

10/12/2020



CreditRiskMonitor’s assessment of Intralot Integrated Lottry Sys & Srvs SA’s (“Intralot”) “high risk” status has been determined by a combination of factors:

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MONTHLY AVERAGE FRISK® SCORE

CreditRiskMonitor's proprietary FRISK® score signals that Intralot (ATH: INLOT) **has remained a 10 to 50 times greater risk of bankruptcy** than the average public company for more than twelve consecutive months.

Intralot sells its 20% stake in Gamenet, 3 months after selling stake in Hellenic Lotteries, a move to shore up short-term liquidity.

CEO steps down shortly after an announcement is made confirming Intralot lost its contract to operate Turkey's sports betting concession.

Gross gaming revenue decreases 48% year-over-year. Intralot estimates that Covid-19 will dampen sales for the remainder of 2020.

Business Name	2019							2020					
	O	N	D	J	F	M	A	M	J	J	A	S	O
Intralot Integrated	1	1	1	1	1	1	1	1	1	1	1	1	1

Fitch downgrades IDR to 'CCC'. It reflects higher than expected leverage, increased competition, and expected continuation of negative FCF.

Fitch downgrades IDR again, to 'CC'. The downgrade highlights the heightened risk of debt refinancing as well as restructuring efforts.

The FRISK® score is 96% accurate* in predicting the risk of corporate failure/bankruptcy over a 12-month horizon. All FRISK® scores are recalculated every night for each subsequent 12-month period.

FRISK® SCORE: PROBABILITY OF BANKRUPTCY WITHIN 12 MONTHS

	FRISK®	FROM	TO
BEST	10	0.00%	0.12%
	9	0.12%	0.27%
	8	0.27%	0.34%
	7	0.34%	0.55%
	6	0.55%	0.87%
WORST	5	0.87%	1.40%
	4	1.40%	2.10%
	3	2.10%	4.00%
	2	4.00%	9.99%
	1	9.99%	50.00%

While the risk of bankruptcy varies at each FRISK® score, 96% of public companies that eventually go bankrupt enter the FRISK® "red zone" prior to filing. A FRISK® score of 5 or less is an important warning sign.

* FRISK® score accuracy of 96% is based on backtesting of U.S. public companies; results may vary by country.

THE FRISK® SCORE COMPONENTS

At the core of the CreditRiskMonitor® process is our 96% accurate FRISK® score, which indicates a company's level of financial stress on a scale of 1 to 10, based on the probability of bankruptcy over a 12-month horizon. When available, the FRISK® score incorporates a number of powerful risk indicators including:

A “Merton” type model using stock market capitalization and volatility

Financial ratios, including those used in the Altman Z”-Score Model

Bond agency ratings from Moody’s, Fitch, & DBRS Morningstar

Crowdsourced CreditRiskMonitor® Usage Data

[Crowdsourcing](#) has enhanced the accuracy and timeliness of the FRISK® score. We collect and analyze data patterns from thousands of CreditRiskMonitor® subscribers, including professionals from more than 35% of the Fortune 1000 and other large corporations worldwide.

The crowdsourcing advantage is even more powerful in our FRISK® score since many of the professionals who use our service are credit managers:

- Credit managers control one of the largest sources of working capital going into a company
- They are not held to the same “Fair Disclosure” restrictions that prevent non-disclosed information sharing on public companies
- Credit managers use a variety of non-public information sources such as their own company’s management and sales representatives to be alerted to concerns in a public company’s performance
- It is commonly known credit managers confidentially share information with other credit managers, thus collectively, their behavior helps to provide advanced insight to financial problems in public companies

[Read more in Credit Research Foundation’s quarterly journal article, “Assessing Public Company Financial Risk by Crowdsourcing the Research of Credit Professionals”](#)

COMPANY REPORT DETAIL

Intralot Integrated Lottery Sys & Srvs SA

L. Kifisias & Premetis 64, Maroysi
ATHINA, 151 25 Greece

Phone: +30 2106156000

Ticker: INLOT

Latest Financial Statements as of 6/30/2020

Business Summary

Intralot Integrated Lottery Systems & Services SA is a Greece-based company engaged in the design, development, production, trading and operation of integrated systems, operational services and marketing services. The Company's integrated systems include numerical, video and sport lotteries, as well as fixed odds betting, pari-mutuel wagering and instant lottery games. Its product range includes lottery operating systems like LOTOS, which is a software application platform; information display systems that offer real time information on the progress and outcome of gaming events; video lottery systems that control and monitor services for managing networks of video lottery terminals; the CORONIS line of terminals that can support lottery and video gaming sessions, as well as payment methods and mobile terminals for agents. The Company is also engaged in offering a range of marketing services including support and marketing campaigns for various lottery games.

Employees: 3,240 (as of 6/30/2020)

Incorporated: 7/31/1992

Credit Score History

Why are these scores different? **FRISK® Score Analysis**

Score/ Index	2019			2020											
	O	N	D	J	F	M	A	M	J	J	A	S	O		
FRISK® Score*	1	1	1	1	1	1	1	1	1	1	1	1	1		
DBT Index	9	9	9	9	9	9	9	9	8	8	9	8	DBT		
Z"-Score	1.11			0.98			0.86			0.54			Z"		

*FRISK® Scores are month-end

- Probability of bankruptcy within 12 months is 10% to 50%.
- Trade payments are prompt, "cloaking" the risk.
- Bonds are issued at a discount.

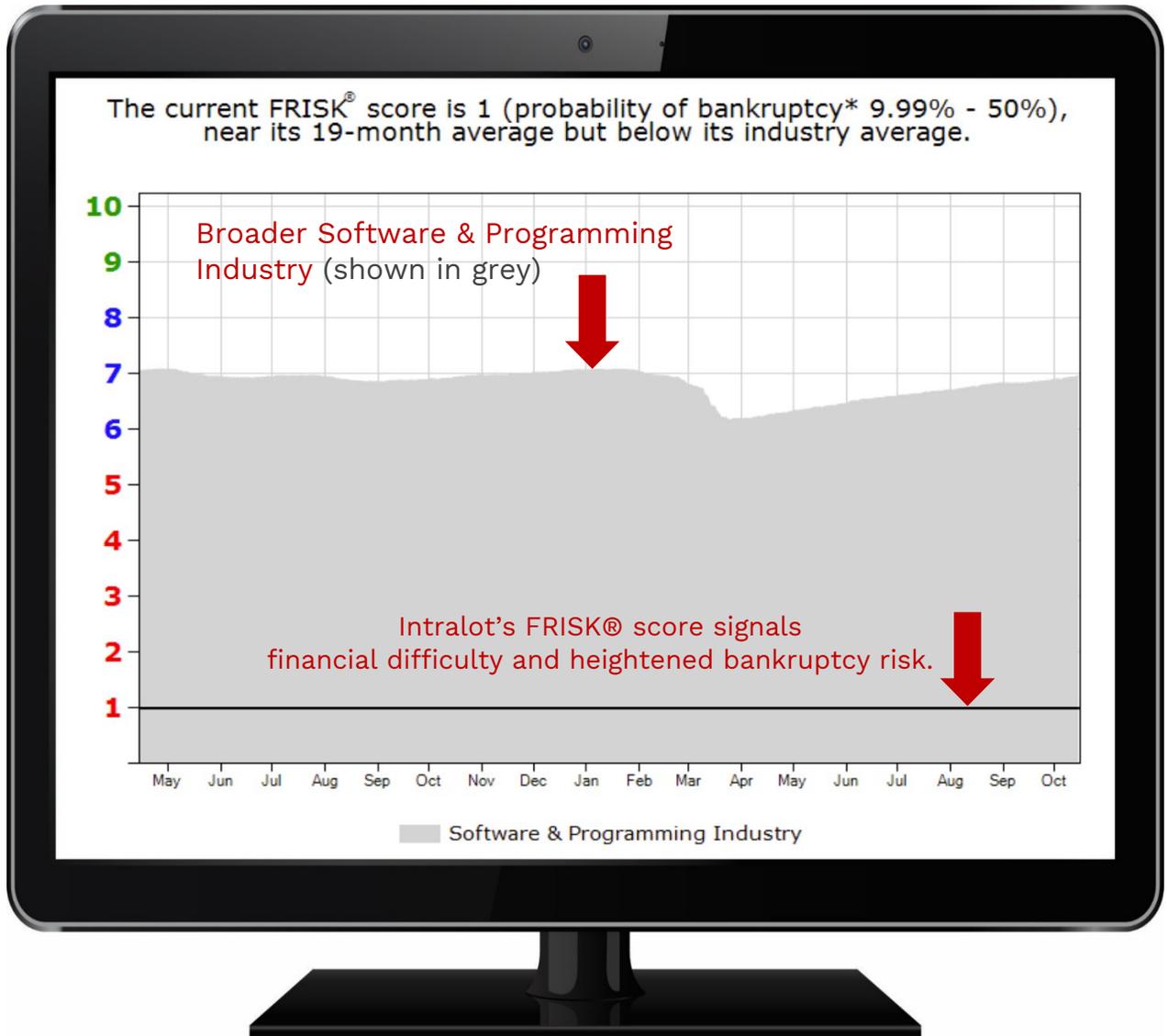
Agency Credit Ratings

Rating Agency	Long Term Rating	Outlook	Short Term Rating
Moody's	Caa2	Negative	
Fitch	CC		NR

The FRISK® score is a 96% accurate method by which to monitor public company bankruptcy risk.

Payment performance, captured by the Days Beyond Terms (DBT) index, which is very similar to D&B's PAYDEX® score, is not an effective indicator of financial stress for publicly traded companies since they often continue to pay on time right up until their bankruptcy filing. This is what's commonly called the "Cloaking Effect."

FRISK® DEEP DIVE



The FRISK® score relative to the broader Software & Programming Industry raises an additional red flag signaling heightened risk relative to peers, as well...

MAKING IMMEDIATE ATTENTION REQUIRED.

FRISK® STRESS INDEX

#	Business Name	Country	FRISK® score
1	<u>EOH Holdings Ltd.</u>	South Africa	1
2	<u>Fujian Start Group Co Ltd</u>	China	1
3	<u>Intralot Integrated Lottry Sys & Srvs SA</u>	Greece	1
4	<u>PNICompany Co Ltd</u>	South Korea	1
5	<u>8K Miles Software Services Ltd</u>	India	2
6	<u>abc Multiactive Limited</u>	Hong Kong	2
7	<u>Datalex plc</u>	Ireland	2
8	<u>Datalex plc (ADR)</u>	Ireland	2
9	<u>Digitalist Group Oyj</u>	Finland	2
10	<u>Finhouse S.A.</u>	Poland	2

Primary industry code

Businesses From: All Businesses

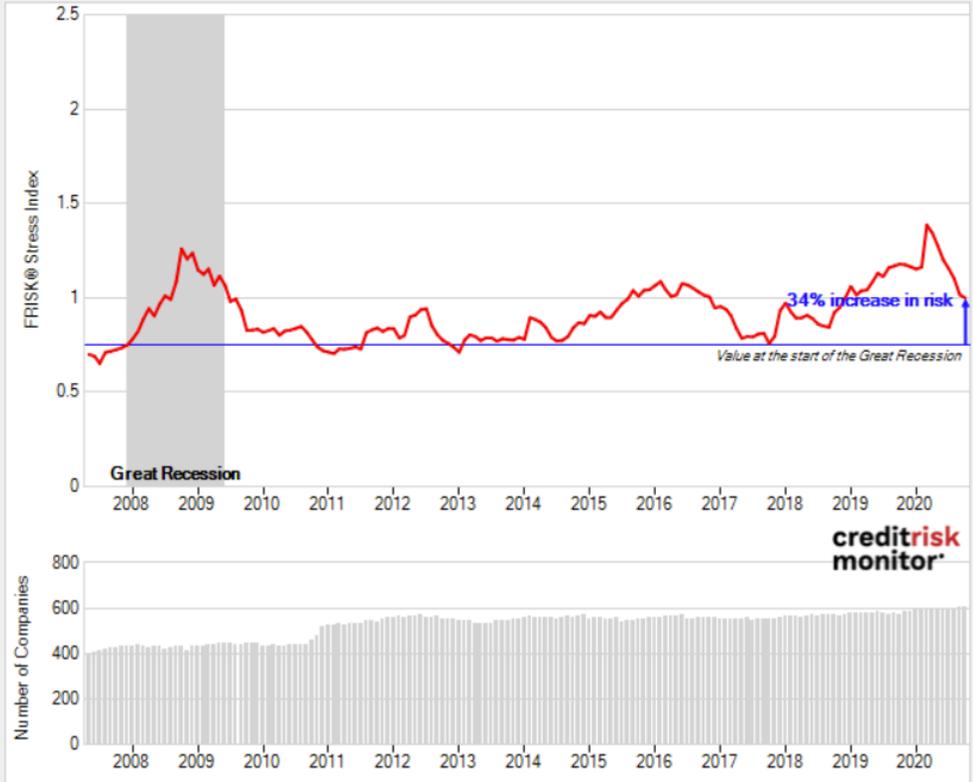
In Industry: SIC 7371: Computer programming services

Country: All Countries

UPDATE RESULTS

Scale: Auto

Total Companies in all months **1,029**



The FRISK® Stress Index shows the collective probability of failure in a group of companies (such as an industry, country or portfolio) over the next 12 months. It is designed to show trends in risk level across groups of companies and is shown on a zero to 50 scale, with 50 being the most risky.

The average probability of failure for SIC code 7371 (Computer programming services) has increased 34% since 2007. Intralot is among the weakest names in the industry as evidenced by its FRISK® score of 1.

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PEER ANALYSIS ON ALTERNATE SUPPLIERS AND CUSTOMERS

The Peer Analysis expands to provide a ranking of a company's competitors, which can help provide options for alternate suppliers or new customers

[SIC: 7371] [Calendar Year/Quarter: 2020.2]

Peer Group: 4792	Ranking	Number	Company	Peer Group Range		
	Within Peer Group	Of Peers Ranked		Value	Low	Median
Credit Ratings						
ZScore	1024	1383	0.54	-19,737.68	3.28	1,719.33
Performance ratios:						
Net Sales (Thousands of U.S. Dollars)	N/A	360	N/A	0	79,139	55,679,000
Gross Margin % Of Sales	1237	1413	15.69	-1,980.93	43.49	132.10
Gross Margin % Of Sales -- TTM	1238	1438	17.62	-1,063.92	44.44	132.10
SG&A % Of Sales	772	1475	34.57	0.11	32.79	40,402.40
SG&A % Of Sales -- TTM	479	1492	20.66	0.03	32.34	90,225.65
Operating Margin % Of Sales	1260	1532	-21.30	-58,255.56	4.39	4,311.50
Operating Margin % Of Sales TTM	1111	1547	-4.99	-90,125.65	4.82	36,200.00
EBITDA Margin Of Sales	534	799	3.05	-58,250.00	9.20	4,619.01
EBITDA Margin Of Sales -- TTM	470	895	8.26	-88,865.49	9.03	2,288.01
Net Profit Margin % Of Sales	1339	1532	-38.30	-47,943.09	2.85	1,842.00
Net Profit Margin % Of Sales - TTM	1230	1547	-16.56	-89,592.15	3.10	1,633.46
Pre-tax Income % Of Sales	1345	1533	-42.26	-58,166.67	3.85	1,851.91
Effective Tax Rate	563	1484				
Depreciation % Of Prop/Plant/Equipment	987	1356				
Capital Expense % Of Prop/Plant/Equipment	577	990				
Interest Coverage	493	701				
Interest Coverage -- TTM	547	825				
Liquidity ratios:						
Cash Ratio	576	1428				
Quick Ratio	461	1368				
Current Ratio	503	1428				
Efficiency ratios:						
Accounts Receivable Turnover	1297	1491	1.94	-1,269.85	4.72	1,962.76
Days Sales Outstanding	1364	1533	187.75	-66.44	74.11	48,088.87
% of Inventory Financed by Vendors	312	761				
% of Inventory Financed by Vendors -- TTM	360	831				
Inventory Turnover	576	959				
Inventory Turnover TTM	473	986				
Days Sales in Inventory	582	924				
Inventory to Working Capital	476	911				
Accounts Payable Turnover	936	1291				
Accounts Payable Turnover -- TTM	736	1308				
Leverage & debt coverage:						
Total Debt to Equity Ratio	N/A	1175				
Debt to Tangible Equity Ratio	N/A	645				
Total Debt to Assets Ratio	1224	1265	1.03	0.00	0.16	3,142.08
Short-Term Debt % of Total Debt	98	1159	4.64	0.00	43.31	100.00
Short-Term Debt % of Working Capital	526	1162	20.16	-24,817.60	8.69	24,292.34
Liabilities to Net Worth Ratio	N/A	1110	N/A	0.00	0.90	841.23
Total Liabilities to Equity Ratio	N/A	1347	N/A	0.00	0.81	128.99
TTM EBITDA Over Total Debt	540	800	0.06	-1,236.83	0.29	1,012.84
Net Debt Over TTM EBITDA	560	572	12.73	-407.91	0.03	229.74

Rank	Company Name
1	Samurai & J Partners Co Ltd
2	Forside Co Ltd
3	Hirose Tusyo Inc
4	8K Miles Software Services Ltd
5	Aareal Bank AG

Rank	Company Name
1	Bambuser AB
2	Beijing Quanshi Wld Ntw Onl Inf C Ltd
3	BeiJing Seeyon Internet Software Corp
4	Comintel Corporation Berhad
5	Descartes Systems Group Inc

Green - Ranked in Upper Quartile of Peer Group
 White - Ranked in the Middle Two Quartiles of Peer Group
 Red - Ranked in Lower Quartile of Peer Group
 Orange - Confidential
 Grey - Data is Not Available

Intralot demonstrates bottom quartile ranking in key financial ratios (shown in red) versus its industry peers.

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QUARTERLY PERFORMANCE RATIOS

Net sales plummet resulting in consecutive operating and net losses

Ability to cover interest expense after operating costs is poor

Performance Ratios - Sequential Quarters

(Thousands of Euros)

Period Ended	3 mos 6/30/2020	3 mos 3/31/2020	3 mos 12/31/2019	9 mos 9/30/2019	6/30/2019
Net Sales €	€66,269	€101,945	€165,010	€555,571	n/a
% change	-35.00%	-38.22%	n/a	n/a	n/a
Gross Margin €	€10,399	€20,181	€22,763	€103,249	n/a
% change	-48.47%	-11.34%	n/a	n/a	n/a
% of sales	15.69%	19.80%	13.79%	18.58%	n/a
change as % of incremental sales	n/m	n/m	n/a	n/a	n/a
SG&A €	€22,906	€25,701	€38,859	€96,124	n/a
% change	-10.88%	-33.86%	n/a	n/a	n/a
% of sales	34.57%	25.21%	23.55%	17.30%	n/a
change as % of incremental sales	n/m	n/m	n/a	n/a	n/a
Operating margin €	(€14,114)	(€2,631)	(€40,522)	€12,922	n/a
% change	-436.45%	93.51%	n/a	n/a	n/a
% of sales	-21.30%	-2.58%	-24.56%	2.33%	n/a
change as % of incremental sales	n/m	n/m	n/a	n/a	n/a
EBITDA €	€2,023	€15,897	(€19,662)	€75,159	n/a
% change	-87.27%	180.85%	n/a	n/a	n/a
% of sales	3.05%	15.59%	-11.92%	13.53%	n/a
change as % of incremental sales	n/m	n/m	n/a	n/a	n/a
EBIT €	(€15,457)	(€2,505)	(€40,372)	€13,130	n/a
% change	-517.05%	93.80%	n/a	n/a	n/a
% of sales	-23.32%	-2.46%	-24.47%	2.36%	n/a
change as % of incremental sales	n/m	n/m	n/a	n/a	n/a
Pre-tax income €	(€28,004)	(€14,846)	(€63,711)	(€6,926)	n/a
% change	-88.63%	76.70%	n/a	n/a	n/a
% of sales	-42.26%	-14.56%	-38.61%	-1.25%	n/a
change as % of incremental sales	n/m	n/m	n/a	n/a	n/a
Net income (loss) €	(€25,381)	(€17,568)	(€72,353)	(€31,845)	n/a
% change	-44.47%	75.72%	n/a	n/a	n/a
% of sales	-38.30%	-17.23%	-43.85%	-5.73%	n/a
change as % of incremental sales	n/m	n/m	n/a	n/a	n/a
Tax expense €	(€2,165)	€1,954	€3,917	€15,256	n/a
Effective tax rate	7.73%	-13.16%	-6.15%	-220.27%	n/a
Depreciation expense €	€17,480	€18,402	€20,710	€62,029	n/a
% of sales	26.38%	18.05%	12.55%	11.16%	n/a
% of capital expenses	180.82%	329.20%	187.47%	140.05%	n/a
% of PP&E, net (annualized)	45.34%	44.91%	47.97%	35.86%	n/a
Capital expenditures €	€9,667	€5,590	€11,047	€44,290	€14,399
% change	72.93%	-49.40%	n/a	n/a	-17.10%
% of PP&E, net (annualized)	25.07%	13.64%	25.59%	25.60%	33.95%
% of working capital (annualized)	21.18%	11.39%	24.06%	27.18%	34.73%
Interest coverage ratio	0.16	1.29	(0.84)	1.96	n/a
% change	-87.49%	252.89%	n/a	n/a	n/a
Free cash flow €	(€1,857)	€3,878	(€24,417)	€30,405	€15,877
% change	-147.89%	115.88%	n/a	n/a	1,087.51%
Source:	Interim Report 9/4/2020	Interim Report 6/4/2020	ARS 5/4/2020	ARS 5/4/2020	ARS 5/4/2020

*Fiscal period end 9/30/2019 was subject to an accounting restatement, while fiscal period end 6/30/2019 was superseded, which affected performance and return metric calculations for those periods.

QUARTERLY LEVERAGE RATIOS

Stockholders' equity remains negative as consecutive losses grow the accumulated deficit

Total debt surpasses assets due to long-term asset write-offs

Leverage Ratios - Sequential Quarters

(Thousands of Euros)

Period Ended	6/30/2020	3/31/2020	12/31/2019	9/30/2019	6/30/2019
Total debt €	€760,600	€753,095	€765,225	€767,688	€781,096
% change	1.00%	-1.59%	-0.32%	-1.72%	-0.02%
Stockholders' equity €	(€148,758)	(€119,618)	(€93,174)	(€9,321)	(€4,277)
% change	-24.36%	-28.38%	-899.61%	-117.93%	-118.63%
Tangible net worth €	(€384,322)	(€356,164)	(€336,040)	(€283,888)	(€284,418)
% change	-7.91%	-5.99%	-18.37%	0.19%	-7.23%
Total assets €	€737,883	€755,340	€797,470	€893,251	€897,807
% change	-2.31%	-5.28%	-10.72%	-0.51%	-4.56%
Total debt to assets ratio	1.03	1.00	0.96	0.86	0.87
% change	3.39%	3.90%	11.66%	-1.22%	4.76%
Tangible assets €	€502,319	€518,794	€554,604	€618,684	€617,666
% change	-3.18%	-6.46%	-10.36%	0.16%	-5.33%
Short-term debt €	€35,319	€26,915	€37,870	€22,040	€32,971
% change	31.22%	-28.93%	71.82%	-33.15%	-0.28%
Short-term debt % of total debt	4.64%	3.57%	4.95%	2.87%	4.22%
% change	29.93%	-27.78%	72.38%	-31.98%	-0.27%
Short-term debt % of working capital	20.16%	14.17%	18.68%	13.40%	20.44%
% change	42.28%	-24.15%	39.42%	-34.44%	5.29%
Total liabilities €	€886,641	€874,958	€890,644	€902,572	€902,084
% change	1.34%	-1.76%	-1.32%	0.05%	-1.70%
Total debt to EBITDA ratio (annualized)	93.99	11.84	n/a	10.21	n/a
% change	693.64%	n/a	n/a	n/a	n/a
Source:	Interim Report 9/4/2020	Interim Report 6/4/2020	ARS 5/4/2020	Interim Report 11/29/2019	Interim Report 8/30/2019

Debt to EBITDA swells as the company's revenue declines sharply while debt remains elevated

QUARTERLY LIQUIDITY RATIOS AND RATES OF RETURN

Liquidity appears sufficient but negative free cash flow may pressure its cash position over time

Liquidity Ratios - Sequential Quarters

(Thousands of Euros)

Period Ended	6/30/2020	3/31/2020	12/31/2019	9/30/2019	6/30/2019
Current assets €	€312,534	€312,246	€338,474	€295,617	€289,082
% change	0.09%	-7.75%	14.50%	2.26%	-6.06%
% of short-term debt	884.89%	1,160.12%	893.78%	1,341.28%	876.78%
Current liabilities €	€137,338	€122,287	€135,734	€131,106	€127,741
% change	12.31%	-9.91%	3.53%	2.63%	-7.01%
Working capital €	€175,196	€189,959	€202,740	€164,511	€161,341
% change	-7.77%	-6.30%	23.24%	1.96%	-5.29%
% of sales (annualized)	66.09%	46.58%	30.72%	29.61%	n/a
Cash €	€137,498	€142,050	€171,132	€133,719	€128,712
% change	-3.20%	-16.99%	27.98%	3.89%	-3.75%
% of short-term debt	389.30%	527.77%	451.89%	606.71%	390.38%
Cash ratio	1.00	1.16	1.26	1.02	1.01
% change	-13.81%	-7.87%	23.62%	1.22%	3.51%
Quick assets €	€274,570	€277,677	€302,867	€257,535	€249,357
% change	-1.12%	-8.32%	17.60%	3.28%	-6.74%
% of short-term debt	777.40%	1,031.68%	799.75%	1,168.49%	756.29%
Quick ratio	2.00	2.27	2.23	1.96	1.95
% change	-11.96%	1.77%	13.59%	0.63%	0.30%
Current ratio	2.28	2.55	2.49	2.25	2.26
% change	-10.88%	2.39%	10.60%	-0.36%	1.02%
Source:	Interim Report 9/4/2020	Interim Report 6/4/2020	ARS 5/4/2020	Interim Report 11/29/2019	Interim Report 8/30/2019

Poor return on assets

Rate of Return - Sequential Quarters

(Thousands of Euros)

Period Ended	3 mos 6/30/2020	3 mos 3/31/2020	3 mos 12/31/2019	9 mos 9/30/2019	3 mos 6/30/2019
Return on total assets	-3.40%	-2.26%	-8.56%	-3.56%	0.00%
% change	-50.24%	73.56%	n/a	n/a	n/m
Return on tangible assets	-4.97%	-3.27%	-12.33%	-5.15%	0.00%
% change	-51.87%	73.46%	n/a	n/a	n/m
Source:	Interim Report 9/4/2020	Interim Report 6/4/2020	ARS 5/4/2020	ARS 5/4/2020	ARS 5/4/2020

*Fiscal period end 9/30/2019 was subject to an accounting restatement, while fiscal period end 6/30/2019 was superseded, which affected performance and return metric calculations.

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YEAR OVER YEAR STATEMENT OF CASH FLOWS

Net income turns negative

Decline in long-term asset investment

Statement of Cash Flows - Year-over-Year - Standardized - Year to Date

(Thousands of Euros)

Period Ended	6 mos 6/30/2020	6 mos 6/30/2019	6 mos 6/30/2018	6 mos 6/30/2017	6 mos 6/30/2016
				Reclassified 6/30/2018	Restated 6/30/2017
Cash Flows from Operating Activities:					
Net income	(€42,850)	€2,044	€32,451	€17,513	€20,268
Depreciation/depletion	35,882	40,832	31,810	35,788	49,756
Non-cash Items	32,539	15,230	16,810	39,828	29,797
Changes in working capital	(8,293)	(9,123)	(44,393)	(15,923)	(13,651)
Total cash from operating activities	17,278	48,983	36,678	77,206	86,170
Cash Flows from Investing Activities:					
Capital expenditures	(15,257)	(31,769)	(42,674)	(41,369)	(28,731)
Other investing cash flow items, total	1,390	18,735	7,555	9,092	(14,614)
Total cash from investing activities	(13,867)	(13,034)	(35,119)	(32,277)	(43,345)
Cash Flows from Financing Activities:					
Financing cash flow items	(23,252)	(24,076)	(25,091)	(25,407)	(31,489)
Total cash dividends paid	(7,887)	(33,028)	(27,752)	(27,497)	(27,959)
Issuance/retirement of stock, net	n/a	0	(10,527)	(6)	(17,887)
Issuance/retirement of debt, net	(4,356)	(12,593)	20,902	(1,589)	(19,440)
Total cash from financing activities	(35,495)	(69,697)	(42,468)	(54,499)	(96,775)
Foreign exchange effects	(1,550)	(1)	(2,281)	(7,622)	(3,175)
Net change in cash	(33,634)	(33,749)	(43,190)	(17,192)	(57,125)
Net cash-beginning balance	171,114	162,461	238,041	164,401	276,609
Net cash-ending balance	€137,480	€128,712	€194,851	€147,209	€219,484
Supplemental Disclosures:					
Cash interest paid	€23,252	€24,076	€25,091	€25,407	€31,489
Cash taxes paid, supplemental	€8,826	€3,533	€13,898	€15,699	€15,028
Source:	Interim Report 9/4/2020	Interim Report 8/30/2019	Interim Report 8/30/2018	Interim Report 8/30/2018	Interim Report 8/31/2017

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