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"OPAP S.A Third Quarter 2023 Financial Results Conference Call"

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Conductors:

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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 Konstantinos 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 Third Quarter 2023 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, CEO of OPAP S.A.

Mr. Karas you may now proceed.

KARAS J: Hello everyone and welcome to our Q3 2023 Financial Results Update. Likewise previous quarters, I'm joined by our CFO, Pavel and we will present you in this video the business and financial update and we will be waiting you at our scheduled conference call later today at 4 p.m Athens time to take your questions.

First of all, I would like to provide you the key highlights of our Third Quarter before Pavel takes you through our financials. Online posted for yet another quarter a solid growth with GGR contribution jumping to 27% in Q3 2023 for the first time after the COVID affected years. This is an important development for our online strategy implementation indicating that the online business is well on track to evolving as the key growth driver in the coming years.

On the other hand both channels were affected by the unusual high payouts in sports betting as already widely reported across the gaming market and the poorer sports calendar compared to the same quarter last year. In addition, Tzoker underperformed this quarter due to a prolonged period of very low jackpots coupled with an exceptional performance that we had last year due to the mega jackpot. Although sports betting trading remained a common challenge across operators in October we remain confident for a significant normalization of this trend till the end of the year. Further noting that the sportsbook results' volatility is an inherent and well-managed part of our business.

Additionally, natural disaster that occurred in Q3 this year weighted negatively on retail performance especially in the area of central Greece where our stores experienced on average a 20% revenue decline during the early days of the flood crisis and have since been gradually recovering.

Considering the above we now envisage our fiscal year recurring EBITDA outlook ranging between EUR720 million and EUR740 million to account for the unexpected volatility in sports betting market and the impact of the non-recurring events domestically. At the same time, our cash position remains robust and combined with an efficient leveraging strategy provides the financial capacity to continue our generous shareholders remuneration policy.

Now, on to our operational developments. The implementation of our fast forward strategy is well on track and key elements are bearing fruits. More specifically, opaponline.gr, our new online entertainment hub for lottery games, continues enjoying

our players' preference increasing engagement levels and spending. While OPAP store app grows further showcasing significantly boosted players' activity achieving new record.

Finally retail business continues evolving through successful combination of product enhancement and digitalization initiatives. Our new retail sports betting proposition with new features such as enhanced cash out and bet builder and the revamped Lotto annuity game that was launched in the beginning of Q4 are tangible proofs of this evolution.

With that I'm handing over to Pavel that will present our financials.

MUCHA P:

Thank you Jan and hello to everyone. Before we move on to the results, I would like to briefly comment on the market and the economy. The Greek economy is faring better than most of its European counterparts so far and is expected to continue growing at a moderate pace aided by the extension of a successful tourism season, positive fiscal position and increased investments.

Those said, the elevated food inflation in the context of the overall persistent pricing pressures and the growing international uncertainty are hinting towards a bit more cautious outlook for retail in the coming months. Within this environment, OPAP is well equipped with diversified and affordable offering supported by a solid commercial plan.

Turning now to our Q3 '23 facts and figures. GGR landed to EUR481 million down by 3.6% year-on-year, impacted by

adverse weather conditions that affected almost 3% of our retail network, albeit with healthy online growth. On the profitability side, Q3 EBITDA decreased by 26.4% or by 12.9% on a comparable basis, shaping at EUR145 million on the back of lower revenue generation and negatively impacted by higher costs. While net profit decreased by 29.8% or by 12.5% on a recurring basis, compared to the respective quarter last year.

Moving on to the next slide, 9M'23 GGR reached EUR1.507 billion landing higher by 7.8% versus last year mainly attributed to solid performance in both channels. Gross profit from gaming operations increased by 7.2% year-on-year, driven by top-line growth with margin remaining at strong levels. EBITDA decreased by 2.5%, while increased by 0.9% on a like-for-like basis on the back of OPEX pickup. And finally, net profit increased by 7.7% or by 6.8% on a recurring basis aided by financial de-leverage.

Moving on to the next slide, both our top line and profitability showcase resilience with an ongoing positive momentum across performance indicators. Next and on to the analysis of our verticals in Q3. Numerical lotteries decreased by 8% year-on-year mostly due to Tzoker underperformance associated with unfavorable jackpot rollovers coupled with strong performance last year due to mega jackpot in August.

Betting dropped by 7.8% year-on-year negatively affected by high sports betting payouts and fewer matches in sports calendar. On the other hand, Virtuals and Powerspin continued demonstrating strong performance recording solid double-digit growth. VLTs increased by 2.3% year-on-year maintaining a

strong momentum accompanied with increasing walk-ins. Instant and Passives slipped by 1.7% year-on-year with Scratch under pressure and Laiko performing strong with the new proposition paying off.

Online casino increased considerably by 13.4% year-on-year on the back of higher gaming demand also assisted by the cross playability amongst verticals. Commenting now on the cost side, increased GGR resulted to higher revenue related costs, while OPEX increased on the back of elevated operational activity.

On the specific elements, payroll expense in Nine Months increased by 11.6% year-on-year due to salary raises to support employees' increased cost of living. Marketing expense increased by 22.8% year-on-year attributed to higher costs to promote our new propositions, while other OPEX posted a 20.6% year-on-year increase associated with increased litigation provisions, but excluding this, other OPEX marked a much lower raise of 4% year-on-year.

In the next slide and on our profitability analysis, nine-month EBITDA shaped at EUR547 million, increased by 0.9% year-on-year on a like-for-like basis on the back of higher top line in both channels. Q3 EBITDA margins remains high at around 36% keeping the same levels of Q2 '23. Net profit in Nine Months recorded healthy growth of 6.8% year-on-year achieving a high margin of circa 22%.

Moving on to the next slide. Our robust cash position and the flexibility of our funding sources allows us to continuous value distribution to our shareholders thus securing the recently

updated remuneration policy. More specifically, a few days ago, we compensated our shareholders with an interim dividend of EUR1 per share for the fiscal year '23, the highest distribution in recent years.

Regarding share buyback, as you remember, we have previously promised to further complement our shareholders remuneration with a new program funded by any additional surplus cash after maximum dividend has been paid. Accordingly, as of early October, we have initiated a new EUR150 million program to be completed within 2024.

So far, we have acquired approximately 1.1 million shares of a total value of EUR16.2 million. Those together with previously acquired treasury shares bring our total own holding to 0.78% of share capital. Finally, our cash position at the end of the Nine Months stood at EUR807 million with net cash to EBITDA standing at levels of 0.2x.

With that I'm passing you back to Jan.

KARAS J:

Thank you Pavel. Now please allow me to give you some more color to the numbers with our business and operational update. Throughout 2023, we focus on upgrading our customer proposition in both channels, engaging them with our exciting new initiatives, while at the same time boosting our brand awareness.

Commenting on each vertical separately now. For our retail operations that still constitutes the backbones of our business, allow me to highlight the following. Ahead of the start of the

sports season in August, we ran our Pame Stoixima Back to School Campaign, with which we welcomed the new season promoting the offering of advanced features to our players through our new platform that upgrades customer experience with much better cash out and bet builder. Additionally, our Free Win game is evolving further, attracting new audiences and contributing to the increase of visitation frequency among occasional and regular players while enhancing our loyalty proposition.

Free Win has supported the uplift of our base to almost 800,000 players with 100,000 new registrations delivered since launch of this promo. Now we are entering the very strong commercially wise Christmas period with our first new Scratch Christmas tickets already in the market aiming to capture the Christmas seasonality and further establish gifting proposition. A broader Christmas customer proposition is in the kitchen now and with this, we will be reaching our customers in the upcoming days.

Now moving to online. Our new opaponline.gr proposition, our online entertainment hub, continues evolving its awareness supported by our 360 campaign and placing itself higher in customers' preferences achieving 25% GGR growth rate year-over-year. In addition, with our Pame Stoixima Champions peer-to-peer game in our pamestoixima.gr we are offering our players the chance to compete against each other for free and claiming unique prizes something that brings activity higher. Finally, the Magic Wheel for casino players, our first universal deposit incentive, has boosted both engagement and spending for online casino at higher levels.

Now, I am excited to present you our rejuvenated proposition for our draw-based games universe. The highly anticipated Eurojackpot game is scheduled to be launched within the first half of 2024 aiming to elevate players' experience and significantly expand our clientele. Ahead of that and as I mentioned at the beginning of my presentation, our traditional Lotto was recently transformed into an annuity game aspiring to achieve a double digit growth rate in its customer base.

More on that in the next slide. Additionally, in some days from now, we are repositioning Tzoker, the cornerstone of our draw-based games, aiming to maintain its dynamics ahead of Eurojackpot launch. Next and following to the previously mentioned transformation of Lotto from jackpot game to annuity game, I'd like to share with you more about this new proposition.

The game now offers the chance for a monthly stable income awarding the first category winners with EUR10,000 every month for 10 years and the second category winners with EUR1,000 every month for one year. On top of that, new Lotto gives increased opportunities to the rest winning categories leading to more than 72,000 winners per draw after launch. A more than 10-fold increase compared to the previous version of Lotto.

At the same time, we are very glad about the initial results with revamped Lotto generating 180% higher turnover, 130% higher GGR and a 40% increase in columns versus pre-launch. We are very pleased with the way the players have welcomed the new version of the game and we are confident for its prospects.

Next on our regular retail estate update, our stores have been established as a social meeting hub in every neighborhood offering affordable high quality entertainment and advanced technological features. Furthermore, the digitalization process of our estate is well on track and the launch of OPAP store app and Free Win game has upgraded the customer experience to new levels. Finally, a lot of unique in-store events and promos take place in our network all over Greece strengthening the ties with local communities.

Moving on to the OPAP store app now. We are very happy with the continuous upward trend of the active play on device players that posted a remarkable 75% quarter-on-quarter increase, while active scanners continue to sustain high figures showcasing strong engagement levels. This evolution is attributed to a big part to our successful Free Win proposition and promo campaign while we are now looking to its development going forward. OPAP store app is once more the flagship of our retail de-anonymization process.

Next and on to the VLTs front. In Q3 this year VLTs posted healthy growth compared to the respective quarter last year reflected in increased playability and spending with average GGR per machine per day remaining at high levels of EUR39. More than 1,800 cabinets with very popular games amongst our customers are already in the market benefited by the partnership with our new vendor EGT and we expect this number to reach 1,950 by the end of the year. In addition, the upgrade process of our cabinets is implemented smoothly and so far more than 8,800 VLT cabinets have been replaced with

modern ones in all Play stores enhancing the gaming experience and leading to elevated engagement levels.

Now on to online, our key driver for growth. Online posted healthy growth in Q3 2023 contributing 27% of total Group revenues for the first time since COVID-era indicating that online business is becoming a significant pillar of our operations and we are confident for its successful evolution in the future. Our verticals analysis showcases strong year-over-year growth in casino while sports betting underperformed due to higher payouts and a poorer sports events calendar season. In addition, opaponline.gr, our online entertainment hub, continues growing stronger and attracting new customers.

Few days ago, we all lived here in Athens the Athens Authentic Marathon event with dozens of thousands of people participating. OPAP is proud to support the 40th Athens Authentic Marathon, one of the most iconic and historic sporting events in the world. Also, we are glad that we are still standing besides sports having renewed our sponsorship with one of the major Greek clubs, Panathinaikos Basketball team for the eighth consecutive year. OPAP's sponsorship program is aligned with the company's vision and values and promotes health and wellness, social inclusion and cohesion and cultural heritage and awareness through its involvement in sports, culture and social contribution.

And now let me close our presentation with our recent achievement of MSCI ESG rating, a benchmark for ESG excellence. OPAP reaffirmed its AA rating for the fourth consecutive year since 2020 which reflects the company's

strong commitment and focus in managing the most significant ESG risks and opportunities for its industry and its stakeholders.

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.

Q & A

KARAS J:

Thank you very much, Konstantinos. Good evening or good morning to everyone, and welcome in our regular Q3 2023 results conference call. This quarter demonstrated the resilience of our business model despite moderately lower performance, mainly due to customers friendly results in sports betting evident across industry and Tzoker's unfavorable jackpot roll-overs. Overall, though, in the first Nine Months, we delivered solid growth in retail and strong online performance, indicating that the online business is well on track to evolving as a key growth driver in the coming years.

We are also happy for the recent interim distribution of EUR1 per share, contributing to a total of EUR2.15, which ranks among the highest ever remunerations to our shareholders.

Ahead of macroeconomic and industry-wide challenges, we set our recurring EBITDA target for 2023 to range between EUR720 million and EUR740 million. Hopefully, you have reviewed and enjoyed the results video we shared with you earlier today. So, we will jump directly to our Q&A session. Konstantinos, over to you.

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

DRAZIOTIS S: Hello there and thank you very much for taking my questions. My first one is on the Sportsbook margin, and just wondering about the extent to which there has been a normalization of the football season has been developing in recent weeks?

And secondly, on the Betano earn-out, just wondering, you received the EUR120 million in Q3 2023. And if I remember correctly, the total consideration recognized as receivable in FY '22 was EUR130 million. So, I'm just wondering whether this is still the case, i.e., if you could tell us the extent to which there are further receipts that you expect related to the agreed earn-out scheme, please? Thank you.

KARAS J: So, I will take your first question regarding the Sportsbook margin. As you have heard from me in the presentation shared with you earlier today, we certainly consider Sportsbook results volatility an inherent and well-managed part of our business. So as such, in terms of expectations, we certainly expect for a significant normalization of the -- what our trend till the end of the year. And the early weeks of November gave us good and encouraging results in that direction. So, we will see how the year ends, and we will certainly have updates on this front for you in our next quarterly call.

I will hand over to Pavel for the second part of the question.

MUCHA P: Good afternoon from me. What you referred to -- the figures you referred to were correct. So indeed, we already received

vast majority of the earn-out. We also distributed it as part of our recent interim dividend just a couple of weeks ago. And so the remaining to be seen is relatively small. Vast majority of the earn-out has been received.

DRAZIOTIS S: Okay. Great. And just if I could follow-up on this please. So, there hasn't really been any change in the estimated amount of the earn-out based on the performance of the business, is that correct?

MUCHA P: No -- that's correct. Yes, we made a very conscious decision when we were estimating the performance and recording the earn-out. And so, it holds as it is.

DRAZIOTIS S: That's great. Thank you so much.

OPERATOR: The next question is a follow-up question from the line of Draziotis Stamatis with Eurobank Equities. Please go ahead.

DRAZIOTIS S: Yes. Could you just maybe elaborate a bit on your own online business, which seems to have been a bit down year-on-year? I suspect this is primarily because of the Sportsbook margins. But if you could share with us what you've been doing to ramp-up this segment in the last few months, please? Thank you.

KARAS J: Thank you. Very good question. We -- if you -- if we look across the three main verticals: lottery, casino and sports betting. Starting on the lottery side. As you know from our previous updates and presentations, that is a new kid on the block that we are continuously evolving and developing, and a lot has changed, a lot has evolved in this proposition throughout this

year, which has been reflected also in the result where we are seeing double-digit growth year-over-year. But we still believe that this is a journey, and we have a lot in our kitchen coming for next year, whether we want to expand further the entertainment destination notion of the whole online proposition.

So, you will see more from us on that front, and we are optimistic on being able to further engage customers and bring more people to our proposition. So, it's certainly a category where further growth is expected to continue.

In Casino, similarly, we have had significant growth year-over-year, and that we have no lesser ambitions going forward. So we want to continue to grow, and we are excited about the competitiveness of our proposition, but it can always get better. So, our product and proposition development plans are certainly rich in this area as well.

Sports betting, as such, is, at this moment, slightly behind our expectations. We are working a lot this year on improving the sports betting proposition across many fronts. There is honestly no short answer because if you are a bit involved in sports betting, you know that success in sports betting is conditioned by multi-disciplinary success. There is a lot of boxes that you need to tick to make the customers happy, ranging from customer proposition, customer journeys, odds, these the digital experiences, loyalty.

So, it's a very complex exercise, and we are trying to improve across all the fronts. And we are also seeing encouraging results

there. Yet this vertical for now is behind our expectations and we have -- we believe that next year we should be able to ramp-up the performance and make it another successful vertical for us following the product and proposition development that we are working on.

DRAZIOTIS S: That's great. Thank you so much.

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

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

POINTON R: Good afternoon Jan, Pavel. Just a couple of questions first, if that's okay. First question is you changed the EBITDA guidance, but there's no revenue guidance. I'd be interested in your thoughts on why that is and what those uncertainties you see there that means you haven't given guidance?

Second question, on the lotteries, Tzoker was -- obviously the comparatives were probably well known, that kind of thing. So has there been any change to your expectations for the lottery, i.e., this is just something that was -- you always knew was going to happen in Q3, and therefore, return to normal in Q4? They're my two questions. Thank you.

MUCHA P: Hello, hi. So yes, I think we communicated the reasons for the change of guidance quite clearly. So, it was certainly the customer-friendly results in Q3 on the sports betting, and it also continued into October. So also in October, the margin in sports betting was very low. So that was one reason.

Second reason, very really unfavorable jackpot roll-overs. And it was complemented by tough year-on-year comparisons because, vice versa, we had extremely favorable jackpot roll-overs in Q3 last year. So, it was kind of a double impact, which really amplified the lottery performance.

So certainly, our guidance change is not only driven by the sports betting, as is the case across the industry, but on lotteries, they also have a fair share in the guidance revision. So, the Tzoker performance, and it was really record low jackpots over the last five years or six years, what we experienced in Q3. So that's driven not only by sports betting and lotteries, plus really the floods and fires, which we had.

Now whether -- you were asking on Tzoker whether that was something to expect and that it will normalize for sure. Over the long term, the sort of jackpot series, it always normalizes. So, I cannot say it will be exactly in Q4, but certainly, the performance in Tzoker in Q3 was nothing that could be forecasted or foreseen. And in the long term, the jackpot games always normalize.

POINTON R:

Thank you. And just may I follow-up on the sports betting, please. From memory, I may be wrong, but I think in Q4 last year, you thought the betting around the Cup was relatively disappointing versus perhaps initial expectations. So therefore, with more normal sports calendar this year, sports betting should see a good fourth quarter, I would assume. Is that a good assumption?

MUCHA P: Well, Fourth Quarter didn't start particularly well related to payout, yes. So related to payout quarter -- for October, which is the first month of the fourth quarter, even lower margin than what we saw in September. On the other hand, November is pretty good margin. So again, in sports betting, typically, the margin normalizes.

Now in terms of the World Cup last year versus no World Cup this year, the World Cup last year was an unusual period at the end of the year, where typically the football calendar is very rich in Q4. It was replaced by the World Cup, which had excellent foot fall. But again, disastrous payout across the industry, so we didn't have such good results. So, I believe, generally, not having World Cup in Q4, having normal calendar with normal matches typically brings better margin than the World Cup, where especially at the later stages of World Cup or Euro, typically, the favorite wins and the margin is not great. So yes, calendar-wise, the margin should be better in Q4 '23 compared to Q4 '22.

POINTON R: And finally, can I just confirm your guidance recurring EBITDA? Does that include the new GBP25 million fine that you've suffered in the Third Quarter?

MUCHA P: No, it does not. It's a recurring EBITDA. So, it is excluding the fine. It is a like-for-like business, normal business operations, EUR720 million to EUR740 million. So, it is less the GBP25 million fine from Hellenic Competition Commission.

POINTON R: Right. Thank you.

KARAS J: Would you like to repeat your question around Tzoker? We were not sure here we understood correctly.

POINTON R: Yes, I think the question was essentially within your annual thoughts on the business, you would have known about the tough comparative from the Third Quarter last year, so it's trying to work out whether what is genuinely new in the lotteries business?

KARAS J: All right. Understood.

OPERATOR: The next question is from the line of Puri Karan with JPMorgan. Please go ahead.

PURI K: Hi, good afternoon everyone. Just had a quick one on your commercial growth initiatives, specifically the OPAP Store App and VLTs cabinet upgrade. Is there a way to quantify the impact it's having on your play engagement and play activity? What's the best way to think about it?

KARAS J: I will try to take it separately because these are two quite different topics. So, in terms of VLTs cabinet refreshment, we are certainly very carefully following the -- and tracking the commercial upside coming out of it because, for us as a company, together with our VLT cabinet vendors, this is an investment that obviously should have return on investment. And now as for the specific numbers, that is also a broader perspective and there is all the other changes that we are doing at the same time in the shops, the shop look and feel, shop design, training of people, network development, replacement of

agents, replacement of stuff, and even, very importantly, in the shops, all that has an influence on revenues.

So, if your question is, if we are satisfied with the contribution of cabinets upgrade, the answer is yes, and that both from the GGR upside coming from the new cabinets as well as the customer satisfaction that we are tracking about the cabinets. At the same time, we need to keep in mind that refresh of the VLT cabinets, it's absolutely necessary. So, it's not that VLT cabinet refresh comes always as an incremental revenue. There is also a protection of the existing ones, because if you wouldn't be doing it, the revenues and customer interest and activity would be declining.

So, I don't know if it covers your question or interest on the VLTs or you want to ask something before I go to the other one.

PURI K: That's really helpful. Thank you.

KARAS J: Thank you. And another question on OPAP Store App. OPAP Store App has several dimensions of benefit. Honestly, this is an essential element of digitalization in stores. So, looking at it from a customer perspective first, it's providing, and I think that's the most important driver today, is providing recognition and appreciation to our customers in the form of loyalty. So, the more the people play with us, that they are with us, they are interacting with OPAP, they're playing our games, all that is tracked in the app in a form of scanning and its slips. And we reward their behaviors through the loyalty schemes with various rewards.

That adds not only to the feeling appreciated as a customer element, but very importantly, to the essential factor of gamification. So, there is always something more behind the essential asset of replacing a bet and winning and losing. So we also see from the customer backing that gamification of the whole experience, that extra Wheel of Fortune that the customer gets the next day, the different bonuses that he receives from us is certainly appreciated.

And just to highlight the latest development in this front since this summer, all these loyalty features and benefits are providing -- provided live. So, the moment the customer does something, we are able in a live manner to react on that. So that's something that is a major step change compared to previous year when all these activities were happening next day. So, data were assessed and the next day the actions will have been done. Now it's all live.

Likewise, the second dimension of our customer benefit is the ability to play on your device. So, you don't -- when you are in the store, you can enjoy the comfort of your chair or couch, watch the screens and place your bets on your phone. We have completely removed, for those who want to, the repetitive journey of coming to the counter, finding cash in your pocket and constantly standing up, sitting down, standing in the queue. And that is, again, appreciated by a very large part of the customers. Namely, we had, as you can see in the slides, dozens of thousands of people playing on their device in the latest period. So that's a great success because that's what the next day of retail is about.

And last but not least, the third dimension from a customer point of view are the personalized experiences. If you come as an anonymous person to a store, you are just another customer like anybody else. And while the agents are obviously adding a layer of personal treatment, for occasional customers, that's not something that is present. So that's where the app kicks in, and we can, as OPAP, communicate with our customers directly, give them tailor-made offers, welcome them, thank them, wish them happy birthday, many different things that simply make the experience just one notch more personal. And that across industry as an extremely important element these days.

Now from the OPAP side, we are obviously gathering extremely precious data. Data is king, and moving from the past where we were blind in the store, what customers are playing, how exactly they are playing, how often they are playing. We didn't know anything. All we knew is total revenues and total number of slips. But now we know, for hundreds of thousands of active players every month, how they play, how their behavior evolves, what are the patterns of their playing, how our new propositions are reacted on. So, a tremendous amount of data that you can imagine are obviously of a great value.

In terms of numbers, because you are certainly interested in numbers, when we look both in 2023 as well as looking forward to 2024, we are talking about millions of euro GGR upsides created by leveraging the data. And I'm only referring to direct impacts. When you think about the benefit of know-how we are getting, we are probably talking about a tremendous value that will be essential for protecting our assets of retail and further evolving retail.

From our point of view, strategically, OPAP Store App is the future of retail and essential to those digital experiences in the store that are so important for the next generation of players.

Sorry for a bit extended answer, but I hope this is interesting for all the audience to know and hear how we think about it. And this is for you to know one of the major things why we believe we continue to be so strong in retail where many have forecasted five years ago that retail will be inevitable and continuous decline. Thank you.

PURI K: Thank you so much.

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

KOURTESIS I: Yes, good afternoon. First question has to do with your agency network in Thessaly after the floods. Do you have your whole network operational after the floods? And if not, how many stores are closed at the moment?

Second question has to do with Tzoker. You plan to reposition Tzoker to retain game's dynamics as of 1, December 2023. What will be your strategy there? If you could elaborate further on this, in order to avoid any cannibalization by the Eurojackpot launch in first half 2024?

And third thing has to do with this one-off operating expense about the litigation by the Hellenic Competition Commission, the provision of EUR24.6 million. But I was wondering if you could

share with us if you have in mind or any info about the potential time frame that you will have a result with the Greek courts on this thing about your petition to file against this decision. Would you expect, for example, at some point next year? That will be my questions. Thank you very much.

KARAS J:

Thank you very much for your questions. Very interesting. So, floods, simple and short, the damages caused by the floods were to a very large extent recovered. At this moment, we have a single-digit number of stores out of operations, four or five, something like this. So very minor impact at this moment in terms of stores operation. Obviously, the psychological impact in the -- and financial impact in the communities affected is something that will take more time to recover.

Tzoker, thank you very much for the question. We are very excited about the upcoming changes of Tzoker. The changes are -- the reason for changes of Tzoker are two-fold. We certainly felt that the game deserves refresh and upgrade, and we certainly believe at the same time now is the right time with the upcoming launch of Eurojackpot, so that as presented in the video presentation to you earlier, the overall draw-based games portfolio gets a completely new overhaul.

So, what is it that we are cooking with Tzoker? We will be -- the essence of Tzoker will remain unchanged. So, you still will be able to win a couple of millions euros in jackpot. Newly, this will start from EUR1 million, not from EUR600,000 like until now. So main prize will always be about millions of euro. But the key new benefit and the key justification also of the price increase is

that we are changing the game in a way that the second prize will always be EUR100,000 fixed.

So, whenever you will win second prize, irrespective of how many other winners are there, you will always win EUR100,000. That means hundreds of winners of EUR100,000 second prize a year. The win-ability of the game will be taken to a whole new level. Because we know from a customer research that EUR100,000, for absolute majority of our customers, is considered a life-changing amount. And thus, the element and the essence of life-changing winnings with Tzoker will remain. But we will be talking about hundreds of thousands of euro or millions.

Eurojackpot, when it comes, is a completely different level of proposition. This is about winning hundreds of millions. So, think of it, the whole positioning will be kind of a billionaire's life, life-changing thing. For those of you familiar with Eurojackpot, you know how it is communicated all around Europe. So, it will be no major difference in Greece. And as such, this is more really about buying a ticket to dream of possibly winning even billions of euro, while most of the customers are buying this dream being well aware that its probability is very low.

Eurojackpot -- sorry, Tzoker, on the other hand, the new Tzoker should be about I believe there is a pretty high chance that I'm going to win at least EUR100,000. That's the perception we want to create. And you will see a major winnability campaign where we will provide clear proofs to the customers that people are winning and that several people a week are winning EUR100,000.

So, we are excited about this change. This will be a very interesting refresh of our portfolio. And accordingly, we have positive expectations that this should certainly help us protect the revenues of Tzoker when Eurojackpot will be arriving.

And your third question was what about the one-off, Pavel will comment.

MUCHA P: Yes, your question was about the appeal. Indeed, we strongly disagree with the decision of the Hellenic Competition Commission. And we have exercised all the options and what are the available legal means. And that led us to filing a petition against it before the Athens Administrative Court of Appeal. This was filed really recently. And at this stage, we do not have any visibility how long this may take to resolve. So, it's difficult to comment and estimate.

KOURTESIS I: Okay, and just a follow-up on Tzoker. You referred to the change of winners, second prize will always be EUR100,000, which seems very attractive. Will the pricing per column remain the same? Or do you plan any changes to your pricing there?

KARAS J: Sorry. I was checking with my colleagues because I thought we spoke about it earlier. We will be increasing the column price to be able to subsidize the winnings increases, significant winning increases that I was referring to.

KOURTESIS I: Okay. Thank you very much. Thank you very much.

KARAS J: Thank you.

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, Konstantinos, and thank you very much, all of you for being with us today. Our IR team, as always, will be looking forward to answer any other questions you may have now or later and deep dive in your inquiries.

We are now focusing on Christmas and New Year's Eve commercial initiatives aiming for a strong year-end. Thank you very much and have a great day. And I hope it's not too early to wish you all and your loved ones a joyful Christmas period. Thank you very much. Have a great rest of the day.