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**“Nine Month 2024 Financial Results Conference Call”**

**Friday, 29<sup>th</sup> November 2024, 17:00 (GR Time)**

**Conductors:**

**Mr. Nikolaos Nikolakopoulos, Group Chief Executive Officer**

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**Mr. Andreas Chrysos, Group Chief Financial Officer**

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Conference Call Conducted by Chorus Call Hellas



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OPERATOR: Ladies and Gentlemen, thank you for standing by. I am Mina your Chorus Call operator.

Welcome and thank you for joining the Intralot conference call and Live Webcast to present and discuss the Nine Month 2024 Financial Results.

At this time, I would like to turn the conference over to Mr. Nikolaos Nikolakopoulos, Group CEO of Intralot.

Mr. Nikolakopoulos, you may now proceed.

NIKOLAKOPOULOS N: Good morning, good afternoon, everyone. Welcome to our Nine Month Results Presentation. Our CFO, Andreas Chrysos, is going to walk you through the results along with some explanations and after that we are happy to take any questions that you may have.

Thank you, Andreas.

CHRYSOS A: Thank you, Nikolaos. First of all, before moving to the presentation that you have in front of you maybe, I will provide a Summary of the 2024 Operational Performance so far.

The financials of the Third Quarter of 2024 are improved against the First and the Second Quarter of the year, both in terms of revenue and EBITDA, confirming the historical trend that the Second Half of the year is better than the First, which is already evident from the First Quarter of this Half.

Specifically for the Third Quarter versus previous two, the main reason for this trend is the organic growth in the markets

of Turkey and Argentina, a trend that is expected to continue towards the end of this year as well.

Now, in terms of the Third Quarter, year-over-year comparison, we have a deficit of 14.2% and 16.3% in revenues and EBITDA, respectively. The main reasons for this deficit were three and more specifically: the first one is the seasonal effect of the jackpots in the US, especially in the Third Quarter of 2023, there was a big jackpot in USA, which has not occurred in 2024 and affected positively last year's revenues and EBITDA compared to this year.

The second is the negative impact on the exchange rates, especially in Argentina and Turkey, and the third one is the lower scope contract in Morocco. These three factors affected year-over-year Third Quarter negatively by around 15 million in revenues and 9 million in EBITDA, counterbalanced in part by the organic growth, especially in the US market.

Same reasons for the Nine-Month year-over-year deficit, which was lowered by EUR16.5 million in revenues and EUR9.5 million in EBITDA. Only the non-occurrence of a major jackpot in the US affected top-line and EBITDA by around EUR4.5 million, which has affected the results not only of Intralot, but the gaming sector providers overall.

Now we are moving to the Nine Months 2024 financial presentation and going directly to Page 5, we see the revenue analysis per business activity. Our management contract activity line, including our projects in Turkey and Morocco, performed better by EUR3.4 million year-over-year.

This effect comes from Bilyoner in Turkey, triggered by the local market growth in the online sports betting market, boosted also by the intense marketing activities required by the intense competition in the market, despite the devaluation of the Turkish lira.

This positive effect was partly counterbalanced by the lower revenue in Morocco, attributed to the lower scale contract that we have now in the country compared to the old contract that was in effect last year.

For the last quarter's deficit specifically, it is attributed to the steep devaluation of the Turkish lira in June 2023, which had a negative impact on the Second Quarter's financials of Bilyoner and subsequently the normalization of the Turkish Lira movement in the Third Quarter of 2023, which resulted to a Third Quarter's revenues boost, with adverse impact on the comparison with the 2024 Third Quarter.

The licensed operations were lowered by EUR8.8 million compared to the respective period last year, affected by the steep devaluation of peso in December 2023, but with a smaller deficit in the Third Quarter of 2024 compared to the same Quarter last year. It is clear now that the effect of last year's devaluation is smoothing out as expected, since the year-on-year impact for the Third Quarter is lower compared to the First Half of the year, a trend that we expect to continue in the last quarter of the year as well.

This expected performance will be further boosted by the historical trend where performance in Argentina is picking up in the Second Half of the year, supporting the results towards the end of 2024. On the technology activity line, the organic growth in Oceania affected revenues positively by 5.5%.

On the other hand, for the same reasons mentioned above, the Argentinean technology line of business was negative by EUR 0.9 million in the quarter-on-quarter comparison. The remaining quarter-on-quarter variance was attributed firstly to the non-existence of the major jackpot in the US that affected positively last year's quarter by 4.5 million mentioned already, which in part was counterbalanced by an organic growth in the

market, resulting to a lower revenue in the US market by around EUR 3 million, and secondly to a one-off sale in Taiwan last year that supported the Third Quarter 2023 results by around EUR 5 million.

Turning to Page 6, we see the overall P&L performance for the First Half of 2024 compared against 2023 respective period and the Third Quarter results. For the Third Quarter, the revenue line was lower by EUR 14.8 million for the reasons analyzed already before. The Opex line for the Third Quarter has improved, mitigating in part the effect of the top line, with EBITDA being lower by EUR 6.2 million and the margin was lower by 0.9 percentage points.

Turning to Page 7, the upper two graphs have been analyzed in the previous slides. On the bottom left graph, the Operating Cash Flow was lowered by EUR 16 million, attributed mainly to the lower recorded EBITDA and to a smaller extent to the negative swing of working capital, mainly due to timing variances and impact on inventories, the majority of which coming from the US, referring to equipment building that will be installed to clients such as Illinois and Ohio and will start generating incremental revenues.

Compared to the previous quarter, this metric is lower by EUR 1 million since this has converted to Capex already and is expected to smooth out further in the last quarter of the year. Focusing on Capex, it is higher by EUR 2.5 million year-over-year, mainly due to the increased investment requirements in the US mentioned already previously, it refers to the equipment I told before.

On the bottom right of the slide, we see that the Net Debt and the leverage ratio adjusted for the restricted cash referring to debt servicing and repayments remained at the same levels as

at the end of 2023, in the order of EUR 330 million and 2.6x to 2.7x, respectively, the leverage ratio.

Turning to Page 8, we see the Net Debt movement bridge from December 2023 through September 2024. So, we had the Free Cash Flow generation for the Nine Months of the year of EUR 39.5 million and Net Interest Payments of EUR 28.4 million. Overall, adjusted Net Debt shaped at 326.2 million, keeping adjusted Net Leverage Ratio at 2.7x.

After the successful raise of funds amounting to EUR 237.7 million requiring 24 million guarantee deposit and 6.2 million of issuance costs, the company proceeded with the full redemption of its notes due in September 2024, amounting to around EUR 230 million euros.

The company also proceeded with the capital payments of EUR 8.6 million towards the term loan in the US and a capital repayment of EUR 5 million towards the syndicated bond loan in Greece. The decrease of EUR 11.6 million in Gross Debt has been adversely impacted by the negative effects movement on our US denominated debt.

Lastly, moving to Page 9, we see the contributions per region to our revenues and EBITDA in the Nine Months of 2024 versus the respective period of 2023 was better in Europe and in Oceania due to organic growth mainly in the markets of Croatia, Netherlands and Australia.

North America was lower due to the lack of a major jackpot this year and South America's deficit is entirely attributed to the FX hit due to the devaluation of peso in Argentina.

In the rest of the world, in terms of revenue, the performance of Turkey managed to counterbalance fully the lower revenues from the business in Morocco, representing an overall growth in these geographies by 7%, but these incremental revenues

came with a higher marketing spending, therefore reducing the EBITDA margin respectively.

At this stage, the presentation of the results for the Nine Months of 2024 is finished and as Mr. Nikolakopoulos said previously, we are at your disposal for any questions you may have. Thank you.

OPERATOR: The first question is from the line of Pointon, Russell with Edison Group. Please go ahead.

POINTON R: Good afternoon. Thanks for the presentation. I've got a couple of questions. First, which is there may be some repetition here, it was quite tough writing numbers down quickly enough. In terms of the revenue swing, just Q3 last year, it looks two and a bit million is from Argentina, FX. I think this is lotteries with 3 million revenue impact and also Taiwan...

CHRYSOS A: Russel, we cannot hear you. Because the line is interrupting, we cannot hear you very well. Sorry.

POINTON R: Okay. So, Andreas, sorry. You may have, I just want to make sure I'm getting the numbers correct for the 14 million year-on-year revenue decline. Apologies. I think you may have got these numbers, had these numbers already, but I wasn't quick enough getting the numbers down. In terms of the 14 million revenue swing in the Third Quarter, looks like there's 2 million or so due to Argentine FX. I think you said the US revenue was at 3 million lower in Q3 versus last year because of the jackpots. Taiwan helped last year by 5 million. So therefore,

the difference is Morocco as well as the underlying stuff. Is that correct?

CHRYSOS A: More or less, yes. Regarding the US, the jackpot impact was 4.5 million, but there was an organic growth of 1.5 more or less. So, the Net Impact was 3, correct?

POINTON R: Perfect. Okay.

CHRYSOS A: Regarding the FX, in total, it is 6.4 million because it's not only Argentina. It was also the Turkish Lira in Q3, okay? And last but not least it's the Moroccan contract, as you correctly stated, with a lower scope, which was 3 million. That was the negatives and the positives, the organic growth that I mentioned already, that partly reversed this trend.

POINTON A: Okay, good. All right, thank you. And my second question is, at the start of November, you announced that you would not be the preferred bidder for the existing contract for the Ohio State Lottery from 2027, a couple of years out. I was wondering, could you give some more details on this, please, about why you were not successful in retaining the contract? Thanks.

NIKOLAKOPOULOS N: Andreas, let me take this. So, as you correctly said, there was that announcement. Still, officially, we do not have anything that has to do either with a technical evaluation nor with the financial proposals of the other bidders, so to have a clear understanding and an official understanding of where we



stand. Obviously, there are a lot of discussions and rumors in the market about both the technical and the evaluation part. What we have done, based on the formal process, we have requested those information according to the Freedom of Information Act, the FOIA process that we have followed legally, in order to get all the necessary details about both technical and financial status.

I am happy to discuss as soon as we have the analysis officially and I get an understanding of where we were lacking, why we were not the preferred bidder, our strengths and our weaknesses, and to see also what the others have presented. I presume that this is not going to be within this year, most probably the beginning of the next.

POINTON R: Okay. Thank you, Nikolaos.

NIKOLAKOPOULOS N: Welcome.

OPERATOR: The next question is from a line of Memisoglu, Osman with Ambrosia Capital. Please, go ahead.

MEMISOGLU O: Hello, many thanks for your time. A couple on new developments. The first one, the win in British Columbia. Could you talk about potential opportunities out of this as it's an online platform? Could there be new areas you could branch out in the country? That's the first one.

And then, in general, you have mentioned in the past opportunities in the US, Australia, some other areas. If you

could give us an update on how those are going, that would be helpful. Thank you.

NIKOLAKOPOULOS N: Sure. In British Columbia, I cannot give specific numbers because we do not have the clearance with the lottery, but what I can tell you is that after the contract that we went live for the central lottery system, the retail part, in May, we went live with the retail sportsbook in late August, early September, and then we signed the contract for the i-Lottery, the digital part of the lottery in British Columbia, which, again, is an exclusive operation by the British Columbia Lottery. The difference that this contract has with the retail contract is that there is a minimum revenue guarantee, but also there is a revenue share model. So, give or take, 9% to 10% of the business of British Columbia now is going through digital.

Obviously, we expect that to significantly change and grow in the future, and thus to take advantage of the opportunity that we have in a win-win scenario, as we are investing also, and have this revenue share model. We are having also some other discussions, I consider the partnership we have in British Columbia a strategic one, because we are in multiple parts of their business.

Recently, they have announced that our platform practically represents the infrastructure that they are building on this, all they are offering. So, we are very happy that we have a customer that provides us with trust, more contracts, and I think that we are going to grow together healthy there. This is the first thing.

The second thing is that still there are no significant developments in other projects. Evaluation process in Australia is still ongoing. I presume that we are going to have an outcome by the First Quarter of 2025.

I know that there is going to be a proposal from the Management to the Board, and the Board is going to evaluate it at the meeting that they are going to have on the Q1. Still, other projects that RFPs that we have participated in, we are awaiting either results or the process to move, for example, in Missouri, all the vendors that participate, we have performed early this month all the demonstrations and the Q&A sessions that were part of the process.

In Illinois VLT we have submitted again, I presume this is going to be announced, who is the winner, who is going to be – that competition is strong there, but we follow that, again we have submitted in Maryland, there are no specific news apart from the fact that in the Nebraska VLT Monitoring Project, according to the announcement of the Lottery and Department of Administrative Services that has the RFP, it seems that we are the preferred bidder. We have not signed anything yet, we are discussing, but it looks like this project is going in the right direction for Intralot.

MEMISOGLU O: Great, thank you very much.

OPERATOR: We have a follow-up question from the line of Mr. Memisoglu, Osman with Ambrosia Capital.

MEMISOGLU O: Now shifting to the underlying business, it looks like sequentially the business has improved. Shall we expect a further improvement in Q4 and would you be able to give any soft guidance on EBITDA for Full Year? Thank you.

CHRYOS A: Niko, shall I take this one?

NIKOLAKOPOULOS N: Yes, please, Andreas.

CHRYSOS A: Okay, Osman. I think I already mentioned that historically the Second Half of the year is always better compared to the first one. This is something that in the Third Quarter is already evident and confirmed. The final outcome of the year will largely depend, because I think I said it many times, on whether there will be any jackpot in the US to be accumulated.

If there is a jackpot that accumulates for the remaining of the year, then this will further support the results, which as confirmed by the trend, they will be better compared to the first one.

MEMISOGLU O: Thank you.

OPERATOR: We have a follow-up question from the line of Pointon, Russell with Edison Group. Please go ahead.

POINTON R: Hello again. Just a quick question on Turkey because you've indicated profitability was good in the Third Quarter, but at the start of the year, obviously, you went through this investment phase in marketing and that's come through in terms of good market share and good revenue growth. I think when we've asked about this previously, you were hoping that the market would become less competitive and help profitability.

Could you give some insight into what you're seeing? Is the market becoming less competitive and do you foresee that profitability can improve in Turkey? Thank you.

NIKOLAKOPOULOS N: Andreas, let me start on that. In the last months, we have seen not only in the Nine Months, but also in the last couple of months, we have seen that the profitability is ramping up. We believe that the market is becoming, as we speak, normalized as we have expected, but we also witnessed, I could say, stabilization in the growth. So, the market still is growing really really well, but not with the run rate that was used to growing in the beginning of the year. We are also increasing our product portfolio as we have started also to offer the product of Jockey Club through an online, so, we expect that in the next mid-to-long term period, this is going also to have a contribution in the growth of the market. So, all-in-all, the signs that we have seen in the last two, three months in Turkey are encouraging in terms of profitability, and also our ability to maintain and grow our market share.

POINTON R: That's great. Thank you.

OPERATOR: Ladies and Gentlemen, there are no further questions at this time. I will now turn the conference over to Management for any closing comments. Thank you.

NIKOLAKOPOULOS N: Thank you so much for joining us on the presentation for our Nine Month results. I will also refer to our Chairman, Mr. Kokkalis, and his statement that says that the performance of the Nine Month period has been impacted by seasonality effects in the United States, as Andreas also explained, and by foreign exchange movements. But the company maintains the key metrics of profitability and leverage ratio within the targeted range, and at the same time we are extending existing contracts, and we participate through tender

processes in a large number of projects around the world. So, with that statement, I would like again to thank you and close this call. Thank you very much.