

# ***intralot***

The logo features the word "intralot" in a bold, italicized, black sans-serif font. Below the text is a thick, orange horizontal bar that tapers to the right, resembling a stylized underline or a swoosh.

**INTRALOT Group**

**ANNUAL FINANCIAL REPORT  
(based on the Article 4 of L.3556/2007)  
FOR THE PERIOD ENDED December 31, 2019  
ACCORDING TO  
INTERNATIONAL FINANCIAL REPORTING STANDARDS  
(IFRS)**

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

The

1. Sokratis P. Kokkalis, Chairman of the Board of Directors
2. Christos K. Dimitriadis, Member of the Board of Directors and 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 2019 to 31 December 2019, 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 May 4, 2020 and have been published to the electronic address [www.intralot.com](http://www.intralot.com).

**Maroussi, May 4, 2020**

The designees

Socratis P. Kokkalis

Christos K. Dimitriadis

Sotirios N. Filos

Chairman of the Board of  
Directors

Member of the Board and  
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  
01/01/2019-31/12/2019**

Dear Shareholders,

As we go through the 4<sup>th</sup> industrial revolution, we realize the positive impact of technology in our professional and personal lives. The transformative power of technology, as applied in several industries globally, demonstrates its key role in business innovation and its ability to create value.

During the recent years, INTRALOT, having realized this potential, has been investing in the generation of new products that can welcome change through open architectures and easier integrations and which incorporate state-of-the-art technology in their core, offering an unparalleled gaming experience. Those core new products, namely Lotos X for the Lottery Sector and INTRALOT ORION for the Sports Betting Sector, together with our Retail Terminals and Digital Solutions are combined towards creating holistic offerings for covering the needs of the industries that we serve, as well as for driving those industries towards innovation.

In 2019 we have successfully carried out a turnaround program aiming to restructure our project portfolio with divestments of non-core assets, to renew existing contracts, to win new business with a focus on developed markets and especially in North America, to launch our new products and to optimize our cost structure and enhance the delivery capacity of our technology solutions.

In terms of divestments, INTRALOT has completed the sale of its shares in Gamenet Spa, in Italy, Totolotek in Poland and Hellenic Lotteries in Greece, strengthening the company's liquidity and improving its capability for strategic investments.

In North America, INTRALOT has expanded its presence and has also managed to secure contracts both in the Lottery and Sports Betting industries. In the US, we have achieved a milestone accomplishment, the launch of its landmark gaming system and services project with CAMELOT Illinois, the new Private Manager of the Illinois State Lottery. INTRALOT has signed a new contract with Washington DC Government in order to offer INTRALOT ORION for Sports Betting and extend its lottery offerings in the District of Columbia. We have also signed the launching of INTRALOT ORION in Montana and New Hampshire, planned for 2020, in order to realize our plans to leverage the compelling growth opportunity of sports betting in the US, following the recent regulatory changes. In Canada, INTRALOT has secured new contracts with the British Columbia Lottery Corporation in order to provide a full Lotos X implementation and assist the Lottery in achieving its goals.

In Europe, we have managed to both deploy new products and secure new contracts. We are proud to have achieved the launch of a full Lotos X implementation at the Greek Operator OPAP. INTRALOT has also implemented the Eurojackpot game under Lotos X, at the Dutch National

Lottery (NLO) and has signed the provision of lottery terminals at LOTTO Hamburg, following the award for the implementation of Lotos X in late 2018.

In Africa, INTRALOT has renewed its cooperation with Marocaine Des Jeux et des Sports (MDJS) in Morocco, continuing its presence in the continent.

It is noteworthy to report that the achievements of 2019, were realized in parallel with dozens of software releases and numerous systems enhancements across the world, as our technology continues to lead the market. Our efforts to augment our technology delivery capacity are already yielding important results with successful launches and significant improvements as validated by the relevant performance indicators. These signs of continuous transformation provide us with confidence, as technology leadership and service delivery excellence are central to our growth ambitions, driving both new sales and improved retention. The stream of new contracts and extensions of the previous years continued in 2019 indicating the trust of our customers in our technology and service delivery capabilities.

As I look towards the future, I would like to thank all of our stakeholders for their trust in our Group and to reassure them that our unwavering commitment to ethics, transparency, integrity and responsible gaming will continue to guide our efforts to achieve sustainable and responsible growth.

Regarding the financial results of INTRALOT Group for 2019, revenue presented a decrease of 8,1%, with group turnover amounting to €720,6 million, compared to €784,4 million in 2018. Earnings before interest, tax, depreciation and amortization (EBITDA), amounted to €87,8 million from €117,7 million in 2018, a decrease of 25,4%, as the organic growth boosted by the Illinois contract start in mid-February 2019, Netherland's improved performance and better Oceania performance, did not manage to absorb our Turkish operations performance (Inteltek contract discontinuation post August 2019, and Bilyoner's worse top line and increased expenses for the transition to new Sports Betting market), one of Morocco's projects' discontinuation along with higher minimum state guarantee for FY19 (provision), combined with the settlement of FY18's recorded in current period figures, OPAP's new contract scope, and Eurofootball change in consolidation method in 4Q19. EBITDA decrease was partially offset by a favorable USD movement, with rest currencies movement across key markets (mainly Turkey, and Argentina) only partially mitigating the overall positive FX contribution. Earnings before taxes (EBT) decreased to €-70,6 million, from €-14,8 million in 2018, while Group net income after minority interests amounted to €-111,9 million, from €-71,3 million in 2018. The above results do not include the discontinued operations of the Group's subsidiaries in Azerbaijan, Poland and Italy. Concerning parent company results, turnover decreased by 9,2% to €56,1 million in 2019, while earnings after tax amounted to €-9,7 million, from €-16,1 million in 2018.

In 2019, group Operating Cash-flow posted a decrease and stood at €61,3 million, vs. €88,6 million in 2018. Excluding the operating cash-flow contribution of our discontinued operations (Azerbaijan,

Poland and Italy), the cash-flow from operating activities is lower by €13,9 million (on a y-o-y continuing basis; €62,6 million vs. €76,5 million) and is mainly driven by the lower recorded EBITDA y-o-y (€-29,9 million), in part offset by the favorable working capital movement of €+19,5 million (€-12,7 million in 2019 vs. €-32,2 million in 2018). Improved WC vs. a year ago is largely driven by the impact of the long due interest-bearing liability repayment occurred in 2Q18 (€-13,0 million), the lower inventory purchases and the advance payments received for our projects in Canada and Netherlands, in part offset by the increased settlement payments made in 2019 by Inteltek following its contract discontinuation.

Net debt, as of December 31, 2019, stood at €594,1 million, improved by €21,2 million compared to December 31, 2018, largely as a result of asset disposals (Gamenet, Hellenic Lotteries and Poland) and bond buyback positive effect, with the impact partially being offset due to the IFRS 16 adoption from January 1<sup>st</sup>, 2019, Inteltek's license discontinuation, the investments in our US business, the extraordinary dividend distribution of Inteltek related to the sale of Azerinteltek, the investments towards our new contracts in Croatia, Morocco, and the New Sports Betting Era in Turkey and the inventory purchases payments for new projects.

## **WHO WE ARE**

### **Company Profile**

INTRALOT is a public listed company established in 1992, with €0,7 billion turnover and a global workforce of approximately 3.800 employees in 2019. Being an innovation-driven corporation uniquely positioned to offer to lottery and gaming organizations across geographies market-proven flexible, reliable and secure gaming products and services, the Company is a leading gaming solutions supplier and operator, active in 44 regulated jurisdictions around the globe. In 2019, INTRALOT handled approximately €18,3 billion of wagers and currently has approximately 290.000 of its proprietary terminals deployed worldwide.

Based on its strategic approach "**i-shapes the future**", INTRALOT is committed to Modernize Lotteries in a Digital World by delivering innovative lottery and sports betting solutions, shaping the future of gaming. The company invests in developing next-generation products, focused on players' experience, the trends of the world-wide gaming ecosystem, and the efficiency of its operators to provide engaging responsible entertainment for their players through all distribution channels and across all verticals (Lottery, Betting, Interactive, VLTs), while driving its customers' growth for higher contribution to good causes in their communities.

As a 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 certified international vendor in the gaming sector according to the World Lottery Association (WLA) Security Control Standard in 2008, being recertified with up to date Control Standard, and has

been certified according to ISO 27001 for its Information Security Management System (ISMS). The Company's current WLA SCS:2016 and ISO 27001:2013 certifications cover INTRALOT Headquarters and 20 additional subsidiaries' operations around the world. Furthermore, INTRALOT has been certified according to ISO 9001 (Quality Management System) since 2002, ISO 14001 (Environmental Management System), ISO 20000 (IT Service Management System), ISO 29990 (Learning Services) and ISO 37001 (Anti-Bribery Management System).

Among other distinctions, INTRALOT has received the RME OLYMPIC RHETORIC WREATH award by EBEN GR (European Business Ethics Network) for Business Ethics, Corporate Governance and Corporate Social Responsibility, while the Company's General Technical Division was awarded the Recognized for Excellence in Europe - 5 Stars distinction by the European Foundation for Quality Management (EFQM). Furthermore, INTRALOT ranks among EU's top industrial R&D spenders according to the EU Industrial Research & Development Investment Scoreboard for the past 12 years, highlighting the company's accelerated performance in extensive investment on technology innovation.

INTRALOT contributes decisively to the industry's future developments, being a member of major Lottery and Gaming Associations around the globe: Platinum Contributor of WLA, Premium Partner of European Lotteries, Level I of NASPL (North American Association of State & Provincial Lotteries), Star Contributor of CIBELAE (Lottery Association for South America and the Iberian Peninsula), Gold Sponsor of APLA (Asia Pacific Lottery Association), Silver Member of GSA (Gaming Standards Association) and Associate Member of GLMS (Global Lottery Monitoring System), the state lotteries' mutualized monitoring system on sports betting.

### **Recent Company Developments**

#### *Projects / Significant Events*

In early February 2019, LOTTO Hamburg GmbH, one of the German State Lotteries, awarded Intralot Global Operations B.V., a fully owned subsidiary company of INTRALOT S.A., a contract to replace its current gaming terminals. Intralot Global Operations B.V. was selected as the successful technology vendor after a thorough procurement process and a proof of concept assessment, with the agreement to include the delivery of 550 Photon gaming terminals.

On March 1<sup>st</sup>, 2019, INTRALOT informed the investors community that its 45% owned subsidiary in Turkey, İnteltek, was notified that the tender of Spor Toto State Organization for the management of Sports Betting was concluded, with the tender being awarded to the other bidder.

At the end of May 2019, INTRALOT announced the signing of a contract between BCLC, which operates lottery on behalf of the Government of British Columbia and Intralot Inc., its US subsidiary, to provide a lottery central system with its novel platform Lotos X, its holistic lottery solution that includes INTRALOT's cutting edge lottery terminals with their innovative camera based technology, along with additional software products, and ongoing maintenance services. The contract is for an initial 5-year term, that can be extended up to another 6 years.



On June 13<sup>th</sup>, 2019, INTRALOT S.A. announced the signing of a new contract for Intralot Maroc, a subsidiary of the INTRALOT Group acting as the Games Operator in Morocco, with La Marocaine Des Jeux et des Sports (MDJS), the state sports lottery Organization of Morocco. The contract is for an initial 8-year term that can be extended up to another 2 years, with the launch of the new operation on January 1<sup>st</sup>, 2020.

In July 2019, INTRALOT successfully completed the delivery and transition to the Lotos X new central system for its historic client OPAP.

At the end of July 2019, INTRALOT S.A. announced that its U.S. subsidiary Intralot Inc, has signed a new contract that will continue its nearly 10-year partnership with the District of Columbia Office of Lottery and Gaming ("DC Lottery"). INTRALOT will support the DC Lottery's commitment to maximize revenue returned to the District by modernizing the gaming system, deploying next-generation gaming technology, and ushering in the transformational new era of regulated sports wagering. The five-year contract is effective October 1<sup>st</sup>, 2019 and allows for an additional five extension years.

At the end of November 2019, INTRALOT S.A. announced that its U.S. subsidiary Intralot Inc., signed a contract extension to provide its Sports Betting solutions to the New Hampshire Lottery Commission. Intralot Inc. will offer sports betting starting in 2020 at over 1.300 existing lottery retailers in New Hampshire.

#### *Financing & Bond Repurchase*

In August 2019, Intralot Inc. renewed its credit facility with Bank of America, extending it to US\$40,0 million.

The Group proceeded to the repurchase of bonds due 2024 from the open market, with nominal value of €5,0 million during the third quarter of 2019, as well as €16,2 million during the fourth quarter of 2019 and up to the date of approval of the interim financial statements of 31/12/2019, forming the total outstanding nominal amount at €473,8 million.

#### *M&A Activity*

On January 14<sup>th</sup>, 2019, following the relevant announcement issued on November 19<sup>th</sup>, 2018, INTRALOT Group, announced that on January 11<sup>th</sup>, 2019, the sale of the shares held by our Company's 45% owned subsidiary İnteltek İnternet Teknoloji Yatırım ve Danışmanlık Ticaret A.Ş. ("INTELTEK") in its 51% owned subsidiary Azerinteltek QSC ("Azerinteltek"), to Baltech Investment LLC, was conducted for a total consideration of €19,5 million.

In early May 2019, INTRALOT announced the completion of the sale of its subsidiary sports betting provider, Totolotek SA, to Merkur Sportwetten GmbH, a subsidiary of the Gauselmann Group based in Espelkamp, Germany.

On September 18<sup>th</sup>, 2019, INTRALOT Group notified that the transfer of all its shares in “Hellenic Lotteries S.A.” (i.e. 511.500 shares or 16,5% of the total) to “OPAP Investment Limited” had been completed, for the price of €20,0m.

On December 16<sup>th</sup>, 2019, INTRALOT announced the completion of the sale of its stake in Gamenet (6.000.000 shares or 20,0% of its share capital) to “Gamma Bidco S.r.l.” (a company formed on behalf of funds managed by Apollo Management IX, L.P., affiliated with Apollo Management, Inc.), for the consideration of €78,0 million.

#### *Organizational Changes*

The INTRALOT’s BoD during its meeting of January 31<sup>st</sup>, 2019, announced the appointment of Messrs. Nikolaos E. Nikolakopoulos and Chrysostomos D. Sfatos as members of the Board of Directors, in replacement of Messrs. Konstantinos S. Kokkalis and Petros K. Souretis.

On March 1<sup>st</sup>, 2019, INTRALOT announced that the Chairman of its Board, Mr. Sokratis Kokkalis, assumes also the duties of Chief Executive Officer, following the resignation of Mr. Kerastaris as CEO and Executive Member of the Board of Directors. Mr. Kerastaris was replaced in the Board of Directors by Mr. Alexandros-Stergios Manos as non-executive board member.

During the Extraordinary General Meeting of the Shareholders of the Company dated 17 April 2019, a new Board of Directors of the Company having a term of six years as from 17 April 2019 was elected and its independent members were nominated.

The new Board of Directors is consisted by:

1. Sokratis Kokkalis son of Petros
2. Constantinos Antonopoulos son of Georgios
3. Nikolaos Nikolakopoulos son of Ilias
4. Chrysostomos Sfatos son of Dimitrios
5. Dimitrios Klonis son of Christos
6. Alexandros-Stergios Manos son of Nikolaos
7. Sotirios Filos son of Nikolaos
8. Anastasios Tsoufis son of Miltiadis, and
9. Ioannis Tsoukaridis son of Petros.

In early May 2019, INTRALOT announced a Group restructuring, and in particular concerning the Operations, Technology, Digital, and Commercial Divisions, reorganizing them with executives from the company’s experienced talent pool.

In the middle of June 2019, INTRALOT announces the appointment of a new Board of Directors at its fully owned US subsidiary, Intralot Inc., to include three new Independent Directors:

1. Ambassador (Ret.) Thomas Miller, Non-Executive Chairman and Independent Director
2. Daniel Rappaport, Non-Executive Vice-Chairman and Independent Director
3. Nicholas Mitropoulos, Independent Director
4. Byron Boothe, Director and Interim CEO, Intralot Inc.
5. Nikolaos Nikolakopoulos, Director and INTRALOT Group Deputy CEO

In early December 2019, the INTRALOT Group announced the appointment of Mr. Lampros Klironomos (Chief Internal Audit Officer until then) as Chief Financial Officer of its 100% subsidiary Intralot Inc. in the USA. The Board of Directors of INTRALOT during its meeting that was held on December 3<sup>rd</sup>, 2019, following a recommendation by the Audit and Compliance Committee, elected Mrs. Alexandra Moulavasilis for the position of Director (Head) of Internal Audit.

*Significant Events after the end of the FY19 - until the date of the Financial Statements release*

On January 15<sup>th</sup>, 2020, INTRALOT Group, via its fully owned subsidiary Intralot Iberia Holding SAU, signed a binding term-sheet to acquire from Turktell Bilişim Servisleri A.Ş., Global Bilgi Paz. Dan. ve Çağrı Servisi Hizm. A.Ş and Turkcell Satış ve Dijital İş Servisleri A.Ş. their total shareholding of 55% in İnteltek İnternet Teknoloji Yatırım ve Danışmanlık Ticaret A.Ş. ("Inteltek"), including all rights and liabilities to Intralot Iberia Holding SAU. The respective transaction is expected to be completed within the first half of 2020, once the final share sale and purchase agreement ("SPA") is signed and the necessary legal approvals are obtained.

On February 3<sup>rd</sup>, 2020, INTRALOT's new terminal PhotonX won the "Lottery Product of the Year" award at the International Gaming Awards 2020, among five leading gaming providers nominated in the category.

In February 2020, the Government of Bulgaria has passed legislation that amends the local gambling law, according to which all lottery-type of games, except for KENO type of games, are organized under a State Monopoly. As a consequence, three of the six existing licenses held by Eurobet Ltd, a 49% subsidiary of INTRALOT Group, have been terminated by Law on 21/02/2020. Also, in early March 2020, Eurobet Ltd voluntarily returned the rest three gaming licenses, that were active but not operated (not producing any revenue). Finally, in March 2020 Eurobet Ltd submitted application for opening bankruptcy proceedings for protection against its lenders. In addition, in February 2020 the Bulgarian State Gambling Commission (SGC) notified Eurobet Ltd for a claim of retrospective State Fees amounting to BGN 74,4 million (€38,0 million). The company appealed before the local Administrative Courts. Eurobet Ltd Group contribution to INTRALOT Group for the twelve-months period of 2019 was €58,7 million in Sales, €6,3 million in EBITDA, as well as €2,7 million in Profit after tax attributable to the equity holders of the parent.

In February 2020, the Bulgarian State Gambling Commission (SGC) notified Eurofootball Ltd for a claim of retrospective State Fees amounting to BGN 328,9 million (€168,2 million). The company appealed before the local Administrative Courts. In addition, in March 2020 the imposition of

emergency sanctions on Bulgaria due to the Covid-19 pandemic has led to the indefinite shut down of the point of sale network of Eurofootball Ltd. During the shutdown for health reasons, on 25/3/2020 the State Gambling Commission of Bulgaria issued two decisions regarding the temporary suspension of gaming licenses of Eurofootball Ltd for a period of three months, until the judgement of the above appeals for the State Fees. Eurofootball Ltd contribution to INTRALOT Group for the eleven-months period of 2019, that was fully consolidated, was €224,6 million in Sales, €17,4 million in EBITDA, as well as €8,4 million in Profit after tax attributable to the equity holders of the parent. It is noted that the conditions under which Eurofootball Ltd was fully consolidated, according to IFRS 10, in the financial statements of INTRALOT Group have ceased from 05/12/2019 onwards and the company since then is consolidated under the equity method.

On March 9<sup>th</sup>, 2020, the company announced its BoD decision that Mr. Sokratis Kokkalis, who remains Executive Chairman of the Board, stepped down as Group CEO and will be succeeded by Mr. Christos Dimitriadis, effective 9 March 2020. In parallel, Mr. Dimitriadis has been elected Executive Member of the BoD, in replacement of Mr. Dimitrios Klonis.

On March 11<sup>th</sup>, 2020, the shareholder Mittleman Brothers LLC notified a disposal of its voting rights, forming its stake from 10,2162%, according to its prior notification, to 9,7647%.

On April 13<sup>th</sup>, 2020, INTRALOT announced the recomposition of its Board of Directors, as follows:

1. Sokratis P. Kokkalis, Chairman, Executive Member
2. Constantinos G. Antonopoulos, Vice Chairman, Non-Executive Member
3. Christos K. Dimitriadis, CEO, Executive Member
4. Chrysostomos D. Sfatos, Deputy CEO, Executive Member
5. Nikolaos I. Nikolakopoulos, Executive Member
6. Alexandros – Stergios N. Manos, Non-Executive Member
7. Sotirios N. Filos, Independent Non-Executive Member
8. Anastasios M. Tsoufis, Independent Non-Executive Member
9. Ioannis P. Tsoukaridis, Independent Non-Executive Member

The Board term expires on April 17<sup>th</sup>, 2025. The above recomposition of the Board of Directors occurred as a result of the new Group's organizational structure and the assignment of the duties of the Group Chief Commercial Officer, instead of the Deputy Chief Executive Officer, to Mr. Nikolaos Nikolakopoulos, who also remains an executive member of the Board of Directors.

On April 21<sup>st</sup>, 2020, the company announced a notification of Mr. Dimitriadis Konstantinos for a disposal of voting rights, shaping his stake from 5,05% to 4,97%.

On April 23<sup>rd</sup>, 2020, INTRALOT announced that it has retained Evercore Partners and Allen & Overy, as financial and legal advisors respectively, to review and implement strategic alternatives for the business.

The strategic review process will include assessing all available financial and strategic options which may be available to optimize the Company's capital structure, with a view to best position the Company to capture growth opportunities in its key markets and maximize stakeholder value. In that regard, the Company and its advisors will seek to engage directly with its stakeholders in due course.

#### *Coronavirus (Covid-19) Pandemic Impact*

The Covid-19 pandemic has affected economic and business activity around the world. The extent of its impact will depend on its duration, government policy in key jurisdictions regarding restrictions implemented and the current and subsequent economic disruption that the pandemic will cause.

According to H2GC data, the current outlook for the gaming business indicates that the industry global GGR for 2020 is expected to fall between 2013 and 2012 levels, i.e. around \$400 billion, approximately 15% lower compared to its forecasts prior to the Covid -19 outbreak, impacted significantly among other factors by the postponement or cancelation of major sporting events and competitions globally.

The health and safety of our team is of paramount importance. Since early March 2020, INTRALOT has responded to the environment presented by Covid -19 by activating its WLA certified Business Continuity Plan and by using technology in order to immediately enable about 80% of its personnel to work remotely, respecting public authorities' instructions and protecting the health and safety of its personnel, thus preserving business continuity for its customers. However, some delays may be experienced in the product roadmap and in the production of new hardware equipment in Asia or other disruptions in the supply chain from third parties.

Lockdowns, store closures, and the lack of sports betting content are the main sources of impact on the company revenues during the high-impact period, either totally such as in Malta, Australia, and Morocco or partially such as in the US, The Netherlands and Chile.

The Group's subsidiaries have applied for governmental support programs related to personnel furloughs in Australia and Malta while further mitigation measures are taken in all operations on a risk-based approach, resulting in estimated deferral in Capex in the vicinity of €13,0 million and reductions in Opex in the vicinity of €15,0 million in 2020.

We currently expect that the crisis impact on Group GGR will peak in April and May 2020 and we assume gradual return to near budget figures by November / December 2020 as activity potentially rebounds from June 2020 onwards.

In the US operation, March and early April data show a high degree of resilience given that in many states a significant portion of the retail network remains open. However, the lack of sports betting content has led to delays in the anticipated contribution to the US operation EBITDA from the nascent sports betting revenue stream.

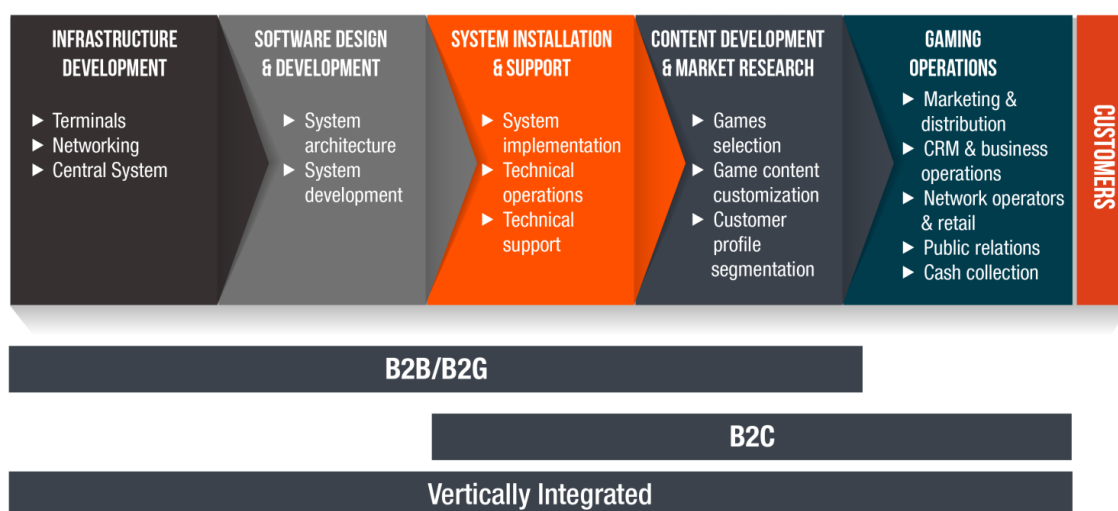
By evaluating available March and early April 2020 data and known lockdown forecasts per jurisdiction, the Company’s best estimate impact for 2020 is in the range of €25,0 – €30,0 million at Group’s EBITDA level.

The company is constantly reviewing the situation in order to protect the safety of its employees and the integrity of its operation and will offer updates when conditions change materially.

### 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 59 individual technology and support services contracts across 39 jurisdictions through 16 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 28,9% of our revenue and 50,9% of our revenue net of payout in the twelve months ended December 31, 2019.

### *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 licensed 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 three (3) management contracts in two (2) jurisdictions through two (2) 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 9,7% of our revenue and 17,0% of our revenue net of payout in the twelve months ended December 31, 2019.

*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 9 individual licenses through a combination of wholly-and partially-owned subsidiaries and joint ventures, across five (5) 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 61,4% of our revenue and 32,1% of our revenue net of payout in the twelve months ended December 31, 2019.

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

| <b>Description</b><br>..... | <b>Technology and Support Services Contracts</b>  | <b>Management Contracts</b>  | <b>Licensed Operations</b>   |
|-----------------------------|---|--|--|
|                             | Provision of: <ul style="list-style-type: none"> <li>• Central gaming system</li> <li>• Lottery terminals</li> <li>• Telecommunications system/solutions</li> <li>• Related peripheral equipment and software</li> <li>• Implementation services and/or</li> <li>• Maintenance and support services</li> <li>• Monitoring systems for VLT operations</li> </ul> | Management of all the aspects of a gaming operation: <ul style="list-style-type: none"> <li>• Provision of technology solutions as described under “Technology and Support Services Contracts”</li> <li>• Day-to-day operations</li> <li>• Marketing services</li> <li>• Sales network development and management and/or</li> <li>• Risk management/odds setting for sports betting games</li> </ul> | Ownership of a license to operate games including: <ul style="list-style-type: none"> <li>• Management of services as described under “Management Contracts” and/or</li> <li>• Provision of technology solutions as described under “Technology and Support Services Contracts”</li> </ul> |



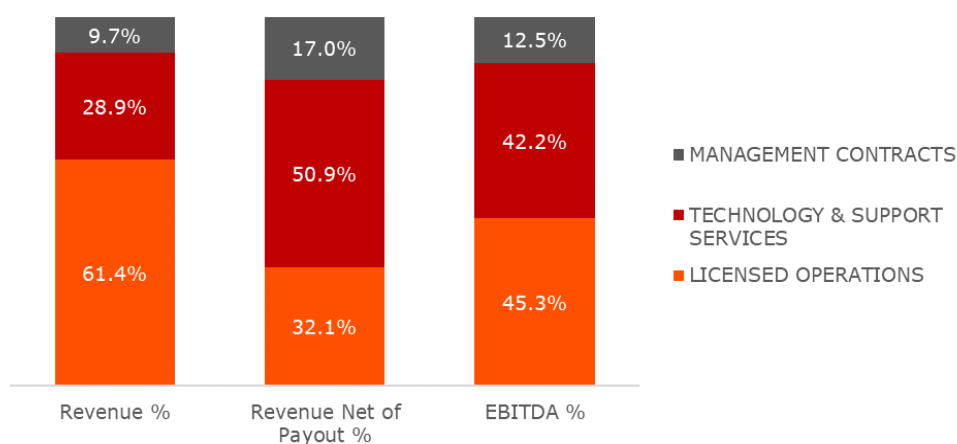
|                                   |  |  |  |
|-----------------------------------|--|--|--|
| <b>Holder of License</b>          | State or state-licensed operator maintains the license   | State or state-licensed operator maintains the license | We or our associates maintain the license, which is acquired from a competent local/state government authority |
| <b>Key Geographies</b>            | United States, Greece, Australia, New Zealand, Canada, and Argentina   | Turkey   | Malta and Argentina  |
| <b>Other Geographies</b><br>..... | Croatia, Chile, the Netherlands, Ireland, Germany, Malaysia, Taiwan, Philippines, Peru, Azerbaijan, and Bosnia and Herzegovina | Morocco  | Peru, Brazil & Bulgaria  |

Our key geographies set forth in the table above represented 57,9% of our EBITDA in the twelve months ended December 31, 2019.

The following group of diagrams sets forth our revenue by business activity and region for the twelve months ended December 31, 2019:



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, 2019:

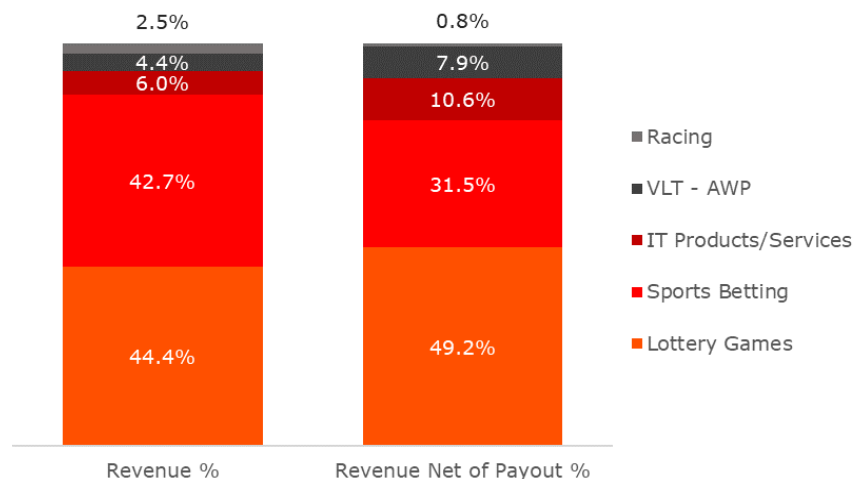


## Game Categories

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

- **Lottery Games**, which represented 44,4% of our revenue in the twelve months ended December 31, 2019, include the operation, supply of technology services for numerical and traditional lottery games, instant tickets and fast draw games in over 45.000 POS with over 250 games across 32 jurisdictions on five continents in each of our three business activities.
- **Sports Betting**, which represented 42,7% of our revenue in the twelve months ended December 31, 2019, includes the operation, supply of technology, bookmaking and risk management services for 10 jurisdictions, with a capacity of more than 35.000 pre-game events and 24.000 in play per month and more than 800 market types. We believe we are one of the leading sports betting platform and managed trading services 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 6,0% of our revenue in the twelve months ended December 31, 2019, 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 4,4% of our revenue in the twelve months ended December 31, 2019, include solutions and services for VLT monitoring, gaming venues and server-based gaming. We operate and/or service over 70.000 gaming machines in four (4) jurisdictions.
- **Racing**, which represented 2,5% of our revenue in the twelve months ended December 31, 2019, includes technology, content and integrated services for pari-mutuel and fixed odds race betting on horse and dog racing events, as well as virtual games with contracts in four (4) jurisdictions.

The following diagram sets forth our revenue and revenue net of payout by type of product for the twelve months ended December 31, 2019:



## INTRALOT Solutions, Products and Services

### Product Strategy

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 2019, 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 Lotos X Lottery Gaming Platform and INTRALOT Orion - its next generation Sports Betting Platform.

Staying aligned with our commitment for Operational Excellence, Technology Evolution, Integrity and Player Engagement, INTRALOT has heavily invested in the past years to revamp its complete product by combining its 25 years of operational experience with the latest technological evolutions.

The company has designed a new ecosystem of holistic omni-channel solutions that focus on the players' needs and offer advanced customer experience, across all the distribution channels (retail, online, mobile) and touchpoints.

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 third party products and services
- Cost effectiveness by decreasing development, maintenance and solution deployment costs

### New Lottery Solution & Lotos X

During 2019, the new INTRALOT Lottery solution started being utilized in full scope, with two major jurisdictions going live, and 4 more launches planned in the coming quarters.

INTRALOT's new, holistic Lottery Solution has been designed based on invaluable customer insights, acquired through INTRALOT's 25-year, worldwide operational experience, as well as through extensive market research. It currently is the most modular, stable, safe and streamlined Lottery Solution available in the market, which can serve any modern Lottery operation, regardless of its size.

By using microservices-based technology, the Lottery Solution allows the possibility for a best-of-breed ecosystem, fast setup and significantly simpler integrations. Most importantly, it allows the operator to centrally configure a game, share it in both retail and online channels and then further customize it to address each touchpoint's unique business needs.

The new INTRALOT Lottery Solution is Modular, flexible, future-proof and expandable, and allows for flexible and fast API integrations, safeguarding the optimum content and services' deployment across all channels. It is also infrastructure-agnostic, for every operator to choose among a full-cloud, on-premise or hybrid infrastructure, in order to get the most optimized system, according to their own, personal needs.

With its advanced omni-channel capabilities, INTRALOT's Lottery Solution brings the best from all distribution channels in one unified, gaming experience. Focusing on elevating the player experience, it provides a system with parametrization capabilities for every touchpoint, as well as a wide range of different participation methods.

Additionally to that, INTRALOT has enhanced its complete **i-lottery** solution with an immersive, personalized, digital gaming experience consisting of cutting-edge technology platforms of superior performance and a rich revenue generating game portfolio.

In summary, the Lottery Solution consists of **4 main areas** which are connected and communicate with each other through an **Orchestrator** (which enables a set of independent services that ensure fast and easy integration):

- **Lotos X** platform: the most parametrical games and draw management platform in the Lottery industry
- INTRALOT **enablers**: a set of platforms to address all other operational aspects of our customers (i.e. CMS, CRM, DMS, RMS)
- Customer **touchpoints**: all the touchpoints with which the retailer and/or the player interact, within either a land-based or an online lottery operation)

- **Governance:** an advanced Governance model that safeguards end-to-end security and integrity, through its Authentication/Authorization, centralized Auditing & Logging, and real-time monitoring capabilities that aim at reducing operational overheads and costs.

#### *Lotos X Platform*

Lotos X enables the Lottery operators to design, configure and implement their entire games' portfolio. The platform allows easy configuration and parametrization of any Lottery game (i.e. numerical, passive or instant) in a simplified, wizard-like manner, with the use ready-to-launch, preset game templates. Real-time parametrization across the solution allows for significant reduction in time to market.

Fully compliant and certified, INTRALOT's Lottery Solution is ready to run in every regulated operation with complete responsibility and safety, according to the Industry's highest standards. An extremely strict process in terms of authentication and security, runs 24/7 on the backstage to alert for any suspicious behavior or performance, while a three-level support mechanism reinforces the Lottery's performance and responsibility standards.

#### *Product Roadmap and maturity level*

2019 was the year that the new Lottery Solution made significant progress in terms of maturity and during 2020 it will be reaching even higher levels. All the components of the solution were designed and built to out-of-the-box satisfy the market needs and the requirements of any typical Lottery, making the solution reach a competitive level of readiness, a fact that creates an advantage of INTRALOT Lottery Solution against competition.

To achieve that, along with delivering major projects simultaneously, resources were increased and manpower was strengthened during 2019, partly through internal resources reallocation, while in early 2020 the Lottery Solution will go beyond the levels of a typical lottery, being in the position to cover the most demanding and advanced lottery operations in the industry.

Through this process, the parametrical capabilities of the solution and all the built-in, out-of-the-box functionalities, is expected to serve the future project demand more efficiently and with significantly faster time to market.

#### *Celebrating the defining moments in our product evolution*

The go-live in two major jurisdictions, during 2019, has signified a momentous milestone for INTRALOT's next generation Lottery ecosystem, marking the realization of the company's strategic endeavor in developing an unmatched line of products that form a truly configurable turn-key solution for Lotteries.

The future proof Lotos X holds the title of the most parametrical games and draw management platform ever marketed. The enablers' superset that manage the retail network and the players, come to complete a compelling, modular, off-the-shelf offering.

The additional launches, planned in the coming quarters, come with the opportunity to extensively stress-test the new Lottery solution and enhance the system's localization capabilities. Meanwhile, product design and development focus on driving maturity, through additional features that consistently focus on operation excellence, end to end security, integrity and revenue growth.

### **Sports Betting Solution & INTRALOT Orion**

INTRALOT is shaping the future of betting by converting our 25-year track-record on the field into intelligent solutions that meet the customer needs and create value for all stakeholders. INTRALOT's Sports Betting solution is designed to fully support the player experience across all channels, securing a higher lifetime value, while allowing the efficient management of operations from the trading and risk teams.

Specifically, INTRALOT's Sports Betting Solution comprises of:

- INTRALOT Orion – our revenue-generating, easy to use sports betting platform with proprietary CRM and CMS solutions
- Localized Managed Trading Services (MTS)
- A wide portfolio of retail and self-service terminals
- Native mobile apps and web portals for the online players

#### *INTRALOT Orion Platform*

INTRALOT Orion is a Sports Betting platform designed to empower the modern Operator. It supports all sports events across all channels, incorporating state-of-the-art technologies and cutting-edge features both for the operator and the player. It serves the entire player journey across channels with a rich set of bet features, including a wide range of promotions and bonuses, and the most complete cash-out suite, optimizing player engagement and increasing players' lifetime value.

INTRALOT Orion has been certified by BetRadar and, in view of INTRALOT's US projects, is compliant with the GLI-33 Standard for both online and retail Sportsbook Solutions. The latter is confirmed by Gaming Labs International, the most respectful and sophisticated testing and inspection laboratories in the gaming industry. Additionally, INTRALOT Orion platform was a finalist in the "Sportsbook Product of the Year" category at International Gaming Awards 2020.

INTRALOT Orion is designed to simultaneously feed multiple online and offline customer touchpoints, regardless of their geographical location or specific business needs. By parameterizing Sports Betting content and enabling tailored risk management per sales channel, the operators can reach efficiently their targeted audiences and manage their margin on a per-channel basis. INTRALOT Orion is built as an open system and can be easily integrated with third-party software, ensuring resource management optimization and cost efficiency.

*Celebrating the defining moments in our product evolution*

Having one of our WLA clients - Nederlandse Loterij (Netherlands) - already updated to the latest version of INTRALOT Orion, and seven more in three continents in the pipeline to launch within 2020, INTRALOT Orion is set to become the main generator of Sports Betting revenue for INTRALOT Group. New contracts have been signed by MDJS (Morocco), ODS (Germany) and several US Jurisdictions (Montana, Washington DC, New Hampshire). Furthermore, the newest version of INTRALOT Sports Betting solution is scheduled to be released within the upcoming quarters for the entrance in the Greek online Gambling market together with OTE.

### **INTRALOT Enablers – Available for both lottery and sports betting solutions**

INTRALOT enablers include a set of platforms for addressing additional operational aspects of our customers, outside the two core gaming engines.

1. The management of content: **Canvas** Content Management System (CMS) is a powerful platform for managing the content and UI across multiple touchpoints (websites, mobile native apps, self-service terminals, etc.) with build-in personalization and content optimization features.
2. The management of the retailers: **Pulse Retailer** offers 360° control for managing the retail channel. The platform offers a robust control of all points of sales and acts as the single point of truth for accounting while it caters logistics of consumables. Relationship management for retailers is secured via focused incentives and retailer's club schemes as well as targeted communication. The platform has been developed with additional localization capabilities, a retailer's web portal and a mobile app for the Lottery's field representatives. Enhancements on the segmentation engine and a smart implementation within all retail related platforms, boosts the Lottery in designing multiple retail revitalization strategies.
3. The management of the players: **Pulse Player** 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 verticals and products. It allows the Operator to convert and manage registered players across all channels, maximize their lifetime value and reduce churn in the most effective, simple and user-friendly way.
4. The management of the devices: **Device Management System (DMS)** is a platform that centrally manages retail and self-service terminals, all peripherals and digital signage equipment deployed in the retail network. The platform ensures uninterrupted operation via aggregated dashboards. Enhancements in the device management system permit reduced time to install new hardware, while a smart alerting mechanism, combined with preventing maintenance functionalities, secure zero downtimes.
5. **Online Channels:** Based on the "mobile-first" approach, the online channels consist of a fully responsive HTML5 portal and a set of native mobile applications for iOS and Android, that enable all aspects of lottery play, from playslip preparation to full real-money gaming.
6. **Digital Signage:** Based on the tried in the field "Horizon" content delivery platform, the brand-new Canvas Signage system enables the Lottery to present players with engaging

content in-store. A web-based content management platform simplifies scheduling of targeted content while the integration with Lotos X and INTRALOT Orion produces a true turnkey solution that enriches the retail gaming experience.

### **Customer Touchpoints (Operator, Retailer & Player)**

We refer to all the touchpoints with which the retailer and/or the player interact, within either a land-based or an online lottery operation.

Approximately 290.000 INTRALOT Retail Solutions are currently deployed worldwide. In general, INTRALOT's Retail Solutions can be sold either as standalone hardware or bundled with the application software and retail platforms.

During 2019, major product breakthroughs had to do with unveiling PhotonX, INTRALOT's latest camera-based retailer terminal with built-in 4K capability and with rolling out Dreamtouch Smart – the only 25 scratch tickets capacity at 54" height vending machine in the market – in several US States.

In detail, available touchpoints include:

#### *Retailer terminals (used by the retailer/clerk, for any type of retail store)*

INTRALOT's terminals for the retailer, combine robust technology for serving the advanced needs of the retail channel, with innovative industrial design, and enhanced ergonomics and usability.

- **PhotonX:** During 2019 the new retail flagship terminal was introduced to revolutionize lottery and betting retail operations. PhotonX inherits INTRALOT's patented and field-proven camera technology for flawless playslip reading and maintenance-free operation. On top of that, PhotonX offers advanced, built-in 4K multimedia capability and drives digital signage content without external media players. It also incorporates a selectable range of the industry's most powerful processing units and memory options as well as a solid-state storage device with selectable capacity, upon customer inquiry, based on cost and performance requirements.
- **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:** INTRALOT's 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.
- **Canvas Retailer:** INTRALOT's advanced web-based terminal software solution that consists of a frontend application and a content management system, designed for Lottery and Betting operations.



Within 2019, INTRALOT was awarded with the first contract for 3.001 PhotonX terminal units from British Columbia Lottery Corporation along with 813 Proton and 3.735 Genion terminal units. Additionally, 500 Photon terminals were ordered by Lotto Hamburg and 21.844 Photon terminals were deployed in Morocco, Illinois, Arkansas and Ohio. INTRALOT rolled out 120 Proton terminals in Idaho (as an in-lane solution) and 8.775 Genion in Morocco and Illinois.

INTRALOT's terminal software – Canvas Retailer - has been installed in OPAP's existing third-party terminals, thus allowing real time dynamic content management capabilities and fast and secure gaming transaction processing, while improving retailer's day-to-day operation for more than 10.000 retail terminals in the field.

### *Vending Machines*

Vending Machines (a wide range of terminals for the player, that deliver a thrilling player experience, either in-store or in semi-attended spaces).

- **Dreamtouch Smart:** During 2019, INTRALOT rolled out Dreamtouch Smart, the only vending machine to offer 25 instant scratch tickets and unlimited draw-based games, at the height of 54". It aims to attract lottery players when on a regular shopping trip and builds on impulse buy occasion. Due to its compact size, Dreamtouch Smart offers a new level of functionality and convenience especially when installed in hypermarkets, supercenters and groceries stores, allowing customers to have a greater visibility across the front end of stores and checkout areas.  
It is equipped with a stunning 32" FHD display in landscape orientation and incorporates a full set of participation features for the players, allowing them to interact with it in a fast and fully autonomous way.  
After months of development and fine tuning, 2019 was the year that Dreamtouch Smart went out in the field in two states of the US, and more are coming up. Idaho and Arkansas were the first to install Dreamtouch Smart. More specifically, Idaho Lottery introduced 24 Dreamtouch Smart in 15 Walmart locations during September 2019 and Arkansas Lottery introduced 68 Dreamtouch Smart in 64 Walmart locations during July 2019.
- **Dreamtouch** is a next generation vending machine which features a 42" FHD touchscreen display. It supports up to 25 different types of instant scratch tickets and at the same time it can display unlimited draw-based games and terminal instants. Dreamtouch creates a unique gameplay experience alongside digital signage and infotainment. When in idle mode, it can display rich multimedia content such as advertisements and promotional material, information and how to play instructions, drawing dates and times and jackpot results.
- **Dreamtouch Compact** is a full-service vending machine in compact size. It has an embedded a 32" full high definition touchscreen for purchasing up to 12 instant scratch tickets and unlimited draw-based games and terminal instants. The touchscreen display makes Dreamtouch Compact significantly slim and allows it to provide a new and exciting

gaming experience by attracting and engaging players, displaying also any kind of multimedia content and digital signage, when in idle mode.

- **Winstation30** is the only vending machine in the lottery industry able to dispense up to 30 instant scratch tickets. It is designed specifically for the sales of scratch tickets through its large front panel with a simple “push of a button”, draw-based games and terminal instants by interacting with the 10.1” embedded touch screen.

It is also a powerful advertisement and promotion lottery module offering rich multimedia content and call to action messaging to the player, which can be presented through its 19” top monitor. Winstation30 allows players to engage through various means of participation and can be installed in convenient stores, retail groceries, shopping malls, airports and numerous other locations, enabling continuous sales increase with minimum interaction from the retailer side.

The installation of 2870 Winstation30 was fully completed during the first quarter of 2019 in a wide retail network within Illinois State, bringing new player segments and increasing revenue.

#### *Self-Service Terminals*

The Self-Service terminals and Vending Machines for the player, come in a wide range of options and can be combined with the right frontend and backend platforms to best serve the distinct needs of each player.

- **MPNG** is the most successful Multi-Purpose New Generation Terminal offering from INTRALOT in the sector of Self-Service Lottery solutions. It is a compact and ergonomically designed terminal with minimal footprint while its autonomous functionality and multiple integrated participation methods allow it to act as an advanced stand-alone play point that minimizes counter queues, increasing customer satisfaction. MPNG allows players to participate in any kind of lottery or betting games, integrating dual 19” displays, a lower one with touchscreen functionality dedicated to gameplay and a top screen displaying game-related information, live streaming and promotional content.
- **GameStation** is the full self-service lottery solution, ergonomically designed with two 23” FHD displays with LED cabinet illumination, enhancing the gaming experience and improving the performance of existing games. Peripherals include play slip scanner, bar code reader, high speed thermal printer, smart-card reader, bill validator, coin acceptor and cashless payment device, making the GameStation the only terminal in its category to feature the flexibility and scalability that allows players, to access their accounts (e.g. temporary, registered, e-wallet) and join the gaming action while fully enjoying an engaging self-service experience. Under BCLC’s contract with INTRALOT for the implementation of new terminals, an order of 722 Gamestation Self-Service Terminals was placed.
- **SSBT** is the one stop betting terminal, representing a new, exciting sales channel for retail operators that bridges the gap between the online and retail world. SSBT attracts

players interest via its ergonomically designed dual 23" screen cabinet with LED illumination and offers an enhanced sports betting experience by combining live content (sport matches and races), promo videos, odds, statistics and event results in the upper screen with use of the lower touchscreen. Players can browse via the touchscreen for the current events, scores, odds, results, statistics while they select their events of interest, either live or pre-game, and conveniently prepare and submit digitally their betslip. SSBT allows both registered and anonymous players participation and supports an extensive range of payment and participation methods, ensuring optimization of the customer's journey.

- **Dreamtouch Lite** combines the benefit of a slim and elegant design with the convenience of an embedded 42" FHD touchscreen. It provides an exciting interactive gaming experience by attracting and engaging players and offers an unparalleled betting experience, using the friendly and easy-to-use interface of **Tapnbet**, a simplified sports betting concept.
- **Dreamtouch Lite X** is an innovative gaming kiosk, designed to create a compelling user experience. Its 32" full high definition inclined touchscreen in portrait orientation redefines players' experience, resembling personalized gaming experience, that is usually provided via handheld mobile devices. Dreamtouch Lite X is hosting Tapnbet innovative concept of prefilled betslips that makes gaming easy and fun for any player.
- **Gamebase** is an integrated tablet desktop solution serving as players' first 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 an innovative end-to-end solution in traditional retail stores.
- **GameKiosk** (single or dual screen) — all-in-one SST solution for modern in-store environments with limited space. It features a pair of impressive 21,5" FHD screens on a single, elegantly designed stand and a slim profile that occupies far less floor space than competing self-service products, making it easier to install.

## Services

Our offered services cover the whole spectrum of the day-to-day operational activities of lottery organizations and are categorized into the following areas:

### *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 also 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 and 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, and 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 players- 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 or service sports betting contracts in 26 jurisdictions and in 4 continents, from state monopolies to fully competitive landscapes, and on a variety of

operating models. Our contracts include some of the world's largest betting operations in terms of per capita spending, offering a wide variety of sports and pricing models, as well as more than 35.000 pre-game events and 24.000 in play events per month and more than 800 market types. Powered by INTRALOT Orion's advanced Trading tools and our experienced Trading Team, our MTS support the whole lifetime of an event and include:

- Dedicated teams per jurisdiction, rather than a white-label approach
- Multi-jurisdictional synergies
- 24/7 real-time centralized monitoring
- Sportsbook content and pricing localization
- First-in-the-market pricing, when appropriate
- Dedicated player profiling team
- Expected sales & payout calculation model, fully dynamic and adaptable to any parameter adjustment.
- Pinpoint analysis per leg size, contrary to the Industry's singles/ multiples generic split.
- Pricing models for special bets, on top of standard industry offering.

#### *Managed Services for Online Operations*

INTRALOT offers managed services for online operations to Lotteries and state-licensed organizations, including digital marketing, SEO, SEM, social media management and affiliates management. On top of this, we are covering all CRM activities for tackling player acquisition, conversion, engagement and retention, always supported by insightful business intelligence and reporting functions.

Overall, we can offer any service required for promoting and enhancing the online operations – specific to each country and market and combining retail and online player journeys for optimum results. Our offering is restricted to B2B, B2G and regulated B2C markets, always in accordance with the WLA guidelines and considering the Responsible Gaming aspects for each and every player.

#### *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 Digital Signage 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.

### **GDPR compliance**

INTRALOT has established personal data protection as a strategic priority towards ensuring player, customer, employee, partner and shareholder trust.

INTRALOT's data protection framework was updated in 2018 to address the requirements of the EU General Data Protection Regulation (GDPR). The framework combines organizational, procedural and technical controls for serving the rights of data subjects in a multidimensional manner, considering internal and external stakeholders. In order to achieve that, INTRALOT has combined Privacy Good Practices, its updated Enterprise Risk Management Framework for managing related risk and for conducting Data Privacy Impact Assessments, as well as its Cyber and Information security frameworks. The later focus on the identification of security needs, data protection as well as incident detection, response and recovery, customized to the requirements of GDPR. Privacy by design has traditionally been a core element of INTRALOT products and services, while the data subject remains at the epicenter, being served with transparency and respect.

### **Research & Development**

INTRALOT invests continuously in Research and Development (R&D) for building innovative products and solutions. 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. Apart from the functional characteristics of both Lottery and Sports Betting solutions, INTRALOT's R&D also focuses on enhancing our general integration capabilities, allowing us to utilize seamlessly any industry-leading, third party solutions.

With our investment in R&D, we are at the forefront of the gaming product development, with some of our recent achievements including:

- Enhancements of our own solutions through the creation of a pre-integrated, cloud-based eco-systems that utilize third party games, applications and services.
- Ability to serve individual client change requests faster and at a lower cost.
- Adoption of a flexible development approach, which allows outsourcing of development or testing tasks.
- Adoption of agile methodologies and culture.
- Design and implementation of software components to be used as building blocks for a variety of products and solutions across the company.
- Adoption of not only a microservices architecture, but also a microservices-inspired approach to product management and product evolution, allowing our customers to build certain applications or services themselves.

- Full support of any type of deployment, including local data centers (traditional WLA style), private cloud, hybrid private/public cloud, depending on customer requirements and business model.
- True hardware independence through the use of modern containerized technologies, that achieve true independence of applications, thus allowing for dynamic distributed deployments.
- Development of new concepts of error self-detection mechanisms, as well as error early-warning reporting systems.

Apart from in-house R&D, INTRALOT is cooperating with leading educational institutions and Technology Vendors and has established Development Centers in the US, Greece, Bulgaria and Malta. Within 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 of the gi-Cluster in Athens, we raised our efforts on the development of a dynamic, technology-oriented Gaming Innovation Cluster and the introduction of a cooperation framework with the highly skilled human capital of the sector.

As of December 2019, INTRALOT holds 284 granted patents, while there are 58 additional patent applications pending in various acceptance stages. Our most recent patents include methods and systems in relation to interpretation (through an algorithm that captures an image from a camera) of at least one user mark on a lottery play slip, detection of fraud in betting and lottery games, dispensing of instant lottery tickets, ticket security protocols, conducting multi-jurisdictional progressive fast play lottery games, as well as design of new games and terminals.

Finally, INTRALOT, through its dedicated Innovation Lab (i-Lab) and Hackathon sessions, provides all the necessary tools for enabling innovation and 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<sup>1</sup>**

#### **Global gaming market**

##### *Overview*

The gaming industry comprises of 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 projected to have grown to €408,4 billion in 2019, from €234,5 billion in 2003, representing a CAGR of 3,5%.

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<sup>1</sup> Market forecasts do not include/ consider Covid-19 impact

The gaming market slightly increased by +1,3% in 2019. Significant y-o-y growth presented in Latin America (incl. the Caribbean) +8,0% and Africa +6,1%. More specifically, for Latin America (incl. the Caribbean) the growth highlights (versus last year) are Brazil +19,3% and Colombia +13,6%. In Africa, Nigeria presents a strong y-o-y growth with +19,6% and then Ethiopia and Mauritius follow with +16,1% and +14,8% respectively (based on 2019P figures).

On the other hand, Europe, North America and Oceania – which represent the 60,8% of the Global GGR (based on 2019P figures) – demonstrated mediocre growth versus 2018, with +1,6%, +4,6% and +1,6% respectively. In Europe, we can highlight Belarus, Poland and Hungary with +20,1%, +17,1% and +16,6% y-o-y growth respectively.

Asia and ME gaming market decreased by -2,1% in 2019. More specifically, China presented a negative rate of -13,5% and Macau of -3,5% in 2019 (approximately 40,2% of the region's GGR as per 2019P). However, there were some key exceptions, such as Vietnam, Philippines and Malaysia, with significant y-o-y growth at +39,9%, +13,0% and +12,2% respectively.

In order to support the country and state budget performance, by providing at the same time the social welfare character of the public mechanism, the governmental mechanism turns to gaming. Depending on the maturity and competition per game vertical, the regulatory frameworks are reformed, aiming to increased profits generated by the gaming sector.

On the one side of the Atlantic Ocean, U.S. Betting market continues its rapid expansion after the ruling of the U.S. Supreme Court in May 2018, which overturned the Professional and Amateur Sports Protection Act (PASPA), that allows each state to determine for itself the suitable regulation pattern regarding Sports Betting. Increasingly more states follow the legalization process to offer Sports Betting in Casinos, Indian tribes' venues, racetracks, state lotteries or online operators.

In Brazil in Latin America, the new government examines the possibility to sell off more parts of the lottery, following the privatization of Instants Lottery in 2019. In Argentina, the government applies strict measures in order to enhance profit from online gaming, by blocking sites of illegal operators and by controlling the credit cards' payment abroad, including those for gambling and betting services.

On the other side of the Atlantic Ocean, in Europe, measures are taken by governments in order to control illegal online gaming, with e.g. the Polish market engaging tougher enforcement measures, including a blacklist of unlicensed operators and favorable taxation for the licensed ones, or the Dutch upper house of parliament passing a bill for the regulation of online gambling in February 2019. The Dutch online market is expected to open in late 2020, or in mid-2021 at the latest. In France, the privatization of Francaise des Jeux (FDJ), who held the monopoly for online and land-based lotteries and land-based sports-betting, was officially announced in June 2018 and took place in November 2019. Moreover, the Dutch government intends to prepare a new privatization process on Holland Casino.



In Africa, the planned actions by governments regarding gaming vary, as the gaming market situation varies per country, depending on a series of macroeconomic, political and regulatory related parameters. In cases it is planned the review of the running regulatory frameworks, e.g. in Ghana, Kenya and Nigeria, so that the environment becomes more favorable to sports betting and online operators, that currently refrain from expanding their operations to the specific markets under a legal framework.

In most Asian countries, the legal framework is not in favor of most types of games of chance, including online gaming, while in Oceania the regulatory framework in Australian states and New Zealand is well structured and, in most cases, competitive.

### Gaming market trends by region

The global gaming market GGR was estimated to have grown at 3,5% per year (CAGR) between 2003 and 2019, supported primarily by growth in emerging markets (Latin America and Africa are estimated to have grown with CAGR of 6,0% and 7,9% per year, respectively) and to a lower grade by changes in regulations and product innovation in mature economies (Oceania and Europe are estimated to have grown at 3,0% and 3,6% per year, respectively).

| <b>Total Global GGR (€bn)</b> | <b>'14</b>   | <b>'15</b>   | <b>'16</b>   | <b>'17</b>   | <b>'18</b>   | <b>'19P</b>  | <b>'20E</b>  | <b>'21E</b>  | <b>'22E</b>  | <b>'23E</b>  | <b>'24E</b>  | <b>CAGR 19-24</b> |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------------|
| Africa                        | 3,2          | 3,4          | 3,7          | 3,9          | 4,3          | 4,6          | 4,8          | 5,2          | 5,6          | 6,0          | 6,5          | 7,2%              |
| Asia / ME                     | 148,0        | 132,9        | 131          | 140,1        | 149,8        | 146,6        | 146,9        | 153,3        | 157,9        | 162,8        | 168,3        | 2,8%              |
| Europe                        | 91,8         | 96,1         | 101,4        | 104,1        | 107,2        | 109,0        | 111,1        | 113,8        | 117,0        | 120,1        | 123,6        | 2,5%              |
| Lat Am & the Caribbean        | 6,8          | 7,2          | 7,7          | 8,1          | 8,4          | 9,0          | 9,3          | 9,9          | 10,2         | 10,5         | 10,8         | 3,6%              |
| N America                     | 101,3        | 103,9        | 109,3        | 110,9        | 115,9        | 121,2        | 131,9        | 137,1        | 142,2        | 146,6        | 151,2        | 4,5%              |
| Oceania                       | 15,5         | 16,6         | 17,5         | 17,2         | 17,7         | 18,0         | 18,5         | 18,8         | 19,1         | 19,5         | 19,7         | 1,8%              |
| <b>Global Total</b>           | <b>366,5</b> | <b>360,1</b> | <b>370,6</b> | <b>384,4</b> | <b>403,4</b> | <b>408,4</b> | <b>422,4</b> | <b>438,1</b> | <b>452,0</b> | <b>465,6</b> | <b>480,2</b> | <b>3,3%</b>       |

Source: H2 Gambling Capital, Global Summary Feb '20. Data for Fiscal Years 2019-2024 are estimated by H2GC.

Asia and the Middle East together are estimated to be the largest gaming region in terms of share in global GGR and are estimated to have accounted for 35,9% of total global GGR in 2019 (€146,6 billion). According to H2GC, the market is forecasted to grow at a relatively lower rate (CAGR 2019P-2024E at 2,8%).

North America was projected to be the second largest gaming region by GGR, with 29,7% contribution to global GGR in 2019 (€121,2 billion), 56,4% of which was attributable to casinos.

In 2019, Europe was projected to have accounted for 26,7% of the global gaming market (€109,0 billion). Going forward, H2GC forecasts the European gaming market to continue to grow at a low growth rate, considering the maturity of the gaming markets and already set regulatory frameworks.

Latin America (incl. the Caribbean) and Africa were projected to have contributed 2,2% and 1,1% to the global gaming market GGR in 2019 (€9,0 billion and €4,6 billion, respectively). Both regions are expected to grow at a high rate and especially Africa with CAGR 2019P-2024E at 7,2%.

### 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.

| <b>Total Global GGR<br/>(€bn)</b> | <b>'14</b>   | <b>'15</b>   | <b>'16</b>   | <b>'17</b>   | <b>'18</b>   | <b>'19P</b>  | <b>'20E</b>  | <b>'21E</b>  | <b>'22E</b> | <b>'23E</b>  | <b>'24E</b>  | <b>CAGR<br/>19-24</b> |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|-----------------------|
| Betting                           | 46,9         | 49,1         | 52,7         | 56,5         | 63,8         | 65,9         | 70,6         | 75,9         | 81,6        | 85,9         | 90,8         | 6,6%                  |
| Casino                            | 130,4        | 120,1        | 122,6        | 131,9        | 140,3        | 143,2        | 150,1        | 157,7        | 162,2       | 167,0        | 171,9        | 3,7%                  |
| Gaming<br>Machines                | 84,8         | 85,6         | 84,9         | 84,7         | 84,4         | 82,2         | 81,2         | 79,8         | 79,5        | 79,5         | 79,9         | -0,6%                 |
| Bingo/Other<br>Gaming             | 8,1          | 8,5          | 9,1          | 9,4          | 9,7          | 10,7         | 11,0         | 11,3         | 11,7        | 12,0         | 12,4         | 2,9%                  |
| Lotteries                         | 96,3         | 96,8         | 101,3        | 101,9        | 105,1        | 106,5        | 109,6        | 113,3        | 117,1       | 121,1        | 125,2        | 3,3%                  |
| <b>Global Total</b>               | <b>366,5</b> | <b>360,1</b> | <b>370,6</b> | <b>384,4</b> | <b>403,4</b> | <b>408,4</b> | <b>422,4</b> | <b>438,1</b> | <b>452</b>  | <b>465,6</b> | <b>480,2</b> | <b>3,3%</b>           |

Source: H2 Gambling Capital, Global Summary Feb '20. Data for Fiscal Years 2019-2024 are estimated by H2GC.

For the following 5 years, the game that is estimated to bring the highest growth is Betting, with a 6,6% CAGR. The major drivers for this growth are:

- The Betting market in North America, with CAGR of +15,8%. More specifically, Land based Betting and Online Betting are forecasted to grow with CAGR of +12,1% and +24,1% respectively, while Land based Sports Betting demonstrates an outstanding CAGR of +34,9%, due to the ruling of the U.S. Supreme Court that overturned the Professional and Amateur Sports Protection Act (PASPA) in May 2018, and therefore each state can determine for itself whether and how to regulate sports betting within its borders.
- The Betting market in Africa, with the second highest growth at +10,5% CAGR 2019P-2024E. The countries that have the highest potential for growth in the Betting sector are Nigeria, Ghana and South Africa, with +18,2%, +16,2% and +14,1% CAGR 2019P-2024E respectively.
- The Betting market in Latin America, with +9,2% CAGR, mainly produced by:
  - Brazilian Betting sector with +54,5% CAGR in total, whilst Land based and Online Betting are estimated to grow with a +56,5% and +53,4% CAGR respectively,
  - Argentina Online Betting with +12,2% CAGR and
  - Chilean Online Betting market growth with +14,9% CAGR
- In Europe, the Betting sector is estimated to present lower increase rate at 5,2% CAGR. The countries that are the drivers of growth are Netherlands, Poland and Bulgaria with +21,1%, +11,5% and +7,9% CAGR respectively. The countries above are expected to have potential for growth specifically in Online Betting, which is expected to present +24,0%, +11,7% and +9,9% growth rates for the three countries respectively, due to the

continuous efforts for decrease of online offshore, for the favor of increase of online onshore.

- The Asian betting sector is not expected to present high growth rates, and more specifically shows a CAGR of +6,1%.

Lottery games represent the most traditional segment and have historically attracted the largest number of players. The segment was projected to have contributed to 26,1% of the total gaming market in 2019 (€106,5 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 3,3% in the following 5 years, well below historical levels. The notable performers in terms of CAGR for the period 2019P-2024E are:

- U.S. Online Lottery with +15,5% CAGR
- Latin America, with Online Lottery in Brazil and Chile with +10,0% and +12,1% CAGR respectively, and in Argentina +9,0% in lottery
- Europe, where the highest growth is expected in Online Lotteries of Netherlands, Poland and Bulgaria, with +12,8%, +26,6% and +10,8% CAGR respectively

### Online market trends

Online gambling, via desktop, mobile and iTV, has reached a penetration of approximately 13,4% of the total Global GGR (€54,7 billion) and is forecasted to reach 16,6% by 2024 (€79,7 billion). Betting is the strongest product of the total online GGR and accounts for 54,5% (€29,8 billion); followed by casinos (25,2%), state lotteries (9,0%), poker (4,3%), skill/other game (4,0%), and bingo (3,2%). Lottery is the product with the highest potential for growth with 12,4% CAGR in 2019P-2024E.

| <b>Online Global GGR (€bn)</b>       | <b>'14</b>  | <b>'15</b>  | <b>'16</b>  | <b>'17</b>  | <b>'18</b>  | <b>'19P</b> | <b>'20E</b> | <b>'21E</b> | <b>'22E</b> | <b>'23E</b> | <b>'24E</b> | <b>CAGR 19-24</b> |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------------|
| Betting                              | 16,3        | 18,2        | 20,5        | 23,5        | 26,9        | 29,8        | 32,6        | 35,7        | 39,5        | 42,2        | 45,4        | 8,8%              |
| Casino                               | 8,3         | 9,1         | 10,1        | 11,3        | 12,3        | 13,8        | 14,5        | 15,5        | 16,5        | 17,4        | 18,3        | 5,8%              |
| Poker                                | 2,3         | 2,3         | 2,3         | 2,3         | 2,3         | 2,3         | 2,3         | 2,4         | 2,4         | 2,5         | 2,5         | 1,3%              |
| Bingo                                | 1,3         | 1,4         | 1,6         | 1,7         | 1,7         | 1,7         | 1,8         | 1,8         | 1,9         | 1,9         | 2,0         | 2,7%              |
| Skill/Other Gaming/Lotteries Resales | 1,6         | 1,7         | 1,8         | 1,9         | 2,0         | 2,2         | 2,3         | 2,4         | 2,6         | 2,7         | 2,8         | 5,0%              |
| State Lotteries                      | 2,2         | 2,6         | 2,9         | 3,3         | 3,9         | 4,9         | 5,7         | 6,4         | 7,2         | 8,0         | 8,8         | 12,4%             |
| <b>Global Total</b>                  | <b>32,0</b> | <b>35,3</b> | <b>39,2</b> | <b>44,0</b> | <b>49,2</b> | <b>54,7</b> | <b>59,3</b> | <b>64,3</b> | <b>70,0</b> | <b>74,6</b> | <b>79,7</b> | <b>7,8%</b>       |

Source: H2 Gambling Capital, Global Summary Feb '20. Data for Fiscal Years 2019-2024 are estimated by H2GC.

The projection for 2019 shows that Europe holds the leading position in the global Online GGR, with a share of 53,9%. Along with Europe, Latin America (incl. the Caribbean) and Africa are expected to set a swift pace of expansion for the online channel. North America has the potential to drive the online market due to expectations that various legal changes will take place in the current legal framework.

| <b>Online Global GGR (€bn)</b> | <b>'14</b>  | <b>'15</b>  | <b>'16</b>  | <b>'17</b>  | <b>'18</b>  | <b>'19P</b> | <b>'20E</b> | <b>'21E</b> | <b>'22E</b> | <b>'23E</b> | <b>'24E</b> | <b>CAGR 19-24</b> |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------------|
| Africa                         | 0,2         | 0,3         | 0,3         | 0,4         | 0,5         | 0,5         | 0,5         | 0,6         | 0,7         | 0,7         | 0,8         | 9,8%              |
| Asia / ME                      | 10,1        | 10,9        | 11,9        | 13,2        | 14,5        | 15,8        | 17,1        | 18,4        | 19,8        | 21,3        | 22,7        | 7,5%              |
| Europe                         | 15,5        | 17,6        | 19,8        | 22,8        | 26,2        | 29,5        | 31,6        | 33,9        | 36,5        | 38,6        | 41,3        | 7,0%              |
| Lat Am & the Caribbean         | 0,4         | 0,4         | 0,4         | 0,5         | 0,6         | 0,8         | 0,9         | 1,1         | 1,2         | 1,3         | 1,5         | 13,5%             |
| N America                      | 4,1         | 4,2         | 4,4         | 4,6         | 4,9         | 5,7         | 6,5         | 7,6         | 8,9         | 9,6         | 10,3        | 12,8%             |
| Oceania                        | 1,7         | 2,0         | 2,4         | 2,5         | 2,5         | 2,6         | 2,7         | 2,8         | 2,9         | 3,1         | 3,2         | 4,4%              |
| <b>Global Total</b>            | <b>32,0</b> | <b>35,3</b> | <b>39,2</b> | <b>44,0</b> | <b>49,2</b> | <b>54,7</b> | <b>59,3</b> | <b>64,3</b> | <b>70,0</b> | <b>74,6</b> | <b>79,7</b> | <b>7,8%</b>       |

Source: H2 Gambling Capital, Global Summary Feb '20. Data for Fiscal Years 2019-2024 are estimated by H2GC.

Undoubtedly, the global online gaming GGR has been boosted by the high penetration of smartphones, whereas it is projected that, in 2019, mobile will present a participation of 40,4%, with an expected CAGR in 2019P-2024E at +13,6%. Betting is the most popular vertical for the mobile gambling segment and generates most of the relative global GGR (65,8% or €14,5 billion) as per 2019 projection.

### 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 INTRALOT 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.

Competition for sports betting contracts has intensified significantly over the past year. Following the overturn of the 1992 Professional and Amateur Sports Protection (PASPA) federal ban in the U.S., the number of states that have already enacted legislation (11 states in 2019) is expected to further increase by another 5 to 10 states till the end of 2020. Of these 11 states that already enacted new laws, only 2 excluded mobile and at the end of 2020 at least 15 states in total are expected to have mobile sports betting offering. The estimated size of the U.S. sports betting market ranges between \$5,9 billion - \$8,2 billion in total annual revenue by 2024, depending on the legislative framework that will be adopted in each state.

The main international players that compete with INTRALOT in the sports betting arena are International Game Technology (“IGT”), SG Digital (Openbet), SBTech, Playtech and Kambi. In addition to these international competitors, in jurisdictions where we have B2C operations, we face competition from local companies, particularly for licensed operations.

### **Our Strategies**

#### ***Deliver best-in-class technology solutions and maintain leadership in technology innovation***

The most important element of our sustainable growth strategy is to maintain our industry leadership in technology and innovation. This core strategy of INTRALOT emanates from the fact that lottery and gaming is a technology and supply driven industry and thus technology innovation drives growth.

In this sense, we strive to develop leading technology solutions for lottery, sports betting, interactive and gaming machine monitoring, through continuously investing in R&D activities that foster innovation and early adoption of industry shaping trends. Our R&D efforts include partnerships and collaborative initiatives, both in Greece and abroad, and have resulted in numerous industry awards and distinctions while we have been granted with multiple technology patents certifying our innovation capability.

As of December 31, 2019, we held 284 patents in gaming technology, while having a pipeline of 58 additional patents at various stages of approval. For more details, refer to section “INTRALOT Solutions, Products and Services \ Research & Development”.

Our R&D efforts have led to the development of the next-generation of our core gaming platforms and products, specifically the Lotos X platform ecosystem, the Pulse interactive lottery platform, the INTRALOT Orion, our new omni-channel sports betting platform and most recently the PhotonX lottery terminal, delivering the outmost performance and operational efficiencies.

Our Lotos X, the only legacy-free lottery platform in the industry, has been designed to become our universal platform ecosystem to help us more efficiently tailor and continuously enhance the delivery of our products and services. You may see more details in section “INTRALOT Solutions, Products and Services \ New Lottery Solution and Lotos X \ Lotos X Platform”. Lotos X gaming platform is a characteristic example of our innovative approach to maintaining our contracts and expanding our footprint through the adoption and implementation of recently developed technologies. As proof of that, during 2019 we saw the operational launch of Lotos X with our longstanding and most valued client OPAP, one of the top performing lotteries in the world.

The service oriented philosophy and modular architecture of Lotos X, in addition to its distinctive third party integration and interoperability capacity, allows us to provide our lottery and gaming customers with optimally tailored solutions coupled with external components that are relevant and add value for the specific market. Additionally, its native support for online, mobile and retail

channels ensures greater revenue generation potential and wider business opportunities for INTRALOT. Moreover, the underlying technologies adopted, provide for flexibility in solution deployment models, operating margin expansion and moderating capital needs for new system installations.

Over the course of the last few years, we carried out a technology portfolio overhaul, which yielded and continues to yield innovative solutions, which deliver immersive player experiences and broad operational efficiencies.

In early 2017, we developed and launched our Pulse family of products, a player – and retailer–centric suite of solutions designed to effectively manage interactive gaming operations, increase frontline performance and reduce operating overheads. Pulse incorporates customer relationship management (CRM) tools to drive player tracking, management and engagement while offering robust retailer management functionality that can drive incremental same-store sales.

In 2018, we launched INTRALOT Orion, our new omni-channel sports betting platform, a unique in the industry sportsbook solution combining the strong qualities and retail functionalities built over the years by INTRALOT with innovative online betting functionalities, already used by a range of top-tier online operators. This natively omni-channel sports betting solution provides us the opportunity to expand our sports betting offering in the interactive space, while providing a strong competitive advantage to win new contracts in the fast-growing sports betting landscape. You may review more in section “INTRALOT Solutions, Products and Services \ Sports Betting Solution and INTRALOT Orion \ INTRALOT Orion Platform”.

In 2019 we launched PhotonX, the most powerful and best-performing retailer terminal, designed to revolutionize lottery and betting retail operations. Utilizing INTRALOT’s patented camera technology, PhotonX provides for maintenance free operation, while offering powerful performance and advanced built-in multimedia capabilities. PhotonX provides a range of benefits for the Lottery Operator, the Retailer, and the Player at the retail touchpoint and has already been recognized with the “Lottery Product of the Year” award at the International Gaming Awards 2020.

We are confident that our technology continues to lead the market as our next generation technologies are already receiving significant market traction, with tender wins and new contracts in Europe, North America and beyond.

In addition, and as part of our overarching “asset-light” model, we have streamlined our technology development and delivery model through efficiency-enhancing measures that promote agility and performance. This model is intended to produce higher operating margins, while moderating capital expenditures, and in turn to enhance our cash flow resilience.

***Maintain and expand our contract base in target markets with attractive growth potential***

The second element of our strategy is to maintain and expand our contract base with our main focus being the US market, the current epicenter of industry developments with sports betting regulation evolving across States, while our business development efforts will underpin our strategic shift from emerging markets to mature markets, like North America and Europe.

Since the overturning of PASPA, we have developed appropriate plans to increase our sports betting footprint in the US, in partnership with our strategic State Lottery clients, and in this sense our legislative priority is to promote lottery-run sports betting across States. Our current US Lottery footprint provides us a path to 11 States and the District of Columbia, with a vast addressable population, and it is our strategic intent to leverage this unique opportunity to create sustainable value. We believe that the sports betting contracts concluded by the end of 2019 with State lotteries in the District of Columbia, Montana and New Hampshire provide us the perfect platform to deliver on this strategic objective.

Moreover, and as part of our asset-light model, we will pursue other opportunities through establishing local partnerships in certain target markets with local partners, that can instill our operations with added value. Historically, when we entered new markets, we funded our expansion, deployed our products, and provided operational services utilizing our own resources. During the recent years, we have shifted our go-to-market approach with a focus in pursuing the establishment of new local partnerships. We believe such partnerships provide the best means to grow and operate more efficiently in certain local markets, as we can benefit from our local partners' relationships and their knowledge and understanding of the regulatory environment and local market dynamics. This approach also provides for sharing financial and operational risks, reducing capital expenditures and improving access to local funding. In all such ventures we are deliberate and strategic in our selection of partners, and apply criteria in selecting such partners that include being well-capitalized, having an established presence in their respective domains and substantial experience in the local market, and having the ability to provide a wide distribution for our lottery and gaming offering. Often these partners are experienced retail operators, financial sponsors, or large utilities. A recent such example is the current venture we are exploring in partnership with OTE for online sports betting in Greece, a market which only recently it has been regulated.

Herein under is a list of our local partnerships, the results of which are fully consolidated in our financial statements, where their EBITDA contribution for the twelve months ended December 31, 2019 is presented:

### Local Partnerships

| <b>Country</b>                | <b>INTRALOT effective stake</b>      | <b>Contract type</b>  | <b>EBITDA contribution in the twelve months ended December 31, 2019<sup>1</sup></b> |
|-------------------------------|--------------------------------------|---|---|
| Turkey (Inteltek)             | 45,00%                               | Management contract   | 11%   |
| Turkey (Bilyoner)             | 50,01%                               | Management contract   | 5%  |
| Bulgaria (Eurofootball Group) | 49,00% + option for additional 2,00% | Licensed operation  | 20%   |
| Bulgaria (Eurobet Group)      | 49,00% + option for additional 2,00% | Licensed operation  | 7%  |
| Argentina                     | 50,01%                               | 12 facilities management (IT) contracts with state lottery operators and one licensed operation | 12%   |
| <b>Total</b>                  |                                      |   | <b>55%</b>  |

<sup>1</sup> For purposes of this table, EBITDA contribution is calculated as a percentage of the total INTRALOT Group EBITDA, including countries with a negative EBITDA

#### **Value creation driven by increased cash flow generation, margin expansion and improving longer-term revenue visibility**

It is our strategy to improve our cash flow generation capability by creating cost savings and operational efficiencies both internally at a Group level, as well as at the individual contract and project level.

At the Group level, we have undergone successfully a restructuring and organizational realignment initiative in parallel with a broad-based review and optimization of our cost basis across locations. A similar cost optimization initiative is already underway for our strategic US subsidiary.

At the contract and local operation level, we plan to realize benefits through the effective management of our long-term contracts and through forming strategic partnerships. We expect that operating through local partnerships with well-established and experienced partners, will help us realize broad operational and financial synergies at both the local and Headquarters levels. Furthermore, by partnering with well-established and capitalized local partners, we will be able to minimize future capital deployment needs, without hindering our ability to expand the scope of our existing contracts and to compete for and win new contracts.

We also expect to improve our cash flow trajectory through the strategic and proactive management of our long-term contracts. We selectively seek to maintain and enter long-term contracts, that match our stringent profitability and cash generation targets. These contracts are often for higher margin business activities, such as providing expanded facilities management or managed services.



We continuously evaluate the profitability of our existing contracts and have selectively disengaged less profitable contracts. We also aim to enhance revenue visibility and expected cash flow by entering long-term contracts or renewable licenses, to provide recurring revenue stream stability.

For the year ended December 31, 2019, we estimate that approximately 43% (excluding extension options) of the adjusted revenue for the period was generated through multi-year contracts or renewable licenses that are available to us until 2024 (although actual revenue 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 approximately 50% until 2024. Adjusted revenue for the revenue visibility estimation, refer to FY19 revenue adjusted for the contribution of our Bulgarian operations and contract discontinuations within 2019 (e.g. Inteltek and Jamaica).

***Disciplined capital allocation aimed to de-lever and optimize our capital structure***

Our strategy is to steadily de-lever our business, 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.

In 2019 we successfully completed a program of non-core asset disposals as part of our strategy. Further to divestments in previous years, we concluded this program with the Gamenet disposal in December, the sale of our stake in Hellenic Lotteries mid-year and the disposal of our Polish business at the beginning of the year.

Moreover, by pursuing opportunities and entering new markets through local partnerships, we expect to reduce our capital expenditures, increase our operational margins and obtain access to local financing with more favorable terms.

In addition, following the increased CAPEX requirements of recent years resulting from our market refocus and from the implementation of new contracts, we seek to maintain a modest financial and growth investment policy focused on strong liquidity, and thus we do not intend to undertake any material acquisitions in the medium-term or to pay dividends to our shareholders until significant deleverage is achieved. In addition, we intend to have a disciplined capital expenditure policy with regards to undertaking projects that meet our investment-returns criteria. Maintenance capital expenditure for the years ended December 31, 2017, and 2018, and for the twelve months ended December 31, 2019 were €21,8 million, €20,1 million, and €9,7 million respectively. We expect our maintenance capital expenditure to stabilize at slightly north of the 2019 levels, but lower from previous years. Any additional capital expenditure is expected to depend on contract renewals or growth.

### ***Unwavering Commitment to Responsible Gaming, Social responsibility & Integrity***

For us, responsible gaming, social responsibility and integrity is not merely a strategy. These principles are weaved into the company fabric and we promote them throughout our global operations in any type of engagement. This unwavering commitment, which has been adopted since the company foundation, we believe is essential for building trust with State Authorities and in turn for renewing our existing contracts and winning new ones with lottery and gaming organizations in the State-sponsored gaming sphere. In general, State Authorities and Regulators require us to conduct our business with all due integrity and 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.

In this sense, we strive to adhere to the following key principles 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 with our customers' activities.
- Educate and provide the public with accurate and balanced information to enable players to make informed gaming choices.
- Maintain a standing commitment to be **a good corporate citizen** practicing **corporate** social responsibility and observing high ethical and integrity standards in **all** our **business** dealings.

### **Our Strengths**

*Our presence in developed and high growth markets, our proprietary best-in-class technology and our track record of innovation have led us to become a market leader in the gaming sector and create significant barriers for new entrants.*

### ***Attractive Target Market Dynamics***

We operate in a large and growing global market for gaming activities of all kinds. In 2019, global GGR, is estimated to reach approximately €408 billion from approximately €403 billion in 2018, and is presently estimated to reach approximately €480 billion by 2024, 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 +3,3% from 2019 through 2024, according to H2GC.

Although we participate in all gaming market verticals, we have a leading presence and we concentrate our efforts on the most resilient segments of State-sponsored Lottery, Sports betting and video lottery/machine gaming monitoring.

The Lottery segment has high barriers to entry, as Lotteries are risk averse and their business is based on credibility, while the incumbency advantage has always been strong. It is noteworthy that no greenfield supplier has entered the business for many years and currently only two other companies compete with us for State Lottery contracts. The global lottery market has experienced notable stability and resilience, posting consistent growth in GGR in the last decade. Worldwide lottery GGR is estimated to exceed €106 billion in 2019, posting a +2,0% CAGR since 2014, and is estimated to continue growing at a +3,3% CAGR between 2019 and 2024, reaching a level of approximately €125 billion by 2024, according to H2GC.

The Sports Betting market, although more competitive during the recent years, is by far the fastest growing segment, posting a +7,0% CAGR since 2014, and is expected to maintain its strong growth trajectory in the coming years.

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

We believe that our significant and innovative technological and operational expertise has positioned us as a global leader in the supply of integrated gaming systems and services, with a presence across geographies, but focused on 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 11 States and the District of Columbia, which we believe demonstrates the value of our products and services. As of December 31, 2019, we enjoyed a leading market position in the technology and support services market for lotteries in the United States with an approximately 24% share of the market (by number of total state lotteries), a population coverage of approximately 40 million people (or approximately 13%), and a market share in terms of wagers handled<sup>2</sup> of 10%. 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 currently hold 284 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, decrease capital expenditures and upfront costs as well as reduce

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<sup>2</sup> Source: LaFleur's data for lottery sales in FY 2019; refers only to numerical and instants' contracts.

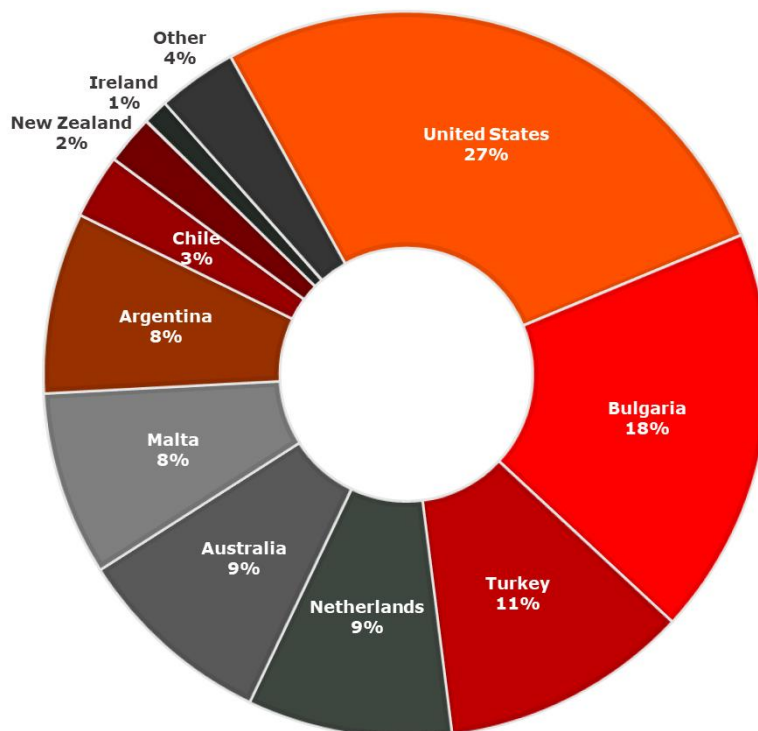
on-going maintenance costs. We spent on a continuing operations basis €14,6 million, €12,8 million, and €13,3 million on R&D in 2017, 2018, and 2019 respectively. In each of those years, we were included in the EU Industrial Research and Development Investment Scoreboard prepared and published by the 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 Responsible 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 across three core business activities of technology and support services, management contracts and licensed operations which are carried out across the world with our current focus on developed countries and mature markets. We currently have operations in 44 jurisdictions on five continents and in the twelve months ended December 31, 2019, no single country represented more than 39,0% of our EBITDA, and no single contract represented more than 19,8% of our EBITDA.

**EBITDA by Geography in the twelve months ended December 31, 2019<sup>(1)</sup>**



*(1) Chart figures are presented rounded and countries with negative EBITDA have been excluded from the presentation.*

In the twelve months ended December 31, 2019, our total positive EBITDA (excluding countries with negative EBITDA) reached €127,2 million. Additionally, substantially all our revenue 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, 2019, Greek entities represented only 3,0% (1,4% from clients based in Greece) of our revenue. We also benefit from the growing share of contracts in developed markets in our portfolio, where we benefit from stable recurring revenue through long-term contracts. We believe that our concentration on mature and resilient markets allows us to mitigate risks that are specific to certain markets and regions as well as the cyclical nature of the sports gaming industry. Moreover, we benefit from strong contract diversity with a diversified portfolio of 71 contracts and licenses, including: 59 technology and support services contracts, which comprised 50,9% of our revenue net of payout during the twelve months ended December 31, 2019; three (3) management contracts, which comprised 17,0% of our revenue net of payout during the same period; and 9 licenses, which comprised 32,1% 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 43%

(excluding extension options) of the adjusted revenue<sup>3</sup> for the year ended December 31, 2019, were generated through multi-year contracts or renewable licenses that are available to us until 2024 (although the actual revenue 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 7,6 years. The terms of our 59 technology and support services contracts range from 6 months to 17,8 years, with an average remaining contract length of 4,7 years (or 6,3 years considering certain of our customers' renewal options), as of December 31, 2019. In terms of our management contracts, Morocco has an 8-year tenor, extendable up to another 2 years, while for Bilyoner its current main contract ends in April 2020, however, we expect it to be renewed due to commercial value principles. Nonetheless, no assurances can be made that such an extension or renewal will occur. Our main license contracts in Malta, Brazil, and Argentina, have remaining tenors that range from 2,2 years to 4,4 years, while licenses in Peru are considered as open-ended.

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 US 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, 2019, we extended our contract with the New Hampshire Lottery Commission to provide our sports betting solutions and services, while renewing our contract with the DC Lottery, which includes technology solutions as well as managed sports betting services. Moreover, within the year, we secured new contracts with the British Columbia Lottery Corporation in Canada, with our existing sports lottery client Marocaine Des Jeux et des Sports (MDJS) in Morocco and with "LOTTO Hamburg GmbH" German State 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.

### ***Highly Scalable Asset-Light Operating Model***

Our latest technologies and delivery expertise, along with our flexible operational model, allow us to create standardized products, which can be efficiently and swiftly adapted for individual deployments. The underlying technologies utilized, and the features of our next generation solutions provide for operating margin expansion and moderating capital needs for new system installations.

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<sup>3</sup> Adjusted revenue for the revenue visibility estimation, refer to FY19 revenue adjusted for the contribution of our Bulgarian operations and contract discontinuations within 2019 (e.g. Inteltek and Jamaica).

Additionally, our track record of successfully partnering with local partners 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 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 focused on expanding the scope of our contracts in our target markets. Due to the recent global trend towards regulation of previously restricted forms of gaming driven by State budget deficits and increased demand for social welfare spending, we are able to expand the scope of our contracts by leveraging our technologies, our cross-vertical expertise and delivery capabilities. A key example of this business development approach is the US market, where we succeeded to expand the scope of our lottery contracts and engage with lottery-run sports betting in four States.

Moreover, and as part of our asset-light model, we pursue opportunities and enter new markets through 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. Historically, we sought to enter new markets on our own. However, in recent years we have established a rigorous evaluation process for identifying potential partners in new target markets. We believe these partnerships provide the best means to grow and operate efficiently in certain local markets, as we can benefit from our partners’ local relationships, extensive know-how and access to capital.

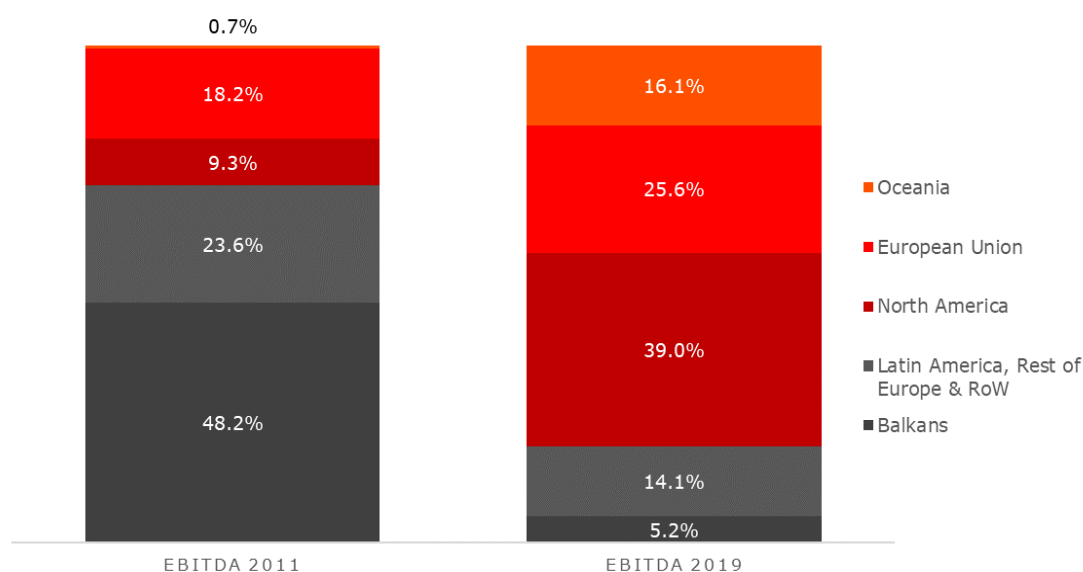
### ***Strong and Experienced Management Team***

We have a seasoned and experienced management team, many of whom have been with the Company since its establishment. Our management team involved in the strategic planning and management of our day-to-day operations, has extensive experience in the industry while demonstrating a strong technology background and a strategic perspective of the international gaming industry. Under our Executive Management’s leadership, the company has been able to early identify the industry shaping trends and pursue opportunities of long-term strategic value with significant revenue generation potential before our competitors.

During 2019, our management team has refocused the operating model of the Company on maintaining our leadership position in technology innovation and delivery. The recent organizational changes implemented are aimed at supporting sustainable growth, through improving operational efficiency and enhancing profitability across our operations. Moreover, the realignment of resources underpins our efforts to deliver our next generation technologies for the projects recently contracted.

In 2019, we continued to implement our Management’s strategic direction for portfolio restructuring, in order to concentrate on developed and resilient markets.

The following diagram sets forth our EBITDA evolution by geographic area for the years ended December 31, 2011 and 2019.



*\*Under section "Latin America, Rest of Europe and RoW": Rest of Europe includes Russia and Moldova; Rest of World includes Azerbaijan, South Korea, China, South Africa, Morocco; Under section "Balkans" included Greece, Turkey, Bulgaria, Croatia, Romania, Serbia, and Cyprus; "Europe" includes European Union countries, but 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, 2019, the United States, Oceania and the European Union represented 80,7% 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 establishing strong partnerships with local partners who can facilitate our growth in certain target markets, while also



helping to operate more efficiently and lowering capital expenditures. In addition, our contract management approach adopted by our Management promotes the strategic consideration of potential as well as existing contracts to optimize long-term cash generation.

***Best-in-Class Risk Management and Corporate Controls***

We are exposed to a variety of risks including game pay-out risk and compliance risk. Our overall risk management strategy seeks to minimize potential adverse effects on both our financial performance, as well as our credibility and reputation.

Our primary game payout exposure comes from our global sports betting operations. We manage this financial 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 control our global fixed-odds betting activity and payout policy on a real-time basis. Our sports betting portfolio represented approximately 42,7% of our total revenue for the twelve months ended December 31, 2019, and we have a long track record of successfully managing payout risk. See "INTRALOT Solutions, Products and Services/Services/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 these procedures are facilitated by our central system solutions, that control and track all our operations.

***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, and more widely North America, has become the key jurisdiction for our Group and a key part of our future growth strategy. Apart from our success in this region, the United States represent a large and attractive market, with advanced and stable regulatory frameworks and a long tradition in promoting and regulating profitable gaming operations. Most significantly it is a market with large untapped potential for sports betting which is currently being regulated across States. According to H2GC, GGR in North America is estimated at €121,2 billion in 2019. 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. 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. Recent examples of such successes include Wyoming (extended to 2024), New Hampshire (extended to 2025), Louisiana (extended to 2030) and New Mexico (extended to 2025), with the addition of a Sport Lottery Game, tied to the outcomes of sporting events, available through the entire retail network of the Lottery. In 2019, we signed a new contract with the DC Lottery, that also involves the addition of Sports Betting under the product portfolio umbrella, while we extended the scope of contract with the New Hampshire Lottery to include sports betting, and signed a contract for Lottery technology with British Columbia Lottery Corporation in Canada.

In addition, we have repositioned as a technology-driven organization with solution delivery expertise, which we believe has allowed us to obtain key new client wins/extensions. We continue to add to our portfolio by positioning ourselves not as a commodity product vendor, but rather as a valued business partner. A recent such example is the launch of our operation with CAMELOT Illinois LLC for the Illinois State Lottery, which will run through October 2027.

As one of three primary competitors in the US lottery industry, innovation is critical and INTRALOT continues to be a leader. INTRALOT has led the industry in the three (out of four) 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 also 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 US 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 fast-growing lottery gaming content channel, "Instant Online Games" — in 2019, our customers sold over \$227 million in what was barely identified as a game category a few years ago. Furthermore, we continue to set the pace for the industry as the recognized self—service leader. We have further expanded our self-service portfolio and footprint, as we have debuted an industry-first 30-Bin Instant Ticket Vending Machine, while our multi-purpose vending machines (which were previously deployed in four US States) are under deployment in two more States, recording collectively over \$1,8 billion in sales in 2019, on over 12,600 devices. The multi-purpose machine is designed as the anchor for the innovative, rapidly growing, server-based segment that not only carries state of the art digital gaming content that appeals to all age groups, but also delivers the traditional lottery games that customers already know and love. This self-service technology solution has placed us at the forefront of innovation as it enables practically every US lottery jurisdiction to introduce attractive

content-rich games to lottery players through a channel that was previously underutilized or not adopted at all.

The most recent example of our ability to influence the mindset of our US Lottery customers is undoubtedly the wide adoption of sports betting. As the world's #1 sports betting operator in the State-sponsored gaming sphere, we strongly pursue to convince our Lottery customers to jointly **implement** and operate **sports betting** in the post-PASPA market landscape. For this compelling, exponential growth opportunity we believe we are well positioned and equipped based on our proven record of global deployment and operation expertise. Additionally, our newly developed INTRALOT Orion solution, offers the needed adaptability to cover any US State regulation (retail only/mobile on property/full mobile/omnichannel) and has been recently certified with the applicable US standard (GLI-33). As proof of our sports betting capabilities, we are being recognized as the vendor of choice for lottery-run sports betting as we are engaged in the majority for such lottery ventures in the US.

## Financial Review

### Financial Highlights<sup>4</sup>

On an organic level<sup>5</sup>, the group's performance, boosted by the Illinois contract start in mid-February 2019, and Netherland's and Oceania's improved performance, did not manage to absorb our Turkish operations performance (Inteltek contract discontinuation post August 2019, and Bilyoner's worse top line and increased expenses for the transition to new Sports Betting market), one of Morocco's projects' discontinuation along with higher minimum state guarantee for FY19 (provision), combined with the settlement of FY18's recorded in current period figures, OPAP's new contract scope, and Eurofootball's change in consolidation method in 4Q19. EBITDA decrease was partially offset by a favorable USD movement, with rest currencies movement across key markets (mainly Turkey, and Argentina) only partially mitigating the overall positive FX contribution, posting a -25,4% year over year decrease, reaching €87,8 million, from €117,7 million in 2018.

| <b>Financial Data<sup>6</sup></b><br><i>(in € million)</i> | <b>FY 2019</b> | <b>FY 2018</b> | <b>%<br/>Change</b> |
|--|----------------|----------------|---------------------|
| Revenue (Sale Proceeds)                                    | 720,6          | 784,4          | -8,1%               |
| Licensed Operations  | 442,8          | 491,2          | -9,9%               |
| Management Contracts                                       | 69,5           | 90,3           | -23,0%              |
| Technology and Support Services                            | 208,3          | 202,9          | 2,7%                |
| GGR  | 409,1          | 435,0          | -6,0%               |
| Gross Profit   | 126,0          | 158,0          | -20,2%              |
| <i>Gross Profit Margin (%)</i>                             | <i>17,5%</i>   | <i>20,1%</i>   | <i>-2,6pps</i>      |
| EBITDA   | 87,8           | 117,7          | -25,4%              |
| <i>EBITDA Margin on Sales (%)</i>                          | <i>12,2%</i>   | <i>15,0%</i>   | <i>-2,8pps</i>      |

<sup>4</sup> For additional information on the Group's performance, please also consult the Management Discussion and Analysis Report published on our website.

<sup>5</sup> CPI adjusted for Turkey and Argentina (proxy).

<sup>6</sup> The activities of Group subsidiaries Azerinteltek AS (Azerbaijan) and Totolotek SA (Poland), as well as the operations of Gamenet Group SpA (Italy) are presented as discontinued operations pursuant to IFRS 5 (note 2.31.A.VIII).

|  |        |       |         |
|--|--------|-------|---------|
| <i>EBITDA Margin on GGR (%)</i>  | 21,5%  | 27,1% | -5,6pps |
| Adjusted EBITDA <sup>7</sup>   | 68,7   | 87,0  | -21,0%  |
| EBT (Profit/(loss) before tax from continuing operations)  | -70,6  | -14,8 | -       |
| <i>EBT Margin (%)</i>  | -9,8%  | -1,9% | -7,9pps |
| NIATMI (Profit/(loss) after tax attributable to the equity holders of the parent company from continuing operations) | -111,9 | -71,3 | -57,0%  |
| NIATMI (Profit/(loss) after tax attributable to the equity holders of the parent company from total operations)      | -104,2 | -25,6 | -       |

### Wagers Handled

During the twelve-month period ended December 31, 2019, INTRALOT systems handled €18,3 billion of worldwide wagers (from continuing operations<sup>8</sup>), a 21,0% year over year increase. North America's wagers increased by 51,1% (driven by Illinois contract launch), East Europe's by 17,0% (reflecting new Sports Betting era dynamics in Turkey since September 2019), Africa's by 13,3%, Asia's by 9,3% (mainly due to Taiwan), West Europe's by 3,6% (driven mainly by Sports Betting in the Netherlands), and South America's by 0,6%, as Chile's and Peru's performance fully offset ARS currency impact.

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

Reported consolidated revenue posted a decrease compared to FY18, leading to total revenue for the twelve-month period ended December 31, 2019, of €720,6 million (-8,1%).

- Lottery Games was the largest contributor to our top line, comprising 44,4% of our revenue, followed by Sports Betting, contributing 42,7% to Group turnover. Technology contracts accounted for 6,0% and VLTs represented 4,4% of Group turnover, while Racing constituted the 2,5% of total revenue of FY19.

Reported consolidated revenue for the twelve-month period is lower by €63,8 million year over year. The main factors that drove top line performance per Business Activity are:

- €-48,4 million (-9,9%) from our Licensed Operations (B2C) activity line, with the decrease attributed mainly to lower revenue in Bulgaria (€-42,4 million) and Argentina (€-9,0 million).
- €-20,8 million (-23,0%) from our Management (B2B/ B2G) contracts activity line, with the decrease driven mainly by Turkey (€-16,0 million), followed by Morocco (€-3,1 million) and Russia (€-1,7 million).
- €+5,4 million (+2,7%) from our Technology and Support Services (B2B/ B2G) activity line, with the increase attributed mainly to US operation's increased revenue (€+20,7 million), Netherland's improved top line performance (€+2,8 million), and Chile's marginal revenue increase (€+0,2 million), in part offset by lower sales in Greece (€-13,5 million) and

<sup>7</sup> Calculated as Proportionate EBITDA of fully consolidated entities including EBITDA from equity investments in Peru, Greece, Taiwan, and Bulgaria. Hellenic Lotteries proportionate EBITDA has been included up to the disposal of the investment on August 28th, 2019 (proforma calculation). Eurofootball's proportionate EBITDA included from the date of its switch to equity method consolidation.

<sup>8</sup> Discontinued operations and contracts ended within the current period are excluded from the analysis.

Argentina (€-2,7 million).

**Gross Gaming Revenue (GGR)** from continuing operations decreased by 6,0% (€-25,9 million to €409,1 million) year over year, driven by:

- the drop in the non-payout related GGR (€-15,5 million vs. FY18), following mainly the top line contribution of our Management & Technology contracts, and
- the decrease in our payout related GGR (-7,4% year over year or €-10,3 million), following the lower recorded revenue of our licensed operations (-9,9% year over year on wagers<sup>9</sup>), being partially offset by the decreased YTD average Payout. FY19 Average Payout Ratio<sup>10</sup> was up by 0,8pps vs. LY (70,6% vs. 71,4%), primarily due to Bulgaria's and Argentina's weighted contribution (payout and wagers driven for both countries), in part offset by Malta's and Brazil's weighted contribution (payout and wagers driven).

**EBITDA**<sup>11</sup> from continuing operations developed to €87,8 million in FY19, posting a decrease of 25,4% (€-29,9 million), compared to the FY18 results. FY19 Organic performance<sup>12</sup>, boosted by the Illinois contract start in mid-February 2019, Netherland's improved performance and better Oceania performance, did not manage to absorb our Turkish operations performance (Inteltek contract discontinuation post August 2019, and Bilyoner's worse top line and increased expenses for the transition to new Sports Betting market), one of Morocco's projects' discontinuation along with higher minimum state guarantee for FY19 (provision), combined with the settlement of FY18's recorded in current period figures, OPAP's new contract scope, and Eurofootball change in consolidation method in 4Q19. EBITDA decrease was partially offset by a favorable USD movement, with rest currencies movement across key markets (mainly Turkey, and Argentina) only partially mitigating the overall positive FX contribution.

The main drivers for the decrease in FY19 EBITDA, besides the FY19 GGR decrease, are:

- the worse OPEX margin (-5,7% over GGR); primarily driven by the deterioration of the respective B2B/ B2G OPEX margin as a result of the increased selling & administrative expenses in the US (Illinois contract start driven), coupled with Morocco's higher minimum state guarantee regarding FY19 (provision) in addition to the FY18 settlement recorded in current period, and the increased marketing expenses following the transition to the new sports betting market in Turkey, as well as higher redundancy allowances following Inteltek's contact discontinuation, and
- the deterioration in the Rest of Cost of Sales margin, excluding payout and depreciation, (-2,2% over GGR), driven largely by our USA operations (Illinois expenses recorded from the beginning of the year through the project launch date in February 2019), in part offset by the termination of a leasing contract in the Netherlands.

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<sup>9</sup> Licensed Operations Revenue also include a small portion of non-Payout related revenue, i.e. value-added services, which totalled €2,7m and €2,9m for FY19 and FY18 respectively.

<sup>10</sup> Payout ratio calculation excludes the IFRS 15 impact for payments to customers.

<sup>11</sup> Analysis in the EBITDA section excludes Depreciation & Amortization.

<sup>12</sup> CPI adjusted for Turkey and Argentina (proxy).

- Partially offset by the Taxes & Agent Fees margin (-1,1% over GGR), driven largely by the improvement in the respective B2C margin, following the change in consolidation method of Eurofootball, and the lower sales and the significantly lower payout ratio in Argentina (a part of the taxes and fees calculated as % on sales), and the improvement in the respective B2B/ B2G margin following Inteltek's contract discontinuation, and
- the improvement in the Other operating income, which totaled €19,5 million in FY19, compared to €15,6 million in FY18, with a key driver being the higher equipment lease income in USA.

On a yearly basis, **EBITDA margin on sales** has been impacted mainly by the worsening margins of the B2B/ B2G segment, decreasing to 12,2% compared to 15,0% in FY18, mainly due to OPAP's new contract scope and the refocus of Headquarters resources towards the successful and efficient delivery of our products under our contract's pipeline, and Morocco's and Turkey's performance, while offset in part by the Illinois contract start, as well as Netherland's improved performance.

**Adjusted EBITDA** presented a year over year decrease of 21,0%, concluding to €68,7 million, from €87,0 million in 2018.

**Earnings before Tax** in FY19 totaled €-70,6 million, compared to €-14,8 million in FY18. The deterioration was mainly driven by the impact of the decreased EBITDA described above (year over year: €-29,9 million), the increased D&A (€-18,0 million) due to the increased CAPEX during the last two years for the launch of new projects, as well as the IFRS 16 first time application, the higher impairment of assets for the period (€-11,4 million vs. FY18; driven by Eurobet's licenses' discontinuation, in part offset by lower impairments recorded in the current period for Inteltek's contract), the worse Net Interest results (€-6,2 million vs. FY18) and the worse FX results (€-5,3 million vs. FY18, largely driven by the USD movement against other currencies, as well as the negative effect from reclassification of FX reserve to Income Statement pursuant to IFRS 10). However, the decrease at EBT level was partially counterbalanced by the improved results from participations and investments (€+14,4 million); mainly the positive impact from bond buybacks occurred in the current period, and the positive effect from Hellenic Lotteries investment disposal, in part offset by Eurofootball's investment provision impairment.

**NIATMI** (*Net Income After Tax and Minority Interest*) from continuing operations in FY19 concluded at €-111,9 million, compared to €-71,3 million in FY18. NIATMI from total operations in FY19 amounted to €-104,2 million (lower by €78,6 million vs. a year ago), affected by the impact of the discontinued operations in both periods (€-38,0 million vs. FY18).

## Cash Flow & Net Debt

| <b>Statement of Financial Position/Cash Flows</b><br><i>(in € million)</i> | <b>FY19</b> | <b>FY18</b> |
|--|-------------|-------------|
| Total Assets   | 797,5       | 944,1       |
| Total Equity   | -93,2       | 34,4        |
| Cash & Cash Equivalents  | 171,1       | 162,5       |
| Partnerships <sup>13</sup>   | 18,6        | 77,8        |
| All other Operating Entities<br>(with revenue contracts) &<br>Headquarters | 152,5       | 84,7        |
| Net Debt   | 594,1       | 615,3       |
|  | <b>FY19</b> | <b>FY18</b> |
| Operating Cash Flows   | 61,3        | 88,6        |
| Net Capital Expenditure  | -55,0       | -103,2      |

**Operating Cash-flow** decreased at €61,3 million in FY19 vs. €88,6 million in FY18. Excluding the operating cash-flow contribution of our discontinued operations (Azerbaijan, Poland and Italy), the cash-flow from operating activities is lower by €13,9 million (on a year over year continuing basis; €62,6 million vs. €76,5 million) and is mainly driven by the lower recorded EBITDA year over year (€-29,9 million), in part offset by the favorable working capital movement of €+19,5 million (€-12,7 million in FY19 vs. €-32,2 million in FY18). Improved WC vs. a year ago is largely driven by the impact of the long due interest-bearing liability repayment occurred in the second quarter of 2018 (€-13,0 million), the lower inventory purchases and the advance payments received for our projects in Canada and Netherlands in 2019, while in part offset by the increased settlement payments made in 2019 by Inteltek, following its contract discontinuation.

**Net Capex** in FY19 was €55,0 million, compared to €103,2 million in FY18, with FY19 burdened mainly by US projects' leftover outflows. Headline CAPEX items in FY19 include €25,1 million in the US, mainly towards the Illinois new contract and Ohio, Arkansas, Louisiana and Washington D.C. Lottery contract renewals, €13,0 million towards R&D and project pipeline delivery, and €9,2 million for Croatia and Morocco's new contracts, as well as Bilyoner's new Sports Betting era transition CAPEX. All other net additions amount to €7,7 million for FY19. Maintenance CAPEX for FY19 stood at €9,6 million, or 17,4% of the overall capital expenditure in FY19 of €55,3 million (FY18; €20,1 million or 19,4%).

**Net Debt** of December 31, 2019, stood at €594,1 million, improved by €21,2 million compared to December 31, 2018, partially impacted by the IFRS 16 adoption from January 1<sup>st</sup>, 2019, which resulted in an additional debt recognition of c.€15,0 million, as well as Inteltek's license

<sup>13</sup> Refers to stakes in Turkey (Inteltek & Bilyoner), Bulgaria (Eurofootball Group until early December 2019 & Eurobet Group), and Argentina.

discontinuation impact (€+22,8 million; including repayments to agents and personnel compensations), the investments in our US business (€+22,2 million towards growth & renewal CAPEX in the US), the extraordinary dividend distribution of Inteltek related to the sale of Azerinteltek, in the amount of €+9,6 million (proforma basis), the CAPEX payments (€+9,2 million) towards our new contracts in Croatia and Morocco, and the New Sports Betting Era in Turkey, the inventory purchases payments for new projects (€+4,4 million), and the bonds IFRS treatment (€+3,9 million). Net Debt was significantly decreased from our Net Investments activity (€-98,4 million; including Gamenet sale net impact of €79,9 million<sup>14</sup>), and the benefit from the bond buyback occurred in FY19 (€-10,1 million).

**Cash and cash equivalents** at the end of FY19 increased by €8,6 million vs. FY18; of the Cash & Cash Equivalents at the end of December 31<sup>st</sup>, 2019, €18,6 million were located in our partnerships, and the rest across all other Operating entities (with revenue contracts) and Headquarters (€152,5 million), with an amount of approximately €25,0 - €30,0 million allotted as Working Capital in the operating entities (with revenue contracts).

The Group's financial covenant with respect to Net Debt to EBITDA (Leverage ratio) is:

| Financial Covenants | FY 2019 |
|---------------------|---------|
| Leverage ratio      | 6,77    |

### Our Key Gaming Markets Performance<sup>15</sup>

#### **United States and Canada**

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 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.

In the continental US, we currently operate 12 contracts in 11 states and the District of Columbia, holding contracts for the supply and operation of online lottery gaming systems in Illinois, Ohio, Louisiana, Arkansas, New Hampshire, Idaho, Vermont, Wyoming, Montana, New Mexico and Washington, D.C. 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,

<sup>14</sup> The net cash inflow of the Group in 2019 from the disposal of discontinued operations in Italy amounted to €79,9 million, consisting of the consideration €78,0 million and a refund of a guarantee for Group tax losses of previous years of €3,5 million paid to Gamenet Group SpA in the context of the relevant merger agreement announced on 25/06/2016, minus selling costs.

<sup>15</sup> Financial figures refer to the subsidiaries' contribution to the Group and exclude non-operating entities in each of the countries presented.



we also provide central monitoring services for seven racinos operating video lottery terminals (VLTs). 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. The Illinois contract went live in February 2019. Furthermore, in May 2019 Intralot entered in the Canadian market through a new contract with the British Columbia Lottery Corporation, which operates lottery on behalf of the Government of British Columbia, for the provision of a lottery central system with its novel platform Lotos X, its holistic lottery solution that includes INTRALOT's cutting edge lottery terminals with their innovative camera based technology along with additional software products, and ongoing maintenance services. The contract is for an initial 5-year term, that can be extended up to another 6 years.

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 early 2018, Intralot Inc. renewed the current contract with the Wyoming Lottery until August 2024. Moreover, in July 2018, Intralot announced a five-year extension to its current gaming systems contract with the New Hampshire Lottery Commission, through June 2025, while in November 2019, Intralot Inc. signed a contract extension to provide its Sports Betting solutions to the New Hampshire Lottery Commission, expected to go live within 2020. Furthermore, in November 2018, we renewed our contract with the New Mexico Lottery for 2 more years, up to November 2025, with the addition of a Sports Lottery product. One more development as per contracts extension was realized in May 2019, with the renewal of the existing contract with the Ohio Lottery Commission until June 2021. Recently, Intralot Inc. has renewed its existing contract with the Washington D.C. Lottery for 5 years, with a 5-year extension option. The new contract is effective October 1<sup>st</sup>, 2019 and Intralot will continue to supply the Washington D.C. Lottery with its Lotos gaming and instant ticket management system, as well as support the Lottery's opening to the regulated Sports Betting wagering market within 2020. Last but not least, in mid-March 2020, Intralot launched Montana State Lottery's Sports Betting product.

On the contrary, our South Carolina contract was not renewed and Intralot served the South Carolina Education Lottery up to the beginning of May 2018. In addition, Ohio's cooperative services program (CSP), an instant tickets product management contract where we were accountable for the warehousing, distribution, and telemarketing of instant tickets to retailers across the state, was not renewed and ended on June 30<sup>th</sup>, 2019. Furthermore, our Vermont contract ends in June 2020 and we expect that there will be an extension until a new vendor is selected through a formal RFP process, that was cancelled in 2019.

2019 was also an important year for Intralot Inc. delivery capabilities, as it marked the establishment of its development hub in Greece, Intralot Tech, a 100% subsidiary of Intralot Inc., that will complement its existing central functions in Atlanta and Mason and shall, to a great extent, diminish the reliance of Intralot Inc. from HQ functions, targeting to retain and enhance the quality of the existing services offered in the US jurisdiction.

In 2019, our sales in the United States reached €108,6 million, posting a significant increase of 26,3%, over the prior year, when our revenue amounted to €86,0 million. This over-performance is mainly attributed to the successful launch of the Illinois contract, which kicked off on February 18<sup>th</sup>, 2019, followed by higher numerical sales (POWERBALL jackpot occurrence in Q1 2019) and an equipment sale in Arkansas (in Q3 2019), along with a favorable USD movement (5,1% Euro depreciation versus a year ago — in YTD average terms). The aforementioned drivers have fully absorbed the South Carolina contract expiration and the Ohio cooperative services program (CSP) discontinued operation, a significant Jackpot in Q4 2018, as well as the one-off equipment sale in Massachusetts in June 2018. Revenue of the United States for the twelve months ended December 31, 2019 stands for the 15,1% of the Group's total revenue.

| <b><u>Key Consolidated Financial Figures<sup>16</sup></u></b> | <b><u>FY 2019</u></b> | <b><u>FY 2018</u></b> | <b><u>Δ%</u></b> |
|---|-----------------------|-----------------------|------------------|
| <i>(in € million)</i>   |                       |                       |                  |
| Revenue   | 108,6                 | 86,0                  | 26,3%            |
| GGR   | 108,6                 | 86,0                  | 26,3%            |
| EBITDA  | 31,7                  | 25,0                  | 26,8%            |
| CAPEX (Paid)  | 25,1                  | 59,0                  | -57,5%           |

| <b><u>Key Standalone Balance Sheet Figures</u></b> | <b><u>FY 2019</u></b> | <b><u>FY 2018</u></b> |
|--|-----------------------|-----------------------|
|--|-----------------------|-----------------------|

**Intralot Inc – USA**

*(in € million)*

|                         |       |       |
|-------------------------|-------|-------|
| Assets                  | 167,5 | 153,2 |
| Liabilities             | 98,0  | 77,1  |
| Cash – Cash Equivalents | 1,8   | 5,9   |

**DC09 LLC**

*(in € million)*

|                         |      |      |
|-------------------------|------|------|
| Assets                  | 5,8  | 4,2  |
| Liabilities             | 13,5 | 10,7 |
| Cash – Cash Equivalents | 0,3  | 0,1  |

**Intralot Tech**

*(in € million)*

|                         |     |   |
|-------------------------|-----|---|
| Assets                  | 0,4 | - |
| Liabilities             | 0,4 | - |
| Cash – Cash Equivalents | 0,1 | - |

**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 three contracts in Greece.

As the center of our Global operations, Greece is also home to our betting-trading center that controls our global fixed-odds betting activity, and significant research and development programs (Technology Hub), as well as our corporate Headquarters which supports the wider INTRALOT ecosystem, employing approximately 710 employees at the end of December 31, 2019. As such,

<sup>16</sup> US Income Statement and CAPEX figures exclude the impact of the Philippines project that is consolidated under Intralot Inc.; Standalone Balance Sheet figures on the other hand, include the impact of the Philippines business.

Headquarters expenses serve the different projects of INTRALOT S.A, including among others the Greek projects, but the majority of the effort is distributed towards servicing and supporting the pipeline of won and upcoming contracts, as well as supporting INTRALOT's subsidiaries and R&D efforts.

Our relationship with Greek Organization of Football Prognostics S.A. (OPAP) began in 1999. On July 31<sup>st</sup>, 2018, the old OPAP contract ended and the two parties continued their cooperation under a new contract, specifically in the field of numerical lotteries games, resulting in a smaller contract value due to the limited scope. The new contract is a 3-year contract that also includes an option for OPAP to renew for two additional years.

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. INTRALOT also signed an amendment to its existing services provision agreement with Hellenic Lotteries S.A. under renegotiated terms and conditions, in the second half of 2019. In mid-September 2019, INTRALOT finalized the disposal of its shares in Hellenic Lotteries S.A. to "OPAP Investment Limited", for a price of €20,0 million.

Revenue from Greek operations in 2019 was €21,7 million, compared to €35,2 million in prior year, accounting for 3,0% of the Group's total revenue. The top line deficit in 2019 is mainly attributed to the new OPAP contract transition after July 2018 (with limited scope vs. the previous contract), specifically in the field of numerical games, as well as the lower equipment sales within the year.

| <b>Key Consolidated Financial Figures</b> | <b>FY 2019</b> | <b>FY 2018</b> | <b>Δ%</b> |
|---|----------------|----------------|-----------|
| <i>(in € million)</i>                     |                |                |           |
| Revenue                                   | 21,7           | 35,2           | -38,4%    |
| GGR                                       | 21,7           | 35,2           | -38,4%    |
| EBITDA                                    | -31,5          | -22,1          | -42,5%    |
| CAPEX (Paid)                              | 12,3           | 17,0           | -27,6%    |

| <b>Key Standalone Balance Sheet Figures</b> | <b>FY 2019</b> | <b>FY 2018</b> |
|---|----------------|----------------|
| <b>INTRALOT SA</b>                          |                |                |
| <i>(in € million)</i>                       |                |                |
| Assets                                      | 393,3          | 405,3          |
| Liabilities                                 | 344,8          | 348,5          |
| Cash – Cash Equivalents                     | 16,2           | 33,1           |
| <b>Intralot Services SA</b>                 |                |                |
| <i>(in € million)</i>                       |                |                |
| Assets                                      | 0,5            | 2,9            |
| Liabilities                                 | 0,1            | 2,4            |
| Cash – Cash Equivalents                     | 0,1            | 0,1            |
| <b>Betting Company SA - Greece</b>          |                |                |
| <i>(in € million)</i>                       |                |                |
| Assets                                      | 5,6            | 6,1            |
| Liabilities                                 | 2,3            | 2,1            |

|                                      |     |     |
|--------------------------------------|-----|-----|
| Cash – Cash Equivalents              | 0,6 | 1,0 |
| <b>Intralot Interactive - Greece</b> |     |     |
| <i>(in € million)</i>                |     |     |
| Assets                               | 1,0 | 1,0 |
| Liabilities                          | 0,7 | 0,9 |
| Cash – Cash Equivalents              | 0,4 | 0,4 |

### **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 7.300 terminals throughout Argentina and operate approximately 900 terminals in Salta.

Through Tecno Accion, we offer integrated technology solutions for lottery organizations, such as portable terminals, provide 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 (and CASINO HAPSA) in Buenos Aires, and the Casino Club, which manages casinos.

In 2019, we renewed our contracts in three more provinces (Neuquén, Santa Cruz, and Tierra del Fuego), thus, sustaining our footprint in the local market. In November 2019, we also introduced a new FOB game (FANATIKON) in Catamarca, which is expected to be introduced in more provinces within 2020.

Our revenues from the Argentina facility management business in 2019 reached €15,0 million, versus €17,7 million in 2018. The lottery operator business generated sales of €33,2 million in 2019, compared to €42,2 million in 2018. Both operations' financial performance was substantially affected by the macro environment that led to the application of hyperinflationary economy reporting standard after Q3 2018. Overall, the macro environment in Argentina drives the sales deficit. Our total revenue in Argentina for 2019 was €48,2 million, compared to €59,9 million in 2018. Revenue in the twelve months ended December 31, 2019 was 6,7% of INTRALOT Group's total revenue.

| <b><u>Key Consolidated Financial Figures<sup>17</sup></u></b> | <b><u>FY 2019</u></b> | <b><u>FY 2018</u></b> | <b><u>Δ%</u></b> |
|---|-----------------------|-----------------------|------------------|
| <i>(in € million)</i>   |                       |                       |                  |
| Revenue   | 48,2                  | 59,9                  | -19,5%           |
| GGR   | 29,4                  | 34,3                  | -14,3%           |
| EBITDA  | 10,3                  | 11,1                  | -7,2%            |
| CAPEX (Paid)  | 0,9                   | 0,9                   | 0,0%             |

<sup>17</sup> Argentina figures have been restated based on IAS 29 (Financial Reporting in Hyperinflationary Economies) as to reflect current purchasing power.

| <b>Key Standalone Balance Sheet Figures</b> | <b>FY 2019</b> | <b>FY 2018</b> |
|---|----------------|----------------|
| <b>Tecno Accion SA - Argentina</b>          |                |                |
| <i>(in € million)</i>                       |                |                |
| Assets                                      | 10,3           | 10,1           |
| Liabilities                                 | 4,0            | 4,3            |
| Cash – Cash Equivalents                     | 1,8            | 0,7            |
| <b>TecnoAccion Salta SA</b>                 |                |                |
| <i>(in € million)</i>                       |                |                |
| Assets                                      | 3,8            | 2,1            |
| Liabilities                                 | 3,2            | 1,4            |
| Cash – Cash Equivalents                     | 2,6            | 0,9            |

### **Oceania**

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

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 addition, conformance with the state-wide pre-commitment system (PCS) has been in place since December 2015 and has increased the monitoring of revenue substantially. IGS will operate the pre-commitment scheme up to the end of the monitoring license referred above, which expires in August 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 2021, with the option of a one-year extension.

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 with the contract ending in the summer of 2020.

Revenue for 2019 from our Oceania operations has increased slightly by 1,4%, amounting to €21,3 million versus €21,0 million in 2018. The marginally higher revenue is driven by better performance of our Australian entities compared to prior year (CPI fee adjustment, higher numbers of connected machines, solid growth of Deployment income, increased Onsite support and higher CRs). On the other hand, our business in New Zealand has remained relatively stable year over year. Revenue from our Oceania operations in the twelve months ended December 2019 represented 3,0% of INTRALOT Group's total revenue. The increase at EBITDA level largely follows the higher revenue, combined with expenses containment.

| <b>Key Consolidated Financial Figures</b> | <b>FY 2019</b> | <b>FY 2018</b> | <b>Δ%</b> |
|---|----------------|----------------|-----------|
| <i>(in € million)</i>                     |                |                |           |
| Revenue                                   | 21,3           | 21,0           | 1,4%      |
| GGR                                       | 21,3           | 21,0           | 1,4%      |
| EBITDA                                    | 14,1           | 13,0           | 8,5%      |
| CAPEX (Paid)                              | 0,5            | 0,6            | -16,7%    |

| <b>Key Standalone Balance Sheet Figures</b>   | <b>FY 2019</b> | <b>FY 2018</b> |
|---|----------------|----------------|
| <b>Intralot Gaming Services Pty Ltd (IGS)</b> |                |                |
| <i>(in € million)</i>                         |                |                |
| Assets  | 14,4           | 13,0           |
| Liabilities                                   | 9,0            | 6,3            |
| Cash – Cash Equivalents                       | 3,4            | 2,4            |

| <b>Intralot Australia PTY Ltd - Australia</b> |     |     |
|---|-----|-----|
| <i>(in € million)</i>                         |     |     |
| Assets  | 7,4 | 6,0 |
| Liabilities                                   | 2,3 | 1,1 |
| Cash – Cash Equivalents                       | 0,2 | 0,1 |

| <b>Intralot New Zealand Ltd - New Zealand</b> |     |     |
|---|-----|-----|
| <i>(in € million)</i>                         |     |     |
| Assets  | 2,6 | 3,2 |
| Liabilities                                   | 1,0 | 0,9 |
| Cash – Cash Equivalents                       | 1,1 | 1,2 |

## **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 in Turkey on behalf of SporToto. 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 more than 20 times since 2004, in local currency terms. In August 2018, Inteltek signed a new contract with the Turkish State Organization SporToto to continue the operation and technical support of the successful and extremely popular fixed odds sports betting game Iddaa

for up to one additional year, starting August 29<sup>th</sup>, 2018 with the same commercial terms. The contract was not renewed as the outcome of the respective RFP process was unfavorable for our subsidiary – Inteltek. Thus, the existing contract ended on August 28<sup>th</sup>, 2019. In January 2020, INTRALOT Group, signed a binding term-sheet to acquire the remaining shareholding of 55,0% in Inteltek, including all rights and liabilities, with the objective to work towards any new opportunity in the greater region. The respective transaction is expected to be completed within the first half of 2020, once the final share sale and purchase agreement (“SPA”) is signed and necessary legal approvals are obtained.

In addition, we currently own approximately 50,01% of Bilyoner, one of the leading online distributors 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 3,7 million registered players as of December 31<sup>st</sup>, 2019. The main contract has been extended through April 2020, as it is the case with all e-agents in the market following the transition to the new Sports Betting era. However, we expect it to be renewed due to commercial value principles. Nonetheless, no assurances can be made that such an extension or renewal will occur.

In the 4-month period of the new Sports Betting era, the market quadruplet y-o-y, while the shift towards Online Sports Betting (approximately 85,0% in the sales mix of the total market vs. c.62,0% a year ago) continued. Bilyoner has not been able to capitalize on the Sports Betting market expansion and favorable mix change as a result of a decline in its market share and revised commercial terms, following the transition to the new Sports Betting era in Turkey.

Inteltek’s sales dropped from €35,2 million in 2018, to €20,8 million in 2019, while respectively, Bilyoner’s revenue decreased to €24,4 million in 2019 from €26,0 million over the same period last year. Both operations were affected by the local currency devaluation (11,4% Euro appreciation versus a year ago – in average YTD terms). In Turkish Lira terms Inteltek’s revenue decreased by c.-34% (in Euro terms decreased by c.-41%), driven by Inteltek’s contract discontinuation post August 2019, while Bilyoner’s revenue showcased a +4,6% increase vs. 2018 in Turkish Lira terms. Overall revenue for Turkey was €45,2 million in 2019, compared to €61,2 million in 2018, representing 6,3% of INTRALOT Group’s total revenue for the twelve months ended December 31, 2019. The decrease at EBITDA level is also partially driven by the increased marketing expenses related to Bilyoner’s Online Sport Betting activity, following the transition to the new sports betting market in Turkey, as well as increased expenses in relation to the discontinuation of Inteltek’s contract.

**Key Consolidated Financial Figures**

*(in € million)*

|         | <b><u>FY 2019</u></b> | <b><u>FY 2018</u></b> | <b><u>Δ%</u></b> |
|---------|-----------------------|-----------------------|------------------|
| Revenue | 45,2                  | 61,2                  | -26,1%           |
| GGR     | 45,2                  | 61,2                  | -26,1%           |
| EBITDA  | 14,1                  | 31,0                  | -54,5%           |

|              |     |     |       |
|--------------|-----|-----|-------|
| CAPEX (Paid) | 2,4 | 1,3 | 84,6% |
|--------------|-----|-----|-------|

**Key Standalone Balance Sheet Figures**

**Inteltek Internet AS - Turkey**

*(in € million)*

|                         | <b><u>FY 2019</u></b> | <b><u>FY 2018</u></b> |
|-------------------------|-----------------------|-----------------------|
| Assets                  | 13,5                  | 68,1                  |
| Liabilities             | 0,9                   | 19,8                  |
| Cash – Cash Equivalents | 12,1                  | 63,7                  |

**Bilyoner AS - Turkey**

*(in € million)*

|                         |      |      |
|-------------------------|------|------|
| Assets                  | 11,7 | 14,6 |
| Liabilities             | 7,2  | 5,1  |
| Cash – Cash Equivalents | 2,0  | 7,3  |

|   |     |      |
|---|-----|------|
| Cash – Cash Equivalents in hard currency<br>(for both entities) | 2,9 | 57,7 |
|---|-----|------|

**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 Moroccan lottery Marocaine des Jeux et des Sports (MDJS). The lottery operates a broad gaming portfolio that ranges from sports betting and numerical games, to instants and fast draw entertainment games, with a distribution network of over 1.400 points of sale throughout Morocco.

Intralot Maroc undertakes the operation of all games, including risk management of fixed odds sports betting and 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 Lottery's personnel. The contract expiration was in December 2018, however Intralot Maroc managed to secure a one-year extension with MDJS up to December 2019. Following an international RFP process, we renewed our contract for an initial 8-year period that can be extended up to another 2 years. Under this new contract, effective of January 1<sup>st</sup>, 2020, Intralot Maroc will continue to supply MDJS with cutting edge lottery terminals and software solutions and will provide technical support and services to the Organization, the retailers, and the players. In addition, Intralot Maroc will design and implement the marketing plans, will expand the retail network to 1.600 POS and will further develop MDJS' sales channels to enhance their performance and players' omni-channel experience.

Until December 2018, Intralot Maroc also served lottery Societe de Gestion de la Loterie Nationale (SGLN), however following an open tender (RFP) in 2018, Intralot Maroc did not secure the contract renewal. SGLN generated 21,8% of the revenue of Intralot Maroc S.A. in 2018.

In 2019, Intralot Maroc generated revenue of €24,3 million, while in 2018 the revenue amounted to €27,4 million. The main driver behind this decline is the decreased Numerical sales following the discontinuation of the contract with SGLN, only partially mitigated by a modest Sports Betting



revenue increase and the top line boost, through the successful introduction of virtual football. Revenue for the twelve months ended December 31, 2019 was 3,4% of our Group's total revenue. The decrease at EBITDA level is driven not only by the SGLN contract discontinuation, but also by the higher minimum state guarantee for FY19 (provision), combined with the settlement of FY18's minimum state guarantee recorded in current period figures.

| <b><u>Key Consolidated Financial Figures</u></b> | <b><u>FY 2019</u></b> | <b><u>FY 2018</u></b> | <b><u>Δ%</u></b> |
|--|-----------------------|-----------------------|------------------|
| <i>(in € million)</i>                            |                       |                       |                  |
| Revenue  | 24,3                  | 27,4                  | -11,3%           |
| GGR  | 24,3                  | 27,4                  | -11,3%           |
| EBITDA   | -2,2                  | 8,3                   | -                |
| CAPEX (Paid)                                     | 3,4                   | 1,5                   | 126,7%           |

| <b><u>Key Standalone Balance Sheet Figures</u></b> | <b><u>FY 2019</u></b> | <b><u>FY 2018</u></b> |
|--|-----------------------|-----------------------|
| <b>Intralot Maroc SA</b>                           |                       |                       |
| <i>(in € million)</i>                              |                       |                       |
| Assets   | 23,3                  | 20,2                  |
| Liabilities  | 38,1                  | 24,7                  |
| Cash – Cash Equivalents                            | 4,8                   | 6,0                   |

### **Bulgaria**

In Bulgaria, we hold licenses through stakes in two local partnerships. We first entered the market in 2002 through Eurofootball OOD ("Eurofootball"), in which we hold a 49,0% stake (plus option for additional 2,00%) through our wholly owned subsidiary Bilot EOOD. In July 2016, we announced the acquisition of 49,0% stake (plus option for additional 2,00%) in Eurobet.

The Bulgarian sports betting market is liberalized, and Eurofootball operates as the sole sports betting provider through a network of approximately 800 POS. In August 2015, Eurofootball successfully launched its Virtual Football game, which reached a share of 41,0% of Eurofootball's total games portfolio in 2018, while in January 2018 a new Racing (Horses) game was launched. 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.

In February 2020, the Bulgarian State Gambling Commission (SGC) notified Eurofootball Ltd for a claim of retrospective State Fees amounting to BGN 328,9 million (€168,2 million). The company appealed before the local Administrative Courts. In addition, in March 2020 the imposition of emergency sanctions on Bulgaria due to the Covid-19 pandemic has led to the indefinite shut down of the point of sale network of Eurofootball Ltd. During the shutdown for health reasons, on 25/3/2020 the State Gambling Commission of Bulgaria issued two decisions regarding the temporary suspension of gaming licenses of Eurofootball Ltd for a period of three months, until the judgement of the above appeals for the State Fees. It is noted that the conditions under which Eurofootball Ltd was fully consolidated, according to IFRS 10, in the financial statements of INTRALOT Group have ceased from 05/12/2019 onwards and the company since then is consolidated under the equity method.

On the other hand, Eurobet offers numerical games and scratch tickets through a network of approximately 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), Poker Chance (started in 2014) and Virtual Football in some POS (started in 2017). The scratch cards of Lotaria Bulgaria are distributed in more than 3.000 points of sale. The company also has a presence in Bulgaria's online gambling sector.

In February 2020, the Government of Bulgaria has passed legislation that amends the local gambling law, according to which all lottery-type of games, except for KENO type of games, are organized under a State Monopoly. As a consequence, three of the six existing licenses held by Eurobet Ltd, a 49,0% subsidiary of INTRALOT Group, have been terminated by Law on 21/02/2020. Also, in early March 2020, Eurobet Ltd voluntarily returned the rest three gaming licenses, that were active but not operated (not producing any revenue). Finally, in March 2020 Eurobet Ltd submitted application for opening bankruptcy proceedings for protection against its lenders. In addition, in February 2020 the Bulgarian State Gambling Commission (SGC) notified Eurobet Ltd for a claim of retrospective State Fees amounting to BGN 74,4 million (€38,0 million). The company appealed before the local Administrative Courts.

Eurofootball Group 2018 revenue amounted to €266,7 million, while in 2019 revenue reached €224,6 million. This decline is mainly driven by Sports Betting performance as a result of a conservative payout strategy, and the change in the consolidation method of Eurofootball since December 2019 (Equity vs. Full previously). Revenue net of gaming payout in 2018 was €58,4 million, while in 2019 it decreased to €50,2 million. The revenue of Eurobet Group in 2018 reached €59,0 million, while our revenue net of gaming payout was €18,8 million. In 2019, Eurobet Group delivered sales of €58,7 million with revenue net of gaming payout at €18,5 million. Our overall 2019 revenue from Bulgaria was €283,3 million compared to €325,7 million in 2018. Revenue from Bulgaria in the twelve months ended December 31, 2019, was 39,3% of the INTRALOT Group's total revenue.

| <b><u>Key Consolidated Financial Figures</u></b> | <b><u>FY 2019</u></b> | <b><u>FY 2018</u></b> | <b><u>Δ%</u></b> |
|--|-----------------------|-----------------------|------------------|
| <i>(in € million)</i>                            |                       |                       |                  |
| Revenue  | 283,3                 | 325,7                 | -13,0%           |
| GGR  | 68,7                  | 77,2                  | -11,0%           |
| EBITDA   | 23,7                  | 27,1                  | -12,5%           |
| CAPEX (Paid)                                     | 0,4                   | 0,6                   | -33,3%           |

| <b><u>Key Standalone Balance Sheet Figures<sup>18</sup></u></b> | <b><u>FY 2019</u></b> | <b><u>FY 2018</u></b> |
|---|-----------------------|-----------------------|
| <b>Eurofootball Ltd - Bulgaria</b>                              |                       |                       |
| <i>(in € million)</i>   |                       |                       |
| Assets  | -                     | 26,9                  |
| Liabilities   | -                     | 1,9                   |
| Cash – Cash Equivalents   | -                     | 5,0                   |

<sup>18</sup> The Balance Sheet figures of the main entities of each Group are presented.

**Eurobet Ltd - Bulgaria**

*(in € million)*

|                         |     |     |
|-------------------------|-----|-----|
| Assets                  | 4,0 | 4,5 |
| Liabilities             | 2,7 | 3,1 |
| Cash – Cash Equivalents | 0,1 | 0,2 |

**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 two national lottery games: Super 5 and Lotto), fixed odds betting, both pre-game and live, a KENO game, a Bingo 75 and a Fast Bingo game, four horse racing games and instant tickets, in a network of approximately 220 POS.

The revenue of Maltco Lotteries in 2019 posted a minor decline (-0,9%) versus prior year's levels (€96,7 million), amounting to €95,8 million, followed by the same trend in revenue net of gaming payout, which reached €36,3 million in 2019, compared to €37,1 million in 2018. Our total revenue from Malta for the twelve months ended December 31, 2019, was 13,3% of the INTRALOT Group's total revenue.

**Key Consolidated Financial Figures**

*(in € million)*

|              | <b><u>FY 2019</u></b> | <b><u>FY 2018</u></b> | <b><u>Δ%</u></b> |
|--------------|-----------------------|-----------------------|------------------|
| Revenue      | 95,8                  | 96,7                  | -0,9%            |
| GGR          | 36,3                  | 37,1                  | -2,2%            |
| EBITDA       | 12,1                  | 11,6                  | 4,3%             |
| CAPEX (Paid) | 0,2                   | 0,4                   | -50,0%           |

**Key Standalone Balance Sheet Figures**

**Maltco Lotteries Ltd - Malta**

*(in € million)*

|                         | <b><u>FY 2019</u></b> | <b><u>FY 2018</u></b> |
|-------------------------|-----------------------|-----------------------|
| Assets                  | 25,9                  | 30,2                  |
| Liabilities             | 7,7                   | 15,0                  |
| Cash – Cash Equivalents | 12,2                  | 13,1                  |

**Looking Ahead**

The lottery and sports betting industries continue to experience significant challenges, intensified in 2020 by the impact of the COVID-19 pandemic. At the same time, both industries have significant opportunities, mainly enabled by the value that can be created by new technologies. Technology evolution, in combination with regulatory initiatives in market liberalization, as well as the change of player demographics and their habits as influenced by new technologies, all set the pace of accelerated change.

In this environment, INTRALOT is well equipped and best positioned to succeed, targeting to reap the fruits of its digital transformation strategy. As a global leader in Lottery and Sports Betting

technology as well as end-to-end services, in 2020 INTRALOT is reorganizing its global structure in order to capitalize on the unrealized value it has recently created. Technology will be the key enabler towards business innovation. This is, after all, a reality introduced by the 4th industrial revolution that is nowadays blurring the line between the digital and physical worlds. Our technology is not only highly innovative, but it is also easily scalable, interoperable and extensible, welcoming all 4th industrial revolution enablers. Cost optimizations, time-to-market, market competitiveness and all other drivers of profitability can be improved by using our technology as an enabler.

Having said that, INTRALOT, through its reorganization establishes an even stronger technology factory, a customer centric service provision organization, a strong finance division and a robust commercial arm.

In 2020 we are looking forward to successful launches of our new products, Lotos X and INTRALOT ORION, accompanied by our digital solutions and highly innovative terminal solutions. We expect global recognition of our technologies, such as the award winning Photon X terminal. We anticipate to achieve economies of scale in 2020 and beyond as our products become mature, resulting in recurring savings of our cost base.

At INTRALOT Inc., in the US, we look forward to capitalizing on our strengths in this market, including a significant contribution from the new operation in Illinois and the expected launches of sports betting operations in DC, Montana, and New Hampshire planned for 2020.

A primary enabler of growth is the sustainability of our capital structure and during 2020 we aim to address it in a way that will be consistent with our strategy to create long-term value for all stakeholders of the company.

Our strong focus remains on our mission to best address the needs of our customers with state-of-the-art products and services, especially in the challenging times of the COVID-19 pandemic, and to generate new free cash flows that will help us in part weather the impact of the pandemic, as well as set the tone for INTRALOT's future journey.

## **CORPORATE RESPONSIBILITY**

### **Scope**

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

- the period 01/01/2018 - 31/12/2018 (unless indicated otherwise in certain points). Due to procedural reasons the release of the 2019 Corporate Responsibility Report will be made available by the end of H1 2020.
- 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. INTRALOT’s management structure related to Corporate Responsibility is depicted below:



- At Board level, the overall responsible is the Group Chief Executive Officer, who is the Chairman of the Management 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 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.
- At operational level, the Senior Manager Public Relations and CSR 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**

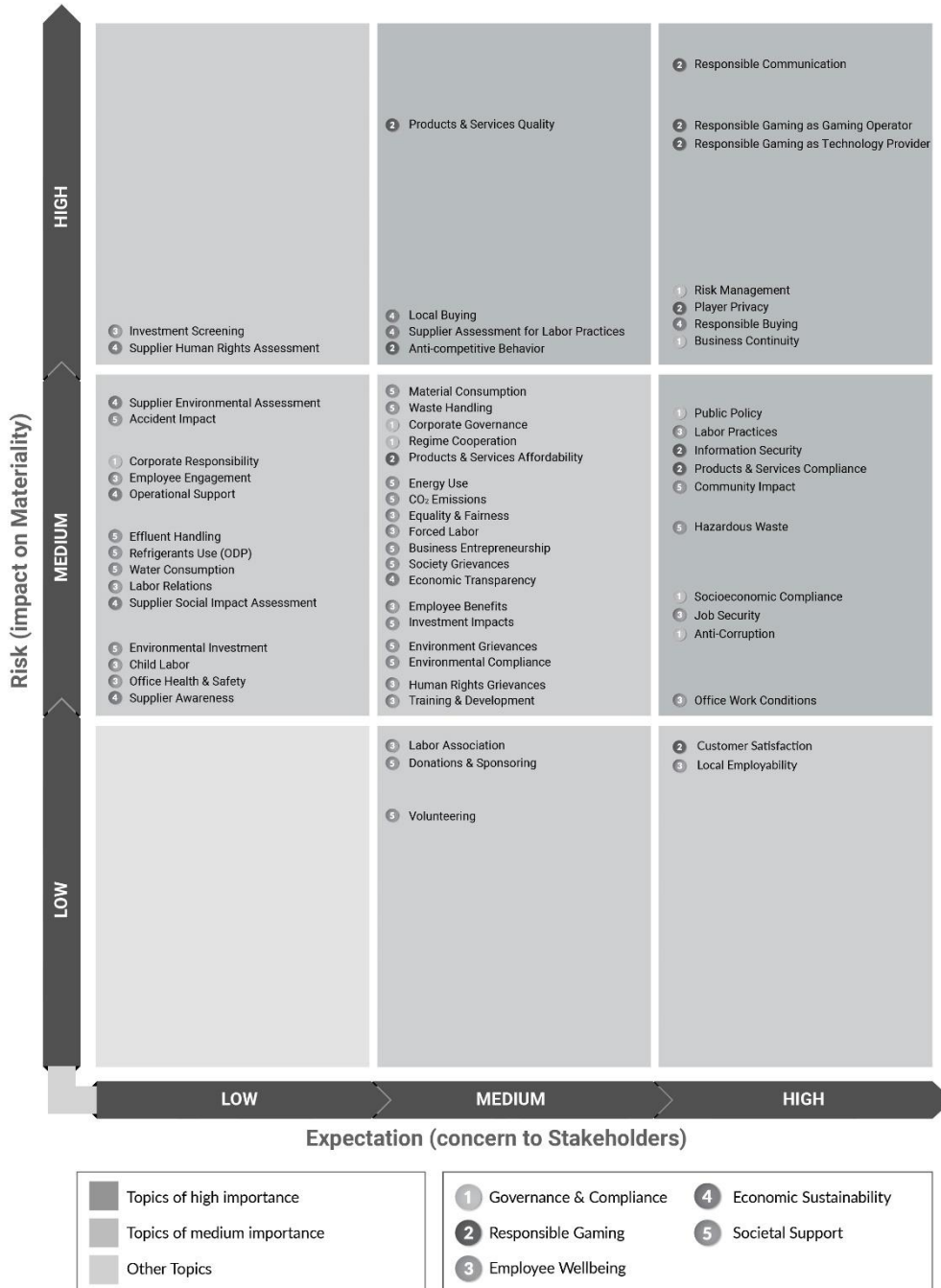
### **Recognizing Material Issues**

In order to holistically examine topics 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 topics, through which over 90 topics were considered by reviewing:
  - Current industry practices
  - Future trends
  - Relevant industry related analyses by international organizations, such as the Robeco SAM's Sustainability Yearbook for the 'Casinos & Gaming' sector
  - Regulatory environment
2. Analysis of these topics 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 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 Risk analysis and Stakeholders' expectations to define the Material Topics that INTRALOT should focus on.

The Materiality Analysis, as well as the current Report, which were approved by the Group Corporate Affairs Director, depict the Material Issues for 2018 in the grey shaded area of the diagram below:

**Materiality Analysis**



**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 economic impact, societal support, and environmental protection, the Company is consistently

committed to enhance its Stakeholder's engagement through a wide range of activities in order to ensure value creation.

INTRALOT, aiming to meet the priorities and expectations of its Stakeholder has set up several methods of interaction with them based on their main topics of interest, which include among others: the Corporate website, Press releases, Articles and Interviews, Corporate profile brochures, Products and Services brochures, Responsible Gaming questionnaires, Surveys, Meetings, Trainings, Customer Complaint Service, Social media updates, Focus Groups, Points of Sale, Call center support, etc.

### **Societal Support**

A key element of INTRALOT's approach to society is to understand the expectations and effectively contribute to the needs of local community members. The Company seeks to align its economic growth with support to society and strives to 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, as INTRALOT takes very seriously its environmental performance into consideration, the Company:

- Has established an Environmental Management System (EMS), fully compliant with ISO 14001:2015 requirements, as well as an Environmental Legislation Monitoring Procedure to ensure compliance with applicable environmental national and international laws and regulations.
- Has adopted eco-friendly processes to minimize the potential environmental impact of its operations and conserve energy and natural resources, which address environmental issues throughout its products and services' life cycle.
- Takes into consideration regular environmental impact assessments.

It must be noted that within 2018:

- 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.

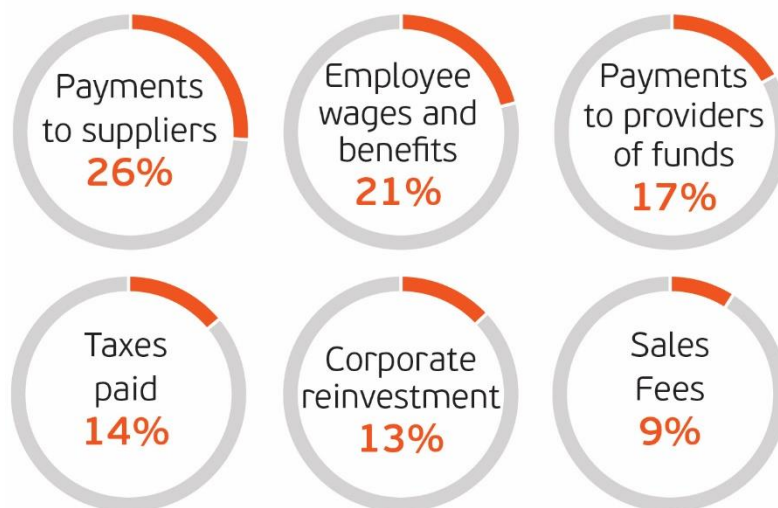
### **Sharing Value**

INTRALOT Group generated €499,0 million of shared value for its Stakeholders in 2018. At INTRALOT level, the Company generated €80,0 million of shared value in 2018 in Greece.

The Group generated over **€6,6 billion** shared value in the last 11 years, with over **€1,1 billion** being in Greece



### Analysis of the Sharing Value of the Group

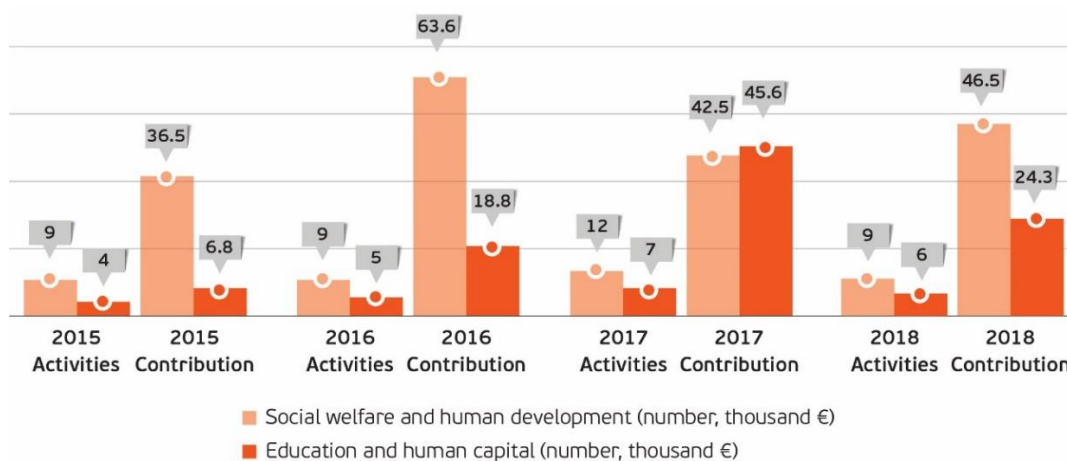


### Contributing to Society

INTRALOT is committed to support the communities where it operates, as they provide the resources, infrastructure and markets for its business’s operations. Therefore, the Company has applied the targeted social support program ‘INTRALOT – We Care a Lot’, which included 15 activities in 2018, with a total investment of over €70.800 in two main areas:

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

### INTRALOT - We Care a Lot



### Advancing education and human capital

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

- Support to the United States' Educational Foundation Fulbright, to issue grants for Greek and American students.
- Sponsor to the Athens Information Technology's conference 'IEEE Signal Processing Advances in Wireless Communications'.
- Sponsoring the University of Hohenheim's Gambling Research Center to promote research on gambling.
- Gold Sponsor to the American-Hellenic Chamber of Commerce's US Pavilion Events with the theme 'Harnessing the Power of Innovation and Creativity' during the Thessaloniki International Fair 2018.
- Sponsor to the 'Arsakeios Race' event, an open 5km run for elementary students and their parent.
- Sponsor to the Institute of Internal Auditors Greece's annual conference 'Wings to Fly'.
- Sponsor to the annual Capital Link's 'Invest in Greece' Forum.
- Sponsor to the Florida International Trade and Cultural Expo's (FITCE) conference 'New Era technology innovation in ICT'.
- Sponsorship to the Embassy of Malta for a ceremony to celebrate Valletta's nomination towards the title of the European Capital of Culture for 2018.

#### *Supporting social welfare and human development*

INTRALOT's initiatives focus on supporting underprivileged groups, in collaboration with various NGOs and institutions, with indicative examples in 2018 being:

- Donation of necessities to Nikaia Diocese of the Orthodox Church of Greece during Easter and Christmas seasons, for the last twelve years.
- Support of the organization 'Make-A-Wish Greece' to organize its annual banquet 'Wish upon a star'.
- Humanitarian aid to the people affected by the devastating fires in Eastern Attica in collaboration with the Greek Red Cross.
- Support to the organizations 'Rehabilitation for The Disabled' (ELEPAP) and 'Together for Children' through OPAP's charity gala.

***15 activities were supported through social support program, with €70.800 invested***

#### **Encouraging volunteerism**

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

##### *INTRALOT Runners*

Within 2018, INTRALOT participated with 60 runners to the 36th Athens Marathon, the Authentic, with over 55.000 participating athletes from 105 countries. For the seventh consecutive year, 'INTRALOT Runners' ran the 5km, 10km and 42km races of the Marathon to support the NGO 'Greek Society for the Protection of Autistic People' (E.E.P.A.A.).

### *Support 'Together for Children'*

In order to further contribute to society needs, the Company has placed specially marked collection bins in eating areas of Maroussi and Peania premises, where employees can place used items, such as clothes, shoes, books and toys and donate them to support the organization 'Together for Children', which helps children in need.

### *Blood Donation*

In order to further contribute to society, INTRALOT implemented one blood donation program within 2018, in cooperation with the Athens Children's Hospital 'Aghia Sofia', where INTRALOT has established a blood bank. As a result, the Company gathered 62 blood units, to support needs of employees and their families as well as needs of society in general.

### **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 2018:

- 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. roads, schools, power lines and water supply 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**

According to the provisions of the Code of Conduct, INTRALOT is committed to minimize its environmental impact and strives to conserve resources and reduce waste and emissions through recycling and various energy conservation measures. For this reason, the Company has established an Environmental Management System (EMS), fully compliant with the requirements of ISO 14001:2015, which is continuously improved in accordance with INTRALOT Group strategic objectives, with the following key points:

- Utilize technology to establish environmentally friendlier and efficient operations.
- Address incidents or conditions that threaten health, safety or the environment.
- Meet or exceed the environmental legislation related to its operations and processes.

- Minimize emissions through appropriate selection and use of vehicle fleet and employee travel methods.
- Actively promote recycling internally.
- Set and evaluate achievable environmental performance goals.
- Use materials and technologies that comply with environmental standards and recycle old equipment in an environmentally responsible way.

*Toners consumption reduced by 45,6%*

### Environmental Management System

According to a formal corporate procedure, INTRALOT systematically identifies and evaluates the environmental impact of its activities, structured around 4 steps:

- Identify the environmental aspects which INTRALOT can control or influence, through:
  - Formal risk assessments
  - Materiality Analysis, as part of the annual Corporate Responsibility Report
  - Review of environmental legislation
  - Compliance obligations and agreements with interested parties
  - Corporate business decisions.
- Determine which environmental aspects have significant impacts.
- Determine and take measures for the significant environmental aspects.
- Update the identification and evaluation of environmental aspects.

The assessment results to an environmental aspect overall priority assignment, which combines the outcome of the following criteria:

- The level of environmental impact severity, using a 1-5 impact scale.
- The likelihood of its occurrence, using a 1-5 likelihood scale.

### Reducing materials

Since materials consumption at INTRALOT is a direct result of its operational needs (i.e. paper, toners), the Company:

- Uses central printers to scan and electronically disseminate copies, in order to reduce its paper and toner consumption for printed documents.
- Monitors and controls printing volume through centralized MPS printers, where employees use their access cards to print any documents.
- Has replaced plastic cups with glass cups in water coolers, which prevents approximately 360,000 plastic cups being disposed each year.

#### Material Consumption

|                       | 2015   | 2016  | 2017  | 2018  |
|-----------------------|--------|-------|-------|-------|
| <b>Paper (kgs)</b>    | 10.425 | 6.800 | 6.730 | 6.875 |
| <b>Toners (units)</b> | 419    | 239   | 296   | 161   |

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 from suppliers located in Europe to 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 transports waste and 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.

Hazardous waste associated with the Company's operation and sent for recycling mainly includes waste refrigerants, lubricant oils, and filters from the use of generators, while 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 and 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.
- Specially marked bins in the kitchen areas of Maroussi and Peania premises for recyclable materials such as plastic, metal and glass packaging.

#### *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

|  | 2015   | 2016   | 2017   | 2018   |
|--|--------|--------|--------|--------|
| <b>Operational needs</b>                               |        |        |        |        |
| <b>Paper (tn)</b>                                      | 2,5    | 3,0    | 3,0    | 2,8    |
| <b>Toners (units)</b>                                  | 21*    | 14     | 45     | 77     |
| <b>Batteries (kg)</b>                                  | 63     | 34     | 14     | 91     |
| <b>Electrical and electronic equipment (WEEE) (kg)</b> | NR     | 12.810 | NR     | NR     |
| <b>Packaging materials</b>                             |        |        |        |        |
| <b>Cardboard / paper (kg)</b>                          | 2.750  | 3.000  | 3.000  | 2.800  |
| <b>Cardboard packaging for liquids (kg)</b>            | 1      | 0      | 0      | 0      |
| <b>Plastic (kg)</b>                                    | 0      | 1      | 1      | 0,1    |
| <b>Wood (kg)</b>                                       | 3.200  | 3.000  | 3.000  | 3.000  |
| <b>Packaging pieces (units)</b>                        | 19.000 | 19.000 | 19.000 | 19.000 |
| <b>Hazardous materials</b>                             |        |        |        |        |
| <b>Refrigerants from generators (kg)</b>               | NR     | NR     | NR     | 122    |
| <b>Lubricant oils from generators (kg)</b>             | NR     | NR     | NR     | 76     |
| <b>Filters from generators (kg)</b>                    | NR     | NR     | NR     | 18     |

*\*Toners from centralized printers (MPS) for June-December 2015.  
NR = Not reported*

### Monitoring water consumption

Water scarcity is highlighted as an extremely important environmental aspect, as water needs and demand have been intensified during the last years. Being aware of its relative scarcity, INTRALOT strives to reduce water consumption, where feasible, and the Company:

- 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.
- There were no planned or unplanned water discharges and no significant spills of chemicals or fuels or any other material.

### Water Consumption

|  | 2015  | 2016   | 2017    | 2018   |
|--|-------|--------|---------|--------|
| <b>Water consumption (m<sup>3</sup>)</b> | 4.816 | 9.676* | 10.474* | 8.628* |

*\*The increased water consumption for 2016-2018 can be attributed to the volume required to fill the cooling towers for the air conditioning system in INTRALOT's building in Maroussi, due to water leakages noticed.*

**Water consumption reduced by 17,6%**

### 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 (purchased from private energy providers) and heating petrol.

#### Energy Consumption\*

|  | 2015      | 2016      | 2017      | 2018      |
|--|-----------|-----------|-----------|-----------|
| <b>Diesel for vehicle fleet (lt)</b>   | NR        | NR        | 48.932    | 53.263    |
| <b>Gasoline for vehicle fleet (lt)</b> | NR        | NR        | 33.417    | 23.597    |
| <b>Heating petrol (lt)</b>             | 65.000    | 60.000    | 88.456    | 81.453    |
| <b>Electricity (KWh)</b>               | 2.101,838 | 3.408,380 | 3.281,880 | 2.775,643 |

*\*Data refer to all buildings of INTRALOT S.A. NR = Not reported*

**Electricity consumption reduced by 15,4%**

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 for heating and hot water (boilers), air conditioning systems, as well as computer and other office equipment.
- Monitors the fuel consumption of corporate leased vehicles, through fuel cards issued to users.
- Utilizes company buses from major public transportation stations to transport employees from/to Paeonia premises.
- Uses LED lamps in its building in Maroussi, while approximately 85% and 10% of lamps installed in Maroussi and Paeonia premises respectively are energy-efficient lamps.
- Has installed photoelectric cells in garage areas to turn off lights when there are no employees in those areas.

- Has instructed the Building Security guards to regularly inspect workspace areas during their shifts, in order to ensure that lights and the heating/cooling are turned off in 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

Even though 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<br>(tons CO <sub>2</sub> ) | 2016<br>(tons CO <sub>2</sub> ) | 2017<br>(tons CO <sub>2</sub> ) | 2018<br>(tons CO <sub>2</sub> ) |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| <b>Direct (Scope 1) Greenhouse gas emissions</b>     |                                 |                                 |                                 |                                 |
| <b>Due to diesel consumption for vehicle fleet</b>   | NR                              | NR                              | 129,2                           | 140,7                           |
| <b>Due to gasoline consumption for vehicle fleet</b> | NR                              | NR                              | 76,9                            | 54,3                            |
| <b>Due to petrol consumption for heating</b>         | 173,3                           | 160,6                           | 236,7                           | 218                             |
| <b>Indirect (Scope 2) Greenhouse gas emissions</b>   |                                 |                                 |                                 |                                 |
| <b>Due to electricity consumption</b>                | 1.513,3                         | 2.213,5                         | 2.198,9                         | 1.859,7                         |
| <b>TOTAL</b>   | <b>1.686,6</b>                  | <b>2.374,1</b>                  | <b>2.641,7</b>                  | <b>2.272,7</b>                  |

*\*Data refer to all buildings of INTRALOT S.A.*

*Sources of conversion factors: GHG Protocol GHG emissions from transport or mobile sources Calculation Tool v2.6 May 2015 (Diesel, Gasoline), GHG Protocol GHG emissions from stationary combustion Calculation Tool V 4.1 May 2015 (Heating Petrol), IEA - CO<sub>2</sub> Emissions from Fuel Combustion 2016 edition 1 (Electricity)*

*NR = Not reported*

**Carbon dioxide emissions reduced by 14,0%**

### Using environmentally friendlier refrigerants

INTRALOT's objective is to reduce the average Ozone Depleting Potential (ODP) of used refrigerants. For this reason, the Company mainly utilizes chlorofluorocarbons (CFCs) free refrigerants to cool its servers, use in air-conditioning (R407 and R410), and fire suppression



systems as well as for its coolers, in order not to harm the ozone layer, as they correspond to a lower ODP (R-11 equivalent).

### Air Travel

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, in order to reduce the impact of its business operations on climate change. Therefore, INTRALOT:

- Uses other modes of regional travel, where possible.
- Utilizes remote session technologies and conference calls 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<sub>2</sub> emissions from air travel

|  | 2015    | 2016  | 2017  | 2018  |
|--|---------|-------|-------|-------|
| <b>Flights (number)</b>                                      | 783     | 810   | 727   | 827   |
| Long flights (>4 hours)                                      | 180     | 320   | 172   | 155   |
| Short flights (<4 hours)                                     | 603     | 490   | 555   | 672   |
| <b>Travelled air miles (thousand miles)</b>                  | 1.101,5 | 849,9 | 773,9 | 686,9 |
| <b>CO<sub>2</sub> emissions (indirect emissions) (tons)*</b> | 549,6   | 585,1 | 492,8 | 437,4 |

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

**Carbon dioxide emissions from air travel  
reduced by 11,2%**

### **Promoting environmental awareness**

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

- Includes 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.
- Supports the activities of its Corporate Volunteer Group, which was created in 2005 and actively engages in various programs and initiatives with Stakeholders and the wider public on environmental protection issues. The Corporate Volunteer Group has created the GREEN SITE, an electronic platform that supports their mission and publicizes their activities.
- Trains employees on environmental protection and the efficient use of energy sources.

### **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 as well as apply practices to eliminate excessive behavior and protect vulnerable groups, such as individuals under legal age of play, persons with a gaming addiction and individuals not aware of risks of problem gaming.

It is important that anyone who participates in games of chance understands the possible risks of the entertainment that they are buying and how they vary from one type of games to another. Players must make their choices based on aspects of the game or the gaming service, know and accept the odds and never overestimate the chances of winning or try to recover losses by persisting to game beyond their means.

## Responsible Gaming Approach



Preventing underage  
illegal & problem gaming



Empowering players with  
the choice of well-designed  
games in a secure, trustful  
environment



An ethical regulatory  
environment expected  
by society

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.

### **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**

| <b>Element</b>                                  | <b>Description</b>  |
|---|---|
| <b>Research</b>                                 | Support and/or conduct, integrate and disseminate Responsible Gaming related research.  |
| <b>Employee Program</b>                         | Ensure and support efficient and effective application of Responsible Gaming principles by all relevant employees.                              |
| <b>Retailer Program</b>                         | Ensure and support efficient and effective application of Responsible Gaming principles by retailers and their front-line employees.            |
| <b>Game Design</b>                              | Apply evidence-based Responsible Gaming considerations to design, selection and introduction of new lottery and gaming products.                |
| <b>Remote Gaming Channels</b>                   | Ensure that interactive remote gaming platforms have safeguards in place that protect players.  |
| <b>Advertising and Marketing Communications</b> | Ensure continuous improvement of responsible marketing and communications practices and application of regulatory codes.                        |
| <b>Player Education</b>                         | Support, integrate and disseminate information related to good practices in responsible play ('informed player choice') and treatment referral. |
| <b>Treatment Referral</b>                       | Offer support, guidance and referral to specialized services to customers with potential or actual gaming addiction problems, if needed.        |

Within 2018, INTRALOT S.A. renewed its Certificate of Alignment with WLA Responsible Gaming Framework for Associate members until 2021, following an in-depth independent assessment performed on its products and services as well as its Responsible Gaming practices by TÜV NORD, one of the world's largest certification bodies and WLA approved assessor.

## **Ethics – Code of Conduct**

*Integrating responsibility in our  
everyday operations*

The importance of responsible operation is embedded in the way INTRALOT is managed, as the Company adopts 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 Officers 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](http://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 employees' employment 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 2019.

## **HUMAN RESOURCES**

### **Our Best Asset**

Acknowledging the importance of Human Resources as the most important asset and competitive advantage of any Company, the policies pursued, and the initiatives undertaken by INTRALOT and its subsidiaries abroad, aim at effectively attracting, enhancing, motivating, 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, 2019 has been a year of continuing to disseminate HR systems and policies to the subsidiaries, focusing on resourcing campaigns and processes, increasing and upgrading our Technology personnel, and motivating our people with various corporate initiatives. Moreover, the HR department played a vital role in creating the new organizational structure, which best aligns our human capital with the solution delivery model, and communicated the 'New Era' principles, such as customer satisfaction and operational excellence, top down and across all teams.

At Headquarters level, the total turnover rates were at the range of 16,6%, while the people who joined reached 15,7% of the total personnel base. For the selection of human resources, high recruitment standards and processes have been followed.

### **Training and Development**

In 2019, our efforts have been focused on internal promotions and training. 10% of our people were internally promoted, while 6 persons have been assigned to new international projects and positions around the globe.

INTRALOT's Performance Development System was implemented for all employees at Headquarters and has been 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 and result in development plans.

In terms of Training, great emphasis was placed on specialized training mainly through e-learning platforms, detailed induction programs for newcomers and leadership development programs as

well as safety and compliance. Indicatively, at Headquarters level, 102 Training Programs were carried out, 40% of them via e-learning, while 98% of all new employees attended the induction programs.

Internal Hackathon was organized for the second time, not only for INTRALOT Headquarters' employees, but also from our different subsidiaries around the world.

Furthermore, a series of learning and awareness initiatives was carried out the past year, such as Wellness Informative sessions, "Going Green" at Office, Nutrition and Office ergonomics.

## **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 financial position. 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 management means maintaining adequate liquidity, funding ability through approved credit limits, and ability to repay liabilities. The Group has established specific policies to manage and monitor its liquidity in order to continuously have sufficient cash and liquid non-core assets that can meet its obligations. In addition, the Group has set up a system of monitoring and constant optimization of its operating and investing costs in the framework of its liquidity management policies.

Further analysis of the maturity of the financial liabilities of the Group is provided in note [2.33](#) 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 [2.33](#) 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 2019, taking into account the impact of financial hedging products, approximately 98% of the Group's borrowings are at a fixed rate (31/12/2018: 97%) with an average life of approximately 4 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 [2.33](#) 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 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 (31/12/2019: approximately 2,41), and will be able to incur additional senior debt as long as on a pro forma basis the ratio of total net debt to EBITDA (senior leverage ratio) is not more than 3,75 (31/12/2019: approximately 5,79). Furthermore to the above, the Group can incur additional debt from specific baskets. 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 [2.33](#) 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 it 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.

### **Risk of coronavirus pandemic (COVID-19)**

The coronavirus outbreak occurred at a time close to the end of 2019. In late 2019, a cluster of cases displaying the symptoms of a “pneumonia of unknown cause” were identified in Wuhan, the capital of China’s Hubei province. On 30 December 2019, the Wuhan Municipal Health Committee issued an urgent notice about the virus and on 31 December 2019, China alerted the World Health Organisation (WHO) of this new virus. On 30 January 2020, the International Health Regulations Emergency Committee of the WHO declared the outbreak a “Public Health Emergency of International Concern”. Since then, more cases have been diagnosed, also in other countries. Measures were taken and policies imposed by China and other countries. On 11 March 2020, the WHO announced that the coronavirus outbreak can be characterised as a pandemic. Many governments have introduced various measures to combat the outbreak, including travel restrictions, quarantines, closure of business and other venues and lockdown of certain area. These measures have affected the global supply chain as well as demand for goods and services. At the same time, fiscal and monetary policies are being relaxed to sustain the economy. These government responses and their corresponding effects are still evolving.

For 31 December 2019 financial statements, the financial reporting effects of the COVID-19 outbreak are generally subsequent non-adjusting events because the significant changes in business activities and economic conditions occurred as a result of events arising after the reporting date – e.g. actions taken by governments and the private sector to respond to the COVID-19 outbreak. However, the future potential impact of this outbreak must be assessed in the light of the accounting going concern used to prepare these Annual Financial Statements for the period ended 31 December 2019. Given the proliferation of COVID-19, it is difficult to predict the range of possible results for the global economy at this point. The results may range from the successful reduction of the virus and the small short-term effects, to a prolonged effect that can lead to a possible recession. In addition, most governments have recently stated that certain political and fiscal actions will be implemented, aiming at mitigating the potential negative economic impact.

Regarding the activities of the Group, the Management closely monitors the developments from the outbreak, follows the guidance of the local health authorities and observes the requirements and actions implemented by all local governments. The Group has implemented emergency plans to reduce the

potential adverse effects on the Group's employees and businesses. Further details regarding the restrictions on Group operations from both COVID-19 and local governments actions, as well as the potential financial impacts on the performance of the year 2020, are presented in the section "Significant Events after the end of the FY19 - until the date of the Financial Statements release" of the current Report of the Board of the Directors, and in the note [2.37](#) "Subsequent events" of the Annual Financial Statements for the period ended 31 December 2019.

**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<br>(total operations)         | Income                    |                           | Expense                   |                           |
|-------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
|                                     | 01/01/2019-<br>31/12/2019 | 01/01/2018-<br>31/12/2018 | 01/01/2019-<br>31/12/2019 | 01/01/2018-<br>31/12/2018 |
| Intracom Holdings Group             | 96                        | 184                       | 5.827                     | 4.933                     |
| Hellenic Lotteries S.A.             | 4.994                     | 7.227                     | 0                         | 0                         |
| Lotrich Information Co LTD          | 3.391                     | 4.747                     | 2                         | 0                         |
| Intralot de Peru SAC                | 4.421                     | 3.021                     | 0                         | 0                         |
| Firich Enterprises Co LTD           | 0                         | 0                         | 4.946                     | 25.953                    |
| Other related parties               | 33                        | 427                       | 7.148                     | 4.114                     |
| Executives and members of the board | 0                         | 0                         | 7.951                     | 8.703                     |
| <b>Total</b>                        | <b>12.935</b>             | <b>15.606</b>             | <b>25.874</b>             | <b>43.703</b>             |

| Company                             | Income                    |                           | Expense                   |                           |
|-------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
|                                     | 01/01/2019-<br>31/12/2019 | 01/01/2018-<br>31/12/2018 | 01/01/2019-<br>31/12/2019 | 01/01/2018-<br>31/12/2018 |
| Hellenic Lotteries S.A.             | 3.342                     | 5.411                     | 0                         | 0                         |
| Intracom Holdings Group             | 11                        | 0                         | 5.720                     | 4.792                     |
| Lotrich Information Co LTD          | 3.599                     | 5.083                     | 2                         | 0                         |
| Intralot de Peru SAC                | 5.781                     | 4.356                     | 0                         | 0                         |
| Intralot Nederland B.V.             | 696                       | 1.209                     | 0                         | -289                      |
| Intralot Maroc S.A.                 | 1.608                     | 1.760                     | 0                         | -82                       |
| Maltco Lotteries Ltd                | 1.612                     | 1.755                     | 0                         | 0                         |
| Intralot Finance UK LTD             | 0                         | 0                         | 15.251                    | 13.953                    |
| Betting Company S.A.                | 3.753                     | 427                       | 1.387                     | 1.591                     |
| Inteltek Internet AS                | 9.504                     | 4.491                     | 0                         | 8                         |
| Azerinteltek AS                     | 0                         | 1.288                     | 0                         | 0                         |
| Intralot Global Operations B.V.     | 2.931                     | 3.485                     | 66                        | 48                        |
| Intralot Do Brazil LTDA             | 1.721                     | 1.546                     | 0                         | -175                      |
| Intralot Inc                        | 8.294                     | 6.472                     | 58                        | 20                        |
| Intralot Operations Ltd             | 430                       | 1.495                     | 0                         | 0                         |
| Bilyoner Interaktif Hizmetler A.S.  | 4.462                     | 6.915                     | 0                         | 0                         |
| Intralot Ireland LTD                | 1.053                     | 1.254                     | 0                         | 0                         |
| Intralot Iberia Holdings S.A.       | 1.649                     | 1.169                     | 0                         | 0                         |
| Ilot Capital UK LTD                 | 0                         | 0                         | 1.786                     | 1.624                     |
| Ilot Investments UK LTD             | 0                         | 0                         | 1.786                     | 1.624                     |
| Intralot Gaming Services PTY LTD    | 4.225                     | 3.784                     | 33                        | 7                         |
| Intralot Adriatic DOO               | 2.865                     | 173                       | 0                         | 0                         |
| Intralot Benelux B.V.               | 6.519                     | 0                         | 0                         | 0                         |
| Other related parties               | 2.541                     | 2.303                     | 6.991                     | 7.346                     |
| Executives and members of the board | 0                         | 0                         | 4.922                     | 5.712                     |
| <b>Total</b>                        | <b>66.596</b>             | <b>54.376</b>             | <b>38.002</b>             | <b>36.179</b>             |

| Group<br>(total operations)         | Receivable    |               | Payable       |               |
|-------------------------------------|---------------|---------------|---------------|---------------|
|                                     | 31/12/2019    | 31/12/2018    | 31/12/2019    | 31/12/2018    |
| Intracom Holdings Group             | 1.904         | 7.721         | 7.046         | 4.131         |
| The Players Group LTD               | 0             | 0             | 0             | 1.680         |
| Lotrich Information Co LTD          | 1.592         | 2.573         | 0             | 0             |
| Gamenet Group SpA                   | 0             | 3.500         | 0             | 0             |
| Turkcell Group                      | 191           | 4             | 0             | 18            |
| Other related parties               | 7.420         | 8.674         | 3.235         | 4.497         |
| Executives and members of the board | 40            | 23            | 369           | 456           |
| <b>Total</b>                        | <b>11.147</b> | <b>22.495</b> | <b>10.650</b> | <b>10.782</b> |

| Company                                | Receivable    |               | Payable        |                |
|--|---------------|---------------|----------------|----------------|
|  | 31/12/2019    | 31/12/2018    | 31/12/2019     | 31/12/2018     |
| Intracom Holdings Group                | 67            | 5.919         | 6.298          | 3.477          |
| Lotrich Information Co Ltd             | 1.592         | 2.573         | 0              | 0              |
| Intralot Do Brazil LTDA                | 26.850        | 25.129        | 0              | 0              |
| Intralot Operations Ltd                | 321           | 1.250         | 0              | 0              |
| Betting Company S.A.                   | 1.324         | 801           | 3.596          | 3.380          |
| Loteria Moldovei S.A.                  | 0             | 1.513         | 0              | 0              |
| Pollot Sp.zoo                          | 484           | 3.896         | 0              | 0              |
| Maltco Lotteries Ltd                   | 1.443         | 1.419         | 0              | 0              |
| LotRom S.A.                            | 1.663         | 1.663         | 13.165         | 13.495         |
| Intralot Inc                           | 21.310        | 20.307        | 288            | 226            |
| Intralot Finance UK LTD                | 0             | 0             | 224.072        | 235.117        |
| Intralot Beijing Co LTD                | 0             | 0             | 1.975          | 1.949          |
| Intralot Services S.A.                 | 87            | 2.166         | 423            | 2.578          |
| Ilot Capital UK LTD                    | 0             | 0             | 27.418         | 25.632         |
| Ilot Investments UK LTD                | 0             | 0             | 27.418         | 25.632         |
| Intralot Chile SpA                     | 723           | 2.047         | 0              | 0              |
| Inteltek Internet AS                   | 30            | 1.504         | 0              | 0              |
| Intralot Gaming Services PTY LTD       | 3.964         | 3.477         | 5              | 9              |
| Intralot Maroc S.A.                    | 2.966         | 2.070         | 0              | 0              |
| Totolotek S.A.                         | 0             | 1.326         | 0              | 0              |
| Intralot Betting Operations Russia Ltd | 0             | 1.105         | 0              | 0              |
| Intralot Global Operations B.V.        | 2.925         | 3.490         | 52             | 53             |
| Intralot Australia PTY LTD             | 7             | 46            | 1.308          | 169            |
| Intralot Adriatic DOO                  | 2.964         | 149           | 0              | 0              |
| Intralot Iberia Holdings S.A.          | 1.226         | 967           | 0              | 0              |
| Intralot Benelux B.V.                  | 3.177         | 0             | 0              | 0              |
| Other related parties                  | 9.703         | 10.076        | 2.133          | 3.813          |
| Executives and members of the board    | 0             | 0             | 129            | 220            |
| <b>Total</b>                           | <b>82.826</b> | <b>92.893</b> | <b>308.280</b> | <b>315.750</b> |

From the company income in 2019, €17.348 thousand (2018: €11.426 thousand) refer to dividends from the subsidiaries Inteltek Internet AS, Bilyoner AS Holding Company, Betting Company S.A. 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 1/1/2019-31/12/2019 were €7,9 million and €4,9 million respectively (2018: €8,7 million and €5,7 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:

- Net sales after winners payout (GGR)
- Adjusted EBITDA,
- Adjusted Net Debt, and
- Adjusted free cash flow,

#### Net Sales after winners' payout (GGR)

The "Net Sales after winners' payout (GGR)" are calculated by subtracting the "Pay out" from "Sale proceeds". The relevant calculations are illustrated below:

|   | GROUP          |                |
|---|----------------|----------------|
|   | 1/1-31/12/2019 | 1/1-31/12/2018 |
| Sale proceeds                               | 720.581        | 784.368        |
| Winners Pay out                             | -311.412       | -349.400       |
| <b>Net sales after winners payout (GGR)</b> | <b>409.169</b> | <b>434.968</b> |

#### 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 lease liabilities" the "Short-term debt" and the "Short-term lease liabilities" 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 Poland (Totolotek SA). The relative calculations are presented below:

|   | GROUP          |                         |
|---|----------------|-------------------------|
|   | 31/12/2019     | 31/12/2018 <sup>1</sup> |
| Long-term debt                                    | 716.674        | 735.297                 |
| Long-term lease liabilities                       | 10.681         | 1.797                   |
| Short-term debt                                   | 31.851         | 38.929                  |
| Short-term lease liabilities                      | 6.019          | 1.726                   |
| <b>Total debt</b>                                 | <b>765.225</b> | <b>777.749</b>          |
| Cash and cash equivalents                         | -171.114       | -162.461                |
| <b>Net debt</b>                                   | <b>594.111</b> | <b>615.288</b>          |
| Discontinued operations debt                      | 0              | -1.272                  |
| Discontinued operations cash and cash equivalents | 0              | 1.080                   |
| <b>Net debt (adjusted)</b>                        | <b>594.111</b> | <b>615.096</b>          |
| <b>EBITDA from continuing operations</b>          | <b>87.784</b>  | <b>117.736</b>          |
| <b>Leverage</b>                                   | <b>6,77</b>    | <b>5,22</b>             |

<sup>1</sup> The Net Debt 31/12/2018 has been adjusted to exclude the balances of Group discontinued operations in Totolotek S.A.

### EBITDA

International Financial Reporting Standards (IFRS) do not define the content of the "EBITDA" & "EBIT". The Group defines "EBITDA" as "Operating Profit/(Loss) before tax" adjusted for the figures "Profit/(loss) from equity method consolidations", "Profit / (loss) to net monetary position", "Exchange Differences", "Interest and related 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          |                |
|--|----------------|----------------|
|  | 1/1-31/12/2019 | 1/1-31/12/2018 |
| Operating profit/(loss) before tax   | -70.637        | -14.829        |
| Profit/(loss) to net monetary position   | -510           | 130            |
| Profit/(loss) equity method consolidation  | 17.510         | 17.461         |
| Foreign exchange differences   | -3.238         | -8.608         |
| Interest and similar income  | -4.630         | -8.105         |
| Interest and similar expenses  | 52.668         | 50.059         |
| Income / (expenses) from participations and investments                          | -16.742        | -2.396         |
| Gain / (loss) from assets disposal, impairment loss and write-off of assets      | 30.725         | 19.272         |
| <b>EBIT</b>  | <b>5.146</b>   | <b>52.984</b>  |
| Depreciation and amortization  | 82.638         | 64.752         |
| <b>EBITDA</b>  | <b>87.784</b>  | <b>117.736</b> |

### 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 2019 and 2018 the most important associates and other companies are identified as: Intralot de Peru SAC, Hellenic Lotteries S.A. (until the sale date of the investment), Lotrich Information Co LTD and Eurofootball Ltd. (from the date of consolidation under the equity method). The EBITDA of the Gamenet Group SpA has been excluded from the calculation as it has been classified in the discontinued operations according to the IFRS 5. The relevant calculations are presented below:

|  | GROUP          |                |
|--|----------------|----------------|
|  | 1/1-31/12/2019 | 1/1-31/12/2018 |
| <b>EBITDA</b>  | <b>87.784</b>  | <b>117.736</b> |
| "Proportionate" EBITDA of the Group  | 59.214         | 78.474         |
| "Proportionate" EBITDA of the most important associates and other companies of the Group | 9.490          | 8.478          |
| <b>Adjusted EBITDA</b>   | <b>68.704</b>  | <b>86.952</b>  |



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 Azerinteltek AS, Totolotek SA and the selling expenses of the investment in Gamenet Group S.p.A.). 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          |                |
|------------------------------------|----------------|----------------|
|                                    | 1/1-31/12/2019 | 1/1-31/12/2018 |
| <b>EBITDA</b>                      | <b>87.784</b>  | <b>117.736</b> |
| Maintenance Capital Expenditure    | -9.140         | -19.591        |
| Income tax paid                    | -14.293        | -14.514        |
| Interest and similar expenses paid | -48.400        | -48.449        |
| Refinancing costs paid             | 320            | 1.692          |
| Interest received                  | 4.525          | 5.388          |
| Dividends received                 | 10.090         | 7.958          |
| Dividends paid                     | -32.101        | -31.640        |
| <b>Adjusted free cash flows</b>    | <b>-1.215</b>  | <b>18.580</b>  |

Reconciliation with Group Cash Flow Statement:

| GROUP 1/1-31/12/2019               | Total Operations | Discontinued Operations | Continuing Operations |
|------------------------------------|------------------|-------------------------|-----------------------|
| Income tax paid                    | -14.293          | 0                       | -14.293               |
| Interest and similar expenses paid | -48.483          | -83                     | -48.400               |
| Interest received                  | 4.526            | 1                       | 4.525                 |
| Dividends received                 | 10.090           | 0                       | 10.090                |
| Dividends paid                     | -41.714          | -9.613                  | -32.101               |
| GROUP 1/1-31/12/2018               | Total Operations | Discontinued Operations | Continuing Operations |
| Income tax paid                    | -23.959          | -9.445                  | -14.514               |
| Interest and similar expenses paid | -48.835          | -386                    | -48.449               |
| Interest received                  | 5.614            | 226                     | 5.388                 |
| Dividends received                 | 7.958            | 0                       | 7.958                 |
| Dividends paid                     | -36.317          | -4.677                  | -31.640               |

From the information stated above and from the Financial Statements you are able to have a complete picture of the Group for the year 1/1/2019-31/12/2019.

Maroussi, 4/5/2020

Sincerely,  
Group CEO

Christos K. Dimitriadis

## **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 eighty eight thousand five hundred sixteen euro and thirty cents (€47,088.516.30) divided by one hundred fifty six million nine hundred sixty one thousand seven hundred twenty one (156.961.721) 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**

Socratis Kokkalis owned 20.26% of the corporate share capital as of 31/12/2019.  
Mittleman Brothers LLC as of 31/12/2019 owned directly or indirectly and represented voting rights of 10.216% of the corporate share capital.  
Konstantinos Dimitriadis owned 5.667% of the corporate share capital as of 31/12/2019.  
INTRALOT S.A. as of 31/12/2019 hold own shares representing 5.861% 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 Law 4548/2018.

### **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 and 3 of the corporate Statute:  
" 2. Without prejudice to the provisions of par. 3 of this article, it is decided herewith that the Company's Board of Directors is entitled upon relevant authorization of the General Meeting of the Company's Shareholders, to make a decision by the majority of two thirds (2/3) of all its members and to increase the Company's share capital, wholly or partly, by issuing new shares for an amount which cannot exceed three times the amount of the share capital which was paid up on the date when such power and authority was granted to the Board of Directors. The above decision of the General Meeting of the Company's Shareholders is subject to publication in accordance with the provisions of article 13 of L. 4548/2018.

*The above power and authority of the Board of Directors can be renewed by the General Meeting of the Company's Shareholders for a period of time not exceeding a five-year period for each renewal, while it becomes effective after the expiration of each five-year period.*

3. *Any decision on increase of the Company's share capital made in accordance with the provisions of par. 2 of this article constitutes a modification of the Company's Articles of Association".*

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

b. In the cases referred to in article 26 of the Law 4548/2018 and article 113 of L.4548/2018 in accordance with the article 7 § 3 and 4 (grant stock option rights) last quotation of Articles of Association.

*"3. In any case of increase of the Company's capital, which is not made by way of contribution in kind as well as in the case of issue of bonds convertible into shares, the shareholders of the Company at the time of issue of the new shares have a pre-emption right as regards the acquisition of all new shares or the participation in the bond loan, on a pro-rata basis, according to the number of shares they already own.*

*The pre-emption right should be exercised within the deadline set by the Company's body which decided on the increase. Such deadline can under no circumstances be less than fourteen (14) days, without prejudice to the provisions regarding deadline for payment of the share capital, as specified in article 20 of L.4548/2018. In case of paragraph 2 of article 25 of L.4548/2018, the deadline set for the exercise of the pre-emption right starts as of the date when the relevant decision of the Board of Directors was made regarding determination of the price of disposal of the new shares. After the expiration of such deadlines, the shares which have not been paid according to everything specified hereinabove, shall be disposed of by the Company's Board of Directors at its discretion at a price which cannot be less than the price paid by the shareholders at the time of increase. In the event that the Company's body which decided on the increase of the capital fails to set the deadline for the exercise of the pre-emption right, then such deadline or any extension thereof, is set upon decision of the Company's Board of Directors within the period of time specified in article 20 of L. 4548/2018.*

*The invitation regarding the exercise of the pre-emption right should also specify the deadline for the exercise of such right and is subject to publication by the Company in the Government Gazette. Without prejudice to the provisions of paragraph 2 of article 25 of L. 4548/2018, the invitation regarding the exercise of the pre-emption right and the notification regarding the deadline set for the exercise of the pre-emption right, according to everything specified hereinabove, may be omitted, provided that shareholders representing the entire share capital were present in the meeting and provided that they were notified of the deadline set for the exercise of the pre-emption right or declared that they have decided whether they shall exercise or not the pre-emption right. The publication of the invitation may be replaced by a registered letter, return receipt requested.*

*Upon decision of the General Meeting of the Company's Shareholders made in accordance with the provisions of paragraphs 3 and 4 of article 130 and paragraph 2 of article 132 of L. 4548/2018, the pre-emption right specified in article 26 of L. 4548/1920, may be limited or abolished. Such decision can only be made in the event that the Company's Board of Directors has submitted to the General Meeting of the Company's Shareholders a written report specifying the reasons why the pre-emption right should be curtailed or abolished and justifying the price which is suggested for the issue of the new shares. The decision of the General Meeting is subject to publication. There is no case of exclusion from the pre-emption right, according to everything specified in the previous paragraph, when shares are taken by credit institutions or by companies providing investment consulting services, which are entitled to accept title deeds for safeguarding, according to everything specified in the previous paragraph, and in order to offer them to the shareholders, in accordance with the provisions of paragraph 1 of article 26 of L. 4548/2018. In addition, there is no case of exclusion from the pre-emption right, when the capital increase is intended to give employees a holding in the Company's share capital in accordance with articles 113 and 114 of L. 4548/2018.*

*The Capital may be increased, in part, by contributions in cash and, in part, by contribution in kind. In this case, the competent body which decides on the increase should declare that the fact that shareholders who contribute in kind do not participate in the increase, which is made by contribution in cash too, does not constitute an exclusion of theirs of the pre-emption right, if the percentage of contributions in kind in comparison to the entire amount of increase is at least equal to the percentage of share capital owned by those shareholders, who make the said*

contributions. In case of increase of the capital partially by contribution in cash and partially by contribution in kind, the value of contributions in kind should have been assessed, in accordance with the provisions of articles 17 and 18 of L. 4548/2018, before any relevant decision is made.

4. Upon decision of the General Meeting of the Company's Shareholders made, in accordance with the provisions of paragraphs 3 and 4 of article 130 and paragraph 2 of article 132 of L. 4548/2018, a plan may be prepared for the disposal of shares to the members of the Board of Directors and to the personnel of the Company and of other affiliated companies as defined in article 32 of L. 4308/2014, in the form of a pre-emption right (option), on the terms and conditions of such decision, while a summary of such decision is subject to publication. Persons who provide services to the Company on a regular basis can also be designated as beneficiaries in the above plan. The nominal value of shares, which are disposed of according to the provisions of this paragraph, can under no circumstances exceed one tenth (1/10) of the share capital, which was paid up on the date when such decision was made by the General Meeting of the Company's Shareholders. The decision of the General Meeting of the Company's Shareholders specifies that, in order to satisfy the legal requirements with regard to the pre-emption right, the Company will increase its share capital or will use shares, which are acquired or have been acquired by the Company, in accordance with the provisions of article 49 of L. 4548/2018. In any case, the decision of the General Meeting of the Company's Shareholders should specify the highest number of shares which may be acquired or issued, in the event that the beneficiaries shall exercise the above mentioned right of theirs, the price and the terms and conditions for disposal of the shares to the beneficiaries, the beneficiaries or the categories of beneficiaries and the method used for the determination of the price of acquisition thereof, without prejudice to the provisions of paragraph 2 of article 35 of L. 4548/2018, the duration of the plan as well as any other relevant term and condition. According to the same decision the beneficiaries or the categories of beneficiaries, the way of exercise of the pre-emption right and any other term and condition related to the plan for the disposal of shares. According to the terms and conditions of the plan, the Company's Board of Directors issues for the beneficiaries who exercised their right certificates proving that they have acquired shares and every three months maximum, it delivers the shares which have already been issued or are issued and it delivers the shares to the above named beneficiaries, by increasing the Company's share capital, while it confirms the increase of the share capital. The decision of the Company's Board of Directors confirming the payment of the amount of increase should be made every three months, in deviation of the provisions of article 20 of L. 4548/2018. The provisions of article 26 of L. 4548/2018 do not apply to those capital increases.

Upon decision made, in accordance with the provisions of paragraphs 3 and 4 of article 130, and paragraph 2 of article 132 of L. 4548/2018, which is subject to publication, in accordance with the provisions of article 12 of L. 4548/2018, the General Meeting of the Company's Shareholders is entitled to authorize the Company's Board of Directors to prepare a plan for the disposal of shares, according to the provisions of the previous paragraph, by increasing the share capital, if necessary, and by making all other relevant decisions. Such authorization is valid for five (5) years, unless the General Meeting of the Company's Shareholders shall determine that it is valid for a shorter period of time and that it is irrelevant to the powers and authorities of the Company's Board of Directors, specified in paragraph 1 of article 24 of L. 4548/2018. The resolution of the Company's Board of Directors shall be passed under the terms of article 113 of L. 4548/2018. The above do not apply where the plan for the disposal of shares has been included in the approved remuneration policy.

With respect to the disposal of shares to members of the Board of Directors and/or employees of the Company or its associated companies as defined in article 32 of L. 4308/2014 free of charge, the provisions of article 114 of L. 4548/2018 shall apply. "

C. Pursuant to the former Codified Law 2190/1920 and specifically article 16 of the above mentioned law and the current Law 4548/2018 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 16.05.2018, 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 16.05.2018 and until 16.05.2020, with a minimum price of €0.30 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 or be distributed to the Company's employees or the staff of a company related with it.

During the nine months of 2018, the Company purchased 9,218,779 treasury shares (5.87% of the Company's share capital) at an average price of €0.93 per share, totalling €8,589 thousand. Until 31/12/2018 the Company holds 9,200,033 own shares (5.86% of the corporate share capital) with average price €0.93 per share and a total purchase price of €8,528 thousand, subtracting 2.000.000 treasury shares (1,27% of the share capital of the Company) at an average purchase price of €1,10, that were cancelled from the Shareholder's Annual General Meeting of 16.05.2018. From 01.01.19 until 31.12.19 the Company did not buy own shares.

**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 articles 152 and 153 of L 4548/2018.

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](http://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, 3016/2002, 4449/2017 and document no. 1302/28.4.2017 of the Hellenic Capital Market Commission addressed to listed companies and the L. 4548/2018 in drafting the Corporate Governance Code posted as applicable on the Company's website [www.intralot.com](http://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 General Meeting of the Company's shareholders is the supreme body of the Company and it is entitled to decide on every Company issue as per L. 4548/2018. The decisions of the General Meeting shall also be binding on absent or dissenting shareholders.

The General Meeting of the Company's Shareholders is the sole competent body to decide on the following issues:

- a) Modifications of the Articles of Association; Modifications include increases, regular or extraordinary, and decreases of the share capital;
- b) Election of members of the Board of Directors, and auditors;
- c) The approval of the overall management as per article 108 of L.4548/2018 and the discharge of auditors;
- d) Approval of the annual and any consolidated financial statements;
- e) Distribution of annual profits;
- f) The approval of the provision of remuneration or advance payments as per article 109 of L. 4548/2018;
- g) The approval of the overall remuneration policy as per article 110 of L. 4548/2018 and of the remuneration report as per article 112 of L. 4548/2018;
- h) The merger, splitting, transformation, revival, extension of the duration or the dissolution of the Company; and
- i) Appointment of liquidators.

The General Meeting shall meet at the registered head office of the company or in the district of another municipality within the district of the Company's registered head office or of another municipality adjacent to the Company's registered head office or in the district of the municipality where the registered head office of the Athens Stock Exchange is located. The General Meeting can meet anywhere when shareholders with voting rights representing the entire capital are present or represented in the meeting and no shareholder objects to the convening of the meeting and to any decision-making.

With the exception of repetitive meetings, the invitation to the General Meeting must be published at least twenty (20) full days before the day of the meeting.

The invitation to the General Meeting of the Company's Shareholders should clearly specify the date and time of the meeting, the premises - exact address where the meeting shall take place as well as the agenda items. It should also specify the shareholders being entitled to participate in the meeting and any instructions as regards the way in which those shareholders shall participate in the meeting and shall exercise their rights, in person or through a representative or from a distance. Furthermore, the invitation to the General Meeting should specify everything provided for in paragraph 4 of article 121 of L.4548/2018 and be published in accordance with the provisions of article 122 of L. 4548/2018. No other invitation to the repetitive meeting is required, if the initial invitation specifies the place and date of the repetitive meeting, provided that the repetitive meeting shall be convened at least five (5) full days after the meeting which was adjourned.

#### **Right to attend General Assemblies**

Every shareholder is entitled to participate and vote in the General Meeting of the Company's Shareholders either in person or through a representative, in accordance with the provisions of articles 124 and 128 of L. 4548/2018.



Shareholders who have not complied with the deadline of paragraph 4, article 128 of L. 4548/2018 participate in the General Meeting unless the General Meeting refuses their participation for serious cause justifying such refusal.

### **Quorum Majority**

A quorum is present and the General Meeting validly convenes on the items of the agenda, when shareholders representing one fifth (1/5) of the paid up capital are present in person or by proxy. If such quorum fails to be present in the first meeting, the General Meeting shall be held again within twenty (20) days of the date of postponement, by invitation with notice of at least ten (10) days. The repetitive General Meeting is considered to have reached a quorum and validly meets in order to discuss the initial agenda items regardless of the part of the paid-up capital being represented therein. No other invitation to the repetitive meeting is required, if the initial invitation specifies the place and date of the repetitive meetings, provided that the repetitive meeting shall be convened at least five (5) full days after the meeting which was adjourned.

The decisions of the General Meeting of the Company's Shareholders are made by absolute majority of votes being represented in the meeting.

Exceptionally, the General Meeting is considered to have reached a quorum and validly meets in order to discuss the agenda items when shareholders representing at least one half (1/2) of the paid-up capital are present or represented therein, and in order to make decisions related to:

- a) change of the Company's nationality;
- b) alteration of the Company's object of activities
- c) increase of the shareholders' obligations;
- d) regular capital increase, unless required by law or made through capitalization of reserves;
- e) the decrease of the capital unless it is made as per paragraph 5 of article 21 of L. 4548/2018 or paragraph 6 of article 49 of L. 4548/2018;
- f) alteration of the manner of distribution of profits,
- h) the merger, splitting, transformation, revival, extension of the duration or the dissolution of the Company;
- i) the provision or renewal of power to the Board of Directors for a capital increase in accordance with paragraph 2 of article 5 hereof; and
- j) any other case for which the law provides that the General Meeting decides with increased quorum and majority.

In the case of the preceding paragraph, if the quorum required by the last subparagraph is not reached, the General Meeting is invited and meets again within twenty (20) days of the date of postponement, by invitation with notice of at least ten (10) days and is in quorum and meets validly on the issues of the original agenda when shareholders representing at least one-fifth (1/5) of the paid up capital are present or represented therein. No other invitation to the repetitive meeting is required, if the initial invitation specifies the place and date of the repetitive meetings, provided that the repetitive meeting shall be convened at least five (5) full days after the meeting which was adjourned.

## **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 27 of L. 4548/2018, priority right of article 26 of L. 4548/2018 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 130 par. 3 and 4 and par. 2 of article 132 of L. 4548/2018.

### **Minority rights**

Upon request of shareholders representing one twentieth (1/20) of the paid up capital, the Company's Board of Directors is obliged to convene an Extraordinary General Meeting of the Company's Shareholders, by setting the date of such meeting not later than forty-five (45) days from the date when the relevant request was served upon the President of the Board of Directors. The request should specify accurately the agenda items. In the event that the General Meeting of the Company's Shareholders shall not be convened within twenty (20) days from the service of the relevant request, then it should be convened by the shareholders who submitted the above request at the expense of the Company, by virtue of a judgment of the Single-Member First Instance Court in the district where the Company's registered head office is located and such judgment should be issued according to the proceedings of interim and precautionary measures and it should specify the place and time of the General Meeting and the agenda items.

Upon request of shareholders representing one twentieth (1/20) of the paid up capital, the Company's Board of Directors is obliged to add to the existing agenda items of the General Meeting of the Company's Shareholders which has already been convened any other items, provided that the relevant request has been submitted to the Company's Board of Directors at least fifteen (15) days prior to the General Meeting. Those items which shall be added should be published or should be communicated by the Company's Board of Directors, according to the provisions of article 122 of L. 4548/2018, at least seven (7) days prior to the General Meeting. The request to add those additional items to the existing agenda items should also specify the respective reasons or it should contain a draft decision which should be approved by the General Meeting of the Company's Shareholders, while the revised agenda items should be published according to everything provided for as regards the publication of the previous agenda items, thirteen (13) days prior to the date of the General Meeting of the Company's Shareholders and it should be available for the shareholders at the website of the Company together with the reasons or the draft decision which has been submitted by the shareholders in accordance with the provisions of article 123 of L.4548/2018. Should such issues be not published, the applicant shareholders are entitled to request the adjournment of the General Meeting, under paragraph 5 of article 141 of L.4548/2018, and to proceed themselves to the publication, as per the specifications of the second item of the present paragraph, at the expenses of the company.

Shareholders representing one twentieth (1/20) of the paid-up capital are entitled to submit draft decisions on items included in the initial or any revised agenda of the General Meeting. The relevant request must be received by the Company's Board of Directors at least seven (7) days before the date of the General Meeting and the draft decisions must be made available to the Company's shareholders in accordance with the provisions of article 123, par. 3 of L. 4548/2018 at least six (6) days before the date of the General Meeting.

The Board of Directors is under no obligation to record matters in the agenda, publish or notify them along with justification and drafts of resolutions submitted by the shareholders, should their content evidently opposes to the law or the public morality.

Upon request of the shareholder(s) representing one twentieth (1/20) of the paid up capital, the President of the General Meeting is obliged to postpone just once any decision-making by the Ordinary or Extraordinary General Meeting, by setting as date for the continuation of the meeting as regards any decision-making, the date designated in the Shareholders' request, and in any case, a date not later than twenty (20) days from the date of postponement. The upon adjournment general meeting is a continuation of the previous meeting and no reiteration of the shareholders' invitation publication formalities is required; moreover, to this meeting may participate even new shareholders, by abiding by the provisions of paragraph 6 of article 124 of L. 4548/2018.

Upon request of any shareholder which should be submitted to the Company at least five (5) full days prior to the General Meeting, the Company's Board of Directors is obliged to provide to the General Meeting specific information requested with regard to the Company's affairs, to the extent that such information is relevant to the agenda items. The Board of Directors is not obliged to provide the information requested, when such information is already available at the Company's website, and particularly in the form of questions - answers. Furthermore, upon request of shareholders representing one twentieth (1/20) of the paid up capital, the Company's Board of Directors is obliged to notify the Ordinary General Meeting of the Company's Shareholders of the amounts paid by the Company due to any reason whatsoever during the last two years to the members of the Board of Directors or the Company's managers as well as of any remuneration paid to those persons as a result of any contract whatsoever concluded between them and the Company. In all the above-mentioned cases, the Board of Directors may refuse to provide the information requested for good reasons, while those reasons should be mentioned in the minutes of the meeting. In the cases set out in this paragraph, the Board of Directors may provide a single answer to any shareholders' requests relating to the same matter.

Upon request of shareholders representing one tenth (1/10) of the paid up capital, which should be submitted to the Company within the deadline specified in the previous paragraph, the Company's Board of Directors is obliged to provide to the General Meeting of the Company's Shareholders any information on the Company's course of business operations and on the Company's assets. The Board of Directors may refuse to provide the information requested for good reasons, while those reasons should be mentioned in the minutes of the meeting.

Upon request by shareholders representing 1/20 of the paid-up capital, the voting on an item or items on the agenda shall be made by an open vote.

Shareholders of the Company representing at least one twentieth (1/20) of the paid-up capital may request the extraordinary audit of the Company by the court which shall hear the case under the ex parte proceedings.

Shareholders of the Company representing one fifth (1/5) of the paid up capital are entitled to request from the court the audit of the Company, where from the course of the Company's business operations as a whole, and based on specific indications, it is believed that the management of the Company's corporate affairs is not exercised according to the criteria of sound and prudent management.

### **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 161 of L. 4548/2018), which 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 six year term which is automatically extended until the first annual General Meeting following the end of their term 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 or/ and one or two Deputy 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 or impediment of the President, the latter shall be substituted (as regards all powers and authorities of his/hers) by the Vice-President, acting as a deputy President, and in the absence of a President or a Deputy thereof, the duties of President may be carried out temporarily by the shareholder with the largest number of voting shares.

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 17 April 2019, for a six-year term, has the following composition after the resignation of the member Mr. Dimitrios Klonis and the 13.04.2020 reconstruction of the Board of Directors consisting of :

1. Socratis P. Kokkalis, Chairman, executive member,
2. Constantinos G. Antonopoulos, Vice Chairman, non-executive member,
3. Christos K. Dimitriadis, CEO, executive member
4. Chrisostomos D. Sfatos, Deputy CEO, executive member,
5. Nikolaos I. Nikolakopoulos, Director , executive member,
6. Alexandros- Stergios N. Manos, 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](http://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 apprised 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 councilor. 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 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 country 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**

The Remuneration and Nomination Committee following the resignation of Mr. D. Klonis on 09.03.2020 consists of:

Chairman:

Alexandros- Stergios, N. Manos, Director, Independent-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 shall frame the Chief Executive Officer and is comprised of the Deputy Chief Executive Officer, the Executive Members of the BOD, the senior executives who will report to the Chief Executive Officer on an organizational basis, to the CEO or its any Deputy upon invitation 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 or 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 (01.01.2019-31.12.2019)

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

| FULL NAME                                 | 55 PARTICIPATIONS IN DECISION MAKING PROCEDURES OF THE BoD |        | 16 MEETINGS OF THE AUDIT & COMPLIANCE COMMITTEE |        | 5 MEETINGS OF THE REMUNERATION and NOMINATION COMMITTEE |        |
|---|--|--------|---|--------|---|--------|
|   | PRESENT  | ABSENT | PRESENT   | ABSENT | PRESENT   | ABSENT |
| SOCRATIS KOKKALIS                         | 55   |        |   |        |   |        |
| CONSTANTINOS ANTONOPOULOS                 | 55   |        |   |        |   |        |
| NIKOLAOS NIKOLAKOPOULOS                   | 51   |        |   |        |   |        |
| CHRISOSTOMOS SFATOS                       | 51   |        |   |        |   |        |
| DIMITRIOS KLONIS                          | 55   |        |   |        | 4   |        |
| ALEJANDROS -STERGIOS MANOS                | 48   |        |   |        |   |        |
| SOTIRIOS FILOS                            | 55   |        | 16  |        | 5   |        |
| ANASTASIOS TSOUFIS                        | 55   |        | 16  |        |   |        |
| IOANNIS TSOUKARIDIS                       | 55   |        | 16  |        | 5   |        |
| KONSTANTINOS KOKKALIS<br>(UNTIL 30.01.19) | 4  |        |   |        |   |        |
| PETROS SOURETIS<br>(UNTIL 30.01.19)       | 4  |        |   |        |   |        |
| ANTONIOS KERASTARIS<br>(UNTIL 01.03.19)   | 7  |        |   |        |   |        |

During 2019, out of the 16 meetings of the audit and compliance committee, the 9 referred to the oversight of the Independent Auditors.

## Independent Auditor's Report

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

### Report on the Audit of the separate and consolidated 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, 2019, 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 and 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 (the Group) as at December 31, 2019, 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 separate and consolidated 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.

#### Material Uncertainty Related to Going Concern

We draw your attention to Note 2.1.1 in the separate and consolidated financial statements, which describes that the Group, in the context of capital management and in the light of the obligation to repay the Bonds due on September 15, 2021, is in the process of engaging into discussions with all stakeholders for the purpose of capital structure improvement.

In this context, the Group has developed a specific Budget cash flow plan on which it bases its discussions with all stakeholders so as to reach a common agreement that will allow it to ensure the uninterrupted continuation of its activities.

As noted in Note 2.1.1, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### Emphasis of Matter

We draw your attention to Note 2.32 B in the separate and consolidated financial statements, which describes the results of tax inspections that have been carried out for the Group and the Company, Management's assumptions corresponding to their outcome, as well as the actions taken by Management in relation with each individual case. Our opinion is not modified in respect of this matter.

#### 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. In addition to the matter described in the “Material Uncertainty Related to Going Concern” section, we have determined the matters described below to be the key audit matters to be communicated in our report.

## Key audit matters

## How our audit addressed the key audit matter

### Evaluation of impairment for goodwill and intangible assets

#### (separate and consolidated financial statements)

As at December 31, 2019, the Group presented in the consolidated Statement of Financial Position Goodwill amounting to € 6.8 mil., Software amounting to € 66.1 mil., Development Costs amounting to € 96.6 mil., Licenses amounting to € 67.2 mil. and Other Intangibles amounting to € 6.2 mil., as stated in note 2.16 of the separate and consolidated financial statements.

According to the requirements of IAS 36, goodwill and intangible assets with indefinite useful life are tested for impairment at least annually, while intangible assets with finite useful life are tested for impairment when there are indications of impairment. For the determination of the recoverable amount of the abovementioned assets, management is required to exercise judgement and significant estimates. During the year ended December 31, 2019, an impairment loss of € 30.0 mil. has been recognized in the income statement of the Group.

Given the significance of the balances of the abovementioned 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, we consider the impairment of the abovementioned assets as a key audit matter.

The Group’s disclosures regarding the accounting policy, as well as the judgements and estimates that have been used in the evaluation of impairment, are included in notes 2.1.6, 2.1.11 and 2.1.28 of the separate and consolidated financial statements.

Our audit procedures regarding the evaluation of impairment of goodwill and intangible assets included, among others:

- 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 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 analysts’ reports as well as internal information. Key assumptions that were evaluated, included revenue and profit margins, capital investments in licenses and equipment-related assets as well as 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 adequacy and appropriateness of the disclosures in the separate and consolidated financial statements with respect to the above matter.

### Evaluation of impairment in investments in subsidiaries

#### (separate financial statements)

As at December 31, 2019, the Company’s investments in subsidiaries amounted to € 143.4 mil. Investments in subsidiaries are initially measured at cost, which is adjusted for any impairment losses. During the year

For the evaluation of impairment in 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”.



ended December 31, 2019, an impairment loss of € 8.9 mil. has been recognized.

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, such as future sales.

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, 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 key audit matter "Evaluation of impairment for goodwill and intangible assets" has also an impact on the investments in subsidiaries.

The Company's disclosures regarding the accounting policy, as well as the judgements and estimates that have been used in the evaluation of impairment, are included in note 2.1.6 (a) of the separate and consolidated financial statements.

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

In addition, we evaluated the adequacy and appropriateness of the relevant disclosures in the accompanying financial statements.

### Evaluation of trade receivables' recoverability (separate and consolidated financial statements)

As at December 31, 2019, the Group's and Company's trade receivables amounted to € 94.6 mil. and € 90.8 mil. respectively, while the accumulated impairment loss amounted to € 17.9 mil. and € 13.6 mil. as stated in note 2.20 of the separate and consolidated financial statements.

At each reporting date, management assesses the recoverability of the Group's and Company's trade receivables, in order to be reflected at their recoverable amount, by recognizing the required loss allowance for expected credit losses. This process involves significant judgements and estimates.

Given the material value of the abovementioned receivables and the level of judgment and estimates required, we consider the evaluation of trade receivables' recoverability as a key audit matter.

The Group's disclosures regarding the accounting policy, as well as the judgements and estimates that

Our audit procedures regarding 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.
- Understanding and evaluating the Group's process regarding the monitoring of trade receivables and the factors taken into consideration in estimating the loss allowance for expected credit losses, as well as the valuation of collaterals received from customers.
- Evaluation of the application of the methodology in accordance with the requirements of IFRS 9, as well as the accuracy and completeness of data

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have been used in the evaluation of recoverability of trade receivables, are included in notes 2.1.12, 2.1.14 and 2.1.28 of the separate and consolidated financial statements.

used by Management in the ECL calculation model.

- Evaluation of the legal advisors' letters for relevance with management's assumptions regarding the recoverability of receivables.
- Evaluation of the management's assertions regarding the recoverability of trade receivables.
- Evaluation of the adequacy and appropriateness of the Group's disclosures in the separate and consolidated financial statements with respect to the above matter.

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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, for which reference is also made in section "Report on Other Legal and Regulatory Requirements", and the Representations of the Members of the Board of Directors, but does 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 (art. 44 Law 4449/2017) of the Company is responsible for overseeing the Company's and Group'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 separate and consolidated 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 exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated 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 and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinion 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 and Corporate Governance Statement that is included therein, 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 Corporate Governance Statement that provides the information required by Article 152 of Law 4548/2018.
- b. In our opinion, the Management Report of the Board of Directors has been prepared in accordance with the legal requirements of articles 150-151 and 153-154 and paragraph 1 (c and d) of Article 152 of the Law 4548/2018 and the content of the report is consistent with the accompanying financial statements for the year ended December 31, 2019.
- c. Based on the knowledge we obtained during our audit of the Company "INTRALOT S.A. INTEGRATED LOTTERY SYSTEMS AND SERVICES" and its 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 to the Company and its subsidiaries any 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 year ended December 31, 2019, 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 May 23, 2013. Since then, we have been appointed as joint statutory auditors for a total period of six (6) years based on the decisions of the shareholder's Annual General Meetings.

Athens, May 4, 2020

The Certified Public Accountants

Georgios Karamichalis

SOEL Reg. No. 15931

Nikos Ioannou

SOEL Reg. No 29301

SOL S.A.

Member of Crowe Global

3, Fok. Negri Street, 112 57 Athens, Greece

Institute of CPA (SOEL) Reg. No. 125



Chartered Accountants Management Consultants  
56, Zefirou str., 175 64 Palaio Faliro, Greece  
Registry Number SOEL 127

**ANNUAL FINANCIAL STATEMENTS**  
**INCOME STATEMENT OF THE GROUP / COMPANY FOR THE YEAR 2019**

| Amounts reported in thousand €  | Note                    | GROUP           |                | COMPANY        |                |
|---|-------------------------|-----------------|----------------|----------------|----------------|
|   |                         | 1/1-31/12/2019  | 1/1-31/12/2018 | 1/1-31/12/2019 | 1/1-31/12/2018 |
| Sale Proceeds   | <a href="#">2.2</a>     | 720.581         | 784.368        | 56.094         | 61.781         |
| Less: Cost of Sales   | <a href="#">2.4-2.6</a> | -594.569        | -626.426       | -50.850        | -49.016        |
| <b>Gross Profit / (loss)</b>  |                         | <b>126.012</b>  | <b>157.942</b> | <b>5.244</b>   | <b>12.765</b>  |
| Other Operating Income  | <a href="#">2.3</a>     | 19.531          | 15.614         | 1.502          | 11.288         |
| Selling Expenses  | <a href="#">2.4-2.6</a> | -40.170         | -35.806        | -8.977         | -8.954         |
| Administrative Expenses   | <a href="#">2.4-2.6</a> | -78.594         | -71.085        | -16.088        | -14.073        |
| Research and Development Expenses   | <a href="#">2.4-2.6</a> | -3.845          | -3.717         | -3.845         | -3.717         |
| Other Operating Expenses  | <a href="#">2.9</a>     | -17.788         | -9.964         | -4.137         | -3.229         |
| <b>EBIT</b>   | <a href="#">2.1.27</a>  | <b>5.146</b>    | <b>52.984</b>  | <b>-26.301</b> | <b>-5.920</b>  |
| <b>EBITDA</b>   | <a href="#">2.1.27</a>  | <b>87.784</b>   | <b>117.736</b> | <b>-7.162</b>  | <b>7.445</b>   |
| Income/(expenses) from participations and investments                             | <a href="#">2.7</a>     | 16.742          | 2.396          | 35.683         | 6.147          |
| Gain/(loss) from assets disposal, impairment loss and write-off of assets         | <a href="#">2.8</a>     | -30.725         | -19.272        | -7             | 0              |
| Interest and similar expenses   | <a href="#">2.10</a>    | -52.668         | -50.059        | -20.087        | -16.895        |
| Interest and similar income   | <a href="#">2.10</a>    | 4.630           | 8.105          | 4.588          | 4.666          |
| Exchange Differences  | <a href="#">2.11</a>    | 3.238           | 8.608          | 5              | 213            |
| Profit / (loss) from equity method consolidations                                 | <a href="#">2.31</a>    | -17.510         | -17.461        | 0              | 0              |
| Profit / (loss) to net monetary position  | <a href="#">2.34</a>    | 510             | -130           | 0              | 0              |
| <b>Profit/(loss) before tax from continuing operations</b>                        |                         | <b>-70.637</b>  | <b>-14.829</b> | <b>-6.119</b>  | <b>-11.789</b> |
| Tax   | <a href="#">2.12</a>    | -19.173         | -13.269        | -3.615         | -4.336         |
| <b>Profit / (loss) after tax from continuing operations (a)</b>                   |                         | <b>-89.810</b>  | <b>-28.098</b> | <b>-9.734</b>  | <b>-16.125</b> |
| Profit / (loss) after tax from discontinued operations (b) <sup>1</sup>           | <a href="#">2.31</a>    | 7.682           | 55.059         | 0              | 0              |
| <b>Profit / (loss) after tax (continuing and discontinued operations) (a)+(b)</b> |                         | <b>-82.128</b>  | <b>26.961</b>  | <b>-9.734</b>  | <b>-16.125</b> |
| Attributable to:  |                         |                 |                |                |                |
| Equity holders of parent  |                         |                 |                |                |                |
| -Profit/(loss) from continuing operations   |                         | -111.880        | -71.338        | -9.734         | -16.125        |
| -Profit/(loss) from discontinued operations <sup>1</sup>                          | <a href="#">2.31</a>    | 7.682           | 45.689         | 0              | 0              |
|   |                         | <b>-104.198</b> | <b>-25.649</b> | <b>-9.734</b>  | <b>-16.125</b> |
| Non-Controlling Interest  |                         |                 |                |                |                |
| -Profit/(loss) from continuing operations   |                         | 22.070          | 43.240         | 0              | 0              |
| -Profit/(loss) from discontinued operations <sup>1</sup>                          | <a href="#">2.31</a>    | 0               | 9.370          | 0              | 0              |
|   |                         | <b>22.070</b>   | <b>52.610</b>  | <b>0</b>       | <b>0</b>       |
| <b>Earnings/(losses) after tax per share (in €) from total operations</b>         |                         |                 |                |                |                |
| -basic  | <a href="#">2.13</a>    | -0,7052         | -0,1684        | -0,0659        | -0,1059        |
| -diluted  | <a href="#">2.13</a>    | -0,7052         | -0,1684        | -0,0659        | -0,1059        |
| Weighted Average number of shares   |                         | 147.761.688     | 157.317.558    | 147.761.688    | 157.317.558    |

<sup>1</sup> The activities of Group subsidiaries in Azerinteltek AS (Azerbaijan) and Totolotek S.A. (Poland), as well as the associate company Gamenet Group S.p.A. (Italy) are presented as discontinued operations pursuant to IFRS 5 (note [2.31.A.VIII](#))

**STATEMENT OF COMPREHENSIVE INCOME OF THE GROUP / COMPANY FOR THE YEAR 2019**

| Amounts reported in thousand €   | Note                 | GROUP              |                    | COMPANY            |                    |
|--|----------------------|--------------------|--------------------|--------------------|--------------------|
|  |                      | 1/1-<br>31/12/2019 | 1/1-<br>31/12/2018 | 1/1-<br>31/12/2019 | 1/1-<br>31/12/2018 |
| <b>Net Profit / (loss) after tax (continuing and discontinued operations) (a)+(b)</b>                    |                      | <b>-82.128</b>     | <b>26.961</b>      | <b>-9.734</b>      | <b>-16.125</b>     |
| Attributable to:   |                      |                    |                    |                    |                    |
| Equity holders of parent Company   |                      |                    |                    |                    |                    |
| -Profit/(loss) from continuing operations  |                      | -111.880           | -55.338            | -9.734             | -16.125            |
| -Profit/(loss) from discontinued operations <sup>1</sup>   | <a href="#">2.31</a> | 7.682              | 29.689             | 0                  | 0                  |
|  |                      | <b>-104.198</b>    | <b>-25.649</b>     | <b>-9.734</b>      | <b>-16.125</b>     |
| Non-Controlling Interest   |                      |                    |                    |                    |                    |
| -Profit/(loss) from continuing operations  |                      | 22.070             | 43.240             | 0                  | 0                  |
| -Profit/(loss) from discontinued operations <sup>1</sup>   | <a href="#">2.31</a> | 0                  | 9.370              | 0                  | 0                  |
|  |                      | <b>22.070</b>      | <b>52.610</b>      | <b>0</b>           | <b>0</b>           |
| <b>Other comprehensive income after tax</b>  |                      |                    |                    |                    |                    |
| <b>Amounts that may not be reclassified to profit or loss:</b>   |                      |                    |                    |                    |                    |
| Defined benefit plans revaluation for subsidiaries and parent company                                    |                      | 140                | 23                 | 113                | 67                 |
| Defined benefit plans revaluation for associates and joint ventures                                      | <a href="#">2.26</a> | -83                | -91                | 0                  | 0                  |
| Valuation of assets measured at fair value through other comprehensive income of parent and subsidiaries | <a href="#">2.18</a> | 1.414              | 2.088              | 1.322              | -30                |
| <b>Amounts that may be reclassified to profit or loss:</b>   |                      |                    |                    |                    |                    |
| Derivatives valuation of parent and subsidiaries   |                      | 0                  | 18                 | 0                  | 18                 |
| Exchange differences on subsidiaries consolidation   | <a href="#">2.23</a> | -4.337             | -15.965            | 0                  | 0                  |
| Share of exchange differences on consolidation of associates and joint ventures                          | <a href="#">2.23</a> | 1.080              | -267               | 0                  | 0                  |
| <b>Other comprehensive income / (expenses) after tax</b>   |                      | <b>-1.786</b>      | <b>-14.194</b>     | <b>1.435</b>       | <b>55</b>          |
| <b>Total comprehensive income / (expenses) after tax</b>   |                      | <b>-83.914</b>     | <b>12.767</b>      | <b>-8.299</b>      | <b>-16.070</b>     |
| <b>Attributable to:</b>  |                      |                    |                    |                    |                    |
| Equity holders of parent   |                      | -102.706           | -34.805            | -8.299             | -16.070            |
| Non-Controlling Interest   |                      | 18.792             | 47.572             | 0                  | 0                  |

<sup>1</sup> The activities of Group subsidiaries in Azerinteltek AS (Azerbaijan), and Totolotek S.A. (Poland), as well as the associate company Gamenet Group S.p.A. (Italy) are presented as discontinued operations pursuant to IFRS 5 (note [2.31.A.VIII](#))

**INCOME STATEMENT OF THE GROUP / COMPANY FOR THE 4<sup>th</sup> QUARTER OF 2019**

| Amounts reported in thousand €  | Note                    | GROUP           |                 | COMPANY         |                 |
|---|-------------------------|-----------------|-----------------|-----------------|-----------------|
|   |                         | 1/10-31/12/2019 | 1/10-31/12/2018 | 1/10-31/12/2019 | 1/10-31/12/2018 |
| Sale Proceeds   | <a href="#">2.2</a>     | 165.010         | 187.674         | 24.514          | 19.878          |
| Less: Cost of Sales   | <a href="#">2.4-2.6</a> | -142.247        | -153.933        | -16.282         | -21.079         |
| <b>Gross Profit / (loss)</b>  |                         | <b>22.763</b>   | <b>33.741</b>   | <b>8.232</b>    | <b>-1.201</b>   |
| Other Operating Income  | <a href="#">2.3</a>     | 5.986           | 4.683           | 1.161           | 11.166          |
| Selling Expenses  | <a href="#">2.4-2.6</a> | -9.993          | -10.725         | -2.184          | -2.493          |
| Administrative Expenses   | <a href="#">2.4-2.6</a> | -20.324         | -18.905         | -4.826          | -4.247          |
| Research and Development Expenses   | <a href="#">2.4-2.6</a> | -858            | -151            | -858            | -151            |
| Other Operating Expenses  | <a href="#">2.9</a>     | -9.272          | -6.416          | -3.583          | -1.786          |
| <b>EBIT</b>   | <a href="#">2.1-2.7</a> | <b>-11.698</b>  | <b>2.227</b>    | <b>-2.058</b>   | <b>1.288</b>    |
| <b>EBITDA</b>   | <a href="#">2.1-2.7</a> | <b>9.012</b>    | <b>19.607</b>   | <b>2.711</b>    | <b>4.498</b>    |
| Income/(expenses) from participations and investments                             | <a href="#">2.7</a>     | 5.987           | -174            | 26.697          | -4.297          |
| Gain/(loss) from assets disposal, impairment loss and write-off of assets         | <a href="#">2.8</a>     | -26.785         | -19.006         | 0               | 0               |
| Interest and similar expenses   | <a href="#">2.10</a>    | -12.473         | -12.138         | -5.802          | -4.487          |
| Interest and similar income   | <a href="#">2.10</a>    | 489             | 1.587           | 2.121           | 1.086           |
| Exchange Differences  | <a href="#">2.11</a>    | -2.933          | -1.950          | -522            | 511             |
| Profit / (loss) from equity method consolidations                                 | <a href="#">2.31</a>    | -16.421         | -16.812         | 0               | 0               |
| Profit / (loss) to net monetary position  | <a href="#">2.34</a>    | 123             | -178            | 0               | 0               |
| <b>Profit / (loss) before tax from continuing operations</b>                      |                         | <b>-63.711</b>  | <b>-46.444</b>  | <b>20.436</b>   | <b>-5.899</b>   |
| Tax   | <a href="#">2.12</a>    | -3.917          | 3.786           | -1.513          | -3.922          |
| <b>Profit / (loss) after tax from continuing operations (a)</b>                   |                         | <b>-67.628</b>  | <b>-42.658</b>  | <b>18.923</b>   | <b>-9.821</b>   |
| Profit / (loss) after tax from discontinued operations (b) <sup>1</sup>           | <a href="#">2.31</a>    | -2.176          | 47.686          | 0               | 0               |
| <b>Profit / (loss) after tax (continuing and discontinued operations) (a)+(b)</b> |                         | <b>-69.804</b>  | <b>5.028</b>    | <b>18.923</b>   | <b>-9.821</b>   |
| Attributable to:  |                         |                 |                 |                 |                 |
| Equity holders of parent Company  |                         |                 |                 |                 |                 |
| -Profit/(loss) from continuing operations   |                         | -70.177         | -58.905         | 18.923          | -9.821          |
| -Profit/(loss) from discontinued operations <sup>1</sup>                          | <a href="#">2.31</a>    | -2.176          | 44.248          | 0               | 0               |
|   |                         | <b>-72.353</b>  | <b>-14.657</b>  | <b>18.923</b>   | <b>-9.821</b>   |
| Non-Controlling Interest  |                         |                 |                 |                 |                 |
| -Profit/(loss) from continuing operations   |                         | 2.549           | 16.247          | 0               | 0               |
| -Profit/(loss) from discontinued operations <sup>1</sup>                          | <a href="#">2.31</a>    | 0               | 3.438           | 0               | 0               |
|   |                         | <b>2.549</b>    | <b>19.685</b>   | <b>0</b>        | <b>0</b>        |
| <b>Earnings/(losses) after tax per share (in €) from total operations</b>         |                         |                 |                 |                 |                 |
| -basic  | <a href="#">2.13</a>    | -0,4897         | -0,0962         | 0,1281          | -0,0645         |
| -diluted  | <a href="#">2.13</a>    | -0,4897         | -0,0962         | 0,1281          | -0,0645         |
| Weighted Average number of shares   |                         | 147.761.688     | 157.317.558     | 147.761.688     | 157.317.558     |

<sup>1</sup> The activities of Group subsidiaries in Azerinteltek AS (Azerbaijan) and Totolotek S.A. (Poland), as well as the associate company Gamenet Group S.p.A. (Italy) are presented as discontinued operations pursuant to IFRS 5 (note [2.31.A.VIII](#))

**STATEMENT OF COMPREHENSIVE INCOME OF THE GROUP / COMPANY FOR THE 4th QUARTER OF 2019**

| Amounts reported in thousand €   | Note                 | GROUP               |                     | COMPANY             |                     |
|--|----------------------|---------------------|---------------------|---------------------|---------------------|
|  |                      | 1/10-<br>31/12/2019 | 1/10-<br>31/12/2018 | 1/10-<br>31/12/2019 | 1/10-<br>31/12/2018 |
| <b>Net Profit / (loss) after tax (continuing and discontinued operations) (a)+(b)</b>                    |                      | <b>-69.804</b>      | <b>5.028</b>        | <b>18.923</b>       | <b>-9.821</b>       |
| Attributable to:   |                      |                     |                     |                     |                     |
| Equity holders of parent Company   |                      |                     |                     |                     |                     |
| -Profit/(loss) from continuing operations  |                      | -70.177             | -43.680             | 18.923              | -9.821              |
| -Profit/(loss) from discontinued operations <sup>1</sup>   | <a href="#">2.31</a> | -2.176              | 29.023              | 0                   | 0                   |
|  |                      | <b>-72.353</b>      | <b>-14.657</b>      | <b>18.923</b>       | <b>-9.821</b>       |
| Non-Controlling Interest   |                      |                     |                     |                     |                     |
| -Profit/(loss) from continuing operations  |                      | 2.549               | 16.250              | 0                   | 0                   |
| -Profit/(loss) from discontinued operations <sup>1</sup>   | <a href="#">2.31</a> | 0                   | 3.435               | 0                   | 0                   |
|  |                      | <b>2.549</b>        | <b>19.685</b>       | <b>0</b>            | <b>0</b>            |
| <b>Other comprehensive income after tax</b>  |                      |                     |                     |                     |                     |
| <b>Amounts that may not be reclassified to profit or loss:</b>   |                      |                     |                     |                     |                     |
| Defined benefit plans revaluation for subsidiaries and parent company                                    |                      | 74                  | 42                  | 113                 | 67                  |
| Defined benefit plans revaluation for associates and joint ventures                                      | <a href="#">2.26</a> | -4                  | 14                  | 0                   | 0                   |
| Valuation of assets measured at fair value through other comprehensive income of parent and subsidiaries | <a href="#">2.18</a> | -61                 | -125                | -4                  | -61                 |
| <b>Amounts that may be reclassified to profit or loss:</b>   |                      |                     |                     |                     |                     |
| Exchange differences on subsidiaries consolidation   |                      | -4.195              | 11.901              | 0                   | 0                   |
| Share of exchange differences on consolidation of associates and joint ventures                          | <a href="#">2.23</a> | -500                | 161                 | 0                   | 0                   |
| <b>Other comprehensive income / (expenses) after tax</b>   | <a href="#">2.23</a> | <b>-4.686</b>       | <b>11.993</b>       | <b>109</b>          | <b>6</b>            |
| <b>Total comprehensive income / (expenses) after tax</b>   |                      | <b>-74.490</b>      | <b>17.021</b>       | <b>19.032</b>       | <b>-9.815</b>       |
| <b>Attributable to:</b>  |                      |                     |                     |                     |                     |
| Equity holders of parent   |                      | -76.118             | -5.917              | 19.032              | -9.815              |
| Non-Controlling Interest   |                      | 1.628               | 22.938              | 0                   | 0                   |

<sup>1</sup> The activities of Group subsidiaries in Azerinteltek AS (Azerbaijan) and Totolotek S.A. (Poland), as well as the associate company Gamenet Group S.p.A. (Italy) are presented as discontinued operations pursuant to IFRS 5 (note [2.31.A.VIII](#))



**STATEMENT OF FINANCIAL POSITION OF THE GROUP/COMPANY**

| Amounts reported in thousand €                                 | Note                 | GROUP          |                | COMPANY        |                |
|--|----------------------|----------------|----------------|----------------|----------------|
|  |                      | 31/12/2019     | 31/12/2018     | 31/12/2019     | 31/12/2018     |
| <b>ASSETS</b>  |                      |                |                |                |                |
| Tangible assets  | <a href="#">2.14</a> | 168.708        | 133.360        | 28.430         | 18.890         |
| Investment property  | <a href="#">2.15</a> | 0              | 39             | 0              | 0              |
| Intangible assets  | <a href="#">2.16</a> | 242.866        | 302.332        | 82.729         | 90.810         |
| Investment in subsidiaries, associates and joint ventures      | <a href="#">2.17</a> | 37.307         | 133.198        | 154.101        | 135.908        |
| Other financial assets   | <a href="#">2.18</a> | 414            | 16.042         | 39             | 1.213          |
| Deferred Tax asset   | <a href="#">2.12</a> | 5.628          | 7.717          | 0              | 0              |
| Other long term receivables                                    | <a href="#">2.19</a> | 4.073          | 8.832          | 133            | 146            |
| <b>Total Non-Current Assets</b>                                |                      | <b>458.996</b> | <b>601.520</b> | <b>265.432</b> | <b>246.967</b> |
| Inventories  | <a href="#">2.21</a> | 35.607         | 45.583         | 10.733         | 14.831         |
| Trade and other short term receivables                         | <a href="#">2.20</a> | 131.735        | 133.864        | 100.999        | 110.370        |
| Other financial assets   | <a href="#">2.18</a> | 18             | 637            | 0              | 0              |
| Cash and cash equivalents                                      | <a href="#">2.22</a> | 171.114        | 162.461        | 16.172         | 33.146         |
| <b>Total Current Assets</b>                                    |                      | <b>338.474</b> | <b>342.545</b> | <b>127.904</b> | <b>158.347</b> |
| <b>TOTAL ASSETS</b>  |                      | <b>797.470</b> | <b>944.065</b> | <b>393.336</b> | <b>405.314</b> |
| <b>EQUITY AND LIABILITIES</b>                                  |                      |                |                |                |                |
| Share capital  | <a href="#">2.23</a> | 47.089         | 47.089         | 47.089         | 47.089         |
| Treasury shares  | <a href="#">2.23</a> | -8.528         | -8.528         | -8.528         | -8.528         |
| Other reserves   | <a href="#">2.23</a> | 67.292         | 64.962         | 55.283         | 53.125         |
| Foreign currency translation                                   | <a href="#">2.23</a> | -87.903        | -87.955        | 0              | 0              |
| Retained earnings  | <a href="#">2.24</a> | -111.321       | -9.268         | -45.261        | -34.804        |
| <b>Total equity attributable to shareholders of the parent</b> |                      | <b>-93.371</b> | <b>6.300</b>   | <b>48.583</b>  | <b>56.882</b>  |
| Non-Controlling Interest                                       |                      | 197            | 28.145         | 0              | 0              |
| <b>Total Equity</b>  |                      | <b>-93.174</b> | <b>34.445</b>  | <b>48.583</b>  | <b>56.882</b>  |
| Long term debt   | <a href="#">2.25</a> | 716.674        | 735.297        | 278.908        | 286.380        |
| Staff retirement indemnities                                   | <a href="#">2.26</a> | 3.807          | 5.111          | 3.358          | 3.249          |
| Other long term provisions                                     | <a href="#">2.31</a> | 11.149         | 7.560          | 11.000         | 7.446          |
| Deferred Tax liabilities                                       | <a href="#">2.12</a> | 10.597         | 11.294         | 5.320          | 5.657          |
| Other long term liabilities                                    | <a href="#">2.28</a> | 2.002          | 2.256          | 167            | 273            |
| Long term lease liabilities                                    | <a href="#">2.32</a> | 10.681         | 1.797          | 1.580          | 0              |
| <b>Total Non-Current Liabilities</b>                           |                      | <b>754.910</b> | <b>763.315</b> | <b>300.333</b> | <b>303.005</b> |
| Trade and other short term liabilities                         | <a href="#">2.29</a> | 91.797         | 96.780         | 42.812         | 45.276         |
| Short term debt and lease liabilities                          | <a href="#">2.25</a> | 37.870         | 40.655         | 785            | 0              |
| Income tax payable   | <a href="#">2.12</a> | 3.134          | 3.519          | 472            | 0              |
| Short term provision   | <a href="#">2.31</a> | 2.933          | 5.351          | 351            | 151            |
| <b>Total Current Liabilities</b>                               |                      | <b>135.734</b> | <b>146.305</b> | <b>44.420</b>  | <b>45.427</b>  |
| <b>TOTAL LIABILITIES</b>                                       |                      | <b>890.644</b> | <b>909.620</b> | <b>344.753</b> | <b>348.432</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>                            |                      | <b>797.470</b> | <b>944.065</b> | <b>393.336</b> | <b>405.314</b> |

**STATEMENT OF CHANGES IN EQUITY OF THE GROUP**

| STATEMENT OF CHANGES IN EQUITY INTRALOT GROUP<br>(Amounts reported in thousand of €) | Share Capital | Treasury Shares | Legal Reserve | Other Reserves | Foreign exchange differences | Retained Earnings | Total           | Non-Controlling Interest | Grand Total    |
|--|---------------|-----------------|---------------|----------------|------------------------------|-------------------|-----------------|--------------------------|----------------|
| <b>Opening Balance as at 1 January 2019</b>  | <b>47.089</b> | <b>-8.528</b>   | <b>24.795</b> | <b>40.167</b>  | <b>-87.955</b>               | <b>-9.268</b>     | <b>6.300</b>    | <b>28.145</b>            | <b>34.445</b>  |
| Effect on retained earnings from previous years adjustments                          |               |                 |               |                |                              | -50               | <b>-50</b>      | -29                      | <b>-79</b>     |
| New consolidated associate companies   |               |                 |               |                |                              | 171               | <b>171</b>      |                          | <b>171</b>     |
| Period's results   |               |                 |               |                |                              | -104.198          | <b>-104.198</b> | 22.070                   | <b>-82.128</b> |
| Other comprehensive income / (expenses) after tax                                    |               |                 |               | 1.502          | 52                           | -62               | <b>1.492</b>    | -3.278                   | <b>-1.786</b>  |
| Associate companies stock options  |               |                 |               |                |                              | 198               | <b>198</b>      |                          | <b>198</b>     |
| Dividends to equity holders of parent / non-controlling interest                     |               |                 |               |                |                              |                   | <b>0</b>        | -40.085                  | <b>-40.085</b> |
| Subsidiary disposal/liquidation  |               |                 |               |                |                              |                   | <b>0</b>        | -3.657                   | <b>-3.657</b>  |
| Effect due to change in participation percentage                                     |               |                 |               |                |                              | 2.828             | <b>2.828</b>    | -2.857                   | <b>-29</b>     |
| Adjustment to net monetary position  |               |                 | 195           |                |                              | -307              | <b>-112</b>     | -112                     | <b>-224</b>    |
| Transfer between reserves  |               |                 | 50            | 583            |                              | -633              | <b>0</b>        |                          | <b>0</b>       |
| <b>Balances as at 31 December 2019</b>   | <b>47.089</b> | <b>-8.528</b>   | <b>25.040</b> | <b>42.252</b>  | <b>-87.903</b>               | <b>-111.321</b>   | <b>-93.371</b>  | <b>197</b>               | <b>-93.174</b> |

| STATEMENT OF CHANGES IN EQUITY INTRALOT GROUP<br>(Amounts reported in thousand of €)         | Share Capital | Treasury Shares | Legal Reserve | Other Reserves | Foreign exchange differences | Retained Earnings | Total          | Non-Controlling Interest | Grand Total    |
|--|---------------|-----------------|---------------|----------------|------------------------------|-------------------|----------------|--------------------------|----------------|
| <b>Opening Balance 1 January 2018 prior to the application of IFRS 9 &amp; 15 and IAS 29</b> | <b>47.689</b> | <b>-2.149</b>   | <b>28.201</b> | <b>28.537</b>  | <b>-76.747</b>               | <b>32.291</b>     | <b>57.822</b>  | <b>31.966</b>            | <b>89.788</b>  |
| Effect from the application of IFRS 15   |               |                 |               |                |                              | -937              | <b>-937</b>    |                          | <b>-937</b>    |
| Effect from the application of IFRS 9  |               |                 |               |                |                              | -6.993            | <b>-6.993</b>  | -1.306                   | <b>-8.299</b>  |
| Effect from the application of IAS 29  |               |                 | 626           |                |                              | 5                 | <b>631</b>     | 631                      | <b>1.262</b>   |
| <b>Opening Balance 1 January 2018 after the application of IFRS 9 &amp; 15 and IAS 29</b>    | <b>47.689</b> | <b>-2.149</b>   | <b>28.827</b> | <b>28.537</b>  | <b>-76.747</b>               | <b>24.366</b>     | <b>50.523</b>  | <b>31.291</b>            | <b>81.814</b>  |
| Effect on retained earnings from previous years adjustments                                  |               |                 |               |                |                              | -64               | <b>-64</b>     | -12                      | <b>-76</b>     |
| New consolidated associate companies   |               |                 |               | -10            |                              | -314              | <b>-324</b>    |                          | <b>-324</b>    |
| Period's results   |               |                 |               |                |                              | -25.649           | <b>-25.649</b> | 52.610                   | <b>26.961</b>  |
| Other comprehensive income / (expenses) after tax  |               |                 |               | 2.154          | -11.208                      | -102              | <b>-9.156</b>  | -5.038                   | <b>-14.194</b> |
| Associate companies stock options  |               |                 |               |                |                              | 142               | <b>142</b>     |                          | <b>142</b>     |
| Dividends to equity holders of parent / non-controlling interest                             |               |                 |               |                |                              |                   | <b>0</b>       | -39.214                  | <b>-39.214</b> |
| Subsidiary disposal/liquidation  |               |                 |               |                |                              |                   | <b>0</b>       | -12.444                  | <b>-12.444</b> |
| Effect due to change in participation percentage   |               |                 |               |                |                              | -768              | <b>-768</b>    | 768                      | <b>0</b>       |
| Repurchase of treasury shares  |               | -8.588          |               |                |                              |                   | <b>-8.588</b>  |                          | <b>-8.588</b>  |
| Cancelation of treasury shares   | -600          | 2.209           |               |                |                              | -1.609            | <b>0</b>       |                          | <b>0</b>       |
| Adjustment to net monetary position  |               |                 | 184           |                |                              |                   | <b>184</b>     | 184                      | <b>368</b>     |
| Transfer between reserves  |               |                 | -4.216        | 9.486          |                              | -5.270            | <b>0</b>       |                          | <b>0</b>       |
| <b>Balances as at 31 December 2018</b>   | <b>47.089</b> | <b>-8.528</b>   | <b>24.795</b> | <b>40.167</b>  | <b>-87.955</b>               | <b>-9.268</b>     | <b>6.300</b>   | <b>28.145</b>            | <b>34.445</b>  |

**STATEMENT OF CHANGES IN EQUITY OF THE COMPANY**

| <b>STATEMENT OF CHANGES IN EQUITY INTRALOT S.A.<br/>(Amounts reported in thousands of €)</b> | <b>Share Capital</b> | <b>Treasury Shares</b> | <b>Legal Reserve</b> | <b>Other Reserves</b> | <b>Retained Earnings</b> | <b>Total</b>  |
|--|----------------------|------------------------|----------------------|-----------------------|--------------------------|---------------|
| <b>Opening Balance as at 1 January 2019</b>  | <b>47.089</b>        | <b>-8.528</b>          | <b>15.896</b>        | <b>37.229</b>         | <b>-34.804</b>           | <b>56.882</b> |
| Period's results   |                      |                        |                      |                       | -9.734                   | <b>-9.734</b> |
| Other comprehensive income /(expenses) after taxes   |                      |                        |                      | 1.435                 |                          | <b>1.435</b>  |
| Transfer between reserves  |                      |                        |                      | 723                   | -723                     | <b>0</b>      |
| <b>Balances as at 31 December 2019</b>   | <b>47.089</b>        | <b>-8.528</b>          | <b>15.896</b>        | <b>39.387</b>         | <b>-45.261</b>           | <b>48.583</b> |

| <b>STATEMENT OF CHANGES IN EQUITY INTRALOT S.A.<br/>(Amounts reported in thousands of €)</b> | <b>Share Capital</b> | <b>Treasury Shares</b> | <b>Legal Reserve</b> | <b>Other Reserves</b> | <b>Retained Earnings</b> | <b>Total</b>   |
|--|----------------------|------------------------|----------------------|-----------------------|--------------------------|----------------|
| <b>Opening Balance 1 January 2018 prior to the application of IFRS 9 &amp; 15</b>            | <b>47.689</b>        | <b>-2.149</b>          | <b>15.896</b>        | <b>27.683</b>         | <b>-4.558</b>            | <b>84.561</b>  |
| Effect from the application of IFRS 15   |                      |                        |                      |                       | -333                     | <b>-333</b>    |
| Effect from the application of IFRS 9  |                      |                        |                      |                       | -2.688                   | <b>-2.688</b>  |
| <b>Opening Balance 1 January 2018 after the application of IFRS 9 &amp; 15</b>               | <b>47.689</b>        | <b>-2.149</b>          | <b>15.896</b>        | <b>27.683</b>         | <b>-7.579</b>            | <b>81.540</b>  |
| Period's results   |                      |                        |                      |                       | -16.125                  | <b>-16.125</b> |
| Other comprehensive income /(expenses) after taxes   |                      |                        |                      | 55                    |                          | <b>55</b>      |
| Repurchase / disposal of treasury shares   |                      | -8.588                 |                      |                       |                          | <b>-8.588</b>  |
| Cancellation of treasury shares  | -600                 | 2.209                  |                      |                       | -1.609                   | <b>0</b>       |
| Transfer between reserves  |                      |                        |                      | 9.491                 | -9.491                   | <b>0</b>       |
| <b>Balances as at 31 December 2018</b>   | <b>47.089</b>        | <b>-8.528</b>          | <b>15.896</b>        | <b>37.229</b>         | <b>-34.804</b>           | <b>56.882</b>  |

**CASH FLOW STATEMENT OF THE GROUP/COMPANY**

| Amounts reported in thousands of €<br>(total operations)                                     | Note  | GROUP              |                    | COMPANY            |                    |
|--|---|--------------------|--------------------|--------------------|--------------------|
|  |   | 1/1-<br>31/12/2019 | 1/1-<br>31/12/2018 | 1/1-<br>31/12/2019 | 1/1-<br>31/12/2018 |
| <b>Operating activities</b>  |   |                    |                    |                    |                    |
| Profit / (loss) before tax from continuing operations  |   | -70.637            | -14.829            | -6.119             | -11.789            |
| Profit / (loss) before tax from discontinued operations                                      | <a href="#">2.31</a>                          | 7.682              | 64.948             | 0                  | 0                  |
| <b>Profit / (loss) before Taxation</b>   |   | <b>-62.955</b>     | <b>50.119</b>      | <b>-6.119</b>      | <b>-11.789</b>     |
| Plus / Less adjustments for:   |   |                    |                    |                    |                    |
| Depreciation and amortization  | <a href="#">2.5</a>                           | 82.739             | 65.553             | 19.139             | 13.365             |
| Provisions   |   | 32.864             | 22.174             | 3.384              | -6.545             |
| Results (income, expenses, gain and loss) from investing activities                          |   | -12.559            | -33.658            | 35.681             | -6.361             |
| Interest and similar expenses  | <a href="#">2.10</a>                          | 52.751             | 50.445             | 20.087             | 16.895             |
| Interest and similar income  | <a href="#">2.10</a>                          | -4.631             | -8.342             | -4.588             | -4.666             |
| (Profit) / loss to net monetary position   | <a href="#">2.34</a>                          | -510               | 130                | 0                  | 0                  |
| Plus / less adjustments for changes in working capital:                                      |   |                    |                    |                    |                    |
| Decrease / (increase) of inventories   |   | -208               | -10.337            | 3.921              | -1.421             |
| Decrease / (increase) of receivable accounts   |   | 929                | 1.218              | 1.260              | -4.583             |
| (Decrease) / increase of payable accounts (except banks)                                     |   | -12.802            | -24.785            | -614               | -11.878            |
| Less: Income tax paid  |   | 14.293             | 23.959             | 2.853              | -1.586             |
| <b>Total inflows / (outflows) from operating activities (a)</b>                              |   | <b>61.325</b>      | <b>88.558</b>      | <b>-2.064</b>      | <b>-15.397</b>     |
| <b>Investing Activities</b>  |   |                    |                    |                    |                    |
| (Purchases) / Sales of subsidiaries, associates, joint ventures and other investments        | <a href="#">2.18/</a><br><a href="#">2.31</a> | 98.431             | 5.950              | 2.496              | 0                  |
| Purchases of tangible and intangible assets  | <a href="#">2.14/</a><br><a href="#">2.16</a> | -55.337            | -103.660           | -9.735             | -12.581            |
| Proceeds from sales of tangible and intangible assets  | <a href="#">2.14/</a><br><a href="#">2.16</a> | 336                | 473                | 61                 | 0                  |
| Interest received  |   | 4.526              | 5.614              | 3.185              | 906                |
| Dividends received   |   | 10.090             | 7.958              | 15.925             | 10.811             |
| <b>Total inflows / (outflows) from investing activities (b)</b>                              |   | <b>58.046</b>      | <b>-83.665</b>     | <b>11.932</b>      | <b>-864</b>        |
| <b>Financing Activities</b>  |   |                    |                    |                    |                    |
| Repurchase of treasury shares  | <a href="#">2.23</a>                          | 0                  | -8.588             | 0                  | -8.588             |
| Cash inflows from loans  | <a href="#">2.25</a>                          | 88.922             | 87.339             | 0                  | 37.000             |
| Repayment of loans   | <a href="#">2.25</a>                          | -93.293            | -53.681            | -19.500            | 0                  |
| Bond buy backs   | <a href="#">2.25</a>                          | -10.558            | -5.004             | 0                  | 0                  |
| Repayments of lease liabilities  | <a href="#">2.25</a>                          | -7.464             | -8.096             | -230               | 0                  |
| Interest and similar expenses paid   |   | -48.483            | -48.835            | -6.876             | 614                |
| Dividends paid   | <a href="#">2.24</a>                          | -41.714            | -36.317            | 0                  | 0                  |
| <b>Total inflows / (outflows) from financing activities (c)</b>                              |   | <b>-112.590</b>    | <b>-73.182</b>     | <b>-26.606</b>     | <b>29.026</b>      |
| <b>Net increase / (decrease) in cash and cash equivalents for the period (a) + (b) + (c)</b> |   | <b>6.781</b>       | <b>-68.289</b>     | <b>-16.738</b>     | <b>12.765</b>      |
| <b>Cash and cash equivalents at the beginning of the period</b>                              | <a href="#">2.22</a>                          | <b>162.461</b>     | <b>238.041</b>     | <b>33.146</b>      | <b>20.434</b>      |
| Net foreign exchange difference  |   | 1.872              | -7.291             | -236               | -53                |
| <b>Cash and cash equivalents at the end of the period from total operations</b>              | <a href="#">2.22</a>                          | <b>171.114</b>     | <b>162.461</b>     | <b>16.172</b>      | <b>33.146</b>      |

## **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 44 countries and states, with approximately 3.800 employees and revenues from continuing operations €0,7 billion for 2019, 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, 2019 were approved by the Board of Directors on May 4, 2020.

## **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 financial assets measured at fair value through other comprehensive income 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, as described below. The attached financial statements are presented in Euros and all values are rounded to the nearest thousand (€000) except if indicated otherwise.

### **Going concern**

The Group maintains sufficient liquidity, while at the same time there are unused available bank facilities that can be used under certain conditions to deal with a possible shortage of cash at the Group level in the near future.

The continuous efforts of the Management for further sales increase and operating costs reduction through restructuring and development of synergies, as well as for improvement of the efficiency and productivity will contribute to the further strengthening of the capital structure and efficiency of the Company and the Group.

However, given the imminent obligation to repay Facility A (note [2.25](#)), meeting the cash needs for the repayment of these debt obligations of the Group may require the adoption of complex financial options. Their successful adoption will remove the existence of material uncertainty about the possibility of smooth going concern of the Company and the Group, which is exclusively refers to the debt refinancing process.

In this context, the Group Management has prepared a detailed plan of Expected Cash Flows for a period up to the maturity date of Facility A.

It should be noted that recent developments regarding the spread of the COVID-19 pandemic and the restrictions and bans imposed are expected to adversely affect the results of 2020. More specifically, the lockdown ban, the closure of stores and the lack of sports betting content is the main source of impact on the Group revenue during the critical period. Therefore, evaluating the data of March and early April 2020 and the available forecasts of the lockdown by region, all of the above were taken into account when preparing plan for Expected Cash Flows.

From the review of this plan, the Management of the Group, has concluded that no additional funds are required and there are no cash needs that cannot be met with the current conditions and the major issue remains the settlement of the repayment of Facility A.

Furthermore, in this direction INTRALOT has retained Evercore Partners and Allen & Overy, as financial and legal advisors respectively, to review and implement strategic alternatives for the business. The strategic review process will include assessing all available financial and strategic options which may be available to optimize the Company's capital structure, with a view to best position the Company to capture growth opportunities in its key markets and maximize stakeholder value. In that regard, the Company and its advisors will seek to engage directly with its stakeholders in due course.

In conclusion, the Management, taking into account the Plan of Expected Cash Flows and all available information on the foreseeable future, as well as the strategic alternatives that is working on for optimizing the Group's capital structure and deleveraging, estimates that the Group has ensured its going concern.

In view of the above, the Financial Statements of the Group were prepared on the basis of the going concern principle of continuing concern (going concern), as the Management estimates that the above actions will allow the Group to continue its operation smoothly.

### **2.1.2 Statement of compliance**

These financial statements for the period ended December 31, 2019 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 December 31, 2019.

### **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, 2019, the accounting policies adopted are consistent with those followed in the preparation of the most recent annual financial statements ([December 31, 2018](#)), except for the below mentioned adoption of new standards and interpretations applicable for fiscal periods beginning at January 1, 2019.

#### **Standards and Interpretations compulsory for the fiscal year 2019**

New standards, amendments of published standards and interpretations mandatory for accounting periods beginning on 1st January 2019. The Group's assessment of the impact of these new and amended standards and interpretations is set out below.

## **IFRS 16 "Leases"**

(COMMISSION REGULATION (EU) No. 2017/1986 of 31<sup>st</sup> 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 affected the accounting treatment of the operating leases of the Group as a lessee. The Group applied IFRS 16 since 1/1/2019, using the simplified transition method ("modified retrospective approach"), without restatement of comparative figures for prior years.

Based on the previous standard (IAS 17), the Group (as lessee) classified the leases as either financial (where the Group retained virtually all the risks and rewards of ownership) or as operating assets. Finance leases were capitalized at the beginning of the lease at the lower of the fair value of the asset and the present value of the minimum lease payments. Each rental was apportioned between the liability and the financial charges. The portion of the financing cost of the lease that accounted for interest was recognized in the income statement during the lease term, while the corresponding lease obligations were recognized under "Long term lease liabilities" and "Short term lease liabilities". Leases where a significant portion of the risks and rewards of ownership were retained by the lessor were classified as operating leases and were not capitalized, while operating leases were recognized in the Income Statement proportionally over the lease term. Any prepaid rentals were included in the "Other long term receivables" and "Trade and other short term receivables" accounts, while accrued rentals were included under "Trade and other short term liabilities".

Following the first application of IFRS 16 on 1/1/2019, the Group applied the following:

### A) Leases previously classified as finance leases:

The Group did not change the pre-existing carrying amounts of tangible assets and finance lease liabilities at the application date of IFRS 16 for leases that were classified as finance leases (right-of-use assets and lease liabilities are equal to leased assets and liabilities under IAS 17). The requirements of IFRS 16 have been applied to these leases since 1 January 2019.

### B) Leases previously classified as operating leases:

The Group recognized right-of-use assets and liabilities for these agreements that were previously clarified as operating ones, apart from the standard exemptions for leasing contracts with a remaining term less than twelve months at the initial standard application date, for contracts with a low value leased asset, as well as for short

term contracts. The Group applied the simplified transition method ("modified retrospective approach"), based on which recognized:

- a) Liability for leasing, which is measured as the present value through discounting of future rentals applying the incremental borrowing rate as of the standard initial application date, and
- b) "right-of-use asset", which is recognised at an amount equal to the relevant liability for leasing, adjusted for prepayments and accrued lease payments that had been recognized in Statement of Financial Position as of 31/12/2018.

For the leases in which the Group's has rights to extend the lease or to terminate the lease, a management assessment was made, whether there is certainty that the rights will be exercised or not based on the previous experience and the business plan of the Group.

The effect (increase / (decrease)) from the application of IFRS 16 on 1/1/2019 was as follows:

|  |  | 1/1/2019      |
|--|--|---------------|
| Tangible assets<br>("right-of-use assets") | Right-of-use Buildings and Installations                             | 19.232        |
|  | Right-of-use Transport Equipment                                     | 2.412         |
|  | Right-of-use machinery and equipment                                 | 72            |
| Other long term receivables                | Other receivables  | -345          |
| <b>Total Non-Current Assets</b>            |  | <b>21.371</b> |
| Trade and other short term<br>receivables  | Prepaid expenses and other receivables                               | -380          |
|  | Other receivables from related entities<br>and other related parties | -6.076        |
|  | <b>Total Current Assets</b>  | <b>-6.456</b> |
| <b>TOTAL ASSETS</b>                        |  | <b>14.915</b> |
| Trade and other short term<br>liabilities  | Other Creditors  | -117          |
|  | Short term lease liabilities from third parties                      | 220           |
| Short term debt and lease liabilities      | Short term lease liabilities from other related<br>parties           | 44            |
| <b>Total Current Liabilities</b>           |  | <b>147</b>    |
| Long term lease liabilities                | Long term lease liabilities from third parties                       | 11.777        |
|  | Long term lease liabilities from related parties                     | 2.991         |
| <b>Total Non-Current Liabilities</b>       |  | <b>14.768</b> |
| <b>TOTAL LIABILITIES</b>                   |  | <b>14.915</b> |

The Group had no impact on equity by the initial application of IFRS 16.

C) Reconciliation of Commitments from operating leases disclosed as at 31/12/2018 (according to IAS 17) with Lease liabilities recognized as at 1/1/2019 (according to IFRS 16)

|  | GROUP         | COMPANY      |
|--|---------------|--------------|
| <b>Operating lease commitments disclosed as at 31/12/2018</b>                          | <b>20.540</b> | <b>2.884</b> |
| Weighted average incremental borrowing rate as at 1/1/2019                             | 6,35%         | 6,41%        |
| <b>Discounted lease commitments applying incremental borrowing rate as at 1/1/2019</b> | <b>16.775</b> | <b>2.440</b> |
| Add: finance lease liabilities as at 1/1/2019 according to IAS 17                      | 3.523         | 0            |



|  |               |              |
|--|---------------|--------------|
| Less: IFRS 16 exemptions for short term leases as at 1/1/2019          | -1.467        | -114         |
| Less: IFRS 16 exemptions for leases of low value assets as at 1/1/2019 | -6            | 0            |
| Other adjustments  | -270          | 0            |
| <b>Lease liabilities recognised as at 1/1/2019</b>                     | <b>18.555</b> | <b>2.326</b> |
| Long term lease liabilities  | 16.565        | 2.326        |
| Short term lease liabilities   | 1.990         | 0            |
| <b>Total lease liabilities recognised as at 1/1/2019</b>               | <b>18.555</b> | <b>2.326</b> |

D) Recognition of leases in financial statements of 31/12/2019:

Following the initial recognition, the Group remeasures the right-of-use assets and depreciates them on a straight line basis through the whole leasing term. Respectively, the Group remeasures the above lease liabilities and increases/decreases them through the recognition of the relevant interest and the lease payments.

- Statement of Financial Position

Tangible Assets include Right-of-Use-Assets (RoU Assets) through Leases pursuant to IFRS 16:

|  | RIGHT OF USE ASSETS |                     |                       |               |
|--|---------------------|---------------------|-----------------------|---------------|
|  | LAND & BUILDINGS    | TRANSPORT EQUIPMENT | MACHINERY & EQUIPMENT | TOTAL         |
| <b>Balance 01/01/2019 before IFRS 16 first application</b> | <b>2</b>            | <b>48</b>           | <b>5.546</b>          | <b>5.596</b>  |
| IFRS 16 first application                                  | 19.232              | 2.412               | 72                    | 21.716        |
| <b>Balance 01/01/2019 after IFRS 16 first application</b>  | <b>19.234</b>       | <b>2.460</b>        | <b>5.618</b>          | <b>27.312</b> |
| Additions/contracts modifications                          | 5.492               | 729                 | 78                    | 6.299         |
| Termination/expiry of contracts                            | -260                | -118                |                       | -378          |
| Foreign Exchange differences                               | -161                | 9                   | 86                    | -66           |
| Effect from IAS 29   | 224                 | 5                   |                       | 229           |
| Change of subsidiary's consolidation method                | -1.974              |                     |                       | -1.974        |
| Depreciation   | -4.338              | -1.152              | -1.139                | -6.629        |
| <b>Balance 31/12/2019</b>                                  | <b>18.217</b>       | <b>1.933</b>        | <b>4.643</b>          | <b>24.793</b> |

- Income Statement
- Below amounts recognised in Income Statement:

| (continuing operations)                             | 1/1-31/12/2019 |
|---|----------------|
| Depreciation from right of use assets               | 6.629          |
| Interest expenses from lease liabilities            | 888            |
| Rental expenses from short term contracts           | 3.601          |
| Rental expenses from contracts of low value assets  | 101            |
| <b>Total amounts recognised in Income Statement</b> | <b>11.219</b>  |

The positive impact on Group EBITDA for 2019, was approximately €5,5 million, since according to IAS 17 payments from operating leases were included in EBITDA, while after the application of IFRS 16 the right-of-use assets depreciation charges and the liabilities interest charges are not included in EBITDA calculation. Finally, Group cash flows from operating activities increased in 2019, and respectively cash flows from financing activities decreased for an amount of approximately €5,2 million, since payments for liabilities principal and interest are classified as cash flows from financing activities.

### **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. These amendments do not affect Group financial statements.

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

(COMMISSION REGULATION (EU) No. 2019/237 of 8<sup>th</sup> February 2019, L 39/1 - 11/2/2019)

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. These amendments do not affect Group financial statements.

### **IAS 19 (Amendment) "Employee benefits"**

(COMMISSION REGULATION (EU) No. 2019/402 of 13<sup>th</sup> March 2019, L 72/6 - 14/3/2019)

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. These amendments do not significantly affect the Group's financial statements.

### **IFRIC 23 "Uncertainty over Income Tax Treatments"**

(COMMISSION REGULATION (EU) No. 2018/1595 of 23rd October 2018, L 265/3 -24/10/2018)

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. These amendments do not significantly affect the Group's financial statements.

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

#### **Annual Improvements to IFRSs 2015-2017 Cycle**

(COMMISSION REGULATION (EU) No. 2019/412 of 14<sup>th</sup> March 2019, L 73/93 - 15/3/2019)

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. These amendments do not significantly affect the Group's financial statements.

### **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.

### **Standards and Interpretations compulsory after 31 December 2019**

The following new standards, amendments and IFRICs have been published but are in effect for the annual fiscal period beginning the 1st of January 2020 and have not been adopted from the Group earlier.

### **IFRS 3 (Amendment) “Business Combinations”**

(COMMISSION REGULATION (EU) No. 2020/551 of 21<sup>st</sup> April 2020, L 127/13 -22/4/2020)

This applies to annual accounting periods starting on or after 1st January 2020. Earlier application is permitted. In October 2018 the IASB issued narrow-scope amendments to IFRS 3 “Business Combinations” to improve the definition of a business. The amendments will help companies determine whether an acquisition made is of a business or a group of assets. The amended definition emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. In addition to amending the wording of the definition, the Board has provided supplementary guidance. Distinguishing between a business and a group of assets is important because an acquirer recognizes goodwill only when acquiring a business.

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

### **IAS 1 & IAS 8 (Amendments) “Clarification of “material” definition”**

(COMMISSION REGULATION (EU) No. 2019/2104 of 29th November 2019, L 318/74 -10/12/2019)

This applies to annual accounting periods starting on or after 1st January 2020. Earlier application is permitted. In October 2018 the IASB issued amendments to IAS 1 “Presentation of Financial Statements” and IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” regarding its definition of material to make it easier for companies to make materiality judgments. The definition of material, an important accounting concept in IFRS Standards, helps companies decide whether information should be included in their financial statements. The amendments are a response to findings that some companies experienced difficulties using the old definition when judging whether information was material for inclusion in the financial statements. The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has

featured elsewhere in IFRS Standards. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards. Old definition: Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements (IAS 1 Presentation of Financial Statements).

New definition: Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

### **IFRS 9, IAS 39 and IFRS 7 (Amendments) “Interest Rates Benchmark Reform”**

(COMMISSION REGULATION (EU) No. 2020/34 of 15th January 2020, L 12/5 - 16/1/2020)

This applies to annual accounting periods starting on or after 1st January 2020. Earlier application is permitted. In September 2019, the IASB issued amendments to some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the Interest Rates Benchmark reform. The amendments are designed to support the provision of useful financial information by companies during the period of uncertainty arising from the phasing out of interest rate benchmarks such as interbank offered rates (IBORs). It requires companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

These amendments do not significantly affect the Group's financial statements.

### **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.

### **Revision of the Conceptual Framework for Financial Reporting**

(COMMISSION REGULATION (EU) No. 2019/2075 of 29th November 2019, L 316/10 - 6/12/2019)

This applies to annual accounting periods starting on or after 1st January 2020.

In March 2018, the IASB issued the revised Conceptual Framework for Financial Reporting (Conceptual Framework), the objective of which was to incorporate some important issues that were not covered, as well as update and clarify some guidance that was unclear or out of date. The revised Conceptual Framework includes a new chapter on measurement, which analyzes the concept on measurement, including factors to be considered when selecting a measurement basis, concepts on presentation and disclosure, and guidance on derecognition of assets and liabilities from financial statements. In addition, the revised Conceptual Framework includes improved definitions of an asset and a liability, guidance supporting these definitions, update of recognition criteria for

assets and liabilities, as well as clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

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

### **Amendments to References to the Conceptual Framework in IFRS Standards**

(COMMISSION REGULATION (EU) No. 2019/2075 of 29<sup>th</sup> November 2019, L 316/10 - 6/12/2019)

This applies to annual accounting periods starting on or after 1st January 2020.

In March 2018, the IASB issued Amendments to References to the Conceptual Framework, following its revision. Some Standards include explicit references to previous versions of the Conceptual Framework. The objective of these amendments is to update those references so that they refer to the revised Conceptual Framework and to support transition to the revised Conceptual Framework.

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

### **IAS 1 (Amendment) "Classification of Liabilities as Current or Non-current"**

This applies to annual accounting periods starting on or after 1st January 2022. Earlier application is permitted.

In January 2020 the IASB issued amendment to IAS 1 "Presentation of Financial Statements" that affect requirements for the presentation of liabilities. Specifically, they clarify one of the criteria for classifying a liability as non-current, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments include: (a) specifying that an entity's right to defer settlement must exist at the end of the reporting period; (b) clarifying that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement; (c) clarifying how lending conditions affect classification; and (d) clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

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

### **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 IFRS 9 either in income statement or as a change in other comprehensive income. If the contingent consideration is not within the scope of IFRS 9, 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 IFRS 9 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 Όταν 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 |
| • Installations and Equipment             | 5 to 15 years   |
| • Machinery and Equipment                 | 4 to 10 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 1<sup>st</sup> 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:

|  |  |
|--|--|
| <ul style="list-style-type: none"> <li>• Software platforms</li> <li>• Central operating software</li> <li>• Central Network software</li> <li>• Licenses</li> <li>• Rights</li> </ul> | <p>Over the duration of the longest contract</p> |
| <ul style="list-style-type: none"> <li>• Other software</li> </ul>   | <p>3 to 5 years</p>                              |

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**

### **2.1.12.I Financial assets**

#### **(a) Recognition and measurement of financial assets**

The Group recognizes a financial asset in its statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument. The Group initially recognizes trade and other receivables on the date of transaction. At initial recognition, under IFRS 9, all financial assets, except for certain trade receivables, are recognized initially at their fair value plus transaction costs (except financial assets measured at Fair Value through Profit or Loss, where transaction costs are expensed).

#### **(b) Classification of non-derivative financial assets**

##### **i) Debt financial instruments**

Debt financial instruments within the scope of IFRS 9 are classified according to: (i) the Group's business model for managing the assets, and (ii) whether the instruments' contractual cash flows on specified dates represent "solely payments of principal and interest" on the principal amount outstanding (the "SPPI criterion"), in the below three categories:

- Debt instruments at amortised cost,
- Debt instruments at Fair Value through Other Comprehensive Income ("FVOCI"), and
- Debt instruments at Fair Value through Profit or Loss ("FVPL").

The subsequent measurement of debt financial instruments depends on their classification as follows:

**Debt instruments at amortised cost:**

Include financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. After initial measurement these debt instruments are measured at amortized cost using the effective interest method. Gains or losses arising from derecognition and impairment recognized in the income statement as finance costs or income, as well as the EIR income through the amortization process. This category includes Group's "Trade and other short term receivables", "Other long term receivables" and Bonds that meet the above criteria and included in "Other financial assets"

**Debt instruments at FVOCI:**

Include financial assets that are held within a business model with the objective both to collect contractual cash flows and to sell the financial assets, and meet the SPPI criterion. After initial measurement these debt instruments are measured at fair value with unrealized gains or losses recognized as other comprehensive income in revaluation reserve. When the assets are sold, derecognized or impaired the cumulative gains or losses are transferred from the relative reserve to the income statement of the period. Interest income calculated using the effective interest method, foreign exchange gains or losses and impairment are recognised in income statement.

**Debt instruments at FVPL:**

Include financial assets that are not classified to the two above categories because cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. After initial measurement these debt instruments are measured at fair value with unrealized gains or losses, including any interest income, recognized in income statement as financial income or expenses respectively.

**ii) Equity financial instruments**

Equity financial instruments within the scope of IFRS 9 are classified according to the Group's intention to hold or not for the foreseeable future and its election at initial recognition to classify at FVOCI or not, in the below two categories:

- Equity instruments at FVOCI, and
- Equity instruments at FVPL.

The subsequent measurement of equity financial instruments depends on their classification as follows:

**Equity instruments at FVOCI:**

Include financial assets, which the Group intends to hold for the foreseeable future ("Not held for sale") and which the Group has irrevocably elected at initial recognition to classify at FVOCI. This election is made on an investment-by-investment basis. After initial measurement these financial assets are measured at fair value with unrealized gains or losses recognized as other comprehensive income in revaluation reserve. When the assets are sold or derecognized the cumulative gains or losses are transferred from the relative reserve to retained earnings (no recycling to income statement of the period). Equity instruments at FVOCI are not subject to an

impairment assessment under IFRS 9. Dividends are recognized as “finance income” in income statement, unless the dividend clearly represents a recovery part of the cost of the investment.

#### **Equity instruments at FVPL:**

Include financial assets, which the Group has not irrevocably elected at initial recognition to classify at FVOCI. After initial measurement these equity instruments are measured at fair value with unrealized gains or losses, including any interest or dividend income, recognized in income statement as financial income or expenses respectively.

#### **(c) 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.

#### **(d) Impairment of financial assets**

IFRS 9 requires the Group to recognize loss allowance for Expected Credit Losses (“ECLs”) on:

- Debt instruments at amortised cost,
- Debt instruments at FVOCI, and
- Contract assets (as defined in IFRS 15).

ECLs are a probability-weighted estimate of credit losses and are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset’s original effective rate.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group applies the general model for recognizing expected credit losses rather than the simplified approach based on the relevant exemption provided by IFRS 9 due to the wide dispersion of its activities both geographically and due to the nature of the activities and the different characteristics of the counterparties (from small local gambling agencies to large state lotteries and other gambling organizations).

This model follows a three-step approach to credit risk grading:

Stage 1: Performing financial assets without credit risk deterioration:

This stage includes financial assets whose credit risk has not deteriorated significantly since initial recognition or which have a low credit risk at the reporting date. Expected credit losses are calculated and recognized for the period of the next 12 months.

Stage 2: Performing financial assets with credit risk deterioration:

This stage includes financial assets whose credit risk has deteriorated significantly since initial recognition (unless they have a low credit risk at the reporting date) but there is no objective evidence of impairment. Expected credit losses are calculated and recognized for the full life of the financial asset.

Stage 3: Non-performing financial assets:

This stage includes financial assets for which there is objective evidence of impairment at the reporting date. Expected credit losses are calculated and recognized for the full life of the financial asset.

For "Trade and other short term receivables", "Other long term receivables" and "Contract assets" (as defined in IFRS 15), the Group calculates the ECLs according to the stage of each of them, examining them on a standalone basis.

For other debt financial assets (i.e. debt instruments at FVOCI) that are determined to have low credit risk, ECL is based on 12-months ECL approach. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL approach.

A key factor in recognizing expected credit losses over the life of a financial asset or over the next twelve months, is the credit risk significant deterioration after initial recognition or not, compared to the corresponding credit risk at the initial recognition of the financial asset.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. IFRS 9 makes a presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. However, this presumption can be rebut if there are reasonable and supportable information that is available without undue cost or effort, that demonstrates that the credit risk has not increased significantly since initial recognition even though the contractual payments are more than 30 days due.

The Group considers a financial asset to be in default when the borrower/debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security, collateral, mortgage, etc. Objective presumption for a credit-impaired financial asset, is the delay in collection over the days set as a threshold for each of them (examining them on standalone basis). The range of days that have been set as a threshold for the Group ranges between 30 and 210.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

The three components of the calculation model of ECLs are as follows:

- Exposure at default ("EAD"): which represents the amount of the Group's exposure at the reporting date.
- Probability of default ("PD"): an estimate of the probability of default based on historical data, assumptions and future estimates. The probability arises for each of the counterparties initially calculating the DSOs (Days Sales Outstanding), which are then compared to the threshold set for that counterparty to determine whether it is at default or not, and then weighted on the basis of its value weight and exponential time factors.
- Loss given default ("LGD"): which represents the estimate of the loss that will occur on the default date. For the calculation of the loss due to default, any collaterals/securities held by the Group are taken into account.

The Group's held collaterals/securities for trade receivables at the reporting date relate to cash, as well as to mortgages on property.

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is "credit impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract, such as a default or past due event;
- the lender, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for a financial asset because of financial difficulties; and
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt instrument at FVOCI, the loss allowance is charged to profit or loss and is recognised in Other Comprehensive Income.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

#### **2.1.12.II Non-derivative financial liabilities**

Financial liabilities include trade and other liabilities, bank overdrafts, loans and borrowings, as well as financial guarantee contracts.



**(a) Recognition and measurement of financial liabilities**

The Group recognizes a financial liability in its statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument. At initial recognition, financial liabilities are recognized at fair value and in case of loans and borrowings, less directly attributable transaction costs.

**(b) Classification of non-derivative financial liabilities**

After the initial measurement, the financial liabilities are measured as follows:

**Financial liabilities measured at amortized cost:**

All interest bearing loans and borrowings are initially measured at fair value less transaction cost directly attributable to the issuance of the financial liability. Subsequently are 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. Such liabilities are measured at fair value and 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 IFRS 15.

**(c) 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.

**2.1.12.III 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.

#### **2.1.12.IV 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.

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 (or other comprehensive income, if the hedging instrument hedges an equity instrument for which the Group has elected to present changes in FVOCI).

###### **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 hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is

reclassified to income statement in the same period or periods as the hedged expected future cash flows affect income statement.

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.

**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.

**2.1.12.V 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 doubtful provisions, that are estimated according to IFRS 9.

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 IFRS 9.

**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:**

##### **➤ Right-of-use assets**

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

##### **➤ Lease liabilities**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include

the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

➤ **Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (i.e., below USD 5.000). Lease payments on short-term leases and leases of low-value assets are recognised as expense 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, consideration (bonus, marketing incentives, etc.) payable to customers, 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, excluding consideration (bonus, marketing incentives, etc.) payable to customer or to customers of Group's customer, when the Group operates as an agent.
- **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 time that the relevant events or draws are taking place and is valued as the total amount received from the player-customer in order to participate in a game, excluding consideration (bonus, marketing incentives, etc.) payable to 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 defines "EBITDA" as "Operating Profit/(Loss) before tax" adjusted for the figures "Profit/(loss) from equity method consolidations", "Profit / (loss) to net monetary position", "Exchange Differences", "Interest and related 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", "Profit / (loss) to net monetary position", "Exchange Differences", "Interest and related 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          |                |
|---|----------------|----------------|
|   | 1/1-31/12/2019 | 1/1-31/12/2018 |
| Operating profit/(loss) before tax  | -70.637        | -14.829        |
| Profit/(loss) to net monetary position  | -510           | 130            |
| Profit/(loss) equity method consolidation   | 17.510         | 17.461         |
| Foreign exchange differences  | -3.238         | -8.608         |
| Interest and similar income   | -4.630         | -8.105         |
| Interest and similar expenses   | 52.668         | 50.059         |
| Income/(expenses) from participations and investments                                     | -16.742        | -2.396         |

|   |               |                |
|---|---------------|----------------|
| Gain/(loss) from assets disposal, impairment losses & write-off of assets | 30.725        | 19.272         |
| <b>EBIT</b>   | <b>5.146</b>  | <b>52.984</b>  |
| Depreciation and amortization   | 82.638        | 64.752         |
| <b>EBITDA</b>   | <b>87.784</b> | <b>117.736</b> |

| Reconciliation of operating profit before tax to EBIT and EBITDA (continuing operations): | COMPANY        |                |
|---|----------------|----------------|
|   | 1/1-31/12/2019 | 1/1-31/12/2018 |
| <b>Operating profit/(loss) before tax</b>   | <b>-6.119</b>  | <b>-11.789</b> |
| Foreign exchange differences  | -5             | -213           |
| Interest and similar income   | -4.588         | -4.666         |
| Interest and similar expenses   | 20.087         | 16.895         |
| Income/(expenses) from participations and investments                                     | -35.683        | -6.147         |
| Gain/(loss) from assets disposal, impairment losses & write-off of assets                 | 7              | 0              |
| <b>EBIT</b>   | <b>-26.301</b> | <b>-5.920</b>  |
| Depreciation and amortization   | 19.139         | 13.365         |
| <b>EBITDA</b>   | <b>-7.162</b>  | <b>7.445</b>   |

#### 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. If the working hours are reallocated from one project to another then the costs of distribution, administration and R&D are calculated accordingly.

#### **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 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 [2.32.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 [2.12](#).

#### **Allowance for doubtful receivables – expected credit losses**

In determining the expected credit losses and the recognition of a relevant doubtful provision, the Group applies the general model as described in paragraph [2.1.12.I.d](#) of accounting policies. The information required to determine whether there is a significant deterioration in credit risk after initial recognition and to determine the stage to which each financial asset belongs and to calculate the provision for impairment is based on historical and future data and includes significant estimates. Past experience and estimates for the future may not lead to conclusions indicative of the actual amount of default when a relevant event will occur. 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. Further details are provided in note [2.26](#).

#### **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 [2.1.8](#), [2.1.10](#), [2.1.11](#), [2.14](#), [2.15](#) 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 [2.32.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. Further details are provided in [2.21](#).

### **Determination of lease term of contracts with renewal options**

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew, considering all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in Group business strategy).

### **Consolidation of subsidiaries in which the Group holds less than a majority of voting right (de facto control)**

The Group estimates that on 31/12/2019 controls the subsidiaries Inteltek Internet AS, 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 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, Eurobet LTD and DC09 LLC, in which the Group holds on 31/12/2019 45%, 49% and 49% respectively of the voting rights, define the framework on the basis of which these entities are consolidated.

Since 5/12/2019 the conditions under which Eurofootball Ltd (in which the Group holds on 31/12/2019 49%) was fully consolidated, according to IFRS 10, in the financial statements of INTRALOT Group have ceased, and the company since then is consolidated under the equity method.

### **Going Concern**

The Management of the Group evaluates the going concern assumption based on the approved business plans that cover a period of five years. Following this, it prepares Expected Cash Flows that cover a period of at least 12 months since the financial statements reporting date.

In the present fiscal year, given that there are significant events beyond the period of the initial assessment and more specifically the imminent obligation to repay the Facility A (note [2.25](#)), the Management of the Group has extended the evaluation period of going concern in order to cover the contractual maturity date for the repayment of the said Facility.

The estimates and assumptions used to prepare the business plans and Expected Cash Flows are based on historical data as well as on various factors that are considered reasonable given the circumstances, and are reconsidered taking into account current and expected future market conditions. The preparation of business plans also includes long-term assumptions for important economic factors that involve a significant use of Management judgement.

### **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 [2.1.6](#).

### **2.2 INFORMATION PER SEGMENT**

Intralot Group is active in 44 countries and states, and the segmentation of its subsidiaries is performed based on their geographical position. The grouping of the Group's companies is based on the geographic position in which they are located. 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, Uruguay and St. Lucia.                                      |
| Other Countries: | Australia, New Zealand, China, South Africa, Turkey, South Korea, Lebanon, Azerbaijan, Taiwan and Morocco.   |

No 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".

### **United Kingdom leave from the European Union**

On January 30, 2020, the European Parliament approved the final agreement regarding the decision of the United Kingdom to leave the European Union (BREXIT). It is noted that the Group does not have any significant implications for the above agreement, since it doesn't have any significant commercial activity in the United Kingdom except for bank facilities agreements through its subsidiary Intralot Finance UK Ltd. On 31/12/2019 the above contracts were canceled.

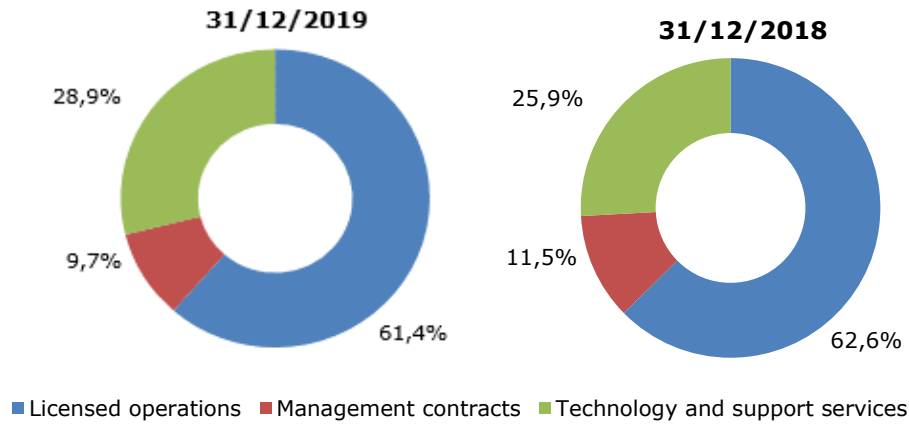
| <b>1/1-31/12/2019</b><br><i>(in million €)</i>                        | <b>European Union</b> | <b>Other Europe</b> | <b>America</b> | <b>Other Countries</b> | <b>Eliminations</b> | <b>Total</b>  |
|---|-----------------------|---------------------|----------------|------------------------|---------------------|---------------|
| Sales to third parties  | 429,92                | 0,00                | 199,84         | 90,82                  | 0,00                | 720,58        |
| Intragroup sales  | 66,16                 | 0,00                | 0,45           | 0,23                   | -66,84              | 0,00          |
| <b>Total Sales</b>  | <b>496,08</b>         | <b>0,00</b>         | <b>200,29</b>  | <b>91,05</b>           | <b>-66,84</b>       | <b>720,58</b> |
| <b>Gross Profit/(loss)</b>  | <b>52,31</b>          | <b>-1,74</b>        | <b>26,45</b>   | <b>63,32</b>           | <b>-14,33</b>       | <b>126,01</b> |
| (Debit)/Credit interest & similar (expenses)/income                   | -43,78                | 0,15                | -7,09          | 1,10                   | 1,58                | -48,04        |
| Depreciation/Amortization   | -45,60                | -1,82               | -31,64         | -6,39                  | 2,81                | -82,64        |
| Profit/(loss) consolidated with equity method                         | 0,93                  | 0,00                | 2,11           | -20,55                 | 0,00                | -17,51        |
| Write-off & impairment of assets                                      | -20,92                | -4,31               | -0,57          | -4,99                  | 0,00                | -30,79        |
| Write-off & impairment of investments                                 | -41,70                | 0,00                | 0,00           | 0,00                   | 39,73               | -1,97         |
| Doubtful provisions, write-off & impairment of receivables            | -7,05                 | -0,24               | -1,71          | -0,41                  | 8,50                | -0,91         |
| Reversal of doubtful provisions & recovery of written off receivables | 1,31                  | 0,00                | 0,00           | 0,02                   | -1,31               | 0,02          |
| Reversal of provisions for participations impairment                  | 0,00                  | 0,00                | 0,00           | 0,00                   | 0,00                | 0,00          |
| <b>Profit/(Loss) before tax and continuing operations</b>             | <b>-26,76</b>         | <b>-6,14</b>        | <b>-2,12</b>   | <b>-6,23</b>           | <b>-29,39</b>       | <b>-70,64</b> |
| Tax   | -10,48                | -0,05               | -1,73          | -6,91                  | 0,00                | -19,17        |
| <b>Profit/(Loss) after tax from continuing operations</b>             | <b>-37,24</b>         | <b>-6,19</b>        | <b>-3,85</b>   | <b>-13,14</b>          | <b>-29,39</b>       | <b>-89,81</b> |
| Profit/(Loss) after tax from discontinued operations                  | 2,73                  | 0,00                | 0,00           | 0,00                   | 4,95                | 7,68          |
| <b>Profit/(Loss) after tax from total operations</b>                  | <b>-34,51</b>         | <b>-6,19</b>        | <b>-3,85</b>   | <b>-13,14</b>          | <b>-24,44</b>       | <b>-82,13</b> |

| <b>1/1-31/12/2018</b><br><i>(in million €)</i>                        | <b>European Union</b> | <b>Other Europe</b> | <b>America</b> | <b>Other Countries</b> | <b>Eliminations</b> | <b>Total</b>  |
|---|-----------------------|---------------------|----------------|------------------------|---------------------|---------------|
| Sales to third parties  | 485,62                | 1,67                | 186,56         | 110,52                 | 0,00                | 784,37        |
| Intragroup sales  | 57,08                 | 0,00                | 0,40           | 0,96                   | -58,44              | 0,00          |
| <b>Total Sales</b>  | <b>542,70</b>         | <b>1,67</b>         | <b>186,96</b>  | <b>111,48</b>          | <b>-58,44</b>       | <b>784,37</b> |
| <b>Gross Profit/(loss)</b>  | <b>70,24</b>          | <b>-0,64</b>        | <b>19,62</b>   | <b>80,60</b>           | <b>-11,88</b>       | <b>157,94</b> |
| (Debit)/Credit interest & similar (expenses)/income                   | -42,07                | 0,20                | -5,05          | 3,84                   | 1,13                | -41,95        |
| Depreciation/Amortization   | -35,78                | -1,50               | -22,59         | -7,49                  | 2,61                | -64,75        |
| Profit/(loss) consolidated with equity method                         | -0,01                 | 0,00                | 1,60           | -19,05                 | 0,00                | -17,46        |
| Write-off & impairment of assets                                      | -1,49                 | -3,20               | -0,19          | -14,43                 | 0,00                | -19,31        |
| Write-off & impairment of investments                                 | -9,19                 | 0,00                | -0,02          | 0,00                   | 9,21                | 0,00          |
| Doubtful provisions, write-off & impairment of receivables            | 0,97                  | 0,00                | -0,39          | -0,86                  | -0,96               | -1,24         |
| Reversal of doubtful provisions & recovery of written off receivables | 10,76                 | 0,00                | 0,00           | 0,00                   | -10,76              | 0,00          |
| Reversal of provisions for participations impairment                  | 0,00                  | 0,00                | 0,00           | 0,00                   | 0,00                | 0,00          |
| <b>Profit/(Loss) before tax and continuing operations</b>             | <b>60,30</b>          | <b>-3,77</b>        | <b>-1,14</b>   | <b>40,08</b>           | <b>-110,30</b>      | <b>-14,83</b> |
| Tax   | -3,31                 | -0,17               | 0,90           | -10,69                 | 0,00                | -13,27        |
| <b>Profit/(Loss) after tax from continuing operations</b>             | <b>56,99</b>          | <b>-3,94</b>        | <b>-0,24</b>   | <b>29,39</b>           | <b>-110,30</b>      | <b>-28,10</b> |
| Profit/(Loss) after tax from discontinued operations                  | 12,75                 | 0,00                | 0,00           | 42,39                  | -0,08               | 55,06         |
| <b>Profit/(Loss) after tax from total operations</b>                  | <b>69,74</b>          | <b>-3,94</b>        | <b>-0,24</b>   | <b>71,78</b>           | <b>-110,38</b>      | <b>26,96</b>  |

| <b>Sales per business activity</b><br>(continuing operations) |                   |                   |               |
|---|-------------------|-------------------|---------------|
| <i>(in thousand €)</i>  | <b>31/12/2019</b> | <b>31/12/2018</b> | <b>Change</b> |
| Licensed operations   | 442.745           | 491.232           | -9,87%        |
| Management contracts  | 69.530            | 90.255            | -22,96%       |
| Technology and support services                               | 208.306           | 202.881           | 2,67%         |
| <b>Total</b>  | <b>720.581</b>    | <b>784.368</b>    | <b>-8,13%</b> |

The sales of the above business activities are coming from all geographical segments

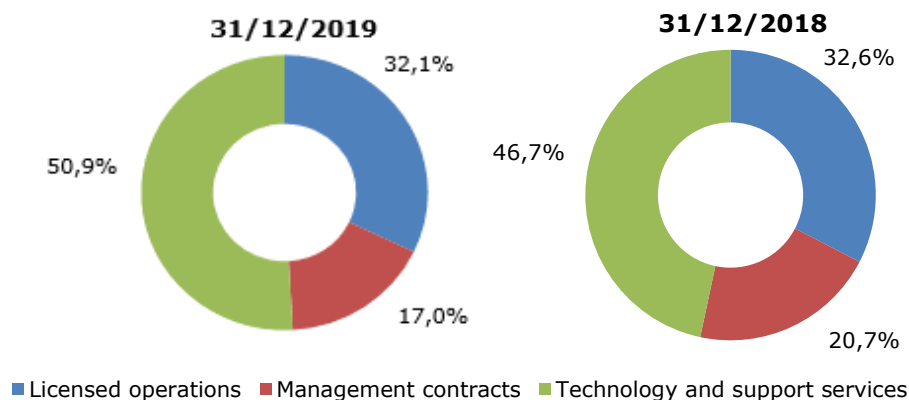
**Sales per business activity**



| <b>Sales per product type</b><br>(continuing operations) |                   |                   |
|--|-------------------|-------------------|
|  | <b>31/12/2019</b> | <b>31/12/2018</b> |
| Lottery games  | 44,4%             | 39,6%             |
| Sports Betting   | 42,7%             | 46,1%             |
| IT products & services                                   | 6,0%              | 8,2%              |
| Racing   | 2,5%              | 2,2%              |
| Video Lottery Terminals                                  | 4,4%              | 3,9%              |
| <b>Total</b>   | <b>100%</b>       | <b>100%</b>       |

| <b>Revenue Net of Payout (GGR) per business activity</b><br>(continuing operations) |                   |                   |               |
|---|-------------------|-------------------|---------------|
| <i>(in thousand €)</i>  | <b>31/12/2019</b> | <b>31/12/2018</b> | <b>Change</b> |
| Licensed operations   | 131.333           | 141.832           | -7,40%        |
| Management contracts  | 69.530            | 90.255            | -22,96%       |
| Technology and support services   | 208.306           | 202.881           | 2,67%         |
| <b>Total</b>  | <b>409.169</b>    | <b>434.968</b>    | <b>-5,93%</b> |

**Revenue Net Payout (GGR) per business activity**





### 2.3 OTHER OPERATING INCOME

| (continuing operations)   | GROUP         |               | COMPANY      |               |
|---|---------------|---------------|--------------|---------------|
|   | 31/12/2019    | 31/12/2018    | 31/12/2019   | 31/12/2018    |
| Income from rents from third parties  | 13.688        | 12.259        | 0            | 0             |
| Income from rents from subsidiaries   | 0             | 0             | 79           | 119           |
| Income from uncollected winnings  | 401           | 515           | 0            | 0             |
| Income from reversal of doubtful provisions and proceeds for written off receivables from third parties | 24            | 0             | 0            | 0             |
| Income from reversal of doubtful provisions and proceeds for written off receivables from subsidiaries  | 0             | 0             | 1.309        | 10.760        |
| Other income  | 5.390         | 2.807         | 96           | 409           |
| Other income from subsidiaries  | 0             | 0             | 7            | 0             |
| Other income from other related parties   | 28            | 33            | 11           | 0             |
| <b>Total</b>  | <b>19.531</b> | <b>15.614</b> | <b>1.502</b> | <b>11.288</b> |

### 2.4 STAFF COSTS

| (continuing operations)                            | GROUP          |               | COMPANY       |               |
|--|----------------|---------------|---------------|---------------|
|  | 31/12/2019     | 31/12/2018    | 31/12/2019    | 31/12/2018    |
| Salaries   | 82.329         | 74.450        | 22.439        | 22.518        |
| Social security contributions                      | 11.693         | 11.529        | 5.092         | 5.092         |
| Staff retirement indemnities provision (note 2.26) | 1.189          | 1.592         | 1.070         | 1.125         |
| Other staff costs                                  | 14.926         | 11.334        | 1.379         | 1.224         |
| <b>Total</b>                                       | <b>110.137</b> | <b>98.905</b> | <b>29.980</b> | <b>29.959</b> |

#### Salaries & Social security contributions per cost center December 31, 2019

(continuing operations)

| Group                                 | Cost of Sales | Selling expenses | Administrative costs | R&D costs    | Total          |
|---------------------------------------|---------------|------------------|----------------------|--------------|----------------|
| <b>Salaries</b>                       | 43.132        | 6.920            | 31.041               | 1.236        | 82.329         |
| <b>Social security contributions</b>  | 6.227         | 1.330            | 3.833                | 303          | 11.693         |
| <b>Staff retir. &amp; other costs</b> | 8.671         | 1.274            | 5.961                | 209          | 16.115         |
| <b>Total</b>                          | <b>58.030</b> | <b>9.524</b>     | <b>40.835</b>        | <b>1.748</b> | <b>110.137</b> |

| Company                               | Cost of Sales | Selling expenses | Administrative costs | R&D costs    | Total         |
|---------------------------------------|---------------|------------------|----------------------|--------------|---------------|
| <b>Salaries</b>                       | 10.663        | 2.849            | 7.691                | 1.236        | 22.439        |
| <b>Social security contributions</b>  | 2.530         | 669              | 1.590                | 303          | 5.092         |
| <b>Staff retir. &amp; other costs</b> | 1.369         | 298              | 573                  | 209          | 2.449         |
| <b>Total</b>                          | <b>14.562</b> | <b>3.816</b>     | <b>9.854</b>         | <b>1.748</b> | <b>29.980</b> |

#### Salaries & Social security contributions per cost center December 31, 2018

(continuing operations)

| Group                                 | Cost of Sales | Selling expenses | Administrative costs | R&D costs    | Total         |
|---------------------------------------|---------------|------------------|----------------------|--------------|---------------|
| <b>Salaries</b>                       | 38.170        | 7.644            | 27.173               | 1.463        | 74.450        |
| <b>Social security contributions</b>  | 6.212         | 1.341            | 3.611                | 365          | 11.529        |
| <b>Staff retir. &amp; other costs</b> | 7.751         | 1.344            | 3.628                | 203          | 12.926        |
| <b>Total</b>                          | <b>52.133</b> | <b>10.329</b>    | <b>34.412</b>        | <b>2.031</b> | <b>98.905</b> |

| Company                               | Cost of Sales | Selling expenses | Administrative costs | R&D costs    | Total         |
|---------------------------------------|---------------|------------------|----------------------|--------------|---------------|
| <b>Salaries</b>                       | 10.574        | 3.149            | 7.332                | 1.463        | 22.518        |
| <b>Social security contributions</b>  | 2.559         | 707              | 1.461                | 365          | 5.092         |
| <b>Staff retir. &amp; other costs</b> | 1.316         | 289              | 541                  | 203          | 2.349         |
| <b>Total</b>                          | <b>14.449</b> | <b>4.145</b>     | <b>9.334</b>         | <b>2.031</b> | <b>29.959</b> |

The number of employees of the Group at the end of the current period amounted to 3.845 persons (Company/subsidiaries 2.212 and associates 1.633) and the Company's 644 persons. At the end of the 2018 period the number of employees of the Group was 5.187 persons (Company/subsidiaries 3.021 and associates 2.166) and the Company's 691 persons.

## 2.5 DEPRECIATION AND AMORTIZATION

Depreciation and amortization recognized in the accompanying financial statements are analyzed as follows:

| (continuing operations)  | GROUP         |               | COMPANY       |               |
|--|---------------|---------------|---------------|---------------|
|  | 31/12/2019    | 31/12/2018    | 31/12/2019    | 31/12/2018    |
| Depreciation of tangible fixed assets (note <a href="#">2.14</a> ) | 41.076        | 30.017        | 3.895         | 1.785         |
| Amortization of intangible assets (note <a href="#">2.16</a> )     | 41.559        | 34.732        | 15.244        | 11.580        |
| Depreciation of investment property (note <a href="#">2.15</a> )   | 3             | 3             | 0             | 0             |
| <b>Total</b>   | <b>82.638</b> | <b>64.752</b> | <b>19.139</b> | <b>13.365</b> |

| Depreciation and amortization per cost center 31/12/2019<br>(continuing operations) |               |                  |                      |           |               |
|---|---------------|------------------|----------------------|-----------|---------------|
|   | Cost of Sales | Selling expenses | Administrative costs | R&D costs | Total         |
| <b>Group</b>  | 68.050        | 2.721            | 10.336               | 1.531     | <b>82.638</b> |
| <b>Company</b>  | 11.483        | 2.584            | 3.541                | 1.531     | <b>19.139</b> |

| Depreciation and amortization per cost center 31/12/2018<br>(continuing operations) |               |                  |                      |           |               |
|---|---------------|------------------|----------------------|-----------|---------------|
|   | Cost of Sales | Selling expenses | Administrative costs | R&D costs | Total         |
| <b>Group</b>  | 53.312        | 1.839            | 8.532                | 1.069     | <b>64.752</b> |
| <b>Company</b>  | 8.019         | 1.804            | 2.473                | 1.069     | <b>13.365</b> |

## 2.6 EXPENSES BY NATURE

| (continuing operations)                                 | GROUP          |                | COMPANY       |               |
|---|----------------|----------------|---------------|---------------|
|   | 31/12/2019     | 31/12/2018     | 31/12/2019    | 31/12/2018    |
| Personnel Costs (note <a href="#">2.4</a> )             | 110.137        | 98.905         | 29.980        | 29.959        |
| Depreciation & amortization (note <a href="#">2.5</a> ) | 82.638         | 64.752         | 19.139        | 13.365        |
| Change in inventories                                   | 6.807          | 7.775          | 9.731         | 6.713         |
| Winners payout, game taxes and agent commissions        | 382.126        | 429.342        | 0             | 0             |
| Consumables   | 8.475          | 8.719          | 0             | 0             |
| Third party fees-benefits                               | 34.809         | 34.606         | 8.021         | 11.858        |
| Other expenses  | 92.186         | 92.935         | 12.889        | 13.865        |
| <b>Total</b>  | <b>717.178</b> | <b>737.034</b> | <b>79.760</b> | <b>75.760</b> |

For the year ended December 31, 2019, operating expenses of the Group analysed above, include fees of statutory auditors' networks other than statutory audit, amounted to €129 thousand for the issuance of Tax Compliance Certificate in accordance with the provisions of art. 65A of L. 4174/2013 and €46 thousand for other services provided. The corresponding amounts for the Company are €110 thousand and €0 thousand.

## 2.7 INCOME / (EXPENSES) FROM PARTICIPATIONS AND INVESTMENTS

| (continuing operations)  | GROUP         |               | COMPANY       |               |
|--|---------------|---------------|---------------|---------------|
|  | 31/12/2019    | 31/12/2018    | 31/12/2019    | 31/12/2018    |
| Income from dividends  | 2.321         | 4.322         | 18.017        | 11.426        |
| Gain from sale of participations and investments <sup>1</sup>                    | 16.445        | 153           | 22.787        | 0             |
| <b>Total income from participations and investments</b>                          | <b>18.766</b> | <b>4.475</b>  | <b>40.804</b> | <b>11.426</b> |
| Loss from sale of participations and investments <sup>3</sup>                    | -57           | -360          | -194          | -19           |
| Loss from impairment / write-offs of participations and investments <sup>2</sup> | -1.967        | -1.719        | -4.927        | -5.260        |
| <b>Total expenses from participations and investments</b>                        | <b>-2.024</b> | <b>-2.079</b> | <b>-5.121</b> | <b>-5.279</b> |
| <b>Net result from participations and investments</b>                            | <b>16.742</b> | <b>2.396</b>  | <b>35.683</b> | <b>6.147</b>  |

<sup>1</sup>The Group on 31/12/2019 includes gain from bonds buy backs amounting to €10.133 thousand (note [2.25](#)), as well as gain from selling our participation in Hellenic Lotteries S.A. amounting to €5.439 thousand (note [2.18](#)). The Company on 31/12/2019 includes profits of €22.787 thousand due to the revaluation at fair value of the investment in subsidiary Intralot Adriatic DOO because of its contribution to Intralot Global Holdings BV (note [2.17](#)).

<sup>2</sup>The Group on 31/12/2018 includes an impairment provision for the recoverable amount of investing receivables from the equity holder of the subsidiary company (non-controlling interest) amounting to €1.719 thousand (Company 31/12/2018: €1.060 thousand). The Group on 31/12/2019 includes an impairment provision for the investment in the associate company Eurofootball Ltd amounting to €1.967 thousand (note [2.17](#)). The company on 31/12/2019 includes an impairment provision of the investment in subsidiary Inteltek Internet AS amounting to €8.721 thousand, as well as a reversal of the previous years relevant provision for the subsidiary Intralot Holdings International Ltd amounting to €4.000 thousand since its recoverability is confirmed (note [2.17](#)).

<sup>3</sup>The Group on 31/12/2018 includes losses from bonds buy backs amounting to €122 thousand (note [2.25](#)).

## 2.8 GAIN/(LOSSES) FROM ASSETS DISPOSAL, IMPAIRMENT LOSS & WRITE-OFF OF ASSETS

| (continuing operations)   | GROUP          |                | COMPANY    |            |
|---|----------------|----------------|------------|------------|
|   | 31/12/2019     | 31/12/2018     | 31/12/2019 | 31/12/2018 |
| Gain from disposal of tangible and intangible assets                              | 167            | 136            | 4          | 0          |
| Loss from disposal of tangible and intangible assets                              | -113           | -98            | -12        | 0          |
| Loss from impairment and write-off of tangible and intangible assets <sup>1</sup> | -30.786        | -19.310        | 0          | 0          |
| Gain from write-off lease liability   | 385            | 0              | 54         | 0          |
| Loss from write-off property rights   | -378           | 0              | -53        | 0          |
| <b>Net result from tangible and intangible assets</b>                             | <b>-30.725</b> | <b>-19.272</b> | <b>-7</b>  | <b>0</b>   |

<sup>1</sup> The Group on 31/12/2019 includes impairment provision on goodwill in subsidiary Inteltek A.S. (note [2.16](#)) of €3.037 thousand (31/12/2018: €14.429 thousand) following the award of the competition of Iddaa game, that completed in the first quarter of 2019, to another bidder. Inteltek A.S., has been running Iddaa game from 2004 until 28/08/2019. In addition, impairment provisions on goodwill are included to the subsidiaries of Eurobet Ltd and Bit8 Ltd of €18.493 thousand and €1.107 thousand respectively as described in note [2.16](#)

## 2.9 OTHER OPERATING EXPENSES

| (continuing operations)   | GROUP         |              | COMPANY      |              |
|---|---------------|--------------|--------------|--------------|
|   | 31/12/2019    | 31/12/2018   | 31/12/2019   | 31/12/2018   |
| Impairment, write-off and provisions for doubtful debt                | 913           | 1.241        | 3.624        | 3.090        |
| Provisions for contractual fines-penalties                            | 11.981        | 6.939        | 0            | 0            |
| Provision for personnel dismissal allowances of Inteltek Internet A.S | 3.349         | 0            | 0            | 0            |
| Other expenses  | 1.545         | 1.784        | 513          | 139          |
| <b>Total</b>  | <b>17.788</b> | <b>9.964</b> | <b>4.137</b> | <b>3.229</b> |

Analysis of the account "Impairment, write-off and provisions for doubtful debt":

| (continuing operations)                                 | GROUP      |              | COMPANY      |              |
|---|------------|--------------|--------------|--------------|
|   | 31/12/2019 | 31/12/2018   | 31/12/2019   | 31/12/2018   |
| Provisions for doubtful receivables from subsidiaries   | 0          | 0            | 3.607        | 3.090        |
| Doubtfull provisions from third party trade receivables | 841        | 1.129        | 0            | 0            |
| Write-off of trade receivables                          | 24         | 102          | 0            | 0            |
| Write-off of receivables from subsidiaries              | 0          | 0            | 17           | 0            |
| Write-off of receivables from associates                | 48         | 5            | 0            | 0            |
| Write-off of receivables from other related parties     | 0          | 5            | 0            | 0            |
| <b>Total</b>  | <b>913</b> | <b>1.241</b> | <b>3.624</b> | <b>3.090</b> |

## 2.10 INTEREST AND SIMILAR EXPENSES / INTEREST AND SIMILAR INCOME

| (continuing operations)                             | GROUP          |                | COMPANY        |                |
|---|----------------|----------------|----------------|----------------|
|   | 31/12/2019     | 31/12/2018     | 31/12/2019     | 31/12/2018     |
| Interest Expense <sup>1</sup>                       | -50.205        | -48.585        | -18.956        | -17.204        |
| Finance costs                                       | -1.922         | -1.421         | -1.131         | 309            |
| Discounting   | -541           | -53            | 0              | 0              |
| <b>Total interest and similar expenses</b>          | <b>-52.668</b> | <b>-50.059</b> | <b>-20.087</b> | <b>-16.895</b> |
| Interest Income                                     | 4.295          | 7.388          | 4.588          | 4.666          |
| Discounting   | 335            | 717            | 0              | 0              |
| <b>Total interest and similar income</b>            | <b>4.630</b>   | <b>8.105</b>   | <b>4.588</b>   | <b>4.666</b>   |
| <b>Net interest and similar income / (expenses)</b> | <b>-48.038</b> | <b>-41.954</b> | <b>-15.499</b> | <b>-12.229</b> |

<sup>1</sup> 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 2019 profit from «Exchange differences» amount to €3.238 thousand (2018: profit €8.608 thousand) mainly from valuation of commercial and borrowing liabilities (intercompany and non) in EUR that various subsidiaries abroad had as at 31/12/2019, with a different functional currency than the Group, from valuation of cash balances in foreign currency other than the functional currency of each entity, from valuation of trade receivables (from third parties and associates) mainly in USD that held by the Company on 31/12/2019, as well as losses from the restatement of revaluation reserve for foreign exchange differences in the income statement pursuant to IFRS 10.

## 2.12 INCOME TAXES

| GROUP (continuing operations)                                | 31/12/2019    | 31/12/2018    |
|--|---------------|---------------|
| Current income tax   | 10.924        | 16.019        |
| Deferred income tax  | 1.547         | -7.363        |
| Tax audit differences and other taxes non-deductible         | 6.702         | 4.162         |
| Provision for unaudited tax years                            | 0             | 451           |
| <b>Total income tax expense reported in income statement</b> | <b>19.173</b> | <b>13.269</b> |

The income tax for the Company and its Greek subsidiaries was calculated to 24% and 29% on the taxable profit of the periods 1/1-31/12/2019 and 1/1-31/12/2018.

The deferred income tax for the Company and its Greek subsidiaries was calculated using the tax rate 24% since the fiscal year 2019 according to L.4646/2019.

| COMPANY  | 31/12/2019 | 31/12/2018 |
|--|------------|------------|
| Current income tax                                   | 0          | 0          |
| Deferred income tax                                  | -373       | -36        |
| Tax audit differences and other taxes non-deductible | 3.988      | 4.372      |

|  |              |              |
|--|--------------|--------------|
| <b>Total income tax expense reported in income statement</b> | <b>3.615</b> | <b>4.336</b> |
|--|--------------|--------------|

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:

| <b>(continuing operations)</b>  | <b>GROUP</b>      |                   | <b>COMPANY</b>    |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | <b>31/12/2019</b> | <b>31/12/2018</b> | <b>31/12/2019</b> | <b>31/12/2018</b> |
| <b>Profit before income taxes</b>   | <b>-70.637</b>    | <b>-14.829</b>    | <b>-6.119</b>     | <b>-11.789</b>    |
| Income taxes based on the statutory income tax rate of the Parent 24% (2018: 29%)   | -16.953           | -4.300            | -1.469            | -3.419            |
| Adjustments to income taxes related to:   |                   |                   |                   |                   |
| Adjustments in previous periods provisions  | 73                | 12                | 0                 | 0                 |
| Tax effect of non-deductible tax expenses   | 17.086            | 42.204            | 4.650             | 6.600             |
| Tax effect of transferred losses, for which deferred tax asset was not recognized   | 25.822            | 10.501            | 0                 | 0                 |
| Tax effect of non-taxable profits   | -5.714            | -10.428           | -3.181            | -2.586            |
| Tax effect of foreign subsidiaries' profits that are taxable at different tax rates | -6.547            | -20.463           | 0                 | 0                 |
| Other taxes non-deductible  | 1.901             | 5.018             | 0                 | 4.357             |
| Deferred tax effect due to tax rate change  | -219              | -1.037            | -220              | -595              |
| Tax effect of losses for which deferred tax asset was recognized                    | -1.076            | -7.833            | -153              | -35               |
| Income tax of previous years after tax audit  | 4.800             | -856              | 3.988             | 14                |
| Provision for additional taxes from future tax audits                               | 0                 | 451               | 0                 | 0                 |
| <b>Income taxes reported in the income statement</b>                                | <b>19.173</b>     | <b>13.269</b>     | <b>3.615</b>      | <b>4.336</b>      |

|  | <b>GROUP</b>      |                   | <b>COMPANY</b>    |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | <b>31/12/2019</b> | <b>31/12/2018</b> | <b>31/12/2019</b> | <b>31/12/2018</b> |
| <b>Net deferred tax asset at beginning of the year</b>     | <b>-3.577</b>     | <b>-10.305</b>    | <b>-5.657</b>     | <b>-5.803</b>     |
| (Debit)/Credit to income statement (continuing operations) | -1.547            | 7.363             | 373               | 36                |
| Exchange differences                                       | 287               | 319               | 0                 | 0                 |
| Deferred tax on other comprehensive income                 | -48               | -16               | -36               | -26               |
| Transfer from income tax payable                           | 185               | -25               | 0                 | 0                 |
| Effect from impact from IFRS 15                            | 0                 | 15                | 0                 | 136               |
| Effect from impact from IAS 29                             | -269              | -928              | 0                 | 0                 |
| <b>Net deferred tax asset at end of the fiscal year</b>    | <b>-4.969</b>     | <b>-3.577</b>     | <b>-5.320</b>     | <b>-5.657</b>     |

The deferred tax asset and liability presented in the accompanying financial position are analyzed as follows:

| <b>31/12/2019</b>               | <b>GROUP</b>  |                    | <b>COMPANY</b> |                    |
|---------------------------------|---------------|--------------------|----------------|--------------------|
|                                 | <b>Assets</b> | <b>Liabilities</b> | <b>Assets</b>  | <b>Liabilities</b> |
| Tax losses carried forward      | 4.530         | 0                  | 0              | 0                  |
| Inventories-intercompany profit | 4             | 0                  | 0              | 0                  |
| Financial assets                | 2             | -1                 | 1              | 0                  |
| Long term receivables           | 52            | -48                | 0              | -7                 |
| Provisions                      | 1.267         | -1                 | 852            | 0                  |
| Tangible assets                 | -6.128        | 2.547              | 0              | -1.522             |
| Intangibles assets              | 83            | -10.575            | 0              | -6.883             |
| Short term receivables          | 1.411         | -1.469             | -623           | 0                  |
| Accrued expenses                | 1.437         | -42                | 1.387          | 0                  |
| Long term liabilities           | 1.042         | -21                | 413            | 0                  |
| Short term liabilities          | 1.278         | -651               | 872            | 0                  |
| Short term loans                | 650           | -336               | 190            | 0                  |
| <b>Total</b>                    | <b>5.628</b>  | <b>-10.597</b>     | <b>3.092</b>   | <b>-8.412</b>      |

| 1/1/2019 – 31/12/2019<br>Deferred income tax (continuing operations) | Income Statement |             |
|--|------------------|-------------|
|  | GROUP            | COMPANY     |
| Prior years' tax losses utilized                                     | 2.194            | 0           |
| Subsidiaries' tax losses carried forward                             | 185              | 0           |
| Accrued expenses   | -1.565           | -1.387      |
| Tangible assets  | 2.367            | 1.659       |
| Investment properties  | 0                | 0           |
| Intangible assets  | 46               | 562         |
| Financial assets   | 486              | 440         |
| Short term receivables   | -355             | -222        |
| Long Term receivables  | -195             | 7           |
| Inventories–impairment   | 9                | 0           |
| Short term provisions  | 42               | -32         |
| Short term liabilities   | -1.087           | -1.031      |
| Long term liabilities  | -580             | -369        |
| <b>Deferred Tax (income) / expense</b>                               | <b>1.547</b>     | <b>-373</b> |

On 31/12/2019 the most significant Group's subsidiaries (excluding Company) had accumulated tax losses amounting to approximately €275,8 million and had recognized a deferred tax asset of €4,5 million (31/12/2018: €6,6 million) attributable to tax losses amounting to €21,6 million. For the remaining tax losses amounting to €254,2 million there was no deferred tax asset recognized on 31/12/2019 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 an amount of €89,3 million can be transferred up to the periods 2020-2024, an amount of €82,0 million until the periods 2025-2044 and finally an amount of €104,5 million has no time limit. Also on 31/12/2019 the Company had accumulated tax losses amounting to €18,5 million of which an amount of €1,7 million can be transferred up to 2024 and an amount of €16,8 million has no time limit. The Company for the above tax losses on 31/12/2019 had not recognized a deferred tax asset since the recognition criteria under IAS 12 were not met.

| 31/12/2018                      | GROUP        |                | COMPANY    |               |
|---------------------------------|--------------|----------------|------------|---------------|
|                                 | Assets       | Liabilities    | Assets     | Liabilities   |
| Tax losses carried forward      | 6.639        | 0              | 0          | 0             |
| Inventories–intercompany profit | 14           | 0              | 0          | 0             |
| Financial assets                | 490          | -1             | 441        | 0             |
| Long term receivables           | 14           | -185           | 0          | 0             |
| Provisions                      | 1.351        | 485            | 827        | 0             |
| Tangible assets                 | -824         | -362           | 137        | 0             |
| Intangibles assets              | 143          | -10.595        | 0          | -6.321        |
| Short term receivables          | -698         | -25            | -845       | 0             |
| Accrued expenses                | 6            | -224           | 0          | 0             |
| Long term liabilities           | 109          | 192            | 74         | 0             |
| Short term liabilities          | 324          | -335           | 30         | 0             |
| Short term loans                | 149          | -244           | 0          | 0             |
| <b>Total</b>                    | <b>7.717</b> | <b>-11.294</b> | <b>664</b> | <b>-6.321</b> |

| 1/1/2018 – 31/12/2018<br>Deferred income tax (continuing operations) | Income Statement |            |
|--|------------------|------------|
|  | GROUP            | COMPANY    |
| Prior years' tax losses utilized                                     | 1.733            | 0          |
| Subsidiaries' tax losses carried forward                             | -4.325           | 0          |
| Accrued expenses   | 173              | 0          |
| Tangible assets  | -334             | -2         |
| Investment properties  | 0                | 0          |
| Intangible assets  | -4.346           | 121        |
| Financial assets   | 195              | 71         |
| Short term receivables   | -219             | -417       |
| Long Term receivables  | -134             | 0          |
| Inventories–impairment   | 69               | 0          |
| Short term provisions  | -1               | -15        |
| Short term liabilities   | 2.255            | -29        |
| Long term liabilities  | -2.429           | 235        |
| Discontinued operations  | 0                | 0          |
| <b>Deferred Tax (income) / expense</b>                               | <b>-7.363</b>    | <b>-36</b> |

## 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            |                    |
|--|--------------------|--------------------|--------------------|--------------------|
|  | 31/12/2019         | 31/12/2018         | 31/12/2019         | 31/12/2018         |
| <b>Net profit / (loss) attributable to equity holders of the parent</b>      | <b>-104.198</b>    | <b>-25.649</b>     | <b>-9.734</b>      | <b>-16.125</b>     |
| Weighted average number of shares outstanding in the beginning of the period | 147.761.688        | 156.980.467        | 147.761.688        | 156.980.467        |
| Less: Weighted average number of treasury shares from period movements       | 0                  | 4.662.909          | 0                  | 4.662.909          |
| <b>Weighted average number of shares outstanding during the period</b>       | <b>147.761.688</b> | <b>152.317.558</b> | <b>147.761.688</b> | <b>152.317.558</b> |
| <b>Basic earnings / (losses) per share (EPS) (in euro)</b>                   | <b>€-0,7052</b>    | <b>€-0,1684</b>    | <b>€-0,0659</b>    | <b>€-0,1059</b>    |

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 2019 and 2018 the Group had no stock option plan in effect.

| (total operations)   | GROUP              |                    | COMPANY            |                    |
|--|--------------------|--------------------|--------------------|--------------------|
|  | 31/12/2019         | 31/12/2018         | 31/12/2019         | 31/12/2018         |
| Weighted average number of shares outstanding (for basic EPS)                    | 147.761.688        | 152.317.558        | 147.761.688        | 152.317.558        |
| Effect of potential exercise of options (weighted average number for the period) | 0                  | 0                  | 0                  | 0                  |
| <b>Weighted average number of shares outstanding (for diluted EPS)</b>           | <b>147.761.688</b> | <b>152.317.558</b> | <b>147.761.688</b> | <b>152.317.558</b> |
| <b>Diluted earnings / (losses) per share (EPS) (in euro)</b>                     | <b>€-0,7052</b>    | <b>€-0,1684</b>    | <b>€-0,0659</b>    | <b>€-0,1059</b>    |

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          |
|--|--------------|-----------------------------|-------------------------|---------------------|------------------------|---------------------------|-----------------------|----------------|
| <b>1 January 2019</b>  |              |                             |                         |                     |                        |                           |                       |                |
| Cost   | 3.030        | 18.384                      | 350.712                 | 2.657               | 89.884                 | 28.527                    | 1.771                 | 494.965        |
| Accumulated depreciation   | -1.200       | -11.106                     | -261.138                | -2.151              | -84.622                | 0                         | -1.388                | -361.605       |
| <b>Net Book value 1 January 2019</b>                             | <b>1.830</b> | <b>7.278</b>                | <b>89.574</b>           | <b>506</b>          | <b>5.262</b>           | <b>28.527</b>             | <b>383</b>            | <b>133.360</b> |
| <b>COST</b>  |              |                             |                         |                     |                        |                           |                       |                |
| Adjustment of the opening balance due to application of IFRS 16  |              | 19.232                      | 72                      | 2.412               |                        |                           |                       | 21.716         |
| Additions of the period  |              | 5.536                       | 12.071                  | 738                 | 870                    | 20.218                    | 79                    | 39.512         |
| Transfer of assets from (to) other category                      |              | 178                         | 37.246                  |                     |                        | -37.429                   | 5                     | 0              |
| Transfer from (to) inventories and intangible assets             |              |                             | 16.058                  |                     | 282                    | 16                        |                       | 16.356         |
| Effect from the application of IAS 29                            |              | 224                         | 7.071                   | 142                 | 270                    |                           | 10                    | 7.717          |
| Disposal of subsidiaries/change in consolidation method          |              | -2.639                      | -4.226                  | -141                | -810                   | -415                      | -21                   | -8.252         |
| Disposals  |              |                             | -3.600                  | -194                | -270                   |                           | 0                     | -4.064         |
| Impairment / write off   |              | -660                        | -15.557                 | -99                 | -2.399                 |                           | -92                   | -18.807        |
| Derecognition due to termination / expiration of lease contracts |              | -300                        |                         | -180                |                        |                           |                       | -480           |
| Exchange differences   |              | -21                         | -1.182                  | -123                | -427                   | 258                       | -7                    | -1.502         |
| <b>ACCUMULATED DEPRECIATION</b>                                  |              |                             |                         |                     |                        |                           |                       |                |
| Depreciation of the period                                       |              | -5.225                      | -33.170                 | -1.323              | -1.338                 |                           | -93                   | -41.149        |
| Disposals  |              |                             | 3.500                   | 135                 | 183                    |                           |                       | 3.818          |
| Impairment / write-off   |              | 620                         | 14.866                  | 73                  | 2.393                  |                           | 81                    | 18.033         |
| Effect from the application of IAS 29                            |              |                             | -4.673                  | -87                 | -251                   |                           |                       | -5.011         |
| Exchange differences   |              | -93                         | -42                     | 83                  | 396                    |                           | -9                    | 335            |
| Transfer from (to) inventories and intangible assets             |              |                             | 2.895                   |                     | 4                      |                           |                       | 2.899          |
| Derecognition due to termination / expiration of lease contracts |              | 40                          |                         | 62                  |                        |                           |                       | 102            |
| Disposal of subsidiaries/change in consolidation method          |              | 464                         | 3.075                   | 140                 | 442                    |                           | 4                     | 4.125          |
| <b>Net book value 31 December 2019</b>                           | <b>1.830</b> | <b>24.634</b>               | <b>123.978</b>          | <b>2.144</b>        | <b>4.607</b>           | <b>11.175</b>             | <b>340</b>            | <b>168.708</b> |
| Cost   | 3.030        | 39.934                      | 398.665                 | 5.212               | 87.400                 | 11.175                    | 1.745                 | 547.161        |
| Accumulated depreciation   | -1.200       | -15.300                     | -274.687                | -3.068              | -82.793                | 0                         | -1.405                | -378.453       |
| <b>Net Book value 31 December 2019</b>                           | <b>1.830</b> | <b>24.634</b>               | <b>123.978</b>          | <b>2.144</b>        | <b>4.607</b>           | <b>11.175</b>             | <b>340</b>            | <b>168.708</b> |

The Group (continuing operations) recognized impairment losses/write-offs of tangible fixed assets amount to €767 thousand (discontinued operations €7 thousand) during the period 1/1-31/12/2019 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 to €608 thousand regards impairment loss on machinery and equipment due to non renewal of the contracts to Jamaica and Turkey.

Tangible fixed assets depreciation amounts to €41.149 thousand includes related depreciation of discontinued operations amounts to €73 thousand.



| GROUP   | LAND         | BUILDINGS AND INSTALLATIONS | MACHINERY AND EQUIPMENT | TRANSPORT EQUIPMENT | FURNITURE AND FIXTURES | ASSETS UNDER CONSTRUCTION | OTHER TANGIBLE ASSETS | TOTAL          |
|---|--------------|-----------------------------|-------------------------|---------------------|------------------------|---------------------------|-----------------------|----------------|
| <b>1 January 2018</b>                                   |              |                             |                         |                     |                        |                           |                       |                |
| 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       |
| <b>Net Book value 1 January 2018</b>                    | <b>1.830</b> | <b>7.440</b>                | <b>76.395</b>           | <b>724</b>          | <b>11.338</b>          | <b>4.051</b>              | <b>1.015</b>          | <b>102.793</b> |
| <b>COST</b>   |              |                             |                         |                     |                        |                           |                       |                |
| Additions of the period                                 |              | 839                         | 32.136                  | 172                 | 1.391                  | 24.806                    | 406                   | 59.750         |
| Transfer of assets from (to) other category             |              | 25                          | 7.091                   |                     | -6.584                 | -532                      |                       | 0              |
| Transfer from (to) inventories and intangible assets    |              | -5                          | 4.123                   |                     | -125                   | -256                      | 7                     | 3.744          |
| Transfer to investment property                         |              | -58                         |                         |                     |                        |                           |                       | -58            |
| Effect from the application of IAS 29                   |              |                             | 10.967                  | 151                 | 551                    | 514                       | 22                    | 12.205         |
| Disposal of subsidiaries/change in consolidation method |              | -271                        | -1.221                  | -282                | -116                   |                           | -1.003                | -2.893         |
| Disposals   |              | -58                         | -7.833                  | -144                | -153                   |                           | -483                  | -8.671         |
| Impairment/ write off                                   |              | -128                        | -2.805                  |                     | -184                   | -79                       | -75                   | -3.271         |
| Exchange differences                                    |              | 318                         | -3.731                  | -138                | -901                   | 23                        | -14                   | -4.443         |
| <b>ACCUMULATED DEPRECIATION</b>                         |              |                             |                         |                     |                        |                           |                       |                |
| Depreciation of the period                              |              | -984                        | -27.288                 | -241                | -1.329                 |                           | -617                  | -30.459        |
| Disposals   |              | 58                          | 7.527                   | 48                  | 140                    |                           | 465                   | 8.238          |
| Impairment / write-off                                  |              | 39                          | 1.395                   |                     | 160                    |                           | 3                     | 1.597          |
| Effect from the application of IAS 29                   |              |                             | -9.763                  | -105                | -529                   |                           | -8                    | -10.405        |
| Exchange differences                                    |              | -229                        | 2.743                   | 70                  | 813                    |                           | -3                    | 3.394          |
| Transfer from (to) inventories and intangible assets    |              | 5                           |                         |                     |                        |                           |                       | 5              |
| Transfer to investment property                         |              | 16                          |                         |                     |                        |                           |                       | 16             |
| Transfer of assets from (to) other category             |              |                             | -680                    |                     | 680                    |                           |                       | 0              |
| Disposal of subsidiaries/change in consolidation method |              | 271                         | 518                     | 251                 | 110                    |                           | 668                   | 1.818          |
| <b>Net book value 31 December 2018</b>                  | <b>1.830</b> | <b>7.278</b>                | <b>89.574</b>           | <b>506</b>          | <b>5.262</b>           | <b>28.527</b>             | <b>383</b>            | <b>133.360</b> |
| Cost  | 3.030        | 18.384                      | 350.712                 | 2.657               | 89.884                 | 28.527                    | 1.771                 | 494.965        |
| Accumulated depreciation                                | -1.200       | -11.106                     | -261.138                | -2.151              | -84.622                | 0                         | -1.388                | -361.605       |
| <b>Net Book value 31 December 2018</b>                  | <b>1.830</b> | <b>7.278</b>                | <b>89.574</b>           | <b>506</b>          | <b>5.262</b>           | <b>28.527</b>             | <b>383</b>            | <b>133.360</b> |

The Group (continuing operations) recognized impairment losses/write-offs of tangible fixed assets amount to €1.674 thousand (discontinued operations €11 thousand) during the period 1/1-31/12/2018 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 €1,4 million regards impairment loss on machinery and equipment due to technological obsolescence.

Tangible fixed assets depreciation amounts to €30.459 thousand includes related depreciation of discontinued operations amounts to €442 thousand.

| COMPANY  | LAND         | BUILDINGS AND INSTALLATIONS | MACHINERY AND EQUIPMENT | TRANSPORT EQUIPMENT | FURNITURE AND FIXTURES | TOTAL         |
|--|--------------|-----------------------------|-------------------------|---------------------|------------------------|---------------|
| <b>1 January 2019</b>  |              |                             |                         |                     |                        |               |
| Cost   | 3.030        | 7.367                       | 10.917                  | 807                 | 79.343                 | 101.464       |
| Accumulated depreciation   | -1.200       | -3.798                      | -1.488                  | -668                | -75.420                | -82.574       |
| <b>Net Book value 1 January 2019</b>                             | <b>1.830</b> | <b>3.569</b>                | <b>9.429</b>            | <b>139</b>          | <b>3.923</b>           | <b>18.890</b> |
| <b>COST</b>  |              |                             |                         |                     |                        |               |
| Adjustment of the opening balance due to application of IFRS 16  |              | 8.018                       |                         | 383                 |                        | 8.401         |
| Additions of the period  |              | 15                          | 780                     | 327                 | 348                    | 1.470         |
| Transfer from (to) inventories and tangible assets               |              |                             | 3.705                   |                     |                        | 3.705         |
| Disposals  |              |                             |                         | -102                | -67                    | -169          |
| Impairment / write-off   |              |                             |                         | 0                   | -1.306                 | -1.306        |
| Derecognition due to termination / expiration of lease contracts |              |                             |                         | -75                 |                        | -75           |
| <b>ACCUMULATED DEPRECIATION</b>                                  |              |                             |                         |                     |                        |               |
| Depreciation of the period                                       |              | -900                        | -2.045                  | -212                | -738                   | -3.895        |
| Disposals  |              |                             |                         | 42                  | 39                     | 81            |
| Impairment / write-off   |              |                             |                         |                     | 1.306                  | 1.306         |
| Derecognition due to termination / expiration of lease contracts |              |                             |                         | 22                  | 0                      | 22            |
| <b>Net Book value 31 December 2019</b>                           | <b>1.830</b> | <b>10.702</b>               | <b>11.869</b>           | <b>524</b>          | <b>3.505</b>           | <b>28.430</b> |
| Cost   | 3.030        | 15.400                      | 15.402                  | 1.340               | 78.318                 | 113.490       |
| Accumulated depreciation   | -1.200       | -4.698                      | -3.533                  | -816                | -74.813                | -85.060       |
| <b>Net Book value 31 December 2019</b>                           | <b>1.830</b> | <b>10.702</b>               | <b>11.869</b>           | <b>524</b>          | <b>3.505</b>           | <b>28.430</b> |
| COMPANY  | LAND         | BUILDINGS AND INSTALLATIONS | MACHINERY AND EQUIPMENT | TRANSPORT EQUIPMENT | FURNITURE AND FIXTURES | TOTAL         |
| <b>1 January 2018</b>  |              |                             |                         |                     |                        |               |
| Cost   | 3.030        | 7.362                       | 1                       | 807                 | 85.512                 | 96.712        |
| Accumulated depreciation   | -1.200       | -3.562                      | -1                      | -626                | -75.529                | -80.918       |
| <b>Net Book value 1 January 2018</b>                             | <b>1.830</b> | <b>3.800</b>                | <b>0</b>                | <b>181</b>          | <b>9.983</b>           | <b>15.794</b> |
| <b>COST</b>  |              |                             |                         |                     |                        |               |
| Additions of the period  |              | 5                           |                         |                     | 816                    | 821           |
| Transfer from (to) inventories and tangible assets               |              |                             | 3.996                   |                     | 64                     | 4.060         |
| Transfer of assets from (to) other category                      |              |                             | 6.920                   |                     | -6.920                 | 0             |
| Impairment / write-off   |              |                             |                         |                     | -129                   | -129          |
| <b>ACCUMULATED DEPRECIATION</b>                                  |              |                             |                         |                     |                        |               |
| Depreciation of the period                                       |              | -236                        | -807                    | -42                 | -700                   | -1.785        |
| Transfer of assets from (to) other category                      |              |                             | -680                    |                     | 680                    | 0             |
| Impairment / write-off   |              |                             |                         |                     | 129                    | 129           |
| <b>Net Book value 31 December 2018</b>                           | <b>1.830</b> | <b>3.569</b>                | <b>9.429</b>            | <b>139</b>          | <b>3.923</b>           | <b>18.890</b> |
| Cost   | 3.030        | 7.367                       | 10.917                  | 807                 | 79.343                 | 101.464       |
| Accumulated depreciation   | -1.200       | -3.798                      | -1.488                  | -668                | -75.420                | -82.574       |
| <b>Net Book value 31 December 2018</b>                           | <b>1.830</b> | <b>3.569</b>                | <b>9.429</b>            | <b>139</b>          | <b>3.923</b>           | <b>18.890</b> |

Tangible Assets include Right-of-Use-Assets (RoU Assets) through Leases pursuant to IFRS 16:

| GROUP   | RIGHT OF USE ASSETS |                     |                       |               |
|---|---------------------|---------------------|-----------------------|---------------|
|   | LAND & BUILDINGS    | TRANSPORT EQUIPMENT | MACHINERY & EQUIPMENT | TOTAL         |
| <b>Balance before IFRS 16 first application</b> | <b>2</b>            | <b>48</b>           | <b>5.546</b>          | <b>5.596</b>  |
| IFRS 16 first application                       | 19.232              | 2.412               | 72                    | 21.716        |
| <b>Balance after IFRS 16 first application</b>  | <b>19.234</b>       | <b>2.460</b>        | <b>5.618</b>          | <b>27.312</b> |
| Additions /contracts modifications              | 5.492               | 729                 | 78                    | 6.299         |
| Termination/expiry of contracts                 | -260                | -118                |                       | -378          |
| Foreign Exchange differences                    | -161                | 9                   | 86                    | -66           |
| Effect from IAS 29                              | 224                 | 5                   |                       | 229           |
| Change of subsidiary's consolidation method     | -1.974              |                     |                       | -1.974        |
| Depreciation                                    | -4.338              | -1.152              | -1.139                | -6.629        |
| <b>Balance</b>                                  | <b>18.217</b>       | <b>1.933</b>        | <b>4.643</b>          | <b>24.793</b> |

| COMPANY   | RIGHT OF USE ASSETS |                     |                       |              |
|---|---------------------|---------------------|-----------------------|--------------|
|   | LAND & BUILDINGS    | TRANSPORT EQUIPMENT | MACHINERY & EQUIPMENT | TOTAL        |
| <b>Balance before IFRS 16 first application</b> | <b>0</b>            | <b>0</b>            | <b>0</b>              | <b>0</b>     |
| IFRS 16 first application                       | 8.018               | 383                 |                       | 8.401        |
| <b>Balance after IFRS 16 first application</b>  | <b>8.018</b>        | <b>383</b>          | <b>0</b>              | <b>8.401</b> |
| Additions/contracts modifications               | -3                  | 326                 |                       | 323          |
| Termination/expiry of contracts                 |                     | -53                 |                       | -53          |
| Depreciation                                    | -665                | -181                |                       | -846         |
| <b>Balance</b>                                  | <b>7.350</b>        | <b>475</b>          | <b>0</b>              | <b>7.825</b> |

## 2.15 INVESTMENT PROPERTIES

The Group's investment properties consist of land and buildings in Bulgaria, which are held by the subsidiary Eurofootball 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 17 years. The above buildings were derecognized on 01/12/2019 following the loss of control of Eurofootball Ltd under IFRS 10.

| GROUP                                  | INVESTMENT PROPERTIES |
|--|-----------------------|
| <b>1 January 2019</b>                  |                       |
| Cost                                   | 58                    |
| Accumulated depreciation               | -19                   |
| <b>Net Book value 1 January 2019</b>   | <b>39</b>             |
| <b>COST</b>                            |                       |
| Change of consolidation method         | -58                   |
| <b>ACCUMULATED DEPRECIATION</b>        |                       |
| Depreciation of the period             | -3                    |
| Change of consolidation method         | 22                    |
| <b>Net Book value 31 December 2019</b> | <b>0</b>              |
| Cost                                   | 0                     |
| Accumulated depreciation               | 0                     |
| <b>Net Book value 31 December 2019</b> | <b>0</b>              |
| <b>1 January 2018</b>                  |                       |
| Cost                                   | 0                     |
| Accumulated depreciation               | 0                     |
| <b>Net Book value 1 January 2018</b>   | <b>0</b>              |
| <b>COST</b>                            |                       |
| Transfer from tangible assets          | 58                    |
| <b>ACCUMULATED DEPRECIATION</b>        |                       |
| Depreciation of the period             | -3                    |
| Transfer from tangible assets          | -16                   |
| <b>Net Book value 31 December 2018</b> | <b>39</b>             |
| Cost                                   | 58                    |
| Accumulated depreciation               | -19                   |
| <b>Net Book value 31 December 2018</b> | <b>39</b>             |

| GROUP   | 1/1-31/12/2019 | 1/1-2/10/2018 |
|---|----------------|---------------|
| Rental income from investment properties  | 3              | 3             |
| Direct operating expenses (including repairs and maintenance) arising from investment properties that resulted in income from rents | 0              | 0             |
| <b>Net income / (loss) from investment properties</b>   | <b>3</b>       | <b>3</b>      |

The Company did not hold investment properties as at 31/12/2019, apart from some buildings leased to its subsidiaries and therefore are classified as tangible assets.

## 2.16 INTANGIBLE ASSETS

| GROUP   | GOODWILL      | SOFTWARE      | DEVELOPMENT COSTS<br>(Internally generated) <sup>1</sup> | OTHER         | INDUSTRIAL PROPERTY RIGHTS & LICENCES <sup>2</sup> | TOTAL          |
|---|---------------|---------------|--|---------------|--|----------------|
| <b>1 January 2019</b>                                   |               |               |  |               |  |                |
| Cost  | 34.524        | 164.027       | 139.939  | 39.459        | 197.015  | 574.964        |
| Accumulated amortization                                | 0             | -81.260       | -49.764  | -26.404       | -115.204   | -272.632       |
| <b>Net Book value 1 January 2019</b>                    | <b>34.524</b> | <b>82.767</b> | <b>90.175</b>  | <b>13.055</b> | <b>81.811</b>                                      | <b>302.332</b> |
| <b>COST</b>   |               |               |  |               |  |                |
| Additions of the period                                 |               | 5.775         | 10.402   | 1.383         | 579  | 18.139         |
| Transfer of assets from (to) other category             |               | -40.863       | 47.764   | -201          | -6.700   | 0              |
| Transfer from (to) inventories and tangible assets      |               | 670           | 6  | -902          |  | -226           |
| Effect from the application of IAS 29                   |               | 300           |  | 16            |  | 316            |
| Disposal of subsidiaries/change in consolidation method | -3.850        | -3.780        |  |               | -797   | -8.427         |
| Disposals   |               | -108          |  | -1.220        |  | -1.328         |
| Impairment / write-off                                  | -22.637       | -9.275        |  | -12.577       | -8.024   | -52.513        |
| Exchange differences                                    | -1.189        | 129           | -165   | 313           | 85   | -827           |
| <b>ACCUMULATED DEPRECIATION</b>                         |               |               |  |               |  |                |
| Amortization of the period                              |               | -8.460        | -19.549  | -2.832        | -10.746  | -41.587        |
| Disposals   |               | 80            |  | 1.208         |  | 1.288          |
| Impairment / write-off                                  |               | 7.718         |  | 8.296         | 6.480  | 22.494         |
| Effect from the application of IAS 29                   |               | -201          |  |               |  | -201           |
| Exchange differences                                    |               | -221          | 87   | -329          | -107   | -570           |
| Transfer of assets from (to) other category             |               | 27.985        | -32.127  |               | 4.142  | 0              |
| Disposal of subsidiaries/change in consolidation method |               | 3.546         |  |               | 430  | 3.976          |
| <b>Net Book value 31 December 2019</b>                  | <b>6.848</b>  | <b>66.062</b> | <b>96.593</b>  | <b>6.210</b>  | <b>67.153</b>                                      | <b>242.866</b> |
| Cost  | 6.848         | 116.875       | 197.946  | 26.271        | 182.158  | 530.098        |
| Accumulated amortization                                | 0             | -50.813       | -101.353   | -20.061       | -115.005   | -287.232       |
| <b>Net Book value 31 December 2019</b>                  | <b>6.848</b>  | <b>66.062</b> | <b>96.593</b>  | <b>6.210</b>  | <b>67.153</b>                                      | <b>242.866</b> |

<sup>1</sup> The internally generated intangible assets of the Group include a material intangible asset with net book value of €83.992 thousand on 31/12/2019 (central operating system – LOTOS and relevant modules, which supports the majority of the contracts of the Group). The remaining amortization period of the central operating system is up to 20 years whereas additions, upgrades and improvements to this asset are constant.

<sup>2</sup> The Group "Industrial property rights and licenses" includes intangible assets with indefinite useful lives (lottery games intellectual property rights) amounting €2,3 million 31/12/2019. The Group (continuing operations) recognized impairment losses/write-offs of intangible fixed assets amount to €30.019 thousand (discontinued operations €0 thousand) during the period 1/1-31/12/2019 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 amount to €22.637 thousand related to the impairment loss on goodwill of the subsidiaries Inteltek Internet A.S., Eurobet Ltd and Bit8 Ltd as discussed below in the section of controlling goodwill impairment. The remaining amount of €7.382 thousand concerns the impairment provision on the recoverable amount of software, licenses and other intangible assets in various geographical areas, due to insufficient future revenues. The above amortization amount of the intangible assets of €41.587 thousand, includes €28 thousand related to amortization of discontinued operations.

| GROUP   | GOODWILL      | SOFTWARE      | DEVELOPMENT COSTS (Internally generated) <sup>1</sup> | OTHER         | INDUSTRIAL PROPERTY RIGHTS & LICENCES <sup>2</sup> | TOTAL          |
|---|---------------|---------------|---|---------------|--|----------------|
| <b>1 January 2018</b>                                   |               |               |   |               |  |                |
| 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       |
| <b>Net Book value 1 January 2018</b>                    | <b>58.041</b> | <b>67.645</b> | <b>88.269</b>   | <b>18.547</b> | <b>92.006</b>                                      | <b>324.508</b> |
| <b>COST</b>   |               |               |   |               |  |                |
| Effect from the application of IFRS 15                  |               |               | 1.440   |               |  | 1.440          |
| Additions of the period                                 |               | 27.309        | 10.044  | 1.035         | 1.182  | 39.570         |
| Transfer from (to) inventories and tangible assets      |               | 48            |   |               |  | 48             |
| Effect from the application of IAS 29                   |               | 273           |   | 34            |  | 307            |
| Disposal of subsidiaries/change in consolidation method |               | -878          |   | -38           | -174   | -1.090         |
| Disposals   |               | -216          |   | -879          |  | -1.095         |
| Impairment / write-off                                  | -14.429       | -170          |   |               |  | -14.599        |
| Exchange differences                                    | -9.088        | -903          | -834  | 681           | -723   | -10.867        |
| <b>ACCUMULATED DEPRECIATION</b>                         |               |               |   |               |  |                |
| Effect from the application of IFRS 15                  |               |               | -138  |               |  | -138           |
| Amortization of the period                              |               | -11.376       | -8.951  | -3.311        | -11.453  | -35.091        |
| Disposals   |               | 216           |   | 878           |  | 1.094          |
| Impairment / write-off                                  |               | 152           |   | -3.200        |  | -3.048         |
| Effect from the application of IAS 29                   |               | -265          |   |               |  | -265           |
| Exchange differences                                    |               | 846           | 345   | -692          | 689  | 1.188          |
| Disposal of subsidiaries/change in consolidation method |               | 86            |   |               | 284  | 370            |
| <b>Net Book value 31 December 2018</b>                  | <b>34.524</b> | <b>82.767</b> | <b>90.175</b>   | <b>13.055</b> | <b>81.811</b>                                      | <b>302.332</b> |
| Cost  | 34.524        | 164.027       | 139.939   | 39.459        | 197.015  | 574.964        |
| Accumulated amortization                                | 0             | -81.260       | -49.764   | -26.404       | -115.204   | -272.632       |
| <b>Net Book value 31 December 2018</b>                  | <b>34.524</b> | <b>82.767</b> | <b>90.175</b>   | <b>13.055</b> | <b>81.811</b>                                      | <b>302.332</b> |

<sup>1</sup> The internally generated intangible assets of the Group include an individually material intangible asset of net book value €75.451 thousand on 31/12/2018 (central operating system – LOTOS and relevant modules, which supports the majority of the contracts of the Group). The remaining amortization period of the central operating system is up to 20 years whereas additions, upgrades and improvements to this asset are constant.

<sup>2</sup> The Group "Licenses" include intangible assets with indefinite useful lives (lottery games intellectual property rights) amounting €2,3 million 31/12/2018.

The Group (continuing operations) recognized impairment losses/write-offs of intangible fixed assets amount to €17.647 thousand (discontinued operations €0 thousand) during the period 1/1-31/12/2018 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 amount to €14.429 thousand regards impairment loss on goodwill of subsidiary Inteltek Internet A.S..

The above amortization amount of the intangible assets of €35.091 thousand, includes €359 thousand related to amortization of discontinued operations.

| COMPANY                                     | SOFTWARE      | DEVELOPMENT COSTS<br>(Internally generated) <sup>1</sup> | INDUSTRIAL PROPERTY<br>RIGHTS & LICENCES | TOTAL         |
|---|---------------|--|--|---------------|
| <b>1 January 2019</b>                       |               |  |  |               |
| Cost  | 63.626        | 104.367  | 27.370                                   | 195.363       |
| Accumulated amortization                    | -48.186       | -33.341  | -23.026                                  | -104.553      |
| <b>Net Book value 1 January 2019</b>        | <b>15.440</b> | <b>71.026</b>  | <b>4.344</b>                             | <b>90.810</b> |
| <b>COST</b>                                 |               |  |  |               |
| Additions of the period                     | 1.144         | 5.491  | 528                                      | 7.163         |
| Transfer of assets from (to) other category | -41.064       | 47.764   | -6.700                                   | 0             |
| <b>ACCUMULATED DEPRECIATION</b>             |               |  |  |               |
| Amortization of the period                  | -744          | -13.675  | -825                                     | -15.244       |
| Transfer of assets from (to) other category | 27.985        | -32.127  | 4.142                                    | 0             |
| <b>Net Book value 31 December 2019</b>      | <b>2.761</b>  | <b>78.479</b>  | <b>1.489</b>                             | <b>82.729</b> |
| Cost  | 23.706        | 157.622  | 21.198                                   | 202.526       |
| Accumulated amortization                    | -20.945       | -79.143  | -19.709                                  | -119.797      |
| <b>Net Book value 31 December 2019</b>      | <b>2.761</b>  | <b>78.479</b>  | <b>1.489</b>                             | <b>82.729</b> |

| COMPANY                                | SOFTWARE      | DEVELOPMENT COSTS<br>(Internally generated) <sup>1</sup> | INDUSTRIAL PROPERTY<br>RIGHTS & LICENCES | TOTAL         |
|--|---------------|--|--|---------------|
| <b>1 January 2018</b>                  |               |  |  |               |
| Cost                                   | 58.914        | 101.282  | 26.506                                   | 186.702       |
| Accumulated amortization               | -42.825       | -28.503  | -21.645                                  | -92.973       |
| <b>Net Book value 1 January 2018</b>   | <b>16.089</b> | <b>72.779</b>  | <b>4.861</b>                             | <b>93.729</b> |
| <b>COST</b>                            |               |  |  |               |
| Additions of the period                | 4.712         | 3.085  | 864                                      | 8.661         |
| <b>ACCUMULATED DEPRECIATION</b>        |               |  |  |               |
| Amortization of the period             | -5.361        | -4.838   | -1.381                                   | -11.580       |
| <b>Net Book value 31 December 2018</b> | <b>15.440</b> | <b>71.026</b>  | <b>4.344</b>                             | <b>90.810</b> |
| Cost                                   | 63.626        | 104.367  | 27.370                                   | 195.363       |
| Accumulated amortization               | -48.186       | -33.341  | -23.026                                  | -104.553      |
| <b>Net Book value 31 December 2018</b> | <b>15.440</b> | <b>71.026</b>  | <b>4.344</b>                             | <b>90.810</b> |

<sup>1</sup> The Company's internally generated intangible assets constitute a stand alone asset (central operating system - LOTOS and related modules, which supports the majority of the Group's contracts). The remaining depreciation period of the central operating system is 20 years given that additions, upgrades and improvements to this asset are permanent.

### **Goodwill and Intangible assets with indefinite useful life impairment test**

Management tests goodwill for impairment annually (December 31) or more frequently if events occur or changes in conditions indicate that the carrying value may have been reduced in accordance with accounting practice described in note [2.1.6](#) «Business Combination and Goodwill».

The Group, through its Turkish subsidiary Inteltek Internet AS, submitted on 11/2/2019 and 13/2/2019 offers to the Turkish State Organization Spor Toto tender for the management of sports betting for 10 years. Early March 2019, Inteltek internet AS was notified that the tender of Turkish State Organization Spor Toto was concluded and the tender was awarded to the other bidder. Inteltek Internet AS has been active in Turkey's sports betting market from 2004 until 28/8/2019. During the subsidiary Inteltek Internet AS acquisition goodwill impairment test as of 31/12/2018, and taking into account the final outcome of the above tender, the Group recognized a relevant provision of impairment of €14.429 thousand, since the recoverable amount of the entity based on the value in use calculations until the expiration of the current contract on 28/8/2019 was less than the carrying amount of the entity. The remaining value of Inteltek Internet A.S. acquisition goodwill as of 31/12/2018 was €3.291 thousand (30/6/2019: €3.037 after the relevant valuation in Euro). On 31/3/2019 and on 30/6/2019 goodwill was retested for impairment and additional impairment provision recognized of total amount €3.037 thousand, writing off fully the remaining value.

Also, the Group on 31/12/2019 recognised goodwill impairment losses of €18.493 thousand in subsidiary Eurobet Ltd due to the termination of gaming licenses and the retrospective claim of State Fees, as disclosed in detail in note [2.31.A.X](#).

Finally, the Group recognized on 31/12/2019 a goodwill impairment loss amounting to €1.107 thousand due to non-fulfillment of certain assumptions that were used on 31/12/2018 during the goodwill impairment test for the subsidiary Bit8 Ltd.

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. Goodwill impairment testing is performed on subsidiary level.

#### Carrying amount:

| CGU                    | Goodwill                |               | Intangible assets with indefinite useful life |              |
|------------------------|-------------------------|---------------|---|--------------|
|                        | 31/12/2019 <sup>1</sup> | 31/12/2018    | 31/12/2019                                    | 31/12/2018   |
| <b>European Union</b>  | 0                       | 23.437        | 2.300   | 2.300        |
| <b>America</b>         | 525                     | 820           | 29  | 29           |
| <b>Other countries</b> | 6.323                   | 10.267        | 0   | 0            |
| <b>Total</b>           | <b>6.848</b>            | <b>34.524</b> | <b>2.329</b>                                  | <b>2.329</b> |

<sup>1</sup> Net decrease in goodwill during 2019 by €27.676 thousand is caused by the impairment provision of €3.037 thousand to Inteltek Internet A.S., by the impairment provision of €18.493 thousand to Eurobet Ltd, by an amount of €1.107 thousand in Bit8 Ltd, the sale of Totolotek of €3.850 thousand, as well as the foreign currency translation losses of €1.189 thousand from goodwill valuations related to foreign subsidiaries acquisitions, made by the Group in past periods, with functional currency other than Euro.

#### 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 is 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 three years where it has signed revenue contracts beyond three years as well as in cases where management believes that based on market data and renewals track record of the Group, the renewal of the relevant contracts beyond the three year period is very possible. 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. Management 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 value in use for CGUs affected (has sensitivity) of the following key factors (assumptions):

- Sales
- Growth rate in perpetuity (Perpetual Growth Rates), 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                    | 2019          | 2018         |
|------------------------|---------------|--------------|
| <b>European Union</b>  | n/a           | 0,0% - 5,2%  |
| <b>Other Europe</b>    | n/a           | n/a          |
| <b>America</b>         | 20,0% - 36,8% | 0,0% - 22,6% |
| <b>Other countries</b> | 20,2% - 27,8% | 0,0% - 44,5% |

Growth rate in perpetuity

The factors taken into account for the calculation of the growth rate in perpetuity 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 in perpetuity:

| CGU                    | 2019  | 2018         |
|------------------------|-------|--------------|
| <b>European Union</b>  | n/a   | 0,0% - 2,0%  |
| <b>Other Europe</b>    | n/a   | n/a          |
| <b>America</b>         | 10,0% | 4,0%         |
| <b>Other countries</b> | 11,0% | 0,0% - 10,0% |

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. The Cost of debt is based on the interest rate of the loans that the Group must facilitate. The specific risk of each country is incorporated by implementing individualized sensitivity factors «beta» (beta factors). The sensitivity factors «beta» are evaluated annually based on published market data.

Discount rates:

| CGU                    | 2019  | 2018          |
|------------------------|-------|---------------|
| <b>European Union</b>  | n/a   | 7,5% - 8,9%   |
| <b>Other Europe</b>    | n/a   | n/a           |
| <b>America</b>         | 41,8% | 24,8% - 24,8% |
| <b>Other countries</b> | 19,3% | 0,0% - 22,5%  |

Recoverable amount sensitivity analysis:

On 31/12/2019, 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 two (2,0) percentage points to the growth rate in perpetuity and the change of the discount rates of two (2,0) percentage points). 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  | 31/12/2019    | 31/12/2018     |
|---|-----------------|----------|---------------|----------------|
| Lotrich Information Co LTD                        | 40%             | Taiwan   | 7.379         | 5.836          |
| Goreward LTD Group                                | 38,84%          | China    | 5.864         | 27.332         |
| Gamenet Group SpA                                 | 20%             | Italy    | 0             | 77.652         |
| Intralot de Peru SAC                              | 20%             | Peru     | 16.366        | 15.635         |
| Karenia Enterprises Co Ltd                        | 50%             | Cyprus   | 6.731         | 6.742          |
| Eurofootball Ltd                                  | 49%             | Bulgaria | 965           | 0              |
| Other   |                 |          | 2             | 1              |
| <b>Total</b>                                      |                 |          | <b>37.307</b> | <b>133.198</b> |

| GROUP INVESTMENT IN ASSOCIATES AND JOINT VENTURES                     | 31/12/2019     | 31/12/2018     |
|---|----------------|----------------|
| <b>Opening Balance before the application of IFRS 9</b>               | <b>133.198</b> | <b>135.763</b> |
| Effect due to the application of IFRS 9                               | 0              | -1.150         |
| <b>Opening Balance after the application of IFRS 9</b>                | <b>133.198</b> | <b>134.613</b> |
| Participation in net profit / (loss) of associates and joint ventures | -13.223        | -18.309        |
| Additions/contribution in kind  | 0              | 6.426          |
| Exchange differences  | 961            | -265           |
| Impairment /Reverse of impairment <sup>1</sup>                        | -1.967         | 16.000         |
| Dividends   | -6.484         | -5.272         |
| Sales of companies  | -78.328        | 0              |
| Change of consolidation method  | 3.011          | 0              |
| Other   | 139            | 5              |
| <b>Closing Balance</b>  | <b>37.307</b>  | <b>133.198</b> |

<sup>1</sup>The Group on 31/12/2018 includes a reversal of a provision of €16.000 thousand which relates to a relative estimation of decrease in the recoverable amount of the participation in the associate entity Gamenet Group S.p.A. which was recognized the previous year. The reversal was made in accordance with IAS 36 para. 110, as following the acquisition of GoldBet (note 2.31.A.III) in October 2018, the value of the participation in the associate entity Gamenet Group S.p.A. increased significantly. The valuation of the participation was carried out by an external independent valuator.

| COMPANY INVESTMENT IN ASSOCIATES AND JOINT VENTURES | % Participation | Country | 31/12/2019    | 31/12/2018    |
|---|-----------------|---------|---------------|---------------|
| Lotrich Information Co LTD                          | 40%             | Taiwan  | 5.131         | 5.131         |
| Intralot De Peru SAC                                | 20%             | Peru    | 5.528         | 5.528         |
| <b>Total</b>  |                 |         | <b>10.659</b> | <b>10.659</b> |

| COMPANY INVESTMENT IN SUBSIDIARIES  | % Participation | Country   | 31/12/2019     | 31/12/2018     |
|-------------------------------------|-----------------|-----------|----------------|----------------|
| Intralot Holdings International LTD | 100%            | Cyprus    | 8.464          | 4.464          |
| Betting Company S.A.                | 95%             | Greece    | 139            | 139            |
| Inteltek Internet AS                | 20%             | Turkey    | 2.309          | 11.031         |
| Bilyoner Interaktif Hizmetler AS    | 50,01%          | Turkey    | 10.751         | 10.751         |
| Intralot Global Securities BV       | 100,00%         | Nederland | 55.636         | 55.636         |
| Intralot Global Holdings BV         | 0,002%          | Nederland | 60.068         | 37.268         |
| Intralot Iberia Holdings SA         | 100%            | Spain     | 5.638          | 5.638          |
| Other                               |                 |           | 437            | 322            |
| <b>Total</b>                        |                 |           | <b>143.442</b> | <b>125.249</b> |
| <b>Grand Total</b>                  |                 |           | <b>154.101</b> | <b>135.908</b> |

| COMPANY INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES               | 31/12/2019     | 31/12/2018     |
|---|----------------|----------------|
| <b>Opening Balance</b>  | <b>135.908</b> | <b>141.500</b> |
| Provisions/ reversals of provisions for impairment of subsidiaries <sup>1</sup> | -4.927         | -4.200         |
| Capitalization of receivables from subsidiaries                                 | 204            | 0              |
| Contribution of a subsidiary to another subsidiary                              | 22.787         | 0              |
| Acquisition of additional percentage in an existing subsidiary                  | 129            | 0              |
| Increase/ (Reversal) of subsidiary capital                                      | 0              | -1.392         |
| <b>Closing Balance</b>  | <b>154.101</b> | <b>135.908</b> |

<sup>1</sup> The Group on 31/12/2019 includes impairment provision of goodwill in subsidiary Inteltek A.S. amounts to €8,7 million (fourth quarter 2018: €4,2 million) following the award of the competition, that completed in the first quarter of 2019, to another bidder. Inteltek A.S., has been running the Iddaa game since 2004 and continues to manage the current Iddaa betting license with a contract expiring on 28/08/2019. Also, in 2019 a reversal of previous years impairment provision of €4,0 million included for the subsidiary Intralot Holdings International Ltd, as its recoverability has been confirmed.

## 2.18 OTHER FINANCIAL ASSETS

The other financial assets that have been classified by the Group as "equity instruments at fair value through other comprehensive income" and as "debt instruments at amortized cost" are analyzed below:

|  | GROUP         |               | COMPANY      |              |
|--|---------------|---------------|--------------|--------------|
|  | 31/12/2019    | 31/12/2018    | 31/12/2019   | 31/12/2018   |
| <b>Opening Balance</b>                   | <b>16.679</b> | <b>22.438</b> | <b>1.213</b> | <b>1.243</b> |
| Purchases                                | 90            | 672           | 0            | 0            |
| Return of Capital                        | -2.328        | -3.130        | -2.328       | 0            |
| Disposals                                | -15.415       | -827          | -168         | 0            |
| Share exchange with software             | 0             | -4.400        | 0            | 0            |
| Fair value revaluation                   | 1.436         | 2.150         | 1.322        | -30          |
| Exchange differences                     | -30           | -224          | 0            | 0            |
| <b>Closing balance</b>                   | <b>432</b>    | <b>16.679</b> | <b>39</b>    | <b>1.213</b> |
| Quoted securities                        | 432           | 770           | 39           | 30           |
| Unquoted securities <sup>1 2</sup>       | 0             | 15.909        | 0            | 1.183        |
| <b>Total</b>                             | <b>432</b>    | <b>16.679</b> | <b>39</b>    | <b>1.213</b> |
| Long-term Financial Assets <sup>2</sup>  | 414           | 16.042        | 39           | 1.213        |
| Short-term Financial Assets <sup>1</sup> | 18            | 637           | 0            | 0            |
| <b>Total</b>                             | <b>432</b>    | <b>16.679</b> | <b>39</b>    | <b>1.213</b> |

<sup>1</sup> In Group, "Unquoted securities" and "Short-Term Financial Assets" include bank term deposits of €165 thousand with a maturity of more than 3 months, pursuant to IAS 7, paragraph 7 as at December 31, 2018.

<sup>2</sup> In Group, "Unquoted securities" and "Long-Term Financial Assets" include investment of 16,5% of Hellenic Lotteries SA which is accounted pursuant to IFRS 9. The book value of the investment as at 31/12/2018 was €14.561 thousand.

During the 2019 the Group gain arising from the valuation at fair value of the above financial assets amount to €1.436 thousand (2018: earnings €2.150 thousand) are analyzed in gain amount to €1.414 thousand (2018: earnings €2.062 thousand) recorded in a separate equity reserve revaluation reserve) and in gain amount to €22 thousand (2018: earnings of €88 thousand) recognized in the income statement. Respectively for the Company, the earnings amounting €1.322 thousand (2018: losses of €30 thousand) are analyzed in earnings amount to €1.322 thousand (2018: losses of €30 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.

On July 23, 2019, INTRALOT announced that its 100% subsidiary "INTRALOT Lotteries Limited" has signed a binding MOU with OPAP to transfer all of its shares in "Hellenic Lotteries S.A." (i.e. 511.500 shares or 16,5% of the total) to "OPAP Investment Limited", for a consideration of Euro Twenty Million (€20.000.000), i.e. €39,1006842619 per share. The transaction was closed by the end of the third quarter of 2019 with the signing of the definitive Share Purchase Agreement upon completion of all regulatory and existing Shareholder Agreement requirements, as well as the payment of the above consideration. At the shares transfer the Group recognised gain of €5.439 thousand that classified in Income statement under the line "Income/(expenses) from participations and investments". In addition, according to the MOU, Hellenic Lotteries SA signed with INTRALOT SA an amendment to the existing services provision agreement under renegotiated terms & conditions.

## 2.19 OTHER LONG TERM RECEIVABLES

|   | GROUP        |              | COMPANY    |            |
|---|--------------|--------------|------------|------------|
|   | 31/12/2019   | 31/12/2018   | 31/12/2019 | 31/12/2018 |
| Trade Receivables   | 0            | 2.737        | 0          | 0          |
| Receivables from related parties (note <a href="#">2.31.E</a> ) | 1.992        | 1.995        | 24.261     | 28         |
| Minus: Provisions for uncollected receivables                   | -629         | -639         | -24.203    | 0          |
| Guarantees  | 2.076        | 3.406        | 75         | 104        |
| Other receivables   | 3.458        | 4.060        | 0          | 14         |
| Minus: Provisions for uncollected receivables                   | -2.824       | -2.727       | 0          | 0          |
| <b>Total</b>  | <b>4.073</b> | <b>8.832</b> | <b>133</b> | <b>146</b> |

| Reconciliation of changes in provisions for impairment of long-term receivables | GROUP         |               | COMPANY        |            |
|---|---------------|---------------|----------------|------------|
|   | 31/12/2019    | 31/12/2018    | 31/12/2019     | 31/12/2018 |
| Opening Balance before the application of IFRS 9                                | -3.366        | 0             | 0              | 0          |
| Effect due to the application of IFRS 9   | 0             | -2.561        | 0              | 0          |
| Opening Balance after the application of IFRS 9                                 | -3.366        | -2.561        | 0              | 0          |
| Provisions for the period for receivables from other related parties            | 0             | -659          | 0              | 0          |
| Provisions for the period for receivables from third parties                    | -98           | -166          | 0              | 0          |
| Transfer from short term receivables  | 0             | 0             | -24.203        | 0          |
| Exchange differences  | 11            | 20            | 0              | 0          |
| <b>Closing Balance</b>  | <b>-3.453</b> | <b>-3.366</b> | <b>-24.203</b> | <b>0</b>   |

## 2.20 TRADE AND OTHER SHORT TERM RECEIVABLES

|  | GROUP          |                | COMPANY        |                |
|--|----------------|----------------|----------------|----------------|
|  | 31/12/2019     | 31/12/2018     | 31/12/2019     | 31/12/2018     |
| Trade receivables (third parties) <sup>2</sup>   | 87.109         | 79.538         | 41.360         | 40.129         |
| Minus: Doubtful provisions   | -12.843        | -12.420        | -6.734         | -6.734         |
| Trade receivables from related entities and other related parties (note <a href="#">2.31.E</a> ) | 7.470          | 9.288          | 49.484         | 57.469         |
| Minus: Doubtful provisions   | -5.037         | -5.037         | -6.878         | -10.929        |
| <b>Total trade receivables</b>   | <b>76.699</b>  | <b>71.369</b>  | <b>77.232</b>  | <b>79.935</b>  |
| Other receivables (third parties) <sup>2</sup>   | 14.007         | 14.452         | 5.904          | 6.693          |
| Minus: Doubtful provisions   | -1.011         | -1.168         | -778           | -1.168         |
| Other receivables from related entities and other related parties (note <a href="#">2.31.E</a> ) | 1.685          | 11.212         | 9.081          | 35.396         |
| Minus: Doubtful provisions   | -1.060         | -1.060         | -3.021         | -23.767        |
| Pledged bank deposits <sup>1</sup>   | 3.948          | 389            | 156            | 159            |
| Tax receivables  | 26.248         | 18.682         | 10.390         | 6.232          |
| Prepaid expenses and other receivables   | 11.219         | 19.988         | 2.035          | 6.890          |
| <b>Total other receivables</b>   | <b>55.036</b>  | <b>62.495</b>  | <b>23.767</b>  | <b>30.435</b>  |
| <b>Total</b>   | <b>131.735</b> | <b>133.864</b> | <b>100.999</b> | <b>110.370</b> |

<sup>1</sup> The Group includes collateralized bank deposits as security coverage for banking facilities amounting €3.575 thousand (31/12/2018: €30 thousand) and other collateralized bank deposits amount to €373 thousand (31/12/2018: €359 thousand). The Company includes collateralized bank deposits as security coverage for banking facilities amounting €30 thousand (31/12/2018: €30 thousand) and other collateralized bank deposits amount to €126 thousand (31/12/2018: €129 thousand).

<sup>2</sup> 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) amount to €29,9 million (31/12/2018: €30,03 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 from January 2016. The whole of this receivable is covered by collateral as disclosed in note [2.32.A](#) "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.

Following the first application of IFRS 9 on 1/1/2018, for the determination of the expected credit losses and the recognition of relevant doubtful provisions on 31/12/2018 and 31/12/2019, the Group followed the general model as described in paragraph [2.1.12.I.d](#) of accounting policies. Subsequent changes in market conditions and the business model of the Group may affect the below estimations.

On December 31, 2019, the trade receivables and the doubtful provisions are as follows:

| 31/12/2019                               | GROUP             |                     | COMPANY           |                     |
|--|-------------------|---------------------|-------------------|---------------------|
|  | Trade receivables | Doubtful provisions | Trade receivables | Doubtful provisions |
| Not past due                             | 25.684            | 0                   | 15.762            | 0                   |
| Past due less than 30 days               | 11.609            | -5                  | 2.328             | 0                   |
| Past due 30-60 days                      | 2.670             | -1                  | 2.921             | 0                   |
| Past due 60-90 days                      | 1.699             | -287                | 1.341             | 0                   |
| Past due 90-120 days                     | 4.914             | -3.209              | 799               | 0                   |
| Past due more than 120 days <sup>1</sup> | 48.003            | -14.378             | 67.693            | -13.612             |
| <b>Total</b>                             | <b>94.579</b>     | <b>-17.880</b>      | <b>90.844</b>     | <b>-13.612</b>      |
|  | <b>76.699</b>     |                     | <b>77.232</b>     |                     |

<sup>1</sup> The Company and the Group are subject to a commercial claim of €24,9 million by the Hellenic Horse Racing Agency (ODIE), for which the risk not to recover it is estimated to be minimal, as described above, and therefore the relevant provision hasn't been formed.

| Reconciliation of changes in provisions for impairment of short-term receivables | GROUP      |            | COMPANY    |            |
|--|------------|------------|------------|------------|
|  | 31/12/2019 | 31/12/2018 | 31/12/2019 | 31/12/2018 |
| Opening Balance before the application of IFRS 9                                 | -19.685    | -13.117    | -42.598    | -49.079    |
| Effect due to the application of IFRS 9  | 0          | -4.588     | 0          | -2.688     |

| Opening Balance after the application of IFRS 9   | -19.685        | -17.705        | -42.598        | -51.767        |
|---|----------------|----------------|----------------|----------------|
| Provisions for the period for receivables from subsidiaries <sup>1</sup>                | 0              | 0              | -3.607         | -3.090         |
| Provisions for the period for receivables from associates / joint ventures <sup>1</sup> | 0              | -1.060         | 0              | -1.060         |
| Provisions for the period for receivables from third parties <sup>2</sup>               | -743           | -964           | 0              | 0              |
| Provisions utilized for receivables from subsidiaries                                   | 0              | 0              | 2.892          | 2.559          |
| Provisions utilized for receivables from third parties                                  | 502            | 90             | 390            | 0              |
| Reversed provisions for receivables from subsidiaries                                   | 0              | 0              | 1.309          | 10.760         |
| Reversed provisions for receivables from third parties                                  | 43             | 0              | 0              | 0              |
| Subsidiaries disposal/change in consolidation method                                    | 0              | 1              | 0              | 0              |
| Transfer from long term receivables   | 0              | 0              | 24.203         | 0              |
| Exchange differences  | -68            | -47            | 0              | 0              |
| <b>Closing Balance</b>  | <b>-19.951</b> | <b>-19.685</b> | <b>-17.411</b> | <b>-42.598</b> |

<sup>1</sup> Relating to impairment provision of receivables from subsidiary and other related party of the Group derived either from machinery and equipment disposal and services rendered or from loan contracts.

<sup>2</sup> 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        |                |
|--|----------------|----------------|----------------|----------------|
|  | 31/12/2019     | 31/12/2018     | 31/12/2019     | 31/12/2018     |
| Trade receivables                                | 87.109         | 82.275         | 41.360         | 40.129         |
| Provisions for doubtful receivables              | -12.843        | -12.420        | -6.734         | -6.734         |
| Receivables from related parties (note 2.31.E)   | 11.147         | 22.495         | 82.826         | 92.893         |
| Provisions for doubtful receivables              | -6.726         | -6.736         | -34.102        | -34.696        |
| Pledged bank deposits                            | 3.948          | 389            | 156            | 159            |
| Tax receivables                                  | 26.248         | 18.682         | 10.390         | 6.232          |
| Guarantees                                       | 2.076          | 3.406          | 75             | 104            |
| Prepaid expenses, advances and other receivables | 28.684         | 38.500         | 7.939          | 13.597         |
| Provisions for doubtful receivables              | -3.835         | -3.895         | -778           | -1.168         |
| <b>Total</b>                                     | <b>135.808</b> | <b>142.696</b> | <b>101.132</b> | <b>110.516</b> |
| <b>MATURITY INFORMATION</b>                      |                |                |                |                |
| 0-3 months                                       | 36.059         | 45.778         | 9.342          | 16.681         |
| 3-12 months                                      | 95.676         | 88.086         | 91.657         | 93.689         |
| More than 1 year                                 | 4.073          | 8.832          | 133            | 146            |
| <b>Total</b>                                     | <b>135.808</b> | <b>142.696</b> | <b>101.132</b> | <b>110.516</b> |

## 2.21 INVENTORIES

|                         | GROUP         |               | COMPANY       |               |
|-------------------------|---------------|---------------|---------------|---------------|
|                         | 31/12/2019    | 31/12/2018    | 31/12/2019    | 31/12/2018    |
| Merchandise – Equipment | 33.519        | 32.681        | 10.733        | 14.831        |
| Other                   | 3.588         | 14.438        | 0             | 0             |
| <b>Total</b>            | <b>37.107</b> | <b>47.119</b> | <b>10.733</b> | <b>14.831</b> |
| Impairment              | -1.500        | -1.536        | 0             | 0             |
| <b>Total</b>            | <b>35.607</b> | <b>45.583</b> | <b>10.733</b> | <b>14.831</b> |

The amount transferred to profit and loss during 2019, from disposal/usage and provisions for impairment of inventories for the Group was €6.807 thousand (2018: €7.775 thousand) while the respective amount for the Company was €9.731 thousand (2018: €6.713 thousand) and included in «Cost of sales».

| Reconciliation of changes in inventories provision for impairment | GROUP      |            | COMPANY    |            |
|---|------------|------------|------------|------------|
|   | 31/12/2019 | 31/12/2018 | 31/12/2019 | 31/12/2018 |
| Opening balance for the period                                    | -1.536     | -1.538     | 0          | 0          |
| Foreign exchange differences                                      | 36         | 2          | 0          | 0          |
| Closing balance for the period                                    | -1.500     | -1.536     | 0          | 0          |

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       |               |
|---|----------------|----------------|---------------|---------------|
|   | 31/12/2019     | 31/12/2018     | 31/12/2019    | 31/12/2018    |
| Cash and bank current accounts                          | 170.499        | 161.935        | 16.172        | 33.146        |
| Short term time deposits/investments (cash equivalents) | 615            | 526            | 0             | 0             |
| <b>Total</b>  | <b>171.114</b> | <b>162.461</b> | <b>16.172</b> | <b>33.146</b> |

## 2.23 SHARE CAPITAL, TREASURY SHARES AND RESERVES

### Share Capital

| Total number of authorized shares           | 31/12/2019  | 31/12/2018  |
|---|-------------|-------------|
| Ordinary shares of nominal value €0,30 each | 156.961.721 | 156.961.721 |

| Issued and fully paid shares | Number of ordinary shares | €'000  |
|------------------------------|---------------------------|--------|
| Balance 1 January 2018       | 158.961.721               | 47.689 |
| Cancelation of shares        | -2.000.000                | -600   |
| Balance 31 December 2018     | 156.961.721               | 47.089 |
| Issue of new shares          | 0                         | 0      |
| Balance 31 December 2019     | 156.961.721               | 47.089 |

On 16/5/2018 the Ordinary General Meeting of the Shareholders approved the reduction of the share capital of the Company by 2.000.000 shares (€600 thousand) with corresponding cancellation of 2.000.000 treasury shares.

### Treasury Shares

#### Share buyback program 11.6.2014 - 11.6.2018:

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 on 11.6.2014, as amended by the resolution

of the Shareholder's Annual General Meeting of 19.5.2015 and 18.5.2017, has approved a treasury shares buy-back program from the Company, 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 been approved that the treasury shares which will eventually be acquired may be held for future acquisition of shares of another company or be distributed to the Company's employees or the staff of a company related with it. The above programme was cancelled with a relevant decision of the Shareholder's Annual General Meeting on 16.5.2018.

**Share buyback program 16.5.2018 - 16.5.2020:**

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 on 16.5.2018, has approved a treasury shares buy-back program from the Company, of up to 10% of the paid share capital, including treasury shares which might have been acquired and held by the Company (on 16/5/2018 amounted 748.661 treasury shares that is 0,48% of the share capital following the cancelation of 2.000.000 treasury shares and a relevant decrease in the share capital of the Company as approved by the Shareholder's Annual General Meeting for a period of 24 months with effect from 16.5.2018 and until 16.5.2020, with a minimum price of €0,30 and maximum price of €12,00 cancelling the previous programme that was about to end on 11.6.2018. It has also been approved that the treasury shares which will eventually be acquired may be held for future acquisition of shares of another company or be distributed to the Company's employees or the staff of a company related with it.

During 2018, the Company purchased 9.218.779 treasury shares (5,87% of the Company's share capital) at an average price of €0,93 per share, totalling €8.589 thousand. On 31/12/2019 the Company held 9.200.033 treasury shares (5,86% of the company's share capital) with average price €0,93 per share, with total price of €8.528 thousand subtracting 2.000.000 treasury shares (1,27% of the share capital of the Company at an average purchase price of €1,10) that were cancelled from the Shareholder's Annual General Meeting of 16.05.2018.

|                                 | GROUP                     |              | COMPANY                   |              |
|---------------------------------|---------------------------|--------------|---------------------------|--------------|
|                                 | Number of ordinary shares | € '000       | Number of ordinary shares | € '000       |
| <b>Balance 31 December 2017</b> | <b>1.981.254</b>          | <b>2.149</b> | <b>1.981.254</b>          | <b>2.149</b> |
| Repurchase of treasury shares   | 9.218.779                 | 8.589        | 9.218.779                 | 8.589        |
| Cancelation of treasury shares  | -2.000.000                | -2.210       | -2.000.000                | -2.210       |
| <b>Balance 31 December 2018</b> | <b>9.200.033</b>          | <b>8.528</b> | <b>9.200.033</b>          | <b>8.528</b> |
| Repurchase of treasury shares   | 0                         | 0            | 0                         | 0            |
| <b>Balance 31 December 2019</b> | <b>9.200.033</b>          | <b>8.528</b> | <b>9.200.033</b>          | <b>8.528</b> |

**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 31/12/2019 was €-87,9 million (31/12/2018: €-88,0 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 2019 amount to €3,2 million, out of which gain of €0,1 million is attributable to the owners of the parent Company and loss of €3,3 million to non-controlling interest. The above total net loss for 2019 comes mainly from the positive fluctuation of USD and the negative fluctuation of TRY, ARS and CNY against the EUR.



Respectively, in the second quarter 2019, a cumulative gain of €562 thousand 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 subsidiary Totolotek SA.

Also, in 2019, an accumulated loss of €1.835 thousand was reclassified/recycled in the income statement (line "Foreign Exchange Differences") from the reserve of foreign exchange differences due to the liquidation of the subsidiaries and associate companies.

Alongside, in the fourth quarter of 2018, a cumulative loss of €1.327 million was reclassified / recycled in the income statement (line "Profit / (loss) after tax from discontinued operations") from the foreign exchange differences reserve due to the sale of the subsidiary Azerinteltek AS.

The main exchange rates of abroad subsidiaries financial statements conversion were:

- **Statement of Financial Position:**

|           | 31/12/2019 | 31/12/2018 | Change |
|-----------|------------|------------|--------|
| EUR / USD | 1,12       | 1,15       | -2,6%  |
| EUR / AUD | 1,60       | 1,62       | -1,2%  |
| EUR / TRY | 6,68       | 6,06       | 10,2%  |
| EUR / PEN | 3,72       | 3,86       | -3,6%  |
| EUR / ARS | 67,23      | 43,10      | 56,0%  |
| EUR / PLN | 4,26       | 4,30       | -0,9%  |
| EUR / BRL | 4,52       | 4,44       | 1,8%   |

- **Income Statement:**

|                        | Avg. 1/1-<br>31/12/2019 | Avg. 1/1-<br>31/12/2018 | Change |
|------------------------|-------------------------|-------------------------|--------|
| EUR / USD              | 1,12                    | 1,18                    | -5,1%  |
| EUR / AUD              | 1,61                    | 1,58                    | 1,9%   |
| EUR / TRY              | 6,36                    | 5,71                    | 11,4%  |
| EUR / PEN              | 3,74                    | 3,88                    | -3,6%  |
| EUR / ARS <sup>1</sup> | 67,23                   | 43,10                   | 56,0%  |
| EUR / PLN              | 4,30                    | 4,26                    | 0,9%   |
| EUR / BRL              | 4,41                    | 4,31                    | 2,3%   |

<sup>1</sup> The Income Statement of 2019 of the Group's subsidiaries operating in Argentina was converted at the closing rate of 31/12/2019 instead of the Avg. 1/1-31/12/2019 pursuant to IAS 21, paragraph 42a, for hyperinflationary economies.

### Other Reserves

|                                       | GROUP         |               | COMPANY       |               |
|---------------------------------------|---------------|---------------|---------------|---------------|
|                                       | 31/12/2019    | 31/12/2018    | 31/12/2019    | 31/12/2018    |
| Statutory Reserve                     | 25.040        | 24.795        | 15.896        | 15.896        |
| Extraordinary Reserves                | 1.740         | 1.689         | 1.456         | 1.456         |
| Tax Free and Specially Taxed Reserves | 40.658        | 40.813        | 38.091        | 38.091        |
| Treasury shares reserve               | 5             | 5             | 5             | 5             |
| Actuarial differences reserve         | -56           | -145          | -6            | -119          |
| Revaluation reserve                   | -95           | -2.195        | -159          | -2.204        |
| <b>Total operations</b>               | <b>67.292</b> | <b>64.962</b> | <b>55.283</b> | <b>53.125</b> |

### 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 2019 amounts to €25,0 million for the Group and €15,9 million for the Company (31/12/2018: €24,8 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 2019 amount to €1,7 million for the Group and €1,5 million for the Company (2018: €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 2019 was €40,7 million for the Group (31/12/2018: €40,8 million.) and €38,1 million for the Company (31/12/2018: €38,1 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 31/12/2019 (31/12/2018:€5 thousand).

### **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 2019 amount to €-56 thousand for the Group and €-6 thousand for the Company (31/12/2018: €-145 thousand and €-119 thousand respectively).

### **Revaluation Reserve**

It concerns changes in the fair value of assets through other comprehensive income amount on 31 December 2019 to €-95 thousand for the Group and €-159 thousand for the Company (31/12/2018: €-2,2 million and €-2,2 million respectively).

**Analysis of changes in other comprehensive income by category of reserves**

| <b>GROUP<br/>1/1-31/12/2019</b>  | <b>Actuarial<br/>differences<br/>Reserve</b> | <b>Revaluation<br/>Reserve</b> | <b>Hedging<br/>Reserve</b> | <b>Foreign<br/>exchange<br/>differences<br/>Reserve</b> | <b>Retained<br/>Earnings</b> | <b>Total</b>  | <b>Non-<br/>controlling<br/>interest</b> | <b>Grand<br/>total</b> |
|--|--|--------------------------------|----------------------------|---|------------------------------|---------------|--|------------------------|
| Defined benefit plans revaluation for subsidiaries and parent company                                    | 88   |                                |                            |   | 21                           | <b>109</b>    | 31                                       | <b>140</b>             |
| Revaluation of defined benefit plans of associates and joint ventures                                    |  |                                |                            |   | -83                          | <b>-83</b>    |  | <b>-83</b>             |
| Valuation of assets measured at fair value through other comprehensive income of parent and subsidiaries |  | 1.414                          |                            |   |                              | <b>1.414</b>  |  | <b>1.414</b>           |
| Foreign exchange differences on consolidation of subsidiaries  |  |                                |                            | -1.028  |                              | <b>-1.028</b> | -3.309                                   | <b>-4.337</b>          |
| Share of foreign exchange differences on consolidation of associates and joint ventures                  |  |                                |                            | 1.080   |                              | <b>1.080</b>  |  | <b>1.080</b>           |
| <b>Other comprehensive income / (expenses) after tax</b>   | <b>88</b>                                    | <b>1.414</b>                   | <b>0</b>                   | <b>52</b>   | <b>-62</b>                   | <b>1.492</b>  | <b>-3.278</b>                            | <b>-1.786</b>          |

| <b>GROUP<br/>1/1-31/12/2018</b>  | <b>Actuarial<br/>differences<br/>Reserve</b> | <b>Revaluation<br/>Reserve</b> | <b>Hedging<br/>Reserve</b> | <b>Foreign<br/>exchange<br/>differences<br/>Reserve</b> | <b>Retained<br/>Earnings</b> | <b>Total</b>   | <b>Non-<br/>controlling<br/>interest</b> | <b>Grand total</b> |
|--|--|--------------------------------|----------------------------|---|------------------------------|----------------|--|--------------------|
| Defined benefit plans revaluation for subsidiaries and parent company                                    | 42   |                                |                            |   | -11                          | <b>31</b>      | -8                                       | <b>23</b>          |
| Revaluation of defined benefit plans of associates and joint ventures                                    |  |                                |                            |   | -91                          | <b>-91</b>     |  | <b>-91</b>         |
| Valuation of assets measured at fair value through other comprehensive income of parent and subsidiaries |  | 2.093                          |                            |   |                              | <b>2.093</b>   | -5                                       | <b>2.088</b>       |
| Valuation of derivatives of subsidiaries and parent company  |  |                                | 18                         |   |                              | <b>18</b>      |  | <b>18</b>          |
| Foreign exchange differences on consolidation of subsidiaries  |  |                                |                            | -10.940   |                              | <b>-10.940</b> | -5.025                                   | <b>-15.965</b>     |
| Share of foreign exchange differences on consolidation of associates and joint ventures                  |  |                                |                            | -267  |                              | <b>-267</b>    |  | <b>-267</b>        |
| <b>Other comprehensive income / (expenses) after tax</b>   | <b>42</b>                                    | <b>2.093</b>                   | <b>18</b>                  | <b>-11.207</b>  | <b>-102</b>                  | <b>-9.156</b>  | <b>-5.038</b>                            | <b>-14.194</b>     |

| COMPANY<br>1/1-31/12/2019   | Actuarial<br>differences<br>reserve | Revaluation<br>Reserve | Hedging<br>reserve | Total        |
|---|-------------------------------------|------------------------|--------------------|--------------|
| Defined benefit plans revaluation   | 113                                 |                        |                    | <b>113</b>   |
| Valuation of assets measured at fair value through other comprehensive income |                                     | 1.322                  |                    | <b>1.322</b> |
| <b>Other comprehensive income / (expenses) after tax</b>                      | <b>113</b>                          | <b>1.322</b>           | <b>0</b>           | <b>1.435</b> |

| COMPANY<br>1/1-31/12/2018   | Actuarial<br>differences<br>reserve | Revaluation<br>Reserve | Hedging<br>reserve | Total      |
|---|-------------------------------------|------------------------|--------------------|------------|
| Defined benefit plans revaluation   | 67                                  |                        |                    | <b>67</b>  |
| Valuation of assets measured at fair value through other comprehensive income |                                     | -30                    |                    | <b>-30</b> |
| Valuation of derivatives  |                                     |                        | 18                 | <b>18</b>  |
| <b>Other comprehensive income / (expenses) after tax</b>                      | <b>67</b>                           | <b>-30</b>             | <b>18</b>          | <b>55</b>  |

## 2.24 DIVIDENDS

| Declared dividends of ordinary shares:             | GROUP         |               | COMPANY    |            |
|--|---------------|---------------|------------|------------|
|  | 31/12/2019    | 31/12/2018    | 31/12/2019 | 31/12/2018 |
| Final dividend of 2012                             | 0             | 680           | 0          | 0          |
| Final dividend of 2016                             | 0             | 512           | 0          | 0          |
| Final dividend of 2017                             | 957           | 24.442        | 0          | 0          |
| Interim dividend of 2018                           | 0             | 13.580        | 0          | 0          |
| Final dividend of 2018                             | 27.566        | 0             | 0          | 0          |
| Interim dividend of 2019                           | 11.562        | 0             | 0          | 0          |
| <b>Dividend per statement of changes in equity</b> | <b>40.085</b> | <b>39.214</b> | <b>0</b>   | <b>0</b>   |

### Paid Dividends on ordinary shares:

During 2019 dividends paid on ordinary shares, aggregated €41.714 thousand (2018: €36.317 thousand).

## 2.25 DEBT

### Long term loans and lease liabilities:

|   | Currency | Interest rate | GROUP          |                | COMPANY        |                |
|---|----------|---------------|----------------|----------------|----------------|----------------|
|   |          |               | 31/12/2019     | 31/12/2018     | 31/12/2019     | 31/12/2018     |
| Facility A (€250,0 million)                                       | EUR      | 6,75%         | 251.235        | 249.308        | 0              | 0              |
| Facility B (€500,0 million)                                       | EUR      | 5,25%         | 495.534        | 493.364        | 0              | 0              |
| Intercompany Loans  |          |               | 0              | 0              | 278.908        | 286.380        |
| Other   |          |               | 27.714         | 36.488         | 0              | 0              |
| <b>Total Loans (long term and short term) before repurchasing</b> |          |               | <b>774.483</b> | <b>779.160</b> | <b>278.908</b> | <b>286.380</b> |
| Less: Payable during the next year                                |          |               | -31.851        | -38.929        | 0              | 0              |
| Repurchase of Facility B  |          |               | -25.958        | -4.934         | 0              | 0              |
| <b>Long term loans after repurchasing</b>                         |          |               | <b>716.674</b> | <b>735.297</b> | <b>278.908</b> | <b>286.380</b> |
| Long term lease liabilities <sup>1</sup>                          |          |               | 10.681         | 1.797          | 1.580          | 0              |
| <b>Total long term debt (loans and lease liabilities)</b>         |          |               | <b>727.355</b> | <b>737.094</b> | <b>280.488</b> | <b>286.380</b> |

<sup>1</sup> In the Group and the Company on 31/12/2019 included Long term lease liabilities from other related parties amount to €1.781 thousand and €1.252 thousand respectively (note [2.31.E](#)).

**Short term loans and lease liabilities:**

|  | GROUP         |               | COMPANY    |            |
|--|---------------|---------------|------------|------------|
|  | 31/12/2019    | 31/12/2018    | 31/12/2019 | 31/12/2018 |
| Facility A (€250,0 million)                                | 4.606         | 4.652         | 0          | 0          |
| Facility B (€500,0 million)                                | 6.974         | 7.235         | 0          | 0          |
| Intercompany loans   | 0             | 0             | 0          | 0          |
| Other <sup>2</sup>   | 20.927        | 27.135        | 0          | 0          |
| <b>Short term loans before repurchasing</b>                | <b>32.507</b> | <b>39.022</b> | <b>0</b>   | <b>0</b>   |
| Repurchasing Facility B                                    | -656          | -93           | 0          | 0          |
| <b>Short term loans after repurchasing</b>                 | <b>31.851</b> | <b>38.929</b> | <b>0</b>   | <b>0</b>   |
| Short term lease liabilities <sup>1</sup>                  | 6.019         | 1.726         | 785        | 0          |
| <b>Total short term debt (loans and lease liabilities)</b> | <b>37.870</b> | <b>40.655</b> | <b>785</b> | <b>0</b>   |

<sup>1</sup> In the Group and the Company as at 31/12/2019 included Short term lease liabilities from other related parties amount to €618 thousand and €540 thousand respectively (note [2.31.E](#)).

<sup>2</sup>The Group on 31/12/2019 includes a short-term loan from an associate company amounting to €514 thousand (note [2.31.E](#)).

|   | GROUP          |                | COMPANY        |                |
|---|----------------|----------------|----------------|----------------|
|   | 31/12/2019     | 31/12/2018     | 31/12/2019     | 31/12/2018     |
| <b>Total debt (loans and lease liabilities)</b> | <b>765.225</b> | <b>777.749</b> | <b>281.273</b> | <b>286.380</b> |

- Facility A: 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 for incurring additional debt with respect to total Net Debt to EBITDA (EBITDA/ "Consolidated Cash Flow") (Senior Leverage ratio <3,75), and financial expenses coverage ratio (Fixed Charge Coverage ratio >2,00).
- Facility B: 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 for incurring additional debt with respect to total Net Debt to EBITDA (EBITDA/ "Consolidated Cash Flow") (Senior Leverage ratio <3,75), and financial expenses coverage ratio (Fixed Charge Coverage ratio >2,00). The Group proceeded to the repurchase of bonds from the open market with nominal value of €5,0 million during 2018, €21,2 million during the second half of 2019, forming the total outstanding nominal amount at €473,8 million.

The Group under the Senior Notes (Facility A & B) terms will be able to incur additional debt as long as on a pro forma basis its consolidated fixed charge coverage ratio is at least 2,00 (31/12/2019: approximately 2,41) and will be able to incur additional senior debt as long as on a pro forma basis the ratio of total net debt to EBITDA (senior leverage ratio) is not more than 3,75 (31/12/2019:

approximately 5,79). Furthermore to the above, the Group can incur additional debt from specific baskets.

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 A & B) 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.

Other facilities:

- Facility C: On December 2017 Intralot Finance UK Ltd signed a loan agreement guaranteed by the parent and subsidiaries of the Group amount to €15 million as term loan. The Group utilised this facility in February 2018. Loan agreement matures on 10/05/2019 and bears a floating rate (Euribor) plus a 2,75% margin. The above facility does not include financial covenants and the nominal outstanding balance was repaid the first semester of 2019.
- Facility D: In December 2017 and February 2018 Intralot Finance UK Ltd signed loan agreement guaranteed by the parent and subsidiaries of the Group amounting €80 million as revolving facility. The Group did not make use of the above revolving facilities, which were canceled in the second and third quarters of 2019.
- Facility E: Intralot Inc., a US subsidiary of the Group, has a credit line with Bank of America of up to \$ 40 million. The outstanding balance as at 31/12/2019 amounted to \$16,6 million. The credit line may be used as additional liquidity support to take advantage of new lotteries and sports betting opportunities in the US.
- Facility F: In February and March 2020 Intralot Global Holdings BV signed a loan agreement, with relevant securities on financial assets, amounting up to €18 million as a revolving facility. Loan agreement bears a floating reference rate (relevant bank's cost of funding cost) plus a 1,65% margin. The above facility does not include financial covenants and the nominal outstanding balance on 31/3/2020 was €8 million.

**Reconciliation of liabilities arising from financing activities:**

| GROUP  | Balance<br>31/12/2018 | Cash<br>flows  | Non cash adjustments                              |                     |   |           |  |   |                       | Balance<br>31/12/2019 |
|--|-----------------------|----------------|---|---------------------|---|-----------|--|---|-----------------------|-----------------------|
|  |                       |                | Effect from<br>IFRS 16<br>application<br>1/1/2019 | Accrued<br>interest | Foreign<br>exchange<br>differences &<br>IAS 29 effect | Transfers | Purchases of<br>fixed assets<br>under<br>leases/contract<br>cancellation | Discontinued<br>operations/<br>change of<br>consolidation<br>method &<br>other<br>transfers | Repurchase<br>results |                       |
| Long term loans                                    | 735.297               | -13.351        | 0   | 815                 | 100   | 4.446     | 0  | -500  | -10.133               | 716.674               |
| Short term loans                                   | 38.929                | -48.027        | 0   | 47.745              | 149   | -4.446    | 0  | -2.499  | 0                     | 31.851                |
| Long term lease liabilities                        | 1.797                 | -6.681         | 14.768  | 886                 | 56  | -4.720    | 5.980  | -1.405  | 0                     | 10.681                |
| Short term lease liabilities                       | 1.726                 | -244           | 264   | 2                   | 139   | 4.720     | 2  | -590  | 0                     | 6.019                 |
| <b>Total liabilities from financing activities</b> | <b>777.749</b>        | <b>-68.303</b> | <b>15.032</b>                                     | <b>49.448</b>       | <b>444</b>  | <b>0</b>  | <b>5.982</b>   | <b>-4.994</b>   | <b>-10.133</b>        | <b>765.225</b>        |

| GROUP  | Balance<br>31/12/2017 | Cash<br>flows  | Non cash adjustments |                                    |           |   |  | Balance<br>31/12/2018 |
|--|-----------------------|----------------|----------------------|------------------------------------|-----------|---|--|-----------------------|
|  |                       |                | Accrued<br>interest  | Foreign<br>exchange<br>differences | Transfers | Purchases of fixed<br>assets under leases | Issuing<br>costs/Repurchase<br>results |                       |
| Long term loans                                    | 727.988               | 17.631         | 0                    | 243                                | -10.687   | 0   | 122                                    | 735.297               |
| Short term loans                                   | 17.927                | -37.566        | 47.860               | 242                                | 10.687    | 0   | -221                                   | 38.929                |
| Long term lease liabilities                        | 1.389                 | -1.478         | 0                    | 70                                 | 0         | 1.816                                     | 0                                      | 1.797                 |
| Short term lease liabilities                       | 1.418                 | -711           | 109                  | 53                                 | 0         | 857                                       | 0                                      | 1.726                 |
| <b>Total liabilities from financing activities</b> | <b>748.722</b>        | <b>-22.124</b> | <b>47.969</b>        | <b>608</b>                         | <b>0</b>  | <b>2.673</b>                              | <b>-99</b>                             | <b>777.749</b>        |

Maturity of long term debt:

**Long term loans after repurchases:**

|                   | GROUP          |                | COMPANY        |                |
|-------------------|----------------|----------------|----------------|----------------|
|                   | 31/12/2019     | 31/12/2018     | 31/12/2019     | 31/12/2018     |
| From 1 to 5 years | 716.674        | 247.893        | 278.908        | 248.645        |
| More than 5 years | 0              | 487.404        | 0              | 37.735         |
| <b>Total</b>      | <b>716.674</b> | <b>735.297</b> | <b>278.908</b> | <b>286.380</b> |

**Long term lease liabilities :**

|                   | GROUP         |              | COMPANY      |            |
|-------------------|---------------|--------------|--------------|------------|
|                   | 31/12/2019    | 31/12/2018   | 31/12/2019   | 31/12/2018 |
| From 1 to 5 years | 7.872         | 1.797        | 1.365        | 0          |
| More than 5 years | 2.809         | 0            | 215          | 0          |
| <b>Total</b>      | <b>10.681</b> | <b>1.797</b> | <b>1.580</b> | <b>0</b>   |

Total debt is classified as below in relation to the issue currency:

**Long term loans after repurchases:**

|              | GROUP          |                | COMPANY        |                |
|--------------|----------------|----------------|----------------|----------------|
|              | 31/12/2019     | 31/12/2018     | 31/12/2019     | 31/12/2018     |
| Loans in EUR | 709.886        | 726.444        | 278.908        | 286.380        |
| Loans in USD | 6.203          | 8.008          | 0              | 0              |
| Loans in BGL | 585            | 845            | 0              | 0              |
| <b>Total</b> | <b>716.674</b> | <b>735.297</b> | <b>278.908</b> | <b>286.380</b> |

**Long term lease liabilities:**

|               | GROUP         |              | COMPANY      |            |
|---------------|---------------|--------------|--------------|------------|
|               | 31/12/2019    | 31/12/2018   | 31/12/2019   | 31/12/2018 |
| Leases in EUR | 2.831         | 0            | 1.580        | 0          |
| Leases in USD | 5.905         | 1.775        | 0            | 0          |
| Leases in BGL | 674           | 16           | 0            | 0          |
| Leases in NZD | 152           | 0            | 0            | 0          |
| Leases in AUD | 460           | 0            | 0            | 0          |
| Leases in ARS | 32            | 0            | 0            | 0          |
| Leases in CLP | 21            | 0            | 0            | 0          |
| Leases in TRY | 527           | 0            | 0            | 0          |
| Leases in BRL | 79            | 6            | 0            | 0          |
| <b>Total</b>  | <b>10.681</b> | <b>1.797</b> | <b>1.580</b> | <b>0</b>   |

**Short term loans after repurchases:**

|                           | GROUP         |               | COMPANY    |            |
|---------------------------|---------------|---------------|------------|------------|
|                           | 31/12/2019    | 31/12/2018    | 31/12/2019 | 31/12/2018 |
| Loans in EUR              | 10.925        | 26.900        | 0          | 0          |
| Loans in USD <sup>1</sup> | 19.351        | 10.028        | 0          | 0          |
| Loans in PLN              | 0             | 1.272         | 0          | 0          |
| Loans in BGL              | 773           | 260           | 0          | 0          |
| Loans in ARS              | 0             | 1             | 0          | 0          |
| Loans in BRL              | 7             | 440           | 0          | 0          |
| Loans in TRY              | 795           | 28            | 0          | 0          |
| <b>Total</b>              | <b>31.851</b> | <b>38.929</b> | <b>0</b>   | <b>0</b>   |

<sup>1</sup> The Group on 31/12/2018 under "Loans in USD" includes a financing from other related parties amounting €301 thousand (note [2.31.E](#)).



**Short term lease liabilities:**

|               | GROUP        |              | COMPANY    |            |
|---------------|--------------|--------------|------------|------------|
|               | 31/12/2019   | 31/12/2018   | 31/12/2019 | 31/12/2018 |
| Leases in EUR | 1.537        | 0            | 785        | 0          |
| Leases in USD | 3.454        | 1.712        | 0          | 0          |
| Leases in BGL | 231          | 10           | 0          | 0          |
| Leases in NZD | 89           | 0            | 0          | 0          |
| Leases in AUD | 202          | 0            | 0          | 0          |
| Leases in ARS | 171          | 0            | 0          | 0          |
| Leases in CLP | 33           | 0            | 0          | 0          |
| Leases in BRL | 173          | 4            | 0          | 0          |
| Leases in TRY | 129          | 0            | 0          | 0          |
| <b>Total</b>  | <b>6.019</b> | <b>1.726</b> | <b>785</b> | <b>0</b>   |

**2.26 STAFF RETIREMENT INDEMNITIES**

**(a) State Insurance Programs:**

The Group's contributions to the State insurance funds for the year ended 31 December 2019 that were reported in the year's expenses amount to €11.693 thousand as stated in note [2.4](#).

**(b) Insurance Programs in USA:**

The US Subsidiaries have a defined contribution plan ("The Intralot USA 401 (k) Plan") under Section 401 (k) of the Internal Revenue Code, which covers virtually all their full-time employees. The program requires matching contributions up to 6% of employees' salaries, and there is a provision for additional contributions that are at the discretion of the Board of Directors. The Group's subsidiaries in the US incurred expenses related to the above program, which in 2019 amounted to €1.210 thousand (2018: €905 thousand) and are included under "Other staff costs" in note [2.4](#). On retirement, "The Intralot USA 401 (k) Plan" is responsible for paying employees' retirement benefits. Consequently, the Group has no legal or constructive obligation to pay future benefits under this plan.

**(c) 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 financial position, details and the basic assumptions used in the actuarial study as at 31 December 2019 are as follows:

|                                     | GROUP      |            | COMPANY    |            |
|-------------------------------------|------------|------------|------------|------------|
|                                     | 31/12/2019 | 31/12/2018 | 31/12/2019 | 31/12/2018 |
| Present Value of unfunded liability | 3.807      | 5.111      | 3.358      | 3.249      |
| Unrecognized actuarial losses       | 0          | 0          | 0          | 0          |

|   |              |              |              |              |
|---|--------------|--------------|--------------|--------------|
| <b>Net liability on the financial position</b>  | <b>3.807</b> | <b>5.111</b> | <b>3.358</b> | <b>3.249</b> |
| <b>Components of the net retirement cost in the year:</b>                                 |              |              |              |              |
| Current service cost  | 335          | 387          | 280          | 188          |
| Finance cost  | 58           | 130          | 47           | 52           |
| Effect of cutting / settlement / termination benefits                                     | 796          | 1.075        | 644          | 883          |
| Intragroup staff transfer   | 0            | 0            | 99           | 2            |
| <b>Debit to income statement (Note 2.4)- (total operations)</b>                           | <b>1.189</b> | <b>1.592</b> | <b>1.070</b> | <b>1.125</b> |
| Additional service cost   | 0            | 0            | 0            | 0            |
| <b>Total charge to income statement</b>   | <b>1.189</b> | <b>1.592</b> | <b>1.070</b> | <b>1.125</b> |
| Actuarial (gains) / losses recognized in other comprehensive income (before deferred tax) | -188         | -39          | -149         | -93          |
| Deferred tax attributable to actuarial (gains)/losses                                     | 48           | 16           | 36           | 26           |
| <b>Total debit/(credit) / losses in other comprehensive income</b>                        | <b>-140</b>  | <b>-23</b>   | <b>-113</b>  | <b>-67</b>   |
| <b>Reconciliation of benefit liabilities:</b>   |              |              |              |              |
| Net liability at beginning of year  | 5.111        | 5.451        | 3.249        | 3.489        |
| Service cost  | 335          | 387          | 280          | 188          |
| Finance cost  | 58           | 130          | 47           | 52           |
| Effect of cutting / settlement / termination benefits                                     | 796          | 1.075        | 644          | 883          |
| Benefits paid   | -2.130       | -1.614       | -812         | -1.272       |
| Intragroup staff transfer   | 0            | 0            | 99           | 2            |
| Disposal of subsidiary  | -125         | 0            | 0            | 0            |
| Actuarial (gains) / losses  | -188         | -39          | -149         | -93          |
| Exchange differences  | -50          | -279         | 0            | 0            |
| <b>Present Value of the liability at end of year</b>                                      | <b>3.807</b> | <b>5.111</b> | <b>3.358</b> | <b>3.249</b> |

**Basic assumptions:**

|                                       | GROUP      |            | COMPANY    |            |
|---------------------------------------|------------|------------|------------|------------|
|                                       | 31/12/2019 | 31/12/2018 | 31/12/2019 | 31/12/2018 |
| Discount rate                         | 1,18%      | 3,19%      | 1,15%      | 1,40%      |
| Percentage of annual salary increases | 1,92%      | 3,53%      | 1,75%      | 1,75%      |
| Increase in Consumer Price Index      | 1,68%      | 3,29%      | 1,50%      | 1,75%      |

**Sensitivity analysis for the most important assumptions on 31/12/2019:**

| Effect on current service cost        | GROUP       |             | COMPANY     |             |
|---------------------------------------|-------------|-------------|-------------|-------------|
|                                       | increase 1% | decrease 1% | increase 1% | decrease 1% |
| Discount rate                         | -78         | 107         | -65         | 86          |
| Percentage of annual salary increases | 91          | -74         | 75          | -60         |
| Effect on present value of liability  | GROUP       |             | COMPANY     |             |
|                                       | increase 1% | decrease 1% | increase 1% | decrease 1% |
| Discount rate                         | -622        | 785         | -551        | 691         |
| Percentage of annual salary increases | 669         | -558        | 585         | -488        |

**Sensitivity analysis for the most important assumptions on 31/12/2018:**

| Effect on current service cost        | GROUP       |             | COMPANY     |             |
|---------------------------------------|-------------|-------------|-------------|-------------|
|                                       | increase 1% | decrease 1% | increase 1% | decrease 1% |
| Discount rate                         | -99         | 132         | -61         | 82          |
| Percentage of annual salary increases | 121         | -100        | 74          | -58         |
| Effect on present value of liability  | GROUP       |             | COMPANY     |             |
|                                       | increase 1% | decrease 1% | increase 1% | decrease 1% |
| Discount rate                         | -620        | 778         | -531        | 662         |
| Percentage of annual salary increases | 699         | -586        | 590         | -494        |

**Analysis of Actuarial (gains) / losses in other comprehensive income (before deferred tax):**

|                                | 31/12/2019 |         | 31/12/2018 |         |
|--------------------------------|------------|---------|------------|---------|
|                                | GROUP      | COMPANY | GROUP      | COMPANY |
| Change in economic assumptions | 33         | 86      | 96         | 58      |

|   |             |             |            |            |
|---|-------------|-------------|------------|------------|
| Change in demographic assumptions   | 0           | 0           | 0          | 0          |
| Change due to experience and other assumptions change                                 | -221        | -235        | -135       | -151       |
| <b>Actuarial (gains) / losses in other comprehensive income (before deferred tax)</b> | <b>-188</b> | <b>-149</b> | <b>-39</b> | <b>-93</b> |

## 2.27 SHARED BASED BENEFITS

The Group had no active option plan during 2019.

## 2.28 OTHER LONG TERM LIABILITIES

|                   | GROUP        |              | COMPANY    |            |
|-------------------|--------------|--------------|------------|------------|
|                   | 31/12/2019   | 31/12/2018   | 31/12/2019 | 31/12/2018 |
| Guarantees        | 0            | 10           | 0          | 0          |
| Deferred Income   | 1.232        | 1.575        | 167        | 273        |
| Other liabilities | 770          | 671          | 0          | 0          |
| <b>Total</b>      | <b>2.002</b> | <b>2.256</b> | <b>167</b> | <b>273</b> |

## 2.29 TRADE AND OTHER CURRENT LIABILITIES

|   | GROUP         |               | COMPANY       |               |
|---|---------------|---------------|---------------|---------------|
|   | 31/12/2019    | 31/12/2018    | 31/12/2019    | 31/12/2018    |
| Creditors   | 41.815        | 43.168        | 9.818         | 13.138        |
| Amounts due to related parties (Note <a href="#">2.31.E</a> ) | 7.737         | 10.480        | 27.580        | 29.370        |
| Winnings payable  | 2.015         | 1.784         | 0             | 0             |
| Other creditors   | 12.832        | 26.926        | 1.875         | 2.375         |
| Deferred Income   | 15.079        | 1.041         | 3.914         | 151           |
| Accrued expenses for the period                               | 2.970         | 3.324         | 154           | 580           |
| Taxes   | 9.346         | 10.054        | -529          | -338          |
| Dividends payable   | 3             | 3             | 0             | 0             |
| <b>Total</b>  | <b>91.797</b> | <b>96.780</b> | <b>42.812</b> | <b>45.276</b> |

The maturity of short-term and long-term liabilities is as follows:

| PAYABLES  | GROUP         |               | COMPANY       |               |
|---|---------------|---------------|---------------|---------------|
|   | 31/12/2019    | 31/12/2018    | 31/12/2019    | 31/12/2018    |
| Creditors   | 41.815        | 43.168        | 9.818         | 13.138        |
| Payable to related parties (note <a href="#">2.31.E</a> ) | 7.737         | 10.480        | 27.580        | 29.370        |
| Other payables  | 44.247        | 45.388        | 5.581         | 3.041         |
| <b>Total</b>  | <b>93.799</b> | <b>99.036</b> | <b>42.979</b> | <b>45.549</b> |
| <b>MATURITY INFORMATION</b>                               |               |               |               |               |
| 0-3 months  | 59.085        | 59.055        | 11.340        | 17.763        |
| 3-12 months   | 32.712        | 37.725        | 31.472        | 27.513        |
| More than 1 year  | 2.002         | 2.256         | 167           | 273           |
| <b>Total</b>  | <b>93.799</b> | <b>99.036</b> | <b>42.979</b> | <b>45.549</b> |

### 2.30 FINANCIAL ASSETS AND LIABILITIES

| <b>31/12/2019</b>                     |   | <b>GROUP</b>   |   |                |
|---------------------------------------|---|--|---|----------------|
| <b>Financial assets:</b>              | <b>Debt instruments at amortized cost</b> | <b>Equity instruments at fair value through other comprehensive income</b> | <b>Derivative financial assets at fair value through other comprehensive income</b> | <b>Total</b>   |
| Trade receivables                     | 87.109                                    | 0  | 0   | <b>87.109</b>  |
| Provisions for doubtful receivables   | -12.843                                   | 0  | 0   | <b>-12.843</b> |
| Receivables from related parties      | 11.147                                    | 0  | 0   | <b>11.147</b>  |
| Provisions for doubtful receivables   | -6.726                                    | 0  | 0   | <b>-6.726</b>  |
| Pledged bank deposits                 | 3.948                                     | 0  | 0   | <b>3.948</b>   |
| Tax receivables                       | 26.248                                    | 0  | 0   | <b>26.248</b>  |
| Prepaid expenses and other receivable | 30.760                                    | 0  | 0   | <b>30.760</b>  |
| Provisions for doubtful receivables   | -3.835                                    | 0  | 0   | <b>-3.835</b>  |
| Other quoted financial assets         | 90  | 342  | 0   | <b>432</b>     |
| Other unquoted financial assets       | 0   | 0  | 0   | <b>0</b>       |
| <b>Total</b>                          | <b>135.898</b>                            | <b>342</b>   | <b>0</b>  | <b>136.240</b> |
| <b>Long term</b>                      | 4.145                                     | 342  | 0   | <b>4.487</b>   |
| <b>Short term</b>                     | 131.753                                   | 0  | 0   | <b>131.753</b> |
| <b>Total</b>                          | <b>135.898</b>                            | <b>342</b>   | <b>0</b>  | <b>136.240</b> |

| <b>31/12/2018</b>                     |   | <b>GROUP</b>   |   |                |
|---------------------------------------|---|--|---|----------------|
| <b>Financial assets:</b>              | <b>Debt instruments at amortized cost</b> | <b>Equity instruments at fair value through other comprehensive income</b> | <b>Derivative financial assets at fair value through other comprehensive income</b> | <b>Total</b>   |
| Trade receivables                     | 82.275                                    | 0  | 0   | <b>82.275</b>  |
| Provisions for doubtful receivables   | -12.420                                   | 0  | 0   | <b>-12.420</b> |
| Receivables from related parties      | 22.495                                    | 0  | 0   | <b>22.495</b>  |
| Provisions for doubtful receivables   | -6.736                                    | 0  | 0   | <b>-6.736</b>  |
| Pledged bank deposits                 | 389                                       | 0  | 0   | <b>389</b>     |
| Tax receivables                       | 18.682                                    | 0  | 0   | <b>18.682</b>  |
| Prepaid expenses and other receivable | 41.906                                    | 0  | 0   | <b>41.906</b>  |
| Provisions for doubtful receivables   | -3.895                                    | 0  | 0   | <b>-3.895</b>  |
| Other quoted financial assets         | 472                                       | 298  | 0   | <b>770</b>     |
| Other unquoted financial assets       | 165                                       | 15.744   | 0   | <b>15.909</b>  |
| <b>Total</b>                          | <b>143.333</b>                            | <b>16.042</b>  | <b>0</b>  | <b>159.375</b> |
| <b>Long term</b>                      | 8.832                                     | 16.042   | 0   | <b>24.874</b>  |
| <b>Short term</b>                     | 134.501                                   | 0  | 0   | <b>134.501</b> |
| <b>Total</b>                          | <b>143.333</b>                            | <b>16.042</b>  | <b>0</b>  | <b>159.375</b> |

| <u>31/12/2019</u>               |  | <u>GROUP</u>  |  |                |
|---------------------------------|--|---|--|----------------|
| 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                       | 41.815   | 0   | 0  | <b>41.815</b>  |
| Payables to related parties     | 7.737  | 0   | 0  | <b>7.737</b>   |
| Other liabilities               | 44.247   | 0   | 0  | <b>44.247</b>  |
| Borrowing and lease liabilities | 765.225  | 0   | 0  | <b>765.225</b> |
| <b>Total</b>                    | <b>859.024</b>                                   | <b>0</b>  | <b>0</b>   | <b>859.024</b> |
| <b>Long term</b>                | <b>729.357</b>                                   | <b>0</b>  | <b>0</b>   | <b>729.357</b> |
| <b>Short term</b>               | <b>129.667</b>                                   | <b>0</b>  | <b>0</b>   | <b>129.667</b> |
| <b>Total</b>                    | <b>859.024</b>                                   | <b>0</b>  | <b>0</b>   | <b>859.024</b> |

| <u>31/12/2018</u>               |  | <u>GROUP</u>  |  |                |
|---------------------------------|--|---|--|----------------|
| 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                       | 43.168   | 0   | 0  | <b>43.168</b>  |
| Payables to related parties     | 10.480   | 0   | 0  | <b>10.480</b>  |
| Other liabilities               | 45.388   | 0   | 0  | <b>45.388</b>  |
| Borrowing and lease liabilities | 777.749  | 0   | 0  | <b>777.749</b> |
| <b>Total</b>                    | <b>876.785</b>                                   | <b>0</b>  | <b>0</b>   | <b>876.785</b> |
| <b>Long term</b>                | <b>739.350</b>                                   | <b>0</b>  | <b>0</b>   | <b>739.350</b> |
| <b>Short term</b>               | <b>137.435</b>                                   | <b>0</b>  | <b>0</b>   | <b>137.435</b> |
| <b>Total</b>                    | <b>876.785</b>                                   | <b>0</b>  | <b>0</b>   | <b>876.785</b> |

Below an analysis is being presented regarding Company's financial assets and liabilities, other than cash and cash equivalents:

| <u>31/12/2019</u>                     | <u>COMPANY</u>                     |   |  |                |
|---------------------------------------|------------------------------------|---|--|----------------|
|                                       | Debt instruments at amortized cost | Equity instruments at fair value through other comprehensive income | Derivative financial assets at fair value through other comprehensive income | Total          |
| <b>Financial assets:</b>              |                                    |   |  |                |
| Trade receivables                     | 41.360                             | 0   | 0  | <b>41.360</b>  |
| Provisions for doubtful receivables   | -6.734                             | 0   | 0  | <b>-6.734</b>  |
| Receivables from related parties      | 82.826                             | 0   | 0  | <b>82.826</b>  |
| Provisions for doubtful receivables   | -34.102                            | 0   | 0  | <b>-34.102</b> |
| Pledged bank deposits                 | 156                                | 0   | 0  | <b>156</b>     |
| Tax receivables                       | 10.390                             | 0   | 0  | <b>10.390</b>  |
| Prepaid expenses and other receivable | 8.014                              | 0   | 0  | <b>8.014</b>   |
| Provisions for doubtful receivables   | -778                               | 0   | 0  | <b>-778</b>    |
| Other quoted financial assets         | 0                                  | 39  | 0  | <b>39</b>      |
| Other unquoted financial assets       | 0                                  | 0   | 0  | <b>0</b>       |
| <b>Total</b>                          | <b>101.132</b>                     | <b>39</b>   | <b>0</b>   | <b>101.171</b> |
| <b>Long term</b>                      | 133                                | 39  | 0  | <b>172</b>     |
| <b>Short term</b>                     | 100.999                            | 0   | 0  | <b>100.999</b> |
| <b>Total</b>                          | <b>101.132</b>                     | <b>39</b>   | <b>0</b>   | <b>101.171</b> |

| <u>31/12/2018</u>                     | <u>COMPANY</u>                     |   |  |                |
|---------------------------------------|------------------------------------|---|--|----------------|
|                                       | Debt instruments at amortized cost | Equity instruments at fair value through other comprehensive income | Derivative financial assets at fair value through other comprehensive income | Total          |
| <b>Financial assets:</b>              |                                    |   |  |                |
| Trade receivables                     | 40.129                             | 0   | 0  | <b>40.129</b>  |
| Provisions for doubtful receivables   | -6.734                             | 0   | 0  | <b>-6.734</b>  |
| Receivables from related parties      | 92.893                             | 0   | 0  | <b>92.893</b>  |
| Provisions for doubtful receivables   | -34.696                            | 0   | 0  | <b>-34.696</b> |
| Pledged bank deposits                 | 159                                | 0   | 0  | <b>159</b>     |
| Tax receivables                       | 6.232                              | 0   | 0  | <b>6.232</b>   |
| Prepaid expenses and other receivable | 13.701                             | 0   | 0  | <b>13.701</b>  |
| Provisions for doubtful receivables   | -1.168                             | 0   | 0  | <b>-1.168</b>  |
| Other quoted financial assets         | 0                                  | 30  | 0  | <b>30</b>      |
| Other unquoted financial assets       | 0                                  | 1.183   | 0  | <b>1.183</b>   |
| <b>Total</b>                          | <b>110.516</b>                     | <b>1.213</b>  | <b>0</b>   | <b>111.729</b> |
| <b>Long term</b>                      | 146                                | 1.213   | 0  | <b>1.359</b>   |
| <b>Short term</b>                     | 110.370                            | 0   | 0  | <b>110.370</b> |
| <b>Total</b>                          | <b>110.516</b>                     | <b>1.213</b>  | <b>0</b>   | <b>111.729</b> |

| <u>31/12/2019</u>               | <u>COMPANY</u>                                   |   |  |                |
|---------------------------------|--|---|--|----------------|
| 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                       | 9.818  | 0   | 0  | <b>9.818</b>   |
| Payables to related parties     | 27.580   | 0   | 0  | <b>27.580</b>  |
| Other liabilities               | 5.581  | 0   | 0  | <b>5.581</b>   |
| Borrowing and lease liabilities | 281.273  | 0   | 0  | <b>281.273</b> |
| <b>Total</b>                    | <b>324.252</b>                                   | <b>0</b>  | <b>0</b>   | <b>324.252</b> |
| <b>Long term</b>                | 280.655  | 0   | 0  | <b>280.655</b> |
| <b>Short term</b>               | 43.597   | 0   | 0  | <b>43.597</b>  |
| <b>Total</b>                    | <b>324.252</b>                                   | <b>0</b>  | <b>0</b>   | <b>324.252</b> |

| <u>31/12/2018</u>               | <u>COMPANY</u>                                   |   |  |                |
|---------------------------------|--|---|--|----------------|
| 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                       | 13.138   | 0   | 0  | <b>13.138</b>  |
| Payables to related parties     | 29.370   | 0   | 0  | <b>29.370</b>  |
| Other liabilities               | 3.041  | 0   | 0  | <b>3.041</b>   |
| Borrowing and lease liabilities | 286.380  | 0   | 0  | <b>286.380</b> |
| <b>Total</b>                    | <b>331.929</b>                                   | <b>0</b>  | <b>0</b>   | <b>331.929</b> |
| <b>Long term</b>                | 286.653  | 0   | 0  | <b>286.653</b> |
| <b>Short term</b>               | 45.276   | 0   | 0  | <b>45.276</b>  |
| <b>Total</b>                    | <b>331.929</b>                                   | <b>0</b>  | <b>0</b>   | <b>331.929</b> |

### 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 2019 and 31 December 2018:

| GROUP<br>Financial Assets   | Carrying Amount |                | Fair Value     |                |
|---|-----------------|----------------|----------------|----------------|
|   | 31/12/2019      | 31/12/2018     | 31/12/2019     | 31/12/2018     |
| Other long-term financial assets - classified as "equity instruments at fair value through other comprehensive income " | 342             | 16.042         | 342            | 16.042         |
| Other long-term financial assets - classified as "debt instruments at fair value at amortized cost"                     | 72              | 0              | 72             | 0              |
| Other long-term receivables   | 4.073           | 8.832          | 4.073          | 8.832          |
| Trade and other short-term receivables  | 131.735         | 133.864        | 131.735        | 133.864        |
| Other short-term financial assets classified as "debt instruments at amortized cost"                                    | 18              | 637            | 18             | 634            |
| Cash and cash equivalents   | 171.114         | 162.461        | 171.114        | 162.461        |
| <b>Total</b>  | <b>307.354</b>  | <b>321.836</b> | <b>307.354</b> | <b>321.833</b> |
| <b>Financial Liabilities</b>  |                 |                |                |                |
| Long-term loans   | 716.674         | 735.297        | 364.670        | 511.163        |
| Other long-term liabilities   | 2.002           | 2.256          | 2.002          | 2.256          |
| Long term lease liabilities   | 10.681          | 1.797          | 10.681         | 1.797          |
| Trade and other short term payables   | 91.797          | 96.780         | 91.797         | 96.780         |
| Short-term loans and lease liabilities  | 37.870          | 40.655         | 32.599         | 37.092         |
| <b>Total</b>  | <b>859.024</b>  | <b>876.785</b> | <b>501.749</b> | <b>649.088</b> |
| <b>COMPANY</b>  |                 |                |                |                |
| Financial Assets  | Carrying Amount |                | Fair Value     |                |
|   | 31/12/2019      | 31/12/2018     | 31/12/2019     | 31/12/2018     |
| Other long-term financial assets - classified as "equity instruments at fair value through other comprehensive income " | 39              | 1.213          | 39             | 1.213          |
| Other long-term receivables   | 133             | 146            | 133            | 146            |
| Trade and other short-term receivables  | 100.999         | 110.370        | 100.999        | 110.370        |
| Cash and cash equivalents   | 16.172          | 33.146         | 16.172         | 33.146         |
| <b>Total</b>  | <b>117.343</b>  | <b>144.875</b> | <b>117.343</b> | <b>144.875</b> |
| <b>Financial Liabilities</b>  |                 |                |                |                |
| Long-term loans   | 278.908         | 286.380        | 278.908        | 286.380        |
| Other long-term liabilities   | 167             | 273            | 167            | 273            |
| Long term lease liabilities   | 1.580           | 0              | 1.580          | 0              |
| Trade and other short term payables   | 42.812          | 45.276         | 42.812         | 45.276         |
| Short term loans and lease liabilities  | 785             | 0              | 785            | 0              |
| <b>Total</b>  | <b>324.252</b>  | <b>331.929</b> | <b>324.252</b> | <b>331.929</b> |

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 the inputs used in making these measurements. 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 31/12/2019 the following assets and liabilities measured at fair value:

| GROUP  | Fair Value<br>31/12/2019 | Fair value hierarchy |         |         |
|--|--------------------------|----------------------|---------|---------|
|  |                          | Level 1              | Level 2 | Level 3 |
| <b>Financial assets measured at fair value</b>   |                          |                      |         |         |
| Other financial assets classified as "equity instruments at fair value through other comprehensive income" | 342                      | 342                  | 0       | 0       |
| - Quoted securities  | 342                      | 342                  | 0       | 0       |
| - Unquoted securities  | 0                        | 0                    | 0       | 0       |
| Other financial assets classified as "debt instruments at amortized cost"                                  | 90                       | 0                    | 0       | 90      |
| - Quoted securities  | 90                       | 0                    | 0       | 90      |
| - Unquoted securities  | 0                        | 0                    | 0       | 0       |
| Derivative financial instruments   | 0                        | 0                    | 0       | 0       |
| <b>Financial liabilities measured at fair value</b>  |                          |                      |         |         |
| Derivative financial instruments   | 0                        | 0                    | 0       | 0       |

| COMPANY  | Fair Value<br>31/12/2019 | Fair value hierarchy |         |         |
|--|--------------------------|----------------------|---------|---------|
|  |                          | Level 1              | Level 2 | Level 3 |
| <b>Financial assets measured at fair value</b>   |                          |                      |         |         |
| Other financial assets classified as "equity instruments at fair value through other comprehensive income" | 39                       | 39                   | 0       | 0       |
| - Quoted securities  | 39                       | 39                   | 0       | 0       |
| - Unquoted securities  | 0                        | 0                    | 0       | 0       |
| Derivative financial instruments   | 0                        | 0                    | 0       | 0       |
| <b>Financial liabilities measured at fair value</b>  |                          |                      |         |         |
| Derivative financial instruments   | 0                        | 0                    | 0       | 0       |

During 2019 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 31/12/2018 the following assets and liabilities measured at fair value:

| GROUP  | Fair Value<br>31/12/2018 | Fair value hierarchy |         |         |
|--|--------------------------|----------------------|---------|---------|
|  |                          | Level 1              | Level 2 | Level 3 |
| <b>Financial assets measured at fair value</b>   |                          |                      |         |         |
| Other financial assets classified as "equity instruments at fair value through other comprehensive income" | 16.042                   | 298                  | 0       | 15.744  |
| - Quoted securities  | 298                      | 298                  | 0       | 0       |
| - Unquoted securities  | 15.744                   | 0                    | 0       | 15.744  |
| Other financial assets classified as "debt instruments at amortized cost"                                  | 637                      | 0                    | 0       | 637     |
| - Quoted securities  | 472                      | 0                    | 0       | 472     |
| - Unquoted securities  | 165                      | 0                    | 0       | 165     |
| Derivative financial instruments   | 0                        | 0                    | 0       | 0       |
| <b>Financial liabilities measured at fair value</b>  |                          |                      |         |         |
| Derivative financial instruments   | 0                        | 0                    | 0       | 0       |

| COMPANY  | Fair Value<br>31/12/2018 | Fair value hierarchy |         |         |
|--|--------------------------|----------------------|---------|---------|
|  |                          | Level 1              | Level 2 | Level 3 |
| <b>Financial assets measured at fair value</b>   |                          |                      |         |         |
| Other financial assets classified as "equity instruments at fair value through other comprehensive income" | 1.213                    | 30                   | 0       | 1.183   |
| - Quoted securities  | 30                       | 30                   | 0       | 0       |
| - Unquoted securities  | 1.183                    | 0                    | 0       | 1.183   |
| Derivative financial instruments   | 0                        | 0                    | 0       | 0       |
| <b>Financial liabilities measured at fair value</b>  |                          |                      |         |         |
| Derivative financial instruments   | 0                        | 0                    | 0       | 0       |

During 2019 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      |
|----------------------------------|---------------|--------------|
| <b>Balance 1/1/2018</b>          | <b>20.838</b> | <b>1.183</b> |
| Purchases                        | 175           | 0            |
| Fair value adjustment            | 2.437         | 0            |
| Exchange of stocks with software | -4.400        | 0            |
| Return of capital                | -3.130        | 0            |
| Exchange differences             | -11           | 0            |
| <b>Balance 31/12/2018</b>        | <b>15.909</b> | <b>1.183</b> |
| Sales                            | -14.887       | -168         |
| Fair value adjustment            | 1.313         | 1.313        |
| Return of capital                | -2.328        | -2.328       |
| Exchange differences             | -7            | 0            |
| <b>Balance 31/12/2019</b>        | <b>0</b>      | <b>0</b>     |
| <b>Quoted securities</b>         |               |              |
| <b>Balance 1/1/2018</b>          | <b>914</b>    | <b>0</b>     |
| Fair value adjustment            | 90            | 0            |
| Purchases                        | 497           | 0            |

|                              |            |          |
|------------------------------|------------|----------|
| Sales                        | -815       | 0        |
| Foreign exchange differences | -214       | 0        |
| <b>Balance 31/12/2018</b>    | <b>472</b> | <b>0</b> |
| Fair value adjustment        | 22         | 0        |
| Sales                        | -472       | 0        |
| Purchases                    | 90         | 0        |
| Foreign exchange differences | -22        | 0        |
| <b>Balance 31/12/2019</b>    | <b>90</b>  | <b>0</b> |

### 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 "equity instruments at fair value through other comprehensive income") derives from quoted market closing prices in active markets at the reporting date.
- Fair value of the unquoted shares (classified as "equity instruments at fair value through other comprehensive income") 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 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 "equity instruments at fair value through other comprehensive income") 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 "equity instruments at fair value through other comprehensive income")**

| Valuation method | Significant unobservable inputs   | Range<br>(Weighted Average) |                          |
|------------------|-----------------------------------|-----------------------------|--------------------------|
|                  |                                   | 31/12/2019                  | 31/12/2018               |
| DCF              | Sales growth rate                 | -                           | 0.0% - 0.0%<br>(0.0%)    |
|                  | Growth rate beyond budgets period | -                           | 0.0% - 0.0%<br>(0.0%)    |
|                  | Discount rates (WACC)             | -                           | 10.4% - 10.4%<br>(10.4%) |

**Sensitivity analysis of recoverable amounts:**

On 31/12/2018, 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). This analysis did not indicate a situation in which the carrying value of the Group's significant investments in unquoted shares exceeds their recoverable amount.

On 31/12/2019 the Group did not hold any unquoted shares (classified as "Equity instruments valued at fair value through other comprehensive income").

## 2.31 SUPPLEMENTARY INFORMATION

### A. BUSINESS COMBINATION AND METHOD OF CONSOLIDATION

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                   |                 | 99,8%             | 99,8%          |
| 27. INTRALOT CHILE SPA                 | Santiago, Chile               | Technology and support services                   |                 | 100%              | 100%           |
| 27. INTELTEK INTERNET AS               | Istanbul, Turkey              | Management contracts                              | 20%             | 25%               | 45%            |
| 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%           |
| 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%           |
| INTRALOT INTERACTIVE S.A.              | Maroussi, Greece              | Technology and support services                   | 100%            |                   | 100%           |
| INTRALOT GLOBAL SECURITIES B.V.        | Amsterdam, Netherlands        | Holding company                                   | 100%            |                   | 100%           |
| 1. INTRALOT CAPITAL LUXEMBOURG S.A.    | Luxembourg, Luxembourg        | Financial services                                |                 | 100%              | 100%           |
| 1,2,3,4. INTRALOT GLOBAL HOLDINGS B.V. | Amsterdam, Netherlands        | 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%            |
| 12. INTRALOT TECH SINGLE MEMBER S.A.   | Maroussi, Greece              | Technology and support services                   |                 | 100%              | 100%           |
| 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%           |
| 18. INTRALOT BENELUX B.V.              | Amsterdam, Netherlands        | Technology and support services                   |                 | 100%              | 100%           |
| 5. LOTROM S.A.                         | Bucharest, Romania            | Management contracts                              |                 | 84%               | 84%            |
| 5. INTRALOT BEIJING Co LTD             | Beijing, China                | Technology and support services                   |                 | 100%              | 100%           |

| I. Full consolidation |  | Domicile                      | Nature of business              | % Direct Part'n | % Indirect Part'n | % Total Part'n |
|-----------------------|--|-------------------------------|---------------------------------|-----------------|-------------------|----------------|
| 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%           |
| 5,3.                  | INTRALOT ASIA PACIFIC LTD                | Hong Kong, China              | Technology and support services | 31,87%          | 68,13%            | 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             |                 | 99,27%            | 99,27%         |
| 5.                    | INTRALOT SLOVAKIA SPOL. S.R.O.           | Bratislava, Slovakia          | Technology and support services |                 | 100%              | 100%           |
| 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%           |
| 5.                    | BILOT INVESTMENT LTD                     | Sofia, Bulgaria               | Holding company                 |                 | 100%              | 100%           |
| 11.                   | EUROBET LTD                              | Sofia, Bulgaria               | Licensed operations             |                 | 49%               | 49%            |
| 13.                   | EUROBET TRADING LTD                      | Sofia, Bulgaria               | Trading company                 |                 | 49%               | 49%            |
| 13.                   | ICS S.A.                                 | Sofia, Bulgaria               | Licensed operations             |                 | 49%               | 49%            |
| 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                                 | Valletta, Malta               | Technology and support services |                 | 100%              | 100%           |
| 5.                    | INTRALOT ADRIATIC DOO                    | Zagreb, Croatia               | 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%            |

| I. Full consolidation |  | Domicile            | Nature of business              | % Direct Part'n | % Indirect Part'n | % Total Part'n |
|-----------------------|--|---------------------|---------------------------------|-----------------|-------------------|----------------|
|                       | 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 <sup>3</sup>          | Sofia, Bulgaria     | Licensed operations             |                 | 49%               | 49%            |
| 2.                    | INTRALOT TECHNOLOGIES LTD              | Nicosia, Cyprus     | Technology and support services |                 | 100%              | 100%           |
| 2,22.                 | INTRALOT LOTTERIES LTD                 | Nicosia, Cyprus     | Holding company                 | 0,01%           | 99,99%            | 100%           |
| 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%           |
| 3.                    | ENTERGAMING LTD                        | Alderney, Guernsey  | Licensed operations             |                 | 100%              | 100%           |
| 2.                    | INTRALOT BETTING OPERATIONS RUSSIA LTD | Nicosia, Cyprus     | Holding company                 |                 | 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%         |
| 28.               | GOREWARD INVESTMENTS LTD                      | Taipei, Taiwan          | Holding company                 |                 | 38,84%            | 38,84%         |
| 28.               | PRECIOUS SUCCESS LTD GROUP                    | Hong Kong, China        | Licensed operations             |                 | 19,03%            | 19,03%         |
| 28.               | GAIN ADVANCE GROUP LTD                        | Hong Kong, China        | Holding company                 |                 | 38,84%            | 38,84%         |
| 28.               | OASIS RICH INTERNATIONAL LTD                  | Taipei, Taiwan          | Technology and support services |                 | 38,84%            | 38,84%         |
| 29.               | WUSHENG COMPUTER TECHNOLOGY (SHANGHAI) CO LTD | Shanghai, China         | Technology and support services |                 | 38,84%            | 38,84%         |
| 2.                | UNICLIC LTD                                   | Nicosia, Cyprus         | Holding company                 |                 | 50%               | 50%            |
| 25.               | DOWA LTD                                      | Nicosia, Cyprus         | Holding company                 |                 | 30%               | 30%            |
| 7.                | GAMENET GROUP S.p.A. <sup>2</sup>             | Rome, Italy             | Holding company                 |                 | 20%               | 20%            |
| 24.               | GAMENET S.p.A.                                | Rome, Italy             | Licensed operations             |                 | 20%               | 20%            |
| 30.               | INTRALOT ITALIA S.p.A <sup>1</sup>            | Rome, Italy             | Licensed operations             |                 | 20%               | 20%            |
| 30.               | GAMENET ENTERTAINMENT S.R.L.                  | Rome, Italy             | Licensed operations             |                 | 20%               | 20%            |
| 31.               | EASY PLAY S.R.L.                              | Rome, Italy             | Licensed operations             |                 | 10,20%            | 10,20%         |
| 31.               | LA CHANCE S.R.L.                              | Rome, Italy             | Licensed operations             |                 | 20%               | 20%            |
| 30.               | TOPPLAY S.R.L.                                | Rome, Italy             | Licensed operations             |                 | 20%               | 20%            |
| 30.               | GNETWORK S.R.L.                               | Rome, Italy             | Licensed operations             |                 | 20%               | 20%            |
| 30.               | BILLIONS ITALIA S.R.L.                        | Rome, Italy             | Licensed operations             |                 | 10,20%            | 10,20%         |
| 30.               | JOLLY VIDEOGIOCHI S.R.L.                      | Rome, Italy             | Licensed operations             |                 | 16,98%            | 16,98%         |
| 32.               | ROSILSPORT S.R.L.                             | Milan, Italy            | Technology and support services |                 | 12,74%            | 12,74%         |

| II. Equity method |                                 | Domicile        | Nature of business              | % Direct Part'n | % Indirect Part'n | % Total Part'n |
|-------------------|---------------------------------|-----------------|---------------------------------|-----------------|-------------------|----------------|
| 30.               | NEW MATIC S.R.L.                | Rome, Italy     | Licensed operations             |                 | 10,20%            | 10,20%         |
| 30.               | AGESOFT S.R.L.                  | Rome, Italy     | Technology and support services |                 | 12%               | 12%            |
| 30.               | GOLDBET S.p.A. <sup>1</sup>     | Rome, Italy     | Licensed operations             |                 | 20%               | 20%            |
| 24.               | THINKABOUT S.R.L.               | Rome, Italy     | Technology and support services |                 | 8,75%             | 8,75%          |
| 5.                | KARENIA ENTERPRISES COMPANY LTD | Nicosia, Cyprus | Holding company                 |                 | 50%               | 50%            |
|                   | INTRALOT DE PERU SAC            | Lima, Peru      | Licensed operations             | 20%             |                   | 20%            |
| 20.               | EUROFOOTBALL LTD <sup>3</sup>   | Sofia, Bulgaria | Licensed operations             |                 | 49%               | 49%            |

**Subsidiary of the company:**

|  |                                 |                               |                                   |
|--|---------------------------------|-------------------------------|-----------------------------------|
| 1: Intralot Global Securities BV           | 9: Intralot St. Lucia LTD       | 17: Beta Rial Sp.Zoo.         | 25: Uniclic LTD                   |
| 2: Intralot Holdings International LTD     | 10: Intralot Guatemala S.A.     | 18: Intralot Nederland        | 26: Intralot Australia PTY LTD    |
| 3: Intralot International LTD              | 11: Bilot Investment Ltd        | 19: Nikantro Holdings Co LTD  | 27: Intralot Iberia Holdings S.A. |
| 4: Intralot Operations LTD                 | 12: Intralot Inc                | 20: Bilot EOOD                | 28: Goreward LTD                  |
| 5: Intralot Global Holdings BV             | 13: Eurobet Ltd                 | 21: Eurofootball LTD          | 29: Oasis Rich International LTD  |
| 6: Intralot Betting Operations(Cyprus) LTD | 14: Intralot Do Brazil LTDA     | 22: Intralot Technologies LTD | 30: Gamenet S.p.A.                |
| 7: Intralot Italian Investments B.V.       | 15: Pollot Sp.Zoo               | 23: Betting Company S.A.      | 31: Gamenet Entertainment S.R.L.  |
| 8: Intralot Cyprus Global Assets LTD       | 16: White Eagle Investments LTD | 24: Gamenet Group S.p.A.      | 32: Jolly Videogiochi S.R.L.      |

<sup>1</sup> As at 1/1/2019, the associate company Intralot Italia S.p.A. (20%) absorbed GoldBet S.p.A. (100% subsidiary of Gamenet S.p.A.). As at 1/5/2019 the associate company Intralot Italia S.p.A (20%) was renamed to GoldBet S.p.A..

<sup>2</sup> The Group consolidated on 31/12/2019 the Gamenet Group S.p.A. using the equity method and the financial statements for the period 1/10/2018-30/9/2019 (proportionately for the period 1/1-22/10/2019, as the Group's sale agreement was signed on 22/10/2019 with Gamenet Group SpA) in accordance with IAS 28 par. 34, as the deadlines for the preparation and approval of the financial statements of the Gamenet Group SpA are subsequent to those of the Intralot Group. On 1/10/2018 Gamenet Group S.p.A. first consolidated GoldBet S.p.A. after the completion of its acquisition. Intralot Group consolidated for the first time in the financial statements for the first quarter of 2019 in accordance with IAS 28 par 34.

<sup>3</sup> Eurofootball Ltd was consolidated for the period 1/1-30/11/2019 under the full consolidation method and for the period 1/12-31/12/2019 under the equity method due to the loss of control in accordance with IFRS 10 (note [2.31.A.V](#)).

The standalone annual financial statements of the most important subsidiaries of the Group (not listed on a stock exchange) are posted on the INTRALOT website ([www.intralot.com](http://www.intralot.com)) pursuant to article 1 of the Board of Directors' decision 8/754 / 14.04.2016 of the Hellenic Capital Market Commission.



The entities Loteria Moldovei S.A., Gameway Ltd, Intralot De Mexico Ltd, Intralot Services S.A., Intralot OOO, Beta Rial Sp.Zoo, Pollot Sp.Zoo, Uniclic Ltd, Dowa Ltd, Entergaming Ltd and Gain Advance Group LTD are under liquidation process.

On 31/12/2019, 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 2018 for IFRS Group reporting purposes.

### **III. Acquisitions**

#### **Goldbet - Italy**

On July 24, 2018, the associate entity Gamenet Group S.p.A. (20%) announced that signed a binding contract for the acquisition of 100% of the share capital of GoldBet S.r.l. ("GoldBet"), an authorized gaming and betting company in Italy, that operates a retail network of 990 betting shops rights and holds the concession to collect online games and bets, including via mobile platforms. On October 9, 2018, announced that completed the acquisition GoldBet, (which, on the same day, was transformed into GoldBet S.p.A.).

GoldBet ended 2017 with EBITDA of €41 million, EBIT €35 million, Net Income of €23 million and generated an EBITDA for the period of 12 months ended June 30, 2018 of €54 million. The purchase price of the acquisition was equal to approximately €273 million. Of this amount, approximately €242 million, net of certain costs incurred by the seller, was paid in cash on the closing date, with the remaining €31 million to be paid subsequently, as a deferred price component over a medium term period, subject to the fulfillment of certain conditions provided for in the acquisition agreement. The acquisition will allow Gamenet group to assume a leading position in Italy in the multi-concession gaming sector, in particular in the sports betting sector, and to significantly increase the ceodegree of diversification of its product portfolio and profitability, at EBITDA, EBIT and net profit levels. The Closing was subject to the occurrence of the usual conditions precedent for this type of transaction, including the prior approval of the Italian Competition Authority, which was received on September 17, 2018 and the authorization of the Customs and Monopolies Agency, which was received on August 2, 2018. The Group consolidated Goldbet for the first time as at 31/3/2019 in its financial statements pursuant to IAS 28 paragraph 34, as the preparation and approval deadlines for the financial statements of Gamenet Group S.p.A. are later than those of the Intralot Group.

In September 2019, the associate entity Gamenet Group S.p.A. (20%) bought 43,75% of the Italian start up company Thinkabout S.r.l. engaged in software development.

#### IV. New Companies of the Group

In October 2019, the Group established Intralot Tech - Single Member S.A., domiciled in Greece and operating in the field of Software Development and Provision of Information Systems and Services, being a 100% subsidiary of Intralot Inc.

#### V. Changes in ownership percentage / Consolidation method change

In January 2019 the associate company Gamenet Entertainment S.R.L. (20%) increased the percentage participation in La Chance S.R.L. to 100% through the acquisition of additional percentage from the non controlling interest. In February 2019 the associate company Gamenet S.p.A. (20%) increased the percentage participation in Jolly Videogiochi S.R.L. to 84,9% by 70% through the acquisition of additional percentage from the non controlling interest.

During the third quarter of 2019, the Group increased its stake in Lotrom S.A. to 84% from 60% through the acquisition of additional percentage from the non-controlling interest. The total consideration amounted to €29 thousand. Below are the effects on equity attributable to the equity holders of the Company for the change of ownership rights of Lotrom SA that do not result in change of control:

| Amounts in thousands of €  |       |
|--|-------|
| Carrying amount of addition stake in Lotrom SA   | 2.857 |
| Difference recognized in retained earnings attributable to the equity holders of the Company | 2.828 |

In January 2020, the Group announced that via its fully owned subsidiary Intralot Iberia Holdings SAU signed a binding term-sheet to acquire from Turktell Bilişim Servisleri A.Ş., Global Bilgi Paz. Dan. ve Çağrı Servisi Hizm. A.Ş and Turkcell Satış ve Dijital İş Servisleri A.Ş. their total shareholding of 55% in İnteltek İnternet Teknoloji Yatırım ve Danışmanlık Ticaret A.Ş. ("Inteltek") including all rights and liabilities to Intralot Iberia Holdings SAU. The respective transaction is expected to be completed within the second quarter of 2020 once the final share sale and purchase agreement ("SPA") is signed and necessary legal approvals are obtained. The final value of the transaction will be determined based on IFRS net book value of Inteltek and no material impact is expected on our financial statements.

#### Changes in consolidation method

Since 5/12/2019 the conditions under which Eurofootball Ltd was fully consolidated, according to IFRS 10, in the financial statements of INTRALOT Group have ceased, and the company since then is consolidated under the equity method.

The value of remaining investment of the Group (49%) in Eurofootball Ltd was estimated to €3.011 thousand (equal to 49% of the carrying amount of the net assets of Eurofootball Ltd at the loss of control date, amounting in total €6.145 thousand), taking into account the subsequent events as described in note [2.31.A.X](#). Net gain from Eurofootball Ltd net assets derecognition, recognition of remaining investment, as well as the reclassification of non-controlling interests according to IFRS 10 par. 25, came up to €392 thousand and are presented in Income Statement of the Group (row "Income/(expenses) from participations and investments" – "Gain from sale of participations and investments"). On 25/3/2020 the State Gambling Commission of Bulgaria issued two decisions regarding the temporary suspension of gaming licenses of Eurofootball Ltd for a period of three months. Due to

the above subsequent to 31/12/2019 licenses suspension, as well as the retrospective claim of State Fees as disclosed in note [2.31.A.X](#), the Group recognised on 31/12/2019 an impairment provision of the investment in associate Eurofootball Ltd amounting to €1.967 thousand (row "Income/(expenses) from participations and investments" - "Loss from impairment / write-offs of participations and investments"), leading its recoverable value as of 31/12/2019 to €965 thousand.

Eurofootball Ltd contribution to Intralot Group for the eleven-months period of 2019 was, €224,6 million in Sales, €17,4 million in EBITDA, as well as €8,4 million in Profit after tax attributable to the equity holders of the parent.

## **VI. Subsidiaries' Share Capital Increase**

During 2019 the Group completed a share capital increase through payment in cash in Netman SRL amounting €171 thousand.

## **VII. Strike off - Disposal of Group Companies**

The Group completed the liquidation and strike off of its subsidiaries Intralot Guatemala S.A. (January 2019), Gaming Solutions International Ltda (January 2019), Intralot Hong Kong Holdings Ltd (March 2019), Atropos S.A. (March 2019), Lebanese Games S.A.L. (May 2019), Poldin Ltd (May 2019), Loterias y Apuestas De Guatemala S.A. (June 2019), Intralot Slovakia S.R.O. (June 2019), Intralot South Korea S.A. (September 2019), Nafirol S.A. kai Intralot St. Lucia Ltd (October 2019), Intralot Lotteries Ltd (December 2019), Intralot Technologies Ltd (December 2019) and White Eagle Investments Ltd (January 2020).

In May 2019 liquidation and strike off of the associate Topplay S.R.L. was completed.

## **VIII. Discontinued Operations**

### **A) Azerbaijan**

The management of the subsidiary Inteltek Internet AS (45%), parent of Azerinteltek AS, decided in mid-February 2018 to investigate the possibility of selling its 51% stake in Azerinteltek AS. At the end of October 2018, Inteltek Internet AS's management decided to sell 51% of Azerinteltek AS shares (nominal value AZN51.000) to Baltech Investment LLC, which owns 24,5% of Azerinteltek AS's share capital. On 15/11/2018 the final Share Purchase Agreement (SPA) was signed for a total consideration of approximately €19,5 million. The transfer of these shares was completed at the end of 2018. The aforementioned subsidiary is presented in the geographic operating segment "Other Countries" (Note [2.2](#)). As of 31/12/2018, the Group's above activities in Azerbaijan were classified as discontinued operations.

Below are presented the results of discontinued operations of the Group in Azerbaijan for the period 1/1-31/12/2018 (in 2018 it was consolidated with the full consolidation method until 31/12/2018):

|   | 1/1-<br>31/12/2018 |
|---|--------------------|
| Sale proceeds   | 163.555            |
| Expenses  | -139.366           |
| Other operating income  | 488                |
| Other operating expenses  | 0                  |
| <b>EBIT</b>   | <b>24.677</b>      |
| <b>EBITDA</b>   | <b>25.007</b>      |
| Income / (expense) from participations and investments                    | 0                  |
| Gain/(loss) from assets disposal, impairment loss and write-off of assets | 0                  |
| Interest and similar expenses   | -41                |
| Interest and similar income   | 221                |
| Exchange Differences  | 133                |
| <b>Profit/(loss) before tax</b>   | <b>24.990</b>      |
| Income tax  | -9.889             |
|   | <b>15.101</b>      |
| Gain/(loss) from disposal of discontinued operations                      | 27.291             |
| Relevant taxes  | 0                  |
| <b>Gain/(loss) after taxes from discontinued operations</b>               | <b>42.392</b>      |
| Attributable to:  |                    |
| Equity holders of the parent Company                                      | 32.924             |
| Non-controlling interest  | 9.468              |

Below are presented the net cash flows of the discontinued operations of the Group in Azerbaijan for the period 1/10-31/12/2018 (in 2018 it was consolidated with the full consolidation method until 31/12/2018):

|   | 1/10-<br>31/12/2018 |
|---|---------------------|
| The   |                     |
| Sale proceeds   | 42.222              |
| Expenses  | -35.005             |
| Other operating income  | 391                 |
| Other operating expenses  | 0                   |
| <b>EBIT</b>   | <b>7.608</b>        |
| <b>EBITDA</b>   | <b>7.693</b>        |
| Income / (expense) from participations and investments                    | 0                   |
| Gain/(loss) from assets disposal, impairment loss and write-off of assets | -24                 |
| Interest and similar expenses   | -11                 |
| Interest and similar income   | 71                  |
| Exchange Differences  | 70                  |
| <b>Profit/(loss) before tax</b>   | <b>7.714</b>        |
| Income tax  | -2.547              |
|   | <b>5.167</b>        |
| Gain/(loss) from disposal of discontinued operations                      | 27.291              |
| Relevant taxes  | 0                   |
| <b>Gain/(loss) after taxes from discontinued operations</b>               | <b>32.458</b>       |
| Attributable to:  |                     |
| Equity holders of the parent Company                                      | 29.023              |
| Non-controlling interest  | 3.435               |

consideration price of Azerinteltek AS amounted to €19.530 thousand and was repaid in December 2018. The net assets held for sale (including non-controlling interests and foreign exchange reserves) of Azerinteltek AS amounted on 31/12/2018 to €-9.088 thousand, forming the gross profits from the sale of discontinued operations to €28.618 thousand. By subtracting foreign exchange differences that

have been reclassified from the foreign exchange reserve in the Group's income statement, earnings from the disposal of discontinued operations amounted to €27.291 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 Azerbaijan amounted to €9.416 thousand, consisting of the consideration price and the derecognition of Azerinteltek AS's cash equivalents.

Below are presented the net cash flows of the discontinued operations Azerinteltek AS:

|  | <b>1/1-<br/>31/12/2018</b> |
|--|----------------------------|
| Operating activities   | 14.277                     |
| Investing activities   | -10.083                    |
| Financing activities   | -4.719                     |
| Effect from exchange differences   | 429                        |
| <b>Net increase / (decrease) in cash and cash equivalents for the period</b> | <b>-96</b>                 |

## **B) Poland**

On March 26, 2019 INTRALOT Group announced that it has reached an agreement with Merkur Sportwetten GmbH, a subsidiary of the Gauselmann Group based in Espelkamp, Germany to take over the renowned sports betting company Totolotek SA – an INTRALOT subsidiary in Poland. The aforementioned subsidiary is presented in the geographic operating segment "European Union" (note [2.2](#)). Since, 31/3/2019 the Group's above activities in Poland were classified as assets held for sale and discontinued operations pursuant to IFRS 5. The transfer of Totolotek SA shares was completed at the end of April 2019 and the Group consolidated it by 30/4/2019.

Below are presented the results of discontinued operations of the Group in Poland (Totolotek SA) for the period 1/1-30/4/2019 (in 2019 it was consolidated with the full consolidation method until 30/4/2019) and respectively for 2018:

|   | <b>1/1-30/4/2019</b> | <b>1/1-31/12/2018</b> |
|---|----------------------|-----------------------|
| Sale proceeds   | 28.586               | 86.465                |
| Expenses  | -30.589              | -88.679               |
| Other operating income  | 78                   | 611                   |
| Other operating expenses  | -22                  | -71                   |
| <b>EBIT</b>   | <b>-1.947</b>        | <b>-1.674</b>         |
| <b>EBITDA</b>   | <b>-1.845</b>        | <b>-1.203</b>         |
| Income / (expense) from participations and investments                    | 0                    | 0                     |
| Gain/(loss) from assets disposal, impairment loss and write-off of assets | -7                   | -11                   |
| Interest and similar expenses   | -83                  | -345                  |
| Interest and similar income   | 1                    | 16                    |
| Exchange Differences  | -30                  | -472                  |
| <b>Profit/(loss) before tax</b>   | <b>-2.066</b>        | <b>-2.486</b>         |
| Income tax  | 0                    | 0                     |
|   | <b>-2.066</b>        | <b>-2.486</b>         |
| Gain/(loss) from disposal of discontinued operations                      | 7.349                | 0                     |
| Relevant taxes  | 0                    | 0                     |
| <b>Gain/(loss) after taxes from discontinued operations</b>               | <b>5.283</b>         | <b>-2.486</b>         |

Attributable to:

|                                      |       |        |
|--------------------------------------|-------|--------|
| Equity holders of the parent Company | 5.283 | -2.388 |
| Non-controlling interest             | 0     | -98    |

Below are presented the results of discontinued operations of the Group in Poland (Totolotek SA) for the period 1/10-31/12/2018:

|   | 1/10-31/12/2018 |
|---|-----------------|
| Sale proceeds   | 20.025          |
| Expenses  | -21.090         |
| Other operating income  | 388             |
| Other operating expenses  | -26             |
| <b>EBIT</b>   | <b>-703</b>     |
| <b>EBITDA</b>   | <b>-678</b>     |
| Income / (expense) from participations and investments                    | 0               |
| Gain/(loss) from assets disposal, impairment loss and write-off of assets | -7              |
| Interest and similar expenses   | -68             |
| Interest and similar income   | 1               |
| Exchange Differences  | -18             |
| <b>Profit/(loss) before tax</b>   | <b>-795</b>     |
| Income tax  | 0               |
|   | <b>-795</b>     |
| Gain/(loss) from disposal of discontinued operations                      | 0               |
| Relevant taxes  | 0               |
| <b>Gain/(loss) after taxes from discontinued operations</b>               | <b>-795</b>     |
| Attributable to:  |                 |
| Equity holders of the parent Company                                      | -797            |
| Non-controlling interest  | 2               |

The final consideration for the disposal of Totolotek SA amounted to approximately €8,0 million, including the contingent consideration, in case of meeting certain terms and requirements within 2 years, amounting to approximately €1,8 million on a discounted basis (€2,0 million in future value). From the above consideration amount approximately €5,5 million was paid in the first six-months of 2019 and amount approximately €0,8 million in July 2019. The net assets held for sale (including non-controlling interests and foreign exchange reserves) of Totolotek SA amounted on 30/4/2019 to €1,2 million, forming the gross gain from disposal of discontinued operations to €7,4 million. By subtracting foreign exchange differences that have been reclassified from the foreign exchange reserve in the Group's income statement, net gain from disposal of discontinued operations amounted to €6,8 million, 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 2019 from the disposal of discontinued operations in Poland amounted to €5,1 million, consisting of the consideration and the derecognition of Totolotek SA cash equivalents.

Below are presented the net cash flows of the discontinued operations in Totolotek SA:

|                      | 1/1-30/4/2019 | 1/1-31/12/2018 |
|----------------------|---------------|----------------|
| Operating activities | -1.242        | -2.203         |

|  |               |               |
|--|---------------|---------------|
| Investing activities   | -1.626        | -254          |
| Financing activities   | 1.335         | -355          |
| Effect from exchange differences   | 4             | -43           |
| <b>Net increase / (decrease) in cash and cash equivalents for the period</b> | <b>-1.529</b> | <b>-2.855</b> |

### C) Italy

In October and in November 2019 INTRALOT announced that its subsidiary Intralot Italian Investments B.V. signed a share purchase agreement with the Italian company "Gamma Bidco S.r.l." (a company formed on behalf of funds managed by Apollo Management IX, L.P.) for the sale of its stake in Gamenet Group S.p.A. (6.000.000 shares or 20% of its share capital), for the amount of €78 million. The aforementioned associate is presented under the geographical operating area "European Union" (note [2.2](#)). As of 22/10/2019 the activities of the Group in Italy have been classified as discontinued operations. The transaction was completed in mid-December 2019 following the necessary approvals by the relevant competition and regulatory authorities among with the payment of the above price.

Below are presented the results of the Group's discontinued operations in Italy for the period 1/1-22/10/2019 (in 2019 were consolidated under the equity method until 22/10/2019), as well as for the period 1/1-31/12/2018:

|  | 1/1-<br>22/10/2019 | 1/1-<br>31/12/2018 |
|--|--------------------|--------------------|
| Expenses   | -1.560             | 0                  |
| <b>Profit / (loss) before taxes, financing and investing results</b>               | <b>-1.560</b>      | <b>0</b>           |
| <b>Profit / (loss) before taxes, financing, investing results and depreciation</b> | <b>-1.560</b>      | <b>0</b>           |
| Income / (expenses) from investments and securities <sup>1</sup>                   | 0                  | 16.000             |
| Gains / (losses) from consolidations under the equity method                       | 4.287              | -848               |
| <b>Profit / (loss) before taxes</b>  | <b>2.727</b>       | <b>15.152</b>      |
| Income Tax   | 0                  | 0                  |
|  | <b>2.727</b>       | <b>15.152</b>      |
| Gain/(loss) from disposal of discontinued operations                               | -328               | 0                  |
| Relevant taxes   | 0                  | 0                  |
| <b>Gain/(loss) after taxes from discontinued operations</b>                        | <b>2.399</b>       | <b>15.152</b>      |
| Attributable to:   |                    |                    |
| Equity holders of the parent Company   | 2.399              | 15.152             |
| Non-controlling interest   | 0                  | 0                  |

<sup>1</sup>The Group on 31/12/2018 includes a reversal of a provision of €16.000 thousand which relates to a relative estimation of decrease in the recoverable amount of the participation in the associate entity Gamenet Group S.p.A. which was recognized the previous year. The reversal was made in accordance with IAS 36 para. 110, as following the acquisition of GoldBet (note [2.31.A.III](#)) in October 2018, the value of the participation in the associate entity Gamenet Group S.p.A. increased significantly. The valuation of the participation was carried out by an external independent valuator.

Below are presented the results of the Group's discontinued operations in Italy for the period 1/10-22/10/2019 (in 2019 were consolidated under the equity method until 22/10/2019), as well as for the period 1/10-31/12/2018:

|          | 1/10-<br>22/10/2019 | 1/10-<br>31/12/2018 |
|----------|---------------------|---------------------|
| Expenses | -1.560              | 0                   |

|  |               |               |
|--|---------------|---------------|
| <b>Profit / (loss) before taxes, financing and investing results</b>               | <b>-1.560</b> | <b>0</b>      |
| <b>Profit / (loss) before taxes, financing, investing results and depreciation</b> | <b>-1.560</b> | <b>0</b>      |
| Income / (expenses) from investments and securities                                | 0             | 16.000        |
| Gains / (losses) from consolidations under the equity method                       | -291          | 23            |
| <b>Profit / (loss) before taxes</b>  | <b>-1.851</b> | <b>16.023</b> |
| Income Tax   | 0             | 0             |
|  | <b>-1.851</b> | <b>16.023</b> |
| Gain/(loss) from disposal of discontinued operations                               | -328          | 0             |
| Relevant taxes   | 0             | 0             |
| <b>Gain/(loss) after taxes from discontinued operations</b>                        | <b>-2.179</b> | <b>16.023</b> |
| Attributable to:   |               |               |
| Equity holders of the parent Company   | -2.179        | 16.023        |
| Non-controlling interest   | 0             | 0             |

The final consideration for the Gamenet Group S.p.A. disposal amounted to €78,0 million and it was paid in December 2019. Net assets held for sale of Gamenet Group S.p.A. amounted to €78,3 million on 22/10/2019 forming a net, after the relevant selling costs, loss from disposal of discontinued operations to €1,9 million, which is presented in the Income Statement of the Group ('Profit / (loss) after tax from discontinued operations').

The net cash inflow of the Group in 2019 from the disposal of discontinued operations in Italy amounted to €79,9 million, consisting of the consideration, net of the relevant selling costs, as well as a refund of a guarantee for Group tax losses of previous years of €3,5 million paid to Gamenet Group SpA in the context of the relevant merger agreement announced on 25/6/2016.

Below are presented the net cash flows of the discontinued operations of the associate Gamenet Group S.p.A. on a consolidated level:

|  | <b>1/1-22/10/2019</b> | <b>1/1-31/12/2018</b> |
|--|-----------------------|-----------------------|
| Operating activities   | 0                     | 0                     |
| Investing activities   | 83.805                | 3.600                 |
| Financing activities   | 0                     | 0                     |
| Effect from exchange differences   | 0                     | 0                     |
| <b>Net increase / (decrease) in cash and cash equivalents for the period</b> | <b>83.805</b>         | <b>3.600</b>          |

Below are presented the earnings / (losses) after taxes per share of the Group's discontinued operations from the subsidiaries Azerinteltek AS and Totolotek S.A. and its associate Gamenet Group S.p.A.

| <b>Earnings/(losses) after tax per share (in €) from discontinued operations</b> | <b>1/1-31/12/2019</b> | <b>1/1-31/12/2018</b> |
|--|-----------------------|-----------------------|
| -basic   | 0,0520                | 0,3000                |
| -diluted   | 0,0520                | 0,3000                |
| Weighted Average number of shares  | 147.761.688           | 152.317.558           |

### **IX.Companies merge**

As at 1/1/2019, the associate company Intralot Italia S.p.A. (20%) absorbed GoldBet S.p.A. (100% subsidiary of Gamenet S.p.A.). As at 1/5/2019 the associate company Intralot Italia S.p.A. (20%) was renamed to GoldBet S.p.A..



## X. Termination / suspension of gaming licenses

### Eurobet Ltd

In February 2020 the Government of Bulgaria has passed legislation that amends the local gambling law, according to which all lottery-type of games, except for KENO type of games, are organized under a State Monopoly. As a consequence, three of the six gaming licenses held by Eurobet Ltd, a 49% subsidiary of INTRALOT Group, have been terminated by Law on 21/2/2020. Also, in early March 2020, Eurobet Ltd voluntarily returned the rest three gaming licenses, that were active but not operated (not producing any revenue). Finally, in March 2020 Eurobet Ltd submitted application for opening bankruptcy proceedings for protection against its lenders. Relevant application was submitted in the end of March 2020 by subsidiary ICS SA, but the proceedings are not yet initiated due to the state of emergency in Bulgaria due to COVID-19, while in parallel the subsidiary Eurobet Trading Ltd is also under relevant preparations. Further analysis is disclosed in note [2.32.B.I](#).

In addition, in February 2020 the Bulgarian State Gambling Commission (SGC) notified Eurobet Ltd for a claim of retrospective State Fees amounting to BGN 74,4 million (€38,0 million). The company appealed before the local Administrative Courts. Further analysis is disclosed in note [2.32.A](#).

Eurobet Ltd Group contribution to Intralot Group for the twelve-months period of 2019 was €58,7 million in Sales, €6,3 million in EBITDA, as well as €2,7 million in Profit after tax attributable to the equity holders of the parent.

### Eurofootball Ltd

In February 2020 the Bulgarian State Gambling Commission (SGC) notified Eurofootball Ltd for a claim of retrospective State Fees amounting to BGN 328,9 million (€168,2 million). The company appealed before the local Administrative Courts. Further analysis is disclosed in note [2.32.B.II](#).

In addition, in March 2020 the imposition of emergency sanctions on Bulgaria due to the COVID-19 pandemic has led to the indefinite shut down of the point of sale network of Eurofootball Ltd. During the shutdown for health reasons, on 25/3/2020 the State Gambling Commission of Bulgaria issued two decisions regarding the temporary suspension of gaming licenses of Eurofootball Ltd for a period of three months, until the judgement of the above appeals for the State Fees. On 30/3/2020 the shareholders in Eurofootball Ltd terminated the Business Cooperation Agreement, they agreed on removing the specific majorities in the General meeting of the shareholders and also the manager appointed by Bilot Ltd was released on 14/4/2020. Further analysis is disclosed in note [2.32.A](#).

Eurofootball Ltd contribution to Intralot Group for the eleven-months period of 2019, that was fully consolidated, was €224,6 million in Sales, €17,4 million in EBITDA, as well as €8,4 million in Profit after tax attributable to the equity holders of the parent.

## XI. 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 | 31/12/2019 | 31/12/2018 |
|-----------------|--|------------------------------|------------|------------|
|-----------------|--|------------------------------|------------|------------|

|                                  |            |                 |        |        |
|----------------------------------|------------|-----------------|--------|--------|
| Inteltek Internet AS             | Turkey     | Other countries | 55%    | 55%    |
| Bilyoner Interaktif Hizmetler AS | Turkey     | Other countries | 49,99% | 49,99% |
| Azerinteltek AS <sup>1</sup>     | Azerbaijan | Other countries | -      | 77,05% |
| Maltco Lotteries Ltd             | Malta      | European Union  | 27%    | 27%    |
| Eurofootball LTD <sup>2</sup>    | Bulgaria   | European Union  | -      | 51%    |
| Eurobet LTD                      | Bulgaria   | European Union  | 51%    | 51%    |
| Tecno Accion SA                  | Argentina  | America         | 49,99% | 49,99% |
| Tecno Accion Salta SA            | Argentina  | America         | 49,99% | 49,99% |

<sup>1</sup> Azerinteltek AS was consolidated until 31/12/2018 due to its disposal

<sup>2</sup> Eurofootball Ltd was fully consolidated until 30/11/2019 due to loss of control under IFRS 10 (note [2.31.A.V.](#))

**Accumulated balances of material non-controlling interests per subsidiary:**

|                                  | <b>31/12/2019</b> | <b>31/12/2018</b> |
|----------------------------------|-------------------|-------------------|
| Inteltek Internet AS             | -2.311            | 17.291            |
| Bilyoner Interaktif Hizmetler AS | 2.201             | 4.747             |
| Maltco Lotteries Ltd             | 4.916             | 4.100             |
| Eurofootball LTD <sup>1</sup>    | 0                 | 3.351             |
| Eurobet LTD                      | 646               | 667               |
| Tecno Accion SA                  | 3.286             | 3.027             |
| Tecno Accion Salta SA            | 122               | 181               |

<sup>1</sup> Eurofootball Ltd was fully consolidated until 30/11/2019 due to loss of control under IFRS 10

**Profit allocated to material non-controlling interests per subsidiary:**

|                                  | <b>1/1-31/12/2019</b> | <b>1/1-31/12/2018</b> |
|----------------------------------|-----------------------|-----------------------|
| Inteltek Internet AS             | 5.980                 | 22.508                |
| Bilyoner Interaktif Hizmetler AS | 1.513                 | 5.613                 |
| Azerinteltek AS                  | 0                     | 9.468                 |
| Maltco Lotteries Ltd             | 815                   | 776                   |
| Eurofootball LTD <sup>1</sup>    | 8.310                 | 10.574                |
| Eurobet LTD                      | 2.758                 | 2.527                 |
| Tecno Accion SA                  | 1.153                 | 1.213                 |
| Tecno Accion Salta SA            | 849                   | 527                   |

<sup>1</sup> Eurofootball Ltd was fully consolidated for the period 1/1- 30/11/2019 due to loss of control under IFRS 10

Below are presented the standalone condensed financial statements per geographical operating area pursuant to IFRS. This information is based in amounts before elimination entries:

| <b>Condensed statement of profit or loss for the period 1/1-31/12/2019:</b> |                             |                                     |                    |
|---|-----------------------------|-------------------------------------|--------------------|
| <b>European Union</b>   | <b>Maltco Lotteries Ltd</b> | <b>Eurofootball Ltd<sup>1</sup></b> | <b>Eurobet Ltd</b> |
| Sales Proceeds  | 95.775                      | 224.560                             | 58.639             |
| Gross Profit/ (loss)  | 8.736                       | 22.860                              | 8.189              |
| EBITDA  | 9.496                       | 17.071                              | 5.708              |
| Profit / (loss) before tax  | 4.661                       | 16.295                              | 5.408              |
| Tax   | -1.642                      | 0                                   | 0                  |
| <b>Profit / (loss) after tax</b>  | <b>3.019</b>                | <b>16.295</b>                       | <b>5.408</b>       |
| Other comprehensive income after tax  | 0                           | 0                                   | -4                 |
| <b>Total comprehensive income after tax</b>                                 | <b>3.019</b>                | <b>16.295</b>                       | <b>5.404</b>       |
| Attributable to non-controlling interest                                    | 815                         | 8.310                               | 2.756              |
| Dividends paid to non-controlling interest                                  | 1.890                       | 8.136                               | 2.778              |

<sup>1</sup> Eurofootball Ltd was fully consolidated for the period 01/01-30/11/2019 due to loss of control under IFRS 10

| <b>America</b>       | <b>Tecno Accion SA</b> | <b>Tecno Accion Salta SA</b> |
|----------------------|------------------------|------------------------------|
| Sales Proceeds       | 15.036                 | 33.228                       |
| Gross Profit/ (loss) | 6.325                  | 2.927                        |

|   |              |              |
|---|--------------|--------------|
| EBITDA                                      | 5.211        | 2.555        |
| Profit / (loss) before tax                  | 3.047        | 2.518        |
| Tax   | -740         | -820         |
| <b>Profit / (loss) after tax</b>            | <b>2.307</b> | <b>1.698</b> |
| Other comprehensive income after tax        | -1.744       | 128          |
| <b>Total comprehensive income after tax</b> | <b>563</b>   | <b>1.826</b> |
| Attributable to non-controlling interest    | 281          | 913          |
| Dividends paid to non-controlling interest  | 745          | 429          |

| <b>Other Countries</b>                      | <b>Inteltek<br/>Internet AS</b> | <b>Bilyoner<br/>AS</b> |
|---|---------------------------------|------------------------|
| Sales Proceeds                              | 20.791                          | 24.419                 |
| Gross Profit/ (loss)                        | 12.778                          | 17.513                 |
| EBITDA                                      | 8.396                           | 4.665                  |
| Profit / (loss) before tax                  | 13.831                          | 4.060                  |
| Tax   | -2.958                          | -1.035                 |
| <b>Profit / (loss) after tax</b>            | <b>10.873</b>                   | <b>3.025</b>           |
| Other comprehensive income after tax        | -4.053                          | -194                   |
| <b>Total comprehensive income after tax</b> | <b>6.820</b>                    | <b>2.831</b>           |
| Attributable to non-controlling interest    | 3.751                           | 1.415                  |
| Dividends paid to non-controlling interest  | 24.035                          | 3.700                  |

| <b>Condensed statement of profit or loss for the period 1/1-31/12/2018:</b> |                                 |                         |                    |
|---|---------------------------------|-------------------------|--------------------|
| <b>European Union</b>   | <b>Maltco<br/>Lotteries Ltd</b> | <b>Eurofootball Ltd</b> | <b>Eurobet Ltd</b> |
| Sales Proceeds  | 96.690                          | 266.672                 | 58.891             |
| Gross Profit/ (loss)  | 8.849                           | 26.460                  | 7.861              |
| EBITDA  | 8.943                           | 20.863                  | 5.203              |
| Profit / (loss) before tax  | 4.427                           | 20.733                  | 4.955              |
| Tax   | -1.555                          | 0                       | 0                  |
| <b>Profit / (loss) after tax</b>  | <b>2.872</b>                    | <b>20.733</b>           | <b>4.955</b>       |
| Other comprehensive income after tax  | 0                               | -20                     | 0                  |
| <b>Total comprehensive income after tax</b>                                 | <b>2.872</b>                    | <b>20.713</b>           | <b>4.955</b>       |
| Attributable to non-controlling interest                                    | 776                             | 10.563                  | 2.527              |
| Dividends paid to non-controlling interest                                  | 799                             | 10.672                  | 2.295              |

| <b>America</b>                              | <b>Tecno Accion<br/>SA</b> | <b>Tecno Accion<br/>Salta SA</b> |
|---|----------------------------|----------------------------------|
| Sales Proceeds                              | 17.751                     | 42.235                           |
| Gross Profit/ (loss)                        | 8.392                      | 2.606                            |
| EBITDA                                      | 6.865                      | 1.885                            |
| Profit / (loss) before tax                  | 4.443                      | 1.582                            |
| Tax   | -2.016                     | -529                             |
| <b>Profit / (loss) after tax</b>            | <b>2.427</b>               | <b>1.053</b>                     |
| Other comprehensive income after tax        | -1.744                     | -253                             |
| <b>Total comprehensive income after tax</b> | <b>683</b>                 | <b>800</b>                       |
| Attributable to non-controlling interest    | 342                        | 400                              |
| Dividends paid to non-controlling interest  | 1.593                      | 672                              |

| <b>Other Countries</b>                      | <b>Inteltek<br/>Internet AS</b> | <b>Azerintel<br/>tek AS</b> | <b>Bilyoner<br/>AS</b> |
|---|---------------------------------|-----------------------------|------------------------|
| Sales Proceeds                              | 35.184                          | 163.555                     | 26.009                 |
| Gross Profit/ (loss)                        | 21.859                          | 26.503                      | 22.253                 |
| EBITDA                                      | 17.304                          | 22.768                      | 13.042                 |
| Profit / (loss) before tax                  | 50.714                          | 22.177                      | 14.197                 |
| Tax   | -5.290                          | -9.889                      | -2.972                 |
| <b>Profit / (loss) after tax</b>            | <b>45.424</b>                   | <b>12.288</b>               | <b>11.225</b>          |
| Other comprehensive income after tax        | -5.503                          | 223                         | -2.007                 |
| <b>Total comprehensive income after tax</b> | <b>39.921</b>                   | <b>12.511</b>               | <b>9.218</b>           |

|  |        |       |       |
|--|--------|-------|-------|
| Attributable to non-controlling interest   | 19.482 | 9.640 | 4.608 |
| Dividends paid to non-controlling interest | 9.436  | 4.678 | 6.174 |

**Condensed statement of financial position as at 31/12/2019:**

| <u>European Union</u>     | <b>Maltco<br/>Lotteries Ltd</b> | <b>Eurobet Ltd</b> |
|---------------------------|---------------------------------|--------------------|
| Non-current assets        | 12.184                          | 2.798              |
| Current assets            | 13.690                          | 1.218              |
| Non-current liabilities   | -855                            | -625               |
| Current liabilities       | -6.813                          | -2.123             |
| <b>Total equity</b>       | <b>18.206</b>                   | <b>1.268</b>       |
| Attributable to:          |                                 |                    |
| Equity holders of parent  | 13.290                          | 622                |
| Non-controlling interests | 4.916                           | 646                |

| <u>America</u>            | <b>Tecno Accion<br/>SA</b> | <b>Tecno Accion<br/>Salta SA</b> |
|---------------------------|----------------------------|----------------------------------|
| Non-current assets        | 4.850                      | 423                              |
| Current assets            | 5.452                      | 3.330                            |
| Non-current liabilities   | -861                       | -48                              |
| Current liabilities       | -3.164                     | -3.165                           |
| <b>Total equity</b>       | <b>6.277</b>               | <b>540</b>                       |
| Attributable to:          |                            |                                  |
| Equity holders of parent  | 3.139                      | 270                              |
| Non-controlling interests | 3.138                      | 270                              |

| <u>Other Countries</u>    | <b>Inteltek<br/>Internet AS</b> | <b>Bilyoner AS</b> |
|---------------------------|---------------------------------|--------------------|
| Non-current assets        | 584                             | 4.242              |
| Current assets            | 12.936                          | 7.405              |
| Non-current liabilities   | 0                               | -974               |
| Current liabilities       | -927                            | -6.272             |
| <b>Total equity</b>       | <b>12.593</b>                   | <b>4.401</b>       |
| Attributable to:          |                                 |                    |
| Equity holders of parent  | 5.667                           | 2.201              |
| Non-controlling interests | 6.926                           | 2.200              |

**Condensed statement of financial position as at 31/12/2018:**

| <u>European Union</u>     | <b>Maltco<br/>Lotteries Ltd</b> | <b>Eurofootball<br/>Ltd</b> | <b>Eurobet<br/>Ltd</b> |
|---------------------------|---------------------------------|-----------------------------|------------------------|
| Non-current assets        | 15.996                          | 2.093                       | 2.826                  |
| Current assets            | 14.179                          | 24.798                      | 1.626                  |
| Non-current liabilities   | -638                            | -138                        | -864                   |
| Current liabilities       | -14.352                         | -1.720                      | -2.280                 |
| <b>Total equity</b>       | <b>15.185</b>                   | <b>25.033</b>               | <b>1.308</b>           |
| Attributable to:          |                                 |                             |                        |
| Equity holders of parent  | 11.085                          | 12.266                      | 641                    |
| Non-controlling interests | 4.100                           | 12.767                      | 667                    |

| <u>America</u>            | <b>Tecno Accion<br/>SA</b> | <b>Tecno Accion<br/>Salta SA</b> |
|---------------------------|----------------------------|----------------------------------|
| Non-current assets        | 4.591                      | 378                              |
| Current assets            | 5.489                      | 1.697                            |
| Non-current liabilities   | -749                       | -32                              |
| Current liabilities       | -3.572                     | -1.385                           |
| <b>Total equity</b>       | <b>5.759</b>               | <b>658</b>                       |
| Attributable to:          |                            |                                  |
| Equity holders of parent  | 2.880                      | 329                              |
| Non-controlling interests | 2.879                      | 329                              |

| <u>Other Countries</u> | <b>Inteltek<br/>Internet AS</b> | <b>Bilyoner AS</b> |
|------------------------|---------------------------------|--------------------|
| Non-current assets     | 1.493                           | 1.504              |

|                           |               |              |
|---------------------------|---------------|--------------|
| Current assets            | 66.585        | 13.091       |
| Non-current liabilities   | -851          | -196         |
| Current liabilities       | -18.994       | -4.906       |
| <b>Total equity</b>       | <b>48.233</b> | <b>9.493</b> |
| Attributable to:          |               |              |
| Equity holders of parent  | 21.705        | 4.747        |
| Non-controlling interests | 26.528        | 4.746        |

**Condensed cash flow information for the year ending 31/12/2019:**

| <u>European Union</u>   | Maltco Lotteries Ltd | Eurofootball Ltd <sup>1</sup> | Eurobet Ltd |
|---|----------------------|-------------------------------|-------------|
| Operating activities  | 6.563                | 17.195                        | 5.713       |
| Investing activities  | -213                 | -59                           | -6          |
| Financing activities  | -7.286               | -16.290                       | -5.825      |
| Effect of exchange differences                                | 0                    | 0                             | 0           |
| <b>Net increase / (decrease) in cash and cash equivalents</b> | <b>-936</b>          | <b>846</b>                    | <b>-118</b> |

<sup>1</sup> Eurofootball Ltd was fully consolidated for the period 01/01-30/11/2019 due to loss of control under IFRS 10

| <u>America</u>  | Tecno Accion SA | Tecno Accion Salta SA |
|---|-----------------|-----------------------|
| Operating activities  | 3.436           | 2.708                 |
| Investing activities  | -847            | -120                  |
| Financing activities  | -1.361          | -793                  |
| Effect of exchange differences                                | -87             | -121                  |
| <b>Net increase / (decrease) in cash and cash equivalents</b> | <b>1.141</b>    | <b>1.674</b>          |

| <u>Other Countries</u>  | Inteltek Internet AS | Bilyoner AS   |
|---|----------------------|---------------|
| Operating activities  | -14.815              | 3.048         |
| Investing activities  | 2.784                | -1.473        |
| Financing activities  | -41.887              | -6.422        |
| Effect of exchange differences                                | 2.332                | -448          |
| <b>Net increase / (decrease) in cash and cash equivalents</b> | <b>-51.586</b>       | <b>-5.295</b> |

**Condensed cash flow information for the year ending 31/12/2018:**

| <u>European Union</u>   | Maltco Lotteries Ltd | Eurofootball Ltd | Eurobet Ltd |
|---|----------------------|------------------|-------------|
| Operating activities  | 7.527                | 21.118           | 5.523       |
| Investing activities  | -390                 | -137             | -229        |
| Financing activities  | -2.989               | -20.655          | -5.158      |
| Effect of exchange differences                                | 8                    | 0                | 0           |
| <b>Net increase / (decrease) in cash and cash equivalents</b> | <b>4.156</b>         | <b>326</b>       | <b>136</b>  |

| <u>America</u>  | Tecno Accion SA | Tecno Accion Salta SA |
|---|-----------------|-----------------------|
| Operating activities  | 3.572           | 1.414                 |
| Investing activities  | -571            | -253                  |
| Financing activities  | -3.314          | -1.400                |
| Effect of exchange differences                                | -701            | -1.031                |
| <b>Net increase / (decrease) in cash and cash equivalents</b> | <b>-1.014</b>   | <b>-1.270</b>         |

| <u>Other Countries</u> | Inteltek Internet AS | Azerinteltek AS | Bilyoner AS |
|------------------------|----------------------|-----------------|-------------|
|------------------------|----------------------|-----------------|-------------|

|   |               |              |                |
|---|---------------|--------------|----------------|
| Operating activities  | 10.460        | 11.883       | 3.582          |
| Investing activities  | 27.306        | -147         | 391            |
| Financing activities  | -16.477       | -9.587       | -11.650        |
| Effect of exchange differences                                | -3.375        | 429          | -3.822         |
| <b>Net increase / (decrease) in cash and cash equivalents</b> | <b>17.914</b> | <b>2.578</b> | <b>-11.499</b> |

## XII. 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 | 31/12/2019 | 31/12/2018 |
| Lotrich Information Co LTD  | Taiwan                           | 40%        | 40%        |
| Intralot South Africa LTD <sup>2</sup>                            | South Africa                     | 45%        | 45%        |
| Gamenet Group S.p.A. <sup>1</sup>                                 | Italy                            | -          | 20%        |
| Intralot De Peru S.A.C.   | Peru                             | 20%        | 20%        |
| Goreward LTD Group  | China                            | 38,84%     | 38,84%     |
| Eurofootball LTD <sup>3</sup>                                     | Bulgary                          | 49%        | -          |

<sup>1</sup> The Gamenet Group SPA was consolidated with the equity method until 22/10/2019 due to disposal.

<sup>2</sup> Intralot South Africa Ltd figures are not significant for the Group.

<sup>3</sup> Eurofootball Ltd was consolidated from 01/12/2019 using the equity consolidation method following loss of control under IFRS 10 (note [2.31.A.V.](#))

| Condensed statement of financial position as at 31/12/2019: | Lotrich Information Co LTD | Intralot De Peru S.A.C. | Goreward LTD Group | Eurofootball LTD <sup>1</sup> |
|---|----------------------------|-------------------------|--------------------|-------------------------------|
| Non-current assets  | 74                         | 20.157                  | 4.376              | 3.918                         |
| Current assets  | 23.467                     | 26.039                  | 13.744             | 20.098                        |
| Non-current liabilities                                     | 0                          | -116                    | -28                | -1.503                        |
| Current liabilities   | -4.628                     | -28.479                 | -11.994            | -2.239                        |
| <b>Total equity</b>   | <b>18.913</b>              | <b>17.601</b>           | <b>6.098</b>       | <b>20.274</b>                 |
| <b>Group's carrying amount of the investment</b>            | <b>7.379</b>               | <b>16.366</b>           | <b>5.864</b>       | <b>965</b>                    |

<sup>1</sup> Eurofootball Ltd was consolidated from 01/12/2019 using the equity consolidation method following loss of control under IFRS 10

| Condensed statement of financial position as at 31/12/2018: | Lotrich Information Co LTD | Gamenet Group S.p.A. <sup>1</sup> | Intralot De Peru S.A.C. | Goreward LTD Group |
|---|----------------------------|-----------------------------------|-------------------------|--------------------|
| Non-current assets  | 208                        | 251.846                           | 18.711                  | 69.836             |
| Current assets  | 28.846                     | 384.490                           | 20.960                  | 12.114             |
| Non-current liabilities                                     | 0                          | -471.782                          | -71                     | -29                |
| Current liabilities   | -14.000                    | -127.286                          | -25.655                 | -10.004            |
| <b>Total equity</b>   | <b>15.054</b>              | <b>37.268</b>                     | <b>13.945</b>           | <b>71.917</b>      |
| <b>Group's carrying amount of the investment</b>            | <b>5.836</b>               | <b>77.652</b>                     | <b>15.635</b>           | <b>27.332</b>      |

<sup>1</sup> The Group on 31/12/2019 consolidated under the equity method the Gamenet Group S.p.A. using the financial statements for the period 1/10/2017-30/9/2018 in accordance with IAS 28 par. 34.

| Condensed statement of profit or loss for the period 1/1-31/12/2019: | Lotrich Information Co LTD | Gamenet Group S.p.A. <sup>1</sup> | Intralot De Peru S.A.C. | Goreward LTD Group | Eurofootball LTD <sup>2</sup> |
|--|----------------------------|-----------------------------------|-------------------------|--------------------|-------------------------------|
|--|----------------------------|-----------------------------------|-------------------------|--------------------|-------------------------------|

|  |              |               |               |                |              |
|--|--------------|---------------|---------------|----------------|--------------|
| Sale Proceeds  | 22.525       | 603.021       | 280.339       | 5.221          | 22.858       |
| Gross Profit / (Loss)  | 5.609        | 156.501       | 42.405        | -11.951        | 2.978        |
| EBITDA   | 4.761        | 127.444       | 19.657        | -373           | 2.016        |
| Profit / (Loss) before taxes   | 4.635        | 29.355        | 15.987        | -56.723        | 1.918        |
| Taxes  | -927         | -6.382        | -5.433        | 0              | 0            |
| <b>Profit / (Loss) after taxes</b>   | <b>3.708</b> | <b>22.973</b> | <b>10.554</b> | <b>-56.723</b> | <b>1.918</b> |
| Other Comprehensive Income after tax   | 673          | -397          | 559           | 1.494          | -8           |
| <b>Total Comprehensive Income after taxes</b>                                | <b>4.381</b> | <b>22.576</b> | <b>11.113</b> | <b>-55.229</b> | <b>1.910</b> |
| <b>Group's share of total comprehensive income of the period after taxes</b> | <b>1.752</b> | <b>4.208</b>  | <b>2.223</b>  | <b>-21.452</b> | <b>936</b>   |
| Dividends received by the Group from the associates                          | 162          | 3.900         | 1.284         | 0              | 1.015        |

<sup>1</sup> The Group on 31/12/2019 consolidated the Gamenet Group S.p.A. under the equity method of consolidation using the financial statements of the period 1/10/2018-30/9/2019 (proportionately for the period 1/1-22/10/2019, as the Group's agreement was signed on 22/10/2019 with Gamenet Group SpA) in accordance with IAS 28 par. 34, as the deadlines for the preparation and approval of the financial statements of the Gamenet Group SpA are subsequent to those of the Intralot Group.

<sup>2</sup> Eurofootball Ltd was consolidated since 01/12/2019 using the equity consolidation method following loss of control under IFRS 10

| Condensed statement of profit or loss for the period 1/1-31/12/2018:         | Lotrich Information Co LTD | Gamenet Group S.p.A. <sup>1</sup> | Intralot De Peru S.A.C. | Goreward LTD Group |
|--|----------------------------|-----------------------------------|-------------------------|--------------------|
| Sale Proceeds  | 6.699                      | 610.798                           | 226.484                 | 4.269              |
| Gross Profit / (Loss)  | 1.631                      | 120.368                           | 37.577                  | -18.045            |
| EBITDA   | 827                        | 90.327                            | 16.745                  | -459               |
| Profit / (Loss) before taxes   | 702                        | -676                              | 13.426                  | -49.620            |
| Taxes  | -140                       | -3.112                            | -5.447                  | 0                  |
| <b>Profit / (Loss) after taxes</b>   | <b>562</b>                 | <b>-3.788</b>                     | <b>7.979</b>            | <b>-49.620</b>     |
| Other Comprehensive Income after tax   | 257                        | -456                              | 79                      | -992               |
| <b>Total Comprehensive Income after taxes</b>                                | <b>819</b>                 | <b>-4.244</b>                     | <b>8.058</b>            | <b>-50.612</b>     |
| <b>Group's share of total comprehensive income of the period after taxes</b> | <b>328</b>                 | <b>-939</b>                       | <b>1.612</b>            | <b>-19.659</b>     |
| Dividends received by the Group from the associates                          | 336                        | 3.600                             | 1.336                   | 0                  |

<sup>1</sup> The Group consolidated on 31/12/2018 the Group Gamenet Group S.p.A. with the equity method using the financial statements for the period 1/10/2017-30/9/2018 pursuant to IAS 28 para. 34.

| Reconciliation of the condensed financial statements with the carrying amount of the investment: | Lotrich Information Co LTD | Gamenet Group S.p.A. | Intralot De Peru S.A.C. | Goreward LTD Group | Eurofootball Ltd <sup>1</sup> |
|--|----------------------------|----------------------|-------------------------|--------------------|-------------------------------|
| <b>Carrying amount of Investment as of 31/12/2017:</b>   | <b>5.844</b>               | <b>67.523</b>        | <b>15.395</b>           | <b>47.000</b>      | <b>0</b>                      |
| Profit / (Loss) after taxes of the period  | 225                        | -848                 | 1.596                   | -19.273            |                               |
| Other Comprehensive Income after tax of the period   | 103                        | -91                  | 16                      | -385               |                               |
| Dividends  | -336                       | -3.600               | -1.336                  |                    |                               |
| Effect from IFRS 9   |                            | -1.150               |                         |                    |                               |
| Impairment reversal  |                            | 16.000               |                         |                    |                               |
| Other  |                            | -182                 | -36                     | -10                |                               |
| <b>Carrying amount of Investment as of 31/12/2018:</b>   | <b>5.836</b>               | <b>77.652</b>        | <b>15.635</b>           | <b>27.332</b>      | <b>0</b>                      |
| Change of consolidation method   |                            |                      |                         |                    | 3.011                         |
| Profit / (Loss) after taxes of the period  | 1.483                      | 4.287                | 2.111                   | -22.032            | 940                           |

|  |              |          |               |              |            |
|--|--------------|----------|---------------|--------------|------------|
| Other Comprehensive Income after tax of the period     | 269          | -79      | 112           | 580          | -4         |
| Dividends  | -209         | -3.900   | -1.361        |              | -1.015     |
| Sale of investment                                     |              | -78.328  |               |              |            |
| Impairment provision                                   |              |          |               |              | -1.967     |
| Other  |              | 368      | -131          | -16          |            |
| <b>Carrying amount of Investment as of 31/12/2019:</b> | <b>7.379</b> | <b>0</b> | <b>16.366</b> | <b>5.864</b> | <b>965</b> |

The associates as of December 31, 2019 and 2018 didn't have any contingent liabilities or capital commitments, other than those disclosed in note [2.32](#).

<sup>1</sup> On 25/3/2020 the State Gambling Commission of Bulgaria issued two decisions regarding the temporary suspension of gaming licenses of Eurofootball Ltd for a period of three months. Due to the above subsequent to 31/12/2019 licenses suspension, as well as the retrospective claim of State Fees as disclosed in note [2.32.A](#), the Group recognised on 31/12/2019 an impairment provision of the investment in associate Eurofootball Ltd amounting to €1.967 thousand, leading its recoverable value as of 31/12/2019 to €965 thousand.

## 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.

In addition, the Group owns 50% of Karenia Enterprises Co Ltd, a Cyprus-based joint venture, and consolidates it from January 2018 using the equity method applying IFRS 11 "Schemes under common control". This company participates with 30% stake in ATHENS RESORT CASINO SA HOLDINGS ", which owns 51% of the Greek Casino Parnitha SA." ATHENS RESORT CASINO SA " HOLDINGS "is not consolidated by the Intralot Group and Karenia Enterprises Co Ltd's investment is valued at cost pursuant to IFRS 9.

| Condensed statement of financial position as at 31/12/2019: | Karenia Enterprises Co Ltd |
|---|----------------------------|
| Non-current assets  | 13.500                     |
| Current assets  | 9                          |
| Long-term liabilities                                       | 0                          |
| Short-term liabilities                                      | -45                        |
| <b>Total Equity</b>   | <b>13.464</b>              |
| <b>Group's investment book value</b>                        | <b>6.731</b>               |

| Condensed statement of financial position as at 31/12/2018: | Karenia Enterprises Co Ltd |
|---|----------------------------|
| Non-current assets  | 13.500                     |
| Current assets  | 11                         |
| Long-term liabilities                                       | 0                          |
| Short-term liabilities                                      | -24                        |
| <b>Total Equity</b>   | <b>13.487</b>              |
| <b>Group's investment book value</b>                        | <b>6.742</b>               |

| Condensed statement of profit or loss for the period 1/1-31/12/2019: | Karenia Enterprises Co Ltd |
|--|----------------------------|
| Sale Proceeds  | 0                          |
| Gross Profit / (loss)  | 0                          |
| EBITDA   | -21                        |
| Profit / (loss) before tax   | -23                        |
| Tax  | 0                          |



|  |            |
|--|------------|
| <b>Profit/ (loss) after tax</b>                          | <b>-23</b> |
| Other comprehensive income after tax                     | 0          |
| <b>Total comprehensive income after tax</b>              | <b>-23</b> |
| <b>Total comprehensive income after tax of the Group</b> | <b>-11</b> |
| Joint ventures' dividends received from Group            | 0          |

| <b>Condensed statement of profit or loss for the period 1/1-31/12/2018:</b> | <b>Karenia Enterprises Co Ltd</b> |
|---|-----------------------------------|
| Sale Proceeds   | 0                                 |
| Gross Profit / (loss)   | 0                                 |
| EBITDA  | -15                               |
| Profit / (loss) before tax  | -16                               |
| Tax   | 0                                 |
| <b>Profit/ (loss) after tax</b>   | <b>-16</b>                        |
| Other comprehensive income after tax  | 0                                 |
| <b>Total comprehensive income after tax</b>                                 | <b>-16</b>                        |
| <b>Total comprehensive income after tax of the Group</b>                    | <b>-8</b>                         |
| Joint ventures' dividends received from Group                               | 0                                 |

| <b>Reconciliation of condensed financial statements presented in the book value of investments</b> | <b>Karenia Enterprises Co Ltd</b> |
|--|-----------------------------------|
| <b>Investment's book value as at 31/12/2017:</b>   | <b>0</b>                          |
| Additions  | 6.750                             |
| Profit / (loss) after tax of the period  | -8                                |
| <b>Investment's book value as at 31/12/2018:</b>   | <b>6.742</b>                      |
| Profit / (loss) after tax of the period  | -11                               |
| <b>Investment's book value as at 31/12/2019:</b>   | <b>6.731</b>                      |

## **B. REAL LIENS**

A Group subsidiary in Malta has banking facility amounting €4,3 million, for issuing bank letters of guarantee. This facility is secured by an initial general mortgage on all the subsidiary's present and future assets (on 31/12/2019 the letters of guarantee used amounted to €4,0 million). Also, a Group subsidiary in Bulgaria has secured a loan of €0,8 million by pledging its total trading activity and 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 December 31, 2019, 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 31/12/2019 are included collateralized bank deposits as security coverage for banking facilities amounting €3.575 thousand (31/12/2018: €30 thousand) and other collateralized bank deposits amount to €373 thousand (31/12/2018: €359 thousand). Respectively, for the Company on 31/12/2019 are included collateralized bank deposits as security coverage for banking facilities amounting €30 thousand (31/12/2018: €30 thousand) and other collateralized bank deposits amount to €126 thousand (31/12/2018: €129 thousand).

### C. PROVISIONS

| GROUP                         | Litigation cases <sup>1</sup> | Unaudited fiscal years and tax audit expenses <sup>2</sup> | Other provisions <sup>3</sup> | Total provisions |
|-------------------------------|-------------------------------|--|-------------------------------|------------------|
| <b>Period opening balance</b> | <b>4.455</b>                  | <b>3.572</b>   | <b>4.884</b>                  | <b>12.911</b>    |
| Period additions              | 331                           | 3.514  | 548                           | <b>4.393</b>     |
| Utilized provisions           | 0                             | -464   | -2.179                        | <b>-2.643</b>    |
| Non utilized provisions       | 0                             | 0  | -18                           | <b>-18</b>       |
| Sale of subsidiaries          | 0                             | 0  | -494                          | <b>-494</b>      |
| Foreign exchange differences  | 31                            | 8  | -106                          | <b>-67</b>       |
| <b>Period closing balance</b> | <b>4.817</b>                  | <b>6.630</b>   | <b>2.635</b>                  | <b>14.082</b>    |
| <b>Long term provisions</b>   | <b>4.404</b>                  | <b>6.630</b>   | <b>115</b>                    | <b>11.149</b>    |
| <b>Short term provisions</b>  | <b>413</b>                    | <b>0</b>   | <b>2.520</b>                  | <b>2.933</b>     |
| <b>Total</b>                  | <b>4.817</b>                  | <b>6.630</b>   | <b>2.635</b>                  | <b>14.082</b>    |

<sup>1</sup> Relate to litigation cases as analyzed in note [2.32.A](#).

<sup>2</sup> 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.

<sup>3</sup> 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 €1.250 thousand as well as provisions amounting to €844 for earned winnings which relate to sports betting prices and guaranteed future numerical games jackpots. The Other provisions are expected to be used in the next 1-6 years.

| COMPANY                       | Litigation cases <sup>1</sup> | Unaudited fiscal years and tax audit expenses <sup>2</sup> | Other provisions | Total provisions |
|-------------------------------|-------------------------------|--|------------------|------------------|
| <b>Period opening balance</b> | <b>4.390</b>                  | <b>3.116</b>   | <b>91</b>        | <b>7.597</b>     |
| Period additions              | 291                           | 3.514  | 0                | <b>3.805</b>     |
| Utilised Provisions           | 0                             | 0  | -91              | <b>-91</b>       |
| Foreign exchange differences  | 40                            | 0  | 0                | <b>40</b>        |
| <b>Period closing balance</b> | <b>4.721</b>                  | <b>6.630</b>   | <b>0</b>         | <b>11.351</b>    |
| <b>Long term provisions</b>   | <b>4.370</b>                  | <b>6.630</b>   | <b>0</b>         | <b>11.000</b>    |
| <b>Short term provisions</b>  | <b>351</b>                    | <b>0</b>   | <b>0</b>         | <b>351</b>       |
| <b>Total</b>                  | <b>4.721</b>                  | <b>6.630</b>   | <b>0</b>         | <b>11.351</b>    |

<sup>1</sup> Relate to litigation cases as analyzed in note [2.32.A](#).

<sup>2</sup> 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 31/12/2019 amounted to 3.845 persons (Company/subsidiaries 2.212 and associates 1.633) and the Company's to 644 persons. At the end of 2018, the number of employees of the Group amounted to 5.187 persons (Company/subsidiaries 3.021 and associates 2.166) and the Company's to 691 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 2019 and the balances on 31/12/2019 of other related parties:

| Amounts reported in thousand of € | GROUP      |            | COMPANY    |            |
|-----------------------------------|------------|------------|------------|------------|
|                                   | 31/12/2019 | 31/12/2018 | 31/12/2019 | 31/12/2018 |

| <b>(total operations)</b>  |              |               |               |               |
|--|--------------|---------------|---------------|---------------|
| <b>a) Income</b>   |              |               |               |               |
| -from subsidiaries   | 0            | 0             | 53.856        | 39.525        |
| -from associates - joint ventures  | 7.844        | 8.195         | 9.387         | 9.440         |
| -from other related parties  | 5.091        | 7.411         | 3.353         | 5.411         |
| <b>b) Expenses</b>   |              |               |               |               |
| -to subsidiaries   | 0            | 0             | 22.442        | 21.459        |
| -to associates - joint ventures  | 7            | 31            | 2             | 10            |
| -to other related parties  | 17.916       | 34.969        | 10.636        | 8.998         |
| <b>c) Receivables (A)</b>  |              |               |               |               |
| -from subsidiaries   | 0            | 0             | 74.921        | 76.874        |
| -from associates - joint ventures  | 6.019        | 10.869        | 5.969         | 7.350         |
| -from other related parties  | 5.088        | 11.603        | 1.936         | 8.669         |
| <b>d) Payables (B)</b>   |              |               |               |               |
| -to subsidiaries   | 0            | 0             | 300.258       | 308.351       |
| -to associates - joint ventures  | 1.050        | 1             | 533           | 0             |
| -to other related parties  | 9.231        | 10.325        | 7.360         | 7.179         |
| <b>e) BoD and Key Management Personnel transactions and fees</b>                                     | <b>7.951</b> | <b>8.703</b>  | <b>4.922</b>  | <b>5.712</b>  |
| <b>f) BoD and Key Management Personnel receivables</b>   | <b>40</b>    | <b>23</b>     | <b>0</b>      | <b>0</b>      |
| <b>g) BoD and Key Management Personnel payables</b>  | <b>369</b>   | <b>456</b>    | <b>129</b>    | <b>220</b>    |
| <b>(A) The respective amounts are analyzed as follows:</b>   |              |               |               |               |
| Total due from related parties   | 11.147       | 22.495        | 82.826        | 92.893        |
| (less) long term portion (note <a href="#">2.19</a> )  | 1.992        | 1.995         | 24.261        | 28            |
| <b>Short term receivables from related parties (note <a href="#">2.20</a>)</b>                       | <b>9.155</b> | <b>20.500</b> | <b>58.565</b> | <b>92.865</b> |
| <b>(B) The respective amounts are analyzed as follows:</b>   |              |               |               |               |
| Total due to related parties   | 10.650       | 10.782        | 308.280       | 315.750       |
| (less) long term loans   | 1.781        | 0             | 280.160       | 286.380       |
| (less) long term liabilities (note <a href="#">2.28</a> )  | 0            | 0             | 0             | 0             |
| <b>Short term payables to related parties (note <a href="#">2.29</a> &amp; <a href="#">2.25</a>)</b> | <b>8.869</b> | <b>10.782</b> | <b>28.120</b> | <b>29.370</b> |

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 2019, the Company made a provision 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 while at the same time it used provisions of previous years amounting €2,9 million due to the sale of Totolotek S.A. and the beginning of liquidation process of Loteria Moldovei S.A.. Alongside, the Company made a reversal of provisions regarding an estimate for reduction in the recoverable amount of receivables from subsidiaries amounting €1,3 million, due to the capitalization of the relevant receivables from the subsidiaries and was recorded in the income statement of the period. The cumulative provisions of 31/12/2019 was amounted to €28 million (31/12/2018: €28,6 million).

## **2.32 CONTINGENT LIABILITIES, ASSETS AND COMMITMENTS**

### **A. LITIGATION CASES**

a. 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 22<sup>nd</sup> of February 2018 when the case was heard and decision no. 3253/2018 of the Athens Court of Appeals was issued which rejected the appeal; until now, no application for cassation has been filed by the opponent.

b. 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 (€91.155,45) plus interest to be paid to them. A First Instance Court decision was issued which accepted the lawsuit against Intralot. The appeal filed by the Company was accepted only in relation to the amount of the interests while it was rejected with regards to the capital amount. A new appeal was filed by the Company with regards to the capital amount which has been rejected. The amount adjudicated was paid during February 2020 to the plaintiff and the case is closed. The Company had made a respective provision to its financial statements for the period ending on 31 December 2019.

c. 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 (€6,4m). 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 which was heard before the Athens One-Member First Instance Court and the decision issued accepted it. The Company filed an appeal against this decision which was rejected by the Athens Court of Appeals. The Company filed, before the Supreme Court, a cassation appeal against the decision of the Athens Court of Appeals which is scheduled for hearing on 22 January 2021 and, in parallel, a request for suspension of execution which has been accepted by the Supreme Court which suspended the execution until the above hearing date (22 January 2021). The Company has created relative provision in its financial statements part of which (€2,2m) has already been used for the payment to Etesa of a letter of guarantee amounting to 7.694.081.042 Colombian pesos.

d. 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.

e. 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 became final, while the application for cassation filed by Intralot Holdings International Ltd. was rejected.

f. 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 RON (€1.158.660,67) and to the subsidiary LOTROM to 512.469 RON (€107.143,84). 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 been heard and rejected by the High Court. This decision is final. The Competition Board filed a separate appeal against the decision which accepted Intralot's application for the annulment which has been scheduled for hearing, following postponements, on 8 September 2020.

g. 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 initial stage of the procedure which, for the time, relates to the collection of evidences and the conduct of investigation actions 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.

h. 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.

i. 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 heard on 1 November 2018 before the Athens Court of Appeal which was

rejected with the decision no. 3153/2019 of the Athens Court of Appeal. The decision has not been further appealed and, therefore, has become final and irrevocable.

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, which, following the issue of the above decision no. 3153/2019 of the Athens Court of Appeal, partially turned to a mortgage for the total amount adjudicated, i.e. for the amount of €2.781.381,15

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 lawsuit was heard on 4 October 2017 and the decision issued accepted the lawsuit. ODIE filed an appeal which was rejected by the Athens Court of Appeals.

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.

j. A former officer of the Company filed a lawsuit before the Athens First Instance Court requesting to be recognized that the Company had to pay him the amount of €121.869,81 as non-paid wages. The decision issued partially accepted the lawsuit in relation to the amount of €80.685,42. Both parties have filed appeals against this decision which are scheduled to be heard on 26 May 2020. In Malta, a similar lawsuit of the same officer against the subsidiary company Maltco Lotteries Ltd. has been partially accepted by the local court which ruled on 12 February 2020 that the amount of €83.125 had to be paid to the plaintiff, according to the court's judgment without a specific request from the plaintiff with regards to the amount claimed. The amount adjudicated was paid to the plaintiff and that case is closed. The Group had made respective provisions to its financial statements for the period ending on 31 December 2019.

k. In Poland a lawsuit was filed against the former subsidiary "Totolotek SA" by a player of betting games; he claims that the amount of 861.895PLN (€202.474,86) which was not paid by the abovementioned company because of violation of the betting regulations by the plaintiff, is due to him. "Totolotek 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 scheduled for new hearing by the Warsaw courts. At the beginning of May 2019, Intralot Group announced the completion of the sale of "Totolotek SA" to Merkur Sportwetten GmbH, a subsidiary of the Gauselmann Group based in Espelkamp, Germany and there is no further information in relation to the progress of this case anymore.

l. 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 judgment, ordering Econocom Nederland B.V. to pay a penalty of €10m in case of breach of the prohibition. Against the injunctions decision Econocom Nederland B.V. filed an appeal which was heard on 13 November 2017 and the decision issued rejected the appeal and upheld the decision on the injunctions. Against this decision Econocom Nederland B.V. filed an appeal for cassation. The decision issued upheld the decision of the Court of Appeals that Econocom Nederland B.V. may not invoke the bank guarantee and the corporate guarantee.

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 and was accepted by the court. Against this decision Econocom Nederland B.V. filed an appeal which has been rejected by the Court of Appeal.

m. In Cyprus, the National Betting Authority had 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. Royal Highgate Pcl Ltd. considering that those requested by the National Betting Authority are beyond the provisions of the law, filed a recourse before the competent administrative court of Nicosia which was heard on 30 March 2018. The decision issued rejects the recourse for typical reasons. Royal Highgate Pcl Ltd. filed an appeal against this decision which is at the hearing process. In parallel, Royal Highgate Pcl Ltd. has filed three more recourses against decisions of the National Betting Authority relating to the suspension of the license of Royal Highgate Pcl Ltd. which are all scheduled for hearing, following postponements, on 10 June 2020. National Betting Authority started the procedure for the revocation of the license of Royal Highgate Pcl Ltd. and the latter submitted its arguments on 30



November 2018 without any further actions from the National Betting Authority. On 31 December 2018, the contractual term of the license of Royal Highgate Pcl Ltd. expired.

n. In USA, in South Carolina State, class actions were filed against 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. 35 million USD (€31,2 million). The local court accepted Intralot, Inc.'s motions to dismiss in two lawsuits, holding that the plaintiffs were required to exhaust administrative remedies and failed to do so. The other side filed appeals against such decisions which are pending. The third similar lawsuit was rejected finally by the court. The Group's management, relying on local expert legal counsels opinion, considers that the lawsuits have low probability of success. It is noted that with regards to such cases, the Group has a respective insurance coverage.

o. In USA, Camelot Illinois put Intralot, Inc. on notice on April 30, 2020, of filing an arbitration for USD 1,7 million (€1,5 million) alleging service levels defaults in the state of Illinois. Intralot, Inc. will examine the possibility of requesting a respective indemnification from its subcontractor. In any case, Intralot, Inc. believes it has a strong legal position against Camelot Illinois. The procedure is pending.

p. 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 decision issued partially accepted the lawsuit in relation to the amount of €46.500,82. Both parties filed appeals against this decision which are scheduled to be heard, following postponements, on 22 September 2020. The second lawsuit had been scheduled for hearing, following postponements, on 15 October 2020. The Company had made respective provisions to its financial statements for the period ending on 31 December 2019.

q. In Morocco, a judgment was notified to the subsidiary company Intralot Maroc deciding the payment of the amount of 3.360.000 MAD (€313.178,67) to a supplier company. The company Intralot Maroc filed an appeal which is was accepted and, therefore, Intralot Maroc does not owe this amount. The plaintiff filed a cassation appeal against this decision which is pending.

r. On 1 April 2019, the Company filed a Request for Arbitration before the ICC International Court of Arbitration requesting to be declared that the defendant Sisal SpA has breached a contract signed with Intralot by using, in Morocco, terminals and the software embedded therein. The arbitration procedure is in progress.

s. In Morocco, "La Société de Gestion de la Loterie Nationale" ("SGLN") filed a lawsuit against the Company and its subsidiary Intralot Maroc claiming that it exercised unilaterally its option to transfer to it the equipment of Intralot which was used jointly by SGLN and the other local lottery "La Marocaine des Jeux et des Sports" ("MDJS") and, because of Intralot's denial, it suffered damages in the amount of MAD 18.000.000 (€1.677.742,88) which corresponds to the value of the equipment, while,

additionally, it requests MAD 34.000.000 (€3.169.069,88) as loss of profit. It is also requesting the call of the letter of guarantee amounting to MAD 30.000.000 (€2.796.238,13). It is noted that according to the terms of the Intralot's contracts with the two lotteries SGLN & MDJS, the option for the transfer of the equipment as well as any call of the letters of guarantee can only be exercised with a joint request of both entities SGLN & MDJS. The case was scheduled to be heard, following postponements, on 26 March 2020 and since then it is pending because of the suspension of the procedures due to the coronavirus pandemic

t. In Bulgaria, the Bulgarian State Gambling Commission (SGC) notified both Eurobet Ltd (a 49% subsidiary of the Group) and Eurofootball Ltd (an associate of the Group with a 49% ownership), for a claim of retrospective State Fees amounting to BGN 74.4m (€38,0m) and BGN 328.9m (€168,2m), respectively. Given that the payment of State Fees for both companies has always been in accordance with the provisions of the Gambling Act and the approved regulations by the Bulgarian Ministry of Finance, both companies have filed lawsuits against such claims which are pending. The requests for suspension of execution have been rejected. The claimed amounts with regards to the State Fees relate only to each respective company and there is no liability for its shareholders. Taking also into consideration that the Government of Bulgaria has passed legislation that amended the local gambling law, according to which all lottery-type of games, except for KENO type of games, are organized under a State Monopoly and that, as a consequence, three of the six existing licenses held by Eurobet Ltd have been terminated by Law on 21 February 2020, Eurobet Ltd, in order to be protected from its creditors, filed for bankruptcy before the Sofia Court on 6 March 2020; the procedure is pending.

Until 30/4/2020, 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) COMPANY AND SUBSIDIARIES

| COMPANY                                       | YEARS     | COMPANY                                  | YEARS          |
|---|-----------|--|----------------|
| INTRALOT S.A.                                 | 2014-2019 | INTRALOT GERMANY GMBH                    | 2018-2019      |
| BETTING COMPANY S.A.                          | 2014-2019 | INTRALOT FINANCE UK LTD                  | 2018-2019      |
| BETTING CYPRUS LTD                            | 2014-2019 | INTRALOT ASIA PACIFIC LTD                | 2017-2019      |
| INTRALOT IBERIA HOLDINGS SA                   | 2015-2019 | BETA RIAL Sp.Zoo                         | 2014-2019      |
| INTRALOT JAMAICA LTD                          | 2010-2019 | POLLOT Sp.Zoo                            | 2014&2016-2019 |
| INTRALOT TURKEY A.S.                          | 2015-2019 | NIKANTRO HOLDINGS Co LTD                 | 2014-2019      |
| INTRALOT DE MEXICO LTD                        | 2015-2019 | LOTERIA MOLDOVEI S.A.                    | 2014-2019      |
| INTRALOT CHILE SPA                            | 2016-2019 | INTRALOT BETTING OPERATIONS (CYPRUS) LTD | 2014-2019      |
| INTELTEK INTERNET AS                          | 2015-2019 | ROYAL HIGHGATE LTD                       | 2014-2019      |
| INTRALOT SERVICES S.A.                        | 2015-2019 | INTRALOT LEASING NEDERLAND B.V.          | 2013-2019      |
| BILYONER INTERAKTIF HIZMELTER AS GROUP        | 2018-2019 | INTRALOT IRELAND LTD                     | 2014-2019      |
| INTRALOT MAROC S.A.                           | 2018-2019 | BILOT INVESTMENT LTD                     | 2016-2019      |
| INTRALOT INTERACTIVE S.A.                     | 2014-2019 | EUROBET LTD                              | 2014-2019      |
| INTRALOT GLOBAL SECURITIES B.V.               | 2013-2019 | EUROBET TRADING LTD                      | 2014-2019      |
| INTRALOT CAPITAL LUXEMBOURG S.A.              | 2019      | ICS S.A.                                 | 2014-2019      |
| INTRALOT FINANCE LUXEMBOURG S.A. <sup>1</sup> | 2018      | INTRALOT GLOBAL OPERATIONS B.V.          | 2016-2019      |
| INTRALOT GLOBAL HOLDINGS B.V.                 | 2013-2019 | GARDAN LTD                               | -              |
| INTRALOT INC                                  | 2016-2019 | GAMEWAY LTD                              | 2016-2019      |
| DC09 LLC                                      | 2016-2019 | INTRALOT ITALIAN INVESTMENTS B.V.        | 2017-2019      |

|                                |                |  |           |
|--------------------------------|----------------|--|-----------|
| INTRALOT TECH SINGLE MEMBER SA | 2019           | BIT8 LTD                               | 2014-2019 |
| INTRALOT AUSTRALIA PTY LTD     | 2015-2019      | INTRALOT ADRIATIC DOO                  | 2015-2019 |
| INTRALOT GAMING SERVICES PTY   | 2015-2019      | INTRALOT CYPRUS GLOBAL ASSETS LTD      | 2014-2019 |
| ILOT CAPITAL UK LTD            | 2018-2019      | INTRALOT OOO                           | 2019      |
| ILOT INVESTMENT UK LTD         | 2018-2019      | INTRALOT HOLDINGS INTERNATIONAL LTD    | 2014-2019 |
| INTRALOT NEDERLAND B.V.        | 2010-2019      | INTRALOT INTERNATIONAL LTD             | 2014-2019 |
| INTRALOT BENELUX B.V.          | 2018-2019      | INTRALOT OPERATIONS LTD                | 2014-2019 |
| LOTROM S.A.                    | 2014-2019      | NETMAN SRL                             | 2014-2019 |
| INTRALOT BEIJING Co LTD        | -              | BILOT EOOD                             | 2014-2019 |
| TECNO ACCION S.A.              | 2013-2019      | INTRALOT BUSINESS DEVELOPMENT LTD      | 2014-2019 |
| TECNO ACCION SALTA S.A.        | 2015-2019      | GAMING SOLUTIONS INTERNATIONAL SAC     | 2015-2019 |
| MALTCO LOTTERIES LTD           | 2014-2019      | ENTERGAMING LTD                        | -         |
| INTRALOT NEW ZEALAND LTD       | 2013&2017-2019 | INTRALOT BETTING OPERATIONS RUSSIA LTD | 2012-2019 |
| INTRALOT DO BRAZIL LTDA        | 2015-2019      | INTRALOT DE COLOMBIA (BRANCH)          | 2014-2019 |
| OLTP LTDA                      | 2015-2019      |  |           |

<sup>1</sup> The Company Intralot Finance Luxembourg S.A. merged with the Company Intralot Capital Luxembourg S.A.

The tax audit at Inteltek Internet AS for the years 2014-2015 was completed and an audit was notified for the dividend's taxes of 2018. Also, a VAT audit was completed at the first quarter of 2019 for Intralot OOO. In addition, a tax audit for Bilyoner Interaktif Hizmetler AS for the years 2015-2017 was completed without tax differences, while a tax audit is in progress for the years 2018-2019. In Bilot Investments EOOD has begun an audit for income tax and other taxes for fiscal years 06/2016-31/12/2019 as well as in Bilot EOOD, Eurobet Ltd, Eurobet Trading Ltd and ICS SA for fiscal years 01/01/2014-31/12/2019. At the same time, in February 2020, the Bulgarian State Gambling Commission (SGC) notified Eurobet Ltd for a claim of retrospective State Fees amounting to BGN 74,4 million (€38,0 million). Given that the payment of State Fees for above company has always been in accordance with the provisions of the Gambling Act and the approved regulations by the Bulgarian Ministry of Finance, it is deemed that the above claims are unfounded and unjustified and the company appealed before the local Administrative Courts. In order to protect its interests, the company, if required, will exercise all its additional legal rights, including claims for indemnification, before local and / or European and international forums and / or courts. Further information is provided in note [2.32.A](#). 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, but so far the conclusion report has not been yet notified to the company. In Intralot Maroc S.A. an audit for income tax and VAT is completed for the years 2016 & 2017, which imposed fines of amount €1.280 thous. (a tax provision was made of amount €461 thousand in the last quarter of 2018) that were paid within 2019. Last, a limited tax review for the years 2016 & 2017 was completed in Intralot Iberia Holdings S.A.. Intralot Inc has received a sales tax refund of an amount USD 177 thousand plus interest, for the period November 2015 up to May 2018 from the Ohio Department of Revenue after an audit.

In the context of Law 2238/94 Art. 82 par. 5 and POL.1159/2011, the companies Betting Company SA and Intralot Interactive SA have received a tax certificate for the years 2014-2018, Intralot SA for the years 2014-2017 and Intralot Services SA for the years 2015-2018. In Intralot SA the issuance of a tax certificate for the fiscal year 2018 is pending and is in progress for the fiscal year 2019, while in Betting Company SA, Intralot Interactive SA and Intralot Services SA the issuance of a tax certificate for fiscal year 2019 is in progress.

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 to €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 estimate 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 a tax audit is in process following a mandate (February 2020) for fiscal years 2014 & 2015, as well as a partial VAT audit for the period 1/2/2010-31/10/2012 upon request of assistance from Romanians to the Greek tax authorities on transactions with a Romanian company.

Finally, in Intralot SA, after the completion of tax audit for 2013, as well as partial re-audit of 2011 and 2012, taxes, VAT, fines and surcharges of €15,7 million were imposed. The Company has made a provision of €3,5 million while has filed an appeal against the relevant audit sheets in which refutes the allegations, disputes its views and seeks the annulment of the final determination acts for taxes, VAT, fines and surcharges. The outcome of the above cases cannot be assessed to date, due to its high degree of uncertainty.

## II) ASSOCIATE ENTITIES & JOINT VENTURES

| COMPANY                      | YEARS     | COMPANY                                       | YEARS          |
|------------------------------|-----------|---|----------------|
| LOTRICH INFORMATION Co LTD   | 2018-2019 | WUSHENG COMPUTER TECHNOLOGY (SHANGHAI) CO LTD | 2019           |
| INTRALOT SOUTH AFRICA LTD    | 2019      | UNICLIC LTD                                   | 2014-2019      |
| GOREWARD LTD                 | -         | DOWA LTD                                      | 2014-2019      |
| GOREWARD INVESTMENTS LTD     | -         | KARENIA ENTERPRISES COMPANY LTD               | 2010-2019      |
| PRECIOUS SUCCESS LTD GROUP   | 2019      | INTRALOT DE PERU SAC                          | 2015&2017-2019 |
| GAIN ADVANCE GROUP LTD       | -         | SERVICIOS TRANSDATA S.A. <sup>1</sup>         | 2012-2013      |
| OASIS RICH INTERNATIONAL LTD | -         | EUROFOOTBALL LTD                              | 2014-2019      |

<sup>1</sup> The company Servicios Transdata SA have been merged with Intralot De Peru S.A.C.

At Intralot de Peru SAC a tax audit has been completed for the year 2016 without any charge. At Servicios Transdata S.A. the income tax audit has been completed in 2014 for the fiscal year 2008 and VAT audit for the period 1/1/2008-30/6/2009 confirming additional taxes and surcharges of €3,4 million. The company has initiated a complaint procedure according to the relevant legislation for the cancellation of taxes and fines. The company's legal advisers believe that the most likely outcome of the case will be positive. An audit of income tax and other taxes for the fiscal year 1/1/2014-31/12/2019 has begun at the associate company Eurofootball Ltd. At the same time, in February 2020, the Bulgarian State Gambling Commission (SGC) notified Eurofootball Ltd for a claim of retrospective State Fees amounting to BGN 328,9 million (€168,2 million). Given that the payment of State Fees for above company has always been in accordance with the provisions of the Gambling Act and the approved regulations by the Bulgarian Ministry of Finance, it is deemed that the above claims are unfounded and unjustified and the company appealed before the local Administrative Courts. In order to protect its interests, the company, if required, will exercise all its additional legal rights, including claims for indemnification, before local and / or European and international forums and / or courts. Further information is provided in note [2.32.A](#).

## C. COMMITMENTS

## I) Guarantees

The Company and the Group on December 31, 2019 had the following contingent liabilities from guarantees for:

|              | GROUP          |                | COMPANY       |               |
|--------------|----------------|----------------|---------------|---------------|
|              | 31/12/2019     | 31/12/2018     | 31/12/2019    | 31/12/2018    |
| Bid          | 400            | 8.734          | 280           | 0             |
| Performance  | 139.295        | 148.565        | 44.307        | 33.183        |
| Financing    | 5.702          | 4.410          | 320           | 120           |
| Other        | 178            | 227            | 0             | 227           |
| <b>Total</b> | <b>145.575</b> | <b>161.936</b> | <b>44.907</b> | <b>33.530</b> |

|   | GROUP          |                |
|---|----------------|----------------|
|   | 31/12/2019     | 31/12/2018     |
| Guarantees issued by the parent and subsidiaries: |                |                |
| -to third party                                   | 145.575        | 161.936        |
| -to third party on behalf of associates           | 0              | 0              |
| <b>Total</b>                                      | <b>145.575</b> | <b>161.936</b> |

|  | COMPANY       |               |
|--|---------------|---------------|
|  | 31/12/2019    | 31/12/2018    |
| Guarantees issued by the parent:           |               |               |
| - to third party on behalf of subsidiaries | 43.011        | 31.373        |
| - to third party on behalf of associates   | 0             | 0             |
| - to third party on behalf of the parent   | 1.896         | 2.157         |
| <b>Total</b>                               | <b>44.907</b> | <b>33.530</b> |

### Beneficiaries of Guarantees:

**Bid:** Iowa Lottery Authority, La Marocaine des Jeux et des Sports, State of Victoria Australia

**Performance:** Arkansas Lottery Commission, Camelot Illinois LLC, Centre Monétique Interbancaire (CMI), City of Torrington, District of Columbia, Georgia Lottery Corporation, GPT Pty Ltd, Hrvatska Lutrija D.O.O., Icrá Dairesi Mudurlugu, Idaho State Lottery, La Marocaine des Jeux et des Sports, Loteria do Estado de Minas Gerais, Lotteries Commission of Western Australia, Lotto Hamburg, Louisiana Lottery Commission, Lutrija Bosne i Hercegovine D.O.O., Malta Gaming Authority, Milli Piyango İdaresi Genel Mudurlugu, New Hampshire Lottery Commission, New Mexico Lottery Authority, Polla Chilena de Beneficencia S.A., South Carolina Education Lottery, South Carolina Education Lottery Systems & Other Services, South Dakota Lottery Gaming Services, Spor Toto Teşkilat Başkanlığı, State of Montana, State of Ohio - Lottery Gaming System, State of Ohio Lottery Commission, State of Vermont - Vermont Lottery Commission, Stichting Exploitatie Nederlandse Staatsloterij, T.C. Basbakanlık Gençlik ve Spor Genel Mudurlugu Spor Toto Teşkilat Başkanlığı, Town of Greybull, Town of Jackson, City of Gillette, Turk Telekomunikasyon, Wyoming Lottery Corporation, OPAP SA.

**Financing:** Bogazici Kurumlar Vergi Dairesi Mudurlugu, Denizli 9.Icrá Mudurlugu, Hanseatische Immobilienfonds GmbH, Airport EL. Venizelos Customs,

**Other:** Iowa Lottery Authority

## II) Lease commitments

| GROUP                 | Minimum of the lease payments | Present value of the minimum lease payments | Minimum of the lease payments | Present value of the minimum lease payments |
|-----------------------|-------------------------------|---|-------------------------------|---|
|                       | 31/12/2019                    | 31/12/2019                                  | 31/12/2018                    | 31/12/2018                                  |
| Within 1 year         | 6.656                         | 6.019                                       | 1.828                         | 1.726                                       |
| Between 2 and 5 years | 8.807                         | 7.872                                       | 1.844                         | 1.797                                       |
| Over 5 years          | 3.222                         | 2.809                                       | 0                             | 0   |
| Minus: Interest       | -1.985                        | 0   | -149                          | 0   |

|              |               |               |              |              |
|--------------|---------------|---------------|--------------|--------------|
| <b>Total</b> | <b>16.700</b> | <b>16.700</b> | <b>3.523</b> | <b>3.523</b> |
|--------------|---------------|---------------|--------------|--------------|

| COMPANY               | Minimum of the lease payments | Present value of the minimum lease payments | Minimum of the lease payments | Present value of the minimum lease payments |
|-----------------------|-------------------------------|---|-------------------------------|---|
|                       | 31/12/2019                    | 31/12/2019                                  | 31/12/2018                    | 31/12/2018                                  |
| Within 1 year         | 895                           | 785   | 0                             | 0   |
| Between 2 and 5 years | 1.543                         | 1.365                                       | 0                             | 0   |
| Over 5 years          | 243                           | 215   | 0                             | 0   |
| Minus: Interest       | -316                          | 0   | 0                             | 0   |
| <b>Total</b>          | <b>2.365</b>                  | <b>2.365</b>                                | <b>0</b>                      | <b>0</b>                                    |

### III) Other commitments

The Group has contractual obligations for the purchase of telecommunication services for the interconnection of points of sale. The minimum future payments for the remaining contract duration on December 31, 2019 were:

| GROUP                 | 31/12/2019    | 31/12/2018   |
|-----------------------|---------------|--------------|
| Within 1 year         | 2.877         | 2.010        |
| Between 2 and 5 years | 8.382         | 1.800        |
| Over 5 years          | 138           | 221          |
| <b>Total</b>          | <b>11.397</b> | <b>4.031</b> |

## 2.33 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 financial position. 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 management means maintaining adequate liquidity, funding ability through approved credit limits, and ability to repay liabilities. The Group has established specific policies to manage and

monitor its liquidity in order to continuously have sufficient cash and liquid non-core assets that can meet its obligations. In addition, the Group has set up a system of monitoring and constant optimization of its operating and investing costs in the framework of its liquidity management policies.

The following tables summarize the maturity of the financial liabilities of the Group based on 31/12/2019 and 31/12/2018:

| GROUP<br>Financial Liabilities:   | 31/12/2019     |                |              | Total            |
|---|----------------|----------------|--------------|------------------|
|   | 0-1 years      | 2-5 years      | > 5 years    |                  |
| Creditors and other liabilities <sup>1</sup> (note <a href="#">2.29</a> ) | 76.718         |                |              | <b>76.718</b>    |
| Other long term liabilities <sup>1</sup> (note <a href="#">2.28</a> )     |                | 770            |              | <b>770</b>       |
| Bonds (Senior Notes) <sup>2</sup>   | 41.750         | 840.183        |              | <b>881.933</b>   |
| Other Loans and lease liabilities <sup>3</sup>                            | 26.945         | 14.659         | 2.809        | <b>44.413</b>    |
| <b>Total</b>  | <b>145.413</b> | <b>855.612</b> | <b>2.809</b> | <b>1.003.834</b> |

| GROUP<br>Financial Liabilities:   | 31/12/2018     |                |                | Total            |
|---|----------------|----------------|----------------|------------------|
|   | 0-1 years      | 2-5 years      | > 5 years      |                  |
| Creditors and other liabilities <sup>1</sup> (note <a href="#">2.29</a> ) | 95.739         |                |                | <b>95.739</b>    |
| Other long term liabilities <sup>1</sup> (note <a href="#">2.28</a> )     |                | 671            | 10             | <b>681</b>       |
| Bonds (Senior Notes) <sup>2</sup>   | 42.863         | 387.700        | 520.987        | <b>951.550</b>   |
| Other Loans and lease liabilities <sup>3</sup>                            | 28.860         | 10.224         | 927            | <b>40.011</b>    |
| <b>Total</b>  | <b>167.462</b> | <b>398.595</b> | <b>521.924</b> | <b>1.087.981</b> |

<sup>1</sup> Excluding "Deferred Income" of notes [2.28](#) & [2.29](#) and refer to liabilities balances as of 31/12/2019 and 31/12/2018 as recognised in the relevant Statements of Financial Position, measured at amortized cost.

<sup>2</sup> Refer to Facilities "A" and "B" of note [2.25](#) and include bonds balances (outstanding balance – after relevant repurchases) including future contractual interest up to maturity date, on undiscounted values, that differ to the relevant carrying amounts on Statements of Financial Position, that are measured at amortized cost according to IFRS 9.

<sup>3</sup> Refer to the Debt mentioned to the note [2.25](#) (excluding the above Bonds) as of 31/12/2019 & 31/12/2018 and is stated as has been recognized to the relevant Statements of Financial Positions, measured at amortized cost. On 31/12/2018 impact by the first application of IFRS 16 as of 1/1/2019 is excluded, but it is disclosed in the note [2.1.4](#).

| COMPANY <sup>4</sup><br>Financial Liabilities:               | 31/12/2019    |                |            | Total          |
|--|---------------|----------------|------------|----------------|
|  | 0-1 years     | 2-5 years      | > 5 years  |                |
| Creditors and other liabilities (note <a href="#">2.29</a> ) | 38.898        |                |            | <b>38.898</b>  |
| Other long term liabilities (note <a href="#">2.28</a> )     |               |                |            | <b>0</b>       |
| Loans and lease liabilities (note <a href="#">2.25</a> )     | 785           | 280.273        | 215        | <b>281.273</b> |
| <b>Total</b>   | <b>39.683</b> | <b>280.273</b> | <b>215</b> | <b>320.171</b> |

| COMPANY <sup>4</sup><br>Financial Liabilities:               | 31/12/2018    |                |               | Total          |
|--|---------------|----------------|---------------|----------------|
|  | 0-1 years     | 2-5 years      | > 5 years     |                |
| Creditors and other liabilities (note <a href="#">2.29</a> ) | 45.125        |                |               | <b>45.125</b>  |
| Other long term liabilities (note <a href="#">2.28</a> )     |               |                |               | <b>0</b>       |
| Loans and lease liabilities (note <a href="#">2.25</a> )     |               | 248.645        | 37.735        | <b>286.380</b> |
| <b>Total</b>   | <b>45.125</b> | <b>248.645</b> | <b>37.735</b> | <b>331.505</b> |

<sup>4</sup> Excluding "Deferred Income" of notes [2.28](#) & [2.29](#) and refer to liabilities balances as of 31/12/2019 and 31/12/2018 as recognised in the relevant Statements of Financial Position, measured at amortized cost.

## 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.

| <b>Sensitivity Analysis in Currency movements</b><br>amounts of the period 1/1 – 31/12/2019<br>(in thousand €) |                   |                                 |                  |
|--|-------------------|---------------------------------|------------------|
| Foreign Currency   | Currency Movement | Effect in Earnings before taxes | Effect in Equity |
| <b>USD:</b>  | 5%                | -1.485                          | 3.749            |
|  | -5%               | 1.343                           | -3.392           |
| <b>TRY:</b>  | 5%                | 942                             | 496              |
|  | -5%               | -852                            | -449             |
| <b>PEN:</b>  | 5%                | 109                             | 28               |
|  | -5%               | -98                             | -25              |
| <b>BRL:</b>  | 5%                | -120                            | -1.394           |
|  | -5%               | 109                             | 1.262            |
| <b>CNY:</b>  | 5%                | -204                            | 91               |
|  | -5%               | 185                             | -83              |
| <b>ARS:</b>  | 5%                | 293                             | 176              |
|  | -5%               | -265                            | -159             |

| <b>Sensitivity Analysis in Currency movements</b><br>amounts of the period 1/1 – 31/12/2018<br>(in thousand €) |                   |                                 |                  |
|--|-------------------|---------------------------------|------------------|
| Foreign Currency   | Currency Movement | Effect in Earnings before taxes | Effect in Equity |
| <b>USD:</b>  | 5%                | -678                            | 3.816            |
|  | -5%               | 613                             | -3.452           |
| <b>TRY:</b>  | 5%                | 3.416                           | 598              |
|  | -5%               | -3.091                          | -541             |
| <b>PEN:</b>  | 5%                | 81                              | 30               |
|  | -5%               | -73                             | -27              |
| <b>BRL:</b>  | 5%                | -315                            | -1.105           |
|  | -5%               | 285                             | 1.000            |
| <b>CNY:</b>  | 5%                | -112                            | -69              |
|  | -5%               | 101                             | 63               |
| <b>ARS:</b>  | 5%                | 317                             | 198              |
|  | -5%               | -287                            | -179             |

## DERIVATIVE FINANCIAL INSTRUMENTS

To cover currency risk from future cash flows in foreign currency, the Group proceeded during 2018 to conclusion of related hedging contracts with Greek and international financial institutions, for Parent Company and its subsidiaries. These contracts concerned, flexible forwards for future cash flows in TRY amounting 32,9 million.

As at 31 December 2018, the Group from the valuation of fair value and liquidation of these derivatives, reported a profit of €68 thousand, recognized in income statement 2018 (€50 thousand) and hedging reserve (€18 thousand).

For 2019 the Group didn't proceed with such contracts in order to cover currency risk.

## 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 2019, taking into account the impact of financial hedging products, approximately 98% of the Group's borrowings are at a fixed rate (2018: 97%) with an average life of approximately 4 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 2019         | Change in interest rate | Effect on profit before tax |
|-------------------|-------------------------|-----------------------------|
| <b>Euribor 1M</b> | +/- 1%                  | -                           |

| Year 2018         | Change in interest rate | Effect on profit before tax |
|-------------------|-------------------------|-----------------------------|
| <b>Euribor 1M</b> | +/- 1%                  | 150                         |

**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 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 (31/12/2019: approximately 2,41), and will be able to incur additional senior debt as long as on a pro forma basis the ratio of total net debt to EBITDA (senior leverage ratio) is not more than 3,75 (31/12/2019: approximately 5,79). Furthermore to the above, the Group can incur additional debt from specific baskets. 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 lease liabilities minus cash and cash equivalents.

|   | GROUP          |                         |
|---|----------------|-------------------------|
|   | 31/12/2019     | 31/12/2018 <sup>1</sup> |
| Long term loans                                   | 716.674        | 735.297                 |
| Long term lease liabilities                       | 10.681         | 1.797                   |
| Short term loans                                  | 31.851         | 38.929                  |
| Short term lease liabilities                      | 6.019          | 1.726                   |
| <b>Total Debt</b>                                 | <b>765.225</b> | <b>777.749</b>          |
| Cash and cash equivalents                         | -171.114       | -162.461                |
| <b>Net Debt</b>                                   | <b>594.111</b> | <b>615.288</b>          |
| Discontinued operations debt                      | 0              | -1.272                  |
| Discontinued operations cash and cash equivalents | 0              | 1.080                   |
| <b>Net debt (adjusted)</b>                        | <b>594.111</b> | <b>615.096</b>          |
| <b>EBITDA from continuing operations</b>          | <b>87.784</b>  | <b>117.736</b>          |
| <b>Leverage</b>                                   | <b>6,77</b>    | <b>5,22</b>             |

<sup>1</sup> The Net Debt 31/12/2018 has been adjusted to exclude the balances of Group discontinued operations in Totolotek S.A..

Regarding capital structure, INTRALOT has retained Evercore Partners and Allen & Overy, as financial and legal advisors respectively, to review and implement strategic alternatives for the business. The strategic review process will include assessing all available financial and strategic options which may be available to optimize the Company's capital structure, with a view to best position the Company to capture growth opportunities in its key markets and maximize stakeholder value. In that regard, the Company and its advisors will seek to engage directly with its stakeholders in due course.

#### **Risk of coronavirus pandemic (COVID-19)**

The coronavirus outbreak occurred at a time close to the end of 2019. In late 2019, a cluster of cases displaying the symptoms of a "pneumonia of unknown cause" were identified in Wuhan, the capital of China's Hubei province. On 30 December 2019, the Wuhan Municipal Health Committee issued an urgent notice about the virus and on 31 December 2019, China alerted the World Health Organisation (WHO) of this new virus. On 30 January 2020, the International Health Regulations Emergency Committee of the WHO declared the outbreak a "Public Health Emergency of International Concern". Since then, more cases have been diagnosed, also in other countries. Measures were taken and policies imposed by China and other countries. On 11 March 2020, the WHO announced that the coronavirus outbreak can be characterised as a pandemic. Many governments have introduced various measures to combat the outbreak, including travel restrictions, quarantines, closure of business and other venues and lockdown of certain area. These measures have affected the global supply chain as well as demand for goods and services. At the same time, fiscal and monetary policies are being relaxed to sustain the economy. These government responses and their corresponding effects are still evolving.

For 31 December 2019 financial statements, the financial reporting effects of the COVID-19 outbreak are generally subsequent non-adjusting events because the significant changes in business activities and economic conditions occurred as a result of events arising after the reporting date – e.g. actions taken by governments and the private sector to respond to the COVID-19 outbreak. However, the future potential impact of this outbreak must be assessed in the light of the accounting going concern used to prepare these Annual Financial Statements for the period ended 31 December 2019. Given the proliferation of COVID-19, it is difficult to predict the range of possible results for the global economy at this point. The results may range from the successful reduction of the virus and the small short-term

effects, to a prolonged effect that can lead to a possible recession. In addition, most governments have recently stated that certain political and fiscal actions will be implemented, aiming at mitigating the potential negative economic impact.

Regarding the activities of the Group, the Management closely monitors the developments from the outbreak, follows the guidance of the local health authorities and observes the requirements and actions implemented by all local governments. The Group has implemented emergency plans to reduce the potential adverse effects on the Group's employees and businesses. Further details regarding the restrictions on Group operations from both COVID-19 and local governments actions, as well as the potential financial impacts on the performance of the year 2020, are presented in the in the note [2.37](#) "Subsequent events".

### 2.34 APPLICATION OF IAS 29 "FINANCIAL REPORTING IN HYPERINFLATIONARY ECONOMIES"

The Group operates in Argentina through its two subsidiaries Techno Accion SA and Techno Accion Salta SA. Since the third quarter of 2018, the cumulative 3-year inflation index in Argentina has exceeded 100% and the country is now considered as a hyperinflationary economy for accounting purposes under IAS 29. The Group applied, for the first time in the nine months of 2018, IAS 29 and restated to current purchasing power in the financial statements (2018 transactions and non-cash balances) of the above subsidiaries that use ARS as functional currency and present their financial statements at historical cost. The restatement was made using the (IPIM) Internal Index Wholesale Prices and applied pursuant to IAS 29, as if Argentina has always been a hyperinflationary economy. The cumulative effect of the application of IAS 29 by 31/12/2017 was recorded as an adjustment to the opening balance of equity for the year 2018.

Below is an analysis of the cumulative effect (after the relevant consolidation eliminations) of the non-cash assets, liabilities and equity from the application of IAS 29 by 31/12/2017 (adjustment to the opening balance of equity for the year 2018):

| Amounts in thousand €  | GROUP<br>1/1/2018 |  |
|--|-------------------|--|
| <b>ASSETS</b>  |                   |  |
| Tangible assets  | 1.800             |  |
| Intangible assets  | 42                |  |
| Trade and other short term receivables                         | 98                |  |
| <b>TOTAL ASSETS</b>  | <b>1.940</b>      |  |
| <b>EQUITY AND LIABILITES</b>                                   |                   |  |
| Other reserves   | 626               |  |
| Retained earnings  | 5                 |  |
| <b>Total equity attributable to shareholders of the parent</b> | <b>631</b>        |  |
| Non-controlling interest                                       | 631               |  |
| <b>Total equity</b>  | <b>1.262</b>      |  |
| Deferred tax liabilities                                       | 678               |  |
| <b>Total long term liabilities</b>                             | <b>678</b>        |  |
| <b>TOTAL LIABILITIES</b>                                       | <b>678</b>        |  |
| <b>TOTAL EQUITY AND LIABILITES</b>                             | <b>1.940</b>      |  |

The  
result  
(after  
the

relevant consolidation eliminations) from the restatement of the non-cash assets, liabilities and

transactions of 2019 following the application of IAS 29 amounted to a profit of €510 thousand and was recorded in the Income Statement (line "Gain/(loss) to net monetary position").

The conversion FX rates of the financial statements of the above subsidiaries were:

**Statement of Financial Position:**

|           | 31/12/2019 | 31/12/2018 | Change |
|-----------|------------|------------|--------|
| EUR / ARS | 67,23      | 43,10      | 56,0%  |

**Income statement:**

|                        | AVG 1/1-<br>31/12/2019 | AVG 1/1-<br>31/12/2018 | Change |
|------------------------|------------------------|------------------------|--------|
| EUR / ARS <sup>1</sup> | 67,23                  | 43,10                  | 56,0%  |

<sup>1</sup> The Income Statement of 2019 of the Group's subsidiaries operating in Argentina was converted at the closing rate of 31/12/2019 instead of the AVG. 1/1-31/12/2019 pursuant to IAS 21, paragraph 42a, for hyperinflationary economies.

**2.35 COMPARABLES**

In the presented data of the previous years, there were limited adjustments/reclassifications for comparability purposes, with no significant impact on "Equity", "Sale Proceeds" and "Profit / (loss) after tax" of the Group and the Company.

In addition, when finalizing the analysis of the impact of the application of IFRS 15 at the end of 2018, the Group has decided to reclassify consideration (bonuses, marketing incentives, etc.) payable to customers, or customers of Group's customers when the Group operates as an agent, from "Cost of Sales" and "Selling Expenses" to be deducted by "Sale Proceeds". Below are the relative reclassifications of comparative periods for 2018.

| Amounts in<br>thousand €        | GROUP<br>1/1-30/9/2019 |                                       |   |  | Total          |
|---------------------------------|------------------------|---------------------------------------|---|--|----------------|
|                                 | Initial<br>Publication | Subsequent Discontinued<br>Operations | Consideration Payable<br>to Customers<br>reclassification |  |                |
| Sale Proceeds                   | 798.645                | -121.333                              | -16.085   |  | 661.227        |
| Less: Cost of Sales             | -636.442               | 100.686                               | 1.774   |  | -533.982       |
| <b>Gross Profit<br/>/(loss)</b> | <b>162.203</b>         | <b>-20.647</b>                        | <b>-14.311</b>  |  | <b>127.245</b> |
| Selling Expenses                | -43.899                | 2.361                                 | 14.311  |  | -27.227        |
| <b>EBIT</b>                     | <b>66.856</b>          | <b>-17.069</b>                        | <b>0</b>  |  | <b>49.787</b>  |
| <b>EBITDA</b>                   | <b>114.917</b>         | <b>-17.314</b>                        | <b>0</b>  |  | <b>97.603</b>  |

| GROUP<br>1/1-30/6/2018          |                        |                                       |   |               |
|---------------------------------|------------------------|---------------------------------------|---|---------------|
| Amounts in thousand<br>€        | Initial<br>Publication | Subsequent Discontinued<br>Operations | Consideration Payable<br>to Customers<br>reclassification | Total         |
| Sale Proceeds                   | 547.618                | -82.151                               | -12.463   | 453.004       |
| Less: Cost of Sales             | -431.123               | 69.299                                | 1.226   | -360.598      |
| <b>Gross Profit<br/>/(loss)</b> | <b>116.495</b>         | <b>-12.852</b>                        | <b>-11.237</b>  | <b>92.406</b> |
| Selling Expenses                | -31.826                | 1.526                                 | 11.237  | -19.063       |
| <b>EBIT</b>                     | <b>48.270</b>          | <b>-10.506</b>                        | <b>0</b>  | <b>37.764</b> |
| <b>EBITDA</b>                   | <b>80.080</b>          | <b>-10.670</b>                        | <b>0</b>  | <b>69.410</b> |

| GROUP<br>1/1-31/3/2018          |                        |                                       |   |               |
|---------------------------------|------------------------|---------------------------------------|---|---------------|
| Amounts in thousand<br>€        | Initial<br>Publication | Subsequent Discontinued<br>Operations | Consideration<br>Payable to Customers<br>reclassification | Total         |
| Sale Proceeds                   | 280.665                | -40.237                               | -7.168  | 233.260       |
| Less: Cost of Sales             | -219.886               | 33.622                                | 540   | -185.724      |
| <b>Gross Profit<br/>/(loss)</b> | <b>60.779</b>          | <b>-6.615</b>                         | <b>-6.628</b>   | <b>47.536</b> |
| Selling Expenses                | -17.185                | 664                                   | 6.628   | -9.893        |
| <b>EBIT</b>                     | <b>26.915</b>          | <b>-5.574</b>                         | <b>0</b>  | <b>21.341</b> |
| <b>EBITDA</b>                   | <b>42.599</b>          | <b>-5.660</b>                         | <b>0</b>  | <b>36.939</b> |

## 2.36 SIGNIFICANT FLUCTUATIONS, RECLASSIFICATIONS & REVERSALS

### Income Statement

Below are the most significant fluctuations in the Group's Income Statement for the period 1/1-31/12/2019 compared to 1/1-31/12/2018:

#### **Sale proceeds**

Sale proceeds decreased by €63,8 million, or by 8,1%, from €784,4 million in the period 1/1-31/12/2018 to €720,6 million in the period 1/1-31/12/2019. This decrease was mainly driven by the decreased revenue in the segments "Licensed operations" and "Management contracts". Particularly, Sale proceeds decreased by €42,4 million in Bulgaria (driven mainly by Eurofootball Ltd Sports Betting performance as a result of a conservative payout strategy, as well the change in the consolidation method of Eurofootball Ltd since December 2019 - equity method versus full consolidation previously), by €16,0 million in Turkey (due to the discontinued contract of Inteltek Internet A.S. post August of 2019, the decline in Bilyoner AS market share and revised commercial terms, following the transition to the new Sports Betting era in Turkey, as well as the negative FX impact), by €13,5 million in Greece (primarily driven by the transition to the new OPAP contract), by €11,7 million in Argentina (due to the negative FX impact and the application of IAS 29), by €3,1 million in Morocco (due to discontinuation of the contract with one of the two lotteries (SGLN)), as well as by €1,7 million in Russia (due to the discontinued contract). At the same time, turnover increased by €20,7 million in the US (mainly due to the contribution of the new contract to Illinois (beginning in mid-February 2019), the sale of equipment in Arkansas in the third quarter of 2019 and the

jackpot Powerball that took place in the first quarter of 2019), as well as by €2,8 million in the Netherlands (due to improved performance in sports betting).

Sale Proceeds for the period 1/1-31/12/2019 on a constant currency basis, net of negative FX impact of €27,0 million, amounted to €747,6 million meaning an decrease by 4,7% compared to the period 1/1-31/12/2018.

### **Gross Profit**

Gross profit decreased by €32,0 million, or by 20,2%, from €158,0 million in the period 1/1-31/12/2018 to €126 million in the period 1/1-31/12/2019. This decrease is mainly driven from the decrease in Sale proceeds as analyzed above, as well as the decreased Gross Profit margin, mainly due to the smaller scope of the OPAP contract with freed resources allocated towards the successful and efficient delivery of Group products under contracts' pipeline, as well as due to the increased depreciation because of the significant capex investments during the last two years, and the IFRS 16 first time application.

### **Other Operating Income**

Other operating income increased by €3,9 million, or 25,0%, from €15,6 million in the twelve months period ended December 31, 2018 to €19,5 million in the twelve months period ended December 31, 2019. The major driver of this increase was the higher income from leased equipment in USA.

### **Selling Expenses**

Selling expenses increased by €4,4 million, or 12,2%, from €35,8 million in the twelve months period ended December 31, 2018 to €40,2 million in the twelve months period ended December 31, 2019. This increase was primarily due to higher training costs of the retailers' network for the roll out of the Illinois contract in USA, as well as higher advertising costs in Turkey.

### **Administrative Expenses**

Administrative expenses increased by €7,5 million, or 10,6%, from €71,1 million in the twelve months period ended December 31, 2018 to €78,6 million in the twelve months period ended December 31, 2019. This increase was primarily due to higher costs in USA because of the Illinois contract launch.

### **Other operating expenses**

Other operating expenses increased by €7,8 million, from €10,0 million in the period 1/1-31/12/2018 to €17,8 million in the period 1/1-31/12/2019. This increase is mainly due to the one-off provisions in 2019 for personnel redundancy allowances in Turkey due to the discontinued contract of Inteltek Internet A.S., as well as higher penalties in Morocco for 2019.

### **EBITDA**

EBITDA decreased by €29,9 million, or by 25,4%, from €117,7 million in the period 1/1-31/12/2018 to €87,8 million in the period 1/1-31/12/2019. This decrease is mainly driven by the decrease in Sale proceeds, the decrease in Gross Profit margin and the increase in operating expenses as analyzed above. EBITDA for the period 1/1-31/12/2019 on a constant currency basis, net of negative FX impact of €6,0 million, amounted to €93,8 million meaning a decrease by 20,3% compared to the period 1/1-31/12/2018.

### **Income/(expenses) from participations and investments**

Income/(expenses) from participations and investments increased by €14,3 million, from €2,4 million in the period 1/1-31/12/2018 to €16,7 million in the period 1/1-31/12/2019. This increase is mainly driven by the gain within 2019 of the bonds repurchase due in 2024, and the gain from Hellenic Lotteries SA investment disposal, in part offset by Eurofootball Ltd investment provision impairment.

### **Gain / (losses) from assets disposal, impairment loss and write-off of assets**

Gain / (losses) from assets disposal, impairment loss and write-off of assets deteriorated by €11,4 million, from loss €19,3 million in the period 1/1-31/12/2018 to loss €30,7 million in the period 1/1-31/12/2019. This deterioration is mainly driven by the increased impairment provisions of assets, mainly due to the impairment provision of goodwill in subsidiaries. Further analysis is provided to notes [2.14](#) and [2.16](#)

### **Interest and Similar Expenses**

Interest and similar expenses increased by €2,7 million, or 5,4%, from €50,0 million in the twelve period ended December 31, 2018 to €52,7 million in the twelve months period ended December 31, 2019. This increase was primarily due to the first time application in 2019 of IFRS 16 accounting for lease agreements, as well as higher interest expenses from US facility.

### **Interest and Related Income**

Interest and related income decreased by €3,5 million, or 43,2% from €8,1 million in the twelve months period ended December 31, 2018 to €4,6 million in the twelve months period ended December 31, 2019, primarily due to higher interest income on bank deposits and debtors in 2019.

### **Exchange Differences**

The account "Exchange Differences" in the period 1/1-31/12/2019 of €3,3 million mainly refers to gain of approximately €5,8 million from valuation of cash balances in foreign currency other than the functional currency of each entity, loss of approximately €0,8 million from valuation of commercial and borrowing liabilities (intercompany and non) in EUR that various subsidiaries abroad had as at 31/12/2019, with a different functional currency than the Group, as well as losses of approximately €1,8 million from the reclassification of the revaluation reserve of foreign exchange differences in the income statement pursuant to IFRS 10.

### **Profit / (loss) from equity method consolidations**

Losses from equity method consolidations remained stable for the period 1/1-31/12/2019 compared to losses of €17,5 million in the period 1/1-31/12/2018.

### **Taxes**

Taxes in the period 1/1-31/12/2019 amounted to €19,1 million, versus €13,3 million in the period 1/1-31/12/2018. This increase was primarily due to the positive impact of deferred taxation by €7,3 million in 2018, in contrast to the negative impact by €1,5 million in 2019, that were partially set-off by the decreased in 2019 current income tax burden by €3,0 million (mainly due to lower taxable income in Turkey and Argentina).

Further analysis for the accounts Group Income Statement for the period 1/1-31/12/2019 compared to 1/1-31/12/2018 is provided in the ANNUAL Group Management report ("INTRALOT Group MANAGEMENT'S DISCUSSION & ANALYSIS") that has been posted in the website [www.intralot.com](http://www.intralot.com).

### **Statement of Financial Position**

No significant reclassifications were made to the Group's statement of financial position as of 31/12/2019 compared to the 31/12/2018, except the ones reported in note [2.1.4](#), after the IFRS 16 first time application.

### **Contract of OPAP technical support**

Intralot Group relationship with Greek Organization of Football Prognostics S.A. (OPAP) began in 1999. On September 2014 The Group signed a four year technology contract with OPAP. 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 development. 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. In December 2017, the Group and OPAP agreed the extension of their cooperation, specifically in the field of numerical lotteries that relates to a limited scope compared to the previous contract. New contract, starting on August 1, 2018 has a duration of three years and includes an option for OPAP to renew for an additional two years.

### **2.37 SUBSEQUENT EVENTS**

In March 2020, INTRALOT announced its BoD decision that Mr. Sokratis Kokkalis, who remains Executive Chairman of the Board, stepped down as Group CEO and will be succeeded by Mr. Christos Dimitriadis, effective 9 March 2020. In parallel, Mr. Dimitriadis has been elected Executive Member of the BoD, in replacement of Mr. Dimitrios Klonis.

In April 2020, INTRALOT announced the recomposition of its Board of Directors on April 13, 2020 as follows:

Sokratis P. Kokkalis, Chairman, Executive Member.

Constantinos G. Antonopoulos, Vice Chairman, Non-Executive Member.

Christos K. Dimitriadis, CEO, Executive Member.

Chrysostomos D. Sfatos, Deputy CEO, Executive Member.

Nikolaos I. Nikolakopoulos, Executive Member.

Alexandros – Stergios N. Manos, Non-Executive Member.

Sotirios N. Filos, Independent Non-Executive Member.

Anastasios M. Tsoufis, Independent Non-Executive Member.

Ioannis P. Tsoukaridis, Independent Non-Executive Member.

The Board term expires on 17.04.2025.

The above recomposition of the Board of Directors occurred as a result of the new Group's organizational structure and the assignment of the duties of the Group Chief Commercial Officer, instead of the Deputy



Chief Executive Officer, to Mr. Nikolaos Nikolakopoulos, who also remains an executive member of the Board of Directors.

### **Coronavirus pandemic (COVID-19) impact**

The COVID-19 pandemic has affected economic and business activity around the world. The extent of its impact will depend on its duration, government policy in key jurisdictions regarding restrictions implemented and the current and subsequent economic disruption that the pandemic will cause.

According to H2GC data, the current outlook for the gaming business indicates that the industry global GGR for 2020 is expected to fall between 2013 and 2012 levels, i.e. around \$400 billion, approximately 15% lower compared to its forecasts prior to the COVID-19 outbreak, impacted significantly among other factors by the postponement or cancelation of major sporting events and competitions globally.

The health and safety of our team is of paramount importance. Since early March 2020, INTRALOT has responded to the environment presented by COVID-19 by activating its WLA certified Business Continuity Plan and by using technology in order to immediately enable about 80% of its personnel to work remotely, respecting public authorities' instructions and protecting the health and safety of its personnel, thus preserving business continuity for its customers. However, some delays may be experienced in the product roadmap and in the production of new hardware equipment in Asia or other disruptions in the supply chain from third parties.

Lockdowns, store closures, and the lack of sports betting content are the main sources of impact on the company revenues during the high-impact period, either totally such as in Malta, Australia, and Morocco or partially such as in the US, The Netherlands and Chile.

Group subsidiaries have applied for governmental support programs related to personnel furloughs in Australia and Malta while further mitigation measures are taken in all operations on a risk-based approach, resulting in estimated deferral in Capex in the vicinity of €13 million and reductions in Opex in the vicinity of €15 million in 2020.

We currently expect that the crisis impact on Group GGR will peak in April and May 2020 and we assume gradual return to near budget figures by November/December 2020 as activity potentially rebounds from June 2020 onwards.

In the US operation, March and early April data show a high degree of resilience given that in many states a significant portion of the retail network remains open. However, the lack of sports betting content has led to delays in the anticipated contribution to the US operation EBITDA from the nascent sports betting revenue stream.

By evaluating available March and early April 2020 data and known lockdown forecasts per jurisdiction, the Company's best estimate impact for 2020 is in the range of €25-30 million at Group's EBITDA level.

The company is constantly reviewing the situation in order to protect the safety of its employees and the integrity of its operation and will offer updates when conditions change materially.

**Maroussi, May 4, 2020**

**THE CHAIRMAN OF THE BOD**

**THE CHIEF EXECUTIVE OFFICER AND  
MEMBER OF THE BOD**

**S.P. KOKKALIS**  
**ID. No. AI 091040**

**C.K. DIMITRIADIS**  
**ID. No. X 065189**

**THE GROUP CFO**

**THE GROUP ACCOUNTING DIRECTOR**

**A. A. CHRYSOS**  
**ID No. AK 544280**

**N. G.PAVLAKIS**  
**ID.No. AZ 012557**  
**H.E.C. License**  
**No. 15230/ A' Class**