INTRALOT Group

MANAGEMENT'S DISCUSSION & ANALYSIS

of our financial condition and results of operations for the period 1/1-30/06/2020

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 42 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, 2020, we had revenue of €510,7 million and EBITDA of €55,8 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, 2020, our revenue from Greece, Rest of Europe, the Americas and the Rest of the World represented 1,6%, 50,9%, 36,5% and 11,0% of total revenue, respectively.

Results of Operations of the INTRALOT Group

Comparison of the six months period ended June 30, 2019 with the six months period ended June 30, 2020

Overview

Income Statement Information (€ in million) (audited)	Six months ended June 30, 2019	Six months ended June 30, 2020	% change
Revenue	378,1	168,2	-55,5%
Less: Cost of sales	-301,8	-137,6	-54,4%
Gross profit	**76,3**	**30,6**	**-59,9%**
Other operating income	9,9	8,6	-13,1%
Selling expenses	-21,2	-11,9	-43,9%
Administrative expenses	-40,0	-35,8	-10,5%
Research and development expenses	-2,2	-1,4	-36,4%
Other operating expenses	-4,9	-1,1	-77,6%
EBIT	**17,9**	**-11,0**	**n/a**
EBITDA	**58,7**	**26,7**	**-54,5%**
Income/(expenses) from participations and investments	2,8	-4,6	n/a
Gain/(loss) from assets disposal, impairment and write-off	-3,6	0,0	n/a
Interest and similar expenses	-26,8	-25,1	-6,3%
Interest and related income	3,5	0,8	-77,1%
Exchange differences	4,4	-1,6	n/a
Profit/(loss) equity method consolidation	-0,1	-1,6	n/a
Gain/(loss) on net monetary position	0,4	0,3	-25,0%
Operating profit/(loss) before tax	**-1,5**	**-42,8**	**n/a**
Less: taxes	-12,2	0,2	n/a
Net profit/(loss) from continuing operations (a)	**-13,7**	**-42,6**	**n/a**
Net Profit / (loss) from Discontinued Operations (b) [1]	8,9	0,0	n/a
Net Profit /(Loss) after taxes (Continuing and Discontinued Operations) (a) + (b)	**-4,8**	**-42,6**	**n/a**

Attributable to:			
Equity holders of parent			
-Profit/(loss) from continuing operations	-30,8	-42,9	39,3%
-Profit/(loss) from discontinued operations [1]	8,9	0,0	n/a
	-21,9	**-42,9**	**-95,9%**
Non-Controlling Interest			
-Profit/(loss) from continuing operations	17,1	0,3	-98,2%
-Profit/(loss) from discontinued operations [1]	0,0	0,0	n/a
	17,1	**0,3**	**-98,2%**

[1] The activities of Group subsidiary Totolotek S.A. (Poland) and the associate company Gamenet Group SpA (Italy) are presented as discontinued operations pursuant to IFRS 5.

Sales Overview

Total revenue decreased by €209,9 million, or 55,5%, from €378,1 million in the six months period ended June 30, 2019 to €168,2 million in the six months period ended June 30, 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 six months period ended June 30, 2019 and 2020.

Revenue by Business Activity (€ in million)	**six months ended June 30,**		**% change**
(audited)	**2019**	**2020**	
Licensed operations	229,6	57,7	-74,9%
Management contracts	44,0	11,8	-73,2%
Technology and support services	104,5	98,7	-5,5%
Total	**378,1**	**168,2**	**-55,5%**

Revenue in our licensed operations activity line decreased by €171,9 million, or 74,9%, from €229,6 million in the six months period ended June 30, 2019 to €57,7 million in the six months period ended June 30, 2020. The decrease is attributed to **Bulgaria** (€-140,3 million), driven by Eurofootball and Eurobet's change in consolidation method (full vs. equity method) and by the impact of discontinued contracts of Eurobet from mid-February onwards as well, to **Malta** (€-17,6 million), with the variance attributable mainly to COVID-19 impact from mid-March 2020 onwards, and to other Licensed Operations (Argentina and Brazil), which dropped by €-14,0 million impacted mainly by COVID-19 pandemic.

Revenue in our management contracts activity line decreased by €32,2 million, or 73,2%, from €44,0 million in the six months period ended June 30, 2019 to €11,8 million in the six months period ended June 30, 2020. The variance is mainly driven by the deficit from our **Turkish** operations (€-22,8 million), driven largely by Inteltek's contract discontinuation post August 2019, as well as by a 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 1H20, the Sports Betting market expanded close to 3,3 times y-o-y (with the rate of expansion being lower compared to that of the first 4 months of the new era primarily due to the COVID-19 pandemic impact), with the online segment representing close to 88% of the market. Performance in Euro terms was further impacted by the devaluation of the local currency (12,4% Euro appreciation versus a year ago – in YTD average terms). The deficit in our management contracts was further increased by **Morocco's** (€-9,4 million or -73,8% 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 from mid-March 2020 onwards.

Revenue in our technology and support services line decreased by €5,8 million, or 5,5%, from €104,5 million in the six months period ended June 30, 2019 to €98,7 million in the six months period ended June 30, 2020. The decrease is mainly attributed to **Chile's** lower performance in 1H20 (€-3,4 million), largely because of a significant Lotto jackpot in 1Q19, the recent social unrest in the country, and COVID-19 impact, **Australia's** lower performance in 1H20 (€-2,1 million), driven by the COVID-19 pandemic impact, and sales from other jurisdictions, mainly Argentina and Greece, dropped by €-7,9 million impacted primarily by COVID-19, partially being offset by a one-off equipment sale in Germany. The decrease was partially offset by our **US** operations' increased revenue (€+7,6 million), mainly driven by the higher contribution of our new contract in Illinois in the current period (project launched in mid-February 2019), an one-off revenue recognition in relation to our new project with BCLC in Canada, and one-off equipment sale in Ohio fully absorbed the Ohio CSP contract termination impact (expired in June 2019), the COVID-19 impact, and a Powerball jackpot occurrence in 1Q19. Performance was also in part boosted by a favorable USD movement (2,7% Euro depreciation 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, 2019 and 2020.

GGR by Business Activity (€ in million)	six months ended June 30,		% change
(audited)	2019	2020	
Licensed operations	69,8	23,0	-67,0%
Management contracts	44,0	11,8	-73,2%
Technology and support services	104,5	98,7	-5,5%
Total	**218,3**	**133,5**	**-38,8%**

Gross Gaming Revenue (GGR) from continuing operations decreased by 38,8% (€218,3 million to €133,5 million) year over year driven the decrease in our payout related GGR (-67,1% y-o-y or €-45,8 million vs. 1H19), driven mainly by the recent developments in Bulgaria (-74,9% y-o-y on wagers from licensed operations[1]). 1H20 Average Payout Ratio[2] was down by 9,4pps vs. LY (60,5% vs. 69,9%) primarily due to Eurofootball's change of consolidation method (with significantly higher than average Payout ratio), and the drop in the non-payout related GGR (-26,0% y-o-y or €-39,0 million vs. 1H19), mainly due to the reduced top line contribution of our Management contracts.

Gross Profit Margin

The Gross profit margin in the six months period ended June 30, 2020 was 18,2%, from 20,2% in the six months period ended June 30, 2019, negatively affected by the Gross Profit mix reshuffle following mainly the impact of the recent developments in Bulgaria as well as Inteltek's contract discontinuation, that is in part offset by US Gross Profit margin improvement. Overall, Gross Profit decreased by 59,9% (or €45,7 million) compared to 1H19.

Other Operating Income

Other operating income decreased by €1,3 million, or 13,1%, from €9,9 million in the six months period ended June 30, 2019 to €8,6 million in the six months period ended June 30, 2020. The major driver of this decrease was the lower equipment lease income in USA, as well as lower income form uncollected winning and POS network support in Bulgaria and Argentina.

Selling Expenses

Selling expenses decreased by €9,3 million, or 43,9%, from €21,2 million in the six months period ended June 30, 2019 to €11,9 million in the six months period ended June 30, 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 Bulgaria.

Administrative Expenses

Administrative expenses decreased by €4,2 million, or 10,5%, from €40,0 million in the six months period ended June 30, 2019 to €35,8 million in the six months period ended June 30, 2020. This decrease was primarily due to lower costs in Turkey and Bulgaria.

[1] Licensed Operations Revenue also include a small portion of non-Payout related revenue, i.e. value-added services, which totaled €0.5m and €1.5m for 1H20 and 1H19 respectively, and €0.0m and €0.8m for 2Q20 and 2Q19 respectively.

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

Research and Development Expenses

Research and development expenses decreased by 0,8 million or 36,4%, from €2,2 million in the six months period ended June 30, 2019 to €1,4 million in the six months period ended June 30, 2020.

Other Operating Expenses

Other operating expenses decreased by 3,8 million, from €4,9 million in the six months period ended June 30, 2019 to €1,1 million in the six months period ended June 30, 2020. This decrease was mainly due to the lower provisions for penalties in 2020.

EBITDA

As a result of the above and the FX loss (€1,5 million[3]) from translation to EUR , EBITDA decreased by €32,0 million, or 54,5%, from €58,7 million in the six months period ended June 30, 2019 to €26,7 million in the six months period ended June 30, 2020 while EBITDA margin increased from 15,5% in the six months period ended June 30, 2019 to 15,9% in the six months period ended June 30, 2020. The margin increase is primarily driven by our US operations (Illinois full half-year contribution and BCLC one-offs), and German project's one-offs, in part offset by the recent developments in Bulgaria, Turkey's performance (Inteltek contract discontinuation and Bilyoner's lower top line), and Morocco's new contract performance.

Income / (expenses) from participations and investments

Income/(expenses) from participations and investments came up to net expenses of €4,6 million in the six months period ended June 30, 2020 from net income of €2,8 million in the six months period ended June 30, 2019. This deterioration is mainly due to the decreased dividends income by €1,3 million in 2020, the higher by €1,9 million losses from sale of participations and investments in 2020 (mainly due to the loss of €0,6 million from the Eurobet Ltd group loss of control and the loss of €1,0 million from non-collection of contingent consideration of Totolotek S.A. disposal), as well as the higher by €3,7 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 improved by €3,6 million, from loss of €3,6 million in the six months period ended June 30, 2019 to a loss of €22 thousand in the six months period ended June 30, 2020. This improvement was primarily due to higher provisions for assets impairment losses in 2019, mainly because of subsidiaries goodwill impairment provisions.

Interest and Similar Expenses

Interest and similar expenses decreased by €1,7 million, or 6,3%, from €26,8 million in the six months period ended June 30,2019 to €25,1 million in the six months period ended June 30, 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 €2,7 million, or 77,1% from €3,5 million in the six months period ended June 30, 2019 to €0,8 million in the six months period ended June 30, 2020, primarily due to lower interest income on bank deposits and debtors in 2020.

Profit/(loss) from equity method consolidation

Profit/(loss) from equity method consolidation decreased by €1,5 million from loss €0,1 million in the six months period ended June 30,2019 to loss €1,6 million in the six months period ended June 30, 2020, mainly deriving from Group associates in Asia and South America affected by COVID-19.

Operating Profit before Tax

[3] No CPI adjustment y-o-y; adjusting for inflation in Turkey and Argentina (proxy) there is no significant FX impact y-o-y.

As a result of the above and due to exchange differences from a gain of €4,4 million in the six months period ended June 30, 2019 to a loss of €1,6 million in the six months period ended June 30, 2020 and decreased depreciation and amortization by €4,9 million, operating profit before tax decreased by €41,3 million from a loss of €1,5 million in the six months period ended June 30, 2019 to a loss of €42,8 million in the six months period ended June 30, 2020.

Taxes

Taxes in the six months period ended June 30, 2020 amounted to income €0,2 million, versus expense €12,2 million in the six months period ended June 30, 2019. This decrease was primarily due to lower burden in 2020 from the current income tax (mainly due to lower taxable incomes in Turkey), and the positive effect of the deferred tax.

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

As a result of the above, net profit/(loss) from continuing operations decreased by €28,9 million, from a loss of €13,7 million in the six months period ended June 30, 2019 to a loss of €42,6 million in the six months period ended June 30, 2020.

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

Net profit/(loss) from discontinued operations in Totolotek S.A. (Poland) and Gamenet Group SpA (Italy) decreased by €8,9 million, from a profit of €8,9 million in the six months period ended June 30, 2019 to €0,0 million in the six months period ended June 30, 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 1/1-30/6/2019 (in 2019 were consolidated under the equity method until 22/10/2019):

	1/1-30/6/2019
Sale proceeds	0,0
EBITDA	**0,0**
Profit/(loss) after tax	**3,6**
Gain/(loss) from disposal of discontinued operations	0,0
Corresponding tax	0,0
Profit/(loss) after tax from discontinued operations	**3,6**
Attributable to:	
Equity holders of parent	3,6
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) decreased by €37,8 million, from a loss of €4,8 million in the six months period ended June 30, 2019 to a loss of €42,6 million in the six months period ended June 30, 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 decreased by €21,0 million, from a loss of €21,9 million in the six months period ended June 30, 2019 to a loss of €42,9 million in the six months period ended June 30, 2020.

Net loss from continuing operations attributable to the owners of the parent decreased by €12,1 million, from a loss of €30,8 million in the six months period ended June 30, 2019 to a loss of €42,9 million in the six months period ended June 30, 2020.

Net Cash Flows from total operations (continuing and discontinued)

Cash Flow Statement (€ in million)	six months ended June 30,	
(audited)	2019	2020
Operating activities		
Profit / (loss) before tax from continuing operations	-1,5	-42,8
Profit / (loss) before tax from discontinued operations	8,9	0,0
Profit / (loss) before Taxation	**7,4**	**-42,8**
Plus / Less adjustments for:		
Depreciation and Amortization	40,8	35,9
Provisions	4,9	1,1
Results (income, expenses, gain and loss) from Investing Activities	-17,9	7,4
Interest and similar expenses	26,9	25,1
Interest and similar Income	-3,5	-0,8
(Gain) / loss on net monetary position	-0,4	-0,3
Plus / Less adjustments for changes in working capital:		

Decrease / (increase) of Inventories	1,1	-3,0
Decrease / (increase) of Receivable Accounts	3,1	0,1
(Decrease) / increase of Payable Accounts (except Banks)	-9,9	3,4
Less: Income Tax Paid	3,5	8,8
Total inflows / (outflows) from operating activities (a)	**49,0**	**17,3**
Investing Activities		
(Purchases) / Sales of subsidiaries, associates, joint ventures and other investments	7,3	-1,2
Purchases of tangible and intangible assets	-31,8	-15,3
Proceeds from sales of tangible and intangible assets	0,2	0,0
Interest received	3,0	0,5
Dividends received	8,3	2,1
Total inflows / (outflows) from investing activities (b)	**-13**	**-13,9**
Financing Activities		
Proceeds from loans	44,9	40,6
Repayment of loans	-53,7	-41,4
Bonds buy back	0,0	0,0
Repayments of lease liabilities	-3,7	-3,5
Interest and similar expenses paid	-24,1	-23,3
Dividends paid	-33,0	-7,9
Total inflows / (outflows) from financing activities (c)	**-69,6**	**-35,5**
Net increase / (decrease) in cash and cash equivalents for the period (a) + (b) + (c)	**-33,6**	**-32,1**
Cash and cash equivalents at the beginning of the period	**162,3**	**171,1**
Net foreign exchange difference	0,0	-1,5
Cash and cash equivalents at the end of the period from total operations	**128,7**	**137,5**

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 €31,7 million, or 64,7%, from €49,0 million in the six months period ended June 30, 2019 to €17,3 million in the six months period ended June 30, 2020. This decrease was primarily driven by the following:

- profit before taxation from total operations (continuing and discontinued) deteriorated by €50,2 million, from a profit of €7,4 million in the six months period ended June 30, 2019 to a loss of €42,8 million in the six months period ended June 30, 2020, due to the decrease by €8,9 million of profit before taxation from discontinued operations (profit €8,9 million from operations in Poland and Italy in 2019, versus no discontinued operations in 2020), as well as due to decrease by €41,3 million of profit before taxation from continuing operations as described above;
- depreciation and amortization from total operations decreased by 12,0% from €40,8 million in the six months period ended June 30, 2019 to €35,9 million in the six months period ended June 30, 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 €4,9 million in the six months period ended June 30, 2019 , versus a positive effect of €1,1 million in the six months period ended June 30, 2020, mainly due to higher impairment provisions of goodwill in 2019 because of the non-renewal of Spor Toto contract in Turkey (Inteltek).
- the effect of results from investing activities on cash flow was negative €17,9 million in the six months period ended June 30, 2019, versus a positive effect of €7,4 million in the six months period ended June 30, 2020, mainly due to the lower net FX gain (€6,0 million y-o-y) in 2020, the lower (€5,1 million y-o-y) net profit from associates equity method consolidation in 2020, the lower (€7,8 million y-o-y) net gain from investments disposals in 2020 (due to the Totolotek disposal in 2019), the higher (€4,3 million y-o-y) investments impairments/losses in 2020 (due to the Eurobet consolidation method change and Goreward group COVID-19 impact), as well as the lower (€1,4 million y-o-y) dividend income in 2020;

- Net interest results were higher by €0,9 million in the six months period ended June 30, 2020 (€24,3 million), as described above;
- changes in our working capital, which led to a cash inflow of €0,5 million in the six months period ended June 30, 2020, compared with a cash outflow of €5,7 million in the six months period ended June 30, 2019;
    - In particular, there was a increase of €3,0 million in inventories in the six months period ended June 30, 2020, compared to a decrease of €1,1 million in the six months period ended June 30, 2019, mainly due to the timing of roll out of new the projects under construction;
    - also, there was a decrease of €0,1 million in receivables in the six months period ended June 30, 2020, compared to a decrease of €3,1 million in the six months period ended June 30, 2019, mainly due to the timing of revenue receipts in various projects;
    - also, there was an increase of €3,4 million in payables towards our suppliers in the six months period ended June 30, 2020 compared to a decrease of €9,9 million in the six months period ended June 30, 2019, mainly due to the timing of payments in various projects;

      and
- income tax paid increased from €3,5 million in the six months period ended June 30, 2019 to €8,8 million in the six months period ended June 30, 2020, mainly due to the negative effect of the tax audit in Intralot SA.

On a pro-forma basis, i.e., excluding the operating cash-flow contribution of our discontinued operations in Italy and Poland, there is a decrease of €33,0m in Cash inflows from operating activities (17,3m in 1H20 vs. €50,3 million in 1H19 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, 2020, net cash outflows from investing activities was €13,9 million, which was an increase of €0,9 million, from net outflows of €13,0 million in the six months period ended June 30, 2019. This increase is mainly attributable to higher net outflow of €8,5 million for (Purchases)/Sales of subsidiaries, associates, joint ventures and other investments in the six months period ended June 30, 2020 (mainly due to the outflow of €0,7 million in 2020 because of the Eurobet group consolidation method change, as well as the outflow of €0,5 million from financial assets disposals in 2020, compared to an inflow of €4,3 million from Totolotek disposal, an inflow of €2,3 million from investment capital return, and an inflow of €0,6 million from financial assets disposal and time deposits release in 2019), lower outflow of €16,3 million in 2020 for net capital expenditure, lower inflow of €2,5 million in 2020 for interest received from bank deposits and debtors, and lower inflow of €6,2 million in 2020 for dividends received.

Our capital expenditure in the six months period ended June 30, 2020 reached €15,3 million while in the six months period ended June 30, 2019 reached €31,8 million. Major capital expenditure items in the six months period ended June 30, 2020 include €7,4 million towards R&D and project pipeline delivery, and €4,3 million in the US, including outflows towards Montana, New Hampshire, and Washington DC contracts (Sports Betting driven), and Louisiana contract renewal.

Maintenance capital expenditure during the six months period ended period June 30, 2020 was €3,3 million in comparison to €5,3 million in the six months period ended June 30, 2019 (excluding discontinued operations in Poland).

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, 2020, net cash outflows from financing activities was €35,5 million, compared to net cash outflows of €69,6 million in the six months period ended June 30, 2019. This decrease of net cash outflows from financing activities consisted of €8,2 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 €18,0 million from Intralot Global Holdings BV revolving facility in 2020, and the net outflow of €24,8 million of local facilities and leasing arrangements mainly in USA), lower interest payments by €0,8 million in the six months period ended June 30, 2020, and lower dividends distribution to minority interests by €25,1 million in the six months period ended June 30, 2020.

Cash & Cash Equivalents

The following table sets forth our Cash & Cash Equivalents as of June 30, 2020 and December 31, 2019.

Cash & Cash Equivalents (€ in million)	December 31, 2019	June 30, 2020	% change
Partnerships[1]	18,6	8,4	-54,8%
All other Operating Entities (with revenue contracts) & HQ	152,5	129,1	-15,3%
Total	**171,1**	**137,5**	**-19,6%**

[1] As Partnerships we define our Operations in Turkey (Inteltek & 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 1H20 period decreased by €33,6 million vs. FY19. Of the Cash & Cash Equivalents at the end of June 30, 2020, €8,4 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 six months period ended June 30, 2019 with the six months period ended June 30, 2020

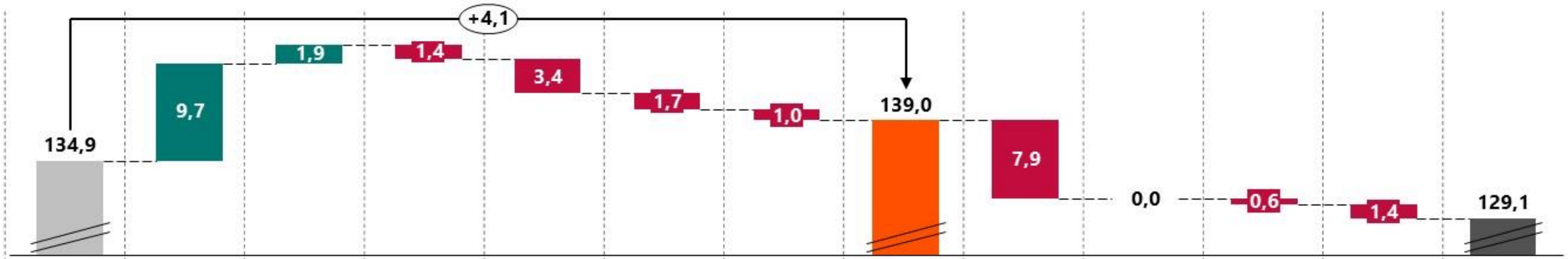
Proportionate Financial Metrics[1] – Pro Forma (€ in million)	six months ended June 30,		% change
	2019	2020	
Proportionate Revenue	255,4	141,1	-44,7%
Proportionate GGR	167,2	118,1	-29,4%
Proportionate **EBITDA**	**38,7**	**23,3**	**-39,8%**
Adjusted EBITDA [2]	44,7	24,0	-46,3%
	December 31, 2019	**June 30, 2020**	
Proportionate Gross Debt	762,9	760,0	-
Proportionate Cash & Cash Equivalents	157,7	129,5	-

[1] The activities of Group subsidiary Totolotek S.A. (Poland) are presented as discontinued operations pursuant to IFRS 5.
[2] Calculated as Proportionate EBITDA of fully consolidated entities including EBITDA from equity investments in Peru, Greece ,Taiwan and Bulgaria.

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 June 30, 2020, as well as the historical values of 2Q19 and 1Q20.

Pro-Forma Cash Flow – Shareholders of the Parent View, 2Q20
€m



Historical Values

	Cash & Cash Equivalents, 1Q20	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, 2Q20
1 2Q19	55,9	10,0	20,8	7,2	-2,0	-1,9	-0,8	89,2	-11,2	13,4		-11,1	80,3
2 1Q20	152,5	12,3	4,4	0,4	-5,3	-1,3	-21,7	141,3	-4,0	-0,2	-0,2	-2,0	134,9

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

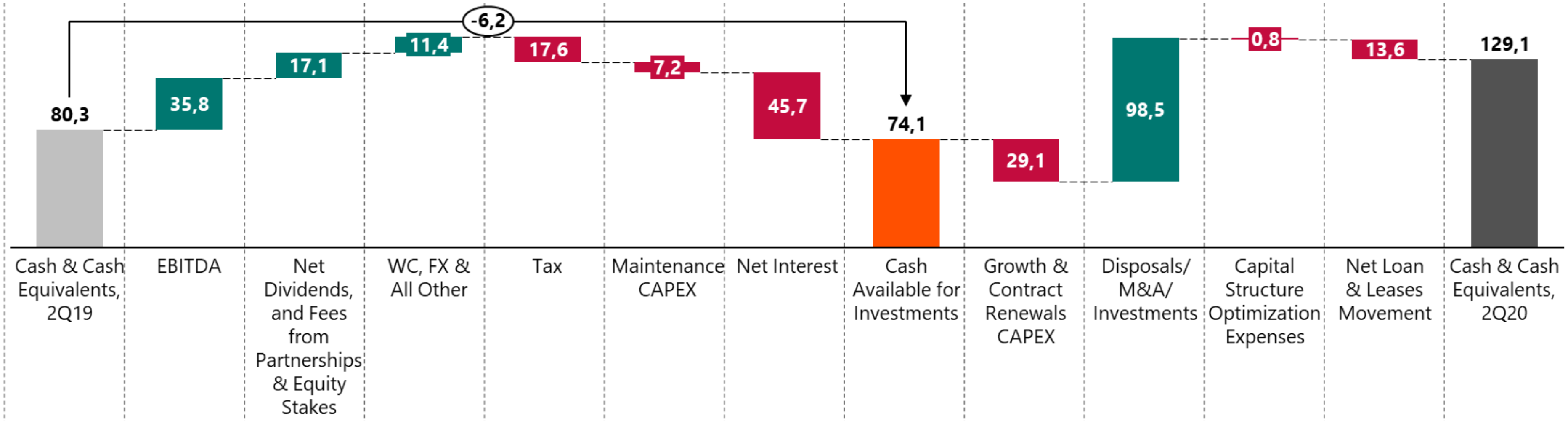
Shareholders of the Parent View	YoY Variances Explained 1	QoQ Variances Explained 2
EBITDA	▪ EBITDA at similar levels vs. a year ago as the improved performance of our US operations, and the one-off from our new contract in Germany almost fully offset the 2Q20 COVID-19 impact in key regions such as Oceania, Malta, Morocco (incl. revised commercial terms), and Chile (incl. recent social unrest)	▪ Negative variance driven by the COVID-19 impact in our key regions in part offset by our US operations improved performance, and the one-off from Germany's project
Net Dividends, and Fees from Partnerships	▪ Negative variance driven largely by Turkey's LY dividend income and our Bulgarian operations (recent developments impact), followed by lower dividend income from Investments (mainly Gamenet and HL), and a tax return related to Maltco's dividend distribution	▪ Negative variance driven largely by Inteltek's contribution in 1Q20, and Bulgaria's recent developments, in part offset by the timing of Malta's dividend distribution towards our partner (1Q distribution), and a dividend income from our investment in Taiwan in 2Q20
WC, FX & All Other	▪ WC decreased vs. 2Q19 driven mainly by an unfavorable timing of new projects under construction, by an advance payment received for our project in Netherlands in 2Q19, and an unfavorable receivable balances position in various projects ▪ Positive FX variance vs. a year ago (mainly Morocco)	▪ QoQ negative variance is mainly due to the impact of the received advance for our project in the Netherlands (1Q20), and due to an unfavorable timing of new projects under construction, in part offset by a favorable receivable balances movement in various projects ▪ Positive FX impact QoQ (mainly Morocco followed by Oceania)
Tax	▪ Negative tax variance, largely due to Parent company tax payments (tax audit driven)	▪ Positive variance driven by the front-loaded Parent company's tax payments (tax audit driven) in part offset by timing of tax payment related to Inteltek's dividend income
Maintenance CAPEX	▪ Similar levels of Maintenance CAPEX outflows vs. a year ago.	▪ Similar levels of Maintenance CAPEX outflows vs. previous Q
Net Interest	▪ Net Interest at similar levels vs. 2Q19	▪ Lower interest driven by coupon payments timing (2 coupon payments in 1Q20 vs. none in 2Q20)
Growth & Contract Renewals CAPEX	▪ Favorable variance (vs. 2Q19) driven mainly by the completion of our prior years' investments in the US for Illinois and Ohio, as well as the lower outflows in general given the COVID-19 pandemic	▪ Increased outflows in 2Q20 mainly towards our contracts in the US (new Sports Betting contracts and Louisiana renewal)
Disposals/ M&A/ Investments	▪ Driven by prior period's received PP from Azerbaijan operation sale, Polish operation sale (net impact), and Nanum JV share capital return	▪ N/A
Capital Structure Optimization Expenses	▪ Paid portion of capital structure optimization expenses	▪ Higher capital structure optimization expenses in 2Q20 vs. 1Q20
Net Loan & Leases Movement	▪ Variance driven by the full repayment of our US revolving facility in part offset by a drawn amount from our new facility (both in current period), and the impact of the full repayment of Nomura loan in 2Q19	▪ At similar levels as the additional drawn amount from our new facility was partially offset by the remaining US facility repayment

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, 2020, as well as the historical values of LTM 1Q20 and LTM 4Q19.

Pro-Forma Cash Flow – Shareholders of the Parent View, LTM 2Q20

€m



Historical Values	Cash & Cash Equivalents, 2Q19	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, 2Q20
LTM 1Q20	**55,9**	36,1	36,0	20,2	-16,2	-7,4	-45,5	**79,1**	-32,5	111,8	-0.2	-23,3	**134,9**
LTM 4Q19	**84,7**	36,2	38,2	11,3	-10,2	-8,8	-46,0	**105,4**	-42,6	112,0		-22,3	**152,5**

Major Contracts Overview & Update[1]

Overview & LTM Contribution

Selected Entities/ Projects contribution in the twelve months ended June 30, 2020 after Intragroup eliminations.

Entity/ Project/ Description	Partnership	Contract type	Revenue Contribution	GGR Contribution	GP Contribution	EBITDA Contribution	Contract Expiry (w/o Renewals)[6]
12 Technology Contracts with State Lotteries[2]	DC only	Technology	23%	37%	30%	71%	2030
12 Technology Contracts with State Lotteries and 1 Licensed Operation	Yes	Technology/ Licensed Operations	7%	7%	10%	13%	2027
2 VLT Monitoring Contracts and 1 Technology Contract[3]		Technology	4%	6%	21%	21%	2027
Bilyoner	Yes	Management Contracts	4%	6%	14%	2%	Sep 2020 - Renewable at the discretion of the Administration
Intralot Maroc		Management Contracts	3%	5%	15%	-12%	2027
Eurofootball Group	Yes	Licensed Operations	21%	7%	12%	13%	Open Market License[4]
Eurobet Group	Yes	Licensed Operations	7%	4%	7%	7%	Licenses Discontinued[5]
Maltco		Licensed Operations	15%	9%	10%	18%	2022
Subtotal *(% of LTM 2Q20)*			**84%**	**79%**	**119%**	**133%**	
LTM 2Q20 *(in million €)*			**510,7**	**324,4**	**80,3**	**55,8**	

[1] Inteltek's contract has been excluded from the summary of major contracts presented above given its immaterial contribution on Group totals following contract discontinuation post August 2019
[2] USA figures include also the Philippines and BCLC project contribution
[3] New Zealand Monitoring ends in 2022 while that in Victoria (Australia) ends in 2027; the Lottery West contract ends in 2021 (without considering extension options)
[4] Eurofootball's method of consolidation changed from Full to Equity in December 2019. In addition, the gaming licenses of Eurofootball have been temporarily suspended. For further details refer to the notes of the Interim Financial Report
[5] Eurobet's method of consolidation changed from Full to Equity after 1Q20. In addition, its licenses were discontinued within 1Q20. For further details refer to the notes of the Interim Financial Report
[6] 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. 670 employees at the end of June 30, 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.