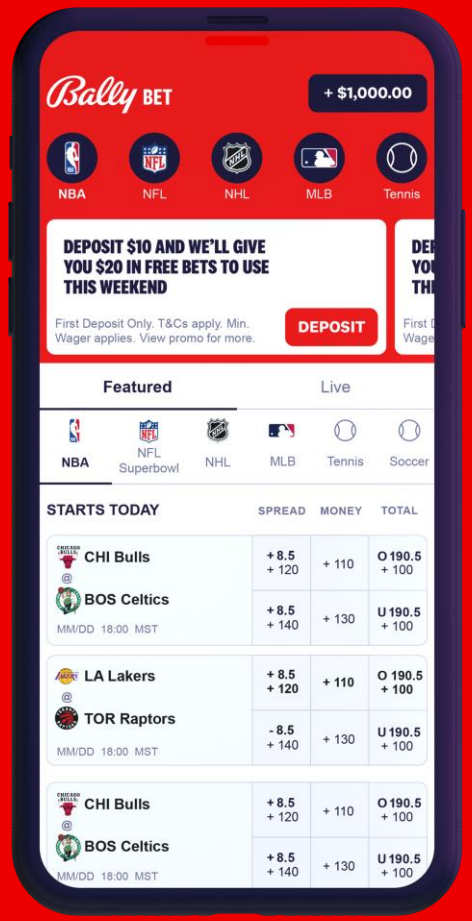
Bally's

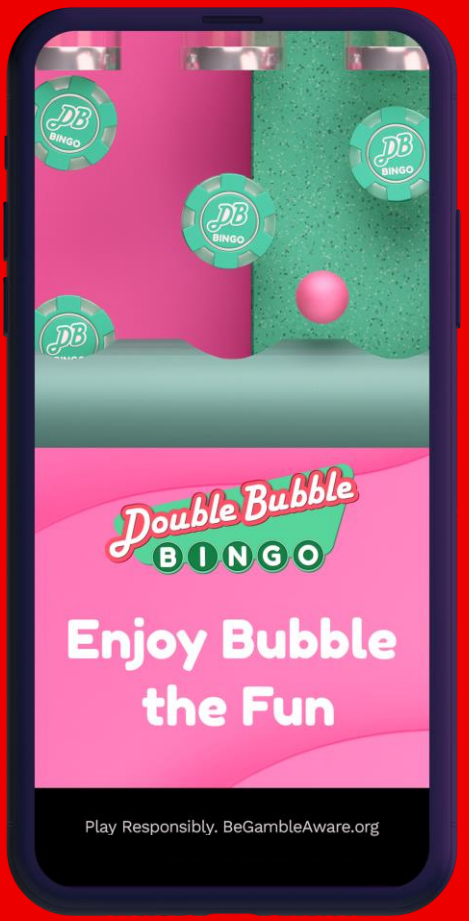
# First Quarter 2022 Presentation

**May 2022**









# DISCLAIMER

## Forward-Looking Statements

This presentation includes forward-looking statements within the meaning of the securities laws. Forward-looking statements are statements as to matters that are not historical facts, and include statements about Bally's Corporation ("Bally's") plans, objectives, expectations, and intentions. Forward-looking statements are not guarantees and are subject to risks and uncertainties. Forward-looking statements are based on Bally's current expectations and assumptions. Although Bally's believes that its expectations and assumptions are reasonable at this time, they should not be regarded as representations that its expectations will be achieved. Actual results may vary materially. Forward-looking statements speak only as of the date of this presentation and Bally's does not undertake to update or revise them as more information becomes available, except as required by law.

Important factors beyond those that apply to most businesses, some of which are beyond the control of Bally's and Gamesys Group plc ("Gamesys"), that could cause actual results to differ materially from their expectations and assumptions include, without limitation: (1) Bally's ability to meet expectations regarding the accounting and tax treatments of the Gamesys acquisition; (2) the possibility that Bally's may be unable to achieve any expected synergies and operating efficiencies in connection with the Gamesys acquisition within the expected time-frames or at all and to successfully integrate the Gamesys' operations into those of Bally's; (3) uncertainties surrounding the COVID-19 pandemic, including limitations on Bally's operations, increased costs, changes in customer attitudes, impact on employees and the ongoing impact of COVID-19 on general economic conditions; (4) changes in the capital markets; (5) unexpected costs, difficulties integrating and other events impacting Bally's recently completed and proposed acquisitions and Bally's ability to realize anticipated benefits; (6) risks associated with Bally's rapid growth, including those affecting customer and employee retention, integration and controls; (7) risks associated with the impact of the digitalization of gaming on Bally's casino operations, Bally's expansion into iGaming and sports betting and the highly competitive and rapidly changing aspects of its new interactive businesses generally; (8) the very substantial regulatory restrictions applicable to Bally's, including costs of compliance; (9) restrictions and limitations in agreements to which Bally's is subject, including its debt, which could significantly affect Bally's liquidity and ability to operate; and (10) other risks identified in Part I. Item 1A. "Risk Factors" of Bally's Annual Report on Form 10-K for the fiscal year ended December 31, 2020, subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, each as filed with the U.S. Securities and Exchange Commission. The foregoing list of important factors is not exclusive and does not include matters like changes in general economic conditions that affect substantially all gaming businesses. You should not place undue reliance on Bally's forward-looking statements.

## Non-GAAP Financial Measures

To supplement the financial information presented on a U.S. generally accepted accounting principles ("GAAP") basis, Bally's has included in this presentation certain non-GAAP financial measures, including Adjusted EBITDA and Total Further Adjusted EBITDA. The presentation of non-GAAP financial measures in this presentation is not intended to be considered in isolation or as a substitute for any measure prepared in accordance with GAAP. Reconciliations of these non-GAAP financial measures to the most directly comparable financial measure calculated and presented in accordance with GAAP are included in this presentation. Bally's believes that presenting non-GAAP financial measures aids in making period-to-period comparisons and is a meaningful indication of its actual and estimated operating performance. Because not all companies use identical calculations, the Bally's and combined non-GAAP financial measures may not be the same as or comparable to similar non-GAAP measures presented by other companies.

# GLOBAL, VERTICALLY INTEGRATED OMNI-CHANNEL GAMING LEADER



## STRONG FREE CASH FLOW

Casinos & Resorts and International Interactive business generate significant free cash flow to fund growth investments

## NORTH AMERICA INTERACTIVE

Unique distribution and content that drives awareness and engagement with the Bally brand

## TRACK RECORD OF DISCIPLINED INVESTING

Committed to disciplined investment approach, not chasing uneconomic businesses and investing at attractive multiples

## LOWEST INTERACTIVE COST STRUCTURE

Fully integrated technology stack, market access and media partnerships will drive lowest margin structure

# FIRST QUARTER 2022 RESULTS

## CASINOS & RESORTS

- $85MM Adj. EBITDAR ($91MM Ex-Atlantic City)
- EBITDAR Margin of 35.8% +280bps from 4Q19(1)
- COVID, mask mandates and weather heavy impact in January ($5 million impact). Business accelerated mid-February. Strong April. AC positive in March + April
- Headcount down ~25% from from 2019 levels expected to stay in place
- 700 rooms complete at AC

## INTERNATIONAL INTERACTIVE

- $73MM Adj. EBITDA
- On constant currency, UK -9%, Asia +16%. Total -1%
- UK hard comp against 1Q21 (+30%) combined with ARPU slowdown with tightening consumer spending
- Rebalanced marketing expense in late March in response to lower UK revenues
- Sports betting launch in Asia in 2Q/3Q
- FX headwinds primarily impact revenues but lower costs helping margin

## NORTH AMERICA INTERACTIVE

- New Jersey iCasino stepped up revenues each month since launch
- Significant development work to launch Arizona, New York and Ontario and provide scalability into second half of year
- Refining model of profitability and not overinvesting in early developing OSB markets
- Increased emphasis on iCasino opportunities both current and developing legislation

**First Quarter 2022 saw strong momentum in Casinos & Resorts while balanced performance in Interactive**

*(1) Excludes Atlantic City results.*

# 2022 OUTLOOK

| | |
|---|---|
| **CASINOS & RESORTS** | • $385-$395MM EBITDAR[1]<br>• ~$1.15+BN revenues |
| **INTERNATIONAL INTERACTIVE** | • Low single digit growth<br>• 29%+ EBITDA Margins |
| **NORTH AMERICA INTERACTIVE** | • $125MM revenues<br>• ~$60MM EBITDA loss |
| **CORPORATE** | • ~$50MM expense |
| **RENT** | • $46MM expense[2] |
| **CAPITAL EXPENDITURES** | • Property - $120MM Expansion, $60MM Maintenance<br>• $60MM Interactive SDC<br>• $30MM Corporate Integration |

## OUTLOOK ASSUMPTIONS

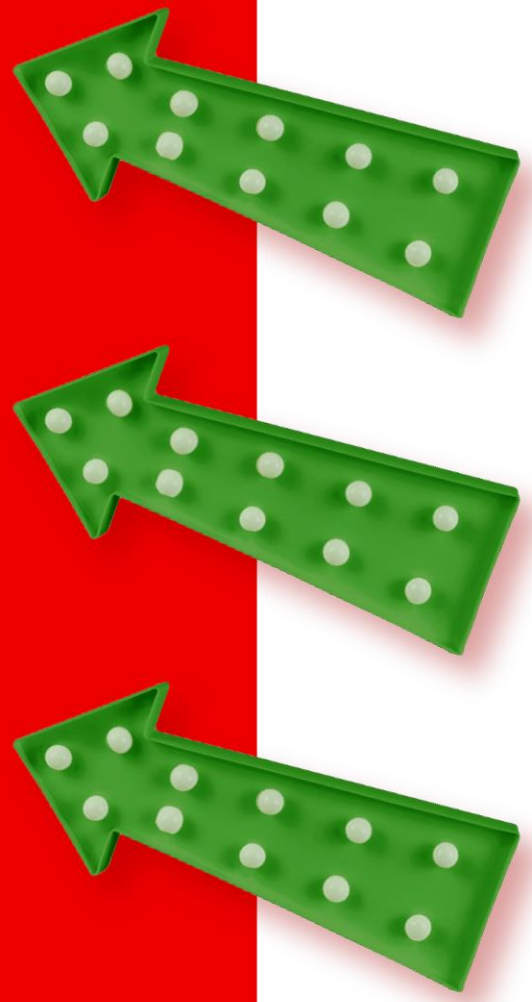
- COVID impacts limited to January
- Low to mid single digit wage inflation
- Maintaining majority of margin expansion at Casinos & Resorts gained in 2021 over 2019
- Limited impact from UK gambling regulation changes in 2022
- Six state launches in North America Interactive
- No impact from Tropicana Las Vegas or Pennsylvania projects in 2022
- $10 million cost savings implemented in second quarter

**2022 Guidance: $2.4-$2.5 billion sales, $560-$580 million EBITDA**

*(1) Excludes Atlantic City results.*
*(2) Excludes financing expense of Tropicana Las Vegas acquisition*

# BUSINESS INTEGRATION UPDATE

- Purpose & Values created and rolling out globally
- Clear set of Strategic Goals for 2022
- Technology Integration
  - Full stack integration for Bally Bet 2.0 including PAM, DataLake, Sports Engine and Front End
  - Working methodologies aligned
- Data Integration
  - Shared Tableau instances across Casinos & Resorts and Interactive
  - Casino database and performance data integrating into Gamesys DataLake
- IT Integration
  - Transitioned Interactive to single Office tenant
  - Merging global Office tenants later 2022
- Tax Structuring
  - We benefit from low taxes on our global business because our international operations are headquartered in low tax countries.



# THE BALLY'S DIFFERENCE

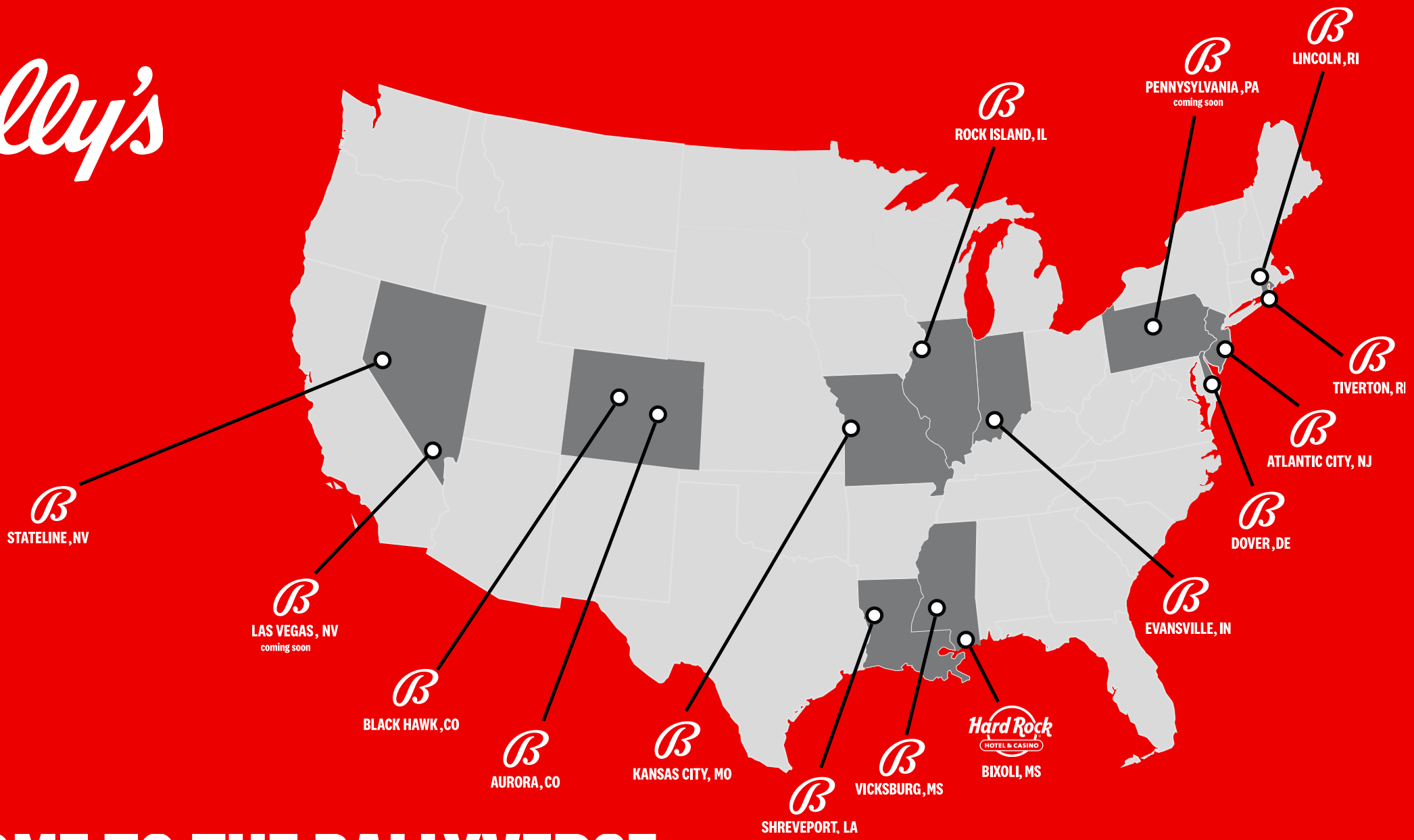
# WHO WE ARE?

- 20 years of online and retail casino operational experience
- National database connecting customers across our omnichannel offering
- High awareness of Bally's brand that will continue to grow with our media and content partnerships
- 16 casinos and resorts across 11 states
- 500k monthly retail customers
  700k monthly online players
- Unique partnership opportunities with teams, leagues & media
- Proprietary PAM, OSB, iCasino, Poker, Bingo, F2P, DFS, Player Engagement
- Sinclair & Bally Sports footprint give unrivalled reach
- Exclusive sports rights, features and product enhancements

# BALLY'S INTERACTIVE GLOBAL FOOTPRINT



Bally's

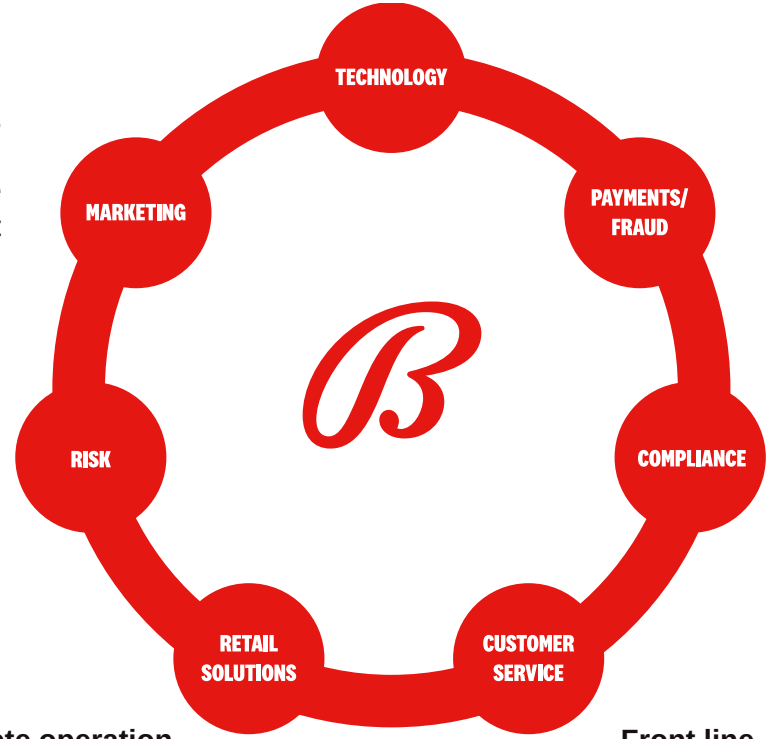



# WELCOME TO THE BALLYVERSE

# FULL TURNKEY GAMING & BETTING SOLUTION

**With in-house US based risk and trading team**

**Player Account Management System, Gaming Platform, Sports Betting Platform, Retail Betting.**




**Retention Based Marketing, Bonus Development, Customer Life Cycle Development**

**Payment Processing and Player Fraud Prevention Management**

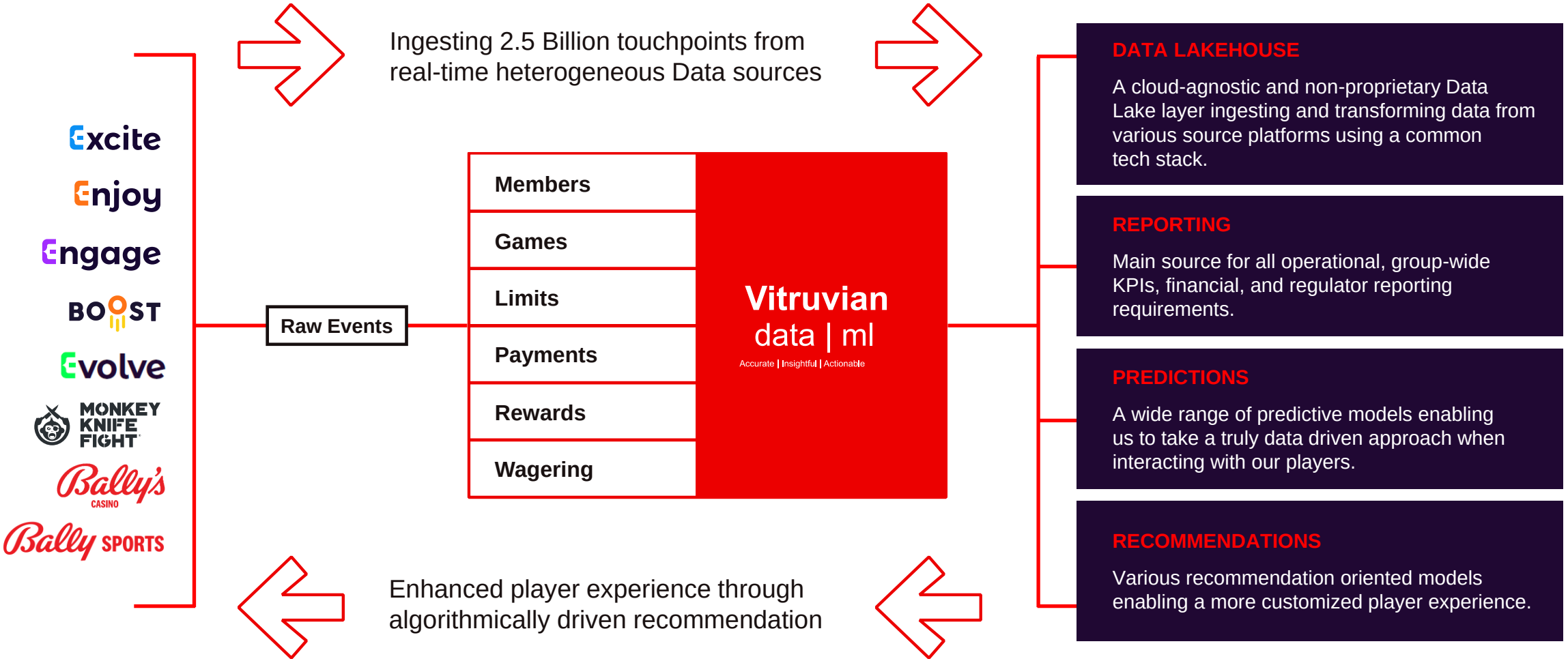
**Advanced sportsbook odds aggregator, trading and risk management**

**Federal, state and / or tribal regulatory compliance**

**Complete operation, cashiers and kiosks**

**Front line, second line, full support 24 / 7 / 365**

# TECH STACK POWERING DATA DRIVEN CUSTOMER JOURNEYS



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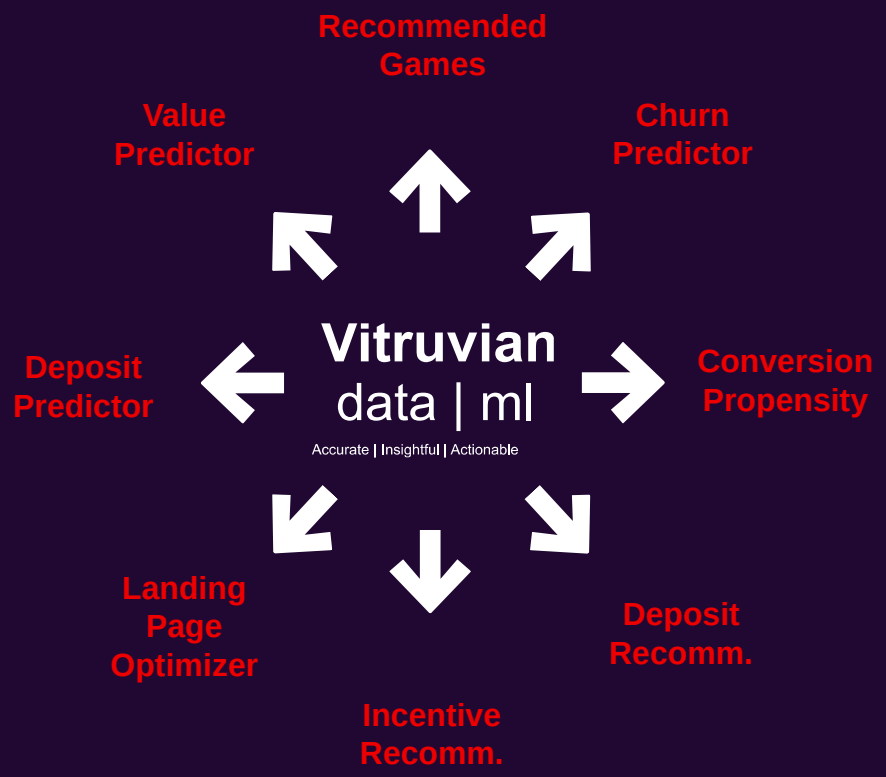



**Recommended Games Engine** - Recommends a set of player specific games.

**Churn Predictor** - Predicts whether a player will churn.

**Conversion Propensity** - Predicts whether a player will deposit within the first 3 days of registering.

**Deposit Recommendation** - Recommends a deposit amount based on the player's historical patterns.

**Deposit Predictor** - Predicts the player's net deposits for a given period.

**Incentive Generator** - Predicts the optimal reward type (cash, bonus, freespins etc.) and value that a player should receive, on a campaign basis.

**Landing Page Optimizer** - Test landing pages created by the SEO team and recommends the best page.

**Lifetime Deposit Predictor** - Predicts the player's lifetime deposit amount.

**Lifetime Value Predictor** - Predicts the player's lifetime value based on initial activity.

# ONLINE CASINO




- 20 years of operational, acquisition & retention success based on data excellence
- Most successful organically grown multi-brand, casino and bingo operator in the world
- Full proprietary tech stack & data modelling built and optimised over years of success
- Inhouse content resource for exclusive games and retention features
- Global partnerships with B2B providers e.g. SG, IGT, Evolution (NetEnt) & Aristocrat. Exclusive partnerships with US focused studios: King Show Games, Gaming Arts etc
- Highest regulatory standards & strong relationships with governing bodies

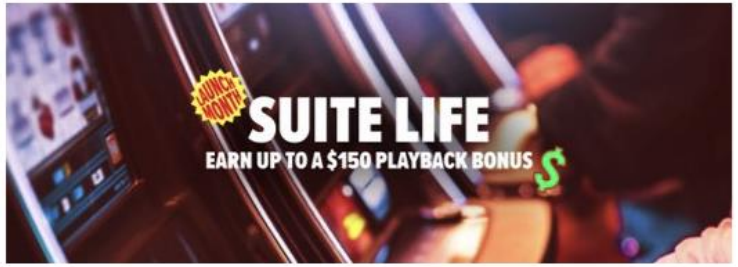
# ONLINE CASINO – BALLY CASINO







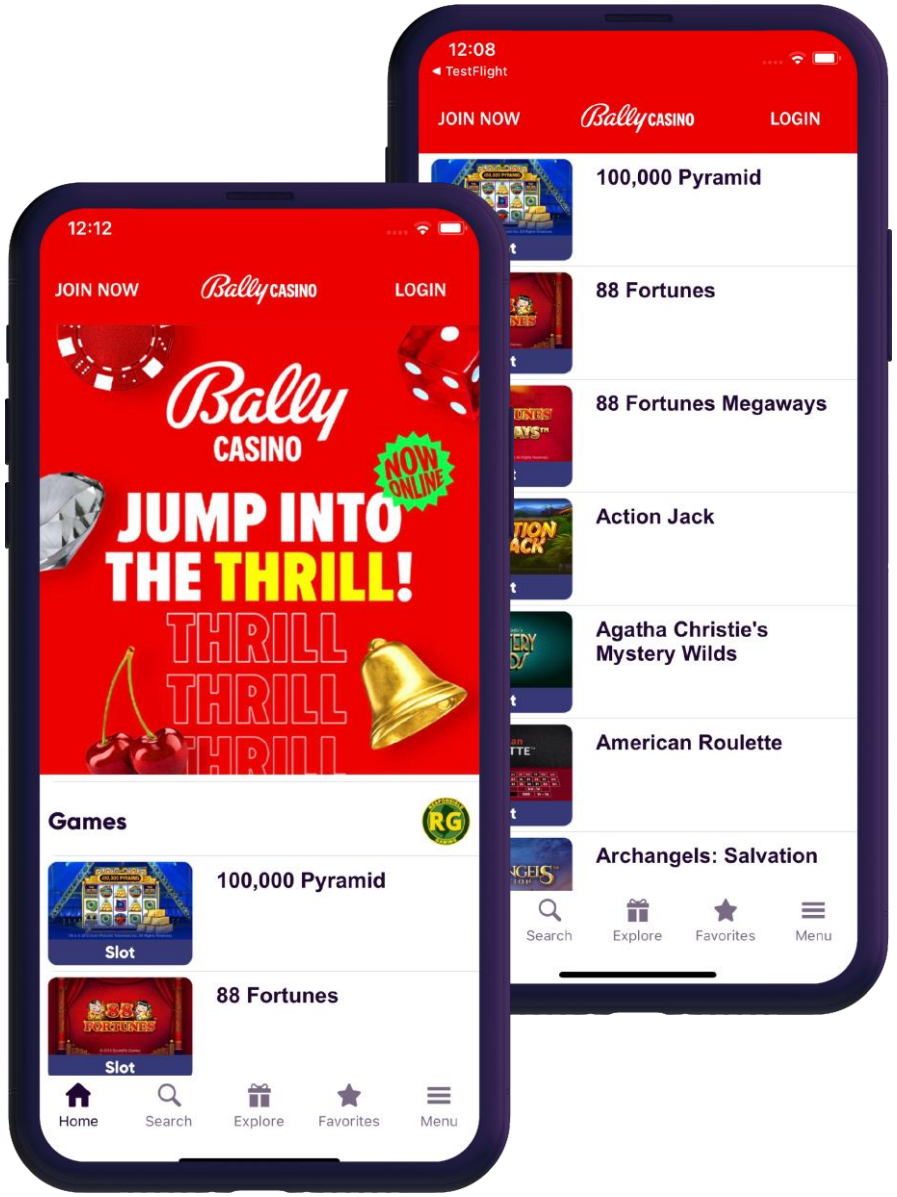






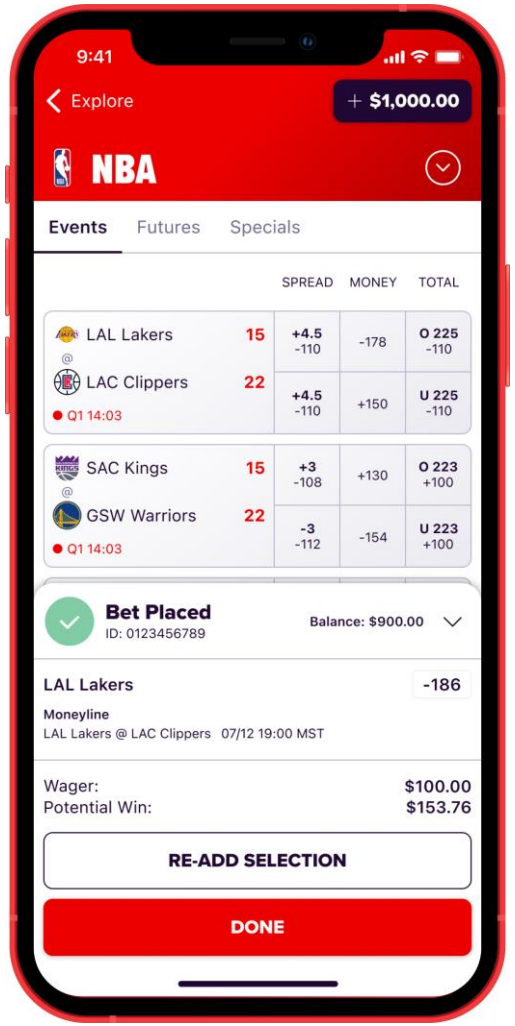


# ONLINE CASINO – BALLY CASINO

- North America Customer-Centric Sportsbook
- New & Bespoke Front End
- Proven Platform and Engine
- Allows Fast & High-Quality Scalability

| | |
|---|---|
| gamesys group | ALBATROSS SEO Platform |
| gamesys group Native App | gamesys group Web Product |
| Bally SPORTS PRODUCT STUDIO | Front End |
| Evolve | Sports Engine |
| gamesys group EXCITE PAM | gamesys group EXCITE Boost |
| gamesys group | VITRUVIAN DATA Platform |



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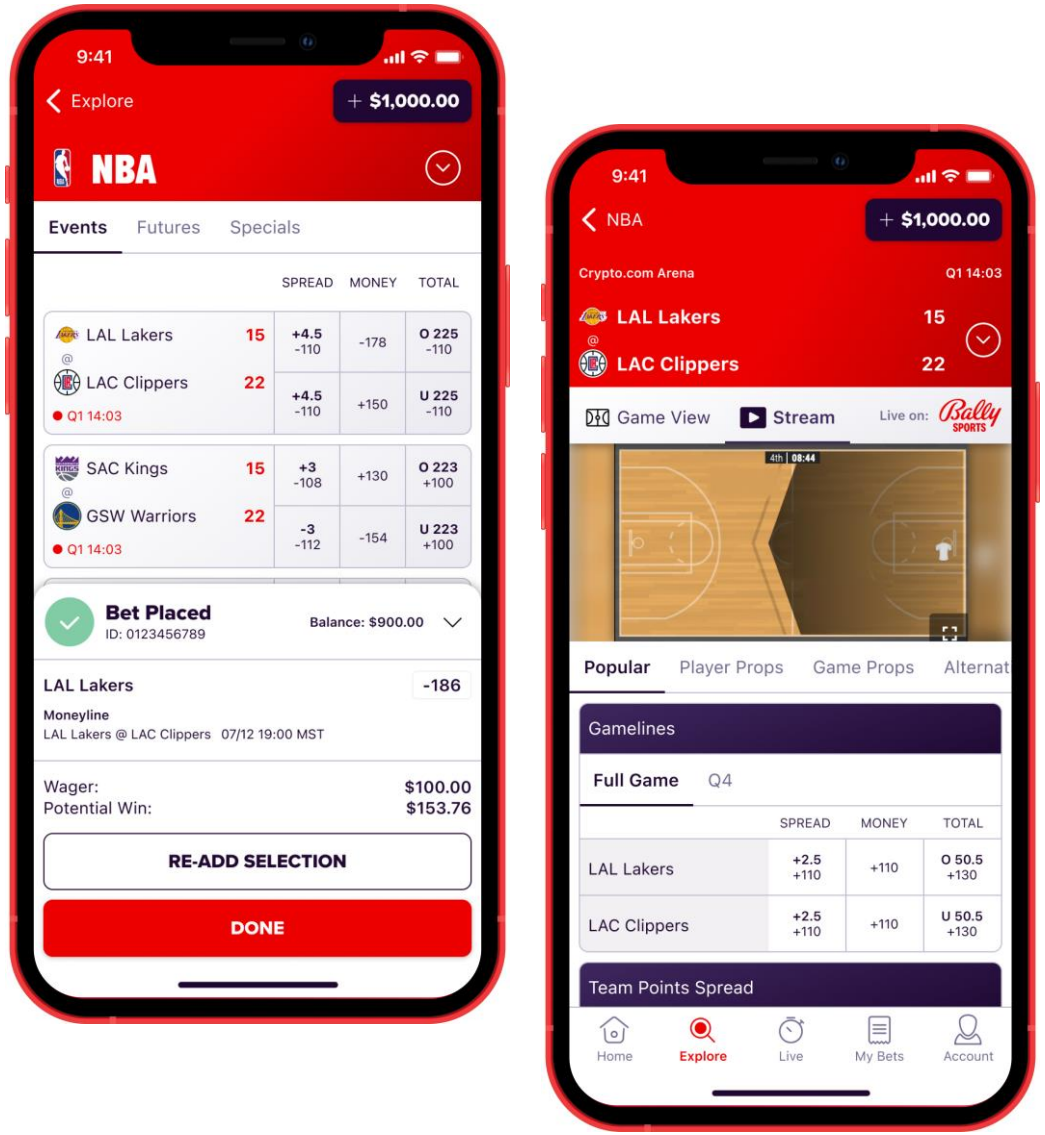
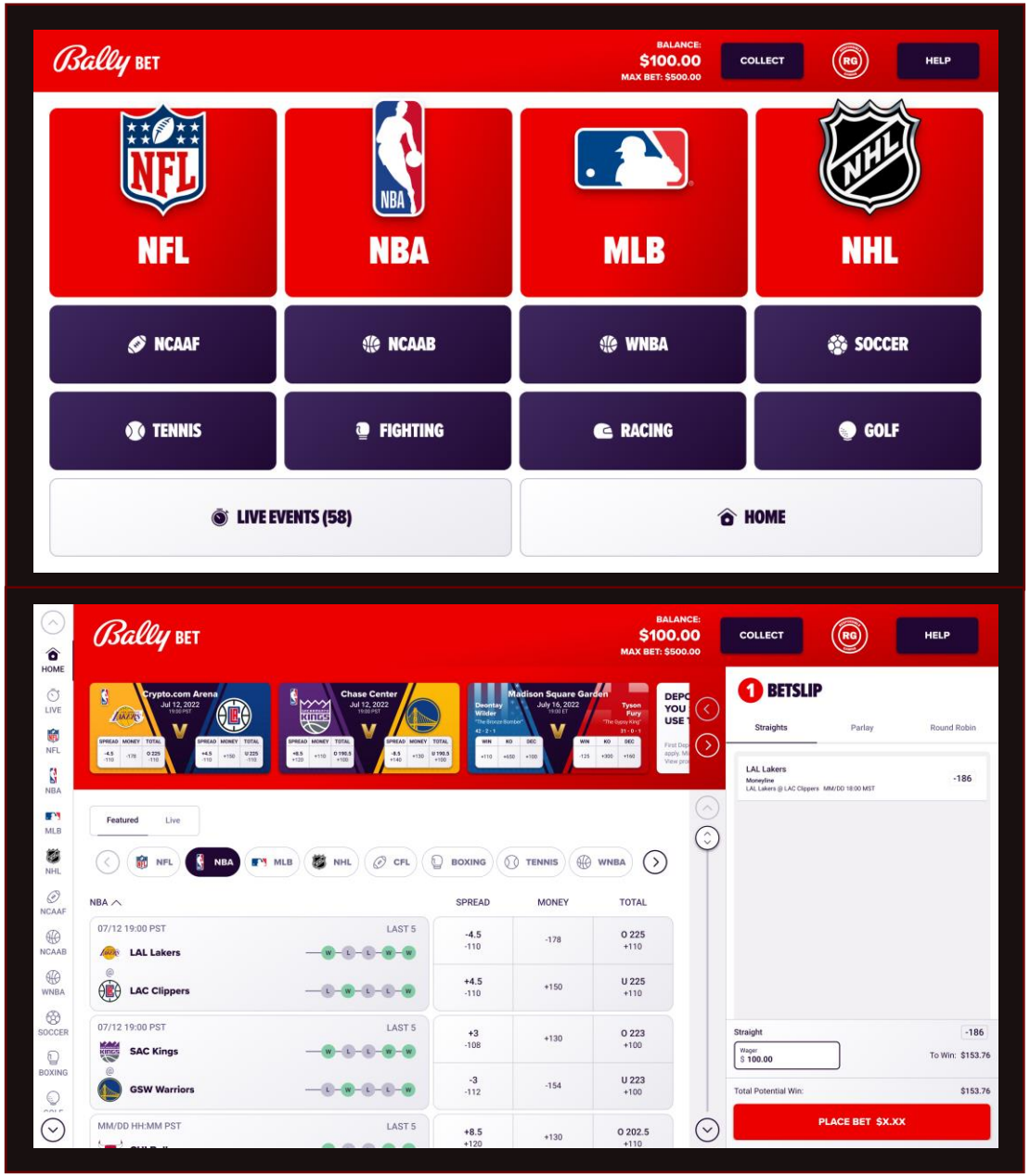
# SPORTS BETTING

- **2.0 User Experience:** Revamped US-customer centric design
- **Live betting**: Bringing play-by-play action through features: Quickbet, AV streaming, Mybets & Cashout
- **Parlay builders**: US 6-Pack interface, Parlay Cards, Same-Game-Parlay, Statistics and much more
- **Trading service**: Best-in-class trading data powering hundreds of betting events & markets
- **Channels**: Mobile Web, Mobile Native App, Desktop & Retail
- **Coming soon**: Multiple state launches in 2022



# RETAIL SPORTS

- **Planned:** Multiple on property sportsbooks to launch in 2022
- **Platform: R**etail sportsbook platform live in North America
- **Key interactions**: PoS terminals, self serve betting terminals (Kiosk), Odds display boards
- **Kiosk:** UI/UX based on the online product. Supports anonymous and account-based play. Read ticket in, ticket out (TITO)
- **Retention:** Omni-channel Rewards & Loyalty being designed for a 360 customer experience



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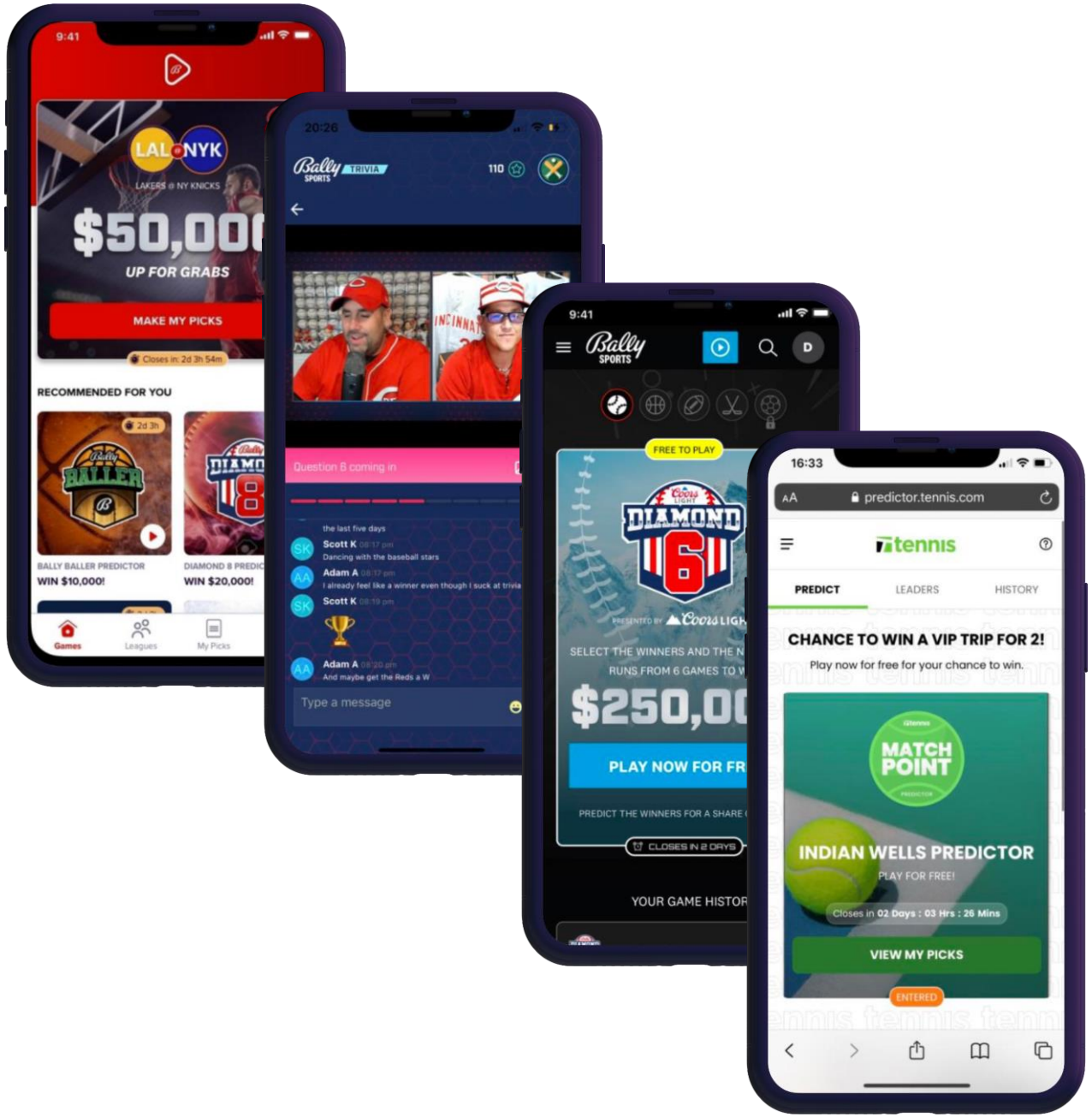
# BALLY PLAY

- Free-to-play engagement experiences - lower CPA's for Bally Bet
- Available in regulated and unregulated jurisdictions
- Predictors, Pick Em's, Contests, Trivia, Polls & more
- Huge incentives e.g. cash jackpot prizes with no entry fee
- Opportunities for brand marketing in upcoming betting states




BORN TO ENTERTAIN
ENGAGING EXPERIENCES EVERYWHERE
Bally's DNA
BE ONE TEAM
YOU MAKE THE DIFFERENCE
LOVE TO LEAD
ALWAYS READY
LEARNING EVERY DAY

# Focus on Environmental, Social and Corporate Governance initiatives

**Responsible Gaming**

Bally's implements responsible gaming employee trainings and responsible gaming programs including self-exclusion programs

Bally's to partner with local communities to support independent responsible gaming initiatives

Gamesys has a global approach to player well being

~50% of player website visits in the UK are non-wagering

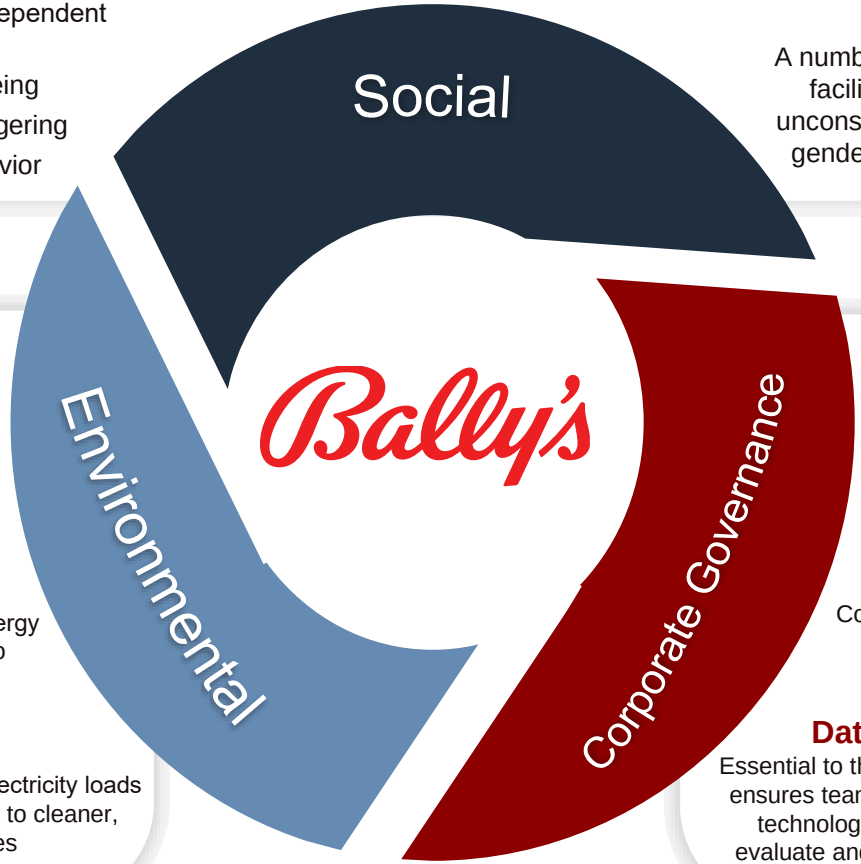
Continuous algorithmic monitoring of player behavior

**Diversity & Inclusion**

Bally's hiring senior executive for transformation and organizational development

Committed to diversity across all levels

A number of controls and procedures are in being put in place to facilitate non-discrimination, including diversity monitoring, unconscious bias training for managers and the executive team, gender-neutral job descriptions, and enhanced parental leave




**Carbon Footprint Reduction**

Bally's reduced carbon footprint by an average of 2,327 tons per year at the Lincoln property in Rhode Island

Gamesys achieved carbon neutral certification by the Carbon Trust

**Lightbulb conversion**

Bally's converted lightbulbs to modern, energy efficient models at multiple properties to reduce our carbon footprint

**Energy efficiency**

Bally's participates in programs to reduce electricity loads Converted from oil and other fuel services to cleaner, more efficient natural gas sources

**ESG Focus**

Bally's created an ESG Steering Committee to oversee and provide executive sponsorship for our corporate ESG strategy, goals and initiatives.

Gamesys achieved ISS "Prime Status" rating

**Board Diversity**

Commitment to maintaining a diverse make-up of the Board of Directors, including diversity of race, gender, ethnicity and experience

**Data Privacy and Security**

Essential to the trust of customers and employees and ensures team members are aware and supported by technology to protect everyone, and continually evaluate and update procedures and training in this area.

# SHARES OUTSTANDING DETAILS

| | |
|---|---|
| Common Shares Outstanding as of April 29, 2022 | 52,538,476 |
| | |
| Sinclair Penny Warrants | 7,911,724 |
| Sinclair Performance Warrants(1) | 3,279,337 |
| Sinclair Options(2) | 1,639,669 |
| Monkey Knife Fight penny warrants | 34,455 |
| Monkey Knife Fight contingent shares | 393,779 |
| Telescope contingent shares | 75,678 |
| SportCaller contingent shares(3) | 235,260 |
| Outstanding awards under Equity Incentive Plans | 990,833 |
| Treasury Stock Method for Sinclair Options(2) | (1,639,669) |
| | |
| **Total Fully Diluted Shares Outstanding** | **65,459,542** |

(1) For calculation purposes, assumes full issuance of performance warrants. Such performance warrants are issuable based on First Time Depositors ("FTD"). 655,868 warrant shares at 350,000 at FTDs, 655,868 at 450,000 FTDs, 655,867 at 550,000 FTDs, 655,867 at 650,000 FTDs and 655,867 at 750,000 FTDs.

(2) Consists of four equal tranches to purchase shares with exercise prices ranging from $30.00 to $45.00 per share, exercisable over a seven-year period beginning on the fourth anniversary of the November 18, 2020 closing of the Sinclair Agreement. Treasury Stock Method assumes share price of $30.00.

(3) The contingent consideration related to the SportCaller acquisition is 6.5M EUR as of March 31, 2022, payable in shares subject to certain post-acquisition earn-out targets and based on share price at time of payment. For purposes of this estimate, the Company used the EUR>US Dollar conversion rate of 1.1126 as of March 31, 2022 and the closing share price of Company common shares of $30.74 per share to calculate the shares expected to be issued if earn-out targets are met.

# CASH & DEBT OUTSTANDING

| | |
|---|---|
| Cash and cash equivalents | $160.8 |
| $620MM Revolving Credit Facility, 2026[(1)] | $110.0 |
| $1,945MM Senior Secured Term Loan Facility, 2028[(1)] | $1,940.1 |
| Total Secured Debt Outstanding | $2,050.1 |
| $750MM 5.625% Senior Notes, 2029 | $750.0 |
| $750MM 5.875% Senior Notes, 2031 | $750.0 |
| Total Unsecured Debt Outstanding | $1,500.0 |
| **Total Debt Outstanding on 3/31/2022** | **$3,550.1** |

(1) The current interest rate on the Revolving Credit Facility and Senior Secured Term Loan Facility is LIBOR + 3.25% (with a 0.50% LIBOR Floor). Borrowings under the credit facilities bear interest at a rate equal to, at Bally's option, either (1) LIBOR determined by reference to the costs of funds for U.S. dollar deposits for the interest period relevant to such borrowing, adjusted for certain additional costs and subject to a floor of 0.50% in the case of term loans and 0.00% in the case of revolving loans or (2) a base rate determined by reference to the greatest of (a) the federal funds rate plus 0.50%, (b) the prime rate, (c) the one-month LIBOR rate plus 1.00%, (d) solely in the case of term loans, 1.50%, and (e) solely in the case of revolving loans, 1.00%, in each case of clauses (1) and (2), plus an applicable margin. In addition, on a quarterly basis, Bally's is required to pay each lender under the Revolving Credit Facility a 0.50% or 0.375% commitment fee in respect of commitments under the revolving credit facility, with the applicable commitment fee determined based on Bally's total net leverage ratio.

# INTERNATIONAL INTERACTIVE SEGMENT REPORTING

| | 1Q20 | 2Q20 | 3Q20 | 4Q20 | 1Q21 | 2Q21 | 3Q21 | 4Q21 | 1Q22 |
|---|---|---|---|---|---|---|---|---|---|
| UK - £ | 90,894 | 106,516 | 109,298 | 116,538 | 118,512 | 118,760 | 118,825 | 110,358 | 108,196 |
| Asia - € | 50,246 | 62,749 | 66,212 | 65,817 | 71,700 | 75,653 | 76,824 | 75,887 | 83,215 |
| Spain - € | 9,716 | 10,291 | 9,973 | 11,295 | 8,663 | 9,798 | 10,067 | 9,963 | 9,432 |
| ROW - € | 11,247 | 10,771 | 9,264 | 9,148 | 6,220 | 5,237 | 5,303 | 3,885 | 3,373 |
| **Total Revenues - £** | **152,148** | **180,798** | **186,612** | **194,492** | **194,281** | **196,897** | **197,660** | **186,480** | **188,498** |
| | | | | | | | | | |
| Y/Y | | | | | | | | | |
| UK - £ | | | | | 30.4% | 11.5% | 8.7% | (5.3%) | (8.7%) |
| Asia - € | | | | | 42.7% | 20.6% | 16.0% | 15.3% | 16.1% |
| Spain - € | | | | | (10.8%) | (4.8%) | 0.9% | (11.8%) | 8.9% |
| ROW - € | | | | | (44.7%) | (51.4%) | (42.8%) | (57.5%) | (45.8%) |
| **Total Revenues - £** | | | | | **27.7%** | **8.9%** | **5.9%** | **(4.1%)** | **(3.0%)** |
| | | | | | | | | | |
| Variable Costs - £ | | | | | | | | | |
| Marketing costs - £ | 34,528 | 33,243 | 39,370 | 45,588 | 41,842 | 42,641 | 38,497 | 40,351 | 43,671 |
| Content fees - £ | 13,245 | 16,249 | 16,487 | 15,917 | 17,141 | 18,647 | 17,733 | 17,237 | 17,853 |
| Gaming taxes - £ | 23,101 | 28,266 | 26,962 | 29,266 | 28,123 | 28,210 | 29,112 | 27,035 | 25,638 |
| Processing fees - £ | 11,607 | 17,522 | 17,600 | 16,283 | 17,825 | 20,862 | 19,780 | 20,251 | 20,744 |
| **Total Variable Costs - £** | **82,481** | **95,280** | **100,419** | **107,054** | **104,931** | **110,361** | **105,121** | **104,873** | **107,907** |
| | | | | | | | | | |
| **Total Gross Profit - £** | **69,667** | **85,517** | **86,193** | **87,437** | **89,350** | **86,536** | **92,539** | **81,607** | **80,591** |
| | | | | | | | | | |
| **GBPEUR FX** | **0.86** | **0.89** | **0.90** | **0.90** | **0.88** | **0.86** | **0.86** | **0.85** | **0.84** |

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