INTRALOT Group

MANAGEMENT'S DISCUSSION & ANALYSIS

of our financial condition and results of operations
for the period 1/1-30/06/2018

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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 50 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 June 30, 2018, we had revenue of €1.117,1 million and EBITDA of €169,5 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 June 30, 2018, our revenue from Turkey, Greece, Rest of Europe, the Americas and the Rest of the World represented 8,4%, 3,0%, 50,2%, 19,9% and 18,5% of total revenue, respectively.

Results of Operations of the INTRALOT Group

Comparison of the six months period ended June 30, 2017 with the six months period ended June 30, 2018

Overview

Income Statement Information (€ in millions) (unaudited)	six months ended June 30, 2017	six months ended June 30, 2018	% change
Revenue	534,7	547,6	2,4%
Less: Cost of sales	-426,3	-431,1	1,1%
Gross profit	**108,4**	**116,5**	**7,5%**
Other operating income	8,8	7,3	-17,0%
Selling expenses	-28,1	-31,8	13,2%
Administrative expenses	-37,3	-37,3	n/a
Research and development expenses	-2,7	-2,9	7,4%
Other operating expenses	-1,8	-3,5	94,4%
EBIT	**47,3**	**48,3**	**2,1%**
EBITDA	**82,1**	**80,1**	**-2,4%**
Income/(expenses) from participations and investments	1,0	2,7	170,0%
Gain/(loss) from assets disposal, impairment and write-off	-0,9	-0,2	77,8%
Interest and similar expenses	-26,9	-25,4	-5,6%
Interest and related income	3,3	3,4	3,0%
Exchange differences	-4,3	3,7	n/a
Profit/(loss) equity method consolidation	-2,0	0,0	n/a
Operating profit/(loss) before tax	**17,5**	**32,5**	**85,7%**
Less: taxes	-15,1	-15,6	3,3%
Net profit/(loss) from continuing operations (a)	**2,4**	**16,9**	**604,2%**
Net Profit / (loss) from Discontinued Operations (b) [1]	-5,4	0,0	n/a
Net Profit /(Loss) after taxes (Continuing and Discontinued Operations) (a) + (b)	**-3,0**	**16,9**	**n/a**

Attributable to:			
Equity holders of parent			
-Profit/(loss) from continuing operations	-15,6	-3,1	80,1%
-Profit/(loss) from discontinued operations [1]	-10,2	0,0	n/a
	-25,8	**-3,1**	**88,0%**
Non-Controlling Interest			
-Profit/(loss) from continuing operations	18,0	20,0	11,1%
-Profit/(loss) from discontinued operations [1]	4,8	0,0	n/a
	22,8	**20,0**	**-12,3%**

[1] The activities of Group subsidiaries Favorit Bookmakers Office OOO (Russia), Intralot Caribbean Ventures (Santa Lucia), Supreme Ventures Ltd (Jamaica) and Slovenske Loterie AS (Slovakia) are presented as discontinued operations pursuant to IFRS 5 (note 2.20.A.VIII of the interim financial statements of 30/6/2018)

Sales Overview

Total revenue increased by €12,9 million, or 2,4%, from €534,7 million in the six months period ended June 30, 2017 to €547,6 million in the six months period ended June 30, 2018. This increase was mainly driven by increased revenue in licensed operations as well as management contracts segment.

Revenue by Business Activity

The following table sets forth our revenue for each business activity for the six months period ended June 30, 2018 and 2017.

Revenue by Business Activity (€ in millions)	**six months ended June 30,**		**% change**
(unaudited)	**2017**	**2018**	
Licensed operations	369,8	382,4	3,4%
Management contracts	54,8	59,3	8,2%
Technology and support services	110,1	105,9	-3,8%
Total	**534,7**	**547,6**	**2,4%**

Revenue in our licensed operations activity line increased by €12,6 million, or 3,4%, from €369,8 million in the six months period ended June 30, 2017 to €382,4 million in the six months period ended June 30, 2018. The increase is attributed to higher revenues in **Bulgaria** (€+12,6 million), mainly following the growth in Virtual Sports which is in part correlated with the increased payout, **Poland** with additional revenues of €9,9 million due to the growth of the interactive Sport Betting channel (following market regulation) and the introduction of Virtual Games in 2Q17, **Azerbaijan** (€+5,4 million), driven by the enhanced Sports Betting portfolio (both retail and online), in part offset by the impact of the suspended license in **Cyprus** in 4Q 2017 (€-8,4 million) and the lower recorded revenues, in Euro terms, from our **Argentinean** licensed operations (€-4,7 million). Deep diving in our Argentinian licensed operation, 1H18 results posted a c.+30,0% year over year increase (higher compared to the 2015-2017 CAGR of c.27,0%), heavily affected though by the local currency fluctuations (c.53,0% devaluation against the Euro versus a year ago – in YTD average terms), with that being the key driver for the worsening performance in Euro terms in the six-month period.

Revenue in our management contracts activity line increased by €4,5 million, or 8,2%, from €54,8 million in the six months period ended June 30, 2017 to €59,3 million in the six months period ended June 30, 2018. The significant uplift was mainly driven by the top line increase in **Morocco** (€+3,3 million or c.+30% y-o-y growth) following the Sports Betting sales uplift attributed to the enhanced product offering and **Turkey's** (€+1,8 million) revenue increase attributed both to the growth of the Sport Betting Market year over year (c.+22,0% in local currency) and the shift towards Online Sports Betting (slightly over 60% market share vs. about 50% a year ago). The benefit of the Sports Betting market expansion and mix change has been partially offset by the devaluation of the local currency (c.26,0% devaluation against the Euro versus a year ago – in YTD average terms.

Revenue in our technology and support services line decreased by €4,2 million, or 3,8%, from €110,1 million in the six months period ended June 30, 2017 to €105,9 million in the six months period ended June 30, 2018. This decrease was mainly due to **Australia's** lower recorded revenue (€-4,9 million) mainly as a result of a software license right sale in 2Q17 coupled with adverse local currency movement (c.9,2% devaluation against Euro – in YTD average terms), **Argentina's** lower recorded sales in Euro terms (€-2,6 million) as a result of the significantly adverse FX movement. In local currency, 1H18 results posted a c.+24,0% year over year increase (lower compared to the 2015-2017 CAGR of c.32,0%), heavily affected though by the local currency fluctuations (c.53,0% devaluation against the Euro versus a year ago – in YTD average terms), in part offset by the maturing **Chilean** contract (€+1,6 million) that went live in early 1Q17, and by our **US** operations' better performance (€+0,8 million) in Euro terms. In local currency base our **US** operations recorded double digit growth compared to 1H17 (c.+14,0%) driven by the numerical segment stronger performance (high Jackpot levels), improved contract terms (e.g. Idaho) and higher equipment sales vs. a year ago (Massachusetts driven), in part offset though by the adverse USD movement (c.12,0% devaluation against the Euro versus a year ago – in YTD average terms).

Gross Gaming Revenue (GGR) by Business Activity

The following table sets forth our gross gaming revenue for each business activity for the six months period ended June 30, 2018 and 2017.

GGR by Business Activity (€ in millions)	**six months ended June 30,**		**% change**
(unaudited)	**2017**	**2018**	
Licensed operations[1]	108,9	110,4	1,4%
Management contracts	54,8	59,3	8,2%
Technology and support services	110,1	105,9	-3,8%
Total	**273,8**	**275,6**	**0,7%**

[1] Licensed Operations Revenue include also a small portion of non-Payout related revenue, i.e. value added services, which totaled €2,1 million and €2,8 million for 1H18 and 1H17 respectively

Gross Gaming Revenue (GGR) from continuing operations increased by 0,7% (€+1,8 million to €275,6 million) year over year supported by the increase in our payout related GGR (+2,1% y-o-y or €+2,2 million), following the stronger top line growth of our licensed operations (+3,6% y-o-y on wagers), which came at an increased average Payout (+0,4pps). YTD average Payout Ratio was up by 0,4pps vs. LY (71,5% vs. 71,1%) primarily due to an increasing payout trend in Bulgaria as well as its increasing wagers contribution and the increasing wagers contribution of Poland, in part offset by the suspended license in Cyprus in 4Q 2017. GGR increase was marginally offset by a decrease of the non-payout related GGR (€-0.4m y-o-y).

Gross Profit Margin

The Gross profit margin in the six months period ended June 30, 2018 was 21,3%, from 20,3% in the six months period ended June 30, 2017, positively affected by the improved gross profit margin of our B2C operations (increased contribution of more profitable B2C operations) and less machinery depreciation. Overall, Gross Profit increased by 7,5% (€+8,1 million) compared to the 1H17 levels.

Other Operating Income

Other operating income decreased by €1,5 million, or 17,0%, from €8,8 million in the six months period ended June 30, 2017 to €7,3 million in the six months period ended June 30, 2018. The major driver of this decrease was the less equipment lease income in Ohio and Idaho (following the recent contract renewals) coupled with the adverse USD movement against the Euro. The other operating income shortfall, in local currency, has been more than recouped from the increased revenue in both contracts.

Selling Expenses

Selling expenses increased by €3,7 million, or 13,2%, from €28,1 million in the six months period ended June 30, 2017 to €31,8 million in the six months period ended June 30, 2018. This increase was primarily due to higher advertising costs in Turkey.

Administrative Expenses

Administrative expenses remained relatively unchanged in the six months period ended June 30, 2018.

Research and Development Expenses

Research and development expenses increased by 0,2 million or 7,4%, from €2,7 million in the six months period ended June 30, 2017 to €2,9 million in the six months period ended June 30, 2018.

Other Operating Expenses

Other operating expenses increased by €1,7 million, or 94,4%, from €1,8 million in the six months period ended June 30, 2017 to €3,5 million in the six months period ended June 30, 2018. This increase was mainly due to higher provisions for penalties in 2018.

EBITDA

As a result of the above and the FX loss (€11,9 million) from translation to EUR , EBITDA decreased by €2,0 million, or 2,4%, from €82,1 million in the six months period ended June 30, 2017 to €80,1 million in the six months period ended June 30, 2018 while EBITDA margin decreased from 15,4% in the six months period ended June 30, 2017 to 14,6% in the six months period ended June 30, 2018, impacted negatively by the worsening margins of the B2B/ B2G segment (mainly due to the software license right sale in Australia in 2Q17).

Income / (expenses) from participations and investments

Income / (expenses) on participations and investments increased by €1,7 million, from income of €1,0 million in the six months period ended June 30, 2017 to income of €2,7 million in the six months period ended June 30, 2018. This increase was primarily due to higher dividend income from dividends and lower losses from investments in 2018.

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

Gain/(loss) from assets disposal, impairment and write-off improved by €0,7 million, from loss of €0,9 million in the six months period ended June 30, 2017 to loss of €0,2 million in the six months period ended June 30, 2018. This improvement was primarily due to lower assets impairment losses in 2018.

Interest and Similar Expenses

Interest and similar expenses decreased by €1,5 million, or 5,6%, from €26,9 million in the six months period ended June 30, 2017 to €25,4 million in the six months period ended June 30, 2018. This decrease was primarily due to lower LG costs in 2018.

Interest and Related Income

Interest and related income increased by €0,1 million, or 3,0%, from €3,3 million in the six months period ended June 30, 2017 to €3,4 million in the six months period ended June 30, 2018, primarily due to higher interest income on bank deposits in 2018.

Profit/(loss) from equity method consolidation

In the six months period ended June 30, 2018 we had a net profit from equity method consolidation of €3,0 thousand, compared to a net loss €2,0 million in the six months period ended June 30, 2017, mainly derived from of our associate companies in Asia, Peru and Italy.

Operating Profit before Tax

As a result of the above and due to exchange differences from a loss of €4,3 million in the six months period ended June 30, 2017 to a gain of €3,7 million in the six months period ended June 30, 2018 and decreased depreciation and amortization by €3,0 million, operating profit before tax increased by €15,0 million from a profit of €17,5 million in the six months period ended June 30, 2017 to a profit of €32,5 million in the six months period ended June 30, 2018.

Taxes

Taxes increased by €0,5 million, or 3,3%, from €15,1 million in the six months period ended June 30, 2017 to €15,6 million in the six months period ended June 30, 2018. This increase was primarily due to the higher taxable profits in Greece, Turkey, Azerbaijan and Malta in 2018, partially offset by lower taxable profits in Australia, Argentina and Netherlands.

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

As a result of the above, net profit/(loss) from continuing operations improved by €14,5 million, from a profit of €2,4 million in the six months period ended June 30, 2017 to a profit of €16,9 million in the six months period ended June 30, 2018.

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

Net profit /(loss) from discontinued operations (entities sold in 2017) in Russia, Santa Lucia, Jamaica and Slovakia amounted to €5,4 million in the six months period ended June 30, 2017.

Analysis of discontinued operations:

A) Russia

In December 2016, the Group definitively decided to discontinue its activities regarding the betting services provided through its subsidiary Favorit Bookmakers Office OOO in Russia. In June 2017, the Group signed a disposal agreement for the 100% of Favorit Bookmakers Office OOO.
Below are presented the results of discontinued operations of the Group in Russia (Favorit Bookmakers Office OOO) for the first half of 2017:

	1/1-30/06/2017
Sale proceeds	0,0
EBITDA	**-0,2**
Profit/(loss) after tax	**-0,3**
Gain/(loss) from disposal of discontinued operations	-11,8
Corresponding tax	0,0
Profit/(loss) after tax from discontinued operations	**-12,1**

B) Jamaica

The Group signed a Sales and Purchase Agreement (SPA) with Zodiac International Investments Ltd in the beginning of October 2017 for the sale of its 50,05% stake in Intralot Caribbean Ventures Ltd, which owns 49,9% of the subsidiary Supreme Ventures Limited - a company listed on the Jamaica Stock Exchange. The consideration price was agreed at USD 40 million, which corresponds to approximately 12 times the annual (reference period of the last twelve months to 30.6.2017) profit after tax attributable to the shareholders of the Group.
Below are presented the results of the discontinued operations of the Group in Jamaica and Santa Lucia (Supreme Ventures Ltd and Intralot Caribbean Ventures Ltd) for the period 1/1-30/06/2017 (in 2017 they were consolidated with the full consolidation method until 2/10/2017):

	1/1-30/06/2017
Sale proceeds	196,1
EBITDA	**10,0**
Profit/(loss) after tax	**6,6**
Gain/(loss) from disposal of discontinued operations	0,0
Corresponding tax	0,0
Profit/(loss) after tax from discontinued operations	**6,6**
Attributable to:	
Equity holders of parent	1,8
Non-Controlling Interest	4,8

C) Slovakia

The Group signed on 18 December 2017 a Sales and Purchase Agreement (SPA) with Olbena S.R.O. to sell its 51% stake in subsidiary Slovenske Loterie AS. The consideration price was agreed at €1,75 million, which corresponds to approximately 12 times the annual (reference period of the last twelve months to 30.9.2017) EBITDA.

Below are presented the results of the Group's discontinued operations in Slovakia (Slovenske Loterie AS) for the period 1/1-30/06/2017 (in 2017 they were consolidated with the full consolidation method until 18/12/2017):

	1/1-30/06/2017
Sale proceeds	2,4
EBITDA	**0,1**
Profit/(loss) after tax	**0,0**
Gain/(loss) from disposal of discontinued operations	0,0
Corresponding tax	0,0
Profit/(loss) after tax from discontinued operations	**0,0**
Attributable to:	
Equity holders of parent	0,0
Non-Controlling Interest	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) increased by €19,9 million, from a loss of €3,0 million in the six months period ended June 30, 2017 to a profit of €16,9 million in the six months period ended June 30, 2018.

Net Income Attributable to Owners of the Parent

After deducting non-controlling interests, total operations net income attributable to the owners of the parent improved by €22,7 million, from a loss of €25,8 million in the six months period ended June 30, 2017 to a loss of €3,1 million in the six months period ended June 30, 2018.

Net income from continuing operations attributable to the owners of the parent improved by €12,5 million, from a loss of €15,6 million in the six months period ended June 30, 2017 to a loss of €3,1 million in the six months period ended June 30, 2018.

Net Cash Flows from total operations (continuing and discontinued)

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 €40,5 million, or 52,5%, from €77,2 million in the six months period ended June 30, 2017 to €36,7 million in the six months period ended June 30, 2018. This decrease was primarily driven by the following:

- profit before taxation from total operations (continuing and discontinued) increased by €18,0 million, or 124,1%, from €14,5 million in the six months period ended June 30, 2017 to €32,5 million in the six months period ended June 30, 2018, mainly due to the improvement by €15,0 million of profit before taxation from continuing operations as described above, as well as due to 1H17 losses from discontinued operations (€3,0 million);
- depreciation and amortization from total operations decreased by 11,2% from €35,8 million in the six months period ended June 30, 2017 to €31,8 million in the six months period ended June 30, 2018, partly due to discontinued operations;

- the effect of provisions on cash flow was positive €2,3 million in the six months period ended June 30, 2017 and positive €0,9 million in the six months period ended June 30, 2018, mainly due to higher doubtful provisions and assets impairment provisions in 2017;
- the effect of results from investing activities on cash flow was positive €16,9 million in the six months period ended June 30, 2017 and negative €6,1 million in the six months period ended June 30, 2018, mainly due to higher (€22,0 million y-o-y) net FX losses in 2017 because of the FX reserve recycling to P&L for discontinued operations, as well as higher (€1,0 million y-o-y) dividend income in 2018 and higher (€2,0 million y-o-y) net profit from associates results in 2018, partially set-off by higher net gains from disposals of discontinued operations in 2017;
- net interest results was €23,6 million in the six months period ended June 30, 2017 and €22,0 million in the six months period ended June 30, 2018, mainly due to lower LG costs and higher interest income on bank deposits in 2018;
- changes in our working capital, which led to a cash outflow of €30,5 million in the six months period ended June 30, 2018, compared with a cash outflow of €0,2 million in the six months period ended June 30, 2017;
    - In particular, there was an increase of €11,5 million in inventories in the six months period ended June 30, 2018, compared to an increase of €4,1 million in the six months period ended June 30, 2017, mainly due to new the projects under construction in America segment in 2018.
    - also there was an increase of €0,9 million in receivables in the six months period ended June 30, 2018, compared to a decrease of €0,2 million in the six months period ended June 30, 2017, mainly due to the timing of revenue receipts in various projects.
    - also there was a decrease of €18,1 million in payables towards our suppliers in the six months period ended June 30, 2018 compared to an increase of €3,7 million in the six months period ended June 30, 2018, mainly due to the repayment of a long due interest bearing liability of €13,0 million in 2Q18, as well as other suppliers payments related to new projects under construction in America segment in 2018; and
- income tax paid decreased by 11,5% from €15,7 million in the six months period ended June 30, 2017 to €13,9 million in the six months period ended June 30, 2018, mainly due to higher tax payments made in 2017 in discontinued operations in Jamaica.

On a pro-forma basis, i.e., excluding the operating cash-flow contribution of our discontinued operations in Russia, Jamaica and Slovakia, there is a decrease of €31,4m in Cash inflows from operating activities (€36,7m in 1H18 vs. €68,1m in 1H17 pro-forma).

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 six months period ended June 30, 2018, net cash outflows from investing activities was €35,1 million, which was an increase of €2,8 million, or 8,7%, from outflows of €32,3 million in the six months period ended June 30, 2017. This increase is mainly attributable to higher net outflow of €8,1 million for (Purchases)/Sales of subsidiaries, associates, joint ventures and other investments in the six months period ended June 30, 2018 (mainly due to the indirect investment of €6,8 million in Hellenic Casino Parnitha, partially set-off by €3,1 million capital return from Hellenic Lotteries in 2018, compared to net inflow of €4,4 million in 2017 from cash collateral release partially set-off by the M&A transactions outflows), higher outflow of €1,3 million for capital expenditure, higher inflow of €0,1 million from assets disposal, higher inflow of €1,5 million for interest received from bank deposits and debtors, and higher inflow of €5,0 million for dividend income.

Our capital expenditure in the six months period ended June 31, 2018 reached €42,7 million while in the six months period ended June 30, 2017 reached €41,4 million. Major capital expenditure items in the six months period ended June 30, 2018 include investments in R&D of €9,8 million, investments in our business in USA €16,3 million, AMELCO project €5,7 million, Turkey €0,7 million, Morocco €0,7 million, Argentina of €0,6 million and Oceania €0,6 million.

Maintenance capital expenditure during the six months ended June 30, 2018 was €11,7 million in comparison to €11,9 million in the six months ended June 30, 2017 (excluding discontinued operations in Jamaica, Slovakia & Russia).

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 six months period ended June 30, 2018, net cash outflows from financing activities was €42,4 million, compared to net cash outflows of €54,5 million in the six months period ended June 30, 2017. This decrease of net cash outflows from financing activities consisted of €17,6 million inflow in net cash flows from financing arrangements (mainly due to net inflow from Intralot Finance UK Ltd syndicated/term loans of €10,0 million comparing 1H18vs1H17, net inflow of €8,0 million of local facilities and leasing arrangements in USA, Brazil, Bulgaria, Jamaica, Turkey and Netherlands, as well as net outflow of €0,5 million from Bonds buybacks and issue costs payments), lower interest payments by €0,3 million in 2018 and higher dividends distribution in 2018 to minority interests amounting to €0,3 million.

Cash & Cash Equivalents

The following table sets forth our Cash & Cash Equivalents as of June 30, 2018 and December 31, 2017.

Cash & Cash Equivalents (€ in millions)	**December 31, 2017**	**June 30, 2018**	**% change**
Partnerships[1]	80,7	58,6	-27,4%
All other Operating Entities (with revenue contracts) & HQ	157,3	136,3	-13,3%
Total	**238,0**	**194,9**	**-18,1%**

[1] As Partnerships we define our Operations in Turkey (Inteltek & Bilyoner), Bulgaria (Eurofootball Group & Eurobet Group), Azerbaijan, and Argentina

Cash and cash equivalents at the end of the 1H18 period decreased by €43,1 million vs. FY17. Of the Cash & Cash Equivalents at the end of June 30 2018, €58,6 million are located in our partnerships, and the rest across all other Operating entities (with revenue contracts) and HQ (€136,3 million), with an amount of approximately €30,0 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 six months period ended June 30, 2017 with the six months period ended June 30, 2018

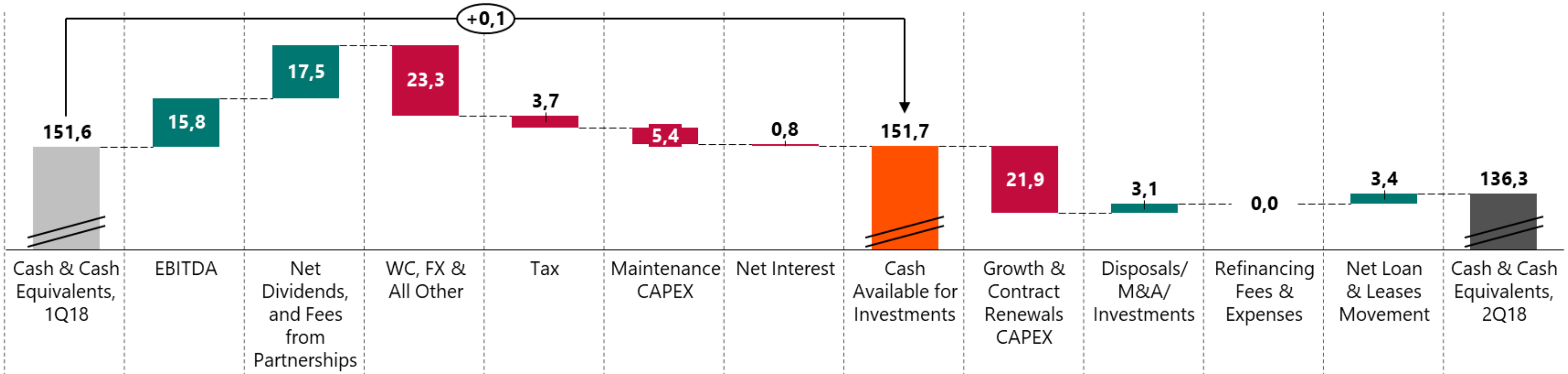
Proportionate Financial Metrics[1] – Pro Forma (€ in millions)	**six months ended June 30, 2017**	**2018**	**% change**
Proportionate Revenue	327,3	338,4	3,4%
Proportionate GGR	191,7	194,8	1,6%
Proportionate **EBITDA**	**52,3**	**50,9**	**-2,7%**
Adjusted EBITDA[2]	62,5	63,6	1,8%
	December 31, 2017	**June 30, 2018**	
Proportionate Gross Debt	747,5	766,4	-
Proportionate Cash & Cash Equivalents	190,0	158,8	-

[1] The activities of Group subsidiaries Favorit Bookmakers Office OOO (Russia), Intralot Caribbean Ventures Ltd (Santa Lucia), Supreme Ventures Ltd (Jamaica) and Slovenske Loterie AS (Slovakia) are presented as discontinued operations pursuant to IFRS 5 (note 2.20.A.VIII of interim financial statements of 30/6/2018)
[2] Calculated as Proportionate EBITDA of fully consolidated entities including EBITDA from equity investments in Italy, Peru, 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 months period ended June 30, 2018, as well as the historical values of 2Q17 and 1Q18.

Pro-Forma Cash Flow – Shareholders of the Parent View, 2Q18
€m



Historical Values	Cash & Cash Equivalents, 1Q18	EBITDA	Net Dividends, and Fees from Partnerships	WC, FX & All Other	Tax	Maintenance CAPEX	Net Interest	Cash Available for Investments	Growth & Contract Renewals CAPEX	Disposals/ M&A/ Investments	Refinancing Fees & Expenses	Net Loan & Leases Movement	Cash & Cash Equivalents, 2Q18
1 2Q17	**77,1**	17,2	15,9	1,2	-2,9	-6,2	-12,2	**90,1**	-8,5	7,6		-10,4	**78,8**
2 1Q18	**157,3**	16,8	12,5	-3,6	-1,1	-5,3	-22,9	**153,7**	-8,1	-6,8		12,8	**151,6**

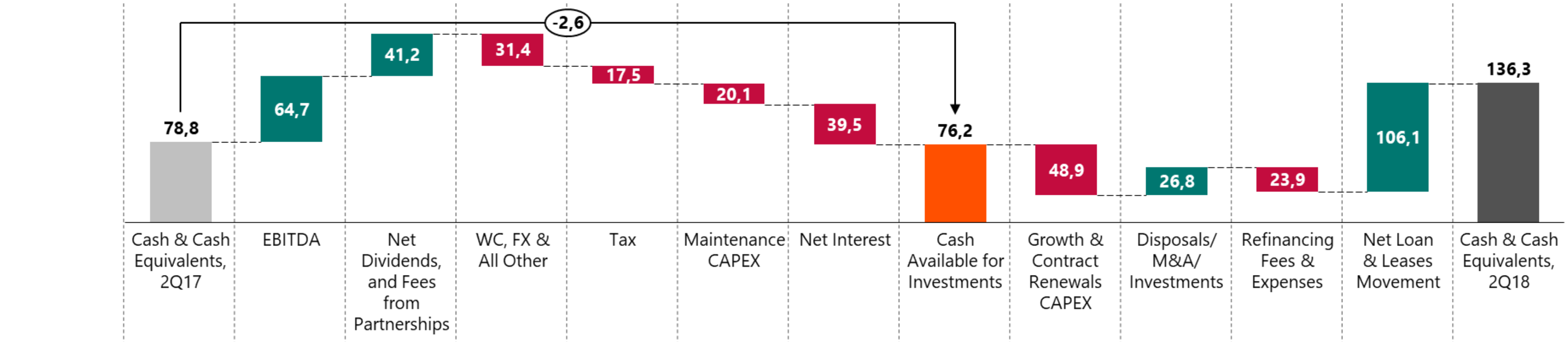
The main variance (YoY and QoQ) drivers are portrayed in the table below

Shareholders of the Parent View	YoY Variances Explained 1	QoQ Variances Explained 2
EBITDA	▪ EBITDA deficit mainly driven by our Australian operations (SW license right sale in 2Q17 & adverse FX), US operations (IL implementation & adverse FX) and Bit8 full consolidation, partially offset by the maturing Chilean contract and the improved performance vs. a year ago in Poland (market regulation in 2Q17) & Malta (top line)	▪ EBITDA lower than 1Q18, mainly as a result of penalty provisions in Morocco (based on performance reconciliation mechanism) in part offset by Chile's improved performance, and the better performance of our US operations (mainly Massachusetts equipment sale in 2Q18)
Net Dividends, and Fees from Partnerships	▪ Better dividend income due to the first-time dividend received from Gamenet and the higher dividend (vs. LY) received by our investment in Hellenic Lotteries, only partially offset by the lower dividends inflow from Turkey in 2Q18 vs. 2Q17 (timing) and the impact from the sale of our stake in Jamaica in 4Q17	▪ Positive 2Q18 variance driven by the first-time dividend from Gamenet, the dividend from our investment in Hellenic Lotteries, and a tax return (regarding Maltco's dividend), in part offset by less dividends & less management fees received from Turkey vs. 1Q18 (dividends & fees from Turkey are usually paid in 1H splitting between the Q's)
WC, FX & All Other	▪ Worse WC due to a long interest-bearing liability repayment, and the increased inventory buildup for new projects (e.g. Ohio, Illinois) ▪ Significant Treasury Shares purchases in 2Q18 vs. none in 2Q17 ▪ Better FX following the improvement of USD against the Euro (positively affecting Cash held in USD)	▪ QoQ deterioration mainly impacted by the repayment of a long due interest-bearing liability in 2Q18, the significantly higher Treasury Shares purchases, and the increased inventory buildup in our US Business, while in part offset by the better USD movement in 2Q18 vs. 1Q18
Tax	▪ Higher Taxes compared to 2Q17 driven by higher taxes on dividend income (prepayment to be normalized in a 2 year time frame), in part offset by less taxes in Australia	▪ Higher Taxes compared to 1Q18 driven by higher taxes on dividend income (prepayment to be normalized in a 2 year time frame)
Maintenance CAPEX	▪ Maintenance CAPEX outflow in line with FY17 figure, of around €20,0m	▪ Maintenance CAPEX outflow in line with FY17 figure, of around €20,0m
Net Interest	▪ Better interest mainly due to coupon payments timing (0 coupon payments in 2Q18 vs. 1 coupon payment in 2Q17) and due to interest payments towards our RCF line a year ago	▪ Better interest due to coupon payments timing (2 coupon payments in 1Q18 vs. none in 2Q18)
Growth & Contract Renewals CAPEX	▪ Higher outflows (vs. 2Q17) given the US contract investments increase (mainly Illinois and Ohio) and the last installment towards AMELCO SW	▪ Higher outflows (vs. 1Q18) given the US contract investments pickup (mainly Illinois and Ohio) and the last installment towards AMELCO SW
Disposals/ M&A/ Investments	▪ Share capital return from Hellenic Lotteries in 2Q18, vs. the positive net effect of the inflow of a Cash Collateral return and Eurobet PP installment payments	▪ 1Q18 outflow related to the decision to invest in the Greek Casino market vs. the share capital return from Hellenic Lotteries (2Q18)
Refinancing Fees & Expenses	▪ Not applicable	▪ Not applicable
Net Loan & Leases Movement	▪ Net loan uptake in 2Q18 (loan uptake from our US operations, in part offset by Bond Buyback) vs. net loan repayment in 2Q17	▪ The difference is mainly driven by the Nomura loan drawn in 1Q18 vs. loan uptake from our US operations, in part offset by Bond Buyback, in 2Q18

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 June 30, 2018, as well as the historical values of LTM 1Q18 and FY17.

Pro-Forma Cash Flow – Shareholders of the Parent View, LTM 2Q18
€m



Historical Values	Cash & Cash Equivalents, 2Q17	EBITDA	Net Dividends, and Fees from Partnerships	WC, FX & All Other	Tax	Maintenance CAPEX	Net Interest	Cash Available for Investments	Growth & Contract Renewals CAPEX	Disposals/ M&A/ Investments	Refinancing Fees & Expenses	Net Loan & Leases Movement	Cash & Cash Equivalents, 2Q18
1 LTM 1Q18	**77,1**	66,0	39,7	-6,9	-16,7	-20,9	-50,8	**87,5**	-35,5	31,2	-23,9	92,3	**151,6**
2 FY17	**77,6**	64,4	39,7	-1,1	-15,7	-19,8	-40,3	**104,7**	-44,6	34,9	-23,9	86,1	**157,3**

Major Contracts Overview & Update

Overview & LTM Contribution

Selected Entities/ Projects contribution in the twelve months ended June 30, 2018 after Intragroup eliminations.

Entity/ Project/ Description	Partnership	Contract type	Revenue Contribution	GGR Contribution	GP Contribution[1]	EBITDA Contribution[1]	Contract Expiry (w/o Renewals)[5]
13 Technology Contracts with State Lotteries	DC only	Technology	9%	17%	9%	21%	2027
OPAP[2]		Technology	2%	5%	6%	6%	2018 – Extended Contract 2021 – New Contract
Hellenic Lotteries		Technology	1%	2%	2%	1%	2026
12 Technology Contracts with State Lotteries and 1 Licensed Operation	Yes	Technology/ Licensed Operations	8%	8%	8%	10%	2024
2 VLT Monitoring Contracts and 1 Technology Contract[3]		Technology	2%	4%	8%	8%	2027
Inteltek	Yes	Management Contracts	4%	7%	11%	14%	Renewed in August 2018 – for up to 1 year
Bilyoner	Yes	Management Contracts	5%	9%	19%	9%	2019 - Renewable at the discretion of the Administration
Contract with the 2 State Lotteries[4]		Management Contracts	2%	4%	9%	5%	2019
Azerinteltek	Yes	Licensed Operations	14%	9%	11%	13%	2025
Eurofootball Group	Yes	Licensed Operations	24%	10%	11%	13%	Open Market License
Eurobet Group	Yes	Licensed Operations	5%	4%	3%	3%	Open Market License
Maltco		Licensed Operations	8%	6%	4%	7%	2022
Subtotal *(% of LTM 2Q18)*			**84%**	**85%**	**101%**	**110%**	
LTM 2Q18 *(in million €)*			**1.117,1**	**581,0**	**250,0**	**169,5**	

[1] Management estimation incorporating direct expenses and apportionment of indirect expenses related to the project/country
[2] OPAP LTM contribution refers to the extended contract that ended July 31 2018; the new agreement is of a smaller contract value due to the limited scope (vs. the previous contract)
[3] New Zealand Monitoring ends in 2022 while that in Victoria (Australia) ends in 2027; the Lottery West contracts ends in 2021
[4] Contract with SGLN currently expires on December 2018. A one-year extension with MDJS up to December 2019 has been agreed
[5] If multiple contracts exist, the one with the longest maturity is displayed

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 two contracts in Greece.

As the center of our operations, Greece is also home to our betting center that controls our global fixed-odds betting activity, and significant research and development programs (Technology Hub), as well as our corporate headquarters which supports the wider Intralot ecosystem, employing close to 700 employees currently (close to 800 headcount footprint in Greece). As such, Intralot S.A. expenses are allocated across the different projects, including among others the Greek projects, as follows:

Intralot S.A. expenses allocation per project (Last twelve months ended June 30, 2018)	**OPAP**	**Hellenic Lotteries**	**Taiwan**	**Peru**	**Malaysia**
CoS	31,7%	12,2%	2,1%	5,8%	5,1%
Selling	22,0%	27,8%	4,0%	2,0%	3,0%
Admin	22,0%	2,0%	4,0%	2,0%	2,0%
R&D	39,4%	12,2%	3,0%	4,3%	3,5%