

ZEAL



COMPANY OVERVIEW

May 2023



Tipp24

ZEAL IBERIA

ZEAL INSTANT
GAMES

ZEAL
LOTTERIES

CONTENT

01

ZEAL at glance

Market Overview

Business Model

Upside Strategy

Regulations & New Products


Financials

ESG

Management

AMBITION:

DEFINE THE FUTURE OF LOTTERY



ZEAL IS A LOTTERY
TECHNOLOGY COMPANY.



We combine user insights, lottery
expertise and eCommerce excellence
to define the future of lottery.

PURPOSE: WE LET PEOPLE DREAM,
WE CONTRIBUTE TO SOCIETY

With our work we
let people dream

BIG

And with every lottery-ticket sold
we contribute to society. Either
directly by supporting social causes
through social lotteries or indirectly
through state lotteries.



COMPANY OVERVIEW

~1,100k total active users

€59 average billings per user per month

~€750m market capitalisation

€286m for good causes

161 employees

€32m EBITDA 2022

COMPANY STRUCTURE

Business divisions

- 🎯 Consumer lottery brands
- ✂ B2B & Government
- 🤝 Partnerships & Ventures

ZEAL

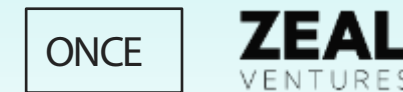
German Lottery broker

Leading German online provider
of state licensed lottery products



Lottery partnerships/ventures

State lotteries/charities External
investments/Internal incubation



CONTENT



ZEAL at glance

Market Overview

Business Model

Upside Strategy

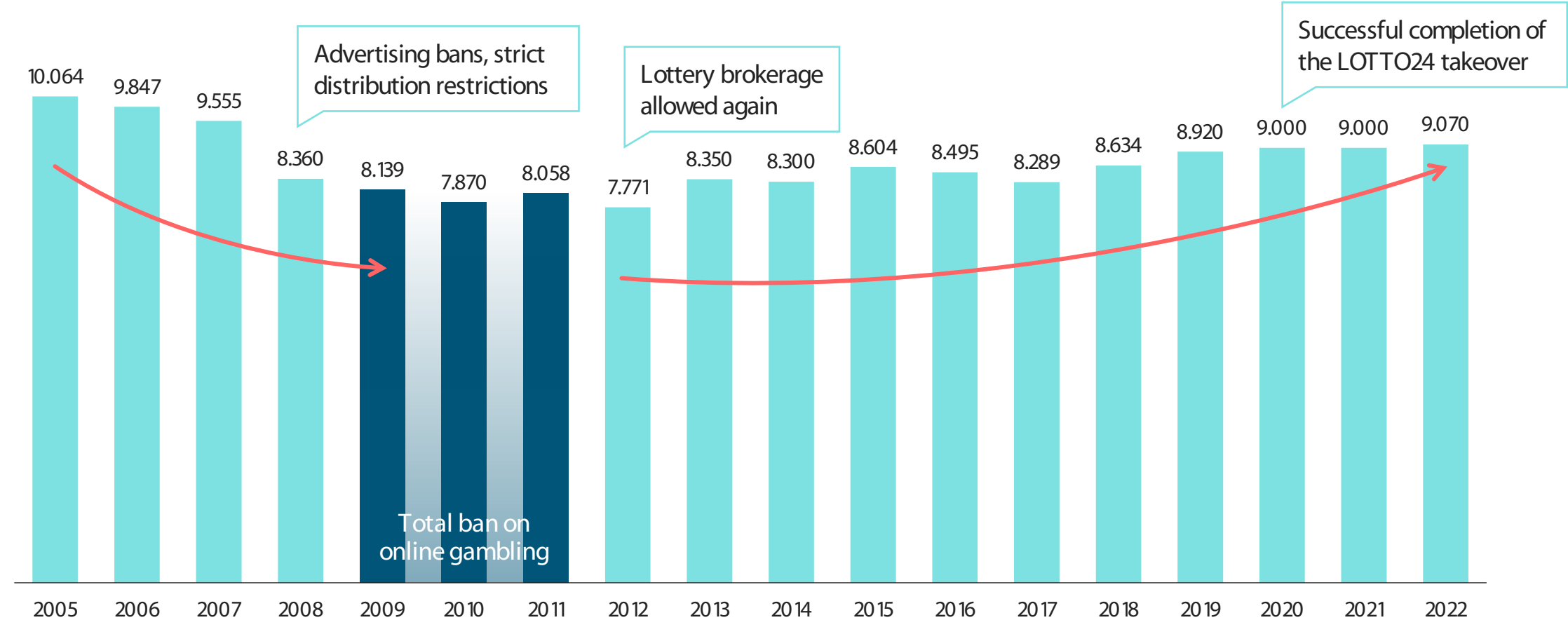
Regulations & New Products

Financials

ESG

Management

VERY STABLE LOTTERY MARKET IN GERMANY (IN €K)



According to DTLB, Klassenlotterien, Fernsehlotterien, Deutscher Lottoverband, own estimates

DUE TO HIGHLY EFFICIENT MARKETING ACTIVITIES, MARKET SHARE EXPANDED SIGNIFICANTLY IN 2022



12%

2013

€253 million =
4% online penetration²

39%

2021

€1.7 billion =
21% online penetration²

41%

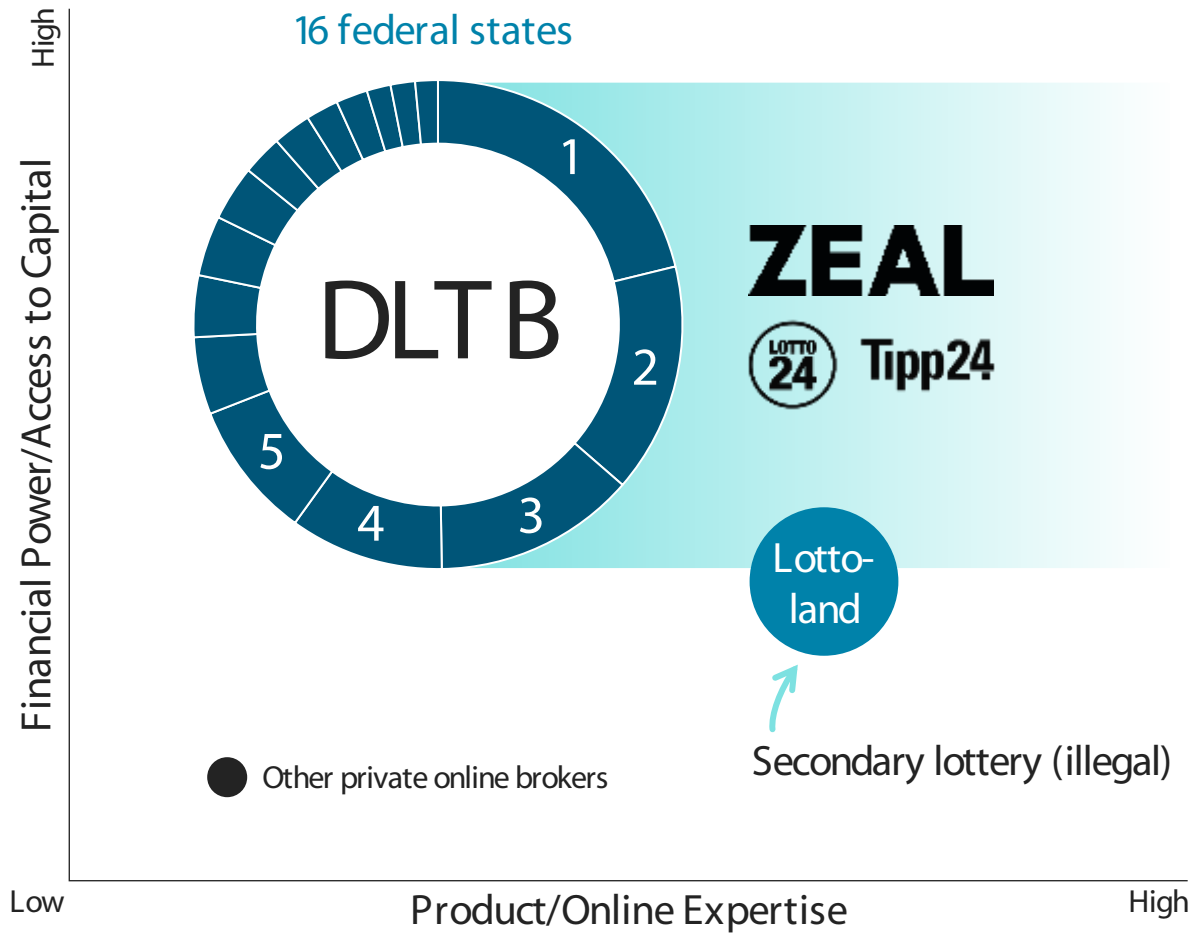
2022

€1.9 billion =
23% online penetration²

¹ According to information of the German Association of State-Lottery Companies (»Deutscher Lotto- und Totoblock, DLTB«) and calculations of the German Lottery Association (»Deutscher Lottoverband, DLV«)

² Total sales of the DLTB lottery market: 2013: € 7.0bn/ 2021: € 7.9bn, 2022: € 8.0bn

FAVOURABLE COMPETITIVE LANDSCAPE



Competitive insights

- State-lottery providers slightly bigger but deeply fragmented into 16 individual organizations
- State-Lottery providers lack online expertise
- Other competitors either small or without necessary permit

- | | |
|-------------------------|----------------|
| 1 North-Rhine Westfalia | 2 Bavaria |
| 3 Baden-Wuerttemberg | 4 Lower Saxony |
| 5 Hesse | |

CONTENT



ZEAL at glance

Market Overview

Business Model

Upside Strategy

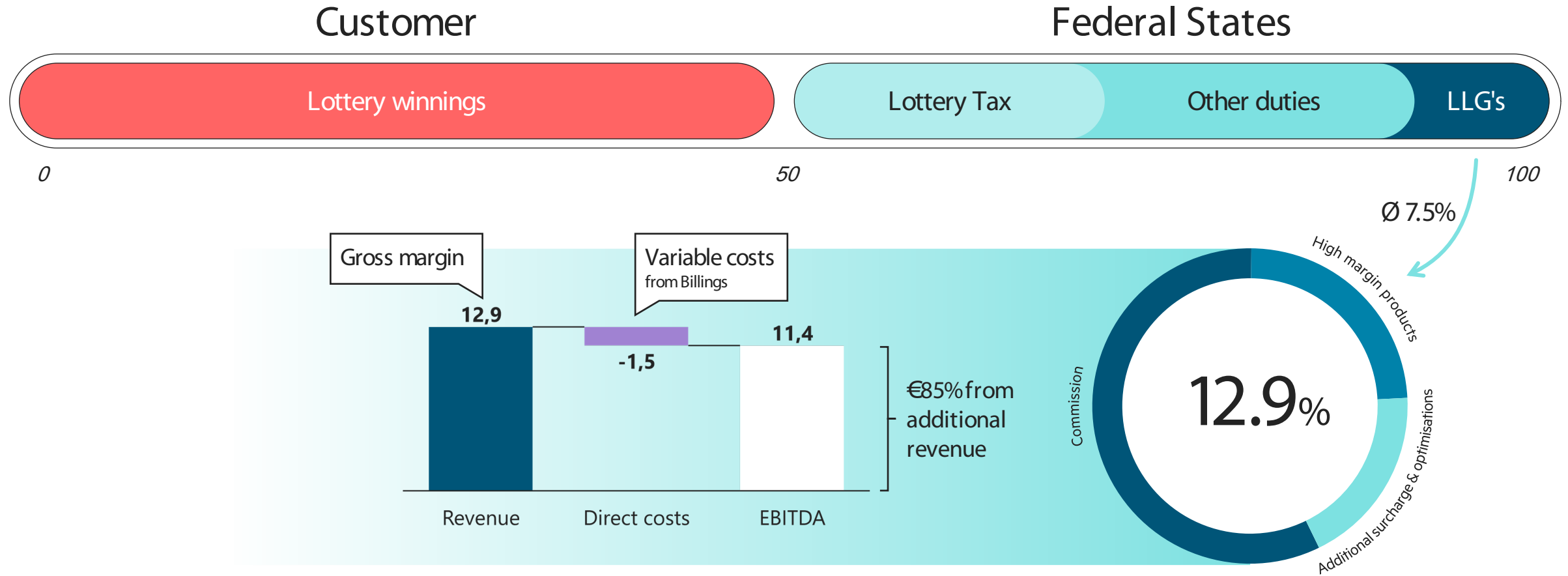
Regulations & New Products

Financials

ESG

Management

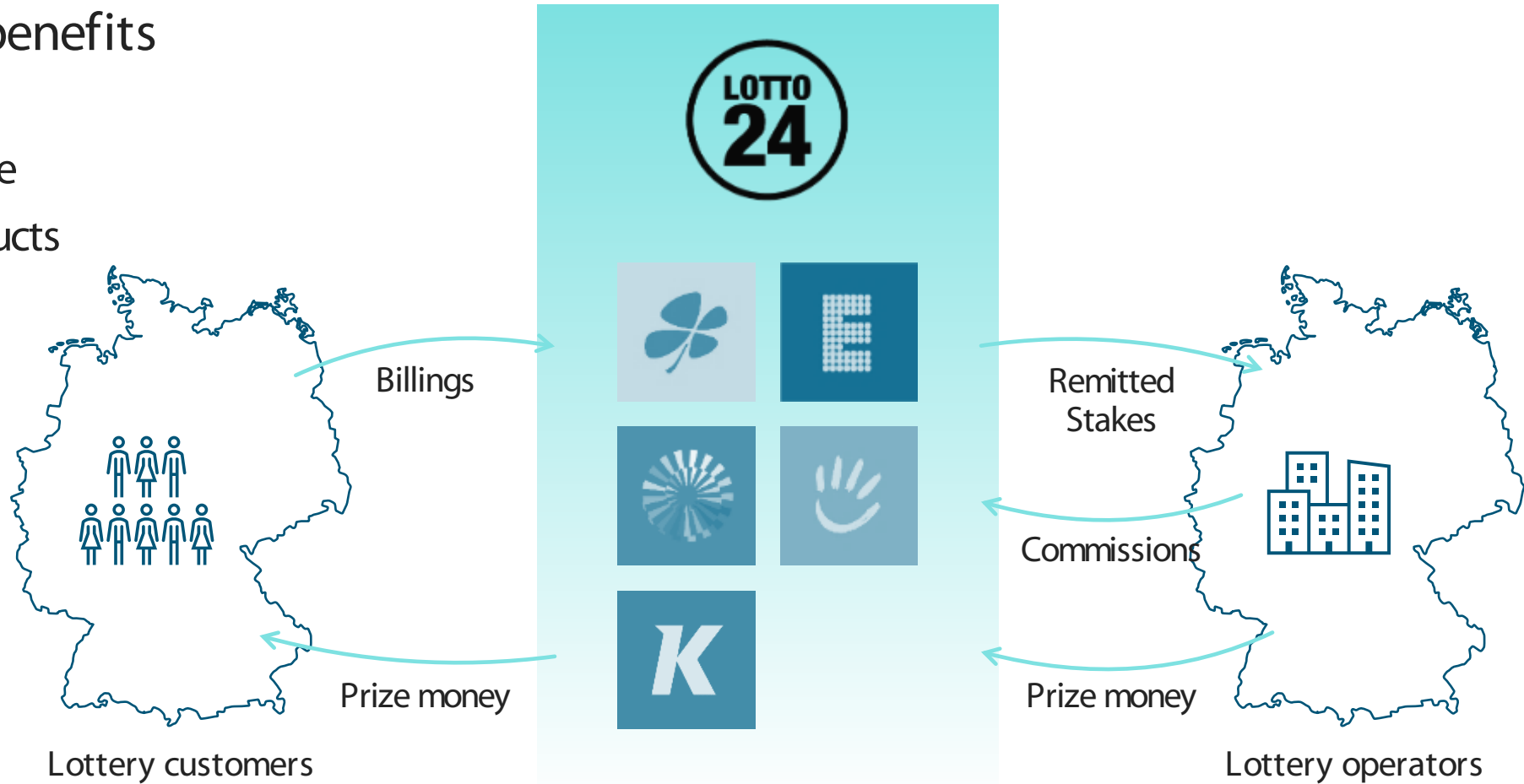
SCALABLE BUSINESS MODEL – EBITDA EFFECT WITH ADDITIONAL €100 BILLINGS



UNIQUE BUSINESS MODEL: ONLINE LOTTERY BROKERAGE

Business model benefits

- ✂ No jackpot risks
- ✂ Highly predictable
- ✂ Established products



STRONG CUSTOMER VALUE PROPOSITION

Best product
portfolio

Trusted
brands

Servicing all
of Germany



Superior user experience

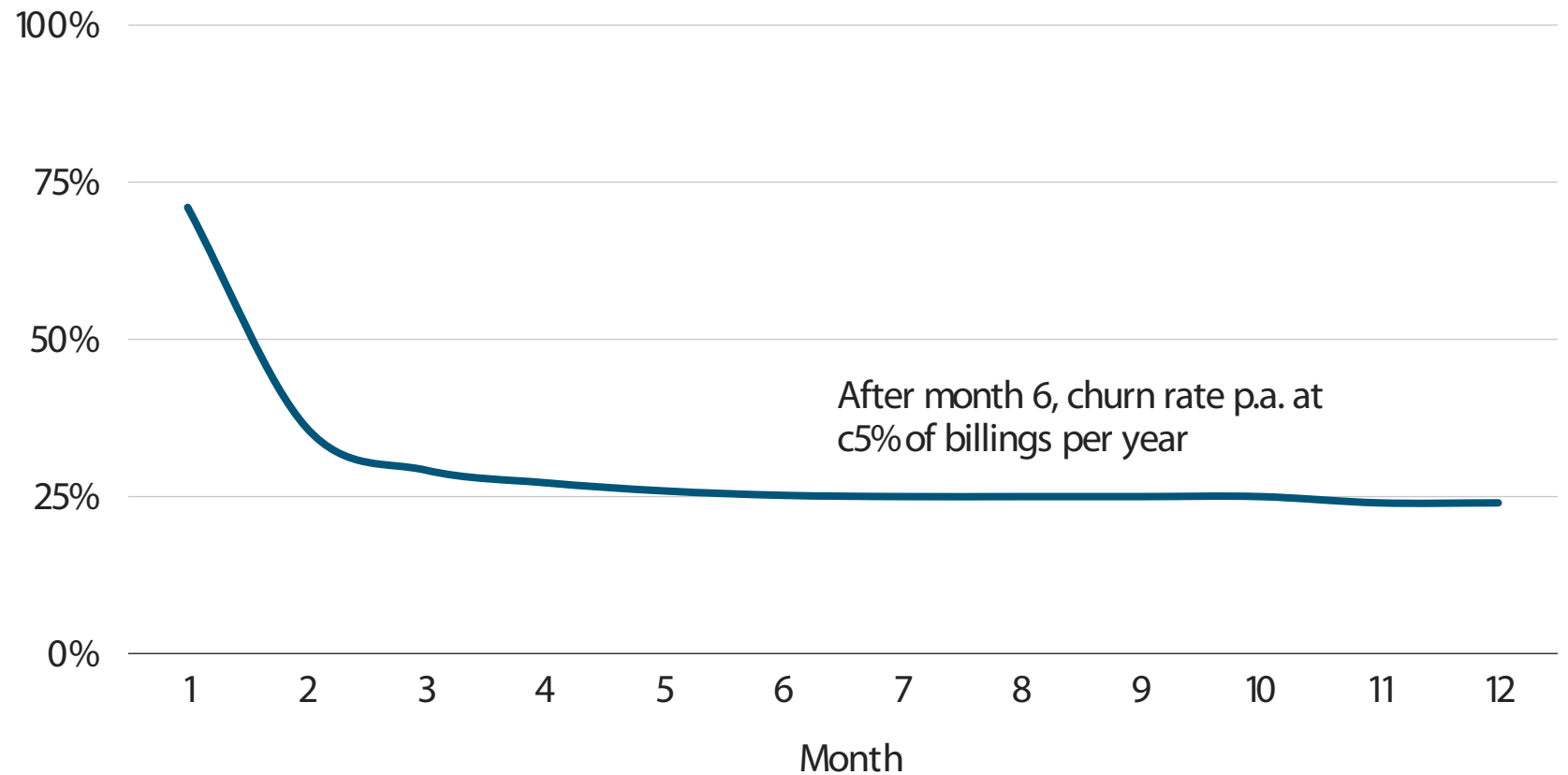
- Available anywhere anytime (24/7)
- Secure – no risk of losing the ticket
- Automatic price notification & price collections
- Strong web, mobile and apps experiences
- Data driven recommendations and CRM

HIGH CUSTOMER RETENTION RATE

25%

High billings retention rate after 6 months

Billings Retention rate per registered customer cohort in month after registration



Source: Historical Lotto24 customer data since 2013

LOYAL CUSTOMERS DRIVE LONG-TERM VALUE – CUSTOMERS SIGNED UP IN 2005, STILL USING OUR SERVICES

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



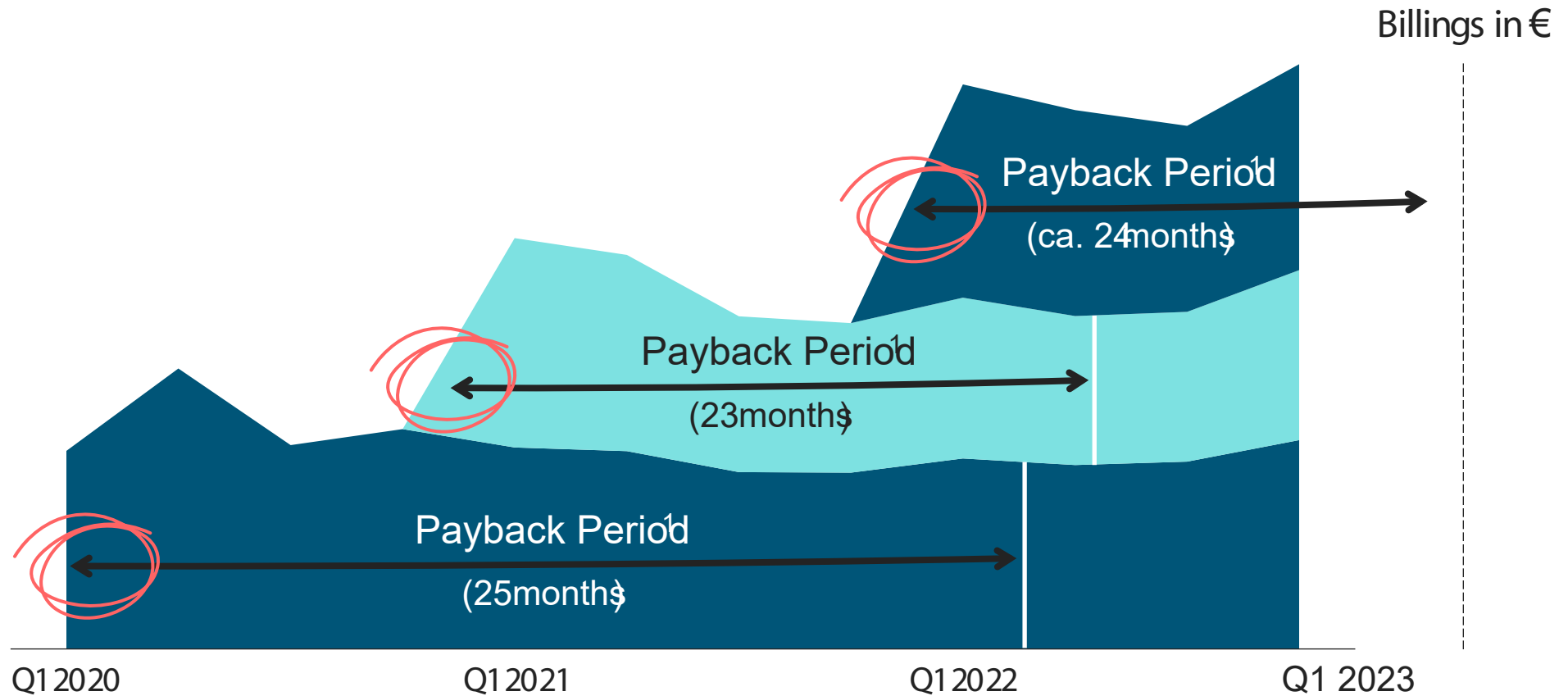
2–3 years

average payback period

Customer cohorts aged 17 and older still generate 32% of original 2005 billings

DEEP DIVE INTO SPECIFIC CUSTOMER COHORTS

– PAY ONCE – EARN FOREVER



1 Calculated payback period based on official online lottery brokerage business

CONTENT

ZEAL at glance

Market Overview

Business Model

Upside Strategy

Regulations & New Products

Financials

ESG

Management



04

PROMISING LONG-TERM MARKET POTENTIAL



€2bn

ZEAL's ambition

50% Online Market share

€4bn

expected online market size

50% expected online penetration

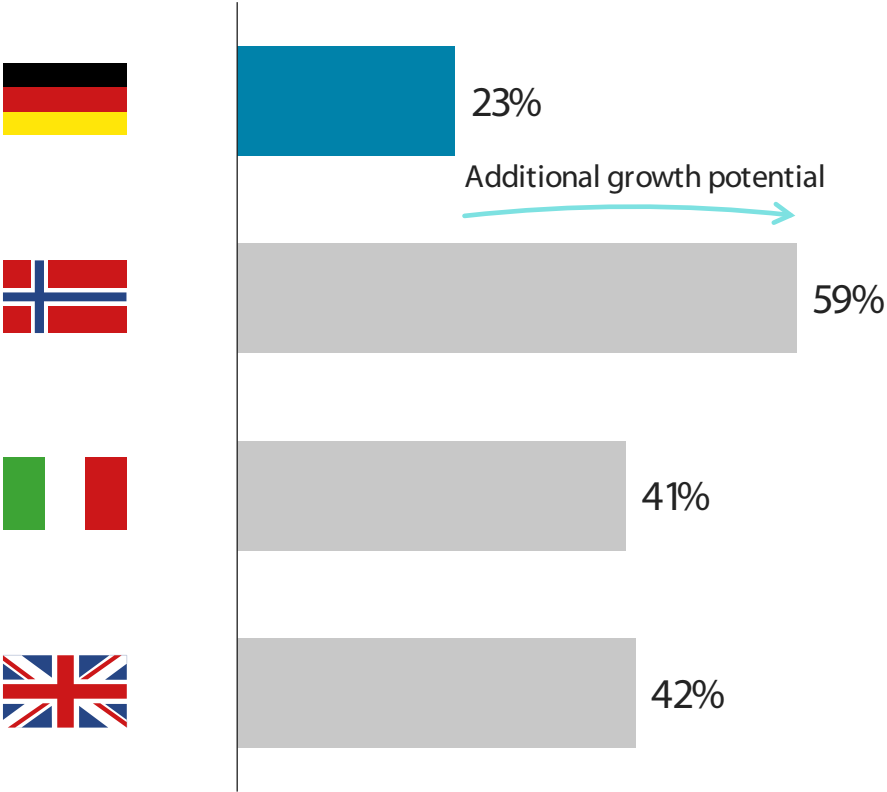
€9bn

total market size

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

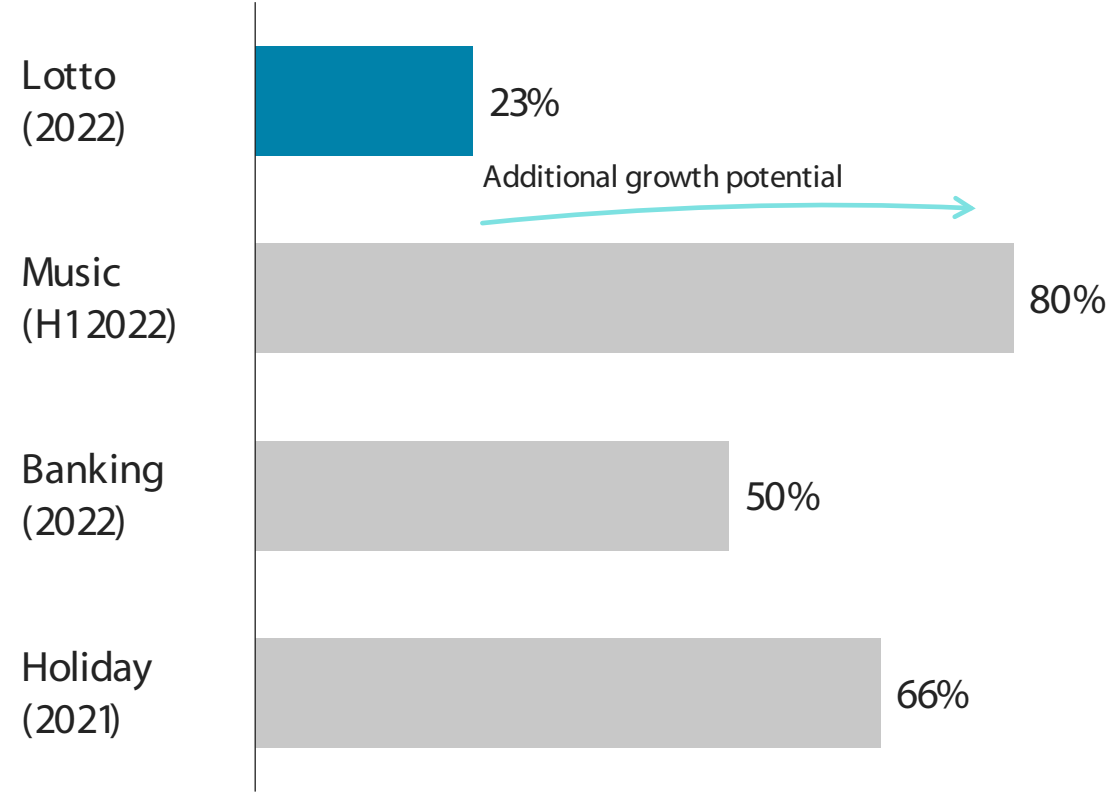
ONLINE MARKET PENETRATION IS STILL COMPARABLY LOW

Online lottery penetration by countries (2021)



Source: La Fleur´s 2022 European Lottery Abstract (based on 2021 numbers)

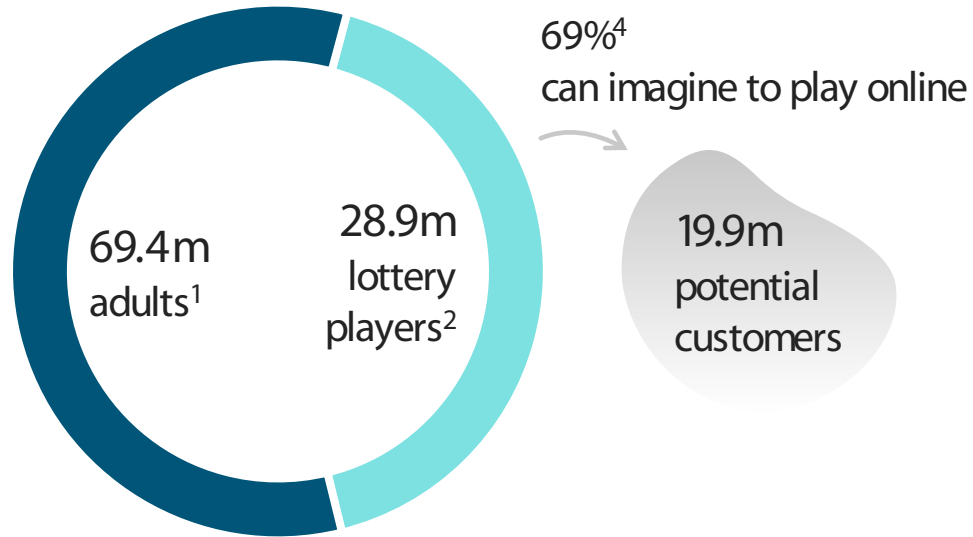
Online penetration in selected online industries



Source: statista, VIR Daten und Fakten 2022, BVMI Musikindustrie in Zahlen 2021, German Association of State-Lottery Companies (»Deutscher Lotto- und Totoblock, DLTB«), German Lottery Association (»Deutscher Lottoverband, DLV«)

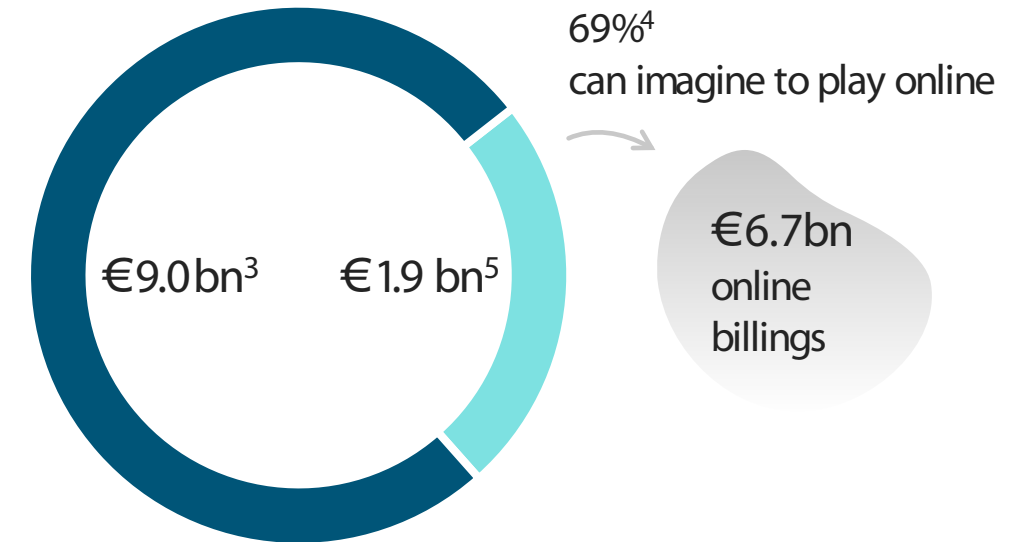
ONLINE LOTTERY MARKET OPPORTUNITY

Customers



- Adults (>18 years) in Germany
- Adults that play lotto occasionally or regularly
- Potential customers in Germany

Billings



- Total lottery market in Germany 2020
- 23% online penetration 2022
- Online market potential in Germany

1 Statistisches Bundesamt © Statista 2021, „Bevölkerung – Zahl der Einwohner in Deutschland nach relevanten Altersgruppen am 31. Dezember 2020 (in Millionen)“ | 2 According to IfD Allensbach © Statista 2021, »Anzahl der Personen in Deutschland, die Lotto oder Toto spielen, nach Häufigkeit von 2017 bis 2021 (in Millionen)« | 3 According to Goldmedia „Glücksspielmarkt Deutschland 2020“, Juni 2020 | 4 According to own Brand Tracking November/December 2021 | 5 According to information of the German Association of State-Lottery Companies

CONTENT

ZEAL at glance

Market Overview

Business Model

Upside Strategy

Regulations & New Products

Financials

ESG

Management



05

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



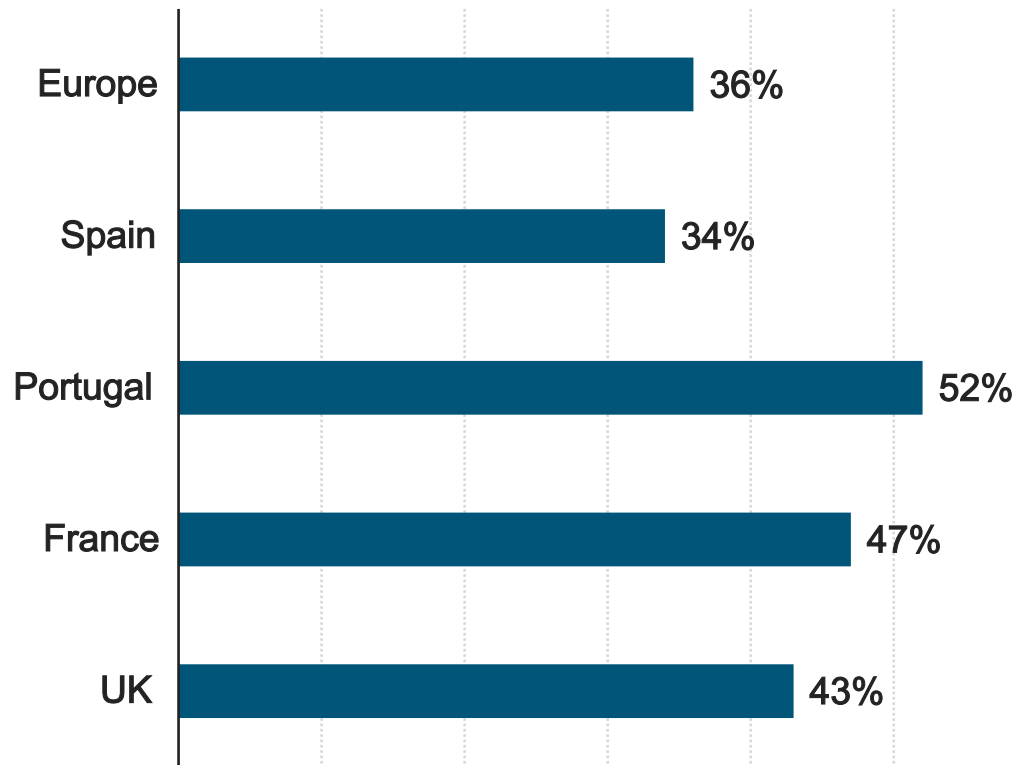
GAMES LAUNCH EXPECTED IN H1 2023



- ⌘ 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

CONTENT

ZEAL at glance

Market Overview

Business Model

Upside Strategy

Regulations & New Products

Financials

ESG

Management



06

GUIDANCE 2023: RAMPING UP FOR THE NEXT PHASE OF GROWTH

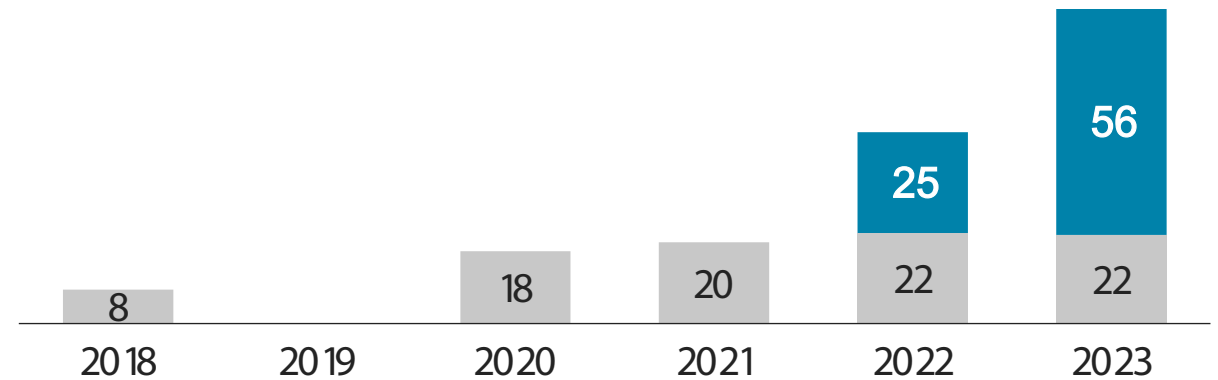
In €m	2023 GUIDANCE	2022(e)
→ Billings (Germany segment) ¹	800 – 830	758.4
→ Revenue ²	110 – 120	105.2
→ EBITDA ³	30 – 35	31.7

- ⊗ 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 € 3439m expected
- ⊗ The guidance includes a low single digit million impact for “Games” business for both Revenue and EBITDA
- ✗ Expected medium term revenue growth in low double digit range (CAGR 2022-2027)

¹Based on an average jackpot development including income from jackpot insurance. Marketing expenses of € 3439m are expected

DIVIDEND

Total pay-out p.a. in € million



The payment of a further special dividend in 2023 is a next step towards optimising the company's capital structure.

- Base Dividend
- Special Dividend

CONTENT

ZEAL at glance

Market Overview

Business Model

Upside Strategy

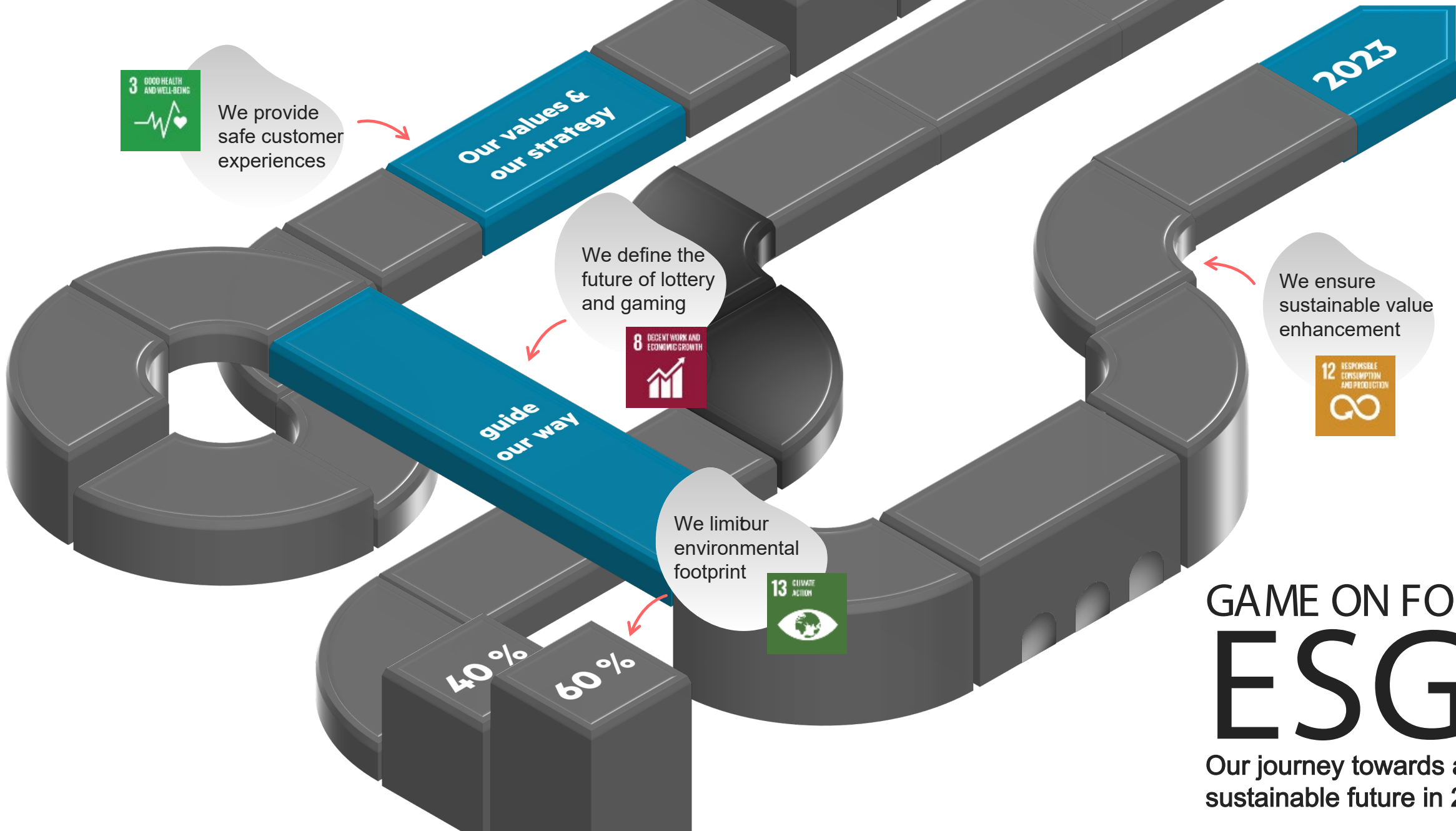
Regulations & New Products

Financials

ESG

Management





We provide
safe customer
experiences

Our values &
our strategy

We define the
future of lottery
and gaming



guide
our way

We limit our
environmental
footprint



We ensure
sustainable value
enhancement



GAME ON FOR ESG

Our journey towards a more
sustainable future in 2022

MATERIAL TOPICS

Strategic Field



Technological leadership

Digital technologies and innovations High customer satisfaction

Attractive employer

Recruiting and retaining talent
Good working conditions in a changing work environment
Good leadership
Health and safety
Equal opportunities, fair pay
Employee development
Diversity management
Involvement of employees
Selfinitiated sustainability projects



Environmental protection

Energy efficiency, energy management
Reduction of emissions
Waste management
Sustainable business travel



Data responsibility

Data protection and data security



Protection of players & minors

Responsible and safe product design
Transparent products
Safe gaming including provision of information & support on the dangers of gambling
Responsible marketing



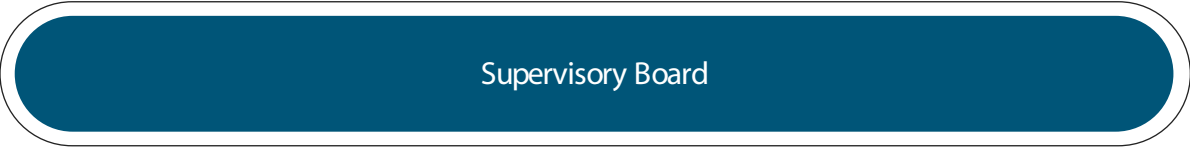
Ethical behavior, good business practice

Combating corruption & money laundering
Defense against manipulation and crime
Regulatory stability
Audits
Human rights
Transparent communication
Compliance with social standards in the supply chain
Independent Supervisory Board
Fair competition
Tax transparency

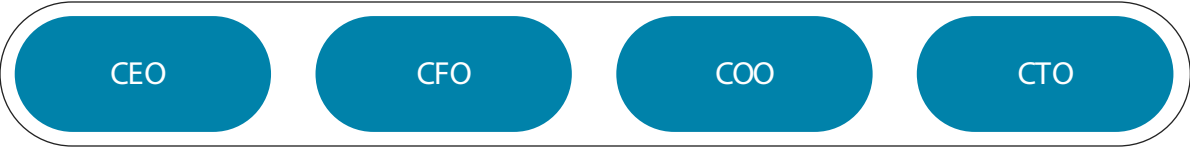
GAME ON FOR OUR ESG TEAM



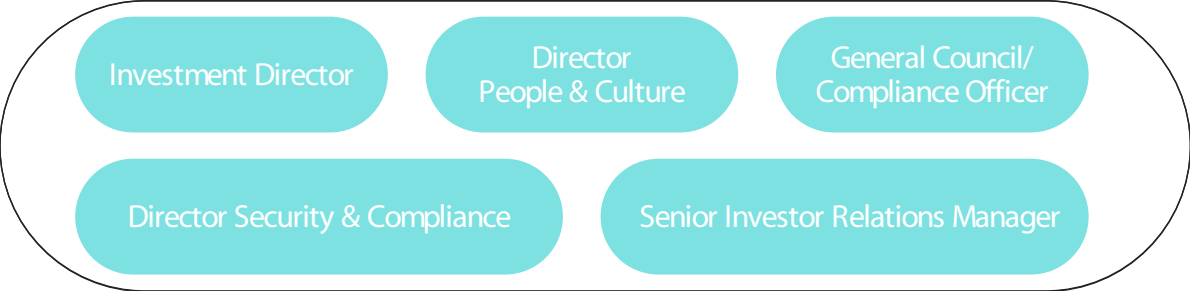
SUPERVISION OF ESG STRATEGY & GUIDELINES



STEERING OF ESG STRATEGY & ACTIVITIES

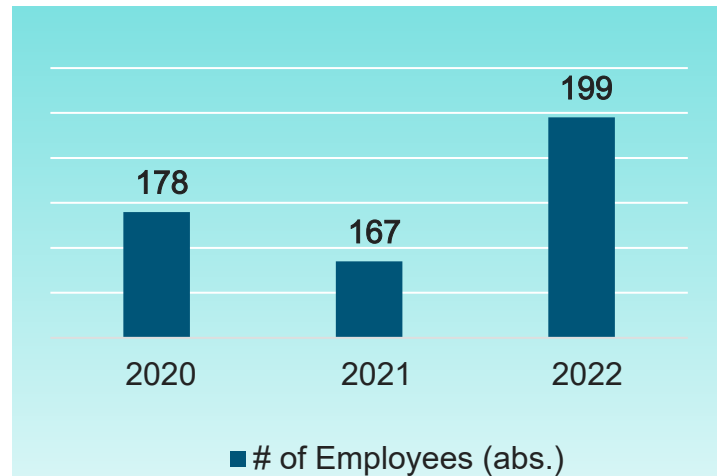


COORDINATION & IMPLEMENTATION



PLAY AS A TEAM

Goal: Recruitment, retention and promotion of talent



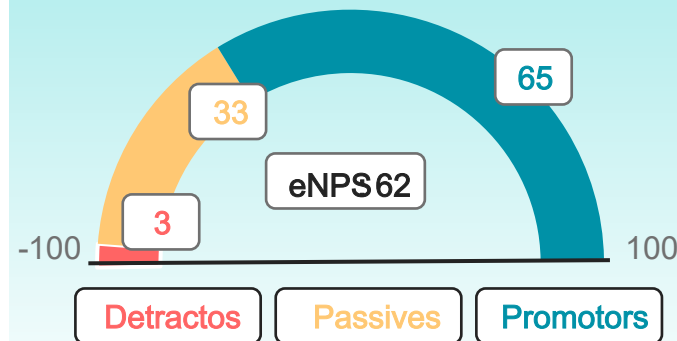
+ 33 more employees to manage our growth

High employee satisfaction — low turnover

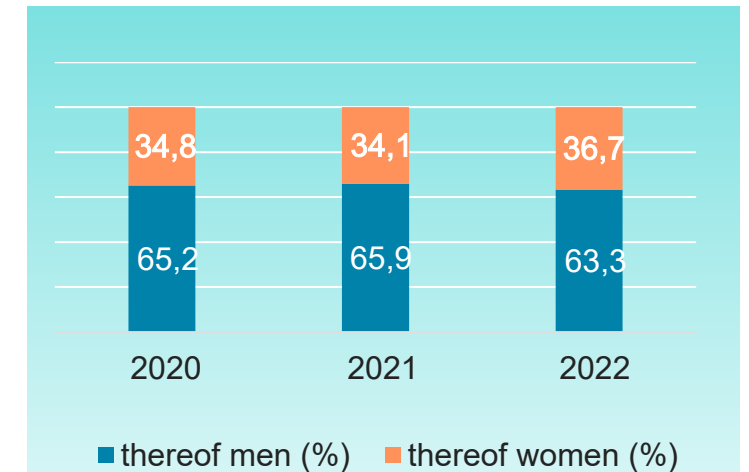
Goal: Low turnover rate

Per 31.12.	2020	2021	2022
Turnover Rate (abs.)	3.0	3.45	1.47

Goal: High employee satisfaction



Goal: Increase diversity of staff



Stable proportion of women at 34-37%

PLAY RESPONSIBLE AND SAFE

Ambition:
Making gaming
100% fun & safe

High social acceptance

Number lotteries are by far the most popular form of gambling in Germany: more than ten million Germans play them every week.

Low risk

According to the results of various studies, this type of gambling and other classic lotteries only pose a low risk of addiction.

Goal: High product Integrity

€ 0,- revenues from products with higher risk

Goal: High IT Security

We are certified annually according to ISO 27001 and TÜV data protection standards

No violations
reported

Multi-level, technology-driven player protection system



Informing & data-driven empowerment of our players' self-responsibility.



AI-powered system for identifying unusual gambling behavior.



In case of critical behavior:
Human intervention

FAIR PLAY, RESPONSIBLE GOVERNANCE

OUR GOALS

We significantly strengthen our governance structures. Our measures include

- ✎ the establishment of **ESG task group** that meets every two weeks
- ✎ the creation and expansion of **binding guidelines and policies**
- ✎ the allocation of **clear roles and responsibilities** within the company regarding ESG topics, and
- ✎ the definition and collection of relevant **ESG data** in a central database in order to be able to report on the success of our structures and ESG measures

ZEAL Code (Code of Ethics)

Modern Slavery Statement

Player protection

Responsible Marketing Statement

Employees

New Work Statement

"Lotto24 AG Social Concept Virtual Slot Machine Game"

"Lotto24 AG Social Concept Lotteries"

Data Protection

Information Security Statement

Data Privacy Statement

Governance

Risk Management Statement

Anti Money Laundering Statement

Declaration of Conformity to the German Corporate Governance Code

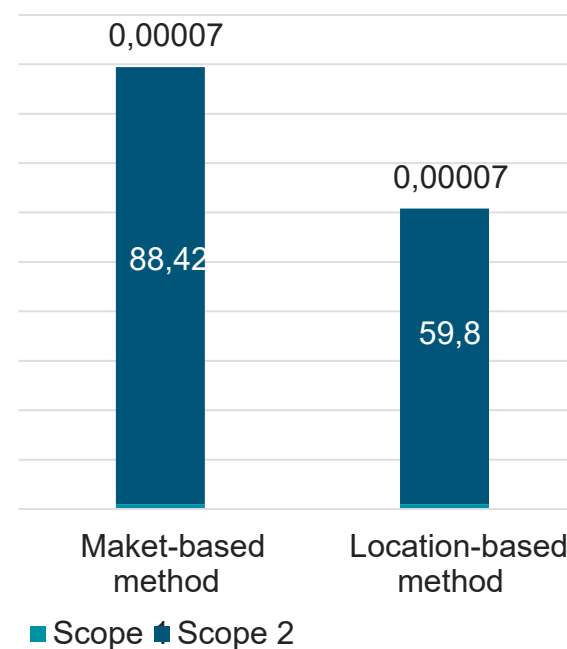
Whistleblower Statement

OUR GOALS

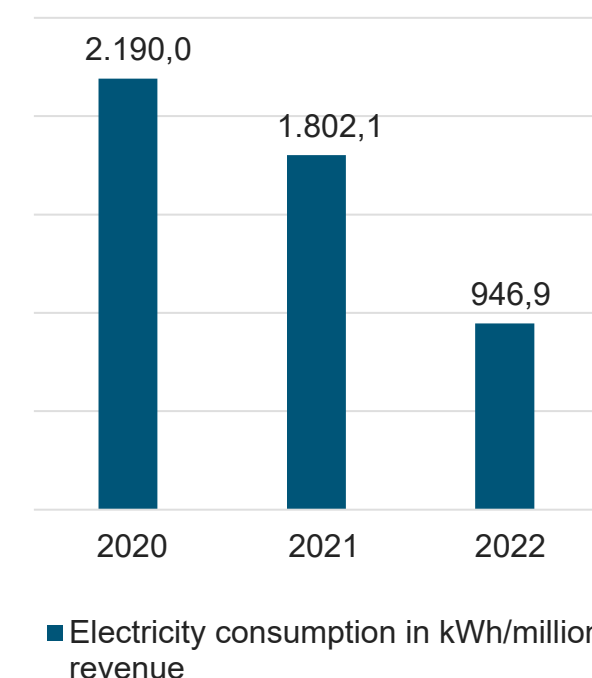
- ❌ Collect our Scope 1 and Scope 2 emissions by the end of 2022
- ❌ Materiality and feasibility analysis of Scope 3 criteria
- ❌ Collect our Scope 3 emissions
- ❌ Achieve climate neutrality
- ❌ Apply environmental criteria when selecting suppliers or procurement partners by Q1 2024
- ❌ Complete conversion of our energy supply (electricity and heating energy) to renewable energy sources

Baseyear: 2021

CO₂ emissions by scope (t)



Electricity consumption



We limit our environmental footprint

We will report our Scope 3 emissions from 2023 onwards.

PLAY FOR THE PLANET

GOAL

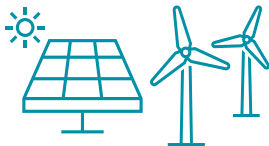
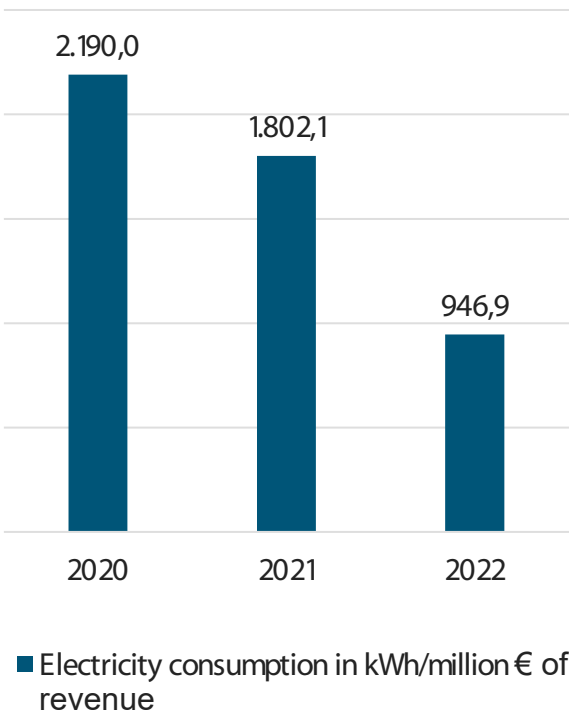
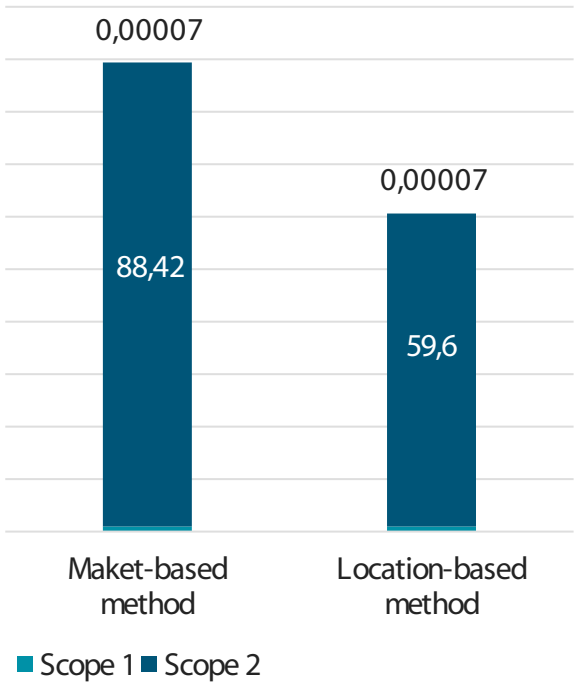
Reduction and compensation of emissions.

Applied framework	GHG Protocol, future Science Bases Targets
Base year	2021
Included greenhouse gas	CO ₂
Scope 2 reporting method	Market/locationbased
Criteria for Scope 3 emissions	8 from 15
Groupwide reduction target	Net CO ₂ neutrality (specific deadline still under discussion)

* Based on the 15 criteria for Scope 3 set by the GHG Protocol

Goal: Measure to manage & limit

CO2 emissions by scope (t) Electricity consumption



CONTENT

ZEAL at glance

Market Overview

Business Model

Upside Strategy

Regulations & New Products

Financials

ESG

Management



08

OUR ENVIRONMENT WINS

WE CONTRIBUTE TO CLIMATE AND ENVIRONMENTAL PROTECTION. OUR MAIN FIELDS OF ACTION ARE:

Dr. Helmut Becker – CEO



New Work (formerly XING)

—
eBay

—
McKinsey

Paul Dingwitz – CTO



Rue La La

—
ONE Media Corp

—
CNN

Sönke Martens – COO



Founder of loftville

—
New Work (formerly XING)

Jonas Mattsson – CFO



O3b Networks

—
SES

—
Ericsson

FIVE REASONS TO INVEST IN ZEAL

No. 1 in online lotteries
in Germany

unique cash generating
business model

loyalty Outstanding
customer loyalty

growth High growth opportunities in
an underpenetrated market

policy Attractive
dividend policy



Question Answer

DISCLAIMER

The information contained herein must not be relied upon for any purpose and may not be redistributed, reproduced, published or used in whole or in part for any other purpose.

This document contains certain forward-looking statements relating to the businesses, financial performance and results of the Companies and/or the industry in which the Companies operate. Such forward-looking statements, including assumptions, opinions and views of the Companies and statements from third parties, are uncertain and subject to risks. A multitude of factors can cause actual events to differ significantly from any anticipated development. The Companies do not guarantee that the assumptions underlying such forward-looking statements are free from errors, nor do they accept any responsibility for the future accuracy of the opinions expressed in this presentation or the actual occurrence of the forecasted developments.

No representation or warranty (express or implied) is made as to, and no reliance should be placed upon, any information, including projections, estimates, targets and opinions contained herein, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained herein, and, accordingly, none of the Companies or any of their subsidiary undertakings or any of such person's officers, employees or advisors accepts any liability whatsoever arising directly or indirectly from the use of this document.

By accepting this presentation, you acknowledge that you will be solely responsible for your own assessment of the market and the market position of each of the Companies and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of each of the Companies' businesses.

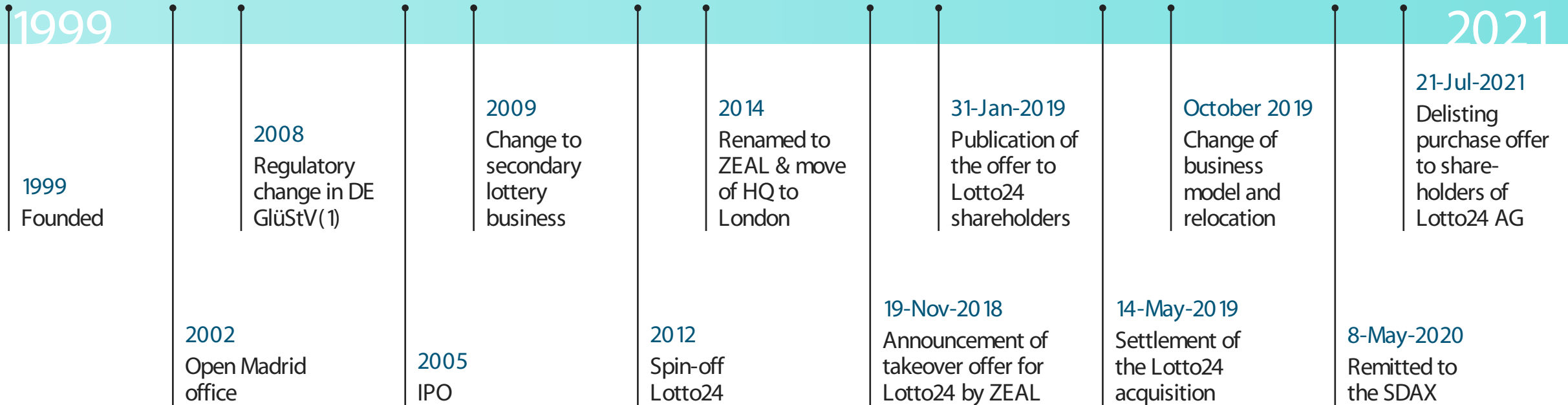
This presentation is for information only and shall not constitute investment advice. It is not intended for solicitation purposes but only for use as general information..

This presentation is dated May 2023. Neither the delivery of this presentation nor any further discussions of any of the Companies with any of the recipients, shall, under any circumstances, create any implication that there has been no change in the affairs of any of the Companies since such date.



APPENDIX

HISTORICAL DEVELOPMENT OF ZEAL



SHAREHOLDER STRUCTURE

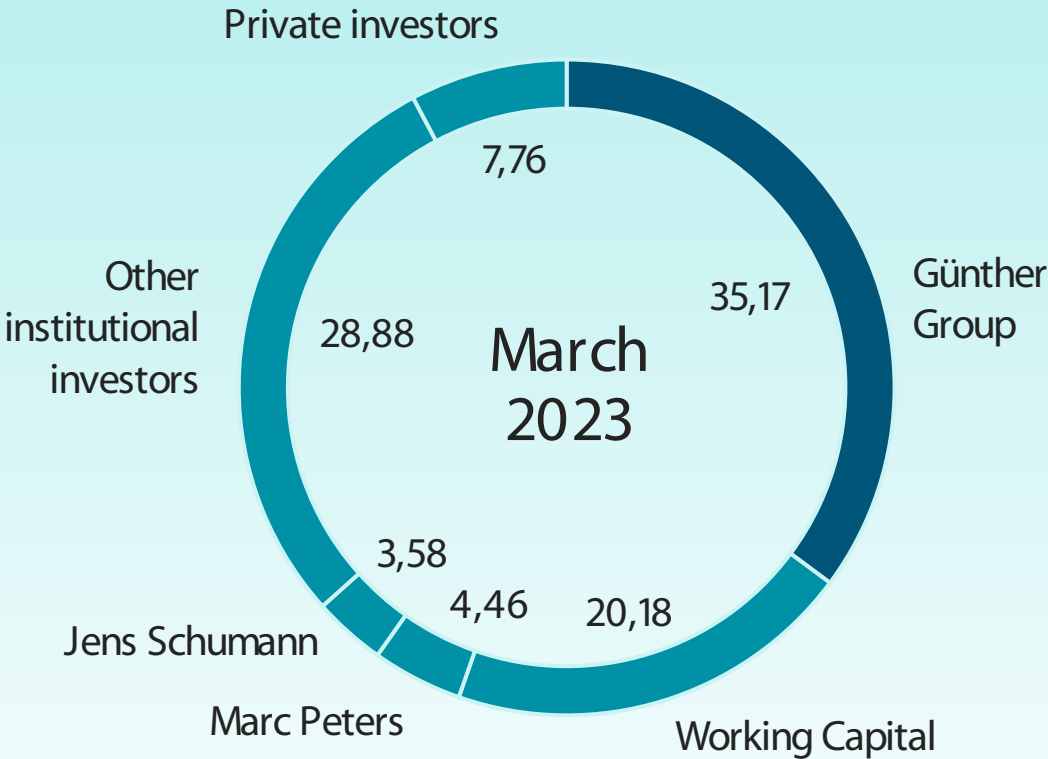
No. of shares:	22,396,070
Market cap:	~ € 750m
<hr/>	
Year-opening price:	€ 28.00
Dec 30, 2022:	€ 28.15

Security Identification Number/Ticker Symbol

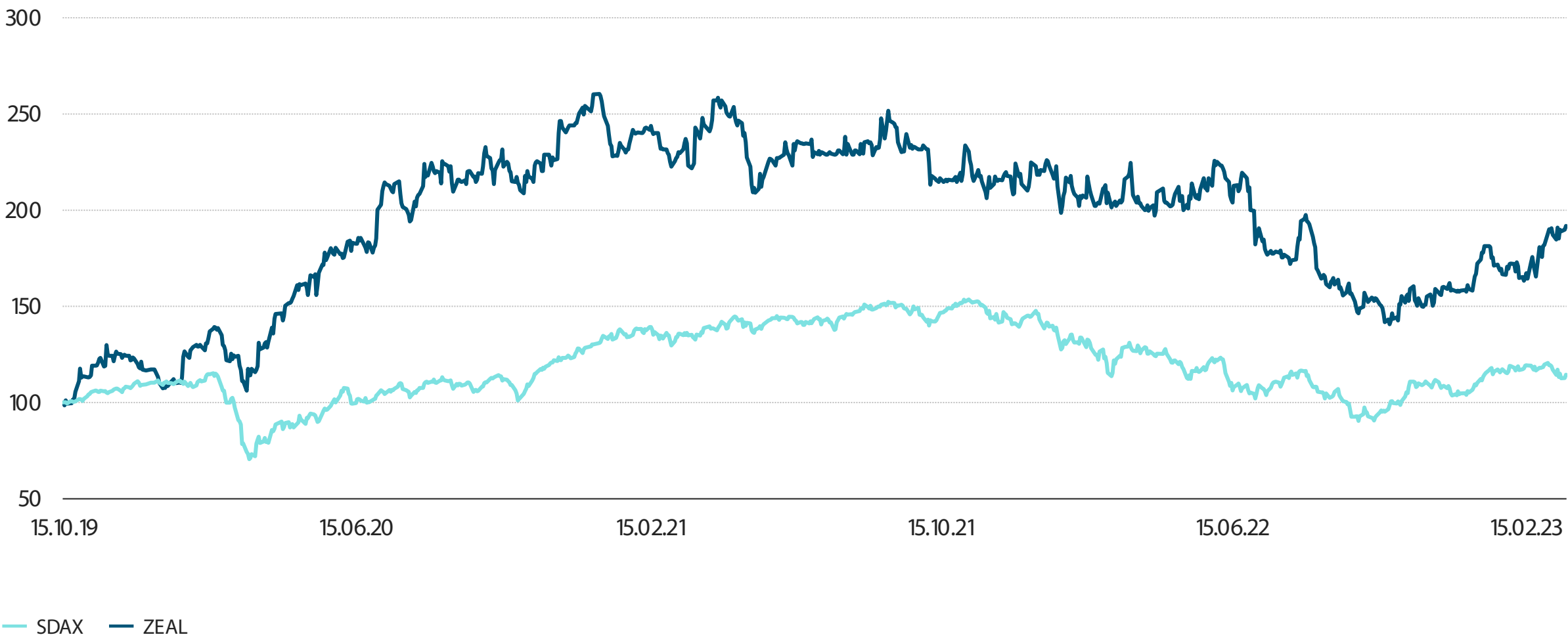
ISIN:	DE000ZEAL241
WKN:	ZEAL24
LEI Code:	391200EIRBXU4TUMMQ46
Deutsche Börse:	TIMA
Reuters:	TIMAn.DE
Bloomberg:	TIMA GR

Source: Information from notification of voting rights and company information

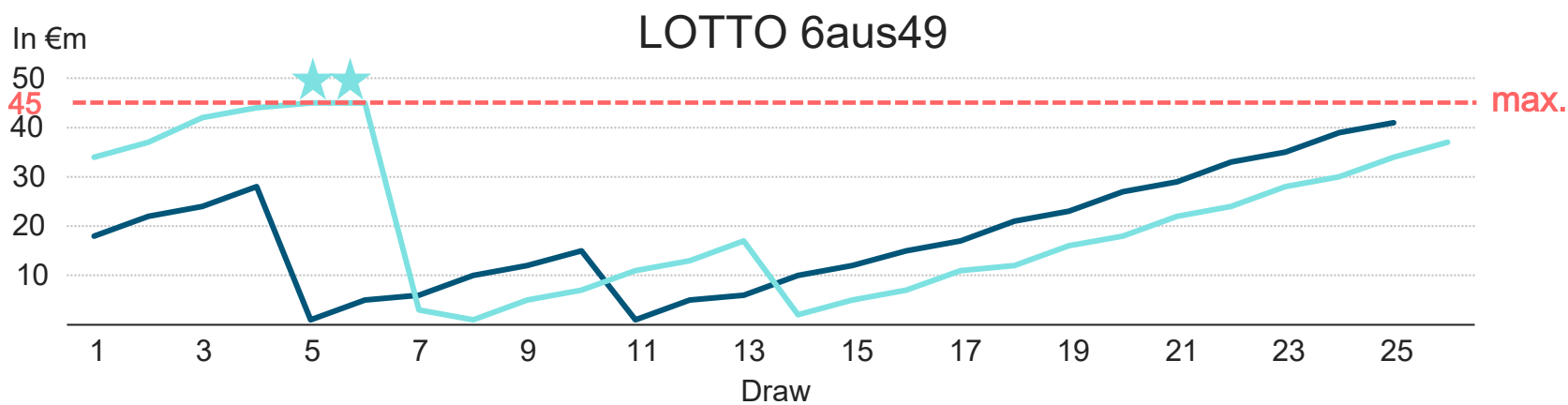
in %



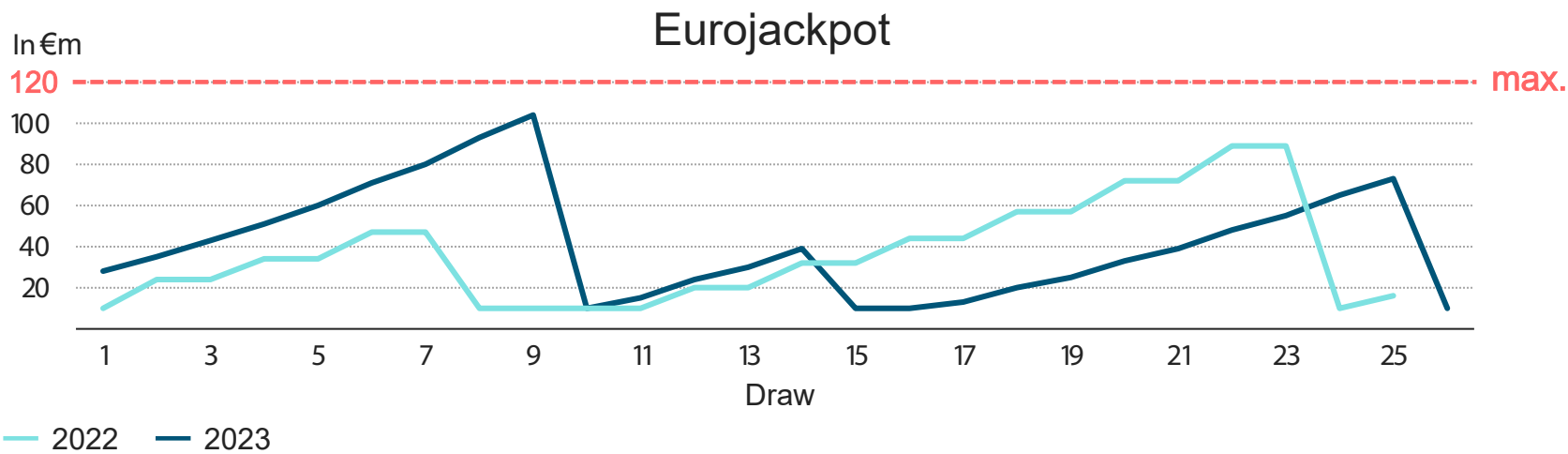
SHARE PRICE DEVELOPMENT SINCE CHANGE OF BUSINESS MODEL



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

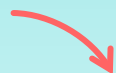
KPIS

	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



Contact



Frank Hoffmann, CEFA
Senior Investor Relations Manager

T +49 (0)40 809 036 - 042
M +49 (0)175 267 3420
frank.hoffmann@zealnetwork.de
www.zealnetwork.de



ZEAL
Straßenbahnring 11
20251 Hamburg