

INTRALOT Group

MANAGEMENT'S DISCUSSION & ANALYSIS

**of our financial condition and results of operations
for the period 1/1-31/12/2021**

intralot

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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, 2021, we had revenue of €414,0 million and EBITDA of €110,4 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, 2021, our revenue from Greece, Rest of Europe, the Americas and the Rest of the World represented 1,7%, 31,6%, 52,0% and 14,8% of total revenue, respectively.

Results of Operations of the INTRALOT Group

Comparison of the twelve months period ended December 31, 2020 with the twelve months period ended December 31, 2021

Overview

Income Statement Information (€ in million)	Twelve months ended December 31,		% change
	2020	2021	
Revenue	344,9	414,0	20,0%
Less: Cost of sales	-271,7	-294,6	8,4%
Gross profit	73,2	119,4	63,2%
Other operating income	17,4	21,6	23,8%
Selling expenses	-23,3	-22,6	-3,3%
Administrative expenses	-64,2	-73,6	14,6%
Research and development expenses	-2,9	-1,5	-46,1%
Reorganization expenses	-6,8	-17,2	n/a
Other operating expenses	-2,0	-3,9	101,2%
EBIT	-8,5	22,2	n/a
EBITDA	66,2	110,4	66,9%
Income/(expenses) from participations and investments	-3,9	45,1	n/a
Gain/(loss) from assets disposal, impairment, and write-off	-21,0	-16,3	-22,4%
Interest and similar expenses	-49,9	-60,9	22,1%
Interest and related income	1,5	47,4	n/a
Exchange differences	-8,6	-1,2	-86,5%
Profit/(loss) equity method consolidation	-1,5	0,2	n/a
Gain/(loss) on net monetary position	0,1	0,6	n/a
Operating profit/(loss) before tax	-91,9	37,1	n/a
Less: taxes	-7,3	-4,4	-40,3%
Net profit/(loss) from continuing operations (a)	-99,2	32,7	n/a
Net Profit / (loss) from Discontinued Operations (b) ¹	-3,7	-9,2	n/a

Net Profit /(Loss) after taxes (Continuing and Discontinued Operations) (a) + (b)	-102,9	23,5	n/a
Attributable to:			
Equity holders of parent			
-Profit/(loss) from continuing operations	-102,9	26,6	n/a
-Profit/(loss) from discontinued operations ¹	-3,2	-9,1	n/a
	-106,0	17,5	n/a
Non-Controlling Interest			
-Profit/(loss) from continuing operations	3,6	6,2	69,1%
-Profit/(loss) from discontinued operations ¹	-0,5	-0,1	-73,9%
	3,1	6,0	91,8%

¹ The activities of Group subsidiaries and associates in Poland (Totolotek S.A.), in Bulgaria (Bilot EOOD, Eurofootball Ltd, Bilot Investment Ltd, Eurobet Ltd, Eurobet Trading Ltd, ICS S.A.), in Brazil (Intralot do Brazil Ltda, OLTP Ltda) and Peru (Intralot de Peru SAC) are presented as discontinued operations pursuant to IFRS 5.

Note:

Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals.

Sales Overview

Total revenue increased by €69,1 million, or 20,0%, from €344,9 million in the twelve months period ended December 31, 2020 to €414,0 million in the twelve months period ended December 31, 2021. This increase was driven by increased revenue in all operating segments.

Revenue by Business Activity

The following table sets forth our revenue for each business activity for the twelve months period ended December 31, 2020 and 2021.

Revenue by Business Activity (€ in million)	twelve months period ended December 31,		% change
	2020	2021	
Licensed operations	99,8	133,1	33,3%
Management contracts	33,6	47,5	41,3%
Technology and support services	211,5	233,5	10,4%
Total	344,9	414,0	20,0%

Revenue in our **Licensed Operations** activity line increased by €33,2 million, or 33,3%, from €99,8 million in the twelve months period ended December 31, 2020 to €133,1 million in the twelve months period ended December 31, 2021. The increase is attributed to the lower COVID-19 impact in the 12M21 vs. 12M20 in **Malta** (€+17,9m or +23,1% y-o-y), the local market growth and the lower COVID-19 impact in the 12M21 vs. 12M20 in **Argentina** (€+15,4m or +68,9% y-o-y) that was partially offset by the adverse impact of the FX currency translation (in local currency, current year results posted a +92,0% y-o-y increase).

Revenue in our **Management Contracts** activity line increased by €13,9 million, or 41,3%, from €33,6 million in the twelve months period ended December 31, 2020 to €47,5 million in the twelve months period ended December 31, 2021. The increase is driven by the surplus generated from our Turkish operations (€+6,6m) due to **Bilyoner's** improved performance that was supported by the continued growth of the online market. More specifically, in 12M21 the local Sports Betting market expanded close to 1,7 times y-o-y, with the online segment representing close to 89% of the market at the end of 12M21. Performance in Euro terms was partially mitigated by the headwinds in Turkish lira (30,5% Euro appreciation versus a year ago – in YTD average terms). The surplus in our management contracts was further increased by **Morocco's** improved performance (€+3,9 million), mainly due to the impact of COVID-19 pandemic in 12M20 and the growth of local market, as well as the higher contribution of **US Sports Betting** in **Montana** and **Washington, D.C.** (€+3,3 million).

Revenue in our **Technology and Support Services** activity line increased by €22,0 million, or 10,4%, from €211,5 million in the twelve months period ended December 31, 2020 to €233,5 million in the twelve months period ended December 31, 2021. The increase is mainly attributed to the strong momentum of the **US operations** (€+16,6m or +12,6% y-o-y) driven

by the strong growth of Service Revenue (+18.5% y-o-y), offsetting the lower merchandise sales and the effect from the adverse USD movement (3.5% Euro appreciation versus a year ago — in average terms). In addition to our US operations, **Australia** also generated a positive variance (€+4,5m) due to the higher COVID-19 impact in the 12M20, while partially offset by a one-off merchandise sale in 1Q20. Sales from other jurisdictions ended higher (€+0,9m) mainly due to better performance in Argentina and Croatia new contract contribution, offsetting the lower merchandise sales vs 12M20.

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, 2020 and 2021.

GGR by Business Activity (€ in million)	twelve months period ended December 31,		% change
	2020	2021	
Licensed operations	40,3	54,4	34,9%
Management contracts	33,6	47,4	41,3%
Technology and support services	211,5	233,5	10,4%
Total	285,4	335,3	17,5%

Gross Gaming Revenue (GGR) from continuing operations increased by 17,5% (from €285,4 million to €335,3 million) year over year, attributable to: a) the increase in the non-payout related GGR (+16,0% y-o-y or €+39,4m vs. FY20), driven mainly by the increased top line contribution of our US operations, the better performance of Bilyoner and Morocco coupled with improved performance across most key regions, and b) the increase in the payout related GGR (+26,9% y-o-y or €+10,5m vs. FY20), driven mainly by the COVID-19 impact in FY20, mitigating the higher average payout ratio in Malta and the higher adverse FX impact from our licensed operations in Latin America in the current period (+30,1% y-o-y on wagers from licensed operations¹). FY21 Average Payout Ratio² increased by 0,9pps vs. LY (61,3% vs. 60,4%), affected by the higher weighted contribution from our operations in Malta.

Gross Profit Margin

The Gross profit margin in the twelve months period ended December 31, 2021 was 28,9%, from 21,2% in the twelve months period ended December 31, 2020, positively affected by the Gross Profit margin improvement in US, Australia, Bilyoner and Morocco. Overall, Gross Profit increased by 63,2% (or €46,3 million) compared to 12M20.

Other Operating Income

Other operating income increased by €4,2 million, or 23,8%, from €17,4 million in the twelve months period ended December 31, 2020 to €21,6 million in the twelve months period ended December 31, 2021. The major driver of this increase was the higher equipment lease income in USA.

Selling Expenses

Selling expenses decreased by €0,8 million, or 3,3% from €23,3 million in the twelve months period ended December 31, 2020 to €22,6 million in the twelve months period ended December 31, 2021. This decrease was due to the lower costs in Greece.

¹ Licensed Operations Revenue also include a small portion of non-Payout related revenue, i.e., value-added services, which totaled €4,7 million and €1,2 million for FY21 and FY20, respectively.

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

Administrative Expenses

Administrative expenses increased by €9,3 million, or 14,6%, from €64,2 million in the twelve months period ended December 31, 2020 to €73,6 million in the twelve months period ended December 31, 2021. This increase was primarily due to increased costs in USA, Australia and Turkey which are partially counterbalanced from decreased costs in Greece.

Research and Development Expenses

Research and development expenses decreased by 1,3 million or 46,1%, from €2,9 million in the twelve months period ended December 31, 2020 to €1,5 million in the twelve months period ended December 31, 2021.

Reorganization expenses

Reorganization expenses of €17,2 million in the twelve months period ended December 31, 2021 and €6,8 million in the twelve months period ended December 31, 2020, refer to advisors' fees regarding the 2021 and 2024 Bonds restructuring.

Other Operating Expenses

Other operating expenses increased by 1,9 million, from €2,0 million in the twelve months period ended December 31, 2020 to €3,9 million in the twelve months period ended December 31, 2021. This increase was mainly due to the higher provisions for contractual fines-penalties, and doubtful provisions of receivables in 2021.

EBITDA

EBITDA increased by €44,2 million, or 66,9%, from €66,2 million in the twelve months period ended December 31, 2020 to €110,4 million in the twelve months period ended December 31, 2021, while EBITDA margin increased from 19,2% in the twelve months period ended December 31, 2020, to 26,7% in the twelve months period ended December 31 2021, as a result of the revenue growth combined with operating expenses containments, mainly in HQ.

Income / (expenses) from participations and investments

Income/(expenses) from participations and investments came up to net income of €45,1 million in the twelve months period ended December 31, 2021 from net expenses of €3,9 million in the twelve months period ended December 31, 2020. This improvement is mainly due to the exchange of 34,27% of the share capital of Intralot US Securities B.V. (indirectly parent company of Intralot, Inc.) to holders of existing bonds maturing in 2024, as well as due to the higher impairment losses on participations and investments in 2020.

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

Gain / (loss) from assets disposal, impairment loss & write off of assets came up to net loss of €16,3 million in the twelve months period ended December 31, 2021 from net loss of €21,0 million in the twelve months period ended December 31, 2020. This improvement 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 increased by €11,0 million, or 22,1%, from €49,9 million in the twelve months period ended December 31, 2020 to €60,9 million in the twelve months period ended December 31, 2021. This increase was primarily due to the expenses related to the loan restructuring.

Interest and Related Income

Interest and related income increased by €45,8 million, from €1,5 million in the twelve months period ended December 31, 2020 to €47,4 million in the twelve months period ended December 31, 2021, primarily due to the profit related to the refinancing of bonds maturing in September 2021.

Exchange Differences

The account "Exchange Differences" in the twelve months period ended December 31, 2021 of €1,2 million mainly refers to losses of approximately €1,4 million from valuation of cash balances in foreign currency other than the functional currency of each entity, gain of €0,3 million from reclassification of exchange differences reserves to Income Statement applying IFRS 10, as well as loss of approximately €0,1 million mainly from valuation of trade and debt liabilities (intercompany and non) in EUR that various subsidiaries abroad had as at 31/12/2021, with a different functional currency than the Group's.

Profit/(loss) from equity method consolidation

Consolidation of associates and joint ventures through the equity method contributed profit of €0,2 million in the twelve months period ended December 31, 2021 compared to the losses of €1,5 million in the twelve months period ended December 31, 2020, mainly deriving by the Group's associates in Asia.

Operating Profit/(Loss) before Tax

As a result of the above, and due to exchange differences from a loss of €8,6 million in the twelve months period ended December 31, 2020 to a lower loss of €1,2 million in the twelve months period ended December 31, 2021, operating loss before tax improved by €129,0 million from a loss of €91,9 million in the twelve months period ended December 31, 2020, to a gain of €37,1 million in the twelve months period ended December 31, 2021.

Taxes

Taxes in the twelve months period ended December 31, 2021 amounted to expense €4,4 million, versus expense €7,3 million in the twelve months period ended December 31, 2020. This decrease was primarily due to the positive effect of the reversal of deferred tax asset in 2021.

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

As a result of the above, net loss from continuing operations improved by €131,9 million, from a loss of €99,2 million in the twelve months period ended December 31, 2020 to a profit of €32,7 million in the twelve months period ended December 31, 2021.

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

Discontinued operations in Poland (Totolotek S.A.), in Bulgaria (Bilot EOOD, Eurofootball Ltd, Bilot Investment Ltd, Eurobet Ltd, Eurobet Trading Ltd, ICS S.A), in Brazil (Intralot do Brazil Ltda, OLTP Ltda) and in Peru (Intralot de Peru SAC) resulted in a loss of €9,2 million in the twelve months period ended December 31, 2021 compared to a loss of €3,7 million in the twelve months period ended December 31, 2020.

Analysis of discontinued operations:

• 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 nine-months of 2019 and amount approximately €0,8 million in July 2019. On 31/12/2021 and 31/12/2020 the Group recognized a loss of €996 thousand and €966 thousand respectively from the non-collection of contingent consideration of Totolotek S.A. disposal, since the relevant terms and requirements were not met.

• 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 \$21 million (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 in 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 (€13,3 million).

Below are presented the results of the Group's discontinued operations in Peru (Intralot de Peru SAC) for the periods 1/1-31/12/2020 and 1/1-31/1/2021 (in 2021 it was consolidated through equity method until 31/1/2021):

	1/1-31/12/2020	1/1-31/1/2021
Gains / (losses) from consolidations under the equity method	0,8	0,1
Profit / (loss) before taxes	0,8	0,1
Income Tax	0,0	0,0
	0,8	0,1
Gain/(loss) from disposal of discontinued operations	0,0	1,1
Corresponding tax	0,0	-1,3
Expenses and exchange differences occurred from sale	0,0	-0,2
Reclassification of exchange differences reserve to Income Statement	0,0	-0,6
Profit/(loss) after tax from discontinued operations	0,8	-0,9
Attributable to:		
Equity holders of parent	0,8	-0,9
Non-Controlling Interest	0,0	0,0

• 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 period 1/1-30/9/2020 (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).

	1/1-17/12/2020
Sale proceeds	8,7
EBITDA	-0,2
Profit/(loss) after tax	-0,6
Gain/(loss) from disposal of discontinued operations	0,0
Corresponding tax	0,0
Profit/(loss) after tax from discontinued operations	-1,6
Attributable to:	
Equity holders of parent	-1,9
Non-Controlling Interest	0,3

• Brazil

On May 14, 2021, INTRALOT announced that it has reached a binding agreement with "SAGA CONSULTORIA E REPRESENTAÇÕES COMERCIAIS E EMPRESARIAIS" ("SAGA") in Brazil to sell its entire stake in "Intralot do Brasil Comércio de Equipamentos e Programas de Computador LTDA" ("Intralot do Brasil"), representing 80% of the company's voting capital. SAGA is the only other shareholder of Intralot do Brasil holding 20% of the company. INTRALOT will continue to provide its gaming technology to Intralot do Brasil following closing of the transaction. The total cash consideration for the stake sale amounts to EUR 700 thousand (seven hundred thousand EUR). Intralot do Brasil owes by 100% OLTP subsidiary. The Group's net assets held for sale (including non-controlling interest rights and foreign exchange reserve) in Brazil amounted to €8,0 million as at 31/5/2021 forming a gross loss from disposal of discontinued operations to €7,3 million. Subtracting the exchange differences that were reclassified from foreign exchange differences reserve to Group's income statement, the net loss from disposal of discontinued operations amounted to €6,7 million.

Below are presented the results of the Group's discontinued operations in Brazil (Intralot do Brasil Ltda and OLTP Ltda) for the period 1/1-31/12/2020 and 1/1-31/5/2021 (in 2021 were consolidated through full consolidation method until 31/5/2021).

	1/1-31/12/2020	1/1-31/5/2021
Sale proceeds	19,9	7,2
EBITDA	0,3	-0,4
Profit/(loss) after tax	-1,8	-0,6
Gain/(loss) from disposal of discontinued operations	0,0	-7,3
Corresponding tax	0,0	0,0
Reclassification of exchange differences reserve to Income Statement	0,0	0,6
Profit/(loss) after tax from discontinued operations	-1,8	-7,3
Attributable to:		
Equity holders of parent	-1,0	-7,2
Non-Controlling Interest	-0,8	-0,1

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

As a result of the above, net gain/loss from total operations (continuing and discontinued) improved by €126,4 million, from a loss of €102,9 million in the twelve months period ended December 31, 2020 to a profit of €23,5 million in the twelve months period ended December 31, 2021.

Net Income Attributable to Owners of the Parent

After deducting non-controlling interests, total operations net gain/loss attributable to the owners of the parent improved by €123,5 million, from a loss of €106,0 million in the twelve months period ended December 31, 2020 to a profit of €17,5 million in the twelve months period ended December 31, 2021.

Net gain/loss from continuing operations attributable to the owners of the parent improved by €129,4 million, from a loss of €102,9 million in the twelve months period ended December 31, 2020 to a profit of €26,6 million in the twelve months period ended December 31, 2021.

Net Cash Flows from total operations (continuing and discontinued)

Cash Flow Statement (€ in million)	twelve months period ended December 31,	
	2020	2021
Operating activities		
Profit / (loss) before tax from continuing operations	-91,9	37,1
Profit / (loss) before tax from discontinued operations	-3,5	-7,9
Profit / (loss) before Taxation	-95,4	29,2
Plus / Less adjustments for:		
Depreciation and Amortization	68,7	71,2
Provisions	22,9	20,0
Results (income, expenses, gain and loss) from Investing Activities	15,8	-34,5
Interest and similar expenses	50,0	61,0
Interest and similar Income	-1,6	-47,4
(Gain) / loss on net monetary position	-0,1	-0,6
Reorganization expenses	6,8	17,2
Plus / Less adjustments for changes in working capital:		
Decrease / (increase) of Inventories	7,2	-2,4
Decrease / (increase) of Receivable Accounts	-19,2	23,2
(Decrease) / increase of Payable Accounts (except Banks)	4,0	-33,1
Income Tax Paid	-14,5	3,8
Total inflows / (outflows) from operating activities (a)	44,5	107,6
Investing Activities		
(Purchases) / Sales of subsidiaries, associates, joint ventures and other investments	-1,2	13,5
Restricted bank deposits	-2,3	-3,2
Purchases of tangible and intangible assets	-36,0	-23,2
Proceeds from sales of tangible and intangible assets	0,1	0,3
Interest received	2,2	2,1
Dividends received	3,4	1,2
Total inflows / (outflows) from investing activities (b)	-33,8	-9,3
Financing Activities		
Sale of own shares	0,0	0,1
Proceeds from loans	59,0	10,1
Repayment of loans	-67,4	-13,2
Repayments of lease liabilities	-6,9	-3,4
Interest and similar expenses paid	-45,9	-56,5
Dividends paid	-8,5	-6,5
Reorganization expenses paid	-6,8	-17,7
Total inflows / (outflows) from financing activities (c)	-76,5	-87,1
Net increase / (decrease) in cash and cash equivalents for the period (a) + (b) + (c)	-65,8	11,1
Cash and cash equivalents at the beginning of the period	171,1	100,0
Net foreign exchange difference	-5,3	-3,8
Cash and cash equivalents at the end of the period from total operations	100,0	107,3

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 increased by €63,1 million, or 141,9%, from €44,5 million in the twelve months period ended December 31, 2020 to €107,6 million in the twelve months period ended December 31, 2021. This increase was primarily driven by the following:

- loss before taxation from total operations (continuing and discontinued) improved by €124,6 million, from a loss of €95,4 million in the twelve months period ended December 31, 2020 to a gain of €29,2 million in the twelve months period ended December 31, 2021, due to the improvement by €129,0 million of profit before taxation from continuing operations as described above, partially counterbalanced by the increased loss from discontinued operations (loss €7,9 million in 2021, versus loss €3,5 million in 2020);
- depreciation and amortization from total operations increased by 3,6% from €68,7 million in the twelve months period ended December 31, 2020 to €71,2 million in the twelve months period ended December 31, 2021, mainly due to the license renewal cost for Bilyoner contract and the amendment of license depreciation useful life to match the new contract termination date in Morocco;
- the effect of provisions on cash flow decreased by €2,9 million, from positive €22,9 million in the twelve months period ended December 31, 2020, to a positive effect of €20,0 million in the twelve months period ended December 31, 2021, mainly due to the goodwill impairment provision for Bilyoner, as well as the higher doubtful provisions and receivables write-offs in 2021.
- the effect of results from investing activities on cash flow was positive €15,8 million in the twelve months period ended December 31, 2020, versus a negative effect of €34,5 million in the twelve months period ended December 31, 2021, mainly due to the exchange of 34,27% of the share capital of Intralot US Securities B.V. (indirectly parent company of Intralot, Inc.) to holders of existing bonds maturing in 2024 (€43,0 million y-o-y), the positive impact from decreases in losses from share of associates (€1,0 million y-o-y), and the positive impact from decreases in unrealised FX losses (€4,1 million y-o-y).
- Net interest expenses in the twelve months period ended December 31, 2021 was €13,6 million (12M20: €48,5 million), as described above;
- Reorganization expenses accrued in the twelve months period ended December 31, 2021 was €17,2 million (12M20: €6,8million), as described above;
- changes in our working capital, which led to a cash outflow of €12,3 million in the twelve months period ended December 31, 2021, compared with a cash outflow of €8,1 million in the twelve months period ended December 31, 2020;
 - › In particular, there was an increase of €2,4 million in inventories in the twelve months period ended December 31, 2021, compared to a decrease of €7,2 million in the twelve months period ended December 31, 2020, mainly due to the timing of roll out of new the projects under construction;
 - › also, there was a decrease of €23,2 million in receivables in the twelve months period ended December 31, 2021, compared to an increase of €19,2 million in the twelve months period ended December 31, 2020 mainly due to the invoicing of Morocco;
 - › also, there was a decrease of €33,1 million in payables towards our suppliers in the twelve months period ended December 31, 2021 compared to an increase of €4,0 million in the twelve months period ended December 31, 2020, mainly due to the timing of payments in various projects; and
 - › income tax paid improved from payments of €14,5 million in the twelve months period ended December 31, 2020 to receipts of €3,8 million in the twelve months period ended December 31, 2021, mainly due to the negative effect of the tax audit in Intralot SA. in 2020, versus the positive effect in 2021 due to the appeals won by Intralot SA.

On a pro-forma basis, i.e., excluding the operating cash-flow contribution of our discontinued operations in Brazil and Bulgaria, there is an increase of €64,8m in Cash inflows from operating activities (107,6m in 12m21 vs. €42,8 million in 12m20 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 twelve months period ended December 31, 2021, net cash outflows from investing activities were €9,3 million, which was a decrease of €24,5 million, from net outflows of €33,8 million in the twelve months period ended December 31, 2020. This decrease is mainly attributable to the higher net inflow of €13,8 million for (Purchases)/Sales of subsidiaries, associates, joint ventures and other investments in the twelve months period ended December 31, 2021 (mainly due to the inflow of €13,3 million in 2021 because of the disposal of Intralot de Peru investment), the higher net outflow of €0,8 million in 2021 for restricted bank deposits as security coverage for banking facilities, the lower outflow of €13,0 million in 2021 for net capital expenditure, the lower inflow of €0,1 million in 2021 for interest received from bank deposits and trade receivables, and the lower inflow of €2,2 million in 2021 for dividends received.

Our capital expenditure in the twelve months period ended December 31, 2021 reached €23,2 million while in the twelve months period ended December 31, 2020 reached €36,0 million. Major capital expenditure items in the twelve months period ended December 31, 2021 include €2.7m towards R&D and project pipeline delivery, €13,0m in the US, €1.9m towards Bilyoner's contract renewal and €1,2m investment for Croatia's new contract. All other net additions amount to €4,4m for

12M21. Maintenance CAPEX accounted for €10,9m, or 47,6% of the overall capital expenditure in 12M21, from €7.6m or 21,2% in 12M20.

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, 2021, net cash outflows from financing activities were €87,1 million, compared to net cash outflows of €76,5 million in the twelve months period ended December 31, 2020. This increase of net cash outflows from financing activities consisted of €8,8 million y-o-y inflow in net cash flows from financing arrangements (mainly due to the net outflow of €22,6 million of Intralot Global Holdings BV revolving facility due to the drawdown in 2020 and repayment in 2021, and the net inflow of €30,3 million of local facilities and leasing arrangements in USA, mainly as a result of the drawdown of revolving facility in 2020 and the additional notes raised in 2021), higher interest payments by €10,5 million in the twelve months period ended December 31, 2021 (mainly due to the redemption fees and early coupons paid for the 2021 Notes Supplemental Indenture), lower dividends distribution to minority interests by €2,0 million in the twelve months period ended December 31, 2021, and higher payments towards capital restructuring expenses by €11,0 million in the twelve months period ended December 31, 2021.

Cash & Cash Equivalents

The following table sets forth our Cash & Cash Equivalents as of December 31, 2020 and December 31, 2021.

Cash & Cash Equivalents (€ in million)	December 31, 2020	December 31, 2021	% change
Partnerships ¹	13,8	9,7	-29,6%
All other Operating Entities (with revenue contracts) & HQ	86,2	97,7	13,3%
Total	100,0	107,3	7,4%

¹ As Partnerships we define our Operations in Turkey and Argentina

Cash and cash equivalents at the end of the FY21 period increased by €7,3 million vs. FY20. Of the Cash & Cash Equivalents as of December 31, 2021, €9,7 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, 2020 with the twelve months period ended December 31, 2021.

Proportionate Financial Metrics ¹ – Pro Forma (€ in million)	twelve months period ended December 31,		% change
	2020	2021	
Proportionate Revenue	293,3	324,6	10,7%
Proportionate GGR	252,8	271,7	7,5%
Proportionate EBITDA	55,5	84,1	51,5%
Proportionate Gross Debt	750,5	520,5	-
Proportionate Cash & Cash Equivalents	88,0	80,5	-

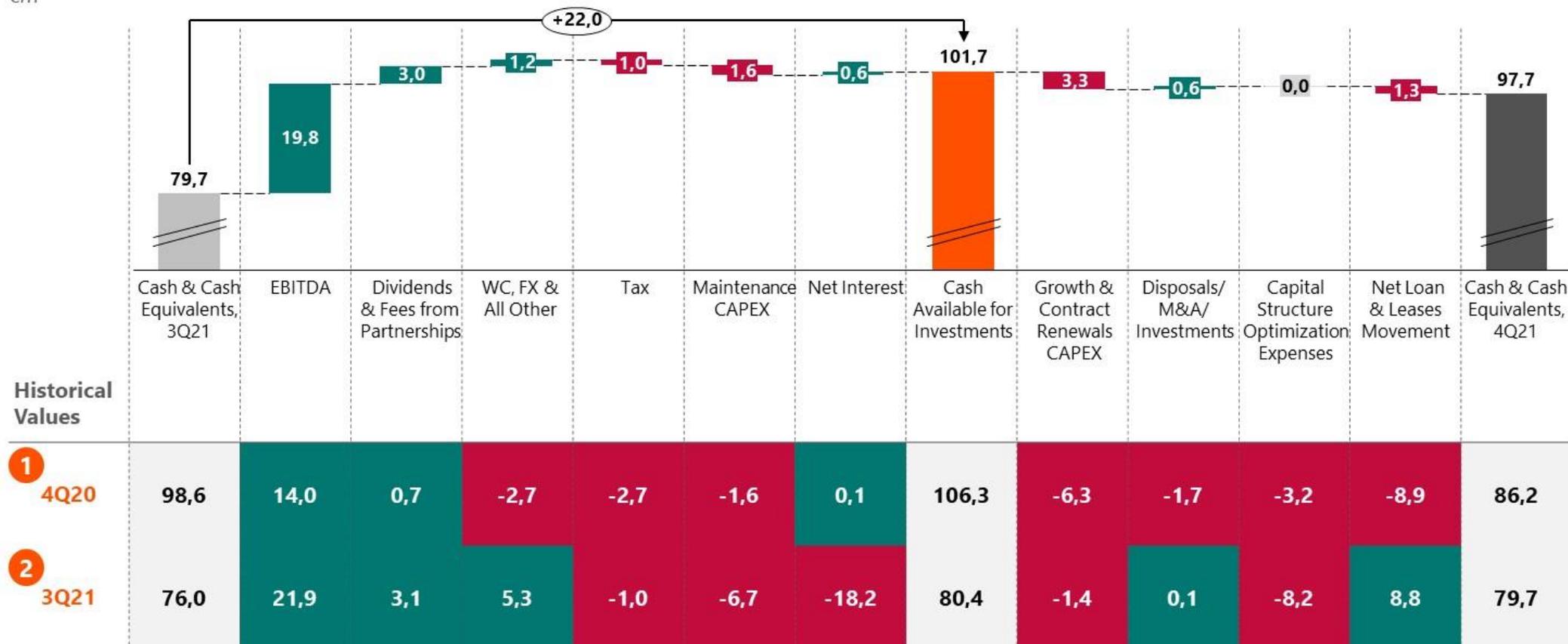
¹ The activities of Group subsidiaries in Brazil (Intralot do Brazil Ltda and OLTP Ltda), Poland (Totolotek S.A.), and Bulgaria (Bilot EOOD, Eurofootball Ltd, Bilot Investment Ltd, Eurobet Ltd, Eurobet Trading Ltd, ICS S.A.) are presented as discontinued operations pursuant to IFRS 5.

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, 2021, as well as the historical values of 4Q20 and 3Q21.

Pro-Forma Cash Flow – Shareholders of the Parent View, 4Q21

€m



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

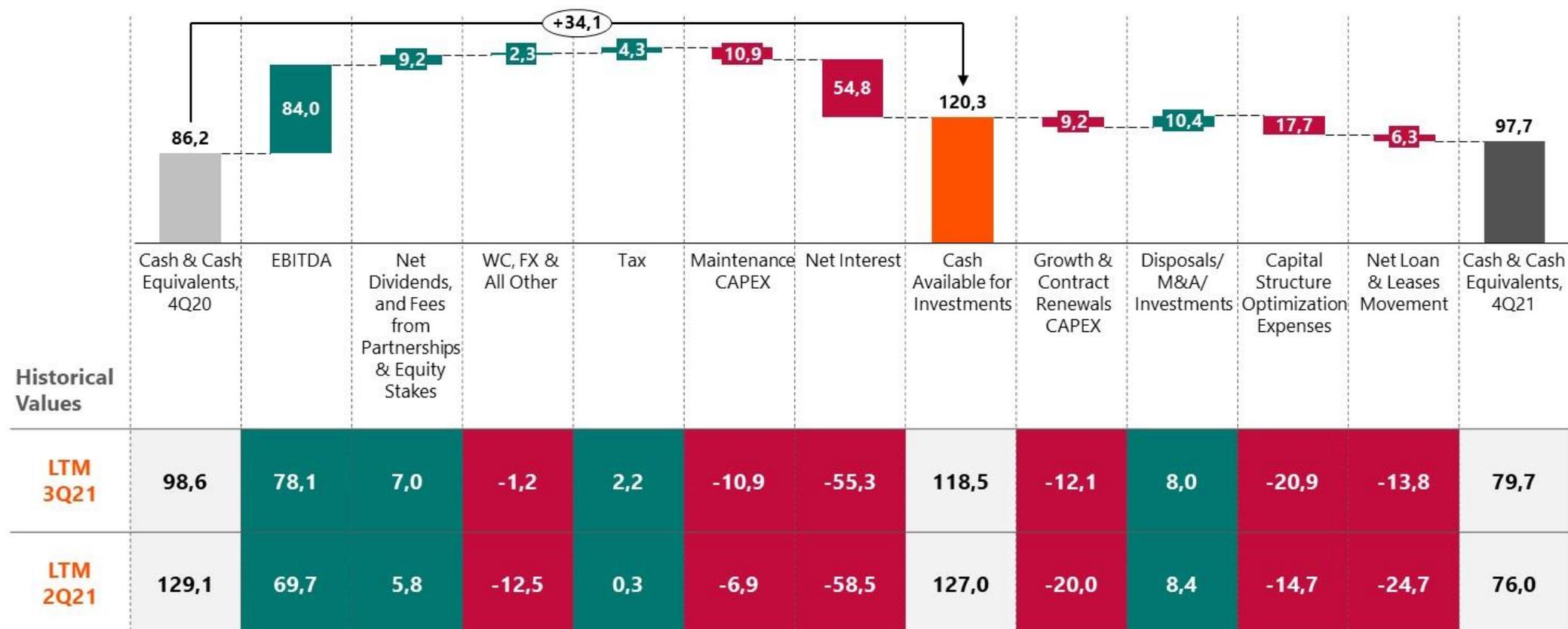
Shareholders of the Parent View	YoY Variances Explained 1	QoQ Variances Explained 2
EBITDA	<ul style="list-style-type: none"> EBITDA positive variance driven primarily by COVID-19 impact in LY, new Croatia contract contribution, one-off fees related to Lotto Hamburg, as well as cost savings at HQ level 	<ul style="list-style-type: none"> Negative variance driven mainly by US operations partially offset by favored payout in Malta, lifting of COVID-19 related restrictions in Australia, and new Croatia contract contribution
Net Dividends, and Fees from Partnerships	<ul style="list-style-type: none"> Positive variance from Bilyoner and tax return related to Maltco's dividend 	<ul style="list-style-type: none"> On par with 3Q21
WC, FX & All Other	<ul style="list-style-type: none"> WC swing vs. 4Q20 driven mainly by the favorable timing of receivables offsetting negative inventories movement. Positive FX variance vs. a year ago (mainly US offsetting negative impact in Morocco) 	<ul style="list-style-type: none"> QoQ negative WC variance is mainly due to unfavorable timing in receivables and payables movement Positive FX impact QoQ (mainly US offsetting negative impact in Morocco)
Tax	<ul style="list-style-type: none"> Positive variance mainly due to the increased Parent company tax payments (tax audit driven) in the previous year 	<ul style="list-style-type: none"> Higher tax payment in Malta
Maintenance CAPEX	<ul style="list-style-type: none"> Similar levels with 4Q20 	<ul style="list-style-type: none"> Lower Maintenance CAPEX outflows vs. previous Q, mainly towards the US
Net Interest	<ul style="list-style-type: none"> Higher interest income in HQ perimeter 	<ul style="list-style-type: none"> Variance stemming from coupon payments in 3Q21
Growth & Contract Renewals CAPEX	<ul style="list-style-type: none"> Decreased capex vs. LY as a result of the lower outflows in HQ perimeter 	<ul style="list-style-type: none"> Increased capex in 4Q21 mainly driven by Croatia (leftovers for new contract) and Morocco
Disposals/ M&A/ Investments	<ul style="list-style-type: none"> Positive inflow due to proceeds from Brazil sale within 4Q21 and outflow for collateralized bank deposits in 4Q20 	<ul style="list-style-type: none"> Positive variance stemming from Brazil sale inflows
Capital Structure Optimization Expenses	<ul style="list-style-type: none"> No outflows in 4Q21 	<ul style="list-style-type: none"> Final payments towards restructuring in 3Q21
Net Loan & Leases Movement	<ul style="list-style-type: none"> Variance driven by the partial repayment of a revolving facility in Intralot Global Holdings BV in 4Q20 and the net outflow of local facility and leasing arrangements in US in 4Q20 	<ul style="list-style-type: none"> Variance driven by the additional notes in US, issued in 3Q21

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, 2021, as well as the historical values of LTM 3Q21 and LTM 2Q21.

Pro-Forma Cash Flow – Shareholders of the Parent View, LTM 4Q21

€m



Major Contracts Overview & Update

Overview & FY21 Contribution

Selected Entities/ Projects contribution in the twelve months ended December 31, 2021 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%	42%	67%	2030
 12 Technology Contracts with State Lotteries and 1 Licensed Operation	Yes	Technology/ Licensed Operations	13%	10%	13%	12%	2027
 2 VLT Monitoring Contracts and 1 Technology Contract ²		Technology	5%	6%	15%	11%	2027
 Bilyoner	Yes	Management Contracts	7%	8%	20%	11%	2029
 Intralot Maroc		Management Contract	3%	4%	10%	3%	2023
 Maltco		Licensed Operations	23%	11%	8%	11%	2022
Subtotal (% of FY21)			88%	85%	107%	116%	
FY21 (in million €)			414,0	335,3	119,4	110,4	

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. 480 employees at the end of December 31, 2021. 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.