158.961.721	158.961.721

Issued and fully paid shares	Number of ordinary shares	€'000
Balance 1 January 2016	**158.961.721**	**47.689**
Issue of new shares	0	0
Balance 31 December 2016	**158.961.721**	**47.689**
Issue of new shares	0	0
Balance 31 December 2017	**158.961.721**	**47.689**

Treasury Shares

The Company, according to article 16, C.L. 2190/1920, article 4.1.4.2 of the regulation of ATHEX and based on the resolution of the Shareholder's Annual General Meeting which took place on the 11/06/2014, as amended by the relevant decision of the Shareholder's Annual General Meeting on 19/05/2015 and 18.05.2017, has approved a buy-back program of up to 10% of the paid share capital, for the time period of 24 months with effect from 11/06/2014 and until 11/06/2018, with a minimum price of €1,00 and maximum price of €12,00. It has also approved that the own shares which will eventually be acquired may be held for future acquisition of shares of another company. During 2017, the Company purchased 869.231 own shares (0,547% of the company's share capital) at an average price of €1,07 per share, totalling €929 thousand. At the same time, in December 2017, the Company proceeded with the sale of 470.746 treasury shares (0,296% of the share capital of the Company) at an average selling price of € 1,05 per share, with a total sale value of €494 thousand (acquisition cost €490 thousand). Until 31/12/2017, the Company had purchased 1.981.254 treasury shares (1,25% of the Company's share capital) at an average cost price of €1,08 per share, totaling €2.149 thousand. During the first quarter of 2018 and up to the date of approval of the financial statements of 31/12/2017, the Company purchased 6.149 treasury shares (0,004% of the share capital of the Company) at an average price of €1,14 per share, with a total value of €7 thousand, setting the total repurchases at 1.987.403 treasury shares (1,25% of the Company's share capital) acquisition price of €1,08 per share, total value €2.156 thousand.

	GROUP		COMPANY	
	Number of ordinary shares	€ '000	Number of ordinary shares	€ '000
Balance 1 January 2016	**470.746**	**490**	**470.746**	**490**
Repurchase of treasury shares	1.112.023	1.219	1.112.023	1.219
Balance 31 December 2016	**1.582.769**	**1.709**	**1.582.769**	**1.709**
Repurchase of treasury shares	869.231	930	869.231	930
Sale of treasury shares	-470.746	-490	-470.746	-490
Balance 31 December 2017	**1.981.254**	**2.149**	**1.981.254**	**2.149**

Reserves

Exchange differences reserve

This reserve is used to record the exchange differences arising from the translation of foreign subsidiaries' financial statements. The balance of this reserve for the Group at 31/12/2017 was €-76,7 million (31/12/2016: €-61,2 million). The Group had a total net loss which was reported in the statement of comprehensive income from the change in the fair value reserve during 2017 amounting to €43,7 million, out of which loss of €32,2 million is attributable to the owners of the parent Company and loss of €11,5 million to non-controlling interest. The above total net loss for 2017 comes mainly from the fluctuation of TRY, USD, JMD, ARS και XCD against the EUR.

In addition, in 2017, a cumulative loss of € 16,6 million was reclassified / recycled to the income statement (line "Profit / (loss) after tax from discontinued operations") from the foreign exchange differences reserve due to the sale of the subsidiaries Favorit Bookmakers Office OOO , Supreme Ventures Ltd, Intralot Caribbean Ventures Ltd and Slovenske Loterie AS.

The main exchange rates of abroad subsidiaries financial statements conversion were:

- **Statement of Financial Position**:

	31/12/2017	31/12/2016	Change
EUR / USD	1,20	1,05	14,3%
EUR / JMD	149,57	135,02	10,8%
EUR / TRY	4,55	3,71	22,6%
EUR / PEN	3,89	3,53	10,2%
EUR / AZN	2,04	1,85	10,3%
EUR / ARS	22,39	16,67	34,3%
EUR / PLN	4,18	4,41	-5,2%
EUR / BRL	3,97	3,43	15,7%

- **Income Statement**:

	Avg. 1/1-31/12/2017	Avg. 1/1-31/12/2016	Change
EUR / USD	1,13	1,11	1,8%
EUR / JMD	144,77	137,99	4,9%
EUR / TRY	4,12	3,34	23,4%
EUR / PEN	3,68	3,73	-1,3%
EUR / AZN	1,94	1,76	10,2%
EUR / ARS	18,75	16,32	14,9%
EUR / PLN	4,26	4,36	-2,3%
EUR / BRL	3,61	3,86	-6,5%

Other Reserves

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Statutory Reserve	28.201	27.076	15.896	15.896
Extraordinary Reserves	1.689	1.689	1.456	1.456
Tax Free and Specially Taxed Reserves	31.334	31.245	28.601	28.601
Treasury shares reserve	5	0	5	0
Actuarial differences reserve	-190	-37	-186	-82
Hedging reserve	-18	0	-18	0
Revaluation reserve	-4.283	-3.937	-2.175	-1.935
Total operations	**56.738**	**56.036**	**43.579**	**43.936**

Statutory reserve

Some of the Group companies are obliged, according to commercial laws in force in the country based, to form a percentage of their annual net profit as reflected in their statutory books to a legal reserve. Under Greek corporate law, companies are required to form at least 5% of their annual net profit as reflected in their statutory books to a legal reserve until the aggregate amount of legal reserve reaches at least 1/3 of the share capital. This reserve cannot be distributed during the Company's operation. Statutory reserve at 31 December 2017 amounts to €28,2 million for the Group and €15,9 million for the Company (2016: €27,1 million and €15,9 million respectively).

Extraordinary Reserves

They concern among other, reserves formed under development laws, from the Company and certain subsidiaries of the Group. For these reserves the tax liability has run out or permanently exempted from taxation and therefore their distribution does not create further tax burden on the Group and Company. Extraordinary reserves on 31 December 2017 amount to €1,7 million for the Group and €1,5 million for the Company (2016: €1,7 million. and €1,5 million. respectively).

Tax free and specially taxed reserves

Tax-free and specially taxed reserves represent investment or development laws and special laws reserves and interest income, which are either tax free or taxed at 15% at source.

These revenues are not taxable provided that there are sufficient profits from which can be formed relative untaxed reserves. According to the Greek tax legislation, these reserves are exempt from income tax, provided they are not distributed to shareholders. The distribution of the balance of these reserves can only occur following the approval of shareholders in a regular meeting and if the applicable taxation is paid. The Group does not intend to distribute the balance of these reserves and therefore has not calculated the tax liability that would arise from the distribution. Also the dividends received or received from resident companies which have their registered office in another member state of the European Union, in which the resident company participates within the meaning of article 11 of L.2578/1998, and the articles 48 & 63 of (L.4172/2013) are exempt from taxation. The exempt amount is shown in a special reserve account (POL.1007 / 2014), irrespective of the profitability or not. If this or any part of the reserve is distributed or capitalized, the amount of the reserve is not added to earnings aggregated with other earnings. The balance of the tax free and specially taxed reserves on 31 December 2017 was €31,3 million for the Group (2016: €31,3 million.) and €28,6 million for the Company (2016: €28,6 million.).

Treasury shares reserve

It relates to profits or losses arising from the sale, re-issue or cancellation of treasury shares and amounted to € 5 thousand for the Group and the Company on 31/12/2017.

Actuarial differences reserve

It concerns actuarial gains / losses arising from actuarial studies performed by the Group to its subsidiaries for the various benefit plans to employees. The actuarial differences reserve on 31 December 2017 amount to €-190 thousand for the Group and €-186 thousand for the Company (2016: €-37 thousand and €-82 thousand respectively).

Hedging Reserve

It relates to the results obtained from the valuation of the financial instruments used as cash flow hedges to cover the exchange rate risk. The hedging reserve is 31 December 2017 at € -18 thousand for the Group and the Company.

Revaluation Reserve

It concerns changes in the fair value of available for sale financial assets amounting on 31 December 2017 to €-4,3 million for the Group and €-2,2 million for the Company (2016: €-3,9 million and €-1,9 million respectively).

Analysis of changes in other comprehensive income by category of reserves

GROUP 1/1-31/12/2017	Actuarial differences Reserve	Revaluation Reserve	Hedging Reserve	Foreign exchange differences Reserve	Retained Earnings	Total	Non-controlling interest	Grand total
Defined benefit plans revaluation for subsidiaries and parent company	-216				79	**-137**	19	**-118**
Revaluation of defined benefit plans of associates and joint ventures	63					**63**		**63**
Valuation of available for sale financial assets of subsidiaries and parent company		-346				**-346**	-11	**-357**
Share of valuation of available for sale financial assets of associates and joint ventures		86				**86**		**86**
Valuation of derivatives of subsidiaries and parent company		0	-18			**-18**		**-18**
Foreign exchange differences on consolidation of subsidiaries		0	0	-2.655		**-2.655**	-11.532	**-14.187**
Share of foreign exchange differences on consolidation of associates and joint ventures		0	0	-12.911		**-12.911**		**-12.911**
Other comprehensive income / (expenses) after tax	**-153**	**-260**	**-18**	**-15.566**	**79**	**-15.918**	**-11.524**	**-27.442**

GROUP 1/1-31/12/2016	Actuarial differences Reserve	Revaluation Reserve	Hedging Reserve	Foreign exchange differences Reserve	Retained Earnings	Total	Non-controlling interest	Grand total
Defined benefit plans revaluation for subsidiaries and parent company	387				-106	**281**	-124	**157**
Valuation of available for sale financial assets of subsidiaries and parent company		-3.003				**-3.003**	17	**-2.986**
Foreign exchange differences on consolidation of subsidiaries				-4.262		**-4.262**	-4.146	**-8.408**
Share of foreign exchange differences on consolidation of associates and joint ventures				2.492		**2.492**		**2.492**
Other comprehensive income / (expenses) after tax	**387**	**-3.003**		**-1.770**	**-106**	**-4.492**	**-4.253**	**-8.745**

COMPANY 1/1-31/12/2017	Actuarial differences reserve	Revaluation Reserve	Hedging reserve	Total
Defined benefit plans revaluation	-104	0	0	**-104**
Valuation of available for sale financial assets	0	-240	0	**-240**
Valuation of derivatives	0	0	-18	**-18**
Other comprehensive income / (expenses) after tax	**-104**	**-240**	**-18**	**-362**

COMPANY 1/1-31/12/2016	Actuarial differences reserve	Revaluation Reserve	Hedging reserve	Total
Defined benefit plans revaluation	-31	0	0	**-31**
Valuation of available for sale financial assets	0	-1.760	0	**-1.760**
Other comprehensive income / (expenses) after tax	**-31**	**-1.760**	**-18**	**-1.791**

2.24 DIVIDENDS

Declared dividends of ordinary shares:	GROUP 31/12/2017	GROUP 31/12/2016	COMPANY 31/12/2017	COMPANY 31/12/2016
Final dividend of period 2012-2013	0	689	0	0
Final dividend of 2014	173	32	0	0
Final dividend of 2015	482	26.572	0	0
Interim dividend of 2016	0	16.255	0	0
Final dividend of 2016	26.433	0	0	0
Interim dividend of 2017	17.807	0	0	0
Dividend per statement of changes in equity	**44.895**	**43.548**	**0**	**0**

Paid Dividends on ordinary shares:

During 2017 dividends paid on ordinary shares, aggregated €38.621 thousand (2016: €42.161 thousand).

2.25 LONG TERM LOANS

	Currency	Interest rate	GROUP 31/12/2017	GROUP 31/12/2016	COMPANY 31/12/2017	COMPANY 31/12/2016
Facility A (€250,0 million)	EUR	6,00%	0	245.998	0	0
Facility B (€250,0 million)	EUR	6,75%	247.520	245.494	0	0
Facility C (€126,1 million)	EUR	1M Euribor + 5,50%	0	156.964	0	0
Facility D (€500,0 million)	EUR	5,25%	490.956	0	0	0
Intercompany Loans			0	0	232.179	237.348
Other			7.439	8.709	0	0
Total Loans			**745.915**	**657.165**	**232.179**	**237.348**
Less: Payable during the next year			-17.927	-13.273	0	0
Long Term Loans			**727.988**	**643.892**	**232.179**	**237.348**

- Facility A: In May 2014, Intralot Capital Luxembourg issued Senior Notes with a nominal value of €250 million, guaranteed by the parent company and subsidiaries of the Group, due 15 May 2021.

The Notes were offered at an issue price of 99,294%. Interest is payable semi-annually at an annual fixed nominal coupon of 6%. The Notes are trading on the Luxembourg Stock Exchanges Euro MTF Market. The Notes bear the Group financial covenants with respect to Net Debt to EBITDA (Senior Leverage ratio <3,75), and financial expenses coverage ratio (Fixed Charge Coverage ratio >2,00).The notes were fully redeemed on 11 October 2017 using the proceeds from Facility D.

- Facility B: In September 2016, Intralot Capital Luxembourg, issued Senior Notes with a nominal value of €250 million, guaranteed by the parent company and subsidiaries of the Group, due 15 September 2021. The Notes were offered at an issue price of 100,000%. Interest is payable semi-annually at an annual fixed nominal coupon of 6,75%. The Notes are trading on the Luxembourg Stock Exchanges Euro MTF Market. The Notes bear the Group financial covenants with respect to Net Debt to EBITDA (Senior Leverage ratio <3,75), and financial expenses coverage ratio (Fixed Charge Coverage ratio >2,00).The Group was in compliance with the covenants under Notes as at 31/12/2017.
- Facility C: In December 2016, Intralot Finance UK Ltd signed a syndicated loan guaranteed by the parent and subsidiaries of the Group amounting €225,0 million (€86,1 million in the form of revolving facility, €98,9 as term loan and €40 million as standby revolving facility).The loan had three year duration (with an extent option for two additional years), bore a floating rate (Euribor) plus a 5,50% margin, but was fully repaid in September 2017 using the proceeds from Facility D and cancelled in December 2017.
- Facility D: In September 2017, Intralot Capital Luxembourg issued Senior Notes with a nominal value of €500,0 million, guaranteed by the parent company and subsidiaries of the Group, due 15 September 2024. The Notes were offered at an issue price of 100,000%. Interest is payable semi-annually at an annual fixed nominal coupon of 5,25%. The Notes are trading on the Luxembourg Stock Exchanges Euro MTF Market. The Notes bear the Group financial covenants with respect to Net Debt to EBITDA (Senior Leverage ratio <3,75), and financial expenses coverage ratio (Fixed Charge Coverage ratio >2,00). The Group was in compliance with the covenants under Notes as at 31/12/2017. The net proceeds from the issue were used to fully redeem Facility A on 11 October 2017 (nominal value €250,0 million, redemption costs €7,5 million, and accrued interest €6,1 million), as well as fully repayment of Facility C on September 2017 of nominal value €165,0 million. The remaining amount will be used to finance general corporate purposes including capital expenditure.

The Company, the subsidiaries of the Group or other related parties, or agents on its or their behalf, may from time to time purchase and/or re-sell bonds of the Group (Facility B & D) in one or more series of open-market transactions from time to time. The Group does not intend to disclose the extent of any such purchase or re-sale otherwise than in accordance with any legal or regulatory obligation the Group may have to do so.

In December 2017 and February 2018, Intralot Finance UK Ltd signed loan agreements guaranteed by the parent and subsidiaries of the Group amounting to €95 million (€80 million in the form of revolving facilities and €15 million as term loan). Loan agreements mature on 30/6/2021 (with an extension option up to 31/12/2022 in case Facility B has been fully repaid until 30/6/2021), bear a floating rate

(Euribor) plus a 4,50% margin regarding revolving facility and 2,75% as for term loan. Under the facility agreements the Group has the right to borrow, repay and utilize the loan limit until maturity. Additionally, voluntary prepayments and commitment reductions under the credit agreements are permitted at any time in whole or in part, without premium or penalty (other than break-funding costs). The financial terms of the above loans, include minimum ratio requirements of total net debt to EBITDA (Leverage Ratio) and the Interest Coverage ratio. On 31/12/2017 the above loans were not drawn. On 31/12/2017 the Group covers the financial covenants of the above loans.

- **Reconciliation of liabilities arising from financing activities:**

GROUP	Balance 31/12/2016	Cash flows	Non cash adjustments					Balance 31/12/2017
			Accrued interest	Foreign exchange differences	New consolidated companies / companies disposals	Transfers	Issue costs	
Long term loans	643.892	91.501	4.278	-122	-1.786	7.214	-16.989	727.988
Short term loans	13.273	-45.411	59.363	-527	-703	-8.068	0	17.927
Long term finance lease	684	3.084	0	-261	-2.118	0	0	1.389
Short term finance lease	1.460	10	75	-110	-17	0	0	1.418
Total liabilities from financing activities	**659.309**	**49.184**	**63.716**	**-1.020**	**-4.624**	**-854**	**-16.989**	**748.722**

GROUP	Balance 31/12/2015	Cash flows	Non cash adjustments					Balance 31/12/2016
			Accrued interest	Foreign exchange differences	New consolidated companies / companies disposals	Transfers	Loss on bond buy back / issue costs	
Long term loans	716.094	-100.045	25.791	0	1.994	2.267	-2.209	643.892
Short term loans	29.365	-66.889	52.773	24	267	-2.267	0	13.273
Long term finance lease	1.966	-1.296	0	14	0	0	0	684
Short term finance lease	6.815	-5.662	304	3	0	0	0	1.460
Total liabilities from financing activities	**754.240**	**-173.892**	**78.868**	**41**	**2.261**	**0**	**-2.209**	**659.309**

Maturity of Group's long term borrowing (excluding finance lease liabilities):

	31/12/2017	31/12/2016
From 1 to 5 years	243.183	642.531
More than 5 years	484.805	1.361
Total	**727.988**	**643.892**

Loans are classified as follows with reference to the granting currency:

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Loans in EUR	726.882	642.379	232.179	237.348
Loans in USD	0	136	0	0
Loans in BGL	1.105	1.361	0	0
Loans in BRL	0	9	0	0
Loans in ARS	1	7	0	0
Total	**727.988**	**643.892**	**232.179**	**237.348**

2.26 STAFF RETIREMENT INDEMNITIES

(a) State Insurance Programs:

The Group's contributions to the State insurance funds for the year ended 31 December 2017 that were reported in the year's expenses amount to €12.895 thousand as stated in note 2.4.

(b) Staff Retirement Indemnities:

According to Greek Labor Law, employees are entitled to indemnity on dismissal or retirement, the amount of which varies depending on the years of service, salary level and the way the employee leaves employment (dismissal or retirement). Employees that resign or are dismissed for legally valid reasons are not indemnified. The indemnity payable on retirement is 40% of the amount that would have been payable to the same employee on dismissal on the same day (retirement date). In Greece, based on customary practice these programs are not funded. The Group charges to the income statement the expense attributable to the service provided by employees in the year, with a corresponding increase in the provision for staff retirement indemnities. Any payments made to retiring employees, are set against the related provision.

Independent actuaries calculated the Company's and the Group's liability for retirement indemnities. The movement of the net liability as presented in the balance sheet, details and the basic assumptions used in the actuarial study as at 31 December 2017 are as follows:

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Present Value of unfunded liability	5.451	5.382	3.489	3.396
Unrecognized actuarial losses	0	0	0	0
Net liability on the balance sheet	**5.451**	**5.382**	**3.489**	**3.396**
Components of the net retirement cost in the year:				
Current service cost	467	541	297	309
Finance cost	128	51	54	68
Amortization of unrecognised service cost	0	0	0	0
Effect of cutting / settlement / termination benefits	1.208	685	1.032	592
Intragroup staff transfer	0	0	-39	-2
Debit to income statement (Note 2.4)- (total operations)	**1.803**	**1.277**	**1.344**	**967**
Additional service cost	0	0	0	0
Total charge to income statement	**1.803**	**1.277**	**1.344**	**967**

Actuarial (gains) / losses recognized in other comprehensive income (before deferred tax)	150	331	147	44
Deferred tax attributable to actuarial (gains)/losses	-32	-72	-43	-13
Actuarial results reserve reclassified to income statement due to disposal of subsidiaries	0	-416	0	0
Total debit/(credit) / losses in other comprehensive income	**118**	**-157**	**104**	**31**

Reconciliation of benefit liabilities:				
Net liability at beginning of year	5.382	6.879	3.396	3.412
Service cost	467	541	297	309
Finance cost	128	51	54	68
Amortization of unrecognised service cost	0	0	0	0
Effect of cutting / settlement / termination benefits	1.207	685	1.032	592
Benefits paid	-1.633	-1.182	-1.398	-1.027
Intragroup staff transfer	0	0	-39	-2
Disposal of subsidiary	-16	-1.774	0	0
New consolidated entities	0	10	0	0
Actuarial (gains) / losses	150	331	147	44
Exchange differences	-234	-159	0	0
Present Value of the liability at end of year	**5.451**	**5.382**	**3.489**	**3.396**

Basic assumptions:

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Discount rate	3,48%	3,78%	1,50%	1,60%
Percentage of annual salary increases	3,31%	2,17%	1,75%	0%
Increase in Consumer Price Index	3,13%	3,26%	1,75%	1,75%

Sensitivity analysis for the most important assumptions on 31/12/2017:

Effect on current service cost	GROUP		COMPANY	
	increase 1%	decrease 1%	increase 1%	decrease 1%
Discount rate	-194	304	-149	239
Percentage of annual salary increases	299	-197	236	-149

Effect on present value of liability	GROUP		COMPANY	
	increase 1%	decrease 1%	increase 1%	decrease 1%
Discount rate	-3.308	4.667	-2.944	4.166
Percentage of annual salary increases	4.621	-3.325	4.123	-2.959

Sensitivity analysis for the most important assumptions on 31/12/2016:

Effect on current service cost	GROUP		COMPANY	
	increase 1%	decrease 1%	increase 1%	decrease 1%
Discount rate	-344	506	-255	378
Percentage of annual salary increases	507	-342	381	-252

Effect on present value of liability	GROUP		COMPANY	
	increase 1%	decrease 1%	increase 1%	decrease 1%
Discount rate	-3.264	4.344	-2.957	3.931
Percentage of annual salary increases	4.334	-3.263	3.924	-2.954

Analysis of Actuarial (gains) / losses in other comprehensive income (before deferred tax):

	31/12/2017		31/12/2016	
	GROUP	COMPANY	GROUP	COMPANY
Change in economic assumptions	234	257	397	80
Change in demographic assumptions	6	0	-34	-35
Change due to experience and other assumptions change	-90	-110	-32	-1
Actuarial (gains) / losses in other comprehensive income (before deferred tax)	**150**	**147**	**331**	**44**

2.27 SHARED BASED BENEFITS

The Group had no active option plan during 2017.

2.28 OTHER LONG TERM LIABILITIES

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Guarantees	10	15.724	0	0
Amounts due to related entities and other related parties (note 2.32.E)	0	0	0	0
Other liabilities	1.059	1.547	0	0
Total	**1.069**	**17.271**	**0**	**0**

2.29 TRADE AND OTHER CURRENT LIABILITES

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Creditors	50.135	48.349	14.628	10.468
Amounts due to related parties (Note 2.32.E)	22.639	31.337	37.662	46.432
Winnings payable	3.659	3.169	0	0
Other creditors	46.859	29.398	8.021	7.035
Taxes	13.549	15.880	1.598	1.931
Dividends payable	3	8	1	5
Total	**136.844**	**128.141**	**61.910**	**65.871**

The maturity of short-term and long-term liabilities is as follows:

PAYABLES	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Creditors	50.135	48.349	14.628	10.468
Payable to related parties (note 2.32.E)	22.639	31.337	37.662	46.432
Other payables	65.139	65.726	9.620	8.971
Total	**137.913**	**145.412**	**61.910**	**65.871**
MATURITY INFORMATION				
0-3 months	76.414	87.085	18.106	26.628
3-12 months	60.430	41.056	43.804	39.243
More than 1 year	1.069	17.271	0	0
Total	**137.913**	**145.412**	**61.910**	**65.871**

2.30 SHORT TERM LOANS AND CURRENT PORTION OF LONG TERM LOANS (including finance lease)

Short term loans represent draw-downs on various credit lines that the Group maintains in various banks. The utilized amounts of these credit lines are analyzed below:

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Loan in EUR[1]	12.095	6.578	0	0
Loan in USD[1]	3.572	4.407	0	0
Loan in PLN	1.321	1.251	0	0
Loan in BGL	380	260	0	0
Loan in ARS	4	5	0	0
Loan in BRL	535	755	0	0
Loan in TRY	20	17	0	0
Total	**17.927**	**13.273**	**0**	**0**

Leasing in EUR	0	1.119	0	0
Leasing in USD	1.290	306	0	0
Leasing in BGL	30	30	0	0
Leasing in BRL	5	5	0	0
Leasing in TRY	93	0	0	0
Total	**1.418**	**1.460**	**0**	**0**
Total	**19.345**	**14.733**	**0**	**0**

[1] The Group included in "Loans in USD" funding from other related parties amounting to €303 thousand (31/12/2016: €338 thousand) (note 2.32.E).

2.31 FINANCIAL ASSETS AND LIABILITIES

The financial assets and liabilities of the Group, excluding cash and cash equivalents are analyzed as follows:

31/12/2017	GROUP			
Financial assets:	**Loans and receivables**	**Available for sale financial assets**	**Financial assets held to maturity**	**Total**
Debtors	92.263	0	0	**92.263**
Receivables from related parties	21.703	0	0	**21.703**
Prepaid expenses and other receivable	61.241	0	0	**61.241**
Bad debtors provisions	-13.117	0	0	**-13.117**
Other quoted financial assets	0	686	914	**1.600**
Other unquoted financial assets	0	20.838	0	**20.838**
Total	**162.090**	**21.524**	**914**	**184.528**
Long term	16.515	21.524	0	**38.039**
Short term	145.575	0	914	**146.489**
Total	**162.090**	**21.524**	**914**	**184.528**

31/12/2016	GROUP		
Financial assets:	**Loans and receivables**	**Available for sale financial assets**	**Total**
Debtors	96.794	0	**96.794**
Receivables from related parties	26.880	0	**26.880**
Prepaid expenses and other receivable	86.520	0	**86.520**
Bad debtors provisions	-17.808	0	**-17.808**
Other quoted financial assets	0	1.949	**1.949**
Other unquoted financial assets	0	19.961	**19.961**
Total	**192.386**	**21.910**	**214.296**
Long term	22.407	21.910	**44.317**
Short term	169.979	0	**169.979**
Total	**192.386**	**21.910**	**214.296**

31/12/2017	GROUP			
Financial liabilities	Financial liabilities measured at amortized cost	Financial liabilities at fair value through profit and loss	Financial liabilities at fair value through other comprehensive income	Total
Creditors	50.135	0	0	**50.135**
Payables to related parties	22.639	0	0	**22.639**
Other liabilities	65.121	0	0	**65.121**
Derivatives	0	0	18	**18**
Borrowing and finance lease	748.722	0	0	**748.722**
Total	**886.617**	**0**	**18**	**886.635**
Long term	730.446	0	0	**730.446**
Short term	156.171	0	18	**156.189**
Total	**886.617**	**0**	**18**	**886.635**

31/12/2016	GROUP			
Financial liabilities	Financial liabilities measured at amortized cost	Financial liabilities at fair value through profit and loss	Financial liabilities at fair value through other comprehensive income	Total
Creditors	48.349	0	0	**48.349**
Payables to related parties	31.337	0	0	**31.337**
Other liabilities	65.726	0	0	**65.726**
Derivatives	0	0	0	**0**
Borrowing and finance lease	659.309	0	0	**659.309**
Total	**804.721**	**0**	**0**	**804.721**
Long term	661.847	0	0	**661.847**
Short term	142.874	0	0	**142.874**
Total	**804.721**	**0**	**0**	**804.721**

Below is the analysis of the financial assets and liabilities of the Company excluding cash and cash equivalents:

31/12/2017	COMPANY		
Financial assets:	Loans and receivables	Available for sale financial assets	Total
Debtors	41.769	0	**41.769**
Receivables from related parties	88.757	0	**88.757**
Prepaid expenses and other receivable	24.612	0	**24.612**
Bad debtors provisions	-49.079	0	**-49.079**
Other quoted financial assets	0	60	**60**
Other unquoted financial assets	0	1.183	**1.183**
Total	**106.059**	**1.243**	**107.302**
Long term	142	1.243	**1.385**
Short term	105.917	0	**105.917**
Total	**106.059**	**1.243**	**107.302**

31/12/2016	COMPANY		
Financial assets:	Loans and receivables	Available for sale financial assets	Total
Debtors	47.542	0	**47.542**
Receivables from related parties	89.352	0	**89.352**
Prepaid expenses and other receivable	38.292	0	**38.292**
Bad debtors provisions	-47.032	0	**-47.032**
Other quoted financial assets	0	24	**24**
Other unquoted financial assets	0	1.459	**1.459**
Total	**128.154**	**1.483**	**129.637**
Long term	144	1.483	**1.627**
Short term	128.010	0	**128.010**
Total	**128.154**	**1.483**	**129.637**

31/12/2017	COMPANY			
Financial liabilities	Financial liabilities measured at amortized cost	Financial liabilities at fair value through profit and loss	Financial liabilities at fair value through other comprehensive income	Total
Creditors	14.628	0	0	**14.628**
Payables to related parties	37.662	0	0	**37.662**
Other liabilities	9.602	0	0	**9.602**
Derivatives	0	0	18	**18**
Borrowing and finance lease	232.179	0	0	**232.179**
Total	**294.071**	**0**	**18**	**294.089**
Long term	232.179	0	0	**232.179**
Short term	61.892	0	18	**61.910**
Total	**294.071**	**0**	**18**	**294.089**

31/12/2016	COMPANY			
Financial liabilities	Financial liabilities measured at amortized cost	Financial liabilities at fair value through profit and loss	Financial liabilities at fair value through other comprehensive income	Total
Creditors	10.468	0	0	**10.468**
Payables to related parties	46.432	0	0	**46.432**
Other liabilities	8.971	0	0	**8.971**
Derivatives	0	0	0	**0**
Borrowing and finance lease	237.348	0	0	**237.348**
Total	**303.219**	**0**	**0**	**303.219**
Long term	237.348	0	0	**237.348**
Short term	65.871	0	0	**65.871**
Total	**303.219**	**0**	**0**	**303.219**

Estimated fair value

Below is a comparison by category of carrying amounts and fair values of financial assets and liabilities of the Group and the Company as at 31 December 2017 and 31 December 2016:

	GROUP			
	Carrying Amount		Fair Value	
Financial Assets	**31/12/2017**	**31/12/2016**	**31/12/2017**	**31/12/2016**
Other long-term financial assets - classified as "available for sale"	21.524	21.910	21.524	21.910
Other long-term financial assets - classified as "held to maturity"	0	0	0	0
Other long-term receivables	16.515	22.407	16.515	22.407
Trade and other short-term receivables	145.575	169.979	145.575	169.979
Short-term derivatives financial assets	914	0	871	0
Cash and cash equivalents	238.041	164.401	238.041	164.401
Total	**422.569**	**378.697**	**422.526**	**378.697**
Financial Liabilities				
Long-term loans	727.988	643.892	766.794	656.502
Other long-term liabilities	1.069	17.271	1.069	17.271
Liabilities from finance leases	1.389	684	1.389	684
Trade and other short term payables	136.844	128.141	136.844	128.141
Short-term loans and finance leases	19.345	14.733	20.030	14.791
Total	**886.635**	**804.721**	**926.126**	**817.389**

	COMPANY			
	Carrying Amount		Fair Value	
Financial Assets	**31/12/2017**	**31/12/2016**	**31/12/2017**	**31/12/2016**
Other long-term financial assets - classified as "available for sale"	1.243	1.483	1.243	1.483
Other long-term receivables	142	144	142	144
Trade and other short-term receivables	105.917	128.010	105.917	128.010
Short-term derivatives financial assets	0	0	0	0
Cash and cash equivalents	20.434	20.356	20.434	20.356
Total	**127.736**	**149.993**	**127.736**	**149.993**
Financial Liabilities				
Long-term loans	232.179	237.348	232.179	237.348
Trade and other short term payables	61.910	65.871	61.910	65.871
Total	**294.089**	**303.219**	**294.089**	**303.219**

The management estimated that the carrying value of cash and cash equivalents, trade and other receivables, trade and other payables approximates their fair value, primarily because of their short term maturities.

Fair value hierarchy

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements to them. The levels of the fair value hierarchy are as follows:

Level 1: official quoted prices (unadjusted) in markets with significant volume of transactions for similar assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group and the Company held on 31/12/2017 the following assets and liabilities measured at fair value:

GROUP	Fair Value 31/12/2017	Fair value hierarchy Level 1	Level 2	Level 3
Financial assets measured at fair value				
Other financial assets classified as "Available for sale"	**21.524**	**686**	**0**	**20.838**
- Quoted shares	*686*	*686*	*0*	*0*
- Unquoted shares	*20.838*	*0*	*0*	*20.838*
Other financial assets classified as "Held to maturity"	**914**	**0**	**0**	**914**
- Quoted shares	*914*	*0*	*0*	*914*
- Unquoted shares	*0*	*0*	*0*	*0*
Derivative financial instruments	**0**	**0**	**0**	**0**
Financial liabilities measured at fair value				
Derivative financial instruments	**18**	**0**	**18**	**0**

COMPANY	Fair Value 31/12/2017	Fair value hierarchy Level 1	Level 2	Level 3
Financial assets measured at fair value				
Other financial assets classified as "Available for sale"	**1.243**	**60**	**0**	**1.183**
- Quoted shares	*60*	*60*	*0*	*0*
- Unquoted shares	*1.183*	*0*	*0*	*1.183*
Derivative financial instruments	**0**	**0**	**0**	**0**
Financial liabilities measured at fair value				
Derivative financial instruments	**18**	**0**	**18**	**0**

During 2017 there were no transfers between Level 1 and Level 2 of the fair value hierarchy, no transfers to and from Level 3.

The Group and the Company held on 31/12/2016 the following assets and liabilities measured at fair value:

GROUP	Fair Value 31/12/2016	Fair value hierarchy Level 1	Level 2	Level 3
Financial assets measured at fair value				
Other financial assets classified as "Available for sale"	**21.910**	**1.949**	**0**	**19.961**
- Quoted shares	*1.949*	*1.949*	*0*	*0*
- Unquoted shares	*19.961*	*0*	*0*	*19.961*
Derivative financial instruments	**0**	**0**	**0**	**0**
Financial liabilities measured at fair value				
Derivative financial instruments	**0**	**0**	**0**	**0**

COMPANY	Fair Value 31/12/2016	Fair value hierarchy Level 1	Level 2	Level 3
Financial assets measured at fair value				
Other financial assets classified as "Available for sale"	**1.483**	**24**	**0**	**1.459**
- Quoted shares	*24*	*24*	*0*	*0*
- Unquoted shares	*1.459*	*0*	*0*	*1.459*
Derivative financial instruments	**0**	**0**	**0**	**0**
Financial liabilities measured at fair value				
Derivative financial instruments	**0**	**0**	**0**	**0**

During 2016 there were no transfers between Level 1 and 2 in the hierarchy of fair value or transfer in and out of Level 3.

Reconciliation for recurring fair value measurements classified in the 3rd level of the fair value hierarchy:

Unquoted shares	GROUP	COMPANY
Balance 1/1/2016	**24.273**	**3.219**
Period purchases	1.450	0
Additions due to acquisition	90	0
Return of capital	-3.292	0
Fair value adjustment	-2.439	-1.760
Period disposals	-90	0
Exchange differences	-31	0
Balance 31/12/2016	**19.961**	**1.459**
Period purchases	1.300	0
Disposals	-14	0
Fair value adjustment	-382	-276
Exchange differences	-13	0
Disposal of subsidiary	-14	0
Balance 31/12/2017	**20.838**	**1.183**

Quoted shares	GROUP	COMPANY
Balance 31/12/2016	**0**	**0**
Period purchases	960	0
Fair value adjustment	49	0
Exchange differences	-95	0
Balance 31/12/2017	**914**	**0**

Valuation methods and assumptions

The fair value of the financial assets and liabilities is the amount at which the asset could be sold or the liability transferred in a current transaction between market participants, other than in a forced or liquidation sale.

The following methods and assumptions are used to estimate the fair values:

- Fair value of the quoted shares (classified as "Available for sale") derives from quoted market closing prices in active markets at the reporting date.
- Fair value of the unquoted shares (classified as "Available for sale") is estimated by reference to the current market value of another item substantially similar or using a DCF model. The valuation through the DCF model requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.
- Fair value of the quoted bonds is based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.
- The Group uses derivative financial instruments such as forward currency contracts, interest rate swaps, currency swaps and other derivatives in order to hedge risks related to interest rates and foreign currency fluctuations. Such derivative financial instruments are measured at fair value at each reporting date. The fair value of these derivatives is measured mainly by reference of the market value and is verified by the financial institutions.

Description of significant unobservable inputs to valuation:

The fair value of unquoted shares (classified as "Available for sale") except that it is sensitive to a reasonably possible change in the forecast cash flows and the discount rate, is also sensitive to a reasonably possible change in growth rates. The valuation requires management to use unobservable inputs in the model, of which the most significant are disclosed in the tables below. The management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.

Unquoted shares (classified as "Available for sale")

Valuation method	Significant unobservable inputs	Range (Weighted Average)	
		31/12/2017	31/12/2016
DCF	Sales growth rate	0.0% - 6.0% (1.1%)	0.0% - 95.8% (5.3%)
	Growth rate beyond budgets period	0.0% - 1.0% (0.9%)	0.0% - 13.1% (4.1%)
	Discount rates (WACC)	5.8% - 15.4% (14.9%)	6.4% - 18.9% (18.2%)

Sensitivity analysis of recoverable amounts:

On 31/12/2017, the Group analyzed the sensitivity of recoverable amounts in a reasonable and possible change in any of the above significant unobservable inputs (i.e. the change of one percentage point in the growth rate beyond the budgets period and discount rates). These analyses did not indicate a situation in which the carrying value of the Group's significant investments in unquoted shares exceeds their recoverable amount.

2.32 SUPPLEMENTARY INFORMATION

A. BUSINESS COMBINATION AND METHOD OF CONSOLIDATON

The companies included in the consolidation, with the relevant addresses and the relevant participation percentages are the following:

I. Full consolidation		Domicile	Nature of business	% Direct Part'n	% Indirect Part'n	% Total Part'n
	INTRALOT S.A.	Maroussi, Greece	Holding company / Technology and support services	Parent	Parent	-
3.	BETTING COMPANY S.A.	Maroussi, Greece	Technology and support services	95%	5%	100%
23.	BETTING CYPRUS LTD	Nicosia, Cyprus	Technology and support services		100%	100%
	INTRALOT IBERIA HOLDINGS SA	Madrid, Spain	Holding company	100%		100%
27.	INTRALOT JAMAICA LTD	Kingston, Jamaica	Technology and support services		100%	100%
27.	INTRALOT TURKEY A.S.	Istanbul, Turkey	Technology and support services	50%	49,99%	99,99%
27.	INTRALOT DE MEXICO LTD	Mexico City, Mexico	Technology and support services		99,80%	99,80%
27.	INTRALOT CHILE SPA	Santiago, Chile	Technology and support services		100%	100%
27.	INTELTEK INTERNET AS	Istanbul, Turkey	Management contracts	20%	25%	45%
28.	AZERINTELTEK AS	Baku, Azerbaijan	Licensed operations		22,95%	22,95%
	POLDIN LTD	Warsaw, Poland	Technology and support services	100%		100%
	ATROPOS S.A.	Maroussi, Greece	Technology and support services	100%		100%
	INTRALOT SERVICES S.A.	Paiania, Greece	Technology and support services	100%		100%
	INTRALOT ADRIATIC DOO	Zagreb, Croatia	Technology and support services	100%		100%
	BILYONER INTERAKTIF HIZMELTER AS GROUP	Istanbul, Turkey	Management contracts	50,01%		50,01%
	INTRALOT MAROC S.A.	Casablanca, Morocco	Management contracts	99,83%		99,83%
2.	GAMING SOLUTIONS INTERNATIONAL LTDA	Bogota, Colombia	Management contracts	99%	1%	100%
2.	INTRALOT INTERACTIVE S.A.	Maroussi, Greece	Technology and support services	65,24%	34,76%	100%
	INTRALOT GLOBAL SECURITIES B.V.	Amsterdam, Netherlands	Holding company	100%		100%
1.	INTRALOT CAPITAL LUXEMBOURG S.A.	Luxembourg, Luxembourg	Financial services		100%	100%
39.	INTRALOT FINANCE LUXEMBOURG S.A.	Luxembourg, Luxembourg	Financial services		100%	100%
1,2,3,4.	INTRALOT GLOBAL HOLDINGS B.V.	Amsterdam, Netherland	Holding company		100%	100%
5.	INTRALOT INC	Atlanta, USA	Technology and support services		100%	100%
12.	DC09 LLC	Wilmington, USA	Technology and support services		49%	49%

I. Full consolidation		Domicile	Nature of business	% Direct Part'n	% Indirect Part'n	% Total Part'n
5.	INTRALOT AUSTRALIA PTY LTD	Melbourne, Australia	Technology and support services		100%	100%
26.	INTRALOT GAMING SERVICES PTY	Melbourne, Australia	Technology and support services		100%	100%
5.	ILOT CAPITAL UK LTD	Hertfordshire, United Kingdom	Financial services	0,02%	99,98%	100%
5.	ILOT INVESTMENT UK LTD	Hertfordshire, United Kingdom	Financial services	0,02%	99,98%	100%
5.	INTRALOT NEDERLAND B.V.	Amsterdam, Netherlands	Technology and support services		100%	100%
5.	LOTROM S.A.	Bucharest, Romania	Management contracts		60%	60%
5.	INTRALOT BEIJING Co LTD	Beijing, China	Technology and support services		100%	100%
5.	TECNO ACCION S.A.	Buenos Aires, Argentina	Technology and support services		50,01%	50,01%
5.	TECNO ACCION SALTA S.A.	Buenos Aires, Argentina	Licensed operations		50,01%	50,01%
5.	MALTCO LOTTERIES LTD	Valetta, Malta	Licensed operations		73%	73%
5.	INTRALOT NEW ZEALAND LTD	Wellington, New Zealand	Technology and support services		100%	100%
5.	INTRALOT DO BRAZIL LTDA	Sao Paulo, Brazil	Licensed operations		80%	80%
14.	OLTP LTDA	Rio de Janeiro, Brazil	Licensed operations		80%	80%
5.	INTRALOT GERMANY GMBH	Munich, Germany	Technology and support services		100%	100%
5.	INTRALOT SOUTH KOREA S.A.	Seoul, S. Korea	Technology and support services		100%	100%
5.	INTRALOT FINANCE UK LTD	London, United Kingdom	Financial services		100%	100%
5.	INTRALOT ASIA PACIFIC LTD	Hong Kong, China	Technology and support services		100%	100%
5.	WHITE EAGLE INVESTMENTS LTD	Hertfordshire, United Kingdom	Holding company		100%	100%
5.	BETA RIAL Sp.Zoo	Warsaw, Poland	Holding company		100%	100%
5.	POLLOT Sp.Zoo	Warsaw, Poland	Holding company		100%	100%
15,16,17	TOTOLOTEK S.A.	Warsaw, Poland	Licensed operations		95,45%	95,45%
5.	INTRALOT SLOVAKIA SPOL. S.R.O.	Bratislava, Slovakia	Technology and support services		100%	100%
5.	SLOVENSKE LOTERIE A.S.[6]	Bratislava, Slovakia	Licensed operations		51%	51%
5.	NIKANTRO HOLDINGS Co LTD	Nicosia, Cyprus	Holding company		100%	100%
19.	LOTERIA MOLDOVEI S.A.	Chisinau, Moldova	Licensed operations	47,90%	32,85%	80,75%
5.	INTRALOT BETTING OPERATIONS (CYPRUS) LTD	Nicosia, Cyprus	Holding company		54,95%	54,95%
5,6.	ROYAL HIGHGATE LTD	Nicosia, Cyprus	Licensed operations		35,08%	35,08%
5.	INTRALOT LEASING NEDERLAND B.V.	Amsterdam, Netherland	Financial services		100%	100%
5.	INTRALOT IRELAND LTD	Dublin, Ireland	Technology and support services		100%	100%

I. Full consolidation		Domicile	Nature of business	% Direct Part'n	% Indirect Part'n	% Total Part'n
5.	BILOT INVESTMENT LTD	Sofia, Bulgaria	Holding company		100%	100%
34.	EUROBET LTD	Sofia, Bulgaria	Licensed operations		49%	49%
35.	EUROBET TRADING LTD	Sofia, Bulgaria	Trading company		49%	49%
35.	ICS S.A.	Sofia, Bulgaria	Licensed operations		49%	49%
5.	TECNO ACCION URUGUAY S.A. (Pilmery Corporation S.A.)	Montevideo, Uruguay	Technology and support services		50,10%	50,10%
5.	INTRALOT GLOBAL OPERATIONS B.V.	Amsterdam, Netherland	Technology and support services		100%	100%
5.	GARDAN LTD	Majuro, Marshall Islands	Technology and support services		100%	100%
5,2.	GAMEWAY LTD	Valletta, Malta	Technology and support services		100%	100%
5.	INTRALOT ITALIAN INVESTMENTS B.V.	Amsterdam, Netherlands	Holding company		100%	100%
5.	BIT8 LTD [4]	Valletta, Malta	Technology and support services		100%	100%
5.	INTRALOT CYPRUS GLOBAL ASSETS LTD	Nicosia, Cyprus	Holding company		100%	100%
8.	INTRALOT OOO	Moscow, Russia	Management contracts		100%	100%
8.	INTRALOT ST. LUCIA LTD	Castries, Santa Lucia	Holding company		100%	100%
9.	INTRALOT GUATEMALA S.A.	Guatemala City, Guatemala	Holding company		100%	100%
10.	LOTERIAS Y APUESTAS DE GUATEMALA S.A.	Guatemala City, Guatemala	Technology and support services		51%	51%
9.	INTRALOT DOMINICANA S.A.	St. Dominicus, Dominican Republic	Technology and support services		100%	100%
9.	INTRALOT LATIN AMERICA INC	Miami, USA	Technology and support services		100%	100%
9.	CARIBBEAN VLT SERVICES LTD	Castries, Santa Lucia	Technology and support services		50,001%	50,001%
9.	INTRALOT CARIBBEAN VENTURES LTD[5]	Castries, Santa Lucia	Holding company		50,05%	50,05%
11.	SUPREME VENTURES LTD[5]	Kingston, Jamaica	Licensed operations		24,97%	24,97%
	INTRALOT HOLDINGS INTERNATIONAL LTD	Nicosia, Cyprus	Holding company	100%		100%
2.	INTRALOT INTERNATIONAL LTD	Nicosia, Cyprus	Technology and support services		100%	100%
3.	INTRALOT OPERATIONS LTD	Nicosia, Cyprus	Technology and support services		100%	100%
2,4.	NETMAN SRL	Bucharest, Romania	Management contracts		100%	100%
2.	BILOT EOOD	Sofia, Bulgaria	Holding company		100%	100%
20.	EUROFOOTBALL LTD	Sofia, Bulgaria	Licensed operations		49%	49%
21.	EUROFOOTBALL PRINT LTD	Sofia, Bulgaria	Licensed operations		49%	49%
2.	INTRALOT TECHNOLOGIES LTD	Nicosia, Cyprus	Technology and support services		100%	100%
22.	INTRALOT LOTTERIES LTD	Nicosia, Cyprus	Holding company	51%	49%	100%

I. Full consolidation		Domicile	Nature of business	% Direct Part'n	% Indirect Part'n	% Total Part'n
2.	INTRALOT BUSINESS DEVELOPMENT LTD	Nicosia, Cyprus	Technology and support services		100%	100%
2,4.	GAMING SOLUTIONS INTERNATIONAL SAC	Lima, Peru	Licensed operations		100%	100%
2.	NAFIROL S.A.	Montevideo, Uruguay	Technology and support services		100%	100%
2.	LEBANESE GAMES S.A.L	Beirut, Lebanon	Technology and support services		99,99%	99,99%
2.	INTRALOT HONG KONG HOLDINGS LTD	Hong Kong, China	Holding company		100%	100%
2.	ENTERGAMING LTD	Alderney, Guernsey	Licensed operations		100%	100%
2.	INTRALOT BETTING OPERATIONS RUSSIA LTD	Nicosia, Cyprus	Holding company		100%	100%
24.	FAVORIT BOOKMAKERS OFFICE OOO	Moscow, Russia	Licensed operations		100%	100%

II. Equity method		Domicile	Nature of business	% Direct Part'n	% Indirect Part'n	% Total Part'n
	LOTRICH INFORMATION Co LTD	Taipei, Taiwan	Technology and support services	40%		40%
	INTRALOT SOUTH AFRICA LTD	Johannesburg, S. Africa	Technology and support services	45%		45%
2,3.	GOREWARD LTD	Taipei, Taiwan	Holding company		38,84%	38,84%
29.	GOREWARD INVESTMENTS LTD	Taipei, Taiwan	Holding company		38,84%	38,84%
29.	PRECIOUS SUCCESS LTD GROUP	Hong Kong, China	Licensed operations		19,03%	19,03%
29.	GAIN ADVANCE GROUP LTD	Hong Kong, China	Holding company		38,84%	38,84%
29.	OASIS RICH INTERNATIONAL LTD	Taipei, Taiwan	Technology and support services		38,84%	38,84%
30.	WUSHENG COMPUTER TECHNOLOGY (SHANGHAI) CO LTD	Shanghai, China	Technology and support services		38,84%	38,84%
5.	BIT8 LTD[4]	Valletta, Malta	Technology and support services		39%	39%
18.	SWITCH IT NV[4]	Willemstad, Curacao	Technology and support services		39%	39%
18.	FUTURE PLATFORMS LTD[4]	Valletta, Malta	Technology and support services		39%	39%
2.	UNICLIC LTD	Nicosia, Cyprus	Holding company		50%	50%
25.	DOWA LTD	Nicosia, Cyprus	Holding company		30%	30%
36.	GAMENET GROUP S.p.A. [3]	Rome, Italy	Holding company		20%	20%
31.	GAMENET S.p.A. [2]	Rome, Italy	Licensed operations		20%	20%
32.	INTRALOT HOLDING & SERVICES S.p.A. [1]	Rome, Italy	Licensed operations		20%	20%
7.	INTRALOT GAMING MACHINES S.p.A. [1]	Rome, Italy	Licensed operations		20%	20%
7.	INTRALOT ITALIA S.p.A [1]	Rome, Italy	Licensed operations		20%	20%
13.	VENETA SERVIZI S.R.L. [1]	Rome, Italy	Licensed operations		20%	20%

II Equity method		Domicile	Nature of business	% Direct Part'n	% Indirect Part'n	% Total Part'n
32.	GAMENET ENTERTAINMENT S.R.L.	Rome, Italy	Licensed operations		20%	20%
33.	GAMECITY S.R.L.[1]	Camaiore, Italy	Licensed operations		20%	20%
33.	LA CHANCE S.R.L.	Rome, Italy	Licensed operations		12%	12%
37.	SLOT PLANET S.R.L.	Milan, Italy	Licensed operations		12%	12%
32.	GAMENET SCOMMESSE S.p.A.	Rome, Italy	Licensed operations		20%	20%
32.	GAMENET RENTING S.R.L.[1]	Rome, Italy	Technology and support services		20%	20%
32.	TOPPLAY S.R.L.	Rome, Italy	Licensed operations		20%	20%
32.	GNETWORK S.R.L.	Rome, Italy	Licensed operations		20%	20%
32.	VERVE S.p.A.[1]	Campione d'Italia, Italy	Licensed operations		20%	20%
32.	BILLIONS ITALIA S.R.L.	Rome, Italy	Licensed operations		10,20%	10,20%
32.	JOLLY VIDEOGIOCHI S.R.L.	Rome, Italy	Licensed operations		14%	14%
38.	ROSILSPORT SRL	Milan, Italy	Technology and support services		10,50%	10,50%
32.	NEW MATIC S.R.L.	Rome, Italy	Licensed operations		10,20%	10,20%
32.	AGESOFT S.R.L.	Rome, Italy	Technology and support services		12%	12%
	INTRALOT DE PERU SAC [2]	Lima, Peru	Licensed operations	20%		20%

Subsidiary of the company:			
1: Intralot Global Securities BV	11: Intralot Caribbean Ventures LTD	21: Eurofootball LTD	31: Gamenet Group S.p.A.
2: Intralot Holdings International LTD	12: Intralot Inc	22: Intralot Technologies LTD	32: Gamenet S.p.A.
3: Intralot International LTD	13: Intralot Italia S.p.A.	23: Betting Company S.A.	33: Gamenet Entertainment S.R.L.
4: Intralot Operations LTD	14: Intralot Do Brazil LTDA	24: Intralot Betting Operations Russia LTD	34: Bilot Investment Ltd
5: Intralot Global Holdings BV	15: Pollot Sp.Zoo	25: Uniclic LTD	35: Eurobet Ltd
6: Intralot Betting Operations(Cyprus) LTD	16: White Eagle Investments LTD	26: Intralot Australia PTY LTD	36: Intralot Italian Investments B.V.
7: Intralot Holding & Services S.p.A.	17: Beta Rial Sp.Zoo.	27: Intralot Iberia Holdings S.A.	37: La Chance S.R.L.
8: Intralot Cyprus Global Assets LTD	18: Bit8 LTD	28: Inteltek Internet AS	38: Jolly Videogiochi S.R.L.
9: Intralot St.Lucia LTD	19: Nikantro Holdings Co LTD	29: Goreward LTD	39: Intralot Capital Luxemburg S.A.
10: Intralot Guatemala S.A.	20: Bilot EOOD	30: Oasis Rich International LTD	

[1] The companies Intralot Holding & Services S.p.A., Intralot Gaming Machines S.p.A., Intralot Italia S.p.A. and Veneta Servizi Srl were consolidated until 27/6/2016 with the full consolidation method and from 28/6/2016 with the equity method after the contribution from Intralot Global Holdings BV in Gamenet Group S.p.A. under the agreement with Trilantic Capital Partners Europe, the principal shareholder of Gamenet S.p.A. (note 2.32.A.VIII.A). On July 2017 the associate company Gamenet S.p.A. (20%) absorbed the 100% subsidiaries of Intralot Holding & Services S.p.A. and Intralot Gaming Machines S.p.A. while in November 2017 it absorbed its 100% subsidiary of Gamecity Renting S.R.L. In November 2017 the associate company Gamenet Entertainment S.R.L. (20%) absorbed its 100% subsidiary Gamecity S.R.L. as well as Verve S.p.A. which is a 100% subsidiary of the associate company Gamenet S.p.A. (20%).

[2] The company Intralot De Peru SAC was consolidated until 24/11/2016 with the full consolidation method and from 25/11/2016 with the equity method following the sale of share 80% in NG Entertainment Peru S.A.C. (note 2.32.A.VIII.B).

[3] The Group consolidated on 31/12/2017 the Group Gamenet Group S.p.A. with the equity method using the financial statements for the period 1/10/2016-30/9/2017 pursuant to IAS 28 para. 34, since the deadlines for the preparation and approval of the financial statements of the Group Gamenet Group S.p.A. are later than those of Intralot Group.

[4] The company Bit8 Ltd (Malta) was consolidated with the equity method until 30/11/2017 and from 1/12/2017 with the full consolidation method after the acquisition of an additional 61% stake (note 2.32.A.VIII.B). The companies Switch IT NV (Curacao) and Future Platforms Ltd (Malta) were consolidated with the equity method until their sale on 30/11/2017.
[5] The companies Intralot Caribbean Ventures Ltd (Santa Lucia) and Supreme Ventures Ltd (Jamaica) were consolidated until 2/10/2017 using the full consolidation method as they were sold to Zodiac International Investments Ltd (note 2.32.A.VIII.A).
[6] The company Slovenske Loterie AS (Slovakia) was consolidated up to 18/12/ 2017 with the full consolidation method as it was disposed to Olbena SRO (note 2.32.A.VIII.A).

The entities Atropos S.A.,Nafirol S.A., Intralot Dominicana S.A., Gaming Solutions International Ltda, Loteria Moldovei S.A., Intralot Latin America Inc and Gain Advance Group LTD are under liquidation process.

The Group has also a number of shares of non-significant value in subsidiaries and associates to which, in respect to INTRALOT SA, there is no parent-subsidiary relationship in the form of a legal entity.

On 31/12/2017, the Group or its subsidiaries did not have any significant contractual or statutory restrictions on their ability to access or use the assets and settle the liabilities of the Group.

The following United Kingdom subsidiaries are exempt from the requirements of the Companies Act 2006 relating to the statutory audit of individual company accounts by virtue of Section 479A of that Act:

Intralot Finance UK Ltd (company number 6451119)

White Eagle Investments Limited (company number 3450868)

Ilot Capital UK Limited (company number 9614324)

Ilot Investments UK Ltd (company number 9614271)

However, Intralot Finance UK Ltd has been audited in 2016 for IFRS Group reporting purposes.

III. Acquisitions

A) Eurobet Ltd Group - Bulgaria

On April 2016, the Group announced the acquisition, through its Bulgarian subsidiary Bilot Investment Ltd, of a strategic stake in Eurobet Ltd a leading gaming company in Bulgaria. The Group acquired a 49% stake in Eurobet Ltd, a company that offers to the Bulgarian market numerical games and scratch tickets through a network of 1.100 points of sales countrywide. The Group already has a strong presence in Bulgaria, holding since 2002 a 49% share of Eurofootball Ltd, a company that offers Fixed Odds and Live Betting through a network of 850 shops.
The cost of the transaction amounts to €19,5 million and will be paid as follows: €5,85 million deposit and the remaining amount in installments over an 18 months period. The EV/EBITDA ratio for the acquisition of the share amounted to approximately 5x. The acquisition was completed in early July 2016, after approval by the Competition Protection Commission. The Eurobet Group (Eurobet Ltd, Eurobet Trading Ltd & ICS SA) is consolidated since July 2016 with the full consolidation method.

The fair values of the identifiable assets and liabilities of Eurobet Ltd Group on the acquisition date were:

	Fair Value
Tangible assets	3.000
Intangible assets	593
Other financial assets	90
Inventories	592
Trade and other short term receivables	5.023
Cash and cash equivalents	104
Long term loans	-2.451
Staff retirement indemnities	-10
Short term loans and finance lease	-1.108
Trade and other short term payables	-3.755
Short term provisions	-23
Total fair value of net identifiable assets	**2.055**
Fair value of net identifiable assets attributable to non-controlling interests	-1.048
Goodwill recognized on acquisition	18.493
Total acquisition consideration	**19.500**
Analysis of cash flows on acquisition:	
Cash and cash equivalents acquired	104
Acquisition consideration in cash	-5.850
Net cash flow on acquisition	**-5.746**
Acquisition consideration in cash paid after the acquisition date and during 2016	-4.816
Acquisition consideration in cash paid after the acquisition date and during 2017	-8.938

During 2017, the Eurobet Group contributed revenue (sale proceeds) amounting to €60.380 thousand and earnings before taxes from continuing operations amounting to €5.006 thousand (2016: €27.875 thousand and €2.071 thousand respectively).

B) Gamenet Group S.p.A. - Italia

During 2017, the associate company Gamenet Group S.p.A. (20%) acquired 60% of the Italian company La Chance S.R.L. which owns by 100% the Italian company Slot Planet S.R.L.. These companies are active in the management of VLT gaming halls.

Also the associate company Jolly Videogiochi S.R.L. (14%) acquired by 75% of the Italian company RosilSport S.R.L. which operates in the field of AWP rental. At the same time, during 2017 the associate company Intralot Holding & Services S.p.A. (20%) acquired 2% of Intralot Gaming Machines S.p.A. previously held by Gamenet S.p.A.

C) Other acquisitions

On November 2017 the Group acquired through its subsidiary Intralot Global Holdings BV the 100% of Gardan Ltd, a gaming company based in the Marshall Islands. The consideration price was €2,9 million and was offset against a related receivable of the Group.

The fair values of identifiable assets and liabilities of Gardan Ltd at the date of acquisition were:

	Fair value
Intangible assets	4.196
Trade and other short term liabilities	-1.250
Total fair value of net identifiable assets	**2.946**
Fair value of net identifiable assets attributable to non-controlling interests	0
Goodwill recognized on acquisition	0
Total consideration price	**2.946**
Cash flow analysis upon acquisition:	
Cash and cash equivalents acquired	0
Consideration price in cash paid on the date of acquisition	0
Net cash flow upon acquisition	**0**

During 2017, Gardan Ltd was consolidated with the full consolidation method from mid-November and contributed profits / (losses) before taxes from continuing operations amounting to € -186 thousand.

On January 2018 the Group completed – through its subsidiary INTRALOT Global Holdings BV –the acquisition of 50% of the Cypriot company "KARENIA ENTERPRISES COMPANY LIMITED", for the price of €6,75 million. This company participates with 30% stake in "ATHENS RESORT CASINO HOLDINGS S.A.", which holds a 51% stake in "REGENCY CASINO MONT PARNES".

IV. New Companies of the Group

During 2017 the Group proceeded to the establishment of its subsidiary Intralot Italian Investments B.V. (100%).

V. Changes in ownership percentage

During the second quarter of 2017, the Group acquired an additional 4.06% of ordinary shares with voting rights of the subsidiary company Intralot Interactive SA, increasing its stake to 100%. The total consideration amounted to €15 thousand. Below are the effects on equity attributable to the equity holders of the Company for the change of ownership rights of Intralot Interactive SA that do not result in the loss of control:

Amounts in thousands of €	
Book value of addition stake in Intralot Interactive SA	-25
Difference recognized in retained earnings attributable to the equity holders of the Company	10

At the same time, during the second quarter of 2017 the associate company Gamenet S.p.A. (20%) increased its stake in Verve S.p.A. to 100% from 51%.

In October 2017, the Group signed a Share Purchase Agreement to acquire, via Intralot Global Holdings BV, the remaining 61% of Bit8, a gaming technology company in Malta, in which the Group first invested in 2015. The consideration of the acquisition of 61% amounts to €6,2 million and was paid during December 2017, as well as the consideration of €800 thousand for the buying option of a 4% stake that was exercised in September 2016. Based on the above the total consideration for the acquisition of 100% shares of Bit8 will reach €12,7 million.

Bit8 is an established gaming company with market-tested, award winning gaming platforms, stand-alone and hosted solutions and a large portfolio of international clients. In the past two years of the Group's strategic cooperation with Bit8, the technology teams of the two parties worked closely for the development of the Group's novel CRM (Customer Relationship Management), platform PULSE, available in Retailer and Player versions that work seamlessly to enhance the value delivered to both Operators and Players.

The fair values of the identifiable assets and liabilities of Bit8 Ltd at the acquisition date were:

	Fair Value
Tangible assets	322
Intangible assets	10.200
Trade and other short term receivables	440
Cash and cash equivalents	572
Short term loans	-1.069
Deferred tax liabilities	-430
Trade and other short term payables	-836
Income tax payable	-142
Total fair value of net identifiable assets	**9.057**
Fair value of net identifiable assets attributable to non-controlling interests	-3.964
Goodwill recognized on acquisition	1.107
Consideration price for 61%	**6.200**
Consideration price for 39%	6.550
Total consideration price	**12.750**
Analysis of cash flows on acquisition:	
Cash and cash equivalents acquired	572
Acquisition consideration in cash	-6.200
Net cash flow on acquisition	**-5.628**

During 2017, Bit8 Ltd was consolidated with the full consolidation method for the period 1/12-31/12/2017 and contributed revenue (Turnover) amounting €199 thousand and profit/loss before tax from continuing operations amounting €-671 thousand.

The companies Switch IT NV (Curacao) and Future Platforms Ltd (Malta) were consolidated using the equity method until their sale on 30/11/2017.

On 29/12/2017, the Group's participation in Goreward Ltd decreased from 49,99% to 38,84% after the participation of a new shareholder in the company.

VI. Subsidiaries' Share Capital Increase

During 2017, the Group completed a share capital increase through payment in cash in Netman SRL amounting €212 thousand, in Intralot Chile S.p.A. amounting €1.037 thousand, in Gardan Ltd amounting €1.250 thousand, and in Gameway Ltd amounting €39 thousand.

VII. Strike off - Disposal of Group Companies

The Group completed the liquidation and strike off, of the subsidiary Intralot Argentina S.A. on January 2017 and that of subsidiary Caribbean VLT Services Ltd on September 2017. The management of subsidiary Inteltek Internet AS parent company of Azerinteltek AS decided in mid-February to investigate the possibility of selling its stake (51%) to Azerinteltek AS.

VIII. Discontinued Operations

A) Italy

On 25/6/2016 the Group announced that it has signed an agreement, with Trilantic Capital Partners Europe, the main shareholder of Gamenet S.p.A ("Gamenet") in Italy, concerning the merge of the Group activities in Italy (subsidiaries Intralot Holding & Services S.p.A., Intralot Gaming Machines S.p.A., Intralot Italia S.p.A. and Veneta Servizi Srl) into those of Gamenet, one of the largest network concessionaires of VLT, AWP, betting and online gaming in the country. This announcement was made following the announcement of the signing of a Memorandum of Understanding (MoU) on 21/3/2016. Following the completion of the agreement on 27/6/2016 and the approval of the competent Competition Authority, the Group now participates with 20% in the combined operation (Gamenet Group S.p.A. – note 2.32.A.VIII.A)), with a network of approximately 750 betting POS, that will continue to use INTRALOT's brand name, approximately 8.200 VLTs, over 50.000 AWPs and more than 60 gaming halls owned by the company. The above subsidiaries are presented in the geographical operating segment "European Union" (note 2.2). Since 31/3/2016 the above activities of the Group subsidiaries in Italy were classified as assets held for sale and discontinued operations.
Below are presented the results of discontinued operations of the Group subsidiaries in Italy for the first semester of 2016 (in 2016 they were consolidated with the full consolidation method until 27/6/2016):

	1/1-30/6/2016
Sale proceeds	323.256
Expenses	-332.739
Other operating income	394
Other operating expenses	-1.150
EBIT	**-10.239**
EBITDA	**3.923**
Gain/(loss) from assets disposal, impairment loss and write-off of assets	-686
Interest and similar expenses	-827
Interest and similar income	3
Profit/(loss) before tax	**-11.749**
Income tax	0
	-11.749
Gain/(loss) from disposal of discontinued operations	45.185
Corresponding tax	0
Profit/(loss) after tax from discontinued operations	**33.436**

The net assets held for sale of the Group subsidiaries in Italy amounted to €38.335 thousand on 30/06/2016, while the value of the Group's participation in the combined operation (Gamenet Group SpA) was estimated at €83.520 thousand, forming the gain from disposal (merge) of discontinued operations to €45.185 thousand which are reported in the Group's Income Statement (line "Net Profit / (loss) after tax from discontinued operations").

The net cash outflow of the Group during the transfer of discontinued operations in Italy amounted to €21.112 thousand, consisting of the cash contribution of the Group in the new combined operation amounting €13.610 thousand and the derecognition of the cash reserves of the merging subsidiaries of the Group amounting €7.502 thousand.

Below are presented the net cash flows of the discontinued operations of the Group subsidiaries in Italy for the first semester of 2016:

	1/1-30/6/2016
Operating activities	4.443
Investing activities	-22.627
Financing activities	-818
Net increase / (decrease) in cash and cash equivalents for the period	**-19.002**

Since the end of June, the Group consolidates 20% of the combined operation (Gamenet Group SpA - note 2.32.A.VIII.A) with the equity method, the results of which are presented in the line "Profit / (loss) from equity method consolidations" in the Income statement of the Group.
In the end of August 2017, INTRALOT announced that on 29.08.2017, Gamenet Group S.p.A. ("Gamenet") filed with the Italian Stock Exchange (Borsa Italiana S.p.A.) a request for eligibility to list its shares on the Electronic Stock Exchange (Mercato Telematico Azionario). In cooperation with its shareholders TCP LUX Eurinvest S.à r.l. and INTRALOT Italian Investments B.V., filed with the National Capital Markets Commission the request for approval of the registration document drafted pursuant to Article 113 of the Italian Legislative Decree no. 58 of February 24, 1998 and Article 52 of the rules adopted by Consob with resolution no. 11971 of May 14, 1999.
The Gamenet Group S.p.A. completed on 4 December 2017 the bidding process for its ordinary registered shares, by TCP Lux Eurinvest, to institutional investors. The price amounted to €7,50 per share, while the capitalization of Gamenet Group S.p.A. amounted to €225 million at the disposal date. The first trading day took place on 6 December 2017. Intralot Italian Investments B.V., a subsidiary of the Group, maintains its 20% stake in Gamenet Group S.p.A.

B) Peru

On 26/5/2016 the Group announced that it has reached an agreement with Nexus Group to sell 80% of Intralot de Peru S.A.C., its 100% owned subsidiary in Peru. After the completion of the transaction on 24/11/2016 the Group will continue to be the company's technological provider and will hold a 20% participation in Intralot de Peru S.A.C.'s share capital while NG Entertainment Peru S.A.C. 80%. Intralot de Peru S.A.C. operates numerical games and sports betting in the country through a network of 3.700 POS and the Internet. The agreement is in line with the Group's strategy to create, in selected countries, strategic partnerships with strong local partners that offer substantial synergies and local market know-how, strengthening the development of the local companies. The above subsidiary is presented in the geographical operating segment "America" (note 2.2). Since 30/6/2016 the above activities of the Group in Peru were classified as assets held for sale and discontinued operations.

Below are presented the results of discontinued operations of the Group in Peru (Intralot de Peru S.A.C.) for the period 1/1-24/11/2016 (in 2016 they were consolidated with the full consolidation method until 24/11/2016):

	1/1-24/11/2016
Sale proceeds	120.380
Expenses	-115.120
Other operating income	20
Other operating expenses	-281
EBIT	**4.999**
EBITDA	**9.024**
Gain/(loss) from assets disposal, impairment loss and write-off of assets	-16
Interest and similar expenses	-299
Interest and similar income	162
Exchange Differences	-16
Profit/(loss) before tax	**4.830**
Income tax	-1.505
	3.325
Gain/(loss) from disposal of discontinued operations	62.346
Corresponding tax	-10.618
Profit/(loss) after tax from discontinued operations	**55.053**

Below are presented the results of discontinued operations of the Group in Peru (Intralot de Peru S.A.C.) for the period 1/10-24/11/2016 (in 2016 they were consolidated with the full consolidation method until 24/11/2016):

	1/10-24/11/2016
Sale proceeds	21.667
Expenses	-21.078
Other operating income	-1
Other operating expenses	-140
EBIT	**448**
EBITDA	**1.106**
Gain/(loss) from assets disposal, impairment loss and write-off of assets	-6
Interest and similar expenses	-46
Interest and similar income	16
Exchange Differences	137
Profit/(loss) before tax	**549**
Income tax	-112
	437
Gain/(loss) from disposal of discontinued operations	62.346
Corresponding tax	-10.618
Profit/(loss) after tax from discontinued operations	**52.165**

The consideration price for the disposal of Intralot De Peru S.A.C. amounted to €64.716 thousand paid in November 2016. The net assets held for sale of Intralot De Peru S.A.C. on 24/11/2016 amounted to €15.180 thousand, while the value of the remaining participation of the Group (20%) was estimated at €16.179 thousand, forming the gross gain from disposal of discontinued operations to €65.715 thousand. Net of disposal costs, corresponding taxes and exchange differences reclassified from the translation reserve in the Group results, net profits from the sale of discontinued operations amounted to €51.728 thousand, which are presented in the Group's Income Statement (line "Net Profit / (loss) after tax from discontinued operations").

The net cash inflow for the Group during the transfer of discontinued operations in Peru (Intralot de Peru S.A.C.) amounted to €54.225 thousand, consisting of the consideration price, the derecognition of cash and cash equivalents of Intralot de Peru S.A.C. and the payment of taxes and transfer costs.

Below are presented the net cash flows of the Group's discontinued operations in Peru (Intralot de Peru S.A.C.):

	1/1-24/11/2016
Operating activities	9.416
Investing activities	-11.075
Financing activities	-626
Net increase / (decrease) in cash and cash equivalents for the period	**-2.285**

C) Russia

In December 2016, the Group definitively decided to discontinue its activities regarding the betting services provided through its subsidiary Favorit Bookmakers Office OOO in Russia. The above subsidiary is presented in the geographic operating segment "Rest of Europe" (note 2.2). On 31/12/2016 the above Group's activities in Russia were classified as discontinued operations pursuant to IFRS 5 par.13. On June 2017, the Group signed a disposal agreement for the 100% of Favorit Bookmakers Office OOO.

Below are presented the results of discontinued operations of the Group in Russia (Favorit Bookmakers Office OOO) for the first semester of 2017 and the twelve months of 2016:

	1/1-30/06/2017	1/1-31/12/2016
Sale proceeds	0	0
Expenses	-215	-1.023
Other operating income	0	0
Other operating expenses	0	0
EBIT	**-215**	**-1.023**
EBITDA	**-200**	**-240**
Gain/(loss) from assets disposal, impairment loss and write-off of assets	0	-14.494
Interest and similar expenses	-12	-209
Interest and similar income	0	0
Exchange Differences	-19	-131
Profit/(loss) before tax	**-246**	**-15.857**
Income tax	0	-8
Profit/(loss) after tax from discontinued operations	**-246**	**-15.865**
Gain/(loss) from disposal of discontinued operations	-11.622	0
Relevant taxes	0	0
Gain/(loss) after taxes from discontinued operations	**-11.868**	**-15.865**

Below are presented the results of discontinued operations of the Group in Russia (Favorit Bookmakers Office OOO) for the fourth quarter of 2016:

	1/1-31/12/2016
Sale proceeds	0
Expenses	-118
Other operating income	0
Other operating expenses	151
EBIT	**33**
EBITDA	**89**
Gain/(loss) from assets disposal, impairment loss and write-off of assets	-14.494
Interest and similar expenses	-208
Interest and similar income	-13
Exchange Differences	-24
Profit/(loss) before tax	**-14.706**
Income tax	36
Profit/(loss) after tax from discontinued operations	**-14.670**
Gain/(loss) from disposal of discontinued operations	0
Relevant taxes	0
Gain/(loss) after taxes from discontinued operations	**-14.670**

The final consideration price for Favorit Bookmakers Office OOO amounted to €3.487 thousand. The net assets of Favorit Bookmakers Office OOO at the sale amounted to €584 thousand bringing the gross profits from the sale of discontinued operations at €2.903 thousand. Subtracting the foreign exchange differences reclassified from the foreign exchange reserve to the income statement of the Group, the net loss from the sale of the discontinued operations amounted to €11.622 thousand, which are presented in the Statement Group Results (line "Profit / (loss) after tax from discontinued operations"). The Group's net cash inflow during the transfer of the discontinued operations in Russia (Favorit Bookmakers Office OOO) amounted to €2.901 thousand, consisting of the consideration price and the de-recognition of cash and cash equivalents of Favorit Bookmakers Office OOO.
Below are presented the net cash flows of the Group's discontinued operations in Russia (Favorit Bookmakers Office OOO):

	1/1-30/6/2017	1/1-31/12/2016
Operating activities	-278	-59
Investing activities	-339	0
Financing activities	-1	-209
Net increase / (decrease) in cash and cash equivalents for the period	**-618**	**-268**

D) Jamaica

The Group signed a Sales and Purchase Agreement (SPA) with Zodiac International Investments Ltd in the beginning of October 2017 for the sale of its 50,05% stake in Intralot Caribbean Ventures Ltd, which owns 49,9% of the subsidiary Supreme Ventures Limited - a company listed on the Jamaica Stock Exchange. The consideration price was agreed at USD 40 million, which corresponds to approximately 12 times the annual (reference period of the last twelve months to 30.6.2017) profit after tax attributable to the shareholders of the Group. The aforementioned subsidiaries are presented in the geographic operating segment "America" (note 2.2). As of 2/10/2017, the Group's above-mentioned activities in Jamaica and Santa Lucia were classified as discontinued operations.

Below are presented the results of the discontinued operations of the Group in Jamaica and Santa Lucia (Supreme Ventures Ltd and Intralot Caribbean Ventures Ltd) for the period 1/1-2/10/2017 (in 2017 they were consolidated with the full consolidation method until 2/10/2017), as well as for the twelve months of 2016:

	1/1-2/10/2017	1/1-31/12/2016
Sale proceeds	287.602	325.530
Expenses	-274.836	-314.207
Other operating income	0	596
Other operating expenses	-61	-385
EBIT	**12.705**	**11.534**
EBITDA	**14.169**	**13.173**
Income/expenses of participations and investments	26	0
Gain/(loss) from assets disposal, impairment loss and write-off of assets	-85	700
Interest and similar expenses	-567	-310
Interest and similar income	498	482
Exchange Differences	17	92
Profit/(loss) before tax	**12.594**	**12.498**
Income tax	-3.107	-3.531
	9.487	**8.967**
Gain/(loss) from disposal of discontinued operations	15.741	0
Relevant taxes	0	0
Gain/(loss) after taxes from discontinued operations	**25.228**	**8.967**
Attributable to:		
Equity holders of the parent Company	18.283	2.584
Non-controlling interest	6.945	6.383

Below are presented the results of the discontinued operations of the Group in Jamaica and Santa Lucia (Supreme Ventures Ltd and Intralot Caribbean Ventures Ltd) for the period 1/10-31/12/2016 (in 2017 they were consolidated with the full consolidation method until 2/10/2017):

	1/10-31/12/2016
Sale proceeds	85.722
Expenses	-83.591
Other operating income	596
Other operating expenses	-14
EBIT	**2.713**
EBITDA	**3.152**
Income / (expenses) from investments and securities	-25
Gain/(loss) from assets disposal, impairment loss and write-off of assets	697
Interest and similar expenses	-77
Interest and similar income	125
Exchange Differences	39
Profit/(loss) before tax	**3.472**
Income tax	-1.012
	2.460
Gain/(loss) from disposal of discontinued operations	0
Relevant taxes	0
Gain/(loss) after taxes from discontinued operations	**2.460**
Attributable to:	
Equity holders of the parent Company	681
Non-controlling interest	1.779

The consideration price of Intralot Caribbean Ventures Ltd amounted to €35.244 thousand and was paid in October 2017. The net assets held for sale by the Group Intralot Caribbean Ventures Ltd (including subsidiary Supreme Ventures Ltd) amounted on 2/10/2017 to €17.272 thousand, forming the gross profits from the disposal of discontinued operations to €17.972 thousand. Subtracting the selling expenses, the corresponding taxes and the exchange differences that were reclassified from the foreign exchange reserve to the income statement of the Group the net profits from the disposal of discontinued operations amounted to €15.741 thousand, which are presented in the Group's Income Statement (line "Profit / (loss) after tax from discontinued operations").

The net cash inflow of the Group during the transfer of the discontinued operations in Jamaica and Santa Lucia (Supreme Ventures Ltd and Intralot Caribbean Ventures Ltd) amounted to €19.461 thousand, consisting of the consideration price, the de-recognition of the cash and cash equivalents of the Group Intralot Caribbean Ventures Ltd.

Below are presented the net cash flows of the Group's discontinued operations in Jamaica and Santa Lucia (Supreme Ventures Ltd and Intralot Caribbean Ventures Ltd):

	1/1-2/10/2017	1/1-31/12/2016
Operating activities	14.055	6.490
Investing activities	-20.995	-827
Financing activities	-6	-4.137
Net increase / (decrease) in cash and cash equivalents for the period	**-6.946**	**1.526**

E) Slovakia

The Group signed on 18 December 2017 a Sales and Purchase Agreement (SPA) with Olbena S.R.O. to sell its 51% stake in subsidiary Slovenske Loterie AS. The consideration price was agreed at €1,75 million, which corresponds to approximately 12 times the annual (reference period of the last twelve months to 30/9/2017) EBITDA. The aforementioned subsidiary is presented in the geographic operating segment "European Union" (note 2.2). Since 18/12/2017 the aforementioned activities of the Group in Slovakia were classified as discontinued operations.

Below are presented the results of the Group's discontinued operations in Slovakia (Slovenske Loterie AS) for the period 1/1-18/12/2017 (in 2017 they were consolidated with the full consolidation method until 18/12/2017), as well as for the twelve months of 2016:

	1/1-18/12/2017	1/1-31/12/2016
Sale proceeds	4.362	6.516
Expenses	-4.584	-6.664
Other operating income	22	3
Other operating expenses	-140	-13
EBIT	**-340**	**-158**
EBITDA	**-173**	**159**
Gain/(loss) from assets disposal, impairment loss and write-off of assets	0	-39
Interest and similar expenses	-7	-9
Interest and similar income	0	1
Exchange Differences	0	0
Profit/(loss) before tax	**-347**	**-205**
Income tax	-19	-14
	-366	**-219**

Gain/(loss) from disposal of discontinued operations	-1.024	0
Relevant taxes	0	0
Gain/(loss) after taxes from discontinued operations	**-1.390**	**-219**
Attributable to:		
Equity holders of the parent Company	-1.157	-53
Non-controlling interest	-233	-166

Below are presented the results of the discontinued operations of the Group in Slovakia (Slovenske Loterie AS) for the period 1/10-18/12/2017 (in 2017 were consolidated with the full consolidation method until 18/12/2017) as well as for the period 1/10-31/12/2016:

	1/10-18/12/2017	**1/10-31/12/2016**
Sale proceeds	874	1.722
Expenses	-1.063	-1.813
Other operating income	1	1
Other operating expenses	-130	-6
EBIT	**-318**	**-96**
EBITDA	**-271**	**43**
Gain/(loss) from assets disposal, impairment loss and write-off of assets	0	-38
Interest and similar expenses	-1	-2
Interest and similar income	0	0
Exchange Differences	0	0
Profit/(loss) before tax	**-319**	**-136**
Income tax	-19	-14
	-338	**-150**
Gain/(loss) from disposal of discontinued operations	-1.024	0
Relevant taxes	0	0
Gain/(loss) after taxes from discontinued operations	**-1.362**	**-150**
Attributable to:		
Equity holders of the parent Company	-1.186	-62
Non-controlling interest	-176	-88

The consideration price of Slovenske Loterie AS amounted to €1.749 thousand and was paid in December 2017. The net assets held for sale of Slovenske Loterie AS amounted on 18/12/2017 to €2.927 thousand, forming the gross losses from the disposal of discontinued operations to €1.178 thousand. Subtracting the disposal expenses, the corresponding taxes and the exchange differences that were reclassified from the foreign exchange reserve to the income statement of the Group the net losses from the disposal of discontinued operations amounted to € 1.024 thousand, which are presented in the Group's Income Statement (line "Profit / (loss) after tax from discontinued operations").

The net cash inflow of the Group during the transfer of the discontinued operations in Slovakia (Slovenske Loterie AS) amounted to €986 thousand, consisting of the consideration price, the derecognition of the cash and cash equivalents of Slovenske Loterie AS.

Below are presented the net cash flows of the Group’s discontinued operations in Slovakia (Slovenske Loterie AS):

	1/1-18/12/2017	**1/1-31/12/2016**
Operating activities	-1.018	393
Investing activities	-762	6
Financing activities	-29	-37
Net increase / (decrease) in cash and cash equivalents for the period	**-1.809**	**362**

Below are presented the Profit / (loss) after tax per share of the discontinued operations of the Group subsidiaries in Italy as well as those of Intralot de Peru S.A.C. and Favorit Bookmakers Office OOO, Supreme Ventures Ltd, Intralot Caribbean Ventures Ltd and Slovenske Loterie AS:

Earnings / (loss) after tax per share (€) from discontinued operations	1/1-31/12/2017	1/1-31/12/2016
- basic	0,0334	0,4751
- diluted	0,0334	0,4751
Weighted Average number of shares	157.352.417	158.178.718

License suspension

On December 2017, INTRALOT notifies that its subsidiary in Cyprus, Royal Highgate Public Company Ltd, has issued the following announcement: "In accordance with the provisions of the relevant CSE and SEC Regulations and in order to provide more complete information to the shareholders of the Company and the investing public in general, we hereby inform you that:
The National Betting Authority has suspended the license of Class A Recipient ROYAL HIGHGATE PUBLIC COMPANY LIMITED under number A001 with effect from December 5, 2017, requesting further actions in relation to specific terms and obligations of the license.
Our company has undertaken in the past a series of actions in full compliance with the relevant requirements of the Authority and has submitted all documents to demonstrate compliance with these requirements. However, the Authority proceeded, unexpectedly to us, to a disproportionate severe decision to suspend the license, which unreasonably creates a negative impression on the licensed sports betting environment and direct consequences for the company and the network of authorized dealers.
For that reason the Board of Directors will take immediate steps to protect the rights of shareholders, authorized dealers and clients, on the basis of State Laws, International Practices and European Legislation."
Royal Highgate Public Company Ltd has lodged an administrative appeal for the above decision of the National Betting Authority (for more information refer to Note 2.33.A.t "Contingent liabilities, assets and commitments".
It is noted that Royal Highgate's contribution to INTRALOT Group (where it participates with 35.08%) for the period 1/1/2017 to 31/12/2017 can be summarized as follows:
- Turnover €15.982 million (1,4% of Group's total turnover)
- EBITDA €-607 thousand (including impairment losses on assets due to the suspension of license amounting €467 thousand)
- Profit / loss after tax €-1.336 thousand (including impairment losses on assets due to the suspension of license amounting €1.011 thousand)
- Total assets of €816 thousand (0,1% of Group's total assets)
Therefore, INTRALOT considers that the participation of the subsidiary in the Group's financial results is not essential.

IX. Companies merge

On July 2017 the associate company Gamenet S.p.A. (20%) absorbed its 100% subsidiaries, Intralot Holding & Services S.p.A. and Intralot Gaming Machines, S.p.A.

On November 2017 the associate company Gamenet Entertainment S.R.L. (20%) absorbed its 100% subsidiary Gamecity S.R.L.

On November 2017 the associate company Gamenet Entertainment S.R.L. (20%) absorbed Verve S.p.A. that is 100% subsidiary of the associate company Gamenet S.p.A. (20%).

On November 2017 the associate company Gamenet S.p.A. (20%) absorbed its 100% subsidiary Gamecity Renting S.R.L.

On July 2017 the shareholder's meeting of the associate company Gamenet S.p.A. (20%) approved the absorption of its 100% subsidiary Gamenet Scommesse S.p.A. that was finalized on 1/1/2018.

On February 2018 the subsidiary Intralot Capital Luxemburg S.A. absorbed its 100% subsidiary Intralot Finance Luxemburg S.A.

X.Material partly-owned subsidiaries

Provided below is financial information regarding subsidiaries which have significant non-controlling interests:

Proportion of equity interest held by non-controlling interests:				
Subsidiary Name	**Country of incorporation and operation**	**Geographic operating segment**	**31/12/2017**	**31/12/2016**
Inteltek Internet AS	Turkey	Other countries	55%	55%
Bilyoner Interaktif Hizmelter AS	Turkey	Other countries	49,99%	49,99%
Azerinteltek AS	Azerbaijan	Other countries	77,05%	77,05%
Lotrom SA	Romania	European Union	40%	40%
Eurofootball LTD	Bulgaria	European Union	51%	51%
Eurobet LTD[1]	Bulgaria	European Union	51%	51%
Supreme Ventures LTD[2]	Jamaica	America	-	75,03%
Tecno Accion SA	Argentina	America	49,99%	49,99%

[1] Eurobet Ltd was consolidated for the first time in July 2016
[2] Supreme Ventures Ltd was consolidated until 2/10/2017

Accumulated balances of material non-controlling interests per geographical operating segment:

	31/12/2017	31/12/2016
European Union	14.696	14.019
America	3.773	28.619
Other countries	20.692	23.229

Profit allocated to material non-controlling interests per operating geographical operating segment:

	1/1-31/12/2017[1]	1/1-31/12/2016
European Union	13.984	11.898
America	3.660	9.293
Other countries	23.283	23.399

[1] It does not include the discontinued operations in Jamaica (Supreme Ventures LTD)

Below are provided the condensed financial statements of these subsidiaries per geographical operating segment. This information is based on amounts before intercompany eliminations in relation with transactions with the other entities of the Group (but after the relevant intersegment eliminations):

Summarized statement of profit or loss for the period 1/1-31/12/2017:	European Union	America [1]	Other Countries
Sales Proceeds	312.171	28.014	245.329
Gross Profit / (Loss)	35.969	15.669	92.816
EBITDA	28.209	12.365	56.528
Profit / (Loss) before taxes	27.399	11.346	57.578
Taxes	-2	-4.024	-17.218
Net Profit / (Loss) after taxes	**27.397**	**7.322**	**40.360**
Other Comprehensive Income after tax	-329	-1.600	-7.257
Total Comprehensive Income	**27.068**	**5.722**	**33.103**
Attributable to non-controlling interests	13.852	2.860	19.370
Dividends paid to non-controlling interests	13.666	2.319	17.272

[1] Discontinued operations in Jamaica (Supreme Ventures Ltd) are excluded

Summarised statement of profit or loss for the period 1/1-31/12/2016:	European Union	America [1]	Other Countries
Sales Proceeds	296.873	25.190	207.633
Gross Profit / (Loss)	30.148	13.024	82.926
EBITDA	23.480	10.108	53.408
Profit / (Loss) before taxes	23.315	9.058	57.217
Taxes	0	-3.286	-15.662
Net Profit / (Loss) after taxes	**23.315**	**5.772**	**41.555**
Other Comprehensive Income after tax	-41	-822	-6.751
Total Comprehensive Income	**23.274**	**4.950**	**34.804**
Attributable to non-controlling interests	11.882	2.475	19.737
Dividends paid to non-controlling interests	13.150	1.609	22.186

[1] Discontinued operations in Jamaica (Supreme Ventures Ltd) are excluded

Summarised statement of financial position as at 31/12/2017:	European Union	America	Other Countries
Non-current assets	18.635	28.227	6.759
Current assets	42.616	30.696	81.226
Non-current liabilities	-1.227	-4.274	-1.148
Current liabilities	-8.492	-20.642	-47.246
Total equity	**51.532**	**34.007**	**39.591**
Attributable to:			
Shareholders of the parent company	26.595	10.307	17.910
Non-controlling interests	24.937	23.700	21.681

Summarised statement of financial position as at 31/12/2016:	European Union	America	Other Countries
Non-current assets	16.594	27.891	10.122
Current assets	41.735	28.085	75.716
Non-current liabilities	-1.604	-483	-17.641
Current liabilities	-8.767	-20.191	-23.429
Total equity	**47.958**	**35.302**	**44.768**
Attributable to:			
Equity holders of parent	24.891	10.607	20.343
Non-controlling interests	23.067	24.695	24.425

Summarised cash flow information for the year ending 31/12/2017:	European Union	America	Other Countries
Operating activities	28.345	18.679	31.897
Investing activities	-250	-6.628	1.345
Financing activities	-27.206	-8.064	-28.364
Net increase / (decrease) in cash and cash equivalents	**889**	**3.987**	**4.878**

Summarised cash flow information for the year ending 31/12/2016:	European Union	America	Other Countries
Operating activities	24.671	12.049	34.012
Investing activities	-43	-4.682	3.107
Financing activities	-25.489	-9.327	-46.399
Net increase / (decrease) in cash and cash equivalents	**-861**	**-1.960**	**-9.280**

XI. Investments in companies consolidated with the equity method

i) Investment in associates

The Group has significant influence over the below associates. The Group consolidates these associate companies with the equity consolidation method. The following table illustrates the summarized financial information of the Group's investment in associates:

Participation percentage of the Group in the associate companies:

Associate name	Country of domicile and activity	31/12/2017	31/12/2016
Lotrich Information Co LTD	Taiwan	40%	40%
Intralot South Africa LTD	South Africa	45%	45%
Gamenet Group S.p.A.[1]	Italy	20%	20%
Intralot De Peru S.A.C.[2]	Peru	20%	20%
Bit8 LTD Group	Malta	-	39%
Goreward LTD Group	China	38,84%	49,99%

[1] The group Gamenet Group S.p.A. is consolidated since 1/7/2016.
[2] Intralot De Peru S.A.C. is consolidated with the equity method since 25/11/2016.
[3] The group Bit8 Ltd was consolidated with the equity method until 30/11/2017.

Summarised statement of financial position as at 31/12/2017:	Lotrich Information Co LTD	Gamenet Group S.p.A.[1]	Intralot De Peru S.A.C.	Goreward LTD Group
Non-current assets	339	249.762	16.261	105.727
Current assets	17.434	145.666	16.903	20.156
Non-current liabilities	0	-227.603	-97	-35
Current liabilities	-2.698	-100.281	-20.320	-12.125
Total equity	**15.075**	**67.544**	**12.747**	**113.723**
Group's carrying amount of the investment	**5.844**	**67.523**	**15.395**	**47.000**

[1] The Group consolidated on 31/12/2017 the Group Gamenet Group S.p.A. with the equity method using the financial statements for the period 1/10/2016-30/9/2017 pursuant to IAS 28 para. 34.

Summarised statement of financial position as at 31/12/2016:	Lotrich Information Co LTD	Intralot South Africa LTD	Gamenet Group S.p.A.[1]	Intralot De Peru S.A.C.	Bit8 LTD Group	Goreward LTD Group
Non-current assets	494	0	233.170	16.464	2.200	119.369
Current assets	18.034	416	167.560	10.711	1.635	23.152
Non-current liabilities	0	0	-231.602	-138	-1.000	-56
Current liabilities	-2.899	-86	-98.158	-15.178	-734	-14.166
Total equity	**15.629**	**330**	**70.970**	**11.859**	**2.101**	**128.299**
Group's carrying amount of the investment	**6.065**	**0**	**83.532**	**15.217**	**5.492**	**70.500**

[1] The Group consolidated on 31/12/2016 the Group Gamenet Group S.p.A. with the equity method using the financial statements for the period 1/7-30/9/2016 pursuant to IAS 28 para. 34.

Summarised statement of profit or loss for the period 1/1-31/12/2017:	Lotrich Information Co LTD	Gamenet Group S.p.A.[1]	Intralot De Peru S.A.C.	Bit8 LTD Group	Goreward LTD Group
Sales Proceeds	6.715	757.647	153.842	4.179	7.485
Gross Profit / (Loss)	1.629	115.931	28.163	2.752	-5.661
EBITDA	863	86.669	10.346	1.421	-667
Profit / (Loss) before taxes	732	7.641	7.063	433	-6.279
Taxes	-125	-10.093	-2.704	0	0
Profit / (Loss) after taxes	**607**	**-2.452**	**4.359**	**433**	**-6.279**
Other Comprehensive Income after tax	-653	1.542	-1.258	0	-25.443
Total Comprehensive Income after taxes	**-46**	**-910**	**3.101**	**433**	**-31.722**
Group's share of total comprehensive income of the period after taxes	**-18**	**-9**	**620**	**-1.011**	**-15.757**
Dividends received by the Group from the associates	203	0	442	0	0

[1] The Group consolidated on 31/12/2017 the Group Gamenet Group S.p.A. with the equity method using the financial statements for the period 1/10/2016-30/9/2017 pursuant to IAS 28 para. 34.

[2] The Group Bit8 Ltd was consolidated with the equity consolidation method until 30/11/2017.

Summarised statement of profit or loss for the period 1/1-31/12/2016:	Lotrich Information Co LTD	Intralot South Africa LTD	Gamenet Group S.p.A.[1]	Intralot De Peru S.A.C.	Bit8 LTD Group	Goreward LTD Group
Sales Proceeds	6.603	0	230.509	12.846	4.296	12.893
Gross Profit / (Loss)	1.529	-5	48.736	2.536	2.831	-5.891
EBITDA	840	-65	19.137	12	1.682	-565
Profit / (Loss) before taxes	717	-61	-804	-5.790	1.044	-6.417
Taxes	-151	0	-165	1.235	0	0
Profit / (Loss) after taxes	**566**	**-61**	**-969**	**-4.555**	**1.044**	**-6.417**
Other Comprehensive Income after tax	673	51	0	330	0	6.121
Total Comprehensive Income after taxes	**1.239**	**-10**	**-969**	**-4.225**	**1.044**	**-296**
Group's share of total comprehensive income of the period after taxes	**495**	**-5**	**12**	**-962**	**-605**	**184**
Dividends received by the Group from the associate	0	0	0	0	0	0

[1] The Group consolidated on 31/12/2016 the Group Gamenet Group S.p.A. with the equity method using the financial statements for the period 1/7-30/9/2016 pursuant to IAS 28 para. 34.

Reconciliation of the summarized financial information presented to the carrying amount of investments:	Lotrich Information Co LTD	Intralot South Africa LTD	Gamenet Group S.p.A.	Intralot De Peru S.A.C.	Bit8 LTD Group	Goreward LTD Group
Carrying amount of Investment as of 31/12/2015:	**5.570**	**376**	**0**	**0**	**5.303**	**29.614**
Profit / (Loss) after taxes of the period	226	-28	12	-1.028	-605	-3.151
Other Comprehensive Income after tax of the period	269	23	0	66	0	2.967
New consolidated entities/change in consolidation method	0	0	83.520	16.179	0	0
Acquisition of additional stake	0	0	0	0	800	0
Additions/contribution in kind	0	0	0	0	0	51.104
Impairment	0	-369	0	0	0	-10.034
Other	0	-2	0	0	-6	0
Carrying amount of Investment as of 31/12/2016:	**6.065**	**0**	**83.532**	**15.217**	**5.492**	**70.500**
Profit / (Loss) after taxes of the period	243	0	-159	872	-1.010	-3.358
Other Comprehensive Income after tax of the period	-261	0	150	-252	0	-12.399
Dividends	-203	0	0	-442	0	0
Change in consolidation method	0	0	0	0	-4.482	0
Additions	0	0	0	0	0	848
Impairment	0	0	-16.000	0	0	-8.624
Other	0	0	0	0	0	33
Carrying amount of Investment as of 31/12/2017:	**5.844**	**0**	**67.523**	**15.395**	**0**	**47.000**

The associates had no other contingent liabilities or capital commitments as at 31 December 2017 and 2016, except as disclosed in note 2.33.

ii) Investment in Joint Ventures

The Group holds 50% in Uniclic LTD Group (consisting of Uniclic LTD and its 60% subsidiary, Dowa LTD), a consortium based in Cyprus. The Group consolidates this venture with the equity method applying the IFRS 11 "Schemes under common control”. The carrying value of the investment in the joint venture Uniclic LTD Group is not significant for the Group's data.

B. REAL LIENS

A Group subsidiary in Malta has a banking facility amounting to €4,3 million to be used for the issuance of bank guarantee letters. This facility is secured by an initial general mortgage on all the subsidiary’s present and future assets (on 31/12/2017 the used guarantee letters amounted to €4,0 million). Also a Group subsidiary in Bulgaria has secured a €1,5 million loan pledging its overall commercial activity and the fixed assets of its subsidiary.
There are no other restrictions than the above, in the ownership or transfer or other encumbrances on the Group's property.
On 31 December 2017, the Group had no contractual commitments for the purchase of tangible assets.
In the Group Statement of Financial Position (row “Trade and other short term receivables”) of 31/12/2017 included collateralized bank deposits as security coverage for banking facilities amounting €30 thousand (31/12/2016: €14.030 thousand) and other collateralized bank deposits amounting to €360 thousand

(31/12/2016: €370 thousand). Respectively, in Company on 31/12/2017 included collateralized bank deposits as security coverage for banking facilities amounting €30 thousand (31/12/2016: €14.030 thousand) and other collateralized bank deposits amounting to €129 thousand (31/12/2016: €132 thousand). In the Group's and Company's Cash Flow Statement for the nine months of 2017, the line "(Purchases) / Sales of subsidiaries, associates, joint ventures and other investments" includes an inflow of €14.000 thousand from the release of bank deposits. The initial commitment to bank collateral of €14.000 thousand took place in the fourth quarter of 2016.

C. PROVISIONS

GROUP	Legal issues [1]	Unaudited fiscal years and tax audit expenses [2]	Other provisions [3]	Total provisions
Period opening balance	**5.087**	**9.329**	**6.435**	**20.851**
Period additions	67	0	1.531	**1.598**
Used provisions	0	-5.753	-1.274	**-7.027**
Unused provisions	0	-460	0	**-460**
Discounting	0	0	12	**12**
Exchange differences	-596	0	-526	**-1.122**
Period closing balance	**4.558**	**3.116**	**6.178**	**13.852**
Long term provisions	**4.497**	**3.116**	**380**	**7.993**
Short term provisions	**61**	**0**	**5.798**	**5.859**
Total	**4.558**	**3.116**	**6.178**	**13.852**

[1] Relate to legal issues as analyzed in note 2.33.A.

[2] Relate to provisions for the coverage of differences from future audits for income taxes and other taxes. They are expected to be used in the next 1-3 years.

[3] Relate to provisions for risks none of which are individually material to the Group except from provisions for additional fees (bonus) and other employee benefits of the Group amounting to €3.374 thousand as well as provisions for future payments under "onerous contracts" as provided by IAS 37 amounting to €712 thousand. The Other provisions are expected to be used in the next 1-5 years.

COMPANY	Legal issues [1]	Unaudited fiscal years and tax audit expenses [2]	Other provisions	Total provisions
Period opening balance	**5.088**	**8.869**	**91**	**14.048**
Period additions	0	-5.754	0	**-5.754**
Exchange differences	-591	0	0	**-591**
Period closing balance	**4.497**	**3.115**	**91**	**7.703**
Long term provisions	**4.497**	**3.115**	**0**	**7.612**
Short term provisions	**0**	**0**	**91**	**91**
Total	**4.497**	**3.115**	**91**	**7.703**

[1] Relate to legal issues as analyzed in note 2.33.A.

[2] Relate to provisions for the coverage of differences from future audits for income taxes and other taxes. It is expected to be used in the next 1-3 years.

D. PERSONNEL EMPLOYED

The number of employees of the Group on 31/12/2017 amounted to 5.149 persons (Company/subsidiaries 3.132 and associates 2.017) and the Company's to 735 persons. At the end of 2016, the number of employees of the Group amounted to 5.293 persons (Company/subsidiaries 3.449 and associates 1.844) and the Company's to 689 persons.

E. RELATED PARTY DISCLOSURES

Intralot SA purchases goods and services and/or provides goods and services to various related companies, in the ordinary course of business. These related companies consisting of subsidiaries, associates or other related companies which have common ownership and / or management with Intralot SA.

Below is a condensed report of the transactions for the twelve months of 2017 and the balances on 31/12/2017 of other related parties:

Amounts reported in thousand of € (total operations)	GROUP 31/12/2017	GROUP 31/12/2016	COMPANY 31/12/2017	COMPANY 31/12/2016
a) Income				
-from subsidiaries	0	0	44.334	41.972
-from associates - joint ventures	4.909	2.565	4.905	2.200
-from other related parties	6.908	5.853	5.600	5.558
b) Expenses				
-to subsidiaries	0	0	19.716	21.283
-to associates - joint ventures	623	-391	623	-489
-to other related parties	7.355	10.377	5.499	8.826
c) Receivables (A)				
-from subsidiaries	0	0	73.863	73.222
-from associates - joint ventures	10.202	10.480	6.469	5.788
-from other related parties	11.501	16.102	8.425	10.342
d) Payables (B)				
-to subsidiaries	0	0	252.070	265.797
-to associates - joint ventures	8	562	8	6
-to other related parties	22.482	30.637	17.541	17.737
e) BoD and Key Management Personnel transactions and fees	10.101	10.550	5.145	4.806
f) BoD and Key Management Personnel receivables	0	298	0	0
g) BoD and Key Management Personnel payables	452	476	222	239
(A) The respective amounts are analyzed as follows:				
Total due from related parties	21.703	26.880	88.757	89.352
(less) long term portion (note 2.19)	2.053	4.176	28	28
Short term receivables from related parties (note 2.20)	**19.650**	**22.704**	**88.729**	**89.324**
(B) The respective amounts are analyzed as follows:				
Total due to related parties	22.942	31.675	269.841	283.779
(less) long term loans	0	0	232.179	237.347
(less) long term liabilities (note 2.28)	0	0	0	0
Short term payables to related parties (note 2.29 & 2.30)	**22.942**	**31.675**	**37.662**	**46.432**

Sales and services to related parties are made at normal market prices. Outstanding balances at year end are unsecured and settlement occurs in cash. No guarantees have been provided or received for the above receivables.

In 2017, the Company made provisions concerning an estimate of reduction of the recoverable value of receivables from subsidiaries amounting to €3,6 million that were recorded in the income statement of the period. Alongside the Company made a reversal of provisions regarding an estimate for reduction in the recoverable amount of receivables from subsidiaries amounting €1,5 million, due to realized and expected relevant receipts from these subsidiaries that was recorded in the income statement of the period, while amount of €0,7 million of provisions made in previous years was used definitively due to the liquidation of a subsidiary abroad

In 2016, the Company made a reversal of provisions concerning an estimate of reduction of the recoverable value of receivables from subsidiaries amounting to €14,4 million due to realized and expected relevant receipts from these subsidiaries and was recorded in the income statement of the period. Alongside in the nine months of 2016, the Company made provisions regarding an estimate for reduction in the recoverable amount of receivables from subsidiaries amounting to €10,6 million which were recorded in the income statement of the period while an amount of €0,7 million of provisions made in previous years was definitively used due to the merger of the Group's activities in Italy and the disposal of the Group's subsidiary Intralot Suriname Ltd.

The accumulated relevant provisions on 31/12/2017 amounted to €38,8 million (31/12/2016: €37,4 million).

2.33 CONTINGENT LIABILITIES, ASSETS AND COMMITMENTS

A. LITIGATION CASES

a. On 5th September 2005 a lawsuit was served to the company, filed by the company "IPPOTOUR S.A.", against the company and the company "OPAP S.A.". The plaintiff "IPPOTOUR S.A." requested to be acknowledged that the contract signed between OPAP S.A. and the Company should not grant to the latter the right to operate any kind of wagering game on Greek or foreign horse racing, that "OPAP S.A" should not have the right to operate any kind of wagering game on horse racing and that "OPAP S.A." and the company should be excluded from the operation and organization of betting games on horse racing. The hearing of the case had been set for 14th February 2008 when the hearing was postponed for 8th October 2009; at that date the hearing was cancelled due to the national elections. No summons for the schedule of a new hearing date has been served to the company until now. By virtue of the above mentioned lawsuit the plaintiff withdrew of the lawsuit filed against the Company and OPAP SA on 10th January 2003 with the same content, which was set to be heard on 18th May 2005, on which date the said hearing was cancelled. The Legal Department of the Company considers that, in case of the hearing of the case, the above-mentioned lawsuit would not be successful.

b. On 4th January 2005 OPAP S.A. submitted a notice of proceedings to "Betting Company S.A." regarding a lawsuit that was filed against OPAP S.A. before the Multi-member Court of First Instance of Athens, with which the plaintiff claims the payment of the amount of €3.668.378,60 plus accrued interests from OPAP S.A., pleading that OPAP S.A. should pay this amount to him as profit, in addition to the amount already paid to him. Since Betting Company S.A. has a legitimate interest in OPAP S.A. winning the lawsuit, Betting Company S.A., the companies INTRALOT S.A. and INTRALOT INTERNATIONAL LTD proceeded to an additional joint intervention in favor of OPAP S.A.; this was scheduled for hearing on 3rd May 2007 but following a petition for precipitation of the plaintiff the case was heard on 1st December 2005. By its decision No 2412/2006 the Multi-member Court of First Instance of Athens ruled in favor of the lawsuit of the plaintiff and, following the restriction by the plaintiff of his petition to a lawsuit for acknowledgement of the debt, the Court acknowledged the obligation of OPAP S.A to pay to the plaintiff the amount of €3.668.378,60. OPAP S.A and the aforementioned companies filed an appeal on 28/6/2006 which had been rejected by the Athens Court of Appeals with its decision no. 6377/2007. The defendants filed an appeal before the Supreme Court which was heard on 9th November 2009 and decision no. 1252/2010 was issued accepting the appeal and referring back the case to the Athens Court of Appeals which vindicated the defendants and dismissed the lawsuit with its decision no. 5189/2012. For the above case a provision had been made which has been reversed. On 23rd July 2014 an application for cassation was served to the company which has been heard, following a postponement, on 2nd February 2015 and the decision no 1062/2015 was issued referring the case for hearing before the plenary session of the Supreme Court. The case was heard before the plenary session of the Supreme Court on the 16th February 2017 and the decision of the plenary session of the Supreme Court was issued which rejected the reasons for cassation that were brought for judgment before the plenary session, while the remaining reasons for cassation were referred for hearing to the competent Supreme Court's department. The date for the hearing was set for the 26th of February 2018 when the case was heard and the issue of the decision is pending.

c. Against (a) publishing company "I. Sideris – Andreas Sideris Sons O.E.", (b) the Foundation of Economic and Industrial Researches (IOBE), (c) Mr. Theodosios Palaskas, Director of Research of IOBE, (d) the Kokkalis Foundation, and (e) INTRALOT, a lawsuit of Mr. Charalambos Kolymbalis, was filed on 8th March 2007 before the Multi-member Athens Court of First Instance. With his lawsuit, the plaintiff requests to be recognized as the sole creator of the project entitled "The financial consequences of sports in Greece" and his intellectual property right on this, and that the amount of €300.000 to be paid to him as monetary compensation for moral damages. Date of the hearing was set the 20th February 2008 when it was postponed for 4th March 2009 and then again for 24th February 2010; on that date the hearing of the case was cancelled due to strike of the judicial secretaries. New hearing date was scheduled the 23rd May 2012 when the case was heard and the decision no. 5724/2012 of the Athens Multi-member Court of First Instance was issued which dismissed the lawsuit. On 17 October 2015 an appeal was served to the company against the above decision, which was scheduled to be heard before the Athens Court of Appeals on 11 February 2016; on that date the hearing was postponed for 22 September 2016 due to lawyers strike when it was cancelled, while following a request of the plaintiff a new hearing date is set for 9 March 2017 when the case has been heard and a decision of the Court of Appeals was issued which ordered the repeat of the appeal's hearing. The date for the hearing was set for the 22nd of February 2018 when the case was heard and the issue of the decision is pending.

d. On 26th July 2011 a lawsuit was served to INTRALOT SA and the company "Interstar Security LTD" from a former employee of INTRALOT SA claiming the payment of €500.000 as compensation for moral damage. The hearing had been initially set for 6th March 2014 when it was postponed for 10 November 2016. Before the hearing the plaintiff withdrew from the lawsuit. The estimate of the legal advisors of the Company is that in any case the lawsuit, if it will be heard, has no serious chance of success.

e. The Company and its subsidiary "Intralot International Limited" and Mr. Socratis P. Kokkalis, filed before the Athens Multi-member Court of First Instance their lawsuit dated 1st November 2012 against the company "Glory Technology Limited" having its registered offices in Cyprus and Mr. Athanassios K. Ktorides, resident of Cyprus, requesting to compel the defendants to pay, jointly and severally, because of slander and their unfair competitive behavior:

- to the first plaintiff (Intralot) the amount of €72.860.479,78 (including monetary compensation for moral damages amounting to €25.000.000) with the legal interest as from the service of the lawsuit
- to the second plaintiff (Intralot International Limited) the amount of €5.019.081,67 (including monetary compensation for moral damages amounting to €5.000.000) with the legal interest as from the service of the lawsuit; and
- to the third plaintiff (Mr. Socratis P. Kokkalis) the amount of €50.424.019,73 (including monetary compensation for moral damages amounting to €25.000.000) with the legal interest as from the service of the lawsuit.

The Athens Multi-member Court of First Instance issued its decision partially accepting the lawsuit; "Glory Technology Limited" is obliged to pay €50.000 to the first plaintiff, €25.000 to the second plaintiff and €25.000 to the third plaintiff. No appeal of the other party has been served to the Company yet. The Company filed an appeal against the decision requesting that the lawsuit to be accepted in total; no hearing date has been set for the appeal.
On the other hand, the company "Glory Technology Limited" and Mr. Athanassios K. Ktorides filed before the same court their lawsuit dated 19 March 2013 claiming that with the filing of the abovementioned lawsuit (from which unfair competitive behaviour results, as they allege) moral damage was caused to them. With their lawsuit, the plaintiffs were requesting from the court to compel the Company, "Intralot International Limited" and Mr. Socratis Kokkalis to pay jointly and severally monetary compensation for moral damages amounting to €25.000.000 to each of the plaintiffs. The hearing of the case had been scheduled for 16th October 2013. On 23rd September 2013, the plaintiffs withdrew from the lawsuit.

f. In Turkey the companies Teknoloji Holding A.Ş. and Teknoser Bilgisayar Teknik Hizmetler Sanayi ve Dış Ticaret A.Ş have filed a lawsuit against Intralot and Inteltek claiming that due to wrong calculation of the reserves of the years 2005 and 2006, the distributed dividends to the then shareholders of Inteltek should have been higher and for this reason they are requesting that the amount of TL 609.310,40 (€134.020) plus interest to be paid to them. A First Instance Court decision was issued which accepted the lawsuit against Intralot. The Company filed an appeal against this decision which is pending.

g. In Colombia, INTRALOT, on 22nd July 2004, entered into an agreement with an entity called Empresa Territorial para la salud ("Etesa"), under which it was granted with the right to operate games of chance in Colombia. In accordance with terms of the abovementioned agreement, INTRALOT has submitted an application to initiate arbitration proceedings against Etesa requesting to be recognized that there has been a disruption to the economic balance of abovementioned agreement to the detriment of INTRALOT and for reasons not attributable to INTRALOT and that Etesa to be compelled to the modification of the financial terms of the agreement in the manner specified by INTRALOT as well as to pay damages to INTRALOT (including damages for loss of profit) or alternatively to terminate now the agreement with no liability to INTRALOT. The arbitration court adjudicated in favour of Etesa the amount of 23,6 billion Colombian pesos (€6,6m). The application for annulment of the arbitration award filed by INTRALOT before the High Administrative Court was rejected. The Company filed a lawsuit before the Constitutional Court which was rejected. On 31 August 2016 an application was served to the Company requesting to render the abovementioned arbitration decision as executable in Greece; the application was scheduled to be heard before the Athens One-Member First Instance Court on 1 November 2016 when the hearing was postponed for the 16th December 2016 in order to be heard together with an intervention filed by the Company requesting the dismissal of the application. On that date the hearing was postponed for the 6th February 2017 when the case was heard and the issue of the decision is pending. The Company has created relative provision in its financial statements part of which (€2,1m) has already been used for the payment to Etesa of a letter of guarantee amounting to 7.694.081.042 Colombian pesos.

h. Against the subsidiary Intralot Holdings International Ltd., a shareholder of LOTROM SA and against LOTROM SA, another shareholders of LOTROM SA, Mr. Petre Ion filed a lawsuit before the competent court of Bucharest requesting that Intralot Holdings International Ltd to be obliged to purchase his shares in LOTROM SA for €2.500.000 and that LOTROM SA to be obliged to register in the shareholders book such transfer. Following the hearing of 28th September 2010 a decision of the court was issued accepting the lawsuit of the plaintiff. Intralot Holdings International Ltd and LOTROM SA filed an appeal which was rejected. The abovementioned companies further filed a recourse before the Supreme Court which was heard and rejected. Mr. Petre Ion initiated an enforcement procedure of the above decision in Romania. The companies will exercise legal means against the enforcement procedure according to the provisions of the Romanian laws.

i. Mr. Petre Ion filed in Romania a lawsuit against Intralot Holdings International Ltd and LOTROM requesting to issue a decision to replace the share purchase contract of its shares in LOTROM SA for €2.500.000 (for which he had filed the above lawsuit) in order to oblige Intralot Holdings International Ltd a) to pay the amount of €400.000 as tax on the above price, b) to sign on the shareholders book for the transfer of the shares, c) to pay the price of the transfer and the legal costs. The Court of First Instance rejected Mr. Petre Ion's lawsuit. Mr. Petre Ion filed an appeal which was heard on 4 November 2014 and was partially accepted. The Company filed an appeal against this decision which was rejected. Following postponements, the case was heard on 10 June 2016 and the respective first instance decision was issued on 19 July 2016; the lawsuit against LOTROM was rejected while it was accepted partially in respect to its part filed against Intralot Holdings International Ltd., obligating the latter to pay the amount of the purchase and the legal expenses. Both Intralot Holdings International Ltd. and Mr. Petre Ion filed appeals against this decision which was heard and were rejected. The decision is now final and therefore enforceable however Intralot Holdings International Ltd. filed an application for cassation which is pending.

j. On 24 April 2013 the Company was notified of the existence of a research conducted by the Competition Board of Romania in relation to the contract signed in 2003 with Compania Nationala Loteria Romana regarding the Videolotto program. The Competition Board of Romania imposed a fine to the Company amounting to 5.541.874 ROL (€1.189.626) and to the subsidiary LOTROM to 512.469 ROL (€110.007). The Company and its subsidiary LOTROM filed a lawsuit against the respective decision requesting its annulment and the suspension of its execution. The applications for the suspension of validity of the above decision of the Competition Board were rejected and the Company and its subsidiary LOTROM filed appeals; no hearing date has been scheduled yet. Also, an application for the suspension of execution was filed by Intralot, scheduled to be heard on 13th November 2014, date on which the Court decided to suspend the issue of the decision until the competent court decides on the main recourse filed for annulment of the decision of the Competition Board. Against said decision an appeal was filed which has been rejected. Finally, the applications for the annulment of the decision of the Competition Board filed by LOTROM and INTRALOT were accepted by the court and the respective fines were cancelled. Against LOTROM and the respective abovementioned decision, the Competition Board of Romania filed an appeal which has not been yet scheduled for hearing. The Competition Board filed a separate appeal against the decision which accepted Intralot's application for the annulment which has not been yet scheduled for hearing.

k. In Romania, the subsidiary Lotrom was notified on the beginning of an investigation conducted by the competent authorities against the state lottery CNLR, client of the Group, in relation to alleged occurrence of the crime of conducting games of chance without license and possible complicity to that, in relation to the operation of Video Lottery machines of CNLR; the Group was the technology provider of CNLR from 2003 to 2014. Intralot was notified, through rogatory procedure, that itself along with LOTROM and Intracom, are alleged to be accomplices of the state lottery CNLR to the abovementioned crimes. Intralot refuted with a memo duly submitted within February 2016, the above allegations. Due to the early stage of the procedure and the nature of the case as well as due to the secrecy of the investigation procedures, neither further comments on the issue nor any estimation of any possible negative financial effect on the financials of the group can be provided.

l. In Poland, as a result of bet making points controls conducted by Custom Service bodies in 6 shops, a gambling law breach was claimed to be made by the "E-Promotion" program of the subsidiary "Totolotek Totomix SA" and a relevant administrative procedure was initiated which was concluded with the issue of a second instance decision of the Ministry of Finance for revocation of the six relevant licenses; the company filed a recourse against this decision before the Administrative Courts which was rejected and an appeal filed against the respective decision was also rejected. In relation to all remaining shops a second instance decision of the Ministry of Finance was issued revoking their licenses. The company has filed recourses before Administrative Courts which were rejected . "Totolotek Totomix SA" intends to file further legal means against the above decisions. Since December 2012, new licenses have already been issued by virtue of which the subsidiary "Totolotek Totomix SA" operates and, therefore, the abovementioned cases will not affect its activities. Following the abovementioned decisions of the Ministry of Finance regarding the revocation of the licenses, a fine amounting to 480.000 Euro was imposed to the company. The company filed a recourse against this decision and the court issued, on 13 May 2015, its decision vindicating "Totolotek Totomix SA" and cancelled the fine, while the respective appeal filed was rejected by the Warsaw Supreme Court rendering final the decision of the court which cancelled the fine.

m. In August 2012, two British Virgin Island companies filed a Complaint in the United States Bankruptcy Court Southern District of Florida, Miami Division, against numerous defendants, including Supreme Ventures Limited ("SVL"), a publicly traded gaming company listed on the Jamaican Stock Exchange in which INTRALOT was holding until 10.10.2017 an indirect shareholding interest. Notably, as per SVL, the lawsuit is based on the same claims (related to demands arose before the acquisition of INTRALOT's participation in SVL), towards third parties, initial shareholders and/or directors of SVL, or not, which were brought in, and were recently rejected by the Jamaican courts, first by the Supreme Court and then again by the Court of Appeals. INTRALOT is named as a «Relief Defendant» which means that INTRALOT is not alleged to have been part - directly or indirectly - of any wrongdoing, since the alleged by the plaintiffs acts are made before the acquisition of SVL's shares by INTRALOT through the Jamaican Stock Exchange. Intralot agrees with SVL's opinion that the Complaint is wholly without merit and expects that it will be successful in the Florida courts, as it was in the Jamaican courts.

n. In Brazil, a former officer of a subsidiary company filed a lawsuit against such subsidiary requesting several amounts to be paid to him as fees resulting from his labour relationship amounting to approx. €240.000 and from a services agreement calculated as a percentage 4% on the turnover of the subsidiary. On August 23rd, 2013, the decision of the local court was issued dismissing the lawsuit. The plaintiff filed an appeal and a decision was issued at the end of July 2014 which refers the case for a new hearing before the Court of First Instance. The court accepted the claim of the plaintiff in relation to the amounts owed due to his labor relationship but rejected the claim for remuneration resulting from a services agreement. The company filed an appeal before the Supreme Labor Court which is pending.

o. On 30 July 2012, Intralot filed before the Athens Multi-member Court of First Instance a lawsuit against the company "Hellenic Organization of Horse Racing S.A." (ODIE) requesting the payment of the amount of €2.781.381,15 relating to system maintenance services provided but not paid. The case was heard on 6th May 2015 and a decision was issued accepting Intralot's lawsuit in full. ODIE filed an appeal against this decision which has been scheduled for hearing on 1 November 2018 before the Athens Court of Appeal. Moreover, Intralot filed a recourse to the arbitration panel on 13 August 2012 against the same company ODIE requesting the payment of the amount of €9.551.527,34 relating to operational services of integrated system provided but not paid. The arbitration was concluded on 1st March 2013 and the arbitration decision no 27/2013 was issued vindicating Intralot and compelling ODIE to pay to Intralot the total amount requested (€9.551.527,34). In order to secure its claims, Intralot:

a) by virtue of the above arbitration decision, has already recorded on the mortgage books of the Land Registry Office of Kropia a mortgage on a land property of ODIE and specifically on the property where the Horse Racetrack of Athens in Markopoulo Attica is operating, and on the buildings thereupon, for an amount of €11.440.655,35.

b) by virtue of the decision no 2209/2014 of the Athens Single Member Court of First Instance, has already recorded on the mortgage books of the Land Registry Office of Kropia, a note of mortgage on the same real estate of ODIE for an amount of €9.481.486,11.

c) advanced the procedure of compulsory execution against ODIE in order to execute its claims.

Furthermore, on 20 March 2014, Intralot filed before the Athens Multi-member Court of First Instance a lawsuit against ODIE requesting the payment of the amount of €8.043.568,69 which is owed to it pursuant to the "Agreement of Maintenance and Operation of the System of the Mutual Betting on Horse Races of ODIE" dated 6 March 2012. The hearing date was 17th February 2016 but on that date the hearing was postponed, due to lawyers' strike, for 4 October 2017, when it was heard and is issue of the decision is pending.

The confiscation on the above land property of ODIE in Markopoulo Attica imposed in the frame of the abovementioned procedure of compulsory execution against ODIE, was reversed with the consent of Intralot on 15 December 2015 in execution of the terms of the agreement dated 24 November 2015 between Intralot and ODIE which settled the payment of all above claims of Intralot. Pursuant to this agreement, ODIE assigned to Intralot 2/3 of the rent which it will receive from the lease agreement relating to that real estate to the company "Ippodromies SA". The payment of the assigned rent amounts has already been started.

p. A former officer of the Company filed a lawsuit before the Athens First Instance Court requesting the payment of the amount of €121.869,81 as non-paid wages. The hearing had been scheduled for 25 May 2016 when it was postponed for 4 June 2018 due to lawyers' abstention from hearings. The Legal Department of the Company considers that, following the hearing of the case, the above-mentioned lawsuit would not be successful.

q. In Poland a lawsuit was filed against the subsidiary "Totolotek Totomix SA" by a player of betting games; he claims that the amount of 861.895PLN (€206.343) which was not paid by the abovementioned subsidiary because of violation of the betting regulations by the plaintiff, is due to him. "Totolotek Totomix SA" has requested the case to be heard before the Warsaw courts (instead of the courts of the town Torun) and this application was accepted, however the plaintiff has filed a recourse requesting that the case to be heard before the courts of Torun which was rejected by the court and the case will be heard by the Warsaw courts on 18 April 2018.

r. There is a dispute pending between on the one hand the subsidiary company Intralot Leasing Netherlands B.V. in its capacity as lessee and the Company in its capacity as guarantor and on the other hand the company Econocom Nederland B.V. with respect to a sale and leaseback of equipment agreement dated 28 March 2013 and more specifically in relation to a claim of Econocom Nederland B.V. for further payments to it. As per the agreement's terms, a stand-by letter of credit issued by the French bank Societe Generale in the amount of €5mil. had been delivered to Econocom Nederland B.V. The Company requested from the competent French court in Paris this stand-by letter of credit not to be called and the court issued a temporary decision restricting Societe Generale from paying any amount from the above stand-by letter of credit to Econocom Nederland B.V. until the hearing of the case, following postponement, on 17 January 2017. Additionally, the Company filed injunctions in the Netherlands against Econocom Nederland B.V. and the court accepted the respective application and prohibited Econocom Nederland B.V. to request the payment of the abovementioned letter of guarantee and of the relevant corporate guarantee, until the issue of the final judgement, ordering Econocom Nederland B.V. to pay a penalty of €10m in case of breach of the prohibition. A lawsuit was also filed with a request to be recognized that no further amounts are due to Econocom Nederland B.V. by virtue of the above agreement; the lawsuit which was heard on 15 November 2017 and the issue of the decision is pending. Against the injunctions decision Econocom Nederland B.V. filed an appeal which was heard on 13 November 2017 and the issue of the decision is pending.

s. In Romania, the company "INTRAROM SA" having its registered offices in Romania, requested arbitration against Intralot before the Arbitration Court of the Romanian Chamber of Commerce and Industry claiming the amount of 3.960.649,42 RON (€948.204) for unpaid invoices and the amount of 3.210.848,10 RON (€768.697) for delay penalties until 11.7.2017 and additional delay penalties from 11.7.2017 until payment. The arbitration procedure is in progress and Intralot reserves the position that it has strong arguments to object the claims of "INTRAROM SA".

t. In Cyprus, the National Betting Authority has suspended the Class A license of the company Royal Highgate Pcl Ltd. in which the Company has an indirect participation of approx. 35,08%, initially for a period of two months, alleging non-compliance of Royal Highgate Pcl Ltd. with specific terms of the license. Following extensions, the license is still suspended. Royal Highgate Pcl Ltd. considers that those requested by the National Betting Authority are beyond the provisions of the law and has filed a recourse before the competent administrative court of Nicosia which has been scheduled for hearing on 30 March 2018.

u. In USA, in South Carolina State, a class action was filed v. the local lottery South Carolina Education Lottery Commission and the subsidiary Intralot, Inc. for breach of contract with the allegation that because of malfunctioning of the system there were winning tickets which were not paid and claiming a total compensation of approx. 35m USD (€29,2m). The lawsuit was served to Intralot, Inc. on 20 March 2018 and the company must reply within 30 days. The Group’s management, relying on local expert legal counsels opinion, considers that the lawsuit has low probability of success. It is noted that with regards to such cases, the Group has a respective insurance coverage.

v. A former employee of the Company filed two lawsuits before the Athens First Instance Court requesting, with the first one, the payment of the amount of €133.179,47 for unpaid salaries and €150.000 as compensation for moral damages and, with the second one, the amount of €259.050 for overdue salaries calculated until 3 December 2019 and €150.000 as compensation for moral damages. The first lawsuit was heard on 28 February 2018 and the issue of the decision is pending, while the second one has been scheduled for hearing on 10 May 2018.

Until 27/3/2018, apart from the legal issues for which a provision has been recognised, the Group Management estimates that the rest of the litigations will be finalized without a material effect on the Group’s and the Company’s financial position and results.

B. FISCAL YEARS UNAUDITED BY THE TAX AUTHORITIES

I) AFFILIATE COMPANIES

COMPANY	YEARS
INTPAΛOT S.A.	2013-2017
BETTING COMPANY S.A.	2007-2010 & 2012-2017
BETTING CYPRUS LTD	2012-2017
INTRALOT IBERIA HOLDINGS SA	2013-2017
INTRALOT JAMAICA LTD	2010-2017
INTRALOT TURKEY A.S.	2013-2017
INTRALOT DE MEXICO LTD	2006-2017
INTRALOT CHILE SPA	2017
INTELTEK INTERNET AS	2013-2017
AZERINTELTEK AS	2017
POLDIN LTD	2013-2017
ATROPOS S.A.	2010-2017
INTRALOT SERVICES S.A.	2015-2017
INTRALOT ADRIATIC DOO	2015-2017
BILYONER INTERAKTIF HIZMELTER AS GROUP	2015-2017
INTRALOT MAROC S.A.	2016-2017
GAMING SOLUTIONS INTERNATIONAL LTDA	2012-2017
INTRALOT INTERACTIVE S.A.	2012-2017
INTRALOT GLOBAL SECURITIES B.V.	2013-2017
INTRALOT CAPITAL LUXEMBOURG S.A.	2014-2017
INTRALOT FINANCE LUXEMBOURG S.A.	2013-2017
INTRALOT GLOBAL HOLDINGS B.V.	2013-2017
INTRALOT INC	2014-2017
DC09 LLC	2014-2017
INTRALOT AUSTRALIA PTY LTD	2013-2017
INTRALOT GAMING SERVICES PTY	2013-2017
ILOT CAPITAL UK LTD	2016-2017
ILOT INVESTMENT UK LTD	2016-2017
INTRALOT NEDERLAND B.V.	2010-2017
LOTROM S.A.	2012-2017
INTRALOT BEIJING Co LTD	2007-2017
TECNO ACCION S.A.	2013 & 2016-2017
TECNO ACCION SALTA S.A.	2015-2017
MALTCO LOTTERIES LTD	2004-2017
INTRALOT NEW ZEALAND LTD	2013 & 2017
INTRALOT DO BRAZIL LTDA	2013-2017
INTRALOT MINAS GERAIS LTDA [1]	2012
OLTP LTDA	2013-2017
INTRALOT GERMANY GMBH	2016-2017
INTRALOT SOUTH KOREA S.A.	2007-2017
INTRALOT FINANCE UK LTD	2016-2017
INTRALOT ASIA PACIFIC LTD	2016-2017
WHITE EAGLE INVESTMENTS LTD	2016-2017
BETA RIAL Sp.Zoo	2013-2017

COMPANY	YEARS
POLLOT Sp.Zoo	2013-2014 & 2016-2017
TOTOLOTEK S.A.	2013-2017
INTRALOT SLOVAKIA SPOL. S.R.O.	2014-2017
NIKANTRO HOLDINGS Co LTD	2012-2017
LOTERIA MOLDOVEI S.A.	2014-2017
INTRALOT BETTING OPERATIONS (CYPRUS) LTD	2012-2017
ROYAL HIGHGATE LTD	2013-2017
INTRALOT LEASING NEDERLAND B.V.	2013-2017
INTRALOT IRELAND LTD	2014-2017
BILOT INVESTMENT LTD	2016-2017
EUROBET LTD	2013-2017
EUROBET TRADING LTD	2013-2017
ICS S.A.	2012-2017
TECNO ACCION URUGUAY S.A. (Pilmery Corporation S.A.)	2016-2017
INTRALOT GLOBAL OPERATIONS B.V.	2016-2017
GARDAN LTD	2017
GAMEWAY LTD	2016-2017
INTRALOT ITALIAN INVESTMENTS B.V.	2017
BIT8 LTD	2016-2017
INTRALOT CYPRUS GLOBAL ASSETS LTD	2012-2017
INTRALOT OOO	2015-2017
INTRALOT ST. LUCIA LTD	2012-2017
INTRALOT GUATEMALA S.A.	2009-2017
LOTERIAS Y APUESTAS DE GUATEMALA S.A.	2009-2017
INTRALOT DOMINICANA S.A.	2009-2017
INTRALOT LATIN AMERICA INC	2008-2017
INTRALOT HOLDINGS INTERNATIONAL LTD	2012-2017
INTRALOT INTERNATIONAL LTD	2012-2017
INTRALOT OPERATIONS LTD	2012-2017
NETMAN SRL	2012-2017
BILOT EOOD	2012-2017
EUROFOOTBALL LTD	2012-2017
EUROFOOTBALL PRINT LTD	2012-2017
INTRALOT TECHNOLOGIES LTD	2012-2017
INTRALOT LOTTERIES LTD	2012-2017
INTRALOT BUSINESS DEVELOPMENT LTD	2012-2017
GAMING SOLUTIONS INTERNATIONAL SAC	2013-2017
NAFIROL S.A.	-
LEBANESE GAMES S.A.L	-
INTRALOT HONG KONG HOLDINGS LTD	2015-2017
ENTERGAMING LTD	-
INTRALOT BETTING OPERATIONS RUSSIA LTD	2012-2017
INTRALOT DE COLOMBIA (BRANCH)	2012-2017

[1] The subsidiary company Intralot Minas Gerais Ltda has merged with Intralot Do Brazil Ltda

The tax audits were completed in Intralot Nederland B.V. for the year 2009, in Tecno Accion S.A. for the period 2014-2015, in AzerInteltek AS for the period 2012-2016, in Bilyoner Interaktif Hiizmelter AS Group for the period 2013-2014, in Intralot Leasing Nederland B.V. for the year 2013 (regarding VAT), in Intralot

Chile SPA for the year 2016 (with the possibility of re-auditing over the next three years), in Intralot Inc for the period 2014-2015 in respect to sales taxes in the Ohio State, where a charge occurred amounting €76 thousand that was paid, in Intralot Jamaica Ltd the tax audit was partly completed in for the period 2010-2012, in Royal Highgate Ltd for the period 2008-2012 where a tax liability plus interests and fines occurred, amounting to €129 thousand while in Intralot Germany GMBH it was completed for the period 2012-2015. In Lotrom S.A. the audit initiated by the local tax authorities with respect to financial activities for transactions subject to VAT for the period 2004-2014 was completed in the fourth quarter of 2016. So far the conclusion report has not been yet notified to the company. Tax audits are in progress in Inteltek Internet AS for the period 2014-2015. Under the L.2238/94 Art. 82 par.5 of POL.1159/2011, the companies Betting Company S.A. and Intralot Interactive S.A. have received a tax certificate for the period 2011-2016, the company Intralot S.A. for the period 2014-2016 and the company Intralot Services S.A. for the period 2015-2016. In Intralot SA during the tax audit for the year 2011, were imposed taxes on accounting differences plus surcharges amounting to €3,9 million. The Company lodged an administrative appeal against the relevant control sheets resulting in a reduction of taxes of €3,34 million. The Company filed new appeals to the Greek Administrative Courts which did not justify the Company, which filed an appeal before the Council of State. The Company's management and its legal advisors consider that there is a significant probability that the appeal will thrive finally for the most part. The Company has formed sufficient provisions and has paid the whole amount of taxes. Also in Intralot S.A. a partial re-audit was contacted for the years 2007 & 2008 without incurring any tax liability for the Company. Also, the tax audit for the fiscal year 2012 was completed without any tax burden on the Company's results while an audit order has been notified to the Company for the year 2013.

II) ASSOCIATE COMPANIES & JOINT VENTURES

COMPANY	YEARS
LOTRICH INFORMATION Co LTD	2017
INTRALOT SOUTH AFRICA LTD	2016-2017
GOREWARD LTD	-
GOREWARD INVESTMENTS LTD	-
PRECIOUS SUCCESS LTD GROUP	2013-2017
GAIN ADVANCE GROUP LTD	-
OASIS RICH INTERNATIONAL LTD	-
WUSHENG COMPUTER TECHNOLOGY (SHANGHAI) CO LTD	2017
SWITCH IT NV	-
FUTURE PLATFORMS LTD	2016-2017
UNICLIC LTD	2004-2017
DOWA LTD	2006-2017
GAMENET GROUP S.p.A.	2016-2017
GAMENET S.p.A.	2012-2017
INTRALOT HOLDING & SERVICES S.p.A. [2]	2012-2017
INTRALOT GAMING MACHINES S.p.A. [2]	2012-2017
INTRALOT ITALIA S.p.A	2012-2017

COMPANY	YEARS
VENETA SERVIZI S.R.L.	2012-2017
GAMENET ENTERTAINMENT S.R.L.	2012-2017
GAMECITY S.R.L. [3]	2016-2017
LA CHANCE S.R.L.	2016-2017
SLOT PLANET S.R.L.	2016-2017
GAMENET SCOMMESSE S.p.A. [5]	2012-2017
GAMENET RENTING S.R.L. [4]	2012-2017
TOPPLAY S.R.L.	2012-2017
GNETWORK S.R.L.	2015-2017
VERVE S.p.A. [3]	2012-2017
BILLIONS ITALIA S.R.L.	2015-2017
JOLLY VIDEOGIOCHI S.R.L.	2012-2017
ROSILSPORT SRL	2017
NEW MATIC S.R.L.	2012-2017
AGESOFT S.R.L.	2016-2017
INTRALOT DE PERU S.A.C.	2015-2017
SERVICIOS TRANSDATA S.A. [1]	2012-2013

[1] The company Servicios Transdata SA has merged with Intralot De Peru S.A.C.
[2] The companies Intralot Holding & Services S.p.A. and Intralot Gaming Machines S.p.A. have been merged with Gamenet S.p.A
[3] The companies Gamecity S.R.L. and Verve S.p.A. have been merged with Gamenet Entertainment S.R.L
[4] The company Gamecity Renting S.R.L. has been merged Gamenet S.p.A.
[5] The company Gamenet Scommesse S.p.A. was merged with Gamenet S.p.A. on 1/1/2018.

The tax audits were completed in New Matic Srl for the year 2011, where a tax charge of €0,4 million was incurred, in Gamenet Entertainment Srl for the year 2014 (regarding VAT and income tax), in Wusheng Computer Technology Co Ltd for the year 2016 and in Dowa Ltd for the period 2004-2005. Also the tax audits for the year 2015 & 2016 were completed in companies Lotrich Information Co Ltd and for 2015 in Intralot South Africa Ltd without incurring any tax burden. In Servicios Transdata S.A the tax audit for income tax was completed in 2014, for the year 2008 and VAT for the period 1/1/2008-30/6/2009 imposing additional taxes and fines amounting to €3,4 million. The company has launched an objection procedure in accordance with the relevant legislation to cancel the imposed taxes and fines. The company's legal consultants believe that the most possible outcome of the case will be positive. In Gamenet S.p.A a tax audit begun for the year 2013 and later expanded to 2012 as regards two service providers. The audit of the fiscal year 2013 was suspended and the fiscal authorities completed the tax audit for the fiscal year 2012 and issued the relevant audit report, charging corporate income tax (IRES) of €2,96 million and €0,55 million regional tax (IRAP), as well as charging a withholding tax of €0,33 million. It should also be noted that the link with the disputed suppliers continues to have an effect on taxable income for the years after 2012 and it is therefore possible for the tax authorities to issue similar audit reports in later years. The company's management, as well as the legal and tax advisers of the company believe that the risk of imputing the above taxes is remote and that no provision is required in the financial statements. A tax audit is in progress in Intralot South Africa for the period 2016.

C. COMMITMENTS

(i) Operating lease payment commitments

On 31 December 2017 within the Group there have been various operating lease agreements relating to rental of buildings and motor vehicles. Rental costs have been included in the income statement for the period ended on 31 December 2017. Future minimum lease payments of non-cancelable lease contracts as at 31 December 2017 are as follows:

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Within 1 year	5.372	8.084	835	883
Between 2 and 5 years	5.598	9.840	2.057	1.607
Over 5 years	796	1.156	738	870
Total	**11.766**	**19.080**	**3.630**	**3.360**

(ii) Guarantees

The Company and the Group on 31 December 2017 had the following contingent liabilities from guarantees for:

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Bid	8	1.423	8	0
Performance	172.255	209.743	34.814	55.119
Financing	9.794	33.889	6.800	33.216
Other	302	0	302	0
Total	**182.359**	**245.055**	**41.924**	**88.335**

	GROUP	
	31/12/2017	31/12/2016
Guarantees issued by the parent and subsidiaries:		
- third party	182.335	230.780
- third party on behalf of affiliates	24	14.275
Total	**182.359**	**245.055**

	COMPANY	
	31/12/2017	31/12/2016
Guarantees issued by the parent:		
- third party on behalf of subsidiaries	38.406	70.622
- third party on behalf of affiliates	24	14.276
- third party on behalf of the parent	3.494	3.437
Total	**41.924**	**88.335**

Beneficiaries of Guarantees:

Bid: Hrvatska Lutrija D.O.O

Performance: Arkansas Lottery Commission, Azeridmanservis LLC, City of Torrington, Centre Monetique Interbancaire (CMI), DC Lottery Board, Georgia Lottery Corporation, Hrvatska Lutrija D.O.O., Idaho State Lottery, Kansas Department of Administration - Procurement and Contracts, La Societe de Gestion de la Loterie National & la Marocaine des Jeux et des Sports, Loteria do Estado de Minas Gerais, Lotteries Commission of Western Australia, Louisiana Lottery Commission, Lutrija Bosne i Hercegovine D.O.O., Malta Gaming Authority, Maryland State Lottery, Meditel Telecom SA, Milli Piyango Idaresi Genel Mudurlugu, Moniton Pty Ltd, National Betting Authority of Cyprus, New Hampshire Lottery Commission, New Mexico Lottery Authority, Ohio Lottery, Polla Chilena de Beneficencia S.A., South Carolina Education Lottery, South Carolina Education Lottery Systems & Other Services, Spor Toto Teskilat Baskanligi, State of Montana, State of Ohio, Department of Administrative Services, State of Vermont, Vermont Lottery Commission, Stichting Exploitatie Nederlandse Staatsloterij, T.C. Basbakanlik Genclik ve Spor Genel Mudurlugu Spor Toto Teskilat Baskanligi, Totalizator Sportowy Sp. Z.o.o., Town of Greybull, Town of Jackson, City of Gillette, Wyoming Lottery Corporation, Information society S.A., OPAP S.A., Airport EL. Venizelos CustomS, Eleusis Customs

Financing: Milli Piyango Idaresi Genel Mudurlugu, Bogazici Kurumlar Vergi Dairesi Mudurlugu, State of Ohio, Department of Health, Fondazione Enasarco, Hanseatische Immobilienfonds Gmbh, Econocom Netherland BV, Key Equipment Finance Netherlands BV

Other: Teknoloji Holdings

(iii) Financial lease commitments

GROUP	Minimum of the lease payments 31/12/2017	Present value of the minimum lease payments 31/12/2017	Minimum of the lease payments 31/12/2016	Present value of the minimum lease payments 31/12/2016
Within one year	1.462	1.418	1.534	1.460
After one year but not more than five years	1.397	1.389	709	684
After more than five years	0	0	0	0
Minus: Interest	-52	0	-99	0
Total	**2.807**	**2.807**	**2.144**	**2.144**

The Company has no obligations under finance leases.

	GROUP	
Long-term leases	**31/12/2017**	**31/12/2016**
Leases in EUR	0	16
Leases in USD	1.286	551
Leases in BGL	78	108
Leases in BRL	2	9
Leases in TRY	23	0
Total	**1.389**	**684**
Short-term leases		
Leases in EUR	0	1.119
Leases in USD	1.290	306
Leases in BGL	30	30
Leases in BRL	5	5
Leases in TRY	93	0
Total	**1.418**	**1.460**
Total	**2.807**	**2.144**

2.34 FINANCIAL RISK MANAGEMENT

Description of significant risks and uncertainties

The Group's international activities create several financial risks in the Group's operation, due to constant changes in the global financial environment. The Group beyond the traditional risks of liquidity risk and credit risk also faces market risk. The most significant of these risks are currency risk and interest rate risk. The risk management program is a dynamic process that is constantly evolving and adapted according to market conditions and aims to minimize potential negative impact on financial results. The basic risk management policies are set by the Group Management. The risk management policy is implemented by the Treasury Department of the Group which operates under specific guidelines approved by management.

Credit risk

The Group does not have significant credit risk concentration because of the wide dispersion of its customers and the fact that credit limits are set through signed contracts. The maximum exposure of credit risk amounts to the aggregate values presented in the balance sheet. In order to minimize the potential credit risk exposure arising from cash and cash equivalents, the Group sets limits regarding the amount of credit exposure to any financial institution. Moreover, in order to secure its transactions even more, the Group adopted an internal rating system, regarding credit rating evaluation, using the relevant financial indices.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group took measures to obtain certain policies to monitor the liquidity in order to hold liquid assets that can cover Group’s liabilities.

The following tables summarize the maturity of the financial liabilities of the Group based on contractual undiscounted payments.

GROUP	31/12/2017			
Financial Liabilities:	**0-1 years**	**2-5 years**	**> 5 years**	**Total**
Creditors (note 2.29)	50.135	0	0	**50.135**
Payables to related parties (note 2.28 & 2.29)	22.639	0	0	**22.639**
Other payables (note 2.28 & 2.29)	64.052	1.069	0	**65.121**
Derivative financial instruments	18	0	0	**18**
Loans and finance leases (note 2.25 & 2.30)	19.345	244.572	484.805	**748.722**
Total	**156.189**	**245.641**	**484.805**	**886.635**

GROUP	31/12/2016			
Financial Liabilities:	**0-1 years**	**2-5 years**	**> 5 years**	**Total**
Creditors (note 2.29)	48.349	0	0	**48.349**
Payables to related parties (note 2.28 & 2.29)	31.337	0	0	**31.337**
Other payables (note 2.28 & 2.29)	48.455	17.271	0	**65.726**
Loans and finance leases (note 2.25 & 2.30)	14.733	643.215	1.361	**659.309**
Total	**142.874**	**660.486**	**1.361**	**804.721**

COMPANY	31/12/2017			
Financial Liabilities:	**0-1 years**	**2-5 years**	**> 5 years**	**Total**
Creditors (note 2.29)	14.628	0	0	**14.628**
Payables to related parties (note 2.28 & 2.29)	37.662	0	0	**37.662**
Other payables (note 2.28 & 2.29)	9.602	0	0	**9.602**
Derivative financial instruments	18	0	0	**18**
Loans and finance leases (note 2.25 & 2.30)	0	232.179	0	**232.179**
Total	**61.910**	**232.179**	**0**	**294.089**

COMPANY	31/12/2016			
Financial Liabilities:	**0-1 years**	**2-5 years**	**> 5 years**	**Total**
Creditors (note 2.29)	10.468	0	0	**10.468**
Payables to related parties (note 2.28 & 2.29)	46.432	0	0	**46.432**
Other payables (note 2.28 & 2.29)	8.971	0	0	**8.971**
Loans and finance leases (note 2.25 & 2.30)	0	237.348	0	**237.348**
Total	**65.871**	**237.348**	**0**	**303.219**

Market Risk

1) Foreign Exchange risk

Fluctuations in exchange rates can have significant effects on the Group's currency positions. Group transactions are carried out in more than one currency and therefore there is a high exposure in foreign exchange rate fluctuations against the euro, which is the main underlying economic currency. On the other hand, the Group's activity abroad also helps to create an advantage in foreign exchange risk management, due to the diversification in the currency portfolio. This kind of risk mainly results from commercial transactions in foreign currency as well as investments in foreign entities. For managing this type of risk, the Group enters into derivative financial instruments with various financial institutions, such as foreign currency hedging for receipts of foreign currency dividends by abroad subsidiaries. The Group's policy regarding the foreign exchange risk concerns not only the parent company but also the Group's subsidiaries.

Sensitivity Analysis in Currency movements amounts of the period 1/1 – 31/12/2017 (in thousand €)			
Foreign Currency	Currency Movement	Effect in Earnings before taxes	Effect in Equity
USD:	5%	63	1.166
	-5%	-57	-1.055
TRY:	5%	2.288	55
	-5%	-2.070	-50
PEN:	5%	70	-4
	-5%	-64	4
BRL:	5%	-329	-918
	-5%	298	830
CNY:	5%	-177	131
	-5%	160	-119
AZN:	5%	907	-259
	-5%	-821	234
ARS:	5%	740	-10
	-5%	-670	9

Sensitivity Analysis in Currency movements amounts of the period 1/1 – 31/12/2016 (in thousand €)			
Foreign Currency	Currency Movement	Effect in Earnings before taxes	Effect in Equity
USD:	5%	188	2.024
	-5%	-170	-1.831
TRY:	5%	2.451	248
	-5%	-2.218	-225
PEN:	5%	286	632
	-5%	-259	-572
BRL:	5%	130	-1.228
	-5%	-117	1.111
CNY:	5%	-185	190
	-5%	168	-172
AZN:	5%	626	-144
	-5%	-566	130
ARS:	5%	634	82
	-5%	-573	-75

DERIVATIVE FINANCIAL INSTRUMENTS

To cover currency risk from future cash flows in foreign currency, the Group proceeded during 2017 to conclusion of related hedging contracts with Greek and international financial institutions, for Parent Company and its subsidiaries. These contracts concerned forwards, flexible forwards and currency options for future cash flows in TRY amounting 47,5 million.

The Group from the valuation of fair value and liquidation of these derivatives, reported a loss of €142 thousand, recognized in income statement 2017 (€124 thousand) and hedging reserve (€18 thousand). As at 31 December 2016, the Group from the valuation of fair value and settlement of derivatives reported a loss of €0,8 million recognized in income statement.

2) Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's activities are closely linked to interest rates because of investments and long and short term borrowings. To manage this risk category, the Group uses financial hedging instruments in order to reduce its exposure to interest rate risk. The Group's policy

on managing its exposure to interest rate risk affects not only the parent company but also its subsidiaries for their loans concluded in euros or local currency. The Group's exposure to the risk of changes in market interest rates relates primarily to long-term borrowings of the Group's floating rate. The Group also manages interest rate risk by having a balanced portfolio of loans with fixed and floating rate borrowings. On 31 December 2017, taking into account the impact of financial hedging products, approximately 99% of the Group's borrowings are at a fixed rate (2016: 75%) with an average life of approximately 6 years. As a result, the impact of interest rate fluctuations in operating results and cash flows of the Group's operating activities is small, as shown in the following sensitivity analysis.
The following table demonstrates the sensitivity to a reasonably possible change in interest rates after the impact of financial hedging products. With all other variables held constant, the Group's profit before tax is affected by the impact on floating rate, as follows:

Sensitivity Analysis of Group Loans in interest rate risk

Year 2017	Change in interest rate	Effect on profit before tax
Euribor 1M	+/- 1%	0

Year 2016	Change in interest rate	Effect on profit before tax
Euribor 1M	+/- 1%	1.600

3) High leverage risk

INTRALOT’s ability to incur significant additional amounts of debt so as to finance its operations and expansion depends on capital market conditions that influence the levels of new debt issues interest rates and relevant costs. Furthermore, INTRALOT may be able to incur substantial additional debt in the future, however, under the Senior Notes terms INTRALOT will be able to incur additional debt so long as on a pro forma basis its consolidated fixed charge coverage ratio is at least 2,00 (31/12/2017: approximately 3,50), and will be able to incur additional senior debt so long as on a pro forma basis its consolidated senior leverage ratio is not more than 3,75 (31/12/2017: approximately 3,00). If new debt is added to INTRALOT’s existing debt levels, the risks associated with its high leverage described above, including its possible inability to service its debt, will increase.

CAPITAL MANAGEMENT

The Group aims through the management of capital to ensure that the Group can operate smoothly in the future, maximize the value of its shareholders and maintain the appropriate capital structure in terms of costs of capital.
The Group monitors its capital adequacy on a Net Debt to EBITDA ratio basis. Net borrowings include borrowing and finance lease liabilities minus cash and cash equivalents.

	GROUP	
	31/12/2017	31/12/2016 [1]
Long term loans	727.988	643.892
Long term finance lease liabilities	1.389	684
Short term loans	17.927	13.273
Short term finance lease liabilities	1.418	1.460
Total Debt	**748.722**	**659.309**
Cash and cash equivalents	-238.041	-164.401
Net Debt	**510.681**	**494.908**
Discontinued operations debt	0	-38
Discontinued operations cash and cash equivalents	0	13.553
Net debt (adjusted)	**510.681**	**508.423**
EBITDA from continuing operations	**171.466**	**162.506**
Leverage	**2,98**	**3,13**

[1] The Net Debt 31/12/2016 has been adjusted to exclude the balances of Group discontinued operations in Favorit Bookmakers Office OOO (Russia), Intralot Caribbean Ventures Ltd (Santa Lucia), Supreme Ventures Ltd (Jamaica) and Slovenske Loterie AS (Slovakia).

2.35 COMPARABLE FIGURES

In the data presented in the previous year were limited size adjustments / reclassifications for comparative purposes, without significant impact on equity, turnover and profit after tax for the previous year the Group and the Company.

2.36 SUBSEQUENT EVENTS

On February 2018, NTRALOT announced the signing of a new contract for INTRALOT Inc., a subsidiary of the INTRALOT Group in the United States, with CAMELOT Illinois LLC for the Illinois State Lottery. INTRALOT will provide CAMELOT Illinois with innovative system solutions and a full suite of end-to-end systems through October 2027. The expected revenue of this multi-year contract for INTRALOT is estimated at approximately $340M. INTRALOT will provide these services in line with the Private Management Agreement (PMA) held between the State of Illinois, the Department of the Lottery and CAMELOT Illinois LLC. INTRALOT will install technology solutions in approximately 7,500 retail locations. INTRALOT services are planned to transition in December 2018. As the new service provider for the Illinois Lottery, INTRALOT will introduce the next generation of Photon terminals, a proven and durable clerk-operated lottery terminal, and the Genion, a compact ticket checker leveraging INTRALOT's unsurpassed camera technology. INTRALOT will also introduce a groundbreaking player-operated terminal called the WinStation 30 (Win30). The industry's first 30-bin dispensing machine is player-activated through a touchscreen with a high-definition monitor to draw consumer attention among noisy retail environments. The Win30 will empower the Illinois Lottery and its private manager to achieve their business goals and the good causes they support. The contractual provisions include digital channel integration points to the Central System, high speed printers, a full suite of peripheral devices, a retailer communication network, a retailer financial portal, asset tracking systems, inbound retail call center management and field service support.

On February 2018, INTRALOT announced the renewal of the current contract of INTRALOT Inc., a subsidiary of the INTRALOT Group in the United States, with the Wyoming Lottery for the five-year period from August 25, 2019, to August 25, 2024. This is the first of three five-year extension options in line with the initial contract terms. The Wyoming Lottery has been a valued partner of INTRALOT's since the Lottery's inception in 2014. When first launched, the Lottery offered two multistate games, Powerball and Mega Millions. The Lottery has since expanded their product portfolio to include an annuity game called Lucky For Life and an instate game called Cowboy Draw. With industry-proven retail solutions like the clerk-operated Photon and the player-facing Genion, the Lottery has been able to scale their business through these expansions, and achieve their goals to the full benefit of their beneficiaries and the State of Wyoming. INTRALOT was honored to work with the Wyoming Lottery Director and his knowledgeable team for their successful ground-up launch of the Lottery.

Maroussi, 28 March 2018

THE CHAIRMAN OF THE BOARD OF DIRECTORS	**THE GROUP CEO**
S.P. KOKKALIS **ID. No. AI 091040**	**A.I. KERASTARIS** **ID. No. AI 682788**
THE GROUP CFO	**THE GROUP ACCOUNTING DIRECTOR**
G. SP. KOLIASTASIS **ID No. AN 157931**	**N. G.PAVLAKIS** **ID.No. AZ 012557**

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3. Summary Financial Information for the year 1 January to 31 December, 2017

INTRALOT S.A.

INTEGRATED LOTTERY SYSTEMS AND SERVICES
Company's Number in the General Electronic Commercial Registry: 818201000 - (Public Companies (S.A.) Reg. No.: 27074/06/B/92/9)
Company Domicile: 64 Kifissias Av. & 3 Premetis Str., Maroussi 15125
Figures and information for the period from 1st January 2017 to 31st December 2017
According to the article 135 of C.L. 2190/1920, for Companies preparing annual consolidated and single financial statements in accordance with IAS/IFRS
Amounts in €'000

The figures presented below aim to provide summary information about the financial position and results of INTRALOT S.A. and INTRALOT's Group. Therefore, it is recommended to any reader who is willing to proceed to any kind of investment decision or other transaction concerning the company, to visit the company's web site where the Financial Statements according to IFRSs are posted, accompanied by the Auditor's Report where appropriate.

Regulatory Authority:
Ministry of Economy, Development and Tourism, Department for Companies and G.E.MI.

Financial Statements approval date:
March 28, 2018

Web site:
www.intralot.com

Certified Auditor:
Evaggelos D. Kosmatos Reg.No/S.O.E.L 13561
Nikolaos Ioannou Reg.No/S.O.E.L 29301

Auditing firm:
S.O.L S.A Reg. No/S.O.E.L. 125
Grant Thornton Reg. No/S.O.E.L. 127

Type of auditor's audit report:
Unqualified opinion

Board of Directors:
Chairman: Socrates P. Kokkalis
Vice-Chairman: Constantinos G. Antonopoulos **
CEO: Antonios I. Kerastaris
Member: Konstantinos S. Kokkalis **
Member: Dimitrios C. Klonis **
Member: Petros C. Souretis **
Member: Sotirios N. Filos *
Member: Anastasios M. Tsoufis *
Member: Ioannis P. Tsoukaridis *
*Independent Non executive directors
**Non executive directors

STATEMENT OF FINANCIAL POSITION GROUP / COMPANY

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
ASSETS				
Tangible Assets	102.793	126.962	15.794	15.391
Investment Property	0	6.038	0	0
Intangible Assets	324.508	329.582	93.729	90.044
Other Non-Current Assets	178.551	231.874	142.885	157.367
Inventories	31.482	32.250	18.839	18.888
Trade Receivables	84.191	84.792	47.218	55.007
Other Current Assets	300.339	249.588	79.133	93.359
TOTAL ASSETS	**1.021.864**	**1.061.086**	**397.598**	**430.056**
EQUITY AND LIABILITIES				
Share Capital	47.689	47.689	47.689	47.689
Other Equity Elements	10.133	79.853	36.872	49.119
Shareholders Equity (a)	**57.822**	**127.542**	**84.561**	**96.808**
Non-Controlling Interest (b)	31.966	68.944	0	0
Total Shareholders Equity (c)=(a)+(b)	**89.788**	**196.486**	**84.561**	**96.808**
Long-term Debt	729.377	644.576	232.179	237.348
Provisions / Other Long term Liabilities	29.567	49.580	16.904	20.032
Short-term Debt	19.345	14.733	0	0
Other Short-term Liabilities	153.787	155.711	63.954	75.868
Total Liabilities (d)	**932.076**	**864.600**	**313.037**	**333.248**
TOTAL EQUITY AND LIABILITIES (c)+(d)	**1.021.864**	**1.061.086**	**397.598**	**430.056**

STATEMENT OF CHANGES IN EQUITY GROUP / COMPANY

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Net equity at the beginning of the period (1/1/2017 and 1/1/2016 respectively)	**196.486**	**207.382**	**96.808**	**100.258**
Effect on retained earnings from previous years adjustments	-56	-5	0	0
Total comprehensive income / (expenses) for the year after tax (continuing and discontinued operations)	-33.463	36.120	-11.812	-2.231
Dividends to equity holders of parent / non-controlling interest	-44.895	-43.548	0	0
Subsidiary share capital return	0	-3.292	0	0
New Consolidated Entities	0	1.048	0	0
Treasury shares repurchase/disposal	-435	-1.219	-435	-1.219
Subsidiary Disposal/Liquidation	-27.834	0	0	0
Effect due to change in partcipation percentage	-15	0	0	0
Net Equity of the period Closing Balance (31/12/2017 and 31/12/2016 respectively)	**89.788**	**196.486**	**84.561**	**96.808**

CASH FLOW STATEMENT GROUP / COMPANY (total operations)

	GROUP		COMPANY	
	1/1-31/12/2017	1/1-31/12/2016	1/1-31/12/2017	1/1-31/12/2016
Operating Activities				
Profit/(loss) before Taxation (continuing operations)	10.315	-7.539	-12.012	9.410
Profit/(loss) before Taxation (discontinued operations)	15.096	96.820	0	0
Plus/Less				
Depreciation and Amortization	64.554	86.873	13.366	11.565
Provisions	5.673	25.402	4.125	11.129
Results(income, expenses, gain and loss)from Investing Activities	29.402	-88.875	-6.549	-45.385
Interest and similar expenses	70.605	88.825	17.212	19.878
Interest and similar income	-7.637	-11.952	-3.254	-3.636
Plus/Less adjustments of working capital to net cash or related to operating activities:				
Decrease/(increase) of Inventories	-5.072	2.756	-1.207	-980
Decrease/(increase) of Receivable Accounts	-13.718	-9.160	4.228	7.964
(Decrease)/increase of Payable Accounts (except Banks)	20.961	11.156	-5.544	4.275
Less:				
Income Tax Paid	36.148	26.204	7.646	0
Total inflows / (outflows) from Operating Activities (a)	**154.031**	**168.102**	**2.719**	**14.220**
Investing Activities				
(Purchases)/Sales of subsidiaries, associates, joint ventures and other investments	18.342	4.499	14.000	42.611
Purchases of tangible and intangible assets	-74.281	-65.420	-15.518	-18.464
Proceeds from sales of tangible and intangible assets	513	2.566	120	13
Interest received	6.762	7.741	1.470	1.179
Dividends received	2.377	1.011	18.670	9.272
Total inflows / (outflows) from Investing Activities (b)	**-46.287**	**-49.603**	**18.742**	**34.611**
Financing Activities				
Subsidiary's capital return	0	-3.292	0	1.245
Treasury shares repurchase	-440	-1.219	-440	-1.219
Cash inflows from loans	587.295	303.836	0	10.000
Repayment of loans	-509.527	-388.416	-18.700	-68.957
Bond buy backs	0	-3.742	0	0
Repayment of finance lease obligations	-3.215	-6.833	0	0
Interest and similar expenses paid	-51.761	-83.492	-1.812	-5.397
Dividends paid	-38.621	-42.161	0	0
Total inflows/(outflows)from Financing Activities (c)	**-16.269**	**-225.319**	**-20.952**	**-64.328**
Net increase/(decrease) in cash and cash equivalents for the period (a)+(b)+(c)	**91.475**	**-106.820**	**509**	**-15.497**
Cash and cash equivalents at the beginning of the period	**164.401**	**276.609**	**20.356**	**35.859**
Net foreign exchange difference	-17.835	-5.388	-431	-6
Cash and cash equivalents at the end of the period from total operations	**238.041**	**164.401**	**20.434**	**20.356**

INCOME STATEMENT GROUP / COMPANY

	GROUP				COMPANY			
	1/1-31/12/2017	1/1-31/12/2016	1/10-31/12/2017	1/10-31/12/2016	1/1-31/12/2017	1/1-31/12/2016	1/10-31/12/2017	1/10-31/12/2016
Sale Proceeds	1.104.197	991.545	309.471	278.656	66.834	65.547	23.731	18.261
Less: Cost of Sales	-862.328	-787.688	-230.946	-220.608	-38.716	-44.853	-10.281	-9.810
Gross Profit / (Loss)	**241.869**	**203.857**	**78.525**	**58.048**	**28.118**	**20.694**	**13.450**	**8.451**
Other Operating Income	17.168	32.495	4.167	18.158	1.993	14.673	390	169
Selling Expenses	-60.966	-51.869	-20.286	-15.254	-9.606	-10.278	-2.162	-2.713
Administrative Expenses	-76.341	-73.779	-21.044	-20.513	-14.425	-15.477	-4.118	-5.877
Research and Development Expenses	-6.147	-4.642	-1.281	-566	-6.147	-4.642	-1.281	-566
Other Operating Expenses	-7.025	-9.503	-4.885	-8.344	-4.536	-17.030	-2.987	-4.675
EBIT	**108.558**	**96.559**	**35.196**	**31.529**	**-4.603**	**-12.060**	**3.292**	**-5.211**
Income/(expenses) from participations and investments	-24.064	-17.465	-25.081	-15.390	7.136	45.921	-5.946	35.092
Gain/(loss) from assets disposal, impairment loss and write-off of assets	-2.017	-9.228	-1.109	-7.429	-2	-7.667	4	-7.672
Interest and similar expenses	-70.019	-87.170	-26.082	-32.563	-17.208	-19.878	-4.361	-5.368
Interest and related income	7.139	11.303	2.342	3.717	3.254	3.636	785	1.563
Exchange differences	-5.870	3.037	105	4.579	-589	-542	151	-473
Profit / (Loss) from equity method consolidations	-3.412	-4.575	-54	-1.971	0	0	0	0
Profit / (Loss) before tax from continuing operations	**10.315**	**-7.539**	**-14.683**	**-17.528**	**-12.012**	**9.410**	**-6.075**	**17.931**
Tax	-28.306	-28.967	-8.506	-9.819	562	-9.850	-4.047	-11.439
Net Profit / (Loss) after tax from continuing operations	**-17.991**	**-36.506**	**-23.189**	**-27.347**	**-11.450**	**-440**	**-10.122**	**6.492**
Net Profit / (Loss) after tax from discontinued operations	**11.970**	**81.371**	**14.383**	**39.805**	**0**	**0**	**0**	**0**
Net Profit / (Loss) after tax (continuing and discontinued operations) (A)	**-6.021**	**44.865**	**-8.806**	**12.458**	**-11.450**	**-440**	**-10.122**	**6.492**
Attributable to:								
- Equity holders of parent	-53.386	930	-21.378	-876	-11.450	-440	-10.122	6.492
- Non-Controlling Interest	47.365	43.935	12.572	13.334	0	0	0	0
Other comprehensive income / (expenses), after tax (B)	**-27.442**	**-8.745**	**-7.685**	**1.904**	**-362**	**-1.791**	**-108**	**-1.817**
Total comprehensive income / (expenses) after tax (A) + (B)	**-33.463**	**36.120**	**-16.491**	**14.362**	**-11.812**	**-2.231**	**-10.230**	**4.675**
Attributable to:								
- Equity holders of parent	-69.304	-3.562	-26.901	844	-11.812	-2.231	-10.230	4.675
- Non-Controlling Interest	35.841	39.682	10.410	13.518	0	0	0	0
Earnings / (loss) after tax per share (in euro)								
- Basic	-0,3393	0,0059	-0,1359	-0,0055	-0,0728	-0,0028	-0,0643	0,0410
- Diluted	-0,3393	0,0059	-0,1359	-0,0055	-0,0728	-0,0028	-0,0643	0,0410
EBITDA	**171.466**	**162.506**	**48.437**	**48.370**	**8.763**	**-495**	**5.615**	**-2.220**
Proposed dividend per share (in €)	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00

Supplementary information:

1. The same accounting policies have been followed as the year-end consolidated financial statements 31/12/2016 except for the changes resulting from the adoption of new or revised accounting standards and interpretations as mentioned in note 2.1.4 of the annual financial statements.

2. The companies included in the consolidation of 31/12/2017 and not in the consolidation of 31/12/2016 due to subsequent acquisition/establishment are the following: Intralot Italian Investments B.V. and Gardan Ltd (subsidiaries), as well as La Chance S.r.L., Slot Planet S.r.L. and RoslSport S.R.L (associates) (note 2.32.A of annual financial statements).During 2017 the Group proceeded to the establishment of its subsidiary Intralot Italian Investments B.V. (100%). During 2017, the Group acquired an additional stake of 4,06% of ordinary shares with voting rights of the subsidiary company Intralot Interactive SA, increasing its stake to 100%. In 2017, the Group acquired an additional stake of 61% of the associate company Bit8 (consideration price €6,2m), increasing its stake to 100%, while the associate company Gamenet S.p.A. (20%) increased its stake in Verve S.p.A to 100% from 51%. In 2017 the Group acquired through its subsidiary Intralot Global Holdings BV the 100% of Gardan Ltd (the consideration price was €2,9 m). During 2017 the associate company Gamenet Entertainment S.r.L. (20%) acquired by 60% the Italian company La Chance S.r.L. which owns 100% of the Italian company Slot Planet S.r.L. associate company Jolly Videogiochi S.R.L (14%) acquired by 75% the Italian company RosilSport S.R.L.and the associate company Intralot Holding & Services S.p.A. (20%) acquired 2% of Intralot Gaming Machines S.p.A. previously held by Gamenet S.p.A.. In 2017 the associate company Gamenet S.p.A. (20%) absorbed its 100% subsidiaries, Intralot Holding & Services S.p.A. and Intralot Gaming Machines, S.p.A., associate company Gamenet Entertainment S.R.L. (20%) absorbed its 100% subsidiary Gamecity S.R.L., associate company Gamenet Entertainment S.R.L. (20%) absorbed Verve S.p.A. which is 100% subsidiary of the associate company Gamenet S.p.A. (20%) and the associate company Gamenet S.p.A.(20%) absorbed its 100% subsidiary Gamecity Renting S.R.L. In 2017 the shareholder's meeting of the associate company Gamenet S.p.A. (20%) approved the absorption of its 100% subsidiary Gamenet Scommesse S.p.A. that was finalized on 1/1/2018. On February 2018 the subsidiary Intralot Capital Luxemburg S.A. absorbed its 100% subsidiary Intralot Finance Luxemburg S.A. The entities Atropos S.A., Nafirol S.A., Intralot Dominicana S.A., Gaming Solutions International Ltda, Loteria Moldovei S.A., Intralot Latin America Inc and Gain Advance Group LTD are in the process of liquidation. During 2017, the Group completed the liquidation and strike off of the subsidiaries Intralot Argentina S.A. and Caribbean VLT Services Ltd.

3. On 25/6/2016 the Group announced that it has signed an agreement, with Trilantic Capital Partners Europe, the main shareholder of Gamenet S.p.A ("Gamenet") in Italy, concerning the merge of the Group activities in Italy (subsidiaries Intralot Holding & Services S.p.A., Intralot Gaming Machines S.p.A., Intralot Italia S.p.A. and Veneta Servizi Srl) into those of Gamenet, one of the largest network concessionaires of VLT, AWP, betting and online gaming in the country. This announcement was made following the announcement of the signing of a Memorandum of Understanding (MoU) on 21/3/2016. Following the completion of the agreement on 27/6/2016 and the approval of the competent Competition Authority, the Group now controls 20% of the combined operation (Gamenet Group S.p.A. – note 2.32.A.VIII.A of the annual financial statements), with a network of approximately 750 betting POS, that will continue to use INTRALOT's brand name, approximately 8.200 VLTs, over 50.000 AWPs and more than 60 gaming halls owned by the company. Since 31/3/2016 the above activities of the Group subsidiaries in Italy were classified as assets held for sale and discontinued operations (note 2.32.A.VIII.A of the annual financial statements). Since the end of June 2016, the Group consolidates 20% of the combined activity (Gamenet Group S.p.A.) with the equity method.

4. On 26/5/2016 the Group announced that it has reached an agreement with Nexus Group to sell 80% of Intralot de Peru S.A.C., its 100% owned subsidiary in Peru. After the completion of the transaction on 24/11/2016 the Group will continue to be the company's technological provider and will hold a 20% participation in Intralot de Peru S.A.C.'s share capital while NG Entertainment Peru S.A.C. 80%. Intralot de Peru S.A.C. operates numerical games and sports betting in the country through a network of 3.700 POS and the Internet. The agreement is in line with the Group's strategy to create, in selected countries, strategic partnerships with strong local partners that offer substantial synergies and local market know-how, strengthening the development of the local companies. Since 30/6/2016 the above activities of the Group in Peru were classified as assets held for sale and discontinued operations (note 2.32.A.VIII.B of annual financial statements). The consideration price for the disposal of Intralot De Peru S.A.C. amounted to €64,7 million and paid in November 2016.

5. In December 2016, the Group decided to discontinue its activities regarding the betting services provided through its subsidiary Favorit Bookmakers Office OOO in Russia. On 31/12/2016 the above Group's activities in Russia were classified as discontinued operations pursuant to IFRS 5 par.13. In June 2017, the Group signed a disposal agreement for the 100% of Favorit Bookmakers Office OOO (note 2.32.A.VIII.C of annual financial statements). The consideration price for the disposal of Favorit Bookmakers Office OOO amounted to €3,5 million and paid within 2017.

6. The Group signed a Sales and Purchase Agreement (SPA) with Zodiac International Investments Ltd in the beginning of October 2017 for the sale of its 50,05% stake in Intralot Caribbean Ventures Ltd, which owns 49,9% of the subsidiary Supreme Ventures Limited - a company listed on the Jamaica Stock Exchange. The consideration price was agreed at USD 40 million, which corresponds to approximately 12 times the annual (reference period of the last twelve months to 30.6.2017) profit after tax attributable to the shareholders of the Group. As of 2/10/2017, the Group's above-mentioned activities in Jamaica and Santa Lucia were classified as discontinued operations (note 2.32.A.VIII.D of annual financial statements).

7. The Group signed on 18 December 2017 a Sales and Purchase Agreement (SPA) with Olbena S.R.O. to sell its 51% stake in subsidiary Slovenske Loterie AS. The consideration price was agreed at €1,75 million, which corresponds to approximately 12 times the annual (reference period of the last twelve months to 30.9.2017) EBITDA. Since 18/12/2017 the aforementioned activities of the Group in Slovakia were classified as discontinued operations (note 2.32.A.VIII.E of annual financial statements).

8. On April 2016, the Group announced the acquisition, through its Bulgarian subsidiary Bilot Investment Ltd, of a strategic stake in Eurobet Ltd a leading gaming company in Bulgaria. The Group acquired a 49% stake in Eurobet Ltd, a company that offers to the Bulgarian market numerical games and scratch tickets through a network of 1.100 POS countrywide. The Group already has a strong presence in Bulgaria, holding since 2002 a 49% share of Eurofootball Ltd, a company that offers Fixed Odds and Live Betting through a network of 850 shops. The cost of the transaction amounts to €19,5 million.The EV/EBITDA ratio for the acquisition of the share amounted to approximately 5x. The acquisition was completed in early July 2016, after approval by the Competition Protection Commission. The Eurobet Group (Eurobet Ltd, Eurobet Trading Ltd & ICS SA) is consolidated since July 2016 with the full consolidation method (note 2.32.A.III.A of annual financial statements).

9. The Group's provisions at 31/12/2017 that refer to legal issues amount to €4,6 million, those referring to unaudited tax periods and tax audit expenses amount to €3,1 million and €6,2 million refer to other provisions. The respective amounts for the Company amount to €4,5 million (legal issues), €3,1 million (provisions for unaudited tax years and tax audit expenses) and €0,1 million (other provisions) (note 2.32.C & 2.33 of annual financial statements).

10. The number of employees of the Group in 31/12/2017 amounted to 5.149 persons (Company/subsidiaries 3.132 and associates 2.017) and the Company's to 735 persons. At the end of 2016 fiscal year the number of employees of the Group amounted to 5.293 persons (Company/subsidiaries 3.449 and associates 1.844) and the Company 689 persons.

11. Companies that are included in 31/12/2017 consolidated financial statements are presented in note 2.32.A.I & II of the annual financial statements including locations, group percentage ownership and consolidation method.

12. The fiscal years that are unaudited by the tax authorities for the Company and the Group's subsidiaries are presented in detail in the note 2.33.B.I & II of the annual financial statements.

13. The amounts of other comprehensive expense/income included directly in the Group's comprehensive income statement as at 31/12/2017 of €-27,4 million (2016: €-8,8 million) concern: foreign exchange differences of €-27,1 million (2016 : €-5,9 million), €-18k (2016: €0k) concerns the valuation of derivatives, €-0,3m (2016: €-3,0 million) concerns valuation of available for sale financial assets, while amount €-55k (2016: €157k) concerns defined benefit plans revaluation. Accordingly, the amounts of expense/income recorded in the comprehensive income statement as at 31/12/2017 for the Company, amounted to €-362k (2016: €-1,8million) refer to: valuation of available for sale financial assets €-240k (2016: €-1,8 million) and derivatives valuation €-18k (2016: €0k), while amount €-104k (2016: €-31k) concerns defined benefit plans revaluation .

14. On 31/12/2017 the Company held 1.981.254 treasury shares with a total acquisition cost of € 2.149 k (note 2.23 of the annual financial statements).

15. There are no changes in accounting estimates. Certain prior year amounts have been reclassified for presentation purposes with no significant impact on the prior year equity, turnover and earnings after tax of the Group and the Company.

16. Significant events after the end of the reporting period and up to the release date of the financial results are stated in the note 2.36 of the annual financial statements.

17. Transactions (including income, expenses, receivables, payables) with related parties, are as follows:

	GROUP	COMPANY
a) Income		
-from subsidiaries	0	44.334
-from associates	4.909	4.905
-from other related parties	6.908	5.600
b) Expenses		
-to subsidiaries	0	19.716
-to associates	623	623
-to other related parties	7.355	5.499
c) Receivables		
-from subsidiaries	0	73.863
-from associates	10.202	6.469
-from other related parties	11.501	8.425
d) Payables		
-to subsidiaries	0	252.070
-to associates	8	8
-to other related parties	22.482	17.541
e) BoD and Key Management Personnel transactions and fees	10.101	5.145
f) BoD and Key Management Personnel receivables	0	0
g) BoD and Key Management Personnel payables	452	222

Maroussi, March 28, 2018

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE GROUP CHIEF EXECUTIVE OFFICER	THE GROUP CHIEF FINANCIAL OFFICER	THE GROUP ACCOUNTING DIRECTOR
S. P. KOKKALIS ID. No. AI 091040	A. I. KERASTARIS ID. No. AI 682788	G. SP. KOLIASTASIS ID. No. AN 157931	N.G. PAVLAKIS ID. No. AZ 012557 H.E.C. License No. 15230/A' Class