

INTRALOT Group

# MANAGEMENT'S DISCUSSION & ANALYSIS

**of our financial condition and results of operations  
for the period 1/1-30/06/2022**

***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 (LTM) ended June 30, 2022, we had revenue of €416.2 million and EBITDA of €111.2 million on continuing basis for entities that we consolidate, though we have minority ownership in some of such subsidiaries. In addition, in the twelve months ended June 30, 2022, our revenue from Greece, Rest of Europe, the Americas and the Rest of the World represented 1.8%, 30.8%, 52.7% and 14.6% of total revenue, respectively.

## Results of Operations of the INTRALOT Group

Comparison of the six months period ended June 30, 2021, with the six months period ended June 30, 2022.

### Overview

Income Statement Information (€ in million)	Six months ended June 30,		% change
	2021	2022	
Revenue	202.6	204.8	1.1%
Less: Cost of sales	-144.9	-148.5	2.5%
Gross profit	57.7	56.3	-2.5%
Other operating income	10.2	11.7	14.2%
Selling expenses	-11.5	-10.2	11.5%
Administrative expenses	-30.5	-36.2	-18.9%
Research and development expenses	-0.9	-0.9	-
Reorganization expenses	-11.2	-0.3	97.2%
Other operating expenses	-2.7	-2.1	22.2%
EBIT	11.2	18.2	62.7%
EBITDA	54.3	55.1	1.4%
Income/(expenses) from participations and investments	2.0	-0.2	n/a
Gain/(loss) from assets disposal, impairment, and write-off	-3.3	0.5	n/a
Interest and similar expenses	-24.4	-20.5	16.0%
Interest and related income	0.9	1.0	11.1%
Exchange differences	2.9	-0.5	n/a
Profit/(loss) equity method consolidation	0.1	0.1	-
Gain/(loss) on net monetary position	0.3	9.4	n/a
Operating profit/(loss) before tax	-10.4	8.0	n/a
Less: taxes	-3.9	-7.8	n/a
Net profit/(loss) from continuing operations (a)	-14.3	0.2	n/a
Net Profit / (loss) from discontinued operations (b) <sup>1</sup>	-9.2	5.6	n/a

<b>Net Profit /(Loss) after taxes (Continuing and Discontinued Operations) (a) + (b)</b>	<b>-23.5</b>	<b>5.8</b>	<b>n/a</b>
Attributable to:			
Equity holders of parent			
-Profit/(loss) from continuing operations	-17.6	-6.1	65.4%
-Profit/(loss) from discontinued operations <sup>1</sup>	-9.1	5.6	n/a
	<b>-26.7</b>	<b>-0.5</b>	<b>98.1%</b>
Non-Controlling Interest			
-Profit/(loss) from continuing operations	3.3	6.3	90.9%
-Profit/(loss) from discontinued operations <sup>1</sup>	-0.1	0.0	n/a
	<b>3.2</b>	<b>6.3</b>	<b>96.9%</b>

<sup>1</sup>The activities of Group subsidiaries and associates in Poland (Totolotek S.A.), Brazil (Intralot do Brazil Ltda, OLTP Ltda), Peru (Intralot de Peru SAC), and Taiwan (Goreward) 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 €2.2 million, or 1.1%, from €202.6 million in the six months period ended June 30, 2021, to 204.8 million in the six months period ended June 30, 2022.

### Revenue by Business Activity

The following table sets forth our revenue for each business activity for the six months period ended June 30, 2021, and 2022.

Revenue by Business Activity (€ in million)	six months period ended June 30,		% change
	2021	2022	
Licensed operations	61.2	65.2	6.5%
Management contracts	24.3	21.8	-10.2%
Technology and support services	117.2	117.9	0.6%
<b>Total</b>	<b>202.6</b>	<b>204.8</b>	<b>1.1%</b>

Reported consolidated revenue for the six-month period is higher by €2.2 million year over year. The main factors that drove top line performance per Business Activity are:

- €+4.0 million (+6.5%) from our **Licensed Operations (B2C)** activity line, with the variance driven by the higher revenue in Argentina (€+7.0m or +46.7% y-o-y), attributed to local market growth (in local currency, current year results posted a +69.7% y-o-y increase), and the lower revenue in Malta (€-3.1m or -6.7% y-o-y).
- €+0,7 million (+0,6%) from our **Technology and Support Services (B2B/ B2G)** activity line with the variance driven by the higher revenue in Australia (€+2.1m or +26.4% y-o-y), Croatia (€+1.5m) following full integration of our lottery solution, and the rest of jurisdictions (€+2.9m), and the lower revenue in our US operations (€-5.9m or -7.5% y-o-y), as 1H21 performance was boosted by a large jackpot (took place in 1Q21) and higher merchandise sales vs. 1H22 (from a currency perspective, there was a positive impact of 9.3%, Euro depreciation versus a year ago — in average terms).
- €-2.5 million (-10.2%) from our **Management (B2B/ B2G)** contracts activity line, with the variance driven mainly by Turkey (€-2.6 million) and the corresponding appreciation of EUR (+81.9% versus a year ago – in average terms).

The following table sets forth our Gross Gaming Revenue for each business activity for the six months period ended June 30, 2021, and 2022.

GGR by Business Activity (€ in million)	six months period ended June 30,		% change
	2021	2022	
Licensed operations	22.5	28.8	28.0%
Management contracts	24.3	21.8	-10.2%
Technology and support services	117.2	117.9	0.6%
<b>Total</b>	<b>163.9</b>	<b>168.5</b>	<b>2.8%</b>

**Gross Gaming Revenue (GGR)** from continuing operations concluded at €168.5m in 1H22, posting an increase of 2.8% (or €+4.6m) year over year, attributable to the increase in the payout related GGR (+24.5% y-o-y or €+5.1m vs. 1H21), arising from higher sales and a lower payout both in Malta and Argentina (+4.6% y-o-y on wagers from licensed operations<sup>2</sup>). 1H22 Payout decreased by 6.6pps vs. 1H21 (58.4% vs. 65.1%), significantly affected by the higher weighted contribution from our operations in Malta, followed by the decrease in the non-payout related GGR (-0.4% y-o-y or €-0.5m vs. 1H21).

## Gross Profit Margin

The Gross profit margin in the six months period ended June 30, 2022, was 27.5% from 28.5% in the six months period ended June 30, 2021.

## Other Operating Income

Other Operating Income from continuing operations ended at €11.7m presenting an increase of 14.2% y-o-y (or €+1.5m), with the bulk of income arising from the equipment leases in USA.

## Selling Expenses

Selling expenses decreased by €1.3 million, or 11.5% from €11.5 million in the six months period ended June 30, 2021, to €10.2 million in the six months period ended June 30, 2022. This decrease was driven by the lower costs in Turkey (Bilyoner), Morocco and USA.

## Administrative Expenses

Administrative expenses increased by €5.8 million, or 18.9%, from €30.5 million in the six months period ended June 30, 2021, to €36.2 million in the six months period ended June 30, 2022. This increase is mainly due to increased costs in the US.

## Research and Development Expenses

Research and development expenses remained unchanged at €0.9 million for the six months period ended June 30, 2022, vs. the six months period ended June 30, 2021.

## Reorganization expenses

Reorganization expenses of €0.3 million in the six months period ended June 30, 2022, and €11.2 million in the six months period ended June 30, 2021, refer to advisors' fees regarding the 2021 and 2024 Bonds restructuring that took place in 2021.

<sup>2</sup>Licensed Operations revenue also include a small portion of non-Payout related revenue, i.e., value-added services, which totaled €3.0m and €1.7m for 1H22 and 1H21 respectively.

## Other Operating Expenses

Other operating expenses decreased by 0.6 million, from €2.7 million in the six months period ended June 30, 2021, to €2.1 million in the six months period ended June 30, 2022.

## EBITDA

**EBITDA** from continuing operations amounted to €55.1 million in 1H22, posting an increase of 1.4% (or €+0.8m) compared to 1H21, while **EBITDA margin** on sales remained unchanged at 26.9% (+0.1pps).

## Income/ (expenses) from participations and investments

Income/ (expenses) from participations and investments came up to net expense of €0.2 million in the six months period ended June 30, 2022, from net income of €2.0 million in the six months period ended June 30, 2021. This decrease is mainly due to the increased net gains from investments disposals in the first half of 2021.

## 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 gain of €0.5 million in the six months period ended June 30, 2022, arising from an impairment reversal of tangible assets, from net loss of €3.3 million in the six months period ended June 30, 2021. The loss recorded in 1H21 was a result of the impairment in Bilyoner, Turkey.

## Interest and Similar Expenses

Interest and similar expenses decreased by €3.9 million, or 16.0%, from €24.5 million in the six months period ended June 30, 2021, to €20.5 million in the six months period ended June 30, 2022. This decrease was mainly affected by the lower interest costs in 2022 (debt restructuring effect).

## Interest and Related Income

No material changes in interest and related income versus the previous period. Specifically, in the period 1/1-30/6/2021 the corresponding amount was €0.9 million, in contrast to €1.0 million in the current period 1/1-30/6/2022.

## Exchange Differences

The negative impact from FX results (€3.4 million vs 1H21), is a result of the valuation of cash balances in foreign currency other than the functional currency of each entity, and the valuation of commercial and borrowing liabilities of various subsidiaries abroad in EUR, which were offset by the positive impact of the reclassification of foreign exchange reserves on the Income Statement pursuant to IFRS 10.

## Profit/ (loss) from equity method consolidation

Consolidation of associates and joint ventures through the equity method remained unchanged, exhibiting, a profit of €0.1 million (mainly deriving by the Group's associates in Asia).

## Gain/ (loss) on net monetary position

Net monetary position of the Group resulted to gains of €9.4 million in the period 1/1-30/6/2022 vs. gains of €0.3 million in the period 1/1-30/6/2021, significantly impacted by the first-time application of IAS 29 in Turkey.

## Operating Profit/(Loss) before Tax

**Operating Profit/(Loss) before Tax** in 1H22 totaled €8.0 million, significantly improved compared to €-10.4 million in 1H21. The improvement was driven by the impact of the lower reorganization expenses following the successful conclusion of our capital structure optimization process (€10.9m vs 1H21), the gains on net monetary position (€9.1m vs 1H21) arising from Turkey due to IAS 29 (considered a hyperinflationary economy for the first time), the lower interest expenses, a direct effect of the debt restructuring process (€3.9m vs 1H21), the absence of impairments and write-offs (€3.9m vs 1H21) that took place in 1H21 (arising from our operations in Turkey), and the positive impact from EBITDA (€0.8m vs 1H21). The increase at EBT level is partially offset by the higher D&A (€4.6m vs 1H21), mainly due to Turkey (Bilyoner) and Morocco, the negative impact from FX results (€3.4m vs 1H21), as a result of the valuation of cash balances in foreign currency other than the functional currency of each entity and the valuation of commercial and borrowing liabilities of various subsidiaries abroad in EUR, and the recognition of losses vs gains from participations and investments (€2.3m vs 1H21), as the sale of Peru took place in 1H21.

## Taxes

Taxes in the six months period ended June 30, 2022, amounted to expense €7.8 million, versus expense €3.9 million in the six months period ended June 30, 2021.

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

As a result of the above, net loss from continuing operations improved by €14.5 million, from a loss of €14.3 million in the six months period ended June 30, 2021, to a profit of €0.2 million in the six months period ended June 30, 2022.

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

Discontinued operations in Poland (Totolotek S.A.), Brazil (Intralot do Brazil Ltda, OLTP Ltda), Peru (Intralot de Peru SAC) and Taiwan (Goreward) resulted in a profit of €5.6 million in the six months period ended June 30, 2022, compared to a loss of €9.1 million in the six months period ended June 30, 2021.

## 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 six-months of 2019 and amount approximately €0.8 million in July 2019. On 30/6/2021 the Group recognized a loss of €996 thousand 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 to Intralot de Peru SAC was classified as at 31/12/2020 to "Assets held for sale". The above transaction was completed within February 2021 and the net price after taxes and transaction costs amounted to \$16.2 million (€13.3 million).

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

	1/1-31/1/2021
Gains / (losses) from consolidations under the equity method	0.1
<b>Profit / (loss) before taxes</b>	<b>0.1</b>
Income Tax	0,0
	<b>0.1</b>
Gain/(loss) from disposal of discontinued operations	1.1
Corresponding tax	-1.3
Expenses and exchange differences occurred from sale	-0.2
Reclassification of exchange differences reserve to Income Statement	-0.6
<b>Profit/(loss) after tax from discontinued operations</b>	<b>-0.9</b>
Attributable to:	
Equity holders of parent	-0.9
Non-Controlling Interest	0,0

- **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 €700 thousand (seven hundred thousand EUR). Intralot do Brasil owes by 100% OLTP subsidiary. The above consideration was paid by €500 thousand within the second half of 2021, while the remaining amount of €200 thousand was paid during the first quarter of 2022. The net cash outflow of the Group during the first semester of 2021 from sale of discontinued operations in Brazil amounted to €605 thousand, consisting of the derecognition of Intralot do Brasil Ltda cash.

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

	1/1-31/5/2021
Sale proceeds	7.2
<b>EBITDA</b>	<b>-0.4</b>
<b>Profit/(loss) after tax</b>	<b>-0.6</b>
Gain/(loss) from disposal of discontinued operations	-7.3
Corresponding tax	0.0
Reclassification of exchange differences reserve to Income Statement	0.6
<b>Profit/(loss) after tax from discontinued operations</b>	<b>-7.3</b>
Attributable to:	
Equity holders of parent	-7.2
Non-Controlling Interest	-0.1

- **Goreward – Discontinued Operations June 30, 2022**

On April 2022, the Group proceeded with the sale of the GoReward LTD group through its subsidiaries in Cyprus, INTRALOT INTERNATIONAL LTD and INTRALOT HOLDINGS INTERNATIONAL LTD, which held the Group's entire shareholding (38.84%). The total price from the sale of the participation amounts to €170 thousand and has been collected entirely within June 2022.

### **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 €29.3 million, from a loss of €23.5 million in the six months period ended June 30, 2021, to a gain of €5.8 million in the six months period ended June 30, 2022.

### **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 €26.2 million, from a loss of €26.7 million in the six months period ended June 30, 2021, to a loss of €0.5 million in the six months period ended June 30, 2022.

Net gain/loss from continuing operations attributable to the owners of the parent improved by €11.5 million, from a loss of €17.6 million in the six months period ended June 30, 2021, to a loss of €6.1 million in the six months period ended June 30, 2022.



## Net Cash Flows from Total Operations (continuing and discontinued)

Cash Flow Statement (€ in million)	six months period ended June 30,	
	2021	2022
<b>Operating activities</b>		
Profit / (loss) before tax from continuing operations	-10.4	8.0
Profit / (loss) before tax from discontinued operations	-7.9	5.6
<b>Profit / (loss) before Taxation</b>	-18.3	13.6
Plus / Less adjustments for:		
Depreciation and Amortization	32.1	36.5
Provisions	5.1	0.2
Results (income, expenses, gain and loss) from Investing Activities	2.1	-6.7
Interest and similar expenses	24.5	20.5
Interest and similar Income	-0.9	-1.0
(Gain) / loss on net monetary position	-0.3	-9.4
Reorganization expenses	11.2	0.3
Plus / Less adjustments for changes in working capital:		
Decrease / (increase) of Inventories	-1.2	-6.2
Decrease / (increase) of Receivable Accounts	23.8	7.8
(Decrease) / increase of Payable Accounts (except Banks)	-32.6	-11.8
Income Tax Paid	5.7	-2.5
<b>Total inflows / (outflows) from operating activities (a)</b>	<b>51.3</b>	<b>41.4</b>
<b>Investing Activities</b>		
(Purchases) / Sales of subsidiaries, associates, joint ventures and other investments	9.6	-0.1
Purchases of tangible and intangible assets	-9.5	-10.5
Interest received	0.8	1.4
<b>Total inflows / (outflows) from investing activities (b)</b>	<b>1.0</b>	<b>-9.2</b>
<b>Financing Activities</b>		
Sale of own shares	0.1	0.0
Proceeds from loans	0.0	0.0
Repayment of loans	-11.2	-0.9
Repayments of lease liabilities	-2.6	-1.9
Interest and similar expenses paid	-37.8	-20.6
Dividends paid	-6.5	-2.6
Reorganization expenses paid	-9.5	-0.1
<b>Total inflows / (outflows) from financing activities (c)</b>	<b>-67.5</b>	<b>-26.0</b>
<b>Net increase / (decrease) in cash and cash equivalents for the period (a) + (b) + (c)</b>	<b>- 15.2</b>	<b>6.2</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>100.0</b>	<b>107.3</b>
Net foreign exchange difference	-1.5	2.8
<b>Cash and cash equivalents at the end of the period from total operations</b>	<b>83.2</b>	<b>116.4</b>

### 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.

Operating Cash-flow in 1H22 amounted to €41.4 million, lower by €9.9 million, compared to 1H21. This decrease was primarily driven by the following:

- Net result before taxation from total operations (continuing and discontinued) improved by €31.9 million, from a loss of €18.3 million in the six months period ended June 30, 2021, to a profit of €13.6 million in the six months period ended June 30, 2022,



- Depreciation and amortization from total operations increased by 13.7% from €32.1 million in the six months period ended June 30, 2021, to €36.5 million in the six months period ended June 30, 2022.
- The effect of provisions on cash flow, was positive €5.1 million in the six months period ended June 30, 2021, to a positive effect of €0.2 million in the six months period ended June 30, 2022, mainly due to the goodwill impairment loss 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 €2.1 million in the six months period ended June 30, 2021, versus a negative effect of €6.7 million in the six months period ended June 30, 2022, mainly due to the lower income from dividends (€2.0m) in the six months period ended 2022, the higher net FX gain (€2.2m y-o-y) in 2021, the higher net gain from investments disposals in 2021 (€8.7m y-o-y, out of which €8.0m resulted from Brazil Group) and the lower losses from associates in 2021 (€0.1m y-o-y);
- Net interest expenses in the six months period ended June 30, 2022, was €19.5 million (6M21: €23.6m);
- Reorganization expenses accrued in the six months period ended June 30, 2022, was €0.3 million (6M21: €11.2m);
- Changes in our working capital, which led to a cash outflow of €10.1 million in the six months period ended June 30, 2022, compared with a cash outflow of €10.0 million in the six months period ended June 30, 2021;
  - In particular, there was an increase of €6.2 million in inventories in the six months period ended June 30, 2022, compared to an increase of €1.2 million in the six months period ended June 30, 2021, mainly due to the timing of roll out of new the projects under construction;
  - also, there was a decrease of €7.8 million in receivables in the six months period ended June 30, 2022, compared to a decrease of €23.8 million in the six months period ended June 30, 2021, mainly due to the invoicing of Morocco in 2021;
  - also, there was a decrease of €11.8 million in payables towards our suppliers in the six months period ended June 30, 2022, compared to a decrease of €32.6 million in the six months period ended June 30, 2021, mainly due to the timing of payments in various projects; and
  - There was a receipt from income tax of €5.7 million in the six months period ended June 30, 2021 (deriving from appeals won by Intralot SA), versus payments of €2.5 in the six months period ended June 30, 2022.

## 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, 2022, net cash outflows from investing activities were €9.2 million, which was a decrease of €10.2 million, from net inflows of €1.0 million in the six months period ended June 30, 2021. This decrease is mainly attributable to the net outflows of €0.1 million for (Purchases)/ Sales of subsidiaries, associates, joint ventures and other investments in the six months period ended June 30, 2022 versus net inflows €9.6 million in the six months period ended 21, 2021 (direct effect of Intralot de Peru disposal), the higher outflow of €1.0 million in the six months period ended June 30, 2022 for net capital expenditure, and the higher inflow of €0.6 million in the six months period ended June 30, 2022, for interest received from bank deposits and trade receivables. Our capital expenditure in the six months period ended June 30, 2022, reached €10.5 million while in the six months period ended June 30, 2021, reached €9.5 million.

## 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, 2022, net cash outflows from financing activities were €26.0 million, compared to net cash outflows of €67.5 million in the six months period ended June 30, 2021. This decrease of net cash outflows from financing activities consisted of €11.0 million y-o-y inflow in net cash flows from financing arrangements (mainly due to the net outflow of €11.2 million of Intralot Global Holdings BV revolving facility due to repayment in 2021), lower interest payments by €17.2 million in the six months period ended June 30, 2022 (mainly due to the redemption fees and early coupons paid for the 2021 Notes Supplemental Indenture), lower dividends distribution to minority interests by €4.0 million in the six months period ended June 30, 2022, and lower payments towards capital restructuring expenses by €9.4 million in the six months period ended June 30, 2022.

## Cash & Cash Equivalents

The following table sets forth our Cash & Cash Equivalents as of December 31, 2021, and June 30, 2022.

Cash & Cash Equivalents (€ in million)	December 31, 2021	June 30, 2022	% change
Partnerships (Operations in Turkey and Argentina)	9.6	9.1	-5.2%
All other Operating Entities (with revenue contracts) & HQ	97.7	107.3	9.8%
<b>Total</b>	<b>107.3</b>	<b>116.4</b>	<b>8.5%</b>

Cash and cash equivalents at the end of the 1H22 period increased by €9.0 million vs. FY21.

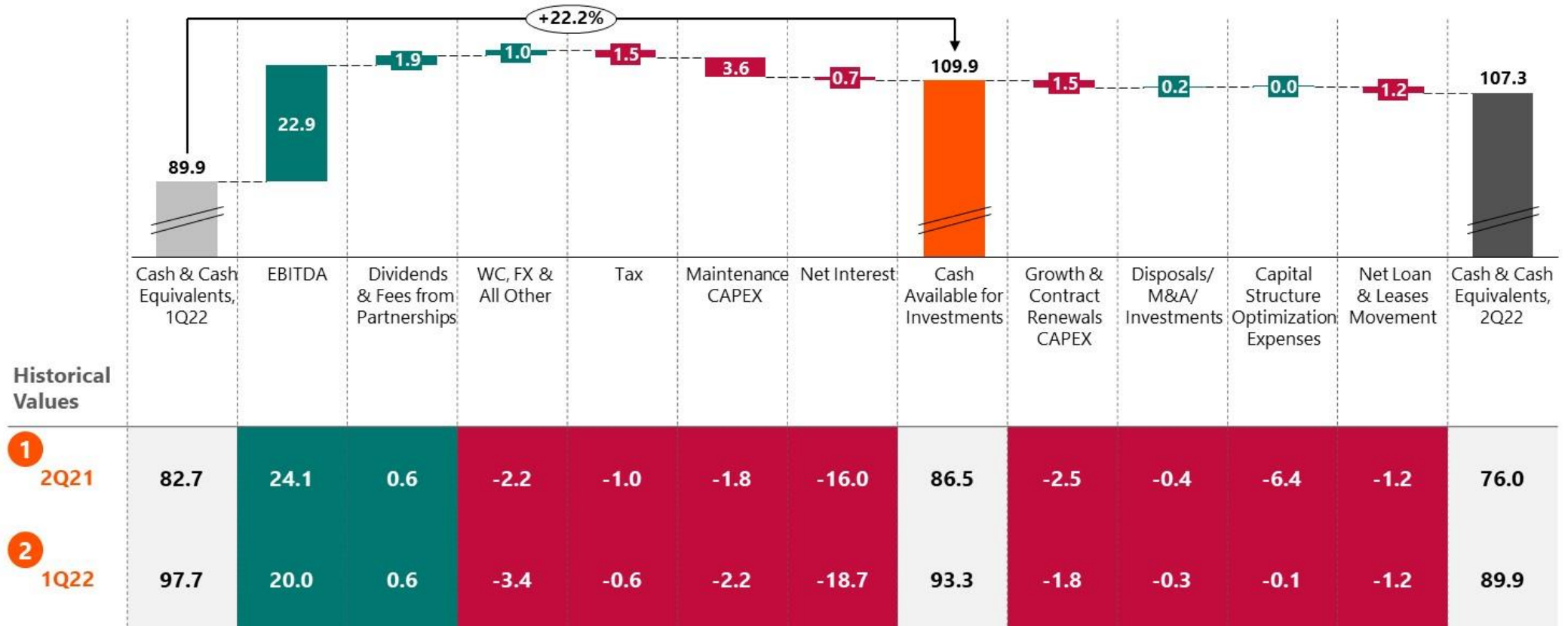
## Pro Forma Results of Operations of the INTRALOT Group

### 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, 2022, as well as the historical values of 2Q21 and 1Q22.

#### Pro-Forma Cash Flow – Shareholders of the Parent View, 2Q22

€m



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

Shareholders of the Parent View	YoY Variances Explained <b>1</b>	QoQ Variances Explained <b>2</b>
<b>EBITDA</b>	<ul style="list-style-type: none"> <li>EBITDA negative variance driven primarily by lower contribution from US operations in part offset by cost savings initiatives in HQ, COVID-19 impact in 1Q21 and Croatia positive EBITDA swing following new contract launch in 2Q21</li> </ul>	<ul style="list-style-type: none"> <li>Positive variance mainly as a result of the better performance in US</li> </ul>
<b>Net Dividends, and Fees from Partnerships</b>	<ul style="list-style-type: none"> <li>Positive variance from tax return inflow related to Malta's dividend distribution</li> </ul>	<ul style="list-style-type: none"> <li>Same driver as described in YoY variance</li> </ul>
<b>WC, FX &amp; All Other</b>	<ul style="list-style-type: none"> <li>Positive variance vs. 2Q21 reflects mainly the favorable FX movements in USD and Morocco currency</li> </ul>	<ul style="list-style-type: none"> <li>WC swing vs. 1Q22 driven mainly by timing in payables and receivables movement</li> <li>Positive FX variance vs. prior Q (mainly US)</li> </ul>
<b>Tax</b>	<ul style="list-style-type: none"> <li>Higher tax paid due to improved performance vs. prior year</li> </ul>	<ul style="list-style-type: none"> <li>Negative variance due to timing</li> </ul>
<b>Maintenance CAPEX</b>	<ul style="list-style-type: none"> <li>Higher Maintenance CAPEX outflows vs. previous year, mainly towards the US and Oceania</li> </ul>	<ul style="list-style-type: none"> <li>Same driver as described in YoY variance</li> </ul>
<b>Net Interest</b>	<ul style="list-style-type: none"> <li>Lower interest payments, as a result of the recent debt restructuring</li> </ul>	<ul style="list-style-type: none"> <li>Variance stemming from coupon payments in 1Q22</li> </ul>
<b>Growth &amp; Contract Renewals CAPEX</b>	<ul style="list-style-type: none"> <li>Lower Capex mainly in HQ perimeter</li> </ul>	<ul style="list-style-type: none"> <li>On par with prior Q</li> </ul>
<b>Disposals/ M&amp;A/ Investments</b>	<ul style="list-style-type: none"> <li>Positive variance mainly reflects Brazil disposal in the last year</li> </ul>	<ul style="list-style-type: none"> <li>Positive variance due to cash collateral in 1Q22, that was released in 2Q22</li> </ul>
<b>Capital Structure Optimization Expenses</b>	<ul style="list-style-type: none"> <li>Outflows in 2Q21</li> </ul>	<ul style="list-style-type: none"> <li>No outflows</li> </ul>
<b>Net Loan &amp; Leases Movement</b>	<ul style="list-style-type: none"> <li>On par with prior year</li> </ul>	<ul style="list-style-type: none"> <li>On par with prior Q</li> </ul>

## 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, 2022, as well as the historical values of LTM 1Q22 and LTM 4Q21.

### Pro-Forma Cash Flow – Shareholders of the Parent View, LTM 2Q22

€m

