INTRALOT Group

MANAGEMENT'S DISCUSSION & ANALYSIS

of our financial condition and results of operations for the period 1/1-31/12/2020

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Overview

We are a global leader in the supply of integrated gaming systems and services. We design, develop, operate and support customized software and hardware for the gaming industry and provide innovative technology and services to state and state licensed lottery and gaming organizations worldwide. Since our establishment more than 20 years ago, we have developed innovative technological and operating know-how and experience, which are central to maintaining our existing customer relationships as well as winning new contracts. Our long-standing relationships with our customers give us valuable insight into their strategic and other business needs. We operate a diversified and stable portfolio in 41 jurisdictions worldwide. Our business activities range from the provision of customized gaming platforms to full management of end-to-end gaming operations either for our own or other licensed operations, depending upon the market in which we operate.
In the twelve months period ended December 31, 2020, we had revenue of €364,8 million and EBITDA of €66,2 million on continuing basis for entities that we consolidate, though we have minority ownership in some of such subsidiaries. In addition, in the twelve months ended December 31, 2020, our revenue from Greece, Rest of Europe, the Americas and the Rest of the World represented 1,9%, 32,4%, 52,8% and 12,9% of total revenue, respectively.

Results of Operations of the INTRALOT Group

Comparison of the twelve months period ended December 31, 2019 with the twelve months period ended December 31, 2020

Overview

Income Statement Information (€ in million) (audited)	**twelve months ended December 31,** 2019	2020	**% change**
Revenue	437,3	364,8	-16,6%
Less: Cost of sales	-343,0	-289,5	-15,6%
Gross profit	**94,3**	**75,3**	**-20,1%**
Other operating income	19,2	17,6	-8,3%
Selling expenses	-35,2	-23,7	-32,7%
Administrative expenses	-73,6	-73,3	-0,4%
Research and development expenses	-3,8	-2,9	-23,7%
Other operating expenses	-17,4	-2,1	-87,9%
EBIT	**-16,5**	**-9,1**	**+44,8%**
EBITDA	**64,6**	**66,2**	**2,5%**
Income/(expenses) from participations and investments	18,3	-3,9	n/a
Gain/(loss) from assets disposal, impairment and write-off	-12,2	-21,7	-77,9%
Interest and similar expenses	-52,5	-50,0	-4,8%
Interest and related income	4,6	1,6	-65,2%
Exchange differences	3,2	-9,6	n/a
Profit/(loss) equity method consolidation	-20,6	-1,5	+92,7%
Gain/(loss) on net monetary position	0,5	0,1	-80,0%
Operating profit/(loss) before tax	**-75,2**	**-94,1**	**-25,1%**
Less: taxes	-19,2	-7,2	-62,5%
Net profit/(loss) from continuing operations (a)	**-94,4**	**-101,3**	**-7,3%**
Net Profit / (loss) from Discontinued Operations (b) [1]	12,3	-1,8	n/a

Net Profit /(Loss) after taxes (Continuing and Discontinued Operations) (a) + (b)	**-82,1**	**-103,1**	**-25,6%**
Attributable to:			
Equity holders of parent			
-Profit/(loss) from continuing operations	-105,4	-104,1	+1,2%
-Profit/(loss) from discontinued operations [1]	1,2	-2,1	n/a
	-104,2	**-106,2**	**-1,9%**
Non-Controlling Interest			
-Profit/(loss) from continuing operations	11,0	2,8	-74,5%
-Profit/(loss) from discontinued operations [1]	11,1	0,3	-97,3%
	22,1	**3,1**	**-86,0%**

[1] The activities of Group subsidiaries in Poland (Totolotek S.A.), in Bulgaria (Bilot EOOD, Eurofootball Ltd, Bilot Investment Ltd, Eurobet Ltd, Eurobet Trading Ltd, ICS S.A.), in Italy (Gamenet Group S.p.A.) and Peru (Intralot de Peru SAC) are presented as discontinued operations pursuant to IFRS 5.

Sales Overview

Total revenue decreased by €72,5 million, or 16,6%, from €437,3 million in the twelve months period ended December 31, 2019 to €364,8 million in the twelve months period ended December 31, 2020. This decrease was mainly driven by decreased revenue in licensed operations and management contracts segments.

Revenue by Business Activity

The following table sets forth our revenue for each business activity for the twelve months period ended December 31, 2019 and 2020.

Revenue by Business Activity (€ in million)	**twelve months period ended December 31,**		**% change**
(audited)	**2019**	**2020**	
Licensed operations	159,5	119,8	-24,9%
Management contracts	69,5	33,5	-51,8%
Technology and support services	208,3	211,5	1,5%
Total	**437,3**	**364,8**	**-16,6%**

Revenue in our licensed operations activity line decreased by €39,7 million, or 24,9%, from €159,5 million in the twelve months period ended December 31, 2019 to €119,8 million in the twelve months period ended December 31, 2020. The decrease is attributed mainly to COVID-19 pandemic impact on **other Licensed Operations** (Argentina and Brazil), which dropped by €-21,4 million, and **Malta** (€-18,3 million).

Revenue in our management contracts activity line decreased by €36,0 million, or 51,8%, from €69,5 million in the twelve months period ended December 31, 2019 to €33,5 million in the twelve months period ended December 31, 2020. The decrease is mainly driven by the deficit from our **Turkish** operations (€-24,0 million), driven largely by Inteltek's contract discontinuation post August 2019, as well as by the decline in Bilyoner's top line performance, following the transition to the new Sports Betting era in Turkey (driven by a market share reduction and revised commercial terms), as well as the impact of the COVID-19 pandemic. In FY20, the Sports Betting market expanded close to 2,3 times y-o-y, with the online segment representing close to 92% of the market. Performance in Euro terms was also heavily impacted by the devaluation of the local currency (26,6% Euro appreciation versus a year ago – in YTD average terms). The deficit in our management contracts was further increased by **Morocco's** (€-14,0 million or -57,6% y-o-y) performance, mainly impacted by the revised commercial terms following the transition to the new contract, being additionally deteriorated by the COVID-19 impact (mainly in the first half of 2020). The decrease in our Management contracts activity line was partially offset by the launch of **US** Sports Betting in Montana and Washington, D.C. (€+2.0m).

Revenue in our technology and support services line increased by €3,2 million, or 1,5%, from €208,3 million in the twelve months period ended December 31, 2019 to €211,5 million in the twelve months period ended December 31, 2020. The increase is mainly attributed to **US** operations' increased revenue (€+21.1m), driven by strong growth in our Lottery operations, the full year contribution of Illinois contract, the one-off revenue recognition in relation to our new project in Canada with BCLC and the merchandise sales in Illinois, which fully absorbed the Ohio CSP contract termination impact (expired in June 2019), and **Netherlands'** performance (€+2,4 million), favorably impacted by an one-off sale in the second half of 2020 (approximately €10,3 million in equipment and services sale), fully offsetting the impact from the revised commercial terms and COVID-19 pandemic. The increase in our Technology and Support Services activity line mitigated the lower performance in **Australia** (€-5,9 million), driven by the COVID-19 pandemic impact, **Chile** (€-4,5 million), largely because of a significant Lotto jackpot in 1Q19, the recent social unrest in the country, and COVID-19 impact, as well as sales from **other jurisdictions**, mainly Greece and Argentina, which dropped by €-9,9 million, impacted by the COVID-19 pandemic and the lower rendering of services and merchandise sales.

Gross Gaming Revenue (GGR) by Business Activity

The following table sets forth our gross gaming revenue for each business activity for the twelve months period ended December 31, 2019 and 2020.

GGR by Business Activity (€ in million)	twelve months period ended December 31,		% change
(audited)	2019	2020	
Licensed operations	62,7	47,9	-23,6%
Management contracts	69,5	33,5	-51,8%
Technology and support services	208,3	211,5	1,5%
Total	**340,5**	**292,9**	**-14,0%**

Gross Gaming Revenue (GGR) from continuing operations decreased by 14,0% (from €340,5 million to €292,9 million) year over year, driven by the drop in the non-payout related GGR (-12.0% y-o-y or €-33.5m vs. FY19), mainly due to the reduced top line contribution of our Management contracts in Turkey and Morocco, and the decrease in our payout related GGR (-23.4% y-o-y or €-14.1m vs. FY19), driven mainly by the COVID-19 impact across our Licensed Operations (-24.8% on wagers from licensed operations[1]). FY20 Average Payout Ratio[2] was down by 0.7pps vs. LY (60.7% vs. 61.4%), primarily due to Malta's weighted contribution, in part offset by the weighted contribution of our operations in Latin America.

Gross Profit Margin

The Gross profit margin in the twelve months period ended December 31, 2020 was 20,6%, from 21,6% in the twelve months period ended December 31, 2019, negatively affected by the Gross Profit mix reshuffle (i.e., impact from Inteltek's contract discontinuation, offset by US Gross Profit margin improvement). Overall, Gross Profit decreased by 20,1% (or €19,0 million) compared to FY2020.

Other Operating Income

Other operating income decreased by €1,6 million, or 8,3%, from €19,2 million in the twelve months period ended December 31, 2019 to €17,6 million in the twelve months period ended December 31, 2020. The major driver of this decrease was the lower income from POS network support in Argentina and risk management in Turkey, partly offset by higher equipment lease income in USA.

Selling Expenses

Selling expenses decreased by €11,5 million, or 32,7%, from €35,2 million in the twelve months period ended December 31, 2019 to €23,7 million in the twelve months period ended December 31, 2020. This decrease was primarily due to higher costs in USA in 2019 regarding training costs of the retailers' network for the roll out of the Illinois contract, as well as lower advertising costs in 2020 in Turkey and Morocco.

Administrative Expenses

[1] Licensed Operations Revenue also include a small portion of non-Payout related revenue, i.e. value-added services, which totaled €1.3m and €1.9m for 12M20 and 12M19, respectively.

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

Administrative expenses decreased by €0,3 million, or 0,4%, from €73,6 million in the twelve months period ended December 31, 2019 to €73,3 million in the twelve months period ended December 31, 2020. This decrease was primarily due to lower costs in Turkey, Australia, USA, Argentina and Brazil, partially offset by capital structure optimization in 2020.

Research and Development Expenses

Research and development expenses decreased by 0,9 million or 23,7%, from €3,8 million in the twelve months period ended December 31, 2019 to €2,9 million in the twelve months period ended December 31, 2020.

Other Operating Expenses

Other operating expenses decreased by 15,3 million, from €17,4 million in the twelve months period ended December 31, 2019 to €2,1 million in the twelve months period ended December 31, 2020. This decrease was mainly due to the lower provisions for penalties in 2020, as well as the one-off provisions in 2019 for personnel dismissal allowances in Turkey following the Inteltek Internet AS contract expiration.

EBITDA

As a result of the above and the FX loss (€7,8 million[3]) from translation to EUR , EBITDA increased by €1,6 million, or 2,5%, from €64,6 million in the twelve months period ended December 31, 2019 to €66,2 million in the twelve months period ended December 31, 2020 while EBITDA margin increased from 14,8% in the twelve months period ended December 31, 2019 to 18,1% in the twelve months period ended December 31, 2020. The margin increase is primarily driven by our US operations (revenue growth coupled with cost savings) and Bilyoner's improved performance in the second half of 2020, in part offset by Inteltek's contract discontinuation and COVID-19 impact in the current year.

Income / (expenses) from participations and investments

Income/(expenses) from participations and investments came up to net expenses of €3,9 million in the twelve months period ended December 31, 2020 from net income of €18,3 million in the twelve months period ended December 31, 2019. This deterioration is mainly due to the decreased dividends income by €1,3 million in 2020, the lower by €16,8 million net gain from sale of participations and investments in 2020 (mainly due to the gain in 2019 from Hellenic Lotteries SA investment disposal, as well as the net gain from 2024 Notes repurchases), as well as the higher by €4,1 million losses of participations impairments in 2020 (due to provision for impairment of the Group's investment in the associate entity Goreward Ltd, mainly as a result of the COVID-19 pandemic).

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

Gain/(loss) from assets disposal, impairment and write-off deteriorated by €9,5 million, from loss of €12,2 million in the twelve months period ended December 31, 2019 to €21,7 million in the twelve months period ended December 31, 2020. This deterioration was primarily due to higher provisions for assets impairment losses in 2020, mainly due to COVID-19 pandemic.

Interest and Similar Expenses

Interest and similar expenses decreased by €2,5 million, or 4,8%, from €52,5 million in the twelve months period ended December 31, 2019 to €50,0 million in the twelve months period ended December 31, 2020. This decrease was primarily due to the repayment/ cancellation of Intralot Finance UK Ltd loan agreements in the middle of 2019 and the bonds buy-back in the second half of 2019.

Interest and Related Income

Interest and related income decreased by €3,0 million, or 65,2% from €4,6 million in the twelve months period ended December 31, 2019 to €1,6 million in the twelve months period ended December 31, 2020, primarily due to lower interest income on bank deposits and trade receivables in 2020.

[3] No CPI adjustment y-o-y; adjusting for inflation in Turkey and Argentina (proxy), FX loss y-o-y is estimated at €3,4 million.

Profit/(loss) from equity method consolidation

Profit/(loss) from equity method consolidation improved by €19,1 million from loss €20,6, million in the twelve months period ended December 31,2019 to loss €1,5 million in the twelve months period ended December 31, 2020, mainly deriving from Group associates in Asia affected by COVID-19.

Operating Profit before Tax

As a result of the above and due to exchange differences from a gain of €3,2 million in the twelve months period ended December 31, 2019 to a loss of €9,6 million in the twelve months period ended December 31, 2020 and decreased depreciation and amortization by €12,6 million, operating profit before tax decreased by €18,9 million from a loss of €75,2 million in the twelve months period ended December 31, 2019 to a loss of €94,1 million in the twelve months period ended December 31, 2020.

Taxes

Taxes in the twelve months period ended December 31, 2020 amounted to expense €7,2 million, versus expense €19,2 million in the twelve months period ended December 31, 2019. This decrease was primarily due to lower burden in 2020 from the current income tax (mainly due to lower taxable income in Turkey, Australia and Malta), as well as, the positive effect of the deferred tax and the lower tax audits burden in 2020.

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

As a result of the above, net profit/(loss) from continuing operations decreased by €6,9 million, from a loss of €94,4 million in the twelve months period ended December 31, 2019 to a loss of €101,3 million in the twelve months period ended December 31, 2020.

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

Net profit/(loss) from discontinued operations in in Poland (Totolotek S.A.), in Bulgaria (Bilot EOOD, Eurofootball Ltd, Bilot Investment Ltd, Eurobet Ltd, Eurobet Trading Ltd, ICS S.A.), in Italy (Gamenet Group S.p.A.) and Peru (Intralot de Peru SAC) decreased by €14,1 million, from a profit of €12,3 million in the twelve months period ended December 31, 2019 to a loss of €1,8 million in the twelve months period ended December 31, 2020.

Analysis of discontinued operations:

A) Poland

On March 26, 2019 INTRALOT Group announced that it has reached an agreement with Merkur Sportwetten GmbH, a subsidiary of the Gauselmann Group based in Espelkamp, Germany to take over the renowned sports betting company Totolotek SA – an INTRALOT subsidiary in Poland. The transfer of Totolotek SA shares was completed at the end of April 2019 and the Group consolidated it by 30/4/2019. The final consideration for the disposal of Totolotek SA amounted to approximately €8,0 million, including the contingent consideration, in case of meeting certain terms and requirements within 2 years, amounting to approximately €1,8 million on a discounted basis (€2,0 million in future value). From the above consideration amount approximately €5,5 million was paid in the first six-months of 2019 and amount approximately €0,8 million in July 2019. On 30/6/2020 the Group recognized a loss of €1,0 million from the non-collection of contingent consideration of Totolotek S.A. disposal, since the relevant terms and requirements were not met.

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

	1/1-30/4/2019
Sale proceeds	28,6
EBITDA	**-1,8**
Profit/(loss) after tax	**-2,1**
Gain/(loss) from disposal of discontinued operations	7,4

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

B) Italy

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

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

	1/1-22/10/2019
Sale proceeds	0,0
EBITDA	**-1,6**
Profit/(loss) after tax	**2,7**
Gain/(loss) from disposal of discontinued operations	-0,3
Corresponding tax	0,0
Profit/(loss) after tax from discontinued operations	**2,4**
Attributable to:	
Equity holders of parent	2,4
Non-Controlling Interest	0,0

C) Peru

On February 2021 INTRALOT announced that it has reached a binding agreement with Nexus Group in Peru to sell its entire stake of 20% in Intralot de Peru SA, an associate of INTRALOT Group, which is consolidated through the Equity method, for a cash consideration of $21million (twenty-one million USD). In addition, the Company has signed a three-year extension of its current contract with Intralot de Peru SA through 2024, to continue to provide its gaming technology and support services. From 31/12/2020 the above activities of the Group in Peru were classified as discontinued operations pursuant to IFRS 5 par.8. Meanwhile, the Group's investment to Intralot de Peru SAC was classified as at 31/12/2020 to "Assets held for sale". The above transaction was completed within February 2021 and the net price after taxes and transaction costs amounted to $16,2 million.

Below are presented the results of the Group's discontinued operations in Peru (Intralot de Peru SAC) for the periods 1/1-31/12/2019 and 1/1-31/12/2020:

	1/1-31/12/2019	1/1-31/12/2020
Sale proceeds	0,0	0,0
EBITDA	**0,0**	**0,0**
Profit/(loss) after tax	**2,1**	**0,8**
Gain/(loss) from disposal of discontinued operations	0,0	0,0
Corresponding tax	0,0	0,0
Profit/(loss) after tax from discontinued operations	**2,1**	**0,8**

Attributable to:		
Equity holders of parent	2,1	0,8
Non-Controlling Interest	0,0	0,0

D) Bulgaria

On 17/12/2020 the Group disposed 100% of subsidiaries Bilot EOOD and Bilot Investment Ltd, that held by 49% the associates Eurofootball Ltd and Eurobet Ltd group respectively. As of 17/12/2020 the above activities of the Group in Bulgaria have been classified as discontinued operations. These transactions were completed within December 2020 following the necessary approvals by the relevant local authorities. The net assets held for sale of the above Bulgarian entities (including the Group liabilities to them) amounted on 17/12/2020 to €506 thousand, forming the loss from disposal of discontinued operations to €506 thousand.

Below are presented the results of the Group's discontinued operations in Bulgaria (Bilot EOOD, Eurofootball Ltd, Bilot Investment Ltd, Eurobet Ltd, Eurobet Trading Ltd and ICS S.A.) for the periods 1/1-31/12/2019 and 1/1-17/12/2020 (subsidiaries Bilot EOOD and Bilot Investment Ltd in 2020 were consolidated through full consolidation method until 17/12/2020, the entity Eurofootball Ltd until 5/12/2019 through full method and for the period 6/12-31/12/2019 through equity method, and the entities Eurobet Ltd, Eurobet Trading Ltd and ICS S.A. until end March 2020 through full method):Below are presented the results of the Group's discontinued operations in Peru (Intralot de Peru SAC) for the periods 1/1-31/12/2019 and 1/1-31/12/2020:

	1/1-31/12/2019	1/1-31/12/2020
Sale proceeds	61,5	0,0
EBITDA	**4,3**	**0,0**
Profit/(loss) after tax	**-15,4**	**0,0**
Gain/(loss) from disposal of discontinued operations	0,0	-0,5
Corresponding tax	0,0	0,0
Profit/(loss) after tax from discontinued operations	**-15,4**	**-0,5**
Attributable to:		
Equity holders of parent	-17,3	-0,5
Non-Controlling Interest	1,9	0,0

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

As a result of the above, net income from total operations (continuing and discontinued) decreased by €21,0 million, from a loss of €82,1 million in the twelve months period ended December 31, 2019 to a loss of €103,1 million in the twelve months period ended December 31, 2020.

Net Income Attributable to Owners of the Parent

After deducting non-controlling interests, total operations net loss attributable to the owners of the parent increased by €2,0 million, from a loss of €104,2 million in the twelve months period ended December 31, 2019 to a loss of €106,2 million in the twelve months period ended December 31, 2020.

Net loss from continuing operations attributable to the owners of the parent improved by €1,3 million, from a loss of €105,4 million in the twelve months period ended December 31, 2019 to a loss of €104,1 million in the twelve months period ended December 31, 2020.

Net Cash Flows from total operations (continuing and discontinued)

Cash Flow Statement (€ in million) (audited)	twelve months period ended December 31, 2019	2020
Operating activities		
Profit / (loss) before tax from continuing operations	-75,2	-94,1
Profit / (loss) before tax from discontinued operations	12,2	-1,6
Profit / (loss) before Taxation	**-63,0**	**-95,7**
Plus / Less adjustments for:		
Depreciation and Amortization	82,7	68,7
Provisions	32,9	23,2
Results (income, expenses, gain and loss) from Investing Activities	-12,6	15,8
Interest and similar expenses	52,8	50,0
Interest and similar Income	-4,6	-1,6
(Gain) / loss on net monetary position	-0,5	-0,1
Plus / Less adjustments for changes in working capital:		
Decrease / (increase) of Inventories	-0,2	7,1
Decrease / (increase) of Receivable Accounts	0,9	-19,2
(Decrease) / increase of Payable Accounts (except Banks)	-12,8	4,0
Income Tax Paid	-14,3	-14,5
Total inflows / (outflows) from operating activities (a)	**61,3**	**37,7**
Investing Activities		
(Purchases) / Sales of subsidiaries, associates, joint ventures and other investments	98,4	-3,4
Purchases of tangible and intangible assets	-55,3	-36,0
Proceeds from sales of tangible and intangible assets	0,3	0,0
Interest received	4,5	2,2
Dividends received	10,1	3,4
Total inflows / (outflows) from investing activities (b)	**58,0**	**-33,8**
Financing Activities		
Proceeds from loans	88,9	59,0
Repayment of loans	-93,3	-67,4
Bonds buy back	-10,6	0,0
Repayments of lease liabilities	-7,4	-6,9
Interest and similar expenses paid	-48,5	-45,9
Dividends paid	-41,7	-8,5
Total inflows / (outflows) from financing activities (c)	**-112,6**	**-69,7**
Net increase / (decrease) in cash and cash equivalents for the period (a) + (b) + (c)	**6,7**	**-65,8**
Cash and cash equivalents at the beginning of the period	**162,5**	**171,1**
Net foreign exchange difference	1,9	-5,3
Cash and cash equivalents at the end of the period from total operations	**171,1**	**100,0**

Net Cash from Operating Activities

Net cash from operating activities comprises net profit before tax adjusted for working capital, cash taxes as well as certain non-cash items such as provisions and depreciation.

Cash inflows from operating activities decreased by €23,6 million, or 38,5%, from €61,3 million in the twelve months period ended December 31, 2019 to €37,7 million in the twelve months period ended December 31, 2020. This decrease was primarily driven by the following:

- profit before taxation from total operations (continuing and discontinued) deteriorated by €32,7 million, from a loss of €63,0 million in the twelve months period ended December 31, 2019 to a loss of

€95,7 million in the twelve months period ended December 31, 2020, due to the decrease by €13,8 million of profit before taxation from discontinued operations (profit €12,2 million from operations in Poland, Italy, Bulgaria and Peru in 2019, versus loss €1,6 million in 2020), as well as due to decrease by €18,9 million of loss before taxation from continuing operations as described above;

- depreciation and amortization from total operations decreased by 16,9% from €82,7 million in the twelve months period ended December 31, 2019 to €68,7 million in the twelve months period ended December 31, 2020, due to increased impairments, entities liquidation/change of consolidation method and discontinued operations in 2019, as well as and the end of useful life of older assets;
- the effect of provisions on cash flow was positive €32,9 million in the twelve months period ended December 31, 2019 , versus a positive effect of €23,2 million in the twelve months period ended December 31, 2020, mainly due to higher impairment provisions of assets in 2019 because of licenses terminations in Bulgaria and the non-renewal of Spor Toto contract in Turkey (Inteltek), as well as the higher doubtful provisions in 2019.
- the effect of results from investing activities on cash flow was negative €12,6 million in the twelve months period ended December 31, 2019, versus a positive effect of €15,8 million in the twelve months period ended December 31, 2020, mainly due to the lower net FX gain (€13,5 million y-o-y) in 2020, the lower (€12,6 million y-o-y) net loss from associates equity method consolidation in 2020, the lower (€11,8 million y-o-y) net gain from investments disposals in 2020 (mainly due to the Totolotek, Gamenet and Hellenic Lotteries disposals in 2019), the higher (€3,1 million y-o-y) investments impairments/losses in 2020 (due to the Eurobet consolidation method change and Goreward group COVID-19 impact), the bond buybacks gain (€10,1 million) in 2019, as well as the lower (€1,3 million y-o-y) dividend income in 2020;
- Net interest expenses in the twelve months period ended December 31, 2020 was €48,4 million (2019: €48,2 million), as described above;
- changes in our working capital, which led to a cash outflow of €8,1 million in the twelve months period ended December 31, 2020, compared with a cash outflow of €12,1 million in the twelve months period ended December 31, 2019;
    - In particular, there was a decrease of €7,1 million in inventories in the twelve months period ended December 31, 2020, compared to an increase of €0,2 million in the twelve months period ended December 31, 2019, mainly due to the timing of roll out of new the projects under construction;
    - also, there was an increase of €19,2 million in receivables in the twelve months period ended December 31, 2020, compared to a decrease of €0,9 million in the twelve months period ended December 31, 2019, mainly due to the timing of revenue receipts in various projects;
    - also, there was an increase of €4,0 million in payables towards our suppliers in the twelve months period ended December 31, 2020 compared to a decrease of €12,8 million in the twelve months period ended December 31, 2019, mainly due to the timing of payments in various projects;
      and
- income tax paid increased from €14,3 million in the twelve months period ended December 31, 2019 to €14,5 million in the twelve months period ended December 31, 2020, mainly due to the negative effect of the tax audit in Intralot SA., partly set-off by lower tax payments in several countries.

On a pro-forma basis, i.e., excluding the operating cash-flow contribution of our discontinued operations in Italy, Bulgaria and Poland, there is a decrease of €3,7m in Cash inflows from operating activities (36,5m in FY20 vs. €40,2 million in FY19 pro-forma). Adjusting the above pro-forma data for the capital structure optimization costs paid in 2020, adjusted pro-forma Cash inflows from operating activities improved by €2,4 million (42,6m in FY20 vs. €40,2 million in FY19).

Net Cash from Investing Activities

Cash flow from investing activities generally consists of cash outflows for investments in tangible and intangible assets as well as interest and dividends received.

In the twelve months period ended December 31, 2020, net cash outflows from investing activities was €33,8 million, which was a decrease of €91,8 million, from net inflows of €58,0 million in the twelve months period ended December 31, 2019. This decrease is mainly attributable to higher net outflow of €101,8 million for (Purchases)/Sales of subsidiaries, associates, joint ventures and other investments in the twelve months period ended December 31, 2020 (mainly due to the outflow of €0,8 million in 2020 because of the Eurobet group consolidation method change and Bilot disposal, the outflow of 0,7 million in 2020 due to the Inteltek 55% acquisition, the outflow of €1,6 million in 2020 for collateralized bank deposits as security coverage for banking facilities, as well as the net outflow of €0,3 million from financial assets transactions in 2020, compared to a net inflow of €79,9 million from Gamenet disposal in 2019, an inflow of €20,0 million from Hellenic Lotteries disposal in 2019, a net inflow of €5,1 million from Totolotek disposal in 2019, an inflow of €2,3 million from investment capital return in 2019, an outflow of €5,8 million from Eurofootball change of consolidation method in 2019 and a net outflow of €3,1 million from financial assets disposal and collateralized bank deposits as security coverage for banking facilities in 2019), lower outflow of €19,3 million in 2020 for net capital expenditure, lower inflow of €2,3 million in 2020 for interest received from bank deposits and trade receivables, and lower inflow of €6,7 million in 2020 for dividends received.

Our capital expenditure in the twelve months period ended December 31, 2020 reached €36,0 million while in the twelve months period ended December 31, 2019 reached €55,3 million. Major capital expenditure items in the twelve months period ended December 31, 2020 include €14,0 million in the US, including outflows towards Ohio's new terminals leasing agreement, Sports Betting drivers in Montana's, New Hampshire's, and Washington DC's contracts, as well as €12,5 million towards R&D and project pipeline delivery.

Maintenance capital expenditure during the twelve months period ended December 31, 2020 was €7,4 million in comparison to €8,7 million in the twelve months period ended December 31, 2019 (excluding discontinued operations in Poland and Bulgaria).

Net Cash from Financing Activities

Net cash from financing activities comprises net cash proceeds from financing arrangements as well as payment of cash interest and the payment of dividends to our shareholders or to minority interests.

In the twelve months period ended December 31, 2020, net cash outflows from financing activities was €69,7 million, compared to net cash outflows of €112,6 million in the twelve months period ended December 31, 2019. This decrease of net cash outflows from financing activities consisted of €7,1 million y-o-y inflow in net cash flows from financing arrangements (mainly due to the net inflow of €15,0 million of Intralot Finance UK Ltd term loan because of the €15,0 million repayment in 2019, the inflow of €11,4 million from Intralot Global Holdings BV revolving facility in 2020, the inflow of €10,6 million due to bond buy backs in 2019, and the net outflow of €29,9 million of local facilities and leasing arrangements mainly in USA), lower interest payments by €2,6 million in the twelve months period ended December 31, 2020, and lower dividends distribution to minority interests by €33,2 million in the twelve months period ended December 31, 2020.

Cash & Cash Equivalents

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

Cash & Cash Equivalents (€ in million)	December 31, 2019	December 31, 2020	% change
Partnerships[1]	18,6	13,8	-25,8%
All other Operating Entities (with revenue contracts) & HQ	152,5	86,2	-43,5%
Total	**171,1**	**100,0**	**-41,6%**

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

Cash and cash equivalents at the end of the FY20 period decreased by €71,1 million vs. FY19. Of the Cash & Cash Equivalents as of December 31, 2020, €13,8 million are located in our partnerships, and the rest across all other Operating entities (with revenue contracts) and HQ, with an amount close to €25,0 million allotted as Working Capital in the operating entities (with revenue contracts).

Proportionate & Pro Forma Results of Operations of the INTRALOT Group

Proportionate Financial Metrics

Pro-Forma comparison of selected Proportionate Financial Metrics for the twelve months period ended December 31, 2019 with the twelve months period ended December 31, 2020

Proportionate Financial Metrics[1] – Pro Forma (€ in million)	twelve months period ended December 31,		% change
	2019	2020	
Proportionate Revenue	335,1	309,3	-7,7%
Proportionate GGR	287,4	258,8	-10,0%
Proportionate **EBITDA**	**48,1**	**55,4**	**15,2%**
Adjusted EBITDA [2]	52,7	55,8	5,9%
	December 31, 2019	December 31, 2020	
Proportionate Gross Debt	762,9	750,5	-
Proportionate Cash & Cash Equivalents	157,7	88,0	-

[1] The activities of Group subsidiaries in Poland (Totolotek S.A.), in Bulgaria (Bilot EOOD, Eurofootball Ltd, Bilot Investment Ltd, Eurobet Ltd, Eurobet Trading Ltd, ICS S.A.), in Italy (Gamenet Group S.p.A.) and Peru (Intralot de Peru SAC) are presented as discontinued operations pursuant to IFRS 5.

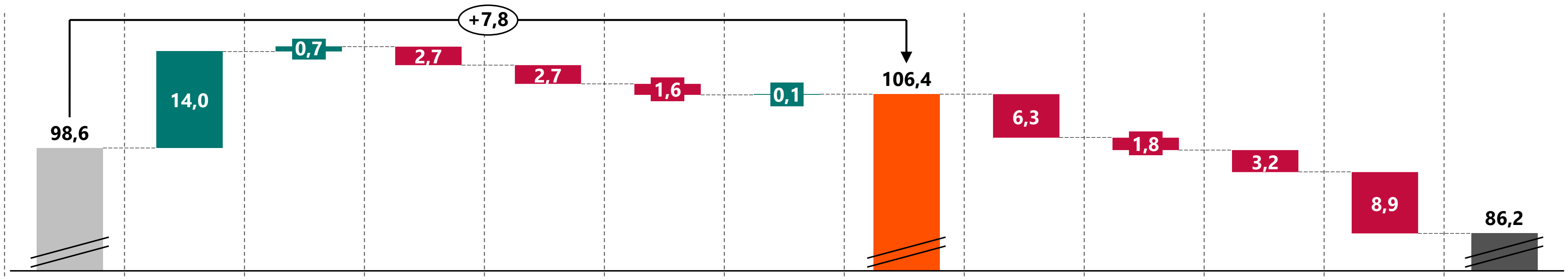
[2] Calculated as Proportionate EBITDA of fully consolidated entities including EBITDA from equity investments in Greece and Taiwan.

Pro-Forma Cash Flow – Shareholders of the Parent View (1/2)

The following chart portrays the Shareholders of the Parent View of the Cash Flow Movement (Pro-Forma) for the three-month period ended December 31, 2020, as well as the historical values of 4Q19 and 3Q20.

Pro-Forma Cash Flow – Shareholders of the Parent View, 4Q20

€m



Historical Values	Cash & Cash Equivalents, 3Q20	EBITDA	Net Dividends, and Fees from Partnerships & Equity Stakes	WC, FX & All Other	Tax	Maintenance CAPEX	Net Interest	Cash Available for Investments	Growth & Contract Renewals CAPEX	Disposals/ M&A/ Investments	Capital Structure Optimization Expenses	Net Loan & Leases Movement	Cash & Cash Equivalents, 4Q20
1 4Q19	**85,0**	0,8	7,0	3,7	-6,1	-2,8	-1,0	**86,6**	-7,9	77,6		-3,8	**152,5**
2 3Q20	**129,1**	13,5	2,0	-6,0	-2,9	-2,7	-21,3	**111,7**	-9,3	0,4	-2,0	-2,2	**98,6**

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

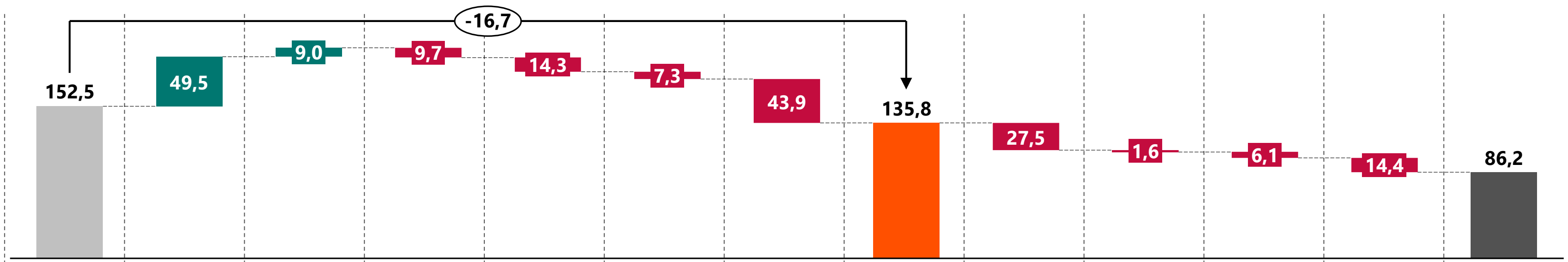
Shareholders of the Parent View	YoY Variances Explained 1	QoQ Variances Explained 2
EBITDA	▪ EBITDA positive variance driven primarily by strong y-o-y growth of US business and the impact of high minimum state guarantee settlements recorded in 4Q19 results of our subsidiary in Morocco	▪ EBITDA performance at similar levels vs. previous Q
Net Dividends, and Fees from Partnerships	▪ Negative variance driven by LY dividend income from Bulgarian entities and Inteltek	▪ Lower dividend income QoQ, mainly due to inflow from tax return, related to Maltco's dividend distribution in 3Q20
WC, FX & All Other	▪ WC swing vs. LY driven mainly by the minimum state guarantee provision in Morocco in 4Q19, combined with unfavorable timing in the revenue receipts in 4Q20 (impacted also by COVID-19 pandemic), offsetting the positive impact from inventories movement following the completion of merchandise sales ▪ Negative FX variance vs. a year ago (mainly US and Morocco)	▪ QoQ positive variance is mainly due to positive impact from inventories movement and payables timing benefit, partially counterbalanced by unfavorable timing in the revenue receipts ▪ Positive FX impact QoQ (mainly Morocco)
Tax	▪ Decreased outflows stemmed from lower Parent company tax payments (tax audit driven) and tax outflows in 4Q19 following Inteltek's dividend income	▪ On par tax outflows with 3Q20
Maintenance CAPEX	▪ Similar levels of Maintenance CAPEX outflows vs. a year ago.	▪ Similar levels of Maintenance CAPEX outflows vs. previous Q
Net Interest	▪ Favorable variance mainly due to higher interest income and the full repayment of US revolving facility in 1H20	▪ Favorable variance stemming from coupon payments timing (2 coupon payments in 3Q20 vs. none in 4Q20)
Growth & Contract Renewals CAPEX	▪ Lower outflows mainly due to higher investments for Morocco and Croatia in the LY	▪ Decreased capex in 4Q20 vs. 3Q20 as a result of lower outflows in US, offsetting the increased capital expenses in HQ perimeter (due to timing)
Disposals/ M&A/ Investments	▪ Driven by Gamenet disposal in 4Q19	▪ 3Q20 figure reflect mainly the impact from completion of the 100% Inteltek acquisition, while 4Q20 is driven by an outflow for collateralized bank deposits as coverage for banking facilities
Capital Structure Optimization Expenses	▪ No capital structure optimization expenses in 4Q19	▪ Higher capital structure optimization expenses in 4Q20 vs. 3Q20
Net Loan & Leases Movement	▪ Variance driven mainly by the net outflow of local facility and leasing arrangements in US, the partial repayment of a revolving facility in Intralot Global Holdings BV in 4Q20, offsetting the positive impact of bond buybacks outflow in the previous year	▪ Adverse variance is driven by 4Q20 outflows from Intralot Global Holdings BV revolving facility and the full repayment of a leasing arrangement in USA

Pro-Forma Cash Flow – Shareholders of the Parent View (2/2)

The following chart portrays the Shareholders of the Parent View of the Cash Flow Movement (Pro-Forma) for the last twelve months ended December 31, 2020, as well as the historical values of LTM 3Q20 and LTM 2Q20.

Pro-Forma Cash Flow – Shareholders of the Parent View, LTM 4Q20

€m



Historical Values	Cash & Cash Equivalents, 4Q19	EBITDA	Net Dividends, and Fees from Partnerships & Equity Stakes	WC, FX & All Other	Tax	Maintenance CAPEX	Net Interest	Cash Available for Investments	Growth & Contract Renewals CAPEX	Disposals/ M&A/ Investments	Capital Structure Optimization Expenses	Net Loan & Leases Movement	Cash & Cash Equivalents, 4Q20
LTM 3Q20	**85,0**	36,2	15,2	-3,3	-17,6	-8,5	-45,0	**62,0**	-29,0	77,9	-2,9	-9,4	**98,6**
LTM 2Q20	**80,3**	35,8	17,1	11,4	-17,6	-7,2	-45,7	**74,1**	-29,1	98,5	-0,8	-13,6	**129,1**

Major Contracts Overview & Update

Overview & LTM Contribution

Selected Entities/ Projects contribution in the twelve months ended December 31, 2020 after Intragroup eliminations.

	Entity/ Project/ Description	Partnership	Contract type	Revenue Contribution	GGR Contribution	GP Contribution	EBITDA Contribution	Contract Expiry (w/o Renewals)[3]
	12 Technology Contracts with State Lotteries[1]	DC only	Technology	37%	46%	45%	79%	2030
	12 Technology Contracts with State Lotteries and 1 Licensed Operation	Yes	Technology/ Licensed Operations	9%	7%	12%	12%	2027
	2 VLT Monitoring Contracts and 1 Technology Contract[2]		Technology	4%	5%	18%	14%	2027
	Bilyoner	Yes	Management Contracts	6%	7%	21%	12%	2029
	Intralot Maroc		Management Contract	3%	4%	11%	-3%	2022
	Maltco		Licensed Operations	21%	10%	11%	16%	2022
	Subtotal *(% of FY20)*			**80%**	**79%**	**118%**	**130%**	
	FY20 *(in million €)*			**364,8**	**292,9**	**75,3**	**66,2**	

[1] *USA figures include also the Philippines and BCLC projects contribution.*
[2] *New Zealand Monitoring ends in 2025 while that in Victoria (Australia) ends in 2027; the Lottery West contract ends in 2022 (without considering extension options).*
[3] *If multiple contracts exist, the one with the longest maturity is displayed (without considering extension options).*

Headquarters in Greece

Cost & Effort Allocation

In Greece, we provide technology support and support services for the operation of private gaming and the lottery through INTRALOT S.A., our parent company. Originally incorporated in Athens in 1992, we won our first domestic contract in 1993. We currently operate three contracts in Greece.

As the center of our Global operations, Greece is also home to our betting-trading center that controls our global fixed-odds betting activity, and significant research and development programs (Technology Hub), as well as our corporate headquarters which supports the wider INTRALOT ecosystem, employing approx. 650 employees at the end of December 31, 2020. As such, INTRALOT S.A. expenses serve the different projects, including among others the Greek projects, but the majority of the effort is distributed towards servicing and supporting the pipeline of won and upcoming contracts, as well as supporting INTRALOT's subsidiaries and R&D efforts.