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“OPAP S.A Full Year 2022 Financial Results Conference Call”

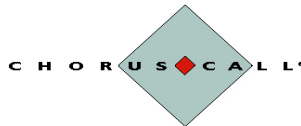
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Conductors:

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Mr. Pavel Mucha, CFO, Executive Director OPAP

Conference Call Conducted by Chorus Call Hellas



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KARAS J: Hello, everyone, and welcome to our Q4 and Full Year 2022 financial results update. Likewise in previous quarters, I'm joined by our CFO, Pavel, and we will present to you in this video the business and financial update. And we will be waiting you at our regular conference call later today at 4:00pm Athens time to take your questions.

To start with, I would like to provide you with our high-level look of our 2022 achievements and key metrics, before Pavel takes you through the data of our financials. As you all know, 2022 started with a very sad event of Russia's invasion in Ukraine, causing great turbulence all around the globe, creating challenges for almost everyone.

However, gaming demand resilient and OPAP's solid commercial activities throughout the year, focusing on digitalisation, delivered remarkable progress across channels, leading to a full year significant top line increase of 26%. Q4 2022 delivered a strong finish to the year, marking a record high quarterly performance in terms of GGR, aided by the World Cup tournament that accelerated gaming demand in both channels, allowing us to capture the thrill of this amazing global sports event.

On the Profitability front, Full Year EBITDA landed at €736 million, ahead of our latest outlook. Our cemented cash position allows us to proceed to a total shareholders remuneration for the year of €1.45 per share, out of which €0.30 already paid as interim dividend. This affirms our commitment on delivering maximum value to our shareholders.

Our performance clearly demonstrates that our fast-forward strategy embedded in our operational model is delivering tangible results, creating lasting change in our customers' gaming entertainment experience. Although later in my presentation I will refer in more detail to our 2022 key successes, I would like to highlight a few of them now. In retail, our OPAP store app, digitalising the in-store gaming journey and elevating the experience. Our achievement with online casino, delivering innovative gaming experiences, boosting engagement levels and expanding our customer base.

But we never rest, and we continue to make excellent progress in further upgrading and enhancing our customer proposition. We just launched our new online sportsbook, with attractive dynamics and capabilities for our customers. Whilst we reintroduce SUPER 3 as a fast game and change Power Spin price structure to increase attractivity of the game, continuously evolving our portfolio, adapting to our customers ever-changing needs.

With that, I'm closing and handing over to Pavel.

MUCHA P: Thank you, Jan, and hello to everyone. Before we get to the results, I want to briefly comment on the Market and Economy. As we all know, the Greek economy was put to the test during 2022 by surging energy prices due to the Russia/Ukraine conflict and the subsequent inflation shock, which impacted the consumer sentiment and discretionary spend. Despite those challenges, the Greek economy demonstrated resilience on the back of fiscal measures,

strong tourism rebound and the deployment of the recovery and resilience fund.

Within this environment, also our business model demonstrated resilience, delivering solid financial performance and we remained optimistic that 2023 will be a supportive year in terms of macro environment, stimulating another successful year for OPAP.

Turning now to our Q4 Results, GGR jumped to record high levels of €541 million, growing by 8.5% year on year. On the back of solid gaming demand across channels, aided by World Cup increased activity and favourable Tzoker jackpot rollovers, while Q4 '21 retail was still impacted by COVID green pass restriction measures. Q4 EBITDA grew by 18.9% year on year, posting improved margins at circa 38%, due to top line growth, coupled with efficient cost-control. While net profit landed at €307 million, including profit from Betano disposal of €181 million, alongside lower financial expenses.

Moving to the next slide and our Full Year Results, GGR reached €1 billion 939 million higher by 26% year on year, with retail reflecting strong trading over last year's lockdowns, and online demonstrating persistent growth. That, coupled with our strong focus on cost efficiency, drove our EBITDA ahead of our latest outlook at €736 million, higher by almost 33% year on year. And net profit reached €592 million, showcasing improved margins.

With regards to 2023, we are envisaging for another year of growth, both in top line and profitability front. In terms of

revenues, we anticipate GGR ranging from €2 billion 60 million to €2 billion 140 million. While on the EBITDA front, we expect anything between €740 million up to €760 million. Of course, this assumes a stable macro environment and no unexpected and material changes on the legal regulatory and taxation regime, as well as stable macroeconomic situation.

As you can see in this slide, we have delivered solid progress across all key performance indicators, demonstrating our ability to deliver strong operating profitability.

Moving onto the next slide and shedding some light on the Q4 Performance of Individual Segments, Numerical Lotteries marked the best quarterly reading of the year, up by 5.5%, on the back of solid KINO performance and favourable Tzoker jackpot rollovers. Betting was dominated by the World Cup tournament, that elevated footfall and playability, lending lower though by 3%, reflecting players friendly match results.

VLТ posted a record high quarterly performance, due to accelerated walk-ins, also aided by ongoing machines optimisation which is paying off. Instant and Passives increased by 15.3% year on year, driven by higher activity in both Scratch and Passives. Online Casinos significantly increased by 29.4% on the back of a broadening customer base and strong activity aided by the World Cup momentum. Commenting now in the cost side, increased GGR subsequently resulted to increased revenue-related costs. On the specific elements, Payroll expense in Full Year increased by 10.8% year on year, on the back of increased headcount and remuneration, so as to support our pick up in Operations

post-COVID and also our people's increased cost of living. Marketing increased by 23.2% in order to support both retail and online increased activity, new product initiatives and commercial campaigns, so as to drive customers' engagement, especially during the World Cup. While other OpEx marked a 9% increase, on the back of higher Operational costs related to Retails full operation.

On the Profitability side, our recurring Full Year '22 EBIDTA, reached €746 million, boasting a significant 38.5 year on year increased with a solid almost 39% margin, driven by revenue growth and efficient cost discipline. On top, we delivered Full Year net profit of €436 million, with improved year on year margins by 6.2 percentage points, also aided by the decrease of financial expenses following debt repayment.

Moving onto the next slide, OPAP generated significant operating cashflow, allowing us to comfortably reduce our debt and at the same time distribute generous remuneration to our shareholders. Our cash position at the end of the year stood at 724 with net debt to EBITDA shaping at low 0.08 times. Our robust financial results allow us to propose to the General Meeting, which is scheduled for 27th April, the distribution of a total remuneration of €1.45 per share to the shareholders, broken down to €0.70 as remaining dividend, €0.45 as capital return and €0.30 interim dividend was already paid back in November '22.

Moreover, during Q1 '23, we have proceeded to the early prepayment of €100 million debt, resulting to a €688 million current outstanding debt balance, with all of our deadlines

having fixed or hedged interest rates at low levels of 2.4% and with long maturity profile.

In summary and to conclude the financial update, OPAP delivered once again strong performance in 2022, while first signs of 2023 are also very positive. With that, I'm passing you back to Jan.

KARAS J:

Thank you, Pavel. As promised, I will now provide you with more details on our Business and Operational update that finance our success. We are energised by our customers' evolving needs and we constantly adapt and innovate, creating lasting change in our offering, strengthening our brand as an entertainment destination and building genuine excitement among our players. This is affirmed by increased levels of penetration, overall reaching around 55% at the end of last year, and that with higher penetration observed in almost all games.

A great example of this is the introduction of PAME STOIXIMA best ever odds in retail last September, competitive to online. That is breaking new grounds in our sports betting offering, while at the same time increasing overall betting performance.

Another key success is our new OPAP Store app, supported also by our effective loyalty programme. And our players are embracing this new in-store digital experience. It's registered base has reached almost 650,000 with around half of it is demonstrating regular monthly activity. Additionally, 10% of the actives are already playing on the device only and without any interaction with the agent. Moreover, we revitalised the

POWERSPIN offering to our customers, by introducing POWERSPIN combo and establish a new price column as I previously mentioned, reigniting customers' interests, resulting in record high revenues for the game, recording 68% year over year increase.

Our Hellenic Lotteries offering is an event through various initiatives, giving a boost in penetration, supported especially by occasional players, leading to an increased year over year revenue of more than 20%. Christmas scratch gifting is an innovative proposition recently added in our portfolio, that brings in the element of gifting, thus reaching new audiences, something that we are looking to further expand this year. Additionally, our traditional game, Laiko, has been enhanced with new attractive price structure, giving players more chances to win, bringing a step change to both revenues and customer penetration.

On the online front, we're excited with the progress we have made so far in Casino, expanding to new audiences such as female and Gen Z customers, introduction of live brand tables, offering of new casino games vertical and exclusive free-to-play games have strengthened engagement levels and increased activity rates by almost 50% at the year-end versus last December.

Additionally, we launched a modern and fresh new Tzoker website, with fun and quick ways to play, transforming the Tzoker online customer journey which is also reflected in our results, delivering a 7% year over year uplift in GGR. We have observed that our customers are enjoying the new website

and spend more time navigating, with actives having increased by 12% year over year. And this is just a glimpse of what to expect from OPAP on iLottery proposition in 2023.

Now, next, on our regular Retail Network update, we would like to highlight our nonstop focus on digitalising our in-store experience, transforming our retail into a local, affordable entertainment destination. High focus has been placed in 2022 on the social element, having hosted in total more than 35,000 events and promos in both OPAP and Play stores, driving customer engagement and increasing occasional frequency and playability.

On the VLTs front, the last quarter of the year was a record one in terms of GGR, driven by elevated footfall and playability. We are glad with the strong progress of the ongoing enhancement and optimisation of our machines with new ones, having modern design, large, high-definition screens and a wide spectrum of new upgraded games. And the same appreciation share our customers that enjoy the upgraded experience of the new cabinets fleet in our stores, that offer superior gaming capabilities. Following the best ever performance in Q4 last year, we continue this strong momentum this year as well.

Next, onto our Online. Online momentum in Q4 was strong, contributing 23% on our total Group revenues, with record high actives. Results were mainly driven by increased activity rates in both sports betting and Casino, followed by the World Cup, along with successful product improvements throughout the year and a solid commercial plan in place. Online

penetration for games offered in both channels in 2022 landed at a strong at around 38% levels, showcasing our competitive and attractive offering. Our customer base keeps expanding, reaching to new audiences, while further satisfying and incentivising the existing ones.

Moving on with some exciting news, I couldn't be more pleased to present you our new OPAP Online Sportsbook that we released just a few days ago, bringing a new era in our customer experience and a proposition that undeniably closes the gap we had compared to our competitors. The new platform offers a really fast navigation with a brand-new, in-house developed user interface, providing our customers an upgraded user experience.

It also compliments and enriches players' experience with unique social features, personalised content and offers based on their preference, helping us to attract new audiences. We also did satisfy the demanding needs of our online players by offering rich content, adding new functionalities such as more bet types in the same coupon and Mycoupon feature. Moreover, we added a new game, E-Sports, that is becoming lately very popular especially amongst younger players. Within the year, we are planning to farther upgrade our online sportsbook and we will keep you posted.

And it's not always just about expanding our offering and customer base. We are proud partners of sports community in Greece. By building strong relations and standing by all Greek National teams, supporting some of the biggest sports clubs and linking our name with the sports arena, OPAP

Arena, which is one of the most modern football stadiums in Europe. Additionally, we are continuously sponsoring a growing amount of popular running events, inviting and engaging large audiences to join and linking them with good cause initiatives.

Lastly, we focus a lot of the development of young athletes, supporting hundreds of sports academies throughout the country, partnering with Unileague and preparing the champions of the next day with our OPAP Champions Programme. Great results come with great responsibility. Giving back to society is part of our DNA and we have made excellent progress in delivering landmark projects to the community, such as paediatric hospitals renovation, or assisting new enterprises in expanding their portfolio, and increasing overall employment demand.

At OPAP, whenever the occasion requests, we're always in a position to provide meaningful support. We were there to support last year Ukraine, we're helping Greece to recover from the various natural disasters, and unfortunately, we had a reason to help again lately. We are all devastated with the tragic train collision and our thoughts and prayers are with the families and the beloved ones of the dozens of people who lost their lives.

Concluding on our CSR agenda, in 2023 we will continue to set the pace, making positive impacts to our society with more initiatives to come in the pipeline. Now, let's take a look forward. Leaving behind us a successful 2022 and moving onto 2023, let me briefly outline the key elements of our fast-

forward Strategy Update for this year. You can also find the full deck of the presentation at our website.

We expect nothing less for the year ahead of us than being another year of success, hoping that the macro-environment will be supportive for the overall Greek economy. Our vision is to provide best-in-class entertainment and give back to society. In other words, we must always offer our customers in retail and online more than just a bet, while doing the right thing for the society, something that is our DNA. Although the six pillars of our fast-forward strategy remain the same, we have set clear targets for 2023 so as to meet the ever-evolving needs of our customers.

Let me now take you quickly through the new priorities. Our customers have had enough the last few years with the COVID limitations and inflationary pressures, and now they want to have fun and enjoy games captivating experiences through various means in an affordable way. As always, we start with the customer and we aspire to make their dreams come true and meet their expectations, appreciating the affordability of the entertainment that we offer them. We lead in every aspect of our brand, in both commercial as well as ESG activities and we want to further strengthen the digital entertainment element of our brand, create genuine connections with our customers and become even more relevant in their lives.

Online is our key growth driver and so far we have made fantastic progress with our Casino. We just released our new Sports Betting proposition and we want to expand further, to

offer a complete online gaming entertainment experience, by introducing iLottery soon this year. We want our customers to enjoy the affordable entertainment experience that our retail offers, with the best games in town leveraging further our rewarding and digital customer in-store journey, investing in creating socialising and entertainment experiences in life events.

Last but not least, I genuinely believe that the success of OPAP is linked with our two key enablers, Technology and People. Technology is behind everything we do and it's a key driver in delivering our 2023 targets among others in developing in-house what customers see, while increasing internal operational efficiency. Also, our people constitute an essential success factor in everything we do and we will keep nurturing and engaging culture environment, that places OPAP as the employer of choice on the market.

This is all from me. Thank you very much for your attention and we will be inviting you to take your questions at our regular conference call later today at 4:00pm Athens time.

Q&A

OPERATOR: Ladies and Gentlemen, thank you for standing by. I am Gelly, your Chorus Call Operator. Welcome and thank you for joining the OPAP SA conference call and live webcast Question and Answer session, to discuss the Full Year 2022 financial results. At this time, I would like to turn the conference over to my Jan Karas, CEO of OPAS SA. Mr Karas, you may now proceed.

KARAS J: Thank you very much. Good evening or good morning to everyone and welcome to our regular Full Year 2022 results conference call. I couldn't be more pleased with the set of results announced, delivering record high Q4 GGR, and concluding the Full Year EBITDA that exceeded our latest outlook. 2022 has been challenging for all of us. However, for OPAP, it has been a year of delivering tangible progress in farther upgrading our customer experience and rejuvenating our recreational mix.

We are also happy to announce a generous shareholders' remuneration of €1.15, that comes on top of the €0.30 already distributed at interim in November 2022. We expect 2023 to be another year of success, supported by a stable macro-environment and our well in-place strategy. Hopefully, you have reviewed and enjoyed the results recorded video we shared with you earlier today, so we will jump directly to our Q&A session. Operator, over to you.

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

DRAZIOTIS S: Yes, hello there, and thank you for taking my questions. Hope you can hear me well. Let me first start with a question on your online offering. You recently launched a new online sportsbook. In your presentation, you actually sounded upbeat about this. I'm just wondering, what is different this time? Because you had made a foray into online sports a few times in the past, but you did not get the attraction you had been hoping for. On the online lottery front, it seems that finally the time has come for online KINO. Have you done any

work, any research on these to see what sort of opportunity we are potentially talking about? So that was my first question.

Secondly, on shareholder remuneration, I think you surprised on the upside for yet another year. My question is straightforward. I think you paid €1.50 last year, with a one-off element, €1.45 this year, maybe including a small one-off. Given the growth in profitability in 2023, the significant net debt reduction in 2022 and the propping up of your equity position, is there any reason why shareholders should expect anything less than €1.50, barring any unforeseen event of course. So, that's my second question.

Lastly, if you could update us with situation with Hellenic Lottery and the arbitration related to the minimum gaming duty please. Thank you.

KARAS J:

Thank you very much for your questions. I'll take two of them and then I'll leave for Pavel to comment on the dividends. So, regarding online offering, the new online sportsbook, yes, you are right, we already have a couple of not so successful attempts to shine with our sportsbook going as far back as 2016/2017 times. But this time, we are absolutely sure that we do it right, because the set-up is very different. Much stronger team, much better experts onboard and much stronger and provenly successful partner to deliver the solution. I'm referring to OpenBet who are delivering the back-end platforms for the new sportsbook. So, a lot of things are new.

From a customer perspective though, the key things they see are a very innovative and fresh UX and UI. So, for the sportsbook fans amongst yourself, you can see for yourself when comparing with competition there is a lot of elements that are quite innovative and new. So, that's the latest state of the art in UX and UI. Second, I would say maybe even the most important thing, way much faster navigation. So, it's really super-fast and that's what customers look for and appreciate, because every second counts in sports betting. Last but not least, there is a lot of new features both content-wise as well as social features preferred by the young audiences. So, overall, we believe it's a really significant and better proposition and certainly, very competitive to anything else you can find on the market.

Your second question was about iLottery. It's coming really soon and in terms of the opportunity we see, that is depicted in our expectations for this year, where the whole online we expect to achieve another double-digit, our I would say single-teens percentage growth year over year again, and there certainly iLottery should contribute. It's quite a new thing for this whole market, bringing all the different games to our customers, so we are ourselves looking for how successful we'll be. Anywhere from successful to extremely successful, that it yet to be seen, in terms of popularity and engagement of the players that possibly do not play today. It's something that we're looking forward to see. It's a mass market proposition and accordingly, we have pretty high expectations from that.

Regarding Hellenic Lottery arbitration, I don't have any updates for you on this front. As promised, once again, as soon as there are any updates, you will certainly be amongst

the first ones to hear. Thank you and I'm handing over to Pavel to comment on the third question.

MUCHA P: Good afternoon from me. The question on shareholder remuneration, we are committed to our previously announced dividend policy, that means to distribute more than our net profit with a minimum floor of €1 per share, and to add additional special dividend distributions on ad hoc basis. As you rightly mentioned, both the remuneration for '21 and '22 included the extra element of capital return and as you prompted, this dividend policy remains in place. But obviously, we have recorded Betano gain in our 2022 results and we have already communicated previously that we will be intending to distribute this gain to the shareholders. So, I hope this answers your question that the expectation can be again a bit more than €1 distribution for 2023.

DRAZIOTIS S: Okay, that's clear, I think, yes. Thank you so much.

OPERATOR: The next question is from the line of Tzioukalia Fani with Wood & Co. Please go ahead.

TZIOUKALIA F: Hello from our side and congratulations on the strong results. I have two questions, if I may. The one has to do with VLT's performance in the Fourth Quarter. It appeared quite strong. I think there was a record net drop of VLT per day. I was wondering if this is something that we should consider to be sustainable going forward. I understand there might be some seasonality due to higher customer traffic, but I'm trying to figure out if this is a number that we should be looking due to the optimization of the machines as well.

The second question is, if you could provide us with some colour on the First Quarter of 2023, in terms of performance. Thank you.

KARAS J:

Thank you very much for the question. In terms of VLT performance, it certainly continues to be strong in Q1 and I'm partially answering your second question. As you correctly pointed, primarily driven by activity of players. That's something generally connected with this after COVID recovery. Things getting back to normal. People very much willing to have fun every day and not just wait for it to come in the future. So, all that's connected. It's creating an environment where we see more and more people coming. This is a trend that we expect to continue and this is something obviously we are very much focusing on nurturing and further developing. Upgrade of the VLTs is just one of the things, but there is also a lot of CRM activities, loyalty scheme etc, that should be helping us when developing the players and increasing the active base, overall leading to further growth of the VLT business. VLT business is undoubtedly one of the growth categories that is powering our year over year evolution.

In terms of Q1, I'm happy to share that following the very strong Q4, the results in Q1 so far continue to be pretty solid. So, we have good reasons to be slightly optimistic about the future, but you all know how the political situation currently looks like. There are still a lot of question marks around inflation, energy prices, etc, so we want to be reasonably

cautious at the same time, especially in terms of the macro-environment. Thank you for the question.

TZIOUKALIA F: Thank you.

OPERATOR: The next question is from the line of Nekrasov Maxim with Citi. Please go ahead.

NEKRASOV M: Yes, hello. Thank you very much for the presentation earlier. I have a few questions. So, the first question is on the Fourth Quarter and betting revenue was a bit lower year on year, particularly in online, despite the World Cup. So, I'm wondering to what extent this was in line with your expectations and how this performance can be attributed to higher online betting competition. Generally, what's your how significant this competition in online? That's the first question.

KARAS J: Please continue. I had a slight problem hearing you, but we will agree here what the question was. Can you continue with your second question?

NEKRASOV M: Yes.

KARAS J: Before I answer this one. Hello?

NEKRASOV M: Hi, can you hear me now?

KARAS J: Yes. I was asking if you want to say all of your questions, or you want us to provide an answer first on the first one.

NEKRASOV M: Please proceed with the answer.

KARAS J: Okay. Give me just one second, because I was a little bit struggling to hear you. So, I need to understand from the colleagues what was exactly the question to make sure I'm answering the right answer.

OPERATOR: I'm sorry to interrupt. Maybe Mr Nekrasov would like to repeat his question so you can understand clearly please.

NEKRASOV M: Yes, let me repeat it. So, the question was regarding your betting revenues in the Fourth Quarter, that were a bit down year on year, and especially the online. So I was wondering whether it was driven by online competition and generally how significant this competition in online.

KARAS J: Alright, thank you for repeating it. The Q4 performance was about World Cup. We had a bit big expectations from World Cup. Our expectations were largely around the usual experience with World Cup, which happens in a very different period normally. So, what we found out at the end of the day, the World Cup was certainly below our expectations in terms of GGR generated. That was however a lot of positive upsides coming from the increased traffic that was in stores anyway and people playing also other games. But because during World Cup there was a very weak other calendar, one other sports betting calendar, so there was a lot of single bets

involved. Because there is also of the matches were largely in favour of the players, I mean customers, that certainly didn't help as well. Overall, the World Cup performance in terms of sports betting only was slightly below our expectations. A trend or observation we have seen across many betting companies across the EU market that we speak to. So, there was another common slight disappointment with the results of the World Cup across the industry.

Your second question was, how did we perform versus competition during the World Cup or generally?

NEKRASOV M: Yes, I mean during the World Cup and generally.

KARAS J: Yes, so during the World Cup I commented on earlier. Generally, we're certainly, we continue to be happy with our strong position, OPAP together with Stoiximan being a dominant player and seeing continuously increasing business in absolutely terms. So, that's a good one.

NEKRASOV M: Okay, thank you. Can I ask you on your 2023 guidance? So, you expect revenue to grow from 6% to 10%. How much growth do you expect when you consider separately Online and Offline? Do you expect Offline to grow? What are expectations regarding iLottery in absolute terms?

KARAS J: Thank you, a good question. We expect some minor growth in retail as well, but retail is primarily about keeping our strong position and innovating to keep customers interested and excited, especially in the area of entertainment and socialising and digitalisation, as our strategy indicated. So,

retail is about maintaining our strong position and exploring opportunities for growth. But if you want to put a number there, we are talking about some low single-digit number of growth.

The key growth area obviously is Online, where, as I indicated earlier, we expect some low-teens growth year over year and that is driven by both of our evolution of Sportsbook and Casino, the non-competitive part as well as the completely new one, exclusive part of iLottery roll-out that we plan to introduce.

NEKRASOV M: Thank you very much.

KARAS J: You're welcome. Thank you for the question.

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

POINTON R: Good afternoon, all. I have a couple of questions, if that's okay. My first one is kind of a bit more top-down in terms of looking back at this time last year. I mean, effectively, you delivered EBITDA for the year that was at the top-end of your guidance from the start of last year, but I think revenue is probably in a bit more than 10% lower than you initially estimated. So, from a revenue perspective, could you just give an idea of what was better and what was worse than you expected? You talked positively about what you're achieving with your new Online initiative and part of that's being rolled out, and there was an obvious macro impact as the year went

on. But could you give us a feel for what was better and what was worse?

And, in terms of cost inflation, could you just talk about what you're expecting this year, particularly from staff costs? Because your staff costs went up this year. You're obviously doing the right thing and helping staff to cope with the cost of living crisis better, so is there kind of more inflation coming in this year from that, because you're late on for that? Does that account for the main reason why the margin guidance for the year is lower, or are there mixed effects as well? Thank you.

KARAS J:

Yes, I will comment first on the Revenue side. Obviously, the year had been a bit of a rollercoaster in terms of the macro-environment. The whole impact, both psychological as well as economical of the war in Ukraine, then the energy prices, cost of living difficulties for many people. Our agents suffering and our retail network throughout the year, where we had to provide a lot of subsidies. It was quite a bumpy road that certainly took its toll on revenue. So, if you ask me, that was certainly a negative impact on revenues.

On the positive side, we were pleased with the resilience of VLT business. That was recovering, I would say, slightly exceeding our expectations. So, that was nice. Our Casino in online was a very strong growth year over year, where we have proven then when we have everything under control and show the customer a proposition, and the right front-ends in place, we can deliver really good results. So, that has helped. Stoiximan has been strong throughout the year, further

building the business. So, those are some of the positive upsides. Scratch, that was the end of the year, was getting stronger with a 20% growth year over year. So, yes, there were good sides, there were bad sides, but overall, the result, I believe, is very good. Pavel...

POINTON R: Can I just come back? So, really the main reason why revenue was weaker was macro, because the other stuff was pretty strong.

KARAS J: Yes, macro was the reason. For us, it's obviously not macro per se, but it's its impact on our customers and their willingness to play, and the different moods that were in the society. Because we are in the entertainment industry and there were certainly points of time last year where it was not very entertaining for people. And similar situation we can see now around the absolutely tragical accident with the train. That had an impact on our business immediately. We have seen people spending less time in the evenings in the shops and generally not being exactly ready to have fun and party. So, these things always do this. Any kind of negative tangents and moments in the society always have an impact on us. So, that covers your question.

POINTON R: Yes, thank you.

MUCHA P: Okay, I will take the second question regarding Cost and Inflation. We are always carefully looking at our cost base and managing really our total costs. It was not easy in 2022 with the macro-turbulence and with the high inflation, which got eventually to double-digits. Now, lately, in recent months, it

eased to high single-digit inflation. And this is our expectation also for the 2023. Of course, it somehow impacts our forecasts. We are able to extend our negotiation of power with the vendors and we are always trying to split any inflationary increase between us and the particular vendor. Definitely, it has impact on our projection going forward, together with the fact that remember in the first five months last year we had still significant green pass limitations, COVID-related, which also helped us in the initial months of last year to have slightly lower costs.

But basically, when you asked about how it influenced the margin in our outlook, there is a bigger impact, not so much from cost inflation but really from the mix which we assumed between the channels. And obviously, we are growing significantly in online, which has a lower margin. And our implied margin of 35.7, which is the mid-range margin of the outlook which we gave, is not far away when you look at '21,'22, when we were at 36,38 level. So, it's still within this range.

POINTON R: Thank you very much.

OPERATOR: Our next question is from the line of Zouzoulas Constantinos with AXIA Ventures. Please go ahead.

ZOUZOULAS C: Hello. One question from my side. Do you have any updated data regarding the profile of your customers, both online and offline? Especially if we talk about offline, in respect of your KINO customers.

KARAS J: This is an interesting question. I think I would need a little bit more clearing as to what you're interested in, because we obviously do have updated data. We have a lot of customer-tracking mechanisms in place, both monthly customer trackers as well as many various researches on the customer segmentation. So, there is a lot of data available. Last but not least from our loyalty scheme, where we have currently more than 600,000 customers registered that we know how they play and what they play. If your question is what differences we see in the evolution of the structure of customers...

ZOUZOULAS C: Actually, to be a little bit more specific, I'm trying to understand if we... Talking about offline now, if you have new customers in the stores, and I'm trying to connect this with the growth of the economy. And secondly, if the profile of KINO players is different versus the profile of the players of the other games, and how we can interpret this as KINO moves online.

KARAS J: Alright, so let me try to answer. The first thing, we have across all verticals, or most of the verticals, and certainly including KINO, we have seen the highest penetration of the game ever in Q4 and it's a trend that continues. So, point number one, yes, there is increasing number of KINO players and so it is for other games as well. By the way, the very high penetration or the record high penetration for many of the verticals was connected with the side benefit of the World Cup that I was mentioning before. The increased traffic and people playing other games. Point number one.

Point number two. We see a continuously increasing trend of the average number of games people play when they come to the store. So, that is important to know there is no such thing as a KINO player of a KINO only player. Majority of players of regular players play on average more than 2.8 games. So, they typically are large level of Sports betting and KINO players. So, there is a lot of overlap and that is essential for our business. We want people to have fun with multiple games when they come to the store and to retail.

Next, when it comes to online versus retail and KINO, it's also important to recognise or realise, and we will bring you more updates on that next time, that the online lottery proposition is really not about KINO online. Because that's what we're doing today with Tzoker and that's not enough. People expect and want much more. So, we are bringing them a portfolio of games and the user interface will be very much about engaging them just to play anytime, anywhere for a few minutes, and attract large volumes of audiences to play. So, it's not about someone sitting at his computer and playing for two hours KINO. It's an entertainment hub. It's only second it's KINO online, KINO gaming online. Think of it more as something that is in the background, but the front-end is entertainment and mix of games. Does it cover you?

ZOUZOULAS C: Yes, very interesting. Thank you very much.

KARAS J: Thank you. Sorry we cannot tell you more now, but rest assured that next time we will share with you more than that.

OPERATOR: The next question is from the line of Scherzer Reuben of Time Square Capital Management. Please go ahead.

SCHERZER R: Hi, good afternoon. Thank you for taking my call and congratulations on a very strong year performance. My question is just building on an earlier question. Am I accurate in understanding 2023 revenue guidance is 6% to 10% year over year? Is there a range provided for absolute EBITDA or for EBITDA margin for 2023? I'm curious about the EBITDA level given how strong the margin came in for 2022.

MUCHA P: Yes, so we have provided not only guidance for the GGR, but we have provided also guidance for the EBITDA and that is €740-€760 million.

SCHERZER R: So, that's 740-760 million, yes?

MUCHA P: Correct, yes.

SCHERZER R: Okay, and the GGR is at 6% to 10%.

MUCHA P: Correct, yes.

SCHERZER R: Okay. What's the...? I don't have the math at my fingertips here. The absolute EBITDA range, what does that translate to for margin range?

MUCHA P: It's around, let's say, 36%. It's around 35.9 or 36%.

SCHERZER R: So, that would be a decline year over year. Is that accurate then? If you came in, in the range.

MUCHA P: That would be what, sorry?

KARAS J: A decline.

MUCHA P: No, we certainly expect to growth EBITDA. You know, this is maybe conservative assumption in terms of our margin makes between retail and online, and certainly we need to properly support the growth of the online and introduction of the new online lottery, and we will update you as it progresses. How we are doing against this outlook and if there is any change.

SCHERZER R: The EBITDA margin last year came in roughly around 38%. Is that accurate?

MUCHA P: Yes, our actual 2022 margin was 38%. That's correct. And, I think what we are observing it is to continue and maintain very healthy margins.

SCHERZER R: Okay. All right, thank you.

KARAS J: You are welcome.

Operator: We have a follow-up question from the line of Nekrasov Maxim with Citi. Please go ahead.

NEKRASOV M: Hi, I have a couple of follow-up questions regarding the Betano Business. So, the first one is, when do you expect to receive the remaining sum, 130 million, for the Betano sale?

And the second question is basically, do I understand it correctly that last year you reported €15 million income from Associates? This was coming from your share in Betano that you sold in December. So, there will be no such income in 2023. Am I correct?

MUCHA P: Yes, so I'll answer the second question. This is correct. That was the share of Profit Associate, that was the income from Betano, which will not be coming in '23. Correct. When to expect that the future payment will depend on the performance of Betano. So, basically, there is a structure, of the earnout depending on the future performance of Betano.

NEKRASOV M: So, it will be a prolonged thing. Several years, right? It won't be like in 2023.

MUCHA P: Yes, this is to be seen, depending really on performance, I would say. I don't want to speculate at this stage.

NEKRASOV M: 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: Thank you very much for being with us today, to all of you. We will be looking forward to talking to you again in a couple of months in the Q1 '23 results announcement, where hopefully we will have fresh news also from our iLottery launch as I promised. Thank you very much for all your questions.