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"OPAP S.A First Quarter 2025 Financial Results Conference Call"

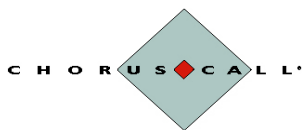
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Conductors:

Mr. Jan Karas, Chairman & Chief Executive Officer OPAP

Mr. Pavel Mucha, Chief Financial Officer, Executive Director OPAP

Conference Call Conducted by Chorus Call Hellas



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OPERATOR: Ladies and gentlemen, thank you for standing by. I am Gelly, your Chorus Call operator. Welcome, and thank you for joining the OPAP S.A. conference call and live webcast question-and-answer session to discuss the First Quarter 2025 financial results. Please note, a video presentation has been distributed and is also available on the OPAP Investor Relations website.

At this time, I would like to turn the conference over to Mr. Jan Karas, Chairman and CEO of OPAP S.A. Mr. Karas, you may now proceed.

KARAS J: Hello everyone and welcome to our Q1 2025 Financial Results Update. Likewise previous quarters, I'm joined by our CFO, Pavel, and we will present you the business and financial update, while we will be waiting you at our scheduled conference call later today at 4 p.m. Athens time to take your questions. Before Pavel delves into our financials, let me give you a high-level overview of our Q1 2025 accomplishments.

The First Quarter of the year has started strongly, with online going from strength to strength and achieving remarkable growth of nearly 20% year-over-year. In addition, retail remains robust with a 4% increase being the backbone of our operations, efficiently supplemented by online with elements of personalized content and reward schemes.

Moreover, Q1 EBITDA of €207 million reflects an 8.8% year-over-year improvement, showcasing healthy EBITDA margin of around 35%. Additionally, OPAP can capitalize on future growth opportunities thanks to its strong financial position that is also underlined by a small net cash balance. All the above makes us confident to deliver our 2025 outlook. Now, regarding our business and operational developments.

First of all, sports betting thrived this quarter, driven by a busy sports calendar alongside operators' friendly results, especially during the first part of the quarter. Furthermore, our iLottery proposition continued its upward trend, expanding significantly by 34% year-over-year, while online revenue contribution remained strong at 30%. Finally, Tzoker posted robust performance, having been reinforced by favorable jackpot rollovers and the biggest prize in the game's history.

I will be sharing with you more in my part. For now, Pavel, over to you.

MUCHA P:

Thank you Jan and hello to everyone. Before we continue to the results, I would like to briefly comment on the current market and economic conditions. Following a strong 2024 economic expansion, the First Quarter of 2025 started positively for the Greek economy on the back of steady decrease in inflation that allowed consumer confidence to climb slightly higher and ahead of expectations for another robust tourism season.

Greek economy has so far remained intact from the recent adverse developments regarding global trade, and it is forecasted to be affected to a limited degree thanks to its low exports to the United States and its relatively closed nature.

OPAP's diversified earnings profile and resilient omnichannel business model mitigate risks arising from this volatile global economic environment and bring us well-positioned to achieve another successful year.

Turning now to our Q1 facts and figures, GGR came in at EUR595 million, up by 8.2% year-over-year, fueled by strong

online growth resulting from our ongoing focus on enhancing digital experiences and improving of our offerings, as well as from strong retail performance driven by impressive Tzoker results and robust sports betting performance.

Q125 EBITDA increased by 8.8% year-on-year, shaping at EUR207 million, broadly in line with revenue increase, benefiting from the lower rate of opex increase versus GGR. Net profit stood at EUR123 million, higher by 8.9% year-on-year, alongside solid margin at 21%, while also supported by low interest expenses.

Moving on to the next slide, both our revenue and profitability are experiencing significant growth, with positive trends visible across all key performance indicators.

On the next slide, and shedding more light on the Q1 performance of individual segments, numerical lotteries increased by 5.5% year-on-year, on the back of strong Tzoker performance, aided by favorable jackpot rollovers and record-breaking prize. Betting recorded strong increase by 12.8% year-on-year, driven by increased activity and operators-friendly results, while PowerSpin continues its solid growth.

VLTs increased by 1.5%, aided by the ongoing terminals' optimization, which is bearing fruits. Instant and passives slipped by 7.9%, with Scratch retaining its performance at previous year's level. iGaming continued growing significantly, increasing by 19.8% on the back of higher gaming demand.

Commenting now on the cost side, operating expenses increased in Q1 broadly in line with top-line increase.

On the specific elements, payroll expense in Q1'25 increased by 7.4%, reflecting increased headcount and higher wages to attract talent in a competitive job market. Marketing expense increased by 7.1% to support Group's advertising needs and CSR initiatives, while other opex recorded an 8% year-on-year increase, mainly due to increased IT-related costs to support digital expansion.

Finally, on my last slide, cash flow generation continues to be at high levels, resulting to a strong cash position at the end of the quarter of EUR645 million, with net cash position at EUR2.6 million. In addition, on May 14, we distributed the amount of EUR0.80 per share to our shareholders as remaining dividend for the fiscal year 2024. This was on top of the EUR0.60 per share already paid in November 2024 as an interim dividend. With that, I'm passing you back to Jan.

KARAS J:

Thank you, Pavel. Moving now to our business and operations update. Our dedication to innovation is unwavering, as we constantly seek new ways to delight our customers and elevate their gaming experience. The role of digital elements is crucial in this quest and we constantly adapt and upgrade our capabilities on that front.

AI and machine learning initiatives are revolutionizing the way we approach customer segmentation and personalization. By leveraging these technologies, we can offer tailored experiences that meet the diverse needs of our players, ensuring they feel valued. To give you a specific example, our new AI-driven Happy path Recommender system, as we call it, optimizing daily offer suggestions to our iLottery high-value customers, has increased our retention numbers by more than 30% in comparison to the past.

When it comes to customer propositions in retail, Lotto stands as a testament of our ability to create engaging opportunities that foster long-term commitment and reward loyalty by reaching already 1,000 players who enjoy their second category win of €1,000 per month for the whole year – a clear evidence of the positive impact coming from repositioning the game.

We are also very pleased that Eurojackpot Extra recorded the first winner of this Extra Greek draw, who won over €2 million, further increasing awareness and excitement for the game, while Scratch's new ticket has been a tremendous success, not only because of the impressive number of winners, but also due to the excitement and anticipation it generates among players.

Moreover, LAIKO Easter Special Edition is a prime example of how we design unique, seasonal concepts that resonate deeply with our customer base, enhancing their overall experience. Finally, as we celebrate the first anniversary of our iLottery and Pame Stoixima Rewards, we are proud to continue offering captivating prizes that keep our users engaged and enthusiastic. We remain steadfast in our mission to innovate, engage and reward our loyal players, driving the future of gaming with passion and excellence.

Next, let me share updates on our retail estate developments and the evolution of our store network, which is the largest commercial network in Greece. Our stores are hubs for socialization and affordable entertainment, and we are thrilled by the activations and events that take place in our stores, enhancing festivity, especially for younger audiences.

A special initiative towards this direction has been Football Party, an interactive weekly live sports show for our customers to watch the most popular match of the week, hosted live in one store and streamed across our network.

This show combines entertainment, expert insights, promos and fans' interaction. Moreover, leveraging the fact that OPAP is part of Allwyn, we design special initiatives for our customers. Currently, F1 fans in Greece have the chance to visit specific stores and enjoy simulated driving experiences and live Grand Prix race broadcasting at the designed McLaren F1 Corners.

In addition, we continue to invest in the evolution of our network by integrating technology, mobile apps and advanced audiovisual systems to elevate customer experience and drive operational success. Within this context, we plan significant technological upgrades in the next couple of years for both OPAP and Play stores, offering best-in-class hybrid entertainment to our customers.

And speaking about hybrid entertainment, I am excited to share with you the significant progress that OPAP Store app has made towards that direction. This app has become an integral part of our strategy, while its enriched rewards proposition and the successful Tzoker jackpot series propelled an unprecedented customer activity. We are proud to sharing with you that the app has reached around 510,000 users, a clear indicator of its growing popularity and effectiveness.

In addition, we are witnessing a paradigm shift towards more personalized customer experiences, which we have successfully monetized as evidenced by the 19% year-over-year increase in spending per visit. Moreover, the app's

contribution to our business is substantial, with 29% of retail revenue now registered through the app.

This figure highlights the app's critical role in our retail strategy and its potential for future growth. We are confident that with the continued success of initiatives like the OPAP Store app, we will remain at the forefront of the retail sector's digital evolution.

Moving on to the VLTs segment. In the First Quarter of 2025, revenues remained stable at elevated levels, with 239 exciting games available to our players, including 11 new additions. Furthermore, the average spending per visit has slightly increased year-over-year to EUR31.7, indicating a growing appetite among customers to spend for gaming experiences.

The average visit duration has also improved annually, now standing at 117 minutes, suggesting players are deriving more enjoyment from their time with us. In addition, VLTs continue to provide robust GGR contributions, with each machine generating more than EUR40 per day. We remain committed to innovation through the dynamic upgrade of our VLT fleet, introducing state-of-the-art machines and captivating new games. To date, over 13,500 cabinets have been modernized, enhancing the gaming experience.

Moving on to the online, which remains our key growth driver for the future. Overall, online posted impressive growth in Q1 '25, with its contribution to total Group revenues remaining at high levels of 30%.

Additionally, on the sports betting side, a full sports events calendar, alongside operator-friendly results, led to a robust

growth of 18% year-over-year, while iGaming climbed by almost 20% year-over-year, marking another quarter of strong performance. Last but not least, online lottery GGR surged by 34% year-over-year, aided by our appealing iLottery proposition and promotional activities.

Concluding my presentation, I would like to emphasize that OPAP is not only a leader in the Greek market in terms of financial and operational excellence.

We are also deeply committed to corporate responsibility and making a positive social impact, a dedication that is acknowledged by stakeholders and organizations both within Greece and globally. For a second year, our retail partners in Greece submitted their proposed local “Good Cause” initiatives to improve their neighborhoods. In early 2025, we completed 25 initiatives across Greece, providing medical equipment, school supplies, and essential items to institutions, especially those supporting children.

A notable moment was donating a modern medical equipment to a general hospital in Florina, allowing patients to receive local treatment without traveling to the nearest city. These efforts underscore our dedication to social responsibility, emphasizing that our success includes meaningful contributions to society. We will continue to support our communities and look forward to future achievements.

That's all from us today. Thank you very much for your attention and we will be waiting you to take your questions at our regular conference call later today at 4 p.m. Athens time. Thank you very much.

KARAS J: Thank you, Gelly. Good evening or good morning to everyone and welcome to our regular Q1 2025 results conference call. Hopefully you had a chance to review and enjoy the results video presentation we shared with you earlier today.

As you have seen, 2025 has started well with a set of robust Q1 results. Our solid organic growth driven by continued momentum in online and robust retail makes us confident that we will deliver our outlook for 2025.

Key contributors to this success have been Sports Betting and iGaming, while Tzoker experienced a boost from favorable jackpot rollovers and January's record-breaking historical jackpot. With that, let's go ahead and jump straight into the Q&A session where we will answer any questions you might have.

Gelly, over to you.

OPERATOR: The first question is from the line of Draziotis Stamatis with Eurobank Equities. Please go ahead.

DRAZIOTIS S: Yes. Hello everyone. Thank you very much for taking my questions. I have two, if that's okay, maybe we could take them one at a time for clarity. So my first question has to do with online. Could you comment on OPAP's current competitive positioning in the online segment?

Have you been gaining market share versus peers, particularly in casino and Sports Betting, especially since market data points to mid-teens growth in Q1 for online compared with your plus 20%? So how sustainable do you view the growth achieved in Q1, please?

KARAS J: Thank you. So let's go one by one. Yes, we are growing our market share in our nonexclusive online portfolio. The growth, as you have seen, was pretty strong in Q1 and we have no reason to believe that we should see any slowdown. So we hope we will continue on the positive trend.

DRAZIOTIS S: Okay. And related to that, actually, how has your own sports book been performing? Has this grown in sync with the overall growth that you've been reporting in your digital offering? And do you actually have any specific targets for your own digital offering within the next 2 to 3 years, please?

KARAS J: Okay. Apologies if it was not clear. Well, we consider our own -- all of our online business, but you are most likely referring to what is operated on the OPAP brand versus Stoiximan brand. So specifically in Q1, we have seen a bigger year-over-year growth of our OPAP Sports Betting and iCasino proposition.

But that, at the same time, is something that makes sense with respect to the market share of Stoiximan versus OPAP. So overall, there has been a strong and positive trend. And we certainly work with an ambition that we should continue strengthening our position in both of the worlds following our strategy.

DRAZIOTIS S: Okay. Thank you. And my other question relates to the recent award of the Lotto concession in Italy, where OPAP's parent company Allwyn was part of the winning consortium. Do you have any comments as to the extent to which this could serve as a blueprint -- sorry, for the core concession license renewal?

And maybe if you could share any early thoughts on how the experience or approach in Italy might inform your preparations once the renewal process formally kicks off, please?

KARAS J: Listen, when it comes to Italian license, as you correctly noted, this is our parent company, Allwyn agenda, not an OPAP agenda. So I'd like to abstain from commenting in any way on the tender itself. In terms of how it may be linked or not to the licensing process here in Greece, again, as I'm sure you are aware, licenses exercise is a super complex exercise where a large amount of factors is influencing the discussion.

And finally, one of the most important elements, the price as such that would be a complete speculation from my side to, at this point, comment on how much we believe, specifically this year, Italian Lotto tender will have an influence on what will be happening here in Greece.

DRAZIOTIS S: Okay. No problem. Thank you so much.

KARAS J: Thank you.

OPERATOR: The next question is from the line of Kourtesis Iakovos with Piraeus Securities. Please go ahead.

KOURTESIS I: With the renewal of Hellenic Lotteries license. Recently, there were some press reports indicating that the GrowthFund plans to proceed with a tender offer. Do you have any information related to this? And if this is the case, how would you plan to participate in the tender offer? Would you go by yourselves or would you go through a consortium, if you have any thoughts on this?

And second question has to do with the dividend policy. Assuming, despite the fact that you have tough comps in the second half of the year, assuming that you will have a better performance for 2025, would you consider increasing the interim and final dividend for 2025 versus 2024? Thank you very much.

KARAS J: Thank you for your questions. I'll take the first one, and Pavel will follow with the second question of yours. So on the first one regarding the Hellenic Lotteries license and the tender, just for the whole audience to be on the same page. The license is expiring in May 2026 or at the end of April.

As we have informed you before, we certainly have expressed our interest in this license. Recently, indeed, a new law was ratified, which promotes the tender for the license of state lotteries by the GrowthFund, which is running and will be running the relevant process.

So when it comes to where we are right now, this is exactly the stage. We are waiting for the GrowthFund to officially start the tender and we will certainly want to -- we will certainly proceed with our application. As to your sub-question specific form and shape of our submission, that is something that I would not like to comment on at this moment. We will keep you updated when the time comes.

MUCHA P: Okay. Good afternoon from me. I will take the second question on dividend. Our policy remains in place. That is to distribute the bulk of net profits with a minimum of EUR1 dividend per share. So given the guidance we have provided, you may expect accordingly the dividend at least at similar level like last year. And of course, we will consider also interim dividend payment.

KOURTESIS I: Thank you very much.

MUCHA P: Your welcome, thank you.

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

POINTON R: A couple of questions from me. My first question is on lotteries. So revenue grew by 34%, 14% growth in online players. Now I understand that Tzoker was a big benefit to that. But more normalized, can I just ask, are you seeing an increase in spend per user on lotteries?

KARAS J: So if I may, is this the end of your question?

POINTON R: Yes. Within the -- sorry, I have...

KARAS J: You sounded like you want to say something. No, I just want to make sure I don't interrupt you. So if it's end of your question.

So indeed, like you said, Tzoker was big. There was a historical jackpot and that obviously had a bit of an unprecedented customer base behavior. We have seen some impact on KINO in that matter when it comes to year-over-year comparison.

But overall, lottery segment certainly recorded a promising 5.5% increase year-over-year in GGR and KINO, our flagship game, we have seen pretty stable in the same period when looking across retail and online. So overall, we are happy.

I cannot answer your question exactly and accurately when it comes to ARPU because, as you know, there is a large part of the retail base or retail GGR that we don't capture as a data point linking revenues to a specific customer.

And also, it is important to note that in Q1, there is obviously a major inflow of occasional customers that is then diluting the ARPU per player. But overall, I believe based on tracking the active players, both regular as well as occasional, as well as the overall revenues, we have across all these key KPIs, the positive trends that we wish to see.

POINTON R: And my second question on VLTs. There's some good information in the presentation. You're refurbishing lots of cabinets and there are still lots that haven't been refurbished. So I was wondering if you could give some indication of the relative performance of those that have been refurbished or upgraded versus those that haven't.

KARAS J: Yes. Thank you. The overall -- I don't -- I cannot give you from top of my head here as a specific number, but it's certainly an initiative that is paying off. Otherwise, we would not be doing it as this is not something that only OPAP is involved, but also our VLT vendors are involved, and it makes sense to all the parties involved.

Putting aside, this is an industry best practice when it comes to renewal of the machine, putting aside that, this is a clearly customer research confirmed initiative, we are seeing a revenue impact.

Now specific impact per machine differs based on the vendor, the machine, the locality. So there is -- overall, there is no one-size-fits-all answer as every machine we put in brings 30% increase in GGR per machine per day.

I cannot make any such statement. But overall, this is something that we see working and certainly for the part of the network that we have covered so far.

As with any economy of scale, obviously, when it comes to the tail and bringing some of the last hundreds of machines, the efficient -- the incremental efficiency of every single machine upgraded is decreasing. But so far, everything that we have done and everything that we have in our plans pays off.

Last but not least, the whole cycle is spread across multiple years. So while some parts of the network will be refreshed, some other parts will be already going into the next round when it comes to specific vendors and specific locations. So this is also important to highlight that this is not onetime exercise, but this is pretty much becoming now a continuity.

POINTON R: Thank you.

OPERATOR: The next question is from the line of Mantzavras Paris with Pantelakis Securities. Please go ahead.

MANTZAVRAS P: Yes, good afternoon and thanks for taking my questions. The first one refers to the legacy concession, which expires in 2030. And if I remember correctly, in the previous conference call, you had said that you have signaled your interest in initiating early negotiations for that concession. So the question is if you got back any feedback from government side? That's my first question.

KARAS J: Thank you very much. Indeed, we are, of course, interested in extending our rights. This is one of the major agendas for us when it comes to exclusive game licenses beyond 2030. And indeed, we have publicly referred to this.

So the relevant discussions have not started yet. So I don't have any updates for you on that front. But should there be any development, we will update you accordingly because we

are well aware how much important topic it is for the investors community. On our side, we certainly are ready to start the discussions.

MANTZAVRAS P: Okay. That's clear. Thank you very much. And the second question refers to the current trading. I mean do you have any updates on any specific developments, let's say, sports betting margins? Have you seen anything unusual so far into Q2? That's it. Thanks.

KARAS J: As we have stated before, our guidance for the year remains unchanged. And rest assured, we would not be stating it if we would see any concerning trends.

So we will come back to you with more details in the next quarterly results, but we are not seeing anything that would make us concerned about our own statement that we made. I hope that answers your question.

MANTZAVRAS P: Of course. That's clear. And the final thing is, when do you plan to initiate your newly voted through share buyback scheme? And how active do you expect to be on that?

MUCHA P: As you know, in the AGM, we got approval to continue with the program for the following 2 years. At the moment, we don't have plan to initiate in a large scale the buyback again. So at the moment, that is not in the plan, but we have the flexibility following the approval of the Annual General Meeting.

MANTZAVRAS P: That's very clear. Thank you very much.

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

KARAS J: Gelly, thank you very much, and thank you very much all for being with us today and for your questions. I hope we have covered everything that you wanted to ask today. But as always, our Investor Relations team will be happy to address any additional questions you may have in the next days and explore your inquiries in more detail.

We are looking forward to speaking with you again post summer for our Q2 2025 financial results call. Thank you very much for being with us today, and I wish you a great day, week, months and summer. Thank you. Goodbye.