

March 2021

ZEAL Network SE Management Presentation

GAME CHANGER

WE DRIVE CHANGE IN THE LOTTERY INDUSTRY.



ZEAL

Content

1. Why invest in ZEAL
2. Company structure
3. Business model + ESG
4. Market potential
5. Regulation
6. Guidance + Dividend policy

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Five reasons to invest in ZEAL

- No. 1 in online lotteries in Germany
- Unique, cash generating business model
- Outstanding customer loyalty
- High growth opportunities in an underpenetrated market
- Attractive dividend policy



Company structure

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A decorative graphic consisting of several overlapping, wavy, horizontal bands of different shades of teal and blue, creating a sense of movement and depth. It occupies the bottom half of the slide.

ZEAL Group with strong Germany segment

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Lottery broker

Tipp24.com



German Lottery broker

Leading German online provider of state licensed lottery products

ONCE **ZEAL**
VENTURES

Lottery partnerships/ventures

State lotteries/charities

External investments/
Internal incubation

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Business model

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Unique lottery brokerage business model



- ✓ Established products
- ✓ No jackpot risk

ESG – WE CARE...



...FOR SOCIETY:

€246m FOR GOOD CAUSES



Eden Reforestation Projects

...FOR OUR CUSTOMERS:

WE PREVENT ADDICTION

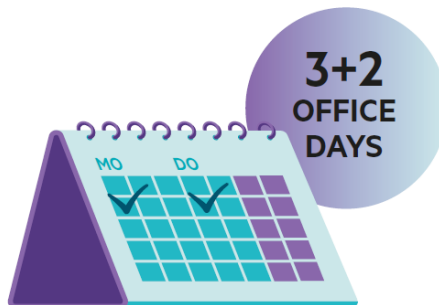


...FOR OUR EMPLOYEES:

WE WORK AS FLEXIBLE AS POSSIBLE



20%
PART-TIME
RATIO



...FOR ENVIRONMENT:

WE MORE THAN HALVED

OUR ELECTRICITY CONSUMPTION



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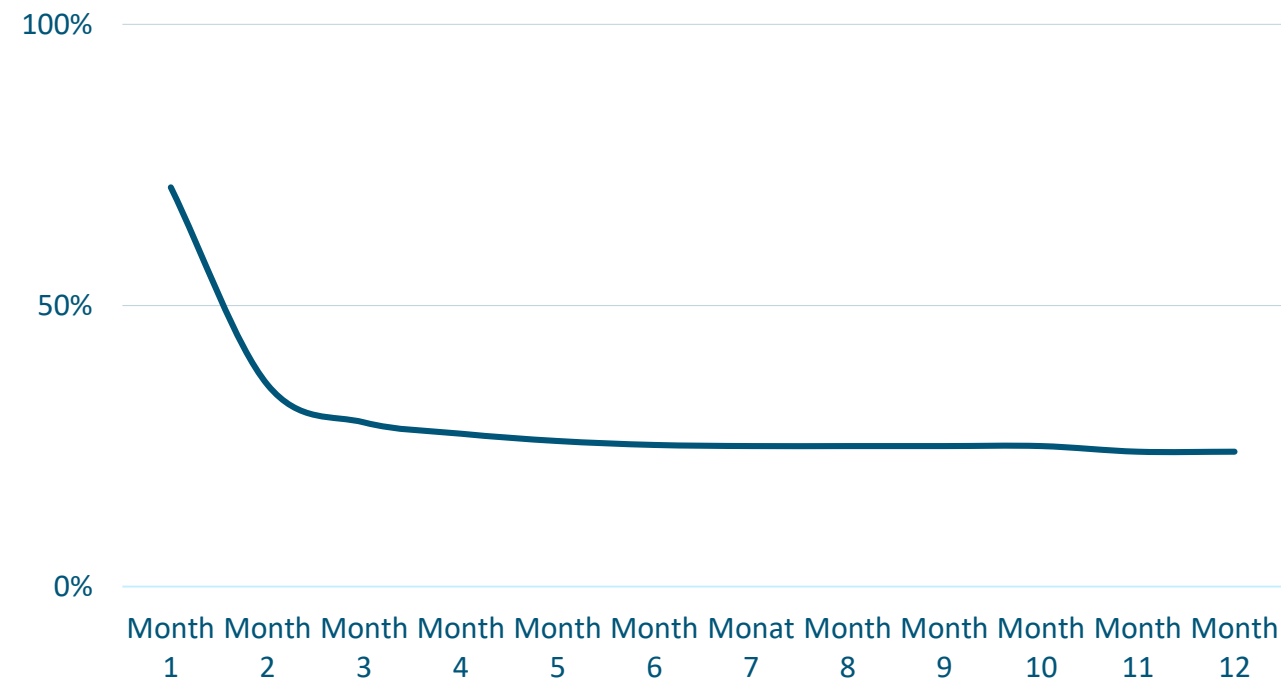
Strong customer value proposition

- Superior user experience
 - Available anywhere anytime (24/7)
 - Secure - no risk of losing the ticket
 - Automatic price notification and price collections
 - Strong web, mobile and apps experiences
 - Data driven recommendations and CRM
- Best product portfolio
- Trusted brands
- Servicing all of Germany



After 6 months around 25% of new registered customers remain active

Activity rate per registered customer cohort in month after registration

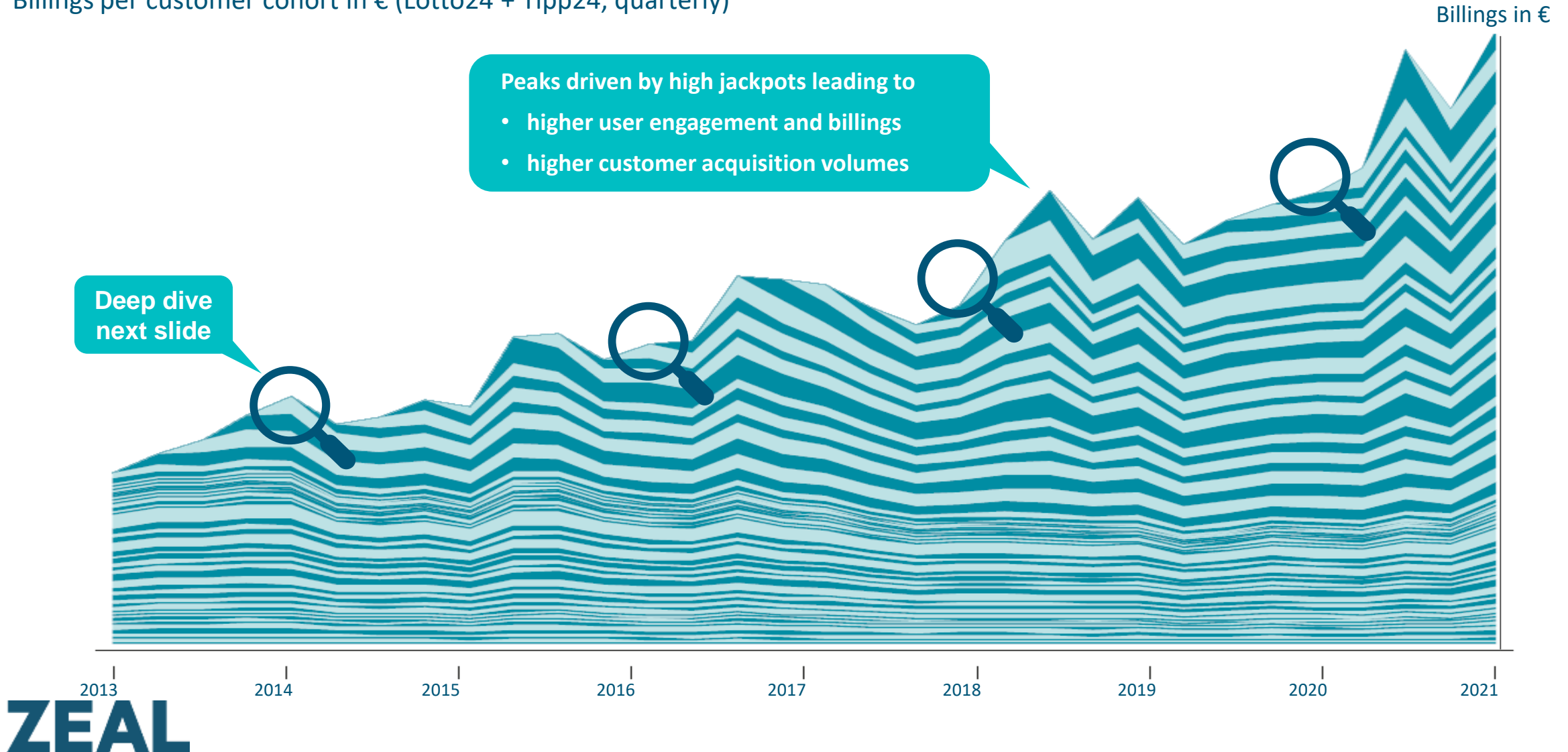


After month 6, churn rate p.a. at c5% of active users per year

Source: Historical Lotto24 customer data since 2013

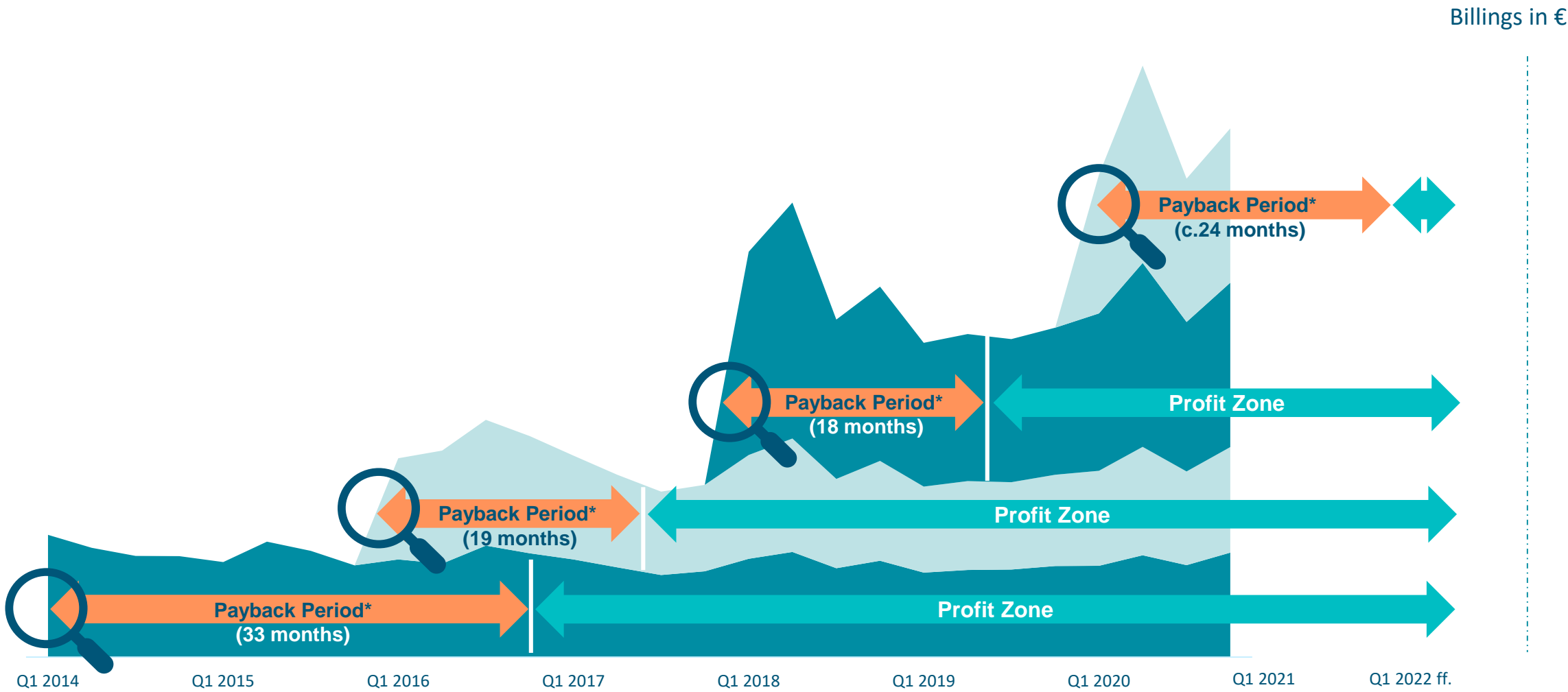
Customers are very loyal and generate high long-term value

Billings per customer cohort in € (Lotto24 + Tipp24, quarterly)



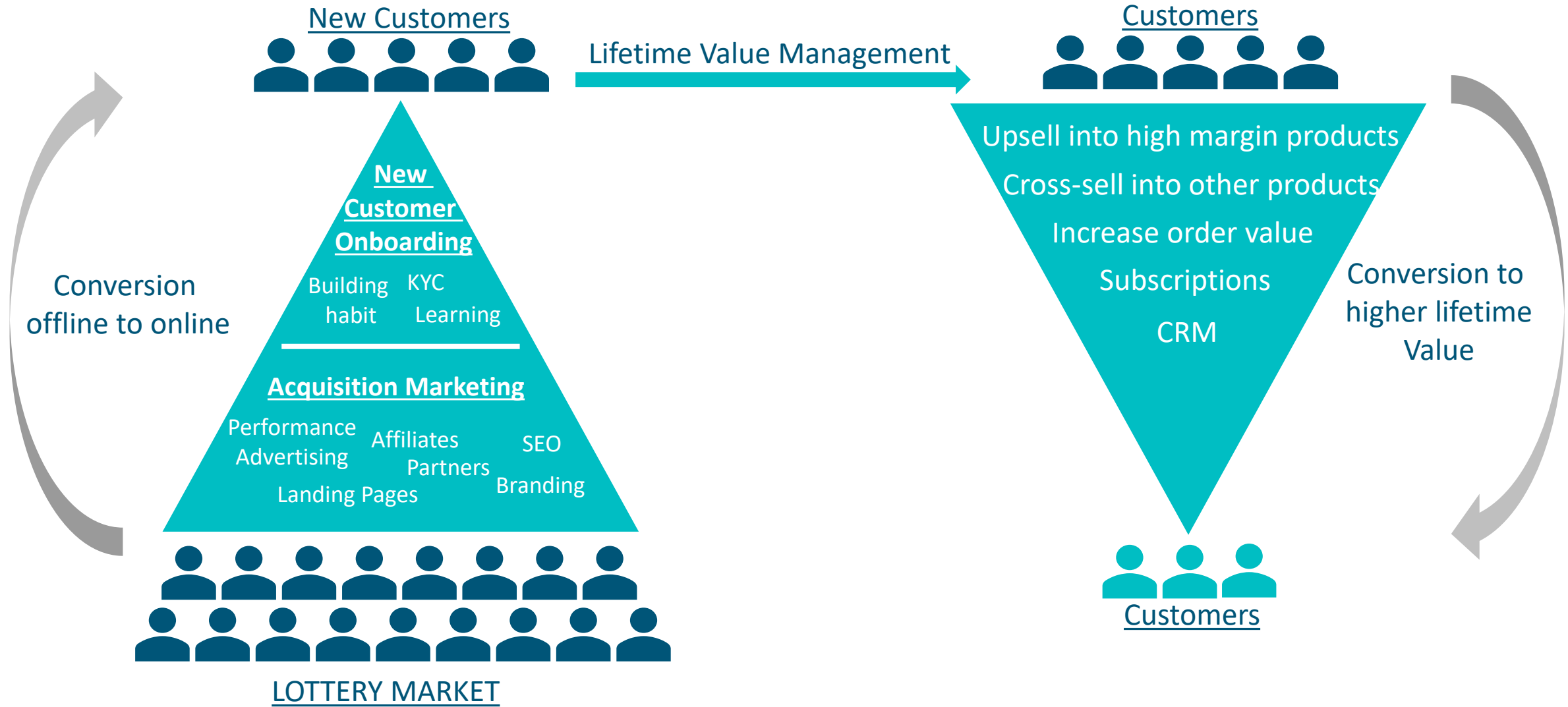
Deep dive into specific customer cohorts

(Q1/2014, Q1/2016, Q1/2018 and Q1/2020)



*Calculated payback period based on official online lottery brokerage business

Marketing

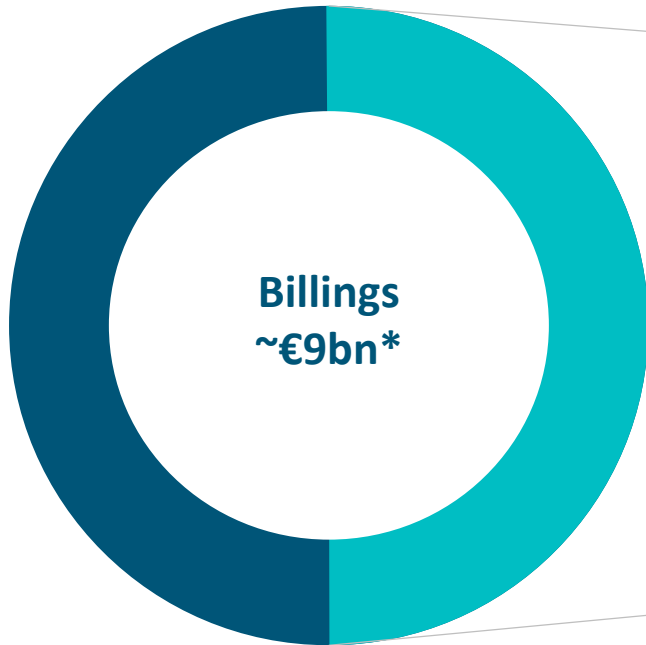


Market potential

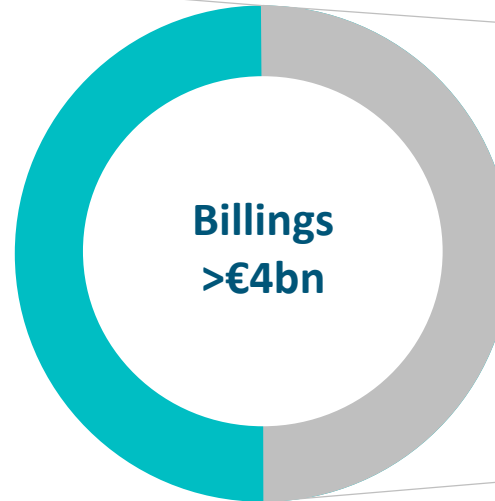
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Promising long-term potential

Medium to long-term:
50% Online penetration



Target:
Market share ~50%



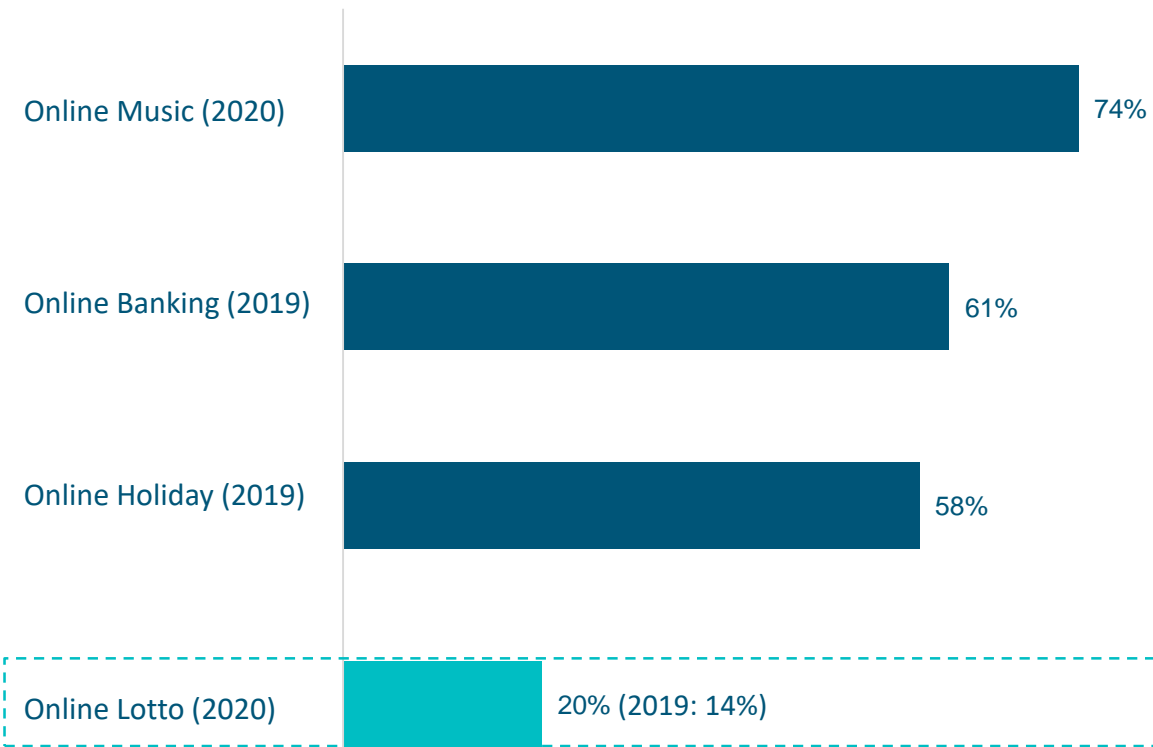
**ZEAL's
Long-term potential**



* Source: Total German lottery market volume of €9.0bn in 2020A as per Goldmedia, including other lotteries such as Class Lotteries, Aktion Mensch and Deutsche Fernsehlotterie

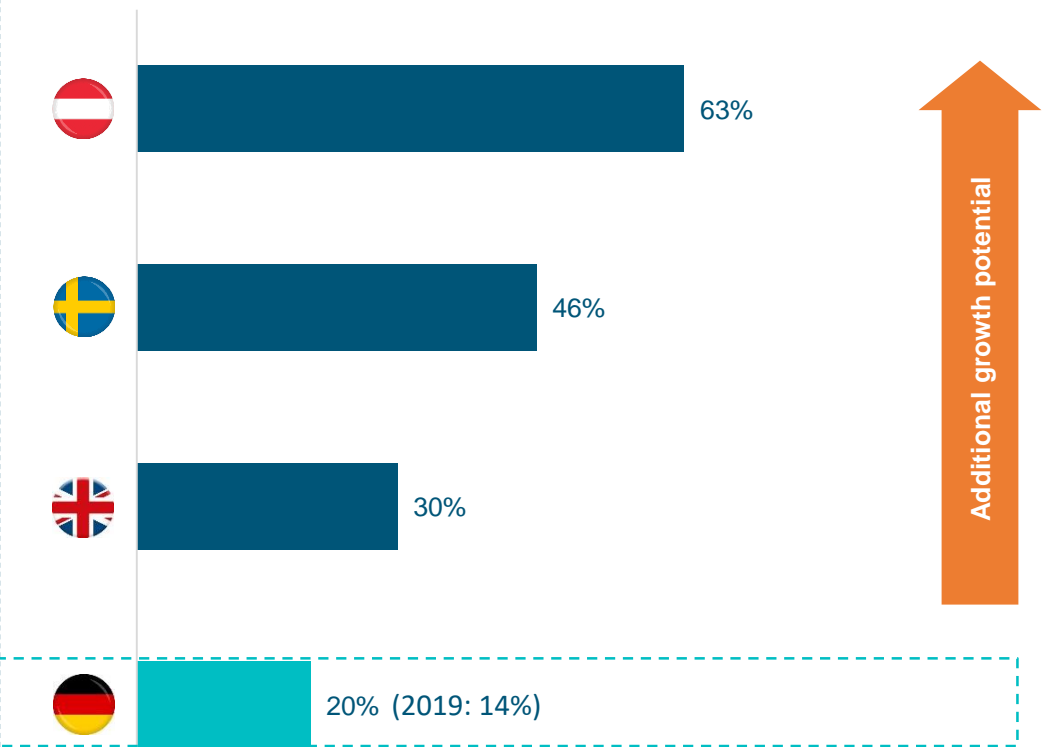
Online market shares show strong growth momentum

Online penetration by industries



Source: statista, VIR Daten und Fakten 2020, press release BVMI, German Association of State Lottery Companies (»Deutscher Lotto- und Totoblock, DLTB«), German Lottery Association (»Deutscher Lottverband, DLV«)

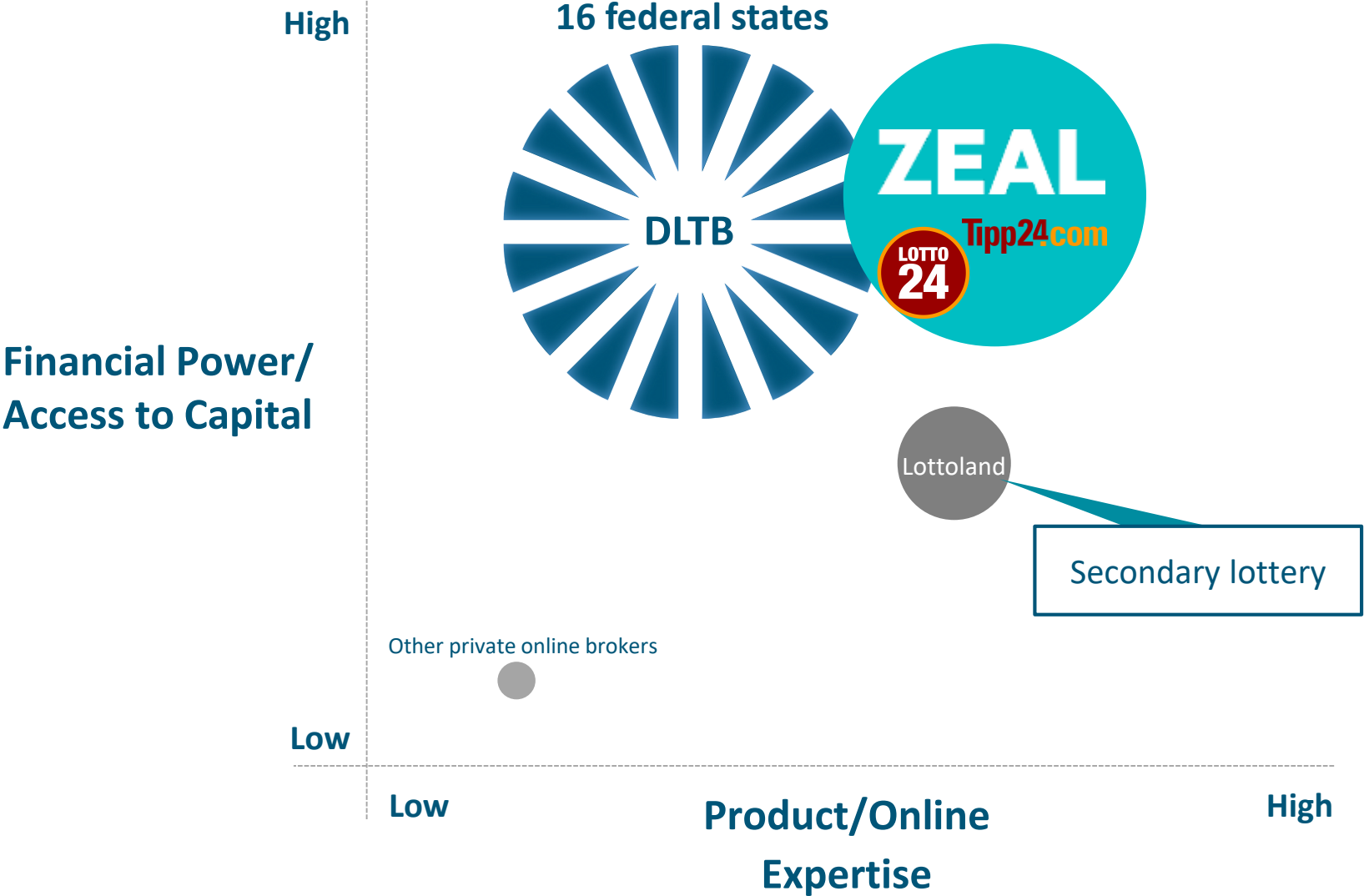
Online lottery penetration by countries (2019)



Source: La Fleur's 2020 European Lottery Abstract (based on 2019 numbers)

Additional growth potential

Favourable competitive landscape



Regulation

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New German state treaty on games of chance (GlüStV) to come



- Valid until 30 June 2021
 - No online casino and poker games
 - No expiry date (can be terminated no sooner than 2028)
 - Includes a permit model for online games, sports betting, online poker and a license model for online casino
 - Requirement to strictly separate gaming formats on different websites will be abolished
 - Lotto24 broker license valid until June 2022
 - Limitation of new permit still open (5 or 7 years?)
- **No significant impact on our business model**

Guidance + Dividend policy

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Consolidated Guidance 2021

in €m	2021 Guidance	2020 Actual
Billings (Germany segment)	At least 700	651.8
Revenue	At least 95	87.0
Adjusted EBITDA¹⁾	At least 20	12.7

¹⁾ Earnings before interest, taxes, depreciation, amortisation and non-recurring expenses

In fiscal year 2021, we plan to further expand our market leadership as an online provider of state lottery and other lottery products with the LOTTO24 and Tipp24 brands.

Depending on the general conditions, in particular the jackpot development, we expect billings of at least €700 million for the Germany segment. Following an exceptionally strong jackpot development in the previous year, we have assumed an average jackpot development, resulting in a lower growth rate than in the previous year.

Moreover, we expect revenue to be at least €95 million in fiscal year 2021. With similarly high marketing investments as in the previous year of €32 million to acquire new registered customers, adjusted EBITDA is expected to reach at least €20 million.

Dividend Policy confirmed

- Due to the positive liquidity situation of the ZEAL Group and the expected further increase in profitability, we will propose a **total pay-out of €20.2 million** (2019: €17.9 million) to the Annual General Meeting on 1 June 2021.
- This corresponds to a dividend of **€0.90 (+12.5%)** per share for the fiscal year 2020 (2019: €0.80)
- Depending on the economic development of the ZEAL Group, we have set ourselves the target of proposing a dividend of €1.00 per share to the shareholders at the Annual General Meeting in 2022

Five reasons to invest in ZEAL

- No. 1 in online lotteries in Germany
- Unique, cash generating business model
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Questions

Answers





Appendix

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Management Board



Dr. Helmut Becker
CEO since Sep 2015

Before:

- CMO of ZEAL
- Member of the Supervisory Board of ZEAL
- CCO at XING AG

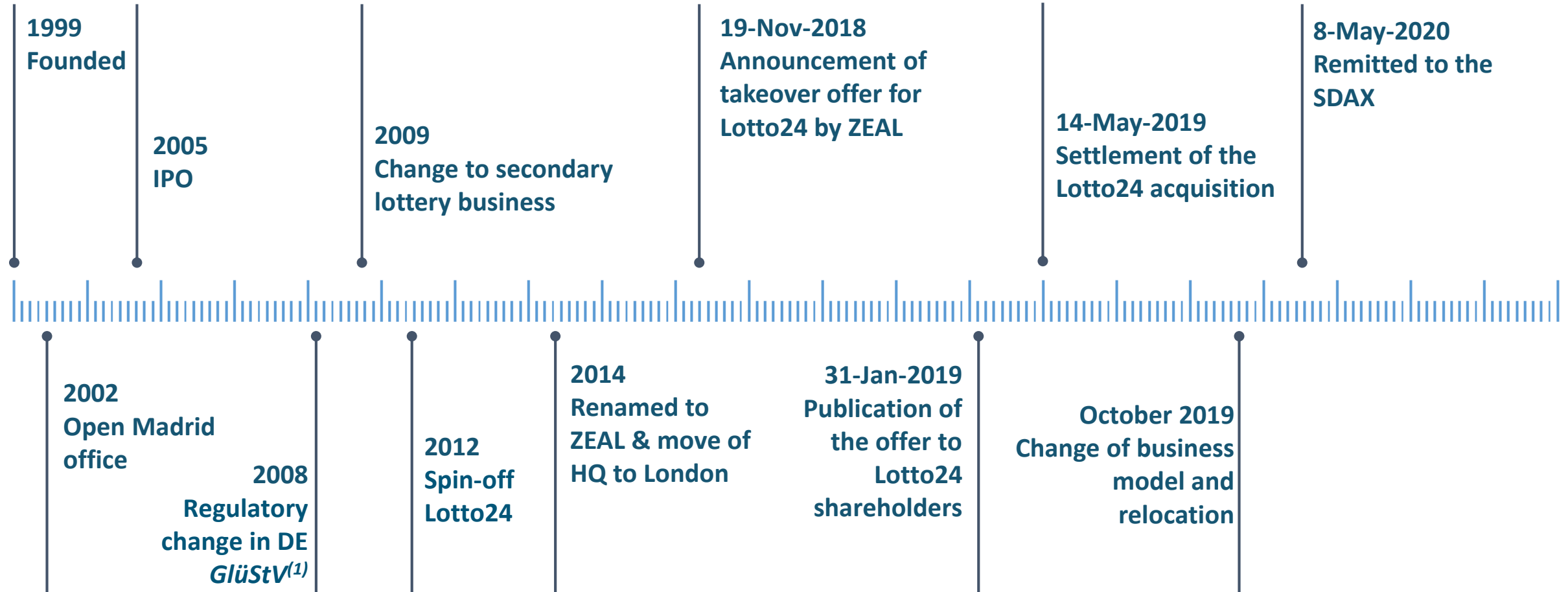


Jonas Mattsson
CFO since Feb 2015

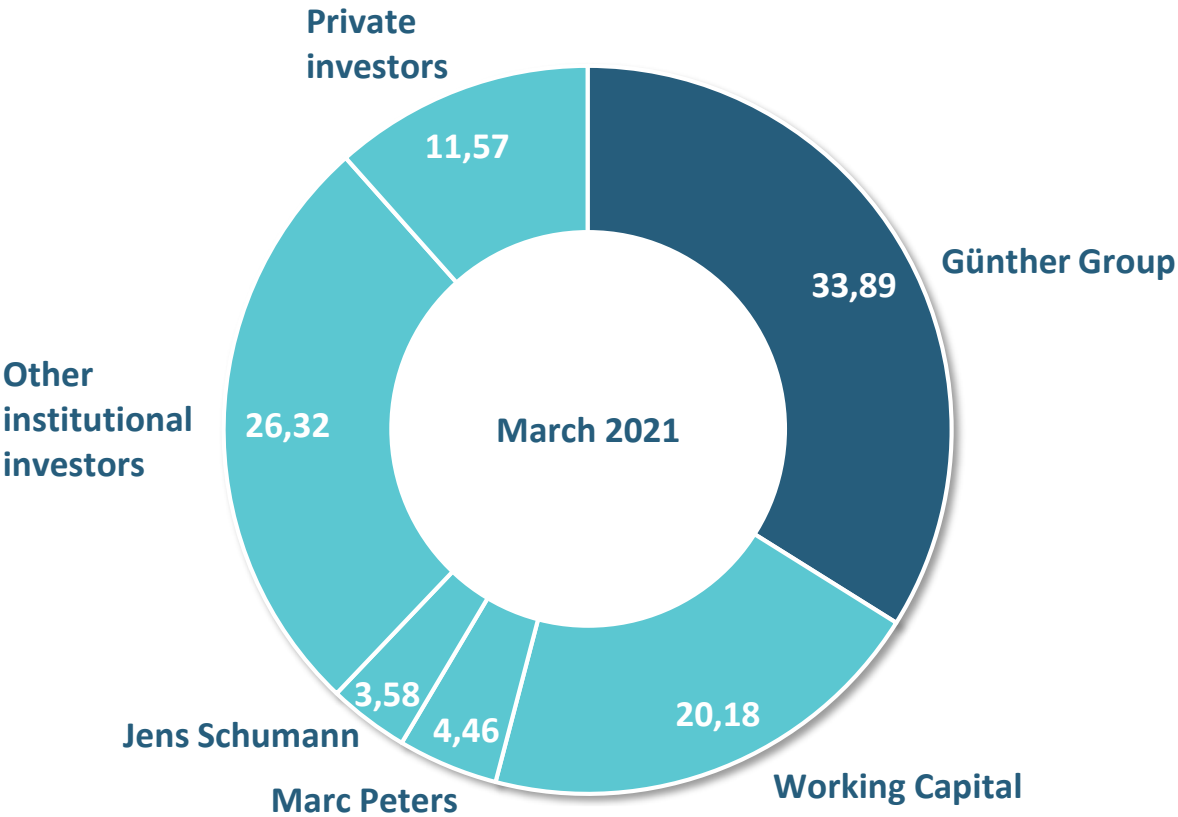
Before:

- CFO of O3b Networks
- CFO of various entities of SES

Historical development of ZEAL



Shareholder structure



No. of shares:	22,396,070
Market cap:	~ € 959m
<hr/>	
Year-opening price:	€ 46.10
Mar 26, 2021:	€ 42.80



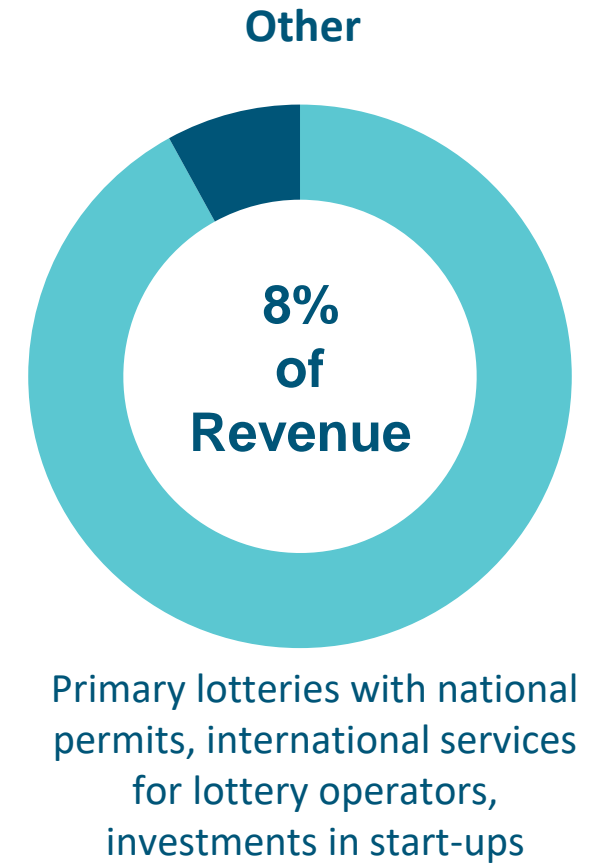
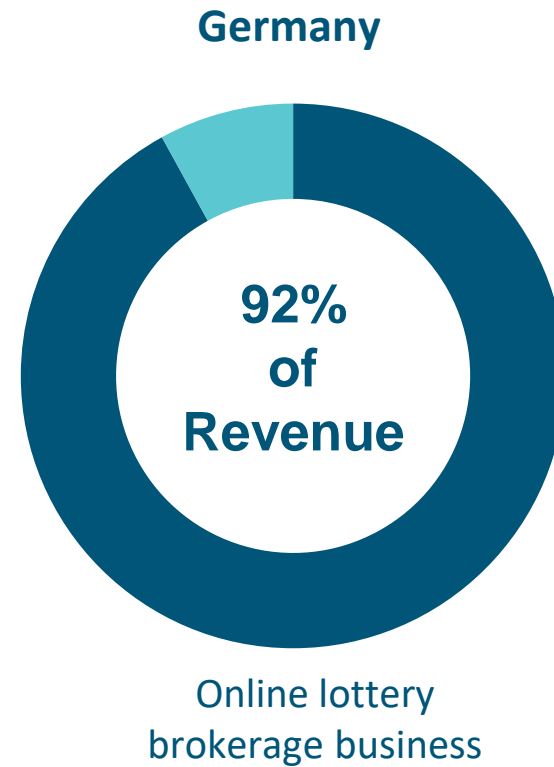
Source: Information from notification of voting rights and company information

12M
2020

- Billings up 40%
 - High marketing investments drove growth, and
 - 918 thousand new customers acquired
 - Exceptionally good jackpot development
- New charity lottery freiheit+ successfully launched
- Targeted cost synergies completely implemented in Q4
- Market share expanded
- Market cap exceeding one billion euros for the first time
- €246 million for good causes

ZEAL Group figures 12M 2020

Billings	€ 653m
Revenue	€ 87m
Adjusted EBITDA	€ 13m
Employees	161
Market Cap. <small>March 2021</small> <small>Listed since 2005, Part of German SDAX</small>	€ 959m



ZEAL: Consolidated Income Statement and Balance Sheet in €k

Income Statement		31/12/20	31/12/19	Change in %
	Revenue	87,023	113,475	(23.3)
	Total costs of operations	(78,162)	(91,927)	(15.0)
	Adjusted EBITDA ¹⁾	12,744	29,350	(56.6)
	EBIT	5,375	9,067	(40.7)
	Profit before taxes	7,856	8,328	(5.7)
	Net Profit	7,893	1,718	+359.4

Balance Sheet		31/12/20	31/12/19	Change in %
	Current assets	104,432	173,998	(40.0)
	Non-current assets	389,902	347,135	+12.3
	ASSETS	494,334	521,133	(5.1)
	Current liabilities	36,051	49,909	(27.8)
	Non-current liabilities	62,721	65,499	(4.2)
	EQUITY & LIABILITIES	494,334	521,133	(5.1)

ZEAL: Business Unit Segment Reporting

as of 31/12/20 in €k

	Germany	Other	Total
Revenue	80,005	7,018	87,023
Other operating income	3,642	(9)	3,633
Adjusted EBITDA¹⁾	11,750	994	12,744
Depreciation/amortisation	—	—	(11,956)
EBIT	—	—	5,375
Financial result	—	—	2,694
Share of loss from associates			(213)
EBT	—	—	7,856
Income tax	—	—	37
Net Profit/loss	—	—	7,893

ZEAL: KPIs

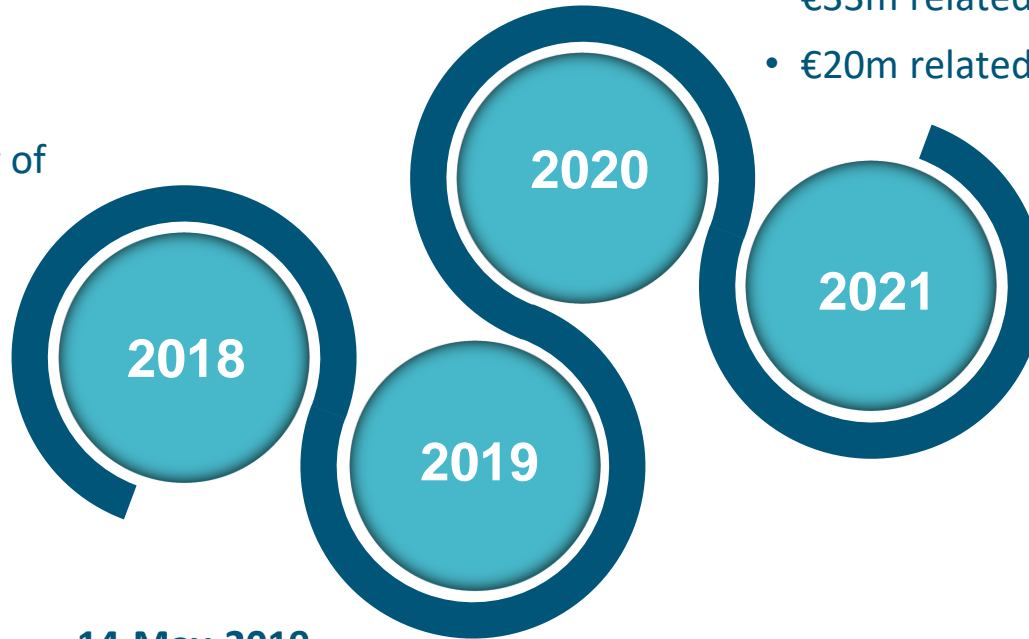
Secondary lottery business					Broker Business				
Billings (in €m)	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
	77.7	67.4	112.0	153.3	134.0	140.0	174.4	157.3	181.0
ABPU (in €)	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
	60.4	57.5	60.5	57.3	48.4	49.5	54.5	54.9	61.3
MAU (in k)	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
	427	375*	365	917	925	942	1,065	954	984

*Restated based on prior quarter correction

Cost synergies achieved

19-Nov-2018

Announcement of the takeover offer of Lotto24



14-May-2019

Completion of the takeover of Lotto24. Starting point for the realisation of cost synergies

May-2020

Target of 80% of planned cost synergies after the first year of completing the Lotto24 takeover – **91%** already achieved.

- €33m related to the BMC
- €20m related to additional cost savings

31-Dec-2020

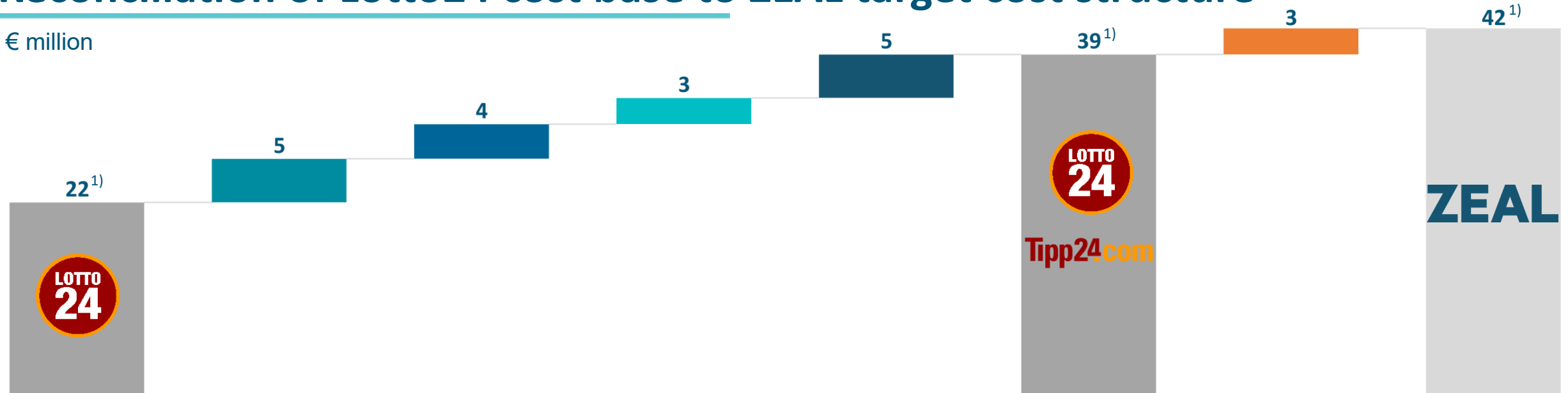
Target of 100% of planned cost synergies after the second year of completing the Lotto24 takeover – expected to be achieved by May 2021

100% ALREADY ACHIEVED IN Q4 2020

- €33m related to BMC
- €9m related to Personnel costs
- €16m related to additional cost savings

Reconciliation of Lotto24 cost base to ZEAL target cost structure ¹⁾

€ million



Cost base Lotto24

- Based on full year 2018 numbers ²⁾
- Adjusted for inflation & cost increases
- Including reclassification of marketing cost into direct costs

Volume effects

- Increase of billings (depending on jackpots) leads to higher direct costs
- Additional marketing staff to manage higher acquisition/ marketing investment

Platform investments

- Stable, versatile and state of the art platform that can quickly add new products and functionalities
- Reflected in increased number of IT staff & other operating expenses

New products / functionality

- Improved product offering like IWG's and social lotteries, leading to increase in billings & margin
- Reflected in personnel costs & other operating expenses

Transitional costs

- Reflecting transition, e.g. technology cost until platform unification & org restructuring completed
- Higher costs due to 2 stock-listed companies & complexity

Cost base Germany

Cost base International

- Also revenue contribution
- Expected to be profit neutral in 2020

Cost base ZEAL Group

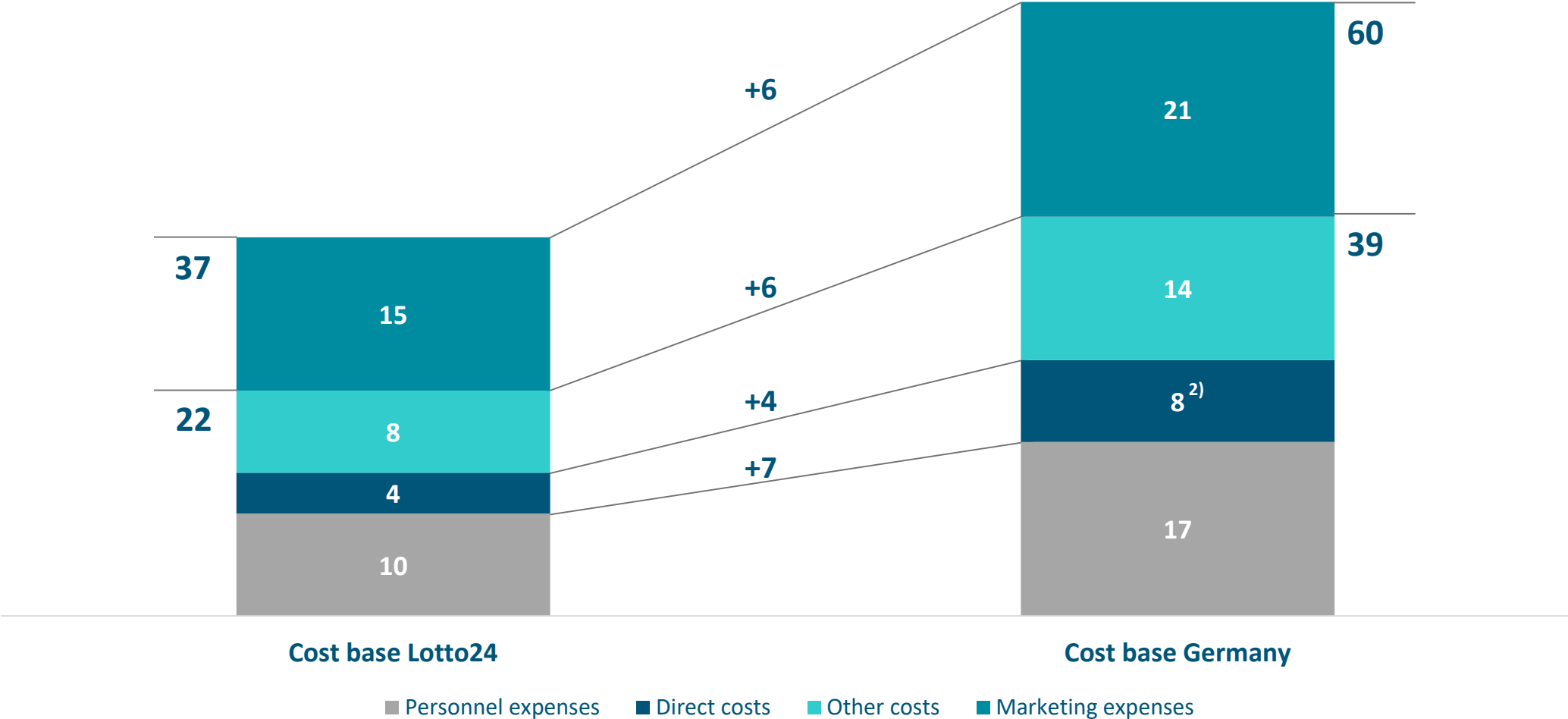
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¹⁾ Operational costs excluding marketing expenses, amortisation, depreciation and non-recurring expenses

²⁾ Annualized Q4 2018 cost run rate would suggest a Lotto24 cost base of €24 million as starting point for comparison

Lotto24 cost base vs. ZEAL target cost structure related to the P&L ¹⁾ (incl. Marketing)

€ million



¹⁾ Operational costs excluding amortisation, depreciation and non-recurring expenses

²⁾ Including costs of approx. €3 million, that were reflected in Lotto24 in other cost positions and therefor lead to an increase of % of billings (now approx. 1.4%)

Financial calendar 2021

Publication of Annual Report 2020	25 March 2021
Publication of Q1 Report	7 May 2021
Annual General Meeting	1 June 2021
Publication of Half-Year Report	12 August 2021
Publication of Q3 Report	11 November 2021



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