ADDITIONAL INFORMATION DOCUMENT

*In this Additional Information Document (the "**Additional Information Document**"), the term "Intralot" refers to Intralot, Inc., with its registered office in Georgia, United States. The term "Company" refers to Intralot US Securities B.V., with its registered office in the Netherlands. The terms "we," "us" and "our" refer to the Intralot, and the term "Group" refers to the Company together with its subsidiaries. The term "Intralot Group" refers to Intralot S.A., with its registered office in Greece, together with its subsidiaries (excluding the Company and its subsidiaries).*

Additional Information Document dated July 1, 2021.

RISK FACTORS

The occurrence of one or more of these risks alone or in combination with other circumstances may have a material adverse effect on our business and cash flows, financial condition and results of operations. The order in which the risks are presented does not necessarily reflect the likelihood of their occurrence or the magnitude or significance of the individual risks. The risks to which our business is exposed may result in inaccuracies in risk assessments or other forward-looking statements.

Risks Related to the Gaming Industry

The recent COVID-19 pandemic and similar health epidemics, contagious disease outbreaks and public perception thereof, significantly disrupted our operations and materially adversely affected our business, financial condition and results of operations.

The recent outbreak of a novel strain of coronavirus, COVID-19, and public perception thereof, have contributed to consumer unease and decreased discretionary spending, which have had, and could continue to have, a negative effect on us. Other future health epidemics or contagious disease outbreaks could do the same. We cannot predict the ultimate effects that the outbreak of COVID-19, any resulting unfavorable social, political and economic conditions and decrease in discretionary spending would have on us, as they would be expected to impact our customers, suppliers and business partners in varied ways in different communities. Our revenue is largely driven by players' disposable incomes, level of gaming activity and lottery purchases. The recent outbreak of COVID-19 has led to economic and financial uncertainty for many consumers and has reduced, and may continue to reduce, the disposable incomes of players. The COVID-19 pandemic has also resulted in the suspension, reduction or cancellation of sporting events. This resulted in fewer players purchasing lottery products and lower amounts spent on betting products, which has had a material adverse effect on our business, financial condition and results of operations.

The outbreak of COVID-19 and the continuing unfavorable economic conditions resulting therefrom has also impacted and could continue to impact the ability of our customers to make timely payments to us, which would adversely affect our business. In recent years, our business has used extended payment term financing for gaming machine purchases, and we may continue to provide a higher level of extended payment term financing in this business until demand from our customers for such financings abates or our business model changes. These arrangements may increase our collection risk, and if customers are not able to pay us, whether as a result of financial difficulties, bankruptcy or otherwise, we may incur provisions for bad debt related to our inability to collect certain receivables. Additionally, our suppliers have suffered and may continue to suffer operational delays or financial difficulties that interfere with their provision of services and products to us, which could restrict the provision of our services and negatively impact our business, financial condition and results of operations.

In addition, the COVID-19 outbreak has led, and may continue to lead, to higher insurance costs and a decrease in availability of suitable insurance, which could adversely affect our business. Furthermore, the outbreak of COVID-19 has caused, and may continue to cause us and certain of our suppliers, to implement temporary adjustment of work schemes allowing employees to work from home and collaborate remotely. We have experienced and may still experience lower work efficiency and productivity, which may adversely affect our service quality. Our business operations have been and could be disrupted due to our employees becoming infected or suspected of being infected, since this has caused and may cause our employees to be quarantined and/or our offices to be temporarily shut down. Although we have taken measures to monitor and reduce the impact of the outbreak, including implementing initiatives to reduce operating costs, limit non-material expenses and defer non-critical capital expenditures, there can be no assurance that these will be sufficient to mitigate the negative impacts of the outbreak. The extent to which this outbreak impacts our business, financial condition and results of operations will depend on future developments, which are highly uncertain and unpredictable, including new information which may emerge concerning the severity and duration of this outbreak and the actions taken by governmental authorities and us to contain it or treat its impact.

Our industry is subject to extensive regulations and oversight and if we fail to comply with applicable laws and regulations, or if we become subject to new, more stringent laws and regulations, it could adversely affect our rights and results of operations.

Gaming regulatory requirements vary from jurisdiction to jurisdiction. Our customers are subject to a range of complex gaming laws and regulations in the jurisdictions in which we operate. These regulations govern, for example, advertisement, payouts, taxation, cash and anti-money laundering compliance procedures and other specific limitations, such as the number of gaming machines in a given point of sale and their proximity to each other. Our contracts are with state, state-licensed or statutorily authorized gaming/lottery operator for each jurisdiction we operate in. If our performance under those contracts does not comply with applicable laws and regulations, or if our activities or our customers' activities become subject to new, more stringent laws and regulations, then our results of operations may be adversely affected and we may be prohibited from providing our products or services for use in that particular jurisdiction.

The regulatory environment in any particular jurisdiction may change in the future, and any such change could have a material adverse impact on our rights, results of operations, business or prospects. For additional discussion regarding risks associated with the evolving interactive gaming regulatory landscape see "—*Risks Related to Our Business Operations—We may not be able to capitalize on market trends (including the expansion of online gambling) and other changes in the gaming industry.*"

There can also be no assurance that law enforcement or gaming regulatory authorities will not seek to restrict gaming activities in their jurisdictions. For example, gambling regulators in certain states may implement measures intended to promote responsible and safer gambling, including the implementation of bet limits, which could negatively impact our online business, particularly if additional gambling regulators follow suit. In addition, were there to be any investigation or instituted enforcement proceedings involving our business or our customers, there is no assurance that these will be favorably resolved, or that such proceedings will not have a material adverse impact on our ability to retain and renew existing contracts or to obtain new contracts in other jurisdictions.

Moreover, lottery authorities with which we do business may require the removal of any of our employees reasonably believed to be unsuitable and are generally empowered to disqualify us from receiving a lottery contract or operating a lottery system as a result of any such investigation or proceeding. Our failure, or the failure of any of our key personnel, systems or machines, maintain regulatory compliance in one jurisdiction could negatively impact our ability (or the ability of any of our key personnel, systems or gaming machines) to obtain or retain a contract in other jurisdictions. The failure to maintain regulatory compliance in any jurisdiction would decrease the geographic areas where we may operate and generate revenues, decrease our share in the lottery or gaming industry, put us at a disadvantage relative to our competitors and potentially damage our reputation.

In certain of our jurisdictions, such as Illinois, where we contract with a private gaming/lottery operator licensed by the state, we are indirectly exposed to the private operator's regulatory risk. If the private operator were to lose its license, even if our contract to provide services in that jurisdiction is transferred to the operator's successor, it may be transferred on less favorable terms or may fail to be transferred at all, either of which could have a material adverse effect on our business, financial condition and results of operations.

If one or more of our contracts are terminated for regulatory or other reasons, we may not be compensated adequately and such termination may have a material adverse effect on our business, financial condition and results of operations.

The gaming industry may be subject to new or increased taxation.

The gaming industry is subject to taxation at the state and federal level in the United States. Such taxes may be increased and new taxes and regulations may come into effect. While we are not subject to gaming taxes directly, increases in gaming taxes may have a negative impact on State Lotteries, for example by making them less attractive to consumers, and in turn render our affected operations less profitable and otherwise have a material adverse effect on our business, financial condition and results of operations.

Compliance with regulatory investigations and approval requirements may impose substantial costs on our business and disrupt our operations.

The gaming authorities in the jurisdictions where we operate may investigate companies or individuals who have a material relationship with us or our equity holders to determine whether the selected individual or stockholder is acceptable to the gaming authorities. While any such investigated company, individual or stockholder is obligated to pay the costs of the investigation, such an investigation will be time-consuming and may be disruptive to our operations. Failure of companies, individuals or stockholders to cooperate with any such investigation could negatively impact our ability to obtain or maintain our contracts, which would have a material adverse effect upon our business, results of operations and financial condition.

The success of our business is dependent upon our relationships with government authorities.

We engage with our regulators with respect to gaming rules and regulations and other issues of shared concern, such as problem gambling. However, if we fail to maintain such relationships, or if such relationships were adversely affected for any reason, including any action or omission on our part or negative publicity concerning us or the gaming industry, this could have a material adverse effect on our business, financial condition and results of operations.

Illegal betting poses risks to the gaming industry.

A significant threat for the entire gaming and betting industry arises from illegal activities such as unlicensed betting and gaming and, more generally, all forms of betting that circumvent public regulation. Such illegal activities may divert significant betting volumes from the regulated industry. In particular, illegal betting and gaming could take away a portion of our players or our partners' players. The loss of such players could have a material adverse effect on our business, financial condition and results of operations.

Changes in consumer preferences could affect the popularity of the gaming industry.

In the markets in which we operate, we compete with various other gaming vendors and venues and our customers have access to many other forms of recreational and leisure activities. In addition, we compete with certain international companies as well as numerous local companies. Our future financial success will depend on the appeal of our gaming offerings to our customers and players. If we are not able to anticipate and react to changes in consumer preferences, our competitive and financial position may be adversely affected. In addition, our future success will also depend on the success of the gaming industry as a whole in attracting and retaining players. Gaming may lose popularity as new leisure activities arise or as other leisure activities become more popular. Alternatively, changes in social mores and demographics could result in reduced acceptance of gaming as a leisure activity. If the popularity of gaming declines for any reason, our business, financial condition and results of operations may be adversely affected.

Gaming companies face certain challenges relating to public perception and efforts of gaming opponents to curtail legalized gambling.

Legalized gaming is subject to opposition in some of the jurisdictions in which we operate or may seek to operate in the future. Opponents of gaming companies may attempt to curtail or prevent the expansion of online lotteries and other forms of legalized gaming. We can give no assurance that this opposition and/or a negative public perception regarding gaming will not result in preventing the legalization of gaming in jurisdictions where these activities are presently prohibited or prohibiting or limiting the expansion of online lotteries and other forms of these activities where currently permitted, in either case to the detriment of our business, financial condition and results of operations.

Risks Related to Our Business Operations

We operate in a highly competitive industry and our success depends on our ability to effectively control costs and compete with numerous domestic and foreign companies.

We face competition from a number of domestic and foreign companies and changes in law and regulation as well as market liberalization can increase the number of our competitors and in turn affect our future profitability. In addition, our business also faces competition from illegal operators. We have faced, and expect to continue to face, significant competition as we seek to offer products and services for the evolving internet lottery and gaming industries, not only from our traditional competitors in the lottery business but also from a number of other domestic and foreign providers (or the operators themselves), some of which have substantially greater financial resources and/or experience in the industry than we do. Any sustained failure to contain our costs could place us at a competitive disadvantage relative to other service providers. Further, potential privatizations (including partial privatizations through private management agreements or otherwise) of some lotteries may also change the manner in which, for example, lottery system and instant ticket contracts are awarded, the profitability of those contracts and the number or character of other service providers competing for them. Increased competition could cause us to lose customers, contracts and players and could have a material adverse effect on our business, financial condition and results of operations.

Slow growth or declines in gaming activities or sales of lottery tickets could lead to lower revenue and cash flows for us.

In all of our contracts, our revenue directly correlates to gaming proceeds. Our future success will depend, in part, on the success of the gaming industry as a whole, in attracting and retaining players while facing increased competition in the entertainment and gaming markets as well as on our ability to develop innovative services, products and systems. In addition, in certain cases we depend on our partners to market and provide market visibility for our lottery and gaming products. There can be no assurance that such products will be marketed or placed effectively, which could result in slow growth or a decline in sales and materially adversely affect our business, financial condition and results of operations.

We are heavily dependent on our ability to renew our long-term contracts with our customers and we could lose substantial revenue and profits if we are unable to renew such contracts.

Renewing contracts with a large cash flow impact is one of our key strategies and the long-term nature of our contracts and our proactive management of these contracts provides us with visibility with respect to recurring revenues. See "*Business—Our Strategies—Focus on increasing cash flow generation and revenue visibility*." Generally, our contracts contain initial multi-year terms, with optional renewal periods held by the customer. Upon the expiration of a contract, the contract may be renewed, or a new contract may be awarded to a party other than us through a competitive tender process. There have been instances where we were not awarded a new contract pursuant to a competitive tender process, such as in connection with the South Carolina and Vermont State Lotteries. In our experience, implementing a switch of technology providers for contracts of this complex nature is a time and resource-intensive process after formal appointment of a new technology provider and consequently we find that, in our experience, such contracts are typically extended for a short period of time. However, no assurance can be made that such an extension will occur. In addition, because state lotteries generally renew their contracts with their existing service providers, it may prove difficult to win contracts in new jurisdictions where we do not currently operate. For more information on our contracts and their maturities, please see our contract maturity table in "*Business—Our Contracts, Jurisdictions and Subsidiaries*". As some of our customers account for a significant portion of our revenues, any failure to renew or extend contracts with those customers would have a material adverse effect on our business. For example, during 2020, 2019 and 2018, our customers in Ohio, Illinois and Georgia together accounted for 57.4%, 56.9% and 52.8% of our lottery revenues, respectively. As of December 31, 2020, 2019 and 2018, two customers together accounted for 51.3%, 55.6% and 55.8% of trade accounts receivable, respectively.

We also cannot make any assurances that any other current contracts will be extended or that we will be awarded new contracts as a result of competitive tender processes or otherwise in the future. Moreover, we cannot rule out that certain of our counterparties may try to achieve better terms on existing contracts. While, as a legal matter, we cannot be forced to accept changes to existing contracts, it is generally possible that a counterparty (motivated either by changes in market conditions, through a new management team or otherwise) may try to re-negotiate agreed terms, which may have an adverse impact on our relationship with them and/or on our business.

In addition, certain of our long-term contracts may be terminated due to the commencement of insolvency proceedings, our non-performance under a contract, the lack of a performance bond or certain force majeure events. The termination, expiration or failure to renew one or more of our contracts could cause us to lose substantial revenue and profits, which could have an adverse effect on our ability to win or renew other contracts.

The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations.

We rely on government contracts that are typically awarded as a result of a competitive selection process in order to conduct our main business activities and termination of these contracts would have a material adverse effect on our revenue.

We are required to be awarded government contracts in order to conduct our business activities. Our contracts span a broad range of products including lotteries, sports betting, numerical games, self-service and video lottery terminals ("**VLTs**"). Under the terms of all of our contracts we must provide performance guarantees. If we were to fail to meet certain service levels and other performance obligations under our contracts, our customer could request payment under these guarantees, which could result in significant payment requirements from us or raise the insurance premiums we pay to our insurers to provide performance bonds against these guarantee obligations.

In addition, upon the expiration of our contracts, there can be no assurance that the relevant issuing authorities will award an extension of such contracts on acceptable terms, or at all. Our contracts may be terminated upon the occurrence of certain events of default such as the commencement of insolvency proceedings or non-performance under a contract. The non-renewal or termination of any of our contracts could have a material adverse effect on our business, financial condition and results of operations.

We are exposed to significant risks in relation to compliance with anti-corruption and anti-money laundering laws and regulations.

Gaming and lotteries can be susceptible to corruption and other illegal activities, and sports betting can give rise to money-laundering and related issues. We are subject to anti-corruption laws and regulations, such as the U.S. Foreign Corrupt Practices Act of 1977 ("**FCPA**"), economic sanctions programs including those administered by the UN and the

U.S. Office of Foreign Assets Control. The FCPA prohibits providing anything of value to foreign officials for the purposes of obtaining or retaining business or securing any improper business advantage. As part of our business, we may deal with both governments and state-owned business enterprises, the employees of which may be considered foreign officials for purposes of the FCPA. We have policies and procedures designed to assist our compliance with applicable laws and regulations and have trained our employees to comply with such laws and regulations. While we believe that we have a strong culture of compliance and that we have adequate systems of control, we seek to continuously improve our systems of internal controls, to remedy any weaknesses we identify through appropriate corrective action depending on the circumstances, including additional training, improvement of internal controls and oversight, and deployment of additional resources, and to take appropriate action in case of any breach of our rules and procedures which might include disciplinary measures, suspensions of employees and ultimately termination of such employees. There can be no assurance, however, that our policies and procedures will be followed at all times or will effectively detect and prevent violations of the applicable laws by one or more of our employees, consultants, agents, or partners and, as a result, we could be subject to penalties and suffer material adverse consequences on our business, financial condition or results of operations.

We may not be able to capitalize on market trends (including the expansion of online gambling) and other changes in the gaming industry.

Our future success depends on our ability to recognize market trends and opportunities and develop appropriate strategies in response. Should we fail to develop appropriate strategies in response to market trends and opportunities, we could lose our competitive position, and as a result our revenue could be adversely impacted. In addition, responding to such opportunities may require access to substantial capital. Failure to obtain adequate capital in a timely manner may have a material adverse consequences on our business, financial condition or results of operations.

We have expanded, and continue to expand, our business into mobile sports betting and online gaming in order to take advantage of the introduction of online gaming regulation in certain jurisdictions. This strategy involves several risks and uncertainties, including legal, business and financial risks.

In general, our ability to successfully pursue our interactive gaming strategy depends on the law and regulations relating to mobile and internet gaming and our ability to take advantage of interactive channels. Laws relating to mobile and internet gaming are evolving in the United States. Although we have put in place, and continue to monitor, systems, controls and procedures to ensure that we are, or will be, in compliance with applicable rules and regulations in jurisdictions in which we decide to enter the online gaming industry, the systems, controls and procedures adopted by us may not be sufficient. Furthermore, there can be no assurance that we will be able to successfully block users from accessing online gaming under conditions prohibited by law or prevent the inadvertent transmission of state-sponsored gaming, any of which could result in civil, criminal or administrative proceedings, injunctions, fines and penalties and substantial litigation expenses that could strain management resources and materially adversely affect our business, financial condition and results of operations.

In jurisdictions that authorize mobile and internet gaming, there can be no assurance that we will be successful in selling our technology, content and services to mobile and internet gaming operators as we expect to face competition. For example, our iLottery business—which launched in New Hampshire in 2020—may struggle to grow and compete with more established internet gaming providers. In general, our ability to compete effectively in the mobile and internet gaming space will depend on the acceptance by our customers of the products and services we offer. There can be no assurance that we will be able to continue to develop and market mobile and internet gaming solutions successfully, which could in turn have a material adverse effect on our business, financial condition and results of operations.

We may not be able to respond to technological changes or satisfy future technology demands of our customers, in which case we could fall behind our competitors.

The gaming industry is characterized by rapidly changing technology and evolving industry standards. Many of our software and hardware products are based on proprietary technologies. Our competitiveness in the future will depend on our ability to respond to technological changes and satisfy future technology demands by developing or licensing innovative and appealing products in a timely and cost-effective manner. There can be no assurance that we will achieve the necessary technological advances or have the financial resources needed to introduce or license new products or services or that we will otherwise have the ability to compete effectively in the gaming markets we serve. Furthermore, if we devote resources to the pursuit of new technologies and products that fail to be commercially viable, all or part of these research and development ("**R&D**") expenses may be lost and our business may suffer. The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations.

We may experience significant losses with respect to individual events or betting outcomes.

We are subject to payout risk in that our fixed-odds betting services, particularly from our sports betting offering, involve betting where we are required to pay winnings on the basis of the stake placed and the odds quoted, rather than derived from a pool of stake money received from all customers. A bookmaker's odds are determined so as to provide an average return to the bookmaker over a larger number of events and therefore we typically meet our payout targets over the medium term. There may be a degree of variation, however, in revenues net of payout percentage on a quarterly basis, resulting in higher levels of payout in certain periods.

We have systems and controls in place which seek to reduce the risk of daily losses occurring on a revenues net of payout basis, but there can be no assurance that these will be effective in reducing our exposure to this risk. As a result, in the short term, there is less certainty of generating positive revenues net of payout and we may experience (and have from time to time experienced) losses with respect to individual events or betting outcomes, particularly on a "single bet" basis. Any significant losses on a revenues net of payout basis could have an adverse effect on our cash flows, which could in turn adversely affect our financial conditions and results of operations.

Any failure to determine accurately the odds at which we will accept bets in relation to any particular event and/or any failure of our risk management processes could have a material adverse effect on our business.

We employ a team of experienced odds compilers (who determine the odds at which we will accept bets in relation to any particular event) and risk managers who seek to manage our payout risk in relation to our gaming businesses, particularly from our sports betting offering. There can be no assurance, however, that errors of judgment or other mistakes will not be made in relation to the compilation of odds or that the systems we have in place to limit risk will be consistently successful. Any significant misjudgments or mistakes made by us in relation to odds compilation or the failure of our risk management systems could result in us incurring significant losses on a revenues net of payout basis, which could have a material adverse effect on our business, financial condition and results of operations.

In some components of our business, our revenue fluctuates due to, among others, seasonal sports schedules, the occurrence of major sports tournaments and, therefore, our periodic operating results are not guarantees of future performance.

Our revenue can fluctuate due to seasonality in some components of our business. Our revenue may also be affected by the scheduling of major events that do not occur annually. Our revenue can also be affected by the performance of certain teams within specific tournaments. We may experience a decrease in revenue where customers place fewer bets using our platforms. In addition, the COVID-19 pandemic has led to the suspension or cancellation of sporting events which has and could continue to negatively impact our revenue. Furthermore, the cancellation or curtailment of significant sporting events, due to, among other things, adverse weather, and traffic or transport disruption or civil disturbances, may also affect our revenue. In addition, our revenue from lotteries can be somewhat dependent on the size of the jackpots of lottery games during the relevant period. The occurrence of any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

Translation risk and fluctuations in currency exchange rates may adversely affect our results of operations, and hedging carries certain costs and risks.

Currency translation effects occur when the financial statements of our consolidated subsidiaries are recorded in their respective local currency and converted into U.S. dollars. Translation effects can diminish the impact of positive results or increase the impact of negative results recorded by such consolidated subsidiaries. In particular, we may observe a negative impact caused by translation effects when the U.S. dollar, and to a lesser extent the Canadian dollar and Philippine peso, are weak in comparison to the euro.

In addition, an unfavorable movement in exchange rates can give us a competitive disadvantage with respect to our competitors from other currency regions and can lead to declines in orders. We hedge certain of our foreign currency exchange rate exposure through derivative instruments, depending on market conditions and based on our treasury policy. We do not, however, seek to hedge all of our foreign currency exchange rate exposure. There can be no assurance that our hedging activities will be successful in mitigating the impact of exchange rate fluctuations. In addition, significant volatility in exchange rates may increase our hedging costs, limit our ability to hedge our exchange rate exposure, particularly against unfavorable movements in the exchange rates of certain emerging market currencies, and could have an adverse impact on our results of operations, particularly our profitability. Any of the factors above may have a material adverse effect on our business, financial condition and results of operations.

Our failure to successfully maintain and enhance our brands could adversely affect our business.

The success of our business is dependent in part on the ongoing strength of our brand. As the gaming industry becomes increasingly competitive, we expect that our success will be dependent in part on maintaining and enhancing our brand strength, which may become increasingly difficult and more costly. If we are unable to maintain and enhance the strength of our brands, then our ability to retain and expand our customer base and our attractiveness to existing and potential partners may be impaired, and our business, financial condition and results of operations will be adversely affected. In addition, maintaining and enhancing our brands, may require us to make increased investment in our gaming and business activities, which may not deliver requisite returns. If we do not maintain and enhance each of our brands successfully, or if we incur excessive cost in this effort, our business, financial condition and results of operations may be adversely affected.

We are exposed to risks associated with the performance of the global economy and prevailing regional economic conditions.

We are exposed to risks associated with the performance of the global economy and the economy of the United States. Our income and results of operations have been influenced, and will continue to be influenced, to a certain degree, by the general performance of the economies in which we operate. They may also be adversely affected by negative local, regional, or national trends, developments or perception that reduce consumers' ability or willingness to spend, including levels of employment, inflation or deflation, levels of real disposable income, changes in interest rates and/or VAT, the availability of consumer credit, consumer debt, consumer confidence and general uncertainty regarding the overall future economic environment. Discretionary consumer spending often declines during periods when disposable income is adversely affected or there is economic uncertainty, which may impact our customers' ability to sell gambling and betting products. Unfavorable economic conditions, including recession, economic slowdown, decreased liquidity in the financial markets, decreased availability of credit and relatively high rates of unemployment, have had, and may continue to have, a negative effect on our business. Socio-political factors such as terrorist activity or threat thereof, civil unrest or other economic or political uncertainties, or health epidemics, contagious disease outbreaks, or public perception thereof that contribute to consumer unease may also result in decreased discretionary by consumers and have a negative effect on our businesses. We cannot fully predict the effects that unfavorable social, political and economic conditions, economic uncertainties and public health crises and any resulting decrease in discretionary spending would have on us, as they would be expected to impact our customers, suppliers and business partners in varied ways. For a description of the impact of the outbreak of COVID-19 and other public health crises, see "*—Risks Related to the Gaming Industry—The recent COVID-19 pandemic and similar health epidemics, contagious disease outbreaks and public perception thereof, significantly disrupted our operations and materially adversely affected our business, financial condition and results of operations*."

Any material deterioration in economic conditions globally or in the jurisdictions in which we operate could materially and adversely affect our liquidity, financial position and results of operations. We cannot predict whether or when economic circumstances may worsen or improve, or what impact if any, such circumstances could have on our business. Any of these trends could have a material adverse effect on our business, results of operations, financial condition and prospects.

We are dependent on our suppliers and contract manufacturers, and any failure of these parties to meet our performance and quality standards or requirements could cause us to incur additional costs or lose customers.

The manufacturing of our VLTs, terminals and other hardware, is performed by third parties. In particular, the assembly of our terminals, depends upon a continuous supply of raw materials and components, many of which are manufactured or produced outside of the U.S. Furthermore, we rely on certain suppliers for certain features of our gaming software. Our operating results could be adversely affected by an interruption or cessation in the supply of these items or a serious quality assurance lapse, including as a result of the insolvency of any of our key suppliers. In addition, we have a number of significant contracts and our performance depends upon our third-party suppliers delivering equipment on schedule in order to meet our contract commitments. Additionally, the outbreak of COVID-19 and any resulting unfavorable social, political and economic conditions have negatively impacted our suppliers and contract manufacturers in varied ways in different communities, which have led and could lead to interruption or cessation of services provided to us. For more information on the impact of the outbreak of COVID-19, see "*—Risks Related to the Gaming Industry—The recent COVID-19 pandemic and similar health epidemics, contagious disease outbreaks and public perception thereof, significantly disrupted our operations and materially adversely affected our business, financial condition and results of operations*."

Failure of third-party suppliers to meet their delivery commitments could result in us being in breach of, and subsequently losing, certain contracts, which loss could have a material adverse effect on our business, financial condition and results of operations.

We are subject to risks from legal, administrative and arbitration proceedings.

Due to the nature of our business, we could become involved in legal, administrative and arbitration proceedings or investigations by government authorities in the future. Such proceedings or investigations could result in us being obligated to pay substantial damages and litigation costs. Furthermore, a contract that we are initially awarded through a competitive proposal process may be challenged by one of our competitors or a third party in court, in which case we may lose the benefit of such contract and our business, financial condition and results of operations may be materially adversely affected. See "*Business—Litigation and Administrative Proceedings*."

We are subject to substantial penalties for failure to perform under our lottery contracts.

We are subject to contract penalties for failure to perform under our lottery contracts. Furthermore, we are required by certain of our lottery customers to provide surety or performance bonds. As of March 31, 2021, we had outstanding performance bonds in an aggregate amount totaling $80.0 million. These instruments present an ongoing potential for substantial expense and diversion of resources from productive uses. Claims on performance bonds and payment of liquidated damages could each have a material adverse effect on our business, financial condition and results of operations.

Our business depends on our ability to attract and retain qualified personnel.

Our success depends, among other things, on our ability to attract and retain qualified executive board members and other qualified executives and employees in key functions. Due to competition for qualified personnel within the gaming industry, there is a risk of losing qualified employees to competitors and being unable to attract sufficient qualified new employees to operate our business. Our ability to recruit and retain our key employees and skilled workers has been impaired due to the recent COVID-19 pandemic. The occurrence of any of these risks could have a material adverse effect on our business, financial condition and results of operations.

We may be adversely impacted by labor disputes or matters.

As of December 31, 2020, we had 626 employees across 12 jurisdictions. While we strive to maintain good relationships with our employees, there can be no assurance that such relationships will continue to be amicable or that we will not be affected by strikes, unionization efforts or other types of conflict with employees, any of which could impair our ability to manufacture and distribute our products or provide our services. Accordingly, any such labor dispute or matter could result in a substantial loss of sales and in turn adversely affect our financial condition and results of operations.

If we are unable to protect our intellectual property rights or prevent their use by third parties, our ability to compete in the market may be harmed.

We rely on our ability to develop and protect our proprietary technology and intellectual property rights to ensure that our competitors do not obtain technology from us that could allow them to compete more effectively with us. We believe that the success of our business strategy depends on our continued ability to protect and use our intellectual property rights in the countries in which we operate.

We have applied for and obtained intellectual property rights, such as patents, that are important to our business. The process of applying for patent protection, however, can be time-consuming and expensive. There can also be no assurance that our current or future applications for patent protection will result in an issued patent. Even if a patent is issued, it may afford differing or limited protection in different jurisdictions. In addition, the granting of a patent does not necessarily imply that it is effective or that possible patent claims can be enforced to the degree necessary or desired. Consequently, there is a risk that third parties, in particular our competitors, will copy our products, design around our patented products or otherwise gain access to our proprietary information and technology, which may allow our competitors to impinge on our market share and customer base.

In addition, a major part of our technical knowledge and trade secrets is not patented and cannot be protected through intellectual property rights. For example, some intellectual property of the Intralot Group is not subject to registration in the United States, making the protection of that intellectual property against infringement by U.S. competitors more difficult. Likewise, much of Intralot's intellectual property cannot be registered in Europe, which makes it difficult to guard against infringement by competitors or potential competitors there. We may not be able to prevent unauthorized disclosure or use of our technical knowledge and trade secrets. We have entered into various license, cross-license, cooperation and development agreements with our customers, competitors and other third parties under which we are granted access to intellectual property or technical knowledge of such third parties. If such third parties do not properly maintain or enforce the intellectual property rights underlying such licenses, or if such licenses are terminated under circumstances such as a licensing partner's insolvency or bankruptcy or in the event of a change of control, or if such licenses expire without being renewed, we could lose the right to use the licensed intellectual property.

We intend to enforce our intellectual property rights and from time to time may initiate claims against third parties that we believe are infringing our intellectual property rights if we are unable to resolve matters satisfactorily through negotiation. Litigation brought to protect and enforce our intellectual property rights could be costly, time-consuming and distracting to management and could fail to obtain the results sought and could have a material adverse effect on our business, financial condition and results of operations.

There is a risk that our products will infringe upon the intellectual property rights of third parties, or that other parties will assert infringement claims against us.

We cannot provide assurance that our products and methods in all cases do not infringe the patent or other intellectual property rights of third parties because it is not always possible to determine with certainty whether there are effective and enforceable third-party intellectual property rights to certain processes, methods or applications. Infringement and other intellectual property claims brought against us, whether successful or not, are time-consuming, costly and distracting to management and harm our reputation. In addition, intellectual property litigation or claims could require us to do one or more of the following: (i) cease manufacturing, using or marketing the relevant technologies or products in certain countries; (ii) make changes to manufacturing processes or products, which may not be possible and, if possible, could be costly and time-consuming; (iii) pay substantial damages; or (iv) purchase licenses to make use of technology from third parties, which license may not be available on commercially-reasonable terms, if at all. The occurrence of any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

Our systems are subject to network interruption risks which could have a negative impact on the quality of the services offered by us and, as a result, on demand from consumers and consequently volume of revenue.

Our ability to provide goods (such as software and lottery terminals) and services to our customers and to effectively operate lotteries and other games and services depends to a great extent on the reliability and security of the information technology systems and third-party networks we use. Information technology systems and the networks used by us are potentially subject to damage and interruption caused by human error, problems relating to the telecommunications network, natural disasters, sabotage, viruses and similar events. Interruptions in the system could have a negative impact on the quality of the services offered and, as a result, on demand from consumers and consequently on the volume of revenue. In addition, interruptions in the system could result in the termination of certain of our contracts or the imposition of substantial penalties.

A security breach in our technical or information infrastructure could result in significant harm to our performance or harm our revenue.

We rely on sophisticated technical and information technology infrastructure. The security of this infrastructure could be compromised by human error, malfunction, employee or third-party misconduct, sabotage, hacking or computer viruses. Such a breach of security could impair our ability to adequately provide products and services, reduce performance by one or more of our businesses. Additionally, any security breach or intrusion upon our information technology infrastructure could compromise the security of information stored in or transmitted through our systems, or compromise the integrity of our technical systems more broadly. Any such event could have a material adverse effect on our business, financial condition and results of operations.

While we seek to protect our computer systems and network infrastructure from physical intrusion as well as security breaches and other disruptions that could affect our telecommunication and information infrastructure, the risk posed by the possibility of security breaches is likely to persist. In particular, to provide our various services, we must allow clients and customers to access certain elements of our data and telecommunications infrastructure. Our technical or information infrastructure could be attacked or compromised by means of such broadly accessible networks. While we take measures to maintain the security of these externally-facing networks, it is impossible to eliminate the risk created by the need for such accessible information infrastructure. There can be no assurance that our security measures will be adequate or successful, and the costs of maintaining adequate security measures may increase substantially. Any such occurrence may have a material adverse effect on our business, financial condition and results of operations.

We may be vulnerable to player fraud.

The gaming industry may be vulnerable to attack by customers through collusion and fraud. We take steps to minimize the opportunities for fraudulent play, but we are aware of the need to monitor and develop such protections. If we fail to detect instances of collusion and other fraud either between players or between players and our employees or agents, in addition to our own losses, customers would lose as a consequence and thereby become dissatisfied with our products, which could have a material adverse effect on our reputation and financial condition.

We may be liable for product defects or other claims relating to our products.

Our products or the products we receive from our suppliers could be defective, fail to perform as designed or otherwise cause harm to our customers, their equipment or their products. If any of our products are defective, we may be required to recall the products and/or repair or replace them, which could result in substantial expenses and affect our profitability. Any problems with the performance of our products, such as defective terminals, or our suppliers' products, such as instant ticket misprints, could, indirectly or directly, harm our reputation, which could result in a loss of sales to customers and/or potential customers. In addition, if our customers believe that they have suffered harm caused by our products, they could bring claims against us that could result in significant liability. Any claims brought against us by customers may result in diversion of management's time and attention, expenditure of large amounts of cash on legal fees, expenses and payment of damages, decreased demand for our products or services, or injury to our reputation. Our insurance may not sufficiently cover a large judgment against us or a large settlement payment, and is subject to customary deductibles, limits and exclusions.

The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations.

Our contracts require capital expenditures that will not otherwise be available for our operations and repayment of borrowings.

Our contracts generally require significant upfront capital expenditures including, for example, acquiring gaming hardware and equipment. Our contracts also require significant annual capital expenditures for technology renewal. Furthermore, our R&D efforts to develop innovative products require capital investment. During each of the financial years ended December 31, 2018, 2019 and 2020, our capital expenditure accounted for 64.9%, 22.9% and 10.2% of our revenue, respectively.

Historically, we have funded our capital needs through cash flows generated from operations, cash on hand, intra-group borrowings, share capital increases and bank borrowings. In the future, we intend to fund our cash needs mainly through cash flows generated from operations and held at banks, and, only if needed for growth purposes, through bank borrowings. Our ability to generate revenue and to continue to procure new contracts, develop innovative products and grow our business will depend on, among other things, our then present liquidity levels or our ability to obtain additional financing on commercially-reasonable or favorable terms, which have been negatively affected by the recent COVID-19 pandemic. See "*—Risks Related to the Gaming Industry—The recent COVID-19 pandemic and similar health epidemics, contagious disease outbreaks and public perception thereof, significantly disrupted our operations and materially adversely affected our business, financial condition and results of operations*." If we do not have adequate liquidity or are unable to obtain financing on favorable terms, or at all, we may not be able to bid on certain contracts, which could restrict our ability to grow or renew existing contracts and have a material adverse effect on our results of operations. Moreover, we may not realize the return on investment that we anticipate on new or renewed contracts due to a variety of factors, including lower than anticipated retail sales, higher than anticipated capital or operating expenses and unanticipated regulatory developments or litigation. We may not have adequate liquidity to pursue our strategy, including selectively entering new markets.

In the future, if we are unable to generate sufficient cash flows from operations and bank borrowings to meet our capital requirements, we will be required to adopt one or more alternatives, such as refinancing or restructuring our indebtedness, or selling material assets or operations or seeking to raise additional debt or equity capital. We cannot assure you that any of these actions could be completed on a timely basis or on satisfactory terms, or at all, or that these actions would enable us to continue to satisfy our capital requirements. The occurrence of any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to our Indebtedness

We require a significant amount of cash to service our debt, and our ability to generate sufficient cash depends on many factors, some of which are beyond our control.

We require a significant amount of cash to service our debt obligations, including payments relating to any swap arrangements we may have in the future. Our ability to make scheduled payments on and to refinance our debt and to fund future operations and capital expenditures will depend on our future operating performance and ability to generate sufficient cash. This depends, to some extent, on general economic, financial, competitive, market, legislative, regulatory and other factors, many of which are beyond our control, as well as the other factors discussed in this "*Risk Factors*" section

We cannot assure you that our business will generate sufficient cash flows from operations, that currently anticipated cost savings, revenue growth and operating improvements will be realized or that future debt and equity financing will be available to us on favorable terms or in an amount sufficient to enable us to pay the principal, premium, if any, and interest on our indebtedness or that future borrowings or amounts available for borrowing under any future revolving credit facility will be available to us in an amount sufficient to enable us to service and repay our other indebtedness or to fund our liquidity needs. Moreover, regulations in certain jurisdictions in which we have our operating subsidiaries may restrict the ability of such operating subsidiaries to pay dividends to us.

If our future cash flows from operations and other capital resources (including future borrowings or any other additional indebtedness permitted under our existing debt obligations) are insufficient to pay our obligations as they mature, or to fund our liquidity needs, we may be forced to:

- reduce or delay our business activities and capital expenditures;
- sell assets;
- obtain additional debt or equity capital; or
- restructure or refinance all or a portion of our debt on or before maturity.

We cannot assure you that we would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all. In addition, any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. There can be no assurances that any assets which we could be required to dispose of can be sold or that, if sold, the timing of such sale and the amount of proceeds realized from such sale will be acceptable.

We are subject to significant restrictive debt covenants, which limit our operating flexibility, our ability to finance our future operations and capital needs and our ability to pursue business opportunities and activities.

Any future debt instrument we may enter into may contain covenants that significantly restrict our ability to, among other things:

- incur or guarantee additional indebtedness or issue certain preferred shares;
- pay dividends or make other distributions, repurchase or redeem our shares or repay or redeem subordinated debt;
- make certain investments or other restricted payments;
- dispose of certain assets, including subsidiary shares;
- create or incur liens;
- enter into certain transactions with affiliates;
- create encumbrances or restrictions that restrict certain of our subsidiaries' ability to pay dividends or other distribution loans or advances; and
- consolidate, merge or sell all or substantially all of our assets.

These covenants could limit our ability to finance our future operations and capital needs and our ability to pursue acquisitions and other business activities that may be in our interest.

Any future working capital or revolving credit facility or other debt instrument may also require us to maintain specified financial ratios. Our ability to meet these financial ratios may be affected by events beyond our control and, as a result, we cannot assure you that we will be able to meet these ratios and tests. In the event of a default under such facilities or instruments or certain other defaults under other agreements, the lenders could terminate their commitments and declare all amounts owed to them to be due and payable. Borrowings under other debt instruments that contain cross default or cross acceleration provisions, may, as a result, also be accelerated and become due and payable. In addition, a cross default or cross acceleration may occur under any future working capital or revolving credit facility or other debt instrument. Our assets and cash flow may not be sufficient to fully repay these debts in such circumstances.

Holders may be unable to enforce their rights in civil proceedings for U.S. securities laws violations.

The Company is organized under the laws of the Netherlands and most of the subsidiaries that guarantee our existing debt obligations are also organized in jurisdictions outside the United States. Most of their respective officers and directors are non-residents of the United States and most of their assets are located outside the United States. As a result, it may not be possible to effect service of process within the United States upon the Company and most subsidiaries that guarantee our existing debt obligations to enforce against them judgments obtained in U.S. courts predicated upon civil liability provisions of the federal securities laws of the United States.

Under Greek law, there is doubt as to the enforceability in Greece of civil liabilities based on the securities laws of the United States, both in an original action and in an action to enforce a judgment obtained in U.S. courts. The United States and the Netherlands, and the United States and Greece, do not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters (other than arbitration awards). Therefore, a final judgment for payment of money rendered by a federal or state court in the United States based on civil liability, whether or not predicated solely upon the federal securities laws of the United States, would not be automatically enforceable in Greece and may not be enforceable, either in whole or in part, in the Netherlands or Greece. Furthermore, certain jurisdictions in which subsidiaries that guarantee our existing debt obligations are or in the future may be incorporated may also not have a treaty for the mutual enforcement of court judgments with the United States, which may make it difficult or impossible to effect service of process upon such guarantor.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the Group's financial condition and results of operation are based on the audited consolidated financial statements of Intralot and its subsidiaries as of and for the years ended December 31, 2018, 2019 and 2020, and the unaudited consolidated financial statements of the Intralot and its subsidiaries as of and for the three months ended March 31, 2021 and 2020, which have been prepared according to the Intralot S.A. Group IFRS Accounting Policies. The audited consolidated financial statements as of and for the years ended December 31, 2019 and 2020 were audited by Grant Thornton LLP and were issued with an unqualified audit opinion. The audited consolidated financial statements as of and for the year ended December 31, 2018 were audited by BDO USA, LLP and were issued with an unqualified audit opinion.

Our unaudited financial information for the twelve months ended March 31, 2021 presented herein is calculated by adding our unaudited interim consolidated financial information for the three months ended March 31, 2021 to the difference between the audited consolidated financial information for the year ended December 31, 2020 and the unaudited interim consolidated financial information for the three months ended March 31, 2020, all as extracted from our consolidated financial statements. The unaudited financial information for the twelve months ended March 31, 2021 presented herein is not required by or presented in accordance with IFRS or any other generally accepted accounting principles. The unaudited financial information for the twelve months ended March 31, 2021 has been prepared for illustrative purposes only and is not necessarily representative of our results of operations for any future period or our financial condition at any future date.

Some of the statements contained below relate to future revenue, costs, capital expenditures and financial condition and include forward-looking statements. Because such statements involve inherent uncertainties, actual results may differ materially from the results expressed in or implied by such forward-looking statements.

Overview

We are one of the only three vendors in the United States who hold contracts with the state lotteries for the supply of online gaming systems, retailer communication networks, and point of sale equipment, such as terminals and vending machines. We design, develop, operate and support customized software and hardware for the gaming industry, providing technology and management services to state, state-licensed and statutorily authorized lottery and gaming organizations. We were established in Georgia, United States in 2001. We became the first foreign-owned company to win a tender for the supply of lottery systems, when we won a contract to supply the Nebraska state lottery in 2003. We have since grown our U.S. operations to include a diversified and stable portfolio of 16 contracts across 14 jurisdictions, including Canada, the Philippines, 11 U.S. states and the District of Columbia. In 2019, we established Intralot Tech, a wholly-owned subsidiary of Intralot, Inc. Intralot Tech is intended to serve as our development hub in Greece and complement our existing central functions in Atlanta and Mason, with an aim to retain and enhance the quality of services offered in the United States.

Our operations are structured across two main business activities: (i) technology and support services; and (ii) management services. Our technology and support service activities include the provision of equipment, software and maintenance and support services to lottery and gaming organizations, often under long-term contracts. Our management service activities include marketing services and risk management and odds setting for gaming and sports betting organizations. All of our contracts involve the provision of technology and support services, and 11 of them also involve the provision of management services. Our contracts are entered into with state, state-licensed or statutorily authorized gaming/lottery operators that remain responsible for consumer-facing tasks and compliance with regulatory controls.

Since its establishment in 1992, the Intralot Group has developed innovative technology for the gaming industry and acquired extensive operating know-how and experience that we continue to benefit from. Both the quality and innovation of our technology and our operating experience are central to maintaining our existing customer relationships and winning new contracts.

For the year ended December 31, 2020, we had revenue of $172 million and, as of December 31, 2020, we had 625 full-time employees.

Key Factors Affecting Our Results of Operations

Our results of operations, financial condition and liquidity have been influenced in the periods discussed in this Additional Information Document by the following events, facts, developments and market characteristics. We believe that these factors have influenced and are likely to continue to influence our operations in the future.

COVID-19

Our revenue is largely driven by players' disposable incomes and level of gaming activity and lottery purchases. The recent outbreak of COVID-19, together with the various mitigating measures related thereto, has led to economic and financial uncertainty for many consumers, has reduced the disposable incomes of players and has resulted in the suspension or cancellation of sporting events. COVID-19 has resulted in a lack of sports betting content which has further led to delays in the anticipated increase in our EBITDA from the nascent sports betting revenue stream.

The COVID-19 outbreak and the resulting unfavorable economic conditions have also impacted the ability of our customers to make timely payments to us.

The COVID-19 outbreak has caused, and may continue to cause us and certain of our suppliers, to implement temporary adjustment of work schemes allowing employees to work from home and collaborate remotely. We have taken measures to monitor and reduce the impact of the outbreak. For example, we have activated the WLA certified Business Continuity Plan and used technology in order to immediately enable about a substantive majority of our personnel to work remotely, thus preserving business continuity for our customers. We have taken a variety of measures to mitigate the impact of COVID-19 and related government imposed restrictions, including reducing non-material expenses and costs, and implementing corporate and operational initiatives such as the iLottery initiative. For example, we have reduced our capital expenditures by $12.9 million in 2020 compared to 2019. As a result of any of the above developments, our business, financial condition and results of operations have been and may continue to be adversely affected by the COVID-19 outbreak.

The ultimate magnitude and length of time that the disruptions from COVID-19 will continue remains uncertain. This uncertainty will require us to continually adapt our strategy and initiatives according to recent developments and effect of COVID-19 in each of the markets it operates, assess the situation, including the impact of changes to government imposed restrictions, changes in customer behaviors, social distancing measures and decreased gaming establishments operating capacity jurisdiction by jurisdiction.

Key Revenue Drivers

Our revenue is firstly driven by the proportion of the gaming proceeds received by our customers from end users placing bets with our customers under our technology and support services contracts, and secondly by the winnings paid out to end users under our sports betting contracts. Our revenues are fees that are based usually on a percentage of the total wagers or GGR, or in some cases simply a fixed amount per year. Our revenues are primarily linked to numerical games, VLTs, sports betting and racing, and, accordingly, our results of operations can be affected by the following factors:

- competition for new contracts and renewals;
- game regulation and taxation;
- macroeconomic conditions and demographics;
- foreign currency translation effects;
- payout management (especially in respect of sports betting games);
- sporting event timing; and
- personnel expenses.

Competition for New Contracts and Renewals

Our customers are state lotteries or state lottery operators. We compete for contracts with new customers, and seek to retain existing customers when their contracts are up for renewal, on the basis of our technological leadership and experience. We believe that the most important factor in our ability to win new and retain existing contracts is our ability to meet the needs of our customers across a range of business activities and operating environments, which we achieve through our advanced operating technologies.

Since 2008, we have won more than 10 new contracts, which has helped us to expand significantly the number of states in which we operate, as well as the total population of the markets that we address (approximately 40 million people). This has helped us to grow our revenue base during the period from $0.5 million in the year ended December 31, 2004 to $164.6 million in the twelve months ending March 31, 2021.

We have a strong track record of renewing or extending our contracts as they come up for renewal. Since 2008, we have successfully renewed or extended approximately 90% of our contracts in the U.S. In 2018, we renewed the current contract with the Wyoming Lottery until August 2024. For example, in 2018, we announced a five-year extension to its current gaming systems contract with the New Hampshire Lottery Commission, through June 2025, while in 2019, we signed a contract extension to provide our Sports Betting solutions to the New Hampshire Lottery Commission. Furthermore, in November 2018, we renewed our contract with the New Mexico Lottery for two more years, up to November 2025, with the addition of a sports lottery product. In March of 2020 we renewed the Montana contract through 2025 with the addition of sports betting. Notwithstanding our strong track record of renewals and extensions, we failed to renew other contracts, such as the South Carolina contract in 2018 and the Ohio cooperative services program, which expired in 2019.

The terms of our 12 U.S. technology and support services contracts range from 10 months to 15 years, with an average remaining contract length (as of December 31, 2020 and giving effect to contracts entered into as of the date of this Additional Information Document) of approximately seven years (taking into account certain of our customers' renewal and extension options). Nevertheless, we continue to face competition for contracts in connection with bids, re-bids, extensions and renewals, which could lead to the loss of contracts or rate reductions and/or additional service requirements in contracts that we win or retain.

Our strategy to compete effectively includes launching new products and services by implementing innovative technologies and marketing tools and, where permissible, expand retail distribution.

Relationship with the Intralot Group

As of the date of this Additional Information Document, Intralot S.A. holds 100% of the share capital of the Company, our indirect parent entity. The Group historically has engaged, and intends to continue to engage, in significant transactions with Intralot S.A. and the Intralot Group relating to, among other things, personnel support, administrative services, leasing, intellectual property and licensing costs.

In the period between the year ended December 31, 2020 and the year ending December 31, 2024, the Intralot Group estimates that agreements with the Intralot Group could result in net cash payments of approximately €16.0 million from the Group to the Intralot Group with approximately €2.0 million and €8.0 million of payments for the year ended December 31, 2020 and the projected year ending December 31, 2021, respectively, on a pro forma basis after giving effect to certain transactions, excluding licenses costs and services from new projects not currently contracted.

Regulation and Taxation

Our operations are highly regulated and many of the factors that affect our results of operations are prescribed by applicable contracts and regulation. Particularly but not exclusively in the context of sports betting, these factors include minimum payout ratios (as in the case of gaming machines in many of the markets where we are present), maximum wagers, gaming times, and the number of gaming machines that we may install in bars, restaurants and other locations.

In several markets in which we operate, changes to gaming regulation have both liberalized the market to permit or increase private sector involvement and broadened the scope of regulation to increase the size of the regulated market and to reduce the impact of illegal gambling.

Changes in taxation on winnings can impact player participation, which can affect our business activities indirectly. Although our business is not heavily exposed to gaming tax risk since our counterparties for these contracts are generally governments who would not gain from taxation on their own profits, increases in gaming taxes may render our affected operations less profitable.

Historically, governments have been cautious in changing gaming tax rates because increased rates can lead to reduced player participation, which would have an adverse impact on the financial results of operators such as ourselves and ultimately their gross tax receipts from such operators. See "*Risk Factors—Risks Related to the Gaming Industry—The gaming industry may be subject to new or increased taxation*."

As of December 31, 2020, we had approximately $90.1 million of net operating loss carryforwards to offset against taxable income in subsequent years. Any legal or regulatory changes that prevent us from doing so could have an adverse impact on our tax expenses.

Macroeconomic Factors and Demographics

Gaming is a form of entertainment and, as such, competes with other forms of entertainment for the discretionary spending of the local population. In general, regions with higher gross domestic products ("**GDPs**") tend to have higher levels of discretionary spending that can be directed to gaming and other forms of entertainment. Similarly, although we believe gaming tends to be more resilient than other forms of entertainment, when a region experiences a decline in GDP or a rise in inflation, spending on gaming may also decline. For example, the U.S. gaming market was estimated to have grown to $102.4 billion in 2020 ($305.8/capita) from $95.1 billion in 2007, representing a CAGR of 0.6%. Over this period, the market has been impacted by economic downturns with Global Gross Gaming Yield ("**GGY**") decreasing in 2009 (negative 3.3%) and 2010 (negative 0.5%). In the context of the current environment, states running high-budget deficits tend to foster and expand gaming in order to increase revenue from taxes and direct contributions.

Demographic changes may also affect our results of operations, since, for example, population increases or changes to socio-economic mixes can lead to a change in the player base. In addition, changing social habits in the markets in which we operate, such as longer working hours that result in a decrease in time spent on entertainment, may adversely affect our results of operations.

Foreign Currency Translation Effects

Currency translation effects occur when the financial statements of our consolidated subsidiaries are recorded in their respective local currency and converted into U.S. dollars. In particular, we may observe a negative impact caused by translation effects when the U.S. dollar, and to a lesser extent the Canadian dollar and Philippine peso, are weak in comparison to the euro. Conversely, when the U.S. dollar, and to a lesser extent the Canadian dollar and Philippine peso, are strong in comparison to the euro, translation effects may have a positive impact on our results of operations.

We hedge certain of our foreign currency exchange rate exposure through derivative instruments, depending on market conditions and based on our treasury policy. We do not, however, seek to hedge all of our foreign currency exchange rate exposure.

Sporting Event Timing

Our sports betting revenue is affected by the timing of sporting events, which drive seasonal increases or decreases in revenue, transactions, registrations and activations. This effect is particularly pronounced around the Superbowl (in the first quarter of the year), the NBA Finals (in the second quarter of the year) and the World Series (in the fourth quarter of the year). Our betting-related revenue around such events tends to be higher than at other times.

Personnel and Payroll Expenses

Personnel and payroll expenses are the second largest component of our total cost base after systems equipment and technology, and amounted to $33.5 million, $45.9 million and $51.0 million in the years ended December 31, 2018, 2019 and 2020, respectively. Personnel and payroll expenses are accounted for as a portion of cost of sales and administrative expenses, depending on function. While we consider our personnel and payroll expenses to be effectively fixed, we are typically able to adjust this element of our cost base over time in response to new contracts starting or old contracts finishing or being terminated.

The following table sets forth our personnel and payroll expenses included in cost of sales, administrative expenses and selling expenses for the periods indicated:

	Year ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2020	Three months ended March 31, 2021
	($ in millions, except percentages)			
Cost of sales	24.6	30.0	33.6	8.1
Selling expenses	1.2	1.2	1.2	0.1
Administrative expenses	7.7	14.7	16.2	4.3
Total personnel and payroll expenses	**33.5**	**45.9**	**51.0**	**12.5**
Total personnel and payroll expenses as a percentage of revenue	**31.3%**	**36.9%**	**33.3%**	**27.3%**

Personnel and payroll expenses increased as a percentage of revenue, from 31.3% in the year ended December 31, 2018 to 33.3% in the year ended December 31, 2020 due to higher personnel and payroll expenses in the Technology field since 2019 and the incorporation of Intralot Tech in 2020.

Prospects

The below table summarizes the Company's projections for the periods presented below.

	Year ended December 31, 2021(1)	2022(1)	2023(1)	2024(1)
	($ in millions) (unaudited)			
Revenue	147	160	174	190
Of which new opportunities(2)	1	7	13	23
EBITDA(3),(4)	61	69	75	84
Of which new opportunities(2)	1	4	6	11
EBITDA Including Intragroup	58	67	73	82
Capital Expenditures, net	(19)	(16)	(9)	(12)
Of which new opportunities(2)	(6)	(2)	(1)	(0)
Change in working capital	2	(1)	(3)	(1)
Tax paid	-	-	(2)	(12)

(1) Projected results.
(2) New opportunities refer to projected revenues, EBITDA or capital expenditures from four new potential sports betting and lottery contract opportunities in the United States, which have been included on a probability weighted basis within the projections, according to our estimate of the likelihood of each of these new contracts being won.
(3) EBITDA projections include any projected impact of COVID-19, as well as projected borrowing and lease principal payments of approximately $3 – $5 million per year over the projection period.
(4) EBITDA projections exclude an estimated approximately $2 million per year of accrued intragroup service charge expenses projected to be paid to Intralot Group for financial years 2021-2024. These service charge expenses include customer support services (such as service desk services, solution monitoring services, application support, IT support and software repairs for emergency releases or critical updates and any other relevant services); implementation services and any other relevant services in relation to specific projects; software development services in relation to new requirements or updates to the software; managed trading services in relation to the offering of sports betting operations and other services as agreed from time to time.

We intend to leverage our new digital solutions and technology to increase penetration in the US market. We project the sports betting segment to be one of the principal drivers of future growth, due to (i) the ramp-up of newly secured contracts in New Hampshire, Washington, D.C. and Montana and (ii) potential new opportunities, including in states where we have strong existing relationships.

Sports betting's contribution to revenue is projected to grow from $19 million in 2021 to $55 million in 2024, whilst its EBITDA contribution is projected to grow from $5 million in 2021 to $26 million in 2024, as the ramp-up of new and existing contracts, ongoing cost saving initiatives and operating leverage drive margin expansion. New sports betting contracts are projected to achieve $22 million of revenue and $10 million of EBITDA by 2024. To achieve our projections, capital expenditure and investment in sports betting is expected to total $13 million between 2021 and 2024.

Our lottery segment is projected to grow from $128 million of revenue and $55 million of EBITDA in 2021 to $135 million of revenue and $58 million of EBITDA by 2024. Maintenance, renewal and new contract capital expenditure for lotteries is projected to total $44 million between 2021 and 2024.

We have identified four new potential sports betting and lottery contract opportunities in the United States, which have been included on a probability weighted basis within the above projections. We also have identified a number of additional opportunities that are at a preliminary stage and therefore have not been incorporated within the projections. We also project that our three largest customers will account for 49% of our revenues by 2024 compared to 51% in 2020.

By their nature, the projections in this section involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and therefore are based on current beliefs and expectations about future events. Projections are not guarantees of future performance. Our actual operating results, financial condition and the development of the industry in which we operate may differ materially from those assumed or suggested by the projections contained in this section. In addition, even if our operating results, financial condition and the development of the industry in which we operate are consistent with the projections contained in this section, those results or developments may not be indicative of results or developments in subsequent periods. Accordingly, prospective investors should not rely on these projections.

Such projections are based upon assumptions that we believe are reasonable, but neither the projections nor the assumptions on which they are based have been independently verified. We cannot assure prospective investors that these projections or assumptions will be correct, and undue reliance should not be placed on such information.

Explanation of Key Line Items

Revenue

Our revenue is principally comprised of revenue from our technology and support services contracts, as well as management services contracts (which provide for revenue based on a proportion of the gaming proceeds received by our customers from end users placing bets with our customers, or on a proportion of GGR) and through the sale of merchandise. Revenue is recognized when performance obligations under the terms of a contract with a customer are satisfied, in an amount representing the consideration to which the Company expects receive. In particular:

- Lottery revenue from the sale of numerical and instant tickets that are sold on a per unit basis is recognized when the Company has transferred the significant risks and it is probable that the company will receive the previously agreed upon payment. These criteria are considered to be met when control is transferred to the customer on a periodic basis and they accept the product pursuant to the terms of the contract.

- Revenue from online lottery services is recognized as a percentage of the amount of retail sales of lottery tickets pursuant to the terms of the contract, and are variable in nature as the amount of retail sales and associated fee percentages are not pre-defined.

- Equipment lease revenue (from certain contracts which contain provisions to lease lottery equipment to customers) is recognized on a straight-line basis over the lease term.

Technology and Support Services

We record revenues from our technology and support services contracts based on a fixed percentage of wagers or on a fixed fee contract:

- *Percentage of sales*: We are reimbursed by state gaming organizations based on a pre-determined percentage of sales (which reflects amounts wagered by the players).

- *Outright sale*: Payments are received over a pre-agreed period of time, usually several months. Outright sale contracts constitute a small portion of our revenues.

Management Contracts

- We are reimbursed by the license-holder based on a pre-determined percentage of GGR.

Operating Costs

Our operating costs comprise:

- *Cost of Sales*. Our cost of sales includes merchandise and paper expenses, personnel and payroll expenses, the cost of systems equipment sold and technology services provided, and depreciation and amortization.

- *Administrative Expenses*. Our administrative expenses include personnel and payroll expenses, systems costs, professional fees, such as legal and auditing services, depreciation and amortization, travel and entertainment and other costs.

- *Depreciation and Amortization.* Tangible fixed assets are depreciated on a straight line basis over the estimated useful lives of each component of the assets. Intangible assets are amortized in the same way. The elements are depreciated from the date they are available for use.

- *Selling Expenses.* Selling expenses are variable and include costs relating to marketing, advertising and promotional materials, the costs of merchandising, and personnel and payroll expenses.

- *Other Operating Expenses.* Other operating expenses are mainly comprised of doubtful provisions and receivables write offs.

In the year ended December 31, 2020, variable costs made up 30.8% of our total operating costs. Variable costs amounted to 25.5% as a percentage of revenues in the same period.

With regard to fixed costs, personnel and payroll expenses represented 40.1%, and other fixed costs accounted for 29.1%, of total operating costs in the year ended December 31, 2020.

Other Operating Income

Other operating income includes income from activities that are outside the main scope of Intralot Group service offerings. This mainly comprises leasing of equipment to state lotteries in the United States.

Operating Profit (EBIT)

Operating profit (EBIT) represents the excess of gross profit over operating costs plus other operating income.

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

Include gain or loss obtained from assets (tangible and intangible) disposals completed during the period, as well as relevant loss for impairment and write offs of assets.

Financial Items

- *Interest and similar expenses.* Interest and similar expenses are principally comprised of interest paid on our outstanding indebtedness and other finance costs such as letters of guarantee costs and other bank charges.

- *Interest and similar income.* Interest and related income are principally comprised of interest on cash balances.

- *Exchange Differences.* Exchange differences are principally comprised of gains and losses recorded upon translation of non-USD assets and liabilities into US dollars.

Income tax

Income tax includes all current and deferred taxes, as calculated in accordance with the relevant tax laws in force in the jurisdictions in which we operate.

Results of Operations of the Group

Comparison of the three months ended March 31, 2020, with the three months ended March 31, 2021

The table below sets out the results of operations for the three months ended March 31, 2020 and 2021.

	Three months ended March 31,		**Change**
	2020	**2021**	
	($ in millions) (unaudited)		**(%)**
Revenue	34.4	45.7	32.8
Cost of sales	(28.2)	(32.1)	13.8
Gross profit	**6.2**	**13.6**	119.4
Other Operating Income	3.9	6.5	66.7
Selling Expenses	(0.6)	(1.0)	66.7
Administrative Expenses	(7.5)	(6.6)	(12.0)
Other Operating Expenses	0.0	0.0	n/a
EBIT	**2.0**	**12.5**	525.0
EBITDA	9.9	22.2	124.2
Gain/(loss) from assets disposal, impairment loss and write-off of assets	0.0	0.0	n/a
Interest and similar expenses	(1.1)	(0.7)	(36.4)
Interest and similar income	0.1	0.0	(100.0)
Exchange Differences	0.6	1.8	200.0
Profit/(loss) before tax	**1.6**	**13.6**	750.0
Tax	0.0	0.0	n/a
Profit / (loss) after tax	**1.6**	**13.6**	750.0
Attributable to:			
- Equity holders of Intralot Inc.	1.7	13.8	711.8
- Non-Controlling Interest	(0.1)	(0.2)	(100.0)

The following table sets forth our reconciliation of EBITDA to profit before tax for the periods indicated:

	Three months ended March 31,	
	2020	**2021**
	($ in millions) (unaudited)	
Profit/loss before tax	**1.6**	**13.6**
Exchange differences	(0.6)	(1.8)
Interest and related income	(0.1)	0.0
Interest and similar expenses	1.1	0.7
Gain/(loss) from assets disposal, impairment loss and write-off of assets	0.0	0.0
EBIT	**2.0**	**12.5**
Depreciation and amortization	7.9	9.7
EBITDA	**9.9**	**22.2**

Revenue

Revenue increased by $11.3 million, or 32.8%, from $34.4 million for the three months ended March 31, 2020, to $45.7 million for the three months ended March 31, 2021. This increase was mainly due to the strong growth of Lottery operations, including a significant jackpot in January 2021, and the launch of Sports Betting in Montana and Washington D.C.

Cost of sales

Cost of sales increased by $3.9 million, or 13.8%, from $28.2 million for the three months ended March 31, 2020, to $32.1 million for the three months ended March 31, 2021. This increase was primarily due to higher i-lottery revenues, which drove an increase of content rights costs, as well as increased amortization costs following the transfer of intangible assets from RoW.

Gross Profit

The gross profit margin increased to 29.8% in the three months ended March 31, 2021 from 18.0% in the three months ended March 31, 2020, an increase of 11.8% percentage points, mainly driven by increased revenue. Overall, gross profit increased by $7.4 million, or 119.4%, in Q1 2021 compared to Q1 2020.

Other Operating Income

Other operating income increased by $2.6 million, or 66.7%, from $3.9 million for the three months ended March 31, 2020, to $6.5 million for the three months ended March 31, 2021, mainly driven by higher equipment lease income and insurance indemnities.

Selling Expenses

Selling expenses increased by $0.4 million, or 66.7%, from $0.6 million for the three months ended March 31, 2020, to $1.0 million for the three months ended March 31, 2021, mainly driven by mainly driven by higher sales and marketing expenses related to Sports Betting.

Administrative expenses

Administrative expenses decreased by $0.9 million, or 12.0%, from $7.5 million for the three months ended March 31, 2020, to $6.6 million for the three months ended March 31, 2021, mainly driven by lower personnel costs and system costs from affiliates.

EBITDA

EBITDA increased by $12.3 million, or 124.2%%, from $9.9 million for the three months ended March 31, 2020, to $22.2 million for the three months ended March 31, 2021, mainly due to mainly due to the improved revenue performance coupled with steady operating expenses containments.

Interest and Similar Expenses

Interest and similar expenses decreased by $ 0.4 million, or 36.4%, from $1.1 million for the three months ended March 31, 2020, to $0.7 million for the three months ended March 31, 2021, mainly driven by the repayment of revolving facility in late 2020 and lower intragroup debt balance in 2021.

Exchange Differences

Exchange gains reached $1.8 million for the three months ended March 31, 2021, from $0.6 million in exchange gains for the three months ended March 31, 2020, mainly as a result of the retranslation effect of payables to Intralot Group that are denominated in EUR.

Profit/(loss) before Taxes

Profit before tax in the three months ended March 31, 2021, was $13.6 million, compared to a profit before tax of $1.6 million in the year ended three months ended March 31, 2020.

Taxes

Taxes were $0.0 million in the three months ended March 31, 2021, compared to expenses of $0.0 million in the year ended three months ended March 31, 2020.

Net Profit Attributable to Equityholders of Intralot Inc.

After deducting non-controlling interests, net profit attributable to equityholders of Intralot Inc. reached $13.8 million for the three months ended March 31, 2021 compared to a net profit of $1.7 million for the three months ended March 31, 2020.

Comparison of the year ended December 31, 2019, with the year ended December 31, 2020

The table below sets out the results of operations for the years ended December 31, 2019 and 2020.

	Year ended December 31,		**Change**
	2019	**2020**	
	($ in millions) **(audited)**		**(%)**
Revenue	124.5	153.3	23.1%
Cost of sales	(114.0)	(131.4)	15.3%
Gross profit	**10.5**	21.9	108.6%
Other Operating Income	16.1	17.9	11.2%
Selling Expenses	(4.9)	(1.9)	(61.2)%
Administrative Expenses	(28.0)	(26.6)	(5.0)%
Other Operating Expenses	(0.0)	(0.2)	n/a
EBIT	**(6.3)**	11.1	n/a
EBITDA	**25.8**	**43.2**	**67.4%**
Gain/(loss) from assets disposal, impairment loss and write-off of assets	0.1	0.2	100.0%
Interest and similar expenses	(5.4)	(5.5)	1.9%
Interest and similar income	0.0	0.9	n/a
Exchange Differences	1.0	(6.7)	n/a
Profit/(loss) before tax	**(10.5)**	0.0	n/a
Tax	(0.1)	0.0	n/a
Profit / (loss) after tax	**(10.6)**	0.0	n/a
Attributable to:			
- Equity holders of Intralot Inc.	(9.9)	1.4	n/a
- Non-Controlling Interest	(0.7)	(1.4)	(114.3)%

The following table sets forth our reconciliation of EBITDA to profit before tax for the periods indicated:

	Year ended December 31,	
	2019	**2020**
	($ in millions) *(audited)*	
Profit/loss before tax	(10.5)	0.0
Exchange differences	(1.0)	6.7
Interest and related income	0.0	(0.9)
Interest and similar expenses	5.4	5.5
Gain/(loss) from assets disposal, impairment loss and write-off of assets	(0.1)	(0.2)
EBIT	(6.3)	11.1
Depreciation and amortization	32.1	32.1
EBITDA	25.8	43.2

Revenue

Revenue increased by $28.8 million, or 23.1%, from $124.5 million for the year ended December 31, 2019, to $153.3 million for the year ended December 31, 2020. This increase was mainly due to the higher contribution of our new contract in Illinois in 2020 (project launched in mid-February 2019), followed by a one-off revenue recognition in relation to our new project with the British Columbia Lottery Corporation in Canada, as well as the revenue contribution of our new sports betting contracts in Montana and Washington D.C., which fully absorbed the impact of the Ohio cooperative services program contract termination in June 2019 and the COVID-19 impact.

Cost of sales

Cost of sales increased by $17.4 million, or 15.3%, from $114.0 million for the year ended December 31, 2019, to $131.4 million for the year ended December 31, 2020. This increase was primarily due to higher cost of goods sold, mainly due to the one-off terminals sales to British Columbia Lottery Corporation in Canada, as well as higher personnel costs due to the new sports betting contract in Washington D.C. and the consolidation of our subsidiary Intralot Tech to our results for the first time.

Gross Profit

The gross profit margin increased to 14.3% in the year ended December 31, 2020 from 8.4% in the year ended December 31, 2019, an increase of 5.9 percentage points, mainly driven by the increased revenue. Overall, gross profit increased by $11.4 million, or 108.6%, in 2020 compared to 2019.

Other Operating Income

Other operating income increased by $1.8 million, or 11.2%, from $16.1 million for the year ended December 31, 2019, to $17.9 million for the year ended December 31, 2020, mainly driven by the higher machinery rental income in connection with the Ohio and New Hampshire contracts.

Selling Expenses

Selling expenses decreased by $3.0 million, or 61.2%, from $4.9 million for the year ended December 31, 2019, to $1.9 million for the year ended December 31, 2020, mainly driven by the higher costs in 2019 regarding training costs of the retailers' network for the roll out of the Illinois contract.

Administrative expenses

Administrative expenses decreased by $1.4 million, or 5.0%, from $28.0 million for the year ended December 31, 2019, to $26.6 million for the year ended December 31, 2020, mainly driven by the lower third party fees.

EBITDA

EBITDA increased by $17.4 million, or 67.4%, from $25.8 million in the year ended December 31, 2019, to $43.2 million for the year ended December 31, 2020, mainly due to the improved gross profit.

Adjusted EBITDA

We define "Adjusted EBITDA" as the EBITDA excluding non-recurring intragroup IP royalty fees (non-cash), as well as machinery leasing fees, that were charged in 2020 by the Intralot Group to Intralot, Inc. These IP fees were contributed in the fourth quarter of 2020 through a share capital increase to Intralot, Inc, while the machinery leasing contracts expired and assets ownership transferred to Intralot, Inc. during 2020.

	Year ended December 31, 2020
	($ in millions) *(audited)*
EBITDA	43.2
Non-recurring intragroup IP royalties charged by Intralot Group – non cash (included in Cost of sales)	10.0
Non-recurring intragroup machinery leasing fees charged by Intralot Group (included in Cost of sales)	1.4
Adjusted EBITDA	**54.6**

Interest and Similar Expenses

Interest and similar expenses increased by $0.1 million, or 1.9%, from $5.4 million for the year ended December 31, 2019, to $5.5 million for the year ended December 31, 2020, mainly driven by the higher debt financing from RoW, as well as the impact of IFRS16 (Leases).

Exchange Differences

Exchange losses reached $6.7 million for the year ended December 31, 2020, from $1.0 million in exchange gains for the year ended December 31, 2019, mainly as a result of the retranslation effect of payables to Intralot Group that are denominated in EUR.

Profit/(loss) before Taxes

Profit before tax in the year ended December 31, 2020, was $0.0 million, compared to a loss before tax of $10.5 million in the year ended December 31, 2019.

Taxes

Taxes were $0.0 million in the year ended December 31, 2020, compared to expenses of $0.1 million in the year ended December 31, 2019.

Net Profit Attributable to Equityholders of Intralot Inc.

After deducting non-controlling interests, net profit attributable to equityholders of Intralot Inc. reached $1.4 million for the year ended December 31, 2020 compared to a loss of $9.9 million for the year ended December 31, 2019.

Comparison of the Year Ended December 31, 2018, with the Year Ended December 31, 2019

The table below sets out the results of operations for the years ended December 31, 2018 and 2019.

	Year Ended December 31,		**Change**
	2018	**2019**	
	($ in millions)	**(audited)**	**(%)**
Revenue	106.9	124.5	16.5%
Cost of sales	(105.9)	(114.0)	7.6%
Gross profit	**1.0**	**10.5**	**NM**
Other Operating Income	15.2	16.1	5.9%
Selling Expenses	(2.9)	(4.9)	69.0%
Administrative Expenses	(19.6)	(28.0)	42.9%
Other Operating Expenses	(0.1)	(0.0)	NM
EBIT	**(6.4)**	**(6.3)**	**1.6%**
EBITDA	**17.0**	**25.8**	**51.8%**
Gain/(loss) from assets disposal, impairment loss and write-off of assets	0.0	0.1	100.1%
Interest and similar expenses	(3.1)	(5.4)	74.2%
Interest and similar income	0.0	0.0	NM
Exchange Differences	1.5	1.0	(33.3%)
Profit/(loss) before tax	**(8.0)**	**(10.5)**	**(31.3%)**
Tax	(0.1)	(0.1)	13.5%
Profit / (loss) after tax	**(8.1)**	**(10.6)**	**(30.9%)**
Attributable to:			
- Equity holders of Intralot Inc.	(7.8)	(9.9)	(27.0%)
- Non-Controlling Interest	(0.3)	(0.7)	NM

The following table sets forth our reconciliation of EBITDA to profit before tax for the periods indicated:

	Year Ended December 31,	
	2018	2019
	($ in millions) (audited)	
Profit/loss before tax	(8.0)	(10.5)
Exchange differences	(1.5)	(1.0)
Interest and related income	0.0	0.0
Interest and similar expenses	3.1	5.4
Gain/(loss) from assets disposal, impairment loss and write-off of assets	(0.0)	(0.1)
EBIT	(6.4)	(6.3)
Depreciation and amortization	23.4	32.1
EBITDA	17.0	25.8

Revenue

Revenue increased by $17.6 million, or 16.5%, from $106.9 million for the year ended December 31, 2018, to $124.5 million for the year ended December 31, 2019. This increase was mainly due to revenue generated by the then recently launched Illinois contract, higher numerical sales, including in connection with the Powerball jack-pot that occurred in the third quarter of the year, and an equipment sale in Arkansas, partially offset by the expiration of the South Carolina contract and the Ohio cooperative services program.

Cost of Sales

Cost of sales increased by $8.1 million, or 7.6%, from $105.9 million for the year ended December 31, 2018, to $114.0 million for the year ended December 31, 2019. This increase was primarily caused by the start of the Illinois contract which began in February 2019, increased direct costs in connection with the New Hampshire contract, as well as higher asset depreciation charges. Cost of sales as a percentage of revenue decreased from 99.1% for the year ended December 31, 2018 to 91.6% for the year ended December 31, 2019.

Gross Profit

The gross profit margin increased to 8.4% in the year ended December 31, 2019 from 1.0% in the year ended December 31, 2018, an increase of 7.4 percentage points, mainly driven by the improved revenue performance, and partially offset by the increased cost of sales. Overall, gross profit increased by $9.4 million in 2019 compared to the same period in 2018.

Other Operating Income

Other operating income increased by $0.9 million, or 5.9%, from $15.2 million for the year ended December 31, 2018, to $16.1 million for the year ended December 31, 2019, mainly driven by the higher machinery rental income in Ohio.

Selling Expenses

Selling expenses increased by $2.0 million, or 69.0%, from $2.9 million for the year ended December 31, 2018, to $4.9 million for the year ended December 31, 2019, mainly driven by the higher costs in 2019 regarding training costs of the retailers' network for the roll out of the Illinois contract. Selling expenses as a percentage of revenue increased from 2.7% for the year ended December 31, 2018 to 3.9% for the year ended December 31, 2019.

Administrative Expenses

Administrative expenses increased by $8.4 million, or 42.9%, from $19.6 million for the year ended December 31, 2018, to $28.0 million for the year ended December 31, 2019, mainly driven by higher costs due to the Illinois contract launch. Administrative expenses as a percentage of revenue increased from 18.3% for the year ended December 31, 2018 to 22.5% for the year ended December 31, 2019.

EBITDA

EBITDA increased by $8.9 million, or 51.8%, from $17.0 million for the year ended December 31, 2018, to $25.8 million for the year ended December 31, 2019, mostly as a result of the improved gross profit, which was partially offset by increased selling and administrative expenses due to the Illinois contract launch.

Interest and Similar Expenses

Interest and similar expenses increased by $2.3 million, or 74.2%, from $3.1 million for the year ended December 31, 2018, to $5.4 million for the year ended December 31, 2019, mainly driven by the first-time application in 2019 of IFRS16 (Leases), as well as higher interest expenses in our then existing credit facility with Bank of America.

Exchange Differences

Exchange gains decreased by $0.5 million, or 33.3%, from $1.0 million in the year ended December 31, 2018, to $1.5 million for the year ended December 31, 2019, mainly as a result of the retranslation effect of payables to the Intralot Group that are denominated in EUR.

Loss before Tax

In the year ended December 31, 2019, we had a loss of $10.5 million compared to a loss of $8.0 million in the year ended December 31, 2018, an increase of $2.4 million, or 31.3%, mainly driven by improved EBITDA performance, and partially offset by the increased asset depreciation and interest charges, as well as by the negative effect of exchange differences.

Taxes

Taxes were stable at $0.1 million in the year ended December 31, 2019.

Net Profit Attributable to Equityholders of Intralot Inc.

After deducting non-controlling interests, net loss attributable to equityholders of Intralot Inc. was $9.9 million for the year ended December 31, 2019, compared to a loss of $7.8 million for the year ended December 31, 2018, an increase of $2.1 million, or 27.0%.

Liquidity and Capital Resources

Liquidity describes the ability of a company to generate sufficient cash flows to meet the cash requirements of its business operations, including working capital needs, capital expenditure, debt service obligations, other commitments and contractual obligations. Our principal sources of financing:

- our operating cash flow (including net changes in working capital) and
- borrowings from the RoW.

Our cash requirements consist mainly of:

- debt servicing requirements and
- funding capital expenditures.

To a lesser extent, we require cash to fund research and development and for working capital purposes.

Our indebtedness primarily consists of financial debt incurred in borrowing money. As of December 31, 2020, we had $30.7 million outstanding under loans owed to the Intralot Group, $12.0 million in obligations under leases (including sale and lease back agreements), and $81.0 million for letters of guarantee and performance bonds.

Cash Management

Our ability to generate cash from our operations depends on future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control, as well as other factors discussed under "*Risk Factors*."

We believe that the cash generated from our operations as well as our other existing and future loans owed to the Intralot Group will be sufficient to meet our liquidity requirements for the next twelve months, although this may not be the case.

Net Cash Flows

The summary cash flow statement below sets forth how our cash and cash equivalents changed over the relevant periods indicated by cash inflows and outflows:

	Year ended December 31,			Three months ended March 31,		Twelve months ended March 31,
	2018	**2019**	**2020**	**2020**	**2021**	**2021**
				(unaudited)		
			($ in millions)			
Cash Flow Information						
Net cash provided by operating activities..	22.1	21.9	49.3	16.6	15.3	48.0
Net cash used in investing activities..........	(69.1)	(28.4)	(15.6)	(0.9)	(1.1)	(15.8)
Net cash provided by financing activities..	53.1	2.0	(20.7)	(14.1)	(7.2)	(13.8)
NET INCREASE IN CASH....................	**6.1**	**(4.5)**	**13.0**	**1.6**	**7.0**	**18.4**
Cash, beginning of period..........................	0.8	6.9	2.4	2.4	15.4	4.0
Cash, end of period....................................	6.9	2.4	15.4	4.0	22.4	22.4

Net Cash from Operating Activities

Net cash from operating activities comprises loss before income tax adjusted for working capital, finance expenses as well as certain non-cash items such as provisions and depreciation.

Cash inflows from operating activities decreased by $1.3 million, or 7.8%%, from $16.6 million for the three months ended March 31, 2020, to $15.3 million for the three months ended March 31, 2021. This decrease was primarily driven by higher payables settlements in 2021.

Cash inflows from operating activities increased by $27.4 million, or 125.1%, from $21.9 million for the year ended December 31, 2019, to $49.3 million for the year ended December 31, 2020. This increase was primarily driven by the operating profits after foreign currency exchange effects in 2020 versus losses in 2019, the positive timing effect of receivables and payables settlements, mainly due to intragroup payables, the and partially offset by higher inventories purchases in 2020.

Cash inflows from operating activities decreased by $0.2 million, or 0.9%, from $22.1 million for the year ended December 31, 2018, to $21.9 million for the year ended December 31, 2019. This decrease was mostly due to the higher operating losses in 2019 and the negative timing effect of receivables and payables settlements, and partially offset by lower inventories purchases in 2019.

Cash flow from operating activities is significantly affected by changes in working capital. As a result, our cash flow can be significantly affected by the commencement of new projects as those factors affect the amount of inventories, accounts receivable and accounts payable and other payables.

The following table sets forth our calculation of changes in working capital for each of the dates indicated.

	As of December 31,	As of March 31,

	2018	2019	2020	2021
			(unaudited)	
		($ in millions)		
Changes in inventories	(9.4)	1.3	(0.5)	(1.7)
Changes in receivables	5.4	(9.2)	(12.2)	2.8
Changes in payables	8.9	3.9	18.4	(8.0)
Total changes in working capital	4.9	(4.0)	5.7	(6.9)

We define changes in working capital as the sum of changes in inventories and accounts receivable, less changes in accounts payable and other payables, resulting from the cash flow statement.

Our working capital requirements are driven by inventory and receivables related to the implementation of new projects and the sale of technology products to our customers, as well as receivables relating to the sales of scratch tickets. Given the very short working capital cycles relating to the operation of sports betting and racing, despite our sales increasing in the first and fourth quarters of the year, our working capital seasonality is relatively limited. Inventory balances are mainly affected by new contracts. Fixed assets are booked as inventory prior to the start of a new project and then the balance is re-classified as fixed assets. Following the start of a new contract, a very small amount of spare parts and terminals are held as inventory to support ongoing operations, leading to an overall increase in the balance sheet amount.

Receivables mainly include management fees from lotteries payable within one to two months.

Payables mainly include payments due for the purchase of hardware from manufacturers and IT vendors, and the purchase of software licenses from major software providers. Other payables include subcontracting fees and consulting fees.

Net Cash from Investing Activities

Cash flow from investing activities generally consists of cash outflows for investments in tangible fixed assets and intangible assets.

In the year ended December 31, 2020, net cash outflows from investing activities was $15.6 million, which was a decrease of $12.8 million, or 45.1%, from outflows of $28.4 million in the year ended December 31, 2019. This decrease was mostly driven by lower capital expenditure in 2020 mainly for Ohio’s new terminals leasing agreement, sports betting drivers in our contracts in Montana, New Hampshire and Washington D.C. contracts, as well as the renewal of the Louisiana contract.

In the year ended December 31, 2019, net cash outflows from investing activities was $28.4 million, which was a decrease of $40.7 million, or 58.9%, from outflows of $69.1 million in the year ended December 31, 2018. This decrease was mostly driven by lower capital expenditure in 2019 mainly for carried back payments in connection to our contract with Illinois and also expenditures in connection with the renewal of the Ohio, Arkansas, Louisiana and Washington D.C. contracts.

Net Cash Provided by Financing Activities

Net cash provided by financing activities comprises net cash proceeds from financing arrangements as well as payment of cash interest.

In the year ended December 31, 2020 net cash outflows from financing activities was $20.7 million compared to net cash inflows of $2.0 million in the year ended December 31, 2019. This increase of net cash outflows from financing activities was mainly due to the full repayment of the Bank of America facility and sale and lease back agreement, partly financed by intragroup debt from the Intralot Group.

In the year ended December 31, 2019, net cash inflows from financing activities was $2.0 million compared to net cash inflows of $53.1 million in the year ended December 31, 2018. This decrease of net cash inflows from financing activities was mainly due to the issuance of common shares to our shareholders in 2018, higher drawdowns of the Bank of America facility in 2018 and lower payments under our finance leases in 2019.

Capital Expenditure

Our capital expenditure is comprised of (i) maintenance capital expenditure and (ii) growth capital expenditure in connection with new contracts or the renewal of existing contracts.

The following table sets forth our total capital expenditure by category.

	Year ended December 31,		
	2018	**2019**	**2020**
		($ in millions)	
Capital Expenditure			
Maintenance	2.1	3.6	1.7
Growth	67.3	24.9	14.0
Total capital expenditure	**69.4**	**28.5**	**15.7**

Our capital expenditure in the year ended December 31, 2020 was $15.7 million. Major capital expenditure items in 2020 included Ohio's new terminals leasing agreement, sports betting drivers in our contracts in Montana, New Hampshire, and Washington D.C., as well as the renewal of the Louisiana contract.

Our capital expenditure in the year ended December 31, 2019 was $28.5 million. Major capital expenditure items in the year ended December 31, 2019 include carried back payments in connection to our contract with Illinois and also expenditures in connection with the renewal of the Ohio, Arkansas, Louisiana and Washington D.C. contracts.

Our capital expenditure in the year ended December 31, 2018 was $69.4 million. Major capital expenditure items in the year ended December 31, 2018 include payments in connection to our new contract with Illinois and also expenditures in connection with the renewal of the Ohio, Arkansas, Louisiana and Washington D.C. contracts and also the launch of New Hampshire's "Keno" service.

Other than our contracted capital expenditure to provide video lottery terminals and associated infrastructure (as part of new contract wins and renewals), we have structurally low levels of maintenance capital expenditure, supporting significant cash generation over the life cycle of a contract. We expect our maintenance capital expenditure to be in line with previous years. Any additional capital expenditure is expected to depend on contract renewals or growth. We expect to fund our budgeted capital expenditures principally through a combination of cash from operations and borrowings.

Going forward, we project an additional $56.0 million of capital expenditures, in total, from 2021-2024, comprising both maintenance of growth capital expenditure. See "*Projections*" above. The figures in our capital expenditure plans are based on management's estimates and have not been appraised by an independent organization. Since capital commitments that have been approved but not committed to contract may be subject to change, and because we may from time to time determine to undertake additional capital projects or decide not to proceed with others or not be awarded certain contracts, actual capital expenditures in future years may be significantly more or less than the amounts shown. There can be no assurance that we will execute our capital expenditure plans as contemplated at or below estimated costs. See "*Risk Factors—Risks Related to Our Business Operations—Our contracts require capital that will not otherwise be available for our operations and repayment of borrowings*."

Contingent Liabilities

From time to time we provide bid bonds in order to participate in various tenders and then, once awarded, it is normally a requirement that these become performance bonds and remain held by our lottery clients in order to guarantee the satisfactory implementation of the new project.

As of December 31, 2020, we had outstanding performance bonds, letters of credit or other contingent liabilities in an aggregate amount totaling $81 million. See "*Risk Factors—Risks Related to Our Business Operations—We are subject to substantial penalties for failure to perform under our lottery contracts*." Also, we have contractual obligations for the purchase of telecommunication services for interconnection points of sale. The minimum future payments for the remaining contract duration as of December 31, 2020 were $9.6 million.

Off-Balance Sheet Arrangements

There are no material off-balance sheet arrangements in place for the periods presented, apart from the above mentioned letters of guarantee and performance bonds.

Credit, Liquidity and Market Risks

We are exposed to a number of financial risks arising from the ordinary course of business, such as credit risks and liquidity risks as well as market risks, including foreign exchange risks and interest rate risks.

Financial Instrument Risk

The principal financial instruments used by the Company, from which financial instrument risk arises, are cash, accounts receivable, accounts and other payables, borrowings under lines of credit and loans payable, and lease obligations. Due to their short-term nature, the carrying values of cash, accounts receivables, accounts payable and other payables approximate their fair value. Due to market based floating interest rates, the carrying value of borrowings under lines of credit and loans payable approximates their fair value. For more information on the Company's financial instrument risk, see Note 3 of the 2020 Financial Statements.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is mainly exposed to credit risk from credit sales. It is Company's policy to assess the credit risk of new customers before entering contracts. Each new customer is analyzed individually for creditworthiness before payment and delivery terms and conditions are offered.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted. The Group has cash at various US banks of $17.0 million, $2.4 million and $6.9 million as of December 31, 2020, 2019 and 2018, respectively. The Company monitors the credit ratings of counter parties regularly and at the reporting date does not expect any losses from non-performance by the counterparties. For more information on the Company's credit risk, see Note 3 of the 2020 Financial Statements.

Liquidity Risk

Liquidity risk relates to the risk that the Company will encounter difficulty in meeting its financial obligations, and arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. The Group had a working capital (current assets less current liabilities) deficit of $5.3 million as at December 31, 2020 and $33.4 million at December 31, 2019, has various outstanding commitments (see Note 20 of the 2020 Financial Statements), and had comprehensive profit of $1.0 million for the year ended December 31, 2020 and loss of $10.6 million for the year ended December 31, 2019. The continuation of the Company's business is contingent upon, among other things, the ability to maintain satisfactory levels of future profitable operations; continuing contributions from the parent and other affiliated companies; and generating sufficient cash from operations to meet current and future obligations. Although there are no assurances, management believes the Company will be able to achieve these objectives, given its cash on hand and existing available line of credit combined with parental support from its sole owner. For more information on the Company's liquidity risk, see Note -3- of the 2020 Financial Statements.

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. Our exposure to the risk of changes in foreign exchange rates relates primarily to that portion of our revenues and expenses which are denominated in a currency other than the US dollar. As the substantial majority of our revenues and expenses, and all our assets and borrowings, are denominated in US dollars, we are not exposed to significant foreign exchange risk. Profits and losses arising from changes in exchange rates are included in "Exchange Differences" in our Income Statements for the period and were losses of $6.7 million and gains of $1.1 million and $1.5 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Interest Rate Risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to cash flow interest rate risk from the fact that its long-term borrowings accrue interest at a variable rate. The Company manages interest rate risk through refinancing of long-term borrowings when considered appropriate. For more information on the Company's interest rate risk, see Note 3 of the 2020 Financial Statements.

Interest rates on certain of the Company's borrowings are based on a fixed margin over LIBOR, which resets on a periodic basis. The Company is in the process of evaluating the effects of interest rate benchmark reform on its consolidated financial statements, but does not believe such reform will have a material impact or significantly change the Company's risk management strategy.

Critical Accounting Principles

Principal accounting principles are those that (i) are relevant to the presentation of our financial condition and results of operations and (ii) require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increase, those judgments become even more subjective and complex.

In the preparation of financial statements in accordance with IFRS, management exercises judgment in making appropriate estimates and assumptions affecting the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual amounts may differ from these estimates. Both estimates and the basis on which assumptions are made are reviewed regularly. Changes in estimates are recognized in the period in which the changes are made as well as in all subsequent periods affected by the changes.

In order to provide an understanding of how our management forms its judgments about future events, including the variables and assumptions underlying its estimates, and the sensitivity of those judgments to different circumstances, please see the principal accounting policies adopted shown in Note 2 of the 2020 Financial Statements. While we believe that all aspects of our financial statements should be studied and understood in assessing our current and expected financial condition and results of operations, we consider the principal accounting policies shown in Note 2 of the 2020 Financial Statements to warrant particular attention.

BUSINESS

Overview

We are one of the only three vendors in the United States who hold contracts with the state lotteries for the supply of online gaming systems, retailer communication networks, and point of sale equipment, such as terminals and vending machines. We design, develop, operate and support customized software and hardware for the gaming industry, providing technology and management services to state, state-licensed and statutorily authorized lottery and gaming organizations. We were established in Georgia, United States in 2001. We became the first foreign-owned company to win a tender for the supply of lottery systems, when we won a contract to supply the Nebraska state lottery in 2003. We have since grown our U.S. operations to include a diversified and stable portfolio of 16 contracts across 14 jurisdictions, including Canada, the Philippines, 11 U.S. states and the District of Columbia. In 2019, we established Intralot Tech, a wholly-owned subsidiary of Intralot, Inc. Intralot Tech is intended to serve as our development hub in Greece and complement our existing central functions in Atlanta and Mason, with an aim to retain and enhance the quality of services offered in the United States.

Our operations are structured across two main business activities: (i) technology and support services; and (ii) management services. Our technology and support service activities include the provision of equipment, software and maintenance and support services to lottery and gaming organizations, often under long-term contracts. Our management service activities include marketing services and risk management and odds setting for gaming and sports betting organizations. All of our contracts involve the provision of technology and support services, and 11 of them also involve the provision of management services. Our contracts are entered into with state, state-licensed or statutorily authorized gaming/lottery operators that remain responsible for consumer-facing tasks and compliance with regulatory controls.

Since its establishment in 1992, the Intralot Group has developed innovative technology for the gaming industry and acquired extensive operating know-how and experience that we continue to benefit from. Both the quality and innovation of our technology and our operating experience are central to maintaining our existing customer relationships and winning new contracts.

For the year ended December 31, 2020, we had revenue of $172 million and, as of December 31, 2020, we had 625 full-time employees.

Our Strengths

Established and Growing Presence in the U.S. Gaming Sector

The United States represents one of the largest and most attractive gaming markets globally, with advanced and stable regulatory frameworks and a long tradition in promoting and regulating profitable and sustainable gaming operations. According to GBGC Key Markets, GGY in the United States was in excess of $100 billion in 2019 and 2020.

We entered the United States in 2001 and have since grown our U.S. and North American operations to 13 contracts across 11 U.S. states, the District of Columbia and Canada, which we believe demonstrates the strength of our products and services. As of December 31, 2020, we enjoyed a leading market position in the lottery technology and support services market in the United States with 22% market share (by number of total state lotteries) and population coverage of approximately 50 million people.

Since 2013, we have won several competitive proposal processes for state lottery contracts, including one ilottery contract (in New Hampshire) as well as three sports betting contracts, demonstrating a track record of success and an ability to diversify from what was exclusively a business to government strategy to now include a business to consumer strategy. Furthermore, we have continued to extend existing contracts with scope for enhanced revenue opportunity.

We believe our established market presence as one of three primary competitors in the U.S. lottery industry, our market share and the strength of our product offering pose significant upside potential and act as a natural barrier to new entrants. We have recently secured sports betting contracts in New Hampshire, the District of Columbia and Montana and are continuing to explore potential new opportunities in states where we have strong existing relationships with local governments and lottery providers. Following the repeal of the Professional and Amateur Sports Protection Act (“**PASPA**”) in 2018, the U.S. sports betting industry presents a fast growing opportunity, and we are well placed to assist state lotteries taking advantage of that opportunity.

Highly Visible Revenues

We believe that the long-term nature of our contracts and track record of contract renewals provide significant revenue visibility. The terms of our 12 U.S. technology and support services contracts range from 10 months to 15 years, with an average remaining contract length (as of the date of this Document) of approximately seven years (taking into account certain of our customers' renewal and extension options).

Since 2008, we have successfully renewed all but three and extended 100% of our contracts according to their prior terms. In addition to our leading product technology and service offerings, our track record of renewal is supported by the fact that it is difficult for clients to switch to a different technology or service provider due to the high start-up costs required to on-board new technology and replace existing equipment (central systems and POS). Because the process to switch providers is lengthy and expensive, requiring advanced investment from a competitor in time, technology and equipment, we believe that we are ordinarily able to identify well in advance when a contract will not be renewed. Based on this experience, we expect to renew the substantial majority of our contracts upon their respective expirations, which we believe reflects the strength of our market position.

Furthermore, we have succeeded in renewing existing contracts, and winning new contracts, in recent periods. This success has been driven by proactive portfolio management whereby we examine and speak with our customers in order to better understand their needs in today's ever changing environment. This type of engagement has typically led to contract extensions and increased revenue opportunities with existing customers. Specifically, in 2018 we renewed the current contract with the Wyoming Lottery until August 2024 and announced a five-year extension to our current gaming systems contract with the New Hampshire Lottery Commission through June 2025. Also in 2018, we renewed our contract with the New Mexico Lottery for two more years, extending it to November 2025, with the addition of a sports lottery product. In 2019 we signed a contract extension to provide our Sports Betting solutions to the New Hampshire Lottery Commission, and in March of 2020 we renewed the Montana contract through 2025 with the addition of sports betting.

Scalable Operating Model Supporting Cash Flow Generation

Our highly scalable operating model, underpinned by proprietary technology and expertise, allows us to benefit from significant growth opportunities while adhering to strict investment criteria with the aim of achieving our targeted threshold returns. We operate a lean organization characterized by a highly-variable cost structure which we believe helps to mitigate any potential top-line revenue pressure. Variable costs represented approximately 75% of our total cost of sales in 2020. As a result, we are able to scale our operations to meet customer demand and preserve our EBITDA margin.

Our scalable business model is supported by our advanced IT platform which allows us to optimize product development by minimizing customization requirements during development while at the same time providing for further product adaptation ("micro tailoring") upon distribution, making our product offering more adaptable. These technology efficiencies and operational capabilities help to reduce our costs.

Outside of contracted capital expenditure to provide video lottery terminals and associated infrastructure as part of new contract wins and renewals, we have structurally low levels of maintenance capital expenditure supporting significant cash generation over the life cycle of a contract.

Advanced Product Offering with Proprietary Technology and Track Record of Innovation

We believe that our significant technological and operating expertise has positioned us as a leader in the supply of integrated gaming systems and services. Our proprietary technology and flexible operating model allow us to create standardized products that can be individually adapted for distribution. This model enables us to provide technology to third-party operators, manage operations on behalf of licensees and hold and manage licenses directly as the IT platforms in various jurisdictions permit. It also enables us to address broader gaming sector trends such as increased demand for a personalized player experience, the development of a robust "all-in-one" gaming platform, including content and game offerings, to ensure a unified customer experience converging land based and interactive channels.

Our leading technology and R&D capabilities enable us to effectively compete with other technology providers and developers. Our continued investment in R&D enables us to decrease equipment costs as well as reduce on-going maintenance costs and field service costs in general.

We continue to be one of the leaders in the industry as a recognized self-service provider. In growing our self-service portfolio, we recently debuted an industry leading 40-Bin Instant Ticket Vending Machine and a new sports wagering machine. Our very successful multi-purpose vending machine (which is currently deployed in four U.S. states and will record over 500 million in sales on 3,000 machines this year) is currently configured for the bar and tavern market. The new design of the multi-purpose machine will be the anchor for the innovative, rapidly growing, server-based system that not only carries state of the art digital gaming content that appeals to gamers, but also carries the classic lottery games that customers already know and appreciate as well as sports betting. This technology and easy user experience has placed us at the forefront for providing every U.S. lottery jurisdiction the ability to have several server-based systems providing different content to lottery and sports betting players in distribution channels that previously have either not been used before or not used to their full capacity. We expect the multi-purpose machine to anchor our lottery and sports betting products as we aggressively extend into the retail operating channel.

As one of three primary competitors in the U.S. lottery industry, continued innovation is critical. We have established ourselves as an industry leader having been involved in three of the last four state lottery start-ups, the Arkansas Lottery, Wyoming lottery, and Georgia Coin Operated Amusement Machines. We have also successfully won the Illinois lottery systems procurement along with Camelot, which is due to expire in February 2029. Furthermore, we believe we lead the entire U.S. lottery industry in re-examining lottery gaming portfolios and conducting extensive portfolio analysis, each of which has enhanced our product offering and our ability to earn new client wins. In 2020, Intralot became the first U.S. lottery gaming entity to deploy over 400 sports betting machines in 400 retail locations across one state.

We currently hold three patents in twelve jurisdictions and numerous trademarks in gaming technology and continually test numerous concepts across our lottery and sports betting platforms in order to remain at the forefront of the market. Our leading product development capabilities also allow us to provide innovative and technologically advanced services to support our business activities.

Strong and Experienced Management Team

We have a seasoned and experienced management team with expertise in state procurement, gaming and technology. Many of the team have been with Intralot or working in the industry for over twenty years and have demonstrated strong entrepreneurial and strategic capabilities with respect to the US lottery and sports betting markets, Many of Intralot's customers have been with the company over ten years . These state partnerships while ever evolving provide a glimpse into the value created when people on both sides of the partnership rely on expertise to navigate the ever-changing gaming waters. The skill of the management team coupled with these extensive relationships within the lottery industry enables us to identify and competitively pursue new and existing industry opportunities across lottery and sports betting. The best example of this to date, is the three U.S. sports betting opportunities in D.C., Montana and New Hampshire.

The management team has recently optimized the operating model of Intralot to maintain its leadership position in technology innovation and development, as well as enhancing its contract management policies, in order to maximize the revenue opportunity for new and existing contracts and future cash generation.

Strong Risk Management and Corporate Controls

We have a strong track record of legal and regulatory compliance, supported by robust risk management and corporate controls. We have instituted rigorous internal controls and compliance procedures that are in line with listing standards and international best practices for cash management and legal and regulatory compliance. These include procedures to monitor transactions, maintain key back-up procedures and regular contingency planning as well as internal audits and procedures to detect money laundering.

In August 2008, we became the first international lottery vendor to be certified according to the World Lottery Association Security Control Standard an award received by only a few vendors globally, which is an important distinction from our competitors. Accordingly, we were the first vendor to reach an ISO 20000 certification, and the World Lottery Association has also awarded us the Gaming Framework Certification. Among others, we hold the ISO 20000 1 certification on service management, the ISO 9001 certification on quality management and the ISO 14001 certification on environmental controls. We believe that our focus on data protection, game integrity and service quality towards our players and other stakeholders, will allow us to grow and retain our significant market position.

We have proven capability in protecting consumer interests in the U.S. lottery market. Our primary payout risk comes from our sports betting offering. We manage this risk through advanced local odds setting as well as a betting center in Greece that controls our fixed-odds betting activity and payout policy on a real-time basis. Sports betting is a new addition to our previously primarily B2G business offering, however, we have a long track record of successfully managing international sports betting and payout risk

Our Strategies

Increased Revenue Visibility and Extension of Existing Contracts

We are focused on building on our track record of contract renewals and extensions to secure new, multi-year agreements with existing customers. We have active engagement with all of our existing customers and are focused on opportunities to provide additional products and services, in addition to the scope of our existing contracts, to increase revenue growth. This is supported by our strategy of technology innovation to continually improve our industry leading product offering to ensure we can support our customers in the dynamic North American gaming market.

Enhance Sports Betting Presence through New Contracts and Partnerships

A key strategic focus is leveraging our extensive operating experience, sports betting technology and relationships with local and state governments to win new sports betting contracts. Following the repeal of PASPA in 2018, we believe sports betting presents the fastest growing gaming opportunity in the U.S. and we are well placed to benefit. We have an active pipeline of new sports betting opportunities and are focused on increasing revenue contribution from sports betting over time to complement our established lottery business.

We are enhancing our sports betting platform through partnerships with complementary technology, media and data services companies to improve our customer proposition. We project the sports betting segment to be one of the principal drivers of future growth, due to (i) the ramp-up of newly secured contracts in New Hampshire, Washington, D.C. and Montana and (ii) potential new opportunities, including in states where we have strong existing relationships. We have recently signed partnerships with Sportradar, Simplebet and Major League Baseball and are actively pursuing additional partnership opportunities to further diversify our portfolio and unlock additional sports betting revenue.

Focus on Increasing Cash Flow Generation

We are focused on continuing to improve our cash flow generation through operational synergies and efficiencies realized through improved management of our long-term contracts. When entering into new contracts, we selectively seek opportunities which match our stringent profitability and cash generation targets with a particular focus on securing higher margin business activities such as providing technology or managed services. We continuously evaluate the profitability of our existing contracts and have selectively disengaged less profitable contracts, such as the Vermont contract.

We are streamlining our technology development model as part of our “asset-light” strategy to enhance operating margins and facilitate lower capital expenditure resulting in enhanced cash flow resilience by combining our quality products with supporting services offerings. As a key pillar of our asset-light strategy, we intend to use our scalable technological and operational capabilities to minimize customization requirements allowing us to continue to micro tailor products following local distribution, in turn reducing costs.

Maintain Leadership in Technology Innovation

Our industry leading technology and culture of innovation has positioned us as a leader in the supply of integrated gaming systems and services. We will continue to invest in our product capabilities in order to enable our customers to benefit from the evolving North American gaming market across lottery and sports betting. We are committed to maintaining our technological leadership and growing our best-in-class product offerings. In 2017, we developed and launched our Pulse family of products, a player- and retailer-centric suite of solutions designed to manage the gaming ecosystem, increase performance and reduce operating costs. Pulse CRM tools to drive player tracking, management and engagement while offering retailers robust content and management solutions. In 2020, we launched INTRALOT Orion, a leading online sportsbook platform, a product that combines the strong lottery retail expertise of Intralot with the innovative functionality of an online sportsbook platform. The new omni-channel sports betting product was built upon Intralot’s international expertise as a sports betting provider. The strategy behind both these initiatives was to develop necessary products that would leverage Intralot’s U.S. lottery contracts as a means to enable Intralot to enter the highly competitive U.S. sports betting and iLottery channels.

A recent Intralot innovation, which we consider to be one of the most innovative technologies in the gaming industry, is the “Icon Digital Camera Technology” (patent granted, application number US8587663 B2). This camera scanning technology eliminates certain moving parts in terminals and increases POS reliability. The technology has been deployed to approximately 30,000 agents in the United States and worldwide helping to decrease operational expenditure and overall cost of an operator’s ownership.

Prudent Financial Policy Focussed on De-Levering

We are focused on maintaining a prudent financial policy with a specific focus on reducing leverage and preserving liquidity. The Company is projected to be highly cash generative in the next few years, as a result of projected operational and financial synergies, the ramp-up of new contracts, as well as the shift to an "asset-light" model. As such, we are confident our leverage target can be achieved in the medium-term. However, there can be no guarantee that the target can or will be met and it should not be taken as a forecast or as an indication of our expected or actual future results.

In order to meet our financial policy targets, we intend to maintain our disciplined approach to capital allocation, by only undertaking capital expenditure projects that meet our strict investment-returns criteria, including our target payback period. Furthermore, we have no plans to undertake any material acquisitions in the medium term.

Commitment to Responsible Gaming Operations

We seek to maintain our strong culture of corporate controls and to continue to promote responsible gaming operations, which we believe are essential to renewing our existing contracts and securing new ones with lottery and gaming organizations. We strive to adhere to the following objectives:

- comply with the applicable laws and regulations as set out by regulators in each jurisdiction in which we operate;
- ensure that the interests of players and vulnerable groups are protected;
- continually develop appropriate practices and technologies on the basis of market research and information gathered from operations;
- promote the implementation of responsible gaming practices in our corporate activities and externally with our customers' activities; and
- educate and provide the public with accurate and balanced information so as to enable players to make informed gaming choices.

Our focus is on providing well-designed games in a secure environment while preventing, to the maximum extent possible, underage, illegal and problem gambling and minimizing any potential harm to society. We have a strong track record of ensuring regulatory compliance and it is an embedded part of our business culture which we will continue to promote.

Our History

Intralot, Inc., was incorporated in Georgia, United States in December 2001 and is a wholly-owned subsidiary of HoldCo, which is a wholly-owned subsidiary of Intralot S.A. We became the first non-U.S. company to win a tender for the supply of lottery systems, when we won a contract to supply the Nebraska state lottery in 2003. We have led the industry in three state lottery start-ups, establishing the Arkansas Lottery, Wyoming lottery, and Georgia Coin Operated Amusement Machines (approximately 21,000 devices) and not only selling in record time but sustaining and increasing sales since initiation. We have since grown our U.S. operations to include a diversified and stable portfolio of 16 contracts across 14 jurisdictions, including Canada, the Philippines, 11 U.S. states and the District of Columbia. In 2018, we secured a contract with Camelot Illinois LLC for the Illinois State Lottery for the provision of innovative system solutions and a full suite of end-to-end systems. In May 2019, we secured a contract to provide technology and support services to the British Columbia Lottery Corporation, Canada which operates lottery systems and other gambling products on behalf of the Government of British Columbia. In 2020, we launched two sportsbooks (one in Montana and one in Washington, D.C.) and our new iLottery business (in New Hampshire).

Our Business Activities

We have two primary business activities: (i) Technology and Support Services; and (ii) Management Services. Most of our contracts include both of these business activities. The following table summarizes the principal services provided to our customers (which are state, state-licensed or statutorily authorized gaming/lottery operators) by each of our business activities.

	Technology and Support Services	Management Services
Description	• Provision of terminals and their application software • Provision of central system hardware and software • Provision of application software • Setup/provision of necessary telecom network • Installation of all equipment (central system sites and throughout the POS network) • Integration with external systems • Central monitoring through Lotos • Provision of risk management services where betting operations exist • Provision of maintenance (corrective and preventive) and technical support services • Provision of all necessary training and support to involved parties	• Market research and analysis • Design and development of new and existing games • Marketing campaigns • Provision of a customer helpdesk • IT products and services • Risk management and odds setting for sports betting.

Technology and Support Services

Our technology and support service activities are primarily comprised of the supply of information technology software, network capabilities and other types of technological support. While we provide the technology, the operations are mainly managed by another entity, commonly a state, state-licensed or statutorily authorized gaming/lottery operator. Our contracts in this segment typically include the provision of lottery terminals and other equipment, as well as related software, maintenance and support services to our customers pursuant to long-term contracts, which provide us with stable and recurring revenues. These contracts also include the design, development and implementation of custom-made software for the particular products and services necessary in each jurisdiction and operation. We currently manage 16 separate contracts to provide technology and support services across 14 jurisdictions. We are a market leader in gaming IT and we believe our technological expertise gives us a competitive advantage.

As a provider of technology and support services, we typically also provide management services as described below under "—*Management Services*".

Under our contracts, in exchange for the provision of technology and support services we earn a fee from our customers. This fee is typically based on either (i) a pre-determined fixed percentage of customer sales (amounts wagered by players) or (ii) a fixed payment over the duration of the contract in respect of multi-year contracts. In addition, we occasionally sell or lease technology equipment and sell relevant services to other lottery and gaming operators.

Revenues from the provision of technology and support services represented approximately 98.5% of our revenue in the year ended December 31, 2020. We present our revenue from technology and support services as a percentage of amounts wagered. Revenues from the provision of technology and support services are not subject to payout costs for player winnings, retailer commissions or gaming tax. The following chart sets forth the business model economics for our technology and support service activities.

Revenue	Primarily a percentage of amounts wagered by players; but also on the basis of fixed charge contracts and equipment sales
Less:	
Other Operating Expenses	Amount spent on related operating activities
Equals:	
EBITDA	Earnings before interest, taxes, depreciation and amortization

Management Services

Our management service activities include the management of many aspects of a gaming organization. In addition to the technology and support services described above, we provide marketing services, risk management and odds setting for sports betting on behalf of our customers. We often assume certain operational and support tasks on behalf of our customers, such as the day-to-day operation of the online system, the operation of a technical helpdesk or the provision of field support and logistics services. Under our contracts, the customers typically retain responsibility for certain consumer-facing tasks, as well as the management of retailers, cash and game approvals. Our customers also retain responsibility for oversight and regulatory compliance. We currently operate 11 contracts to provide management services in 11 jurisdictions.

Under our contracts, in exchange for the provision of management services we typically earn a fee from the customer based on a fixed percentage of gross gaming revenue. Revenue earned from the provision of management services is not subject to payout costs for player winnings. Revenue earned from the provision of management services represented approximately 1.5% of our revenue in the year ended December 31, 2020. The following chart sets forth the business model economics for our management service activities.

Revenue	Typically a percentage of gross gaming revenue
Less:	
Other Operating Expenses	Amount spent on related operating activities
Equals:	
EBITDA	Earnings before interest, taxes, depreciation and amortization

Our Contracts, Jurisdictions and Subsidiaries

Contracts

Our contracts have an average remaining life of seven years (after giving effect to contracts entered into as of the date of this Additional Information Document and taking into account certain of our customers' renewal options). The following table sets forth our contracts as of the date of this Additional Information Document.

Jurisdiction	Intralot Entity	Regulatory Authority/ Private Company	Current Contract Term	Extensions/ Renewals
Canada	Intralot, Inc.	British Columbia Lottery Corporation	May 2019 to May 2024	6-year ext. option
Philippines	Intralot, Inc.	Philippine Amusement and Gaming Corporation / AB Leisure Exponent Inc	Apr. 2005 to Aug. 2021	3-year ext. option
Philippines	Intralot, Inc.	Philippines Charity Sweepstakes Office (PCSO) / Total Gaming Technologies Inc. (TGTI)	Apr. 2004 to Sep. 2020	Renewal agreed
Philippines	Intralot, Inc.	Total Gaming Technologies Inc. (TGTI) / Pacific Online Systems Corporation (POSC)	July 2015 to July 2021	
USA (Arkansas)	Intralot, Inc.	Arkansas Lottery Commission	July 2009 to Aug. 2026	
USA (DC)	DC09	D.C. Lottery	October 2019 to September 2024	5-year ext. option
USA (Georgia)	Intralot, Inc.	Georgia Lottery Corporation	June 2014 to 12/2029	3-year ext. option
USA (Idaho)	Intralot, Inc.	Idaho State Lottery	Aug. 2006 to Sept. 2027	Two 5-year ext. options
USA (Illinois)	Intralot, Inc.	Camelot Illinois LLC	1/2018 to October 2027	
USA (Louisiana)	Intralot, Inc.	Louisiana Lottery Corporation	7/2010 to June 2030	Two 5-year ext. options

USA (Montana)	Intralot, Inc.	Montana State Lottery	Mar. 2006 to Mar. 2023	Three 1-year ext. options
USA (New Hampshire)	Intralot, Inc.	New Hampshire Lottery	June 2010 to June 2025	
USA (New Mexico)...........	Intralot, Inc.	New Mexico Lottery	November 2015 to November 2025	
USA (Ohio)	Intralot, Inc.	Ohio Lottery Commission	July 2009 to June 2021	Three 2-year ext. options
USA (Vermont)	Intralot, Inc.	Vermont State Lottery	June 2010 to November 2021	Two 2-year ext. options
USA (Wyoming)	Intralot Inc.	Wyoming Lottery Corporation	August 2014 to August 2024	Two 5-year ext. options

Jurisdictions and Subsidiaries

United States

In the United States, we provide technology and support services to state lotteries. We are one of the only three vendors who hold contracts with the state lotteries for the supply of online gaming systems, retailer communication networks, and point of sale equipment such as terminals and vending machines. We became the first non-U.S. company to win a tender for the supply of lottery systems when we won a contract to supply the Nebraska state lottery in 2003.

We currently operate 13 contracts in U.S. states and the District of Columbia, holding contracts for the supply and/or operation of online lottery gaming systems in Ohio, Louisiana, Arkansas, New Hampshire, Idaho, Illinois, Vermont, Wyoming, Montana, Washington, D.C., and New Mexico, and a coin-operated amusement machine system in Georgia. In 2018, we secured a contract with Camelot Illinois LLC for the Illinois State Lottery for the provision of innovative system solutions and a full suite of end-to-end systems. In addition to providing the central systems, terminals, equipment, vending machines and retailer network communications, we also provide central monitoring services for seven racinos operating VLTs in Ohio and more than 21,000 coin operated amusement machines in Georgia, monitoring more than 30,0000 terminals.

We have a strong track record in renewing and extending our contracts in the United States, thus securing a long-term presence in the country. More specifically, in 2018, we renewed our current contract with the Wyoming Lottery until August 2024 and announced a five-year extension to our gaming systems contract with the New Hampshire Lottery Commission, through June 2025, while in 2019, we signed a contract extension to provide its Sports Betting solutions to the New Hampshire Lottery Commission, expected to go live within 2021. Furthermore, in 2018, we renewed our contract with the New Mexico Lottery for two more years, up to November 2025, with the addition of a Sports Lottery product. In 2019, we renewed our existing contract with the Ohio Lottery Commission until June 2021 and our existing contract with the Washington, D.C. Lottery for five years, with a 5-year extension option. In 2020, we also launched Montana State Lottery’s sports betting product and extended our contract with the Georgia Lottery Corporation through 2029.

Canada

In Canada, we provide technology and support services to the British Columbia Lottery Corporation (the “**BCLC**”). The BCLC operates lottery systems and other gambling products on behalf of the Government of British Columbia. We provide a central lottery system with our novel platform Lotos X, an integrated lottery solution that incorporates the Intralot Group’s cutting edge lottery terminals with our innovative camera based technology along with additional software products as well as ongoing maintenance services. The contract is for an initial 5-year term, that can be extended up to another 6 years.

The Philippines

In the Philippines, we provide technology and support services to the Philippines Charity Sweepstakes Office. This contract is currently in the renewal procurement phase.

DC09

DC09, a 49% subsidiary of Intralot, Inc., was established in January 2010 to implement our contract with DC Lottery, including the supply of our Lotos gaming and instant ticket management system and support for DC Lottery's opening into the regulated sports betting and wagering market in 2020. DC09 provides certain employment and fiscal management oversight essential to the implementation of the contract.

Intralot Tech

In 2019, we established Intralot Tech, a wholly owned subsidiary of Intralot Inc. Intralot Tech is intended to serve as our development hub in Greece and complement our existing central functions in Atlanta and Mason and is expected to our decrease our reliance on the Intralot Group, with an aim to retain and enhance the quality of services offered in the United States.

Our Products and Services

We offer a broad range of technology solutions, products and services as well as extended know-how and experience in implementing turnkey solutions supporting lottery, sports betting, VLT, wide-area and destination server systems, wide-area mobile lottery and wide-area self-service sports.

Our product strategy focuses on further enriching and strengthening our products and services portfolio while placing the player at the center of attention in order to offer a unique customer experience and to drive further player engagement through personalized, entertaining offerings. We have incorporated the following four product strategy pillars into our new products and services portfolio:

- **customer experience optimization** through dedicated product surveys and usability tests of end-to-end customer experiences;
- **modular platform architecture** to meet client needs with a flexible manner;
- **open and scalable** solutions to allow integrations with third party products and services; and
- **cost effectiveness** by decreasing development, maintenance and solution deployment costs.

Products

Lotos X Platform

Lotos X Platform is our integrated platform that enables lottery operators to design, configure and implement their entire games' portfolio. The platform allows easy configuration and parametrization of any lottery game (i.e. numerical, passive or instant) in a simplified manner, with the use of ready-to-launch, preset game templates. Real-time parametrization across the platform allows for significant reduction in time to market. Lotos X is owned by Intralot S.A. and licensed to Intralot, Inc.

INTRALOT Orion Platform

INTRALOT Orion is a sports betting platform that supports all sports events across all channels, incorporating state-of-the-art technologies and cutting-edge features both for the operator and the player. It serves the entire player journey across channels with a rich set of bet features, including a wide range of promotions and bonuses, and the most complete cash-out suite that optimizes player engagement and increases players' lifetime value. In addition, INTRALOT Orion is built as an open system and can be easily integrated with third-party software, ensuring resource management optimization and cost efficiency.

INTRALOT Orion is designed to simultaneously feed multiple online and offline customer touchpoints, regardless of their geographical location or specific business needs. By parameterizing sports betting content and enabling tailored risk management per sales channel, operators can reach efficiently their targeted audiences and manage their margin on a per-channel basis.

INTRALOT Orion is compliant with the GLI–33 Standard for both online and retail sportsbook solutions. INTRALOT Orion platform was a finalist in the "Sportsbook Product of the Year" category at the International Gaming Awards 2020.

INTRALOT Orion is owned by Intralot Global Operations B.V., and licensed to Intralot, Inc.

LOTOS Gaming Platform

LOTOS™ O/S is our integrated platform, which enables the management and support of online lottery gaming operations. It enables effective, real-time management of active games, and facilitates the creation and activation of new games. The platform allows for dynamic and static reporting, comprehensive accounting, financial management, and a range of value-services. As of December 31, 2020, 12 U.S. customers used the LOTOS platform to deliver and manage their online games and services.

Betting Platform

Our Betting Platform will support sports betting offerings via multiple channels through a unified, single-sign-on (SSO) back-office and will cater to the specific needs of online and in-play betting, by capitalizing on our solid retail and online experience; it will provide a true omni-channel product, by focusing on the following pillars:

- Richer content for all channels: offers all known Sports, more events and all known markets including instant markets
- Risk Management automation through business rules configuration
- Multiple Feed aggregation
- Front-end independence through an open API framework in order to facilitate omni-channel vision and plans
- Modern technology stack ensuring scalability, modularity and operational flexibility
- Enterprise Solution and Single Unified Back-office: ability to have a centralized sports book that distributes downstream to remote instances; ability to support and manage multiple deployments

In terms of features, the Betting Platform, with multiple pre-integrated sports betting feeds, will provide operators with the necessary flexibility to create their own commercial strategy. It will add to our portfolio player centric features such as Cash Out, both for Online and Retail environments, various Cash Out derivatives (partial cash out, change my bet, pre-ordering a cash out), an extensive list of bet type bonuses, as well as the ability to offer different odds to specific customers.

Intralot Player Pulse

INTRALOT Player Pulse is a complete gaming CRM system that includes an advanced player account management system and a superior marketing suite. It covers both online and retail operations for all products across all platforms. It also offers risk fraud monitoring, payment functionalities, and game management services. Player Pulse is based on the award-winning Bit8 platform (Software Rising Star Winner, EGR B2B Awards 2014) and comes pre-integrated with all game verticals, from Betting and Lottery to Casino and e-Instants, as well as affiliates systems, payment providers, communication systems and more. Player Pulse is already installed in one jurisdiction.

Intralot Retailer Pulse

INTRALOT Retailer Pulse is our end-to-end retail management solution that offers 360-degree control for monitoring and managing retailers' operational aspects, increasing customer commitment and loyalty as well as optimizing performance. The platform consists of four functional pillars that cover network management, financials, marketing and logistics through a single intuitive user interface. Based on the philosophy that information is key, Intralot Retailer Pulse provides contributors of the retail ecosystem with personalized portals to enable optimal information flow and optimal user access. Pulse Mobile serves field units, such as sales representatives and field support technicians. Retailers have access to training and manuals as well as performance optimization tools via their dedicated portal. Our next generation devices act as the main touch point permitting bidirectional communication. The new version of Retailer Pulse is installed in one jurisdiction while its predecessor solution is installed in 11 jurisdictions.

Intralot Canvas ™

INTRALOT Canvas™ is an innovative and integrated content management platform allowing centralized management and control of content distribution for multiple game verticals across all sales channels. INTRALOT Canvas™ is the quintessential solution for operators seeking maximum autonomy and minimum effort when striving to optimally run their gaming operations. It has been designed to work as a multi-tool consisting of advanced content management, marketing and personalization features, all of which can be utilized through its advanced User Interface. The INTRALOT Canvas™ responsive desktop and mobile optimized portals are intuitive, engaging and offer immediate contextual-sensitive information to the end-user. As of December 31, 2020, INTRALOT Canvas™ has been deployed by two customers.

Intralot Mobile

INTRALOT Mobile is the ultimate mobile solution for gaming operators. It is a collection of cutting-edge components that complement each other, allowing operators to create comprehensive and engaging mobile gaming experiences for their customers. INTRALOT Mobile comprises native applications for iOS and Android and optimized mobile web portals for all verticals, all driven by INTRALOT Canvas™ CMS. As of December 31, 2020, INTRALOT mobile had been deployed by two customers.

Horizon View—Intelligent Multimedia Content Management System

Horizon View is an intelligent multimedia content management system optimized for retail network environment in gaming business. The turnkey solution comprises an integrated product mix of software, hardware and services, providing top-quality gaming content, creation, management, delivery and playout. Horizon View provides Lottery operators and Retailers with the unique combination of Lottery, Betting, Racing, Virtuals, Gaming ("VLT") and Digital Signage content while providing first-in-class content delivery to thousands of shops, screens, and retail terminals in real-time, with optimal bandwidth usage and sophisticated data broadcasting / multimedia technologies.

Intralot Terminals Solutions

We optimize, design and supply a full range of gaming terminal equipment (self-service, vending, retail point-of-sales). Our terminals can be sold as standalone hardware or bundled with terminal application software to operate lottery games and all necessary retail point-of-sale functions. We code, develop, adjust and optimize all application software and all the supportive software drivers / algorithms.

As of December 31, 2020, we had approximately 60,000 lottery retail solutions deployed. From a customer needs perspective, terminal solutions fall under two categories: retail solutions and self-service solutions. Retail solutions include but are not limited to the following.

Photon—A fully-functional, high-performance camera-based lottery terminal that incorporates a digital camera in a modern and ergonomic unit with large operator display.

Proton—A compact, all-in-one, camera-based lottery terminal, that offers the benefits of the digital reading technology in a minimum retail footprint.

microLOT—Our smallest full-function terminal, an all-in-one device that supports validation and payments for all gaming ticket types, supporting mechanical scanner-based technology.

Genion—A multi-functional solution that can serve as, among other things, a game validation and payment terminal and an online and scratch ticket checker.

Self-service solutions include the following.

Full Self Service Terminal ("FSST")—Our premium next generation offering in self-service-terminals that integrates dual 23-inch displays, one with touchscreen functionality supporting customer interactions, and a wide range of optional game participation components.

Gablet Terminal—An innovative, integrated tablet desktop solution with touch and gesture-based control developed specifically for the retail environment.

Kiosk (single or dual screen)—Offers the Gablet terminal in a minimal autonomous floor-standing kiosk version and extends it to a dual-screen version with multiple game-participation methods.

Coronis MPNG—Our first-generation self-service terminal, configured with a second monitor to display advertisements, information, results and programs.

Dreamtouch vending terminals—Our next-generation version of vending machines for purchasing draw games and instant tickets, playing interactive games, and betting. The main feature and key point of this product family is the large, full-HD, colorful touch-screen display that utilizes an intuitive, user-friendly interface alongside innovative interactivity features, games and services. The Dreamtouch terminal product family is delivered in three flavors: DT Generic, DT Compact, and DT Lite, each serving different gaming purposes.

Winstation—Our first-generation vending machine provides both instant lottery tickets and online gaming.

Services

Our offered services cover the whole spectrum of day-to-day operational activities of lottery organizations, and are categorized into the areas set forth below.

Technical Support and Training

We provide a broad range of sophisticated solutions and gaming products that require ongoing support and maintenance. As a result, we provide after-sales technical support to facilitate uninterrupted and efficient gaming operations and minimize sales downtime.

These support services include help desk support for retailers and lottery personnel as well as preventive and corrective maintenance of central systems as well as field maintenance of equipment installed at retailer locations. We offer a variety of service level options, which are customized to best serve each of our customers' individual needs and budgets.

We also provide a comprehensive training portfolio which includes detailed operational and technical support, marketing seminars and training modules. These training modules are tailored to each customer and can cover both new and experienced lottery and betting operators.

System Operation Services

Our system operation services include the operation and administration of gaming systems, networks and technology infrastructures to ensure continuous system availability, quality of delivered services, and flexibility in resource utilization. System operation services include typical information and communication technology operations, as well as game draw procedures, retailer management monitoring and accounting as well as information and statistics compilation for games and operations.

Marketing Services

We provide marketing consulting and support to our customers throughout the contract. Our local marketing teams provide consulting support and a full range of marketing services and are supported by our marketing resource center, which brings insight and an overall strategic perspective to each contract, including sports betting. Our services include:

Market Research and Analysis: We seek to continuously enrich and deepen our player understanding by analyzing the tens of millions of player-initiated transactions. We also stay in touch with our target players' preferences and habits by analyzing consumer response to market research commissioned and conducted in various countries across the world.

Game Design and Analysis: We continually test new gaming concepts in order to maintain the appeal of our games library across diverse markets. In addition, we tailor each game to satisfy the particular needs of individual clients.

Marketing Communication: We design appropriate marketing strategies based on the communication requirements set by the gaming operators, focusing on the development of tailored communication concepts such as advertising, commercial logo, media buying programs, promotions and merchandising.

Sales Network Design and Development: We offer know-how and experience in the design and implementation of extensive and efficient sales networks.

Sports Betting Risk Management and Footprint

We are one of the leading fixed odds betting suppliers in the United States in the traditional, internet and non-internet-based state sponsored gaming space. We have sports betting contracts in three jurisdictions on a variety of operating models. We provide operational support services for the organization and management of betting games to a variety of state lotteries, offering a wide variety of sports and pricing models, as well as more than 1000 events (pre-game and in-play) per month and more than 500 market types.

Our services include product customization, program and odds compilation, risk management/trading and training support. Through our risk management services, we assess and seek to limit, in real time, our customers' risk exposures as well as Operator's risk exposure, while maintaining the profitability of the games. For instance, under certain sports betting contracts, we track betting transactions in real time through our trading/risk management team, identify potential payout risk and take corrective action, such as adjusting odds and blocking bets and/or events when necessary and also incorporating a sophisticated alerting system based on pattern recognition which allows setting up automated limits.

Interactive Managed Services

We offer interactive managed services to lotteries and state and state-licensed organizations, such as interactive marketing, business analytics, media and gaming, as well as technology and operational services. Our offering is strictly dedicated to B2B, B2G and regulated B2C markets, using the "dotcountry" or "dotstate" model as opposed to the "dotcom" model, specifically, under the dotcountry or dotstate model, online gaming operators are licensed in a given jurisdiction through a country or state top-level domain name, and users from outside the jurisdiction are blocked from accessing the website. We offer a broad portfolio of our own games and content that can be deployed. In addition, games from third parties can also be seamlessly integrated into our Player Pulse platform. Our partner community program allows for the content to be instantly available and fully embedded in our solutions.

Our customers benefit from our multiple partnership models that are designed to advance their gaming operations. Our interactive services include customer acquisition and retention by helping gaming organizations to approach target groups through cross-channel marketing, search engine marketing, social media, mobile marketing and affiliated management.

Supply Chain Management

We design and offer warehousing, logistics and distribution services with the aim of optimizing supply chains, improving retailer satisfaction, reducing distribution costs and ensuring uninterrupted availability of stock. We have the necessary know-how and resources required to enhance productivity, efficiency and security throughout the entire supply chain management function of our gaming contracts and operations.

Media Broadcasting Portfolio of Services

In addition to the multimedia content that is displayed within the POS through LOTOS Horizon we offer a comprehensive media broadcasting portfolio of services and know-how in order to further enhance our customers' means of reaching audiences. The portfolio includes animated information and targeted messaging, the creation of a 24-hour television channel (lottery-dedicated media channel) and virtual studio draws, such as animated draws for broadcast.

Research & Development

We continuously invest in innovative solutions that are based on the development and improvement of our comprehensive set of advanced retail and mobile solutions, platform-enablers, content delivery and management systems, as well as CRM software. Our innovation is driven by field experience and knowledge from our clients and partners and is filtered into end products incorporating the latest technology trends from the market and participation in academic and applied research projects. One of the main principles of our corporate philosophy, and one that contributes to our leading position in the industry, revolves around our passion and emphasis in designing and developing innovative and effective solutions.

We provide all the necessary tools for innovation, from conceptualization to materialization. We have created an environment in which innovative ideas can be conceived, researched, and developed into state-of-the-art solutions. We have adopted proven, advanced R&D methodologies and best practices in all system designs and implementations. R&D activities support the LOTOS™ O/S platform evolution, and offer innovative solutions in sectors such as business intelligence, financial and business data management, information security, fraud detection, electronic system and casino monitoring, betting risk management, interactive gaming, subscription services, internet sales channels & media and value-added services. We have received several awards and accolades for our innovative Photon point of sale device.

Some of our recent product developments include:

- Enhancements of our own solutions through the creation of a pre-integrated, cloud-based eco-systems that utilize third party games, applications and services.

- Ability to serve individual client change requests faster and at a lower cost.

- Adoption of a flexible development approach, which allows outsourcing of development or testing tasks.

- Design and implementation of software components to be used as building blocks for a variety of products and solutions across the company.

- Adoption of a microservices architecture and a microservices-inspired approach to product management and product evolution, allowing our customers to build certain applications or services themselves.

- Full support of any type of deployment, including local data centers (traditional WLA style), private cloud, hybrid private/public cloud, depending on customer requirements and business model.

- True hardware independence through the use of modern containerized technologies, that achieve true independence of applications, thus allowing for dynamic distributed deployments.

- Development of new concepts of error self-detection mechanisms, as well as error early-warning reporting systems.

We actively support innovation and collaboration with dynamic new entities and highly skilled engineering capital and look forward to introducing more innovative technological solutions, pioneering gaming content and new gaming technologies. Recent R&D efforts in the self-service category for lottery and sports betting are expected to put us further ahead of our competition in this category.

Investment Policies

Before investing in a new contract, our management evaluates potential investments by following specific guidelines, including an assessment of both country and project risks. Country risks include assessing the political and legal environment, penetration of gaming, availability of infrastructure and sales networks. Project risks include assessing the entrance into new markets versus staying within existing markets as well as the renewal of existing projects, which provides the least risk, and the type of games, such as lotteries, betting or VLTs.

We seek to invest in contracts where the payback period (for contracts with finite durations) is between 30 and 50% of the contract duration and the internal rate of return target range is between 15 and 30% (selected based on the specific dynamics and risks of each particular project). In addition, to minimize the risks in new countries, contracts should be structured to involve less risk, such as receiving an ongoing percentage of sales instead of an upfront fee. For technology and support services contracts, we have a preference to be paid upfront and then receive a percentage of sales for services provided.

Intellectual Property

We have obtained many patents, licenses and trademarks that are essential to our business. We also develop our own software in-house.

Patents

As of December 31, 2020, we held three patents in twelve jurisdictions. We are continuously seeking to secure further patents on our developments. Our non-owned patents are primarily held by Intralot S.A. and licensed to Intralot, Inc. and Intralot Tech under a master services and licensing agreement.

Licenses and Trademarks

We have licenses related to the production and use of software in the jurisdictions in which we operate, and we expect to hold or acquire additional such licenses in the future.

In addition, we register the trademarks under which we operate in the Unites States. As of December 31, 2020, we had more than 54 registered trademarks in the United States.

Software

Intralot Tech and companies in the Intralot Group employ engineers who have developed and continue to develop certain software. All the software currently used by Intralot, Inc. to serve its customers and fulfill the obligations under its contracts is proprietary to Intralot, Inc. itself.

Insurance Coverage

We believe that we have commercially-reasonable insurance coverage with respect to errors and omission insurance, product and environmental liability, property insurance, business interruption insurance and other insurance. Furthermore, we consider the insurance coverage level relating to our directors and officers (D&O insurance) to be economically reasonable.

Government Regulation

We operate in the gaming industry in the United States, Canada and the Philippines. The gaming industry, a significant sector of economic activity in many of these countries, remains highly regulated and closely monitored by government authorities. We believe that we are in substantial compliance with all material gaming laws and regulatory requirements applicable to us. We have developed and implemented a rigorous internal compliance program in an effort to ensure that we comply with legal requirements imposed in connection with our gaming-related activities, as well as legal requirements generally applicable to all publicly traded companies. We are firmly committed to full compliance with all applicable laws to prevent the violation of one or more laws or regulations.

The following is a description of certain aspects of the current regulatory structure affecting the gaming industry, including recent changes, in the United States.

The United States Gaming Market

In the United States, we operate as a lottery systems and services provider to twelve lotteries. The regulation of gaming in the United States, including lotteries, is by and large a function of the States. Federal laws regulate four primary areas: unlawful gambling, anti-money laundering and prohibited internet gaming, sports wagering and Indian gaming. The principal gaming authorities in the United States include State lottery boards or commissions for the lottery, State gaming control boards or commissions for "traditional style" gaming and sports wagering (and sometimes the VLT environment), as well as the National Indian Gaming Commission.

We do not hold licenses from any gaming authority in the United States, as our relationships with the lotteries are contractual.

Litigation and Administrative Proceedings

Although we are a party to various claims, legal actions and administrative proceedings arising in the ordinary course of business, we believe, on the basis of information presently available to us, that the ultimate disposition of these matters will not likely have a material adverse effect on our consolidated financial position or results of operations.

Responsible Gaming

We have adopted "responsible gaming" as a key element of our corporate responsibility strategy. Our systems and integrated terminals monitor registered players' behaviors. We can therefore apply gambling limits and send warning messages while educating about certain gambling risks. We actively support institutions committed to researching and treating gambling problems, such as the Hohenheim University Research Center on Gambling and the Montana Council on Problem Gambling. The Intralot Group became the first international lottery vendor that was certified according to the World Lottery Association Security Control Standard and has certified its Information Security Management System (ISMS) according to ISO 27001:2013 in the United States. The Company is also a member of the North American Association of State and Provincial Lotteries.