

INTRALOT Group

ANNOUNCEMENT OF FINANCIAL RESULTS

**for the three-month period
ended March 31st, 2022**

intralot



“INTRALOT announces steady Revenue and EBITDA growth (+4.9%) in 1Q22”

May 27th, 2022

INTRALOT SA (RIC: **INLr.AT**, Bloomberg: **INLOT GA**), an international gaming solutions and operations leader, announces its financial results for the three-month period ended March 31st, 2022, prepared in accordance with IFRS.

OVERVIEW

- › Group Revenue at €97.7m in 1Q22 (+0.1% y-o-y).
- › EBITDA in 1Q22 at €26.1m (+4.9% y-o-y).
- › NIATMI (Net Income After Tax and Minority Interest) from continuing operations at €-5.7m, vs. €-6.9m a year ago.
- › Greek entities OPEX better by 12.5% y-o-y.
- › Operating Cash Flow at €17.3m in 1Q22.
- › Group Net CAPEX in 1Q22 was €4.3m.
- › Group Cash at the end of 1Q22 at €98.0m.
- › Net Debt at €500.6m at the end of 1Q22.
- › Net Debt/ LTM EBITDA at 4.5x in 1Q22.
- › On April 26, 2022, INTRALOT announced that it will convene a shareholders' meeting to approve a Share Capital Increase of the Company via a rights issue, up to an amount not exceeding the 150% of the paid-up share capital. The proceeds will be used to purchase the shares in Intralot Inc. currently not controlled by the parent Group. To this end a binding Sale Purchase Agreement has been signed with the minority shareholders controlling 33.2m shares of Intralot Inc. for a price of €3.65 per share, conditional upon successful completion of the Share Capital Increase. INTRALOT announced that it has signed a binding MOU with Standard General Master Fund II L.P., according to which Standard General will purchase all unallocated shares in the Share Capital Increase, up to a number not exceeding one third of the total voting shares of Intralot SA for up to €0.58 per share.
- › On May 23, 2022, an extraordinary Shareholders' Meeting provided authorization to the Board of Directors of Intralot SA to determine the terms of the Share Capital Increase and undertake all necessary actions.

Note:

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

Group Headline Figures

<i>(in € million)</i>	1Q22	1Q21	% Change	LTM
Revenue (Turnover)	97.7	97.6	0.1%	414.1
GGR	79.8	78.9	1.2%	336.2
OPEX ¹	(21.8)	(22.1)	-1.2%	(101.4)
EBITDA²	26.1	24.9	4.9%	111.7
<i>EBITDA Margin (% on Revenue)</i>	26.7%	25.5%	+ 1.2pps	27.0%
<i>EBITDA Margin (% on GGR)</i>	32.7%	31.6%	+ 1.1pps	33.2%
Capital Structure Optimization expenses	(0.3)	(5.0)	-93.9%	(12.4)
D&A	(17.1)	(15.9)	7.3%	(72.2)
EBT	(2.3)	(2.8)	17.5%	37.6
<i>EBT Margin (%)</i>	-2.4%	-2.9%	+ 0.5pps	9.1%
NIATMI from continuing operations	(5.7)	(6.9)	17.9%	27.8
Total Assets	580.5	612.1	-	-
Gross Debt	598.6	734.3	-	-
Net Debt	500.6	643.7	-	-
Operating Cash Flow from total operations	17.3	24.5	-29.6%	100.4
Net CAPEX	(4.3)	(2.9)	47.3%	(24.3)

INTRALOT Chairman & CEO Sokratis P. Kokkalis noted:

"First quarter results show a consolidation of gains and recovery from the COVID impact and reflect an improved financial profile, with normalized revenues and a reduction in operational expenses and debt servicing costs consistent with the Company's business plan. On the background of this strongly improved P/L and Balance Sheet, the Company has designed and is about to launch a Share Capital Increase by means of Rights Issue and has secured the commitment of Standard General Master Fund II L.P. as cornerstone investor for the unsubscribed rights in a move that will significantly strengthen our prospects to grasp the tremendous opportunities in the US and the global markets."

¹ OPEX line presented excludes the capital structure optimization expenses.

² The Group defines "EBITDA" as "Operating Profit/(Loss) before tax" adjusted for the figures "Profit/(loss) from equity method consolidations", "Profit/(loss) to net monetary position", "Exchange Differences", "Interest and related income", "Interest and similar expenses", "Income/(expenses) from participations and investments", "Write-off and impairment loss of assets", "Gain/(loss) from assets disposal", "Reorganization costs" and "Assets' depreciation and amortization".

OVERVIEW OF RESULTS

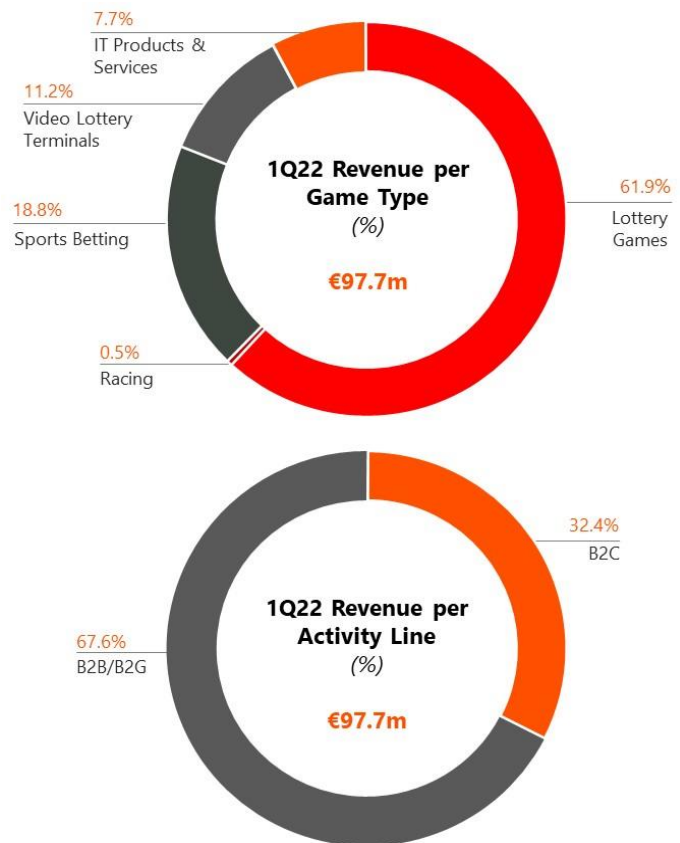
REVENUE

Reported consolidated **revenue** posted a steady performance compared to 1Q21, leading to total revenue for the three-month period ended March 31st, 2022, of €97.7m (+0.1%).

- Lottery Games was the largest contributor to our top line, comprising 61.9% of our revenue, followed by Sports Betting which contributed 18.8% to Group turnover for the three-month period. Technology contracts accounted for 7.7% and VLTs monitoring represented 11.2% of Group turnover, while Racing constituted the 0.5% of total revenue.

- Reported consolidated revenue for the three-month period is higher only by €0.1m year over year. The main factors behind the steady top line performance per Business Activity are:

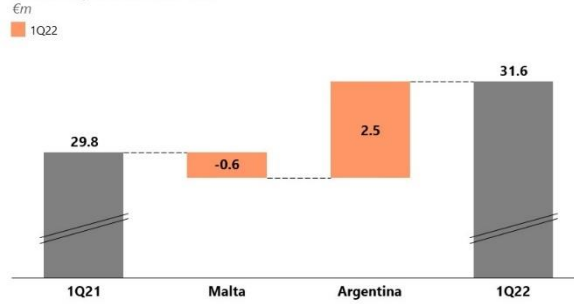
- €+1.8m (+6.1%) from our **Licensed Operations (B2C)** activity line with the variance driven by:
 - Higher revenue in **Argentina** (€+2.5m or +32.0% y-o-y), driven by local market growth. In local currency, current year results posted a +50.4% y-o-y increase, and
 - Lower revenue in **Malta** (€-0.6m or -2.9% y-o-y), driven by market performance.
- €+0.7m (+1.3%) from our **Technology and Support Services (B2B/ B2G)** activity line, with the variance driven by:
 - Higher revenue in **Australia** (€+1.1m or +30.6% y-o-y), due to lockdown restrictions in 1Q21,
 - Higher revenue in **Croatia** (€+0.9m), following the go-live of the lottery solution developed for Hrvatska Lutrija (national lottery of Croatia),
 - Higher revenue from other jurisdictions (€+0.5m) mainly due to services related sales, and
 - Lower revenue in **US** operations (€-1.9m or -5.1% y-o-y), was primarily affected by the nonrecurrence of the jackpot that boosted 1Q21 sales by c. €4.0m. Revenue from services ended lower by -3.4% y-o-y, while revenue from merchandise sales generated a deficit of -55.4% y-o-y due to their less frequent nature. From a currency perspective, there was a positive impact of 6.9% (Euro depreciation versus a year ago — in average terms).



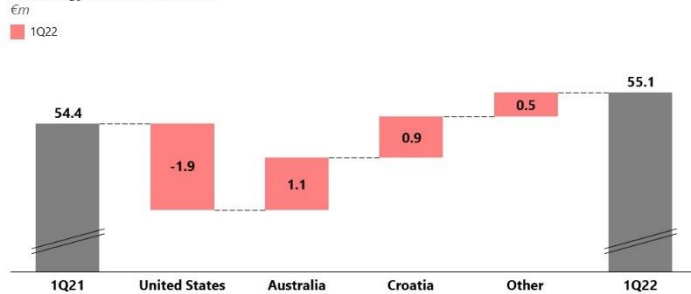
- €-2.4m (-18.3%) from our **Management (B2B/ B2G)** contracts activity line with the variance driven by:

- Slightly higher revenue in **Morocco** (€+0.1m),
- Marginally higher revenue from our **US** Sports Betting contracts in Montana and Washington, D.C. (€+0.1m), and
- Lower revenue from our **Turkish** operations (€-2.6m), solely affected by the appreciation of EUR (+75.8% versus a year ago – in average terms). In local currency, current year results posted a +20.4% y-o-y increase. In 1Q22, the local Sports Betting market expanded close to 1.3 times y-o-y, with the online segment representing close to 89% of the market at the end of 1Q22.

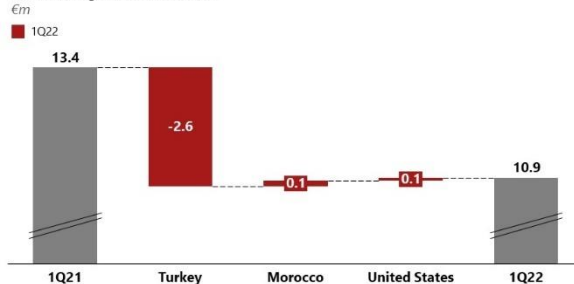
Licensed Operations Pillar, 1Q22



Technology Services Pillar, 1Q22



Game Management Pillar, 1Q22

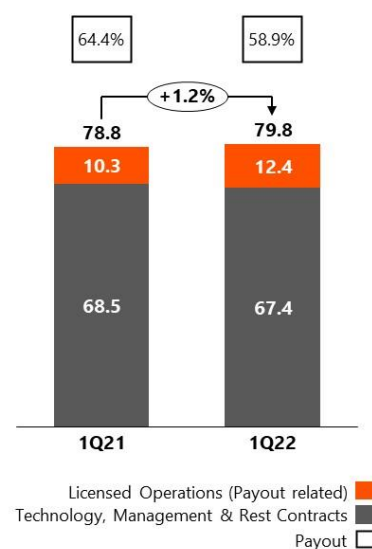


- **Constant currency basis:** In 1Q22, revenue — net of the negative FX impact of €3.8m —reached €101.4m (+4.0% y-o-y).

GROSS GAMING REVENUE & Payout

- Gross Gaming Revenue (GGR)** from continuing operations concluded at €79.8m in 1Q22, posting an increase of 1.2% (or €+0.9m) year over year, attributable to:
 - the decrease in the non-payout related GGR (-1.7% y-o-y or €-1.2m vs. 1Q21), driven mainly by the lower top line contribution of our US operations (jackpot affected), followed by
 - the increase in the payout related GGR (+20.2% y-o-y or €+2.1m vs. 1Q21), driven mainly by the lower average payout ratio both in Malta and Argentina (+4.3% y-o-y on wagers from licensed operations³). 1Q22 Average Payout Ratio⁴ decreased by 5.4pps vs. 1Q21 (58.9% vs. 64.4%), significantly affected by the higher weighted contribution from our operations in Malta.
- Constant currency basis:** In 1Q22, GGR — net of the negative FX impact of €3.1m — reached €82.9m (+5.1% y-o-y).

Gross Gaming Revenue & Payout, 1Q22
€m, %



³ Licensed Operations Revenue also include a small portion of non-Payout related revenue, i.e., value-added services, which totaled €1.3m and €0.8m for 1Q22 and 1Q21 respectively.

⁴ Payout ratio calculation excludes the IFRS 15 impact for payments to customers.

OPERATING EXPENSES⁵ & EBITDA⁶

- Total **Operating Expenses** ended lower by €0.3m (or -1.2%) in 1Q22 (€21.8m vs. €22.1m). After excluding the higher D&A expenses (€0.7m) in USA, Morocco and Croatia, Operating Expenses ended lower by €0.9m supported by cost containments in HQ perimeter.
- **Other Operating Income** from continuing operations ended at €5.7m presenting an increase of 3.2% y-o-y (or €+0.2m). The bulk of income is driven by the equipment leases in the USA.
- **EBITDA** from continuing operations amounted to €26.1m in 1Q22, posting an increase of 4.9% (or €+1.2m) compared to 1Q21. Despite the absence of jackpot that boosted significantly 1Q21 performance (US operations), the Group has managed to improve its EBITDA via the combined effect of the lower payout from our licensed operations and the lower Operating Expenses.
- On a yearly basis, **EBITDA margin** on sales improved to 26.7%, compared to 25.5% in 1Q21 (+1.2pps).
- **LTM EBITDA** stands at €111.7m.
- **Constant currency basis:** In 1Q22, EBITDA, net of the negative FX impact of €1.4m, reached €27.5m (+10.5% y-o-y).

EBT / NIATMI

- **EBT** in 1Q22 totaled €-2.3m, compared to €-2.8m in 1Q21, with the variance driven by:
 - the lower reorganization expenses following the successful conclusion of our capital structure optimization process (€+4.7m vs 1Q21),
 - the lower interest expenses, direct effect of debt restructuring (€+1.9m vs 1Q21)
 - the positive impact from EBITDA (€+1.2m vs 1Q21)

The major headwinds affecting the improved performance can be attributed to:

- the negative impact from FX results (€-4.2m vs 1Q21), as a result of the valuation of cash balances in foreign currency other than the functional currency of each entity, the valuation of commercial and borrowing liabilities of various subsidiaries abroad in EUR, as well as the negative effect from the reclassification of FX reserves to Income Statement applying IFRS 10,
- the recognition of expenses vs income from participations and investments (€-1.5m vs 1Q21),
- the higher D&A (€-1.2m vs 1Q21), mainly due to Turkey (Bilyoner) and Morocco
- the accounting loss identified due to IAS 29 in our Argentinian operations (€-1.1m vs 1Q21).
- **Constant currency basis:** In 1Q22 EBT, adjusted for the FX impact, reached €-0.4m, from €-6.5m in 1Q21.
- **NIATMI from continuing operations** in 1Q22 concluded at €-5.7m compared to €-6.9m in 1Q21. **NIATMI from total operations** in 1Q22 amounted to €-5.7m (improved by €2.6m vs. a year ago), including the performance of the discontinued operations in Peru and Brazil.
- **Constant currency basis:** NIATMI (total operations) in 1Q22, on a constant currency basis, reached €-5.3m from €-12.1m in 1Q21.

⁵ Operating Expenses analysis excludes expenditures related to capital structure optimization.

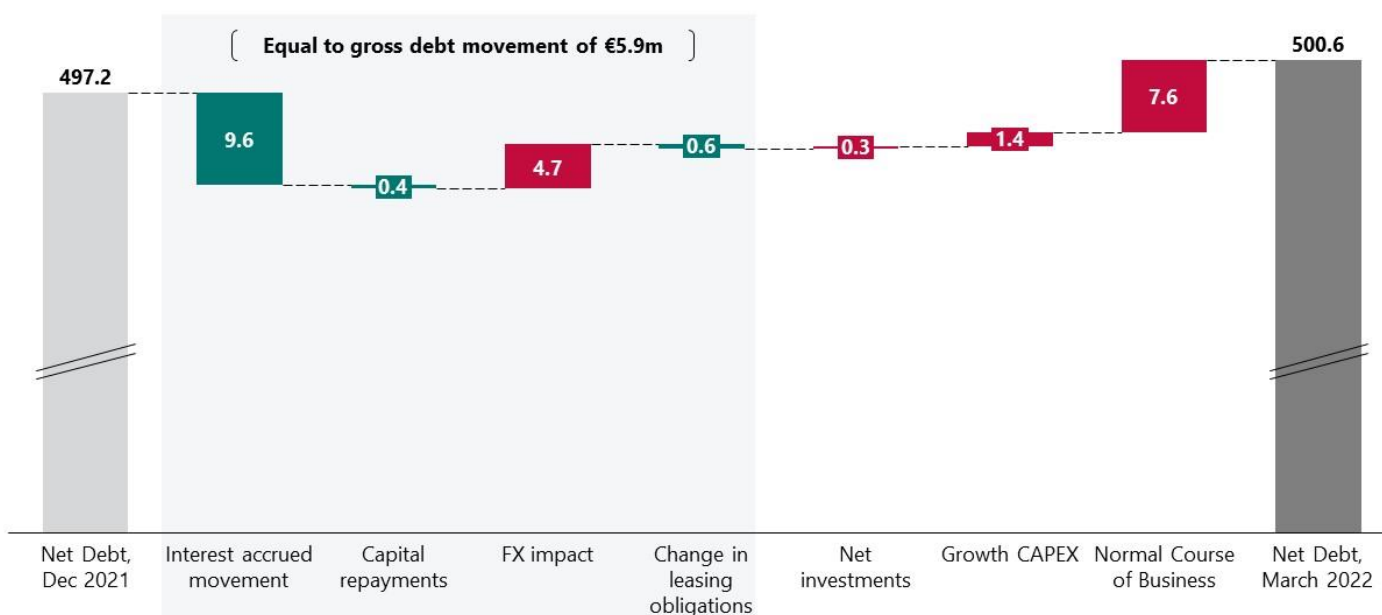
⁶ EBITDA analysis excludes Depreciation & Amortization, and expenditures related to capital structure optimization.

CASH-FLOW

- Operating Cash-flow** in 1Q22 amounted to €17.3m, lower by €7.3m, compared to 1Q21. Excluding the operating cash-flow contribution of our discontinued operations in Brazil, the cash-flow from operating activities is lower by €7.0m vs. a year ago and is attributed to Income Tax payments vs returns 1Q21.
- Adjusted Free Cash Flow**⁷ in 1Q22 decreased by €2.9m to €1.7m, compared to €4.6m a year ago. The main negative contributors to this variance were the income tax paid vs return in 1Q21 (€-7.4m y-o-y) and the higher maintenance capex (€-1.8m). On positive ground, dividends paid during the period were lower (€+3.1m y-o-y), net finance charges following the capital restructuring generated savings (€+2.0m y-o-y) and EBITDA performance has been improved (€+1.2m y-o-y).
- Net CAPEX** in 1Q22 was €4.3m, higher by €1.4m compared to 1Q21. CAPEX in 1Q22 has been allocated towards R&D and project pipeline delivery (€0.3m), US (€3.0m) and the rest of operations (€1.0m). Maintenance CAPEX accounted for €2.2m, or 52.0% of the overall capital expenditure in 1Q22, from €0.8m or 28.2% in 1Q21.
- Net Debt**, as of March 31st, 2022, stood at €500.6m, increased by €3.4m compared to December 31st, 2021 (€497.2m). The Net Debt increase was impacted primarily by the normal course of business following an adverse working capital movement, the exchange rate differences (€+4.7m) for our USD denominated debt, and investments in growth capex (€+1.4m) for our US operations. The increase was partially offset by the lower interest accrued over 1Q22 vs December 2021.

Net Debt Movement, 1Q22

in € million



⁷ Calculated as EBITDA – Maintenance CAPEX – Cash Taxes – Net Cash Finance Charges (excluding refinancing charges) – Net Dividends Paid; all finance metrics exclude the impact of discontinued operations.

OUTLOOK

Although the risks associated with the pandemic of COVID-19 have been downgraded, the geopolitical tension arising from the war in Ukraine coupled with the energy crisis, the supply chain disruptions and the rising inflation are factors that are expected to determine the economic outlook over the coming months.

Our Group does not have direct exposure in terms of operations or dependency on suppliers in Ukraine and Russia. However, the risk of indirect effects on the Group's business activities from the reduction in the household disposable income and the possible increase in operating expenses due to inflationary pressures cannot be overlooked.

The Management of the Company monitors the geopolitical and economic developments on a constant basis and is ready to take all the necessary measures for protecting its operations.

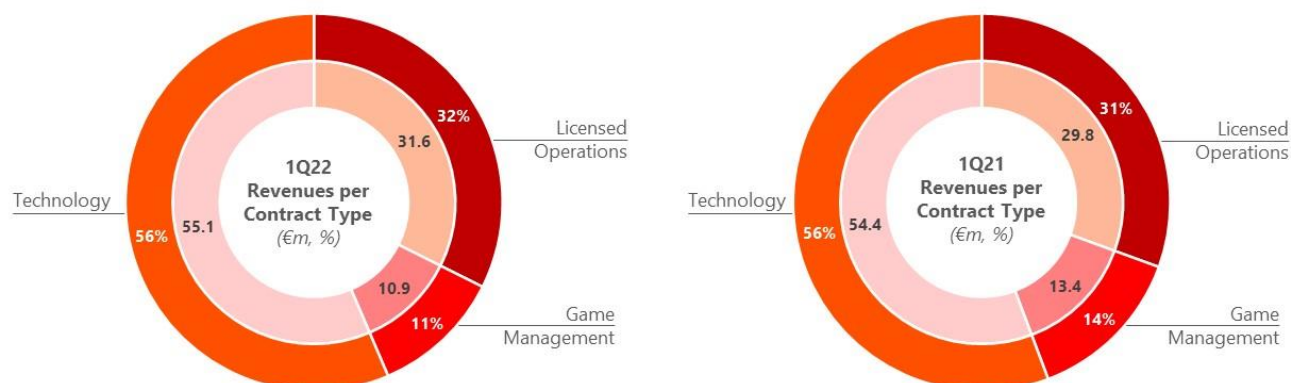
RECENT/ SIGNIFICANT COMPANY DEVELOPMENTS

- On April 26, 2022, INTRALOT announced that it will convene a shareholders' meeting to approve a Share Capital Increase of the Company via a rights issue, up to an amount not exceeding the 150% of the paid-up share capital. The proceeds will be used to purchase the shares in Intralot Inc. currently not controlled by the parent Group. To this end a binding Sale Purchase Agreement has been signed with the minority shareholders controlling 33,227,256 ordinary shares of Intralot Inc. for a price of €3.65 per share, conditional upon successful completion of the Share Capital Increase. INTRALOT announced that it has signed a binding MOU with Standard General Master Fund II L.P., according to which Standard General will purchase all unallocated shares in the Share Capital Increase, up to a number not exceeding one third of the total voting shares of Intralot SA for up to €0.58 per share.
- On May 23, 2022, an extraordinary Shareholders' Meeting provided authorization to the Board of Directors of Intralot SA to determine the terms of the Share Capital Increase and undertake all necessary actions.

APPENDIX

Performance per Business Segment⁸

YTD Performance



Performance per Geography

Revenue Breakdown

(in € million)	1Q22	1Q21	% Change
Europe	35.8	34.4	4.0%
Americas	52.3	50.5	3.4%
Other	15.3	16.8	-8.9%
Eliminations	(5.7)	(4.2)	-
Total Consolidated Sales	97.7	97.6	0.1%

Gross Profit Breakdown

(in € million)	1Q22	1Q21	% Change
Europe	3.5	(1.7)	-
Americas	11.4	13.8	-17.5%
Other	13.0	14.2	-8.4%
Eliminations	(2.7)	(0.7)	-
Total Consolidated Gross Profit	25.2	25.6	-1.6%

⁸ Part of the US revenue that concerns SB management, has been included under the category "Game Management". The rest of the US revenue is included under the "Technology" business segment.

Gross Margin Breakdown

	1Q22	1Q21	% Change
Europe	9.8%	-5.1%	+ 14.8pps
Americas	21.8%	27.4%	- 5.5pps
Other	84.8%	84.4%	+ 0.4pps
Total Consolidated Gross Margin	25.8%	26.2%	- 0.4pps

INTRALOT Parent Company results

- **Revenue** for the period increased by 28.1%, to €6.0m, with the improvement driven by the higher rendering of services towards the Group's subsidiaries in the current period.
- **EBITDA** shaped at €-1.3m from €-4.5m in 1Q21, with the positive variance stemming from the top-line improvement that generated higher profitability due to better margins and lower costs.
- **Earnings after Taxes (EAT)** at €-6.7m from €-0.1m in 1Q21, impacted mainly by the gain recorded in 1Q21 following the sale of Intralot de Peru.

(in € million)	1Q22	1Q21	% Change
Revenue	6.0	4.6	28.1%
Gross Profit	(0.5)	(3.1)	-82.9%
Other Operating Income ⁹	0.1	0.0	-
OPEX ⁹	(4.5)	(5.1)	-11.8%
EBITDA⁹	(1.3)	(4.5)	71.5%
EAT	(6.7)	(0.1)	-
CAPEX (paid)	(0.3)	(0.5)	-35.4%

⁹ Other Operating Income, Operating Expenses and EBITDA lines presented exclude the expenditures and recharges related to capital structure optimization.

CONFERENCE CALL INVITATION – 1Q22 FINANCIAL RESULTS

Sokratis Kokkalis - Chairman & CEO, Chrysostomos Sfatos - Deputy Group CEO, Nikolaos Nikolakopoulos - Deputy Group CEO, Fotis Konstantellos - Deputy Group CEO, Andreas Chrysos - Group CFO, Nikolaos Pavlakis - Group Tax & Accounting Director, Antonis Skiadas - Group Finance, Controlling & Budgeting Director and Michail Tsagalakis - Capital Markets Director, will address INTRALOT's analysts and institutional investors to present the Company's 1Q22 results, as well as to discuss the latest developments at the Company.

The financial results will be released on the ATHEX website (www.helex.gr), and will be posted on the company's website (www.intralot.com) on Friday, May 27th, 2022 (before the opening of the ATHEX trading session).

AGENDA: Brief Presentation - Question and Answer Session

CONFERENCE CALL DETAILS

Date: Monday, May 30th, 2022	
Time: Greek time 17:00 - UK time 15:00 - CEST 16:00 - USA time 10:00 (East Coast Line)	
Conference Phone GR	 + 30 211 180 2000
Conference Phone GR	 + 30 213 009 6000
Conference Phone GB	 + 44 (0) 203 059 5872
Conference Phone GB	 + 44 (0) 800 368 1063
Conference Phone US	 + 1 516 447 5632
We recommend that you call any of the above numbers 5 to 10 minutes before the conference call is scheduled to start.	

TO REGISTER FOR THE EVENT PLEASE CLICK HERE: [Global Pre-Registration Link](#)

LIVE WEBCAST DETAILS

The conference call will be available via webcast in real time over the Internet and you may join by linking at the internet site:

<https://87399.choruscall.eu/links/intralot22Q1.html>

DIGITAL PLAYBACK

There will be a digital playback on May 30th, 2022, at 19:00 (GR Time).
This Service will be available until the end of the business day June 8th, 2022.

Please dial the following numbers and the **PIN CODE: 059 #** from a touch-tone telephone

Digital Playback UK: + 44 (0) 203 059 5874

Digital Playback US: + 1 631 257 0626

Digital Playback GR: + 30 210 946 0929

In case you need further information, please contact Intralot, Mr. Antonis Mandilas, at the telephone number: +30 213 0397000 or Chorus Call Hellas S.A., our Teleconferencing Services Provider, Tel. +30 210 9427300.

SUMMARY OF FINANCIAL STATEMENTS

Group Statement of Comprehensive Income

<i>(in € million)</i>	1Q22	1Q21	% Change	LTM
Revenue	97.7	97.6	0.1%	414.1
Gross Profit	25.2	25.6	-1.6%	119.0
Other Operating Income	5.7	5.5	3.2%	21.8
OPEX	(21.8)	(22.1)	-1.2%	(101.4)
EBITDA	26.1	24.9	4.9%	111.7
<i>Margin</i>	26.7%	25.5%	+ 1.2pps	27.0%
Capital Structure Optimization expenses	(0.3)	(5.0)	-93.9%	(12.4)
D&A	(17.1)	(15.9)	7.3%	(72.2)
EBIT	8.7	3.9	120.8%	27.0
Interest expense (net)	(9.7)	(11.7)	-17.1%	(11.6)
Exchange differences	(0.5)	3.7	-	(5.4)
Other	(0.8)	1.3	-	27.6
EBT	(2.3)	(2.8)	17.5%	37.6
NIATMI	(5.7)	(8.2)	31.4%	20.1
NIATMI continuing	(5.7)	(6.9)	17.9%	27.8
NIATMI discontinued	-	(1.4)	-	(7.7)

Group Statement of Financial Position

<i>(in € million)</i>	1Q22	FY21
Tangible Assets (incl. investment properties)	121.3	123.2
Intangible Assets	196.4	204.3
Other Non-Current Assets	20.5	21.7
Inventories	21.2	18.7
Trade and Other Short-term Receivables	123.1	130.2
Cash and Cash Equivalents	98.0	107.3
Assets Held for Sale	-	-
Total Assets	580.5	605.5
Share Capital	45.7	45.7
Other Equity Elements	(173.3)	(169.1)
Reserves from profit / (loss) recognized directly in other comprehensive income and related to assets held for sale	-	-
Non-Controlling Interests	5.5	8.0
Total Shareholders' Equity	(122.1)	(115.5)
Long-term Debt	592.3	588.0
Provisions/ Other Long-term Liabilities	19.9	19.2
Short-term Debt	6.4	16.5
Other Short-term Liabilities	84.2	97.3
Total Liabilities	702.7	720.9
Total Equity and Liabilities	580.5	605.5

Group Statement of Cash Flows

<i>(in € million)</i>	1Q22	1Q21
EBT from continuing operations	(2.3)	(2.8)
EBT from discontinued operations	-	(0.2)
Plus/less Adjustments	27.4	28.3
Decrease/(increase) of Inventories	(2.3)	(1.3)
Decrease/(increase) of Receivable Accounts	5.8	13.6
(Decrease)/increase of Payable Accounts	(10.5)	(19.7)
Income Tax Paid	(0.8)	6.7
Net Cash from Operating Activities	17.3	24.5
Net CAPEX	(4.3)	(2.9)
(Purchases) / Sales of subsidiaries & other investments	(0.3)	10.1
Interest received	0.7	0.3
Dividends received	-	-
Net Cash from Investing Activities	(3.9)	7.5
Treasury shares purchase	-	-
Cash inflows from loans	0.0	0.0
Repayment of loans	(0.4)	(11.2)
Repayment of leasing obligations	(0.8)	(1.4)
Interest and similar charges paid	(19.3)	(21.4)
Dividends paid	(2.0)	(5.1)
Reorganization costs paid	(0.1)	(2.9)
Net Cash from Financing Activities	(22.7)	(42.1)
Net increase / (decrease) in cash for the period	(9.3)	(10.0)
Exchange differences	-	0.6
Cash at the beginning of the period	107.3	100.0
Cash at the end of the period from total operations	98.0	90.6

About [INTRALOT](#)

INTRALOT, a publicly listed company established in 1992, is a leading gaming solutions supplier and operator active in 41 regulated jurisdictions worldwide. With a global workforce of approximately 1,800 employees in 2021, INTRALOT is committed to redefine innovation and quality of services in the lottery and gaming sector, while supporting operators in raising funds for good causes. Uniquely positioned to deliver state-of-the-art technology across geographies, the company has developed an advanced ecosystem that serves all verticals enabling the digital transformation of gaming operators and offering players an unparalleled gaming experience. INTRALOT has been awarded the prestigious Responsible Gaming Framework certification by the World Lottery Association and is certified under the WLA Security Control Standard. Visit us at www.intralot.com.

For more information:

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