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“Bally’s Intralot Trading Update Conference Call”

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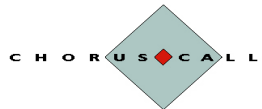
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Conference Call Conducted by Chorus Call Hellas



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

Welcome and thank you for joining the Bally's Intralot conference call and Live Webcast to present and discuss the Bally's Intralot Trading Update.

At this time, I would like to turn the conference over to Mr. Robeson Reeves, CEO of Bally's Intralot.

Mr. Reeves, you may now proceed.

REEVES R: Good morning, everyone, and thank you for joining. As a standard reminder, this call may contain forward-looking statements. Please refer to our 17th March Full Year results announcement for the full disclaimer and detailed FY 2025 financials.

Today I want to do three things. First, briefly recap the key numbers we published on the 17th of March '26, so we're all working from the same base. Second, reaffirm our 2026 adjusted EBITDA guidance, and I want to be clear that reaffirmation is exactly what it is. And third, give you the Q1 2026 trading data, which I'm providing because it directly supports the confidence behind that reaffirmation.

Let me get straight into it. On the 17th of March we published our full year 2025 results. I'm treating that filing as read and want to reconfirm that headline numbers disclosed previously remain unchanged. A few points worth reiterating. The 39.7% adjusted EBITDA margin reflects the structural quality of this business.

A UK operator running at that margin has a different risk profile to any operator running at 20% to 25%. That matters particularly now as we enter the period of UK gaming duty change. EUR172.7 million of levered free cash flow gives us clear capacity to service debt, return capital, and pursue M&A simultaneously if the right opportunity arises.

The 50 million of capital returns represents less than 30% of annual free cash flow. And we continue with our plan on deleveraging the balance sheet towards our 2.5x target. That is the base. Now let me tell you where we stand on '26.

Our 2026 adjusted EBITDA guidance of approximately EUR422 million is reaffirmed. From today, the 1st of April, UK remote gaming duty moves from 21% to 40% of gross gaming revenue. We have been preparing for this since Q4 last year. So, we have a mitigation bridge.

If I go to the start point, that's approximately EUR431 million, that's our 2025 pro forma adjusted EBITDA. So, we get this gross tax impact of EUR95 million, the direct cost of the duty increase on our UK gross gaming revenue. With our first mitigation, that's our generosity reductions and marketing optimization, we add EUR25 million. That's already in motion, phased in Q1 and in the run right now.

Our second mitigation are the cost savings, headcount and operating expenditure, adding EUR10 million. That's been actioned in Q1. Mitigation 3, that's the transaction

synergies, adding EUR15 million, which tracks to be in line with the commitment we made at the time of acquisition.

The final mitigation is just our organic growth across all markets including our Lottery division with zero UK gaming duty exposure, adding EUR34 million. The net result of that is approximately EUR422 million. That's a 2% impact on the 2025 pro forma. That is what I told you this cost would be and that's where we remain.

On leverage, we're at 3.46x. We're entering this tax change with approximately EUR173 million of levered free cash flow. The mitigations are operational levers within our control. And as the Q1 data I'm about to give you will confirm, we are entering this change with stronger underlying trading momentum than at any recent point in our history.

On margin, our B2C adjusted EBITDA margin was approximately 40% in Q4 2025. Most comparable operators are running below 25%. When gaming duty nearly doubles on gross gaming revenue, not profit, a 20% to 25% margin compresses to near zero. A 40% margin does not. That asymmetry is why our guidance is reaffirmed with confidence.

Now onto trading. The reason I'm giving you Q1 data today is straightforward. Q1 trading is strong and I want you to have that as context when evaluating our guidance reaffirmation. This is not a separate story; it is the evidence base. Please note that these numbers are unaudited and could change slightly as we close our Q1 accounts.

So now I want to touch on sequential quarter-to-quarter performance. So Q4 to Q1. Q4 is always the biggest quarter, our biggest quarter, it is always that every time. October, November, December has the autumn sporting calendar, the Christmas build, peak promotional intensity across the entire market. So, in Q4 25, UK net gaming revenue was GBP148.8 million. Q1 26 was approximately GBP147.9 million.

That is essentially flat quarter on quarter against a Q4, right? Q4 is always the biggest, so flat is exceptional performance, so that is the first thing to hold. Q1 2026, when we look at that for the quarter in full, UK B2C NGR for the quarter as I said, GBP147.9 million, up approximately 10.5% year on year. Every single month of Q1 delivered year on year growth.

B2B performed in line with our expectations across the quarter. The B2B division is a core part of the business and it is stable with a strong contracted revenue base which provides additional resilience to the Group during this tax transition period.

Touching on some other customer metrics in Q1, active players were flat quarter on quarter, so against a really strong Q4 base. This reflects sustained momentum in both acquisition and retention as well as efficient welcome offers. First time depositors were up 10.8% quarter on quarter and 59.4% year over year. The customer pipeline is expanding into the tax change, not contracting.

B2B is stable. It is operating within our expected parameters and there's no material surprises. Non-core

international markets are also stable. There are modest FX translation headwinds in certain markets and some market specific dynamics we flagged at the FY 25 results. That picture has not materially changed.

The Group margin is carried by UK iGaming and our lottery division, both of those are performing. Non-core, stability means they are not a drag, that is the message. This is the trading base on which we reaffirm our EUR422 million of adjusted EBIDTA guidance for 2026.

Now onto capital allocation. So, I will start with buybacks. Approximately EUR20 million has been executed since the EGM authorization. I believe our shares represent outstanding value. I intend to continue utilizing related TRS products of international banks that do not immediately impact our cash on balance sheet and give flexibility to execute buybacks when we determine that timing is right.

Onto dividends. The board is recommending approximately EUR30 million to the annual general meeting. Leaving EUR173 million of levered free cash flow, EUR50 million returned well within our capacity while deleveraging. On leverage, net leverage at year end was 3.46 times pro forma. The medium target remains at 2.5 times and we have that in clear line of sight.

On M&A, the tax environment is creating very motivated sellers. And we have the platform, the margin headroom, and the management team to act on the right opportunities. So, we are active.

My closing remarks, I will just give you a nice summary. FY 2025, published on the 17th of March, pro forma revenue of EUR1,085.8 million. Adjusted EBIDTA EUR430.8 million. Margin of 39.7%. Leverage 3.46 times and free cash flow EUR172.7 million. 2026 adjusted EBIDTA guidance of approximately EUR422 million is reaffirmed. And our mitigation program is in execution with all four levers active.

Q1 UK B2C NGR of approximately GBP147.9m, flat on the seasonal peak of Q4, up approximately 10.5% year on year. Active players flat Q on Q, but up 8.7% year on year. First time depositors up 10.8% quarter on quarter, and 59.4% up year on year. The customer pipeline is expanding into the tax change.

B2B is performing in line with expectations and non-core international markets are stable. EUR20 million of buybacks have been executed and a EUR30 million dividend recommended. Deleveraging is on track to 2.5 times. I have said this before, that the strong do not only survive, but they do get stronger and I believe that we are getting stronger.

We will now take your questions.

OPERATOR: The first question is from the line of Chinchilla, Ricardo with Deutsche Bank. Please go ahead.

CHINCHILLA R: Hi, thank you so much for taking my questions. I wanted to start on the M&A front as you mentioned that there is opportunities and that the press has recently mentioned that you are active. While respecting the company's

confidentiality regarding specific targets, I would appreciate an assessment of the company's M&A appetite. This assessment could encompass suitable target profiles, are you looking at B2C operators, technology stacks, and a specific company within a market?

And also, can you please also provide us with an evaluation of the maximum leverage that the company can sustain or that you would be willing to elevate just to move fast in an environment and consume something strategic for the business?

SFATOS C: Robeson, shall I take this one?

REEVES R: Yeah. Go for it, Chrys.

SFATOS C: Yeah. Thank you for your question. We have said many times that we are on the lookout for any opportunity that will contribute towards either organic or inorganic growth. We are clearly on a growth path from this point on. So inorganic growth would cover, you know, our appetite for M&A is there.

But on condition that we will be able to fulfill our financial policy goals as stated, which includes first and foremost our path to deliver and the distribution to shareholders. So, both goals, I think on distributions we have already covered enough on this call and through our announcements. And on the path to deliver, it remains our goal.

We have disclosed what is the pro forma free cash flow generation, and with that, as you probably know, we have

an amortization schedule with regard to bank loans in our capital structure. And so, we intend to make significant repayments and reduce the gross debt in the next 2-3 years.

So, we are committed to deleverage, we will do whatever M&A is necessary by adding EBITDA, by considering anything that is meaningful in terms of very, very substantial synergies that we feel comfortable we can deliver, or cost reductions on the target. And at the moment, this is our message to the markets.

CHINCHILLA R: Got it. Thank you so much. If I may do a follow up. The company recently opened Aspers Casino in Newcastle and had mentioned in the past that they wanted to expand into sports betting. Can you provide your thoughts on additional casino footprint in the UK, and if you would rather acquire a sports business or build it yourself from the ground up? Thank you.

REEVES R: I will take this one. For us, the retail casino in Newcastle is much more, but R&D piece, it is very, very, very small part of the actual footprint. There is no intention to expand into retail within Bally's Intralot. The retail presence we'll have will remain in the lotteries. With respect to sports betting product, we currently have an agreement with Kambi who provides our really back-end sports betting solution, we are very happy with them.

If we were to look at any opportunities out there, as we said, the UK market has become more attractive, more because of the trauma which has been created by this tax

change. We would only consider things if we could see substantial cost cutting opportunities as well as synergies.

I would not underestimate how strong our margin profile is versus peers in this space. As long as we can bring things into our platform, and I mean our platform how we manage things, how we operate things, that gives us this margin improvement over others, then it can become very attractive. But we will be very diligent and ensure that we protect our capital structure in whatever we do.

CHINCHILLA R: Thank you so much. If I could squeeze one last one. In the past, the company mentioned articulated growth opportunities contingent upon the integration of the merged technology stacks. I was hoping if you could give us an update on these potential opportunities that at the time you mentioned that you would disclose, once the merger was completed and you got permission. So, any update would be very helpful. Thank you.

REEVES R: So, as we discussed previously, Ricardo, our intention is to launch into two B2C markets per year, utilizing the Intralot footprint and their relationships. These things are progressing. We will disclose those closer to the time. If we end up looking at other opportunities inorganically, that may change that plan if it accelerates expansion. But we're still on track for two new B2C markets being launched this year.

CHINCHILLA R: Wonderful, thank you so much.

OPERATOR: The next question is from the line of Narula, Raman with Principal Asset Management. Please go ahead.

NARULA R: Hi, thank you so much for taking my question. Just a couple from me, please. The first, just curious if you can disclose what percentage of your full year '25 UK revenue was sports betting and maybe the same for Q1 as well? And just if you could give a sense of how that's been growing, that'd be appreciated?

REEVES R: Cool. Katherine, do you want to take this?

GOMANIOUK K: Sure Robeson, thank you. Sports betting still constitutes a fairly small percentage of our revenue, but we have seen healthy growth in that space as is demonstrated by the growth in our FTD numbers, which were in part driven by some sports events that happened in Q1. So, we continue using sports as a funnel to acquire gaming customers and that strategy seems to have been working as would have been demonstrated in our Q1 numbers.

REEVES R: So, thank you Katherine. Just to layer on top of that, when we look at sports betting and iGaming, what you would have seen from many of our peers' recent releases around Q1 performance that there was a decline in sports betting and there was an increase in iGaming.

Now, if you've got the balance right between your product sets, so people might win on sports and they reinvest into iGaming and so on, then you would, the net position would always be better. Whereas actually a lot of the peers are showing down by 5% or so in sports betting and up in iGaming by 5%. So, they're not even really seeing any growth.

What we've been very careful to do with our sports betting offering is ensure that it fits with all of the regulations which sit in the UK market such as stake limits on slot machines. So, you need to balance exactly the scale of bets that you would take alongside people's ability to reinvest. Sports betting is just call it a million or so per month is what we're seeing in the UK. So small, but that's where a huge opportunity lies.

NARULA R: Understood, that's very helpful. And I guess as a segue into the next question, obviously this year huge sports calendar along with the World Cup. Just curious, maybe in a similarly stacked sports year like '24 with the Euros, I mean what kind of effect did you see on your sort of core iGaming business during those summer months when you had those big football tournaments ongoing?

REEVES R: If you're asking is there any negative impact by having sports, you have to understand you've got the Euros, you got the World Cup. How many of those matches are competitive and how many fixtures do they have in terms of volume? They're good acquisition drivers, but they're not necessarily big revenue drivers, right? You're going to have fixtures between Curacao and other matches which are heavily one sided.

When it comes to Soccer, you prefer fixtures which are a bit more balanced or you have sufficient volume. The World Cup actually call it a low period, or the Euros is a low period in fixture volumes for actual revenues, but it does bring new customers to the market.

So, for us this would aid the funnel for acquisition, and it's almost like a perfect storm in lots of ways, because there's not enough matches for people to be betting on to constantly be active. If you think about normal Saturday, there's lots of fixtures for revenue to flow there, but actually this will get the right prestige and coverage to acquire, and then there's no matches, then people can play iGaming products and so on.

NARULA R: That makes sense. And then lastly just wanted to touch on dividend policy. Obviously in the preliminary results you stated that it's the intention to recommend a pre-dividend sort of along with the publication of H1 results. If you could just give us a sense of like the potential quantum, is that going to be a percentage of -- the pro forma adjusted EBITDA or is that still a percentage of adjusted net income? Just if you could remind us of your dividend policy that'd be really helpful.

REEVES R: Chrys, do you want to take it?

SFATOS C: Sure. At this point we cannot give you an estimate about the pre-dividends. I think the combination of buybacks and the dividend that we will distribute the 30 million, which is what we already have available for previously undistributed profits in the past, which we could not distribute at the time due to losses that we're now covering.

That's the only specific thing that we would like to share at the moment. We don't want to pre-empt what the results are going to be. We will evaluate the entire

situation, our cash flows at the time, and we will make the decision once the results are available.

NARULA R: Understood. And could you just clarify the medium term target of 2.5x? Do you expect to sort of be there at around mid of '27 or what are you targeting there?

SFATOS C: That will be in line with our amortization schedules, yes. By the time we get basically to 2029, when we have the retail bond maturing, the 130 million retail bond, the unsecured portion of our debt maturing in February 2029, we intend to repay that. And we intend to repay through amortizations as I said.

And eventually on maturity at the end of 2029 the Greek bank loan. Well, these two tranches together is 330 million of gross debt which we intend to reduce in the coming period. Of course it will all depend on the cash generation, on our CapEx requirements, and all of this. So, in this period we think that it's achievable if we manage to deliver our growth targets.

What we said is that basically the imposition of the new tax regime in the UK will have as a result the delay of our plan by one year, because we will be able to capture market share from a market which we believe is going to change fundamentally in the next year.

NARULA R: Understood, thank you very much.

OPERATOR: The next question is from the line of Sakon, Peter with CreditSights. Please go ahead.

SAKON P: Hi, good afternoon. As part of the bond offering last year the company included helpful KPIs, you mentioned the impressive growth, 8.7% increase year-over-year in the First Quarter. Is that going to be included in the Annual Report and upcoming presentations?

SFATOS C: I think you're referring to the UK market or to the combined Group?

SAKON P: Yes, maybe the active online players, revenue per active players, that type of disclosure was helpful and it was included in the bond offering. And you mentioned it again today, I guess it was more of a request to include it as part of your presentations.

REEVES R: Yeah, I think going forward we'll share the most relevant KPIs which can indicate the future pathway as best as we can guide. Like that's why we show new player volumes. New player volumes will build on your base and actually drive future revenues. So, we're trying to be, we believe that transparency is always a good thing. So, we'll be as transparent as is sensible without giving away too much competitor information, let's say. So yeah, we'll try and be as transparent as possible in every quarter going forward.

SAKON P: Thank you. And what is driving the impressive growth in the First Quarter?

REEVES R: Well with respect to the revenues, as we said, we've made some slight adjustments to our products. So, some of the configurations with regards to ensuring that players basically lose at a very sustainable rate. So, our objective

has actually been to manage player spend almost down slightly on a visit frequency, which means that people retain better longer term. But we've seen really good numbers coming from, call it marketing performance from acquisition spend.

As I've said to all of you, the day following the tax announcement in the UK, we saw improved performance from the same marketing spend amounts because there was reduced competition. For me that's a pretty amazing sign that the statement of tax coming caused that reaction. So from this day we'll see what performance looks like given now this is the first time that people with suppressed margins will have to start footing a bill with the increased gaming taxes.

I'm very hopeful that if I think about my history in this sector, when I started working here there was no tax on revenues, no gaming duty on revenues, then it went to 15% tax of net gaming revenue, then flicked across onto gross gaming revenue, then became 21%, and this is the next tax change.

In every single period of this, it's led to consolidation. And actually, through this cycle our EBITDA margin has grown because we're very, very good at, calling it flying through a storm. And operators who don't see there's a storm there, even if it might be a clear blue sky, they just don't see opportunities because you can continuously improve and continuously improve your margins and improve your growth. So, I'm quite excited about this next period. This is opportunity.

SAKON P: Thank you for your time.

OPERATOR: The next question is from the line of Gondhale, Pravin with Barclays. Please go ahead.

GONDHALE P: Hello, good afternoon. Thanks for taking my questions. Firstly, on UK growth outlook for 2025 and 2026. What's your assessment on that given the tax changes? And then within that, are you seeing any changes in channelization of online gaming, realizing it's just day one of the new taxes, but what's your outlook for that as well? Thank you.

REEVES R: Yes. Okay, so you're talking about the overall UK market, right, just for clarity.

GONDHALE P: Yes please.

REEVES R: So, the UK market as I was indicating when I spoke about some of the peers who haven't been able to see reinvestment of winnings from sports betting go back into casino, there will be a degree of channelization coming from that. So people, because the reason why people can't reinvest is due to limits on what they're able to spend. This can do multiple things, people could move to the black market slightly. But bear in mind the UK Gambling Commission are investing substantially in trying to police this.

I don't see the market growing by that much, if growing at all this year, because of these changes to stake limits. Having said that, I believe it's a significant period of consolidation. So, I'd expect all the big operators to gain share in this. There are many operators out there who are

willing to hand over databases for royalty fees and so on. They're willing to exit. And that will just mean that we can soak up that revenue. So, I don't see the market really growing, it will be minimal, a couple of, like call it low single digit if growth, right? But there will be consolidation into the big guys.

GONDHALE P: Thank you very much, this is really helpful.

OPERATOR: The next question is from the line of Katsios Nestoras with Optima Bank. Please go ahead.

KATSIOS N: Yes hello, just a question from my side. Can you please repeat your free cash flow guidance because I missed that part? Thank you.

SFATOS C: We have not given guidance for 2026, we have published the pro forma free cash flow for the combined entity at EUR172.7 million for last year. So that was on the background of an EBITDA of EUR430.8 million. So based on the guidance on EBITDA, and it will depend a little bit on our CapEx requirements this year.

Last year the CapEx we published was around EUR60 million. This year it will be a bit higher because of certain renewals in the United States and we're still waiting to hear from our bid for the Victoria monitoring license in Australia. So, we can't reveal the sensitivities on our CapEx, it will depend on that alone.

KATSIOS N: Okay, thank you.

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

REEVES R: Thank you. Thanks everyone for joining us today. I'm sorry that we're interrupting your Easter break. I hope you all get a bit of time off. But we wanted to give you the most up-to-date summary of Q1. And I look forward to speaking to you again soon. Feel free to reach out to the company if you've got any further questions. So, thank you for joining us. Goodbye.