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"Full Year 2024 Financial Results Conference Call"

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Conductors:

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Mr. Andreas Chrysos, Group Chief Financial Officer

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

Welcome and thank you for joining the INTRALOT conference call and Live Webcast to present and discuss the Full Year 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: Thank you, welcome everyone. I'm going to have a small introduction and then I will give the floor to Andreas Chrysos, our Group CFO, to walk you through the results. So, as you probably have seen, we had a rather strong last quarter of 2024, which practically resulted into growth mainly in the top line and respectively also in evident profitability.

The drivers of this growth were primarily the U.S. business, where we experienced in the last quarters organic growth in almost all of our operations and also, we had some expected solution sales in new solutions in existing accounts.

Along with that, we did experience also a very good performance in our operations both in Turkey and also in Argentina, and we finalized some deliveries in some other projects like in Taiwan, where we had the respective invoices. Moving forward, on April, we're expecting at least three significant renewals, extensions of the project that we are, either we have already signed and waiting for the announcements or we are in the process of signing.

And at the same time, we are experiencing also some delays in significant projects that, in the decisions for significant projects that we have participated, like the monitoring system in Illinois and the Missouri and the Maryland RFP. To be precise, Maryland is on the process, we are on the process of the evaluation and the presentations. The other two seem to be a little bit delayed.

I will pass now the floor to Andreas, so he can walk us through, as we told you, on the results.

CHRYSOS A: Thank you, Nikos. We will start with a small summary of the developments of the year that just ended, and then the detailed results presentation will follow on the financials.

So, the operational activities of the Group over the past year were focused on strengthening and enhancing relationships with our existing customers by extending contracts, expanding cooperation in new areas, and upgrading services provided to new technologies, while simultaneously pursuing new opportunities by participating in multiple tenders around the world.

This strategy led to a top-line improvement of 3.4% and kept operational profitability and leverage ratios within the targeted range. After a period where emphasis were on leveraging and improving capital structure, during 2024, the management actions were streamed towards strengthening operational capabilities and product offering to our customers.

In terms of new operations, INTRALOT signed an agreement with Magnum Corporation in Malaysia.

This agreement follows the successful outcome of an international call for tenders issued by Magnum in 2022. The term of the new agreement is for seven years, with an option for two extensions of five years each. On November 2024, a new project has been agreed between BCLC in Canada and INTRALOT Inc., our U.S. subsidiary, for the provision of an online lottery platform, the project also includes the digitalization of the existing land-based network. The solution will be based on the Player X platform, part of the Lotos X ecosystem, and adds to the company's overall partnership with BCLC, which has been extended until 2028.

As for upgrading services with new technologies, the major milestone for INTRALOT in North America was the successful migration of the BCLC retail lottery system to its innovative Lotos X Omni ecosystem, fully deployed on a cloud technology stack.

This makes BCLC one of the first lotteries in the world to adopt a fully cloud-based lottery system. More recently, in 2025, and specifically on February 20th, INTRALOT announced that its North American subsidiary, INTRALOT Inc., has signed a contract with the Charitable Gaming Division of the Nebraska Department of Revenue for the provision of a real-time monitoring and reporting system for cash devices across the state.

This agreement makes an important step in enhancing the oversight and operational efficiency of cash device regulation in Nebraska. The contract, which was awarded following a competitive process, will run for five years and includes the option to renew it for 4 additional two-year periods, totalling 13 years.

INTRALOT's system will oversee and report on cash device operations in a growing statewide landscape of at least 5,000 devices at more than 1,600 locations in Nebraska, improving security, compliance, and operational transparency.

Regarding contract extensions, there were several major events during 2024. First of all, INTRALOT Ireland has signed a 3-year contract extension through November 2027 with its client, PLI. INTRALOT Benelux has signed a 3-year contract extension with NLO until June 2027, and also INTRALOT Australia has signed an extension for its contract with Lotterywest, the state lottery in Western Australia, for an additional two years with an option to extend for one more year, allowing our subsidiary to continue providing its lottery operating system and services beyond 2026.

In terms of the group's financial position, the primary objective was to deliver healthy financial profitability margins and continue reducing funded debt, enabling the creation of value for all shareholders in line with the commitments of INTRALOT's management.

In more detail, in February 2024, the Management completed the issuance of a retail bond loan on the

Athens Stock Exchange in the amount of EUR130 million with a duration of five years and an annual interest rate at 6%.

At the end of March 2024, INTRALOT has finalized the signing and disbursement of a loan with a consortium of five Greek banks in the amount of EUR100 million. Proceeds from both financing products have been used for the full repayment of the 5.25% notes due September 2024.

In addition to the above, INTRALOT Inc., our US subsidiary, proceeded with one-year extension of its existing bank loan with KeyBank, and the maturity date of this credit agreement is now July 27, 2026, on same terms. Furthermore, INTRALOT yesterday completed, and announced today, the extension of its syndicated loan with now four Greek banks, which now ends on the 30th of January 2026.

In 2024, revenue upside was achieved through the organic growth in the US, Oceania, and Croatia, combined also with improved results, especially in the fourth quarter of 2024, in Turkey and Argentina. In Turkey, sales recorded an increase of around 93% versus the fourth quarter of 2023, while in Argentina we managed to fully recover from the 50% devaluation of the local currency that was carried out in December 2023.

Especially the fourth quarter of the year, as already mentioned by Nikos as well, it was almost 30% better compared to the average performance of the previous three quarters of the year, boosted by Turkey and

Argentina, mentioned already, but primarily from the US and some other smaller scale projects such as Taiwan, Malaysia, and Lotto Hamburg.

Specifically for the US performance, it was boosted by incremental solution sales that occurred in the last month of the year, supporting the revenue and the profitability of our subsidiary there, INTRALOT Inc.

And after this introduction, we are now moving to the financial results presentation for the 12 months of 2024. So going directly to page number five, we see the revenue analysis per business activity. The enhanced performance in the last quarter in all types of activity versus last year is clearly evident.

Our management contracts activity line, including our projects in Turkey and Morocco, performed better by EUR12 million year over year, and especially in the last quarter it was EUR8.7 million better versus last year respective quarter.

This effect comes from billionaire in Turkey, triggered by the local market growth in the online sports betting 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.

Licensed operations also were higher by EUR8.5 million year over year, with the last quarter of 2024 being EUR17.3 million higher compared to the respective period of last year. 2023 fourth quarter was heavily affected by the steep devaluation of the Argentinian peso in December 2023. We have stated in our previous calls as well that this effect was expected and actually did smooth out within 2024, and especially in the second half of the year.

The second half of the year was also supported by the historical trend in the country, where performance in Argentina is picking up if compared to the first half. On the technology activity line, the fourth quarter was largely supported by the incremental solution sales in the US, and some smaller scale revenues from solutions and services invoiced in Taiwan, Malaysia and Lotto Hamburg projects.

The overall year, although supported by those incremental revenues and organic growth across most key regions, ended lower by EUR8.2 million, mainly due to large one-off sales in 2023, due to the implementation invoicing related to the new Taiwanese contract of more than 10 million for last year.

Turning to page number six, we have the overall P&L performance for 2024 compared to 2023, but also the fourth quarter performance versus last year. As stated already, yearly revenue was higher by 3.6%, but the last quarter was much better versus 2023's respective quarter by almost EUR30 million for the reasons analyzed above.

Same trend also for the gross profit line in the fourth quarter, which was further supported by the lower OPEX versus the fourth quarter of 2023, resulting in an adjusted EBITDA of EUR11 million higher versus the fourth quarter of 2023, an annual adjusted EBITDA marginally higher versus 2023, and an annual EBITDA margin at the level of 35%.

Earnings before tax in 2024 amounted to EUR18 million versus EUR33.6 million in 2023, full year, with the major drivers of this decrease being the settlement agreement with the District of Columbia in Washington DC, the increased interest and related expenses, the higher depreciation and amortization and the reorganization costs occurred within 2024.

Turning to page number seven, the upper two graphs have been analyzed in the previous slides. On the bottom left of the graph, the operating cash flow was lower by EUR26 million, mainly due to negative working capital. The reasons behind this were mainly two.

The first one relates to the enhanced performance of the fourth quarter, when a big portion of the incremental invoicing from solution sales and services occurred in December but collected in the beginning of 2025.

The second one relates to outstanding receivables from customers, which also will be settled in the first months of current year. Overall, the working capital will be smoothed out gradually in the first half of 2025.

Capex was higher by EUR7 million. Half of this variance versus last year comes from the full repayment of the license in Turkey, while the rest comes from higher amounts required for the US projects.

On the bottom right of the slide, we see that the net debt and leverage ratio adjusted for the restricted cash referring to debt servicing and repayments was EUR356 million and 2.7x respectively for 2024.

Turning to page number eight, we see the net debt movement bridge from December 2023 through December 2024. Free cash flow generation for 2024 stood at EUR34.6 million, affected by the negative working capital, and the net interest payments at EUR32.2 million.

Current year's refinancing projects required EUR24 million guarantee deposits and EUR8.6 million of costs. The company also proceeded with capital repayments of $14.4 million towards the term loan in the US, and capital repayment of EUR5 million towards the syndicated bond loan. Yesterday, another 5 million from this loan was also repaid. The decrease of EUR12.3 million in gross debt has been adversely impacted by the negative FX effect movement on our U.S. denominated debt. Overall, adjusted net debt shaped at EUR355.7 million, keeping adjusted net leverage ratio at 2.7 times as seen already in the previous slide as well.

Lastly, on Page number 9, we see the contributions per region to our revenues and EBITDA. Americas, both North and South, perform better year over year because of the very strong fourth quarter mainly in the U.S. and in Argentina. Oceania also is a very stable and well-performing business, showing healthy organic growth year over year. And in the rest of the world, which primarily is driven by the Turkish business, we had a much better performance in revenues and an almost steady EBITDA, managing to fully counterbalance the lower metrics from Morocco in 2024 compared to 2023.

And at this stage, the presentation of the results of 2024 is finished and the INTRALOT executive team is at your disposal for any questions you may have.

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

POINTON R: Good afternoon, everyone. I have a number of questions, if that's okay. So, I'll ask them one by one and come back after it. First one is just on the outlook. I'd be interested in your outlook for the current year. You don't quantify anything, and you talk in press release about obviously the macro outlook is challenging given what's happening politically.

But can we get beyond the macro and say, are there any company-specific things that you're perhaps more worried about this year than last year that could potentially represent a drag on growth? That's my first question. Thanks.

NIKOLAKOPOULOS N: Okay. The political environment, it is what it is. The first quarter we have experienced as we are doing almost in every quarter, a conservative start of the year, but this is mainly because there were no significant jackpots in the US market that really practically boost the growth.

Other than that, so far things look normal. And our ability to execute, to renew contracts and to win new business remains the focus for this year. So practically nothing significant has changed from the strategy that we do have before.

POINTON R: Thanks. The second one, just in terms of the North American business. Again, there's a lot of political angles to the question here. Are there any potential issues with respect to you importing materials to the US? I appreciate the machines are constructed in the US, but is there a big issue with respect to importing parts?

NIKOLAKOPOULOS N: No, we don't have any issues. As you said we do have a facility that we are producing all the terminals and the machines in the U.S., so there were no issues. Now, on some other jurisdictions that may have an impact, like in Canada, I think we have alternative routes in order to cope with the situation there, so this is not something that we believe there is a significant risk on that.

SFATOS CH: And the contract is primarily services there, so it's not goods that we're selling to Canada. So, we don't see immediate impacts from the tariffs and counter tariffs.

POINTON R: Thank you. And so, a couple of questions on the individual countries, if that's okay. First of all, Turkey, I've had a very strong half to from a profitability perspective. It was even higher profits than half to 23. Could you talk about the drivers there a bit, please? I think at the age of one stage, you were talking about share gains, that kind of thing.

And marketing was - you're hoping that marketing would come down a bit. So please talk about what happened in the second half from that perspective. And another question on the one of the countries is with respect to Croatia, there was a there was a bit of a drop off in revenue and profitability in Croatia in half to anything that was driving that specifically, please?

NIKOLAKOPOULOS N: Okay, let me start with Turkey. As you probably remember, in the previous months, we were focusing in Turkey in order to practically strengthen the brand and gain market share. Now, in the second half of the year, we were a little bit more conservative in terms of the marketing spend, because we did have the flying wheel, if I may use that expression, in order to keep going.

So practically, the profitability comes from a combination of slightly market share increase, but also significant less cost allocation for acquisition in terms of the customers. This is something set aside again, any political situation, we do believe that Turkey still represents a market that has significant growth in the betting market, and we follow that growth.

And with our strategy steadily, but slightly we are taking market share. Now, in terms of Croatia, again is your question is that we experienced -- can you please repeat the question for Croatia?

POINTON R: Yes, the second half was a bit weaker. So just what specifically happened in the country? Thanks.

NIKOLAKOPOULOS N: Okay, what we have done in Croatia, the business model that we have is that we are having a fixed fee plus an incremental that is based on the year-on-year growth that we're achieving. So this year, what we have done, even though, as you can understand, the year-on-year we experience usually in the second half, and especially the last quarter of the year, what we have done in this year is we have made accruals throughout the year.

So practically, we spread in every month what we have depicted in the last years in the second half or the last quarter. All in all, we are very bullish in Croatia, and we do believe that there are significant opportunities again for growth, even though in the last years, the business has more than healthy double-digit growth.

POINTON R: Okay, thank you. I'll let some others join. Thanks.

OPERATOR: The next question comes from the line of Memisoglu Osman with Ambrosia Capital. Please go ahead.

MEMISOGLU O: Hello, many thanks for your time and the presentation. Just coming back to the tenders, you mentioned there are some delays. Just to confirm, and maybe if you could give a bit more color, on Maryland, you said things are going as planned. When should we hear on the Maryland case? Thank you.

NIKOLAKOPOULOS N: This is a question that I'm not very comfortable to answer, because it does not depend on the timetable of INTRALOT or any other vendor. I expect that normally in the next three months, we should have something. Nevertheless, other vendors like Missouri or the Northern Illinois, normally, we should have at least for those the results, but we don't.

Maryland is following the process. So normally, the process should be another three months or so, but that's it. Again, as I told you, it is not for me to commit on something because it is something out of our hands on answering that.

MEMISOGLU O: But there is a difference between this one and Missouri and Illinois, which is going to be significant to delay. Any color there you can share with us?

NIKOLAKOPOULOS N: No, I cannot because we're in the final stage of evaluation, and I think the committees in both jurisdictions are taking their time in order to do a proper evaluation and come to a decision. But I cannot tell you if it's going to be this month, next month or whenever.

MEMISOGLU O: Understood. Is there any impact from the change in government or is this just usual stuff?

NIKOLAKOPOULOS N: All those projects are based on state governments. Federal government has little, if not at all, influence in those types of jurisdictions. So, the political environment and if there are changes in various states or government or administrations has an impact, but in general, this is not something that should worry us. I presume your question goes to the federal government, the change?

MEMISOGLU O: Yes, yes.

NIKOLAKOPOULOS N: No, no, the answer is no.

MEMISOGLU O: Okay. So, if we take a step back for this year, we expect Maryland. Anything else that would materially move things for you? Anything else in the states or outside of states?

NIKOLAKOPOULOS N: The three things that we do have, as I told you, on a pipeline, which is Maryland, Missouri and the monitoring system in Illinois. There are a few others also that have already been issued. But this is going, since we have not submitted anything yet, it's going to take time, so I don't even mention those. Practically, those are the three significant projects that could potentially move the needle for our business. For this year, I mean the next months to come.

MEMISOGLU O: Understood. Thank you, Nikos.

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 very much for being here and listening to us and we hope that we will continue the performance that we had in the last quarter, in the quarters to come. Thank you.