

ZEAL

EARNINGS CALL

Quarterly Statement Q1
as of 31 March 2023

11 May 2023



Tipp24

ZEAL IBERIA

ZEAL INSTANT GAMES

ZEAL VENTURES

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- Guidance 2023
- Key Take-Aways



SUMMARY

SUMMARY Q1 2023

- ⓧ Games licence received
- ✗ Good start with double-digit growth
- ⓧ EBITDA continues to increase
- ⓧ ZEAL is a member of the WLA
- ✗ Dividend proposal of € 3.60 per share approved by the AGM



CURRENT REGULATION – LICENSING PROCEDURE

New GlüStV 2021

- ⊘ No expiry date (can't be terminated before 2028)
- ⊘ Opportunities: Games, Sports Betting

Broker Licence

Lotto24 broker permit valid until 30 June 2029

Games Licence

- ⊘ Licence granted by the GGL on 05/04/2023
- ⊘ Licence valid until 31 March 2028



GAMES LAUNCH EXPECTED IN H1 2023



🔗 Games license received

Ramp-up now expected for H2 2023 –
full business roll-out in 2024

ZEAL frontrunner in the lottery segment among peers with strong opportunity to capture early growth in new market segment

✂ Well-prepared launch and roll-out strategy

Product portfolio of numerous games to be launched in 2023

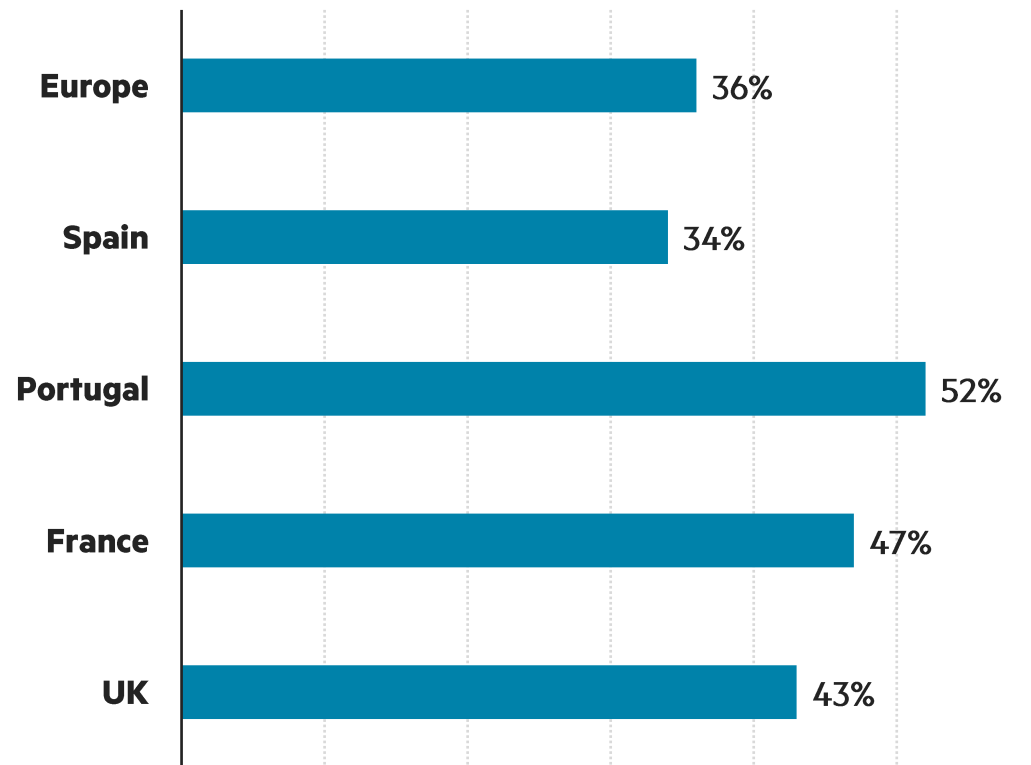
Launch through existing commercial platform with separate front-end to benefit from economies of scale

🔗 Continuous expansion and refreshing of the games portfolio

INSTANT WIN GAMES ARE ALREADY VERY POPULAR IN OTHER MARKETS

Instant win Games:

% of total lottery billings (2020/21) in different markets



Source: La Fleur's 2022 European Lottery Abstract, The European Lotteries, ONCE

GAMES ...

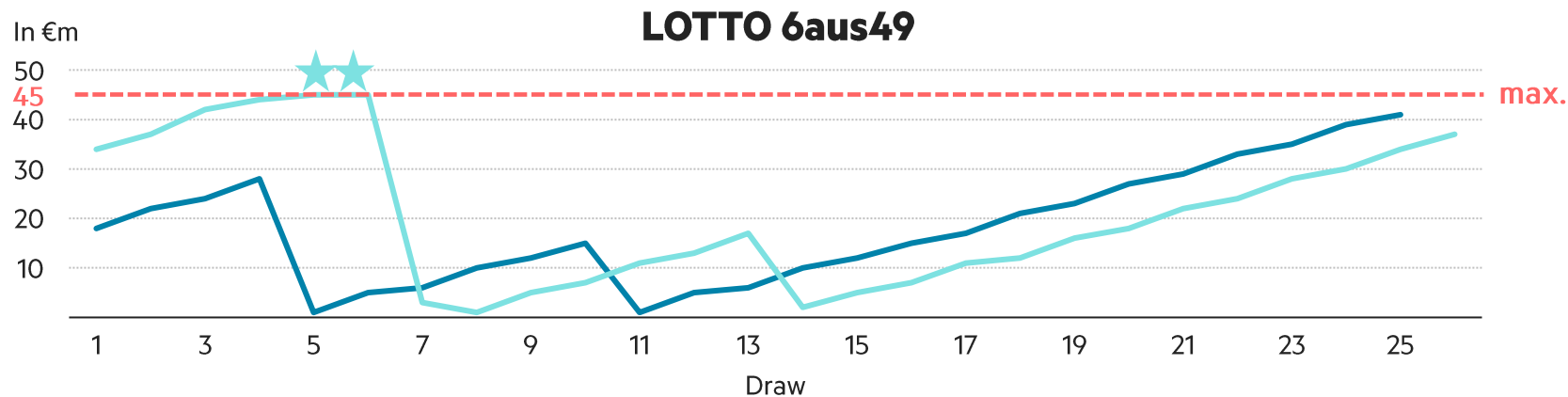
- ⊕ Have great catch-up potential in Germany
- ⊗ As simple scratch cards are already well accepted in several federal states
- ⊕ Are strong growth drivers in other markets
- ⊕ With attractive high gross margin for ZEAL

However, there are limiting factors in the regulation that make it difficult to predict the speed of the ramp-up

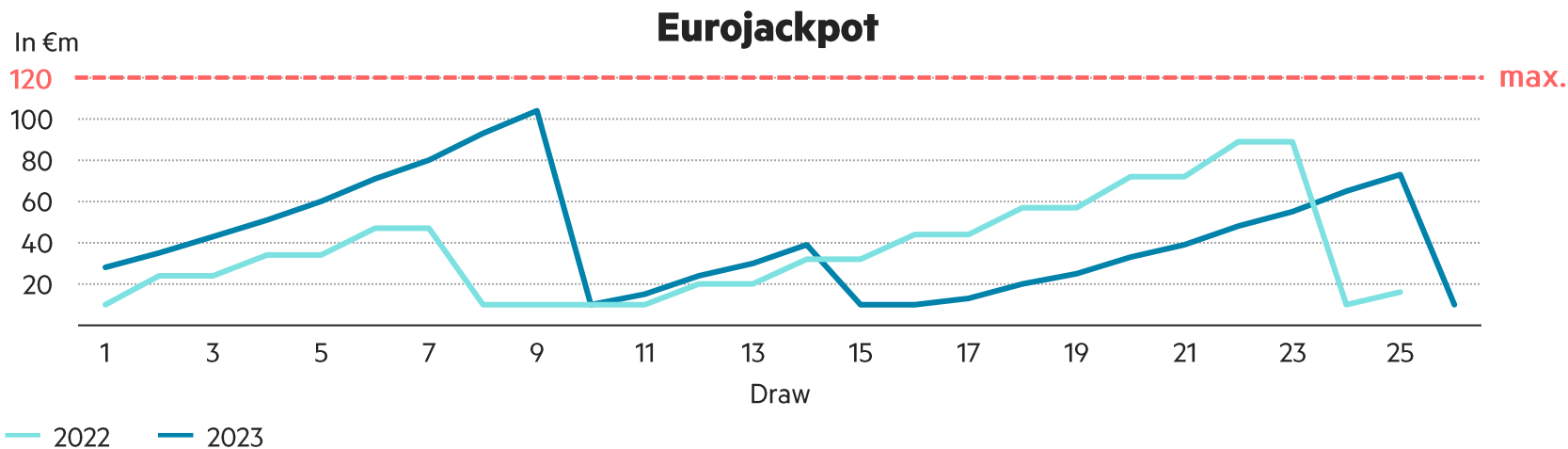


FINANCIAL UPDATE

JACKPOT DEVELOPMENT – 0 PEAKS IN 2023 VS. 2 PEAKS IN 2022



in €m	Average	Peak
YTD 2023	18	0
YTD 2022	21	2



in €m	Average	Peak
YTD 2023	42	0
YTD 2022	36	0

ZEAL INCOME STATEMENT Q1 2023 – CONDENSED

INCOME STATEMENT	Q1 2023 (in €k)	Q1 2022 (in €k)	CHANGE (in %)
REVENUE	26,699	25,114	+6.3
TOTAL COSTS OF OPERATIONS	-17,579	-16,452	+6.9
Personnel expenses	-5,078	-4,116	+23.4
Other operating expenses	-12,516	-12,354	+1.3
Marketing expenses	-7,001	-7,284	-3.9
Direct operating expenses	-2,730	-2,479	+10.1
Indirect operating expenses	-2,784	-2,592	+7.4
EBITDA	9,320	8,932	+4.3
Amortisation and depreciation	-2,194	-2,140	+2.5
EBIT	7,126	6,791	+4.9
Net profit after taxes	4,374	5,007	-12.6

REVENUE

Revenue increased by 6% due to the higher activity/more volume.

TOTAL COSTS OF OPERATIONS

Total costs of operations increased by 7% compared to previous year.

Personnel expenses:

Personnel expenses increased (160 vs 156 average FTE's) mainly results from the stronger development of the LTI provisions, due to the increase of the ZEAL share price in the first months of 2023.

Marketing expenses:

Marketing expenses fell in the comparable first months of the year due to the less favourable jackpot situation.

Direct operating expenses:

Increase in direct operating expenses roughly in line with our billings development.

Indirect operating expenses:

Indirect operating expenses increased mainly due to the increase in costs for consulting and external staff (€164k) as well as for travel, training and representation costs (€95k). In contrast, we were able to save (€130k) on insurance premiums for charity lotteries.

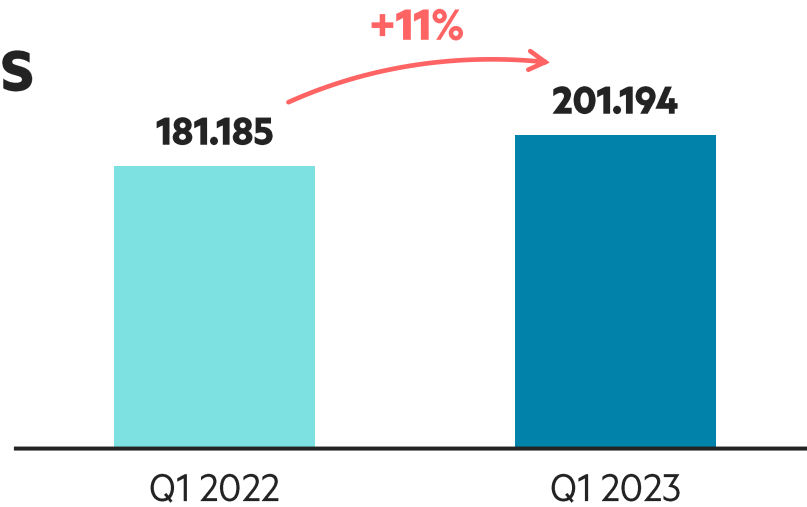
EBITDA

EBITDA increased by 4% thanks to the higher revenues.

OTHER PERFORMANCE INDICATORS I

BILLINGS

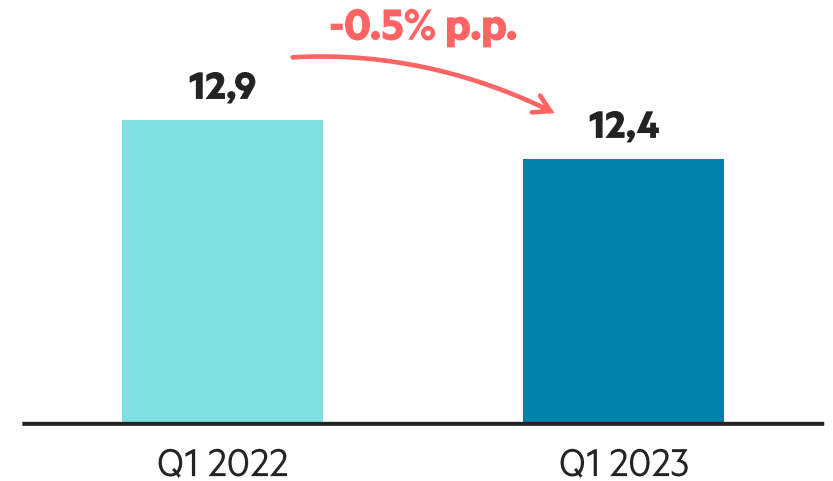
in € thousands



Despite weaker jackpots compared to the previous year, billings increased

GROSS MARGIN

(Germany Segment) in %

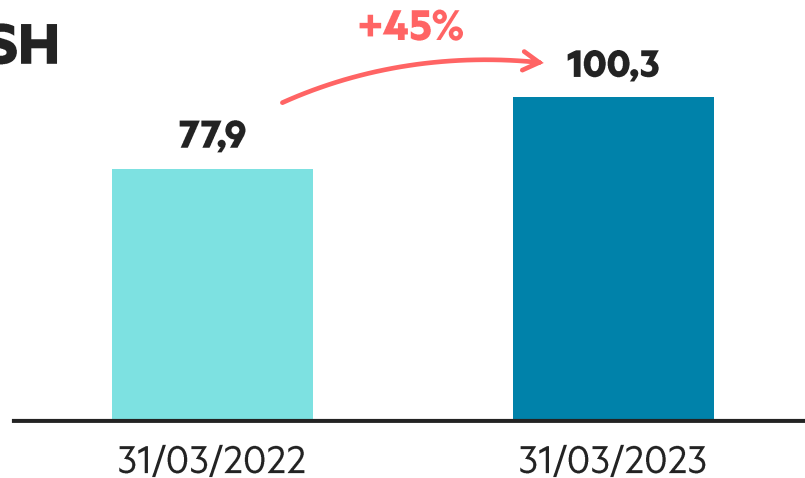


Unfavourable product mix led to a decline in gross margin

OTHER PERFORMANCE INDICATORS II

NET CASH

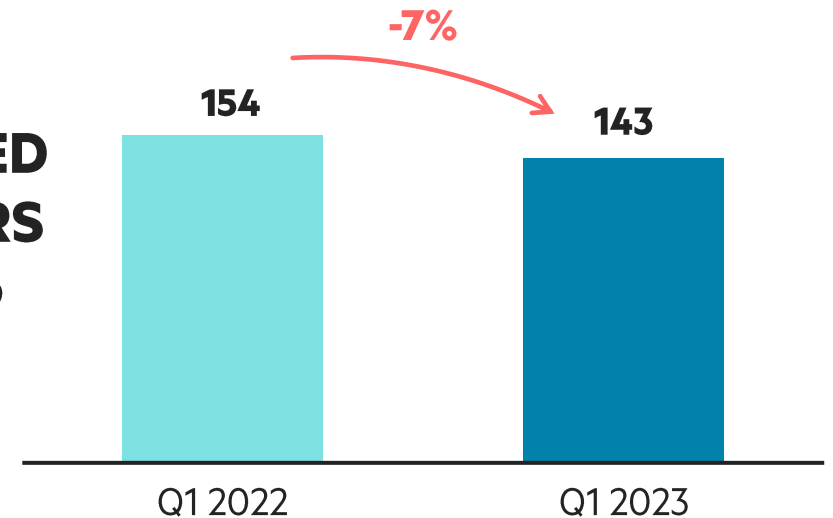
in € millions



Net cash generation driven mainly by the VAT reimbursement of €54m

NEW REGISTERED CUSTOMERS

(Germany Segment)
in thousands

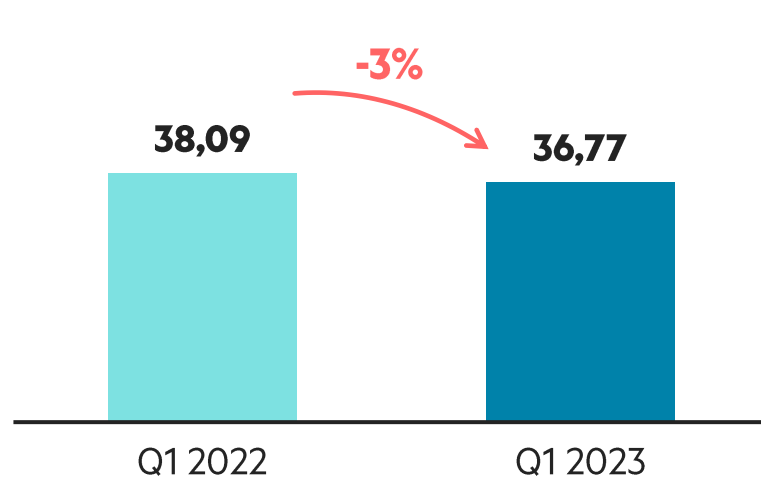


Despite a lack of jackpot peaks, we were able to significantly expand our customer base

OTHER PERFORMANCE INDICATORS III

COST PER LEAD, CPL

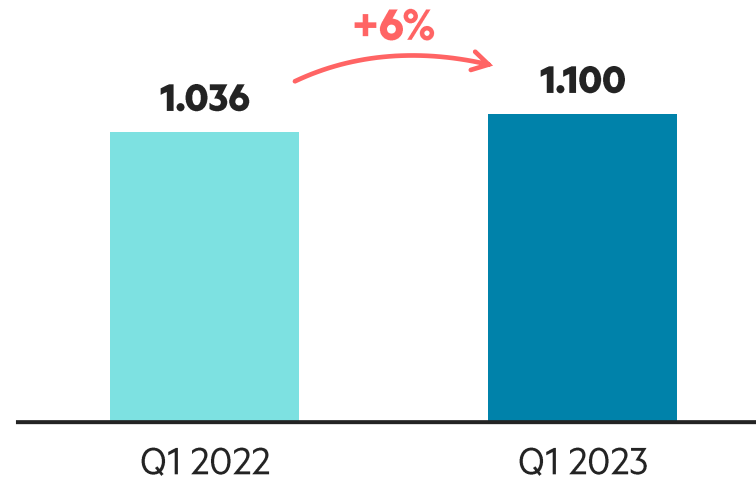
(Germany segment)
in €



Slight reduction as special campaigns increased the CPL in the previous year

MONTHLY ACTIVE USERS (MAU)

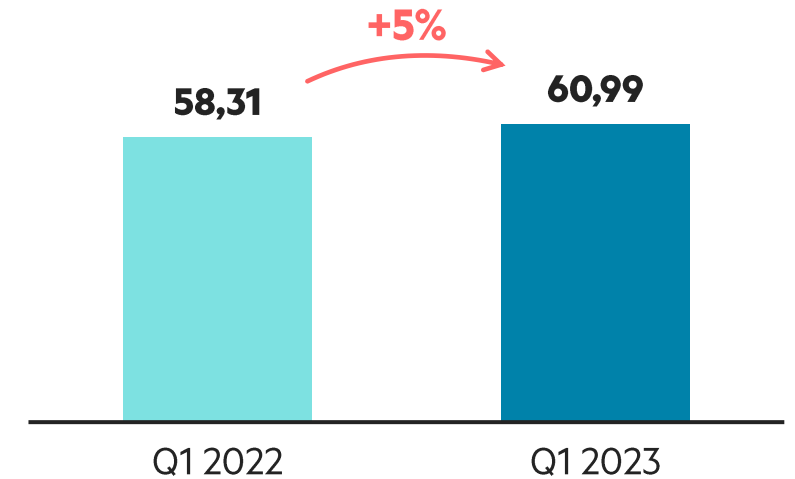
(Germany segment)
in thousands



Continuous increase in the customer base leads to an increase in MAU

AVERAGE BILLINGS PER USER, ABPU

(Germany segment)
in €



Increase at a very high level

GUIDANCE 2023: RAMPING UP FOR THE NEXT PHASE OF GROWTH

In €m	2023 GUIDANCE	2022(e)
→ Billings (Germany segment)¹⁾	800 – 830	758.4
→ Revenue²⁾	110 – 120	105.2
→ EBITDA³⁾	30 – 35	31.7

- ⊗ Guidance for FY 2023 based on a normalised jackpot situation
- ⊗ ZEAL will make the necessary investments for future growth
- ⊗ Increase of marketing expenses in FY 2023 in the range of €34-39m expected
- ⊗ The guidance includes a low single-digit million impact for “Games” business for both Revenue and EBITDA
- ⊗ Expected mid-term revenue growth in low double-digit range (CAGR 2022-2027)

¹⁾ Based on an average jackpot development | ²⁾ Including income from jackpot insurance | ³⁾ Marketing expenses of €34m – €39m are expected



KEY TAKE-AWAYS

KEY TAKE-AWAYS

- 📈 ZEAL continues to grow
- ✗ Games licence received
- 📈 No significant business impact identified due to current changes in the geopolitical and economic environment
- 📈 High cash return for shareholders



Tipp24

freiheit+
DEINE LOTTERIE FÜR MEHR LEBEN

ZEAL INSTANT GAMES



A man and a woman are laughing together. The man, on the left, has a beard and is wearing a plaid shirt. The woman, on the right, is wearing a light-colored sweater and holding a smartphone. The background is blurred, suggesting an indoor setting. The entire image has a blue tint.

Question Answer

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CONSOLIDATED INCOME STATEMENT AND BALANCE SHEET IN €K

INCOME STATEMENT	Q1 2023 (in €k)	Q1 2022 (in €k)	CHANGE (in %)		BALANCE SHEET	31/03/23 (in €)	31/12/22 (in €)	CHANGE (in %)
Revenue	26,699	25,114	+6.3		Current assets	144,042	139,538	+3.2
Total costs of operations	-17,579	-16,452	+6.9		Non-current assets	315,840	320,197	-1.4
EBITDA	9,320	8,932	+4.3		ASSETS	459,882	459,736	+0.0
EBIT	7,126	6,791	+4.9		Current liabilities	43,754	44,562	-1.8
Profit before taxes	6,795	6,591	+3.1		Non-current liabilities	77,950	81,137	-3.9
Net Profit	4,374	5,007	-12.6		Equity	338,178	334,037	-1.2
					EQUITY & LIABILITIES	459,882	459,736	+0.0

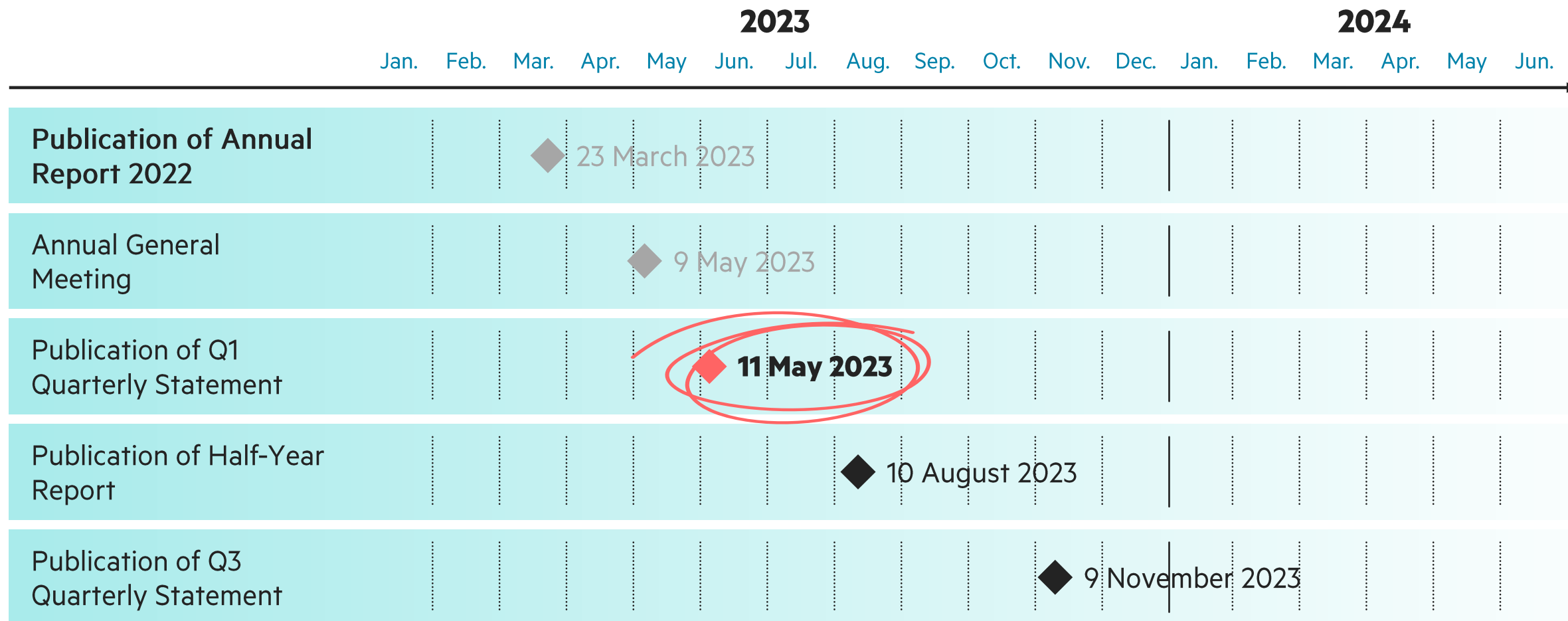
BUSINESS UNIT SEGMENT REPORTING AS OF 31/03/23 IN €K

	GERMANY	OTHER	TOTAL
Revenue	25,417	1,282	26,699
Other operating income	199	0	200
 EBITDA	9,069	252	9,320
Depreciation/amortisation	-	-	-2,194
 EBIT	-	-	7,126
Financial result	-	-	-293
Share of loss from associates			-38
 EBT	-	-	6,795
Income tax	-	-	-2,421
 NET PROFIT/LOSS	-	-	4,374

KPIS

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
→ BILLINGS (in €m)	163.3	169.5	160.4	163.3	181.2	177.1	186.1	214.1	201.2
→ ABPU (in €)	56.3	58.3	54.4	58.0	58.3	58.2	58.9	60.7	61.0
→ MAU (in k)	966	968	982	938	1,036	1,015	1,053	1,175	1,100
→ CPL (in €)	33.48	32.12	17.65	29.61	38.10	37.07	34.76	34.86	36.77

FINANCIAL CALENDAR 2023



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